

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 27 November 2024
Time: 1.00pm
Venue: Hine Paaka Council Chamber, Te Whare Whakaterere
2 Baring Square East, Ashburton

Membership

Chairperson	Russell Ellis
Deputy Chairperson	Leen Braam
Members	Carolyn Cameron Liz McMillan Richard Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Audit & Risk Committee

Timetable

1.00pm Meeting commences

ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- | | | |
|---|---|----|
| 4 | Confirmation of Minutes – 23/10/24 | 3 |
| 5 | Bancorp Treasury Report – September 2024 | 5 |
| 6 | Civic Financial Services – Half Yearly Accounts to 30/06/24 | 17 |
| 7 | 2024 EA Networks Centre – October income & expenditure | 24 |
| 8 | ADC Annual Report 2023-24 | 26 |

Business transacted with the public excluded

- | | | |
|----|---|------|
| 9 | Minutes 23/10/24 | PE 1 |
| | • Health & Safety Section 7(2)(a) Protection privacy of natural persons | |
| 10 | Health & Safety Report Section 7(2)(a) Protection privacy of natural persons | PE 2 |

4. *Audit & Risk Committee – 23/10/24*

Minutes of the Audit & Risk Committee meeting held on Wednesday 23 October 2024, commencing at 1.00pm, in the Hine Paaka Council Chamber, Te Whare Whakatere, 2 Baring Square East, Ashburton.

Present

Mayor Neil Brown, Councillors Russell Ellis (Chair), Leen Braam, Carolyn Cameron, Richard Wilson and Murray Harrington (via MS Teams)

Also present:

Councillors Phill Hooper, and Tony Todd

In attendance

Hamish Riach (CE) (via MS Teams), Leanne Macdonald (GM Business Support), Sarah Mosley (GM People & Facilities) and Carol McAtamney (Governance Support).

Staff present for the duration of their reports:

Erin Register (Finance Manager), Laretta Artz (Accountant), Richard Wood (Sport & Recreation Manager), Katie Perry (People & Capability Manager) and Andrew Malcolm (Safety & Wellness Lead).

1 Apologies

Cr McMillan

Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes

That the minutes of the Audit & Risk Committee meeting held on 11 September 2024 be taken as read and confirmed.

Wilson/Braam

Carried

5 Management of Accounts Receivable

That the accounts receivable report for September 2024 be received.

Cameron/Braam

Carried

6 EA Networks Centre Income and Expenditure

An updated income and expenditure sheet for the period ended 31 August 2024 was circulated to members prior to the meeting

That the EA Networks Centre financial reports for August and September 2024 be received.

Braam/Harrington

Carried

7 Transwaste Canterbury Annual Report 2024

That the Transwaste Canterbury Annual Report for the year ended 30 June 2024 be received.

Ellis/Harrington

Carried

Business transacted with the public excluded – 1.24pm

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

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
7	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
8	Health and Safety Report	Section 7(2)(a)	Protection of privacy of natural persons
9	Building Claim	Section 7(2)(h)	Commercial activities
10	Corporate Risk Register	Section 7(2)(h)	Commercial activities

Cameron/Wilson

Carried

The meeting concluded at 1.48pm.

5. Bancorp Treasury Report – September 2024

Author *Erin Register: Finance Manager*
General Manager responsible *Tania Paddock: Acting Group Manager - Business Support*

Summary

- The Bancorp Treasury Services Ltd provides a quarterly report as part of the contractual treasury services.
- Attached is the first report for the 2024-25 financial year, being for the quarter ending 30 September 2024.
- This report is presented for Council’s information, and is made up of four sections –
 - 1 Economic Commentary
 - 2 Liquidity, Funding and Hedging Bands
 - 3 Interest Rate Risk Management
 - 4 Investment Portfolio.

<p>Recommendation</p>

- | |
|--|
| <p>1. That Council receives the Bancorp Treasury report for the September 2024 quarter.</p> |
|--|

Attachment

Appendix 1 Ashburton DC Dashboard as at 30 September 2024.

Background

1. Bancorp Treasury Services Ltd (Bancorp) provide a service to Ashburton District Council to support Council in managing their Treasury - Investment and Liability Policy.
2. Bancorp provide quarterly treasury reports that covers global and NZ market updates, along with Ashburton District Council specific updates on our investment and liability portfolios.

Key Highlights

3. ADC is compliant with the Treasury Policy criteria as noted on Page 4.
4. Debt at 30 September 2024 was \$130.6m, this has all been drawn from the Local Government Funding Agency.
5. The economic indicators suggest the economy has weakened and inflation is moving in the right direction. As signalled in this report, with inflation falling we also are seeing interest rates dropping.
6. Council's average cost of funds has decreased, moving from 4.84% down to 4.40%. Officers will continue to monitor interest rates, keeping a fine line between balancing floating and fixed rates, while continuing to operate within our treasury policy.
7. While on 30 September ADC's cost of funds was 4.40%, Miles O'Connor from Bancorp Treasury refreshed our interest rate projection based on the falling interest rates and predicts out cost of funds will fall to 3.71% in June 2025, and around 3.56% in December 2025. As rates continue to fall, Officers will work with Bancorp to increase the percentage of fixed rate debt that council has by entering into further interest rate swaps and/or fixed rate bonds to keep the cost of funds down.
8. ADC's Fixed Interest Portfolio had a nominal value of \$4,000,000 and a market value of \$4,140,355 on 30 September 2024.

Legal/policy implications

9. There are no legal implications.

Financial implications

10. There are no financial implications as this report forms part of Bancorp's contractual services.

Requirement	Explanation
What is the cost?	This is part of the annual contractual fee of \$33,000 plus GST.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Treasury Consultancy - 132.30308.0000.
Are there any future budget implications?	No
Finance review required?	Tania Paddock, Acting Group Manager – Business Support.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Inform - one way
Rationale for selecting level of engagement	The community will be informed of the Bancorp Report through the usual media channels.
Reviewed by Strategy & Policy	Femke van der Valk; Corporate Planner

Next steps

- There are no further steps.

Appendix 1



Treasury Dashboard Report

30 September 2024



BANCORP

BANCORP TREASURY SERVICES LIMITED

Economic Commentary

Global (for the September 2024 quarter)

The US Federal Reserve (“Fed”) began its cutting cycle on 18 September, lowering the Fed Funds rate by 50 basis-points (“bps”) to a target range of 4.75% - 5.00%. The Federal Open Market Committee (“FOMC”) indicated 2 more 25 bps cuts by the end of the year. Notably, the FOMC vote was 11-1 in favour of the 50bps cut, with Governor Michelle Bowman instead advocating for a 25bps cut, the first dissenting vote by a Fed governor since 2005. The post-meeting statement declared, *“The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance,”* with Fed Chair Jerome Powell stating in a news conference that *“We’re trying to achieve a situation where we restore price stability without the kind of painful increase in unemployment that has come sometimes with this inflation. That’s what we’re trying to do, and I think you could take today’s action as a sign of our strong commitment to achieve that goal.”*

Markets are now projecting the Fed Funds rate to fall to 4.00% by the end of the year, 3.00% by August 2025 and 2.75% by the end of 2025. The benchmark US 10-year Treasury bond rate opened the quarter at 4.47% which represented the high for the quarter, fell to a low of 3.60% on the day of the September Fed meeting, but subsequently retraced a little of the down move and finished September at 3.78%. This post Fed meeting increase demonstrates that the markets were expecting a 50bps cut, so it was a classic case of ‘buy the rumour sell the fact’.

