



Rangitikei District Council

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**Rangitikei**  
UNspoilt...

# Finance/Performance Committee Meeting

## Order Paper

**Thursday, 26 November 2015,  
9.30 am**

**Council Chamber, Rangitikei District Council  
46 High Street, Marton**

**Website:** [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz)

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**Chair**

His Worship the Mayor, Andy Watson

**Deputy Chair**

Cr Nigel Belsham

**Membership**

Councillors Cath Ash, Tim Harris, Dean McManaway, Rebecca McNeil, Soraya Peke-Mason, Ruth Rainey and Lynne Sheridan

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**Please Note:** Items in this agenda may be subject to amendments or withdrawal at the meeting. It is recommended therefore that items not be reported upon until after adoption by the Council. Reporters who do not attend the meeting are requested to seek confirmation of the agenda material or proceedings of the meeting from the Chief Executive prior to any media reports being filed.



# Rangitikei District Council

## Finance/Performance Committee Meeting

Order Paper – Thursday 26 November 2015 – 9:30 a.m.

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### Contents

1	Welcome .....	2	
2	Council Prayer .....	2	
3	Apologies/leave of absence .....	2	
4	Confirmation of agenda .....	2	
5	Chair's report .....	2	<i>tabled</i>
6	Confirmation of minutes .....	2	Attachment 1, pages 8-13
7	Treasury policies .....	2	Attachment 2, pages 14-44
8	Financial results for October 2015 .....	3	Attachment 3, pages 45-75
9	Queries from previous meeting .....	3	<i>Agenda note</i>
10	Effect of enhanced funding for flood damage reinstatement and rates impact ....	3	Attachment 4, pages 76-88
11	Proposed disposal of land – update .....	3	<i>Agenda note</i>
12	District promotion Strategy – proposed collaborative, cross-regional promotional activities .....	3	<i>Agenda note</i>
13	Request for reduction of water charges .....	4	<i>Agenda note</i>
14	Considerations for a Mayoral Discretionary Fund .....	4	Attachment 5, pages 89-93
15	Consideration of applications to round 2 of the Community Initiatives Fund .....	5	Attachment 6, pages 94-97
16	Consideration of applications to round 2 of the Events Sponsorship Scheme .....	5	Attachment 7, pages 98-103
17	Late items .....	6	
18	Future items for the Agenda .....	6	
19	Next meeting .....	6	
20	Meeting closed .....	6	

The quorum for the Finance/Performance Committee is 5.

At its meeting of 28 October 2010, Council resolved that “The quorum at any meeting of a standing committee or sub-committee of the Council (including Te Roopu Ahi Kaa, the Community Committees, the Reserve Management Committees and the Rural Water Supply Management Sub-committees) is that required for a meeting of the local authority in SO 2.4.3 and 3.4.3.

## **1 Welcome**

## **2 Council Prayer**

## **3 Apologies/leave of absence**

## **4 Confirmation of agenda**

The meeting will adjourn at 11.00 am and reconvene at 3.15 pm (or later if Council has not completed its business by that time).

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, ..... be dealt with as a late item at this meeting.

## **5 Chair's report**

A report will be tabled

File ref: 3-CT-14-1

### **Recommendation**

That the Chair's report to the Finance/Performance Committee meeting on 26 November 2015 be received.

## **6 Confirmation of minutes**

### **Recommendation**

That the Minutes of the Finance/Performance Committee meeting held on 29 October 2015 be taken as read and verified as an accurate and correct record of the meeting.

## **7 Treasury policies**

A memorandum (with draft policies) is attached. Brett Johanson, Partner, Financial Risk with Pricewaterhouse Coopers, will be in attendance.

File: 3-PY-1-4

### **Recommendations**

1. That the memorandum 'Treasury policy (incorporating Investment and Liabilities policies)' be received.
2. That the Finance/Performance Committee recommends the draft Treasury Policy [as amended/without amendment] to Council for adoption for public consultation.

## **8 Financial results for October 2015**

A report is attached.

File ref: 5-FR-4-1

### **Recommendation**

That the report 'Financial results for October 2015' be received.

## **9 Queries from previous meeting**

There are no outstanding queries.

## **10 Effect of enhanced funding for flood damage reinstatement and rates impact**

A memorandum is attached

File: 6-RT-2-3

### **Recommendations**

3. That the memorandum 'Effect of enhanced funding for flood damage reinstatement and rates impact' be received.
4. That, as a first option, Council consider requesting funding the Emergency rate shortfall from other agencies such as Civil Defence and/or Ministry for Primary Industries on an economic activity basis.

## **11 Proposed disposal of land – update**

A report will be provided to the Committee's meeting in March 2016. It has not proved possible to get the work to a sufficient stage for consideration at this meeting.

## **12 District promotion Strategy – proposed collaborative, cross-regional promotional activities**

There is little progress to report since the Committee's meeting on 1 October 2015. The Regional Economic Development Officers' meeting has been re-scheduled for early December where this item will be discussed. However, the Regional Chiefs meeting in Ruapehu recently heard a case study from Tararua District Council regarding their exhibit at the Auckland Home Show this year. This is illustrative of the kind of activity where collaboration can reduce costs to individual councils and promote regional New Zealand to the advantage of all.

A report will be brought to the Committee in February 2016.



### 13 Request for reduction of water charges

Colliers International, on behalf of the Ministry of Education, has requested a reduction of Council's charges for metered water use at the former Taihape College site on Rauma Road on the grounds that there was excess consumption because of water leaks on the property. A plumber was on site last month replacing 250 metres of pipe. The outstanding invoices total \$23,570. The last payment received for this account was in July 2014.

This site now houses St Joseph's College and a number of local organisations have been using some former College buildings on an informal basis.

Meters for extraordinary water users are read three times a year and invoices sent after that. While it is evident that metered consumption of water for March-June 2015 was double that for November 2014-February 2015, there was variable use before that so it is uncertain what the normal consumption is for this site.

The next reading, for November 2015-February 2016, should not be affected by leaks. Comparing this with the reading for November 2015-February 2015 would establish the likely percentage excess water use, which could be applied that to the charges made for the period July-October 2014 to July-October 2015. If this method is agreed to, the Committee might want to limit the total amount of reduction to a percentage of the outstanding invoiced sum.

#### Recommendation

That the Finance/Performance Committee authorises the Chief Executive to grant a remission of excess water charges at the site of the former Taihape College subject to

- (i) assessing the water loss at the site of the former Taihape College by comparing readings for November 2015-February 2016 with those for the same period twelve months ago to determine the percentage of excess water lost through leaks, and
- (ii) not exceeding .....% of the \$23,570 owing.

### 14 Considerations for a Mayoral Discretionary Fund

A report is attached

File: 3-GF-5

#### Recommendations

1. That the memorandum 'Considerations for a Mayoral Discretionary Fund' be received.

EITHER

2. That a Mayoral Discretionary Fund not be established for the Rangitikei District.

OR

3. That a Mayoral Discretionary Fund be established for the Rangitikei District, based on the terms of reference [as amended/without amendment] presented to the Finance/Performance Committee meeting of 26 November 2015, with an initial allocation for 2015/16 of \$.....

## **15 Consideration of applications to round 2 of the Community Initiatives Fund**

A report is attached. The applications were distributed separately to Elected Members (and are available on Council's website), together with scoring sheets for Committee members to complete before the meeting.

File: 3-GF-8-3

### **Recommendations**

1. That the report 'Consideration of applications for the Community Initiative Fund 2015/16 – round 2' be received.
2. That the Finance / Performance Committee approve the applications, listed below, and disperse the Community Initiatives Fund as outlined to successful applicants.

Marton RSA	\$
Creative Critters	\$

## **16 Consideration of applications to round 2 of the Events Sponsorship Scheme**

A report is attached. The applications were distributed separately to Elected Members (and are available on Council's website), together with scoring sheets for Committee members to complete before the meeting.

File: 3-GF-11-3

### **Recommendations**

1. That the report 'Consideration of applications for the Events Sponsorship Scheme 2015/16 – Round 2' be received.
2. That the Finance/Performance Committee considers the late application from the Taihape A&P Show.
3. That the Finance / Performance Committee approve the sponsorship of events listed below, and disperse the Events Sponsorship Scheme as outlined to successful applicants.

Marton Jaycees – Marton Christmas Parade 2016	\$
Taihape Area Dressage Group – Taihape Dressage Championships 2016	\$
Taihape A&P Show – Taihape A&P Show 2016	\$

Nga Iwi O Mokai Patea Services Trust – Waitangi Big Day Out 2016      \$

**17    Late items**

**18    Future items for the Agenda**

**19    Next meeting**

25 February 2016

**20    Meeting closed**

# Attachment 1



**Rangitikei**  
UNPOWELL...

# Rangitikei District Council

## Finance/Performance Committee Meeting

Minutes – Thursday 29 October 2015 – 9:30 a.m.

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### Contents

1	Welcome .....	2
2	Council Prayer .....	3
3	Apologies/leave of absence .....	3
4	Confirmation of agenda .....	3
5	Confirmation of Minutes .....	3
6	Chair's report .....	3
7	Financial results for 1 July – 30 September 2015 .....	4
8	Queries from previous meeting .....	4
9	Statement of service performance for 1 July – 30 September 2015 .....	4
10	Proposed disposal of land (including Santoft Domain) .....	4
11	Late items .....	4
12	Future items for the agenda .....	5
13	Next meeting .....	5
14	Meeting closed .....	5

The quorum for the Finance/Performance Committee is 5.

At its meeting of 28 October 2010, Council resolved that "The quorum at any meeting of a standing committee or sub-committee of the Council (including Te Roopu Ahi Kaa, the Community Committees, the Reserve Management Committees and the Rural Water Supply Management Sub-committees) is that required for a meeting of the local authority in SO 2.4.3 and 3.4.3.

**Present:** His Worship the Mayor, Andy Watson  
Cr Dean McManaway  
Cr Cath Ash  
Cr Nigel Belsham  
Cr Tim Harris  
Cr Rebecca McNeil  
Cr Soraya Peke-Mason  
Cr Ruth Rainey  
Cr Lynne Sheridan

**In attendance:** Mr Ross McNeil, Chief Executive  
Mr Michael Hodder, Community & Regulatory Services Group Manager  
Mr George McIrvine, Finance & Business Support Group Manager  
Mr Hamish Waugh, Infrastructure Group Manager  
Ms Denise Servante, Strategy & Community Planning Manager

## 2 Welcome

His Worship the Mayor welcomed everyone to the meeting.

## 3 Council Prayer

Cr Belsham read the Council prayer.

## 4 Apologies/leave of absence

There were no apologies.

## 5 Confirmation of agenda

The Chair confirmed there was no change to the Order of Business. However, there were two further matters which he wished to raise under Late items, in both cases to gauge the Committee's view.

## 6 Confirmation of Minutes

Resolved minute number **15/FPE/ 072** File Ref

That the Minutes of the Finance and Performance Committee meeting held on 1 October 2015 be taken as read and verified as an accurate and correct record of the meeting.

Cr Rainey / Cr Ash. Carried.

## 7 Chair's report

The Chair spoke to his tabled report, noting that the New Zealand Transport Agency Board would meet on 30 October 2015 to determine the level of emergency Funding Assistance Rate to apply to Rangitikei, Wanganui and South Taranaki District Councils.

Members supported the request for an update on progress with dealing with properties with rates arrears and for a formal recommendation on the costs for the CCO investigation.

Resolved minute number **15/FPE/073** File Ref

That the Chair's report to the Finance/Performance Committee meeting on 29 October 2015 be received.

His Worship the Mayor / Cr Peke-Mason. Carried.

## **8 Financial Results for 1 July – 30 September 2015**

Mr McIrvine spoke to his report, noting that the costs for repairing the damaged road network from the June rainfall event would fall (roughly) two thirds in 2015/16 and one third in 2016/17. An insurance claim was pending for the damaged hockey turf at Centennial Park once the reinstatement costs had been determined. Once that detail was known, Mr McIrvine would inform the Mayor.

**Resolved minute number**                      **15/FPE/074**                      **File Ref**

That the report 'Financial Results for 1 July – 30 September 2015' be received.

His Worship the Mayor / Cr Belsham. Carried.

## **9 Queries from previous meeting**

Mr McIrvine noted that he had done further analysis on the finances of the Omatane Rural Water Supply Scheme.

## **10 Statement of Service Performance for 1 July – 30 September 2015**

Mr Hodder spoke to his report, noting that some mandatory measures could not be reported on because the requested system upgrades had not been made. Mr McIrvine noted that the NCS/MagiQ Users Group had raised and would continue to raise the issue with the software supplier. The Committee supported continuing that and having a letter sent to the Department of Internal Affairs on the matter (since under the Local Government Act this department had the responsibility for developing and promulgating the mandatory measures).

**Resolved minute number**                      **15/FPE/ 075**                      **File Ref**

That the report 'Statement of Service Performance for 1 July – 30 September 2015' be received.

Cr Ash / Cr Peke-Mason. Carried.

## **11 Proposed disposal of land (including Santoft Domain)**

The Chief Executive informed the Committee that a proposal would be provided to the next meeting.

## **12 Late items**

### **Funding grant towards the Marton Christmas Parade**

The Marton Jaycees had approach the Mayor for funding assistance. They had had Council support before, most recently in 2014 through the Community Initiatives Fund. The



Committee agreed that a late application (to the Events Sponsorship Scheme) would be accepted and considered along with others at its meeting next month.

Council had previously decided to meet the cost of road closures (and advertising of these) for such events.

**Discretionary fund for the Mayor**

His Worship the Mayor wondered whether such a fund would be useful for the community. Some councils had this and some did not.

**13 Future items for the agenda**

Proposed discretionary fund for the Mayor

**14 Next meeting**

26 November 2015, 9.30 am

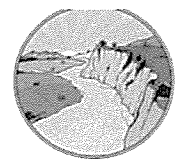
**15 Meeting closed**

10.35 am

Confirmed/Chair: \_\_\_\_\_

Date:

# Attachment 2



**Rangitikei**  
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# MEMORANDUM

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TO: Ross McNeil

COPIES: Finance/Performance Committee

FROM: George McIrvine

DATE: 19 November 2015

SUBJECT: **Treasury policy (incorporating Investment and Liabilities policies).**

FILE: 3-PY-1

Attachments: Draft Treasury policy

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## Background

At its June 2015 meeting, the Finance/Performance Committee had a presentation from the Local Government Funding Agency (LGFA) on the benefits of Council becoming a member of this scheme. The benefits of joining are cheaper interest rates on Council debt, with no commitment fees and access to extended terms for this debt.

As Council's LTP signals significant debt levels over the next 10 years and council needs to at least have access to this debt funding secured. As you will recall the process to join LGFA is as follows;

- Consulting on joining
- Having a fit for purpose treasury policy
- Having a debenture trust deed
- Appointing a trustee
- Documenting including legal documents
- Formal Application to join.

## Treasury Policy

Council needs to consult in its Annual Plan about joining LGFA and has to have an up to date Treasury Policy as a basis for this consultation. Attached (as Appendix 1) is a draft Treasury policy for consideration for adoption which has been brought up to date with the current legislation and is seen to be best practice. If agreed to by the Committee, a draft engagement plan would be prepared for Council to consider along with the policy.

## **Recommendations**

1. That the memorandum 'Treasury policy (incorporating Investment and Liabilities policies)' be received.
2. That the Finance/Performance Committee recommends the draft Treasury Policy [as amended/without amendment] to Council for adoption for public consultation.

