



# Audit, Risk & Finance Committee

## AGENDA

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### **Notice of Meeting:**

A meeting of the Audit, Risk & Finance Committee will be held on:

**Date:** **Wednesday 11 February 2026**

**Time:** **1.00pm**

**Venue:** **Hine Paaka Council Chamber, Te Whare Whakatere**  
**2 Baring Square East, Ashburton**

### **Membership**

Chairperson Carolyn Cameron

Deputy Chairperson Richard Wilson

Members Russell Ellis  
Jeanette Maxwell  
Tony Todd  
Murray Harrington (external appointee)  
Mayor Liz McMillan (ex-officio)

## Audit & Risk Committee

<b>Timetable</b>	
1.00pm	Meeting commences

### ORDER OF BUSINESS

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

### Minutes

<b>4</b>	Confirmation of Minutes – 19 November 2025	<b>3</b>
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### Reports

<b>5</b>	Ashburton Contracting Ltd – Draft Statement of Expectations	<b>5</b>
<b>6</b>	Audit NZ Engagement Letter for 2026-2028	<b>14</b>
<b>7</b>	Civic Financial Services – Statement of Intent for 2026	<b>55</b>
<b>8</b>	Riskpool Update	<b>69</b>
<b>9</b>	Management of Accounts Receivable	<b>76</b>
<b>10</b>	Bancorp Treasury Report – December 2025	<b>81</b>
<b>11</b>	Financial Variance Report – December 2025	<b>92</b>

### Business transacted with the public excluded

<b>12</b>	Minutes – 19/11/25	<b>PE 1</b>
	• Health & Safety      Section 7(2)(a) Protection privacy of natural persons	
	• Extraordinary Business      Section 7(2)(i) Conduct of negotiations	
<b>13</b>	Health & Safety Report	<b>PE 2</b>
<b>14</b>	Legal & Democracy	<b>PE 15</b>
<b>15</b>	Audit NZ Report	<b>PE 22</b>
	Section 7(2)(a) Protection privacy of natural persons	

## 4. Audit, Risk & Finance Committee – 19/11/25

Minutes of the Audit, Risk & Finance Committee meeting held on Wednesday 19 November 2025, commencing at 3.15pm, in the Hine Paaka Council Chamber, Te Whare Whakatere, 2 Baring Square East, Ashburton.

### Present

Mayor Liz McMillan, Councillors Carolyn Cameron (Chair), Russell Ellis, Jeanette Maxwell, Tony Todd, and Richard Wilson; and Murray Harrington.

### Also present:

Councillors Phill Everest, Deb Gilkison, Phill Hooper and Julie Moffett

### In attendance

Hamish Riach (CE), Helen Barnes (GM Business Support), Toni Durham (GM Community & Open Spaces), Ian Hyde (GM Compliance & Development) Sarah Mosley (GM People & Facilities), Tania Paddock (GM Legal & Democracy) and Phillipa Clark (Governance Team Leader).

Staff present for the duration of their reports: Emily Reed (Corporate Planner), Lauretta Smith (Finance Business Partner), Katie Perry (People & Capability Manager) and Rebecca Lees (Safety & Wellness Lead).

### 1 Apologies

Nil.

### 2 Extraordinary Business

**That** pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following items be introduced as extraordinary business as item 8 (public excluded)

- Audit review update
- Section 7(2)(i) conduct of negotiations

Mayor/Ellis

Carried

### 3 Declarations of Interest

Nil.

### 4 Annual Plan 2026/27 Process/Timetable

The Committee received the timetable and agreed to change the date of the January workshop from Tuesday 27 to Thursday 29 January. Budget packs will be provided to Council mid-January. The narrative format will explain changes to what was previously signalled in year 3 of the LTP.

*Post meeting note:* the workshop was brought forward to Friday 23 January then subsequently 3 February.

**That** the Audit, Risk & Finance Committee receives the Annual Plan 2026/27 Process/Timetable.

Ellis/Todd

Carried

**5 Management of Accounts Receivable**

**That** the Audit, Risk & Finance Committee receives the report of accounts receivable.

Wilson/Ellis

Carried

**6 Bancorp Treasury Report – September 2025**

**That** Council receives the Bancorp Treasury report for the September 2025 quarter.

Ellis/Mayor

Carried

**Business transacted with the public excluded – 3.46pm.**

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

<b>Item No</b>	<b>General subject of each matter to be considered:</b>	<b>In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:</b>	
7	<b>Health and Safety Report</b>	Section 7(2)(a)	Protection of privacy of natural persons

Ellis/Maxwell

Carried

The meeting concluded at 4.52pm.

### 5. *Ashburton Contracting Limited – Draft Statement of Expectations*

Author *Helen Barnes; GM Business Support*  
Executive Team Member *Hamish Riach; Chief Executive*

#### Summary

- The purpose of this report is to provide a Draft Statement of Expectations for presentation to Ashburton Contracting Limited for their consideration.
- The Statement of Expectations (SoE) sets out Ashburton District Council's expectations of Ashburton Contracting Limited (ACL) as a Council-Controlled Trading Organisation (CCTO). It aims to ensure alignment with Council's strategic objectives, statutory obligations, and community outcomes.

#### Recommendation to Council

##### 1. That Council:

- a. Adopts the Ashburton Contracting Limited - Statement of Expectations; and
- b. Grants Ashburton Contracting Limited an extension to 9<sup>th</sup> March 2026 to provide its draft Statement of Intent to Council, in accordance with Clause 4, Schedule 8 of the Local Government Act 2002.

#### Attachment

**Appendix 1** Ashburton Contracting Limited – Draft Statement of Expectations

## Background

1. Under Section 64B of the Local Government Act 2002, Council may issue a Statement of Expectations to its CCTO. This document informs the Statement of Intent (SOI) and strengthens alignment between Council priorities and CCTO operations.
2. At the Council meeting on 16 April 2025, Council confirmed the 26 March 2025 Audit and Risk Committee recommendation to prepare a Statement of Expectations for Ashburton Contracting Limited.

## The current situation

3. Officers have developed a Statement of Expectations for ACL (see **Appendix 1**). This report contains a recommendation for the Committee to recommend to Council to adopt the SoE. The earliest opportunity for Council to consider this Committee's recommendation is the 25<sup>th</sup> February Council meeting. Once approved by Council, the SoE would be presented to the Board and Management of ACL for consideration as part of ACL's preparation of its Statement of Intent.
4. ACL are required to present their Draft Statement of Intent to the Council by 1 March every year under the Local Government Act 2002. Given the short timeframe between the 25<sup>th</sup> February council meeting and 1<sup>st</sup> March, officers have discussed granting ACL a short extension past the 1<sup>st</sup> March.
5. The Draft SoE outlines Performance Expectations for ACL including financial, operational, health & safety, environmental, and cultural KPIs. It also sets out a Dividend Policy with a target payout ratio of 40–60% of Net Profit After Tax, subject to profitability and liquidity.
6. ACL's capital investment should align with Council priorities and include robust business cases. In line with the Local Government Act, where appropriate, community engagement should be undertaken with mana whenua and local communities. The SoE also requests ACL place an emphasis on sustainability and risk management.

## Options analysis

### **Option one – Recommend that Council adopts the Statement of Expectations and provides ACL a short extension to 9<sup>th</sup> March to provide its draft Statement of Intent to Council (Recommended)**

7. Due to the late provision of the Statement of Expectation to ACL, this option suggests granting ACL an extension until 9<sup>th</sup> March to provide its Statement of Intent.

<p><b>Advantages:</b> Council provides clear expectations for management and direction of the CCTO by the Board and Management team.</p>	<p><b>Disadvantages:</b> The Board and Management team continue to deliver against the expectations set through the Statement of Intent.</p>
<p><b>Risks:</b> The Statement of Expectations do not align with the intended direction of the Board and Management team of ACL.</p>	

### **Option two – Status Quo – Do not adopt a Draft Statement of Expectations.**

8. Council would not develop a Statement of Expectations but continue to receive and comment on the Draft Statement of Intent provided by ACL.

<p><b>Advantages:</b> There are no perceived advantages to this approach.</p>	<p><b>Disadvantages:</b> The Council only has the advantage to influence ACL's direction through providing feedback to the Draft Statement of Intent.</p>
<p><b>Risks:</b> There are no perceived risks with continuing with the Status Quo.</p>	

## **Legal/policy implications**

### **Local Government Act 2002**

9. The Draft Statement of Expectations complies with the Local Government Act 2002 (LGA), Section 64B which supports the governance obligations for CCTO's.
10. Schedule 8, Part 1, Clause 1 of the LGA requires ACL to provide their draft Statement of Intent 2026/27 to Council prior to 1 March 2026. Schedule 8, Part 1, Clause 4 provides that Council can grant ACL an extension of up to a month for the provision of its draft Statement of Intent.
11. Following receipt of the draft Statement of Intent, Council has the opportunity to provide feedback to ACL, before ACL finalises its Statement of Intent for 2026/27.
12. ACL's current Statement of Intent for 2025/26 can be found [here](#).

### **Climate change**

13. The Draft Statement of Expectations includes Environment and Sustainability KPI's.

## Review of legal / policy implications

Reviewed by In-house Counsel

Tania Paddock; GM Legal & Democracy

## Strategic alignment

14. The recommendation relates to Council's community outcome of "*a prosperous economy built on innovation, opportunity and high quality infrastructure*" because the Council is a 100% shareholder in ACL.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Council's investments provide a return to the community and contributes to economic development
Environmental	✓	
Cultural	✓	
Social	✓	

## Financial implications

Requirement	Explanation
What is the cost?	There has been no additional cost to prepare the Draft Statement of Expectations
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Reviewed by Finance	Erin Register; Finance Manager.

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low

Rationale for selecting level of significance	The preparation of a Statement of Expectations aligns with the options available to Council through the Local Government Act 2002.
Level of engagement selected	1. Inform. Once adopted, Council as Shareholder will provide the Statement of Expectations to the Board and Management of ACL.
Rationale for selecting level of engagement	The selected option aligns with the governance role that Council has with ACL. The community may be informed of the process through the usual information channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

## Next steps

15. If the Committee accepts the officer's recommendation and Council adopts the Statement of Expectation, then officers will present the Statement of Expectations to the Board and Management of ACL.

## **Ashburton District Council**

### **Draft Statement of Expectations- Ashburton Contracting Limited**

## **1. Purpose**

This Statement of Expectations (SoE) sets out Ashburton District Council's expectations of Ashburton Contracting Limited (ACL) as a Council-Controlled Trading Organisation (CCTO). It aims to ensure alignment with Council's strategic objectives, statutory obligations, and community outcomes.

## **2. Relationship Management**

ACL is expected to maintain a constructive and transparent relationship with Ashburton District Council as sole shareholder, engage meaningfully with the Ashburton community including iwi and hapū, and collaborate with Council and stakeholders to deliver services that support district growth and wellbeing.

## **3. Strategic Alignment**

ACL must operate consistently with Council's Long-Term Plan (LTP), Infrastructure Strategy, and Financial Strategy; support sustainable development and climate resilience; and contribute to economic development and employment opportunities within the district.

## **4. Governance and Accountability**

ACL must ensure robust governance practices, comply with the Local Government Act 2002 and health and safety legislation, and provide timely reporting including annual Statement of Intent (SOI), quarterly performance reports, and audited financial statements.

## **5. Performance Expectations**

ACL is expected to deliver high-quality civil contracting and infrastructure services safely and efficiently, maintain financial sustainability, and demonstrate continuous improvement in health and safety, environmental sustainability, and customer satisfaction.

### **Key Performance Indicators (KPIs)**

#### **5.1 Financial KPIs**

- Revenue Growth: Maintain sustainable year-on-year revenue growth.
- Net Profit After Tax (NPAT): Achieve profitability targets set by the Board.
- Return on Invested Capital (ROIC): Ensure efficient use of shareholder funds.
- Debt Management: Maintain debt within agreed limits and covenants.

- Dividend Payments: Align with shareholder expectations and financial capacity

## **5.2 Operational KPIs**

- Service Delivery: Meet contractual obligations for maintenance and infrastructure projects.
- Project Completion Timeliness: Deliver projects on time and within budget.
- Customer Satisfaction: Achieve high satisfaction scores from local authorities and clients

## **5.3 Health & Safety KPIs**

- Lost Time Injury Frequency Rate (LTIFR): Maintain LTIFR below industry benchmarks.
- Total Recordable Injury Frequency Rate (TRIFR): Continuous improvement in safety performance.
- Zero Fatalities: Commitment to a zero-harm workplace.

## **5.4 Environmental & Sustainability KPIs**

- Carbon Emissions Reduction: Implement ESG roadmap and reduce emissions year-on-year.
- Waste Diversion: Increase recycling and reduce landfill waste.

## **5.5 People & Culture KPIs**

- Diversity & Inclusion: Increase diversity in leadership roles.
- Employee Engagement: Maintain high engagement scores through annual surveys
- Contribute to economic development and employment opportunities within the district.

## **5.6 Innovation & Resilience**

- Explore opportunities for innovation in service delivery, technology adoption, and sustainability.
- Maintain operational resilience to manage risks associated with economic fluctuations, climate change, and supply chain disruptions.

## **6. Dividend Policy and Capital Investment Expectations**

ACL is expected to maintain a prudent dividend policy balancing shareholder returns and reinvestment needs. Dividends should be declared annually subject to profitability and liquidity, with a target payout ratio of 40-60% of net profit after tax. Capital investment proposals must align with Council's strategic priorities and demonstrate robust business cases, including risk assessment and sustainability considerations.

## **7. Community and Cultural Engagement**

ACL will actively engage with mana whenua and local communities on projects impacting cultural or environmental values and reflect Council's commitment to diversity, inclusion, and local employment.

## **8. Innovation and Resilience**

ACL should explore opportunities for innovation in service delivery, technology adoption, and sustainability, and maintain operational resilience to manage risks associated with economic fluctuations, climate change, and supply chain disruptions.

## **9. Publication**

This Statement of Expectations will be published on the Ashburton District Council website, as required under Section 64B of the Local Government Act 2002.

### **6. Audit New Zealand Engagement Letter for 2026-2028**

Author *Helen Barnes; GM Business Support*  
Executive Team Member *Hamish Riach; Chief Executive*

#### **Summary**

- The purpose of this report is to provide the Audit, Risk & Finance Committee with Audit New Zealand's Audit Engagement Letter.
- The purpose of the letter is to formally engage Audit New Zealand to undertake Council's annual audits for the three financial years ending 30 June 2026, 2027 and 2028.

#### **Recommendation to Council**

1. **That** the Audit, Risk & Finance Committee:
  - a. receives the Audit New Zealand's Audit Engagement Letter for 2026, 2027 and 2028; and
  - b. recommends that Council delegates authority to Mayor Liz McMillan to sign the Audit Engagement Letter.

#### **Attachment**

**Appendix 1** Audit NZ Audit Engagement Letter for Years Ending 2026, 2027 and 2028  
**Appendix 2** Draft Audit NZ Audit Plan for 2025/26 Annual Report

## Background

### The current situation

1. Audit New Zealand has provided Council with its Audit Engagement Letter for the three financial years ending 30 June 2026, 2027 and 2028 (see **Appendix 1**).
2. Each year before an audit commences, Audit New Zealand provides Council with its Audit Plan, Audit Engagement Letter, and fee structure letter.
3. The Audit Engagement Letter is sent on behalf of the Auditor-General, who is the auditor of all “public entities” including the Ashburton District Council, under section 14 of the Public Audit Act 2001. The Auditor-General has appointed Audit New Zealand and Audit Director, Julian Tan, to conduct the annual audits for the Council.
4. The purpose of the engagement letter is to:
  - a. Set out the terms of engagement;
  - b. Outline the parties’ respective obligations, including:
    - i. Council’s obligations to prepare annual financial statements and performance information in accordance with its legal requirements.
    - ii. Audit New Zealand’s responsibility to carry out an annual audit on behalf of the Auditor-General and provide an independent opinion on whether Council and its group’s financial statements are accurate and comply with generally accepted accounting practice.
  - c. Council has also been provided with Audit New Zealand’s draft Audit Plan for the 2025/26 Annual Report. Audit New Zealand have indicated their intention to finalise the Audit Plan on 10 February 2026. A copy of the draft Audit Plan is contained in **Appendix 2**.
5. The proposed fee structure letter has not yet been provided to Council.
6. The Annual Report 2025/26 is due for adoption by Council on or before 31 October 2026.

## Options analysis

### Option one – Recommend that Council authorises Mayor Liz McMillian to sign the Audit Engagement Letter (recommended option)

<b>Advantages:</b> <ul style="list-style-type: none"><li>Ensures Council complies with its legal obligations, including having an audited annual report.</li></ul>	<b>Disadvantages:</b> <ul style="list-style-type: none"><li>Engaging Audit NZ to undertake the next audit for the Annual Report 2025/26 could result in Audit NZ fees exceeding Council's budget.</li></ul>
<b>Risks:</b> <p>There are no anticipated risks with this option.</p>	

### Option two – Recommend that Council does not sign the Audit Engagement Letter

<b>Advantages:</b> <ul style="list-style-type: none"><li>There are no perceived advantages with this option.</li></ul>	<b>Disadvantages:</b> <ul style="list-style-type: none"><li>Council would not have an auditor engaged for 2026-2028, and would not comply with its legal obligation to provide annual audited reports.</li></ul>
<b>Risks:</b> <p>Potential for reputational risk to Council if it fails to engage an independent auditor to audit its annual report.</p>	

## Legal/policy implications

### Legislation

7. The Public Audit Act 2001 establishes the Auditor-General as the auditor of all public entities, including councils. Audit New Zealand acts under delegation from the Auditor-General to perform those audits.
8. [Section 98](#) of the Local Government Act 2002 requires Council to prepare and adopt, in respect of each financial year, an annual report containing the information required by [Part 3](#) of Schedule 10 of the LGA. Part 3, Schedule 10 requires councils to produce audited annual reports, including audited financial statements.

## Climate change

9. There is no impact on climate change or sustainability in adopting the recommendation in this report.

### Review of legal / policy implications

Reviewed by In-house Counsel *Tania Paddock; GM Legal & Democracy*

## Strategic alignment

10. The recommendation relates to Council's community outcomes of "*residents are well-represented, included and have a voice*" and "*a prosperous economy built on innovation, opportunity and high quality infrastructure*" because the audit process ensures the transparency and comfort for the community.

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

## Financial implications

Requirement	Explanation
What is the cost?	The estimated Audit NZ fees for the 2025/26 audit are not yet confirmed.
Is there budget available in LTP / AP?	Officers have included a budget of \$312,625
Where is the funding coming from?	Cost centre 132 (Treasury)
Are there any future budget implications?	Yes – there is a risk of Audit NZ exceeding this fee estimate and Council exceeding its Audit fees budget.
Reviewed by Finance	Helen Barnes; GM Business Support

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	<i>N/A</i>
Level of engagement selected	1. Inform – one-way communication
Rationale for selecting level of engagement	The community will expect that Council will engage the appointed auditor, Audit NZ. The community can therefore be informed of this update through the normal communication channels, including public access to this report.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

19 January 2026

Level 3, 335 Lincoln Road  
Addington  
PO Box 2, Christchurch 8140

Mayor Liz McMillan  
Marlborough District Council  
PO Box 443  
Blenheim 7240

Dear Liz

## **Audit engagement letter**

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Ashburton District Council (the council) and its subsidiaries and controlled entities (the group), under section 14 of the Public Audit Act 2001.

