



Audit & Risk Committee Agenda

Thursday 26 September 2024, 8.30 am

The meeting will be held in the Manawātū District Council Chambers, 135 Manchester Street, Feilding, and a video recording made available on www.mdc.govt.nz.

www.mdc.govt.nz

MEMBERSHIP

Chairperson

Councillor Stuart Campbell

Deputy Chairperson

Mr John Fowke

Members

Councillor Lara Blackmore

Councillor Grant Hadfield

Councillor Colin McFadzean

Councillor Alison Short

Her Worship the Mayor, Helen Worboys

TERMS OF REFERENCE

Purpose

To check and ensure continuity of business, enhance governance framework, risk management practices and the controls used to monitor Council's achievements.

Responsibilities

Analysing the financial reports in line with the Council's strategic direction and national accounting standards, including the following:

- 1
 - a. long term planning including the financial strategy;
 - b. appropriateness of accounting policies;
 - c. annual report; and
 - d. internal report (monthly and/or quarterly)
- 2 Risk management and the system of internal controls:
 - a. setting the Council's appetite for risk;
 - b. understanding the key risk areas including likelihood and consequences;
 - c. effectiveness of internal controls; and
 - d. fraud risk and procurement risk.
- 3 External audit:
 - a. relationship with auditor;
 - b. understanding scope and engagement;
 - c. review significant audit findings /recommendations; and
 - d. monitor progress on recommendations.
- 4 Internal audit:
 - a. appointment and relationship with internal auditor;
 - b. scope of work; and
 - c. responses to internal audit recommendations.

Delegated Authority

Committee delegated authority to act on all matters within its Terms of Reference (except those excluded by Clause 32(1) Schedule 7, Local Government Act 2002).

Quorum

Four members of the committee.



Shayne Harris
Chief Executive

ORDER OF BUSINESS

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1. MEETING OPENING	
2. APOLOGIES	
3. CONFIRMATION OF MINUTES	6
<i>Recommendation</i>	
<i>That the minutes of the Audit & Risk Committee meeting held 13 June 2024 be adopted as a true and correct record.</i>	
4. DECLARATIONS OF INTEREST	
Notification from elected members of:	
4.1	Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and
4.2	Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968
5. PRESENTATIONS	
5.1 SAFETY AND WELLBEING DEEP DIVE PRESENTATION – COMMUNICATIONS & ENGAGEMENT, AND INFORMATION SERVICES TEAMS	
Presentation by the General Manager – People and Corporate.	
5.2 CREDIT RATING UPDATE	
Presentation by the Chief Financial Officer.	
6. NOTIFICATION OF LATE ITEMS	
Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:	
6.1	The Committee by resolution so decides; and
6.2	The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.
7. OFFICER REPORTS	
7.1 COMMITTEE WORKPLAN UPDATE	13
Report of the General Manager – People and Corporate.	

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8. CONSIDERATION OF LATE ITEMS	
9. UPDATE FROM GOVERNANCE HEALTH AND SAFETY REPRESENTATIVE	
Progress update from the Council’s Governance Health and Safety Representative.	
10. NOTIFICATION OF ITEMS FOR RISK REGISTER	
11. NOTIFICATION OF ITEMS FOR NEXT MEETING	
12. PUBLIC EXCLUDED BUSINESS	
COMMITTEE TO RESOLVE:	
That the public be excluded from the following parts of the proceedings of this meeting, namely:	
1. Confirmation of Minutes; 13 June 2024	
2. Key Projects Report	
That the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:	

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
13.1 Confirmation of Minutes; 13 June 2024	<i>To consider the accuracy of the minutes of the public excluded Audit & Risk Committee meeting on 13 June 2024</i>	s48(1)(a)
13.2 Key Projects Report	s7(2)(f)(ii) – effective conduct of public affairs <i>This report is public excluded as it contains detailed information on the status of key reports, which may include sensitive and/or commercially-related information</i>	s48(1)(a)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

14. MEETING CLOSURE



MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
THURSDAY 13 JUNE 2024	8:31 AM

Minutes of a meeting of the Audit & Risk Committee meeting held on Thursday 13 June 2024, which commenced at 8.31 am in the Manawātū District Council Chambers, 135 Manchester Street, Feilding.

- PRESENT:
- | | |
|---------------------|--------------------|
| Cr Stuart Campbell | Chairperson |
| Mr John Fowke | Independent Member |
| Cr Lara Blackmore | |
| Cr Grant Hadfield | |
| Cr Colin McFadzean | |
| Cr Alison Short | |
| Mayor Helen Worboys | |
-
- IN ATTENDANCE:
- | | |
|---------------------|--|
| Hamish Waugh | General Manager – Infrastructure |
| Frances Smorti | General Manager – People and Corporate |
| Amanda Calman | Chief Financial Officer |
| Lyn Daly (via Zoom) | General Manager – Community |
| Ash Garstang | Governance and Assurance Manager |
| Andrew Leighton | Safety and Wellbeing Adviser |
| Erica Rowe | Community Parks and Property Adviser |
| Aimee Flanders | Aquatic Services Manager |
| Joel Richards | Management Accountant (Financial) |
| Jenna Glenny | Management Accountant |
| Marko Blagojevic | Information Services Manager |
| Cr Fiona Underwood | |
| Cr Michael Ford | |

ARC 22-25/110

MEETING OPENING

The Chair opened the meeting at 8.31 am.

ARC 22-25/111

APOLOGIES

There were no apologies.

ARC 22-25/112

CONFIRMATION OF MINUTES

RESOLVED

That the minutes of the Audit & Risk Committee meeting held 14 March 2024 be adopted as a true and correct record.

Moved by: Cr Grant Hadfield

Seconded by: Cr Alison Short

CARRIED (7-0)

MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
THURSDAY 13 JUNE 2024	8:31 AM

ARC 22-25/113

DECLARATIONS OF INTEREST

There were no declarations of interest.

ARC 22-25/114

SAFETY AND WELLBEING DEEP DIVE PRESENTATION – PARKS & PROPERTY

Frances Smorti, Andrew Leighton, and Erica Rowe provided an overview of health and safety for the Parks & Property team. They also discussed the site visit at Kowhai Park on 06 June 2024.

The top five risks for the Parks & Property team includes:

- Driving
- Site Visits
- Confrontations
- Stress and burnout
- Contractors

There is signage at each park displaying MDC's public number for anyone who has issues to report.

Drones are not typically allowed in public parks.

Contractors for MDC are assessed for pre-qualification with 'Site Wise', which is based on international standards for health and safety. Contractors are expected to reach the 'Green' (75% or above) level before working with MDC.

ARC 22-25/115

NOTIFICATION OF LATE ITEMS

There were no late items of business notified for consideration.

ARC 22-25/116

COMMITTEE WORKPLAN

Report of the General Manager – People and Corporate seeking the Committee's receipt of the Committee Workplan update.

RESOLVED

That the Audit and Risk Committee Workplan Update be received.

Moved by: Cr Stuart Campbell

Seconded by: Mayor Helen Worboys

MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
THURSDAY 13 JUNE 2024	8:31 AM

CARRIED (7-0)

ARC 22-25/117

SAFETY AND WELLBEING QUARTERLY REPORT

Report of the General Manager – People and Corporate seeking the Committee’s receipt of the quarterly Safety and Wellbeing report.

RESOLVED

That the Audit and Risk Committee receives the Safety and Wellbeing report for quarter three of the 2023-24 year, noting that the statement on page 12 of the report (around elected member responsibility for health and safety), the seventh line of paragraph 2, is erroneous.

Moved by: Cr Grant Hadfield

Seconded by: Mr John Fowke

CARRIED (7-0)

ARC 22-25/118

DRAFT AUDIT PLAN 2023/24

Report of the Chief Financial Officer seeking the Committee’s receipt of the draft Audit Plan 2023/24.

RESOLVED

That the Audit and Risk Committee receive the draft Audit Plan for 30 June 2024 from Audit New Zealand.

Moved by: Cr Lara Blackmore

Seconded by: Cr Alison Short

CARRIED (7-0)

ARC 22-25/119

QUARTERLY REPORT TO 31 MARCH 2024

Report of the Chief Financial Officer seeking the Committee’s endorsement of the Quarterly Performance Report and Treasury Report to 31 March 2024, and to recommend their adoption to the Council.

RESOLVED

That the Council:

- 1. Receive the Quarterly Performance Report and Treasury Report to 31 March 2024**

MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
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- Note the current non-compliance with regard to the Interest Rate Risk Management area of the Liability Management Policy, as outlined in section 3.4 and the plan to be compliant going forward.

Moved by: Cr Grant Hadfield

Seconded by: Mayor Helen Worboys

CARRIED (7-0)

ARC 22-25/120

LGOIMA REPORT

Report of the General Manager – People and Corporate seeking the Committee’s receipt of LGOIMA requests that have been received by Council officers from 28 February to 26 May 2024.

RESOLVED

That the report detailing the requests for information received under the Local Government Official Information and Meetings Act 1987 from 28 February 2024 to 26 May 2024 be received.

Moved by: Cr Stuart Campbell

Seconded by: Mayor Helen Worboys

CARRIED (7-0)

ARC 22-25/121

INTERNAL CONTROLS UPDATE

Report of the General Manager – People and Corporate seeking the Committee’s receipt of an update on key Council controls in relation to fraud, protected disclosures, cybersecurity breaches and Governance policies.

RESOLVED

That the Committee receives the Internal Controls Update, covering the period 29 February to 01 June 2024.

Moved by: Cr Grant Hadfield

Seconded by: Cr Alison Short

CARRIED (7-0)

MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
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ARC 22-25/122

INTERNAL AUDIT PROGRAMME

Report of the General Manager – People and Corporate seeking the Committee’s adoption of the Internal Audit Programme for the 2024/25 year.

RESOLVED

That the Committee approves the Internal Audit Programme (attachment 1) without amendment for the 2024/25 year.

Moved by: Cr Lara Blackmore

Seconded by: Mr John Fowke

CARRIED (7-0)

ARC 22-25/123

RISK MANAGEMENT POLICY

Report of the General Manager – People and Corporate seeking the Committee’s endorsement of the Risk Management Policy, and to recommend its adoption to the Council.

RESOLVED

The Committee recommends that the Council:

Adopts the Risk Management Policy (attachment 1), with amendment below:

- **Add a section on training and external advice for elected members and Council officers.**

Moved by: Cr Lara Blackmore

Seconded by: Mayor Helen Worboys

CARRIED (7-0)

ARC 22-25/124

CONSIDERATION OF LATE ITEMS

There were no late items notified for consideration.

ARC 22-25/125

UPDATE FROM GOVERNANCE HEALTH AND SAFETY REPRESENTATIVE

No updates.

MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
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ARC 22-25/126

NOTIFICATION OF ITEMS FOR RISK REGISTER

There were no items to be added to the risk register.

ARC 22-25/127

NOTIFICATION OF ITEMS FOR NEXT MEETING

There were no additional items to be added to the agenda for the next meeting.

ARC 22-25/128

PUBLIC EXCLUDED BUSINESS

RESOLVED

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. **Confirmation of Minutes; 14 March 2024**
2. **Key Project Report**
3. **Information Services Security and Audit Update**

That the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
13.1 Confirmation of Minutes; 14 March 2024	<i>To consider the accuracy of the minutes of the public excluded Audit & Risk Committee meeting on 14 March 2024</i>	s48(1)(a)
13.2 Key Project Report	s7(2)(f)(ii) – protection from improper harassment <i>The seven key project reports include details on ongoing projects that may not be ready for public release.</i>	s48(1)(a)
13.3 Information Services Security and Audit Update	s7(2)(j) – improper gain or improper advantage <i>The update includes details on information services systems, and the release of this</i>	s48(1)(a)

MEETING MINUTES	
AUDIT & RISK COMMITTEE	TIME
THURSDAY 13 JUNE 2024	8:31 AM

	<i>information could jeopardize the Council's cybersecurity.</i>	
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This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

Moved by: Cr Stuart Campbell

Seconded by: Mayor Helen Worboys

CARRIED (7-0)

The meeting went into public excluded session at 10.07 am. For items ARC 22-25/129 to ARC 22-25/132 refer to public excluded proceedings. The meeting returned to open session at 11.27 am.

ARC 22-25/133

MEETING CLOSURE

The meeting was declared closed at 11.27 am.

Meeting Video

<https://www.mdc.govt.nz/about-council/meetings-agendas-and-minutes/videos-of-council-and-committee-meetings/audit-and-risk-committee-meeting-videos>

Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: People and Corporate
Date Created: 23 August 2024

Committee Workplan Update

Purpose Te Aronga o te Pūrongo

The Committee Workplan lays out the 2024 reporting schedule for the Committee. The Workplan is updated throughout the year as required, and an update is being provided to this meeting for the Committee's reference.

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohinga

That the Audit and Risk Committee Workplan Update be received.

Report prepared by:
Ash Garstang
Governance and Assurance Manager

Approved for submission by:
Frances Smorti
General Manager - People and Corporate

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

2 Background Ngā Kōrero o Muri

2.1 The Committee Workplan for 2024 was adopted by the Committee at its meeting 14 March 2024. The Workplan (and any updates) is presented to each Committee meeting for receipt.

3 Updates Ngā Whakahōu

3.1 The below update has been made to the Workplan since the last update in June 2024:

- a. The “Risk mitigation plans for significant risks” item has been deferred to the December 2024 meeting, as the Risk Assessment Tool is currently being implemented with staff. This reporting is partly covered by the Strategic Risk Update being presented to this meeting, which articulates the high-level risks to the organisation and controls that are in place at a *strategic* level.

The December report will have a bigger focus on the Council’s extreme and very high *operational* risks.

4 Te Kīwai (o te kete)

4.1 There are no known cultural considerations associated with the matters addressed in this report.

5 Community Engagement Te Whai Wāhitanga mai o te Hapori

5.1 No community engagement is warranted.

6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi

6.1 Additions or amendments to the Workplan may be subject to the capacity of officers.

7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni

7.1 There are no financial implications.

8 Statutory Requirements Ngā Here ā-Ture

8.1 Items on the Workplan are subject to various legislative requirements, which will be detailed within their individual reports.

8.2 The Council's compliance with legislation will be reported on to the Committee meeting scheduled for 12 December 2024.

9 Delegations Te Mana Whakatau

9.1 The Committee has the delegation to review this Workplan.

10 Attachments Ngā Āpitihanga

- Audit and Risk Committee Workplan 2024

Audit and Risk Committee

Workplan 2024

Meeting date	March	June	September	December
Governance	Committee Workplan (full)	Committee Workplan (summary)	Committee Workplan (summary)	Committee Workplan (summary)
Audit NZ and Compliance		Draft Audit Plan for 2023/24	Review the management representation letter from the CEO/CFO to the external auditors Review draft Annual Report 2023/24 and release for external audit	Review external audit findings for 2023/24
Audits	Review of audit reports	Audit programme (full) Review of audit reports <ul style="list-style-type: none"> • Information Services Security and Audit Update 	Audit programme (summary)	Audit programme (summary) Review of audit reports
Risk Management	Update on proposed risk work programme Review risk appetite as part of LTP	Review risk management policy	Strategic risks	Review risk mitigation plans for significant risks <i>Deferred from June 2024</i>
Internal Controls	Key Project Reporting Internal Controls Update (1-pager report)	Key Project Reporting Internal Controls Update (1-pager report)	Key Project Reporting Internal Controls Update (1-pager report)	Key Project Reporting Internal Controls Update (1-pager report)

	<ul style="list-style-type: none"> • Breaches • Policy refresh work programme • Protected disclosures etc 	<ul style="list-style-type: none"> • Breaches • Policy refresh work programme • Protected disclosures etc 	<ul style="list-style-type: none"> • Breaches • Policy refresh work programme • Protected disclosures etc – 	<ul style="list-style-type: none"> • Breaches • Policy refresh work programme • Protected disclosures etc
Financial and Performance reporting	<p>Quarterly Performance Report, for December quarter</p> <ul style="list-style-type: none"> • Management Accounts • Compliance with Treasury Mgmt Policy 	<p>Quarterly Performance Report, for March quarter</p> <ul style="list-style-type: none"> • Management Accounts • Compliance with Treasury Mgmt Policy 	<p>Quarterly Performance Report, to review year-end financial statements and accounting policies</p> <ul style="list-style-type: none"> • Management Accounts • Compliance with Treasury Mgmt Policy 	<p>Quarterly Performance Report, for September quarter</p> <ul style="list-style-type: none"> • Management Accounts • Compliance with Treasury Mgmt Policy
Health and Safety Reporting Including Deep Dives	Review Health and Safety Quarterly Report	Review Health and Safety Quarterly Report	Review Health and Safety Quarterly Report	Review Health and Safety Quarterly Report
Insurances	Review renewals			Review renewals
Legislative Compliance				Review the effectiveness of the system for monitoring legislative compliance
Local Government Official Information and Meetings Act 1987 – Requests for Information	LGOIMA Report	LGOIMA Report	LGOIMA Report	LGOIMA Report

Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: People and Corporate

Date Created: 09 September 2024

LGOIMA Requests: 27 May – 09 September 2024

Purpose Te Aronga o te Pūrongo

To present requests for information received by Council under the Local Government Official Information and Meetings Act 1987.

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohinga

That the report detailing the requests for information received under the Local Government Official Information and Meetings Act 1987 from 27 May 2024 to 09 September 2024 be received.

Report prepared by:

Dianne McKay

Information Officer

Approved for submission by:

Frances Smorti

General Manager – People and Corporate

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

The Council makes decisions on behalf of the wider public interest, taking into account the needs of current and future generations, and the strategic priorities identified by the Council. The matter addressed by this report relates to the Council’s Kawanatanga (Governance) role and therefore to all of the above strategic priorities in a wider sense.

2 Background Ngā Kōrero o Muri

2.1 The Local Government Official Information and Meetings Act 1987 makes provision for public access to Council information.

2.2 The Act also provides requirements for how the Council must deal with any requests for access to information that it holds.

2.3 Details of all requests received are available on Council's website.

2.4 This report covers the period 27 May 2024 to 09 September 2024.

SUMMARY	28 February 2024 to 26 May 2024	27 May 2024 to 09 September 2024
Received	23	19
Closed	23	20
In Progress	2	1

FINANCIAL YEAR	1 July 2024 to 09 September 2024	1 July 2023 to 30 June 2024	1 July 2022 to 18 June 2023
Total	17	77	129
Closed	16	77	128
% Sent in time frame	100%	98%	99%

2.5 Requests received and or closed from 27 May 2024 to 09 September 2024

IGOIMA Number	Date Received	Request Summary	Due Date	Request Status	Completed Date
LG2269	15/05/2024	Provide information released for LG 1993 - Emails relating to Māori Wards	13/06/2024	Complete	5/06/2024
LG2270	24/05/2024	Contracts the Manawātū District Council has developed with Joyce Advisory or Steven Joyce	24/06/2024	Complete	13/06/2024
LG2271	3/06/2024	Details about Wapiti Avenue and Mt Taylor wastewater issues	2/07/2024	Complete	9/07/2024
LG2272	6/06/2024	Requesting all correspondence relating to infringement notice 99003211	5/07/2024	Complete	17/06/2024
LG2273	7/06/2024	Information about pothole repairs, what is used for repairs, quality assurance and cost of repairs	8/07/2024	Complete	17/06/2024
LG2274	7/06/2024	Fluoride measures of all water supplies for year 2023	8/07/2024	Complete	2/07/2024
LG2275	12/06/2024	Request for details about property numbers in areas not covered by reticulated water supply	11/07/2024	Complete	17/06/2024
LG2276	2/07/2024	Details of council spend on emergency management capability and staffing for year ending June 2022, 2023, 2024, and proposed budget for year ending June 2025	30/07/2024	Complete	19/07/2024
LG2278	8/07/2024	Request information about liability Insurances held by Council	5/08/2024	Complete	16/07/2024
LG2279	14/07/2024	Details of the fluoridation of MDC community water supplies	9/08/2024	Complete	8/08/2024
LG2280	11/07/2024	Information MDC hold on Section 1 SO 28787, valuation reference 13860/32001	8/08/2024	Complete	22/07/2024
LG2281	18/07/2024	Comments and questions about fluoridated water	15/08/2024	Complete	9/08/2024
LG2282	19/07/2024	Information about proposed “Development and Financial Contributions Policy 2024, and the Development and Contributions Fees”	16/08/2024	Complete	16/08/2024
LG2283	23/07/2024	Information about proposals to stop Opawe Road since 2000 and MDC expenditures around this	3/09/2024	Complete	2/09/2024

LG2284	24/07/2024	Information requested on litres of water pumped per minute at Awa fill station and any plans to install more water filling stations in Rongotea area or the Manawatū district Council area.	21/08/2024	Complete	2/08/2024
LG2285	30/07/2024	Request for meeting with Mayor and CE regarding allegations of ongoing land discrepancies		Complete	15/08/2024
LG2286	8/08/2024	Information relating to Kaianga Ora resource consent for corner of Churcher Street and Port Street East.	5/09/2024	Complete	28/08/2024
LG2287	9/08/2024	Code of Conduct complaints regarding Councillors	6/09/2024	Complete	21/08/2024
LG2288	9/08/2024	What are MDC's requirements under Te Tiriti o Waitangi, the 1908 English Laws Act, the NZ Bill of Rights, the Covenant on Civil and Political Rights and The United Declaration on the Rights of Indigenous Peoples with regard to Certificate of Acceptance	6/09/2024	Complete	20/08/2024
LG2289	16/08/2024	Is MDC rescinding Māori Wards or going to a referendum	13/09/2024	Complete	20/08/2024
LG2292	6/09/2024	Information about Councils approach to and use of artificial intelligence	4/10/2024	With SME	Pending

2.6 Ongoing Ombudsman investigations as at 09 September 2024:

IGOIMA Number	Date Received	Organisation	Request Summary	Due Date	Request Status
LG2195	13/06/2023	Office of the Ombudsman	Investigation into delay in responding to complaint CCR 71998 lodged 01/08/22	22/02/2024	With Ombudsman
LG2291	29/08/2024	Office of the Ombudsman	Notification of investigation - rezoning of a property on Dundas Road	26/09/2024	With SME

3 Te Kīwai (o te kete)

3.1 Te Kīwai is the engagement process which guides Council's practice and ensures the onus to engage and include Māori is shared between Council and all partners. In this manner, we progress both the articles and principles of Te Tiriti o Waitangi by maintaining the balance between Kawanatanga (Governance) of the Council and Tino Rangatiratanga (Sovereignty) of whānau, hapū, and iwi Māori.