George McIrvine  
Group Manager, Finance & Business Support

# *Appendix 1*

# **RANGITIKEI DISTRICT COUNCIL**

## **Treasury Management Policy**

**Including Liability Management  
and Investment Policies**

**DRAFT FOR DISCUSSION  
PURPOSES ONLY**

**Approved by Council [date]**

## CONTENTS

<b>1.0</b>	<b>Introduction.....</b>	<b>4</b>
1.1.	Policy purpose.....	4
<b>2.0</b>	<b>Scope and objectives.....</b>	<b>4</b>
2.1	Scope.....	4
2.2	Treasury management objectives.....	4
2.3	Policy setting and Management.....	5
<b>3.0</b>	<b>Governance and management responsibilities .....</b>	<b>6</b>
3.1	Overview of management structure .....	6
3.2	Council .....	6
3.3	Finance Performance Committee.....	7
3.4	Audit & Risk Committee .....	7
3.5	Chief Executive Officer (CE) .....	7
3.6	General Manager Finance & Business Support (GMFBS).....	7
3.7	Finance Team Leader (FTL).....	8
3.8	Accounts Payable & Payrolls Clerk (APPC) .....	8
3.9	Delegation of authority and authority limits.....	8
<b>4.0</b>	<b>Liability Management Policy.....</b>	<b>9</b>
4.1	Introduction.....	9
4.2	Borrowing limits .....	9
4.3	Asset management plans.....	10
4.4	Borrowing mechanisms.....	10
4.5	Security .....	10
4.6	Debt repayment.....	11
4.7	Guarantees/contingent liabilities and other financial arrangements .....	11
4.8	Internal borrowing .....	11
4.9	New Zealand Local Government Funding Agency (LGFA) Limited.....	12
<b>5.0</b>	<b>Investment Policy.....</b>	<b>13</b>
5.1	Introduction.....	13
5.2	Policy.....	13
5.3	Mix of investments.....	13
5.4	Acquisition of new investments .....	13
5.5	Equity investments .....	14
5.6	Property investments .....	14
5.7	Forestry Investments .....	15
5.8	Council does not see itself as a long term investor in forestry and will be seeking to dispose of these assets. Loans, Advances and Investments in Community Projects.....	15
5.9	Financial investments .....	16
5.10	Departures from normal Policy.....	16
5.11	Investment management and reporting procedures.....	16
<b>6.0</b>	<b>Risk recognition / identification management.....</b>	<b>17</b>

6.1.	Interest rate risk on external borrowing .....	17
6.2.	Approved financial instruments.....	18
6.3.	Liquidity risk/funding risk.....	18
6.4.	Counterparty credit risk.....	19
6.5.	Foreign currency .....	20
6.6.	Operational risk .....	21
6.7.	Legal risk.....	22
<b>7.0</b>	<b>Measuring treasury performance .....</b>	<b>23</b>
<b>8.0</b>	<b>Cash management .....</b>	<b>24</b>
<b>9.0</b>	<b>Reporting.....</b>	<b>25</b>
9.1.	Treasury reporting .....	25
9.2.	Accounting treatment of financial instruments .....	25
<b>10.0</b>	<b>Policy review .....</b>	<b>26</b>
<b>11.0</b>	<b>Appendix – Council Equity Investments.....</b>	<b>27</b>
11.1.	Equity Investments .....	27



## 1.0 Introduction

### 1.1 Policy purpose

The purpose of the Treasury Management Policy ("Policy") is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Rangitikei District Council ("RDC"). The formalisation of such policies and procedures will enable treasury risks within RDC to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within RDC continue to be well managed. In addition, regular reviews will be conducted to test the existing Policy against the following criteria:

- Industry "best practices" for a Council the size and type of RDC.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on RDC's financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assistance to RDC in achieving strategic objectives.

It is intended that the Policy be distributed to all personnel involved in any aspect of the RDC's financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

## 2.0 Scope and objectives

### 2.1 Scope

- This document identifies the Policy of RDC in respect of treasury management activities.
- The Policy has not been prepared to cover other aspects of RDC's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of RDC cover these matters.

### 2.2 Treasury management objectives

The objective of this Policy is to control and manage costs, investment returns and risks associated with treasury management activities.

#### Statutory objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- RDC is governed by the following relevant legislation:
  - Local Government Act 2002, in particular Part 6 including sections 101, 102, 104, 105 and 113.
  - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
  - Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. All projected external borrowings are to be approved by Council as part of the Annual Plan or the Long Term Planning (LTP) process, or resolution of Council before the borrowing is affected.

- All legal master documentation in respect to external borrowing and financial instruments will be approved by Council's solicitors prior to the transaction being executed.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself, without charging any rate or rates revenue as security.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
  - The period of indebtedness is less than 91 days (including rollovers); or
  - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate \$250,000.

### **General objectives**

- Ensure that all statutory requirements of a financial nature are adhered to.
- Minimise Council's costs and risks in the management of its external borrowings.
- Minimise Council's exposure to adverse interest rate movements.
- Arrange and structure external long term funding for Council at a favourable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- Manage investments to optimise returns in the long term whilst balancing risk and return considerations.
- Develop and maintain relationships with financial institutions, LGFA and investors.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Borrow funds, invest and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect Council's financial position and manage costs.
- Monitor, evaluate and report on treasury performance.
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- To ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions.

In meeting the above objectives Council is, above all, a risk averse entity and does not seek risk in its treasury activities. Interest rate risk, liquidity risk, funding risk, default or credit risk, and operational risks are all risks which the Council seeks to manage, not capitalise on. Accordingly activity which may be construed as speculative in nature is expressly forbidden.

### **2.3 Policy setting and Management**

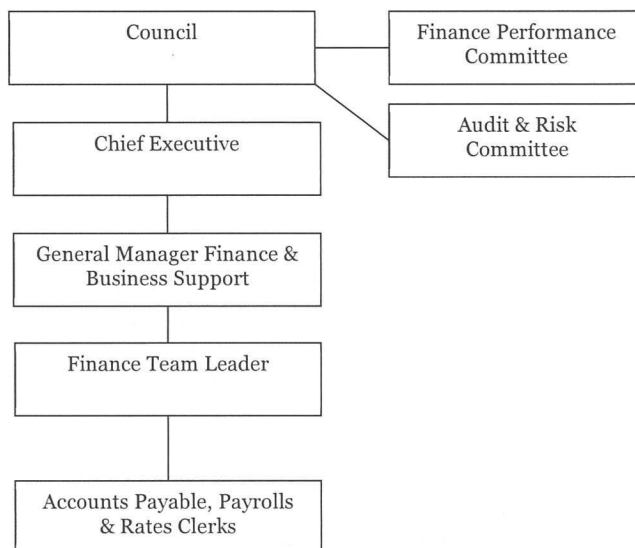
Council approves Policy parameters in relation to its treasury activities. The CE has overall financial management responsibility for the Council's borrowing and investments, and related activities.

The Council exercises ongoing governance over its subsidiary companies (CCO/CCTO), through the process of approving the Constitutions, Statements of Intent, and the appointment of Directors/Trustees of these organisations.

## 3.0 Governance and management responsibilities

### 3.1 Overview of management structure

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:



### 3.2 Council

The Council has ultimate responsibility for ensuring that there is an effective Policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given the underlying objectives of RDC.

The Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of RDC through the Long Term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.
- Approve and adopt the Liability Management and Investment Policies (the Treasury Management Policy).
- Approval for one-off transactions falling outside Policy.
- Report to the public via the Council's Annual Plan and Annual Report.



### **3.3 Finance Performance Committee**

Under delegation from Council:

- Monitor and review treasury activity through monthly reporting, supplemented by exception reporting.

### **3.4 Audit & Risk Committee**

Under delegation from Council:

- Review formally, on a three yearly basis, the Treasury Management Policy document.
- Evaluate and recommend amendments to the Treasury Management Policy to Council.

### **3.5 Chief Executive Officer (CE)**

While the Council has final responsibility for the Policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the Chief Executive (CE).

In respect of treasury management activities, the Chief Executive's responsibilities include:

- Ensuring the policies comply with existing and new legislation.
- Managing the long-term financial position of Council as outlined in the LTP.
- Approving the list of authorised signatories.
- Approving treasury transactions in accordance with delegated authority.
- Approving new counterparties and counterparty limits.
- Approving new external borrowing undertaken within Council resolution and approved borrowing strategy.
- Approves the opening and closing of bank accounts.
- Approving all amendments to Council records arising from checks to counterparty deal confirmations.
- Receiving advice of non-compliance of Policy and significant treasury events from the General Manager Finance & Business Support.

### **3.6 General Manager Finance & Business Support (GMFBS)**

The General Manager Finance & Business Support's responsibilities are as follows:

- Management responsibility for all external borrowing, investment and related activities as delegated by the CE.
- Approving treasury transactions in accordance with delegated authority.
- Manage Council's relationship with financial institutions, LGFA, and brokers.
- Liaise and negotiate with bankers/brokers/the LGFA for issue of debt.
- Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits, including the completion of deal tickets to record transactions.
- Update treasury spreadsheets for all new, re-negotiated and maturing transactions.
- Check all settlement of external borrowing, investment, cash management, and interest rate management transactions.
- Review and monitor Council's cash flow forecasts.
- Review and approve monthly, bank reconciliations, and general ledger reconciliations.
- Ensure compliance to Policy risk control limits.
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives.
- Monitor and report on treasury activity.
- Conducting a review, at least triennially, of the Policy.
- Reviewing and making recommendations on all aspects of the Policy to the CE and Audit & Risk Committee, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments.

- Responsible for keeping the CE informed of significant treasury activity and market trends.

### 3.7 Finance Team Leader (FTL)

The Finance Team Leader's responsibilities are as follows:

- Complete Council's cash flow and debt forecasts, and day-to-day cash management responsibilities.
- Settlement of external borrowing, investment, cash management, and interest rate management transactions.
- Check all treasury deal confirmations against the treasury spreadsheet and report any irregularities immediately to the CE.
- Handle all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA documents.
- Complete monthly treasury journals.

### 3.8 Accounts Payable & Payrolls Clerk (APPC)

- Complete monthly bank reconciliations.
- Complete monthly reconciliation of treasury spreadsheet to general ledger.
- Prepare treasury reports.

### 3.9 Delegation of authority and authority limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind Council.

Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

Council has the following responsibilities, either directly itself, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing Policy	Council	Unlimited
Approve external borrowing for year as set out in the AP/LTP.	Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments other than financial investments	Council	Unlimited
Approval for charging assets as security over borrowing	Council	Unlimited
Approving transactions outside Policy	Council	Unlimited
Approve new external borrowing in accordance with Council resolution.	CE	Per Council approved AP/LTP
Arranging/negotiation of new and re-financing bank facilities/debt issuance.	GMFBS	Per Council resolution Subject to Policy
Overall day-to-day treasury	CE	Subject to Policy



management		
Authorising list of signatories	CE	Unlimited
Opening/closing bank accounts	CE	Unlimited
Approve financial investments and activity	GMFBS	Subject to Policy Per risk control limits
Manage borrowing, investment and interest rate activity	GMFBS	N/A
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on debt and interest rate swaps.	Council CE GMFBS	Unlimited \$20M \$5M
Manage cash/liquidity requirements	GMFBS	Per risk control limits
Triennial review of Policy	GMFBS	N/A
Ensuring compliance with Policy	GMFBS	N/A

All management delegated limits are authorised by the CE.

## 4.0 Liability Management Policy

### 4.1 Introduction

Council's liabilities comprise of borrowings (external/internal) and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Fund the balance sheet as a whole, including working capital requirements.
- Fund assets whose useful lives extend over several generations of ratepayers.

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, and ensure that the cost are met by those ratepayers benefiting from the investment.

### 4.2 Borrowing limits

Debt will be managed within the following limits:

Item	Limit
Net External Debt / Total Revenue	<150%
Net External Debt per Capita	<\$2,500
Net Interest on External Debt / Total Revenue	<10%
Net Interest on External Debt / Annual Rates Income	<15%
External, term debt + committed bank facilities + unencumbered cash/cash equivalents to existing external debt.	>110%  Cash / Cash equivalents, at least \$2.5m, but no more than \$5.0m

- Total Revenue is defined as cash earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net external debt is defined as total external debt less unencumbered cash/cash equivalents.

- The liquidity ratio is defined as external term debt plus committed bank facilities, plus unencumbered cash/cash equivalents divided by current external debt.
- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Financial covenants are measured on Council only not consolidated group.
- Disaster recovery requirements, urgent financing of emergency-related works and services are to be met through the liquidity policy and special funds.

#### 4.3 Asset management plans

In approving new debt Council considers the impact on its external borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP and Financial Strategy.

#### 4.4 Borrowing mechanisms

Council is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, the LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- Available terms from banks, the LGFA and debt capital markets.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for debt issuance, the LGFA, debt capital markets and bank borrowing.
- The market's outlook on future interest rate movements as well as its own.
- Legal documentation and financial covenants considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, the LGFA, and financial institutions/brokers.

#### 4.5 Security

Council's external borrowings and interest rate management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally or pari passu with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Council's assets.

Any internal borrowing will be on an unsecured basis.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance).
- Council considers a charge over physical assets to be appropriate.



- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

#### **4.6 Debt repayment**

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to specific projects or the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

#### **4.7 Guarantees/contingent liabilities and other financial arrangements**

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate. The GMFBS monitors guarantees and reports quarterly to Council.

#### **4.8 Internal borrowing**

Council uses its reserves to internally fund new capital projects. The GMFBS is responsible for administering the Council's internal loan portfolio. Loans are set up within the portfolio based on planned loan funded capital projects or operational expenditure as approved by Council resolution as part of the Annual Plan and LTP.

The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies through not paying fees/margins and other costs associated with raising external borrowing.

In addition to external borrowing the following specific reserves are used for internal borrowing purposes:

- Special Fund Reserves
- General Accumulated Reserves

The following operational parameters apply to the management of Council's internal loan portfolio:

All internal borrowing activities are consistent with the principles and parameters outlined throughout the Liability Management and Investment Policies:

- Council firstly seeks to utilise internal reserve funds and if insufficient reserves are available utilises external borrowing.
- A notional internal loan is set up for all new capital or operational expenditure purposes and allocated in the internal loan portfolio to the activity centre incurring the obligation.
- Interest received is allocated into the general account and offset against general rate requirements.

For operational lending the following specific parameters apply:

- The term of the loan is limited to a maximum of one year with the loan to be fully repaid by the second anniversary of the loan.
- Interest is set based on a margin above the 90-day floating BKBM mid interest rate at the beginning of the calendar quarter. If external debt is used the weighted average cost of external borrowing plus a margin. The margin can include a credit margin and other treasury related costs.
- Interest is paid quarterly in arrears.

For capital lending the following specific parameters apply:

- The Council approves lending for capital purposes through the Annual Plan/LTP. These are ratified by the Council subsequent to the Annual Plan being approved.



- Interest on internally-funded loans is charged annually in arrears, on year-end loan balances at the agreed three-year fixed interest rate. Except where a specific rate has been approved for particular circumstances, the three-year rate is set annually at the start of the financial year, based on the three-year swap rate plus the credit margin on three-year loan stock and other related treasury costs. The margin is determined by that of the LGFA three-year credit curve for a non-credit rated non-guaranteeing Council borrower.

If external debt is used the weighted average cost of external borrowing (including credit margin and other related costs).

#### **4.9 New Zealand Local Government Funding Agency (LGFA) Limited**

Despite anything earlier in this Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

## 5.0 Investment Policy

### 5.1 Introduction

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and reported monthly to Council. Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's LTP.
- To reduce the current ratepayer burden.
- The retention of vested land.
- Holding short term investments for working capital requirements.
- Holding investments that are necessary to carry out Council operations consistent with Annual Plans, to implement strategic initiatives, or to support inter-generational allocations.
- Holding assets (such as property and land parcels) for commercial returns.
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.
- Invest proceeds from the sale of assets.

Council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that low risk investments generally mean lower returns.

Council can internally borrow from reserve and investment funds in the first instance to meet operational and capital expenditure requirements, unless there is a compelling reason for establishing external debt.

