

FINANCE AUDIT AND RISK COMMITTEE MEETING

Date:	Tuesday 25 February 2025
Time	1.00pm
Location	Totara, Council Chambers

AGENDA

1. Opening with a Karakia
2. Apologies
3. Declarations of Interest
4. Confirmation of Minutes dated 29 October 2024 page 3
5. Review of Action List page 8
6. Matters of Importance to be raised as Urgent Business -
7. Finance Report to 31 January 2025 page 9
8. Quarterly Reports to 31 December 2024 page 20
 - 8.1 Treasury Management Policy Report page 22
 - 8.2 Airport Quarterly Report page 27
 - 8.3 Harbour Quarterly Report page 31
 - 8.4 Rates & Sundry Debtors Report page 34
 - 8.5 Special Funds & Reserves page 37
9. Risk Management Report page 39
 - 9.1 Risk Register page 41
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 29 October 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 29 October	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)
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*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
1.00PM ON TUESDAY 29 OCTOBER 2024 AT TOTARA, COUNCIL CHAMBERS,
96 WEST END, KAIKOURA**

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

IN ATTENDANCE: W Doughty (Chief Executive Officer), P Kearney (Senior Manager
Corporate Services), S Poulsen (Finance Manager), C Kaa (Management
Accountant by MS Teams), B Makin (Executive Officer - minutes).

1. OPENING WITH A KARAKIA

2. APOLOGIES

Apologies were received from Mayor C Mackle.

Moved: Councillor V Gulleford
Seconded D Brandish

CARRIED UNANIMOUSLY

3. DECLARATIONS OF INTEREST Nil

4. CONFIRMATION OF MINUTES

RESOLUTION

THAT the Committee:

- a) *Confirms as a true and correct record, the circulated minutes of the Committee held on 27 August 2024*

Moved: Deputy Mayor J Howden
Seconded: D Brandish

CARRIED UNANIMOUSLY

5. REVIEW OF ACTION LIST

The action list was reviewed and noted:

- Reserves – Council staff are still to seek advice around internal borrowing.
- Graph showing reserves on one page – This has not been started as priorities were the annual report.
- Liability Management Policy – Council staff would talk to this under the quarterly reports.

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

7. FINANCE REPORT TO 30 SEPTEMBER 2024

Of note, the operating surplus is \$3.9 million over the quarter and is tracking \$824k better than budgeted for the year to date. The main variances relate to grants & subsidies (for opex and capex) which total \$729k.

S Poulsen highlighted an incorrecion on page 10 (item 4.1) where dog registrations are now around 88%, and not 80%.

There are three vacancies as at 30 September that are not included in personnel expenses.

Council staff commented that the valuations made a significant difference to the balance sheet for the annual report. The top 10 capital projects were highlighted on page 11. The total spend of the projects was reviewed and a query was raised around the bulk of the toilet spend being 97% with no finished product. Council staff advised that the bulk spend was to purchase the prefabricated toilets and they do not expect there to be a cost overrun for the project. This was also annual spend against annual budget as opposed to total project budget and spend.

RESOLUTION

THAT the Committee receives this report for information.

Moved: Councillor V Gulleford

Seconded: Councillor J Diver

CARRIED UNANIMOUSLY

8. QUARTERLY REPORTS TO 30 SEPTEMBER 2024

Treasury Management Policy Report

It was highlighted that the Liability Management Report and the Investment Policy Report have been combined into the new Treasury Management Policy Report, tabled to the meeting. There has been some subtle differences.

The Council raises all its loans with the LGFA, the total loans are \$9.3m. The Council has invested a term deposit of \$2m with the LGFA. This matures in April 2025 and will be used to repay a loan. The term deposit is receiving a higher rate than the borrowing rate.

The interest rate risk for 0-2 years is showing as not being compliant as it does not take into account the internal investment of the term deposit, otherwise it would be compliant.

Airport Report

A cash shortfall of 32% was noted and Council staff may need to revisit the budgets. The arrival of two new tenants might make a difference. Council staff would send out a table of the workings (**ACTION**).

Harbour Report

Boat parking and slipway revenue was up on the prior year. Slipway and cruise ship fees revenue are due to come through for the summer season. Expenditure is nearly \$0.5m which includes depreciation. A breakdown of the workings and depreciation was requested, Council staff would circulate this (**ACTION**).

Rates & Sundry Debtors Report

The accounting system sends out invoices not paid. There are a large number of rates owing and council staff are seeing payments slowing down.

RESOLUTION

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

Moved: Councillor V Gulleford
Seconded: D Brandish

CARRIED UNANIMOUSLY

The meeting moved to Item 11 Audit & Summary Results.

11. AUDIT & SUMMARY RESULTS – VERBAL UPDATE

C Kaa joined via MS Teams from Audit New Zealand's office. She explained that the tool 'Value Financials' was used to prepare this year's annual report. This has been successful, time-saving and efficient.

The major changes to the annual report were highlighted:

- \$112k has been transferred to opex that relates to work done by MainPower at Wakatu Quay.
- The seawall has been capitalised at \$59k.
- \$775k has been transferred from CWIP Property Plant & Equipment to Investment Property to reflect the work. Disclosed Wakatu Quay as an investment property. CWIP means work in progress not capitalised in the year.

Minor typos were also corrected, and a report will be presented to the Council tomorrow tabling all the changes.

The Chief Executive advised that the Canterbury Chief Executives are undertaking a piece of work at a canterbury level to elevate a discussion around the costs of audit and joint Council concerns with the Office of the Auditor General.

The meeting moved back to Item 9. Risk Management Report.

9. RISK MANAGEMENT REPORT

The new version of the risk register was tabled to the meeting. Further work is to be undertaken in terms of risk that overlaps such as insurance premiums and risk tolerance. Workshops will be scheduled in 2025 to flesh this out further with elected members.

The latest Government announcement around reforming the building control authorities had not been signaled ahead to local authorities. Council staff are waiting on more information to be announced in October/November.

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: Deputy Mayor J Howden
Seconded: Councillor J Diver

CARRIED UNANIMOUSLY

10. ANNUAL REPORT TO 30 JUNE 2024

It was noted that this item was discussed under Audit & Summary Results and that the document tabled is not the final version. Council staff advised that the unqualified performance measures for the previous financial year needs to be reflected in this year's annual report. Highlighted, challenges and achievements were noted on page 46 of the agenda.

RESOLUTION

That the Committee recommends that the Council:

- a) *Receives this report for information.*
- b) *Adopts the Annual Report to 30 June 2024.*

Moved: Deputy Mayor J Howden

Seconded: Councillor V Gulleford

CARRIED UNANIMOUSLY

11. 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 27 August 2024
- b) Harbour Financial Matters – verbal update
- c) Insurance Renewal Options – 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:

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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)

Insurance Renewal Options – Verbal Update	Verbal update on insurance premiums/quotes 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
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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 J Diver

CARRIED UNANIMOUSLY

12. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 1.58 pm.

13. CLOSE MEETING

There being no further business, the meeting was declared closed at 2.14 pm.

CONFIRMED _____ Chairperson
 Date

**FINANCE AUDIT AND RISK
ACTION LIST AS AT 20 FEBRUARY 2025**

OPEN ITEMS

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
1	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
2	Provide a graph showing the reserves on one page	S Poulsen	Ongoing	Verbal update to be provided at meeting

CLOSED ACTIONS

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
	Liability Management Policy Compliance Report The Finance team have asked PWC to provide a clearer table and will circulate this once received.	P Kearney/ S Poulsen	-	Included in Treasury Policy Compliance Report
3	Circulate breakdown of workings for airport cash shortfall	P Kearney	February 2025	Completed – circulated
4	Circulate breakdown of workings for harbour expenditure and depreciation	P Kearney	February 2025	Completed – circulated

Report to:	Finance, Audit & Risk Committee
Date:	25 February 2025
Subject:	Finance Report to 31 January 2025
Prepared by:	C Kaa, Management Accountant
Input sought from:	V Kaur, Assistant Accountant
Authorised by:	P Kearney, Senior Manager Corporate Services S Poulsen, Finance Manager

1. SUMMARY

The purpose of this report is to provide a summary of the Council's financial performance and financial position to the end of January 2025.

The end of January shows an operating surplus of \$4.17M, tracking \$1.44M better than budget for the year to date. The variance continues to be predominantly in grants & subsidies, these variances are likely to exist for the remainder of the financial year.

This report is for information only.

Attachments:

- i. Finance Agenda Statements to 31 December 2025

2. RECOMMENDATION

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

3. FINANCIAL INSIGHTS FOR THE YEAR AHEAD

A number of Capital projects are nearing completion or have been completed

- Toilet upgrades (West End, Top End and Churchill Park)
- Community Courts (Phase 1)
- Local roading reseals
- Link Pathway

Wakatu Quay construction is under way with LMC being the main contractor

Link Pathway is nearing completion and the final allocation of works will be finalised this week

4. STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE ("PROFIT & LOSS")

4.1 Operating revenue

- Rates Revenue – \$112K above budget due to P3's applied.
- Water Meter Charges - \$42K above budget, however work is still needed to go through any credits and water leak issues, invoices were sent out in January for the previous 6 months.
- User fees & charges are down \$199K, however \$75K reflects a pass through of revenue. The major variances sit in cost recoveries, resource consent fees and building inspection fees. There is an action in place to work through the work in progress relating to resource consent and district planning fees.
- Grants and Subsidies – operating revenue over budget by \$1.4M, of this \$1M relates to Wakatu Quay, we have also received higher than budgeted funds for MTFJ, Local Water Done Well of which some funds received were unbudgeted. Capital grants and subsidies is below budget due to Waiau Toa Bridge work not being completed as anticipated.

- Development Contributions are above budget \$52K due to a number of subdivision developments underway.
- Interest Revenue \$57K above budget due to having more cash than expected in interest earning accounts.

4.2 Direct operating expenses

- Personnel expenses are under budget \$101K due to budget splits and timing of pays – this should correct in April. We also have some staff vacancies within the organisation.
- Contractor expenses are down, which has a direct correlation to the appointment of our Building Control Manager and upskilling of our building team, returning KDC to delivering building services inhouse.
- Professional services are overspent primarily due to public liability insurance premiums, and legal fees for a complex matter.
- IT & Telecommunications is under budget due to the timing of the Datascope implementation \$30K below budget, ADAPT management system lower than expected along with fuel costs operating under budget and general office expenses lower than budget (photocopying and stationery).
- MRF has a variance of \$17K due to the timing of the logging, we forecast this will exceed budget as logging is now expected to continue throughout the financial year.
- Utilities is showing \$45K under budget largely due to an unexpected electricity refund which may need to be paid back.
- Project management expenses for Wakatu Quay are \$157k over budget – this needs to be amended as the project management costs will be capitalised. Other project costs were unbudgeted and are offset against grants/revenue received.
- Repairs and Maintenance - Facilities are underspent largely due to parks & reserves maintenance being completed inhouse, however it is expected that this variance will reduce by year end.
- Unsubsidised work on the Jordan Stream crossing takes Repairs & Maintenance for Roothing over budget – the budget is in the capital expenses rather than operating.
- Water repairs and maintenance are under budget for both planned and unplanned work.
- Other expenses is under budget due to the timing of the district plan change costs – the district plan review is about to enter the procurement phase.

4.3 Indirect operating expenses

- Depreciation will continue to be much lower than budgeted because the budget forecast has been calculated on estimated completion times which haven't been achieved (such as the Clarence River bridge, Wakatu Quay, and other projects). The Council does not set its rates to cover the cost of depreciation, and so the variance has no cash impact.
- Overheads and internal charges are budgeted as negative expense because some staff time is now being allocated to capital projects, which transfers the cost from operating to capital. This is a new process for this year, triggered by an NZTA expectation that roading staff account for their time on the roading programme, and seems to be working well.

5. STATEMENT OF FINANCIAL POSITION (“BALANCE SHEET”)

5.1 Current assets

- Cash on hand is \$5.4M of this we had \$4M is on term deposit, however with the Wakatu Quay project about to enter construction phase, we can expect cash balances to decrease over the coming 12-18 months.
- Trade & other receivables balance is \$1.1M which is largely relates to one large debtor.

5.2 Non-current assets

- Property, Plant and Equipment is \$13M from the year end budget due to a couple of large projects not being completed at the rate anticipated, this also applies to the Investment Property as well.
- Financial Assets of \$329,029 include carbon credits and LGFA borrower notes attached to LGFA Borrowing.

5.3 Current liabilities

- Trade and other Payables is tracking in line with budget and prior year.
- The current portion of the landfill provision provides for final capping work in the 2025 year.

5.4 Non-current liabilities

- The \$9.3 million in loans reflects \$7.3m in non-current debt and \$2m which is current debt – due to mature in April 2025.
- The non-current provisions refer to landfill aftercare which is forecast to be a liability for the next 80 years.
- Other term liabilities are Environment Canterbury's share of the Marlborough Regional Forestry joint venture, which we hold on their behalf.

6. STATEMENT OF CASHFLOWS

Cash balances remain large due to the pre-funding loan drawdown. There is likely a large portion of payments and funding relating to Wakatu Quay that will need to be re-allocated from Operating activities to Investment activities following the Annual report.

