

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date: Wednesday 11 September 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

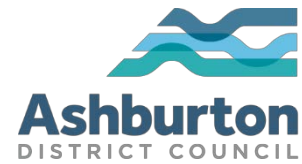
- | | | |
|---|---|----|
| 4 | Confirmation of Minutes – 31/07/24 | 3 |
| 5 | Bancorp Treasury Report | 5 |
| 6 | EA Networks Centre – income & expenditure June & July | 17 |

Business transacted with the public excluded

- | | | | |
|----|-------------------------|---|-------|
| 7 | Minutes 31/07/24 | PE 1 | |
| | • Health & Safety | Section 7(2)(a) Protection privacy of natural persons | |
| 8 | Health & Safety Report | Section 7(2)(a) Protection privacy of natural persons | PE 2 |
| 9 | Building Claim | Section 7(2)(h) Commercial activities | PE 10 |
| 10 | Corporate Risk Register | Section 7(2)(h) Commercial activities | PE 26 |

Audit & Risk Committee

11 September 2024



4. *Audit & Risk Committee Minutes*

Minutes of the Audit & Risk Committee meeting held on Wednesday 31 July 2024, commencing at 2.00pm, in the Hine Paaka Council Chamber, Te Whare Whakaterere, 2 Baring Square East, Ashburton.

Present

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

Also present:

Councillors Phill Hooper, Lynette Lovett, Rob Mackle and Tony Todd

In attendance

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

Staff present for the duration of their reports: Lauretta Artz (Accountant), Katie Perry (People & Capability Manager) and Andrew Malcolm (Safety & Wellness Lead).

1 Apologies

Nil.

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes

That the minutes of the Audit & Risk Committee meeting held on 12 June 2024 be taken as read and confirmed.

Cameron/McMillan

Carried

5 Biennial Building Consent Authority Audit

Recommendation to Council

That the Audit & Risk Committee recommends to Council that the Building Consent Authority Audit report be received.

Ellis/Cameron

Carried

6 EA Networks Centre Income and Expenditure

The income and expenditure for the period ending 31 May 2024 was tabled at the meeting. The net result was a \$34k loss against a budgeted loss of \$538k.

That the Audit & Risk Committee receives the EA Networks Centre financial report for the period ending 31 May 2024.

Wilson/McMillan

Carried

Business transacted with the public excluded – 2.09pm

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	Insurance	Section 7(2)(h)	Commercial activities
9	Health and Safety Report	Section 7(2)(a)	Protection of privacy of natural persons

Cameron/Wilson

Carried

The meeting concluded at 3.40pm.

5. Bancorp Treasury Report – June 2024

Author *Erin Register: Finance Manager*
General Manager responsible *Leanne Macdonald; Group Manager - Business Support*

Summary

- The Bancorp Treasury Services Ltd provides a quarterly report as part of the contractual treasury services.
- Attached is the fourth and final report for the 2023-24 financial year, being for the period ending June 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 June 2024 quarter.</p> |
|---|

Attachment

Appendix 1 Ashburton DC Dashboard as at 30 June 2024.

The current situation

1. Page 4 notes that Council's average cost of funds has continued to increase, moving from 4.71% to 4.84%. While still low in comparison to many councils, the impact of interest rates is noted. Officers continue to monitor the interest rates, keeping a fine line between balancing floating and fixed rates, operating within our treasury policy and assessing the market movements. Page 4 also shows ADC is compliant within the Treasury Policy.
2. The economic indicators suggest the economy has weakened further, and the phrase "survive until 25" has been heard a lot. However, as signalled in this report, inflation is falling and we are seeing interest rates dropping.
3. While at 30 June ADC's cost of funds was sitting at 4.84%, in August, Miles O'Connor from Bancorp Treasury refreshed our interest rate projection based on the falling interest rates, and predicts our 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, in an effort to keep the cost of funds down.

