

# FINANCE AUDIT AND RISK COMMITTEE MEETING

<b>Date:</b>	Tuesday 27 August 2024
<b>Time</b>	1.00pm
<b>Location</b>	Totara, Council Chambers

## AGENDA

1. Opening with a Karakia
2. Apologies
3. Declarations of Interest
4. Confirmation of Minutes dated 23 April 2024 page 3
5. Review of Action List page 9
6. Matters of Importance to be raised as Urgent Business -
7. End of Year Finance Report to 30 June 2024 page 10
8. Quarterly Reports to 30 June 2024 page 19
  - 8.1 Liability Management Policy Compliance Report page 21
  - 8.2 Investment Report page 24
  - 8.3 Airport Report page 26
  - 8.4 Harbour Report page 31
  - 8.5 Debtors Report page 33
  - 8.6 Special Funds and Reserves Report page 36
9. Risk Management Report page 38
  - 9.1 Risk Register page 40
10. Public Excluded Session
 

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

  - a) Public Excluded Minutes dated 23 April 2024
  - b) Harbour Financial Matters – verbal update

The general subject 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), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public Excluded Minutes dated 23 April 2024	Includes commercially sensitive information on harbour financial matters.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities

		Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

\*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

**11. Close meeting with a Karakia**

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT  
1.04PM ON TUESDAY 23 APRIL 2024 AT TOTARA, COUNCIL CHAMBERS,  
96 WEST END, KAIKOURA**

**PRESENT:** Deputy Mayor J Howden (Chair), Mayor C Mackle, Councillor V Gulleford, Councillor J Diver, D Brandish (Independent Member).

**IN ATTENDANCE:** W Doughty (Chief Executive Officer), P Kearney (Senior Manager Corporate Services), D Clibbery (Senior Manager Operations), S Poulsen (Finance Manager), B Makin (Executive Officer - minutes).

**1. OPENING WITH A KARAKIA**

**2. APOLOGIES**

A late apology was received for Mayor C Mackle.

Moved: Deputy Mayor J Howden

Seconded: Councillor V Gulleford

**CARRIED UNANIMOUSLY**

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**3. DECLARATIONS OF INTEREST Nil**

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**4. CONFIRMATION OF MINUTES**

**RESOLUTION**

*THAT the Committee:*

a) *Confirms as a true and correct record, the circulated minutes of the Committee held on 24 October 2023.*

Moved: Councillor V Gulleford

Seconded: Councillor J Diver

**CARRIED UNANIMOUSLY**

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**5. REVIEW OF ACTION LIST**

The comments in the action list were noted.

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**6. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil**

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**7. TRANSFER STATION AND LANDFILL CLOSURE CONSTRUCTION COSTS**

D Clibbery highlighted that the transfer station construction will be substantially over what was originally estimated, however the landfill closure is anticipated to be substantially under. Overall, the costs will not be far off what was indicated in the 2021-31 LTP despite changes in scope. The report includes details of the total expenditure to date and estimates for closing the remaining previous landfill area on pages 11-13 of the Agenda.

There is a risk the cost could be higher depending on ECan's response to the Landfill Closure Plan. ECan are currently indicating a need to create an impervious layer under the green waste collection area and

discharge any wastewater into the sewer system. If they persist with this requirement, the works for this could cost the Council anywhere from \$200-400k. Council officers will continue to work through with ECan staff.

A query was raised on the process to repeal a decision made by ECan. Council staff commented that ECan would have an escalation pathway, but initially the Council would seek consultant advice and look to maintain relationships with ECan.

Mayor C Mackle joined the meeting at 1.16pm.

## **RESOLUTION**

*THAT the Committee receives this report for information.*

Moved: Deputy Mayor J Howden

Seconded: Councillor J Diver

**CARRIED UNANIMOUSLY**

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## **8. FINANCE REPORT TO 31 MARCH 2024**

S Poulsen advised that the year-to-date financial reports have been reconfigured to split out grants & subsidies from total operating revenue, indirect operating expenses and direct operating expenses have been split into 15 categories.

Council staff understood the action to provide further explanations on the variances under 'Other Expenses' was to provide more clarity on what those other expenses were, and these have been provided in the report. P Kearney advised that they could include the main drivers on the variance breakdowns if this would be of use, noting big projects such as Wakatu Quay and Clarence Bridge/Waiiau Toa would have a significant impact on the variances as they are lower than budgeted due to timeframes. Wakatu Quay was delayed as the contractor pulled out, however the project team are on track for delivering revised milestones for detailed design by end of May.

Further funding is expected to be received for the Wakatu Quay project of \$1.4m, possibly after the year-end. The Link Pathway funding is higher than forecast for this financial year as it was behind on budget last year due to timeframes, noting this is a multi-year project. The Council received approval of \$1.9m funding for the Link Pathway project and has drawn down \$1.4m of that funding to date.

Regarding the Better Off Fund, approval of \$1.55m was received and \$155k has been received to date. A further claim is being submitted. This will include the toilet upgrades being proposed to Council at tomorrow's meeting. Should this be approved, the team will draw down funding and lock in contracts. Councils are being asked to review their Better Off Funding and see if any amounts can be directed to water infrastructure/activities. An information paper will be tabled at the May Council meeting to summarise this review and the Better Off Fund activities.

It was clarified that the variance on personnel predominantly relates to the delays in recruitment of building control positions and staff being on ACC.

An update was provided on the Clarence Bridge/Waiiau Toa bridge location noting that it remains high risk as the funding could be revoked by NZTA. The old location of the bridge is being revisited as the Runanga have indicated their approval for this site and Council staff are in discussion with the landowner.

## RESOLUTION

*THAT the Committee receives this report for information.*

Moved: D Brandish  
Seconded: Mayor C Mackle

**CARRIED UNANIMOUSLY**

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## 9. QUARTERLY REPORTS TO 31 MARCH 2024

### Liability Management Policy Compliance Report

PWC are seeing interest rates starting to reduce for loans. The current weighted average of our loan interest rates is 3.94%, with rates ranging from 3.29% to 5.83%

### Investment Quarterly Report

It was clarified that the intention is for Wakatu Quay to generate a commercial return and will remain as an actual property investment.

S Poulsen would provide an update on the outstanding balance of the airport terminal hanger loan and length of loan, if any **(ACTION)**.

### Airport Report

A discussion was held around the airport AIMM system on page 36 of the Agenda. It was raised whether the Council should charge tenants and the zipline operator for using the airport car park, however no decision was reached.

### Harbour Report

The harbour safety fee from KDC to ECan for harbour safety/harbour master is increasing from 1 July 2024 from \$6k to \$12k and this has been reflected in the Council's increase to cruise ships. Harbour revenue from the Cruise ships for the Summer 23/24 was over \$24k compared to prior year of \$15k.

### Debtors Report

There is a risk that rate debtor numbers will increase as an effect of the rates rises, particularly with lower income earning households. Rates rebates are given by the DIA to assist those eligible (around \$700 a year). Council staff continue to encourage regular direct debits with current debtors.

## RESOLUTION

*That the cover report and listed attachments be received for information.*

Moved: Councillor V Gulleford  
Seconded: D Brandish

**CARRIED UNANIMOUSLY**

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## 10. RESERVES AND SPECIAL FUNDS TO 31 DECEMBER 2023

It was recommended that KDC consider paying a mid-range rate on internal borrowing to themselves. Council staff would seek advice from PWC to understand the pros and cons before making a recommendation to Council in May/June **(ACTION)**.

Councillor J Diver requested a graph showing the reserves on one page (**ACTION**). It was also requested that the next report is written in layman terms (non-accountant terminology).

## RESOLUTION

*THAT the Committee receives this report.*

Moved: Mayor C Mackle

Seconded: D Brandish

**CARRIED UNANIMOUSLY**

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## 11. RISK MANAGEMENT REPORT

It was noted that the risk register was fully reviewed in February. Any changes/ updates to those risks have been included on the risk register in today's agenda. The report details those changes.

Highlights are that the Council is deemed low risk by IANZ for two years in terms of accreditation and we have recruited a BCM starting 1st July 2024.

The Chief Executive provided an update on Local Water Done Well. Councils are waiting on new legislation to be introduced in Q3/Q4 2024 and will be given a 12-month period to submit a water plan to the Government for approval. This can be based on any delivery arrangements, but needs to demonstrate financial sustainability for water services going forward.

It was clarified that there would be no financial implications to KDC becoming a living wage organisation. There are currently 1-2 junior roles that are on minimum wage. Issues are more around relativity of roles.

## RESOLUTION

*That the Committee:*

- a) *Receives this report*
- b) *Notes the contents of the Risk Management Report (including Risk Register)*
- c) *Provides any feedback for staff consideration.*

Moved: Councillor J Diver

Seconded: D Brandish

**CARRIED UNANIMOUSLY**

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## 12. INSURANCE VERBAL UPDATE

S Poulsen provided a verbal update to the Committee on the three major renewal portfolios on Public Liability, LAPP and Material Damage. It was noted that insurance premiums have increase to \$725k this financial year. Council staff suggested that the Council undertakes an insurance review and creates a strategy. Material Damage was previously reviewed by the Committee and outcomes from that was to reduce excesses, remove some harbour assets and Wakatu Quay from the schedule - However this gave little savings. It was agreed that the Council staff undertake a strategic review of insurance (**ACTION**).

It was noted that LAPP have now signalled an 80% increase in their asset premiums to be phased in over two years. Year 1 is approximately \$81k. The LTP included an estimate of 5% increases to premiums for asset values. Any difference will need to be considered as part of the overall changes to the draft LTP.

Councillor J Diver left the meeting at 2.45pm.

### 13. PUBLIC EXCLUDED SESSION

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Public Excluded Minutes dated 24 October 2023
- b) Harbour Financial Matters – verbal update

The general subject 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), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
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Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

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We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

Moved: Deputy Mayor J Howden  
Seconded: Councillor V Gulleford

**CARRIED UNANIMOUSLY**

The meeting moved into the Public Excluded session at 2.47pm.

### 14. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 2.58pm.

**15. CLOSE MEETING**

There being no further business, the meeting was declared closed at 2.58pm.

CONFIRMED \_\_\_\_\_ Chairperson  
Date

Unconfirmed Minutes



**FINANCE AUDIT AND RISK  
ACTION LIST AS AT 21 AUGUST 2024**

**OPEN ITEMS**

	<b>ACTION ITEM</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
1	Provide further explanations on the variances under 'Other Expenses'	P Kearney/ S Poulsen	27 August	Included in narratives.
2	Provide an update on the outstanding balance of the airport terminal hanger loan and length of loan, if any	S Poulsen	27 August	Update to be provided at the meeting.
3	Reserves: Seek advice from PWC on mid-range rate on internal borrowing	P Kearney/ S Poulsen	Ongoing	To understand pros and cons before recommending to Council
4	Provide a graph showing the reserves on one page	S Poulsen	Ongoing	
5	Undertake a strategic review of insurance	P Kearney/ S Poulsen	27 August	Workshop scheduled for after the meeting.

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>	
<b>Date:</b>	27 August 2024	
<b>Subject:</b>	<b>END OF YEAR FINANCE REPORT TO 30 JUNE 2024</b>	
<b>Prepared by:</b>	S Poulsen, Finance Manager	
<b>Input sought from:</b>	C Kaa, Management Accountant	
<b>Authorised by:</b>	P Kearney, Senior Manager Corporate Services	

## 1. SUMMARY

The purpose of the report is to provide a summary of the Council’s financial performance and financial position to the end of June 2024. The financial statements are interim only, as there are still end-of-year adjustments to be made, and for the accounts to be audited. The audit is currently planned to commence mid-September. The final results for the year may be quite different to the statements in this report, for example these interim results do not include the Council’s share in the Marlborough Regional Forestry joint venture.

The financial year ended with a total surplus of \$1.97 million, however this is \$10.74 million short of the Annual Plan budget of \$12.72 million. As discussed in previous monthly reports, this shortfall was foreseen as the year progressed, as it became clear that grant funding would be delayed due to slow progress on the IAF project and the Glen Alton (Clarence River) bridge.

With those grants eliminated from the equation, the Council’s business-as-usual operating result was a \$2.95 million deficit, due to \$4.88 million worth of “unfunded” depreciation.

This report is for information only.

### Attachments

- i. Financial Statements to 30 June 2024 - Interim

## 2. RECOMMENDATION

It is recommended that the Committee receives this report for information.

## 3. STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE (“PROFIT & LOSS”)

### 3.1 Operating revenue

#### 3.1.1 Rates

Rates are up on budget due to the excellent work being done to ensure that the rates database is up to date and includes all subdivisions and new dwellings, and that all commercial property has been identified and rates applied appropriately.

#### 3.1.2 User fees

User fees are up \$84k on budget, with Roading the main reason at \$143k received, with zero revenue forecast. This is receipts from Mainpower and Chorus as they have contributed to the cost of ducting and trenches for the IAF project. Community facilities have also performed well, with housing for the elderly rentals exceeding budget and cruise ship fees being almost double forecast levels. Cost recoveries for the District Plan changes (business park and dark skies) have boosted revenue at \$59k more than budget.

This has been offset by building consent fees only achieving 73% of budget and \$141k less than budget in dollar terms, which is potentially signalling a slowdown in the number and value of consents coming through. A further offset was by having no revenue from IWK for their contribution to the transfer station (against a budget of \$70k).

### 3.1.3 Operating grants & subsidies

These grants and subsidies are down on budget by \$3.4 million, materially driven by the Wakatu Quay project, where \$4.8 million was budgeted but only \$980k could be attributed to this project in the 2024 financial year. Note that the unspent portion of the funds received is carried to the 2025 financial year as revenue in advance.

The table below describes the ups and downs in terms of operating grants & subsidies.

Activity	Amount received	Amount budgeted	Comment
Roading NZTA	\$656,316	\$533,664	NLTP approved
Water supplies	\$348,560	-	NTU transition funding, plus stimulus funding carried over
Wastewater	\$19,192	\$18,320	Annual stock effluent facility subsidy
Community facilities	\$3,848	\$190,000	Timing and allocation of Better Off fund
Public toilets	\$99,173	\$86,000	Annual NZTA subsidy for SH1 toilets
Wakatu Quay	\$980,207	\$4,802,642	Project delays – funds carried to 2025
Leadership	\$8,263	\$40,000	Subsidy received for Communication support, but no Better Off funding has been allocated to project management
Freedom camping	\$202,038	\$61,500	Timing of claims for funding
Community services	\$589,414	\$557,200	MTFJ, Better Off funding, Family Violence coordinator funding
District Plan	-	\$50,000	Better Off funding yet to be allocated
Environment	\$25,406	-	Winding up of Kaikōura Enhancement Trust
	\$2,932,417	\$6,339,326	

### 3.1.4 Development contributions

While there have been several assessments done for proposed developments, many of those are still pending so contributions have not been received. Contributions have already picked up in July, so this appears to have been a temporary lull.

## 3.2 Grants & subsidies – capital

Delays in replacing the Glen Alton Bridge over the Clarence (Waiau-Toa) River mean that NZTA subsidies of \$4.74 million have not yet been received. Similarly, the IAF project is behind on timing and so only \$1.31 million out of the expected \$6.99 million has been claimed.

## 3.3 Direct operating expenses

### 3.3.1 Personnel

Salaries & wages are \$169k below budget, with the main reason being vacancies for much of the year in building and planning, emergency management, and customer services.

### 3.3.2 Personnel related

Savings in workplace support, recruitment (not required), and training (not undertaken) has resulted in personnel related expenses coming in under budget by \$82k.