The Bank of England (“BoE”) and Sweden’s Riksbank cut their cash rates over August. Despite the ongoing weakness in the Chinese economy, the People’s Bank of China (“PBoC”), after its July rate cuts, initially left its key interest rates unchanged in September. However, in late September the PBoC released a multitude of stimulus measures which included reducing a number of key interest rates to try boost its slowing economy.

Against the global rate-cutting trend, the Bank of Japan (“BoJ”) remains an outlier and increased its cash rate by 15bps to 0.25%. The BoJ also intervened to support the yen, spending USD36.6bn in August following on from June’s USD65.0bn of US dollar sales. This time it was helped by general US dollar weakness, which saw investors aggressively unwind yen sourced carry trades. Markets are not expecting any further BoJ rate hikes until December.

The Reserve Bank of Australia (“RBA”) again left its cash rate unchanged at 4.35% at its 24 September meeting and implied no cuts until early 2025. The RBA reiterated its commitment to combating inflation while acknowledging the uncertain economic outlook. The unemployment rate was steady at 4.2%, with a positive employment change of 47,500 workers, better than the expected 26,400.

Economic Commentary

New Zealand (for the September 2024 quarter)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30-Jun-24	5.50%	5.63%	4.80%	4.51%	4.38%	4.38%	4.46%
30-Sep-24	5.25%	4.87%	3.58%	3.47%	3.55%	3.70%	3.89%
Change	-0.25%	-0.76%	-1.22%	-1.04%	-0.83%	-0.68%	-0.57%

The Reserve Bank of New Zealand (“RBNZ”) cut the Official Cash Rate (“OCR”) by 25bps to 5.25% at its August *Monetary Policy Statement* as the central bank was, “*Confident inflation (will be) back in its target band*”. Following the MPS, at the Government’s Finance and Expenditure Select Committee, RBNZ Governor Adrian Orr emphasised the need for OCR cuts to address the weak economy, and reiterated the RBNZ’s commitment to controlling inflation stating, “*The current economic environment is weak (and the) economy is weaker than anticipated 6-months ago. We have strong control over the inflation story. There was no talk on committee of raising rates again. We are not done yet on inflation, but it’s definitely moving in the right direction. If inflation expectations are well anchored, we can look through some of the noise*”. There is no doubt that the economy warrants an accelerated cutting cycle, but it does raise the question of credibility given the RBNZ’s abrupt change in its outlook since the prior May MPS.

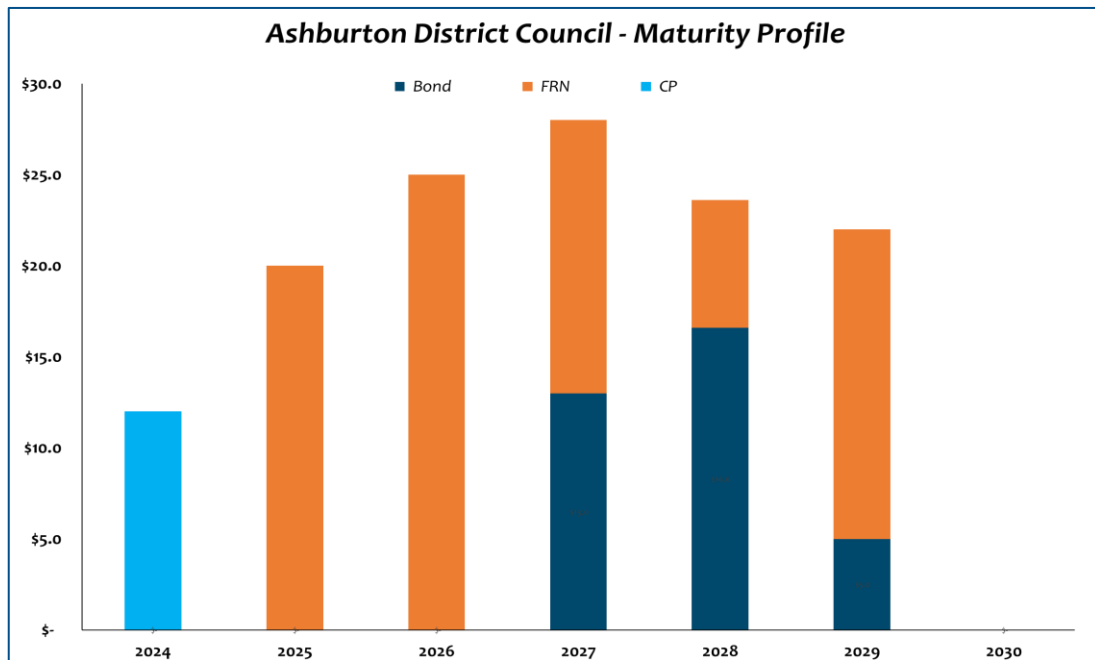
GDP fell in the June quarter by -0.2%, with an annual decrease of -0.5%, slightly better than forecasts of -0.4% and -0.6%, respectively. GDP per capita fell 0.5% in the second quarter and was down 2.7% for the year. Primary industries saw the greatest decline over the quarter, with a -1.6% drop. Goods-producing industries increased by 0.7% over the quarter, although with a -3.2% decrease over the year, manufacturing increasing by 1.9% over the quarter and a -4.3% decrease over the year. Services were overall flat over the quarter, with a 0.7% increase over the year.

The current account deficit grew to \$27.8 billion in the year to June, or around 6.7% of GDP. This is slightly worse than the previous \$27.6 billion for the year to March. The deficit for the June quarter was \$7.2 billion, \$269 million more than the March quarter. The goods deficit widened by \$110 million to \$2.6 billion, as goods imports increased by \$183 million, led by transport equipment, while exports were up by \$74 million, led by meat and other commodities such as aluminium, wine, and fish. The services deficit narrowed by \$28 million to \$501 million over the quarter, with exports up \$127 million, led by transportation services, while imports increased \$99 million, led by New Zealanders spending while travelling overseas.

The weak GDP figures are expected to help reduce inflation, which the RBNZ is projecting to fall to 2.3% in the September 2024 year (currently it is 3.3%). Markets are pricing in a 100% probability of the OCR being at 5.00% in October 2024 and a 72% probability that it will be at 4.75%, while for November 2024 markets are pricing a 100% probability that the OCR will be at 4.50% and a 56% probability that it will be at 4.25%. By November 2025 markets are projecting it to have fallen to 2.75%.

Interest rate swap rates fell sharply over the quarter, even more so at the shorter end of the yield curve where the presumed future OCR cuts have more of an influence than at the longer end of the curve which is largely driven by moves in US and global bond rates. However the moves at the long end of the curve have still been significant driven by the moves in US and global bond yields. This flattening of the local yield curve reduces the benefit of forward start swaps compared to spot swaps but given the fall in spot swaps they are now providing more benefit than earlier in the year.