Background

4. Bancorp Treasury Services Ltd (Bancorp) provide a service to Ashburton District Council to support Council in managing their Treasury - Investment and Liability Policy.
5. 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.

Legal/policy implications

6. There are no legal implications.

Financial implications

7. 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?	Leanne Macdonald, 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	Mark Low; Strategy and Policy Manager

Next steps

- There are no further steps.



Treasury Dashboard Report

30 June 2024



BANCORP

BANCORP TREASURY SERVICES LIMITED

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%

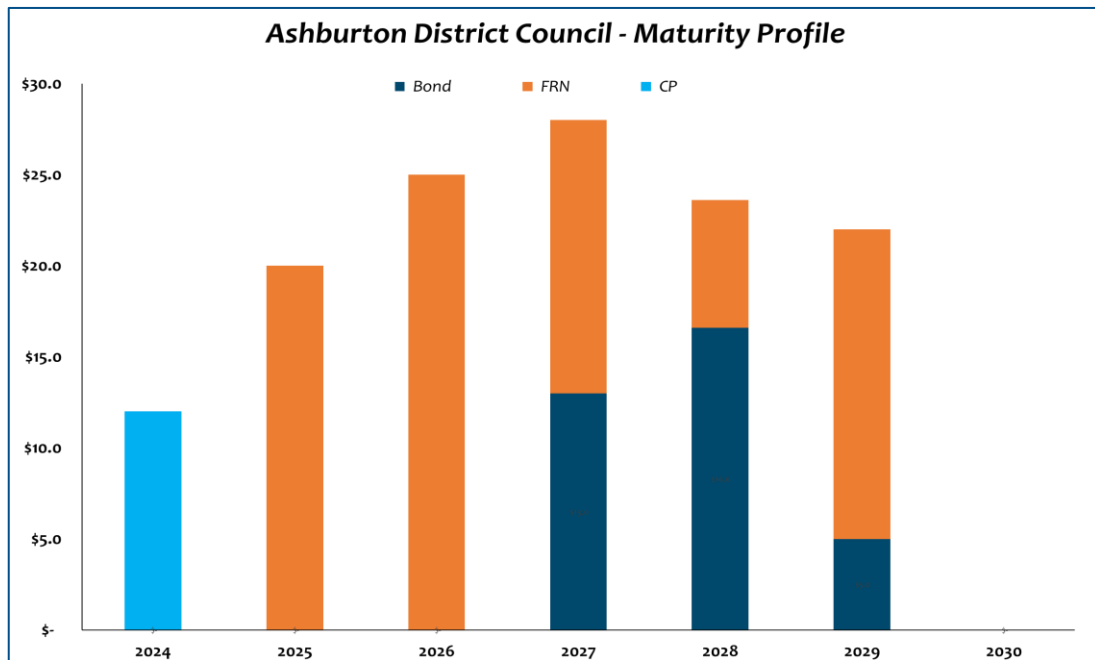
At the 22 May *Monetary Policy Statement* (“MPS”), the RBNZ maintained the OCR at 5.50%, stating that while annual consumer price inflation is expected to return to the Committee’s 1%-3% target range by the end of 2024, monetary policy needed to remain restrictive to ensure that the inflation rate returns 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, 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

