



Our reference
F19/13/03-D21/26182

12 September 2024

Audit and Risk Committee Meeting

Notice is hereby given that an Audit and Risk Committee Meeting will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 17 September 2024** beginning at **2.00 pm**.

Timetable for 17 September 2024 as follows:

2.00pm	Audit and Risk Committee Meeting
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Yours faithfully

Sven Hanne
Chief Executive

2024 - Agenda - Audit and Risk - September - Open



12 September 2024 02:00 PM

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AGENDA

Audit and Risk Committee



F22/55/05 – D24/43064

Date: Tuesday 17 September 2024 at 2pm
Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome
 - 1.1 **Opening Karakia**
D21/40748 Page 7
 - 1.2 **Health and Safety Message**
D21/26210 Page 8
2. Apologies
3. Announcements
4. **Declarations of members interest**
Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.
5. **Attendance Schedule**
Page 9

Attendance schedule for Audit and Risk Committee meetings.
6. **Programme of Works**
D21/42807 Page 10

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to July 2025 be received.

/
Moved/Seconded

7. **Confirmation of Minutes**
 - 7.1 **Audit and Risk Committee – 16 July 2024**
D24/38200 Open D24/34064 PE Page 11

Recommendation

THAT the minutes of the Audit and Risk Committee Meeting held on Tuesday 16 July 2024 be confirmed as a true and accurate record.

/
Moved/Seconded

8. [Matters Outstanding](#)
D18/27474 Page 23

Recommendation

THAT the matters outstanding be received.

/
Moved/Seconded

9. [Information Report – Health, Safety and Wellbeing](#)
D24/42629 Page 24

Recommendation

THAT the report be received.

/
Moved/Seconded

10. [Information Report – Audit matter Outstanding – Deloitte Annual Audit](#)
D24/43069 Page 30

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2022/23 Annual Report and/or brought forward as outstanding from previous years audits, and current status.

/
Moved/Seconded

11. [Information Report – Risk Management](#)
D24/43070 Page 35

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any risk events or threats in relation to significant risks on Council's risk register, as part of Council's risk management processes.

/
Moved/Seconded

12. Information Report – Capital Works Programme – Key Projects Update
D24/41408 Page 40

Recommendations

1. THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2024/25 financial year.

_____/_____
Moved/Seconded

13. Correspondence
7.1 LFGA Quarterly Report to Shareholders
7.2 Letter – Proposed changed to the appointed Auditor for Stratford District Council
14. General Business
15. Questions
16. Closing karakia
D21/40748 Page 70



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.



Our reference
F19/13/03-D22/17082

Health and Safety Message

In the event of an emergency, unless guided to an alternative route by staff, please exit through the main entrance. Once outside the building please move towards the War Memorial Centre congregating on the lawn area outside the front of the council building.

If there is an earthquake, please drop, cover and hold where possible. Remain indoors until the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

5. Attendance schedule for 2024 Audit and Risk Committee meetings.

Date	19/03/24	21/05/24	16/07/24	17/09/24	19/11/24
Meeting	A	A	A	A	A
Neil Volzke	✓	✓	✓		
Steve Beck	✓	✓	✓		
Grant Boyde	✓	✓	✓		
Annette Dudley	✓		✓		
Jono Erwood	✓	✓	A		
Ellen Hall	✓	✓	✓		
Amanda Harris					
Vaughan Jones	✓	A	✓		
Min McKay	✓	✓	✓		
John Sandford		A			
Clive Tongaawhikau	✓	✓			
Mathew Watt	✓				
Philip Jones (External Chair)	✓	✓	✓		

Key	
A	Audit and Risk Meeting
D	Meeting deferred
	Non-committee member
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sick
(AV)	Meeting held, or attended by, Audio Visual Link

Audit and Risk Committee - Programme of Works (D21/42807)

	Sep-24	Nov-24	Mar-25	May-25	Jul-25
Standing Items	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status
Annual Items		- Policy Status Review - Final Annual Report 2023/24 - Internal Audit Report (outcomes)	- Annual Plan 2025/26 update - Half Year Financial Report	- Insurance Strategy 2025 - Internal Audit (Plan for 2025, and status report on previous year audit)	- Insurance Renewal 2025/26
One-Off Items	- Risk 32 - Lone Worker - deep dive - Risk Management Policy	- Three Waters service delivery (update, and key risks associated with options under consideration)	- Building Control Authority and IAANZ audit (update)	- Three Waters Delivery update	- Resource Management and Consenting

MINUTES

Audit and Risk Committee



F22/55/05 – D24/38200

Date: Tuesday 16 July 2024 at 2pm
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

Mr P Jones (the Chair), the District Mayor N C Volzke, Councillors: G W Boyde and V R Jones.

In attendance

The Deputy Mayor M McKay (*Part meeting*).

Councillors: S J Beck, E E Hall and A M C Dudley.

The Chief Executive – Mr S Hanne, the Director – Corporate Services – Ms T Radich, the Director – Assets – Mrs V Araba, the Acting Director – Community Services – Mrs E Bishop (*part meeting*), the Committee Secretary – Ms E Coulton, the Services Assets Manager – Mr J Cooper (*part meeting*), the Corporate Accountant – Mrs C Craig, the Projects Manager – Mr S Taylor, the Health and Safety/Emergency Management Advisor – Mr O Konkin (*part meeting*), and the Communications Manager – Ms G Gibson (*part meeting*).

Via Audio/Visual Link – Ms P Thomson and Mr L van der Walt (part meeting)

1. Welcome

The opening karakia was read.

The Chair welcomed the District Mayor, Councillors, staff and the media to the meeting.

The Chair reiterated the health and safety message and emergency procedures.

2. Apologies

An apology was received from Councillor J M S Erwood.

Recommendation

THAT the apologies be received.

VOLZKE/BOYDE
Carried
A&R/24/23

3. Announcements

Recommendation

THAT the tabled report be received.

P JONES/V JONES
Carried
A&R/24/24

4. Declarations of Members Interest

The Chair requested councillors to declare any real or perceived conflicts of interest relating to items on this agenda.

There were no conflicts of interest declared.

At this point in the meeting approval was given to move item 13 forward for discussion due to the availability of the external presenters.

13. Decision Report – Annual Report 2023/24 Administration Matters
D24/33498 Page 72

Recommendations

1. THAT the report be received including any tabled documents.
2. THAT the audited Annual Report 2023/24 for Stratford District Council be adopted no later than 31 December 2024, taking advantage of the extension under the Water Services Acts Repeals Act 2024.
3. THAT the audited Annual Report 2023/24 for Percy Thomson Trust be delivered to Council after the legislative deadline for Council Controlled Organisations of 30 September, but no later than 31 December 2024, in line with Council's Annual Report. A draft Annual Report 2023/24 must be provided to Council by 30 September 2024 and a final audited Annual Report by 30 November.
4. THAT the audit engagement letter and the Audit proposal letter be signed by the Chief Executive and the District Mayor when the negotiation of the fees have been undertaken.

BOYDE/McKAY
Carried
A&R/24/25

Recommended Reason

An extension for the adoption date for both Annual Reports is requested as a one-off for the 2023/24 year only.

The Director – Corporate Services noted:

- The late attachments to the item have been circulated via email on the 12th of July and include the audit proposal letter, the engagement letter and the planning report which have been provided by the auditors.
- This has been classified as a decision report as it contains a resolution to extend the timeline for the adoption of the audited Annual Report for Council and the delivery of the audited Annual Report for Percy Thomson Trust, due to the extension provided by legislation as a result of the Water Services Repeals Act.
- Council are wanting to take advantage of the extension for various reasons including resourcing over the next 5 months, asset revaluation for roading, 3 waters and the delay in the Long Term Plan adoption.
- It is looking likely that the auditing process on these documents will begin in October, in comparison to typical years where the process would begin in late July/early August.

Questions/Points of Clarification:

- The Chairman invited the auditors via audiovisual link to express their thoughts on the three circulated documents.
- Ms Thompson noted that she would like to begin by talking about the audit plan. She noted that page 6 of the audit plan highlights the main areas of focus within the audit process and emphasised that they remain largely unchanged to previous years focuses. However, she noted that there are aspects that are different to what has happened prior. She noted that a prime example of difference for this year is the valuation in assets due to Council recording their assets at fair value in accordance with the standards. An annual assessment needs to be undertaken for the movement and change in fair value on a cyclical basis, council has adopted this cycle as every 3 years. She expressed that this year is big year in terms of the full valuations. The roading valuation together with the 3 waters asset infrastructure valuations will also be undertaken and performed by BECA, she noted that Deloitte are responsible for reading the valuations, having touchpoints with the valuers and assessing the critical assumptions used in the valuations.
- Ms Thompson noted that within the last 2 financial years, there was an emphasis of matter surrounding 3 waters and the changes proposed. She expressed that she is aware that this is due to change again but has highlighted that this will most likely continue to have an emphasis of matter due to requiring clarity around what it will look like going forward.
- Mr. Van Der Walt emphasized that, for key focus areas, the statement of service performance, council's method of non-financial reporting, is crucial for all public sector entities, particularly in an LTP year. He outlined how auditors assess this by sampling what they determine to be key performance measures through a risk assessment process. This includes measures mandated by legislation as well as those decided by councillors. Once the measures are selected, auditors conduct a thorough review to understand the systems and processes behind the reporting. They test and evaluate the data used to ensure its accuracy before finalising their assessment.
- The Chairman noted that within the audit proposal the estimated hours have a large number of hours dedicated to revaluation. He expressed that the number of hours indicatively signalled to be spent on revaluation seems to be excessive, he sought clarification as to what is being planned for the auditing of the revaluation that will take up the estimated hours proposed. Mrs Thompson noted that she appreciates that 50 hours for each revaluation seems like a large number of hours allocated, but clarified that each revaluation has to go through 3 reviews at the auditors and that the 50 hours includes various aspects such as conversations with the valuer.
- The Chairman acknowledged that the work has to be reviewed 3 times as per Deloitte expectations but reiterated that it still seems like a rather large amount of time. Mrs Thompson noted that when creating the audit proposal they checked the proposed number against other councils revaluation hours to make sure it is consistent. It was clarified that the cross referencing of hours spent on revaluation were done on councils of similar size.
- Councillor Jones noted that in the key focus area it states each activity that is being audited, he asked if the committee would be able to receive a breakdown of the hours proposed for each aspect of the activity. Mrs Thompson noted that typically that information is not shared with the wider committee, but is happy to answer any specific questions regarding it. Councillor Jones asked as to why that information is not typically shared. Mrs Thompson noted that it is not just something that can be sent without having a conversation first. The Director – Corporate Services noted that in previous years there has been discussion of similar nature with a PowerPoint provided with a table of the breakdown of hours included, she expressed that this was helpful and maybe this could be explored to be done this year also. Mrs Thompson noted that this is something that can be provided to Mrs Radich and Mr Hanne.
- The Chairman noted that he is struggling with the cost of the audit, particularly for a small council. He noted that the \$250,000 proposed is just under 2% of Stratfords rates. He expressed that council has been asked to cut costs by a number of people and within the auditing space, all the council are seeing no efficiencies and more hours at higher costs than previous years. Mrs Thompson noted that this will be the third year doing SDCs audit and highlighted that within the audit proposal letter, there was a big difference in last years budgeted hours vs actual hours. She expressed that they are trying to keep down the hours as much as possible but due to the added revaluations this does add extra hours not seen last year. Mr Van Der Walt emphasised that these hours are just an estimate and that they do track as they go and he is happy to share this tracking of actual vs estimated as the auditing process goes

along to management. He emphasised that they are always trying to look for efficiencies throughout which is why they engage with management early.

- The Chairman noted that he is aware that Deloitte are wanting to have this discussion with management only but expressed that elected members need to understand it as well as management does. He noted that we are seeing a \$50,000 or 25% increase from the previous year and he is struggling with it. He asked the Chief Executive what happens if the committee do not agree with the fee. The Chief Executive noted that it would come down to the auditor general invoking relevant legislation.
- The Chairman asked if the OAG has signed off on the proposed fee. Mrs Thompson clarified that the OAG is in the process of reviewing the letter to give feedback so it has not been signed off as of yet.
- It was rediscussed as to why elected members are unable to be provided a breakdown of the hours spent on specific aspects of the areas of focus. It was clarified that Mrs Thompson will be able to provide Mrs Radich and Mr Hanne the information requested, but has to check with the OAG that the information can be distributed to the wider committee.
- The Chairman asked the Director – Corporate Services if there was anything else within her report that needed discussion. He noted that if there was nothing else to discuss should the committee consider adding in a fourth recommendation to allow the Chief Executive and the District Mayor to sign and approve the proposal letter when it comes back from the OAG. Agreeance was shared around the table.

Via Audio/Visual Link – Ms P Thomson and Mr L van der Walt left the meeting at 2.40 pm

- It was discussed that whilst audit fees are increasing, this is not an issue unique to Stratford District Council as many other Councils are experiencing the same. Councillor Boyde expressed that he acknowledges this, but when the fees are up 25% and the rates have had to go up 2% to compensate, it is difficult to remain positive.
- Councillor Hall noted that it does not feel like authentic accountability on the auditors part. She noted that they can do what they please and we have to agree to it because legally, we need to be audited. She further expressed that whilst we may raise areas of concern, it feels as if they do not take it into account as seriously as they could.

5. Attendance Schedule

Page 9

The attendance schedule for Audit and Risk Committee meetings was attached.

6. Programme of Works

D21/42807 Page 10

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to September 2025 be received. With amendments.

P JONES/BOYDE

Carried

A&R/24/26

The Director – Corporate Services noted the following:

- The annual report update has been brought forward from September.
- Insurance renewal is currently underway so that needs to be brought forward.
- The internal audit report is to be pushed out to November.
- Reminder that this is the opportunity for any committee members to add something to the programme of works.

Questions/Points of Clarification:

- The Chairman noted that on the programme of works, there is no mention of a risks deep dive into 3 waters. He expressed that due to the potential bill this should be brought to the September meeting. The Chief Executive noted that the elected members will be invited to a workshop in the near future to discuss the options we have in front of us, he expressed that because it is externally controlled he is unsure as to when and what will be brought forward to elected members. He noted that he believes that the risk environment has not changed since the last one. The Chief Executive noted that after the workshop, it is anticipated that multiple reports should be formally brought to elected members that will delve into multiple risks, he also noted that we have committed to the community in the Long Term Plan stating that we will not make any decisions on three waters until we consult with them. The Chairman expressed that he is interested in seeing a report with an extract of the key risks associated with the decision to date and the potential emerging risks that need to be considered.
- The District Mayor suggested that if a report should be provided by the Chief Executive regarding the risk of 3 waters, stranded overheads should be included. Councillor Hall sought clarification as to what stranded overheads are. The Chief Executive noted that each activity has associated costs which create overheads. It was explained that if 3 waters is being removed, we will lose aspects of overheads such as vehicles and staff members, he noted that some costs will be scalable and others will require to be distributed. The District Mayor reiterated this by expressing that a cost without a home, is a stranded overhead.
- Councillor Boyde noted that we are looking at training to take place in October 2025, he asked if this needs to be added to the programme of works. The Director – Corporate Services noted that she already has it recorded.

7. Confirmation of Minutes

- a. **Audit and Risk Committee – 21 May 2024**
D24/12999 Page 11

Recommendation

THAT the minutes of the Audit and Risk Meeting, including the public excluded section, held on Tuesday 21 May 2024 be confirmed as a true and accurate record.

McKAY/VOLZKE
Carried
A&R/24/27

8. Matters Outstanding

D18/27474 Page 18

Recommendation

THAT the matters outstanding be received.

BOYDE/JONES
Carried
A&R/24/28

9. Information Report – Health, Safety and Wellbeing
D24/32420 Page 19

Recommendation

THAT the report be received.

McKAY/JONES
Carried
A&R/24/29

Questions/Points of clarification:

- Councillor Boyde noted that section 4.4 notes incidents in relation to threatening and aggressive behaviour to staff, he highlighted that this is currently a growing widespread issue with increasing incident numbers and asked as to how the Council is mitigating the risk to staff. The Health and Safety/Emergency Management Advisor noted that is a challenging area as we can't eliminate the full risk in terms of the staff's connection to the public within those public facing roles. He noted that we currently provide de-escalation training and a number of other mitigation processes, but struggles to see as to what else can be done at this current time to further decrease the risk.
- Councillor Jones questioned if the Chair is aware of any prosecutions that have been filed on the basis of threatening behaviour to council staff at other councils throughout the country. The Chair clarified that he is only aware of one council where prosecution has been successful but noted that he is aware of multiple trespassing's at multiple councils, including SDC.
- The Chair noted that under section 4.1 contractor incidents and accidents, recent actions undertaken, it notes ongoing site audits. He suggested that it may be beneficial for the number to be listed. The Health and Safety/Emergency Management Advisor noted that the number of site visits conducted are noted in the report in a different section. The Chair expressed that he is aware of this but notes that having it under the recent actions undertaken section of the report will make it stand out and easily accessible. The Health and Safety/Emergency Management Advisor noted this.
- The Chief Executive noted that elected members have expressed that they would like to see a list of emerging risks based off incidents that have appeared in other council spaces within the report.
- Councillor Hall expressed that collaboration on this list may be helpful, to get input from the District Mayor and the Chair as to what they may have seen as well.
- Councillor Boyde asked what D4H training is. The Health and Safety/Emergency Management Advisor clarified that it is the computer software used for Civil Defence operations.

The Health and Safety/Emergency Management Advisor left the meeting at 3.02 pm.

10. Information Report – Risk Management (update)
D24/33297 Page 24

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any risk events or threats in relation to significant risks on Council's risk register, as part of Council's risk management processes.

McKAY/VOLZKE
Carried
A&R/24/30

The Director – Corporate Services noted the following:

- The report indicates Stratford District Council significant risks.
- The report notes a server failure, clarified that the incident was a non-event but is included in the report for future monitoring purposes.
- Typically, an update is provided on government legislation and the impact on local councils but this has not been included in the most recent report. She updated the committee and notified them that the local government review has been abandoned and a number of reviews are being conducted such as the public works act and the building control act.
- We are seeing more work on three waters regionally on shared services and councils have been asked to contribute financially and in terms of resourcing. She noted that this is something we need to be mindful of the risks and benefits associated with it. The Chief Executive clarified that it is not just regional work around three waters, but it is also work around a handful of activities. The Director – Corporate Services noted that NPDC have been driving this regional exploration of shared services and it has been identified as a risk by The Director - Corporate Services.