7. CAPITAL PROJECTS

The Capital Projects workpaper is attached for your reference - The table below identifies the top 10 projects by budget value, for year one of the Long-Term Plan 2024-2034, and the actual spend for the year so far against the full year budget.

Project	Budget	YTD	FY Budget Spent
IAF	6,438,988	349,083	5%
Wakatu Quay	3,890,816	895,424	23%
Glen Alton (Clarence River) Bridge	2,000,000	383,161	19%
Sealed road resurfacing	561,542	-	0%
Landfill closure & transfer station reconfiguration	400,000	135,737	34%
Link Pathway	400,000	366,762	92%
West End, Churchill St Toilets	550,000	616,943	112%
Roading sublayer rehabilitation	330,000	267,904	81%
Jordan Stream bridge	300,000	21,488	7%
Footpaths	250,000	10,146	4%
Other capital projects	1,877,463	1,268,910	71%
Total	16,898,809	4,315,558	26%
<i>Big 3</i>	<i>12,329,804</i>	<i>589,274</i>	<i>13%</i>
<i>BAU</i>	<i>4,569,005</i>	<i>1,530,735</i>	<i>59%</i>

The amounts in this table are reflective of budget and actual spend during the 2024/2025 financial year, and don't include previous year(s).

8. WORKING CAPITAL

Working capital takes current assets less current liabilities, to show whether there is adequate cover for payments when they fall due (working capital should always be more than zero). Current assets are \$7.2M and current liabilities \$3.8M for a working capital of \$3.4M which is broadly in line with last year.

9. FINANCIAL IMPLICATIONS AND RISKS

Monthly 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.

10. 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).

11. 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.

12. GLOSSARY OF TERMS USED IN THE FINANCIAL STATEMENTS

Statement of Comprehensive Revenue & Expense	
Revenue	
Rates revenue	General and targeted rates, plus penalties, less remissions.
Water meter charges	Invoiced twice a year calculated on water meters attached connected to properties, showing water consumption per m ³
User fees & charges	Fees for goods and services we provide (consent fees, lease revenue, slipway fees, etc)
Grants & subsidies	Grants received for operating costs such as MSD funding for a family violence coordinator, NZTA subsidies for road maintenance and cleaning public toilets, Mayors Taskforce for Jobs, etc.
Development contributions	A fee charged to developers on subdivisions and commercial buildings so they contribute to capital upgrades that are required to service their development and associated infrastructure.
Interest revenue	Interest earned on term deposits and on-call savings accounts
Gains	Increases in the value of investment property, or the surplus over and above the book value of an asset if sold
Other revenue	Infringement fees, petrol tax, waste minimisation levy, insurance claims, logging sales, and MRF revenue
Grants & subsidies – capital	Grants for capital expenditure, such as funding for the Wakatu Quay development, NZTA subsidies for road renewals, etc
Direct Operating Expenses	

Personnel	Salaries, wages, honoraria, staff leave, and Kiwisaver contributions
Personnel-related expenses	Training & conference expenses including travel & accommodation, Fringe Benefit Tax, workplace support, medical insurance, safety gear.
Admin & office expenses	Subscriptions, stationery, bank fees, advertising, postage, rates, etc
Contractors	External resources – building consent processing, cemetery plot preparation, mowing, freedom camping ambassadors, etc
Professional services	Legal advice, consultancy, valuation fees, audit fees, insurance premiums, treasury advice, design fees, accreditation expenses.
Grants & donations	Payments to organisations such as the Museum, KITI, Te Ha, etc.
IT & telecommunications	Software licences and support, phones and cell-phones, internet, website, computer consumables, printer/copier lease, etc
MRF	Marlborough Regional Forestry joint venture (our 11.5% share of expenses)
Utilities	Electricity, cleaning expenses, fuel and vehicle expenses
Project expenses	Project management, waste minimisation projects, environmental projects, back-scanning project, and other specific project expenses
Repairs & maintenance	Building maintenance, playground repairs, elevator servicing, wharf maintenance, vandalism repairs, tools & equipment. Road drainage and seal maintenance, pothole repairs, etc. Kerbside recycling and rubbish collection service, transfer station operating expenses, rubbish pickups, town rubbish bin services. Water services scheduled maintenance and unplanned repairs.
Statement of Financial Position	
Cash & cash equivalents	Bank accounts and term deposits: note - includes long-term deposits
Trade & other receivables	Debtors. Includes rates, leases, and other invoices, and is the amount that ratepayers and customers still must pay to the Council.
Prepayments & inventory	Bills we have paid in advance (such as insurance and subscriptions), plus stock on hand.
Current financial assets	The loan from the Council to Innovative Waste – the amount that will be paid back within 12 months.
Other current assets	Assets held for sale (e.g. the Esplanade land – former Council office)
Intangible assets	Software systems that we own (rather than hold a licence to use)
Forestry assets	Standing trees, valued annually at the likely return if logged and sold
Investment property	Wakatu Quay – valued annually. The Council has classified this as an investment property because it expects the land to generate a return
Property, plant & equipment	All other assets – land, buildings, roads & bridges, wharves, water and wastewater infrastructure, vehicles, office equipment, library books.
Trade & other payables	Creditors. The balance of bills we haven't paid yet, and other amounts we must pay within 12 months (GST, refundable bonds, ECan's share of rates revenue, etc).
Employee liabilities	Annual leave owing to employees

Landfill provision – current	An estimate of the cost that will be incurred within the next 12 months to secure and cap the site.
Current portion of term debt	Loans (or portion of loans) that must be repaid within 12 months
Provisions	An estimate of the cost that will be incurred to secure and cap the site beyond the next 12 months, and to keep maintaining the site ongoing.
Borrowings – non-current	The balance of loans that don't need to be repaid within 12 months
Other term debt	Our share of Marlborough Regional Forestry debts, and any other long-term liabilities
Public equity	A type of equity that records accumulated surpluses and deficits, and other movements in equity not recorded below.
Asset revaluation reserve	A type of equity that records movements in property, plant and equipment values.
Special funds & reserves	A type of equity that records funds set aside for specific purposes (such as grants, targeted rates, development contribution funds, etc)

13. 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 31 JANUARY 2025

<p>OPERATING RESULT <i>operating surplus/(deficit)</i></p> <p>\$4.17m</p> <p>\$600k favourable v/s year to date budget of \$3,572k</p>	<p>OPERATING COSTS <i>costs to deliver existing levels of service</i></p> <p>\$11.18m</p> <p>\$337k favourable v/s year to date budget of \$11.51m</p>
<p>TOTAL EXTERNAL BORROWING <i>total borrowings from bank</i></p> <p>\$9.30m</p> <p>\$2,000k unfavourable v/s full year budget of \$7.3m</p>	<p>INTEREST ON DEBT <i>cost to service debt</i></p> <p>\$257k</p> <p>\$20k unfavourable v/s year to date budget of \$237k</p>
<p>CAPITAL EXPENDITURE <i>cost of new &/or replacement of assets</i></p> <p>\$4.31m</p> <p>\$48.1K favourable v/s year to date budget of \$4354.6K</p>	<p>DEVELOPMENT CONTRIBUTIONS <i>received for district growth</i></p> <p>\$106.8k</p> <p>\$51.6k favourable v/s year to date budget of \$55k</p>
<p>LONG TERM PLAN MEASURES</p>	
<p>DEBT AFFORDABILITY BENCHMARK <i>financing expenses as a % of rates</i></p> <p>4.8%</p> <p>5.2% favourable v/s council approved limit of 10.0%</p>	<p>EBID <i>earnings before interest and depreciation</i></p> <p>\$7.72m</p> <p>\$309K favourable v/s year to date budget of \$7.41m</p>
<p>BALANCED BUDGET BENCHMARK <i>revenue equal or greater than expenses</i></p> <p>137%</p> <p>37% favourable v/s council benchmark of 100%</p>	<p>BORROWINGS TO EQUITY <i>Term loans as a % of equity</i></p> <p>3.05%</p> <p>0.78% unfavourable v/s full year budget of 2.27%</p>

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE PERIOD ENDED 31 JANUARY 2025

	BUDGET	BUDGET YTD	ACTUAL	YTD VARIANCE
	2025	YTD	YTD	
		31/01/2025	31/01/2025	31/01/2025
	\$	\$	\$	\$
REVENUE				
Rates revenue	10,537,555	5,268,779	5,380,413	111,634
Water meter charges	229,600	114,800	157,206	42,406
User fees & charges	1,922,856	1,179,430	979,845	(199,585)
Grants & subsidies	991,880	648,593	1,985,774	1,337,181
Development contributions	61,559	55,200	106,813	51,613
Interest revenue	57,489	33,537	90,363	56,826
Gain	88,200	-	-	-
Other revenue ^[1]	685,001	161,602	172,016	10,414
Total Operating Revenue	14,574,140	7,461,941	8,872,429	1,410,488
Grants & Subsidies - Capital	14,046,867	6,681,838	6,476,188	(205,650)
Total Revenue	28,621,007	14,143,779	15,348,618	1,204,839
DIRECT OPERATING EXPENSES				
Personnel	4,126,431	2,399,156	2,298,540	(100,616)
Personnel Related Expenses	342,958	216,250	193,726	(22,524)
Admin & Office Expenses	452,374	250,797	245,183	(5,614)
Contractors	621,402	356,679	282,658	(74,021)
Professional Services	1,517,867	1,153,123	1,308,221	155,098
Grants/Donations	736,084	558,503	583,388	24,885
IT & Telecommunications	811,735	253,999	204,769	(49,230)
MRF	119,676	102,757	85,905	(16,852)
Utilities	716,573	420,109	374,750	(45,359)
Project Expenses	259,832	150,698	360,580	209,882
Repairs & Maintenance - Facilities	482,574	264,642	215,589	(49,053)
Repairs & Maintenance - Roading	1,368,522	737,136	797,742	60,606
Repairs & Maintenance - Waste	352,000	204,448	215,322	10,874
Repairs & Maintenance - Water	787,800	461,912	429,619	(32,293)
Other Expenses	574,096	164,838	119,009	(45,829)
Total Direct Operating Expenses	13,269,924	7,695,047	7,715,001	19,954
INDIRECT OPERATING EXPENSES				
Depreciation	6,238,922	3,598,856	3,287,696	(311,160)
Financing expenses	392,361	236,834	256,864	20,030
Overheads and Internal Charges	(196,378)	(117,354)	(83,323)	34,031
Total Indirect Operating Expenses	6,434,905	3,718,336	3,461,238	(257,098)
Total Operating Expenses	19,704,829	11,413,383	11,176,239	(237,144)
Operating surplus/(deficit)	(5,130,689)	(3,951,442)	(2,303,810)	1,647,632
TOTAL COMPREHENSIVE REVENUE & EXPENSE	8,916,178	2,730,396	4,172,379	1,441,983

STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2025

	BUDGET to year end \$000s	ACTUAL 31/01/2025 \$000s	ACTUAL 31/01/2024 \$000s
ASSETS			
<i>Current assets</i>			
Cash & cash equivalents	1,682,415	5,431,390	3,999,756
Trade & other receivables	1,956,405	1,157,420	670,853
Prepayments & inventory	254,081	274,806	212,018
Current financial Assets	20,000	20,000	20,000
Other Current Assets	330,000	330,000	330,000
Total current assets	4,242,902	7,213,616	5,232,626
<i>Non-current assets</i>			
Intangible assets	-	15,239	47,024
Forestry assets	2,520,931	2,728,235	2,400,887
Investment property	7,477,534	3,774,455	2,940,000
Financial Assets	206,500	329,029	211,500
Property, plant & equipment	316,712,143	302,723,618	290,457,641
Total non-current assets	326,917,108	309,570,575	296,057,051
TOTAL ASSETS	331,160,010	316,784,191	301,289,678
LIABILITIES			
<i>Current liabilities</i>			
Trade & other payables	1,611,807	1,231,246	1,634,558
Employee liabilities	257,367	223,951	193,145
Landfill Provision - current	0	388,680	579,887
Current Portion of term debt	1,000,000	2,000,000	0
Total current liabilities	2,869,174	3,843,877	2,407,591
<i>Non-current liabilities</i>			
Provisions	224,575	382,133	224,575
Borrowings – non-current	6,300,000	7,300,000	7,300,000
Other term debt	482,928	545,169	482,928
Total non-current liabilities	7,007,503	8,227,302	8,007,503
EQUITY			
Public equity	143,790,195	119,125,102	118,257,638
Asset revaluation reserve	175,115,415	176,793,446	166,524,581
Special funds & reserves	2,377,723	8,794,463	6,092,364
Total equity	321,283,333	304,713,011	290,874,584
TOTAL LIABILITIES & EQUITY	331,160,010	316,784,191	301,289,678

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2025

	BUDGET to year end \$	ACTUAL 31/01/2025 \$	ACTUAL 31/01/2024 \$
OPERATING ACTIVITIES			
Receipts from rates	10,767,157	(5,380,413)	4,745,494
Interest received	57,489	(90,362)	44,696
Receipts from other revenue	16,871,284	13,615,055	5,619,264
Payments to employees & suppliers	(13,937,592)	(9,499,234)	(9,975,476)
Interest paid	(392,362)	(256,864)	(165,537)
Goods & services tax (net)	-	351,951	(331,847)
Net Cash from Operating Activities	13,365,976	(1,259,867)	(63,405)
INVESTING ACTIVITIES			
Grants received for capital work	-	6,476,188	3,200,240
Purchase of investment property	(3,890,816)	-	-
Purchase of property, plant & equipment	(13,007,991)	(4,306,481)	(4,516,142)
Purchase of forestry assets	-	-	-
Purchase of intangible assets	-	0	0
Purchase/Sale of non-financial assets	-	(122,529)	(35,000)
Purchase of current-financial asset	-	-	-
Sale of property, Plant & equipment	-	-	-
Payment into term deposits	-	-	-
Net Cash from Investing Activities	(16,898,807)	2,047,179	(1,350,902)
FINANCING ACTIVITIES			
Movement in borrowings	-	2,000,000	2,000,000
Net Cash from Finance Activities	-	2,000,000	2,000,000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(3,532,831)	2,787,312	585,693
OPENING CASH	5,215,246	2,644,078	3,414,063
CLOSING CASH BALANCE	1,682,415	5,431,390	3,999,756

Report to:	Finance, Audit & Risk Committee
Date:	25 February 2025
Subject:	Quarterly Reports to 31 December 2024
Prepared by:	C Kaa - Management Accountant
Input sought from:	V Kaur - Assistant Accountant
Authorised by:	P Kearney - Senior Manager Corporate Services S Poulsen - Finance Manager

1. PURPOSE

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

2. RECOMMENDATION

It is recommended 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 Treasury Management Policy Report

In summary, the Council has \$9.3 million in borrowings, with a term deposit in place meaning net debt is \$7.3 million. The Council is compliant with the new Treasury Management Policy in all respects.

