



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

**I hereby give notice that the
Performance, Audit and Risk Committee Meeting
will be held on:**

Date: Tuesday, 29 July 2025
Time: 9:00 am
Location: Council Chamber, Third Floor
Office of the Waitaki District Council
20 Thames Street, Oamaru

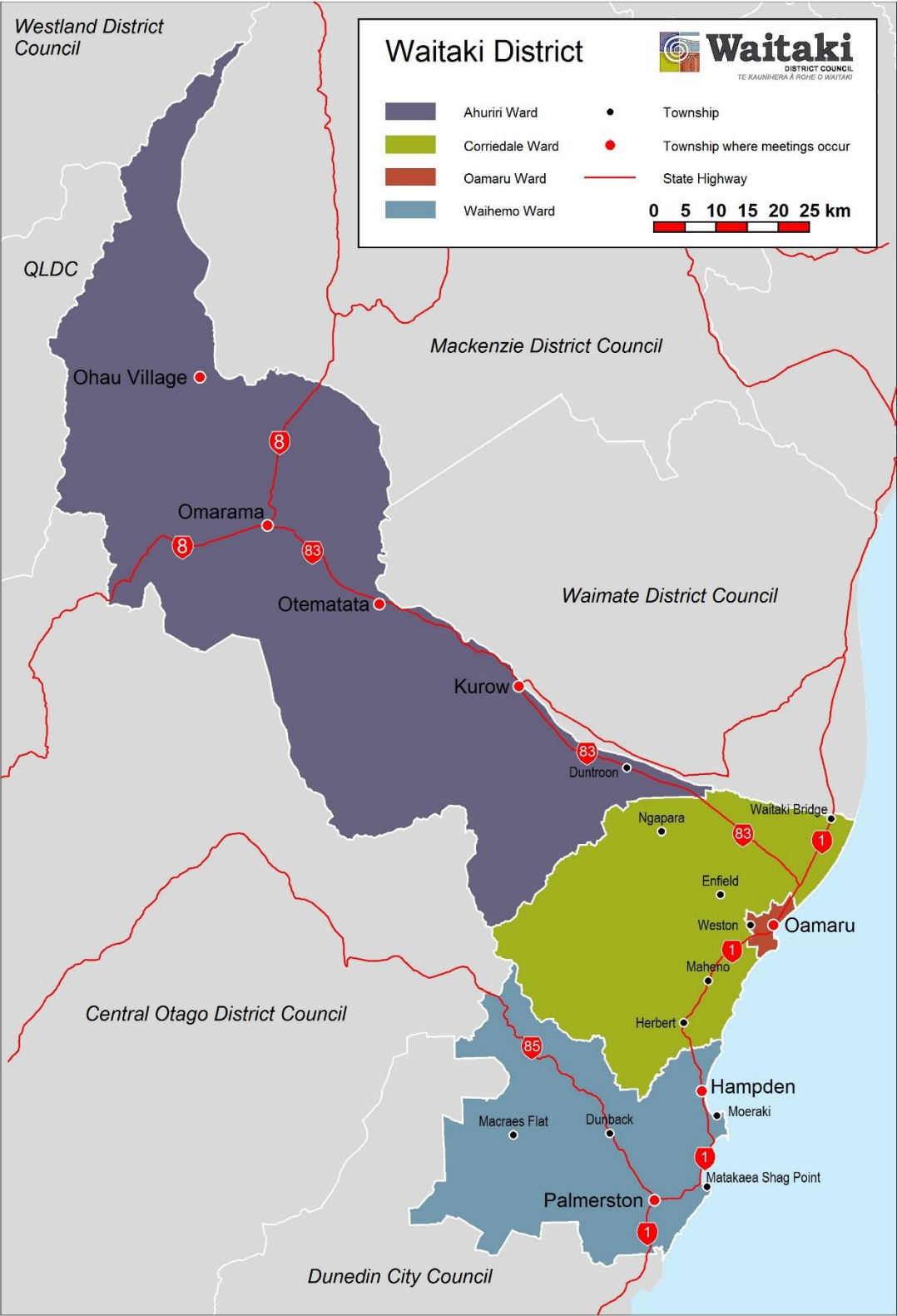
Agenda

Performance, Audit and Risk Committee Meeting

29 July 2025

**Alex Parmley
Chief Executive**

This meeting will be livestreamed at <https://www.youtube.com/live/zqiWLN-HTp0?si=7AaPKsv-9Z3ulhLA>





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- 1 APOLOGIES
- 2 DECLARATIONS OF INTEREST

3 CONFIRMATION OF PREVIOUS MEETING MINUTES

**3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD ON 24 JUNE 2025**

Author: Arlene Goss, Governance Services Lead

Attachments: 1. Public minutes of the Performance, Audit and Risk Committee
Meeting held on 24 June 2025

RECOMMENDATION

That the the Performance, Audit and Risk Committee confirms the Public minutes of the Performance, Audit and Risk Committee Meeting held on 24 June 2025, as attached, as a true and correct record of that meeting.

UNCONFIRMED MINUTES

**OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBER, THIRD FLOOR, OFFICE OF THE WAITAKI DISTRICT
COUNCIL , 20 THAMES STREET, OAMARU
ON TUESDAY, 24 JUNE 2025 AT 9.00AM**

PRESENT: Chair Simon Neale, Member Rebecca Ryan, Member Jim Hopkins, Member Tim Blackler

IN ATTENDANCE: Cr Jeremy Holding
Cr Brent Cowles
Alex Parmley (Chief Executive)
Roger Cook (Director, Natural & Built Environment)
Paul Hope (Director, Support Services)
Joanne O'Neill (Director, Strategy, Performance & Design)
Lisa Baillie (Director, Community Engagement and Experience)
Amanda Nicholls (Finance Manager)
Jason Lilley (Livestream Support)
Arlene Goss (Governance Lead/Minutes)

IN ATTENDANCE FOR SPECIFIC AGENDA ITEMS:

Andrew Rodwell, the Chief Executive of Aquus Limited and Stephen Craig-Pearson, the AQUUS Commercial Manager, on behalf of North Otago Irrigation Company.

This meeting was live-streamed and can be viewed at

<https://www.youtube.com/live/gIKAO7nYs00?si=UOtPEtc0S1oITsY3>

MEETING OPEN

The Chair declared the meeting open at **9.00am** and welcomed everyone present.

1 APOLOGIES

RESOLVED PAR 2025/028

Moved: Cr Jim Hopkins

Seconded: Cr Tim Blackler

That the apologies from Mayor Gary Kircher, Cr John McCone and Cr Hana Halalele be accepted.

CARRIED

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

The next item was moved forward in the agenda to accommodate the guests.

4.4 UPDATE FROM NORTH OTAGO IRRIGATION COMPANY LIMITED

The chairman welcomed Andrew Rodwell and Stephen Craig-Pearson to the meeting. They were attending as representatives of Aqus rather than NOIC. Aqus has full management responsibility under contract to NOIC, which no longer has any staff.

The background and working arrangements of Aqus and NOIC were explained by Mr Rodwell. The full 20,000 shares have been issued, with one share representing one irrigated hectare. They were not expecting any further share sales. The full allocation of shares would provide WDC with a degree of comfort regarding its investment in NOIC.

Mr Craig-Pearson said the shares were held by a wide spread of farming entities. The company has never written off any money owed by a farmer and has no arrears currently. He went on to explain other reasons why the company was in a good financial position. The full share subscription reduced risk, and the company was building its cash assets.

Council as a lender currently ranked equally with the bank lender ASB. If the worst happened, Council would sit equal to the bank in recovering its money.

The chairman asked about the risks around the consenting process. The two challenges were obtaining a new consent for water take from the Waitaki River and the second was managing the capital replacement programme. The water take consent expires in 2030 but the process to re-apply had already started. Further discussion took place on the consenting process and issues.

How would climate change and its impact on rainfall patterns affect the irrigation company? They have not done any work on the long term impacts. The infrastructure has been proven to perform reliably in dry years and wet years. Farmers were adapting and adopting more efficient technology.

Councillors asked various questions and these were answered by Mr Rodwell. The chairman thanked them for attending and they left the meeting.

RESOLVED PAR 2025/029

Moved: Cr Tim Blackler

Seconded: Cr Rebecca Ryan

That Performance, Audit and Risk Committee receives and notes the information.

CARRIED

3 CONFIRMATION OF PREVIOUS MEETING MINUTES

3.1 PUBLIC AND PUBLIC EXCLUDED MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING HELD ON 27 MAY 2025

RESOLVED PAR 2025/030

Moved: Cr Jim Hopkins

Seconded: Cr Rebecca Ryan

That the Performance, Audit and Risk Committee confirms the Public minutes of the Performance, Audit and Risk Committee Meeting held on 27 May 2025, including those matters taken in public excluded, as circulated, as a true and correct record of that meeting.

CARRIED

4 MEMORANDUM REPORTS

4.1 FINANCIAL SUMMARY (TO 31 MAY 2025)

The Finance Manager introduced this report and summarised the main points.

Discussion included:

- The timing of donations towards the Events Centre. Have not heard from the trust yet. They expect to have funding available by the end of the financial year.
- The deficit in the financial report is a different figure to the deficit in the CEOs report to council. This was because the two reports were looking at different time periods. The main difference was due to the grants received towards the Events Centre.
- The bullet point at the bottom of page 10. How can costs be \$1.8m over budget due to timing differences? When budgets were set they used their best guess as to what would be spent in each financial year, but sometimes more or less was spent.. The same amount was spent overall, but the timing of the spending was different to what was budgeted.
- Amount spent for contractors for economic development. Why was this overspent? This includes consultants, legal fees and valuations. The Finance Manager offered to come back to the councillors with more information.
- In the consultants budget, the most significant increase was due to the district plan review process.
- In relation to economic development, there was Better Off Funding money not yet received due to projects not going ahead as quickly as planned.
- A report on staff costs saved by the transformation process is attached to the chief executive's report in the council agenda.
- Councillors asked for a breakdown of staff costs allocated in various areas. This would happen at the end of June.
- Other expenses makes up 13% of the total spend. Councillors would like to drill into this to understand what goes in that budget line. This would also be available at the end of June.