The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Public Audit Act 2001, to carry out the annual audits of the council’s and group’s financial statements and the council’s performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the three financial years ending 30 June 2026, 2027, and 2028.

This letter outlines:

- the terms of the audit engagement, and the nature and limitations of the annual audit; and
- the respective responsibilities of the governing body (the council) and me, as the appointed auditor, for:
  - the council’s and group’s financial statements;
  - the council’s performance information;
  - the council’s disclosures that are required to comply with part 3 of schedule 10 of the Local Government Act 2002 (the Act); and
  - the council’s disclosures about its performance against benchmarks that are required to comply with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

The objectives of the annual audit are to:

- provide an independent opinion on the council's and group's financial statements and the council's performance information;
- report on whether the council has complied with the requirements of part 3 of schedule 10 of the Act that apply to the annual report;
- report on the completeness and accuracy of the council's disclosures about its performance against benchmarks that are required by the Regulations; and
- report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information*, issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audits to obtain reasonable assurance about whether the council's and group's financial statements and the council's performance information are free from material misstatement.

The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

### **The council's responsibilities**

Our audit will be carried out on the basis that the council, as the governing body, acknowledges that it has responsibilities for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- preparing and reporting the information required by schedule 10 of the Act 2002 and by the Regulations;
- having such internal control as it determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
  - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
  - all other information, in addition to the financial statements and performance information, to be included in the annual report;

- additional information that we may request from the council and group for the purpose of the audit;
- unrestricted access to council members and employees that we consider necessary; and
- written confirmation concerning representations made to us in connection with the audits.

In addition, the council is responsible for:

- preparing the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The council's responsibilities extend to all resources, activities, and entities under its control. We expect that the council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the council and the individuals within the council and group with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The council has certain responsibilities relating to the preparation of the council's and group's financial statements and the council's performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1, which also contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

## **Our responsibilities**

### ***Carrying out the audits***

We are responsible for forming an independent opinion on whether the financial statements of the council and group:

- fairly present, in all material respects:
  - the financial position; and
  - the results of the operations and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

We are also responsible for forming an independent opinion on whether the performance information of the council:

- provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities as determined in accordance with generally accepted accounting practice in New Zealand; and
- fairly presents, in all material respects, the actual levels of service for each group of activities, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

In addition to the above we are also responsible for forming an independent opinion whether:

- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of the council, has been prepared, in all material respects, in accordance with clause 24 of schedule 10 to the Act;
- the funding impact statement for each group of activities of the council, has been prepared, in all material respects, in accordance with clause 26 of schedule 10 to the Act; and
- the funding impact statement of the council, has been prepared, in all material respects, in accordance with clause 30 of schedule 10 to the Act.

We are also required to report on whether the council has:

- complied with the information disclosure requirements of part 3 of schedule 10 to the Act; and
- included complete and accurate disclosures about its performance against benchmarks required by part 2 of the Regulations.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the council's and group's financial statements and the council's performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the council's and group's financial statements and the council's performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the council's and group's financial statements and the council's performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's and group's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the council's and group's financial statements and the council's performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency, in particular on how the council and group have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the council obtained and applied the resources of the council and group in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the council and group have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

### ***Our independence***

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the council and group; including being independent of management personnel and

members of the council and group. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the council and me or Audit New Zealand.

### ***Reporting***

We will issue an independent audit report that will be attached to the council's and group's financial statements and the council's performance information. This report contains our opinion on the fair presentation of the council's and group's financial statements and the council's performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will include our opinion about whether:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

We will also issue a report that will be sent to the council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to the council and group from time to time. We will inform the council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

### **Next steps**

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new audit engagement letter is issued.

If you have any questions about the audit generally or have any concerns about the quality of the audit, you should contact me as soon as possible. If, after contacting me, you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information or wish to discuss the terms of the audit engagement further before replying, please contact me.

Yours sincerely



Julian Tan  
Appointed Auditor  
On behalf of the Auditor-General

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I acknowledge the terms of this engagement and that I have the required authority on behalf of the council of Ashburton District Council.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: Liz McMillan  
Title: Mayor

## Appendix 1: Respective specific responsibilities of the council (as the governing body) and the appointed auditor

Responsibilities of the council	Responsibilities of the appointed auditor
<b>Responsibilities for the financial statements and performance information</b>	
<p>You are required by the Local Government Act 2002 (the Act) to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards. You are also responsible for preparing and reporting the information required by schedule 10 of the Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. “Ready for audit” means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the council’s and group’s financial statements:</p> <ul style="list-style-type: none"> <li>• fairly present, in all material respects: <ul style="list-style-type: none"> <li>◦ the financial position;</li> <li>◦ the results of the operations and cash flows for the financial year; and</li> </ul> </li> <li>• comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.</li> </ul> <p>We are also responsible for forming an independent opinion on whether the council’s performance information:</p> <ul style="list-style-type: none"> <li>• provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;</li> <li>• fairly presents, in all material respects, the actual levels of service for each group of activities, including: <ul style="list-style-type: none"> <li>◦ the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and</li> <li>◦ the reasons for any significant variation between the levels of service achieved and the intended levels of service; and</li> </ul> </li> <li>• complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.</li> </ul>

Responsibilities of the council	Responsibilities of the appointed auditor
	<p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> <li>• the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities has been prepared, in all material respects, in accordance with clause 24 of schedule 10 to the Act;</li> <li>• the funding impact statement for each group of activities has been prepared, in all material respects, in accordance with clause 26 of schedule 10 to the Act; and</li> <li>• the funding impact statement has been prepared, in all material respects, in accordance with clause 30 of schedule 10 to the Act.</li> </ul> <p>We are also required to report on whether the council has:</p> <ul style="list-style-type: none"> <li>• complied with the information disclosure requirements of part 3 of schedule 10 to the Act; and</li> <li>• included complete and accurate disclosures about its performance against benchmarks required by part 2 of the Regulations.</li> </ul> <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit.</p> <p>In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error.</p> <p>Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report</p>

Responsibilities of the council	Responsibilities of the appointed auditor
	<p>addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> <li>• the appropriateness of accounting policies used and whether they have been consistently applied;</li> <li>• the reasonableness of the significant accounting estimates and judgements made by those charged with governance;</li> <li>• the appropriateness of the content and measures in any performance information;</li> <li>• the adequacy of the disclosures in the financial statements and performance information; and</li> <li>• the overall presentation of the financial statements and performance information.</li> </ul> <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> <li>• the adoption of the going concern basis of accounting is appropriate;</li> <li>• all material transactions have been recorded and are reflected in the financial statements and performance information;</li> <li>• all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and</li> <li>• uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information.</li> </ul> <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p>

<b>Responsibilities of the council</b>	<b>Responsibilities of the appointed auditor</b>
	<p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
<b>Responsibilities for the accounting and other records</b>	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> <li>• correctly record and explain the transactions of council;</li> <li>• enable you to monitor the resources, activities, and entities under your control;</li> <li>• enable council's financial position to be determined with reasonable accuracy at any time;</li> <li>• enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited);</li> <li>• enable you to prepare and report on the information and disclosures that comply with the requirements of part 3 of schedule 10 of the Act and by the Regulations; and</li> <li>• are in keeping with the requirements of the Commissioner of Inland Revenue.</li> </ul>	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements, performance information, and the information and disclosure requirements of part 3 of schedule 10 of the Act and by the Regulations.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>
<b>Responsibilities for accounting and internal control systems</b>	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems.</p> <p>We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information. We will report to you</p>

Responsibilities of the council	Responsibilities of the appointed auditor
	<p>separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you.</p> <p>Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>
<b>Responsibilities for preventing and detecting fraud and error</b>	
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of council) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> <li>• obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and</li> <li>• report to you any significant weaknesses in internal control that come to our notice.</li> </ul> <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency.</p> <p>In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>

Responsibilities of the council	Responsibilities of the appointed auditor
<b>Responsibilities for compliance with laws and regulations</b>	
<p>You are responsible for ensuring that council has systems, policies, and procedures (appropriate to the size of council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of council are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> <li>• the relevance of the law or regulation to the audit;</li> <li>• our assessment of the risk of non-compliance; and</li> <li>• the impact of non-compliance for the addressee of the audit report.</li> </ul> <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
<b>Responsibilities to establish and maintain appropriate standards of conduct and personal integrity</b>	
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in the “Code of Conduct” and, where applicable, support the “Code of Conduct” with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted codes of conduct that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p>

Responsibilities of the council	Responsibilities of the appointed auditor
	<p>The Auditor-General, on receiving a report from us, may at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>
<b>Responsibilities for conflicts of interest and related parties</b>	
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>
<b>Responsibilities for publishing the audited financial statements on a website</b>	
<p>You are responsible for the electronic presentation of the financial statements and performance information on council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>
<b>Responsibilities under the Health and Safety at Work Act 2015</b>	
<p>We expect you to work with us to ensure the health and safety of our audit staff.</p> <p>You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises, or otherwise engaging with you on their audit work. We expect you to provide a safe and healthy work environment, which includes, but is not limited to, providing:</p>	<p>The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, as a person conducting a business or undertaking (PCBU), we will make arrangements with you to keep our audit staff safe while they are working at your premises or otherwise engaging with you on their audit work.</p>

Responsibilities of the council	Responsibilities of the appointed auditor
<ul style="list-style-type: none"> <li>information, training instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures;</li> <li>suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation;</li> <li>adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities;</li> <li>appropriately labelled and equipped first-aid kits;</li> <li>personal protective equipment when all other control measures cannot adequately eliminate or minimise risks to a worker's health and safety; and</li> <li>protection from offensive conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs.</li> </ul> <p>We expect you to work with us to resolve any health and safety concerns related to our audit staff.</p>	<p>We will obtain an understanding of health and safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.</p> <p>We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or don't do does not adversely affect the health and safety of other people.</p> <p>We will co-operate with the workplace health and safety policies and procedures of the council and comply with any reasonable instructions given.</p> <p>We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as the chief financial officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.</p>

# Audit plan

## Ashburton District Council

For the year ending 30 June 2026

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AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Executive summary

I am pleased to present our audit plan for the audit of Ashburton District Council (the Council) for the year ending 30 June 2026. Our role as your auditor is to give an independent opinion on the financial statements and the statement of service provision. We also recommend improvements we identified during the audit.

The contents of this plan provide a basis for discussion with you. We are happy to elaborate further on the matters raised in the audit plan. If there are additional matters that you think we should include in the audit plan or any matters in it requiring clarification, please discuss these with me.

Yours sincerely

Julian Tan  
Appointed Auditor  
27 January 2026

## Contents

Focus areas: Risks and issues.....	2
Group audit.....	7
Materiality .....	8
Expectations .....	11
Our team.....	14
Our audit process.....	15
How we manage quality .....	18



## Focus areas: Risks and issues

We set out the main risks and issues in the table below based on the planning work and discussions we have completed to date. These will be the focus areas during the audit.

Risk/issue	Our audit response
<p><b>Valuation of infrastructure assets</b></p> <p>The Council revalues its infrastructure assets whenever there is expected to be a material movement in the fair value of those assets.</p> <p>The Council last revalued its roading and solid waste assets at 30 June 2024, and its water, sewerage, stormwater, stock water, and parks assets at 30 June 2025.</p> <p>We expect the Council to complete a revaluation of these asset classes this year only if there is evidence a valuation is necessary to comply with the accounting standards. Where a valuation adjustment appears necessary this year, a full valuation may not be required as Council could consider adjusting the fair values using an indexed-valuation approach.</p> <p>If Council believes a valuation is necessary, it should be completed before the end of April 2026.</p> <p>Where a full valuation is completed, the reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>One of the key assumptions in a depreciated replacement cost valuation is the unit rate adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.</p>	<p>For a full valuation, we will:</p> <ul style="list-style-type: none"><li>review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met;</li><li>assess relevant quality controls that support the integrity of the underlying data, assumptions and schedules used in the valuation;</li><li>obtain an understanding of, and test the underlying source data used in the valuation;</li><li>review the methodology used to develop unit rates and test those rates back to the Council's analysis of recent contract costs;</li><li>engage with the valuer as necessary when assessing the reasonableness of the assumptions and methodology used and the reasons for movements in key asset components;</li><li>review the accounting entries and the fixed asset register to ensure the values are correctly updated; and</li></ul>

Risk/issue	Our audit response
<p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p> <p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.</p> <p>Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council's management team. When a valuation is completed internally this should be peer reviewed by a suitably experienced and qualified person, for example, an external valuation firm would be considered appropriate.</p>	<ul style="list-style-type: none"> <li>review the appropriateness of the disclosure, including any narrative.</li> </ul> <p>For an indexed valuation, we will:</p> <ul style="list-style-type: none"> <li>review the calculation of the fair value movement in the carrying value;</li> <li>assess whether an appropriate index has been used for the calculation;</li> <li>review the accounting entries and the fixed asset register to ensure the values are correctly updated; and</li> <li>review the appropriateness of the disclosure, including any narrative.</li> </ul>
<p><b>Fair value assessment of infrastructure assets (non-revaluation year)</b></p> <p>For those assets carried under the valuation model that the Council does not plan to revalue, the Council needs to perform a fair value movement assessment to determine whether there could be a material difference between the fair value and the carrying value.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>factor in local cost information;</li> <li>utilise relevant and reliable price movement indicators; and</li> <li>involve consultation with valuers, where necessary.</li> </ul> <p>If the fair value movement of the assets, individually or in combination with other asset classes, is likely to be material, the Council will need to complete a full revaluation. If specified criteria are met, the Council may be able to undertake an index-based-revaluation.</p>	<p>We will review the reasonableness of the Council's assessment including the appropriateness of the assumptions used in the assessment.</p>

Risk/issue	Our audit response
<p><b>Fair value of investment property</b></p> <p>The Council values its investment property at fair value annually in accordance with accounting standard PBE IPSAS 16, <i>Investment Property</i>. This standard requires the fair value of investment properties to reflect the fair value of the properties based on the market conditions as at the reporting date.</p> <p>Determination of the fair value requires key judgements and assumptions to be made by the Council's valuer. These include:</p> <ul style="list-style-type: none"> <li>the valuation methodology best suited to the subject property, for example, sales comparisons, discounted cash flows, or capitalisation approach; and</li> <li>the key inputs and assumptions required for the methodology such as relevant sales data, expected market cashflows and discount rates and the determination of capitalisation rates.</li> </ul>	<p>We will:</p> <ul style="list-style-type: none"> <li>review the valuation report and hold discussions with management and their valuer to confirm our understanding of the approach taken to estimate fair value, key judgements made, assumptions applied, and source data used;</li> <li>assess the valuer's expertise and their objectivity;</li> <li>evaluate whether an acceptable approach has been taken to estimate fair value, and assess this (and the related disclosures in the financial statements) for compliance with the requirements of accounting standards;</li> <li>review the source data for errors and omissions, and assess the reasonableness of key judgements made and assumptions applied; and</li> <li>test calculations, determine if the revaluation has been correctly accounted for, assess the overall valuation movement and obtain explanations for any significant or unusual changes in value.</li> </ul>

Risk/issue	Our audit response
<b>Accounting for impairment, capitalisation of costs and recognition of completed assets</b>	
<p><b>Impairment of property, plant and equipment</b></p> <p>Assets are required to be assessed for indicators of impairment at each reporting date. In addition, work-in-progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p><b>Capitalisation of costs</b></p> <p>The Council should ensure appropriate policies and processes are in place to identify and capitalise costs that are capital in nature. This includes both direct and indirect capital costs.</p> <p><b>Completed projects</b></p> <p>The Council also needs to ensure that, as phases of a project are completed, and assets become operational, capitalisation of the WIP balance is performed in a timely manner. This will ensure that depreciation on these assets starts when the asset is complete and ready for use.</p> <p>The Council had a significant WIP balance (\$9.75 million at 30 June 2025) with a risk that some projects within the balance may have been abandoned and should be written off. The Council should analyse the aging of WIP balances by year and consider whether any old balances should be written off or impaired.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>assess the processes used by management to assess for impairment, including all significant WIP balances and review the analysis of WIP aging;</li> <li>update our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and</li> <li>review management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner.</li> </ul>

Risk/issue	Our audit response
<p><b>The risk of management override of internal controls</b></p> <p>There is an inherent risk of fraud in every organisation due to management override of internal controls. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul>

### **Local Water Done Well and compliance with the Local Government (Water Services) Act 2025**

The Council adopted the in-house model of delivery of three waters at its meeting on 21 May 2025. Its Water Services Delivery Plan giving effect to this was approved by the Secretary for Local Government on 20 October 2025.

The Department of Internal Affairs issued its guidance on planning, reporting, and accountability for council water service providers in January 2026. We recommend that the Council reviews the guidance to understand the necessary steps to ensure that its in-house unit complies with the planning, reporting, and accountability requirements set out in the Local Government (Water Services) Act 2025.

We are currently reviewing this guidance for any risks or issues that could impact our audit planning for the year ending 30 June 2026. Where applicable, we will develop appropriate audit responses to address them.

### **Other additional risks**

Other additional risks may also emerge during the audit. We will factor these risks into our audit response and our reporting to you.

## Group audit

Our audit approach for the group is designed to obtain sufficient assurance on the group's financial statements and statement of service provision. We have assessed the risks of material misstatement and our approach for each component of the group is detailed below.

We have assessed the risks of material misstatement and our approach for each component of the group is detailed below.

We will report any significant internal control deficiencies to the Council and management of the group, and in particular, deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

Deficiencies reported may be identified by the group audit engagement team or brought to our attention by a component auditor.

We will also communicate any fraud identified by the group engagement team or brought to our attention by a component auditor.

Component	Our audit approach
<b>Ashburton Contracting Limited (ACL)</b>	<p>The component auditor is Debbie Bradfield of Audit New Zealand. The audit work on this component will be a full financial statement and service performance report audit.</p> <p>We will issue group instructions to the component auditor specifying the information we will need from them for the group audit.</p> <p>The component auditor will issue a separate audit plan to the Board of ACL outlining the key audit and accounting issues.</p> <p>There are no specific risks at the Council group level to bring to your attention at this stage.</p> <p>The audit focus areas relevant to the ACL audit are revenue recognition, its involvement in the Lake Hood Extension Project, and the risk of management override of controls.</p> <p>We will be reviewing the consolidation adjustments required to consolidate ACL into the Council's group financial statements. We will also review the related party transactions and related disclosures within the group.</p>

This table shows the work we have planned for each component where we are asking component auditors to perform work for the group audit.

## Materiality

Materiality refers to information that, if omitted, misstated, or obscured, could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service provision information; and
- influence readers in making decisions about the stewardship and allocation of resources or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material considering the surrounding circumstances and its impact. Qualitative considerations are just as important as quantitative considerations.

The Council and management needs to make their own assessment of materiality from a preparer's perspective. The Council and management should not rely on our materiality assessment as a basis for making its own judgements about the integrity of the financial statements and statement of service provision.