3.2 Airport Quarterly Report

The number of airport landings are up compared to previous years, largely due to accurate readings now. Expenditure is currently below budget, however the airport continues to operate at a loss.

3.3 Harbour Quarterly Report

Slipway fees and boat parking revenue are tracking close to budget for the year. Expenditure is tracking slightly under budget. Overall, the harbour is operating with a loss of \$65K.

3.4 Rates & Sundry Debtors Report

Total rates owing is \$774K, there are 5 properties in the 3 year overdue with an overall balance of \$78K which are due to be cleared by the end of the financial year.

Total sundry debtors is at \$1.4M. Overdue debtors remain distorted by one large sundry debtor in the 3+ month overdue category. There are no major concerns with the remaining debtors.

3.5 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.

TREASURY POLICY COMPLIANCE REPORT

TO 31 DECEMBER 2024

Objective

The objective of the Treasury Policy is to control and manage costs and investment returns that can influence operational budgets and Council-approved debt levels.

This Policy supports the Council’s wider objectives, specifically:

- Efficient and effective management of Council activities and assets,
- Prudent stewardship of Council and Community assets and resources,
- Transparency of decision-making processes undertaken by the Council,
- Accountability for the decisions taken, and
- Compliance with statutory obligations

The Treasury Policy (incorporating the Liability Management Policy and Investment Policy) was adopted in June 2024 by the Council as part of the Long-term Plan 2024-2034.

Borrowing Limits

The Council must comply with all relevant financial covenants and ratios. In managing debt, the Council will adhere to the following limits:

Limit	Council Limit	Actual	Compliant
Net external interest expense as a percentage of annual rates income	<15%	3.3%	Yes
Net interest expense as a percentage of total revenue	<10%	1.2%	Yes
Net external debt as a percentage of total revenue	<150%	51%	Yes
Total external debt	\$15m	\$9.3m	Yes
Liquidity ratio	>110%	157%	Yes

Funding Risk

Funding risk management is concerned with ensuring that debt funding can be secured or refinanced in the future at acceptable terms, and this is achieved by spreading the maturity dates of borrowings, so they don’t all fall due (and need to be refinanced) within a short period of time.

The debt maturity profile limits and actuals, in respect to all external debt and committed bank facilities, are as below.

Period	Minimum	Maximum	Actual	Compliant
0 to 3 years	15%	60%	55%	Yes
3 to 7 years	25%	85%	45%	Yes
7 years plus	0%	60%	0%	Yes

Interest Rate Risk

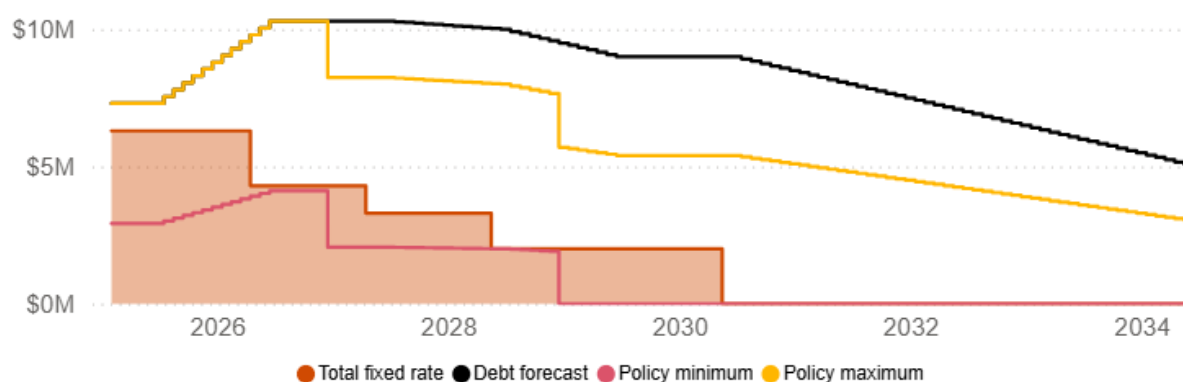
Like Funding Risk, interest rate risk refers to the impact that movements in wholesale interest rates have on the Council's financial performance (when compared to projections included in the LTP and Annual Plan). The Council's objective in managing interest rate risk is to minimise, and maintain stability of, debt servicing costs.

Exposure to interest rate risk is managed and mitigated through maintaining the percentage of gross forecast external debt that is subject to a 'fixed rate', rather than a 'floating rate', within the following limits (calculated on a rolling monthly basis):

Period	Minimum	Maximum	Actual	Compliant
0 to 2 years	40%	100%	67%	Yes
2 to 4 years	20%	80%	30%	Yes
4 to 15 years	0%	60%	6%	Yes

The Council is now compliant with the Interest Rate Risk profile, the loans are quite evenly distributed across the years.

Interest rate risk profile



Our weighted average interest rate is 5.02%, with rates ranging from 3.29% fixed to 6.53 floating%.

Current % of Debt Fixed	68%
Current % of Debt Floating	32%
Value of Fixed Rate (M)	\$6.3 million
Value of Floating Rate (M)	\$3 million

Management of Credit Risks

Policy	Compliant
All bank borrowing and interest rate hedging transactions must be undertaken with the NZ Government, the Local Government Funding Agency (LGFA), or a New Zealand Registered Bank with a minimum Standard and Poor's credit rating of at least AA-	☑

The Council raises all of its loans with the LGFA.

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).	☑

Security

Under the Local Government Rating Act 2002, the Council has the powers to set, access and collect rates to fund local government activities. This allows the Council to provide its rating powers as security for borrowing and risk management purposes in the form of a Debenture Trust Deed.

The Council has the right to enter into a borrowing facility with the Bank of New Zealand (BNZ) and secured by a charge over the Council's rates revenue, or negative pledge if this is appropriate. The Council will not pledge assets as security except where it has received a suspensory loan (as has been given for the housing for the elderly units).

Debt Repayment

The Council will ensure that loan principal budgeted amounts are set aside in a special fund established to repay specific borrowing, a tabled mortgage is used, or it will repay debt from special reserves or special funds associated with the activity for which the loan has been raised.

Investments

Value and Mix of Council's Investments

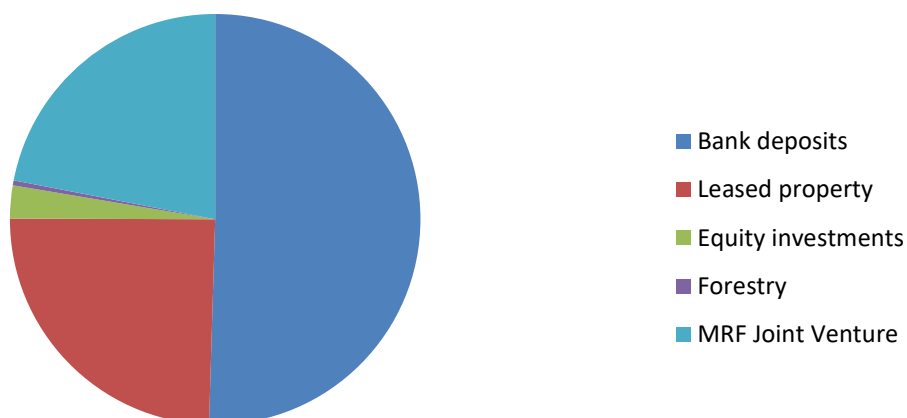
	This Quarter		Last Year	
Bank deposits	6,162,153	50%	4,714,778	39%
Investment property	3,000,000	24%	4,729,761	39%
Equity investments	316,500	3%	236,500	2%
Forestry	47,513	0%	96,393	1%
MRF Joint Venture	2,680,722	22%	2,304,494	19%
	12,206,888	100%	12,081,926	100%

Bank deposits have increased with the receipt of over \$4 million in grants for Wakatu Quay, and the drawing of a \$2 million loan in advance of a loan maturing in April 2025. A term deposit has been made for 180 days at 6.15% interest.

Investment property included the airport and hangar in previous reports, however the airport is only expected to be self-funding as an activity and so doesn't meet the definition of an investment property – hence the decrease in investment property value compared to the prior year.

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	2,158,899	4.75%	On call	80,052
Special funds on call account	3,254	4.75%	On call	58
Term deposit	4,000,000	6.15%	180 days	0
	6,162,153	4.75%		80,110

Forestry Investments

The Long-Term Plan 2024-2034 confirms there is no annual targeted net return from forestry until 2029.

Net Rental Yields of Property Investments

Investment properties are limited to Wakatu Quay, with that land yet to be developed therefore the annual target net return is currently NIL. The land has had a fair value gain over last year by \$60k to a total value of \$3 million.

	Asset value	EBIT	Interest	Net	Yield
Wakatu Quay	3,000,000	0	0	0	0

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

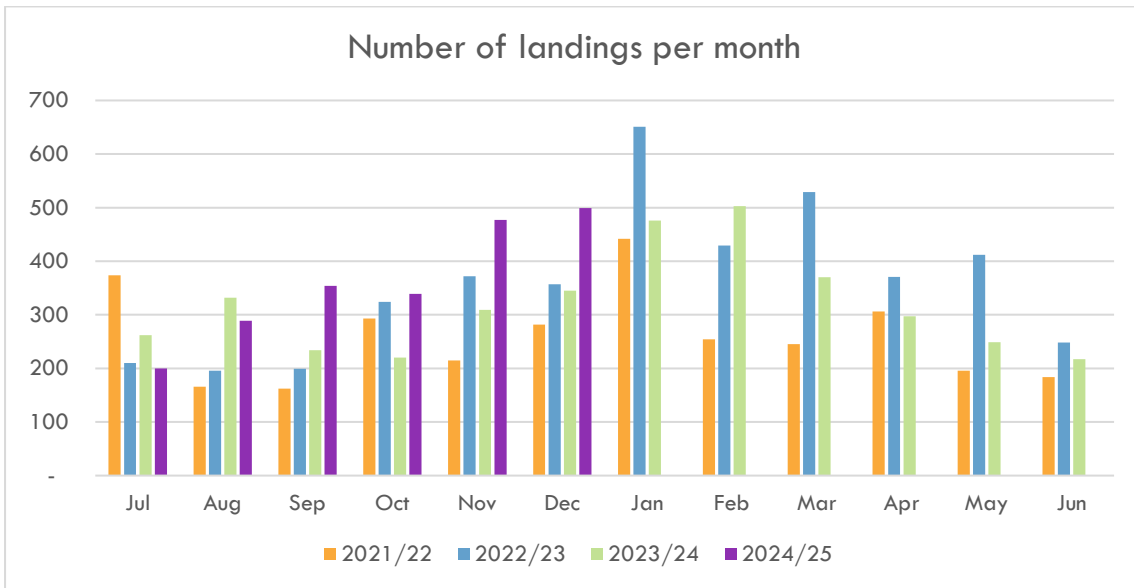
	Value	Return	Yield
Bank deposits	6,162,153	80,110	1.3%
Leased property	3,000,000	0	0.00%
Non-Financial Assets	316,500	540	2.16%
South Bay Forestry	47,513	(13,588)	(28.6)%
Marlborough Forestry	2,680,722	(88,869)	(3.32)%

Bank deposits are currently earning at interest rates from 4.75% to 6.15%, interest is applied monthly to On Call accounts but only quarterly for the term deposit (with no interest applied so far), therefore the actual interest earned appears to be only 1.3%.