### **3.3.3 Contractors**

Contractors are \$281 over budget, with building control \$194k over through use of external resources, and our freedom camping ambassador service provided by a contractor rather than an employee (grant funded). Water testing costs are also \$52k over budget with new water requirements provided for East Coast, and working with Environment Canterbury to clear the abatement notice at the wastewater treatment plant.

### **3.3.4 IT & Telecommunications**

The budgets had allowed for additional software support and licencing, however this has not been required to the extent we had expected.

### **3.3.5 Repairs & maintenance**

Facilities maintenance is down on budget, with the footpaths budget repurposed for capital footpath upgrades, and underspends on parks & reserves maintenance with work prioritised for the Link Pathway. Use of inhouse resources has also meant a significant savings on what would otherwise require contractors for items such as playground maintenance, painting and repairs.

Roading items include unsealed road maintenance down \$70k on budget, this is a very positive story, as the savings are due to using our own metalling materials, rather than the work not being done. Drainage and minor events are also down, these are somewhat offset by a higher spend on environmental maintenance.

Water services maintenance is \$51k over budget with unplanned maintenance requirements at every level for all water supplies as well as wastewater.

### **3.3.6 Other expenses**

Other expenses are \$151k over budget, with costs to be recovered making \$112k of the variance – as the name suggests, these costs are offset by revenue in cost recoveries (such as the Chorus and Mainpower cost recoveries discussed earlier in this report). Other reasons for the variance include the last of the Kaikōura Plains Recovery Project expenses, debt collection fees, welcome to the district signs, and solid waste bailage expenses.

## **3.4 Indirect operating expenses**

- Depreciation is \$1.37 million under budget, and it has become apparent that depreciation has been estimated based on capital projects that have not progressed (for example the budget model applies depreciation to the Glen Alton Bridge, the Wakatu Quay buildings, and the Link Pathway, as they are listed in the capital work programme in the Annual Plan). This will be adjusted in the financial modelling tool with the next Annual Plan.
- Similarly, overheads and internal charges should cancel each other out to zero, and so the budget of negative \$40k is a budget modelling error.
- The asset disposal item of \$25k is a fair value loss in the value of our South Bay forest, with a decline in the price of logs.

## **4. STATEMENT OF FINANCIAL POSITION (“BALANCE SHEET”)**

### **4.1 Current assets**

Trade & other receivables (debtors) include some very significant invoices issued in June, including \$2.875 million as a progress claim for Wakatu Quay, Better Off funding claim of \$500k, IAF \$500k, and NZTA subsidy claim of \$1.0 million.

Cash is also higher than expected due to the \$2.3 million Wakatu Quay funding received earlier this year, that is yet to be spent.

#### 4.2 Current liabilities

Trade & other payables (creditors) are \$8.39 million because a significant chunk of the above grants are unspent and so these sit in current liabilities as “revenue in advance” until they are spent. Revenue in advance accounts for \$5.07 million of the \$8.39 million total. Actual creditors are \$2.14 million, the remainder being accruals and contract retentions.

#### 5. STATEMENT OF CASHFLOWS

At a summarized level, normal operating activities and rates revenue have produced \$2.35 million in cash that – with grants for capital work – is made available to spend on upgrading assets, with some additional funds required from raising \$2 million in loans.

#### 6. CAPITAL PROJECTS

The below table identifies the top 12 projects by planned value, from the Annual Plan 2023/2024, and the actual spend for the year.

Project	Planned \$000's	Spent \$000's	Spent %
IAF project	6,995	1,521	22%
Glen Alton (Waiau-Toa Clarence) Bridge	4,987	348	7%
Wakatu Quay development	4,436	614	14%
Link Pathway	836	1,027	123%
Blue Duck & Puhi Puhi Works	800	648	81%
Public toilets - West End	790	171	22%
Solid Waste Transfer Stn & Landfill closure	750	731	97%
Sealed road renewals	552	550	100%
Road sublayer rehabilitation	460	387	84%
NCTIR haul road renewals	443	570	129%
Water supplies	346	209	60%
Footpaths	100	431	431%
All other capital work	1,388	1,675	121%
	<u>22,883</u>	<u>8,882</u>	<u>39%</u>

The table highlights the extent to which the IAF, Glen Alton Bridge, and Wakatu Quay developments have distorted the capital programme for the year. Without those three projects, our project spend rate is 99%, or in dollar terms, \$6,399k spent from a budget of \$6,465k.

Of note are the footpath renewals, where \$431k was spent against a planned \$100k, however this was a deliberate decision from the Council to accelerate the footpath renewal programme in light of additional NZTA funding of \$220k.

#### 7. FINANCIAL IMPLICATIONS AND RISKS

Regular monitoring and reporting on the Council financials are required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; or that revenue flows are lower than budgeted, and expenditure is higher than projected.

#### 8. SIGNIFICANCE OF DECISION

This report is for information only; however, it may form the basis upon which other decisions are made (those which have a financial impact).

## 9. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

## 10. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



### Community

We communicate, engage and inform our community



### Development

We promote and support the development of our economy



### Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



### Environment

We value and protect our environment



### Future

**we** work with our community and our partners to create a better place for future generations

## KEY INDICATORS

AS AT 30 JUNE 2024

<p><b>OPERATING RESULT</b> <i>operating surplus/(deficit)</i></p> <p><b>\$1.97m</b></p> <p>\$10,744k unfavourable v/s year to date budget of \$12,717k</p>	<p><b>OPERATING COSTS</b> <i>costs to deliver existing levels of service</i></p> <p><b>\$17.63m</b></p> <p>\$1,411k favourable v/s year to date budget of \$19.04m</p>
<p><b>TOTAL EXTERNAL BORROWING</b> <i>total borrowings from bank</i></p> <p><b>\$7.30m</b></p> <p>\$1,000k favourable v/s full year budget of \$8.3m</p>	<p><b>INTEREST ON DEBT</b> <i>cost to service debt</i></p> <p><b>\$322k</b></p> <p>\$05k favourable v/s year to date budget of \$327k</p>
<p><b>CAPITAL EXPENDITURE</b> <i>cost of new &amp;/or replacement of assets</i></p> <p><b>\$8.88m</b></p> <p>\$8881.6K unfavourable v/s year to date budget of \$0.0K</p>	<p><b>DEVELOPMENT CONTRIBUTIONS</b> <i>received for district growth</i></p> <p><b>\$12.3k</b></p> <p>\$31.6k unfavourable v/s year to date budget of \$44k</p>
<p><b>LONG TERM PLAN MEASURES</b></p>	
<p><b>DEBT AFFORDABILITY BENCHMARK</b> <i>financing expenses as a % of rates</i></p> <p><b>3.4%</b></p> <p>6.6% favourable v/s council approved limit of 10.0%</p>	<p><b>EBID</b> <i>earnings before interest and depreciation</i></p> <p><b>\$7.18m</b></p> <p>\$12,116K unfavourable v/s year to date budget of \$19.29m</p>
<p><b>BALANCED BUDGET BENCHMARK</b> <i>revenue equal or greater than expenses</i></p> <p><b>111%</b></p> <p>11% favourable v/s council benchmark of 100%</p>	<p><b>BORROWINGS TO EQUITY</b> <i>Term loans as a % of equity</i></p> <p><b>2.52%</b></p> <p>0.23% favourable v/s full year budget of 2.75%</p>

# STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE PERIOD ENDED 30 JUNE 2024

	BUDGET	BUDGET	ACTUAL	VARIANCE
	FULL YEAR TO	YTD	YTD	YTD
	30/06/2024	30/06/2024	30/06/2024	30/06/2024
	\$	\$	\$	\$
<b>REVENUE</b>				
Rates revenue	9,242,786	9,242,786	9,478,149	235,363
Water meter charges	140,000	140,000	152,362	12,362
User fees & charges	1,734,774	1,734,774	1,819,495	84,721
Grants & subsidies	6,339,326	6,339,326	2,932,417	(3,406,909)
Development contributions	43,942	43,942	12,313	(31,629)
Interest revenue	3,306	3,306	106,058	102,752
Gain	-	-	435	435
Other revenue	113,200	113,200	179,716	66,516
<b>Total Operating Revenue</b>	<b>17,617,334</b>	<b>17,617,334</b>	<b>14,680,945</b>	<b>(2,936,389)</b>
Grants & Subsidies - Capital	14,143,856	14,143,856	4,925,255	(9,218,601)
<b>Total Revenue</b>	<b>31,761,190</b>	<b>31,761,190</b>	<b>19,606,201</b>	<b>(12,154,989)</b>
<b>DIRECT OPERATING EXPENSES</b>				
Personnel	3,836,451	3,836,451	3,667,173	(169,278)
Personnel Related Expenses	378,374	378,374	296,713	(81,661)
Admin & Office Expenses	455,556	455,556	419,209	(36,347)
Contractors	533,172	533,172	814,195	281,023
Professional Services	1,694,625	1,694,625	1,686,787	(7,838)
Grants/Donations	937,084	937,084	918,553	(18,531)
IT & Telecommunications	388,556	388,556	278,626	(109,930)
MRF	136,099	136,099	189,750	53,651
Utilities	661,779	661,779	671,600	9,821
Project Expenses	705,516	705,516	662,375	(43,141)
Repairs & Maintenance - Facilities	562,679	562,679	436,122	(126,557)
Repairs & Maintenance - Roading	1,035,359	1,035,359	993,201	(42,158)
Repairs & Maintenance - Waste	360,404	360,404	344,602	(15,802)
Repairs & Maintenance - Water	710,571	710,571	761,978	51,407
Other Expenses	113,629	113,629	264,927	151,298
<b>Total Direct Operating Expenses</b>	<b>12,509,854</b>	<b>12,509,854</b>	<b>12,405,811</b>	<b>(104,043)</b>
<b>INDIRECT OPERATING EXPENSES</b>				
Depreciation	6,247,096	6,247,096	4,880,283	(1,366,813)
Financing expenses	327,183	327,183	321,795	(5,388)
Overheads and Internal Charges	(39,993)	(39,993)	-	39,993
Asset Disposal			25,064	25,064
<b>Total Indirect Operating Expenses</b>	<b>6,534,286</b>	<b>6,534,286</b>	<b>5,227,142</b>	<b>(1,307,144)</b>
<b>Total Operating Expenses</b>	<b>19,044,140</b>	<b>19,044,140</b>	<b>17,632,953</b>	<b>(1,411,187)</b>
<b>Operating surplus/(deficit)</b>	<b>(1,426,806)</b>	<b>(1,426,806)</b>	<b>(2,952,008)</b>	<b>(1,525,202)</b>
<b>TOTAL COMPREHENSIVE REVENUE &amp; EXPENSE</b>	<b>12,717,050</b>	<b>12,717,050</b>	<b>1,973,247</b>	<b>(10,743,803)</b>



# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	BUDGET to year end \$	ACTUAL 30/06/2024 \$	ACTUAL 30/06/2023 \$
<b>ASSETS</b>			
<i>Current assets</i>			
Cash & cash equivalents	1,615,432	2,644,554	3,414,063
Trade & other receivables	2,175,197	5,563,428	1,119,527
Prepayments & inventory	185,000	347,470	254,081
Current financial Assets	20,000	20,000	20,000
Other Current Assets	-	330,000	330,000
<b>Total current assets</b>	<b>3,995,630</b>	<b>8,905,452</b>	<b>5,137,671</b>
<i>Non-current assets</i>			
Intangible assets	-	33,731	65,635
Forestry assets	2,154,943	2,375,823	2,400,887
Investment property	9,236,133	2,940,000	2,940,000
Financial Assets	176,500	206,500	176,500
Property, plant & equipment	298,293,994	292,773,198	288,739,997
<b>Total non-current assets</b>	<b>309,861,570</b>	<b>298,329,252</b>	<b>294,323,019</b>
<b>TOTAL ASSETS</b>	<b>313,857,200</b>	<b>307,234,704</b>	<b>299,460,690</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade & other payables	1,537,379	8,390,633	4,626,124
Employee liabilities	304,441	293,626	257,367
Landfill Provision - current	-	579,887	579,887
<b>Total current liabilities</b>	<b>1,841,820</b>	<b>9,264,146</b>	<b>5,463,379</b>
<i>Non-current liabilities</i>			
Provisions	1,444,830	224,575	224,575
Borrowings – non-current	8,300,000	7,300,000	5,300,000
Other term debt	415,874	482,928	482,928
<b>Total non-current liabilities</b>	<b>10,160,704</b>	<b>8,007,503</b>	<b>6,007,503</b>
<b>EQUITY</b>			
Public equity	130,830,552	117,346,109	117,659,975
Asset revaluation reserve	166,643,731	166,524,581	166,524,581
Special funds & reserves	4,380,393	6,092,364	3,805,251
<b>Total equity</b>	<b>301,854,676</b>	<b>289,963,055</b>	<b>287,989,807</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>313,857,200</b>	<b>307,234,704</b>	<b>299,460,690</b>

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2024

	<b>BUDGET to year end \$</b>	<b>ACTUAL 30/06/2024 \$</b>	<b>ACTUAL 30/06/2023 \$</b>
<b>OPERATING ACTIVITIES</b>			
Receipts from rates	9,242,785	9,478,149	8,823,382
Interest received	3,306	106,058	38,863
Receipts from other revenue	21,609,510	2,387,331	5,131,819
Payments to employees & suppliers	(12,520,284)	(9,214,521)	(11,848,813)
Interest paid	(327,183)	(321,795)	(214,936)
Goods & services tax (net)	-	(88,616)	145,164
<b>Net Cash from Operating Activities</b>	<b>18,008,134</b>	<b>2,346,606</b>	<b>2,075,480</b>
<b>INVESTING ACTIVITIES</b>			
Grants received for capital work	-	3,770,401	2,825,860
Purchase of investment property	(4,435,838)	-	-
Sale of property, plant & equipment	150,000	-	-
Purchase of property, plant & equipment	(18,446,669)	(8,881,580)	(4,313,496)
Purchase of forestry assets	-	-	17,056
Purchase of intangible assets	-	-	-
Purchase/Sale of non-financial assets	-	(30,000)	20,000
Purchase of current-financial asset	-	-	-
Payment into term deposits	-	-	-
<b>Net Cash from Investing Activities</b>	<b>(22,732,507)</b>	<b>(5,141,179)</b>	<b>(1,450,580)</b>
<b>FINANCING ACTIVITIES</b>			
Movement in borrowings	3,000,000	2,000,000	-
<b>Net Cash from Finance Activities</b>	<b>3,000,000</b>	<b>2,000,000</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(1,724,373)</b>	<b>(769,509)</b>	<b>624,376</b>
<b>OPENING CASH</b>	<b>3,339,805</b>	<b>3,414,063</b>	<b>2,789,686</b>
<b>CLOSING CASH BALANCE</b>	<b>1,615,432</b>	<b>2,644,554</b>	<b>3,414,062</b>

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>	
<b>Date:</b>	27 August 2024	
<b>Subject:</b>	Quarterly Reports to 30 June 2024	
<b>Prepared by:</b>	C Kaa - Management Accountant	
<b>Input sought from:</b>	S Poulsen - Finance Manager	
<b>Authorised by:</b>	P Kearney - Senior Manager Corporate Services	

## 1. PURPOSE

The purpose of this report is to provide the Council with a detailed update on agreed Quarterly Financial Performance measures.

The quarterly reports provided are completed before the annual report has been finalised therefore the numbers may change.

## 2. RECOMMENDATION

That the cover report and the listed attachments be received.