### Financial statements materiality

Overall group materiality – used for asset revaluations	\$105,660,000
Specific group materiality – used for all other items	\$3,600,000
Group clearly trivial threshold	\$180,000
Overall parent materiality – used for asset revaluations	\$104,586,000
Specific parent materiality – used for all other items	\$2,700,000
Parent clearly trivial threshold	\$135,000

This materiality is subject to change once the actual results for the current year are available.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial** with no relevant qualitative considerations. Where management does not wish to correct a misstatement, we will seek written representations from the Council on the reasons why the corrections will not be made.

## Materiality for service provision information

At an overall level, we assess whether the service provision information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the council's performance. In doing this, we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service provision information at an individual measure level based on what we expect would influence readers' overall understanding, decision-making, or assessment of council's performance.

### Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and statement of service provision. We assess the effects of any detected and uncorrected misstatements, individually and in aggregate, against materiality and qualitative considerations.

We normally express this materiality as a percentage of the reported result.

Outlined below are the measures we assessed as material and our materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
<b>Water</b> The Department of Internal Affairs (DIA) mandatory measure: safety of drinking water.	Quantitative materiality is not applicable. The reported result is to be qualitatively consistent with supporting information.
<b>Water</b> Residents are satisfied with the Council's drinking water supplies.	8% of reported result
<b>Roading</b> DIA mandatory measure: Road resurfacing.	8% of reported result
<b>Roading</b> Residents are satisfied with the Council's unsealed and sealed roads.	8% of reported result
<b>Wastewater</b> DIA mandatory measure: resource consents wastewater discharge compliance.	5% of reported result

Material measure	Materiality
<b>Wastewater</b> DIA mandatory measure: Customer satisfaction with wastewater services	8% of reported result
<b>Stormwater</b> DIA mandatory measure: resource consents stormwater discharge compliance	5% of reported result

## Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter. Your responsibilities, with appropriate assistance from management, include:

- preparing the financial statements and statement of service provision in accordance with legal requirements and financial reporting and service provision standards;
- providing us with access to all relevant records and providing information in a timely manner;
- providing access to staff, who will provide an appropriate level of assistance;
- providing draft financial statements and statement of service provision, including all relevant disclosures, in accordance with the agreed timetable;
- maintaining accounting, service provision and other records supporting the information in the financial statements and statement of service provision and providing us with access to those records; and
- subjecting the annual report, financial statements, and statement of service provision to appropriate levels of internal quality review before they are provided to us.

Our responsibilities include carrying out the audit, maintaining our independence, and providing you with an audit report.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We will use AuditDashboard to make these requests and for transferring files as part of the audit.

## Draft financial statements and statement of service provision

We expect that we will need to perform a detailed review of three versions of the annual report:

- A good quality draft set of financial statements and statement of service provision (including notes) that is reasonably complete, received before or at the start of the final audit visit.
- A final set of financial statements and statement of service provision incorporating all changes identified during the audit, received at the end of the audit.
- A final signed annual report or printer's proof version.

We do not intend performing a detailed check of additional versions. If this becomes necessary, we will discuss this with you first and there will be an additional cost.

## Year-end processes

The year-end financial statement close process and the preparation of the annual report require significant time and effort to complete them

effectively. We want the audit process to run smoothly, and we will work with management to achieve this.

## Timetable

Our proposed timetable is:

Interim audit begins	13 April 2026
Interim report to the Council issued	29 May 2026
Draft financial statements and statement of service provision available for audit (including notes) with actual year-end figures	31 August 2026
Final audit begins	14 September 2026
Final financial statements and statement of service provision available, incorporating all agreed amendments	16 October 2026
Audit opinion issued	29 October 2026
Report to the Council issued	29 October 2026

## Reporting

### Communication with the Council and management

We will meet with the Council and management throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Meeting with	Planned timing
Council	Will attend when requested
Liz McMillan (Mayor)	At least once a year
Hamish Riach (Chief Executive)	At least once a year
Helen Barnes (Group Manager Business Support)	As required

### Reports to the Council

At the end of the audit, we will report to the Council on:

- our findings on the audit risks identified in this plan;
- any other significant matters found during our audit, including significant deficiencies in internal controls;
- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

## **Reports to Management**

At our discretion, we may also provide an interim report to the Council and separate reports to management on internal control findings and other lesser findings arising from our audit. Where such reporting is provided, we will issue these in draft to management for their comment and finalise them within 10 working days of making the draft available to them.

We will advise the Council if we have issued a separate report to management.

## Our team

Our engagement team is selected to ensure we have the right subject-matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

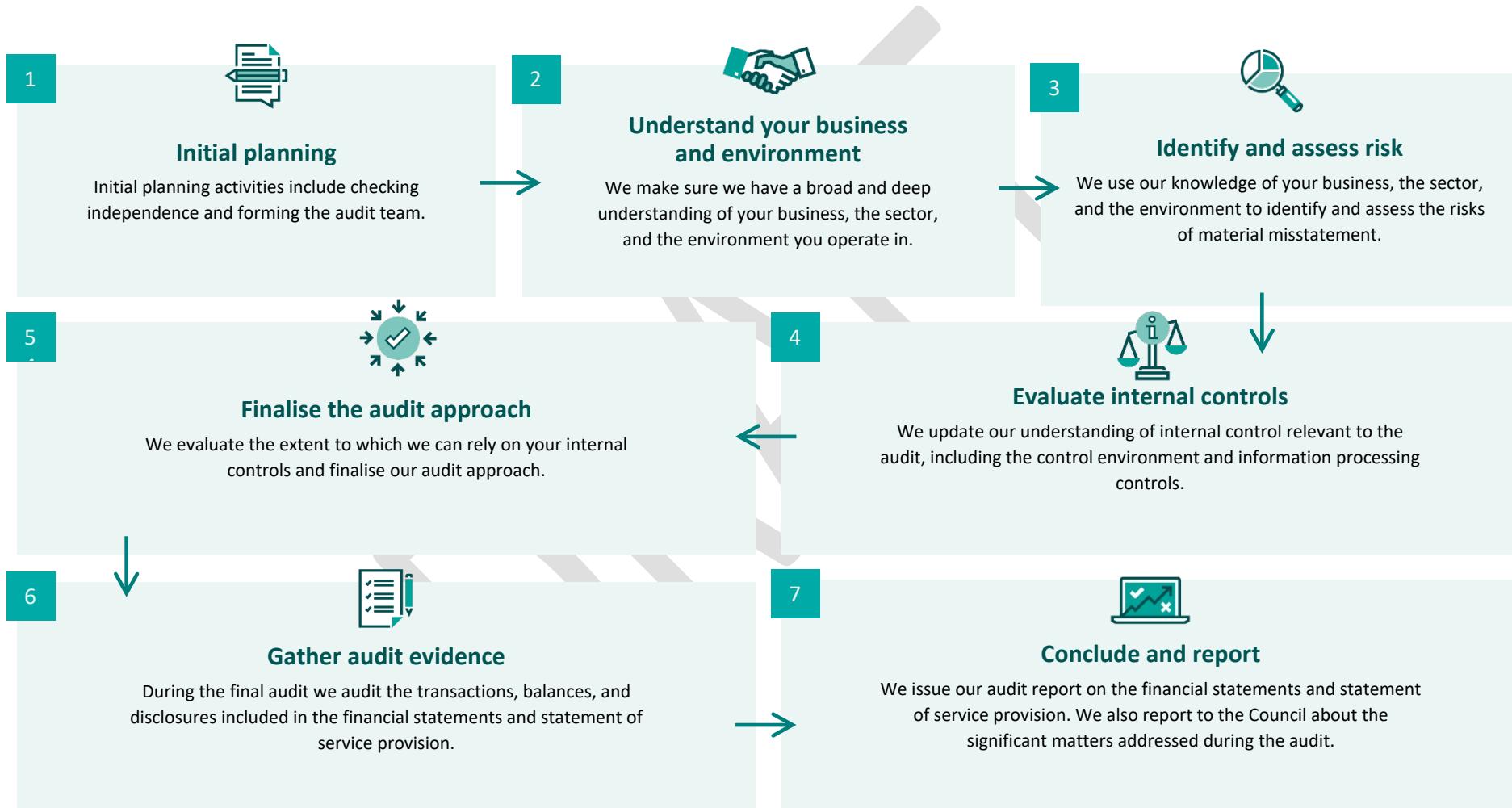
Our senior audit team members are:

Julian Tan                      Appointed Auditor

Corbett Ndlovu                Audit Manager

Urvi Karan Shah               Audit Supervisor

# Our audit process



## Fraud risks

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

### Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management.

### Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and statement of service provision are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at [oag.parliament.nz/reports/fraud-reports](http://oag.parliament.nz/reports/fraud-reports).

## Professional judgement and professional scepticism

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mindset that leads to a questioning approach when considering information and forming conclusions. It means not accepting information at face value, being alert for inconsistencies or anomalies, and considering the possibility of fraud or error.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgments and assumptions and weigh them against alternative possibilities.

It also means we do not assume that what was true last year remains true this year. Because of this, the audit team will ask management some of the same questions we asked last year. Circumstances can change, information can become outdated, and our audit evidence needs to be current.

## **Wider public sector considerations**

A public sector audit also examines whether:

- a public entity carries out its activities effectively and efficiently;
- waste is occurring or likely to occur because of any act or failure to act by a public entity;
- there is any sign or appearance of a lack of probity because of any act or omission by a public entity or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence because of any act or omission by a public entity or by one or more of its members, office holders, or employees.

# How we manage quality



We apply a risk-based approach to designing, implementing, and operating the components of our system of quality management (SOQM) in an interconnected and coordinated manner to proactively manage the quality of our audits.

## Quality objectives

Quality objectives are the desired outcomes for each component of the SOQM.

*Audit quality encompasses the key elements that create an environment which maximises the likelihood that we perform quality audits on a consistent basis. Audit quality is about more than issuing the right audit opinion, it is also about how we reach that opinion. We maintain a persistent focus on audit quality and on continuing improvement to audit quality over time.*

Quality objective	What this involves
Governance and leadership	Establishing an environment that supports the system of quality management.
Relevant ethical requirements	All staff understand and fulfil their responsibilities regarding ethical requirements.
Acceptance and continuance	Making judgments about accepting or continuing engagements and our ability to perform each engagement.
Engagement performance	Performing a quality engagement, including directing and supervising the team, exercising professional judgment, consulting on difficult or contentious matters, and ensuring appropriate engagement documentation.
Resources	Having sufficient and appropriate human, technological, and intellectual resources.
Information and communication	Maintaining and communicating information regarding the quality management system both internally and externally.

## Risk identification and key responses included in our SOQM

We perform an annual risk assessment to identify any risks to achieving our quality objectives. We then implement responses to address these risks. The combination of responses ranges from specific controls to developing policies and procedures for our audit teams. Some of these operate at a firm level, while others are applied to each individual audit.

Of these numerous responses, there are two notable responses that we would like to share as examples:

### Independence

Our independence and conflicts of interest policy require all employees to be scrupulous about identifying and managing any conflicts of interest or independence risks. We manage this through our ethics and independence declarations for every staff member, including a compulsory annual review, supplemented by individual independence declarations for each engagement.

### Internal and external inspections

All our Appointed Auditors are subject to internal and external inspections on a cyclical basis to ensure that our engagements comply with standards. The Office of the Auditor-General, the Financial Markets Authority, and the New Zealand Institute of Chartered Accountants perform the external inspections. We perform a root cause analysis on selected findings from these reviews and develop action plans to address the identified root causes.

## Monitoring and assessing the SOQM

Monitoring and assessment of the SOQM is ongoing. We perform regular monitoring which informs our annual assessment of whether we are achieving our quality objectives and therefore complying with professional requirements. Our most recent assessment to June 2025 noted that our system was effective, with some improvements needed around the timeliness of completing some monitoring activities.

Independent quality reviews are integral to our assessment of our SOQM. Our most recent FMA review in 2022, which focused only on FMC entities, assigned an overall grade of 'compliant' on a scale of good, compliant, and non-compliant.

The NZICA review, also conducted in 2022, raised relatively few findings from the files they inspected and made the following observation:

*It was evident from our review that Audit New Zealand seeks to apply a high standard of quality in its audits, which is comparable with the major commercial audit firms. Since Audit New Zealand does not have the resources of a global network behind it, maintaining this standard requires significant investment in local technical resources to keep the audit methodology up to date. A high level of technical competence was apparent both from our file reviews and the FMA's review of the quality control system.*

DRAFT

Audit New Zealand  
PO Box 2  
Christchurch 8140

[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)



## **7. *Civic Financial Services – Statement of Intent for 2026***

Author *Helen Barnes; GM Business Support*  
Executive Team Member *Hamish Riach; Chief Executive*

### **Summary**

- Civic Financial Services Limited have delivered their Statement of Intent for 2026.
- The Statement of Intent for 2026 is presented to the Audit, Risk & Finance Committee for information purposes.

### **Recommendation**

- 1. That** the Audit, Risk & Finance Committee receives Civic Financial Services Limited's Statement of Intent for 2026.

### **Attachment**

**Appendix 1** Civic Financial Services Limited's Statement of Intent for the year to 31 December 2026

## Background

### The current situation

1. Civic Financial Services provide superannuation services for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and the Local Government Superannuation Scheme.
2. Civic Financial Services also provide administration services for a number of services including the Local Authority Protection Programme (LAPP) and Riskpool.
3. Civic Financial Services has 73 shareholders, including 72 local authorities and TrustPower Limited. Ashburton District Council holds 56,016 of the total 11,249,364 shares (0.49 per cent).

### Statement of Intent for 2026

4. The Statement of Intent for 2026 contained in **Appendix 1** outlines Civic Financial Services' financial projections, which are set out at paragraph 4.5 of the Statement of Intent.
5. As with previous years, its primary source of income in 2026 will come from fees for providing superannuation administration for the local government sector. It also derives additional income from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
6. Civic Financial Services are projecting a surplus after tax of \$12,000 for the period to 31 December 2026, increasing to a \$95,000 surplus in 2027, and a \$200,000 surplus in 2028.
7. Civic Financial Services' administration income and investment income are both projected to increase over the next three years. Further, its total expenses are projected to decrease in 2027 and 2028.
8. Since 2020, the Board's policy is to not pay a dividend to its shareholders. Instead, funds that would otherwise have been provided to shareholders as a dividend are intended to be used to reduce the administration fees applied to its two superannuation schemes. Civic Financial Services has however advised that for the 2026 year, it will maintain its base administration fee for its two superannuation schemes at 0.32% per annum (the same fee as 2025). The Board has chosen not to reduce the administration fee in 2026 because it has forecast slightly lower returns over the next two years.
9. There are two performance measures in the Statement of Intent:

- a. To provide superannuation and savings products and services to at least 90% of local authorities.
- b. To be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

10. Finally, Civic Financial Services will provide an audited financial report for the 2025 year to all members by 30 April 2026 and will provide a six-monthly update by 30 September 2026.

## Legal/policy implications

11. There are no legal or policy implications.

## Financial implications

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

Requirement	Explanation
What is the cost?	There is no cost.
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Finance review required?	Erin Register; Finance Manager.

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	1. Inform - one way communication
Rationale for selecting level of engagement	The community will be informed of the Statement of Intent through the usual media channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

## Appendix 1

17 December 2025

Hamish Riach  
Chief Executive  
Ashburton District Council  
PO Box 94  
ASHBURTON 7740  
hamish.riach@adc.govt.nz

Dear Hamish

**Civic Financial Services Ltd ('Civic') - Statement of Intent for 2026**

Please find attached a copy of Civic's Statement of Intent for 2026.

The Civic group comprises Civic Financial Services (Civic), Local Government Superannuation Trustee (LGST), the Local Government Mutual Funds Trustee (LGMFT) which includes Riskpool, the Civic Liability Pool (CLP) and also the Local Authority Protection Plan (LAPP). Civic is the 100% owner of LGST and LGMFT and the administrator for LAPP.

For 2026, Civics' major source of income will once again, come from providing administration services for the Local Government sector's SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. Additional income will be derived from investment income and from administration services provided to the Local Authority Protection Programme (LAPP), Riskpool and the Civic Liability Pool (CPL).

At a Special General Meeting of Civic in 2020, it was resolved that instead of providing dividends to shareholders, future surplus funds should be applied to reduce the administration fees for members of our two Superannuation Schemes.

Civic have demonstrated a very solid record as a result of this decision as evidenced by the fact we have reduced the base investment management fee for both schemes every year for the last six years. For the 2026 year however, the current rate of 0.32% will remain as we have forecast slightly lower returns over the next two years. Accordingly, the Civic Board considers it prudent to hold the base administration fee at this point of time.

In this year's Statement of Intent, we have included information on the strategic review of the Civic group of companies that was carried out over 2025. Each entity within the group will now be required to provide a three-year Business Plan that aligns with the Civic's strategic outcomes.

We have also updated the communication section incorporated in the Statement of Intent to keep you informed of the changes we have implemented as we strive to improve the information provided to our members, including the launch of our new SuperEasy mobile App.

Please see following the Performance Summary of the Schemes' Funds to 30 September 2025 for your information.

Thanks for your continued support, I look forward to working with you in 2026.