Liquidity, Funding and Hedging Bands



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

Debt
\$130.6m
 External Council Drawn Debt

LGFA Debt
\$130.6m
 Funds Drawn from LGFA

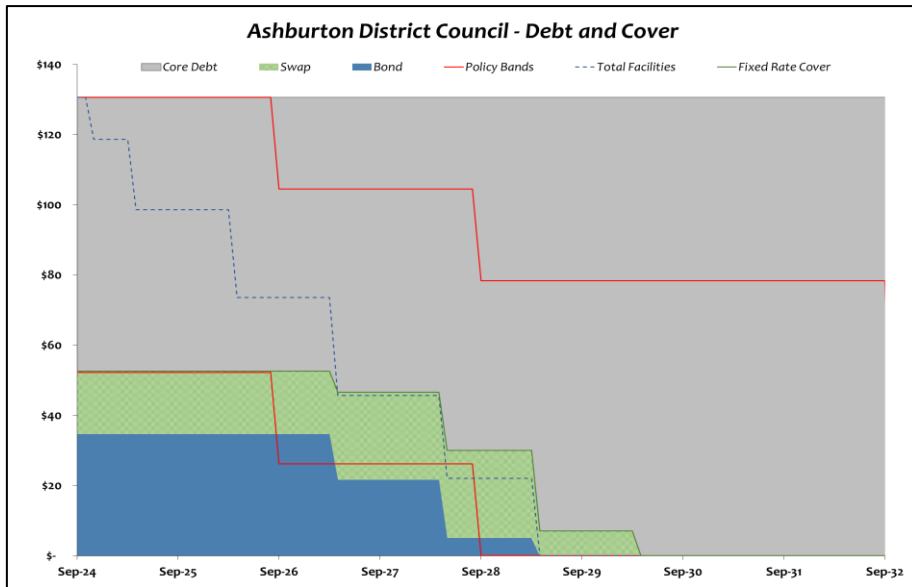
Headroom = cash in bank, term deposits and fixed rate bonds
\$21.92m

Liquidity Ratio (must be >110%)
116.78%
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

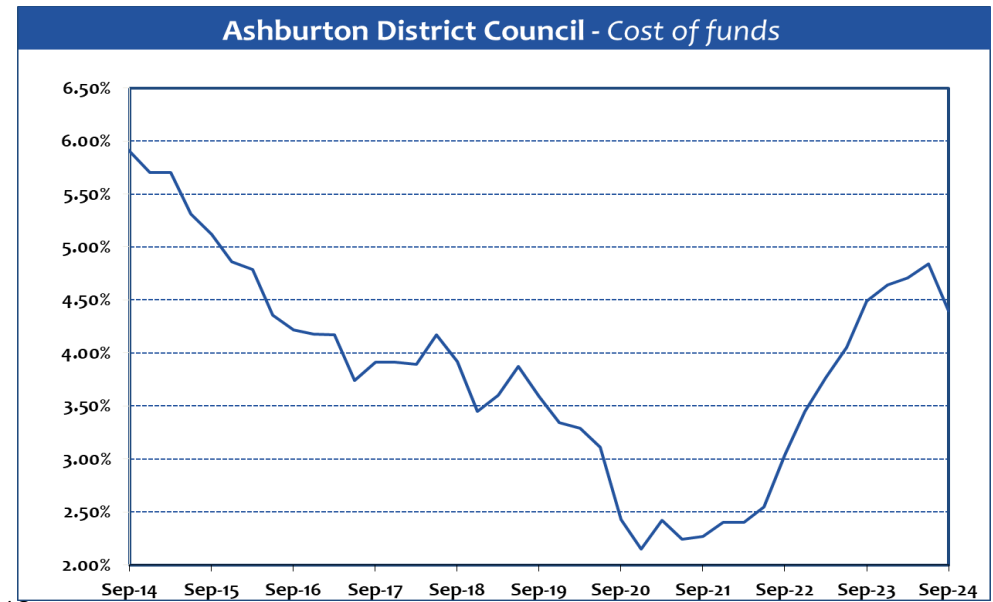
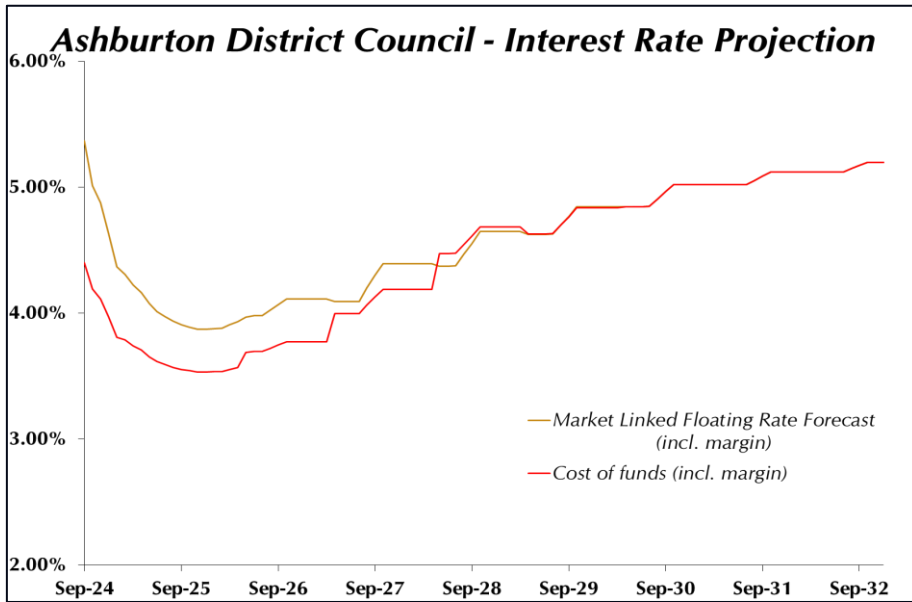
Cost of Funds as at 30 September 2024
4.40%

Fixed Rate Hedging Bands			
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

Interest Rate Risk Management



Current % of Debt Fixed	40.3%
Current % of Debt Floating	59.7%
Value of Fixed Rate (m)	\$52.6
Value of Forward Starting Cover	\$22.0
Value of Floating Rate (m)	\$78.0
Total Facilities In Place	\$130.6



Ashburton DC funding

As at 30 September

Listed below are Ashburton DC's individual debt tranches as at 30 September incorporating Commercial Paper ("CP"), Floating Rate Notes ("FR'N"), and Fixed Rate Bonds ("FRB"). All of which are sourced from the LGFA. These total \$130.6m.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	14-Nov-24	5.52%	N/A	\$12,000,000
LGFA FRN	15-Apr-25	5.93%	0.37%	\$7,000,000
LGFA FRN	15-Apr-25	5.85%	0.29%	\$3,000,000
LGFA FRN	15-Apr-25	5.91%	0.35%	\$5,000,000
LGFA FRN	15-Apr-25	5.97%	0.41%	\$5,000,000
LGFA FRN	15-Apr-26	6.19%	0.63%	\$10,000,000
LGFA FRN	15-Apr-26	5.94%	0.38%	\$5,000,000
LGFA FRN	15-Apr-26	6.16%	0.60%	\$5,000,000
LGFA FRN	15-Apr-26	6.01%	0.45%	\$5,000,000
LGFA FRB	15-Apr-27	1.23%	N/A	\$5,000,000
LGFA FRB	15-Apr-27	0.97%	N/A	\$5,000,000
LGFA FRN	15-Apr-27	6.11%	0.55%	\$5,000,000
LGFA FRN	15-Apr-27	6.30%	0.74%	\$5,000,000
LGFA FRB	15-Apr-27	5.19%	N/A	\$3,000,000
LGFA FRN	15-Apr-27	5.99%	0.43%	\$5,000,000
LGFA FRB	15-May-28	2.01%	N/A	\$16,600,000
LGFA FRN	15-May-28	6.03%	0.76%	\$7,000,000
LGFA FRN	20-Apr-29	6.15%	0.60%	\$10,000,000
LGFA FRB	20-Apr-29	5.08%	N/A	\$5,000,000
LGFA FRN	20-Apr-29	6.29%	0.74%	\$7,000,000
Total				\$130,600,000

LGFA Borrowing Rates

As at 30 September 2024

Listed below are the credit spreads and applicable interest rates as at 30 September 2024 for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Ashburton District Council (“ADC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	5.02%	N/A
6 month CP	0.15%	5.14%	N/A
April 2025	0.37%	5.24%	4.90%
April 2026	0.45%	5.32%	4.10%
April 2027	0.57%	5.44%	3.98%
May 2028	0.71%	5.58%	4.10%
April 2029	0.86%	5.73%	4.29%
May 2030	0.97%	5.84%	4.48%
May 2031	1.05%	5.92%	4.64%
April 2033	1.15%	6.02%	4.87%
May 2035	1.22%	6.09%	5.05%
April 2037	1.29%	6.16%	5.22%

Investment Portfolio

As at 30 September 2024

As at 30 September, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$4,000,000 and a market value of \$4,140,355. The makeup of the FIP as at 30 September, including its valuation, is shown in the following table.

