

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date: Wednesday 14 February 2024
Time: 1.00pm
Venue: Hine Paaka Council Chamber, Te Whare Whakaterere
Ashburton Library & Civic Centre, 2 Baring Square
East, Ashburton

Membership

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

Audit & Risk Committee

Timetable

1.00pm Meeting commences

ORDER OF BUSINESS

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

Minutes

- 4 Confirmation of Minutes – 29/11/24 **3**

Reports

- 5 Management of Accounts Receivable **5**
- 6 Civic Financial Statement of Intent 2024 **9**
- 7 Bancorp Quarterly Report – December 2023 **18**

Business transacted with the public excluded

- 8 Minutes 29/11/23 **PE 1**
 - Health & Safety Section 7(2)(a) Protection privacy of natural persons
- 9 Earthquake-prone buildings Section 7(2)(h) Commercial activities **PE 2**
- 10 Health & Safety Report Section 7(2)(a) Protection privacy of natural persons **PE 18**

Audit & Risk Committee

14 February 2024



4. Audit & Risk Committee Minutes - 29/11/23

Minutes of the Audit & Risk Committee meeting held on Wednesday 29 November 2023, commencing at 1.00pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

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

Also present:

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

In attendance

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

Staff present for the duration of their reports: Katie Perry (People & Capability Manager) and Julie Crahay (Safety & Wellness Lead)

1 Apologies

Nil.

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 25/10/23

That the minutes of the Audit & Risk Committee meeting held on 25 October 2023, be taken as read and confirmed.

McMillan/Cameron

Carried

5 ADC Annual Report – 2022/23

It was reported that this year's audit process was vastly improved on last year. There was still significant pressure on Officers right up until last minute but appreciation of the way Audit Director Dereck Ollsson conducted this the audit process was extended.

That the Audit & Risk committee receives the adopted Annual Report 2022/23.

Cameron/Braam

Carried

Business transacted with the public excluded – 1.50pm

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

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

Wilson/Cameron

Carried

The meeting concluded at 2.17pm.

5. Management of Accounts Receivable

Author	<i>Lauretta Smith; Accountant</i>
Activity Manager	<i>Erin Register; Finance Manager</i>
Executive Team Member	<i>Leanne Macdonald; Group Manager Business Support</i>

Summary

- The purpose of this report is to provide an update on our management of outstanding Receivables.

Recommendation

- **That** the Audit and Risk Committee receives the current 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.
2. Council engages an external debt management organisation for outstanding debtor invoices. As at the end of December there were 49 outstanding debtor accounts being managed. No outstanding rates accounts are currently managed externally. However, Debt Management Central (DMC), a local authority shared service, is about to manage the prior year's outstanding rates. DMC collect outstanding debt for approximately 34 councils across NZ and focus only on local government debt, particularly rating debt.
3. As at 31 December 2023 the total outstanding rates were \$2,179,745 (2023; \$1,813,868). \$1,790,063 (2023; \$1,718,779) of this total relates to outstanding rates from year ending June 2023 and prior. We have received \$1,325,789 (2023; \$1,019,423) of prepaid instalments.
4. See below the summary of other debtors outstanding as at 31 December 2023:

	Three Months	Two Months	One Month	Current	Balance
Resource Recovery Park Debtors	3,955.49	82,371.08	184,519.81	234,388.82	505,235.20
Building and Resource Consents	213,552.89	126,689.27	31,389.93	113,160.50	484,792.59
Rental Debtors	149,799.96	-542.11	18,772.01	101,589.37	269,619.23
Water Billing	93,682.21	34,260.28	-635.53	-	127,306.96
Sundry Debtors	-34,654.34	381.97	193,411.75	-76,096.04	83,043.34
Infringements	4,552.53	13,892.00	28,684.00	15,234.00	62,362.53
Animals	49,147.60	189.00	525.25	486.75	50,348.60
EA Networks Centre	1,696.45	1,032.00	2,607.05	14,751.21	20,086.71
Licences	2,594.42	1,107.50	3,746.50	11,615.00	19,063.42
Halls and Reserve Boards	93.66	115.00	1,072.28	2,191.25	3,472.19
Forestry Debtors	3,628.48	-	-	-1,468.16	2,160.32
Airport	-36.00	27.00	125.00	666.00	782.00
Certificates	-5,393.40	1,164.00	3,197.00	1,726.00	693.60
Trade Waste Debtors	-460.88	-	-	-	-460.88
	482,159	260,687	467,415	418,245	1,628,506

5. Other debtors over \$10,000 outstanding greater than 90 days are as follows:

Debtor Type	\$10,000 - \$30,000	\$30,000 - \$50,000	\$50,000 - \$100,000	Total
Rental	1	1	1	3
Sundry	1	1		2
Applications	9	1		10
Water	1			1

Rental

The Property team are working with lawyers to sort one debt. Payment of another has been received less debt collection costs. A payment plan has been entered into for the other.