3.2 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

4 Community Engagement Te Whai Wāhitanga mai o te Hapori

4.1 There are no community engagement requirements associated with this report.

5 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi

5.1 There are no operational implications associated with this report.

6 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni

6.1 There are no financial implications associated with this report.

7 Statutory Requirements Ngā Here ā-Ture

7.1 The statutory requirements for access to local authority information, and procedures for dealing with requests received for information held by local authorities is set out in Parts 1, 2, 3, 4, 5 and 6 of the Local Government Official Information and Meetings Act 1987.

8 Delegations Te Mana Whakatau

8.1 The Audit and Risk Committee has authority to consider this matter.

9 Conclusion Whakatepenga

9.1 The Requests for Information that have been received from 27 May 2024 to 09 September 2024 are reported to the Audit and Risk Committee for information.

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Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: People and Corporate

Date Created: 04 September 2024

Safety and Wellbeing Quarterly Report

Purpose Te Aronga o te Pūrongo

The purpose of this report is to update the Audit and Risk Committee on the latest Safety and Wellbeing information relating to the operations of Council.

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohinga

That the Audit and Risk Committee receives the Safety and Wellbeing report for quarter four of the 2023-24 year.

Report prepared by:
Andrew Leighton
Safety and Wellbeing Adviser

Approved for submission by:
Frances Smorti
General Manager - People and Corporate

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

1.2 Manawatū District Council strives to lead in the Safety and Wellbeing space within the Local Government sector.

2 Te Kīwai (o te kete)

2.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

Safety and Wellbeing Dashboard

For the period ended 30 June 2024

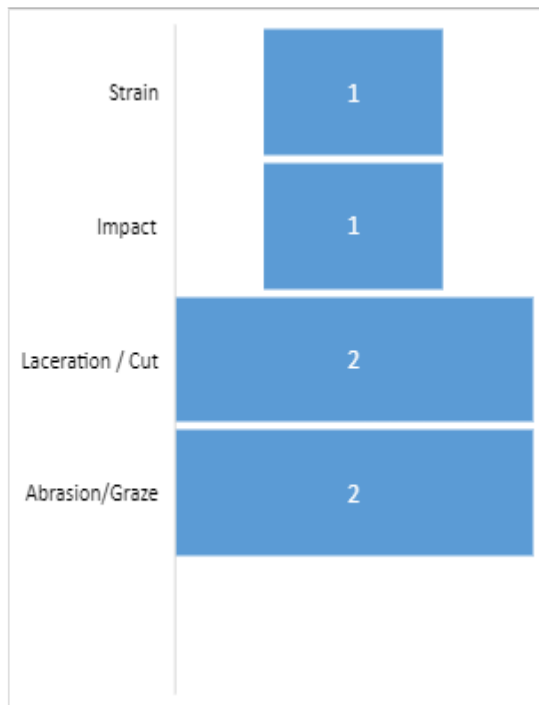
Lead and Lag Indicators

Indicator	Goal	Current
Notifiable incidents (lag)	0	0
Inductions for new staff	100%	97%
Contractors pre-qual	100%	95%
H&S engagement score	80%	74%

Significant Incidents:

There have been no significant incidents this quarter.

Injuries This Quarter



Strategic Activities

3.2 17 staff from across MDC attended a two day mental health first aid course. This course provides trained staff with the skills and confidence to support their peers.

5.3 MDC held a Pink Shirt Day morning tea in support of the Mental Health Foundation, which raised \$147.20.

5.4 S&W Adviser attended the Diversity Works regional hui.

7.1 Significant progress on reviewing and updating the Lockdown Action Plan.

Wellness & Communication

- Flu Vaccinations: 55
- Workstation Assessments: 5
- GP Health Checks: 2
- Eye Tests: 2
- Noise Cancelling Headphones: 1

Training

- Mental Health First Aid: 17
- Sitewise Training: 2
- Confined Space Training: 3
- My Everyday Wellbeing Webinars: 3
- Inductions: 18

Audits & Compliance

Site Audits

- Makino Aquatic Centre
- Echo Place and Roots Street projects

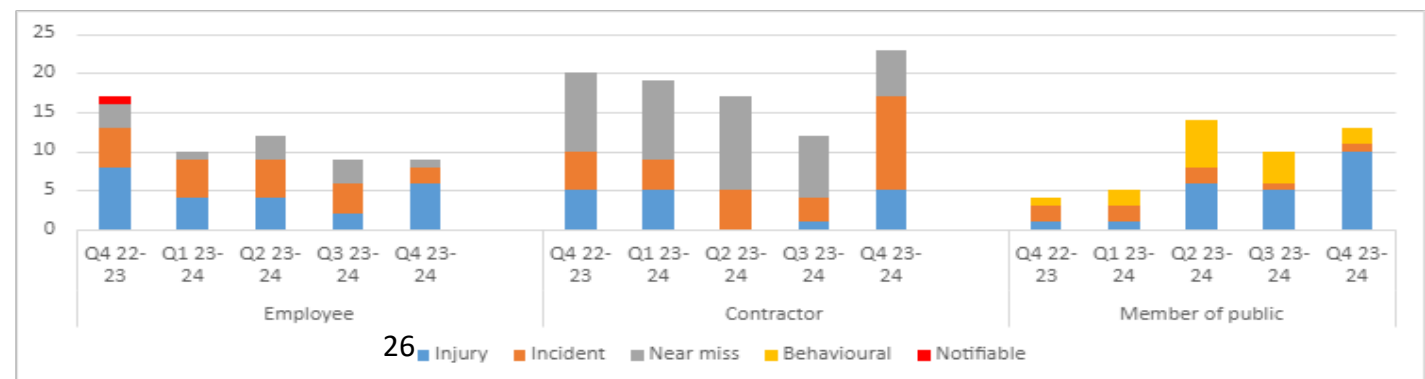
SafePlus Assessment

The MWLASS Health, Safety and Wellbeing Practitioners Forum met in May to discuss whether the group continue with SafePlus or look at other assessment options. It was agreed to continue with SafePlus as the assessment framework, but with a different independent SafePlus assessor.

Deep Dive

The Deep Dive on the Communications and Information Services was held on Thursday 19th September 2024.

Events Reported



Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: Finance

Date Created: 11 September 2024

Quarterly Report to 30 June 2024

Purpose Te Aronga o te Pūrongo

To provide a summary both financial and non-financial performance against the targets outlined within year three of the 10-year plan (Referred to as Annual Plan 23/24).

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohinga

The Audit and Risk Committee recommends that the Council:

- Receive the Quarterly Performance Report and Treasury Report to 30 June 2024

Report prepared by:

Joel Richards

Management Accountant

Approved for submission by:

Amanda Calman

Chief Financial Officer

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	✓
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

2 Background Ngā Kōrero o Muri

- 2.1 To provide a summary both financial and non-financial performance against the targets outlined within year three of the 10-year plan (Referred to as Annual Plan 2023/24).
- 2.2 During the year, any adjustments to budget approved with in the delegation’s policy by General Managers, Chief Executive or Council, result in the forming of a revised budget, which is outlined next to the Annual Plan within the reports. A summary of these adjustments is also included within the report.
- 2.3 The audited Annual Report is measured against the Annual Plan budget so reflects a differing final position.

3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

- 3.1 The financial result for the month ending 30 June 2024 reflects a surplus of \$1M against a year to date budgeted deficit of \$3.7M. This is the result of lower than budgeted revenue of \$325k combined with lower than budget expenditure of \$5.2M.
- 3.2 Capital spend to date is \$29M with commitments of \$4.7M, totalling \$33.7M, against a total revised budget of \$49M (68% complete). Annual Plan budget was \$32.3M (104% complete).
- 3.3 Levels of service reflect 85 measures that have been met by year end and 14 not yet met. Of the not met measures, three are in Community Facilities, 4 in Regulatory, two in Roothing, One in Stormwater and four in Water Supply. Details of these can be found in the report under ‘Levels of Service’.

3.4 The Quarterly treasury report highlights a cost of funds of 4.74%, and that Council is now compliant with its Liability Management Policy around the fixed rate hedging bands in the short term period of 0-4yrs, after reporting non-compliance in previous quarters during the financial year. This was achieved by taking an interest rate swap of \$6.5M at a fixed rate of 4.05% to 15 October 2029.

4 Te Kīwai (o te kete)

4.1 Te Kīwai is the engagement process which guides Council's practice and ensures the onus to engage and include Māori is shared between Council and all partners. In this manner, we progress both the articles and principles of Te Tiriti o Waitangi by maintaining the balance between Kawanatanga (Governance) of the Council and Tino Rangatiratanga (Sovereignty) of whānau, hapū, and iwi Māori.

4.2 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

5 Community Engagement Te Whai Wāhitanga mai o te Hapori

5.1 There is no community engagement required with this report, community engagement was sought and received during the setting of the budget.

6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi

6.1 There are no capital or operational implications associated with this report.

7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni

7.1 Any financial implications would be reported separately to Council.

8 Statutory Requirements Ngā Here ā-Ture

8.1 Quarterly governance reports provide an overview of results towards the Annual Report, which will be prepared and audited in accordance with the requirements of the Local Government Act 2002.

9 Delegations Te Mana Whakatau

9.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for financial reporting, including the following:

- long term planning including the financial strategy;
- appropriateness of accounting policies;
- annual report; and
- internal report (monthly and/or quarterly).

10 Conclusion Whakatepenga

10.1 Quarterly reports are a mechanism of transparently reporting against progress towards achieving targets set in the Annual Plan and the Long-Term Plan.

11 Attachments Ngā Āpitihanga

- Quarterly Performance Report to 30 June 2024
- Quarterly Treasury Report to 30 June 2024
- Presentation - Proposed Quarterly Report Redesign



Manawatu District Council
Quarterly Performance Report
June 2024

Summary

The financial result for the year ending 30 June 2024 reflects a surplus of \$1M against a year to date revised budgeted deficit of \$3.7M.

The cash balance can be seen in the Annual Report on page 115 (Stmt of cashflow) and reflects a \$3.8M cash increase over budget - this reflects funds collected but not yet spent and is the funding that relates to the carried forwards which are going to council for consideration early October.

Key Variances

Community Facilities

\$2.9M favourable. Mainly comprised of \$2.7M in the Library due to grants received for construction of the Community Hub and \$190k in Parks, Reserves & Sportsgrounds due to lower depreciation and maintenance costs.

Regulatory

\$187k favourable. Key factors are a \$249k favourable variance in Building Control due to less spend on contractors to process building consents due to low numbers and \$175k unfavourable variance in Consent Planning due to a downturn in subdivision fees.

Infrastructure

\$115k unfavourable. Key factors are \$1.3M unfavourable in Roading due to a combination of lower revenue from capital subsidies and development contributions and higher expenditure on operational projects and maintenance. Solid Waste is \$1.1M favourable mostly due to lower expenditure on disposal costs as a result of less than anticipated tonnage being collected and processed.

District Development

\$682k favourable due to a combination of grants received for Welcoming Communities and the Creative NZ funding and lower expenditure on district plan and community projects and grants.

Organisational Management

\$700k favourable due to the ERP upgrade being delayed.

Further details on variances can be found in the activities summaries

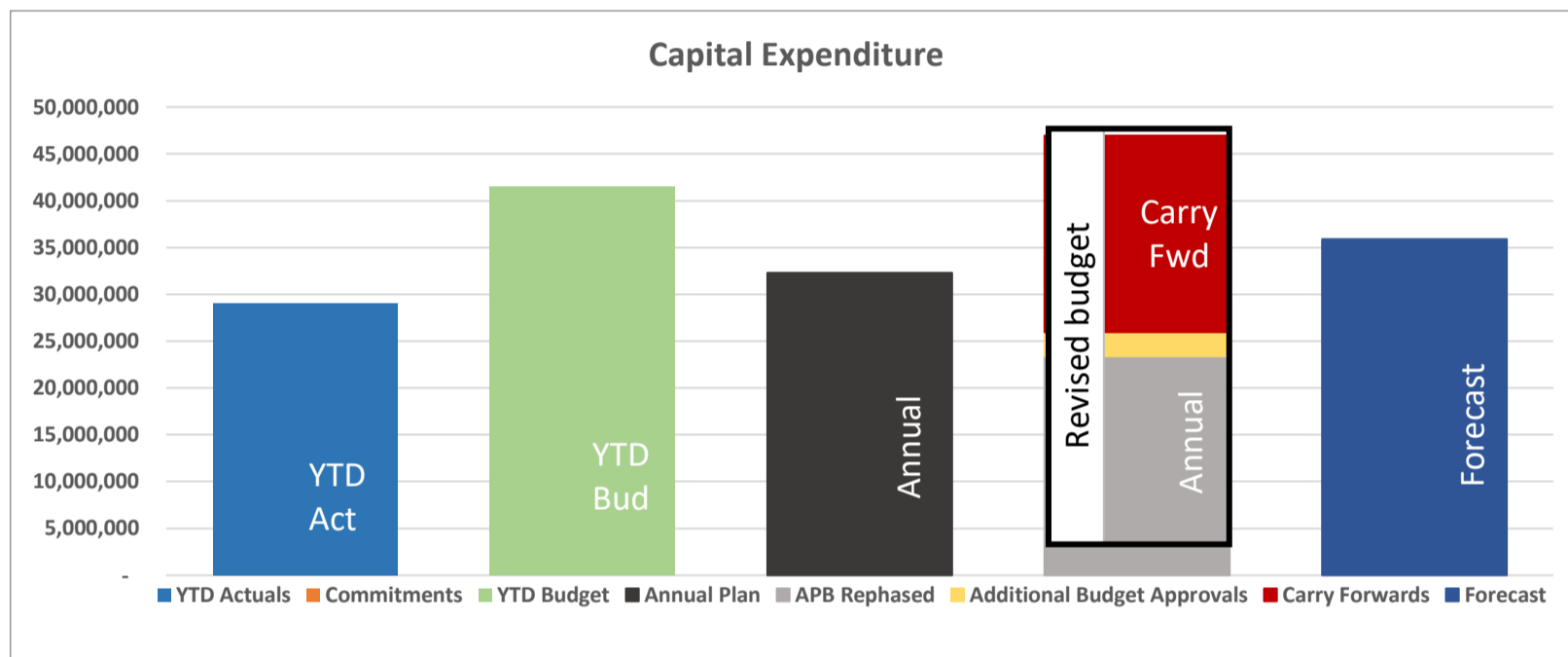
Capital spend

Spend to date is \$29M with commitments of \$4.7M, totalling \$33.7M, against a total revised budget of \$49M (68%). (Annual Plan of \$32.3M, 104%) The main variances are:

Community facilities: \$4.5M favorable to revised budget, with a further \$1.1M committed. Reasons are:
 -Library is \$1.6M favourable to budget with another \$253k committed. (Library completed in early 24/25)
 -Parks and Reserves are \$2.6M under budget mostly due to growth related works including land purchases being subject to approval combined with Rimu Park growth works pushed out to 2024/25.

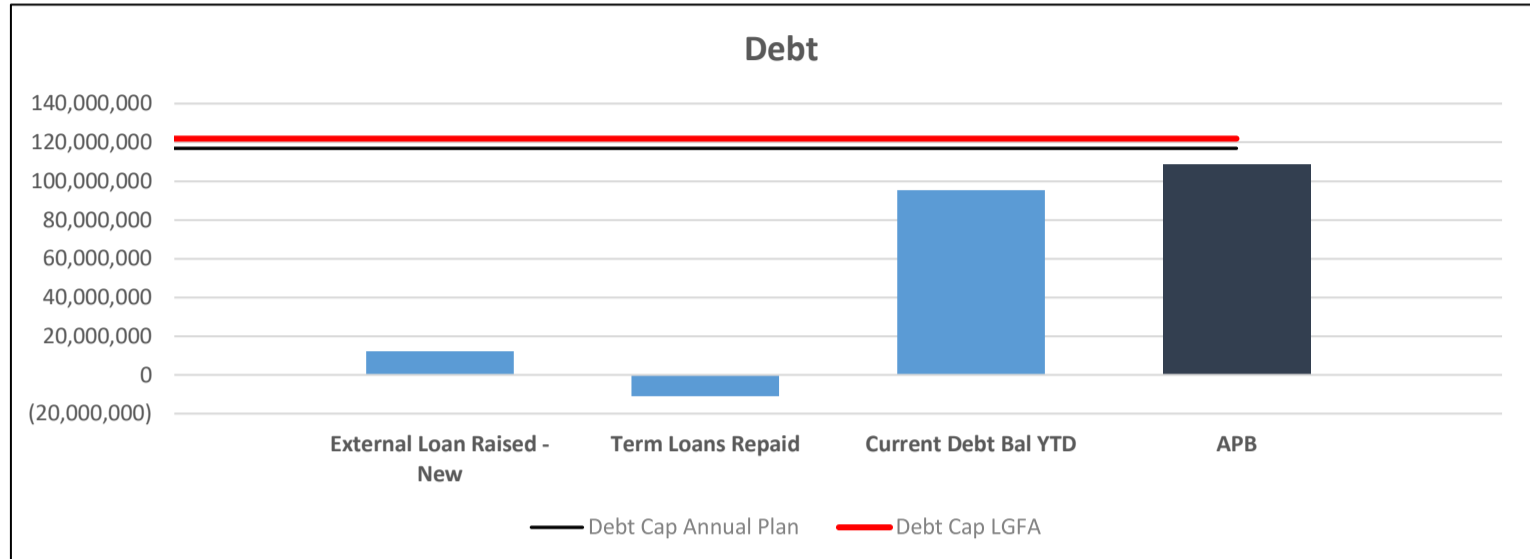
3 waters: The \$10.3M spend to date plus commitments is \$10.9M favorable to revised budget of \$18.7M.
 -Growth works are \$5.7M favourable to budget; \$4M in Stormwater and \$1.5M in Water Supply
 -New LOS related work is \$1.6M favourable to budget as expected.
 -Renewal related works are \$3M favourable to budget, mainly due to a favourable \$1.8M variance from the completed Sanson wastewater centralisation

Roading: \$3.1M favourable to revised budget due to:
 -Roothing growth is \$1.6M favourable to budget
 -O tara Bridge strengthening was completed \$3k under budget
 -\$500k favourable variance from sub renewal surplus above NZTA budget
 -\$512k favourable variance in bridge structure replacement awaiting NZTA permission re roading reserve fund