### 5.2 Policy

The Council's general Policy on investments is that:

- The Council may hold financial, property, forestry, and equity investments if there are strategic, commercial, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- The Council will keep under review its approach to all major investments and the credit rating of approved financial institutions.
- The Council will review its policies on holding investments at least once every three years.

### 5.3 Mix of investments

The Council maintains investments in the following assets:

- Equity investments and other shareholdings.
- Property investments incorporating land, buildings and a portfolio of ground leases.
- Forestry investments.
- Community loans and advances.
- Financial investments incorporating longer term and liquidity investments.

### 5.4 Acquisition of new investments

With the exception of financial investments, acquisition and management of medium to long-term investments are managed in accordance with goals, objectives and provisions of the LTP and Annual Plans. However, the Council may from time to time deem it appropriate, in terms of prudent financial management, to modify its investment mix such a change would be entered into only through specific Council resolution and in compliance with the provisions of the Local Government Act 2002. As part of this medium to long-term investment strategy,

The authority to acquire financial investments is delegated to the GMFBS and reported to Council on a monthly basis.

## 5.5 Equity investments

It may be appropriate to have limited investment(s) in equity (shares) when Council wishes to invest for strategic, economic development or social reasons, such as Local Government Insurance Corp.

Council will approve equity investments on a case-by-case basis, if and when they arise.

Generally such investments will be in (but not limited to) infrastructural companies and/or local government joint ventures (including Council Controlled Trading Organisations (CCTO)) to further District or regional economic development. Council does not invest in overseas companies.

Council reviews performance of these investments as part of the annual planning process to ensure that their stated objectives are being achieved.

Any disposition of these investments if the market value exceeds \$100,000 requires approval by Council. For investments equal to or less than \$100,000, the decision is made by the Chief Executive. Acquisition of new equity investments requires Council approval. The Council decides on the allocation of proceeds from the disposition of equity investments on a case-by-case basis.

All income, including dividends, from the Council's equity investments is included in general revenues in the Statement of Revenue and Expense.

Equity investments excludes those investments that are not held for strategic or economic development or social reasons.

Equity investments are reported to Council on an Annual basis.

**Comment [BAJ1]:** George could you add an Appendix that lists all of Council's equity investments and describes their purpose and the reason for Council's investment.

**Comment [BAJ2]:** George should this be \$100,000 and consistent with other materiality thresholds in the Policy?

### 5.5.1 New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Policy, Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

As a borrower Council's LGFA investment includes borrower notes.

## 5.6 Property investments

Investments in property fall into three classes:

### (i) Leased property

The types of assets that the Council invests in on a commercial basis could include residential housing, commercial /industrial property and/or farmland. Council will seek professional advice before purchasing any land for investment purposes.

### (ii) Land subdivision

Council may facilitate or partake in property development or subdivision where a clear economic benefit is perceived to benefit the District Ratepayers.

### (iii) Non-commercial properties

Currently Council holds buildings such as halls, libraries and administration buildings for non-commercial purposes and as such does not get a market return or make fully adequate provision for their eventual replacement.

It also holds a number of flats let out to predominantly elderly persons in the Rangitikei District on a non-profit basis sufficient to cover operational and longer-term maintenance. While Council supports the provision of social housing it continues to review its ownership and management options for these.

Through the LTP process Council reviews property ownership by assessing the benefits of continued ownership in comparison to other arrangements that could deliver the same results. This assessment is



based on the most financially viable method of achieving the delivery of Council services. Surplus property in relation to this criterion is disposed of.

All Council property, which is surplus to requirements, is available for sale.

For all property disposals that have been approved by Council, the Chief Executive may accept any offer for purchase that is over the rateable value of the property if that rateable value is less than \$100,000. For property sales over \$100,000 (or for property in class (i) and (ii)) an independent valuation should be sought as a benchmark for offers and rewards. Council approval is required for property sales where the offer price is less than rateable value or (for class (i) and (ii) and class (iii) properties over \$100,000) the independent valuation.

Proceeds from the disposition of property investments form part of the Council's general funds. Any gains or losses on sale are included as general, revenues or expenditure in the Statement of Financial Performance.

All income, including rentals and ground rent from property investments, is included in property activity in the Statement of Financial Performance.

Property investments are reported to Council on a quarterly basis.

### **5.7 Forestry Investments**

The Council has a number of small forestry holdings throughout the District. These holdings are situated on land that:

- Is used as part of other activities such as water catchment areas, landfills, and road stabilisation;
- Was used for other activities and is no longer required for the original purpose and cannot be disposed of; or
- Is purely for investment purposes (historically).

### **5.8 Council does not see itself as a long term investor in forestry and will be seeking to dispose of these assets. Loans, Advances and Investments in Community Projects**

From time to time, the Council makes loans to other parties. All loans are secured and all loan advances are reviewed as part of the annual planning process to ensure that interest and principal repayments are made in accordance with the loan agreement.

Council does not lend to CCTO's on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security.

At various times groups within the community request loans, advances or guarantees for projects that will be of benefit to a significant proportion of the community. As these investments are with groups that the Council would not normally invest with Council needs to debate the suitability of any loan application. During this process Councillors pay particular regard to the ability of the applicant to service the debt and repay principal. Council will be responsible for authorising any such loans, advances or guarantees.

Advances to charitable trusts, and community organisations do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Councils cost of borrowing the additional cost is treated as an annual grant to the organisation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved. The GMFBS monitors loan advances and reports to Audit & Risk Committee quarterly.

## 5.9 Financial investments

### Objectives

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.5. Credit ratings are monitored and reported monthly.

Council may invest in approved financial instruments as set out in section 6.3. These investments are aligned with Council's objective of investing in high credit quality and liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Council may choose to hold specific reserves in cash and direct what happens to that investment income. In effect the income from financial investments will be an interest income stream into treasury activity. The treasury activity pays interest on special funds and reserves.
- Internal borrowing will be used wherever possible to minimise external borrowing.
- Financial investments do not include shares.

### Special funds and reserve funds

Liquid assets are not required to be held against special funds and reserve funds. Instead Council will internally borrow or utilise these funds wherever possible.

### Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the Trust. If the Trust's Investment Policy is not specified then this Policy should apply.

## 5.10 Departures from normal Policy

The Council may, in its discretion, depart from the Investment Policies where it considers that the departure would advance its broader social or other Policy objectives. Any resolution authorising an investment under this provision shall note that it departs from the Council's ordinary Policy and the reasons justifying that departure.

## 5.11 Investment management and reporting procedures

Council's policy for the management and reporting of investments includes:

- The legislative necessity to maintain efficient financial systems for the recording and reporting (inter alia) of:
  - All revenues and expenditures;
  - All assets and liabilities; and
  - The treatment and application of special funds.
- Adherence to Council's financial processes and delegations to Council's staff to invest surplus short-term funds and negotiate reinvestments, subject to the provision of adequate cash resources to meet normal expected cash demands;
- Monthly reporting of current investments to Council, including details of investment types, maturity dates and interest rates applicable, including the current weighted average rate; and
- Monthly reporting to Council through a summary of investments, including investment amounts by type, year of maturity, total amounts, and appropriate weighted average interest rate.



## 6.0 Risk recognition / identification management

The definition and recognition of liquidity, funding, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

### 6.1. Interest rate risk on external borrowing

#### 6.1.1 Risk recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed or fall short of projections included in the LTP or Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

#### 6.1.2 Interest rate risk control limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast core external debt should be within the following fixed/floating interest rate risk control limit, and will apply when forecast 12 month core debt exceeds \$10 million.

Core external debt is defined as gross external debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

Master Fixed / Floating Risk Control Limits	
Minimum Fixed Rate	Maximum Fixed Rate
50%	90%

"Fixed Rate" is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

"Floating Rate" is defined as an interest rate repricing within 12 months.

The percentages are calculated on the rolling 12 month projected core debt level calculated by management (signed off by the CE).

The fixed rate amount at any point in time should be within the following maturity bands:

Fixed Rate Maturity Profile Limit		
Period	Minimum Hedge %	Maximum Hedge %
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	60%

A fixed rate maturity profile that is outside the above limits, however self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Any interest rate swaps with a maturity beyond 12 years must be approved by Council.
- Hedging outside the above risk parameters must be approved by Council.
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Purchased borrower swaptions mature within 12 months.

- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.
- The forward start period on swap/collar strategies to be no more than 24 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

## 6.2. Approved financial instruments

Approved financial instruments (which do not include shares or equities) are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities Loan stock /bond issuance <ul style="list-style-type: none"> <li>▪ Floating Rate Note (FRN)</li> <li>▪ Fixed Rate Note (Medium Term Note/Bond)</li> </ul> Commercial paper (CP)/Promissory notes
Financial investments – no more than 12-month term (except for LGFA borrower notes and investments linked to debt pre-funding)	Bank call/term deposits Bank registered certificates of deposit (RCDs) Treasury bills LGFA borrower notes
Interest rate risk management	Forward rate agreements (“FRAs”) on: <ul style="list-style-type: none"> <li>▪ Bank bills</li> </ul> Interest rate swaps including: <ul style="list-style-type: none"> <li>▪ Forward start swaps. Start date &lt;24 months, unless linked to existing maturing swaps</li> <li>▪ Swap extensions and shortenings</li> </ul> Interest rate options on: <ul style="list-style-type: none"> <li>▪ Bank bills (purchased caps and one for one collars)</li> <li>▪ Interest rate swaptions (purchased swaptions and one for one collars only)</li> </ul>
Foreign exchange management	<ul style="list-style-type: none"> <li>▪ Spot foreign exchange</li> <li>▪ Forward exchange contracts (including par forwards)</li> </ul>

**Comment [BAJ3]:** George do note that there is no approval for investments in bonds.

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All unsecured investment securities must be senior in ranking.

## 6.3. Liquidity risk/funding risk

### 6.3.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council's funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.
- Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Council experiences its own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.

- New Zealand investment community experiences a substantial “over supply” of Council investment assets.
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

### 6.3.2 Liquidity/funding risk control limits

To ensure funds are available when needed Council ensures that:

- There is sufficient available operating cash flow, liquid investments (cash/cash equivalents) and committed bank facilities to meet cash flow requirements between rates instalments as determined by the GMFBS. Cash flow management will be used to identify and manage maturity mismatches between external borrowings, internal loans and financial investments.
- For liquidity purposes Council maintains the greater of;
  - Unencumbered liquid financial investments (cash/cash equivalents) not less than \$2.5m and no greater than \$5m. or,
  - External term debt plus committed bank facilities, plus unencumbered cash/cash equivalents to existing external debt of at least 110%.
  - Of the unencumbered cash/cash equivalent financial investments, at least \$1m must have a maturity term of no more than 30-days.
- Council has the ability to pre-fund up to 12 months forecast debt requirements including re-financings.
- The GMFBS has the discretionary authority to re-finance existing external debt.
- The maturity profile of the total committed funding in respect to all external term debt and committed bank facilities is to be controlled by the following system. The limits will apply when core debt exceeds \$10 million:

Period	Minimum %	Maximum %
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	40%

A funding maturity profile that is outside the above limits, however self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

### 6.4. Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into. Council will only borrow from strongly rated banks with a minimum long-term credit rating of at least “A+” (S&P, or equivalent Fitch or Moody’s rating).

Credit risk will be regularly reviewed by Council. Treasury related transactions would only be entered into with approved counterparties.

Counterparties and limits are only approved on the basis of the following Standard & Poor’s (S&P, or equivalent Fitch or Moody’s rating) long and short-term credit ratings matrix. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.



Counterparty /Issuer	Minimum S&P long term / short term credit rating	Investments maximum per counterparty (\$m)	Risk management instruments maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	Unlimited	None	Unlimited
Local Government Funding Agency (LGFA)	AA-/A-1	10.0	None	10.0
NZ Registered Bank (minimum rating)	A+ /A-1	5.0 (with the exception of Council's transactional banker* which may exceed this for up to 5 working days)	10.0	15.0

Note: \*Limit for Council's principal banker excludes balances in current and call accounts designated as funds required for operational cash management purposes.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Principal × Weighting 100% (unless a legal right of set-off exists).
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional × Maturity (years) × 3%.
- Foreign Exchange - Transactional face value amount x (the square root of the Maturity (years) x 15%).

Each transaction should be entered into a treasury spreadsheet and a monthly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in a spreadsheet and updated on a day to day basis. Credit ratings should be reviewed by the GMFBS on an ongoing basis and in the event of material credit downgrades should be immediately reported to the CE and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

### Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and repriced from.

### 6.5. Foreign currency

Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Generally, all individual commitments over NZ\$100,000 equivalent are hedged using approved foreign exchange instruments, once expenditure is approved, legal commitment occurs and the purchase order is placed, exact timing, currency type and amount are known.

Independent external advice would be sought before the use of such instruments.

Selling foreign exchange options for the purpose of generating premium income is not permitted.

Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency. Council does not hold investments denominated in foreign currency.

## **6.6. Operational risk**

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood.
- Too much reliance is often placed on the specialised skills of one or two people.
- Most treasury instruments are executed over the phone.
- Operational risk is minimised through the adoption of all requirements of this Policy.

### **Dealing authorities and limits**

Transactions will only be executed by those persons and within limits approved by the Council.

### **Segregation of duties**

As there are a small number of people involved in the treasury activities, adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting/reporting is not strictly achievable. The risk will be minimised by the following process:

- A 'two authorisations' process is strictly enforced for all treasury settlements.
- The Finance Team Leader reports any irregularities upon independently checking the bank deal confirmation, to the CE.
- There is a documented approval and reporting process for borrowing, interest rate and investment management activity.

### **Procedures**

All financial instruments should be recorded and diarised within a treasury spreadsheet, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in an appropriate operations and procedures manual separate to this Policy. Procedures should include:

- Regular management reporting.
- Regular risk assessment, including review of procedures and controls as directed by Council or appropriate sub-committee of Council.

Organisational, systems, procedural and reconciliation controls to ensure:

- All borrowing, investing, interest rate and cash management activity is bona fide and properly authorised.
- Checks are in place to ensure Council accounts and records are updated promptly, accurately and completely.
- All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity.

### **Organisational controls**

- The GMFBS has responsibility for establishing appropriate structures, procedures and controls to support borrowing, investing, interest rate and cash management activity.
- All borrowing, investing, cash management and interest rate risk management activity is undertaken in accordance with approved delegations authorised by the Council.

### **Cheque/electronic banking signatories**

- Positions approved by the CE as per register.
- Dual signatures are required for all cheques and electronic transfers.

- Authorisation of all electronic funds transfers requires two designated authorisers, one of whom must include the CE or GMFBS.
- Cheques must be in the name of the counterparty crossed "Not Negotiable, Account Payee Only" or "Not Transferable, Account Payee Only", via the Council bank account.

**Comment [GM4]:** Not sure we need this as this is what is required.

#### Authorised personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive deal confirmations.

#### Recording of deals

- All deals are recorded on properly formatted deal tickets by the GMFBS and approved where required as per the schedule of delegations.
- Market quotes for deals (other than cash management transactions) are documented and considered by the GMFBS before the transaction is executed.
- Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained and updated promptly following completion of transaction.

#### Confirmations

- All inward deal confirmations including LGFA/bank funding and registry confirmations are received and checked by the Finance Team Leader against completed deal tickets and the treasury spreadsheet records to ensure accuracy.
- All deliverable securities are held in the Council's safe.
- Deals, once confirmed, are filed (deal ticket and attached confirmation) in deal date/number order.
- The GMFBS checks all dealing activity, deal tickets and confirmations monthly, to ensure documentation is in order.
- Any discrepancies arising during deal confirmation checks which require amendment to the Council records are signed off by the CE.