Sundry

Final demand was sent on 5 January 2024 to one debtor. Another relates to a historical allocation that Finance is looking into.

Applications

Two of these debts have been put on hold, as per instructions from the Building department. Finance are working with the Building team on six of these to clarify the background of the outstanding debts. One has been sent to our external debt manager and another has been sent a final demand.

Water

This debt is now cleared.

Legal/policy implications

Terms of Trade

6. 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.
7. Rates collection is legislated by the Local Government (Rating) Act 2002, and penalties are applied in accordance with the Rating Act. Penalties are adopted annually as part of Council's 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	<i>Leanne Macdonald, Group manager – Business Support</i>

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	To provide assurance the councils accounts receivable are being actively managed
Reviewed by Strategy & Policy	<i>Mark Low; Strategy and Policy Manager</i>

Audit and Risk Committee

14 February 2024



6. Civic Financial Services – Statement of Intent for 2024

Author
General Manager responsible

Erin Register: Finance Manager
Leanne Macdonald; Group Manager - Business Support

Summary

- Civic Financial Services have delivered their Statement of Intent for 2024 for Council's information.

Recommendation

- 1. That** the Audit & Risk Committee receives the Civic Financial Services Ltd 2024 Statement of Intent.

Attachment

Appendix 1 Civic Financial Services Ltd Statement of Intent 2024

The current situation

1. Civic Financial Services are projecting a surplus of \$89,000 for the period ending 31 December 2024, decreasing to \$74,000 surplus in 2025, before increasing to \$183,000 in 2026.
2. The investment income continues to grow, whereas the administration income growth is less so. This is due to Civic Financial Services anticipating a reduction in their administration income as they will cease to provide services to Riskpool, which is currently in run-off mode and will cease in due course.
3. The increase in anticipated expenditure for 2025 is predominantly due to an increase in staffing costs whereas the decrease for the following year (2026) is due to a reduction in depreciation costs (of approx. \$33k).

Background

4. Civic Financial Services provide superannuation services for the local government sector.
5. Civic Financial Services also provide administration services to a number of Councils. Services include Local Authority Protection Programme (LAPP) of which ADC belong to, and Riskpool, which ADC is also a member of.
6. The primary source of income in 2024 will come from fees for providing superannuation administration for the local government sector. They also receive fees from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

Legal/policy implications

7. There are no legal implications.

Financial implications

8. 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?	Leanne Macdonald, Group Manager – Business Support.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Inform - one way
Rationale for selecting level of engagement	The community will be informed of the Statement of Intent through the usual media channels.
Reviewed by Strategy & Policy	Toni Durham: GM Democracy & Engagement

Next steps

9. There are no further steps.

8 December 2023

Hamish Riach
Chief Executive
Ashburton District Council
PO Box 94
ASHBURTON7740
hamish.riach@adc.govt.nz

Kia ora Hamish

Civic Financial Services - Statement of Intent for 2024

Please find enclosed a copy of Civic's Statement of Intent for 2024.

The Company's major source of income in 2024 will come from providing superannuation administration services for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. Additional income will be derived from the services provided to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

The 2020 Special General Meeting of the Company agreed that instead of providing dividends to shareholders, future surplus funds should be applied to reduce the administration fees for members of the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.

We are again pleased to announce that a further reduction in the schemes' base administration fee will apply from 1 April 2024, reducing the fee from the current rate of 0.35% per annum to 0.33% per annum.

We have 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.

Thanks for your continued support, I look forward to working with you in 2024.

Ngā mihi



Charlie Howe
Chief
Executive
Email: charlie.howe@civicfs.co.nz

Civic Financial Services Ltd Statement of Intent

For the year to 31 December 2024

Contents

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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, Civic Liability Pool and Civic Property Pool).

2.0 Mission Statement

- 2.1 Civic will be a trusted and preferred financial services provider to the local government sector:
 - Dedicated to our shareholders.
 - Committed to our members.
 - A sound and successful business.

