

FINANCE AUDIT AND RISK COMMITTEE MEETING

Date:	Tuesday 23 April 2024
Time	1.00pm
Location	Totara, Council Chambers

AGENDA

1. Opening with a Karakia
2. Apologies
3. Declarations of Interest
4. Confirmation of Minutes dated 24 October 2023 page 3
5. Review of Action List page 7
6. Matters of Importance to be raised as Urgent Business -
7. Transfer Station and Landfill Closure Construction Costs page 9
8. Finance Report to 31 March 2024 page 14
9. Quarterly Reports to 31 March 2024 page 27
 - 9.1 Liability Management Policy Compliance Report page 29
 - 9.2 Investment Report page 32
 - 9.3 Airport Report page 34
 - 9.4 Harbour Report page 39
 - 9.5 Debtors Report page 41
10. Reserves and Special Funds as at 31 December 2023 page 44
11. Risk Management Report page 47
 - 11.1 Risk Register page 49
12. Insurance verbal update
13. Public Excluded Session

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

 - a) Public Excluded Minutes dated 24 October 2023
 - b) Harbour Financial Matters – verbal update

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public Excluded Minutes dated 24 October 2023	Includes commercially sensitive information on harbour financial matters, insurance premiums and personal information.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) Section 7(2)(a) protect the privacy of natural persons, including that of deceased natural persons
Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

14. Close meeting with a Karakia

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT
1.00PM ON TUESDAY 24 OCTOBER 2023 AT TOTARA, COUNCIL CHAMBERS, 96
WEST END, KAIKOURA**

PRESENT: Deputy Mayor J Howden (Chair), Mayor C Mackle, Councillor V Gulleford,
Councillor J Diver, D Brandish (Independent Member).

IN ATTENDANCE: W Doughty (Chief Executive Officer), S Poulsen (Finance Manager),
C Kaa (Management Accountant), B Makin (Executive Officer - minutes).

1. OPENING WITH A KARAKIA

2. APOLOGIES Nil

3. DECLARATIONS OF INTEREST Nil

4. CONFIRMATION OF MINUTES

RESOLUTION

THAT the Committee:

- a) *Confirms as a true and correct record, the circulated minutes of the Committee held on 29 August 2023.*

Moved: Councillor J Diver
Seconded: Councillor V Gulleford

CARRIED UNANIMOUSLY

5. REVIEW OF ACTION LIST

The comments in the action list were noted:

- The team are in the process of providing further explanations on the variances under 'Other Expenses' and including the full cost of projects over multiple financial years in the capex report.

The following action is to be included, as per the minute dated 29 August 2023:

- Ongoing quarterly report around performance measures tracking from IWK to KDC (**ACTION**).

6. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS

7. FINANCE REPORT TO 30 SEPTEMBER 2023

Council staff highlighted that the capital grants and subsidies have been split out as requested by the Committee. There are no major variances for the three months.

The expenses include controllable operating expenses (which are expenses that budget officers can control) and non-controllable operating expenses. It was clarified that the uncontrollable overheads are being monitored and Council staff would look at changing the terminology (**ACTION**).

Council staff would include more information around the variances, such as identifying the difference between a permanent or temporary variance (**ACTION**).

It was noted that the Works & Services Committee BAU report includes tracking/ graphs of how close the operations team are tracking to their budgets.

RESOLUTION

THAT the Committee receives this report for information.

Moved: Deputy Mayor J Howden
Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

8. QUARTERLY REPORTS TO 30 SEPTEMBER 2023

Liability Management Policy Compliance Report

It was noted that the non-compliance on the interest rate risk management (credit exposure) has been caused with less than predicted borrowing.

Investment Quarterly Report

Bank deposits have decreased as an effect of project work being carried out.

Airport Report

It was noted that Council staff would clarify the airport movements extracted from the AIMM system in regard to the landings and take offs (**ACTION**).

Harbour Report

Slipway and boat parking revenue are tracking on budget. It was clarified that the harbour report includes other assets such as the Northern Wharf. The ratepayer amount is split from the rural/ semi-rural properties.

Sundry Rates and Debtors Report

Council staff are helping direct ratepayers that are struggling into looking at the rates rebate option.

RESOLUTION

That the cover report and listed attachments be received.

Moved: Deputy Mayor J Howden
Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

9. RISK MANAGEMENT REPORT

It was noted that a new risk around capital delivery resourcing has been included on the risk register. The Chief Executive is considering options through the LTP process for further dedicated resources for larger scale projects.