Ngā mihi



Charlie Howe  
Chief Executive  
Email: [charlie.howe@civicfs.co.nz](mailto:charlie.howe@civicfs.co.nz)

## Performance summary as at 30 September 2025

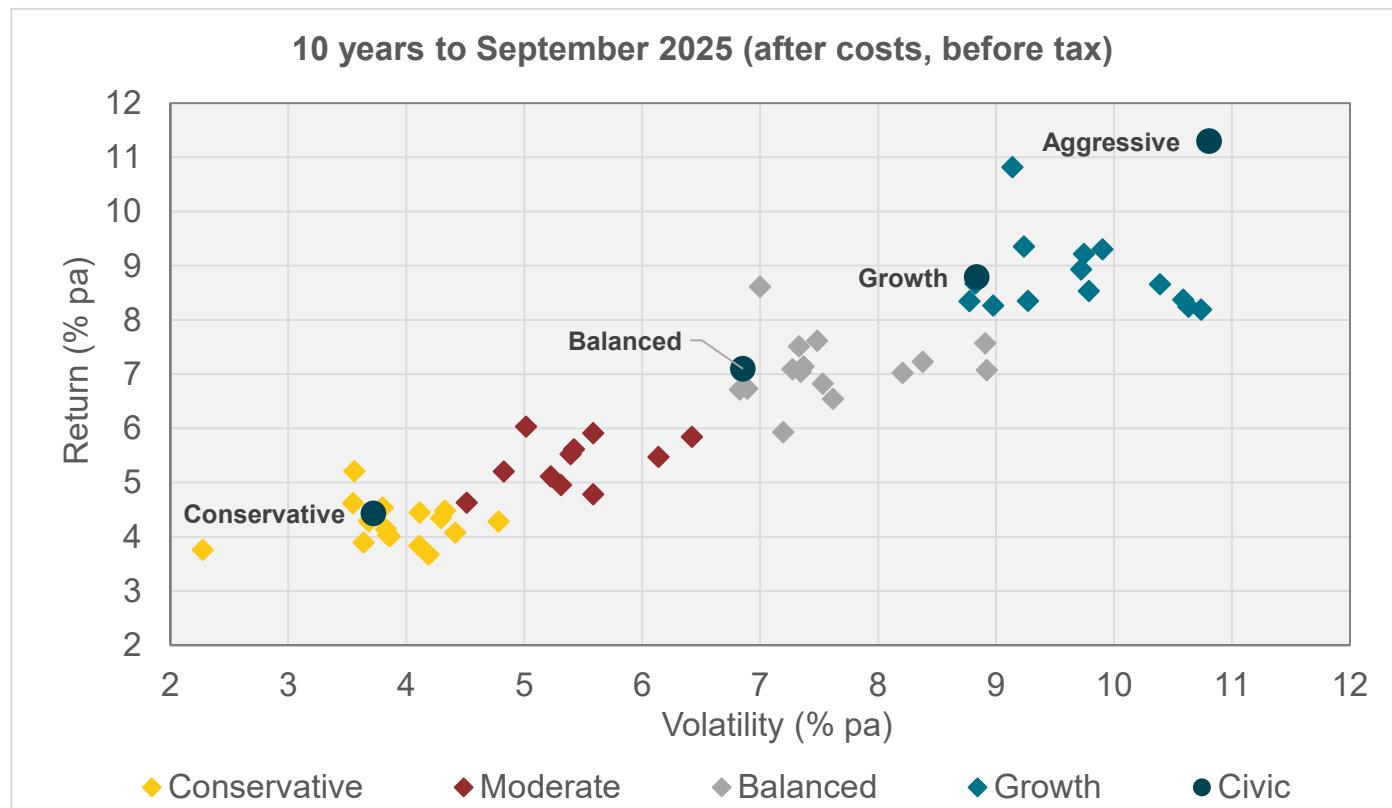
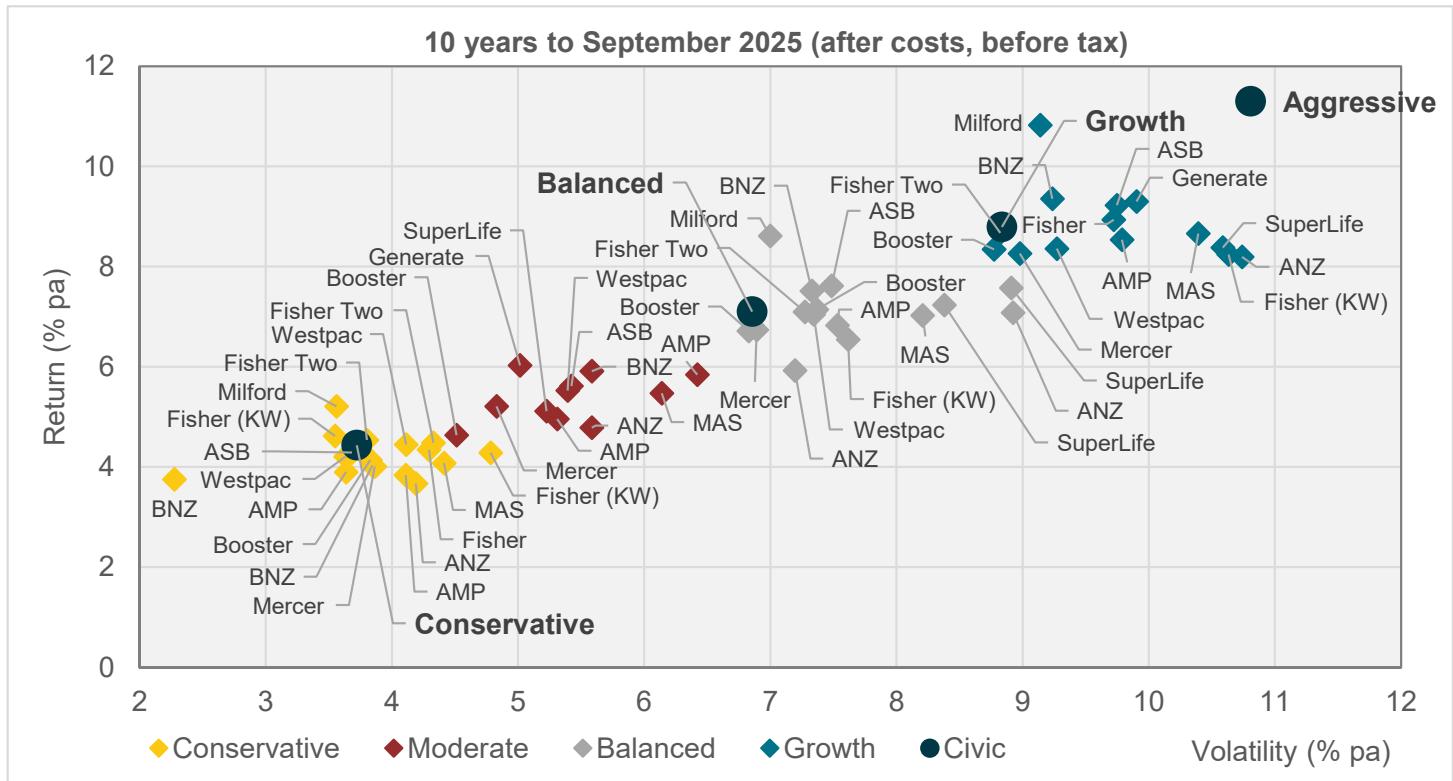
The following table shows the performance of the Schemes' funds to 30 September 2025. The peer group used are the KiwiSaver funds from the MJW Investment Survey, which can be found online at <https://mjw.co.nz/wp-content/uploads/2025/10/MJW-Investment-Survey-Sep-2025.pdf>.

Returns are after fees and before tax. Members' actual returns will be lower depending on their tax rate. Please note that the Schemes' returns have been estimated based on current cost levels. These may differ from the historical returns actually achieved.

The returns highlighted in blue are in the upper half of their peer group, and those in bold font are in the highest quartile of their peer group.

	3 months	1 year	3 years pa	5 years pa	10 years pa
<b>Aggressive</b>	<b>9.6</b>	<b>18.9</b>	<b>16.4</b>	<b>11.5</b>	<b>11.3</b>
Rank	1 of 16	1 of 16	1 of 16	1 of 16	1 of 15
<b>Age 20</b>	<b>10.1</b>	<b>19.8</b>	<b>16.8</b>	<b>11.9</b>	<b>11.5</b>
Rank	1 of 16	1 of 16	1 of 16	1 of 16	1 of 15
Median peer	6.1	13.0	13.9	8.4	8.6
<b>Growth</b>	<b>7.9</b>	<b>14.3</b>	12.9	8.0	8.8
Rank	1 of 16	3 of 16	10 of 16	11 of 16	6 of 15
<b>Age 40</b>	<b>8.2</b>	<b>15.2</b>	13.4	8.4	9.1
Rank	1 of 16	2 of 16	10 of 16	8 of 16	5 of 15
Median peer	6.1	13.0	13.9	8.4	8.6
<b>Balanced</b>	<b>6.2</b>	<b>11.7</b>	10.9	6.1	7.1
Rank	2 of 17	3 of 17	10 of 17	13 of 17	7 of 16
<b>Age 60</b>	<b>6.6</b>	<b>11.5</b>	10.4	5.4	6.9
Rank	1 of 17	4 of 17	15 of 17	16 of 17	11 of 16
Median peer	5.4	10.8	11.3	6.4	7.1
<b>Conservative</b>	<b>3.8</b>	<b>7.6</b>	7.4	3.2	4.4
Rank	1 of 19	2 of 19	14 of 19	8 of 19	6 of 18
<b>Age 80</b>	<b>4.2</b>	<b>7.8</b>	7.4	3.2	<b>4.5</b>
Rank	1 of 19	2 of 19	14 of 19	9 of 19	5 of 18
Median peer	2.7	5.7	7.6	3.1	4.2

The following page contains an exert from the latest MJW Investment Survey with the Scheme's funds plotted against selected funds from the largest 17 KiwiSaver providers. These providers cover about 94% of the total funds under management in KiwiSaver.



# Civic Financial Services Ltd Statement of Intent

For the year to 31 December 2026



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## Contents

1.0	What we do	3
2.0	Mission Statement	3
3.0	Civic Board – Strategic Review	3
4.0	Financial Projections	4
5.0	Performance Measures	4
6.0	Report to Shareholders	5
7.0	Transactions with Related Parties	5
8.0	Member Communication	5

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## 1.0 What we do

- 1.1 We provide superannuation services for the local government sector through our SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 1.2 We also provide high-quality, low-cost administration services to our client boards (Local Authority Protection Programme, Riskpool and the Civic Liability Pool).

## 2.0 Mission Statement

Civic Financial Services Ltd ('Civic') will be a trusted and preferred administration and financial services provider to the local government sector:

- Dedicated to our shareholders.
- Committed to our members.
- A sound and successful business.

## 3.0 Civic Board - Strategic review

During 2025, the Civic Board conducted a comprehensive review of the Civic group of entities including, among other things, roles and responsibilities, governance practices and fiscal responsibilities. This resulted in the adoption of a three-year business plan with a clear vision, purpose and set of strategic outcomes.

### 3.1 Vision

To be a high performing and unified organisation that grows long term value and confidence for the local government sector.

### 3.2 Purpose

To provide strategic leadership and governance that ensures alignment across the Civic Group in delivering trusted financial services to the local government sector, benefitting residents and ratepayers.

### 3.3 Strategic outcomes

- Governance excellence to ensure a high-performing Board.
- Strategic oversight of the Civic group to drive priorities aligned with the Civic vision.
- Robust and prudent financial stewardship delivering long-term financial sustainability.
- Transparency and accountability that fosters stakeholder trust and confidence.
- Risk management to ensure legal compliance and safeguard organisational integrity.
- Support for Civic leadership to ensure operational efficiency and effectiveness.

## 4.0 Financial Projections

- 4.1 Our primary source of income in 2026 will come from fees for providing superannuation administration for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 4.2 We also receive income from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool and Civic Liability Pool.
- 4.3 In addition, we will derive income from returns on our investments.
- 4.4 The Board's current policy is not to pay a dividend to our shareholders. It was agreed at a Special General Meeting in 2020 that the funds which could otherwise be provided as dividends to shareholders should be used to reduce the administration fees applied to our two superannuation schemes.
- 4.5 For 2026, the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme base administration fee will remain at 0.32% per annum.

Financial projections for the years 2026 to 2028 are:

	2026 \$000's	2027 \$000's	2028 \$000's
Administration Income	2,735	2,926	3,060
Investment Income	333	341	350
Total Revenue	3,068	3,267	3,410
Expenses	3,562	3,135	3,133
Surplus before tax	16	132	278
Surplus after tax	12	95	200

Note - these are projections, not firm predictions.

## 5.0 Performance Measures

- 5.1 We aim to provide superannuation and savings products and services to at least 90% of local authorities.
- 5.2 We plan to be retained as administration manager for the Local Authority Protection Programme, Riskpool and Civic Liability Pool.

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## 6.0 Report to Shareholders

- 6.1 We will provide an audited report for the year 2025 by 30 April 2026. The report will contain a review of our operations during the year and audited annual accounts.
- 6.2 We will provide a report on the first half of 2026 by 30 September 2026. The report will contain a review of our operations during the half-year and unaudited half-yearly accounts.

## 7.0 Transactions with Related Parties

- 7.1 Civic has 73 shareholders, comprising 72 local authorities and TrustPower.
- 7.2 Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited (Riskpool and CPL) are wholly owned subsidiaries of Civic. Because it is sharing management resources, the Local Authority Protection Programme, Riskpool and the Civic Liability Pool are also considered to be related parties to Civic.
- 7.3 Transactions with shareholder members include risk-financing services and superannuation and savings-related financial services.
- 7.4 Charges to and from shareholder members will be made for services provided as part of the normal trading activities of Civic and its subsidiaries. All transactions with shareholders are made on a purely commercial basis.

## 8.0 Member Communication

- 8.1 We will continue to update our strategy and business plan which guides the future direction of Civic by focusing on our six strategic outcomes and the 26 deliverables associated with those. One of our new initiatives is to produce an Annual Impact Report for the Civic Group to communicate key achievements to the sector. Keep an eye out for this in April next year.
- 8.2 For our superannuation offerings, our Electronic Direct Mail newsletter continues to be well received by our members and the lunchtime Webinars run by the fund managers are continuing to gain support.
- 8.3 We are excited about the delivery of our SuperEasy mobile App, launched in December 2025. The App will improve engagement and enhance member satisfaction by enabling members to view their balances at any time.
- 8.4 We are creating refreshed online and physical material to support councils with their staff onboarding process. These resources will also be available to existing council staff.



### 8. *Riskpool Update*

Author *Helen Barnes, GM Business Support*  
Executive Team Member *Hamish Riach; Chief Executive*

#### Summary

- The purpose of this report is to provide the Audit, Risk & Finance Committee with an update on the activities of Riskpool of which Ashburton District Council is a member.
- Council last received an update from Riskpool in August 2025, in which Riskpool invoiced Council for a call of \$20,399.24 excluding GST as part of a wider call across the group of \$3.7 million.
- Due to the ongoing litigation that Riskpool is involved in, there is no way to determine Ashburton District Council's final and total liability to Riskpool. Council maintains the risk of having to make further unbudgeted payments in the future until Riskpool is wound up.
- Riskpool's December 2025 letter does not make a further call on Council and also states that no further calls are anticipated in the 2025/26 financial year. However, Riskpool has not ruled out future calls given the uncertainty of ongoing litigation.

#### Recommendation

1. **That** the Audit, Risk and Finance Committee receives Riskpool's December 2025 update.

#### Attachment

**Appendix 1** Riskpool's December 2025 letter

## Background

### Background to Riskpool

1. New Zealand Mutual Liability Riskpool (**Riskpool**) is a mutual liability fund that offered public liability and professional indemnity cover to its council members from 1 July 1997 to 30 June 2017. Ashburton was a member of this fund. Riskpool is governed by a trust deed, with cover provided by its members via a series of pooled funds.
2. Riskpool is administered by Civic Financial Services Limited.
3. The Local Government Mutual Funds Trustee Limited (**LGMFT**) is a wholly owned subsidiary of Civic Financial Services Limited. LGMFT is a trustee company that was set up to act as a trustee of the Riskpool scheme and to hold and apply the scheme funds in accordance with the Trust Deed for Riskpool.
4. Riskpool operated on the basis that all members made an annual contribution, part of which was used to purchase re-insurance. This reinsurance cover, along with the pooled funds, provided cover for claims made against members. In addition, LGMFT can call on its members for financial support for Riskpool's funds (referred to as "calls").
5. At the time of establishing this fund, Riskpool was able to offer a competitively priced cover and risk management service. However, due to the financial impact of the leaky buildings crisis and a dwindling number of council members, Riskpool was not able to maintain this competitive advantage.
6. As a result, Riskpool made the decision to cease providing cover from 1 July 2017 and has been in run-off mode since this time. As a result of significant litigation proceedings, Riskpool has not yet been able to wind up.

### Update from Riskpool – December 2025

7. In the letter contained in Appendix 1, Riskpool provided an update to its members.
8. Riskpool issued a call to its members totalling \$3.7 million in August 2025. Council's share of the call was \$20,399.24. Riskpool's December 2025 update advised that all member councils paid their respective share of the call.
9. Riskpool has also advised that it does not currently anticipate making any further calls to its members in the financial year ending 30 June 2026. Riskpool does not however rule out making further calls after 1 July 2026, noting that any future call for funding will depend on:
  - a. The outcome of ongoing domestic litigation; and
  - b. The position taken by Riskpool's reinsurers in relation to coverage.
10. With regard to its ongoing litigation, Riskpool has advised that:

- a. Two of the claims went to trial in September 2025, with the parties still awaiting the High Court's decision.
- b. It is anticipated this Court decision will provide clarity for both Riskpool and its insurers, with the hope that this will provide clarity for the remaining legacy claims to be settled.
- c. Riskpool remains in negotiations with its London-based reinsurers. Riskpool anticipates that the majority of the Riskpool Scheme's historical liabilities should be able to be met from its reinsurance.

11. Finally, Riskpool confirmed that as 17<sup>th</sup> December 2025, 64 of the 75 member councils had provided approval to the proposed amendments to Deed of Trust between Civic Financial Services Limited and Local Government Mutual Funds Trustee Company Limited. A minimum of 68 member councils (being 90% of members) must consent to the amendments before the Deed of Trust can be changed. Ashburton District Council provided its approval in September 2025.

## Legal/policy implications

12. By accepting membership into Riskpool, Council is bound by the Deed of Trust and Scheme Rules that govern the operation of the scheme. Council, as a member of Riskpool, has a legal obligation to pay any future calls made by Riskpool on its members.

## Climate Change

13. There is not anticipated to be any impacts on, or impacts from climate change as a result of the recommendation in this report.

### Review of legal / policy implications

Reviewed by In-house Counsel	Tania Paddock; GM Legal & Democracy
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## Strategic alignment

14. The recommendation relates to Council's community outcome of "*a prosperous economy built on innovation, opportunity and high quality infrastructure*" because all future calls on Council are a cost to Council and will have financial implications for our district.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Any future call made by Riskpool will have an impact on the community as this will be funded by future rates or existing cash reserves.
Environmental		
Cultural		
Social		

## Financial implications

Requirement	Explanation
What is the cost?	No cost associated with this update.
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	Potentially yes given the likelihood of further calls, but the extent is unknown.
Reviewed by Finance	Erin Register; Finance Manager.

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	N/A.
Level of engagement selected	1. Inform – one-way communication
Rationale for selecting level of engagement	This is a report for information only and the community will be informed of the receipt of the notification through the usual channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

# Appendix 1



17 December 2025

Hamish Riach  
Ashburton District Council  
PO Box 94  
ASHBURTON 7740

[hamish.riach@adc.govt.nz](mailto:hamish.riach@adc.govt.nz)

Dear Hamish

## **RISKPOOL: UPDATE TO MEMBERS**

We write to update you on Riskpool's current work, recent developments in domestic litigation, and progress in our reinsurance negotiations, as we continue to manage legacy claims and safeguard the collective interests of our membership.

### **Response to August Call**

Thank you to all councils who responded to Riskpool's August 2025 funding call. All amounts called have been received. Your continued engagement and support are valued and essential as we continue progressing several key workstreams, summarised below.

We recognise that many Member Councils operate under tight fiscal constraints, and that advance warning of any call for funding is essential. The Board manages the financial needs of the Scheme carefully and, at this stage, we do not anticipate making a further call to Members in the financial year ending 30 June 2026.

Any future call for funding will depend primarily on two factors:

- i. The outcome of ongoing domestic litigation; and
- ii. The position taken by Riskpool's reinsurers in relation to coverage.

Should developments in either area indicate that a further call is likely in future, we will provide Members with as much advance notice as possible to support budget planning.

## **Trust Deed Consultation**

We would also like to thank those Councils who have responded to the proposed Trust Deed amendments to date. Of Riskpool's 75 Members, the Trust Deed amendments require approval from 90%, approximately 68 Councils. As at the date of this letter:

64 Councils, approximately 85% of the membership, have provided signed consents approving the amendments; and

11 Councils have decisions pending or are currently considering the proposal. We are actively following up with these Members.

We recognise that the timing of local government elections has affected the ability of some Councils to consider the amendments. We are happy to accommodate this where needed and will continue to work with those still progressing approvals.