## 3. SUMMARY

Included with this cover report are the following reports for discussion:

### 3.1 Liability Management Policy Compliance Report

Kaikoura District Council is compliant with some of the liability policies. PWC is engaged as our Treasury Advisors and actively giving us advise. We have borrowed \$2M in July 24 to refinance due debt in April 2025, which is not shown in report and invested this to take advantage of current borrowing and investment rates.

### 3.2 Investment Quarterly Report

The value of Council investments decreased from \$10.5M last year to \$9.9M at 30 June 2024 with the largest decrease being bank deposits – now sitting at 26% of overall investments.

### 3.3 Airport Report

Airport landings are down for the year in comparison to last year. Currently, for the year, the airport has a \$1K shortfall with the main funding source being leases and licences – 46%. The ongoing internet issues have been resolved in July so we should see an improvement in data.

### 3.4 Harbour Report

Slipway fees and boat parking revenue close budget for the year, expenditure is \$100K above budget for the year. Overall, the harbour is operating with a loss of \$141K.

### 3.5 Sundry Rates and Debtors Report

Total rates owing is \$390K, a breakdown on prior year overdue is provided – most Māori Land rates have been written off now. Currently 6 ratepayers are with external debt management. Total sundry debtors due are high at \$5.9M due to invoicing for grants in June 24, overdue debtors remains distorted by one large sundry debtor in the 3+ month overdue category.

### 3.6 Special Funds and Reserves

Special Funds and Reserves are the accumulation of funds held for specific purposes, and fall within two categories – Reserves (funded by targeted rates and only used for specific purpose) and Special Funds (established where Council has received a grant or revenue and that revenue is for a specific purpose).

**4. FINANCIAL IMPLICATIONS AND RISKS**

Regular monitoring and reporting on the Council financials is required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; revenue flows are lower than budgeted, and expenditure is higher than projected.

**5. COMMUNITY OUTCOMES SUPPORTED**

The work is in support of all community outcomes.



**Community**

We communicate, engage and inform our community



**Development**

We promote and support the development of our economy



**Services**

Our services and infrastructure are cost effective, efficient and fit-for-purpose



**Environment**

We value and protect our environment



**Future**

We work with our community and our partners to create a better place for future generations

**6. SIGNIFICANCE OF DECISION**

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

**7. RELEVANT LEGISLATION**

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

**8. COMMUNITY VIEWS**

No community views were sought in relation to this report.

# LIABILITY MANAGEMENT POLICY COMPLIANCE REPORT

## TO 30 JUNE 2024

### Objective

All council current and term liabilities are managed prudently and effectively.

### Interest Rate Risk Management (Credit Exposure)

The interest rate risk management table below is the council's guideline for interest rate exposure. This table does not incorporate the liabilities associated with the Marlborough Regional Forestry joint venture, as they are managed separately by that joint venture.

#### Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 24	40%	100%	53%
2	24 - 48	20%	80%	16%
3	48 - 120	0%	60%	0%

#### Funding summary

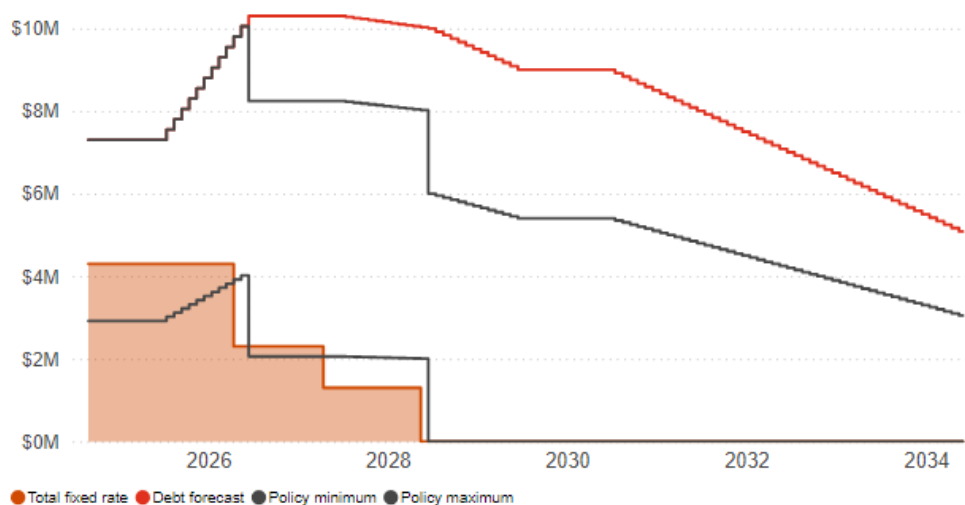
Bucket (years)	Policy	Actual
0 - 3	15% - 60%	82%
3 - 7	25% - 85%	18%
7 - 16	0% - 60%	0%
<b>Total</b>		<b>100%</b>

Our exposure profile policy has been taken from the Long Term Plan for 2025 – 2034. In April 2020 we joined LGFA, repaying all our loans with the BNZ, currently we have \$7.3M of LGFA borrowing with \$3M floating and the balance of \$4.3M fixed. We are now using PWC for our Treasury Management.

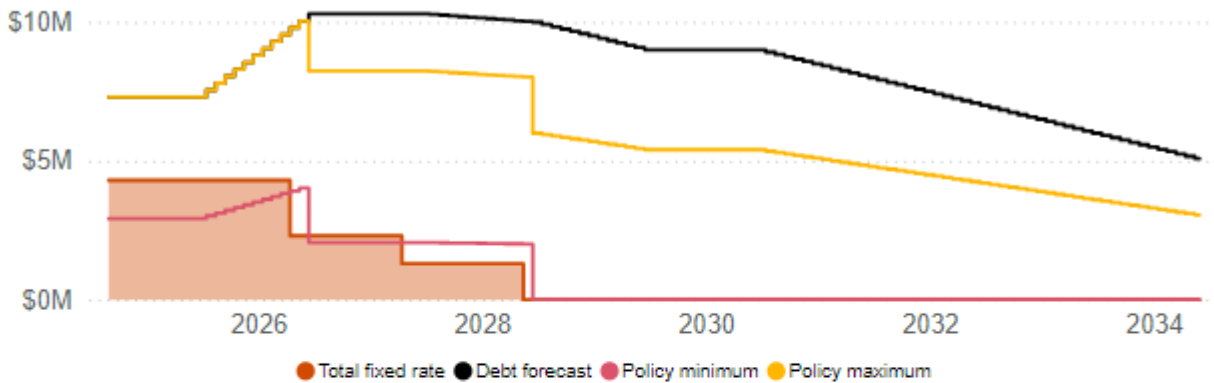
Our weighted average interest rate is 3.94%, with rates ranging from 3.29% to 5.83%.

Current % of Debt Fixed	41%
Current % of Debt Floating	59%
Value of Fixed Rate (M)	\$4.3
Value of Floating Rate (M)	\$3

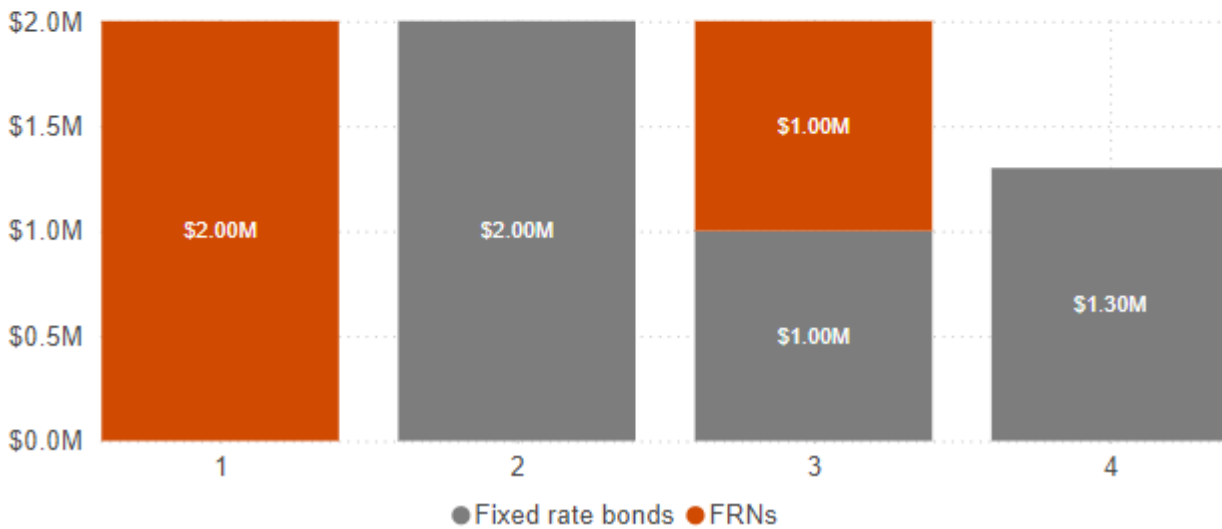
#### Interest rate risk timeline



## Interest rate risk profile



## Funding and liquidity risk timeline



## Management of Credit Risks

Policy	Compliant
All bank borrowing and interest rate hedging transactions must be undertaken with a New Zealand Registered Bank with a minimum Standard and Poor's Long Term credit rating of at least A+ (or the Moody's or Fitch Ratings equivalents).	☑

Council will satisfy itself in all its borrowing transactions that counterparties are financially adequate, have an appropriate industry standing, and have an appropriate track record to give Council reasonable certainty that obligations under concluded contracts will be performed.

## Liquidity

The liquidity ratio is the total current assets that can quickly be converted to cash (cash, debtors, and bank facilities) divided by the current liabilities that need to be paid. The council's policy is to maintain a liquidity ratio of a minimum of 1.1:1 at all times, (which means \$1.10 is available for every \$1.00 payable), currently we are below our policy's minimum level at 0.88.

Policy levels	Liquidity Rate	Compliant
Minimum 1.1:1	0.88:1	<input checked="" type="checkbox"/>

### Internal Borrowing

The Council used its reserves and external borrowing to internally fund both capital expenditure and working capital. The primary objective in funding internally is to use funds efficiently, by eliminating the margin that would be paid through the Council separately investing and borrowing externally.

Internal borrowing arrangements will not be subject to the Interest Rate exposure clause of this policy.

### Debt Repayment

Policy	Compliant
Reserve funds are set aside to repay the loan on maturity, or when conditions are favourable to do so (whichever is the earliest).	<input checked="" type="checkbox"/>

### Borrowing Limits

	Policy Levels	Actual Levels	Compliant
Total term debt	will not exceed \$15 million	\$ 7,300,000	<input checked="" type="checkbox"/>
Gross interest expense of all external term borrowings as a percentage of total revenues	will not exceed 10%	1.7%	<input checked="" type="checkbox"/>

The Council is well within each of its borrowing limits as at 31 June 2024.

### Security

The Council will grant a Debenture Trust Deed which includes a charge over Council's rates and rates revenue in favour of a trustee. Council creditors can be conferred the benefit of that charge through the issuance of security stock under the Deed.

Any borrowing from LGFA will have the benefit of security stock (and therefore the charge over rates and rates revenue).

Policy	Compliant
Council will not pledge assets as security, with the exception of the pensioner housing suspensory loans	<input checked="" type="checkbox"/>

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## INVESTMENT QUARTERLY REPORT

### To 30 JUNE 2024

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### REPORT ON COMPLIANCE WITH THE POLICY AND ANY CHANGES SINCE THE LAST REPORT

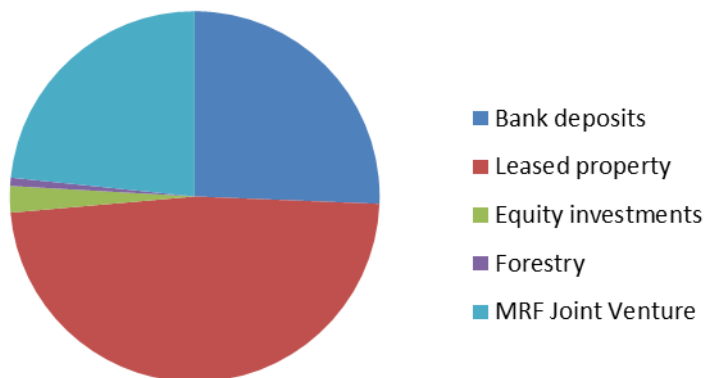
#### *Value and Mix of Council's Investments*

	Qtr Ending 30 June 24		Qtr Ending 30 June 23	
Bank deposits	2,527,333	26%	3,234,130	31%
Leased property	4,729,761	48%	4,947,505	47%
Equity investments	226,500	2%	196,500	2%
Forestry	71,329	1%	96,393	1%
MRF Joint Venture	2,304,494	23%	2,037,297	19%
	<b>9,859,417</b>	<b>100%</b>	<b>10,511,825</b>	<b>100%</b>

Results for the year shows the value of leased property has decreased from the same quarter last year. Revaluations have not been completed for June 2024 so are not reflected in these figures apart from the South Bay Forestry which has decreased in value.

Equity Investments are the borrowing notes attached to borrowings from LGFA and the loan to our subsidiary.

### Value & Mix of Investments



#### *Treasury Investments*

	Balance	Rate	Term	Interest
On call account	2,524,137	4.75%	On call	101,122
Special funds on call account	3,196	4.75%	On call	109
	<b>2,527,333</b>	<b>4.75%</b>		<b>101,231</b>



### **Forestry Investments**

We have not received any distribution payments from the Marlborough Regional Forestry (MRF) for the year as we are in a period of replanting which includes contributions to the MRF. Within the year we have paid \$189,750. The South Bay Forest does not generate any revenue, but has incurred expenses of \$10,083 for rates, valuation expenses, consultancy and insurance.

### **Net Rental Yields of Property Investments**

The lease of Wakatu Quay was terminated in June 2018, and the tenant has surrendered ownership of the buildings to KDC. Revaluations are to be completed each year – we have not received these yet so are still sitting at the June 2023 valuation amount. The Airport terminal and hangars have been included again however these assets are only revalued every 3 years.

	<b>Asset value</b>	<b>EBIT</b>	<b>Interest</b>	<b>Net</b>	<b>Yield</b>
Wakatu Quay	2,940,000	0	0	0	0
Airport terminal & hangars	1,789,761	(17,643)	(12,358)	(30,001)	-3.4%
	<b>4,729,761</b>	<b>(17,643)</b>	<b>(12,358)</b>	<b>(30,001)</b>	<b>-0.63%</b>

*Note EBIT refers to Earnings before Interest and Tax.*

### **Equity investments**

The council purchased 10,000 shares in Civic Assurance in 2012, with a value of \$9,000.