The implications of the new Government will depend on the first 100 days and whether they repeal the Three Waters legislation. Officers are progressing with the LTP on the assumption of Council retaining the three waters assets.

RESOLUTION

That the Committee:

- a) *Receives this report*
- b) *Notes the contents of the Risk Management Report (including Risk Register)*
- c) *Provides any feedback for staff consideration.*

Moved: Councillor J Diver

Seconded: D Brandish

CARRIED UNANIMOUSLY

10. PUBLIC EXCLUDED SESSION

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

- a) Progress with the audit of the Annual Report for the 2023 Financial Year
- b) Material damage insurance renewal
- c) Harbour Financial Matters – verbal update
- d) Public Excluded Minutes dated 29 August 2023

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Progress with the audit of the Annual Report for the 2023 Financial Year	The report contains information on natural persons.	Section 7(2)(a) protect the privacy of natural persons, including that of deceased natural persons
Material damage insurance renewal	The report contains information on insurance premiums which is commercially sensitive	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information
Harbour Financial Matters – verbal update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Public Excluded Minutes dated 29 August 2023	Includes a verbal update on harbour financial matters and negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Moved: Deputy Mayor J Howden
Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

The meeting moved into the Public Excluded session at 1.34 pm.

11. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 2.42 pm.

12. CLOSE MEETING

There being no further business, the meeting was declared closed at 2.42 pm.

CONFIRMED _____ Chairperson
Date

Unconfirmed Minutes

**FINANCE AUDIT AND RISK
ACTION LIST AS AT 18 APRIL 2024**

OPEN ITEMS

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
1	Provide further explanations on the variances under 'Other Expenses'	P Kearney/ S Poulsen	27 Feb 24	To discuss approach at April meeting.

CLOSED ITEMS

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
	Minor errors on the cashflow due to version control – to circulate latest version	S Poulsen	Asap	Completed – circulated and attached below.
	Ongoing quarterly report around performance measures tracking from IWK to KDC	P Kearney	Ongoing	Report to Council 28/02/24. Ongoing W&S Action.
	Include more information around the variances: such as classifying the difference between a permanent or temporary difference	S Poulsen / C Kaa	27 Feb 24	Actioned – April reports.
	Clarify the airport movements extracted from the AIMM system in regard to the landings and take offs	P Kearney/ C Kaa	27 Feb 24	Actioned – AIMM software issues
	Look at changing the terminology on uncontrollable overheads	P Kearney/ C Kaa	27 Feb 24	Actioned – April reports.
	That the full cost of projects over multiple financial years are included in the capex report	P Kearney / S Poulsen	27 Feb 24	Actioned – April reports.

Action Item 3 – completed:

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

	BUDGET to year end \$	ACTUAL 30/06/2023 \$	ACTUAL 30/06/2022 \$
OPERATING ACTIVITIES			
Receipts from rates	8,803,234	8,898,429	8,445,888
Interest received	3,494	38,863	10,177
Receipts from other revenue	9,482,216	7,237,459	4,729,716
Payments to employees & suppliers	(12,743,092)	(12,627,110)	(13,303,203)
Interest paid	(189,418)	(214,936)	(92,816)
Goods & services tax (net)	-	(93,190)	(49,299)
Net Cash from Operating Activities	5,356,434	3,239,515	(259,538)
INVESTING ACTIVITIES			
Grants received for capital work	-	1,474,443	2,094,707
Purchase of investment property	(2,435,295)	-	-
Sale of property, plant & equipment	325,000	-	62,500
Purchase of property, plant & equipment	(5,448,998)	(4,131,832)	(4,825,427)
Purchase of forestry assets	-	-	(56,803)
Sale of forestry assets	-	-	52,564
Purchase of financial assets	-	-	(14,500)
Sale of non-financial assets	-	20,000	-
Purchase of current-financial asset	-	-	-
Payment into term deposits	-	-	-
Net Cash from Investing Activities	(7,559,293)	(2,657,389)	(2,686,969)
FINANCING ACTIVITIES			
Movement in borrowings	2,000,000	-	300,000
Net Cash from Finance Activities	2,000,000	-	300,000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(202,859)	623,379	(2,646,507)
OPENING CASH	4,181,171	2,789,686	5,436,193
CLOSING CASH BALANCE	3,978,312	3,413,066	2,789,686

Report to:	Audit and Risk Committee	
Date:	24 April 2024	
Subject:	Transfer Station and Landfill Closure Construction Costs	
Prepared by:	D Clibbery – Senior Manager Operations	
Input sought from:		
Authorised by:	Will Doughty – Chief Executive Officer	

1. SUMMARY

Costs to date and estimated final costs for the construction of the refuse transfer station and final closure of the Kaikōura landfill are presented.