3.0 Financial Projections

- 3.1 Our primary source of income in 2024 will come from fees for providing superannuation administration for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. We also receive fees from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
- 3.2 Our other source of income in 2024 will come from returns on our investments.
- 3.3 The Boards current policy is not to pay a dividend to our shareholders. It was agreed at the 2020 Special General Meeting 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.
- 3.4 Fee reduction: We will reduce the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme base administration fee from 0.35% per annum to 0.33% per annum from 1 April 2024.

3.5 Financial projections for the years 2024 to 2026 are:

	2024 \$000's	2025 \$000's	2026 \$000's
Administration Income	2,162	2,173	2,230
Investment Income	525	530	597
Total Revenue	2,687	2,703	2,827
Expenses	2,563	2,600	2,572
Surplus before tax	124	103	255
Surplus after tax	89	74	183

Note - these are projections, not firm predictions.

4.0 Performance Measures

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

5.0 Reporting to Shareholders

- 5.1 We will provide an audited report for the 2023 year by 30 April 2024. The report will contain a review of our operations during the year and audited annual accounts.
- 5.2 We will provide a report on the first half of 2024 by 30 September 2024. The report will contain a review of our operations during the half-year and unaudited half-yearly accounts.

6.0 Transactions with Related Parties

- 6.1 Civic has 73 shareholders, comprising 72 local authorities and TrustPower.
- 6.2 Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of Civic. Because it is sharing management resources, the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool are also considered to be related parties to Civic..
- 6.3 Transactions with shareholder members include risk-financing services and superannuation and savings-related financial services.
- 6.4 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 shareholder members are made on a purely commercial basis.

7.0 Member Communication

- 7.1 We have developed strategies setting out the future direction of Civic which focus on three key areas; positioning, promoting and protecting our brand as a trusted and preferred superannuation provider to the local government sector. The strategies are underpinned by Civic's people-centric model, an approach that cares about its members and their whānau and aims to maximise their retirement funds.
- 7.2 This has involved reviewing Civic's processes and product information to ensure it follows the BRACS formula: Believable, Relevant, Actionable, Compelling and Simple.
- 7.3 More regular and informative newsletters have become an important part of Civic's member-centric approach. As part of this, we have created presentations that better describe our purpose and the superannuation product range. The website has also undergone a refresh, the content and navigation being revised to provide easy access to product information, including automated sign-up forms to ensure a more efficient and user-friendly service for members and potential members.
- 7.4 We will be conducting our second member survey early next year to continue to monitor ongoing member satisfaction and assess the opportunity for better provision of services. Regular and targeted communications will provide members with the information requested in the surveys.
- 7.5 We are also investing into a completely new Website for SuperEasy next year which will improve communicating to members.

7. Bancorp Treasury Report – December 2023

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

Summary

- The Bancorp Treasury Services Ltd provide a quarterly report as part of the contractual treasury services.
- Attached is the second report for the 2023-24 financial year, being for the period ending December 2023.
- 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

- 1. That** Council receives the Bancorp Treasury report for the December 2023 quarter.

Attachment

Appendix 1 Ashburton DC Dashboard as at 31 December 2023.

The current situation

1. Page 4 notes that Council’s average cost of funds has increased from 4.49% to 4.64%. While still low in comparison to many councils, the impact of interest rates is noted. Officers continue to monitor the interest rates, keeping a fine line between balancing floating and fixed rates, operating within our treasury policy and assessing the market movements. Page 5 also shows ADC is compliant within the Treasury Policy.
2. The economic movement is a mixed bag with Government changing legislation which was not expected to make any significant changes to the RBNZ’s monetary policies. However, the high unemployment and the revised GDP, placed NZ in a recession for the six months ending 31 March 2023. This has resulted in the market signalling interest rates cuts as early as May 2024. As a result, Bancorp are projecting that ADC interest rate will be below 4% (3.75%) by late 2025 (page 5).

Background

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

Legal/policy implications

5. There are no legal implications.

Financial implications

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

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

Significance and engagement assessment

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

Next steps

There are no further steps.