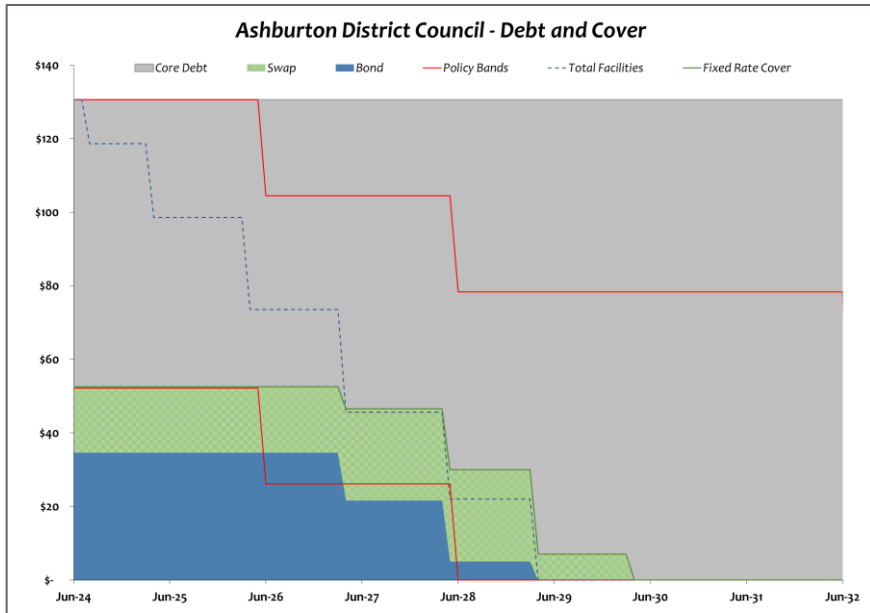
Headroom = cash in bank, term deposits and fixed rate bonds
\$18.98m

Liquidity Ratio (must be >110%)
114.55%
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

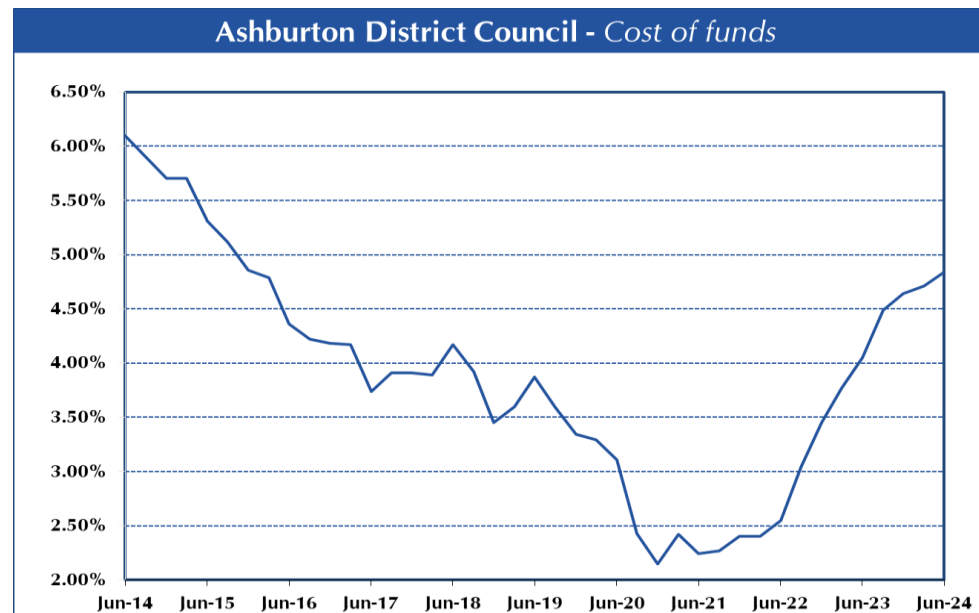
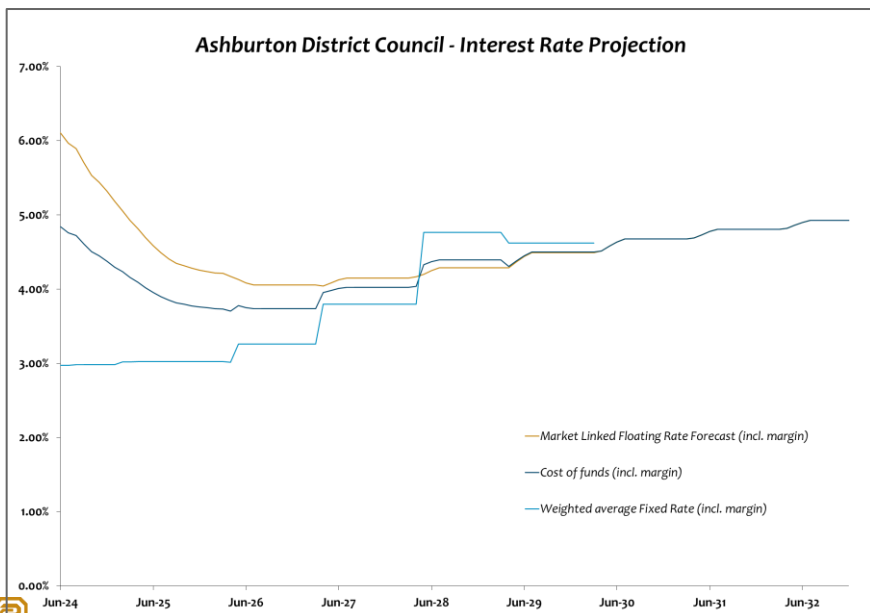
Cost of Funds as at 30 June 2024
4.84%