2. RECOMMENDATION

It is recommended that this report is received for information.

3. BACKGROUND

For many years there was discussion of forthcoming closure of the Kaikōura landfill in response to perceptions that the available landfilling space was close to being fully utilised.

In the early 2010s there was apparently a belief that the landfill only had 2 to 3 years operating life remaining for this reason, but such estimates continued to be revised and even by 2018 a survey was suggesting that in the order of 20,000 cubic metres of fillable space remained, which might be sufficient for as much as a further 8 years of operation.

That estimate does however appear to have been based upon creating a significant surcharge of refuse above the surrounding ground level, which would have some adverse visual impact and for that reason more detailed consideration began to be given to other options, with preliminary cost estimates in the following table prepared in mid-2019 with the assistance of Beca consultants:

Option	Capital Cost	Annual Operating	30yr \$NPV
Do Nothing	\$ -	\$ 455,000	N/A
Extend Existing Landfill	\$ 2,315,716	\$ 455,000	N/A - 3 to 4 extra yrs only
New Landfill	\$ 6,020,890	\$ 455,000	\$13,700,000
New Transfer Existing Site	\$ 831,469	\$ 386,953	\$7,700,000
New Transfer New Site	\$ 2,005,205	\$ 386,953	\$8,800,000
New Transfer New Resource Recovery Centre	\$ 3,283,105	\$ 386,953	\$12,700,000
Close existing landfill	\$ 1,207,063	\$ 10,000	\$1,400,000
Close landfill extension	\$ 366,389	\$ 3,000	\$400,000

These estimates were however developed without preparation of detailed designs (or in the case of a new landfill, even a suggested location) but the differentials of costs between the options were considered to be sufficiently large to demonstrate that closure of the Kaikōura landfill and the construction of a transfer station on that site should be the preferred option.

At that time it was initially intended that the landfill would continue to operate until June 2023, but during 2021 Council became concerned regarding the increasing visual impact the landfill was having on surrounding properties and resolved that landfill operations should cease in mid-2022.

In the 2021-31 Long Term Plan it was proposed that the transfer station would be constructed on the Resource Recovery Centre (RRC) site in the 2021/22 year at a cost of \$800,000 and that the landfill would be closed in the 2023/2024 year at a cost of \$1.357 million, with this latter figure being an inflation of the mid 2019 estimate.

Tender processes conducted for solid waste services in early 2021 indicated that the most cost effective means of refuse disposal from a transfer station would be transport of compacted containerised waste to the Kate Valley Landfill.

Work towards preparation of a revised design for the RRC with a refuse transfer station on it had been awarded to Tonkin and Taylor (T&T) consultants in 2020, but this did not yield a satisfactory outcome, as the initial concept plan prepared by T&T had a what was considered by both KDC staff and the IWK General Manager to be an excessively complex layout, that would be both expensive to construct and difficult to operationally manage.

Because of this it was agreed that a concept plan for the redevelopment of the site to include a refuse transfer facility would instead be prepared by Council staff in conjunction with the IWK GM. The process to do so was an iterative one and it was not until the end of February 2022 that a final design was agreed and a tender document for core elements of the project prepared.

This final design made use of specifications used by Hurunui District Council in their development of transfer stations in Amberley and Hanmer Springs but an unexpected difficulty was encountered in respect of obtaining an engineer approved design for the retaining walls needed for the drop-off of refuse into the compactor, because the structure was to be constructed on landfill material rather than a greenfield site.

A long delay occurred due to this and the resultant design proposed by the engineer – using gabion baskets rather than concrete mass blocks – proved slow and expensive to construct.

This contributed to a delay of over 12 months between the cessation of landfilling in Kaikōura and the finished transfer station coming into operation. During this period temporary refuse transfer operations were conducted, using open skips, which incurred additional cost.

4. PROJECT COSTS

At the time of writing this report total expenditure to date on the closure of the landfill and the construction of the transfer station was \$1,547,044. Of this cost \$1.21 million has been recorded against the transfer station and that remainder against landfill closure, but the works are intertwined and precise separation is not considered possible.