Treasury Reporting Dashboard

31 December 2023



BANCORP

BANCORP TREASURY SERVICES LIMITED

Economic Commentary

Global (for the December 2023 quarter)

The December quarter saw what has been described as epic moves in the benchmark US 10-year Treasury bond. The markets started the quarter with expectations of one further rate increase as the Fed reiterated its commitment to fighting inflation, concerns about the ability of the market to attract sufficient buyers to purchase US bonds as a result of the ever-increasing US deficits and continuing fallout from Fitch's downgrade of the US credit rating in early August. These factors saw the 10-year yield hit 17-year highs, peaking at 5.02% on the 20th of October, however since then the fall in US bond yields has been startling, with the market moving from 'higher-for-longer' outlook, to one of 'we have seen the top and then to pricing in six rate cuts at one point', the US 10-year bond closed the year at 3.76%, which represented a remarkable 1.26% fall in 72 days.

The Fed released a dovish statement on the 13th of December, where it appeared to pivot from the prospect of raising rates in earlier statements to talk of three rate cuts in 2024, the market then seized on this statement and as indicated above moved to price into six rate cuts at one point. However, many commentators make a good argument that economic data has not yet validated these significant market moves, and it is premature given that the battle against inflation is far from won and that the concerns around government bond issuance and the possibility of further US credit rating downgrades continue.

Despite the above, from a global perspective, the US still stands out as one of the few bright lights as we enter 2024. China continues to struggle to recover from the lifting of its Covid-19 restrictions, with China consumer prices declining for a third month in December, highlighting persistent deflationary pressures. These factors remain a concern for global growth given China's standing as the world's second-largest economy.

European inflation has fallen significantly from the 10.6% highs seen in late 2022, November inflation had fallen to 2.4% (on an annual basis) but increased back to 2.9% in December after seven straight monthly declines as food prices rose and support for high energy bills ended in some countries. The rise in price levels fueled debate over how soon interest rate cuts could be expected from the European Central Bank.

Across the Tasman, the Reserve Bank of Australia continued to increase its cash rate to 4.35% in November. However, at its December meeting, it kept rates unchanged, stating that any further moves would be data-dependent, however, its tone was seen as relatively hawkish. There is a widely held perception that it sits six to twelve months behind the rest of the world in its inflation settings. Like New Zealand though it has high levels of immigration which has increased aggregate demand which may see inflation higher than it would be otherwise.

Geopolitical issues also weigh on the global economy with the Ukraine and Russian war dragging on and with the tragic events in Palestine spilling over into tensions in the Red Sea. The impact on the global economy is strained supply lines and higher shipping costs.

Economic Commentary

New Zealand (for the December 2023 quarter)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30 Sep 2023	5.50%	5.74%	5.72%	5.48%	5.22%	5.17%	5.18%
31 Dec 2023	5.50%	5.63%	4.64%	4.32%	4.09%	4.07%	4.14%
Change	+0%	-0.11%	-1.08.%	-1.16%	-1.23%	1.10%	-1.04%

December was a significant quarter, with the shape of the new government being known, a continuing hawkish Reserve Bank of New Zealand (“RBNZ”), a market which is challenging the RBNZ’s stance by pricing in multiple rate cuts, poor economic data and a divergence in views amongst economists.

The new coalition government’s first piece of legislation was to change the RBNZ’s mandate back to a single mandate, requiring the RBNZ’s Monetary Policy Committee to target inflation, not price stability and “maximum sustainable employment”. The change is not expected to materially impact the RBNZ’s monetary policy settings.

On 29th November, the RBNZ’s *Monetary Policy Statement* stated that “*The Committee is confident that the current level of the OCR is restricting demand. However, ongoing excess demand and inflationary pressures are of concern, given the elevated level of core inflation. If inflationary pressures were to be stronger than anticipated, the OCR would likely need to increase (rates) further*”.