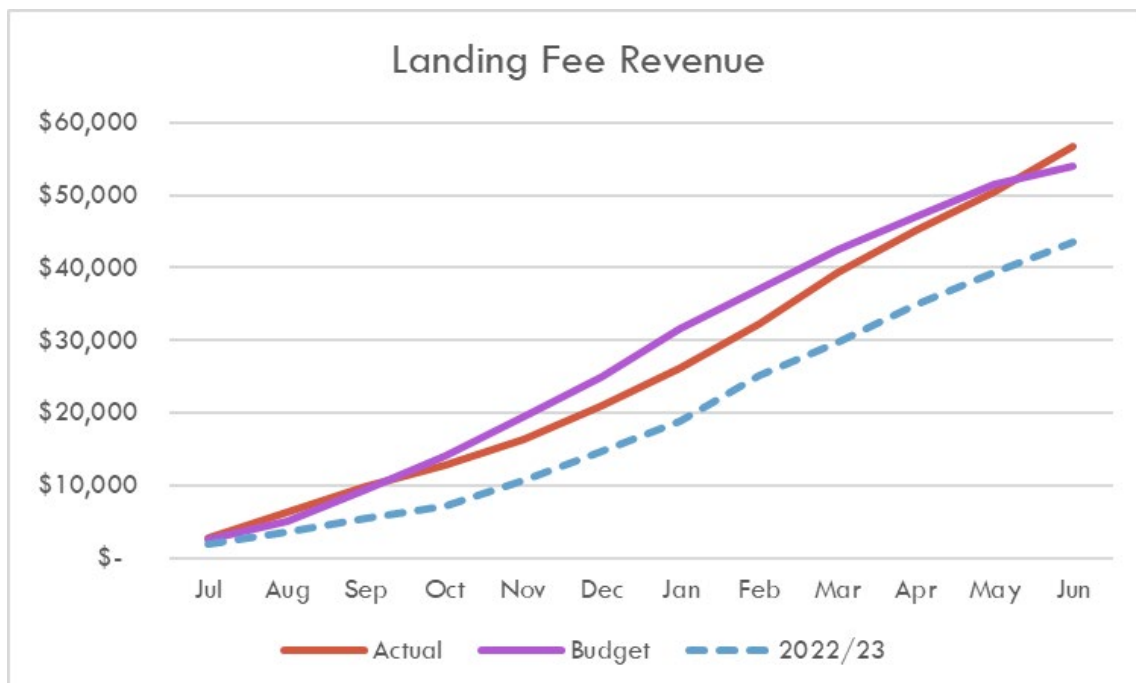
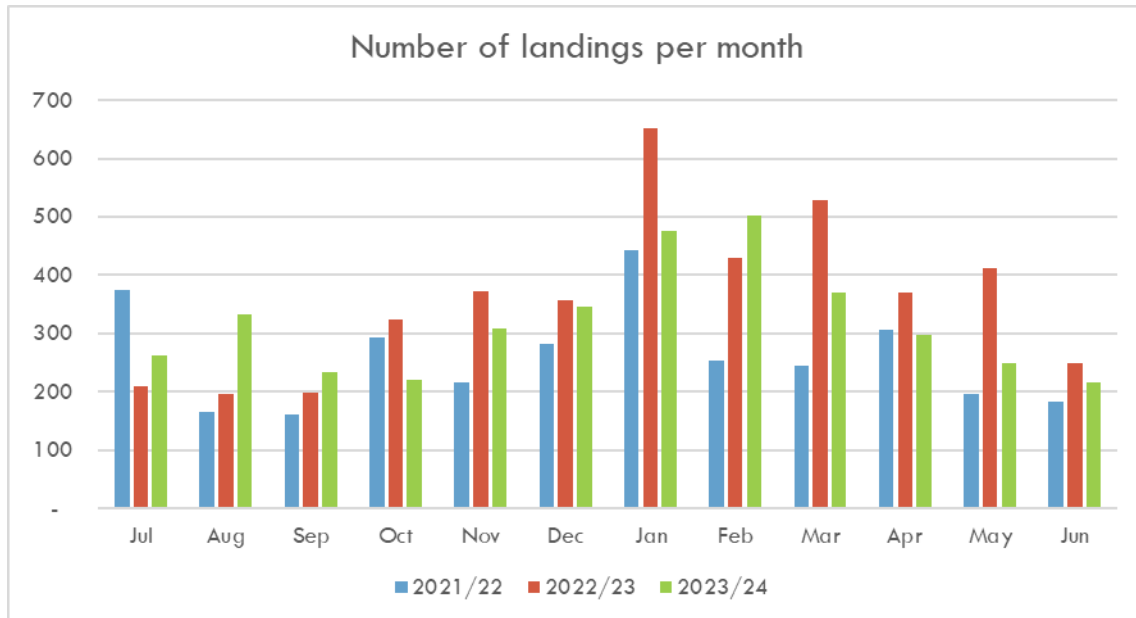
### **Return on Investments**

	<b>Value</b>	<b>Return</b>	<b>Yield</b>
Bank deposits	2,527,333	101,231	4.01%
Leased property	4,729,761	(30,001)	-0.63%
Non-Financial Assets	226,500	2,882	8.23%
South Bay Forestry	71,329	(10,083)	-14.14%
Marlborough Forestry	2,304,494	(196,450)	-8.52%

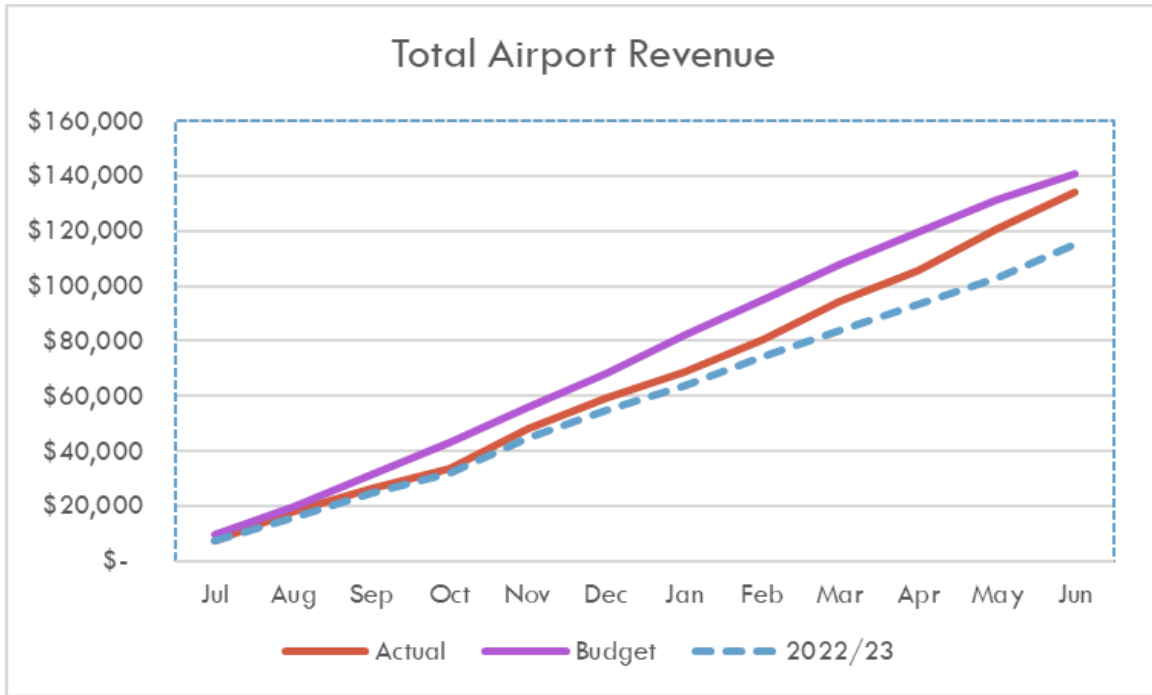
The table above suggests bank deposits have achieved a ROI of 4.01% as at June 2024. There are no targeted returns on investment for any of our leased property or forestry assets, with the only investment to make a return in the future being the Marlborough Regional Forestry (anticipated from 2029 onwards). Bank deposits and non-financial assets (LGFA borrower notes and our loan to IWK) have generated a return, and – because cash balances are much higher than forecast – interest revenue of \$106k is well above our budget of \$3k.

## AIRPORT QUARTERLY REPORT To 30 JUNE 2024

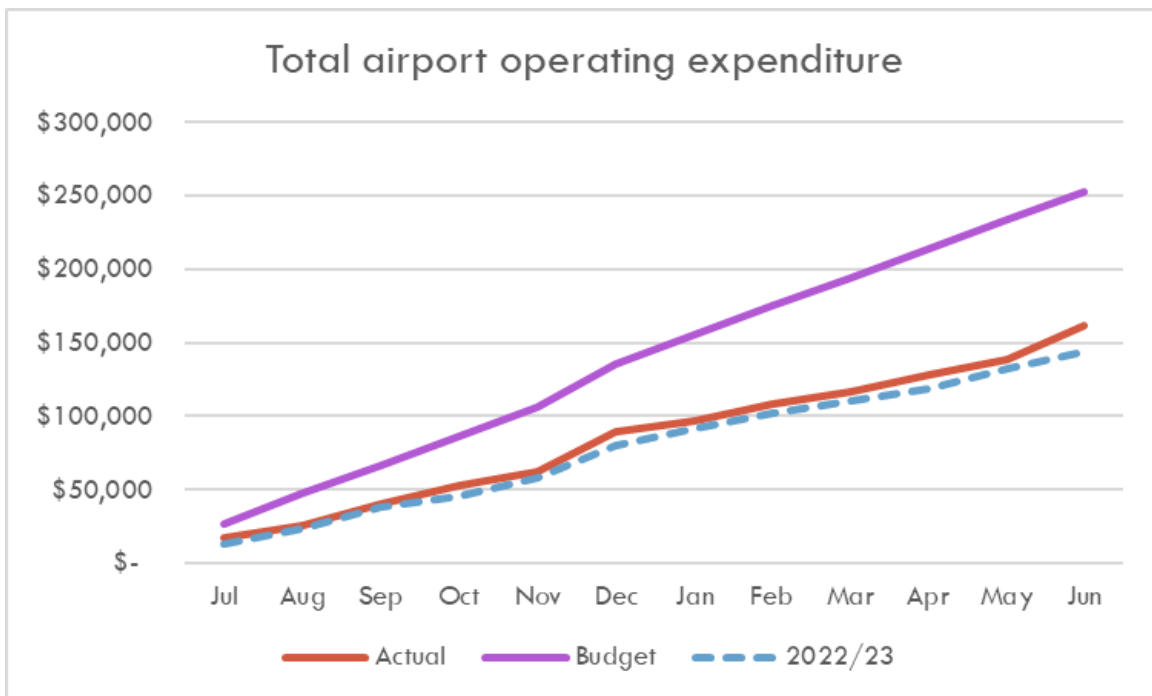
The number of landings at the airport for the twelve months to June 2024 was 3,814 this is down on the number of landings for the same period last year of 4,298.



Landing revenue is above budget for the twelve months, and up on the previous year due to the fee increase which took effect from the 1 July 2023.

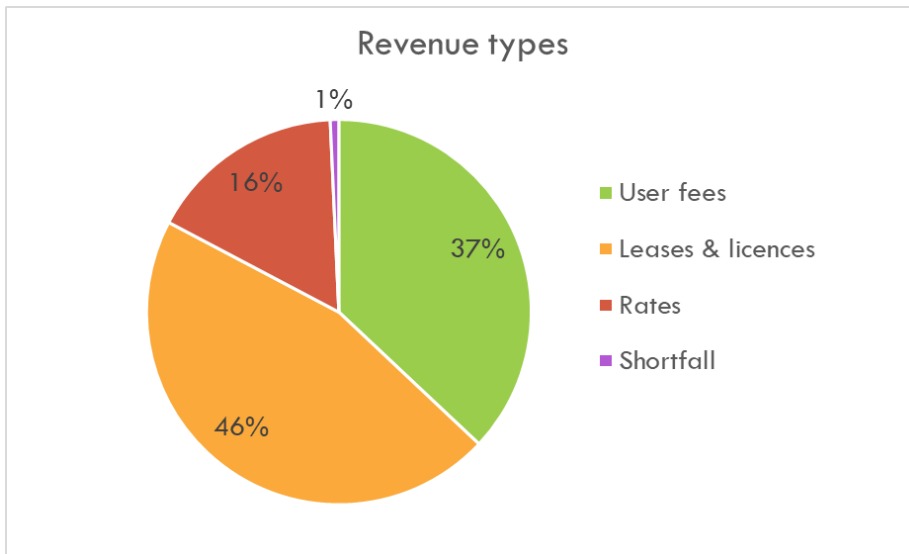


Total airport revenue is below budget for the twelve months totalling \$134,130 compared to budget of \$141,000 and up on revenue for the same period last year. The main variance is in licence to occupy where \$1,333 has been received against a budget of \$9K. Total lease revenue is also below budget.



Operating expenditure is \$162,163 for the year which is below the budget expenditure of \$253,145, with the main variance relating to depreciation (\$81K)

The graph below shows that the airport is funded through user fees 37%, leases and licences 46% and 16% being rate funded – currently there is a \$1,168 shortfall which is reflected as 1% in the graph.

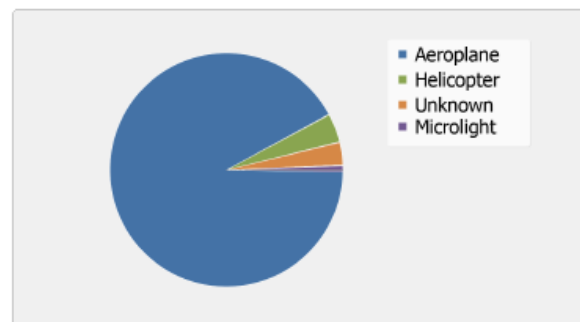


The Airport Information Movement Monitoring (AIMM) system, which records all radio calls from aircraft at the Kaikōura Airport, has had issues with the internet over the past six months, resulting in landings being missed (and therefore not invoiced). Fortunately, the system saves recordings, and we expect a reasonably large catchup now the issues have been resolved. A new AIMM system has been installed in August, which now receives an automatic transmission from the aircraft itself and is no longer reliant on radio calls alone. All operators based at the airport have the transmitter equipment on their aircraft, some small private aircraft may not, as it is not a CAA requirement for aircraft that don't carry passengers – we understand these small aircraft must still make the radio call as they enter (and leave) the Kaikōura Airport airspace.

The following are extracts from the monthly reports we are now receiving from the AIMM system; these examples are from the June 24 monthly report.

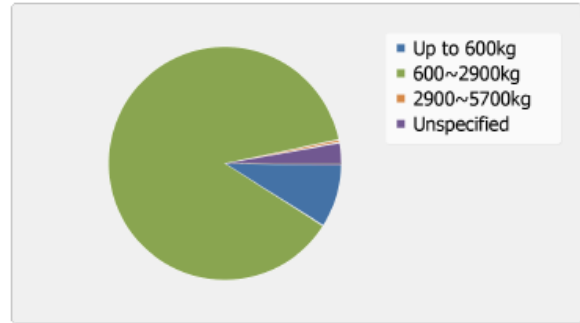
**Aircraft Type Summary**

Type	Movements
Aeroplane	328
Helicopter	14
Unknown	11
Microlight	3



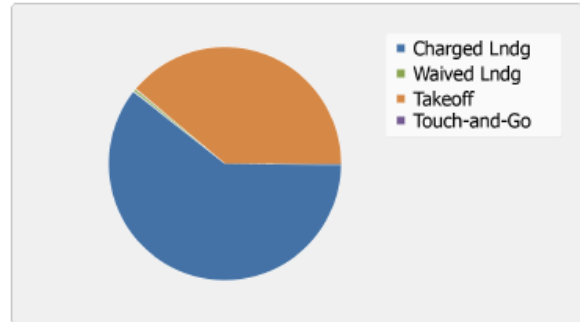
**Aircraft Weight Summary**

Weight	Movements
Up to 600kg	32
600~2900kg	312
2900~5700kg	1
Unspecified	11



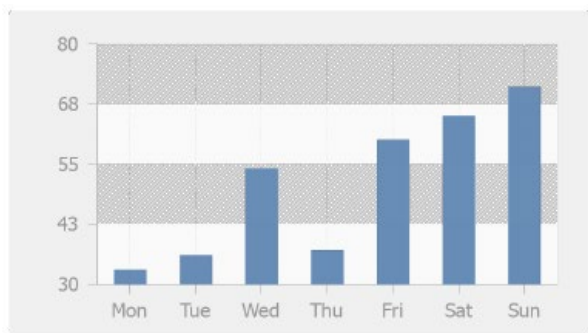
**Charge Summary**

Status	Movements
Charged Lndg	216
Waived Lndg	1
Takeoffs	139
Touch-and-Go	0



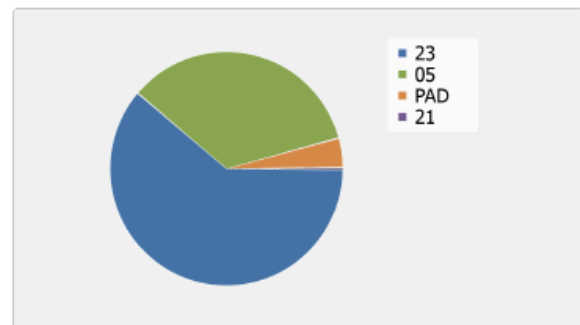
**Movements: Days of Week**

Weekday	Movements
Mon	33
Tue	36
Wed	54
Thu	37
Fri	60
Sat	65
Sun	71



**Runway Usage Summary**

Runway	Movements
23	218
05	123
PAD	14
21	1



**ACTIVITY LEVEL:** During June 2024, the airport had 356 movements\*\*, a decrease of 36% from 559 for the same month last year.