The following works on the transfer station remain to be completed.

Item	Estimated Cost
Preparation and sealing of remaining unsealed areas of approximately 3860m ² of the RRC around new re-use shop and relocated recycling areas	\$138,000
Relocation of existing minor buildings	\$15,000

In addition to this the following costs are currently estimated for closing the remaining previous landfill area of approximately 1.1Ha:

Item	Current Estimate	Notes
Underlayer	\$26,000	A substantial amount of the required material already placed in conjunction with transfer station development works. Other material being stockpiled on the site from other Council projects at no cost. Assume 2000m ³ required at same \$13 / m ³ cost as capping
Capping	\$130,000	6,600m ³ estimated to be required, at a low unit cost of around \$13 / m ³ as can be sourced from reserve immediately adjacent to site. Assume additional \$30,000 for remediation of adjacent site following extraction
Topsoil	\$53,000	Consultant proposes 150mm thick topsoil layer, requires 1650m ³ . Around 30% this quantity already available on site (assume \$13/m ³) remainder assumed at \$40/m ³
Grassing and fertiliser	\$11,000	11000m ² @ \$1/m ²
Leachate recirculation	\$100,000	Leachate recirculation not currently being proposed, but possible need for further upgrade of collection arrangements, so \$100,000 assumed as a provisional sum.
Gas control	\$10,000	Closure plan consultant and more recent specialist landfill gas assessment suggest that venting not required. Original \$100k estimate reduced to provisional \$10k for potential monitoring.
Perimeter landscape plantings	\$15,000	Some tree removal may also be required
Fencing	\$15,000	Slightly increase on previous estimate
Consenting	\$60,000	Increased from originally estimated \$30k in response to vigorous approach being taken by Ecan
<i>Subtotal all above</i>	\$420,000	
Other Professional services	\$20,000	\$20,000 for miscellaneous other services
<i>Subtotal all above</i>	\$440,000	
Contingencies	\$132,000	Contingency kept at 30% in the interests of safety.
Total	\$572,000	

The total of all the preceding items is \$2,272,044, which is somewhat higher than the total budget of \$2,157,828 that had been included in the 2021-31 LTP.

Factors that have contributed to this higher cost have included:

- The 2019 cost estimates had not been based on a comprehensive reconfiguration of the RRC, with the apparent assumption instead made that existing recycling, re-use and recovery facilities would remain unchanged. It was however subsequently agreed that those facilities would be relocated to elsewhere in the site, so that IWK's 3 Waters division could also move onto the site. This created significant additional costs for items such as the construction of a new re-use shop.
- The construction of a more complex form of retaining wall for refuse drop-off than was initially envisaged. It had been expected that a simple wall of stacked concrete mass blocks (as had been successfully used elsewhere on the site) would suffice, but it proved difficult to obtain engineer approval for this because of the potentially unstable nature of the site.

This resulted in delays and more demanding construction that increased costs.

- An unexpected need to upgrade the electrical power supply to the site to support the operation of the compacter unit. An initial enquiry made to Mainpower had indicated that the existing electrical network in the area had sufficient capacity to meet those needs, but it appears that this advice was either incorrect or had been invalidated by other subsequent supply demands. Additional expenditure of approximately \$65,000 was associated with this.
- The original transfer station cost estimate had been made on the basis that the pavement areas would be unsealed. This reflected what had historically been the case at the resource recovery centre and that if any such sealing was to be undertaken it would occur at a much later stage, as had previously occurred when the full sealing of the recycling and reuse area had occurred in 2018/19, many years after that area of the landfill had been closed.

Subsequent discussion with IWK did however indicate that it was very much desirable that the entire new active area of the transfer station and relocated RRC was initially sealed to reduce maintenance requirements and to prevent the need for extensive unsealed pavement repairs prior to delayed sealing. This has added in the order of \$120,000 of cost.

The \$2.272 million figure does however contain some significant provisional amounts or contingencies, but balanced against this is the fact that as yet KDC's submitted proposed closure plan prepared by Earthtech Consultants has not yet been approved by ECan and that a possible further unexpected cost that has very recently also been signalled.

This is a possible requirement for the greenwaste processing area to be engineered so that there is no potential for leachate from greenwaste to discharge to the ground, with all leachate instead being collected and discharged to the community wastewater system.

It had been envisaged that this might be adequately achieved by a simple contouring of the capping, but it now appears that ECan may seek a truly impermeable surface to be formed using synthetic membrane beneath the surface of the greenwaste area, which is relatively large.