Issuer	Rating	Maturity Date	Coupon Frequency	Nominal Value	Coupon Rate	Yield	% of Portfolio	Duration	Capital Price	Accrued Interest	Gross Price
ANZ	A	17-Sep-26	2	\$1,000,000	3.00%	5.31%	23.15%	1.87	\$957,436	\$1,077	\$958,513
Westpac	A	16-Sep-27	2	\$1,100,000	6.19%	4.97%	27.51%	2.68	\$1,136,505	\$2,633	\$1,139,139
Kiwibank	AA	19-Oct-27	2	\$1,000,000	5.74%	4.01%	25.96%	2.73	\$1,049,206	\$25,720	\$1,074,926
Westpac	A	14-Feb-29	2	\$900,000	6.73%	5.01%	23.37%	3.75	\$960,041	\$7,736	\$967,777
Total				\$4,000,000	5.40%	4.81%	100.00%	2.76	\$4,103,188	\$37,167	\$4,140,355

Disclaimer

IMPORTANT NOTICE

Statements and opinions contained in this report are given in good faith, but in its presentation, Bancorp has relied on primary sources for the information's accuracy and completeness. Bancorp does not imply, and it should not be construed, that it warrants the validity of the information. Moreover, our investigations have not been designed to verify the accuracy or reliability of any information supplied to us.

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6. Civic Financial Services – Half-Yearly Accounts to 30 June 2024

Author *Erin Register: Finance Manager*
General Manager responsible *Tania Paddock: Acting Group Manager - Business Support*

Summary

- Civic Financial Services have delivered their Half-Yearly Accounts to 30 June 2024 for Council's information.

Recommendation

1. **That** the Audit & Risk Committee receives the Civic Financial Services Ltd Half-Yearly Accounts to 30 June 2024.

Attachment

Appendix 1 Civic Financial Services Ltd Half-Yearly Accounts to 30 June 2024.

Background

The current situation

1. Civic Financial Services administers Riskpool, Civic Liability Pool and the Local Authority Protection Programme (LAPP), as well as providing superannuation services to 76 Councils, with 11,450 members with funds under management of over \$606 million as at the end August 2024.
2. ADC belong to the Local Authority Protection Programme (LAPP), and Riskpool.
3. The purpose of this report is to provide Audit & Risk the Civic Financial Services Ltd Half-Yearly Accounts to 30 June 2024.
4. Civic Financial Services have a surplus after tax of \$145,000 for the six months to 30 June 2024, which is lower than the surplus of \$231,000 for the same period last year, but on track to have a similar full year surplus to 2023.
5. The administration income has grown slightly when compared to the same period last year. However, Civic Financial Services anticipates a reduction going forward in their administration income as they will cease to provide services to Riskpool, which is currently in run-off mode and will cease in due course.
6. The increase in expenditure for the six months to 30 June 2024 is due to an increase in staffing and other expenses.
7. The primary source of income in 2024 comes from fees for providing superannuation administration for the local government sector. They also receive fees from providing administration, accounting and other services to the LAPP, Riskpool and Civic Liability Pool.

Legal/policy implications

8. There are no legal implications.

Financial implications

9. There are no financial implications as this report is for information only.

Requirement	Explanation
What is the cost?	There is no cost.
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Finance review required?	Tania Paddock: Acting Group Manager – Business Support.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Inform - one way
Rationale for selecting level of engagement	The community will be informed of the Statement of Intent through the usual media channels.
Reviewed by Strategy & Policy	Femke van der Valk; Acting Strategy & Policy manager

Next steps

10. There are no further steps.

9 October 2024

Hamish Riach
Chief Executive
Ashburton District Council
PO Box 94
ASHBURTON 7740

hamish.riach@adc.govt.nz

Kia ora Hamish

Civic Financial Services Ltd Half-Yearly Accounts to 30 June 2024

Please find enclosed your copy of the half-yearly accounts for Civic Financial Services Limited ("Civic") to 30 June 2024. You will be pleased to know that the company is tracking above budget and has returned an (unaudited) pre-tax profit of \$201k for the first half of 2024 with the company maintaining a strong financial position as at 30 June 2024.

As reflected in the accounts Civic's income is derived from administration services and investment income. In addition to administering Riskpool, Civic Liability Pool and the LAPP Fund, Civic administers the Local Government Superannuation Scheme (Employer Scheme) and SuperEasy KiwiSaver Superannuation Scheme which are offered to local government on an exclusive basis. Civic (through its Local Government Superannuation Scheme and/or SuperEasy KiwiSaver Scheme) provides superannuation services to 76 councils, has 11,450 members and funds under management of over \$606 million as at the end August 2024. Of the councils that have a preferred provider for KiwiSaver, 70 out of 73 (96%) have appointed SuperEasy KiwiSaver Superannuation Scheme.

Our journey continues to improve on how we communicate to our members through our refreshed SuperEasy Website, Electronic Direct Mail and our Fund Manager webinars.

We are committed to our mission statement that Civic will be a trusted and preferred financial services provider to the local government sector:

- 1) Dedicated to our shareholders.
- 2) Committed to our members.
- 3) A sound and successful business.

We appreciate your support.

Ngā mihi



Charlie Howe
Chief Executive
Civic Financial Services Ltd

CIVIC FINANCIAL SERVICES LTD

**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six Months		Full Year	
	Note	2024 \$000	2023 \$000	2023 \$000
REVENUE				
Administration Fees		1,509	1,451	2,919
Income from Investments		273	278	614
TOTAL REVENUE		<u>1,782</u>	<u>1,729</u>	<u>3,533</u>
EXPENDITURE				
Depreciation & Amortisation		34	45	88
Employee Remuneration		538	451	1,058
Other Expenses		1,009	914	1,948
TOTAL EXPENDITURE		<u>1,581</u>	<u>1,409</u>	<u>3,094</u>
NET SURPLUS BEFORE TAXATION		<u>201</u>	<u>320</u>	<u>439</u>
Less Taxation Expense	6	56	89	123
NET SURPLUS AFTER TAXATION		<u>145</u>	<u>231</u>	<u>316</u>

**STATEMENT OF MOVEMENTS IN EQUITY (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six Months		Full Year	
		2024 \$000	2023 \$000	2023 \$000
Equity as at 1 January		10,475	10,159	10,159
Net Surplus After Taxation		145	231	316
EQUITY AS AT 30 JUNE		<u>10,620</u>	<u>10,390</u>	<u>10,475</u>

**STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT 30 JUNE 2024**

	2024 \$000	2023 \$000	2023 \$000
EQUITY			
Capital	10,764	10,764	10,764
Retained Earnings	(144)	(375)	(290)
TOTAL EQUITY	<u>10,620</u>	<u>10,390</u>	<u>10,475</u>
Represented By:			
Current Assets			
Bank & Cash Equivalents	189	145	2,789
Term Deposits	9,265	3,366	6,367
Sundry Debtors, Prepayments and Accrued Interest	580	533	655
Loans	-	5,649	-
TOTAL CURRENT ASSETS	<u>10,034</u>	<u>9,693</u>	<u>9,811</u>
Non-Current Assets			
Property, Plant & Equipment & Intangible Assets	104	92	52
Deferred Tax Asset	863	954	920
TOTAL NON CURRENT ASSETS	<u>967</u>	<u>1,046</u>	<u>972</u>
TOTAL ASSETS	<u>11,001</u>	<u>10,739</u>	<u>10,782</u>
Current Liabilities			
Sundry Creditors & Accrued Charges	381	349	308
TOTAL CURRENT LIABILITIES	<u>381</u>	<u>349</u>	<u>308</u>
TOTAL LIABILITIES	<u>381</u>	<u>349</u>	<u>308</u>
EXCESS OF ASSETS OVER LIABILITIES	<u>10,620</u>	<u>10,390</u>	<u>10,475</u>

The notes to the accounts on page 3 form part of and are to be read in conjunction with these Statements.