Questions/Points of Clarification:

- The District Mayor noted some recent changes to policy that affect risk 78, Government Policy Impacting on Local Government. He listed off a number of policy changes that will have major financial implications, Waka Kotahi Emergency Works, Waka Kotahi Minor Works, Waka Kotahi Uneconomic Roads and Waka Kotahi Resilience Following Major Disasters. He expressed that collectively the changes to those policies collate to over \$100 million a year and is something that it is an ongoing worry and suspects that there is more to come.
- The Chairman noted that he has seen discussion on changing how building inspections are being done. The District Mayor noted that whilst the new laws surrounding granny flats may be good for those building them, they are not great for councils due to no longer requiring building consents. The Chairman noted that granny flats have a high capital value, he highlighted that if these are not requiring building consents, how are they being rated?
- The District Mayor noted that this is called a SUIP. He questioned as to how we are identifying SUIP, particularly new SUIPs, he noted that we currently have a system that identifies some but not all. He mentioned that he has seen a growing number of sleepouts, large caravans and other similar non-permanent housing arrangements on people's properties. The District Mayor noted that during his drives through Stratford he has identified five types of these properties and expressed that distinguishing those with sewers from a surface street level can not be done. He noted that we need to consider investigating a system to put in place to identify and define what a SUIP is.
- Councillor Jones expressed that risk 72 notes the mitigation of the risk of elected members and their decision making, he noted that the mitigation of this risk is jeopardised, and the risk factor is increased when elected members have rushed decisions to make and not all the information has been presented to them. Councillor Jones used the pedestrian crossing as an example as to where risk has been heightened within decision making. He also pointed out that the risk is further heightened when officers verbally note the expected outcome of a situation, but the actual physical outcome does not align. This discrepancy can lead to uncertainty about whether the decision was correct due to the potential misjudgement in verbal response.
- The Chief Executive noted that he fully agrees that the shortened processes can create a heightened risk. He noted that before elected members are willing to go into the decision making process it is important that they ask all of the necessary questions. He expressed that if points of conversation are an important part of the decision, it needs to be added into the resolution, as resolutions are the only binding items. The Chief Executive reiterated that the mitigation of the risk comes from asking an adequate number of questions to make an informed decision and adding important governance matters into the resolution.
- Councillor Boyde expressed that he shares Councillor Jones concern surrounding short timeframes for decisions. He noted that elected members do tend to ask a substantial amount of questions but sometimes receive two different answers, he used the pedestrian crossing as an example of this. He highlighted that within the pedestrian crossing decision making process, parameters changed without warning and extra options were added for consideration without consulting elected members in a meeting space. The understanding of the tight timeline was expressed but he noted that the inconsistency in information across the two meetings made it more difficult for elected members to make an informed decision.

- The Chief Executive clarified that the officer genuinely gave elected members the options as to what was on offer and the parameters associated with it based on the information provided by NZTA at that moment in time. SDC contacted NZTA after public consultation to see if any further options could be explored based on the feedback received and they gave extra options and more relaxed parameters. The Chief Executive noted that we were trying to deliver on what was expressed by the community. He also expressed that there was an option to not take the funding due to the timeline being tight, but elected members decided to move forward with the decision making process.
- The District Mayor expressed that initially, SDC were told the pedestrian crossings were to be in between the two roundabouts but changed their plans based on the community feedback. He highlighted that this was a decision from NZTA not the officer. The District Mayor also noted that the extra options were based off the community consultation. He noted that he does not see it as a criticism but sees it as the council listening to the community.

11. Information Report – Procurement Policy Review

D24/33615 Page 37

Recommendations

1. THAT the report be received.
2. THAT the proposed amendments to the Procurement Policy be reviewed by the Committee, with appropriate consideration given to procurement risks.

BOYDE/JONES
Carried
A&R/24/31

Recommended Reason

Feedback by the Committee on the proposals for amendments to the policy will contribute to a final draft policy that will be presented to the Policy and Services Committee in August.

The Director - Corporate Services noted the following:

- This policy was brought to Audit and Risk Committee to place a risk lense over the policy and make sure that any amendments that have been proposed are not exposing the council to any new risks as the policy is identified as a higher risk policy.
- The policy has been presented to a select few staff members for consultation and their views have been collated and placed into a draft updated policy.
- They are wanting feedback from the committee on what they would like added and removed from the draft.

Questions/Points of Clarification:

- The District Mayor expressed that a proposed change within the policy that he likes is the unbundling of contracts to make it easier for local contractors to get council work. He noted that whilst it may be more expensive to have multiple smaller contracts instead of one, it will help grow small businesses and keep the money in the region which are two major positives. The District Mayor also noted that he likes the section of the policy that gives capacity to Māori business, he expressed that it aligns well with some tasks that have come up within the community wellbeing.
- Councillor Beck noted that he too was also excited to read that and it is a great addition to the policy. He expressed that it empowers local business and shows the councils support.
- Councillor Jones noted that it mentions about advertising on the website, he expressed that he likes this idea so people are able to access and see what the council is up to. He questioned as to how many contracts SDC have had that are over \$250,000, due to the fact the financial delegation section states that these should be brought forward to Policy and Services meetings

however, he does not recall any instances where this has happened. The Chairman noted that he has a question to add to this question, he asked as to why there are delegations within this policy as typically these two things are separate as delegations tend to be easier to update than policy.

- The Director – Assets answered Councillor Jones’s question, she noted that all large contracts have been obtained several years ago. She noted that they are placed into the asset report.
- Councillor Jones asked if when the contract gets placed into the report, if it is just the price or if who has won the contract is added as well. The Chief Executive noted because we are transparent to the unsuccessful tenderers on who has won the contract, we are able to put this within our reports.
- The Chairman expressed that his personal preference is that delegations do not belong within a policy. The Chief executive noted that he believes this is not a delegation, he believes that its intention is to provide guidance during the process. The Director – Corporate Services has been tasked to alter the wording within the policy to make this clear.
- The District Mayor noted when looking at this policy from a risk perspective, a substantial risk surrounding procurement is fraud and other similar matters. He noted that when looking at our safeguarding protocols he believes that we have adequate risk protection.
- The Chairman noted that within the policy he did not see a mention of the utilization of a probity auditor, he noted that it should be discussed as to when, what and how a probity auditor should be considered as getting a contract wrong poses a significant risk to council in terms of financials.
- The Chairman noted that something that he believes requires more work is the refining of the definition of the term whole of life costs. The Director – Corporate Services noted that she will refine the definition. The Director – Corporate Services clarified that there is also a procurement manual that sits under the policy.
- Councillor Jones noted that item 12 has a series of xx next to it, he asked if this was meant for elected members to provide feedback on. There was discussion surrounding the dollar value that should be allocated to item 12 and the Chairman noted that his recommendation is to leave it at \$25,000 so it is consistent with the act.

12. Information Report – LTP 2024-34 Debrief
D24/33297 Page 60

Recommendation

THAT the report be received.

McKAY/BOYDE
Carried
A&R/24/32

Recommended Reason

To present to the Audit and Risk Committee an internal assessment of the development of the Long Term Plan 2024-34 and any associated learnings.

The Director – Corporate Services noted the following:

- There have been a lot of improvements since the last debrief in 2021. Despite adopting the LTP a month later, our processes were better throughout the duration of the LTP process.
- The overall goal of the LTP was to make sure that every decision made links back to our community outcomes. She clarified that Iwi did contribute in the creation of the community outcomes but did not have direct input into the LTP.
- The debrief aims to capture the strengths and weaknesses found within the LTP process. She noted that it would be helpful for elected members to provide feedback that can be of use in the next LTP year.

- A weakness indicated within the debrief is that a significant portion of time was allocated to lower priority items and other higher priority items were given less time.

Questions/Points of Clarification:

- Councillor Jones noted that it was a well captured debrief.
- The District Mayor agreed with Councillor Jones as to how well captured the debrief was. He noted that one comment that caught his eye was noted in weakness and it mentioned that there were too many workshops that delved into too much detail and the process was weighed down with focus on low level expenditure. He highlighted that this tends to lead elected members to make rushed decisions on high level expenditure having spent too much time on seemingly trivial activities.
- The Chairman commended council as they did well to only miss the deadline by a small amount of time, he expressed that he knows of a number of councils that have had their dates moved significantly.
- The Chairman identified a risk within the LTP process undertaken by council. He noted that the use of spreadsheets is a risk, he used an example to back this up. He suggested that based on the level of expected change within local government in the next 3 – 6 years, it may be a worthwhile investment to look into new software. The Director - Corporate Services noted that whilst it is good to take a step back and look at the recommendations that are coming through, it is important to highlight that our current spreadsheet system is an asset that has been refined over the years and is free. She expressed that if we were to purchase software there would be an upfront capital cost and an ongoing lease cost, she highlighted that we would be paying a lot more for the same result as auditors have not found a problem with our current system. The Chairman noted that in future if SDC are to continue using the current system, he would like to see an outline as to how we are mitigating the associated risks.
- Councillor Boyde noted that it mentions within the debrief that Diligence files are to be uploaded on the Friday before a meeting/workshop, he was under the impression that it was a Thursday. He also noted that he has had multiple instances where he has received files the day or night before a meeting, he expressed that this makes it hard to make an informed decision. The Director – Corporate Services explained that legislation requires agendas and supporting documents to be provided by Thursday for meetings and Friday at the latest for workshops. She noted that Officers are trying to find a balance of what reports are urgent and need to be tabled and what can be brought up later.
- Councillor Hall noted that whilst she was not a part of the last LTP decision making process where items were discussed based on activity, she enjoyed going through the capital but suggested to mitigate the rushed decisions towards the end and the time allocated to lesser important items, maybe the process should loop back to activities nearing the closing of the process to tie it up.
- The Deputy Mayor noted that when analysing the report from a risk perspective, a risk she identified that should be noted in the report were the multiple meetings that ended at 9/10 pm at night. She expressed that in future LTP discussions this needs to be avoided at all costs as it is unfair and this needs to be highlighted in the report for future reference.
- The Deputy Mayor also noted that within the strengths column business cases for significant expenditure was listed, she expressed that she marginally disagrees with this. She noted that when the business cases were received there was a question of what was the alternative and for a majority, there was none. She reminded elected members of the roading report that was received that was well done, she highlighted that this report had the consequences associated with each level of budget that may be allocated based on elected members decisions. She noted that it would be good to see a tiered system within other business cases like this, as it made allocating budget to roading really easy. The Director – Corporate Services noted that she will add this to the opportunity for improvement within the debrief.

The Deputy Mayor left the meeting at 4.05 pm.

14. Correspondence

7.1 Letter to Stakeholders to Accompany 2024-27 Statement of Intent – LGFA

- The Director - Corporate Services noted that this correspondence is an update on the Statement of Intent from LGFA, forecasting the next 3 years.

7.2 Percy Thomson – Audit Matters

- The Director - Corporate Services noted that this is in response to the request made via the Audit and Risk Committee to the Percy Thomson Trust about auditing matters. She noted that there has been no response received from the Trust as of yet.
- Councillor Hall noted that the Trust has until the 19th of July to provide a response. The Chairman further noted that this is 3 days away.
- Councillor Boyde questioned as to how the response will be circulated once received. The Chief Executive noted that it will be placed in correspondence.
- It was discussed and decided to place this on Matters Outstanding.

18. Resolution to Exclude the Public

Recommendation

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Item No: 19

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:

General subject of each matter to be considered	Reason for passing this resolution to each matter	Grounds under section 48(1) for the passing of this resolution
Insurance Framework and options	The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information <i>and</i> to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, under section 6 and section 7 of the Act - specifically Section 7(2)(b)(ii) and Section 7(2)(h). (Section 48(1)(a) Local Government Official Information and Meetings Act 1987.

BOYDE/P JONES
Carried
 A&R/24/33

19. Public Excluded Item

Recommendation

THAT the open meeting resume.

P JONES/BOYDE
Carried
A&R/24/35

15. General Business

There was no general business.

16. Questions

There were no questions.

17. Closing Karakia
D21/40748 Page 83

The Closing karakia was read.

The meeting closed at 4.52pm.

P Jones
Chairman

Confirmed this 17th day of September 2024.

N C Volzke
District Mayor

**Audit and Risk Committee
Matters Outstanding Index**

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE

INFORMATION REPORT



F22/55/04 – D24/42629

To: Audit and Risk Committee
From: Health and Safety/Emergency Management Advisor
Date: 17 September 2024
Subject: Health, Safety and Wellbeing Report

Recommendation

THAT the report be received.

_____/_____
Moved/Seconded

1. Purpose of Report
 - 1.1 This report presents a summary of two-monthly progress and any highlights for the main areas of activity within for the period to 31 August 2024.
2. Executive Summary
 - 2.1 Two incidents during the period involved a minor injury to a staff member. There were no reported injuries to contractors. A total of 15 incidents were reported in the period.
 - 2.2 Health monitoring will be focused on staff with an identified risk of hazardous substance exposure within their role, namely staff working at the Water Treatment Plant and regular pool lifeguards.
 - 2.3 A review of lone worker safety devices has been undertaken with input from the Health and Safety Committee. They have suggested replacement of devices that will soon become obsolete with vehicle monitoring solutions in the council fleet.
3. Health and Safety Project Work
 - 3.1 Health monitoring has been reviewed to identify roles with higher likelihood of exposure to workplace hazards. Water Treatment Plant and regular pool lifeguard staff will be offered health monitoring. Moving forwards, staff commencing in these roles will have baseline measurements as well as annual monitoring.
 - 3.2 Lone worker safety options have been reviewed with the support of the Health and Safety Committee. The outcome of this review is covered in detail in paragraph 6.
4. Top 5 Health and Safety Risk Focus Areas
 - 4.1 – **Contractor Incidents and Accidents**

Risk Profile

Much of SDC's higher risk profile work is undertaken by contractors. SDC has a duty to protect the health and safety of contractors and subcontractors, as well as the public, under the Health and Safety at Work Act.

Incidents during the period – 1

Recent Actions Undertaken

 - Ongoing site audits – 1 undertaken during this period for contractor undertaking building maintenance. No issues of concern.
 - Contractor Task Analysis form updated.

Upcoming Actions

- Review of Contractor Handbook

4.2 – Water and Wastewater Treatment Plants

Risk Profile

Both of these facilities are multi-hazard areas, with significant physical, chemical and biological hazards. Incidents and injuries are low due to robust control mechanisms and processes.

Incidents during the period – 0

4.3 – Public Safety at Wai o Rua – Stratford Aquatic Centre

Risk Profile

The large numbers of people using the facility, particularly young children, poses a risk of falls, other minor injuries and drowning incidents.

Incidents during the period – 5

Recent Actions Undertaken

- Facility lockdown process created
- Review of chemical handling process for pool chlorination

4.4 – Threatening and Aggressive Behaviour to Staff

Risk Profile

Incidents of threatening behaviour and violence towards front-line staff are rising across most industries, particularly public service staff. As well as direct physical threats, this behaviour has a damaging effect on staff wellbeing.

Incidents during the period – 2

Recent Actions Undertaken

- Lockdown drill for Admin Building and Library

Upcoming Actions

- Review of lone worker device provision for staff

4.5 – Vehicles and Driving

Risk Profile

SDC staff are frequently out in the community and vehicles are considered a part of the workplace when they are. Driving injuries and deaths are a hazard as a result. SDC staff driver behaviour is also a risk for organisational public relations.

Incidents during the period – 3

Recent Actions Undertaken

- Ongoing monthly monitoring of vehicle condition and maintenance
- Review of vehicle monitoring options as part of upcoming review into lone worker solutions

5. Health and Safety Issues Affecting Other Councils

- 5.1 A coroner's court ruling found that the 2020 death of a 2 year old toddler by drowning at a Napier aquatic centre was due to a lack of supervision by family members. Pool lifeguards had noted the child unsupervised entering a deeper pool twice and returned him to his family. However, he later returned to the deeper pool unobserved and was found unresponsive. The coroner noted that pool staff had acted appropriately and that they should not be expected to replace active adult supervision. Amongst other responses to the incident, the pool had introduced a policy of removing children from the pool if their family needs to be warned repeatedly about supervision.
- 5.2 This finding reinforces the importance of the supervision policy at Wai o Rua – Stratford Aquatic Centre, clear signage and lifeguards reinforcing responsibilities with parents and guardians.

6. Lone Worker Safety Devices

- 6.1 Clause 21 of the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016 identifies the responsibility of PCBUs to minimise risks to the health and safety of workers undertaking remote or isolated work by providing a system of work that includes effective communication with the worker.
- 6.2 Since July 2022, SDC has had a system of lone worker safety devices in place monitored by Direct Safety consisting of
- 14 pendant style devices connected to the 3G network
 - 4 G7C devices connected to the 4G network
 - 1 G7X device capable of connecting to the 4G and satellite network
 - 3 building "silent alarms" at Wai o Rua, Stratford Library and the Customer Service Centre, connected to the 3G network
- 6.3 When the 3G network is decommissioned in 2025, the pendant and silent alarm devices will no longer work. They cannot be upgraded and will need to be replaced at cost to council to continue with current system. The current contract with Direct Safety ends in February 2025.
- 6.4 Usage of the current devices has been low. Issues that have been identified as barriers to usage include remembering to carry the devices and repeated false alarms caused by check-in functions that require staff to press a button every hour and fall detection. Usage has not improved significantly after Direct Safety were asked to turn off or turn down the sensitivity of these functions. Usage of the G7C devices by the 3 Waters team is higher.
- 6.5 There have been no occasions since implementation where the pendant or G7C devices have been used to summon help. The silent alarm at the library has been pressed on one occasion. The call centre operator spoke through the alarm, which is not part of the response protocol, and this possibly exacerbated the situation. This was addressed with the monitoring company at the time.
- 6.6 It is not standard practice for a council facility to be open to the public with only one member of staff present and also uncommon for staff to be working alone in isolated parts of facilities for prolonged periods. Lone working within the terms of the Health and Safety at Work Regulations is not an issue in this situation, but there is still potential risk connected to the behaviour of people attending the facility. 3 Waters staff are more likely to be working alone at water and wastewater treatment facilities and have a higher use rate of the devices.
- 6.7 In almost all situations where SDC staff are working alone outside our facilities, they have either travelled on foot within Stratford, where there is good cellphone coverage, or travelled to the location in an SDC vehicle. At present, there is no speed, location or dashcam monitoring in any SDC vehicles. In the past 6 months there have been 3 incidents of vehicle damage, 2 incidents of other road users complaining about a council car and 2 incidents of council staff reporting near misses related to the driving of other road users. In these incidents, having monitoring in the vehicles would have helped with the investigation.