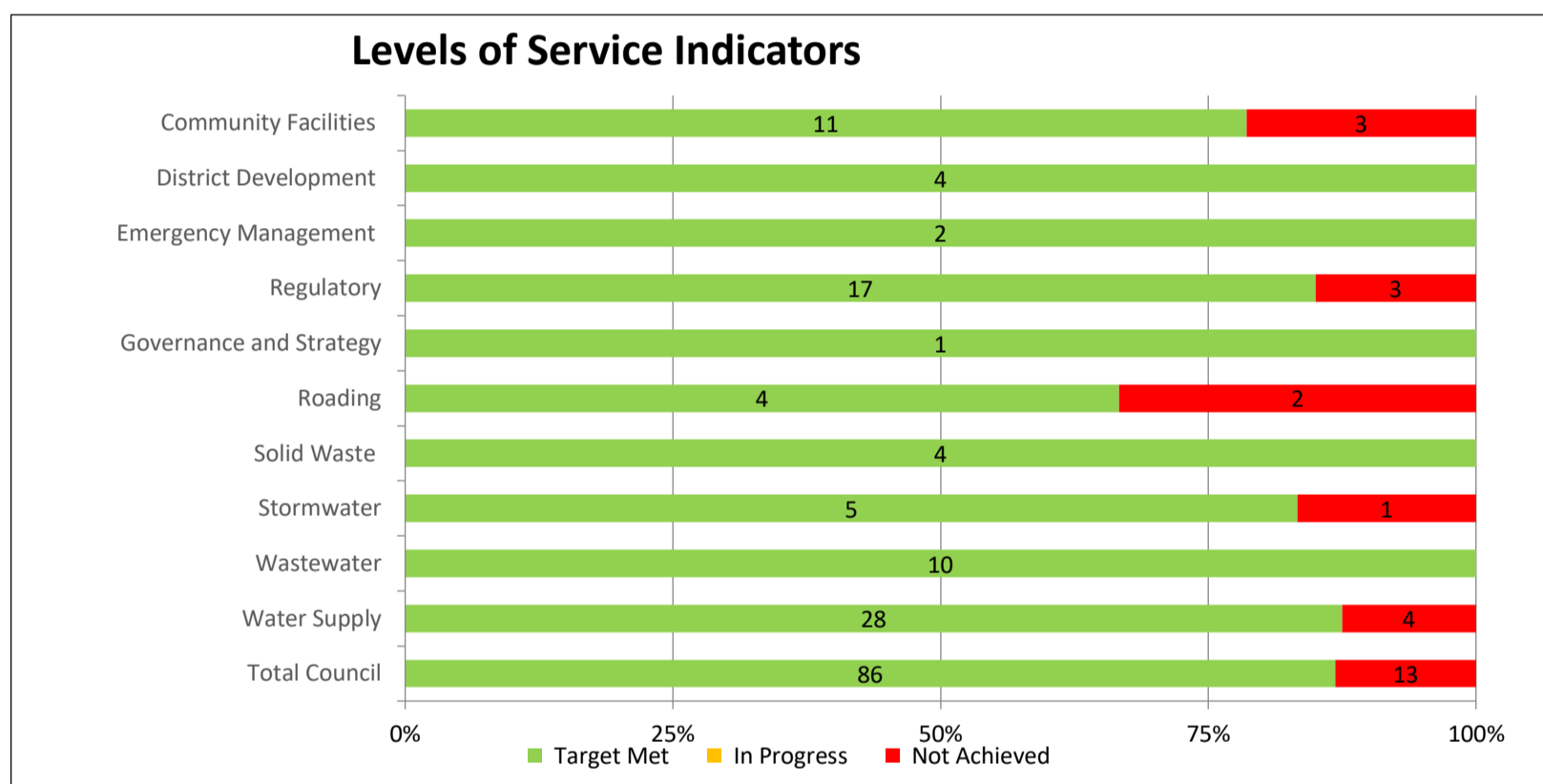


Debt Position

The current balance is \$95.3M against budget of \$108M, against the self imposed debt cap of \$116M, and a maximum debt cap (LGFA) of \$121M. A new loan of \$1.4M (for MCT) was raised in April and matures in October 2024. The balance of debt relating to 23/24 financial year of \$1.4M (after the annual repayment of \$3.6M) was raised in July 2024 to cover capital works for the 2023/2024 year. The balance of the debt required for the year was predrawn at June 2023.



Levels of Service Indicators Summary



Community Facilities

-Target not met in Makino Pool's participation in water activities and learning to swim programmes. 44,719 participants against a target of 51,000

-Target not met in Library due to reduced usage in smaller temporary space

Regulatory

-Target not met in Building Control with number of the district's commercial and public buildings holding a current compliance schedule being audited every 3 years. 342 completed against a target of 398.

-Target not met in Consents Planning with timely processing of permitted boundary activities. 32 applications were received with 31 processed within the required timeframe.

-Target not met in Compliance and Monitoring with verification of Food premises against Food Regulations. 52 of the 66 due for inspection were completed. This is low due to EHO vacancy till December 2023. Contractor was engaged to catch up with backlog.

Roading

-Target not met for road reseal percentage. Reseal length has been reduced due to contractor resource constraints.

-Target not met for non-urgent service requests. 84% completed within required timeframe against a target of 90%.

Stormwater

-Target not met for nil flooding events. Flooding event on 13April in Himatangi against target of 0.

Water Supply

-Target not met for water consumption in Feilding. 279 litres/person/day against a target of 300.

- Target not met for number of complaints.

Statement of Comprehensive Revenue and Expense

	2024 Actual Full Year \$000	2024 Budget Full Year \$000	Variance \$000	2024 Revised Budget \$000	2024 Annual Plan \$000
Revenue					
Rates revenue	47,102	46,630	472	46,630	46,630
Financial revenue	1,096	435	661	435	435
Subsidies and grants	16,321	13,542	2,780	13,542	9,181
Development contributions	1,734	3,321	(1,587)	3,321	3,524
Other revenue	11,206	13,758	(2,552)	13,758	13,427
Other gains/(losses)	(81)	17	(98)	17	17
Total revenue	77,378	77,703	(325)	77,703	73,213
Expenses					
Personnel costs	15,820	16,381	561	16,381	16,631
Depreciation and amortisation	25,599	27,679	2,080	27,679	27,691
Finance costs	4,503	3,824	(678)	3,824	3,824
Other operating expenses	30,401	33,584	3,184	33,584	29,121
Total Expenditure	76,322	81,468	5,146	81,468	77,267
Surplus/(deficit) before tax	1,056	(3,765)	4,822	(3,765)	(4,053)
Income tax expense	-	-	-	-	-
Surplus/(deficit) after tax	1,056	(3,765)	4,822	(3,765)	(4,053)
Other comprehensive revenue & expense					
Gains/(losses) on the revaluation of property, plant and equipment	11,365	0	11,365	29,711	29,711
Impairment losses on restricted buildings through other comprehensive revenue and expenses	0	0	0	0	0
Total other comprehensive revenue and expense	11,365	0	11,365	29,711	29,711
Total comprehensive revenue and expense	12,421	(3,765)	16,186	25,946	25,658

Funding Impact Statement (Whole of Council)

	2024	2024		2024	2024
	Actual Full Year	Budget Full Year	Variance Full Year	Revised Budget	Annual Plan
	\$000	\$000	\$000	\$000	\$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	16,280	15,715	565	15,715	15,715
Targeted rates	31,116	31,140	(24)	31,140	30,915
Subsidies and grants for operating purposes	4,675	3,929	747	3,929	3,164
Fees and charges	7,482	9,085	(1,603)	9,085	9,085
Interest and dividends from investments	1,096	435	661	435	435
Local authorities fuel tax, fines, infringement fees and other receipts	3,613	4,673	(1,060)	4,673	4,341
Total operating funding	64,263	64,976	(714)	64,976	63,655
Applications of operating funding					
Payments to staff and suppliers	46,094	49,982	3,888	49,914	45,735
Finance costs	4,503	3,824	(678)	3,824	3,824
Other operating funding applications	0	0	0	0	0
Total applications of operating funding	50,597	53,806	3,209	53,738	49,560
Surplus (deficit) of operating funding	13,666	11,170	(631)	14,227	14,095
Sources of capital funding					
Subsidies and grants for capital expenditure	11,288	9,411	1,878	9,411	6,017
Development and financial contributions	1,734	3,321	(1,587)	3,321	3,524
Increase (decrease) in debt	(34,500)	7,850	(42,350)	17,500	7,850
Gross proceeds from sale of assets	944	(39)	983	0	(39)
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding	(20,533)	20,543	(41,076)	30,232	17,352
Applications of capital funding					
Capital expenditure					
- to meet additional demand	4,494	13,575	9,081	13,575	3,583
- to improve the level of service	8,473	12,578	4,104	12,578	14,417
- to replace existing assets	16,144	22,863	6,718	22,863	14,296
Increase (decrease) in reserves	(35,979)	(17,303)	18,677	(4,557)	(848)
Increase (decrease) of investments	0	0	0	0	0
Total application of capital funding	(6,867)	31,713	38,580	44,459	31,448
Surplus (deficit) of capital funding	(13,666)	(11,170)	(2,496)	(14,227)	(14,096)
Funding balance	0	0	0	0	0

Statement of Financial Position

Full Year Actuals 2022/23		Full Year Actuals 2023/24
	<u>Assets</u>	
	Current Assets	
7,892,401	Cash and Cash Equivalents	11,296,966
5,486,807	Receivables and Accruals	8,675,786
383,756	Inventory on Hand	271,652
7,670,133	Other Financial Assets - Current	2,409,392
4,740,526	Non-current Assets for Sale	3,824,000
26,173,624	Total Current Assets	26,477,796
	Non-current Assets	
1,146,950,644	Property, Plant and Equipment	1,161,782,274
34,019	Intangible Assets	27,094
5,707,380	Other Financial Assets - Term	7,058,488
1,152,692,043	Total Non-current Assets	1,168,867,855
1,178,865,666	Total Assets	1,195,345,651
	Current Liabilities	
11,064,414	Accounts Payable and Accruals	13,783,073
43,714	Provisions - Current Portion	446,001
1,363,366	Employee Entitlements	1,334,471
22,400,000	Borrowing - Current Position	25,900,000
34,871,494	Total Current Liabilities	41,463,545
	Non-current Liabilities	
1,536,217	Provisions - Term Portion	1,110,236
71,438,194	Borrowings - Term Portion	69,331,154
72,974,411	Total Non-current Liabilities	70,441,390
107,845,905	Total Liabilities	111,904,935
	Equity	
491,000,272	Retained Earnings	493,552,214
577,126,806	Other Reserves	588,832,138
2,892,683	Current Earnings	1,056,365
1,071,019,761	Total Equity	1,083,440,717
1,178,865,666	Total Liabilities and Equity	1,195,345,651

Cash and Cash Equivalents and Other Current Financial Assets are comprised of the following:

	Oncall	Short Term
Kiwibank	591	2,100,000
ASB	979	0
BNZ On call	8,274,405	0
ANZ On call	3,000,007	
Westpac On call	18,850	
Float	2,135	
Total Cash and Cash Equivalents	11,296,966	
Community Loans & Receivables		309,392
Total Other Financial Assets - Current		2,409,392

Activity Summary - Community Facilities

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	AP Budget 2023/24	Total Budget
Community Facilities											
Libraries and Archives	5,562,112	2,965,137	2,596,975	1,893,255	2,048,304	155,049	3,668,857	916,833	2,752,024	916,833	(2,752,024)
Halls and Recreation Complexes	874,531	818,316	56,215	1,379,135	1,382,363	3,228	(504,604)	(564,047)	59,443	(564,047)	(59,444)
Makino Aquatic Centre	2,758,951	2,892,922	(133,971)	2,947,367	2,982,421	35,054	(188,416)	(89,499)	(98,917)	(89,499)	98,917
Parks, Reserves & Sportsgrounds	4,318,974	4,513,556	(194,582)	4,431,838	4,817,056	385,218	(112,864)	(303,500)	190,636	(303,500)	(190,638)
Cemeteries	391,349	402,300	(10,951)	405,047	402,298	(2,749)	(13,698)	2	(13,700)	2	13,700
Public Conveniences	500,419	466,463	33,956	479,924	466,465	(13,459)	20,495	(2)	20,497	(2)	(20,497)
Property	613,340	732,064	(118,724)	909,113	1,021,397	112,284	(295,773)	(289,333)	(6,440)	(289,333)	6,437
Total Community Facilities	15,019,676	12,790,758	2,228,918	12,445,679	13,120,304	674,625	2,573,997	(329,546)	2,903,543	(329,546)	(2,903,549)

Libraries and Archives

Favourable to budget by \$2.8M. Revenue is higher than budget by \$2.6M predominantly from capital grants received from the DIA to fund the construction of the new Community Hub. Programme revenue has exceeded budget with a high uptake of activities run by the library. Expenditure is \$159k under budget due to lower depreciation and interest costs.

Halls and Recreation Complexes

Favourable to budget by \$60k. Revenue is higher than budget due to a \$56k favourable variance in rates.

Makino Aquatic Centre

Unfavourable to budget by \$99k. Revenue is \$134k under budget predominately due to higher rates resmissions combined with lower than from swimming lessons and school admissions. Expenditure is \$35k favourable with lower personnel costs due to vacancies and low spend on maintenance.

Parks, Reserves & Sports Grounds

Favourable to budget by \$106k. Revenue is \$194k under budget due to lower development contributions and a small variance in user fees. Expenditure is under budget by \$385k due to lower depreciation and as well as lower maintenance costs.

Cemeteries

Unfavourable to budget by \$14k due to lower interment revenue as well as slightly higher maintenance costs.

Public Conveniences

Favourable to budget by \$20k due to a variance in rates revenue offset higher than budgeted maintenance costs.

Property

Unfavourable to budget by \$6k as a result of the sale of the Kimbolton depot and land. There are favourable variances in expenditure due to lower depreciation and a range of minor favourable variances.

Activity Summary - Regulatory

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	AP Budget 2023/24	Total Budget
Regulatory											
Animal Control	849,674	778,664	71,010	799,686	778,663	(21,023)	49,988	1	49,987	1	(49,987)
Building Control	3,394,154	3,847,419	(453,265)	3,140,985	3,844,019	703,034	253,169	3,400	249,769	3,400	(249,769)
Environmental Health	307,650	287,387	20,263	283,039	287,390	4,351	24,611	(3)	24,614	(3)	(24,615)
Alcohol Licensing	205,163	150,145	55,018	167,870	150,145	(17,725)	37,293	0	37,293	0	(37,293)
District Consents Planning	1,288,854	1,647,258	(358,404)	1,463,710	1,647,159	183,449	(174,856)	99	(174,955)	99	174,955
Total Regulatory	6,045,495	6,710,873	(665,378)	5,855,290	6,707,376	852,086	190,205	3,497	186,708	3,497	(186,709)

Animal Control

Favourable to budget by \$50k. Revenue is \$71k higher than budget due to a larger number of dog registrations than anticipated as well as higher infringement fees. Expenditure is unfavourable by \$21k with higher depreciation offset by lower contract costs.

Building Control

Favourable to budget by \$250k. Revenue is \$453k under budget due to lower building consents offset by \$183k received from PNCC for the recovery of legal costs incurred in prior financial years. Expenditure is \$703k under budget due to lower spend on consultants and as a result of a lower number of consents to process.

Environmental Health

Favourable to budget by \$25k. Expenditure under budget due to vacancy which has now been filled.

Alcohol Licensing

Favourable to budget by \$37k with minor variances in revenue and expenditure.

District Consents Planning

Unfavourable to budget by \$175k. Revenue is lower than budget by \$358k mostly due to fewer than expected subdivision fees resulting from a downturn in the volume of applications. Expenditure is \$183k favourable as there is a lower spend on consultants and less staff time spent working in the area. This result occurred in 2022/23 and has continued

Activity Summary - Infrastructure

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	AP Budget 2023/24	Total Budget
Infrastructure											
Roading	18,711,962	19,460,237	(748,275)	23,878,510	23,330,109	(548,401)	(5,166,548)	(3,869,872)	(1,296,676)	(3,869,872)	1,296,676
Solid Waste	4,709,396	4,581,535	127,861	4,336,014	5,284,792	948,778	373,382	(703,257)	1,076,639	(703,257)	(1,076,639)
Stormwater and Drainage	2,342,150	3,050,715	(708,565)	1,929,545	2,737,818	808,273	412,605	312,897	99,708	312,897	(99,708)
Water Supply	5,939,940	5,815,632	124,308	6,148,790	6,623,080	474,290	(208,850)	(807,448)	598,598	(807,448)	(598,600)
Wastewater	11,810,248	12,230,588	(420,340)	9,506,072	9,572,936	66,864	2,304,176	2,657,652	(353,476)	2,657,652	353,476
Nursery	216,473	288,118	(71,645)	455,923	288,118	(167,805)	(239,450)	0	(239,450)	0	239,450
Total Infrastructure	43,730,169	45,426,825	(1,696,656)	46,254,854	47,836,853	1,581,999	(2,524,685)	(2,410,028)	(114,657)	(2,410,028)	114,655

Roading Unfavourable to budget by \$1.3M. Revenue is \$748k unfavourable to budget made up of lower NZTA capital subsidies (\$753k), due to delays in capital projects and development contributions (\$302k). This is offset by favourable NZTA operational subsidies (\$408k). Expenditure is \$535k unfavourable as operational projects tracked ahead of budget due to delays in capital projects and higher maintenance required (\$178k).

Solid Waste Favourable to budget by \$1.1M. Revenue is \$128k favourable resulting from higher operational subsidies for waste minimisation from MFE(\$375k) offset by lower transfer station gate takings (\$190k) and blue bag sales (\$134k). Expenditure is \$952k favourable due to low disposal costs as a result of lower tonnage being collected and processed.

Stormwater and Drainage Favourable to budget by \$100k. Revenue is \$708k unfavourable driven by lower development contributions. Total expenditure is \$808k favourable primarily because of lower internal interest (\$180k) and depreciation (\$477k) as a result of FY2023 delays in completion of capital projects and unspent budgets on operational projects of (\$201k).

Water Supply Favourable to budget by \$598k. Revenue is \$124k favourable due to lower development contributions(\$169k) offset by higher volumetric water billing charges (\$218k) and capital water connections (\$66k). Expenditure is \$474k favourable due to lower interest (\$176k) and depreciation (\$583k) as a result of FY2023 delays in completion of capital projects.

Wastewater* Unfavourable to budget by \$353k. Revenue is \$420k unfavourable due to lower than budgeted trade waste charges (\$138k) and development contributions (\$414k). Expenditure is \$67k favourable due to lower depreciation (\$334k) as a result of FY2023 delays in completion of capital projects and lower operational project costs due to delays in the Feilding Wastewater Infiltration project (\$190k)

**The nursery is located within the wastewater budget however is currently being reported as a separate activity.*

Nursery Unfavourable to budget by \$240k. Reflecting \$216k of revenue and \$457k of expenditure incurred. This reflects the costs and work required up front to plant/sow the seedlings which have very little value at time of planting. The revenue is earned at sale time (most plants take between 1-2yrs to mature ready for sale). The value of the seedling is recognised as stock on hand into the balance sheet but at this time they are not worth much as their value increases as they grow and is then recognised as income at sale time. The level of stock on hand is 467k plants, with an average age of 10 months. This is compared to 213k plants at 30 June 2023, with an average age of 18 months.

Activity Summary - Other

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	Full year Actuals	Full year Budget	Variance	AP Budget 2023/24	Total Budget
Other Activities											
District Development	4,456,402	4,257,407	198,995	4,195,472	4,678,120	482,648	260,930	(420,713)	681,643	(420,713)	(681,643)
Emergency Management	415,059	410,559	4,500	296,259	320,144	23,885	118,800	90,415	28,385	90,415	(28,386)
Governance Team	3,737,208	3,660,137	77,071	3,636,886	3,742,197	105,311	100,322	(82,060)	182,382	(82,060)	(182,383)
Total Other Activities	8,608,669	8,328,103	280,566	8,128,617	8,740,461	611,844	480,052	(412,358)	892,410	(412,358)	(892,412)

District Development

Favourable to budget by \$684k. Revenue is favourable by \$199k due to grants received for Welcoming Communities and the Creative NZ funding. Expenditure favourable by \$485k. District Plan had \$228k unspent due to the rural review being delayed as a result of Government policy change, this will be requested as a carry forward. Grants made to Community Committees, including community committees grants and the contestable project initiatives fund, totaling \$133k is unspent and will be requested as a carry forward to allow community committees to complete their initiatives.

Emergency Management

Favourable to budget by \$24k with minor variances in revenue and expenditure.

Governance

Favourable to budget by \$192k. Revenue favourable by \$77k with minor variances in revenues. Expenditure favourable by \$115k due to councillors remuneration unchanged from previous year by remuneration authority.