RESOLVED PAR 2025/031

Moved: Cr Tim Blackler

Seconded: Cr Jim Hopkins

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

4.2 INFRASTRUCTURE COMPLIANCE (HEALTH & HYGIENE) REPORTING

Josh Rendell and Caitlin Brand joined the table and introduced this report, which is a new report for the committee. It showed 11 out of 14 water supplies in the district were non-compliant. There is now a bigger focus on reaching compliance.

Some of the issues in drinking water were sampling related, data related, or due to changes to water supply standards. There were also some issues with waste water.

The chairman said he was concerned at the number of problem areas. He asked about the Oamaru wastewater non-compliance. It would not be compliant by July 1. Staff were investigating options for filtration at the outlet. They were working with ORC on this matter.

What was the greatest risk to the council? The Oamaru wastewater treatment plant non-compliance might result in a fine if ORC were not happy to extend the deadline further.

There was budget in the Long Term Plan to overhaul the plant in ten years, so there was the need to balance work done now with what will happen when it's overhauled.

Further discussion took place on other issues raised in the report and Mr Rendell answered questions from the councillors.

RESOLVED PAR 2025/032

Moved: Cr Jim Hopkins

Seconded: Cr Tim Blackler

That Performance, Audit and Risk Committee receives and notes the information.

CARRIED

4.3 WAITAKI DISTRICT COUNCIL GREENHOUSE GAS EMISSIONS INVENTORY REPORT

This report presented a high-level summary of the Waitaki District Council Greenhouse Gas Emissions Inventory Report (base year 2022-23).

Victoria van der Spek joined the table and introduced her report, which is the committee's first report on this matter. It captures the carbon footprint of all of council, including what is contracted to others to do on behalf of council. She noted at the bottom of page 22 there was an error in the bullet point, which contained a wrong dollar amount. Should read \$1.4 million, not \$23.2 million.

She suggested that council considered the changes it could make to improve council's carbon footprint.

The chairman noted that 50% of council's carbon emissions came from the treatment of wastewater. Increasing the awareness of staff on this issue would help.

Discussion took place on council's responsibility for carbon emissions. Questions from the councillors were answered.

It was noted that Council's overall carbon balance was positive due to its forestry holdings.

RESOLVED PAR 2025/033

Moved: Cr Jim Hopkins

Seconded: Cr Rebecca Ryan

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

Item 4.4 was considered earlier in the meeting.

4.5 RISK MANAGEMENT UPDATE QUARTER 2 2025

This report provided an update on risk management activity throughout the organisation for quarter 2, 2025. It focused on the key risks of Council.

Director Joanne O'Neill said there wasn't any significant change to the risk profile but there had been a reduction in some risks, which the committee noted as positive.

The chairman believed there was however significant risk in that, despite recruitment efforts, Council had not been successful in appointing a permanent employee to the risk manager position.

This meant we were not giving the risk management function the oversight it should be getting and may be missing risk shifts.

The chairman stressed the importance of filling this position as quickly as practical and suggested using short term contractors or borrowing resource from neighbouring councils as an interim measure, as he was concerned that the position remained vacant.

The chairman thanked Ms O'Neill for her work in reducing the particular risk of significant staff harm.

RESOLVED PAR 2025/034

Moved: Cr Jim Hopkins

Seconded: Cr Rebecca Ryan

That Performance, Audit and Risk Committee receives and notes the information.

CARRIED

The Chair declared the meeting closed at 10.40am.

TO BE CONFIRMED at the Performance, Audit and Risk Committee Meeting to be held on Tuesday, 29 July 2025.

.....
CHAIRPERSON

4 DECISION REPORTS

4.1 TREASURY STRATEGY, FY 2025-2026 FIRST QUARTER

Author: Amanda Nicholls, Chief Financial Officer

Authoriser: Paul Hope, Director Support Services

RECOMMENDATION

That the Performance, Audit and Risk Committee recommends:

That Council:

1. Adopts a Treasury Strategy for the first quarter of the 2025-26 financial year which includes:
 - a) Monitoring available cash and projecting future cash requirements
 - b) Liaising with the Local Government funding Agency (LGFA) to ensure Council's ability to function and deliver on behalf of its communities is not impeded by lack of funds
 - c) Obtaining advice and support from Bancorp Treasury Services on key projects in addition to ensuring compliance with policy limits
 - d) Investing funds considered surplus to immediate requirements based on current forecasts to best advantage to maximise returns.

DECISION OBJECTIVE

To report and discuss Council's proposed Treasury Strategy for the first quarter of the 2025-26 financial year, to review benefits arising from Council's membership of the Local Government Funding Agency (LGFA), and to consider the above recommendations.

SUMMARY

The Liability Management and Investment Policy adopted as part of the 2025-34 Long Term Plan sets out reporting and accountability requirements which include regular reporting of outcomes in the Treasury activity and the adoption of a quarterly Treasury Strategy.

A copy of the Bancorp Treasury Report for the quarter ended 30 June is presented as part of the Treasury Report for 30 June 2025 to the Performance, Audit and Risk (PAR) Committee Meeting on 29 July 2025. It provides helpful analysis of current market pressures and compares Council's borrowing rates against current market rates.

DECISION-MAKING EXPECTATIONS

Governance Decision-Making:	To adopt the proposed Treasury Strategy
Operational Decision-Making:	To implement the Treasury Strategy
Communications	Media Releases – contributed to by officers and Elected Members Media/public enquiries regarding governance decision-making topics above can be addressed by governance

Media/public enquiries regarding operational decision-making topics above can be addressed by officers

SUMMARY OF DECISION-MAKING CRITERIA

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	Key	Environmental Considerations	No
Legal	Moderate	Cultural Considerations	No
Significance	Key	Social Considerations	No
Financial Criteria	Moderate	Economic Considerations	Moderate
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

BACKGROUND

Council's primary income is derived from rates, received in quarterly instalments throughout the year. Another significant funding source is grant funding, which is typically received in the month following the related expenditure outflow (e.g. NZTA funding, Government grants and subsidies for specific capital projects). Other key income is fairly regular and predictable (user charges, property rental, regulatory charges, finance income).

Key operating and personnel costs are also relatively stable and consistent throughout the year, and these are generally covered by operating revenue and existing reserves.

Council's significant spend is on capital projects, largely focused on infrastructure and on one-off building developments. This expenditure can be irregular and is mostly funded by external borrowing. Council obtains its borrowing from the LGFA, at competitive rates.

To borrow from the LGFA, Council must abide by that agency's lending covenants. Council also sets its own thresholds in its Liability Management and Investment Policy, adopted every three years as part of the Long-Term Plan. Each quarter, a Treasury Report is provided outlining the Council's Treasury activity for the previous quarter, including compliance with the LGFA covenants and the Council's own thresholds set in its Liability Management and Investment Policy.

To maintain compliance and ensure that Council continues to operate sustainably, careful consideration of Council's Treasury Strategy is necessary, in terms of managing cashflow, debt levels, and considering investment options. This report provides an opportunity to discuss Council's proposed Treasury Strategy for the first quarter of the 2025-26 financial year.

CURRENT SITUATION – THE MARKET

The Bancorp report provided as an attachment to the Treasury Report to this PAR Committee meeting on 29th June 2025 provides detailed analysis of current market conditions. Since the last Treasury Strategy was presented in April 2025, the Official Cash Rate (OCR) has reduced to 3.25% as at 9 July 2025 with the next review due in October 2025. The market has signalled a more cautious approach but has signalled a possible cut to 3.0% in November 2025 but time will tell however as geo-political events have created some uncertainty within markets.

Rapid changes in the OCR in the past two years have increased Council's borrowing costs markedly and have also seen bank deposit rates reach levels not seen since 2017. Elevated OCR levels have also resulted in increased interest rates now being applied to Council's lending to external entities. With the constant rate drops over the last six months, Council is now seeing its borrowing costs reduce to more reasonable levels.

CURRENT SITUATION – INVESTMENTS

Loans to external parties \$20.636M (at 30 June 2025, includes accrued and compounding interest)

- North Otago Irrigation Company Limited (NOICL) – \$13.201M. Interest rates are set quarterly based on the 90-day bill rate plus a margin and are currently 5.69%. Annual principal repayments of \$266k, with a balloon payment in February 2031 of \$11.825M.
- Kurow-Duntroon Irrigation Company Limited – \$3.15M. Interest rate at 3.75% (reviewed July 2025) charged and paid quarterly. A new agreement was reached in December 2024 ceasing principal repayments, the loan matures 20 December 2034.
- Waitaki District Health Services Limited – \$1.927M. Interest rate 5.13% reset quarterly.
- Ōamaru Whitestone Civic Trust – \$0.392M. \$341.5k approved loan facility plus 2 Heritage loans, interest rate 3.27% (\$50.5K Heritage loans interest free).
- Whalan Lodge Trust – Original loan in April 2022 \$0.780M (loan \$0.750M plus compound interest \$30k) Second \$0.609M interest paid from rates from 1 July 2024. Third loan in October 2024 \$150k – All loans subject to an interest rate of 4.77%.
- Corriedale Water Management Company Limited – \$17.5k. Interest-free providing initial set-up funding. This advance will be repaid as part of the final settlement when Council's waters assets are relinquished.
- Ōmārama Airfield Limited – \$0.410M interest rate 8.13%% with interest compounding up to either \$100k or the date of practical completion. Council approved funding of up to \$0.550M, but this was contingent on no further drawdowns being made after 28 February 2024. 1 repayment has been made from section sales in November 2024. It is intended the Loan will be paid off via section sales – The Loan is due for repayment no later than 27 May 2026.

