



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Wednesday, 23 November 2022

Time: 9.30 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Cr Fi Dalgety

Deputy Chair: Cr Jeff Wong

Membership: HWTM Andy Watson
Cr Dave Wilson
Cr Brian Carter
Cr Gill Duncan
Cr Richard Lambert
Cr Tracey Piki Te Ora Hiroa
Cr Coral Raukawa
Cr Simon Loudon
Cr Greg Maughan
Cr Jarrod Calkin

For any enquiries regarding this agenda, please contact:

Kezia Spence, Governance Advisor, 0800 422 522 (ext. 917), or via email

kezia.spence@rangitikei.govt.nz

Contact:	0800 422 522 info@rangitikei.govt.nz www.rangitikei.govt.nz (06) 327 0099				
Locations:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <u>Marton</u> Head Office 46 High Street Marton </td> <td style="width: 50%; vertical-align: top;"> <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls </td> </tr> <tr> <td style="vertical-align: top;"> <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape </td> <td></td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape	
<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls				
<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape					
Postal Address:	Private Bag 1102, Marton 4741				
Fax:	(06) 327 6970				

Notice is hereby given that a Finance/Performance Committee Meeting of the Rangitīkei District Council will be held in the Council Chamber, Rangitīkei District Council, 46 High Street, Marton on Wednesday, 23 November 2022 at 9.30 am.

Order Of Business

1	Welcome / Prayer	4
2	Apologies	4
3	Public Forum	4
4	Conflict of Interest Declarations.....	4
5	Confirmation of Order of Business	4
6	Follow-up Action Items from Previous Meetings	5
6.1	Follow-up Action Items from Finance/Performance Meetings	5
7	Chair's Report	7
7.1	Chair's Report - November 2022	7
8	Reports for Information.....	8
8.1	Financial Snapshot - October 2022	8
8.2	Quarterly Property Sales	21
8.3	Treasury and Debt - October 2022.....	25
8.4	QV Monthly Report - September 2022	27
8.5	Draft 2021/22 Annual Report.....	33
8.6	Public Feedback to Council - October 2022	34
9	Open Meeting	42

AGENDA

1 Welcome / Prayer

2 Apologies

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of Order of Business

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, [enter item number](#) be dealt as a late item at this meeting.

6 Follow-up Action Items from Previous Meetings

6.1 Follow-up Action Items from Finance/Performance Meetings

Author: Kezia Spence, Governance Advisor

1. Reason for Report

1.1 On the list attached items raised at previous Finance/Performance meetings. Items indicate who is responsible for follow up, and a brief status comment

2. Decision Making Process

2.1 Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Attachments:

1. **Follow-up Action Items from Finance/Performance Meetings** [↓](#)

Recommendation

That the report 'Follow-up Action Items from Finance/Performance Meetings' be received.

7 Chair's Report

7.1 Chair's Report - November 2022

Author: Fiona (Fi) Dalgety, Councillor

Welcome everyone to the inaugural Finance and Performance Committee meeting for the new triennium. This is also my maiden attempt at chairing so please bear with!

Firstly, I would like to extend a huge thank you to Jeff Wong for taking on the position of Deputy Chair for the next three years and as a new Councillor at the table I welcome your "fresh eyes".

I am very excited by the team we've got "in the waka" for the next term and I look forward to working with you all.

Thank you in anticipation to all the staff for all your hard work, both behind the scenes and out the front presenting reports plus answering all our queries as they arise. We truly value your insights and support.

Although the treasury and debt report show a strong liquidity position, the Council has had a number of budget deferrals and debt is expected to grow significantly in the next few years. In our increasingly high inflationary environment, together with increasing risk of cost blow outs – wise heads and keen eyes are going to be needed to ensure we are keeping on track.

To finish I'm going to attempt a short whakatauki:

Mā te rongō, ka mōhio;

Mā te mōhio, ka mārama;

Mā te mārama, ka mātau;

Mā te mātau, ka ora.

From listening comes knowledge;

From knowledge comes understanding;

From understanding comes wisdom;

From wisdom comes well-being.

Recommendation

That the Chair's Report – November 2022 be received

8 Reports for Information

8.1 Financial Snapshot - October 2022

Author: Hilary Walker, Management and Systems Accountant

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide Committee Members with Council's latest management accounts and related commentary.

2. Activity Performance Reports

- 2.1 The attached Departmental Activity Performance Reports provide commentary on Departmental operational budget variances in excess of \$100k.
- 2.2 The 2022/23 full year budgets incorporate the amendments approved at Council Meeting 29 September 2022.