We will update all Members once the full set of responses is received.

## **Domestic Litigation**

As indicated in our previous correspondence, Riskpool is currently defending significant domestic litigation arising from the Supreme Court's 2023 decision in *Local Government Mutual Funds Trustee Ltd v Napier City Council [2023] NZSC 97*, which addressed claims involving both weathertight and non-weathertight issues.

Two of these claims went to trial in the Wellington High Court in September, which concluded at the beginning of October. The key issue to be determined by the High Court is the consequence of these claims having been late notified pursuant to the terms of the Scheme documents (which includes the Trust Deed, Scheme Rules and the Protection Wording). A judgment is expected around March/April next year. We anticipate that the decision will offer meaningful clarity for both Riskpool and reinsurers, allowing us to move forward with the resolution of the remaining legacy claims.

We will provide a further update to Members once the judgment has been released and its implications are understood.

## **Reinsurance**

Reinsurance remains Riskpool's principal source of funds for settled or accepted claims. The majority of the Scheme's historical liabilities are expected to be met from reinsurance. To the fullest extent possible, the Board is prioritising this recovery as it is central to minimising any further financial impact on Members.

The process of ensuring reinsurers meet their obligations is complex, involving multi-layered "towers" of reinsurance for each fund year. The relevant reinsurance contracts are governed by English law and subject to the jurisdiction of the English commercial courts.

We continue to engage in constructive and proactive dialogue with reinsurers, supported by both our London-based brokers and English and New Zealand counsel. We will continue to provide updates as the recovery process advances.

## **Riskpool's Ongoing Engagement with Members**

Riskpool was established to provide collective risk protection for local government in New Zealand, and the Board remains mindful of, and committed to that founding purpose. We continue to operate in line with the principles on which the Scheme was created: shared responsibility, prudent financial management, and mutual support among Members. Consistent with those principles, the Board is committed to keeping you well informed and engaged as key developments affecting the Scheme progress.

Please do not hesitate to contact me at [stephen.ferson@riskpool.org.nz](mailto:stephen.ferson@riskpool.org.nz) if your Council has any questions or would like further detail on any of the matters outlined above.

Thank you again for your ongoing engagement and support.

Ngā mihi nui,



**Stephen Ferson**  
General Counsel  
Local Government Mutual Funds Trustee Ltd (Riskpool)

### **9. *Management of Accounts Receivable***

Author *Marilyn Hill; Senior Accounts Officer*

Activity Manager *Erin Register; Finance Manager*

Executive Team Member *Helen Barnes; Group Manager Business Support*

#### **Summary**

- The purpose of this report is to provide an update on the management of Council's outstanding receivables (debtors).

#### **Recommendation**

- 1. That** the Audit, Risk & Finance Committee receives the report of accounts receivable.

## Background

### The current situation

1. Ashburton District Council has receivables in the form of rates and other debtors. Outstanding debts are being actively managed. Council engages an external debt management company called Debt Management Central (DMC). DMC currently manage outstanding debt for approximately 34 councils across New Zealand, and focus on only Local Government debt, in particular rating debt.
2. At 31 December 2025 Council had 110 (59 in the previous quarter) outstanding rate debtors being managed by DMC.
3. At 31 December 2025 Council had 71 (79 in previous quarter) outstanding sundry debtor accounts being managed by DMC. 19 (17 in the previous quarter) of these have been default listed with Veda, a credit agency.
4. Summary of Rates Debtors outstanding as at 31 December 2025:

Outstanding as at:	Total Due		Instalments Paid in Advance	Total
	June and Prior	Current Year		
31.12.2025	1,701,781	1,059,493	(2,480,901)	280,373
31.12.2024	2,151,824	1,119,513	(2,208,319)	1,063,018

5. Summary of Other Debtors outstanding as at 31 December 2025:

	Three Months	Two Months	One Month	Current	Balance
Resource Recovery Park Debtors	10,585	(754)	190,432	301,583	501,846
Building and Resource Consents	(10,304)	21,188	100,924	364,543	476,351
Rental Debtors	105,914	(134)	24,217	89,851	219,849
Water Billing	96,652	27,780	(273)	80	124,239
Infringements	331	30,225	37,553	27,132	95,241
Animals	15,835	200	359	206	16,600
Licenses	(1,679)	1,313	3,567	17,622	20,823
EA Networks Centre	127	461	2,645	7,893	11,126
Halls and Reserve Boards	2,232	102	250	1,076	3,660
CRM	(581)	554	28	1,142	1,143
Certificates	(9,674)	630	0	4,724	(4,320)
Airport	(613)	0	(63)	2,805	2,129
Forestry Debtors	0	0	(12,953)	0	(12,953)
Trade Waste Debtors	(461)	0	0	0	(461)
Sundry Debtors	(143,939)	(25,925)	9,390	1,271	(159,203)
	<b>64,425</b>	<b>55,640</b>	<b>356,075</b>	<b>819,928</b>	<b>1,296,068</b>

6. Other Debtors over \$10,000 outstanding greater than 90 days:

Debtor Type	\$10,000 - \$30,000	\$30,000 - \$50,000	\$50,000 - \$100,000	>\$100,000	Total
Rental	2	1			3
Applications	5				5
Water	1				1

### Rental

The \$30,000 - \$50,000 debtor has been sent to debt management. This rental debtor has entered into a payment plan.

### Applications

Of the five applications debtors in the \$10,000 - \$30,000 category; four have had their final demand sent in the last month and if no payment is made they will be sent to DMC. The remaining debtor is with DMC.

### Water

This debtor is currently being followed up for payment per the department.

## Legal/policy implications

### Terms of Trade

7. We are currently looking into our debtor invoices and ensuring we have the correct disclosure statement to be legally able to charge collection fees and interest on sundry debt.
8. Rates collection is legislated by the Local Government (Rating) Act 2002, and we apply penalties in accordance with the Rating Act and these penalties are adopted annually as part of our annual plan process.

## Financial implications

Requirement	Explanation
What is the cost?	Cashflow on the organisation
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Reviewed by Finance	Erin Register; Finance Manager.

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	Yes
Level of significance	Low
Rationale for selecting level of significance	N/A
Level of engagement selected	Inform – one-way communication
Rationale for selecting level of engagement	This report is to provide assurance the councils accounts receivable are being actively managed. No wider engagement is required.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	Yes
Level of significance	Low
Rationale for selecting level of significance	N/A
Level of engagement selected	Inform – one-way communication
Rationale for selecting level of engagement	This report is to provide assurance the councils accounts receivable are being actively managed. No wider engagement is required.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

## **10. Bancorp Treasury Report – December 2025**

Author *Erin Register, Finance Manager*  
General Manager responsible *Helen Barnes; Group Manager Business Support*

### **Summary**

- Bancorp Treasury Services Ltd provides a quarterly report as part of the contractual treasury services.
- The attached report for the quarter ending 31 December 2025.
- This report is presented for Council's information, and is made up of four sections –
  - 1 Economic Commentary
  - 2 Liquidity, Funding and Hedging Bands
  - 3 Interest Rate Risk Management
  - 4 Investment Portfolio.

### **Recommendation to Council**

- 1. That** Council receives the Bancorp Treasury report for the December 2025 quarter.

### **Attachments**

**Appendix 1** Ashburton District Council Treasury Report December 2025.

## Background

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

## Key Highlights

3. Council is compliant with the Treasury Policy criteria at 31 December 2025, as noted on Page 3 in appendix 1.
4. Ashburton District Council's total debt as at 31 December 2025 was \$150.6 million. There was \$12 million raised in December 2025 to ensure compliance with Council's liquidity ratio at the end of the quarter. Of the \$12 million raised in December 2025, \$10 million has been repaid in January 2026.
5. Per Council's Treasury Management Policy the liquidity ratio must not be less than 110%. At 31 December 2025, councils liquidity reported at 114.42%.
6. We are progressing with the establishment of a line of credit as a cost-effective mechanism to ensure Council remains within its liquidity policy. Staff, supported by Council's treasury adviser Bancorp, have reviewed options across potential providers. BNZ currently offers the most favourable terms, with an annual line fee of 0.26%, no establishment fee, and drawdowns priced at the Bank Bill Benchmark Rate (BKBM) plus 0.74%. The BKBM represents the short-term interbank borrowing rate. This facility will provide significant cost savings compared with the current liquidity management approach.
7. As at 31 December 2025, the Official Cash Rate (OCR) was 2.25%, this followed on from a cut in October 2025, where the Reserve Bank reduced the OCR to 2.50%.
8. Council's average cost of funds at 31 December 2025 is 3.35%, a reduction from 3.53% in the previous quarter. Officers continue to monitor interest rate movements, maintaining a balanced approach between floating and fixed rates, while ensuring compliance with Council's Treasury Management Policy.
9. Ashburton District Council's Fixed Interest Portfolio had a nominal value of \$4,000,000 as at 31 December 2025. This represents the total face value used to calculate interest payments to Council and the amount Council will receive upon bond maturity.

## Legal/policy implications

10. There are no legal implications. As noted, the report confirms compliance with relevant Council policies.

## Financial implications

11. There are no additional direct costs as this report forms part of Bancorp's contracted services. Compliance with policy settings is evidence that our borrowings and investments are being prudently managed.

Requirement	Explanation
What is the cost?	This reporting is provided as part of the annual contract with Bancorp.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	The budget line is within the treasury activity and funded from overhead allocations across the organisation.
Are there any future budget implications?	No
Finance review required?	No

## Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Inform - one way
Rationale for selecting level of engagement	The community will be informed of the Bancorp Report through the usual media channels. No wider engagement is required.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

## Next steps

12. Report back to Council to compare savings from use of a line of credit rather than liquidity lending.



# Treasury Dashboard Report

**31 December 2025**



# Economic Commentary

## Global

2

In the December quarter 2025, major central banks continued their monetary easing, with a clear focus on supporting growth amid cooling inflation, labour market softening in some regions, and persistent uncertainties from geopolitical tensions and trade policies.

The global environment featured a gradual easing in advanced economies, though at varying paces and with increasing signs of divergence entering 2026. Inflation continued to moderate toward targets in most regions, but remained sticky in services and above target in the US, prompting a more cautious approach.

The Fed pursued a measured easing path in Q4 2025, delivering additional 25 basis point cuts (including in December), bringing the federal funds target range to 3.50%–3.75% by year-end. This followed earlier reductions, totalling around 75–100 bps for the year. Key drivers included a cooling labour market, sticky but declining inflation, and risk management priorities. The December decision was split (e.g., 9-3 or similar), reflecting divisions on the balance between employment risks and inflation persistence. Longer-term yields remained elevated, with the 10-year Treasury closing the year at 4.12%.

Overall, Q4 2025 marked the maturing phase of the global easing cycle: supportive financial conditions supported asset prices, but central banks grew more selective, preparing for potential policy divergence in 2026 amid uncertainties such as trade fragmentation and geopolitical risks.

Global growth remained resilient but modest (IMF projections around 3.2% for 2025), with inflation declining further – setting the stage for more range-bound or status quo policies in early 2026.

## New Zealand

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30-Sept-25	3.00%	2.80%	2.56%	2.62%	2.78%	3.10%	3.68%
30-Dec-25	2.25%	2.51%	2.61%	2.93%	3.19%	3.56%	4.09%
Change	-0.75%	-0.29%	+0.05%	+0.31%	+0.41%	+0.46%	+0.41%

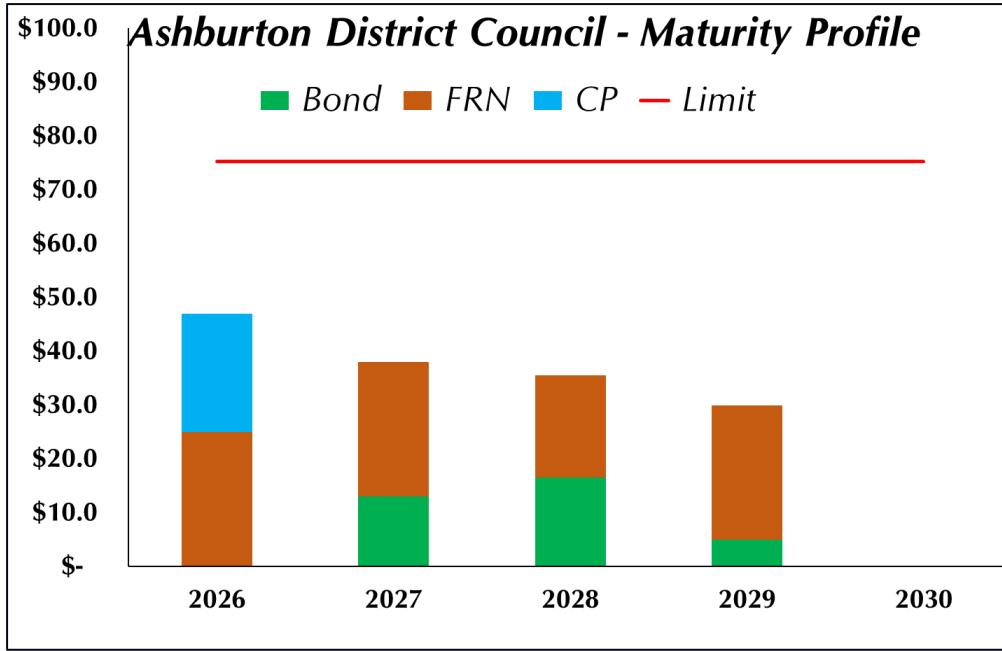
During the December 2025 quarter the New Zealand (RBNZ) appeared to signal that it had completed its aggressive easing cycle that began in mid-2024, with the Official Cash Rate (OCR) reaching a multi-year low. The final move came on 26 November 2025, when the Monetary Policy Committee (MPC) voted 5-1 to reduce the OCR by 25 basis points to 2.25% – its lowest level since mid-2022. This followed a larger-than-expected 50 bps cut to 2.50% in October 2025, bringing cumulative reductions since the peak (5.50% in August 2024) to 325 bps. The statement marked the final *Monetary Policy Statement* ahead of the new Governor Anna Breman taking office in December.

The market reaction to the unexpectedly hawkish cut was extreme, with the 5-year swap rates up from 3.14% on the day of the OCR announcement to 3.77% on 15 December. The extent of the movement prompted the new Reserve Bank Governor to issue a statement that essentially inferred the markets had gone too far, stating, *"Financial market conditions have tightened since the November decision, beyond what is implied by our central projection for the OCR."* As a consequence of the statement, 5-year swap rates retreated to 3.52%. Overall during the quarter the yield curve steepened considerably with the spread between the 90 day rate and the 5 year swap rate increasing from 0.30% on 1 October to 1.04% on 31 December.

The consensus view is that the new Governor will be cautious around inflation and would need to see a material surge in growth or inflation to contemplate any change in the OCR until 2027, which is when RBNZ's projections see the first hike.

# Liquidity, Funding and Hedging Bands

3



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

Total LGFA Debt

**\$150.6m**

External Council Drawn Debt

Core Debt

**\$138.6m**

Funds Drawn from LGFA

Headroom = cash in bank, term deposits and fixed rate bonds

**\$21.42m**

Liquidity Ratio (must be >110%)

**114.42%**

Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 31 December 25

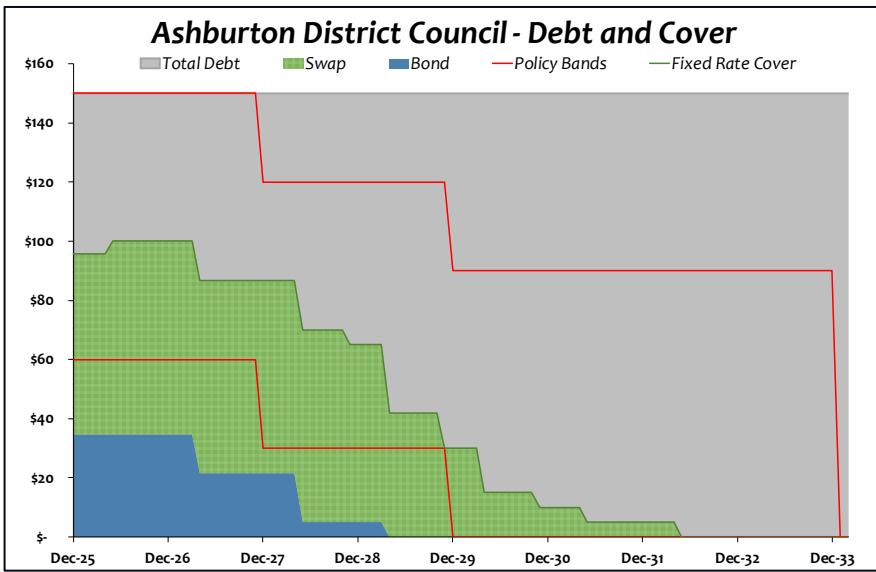
**3.35%**

## Fixed Rate Hedging Bands

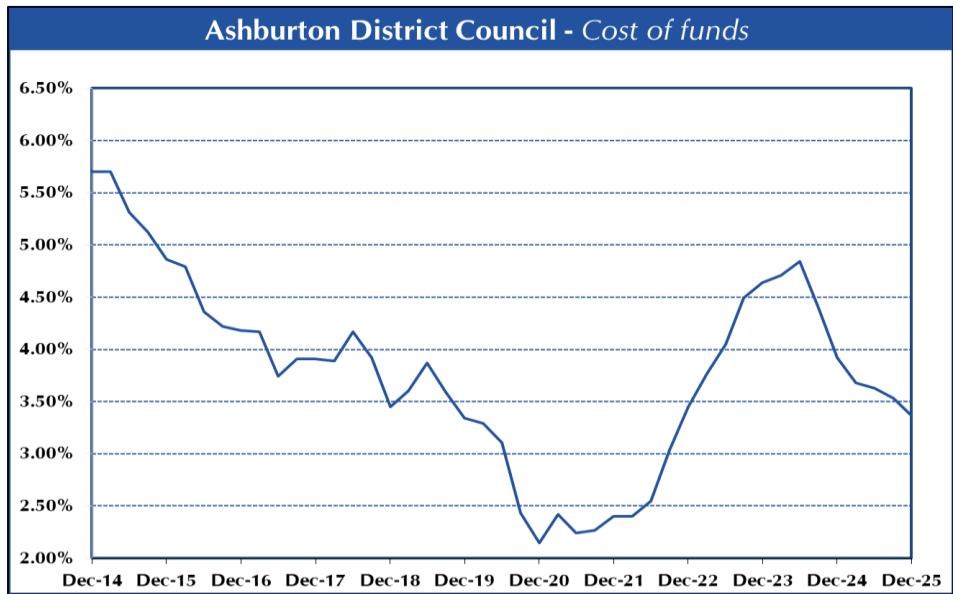
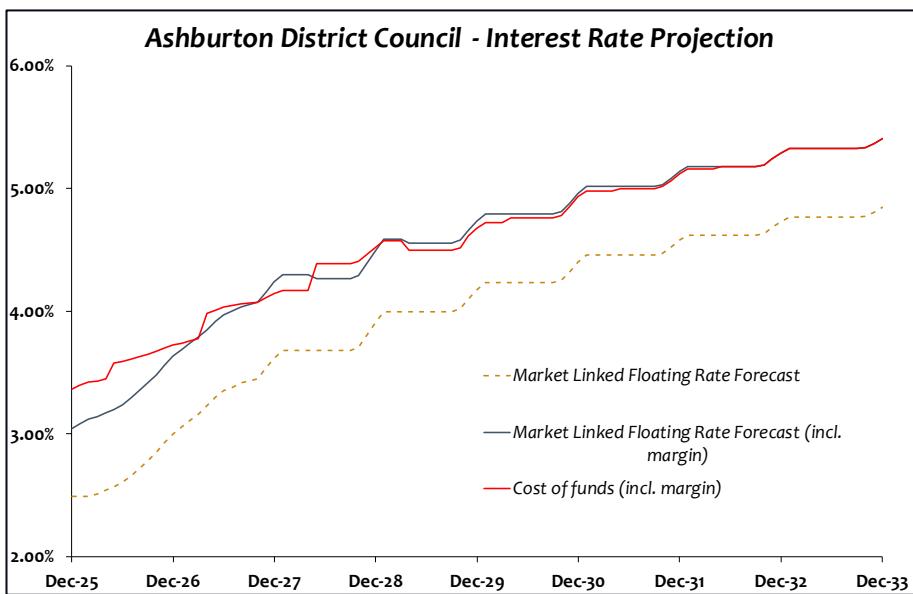
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