Bank / call account / term deposits

Council's cashflows are extremely cyclical and regular, with four months that may be regarded as "high cash balance" months – August, November, February, and May. These months are when quarterly rate instalments, water billing, and trade waste charges fall due for payment. In each of these months, and when other large inflows, like loan principal repayments, are received, officers must decide how best to deal with the resulting surplus funds, which effectively support Council activities through to the next "high cash balance" month. In making these decisions, officers consider:

- operational requirements; and
- loan repayment obligations; and
- term deposit opportunities.

Interest rates for term deposits have now reduced due to reductions in the OCR. They currently range from 1.00% for Council's call account and term deposits up to 2.35% for two months, to around 3.9% for six months and 4.0% for 12 months. Rates for longer terms have reduced in response to strong indications of a further drop in the OCR.

Council currently has \$1.65 M in the Call Account as at 30 June 2025 account earning 1.00%.

In addition to the Call account, Council holds funds in two other accounts effectively in "trust".

At 30 June 2025:

- \$549k was held as required by law in a separate account representing contract retentions held. Monies are transferred when retentions are released.
- \$149k was held representing ticket sales for upcoming events to be held at the Ōamaru Opera House. Revenue is recognised and transferred once the event has been held.

CURRENT SITUATION – BORROWINGS

Local Government Funding Agency (LGFA)

Council as at 30 June 2025 has borrowed a total of \$72.9M from the LGFA.

Three types of loan are used: Commercial Paper (CP); Floating Rate Notes (FRN); and Fixed Rate Bills (FRB). Maturity dates range from July 2025 to May 2030. The position as at 30 June 2025 is detailed in the table below.

Key: CP = Commercial Paper

FRN = Floating Rate Notes

FRB = Fixed Rate Bills

Key: CP = Commercial Paper	FRN = Floating Rate Notes		FRB =Fixed Rate Bills
Type of security	Maturity	Interest rate	Principal
LGFA CP	15-Jul-25	3.69%	\$2,000,000
LGFA FRB	15-Apr-26	0.84%	\$1,500,000
LGFA FRB	15-Apr-26	5.41%	\$1,000,000
LGFA FRB	15-Apr-26	6.22%	\$2,500,000
LGFA FRB	15-Apr-27	0.93%	\$2,000,000
LGFA FRB	15-Apr-27	4.17%	\$2,000,000
LGFA FRB	15-Apr-27	5.16%	\$1,500,000
LGFA FRB	15-Apr-27	5.66%	\$3,000,000
LGFA FRB	15-May-28	2.32%	\$3,000,000
LGFA FRB	15-May-28	4.26%	\$1,000,000
LGFA FRB	15-May-28	5.18%	\$2,000,000
LGFA FRB	15-May-28	5.74%	\$3,000,000
LGFA FRB	20-Apr-29	5.45%	\$11,400,000
LGFA FRB	15-May-30	5.21%	\$4,500,000
LGFA FRN	15-Apr-26	5.30%	\$2,000,000
LGFA FRN	15-Apr-26	5.29%	\$2,500,000
LGFA FRN	15-Apr-26	5.20%	\$2,000,000
LGFA FRN	15-Apr-26	5.41%	\$1,000,000
LGFA FRN	15-Apr-26	5.13%	\$4,500,000
LGFA FRN	15-Apr-27	5.39%	\$2,000,000
LGFA FRN	15-Apr-27	5.36%	\$2,000,000
LGFA FRN	15-Apr-28	5.40%	\$2,500,000
LGFA FRN	15-May-28	5.33%	\$2,000,000
LGFA FRN	20-Apr-29	5.59%	\$2,000,000
LGFA FRB	15-May-30	4.69%	\$5,000,000
LGFA FRB	15-May-31	4.89%	\$5,000,000
Balance 30 June 2025		Total principal	\$72,900,000
		Accrued interest	\$570,898
		Total	\$73,470,898
Comparable rates — BNZ CARL facility = 5.13%			

Capital expenditure is continuing with a focus on the three most significant outflows relating to the Waitaki Events Centre, Kakanui Bridge and the Forrester Gallery. Although all have major third party funding attached to them, Council is still required to cover the funding difference between payment to contractors and the arrival of these funds. This bridging finance has an impact on short term funding requirements.

The Loan maturing on 15 July 2025 of \$2.0M was paid down from funds on Call. Any necessary short term borrowing will be financed via the CARL account, until the next round of rates receipts are due by 25 August 2025.

Interest rates available from the LGFA are slowly reducing. Council can currently borrow from the LGFA at around 4.00% fixed, 4.1% floating, and 3.5% on commercial paper for shorter terms.

Bank of New Zealand (BNZ)

Council has a Customised Average Rate Loan (CARL) facility with the BNZ with a limit of \$6M at 5.13%, and an overdraft limit of nil. The CARL facility is intended to be used for short-term borrowing to take advantage of the large quarterly Rates take given that the margin between LGFA and the CARL facility funding is only around 1%-1.5%. For longer-term requirements, the LGFA will always be the preferred funding source.

Future Borrowing Requirements

The LGFA has proven extremely responsive to requests for funding assistance and will provide funds if needed. Although obtaining new, and refinancing existing, loans from the LGFA require more paperwork than simply processing a transfer from the CARL facility, LGFA debt will always be more reasonably priced.

Forecasts completed for the 2025-34 Long Term Plan predict that new borrowings of circa \$85 million are required over the nine years (note: this assumes the exclusion of 3 waters and all waters related debt from 1 July 2027). This estimates is now being re-worked based on the Council decision regarding Local Waters Done Well.

Discussion

This Treasury Strategy will continue to provide:

- flexibility in accessing and applying operational funding
- certainty of funding for capital projects
- certainty and savings in loan servicing and facility costs
- funds which, when not required for operational or capital funding purposes, can be used to generate investment revenue

SUMMARY OF OPTIONS CONSIDERED

Option 1 – Adopt the Treasury Strategy for the first quarter of the 2025-26 financial year as outlined in this report, using the expertise of external consultants in relation to the structuring of external borrowing, making use of the lumpsum quarterly Rates take using the BNZ CARL facility for short term funding, and investing funds considered surplus to immediate operational and capital expenditure requirements. **(Recommended)**

Option 2 – Direct the Chief Executive to consider and develop an alternative Treasury Strategy.

ASSESSMENT OF PREFERRED OPTION

Option 1 is preferred. It continues current practice and is regarded by officers as the most practical and viable option in light of Council's present funding circumstances and significant upcoming capital and other projects.

CONCLUSION

Officers will continue to maximise, wherever possible, returns from Council's investments whilst minimising as much as practicable the costs of financing Council's ongoing funding requirements. This Treasury Strategy has been developed and has evolved to ensure that objective is met.

ADDITIONAL DECISION-MAKING CONSIDERATIONS

Waitaki District Council Strategic Framework

Outcomes

Community Outcomes

Prosperous District

- Attractive to new opportunities
- Supporting local businesses
- Fostering a diverse and resilient economy

Strong Communities

- Enabling safe, healthy communities
- Connected, inclusive communities
- Promoting a greater voice for Waitaki
- Celebrating our community identity

Quality Services

- Robust core infrastructure and services
- Community facilities and services we are proud of

Valued Environment

- Protecting our diverse landscapes and water bodies
- Meeting environmental and climate change challenges

Policy and Plan Considerations

To maintain compliance with LGFA borrowing covenants and Council's Liability Management and Investment Policy, careful consideration of Council's Treasury Strategy is necessary, in terms of managing cashflow, debt levels, and considering investment options.

Financial Considerations

To ensure that Council continues to operate sustainably, careful consideration of Council's Treasury Strategy is necessary, in terms of managing cashflow, debt levels, and considering investment options.

Legal Considerations

To maintain compliance with Council's financial obligations under the Local Government Act 2022, careful consideration of Council's Treasury Strategy is necessary.

5 MEMORANDUM REPORTS

5.1 FINANCIAL REPORT FOR QUARTER 4 FY2025

Author: Amanda Nicholls, Chief Financial Officer

Authoriser: Paul Hope, Director Support Services

RECOMMENDATION

That the Performance, Audit and Risk Committee receives and notes the information.

PURPOSE

This report presents the projected financial results for the twelve months ended 30 June 2025 and includes explanations for variances against budget.

Note: The 2025 results discussed throughout this report are currently in draft (“projected” column below) as final year end accruals and adjustments are still being made, and the infrastructure revaluation has not been accounted for as yet.

SUMMARY

Overall, the Council’s projected net financial result for the full 2025 financial year is behind budget. The operating deficit for the period is \$363k against a budgeted surplus of \$7.26m down on budget by \$7.6m.

Revenue at \$90.76m is \$3.9m behind budget, with the most notable variance being grants and subsidies income \$2.3m below what was anticipated. This is largely due to receiving less NZTA subsidies due to cancelled or deferred roading projects.

Expenditure at \$91.2m is over budget by \$3.6m. Most of this is represented by Depreciation (\$2.6m over budget) and Personnel costs (\$1.3m over budget). Depreciation is higher than budgeted due to the much higher revaluation that took place on 30 June 2024. Personnel costs are higher than budgeted due to significant staff movements during the restructure and lower capitalised costs than anticipated.