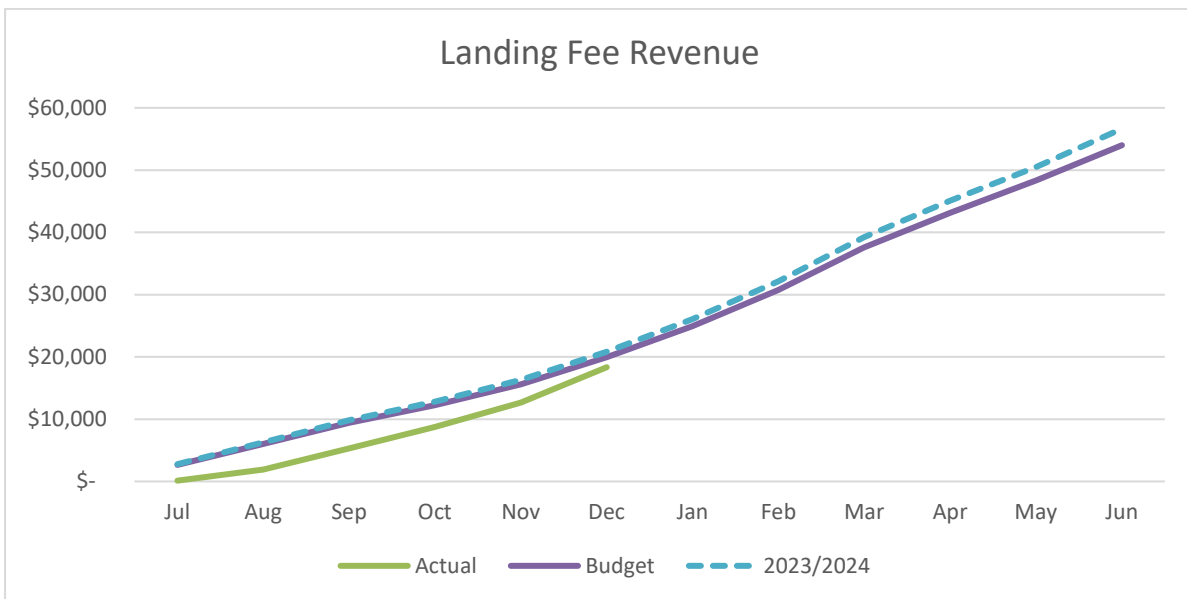
Forestry assets are not expected to generate a return in this financial year – however we are receiving logging revenue for South Bay Forest which is getting harvested, this will be offset against the associated logging expenses.

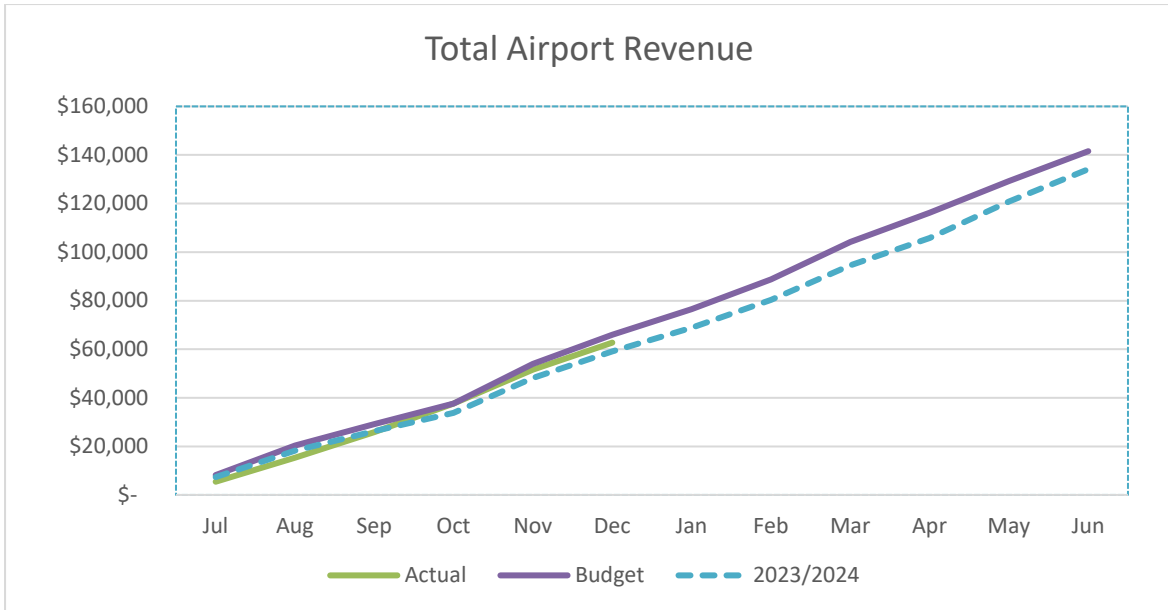
AIRPORT QUARTERLY REPORT To 31 DECEMBER 2024

Number of landings per month - The number of landings in 2024/25 shows an upward trend compared to previous years. The busiest month is December with 499 landings. As noted in the last quarter report the number of landings did increase in August and September after the new AIMM recording system was installed, which records the automated transmission from aircraft rather than relying on pilot radio calls.

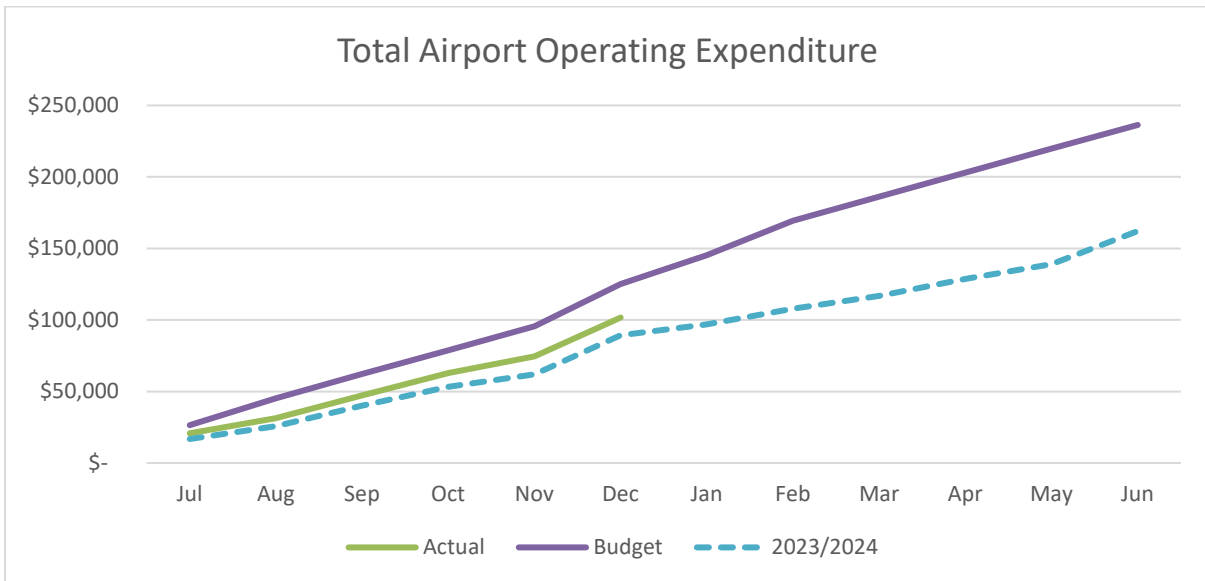


Landing Fee Revenue – is below budget for the six months and prior year performance. However, revenue for quarter two is now tracking above budget due to the accurate landings recorded.



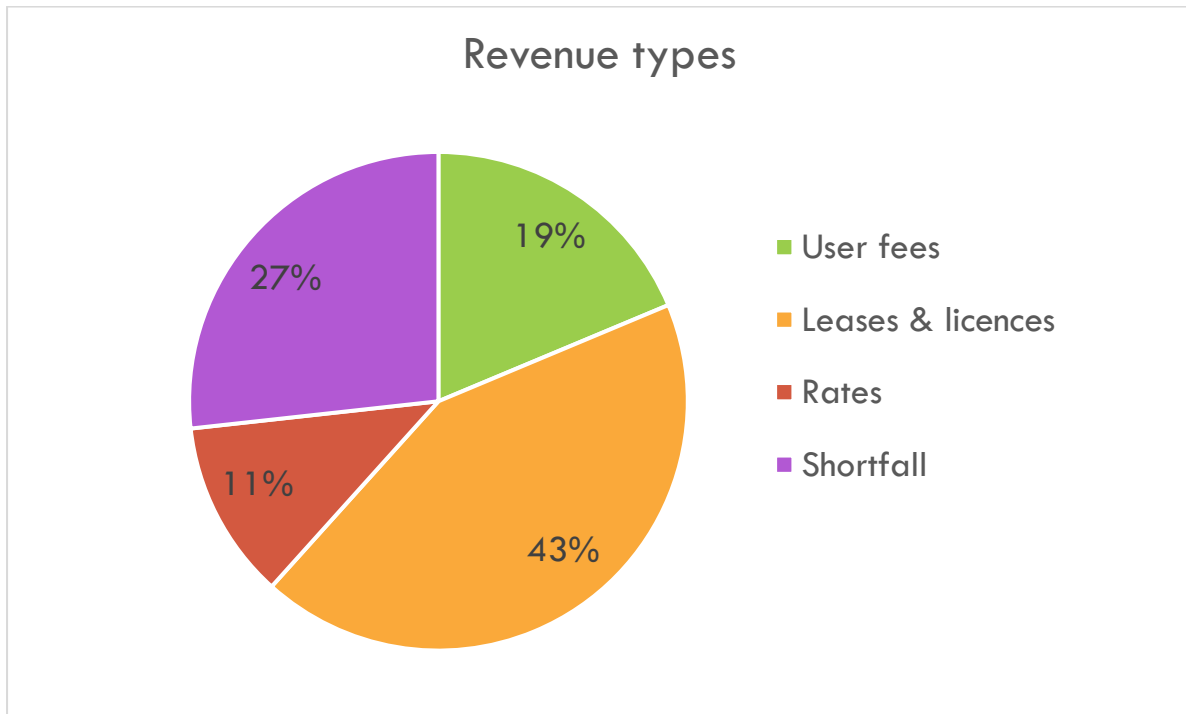


Total Airport Revenue - Overall airport revenue for the six months is on track with budget, with \$11,785 funded through rates. Lease revenue is \$2K below budget and landing fee revenue is \$1.5K below budget, however we expect the landing fees to exceed budget in the next six months.



Total Airport Operating Expenditure - Operating expenditure stands at \$101,702 for the six months, which is below the budgeted amount of \$125,131. The primary variance is due to depreciation, which is \$32K lower than budget. While depreciation is a non-cash expense, the AIMM Airport monitoring cost is \$2K under budget. However, fixed costs such as finance expenses are \$3.7K higher than anticipated, and overhead and internal charges are \$6K above budget. Additionally, variable expenses, including insurance and maintenance, are slightly above the budgeted figures.

Revenue types - The graph below shows that the airport is funded through user fees 19%, leases and licences 43% and 11% being rate funded – and currently there is a \$27,201 shortfall which is reflected as 27% in the graph. It is the intention in future years the airport will be self-funding or 90% funded through user fees.



In terms of annual net return of the airport terminal and hangar buildings, previously reported in the Investment Policy quarterly report, the net return of the commercial areas within the airport are as follows:

	Asset value	EBIT	Interest	Net	Yield
Airport commercial areas	1,511,914	(5,624)	(6,159)	(11,783)	(0.78%)

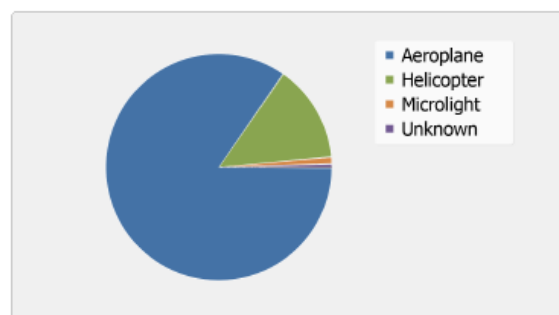
EBIT refers to Earnings Before Interest & Tax

In summary the airport commercial areas are running at a small loss, however insurance premiums are a reasonably significant cost and are in lumpy instalments which may distort net yield on a quarterly basis.

The following is an extract from the December 2024 monthly reports we receive from AIMM.