- 6.8 Lone worker safety has been discussed by the Health and Safety Committee at 2 recent meetings. The committee suggested fitting location, speed and dashcam tracking to all council vehicles, retaining the current G7 type devices and replacing the building silent alarms. This would enable SDC to monitor the location of lone workers via the vehicles and staff could maintain contact via cellphones. The 3 Waters team would retain 3 of the G7 type devices, leaving 2 spare for other staff visiting remote locations with poor cellphone coverage.
- 6.9 Following incident 2, described in paragraph 7, the Health and Safety Advisor is exploring options for silent building alarms with a local security guard response as a possible alternative.

7. Health and Safety Incidents and Responses

1 May 2024- 30 June 2024

	Period 1 July 2024- 31 August 2024		Equivalent Period 1 July 2023 – 31 August 2023	Change From Equivalent Period Last Year
	Pool/Other			
Events	5	10	24	-9
<i>Of which:</i>				
Injury(to our staff/ Contractor)	6	(2)	6	-
Near Miss	1		3	-2
Incident	7		15	-8
Illness	1		0	+1

	Period 1 May 2024- 30 June 2024
Type of Incident	
Slips/Trips/Falls	1
Sprains/Strains	1
Cuts/Abrasions/ Bleeding nose	4
Bruising	1
Pool Rescue	1
Aggressive/Abusive Customer	2
Trespass	1
Vehicle Damage	1
Non-compliance of process	1
Plant/Building/Equipment	0
Other	5
Level of Treatment	
First Aid	5
Medical/Hospital	0
Level of Investigation	
No/Standard Investigation	15
Formal Investigation	0
Worksafe Investigation	0

- 7.1 The number of events reported was slightly lower than the corresponding period in the previous year. There have been 3 further traffic related incidents, 2 involving hazardous driving by members of the public around council vehicles and another involving minor reversing damage to a vehicle.

Incident 1

Incident type: Chemical Spill

Investigation & event details: A member of aquatic centre staff spilled a small amount of sodium hypochlorite onto the leg of another staff member while carrying it through the pool area to dose pool following contamination incident. The spillage was washed off immediately and no injury occurred. Investigation identified that the staff member had been carrying additional items as well as the sodium hypochlorite, which was in an open container, and had been trying to pass the items to the other staff member when the incident occurred.

Specific outcome: The process for transferring sodium hypochlorite to respond to contamination incidents was reviewed with staff and altered so that sodium hypochlorite is now decanted into a closed container in the plant room and carried alone to the point of use, with another staff member asking members of the public to move clear if the facility is busy.

Incident 2

Incident type: Aggressive Customer

Investigation & event details: A member of the public who appeared unwell entered the library and was disruptive and verbally abusive to library staff. There did not appear to be a trigger to the behaviour. Library staff de-escalated the situation but felt that police support would be needed to ask the person to leave the library. There was a delay of over an hour before response and the person had left the facility before the police arrived.

Specific outcome: Situation successfully de-escalated by library staff. Member of the public has since been charged by police related to the incident and bail conditions include stipulation not to return to library.

8. Health and Wellbeing

	Period 1 July 2024 – 31 August 2024
Health and Wellbeing	
Workstation Assessments	5
EAP Referrals	0
Health Monitoring Assessments	0
Health and Safety Committee Meeting	1
Site Reviews	1

- 8.1 There have been no EAP requests reported in the portal for the period.
- 8.2 Workstation assessments identified ergonomic modifications required for 2 members of staff.
- 8.3 Hepatitis A&B immunisation has been offered to all Wai o Rua – Stratford Aquatic Centre lifeguard and swim school staff in accordance with their elevated risk profile. Interested staff will be provided with immunisation by an occupational health provider.

9. Civil Defence

- 9.1 An audit of the Emergency Operations Centre at the War Memorial Centre was undertaken in August.
- 9.2 A contingency plan for Rapid Building Assessment in the event of an emergency has been created together with kits to support the completion of assessments.

- 9.3 Emergency Management Function training has been ongoing over the last two months, covering Public Information Management and Logistics. Welfare training is due in the next fortnight.



O Konkin
Health and Safety/Emergency Management Advisor



[Approved by]
Sven Hanne
Chief Executive

Date 9 September 2024

INFORMATION REPORT



F22/55/04 – D24/43069

To: Audit and Risk Committee
From: Audit and Risk Advisor
Date: 17 September 2024
Subject: Audit Matters Outstanding – Deloitte Annual Audit

Recommendation

THAT the report be received.

Recommended Reason

This report informs the Committee of the issues identified in the final Deloitte Audit Management Report for the 2022/23 Annual Report and/or brought forward as outstanding from previous years audits, and current status.

/_____
Moved/Seconded

1. Purpose of Report
 - 1.1 To provide an update to the Committee of council’s response to auditor recommendations, that were identified as audit of the Annual Report 2022/23, and outstanding actions from previous year’s audits.

2. Executive Summary
 - 2.1 The final audit report for the year ended 30 June 2023, was provided from Deloitte on 6 October 2023, and presented to this Committee on 21 November 2023. Although council received an unmodified (‘clean’) audit opinion, auditors provided insights (recommendations) for the areas of public sector procedures, non-financial performance measures, and the Percy Thomson Trust. Auditors also highlighted some control deficiencies.
 - 2.2 This report is in line with the Audit and Risk Committee’s Terms of Reference which includes a responsibility *“To review the external audit findings and the annual financial statements and report back to the Council”*.
 - 2.3 Of the three audit recommendations, one is complete, and the other two are a work in progress. There are still several overdue policies under review, and a policy update report will be brought to the November Audit and Risk Committee meeting.
 - 2.4 The Percy Thomson Trust has not officially responded to the letter from Council. A standing agenda item for Investments has been added to the agenda, and on the surface this covers the audit recommendation. Minutes show that Trustees have enquired about investment performance. The Chairman has informed the Trust that the value of properties has decreased, and that further information will be provided in the Annual Report 2023/24.
 - 2.5 Note – the audit of the Annual Report 2023/24 has been delayed until later in the year. As yet, no timeframes have been finalised. Staff have started preparing the Annual Report, but as at September no draft information is available to be presented to the Committee.

The roading asset revaluation is complete and entered, but the three waters asset revaluation has not been reviewed and entered yet as staff are still working through the asset capitalisation process.

Non-financial performance measure outcomes are yet to be collated.

There is a risk, albeit low, that the timeframe for the adoption of the Annual Report 2023/24, by the extended deadline of 31 December 2024, will not be met.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:			Affects all four wellbeings in some way.
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

4. Background

- 4.1 Deloitte issued an unmodified audit opinion for the year ended 30 June 2023. In conjunction with the audit opinion, Deloitte issued a final audit report setting out the specific areas of audit focus, the audit findings, and highlighting areas where improvements could be made – refer **Appendix 2** for the full report.
- 4.2 The auditor recommendations from the audit report have been summarised in **Appendix 1**, with an update on current status and timeframe for resolution where relevant.
- 4.3 With regards to public sector procedures, auditors recommended that policies are reviewed every three years after identifying that the Procurement Policy, Anti-Fraud and Corruption Policy, and Presentations to Elected Members and Staff Policy were outside of their review cycle.
- 4.4 With regards to non-financial performance measures, auditors recommended that the manual approach to reporting against the resource consent performance measures heightened the risk of error and should be automated. This has now been actioned.
- 4.5 Auditors also noted that the financial investments owned by the Percy Thomson Trust were not being recorded at fair value, instead they were recorded at cost, which was inconsistent with the financial reporting standards. Additionally, auditors recommended that the Investments Policy be independently reviewed and monitoring of the investments occurred regularly by the trustees. This recommendation has not been addressed.
- 4.6 Auditors also commented on the existing purchase order process being insufficient, however all invoices are approved through one-up approval process. Council plans to implement procure to pay software in the next financial year.

5. Information Summary

- 5.1 Refer to **Appendix 1** for the Deloitte Audit Report for the year ended 30 June 2023.

6. Strategic Alignment

6.1 **Direction**

The Annual Report is a statutory requirement and must include an independent audit report. It is largely reporting historical information, whereas the Annual Plan and Long

Term Plan are forward looking and direction setting. However, recommendations may have an element of setting direction for future improvements.

6.2 **Annual Plan and Long Term Plan**

Direct alignment with both of these documents. The Annual Report is reporting on compliance with the Annual Plan and Long Term Plan budgets and measures set.

6.3 **District Plan**

Not applicable

6.4 **Legal Implications**

Not applicable

6.5 **Policy Implications**

The Annual Report may report against compliance with Council policy. Additionally, auditors recommended that policies be reviewed in a more timely manner.

Attachments:

Appendix 1 – Outstanding Recommendations / Actions and Status



Tiffany Radich
Audit and Risk Advisor



[Approved by]
Sven Hanne
Chief Executive

Date: 10 September 2024

Appendix 1

Audit Recommendation	Current status	Staff Comments	Timeframe
<p>Resource Consent Reporting Measure During testing of the resource consent service reporting measures it was identified there was currently no system report able to be generated to outline all resource consents issued in a period, and the timeframe in which they were issued. Deloitte recommends there is a process in place to ensure there is a check for completeness and accuracy of data, and evidence is obtained to show how results were determined.</p>	<p>In progress</p>	<p>A report script within Authority has been developed to allow for more accurate reporting of the measure directly from Authority. This will remove the manual calculation performed at month end by the team for each consent issued in the period and the time in which it was issued.</p>	<p>Complete</p>
<p>Timely Review of Policies The Human Resources Policy was due to be updated in April 2022 but by December 2022 it was still under review. Policies which are not reviewed and updated regularly may result in the policy not reflecting the changing circumstances and environment. Deloitte recommends that policies are reviewed on a timely basis.</p>	<p>In progress</p>	<p>Policies are generally reviewed every three years, or earlier if there are changes that require the policy to be updated, e.g. legislative or environmental expectations. The Human Resources Policy is under review.</p> <p>Currently, there are a number of Council internal and external policies that are overdue for review.</p> <p>Of the policies specifically mentioned by auditors in their audit report: The amended Elected Members Expenses Policy was adopted by Council in June 2024. The amended Anti-Fraud and Corruption Policy was adopted by Council in April 2024. The Procurement Policy was workshopped with the Audit and Risk Committee and feedback will be incorporated into an amended policy to be considered by the Policy and Services Committee in September.</p>	<p>November 2024</p>

Audit Recommendation	Current status	Staff Comments	Timeframe
<p>Monitoring of Investments of the Percy Thomson Trust</p> <p>Deloitte noted that there is no discussion held over the monitoring of the performance of the investments not is there documented discussions regarding the compliance with the Trust’s investment policy. The policy has no control on the monitoring of the investments. Deloitte recommends that the trust have a control in the policy for monitoring the investments against the trusts objectives and for diversification of investments. This should be minuted, and compliance monitored regularly at trust meetings.</p>	<p>In progress</p>	<p>A review of the Trust’s Investment Policy was to be undertaken in 2022/23, however this has not occurred.</p> <p>A fund manager from Craig’s Investment was to review both the Trust’s investment policy and investments, and create a portfolio for the Trust but this has not been actioned either.</p> <p>A permanent agenda item for investment performance has been added to the Committee’s standing agenda items. However it does not appear that there is any substance to this agenda item and investment performance is not being reported on to the Trust.</p>	<p>TBC</p>

INFORMATION REPORT



F22/55/04 – D24/43070

To: Audit and Risk Committee
 From: Audit and Risk Advisor
 Date: 17 September 2024
 Subject: Risk Management

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any risk events or threats in relation to significant risks on Council’s risk register, as part of Council’s risk management processes.

Moved/Seconded

1. Purpose of Report

1.1 As above, and to provide a high-level update on Council risk, with a particular focus on the Significant Risks Register (*Appendix 1*), and in accordance with Council’s Risk Management Policy.

2. Executive Summary

2.1 The Audit and Risk Committee Terms of Reference provides that the Committee has responsibility to “...review and recommend and support management to proactively manage all aspects of risk and quality that the organisation has identified. To monitor and review risk and make recommendations to Council where necessary to minimise the likelihood or impact of a risk event.”

2.2 In terms of specific risks requiring active management since the July Audit and Risk Committee meeting, a potential event, in relation to the approval of a consent to subdivide land, is being challenged and staff are actively working through this.

2.3 There have been no new risks identified by staff that need to be added to the Risk Register.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Affects all four well-beings in some way.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

- 3.1 Risk Management is about managing risk exposure for all areas of Council operations and therefore indirectly meets the purpose of all four well-beings.

4. Background

- 4.1 The Council maintains a full risk register, which now has 98 organisational risks. Of these, the most significant risks in terms of likelihood and consequence are monitored by the Audit and Risk Committee, via the Significant Risks Register. This report includes any incidents, events, and/or threats in relation to risks on the Significant Risks Register.

- 4.2 The risk register includes a description of the risk and provides an evaluation of the risk in terms of likelihood and consequence without any controls in place. Controls (risk reduction methods and mitigations) have been established for each risk, and then the risk is re-evaluated to get a residual risk score. In terms of what constitutes a significant risk, the raw risk score is taken into account rather than the residual risk as it is important that the senior leadership team and the Audit and Risk Committee regularly monitor that the controls in place are appropriate and effective.

5. Information Summary

5.1 **Significant Risk Events - Update**

Professional Liability Event

Council is currently responding to allegations regarding a historic professional liability event. This is a legal matter and Elected members will receive updates as and when appropriate.

IT Server Outage

Intermittent server issues affected access to systems and some downtime for some users. It is believed that these issues are mostly resolved now.

The global IT outage did not impact Council systems.

Insurance Renewal 2023/24

Council has moved its Public Liability Insurance from Marsh to AON as of 1 August 2024 due to cost.

Aon has now confirmed the LAPP premiums (insurance covering underground three waters infrastructure) for 2024/25, of \$84,942, a 21% increase on the previous years' premiums of \$70,377. This is based on an insured asset value of \$116,616,117.

Water Reforms

Due to the recent extensive 3 waters workshop that fully covered the legislative background and progress of water reforms, the potential impact on Stratford District Council and the upcoming decision making process, no further information on this matter is included in this report.

Government Policy impacting Local Government

The change in government has seen a significant shift in focus regarding the allocation of FAR subsidies. Council has just received notice of the remaining elements of its annual funding allocation. Officers will report back to elected members once they have completed and analysis of the budgetary and programme implications of these funding decisions.

6. Strategic Alignment

6.1 **Direction**

N/A

6.2 **Annual Plan and Long Term Plan**

N/A

6.3 **District Plan**

N/A

6.4 **Legal Implications**

N/A

6.5 **Policy Implications**

This report is in line with the Risk Management Policy.

Attachments:

Appendix 1 Significant Risks Register



Tiffany Radich
Audit and Risk Advisor



[Approved by]
Sven Hanne
Chief Executive

Date 10 September 2024

2024 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management

Stratford District Council - Significant Risks Register

This report presents the most significant risks to Council in terms of likelihood and impact at any given time.

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	20 Extreme	Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and gov policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships.	20 Extreme
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	4 High
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
71	Operational	Critical Asset Failure	IF a critical asset (water treatment plants, stormwater, wastewater, reticulation, roading) failed, THEN unexpected financial burden may arise and there could be significant disadvantage and risk to the community.	15 Very High	Conduct 2 yearly Asset Criticality Review. Ensure there are established Civil Defence Emergency Management response procedures in relation to fixing critical assets in an emergency event. Management practices and staff training, retention to ensure appropriate skill level in critical asset maintenance.	4 High
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup - backups encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate
32	Health, Safety, and Wellbeing	Lone Worker	IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.	12 Very High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data/knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.	3 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate

2024 - Agenda - Audit and Risk - September - Open - Information Report – Risk Management

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Information related to decision making should be given to elected members in a timely manner. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High
31	Health, Safety, and Wellbeing	Abusive Customers	IF council staff and/or representatives are exposed to abuse from the public during, or as a result of their association with council, THEN this could impact on staff safety and council's responsibility to ensure the safety of staff.	12 - Very High	Staff have personal alert alarms if in danger, customer service training and policies on how to deal with situations so they do not escalate. Security cameras in place. Fob access required to access staff office area. Mayor's office is secured by glass entry way.	4 High
74	Financial	Inadequate financial provision to fund asset replacement	IF there is inadequate financial provision in reserves to fund the replacement of assets, THEN the Council may have to borrow more than expected, or asset replacement may need to be delayed which may affect service level performance.	12 - Very High	Ensure annual depreciation is based on accurate fixed asset values (replacement cost) and accurate useful lives. Assets should not, unless necessary, be replaced before the end of their useful life.	2 Moderate
9	Compliance and Legislation	LTP/Annual Plan	IF LTP/Annual Plan is not adopted by 30 June (updated to 31 July for 2024) THEN council rates setting is compromised, statutory breach reported to Minister, there is no mandate for service delivery, additional audit scrutiny, and uncertainty around future service provision for the community.	12 - Very High	Set a timetable to ensure statutory deadline is met. Good project management. Good quality data is provided. Keep abreast of possible changes to legislation and plan accordingly. Good communication to all staff and liaison with Audit NZ.	8 High
92	Reputational and Conduct	Community Engagement	IF Council does not engage with the community in line with its Significance and Engagement Policy and the requirements of sections 76-82 of the Local Government Act 2002, THEN Council decisions will lack a community mandate, may not be fit for purpose, and may be scrutinised and subject to legal challenge.	12 - Very High	Prepare engagement strategy and communication plans for major decisions. An engagement strategy for the LTP is a must. Targeted engagement should be considered where decisions affect particular groups or individuals disproportionately.	4 High

INFORMATION REPORT



F22/55/04 – D24/41408

To: Audit and Risk Committee
 From: Projects Manager
 Date: 17 September 2024
 Subject: Capital Works Programme – Key Projects Update – September 2024

Recommendations

1. THAT the report be received.

Recommended Reason

To present an update on the progress of our key capital projects in the 2024/25 financial year.