# Interest Rate Risk Management

4



Current % of Debt Fixed	63.7%
Current % of Debt Floating	36.3%
Value of Fixed Rate (m)	\$95.6
Value of Forward Starting Cover	\$29.0
Value of Floating Rate (m)	\$54.4
Total Facilities In Place	\$150.6



# Ashburton DC funding

## As at 31 December 2025

Listed below are Ashburton DC's individual debt tranches incorporating Commercial Paper ("CP"), Floating Rate Notes ("FRN"), and Fixed Rate Bonds ("FRB"). All of which are sourced from the LGFA. As at 31 December the debt totaled \$150.6 million.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	20-Jan-2026	2.56%	0.15%	\$12,000,000
LGFA CP	24-Feb-2026	2.585%	0.15%	\$10,000,000
LGFA FRB	15 Apr 2027	5.19%	N/A	\$3,000,000
LGFA FRB	15 Apr 2027	0.97%	N/A	\$5,000,000
LGFA FRB	15 Apr 2027	1.23%	N/A	\$5,000,000
LGFA FRB	15 May 2028	2.01%	N/A	\$16,600,000
LGFA FRB	20 Apr 2029	5.08%	N/A	\$5,000,000
LGFA FRN	15 Apr 2026	2.925%	0.38%	\$5,000,000
LGFA FRN	15 Apr 2026	2.995%	0.45%	\$5,000,000
LGFA FRN	15 Apr 2026	3.145%	0.60%	\$5,000,000
LGFA FRN	15 Apr 2026	3.175%	0.63%	\$10,000,000
LGFA FRN	15 Apr 2027	2.975%	0.43%	\$5,000,000
LGFA FRN	15 Apr 2027	3.095%	0.55%	\$5,000,000
LGFA FRN	15 Apr 2027	3.135%	0.59%	\$5,000,000
LGFA FRN	15 Apr 2027	3.265%	0.74%	\$5,000,000
LGFA FRN	15-Apr-2027	3.266%	0.53%	\$5,000,000
LGFA FRN	15 May 2028	3.31%	0.81%	\$5,000,000
LGFA FRN	15 May 2028	3.26%	0.76%	\$7,000,000
LGFA FRN	15 May 2028	3.26%	0.76%	\$7,000,000
LGFA FRN	20 Apr 2029	3.265%	0.74%	\$7,000,000
LGFA FRN	20 Apr 2029	3.375%	0.85%	\$8,000,000
LGFA FRN	20 Apr 2029	3.125%	0.60%	\$10,000,000
		88		\$150,600,000

# LGFA Borrowing Rates

## As at 31 December 2025

Listed below are the credit spreads and applicable interest rates as at 31 December 2025 for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at which Ashburton District Council ("ADC") could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	2.64%	N/A
6 month CP	0.15%	2.70%	N/A
April 2027	0.38%	2.87%	3.06%
May 2028	0.48%	2.97%	3.46%
April 2029	0.52%	3.01%	3.74%
May 2030	0.54%	3.03%	3.96%
May 2031	0.68%	3.17%	4.25%
May 2032	0.75%	3.24%	4.46%
April 2033	0.80%	3.29%	4.62%
May 2035	0.91%	3.40%	4.92%
April 2037	0.95%	3.44%	5.10%

# Investment Portfolio

## As at 31 December 2025

7

As at 31 December, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$4,000,000 and a market value of \$4,196,248. The makeup of the FIP as at 31 December, including its valuation, is shown in the following table.

Issuer	Rating	Maturity Date	Coupon Frequency	Nominal Value	Coupon Rate	Yield	% of Portfolio	Duration	Capital Price	Accrued Interest	Gross Price
ANZ	A	17-Sept-26	2	\$1,000,000	3.00%	3.99%	23.87%	0.69	\$993,101	\$8,702	\$1,001,803
Westpac	A	16-Sept-27	2	\$1,100,000	6.19%	4.19%	27.54%	1.59	\$1,135,799	\$19,938	\$1,155,737
Kiwibank	AA	19-Oct-27	2	\$1,000,000	5.74%	3.06%	25.21%	1.69	\$1,046,524	\$11,512	\$1,058,035
Westpac	A	14-Feb-29	2	\$900,000	6.73%	4.50%	23.37%	2.75	\$957,795	\$22,878	\$980,673
<b>Total</b>				<b>\$4,000,000</b>	<b>5.40%</b>	<b>3.93%</b>	<b>100.00%</b>	<b>1.67</b>	<b>\$4,133,219</b>	<b>\$63,029</b>	<b>\$4,196,248</b>

## Disclaimer

### IMPORTANT NOTICE

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

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

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## GET IN TOUCH

Bancorp Treasury Services Ltd  
Head Office, Level 3, 30 Customs Street, Auckland  
09 912 7600

[www.bancorp.co.nz](http://www.bancorp.co.nz)

### **11. Financial Report**

Author *Gordon Cruickshank, Financial Performance Manager*  
GM responsible *Helen Barnes; GM Business Support*

#### **Attachments**

**Financial variance report – December 2025**

#### **Recommendation**

**That** Council receives the 31 December 2025 financial variance report.

# ***Ashburton District Council***

## ***Financial Variance Report***

### ***For the period ending***

### ***31 December 2025***

*This report now includes year-to-date reporting, providing a more comprehensive view of our financial performance. The inclusion of this data marks an important step in our iterative overhaul of the reporting framework, aimed at enhancing transparency, consistency, and decision-making support across council operations.*

Variances greater than \$100,000 are highlighted in **red bold**. If the variance is permanent an explanation is provided.

**F** (favourable variance) means that either actual revenue is greater than the revised budget or actual expenditure is less than the revised budget.

**U** (unfavourable variance) is **when** actual revenue is less than the revised budget or actual expenditure is greater than the revised budget.

## Contents

Income and Expenditure – Overview.....	3
Income and Expenditure – Summary .....	4
Transportation – Income & Expenditure Report.....	5
Drinking Water – Income & Expenditure Report .....	6
Wastewater – Income & Expenditure Report .....	8
Stormwater – Income & Expenditure Report .....	10
Stockwater – Income & Expenditure Report.....	11
Waste Reduction & Recycling – Income & Expenditure Report.....	12
Recreation Facilities – Income & Expenditure Report .....	16
Recreation & Community Services – Income & Expenditure Report.....	17
Economic Development – Income & Expenditure Report .....	19
Parks & Open Spaces – Income & Expenditure Report .....	21
Community Governance & Decision Making – Income & Expenditure Report .....	22
Compliance and Development – Income & Expenditure Report.....	24
Miscellaneous, Dividends & Internal Overheads – Income & Expenditure Report .....	26
Statement of Financial Position - DRAFT .....	28
Net Debt and Borrowings.....	29
Council Investments .....	30
Receivables Summary (Including Prior Month Comparative) .....	31

## Income and Expenditure – Overview

For period ending 31 December 2025

<b>\$44.27 M</b> Actual YTD Operating Income	<b>\$47.82 M</b> Revised Budget YTD Operating Income	<b>(\$3.55) M</b> Variance Operating Income	<b>\$95.31 M</b> Revised Budget Full Year Operating Income	<b>(\$51.04) M</b> Variance Operating Income	<b>46%</b> % of Revised Budget Operating Income
<b>\$43.52 M</b> Actual YTD Operating Expenditure	<b>\$45.05 M</b> Revised Budget YTD Operating Expenditure	<b>(\$1.53) M</b> Variance Operating Expenditure	<b>\$90.02 M</b> Revised Budget Full Year Operating Expenditure	<b>(\$46.50) M</b> Variance Operating Expenditure	<b>48%</b> % of Revised Budget Operating Expenditure
<b>\$0.08 M</b> Actual YTD Capital Income	<b>\$13.10 M</b> Revised Budget YTD Capital Income	<b>(\$13.03) M</b> Variance Capital Income	<b>\$26.21 M</b> Revised Budget Full Year Capital Income	<b>(\$26.13) M</b> Variance Capital Income	<b>0%</b> % of Revised Budget Capital Income
<b>\$17.16 M</b> Actual YTD Capital Expenditure	<b>\$23.35 M</b> Revised Budget YTD Capital Expenditure	<b>(\$6.18) M</b> Variance Capital Expenditure	<b>\$47.90 M</b> Revised Budget Full Year Capital Expenditure	<b>(\$30.74) M</b> Variance Capital Expenditure	<b>36%</b> % of Revised Budget Capital Expenditure

This report is for the first 6 months or 50% of the year.

## Income and Expenditure – Summary

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%
<b>Revenue</b>						
Rates	28,443,601	28,151,642	291,959	56,303,285	(27,859,684)	51%
Fees and Charges	7,483,847	6,243,329	1,240,518	12,484,608	(5,000,761)	60%
Subsidies and Grants	3,961,743	4,558,705	(596,962)	9,117,410	(5,155,668)	43%
Finance Income	296,470	205,000	91,469	410,000	(113,531)	72%
Other Revenue	3,202,900	3,277,783	(74,883)	6,225,096	(3,022,196)	51%
Other Sales	438,915	782,255	(343,339)	1,564,509	(1,125,594)	28%
Development / Financial Contributions	443,272	461,250	(17,978)	922,500	(479,228)	48%
Gain on Sale of Assets	-	2,487,500	(2,487,500)	4,975,000	(4,975,000)	0%
Vested Assets	-	1,655,375	(1,655,375)	3,310,750	(3,310,750)	0%
<b>Total Revenue</b>	<b>44,270,748</b>	<b>47,822,839</b>	<b>(3,552,091)</b>	<b>95,313,159</b>	<b>(51,042,411)</b>	<b>46%</b>
<b>Operating Expenditure</b>						
Payments to Staff and Suppliers	30,206,476	31,437,935	(1,231,459)	62,798,516	(32,592,041)	48%
Finance Costs	2,596,082	3,026,010	(429,928)	6,052,020	(3,455,938)	43%
Other Expenses	207,556	84,998	122,558	169,996	37,560	122%
Depreciation	10,509,017	10,498,262	10,754.77	20,996,524	(10,487,507)	50%
<b>Total Expenditure</b>	<b>43,519,131</b>	<b>45,047,205</b>	<b>(1,528,074)</b>	<b>90,017,057</b>	<b>(46,497,926)</b>	<b>48%</b>
<b>Net operating surplus (deficit)</b>	<b>751,618</b>	<b>2,775,634</b>	<b>(2,024,017)</b>	<b>5,296,103</b>	<b>(4,544,485)</b>	<b>(17%)</b>
<b>Capital Income</b>						
Loans Raised	-	13,052,241	(13,052,241)	26,104,483	(26,104,483)	0%
Other Asset Sales & Disposals	75,630	51,250	24,380	102,500	(26,870)	74%
<b>Total Capital Income</b>	<b>75,630</b>	<b>13,103,492</b>	<b>(13,027,861)</b>	<b>26,206,983</b>	<b>(26,131,353)</b>	<b>0%</b>
<b>Capital Expenditure</b>						
Infrastructural Assets	5,067,512	6,975,768	(1,908,256)	15,057,849	(9,990,337)	34%
Cyclic Renewals	8,265,388	10,752,589	(2,487,200)	21,505,177	(13,239,789)	38%
Plant	497,691	503,155	(5,464)	1,006,310	(508,619)	49%
Additions/Alterations	2,166,420	2,431,757	(265,337)	4,862,285	(2,695,864)	45%
Other Assets	1,164,599	2,681,801	(1,517,202)	5,466,102	(4,301,503)	21%
<b>Total capital expenditure</b>	<b>17,161,611</b>	<b>23,345,070</b>	<b>(6,183,460)</b>	<b>47,897,723</b>	<b>(30,736,112)</b>	<b>36%</b>

## Transportation – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Footpaths	489,296	510,777	(21,481)	1,021,555	(532,259)	48%	No
Roading	8,743,468	9,449,093	(705,626)	18,898,187	(10,154,719)	46%	No
	<u>9,232,764</u>	<u>9,959,871</u>	<u>(727,107)</u>	<u>19,919,742</u>	<u>(10,686,978)</u>	<u>46%</u>	
<b>Operating Expenditure</b>							
Footpaths	637,709	645,696	(7,987)	1,291,393	(653,684)	49%	No
Roading	8,239,360	8,095,223	144,137	16,190,446	(7,951,086)	51%	No
	<u>8,877,068</u>	<u>8,740,919</u>	<u>136,149</u>	<u>17,481,839</u>	<u>(8,604,770)</u>	<u>51%</u>	
<b>Capital Income</b>							
Roading	-	2,450,000	(2,450,000)	4,900,000	(4,900,000)	0%	No
	<u>-</u>	<u>2,450,000</u>	<u>(2,450,000)</u>	<u>4,900,000</u>	<u>(4,900,000)</u>	<u>0%</u>	
<b>Capital Expenditure</b>							
Footpaths	30,554	107,989	(77,435)	215,978	(185,424)	14%	No
Roading	4,524,709	7,061,629	(2,536,920)	14,123,259	(9,598,550)	32%	No
	<u>4,555,263</u>	<u>7,169,618</u>	<u>(2,614,355)</u>	<u>14,339,237</u>	<u>(9,783,974)</u>	<u>32%</u>	

*The above financials include the following:*

Development Contributions - - - - - 0%

*The above financials do not include the following:*

Vested Assets - - - - - 0%

*The above financials do not include appropriations - to and from activities.*

## Drinking Water – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Group Water Supplies	4,576,412	4,561,932	14,480	9,123,865	(4,547,453)	50%	No
Montalto Water Supply	200,736	201,581	(845)	403,161	(202,425)	50%	No
Lyndhurst Water Supply	8,568	8,817	(249)	17,633	(9,065)	49%	
Barhill Water Supply	1,532	1,872	(340)	3,745	(2,213)	41%	
	4,787,248	4,774,202	13,046	9,548,404	(4,761,156)	50%	
<b>Operating Expenditure</b>							
Group Water Supplies	4,447,135	4,394,822	52,313	8,789,644	(4,342,509)	51%	Yes
Montalto Water Supply	188,891	207,258	(18,366)	414,516	(225,624)	46%	No
Lyndhurst Water Supply	1,724	2,293	(569)	4,586	(2,862)	38%	
Barhill Water Supply	546	683	(137)	1,366	(819)	40%	
	4,638,296	4,605,056	33,240	9,210,111	(4,571,815)	50%	
<b>Capital Income</b>							
Group Water Supplies	-	5,623,686	(5,623,686)	11,247,371	(11,247,371)	0%	No
	-	5,821,908	(5,821,908)	11,643,816	(11,643,816)	0%	
<b>Capital Expenditure</b>							
Group Water Supplies	7,869,385	6,419,918	1,449,467	12,839,836	(4,970,451)	61%	No
Montalto Water Supply	119	198,222	(198,103)	396,445	(396,326)	0%	
	7,869,504	6,618,140	1,251,364	13,236,281	(5,366,777)	59%	

*The above financials include the following:*

Development Contributions 284,767 214,526 70,241 429,052 (144,285) 66%

*The above financials do not include the following:*

Vested Assets - 235,750.00 (235,750) 471,500 (471,500) 0%

*The above financials do not include appropriations - to and from activities.*

## Drinking Water – Operating Expenditure

### Group Water Supplies

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$4,342,509 Favourable</b>	<b>\$130,000 Unfavourable</b>

*Reason for permanent unfavourable variance*

The **maintenance contracts** line item is ~\$179k above the YTD budget. This is currently masked by favourable YTD variances in other line items (primarily the **interest** line item).

The budgets for the maintenance contract are very difficult to predict due to the large reactive works component of the activity. Some of this reactive works includes repairs arising from recent leak detection works.

## ***Wastewater – Income & Expenditure Report***

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Ashburton Wastewater	3,067,091	3,040,536	26,555	6,081,072	(3,013,981)	50%	No
Methven Wastewater	388,934	275,837	113,097	551,674	(162,740)	71%	No
Rakaia Wastewater	185,963	263,738	(77,774)	527,476	(341,512)	35%	No
	<b>3,641,989</b>	<b>3,580,111</b>	<b>61,878</b>	<b>7,160,221</b>	<b>(3,518,233)</b>	<b>51%</b>	
<b>Operating Expenditure</b>							
Ashburton Wastewater	3,338,843	3,068,482	270,361	6,136,964	(2,798,121)	54%	Yes
Methven Wastewater	302,843	299,095	3,748	598,190	(295,347)	51%	No
Rakaia Wastewater	273,194	327,798	(54,604)	655,596	(382,402)	42%	No
	<b>3,914,880</b>	<b>3,695,375</b>	<b>219,505</b>	<b>7,390,750</b>	<b>(3,475,871)</b>	<b>53%</b>	
<b>Capital Income</b>							
Ashburton Wastewater	-	1,156,589	(1,156,589)	2,313,178	(2,313,178)	0%	No
Methven Wastewater	-	923,816	(923,816)	1,847,632	(1,847,632)	0%	No
	<b>-</b>	<b>2,080,405</b>	<b>(2,080,405)</b>	<b>4,160,810</b>	<b>(4,160,810)</b>	<b>0%</b>	
<b>Capital Expenditure</b>							
Ashburton Wastewater	839,577	1,889,392	(1,049,815)	3,778,784	(2,939,207)	22%	No
Methven Wastewater	909,863	1,036,881	(127,017)	2,073,762	(1,163,898)	44%	No
Rakaia Wastewater	144,306	-	144,306	-	144,306	0%	Yes
	<b>1,893,746</b>	<b>2,926,273</b>	<b>(1,032,527)</b>	<b>5,852,546</b>	<b>(3,958,800)</b>	<b>32%</b>	

*The above financials include the following:*

Development Contributions	209,815	177,026	32,788	354,053	(144,238)	59%
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*The above financials do not include the following:*

Vested Assets	-	322,875.00	(322,875)	645,750	(645,750)	0%
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*The above financials do not include appropriations - to and from activities.*

## Wastewater – Operating Expenditure

### Ashburton Wastewater

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$2,798,121 Favourable</b>	<b>\$150,000 Unfavourable</b>

*Reason for permanent unfavourable variance*

The **maintenance contracts** line item is ~\$187k above the YTD budget. The budgets for the maintenance contract are very difficult to predict due to the large reactive works component of the activity. **Electricity** is also ~\$83k above its YTD budget, however this item is quite variable and may correct over the next few months.