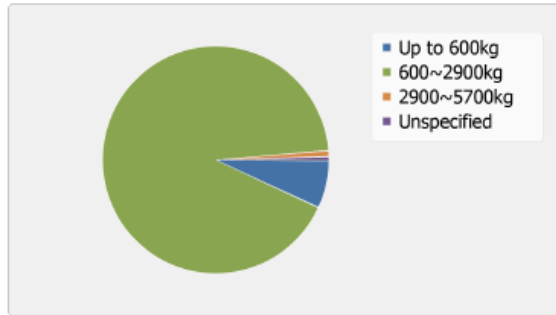
Aircraft Type Summary

Type	Movements
Aeroplane	970
Helicopter	159
Microlight	10
Unknown	7



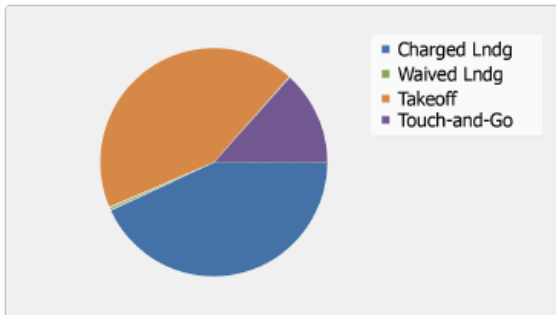
Aircraft Weight Summary

Weight	Movements
Up to 600kg	79
600~2900kg	1051
2900~5700kg	9
Unspecified	7



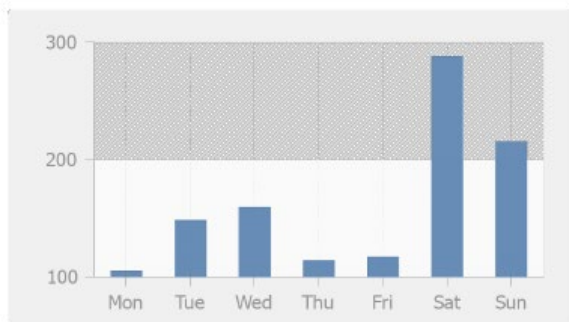
Charge Summary

Status	Movements
Charged Lndg	495
Waived Lndg	4
Takeoffs	493
Touch-and-Go	154



Movements: Days of Week

Weekday	Movements
Mon	105
Tue	148
Wed	159
Thu	114
Fri	117
Sat	288
Sun	215



ACTIVITY LEVEL: During December 2024, the airport had 1,146 movements, an increase of 80% from 638 for the same month last year. For the last 12 months, there were 8,844 movements, an increase of 6% from 8,319 for the same period in the previous year.

MOVEMENTS Day/Night

1144 during the Day, after MCT.
 2 during the Night, after ECT, (0%).

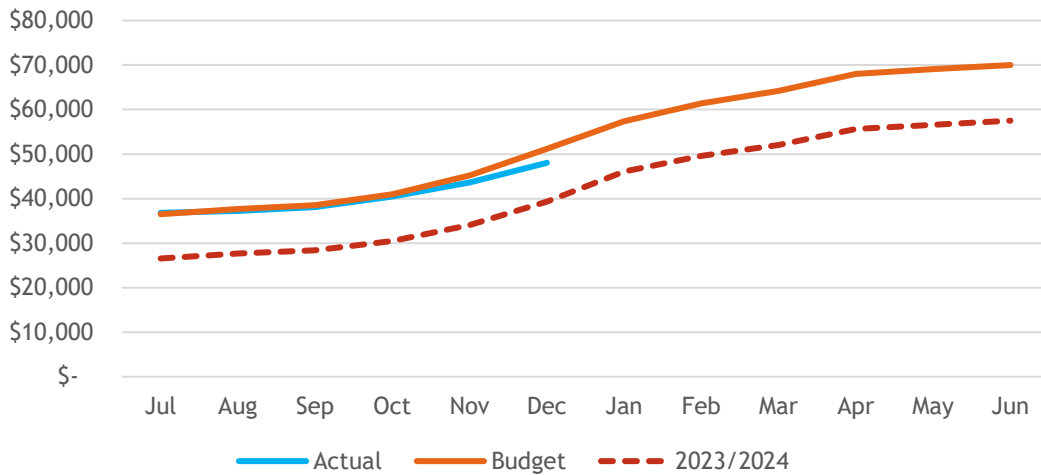
COMPLIANCE REPORTING

Noise Footprint: The Acoustic LDN counts at NZKI during December 2024 were:
 1141 during the 'Acoustic Day', which is set to start at 0700.
 5 during the 'Acoustic Night', set to start at 2200.
 t 2200.

Harbour Quarterly Report To 31 DECEMBER 2024

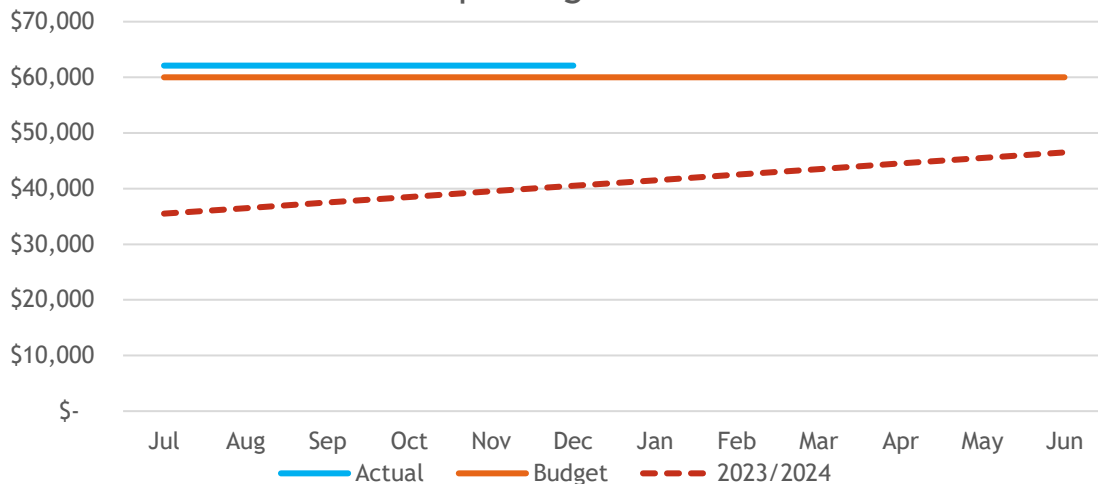
This report serves to highlight harbour operations over the past six months ending 31 December 2024.

Slipway fee revenue



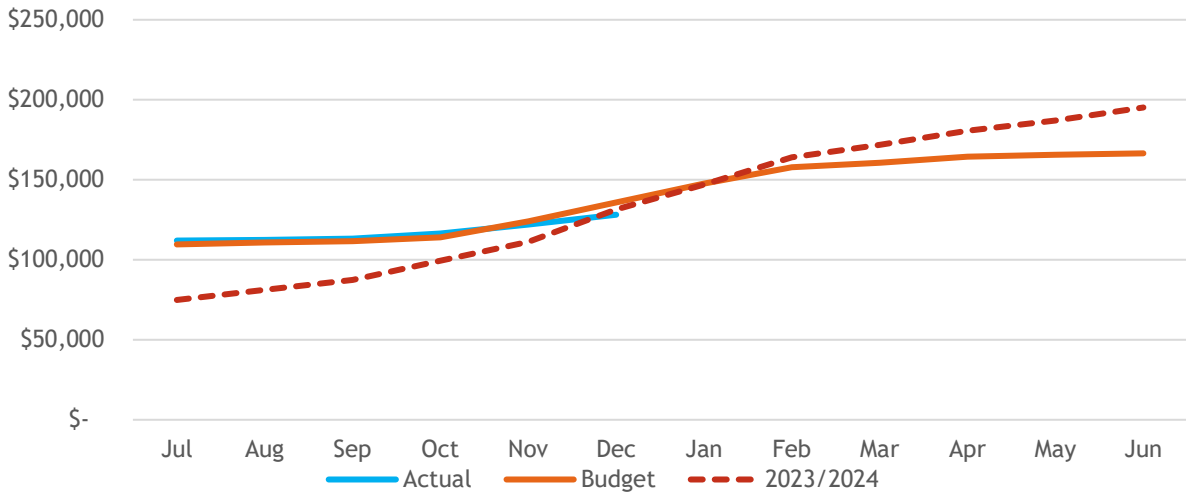
Slipway fee revenue - Slipway revenue is tracking under budget, and above last year – this drop in revenue received is partly due to the pay and display machine being out of order for periods at a time and weather conditions over the summer period.

Boat parking revenue



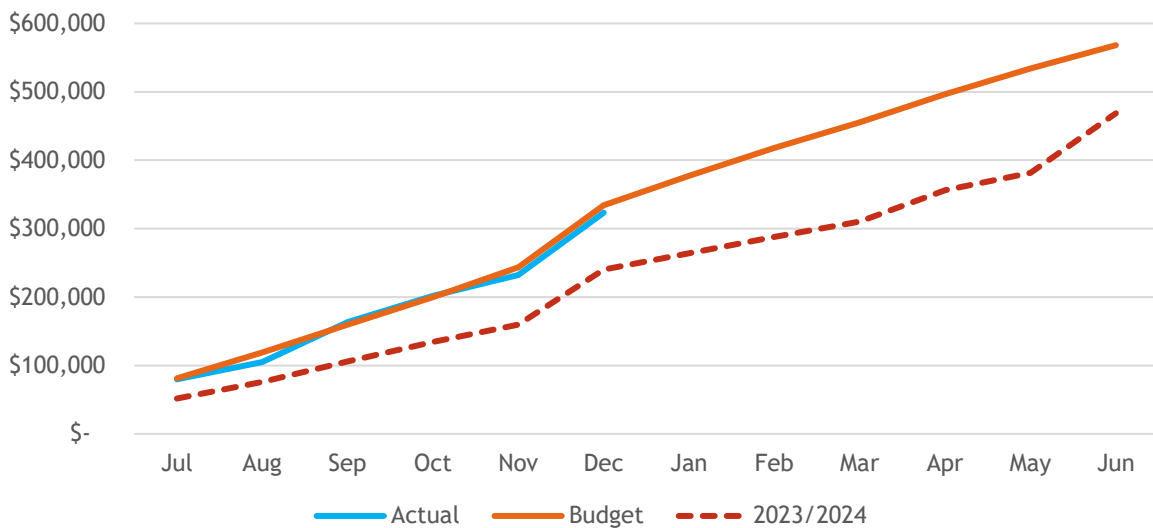
Boat Parking Revenue – We receive all revenue in July 2025, at the beginning of the financial year. This is slightly more than budget; however, we are not expecting any more revenue for the year so this will stay constant for the rest of the year. Similar to slipway revenue, boat parks are tracking on budget and higher than last year due to the change in how the harbour activities are funded (and without the former seawall licences).

Total harbour operating revenue



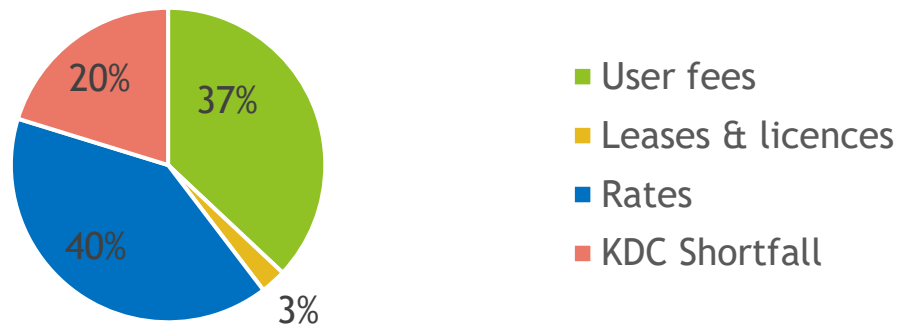
Total Harbour Operating Revenue - The total harbour operating revenue for the six months is \$128K, compared to the budgeted amount of \$136K. This shortfall is primarily due to lower-than-expected revenue from cruise ship fees and slipway fees. Additionally, the revenue is slightly below last year due to the change in how the harbour is being funded and the former seawall licence now obsolete.

Total harbour operating expenditure



Total harbour operating expenditure - Operating expenditure is under budget by \$11K. Insurance costs were \$8K below budget and contract expenses were \$5K budget overall maintenance is on track.

Revenue types



Revenue Types – As at the end of quarter two, the harbour is operating at a loss of \$65K. User fees and charges make up 37% of revenue, leases and licences 3%, rates 40% with a 20% shortfall in revenue representing the loss of \$65K.

RATES & SUNDRY DEBTORS REPORT

To 31 DECEMBER 2024

1 SUMMARY:

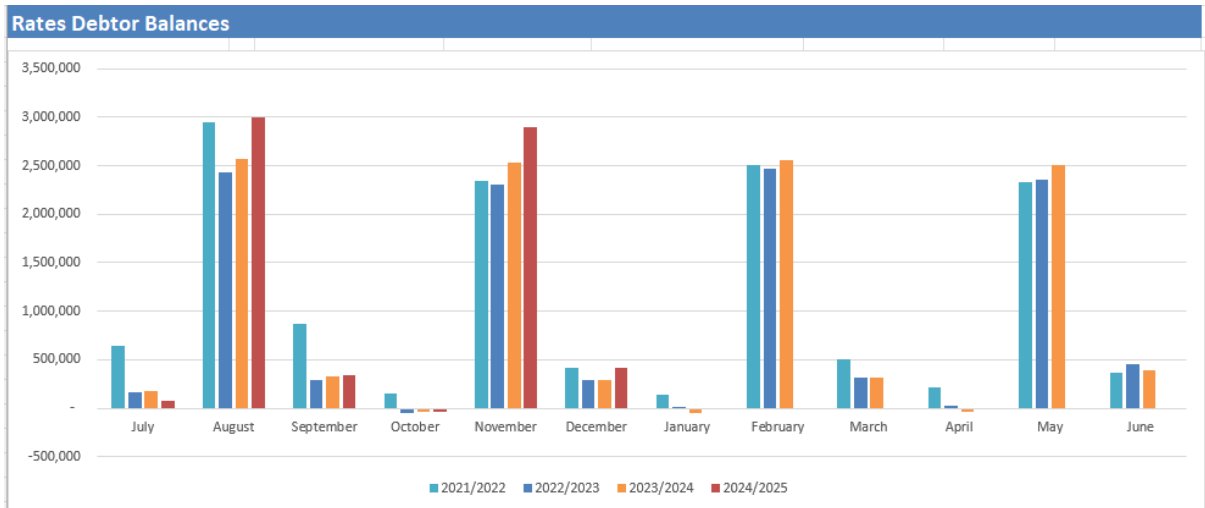
The purpose of this report is to provide an overview of the status of rates and sundry debtor receivables for the quarter ended 31 December 2024.