CIVIC FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six Months		FULL YEAR	
	Notes	2024 \$000	2023 \$000	2023 \$000
Cash Flows from Operating Activities				
Cash from operating activities:		1,579	1,431	2,809
Cash applied to operating activities:		1,429	1,439	3,135
Net Cashflow from Operating Activities	5	150	(8)	(326)
Cash Flows from Investing Activities				
Cash provided from investing activities:		235	1,225	11,642
Cash applied to investing activities:		2,985	1,852	9,800
Net Cashflow from Investing Activities		(2,750)	(627)	1,842
Cash Flows from Financing Activities				
Cash was provided from financing activities:		-	258	751
Cash applied to financing activities:		-	-	-
Net Cashflow from Financing Activities		-	258	751
Net Decrease in Cash Held		(2,600)	(377)	2,267
Opening Cash Balance as at 1 January		2,789	522	522
Closing Cash Balance as at 30 June		189	145	2,789
Being:				
Bank & Cash Equivalents		189	145	2,789

The notes to the accounts on page 3 form part of and are to be read in conjunction with this statement.

CIVIC FINANCIAL SERVICES LTD
FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes to the Financial Statements

1 Statement of Compliance

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

2 Accounting policies

The accounting policies applied in the preparation of the half year financial statements are consistent with those disclosed in the 2023 annual report.

3 Basis of Preparation

These interim financial statements have been prepared in accordance with PBE IAS 34 - Interim Financial Reporting, and should be read in conjunction with the Company's annual financial report for the year ended 31 December 2023. Disclosures in these interim financial statements are less extensive than those in the annual financial report.

4 Comparative figures.

The comparative figures are for the six months ended 30 June 2023 and the year ended 31 December 2023.

5 Reconciliation of net surplus after tax with cash flow from operating activity.

	Six Months		Full Year
	2024 \$000	2023 \$000	2023 \$000
Reported Surplus After Taxation	145	231	316
Add/(less) non cash items			
Loan Interest	-	(258)	341
Depreciation	34	45	88
Deferred Tax Liability	56	89	124
Movement in CLP/ Riskpool Admin Fee Reserve	(10)	(10)	(19)
	80	(134)	533
Add/(less) movements in other working capital items			
Sundry Debtors, Prepayments and Accrued Interest	75	22	(98)
Sundry Creditors and Accrued Charges	84	(93)	(126)
	159	(71)	(224)
Less Items Classified as investing activity	(234)	(34)	(950)
Less Items Classified as financing activity	-	-	-
Net Cash Outflow from Operating Activities	150	(8)	(326)

6 Income Tax

The income tax liability for June 2024 is nil as the Company has unused tax credits with which it will use to offset any income tax expense.

7 Loans

Three secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of New Zealand Mutual Liability Riskpool ("Riskpool") exist, two for \$2,250,000 each, and a third for \$2,500,000. The loan outstanding at 30 June 2024 is \$nil. Notice of termination of all facilities was given on 25 June 2024 and the facilities therefore will terminate on 25 December 2024.

8 Contingent liabilities.

The contingent liabilities are:

- i) 100,000 uncalled shares in the wholly owned subsidiary, Local Government Superannuation Trustee Limited.
- ii) 1,000 uncalled shares in the wholly owned subsidiary, Local Government Mutual Funds Trustee Limited.
- iii) 100 uncalled shares in the wholly owned subsidiary, SuperEasy Limited.
- iv) 100 uncalled shares in the wholly owned subsidiary, Local Government Finance Corporation Limited.

9 Events occurring after reporting date

There have been no significant events since the reporting date that affect the results disclosed in the half year financial statements.

7. EA Networks Centre income & expenditure

Activity Manager *Richard Wood; Sport & Recreation Manager*
GM responsible *Sarah Mosley; GM People & Capability*

Attachments

EA Networks Centre income and expenditure report – October 2024

Recommendation

<p>That the EANC income and expenditure report be received.</p>
--

Appendix 1

Ashburton District Council
EA Networks Centre - Income & Expenditure Report
for period ending 31 October 2024

	Facility Wide	Retail	Stadium & Meeting Rooms	Pool	Gymnasium & Group Fit	Learn to Swim	Satellite Assets	YTD Totals			Total		
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Budget YTD	Variance	Budget Full Year	Variance	%
Operating Income		4%	14%	24%	24%	33%	0%						
Fees	534	0	107,397	117,595	58,724	201,515	0	485,766	444,764	41,002	1,289,199	(803,433)	38%
Membership	0	0	17	58,622	123,234	0	0	181,873	247,330	(65,458)	741,991	(560,118)	25%
Grants & Subsidies	1,000	0	0	0	0	51,127	0	52,127	20,000	32,127	60,000	(7,873)	87%
Sales	0	27,136	0	0	0	0	0	27,136	27,070	66	90,000	(62,864)	30%
Sundry Income	0	0	0	6,140	2,125	0	0	8,265	20,000	(11,735)	60,000	(51,735)	14%
	1,534	27,136	107,414	182,357	184,084	252,642	0	755,167	759,164	(3,998)	2,241,190	(1,486,024)	34%
Operating Expenses		2%	21%	45%	16%	15%	0%						
Variable costs													
Financial / Professional Costs	13,169	0	0	0	0	0	0	13,169	6,000	7,169	18,000	4,831	73%
Promotional Costs	4,353	0	0	0	175	0	0	4,528	6,667	(2,139)	20,000	15,472	23%
General Costs	0	18	332	2,496	89	36	0	2,971	10,967	(7,996)	36,650	33,679	8%
Purchases	384	14,479	6,252	4,423	2,694	115	0	28,348	48,133	(19,785)	144,400	116,052	20%
Energy & Pool Costs	0	0	17,404	159,275	8,702	17,588	116	203,085	179,167	23,918	537,500	334,415	38%
Centre Maintenance	48,381	0	1,256	52,086	2,369	0	5,070	109,162	151,867	(42,705)	455,600	346,438	24%
Total Variable Cost	66,286	14,498	25,244	218,280	14,028	17,740	5,186	361,262	402,800	(41,538)	1,212,150	850,888	30%
Fixed costs													
Personnel Costs	229,821	0	24,691	224,531	162,187	155,060	0	796,290	883,019	(86,729)	2,538,261	1,741,971	31%
Insurance	0	0	0	0	0	0	0	0	6,691	(6,691)	20,073	20,073	0%
Office Costs	9,777	776	14,578	16,144	10,276	4,563	200	56,314	100,966	(44,651)	302,897	246,583	19%
Property Costs	5,721	0	0	443	0	0	0	6,164	12,250	(6,086)	36,000	29,836	17%
Interest	3,068	0	0	0	124	0	0	3,192	2,506	686	7,519	4,327	42%
Internal Rental	0	10,984	180,051	134,044	26,112	0	0	351,191	351,191	0	1,053,573	702,382	33%
Centre Overhead	(303,096)	398	87,839	109,473	38,759	66,627	0	0	0	0	0	0	
Total Fixed Cost	(54,709)	12,158	307,159	484,634	237,459	226,250	200	1,213,151	1,356,623	(143,472)	3,958,323	(2,745,172)	31%
	11,577	26,655	332,403	702,914	251,487	243,990	5,386	1,574,412	1,759,423	(185,010)	5,170,473	(3,596,060)	30%
Operating Profit (Loss)	(10,043)	481	(224,989)	(520,557)	(67,403)	8,652	(5,386)	(819,246)	(1,000,259)	181,013	(2,929,282)	408,260	28%
Non-Operating Income & Expenses													
Rates & Contributors	1,483,897	0	0	0	0	0	0	1,483,897	1,431,908	51,990	4,295,723	2,811,826	35%
	1,483,897	0	0	0	0	0	0	1,483,897	1,431,908	51,990	4,295,723	2,811,826	35%
Council Overhead Expense	297,617	0	0	0	0	0	0	297,617	317,380	(19,762)	952,139	654,521	31%
Depreciation	54,913	0	31,393	16,341	31,620	0	225	134,493	134,493	0	403,480	268,987	33%
	352,531	0	31,393	16,341	31,620	0	225	432,111	451,873	(19,762)	1,355,619	923,508	32%
Total Income	1,485,432	27,136	107,414	182,357	184,084	252,642	0	2,239,064	2,191,072	47,992	6,536,913	1,325,802	34%
Total Expenditure	364,108	26,655	363,796	719,255	283,107	243,990	5,612	2,006,523	2,211,296	(204,772)	6,526,091	(2,672,552)	31%
Overall Activity Profit / (Loss)	1,121,323	481	(256,382)	(536,899)	(99,023)	8,652	(5,612)	232,541	(20,224)	252,765	10,822	2,296,578	
Capital Expenditure and Loan Repayments													
Loan Principal Repayment	0	0	0	0	0	0	0	0	3,607	(3,607)	10,822	10,822	0%
Capital Expenditure	18,986	0	535	41,438	17,798	0	0	78,757	338,500	(259,743)	1,005,500	926,743	8%