Accounts Receivable and Rating

Outstanding Rates

Accounts Receivable (Rates)	Prior Year 30/06/2023 \$000	Current Year 30/06/2024 \$000
Current Year's Rates Outstanding (incl Penalties)	1,003	1,363
Total Rates invoiced to date (incl GST)	48,460	52,941
Outstanding rates as a % of total rates levied	2.10%	2.60%
Prior Year's Rates Outstanding	159	216
Outstanding at Beginning of Year	908	1,162
% Prior Years Arrears Outstanding	18%	19%
Rate Received in Advance	(781)	(724)
Total Rates Outstanding	381	855

Prior Year Rate Details

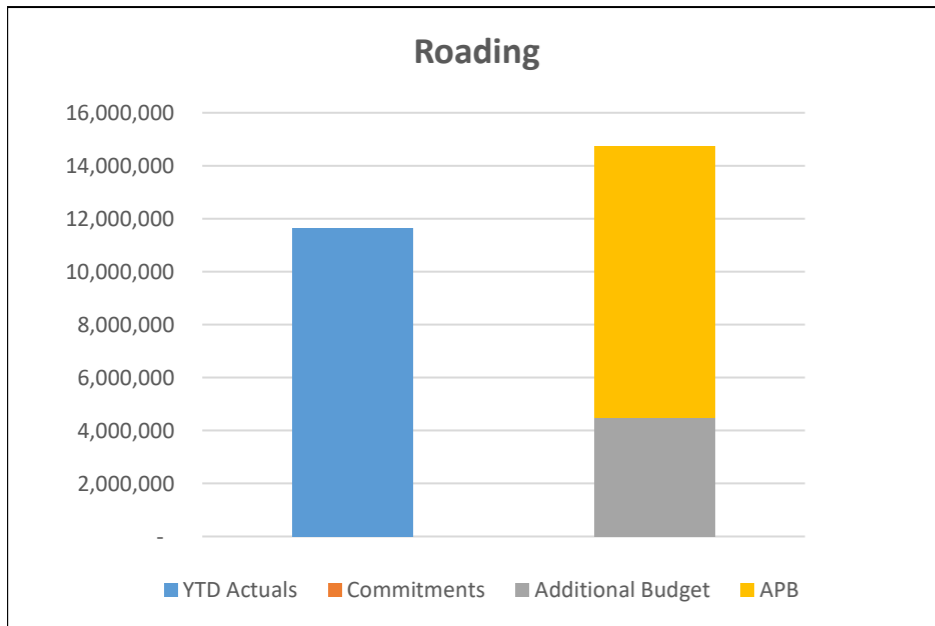
Rates Arrears (\$000)

30-Jun-24	1,163	15	910	81%	216	86.80%
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Sundry Receivables (Non Rates)

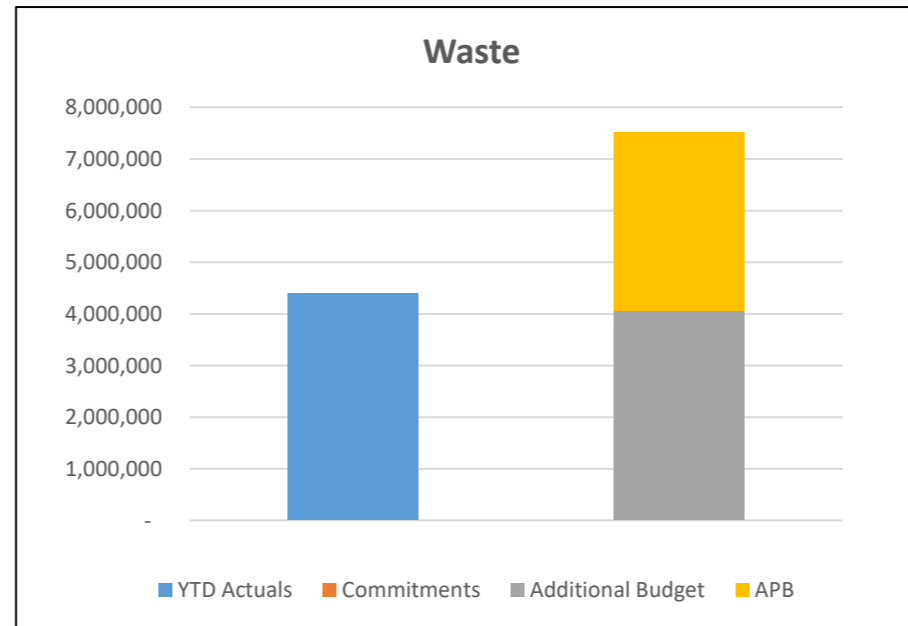
Accounts Receivable (Sundry)	Current	30 day	60 day	90 day	Total
Aging (\$000)	1939	86	54	291	2369
% of Total	81.82%	3.62%	2.28%	12.28%	100.00%
Analysis					
90 day debt (incl top 10) managed by MDC (\$000)				247	84.93%
Managed by DMC (\$000)				44	15.07%

Capital Expenditure - more detailed information is contained in the Capital Expenditure Report



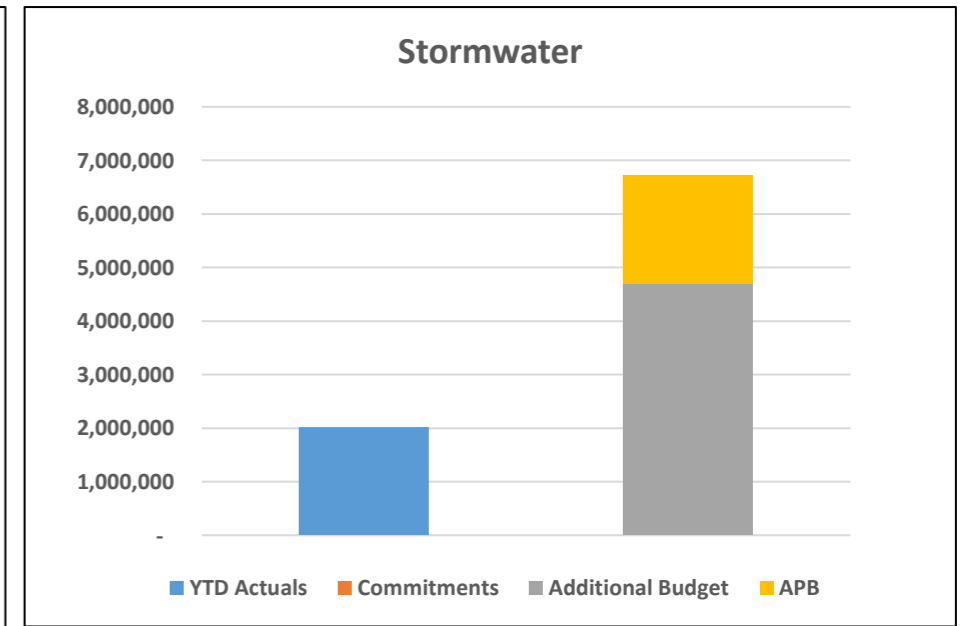
Overall capital spend is \$11.7M with an additional \$0.97M in commitments - totalling \$12.6M year to date.

Further information is available in the capital expenditure report.
Annual Plan budget is \$10.2M



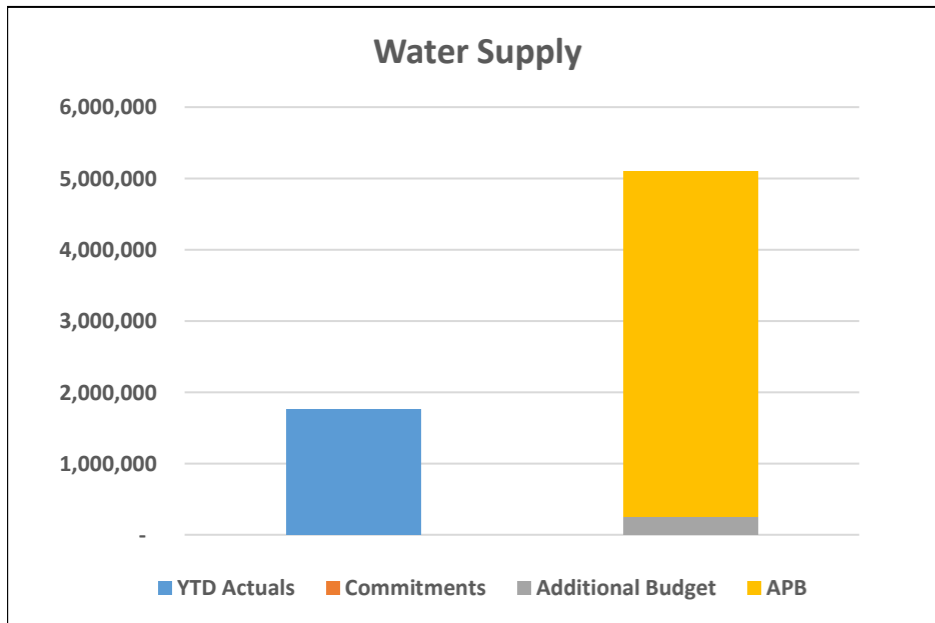
Overall capital spend is \$4.1M with an additional \$0.4M in commitments - totalling \$4.5M year to date.

Further information is available in the capital expenditure report.
Annual Plan budget is \$3.5M



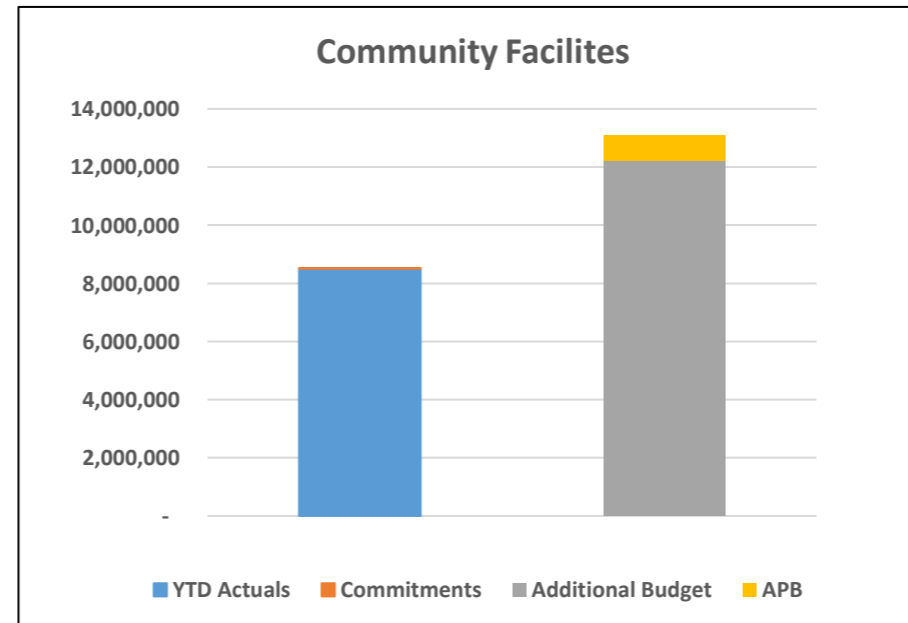
Overall capital spend is \$1.99M with an additional \$1.1M in commitments - totalling \$3.1M year to date.

Further information is available in the capital expenditure report.
Annual Plan budget is \$2.0M



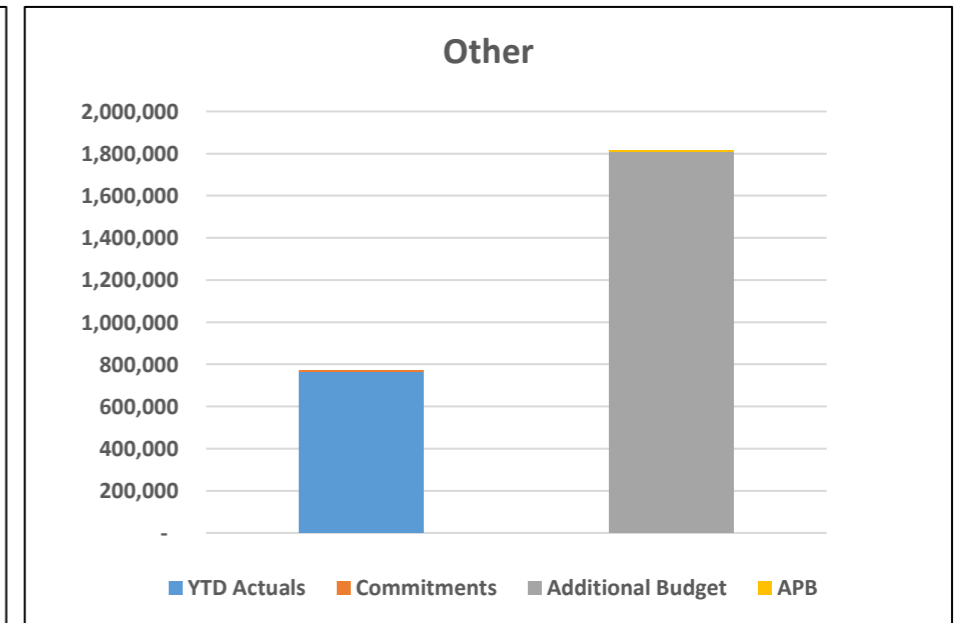
Overall capital spend is \$1.7M with an additional \$0.96M in commitments - totalling \$2.7M year to date.

Further information is available in the capital expenditure report.
Annual Plan budget is \$4.8M



Overall capital spend is \$8.5M with an additional \$1.1M in commitments - totalling \$9.6M year to date.

Annual Plan budget is \$9.8M



Comprises Administration Building, Emergency Services, Vehicles, and Organisational Management.

Overall capital spend is \$763k with an additional \$91k in commitments - totalling \$854k year to date.

Annual Plan budget is \$1.8M.

Capital Expenditure Report
For Period Ended 30 June 2024

Project Type	Job	Full year Actuals	Full year Budget	Full year Variance	Total Commitments	Actual + Commitments	Total Budget	Total AP Budget	Comments
	Grand Total	29,040,074	49,038,468	19,998,394	4,741,011	33,781,086	49,038,468	32,296,184	
	21. Roading Network								
Renewal	RD1009. Sub Unsealed Road Metalling	250,982	254,437	3,455	0	250,982	254,437	254,437	Project fully completed
Renewal	RD1010. Sub Sealed Road Resurfacing	1,974,998	1,974,998	0	0	1,974,998	1,974,998	2,224,708	Project fully completed
Renewal	RD1016. Sub Roading Footpath Renewal	41,085	41,085	0	0	41,085	41,085	51,589	Project fully completed
Renewal	RD1018. Subsidised Bridge Renewals	421,698	424,387	2,689	48,943	470,641	424,387	309,157	Renewal of the Otara bridge.
New LOS	RD1019. Sub Cycle Facilities	218,276	218,276	0	0	218,276	218,276	0	Project fully completed
Growth	RD1025. Roading Growth	1,562,712	3,156,943	1,594,231	743,526	2,306,238	3,156,943	1,421,325	Works underway for Roots street, Road 1B and Echo Place. A carry forward of unspent budget will be requested.
Renewal	RD1030. Sub Drainage Renewals	546,693	546,893	200	1,162	547,856	546,893	483,786	Project fully completed
Renewal	RD1031. Sub Structures Renewals	396,826	396,626	-200	104,700	501,526	396,626	448,603	Project fully completed
Renewal	RD1032. Sub Traffic Services Renewal	451,052	451,350	298	360	451,412	451,350	377,491	Project fully completed
Renewal	RD1034. Sub Pavement Rehabilitation	1,033,400	1,033,400	0	0	1,033,400	1,033,400	1,049,977	Project fully completed
New LOS	RD1039. Sub Minor Improvement New	-45,433	0	45,433	0	-45,433	0	0	Negative balance is the result of a correction made to prior year expenditure
Renewal	RD1047. Sub Renewal Surplus >NZTA Budg	0	500,104	500,104	0	0	500,104	0	A carry forward of unspent budget will be requested
New LOS	RD1052. 2021-31 LCLR Programme Budget	365,821	365,821	0	0	365,821	365,821	236,895	Project fully completed
New LOS	RD1053. 322 Replacement Bridges/Struct	0	511,710	511,710	0	0	511,710	511,710	Project no longer going ahead under NZTA
New LOS	RD1054. 324 Road Improvements	1,435,793	1,435,793	0	0	1,435,793	1,435,793	649,508	Project fully completed
New LOS	RD1055. 341 Low Cost - Low Risk Prgm	366,956	351,505	-15,451	0	366,956	351,505	272,735	Project fully completed
New LOS	RD1056. 341 Road to Zero	683,258	688,178	4,920	0	683,258	688,178	613,799	Project fully completed
New LOS	RD1057. 357 Resilience Improvements	86,542	65,559	-20,983	0	86,542	65,559	65,559	Project fully completed
New LOS	RD1058. 451 Walking Facilities	249,434	292,207	42,773	0	249,434	292,207	305,977	Project fully completed
New LOS	RD1059. 452 Cycling Facilities	438,886	511,473	72,587	6,000	444,886	511,473	886,393	Project fully completed
Renewal	RD1060. Sub Renewal Emergency Works	691,551	718,832	27,281	63,930	755,481	718,832	0	Emergency works underway. A carry forward will be requested to complete works.
New LOS	RD1061. Land Purchase 37 Roots St	405,087	465,850	60,763	0	405,087	465,850	0	A carry forward will be requested to remove consent notice on subdivision and complete legalisation of road.
New LOS	RD4021. Non Sub Road Works	905	0	-905	0	905	0	0	
Renewal	RD4034. Non Subsidised Roading Renewal	84,249	337,730	253,481	0	84,249	337,730	106,380	A carry forward will be requested to complete works.
	RD4039. Non Sub Mitigation Sealing	0	17,844	17,844	0	0	17,844	0	A carry forward will be requested to complete works.
	Total 21. Roading Network	11,660,770	14,761,001	3,100,231	968,622	12,629,392	14,761,001	10,270,029	
	23. Solid Waste								
New LOS	SW1005. Purchase of New Recycling Bins	19,762	71,601	51,839	0	19,762	71,601	23,668	New bins purchased as required
New LOS	SW1007. Recycling Inventory	-4,296	-5,170	-874	0	-4,296	-5,170	-5,170	Inventory in/out as required.
New LOS	SW2005. Resource Recovery Centre	178,759	494,224	315,465	168,809	347,568	494,224	26,608	Construction due for completion early August 2024. Unspent budget beyond will be requested as a carry forward to 24/25 FY.
New LOS	SW2006. Kaimatarau RTS Improvements	0	2,794	2,794	0	0	2,794	0	Works will no longer go ahead.
New LOS	SW2007. Est Mobile Recycling Centres	0	8,437	8,437	0	0	8,437	0	Working with residents to identify a suitable location for a glass drop off station. A carry forward will be requested.
New LOS	SW2010. Himatangi RTS	0	17,110	17,110	0	0	17,110	0	Working with residents to identify upgrades. A carryforward will be requested.
New LOS	SW3500. New Bin Purchases	0	0	0	0	0	0	917,182	Financials for WMMP still to be presented to Council for formal acceptance. Purchase of bins to take place once WMMP adopted through LTP process.
	Total 23. Solid Waste	194,225	588,996	394,771	168,809	363,034	588,996	962,288	