#### Settlement

- The majority of borrowing, investing, interest rate and cash management transactions are settled by direct debit authority.
- For electronic payments, batches are set up electronically. These batches are checked by the Finance Team Leader to ensure settlement details are correct. Payment details are authorised by two approved signatories as per Council registers or by direct debit as per setup authority by Council.

#### Reconciliations

- Bank reconciliations are performed monthly by the Accounts Payable & Payrolls Clerk and checked and approved by the Finance Team Leader. Any unresolved un-reconciled items arising during bank statement reconciliation which require amendment to the Council's records are signed off by the CE.
- A monthly reconciliation of the treasury spreadsheet to the general ledger is carried out by the Accounts Payable & Payrolls Clerk and approved by the Finance Team Leader.

#### 6.7. Legal risk

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, RDC may be exposed to such risks.

RDC will seek to minimise this risk by adopting Policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

### 6.7.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments must be signed under seal by the Council.

Council's internal/appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

### 6.7.2 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing bank funding facilities, LGFA, Trustee and legislative requirements.

## 7.0 Measuring treasury performance

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information. The CE has primary responsibility for determining this overall quality.

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a monthly basis.

Management	Performance
Operational performance	<ul style="list-style-type: none"><li>• All Policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits.</li><li>• All treasury deadlines are to be met, including reporting deadlines.</li><li>• Number and cost of processing errors (generally measured by unplanned overdraft costs).</li><li>• Comparison of Council's financial ratios to financial and non-financial performance measures included within the Annual Plan.</li></ul>
Management of debt and interest rate risk (borrowing costs)	The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual interest cost amount.

## 8.0 Cash management

The Finance Team Leader has the responsibility to carry out the day-to-day cash and short-term cash management activities. All cash inflows and outflows pass through bank accounts controlled by the finance function.

- The Finance Team Leader will calculate and maintain comprehensive rolling cash flow projections on a weekly (four weeks forward) and monthly (12 months forward) basis. These cash flow forecasts determine Council's borrowing requirements and surpluses for investment.
- On a daily basis, electronically download all Council bank account information.
- Co-ordinate Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters.
- In the management of financial investments, Council will maintain at least \$1 million in term bank deposits not exceeding 30-days.
- Undertake short term borrowing functions as required, minimising costs.
- Ensure efficient cash management through improvement to forecasting.
- Minimise fees and bank charges by optimising bank account/facility structures.
- Monitor Council's usage of committed bank facilities.
- Match future cash flows to smooth overall timeline.
- Provide reports detailing actual cash flows during the month compared with those budgeted.
- Maximise the return from available funds by ensuring significant payments are made within the suppliers payment terms, but no earlier than required, unless there is a financial benefit from doing so.
- Interest rate management on cash management balances is not permitted.
- Cash is invested in approved instruments and counterparties only.



## 9.0 Reporting

When budgeting interest costs and investment returns, the actual physical position of existing loans, investments, and interest rate instruments must be taken into account.

### 9.1. Treasury reporting

The following reports are produced:

Report Name	Frequency	Prepared by	Recipient
Daily Cash Position	Daily	FTL	GMFBS
Exceptions Report	Daily	APPC	GMFBS
Treasury Report <ul style="list-style-type: none"><li>Policy limit vs actual position</li><li>Cash flow forecast report</li><li>Borrowing limits</li><li>Funding Maturity and Interest Position/Profiles</li><li>Liquidity position</li><li>Financial investment risk position / Summary of investments held</li><li>Counterparty credit</li><li>New treasury transactions</li><li>Treasury performance</li></ul>	Monthly	APPC / GMFBS	Finance Performance Committee
Trustee Report	As required by the Trustee	GMFBS	Trustee company
Revaluation of financial instruments Guarantees, loan advances	Quarterly	GMFBS	CE

### 9.2. Accounting treatment of financial instruments

Council uses financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Statement of Comprehensive Revenue and Expense unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The GMFBS is responsible for advising the CE of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative instrument.

All derivative instruments must be revalued (marked-to-market) at least quarterly for reporting purposes.

## 10.0 Policy review

The Policy is to be formally reviewed on a triennial basis in conjunction with the LTP, and annually for internal purposes.

The GMFBS has the responsibility to prepare the annual review report (following the preparation of annual financial statements) that is presented to the CE. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes. The Policy review should be completed and presented to the Council, through the Audit & Risk Committee within five months of the financial year-end.

DRAFT

Appendix Council Equity Investments.

## **11.0 Appendix – Council Equity Investments**

### **11.1. Equity Investments**

Council owns the following equity investments.

Unlisted shares in the New Zealand Local Government Insurance Corporation. These are held to allow council to participate in the Corporations collective insurance programme.

Unlisted share in the Manawatu Wanganui LASS Limited. These are held to allow council to participate in the shared services arrangements available in a Local Government collective around insurance cover and other cost saving and efficiency initiatives.

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# Attachment 3

# MEMORANDUM



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TO: Ross McNeil

COPIES: Council

FROM: George McIrvine

DATE: 16 November 2015

SUBJECT: **Financial Highlights and Commentary to YTD to 31 October 2015**

FILE:

Attachments: Statement of Financial Position and Financial Performance, Strategic Perspective Operating Results, Group Activities accounts.

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## Operating Results

Revenue is up on budget by \$1.650M largely from the Roothing revenues as a result of the June Flood Event with Roothing at \$1.348M, Waters up \$208K and Regulatory up by \$96K there are other smaller positive variances. The only negative variance is in community and Leisure assets as detailed later.

## Expenditure

As noted last month Roothing expenditure is well ahead of budget due to Flood repair work by \$2.6M or 64%. Most other activities are running behind on expenditure except for Community Leadership CCO investigation and Community Wellbeing with Civil Defence expenditures.

## Statement of Financial Position as at End of March 2015.

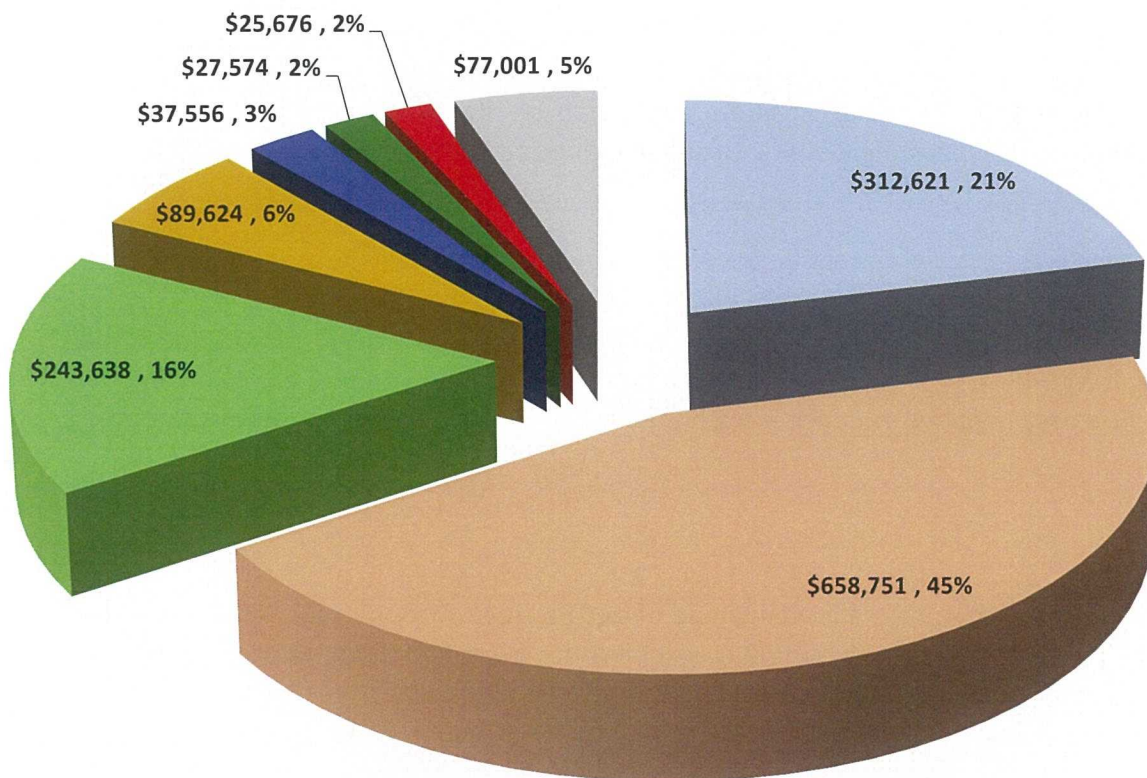
Council is maintaining a healthy working capital position with \$7M of current assets and \$1.8M of short-term investments. Approximately \$5M of this can be attributed to timing on the capital programme.

## Rates debtors

Attached is graph of the rates outstanding by time overdue and by what action is being taken to recover these amounts. Recovery action including rating sales to recover amounts are in process although these can be fairly length and overall the amounts are less than the historical levels over the last two years.

# Analysis of Overdue Rates Rangitikei DC 31/10/2015

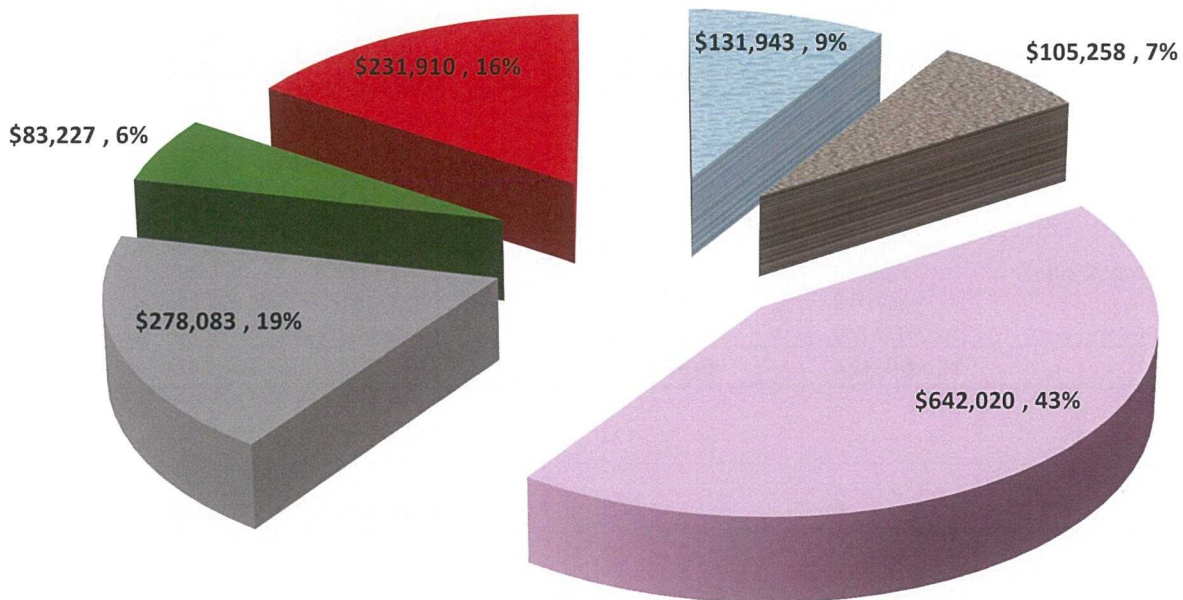
- Curr year Rates outstanding
- Up to 1 year overdue
- 1-2 years overdue
- 2-3 years overdue
- 3-4 years overdue
- 4-5 years overdue
- 5-6 years overdue
- Penalties



Overdue \$1472440.76  
Annual Rates 15/16  
\$19,926,964

# **Actions we are taking to collect Overdue Rates Rangitikei DC 31/10/2015**

- Maori Land
- Abandoned Land
- Arrangements made to pay off by DD or AP
- With Debt collection Agency
- Warning to Mortgagee
- Further work required



Total  
Overdue  
\$1472440.76

Treasury Policy – See separate paper.

Enhanced FAR rate – See separate paper.



# Rangitikei District Council

## Statement of Financial Performance

### For the 4 Months ended 31st October 2015

	YTD Actual 2015/16	Ytd Budget 2015/16	FYR Budget 2015/16	FY Actual 2014/15
<b>Income</b>				
Community Leadership	420	0	0	2,150
Community Wellbeing	94,572	65,296	195,888	376,187
Environmental and Regulatory	520,929	424,542	884,849	1,033,009
Community & Leisure Assets	221,607	267,204	801,584	514,478
Investment	100,695	74,608	223,816	375,240
Public Refuse Collection - Litter Contro	145,250	146,912	417,230	372,966
Water and Wastewater	690,947	482,796	1,218,669	281,455
Subsidised Roding	3,397,079	2,048,252	6,144,766	7,677,623
Business Units	7,636	18,891	30,064	99,114
<b>Total Revenue</b>	<b>5,179,135</b>	<b>3,528,501</b>	<b>9,916,866</b>	<b>10,732,222</b>
<b>Rates</b>				
Community Leadership	24,545	29,736	59,473	54,111
Community & Leisure Assets	0	0	0	714,471
Investment	3,328,501	3,295,596	6,681,775	6,143,648
Public Refuse Collection - Litter Contro	223,309	221,449	442,899	435,297
Water and Wastewater	3,357,138	3,373,137	7,231,031	6,973,346
Subsidised Roding	3,075,830	3,052,710	6,114,822	6,339,118
<b>Total Rates</b>	<b>10,009,324</b>	<b>9,972,628</b>	<b>20,530,000</b>	<b>20,659,990</b>
<b>Total Apportioned Rates Revenue</b>	<b>0</b>	<b>-9,694</b>	<b>-548,530</b>	<b>-231,058</b>
<b>Total Internal Charges</b>	<b>2,252,127</b>	<b>2,474,836</b>	<b>7,424,411</b>	<b>7,007,629</b>
<b>Total Internal Recoveries</b>	<b>2,252,149</b>	<b>2,474,808</b>	<b>7,424,409</b>	<b>7,007,629</b>
<b>Expenditure</b>				
Community Leadership	272,652	240,544	721526	710,170
Community Wellbeing	384,263	306,939	920422	1,201,721
Environmental and Regulatory	36,173	67,832	181843	283,144
Community & Leisure Assets	1,048,028	1,205,590	3117616	2,637,670
Investment	209,064	329,412	988236	718,200
Public Refuse Collection - Litter Contro	327,883	320,741	918070	791,297
Water and Wastewater	1,956,521	1,868,369	5106221	5,524,152.01
Subsidised Roding	6,747,790	4,113,496	12333666	12,259,847
Business Units	1,732,498	1,775,821	5251006	5,379,303
<b>Total Expenditure</b>	<b>12,714,872</b>	<b>10,228,744</b>	<b>29,538,606</b>	<b>29,505,503</b>
<b>Net Surplus</b>	<b>2,473,609</b>	<b>3,262,663</b>	<b>359,728</b>	<b>1,655,651</b>

# Rangitikei District Council

## Statement of Financial Position

### For the 4 Months ended 31st October 2015

	YTD Actual 2015/16	FY Actual 2014/15
<b>Equity</b>		
Revaluation Reserves	31,529,342	31,529,342
Equity	449,573,284	447,924,990
Net Surplus	2,473,609	1,655,651
<b>Total Equity</b>	<b>483,576,234</b>	<b>481,109,982</b>
<b>Current Assets</b>		
<b>Total Current Assets</b>	<b>8,862,515</b>	<b>3,918,711</b>
<b>Current Liabilities</b>		
Provisions	344,536	344,536
Current Liabilities	3,334,799	3,723,681
Agency Liabilities	344,606	467,014
<b>Total Current Liabilities</b>	<b>4,023,941</b>	<b>4,535,230</b>
<b>Working Capital</b>	<b>4,838,574</b>	<b>-616,519</b>
<b>Non Current Assets</b>		
Other Financial Assets	-5,072,473	6,072,473
Forestry	-252,465	252,465
Fixed Assets	-17,524,995	20,816,930
Infrastructural Assets	-454,767,702	454,776,888
Net Projects	-1,312,279	
<b>Total Non Current Assets</b>	<b>478,929,914</b>	<b>481,918,756</b>
<b>Non Current Liabilities</b>		
Loans External	192,254	192,254
Provisions		
<b>Total Non Current Liabilities</b>	<b>192,254</b>	<b>192,254</b>
<b>Net Assets</b>	<b>483,576,234</b>	<b>481,109,982</b>