8. 2023/24 Adopted Annual Report

Author	<i>Erin Register, Finance Manager</i>
Activity Manager	<i>Mark Low, Strategy & Policy Manager</i> <i>Erin Register; Finance Manager</i> <i>Femke van der Valk, Corporate Planner</i>
Executive Team Member	<i>Tania Paddock, Acting Group Manager Business Support</i> <i>Toni Durham, Group Manager Democracy & Engagement</i>

Summary

- The purpose of this report is to present the adopted 2023/24 Annual Report for your information.
- Audit New Zealand have audited this report and issued an unmodified audit opinion.
- Council adopted the 2023/24 Annual Report on 30 October 2024 and asked that the Report be presented to the Audit and Risk Committee.

Recommendation

- **That** the Audit and Risk Committee receives the adopted Annual Report 2023/24.

Attachment

Appendix 1	Annual Report 2023/2024	[Supplementary document]
Appendix 2	Questions from 30 October 2024 Council meeting	

Background

1. Every year Council prepares an Annual Report. This needs to be adopted by Council no later than 31 October annually, to meet legislative requirements.
2. The 2023/24 draft Annual Report shows how Council performed (including both financial and non-financial information) against the targets outlined in Year 3 of the 2021-31 Long-Term Plan. This includes the projects Council has progressed during the year, highlights and issues.
3. Council adopted the annual report on 30 October 2024, after receiving an unmodified audit opinion from Audit New Zealand.
4. An unmodified audit opinion means that Audit New Zealand are satisfied that the 2023/24 Annual Report and summary documents fairly represent the Council and Group's financial position as at 30 June 2024, and the results of its operations and cash-flow.

The current situation

5. Post adoption there were a few amendments to the adopted annual report. This was anticipated and noted when Council adopted the Annual Report on 30 October 2024.
6. The Statement of Comprehensive Revenue and Expense (page 138) was adjusted in the final Annual Report to recognise the roading revaluation. This resulted in increased total other comprehensive revenue of \$5.298M. Other revenue increased as well due to the recognition of additional vested assets of \$1.92M. Total Comprehensive revenue and expense finished up reporting at \$28.475M, up from \$21.292M in draft 2. There was also an adjustment at a group level to recognise an increase in the value of the RDRML investment of \$3.022M.
7. The final Statement of Financial Position (page 140/141) reflects increased assets due to the revaluation of roading assets recognised, the increase in vested assets mentioned above, as well as a minor adjustment to deferred tax. The group adjustment for the increase in value of RDRML of \$3.022M is shown under Investments in associates and joint ventures.
8. Ratepayers' equity in the Statement of Financial Performance has been updated to reflect the movements in points 6 & 7 above for Council and the Group.
9. The five year summary is also updated to reflect the above movements on page 25.

Legal/policy implications

Legislation

10. Section 98 of the Local Government Act, 2002 requires Council to prepare and adopt an Annual Report within four months of the end of each financial year. Council's end of year is 30 June, therefore, the Council's Annual Report was adopted in accordance with section 98.

Strategic alignment

11. The Annual Report provides transparency with the community as to our achievement towards all four community outcomes and well-beings.

Well-being		Reasons why the recommended outcome has an effect on this well-being
Economic	✓	The Annual Report provides transparency with how each activity of Council contributes towards each of the well-beings.
Environmental	✓	
Cultural	✓	
Social	✓	

Financial implications

Requirement	Explanation
What is the cost?	No cost associated with this information report. The cost of auditing the Annual Report is budgeted for in the LTP.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Within existing Treasury budget (132).
Are there any future budget implications?	No
Reviewed by Finance	Tania Paddock, Acting Group Manager – Business Support

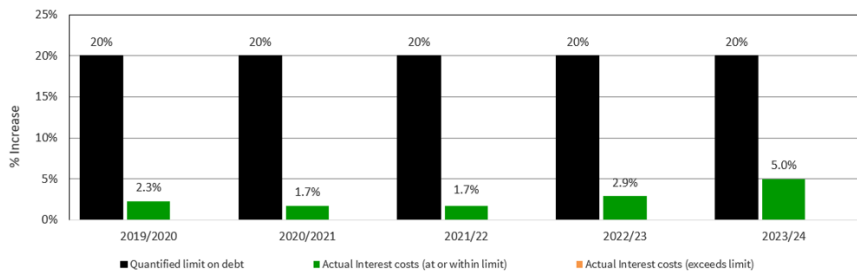
Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Medium – not significant
Rationale for selecting level of significance	N/A
Level of engagement selected	Officers have already informed the community of the adoption of the Annual Report by Council. This report is for information only.
Rationale for selecting level of engagement	There is no opportunity to consult on the Annual Report as it represents a report on Council's performance for the financial year 2023/24.
Reviewed by Strategy & Policy	Femke van der Valk; Corporate Planner