For the last 12 months, there were 6,783 movements, a decrease of 28% from 9,362 for the same period in the previous year. A spreadsheet showing all movements for any period is available on the 'movements / archives' page for deeper analysis.

\*\* The movement counts on some reports may correctly be different from each other... Touch-and-Go movements may be counted as either one movement or two (a Landing followed by an immediate Takeoff), depending on the Aviation Authority and Safety rules that apply, and the Airport's Certificated/non-Certificated status. (Ref B: 0)

**COMPLIANCE REPORTING**

**Noise Footprint:** The Acoustic LDN counts at NZKI during June 2024 were: 356 during the 'Day', which is set to start at 0700. 0 during the 'Night', set to start at 2200.

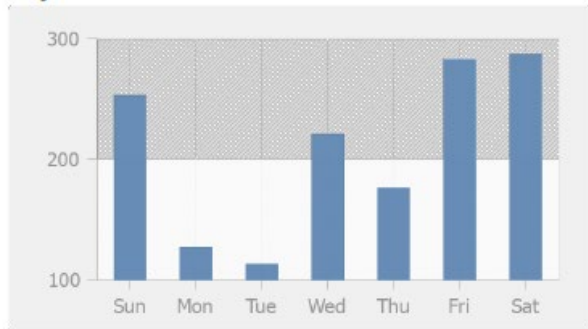
**Civil Aviation:** CAA Rule 139.505 requires Non-Certificated Aerodromes such as Kaikoura (NZKI) to report Movement Data each year.

**LOCAL AIRSPACE Analysis for June  
(Aircraft using airspace, not necessarily landing. )**

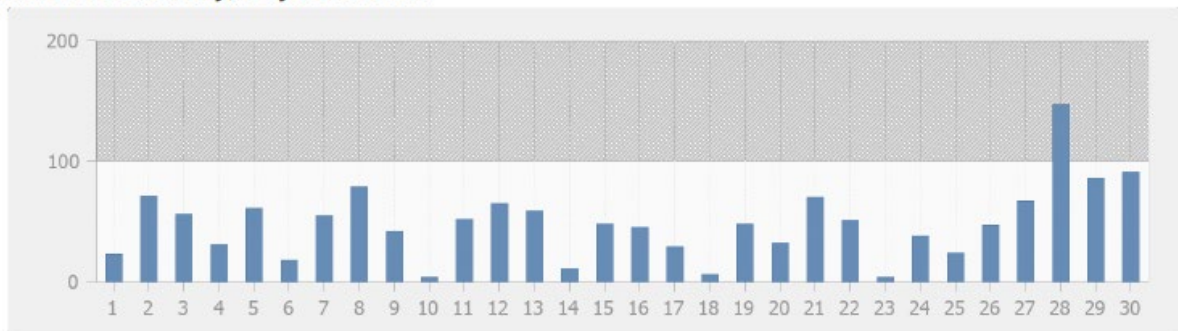
**Summary**

- 1460 radio calls received for the month.
- 4 calls, on the quietest day, 10-Jun
- 147 calls, on the busiest day, 28-Jun
- 48 calls, daily average for June
- Saturday is the busiest day of the week.

**Days of Week**

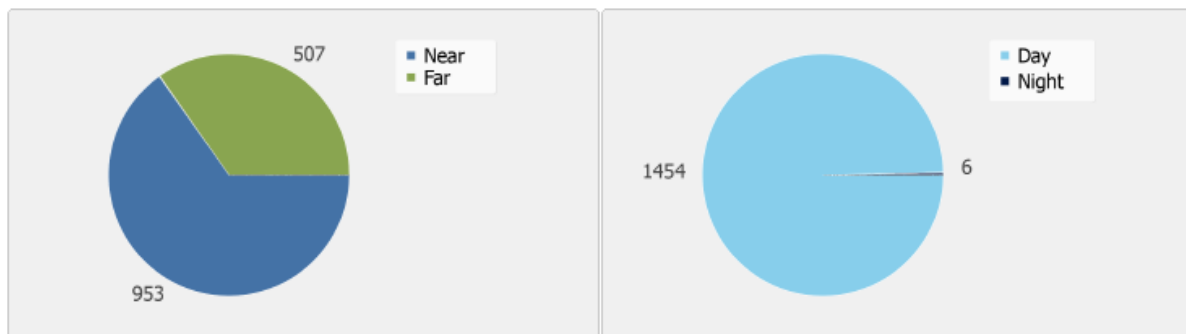


**AIRSPACE activity, Days of Month**



**Classification of Local Airspace activity**

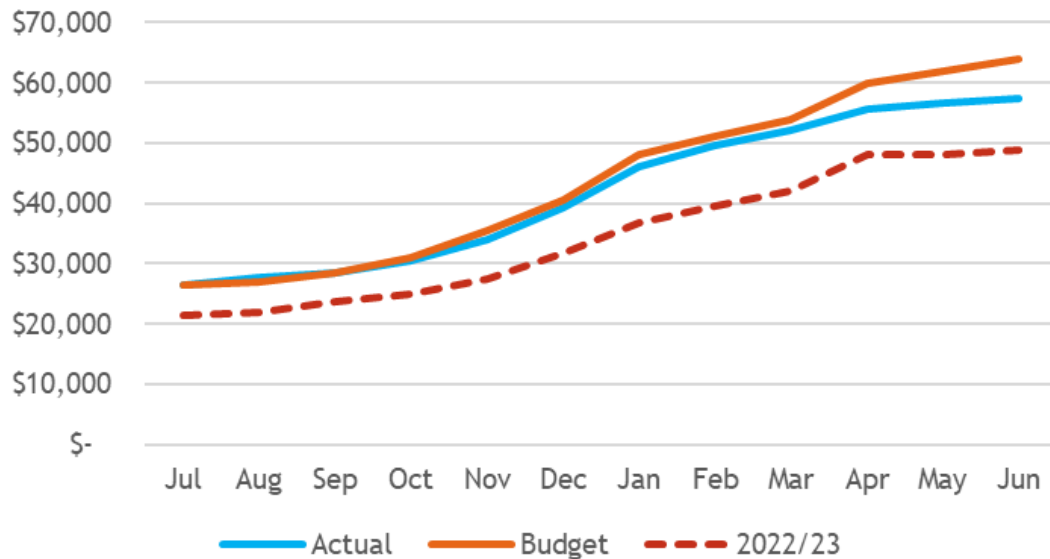
During June 2024 there was 67% less airspace activity compared to the same month last year. 'Near' are aircraft close enough to the airport that their radio calls are relevant to the airport operations. 'Far' are those on the same radio frequency but far enough away to be not relevant. 'Day' / 'Night' refer to Morning / Evening Civil Twilight calculated each day at the Lat/Long of the airport.



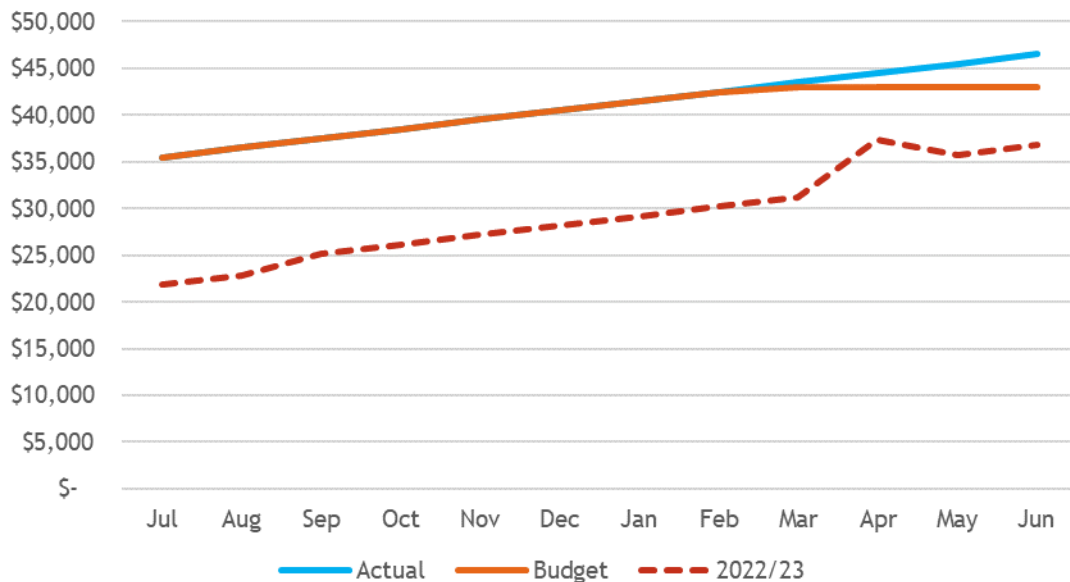
## Harbour Quarterly Report To 30 JUNE 2024

This report serves to highlight harbour operations over the past three months ending 31 June 2024.

### Slipway fee revenue



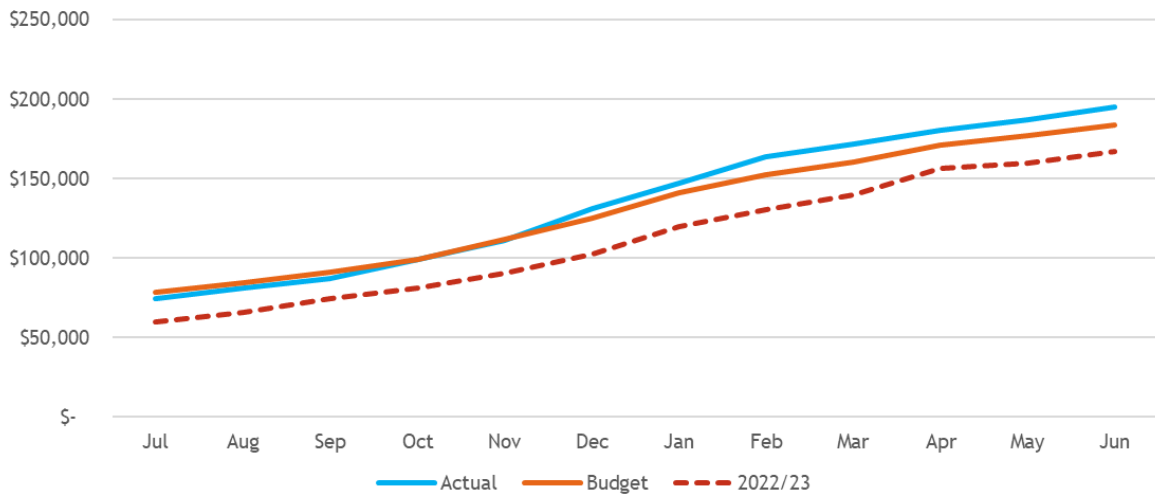
### Boat parking revenue



Actual slipway fees received are below budget at \$57,509 (budget \$64,000) and up on the same period last year. Boat parking revenue is above budget and up on last year actuals for the year at \$46,500.

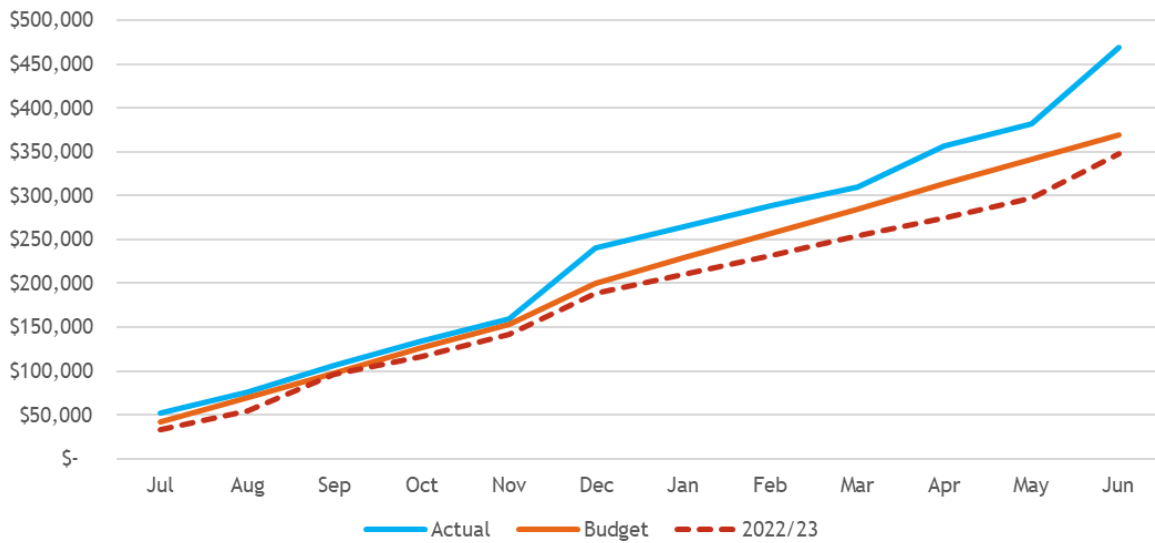
Total harbour operating revenue is \$195,181 for the year compared to budget of \$183,479.

### Total harbour operating revenue



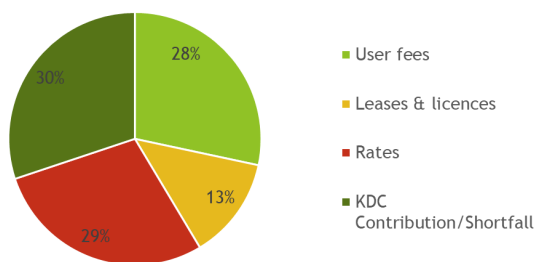
Operating Expenditure is \$469K for the year which is \$100K above budget of \$369K. The main variance in expenditure relates to insurance (budget \$31K, actual \$63K), valuation fees \$15K and an increase in depreciation of \$50K due to the revaluation which was completed in 2023.

### Total harbour operating expenditure



The following graph shows that harbour revenues (user fees and leases and licences) covered about 41% of the actual cost of harbour operations for the year, with the targeted rates (\$133K) covering 29% - currently the harbour is operating with a loss/shortfall of \$141K.