 Moved/Seconded

1. Purpose of Report
 - 1.1 The purpose of this report is to provide the Audit and Risk Committee with an update on the progress of key capital projects in the 2024/25 financial year.
 - 1.2 The intent is to track these projects and provide confidence both to the Council and ratepayers that the capital works programme will be delivered as indicated in the 2024-34 Long Term Plan (LTP).
2. Executive Summary
 - 2.1 For the 2024/25 financial year, Council approved the delivery of a total capital budget of \$18,515,851. This is comprised from \$16,085,851 in council funding (including NZTA subsidy) and \$2,430,000 in grant funding (including Better Off Funding).
 - 2.2 To assess the feasibility of delivering the capital works programme and the implications if a project does not proceed, Officers have conducted a risk assessment for each project, evaluating the likelihood of non-completion and the potential consequences. This risk assessment for each project can be found in **Appendix 1**.
 - 2.3 The risk assessment of each project, based on the likelihood of non-proceeding and the potential consequences, indicates that 78% of the projects are classified as low to moderate risk, while 8% fall into the high to very high-risk category.
 - 2.4 High to very-high risk projects include:
 - Prospero Place Development – delay with purchasing of land.
 - TET Multisports Centre – works subject to building consent conditions.
 - Flint Road Subdivision – Wetland identification and hydrological assessment for future resource consent conditions.
 - Various Roothing Projects (low cost/low risk roads, walking and cycling, and seal extension) – subject to NZTA budget approval.
 - Midhirst Resource Consent – Application for the renewal of the resource consent.
 - Stratford Grit Tanks – replacement before failure of end-of-life infrastructure .
 - 2.5 Council plans to fully spend the capital works project as shown in **Appendix 1**, subject to:
 - Securing grant funding that is proposed to undertake the assigned projects.
 - The early acquisition of land for the development of Prospero Place.
 - Early resolution to hydrological issues at the Council owned subdivision.
 - Fully replacing all unforeseen infrastructure failures as required in the programme.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:			
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

3.1 Good risk management and regular monitoring supports the Council's social, economic, environmental, and cultural outcomes.

4. Information Summary

4.1 Council has approved the delivery of a total capital budget of \$18,515,851 for the 2024/25 financial year. This is comprised from \$16,085,851 in council funding (including NZTA subsidy) and \$2,430,000 in grant funding (including Better Off Funding).

4.2 **Appendix 1** shows all Year 1 capital projects for the 2024/25 financial year.

4.3 Officers have performed a risk assessment for each project, using the risk matrix shown in **Figure 1**, to identify the following:

- Likelihood of the project not proceeding, and
- Consequences if the project does not proceed.

		<i>Consequences if project does not proceed</i>				
		Minor	Important	Serious	Major	Catastrophic
<i>Likelihood of not proceeding</i>	Almost Certain	2: Moderate	5: High	7: High	20: Extreme	25: Extreme
	Likely	2: Moderate	4: Moderate	6: High	16: Very High	20: Extreme
	Possible	1: Low	3: Moderate	4: High	12: Very High	15: Very High
	Unlikely	1: Low	2: Moderate	3: Moderate	8: High	10: Very High
	Rare	1: Low	1: Low	1: Low	4: Moderate	5: High

Figure 1: Risk scoring matrix

4.4 The risk assessment shows:

- 35% (28 projects) are considered as low risk.
- 43% (34 projects) are considered as moderate risk.
- 5% (4 projects) are considered as high risk.
- 3% (2 projects) are considered as very high risk.

This risk assessment for each project can be found in **Appendix 1**.

4.5 Council plans to fully spend the capital works project as shown in **Appendix 1**, subject to:

- Securing grant funding that is proposed to undertake the following projects:
 - Skate Park concrete re-surfacing at Victoria Park.
 - Lighting and power box in Rhododendron Dell, King Edward Park.
 - Pilates reformers, mirrors, at total bars at Wai o Rua
- The early acquisition of land for the development of Prospero Place (See Key Project Updates).
- Early resolution to hydrological issues at the Council owned subdivision (See Key Project Updates).
- Fully replacing all unforeseen infrastructure failures as required in the programme.

5. Key Project Updates

Completed Projects:

5.1 Septic Tank Replacement Whangamomona Campground (Appendix 1, Project Number 25)

Current Action:

The installation process was expedited due to the discovery of the existing septic tank had collapsed, the soak field had failed, and effluent was draining to the nearby waterway, causing health and safety concerns. Emergency work provisions of the Resource Management Act was activated to install the new septic tank. Officers are now collating all required documents to apply for a Certificate of Acceptance.

A Resource Consent has been issued retrospectively and conditions require ongoing management, including:

- Fencing around the effluent field to deter stock, people and vehicles entering this area.
- Planting within the fenced area with riparian planting
- Carrying out maintenance on the Septic Tank and associated pipe work every 12 months and report to Iwi.
- Inspection of Septic Tank, associated pipe works, and effluent field every three years to ensure integrity and performance and report to Iwi.
- Sample the discharge in January 2025, 2027 and 2029 to confirm the effluent quality is being met.
- Empty the buffer tank within two weeks prior to each Republic Day and any other high occupancy periods.

Background:

The septic tank at the Whangamomona Campgrounds was originally installed over 60 years ago when the grounds was a school. It has reached the end of its life and is needing to be replaced. A concept design was developed exploring options for the replacement. After consultation with specialists in wastewater management and resource consenting, a design was developed and installed in July and August 2024.

5.2 Spin Bikes (32)

Current Action:

Spin bikes purchased and installed at the Wai o Rua in August 2024.

Background:

Council was successful in funding from the TOI foundation for the replacement of all spin bikes at Wai o Rua.

The supply of Spin bikes allow Wai o Rua to continue to offer varied exercise classes that cater for the community needs and provide an external income stream.

Projects in Progress:

5.3 Prospero Place Development (2)

Current Action:

A Request for Proposal (RFP) is currently out to market for the design of the space. A workshop will be arranged with Elected Members and Key Stakeholders to discuss key aspects before detailed design is undertaken.

Risk Assessment:

This project is considered a high risk, as shown in **Appendix 1**. Once land purchase is completed, the approved detailed design can be implemented.

Background:

The design of Prospero Place is subject to the purchase of land adjacent to Paper Plus. Negotiations are still ongoing subject to the following building consent conditions being met:

- Steel columns installed to support the wall of the building at 243 Broadway (Paper Plus).
- Sealing of the wall of the building at 243 Broadway (Paper Plus).

5.4 TET Multisports Centre infrastructure renewals (3)

Current Action:

The contractor is waiting for the head unit of the automatic front door to arrive from Australia. It is anticipated that the unit will arrive in September/October 2024.

Officers are also investigating security systems for public and contractor access to the building (i.e. key, fob, swipe card, or app).

Risk Assessment:

This project is considered a high risk, as shown in **Appendix 1**, due to the works being subject to building consent conditions.

Background:

Two concerns regarding the TET Multisports Centre has been identified:

- Security access into the building – The front doors are not secure. These doors are often jimmied opened after hours, causing security call outs.
- Fire compliance issues - Fire and Emergency New Zealand identified issues during an audit of the TET Multisports Centre, including:
 - Smoke stop doors to the restaurant are being wedged open.
 - No suitable fire emergency access at the rear of the building.
 - Unsuitable emergency lighting and signage.

A building consent has been lodged to remedy these concerns and make the building compliant for public use.

5.5 Flint Road Subdivision (42)

Current Action:

The concept plan is being finalised, taking into account the identified wetland area. Once completed, a hydrological assessment to Taranaki Regional Council requirements will be undertaken to finalise design.

Risk Assessment:

This project is considered a very high risk, as shown in **Appendix 1**, due to the works being subject to meeting future resource consent conditions.

Background:

Council purchased the property of 39/41 Flint Road to extend the subdivision at Midsummer Avenue to Flint Road. This will provide resilience to our roading network by providing another access to Flint Road.

5.6 Low-cost/Low- risk Roads (46), Walking and Cycling (47), and Seal Extensions (48)

Current Action:

This budget (\$3.15 M) is likely to change when NZTA finalise the allocated subsidy. NZTA subsidise Council's Roading budget by 63%. Confirmation is due in September 2024.

Risk Assessment:

This project is considered a high risk, as shown in **Appendix 1**, due to funding.

5.7 Midhirst Consent Conditions

Current Action:

Officers are waiting on a response from Iwi to then proceed with the renewal of the resource consent.

Risk Assessment:

This project is considered a very high risk, as shown in **Appendix 1**, due to the expiry of the current resource consent. Officers are liaising with TRC on progress.

5.8 Universal Water Metering (74)

Current Action:

The contractor responsible for this work has informed the Council that their company is on the verge of going into liquidation. Council officers are awaiting confirmation from the liquidators and are exploring available options to proceed with the project. Council is not listed as a creditor in this process.

Council is likely to re-tender the project as per Council's Procurement Policy. Currently, the project is 12% complete with 158 manifolds installed, with an original completion date of April 2025. This date is anticipated to be extended as a result of the re-tendering process.

Background:

The Council is currently replacing water tobies with manifolds in Stratford, which will allow the installation of electronic water meters.

5.9 Stratford Grit Tanks (77)

Current Action:

Detailed design for the grit tanks and the raw water delivery line is currently underway with an approach to the market for construction planned for January 2025.

Risk Assessment:

This project is considered a high risk, as shown in **Appendix 1**. Officers are working with the design team to ensure this this delivered on time.

The grit tanks and delivery line are currently functioning, so no water supply issues are anticipated. The council has a three-day water storage reserve in case of supply disruption, and emergency plans are in place in the event of a failure in the delivery line or grit tanks.

This project is split over two years, with the first year funded through the Better off Funding package. Any delays in the project will mean the project can be carried over to the 2025/26 financial year.

Background:

The Stratford Grit Tanks project is projected to be constructed over two financial years. This will replace the grit tanks that are over 100 years old and provide resilience for the raw water delivery line.

6. Strategic Alignment

6.1 Direction

This report is consistent with our Long-Term Plan Outcomes and directly relevant to supporting the work of the Audit and Risk Committee.

6.2 Annual Plan and Long Term Plan

This report is consistent with the Annual and Long-Term Plan outcomes.

6.3 Sustainability Consideration

All capital project procurement is consistent with the Sustainability Policy.

6.4 District Plan

There is no direct relationship with the District Plan.

6.5 Legal Implications

There are no legal implications for this report.

6.6 Policy Implications

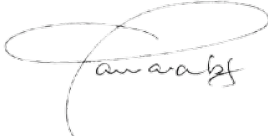
The report is consistent with Council policies relating to service delivery.

Attachment:

Appendix 1 – 2024/25 Capital Work Projects Update



Steve Taylor
Projects Manager



[Endorsed by]
Victoria Araba
Director - Assets



[Approved by]
Sven Hanne
Chief Executive

Date 10 September 2024

2024 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update

D21/40176

Project Number	Project	Category	Budget Y1	Other Funding	Actual Spent	Percentage Spent	Project Status	Expected start of procurement	Expected start of physical works	Expected completion date	Risk		Overall Risk Score
											Likelihood of not proceeding	Consequence if project does not proceed	
1	Widening turn area of access road	Replacements	\$ 15,000	\$ -	\$ -		Procurement plan underway	Nov-24	Dec-24	Jan-25	Unlikely: Very unlikely to not be completed in financial year	Important: Increased Operational cost due to continual repairing of the road	2: Moderate
Aerodrome			\$ 15,000	\$ -	\$ -								
2	Prospero Place Development	Level of Service	\$ 300,000	\$ -	\$ -		This project could be further delayed in the purchase of land adjacent to Prospero Place. This will result in less time to identify projects to be	Jul-24	Aug-24	Jun-25	Possible: Purchase of land is still ongoing. Budget has been split for allowance of staging project over three years.	Serious: Reputational damage.	4: High
3	TET Multisports Centre infrastructure renewals	Replacements	\$ 50,000	\$ -	\$ -		Contract awarded to upgrade the front door. Investigation underway for security access options.	Jul-24	Oct-24	Nov-24	Unlikely: Very unlikely to not be completed in financial year.	Major: Code of Compliance runs out in December 2024.	8: High
4	Centennial Rest Rooms resolve plumbing issues	Replacements	\$ 10,000	\$ -	\$ 715	7%	Investigations underway to determine where blockages occur.		Jul-24	Jun-25	Unlikely: Very unlikely to not be completed in financial year	Important: Increased Operational cost, Reputation damage	2: Moderate
5	War Memorial Centre hot water supply	Replacements	\$ 40,000	\$ -	\$ -		Procurement plan underway	Jul-24	Nov-24	Jan-25	Unlikely: Very unlikely to not be completed in financial year	Important: Increased Operational cost, Reputation damage	2: Moderate
6	Miranda Street Administration Centre infrastructure renewals	Replacements	\$ 10,000	\$ -	\$ -		Works as required.	Jul-24	Jul-24	Jun-25			
7	Public Toilets infrastructure renewals	Replacements	\$ 30,000	\$ -	\$ -		Works as required.	Jul-24	Jul-24	Jun-25			
8	Housing for Older Persons roof replacement	Replacements	\$ 120,000	\$ -	\$ -		Procurement plan underway	Jul-24	Jan-25	May-25	Unlikely: Very unlikely to not be completed in financial year	Important: Operational cost will increase, Health and safety risk with water egress into units.	3: Moderate
9	Housing for Older Persons infrastructure renewals	Replacements	\$ 5,000	\$ -	\$ -		Works as required.	Jul-24	Jul-24	Jun-25			
Civic Amenities			\$ 565,000	\$ -	\$ 715	0.1%							
10	Safety improvements around AA desk	Level of Service	\$ 5,000	\$ -	\$ -		Library Team Lead discussing with Staff	Nov-24	Dec-24	Dec-24	Unlikely: Very unlikely to not be completed in financial year	Important: Health and safety risk to staff with only one entry and exit.	3: Moderate
11	Development of seating areas/meeting spaces	Level of Service	\$ -	\$ 25,000	\$ -		1 Quote has been received, additional quote to be requested.	Aug-24	Sep-24	Sep-24	Unlikely: Very unlikely to not be completed in financial year	Minor: The Community will continue to use available spaces for meetings.	1: Low
12	Bathroom upgrade	Replacements	\$ 15,000	\$ -	\$ -		Procurement plan underway	Oct-24	Nov-24	Nov-24	Unlikely: Very unlikely to not be completed in financial year	Minor: Staff will continue to use the bathroom.	2: Moderate
13	Underneath storage	Replacements	\$ 10,000	\$ -	\$ -		Library Team Lead discussing with Staff	Sep-24	Oct-24	Nov-24	Unlikely: Very unlikely to not be completed in financial year	Minor: Staff will continue to use the storage provided and the area will continue to look untidy.	1: Low
14	Window sill replacements	Replacements	\$ 10,000	\$ -	\$ -		Works as required.	Aug-24	Oct-24	Oct-24			
15	Upgrade graphics on windows/bus shelter and other internal areas of the library	Replacements	\$ 10,000	\$ -	\$ -		Quote has been requested	Sep-24		Jun-25	Unlikely: Very unlikely to not be completed in financial year	Important: The graphics inside the Library have been damaged, if left it will worsen.	2: Moderate
16	Library infrastructure renewals	Replacements	\$ 3,000	\$ -	\$ -		Works as required.			Jun-25			
Library Hub			\$ 53,000	\$ 25,000	\$ -								
17	Victoria Park Skate Park concrete resurfacing	Level of Service	\$ -	\$ 100,000	\$ -		Awaiting approval of funding	Jun-24		May-25	Likely: Funding may not be approved. 100% grant funded reliant on funders.	Minor: Consequences will be minor: as skate park still in use.	2: Moderate
18	King Edward Park lighting and power box in Rhododendron Dell	Level of Service	\$ -	\$ 50,000	\$ -		Awaiting approval of funding	Jul-24		Jun-25	Likely: Funding may not be approved. 100% grant funded reliant on funders.	Minor: Generators will continue to be used.	2: Moderate

2024 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update

D21/40176

Project Number	Project	Category	Budget Y1	Other Funding	Actual Spent	Percentage Spent	Project Status	Expected start of procurement	Expected start of physical works	Expected completion date	Likelihood of not proceeding	Consequence if project does not proceed	Overall Risk Score
19	Victoria Park sports fields continued development	Level of Service	\$ 20,000	\$ -	\$ -		Concept plan has been received. Detailed design plans to be developed for possible construction in the next financial year.	Jul-24		Jun-25	Rare: Thorough Concept Design will be created.	Minor: Can utilise current recommendations.	1: Low
20	Cardiff Walkway new aluminium steps and bridge	Replacements	\$ 50,000	\$ -	\$ -		Discussions with TRC as to whether a Resource Consent is required.	Jul-24	Mar-25	May-25	Rare: Replacing staircase and footbridge, with aluminium staircase & Bridge (built off-site).	Serious: Current staircase and footbridge still usable but high risk of slipping &/or falling.	1: Low
21	Carrington Walkway (Regan Street to Brecon Road)	Replacements	\$ 20,000	\$ -	\$ -		Procurement plan underway	Jul-24	Feb-25	Mar-25	Rare: Replacing staircase simple maintenance.	Serious: Current staircase still usable but high risk of tripping &/or falling.	1: Low
22	King Edward Park and Victoria Park playground equipment replacements	Replacements	\$ 10,000	\$ -	\$ -		Works as required.	Jul-24	Nov-24	Dec-24			
23	Continued parks development	Replacements	\$ 5,000	\$ -	\$ -		Works as required.	Jul-24		Jun-25			
24	Development of Eastern Loop	Replacements	\$ 5,000	\$ -	\$ -		Works as required.	Jul-24		Jun-25			
25	Septic Tank replacement Whangamomona Campground	Replacements	\$ 75,000	\$ -	\$ 67,195	90%	Septic Tank and associated works installed. Certificate of Acceptance to be obtained and resource consent provisions to be addressed.						
26	Housing for Older Persons: 4x clothesline replacements	Replacements	\$ 5,000	\$ -	\$ -			Jul-24		Jun-25	Rare: Clothesline need replacing	Important: Affects 80% of the residents at the Housing for the Older Persons units.	1: Low
Parks, Reserves, and Cemeteries			\$ 190,000	\$ 150,000	\$ 67,195	19.8%							
27	Pilates Reformers	Level of Service	\$ -	\$ 42,000	\$ -		Awaiting approval of funding			Jun-25	Likely: 100% grant funded reliant on funders	Minor: Minor impact as we will not be able to run classes for this.	2: Moderate
28	Mirrors installation in club room	Level of Service	\$ -	\$ 5,000	\$ -		Awaiting approval of funding			Jun-25	Likely: 100% grant funded reliant on funders	Minor: Minor impact as classes will still be able to run.	2: Moderate
29	TV installed in meeting room	Level of Service	\$ 2,000	\$ -	\$ -					Jun-25	Rare: Project will proceed.	Minor: Room will not be able to be fully utilised as a meeting room.	1: Low
30	Total bars	Level of Service	\$ -	\$ 5,000	\$ -		Awaiting approval of funding			Jun-25	Possible: reliant on grant funding.	Minor: Will not be able to provide full exercise service to gym classes.	1: Low
31	Wai o Rua infrastructure renewals	Replacements	\$ 2,000	\$ -	\$ -		Works as required.			Jun-25			
32	Spin bikes	Replacements	\$ -	\$ 30,000	\$ -		Completed. Waiting for invoice.			Aug-24			
Wai o Rua Stratford Aquatic Centre			\$ 4,000	\$ 82,000	\$ -								
33	Procurement Software	Level of Service	\$ 25,000	\$ -	\$ -					Jun-25	Almost certain: This project is now operating expenditure.	Minor: Officers will continue to use manual templates to complete procurement.	2: Moderate
34	Procure to Pay	Level of Service	\$ 63,000	\$ -	\$ -		Project underway.			Jun-25	Unlikely: Project underway.	Important: Will need to rely on manual processes which can be unreliable.	2: Moderate
35	National Processing Reporting	Level of Service	\$ 10,000	\$ -	\$ -		Project underway.			Jun-25	Unlikely: Project underway.	Important: Will need to rely on manual processes which can be unreliable and inaccurate.	2: Moderate