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 June

Listed below are Ashburton DC's individual debt tranches as at 30 June 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 FRN	15-Aug-24	5.78%	0.15%	\$7,000,000
LGFA FRN	15-Aug-24	5.75%	0.15%	\$5,000,000
LGFA FRN	15-Apr-25	6.02%	0.37%	\$7,000,000
LGFA FRN	15-Apr-25	5.94%	0.29%	\$3,000,000
LGFA FRN	15-Apr-25	6.00%	0.35%	\$5,000,000
LGFA FRN	15-Apr-25	6.06%	0.41%	\$5,000,000
LGFA FRN	15-Apr-26	6.28%	0.63%	\$10,000,000
LGFA FRN	15-Apr-26	6.03%	0.38%	\$5,000,000
LGFA FRN	15-Apr-26	6.25%	0.60%	\$5,000,000
LGFA FRN	15-Apr-26	6.10%	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	6.20%	0.55%	\$5,000,000
LGFA FRN	15-Apr-27	6.39%	0.74%	\$5,000,000
LGFA FRB	15-Apr-27	5.19%	N/A	\$3,000,000
LGFA FRN	15-Apr-27	6.01%	0.43%	\$5,000,000
LGFA FRB	15-May-28	2.01%	N/A	\$16,600,000
LGFA FRN	15-May-28	6.40%	0.76%	\$7,000,000
LGFA FRN	20-Apr-29	6.25%	0.60%	\$10,000,000
LGFA FRN	20-Apr-29	6.39%	0.74%	\$7,000,000
LGFA FRB	20-Apr-29	5.08%	N/A	\$5,000,000
Total				\$130,600,000

LGFA Borrowing Rates

As at 30 June

Listed below are the credit spreads and applicable interest rates as at 30 June 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%	5.77%	N/A
6 month CP	0.15%	5.76%	N/A
April 2025	0.29%	5.91%	5.79%
April 2026	0.32%	5.94%	5.34%
April 2027	0.42%	6.04%	5.11%
May 2028	0.54%	6.16%	5.04%
April 2029	0.61%	6.23%	5.02%
May 2030	0.68%	6.30%	5.05%
May 2031	0.77%	6.39%	5.13%
April 2033	0.83%	6.45%	5.22%
May 2035	0.92%	6.54%	5.34%
April 2037	1.00%	6.62%	5.48%



Investment Portfolio

As at 30 June 2024

As at 30 June, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$4,000,000 and a market value of \$4,055,193. The makeup of the FIP as at 30 June, including its valuation, is shown in the following table.