2 DISCUSSION:

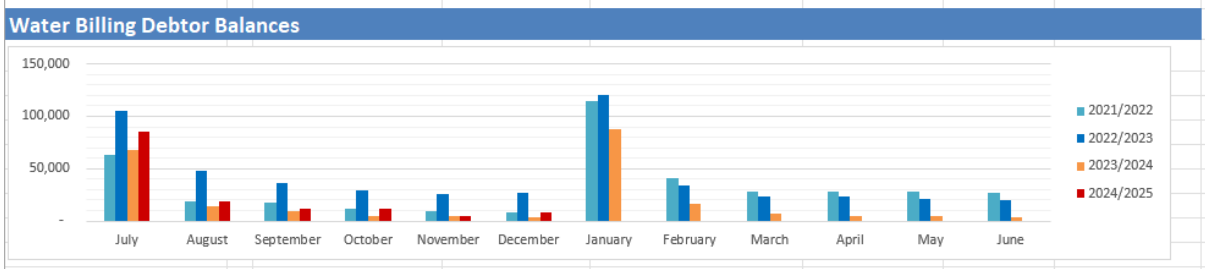
2.1 Analysis of Rates Debtors

At the end of December 2024 there was \$774K owing to the Council from rates.

For water billing, 61 debtors have not paid their water meter bills these relate to the previous year as water billing is only completed twice a year in July and January. Most of the values are low (\$25 for the admin fee), but they are being followed up, with two debtors making up the bulk of the outstanding amount



Number of Debtors	Rates revenue by type (year to date)					
Rates Debtors 498	Rates revenue by type (year to date)	Penalties applied	Write offs & adjustments	Remissions	Water billing	Total
	\$ 5,366,344	\$ 72,928	(\$ 42,083)	(\$ 30,083)	3,484	\$5,370,589
Water billing 62	99.9%	1.4%	-0.8%	-0.6%	0.1%	100.0%



2.2 Rates debtors overdue

As at December 2024 there is \$774K of rates to follow up on and \$360K of rates paid in advance. Whilst we are actively following up with current year instalments outstanding, this report focusses on those prior year balances.

There are 5 properties which are more than 3 years overdue making up \$78K of overdue rates, all these amounts are due to be cleared by the end of the financial year if not already cleared as the properties sell. All overdue rates are being monitored and ratepayers contacted – there is a variety of actions undertaken from debt collection, direct debits and payment plans.

	3 years overdue	2 years overdue	Current	Total
Rates debtors				
Value	11,748	56,631	705,323	773,702
Property count	5	19	474	498
Paid in advance				
Value			(360,318)	(360,318)
Property count			570	570
Total				
Value	11,748	56,631	345,005	413,384
Property count	5	19	1,044	1,068

2.3 Analysis of Sundry Debtors

As of 31 December 2024, the total sundry debtors amounted to \$1.4M, this is \$575K lower than December 2023. As per the table below there are currently 229 debtors, and the average debtor days stands at 98 days. The overall debtor amount is distorted by a large outstanding debtor, with this removed it brings the outstanding debtors down to \$512K. and the average debtor days to 28 days.

Moving forward, we will be providing a monthly report to the Senior Corporate Services Manager that highlights the top 10 debtors, categorized by their 30, 60, and 90-day outstanding balances.

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	30	1,324	(630)	(1,721)	(1,604)	(2,631)
Cemetery	1	3,000	-	-	-	3,000
Compliance Schedul	11	1,082	240	-	240	1,562
LIMs	3	-	321	320	-	641
Liquor licensing	6	1,265	-	-	401	1,666
Premises licencing	6	1,705	-	-	2,086	3,791
Property leases	4	8,533	-	-	7,181	15,715
Resource consents	16	989	-	-	6,091	7,079
General debtors	152	8,151	246,067	2,010	1,134,089	1,390,318
	229	26,049	245,998	610	1,148,483	1,421,140

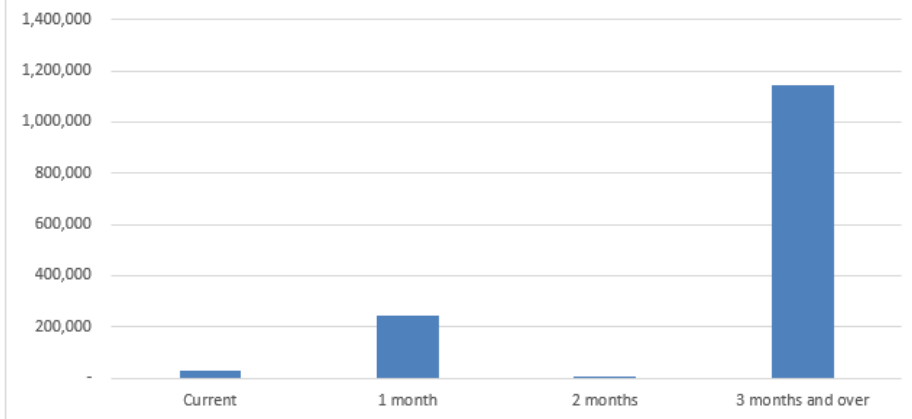
Average Debtor Days

98

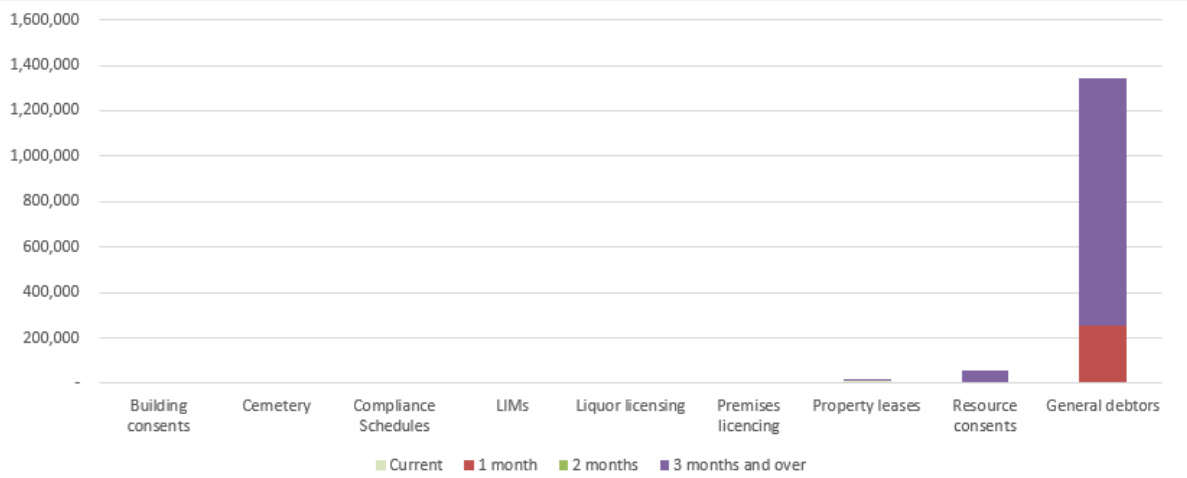
Total Debtors Due

\$ 1,421,140

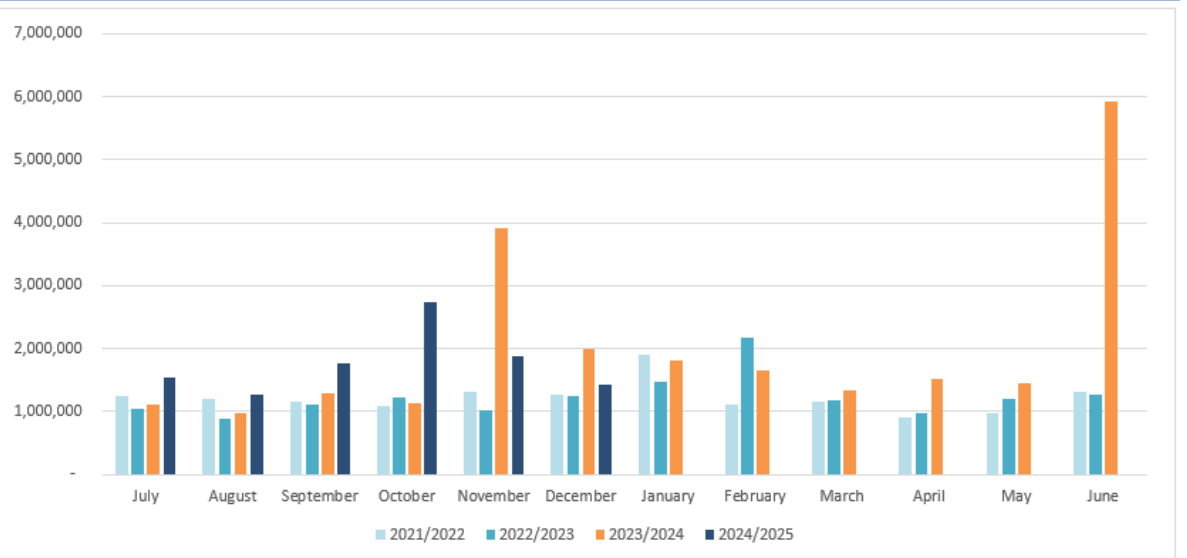
Age Summary



Trade Debtors by Category



Debtor Balances



Bad Debts written off

\$ -

Number of Debtors by Category

Building consents	Cemetery	LIMs	Licenses Food/Liquor	Property Leases	Resource consents	Sundry Debtors
41	1	3	12	4	16	152

SPECIAL FUNDS AND RESERVES QUARTERLY REPORT

To 31 DECEMBER 2024

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 31 DECEMBER 2024:

The report is an interim report for the six months to 31 December 2024, this gives us an indication of the inflows and outflows for each reserve.

Currently the Reserves are showing a balance of \$1,098,453 and Special funds of \$7,696,010, this is extremely high due to the grants received for Wakatu Quay which have not been spent.

Reserves & Special Funds					as at 31 Dec 2024	
Reserves	Opening balance 1 JULY 2024	Inflow	Interest applied	Outflow	Closing balance	
Kaikōura Water Cohort	808,119	678,288	-	753,513	732,894	
East Coast Rural Water	(88,274)	36,300	-	80,987	(132,961)	
Kincaid Rural Water	115,333	52,299	-	72,802	94,829	
Fernleigh Rural Water	(10,833)	88,635	-	93,168	(15,366)	
Roading BAU Reserve	125,991	1,472,765	-	1,156,907	441,848	
Roading Emergency Reserve	187,284	22,050	-	24,289	185,045	
Footpaths & Streetlights	78,611	136,005	-	123,015	91,601	
Recycling	203,528	103,397	-	110,158	196,767	
District Plan	5,949	133,102	-	180,559	(41,507)	
Stormwater	44,897	34,846	-	49,225	30,518	
Sewerage	(176,111)	643,959	-	836,874	(369,026)	
Tourism & Marketing Reserve	(36,715)	140,281	-	127,500	(23,935)	
Commercial Rate	(71,464)	43,347	-	138,017	(166,134)	
Harbour	(126,171)	257,907	-	219,579	(87,843)	
Registered Premises	-	75,741	-	108,425	(32,684)	
Town Centre	142,754	449,939	-	55,451	537,242	
Civic Centre	(293,593)	215,500	-	281,484	(359,576)	
Stock Control	17,983	-	-	1,242	16,741	
Earthquake Roothing	(0)	194,474	-	194,474	(0)	
Earthquake Rebuild Director	-	-	-	-	-	
Earthquake/Disaster Levy	-	-	-	-	-	
Totals (01 99 99 GNRE)	927,287	4,778,834	-	4,607,669	1,098,453	
Special Funds	Opening balance 1 JULY 2024	Inflow	Interest applied	Outflow	Closing balance	
Social Services Committee (Community Se	5,125	-	-	-	5,125	
Tourism Strategy Fund	34,623	-	-	-	34,623	
Creative NZ	8,015	17,529	-	8,238	17,306	
George Low Trust	60,610	-	-	-	60,610	
Economic Development Fund	11,384	32,745	-	62,535	(18,406)	
Three Waters Stimulus Package	(0)	-	-	-	(0)	
Forestry Fund	920,038	8,457	-	113,902	814,593	
Significant Natural Areas Fund	21,889	-	-	-	21,889	
Parks & Reserves Development	152,294	60,088	-	-	212,382	
Pensioner Flats	22,469	67,216	-	87,402	2,283	
Community Facilities Fund	983,315	-	-	-	983,315	
Vehicle & Plant Renewal	-	-	-	-	-	
Waste Minimisation Levy	184,639	38,958	-	-	223,598	
Landfill Site Aftercare	-	-	-	-	-	
Library Grants	2,447	25	-	-	2,471	
Family Violence Prevention	24,755	46,922	-	-	71,677	
Responsible Camping Fund	168,893	42,384	-	53,347	157,930	
Financial Sustainability Project Fund	52,006	-	-	105,721	(53,715)	
Mayoral Fund	25,133	-	-	-	25,133	
Airport	(2,026)	69,166	-	76,906	(9,765)	
Building Accreditation Fund	58,256	13,271	-	330	71,197	
Wakatū Quay Provisional Growth Fund	(23,486)	5,195,428	-	332,814	4,839,128	
South Bay Feasibility Provisional Growth F	26,414	69,718	-	-	96,132	
Legal challenges Fund	100,000	-	-	-	100,000	
Environmental Planning Fund	16,228	-	-	-	16,228	
Fords (Hapuku Puhī Kahutara)	22,274	-	-	-	22,274	
Kaikōura Enhancement Trust Fund	(0)	-	-	-	(0)	
Totals (01 99 99 SPFU)	2,875,297	5,661,907	-	841,194	7,696,010	
*key surplus/(deficit)	TOTAL SPECIAL FUNDS & RESERVES				\$ 8,794,463	

Report to:	Finance, Audit & Risk Committee	
Date:	25 February 2025	
Subject:	Risk Management Report	
Prepared by:	P Kearney – Senior Manager Corporate Services	
Input sought from:	B Makin – Executive Officer	
Authorised by:	P Kearney – Senior Manager Corporate Services	

1. BACKGROUND

This report presents the updated Risk Management Report as at February 2025.