Appendix 2 Questions from Council meeting

Page	Question / Answer																																																																																																																																										
25	<p>Question: What is the public debt increase of \$85M (2022/23) to \$130M (2023/24) made up of? Please provide a full breakdown of this increase in debt.</p> <table border="1"> <thead> <tr> <th>TOTAL COMPREHENSIVE REVENUE AND EXPENSES</th> <th>22,763</th> <th>21,266</th> <th>129,881</th> <th>28,672</th> <th>28,475</th> </tr> </thead> <tbody> <tr> <td>Working capital</td> <td>(22,610)</td> <td>5,569</td> <td>10,843</td> <td>(17,560)</td> <td>(18,279)</td> </tr> <tr> <td>Public debt</td> <td>42,136</td> <td>70,600</td> <td>90,600</td> <td>85,600</td> <td>130,600</td> </tr> <tr> <td>Total assets</td> <td>830,109</td> <td>878,098</td> <td>1,026,506</td> <td>1,055,905</td> <td>1,124,563</td> </tr> <tr> <td>Total equity</td> <td>770,153</td> <td>791,418</td> <td>921,444</td> <td>949,971</td> <td>978,444</td> </tr> </tbody> </table> <p>Answer: Loans are broken as follows:</p> <table border="1"> <thead> <tr> <th>Activity</th> <th>Name</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>COMP</td> <td>Commercial Property</td> <td>18,844,883.17</td> </tr> <tr> <td>WATE</td> <td>Drinking 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Water	14,301,068.01	WWAT	Wastewater	6,587,431.24	ROAD	Roading	3,966,741.47	PRKS	Open Spaces	1,403,146.39	CEME	Cemeteries	151,242.16		Solid Waste		WAST	Management	111,241.12	STOC	Stockwater	96,053.04	CONV	Public Conveniences	85,743.63		Elderly Persons		ELDP	Housing	55,089.77	CAMP	Reserves & Camping	(452.04)	CIVB	Civic Building	(1,095.00)	REFU	Refuse Collection	(4,461.96)	RFAC	Recreation Facilities	(10,821.96)	WRES	Water Resources	(18,000.00)	RRES	Reserve Boards	(18,249.96)	FOOT	Footpaths	(20,379.00)	FUND	Community Funding	(99,000.00)	ENVI	Environmental Services	(148,702.08)	STMW	Stormwater	(281,478.00)			45,000,000.00	Amount	Code	Description	19,145,108.73	150.70201.5018	Te Whate Whakatere	1,522,410.00	149.70201.0000	Residential Properties	(681.96)	148.70201.0000	Domain Depot	(5,073.06)	150.70201.5009	Methven Medical Centre	(39,025.40)	150.70201.5003	Art Gallery & Museum	(35,059.58)	150.70201.0000	Commercial Property	(220,242.51)	150.70201.5020	EANC	(260,582.98)	145.70201.0000	Commercial 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18,844,883.17																																																																																																																																											

Page	Question / Answer																																				
34	<p>Question: Add in how many metres of watermain renewals have occurred in 2023/24.</p> <p>Answer: Page 34 has been updated as follows:</p> <p>WATERMAIN RENEWALS</p> <p>There was a notable watermain renewal programme planned for this year, which is part of the ongoing replacement programme. The following water pipelines were renewed:</p> <ul style="list-style-type: none"> <i>Ashburton:</i> Chalmers Ave, Cass Str, Melcombe Str, Elizabeth Street, Grigg Str, River Terrace, Chalmers Avenue and Baring Square East (3,451m – 1% of total scheme length) <i>Hinds:</i> Reed Str, Delmaine Str, Peters Str, Framptons Road and Cracroft Street (1,814m – 24% of total scheme length) <i>Hakaterere:</i> Lower Hakaterere and Hakaterere Drive (1,207m – 56% of total scheme length) <i>Methven:</i> McKerrow Str, Main Str, Mackie Str and Kilworth Str (790m – 2% of total scheme) 																																				
37	<p>Question: Add in “Methven Springfield”</p> <p>Answer: Updated as follows:</p> <table border="1" data-bbox="284 1003 1034 1321"> <tr> <td data-bbox="284 1003 481 1321">Plant D = Distribution Zone</td> <td data-bbox="481 1003 641 1321">Methven (Methven - Springfield)</td> <td data-bbox="641 1003 1034 1321">D3 (Microbiological) T3 Bacterial (UV Disinfection, General Rules) T3 Protozoa (Protozoal Rules, Membrane Filtration*, UV Disinfection and General Rules) D3 (Residual disinfection OR</td> </tr> </table>	Plant D = Distribution Zone	Methven (Methven - Springfield)	D3 (Microbiological) T3 Bacterial (UV Disinfection, General Rules) T3 Protozoa (Protozoal Rules, Membrane Filtration*, UV Disinfection and General Rules) D3 (Residual disinfection OR																																	
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91	<p>Question: Provide an explanation of the major overspend in public conveniences in 2023/24 compared to 2022/23.</p> <p>CAPITAL EXPENDITURE BY ACTIVITY</p> <table border="1" data-bbox="284 1518 1077 1854"> <thead> <tr> <th></th> <th>2022/23 LTP \$000</th> <th>2023/24 LTP \$000</th> <th>2023/24 Actual \$000</th> </tr> </thead> <tbody> <tr> <td>Elderly Persons Housing</td> <td>212</td> <td>220</td> <td>313</td> </tr> <tr> <td>Public Conveniences</td> <td>195</td> <td>172</td> <td>1,057</td> </tr> <tr> <td>Memorial Halls</td> <td>15</td> <td>-</td> <td>51</td> </tr> <tr> <td>Reserves and Campgrounds</td> <td>-</td> <td>-</td> <td>19</td> </tr> <tr> <td>Reserve Boards</td> <td>113</td> <td>111</td> <td>329</td> </tr> <tr> <td>Total capital expenditure</td> <td>536</td> <td>502</td> <td>1,770</td> </tr> <tr> <td>less vested assets</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Council funded capital expenditure</td> <td>536</td> <td>502</td> <td>1,770</td> </tr> </tbody> </table> <p>Answer: Unbudgeted Better Off Funding of \$250k for Digby Park public Conveniences, carryovers of \$351k for Rakaia Domain Public Toilet Renewal and carryovers of \$443k for Rakaia Gorge replacement toilet.</p>		2022/23 LTP \$000	2023/24 LTP \$000	2023/24 Actual \$000	Elderly Persons Housing	212	220	313	Public Conveniences	195	172	1,057	Memorial Halls	15	-	51	Reserves and Campgrounds	-	-	19	Reserve Boards	113	111	329	Total capital expenditure	536	502	1,770	less vested assets	-	-	-	Council funded capital expenditure	536	502	1,770
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Page	Question / Answer																								
104	<p>Question: Why is the performance measure for meeting the NZ Museum standards only at 80% - what do we have to do to get to 100%?</p> <table border="1" data-bbox="287 324 1045 504"> <tr> <td>community services destination</td> <td>(Aotearoa People's Network Kaharoa) are well utilised</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>We provide a modern museum for the community that aligns with NZ Museum Standards</td> <td>Museum programmes and services are well utilised</td> <td>24,586</td> <td>26,000</td> <td>25,951</td> <td>x</td> </tr> <tr> <td></td> <td>Ashburton Museum meets New Zealand Museum Standards</td> <td>80%</td> <td>75%</td> <td>80%</td> <td>✓</td> </tr> </table> <p>Answer: No further work had been done on revising this KPI and it remained at the 2022/23 figure.</p>	community services destination	(Aotearoa People's Network Kaharoa) are well utilised					We provide a modern museum for the community that aligns with NZ Museum Standards	Museum programmes and services are well utilised	24,586	26,000	25,951	x		Ashburton Museum meets New Zealand Museum Standards	80%	75%	80%	✓						
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107	<p>Question: Provide an explanation for the overspend in recreation facilities and services:</p> <p>CAPITAL EXPENDITURE BY ACTIVITY</p> <table border="1" data-bbox="287 728 1061 929"> <thead> <tr> <th></th> <th>2022/23 LTP \$000</th> <th>2023/24 LTP \$000</th> <th>2023/24 Actual \$000</th> </tr> </thead> <tbody> <tr> <td>Ashburton Library</td> <td>237</td> <td>179</td> <td>151</td> </tr> <tr> <td>Art, culture and heritage</td> <td>73</td> <td>53</td> <td>51</td> </tr> <tr> <td>Recreation facilities and services</td> <td>234</td> <td>93</td> <td>615</td> </tr> <tr> <td>Total capital expenditure</td> <td>544</td> <td>324</td> <td>817</td> </tr> </tbody> </table> <p>Answer: This variance is made up of \$50k for Lake Hood Jumping Platform and Pool Inflatables (funded by Better Off Funding), additional approved expenditure in the Annual Plan of \$150k for Pool and Stadium enhancements and the remaining balance being the replacement heat pumps and plant deck access additions. Please also note the 2023/24 Actual in the above is reporting against the LTP Year 3 budget.</p>		2022/23 LTP \$000	2023/24 LTP \$000	2023/24 Actual \$000	Ashburton Library	237	179	151	Art, culture and heritage	73	53	51	Recreation facilities and services	234	93	615	Total capital expenditure	544	324	817				
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126	<p>Question: The debt affordability graph needs updating.</p> <p>Answer: The graph is updated in final Annual Report as follows:</p> <p>NET INCREASE AS A PERCENTAGE OF INCOME</p> <p>The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is interest payments to service external debt are less than 20% of the total revenue for the year.</p>  <table border="1" data-bbox="343 1534 1204 1803"> <thead> <tr> <th>Year</th> <th>Quantified limit on debt (%)</th> <th>Actual interest costs (at or within limit) (%)</th> <th>Actual interest costs (exceeds limit) (%)</th> </tr> </thead> <tbody> <tr> <td>2019/2020</td> <td>20%</td> <td>2.3%</td> <td></td> </tr> <tr> <td>2020/2021</td> <td>20%</td> <td>1.7%</td> <td></td> </tr> <tr> <td>2021/22</td> <td>20%</td> <td>1.7%</td> <td></td> </tr> <tr> <td>2022/23</td> <td>20%</td> <td>2.9%</td> <td></td> </tr> <tr> <td>2023/24</td> <td>20%</td> <td>5.0%</td> <td></td> </tr> </tbody> </table>	Year	Quantified limit on debt (%)	Actual interest costs (at or within limit) (%)	Actual interest costs (exceeds limit) (%)	2019/2020	20%	2.3%		2020/2021	20%	1.7%		2021/22	20%	1.7%		2022/23	20%	2.9%		2023/24	20%	5.0%	
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Page	Question / Answer
130	<p>Question: Provide an explanation of the “self-insurance fund”</p> <p><u>Annual Report (30 October version):</u></p> <p>Insurance of Assets</p> <p>The total value of all assets covered by insurance contracts is \$434 million. \$379 million of these assets are infrastructure assets which are covered to \$286 million through financial risk sharing arrangements.</p> <p>The Council's underground insurance policy provides cover up to a maximum of \$379 million with 40% or \$191 million provided by the policy and \$286 million provided by Central Government under the Central Government Disaster Recovery Plan.</p> <p>The total value of the Council's self-insurance fund: \$1.2 million. The total value of assets covered by the self-insurance fund is: \$180 million.</p> <p><u>Final Annual Report with updated note:</u></p> <p>Insurance of Assets</p> <p>The book value of assets covered by insurance contracts is \$116 million. These assets are insured to a maximum of \$301 million.</p> <p>Maximum value of assets covered by financial risk sharing arrangements is \$191 million. The optimized replacement cost of these assets is \$478 million. The maximum cover is \$68 million (40% of \$170 million limit), with a claim threshold of \$600k and excess of \$240k.</p> <p>In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidy towards the restoration of roads.</p> <p>The total value of the Council's disaster insurance fund is \$565,000. This fund is available for use in the event of a disaster.</p> <p>Answer: This disclosure has been updated as a result of audit review. There is no longer reference to self- insurance in disclosure on page 130 of the annual report, the fund referred to is the disaster insurance fund with the current balance being \$565,000. The current balance of \$565,000 is also shown on page 225 of the Annual Report.</p>
155-156	<p>Question: What are the Lushingtons, Ashburton A&P and North Canterbury Masters Swimming Club grants for?</p> <p>Answer: Lushingtons - \$200: This is a \$200 contribution from the Mayors Discretionary fund for Gift Vouchers from <i>Lushingtons</i> were given to retiring Tinwald Memorial Hall Committee members. As it came out of the mayoral discretionary fund, it is recognised in the ledger as a grant.</p> <p>Ashburton A & P- \$70 – this is for tickets for 2023 A & P show.</p> <p>North Canterbury Masters Swimming Club grants – ADC paid the Club since they hosted the South Island Short Course Masters Swimming championship at EA Networks Centre and this grant funding was via the Regional Event Fund</p>
223	<p>Question: What is the property reserve used for?</p> <p>Answer: The Property Reserve contains the proceeds of any property sales and is held so it can be utilised to fund property purchases and development. The property reserve is part of the economic development activity</p>