Issuer	Rating	Maturity Date	First Payment Date	Coupon Frequency	Nominal Value	Coupon Rate	Yield	% of Portfolio	Duration	Capital Price	Accrued Interest	Gross Price
ANZ	A	17-Sep-26	March	2	\$1,000,000	3.00%	6.35%	23.19%	2.07	\$931,735	\$8,560	\$940,295
Westpac	A	16-Sep-27	March	2	\$1,100,000	6.19%	5.88%	27.85%	2.83	\$1,109,729	\$19,613	\$1,129,342
Kiwibank	AA	19-Oct-27	April	2	\$1,000,000	5.73%	5.09%	25.41%	2.95	\$1,019,150	\$11,272	\$1,030,422
Westpac	A	14-Feb-29	August	2	\$900,000	6.73%	5.83%	23.55%	3.85	\$932,337	\$22,797	\$955,134
Total					\$4,000,000	5.40%	5.78%	100.00%	2.93	\$3,992,951	\$62,242	\$4,055,193

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.

It should be clearly understood that any financial projections given are illustrative only. The projections should not be taken as a promise or guarantee on the part of Bancorp.

Bancorp accepts no liability for any actions taken or not taken on the basis of this information and it is not intended to provide the sole basis of any financial and/or business evaluation. Recipients of the information are required to rely on their own knowledge, investigations and judgements in any assessment of this information. Neither the whole nor any part of this information, nor any reference thereto, may be included in, with or attached to any document, circular, resolution, letter or statement without the prior written consent of Bancorp as to the form and content in which it appears.

CONFIDENTIALITY

The information provided herein is provided for your private use and on the condition that the contents remain confidential and will not be disclosed to any third party without the consent in writing of Bancorp first being obtained.

GET IN TOUCH

Bancorp New Zealand Ltd
Head Office, Level 3, 30 Customs Street, Auckland
09 912 7600

www.bancorp.co.nz

Agenda Item 6

Ashburton District Council EA Networks Centre - Income & Expenditure Report for period ending 31 July 2024 (Draft)

	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%	17%	22%	30%	26%	0%						
Fees	56	0	31,786	29,468	10,852	47,321	0	119,482	107,433	12,049	1,289,199	(1,169,717)	9%
Membership	0	0	0	10,998	42,912	0	0	53,909	61,833	(7,923)	741,991	(688,082)	7%
Grants & Subsidies	1,000	0	0	0	625	0	0	1,625	5,000	(3,375)	60,000	(58,375)	3%
Sales	0	7,668	0	0	0	0	0	7,668	7,500	168	90,000	(82,332)	9%
Sundry Income	0	0	0	0	0	0	0	0	5,000	(5,000)	60,000	(60,000)	0%
	1,056	7,668	31,786	40,466	54,388	47,321	0	182,685	186,766	(4,081)	2,241,190	(2,058,506)	8%
Operating Expenses		1%	13%	51%	17%	18%	0%						
Variable costs													
Financial / Professional Costs	2,285	0	0	0	0	0	0	2,285	1,500	785	18,000	15,715	13%
Promotional Costs	274	0	0	0	0	0	0	274	1,667	(1,393)	20,000	19,726	1%
General Costs	0	5	83	534	22	9	0	653	1,804	(1,151)	36,650	35,997	2%
Purchases	0	1,996	3,640	913	436	0	0	6,986	12,033	(5,047)	144,400	137,414	5%
Energy & Pool Costs	0	0	4,587	47,642	2,293	5,294	58	59,873	44,792	15,082	537,500	477,627	11%
Centre Maintenance	8,144	0	437	30,030	1,596	0	0	40,207	37,967	2,241	455,600	415,393	9%
Total Variable Cost	10,703	2,001	8,748	79,119	4,348	5,303	58	110,279	99,762	10,516	1,212,150	1,101,871	9%
Fixed costs													
Personnel Costs	60,018	0	11,835	62,389	39,471	39,065	0	212,778	293,176	(80,398)	2,538,261	2,325,483	8%
Insurance	0	0	0	0	0	0	0	0	1,673	(1,673)	20,073	20,073	0%
Office Costs	2,207	14	260	255	1,912	348	60	5,056	25,241	(20,186)	302,897	297,841	2%
Property Costs	450	0	0	221	0	0	0	671	3,250	(2,579)	36,000	35,329	2%
Interest	826	0	0	0	33	0	0	859	627	233	7,519	6,659	11%
Internal Rental	0	0	0	0	0	0	0	0	87,798	(87,798)	1,053,573	1,053,573	0%
Centre Overhead	(73,091)	96	21,181	26,397	9,347	16,070	0	(0)	0	(0)	0	(0)	
Total Fixed Cost	(9,591)	111	33,276	89,262	50,763	55,483	60	219,364	411,765	(192,401)	3,958,323	(3,738,959)	6%
	1,112	2,111	42,023	168,381	55,111	60,785	118	329,643	511,527	(181,885)	5,170,473	(4,840,830)	0
Operating Profit (Loss)	(56)	5,557	(10,238)	(127,916)	(723)	(13,465)	(118)	(146,958)	(324,761)	177,803	(2,929,282)	578,582	5%
Non-Operating Income & Expenses													
Rates & Contributors	298,314	0	0	0	0	0	0	298,314	357,977	(59,663)	4,295,723	3,997,409	7%
	298,314	0	0	0	0	0	0	298,314	357,977	(59,663)	4,295,723	3,997,409	7%
Council Overhead Expense	67,212	0	0	0	0	0	0	67,212	79,345	(12,133)	952,139	884,927	7%
Depreciation	13,728	0	7,848	4,085	7,905	0	56	33,623	33,623	0	403,480	369,857	8%
	80,940	0	7,848	4,085	7,905	0	56	100,835	112,968	(12,133)	1,355,619	1,254,783	7%
Total Income	299,369	7,668	31,786	40,466	54,388	47,321	0	480,998	544,743	(63,744)	6,536,913	1,938,904	7%
Total Expenditure	82,052	2,111	49,872	172,467	63,016	60,785	174	430,478	624,496	(194,018)	6,526,091	(3,586,047)	7%
Overall Activity Profit / (Loss)	217,317	5,557	(18,086)	(132,001)	(8,628)	(13,465)	(174)	50,520	(79,753)	130,273	10,822	3,321,208	467%
Capital Expenditure and Loan Repayments													
Loan Principal Repayment	0	0	0	0	0	0	0	0	902	(902)	10,822	10,822	0%
Capital Expenditure	0	0	0	0	0	0	0	0	88,375	(88,375)	1,005,500	1,005,500	0%