The balance sheet is significantly different to what was expected in the budget. The unexpected early repayment of the loan to Observatory Village has meant that loans to other entities investments are \$14m lower than budget. As previously reported, the funds were used to repay debt. The cash and term deposit balances are \$4m lower than budget, as all available funds have more actively been put into repaying debt. Overall, the debt balance is \$25m lower than budget, due to these reasons, and the deferral of capital expenditure to later years.

The Property, Plant and Equipment balances have not been updated for the scheduled annual revaluation of Roding infrastructure and triennial revaluation of land and buildings which are still to be processed. Additions are behind budget due to the deferral of circa \$20m of work and timing variances in project delivery. The revaluation movements will also be reflected in the equity/reserves balances.

The 30 June 2025 results will be finalised over the next month, and the annual report will be pulled together, incorporating the revaluation movements and all final accruals etc. The annual audit is set to begin on 22 September.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (P&L)

The projected operating result of the Council for the full 12 months of the 2025 financial year, versus budget and prior year, is set out below:

Waitaki District Council	Council Only	Council Only		Council Only
Statement of Comprehensive Revenue and Expense For the year ended 30 June 2025	2025 12 months Projected \$000	2025 Annual Plan Budget \$000	Actual vs Budget Variance \$000	2024 12 Months Actual \$000
Revenue				
Rates Revenue	46,750	46,602	148	41,280
User Charges	3,187	4,060	(873)	3,456
Property Rental	3,316	3,053	263	2,716
Regulatory Charges	2,163	2,352	(189)	2,270
Development and RMA Contributions	918	1,483	(565)	1,121
Government Grants Subsidies & Donations	31,295	33,614	(2,319)	12,233
Finance Revenue	2,076	2,860	(784)	2,365
Petrol Tax	146	204	(58)	176
Infringements and Fines	98	77	21	100
Dividends & Subvention Pymnts received	814	350	464	200
Assets vested in Council	-	-		572
Total Revenue	90,763	94,655	(3,892)	66,489
Expenses				
Personnel costs	19,452	18,148	(1,304)	18,164
Depreciation and amortisation	23,170	20,538	(2,632)	20,554
Finance Costs	3,821	3,720	(101)	2,965
Other expenses	44,857	43,887	(970)	39,564
Non-Trading Losses / (Gains)	(90)	1,310	1,400	3,532
Total Expenses	91,210	87,603	(3,607)	84,779
Share of joint venture's surplus / (deficit)	-	100	(100)	(52)
Interest on LGFA Borrower Notes	84	113	(29)	57
Surplus / (Deficit) before Tax	(363)	7,265	(7,628)	(18,285)
Income Tax Expense / (Refund)	-	-		-
Surplus / (Deficit) after tax	(363)	7,265	(7,628)	(18,285)
Other Comprehensive Revenue and Expense				
Gain/(Loss) on revaluation				
- of Infrastructural Assets	-	19,635		97,984
- on revaluation of Properties	-	9,520		-
Other Comprehensive Revenue	-	-		-
Total Other Comprehensive Revenue and Expense	-	29,155		97,984
Total Comprehensive Revenue and Expense	(363)	36,420		79,699

Key variances to the 2025 Enhanced Annual Plan budget for the year to date are:

- A number of aspects of the projected year end June 2025 period have still to be finalised so the result reported here is provided as an indication of financial performance with accruals made on a best estimate basis from information at hand as at 14 July 2025. Most significantly, revaluation movements are still to be booked.
- Grants and subsidies are \$2.3m behind budget. Of this, NZTA Subsidies are \$3.1m under budget due to a number of roading projects not going ahead as planned. This was either due to co-funding no longer being provided by NZTA (e.g. intersection improvements, Road to Zero) or elements of the project being deferred to next year (Kakanui Bridge, coastal resilience). The external funding due for the Network Waitaki Events Centre is largely back on track at year end, and the remaining funding expected from the Network Waitaki Events Centre Trust for the overall project is becoming more certain.
- User charges, regulatory charges and development contributions are all lower than budgeted due to less activity this year. Activity was high in these areas in the prior year, so the budget was set off that and anticipated to increase further. However, building/consenting activity has reduced in 2025 and there has been a general decrease in other user charges due to the economic climate at the moment.
- Finance revenue is under budget due to decreased rates and a decreased balance of interest-bearing investments. Rates charged for loans to external parties are based on LGFA rates plus a markup and are reducing as LGFA rates are decreasing. The Observatory Village loan was repaid early, at the beginning of February 2025, reducing the overall loans to external parties by \$14m.
- Personnel costs are over budget by \$1.3m as follows:

Personnel Costs	2025 Projected	2025 Budget	Variance
Salaries	19,658,918	19,904,598	245,680
Wages	898,595	955,900	57,305
Wages reallocated	-	-	-
Redundancy & Severance Payments	107,075	-	(107,075)
Volunteer Notional Cost	106,900	86,985	(19,915)
Mileage & Travel reimbursement	1,889	2,414	525
	20,773,378	20,949,897	176,519
Fringe Benefit Taxes	71,204	69,000	(2,204)
Superannuation - Council Contribution	755,513	828,543	73,030
	21,600,094	21,847,440	247,346
Overhead Recoveries	(2,147,940)	(3,699,640)	(1,551,700)
Total	19,452,154	18,147,800	(1,304,354)

The net salaries and wages paid is \$177k higher than budgeted, largely due to the significant amount of staff movements as a result of the organisation restructure. This has meant that final staff payments (leave payouts, redundancy etc.) were due that had not been budgeted for.

The main variance in personnel costs is the \$1.5m less 'overhead recoveries' than budgeted. The budget expected \$3.7m of staff costs/time to be capitalised to the balance sheet i.e. where staff spend their time developing an asset it is added to the value of the asset in property, plant and equipment or intangible assets, instead of expensed here. The budget was increased this year in anticipation of the new ways of working under the transformed organisation. However, as the restructure took place later in the year than expected and the new departments stood up gradually throughout the year, less time has been able to be capitalised. This is expected to increase in future years.

Refer also to the historic breakdown noted at the end of this report.

- Depreciation costs are higher than anticipated due to the revaluations of Waters and Roading infrastructure recognised at 30 June 2024. The revaluation movements were significantly higher than anticipated thus the resulting depreciation expense necessary is also significantly higher than anticipated.
- Borrowing costs are over budget due to the timing of borrowing undertaken and interest rates are slightly higher than budgeted. It was expected that borrowing would take place later in the year. However, borrowing increased early on in the financial year for capital work undertaken, and then reduced later in the year with the Observatory Village repayment in February.
- Other expenses are \$970k over budget. An analysis of the major variances, and also major items by dollar value is set out below:

Other Expenses Major Variances	2025 Projected	2025 Budget	Variance
Contract Maintenance	6,414,708	5,964,243	(450,465)
Consultants	2,173,317	1,911,906	(261,411)
Materials Purchased	517,295	311,465	(205,830)
Backfill for staff vacancies	199,132	-	(199,132)
Recruitment costs	265,217	74,066	(191,151)
Solicitors Fees	370,756	195,218	(175,538)
Valuation Expenses	383,821	245,790	(138,031)
	10,324,245	8,702,688	(1,621,557)

Major Other Expenses by Value	2025 Projected	2025 Budget	Variance
Contractors General	19,308,432	19,502,618	194,186
Contract Maintenance	6,414,708	5,964,243	(450,465)
Electricity	2,460,169	2,697,609	237,440
Consultants	2,173,317	1,911,906	(261,411)
Software Licenses	1,767,109	1,582,136	(184,973)
Insurance - General	1,429,183	1,405,507	(23,676)
Rates	901,643	678,802	(222,841)
	34,454,561	33,742,821	- (711,740)
Percentage of Total Value	76.81%	76.89%	73.31%
Total Value	44,857,783	43,886,977	(970,806)

Refer to the accounts payable report to the PAR committee on 29 July 2025, which details all significant suppliers that make up the expenditure above. It notes what contract each supplier has with the Council, and shows the previous two years spends as comparison.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

The projected financial position of the Council at 30 June 2025 is set out below.

Waitaki District Council	2025	2025	2024
Statement of Financial Position	Projected	Budget	Actual
As at 30 June 2025	\$000	\$000	\$000
Public Equity			
Ratepayers' Equity	310,208	310,208	310,208
Revaluation Reserves	915,269	919,470	915,276
Operating Reserves	(4,063)	(5,463)	(4,366)
Other Reserves	17,177	14,205	17,836
Total Public Equity	1,238,591	1,238,420	1,238,954
Non-Current Assets			
Property, Plant and Equipment	1,279,656	1,287,525	1,260,208
Investment Property	-	-	-
Intangible Assets	1,919	2,744	2,400
Forestry	918	952	918
Financial Assets			
- Investments in CCOs	4,703	4,703	4,703
- Investment in Joint Venture	1,677	1,880	1,677
- Investments in other entities	2,225	1,553	1,502
- Loans to other entities	17,979	32,415	34,648
Total Non Current Assets	1,309,077	1,331,772	1,306,056
Current Assets			
Cash and Cash Equivalents	2,458	4,391	6,422
Receivables	8,344	6,240	5,230
Prepayments	923	1,400	1,366
Inventory	252	122	118
Work in Progress	-	-	-
Financial Assets			
- Term deposits	-	2,000	2,018
- Investments in other entities	303	634	303
- Loans to other entities	2,656	2,331	1,853
Assets held for Sale	-	-	1,195
Total Current Assets	14,936	17,118	18,505
Total Assets	1,324,013	1,348,890	1,324,561

Waitaki District Council	2025	2025	2024
Statement of Financial Position	Projected	Budget	Actual
As at 30 June 2025	\$000	\$000	\$000
Non-Current Liabilities			
Borrowings	53,900	66,000	51,900
Provisions	83	115	83
Employee Entitlements	124	95	122
Finance Leases	-	-	-
Deferred Tax Liability	-	-	-
Total Non-Current Liabilities	54,107	66,210	52,105
Current Liabilities			
Trade and Other Payables	9,256	8,933	11,446
Employee Entitlements	2,347	2,218	2,097
Borrowings	19,571	33,098	19,741
Provisions	141	11	218
Total Current Liabilities	31,315	44,260	33,502
Total Liabilities	85,422	110,470	85,607
Net Assets	1,238,591	1,238,420	1,238,954

NOTE: equity and property, plant and equipment will increase significantly once the revaluations are completed and booked for the annual roading valuation and the 3-yearly land and buildings valuation.