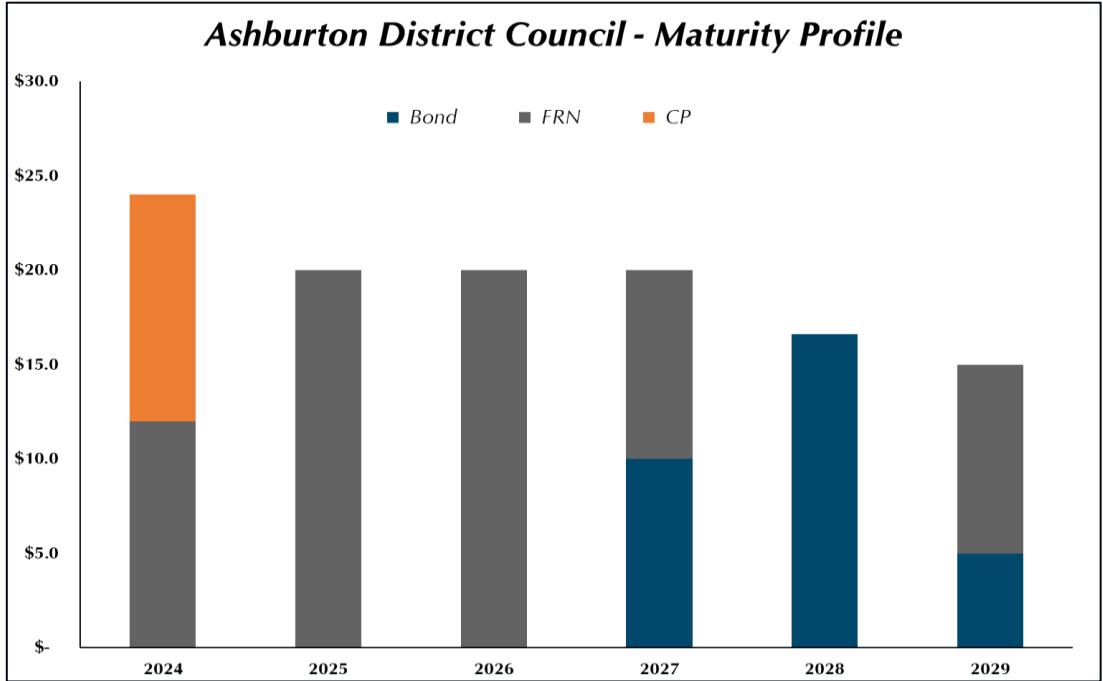
However, this statement was effectively ignored by the market, as it instead focussed on the sharp fall in US Treasury bonds and then the higher-than-expected local unemployment data (September quarter unemployment up from 3.60% to 3.90%). This was followed by the release in December of the shocking third quarter GDP data which saw GDP contract by 0.3% versus expectations of a 0.3% increase. Even worse Q2 GDP was revised downwards from 0.9% to 0.5%, occurring in a backdrop of soaring migration (at levels not seen since 1947) and the downward revision to the Q1 data once again put the country into recession for the six months ending 31st March 2023. The market then moved to a stance where it was pricing in 4-5 rate cuts in 2024.

In looking at the bank’s economists’ views, we have a clear divergence in views, with some banks picking multiple rate cuts in 2024, with others such as Westpac and ANZ being much more cautious on the inflation outlook, particularly the sticky nature of non-tradeable inflation. By the end of December, the markets were pricing in the first OCR cut in May 2024 and for it to fall to 4.0% by May 2025.

Swap rates saw significant levels of volatility, with the reference 5-year swap rate peaking at 5.40% in early October and falling to a low of 4.06% in late December (in very thing trading). The downward momentum was initiated by falling US Treasury bond yields, a change to the Fed’s dot plots (which inferred 3 rate cuts in 2024 and then by the shocking NZ Q3 GDP data).

The new government’s policy agenda will be of interest with tax cuts potentially providing support to the economy which may see inflation remain higher for longer.

Liquidity, Funding and Hedging Bands



Debt
\$115.6m
 External Council Drawn Debt

LGFA Debt
\$115.6m
 Funds Drawn from LGFA

Headroom = cash in bank, term deposits and fixed rate bonds
\$14.7m

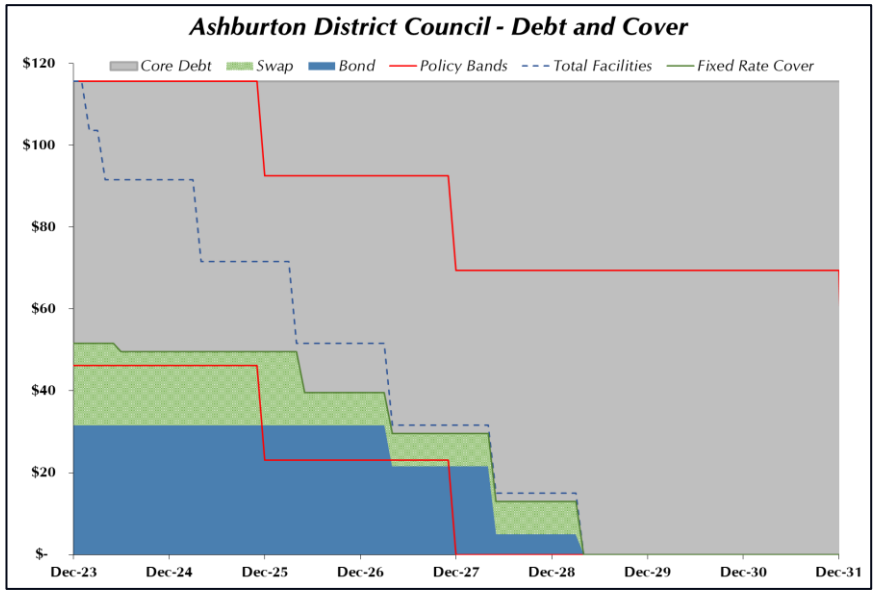
Liquidity Ratio
112.72%
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 31 December
4.64%