## Strategic Perspective

### For the 4 Months ended 31st October 2015

#### Strategic Activities - Operating Results

	Actual YTD	Budget YTD	Variance YTD	Full Year Budget
<b>Community Leadership</b>				
Council	106,226	140,361	-34135.1	(33,166)
Council Committees	27,071	20,647	6,424	(10,841)
Taihape Community Board	4,109	6,019	(1,910)	(3,404)
Ratana Community Board	3,104	2,169	935	(1,735)
Elections	4,450	2,438	2,012	-
Net Surplus (Deficit) of activities	144,959	171,634	(26,675)	(49,146)
<b>Community Wellbeing</b>				
Community Awards	16,183	460	15722.97	(1)
Information Centres	78,471	66,169	12301.64	9,539
District Promotions & Dev	111,858	101,917	9941	6,621
Civil Defence	(68,464)	14,600	-83064.2	(7,442)
Rural Fire	30,297	25,934	4363.25	(9,676)
Net Surplus (Deficit) of activities	168,345	209,080	(40,735)	(959)
<b>Environment &amp; Regulatory</b>				
Building	102,404	76,086	26,318	74,965
District Planning	76,808	72,314	4,494	94,790
Dog Control	192,018	149,968	42,050	(22,675)
Health	24,580	5,159	19,421	(5,255)
Resource Consents	19,808.42	2,780	17,028	(1)
Stock Control	17,851	(3,743)	21,594	(20,477)
Net Surplus (Deficit) of activities	433,469	302,564	130,905	121,347
<b>Community &amp; Leisure Assets</b>				
Libraries	132,964	121,574	11,390	883
Domains	121,513	113,975	7,538	177,258
Cemeteries	66,180	41,780	24,400	51,526
Real Estate	8,839	9,388	(549)	12,714
Swim Centres	215,471	183,897	31,574	30,821
Community Housing	(174,935)	(175,467)	532	(243,269)
Public Toilets	55,842	38,685	17,157	(9,200)
Halls	144,538	144,237	301	198,757
Forestry Investments	(2,261)	(25,367)	23,106	(74,570)
Net Surplus (Deficit) of activities	568,150	452,702	115,448	144,920

<b>Investment</b>	(189,123)	(367,965)	178842	1
<b>Rubbish &amp; Recycling</b>				
Public Refuse and Bin Collection	5,836	7,777	-1940.61	(12,918)
Landfills and Waste Transfer Stns	38,007	45,740	-7732.51	(16,899)
Waste Minimisation	11,579	5,728	5850.98	(6,321)
Net Surplus (Deficit) of activities	55,423	59,245	(3,822)	(36,138)
<b>Waters</b>				
Stormwater	194,129	111,488	82640.7	85,339
Water	1,135,560	1,025,458	110102	904,649
Wastewater	615,893	549,175	66718.3	435,690
Rural Water	(178,944)	(58,849)	-120095	27,684
Net Surplus (Deficit) of activities	1,766,638	1,627,272	139,366	1,453,362
<b>Roading</b>				
Roading	(776,234)	580,490	-1356724	(1,426,848)
Non Subsidised Roading	301,989	189,288	112701.4	25,964
Net Surplus (Deficit) of activities	(474,245)	769,778	(1,244,023)	(1,400,884)
Business Units	(7)	38,353	-38360.28	127,225
<b>TOTAL OPERATING SURPLUS (DEFICIT) ACTIVITIES</b>	<b>2,473,609</b>	<b>3,262,663</b>	<b>(789,054)</b>	<b>359,728</b>
Tsf to Flood Reserves				
Variance	-			
Per Balance Sheet	2,473,609			
<b>Strategic Activities - Capital Expenditure</b>	<b>Actual YTD</b>	<b>Full Yr Budget</b>	<b>Variance</b>	
Community Wellbeing	48086.09	69,500	21,414	}
Community & Leisure Assets	259004.53	1,672,290	1,413,285	
Environment & Reg Services	0	-	-	
Rubbish & Recycling	0	2,000	2,000	
Waters	659511.37	12,300,548	11,641,037	
Roading	172458.98	4,671,914	4,499,455	
<b>TOTAL CAPITAL EXPENDITURE &amp; RENEWALS</b>	<b>1,139,060.97</b>	<b>18,716,252</b>	<b>17,577,191</b>	



## Community Leadership

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
		YTD	YTD		
<b>Consolidated</b>					
	Revenue	420		420	
	Rates				
	Revenue	558,967	564,158	-5,190	1,128,318
	Internal				
	Charges	141,777	151,980	10,203	455,938
	Expenditure	272,652	240,544	-32,108	721,526
	Net Surplus	144,959	171,634	-26,675	-49,146

## Council

	Revenue	420.0		420	
	Rates				
	Revenue	454,325.0	454,325		908,650
	Internal				
	Charges	102,743.7	109,508	6,764	328,529
	Expenditure	245,775.4	204,456	-41,319	613,287
Council	Net Surplus	106,226	140,361	-34,135	-33,166

## Council Committees

	Rates				
	Revenue	72,776	72,775	1	145,551
	Internal				
	Charges	30,687	33,560	2,873	100,685
	Expenditure	15,018	18,568	3,550	55,707
Council Committees	Net Surplus	27,071	20,647	6,424	-10,841

## Taihape Community Board

	Revenue				
	Rates				
	Revenue	16,289	21,483	-5,194	42,967
	Internal				
	Charges	5,623	6,020	397	18,064
	Expenditure	6,558	9,444	2,886	28,307
Taihape Community Board	Net Surplus	4,109	6,019	-1,911	-3,404



## Ratana Community Board

	Rates				
	Revenue	8,256	8,253	3	16,506
	Internal				
	Charges	1,690	1,824	134	5,459
	Expenditure	3,461	4,260	799	12,782
Ratana Community Board	Net Surplus	3,104	2,169	936	-1,735

## Elections

	Revenue				
	Rates				
	Revenue	7,322	7,322		14,644
	Internal				
	Charges	1,032	1,068	36	3,201
	Expenditure	1,840	3,816	1,976	11,443
Elections	Net Surplus	4,450	2,438	2,012	

## Community Wellbeing

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
Consolidated		YTD	YTD		
	Revenue	94,572	65,296	29,276	195,888
	Rates				
	Revenue	627,699	627,695	4	1,254,488
	Internal				
	Charges	169,662	176,972	7,310	530,913
	Expenditure	384,264	306,939	-77,324	920,422
	Net Surplus	168,345	209,080	-40,734	-959

## Community Awards

	Revenue	17,463	9,888	7,575	29,668
	Rates				
	Revenue	1,396	1,396		2,792
	Internal				
	Charges	1,706	1,872	166	5,613
	Expenditure	970	8,952	7,982	26,848
Community Awards	Net Surplus	16,183	460	15,723	-1

## Information Centres

	Revenue	6,670	7,668	-998	23,000
	Rates				
	Revenue	189,096	189,096		378,192
	Internal				
	Charges	93,874	98,076	4,202	294,223
	Expenditure	23,421	32,519	9,098	97,430
Information Centres	Net Surplus	78,471	66,169	12,302	9,539

### District Promotions & Dev

	Revenue	70,439	47,740	22,699	143,220
	Rates				
	Revenue	299,229	299,226	3	598,454
	Internal				
	Charges	51,094	55,908	4,814	167,715
	Expenditure	206,716	189,141	-17,575	567,338
District Promotions & Dev	Net Surplus	111,858	101,917	9,941	6,621

### Civil Defence

	Rates				
	Revenue	50,511	50,511		100,117
	Internal				
	Charges	5,377	5,472	95	16,420
	Expenditure	113,598	30,439	-83,159	91,139
Civil Defence	Net Surplus	-68,464	14,600	-83,064	-7,442

### Rural Fire

	Revenue				
	Rates				
	Revenue	87,467	87,466	1	174,933
	Internal				
	Charges	17,611	15,644	-1,967	46,942
	Expenditure	39,558	45,888	6,330	137,667
Rural Fire	Net Surplus	30,297	25,934	4,364	-9,676

## Environment & Regulatory Services

For the 4 Months ended 31st October 2015



		Actual	Budget	Var +/-	FY Budget
		YTD	YTD		
<b>Consolidated</b>					
	Revenue	520,929	424,542	96,387	884,849
	Rates				
	Revenue	425,341	415,654	9,687	827,718
	Internal				
	Charges	476,628	469,800	-6,828	1,409,377
	Expenditure	36,173	67,832	31,659	181,843
	Net Surplus	433,469	302,564	130,905	121,347
<b>Building</b>					
	Revenue	110,686	91,052	19,634	273,141
	Rates				
	Revenue	165,799	165,798	1	324,101
	Internal				
	Charges	147,484	143,732	-3,752	431,190
	Expenditure	26,597	37,032	10,435	91,087
Building	Net Surplus	102,404	76,086	26,318	74,965
<b>District Planning</b>					
	Revenue	191		191	
	Rates				
	Revenue	107,950	107,950		201,682
	Internal				
	Charges	29,098	31,320	2,222	93,960
	Expenditure	2,235	4,316	2,081	12,932
District Planning	Net Surplus	76,808	72,314	4,494	94,790
<b>Dog Control</b>					
	Revenue	333,580	289,510	44,070	479,787
	Rates				
	Revenue	93,190	93,190		194,115
	Internal				
	Charges	231,418	223,876	-7,542	671,631
	Expenditure	3,335	8,856	5,521	24,946
Dog Control	Net Surplus	192,018	149,968	42,049	-22,675
<b>Health</b>					
	Revenue	47,038	25,232	21,806	75,702
	Rates				
	Revenue	21,539	21,539		43,866
	Internal				
	Charges	36,492	38,032	1,540	114,081
	Expenditure	7,505	3,580	-3,925	10,742
Health	Net Surplus	24,580	5,159	19,421	-5,255
<b>Resource Consents</b>					
	Revenue	17,426	18,080	-654	54,219
	Rates	17,492	17,492		44,141

	Revenue				
	Internal				
	Charges	18,608	19,768	1,160	59,295
	Expenditure	-3,498	13,024	16,522	39,066
Resource Consents	Net Surplus	19,808	2,780	17,028	-1

<b>Stock Control</b>					
	Revenue	12,008	668	11,340	2,000
	Rates				
	Revenue	19,371	9,685	9,686	19,813
	Internal				
	Charges	13,528	13,072	-456	39,220
	Expenditure		1,024	1,024	3,070
Stock Control	Net Surplus	17,851	-3,743	21,594	-20,477



# Community & Leisure Assets

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
		YTD	YTD		
<b>Consolidated</b>					
	Revenue	221,607	267,204	-45,597	801,584
	Rates				
	Revenue	1,695,598	1,695,596	2	3,374,428
	Internal				
	Charges	301,027	304,508	3,481	913,476
	Expenditure	1,048,028	1,205,590	157,562	3,117,616
	Net Surplus	568,150	452,702	115,448	144,920

## Libraries

	Revenue	3,612	12,788	-9,176	38,363
	Rates				
	Revenue	372,175	372,174	1	744,350
	Internal				
	Charges	166,334	173,728	7,394	521,179
	Expenditure	76,489	89,660	13,171	260,651
Libraries	Net Surplus	132,964	121,574	11,390	883

## Domains

	Revenue	91,124	26,144	64,980	78,426
	Rates				
	Revenue	385,403	385,402	1	895,137
	Internal				
	Charges	56,343	47,324	-9,019	141,977
	Expenditure	298,670	250,247	-48,423	654,328
Domains	Net Surplus	121,513	113,975	7,539	177,258

## Cemeteries

	Revenue	20,174	18,460	1,714	55,380
	Rates				
	Revenue	73,346	73,346	-1	146,195
	Internal				
	Charges	10,547	10,972	425	32,909
	Expenditure	16,792	39,054	22,262	117,140
Cemeteries	Net Surplus	66,180	41,780	24,400	51,526

## Real Estate

	Revenue	11,671	11,028	643	33,079
	Rates				
	Revenue	39,617	39,616	1	47,881
	Internal				
	Charges	5,633	6,108	475	18,310
	Expenditure	36,816	35,148	-1,668	49,936
Real Estate	Net Surplus	8,839	9,388	-549	12,714



## Community & Leisure Assets Cont ...

For the 4 Months ended 31st October 2015

Actual	Budget	Var +/-	FY Budget
YTD	YTD		

### Swim Centres

	Revenue		38,340	-38,340	115,021
	Rates				
	Revenue	440,069	440,068	1	783,500
	Internal				
	Charges	18,900	20,532	1,632	61,600
	Expenditure	205,698	273,979	68,281	806,100
Swim Centres	Net Surplus	215,471	183,897	31,574	30,821

### Community Housing

	Revenue	90,269	83,356	6,913	250,065
	Internal				
	Charges	17,793	18,708	915	56,115
	Expenditure	247,411	240,115	-7,296	437,219
Community Housing	Net Surplus	-174,935	-175,467	532	-243,269

### Public Toilets

	Rates				
	Revenue	120,845	120,845		229,076
	Internal				
	Charges	10,332	10,736	404	32,203
	Expenditure	54,671	71,424	16,753	206,073
Public Toilets	Net Surplus	55,842	38,685	17,157	-9,200

### Halls

	Revenue	4,758	24,364	-19,606	73,084
	Rates				
	Revenue	264,145	264,145	-1	528,289
	Internal				
	Charges	14,093	15,276	1,184	45,820
	Expenditure	110,272	128,996	18,724	356,796
Halls	Net Surplus	144,538	144,237	301	198,757

### Forestry Investments

	Revenue		52,724	-52,724	158,166
	Internal				
	Charges	1,051	1,124	73	3,363
	Expenditure	1,210	76,967	75,757	229,373
Forestry Investments	Net Surplus	-2,261	-25,367	23,106	-74,570



## Treasury

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
		YTD	YTD		
<b>Consolidated</b>					
	Revenue	100,695	74,608	26,087	223,816
	Rates				
	Revenue	3,328,501	3,295,596	32,905	6,681,775
	Apportioned				
	Rates	-3,409,255	-3,408,757	-498	-5,917,354
	Expenditure	209,064	329,412	120,348	988,236
Investment	Net Surplus	-189,123	-367,965	178,842	1

## Rubbish & Recycling

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
		YTD	YTD		
	Revenue	145,250	146,912	-1,662	417,230
	Rates				
	Revenue	266,510	264,650	1,860	559,425
	Internal				
	Charges	28,454	31,576	3,122	94,723
	Expenditure	327,883	320,741	-7,142	918,070
	Net Surplus	55,423	59,245	-3,822	-36,138

## Public Refuse and Bin Collection

	Rates				
	Revenue	43,201	43,201		93,353
	Internal				
	Charges	4,146	4,488	342	13,467
	Expenditure	33,218	30,936	-2,282	92,804
Public Refuse and Bin Collection	Net Surplus	5,836	7,777	-1,940	-12,918

## Landfills and Waste Transfer Stns

	Revenue	117,854	120,000	-2,146	360,000
	Rates				
	Revenue	223,309	221,449	1,860	465,072
	Internal				
	Charges	21,125	23,624	2,499	70,863
	Expenditure	282,030	272,085	-9,945	772,108
Landfills and Waste Transfer Stns	Net Surplus	38,007	45,740	-7,732	-16,899