Capital Expenditure Report
For Period Ended 30 June 2024

Project Type	Job	Full year Actuals	Full year Budget	Full year Variance	Total Commitments	Actual + Commitments	Total Budget	Total AP Budget	Comments
	25. Wastewater								
Renewal	WW2001. Desludging Oxidation Ponds	0	5,450	5,450	0	0	5,450	0	Carried forward to be requested for unspent budget to 24/25 FY to finish project.
Renewal	WW2002. Feilding WWTP Asset Renewal	374,501	784,455	409,954	285,863	660,364	784,455	1,441,360	Consenting projects, pump renewal and commissioning and weighbridge construction underway. A carryforward of unspent budget will be requested.
Renewal	WW2003. Feilding WW Retic Renewals	92,461	270,956	178,495	0	92,461	270,956	133,066	Reactive works completed as required by reticulation team. Smoke testing has been done in Sanson and Rongotea with projects yet to be determined. A carry forward will be requested.
Renewal	WW2009. Rongotea WWTP Renewals	10,721	31,254	20,533	14,370	25,091	31,254	5,456	Reactive works completed as required. Carry forward remaining budget to 24/25 FY for future works.
Renewal	WW2012. Himatangi WW Asset Replacement	0	31,995	31,995	0	0	31,995	10,913	Reactive works completed as required. CF to 24/25 FY to ensure sufficient budget for ageing assets.
New LOS	WW2013. Feilding WWTP Upgrade	664,052	685,089	21,037	4,803	668,855	685,089	0	Planting of Bay 1 and intake is now complete. Planting of bay 2 to begin April 2024. Resource consent work underway. A carryforward will be requested.
Growth	WW2016. Feilding Wastewater Growth	467,610	575,427	107,817	79,806	547,416	575,427	299,207	Growth works have been staged in Maewa Precinct 4 with Echo Place (stage 2) construction has begun. Root Street stage 1 has been awarded to Stringfellow Contractors with staging to be done to tie in with the Detention pond project and align with the development being done by Classics on the Malcolm Bailey property. A carryforward will be requested.
Renewal	WW2020. Cheltenham Wastewater Renewal	-513	0	513	0	-513	0	0	Amount is a correction to staff time charged previous financial year
New LOS	WW2023. Wastewater New Connections	46,827	60,040	13,213	0	46,827	60,040	60,040	New connections completed as required.
New LOS	WW2028. Halcombe WWTP Renewals	-12,564	0	12,564	0	-12,564	0	0	Actuals are negative as a result of balance being transferred to correct subjob WW3004 010.
Renewal	WW2031. Unplanned Renewals -Villages	5,969	0	-5,969	0	5,969	0	0	Reactive works completed as required.
Renewal	WW2035. Kimbolton WWTP Renewals	4,197	6,602	2,405	1,965	6,162	6,602	0	Reactive works completed as required.
New LOS	WW2037. District WWPS Telemetry	6,676	6,684	8	0	6,676	6,684	0	Full upgrade Trent St Rongotea completed, commitments related to Mahinui pump station to be investigated.
New LOS									Bay 1 wetland planting complete, stage 2 programmed for last quarter of this financial year. Infill planting in southern areas, back of Reids block and buffer strip to be added by excavation site.
	WW2038. Feilding WWTP - Irrigation	111,256	219,995	108,739	0	111,256	219,995	310,490	Bay 2 Wetland Planting completed. Remaining budget to be carried forward to 24/25 to continue buffer planting at the WWTP"
									Budget has been transferred to 511 already.
Growth	WW2090. Turners Road Extension Growth	212,824	331,594	118,770	0	212,824	331,594	0	Project is complete with capitalisation process underway. Remaining budget to be carried forward to 24/25
Renewal	WW3004. Wastewater Centralisation	2,156,038	3,911,387	1,755,349	22,735	2,178,773	3,911,387	241,894	Sanson wastewater centralisation is complete. The Project Team is preparing to go out to tender for the Rongotea stage of the project. A carryforward will be requested.
	Total 25. Wastewater	4,140,056	6,920,928	2,780,872	409,541	4,549,597	6,920,928	2,502,426	
	26. Stormwater and Drainage								
Growth									Growth works have been staged in Maewa. Precinct 4 with Echo Place (stage 2) construction has begun. Root Street stage 1 has been awarded to Stringfellow Contractors with staging to be done to tie in with the Detention pond project and align with the development being done by Classics on the Malcolm Bailey property. A carryforward will be requested.
	ST1009. Stormwater Growth Feilding	1,360,941	5,333,299	3,972,358	1,012,034	2,372,976	5,333,299	251,329	
New LOS	ST1011. Stormwater New Connections	14,030	16,380	2,350	0	14,030	16,380	16,380	New connections to be done as required.
	ST1012. Stormwater New Work Feilding	108,943	463,984	355,041	48,699	157,642	463,984	545,804	Feilding Stormwater model underway with capital projects to follow once scoping and investigation is complete. Request to carry forward remaining funds to 24/25.
Renewal	ST1013. Unplanned Renewals Feilding	46,031	89,909	43,878	-2,190	43,841	89,909	64,052	Reactive works to be completed as required by reticulation team. Request to carry forward remaining funds to 24/25
Renewal	ST1030. Stormwater Flood Solutions	-27,661	0	27,661	0	-27,661	0	0	Additional FY over budget relates to opening WIP transfers so no budget transfer required - offset by negatives in ST1031 001
New LOS	ST1031. Stormwater Flooding New Works	196,684	267,354	70,670	480	197,164	267,354	0	Stages 1 & 2 preliminary floods works at Glasgow Terrace is complete (working on capitalisation report). Stormwater modelling is underway and will be crucial for determining capital projects. A carryforward will be requested.
New LOS	ST2001. Stormwater - District Wide New	122,155	356,052	233,897	32,898	155,053	356,052	1,149,377	Investigation and design underway for Himatangi stormwater. Possible consent application before end of FY. Rongotea stage 1 stormwater project complete. Request to carry forward remaining funds to 24/25 FY for Himatangi and Halcombe.
Growth	ST2090. Turners Road Extension Growth	163,604	200,241	36,637	2,043	165,647	200,241	0	Project is complete with capitalisation process underway. Carry forward to 24/25 FY for future growth projects.
New LOS	ST2091. Turners Road New Works	6,100	1,359	-4,741	0	6,100	1,359	0	Project is complete with capitalisation process underway
	Total 26. Stormwater and Drainage	1,990,827	6,728,578	4,737,751	1,093,965	3,084,792	6,728,578	2,026,942	

Capital Expenditure Report
For Period Ended 30 June 2024

Project Type	Job	Full year Actuals	Full year Budget	Full year Variance	Total Commitments	Actual + Commitments	Total Budget	Total AP Budget	Comments
	28. Water Supply								
Renewal	WS2001. Feilding WTP Renewals	778,241	1,449,667	671,426	136,064	914,305	1,449,667	49,667	Feilding water resilience programme: Construction of Feilding production bore complete. Next stage of work is prioritising projects. Scoping underway for chlorination injection system at Campbell Road and reservoir storage in precinct 5 with projects to begin in next financial year. Request to carry forward remaining funds to 24/25.
Renewal	WS2002. Feilding WS Reticulation Renew	258,550	171,491	-87,059	0	258,550	171,491	162,843	Reactive works completed as required by reticulation team. Used for water main replacement identified with Turners Road Stage one. Project is complete and ready to be capitalised.
Renewal	WS2004. Himatangi Water Asset Renewals	0	16,163	16,163	0	0	16,163	7,479	Reactive works completed as required. Request to carry forward remaining funds to 24/25 FY for future works.
Renewal	WS2007. Stanway/Halcombe RWS Renewals	20,998	197,021	176,023	0	20,998	197,021	22,169	Intake pump replacement completed. Remaining budget to be carried forward to 24/25 for pressure control installation and decommission old reservoir, and pipe work
Renewal	WS2008. Waituna West RWS Renewals	19,648	19,817	169	0	19,648	19,817	11,881	Budget needs to be increased to match commitment Reactive works completed as required. Request to carry forward remaining funds to 24/25 FY for future works.
New LOS	WS2023. Himatangi Water Supply New	0	200,000	200,000	0	0	200,000	1,215,807	Exploring options as part of business case which includes a new bore in Himatangi. Consultation with hydrologist underway. Carry forward remaining funds to 24/25
Growth	WS2024. Feilding Water Supply Growth	209,504	1,690,726	1,481,222	320,204	529,708	1,690,726	693,091	Growth works have been staged in Maewa. Precinct 4 with Echo Place (stage 2) construction has begun. Root Street stage 1 has been awarded to Stringfellow Contractors with staging to be done to tie in with the Detention pond project and align with the development being done by Classics on the Malcolm Bailey property. A carryforward will be requested.
New LOS	WS2025. Water Supply New Connections	5,853	40,224	34,371	0	5,853	40,224	40,224	New connections completed as required.
New LOS	WS2029. Feilding Water Pressure Zones	2,780	0	-2,780	0	2,780	0	982,440	Fraser Drive project concept design complete.
Renewal	WS2039. Stanway/Halcombe RWS	0	30,400	30,400	0	0	30,400	14,189	New connections completed as required. Request to carry forward remaining funds to 24/25 FY for future works.
Renewal	WS2040. WS Unplanned Renewals-Villages	4,335	5,456	1,121	0	4,335	5,456	5,456	Reactive works completed as required.
Renewal	WS2040. WS Unplanned Renewals-Villages	13,666	13,666	0	0	13,666	13,666	5,456	Reactive works completed as required.
Renewal	WS2040. WS Unplanned Renewals-Villages	6,521	5,766	-755	0	6,521	5,766	5,766	Reactive works completed as required.
New LOS	WS2041. Stanway/Halcombe WTP New Works	89,934	575,998	486,064	496,964	586,898	575,998	764,117	Works underway with completion programmed for December 2024. A carryforward will be requested.
New LOS	WS2060. Ohakea RWS New Works	95	0	-95	0	95	0	0	Project complete with some site improvements to be finished off.
New LOS	WS2061. Ohakea RWS - Source/Treatment	822	0	-822	0	822	0	0	Project complete with some site improvements to be finished off.
New LOS	WS2063. Ohakea RWS - Connections	585	0	-585	0	585	0	0	Project complete.
New LOS	WS2070. Vinegar Hill RWS New Works	36,220	69,437	33,217	0	36,220	69,437	0	Consultant work finished, to request carry forward remaining funds to 24/25 FY for future works.
New LOS	WS2071. District Wide Improvements	28,578	126,169	97,591	0	28,578	126,169	39,407	Ranfurly booster pump investigation underway. Project scope to be determined. carry forward remaining budget. Request to carry forward remaining funds to 24/25 for further works
New LOS	WS2075. Feilding Reticulation Improvem	0	250,002	250,002	0	0	250,002	838,831	Funding part of the water resilience project. Request to carry forward remaining funds to 24/25.
Growth	WS2090. Turners Road Extension Growth	214,900	214,900	0	0	214,900	214,900	0	Project is complete with capitalisation process underway
New LOS	WS3008. Waituna West New Works	9,937	21,283	11,346	7,876	17,813	21,283	0	Waituna West land purchase preparation is underway. Waiting on outcome Vinegar Hill Scheme. To request carry forward remaining budget to 24/25.
	Total 28. Water Supply	1,701,167	5,098,186	3,397,019	961,108	2,662,275	5,098,186	4,842,615	

Capital Expenditure Report
For Period Ended 30 June 2024

Project Type	Job	Full year Actuals	Full year Budget	Full year Variance	Total Commitments	Actual + Commitments	Total Budget	Total AP Budaet	Comments
	33. District Development								
New LOS	CD5000. Community Trailer	3,026	8,000	4,974	0	3,026	8,000	0	This is Tu Manawa Funding not rates funded
New LOS	CD5001. Community New Assets	0	22,789	22,789	25,500	25,500	22,789	0	This is NZ Community Trust Funding not rates funded. It is not anticipated that the basketball hoop etc will be erected until 2024/25.
	Total 33. District Development	3,026	30,789	27,763	25,500	28,526	30,789	0	
	35. Emergency Management								
New LOS	EM1001. CDEM New Asset Purchases	1,364	18,725	17,361	15,000	16,364	18,725	16,140	PO will be raised to purchase a trailer however will not be receipted before end of FY. Request carry forward of remaining budget to allow for PO to be receipted in July 2024.
Renewal	EM4000. Emergency Management Renewals	54,573	119,025	64,452	14,173	68,747	119,025	77,025	PO for new radios has been raised. Waiting on supply and invoice. Request carry over for remainder This is a regional approach as the radio network transitions to digital. Request Carry forward
	Total 35. Emergency Management	55,938	137,750	81,812	29,173	85,111	137,750	93,165	
	37. Community Facilities								
New LOS	CM3001. Feilding Cem New Works	57,077	60,208	3,131	0	57,077	60,208	0	Establish new water source in cemetery extension (Sub 9). A carryforward will be requested.
New LOS	CM3002. Kimbolton Cemetery New Works	4,780	6,635	1,855	0	4,780	6,635	0	Stormwater management.
Renewal	CM3003. Rangiwahia Cem New Works	10,579	6,809	-3,770	0	10,579	6,809	0	Boundary fence renewal completed.
New LOS	CM3006. Halcombe Cemetery Monument	10,409	10,409	0	0	10,409	10,409	0	Project completed.
Renewal	CM4000. Feilding Cemetery Renewals	6,693	6,648	-45	4,999	11,692	6,648	0	Project completed.
Renewal	CM4002. Districtwide Cemetery Renewals	9,033	5,063	-3,970	0	9,033	5,063	0	Minor renewals as required.
Renewal	CM4002. Districtwide Cemetery Renewals	8,770	13,754	4,984	326	9,096	13,754	7,683	Minor renewals as required.
Renewal	HL4001. Hall Renewals	2,351	2,273	-78	0	2,351	2,273	0	Works complete
Renewal	HL4004. Renewals - Halcombe Hall	0	9,982	9,982	0	0	9,982	0	A carry forward will be requested.
Renewal	HL8000. High Profile Hall Renewals	53,733	65,730	11,997	18,650	72,383	65,730	65,730	Works at Apiti Hall completed. Works at Rangiwahia hall underway. A carry forward will be requested.
Renewal	LB1001. Library Collection Purchases	97,540	103,124	5,584	3,917	101,457	103,124	146,957	Collection purchases were not completed due to timing of the opening of the Community Hub. A carry forward will be requested.
New LOS	LB3000. Library New Works	168,645	241,484	72,839	66,590	235,235	241,484	107,584	Works underway for the Community Hub project which will be completed in 2024/25. A carry forward will be requested.
New LOS	LB3100. Library Major Dev New	1,654,088	1,654,088	0	173,356	1,827,445	1,654,088	1,054,284	Works underway for the Community Hub project which will be completed in 2024/25. A carry forward will be requested.
New LOS	LB3200. Community Hub New Works	26,150	400,000	373,851	7,900	34,050	400,000	0	Construction of the Community Hub carpark is sheduled for early 2025. A carry forward will be requested.
Renewal	LB4000. Library Renewals	4,968,590	5,037,005	68,415	1,041	4,969,631	5,037,005	4,894,890	Works underway for the Community Hub project which will be completed in 2024/25. A carryforward will be requested.
Renewal	LB4100. Library Major Dev Renewal	0	1,032,891	1,032,891	0	0	1,032,891	0	Works underway for the Community Hub project which will be completed in 2024/25. A carryforward will be requested.
Renewal	MA4006. Indoor Pool - Equipment	1,117	1,117	0	0	1,117	1,117	0	Project completed.
Renewal	MA4007. Makino Pool 5yr Maint Closure	14,789	48,575	33,786	12,696	27,484	48,575	0	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
Renewal	MA4008. Indoor Pool - Equipment	10,541	23,477	12,936	4,399	14,940	23,477	20,091	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
Renewal	MA4009. Outdoor Pool Mechanical	19,052	122,278	103,226	91,157	110,209	122,278	134,675	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
	MA4014. Indoor Pool - Equipment	9,865	10,648	783	0	9,865	10,648	10,648	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
Renewal	MA4100. Indoor Complex Renewals	94,923	106,312	11,390	9,688	104,610	106,312	0	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
Renewal	MA4200. Outdoor Complex Renewals	783	105,000	104,217	86,388	87,171	105,000	0	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
Renewal	MA4300. Equipment Renewals	810	9,000	8,190	7,456	8,266	9,000	0	Remmedial works to be completed in early 2024/25. A carryforward will be requested.
New LOS	PP2001. South Street Development	7,875	72,918	65,043	25,370	33,246	72,918	0	One lot under offer. A carryforward will be requested.
New LOS	PP2006. Property Feilding Depot	0	107,264	107,264	0	0	107,264	0	Agreement with Te Arawhiti still pending, funding required to carry out works necessary to finalise sale.
Renewal	PP4000. Property Renew Projects	53,060	59,764	6,704	0	53,060	59,764	0	Works complete.
Renewal	PP4001. Little Theatre Remediation	181,001	214,244	33,243	0	181,001	214,244	0	Wall replaced. Remaining funds will be requested as a carry forward for kitchen renewals.
Growth	PR2003. Himatangi Walk Growth Project	0	0	0	0	0	0	144,999	Moved to 2024/25.

Capital Expenditure Report
For Period Ended 30 June 2024

Project Type	Job	Full year Actuals	Full year Budget	Full year Variance	Total Commitments	Actual + Commitments	Total Budget	Total AP Budget	Comments
Growth	PR2010. Kowhai Park Growth Projects	65,913	75,830	9,917	4,950	70,863	75,830	75,830	Works complete
Growth	PR2013. Korotangi Growth	3,783	110,286	106,503	0	3,783	110,286	276,716	Majority of works to now take place 2024/25. A carryforward will be requested.
Growth	PR2015. Parakaraka Growth	72,538	831,353	758,815	600	73,138	831,353	758,851	Majority of works to now take place 2024/25. A carryforward will be requested.
Growth	PR2017. Victoria Park Growth	79,671	106,377	26,706	0	79,671	106,377	106,377	Works complete
Growth	PR2018. Waughs Road Amenity Growth	0	0	0	0	0	0	250,967	Pushed to 2024/25.
Growth	PR2019. Feilding Walkway Growth	78,933	888,962	810,029	21,534	100,467	888,962	408,399	Agreements approved by Council; settlement upon survey and legalisation. A carryforward will be requested to settle purchase.
Growth	PR2020. Johnston Park Growth Projects	52,594	59,500	6,906	0	52,594	59,500	128,261	Additional works pushed to 2024/25, remaining budget to supplement 2024/25 budget
New LOS	PR3000. AF-KP New Works	258,310	338,441	80,131	182,232	440,542	338,441	172,760	Additional works pushed to 2024/25, remaining budget to supplement 2024/25 budget.
New LOS	PR3002. Districtwide Reserve New Works	48,311	37,000	-11,311	0	48,311	37,000	34,254	Works complete
New LOS	PR3004. Feilding Reserves New Works	0	24,967	24,967	0	0	24,967	0	Works planned to take place along side town centre refresh. A carryforward will be requested.
New LOS	PR3005. Feilding CBD New Works	22,147	19,491	-2,656	19,400	41,547	19,491	19,491	Project completed
New LOS	PR3007. Himatangi Beach Res New Works	14,889	137,000	122,111	0	14,889	137,000	54,348	To be undertaken in 2024/25. A carryforward will be requested.
New LOS	PR3008. Johnston Park New Works	0	60,400	60,400	0	0	60,400	216,431	To be undertaken in 2024/25. A carryforward will be requested.
New LOS	PR3010. Kowhai Park New Work	0	0	0	0	0	0	80,884	To be undertaken in 2024/25. A carryforward will be requested.
New LOS	PR3011. Makino Precinct New Works	25,764	155,000	129,236	109,891	135,655	155,000	0	Library planting and beautification. A carryforward will be requested.
New LOS	PR3012. Mt Lees New Works	3,125	5,285	2,160	0	3,125	5,285	0	Works complete.
New LOS	PR3015. Rongotea Res New Works	18,993	21,264	2,271	0	18,993	21,264	21,264	Works complete
New LOS	PR3018. Tangimoana Reserves New Works	0	4,000	4,000	0	0	4,000	4,728	A carryforward will be requested.
Renewal	PR4000. AF-KP Renewals	1,369	37,255	35,886	7,073	8,442	37,255	37,255	A carryforward will be requested.
New LOS	PR4024. Makino Park Playground & Skate	41,687	79,000	37,313	60,721	102,408	79,000	0	Library planting and beautification. A carryforward will be requested.
Renewal	PR4037. Apati Valley Reserve Renewals	0	5,909	5,909	0	0	5,909	5,909	Works completed by neighbouring land owner
Renewal	PR4037. Apati Valley Reserve Renewals	14,495	18,089	3,594	14,500	28,995	18,089	2	Works completed.
New LOS	PR4038. Cheltenham Res New Works	100,591	127,716	27,125	0	100,591	127,716	127,716	Planting still to take place. A carryforward will be requested.
Renewal	PR4039. Districtwide Res Renewals	35,632	35,436	-196	0	35,632	35,436	35,436	Works complete
Renewal	PR4051. Johnston Park Renewals	0	0	0	0	0	0	295,344	To be undertaken in 2024/25
Renewal	PR4053. Kimbolton Res Renewals	8,381	6,501	-1,880	8,381	16,761	6,501	6,501	Works complete
Renewal	PR4054. Kowhai Park Renewals	0	119,261	119,261	0	0	119,261	0	Works to be completed in 2024/25
Renewal	PR4055. Makino Precinct Renewals	130,832	136,615	5,783	49,699	180,531	136,615	101,108	Works complete
Renewal	PR4056. Mt Lees Reserve Renewals	25,762	91,166	65,404	65,925	91,687	91,166	0	Works complete
Renewal	PR4058. Rangiwahia Reserve Renewals	0	3,545	3,545	0	0	3,545	3,545	
Renewal	PR4061. Timona Park Renewals	10,922	21,264	10,342	6,650	17,572	21,264	21,264	New long jump pit covers being made by Green By Nature but not yet supplied.
	Total 37. Community Facilities	8,586,891	13,093,613	4,506,722	1,065,488	9,652,379	13,093,613	9,824,682	
	61. Business Support								
	IT1001. Computer Hardware Renewal	165,672	525,531	359,859	0	165,672	525,531	270,031	Reaming funds will be requested as a carry forward to complete infrastructure/server refresh at the end of 2024.
	IT1014. Software Replacement Renewals	0	62,393	62,393	0	0	62,393	62,393	Software renewals no longer classified as capital works.
	IT3001. IT - Capital New Jobs	2,252	0	-2,252	0	2,252	0	0	Reserve funded IT works.
	IT3002. IT Hardware Storage-CCTV-RAM	0	25,946	25,946	0	0	25,946	0	
	Total 61. Business Support	167,917	613,870	445,953	0	167,917	613,870	332,424	
	62. Organisational Management								
	AB3000. MDC Admin Bldg New Works	58,202	75,804	17,602	15,329	73,531	75,804	1,075,804	Majority of works planned for 2024-25.
	AB3001. MDC Admin Bldg Renewals	0	3,665	3,665	0	0	3,665	3,665	Majority of works planned for 2024-25.
	MV2000. Motor Vehicle Renewals	471,248	934,048	462,800	1,959	473,207	934,048	310,904	Waiting on approval to order 2 SUV's approx \$100k
	OM1001. General Renewals	1,620	26,844	25,224	1,516	3,136	26,844	26,844	Waiting on approval to order 5 replacement Utes approx \$280k
	OM2001. General New Assets	8,188	24,396	16,208	0	8,188	24,396	24,396	Costs are for additional UPS battery power to Council chambers cabinet and CCTV camera for Aorangi bridge
	Total 62. Organisational Management	539,258	1,064,757	525,499	18,804	558,062	1,064,757	1,441,613	



Quarterly Treasury Report

30 June 2024

STRICTLY PRIVATE AND CONFIDENTIAL



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Economic Commentary

Global (for the June 2024 quarter)

It was another bumpy ride for the benchmark US bond market in the June quarter, with the 10-year treasury starting at 4.20%, rising to 4.72% on 27 April, declining back to 4.22% on 20 June, and finishing the quarter at 4.40%. While progress has been made in taming inflation, the progress has been slower than the market and, importantly, what the Federal Reserve (“Fed”) had been hoping for, creating concerns that the Fed may keep interest rates higher for longer than anticipated.