Key variances to budget are:

- Property, plant, and equipment is lower than budgeted as the revaluations of roading and of land and buildings (including property, parks, and the Oamaru Airport) will not be recognised until year end.

Refer to the table below of the capital additions movements and variances for the year.

- Loans and receivables are \$14m lower than budgeted given that Observatory Village repaid its loans in full in February 2025, and these were not payable until future years.
- The cash and cash equivalents balance as well as the term deposit balance are each \$2m lower than expected. The Council has changed its approach to cash handling this year, and is actively holding at little funding as possible, and instead putting any available funding towards debt repayment. This has required very tight cash flow monitoring throughout the year.

There is now a \$6m short-term borrowing facility held with the bank, in case of any cash shortfalls, instead of holding funds in the call account or term deposit.

- External Borrowings amounts to \$74m with the inclusion of accrued interest. Debt was expected to rise in order to fund capital projects and Project Reclaim; however, Council's decision in December 2024 to defer circa \$20m of capital projects into later years, and the unexpected full repayment of the \$15m loan to Observatory Village in February 2025, mean it did not reach the budgeted level of \$99m.

CAPITAL EXPENDITURE

The capital expenditure summarised by department for the full 2025 financial year is set out below:

Capital Expenditure	2025 Actual Projected \$000	2025 Budget Revised \$000	Variance from Revised Budget		2025 Budget A/plan \$000	Carry forwards \$000	2025 Original Budget \$000	Variance from Original Budget	
			\$000	%				\$000	%
Roading	8,957	10,493	(1,536)	15%	14,232	200	14,432	(5,475)	38%
Waters	8,312	11,306	(2,994)	26%	13,805	9,300	23,105	(14,793)	107%
Sewer	1,229	2,057	(828)	40%	2,322	900	3,222	(1,993)	86%
Property	3,360	8,873	(5,513)	62%	8,282	1,800	10,082	(6,722)	81%
Parks and Recreation	17,673	15,469	2,204	-14%	16,583	1,500	18,083	(410)	2%
Information Systems	1,958	3,974	(2,016)	51%	3,174	800	3,974	(2,016)	64%
Vehicles	255	307	(52)	17%	307	-	307	(52)	17%
Other Business Units	467	669	(202)	30%	669	-	669	(202)	30%
Total Capital Expenditure	42,211	53,148	(10,937)	21%	59,374	14,500	73,874	(31,663)	53%

Note: the actual result is subject to change as accruals are finalised and expenditure is reviewed for any items that require capitalisation.

The 'original budget' of \$73.8m was made up of the \$59.4m of projects approved as part of the 2025 Enhanced Annual Plan, plus \$14.5m of projects carried forward from 2024 to 2025.

On 17 December 2024, Council resolved to defer \$20m of capital projects out of the \$73.8m of 'original budget', bringing the revised capital program for the 2025 year to \$53m. This revised budget is shown in the second column and is the budget that has been reported on in previous PAR reports this year.

The full year actual capital spend is \$42.2m, which is \$10.9m behind the \$53m revised budget. Capital expenditure is behind budget in all areas except for parks and recreation, which is largely the Network Waitaki Events Centre project that is ahead of schedule.

Roading projects are behind budget due to co-funding no longer being provided by NZTA (e.g. intersection improvements, Road to Zero) or elements of the project being deferred to next year (Kakanui Bridge, coastal resilience).

The waters projects that are behind schedule are largely due to the timing of scoping / initial work required before commencement of the project. Projects have not been progressed where there is uncertainty over the scope of work required.

The property spend is behind budget and is largely the Forrester Gallery project.

Finally, information systems is behind budget due to the timing of projects and less capitalised personnel costs than anticipated (also a result of delayed timing of projects).

PERSONNEL COSTS

The following table provides a breakdown of personnel costs over the last 6 years. It details the key line items that make up the cost as well as the amount that has been capitalized to the balance sheet each year. It also provides analysis of the increases from the year prior and considers the total cost divided by the total amount of full-time equivalents.

It shows that all balances are increasing, with the total cost and the capitalised amounts increasing in line with each other each year.

Note: the 2025 figures are still in draft, including the capitalised amount.

Personnel Costs	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000
Salaries & Wages	12,862	14,226	14,903	16,822	19,672	20,667	21,242
Severance payments	7	30	12	60	18	107	-
Defined contribution plan - Council contribution	363	402	411	470	683	755	840
Fringe benefit taxes	39	44	52	62	52	71	79
	13,271	14,702	15,378	17,414	20,425	21,600	22,161
Less recoveries from capital works	1,209	1,491	1,721	1,738	2,261	2,148	3,080
Total Personnel Costs	12,062	13,211	13,657	15,676	18,164	19,452	19,081
<i>Total increase from previous year</i>	9.10%	9.53%	3.38%	14.78%	15.87%	7.09%	-1.91%
<i>Increase from previous year before recoveries from capital works</i>	12.27%	10.78%	4.60%	13.24%	17.29%	5.75%	2.60%
Total full-time equivalents (at 30 June)	167	177	195	200	207		
Average personnel cost per FTE	72	75	70	78	88		

5.2 TREASURY REPORT TO 30 JUNE 2025

Author: Amanda Nicholls, Chief Financial Officer

Authoriser: Paul Hope, Director Support Services

Attachments: 1. Bancorp 30 June 2025 Report [↓](#) 

RECOMMENDATION

That the Performance, Audit and Risk Committee receives and notes the information.

PURPOSE

To provide members of the Committee with an overview of the Treasury function for the fourth quarter ended 30 June 2025 of the 2024-25 financial year, and the Bancorp Quarterly Treasury Dashboard Report for the same period (Attachment 1).

BACKGROUND

Council is engaged in activities involving the holding, spending, borrowing, and lending of substantial sums of money. This quarterly report summarises Council's cash reserves, its lending to external parties, and its borrowings so that Committee members are fully informed and up to date.

SUMMARISED RESULTS

Overall, Council is in a stable financial position. Loans to external parties are now earning interest at rates exceeding those that Council pays, and interest rates paid on borrowings continue to be lower than could be obtained from the bank. Borrowings are projected to finish the year under budget due to unplanned loan repayments from our lending to external parties and timing changes of capital projects that influences cashflow requirements.

The Council's net position (interest-earning investments against external borrowings) is -\$48.3m compared with budget -\$55.8m. The overall return on investments (finance revenue) at 8.61% is running ahead of budget of 6.86% and comfortably exceeds the 5.2% effective interest rate on borrowings. This is the result of using LGFA rates as the base for on-lending to external parties.

Detailed analysis on the various balances below is discussed in more detail in the following pages.

Statement of Financial Position

As at 30 June 2025

	2025 Projected \$000	2025 Budget \$000	2024 Actual \$000	Variance from Budget	
				\$000	%
Cash and Cash Equivalents	2,458	4,391	6,422	(1,933)	-44.0%
Financial Assets					
- Term deposits	-	2,000	2,018	(2,000)	100.0%
- Investments in other entities	1,980	2,187	1,980	(207)	-9.5%
- Loans to other entities	20,635	34,746	36,501	(14,111)	-40.6%
Total Cash and Investments	25,073	43,324	46,921	(18,251)	-42.1%
Finance revenue	2,160	2,973	2,422	(813)	-27.3%
<i>Effective interest rate</i>	8.61%	6.86%	5.16%		
Total Borrowings	73,471	99,098	71,641	(25,627)	-25.9%
Finance costs	3,821	3,720	2,965	101	2.7%
<i>Effective interest rate</i>	5.20%	3.75%	4.14%		
Net position	(48,398)	(55,774)	(24,720)	7,376	-13.2%

1 – Cash and term deposits – position at 30 June 2025

Type of account	Maturity	Interest rate	Balance \$000	Budget \$000
BNZ current accounts	N/A	-	260	144
BNZ retentions account	N/A	1.00%	548	300
BNZ Call account	N/A	1.00%	1,650	940
BNZ deposit		NA	-	2,000
Accrued interest			-	-
Total Cash Resources			\$2,458	\$3,384
Reported as				
Cash and Cash Equivalents			2,458	1,384
Term Deposits			-	2,000
Total Cash Resources			\$2,458	\$3,384

Deposits with original terms of 90 days or less are considered part of Cash and Cash Equivalents while those with longer maturity dates are categorized as Term Deposits. Interest accrued in bank accounts is added to those balances for financial reporting purposes.

The BNZ retentions account ensures the Council is compliant with legislation requiring funds that are held as retentions, under construction contracts on behalf of contractors, to be held separately from normal operational accounts.

Interest earned on cash and term deposit balances for the year to date is shown in the table below:

	Actual YTD \$000	Budget \$000
Interest on bank deposits	95	75

Interest rates available on the call account have reduced from 1.45% to 1.00% during the fourth quarter, term deposit rates range from 2.35% to 2.5% for 30-90 Days and from 3.9% to 4.0% for terms between 6 and 9 months. Funds are held in the call account to ensure their availability when needed to make payments to suppliers and contractors. There has been less use of term deposits during the year to date than was envisaged, the focus instead being on restraining borrowings from the LGFA. Therefore, bank interest is unlikely to achieve the level projected in the Annual Plan.