Ashburton District Council
EA Networks Centre - Income & Expenditure Report
for period ending 30 June 2024 (Draft)

							Grand Total				
Facility Wide	Retail	Stadium & Meeting Rooms	Pool	Gymnasium & Group Fit	Learn to Swim	Satellite Assets	Total	Variance	Percentage of Budget		
Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Budget Full Year			
Operating Income	5%	15%	21%	28%	30%	2%					
Fees	2,393	0	263,788	414,371	551,023	546,094	0	1,777,669	1,865,199	87,530	95%
Grants & Subsidies	0	0	30,000	4,513	12,865	60,359	49,021	156,758	83,440	(73,318)	188%
Sales	0	92,581	0	0	0	0	0	92,581	75,000	(17,581)	123%
Donations	300	0	0	0	0	0	0	300	0	(300)	0%
Sundry Income	0	0	6,000	0	0	0	0	6,000	0	(6,000)	0%
	0										
	2,693	92,581	299,788	418,884	563,888	606,453	49,021	2,033,307	2,023,639	(9,668)	100%
Operating Expenses	1%	26%	42%	16%	15%	0%					
Variable costs											
Financial / Professional Costs	79,635	0	0	0	0	0	0	79,635	87,133	7,498	91%
Promotional Costs	6,111	550	100	0	134	734	0	7,630	36,946	29,316	21%
General Costs	283	52	945	6,829	254	103	720	9,186	25,136	15,950	37%
Purchases	3,331	54,779	25,743	11,006	5,031	4,247	0	104,138	133,087	28,949	78%
Energy & Pool Costs	0	0	49,794	385,711	24,825	41,865	774	502,968	624,231	121,263	81%
Centre Maintenance	32,979	7	7,670	67,701	3,060	239	0	111,656	145,890	34,234	77%
Total Variable Cost	122,340	55,388	84,252	471,247	33,304	47,189	1,494	815,212	1,052,423	237,210	77%
Fixed costs											
Personnel Costs	725,015	0	56,882	655,239	507,186	500,588	0	2,444,910	2,532,249	87,339	97%
Insurance	8,617	0	378	4,911	4,364	3,028	9	21,307	16,555	(4,752)	129%
Office Costs	72,242	3,373	65,253	72,024	51,024	6,836	320	271,072	300,750	29,678	90%
Property Costs	19,339	0	0	26,607	0	0	0	45,946	9,911	(36,035)	464%
Interest	9,112	0	0	0	369	0	0	9,481	6,622	(2,858)	143%
Internal Rental	0	10,748	859,806	607,566	125,024	0	0	1,603,144	1,603,144	0	100%
Centre Overhead	(953,972)	2,567	270,062	334,882	123,921	222,539	0	(0)	0		
Total Fixed Cost	1,788,296	16,689	1,252,381	1,701,230	811,887	732,991	329	4,395,860	4,469,232	73,372	98%
Operating Profit (Loss)		20,505	(1,036,845)	(1,753,592)	(281,303)	(173,726)	47,198	(3,177,765)	(3,498,015)	(320,251)	91%