Commentary - Depreciation

- 2.3 Council's 2021/22 Depreciation cost was \$1m under budget (Cost \$13m; Budget \$14m) and Officers suggested decreasing the LTP Depreciation budget for 2022/23 from \$15.6m by a similar amount (\$800k).
- 2.4 This resulted in a 2022/23 Depreciation budget of \$14.8m.
- 2.5 At the end of October 2022 Council's YTD Depreciation cost was \$4.9m which is in line with budget.
- 2.6 However, the 2022/23 Depreciation cost is expected to increase as a result of the June 2022 Asset Revaluations which have recently been received and which are currently being reviewed and processed. These revaluations will result in a large increase to Council's 2022/23 Depreciation cost, which will result in a large adverse Depreciation budget variance for 2022/23.
- 2.7 Importantly, this has **no impact** on Council's rates setting, asset replacement plans, cash flows or debt levels. Council's rate setting was based on the figure included in the LTP.
- 2.8 Council's Depreciation figure for Year 3 of the LTP (2023/24) is \$16.4m and Officers are reviewing whether any changes to this may be required.

3. Capital Expenditure

Year To Date Summary

- 3.1 Capital expenditure is \$5.7m compared to the full year budget of \$34.5m. The attached summary shows the budget variances split by cost centre with the larger budgets (>\$500k) being shown separately.

4. Funding of Unbudgeted Expenditure

- 4.1 The Capital Expenditure Attachment includes the following unbudgeted expenditure items:
 - Emergency Works 2022 \$1.04m: This relates to work undertaken on the 2021/22 emergency works. 84% of this will be funded by FAR with the balance (\$165k

rounded) will either be debt funded or offset against underspends in other project budgets. This amount is expected to increase throughout the financial year as work is directed to addressing the four major weather events that occurred in 2021/22. Where the volume of Emergency Works is significant it *may* result in a deferral of other budgeted Roding projects.

Attachments

1. **Financial Snapshot - October 2022** [↓](#)

Recommendation

That the report 'Financial Snapshot – October 2022' be received, noting that unbudgeted expenditure items are to be funded from either other capital budgets or unbudgeted debt.

8.2 Quarterly Property Sales

Author: Karin Cruywagen, Manager Information Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 This report provides an overview of property sales within the District for the quarter between 1 July 2022 and 30 September 2022.

2. Comments

- 2.1 As noted in the March 2022 Finance and Performance Committee report, some of the statistics included in this report are distorted by anomalies in the underlying calculations (Officers are evaluating alternative reporting systems).
- 2.2 For example, as noted in March 2022, should a ratepayer subdivide and sell a small part of their property to a neighbouring property, the data feeding into this report includes, as the 'capital value', the value of the (buying party's) new combined property that the subdivided block has become, thus significantly overstating the Capital Value figure.
- 2.3 The attached report shows a -61.51% figure for *Sale Price % Difference between Capital Value by Valuation Roll Area*. This is caused by a part sale of a property (2/9th) between family members.
- 2.4 Accordingly, the information in the attached report should be regarded as for general Information only and not used in any decision making.

Attachments

1. **Property Sales - Q1 1July - 30Sept 2022** [↓](#)

Recommendation

That the report 'Quarterly Property Sales' be received.

8.3 Treasury and Debt - October 2022**Author:** Sam Zhang, Manager - Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

1.1 To provide the Finance and Performance Committee with an overview of Council's Treasury and Debt position.

2. Discussion

2.1 Note: the balances included in this report are only those that are relevant when considering Council's treasury and debt position: other (non-financial) assets and liabilities also exist.

Investments

2.2 As stated in a previous month's report, Council currently earns a higher interest rate on its Current Account than it would earn on term deposits (upto 150 days). Accordingly, Council's Current Account balance (\$9.75 million at end of October) exceeds the limit recommended in our Treasury Management Policy (\$3m).

Council has no other significant financial investments.

Liquidity

2.3 As at 31 October 2022 Council had a strong liquidity position as shown below:

2.3.1 Treasury Assets

• Bank/Deposits	\$9.75 million
• Receivables (excl. Rates)	\$1.45 million
• Rates receivables	\$4.50 million
• Other financial assets	\$0.18 million
• Prepayments (incl. rates)	\$0.58 million
• GST Refund	\$0
• Total	\$16.46 million

2.3.2 Treasury Current Liabilities

• Payables	\$1.55 million
• Retentions	\$0.74 million
• Income in advance	\$0.04 million
• GST Payables	\$0.67 million
• Total	\$3.00 million

2.3.3 Net Current Treasury Position **\$13.46 million**

Debt

2.4 Council currently has \$19m of long-term debt, as summarised below:

Amount	Maturity Date	Rate of Interest
3 million	15/4/2029	3.12%
5 million	14/4/2033	3.68%
11 million	15/4/2027	4.17%

2.5 Council's 22/23 Annual Plan includes a budgeted debt level at 30 June 2023 of \$47.7m.

Liquidity Ratios

2.6 At the April 2022 Finance/Performance Committee Meeting, Officers were asked to include Liquidity Ratios in future Treasury and Debt reports.