2 – Investments in other entities

Investments in other entities include shares in Lower Waitaki Irrigation Limited and Civic Financial Services Limited. Council's shareholdings in these entities are minor holdings only and Council has little effective involvement in the operations of either business.

The remainder of this category relates to LGFA Borrower Notes. As a condition of borrowing, Council currently holds \$2,382,749 in borrower notes and this holding will increase as more is borrowed from the LGFA. Interest is paid at varying rates linked to rates paid on the related borrowings, and is payable on maturity, which occurs when the associated borrowing matures. Interest accrued on the borrower notes amounts to \$135,248, with \$62,724 compounded in the nine months to March 2025. Because of the nature of this particular investment, revenue from this source must be reported separately in Council's Annual Report.

3 – Loans and advances to other entities

The council has loans to community groups and other entities as detailed below. Interest is charged and paid either monthly or quarterly on all loans.

Entity	2025 Projected \$000	2025 year-end Budget \$000	30/06/24 Actual \$000
Observatory Village Group	-	14,121	15,624
North Otago Irrigation Company Limited	13,201	13,260	13,526
Kurow-Duntroon Irrigation Company Limited	3,150	3,137	3,156
Waitaki District Health Services Limited	1,927	1,950	1,950
Whalan Lodge Trust	1,538	1,390	1,387
Ōamaru Whitestone Civic Trust	392	403	425
Ōmārama Airfield Limited	410	467	419
Corriedale Water Management Company Limited	18	18	18
Total loans and advances to other entities	20,636	34,746	36,501

Observatory Retirement Village Trust –

- All loan balances were repaid in full 3 February 2025 (refer to Council report on 25 February 2025)
- Total interest earned to repayment date was \$503,469

North Otago Irrigation Company Limited –

- Interest rate from 1 July 2024 8.025% from 1 Sept 2024 7.7255% from 1 January 2025 6.565% from 1 April 2025 6.00% 1 July 2025 5.69%
- Interest earned for the period is \$933,514.
- Principal repayments of \$66,670 per quarter during the current financial year.

- Principal repayments also occur when shares in the company are sold

Kurow-Duntroon Irrigation Company Limited –

- Interest rate reduced during the period to 3.75%
- Interest earned for the period is \$191,571.
- Interest is charged and paid quarterly.

Waitaki District Health Services Limited –

- Interest rate 5.13%
- Interest earned for the period is \$151,515
- New loan agreement yet to be signed; initial principal repayment required has still to be made. Expect some form of principal repayment during this financial year.

Whalan Lodge Trust –

- Advances provided to date over three approved facilities, plus compounding interest are as follows:

Advance1	\$780,000 capped at \$780,000
Advance 2	\$608,000 capped at \$608,000
Stand-by Facility	<u>\$150,000</u> capped at \$200,000
	\$1,538,000

- Interest rate 4.77% on advances 1 and 2 and 4.77% on the stand-by facility.
- Interest compounded to the first loan this year \$2,643 takes it to its maximum limit
- Interest now invoiced quarterly
- The second loan is being serviced from rates
- Total interest earned on these loans for the period is \$80,382

Ōamaru Whitestone Civic Trust –

- Balance includes interest-bearing and interest-free components
- Interest rate on interest-bearing part matches Council's internal loan rates set quarterly
- Interest earned for the period is \$27,058
- Approved loan facility with Council of up to \$356,500 plus further Heritage Fund facilities.

Ōmārama Airfield Limited –

- Advances provided to date \$410,430 including compounding interest which ceased 31 Dec 2024
- Interest rate is 8.13%
- Interest compounded to the loan to date this year totals \$44,081 with \$7,505 of interest charged on Development Contributions
- Loan is due for repayment 27 May 2026..
- Made 1 repayment of \$31k in Nov 24 from section sales.

4 – Finance Revenue

This consists of income reported by source for the quarter YTD, against full year budgeted and full year for the prior year. As noted, bank interest is unlikely to reach the level projected in the budget, and interest rates on loans that are set quarterly based on rates charged by the LGFA are expected to trend downwards over the rest of the year.

Entity	2025 Projected \$000	2025 Budget \$000	2024 Actual \$000
Bank / call account / term deposit interest	135	413	281
Observatory Village Group	503	931	893
North Otago Irrigation Company Limited	934	1,087	772
Kurow-Duntroon Irrigation Company Limited	192	242	244
Waitaki District Health Services Limited	152	152	153
Whalan Lodge Trust	81	80	34
Ōamaru Whitestone Civic Trust	27	20	22
Ōmārama Airfield Limited	52	48	23
Total loans and advances to other entities	2,076	2,859	2,365

5 – External Borrowings

Key: CP = Commercial Paper

FRN = Floating Rate Notes FRB = Fixed Rate Bills

Comparable rates – BNZ CARL facility = 5.13%, BNZ Overdraft = N/A

Type of security	Maturity	Interest rate	Principal
LGFA CP	15-Jul-25	3.69%	\$2,000,000
LGFA FRB	15-Apr-26	0.84%	\$1,500,000
LGFA FRB	15-Apr-26	5.41%	\$1,000,000
LGFA FRB	15-Apr-26	6.22%	\$2,500,000
LGFA FRB	15-Apr-27	0.93%	\$2,000,000
LGFA FRB	15-Apr-27	4.17%	\$2,000,000
LGFA FRB	15-Apr-27	5.16%	\$1,500,000
LGFA FRB	15-Apr-27	5.66%	\$3,000,000
LGFA FRB	15-May-28	2.32%	\$3,000,000
LGFA FRB	15-May-28	4.26%	\$1,000,000
LGFA FRB	15-May-28	5.18%	\$2,000,000
LGFA FRB	15-May-28	5.74%	\$3,000,000
LGFA FRB	20-Apr-29	5.45%	\$11,400,000
LGFA FRB	15-May-30	5.21%	\$4,500,000
LGFA FRN	15-Apr-26	5.30%	\$2,000,000
LGFA FRN	15-Apr-26	5.29%	\$2,500,000
LGFA FRN	15-Apr-26	5.20%	\$2,000,000
LGFA FRN	15-Apr-26	5.41%	\$1,000,000
LGFA FRN	15-Apr-26	5.13%	\$4,500,000
LGFA FRN	15-Apr-27	5.39%	\$2,000,000
LGFA FRN	15-Apr-27	5.36%	\$2,000,000
LGFA FRN	15-Apr-28	5.40%	\$2,500,000
LGFA FRN	15-May-28	5.33%	\$2,000,000
LGFA FRN	20-Apr-29	5.59%	\$2,000,000
LGFA FRB	15-May-30	4.69%	\$5,000,000
LGFA FRB	15-May-31	4.89%	\$5,000,000
Balance 30 June 2025		Total principal	\$72,900,000
		Accrued interest	\$570,898
		Total	\$73,470,898

Council has utilised LGFA funding for the purposes outlined in the table below.

Purpose and timing of LGFA borrowing	Amount \$
November 2020 – Hamnak pipeline/other waters projects (replaced BNZ CARL)	15,000,000
July 2021 – Oamaru water reservoir, de-sludge sewer ponds	5,000,000
April 2022 – Refinance WDHL / Observatory Village loan \$4.6M	5,000,000
August 2022 – 3 Waters and other capital projects	4,000,000
October 2022 – new loan to WDHL, emergency roading works	5,000,000
December 2022 – road sealing programme; 3 Waters projects	4,000,000
May 2023 – Capital expenditure in April/May	4,000,000

July 2023 – Capital expenditure in June/July/August	4,000,000
October 2023 – Capital requirements, lending commitments	5,000,000
November 2023 – Capital expenditure, Project Reclaim brought forward	10,000,000
April 2024 – capital expenditure, Project Reclaim	11,000,000
July 2024 – Project Reclaim	900,000
Total	\$72,900,000

Departmental Borrowing

Of the \$73m total borrowings, around \$50m is related to 3 waters, \$13m is related to property, and \$2m is related to roading capital work. The remaining \$8m is split relatively equally between solid waste (Project Reclaim), parks and recreation, and other borrowing (Digital Services etc.).

Borrowing Forecast

The Observatory Village fully repaid its loan on 3 February 2025 which allowed the Council to repay \$13.1 million of the \$25.1 million of LGFA loans which matured on 15 April and re-finance \$12 million which was seen as the most prudent approach. The highlighted LGFA Commercial Paper Loan of \$2.0 million was recently repaid on 15 July 2025.

The 2025 Enhanced Annual Plan forecast total borrowing of \$99m as at 30 June 2025. Council's actual result is \$73m, which is \$26m less than budgeted. As noted in the monthly updates over the last 6 months, this is as expected and is due to the deferred capex resolved at the 17 December Council meeting, and the OVL early repayment in February 2025.

6 – Borrowing Costs

	2025 Projected \$000	2025 full-year Actual \$000	2024 Actual \$000
LGFA borrowing	3,815	3,718	2,963
BNZ CARL facility	6	2	2
Total Borrowing cost	3,821	3,720	2,965

- Borrowing costs are slightly above budget, due to timing of recent borrowings. Interest rates are declining (however the low interest Covid period loans have been repaid in April 25) as the market takes stock of recent OCR changes.
- The BNZ CARL facility is a stand-by facility of \$6 million which is used instead of the overdraft. It has had only minimal use during this financial year to date. It is only ever used in the very short term because of Council's lump sum quarterly rate receipting.