The Fed has continued to signal it would begin easing this year, while forecasting higher growth and inflation for 2024. From pricing in 6-7 rate cuts at the start of the year, market pricing currently reflects two cuts by the end of the year, complicated by the 5 November US election.

While progress has been made in the battle against inflation globally, that progress has been uneven across different geographies. Persistent core inflation pressures in several developed countries, including the UK, U.S., and Eurozone, contributed to overall inflation rates exceeding central bank targets. Australia remains an outlier and, based on market pricing, faces a real possibility of further interest rate hikes after a poor May CPI release.

In early June, the European Central Bank (“ECB”) ‘hawkishly’ cut its key interest rates by 25bps to lower its main refinancing operation rate to 4.25% and its deposit facility rate to 3.75%. The move did come with a warning after ECB President Christine Lagarde announced, *“Domestic inflation remains high, and wages are rising at an elevated pace. We will need more data to constantly confirm the disinflationary path. We cannot confirm that the dialling back process is underway.”*

It was a different story in Switzerland, though, after the Swiss National Bank (“SNB”) reduced its key interest rate by 25bps to 1.25% following its March cut. The rate cut caught the market off guard, which saw the Swiss franc fall sharply, although officials sought to provide comfort, announcing they remain prepared to intervene if required.

China increased the pace of monetary, fiscal, and regulatory easing measures to support growth. These efforts have contributed to some cyclical stabilisation, but whether they will translate into a full-blown economic reacceleration remains uncertain.

Looking ahead to the US elections in November, the election result will determine who decides on the roughly \$3.5 trillion of 2017 personal income tax cuts scheduled to expire at the end of 2025. Based on projections, the fiscal deficit is expected to remain relatively large over the next several years (5%–6% of GDP), partly due to rising interest-rate payments on federal debt. The election result could see materially different approaches to tariffs, global trade, immigration, taxes and even the shape of monetary policy.

Economic Commentary

New Zealand as at 30 June

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 March 2024	5.50%	5.63%	4.80%	4.51%	4.38%	4.38%	4.46%
30 June 2024	5.50%	5.63%	4.96%	4.68%	4.45%	4.44%	4.50%
Change	0%	0%	+0.16%	+0.17%	+0.07%	+0.06%	+0.04%

The June 2024 quarter saw a continuation of the poor economic data that has characterised 2024, with a growing chorus of ‘survive until 25’ being heard. New Zealand is undergoing a painful reset, with economic indicators suggesting the economy has weakened further over the last quarter. Further forward-looking indicators for the remainder of 2024 show an economy stuttering at ongoing near or actual recessionary levels. Evidence continues that the Reserve Bank of New Zealand (“RBNZ”) has largely done its job in suppressing aggregate demand, and the labour market is clearly softening.

While the signs of a faltering economy are clear, the timing of when this will lead to lower inflation and, more importantly, when the RBNZ can ease its grip on the economy by reducing rates remains uncertain. Another variable is whether the RBNZ starts cutting rates when inflation falls back within its target range of 1%-3% or when the RBNZ is confident that inflation will fall back to the target midpoint of 2%

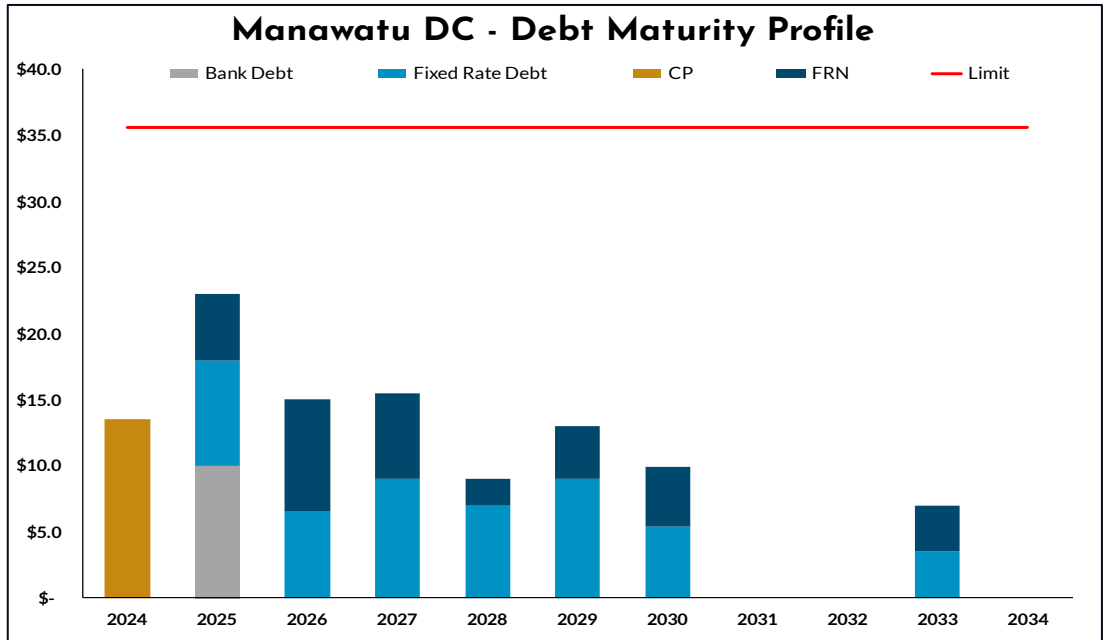
At the 22 May *Monetary Policy Statement* (“MPS”), the RBNZ maintained the OCR at 5.50%, stating that while annual consumer price inflation is expected to return to the Committee’s 1%-3% target range by the end of 2024, monetary policy needed to remain restrictive to ensure that the inflation rate returns to the middle of the range within a reasonable timeframe. Of particular note, the RBNZ focused on annual non-tradable inflation, which has only slightly declined to 5.8%, higher than the 5.3% forecast.

RBNZ projections have the first OCR cut in Q4 2025, with most banks forecasting cuts in February 2025 and Kiwibank forecasting a November 2024 rate cut. By contrast financial market pricing is assigning an 80% probability that the first 25 basis point cut will occur in October 2024 and a 100% probability of it happening in November 2024.

There is an increasing amount of anecdotal evidence backed up by many recent data releases of a rapidly slowing economy. These releases include business and consumer confidence declining sharply as well as construction activity, residential building consents and retail sales all falling markedly. This suggests that the RBNZ should cut sooner than the May MPS review indicated.

Swap rates had a volatile quarter. The 2-year and 5-year swap rates declined from highs of 5.22% and 4.80%, respectively, down to lows of 4.89% and 4.33% before retracing some of the moves down, closing the quarter at 4.96% and 4.45%, respectively.

Liquidity and Funding



Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

External Council Debt
\$94.0m
 External Council Drawn Debt (excludes on-lending to Manawatu Community Trust)

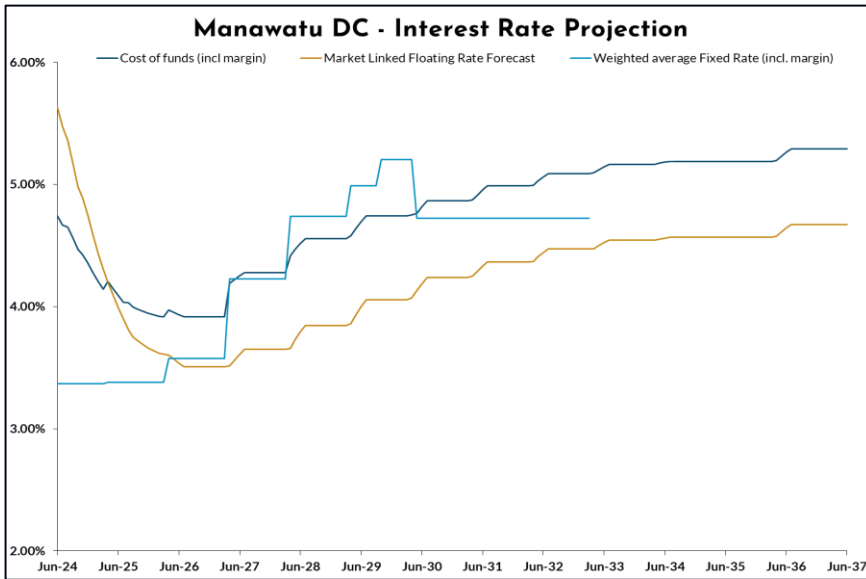
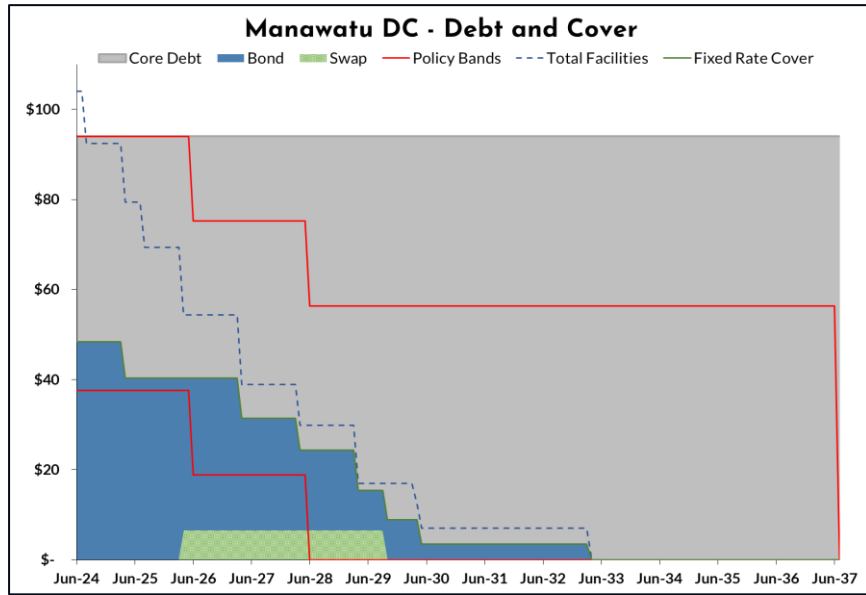
Total LGFA Debt
\$95.4m
 Funds Drawn from LGFA (includes on-lending to Manawatu Community Trust)

Liquidity = cash in bank, term deposits and undrawn bank facility
\$23.5m

Liquidity Ratio (must be >110%)
124.61%
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 30 June 2024
4.74%

Interest Rate Risk Management



Current % of Debt Fixed	51.5%
Current % of Debt Floating	48.51%
Value of Fixed Rate (m)	\$48.4
Weighted Average Cost of Fixed Rate Instruments	3.37%
Value of Floating Rate (m)	\$45.6
Current Floating Rate	5.63%
Current Floating Rate (incl margin)	6.20%
All Up Weighted Average Cost of Funds	4.74%
Total Facilities In Place	\$104.0
Facility Headroom	\$10.0

Fixed Rate Hedging Bands			
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 13 years	0%	60%	Compliant

LGFA Borrowing Rates

As at 30 June 2024

Listed below are the credit spreads and applicable interest rates as at 30 June for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Manawatu District Council could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.20%	5.82%	N/A
6 month CP	0.20%	5.81%	N/A
April 2025	0.49%	6.11%	5.99%
April 2026	0.52%	6.14%	5.54%
April 2027	0.62%	6.24%	5.31%
May 2028	0.74%	6.36%	5.24%
April 2029	0.81%	6.43%	5.22%
May 2030	0.88%	6.50%	5.25%
May 2031	0.97%	6.59%	5.33%
April 2033	1.03%	6.65%	5.42%
May 2035	1.12%	6.74%	5.54%
April 2037	1.20%	6.82%	5.68%



Funding

As at 30 June 2024, MDC had \$95.4 million of total debt (including the on-lending to MCT)), all of which is sourced from the LGFA using Commercial Paper (“CP”), Floating Rate Notes (“FRN’s”) and Fixed Rate Bonds (“FRB’s”), details contained below.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	9-Aug-24	5.83%	N/A	\$11,668,991
LGFA CP	11-Oct-24	5.79%	N/A	\$1,439,739
LGFA FRN	15-Apr-25	6.47%	0.82%	\$5,000,000
LGFA FRB	15-Apr-25	3.47%	N/A	\$5,000,000
LGFA FRB	15-Apr-25	3.05%	N/A	\$3,000,000
LGFA FRN	15-Apr-26	6.56%	0.91%	\$4,000,000
LGFA FRB	15-Apr-26	3.89%	N/A	\$4,000,000
LGFA FRN	15-Apr-26	6.53%	0.88%	\$2,000,000
LGFA FRN	15-Apr-26	6.44%	0.79%	\$2,500,000
LGFA FRB	15-Apr-26	2.90%	N/A	\$2,500,000
LGFA FRB	15-Apr-27	1.11%	N/A	\$7,000,000
LGFA FRB	15-Apr-27	1.95%	N/A	\$2,000,000
LGFA FRN	15-Apr-27	6.31%	0.66%	\$3,000,000
LGFA FRN	15-Apr-27	6.30%	0.65%	\$3,500,000
LGFA FRN	15-Apr-28	6.54%	0.89%	\$2,000,000
LGFA FRB	15-Apr-28	3.12%	N/A	\$2,000,000
LGFA FRB	15-Apr-28	2.20%	N/A	\$3,000,000
LGFA FRB	15-Apr-28	2.12%	N/A	\$2,000,000
LGFA FRB	20-Apr-29	2.42%	N/A	\$1,000,000
LGFA FRB	20-Apr-29	2.41%	N/A	\$2,500,000
LGFA FRN	20-Apr-29	6.28%	0.63%	\$2,000,000
LGFA FRN	20-Apr-29	6.51%	0.86%	\$2,000,000
LGFA FRB	20-Apr-29	5.45%	N/A	\$5,500,000
LGFA FRN	15-Apr-30	6.34%	0.69%	\$4,500,000
LGFA FRB	15-May-30	5.51%	N/A	\$5,400,000
LGFA FRN	14-Apr-33	6.59%	0.94%	\$3,500,000
LGFA FRB	14-Apr-33	4.72%	N/A	\$3,500,000



Disclaimer

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Manawatū District Council

Quarterly Performance Report
March 2024



How Did Council Perform?

The financial result for the eight months ending 29 February 2024 reflects a surplus before tax of \$5.2M against a year to date budgeted surplus of \$2.1M. This resulted from a favourable operating expenditure variance of \$3.8M despite a lower than budgeted revenue of \$800k

Revenue - \$811k unfavourable



Financial revenue is \$438k favourable to budget reflecting a higher amount of interest received on investments.



Subsidies and Grants are \$1.6M favourable to budget predominately due to: \$2.6M from the Better Off Funding grant for library development. Operational roading projects were ahead of schedule resulting in a \$673k favourable variance from NZTA operational subsidies. These variances are partially offset by lower capital subsidies \$1.6M due to the work focus being on emergency works.



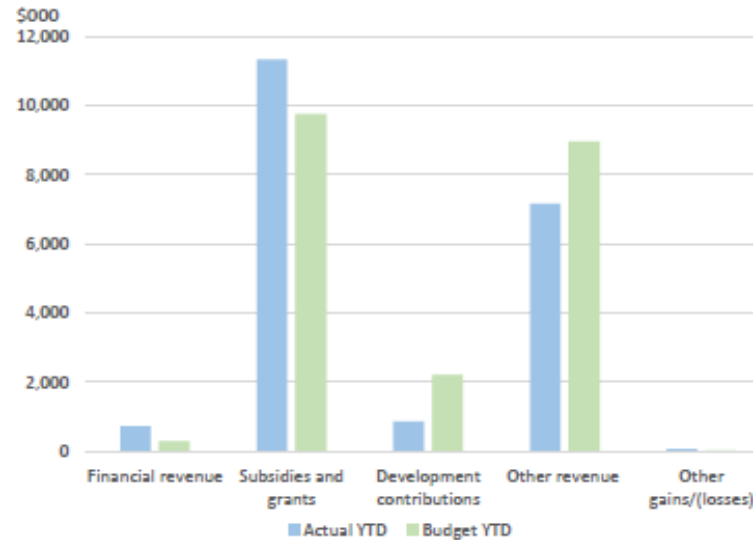
Development contributions are \$1.3M unfavourable to budget as subdivision applications have slowed considerably.



Other revenue unfavourable variance to budget by \$1.8M. These are variances are detailed in the activity reports, mostly comprising of lower revenue in the solid waste activity and building consents.



Other Gains/Losses favourable by \$58k reflects the gains on sale of land, buildings and fleet vehicles.



Operating expenditure - \$3.8M favourable



Staff costs show a favourable variance of \$1.1M this reflects the timing of the budget (1/12th each month) against the actual costs incurred which are impacted by staff leave and vacancies.



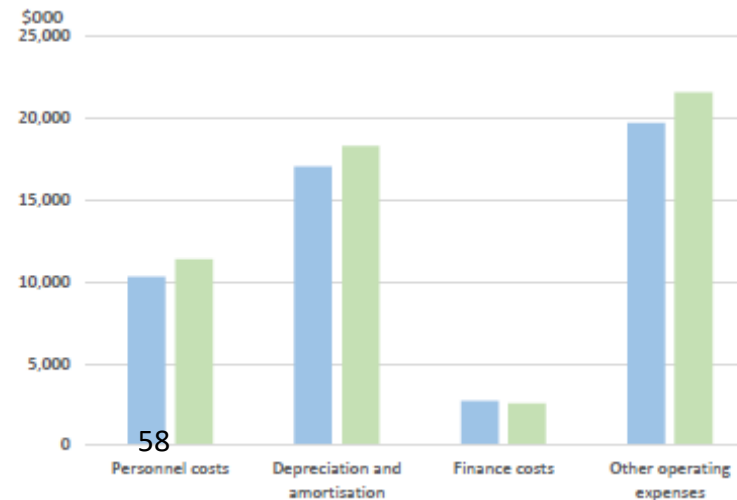
Depreciation is favourable to budget by \$1.2M reflecting the impact of the capital work not completed at 30 June 2023 combined with the slower progress of the current year work programme and the Council decision to push approximately \$9M of capital works into the LTP.



Interest costs are unfavourable by \$157k which reflects the higher interest rates on debt, currently this is entirely offset against the higher than budget interest revenue being earned from higher investment rates received.



Other operating expenditure is \$1.6M favourable to budget mostly due to Solid Waste and Building Control contracts behind budget which is also reflected in the lower revenue noted above.