2024 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update

D21/40176

Project Number	Project	Category	Budget Y1	Other Funding	Actual Spent	Percentage Spent	Project Status	Expected start of procurement	Expected start of physical works	Expected completion date	Likelihood of not proceeding	Consequence if project does not proceed	Overall Risk Score
36	Council Chambers AV	Level of Service	\$ 105,000	\$ -	\$ -		Quotes are being updated as they have exceeded 12 months in age.			Jun-25	Unlikely: Project likely to proceed.	Important: Parts are no longer available for existing AV system.	2: Moderate
37	Authority data cleansing	Replacements	\$ 15,000	\$ -	\$ -		Project underway as part of the update of Authority.			Jun-25	Rare: Project already underway.	Important: Bad data could corrupt information from Authority.	1: Low
38	Computers and peripherals	Replacements	\$ 30,000	\$ -	\$ 11,196	37%	Works as required due to end of hardware life.	Jul-24	Jul-24	Jun-25			
39	Vehicle replacement	Replacements	\$ 35,000	\$ -	\$ 48,227	138%	Replacement			Jun-25	Unlikely: Very unlikely to not be completed in financial year	Minor: Current fleet is still serviceable and safe for NZ roads.	1: Low
40	Photocopier replacements	Replacements	\$ 10,000	\$ -	\$ -		Works as required due to end of hardware life.			Jun-25			
41	Replacement of GPS location unit and software for GIS	Replacements	\$ 15,000	\$ -	\$ -		Procurement plan underway			Jun-25	Unlikely: Project likely to proceed.	Important: GPS unit is no longer supported.	2: Moderate
Democracy			\$ 308,000	\$ -	\$ 59,423	19.3%							
42	41 Flint Road subdivision	Level of Service	\$ 2,600,000	\$ -	\$ 21,266	1%	Concept plan being finalised due to delineation of wetlands.	Jul-24	Jul-24	Jun-25	Possible: Given stormwater issues, this may go into the next financial year.	Major: If this does not go ahead due to wetlands determination, Council would be in breach of the Sale and Purchase agreement.	12: Very High
Economic Development			\$ 2,600,000	\$ -	\$ 21,266	0.8%							
43	Construct additional calving sheds	Level of Service	\$ 40,000	\$ -	\$ -		Procurement plan underway	Nov-24	Dec-24	Feb-25	Unlikely: Very unlikely to not be completed in this financial year	Important: The current facilities are not adequate for the number of calves during the season, calves have to be kept in the sheds where machinery is kept. This will pose a health and safety risk to the calves.	2: Moderate
44	Race and culvert upgrades	Replacements	\$ 25,000	\$ -	\$ -		Quotes being requested	Sep-24	Dec-24	May-25	Unlikely: Very unlikely to not be completed in this financial year	Important: The Increased Operational cost due to continual repairing of the road	2: Moderate
45	Farm house lighting new lights and fixtures	Replacements	\$ 5,000	\$ -	\$ -		Quotes being requested	Aug-24	Oct-24	Oct-24	Unlikely: Very unlikely to not be completed in financial year	Minor: Tenants will continue to use current lights	1: Low
Rental and Investment Properties			\$ 70,000	\$ -	\$ -								
46	Low cost low risk roads	Level of Service	\$ 2,600,000	\$ -	\$ 38,290	1%	Budget to be finalised by NZTA	Jul-24	Jul-24	Jun-25	Likely: NZTA have not confirmed the funding allocation for this activity. This will not be known until August when NZTA's Board meet to finalise the NLTF.	Serious: This is entirely dependant on the projects approved. Some projects are safety related and if these are declined, there is a possibility further erosion could occur, restricting available road width.	6: High
47	Walking and Cycling	Level of Service	\$ 400,000	\$ -	\$ -			Jul-24	Jul-24	Jun-25	Likely: NZTA have not confirmed the funding allocation for this activity. This will not be known until August when NZTA's Board meet to finalise the NLTF.	Important: If this activity is not funded, no cycling improvements will be undertaken.	4: Moderate

2024 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update

D21/40176

Project Number	Project	Category	Budget Y1	Other Funding	Actual Spent	Percentage Spent	Project Status	Expected start of procurement	Expected start of physical works	Expected completion date	Likelihood of not proceeding	Consequence if project does not proceed	Overall Risk Score
48	Seal Extensions (dust coat seals)	Level of Service	\$ 150,000		\$ -			Jul-24	Jul-24	Jun-25	Likely: NZTA have not confirmed the funding allocation for this activity. This will not be known until August when NZTA's Board meet to finalise the NLTF.	Important: We will continue to receive complaints from residents affected by the road dust.	4: Moderate
49	Unsealed road metalling	Replacements	\$ 910,000		\$ -			Jul-24	Jul-24	Jun-25	Rare: Funding has been approved by NZTA.	Minor: The annual metalling programme is being developed as this activity is on-going. We will react to damage caused to the unsealed road network by forestry.	1: Low
50	Sealed road resurfacing	Replacements	\$ 1,260,000		\$ 47,600	4%		Jul-24	Jul-24	Jun-25	Rare: Funding by NZTA has been approved.	Minor: Identifying the reseal sites to meet our target length of 25km per year.	1: Low
51	Drainage Renewals	Replacements	\$ 915,000		\$ 27,200	3%		Jul-24	Jul-24	Jun-25	Rare: Funding approved by NZTA.	Important: A resource consent is required for the replacement of the culvert on Wariri Rd. Works cannot commence until 1 November 2024.	1: Low
52	Pavement Rehabilitation	Replacements	\$ 650,000		\$ 35,509	5%		Jul-24	Jul-24	Jun-25	Rare: Funding approved by NZTA.	Important: Flint Rd East pavement rehab to be undertaken in October, before A&P Show.	1: Low
53	Structure component replacement	Replacements	\$ 950,000		\$ 40,638	4%		Jul-24	Jul-24	Jun-25	Rare: Funding approved by NZTA.	Important: Puniwhakau Rd bridge deck replacement contract awarded. Buchanan's bridge repairs being finalised. Retaining wall replacements being finalised.	1: Low
54	Traffic Services	Replacements	\$ 160,000		\$ 22,342	14%		Jul-24	Jul-24	Jun-25	Rare: Funding approved by NZTA.	Minor: On-going replacement of traffic signs, sight rails as identified during inspections or CRM's from the public.	1: Low
55	Footpath renewals	Replacements	\$ 210,000		\$ -			Jul-24	Jul-24	Jun-25	Possible: Funding not confirmed by NZTA until Board decision in August.	Important: The level of funding will dictate the scale of the replacement programme.	3: Moderate
Roading			\$ 8,205,000	\$ -	\$ 211,579	2.6%							
56	Safety Improvements	Level of Service	\$ 50,000	\$ -	\$ -		Works as required.	Jul-24	Jul-24	Jun-25			
57	Modelling	Level of Service	\$ 287,000	\$ 113,000	\$ -			Jul-24	Jul-24	Jun-25	Unlikely: Council has a working relationship with specialists in this field.	Important: It is necessary to model our stormwater system to identify where spending is required. This will make future works most cost efficient.	2: Moderate
58	Reticulation renewals	Replacements	\$ 100,000	\$ -	\$ 2,542	3%	Works as required.	Jul-24	Jul-24	Jun-25			

2024 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update

D21/40176

Project Number	Project	Category	Budget Y1	Other Funding	Actual Spent	Percentage Spent	Project Status	Expected start of procurement	Expected start of physical works	Expected completion date	Likelihood of not proceeding	Consequence if project does not proceed	Overall Risk Score
59	Silt retention Victoria Park	Replacements	\$ 100,000	\$ -	\$ -		Waiting for more stable weather to dry out silt that has been removed from the lake.	N/A		May-25	Unlikely: Resource consent requirement to screen and spread the stockpiled materials but Officers have been in discussions with TRC.	Serious: If not spread, contaminated stockpiled material will be hazardous to public.	3: Moderate
Stormwater			\$ 537,000	\$ 113,000	\$ 2,542	0.4%							
60	Treatment Upgrade	Level of Service	\$ 50,000	\$ -	\$ -		Design for construction of an earth dam underway			Jun-25	Rare: Consent requirement to improve WWTP performance and the Diatomix is proven to be ineffective in Stratford.	Major: Council will be in breach of consent.	4: Moderate
61	Pipework capacity increase	Level of Service	\$ 100,000	\$ -	\$ -			Jul-24	Jul-24	Jun-25	Unlikely: Planned developments will likely require increase network capacity (waiting on WW model to identify capacity constraints).	Serious: Network will not handle capacity causing h & s issues for the public.	3: Moderate
62	Pipe at Swansea Road bridge	Level of Service	\$ 300,000	\$ -	\$ -		Pre-contractor meetings underway to determine scope.			Jun-25	Rare: Wastewater pipe has been identified as in need of remedial works.	Major: Critical asset crossing a waterbody of significance.	4: Moderate
63	Reticulation remodelling	Replacements	\$ -	\$ 50,000	\$ -			Jul-24	Jul-24	Jun-25	Rare: Work underway.	Important: Identifies capacity network issues.	1: Low
64	Infiltration renewals	Replacements	\$ 350,000	\$ -	\$ -			Jul-24	Jul-24	Jun-25	Unlikely: Sewer model is complete and has highlighted pipes with sotrmwater leaks.	Important: Reduced capacity of wastewater network.	2: Moderate
65	Routine step/aerate renewals	Replacements	\$ 35,000	\$ -	\$ 11,588	33%	Works as required.	Jul-24	Jul-24	Jun-25			
Wastewater			\$ 835,000	\$ 50,000	\$ 11,588	1.3%							
66	Mobile event waste bins and trailer for events on council land	Level of Service		\$ 10,000	\$ -			Jul-24	Jul-24	Jun-25	Rare: Funding already secured.	Important: Reputational damage, increased operational costs	1: Low
67	Permanent recycling bins	Level of Service	\$ 10,000	\$ -	\$ -			Aug-24	Aug-24	Jun-25	Rare: Procurement underway.	Important: Reputational damage, increased operational costs	1: Low
68	Transfer Station CityCare building sealing of concrete blockwork	Replacements	\$ 30,000	\$ -	\$ -			Nov-24	Jan-25	Mar-25	Rare: funding approved.	Important: Increased maintenance costs of blockwork. Health & Safety issues for staff working in a damp building.	1: Low
69	Transfer Station renewals	Replacements	\$ 10,000	\$ -	\$ -		Works as required.	Jul-24	Jul-24	Jun-25			
Solid Waste			\$ 50,000	\$ 10,000	\$ -								
70	Midhirst Resource Consent	Level of Service	\$ 50,000	\$ -	\$ 12,000	24%				Jun-25	Possible: Waiting on resposne from Iwi for the resource consent conditions.	Major: The current resource consent has expired. This needs to proceed to avoid non-compliance.	12: Very High
71	Alternative power supply for Midhirst and Toko	Level of Service	\$ 50,000	\$ -	\$ -		Procurement plan underway.			Jun-25	Unlikely: Resource/building consent may be required.	Serious: If power outage, customers will be without water supply until fixed.	3: Moderate
72	Street works ridermans	Level of Service	\$ 100,000	\$ -	\$ -		Design drawings completed. Will be going out for Tender in October.	Jul-24	Jul-24	Jun-25	Unlikely: Location to be identified and design to be done before physical works.	Important: Increased maintenance costs and disruption of water supply.	2: Moderate

2024 - Agenda - Audit and Risk - September - Open - Information Report – Capital Works Programme – Key Projects Update

D21/40176

Project Number	Project	Category	Budget Y1	Other Funding	Actual Spent	Percentage Spent	Project Status	Expected start of procurement	Expected start of physical works	Expected completion date	Likelihood of not proceeding	Consequence if project does not proceed	Overall Risk Score
73	Toko storage tank	Level of Service	\$ 20,000	\$ -	\$ -		Quotes being requested.			Jun-25	Unlikely: Possible resource/building consent required.	Important: limited capacity of water network.	2: Moderate
74	Universal water metering	Level of Service	\$ 1,593,851	\$ -	\$ 58,221	4%	Contract underway	Jul-24	Jul-24	Jun-25	Rare: Contract underway.	Important: Will help to monitor leaks in water supply	1: Low
75	Street works rider mains	Replacements	\$ 200,000	\$ -	\$ 8,728	4%	Design drawings completed. Will be going out for Tender in October.	Jul-24	Jul-24	Jun-25	Unlikely: Location to be identified and design to be done before physical works.	Important: Increased maintenance costs and disruption of water supply.	2: Moderate
76	Fluoride plant upgrade	Replacements	\$ 300,000	\$ -	\$ -					Jun-25	Possible: Technical requirements for certification consents may be required.	Major: Potential fluoride dosage exceedance with the current dosing infrastructure.	12: Very High
77	Stratford grit tanks	Replacements	\$ 70,000	\$ 2,000,000	\$ -		Detailed design underway	Jul-24	Jul-24	Jun-25	Possible: Design underway now. Design issues could delay physical works. Resource consents may be required.	Serious: Provides a 'safety net' to protect the WTP from silt and grit damage.	4: High
78	Laterals	Replacements	\$ 50,000	\$ -	\$ -		Works as required.	Jul-24	Jul-24	Jun-25			
79	Reservoir cleaning	Replacements	\$ 60,000	\$ -	\$ -		Works as required.			Jun-25			
80	Membranes	Replacements	\$ 160,000	\$ -	\$ -					Jun-25	Unlikely: Supplier to confirm membranes are still available to purchase.	Serious: Critical water treatment component nearing the end of their useful life.	3: Moderate
Water Supply			\$ 2,653,851	\$ 2,000,000	\$ 78,949	1.7%							
Total			\$ 16,085,851	\$ 2,430,000	\$ 453,257	2%							

Consequences if project does not proceed						
Likelihood of not proceeding	Almost Certain	Minor	Important	Serious	Major	Catastrophic
		2: Moderate	5: High	7: High	20: Extreme	25: Extreme
	Likely	2: Moderate	4: Moderate	6: High	16: Very High	20: Extreme
	Possible	1: Low	3: Moderate	4: High	12: Very High	15: Very High
	Unlikely	1: Low	2: Moderate	3: Moderate	8: High	10: Very High
	Rare	1: Low	1: Low	1: Low	4: Moderate	5: High

LGFA Quarterly Report to Shareholders

June Quarter 2024

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A. June Quarter highlights

June Quarter	Total	Bespoke Maturity	April 2025	April 2026	April 2027	May 2028	April 2029	May 2030	May 2031	April 2033	May 2035	April 2037
Bonds Issued NZ\$m	1,770.0			600.0		60.0		110.0	800.0	50.0	100.0	50.0

Term Loans to Councils NZ\$m	2,187.1	662.7	50.0	121.7	117.5	396.1	319.1	339.0	51.0	70.0	60.0	
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2023-24 Financial Year	Total	Bespoke Maturity	April 2025	April 2026	April 2027	May 2028	April 2029	May 2030	May 2031	April 2033	May 2035	April 2037
Bonds Issued NZ\$m	\$3,730.0		310.0	600.0	250.0	230.0	210.0	660.0	975.0	255.0	100.0	140.0

Term Loans to Councils NZ\$m	6,105.5	2,230.1	101.1	368.7	462.5	930.2	634.8	787.1	171.0	360.0	60.0	
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AUD Bond Issuance	Total	Sep 2027	Aug 2028	Nov 2030	Mar 2034
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June Quarter A\$m	nil				
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2023-24 Financial Year	2,650.0	500.0	1,000.0	650.0	500.0
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Key points and highlights for the June quarter:

- LGFA bond yields were volatile over the quarter, trading a 60 bps range before closing the period between 2 bps lower (longer dated bonds) and 14 bs higher (shorter dated bonds). Yields rose over April but then fell in May-June as improved inflation outcomes has led to some central banks (Swiss National Bank, European Central Bank and Bank of Canada) cutting rates and expectations growing for rate cuts by other central banks (including the RBNZ) over the next six months.
- LGFA borrowing margins to swap narrowed between 7 bps (2025s) and 16 bps (2035s) over the quarter with the average spread to swap of all ten LGFA bond maturities contracting 12.7 bps to 43.3 bps at 30 June 2024. LGFA spreads to NZGB narrowed between 5 bps (2025s) and 20 bps (2027s) over the quarter with the average spread to NZGB narrowing 15 bps to a 3 year low of 38 bps.
- LGFA issued NZ\$1.77 billion of NZD bonds during the quarter through one syndication and two NZD bond tenders. We were able to take advantage of strong issuance conditions during the quarter with the syndication and bond tenders well supported. We did not undertake any A\$ issuance but issued US\$506 million of short-dated Euro Commercial Paper (ECP) under our newly established ECP programme. The average term of the NZ\$ issuance during the quarter was 5.64 years and was 5.93 years for the 12 month period to June 2024.
- Long dated lending to councils and CCOs during the quarter was a record \$2.1871 billion and a record \$6.1 billion for the 12 month period to June 2024. The higher lending was a mix of refinancing of the April 2024 loans and new borrowing. The average term of lending during the quarter was a short 4.66 years and the average term of loans outstanding to councils (excluding short term lending) of 3.91 years as at 30 June 2024 remains very short.
- We lent \$596 million of Climate Action Loans (CALs) to councils and CCOs during the quarter. Tauranga City and Greater Wellington Regional Councils qualified as CAL borrowers during the quarter. Total GSS loans and CALs outstanding as at 30 June 2024 was \$3.12 billion or 15.8% of our total long term loan book.
- LGFA has an estimated market share of 90.4% of total council borrowing for the rolling twelve-month period to June 2024 compared to a historical average of 77% since 2012.
- Short-term lending reduced over the quarter by \$31 million to \$604 million of short-term loans outstanding on 30 June 2024 to thirty-seven councils and CCOs.
- We are currently finalising the year-end financial statements so have provided financial reporting for the 10 month period to April 2024. LGFA Net Operating Profit (unaudited management estimate) for the 10 month period to 30 April 2024 of \$6.68 million was \$1.75 million below budget, comprising total operating income at \$16.157 million (\$580k below budget) and expenses at \$9.475 million (\$1.17 million above budget). The sale of investments from the Liquid Asset Portfolio has realised approximately \$2.1 million of losses into the current financial year that would have been spread over future years. The higher than budget expenses were due solely to legal and NZX costs incurred through the larger amount of bond issuance by LGFA and the payment of Approved Issuer Levy (AIL) on our AUD bond issuance.