Quarterly Treasury Dashboard

30 June 2025

STRICTLY PRIVATE AND CONFIDENTIAL



Economic Commentary (as of 30 June)

Global

2

The Vladimir Lenin attributed quote, "There are decades where nothing happens; and there are weeks where decades happen," is strikingly apt for the last quarter. Significant geopolitical events have included US and Israeli strikes on Iranian nuclear facilities (including aggressive missile exchanges between Israel and Iran), continuing Russian and Ukrainian conflict, US tariff and trade tensions, with some tariffs as high as 60%. Tensions between the US and NATO members have continued, but appear to have softened as European members have largely agreed to increase defense spending

Significant economic events include the previously mentioned tariffs and concerns about the growing US budget deficit, which is estimated to increase the size of the US deficits by \$3.0 to \$4.5 trillion over the 2025–2034 period, raising questions about fiscal sustainability. There have also been concerns around President Trump’s attempts to influence the US Federal Reserve “Fed”, which threatens its long history of political independence, alarming both investors and economists.

Market volatility has been extreme, with the benchmark US 10-year treasury bond yield touching a low of 3.86% on 7 April, two days later it was at 4.51%, after that trading in a range between 4.18% and 4.61% before finishing the quarter at 4.23%. This level of volatility has not been seen for nearly 40 years. Oil prices, which at one point were 40% higher than their lows on 9 April, fell 15% in the last week of the quarter.

Key US economic data over the last 90 days have continued with the theme of slowing economic growth and with inflation remaining above the Fed’s 2.0% goal. Real GDP decreased at an annualised rate of 0.5% in Q1 2025 (January-March), a sharp slowdown from 2.4% in Q4 2024. The Consumer Price Index (CPI) rose 2.4% year-over-year in May 2025, with a 0.1% monthly increase, driven by shelter costs (+0.3%) but tempered by a 1.0% drop in energy prices. The Personal Consumption Expenditures (PCE) index, the Fed’s preferred measure, hit 3.6% in Q1 2025, up from 2.4% in Q4 2024. Inflation expectations rose sharply, with the University of Michigan’s June 2025 survey showing 1-year inflation expectations of 5.0% (up from 3.3% in January)-

New Zealand

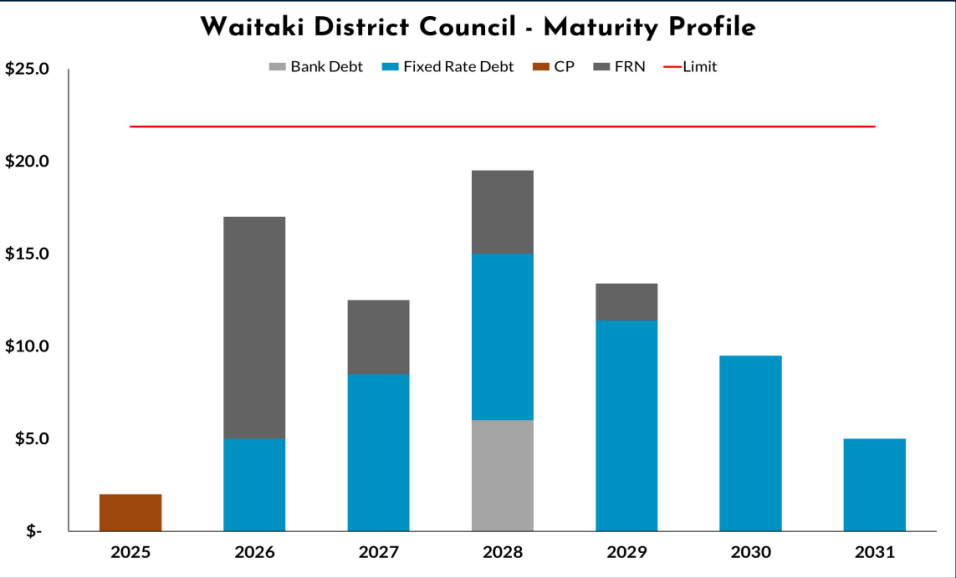
	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31-Mar-25	3.75%	3.61%	3.37%	3.46%	3.66%	3.87%	4.10%
30-Jun-25	3.25%	3.29%	3.20%	3.32%	3.57%	3.81%	4.07%
Change	-0.50%	-0.32%	-0.17%	-0.14%	-0.09%	-0.06%	-0.03%

New Zealand’s economy expanded by 0.8% on a quarterly basis in the March quarter, accelerating from 0.5% growth in the previous quarter and slightly beating market expectations of 0.7%. However, the annual rate printed at minus 1.1% for the twelve months ending 31 March. The March quarter marked the second consecutive quarter of growth following two quarters of severe contraction. Economic activity increased across all three major industry groups, with the strongest gains seen in manufacturing (+2.4% vs. +0.1% in Q4), followed by professional services.

The annual inflation rate in New Zealand accelerated to 2.5% in the first quarter of 2025, from 2.2% in the previous quarter. This was the highest inflation rate since June 2024, exceeding market expectations of 2.3%.

The RBNZ cut the OCR by 25 basis points in both April and May to take it to 3.25%, but in the *Monetary Policy Statement* in May, the central bank signaled a more cautious approach to further OCR easing, which markets have taken on board. A final OCR cut is not fully priced in until November 2025, which would take it to 3.00%, a full 250bps below last year’s peak however, but only time will tell if it is enough to kickstart a still-struggling economy.

Liquidity and Funding



Policy Compliance

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



Debt

\$72.9m

External Council Drawn Debt

LGFA

\$72.9m

Funds Drawn from LGFA

Bank facility headroom + term deposits + cash in bank

\$8.458m

Liquidity Ratio (must be > 110%)

111.60%

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

Weighted average cost of funds

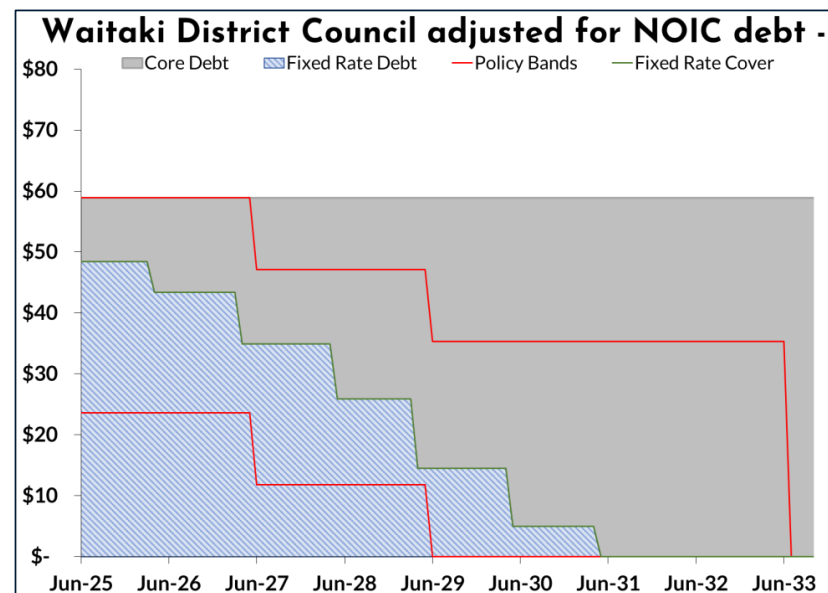
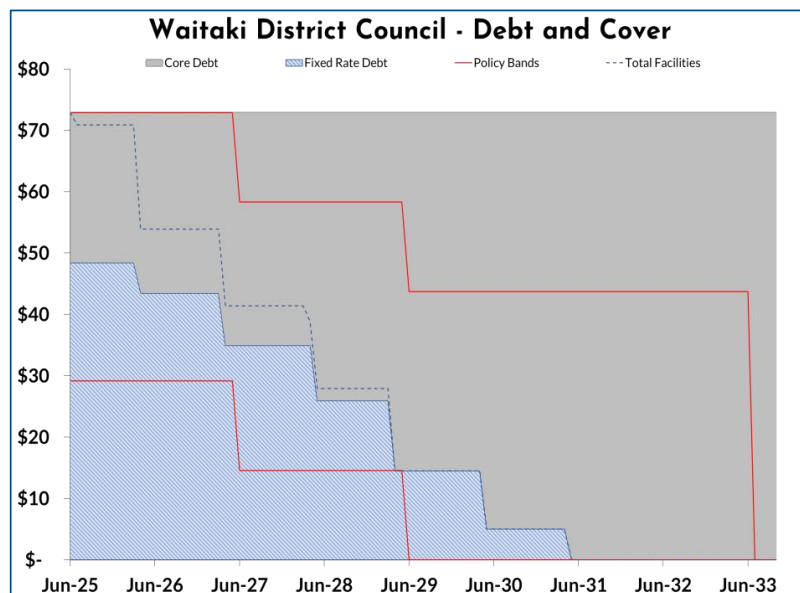
4.36%

All up weighted average cost of funds including margin.

3

Interest Rate Risk Management

4



Current Position

Two scenarios are shown in the above graphs:

- The top left graph shows WDC's gross debt position; the graph on the top right shows the gross debt position lowered by \$14m to reflect the on-lending to NOIC. Adjusting the debt level corrects the representation of WDC debt exposed to interest rate risk.
- The recent repayment of the Observatory Village debt has effectively taken WDC from Treasury Policy minimums to midpoints. This means that new debt can be of a short-term nature (which is where currently the lowest interest rates are) until there is greater clarification around where Waters' debt will sit in the medium term.

LGFA Borrowing Rates

5

Listed below are the credit spreads and interest rates applicable to the Waitaki District Council as an unrated guarantor of the LGFA as of 30 June 2025 for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB").