Capital Expenditure

Key variances:



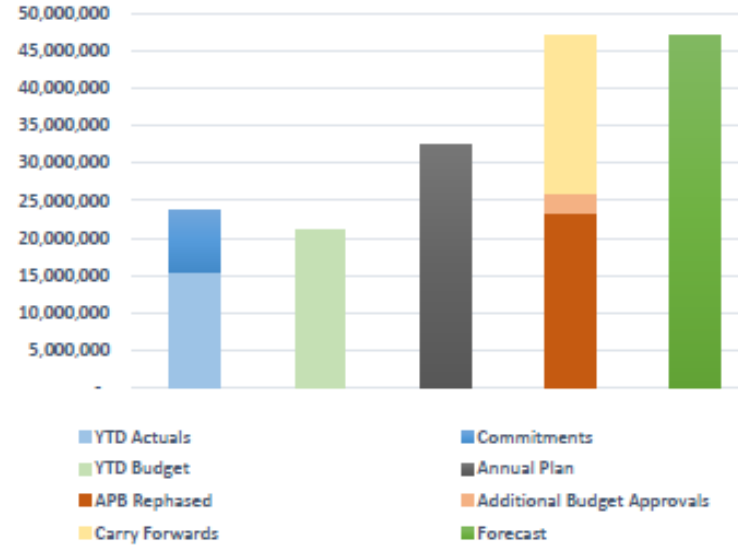
Community facilities works are \$3.3M behind budget. Library renewals and new works by \$2.7M; Kitchener Park new works by \$178k, Feilding Walkway growth by \$328k and Rimu Park growth works of \$760k in the starting phase.



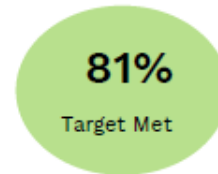
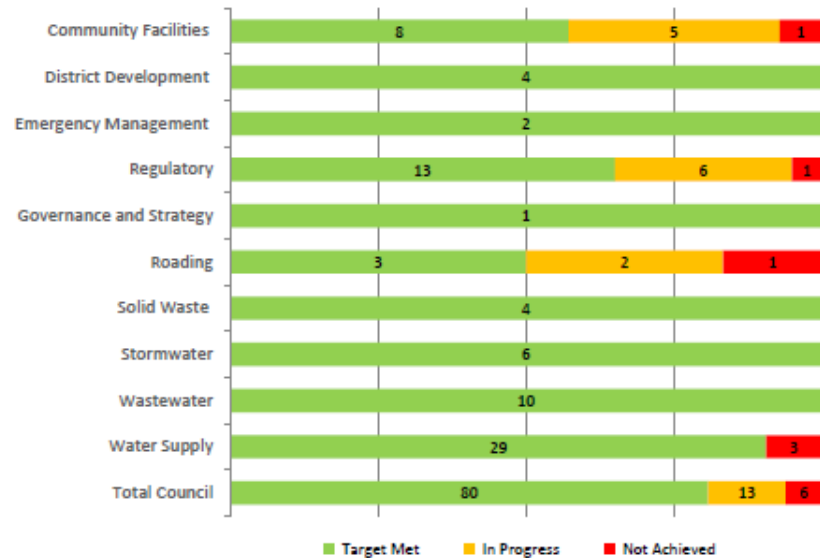
Total 3 waters works is \$5M behind budget. This is driven by delays in growth works in Precinct 4 resulting in \$2.1M variance to budget, Himatangi water supply works are yet to begin by \$170K, Feilding Stormwater Growth is behind by \$2M, and Feilding WWTP asset renewals behind by \$318k. These are offset by the wastewater centralisation project being ahead of budget with an unfavourable variance of \$838k



Total Roothing is \$2M behind budget resulting from road resurfacing works being behind by \$902k with work started late November but scheduled to continue through to March 2024, combined with delays in roading growth of \$668k, and replacement bridges of \$341k as we are waiting on Waka Kotahi approval before proceeding. These are offset by roading improvement works tracking ahead of budget by \$437k, Renewal Emergency Works \$160k and \$133k for Road to Zero



Level of Service Indicators



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	Year to Date Actuals	Year to Date Budget	Variance
Revenue	5,120,289	2,508,170	2,612,119
Expenditure	1,226,422	1,354,105	127,683
Net Surplus/(Deficit)	3,893,866	1,154,065	2,484,436

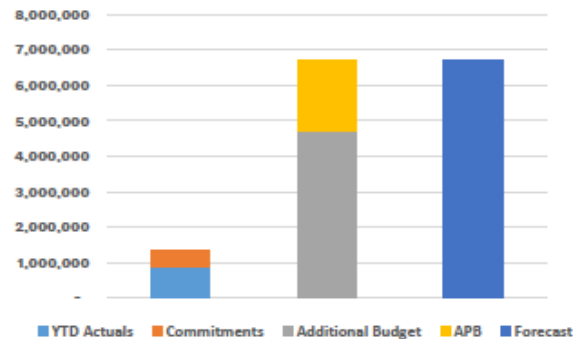
AP Budget 2023/24	Total Budget	Forecast Total	Forecast Variance to Budget
2,919,857	2,962,005	5,601,662	2,639,657
1,976,957	2,045,172	2,042,172	(3,000)
942,900	916,833	3,559,490	2,642,657

Unfavourable to budget by \$18k. Revenue is \$514k unfavourable driven by lower development contributions. Total expenditure is \$497k favourable primarily because of lower internal interest and depreciation as a result of FY2023 delays in completion of capital projects.

Forecast is expected to be \$220k unfavourable to budget due to lower development contributions offset by lower internal interest and depreciation costs.

Measure	Target	Prior Year Result	Q3 Result	Comment
Monitoring the number of issues per capita per annum	8	10.1	Target Met	By the end of the second quarter we achieved 6.68 issues per capita and are on track to meet target by year end
Monitoring the number of online transactions and users of Wi-Fi and internet	60,000	49,317	In Progress	By the end of the second quarter we are sitting at 8,380 logins to library e-resources and apps
Monitoring the number of participants attending programmes, exhibitions, classes and events per annum	<2	0	In Progress	By the end of the second quarter we had a total of 7,200 participants attending programmes, classes, exhibitions, events, digital learning programmes or social interaction groups.

Capital Expenditure



Overall capital spend is \$856k with an additional \$464k in commitments - totalling \$1.3M year to date. No changes forecast as yet.

Annual Plan budget is \$2.0M

Statement of Comprehensive Revenue and Expense

	2024 Actual YTD \$000	2024 Budget YTD \$000	Variance \$000	2024 Revised Budget \$000	2024 Annual Plan \$000	2024 Forecast \$000
Revenue						
Rates revenue	34,840	34,588	252	46,630	46,630	46,714
Financial revenue	730	292	438	435	435	435
Subsidies and grants	11,344	9,761	1,583	12,013	9,181	14,442
Development contributions	872	2,214	(1,342)	3,321	3,524	1,974
Other revenue	7,167	8,969	(1,802)	13,753	13,427	13,089
Other gains/(losses)	66	9	58	17	(21)	19
Total revenue	55,021	55,833	(813)	76,169	73,176	76,672
Expenses						
Personnel costs	10,283	11,389	1,106	16,381	16,631	16,524
Depreciation and amortisation	17,027	18,291	1,265	27,679	27,683	26,570
Finance costs	2,712	2,555	(157)	3,824	3,824	3,697
Other operating expenses	19,694	21,550	1,857	33,555	29,105	32,642
Total Expenditure	49,715	53,786	4,070	81,439	77,243	79,434
Surplus/(deficit) before tax	5,305	2,048	3,258	(5,269)	(4,068)	(2,762)
Income tax expense	-	-	-	-	-	-
Surplus/(deficit) after tax	5,305	2,048	3,258	(5,269)	(4,068)	(2,762)
Other comprehensive revenue & expense						
Gains/(losses) on the revaluation of property, plant and equipment	(122)	0	(122)	29,711	29,711	(122)
Impairment losses on restricted buildings through other comprehensive revenue and expenses	0	0	0	0	0	0
Total other comprehensive revenue and expense	(122)	0	(122)	29,711	29,711	(122)
	61					
Total comprehensive revenue and expense	5,184	2,048	3,136	24,442	25,643	(2,883)

Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: Finance

Date Created: 16 September 2024

Draft Annual Report for the year ending 30 June 2024

Purpose Te Aronga o te Pūrongo

To present the draft Annual Report for the year ending 30 June 2024 and detail the process required to adopt the Annual Report

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohinga

The Audit and Risk Committee recommends that the Council:

- Receive the draft Annual Report for the year ended 30 June 2024 and approve its release to Audit NZ.

Report prepared by:

Joel Richards

Management Accountant

Approved for submission by:

Amanda Calman

Chief Financial Officer

1 Contribution to Community Well-being and Council's Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council's strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	✓
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

2 Background Ngā Kōrero o Muri

- 2.1 The Annual Report is prepared under section 98 of the Local Government Act 2002, and includes the provisions of schedule 10, part 3. It compares Manawatū District Council's actual performance against what was planned in the Annual Plan 2023-24.
- 2.2 The Annual Report outlines how Council has spent money collected from ratepayers, residents, financial institutions and government agencies and includes both financial and non-financial information.
- 2.3 As well as reporting against the Council's key activities, performance indicators in the 2021-31 Long Term Plan and subsequent Annual Plan 2023-24, the Annual Report also reports against the Revenue and Financing, Liability Management and Investment Policies.
- 2.4 The Annual Report (including audit opinion) must be completed and adopted within four months after the end of the financial year (31 October 2024).
- 2.5 A fair value assessment was undertaken of land and buildings at 30 June 2024 and it was determined that the movement was not material and did not require a revaluation to be undertaken.
- 2.6 The Infrastructure revaluations for 30 June 2024 were externally reviewed so the revaluation as at 30 June 2024 does not require external review and is included in the draft report. The external revaluation review process is undertaken on a three yearly basis.
- 2.7 The next step in the Annual report preparation is the final Audit from Audit New Zealand.

3 Discussion and Options considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

- 3.1 The Annual Report is externally audited by Audit New Zealand, on behalf of the Auditor General as required by the Local Government Act 2002. The Annual Report is a key accountability document for the community.
- 3.2 Audit New Zealand commenced the final audit of the Annual Report on 16 September 2024. An audit report will be prepared for inclusion in the Annual Report and is planned to be presented to Council for adoption prior to 31 October 2024.
- 3.3 The draft Annual Report will be presented to Council as part of the Audit and Risk Committee recommendations.
- 3.4 An audited summary of the information contained in the Annual Report will also be publicly available after the annual report is adopted.
- 3.5 The following items are raised in the report:
- 3.5.1 The financial result for 30 June 2024 is a surplus in the Statement of Comprehensive Revenue and Expenditure of \$1M against a budget deficit of \$4.1M. The main variances are detailed in note 35 of the report.
 - 3.5.2 Capital expenditure was 90% of the work budgeted in the Annual Plan, (2023 was 95.1%). Performance against the revised budget is reflected in the quarterly report.
 - 3.5.3 External debt totalled \$95.3M against the annual plan budget of \$108M. The year movements includes new debt of \$1.4M on behalf of Manawatu Community Trust.

The new debt draw for Council capital work was calculated at year end based on forecast capital spend less repayments of \$3.6M and less the predrawn \$5M (drawn at 30 June 2023). Due to the timing involved in aligning debt drawdown with LGFA tender dates the final draw of \$1.4M relating to 2023-24 expenditure was drawn down in July 2024.
 - 3.5.4 Council achieved 81 of the 101 performance indicators (80%). In previous year's the results were: 78.2% (2022/23) and 83.7% (2021/22).
- 3.6 Council is currently waiting to receive external advice on its tax disclosure . As a result of this note 11, income tax. This advice is expected to be received and actioned before adoption.

4 Te Kīwai (o te kete)

- 4.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

5 Community Engagement Te Whai Wāhitanga mai o te Hapori

- 5.1 There are no consultation requirements associated with the adoption of the Annual Report.

6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi

6.1 There are no capital or operating expenditure costs associated with the adoption of the Annual report.

7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni

7.1 There is no unbudgeted financial implications associated with this report.

8 Statutory Requirements Ngā Here ā-Ture

8.1 Section 98 of the Local Government Act 2002 sets out the requirements for preparing and adopting the Annual Report.

8.2 The Annual Report (including the Audit opinion) must be completed and adopted, by resolution of Council, within four months after the end of the financial year to which it relates (31 October 2024).

9 Delegations Te Mana Whakatau

9.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for the appropriateness of accounting policies and the annual report. The accounting policies are incorporated in the attached draft Annual Report

9.2 Under Clause 32 of Schedule 7, the Council is not able to delegate the authority to adopt the Annual Report.

10 Conclusion Whakatepenga

10.1 The draft Annual Report for the year ended 30 June 2024 is presented to the Audit and Risk Committee for review. Following the audit process, the final report is expected to be presented to Council for adoption prior to 31 October 2024.

11 Attachments Ngā Āpitihanga

- Draft Annual Report for the year ending 30 June 2024 (attached separately to the agenda, due to size)

Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: People and Corporate
Date Created: 23 August 2024

Internal Controls Update

Purpose Te Aronga o te Pūrongo

To provide an update to the Committee on several key internal controls, including cybersecurity breaches, policy reviews, protected disclosures and fraudulent activity.

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohunga

That the Committee receives the Internal Controls Update, covering the period 02 June to 08 September 2024.

Report prepared by:
Ash Garstang
Governance and Assurance Manager

Approved for submission by:
Frances Smorti
General Manager – People and Corporate

1 Background Ngā Kōrero o Muri

1.1 This report provides a high-level summary of several key internal controls, and any notable breaches of these. The period of reporting for this update is **02 June to 08 September 2024**.

2 Cybersecurity Breaches

2.1 There have not been any cybersecurity breaches in this reporting period.

3 Governance Policy Work Programme

3.1 The Council currently has 29 Governance Policies, which are subject to review at set intervals. As of 26 September 2024, 22 policies are current and 7 are overdue (refer to attachment 1).

3.2 One new policy (Marae and Hapū Committees Policy) is in development.

4 Protected Disclosures

4.1 There have not been any protected disclosures in this reporting period.

5 Fraudulent Activity

5.1 There has not been any reported fraudulent activity in this reporting period.

6 Attachments Ngā Āpitihanga

- Governance Policies

Policy	Review Date	Comments
Dog Control Policy 2019	10-Oct-29	Current
Community Development Policy	1-Aug-28	Current
Community Honours Policy	1-Jul-28	Current
Dangerous, Affected and Insanitary Buildings Policy 2022	6-Oct-27	Current
Rates Remission and Postponement Policies	20-Jun-27	Current
Revenue and Financing Policy	20-Jun-27	Current
Road Sealing Policy	5-Mar-27	Current
Investment Policy	16-Sep-26	Current
Liability Management Policy	16-Sep-26	Current
Pitbull Classification Policy	12-Sep-26	Current
CEDA Appointment of Directors Policy	25-May-26	Current
Risk Management Policy	1-Apr-26	Current
Community Committees Policy	2-Mar-26	Current
Significance and Engagement Policy 2020	5-Jan-26	Current, but will be reviewed in 2024
Elected Members Allowances and Expense Reimbursement Policy 2022-25	17-Nov-25	Current
Statement of Accounting Policies	5-Oct-25	Current
Manawatu District Council - Standing Orders 2022	15-Sep-25	Current
Smokefree Policy 2022	7-Jul-25	Current
Capital Contributions Policy	27-Mar-25	Current
Remuneration and Reimbursement for External Appointments to Council Committees	25-Mar-25	Current
Procurement Policy 2022	28-Oct-24	Current
Code of Conduct (elected members)		No set review date
		Consulted on Aug-Sep 24. Oral submissions will be heard at the Council meeting 17
Gambling Venues Policy 2021	2-Sep-24	Oct 24
Waste Levy Grants Allocation Policy	2-Sep-24	Under review (Infrastructure)
Hall Management Policy	31-Jan-24	Under review (Community Assets)
Development and Financial Contributions Policy 2023	16-Jan-24	Under review (Finance, Infrastructure, Strategy)
Appointment of Directors to Council Organisations and Council-Controlled Organisations 2009	31-May-23	Under review (Community)
Road Planting Policy and Guidelines	31-May-23	This will be obsoleted in due course, as the Community Assets Team is developing a new Policy with a broader scope; looking at planting across the entire District (e.g., roads, reserves, parks)
Te Kīwai (o te kete)	1-Dec-21	Review not scheduled. The Significance and Engagement Policy will be reviewed in 2024, after which it will be clearer what course of action to take with this Policy
Marae and Hapu Committees Policy		In development

Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: People and Corporate

Date Created: 23 August 2024

Internal Audit Programme

Purpose Te Aronga o te Pūrongo

To present a summary of the Internal Audit Programme, and any updates, to the Committee.

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohinga

That the Committee receives the Internal Audit Update.

Report prepared by:

Ash Garstang

Governance and Assurance Manager

Approved for submission by:

Frances Smorti

GM – People and Corporate

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	✓
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

2 Background Ngā Kōrero o Muri

2.1 The programme for 2024/25 year was adopted by the Committee at its meeting 13 June 2024.

3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

3.1 The Internal Audit Programme is intended to provide a continuation of audits completed in previous years, with individual audits generally (but not always) running on a fixed review schedule.

3.2 The programme encompasses recommendations that have been given by Audit NZ via their annual review of the Council’s activities.

3.3 The below updates have been made to the Plan since the last update in June 2024:

- a. The IT Security: Internal PEN testing is completed. At the June 2024 meeting it was reported that the implementation of MDC’s firewall was at 20%. With the completion of the Internal PEN testing, this implementation is now at 95%. A summary of this audit will be reported to the Audit & Risk Committee in March 2025.
- b. The Fraud Awareness review has been rescheduled to February 2025.
- c. The Cash Handling and Receipting Processes audit has been rescheduled to begin after the Fraud Awareness review is complete. This is to manage the workload of the reviews over the Finance team so that only one is occurring at a time.

- d. Business Continuity and Disaster Recovery Planning. Officers are currently investigating disaster recovery in the cloud, and refreshing all server hardware in late 2024. A disaster recovery annual test will be completed by early 2025.

4 Te Kīwai (o te kete)

- 4.1 There are no known cultural considerations associated with the matters addressed in this report.

5 Community Engagement Te Whai Wāhitanga mai o te Hapori

- 5.1 No community engagement is warranted.

6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi

- 6.1 There are no operational implications.

7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni

- 7.1 There is a budget of \$51,450 for 2024/25 which will be used for those audits that are organisational-wide, prompted from Audit NZ (via their annual audit of the Council) or are requested by the Audit and Risk Committee.
- 7.2 Other audits are funded from existing departmental and team budgets.

8 Statutory Requirements Ngā Here ā-Ture

- 8.1 There are no statutory requirements for this report.

9 Delegations Te Mana Whakatau

- 9.1 The Committee has the delegation to decide the scope of internal audit work.