Revenue types





# DEBTORS QUARTERLY REPORT

## To 30 JUNE 2024

### 1 SUMMARY

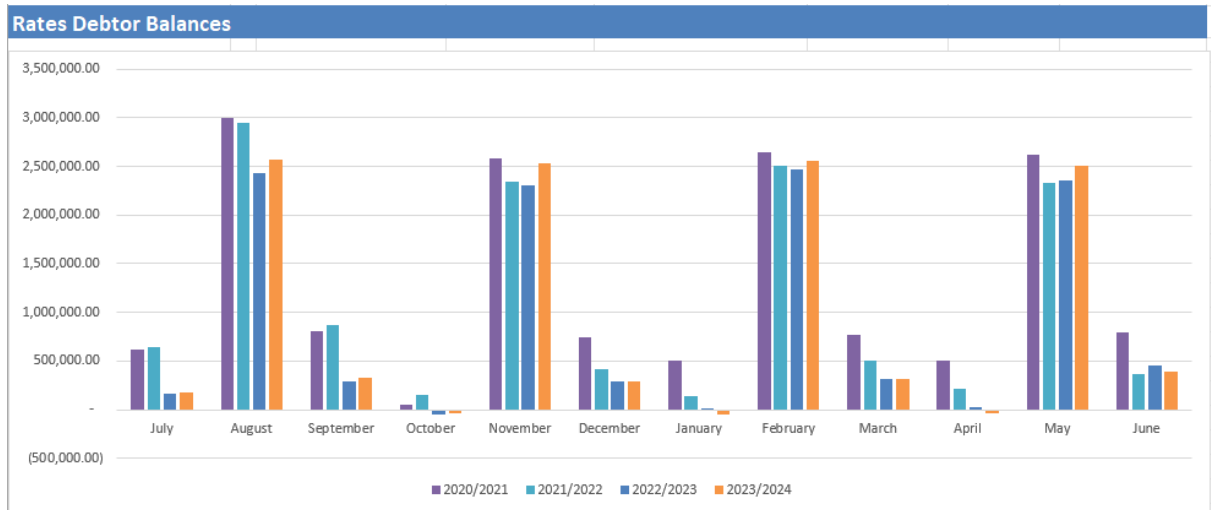
The purpose of this report is to provide an overview of the status of rates and sundry debtor receivables for the quarter ended 30 June 2024.

### 2 DISCUSSION

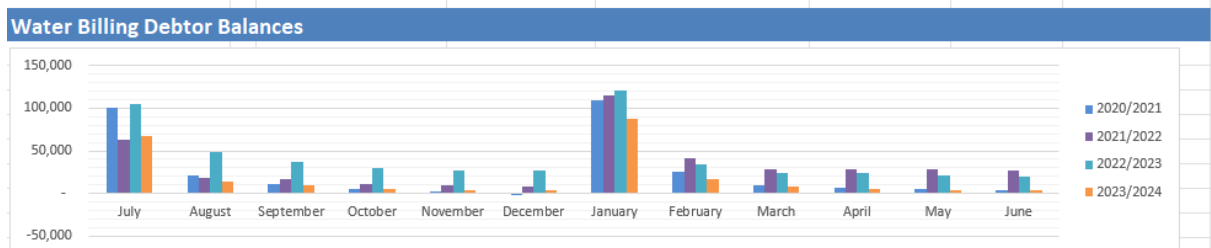
#### 2.1 Analysis of Rates Debtors

At the end of June there was \$390K owing to the Council from rates. As you can see from the below graph the amount outstanding at June is lower than the previous year.

For water billing, 63 debtors have not paid their water meter bill, both instalments of water meter charges have gone out. The values are low (most are only \$25 for the admin fee), but they are being followed up.



Number of Debtors	Rates revenue by type (year to date)					
<b>Rates Debtors</b> 409	Rates revenue by type (year to date)	Penalties applied	Write offs & adjustments	Remissions	Water billing	Total
	\$ 9,505,246	\$ 107,445	(\$ 79,718)	(\$ 53,324)	73,103	\$9,552,751
<b>Water billing</b> 63	99.5%	1.1%	-0.8%	-0.6%	0.8%	100.0%



## 2.2 Rates debtors overdue

The following table shows the extent of rates outstanding as at 30 June 2024. A total of \$390K in rates is outstanding, but with many properties with rates in credit (paid in advance) there is \$575K worth of rates to follow up. Of that \$575K, \$99K relates to prior years. Whilst we are actively following up with current year rates outstanding, this report focusses on those prior year balances.

There are 9 properties which are 2 years overdue, of these there are currently 6 ratepayers that have been forwarded on to the debt management company which account for \$69K of rates outstanding, 2 properties are on the market and 1 is abandoned land. We are currently actively monitoring the ratepayers that are not making sufficient payments.

	2 years overdue	1 year overdue	Current year	Total
<b>Rates debtors</b>				
Value	18,177	80,590	476,669	575,436
Property count	9	36	409	454
<b>Paid in advance</b>				
Value			(185,384)	(185,384)
Property count			591	591
<b>Total</b>				
Value	18,177	80,590	291,284	390,052
Property count	9	36	1,000	1,045

## 2.3 Analysis of Sundry Debtors

Sundry debtors total is \$5.9M as at 30 June 2024. The debtors amount is very high in comparison with the previous years, due to a couple of large invoices sent out in June 2024 for grants to be received. The number of debtors is relatively consistent at 237 debtors, the average debtor days is 34 days which indicates we are getting paid on time. The overall debtor amount is distorted by a large outstanding debtor, most of the current debtor balance has all been received in July 24.

The following is an analysis of the range of debtors:

Trade debtors	Number of debtors	Current	1 month	2 months	3 months and over	Total
Building consents	33	2,313	664	(485)	(12,538)	(10,047)
Compliance Schedul	8	480	120	-	140	740
Cemetery	0	-	-	-	-	-
LIMs	2	319	-	-	319	638
Liquor licensing	10	2,231	-	-	393	2,624
Premises licencing	24	7,524	-	-	3,248	10,772
Property leases	21	25,425	-	330	7,607	33,362
Resource consents	22	15,758	6,163	-	10,910	32,831
General debtors	117	4,659,629	8,062	2,215	1,182,371	5,852,277
		4,713,679	15,009	2,060	1,192,449	5,923,197

# Analysis of Sundry Debtors

At 30 June 2024

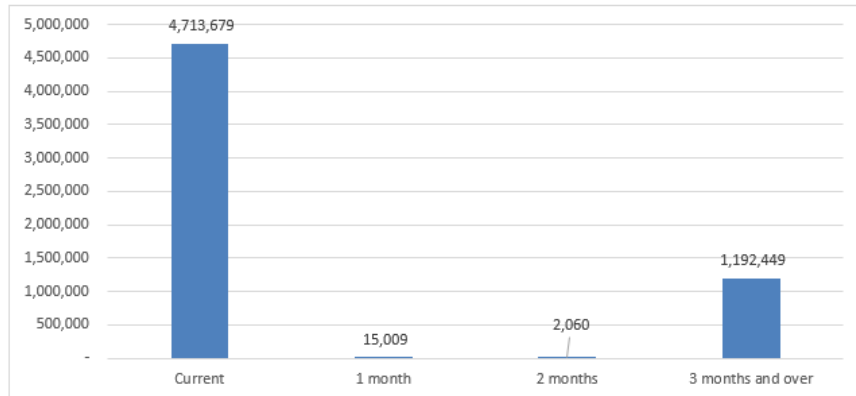
## Average Debtor Days

**34**

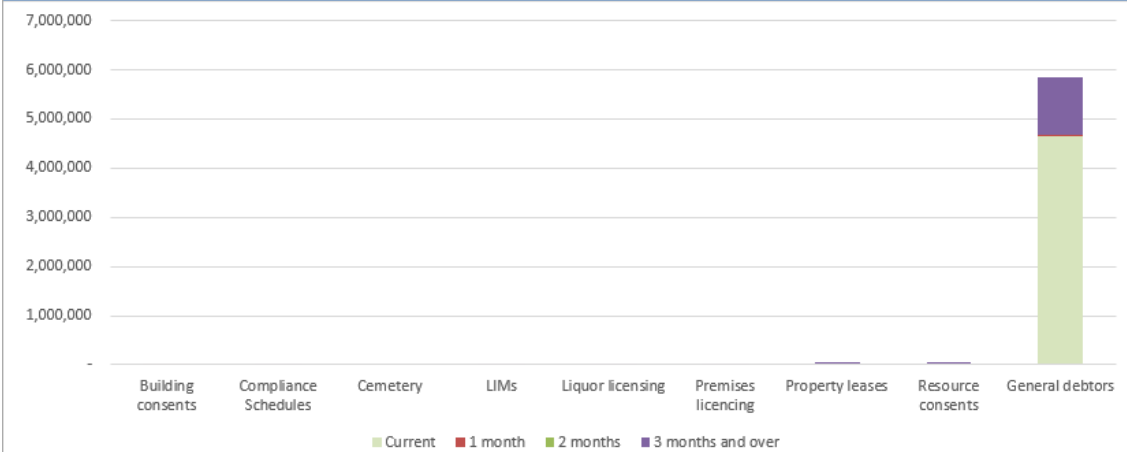
## Total Debtors Due

**\$ 5,923,197**

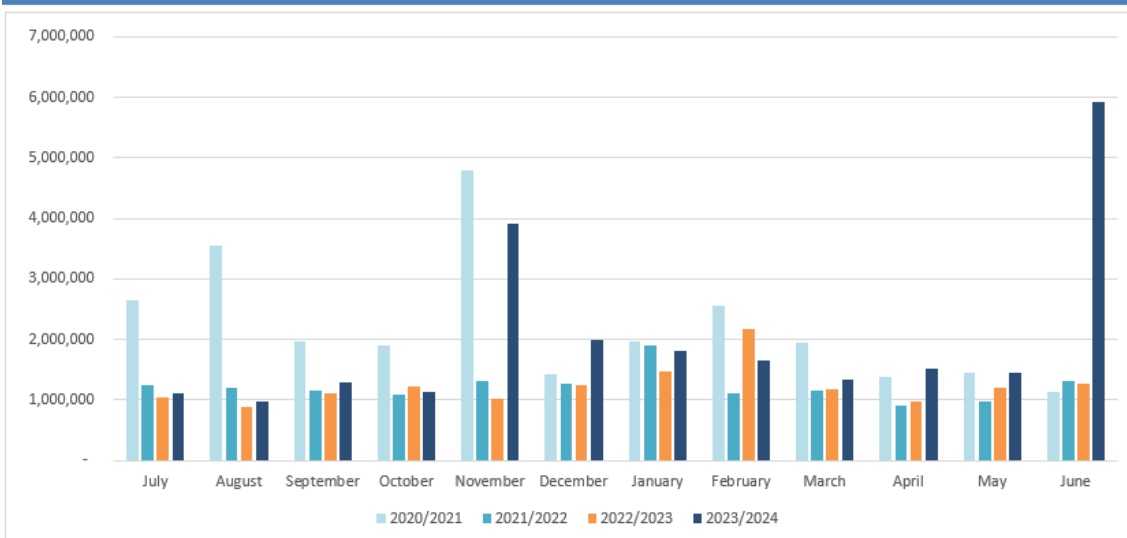
## Age Summary



## Trade Debtors by Category



## Debtor Balances



## Bad Debts written off

**\$ 1,192**

## Number of Debtors by Category

Building consents	Compliance Schedule	Cemetery	Licenses Food/Liquor	Property Leases	Resource consents	Sundry Debtors
33	8	0	34	21	22	117

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## SPECIAL FUNDS AND RESERVES QUARTERLY REPORT

### To 30 JUNE 2024

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#### 1. PURPOSE

The purpose of this report is to provide the Finance, Audit & Risk Committee with a detailed update on the status of the Council's reserves and special funds. These are provided on a six monthly basis.

#### 2. SUMMARY

Reserves and Special Funds are the accumulation of funds held for specific purposes, and fall within two categories:

Reserves are funded by targeted rates, and so they are to ensure they are only used for the purpose of the specific targeted rate. By way of example, the Roading Rate is used for roading-related costs, Kincaid water rates are used for the Kincaid water supply, etc.

Special Funds are established where the Council has received a grant or separate revenue, and that revenue is for a specific purpose. These funds are a self-imposed tracking tool to ensure that grants are fully spent as intended. We have also included carry forwards agreed as part of any Long Term or Annual Plan approval.

#### 3. REPORT AS AT 30 JUNE 2024

The report has identified some reserves and funds that are in a deficit positions. This is not a final report for 30 June 2024 as there will still be some end of year adjustments to be made that will affect the closing balances at 30 June 2024.

Currently the Reserves are showing a balance of \$1,551,317 and Special funds of \$2,840,930 totalling \$3,992,246, this is very similar to the previous year.

Reserves & Special Funds					as at 30 June 2024	
Reserves	Opening balance 1 JULY 2023	Inflow	Interest applied	Outflow	Closing balance	
Kaikōura Water Cohort	643,521	1,433,244	-	1,268,654	808,111	
East Coast Rural Water	18,241	65,800	-	172,442	(88,401)	
Kincaid Rural Water	167,514	90,934	-	143,421	115,026	
Fernleigh Rural Water	(9,501)	162,532	-	164,162	(11,131)	
Roading BAU Reserve	(80,265)	4,590,937	-	4,403,070	107,602	
Roading Emergency Reserve	167,266	48,020	-	28,002	187,284	
Footpaths & Streetlights	(181,881)	571,722	-	313,482	76,359	
Recycling	123,762	268,288	-	189,305	202,744	
District Plan	15,151	308,536	-	318,540	5,146	
Stormwater	136,998	54,482	-	147,006	44,474	
Sewerage	145,168	743,947	-	1,067,938	(178,823)	
Tourism & Marketing Reserve	(34,696)	222,980	-	225,000	(36,715)	
Commercial Rate	(3,273)	172,683	-	241,314	(71,905)	
Harbour	156,967	305,364	-	339,973	122,358	
Registered Premises	-	-	-	-	-	
Town Centre	(15,536)	298,500	-	140,525	142,439	
Civic Centre	(311,505)	524,648	-	504,374	(291,230)	
Stock Control	18,500	(37)	-	485	17,979	
Earthquake Roothing	(0)	641,752	-	641,752	(0)	
Earthquake Rebuild Director	-	-	-	-	-	
Earthquake/Disaster Levy	-	-	-	-	-	
<b>Totals (01 99 99 GNRE)</b>	<b>956,429</b>	<b>10,504,332</b>	<b>-</b>	<b>10,309,444</b>	<b>1,151,317</b>	
Special Funds	Opening balance 1 JULY 2023	Inflow	Interest applied	Outflow	Closing balance	
Social Services Committee (Community Se	5,125	-	-	-	5,125	
Tourism Strategy Fund	34,623	-	-	-	34,623	
Creative NZ	7,347	23,092	-	22,425	8,015	
George Low Trust	60,610	4,500	-	4,500	60,610	
Economic Development Fund	-	31,398	-	20,094	11,304	
Three Waters Stimulus Package	(0)	-	-	-	(0)	
Forestry Fund	912,456	-	-	27,873	884,583	
Significant Natural Areas Fund	21,889	-	-	-	21,889	
Parks & Reserves Development	144,956	7,337	-	-	152,294	
Pensioner Flats	19,625	148,666	-	146,391	21,900	
Community Facilities Fund	983,315	-	-	-	983,315	
Vehicle & Plant Renewal	-	-	-	-	-	
Waste Minimisation Levy	116,578	68,061	-	-	184,639	
Landfill Site Aftercare	-	-	-	-	-	
Library Grants	0	3,047	-	600	2,447	
Family Violence Prevention	24,755	17,662	-	17,663	24,755	
Responsible Camping Fund	118,656	202,038	-	152,083	168,611	
Financial Sustainability Project Fund	97,839	-	-	45,833	52,006	
Mayoral Fund	28,483	-	-	3,349	25,133	
Airport	68,979	134,130	-	206,248	(3,139)	
Building Accreditation Fund	65,555	18,947	-	26,246	58,256	
Wakatu Quay Provisional Growth Fund	(6,968)	980,207	-	996,724	(23,486)	
South Bay Feasibility Provisional Growth F	27,269	-	-	855	26,414	
Legal challenges Fund	100,000	7,250	-	7,250	100,000	
Environmental Planning Fund	17,728	-	-	1,500	16,228	
Kaikōura Enhancement Trust Fund	-	25,406	-	-	25,406	
<b>Totals (01 99 99 SPFU)</b>	<b>2,848,821</b>	<b>1,646,336</b>	<b>-</b>	<b>1,679,634</b>	<b>2,840,930</b>	
<b>*key surplus/(deficit)</b>	<b>TOTAL SPECIAL FUNDS &amp; RESERVES</b>				<b>\$ 3,992,246</b>	

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>	
<b>Date:</b>	27 August 2024	
<b>Subject:</b>	Risk Management Report	
<b>Prepared by:</b>	W Doughty – Chief Executive	
<b>Input sought from:</b>		
<b>Authorised by:</b>	W Doughty – Chief Executive	

## 1. BACKGROUND

This report presents the updated Risk Management Report as at August 2024.