2.7 Council's Long Term Plan (pages 142 and 143) includes two Liquidity Ratio Benchmarks set by the Local Government Funding Agency. Based on Sections 2.2 to 2.3 above, the current performance in relation to these benchmarks is as follows (note these ratios are currently included in a more detailed report that is provided to each Audit & Risk Committee):

2.8 Net Debt/Total Revenue must not exceed **175%**:

• Debt	\$19m
• Bank/Deposits	\$9.75m
• Net Debt	\$9.25m
• Budgeted Full Year Revenue	\$53m
Net Debt/Total Revenue	17%

2.9 External Debt plus Committed Facilities plus Liquid Assets (Available Finance) divided by External Debt must be greater than **110%**:

• External Debt	\$19m
• Bank/Deposits	\$9.75m
• Available Finance	\$28.75m
Available Finance divided by External Debt	151%

Recommendation

That the report 'Treasury and Debt - October 2022' be received.

8.4 QV Monthly Report - September 2022

Author: Sam Zhang, Manager - Financial Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Finance and Performance Committee with the September 2022 monthly reports provided by QV.

2. Summary

- 2.1 The number of properties under construction has increased by 20 in September.
- 2.2 The number of rateable properties has increased by 6 since August.
- 2.3 The number of sales in September is slightly below the 12 months rolling average.

3. Explanations

- 3.1 QV have provided the following explanations for some terminology used in the Building Consents 'Outstanding' section of the attached report. These figures arise from the 'general practice' of QV visiting a property six months after the Building Consent application has been approved (actual timing of the visit is also based on logistical considerations):
 - 3.1.1 Under Construction: the visit reveals that construction has not been completed (QV will schedule a follow up visit); and
 - 3.1.2 Ready to Check: the 'six month waiting period' has lapsed and QV are in the process of scheduling/conducting the inspection visit. On inspection if the property is found to be not ready to value, QV would extend the date for re-inspection and the property will revert to "Under Construction" until the date is met and ready to value again.

Attachments

1. [QV Monthly Graph Sept 2022](#) ↓
2. [QV Monthly Report Sept 2022](#) ↓

Recommendation

That the QV Monthly Report – September 2022 be received.

8.5 Draft 2021/22 Annual Report

Author: Sam Zhang, Manager - Financial Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To present Council's draft Annual Report for the 2021/22 financial year.

2. Context

- 2.1 Council is required to complete an Annual Report, reporting on financial and non-financial results, for each financial year.
- 2.2 The Annual Report is required to be produced in line with relevant legislation and accounting standards and is subject to an audit before being adopted by Council.
- 2.3 A copy of the current draft Annual Report is attached, for information.
- 2.4 Council's Infrastructure Assets were valued as at 30 June 2022 : the results of these revaluations, which will significantly increase the book value of Council's assets, are not yet reflected in the draft Annual Report.
- 2.5 Audit New Zealand are currently completing their 2021/22 Annual Report audit. Their audit may result in other changes to the draft Annual Report.
- 2.6 The final version of the Audit Report was initially scheduled to be presented at the Council meeting in December 2022 for adoption. Current discussions with the Auditors have identified that this date may be deferred until early in 2023. These discussions are ongoing and Officers will provide Committee Members with a further update at the meeting.
- 2.7 All major changes to the final Annual Report, compared to the draft Annual Report, will be advised to elected members when the final Annual report is presented to Council.
- 2.8 The Summary Annual Report must then be adopted within one month of the Annual Report being adopted.
- 2.9 Audit New Zealand have indicated that, as is common with the sector, we are likely to receive an emphasis of matter paragraph in our audit opinion. This is to highlight our Events After Balance Date note, which highlights the announcement Central Government made relating to the 3 Waters reforms.

Attachments

1. Draft Annual Report 21/22 (under separate cover)

Recommendation

That the Finance and Performance Committee receive the draft Annual Report 2021/22.

8.6 Public Feedback to Council - October 2022**Author:** Carol Gordon, Group Manager - Democracy & Planning**Authoriser:** Carol Gordon, Group Manager - Democracy & Planning**1. Reason for Report**

1.1 This report provides the Finance/Performance Committee with the regular monthly report from Council's HappyOrNot system. From this month this report will also include feedback from the new feedback system (Korero Mai – Have Your Say) which was introduced in October. This system gives the public the ability to provide direct feedback from a QR code at a council facility or location which then directs them to a feedback form on the Council's website (the feedback form can also be directly accessed from the website).

2. Context

2.1 The Happy or Not report for the month of October 2022, showing results from over the four locations, is attached (Attachment 1).

2.2 A total of 324 responses were received during the month from the Marton main office, Te Matapihi, Marton Library and Taihape Library / Information Centre. 83% of the feedback was very positive. You will note that some comments in the open feedback has been redacted, due to the language in the comments that were entered.

2.3 The Korero Mai – Have Your Say feedback system was introduced in October and feedback has started to come in via this system. Seven responses were received, and a report is attached (Attachment 2) outlining what these were.

3. Decision Making Process

3.1 This item is not considered to be a significant decision according to the Council's Policy on Significance and Engagement.

Attachments:

1. **Happy or Not Report - October 2022** [↓](#)
2. **Korero Mai Feedback - October 2022** [↓](#)

Recommendation

That the Public Feedback to Council Report – October 2022 be received.

9 Open Meeting