10 Attachments Ngā ĀpitiHanga

- Internal Audit Programme 2024/25

Manawatū District Council - Audit Programme

Business Unit	Audit Topic	Description	Previous Audit			Next Audit		
			Last completed	Reported to ARC	Review schedule	Initiate Review	Status	Reported to ARC
IS	IT Maturity	<p>High-level assessment of the controls and governance structures in place over the general computer environment and infrastructure including:</p> <ul style="list-style-type: none"> - IT operational and security administration management - Change management (upgrades and enhancements) - Patch management - Problem management - Virus and incident detection <p>To include review to assess the adequacy and effectiveness of management controls over cyber security. This review will consider:</p> <ul style="list-style-type: none"> - IT security architecture - Threat and vulnerability management - Privacy and data protection - identification and access management - IT security management - Awareness and education 	2021	May 2021	Annually	2024	Completed	June 2024
IS	IT Security: Internal PEN testing	Penetration testing on our IT systems, conducted from inside the system and premises	March 2023		Annually	June 2024	Completed	<i>Planned for March 2025</i>
Finance	Fraud Awareness Review	Review Council's awareness of fraud and fraud prevention. Review Council's policies in relation to the prevention, detection, investigating and managing fraud.	October 2020	November 2020	3 yearly	February 2025		
Finance	Cash Handling and Receipting Processes	<p>Compliance with policy and to assess the design and operating effectiveness of key controls identified across the following cash handling processes:</p> <ul style="list-style-type: none"> - point of sale/till application - receipting - cashing up and banking - physical security - electronic payments through on-line systems - reconciliations <p>Also to include the cash receipting practices at the Makino, Library, Feilding Transfer Station and on-line systems.</p>	April 2021	May 2021	2 yearly	<i>After Fraud Awareness Review</i>		
IS	Business Continuity and Disaster Recovery Planning	<p>There is an upcoming "IT infrastructure research project" being done in 2024/25, which will look to move our IT infrastructure to the cloud (either fully, or hybrid approach). This project will by default include an assessment of business continuity and disaster recovery planning.</p> <p>All server hardware will be refreshed at the end of 2024, and a disaster recovery test will take place in Dec or Jan. These will be completed on an annual basis.</p>	Not completed in full		Annually	November 2024	Planned	
IS	IT Security: External PEN testing	Penetration testing on our IT systems, conducted from outside the system and premises	December 2023	March 2024	Annually	December 2024	Planned	
Organisation Wide	Procurement	<p>The process for determining the need for the particular procurement is valid. The award procedure is as per MDC's policy and resources being spent in line with applicable criteria.</p> <p>Covers contract management.</p> <p>Description of performance, calculation of contract value, award criteria, award procedure, notification and assessment of tenders.</p> <p>Some teams may benefit from specific attention as part of this audit, due to the depth of involvement that they have with procurement and contract management. Such teams include Utilities, Roading, Parks & Property and IT.</p>	2019		3/4 yearly	June 2025		
Finance	Sensitive Expenditure	This will include compliance with policies, suspicious transaction analysis and compliance testing of a sample of transactions. Identified risk areas are travel and accommodation; entertainment and hospitality.	May 2022	September 2022	3 yearly	July 2025		

Utilities	Asset Revaluation Review	<p>Looking at the methodology of Asset Revaluations.</p> <p>A review of the full valuation and associated report. Checks that the calculations have been carried out diligently and that the valuation process and associated report meets accounting standards. Brian Smith makes recommendations which are incorporated into an improvement plan in the valuation report. On the same three-yearly cycle as the Unit Rate Review.</p>	2022/23	3 yearly	August 2025
Utilities	Unit Rate Review	<p>Looking at how MDC prices unit rates for Asset Revaluations.</p> <p>To ensure that our rates are comparable with similar councils across the country. WSP review the base rate and provide a comment on the on-costs that are added, as well as any inflation adjustments that are needed. Following the review, the new unit rates are uploaded to the asset register and used in the valuation. On the same three-yearly cycle as the Asset Revaluation Review.</p>	2022/23	3 yearly	October 2025
IS	Privacy	Review of privacy maturity	December 2023	2 yearly	December 2025
Governance & Assurance	Conflicts of Interest	<p>Review the process surrounding Conflict of Interest (COI) in MDC and providing the assurance that COI are managed appropriately.</p> <ul style="list-style-type: none"> - is the Policy fit for purpose - are the systems and processes adequate - is there sufficient engagement from staff 			December 2025
Safety and Wellbeing	Health and Safety	<p>Review of Health and Safety and to identify and provide the assurance that the updates in the Act is reflected in MDC's practices.</p> <p>Completed as part of the MWLASS initiative. The audit takes place from February - December and includes visits to various council sites/facilities</p>	December 2023	2 yearly	December 2025
Finance	FBT Audit	<p>Review of FBT with focus on policies, procedures and source information and rigor of return completion. Detailed review of FBT on vehicles and employee benefits.</p> <p>- It is prudent to initiate own compliance to provide that systems are working as intended. Where any errors are identified, this process allows voluntary disclosure to IRD and therefore avoid any shortfall penalties that could otherwise be imposed if discovered by IRD.</p>	August 2022	September 2022	After ERP system update
Finance	GST Audit	<p>Review of GST with focus on both policies, procedures and source information and the rigor of the return completion. Detailed review of GST treatment, time of supply, land purchase, GST exempt supplies, second hand goods and documentation. - It is prudent to initiate own compliance to provide that systems are working as intended. Where any errors are identified, this process allows voluntary disclosure to IRD and therefore avoid any shortfall penalties that could otherwise be imposed if discovered by IRD.</p>	April 2022	September 2022	After ERP system update

Audit and Risk Committee

Meeting of 26 September 2024

Business Unit: People and Corporate

Date Created: 23 August 2024

Strategic Risks

Purpose Te Aronga o te Pūrongo

To present seven strategic risks to the Committee for discussion.

Significance of Decision Te Hira o te Whakataunga

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Recommendations Ngā Tūtohunga

That the Committee notes the seven strategic risks presented in this report for discussion.

Report prepared by:

Ash Garstang

Governance and Assurance Manager

Approved for submission by:

Frances Smorti

General Manager - People and Corporate

1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	✓
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

2 Background Ngā Kōrero o Muri

2.1 PWC (PricewaterhouseCoopers) provided a risk management session to elected members and staff in June 2023. As part of this session, PWC facilitated a workshop with elected members around the strategic objectives and associated risks to Council. From this session, PWC identified four key areas for focus:

- a. CBD planning, investment and revitalisation
- b. Regular emergency events impacting financial position
- c. Uncertainty over Government reform agenda
- d. Lack of Iwi relationship and engagement

2.2 The Long-term Plan 2024-34 articulates the Council’s strategic direction and key projects. Key projects themselves will form operational risks, and significant projects are reported via the Key Projects report.

3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

3.1 In determining the Council’s strategic risks, officers considered PWC’s report, the nature of projects and activities in the Long-term Plan 2024-34, and other current affairs (e.g., external to the Council’s immediate activities). The seven strategic risks are:

Strategic Risk	Description	ELT owner
Financial Affordability	The financial ability of the Council to continue operating and delivering its services and projects.	Chief Financial Officer
Local Economy	Opportunities, downturns or volatility in the local economy.	GM – Community
Growth	Inability to adequately respond to growth demand in the District.	GM – Community
Government Reform	The unanticipated impacts of Government legislative reforms and changes to national directions.	Chief Executive
Staffing	The ability to attract and retain qualified Council staff.	GM – People and Corporate
Iwi Relationships	The relationships with iwi and level of tangata whenua engagement.	GM – People and Corporate
Climate Change	Council’s resilience to climate related issues and extreme weather events.	GM – Infrastructure

3.2 More information on each risk is available in the attached strategic risk profiles.

3.3 The strategic risks will be reviewed by ELT on a six-monthly basis, and presented to the Audit and Risk Committee thereafter. The purpose of ELT’s review is primarily to (re)assess the controls currently in place (e.g., early indicators, direct mitigations, responses), and track progress on the controls that are planned.

3.4 Officers welcome the Committee’s commentary on these risks, including any areas for improvement (particularly around controls) and/or other gaps in their assessment.

3.5 The Council’s appetite for different types of risk are articulated within each strategic risk profile. While this is intended to guide and remind officers of the Council’s general sentiment towards risk-taking in these areas, it should be noted that strategic risks are *generally* unavoidable.

4 Te Kīwai (o te kete)

4.1 The ‘Iwi Relationships’ profile is positioned from a Council perspective, including what Council can and/or should do to try and mitigate the likelihood of the risk eventuating. Therefore no engagement with Māori is necessary.

5 Community Engagement Te Whai Wāhitanga mai o te Hapori

5.1 No community engagement is warranted.

6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi

6.1 There are no operational implications.

7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni

7.1 There are no financial implications to this report.

8 Statutory Requirements Ngā Here ā-Ture

8.1 There are no firm statutory requirements for the management of strategic risks. Instead, the Council is guided by 'best practice'. Officers have ensured that the Council's approach to managing these is consistent with ISO:31000 and AoG's Risk Maturity Assessment Framework.

9 Delegations Te Mana Whakatau

9.1 The Committee has the delegation to receive and discuss these risks.

10 Attachments Ngā Āpitihanga

- Strategic Risk Profiles
 - Financial Affordability
 - Local Economy
 - Growth
 - Government Reform
 - Staffing
 - Iwi Relationships
 - Climate Change

Financial Affordability	The financial ability of the Council to continue operating and delivering its services and projects	03 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> Increasing regularity of emergency weather events (See Risk: Climate Change) Increasing number of regulations (See Risk: Government Reform) Insurance costs Depreciation costs Inflation Interest rate fluctuations Reduction in the scope of Council activities, and decreased borrowing power <p>Consequences</p> <ul style="list-style-type: none"> Community affordability Deferral of key capital projects Reduction in services Non-compliance with regulatory requirements Reaching the borrowing cap with LGFA Poor liquidity
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Amanda Calman (Chief Financial Officer)</p>
References
<p>Legislation</p> <ul style="list-style-type: none"> LGA, Rating Act, <p>Council Documentation</p> <ul style="list-style-type: none"> Long-term Plans and Annual Plans, Investment Policy, Liability Management, Financial Strategy <p>Reports:</p> <ul style="list-style-type: none"> Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
Strategic risks: Climate Change, Government Reform

Controls in place
<ul style="list-style-type: none"> Delegations Manual Financing facilities (e.g., emergency bank fund) Covenant Trustees (the external agency that audit our benchmarks) Audit NZ auditing Internal audit programme Bancorp (third-party treasury advisory)
Controls planned
Nil
Factors outside of Council’s control
<ul style="list-style-type: none"> National economy Willingness of other councils to partner with us (e.g., to deliver more efficient services)

Risk Appetite
<p>Financial & Investment – Cautious</p> <p>Service Delivery – Cautious-Open</p> <p>Reputational - Cautious</p>

Local Economy	Opportunities, downturns or volatility in the local economy	20 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> • Global pandemic or financial crises • Downturn in primary industry production and exports • Disruptions to international trade and supply-chain issues • Legislative changes to immigration and trade (See Risk: Government Reform) • Changing requirements around land use (See Risk: Growth) • National recessions <p>Consequences</p> <ul style="list-style-type: none"> • Labour constraints for local businesses • Decreased business resilience and sustainability issues • Less tourism • Less vibrancy in Feilding and villages
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Lyn Daly (General Manager – Community)</p>
References
<p>Council Documentation</p> <ul style="list-style-type: none"> • Long-term and Annual planning • Feilding Town Centre Refresh Strategy <p>Reports:</p> <ul style="list-style-type: none"> • Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
Strategic risks: Staffing

Controls in place
<ul style="list-style-type: none"> • Business continuity planning • Tailoring levels of service and rates levels to match community affordability • Support of CEDA, who assist businesses with networking and identifying alternative opportunities • Monitoring of consenting numbers and complaints (early indicators of economic downturn) • Direct relationships with local businesses (e.g., Development Navigator) • Long-term and annual planning processes (in relation to community affordability) • Regular economic data reporting to Council
Controls planned
<ul style="list-style-type: none"> • Growth strategy
Factors outside of Council’s control
<ul style="list-style-type: none"> • Toll roads • Affordability of development in neighbouring areas

Risk Appetite
<p>People & Capability – Open</p> <p>Financial & Investment – Cautious</p>

Growth	Inability to adequately respond to growth demand in the District	20 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> • Cost of infrastructure (See Risk: Financial Affordability) • Changing Government policy (See Risk: Government Reform) • Unclear strategic direction • Incomplete regional soil and flood mapping data • The consenting system (across councils) is too complex for many users • Outdated District Plan <p>Consequences</p> <ul style="list-style-type: none"> • Unrealised potential housing capacity (See Risk: Local Economy) • Growth in suboptimal areas of the District • Substandard infrastructure services for new growth
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Lyn Daly (GM – Community)</p>
References
<p>Legislation</p> <ul style="list-style-type: none"> • Resource Management Act 1991 <p>Council Documentation</p> <ul style="list-style-type: none"> • Long-term and Annual planning <p>Reports:</p> <ul style="list-style-type: none"> • Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
Strategic risks: Financial Affordability

Controls in place
<ul style="list-style-type: none"> • Regular updating of District Plan chapters • Reconsideration of the affordability and timing of the growth programme each Long-term Plan • Engagement with the business community and developers (e.g., Development Navigator) • Quality Manager review of consenting processes (with a view towards simplification and ease-of-use)
Controls planned
<ul style="list-style-type: none"> • Growth strategy • Economic Development strategy • Community Development strategy
Factors outside of Council’s control
<ul style="list-style-type: none"> • Cost of construction • Strategic priorities of partner agencies (e.g., NZTA, Powerco, Chorus)

Risk Appetite
<p>Financial & Investment – Cautious</p> <p>Environmental – Open</p> <p>Legal Compliance – Averse-Minimalist</p>

Government Reform	The unanticipated impacts of Government legislative reforms and changes to national directions	03 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> • Change of Government • Tempo increase of policy change at a national level (e.g., regionalisation vs centralisation) • Transfer of activity functions from Government to Council, without compensatory financial help • Shifting priorities at a national level • Unwillingness of regional partners to collaborate with the Council (e.g., in joint activities and services) <p>Consequences</p> <ul style="list-style-type: none"> • Inability to effectively plan for the long-term (See Risk: Growth) • Unforeseen costs with compliance (See Risk: Financial Affordability) • Reputational damage with the Community (See Risk: Iwi Relationships)
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Shayne Harris (Chief Executive)</p>
References
<p>Legislation</p> <ul style="list-style-type: none"> • Acts of Parliament • National Policy Statements <p>Council Documentation</p> <ul style="list-style-type: none"> • Long-term Plan 2024-34 <p>Reports:</p> <ul style="list-style-type: none"> • Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
Strategic risks: Growth, Financial Affordability, Iwi Relationships

Controls in place
<ul style="list-style-type: none"> • Regular reporting to elected members • Anticipating impending legislation wherever possible at a political level • Mechanisms that serve as early indicators of impending and potentially disruptive change, such as membership with LGNZ, and high participation with Taituara and other advisory bodies • Internal capability to monitor and influence upcoming Government proposals (e.g., Strategy Team’s work in submissions) • Responding proactively to Audit NZ’s recommendations that arise out of their end-of-year assessments • Internal audit programme, and the ability to add items to this on an “as-needed” basis • Conscious efforts by senior leadership (both elected members and executive leadership) to build regional relationships
Controls planned
Nil
Factors outside of Council’s control
<ul style="list-style-type: none"> • National sentiment and the political change in response to this • The occurrence of significant events in other areas that subsequently drive Government reform (e.g., 2016 Havelock North water contamination, 2010 Pike River Mine disaster)

Risk Appetite
<p>Financial & Investment – Cautious</p> <p>Service Deliver – Cautious-Open</p>

Staffing	The ability to attract and retain qualified Council staff	03 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> • Low unemployment • Inability to attract residents to the Manawatū (See Risk: Local Economy) • Wage competition, particularly from Government departments (See Risk: Government Reform) • Poor organisational leadership, culture or reputation <p>Consequences</p> <ul style="list-style-type: none"> • Skill shortages • Limits or interruptions to Council services and projects • Reduced migration to the District (e.g., families and spouses) • Low staff morale and poor staff wellbeing • Loss of institutional knowledge
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Frances Smorti (GM – People and Corporate)</p>
References
<p>Legislation</p> <ul style="list-style-type: none"> • Employment Relations Act 2000 • Health and Safety at Work Act 2015 <p>Council Documentation</p> <ul style="list-style-type: none"> • Safety and Wellbeing Strategy 2024-27 <p>Reports:</p> <ul style="list-style-type: none"> • Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
Strategic risks: Local Economy, Government Reform

Controls in place
<ul style="list-style-type: none"> • Annual employee engagement survey and action plan (AskYourTeam) • Health, safety and wellbeing strategy and programmes (Wellbeing Policy, Health Support Policy) • Leadership development and assessment programmes (Future Leaders, Emerging Leaders, New Leaders, MDC Leaders Forum, ELT development) • Staff development programmes (MDC Academy, Study Assistance, Professional Membership Support, Technical Training) • Continuous application of MDC values • Performance management processes and systems • Annual salary and wage reviews, using benchmark data • Succession planning and staff cross-training • Counselling services (Vitae services)
Controls planned
<ul style="list-style-type: none"> • Speak up/shout out programme • School education programme
Factors outside of Council’s control
<ul style="list-style-type: none"> • Labour market • District reputation • Local government reputation • Demographic shifts • Education system development of relevant skills

Risk Appetite
<p>People and Capability – Open</p> <p>Health, Safety and Wellbeing – Minimalist</p>

Iwi Relationships	Deteriorating relationships with iwi and lack of tangata whenua engagement	03 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> • Lack of will to engage among Council or iwi (eg Te Kōtui Reo) • Limited resources or expertise • Changes in political landscape (See Risk: Government Reform) • Local and central government decisions that impact negatively on iwi • Historical grievances <p>Consequences</p> <ul style="list-style-type: none"> • Reputational damage • Difficulty with gaining iwi agreement for resource consenting and other matters • Lack of relationship building and co-operation • Lack of iwi input into Council policy and decision-making • Minimal iwi engagement with projects • Deterioration of trust between Council and iwi
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Frances Smorti (GM – People and Corporate)</p>
References
<p>Legislation</p> <ul style="list-style-type: none"> • Local Government Act 2002 • Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Act 2024 <p>Council Documentation</p> <ul style="list-style-type: none"> • Long-term Plan 2024-34 • Te Kīwai (o te Kete) <p>Reports:</p> <ul style="list-style-type: none"> • Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
<p>Strategic risks: Government Reform</p>

Controls in place
<ul style="list-style-type: none"> • The employment of a Principal Advisor – Māori • Community marae funding (through the Community and Marae Committee Policy) • Continuing efforts by senior leadership to build relationships with iwi • Mana Whakahaere (Ōroua River Accord) • Engagement with iwi in the formation of Long-term Plans • Involvement of iwi by the District Planning Team in key planning processes • Supporting iwi with developing marae emergency preparedness plans • Supporting marae to increase resilience in an emergency (e.g., Powerco generator switch installations) • Increasing staff’s cultural competencies (e.g., te reo Māori lessons)
Controls planned
<ul style="list-style-type: none"> • Iwi will be engaged with during the development of Council’s community development strategy, economic development strategy and environmental strategy • Te Ao Māori programme for staff • More formal arrangements for iwi participation in District Planning
Factors outside of Council’s control
<ul style="list-style-type: none"> • New Government legislation • Iwi interest in Council business

Risk Appetite
<p>Cultural – Cautious Reputational – Cautious Political – Open</p>

Climate Change	Council’s resilience to climate related issues and extreme weather events	03 September 2024
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Causes and consequences
<p>Causes</p> <ul style="list-style-type: none"> • Underinvestment in the stormwater network, affecting existing residential and industrial areas • Increasing frequency of high-intensity rainfall events <p>Consequences</p> <ul style="list-style-type: none"> • Flooding of residential dwellings and commercial premises • Less suitable land for development (See Risks: Local Economy, Growth) • Ongoing recovery costs after extreme weather events (See Risk: Financial Affordability) • Increased risks to life and property • Decreasing resilience of roading and other infrastructure (e.g., damage and debris)
Assurance and accountability
<p>Reporting: Quarterly reporting to the Audit and Risk Committee (Strategic Risk Update)</p> <p>Monitoring: Reviewed by ELT on a quarterly basis</p> <p>ELT responsibility: Hamish Waugh (GM – Infrastructure)</p>
References
<p>Legislation</p> <ul style="list-style-type: none"> • Resource Management Act 1991 • Civil Defence Emergency Management 2002 • Building Act 2004 • Land Drainage Act 1908 <p>Council Documentation</p> <ul style="list-style-type: none"> • Flood Action Management Plans • Long-term Plans and Annual Plans • Infrastructure Strategy <p>Reports:</p> <ul style="list-style-type: none"> • Initial Strategic Risk Update – Audit and Risk Committee 26 September 2024
Significant links to other risks
Strategic risks: Local Economy, Growth, Financial Affordability

Controls in place
<ul style="list-style-type: none"> • Reid Line Spillway • Capital upgrade programme for stormwater investment in Villages • Proactive drainage maintenance requirements in the road maintenance contract • Proactive stormwater network management regime within the reticulation team (e.g., checking and clearing drains prior to significant rainfall events) • Flood mapping between the Council and Horizons Regional Council to inform the subdivision and building consent processes • Emergency management function and close coordination with Horizons Regional Council • Physical protection of water supply intake points, wastewater drains and pump stations
Controls planned
<ul style="list-style-type: none"> • Capital upgrade programme for stormwater investment in Feilding • Planned construction of large stormwater detention area in Maewa to facilitate residential growth, and mitigate effects of high-rainfall events • Further coordination of stormwater and floodwater management with Horizons Regional Council for the Makino stream (e.g., use management and carrying capacity)
Factors outside of Council’s control
<ul style="list-style-type: none"> • Private property owners restricting natural water flow on their land • Operational investment decisions by external agencies (e.g., Horizons Regional Council, NZTA, KiwiRail)

Risk Appetite
<p>Financial & Investment – Cautious</p> <p>Environmental – Open</p> <p>Political – Open</p>