## Waste Minimisation

	Revenue				
	Rates				
	Revenue	27,396	26,912	484	57,230
	Internal				
	Charges	3,182	3,464	282	10,393
	Expenditure	12,635	17,720	5,085	53,158
Waste Minimisation	Net Surplus	11,579	5,728	5,851	-6,321

## Waters

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
Consolidated		YTD	YTD		
	Revenue	690,948	482,796	208,151	1,218,669
	Rates				
	Revenue	3,405,509	3,421,009	-15,500	6,565,407
	Internal				
	Charges	373,297	408,164	34,867	1,224,493
	Expenditure	1,956,521	1,868,369	-88,152	5,106,221
	Net Surplus	1,766,638	1,627,272	139,366	1,453,362

## Stormwater

	Revenue	11,749	736	11,013	2,209
	Rates	365,424	364,293	1,131	745,209
	Internal				
	Charges	28,195	30,676	2,481	92,030
	Expenditure	154,850	222,865	68,015	570,049
Stormwater	Net Surplus	194,129	111,488	82,640	85,339

## Water

	Revenue	544,311	401,408	142,903	974,500
	Rates	1,718,011	1,730,590	-12,579	3,063,156
	Internal				
	Charges	221,367	243,148	21,781	729,442
	Expenditure	905,395	863,392	-42,003	2,403,565
Water	Net Surplus	1,135,560	1,025,458	110,102	904,649

## Wastewater

	Revenue	134,760	80,652	54,108	241,960
	Rates	1,270,488	1,152,784	117,704	2,103,023
	Internal				
	Charges	94,299	102,424	8,125	307,272
	Expenditure	695,056	581,837	-113,219	1,602,021
Wastewater	Net Surplus	615,893	549,175	66,718	435,690



## Rural Water

	Revenue	127		127	
	Rates	51,586	173,342	-121,756	654,019
	Internal Charges	29,436	31,916	2,480	95,749
	Expenditure	201,221	200,275	-946	530,586
Rural Water	Net Surplus	-178,944	-58,849	-120,095	27,684

## Roading & Footpaths

For the 4 Months ended 31st October 2015

		Actual YTD	Budget YTD	Var +/-	FY Budget
<b>Consolidated</b>					
	Revenue	3,397,079	2,048,252	1,348,827	6,144,766
	Rates				
	Revenue	3,075,830	3,052,710	23,120	5,441,060
	Internal Charges	199,365	217,688	18,323	653,044
	Expenditure	6,747,790	4,113,496	-2,634,294	12,333,666
	Tsf to Flood Reserves				
	Net Surplus	-474,246	769,778	-1,244,024	-1,400,884

## Roading

	Revenue	3,397,079.00	2,048,252	1,348,827	6,144,766
	Rates				
	Revenue	2,587,026.00	2,554,506	32,520	4,495,167
	Internal Charges	174,397.00	190,536	16,139	571,597
	Expenditure	6,585,942.00	3,831,732	-2,754,210	11,495,184
Roading	Net Surplus	-776,234	580,490	-1,356,724	-1,426,848

## Non Subsidised Roading

	Revenue				
	Rates				
	Revenue	488,805	498,204	-9,400	945,893
	Internal Charges	24,968	27,152	2,184	81,447
	Expenditure	161,848	281,764	119,916	838,482
Non Subsidised Roading	Net Surplus	301,988	189,288	112,700	25,964



## Business Units

For the 4 Months ended 31st October 2015

		Actual	Budget	Var +/-	FY Budget
		YTD	YTD		
<b>Consolidated</b>					
	Revenue	7,636	18,891	-11,255	30,064
	Rates				
	Revenue	34,623	34,623		66,205
	Internal				
	Charges	561,918	714,148	152,230	2,142,447
	Internal				
	Recoveries	2,252,149	2,474,808	-222,659	7,424,409
	Expenditure	1,732,498	1,775,821	43,323	5,251,006
Business Units	Net Surplus	-7	38,353	-38,361	127,225

### CEO Business Unit

	Revenue	9,634		9,634	
	Internal				
	Charges	26,879	35,944	9,065	107,842
	Internal				
	Recoveries	179,815	162,524	17,291	487,569
	Expenditure	162,570	126,715	-35,855	372,830
	Net Surplus	0	-135	135	6,897

### Human Resources Business Unit

	Revenue	1,159	960	-199	2880
	Internal				
	Recoveries	27,492	47,976	-20,484	143,925
	Expenditure	26,333	47,331	20,998	140,900
	Net Surplus	0	-315	315	145

### Policy & Governance Business Unit

	Internal				
	Charges	35,664	46,348	10,684	139,038
	Internal				
	Recoveries	166,431	185,008	-18,577	555,026
	Expenditure	130,768	140,335	9,567	415,876
	Net Surplus		-1,675	1,674	112



## Finance Business Unit

Revenue	-13,000	13,299	-26,299	13,299
Internal Charges	64,242	89,928	25,686	269,779
Internal Recoveries	364,091	384,968	-20,877	1,154,904
Expenditure	286,856	299,503	12,647	891,353
Net Surplus	-7	8,836	-8,843	7,071

## Statutory Planning & Reporting Business Unit

Internal Charges	85,927	91,988	6,061	275,973
Internal Recoveries	99,817	138,028	-38,211	414,078
Expenditure	13,890	46,036	32,146	138,105
Net Surplus	0	4	-4	

## Information Services Business Unit

Revenue	221	172	49	512
Rates				
Revenue				
Internal Charges	15,968	16,596	628	49,782
Internal Recoveries	272,167	384,528	-112,361	1,153,583
Expenditure	256,420	368,812	112,392	1,104,223
Net Surplus	0	-708	708	90

## Customer & Community Services Business Unit

Revenue	300	340	-40	1,023
Internal Charges	65,480	92,384	26,904	277,151
Internal Recoveries	265,848	277,140	-11,292	831,417
Expenditure	200,668	186,585	-14,083	554,996
Net Surplus	0	-1,489	1,489	293

## Assets Business Unit

Revenue	2,833	3412	-579	10230
Internal Charges	179,964	225,352	45,388	676,052
Internal Recoveries	341,842	378,644	-36,802	1,135,935
Expenditure	164,712	154,634	-10,078	451,488
Net Surplus	0	2,070	-2,071	18,625
MDC Charges for August not spread for overheads				

**Property Management Business Unit**

Revenue	3,033	1,668	1,365	5,000
Rates				
Revenue				-127
Internal Recoveries	75,258	62,328	12,930	186,985
Expenditure	78,291	66,901	-11,390	184,668
Net Surplus	0	-2,905	2,905	7,190

**Fleet Management Business Unit**

Revenue	4,615		4,615	
Rates				
Revenue	34,623	34,623		66,332
Internal Recoveries	99,621	110,336	-10,715	331,002
Expenditure	138,860	108,330	-30,529	318,780
Net Surplus	0	36,629	-36,629	78,554

**Regulatory Business Unit**

Revenue				
Internal Charges	86,635	114,648	28,013	343,950
Internal Recoveries	359,767	343,328	16,439	1,029,985
Expenditure	273,133	230,639	-42,493	677,787
Net Surplus	0	-1,959	1,959	8,248

**Rangitikei District Council  
Treasury Report  
For the 4 Months ended 31st October 2015**

**Investments**

Bank Deposits	Maturity Date	Int Rate	Term	% of Portfolio	Amount	Comment
Westpac Current Account	Call	0.0300	Call	0%	34101.39	Needs Immediate
Westpac Call Account	Call	0.0325	Call	15%	1092443.71	Needs Immediate
BNZ TERM DEPOSIT-3026	3/11/2015	0.0420	90 DAYS	14%	1000000.00	Needs Immediate
ASB TERM DEPOSIT 0073	26/11/2015	0.0357	91DAYS	14%	1000000.00	Needs Immediate
BNZ TERM DEPOSIT-3029	23/11/2015	0.0336	60DAYS	14%	1000000.00	Needs Immediate

4126545.1

56% Of total pool Investment policy allows up to 100%

The Investment Policy requires that maximum any one bank of \$5m  
And maturity mix as follows

	Actual	Policy
0-3 months	0.52	15%-40%
3-6 months	0.48	10%-60%
6 month to 2 years	0	10%-60%

**Equity Investments**

	Number	Cost	Value 2015	@	
Local Government Insurance Corporation	23,338	23,338	39,039	\$1	
		<u>23,338</u>	<u>39,039</u>	0.53%	Of total pool Investment

policy allows up to 10%

**S & P  
Rating**

## Corporate Bonds

Date of Purchase

		Effective	Coupon Rate	Face value		Fair Value 2015		
Purchased 16/02/06								
Fonterra Perpetual Cap Note	none	5.73%	8.74%	191,963.00		201,735.76		
Purchased 21/02/06								
Fonterra Perpetual Cap Note	none	5.73%	8.74%	280,000.00		294,072.88		
Notes Redeemed 10/07/06				-443,645.00		-465,086.38		
loss on Redemption						-981.01		
Balance as at 30 June 2014		5.44%		28,318.00		29,741.25	28884.36	<b>A</b>
Purchased 24/03/06								
Spark 10 Year Bonds	24/03/2016	7.04%	7.04%		500,000.00		522450	<b>A-</b>
Purchased 20/09/07								
RABOBANK Bonds Perpetual		3.708%	3.708%	1,000,000.00	1,000,000.00		940000	<b>A+</b>
Purchased 11/03/09								
Fonterra Bonds 2015	10/03/2015	7.60%	7.75%	500,000.00	0.00		0	<b>AA</b>
Purchased 22/09/10								
Manukau City Council Bonds	29/09/2017	6.52%	6.52%	1,500,000.00	1,500,000.00		1541100	<b>AA</b>
Total					3,029,741.25	3,032,434.36	41.05%	
Forestry					185,799.00		2.52%	
Total Investments and Cash					7,381,124.35			

Of total pool  
Investment  
policy allows up to  
50%

Of total pool  
Investment  
policy allows up to  
20%



## Finance/Performance Committee 26 November 2015

**Significant Variances in the Financial Highlights and Commentary to 31 October 2015  
10% and greater than \$2,500.**

<b>Community Leadership (page 8)</b>			
<b>Council</b>	<b>Council Committees</b>	<b>Taihape Community Board</b>	<b>Ratana Community Board</b>
Expenditure up by \$41,319	Expenditure down by \$3,550	Expenditure down by \$2,886	No significant variance
As last month, this is the result of unbudgeted costs for the CCO investigation, and the spikes from the six-monthly invoicing for Archives Central (September and March).	This mainly reflects the timing for using the small project funds allocated to each Community Committee.	This mainly reflects the small use (to date) made of the Small Project Fund and of the training budget.	
<b>Elections</b>			
No significant variance			

### Community Wellbeing (page 9)

Community Awards	Information Centres	District Promotions & Development	Civil Defence
Revenue is up \$7,575; expenditure is down by \$7,982	Expenditure is down by \$9,088.	Revenue is up by \$22,699; expenditure is up by \$17,575	Expenditure is up by \$83,159
This is a timing issue for the Creative Communities and Rural Travel Fund grants. The funds are paid to Council at the start of the financial year; the first allocation of grants doesn't occur until 25 November .	This is mainly due to lower costs incurred with cleaning and maintenance contractors	Increased revenue is the timing of the grant from Ministry of Youth Development; increased expenditure is caused by the lump sum payments made for the grants to the four MOU agencies (\$100,000).	The main reason for this is the reinstatement of four community housing units in Marton (\$74,430) for which an insurance claim has been made.
<b>Rural Fire</b>			
Expenditure is down by \$6,330			
This is a timing issue: the first quarterly invoice from Horizons (for \$23,750) was received in October 2015.			

## Environmental & Regulatory Services (page 11)

Building	District Planning	Dog Control	Health
Revenue is up by \$19,634; expenditure is down by \$10,435	No significant variance	Revenue is up by \$44,070; expenditure is up by \$5,521.	Revenue is up by \$21,806; expenditure is up by \$3,925
Earnings from building consents is slightly ahead of projection; however, miscellaneous fees (e.g. building warrants of fitness) are \$7,740 ahead of the projected earnings for this period. The lower expenditure is a reflection on lower costs from Manawatu's input into the consenting process and not requiring legal advice during this time.		Increased revenue reflects the timing for receiving dog registration fees. There are increased costs from providing support for Tararua.	Higher than budgeted revenue from liquor licences (higher fees set by statute) and from food premises registration (100% coverage). The increased expenditure is due to a miscoding error of the National Dog Database to this cost centre.
Resource Consents	Stock Control		
Expenditure is down by \$16,522	No significant variance		
There was an accrual from last year which gave a credit to this budget line. An invoice from Wanganui District Council for their services has yet to be received,			

Community & Leisure Assets (page 13)			
Libraries	Domains	Cemeteries	Real Estate
Revenue is down by \$12,427; expenditure is down by \$13,171	Revenue is up by \$64,980; expenditure is up by \$48,423	Expenditure is down by \$22,262	No significant variance
The annual Dudding Trust grant has not yet been paid (but is included in the budget revenue pro rata). EPIC database subscriptions (\$10,000) have not yet been invoiced; magazine subscriptions less than budgeted pro rata.	The unexpended portion of the Lotteries grant for the refurbishment of the Shelton Pavilion (Centennial Park, Marton) was carried forward (and the completion of this project is reflected in the greater than budgeted costs). There was \$16,187 restoration work as a result of the June rainfall event.	Lower contractor costs. Mowing work done by Council's Parks team.	
Swim Centres	Community Housing	Public Toilets	Halls
Revenue is down by \$38,340; expenditure is down by \$68,281	Revenue is up by \$6,683; expenditure is up by \$7,296.	Expenditure is down by \$16,753	Revenue is down by \$19,506; expenditure is down by \$18,724.
No revenue shows. While the Marton Swim centre opened in September, the sharing of revenue is associated with monthly invoicing: revenue is issued as a credit note and deducted from the invoice. Lower expenditure reflects timing of grant payments to the organisations running each swim centre.	There has been a slightly higher occupancy rate (in Marton) than projected. Increased expenditure reflects the early full payment of rates for all the units.	Contractor costs are less than budgeted (less vandalism, new cleaning contract and less cost for maintaining the Wallace Development toilets compared with the closed High Street facility).	The projected grant from the Dudding Trust (for rural halls) has yet to be received. Contractor costs are lower than budgeted.
<b>Forestry Investments</b> Revenue is down by \$52,724; expenditure is down by \$75,757	No logging has been done this year and no costs incurred with the forestry contractor.		

Rubbish and recycling (page 15)			
Public Refuse & Bin Collection	Landfills & Waste Transfer Stations	Waste Minimisation	
No significant variance	Expenditure up by \$9,945	Expenditure is down by \$5,085	
	There was \$9,200 spent on flood recovery works after the June rainfall event. From October the impact of increased solid waste disposal costs at the Bonny Glen landfill will a cause fro greater than budgeted expenditure. I	This is a timing issue for initiatives such as e-waste removal,	
Waters (page 16)			
Stormwater	Water	Wastewater	Rural Water
Revenue is up by \$11,713; expenditure is down by \$68,015	Revenue is up by \$142,903; expenditure is up by \$42,003.	Revenue is up by \$54,108; expenditure is up by \$113,219.	No significant variance.
The increased revenue is due to invoices for connections near the KiwiRail yard. The lower than budgeted expenditure is due to the much lower amount of repairs to the network than expected and minimal expenditure related to the investigations associated with Council's Water-related Services Bylaw. Recovery costs after the June 2015 rainfall event totalled \$1,760.	The higher revenue is caused by progress payments from the Ministry of Health for the Ratana upgrade project. Electricity costs are \$9,000 higher pro rat than projected; insurance costs are \$27,210 higher than projected.	Revenue includes charges for accepting leachate from the Bonny Glen landfill at the Marton WWTP. These charges were increased from 1 July 2015. Expenditure includes the first half of the rates remissions for pan charges (\$137,000). The amount is not budgeted for, as it would increase the rates levied. Electricity costs are (on a pro rat basis) \$30,105 higher than budgeted. Insurance (paid as a lump sum) is \$17,200 higher than budgeted for the year.	