Attachments:

1. Risk Register as at February 2025 – 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.

A summary one-page risk report has been added as previously outlined. 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.

There has been little change over the quarter. A risk workshop will be held in April with the Council, the Finance Team and Philip Jones to review the risk management approach, and the outcome of this would further refine the current risk register.

Of note:

- Risk ID #4: District Planning – we have reduced this risk as the District Plan review process is progressing. A brief update has been provided in the Planning Update Report on today's Agenda.
- Risk ID #28: Wakatu Quay Development – the construction started in October. Variation risk remains therefore the risk has been increased.
- Risk ID #39: 2025 Local Body Elections – this is a new risk where change around the council table could affect policy and direction of the current LTP. Under the Electoral Act, the Chief Executive must promote participation in elections and the team are working on a communications campaign to encourage people to stand. A robust induction/education for the new Council needs to be planned early and the team are starting to put this in place.

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



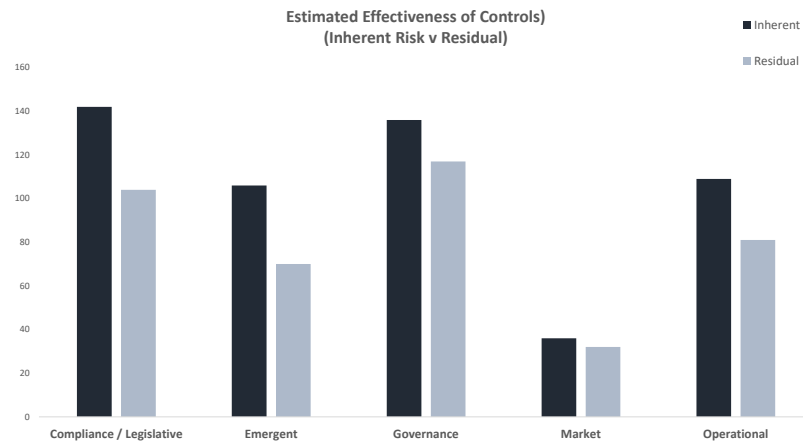
Future

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

KaiKoura District Council - Risk Register Summary

Risk Category	High	Med	Low	Total
Compliance / Legislative	2	7	1	10
Governance	3	6	1	10
Market	2	0	0	2
Operational	2	3	3	8
Emergent	0	5	4	9
Total	9	21	9	39

Residual Risks (High)	Risk Treatment	Risk Tolerance	Risk Category	Risk Outcome
Runanga Relationship (General)	Mitigate	Low	Governance	Operational
3 Waters & RMA Reform	Accept	High	Compliance / Legislative	Operational, Political
Runanga Opposition (Bridge)	Mitigate	Low	Operational	Operational
3 Waters Reform	Accept	High	Compliance / Legislative	Operational
Inflation	Mitigate	Medium	Market	Financial, Operational
Lack of Project Methodology (General)	Mitigate	High	Governance	Operational
Staff Attraction/Retention	Accept	High	Market	Operational
Staff Engagement	Mitigate	Medium	Operational	Operational
Lack of timely, relevant and accurate informatior	Mitigate	Low	Governance	Financial



Residual Risks (Med)	Risk Treatment	Risk Tolerance	Risk Category	Risk Outcome
Climate Change	Mitigate	High	Emergent	Environmental, Financial
Pace of Legislative Change	Accept	Medium	Compliance / Legislative	Operational
Demographic changes increase in +65 age group	Mitigate	High	Emergent	Environmental, Financial
Political Pressure	Accept	High	Governance	Political or Reputational
Poor Contract Establishment	Avoid	Low	Operational	Operational
Poor record keeping	Mitigate	Medium	Governance	Operational and reputational
Price escalation	Mitigate	Low	Emergent	Financial, Operational
2025 Local Body Elections	Mitigate	High	Governance	Political or Reputational
Lack of Financial and Staff Capacity for CDEM	Mitigate	High	Governance	Operational
Lack of timely, relevant and accurate information (General)	Avoid	Low	Governance	Financial
Lack of decisive decision making	Avoid	Medium	Governance	Political or Reputational
Failure to achieve Statutory Requirements	Avoid	Low	Compliance / Legislative	Operational
Supply Chain Disruption	Mitigate	Low	Emergent	Operational
Statutory Non-Compliance	Mitigate	Low	Compliance / Legislative	Operational
Ineffective District Plan	Mitigate	Medium	Operational	Environmental
Lack of Water Testing and Responsiveness	Avoid	Low	Compliance / Legislative	Health & safety
Lack of BCA Process and Procedures	Avoid	Low	Compliance / Legislative	Operational
ERP Replacement	Mitigate	Low	Operational	Operational, Financial, Reputational
Lack of Appropriate Prioritisation and Capacity	Mitigate	Low	Compliance / Legislative	Political or Reputational
Lack of Appropriate IT Access Controls	Avoid	Low	Emergent	Political or Reputational
Regulatory Judicial Process	Mitigate	Medium	Compliance / Legislative	Financial, Operational

Commentary:

new councillors up to speed vs delivering core BAU. Total risk count therefore increases by 1 from 38 to 39. Material risk remains regarding political driven changes, LWDW implementation, staffing (key person) and key stakeholder relationships. At the current time our IT system replacement is amber due to timing considerations but based on current knowledge we are still aiming for a July go live. The Risk tolerance classification is a starting position and is designed to indicate Councils position on dealing with the risk. Councils options regard risk is to:

- transfer the risk (i.e. insurance)
- mitigate the risk i.e. find ways to reduce exposure to the risk
- avoid the risk i.e. as much as possible should be done to reduce any exposure to this risk and,
- accept the risk i.e. council is willing to accept the risk of the risk event taking place

High, medium and low classifications are based on the risk register residual score where:
 High = 13 - 20
 Med = 8 - 12
 Low = 0-7

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerance	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	What is the risk aligned to e.g. Operational, Strategic, Compliance, Governance / Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	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 risks 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) Operations (3) Political (4) Reputation (5) Financial (6) Environmental, or (7) Personnel	What is the Council's tolerance for the Risk (low, medium, high) avoided or treated: high = risk can be accepted or mitigated	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
16	Council Risk	Governance	Mitigate	Enterprise	All	Runanga Relationship (General)	Lack of progress following both senior management and operational interactions with Runanga result in delays in projects and BAU	Chief Executive	Executive team	Operational	Low	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. Movement on several key projects but no change in overall approach Taking the approach to keep them informed of issues. Limited Governance engagement over the last few months.	
25	Council Risk	Operational	Mitigate	Works & Services	Upper Waiou Toa Bridge - land access	Runanga Opposition (Bridge)	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	Low	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 budgetary 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 together with funding sunset clause. Land owner approval required for access arrangements.	
30	Council and District Risk	Compliance / Legislative	Accept	Enterprise	All	3 Waters & RMA Reform	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	High	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. Proactive North Canterbury Waters project progressing. Recent new BCA potential changes announced. More information before Christmas.	
3	Council Risk	Market	Accept	Enterprise	HR	Staff Attraction/Retention	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	High	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. Building control manager recruited 1 July start Consideration of shared BCA arrangements for longer term.	4	4	16	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. Recruitment of Senior Management Operations role, ideally for new candidate to start in January 2025. Strategic Advisor to provide some support. Explore opportunities for growth in roles.	

7	Council Risk	Compliance / Legislative	Accept	Works & Services	Three-waters	3 Waters Reform	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	High	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. North Canterbury Waters project underway. Baseline work to be completed by Christmas. Options to be presented in Q1 2025
28	Council Risk	Governance	Mitigate	Enterprise	Wakatu Quay Development	Lack of timely, relevant and accurate information (Wakatu Quay)	Project does not deliver desired outcomes including positive financial result - financial implications to Council and community	Chief Executive	Chief Executive	Financial	Low	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. Council decision made to include \$800k financial commitment in LTP. Ongoing external investment conversations	4	4	16	Council decision to award construction contract in October. Tenancy search continues but tenant not found . Use of contingency could impact stage 2. Construction starting started in October. Variation risk remains
32	Council Risk	Operational	Mitigate	Enterprise	HR	Staff Engagement	Team morale and impacts of workloads, Covid-19, reforms uncertainty staff shortages, and cost of living	Chief Executive	Management team	Operational	Medium	5	4	20	Workplace Support is in place for staff. Included in PDW process and focus from Management. Wellbeing action plan in place. Flexible Working Policy implemented. Report being prepared on financial implications of 3Waters Reforms for the organisation. Regular communication around reform agenda.	4	4	16	Management Team to provide support to their teams. Internal Strategy roll out. Staff working group action plan. Leadership training undertaken. Successful staff development day for team building. Actions to continue based on staff survey.
34	Council Risk	Market	Mitigate	Enterprise	HR	Inflation	Cost of living crisis - inflation, loss of staff, communities ability to pay rates	Chief Executive	Executive team	Financial, Operational	Medium	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. Job sizing exercise to be undertaken over the next two years. Remuneration process to be reviewed.
35	Council Risk	Governance	Mitigate	Enterprise	Capital Delivery	Lack of Project Methodology (General)	Lack of internal capacity and capability impacts on ability to deliver capital programme	Chief Executive	Executive team	Operational	High	4	4	16	Monthly reporting to management team on critical projects covering financials, status, risks and progress issues. Pace of change impacted by project reporting methodology, systems and capacity	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.
4	Council Risk	Compliance / Legislative	Accept	Strategy & policy	District planning	Pace of Legislative Change	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	Medium	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. <u>We are understanding other Council's positions and waiting on the outcome of the new Government's 100 day plan.</u> <u>RMA reform agenda has seen repealed by new Government within their first 100 days in office - RMA 2.0 laws.</u> <u>Clarity on new approach required from Central Government.</u> <u>Fast Track consenting bill progressing.</u>	4	3	12	Clarity now provided on RMA reform timelines. Implications not understood at this stage.