Non-Operating Income & Expenses

Rates & Contributors	4,735,874	0	0	0	0	0	0	4,735,874	4,614,578	(121,296)	103%
Council Overhead Expense	(1,247,152)	0	0	0	0	0	0	(1,247,152)	(1,246,917)	236	100%
Overall Activity Profit / (Loss)		<u>20,505</u>	<u>(1,036,845)</u>	<u>(1,753,592)</u>	<u>(281,303)</u>	<u>(173,726)</u>	<u>47,198</u>	<u>310,957</u>	<u>(130,354)</u>	<u>(441,311)</u>	-239%
0											
0											
0											
Depreciation Costs											
Depreciation - Office Equipment	2,125	0	0	0	0	0	0	2,125	1,740	(385)	122%
Depreciation - Furniture & Fittings	12,802	95	1,743	1,709	468	190	0	17,007	17,489	482	97%
Depreciation - Computer Equipment	6,180	0	0	113	0	0	0	6,292	6,517	224	97%
Depreciation - Buildings	125,753	0	41,821	338	0	0	0	167,912	213,886	45,974	79%
Depreciation - Light Plant	44,194	0	25,799	44,153	78,921	0	493	193,561	168,815	(24,746)	115%
0											
	<u>191,053</u>	<u>95</u>	<u>69,363</u>	<u>46,314</u>	<u>79,388</u>	<u>190</u>	<u>493</u>	<u>386,897</u>	<u>408,446</u>	<u>21,549</u>	95%
Net Result/Budget Balance								<u>(75,940)</u>	<u>(538,800)</u>		
0											
0											
Capital Expenditure and Loan Repayment											
Loan Principal Repayment	10,401	0	0	0	421	0	0	10,822	10,822	0	100%
Infrastructural Asset Additions	0	0	0	0	0	0	0	0	23,468	23,468	0%
Additions / Alterations	5,498	0	17,300	46,510	2,250	0	0	71,558	64,666	(6,892)	111%
Other Asset Purchases	10,000	0	3,795	7,576	0	0	49,021	70,392	24,719	(45,673)	285%
Computer Software Purchases	0	0	0	0	0	0	0	0	10,430	10,430	0%
Cyclic Renewals	7,576	0	2,807	417,591	40,838	2,359	0	471,171	342,741	(128,430)	137%
0											
	<u>33,475</u>	<u>0</u>	<u>23,902</u>	<u>471,677</u>	<u>43,509</u>	<u>2,359</u>	<u>49,021</u>	<u>623,943</u>	<u>476,846</u>	<u>(147,097)</u>	131%

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