Attachments:

1. Risk Register as at August 2024 – see A3 version.

## 2. RECOMMENDATION

It is recommended that the Committee:

- a) Receives this report
- b) Notes the contents of the Risk Management Report (including Risk Register)
- c) Provides any feedback for staff consideration.

## 3. SUMMARY

Attached to this report is an updated Risk Register. This has been reviewed and updated by the Management Team.

Updates are clearly identified in the attached. Additions are included in bold, italics and underlined, and deletions struck out. Risk level changes are highlighted in yellow.

- Comments of note:
  - The Senior Manager Operations has signalled his resignation by the end of this year. We are starting the recruitment process and ideally have a replacement start in January 2025. The recruitment costs for the senior management position are unbudgeted (Risk ID #3 & #11).
  - The North Canterbury Water project is progressing well between Waimakariri, Hurunui and Kaikōura District Councils. Once the Government has passed the new bill, Council's will have 12 months to submit an approved service delivery plan (Risk ID #30 & #7).
  - An internal strategy strengthening the staff's vision and values is being rolled out. This was an initiative driven from feedback from the internal staff survey and staff working group. Other initiatives included a job sizing exercise of those who have multi-roles and to review the remuneration process to link to performance (Risk ID #32 & #34).

Changes of note are:

- **Risk ID #31:** Rapid cost escalation – we have decreased the risk score as we are starting to see an easing of price indices.
- **Risk ID #22:** Emergency management training – we have increased the inherent risk due to needing to re-delegate and train a controller in the emergency management space (current controller is the Senior Manager Operations).
- **Risk ID #28:** Wakatu Quay development – we have increased the risk score as the project is nearing the construction stages and the search for a tenant continues.

## 4. FINANCIAL IMPLICATIONS AND RISKS

Most risks have financial implications and risks – these are taken into account in the compilation of the report.

## 5. COMMUNITY OUTCOMES

The work is in support of all community outcomes.



### Community

We communicate, engage and inform our community



### Development

We promote and support the development of our economy



### Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



### Environment

We value and protect our environment



### Future

We work with our community and our partners to create a better place for future generations

Risk Id	Risk quadrant	Department	Activity	Risk	Risk owner	Control owner	Risk category	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	Department	Council activity (e.g. water supplies)	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
30	Council and District Risk	All	All	Substantial changes to the role of Councils arising from 3 waters and RMA planning reforms, purpose of local government review threaten the viability of KDC as a stand-alone entity and with its local democracy. Associated shorter term risks in respect of maintaining staff morale and retaining capability	Chief Executive	Chief Executive	Operational, Political	4	5	20	Proposed Three Waters, RMA and Local Government Reforms and changes largely outside of control of KDC.  Involvement in submission processes and C4LD where ever opportunity arises  RE: Staff morale, retention and recruitment - a number of actions being taken (refer risks 3, 4, 10, 32).	4	5	20	Develop plan for retention of local government influence in Kaikoura post reform, and for progressive structural change towards that provides some reassurance to staff  Opportunistic actions RE: staff retention and recruitment when opportunities arise  Keep teams informed of Reforms.  <del>Greater uncertainty in immediate reform with a change in Government. Clarity on new proposals required. Expected by Q4 2024</del>  <b><u>Proactive North Canterbury Waters project progressing</u></b>
25	Council Risk	Works and Services	Upper Waiiau Toa Bridge - land access	Rūnanga remain opposed to new bridge, with potential associated difficult / delay in resource consenting that may create regulatory or financial barriers if NZTA does not support fully. Failure to deliver project poses risks of legal action from landowners.	SMO: Senior Manager Operations	Chief Executive	Operational	5	4	20	Council Resolution 29/09/2021 supportive of progressing preferred option but incorporating more reactive response to erosion control to address concerns expressed by Runanga. Requests made to NZTA to extend financial support. Engagement continuing with Runanga to explore best way of managing different views.  Ongoing discussion with Runanga for them to provide sufficient comfort to Waka Kotahi (NZTA) to enable project to continue.  Procurement process for bridge to incorporate sufficient flexibility to accommodate possible budetary challenges.  Resource consent to be submitted in August, however continued delays in consent processing. Waka Kotahi board decision to extend funding to 30th June 2025 and increased budget to \$13.7m. Joint hui with ECAN/TROK held. Joint TROK and Residents hui held to understand joint concerns. Resource consent issues and Runanga opposition jeopardise project  Key decision report in November 2023	5	4	20	Runanga support of old bridge site. High level investigations being undertaken on viability of access. NZTA Funding discussion required <b><u>together with funding sunset clause</u></b>
16	Council Risk	Leadership	Leadership	Lack of progress following both senior management and operational interactions with Runanga result in delays in projects and BAU	Chief Executive	Executive team	Operational	5	4	20	Regular meetings with Te Runanga and Mana to Mana Hui held, and some issues discussed  In addition specific project meetings held for key capital projects in particular.  Continued Governance hui's to discuss key issues. These to include further highlighting of difficulties for Council projects and operations.  MOU and SLA to be developed. Cultural awareness activities to be undertaken.  Controls being worked on but little progress to date in terms of physical agreements	5	4	20	Development a formal partnership agreement to establish framework for relationship.  Currently significant engagement issues impacting delivery of key projects. Priorities list shared with TROK.  Movement on several key projects but no change in overall approach  <b><u>Taking the approach to keep them informed of issues.</u></b>



3	Council Risk	Whole of KDC	HR	Depth of staffing - one tier deep - loss of key people, loss of institutional knowledge, difficult to recruit, lack of backup support, very limited opportunity for succession planning.	Chief Executive	Management team	Operational	5	4	20	Fair remuneration and staff benefits e.g. medical insurance. Regular team building exercises and training opportunities. Staff culture improved.  Use of shared BA resource to help document process and procedures.  Develop standard operating procedures: documented and agreed policies, and complete workflows, implementation of records management project. Team leader training. Develop a whole of team approach and encourage cross-department support. Keep job descriptions up to date.  1 current vacancy in key management position.  Increased use of external contractor resource. Contracted Building Control Manager appointed.  <b><u>Building control manager recruited 1 July start</u></b>	4	4	16	Consideration of shared BCA arrangements for longer term.  As one option for consideration: closer collaboration with neighbouring Councils. Work underway at both Canterbury and North Canterbury level.  Consider succession plans for key roles where we can.  <b><u>Building control manager recruited 1 July start</u></b>  <b><u>Recruitment of Senior Management Operations role, ideally for new candidate to start in January 2025.</u></b>  <b><u>Strategic Advisor to provide some support.</u></b>
32	Council Risk	Whole of KDC	HR	Team morale and impacts of workloads, Covid-19, reforms uncertainty staff shortages, and cost of living	Chief Executive	Management team	Operational	5	4	20	Workplace Support is in place for staff. Included in PDW process and focus from Management.  Wellbeing action plan in place. <del>and introduction of Wellness by Design hauora coaching for staff.</del> Flexible Working Policy implemented.  Report being prepared on financial implications of 3Waters Reforms for the organisation. <b><u>Regular communication around reform agenda.</u></b>	4	4	16	Management Team to provide support to their teams. <b><u>Staff survey action plan be for April 2024</u></b>  <del>Regular communication around reform agenda.</del>  <del>Confirmed implementation of Wellbeing Action Plan. Hauora wellness coaching in place.</del>  <b><u>Internal Strategy roll out.</u></b>  <b><u>Staff working group action plan.</u></b>
24	Council Risk	Whole of KDC	Contractor performance risk	Sub-optimal or poor contractor performance (including health & safety) and/or additional costs	SMO: Senior Manager Operations	Management team	Operational	4	4	16	Experienced and full compliment of current works and services team, exercising better oversight of activities under improved contract documents that more clearly specify required outcomes. Increasing focus on health & safety documentation. Priorities for major contractor works being clarified in LTP.  Contractor reports are received monthly from the Rooding Contractor, contains H&S reporting.	4	4	16	Ensuring the contractor understands the contract obligations. Continually improving procurement processes and contracts for quality outcomes and to include better health & safety requirements  Focus on KPI reporting with 3 Waters contractor Improve contract management focus. Included in LOE + SOI for IWK Contract checklist in place.
7	Council Risk	Works & Services	Three-waters	Three-water reform, loss of critical mass and financial consequences, diminished ability to retain suitably qualified and experienced personnel	SMO: Senior Manager Operations	Chief Executive	Operational	4	5	20	With government making reforms mandatory now little prospect of significantly influencing outcome. Continued involvement in both the C4LD campaign and also DIA and LGNZ process.  Restructure of current roles following the departure of the Works & Services Manager and to future proof for the Three Waters Reform.  Need to envisage possible post-water reform structure of KDC to reduce potential capability loss Concerns now also apply to IWK as our CCO	4	4	16	Greater uncertainty in immediate reform with a change in Government.  3 waters included in LTP <span style="float: right;">Details</span> of new reform proposal still required ongoing service delivery conversations at regional and sub regional levels  <b><u>North Canterbury Waters project underway.</u></b>
35	Council Risk	Leadership	Capital Delivery	Lack of internal capacity and capability impacts on ability to deliver capital programme	Chief Executive	Executive team	Operational	4	4	16		4	4	16	Development of project management process. Increased focus on all aspects of delivery by ELT.  Project coordination role included in draft LTP. Monthly reporting remains a work in progress.
34	Council Risk	Whole of KDC	HR	Cost of living crisis - inflation, loss of staff, communities ability to pay rates	Chief Executive	Executive team	Financial, Operational	4	4	16	Rates rebate for lower-income families  Annual review of salaries against Strategic Pay benchmark and consideration of inflation/ rates budget	4	4	16	Consider becoming a living wage organisation.  <b><u>Job sizing exercise to be undertaken over the next two years. Remuneration process to be reviewed.</u></b>

31	Council Risk	Whole of KDC	All	Rapid cost escalation (e.g. oil/Ukraine) and inflation effects on capital delivery and BAU costs and possible rates increases	Chief Executive	Executive team	Financial, Operational	5	4	20	Internal monthly reporting of capital projects and operational results within Management meetings  Some inflationary effects factored into 2023/2024 Annual Plan. Watching brief with -PWC RE: effect on future borrowings	3	4	12	Cost escalation on materials experienced  Ongoing effects monitored to assess effects on current LTP forecasts  Review of capital programme procurement and delivery  Increased cost of delivery factored into LTP.  <u>Easing of price indices.</u>
26	Council Risk	Whole of KDC	RMA consent compliance monitoring and enforcement	Continuation of KDC historic practice of reactive rather than proactive monitoring and enforcement of consent conditions will result in material breaches	Senior Manager Operations & Senior Manager Corporate Services	Chief Executive	Political or Reputational	4	3	12	Historic approach and resource levels restrict the ability to proactively monitor compliance  Resource Management Officer on 0.2 full-time equivalent through secondment from Environment Canterbury. In addition part of a Regulatory Officer has been allocated, where available to monitoring. A draft plan has been created for priorities bearing in mind the small FTE  Further proactive monitoring compliance will require additional resource.	4	3	12	Non compliances being identified. Additional regulatory resource would be required for pro-active compliance.  Increased focus for Regulatory Team but may require additional resource and budget.  Good progress being made on identification of issues.
21	Council Risk	<del>Community Services</del> <u>Finance and IT</u>	Information & Records Management	Records and documents can't be accessed reasonably or found, due to lack of information management processes across the organisation	SMC: Senior Manager Corporate Services	<del>Community Services Manager</del> <u>Finance Manager</u>	Operational and reputational	5	3	15	Laserfiche procured and operational.  All Staff now using Laserfiche but uptake across organisation is slow. Evidence of IT audit January 2023 shows high number of files being kept on desktops. Project Manager in place shared with Hurunui District Council.  Local Information Management Officer in place. Dedicated time factored into weekly schedule. Files scanned and inputted in Laserfiche as created or requested internally or externally.  Retention and disposal plan under development. R:Drive locked, readable only and being transferred into Laserfiche	4	3	12	Continued monitoring and training to ensure 100% uptake of staff using Laserfiche.  Likely to require significant time and cost.  Review of H:Drives and Desktops  <del>1st 2nd</del> phase of back scanning project <del>completed</del> <u>commended in July</u> using transition funding <del>completed</del> . Additional budget included in <del>draft</del> LTP.
4	Council Risk	Strategy & policy	District planning	National legislative changes are too rapid, too complex, and/or too constant - challenging capacity within staff to keep up	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	4	3	12	Active member of Regional Planning Network, access work from other Councils, use consultants if required  Canterbury region sharing resource to enable combined assessments and submissions  Stay abreast of changes, support sector submissions (KDC has a very low level of influence), created roadmap for district plan and legislative changes.  The National Policy Statement re Biodiversity may be repealed.  Impacts of RMA reforms and change in Government are not fully determined.	3	4	12	We are understanding other Council's positions and waiting on the outcome of the new Government's 100 day plan.  RMA reform agenda has seen repealed by new Government within their first 100 days in office - RMA 2.0 laws. Clarity on new approach required from Central Government. Fast Track consenting bill progressing.
28	Council Risk	Leadership	Wakatu Quay Development	Project does not deliver desired outcomes including positive financial result - financial implications to Council and community	Chief Executive	Chief Executive	Financial	4	4	16	Regular attendance by Elected Members and CEO at Governance Group with regular reporting to Council  CE has close interface with Governance Group, Elected Members and Runanga.  Development of alternative actions. Development of non-negotiables  KDC has reconfirmed commitment to Konoa.  <u>Council decision made to include \$800k financial commitment in LTP. Ongoing external investment conversations</u>	4	3	12	<del>Council decision made to include \$800k financial commitment in LTP. Ongoing external investment conversations</del> Detail design underway and on track.  <u>Council decision to award construction contract in August.</u> <u>Tenancy search continues. Use of contingency could impact stage 2.</u>