- We published our SOI in late June and assumed average annual long term borrowing by councils and CCOs of \$5.73 billion over each of the next three years and LGFA bond issuance of \$5.63 billion per annum. We notified borrowers that from 1 July 2024 the base lending margin would increase by 5 bps and the Borrower Notes Percentage would increase to 5%. Both changes were to strengthen the capital position of LGFA and meet the additional cost of financing the growing borrowing requirement of the sector.
- We received the INFINZ award for Excellence in Treasury in May 2024.

B. LGFA bond issuance over quarter

We issued \$1.77 billion of NZD bonds across seven bond maturities via one syndication (April) and two bond tenders (both in May). We did not issue in AUD during the quarter.

The April syndication was the eleventh NZD syndication that we have undertaken since March 2019 (not including the three A\$ syndications since mid 2023). We raised \$1.4 billion from a \$600 million issue of the April 2026 LGFA bonds and \$800 million of the May 2031 LGFA bonds. This was a record volume achieved in a syndication and we issued at mid rates (2026s) and 1 bps above mid rates (2031s), resulting in very good price tension.

The syndication set several records:

- Largest syndication of \$1.4 billion (previous record was \$1.105 billion in April 2022).
- Largest borrowing in a single month (the prior record was \$1.26 billion in August 2023 comprising an A\$ syndication and a NZ\$ bond tender).
- Our rolling 12-month issuance of NZ\$6.58 billion (NZD equivalent).

The syndication was undertaken to coincide with the April 2024 LGFA bond maturity, to facilitate the lending of \$1 billion to councils in April and to maintain the level of liquid assets above \$1 billion.

The syndication result was pleasing in terms of exceeding our initial volume requirements and we issued two tranches. Going into the syndication our objective was to issue \$800 million of bonds across the 2026s (\$300 million) and 2031s (\$500 million). The April 2026 bond with 2 years to maturity at the time, was shortening up quickly so this was the last opportunity to tap this bond in reasonable volume. The average maturity of the LGFA bonds issued was 4.9 years so above our average term of debt outstanding of 4.5 years.

We on-lent a record \$1.06 billion to thirty-one councils (second highest number after April 2023). Auckland Council (\$200 million) was the largest borrower followed by Hamilton City Council (\$95 million), CCHL (\$89 million) and Waipa District Council (\$52 million). The average term of lending to councils was 4.5 years (54 months). This was the second equal shortest on record (the shortest being 53 months in November 2013)

Syndication – 09 April 2024	15 Apr 26	15 May 31
Total Amount Offered (\$million)	600	800
Total Amount Allocated (\$million)	600	800
Total Number of Bids Received	957.45	1528.41
Weighted Average Accepted Yield (%)	5.222	5.231
NZGB Spread at Issue (bps)	45	59
Swap Spread at Issue (bps)	25	73
Swap Spread: AA council (bps)	45	93
Swap Spread: AA- council (bps)	50	98
Swap Spread: A+ council (bps)	55	103
Swap Spread: Unrated council (bps)	65	113

1 May bond tender

Issuance conditions were positive going onto the tender, and we expected a strong outcome as we set the tender up again to be well received by the market. The market was short the LGFA bond maturities that we tendered on the back of strong offshore buying over the previous six week period. The positive market response to our successful NZ\$1.4 billion syndication in early April also helped sentiment towards this tender alongside the 35 bps rise in bond yields over the April month that meant bonds looked cheap and near 6-month highs.

Of significance was the tendering of our three longest bonds on issue as well as the popular May 2030 Sustainable Finance Bond.

The tender size of \$190 million was in line with the historical average but larger than the market was expecting given we have completed our funding requirement for the FY23-24 period. We offered four bond maturities that were attractive to investors on an outright yield. It was the first time for a year that we had tendered the 2035s and only the second time tendered since they were first issued in October 2021.

Price support was very strong for all four bonds with all going 4 bps to 5 bps below mid-market. This was unique given the size of the tender and the long duration of bonds offered. Bidding volume was strong with an average overall bid coverage ratio of 3.5x and support for all four bond maturities ranging between 2.6x to 4.3x.

The average maturity of the LGFA bonds issued in the tender was a super long 9.68 years compared to the 2022-23 financial year average of 5.5 years. The last time we issued in a bond tender with an average term close to 10 years was in mid-2018.

While we issued \$190 million of LGFA bonds, we on-lent \$365 million to seventeen councils and CCOs. Christchurch City (\$149.5 million) was the largest borrower followed by Wellington City (\$60 million) and Tasman District Council (\$30.1 million). The total lending included \$88 million of Climate Action Loans and \$20 million advanced to Gisborne District Council as part of the Crown Concessionary Loan Agreement for the 2023 weather events. The average term of lending to councils was 5.6 years (67 months).

Tender 107 – 01 May 2024	15 May 30	14 Apr 33	15 May 35	15 Apr 37
Total Amount Offered (\$million)	50	50	40	50
Total Amount Allocated (\$million)	50	50	40	50
Total Number of Bids Received	15	20	14	15
Total Amount of Bids Received (\$million)	215.2	202	118.1	130.1
Total Number of Successful Bids	3	4	3	5
Highest Yield Accepted (%)	5.170	5.395	5.540	5.680
Lowest Yield Accepted (%)	5.155	5.375	5.530	5.655
Highest Yield Rejected (%)	5.255	5.480	5.670	5.800
Lowest Yield Rejected (%)	5.175	5.395	5.540	5.685
Weighted Average Accepted Yield (%)	5.160	5.381	5.536	5.668
Weighted Average Rejected Yield (%)	5.208	5.437	5.584	5.725
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield	100	50	75	100
Coverage Ratio	4.30	4.04	2.95	2.60
NZGB Spread at Issue (bps)	43	52	59	63
Swap Spread at Issue (bps)	50	66	75	83
Swap Spread: AA council (bps)	70	86	95	103
Swap Spread: AA- council (bps)	75	91	100	108
Swap Spread: A+ council (bps)	80	96	105	113
Swap Spread: Unrated council (bps)	90	106	115	123

29 May bond tender

Issuance conditions were volatile with yields backing up following the RBNZ Monetary Policy Statement the week before the tender and the bond tender was held a day before the Central Government Budget. Despite his volatility and uncertainty, the last tender for the financial year was again very well received by the market. The weighted average yield on all bonds issued went through pre-tender levels, with strong bid to coverage ratios in all three bond maturities offered in the tender. The May 2030 Sustainable Finance Bond was the standout performer with a coverage ratio of 3.85x and being taken out 2.75bps below pre-tender levels.

The tender size of \$180 million was in line with the historical average and split equally across tranches of 2028s, 2030s and 2035s. It was pleasing that market absorbed the volume, allowing us to continue to build duration into LGFA bond curve. The average term of issuance for the tender was 6.97 years, extending our average term of issuance to 6.10 years for the financial year.

Bidding volume was strong with an average overall bid coverage ratio of 3.3x and support for all three bond maturities ranging between 2.9x to 3.8x.

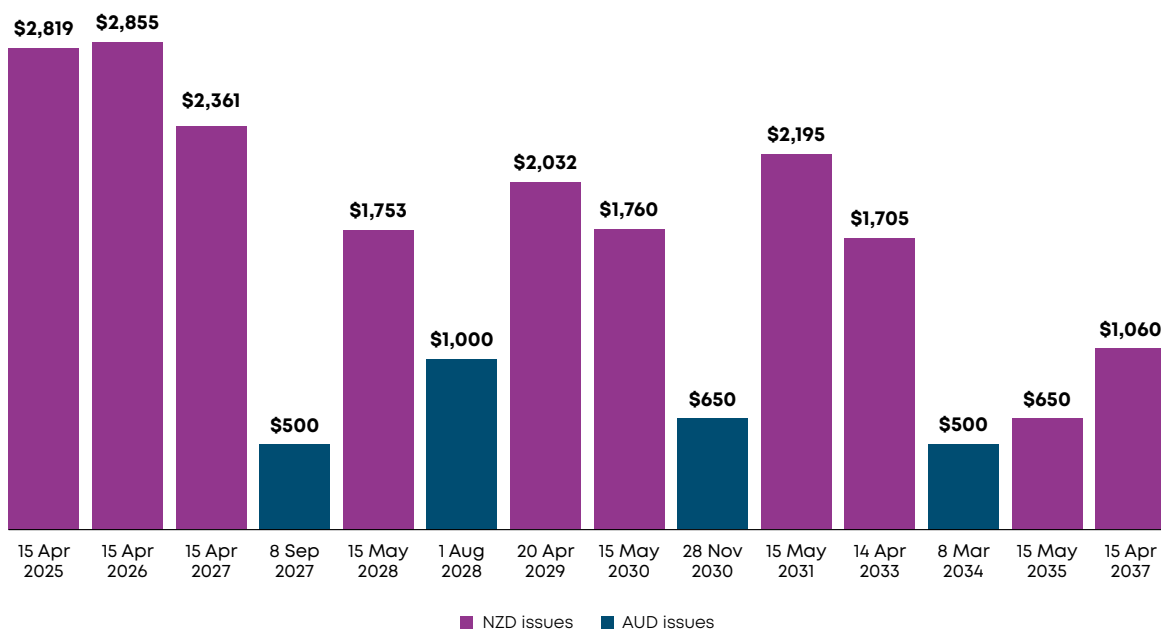
While we issued \$180 million of LGFA bonds, we on-lent \$397 million to twenty-four councils and CCOs. Tauranga City (\$50 million) was the largest borrower followed by Greater Wellington Regional, Hastings District and Hawkes Bay Regional Councils all borrowing \$40 million each. The total lending of \$397 million comprised of 53% fixed rate lending and 47% floating rate lending.

Tender 108 – 29 May 2024	15 May 28	15 May 30	15 May 35
Total Amount Offered (\$million)	60	60	60
Total Amount Allocated (\$million)	60	60	60
Total Number of Bids Received	14	17	19
Total Amount of Bids Received (\$million)	200	231	171
Total Number of Successful Bids	6	3	6
Highest Yield Accepted (%)	5.155	5.155	5.465
Lowest Yield Accepted (%)	5.130	5.145	5.460
Highest Yield Rejected (%)	5.190	5.230	5.540
Lowest Yield Rejected (%)	5.160	5.155	5.465
Weighted Average Accepted Yield (%)	5.146	5.153	5.463
Weighted Average Rejected Yield (%)	5.172	5.185	5.493
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield	100	75	97.5
Coverage Ratio	3.33	3.85	2.85
NZGB Spread at Issue (bps)	40	46	55
Swap Spread at Issue (bps)	36	49	73.5
Swap Spread: AA council (bps)	56	70	93.5
Swap Spread: AA- council (bps)	61	75	98.5
Swap Spread: A+ council (bps)	66	80	103.5
Swap Spread: Unrated council (bps)	76	90	113.5

LGFA bonds on issue (NZ\$ million, face value)

As at 30 June 2024 NZ\$19,190 million and A\$2,650 million

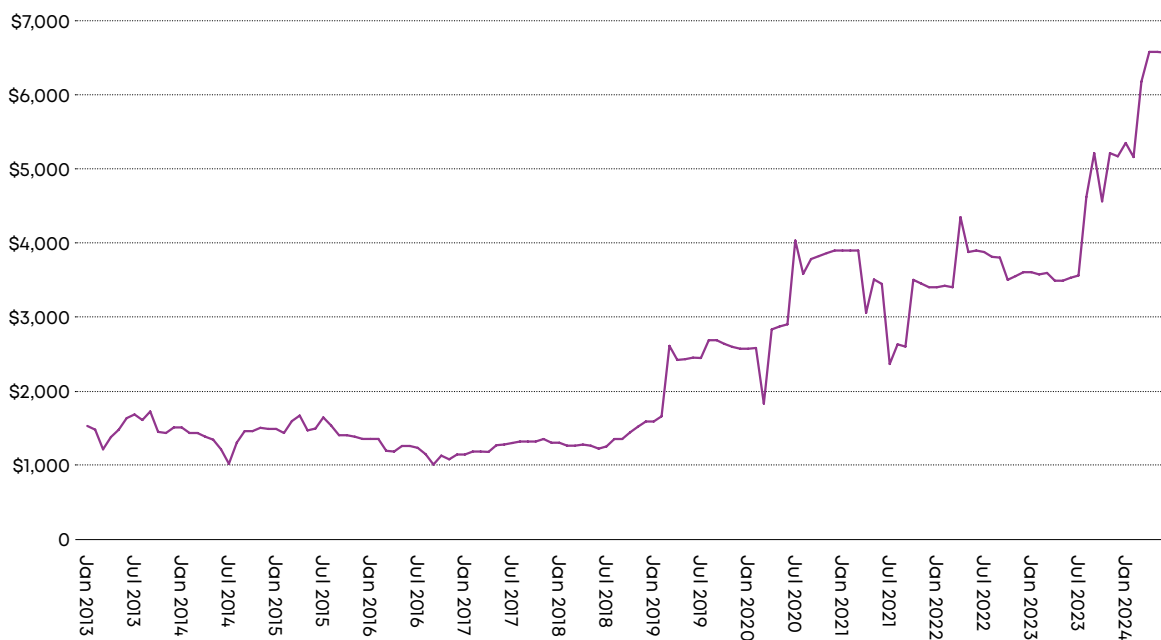
Includes NZ\$1,000 million treasury stock



We have ten LGFA bond maturities listed on the NZX Debt market. We had NZ\$19.19 billion of NZD bonds (including treasury stock) on issue as at 30 June 2024. The number of bond tranches has decreased by one with the repayment of the April 2024 bond during the quarter. We also had A\$2.65 billion of bonds issued under our Australian Medium Term Notes programme.

Our issuance volume on a rolling 12-month basis to June 2024 was a record NZ\$6.57 billion equivalent amount (comprising NZ\$3.73 billion of NZD issuance and A\$2.65 billion of AUD issuance).

Rolling 12 month Issuance including A\$ and NZ\$ bonds (NZ\$ millions)



C. Summary financial information (management estimates)

The following results are management estimates only.

Financial position (\$m)	
Comprehensive income	For ten-month period ending 30 April 24
Interest income	997,618
Interest expense	982,709
Net interest revenue	14,909
Other operating Income	1,248
Total operating income	16,157
Issuance and On-lending costs	3,637
Approved issuer levy	1,416
Operating expenses	4,422
Issuance and operating expenses	9,475
Net Profit	6,683
Financial position (\$m)	
	As at 30 April 2024
Retained earnings + comprehensive income	86,311
Total assets	22,464,908
Total LG loans	19,779,442
Total LGFA bills (nominal)	925
Total LGFA bonds (nominal in NZD)	20,658
Total borrower notes	437,028
Total equity	110,634

D. Strategic priorities. Performance against objectives and performance targets

D1. Governance, capability and business practice

Performance target	2023-24 Target	Performance against target as at 30 June 2024
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches	Met – No breaches
Maintain LGFA's credit rating equal to the New Zealand Government's sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	Met
LGFA's total operating income for the period to 30 June 2024.	> \$20.6 million	Not Met – \$16.157 million as at 30 April 2024
LGFA's total operating expenses for the period to 30 June 2024.	< \$10.0 million	Not Met – \$8.089 million as at 30 April 2024

There have been no policy breaches during the quarter.

Fitch Ratings affirmed our long-term domestic and foreign currency credit rating as AA+ on 20 October 2023. S&P Global Ratings (S&P) affirmed our domestic currency credit rating at AAA and foreign currency rating at AA+ on 28 February 2024. Our credit ratings remain equivalent to the New Zealand Government from both S&P and Fitch Ratings.

Total operating income at \$16.157 million was 97% of target for the ten month period to April 2024. It is \$580k below budget due to the sale of liquid assets in the Liquid Asset Portfolio earlier in the financial year that realised a loss of

\$2.1 million. We hold our liquid assets on a hold to maturity basis so if we sell them prior to maturity then there can be a realised gain or loss. While we have taken a loss in the current fiscal year it will improve profitability in future years. Expenses were above budget by \$1.17 million due to the accrual of Approved Issuer Levy (AIL) on our AUD bond issuance (\$1.09 million over budget). Additional legal and NZX costs associated with higher issuance combined with the legal costs associated with establishing the Euro Commercial Paper (ECP) Programme were offset by lower consultancy and IT expenses relative to budget. Net Operating Profit of \$6.68 million was \$1.75 million under budget.

D2. Optimising financing services for local government

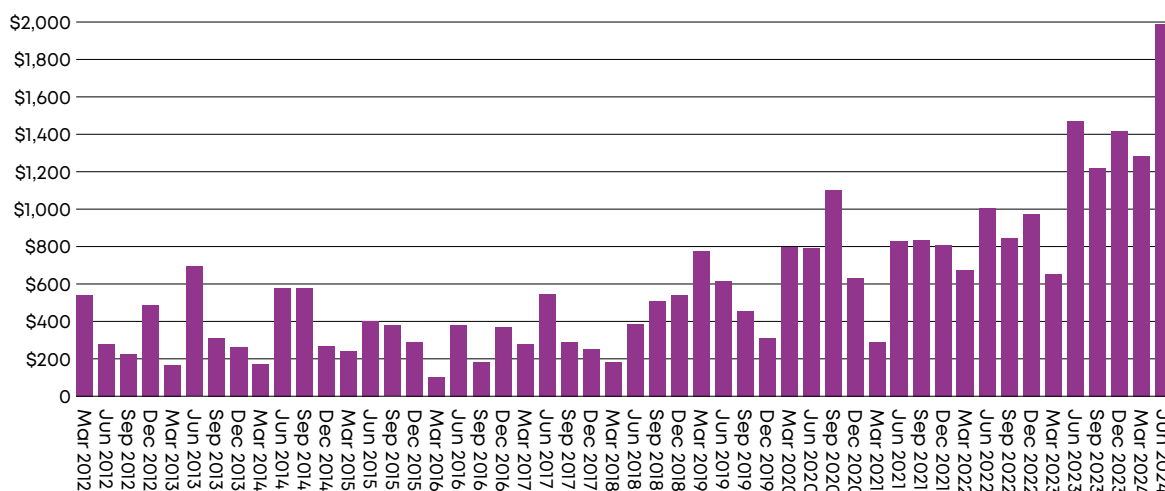
Performance target	2023-24 Target	Performance against target as at 30 June 2024
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	Met – 90.4% as at 30 June 2024
Total lending to Participating Borrowers.	> \$17,870 million	Met – \$20,389 million as at 30 June 2024
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score	Met – 99% satisfaction score in August 2023 Stakeholder Survey
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Met
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Met

Objectives:

- Provide interest cost savings relative to alternative sources of financing.
- Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.
- Deliver operational best practice and efficiency for lending services.
- Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA provides short term loans (less than one year maturity), long term loans (between one year and April 2037), Green Social and Sustainable (GSS) Loans, Climate Action Loans (CALs) and standby facilities to councils and CCOs. Long term loans, GSS loans and CALs can be on a floating or fixed rate basis.