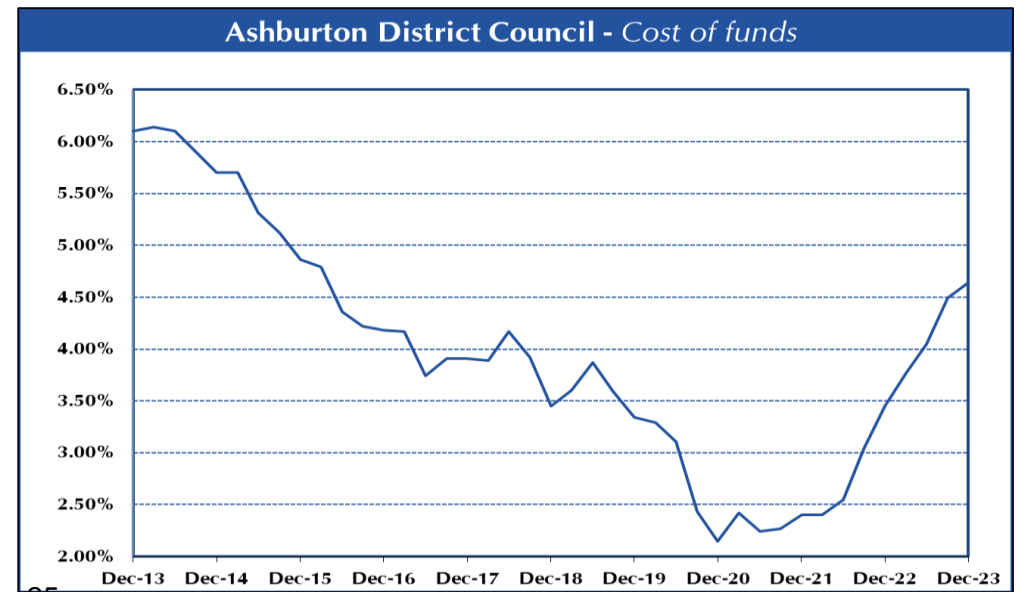
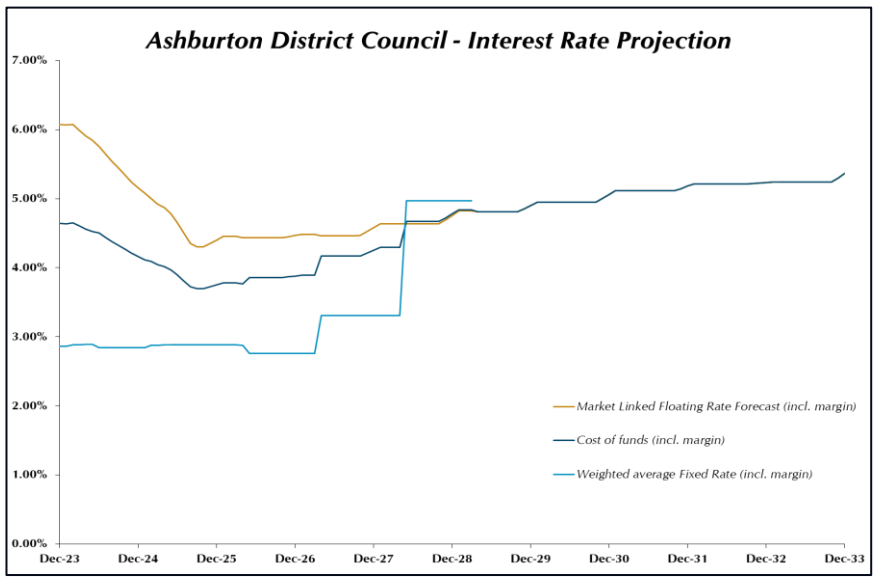
Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within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