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.20%	3.49%	N/A
6 month CP	0.20%	3.47%	N/A
April 2026	0.67%	3.96%	3.83%
April 2027	0.81%	4.10%	4.00%
May 2028	0.95%	4.24%	4.27%
April 2029	1.05%	4.34%	4.50%
May 2030	1.13%	4.42%	4.69%
May 2031	1.23%	4.52%	4.93%
May 2032	1.29%	4.58%	5.09%
April 2033	1.37%	4.66%	5.28%
May 2035	1.42%	4.71%	5.50%
April 2037	1.56%	4.85%	5.76%

Funding

6

As of 30 June 2025, WDC had \$72.9 million of debt sourced from the LGFA using Commercial Paper, FRNs, and FRBs. WDC also has a bank facility with BNZ Bank for \$1.0 million that is maturing on 31 August 2025. This facility is presently not being utilised.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	15-Jul-25	3.69%	N/A	\$2,000,000
LGFA FRB	15-Apr-26	0.84%	N/A	\$1,500,000
LGFA FRN	15-Apr-26	4.04%	0.55%	\$2,000,000
LGFA FRN	15-Apr-26	4.25%	0.76%	\$1,000,000
LGFA FRB	15-Apr-26	5.55%	N/A	\$1,000,000
LGFA FRN	15-Apr-26	4.14%	0.65%	\$2,000,000
LGFA FRB	15-Apr-26	6.22%	N/A	\$2,500,000
LGFA FRN	15-Apr-26	4.13%	0.64%	\$2,500,000
LGFA FRN	15-Apr-26	4.14%	0.65%	\$4,500,000
LGFA FRB	15-Apr-27	0.93%	N/A	\$2,000,000
LGFA FRB	15-Apr-27	4.17%	N/A	\$2,000,000
LGFA FRB	15-Apr-27	5.16%	N/A	\$1,500,000
LGFA FRN	15-Apr-27	4.23%	0.74%	\$2,000,000
LGFA FRB	15-Apr-27	5.66%	N/A	\$3,000,000
LGFA FRN	15-Apr-27	4.20%	0.71%	\$2,000,000
LGFA FRN	15-Apr-28	4.24%	0.75%	\$2,500,000
LGFA FRB	15-May-28	2.32%	N/A	\$3,000,000
LGFA FRB	15-May-28	4.26%	N/A	\$1,000,000
LGFA FRB	15-May-28	5.18%	N/A	\$2,000,000
LGFA FRB	15-May-28	5.74%	N/A	\$3,000,000
LGFA FRN	15-May-28	4.24%	0.88%	\$2,000,000
LGFA FRN	20-Apr-29	4.46%	1.00%	\$2,000,000
LGFA FRB	20-Apr-29	5.45%	N/A	\$11,400,000
LGFA FRB	15-May-30	5.21%	N/A	\$4,500,000
LGFA FRB	15-May-30	4.69%	N/A	\$5,000,000
LGFA FRB	15-May-31	4.89%	N/A	\$5,000,000

Disclaimer

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5.3 HEALTH AND SAFETY UPDATE

Author: Peter Keegan, People & Capability Manager

Authoriser: Paul Hope, Director Support Services

RECOMMENDATION

That the Performance, Audit and Risk Committee note the incidents reported between 31 March and 30 June 2025.

PURPOSE

A total of 30 incidents were reported during the period 31 March to 30 June 2025. Of these, all were aligned to Council's defined critical health and safety risks. This reflects the diverse operational risks faced by the organisation — particularly in areas involving public interaction, field-based work, and aquatic safety.

While no fatalities or serious harm events occurred, the incidents included:

- One critical near miss involving a staff member walking across a pedestrian crossing and not being seen by the motorist,
- Two incidents involving occupational violence or aggression towards council staff,
- One aquatic dry rescue and three wet rescues involving a swimmer in distress, and
- One electrical incident involving faulty equipment.

Each incident has been responded to with remedial actions and/or policy or process reviews. The frequency and nature of incidents underscore the ongoing importance of hazard identification, staff support, and operational readiness.

Over the whole year from 1 July 2024 to 30 June 2025 there have been 106 reported incidents, sixteen (16) of which have been categorised as being Low-Level Risks, and ninety (90) categorised under our critical areas of risk.

The three critical areas of risk where there have been the most incidents are Water-Related Risks at the Pool (49), Violence and Aggression (21), and Vehicle and Machinery Operation (6).

All incidents under our critical risk areas are investigated and remedial actions taken.

SUMMARY

Summary of Incidents by Critical Risk (for the quarter)

Critical Risk	Number of Incidents	Incident Summary
Working at Height	2	Tile falling through ceiling into office area by printer, contractor cut by roofing material in windy conditions.
Vehicle and Machinery Operation	4	2 RSI incidents from excessive time spent, 1 vehicle tyre damage at site, 1 near miss rough sleeper in library carpark.
Traffic Management and Roadside Work	2	Near Miss on pedestrian crossing, and one an injury on side of road.
Lone and Remote Work	0	No incidents reported.
Confined Space Entry	0	No incidents reported.
Exposure to Hazardous Substances	0	No incidents reported.

Biological Exposure	0	No incidents reported.
Fire and Emergency Evacuation	0	No incidents reported.
Electrical Hazards	1	Small shock with pool's faulty vacuum cleaner - repaired.
Use of Chainsaws and Power Tools	0	No incidents reported.
Water-Related Risks	14	Four aquatic rescues involving distressed patrons at the Aquatic Centre and ten slip, trip, fall incidents.
Occupational Violence and Aggression	4	Two include public threats, verbal abuse, and written abuse, across multiple sites. One managed by police presence at public meeting – behaved.
Psychosocial Harm	2	Pool patrons to patrons – intervention by staff for one incident as advised late for the second incident.
Working Near or With the Public	1	Security issue at Library kiosk.

Critical Risk Assessment Workshop

A workshop was facilitated in June by Intesafety and was attended by eighteen staff across council activities. High level of engagement by all and review of critical controls to mitigate critical risk. A report and Critical Risk register will be received as an outcome of the workshop.

Key Themes and Learnings

- **Water-related Risks:** The major number of incidents (46%) were related to the pool with one being a dry rescue and three wet rescues of a distressed swimmer. Swimmers in difficulty in diving well and falling off Aqualand inflatables more notable this quarter.
- **Violence and aggression:** Two incidents were reported in this quarter, one involving multiple instances over a long period of time, for doing their job. Responses included situational safety training and debriefing with their people leader.
- **High-Risk activities:** The two working at height incidents relate to contractors working on the HQ roof where a tile came through the ceiling and the other was a contractor got a minor cut while screwing down roofing iron in windy conditions. This highlights the importance of pre-task risk analysis. A Job Safety Analysis (JSA) should be standard for all elevated work, and we are working to ensure that is the norm.
- **Community Interface:** Several incidents involved challenging public behaviour. This reinforces the need for strong procedures around de-escalation, follow-up support, and safe work design, particularly during public consultation and enforcement activities. Event plans include a health and safety component, and these are modified based on event debriefing learnings.
- **Psychosocial Harm:** Inappropriate behaviour by pool patrons highlights the value of reminding patrons to raise every instance while perpetrators are still there so trained staff can appropriately deal with it.

Next Steps and Recommendations

1. **Reinforce JSA Requirements** for all high-risk field tasks, especially involving height or confined spaces.
2. **Refresh De-escalation Training** and protocols for all front-line and regulatory staff.

3. **Review Public Interaction Risk Controls**, particularly around community engagement processes and site security.
4. **Continue Monitoring Psychosocial Risk** during ongoing transformation, with proactive communication and access to support services.
5. **Promote Incident Reporting** to maintain a strong safety culture, especially in under-reported areas like manual handling or contractor management.

Appendix 1 – Top 14 Critical Risks

#	Critical Risk	Description
1	Working at Height	Risk of falling from one level to another during inspections, maintenance, or parks operations.
2	Vehicle and Machinery Operation	Use of council vehicles and machinery (e.g. mowers, loaders). Risk of collision, rollover, or being struck.
3	Traffic Management and Roadside Work	Work near or on live traffic routes (e.g. roading, signage). Risk of being struck by vehicles.
4	Lone and Remote Work	Isolated work away from immediate support. Risks include delayed emergency response or injury without assistance.
5	Confined Space Entry	Entry into tanks, pits, or manholes with limited ventilation or exit. Risks include toxic atmosphere or entrapment.
6	Exposure to Hazardous Substances	Contact with chemicals like chlorine, pesticides, or solvents. Risk of burns, poisoning, or respiratory harm.
7	Biological Exposure	Contact with wastewater, animals, or insects. Risk of infection, disease, or allergic reaction.
8	Fire and Emergency Evacuation	Fires or emergency incidents at Council premises requiring timely evacuation. Risk of injury or smoke inhalation.
9	Electrical Hazards	Working on or near live electrical systems. Risk of electrocution or electrical burns.
10	Use of Chainsaws and Power Tools	Use of sharp or high-speed equipment. Risk of serious injury, including lacerations and amputations.
11	Water-Related Risks	Risk of drowning or near-drowning in pools, reservoirs, or waterways. Includes aquatic centre, three waters, and fieldwork near water.
12	Occupational Violence and Aggression	Verbal abuse, threats, or physical aggression from the public, particularly in regulatory or front-line roles.
13	Psychosocial Harm	Mental or emotional harm due to stress, workload, organisational change, or bullying.
14	Working Near or With the Public	Risk of unpredictable behaviour or confrontations during inspections, meetings, or public engagement.

6 RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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 in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Accounts Payable as at 30 June 2025	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - 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</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of 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 or section 7
7.2 - Accounts Receivable as at 30 June 2025	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of 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 or section 7

7 PUBLIC EXCLUDED SECTION

8 RESOLUTION TO RETURN TO THE PUBLIC MEETING

RECOMMENDATION

That the Performance, Audit and Risk Committee resumes in open meeting and decisions made in public excluded session are confirmed and made public as and when required and considered.

9 RELEASE OF PUBLIC EXCLUDED INFORMATION

10 MEETING CLOSE