We lent \$2.187 billion to sixty-four councils and CCOs during the June quarter with Christchurch City, Auckland, Wellington City, Tauranga City and Tasman District Councils being the five largest council borrowers. There was no long term lending to CCOs during the quarter. Long term lending to seventy-four councils and CCOs for the twelve -month period of \$6.105 billion exceeded our SOI forecast of \$3.9 billion. Auckland, Christchurch City, Wellington City, Greater Wellington Regional and Tauranga City Councils were the five largest council borrowers during the 12 month period to 30 June 2024.

Council Borrowing from LGFA – quarterly (NZ\$ million)

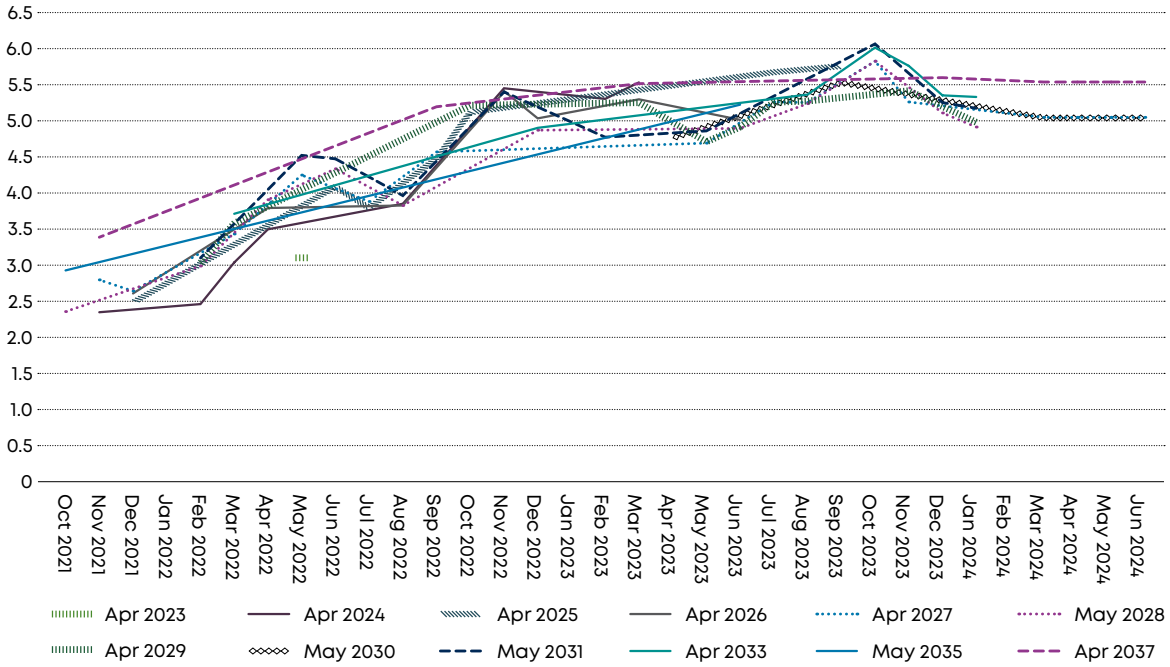
Our borrowing margins relative to other high-grade issuers in the New Zealand capital markets are similar despite our larger issuance programme. Our borrowing spreads are similar to Kainga Ora despite them no longer borrowing in their own name but funding through the NZ Treasury. This reduction in supply has been beneficial to their borrowing spread while our increased issuance has led to a widening in our borrowing spread.

Comparison to other high-grade issuers – secondary market spread to swap (bps)

30 June 2024	Comparison to other high-grade issuers – secondary market spread to swap (bps)										
	2025	2026	2027	2028	2029	2030	2031	2033	2034	2035	2037
LGFA (AAA)	9	21	33	42	49	56	67	72	76	80	89
Kainga Ora (AAA)	6	17	26	39		54				81	
Asian Development Bank (AAA)	7	11	20	31			51				
IADB (AAA)	9	18	24	38		48					
International Finance Corp (AAA)	8	11	24	32	41						
KBN (AAA)	14	21	28			55					
Nordic Investment Bank (AAA)	7				34	43					
Rentenbank (AAA)	10		24		35						
World Bank (AAA)	8	10	21	29		45					
ASB (AA-)		37	56								
ANZ (AA-)				69							
BNZ (AA-)	28	41	59	72							
Westpac Bank (AA-)	27	39	56								
SSA Average	9	14	24	33	37	48	51				
Bank Average	28	39	57	71							

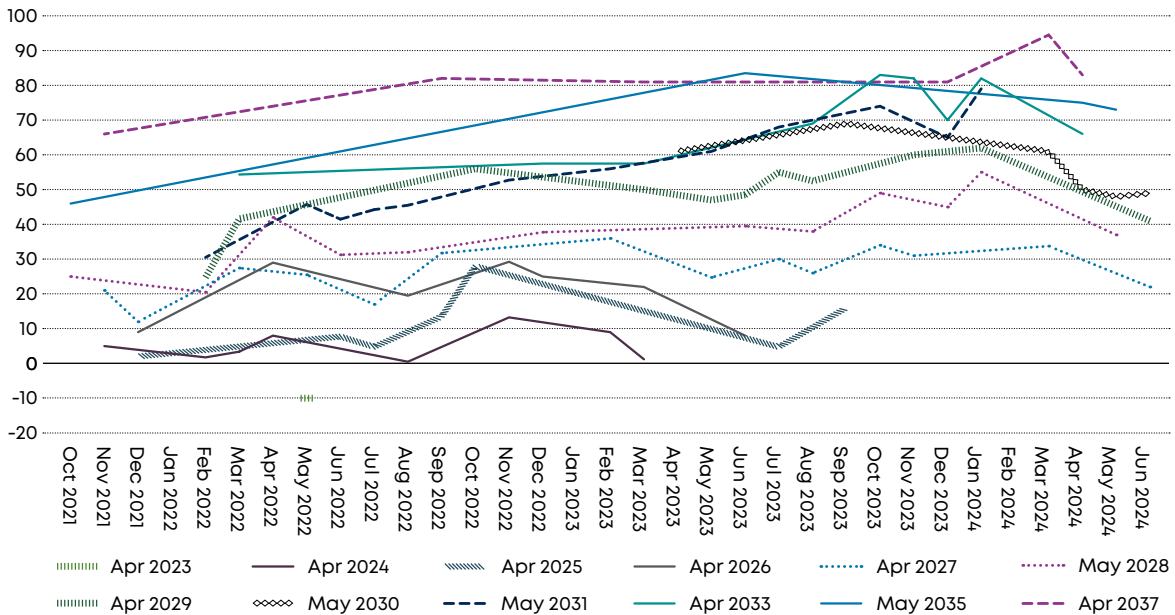
LGFA Bond Issuance Yields (%)

Last 30 tenders



Spread to swap

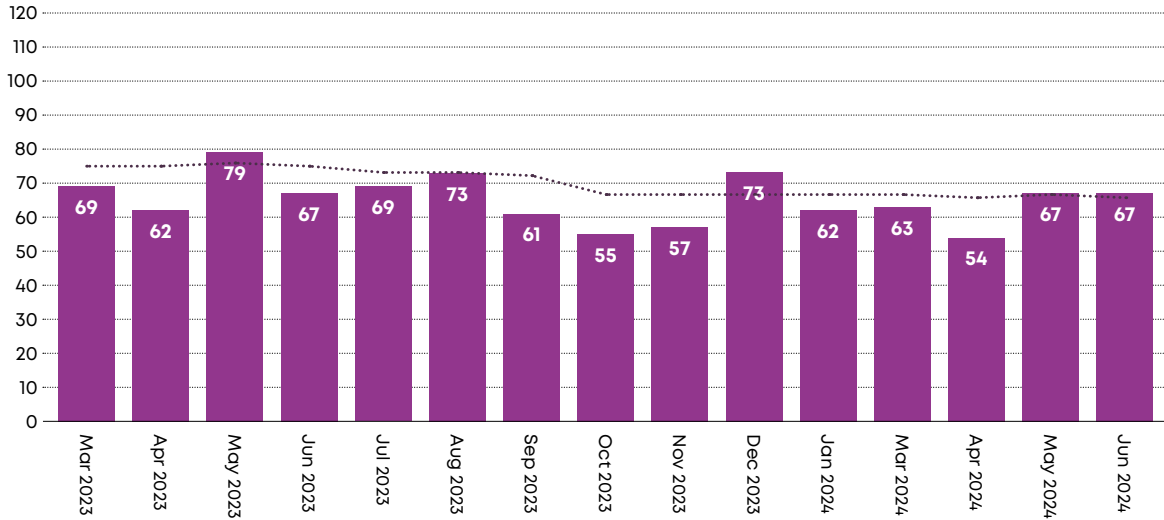
Last 30 tenders



The average borrowing term (excluding short-dated borrowing) for the June quarter by council members was 4.66 years and 4.87 years for the twelve-month period to 30 June 2024. This remains shorter than the 5.21 years for the year to June 2023.

Average total months to maturity – on lending to councils

Last 15 tenders

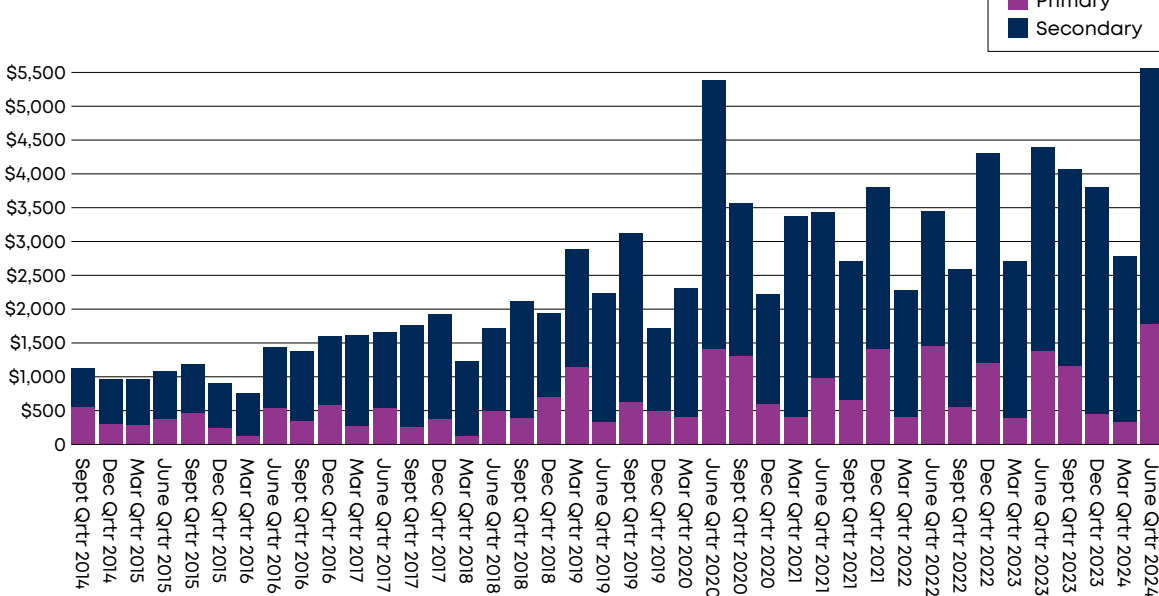


Short-term borrowing by councils and CCOs with loan terms of between one month and 12 months remains well supported with \$604 million outstanding as of 30 June 2024 to thirty-seven councils and CCOs. The number of councils and CCOs using this product was unchanged over the quarter while the total amount outstanding decreased by \$31 million.

For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in LGFA bonds. The primary market is the new issuance market, and we measure strength through participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. The secondary market is the trading of LGFA bonds following issuance and a high turnover implies a healthy market.

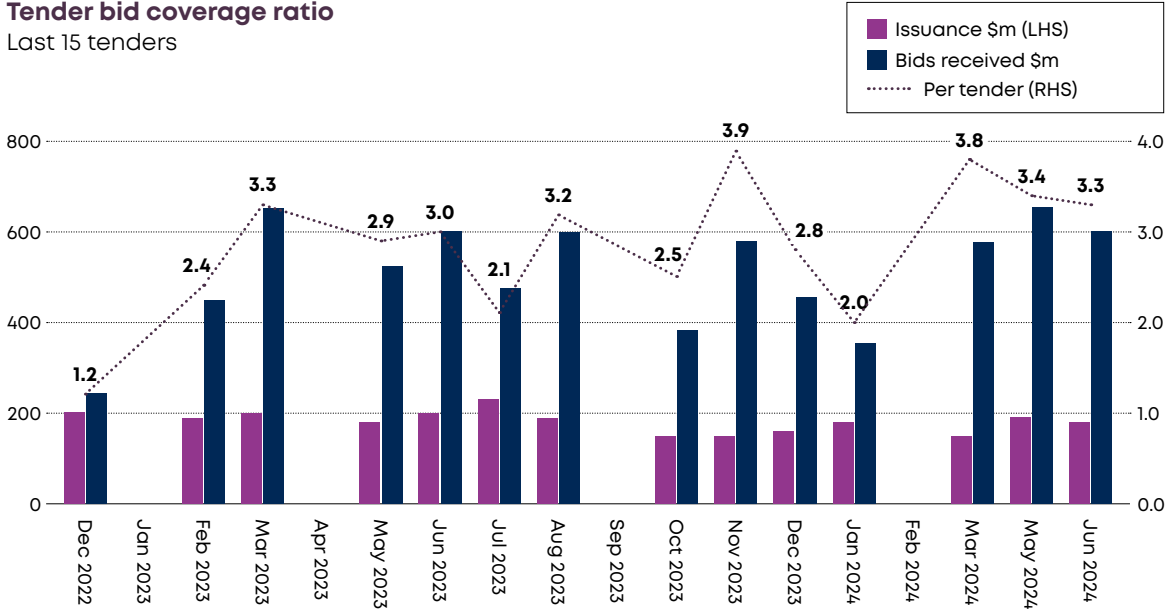
Activity in LGFA NZD bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) was strong during the June quarter on the back of market volatility and reinvestment by investors of the April 2024 LGFA bond maturity. Combined activity of \$5.6 billion for the June 2024 quarter was twice that of the March 2024 quarter and strong compared to the \$4.4 billion in the June 2023 quarter. Primary issuance (bond tenders and syndication) was \$1.8 billion and there was secondary market turnover of \$3.8 billion during the quarter.

LGFA Primary and Secondary Market Activity – Quarterly (NZ\$ million)



Tender bid coverage ratio

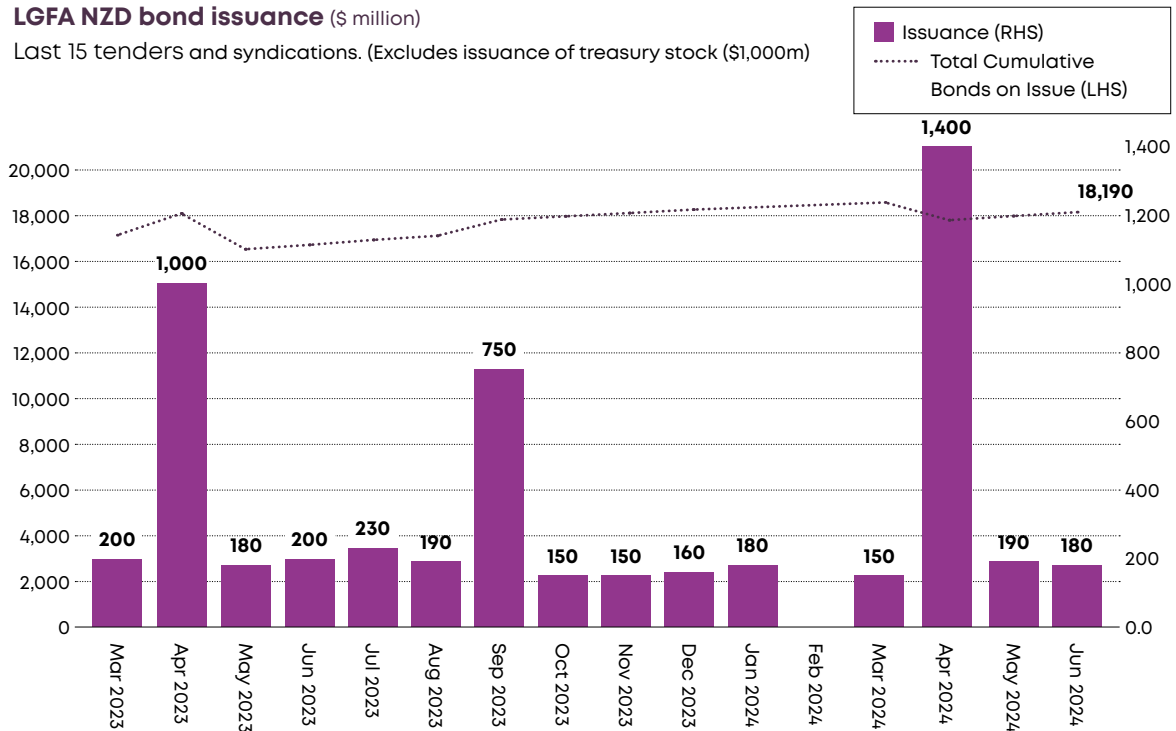
Last 15 tenders



LGFA commenced issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at 30 June 2024 there were \$920 million of LGFA Bills on issue which has \$5 million less than at 31 March 2024. We use proceeds from LGFA bills to fund short term lending to councils and hold the balance for liquidity purposes in our liquid asset portfolio.