## Wastewater – Capital Expenditure

### Rakaia Wastewater

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$144,306 Unfavourable</b>	<b>\$200,000 Unfavourable</b>

*Reason for permanent unfavourable variance*

This relates to expenditure on the Rakaia switchboard renewal. This was part of the wider Rakaia Sludge Beds project and being funded from a budget in Ashburton wastewater, so this unfavourable variance will be fully offset by a favourable variance in Ashburton wastewater. Note:- Council approved a carryover in Ashburton wastewater to cover this work (Council Mtg 17/09/25).

## Stormwater – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Ashburton Stormwater	541,397	531,756	9,641	1,063,513	(522,116)	51%	No
Methven Stormwater	45,290	44,448	842	88,895	(43,605)	51%	
Rakaia Stormwater	10,294	10,103	191	20,206	(9,912)	51%	
Hinds Stormwater	3,631	3,554	77	7,107	(3,476)	51%	
Rural Stormwater	27,371	26,862	509	53,724	(26,353)	51%	
	627,982	616,722	11,260	1,233,445	(605,462)	51%	
<b>Operating Expenditure</b>							
Ashburton Stormwater	709,454	710,092	(639)	1,420,185	(710,731)	50%	No
Methven Stormwater	44,025	54,154	(10,129)	108,309	(64,284)	41%	
Rakaia Stormwater	12,660	13,870	(1,210)	27,740	(15,080)	46%	
Hinds Stormwater	3,160	3,546	(386)	7,092	(3,932)	45%	
Rural Stormwater	194	26,863	(26,670)	53,726	(53,533)	0%	
	769,492	808,526	(39,034)	1,617,052	(847,560)	48%	
<b>Capital Income</b>							
Ashburton Stormwater	-	325,335	(325,335)	650,670	(650,670)	0%	No
	-	325,335	(325,335)	650,670	(650,670)	0%	
<b>Capital Expenditure</b>							
Ashburton Stormwater	-	139,205	(139,205)	650,670	(650,670)	0%	No
	-	139,205	(139,205)	650,670	(650,670)	0%	
<i>The above financials include the following:</i>							
Development Contributions	-	-	-	-	-	-	0%
<i>The above financials do not include the following:</i>							
Vested Assets	-	317,750.00	(317,750)	635,500	(635,500)	0%	

*The above financials do not include appropriations - to and from activities.*

## Stockwater – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Stockwater	778,337	752,794	25,543	1,505,588	(727,251)	52%	No
	<u>778,337</u>	<u>752,794</u>	<u>25,543</u>	<u>1,505,588</u>	<u>(727,251)</u>	<u>52%</u>	
<b>Operating Expenditure</b>							
Stockwater	483,905	752,386	(268,481)	1,504,771	(1,020,866)	32%	No
	<u>483,905</u>	<u>752,386</u>	<u>(268,481)</u>	<u>1,504,771</u>	<u>(1,020,866)</u>	<u>32%</u>	

*The above financials include the following:*

Development Contributions - - - - - 0%

*The above financials do not include the following:*

Vested Assets - - - - - 0%

*The above financials do not include appropriations - to and from activities.*

## **Waste Reduction & Recycling – Income & Expenditure Report**

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Refuse Collection	2,283,684	1,546,828	<b>736,856</b>	3,093,655	<b>(809,971)</b>	<b>74%</b>	Yes
Refuse Management	3,162,881	3,161,671	1,210	6,323,342	<b>(3,160,461)</b>	<b>50%</b>	No
	<b>5,446,565</b>	<b>4,708,499</b>	<b>738,066</b>	<b>9,416,998</b>	<b>(3,970,432)</b>	<b>58%</b>	
<b>Operating Expenditure</b>							
Refuse Collection	1,534,618	1,544,597	(9,979)	3,089,193	<b>(1,554,575)</b>	<b>50%</b>	Yes
Refuse Management	2,972,320	2,942,054	30,266	5,884,108	<b>(2,911,788)</b>	<b>51%</b>	Yes
	<b>4,506,938</b>	<b>4,486,651</b>	<b>20,287</b>	<b>8,973,302</b>	<b>(4,466,363)</b>	<b>50%</b>	
<b>Capital Income</b>							
Refuse Management	-	129,179	<b>(129,179)</b>	258,358	<b>(258,358)</b>	<b>0%</b>	No
	-	<b>129,179</b>	<b>(129,179)</b>	<b>258,358</b>	<b>(258,358)</b>	<b>0%</b>	
<b>Capital Expenditure</b>							
Refuse Collection	635,625	0	0	0	<b>635,625</b>	<b>0%</b>	Yes
Refuse Management	104,878	531,650	<b>(426,772)</b>	1,063,300	<b>(958,422)</b>	<b>10%</b>	No
	<b>740,503</b>	<b>531,650</b>	<b>(426,772)</b>	<b>1,063,300</b>	<b>(322,797)</b>	<b>70%</b>	

*The above financials include the following:*

Development Contributions - - - - - **0%**

*The above financials do not include the following:*

Vested Assets - - - - - **0%**

*The above financials do not include appropriations - to and from activities.*

## Waste Reduction & Recycling – Operating Income

### Refuse Collection

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$809,971 Unfavourable</b>	<b>\$635,625 Favourable</b>

*Reason for permanent favourable variance*

Funding has been received from the Ministry for the Environment for the purchase of FOGO (Food Organics and Garden Organics) bins. Acceptance of this application for grant funding was only confirmed after the budget was set. This will be a permanent variance.

## Waste Reduction & Recycling – Operating Expenditure

### Refuse Collection

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$1,554,575 Favourable</b>	<b>\$1,242,000 Unfavourable</b>

### Refuse Management

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$2,911,788 Favourable</b>	<b>\$574,000 Unfavourable</b>

*Reason for permanent unfavourable variance (across both activities).*

Waste activity contracts include allowances for quarterly wash up invoices which include price adjustments and contract variations. Following receipt of the first quarter cost adjustment invoice in December, staff have completed an updated analysis to project full-year expenditure based on charges received to date.

Based off the invoice obtained through Enviro NZ (provider of our kerbside collection service and resource recovery park contractor), we have identified that contract adjustments relating to the July 25 – November 25 period are \$224,791 or approximately \$44,800 monthly. This provides a projected full year fluctuation adjustment of \$537,000 which was not budgeted. Of this 87% relates to cost fluctuation charges with the remaining 13% relating to contractual adjustments which includes entitled property annual adjustments, variations, reactive works, and miscellaneous.

Using this updated information (and replicating for the Trans waste contract), staff have projected a full year cost based off prior month averages for both core contractual costs and adjustments (as

noted above) which is showing a forecast full year overspend of \$1,800,000 (made up of \$1,263,000 core contract costs for kerbside collection and transportation to landfill, plus \$537,000 for cost fluctuations and contractual adjustments).

Staff have changed current internal processes , and will include monthly accruals for contractual adjustments in waste as well as moving to reporting against year to date balances along with the identification of full year forecasts.

## Waste Reduction & Recycling – Capital Expenditure

### Refuse Collection

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$635,625 Unfavourable</b>	<b>\$635,625 Unfavourable</b>

#### *Reason for permanent unfavourable variance*

Funding from the Ministry for the Environment has been used to purchase 12,500 FOGO (Food Organics and Garden Organics) bins. Household collection is scheduled to begin in September 2026. As mentioned above under operating income funding was only confirmed after the budget was set.

## Recreation Facilities – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Ashburton Museum and Art Gallery	1,477,627	1,444,372	33,255	2,888,744	(1,411,116)	51%	No
Library	1,347,050	1,331,284	15,766	2,662,568	(1,315,518)	51%	No
Recreation Facilities and Services	3,294,290	3,320,208	(25,917)	6,640,415	(3,346,125)	50%	No
	<b>6,118,968</b>	<b>6,095,863</b>	<b>23,104</b>	<b>12,191,727</b>	<b>(6,072,759)</b>	<b>50%</b>	
<b>Operating Expenditure</b>							
Ashburton Museum and Art Gallery	1,322,249	1,476,360	(154,110)	2,953,744	(1,631,495)	45%	No
Library	1,387,895	1,322,277	65,618	2,639,942	(1,252,047)	53%	No
Recreation Facilities and Services	3,344,948	3,429,916	(84,968)	6,855,116	(3,510,168)	49%	No
	<b>6,055,092</b>	<b>6,228,553</b>	<b>(173,460)</b>	<b>12,448,803</b>	<b>(6,393,710)</b>	<b>49%</b>	
<b>Capital Expenditure</b>							
Ashburton Museum and Art Gallery	3,780	38,540	(34,760)	77,080	(73,300)	5%	
Library	79,851	94,816	(14,965)	188,402	(108,551)	42%	No
Recreation Facilities and Services	495,904	346,658	149,246	693,315	(197,411)	72%	No
	<b>579,535</b>	<b>480,014</b>	<b>99,522</b>	<b>958,797</b>	<b>(379,262)</b>	<b>60%</b>	

*The above financials include the following:*

Development Contributions 0%

*The above financials do not include the following:*

Vested Assets 0%

*The above financials do not include appropriations - to and from activities.*

## Recreation & Community Services – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Public Conveniences	336,604	335,464	1,140	670,928	(334,324)	50%	No
Elderly Persons Housing	518,924	1,016,036	(497,112)	2,032,072	(1,513,148)	26%	Yes
Memorial Halls	274,815	255,210	19,605	510,420	(235,605)	54%	No
Reserves and Camping Grounds	597,478	593,380	4,097	1,046,005	(448,527)	57%	No
Reserve Boards	523,554	393,965	129,590	738,514	(214,960)	71%	No
Community Safety	49,788	49,207	581	98,414	(48,627)	51%	
	2,301,162	2,643,262	(342,099)	5,096,352	(2,795,189)	45%	
<b>Operating Expenditure</b>							
Public Conveniences	280,670	326,908	(46,238)	653,817	(373,147)	43%	No
Elderly Persons Housing	521,951	595,183	(73,232)	1,190,367	(668,416)	44%	No
Memorial Halls	380,960	401,465	(20,504)	808,054	(427,094)	47%	Yes
Reserves and Camping Grounds	412,158	522,912	(110,755)	1,045,825	(633,667)	39%	No
Reserve Boards	418,649	402,898	15,751	805,796	(387,147)	52%	No
Community Safety	52,300	49,207	3,093	98,414	(46,114)	53%	
	2,066,688	2,298,573	(231,885)	4,602,272	(2,535,584)	45%	
<b>Capital Income</b>							
Public Conveniences	-	199,665	(199,665)	399,329	(399,329)	0%	No
	-	279,333	(279,333)	558,665	(558,665)	0%	
<b>Capital Expenditure</b>							
Public Conveniences	1,544	230,625	(229,081)	461,250	(459,706)	0%	No
Elderly Persons Housing	207,303	1,059,266	(851,964)	2,118,532	(1,911,230)	10%	Yes
Reserves and Camping Grounds	22,918	-	22,918	-	22,918	0%	
Reserve Boards	47,748	-	47,748	-	47,748	0%	
	279,512	1,289,891	(1,010,379)	2,579,782	(2,300,271)	11%	

*The above financials include the following:*

Development Contributions 300.00 - - - 300.00 0%

*The above financials do not include the following:*

Vested Assets - - - - - 0%

*The above financials do not include appropriations - to and from activities.*

## Recreation and Community Services – Operating Income

### Elderly Persons Housing

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$1,513,148 Unfavourable</b>	<b>\$1,052,360 Unfavourable</b>

*Reason for permanent unfavourable variance*

Friendship Lane was undertaken in a single stage and was completed in 2024/25. All grant income was received in the previous financial year.

## Recreation and Community Services – Operating Expenditure

### Memorial Halls

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$427,094 Favourable</b>	<b>\$100,000 Favourable</b>

*Reason for permanent favourable variance*

Insurance premiums have come in lower than budgeted due to more favourable insurance prices driven by the market competition.

## Recreation and Community Services – Capital Expenditure

### Elderly Persons Housing

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$1,911,230 Favourable</b>	<b>\$1,881,548 Favourable</b>

*Reason for permanent favourable variance*

Friendship Lane was undertaken in a single stage and was completed in 2024/25. All capital works were undertaken in the previous financial year.

## **Economic Development – Income & Expenditure Report**

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Commercial Property	2,382,590	4,474,826	<b>(2,092,236)</b>	8,812,058	<b>(6,429,468)</b>	27%	Yes
Business & Economic Development	527,396	486,378	41,017	972,757	<b>(445,361)</b>	54%	No
District Promotion	145,966	143,929	2,037	287,858	<b>(141,891)</b>	51%	No
Forestry	8,970	242,000	<b>(233,030)</b>	484,000	<b>(475,030)</b>	2%	Yes
	<b>3,064,922</b>	<b>5,347,133</b>	<b>(2,282,211)</b>	<b>10,556,673</b>	<b>(7,491,750)</b>	<b>29%</b>	
<b>Operating Expenditure</b>							
Commercial Property	3,043,372	3,752,865	<b>(709,493)</b>	7,505,731	<b>(4,462,359)</b>	41%	Yes
Business & Economic Development	545,166	596,378	(51,212)	1,192,756	<b>(647,591)</b>	46%	No
District Promotion	55,073	89,429	(34,355)	178,858	<b>(123,784)</b>	31%	No
Forestry	120,402	227,248	<b>(106,847)</b>	482,305	<b>(361,904)</b>	25%	No
	<b>3,764,013</b>	<b>4,665,921</b>	<b>(901,908)</b>	<b>9,359,650</b>	<b>(5,595,637)</b>	<b>40%</b>	
<b>Capital Income</b>							
Commercial Property	-	1,463,975	<b>(1,463,975)</b>	2,927,949	<b>(2,927,949)</b>	0%	No
	<b>-</b>	<b>1,463,975</b>	<b>(1,463,975)</b>	<b>2,927,949</b>	<b>(2,927,949)</b>	<b>0%</b>	
<b>Capital Expenditure</b>							
Commercial Property	61,616	1,483,975	<b>(1,422,359)</b>	2,967,950	<b>(2,906,334)</b>	2%	No
	<b>61,616</b>	<b>1,483,975</b>	<b>(1,422,359)</b>	<b>2,967,950</b>	<b>(2,906,334)</b>	<b>2%</b>	

*The above financials include the following:*

Development Contributions - - - - - 0%

*The above financials do not include the following:*

Vested Assets - - - - - 0%

*The above financials do not include appropriations - to and from activities.*

## Economic Development – Operating Income

### Commercial Property

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$6,429,468 Unfavourable</b>	<b>\$4,975,000 Unfavourable</b>

*Reason for permanent unfavourable variance*

It is unlikely there will be any sections sales at Ashburton Business Estate in the current financial year.

### Forestry

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$475,030 Unfavourable</b>	<b>\$475,030 Unfavourable</b>

*Reason for permanent unfavourable variance*

Council has decided against harvesting Pudding Hill due to a combination of the complexity of the site and community benefit outweighing any commercial return. This will be a permanent unfavourable variance.

## Economic Development – Operating Expenditure

### Commercial Property

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$4,462,359 Favourable</b>	<b>\$180,000 Favourable</b>

*Reason for permanent favourable variance*

Insurance premiums have come in lower than budgeted due to more favourable insurance prices driven by the market competition.

## Parks & Open Spaces – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Cemeteries	341,366	361,044	(19,679)	722,089	(380,723)	47%	No
Parks and Recreation	3,168,528	3,127,529	41,000	6,254,157	(3,085,628)	51%	No
	<u>3,509,894</u>	<u>3,488,573</u>	<u>21,321</u>	<u>6,976,246</u>	<u>(3,466,351)</u>	<u>50%</u>	
<b>Operating Expenditure</b>							
Cemeteries	348,704	342,992	5,712	685,984	(337,280)	51%	No
Parks and Recreation	2,774,620	3,081,382	(306,762)	6,162,765	(3,388,145)	45%	No
	<u>3,123,324</u>	<u>3,424,374</u>	<u>(301,050)</u>	<u>6,848,749</u>	<u>(3,725,425)</u>	<u>46%</u>	
<b>Capital Income</b>							
Parks and Recreation	-	352,754	(352,754)	705,508	(705,508)	0%	No
	<u>-</u>	<u>352,754</u>	<u>(352,754)</u>	<u>705,508</u>	<u>(705,508)</u>	<u>0%</u>	
<b>Capital Expenditure</b>							
Cemeteries	11,248	18,009	(6,761)	36,018	(24,770)	31%	
Parks and Recreation	352,547	627,454	(274,907)	1,254,908	(902,361)	28%	No
	<u>363,795</u>	<u>645,463</u>	<u>(281,668)</u>	<u>1,290,926</u>	<u>(927,131)</u>	<u>28%</u>	

*The above financials include the following:*

Development Contributions 300.00 - 300.00 - 300.00 0%

*The above financials do not include the following:*

Vested Assets - - - 0%

*The above financials do not include appropriations - to and from activities.*

## Community Governance & Decision Making – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Council	2,233,057	2,251,007	(17,950)	4,502,015	(2,268,958)	50%	No
Methven Community Board	65,661	64,756	905	129,512	(63,851)	51%	
Community Grants Funding	1,416,801	1,115,500	301,301	2,231,000	(814,199)	64%	Yes
District Water Management	105,648	114,810	(9,161)	229,619	(123,971)	46%	No
	3,821,167	3,546,073	275,095	7,092,146	(3,270,978)	54%	
<b>Operating Expenditure</b>							
Council	2,231,179	2,276,111	(44,932)	4,552,223	(2,321,044)	49%	No
Methven Community Board	57,174	64,918	(7,744)	129,836	(72,661)	44%	
Youth Council	15,000	0	15,000	0	15,000	0%	
Community Grants Funding	762,956	754,820	8,136	1,407,140	(644,183)	54%	No
District Water Management	103,366	204,720	(101,353)	409,439	(306,073)	25%	Yes
	3,169,676	3,300,569	(130,893)	6,498,638	(3,328,962)	49%	

*The above financials include the following:*

Development Contributions 678,122 386,929 291,193 773,859 (95,737) 88%

*The above financials do not include the following:*

Vested Assets - - - - 0%

*The above financials do not include appropriations - to and from activities.*

Elected Members Allowances Claimed as at 31 December 2025					
	Actual YTD	Budget YTD	Variance YTD	Budget Full Year	Variance Full Year
<b>Council</b>	\$13,746	\$12,875	(\$871)	\$25,750	\$12,004
<b>Methven Community Board</b>	\$1,885	\$1,794	(\$91)	\$3,588	\$1,703

## Community Governance & Decision Making – Operating Income

### Community Grants Funding

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$814,199 Unfavourable</b>	<b>\$500,000 Favourable</b>

*Reason for permanent favourable variance*

Income from Development Contributions for Community Infrastructure are up 64% on budget as at the end of December. Due to higher than expected building activity this will be a favourable variance at year end.