21	Council Risk	Governance	Mitigate	Finance & IT	Information & Records Management	Poor record keeping	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	Community Services Manager	Operational and reputational	Medium	5	3	15	<p>Laserfiche procured and operational.</p> <p>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.</p> <p>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.</p> <p>Retention and disposal plan under development. R:Drive locked, readable only and being transferred into Laserfiche</p>	4	3	12	<p>Continued monitoring and training to ensure 100% uptake of staff using Laserfiche.</p> <p>Likely to require significant time and cost.</p> <p>Review of H:Drives and Desktops</p> <p>2nd phase of back scanning project commenced in July using transition funding. Additional budget included in LTP.</p> <p>Increased staff hours to focus on backlog of data quality.</p>
24	Council Risk	Operational	Avoid	Enterprise	Contractor performance risk	Poor Contract Establishment	Sub-optimal or poor contractor performance (including health & safety) and/or additional costs	SMO: Senior Manager Operations	Management team	Operational	Low	4	4	16	<p>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.</p> <p>Contractor reports are received monthly from the Roading Contractor, contains H&S reporting.</p>	3	4	12	<p>Ensuring the contractor understands the contract obligations. Continually improving procurement processes and contracts for quality outcomes and to include better health & safety requirements</p> <p>Focus on KPI reporting with 3 Waters contractor Improve contract management focus. Included in LOE + SOI for IWK Contract checklist in place.</p> <p>Focus on quality checks remain work in progress.</p>
26	Council Risk	Governance	Accept	Enterprise	RMA consent compliance monitoring and enforcement	Political Pressure	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	High	4	3	12	<p>Historic approach and resource levels restrict the ability to proactively monitor compliance</p> <p>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</p> <p>Further proactive monitoring compliance will require additional resource.</p>	4	3	12	<p>Non compliances being identified. Additional regulatory resource would be required for pro-active compliance.</p> <p>Increased focus for Regulatory Team but may require additional resource and budget.</p> <p>Good progress being made on identification of issues.</p>
31	Council Risk	Emergent	Mitigate	Enterprise	All	Price escalation	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	Low	5	4	20	<p>Internal monthly reporting of capital projects and operational results within Management meetings</p> <p>Some inflationary effects factored into 2023/2024 Annual Plan. Watching brief with-PWC RE: effect on future borrowings</p>	3	4	12	<p>Cost escalation on materials experienced</p> <p>Ongoing effects monitored to assess effects on current LTP forecasts</p> <p>Review of capital programme procurement and delivery</p> <p>Increased cost of delivery factored into LTP.</p> <p>Easing of price indices and interest rates.</p>

36	Council Risk	Emergent	Mitigate	Enterprise	All	Climate Change	More frequent and severe weather events (rainfall, wind, fire) that increase risk of slips, road/bridge damage and increase risk of property damage Ocean Warming sees marine life change e.g. Whale migration and Whale/dolphin tourism decreases	Chief Executive	Executive team	Environmental, Financial	High	3	4	12	Data driven investment in stormwater drainage and increased roading resilience requirements.	4	3	12	Other controls required include facilitating/promoting marine research and diversifying tourism opportunity Canterbury climate change action plan.
37	Council Risk	Emergent	Mitigate	Enterprise	Financial Management	Demographic changes increase in +65 age group	Higher proportion of +65 aged population will place more stress on ability to absorb rates increases. The types of services required will need to be more care based which we currently don't have. Being seen as a retirement town may be restrictive on ability to grow per aspirations	Chief Executive	Executive team	Environmental, Financial	High	3	4	12	Watching brief	3	4	12	Watching brief
39	Council Risk	Governance	Mitigate	Enterprise	Leadership	2025 Local Body Elections	Change of councillors, policy and direction	Chief Executive	Executive team	Political or Reputational	High	5	3	15	Staff capacity for councillor education ...	5	2	10	Campaign to community and plan for councillor education input early
9	District Risk	Operational	Mitigate	Strategy & policy	District planning	Ineffective District Plan	District Plan is sub-optimal, there is both permissive and restrictive land use, that may have undesirable effects. In addition RMA reforms suggest regional plans going forward which would include Kaikoura's sub-optimal plan	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Environmental	Medium	4	3	12	Roadmap for revised District Plan produced. Presented to council. Included in LTP Delivery plan developed. External advisors in place with Year 1 project plan in place November 2021 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. Spatial plan work underway. Successful community workshops. Discussions are occurring with the Runanga.	3	3	9	Expect to have Draft Spatial Plan by December 2024. Rolling review needs to progress in 2024/2025
10	Council Risk	Compliance / Legislative	Avoid	Building & Regulatory	Building control and other regulatory	Failure to achieve Statutory Requirements	Statutory non-compliance (e.g. failure to conduct BWOs, enforcement activities)	Team Leader Community Facilities & Regulation	Senior Manager Operations	Operational	Low	4	3	12	Ongoing investment in staff, resources and training Some re-focussing of duties within operations team to enhance efficiency of monitoring and enforcement. 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 & commenced employment early April.	3	3	9	External resources to assist with TA functions Regulatory Team Leader in place focusing on TA functions Good work being undertaken by Regulatory Team now in this area. IANZ accreditation audit completed in March 2024. Low risk status achieved. Support being provided to Hurunui
11	Council Risk	Governance	Avoid	Enterprise	Financial management	Lack of timely, relevant and accurate information (General)	Unplanned costs, overspends, loss of revenue streams	Chief Executive	Management team	Financial	Low	3	3	9	Financial delegation limits, budget supervision, monthly reporting of variances Robust LTP and Annual Plan processes Budget variances closely monitored. Monthly Management meetings reviewing capital and operational expenditure. Deployed greater accountability for budget overruns, financial reporting brought to management teams, whole of team approach to budgets 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	3	3	9	No surprises reporting to elected members. Increased costs of audit & insurance included in LTP. Recruitment costs for Senior Management Operations role. Increased legal costs for harbour. Resource Management Plans are unbudgeted.

13	Council Risk	Governance	Avoid	Enterprise	Council	Lack of decisive decision making	Not robust decision-making from elected members	Chief Executive	Executive team	Political or Reputational	Medium	3	4	12	Reports to Council are well-researched and presented, staff give competent advice, elected members receive induction training. Independent committee member appointed for FARC. Difficult or contentious issues are workshopped to enable full understanding prior to a decision being required at a Council meeting. No surprises New council induction held and training programme in place. Emergency Management overview held with Elected Members	3	3	9	Elected members receive ongoing training, including on legislative matters, Chairs Training Akona Platform available for members.
15	Council Risk	Compliance / Legislative	Mitigate	Strategy & policy	District planning	Statutory Non-Compliance	Statutory non-compliance (planning decision subject to challenge)	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	Low	4	3	12	Staff are adequately trained, adherence to current district plan, use of qualified consultants as required. Additional pressures are being placed on Stat timeframes with outsourcing but still manageable at this time. 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. Consent timeframes excluded due to "special circumstances" where necessary New Government's 100 day plan seek to fast track resource consents. This may require additional resourcing. New policy planner in place.	3	3	9	Weekly consent timeframes are being prepared to assist with tracking consents. Involve legal advisor if required at an early stage.
22	Council Risk	Governance	Mitigate	Community Services	Emergency Management	Lack of Financial and Staff Capacity for CDEM	Other priorities resulting in failure to adequately train for emergency event	SMC: Senior Manager Corporate Services	Community Services Manager	Operational	High	3	3	9	Regular meetings and significant EOC specific training Enhanced relationships and training with other local first responders. Excellent relationship with Canterbury Group EM Clear understanding of who does what in the event of a disaster. New staff trained as they arrive Controller refresher training held for 2024 New EMO in place on permanent part time contract and training underway.	3	3	9	Developing clearer operating procedures for all function managers. Will always need external resource for significant local event. New EMO now in place. Several group and national exercises planned for 2024 and 2025 - AF 8 Training and Exercise Pandora in November 2024 C10 EMO training.
29	Council Risk	Emergent	Mitigate	Enterprise	Capital Delivery	Supply Chain Disruption	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	Low	4	4	16	Monthly reporting of all projects. Early identification of issues and contingency plans provided from Management meetings Some delay in sourcing supplies emerging / no major impact to date but risk remains.	3	3	9	Watching brief for further materials delays Clearly signal capital carry forwards Procurement plans for key projects.
2	Council Risk	Compliance / Legislative	Avoid	Building & Regulatory	Building control	Lack of BCA Process and Procedures	Loss of BCA accreditation	SMO: Senior Manager Operations	Building Control Manager	Operational	Low	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
12	District Risk	Compliance / Legislative	Avoid	Works & Services	Water supplies	Lack of Water Testing and Responsiveness	Drinking water transgression, people get sick or die	SMO: Senior Manager Operations	Works & Services Manager	Health & safety	Low	3	5	15	Water treatment facilities are in place, are well maintained, and data collection water testing regimes are followed. Drinking Water Safety Plans are in place Boiled water notice lifted for Fernleigh. Water safety plans in place.	2	4	8	Regular interface with regulator. Source water risks understood and managed UV disinfection in place- for all schemes. Chlorination in place for all but airport (as very small) Annual Review by independent assessor.
18	Council Risk	Emergent	Avoid	Enterprise	IT services	Lack of Appropriate IT Access Controls	Data privacy breach - Individual information or contact database is accessed without authorisation	SMC: Senior Manager Corporate Services	Finance Manager	Political or Reputational	Low	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	2	4	8	Have installed new firewalls with greatly improved security capabilities. Upgrade to Microsoft E3 also gives a larger suite of security products Prohibited access to external webmail platforms.

19	Council Risk	Compliance / Legislative	Mitigate	Enterprise	Leadership	Lack of Appropriate Prioritisation and Capacity	Qualified annual report for 2023—2024 2024 - 2025	Chief Executive	Management team	Political or Reputational	Low	5	2	10	Suitably qualified and experienced staff complete the annual report. Currently inadequate systems in place for service performance reporting. Improved capture of performance reporting in place - year end review will assess whether qualification can be avoided.	4	2	8	Potential for qualifications for 2023/2024. On Council Agenda for October meeting. <u>Successful audit in 2023/2024 but need to retain focus on measures - ERP change could affect risk.</u>
33	Council Risk	Compliance / Legislative	Mitigate	Enterprise	Financial management, HR	Regulatory Judicial Process	District Licensing Committee hearings impacts on resourcing and budget	Chief Executive	Chief Executive	Financial, Operational	Medium	4	3	12	Regulatory Team Leader on board Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives. Section 17a sample review	4	2	8	Completed and updated contract in place. DLC Commissioner approved.
38	Council Risk	Operational	Mitigate	Enterprise	All	ERP Replacement	ERP fails to work as expected or certain modules do not provide the expected service causing service or financial implications	Senior Manager Corporate Services	Management team	Operational, Financial, Reputational	Low	3	4	12	Joint procurement with Hurunui IT team. Involvement in staff in module reviews Budget for training in LTP Implementation project plan to be developed in detail once preferred supplier chosen	2	4	8	Implementaiton and training will be in conjunction with Hurunui IT team. Staff kept informed to progress with feedback opportunity Testing and training to be incorporated
14	Council	Emergent	Mitigate	Enterprise	All	Pandemic Restrictions	Covid-19, or similar, related loss of business continuity	Chief Executive	Chief Executive	Operational	Low	4	4	16	Business continuity plans in place. 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. Ongoing management of staff and close contact cases and impact on service delivery. The staff vaccination policy has been removed in line with national policy. Impacts continue to be monitored and business continuity measures implemented as required. 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.	2	3	6	Maintain an watching brief
17	Council Risk	Operational	Avoid	Enterprise	IT services	Failure to maintain/replace IT Hardware	IT hardware failure	SMC: Senior Manager Corporate Services	Finance Manager	Operational	Low	2	4	8	Backups are undertaken 3 times daily, stored offsite. Backups kept for daily, monthly and yearly iterations. 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. Core servers - all now replaced, new laptops arrived or ordered to replace PC's (Covid delivery delays) Secure elected members devices issued Ongoing awareness of potential threats through Mimecast security awareness training arranged by IT. Monthly updates. Hardware replacement policies required.	2	3	6	No hardware issues to report.
20	Council Risk	Compliance / Legislative	Avoid	Enterprise	Financial management	Lack of Appropriate Fraud Controls	Fraud - whether misappropriation of cash, theft of assets or cash, or some other fraud/corruption	Executive team	Management team	Financial	Low	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

27	Council Risk	Operational	Mitigate	Communications	Council website software not supported	Lack of Website replacement planning	Potential failure of the Council website may not be able to be rectified and potential for full website to be inoperative	Senior Manager Corporate Services	Chief Executive	Operational	High	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	2	3	6	Continuous improvement plan being drafted with new pages being added. Eg. Have your say, LGOIMA, Councillor Bios
23	Council Risk	Emergent	Accept	Enterprise	Leadership	Natural Disaster	Natural disaster - effect on community: earthquake, tsunami, major flood event	Chief Executive	Executive team	Operational	High	1	5	5	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) EMO now on a permanent contract due to CDEM	1	5	5	Will always need external resource for significant local event EMO linkages with North Canterbury EMOs. Review of Canterbury group undertaken and implementation plan being developed
5	Council Risk	Governance	Mitigate	Works & Services	Asset management	Lack of Process and Systems	Lack of knowledge about KDC assets, especially critical infrastructure	SMO: Senior Manager Operations	Works & Services Manager	Operational	High	3	4	12	Significant progress made on improving asset knowledge and preparing Infrastructure Strategy and AMP's to support LTP. ADAPT asset management system in place and being used for waters assets. Continuing focus for Works & Services Team.	2	2	4	Further work required with ADAPT Working alongside Hurunui District Council and Waimak Council on ADAPT
6	Council Risk	Operational	Avoid	Works & Services	Roading	Lack of Project Methodology (Roothing)	Poor network resilience and a backlog of work resulting in poor roads and financial burden, and community impact	SMO: Senior Manager Operations	Works & Services Manager	Operational	Low	3	4	12	Adoption of the LTP with the investments included will enable resal backlog to be dealt with over the programmed six years. Final Waka Kotahi funding has increased and is being applied to additional capital works in order to accelerate the programme to eliminate the backlog. 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. Area wide treatments completed. Detailed delivery programme developed for 2024/2025 financial year Sealing works scheduled for Q2 of financial year (within sealing season). Focus for next 3 years 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	2	2	4	Clear work programme defined. Roothing and footpaths remain a priority investment in LTP. Committee directions on whether to close out this risk.
1	Council Risk	Emergent	Mitigate	Enterprise	Financial management	Lack of Financial Buffer	Long-term financial position: Major unforeseen projects or disaster events raise our debt levels too high	Chief Executive	Executive team	Financial	High	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
8	Council Risk	Emergent	Accept	Enterprise	HR	Catastrophic Event / Black Swan	Major disaster - business continuity severely impacted	Executive team	Team leaders	Operational	High	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