LGFA NZD bond issuance (\$ million)

Last 15 tenders and syndications. (Excludes issuance of treasury stock (\$1,000m))



LGFA documented an Australian Medium-Term Notes Programme in November 2017 and updated the Programme in March 2020 and July 2023. We have successfully established a yield curve in AUD, having issued this financial year AS\$2.65 billion of bonds comprising AS\$1 billion of a 5-year bond in August 2023, AS\$650 million of a 7-year bond in November 2023 and two AS\$500 million tranches of a 3.5 year and 10 year bond in February 2024. The AUD issuance helps diversify our funding base away from a reliance upon NZD funding at a slightly higher cost.

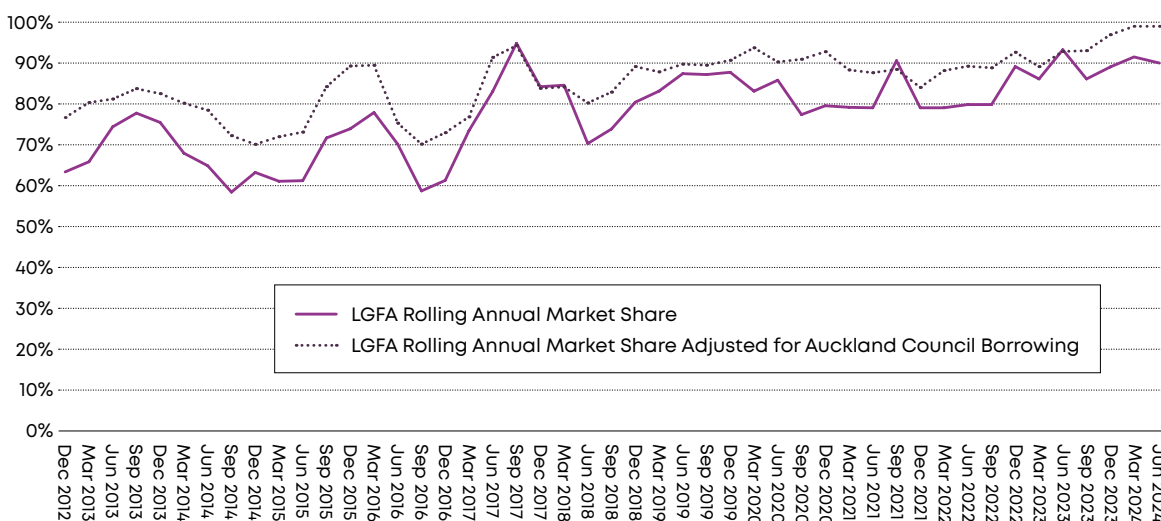
LGFA documented a Euro Commercial Paper (ECP) Programme at the end of 2023 and commenced issuing short-dated money market instruments in foreign currencies in April 2024. As at 30 June 2024 we had issued US\$506 million of ECP.

All foreign currency borrowing is fully hedged back into NZD to avoid any foreign currency exposure.

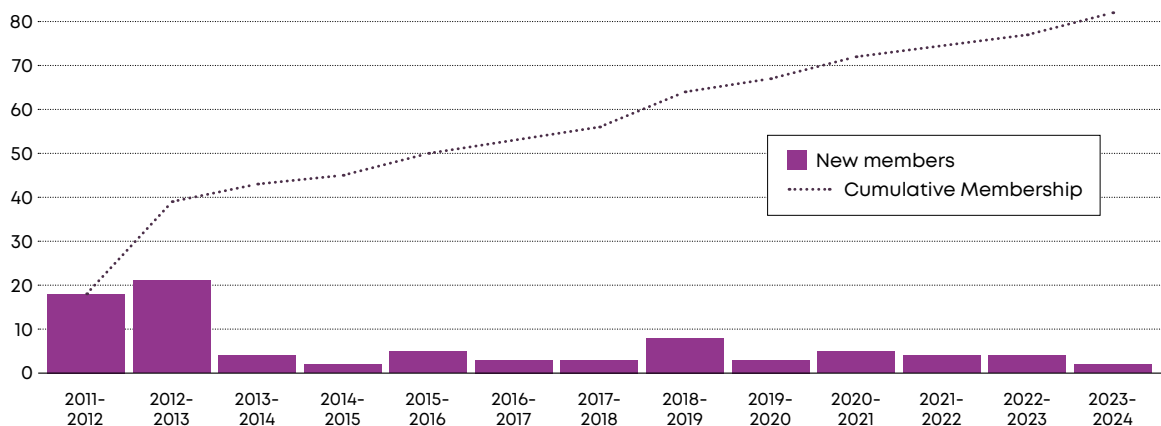
Council membership and market share

We use our own data and the PwC Local Government Debt Report to estimate our market share of council borrowing. Our estimated market share for the rolling twelve-month period to 30 June 2024 was 90.4%. If we adjust for Auckland Council borrowing from both LGFA and from the market in its own name, then our market share increases to a record high of 99.1% (as Auckland Council borrowed through LGFA and in its own name during the quarter). Our market share compares favourably to our historical average of 77.0% and our market share remains high compared to our global peers.

LGFA Market Share – rolling one year average



Council and CCO Membership (as at 30 June 2024)



As at 30 June 2024, there are seventy-seven councils and five CCO as members of LGFA. There were no new council or CCO members during the quarter. We are unlikely to add the last remaining council Chatham Islands District Council but expect a further CCO to join in the coming year. The number of guarantors is unchanged at seventy-two.

Our CCO lending comprises \$499.9 million of loans to three CCOs. The amount of CCO loans outstanding has increased by \$14.9 million over the quarter and comprises 2.45% of total loans outstanding.

- Invercargill City Holdings Limited joined as a member in July 2021 and has borrowings outstanding of \$96.9 million as at 30 June 2024 (unchanged over the quarter).

- Westland Holdings Limited joined as a member in November 2022 and repaid its \$6 million of borrowings over the quarter.
- Dunedin City Treasury Limited joined as a member in November 2022 and has borrowings outstanding of \$290 million as at 30 June 2024 (an increase of \$20 million over the quarter).
- Infrastructure Holdings Limited joined as a member in September 2023 and has borrowings outstanding of \$113 million as at 31 June 2024 (unchanged over the quarter).

Whanganui District Council Holdings has yet to borrow from LGFA.

D3. Environmental and social responsibility

Performance target	2023-24 Target	Performance against target as at 30 June 2024
Comply with the Health and Safety at Work Act 2015	No breaches	Met
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.	Met
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	Met – Carbon Reduction Plan established
Increase our GSS Lending Book and Climate Action Loans	Two new GSS loans and three new borrowers enter CALs	Partially met – 3 new CAL borrowers approved but only 1 GSS loan approved.
Ensure Annual Report is prepared in compliance with applicable GRI Standards	100%	Met
Meet all mandatory climate reporting standards	100%	Met

Objectives:

- Assist the local government sector in achieving their sustainability and climate change objectives.
- Improve sustainability outcomes within LGFA.

We have not approved any further projects as eligible for GSS Loans during the quarter. There were also no loan drawdowns to finance pre-approved projects under our Green, Social and Sustainability Lending Programme. This takes the total number of GSS loans approved to six with a combined value of \$572 million and there has been \$377.2 million in loans undertaken as at 30 June 2024. Eligible council or CCO projects will receive a discounted loan margin. For further information on GSS loans see our website [Green, Social & Sustainability Loans | New Zealand Local Government Funding Agency \(lgfa.co.nz\)](https://www.lgfa.co.nz/green-social-sustainability-loans)

We had three councils (Auckland Council, Dunedin City Treasury and Hutt City Council) approved as our first borrowers under the Climate Action Loans (CALs) Programme during the March 2023 quarter and Kapiti District Council during the December 2023 quarter. Wellington City Council was approved during the March 2024 quarter, and Tauranga City Council and Greater Wellington Regional Council were approved during the June 2024 quarter. We have \$2.7467 billion of CALs to the seven councils as at 30 June 2024 which was an increase of \$962 million over the quarter. Eligible councils will receive a discounted loan margin if they have in place a GHG Emission Reduction Plan and are meeting their emission reduction targets. The advantage of CALs is that unlike GSS loans, they do not have to be project specific. For further information on CALs see our website [Climate Action Loans | New Zealand Local Government Funding Agency \(lgfa.co.nz\)](https://www.lgfa.co.nz/climate-action-loans)

[The total amount of sustainable loans \(comprising GSS and CALs\) is \\$3.1239 billion or 15.8% of the total LGFA long term lending book.](#)

D4. Effective management of loans

Performance target	2023-24 Target	Performance against target as at 30 June 2024
Review each participating borrower's financial position under LGFA policies.	100%	Met
Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested.	100%	Met

Objectives:

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.
- Analyse finances at the Council group level where appropriate and report to shareholders.
- Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.
- Ensure a smooth transition of water related loans if the Affordable Water Reforms progresses over the forecast period.

We undertook meetings with twenty-seven councils and CCOs during the June 2024 quarter. LGFA continues to review council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list.

Over the past twelve months to 30 June 2024, we met with eighty-three councils and CCOs.

We have received compliance certificates for LGFA covenants from all our council and CCO members who had debt outstanding as at June 2023 and no council has requested that they be measured on a group basis.

We have met with the Minister of Local Government, Minister of Finance, and officials from Treasury and DIA to share our views on Local Water Done Well (LWDW) Programme. We have met with staff from various councils to help in achieving a better understanding of the financing transition issues.

On 25 June 2024 we published our SOI for the 2024-27 period. We are forecasting ongoing strong sector borrowing and large bond issuance by LGFA over the next three years. We are forecasting growth in LGFA lending, LGFA issuance and the level of liquid assets to meet the timing mismatches between issuance and lending:

NZ\$ billions	2024-25	2025-26	2026-27
Council Borrowing	5.8	5.2	6.2
LGFA Bond Issuance	5.4	5.5	5.9
Liquid Asset Portfolio	2.6	2.9	3.9
Total Assets	26.6	29.4	32.9
Total Liabilities	26.3	29.0	32.4

The SOI financial forecasts assumed a 5 bps increase in base lending margins to councils and CCOs and an increase in the Borrower Notes as a percentage of loans to 5%. These changes will take place from 1 July 2024. These changes were carefully considered by the LGFA board and are necessary to increase the capital strength of LGFA and to meet the additional costs incurred by LGFA in financing the larger borrowing requirement of the sector (including offshore borrowing). With the credit ratings of most council and CCO borrowers being downgraded by S&P Global Ratings, it is also important for LGFA to strengthen its financial position.

D5. Industry leadership and engagement

Objectives

- Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.
- Assist the local government sector with significant matters such as the Affordable Waters Reforms.
- Maintain productive relationships with central government representatives.
- Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.

During the quarter we have had meetings with Ministers, Treasury, DIA, and the Technical Advisory Group regarding council finances and the water reform programme. We have met with the Minister of Local Government and continue to offer our assistance with the implementation of the LWDW programme.

We were the headline sponsor of the Taituara Excellence Awards, and we also provided the quarterly LGFA Business Update and hosted a BNZ Economic Update by webinar.

LGFA continues to assist as required, the Ratepayer Assistance Scheme (RAS) project managed by a group of councils with advice from Cameron Partners. If successful, the RAS could offer temporary financial relief to ratepayers via rates postponement. LGFA is not contributing financially to this project but providing intellectual capital and assistance.

We continue to try to progress two initiatives to reduce compliance and documentation requirements for councils when they borrow from LGFA. These relate to a universal stock security certificate and for councils to allow delegation of a CEO certificate for borrowing. We are however reliant upon other organisations to work through these changes for us and do not have control over timelines.

E. Investor relations

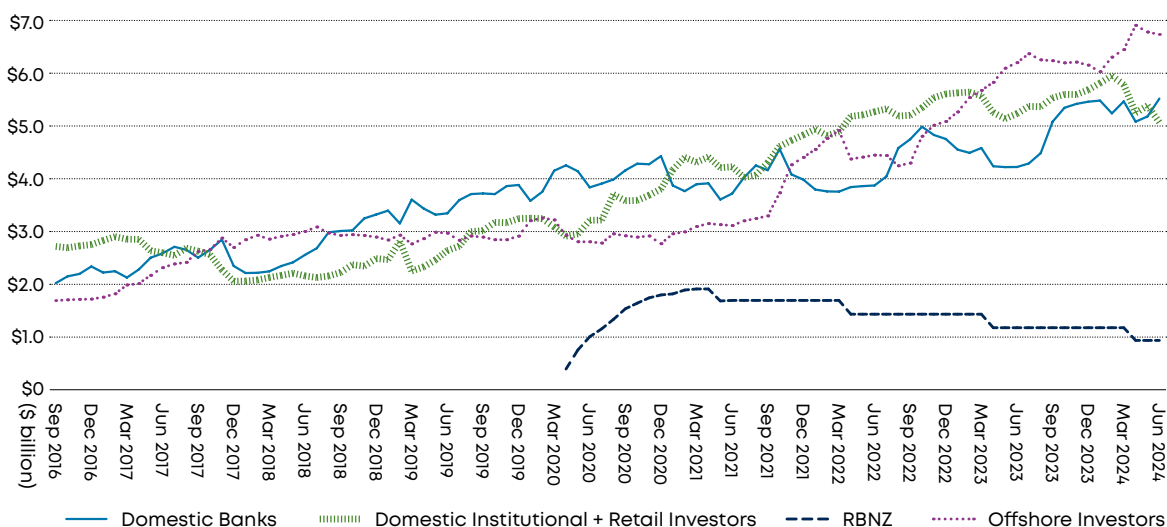
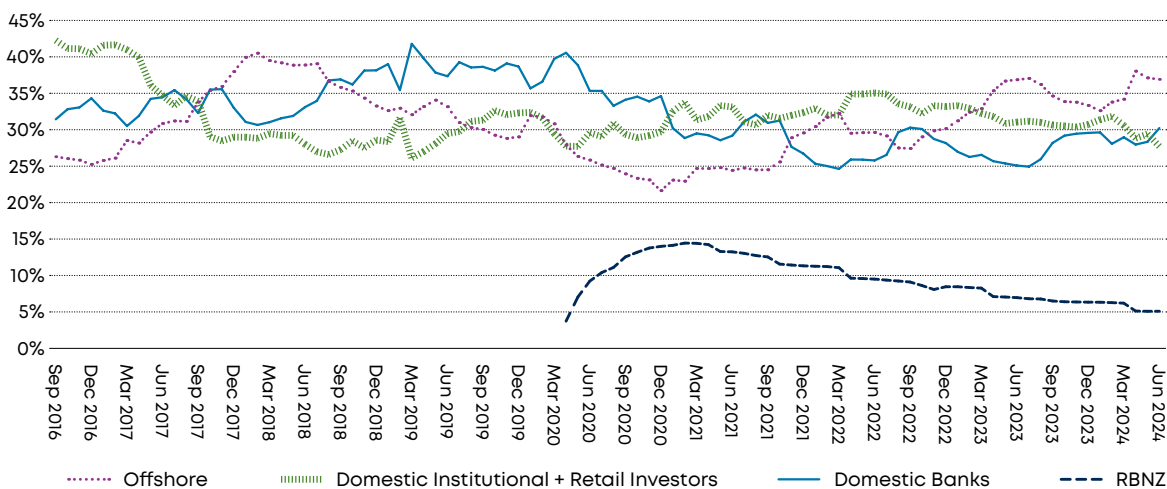
Managing relations with our investor base is especially important as the amount of LGFA bonds on issue continues to grow and we require investors and banks to support our ongoing tender issuance. Our mix of investors is well balanced across the various groups of LGFA bond holders.

Over the June quarter we issued NZ\$1.77 billion of LGFA bonds which was offset by the \$2.218 billion of April 2024 bonds maturing. The change in holdings amongst our investor groups during the quarter was:

- Offshore investor holdings increased by NZ\$442 million to be NZ\$6.73 billion on 30 June 2024 (36.9% of bonds on issue).
- Domestic bank holdings increased by \$279 million to be NZ\$5.52 billion on 30 June 2024 (30.2%).
- Domestic investor (retail and institutional) holdings reduced by NZ\$877 million to be \$5.07 billion on 30 June 2024 (27.8%).
- The Reserve Bank of New Zealand (RBNZ) holdings reduced by NZ\$240 million to NZ\$934 million as of 30 June 2024 (5.1%).

When you combine the A\$ issuance with the NZ\$ issuance held by offshore investors, they hold the equivalent of NZ\$9.6 billion or 45.4% of our bonds on issue.

LGFA Bond Holdings by Investor Group (% and \$ billions)



Change of Address

Please note that LGFA moved offices on 30 June 2024.

Our Wellington office is

Level 11
City Chambers
142 Featherston Street

Our Auckland office is

Level 7
The Shortland Centre
55 Shortland Street

We are in the same building in Wellington (but 3 floors higher) and our Auckland office is just across the road from the old location. If you are in Auckland or Wellington please let us know as it would be great to see you.



OFFICE OF THE AUDITOR-GENERAL
Te Mana Arotake

Level 2, 100 Molesworth Street, Thorndon 6011
PO Box 3928, Wellington 6140, New Zealand

Email: john.ryan@oag.parliament.nz
Telephone: +64 4 917 1500

Website: www.oag.parliament.nz www.auditnz.parliament.nz

| John Ryan

10 September 2024

Mayor Neil Volzke
Stratford District Council
PO Box 320
Stratford 4352

By email nvolzke@stratford.govt.nz and shanne@stratford.govt.nz
For the attention of the Mayor and the Chief Executive

Tēnā koe Mayor Volzke

Change to the appointed auditor for Stratford DC (SDC)

As you know, as Auditor-General I am the auditor of all public organisations.

Public Sector audit work is undertaken by a range of appointed auditors on my behalf. The current appointed auditor for SDC is Pam Thompson, a partner with Deloitte.

From time-to-time I decide that a change of audit service providers for an entity is appropriate, and that can be for a number of reasons. In your case I have been advised by my staff that you have sought a change back to Audit New Zealand after I moved your audit to Deloitte in 2022.

The pressures that were on Audit New Zealand as a result of Covid19 have diminished, and audit delivery is now returning to normal timeframes. I am satisfied that Audit New Zealand is now well placed to again carry out the audit of your organisation. As always, my office will continue to overview audit quality and audit fee setting processes to ensure they meet my expectations.

Before I make a final decision on this matter, I would be interested in any views the council may have on this appointment. Please get back to me by 20 September about that.

If you wish to discuss any matters related to the letter, please email the Sector Manager in my office responsible for your organisation, Stephanie Macdonald-Rose at Stephanie.Macdonald-Rose@oag.parliament.nz, or call her on 021 222 1986. Alternatively, I'd be happy to discuss the matter directly with you should you wish to.

Nāku noa, nā

John Ryan
Controller and Auditor-General



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.