<b>Roading &amp; footpaths (page 17)</b>	
<b>Roading</b>	<b>Non-Subsidised Roding</b>
Revenue is up by \$1,348,827; expenditure is up by \$2,634,294	Expenditure is down by \$119,916
The increased revenue and expenditure is due to the June 2015 rainfall event.	Decreased expenditure is due to fewer projects (particularly footpaths) being progressed while staff focus on flood repairs.

<b>Business Units (page 18)</b>			
<b>CEO</b>	<b>Human Resources</b>	<b>Policy &amp; Governance</b>	<b>Finance</b>
Revenue is up by \$9,634; expenditure is up by \$35,855	Expenditure is down by \$20,998	Expenditure is down by \$12,657.	Revenue variance is incorrect. Expenditure is down by \$9,567
Note: Revenue in the CEO business unit is Work and Income subsidy for short-term placements. Expenditure is affected by the full-year industry good contribution to SOLGM, the one-off cost for participating in the NSW benchmarking project, consultancy charges for training sessions for staff on the Continuous Improvement programme and a higher contribution to insurance than budgeted.	This is due to a decrease in HR staffing, consultancy and less expenditure to date in this cost centre on corporate training than projected	Costs for policy support from Wanganui District Council have yet to be invoiced	Year-to-date collection and agency fees are less than budgeted
<b>Strategic Planning and Reporting</b>	<b>Information Services</b>	<b>Customer &amp; Community</b>	<b>Property Management</b>
Expenditure is down by \$32,146	Expenditure is down by \$112,392	Expenditure is up by \$14,083	Expenditure is up by \$11,390
This drop in expenditure is the result of accruals from 2014/15 for audit charges.	Software maintenance costs are down by \$48,959 on a pro rata basis. Staff costs are down by \$34,174 on a pro rata basis but external contractor costs are up by \$6,209 on a pro rata basis. Consumables and off-site services are less than budgeted	Wages and salaries align with the same period last year; this is \$8,345 over budget.	Timing affects year-to-date expenditure: full payment of rates and renovation of the storage area in the Assets building for the new internal Parks team.

<b>Assets</b>	<b>Fleet Management</b>	<b>Regulatory</b>
Expenditure is up \$10,078	Expenditure is up by \$30,350	Expenditure is up by \$42,494
Higher expenditure is due to more software maintenance support and purchase of small tools than budgeted for on a year-to-date basis.	Higher expenditure is due to the purchase of distance licences for the vehicles added to the fleet for the new internal parks team and fuel for these additional vehicles	Higher expenditure is caused by additional animal control staffing related to shared services arrangements with Manawatu (not reflected in the budget), Revenue from this arrangement is shown under the activity budget.)

# Attachment 4





**Rangitikei**  
UNAPOLOGLY...

# MEMORANDUM

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TO: Ross McNeil

COPIES: Finance/Performance Committee

FROM: George McIrvine

DATE: 16 November 2015

SUBJECT: **Effect of enhanced funding for flood damage reinstatement and rates impact**

FILE: 6-RT-2-3

Attachments: Final Enhanced FAR application.

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## **1. Assessment of the proposed enhanced funding for flood damage reinstatement**

- 1.1 The New Zealand Transport Agency (NZTA) has made its assessment of Council's application for additional (enhanced) funding as a result of the June 2015 flood event.
- 1.2 They have agreed that they will fund any repair to the Turakina Valley Road to its full cost (100%) and the balance of emergency works at 88%, an overall average of 91% based on current estimates. This is short of the requested 95% and also the historical emergency works funding regime which it could be argued was still in effect on the date of the flood event.
- 1.3 The emergency work is estimated to cost close to the \$12,000,000 of which \$8,000,000 will be spent in the current financial year and the balance in 2016/17. This means that the Council will need to fund \$720,000 in the current year and \$360,000 in 2016/17, i.e. a total of \$1,080,000. This is an additional \$400,000 approximately on what Council would have been expecting to have to fund in the old Emergency Funding FAR rate.<sup>1</sup>
- 1.5 In the long-term plan (LTP), the flood damage reserve in the roading activity was budgeted to rise to \$1,950,000 by the end of the 2016/17 financial year. By funding the total of \$1,080,000 from this reserve, it is now estimated to have only \$870,000 left at that time. This means that if another event in the magnitude of the June event occurs in the next two years, there would be insufficient funds remaining to meet the shortfall of money needed. The Council will need to consider whether or not to increase the planned

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<sup>1</sup> It should be noted by Council that with this increasing uncertainty of funding from central Government some Councils in the region are considering insurance cover for assets. These include Roading (particularly bridges) and other infrastructure assets (normally covered by the 60% share where LAPP covers 40%). This may need to be considered for Rangitikei.

transfers to the reserve to help build it up again. An increase of \$200,000 per annum would approximate a 1% increase in the roading rate.

## **2. Remissions**

- 2.1 Related to the flood event is the Council's decision to invite applications for remissions for rates on properties affected by the flood. To date applications amounting to around \$517,000 have been processed on which the Council still has to make a decision. In the past, remissions have been met from the general rate (with the exception of multi-pan remissions for wastewater). The Council could resolve to pay these rates remissions from the reserves held in the roading activity but this depletes the rate account reserves which have been largely earmarked for transfer to the flood damage reserve, and, to keep the roading rate relatively even over the next three years. If this course of action is taken, then sooner or later it will mean further rate increases in future years.
- 2.2 In addition, it means that the properties who would receive the remission are largely rural and that is the sector of Council ratepayers who pay the bigger proportion of the roading rate. In effect, the proposal provides some relief now but will inevitably have to be clawed back over ensuing years.
- 2.3 Funding of these remission would add over 2.5% to the rates and would be funded in the main by those receiving the remissions.

## **3. Overall rate increase for 2016/17**

- 3.1 The LTP signalled a probable rate increase of just under 2% for the 2016/17 year. Draft budgets have been prepared which indicate a bigger rise than that but management is working to reduce the level of rate requirement and an indication of what this will be will be incorporated in a first draft of the annual plan scheduled to be delivered to Councillors prior to Christmas.

## **4. Options for funding of the remissions**

- 4.1 Council has limited options for funding the granting of rates remission, these include;
  - 1. Fund from the Roothing Reserve
    - a. This would reduce the reserve still further at a time when the intention signalled in the LTP to have a reserve of \$3.5M which with the benefit of hindsight from the floods looks to be a good provision for this event.
  - 2. Fund from other reserves
    - a. Most if not all other reserves are Capital Reserves so would not be technically available for repairs.
    - b. Use of these reserves would remove the need to rate but would erode Council's financial resilience.
  - 3. Fund by way of a loan
    - a. Incurring debt for operating expenditures may not be seen as financially sustainable.

4. Fund by rates from the general rate
  - a. This would be rated on those most affected by the flood.
  - b. This will increase overall rates for 16/17
5. Fund by rates on a targeted district wide rate
  - a. This may not be seen as equitable by some ratepayers.
6. Consider asking other Crown agencies such as MPI or Civil Defence to fund effectively the shortfall in the emergency FAR rate

**5. Recommendations:**

- 5.1 That the memorandum 'Effect of enhanced funding for flood damage reinstatement and rates impact' be received.
- 5.2 That, as a first option, Council consider requesting funding the Emergency rate shortfall from other agencies such as Civil Defence and/or Ministry for Primary Industries on an economic activity basis.

George McIrvine  
Group Manager, Finance & Business Support

# *Appendix 1*



29 September 2015

File No: 1-ER-2-2

Ross l'Anson  
Planning and Investment Manager  
NZTA  
Level 3, 43 Ashley St  
PO Box 1947  
Palmerston North 4440

Dear Ross

### **Flood Damage June 2015 - Bespoke Application for Enhanced FAR**

We are writing to you regarding the cost of damage incurred as a result of the adverse weather/flood event that affected the Rangitikei District from 19-21 June 2015.

The Rangitikei District Council is faced with major repair/reinstatement works across its asset base, including its 3 Waters and Roding activities. The most significant impact is a repair cost of \$12.00 million as a result of damage to the Roding network. This represents an increase of some 400% over an average year for emergency works expenditure (see Table 3).

Under the new funding structure, these works would attract only \$9.48 million of subsidy from NZTA (at an average FAR of 82.5%) whereas under the prior funding structure this figure would have been \$11.40 million (with a FAR of 95.0%). The potential impact on the ratepayers of the Rangitikei District of funding this \$1.92 million shortfall would be significant. It is for this reason that Council is requesting an enhanced FAR of 95.0% as detailed below:

### ***The Event*<sup>1</sup>**

As the attached maps show, areas of the Rangitikei District experienced up to 127 mm of rain over a 24-hour period. The catchments most heavily affected are listed in Table 1.

Table 1: Return Periods Based on Peak Flows

Site	Return Period (years)
Whangaehu at Kauangaroa	120
Mangawhero at Ore Ore <sup>2</sup>	120

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<sup>1</sup> Rainfall and river flow information contained in this report were sourced from Horizons Regional Council.

Site	Return Period (years)
Turakina at O'Neills	75
Tutaenui at Hammond St	60
Rangitikei at McKelvies	30

The amount of rainfall received in key catchments across the District can be seen in Table 2.

Table 2: Max. Daily Rainfall (15-21 Jun 2015)

Site	Max. Rainfall (mm/day)
Mangawhero at Aberfeldy	118.5
Porewa Catchment at Tututotara	122.5
Turakina at Otairi	108.5
Tutaenui at Ribby Farm	127.0
Whangaehu at Kauangaroa	116.0

The photos attached show examples of the damage incurred as a result of this event.

### ***Historic Flood Damage***

For comparison, Table 3 shows historic trends in expenditure on emergency works.

Table 3: Emergency Works Expenditure (2002-2015)

Year	Expenditure (\$)
2002-2003	1,169,855.01
2003-2004	5,559,350.66
2004-2005 <sup>3</sup>	10,580,349.34
2005-2006	6,361,937.40
2006-2007	4,439,903.80
2007-2008	910,898.53
2008-2009	2,794,180.50
2009-2010	3,040,566.03
2010-2011	4,649,819.75
2011-2012	3,751,248.95
2012-2013	1,905,571.08

<sup>2</sup> This catchment feeds the lower Whangaehu.

<sup>3</sup> A major proportion of the cost of recovering from the 2004 flood event was incurred in this financial year. It does not therefore represent a typical year.

Year	Expenditure (\$)
2013-2014	518,522.97
2014-2015	1,169,855.01
<b>Average (inc. 2004-2005)</b>	<b>3,604,004.54</b>
<b>Average (exc. 2004-2005)</b>	<b>3,022,642.47</b>

As shown by the data above, the June 2015 event is expected to be the most costly event experienced by this Council in recent history, in terms of Council share for damage to the Roothing network.

### ***The Cost***

The total estimated cost of emergency works resulting from the June 2015 event is \$12.00 million. A breakdown of this work has already been provided to NZTA. This is the cost of reinstating damaged assets to restore the original customer levels of service.

Based on the current Emergency FAR arrangement, the Council share of these costs over the next two years is estimated at \$2.52 million depending on the year of completion, as shown in Table 4.

Table 4: Cost Breakdown

Year	Estimated Cost (\$)	Council Share (\$)	NZTA Share (\$)	FAR (%)
2015-2016	8,000,000	1,640,000	6,360,000	82.0
2016-2017	4,000,000	880,000	3,120,000	83.0
<b>New FAR Total</b>	<b>12,000,000</b>	<b>2,520,000</b>	<b>9,480,000</b>	<b>82.5</b>
<b>Enhanced FAR</b>	<b>12,000,000</b>	<b>600,000</b>	<b>11,400,000</b>	<b>95.0</b>
<b>Difference<sup>4</sup></b>	<b>0</b>	<b>-1,920,000</b>	<b>1,920,000</b>	<b>12.5</b>

The Council share in the above table has taken into consideration the fact that the first \$1 million of expenditure in each financial year is at base FAR (i.e. 62% for 2015-2016 and 63% for 2016-2017).

### ***Funding***

With changes to the NZTA emergency funding regime, Council in its 2015-2025 Long Term Plan recognised it would need to fund more of these emergency events locally, and signalled the need to have a significant Roothing Reserve to fund its share of unforeseen events. Council therefore budgeted to fund an amount of \$2.30 million over the 10 years of this Long Term Plan, in adapting to a changing funding environment. The intention behind this was to build additional contingency now that subsidies offered for emergency works have decreased significantly below historic levels. However, with the timing of the 2015 event Council faces an

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<sup>4</sup> This is the impact on the District of the change to the FAR.

additional \$1.92 million of costs against historic funding levels. This is on top of the \$600,000 shown above as Council's share under the new FAR rate and does not include \$191,400 which was Council's share in the 2014-2015 year.

*Current year roading reserve contribution = \$550,000*

In the 2015-2016 year, Council budgeted to fund an increase in its Roding Reserve of \$550,000. This amounts to 3% of the District's rates, and includes savings on contracted Roding costs. Council Roding rates total 33% of total rates and are levied on capital value so are funded predominantly from our rural community. The rural community funds approximately 80% of the Roding activity (based on 2014 figures).

*Rates remission requests = \$517,000*

As a result of this flood event, Council now has rates remission requests currently totalling some \$517,000 (against 2015-2016 rates) from some of the ratepayers most adversely affected. These are also the ratepayers who are major contributors to the Roding rate and would be the people most affected by any increase in rates required to offset these significant additional cost. We estimate that an average rates increase of 33% on rural properties will be required to fund the cost of repair/reinstatement work. As Council rates for Roding are based on capital value, this could mean increases of around \$11,000 on some of the worst-affected properties. This would cause additional stress and hardship to those ratepayers, many of whom are still working to re-establish their farming operations.

Council has very limited ability to fund this expenditure from its urban ratepayers, many of whom are on fixed incomes, with an ageing demographic. Note also that this does not include any potential increases to Horizons Regional Council rates that may result from damage to their assets (as occurred in the 2004 event).

### ***Rationale for Our Application***

Council is seeking an enhanced Emergency FAR for this work. Figure 1 shows the FAR that would have been attracted by the scale of emergency works required, under the funding scheme which ended on 30 June 2015. The red ticks on the vertical axis indicate the starting FAR for 2015-2016 (62%) and 2016-2017 (63%). The ERR is calculated as 99% (see below). At this ERR, and working from the interpolated curves for 62% and 63%, the FAR attracted previously would have been 95%.