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

Interest Rate Risk Management



Current % of Debt Fixed	44.6%
Current % of Debt Floating	55.4%
Value of Fixed Rate (m)	\$51.6
Value of Forward Starting Cover	\$8.0
Value of Floating Rate (m)	\$64.0
Total Facilities In Place	\$115.6



Ashburton DC funding

As at 31 December

Listed below are Ashburton DC’s individual debt tranches as at 31 December incorporating Commercial Paper (“CP”), Floating Rate Notes (“FRN”), and Fixed Rate Bonds (“FRB”). All of which are sourced from the LGFA. These total \$105.6m.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	15-Feb-24	5.78%	N/A	\$12,000,000
LGFA FRN	15-Apr-24	6.26%	0.55%	\$5,000,000
LGFA FRN	15-Apr-24	5.93%	0.22%	\$2,000,000
LGFA FRN	15-Apr-24	5.99%	0.28%	\$5,000,000
LGFA FRN	15-Apr-25	6.08%	0.37%	\$7,000,000
LGFA FRN	15-Apr-25	6.00%	0.29%	\$3,000,000
LGFA FRN	15-Apr-25	6.06%	0.35%	\$5,000,000
LGFA FRN	15-Apr-25	5.97%	0.41%	\$5,000,000
LGFA FRN	15-Apr-26	6.34%	0.63%	\$10,000,000
LGFA FRN	15-Apr-26	6.09%	0.38%	\$5,000,000
LGFA FRN	15-Apr-26	6.31%	0.60%	\$5,000,000
LGFA FRB	15-Apr-27	1.23%	N/A	\$5,000,000
LGFA FRB	15-Apr-27	0.97%	N/A	\$5,000,000
LGFA FRN	15-Apr-27	6.26%	0.55%	\$5,000,000
LGFA FRN	15-Apr-27	6.45%	0.74%	\$5,000,000
LGFA FRB	15-May-28	2.01%	N/A	\$16,600,000
LGFA FRN	20-Apr-29	6.27%	0.60%	\$10,000,000
LGFA FRB	20-Apr-29	5.08%	N/A	\$5,000,000

LGFA Borrowing Rates

As at 31 December

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

Maturity	Margin	FRN (or CP Rate)	FRB
3-month CP	0.15%	5.78%	N/A
6-month CP	0.20%	5.86%	N/A
April 2024	0.29%	5.92%	5.98%
April 2025	0.35%	5.98%	5.78%
April 2026	0.41%	6.04%	5.48%
April 2027	0.51%	6.14%	5.38%
May 2028	0.66%	6.29%	5.39%
April 2029	0.73%	6.36%	5.37%
May 2030	0.77%	6.40%	5.39%
May 2031	0.89%	6.52%	5.51%
April 2033	0.93%	6.56%	5.61%
May 2035	1.02%	6.65%	5.75%
April 2037	1.04%	6.67%	5.86%

Investment Portfolio

As at 31 December

As at 31 December, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$4,000,000 and a market value of \$4,019,502. The makeup of the FIP as at 31 December, including its valuation, is shown in the following table.

Issue	Rating	Maturity Date	Nominal Value	Coupon Rate	Yield	% of Portfolio	Duration	Gross Price
ANZ	A-	17-Sep-26	\$1,000,000	2.99%	6.04%	23.02%	2.57	\$925,383
Westpac	A+	16-Sep-27	\$1,100,000	6.19%	5.79%	27.80%	3.29	\$1,117,380
Kiwibank	AA	19-Oct-27	\$1,000,000	5.73%	4.95%	25.83%	3.37	\$1,038,231
Westpac	A-	14-Feb-29	\$900,000	6.73%	5.95%	23.35%	4.29	\$938,508
Total			\$4,000,000	5.40%	5.67%	100.00%	3.38	\$4,019,502

Disclaimer

IMPORTANT NOTICE

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Audit and Risk Committee

Terms of Reference

Purpose

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

Membership

Membership of the Committee comprises:

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

The quorum is four members.

Meeting Frequency

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

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

Delegations

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

Sphere of business

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

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

Reporting

The Audit & Risk Committee will report to the Council.

Reviewed

21/06/23