11	Council Risk	Whole of KDC	Financial management	Unplanned costs, overspends, loss of revenue streams	Chief Executive	Management team	Financial	3	3	9	<p>Financial delegation limits, budget supervision, monthly reporting of variances</p> <p>Robust LTP and Annual Plan processes</p> <p>Budget variances closely monitored.</p> <p>Monthly Management meetings reviewing capital and operational expenditure.</p> <p>Deployed greater accountability for budget overruns, financial reporting brought to management teams, whole of team approach to budgets</p> <p>Risks remain for any contracts or commitments that exceed budget provisions - the financial reporting only brings these to attention after the commitment has been made. Mitigated by involvement of Senior Managers and CEO and regular management meetings regarding operational and capital expenditure</p>	3	3	9	<p>No surprises reporting to elected members.</p> <p>Increased costs of audit &amp; insurance included in draft LTP.</p> <p><b><u>Recruitment costs for Senior Management Operations role.</u></b></p> <p><b><u>Increased legal costs for harbour.</u></b></p> <p><b><u>Resource Management Plans are unbudgeted.</u></b></p>
29	Council Risk	Leadership	Capital Delivery	Pandemic related and worldwide supply delays to major projects impacts on ability to deliver capital programme. Supply Chain risk on delay of materials	Chief Executive	Executive team	Operational	4	4	16	<p>Monthly reporting of all projects. Early identification of issues and contingency plans provided from Management meetings</p> <p>Some delay in sourcing supplies emerging / no major impact to date but risk remains.</p>	3	3	9	<p>Watching brief for further materials delays</p> <p>Clearly signal capital carry forwards</p> <p>Procurement plans for key projects.</p>
15	Council Risk	Strategy & policy	District planning	Statutory non-compliance (planning decision subject to challenge)	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	4	3	12	<p>Staff are adequately trained, adherence to current district plan, use of qualified consultants as required.</p> <p><del>With longstanding staff vacancy affecting resource consent outsourcing increased internal management oversight of decision making processes by externals.</del></p> <p>Additional pressures are being placed on Stat timeframes with outsourcing but still manageable at this time.</p> <p>Aware of national shortage of planners with many councils and central government departments recruiting. In addition some external contractors are declining work due to workload.</p> <p>Consent timeframes excluded due to "special circumstances" where necessary</p> <p><b><u>New Government's 100 day plan seek to fast track resource consents. This may require additional resourcing.</u></b></p> <p><b><u>New policy planner in place.</u></b></p>	3	3	9	<p>Weekly consent timeframes are being prepared to assist with tracking consents.</p> <p><del>New Government's 100 day plan seek to fast track resource consents. This may require additional resourcing.</del></p> <p><del>New policy planner in place.</del></p> <p><b><u>Involve legal advisor if required at an early stage.</u></b></p>
14	Council	Whole of KDC	All	Covid-19 related loss of business continuity	Chief Executive	Chief Executive	Operational	4	4	16	<p>Business continuity plans in place.</p> <p>Consideration of trigger levels that look to rotation of staff working from home vs in the office to reduce spread throughout the workforce at once. Identification of critical workers for essential services.</p> <p>Ongoing management of staff and close contact cases and impact on service delivery.</p> <p>The staff vaccination policy has been removed in line with national policy. Impacts continue to be monitored and business continuity measures implemented as required.</p> <p>Appear to be through the storm. Fewer staff infections. The Government have removed all Covid-19 requirements effective from 15 August - this includes 7 day mandatory isolation period 2023.</p>	3	3	9	<p>Maintain an watching brief</p>

13	Council Risk	Leadership	Council	Not robust decision-making from elected members	Chief Executive	Executive team	Political or Reputational	3	4	12	<p>Reports to Council are well-researched and presented, staff give competent advice, elected members receive induction training.</p> <p>Independent committee member appointed for FARC.</p> <p>Difficult or contentious issues are workshopped to enable full understanding prior to a decision being required at a Council meeting. No surprises</p> <p>New council induction held and training programme in place. Emergency Management overview held with Elected Members.</p> <p>Governance Training completed <u>and mid-term review held in 2024.</u></p>	3	3	9	<p>Elected members receive ongoing training, including on legislative matters, Chairs Training <del>and a mid-term review in 2024.</del></p> <p><u>Akona Platform available for members.</u></p>
10	Council Risk	Building & Regulatory	Building control and other regulatory	Statutory non-compliance (e.g. failure to conduct BWOFs, enforcement activities)	<del>Team Leader</del> Community Facilities & Regulation  <u>Facilities Manager</u>	Senior Manager Operations	Operational	4	3	12	<p>Ongoing investment in staff, resources and training</p> <p>Some re-focussing of duties within operations team to enhance efficiency of monitoring and enforcement.</p> <p>Restructure of regulatory team following departure of regulatory officers; introduction of new Regulatory Services Team Leader and casual parking/freedom camping officers. These roles were filled &amp; commenced employment early April.</p>	3	3	9	<p>External resources to assist with TA functions</p> <p>Regulatory Team Leader in place focusing on TA functions</p> <p>Good work being undertaken by Regulatory Team now in this area.</p> <p>IANZ accreditation audit completed in March 2024. <u>Low risk status achieved.</u></p>
9	District Risk	Strategy & policy	District planning	<p>District Plan is sub-optimal, there is both permissive and restrictive land use, that may have undesirable effects.</p> <p>In addition RMA reforms suggest regional plans going forward which would include Kaikoura's sub-optimal plan</p>	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Environmental	4	3	12	<p>Roadmap for revised District Plan produced. Presented to council. Included in LTP</p> <p>Delivery plan developed. External advisors in place with Year 1 project plan in place November 2021</p> <p>External resources contracted for 2021/2022 work. Natural Hazards Chapter complete. National planning standards re-housing complete. Looking to advance Year 2 planning including Runanga involvement and spatial planning.</p> <p><u>Spatial plan work underway. Successful community workshops. Discussions are occurring with the Runanga.</u></p>	3	3	9	<p><del>Spatial plan work underway. Successful community workshops. Discussions are occurring with the Runanga.</del> Expect to have Draft Spatial Plan by <del>June</del> <u>August</u> 2024.</p> <p><u>Rolling review needs to progress in 2024/2025</u></p>
22	Council Risk	Community Services	Emergency Management	Other priorities resulting in failure to adequately train for emergency event	SMC: Senior Manager Corporate Services	Community Services Manager	Operational	<u>3</u>	3	<u>9</u>	<p>Regular meetings and significant EOC specific training</p> <p>Enhanced relationships and training with other local first responders. Excellent relationship with Canterbury Group EM</p> <p>Clear understanding of who does what in the event of a disaster. New staff trained as they arrive</p> <p>Controller refresher training held for <del>2023</del> <u>2024</u></p> <p>New EMO in place on permanent part time contract and training underway.</p>	3	3	9	<p>Developing clearer operating procedures for all function managers.</p> <p>Will always need external resource for significant local event.</p> <p>New EMO now in place. Several group and national exercises planned for 2024 <u>and 2025 - AF 8 Training and Exercise Pandora in November 2024</u></p>
33	Council Risk	Whole of KDC	Financial management, HR	District Licensing Committee hearings impacts on resourcing and budget	Chief Executive	Chief Executive	Financial, Operational	4	3	12	<p>Regulatory Team Leader on board</p> <p><u>Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives.</u> <u>Section 17a sample review</u></p>	4	2	8	<p><del>Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives.</del> <del>Section 17a sample review</del></p> <p>Completed and updated contract in place. DLC Commissioner approved.</p>
19	Council Risk	Leadership	Leadership	Qualified annual report for 2023 - 2024	Chief Executive	Management team	Political or Reputational	5	2	10	<p>Suitably qualified and experienced staff complete the annual report. Currently inadequate systems in place for service performance reporting.</p> <p>Improved capture of performance reporting in place - year end review will assess whether qualification can be avoided.</p>	4	2	8	Potential for qualifications for 2023/2024

18	Council Risk	Whole of KDC	IT services	Data privacy breach - Individual information or contact database is accessed without authorisation	SMC: Senior Manager Corporate Services	Finance Manager	Political or Reputational	3	4	12	Firewalls are in place, laptops and devices are password protected.  Increased focus on cyber security. Mimecast security training has been rolled out for staff by IT. Free Privacy Act training modules available for staff to gain an understanding.  Personal devices owned by staff and elected members don't have the same protection protocols in place. Would require IT to enforce 6-digit pin numbers and other protection measures.  Data regularly exported (e.g. to Quotable Value and Environment Canterbury) could be encrypted - IT to advise.	2	4	8	<del>Moving away from Mimecast to Office 365 which has greater cyber security</del> <b>Have installed new firewalls with greatly improved security capabilities.</b> <b>Upgrade to Microsoft E3 also gives a larger suite of security products</b>
12	District Risk	Works & Services	Water supplies	Drinking water transgression, people get sick or die	SMO: Senior Manager Operations	<del>Works &amp; Services Manager</del>  <b>Operations Delivery Manager</b>	Health & safety	3	5	15	Water treatment facilities are in place, are well maintained, and <b>data collection</b> water testing regimes are followed. <b>Drinking</b> Water Safety Plans are in place, <del>and two boil water notices remain.</del>  <del>Upgrades to water treatment facilities, secure water sources, work to remove boil water notices.</del>  <del>DIA reform money addressing the risk</del>  Boiled water notice lifted for Fernleigh. Water safety plans in place.	2	4	8	Regular interface with regulator. <b>Source water risks understood and managed</b> All boiled water notices now lifted  UV <b>disinfection in place</b> - <del>protection in place</del> for all schemes.  <b>Chloridation in place for all but airport (as very small)</b>  <b>Annual Review by independent assessor.</b>
2	Council Risk	Building & Regulatory	Building control	Loss of BCA accreditation	SMO: Senior Manager Operations	Building Control Manager	Operational	5	4	20	Ongoing investment in staff, resources and training, monitoring BCA audit outcomes  Accreditation achieved March/April. 2 Year low risk  Loss of Building Control Manager. Recruitment underway and interim arrangements in place. Longer term arrangements are being considered. Interim IANZ review identified us as low risk.	2	4	8	IANZ accreditation completed in March 2024. Low risk until march 2026
27	Council Risk	Communications	Council website software not supported	Potential failure of the Council website may not able to be rectified and potential for full website to be inoperative	Senior Manager Corporate Services	Chief Executive	Operational	3	3	9	Procurement completed for new website supplier. Timeline for programme developed. New Communications Officer in place and engaged.  Communications Officer allocated additional time to focus on new website content and migration plan. Customer Services Officer has been allocated time to assist with the new website migration. New website successfully launched in May 2023	2	3	6	Continuous improvement plan being drafted with new pages being added. Eg. Have your say, LGOIMA. Councillor Bios
20	Council Risk	Whole of KDC	Financial management	Fraud - whether misappropriation of cash, theft of assets or cash, or some other fraud/corruption	Executive team	Management team	Financial	3	3	9	Segregation of duties within finance team, daily checking of banking and cash handling, regular financial reporting, financial delegations enforced.  Cash Handling Policy has been updated and endorsed by the Finance, Audit & Risk Committee in August 2021. Monthly internal reconciliation process. Safe purchased.	3	2	6	Increased internal auditing and deep dives

17	Council Risk	Whole of KDC	IT services	IT hardware failure	SMC: Senior Manager Corporate Services	Finance Manager	Operational	2	4	8	<p>Backups are undertaken 3 times daily, stored offsite. Backups kept for daily, monthly and yearly iterations.</p> <p>Document management system now up and running, the document management system does not have cloud-based storage (its on one of our new onsite servers). This risk is mitigated by the backups described as above.</p> <p><del>New server has now arrived and operational (this is the last of the older servers).</del></p> <p>Core servers - all now replaced, new laptops arrived or ordered to replace PC's (Covid delivery delays)</p> <p>Secure elected members devices issued</p> <p>Ongoing awareness of potential threats through Mimecast security awareness training arranged by IT. Monthly updates. Hardware replacement policies required.</p> <p><del>Review of security software and implications for July 2023 - IT Audit</del></p>	2	3	6	
6	Council Risk	Works & Services	Roading	Poor network resilience and a backlog of work resulting in poor roads and financial burden, and community impact	SMO: Senior Manager Operations	<del>Works &amp; Services Manager</del> <u>Operations Delivery Manager</u>	Operational	3	4	12	<p>Adoption of the LTP with the investments included will enable reseal backlog to be dealt with over the programmed six years.</p> <p>Final Waka Kotahi funding has increased and is being applied to additional capital works in order to accelerate the programme to eliminate the backlog.</p> <p>RAMM (Road Asset Maintenance Management) validation completed and improvement plan being developed. NCTIR Haul Roads completed within budget. Year 1 delivery successful (although Ludstone Road delayed to Year 2 to align with IAF projects. This year's activities will focus on delivery of the budgeted programme for year 3.</p> <p>Area wide treatments completed.</p> <p>Detailed delivery programme developed for <del>2023/2024</del> <u>2024/2025</u> financial year</p> <p>Sealing works scheduled for Q2 of financial year (within sealing season).</p> <p><u>Focus for next 3 years and LTP programme. Greater uncertainty in immediate reform with a change in Government. 3 waters included in LTP. Details of new reform proposal still required. Ongoing service.</u></p>	2	3	6	<p><del>Greater uncertainty in immediate reform with a change in Government.</del></p> <p><del>2 waters included in LTP. Details of new reform proposal still required. Ongoing service.</del></p> <p><u>Clear work programme defined. Roding and footpaths remain a priority investment in LTP</u></p>
23	Council Risk	Whole of KDC	Leadership	Natural disaster - effect on community: earthquake, tsunami, major flood event	Chief Executive	Executive team	Operational	1	5	5	<p>Emergency Management Officer and Function Managers are up to date with CIMS training, whole of KDC participation in regional exercises, liaison with regional civil defence agencies, regular catchups with local responders (police, fire, hospital, Red Cross etc)</p> <p>EMO now on a permanent contract due to CDEM restructure delay</p> <p>Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster. Ensure CEO support to EMO for implementing controls.</p> <p>Operation Pandora Emergency Planning Exercise held 18th October 2023.</p>	1	5	5	<p>Will always need external resource for significant local event</p> <p>EMO linkages with North Canterbury EMOs. Review of Canterbury group undertaken and implementation plan being developed</p>
5	Council Risk	Works & Services	Asset management	Lack of knowledge about KDC assets, especially critical infrastructure	SMO: Senior Manager Operations	<del>Works &amp; Services Manager</del> <u>Operations Delivery Manager</u>	Operational	3	4	12	<p>Significant progress made on improving asset knowledge and preparing Infrastructure Strategy and AMP's to support LTP.</p> <p>ADAPT asset management system in place and being used for waters assets.</p> <p><del>Proposed 3 waters reforms would remove some longer-term risks to Council</del></p> <p>Continuing focus for Works &amp; Services Team.</p>	2	2	4	<p>Further work required with <del>Adapt</del> <u>ADAPT</u> Working alongside Hurunui District Council <del>and Waimak Council</del> on <del>adapt</del> <u>ADAPT</u></p>

8	Council Risk	Whole of KDC	HR	Major disaster - business continuity	Executive team	Team leaders	Operational	1	5	5	Regular EOC function manager training, documented processes, EOC cupboards stocked, participate in Exercise Pandora, IT backups and disaster recovery plans in place  Policy and procedures review and update commenced. BCP plans in place for Covid.	1	3	3	Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster
1	Council Risk	Whole of KDC	Financial management	Long-term financial position: Major unforeseen projects or disaster events raise our debt levels too high	Chief Executive	Executive team	Financial	2	4	8	Financial delegation limits, budget supervision, monthly reporting of variances, asset management planning, and inputs to Long Term Plan. LTP approved. Headroom remains Current debt levels leave headroom.	1	3	3	Would require very major event as borrowing headroom significant  Planned borrowing less in 2022/2023 lower than forecast in LTP