Equation 1: ERR Calculation (NZTA Planning, Programming and Funding Manual)

$$ERR = (F \div R) \times 100\%$$

where      F      =      total cost of current emergency reinstatement application plus the total cost of any existing emergency reinstatement approval in the current year plus the local share of any expenditure on emergency reinstatement in the previous financial year

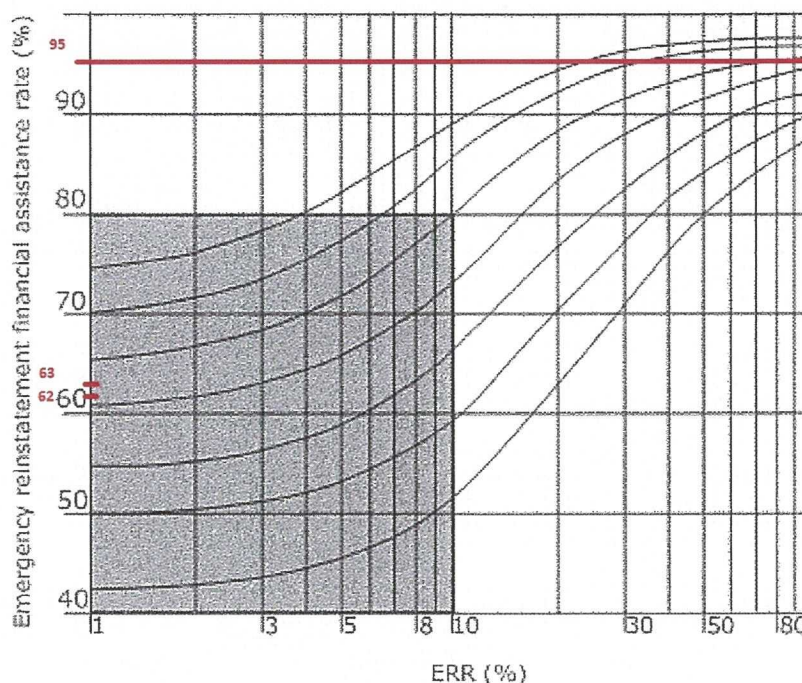
            R      =      total general rates (exclusive of GST)



In this case:

$$\begin{aligned}\text{ERR} &= ((12,000,000 + 191,400) \div 12,297,817) \times 100 \% \\ &= 99\%\end{aligned}$$

Figure 1: Emergency Reinstatement FAR (NZTA Planning, Programming and Funding Manual)



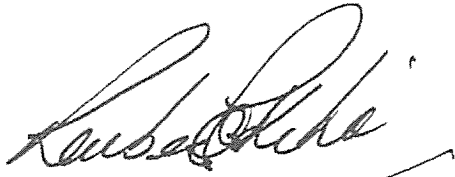
### ***The Outcome***

Rangitikei District Council is seeking an enhanced FAR for emergency works of 95% as described above. This is to alleviate the burden on the District economy, and on the ratepayers, many of whom are already facing considerable recovery costs on their own properties. This enhanced FAR is also requested on the basis that reducing the cost to Council will:

- Allow Council to continue with its programmed maintenance and renewals as planned, without the need to defer works due to higher than anticipated expenditure on emergency works.
- Allow Council to consider using some of its Roothing Reserve provision of \$550,000 for 2015-2016 to grant rates remissions on the grounds of economic hardship. The remissions requests currently received from the community total \$517,000 for the 2015-2016 year.
- Allow Council to continue to build its Roothing Reserve in order to help off-set the cost of future emergency works.

Thank you for your time and consideration. We would welcome any discussion on matters presented in this letter, and are happy to provide further information as may be required to support our application for an Enhanced Emergency FAR.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Reuben Pokiha'. The signature is fluid and cursive, with a long horizontal stroke extending from the bottom right.

Reuben Pokiha  
Operations Manager - Roding

A handwritten signature in black ink, appearing to read 'Ross McNeil'. The signature is cursive and compact, with a small loop at the end.

Ross McNeil  
Chief Executive



Figure 2: Koeke Rd



Figure 3: Mt Curl





Figure 4: Mt Curl



Figure 5: Turakina Valley Rd (TV3)





# Attachment 5

# MEMORANDUM

TO: Finance/Performance Committee

FROM: Michael Hodder

DATE: 17 November 2015

SUBJECT: **Considerations for a Mayoral Discretionary Fund**

FILE: 3-GF-5

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At its last meeting, the Finance/Performance Committee agreed to the Mayor's request for consideration of establishing a discretionary fund for the Mayor.

While an exhaustive study has not been undertaken, it is clear that many local councils find such a fund useful – from Far North District Council to Dunedin City Council. Budgets evident in the sampled councils range from \$8,000 to \$40,000 (and individual grant limits from \$500 to \$5,000).

Common themes in such discretionary funds are:

- providing quick response to situations or personal tragedy;
- emphasising community benefit, not commercial gain;
- avoiding duplication with other council grant schemes; and
- ensuring transparency of the decision (while not derogating from the Mayor's authority to make that decision).

Not all councils have such discretionary funds. For some, the range of grant schemes and the way they operate lessens the need for such a fund. For others, placing such a decision on the Mayor may seem unduly burdensome, and an invitation for controversy, because of the potential criticism from the community about having such a fund at all as well as about the grants actually made. There will be some in the community who consider that Council shouldn't deliberately constrain itself from helping. Certainly, the high public profile of a mayor means potentially strong public (and media) interest in the grants made from a mayoral discretionary fund.

A precedent for such a discretionary fund already exists. Since 2009, Rangitikei's community boards and community committees have had small annual allocated discretionary funds for small projects and these have not generated criticism; on the contrary, the grants made by these bodies have proved useful in supporting community initiatives beyond the reach (or timing) of Council's grant schemes.

A discretionary fund for the Mayor typically allows consideration of personal tragedy and an early response. For example, in August 2015 the Mayor of Waimate District made a \$500 grant from his discretionary fund to the relief fund for the orphaned sisters following the fire at the Everest Indian restaurant in Waimate. A Council resolution for this could have been weeks away.

A draft terms of reference for such a Mayoral Discretionary Fund is attached (as [Appendix 1](#)) reflecting the four themes noted above. If the fund is established, Council will need to set a budget. The total allocation provided to the discretionary funds allocated to Community Boards and Community Committees might provide a useful reference for that.

### **Recommendations**

1. That the memorandum 'Considerations for a Mayoral Discretionary Fund' be received.

EITHER

2. That a Mayoral Discretionary Fund not be established for the Rangitikei District.

OR

3. That a Mayoral Discretionary Fund be established for the Rangitikei District, based on the terms of reference [as amended/without amendment] presented to the Finance/Performance Committee meeting of 26 November 2015, with an initial allocation for 2015/16 of \$.....

Michael Hodder  
Community & Regulatory Services Group Manager

# *Appendix 1*



## MAYORAL DISCRETIONARY FUND – TERMS OF REFERENCE

1. The purpose of the Mayoral Discretionary Fund is to allow Council, through the Mayor, to provide a rapid response to requests for financial assistance for situations or projects which lie outside Council's normal grant criteria.
2. Applicants must come from individuals or organisations located within the Rangitikei District.
3. Applications should be addressed in writing (or email) to the Mayor, addressing the criteria and specifying the financial assistance desired.
4. The criteria for making grants from the Mayoral Discretionary Fund are
  - (i) a community initiative, project or programme which is either outside the scope of Council's other funding schemes or needs financial assistance before such schemes will have their next funding rounds;
  - (ii) a personal tragedy not associated with a Civil Defence emergency.
5. The following are outside the scope of the Mayoral Discretionary Fund:
  - support for private and/or commercial ventures,
  - support for projects, events or activities that are the subject of litigation, and
  - support for political organisations.
6. A grant from the Mayoral Discretionary Fund to any individual or organisation will normally not exceed \$1,000 in any one year.
7. The decision over all applications is for the Mayor to make (with whatever external advice he chooses), and is not subject to review by the Council unless the Mayor requests that in any particular case.
8. Grants from the Fund will be included in the Mayor's reports to each meeting of Council.
9. Council will determine the amount of the Mayoral Discretionary Fund annually as part of its budget setting process but that amount will not be greater than the total discretionary funds available for allocation by Community Boards and Community Committees.<sup>1</sup>
10. The Mayor may choose not to use the Mayoral Discretionary Fund but may not over-spend its budgeted allocation; any unspent amount may not be carried into the subsequent year.

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<sup>1</sup> In 2015/16 this totals \$10,921.

# Attachment 6

# REPORT

SUBJECT: **Consideration of Applications for the Community Initiatives Fund  
2015/16 – round 2**

TO: Finance / Performance Committee

FROM: Samantha Whitcombe, Governance Administrator

DATE: 12 November 2015

FILE: 3-GF-8-3

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## **1 Background**

- 1.1 The Community Initiatives Fund (CIF) has up to \$19,086 to allocate in this second round of funding to community groups for projects that will be of benefit to the Rangitikei community. This report summarises the applications that have been received and provides information on the eligible costs for each application. The criteria for the CIF states that grants are usually up to a maximum of \$2,500 towards eligible costs.

## **2 Overview**

- 2.1 Two applications have been received to the CIF and have been circulated separately to elected members:
- Rangitikei College – Costs associated with running the Creative Critters programme: a series of workshops teaching basic sewing skills.
  - Marton RSA – Restoration of the memorial at Marton's Memorial Hall
- 2.2 Neither of these applicants has directly received funding from the CIF in previous years.
- 2.3 The CIF has three grant categories: Community service and support, Leisure promotion and Heritage and Environment. The application from Rangitikei College falls within the Leisure Promotion category and the application from the Marton RSA falls within the Heritage and Environment category. The table below provides a summary of the applications.

	New Initiative	Ongoing Activity	Community Service & Support	Leisure Promotion	Heritage & Environment	Eligible costs	Amount requested	Proportion of eligible costs requested
Rangitikei College – Creative Critters						\$790	\$420	53%
Marton RSA						\$16,000	\$3,283	67 <sup>1</sup> %
						\$16,790	\$3,703	

2.4 The Committee should note that the application from Creative Critters has also been included in this round of the Creative Communities Scheme, to be considered by the Scheme's Assessment Committee at its meeting on Wednesday 25 November 2015. If the application is successful with the Creative Communities Scheme, it will be withdrawn from CIF.

2.5 It is a condition of CIF that Project Report Forms are returned before further funding can be sought. No Project Report Forms have been received since the August round of the CIF. This doesn't affect the two applications in question, however, as they are both first-time applicants.

### 3 Eligibility

3.1 Both of the projects are eligible in so far as they all take place in the Rangitikei. Committee members have been asked to score each application on how well each project meets the remaining CIF criteria<sup>2</sup>. These scores will be tallied at the meeting.

3.2 The project by the Marton RSA for the restoration of the memorial at Marton's Memorial Hall has previously had approval for contributory funding from Council. The 2014/15 Annual Plan included \$13,700 for restoration of damaged war memorials in the District, of which \$5,333 was for the Memorial Hall memorial (being one third of the estimated cost). Subsequently, an additional grant of \$2,050 was offered, as the remaining funds available to support ANZAC Day services or other related activities.<sup>3</sup> These sums (approved in 2014/15) have not yet been paid, and the Chief Executive is separately seeking Council approval to do this.

3.3 The letter provided by the Marton RSA, and taken as an application to the CIF, outlines the process that has already been undertaken and the various avenues of

<sup>1</sup> If all the previous two Council contributions are taken into account, then it will be 67%

<sup>2</sup> Demonstrate consideration of how they see their proposal would benefit the community  
Provide 3 targets that will be used to monitor the outcome of the project  
Provide a realistic and balanced budget  
Be able to contribute a significant proportion to the cost of the project

<sup>3</sup> Council, 26 March 2015: 15/RDC/057.



funding the project that have been explored. If the previous commitments stand, the request from the Community Initiatives Fund is for \$3,283.

#### **4 Recommendations**

4.1 That the report 'Consideration of applications for the Community Initiative Fund 2015/16 – round 2' be received.

4.2 That the Finance / Performance Committee approve the applications, listed below, and disperse the Community Initiatives Fund as outlined to successful applicants.

- Marton RSA \$
- Creative Critters \$

Samantha Whitcombe  
Governance Administrator

# Attachment 7

# REPORT

**SUBJECT:** Consideration of Applications for the Event Sponsorship Scheme  
2015/16 – Round 2

**TO:** Finance / Performance Committee

**FROM:** Samantha Whitcombe, Governance Administrator

**DATE:** 12 November 2015

**FILE:** 3-GF-11-3

## 1 Background

- 1.1 The Events Sponsorship Scheme (ESS) has up to \$8,732.46 to allocate to events that help to develop community cohesion and reinforce economic growth. This report provides a summary of the applications that have been received and provides information on the eligible costs for each application. The ESS will contribute up to 50% of eligible costs.

## 2 Late Application

- 2.1 An application was received from Taihape A&P Show on Friday 13 November 2015, 14 Days after the closing date for the funding round. It is at the Committee's discretion whether or not to consider late applications.
- 2.2 The application has been included in this report, with a recommendation on whether or not to consider the late application.

## 3 Overview of applications for sponsorship

- 3.1 Four applications have been received to the ESS. The table below summarises them.

	One-off event	New Event that will become an established event	An event that is becoming established	An established, regular event	High Profile event	Community Event	High profile / community event
Marton Jaycees – Marton Christmas Parade 2015							
Taihape Area Dressage Group - Taihape Dressage Championships 2016							





- 4.3 The table overleaf provides information on the total costs of each event, the eligible costs for each event and, subsequently the maximum sponsorship that Council may award (50% of eligible costs). The Committee's consideration of its sponsorship arrangement is likely to take into account:
- Whether the event has a high profile (for visitors or for residents) that Council needs to be seen to be associated with it
  - Whether the event has the potential to have such a high profile (for visitors or for residents) and sponsorship is required to enable it to establish and/or grow
- 4.4 The budget provided by Taihape Area Dressage indicates that this event is financially self-sustaining. The Committee's consideration should therefore focus on the quantum of sponsorship that is justified for Council to have an association to the event.

Costs associated with the events and the value of the sponsorship offering (per person attending)

	Total cost of event	Other funding available	Surplus/deficit	Eligible costs	Maximum sponsorship	Sponsorship requested	Maximum Council sponsorship/no. participants	Sponsorship requested/no. participants
Marton Jaycees – Marton Christmas Parade 2015	\$4,500	\$3,500	\$1,000	\$4,300	\$2,150	\$1,000	\$1.02	\$0.48
Taihape Area Dressage Group - Taihape Dressage Championships 2016	\$11,683	\$11,500	\$183	\$7,970	\$3,985	\$2,000	\$26.56	\$13.33
Taihape A&P Show – Taihape A&P Show 2016	\$17,755	\$15,205	\$2,550	\$16,725	\$8,362.50	\$2,550	\$5.97	\$1.82
Nga Iwi O Mokai Patea Services Trust –Waitangi Big Day Out 2016	\$8,800	\$0	\$8,800	\$7,600	\$3,800	\$0	\$10.87	N/A
	\$42,738	\$30,205	\$12,553	\$36,595	\$18,297.50	\$5,550	\$44.42	\$15.63

- 4.5 The budget for the Waitangi Big Day Out 2016 event shows no other confirmed income for the event, making it appear to be not financially sustainable. The application suggests that there could be potential funds granted by two other bodies but at this stage potential amounts are unknown.
- 4.6 The remaining events are seeking less sponsorship than the maximum permitted and overall the amount of sponsorship being sought is \$5,550; well below the \$8,732.46 that Council has available for this round.
- 4.7 All the events are eligible in so far as they all take place in the Rangitikei. Committee members have been asked to score each application on how well each project meets the remaining ESS criteria<sup>1</sup>. These scores will be tallied at the meeting.

## 5 Recommendations

- 5.1 That the report 'Consideration of applications for the Events Sponsorship Scheme 2015/16 – Round 2' be received.
- 5.2 That the Finance/Performance Committee considers the late application from the Taihape A&P Show.
- 5.3 That the Finance / Performance Committee approve the sponsorship of events listed below, and disperse the Events Sponsorship Scheme as outlined to successful applicants.

Marton Jaycees – Marton Christmas Parade 2016	\$
Taihape Area Dressage Group – Taihape Dressage Championships 2016	\$
Taihape A&P Show – Taihape A&P Show 2016	\$
Nga Iwi O Mokai Patea Services Trust – Waitangi Big Day Out 2016	\$

Samantha Whitcombe  
Governance Administrator

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<sup>1</sup> Provide a detailed and realistic marketing / promotional plan with appropriate acknowledgement  
Provide evidence of the benefit to Council of its association with the event (participant numbers etc.)  
Provide a realistic and balanced budget  
Maximised revenue generating opportunities and moving towards self-sustainability