Page	Question / Answer																				
224	<p data-bbox="277 219 1145 250">Question: Why is the stockwater reserve in deficit by \$1.8M in 2023/24?</p> <table border="1" data-bbox="277 322 1209 501"> <thead> <tr> <th data-bbox="277 322 699 405"></th> <th data-bbox="699 322 826 405">Balance 30/06/2023 \$000</th> <th data-bbox="826 322 938 405">Deposits to fund \$000</th> <th data-bbox="938 322 1082 405">Withdrawals from funds \$000</th> <th data-bbox="1082 322 1209 405">Balance 30/06/2024 \$000</th> </tr> </thead> <tbody> <tr> <td data-bbox="277 405 699 436">Stockwater</td> <td data-bbox="699 405 826 436">(1,546)</td> <td data-bbox="826 405 938 436">1,091</td> <td data-bbox="938 405 1082 436">(1,368)</td> <td data-bbox="1082 405 1209 436">(1,823)</td> </tr> <tr> <td data-bbox="277 436 699 468">Forestry</td> <td data-bbox="699 436 826 468">8,504</td> <td data-bbox="826 436 938 468">1,155</td> <td data-bbox="938 436 1082 468">(1,072)</td> <td data-bbox="1082 436 1209 468">8,587</td> </tr> <tr> <td data-bbox="277 468 699 499">Dividend account</td> <td data-bbox="699 468 826 499">12,873</td> <td data-bbox="826 468 938 499">761</td> <td data-bbox="938 468 1082 499">(1,325)</td> <td data-bbox="1082 468 1209 499">12,309</td> </tr> </tbody> </table>		Balance 30/06/2023 \$000	Deposits to fund \$000	Withdrawals from funds \$000	Balance 30/06/2024 \$000	Stockwater	(1,546)	1,091	(1,368)	(1,823)	Forestry	8,504	1,155	(1,072)	8,587	Dividend account	12,873	761	(1,325)	12,309
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Dividend account	12,873	761	(1,325)	12,309																	
	<p data-bbox="277 533 1497 651">Answer: The stockwater reserve (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the targeted rating areas. The stockwater reserve has been in deficit for some time, at least since 2015.</p>																				

Audit and Risk Committee

Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Russell Ellis (Chair)
- Cr Leen Braam (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Richard Wilson
- External appointee – Murray Harrington
- Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety.
- To receive the EA Networks Centre monthly income and expenditure reports, and any other matters directed to the Committee by Council. [21/06/23]

Reporting

The Audit & Risk Committee will report to the Council.

Reviewed

21/06/23