## Community Governance & Decision Making – Operating Expenditure

### District Water Management

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$306,073 Favourable</b>	<b>\$125,000 Favourable</b>

*Reason for permanent favourable variance*

The forecast favourable variance of \$125k, comprises **Investigations** (currently ~\$47k below the year-to-date budget), and **Salaries** (no expenditure against a total budget of 36k). The investigations budget is funding work toward Council's exit of the stockwater activity. This programme is behind schedule which has reduced expenditure to date. The salaries budget previously funded costs for the Ashburton Zone Committee (now defunct) so will be unspent at year end.

## Compliance and Development – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Environmental Health	130,337	143,490	(13,153)	286,979	(156,642)	45%	No
Building Regulation	1,680,590	1,455,013	225,577	2,910,026	(1,229,436)	58%	Yes
Emergency Management	136,460	134,658	1,802	269,316	(132,856)	51%	No
Liquor Licensing	114,856	114,527	329	229,054	(114,198)	50%	No
Land Information Memorandum	180,034	112,421	67,613	224,841	(44,807)	80%	Yes
Parking	231,766	164,197	67,569	328,393	(96,628)	71%	Yes
Animal Control**	534,848	289,709	245,139	577,367	(42,520)	93%	No
Resource Consents	408,546	375,968	32,578	751,936	(343,390)	54%	No
Monitoring and Enforcement	136,938	136,405	533	272,810	(135,872)	50%	No
Planning	295,909	294,770	1,139	589,540	(293,631)	50%	No
	3,850,283	3,221,156	629,126	6,440,263	(2,589,980)	60%	
<b>Operating Expenditure</b>							
Environmental Health	157,189	143,490	13,699	286,980	(129,790)	55%	No
Building Regulation	1,433,616	1,455,013	(21,397)	2,910,026	(1,476,410)	49%	No
Emergency Management	45,707	59,906	(14,200)	119,813	(74,106)	38%	
Liquor Licensing	113,329	114,527	(1,198)	229,054	(115,725)	49%	No
Land Information Memorandum	55,889	55,073	815	110,147	(54,258)	51%	
Parking	139,571	121,169	18,402	242,337	(102,766)	58%	No
Animal Control	292,480	301,496	(9,016)	602,992	(310,512)	49%	No
Resource Consents	456,369	375,968	80,401	751,937	(295,567)	61%	No
Monitoring and Enforcement	198,331	193,752	4,579	387,505	(189,173)	51%	No
Planning	187,317	222,619	(35,302)	445,238	(257,921)	42%	No
	3,079,798	3,043,014	36,785	6,086,028	(3,006,230)	51%	
<b>Capital Expenditure</b>							
Emergency Management	9,558.28	20,262	(10,703)	40,523	(30,965)	24%	
	9,558.28	20,262	(10,703)	40,523	(30,965)	24%	

*The above financials include the following:*

Development Contributions - - - - - 0%

*The above financials do not include the following:*

Vested Assets - - - - - 0%

*The above financials do not include appropriations - to and from activities.*

*\*\*The majority of dog registration income is invoiced in July*

## Compliance & Development – Operating Income

### Building Regulation

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$1,229,436 Unfavourable</b>	<b>\$298,070 Favourable</b>

*Reason for permanent favourable variance*

This is due to a high volume of new dwelling consents being issued.

### Land Information Memorandum

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$44,807 Unfavourable</b>	<b>\$110,000 Favourable</b>

*Reason for permanent favourable variance*

This is due to property sales in the district being higher than anticipated.

### Parking

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$96,628 Unfavourable</b>	<b>\$130,000 Favourable</b>

*Reason for permanent favourable variance*

This is due to higher ticket revenue as a result of infringement fee increases by the government in October 2024 and trends in behaviour.

## Miscellaneous, Dividends & Internal Overheads – Income & Expenditure Report

For period ending 31 December 2025

	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year	Variance Full Year	%	Permanent Variance
<b>Operating Income</b>							
Dividends and Interest	296,470	727,500	(431,031)	1,455,000	(1,158,531)	20%	No
Te Whare Whakatere	767,833	615,815	152,018	1,231,631	(463,797)	62%	Yes
Executive Team	1,040,095	1,023,146	16,950	2,046,292	(1,006,196)	51%	No
People & Capability	481,368	551,870	(70,502)	1,103,740	(622,372)	44%	No
Information Systems	2,108,649	2,304,012	(195,363)	4,608,023	(2,499,374)	46%	No
Customer Services	435,896	431,053	4,842	862,107	(426,211)	51%	No
Treasury	861,543	1,000,025	(138,482)	2,000,051	(1,138,508)	43%	No
Rates	543,436	469,481	73,955	938,961	(395,525)	58%	No
Community Relations	567,817	586,635	(18,818)	1,173,269	(605,452)	48%	No
Communications	518,222	571,788	(53,565)	1,143,575	(625,353)	45%	No
Property Administration	702,092	811,173	(109,081)	1,622,347	(920,255)	43%	No
Service Delivery	2,450,352	2,396,365	53,987	4,792,729	(2,342,377)	51%	No
Parks Administration	2,009,958	2,201,782	(191,825)	4,401,762	(2,391,804)	46%	No
Plant Operations	392,957	506,084	(113,128)	1,012,169	(619,212)	39%	No
	13,176,688	14,196,729	(1,020,041)	28,391,656	(15,214,968)	46%	
<b>Operating Expenditure</b>							
Dividends and Interest	453	26,666	(26,212)	53,331	(52,878)	1%	
Te Whare Whakatere	767,833	615,815	152,018	1,231,631	(463,797)	62%	Yes
Executive Team	1,040,095	1,023,146	16,950	2,046,292	(1,006,196)	51%	No
People & Capability	481,368	551,870	(70,502)	1,103,740	(622,372)	44%	No
Information Systems	2,108,649	2,391,862	(283,213)	4,783,724	(2,675,075)	44%	Yes
Customer Services	435,896	431,054	4,842	862,107	(426,211)	51%	No
Treasury	861,533	1,000,025	(138,492)	2,000,051	(1,138,518)	43%	No
Rates	616,817	469,481	147,336	938,961	(322,145)	66%	No
Community Relations	567,817	648,634	(80,818)	1,297,269	(729,452)	44%	No
Communications	518,222	571,788	(53,565)	1,143,575	(625,353)	45%	No
Property Administration	702,092	810,917	(108,825)	1,622,347	(920,255)	43%	No
Service Delivery	2,450,352	2,451,658	(1,306)	4,903,316	(2,452,964)	50%	No
Parks Administration	2,009,958	2,200,881	(190,923)	4,401,762	(2,391,804)	46%	No
Plant Operations	548,278	539,214	9,064	1,078,427	(530,149)	51%	No
	13,109,364	13,733,009	(623,645)	27,466,532	(14,357,168)	48%	
<b>Capital Income</b>							
Plant Operations	75,630	194,604	(118,973)	389,207	(313,577)	19%	No
	75,630	194,604	(118,973)	389,207	(313,577)	19%	
<b>Capital Expenditure</b>							
Te Whare Whakatere	2,539	0	0	0	2,539	0%	
Information Systems	255,710	238,825	16,885	580,150	(324,440)	44%	No
Parks Administration	40,271	0	40,271	0	40,271	0%	
Plant Operations	497,691	503,155	(5,464)	1,006,310	(508,619)	49%	No
	796,211	741,980	51,693	1,586,460	(790,249)	50%	

*The above financials include the following:*

Development Contributions - - - - - 0%

*The above financials do not include the following:*

Vested Assets - - - - - 0%

*The above financials do not include appropriations - to and from activities.*

## Miscellaneous, Dividends & Internal Overheads – Operating Income

### Te Whare Whakatere

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$463,797 Unfavourable</b>	<b>\$1,080,000 Favourable</b>

*Reason for permanent favourable variance*

The recovery for the year will be higher than budgeted due to the recovery of depreciation expense. The LTP recorded the budget for depreciation expense for Te Whare Whakatere as gradually increasing each year. The correct treatment for recording depreciation should have been to record the full amount of depreciation required to be expensed for the financial year. An adjustment will be made to reflect the unfunded depreciation portion which will result in a reduction in recoveries and negate the impact on overhead expenditure across operational activities.

## Miscellaneous, Dividends & Internal Overheads – Operating Expenditure

### Te Whare Whakatere

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$463,797 Favourable</b>	<b>\$1,080,000 Unfavourable</b>

*Reason for permanent favourable variance*

Depreciation expense is higher than budgeted. As noted above, the LTP recorded the budget for depreciation expense for Te Whare Whakatere as gradually increasing each year. The correct treatment for recording depreciation should have been to record the full amount of depreciation required to be expensed for the financial year. This will not impact on the overall rates requirement.

### Information Systems

Actual YTD to Full Year Budget	Full Year Forecast
<b>\$2,675,075 Favourable</b>	<b>\$87,000 Favourable</b>

*Reason for permanent favourable variance*

Staff vacancies within the team year to date are contributing to a favourable variance. Current vacancies are being advertised with a permanent variance forecast.

## Statement of Financial Position

As at 31 December 2025

	YTD Actual	30-Jun-25
<b>Public Equity</b>		
Ratepayers Equity	530,716,468	545,263,496
Revaluation Reserves	486,217,186	486,217,186
Funds and Reserves	59,637,994	59,637,994
	<b>1,076,571,648</b>	<b>1,091,118,676</b>
<b>Non-Current Liabilities</b>		
External Loans	150,600,000	143,600,000
Other Term Liabilities	1,181,885	1,181,885
	<b>151,781,885</b>	<b>144,781,885</b>
<b>Current Liabilities</b>		
Trade Creditors	3,044,181	5,068,755
Deposits & Bonds	1,247,659	1,389,989
Other Current Liabilities	1,283,580	1,310,739
Accrued Liabilities	3,051,276	8,264,633
	<b>8,626,695</b>	<b>16,034,116</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,236,980,228</b>	<b>1,251,934,677</b>
 <b>Fixed Assets</b>		
		209,989,986
<b>Infrastructural Assets</b>	976,977,174	985,040,704
<b>Work in Progress</b>	10,331,465	9,744,899
<b>Advances</b>	272,264	304,344
<b>Shares</b>	11,261,297	11,011,297
 <b>Current Assets</b>		
Cash & Bank	10,204,040	10,900,623
Cash Investments	12,000,000	12,000,000
GST	1,318,594	1,428,177
Receivables	1,576,441	5,036,840
Provision for Doubtful Debts	(44,042)	(44,071)
Stock	91,583	91,583
Accruals	4,606,215	5,631,686
Other Current Assets	784,699	798,609
	<b>30,537,531</b>	<b>35,843,447</b>
<b>Total Assets</b>	<b>1,236,980,228</b>	<b>1,251,934,677</b>

## ***Net Debt and Borrowings***

As at 31 December 2025

## Net Debt



## External Borrowing

Local Government		Amount	Rate	Maturity
Funding				
LGFA 2025		12,000,000	2.56%	Floating
LGFA 2025		10,000,000	2.59%	Fixed
LGFA 2024		5,000,000	3.00%	Floating
LGFA 2023		5,000,000	3.15%	Floating
LGFA 2023		5,000,000	2.93%	Floating
LGFA 2020		10,000,000	3.18%	Floating
LGFA 2025		5,000,000	3.27%	Floating
LGFA 2025		5,000,000	3.14%	Floating
LGFA 2024		5,000,000	2.98%	Floating
LGFA 2024		3,000,000	5.19%	Fixed
LGFA 2023		5,000,000	3.29%	Floating
LGFA 2023		5,000,000	3.10%	Floating
LGFA 2020		5,000,000	0.97%	Fixed
LGFA 2020		5,000,000	1.23%	Fixed
LGFA 2025		7,000,000	3.26%	Floating
LGFA 2025		5,000,000	3.31%	Floating
LGFA 2024		7,000,000	3.26%	Floating
LGFA 2021		16,600,000	2.01%	Fixed
LGFA 2025		8,000,000	3.37%	Floating
LGFA 2024		7,000,000	3.27%	Floating
LGFA 2023		5,000,000	5.08%	Fixed
LGFA 2022		10,000,000	3.13%	Floating

**Total External Funding** **150,600,000**

## Council Investments

As at 31 December 2025

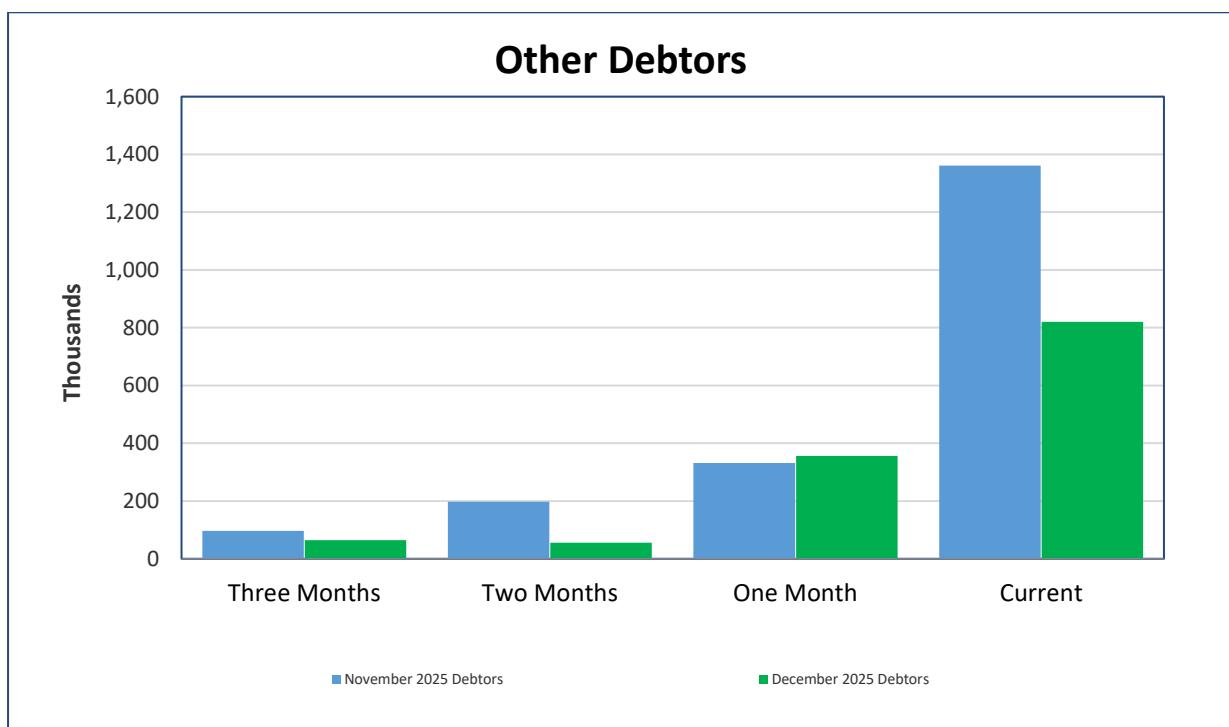
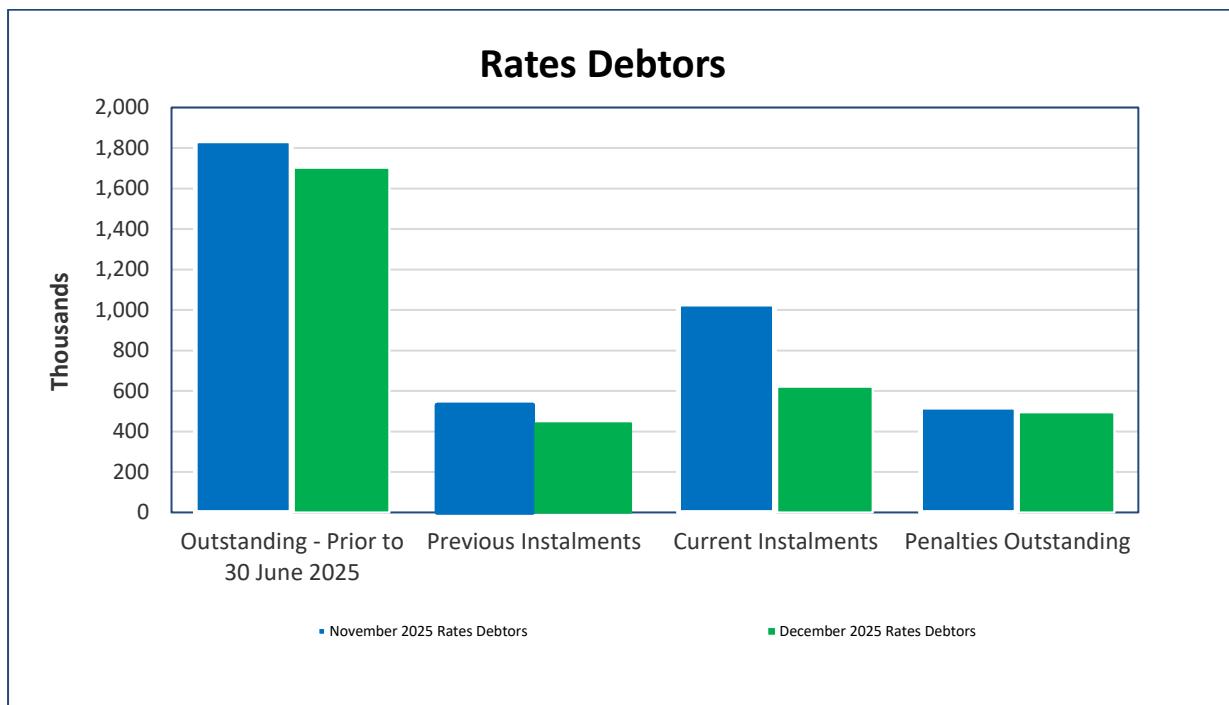
Listed below are the current significant investments held by Council.

<b>Term Deposit</b>	<b>Principal</b>	<b>Interest</b>	<b>Term</b>	<b>Maturity</b>
Westpac	<u>8,000,000</u>	2.06%	1 month	21-Jan-26
	<b>8,000,000</b>			
<b>Bonds</b>				
ANZ	1,000,000	2.99%		17-Sep-26
Westpac	1,100,000	6.19%		16-Sep-27
Kiwibank	1,000,000	5.73%		19-Oct-27
Westpac	<u>900,000</u>	6.73%		14-Feb-28
	<b>4,000,000</b>			
<b>Advances</b>				
Eastfield Investments	<u>272,264</u>			
	<b>272,264</b>			
<b>Shares</b>				
Ashburton Contracting Ltd	4,500,000			
Civic Financial Services Ltd	53,087			
RDR Management	30,000			
Transwaste Canterbury Ltd	946,410			
Ruralco	500			
Electricity Ashburton Rebates	1,300			
LGFA Equity	3,965,000			
Eastfield Investments	<u>1,765,000</u>			
	<b>11,261,297</b>			

## ***Receivables Summary (Including Prior Month Comparative)***

As at 31 December 2025

$$\begin{array}{ccc}
 \text{0.28 M} & + & \text{1.30 M} \\
 \text{Rates Debtors} & & \text{Other Debtors} \\
 & & = \\
 & & \text{1.58 M} \\
 & & \text{Total Outstanding Debtors}
 \end{array}$$



## ***Receivables Summary continued***

Outstanding Debtors over 90 days	
>\$100,000	0
\$50,000 - \$100,000	0
\$30,000 - \$50,000	1
\$10,000 - \$30,000	8

The above debtors are being actively managed or under a resolution process.