This would be a very significant change from a previous greenwaste processing practice that had been operated on the site for many years without apparent problems and which had not been incorporated when previous cost estimates were prepared.

It is not as yet clear exactly what form the required modifications to the site would take, but there is clearly potential for the cost to be very significant and it is believed that KDC should obtain expert advice on the appropriateness of this suggestion from ECan.

5. LEARNINGS FROM THE PROJECT

A key learning is to not to underestimate the complexity of projects and to recognise increasing challenges that exist in regard to obtaining professional and regulatory approvals relative to previous times.

The writer of this report did at an early stage believe that these projects were straightforward and that previous cost estimates made by Beca for the construction of the transfer station and the closure of the landfill were excessive and that delivery should be achievable for significantly less.

This belief in respect of the transfer station proved to be very incorrect and associated delays – in particular with the construction of the retaining walls – also created some additional costs that could have potentially been avoided, though it is now considered that the cost of the transfer station was always going to be substantially higher even than what Beca had estimated.

This initial belief had been based on previous (old) experience of the design, consenting and construction of a similar transfer station on a closed landfill being a simple and straightforward process, which was very different to what occurred in this case.

This difference is thought to reflect both the decreased extent of risk acceptance by engineers and consenting authorities over the last couple of decades and some weakness in the project management capabilities of KDC.

It is however believed that the fact that delays and some potentially avoidable expenditure occurred should not mask the fact that many parties have done good work on the project.

Local contractors such as Bruce Ensor, Nigel Ross, IWK and others, together with Council staff have delivered some excellent infrastructure and it is hoped that they will continue to work effectively with Council to deliver the remaining components.

6. FINANCIAL IMPLICATIONS AND RISKS

As stated previously the current estimate is for the overall project, including both the transfer station construction and final closure of the landfill site to be completed at a cost slightly above what had been previously estimated, but because of the dependence on ECan’s approval of the closure plan, there is a risk that the actual cost could be higher than that.

7. RELEVANT LEGISLATION & DELEGATED AUTHORITY

Part XXXI of the Local Government Act 1974 empowers Councils to provide for the collection and disposal of refuse.

8. COMMUNITY OUTCOMES

The issue discussed in this report relates to the following community outcomes:



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose

Report to:	Finance, Audit & Risk Committee
Date:	24 April 2024
Subject:	Finance Report to 31 March 2024
Prepared by:	C Kaa - Management Accountant
Input sought from:	
Authorised by:	P Kearney - Senior Manager Corporate Services S Poulsen - Finance Manager

1. SUMMARY

The purpose of this report is to provide an update on the financial position of the Council as at 31 March 2024.

The net surplus for the year is \$3.6M. This compares to a budgeted surplus of \$2.5M.

The variances are largely due to the lower than budgeted expenses.

Attachments:

- a) Finance Agenda Statements
- b) Capital Expenditure Report

2. RECOMMENDATION

It is recommended that the Committee receives this report for information.

3. YEAR TO DATE FINANCIAL RESULTS - SUMMARY

Statement of Comprehensive Revenue and Expense (Profit and Loss)

This report has been reconfigured. Changes include:

- Separation of grants & subsidies for capital work, shown below the total operating revenue
- Reclassification of "direct" operating expenses into 15 new categories and with a subtotal of these classifications.
- "Indirect" operating expenses (depreciation, overheads and financing expenses) disclosed and subtotalled separately.

At the end of March 2024, there was a net surplus of \$3.6M which is \$1.1M higher than our budgeted net profit of \$2.5M.

Revenue to date is \$16.7M compared to budgeted revenue of \$17.1M (a variance of \$475K).

Operating Revenue is \$1M above budget due to higher than budgeted grants and subsidies received for 3W (NTU Transition Funding) and Freedom camping – this will be a permanent difference showing for the rest of the year.

Capital Revenue is \$1.5M below budget due to the slower than anticipated work on Waiau Toa Bridge, again this is a permanent difference and will continue to get larger as the year goes on.

Overall expenses for the year are \$1.5M below budget, of which \$493K relates to BAU and \$1M relates to indirect expenses.

The top 3 variances within expenses are depreciation, personnel and grants/donations paid out.

YEAR TO DATE

Revenue

As at March, grants and subsidies made up 48% of our revenue, with rates being 44%, user fees and charges 9% as highlighted in the Revenue YTD by Category graph.

Rates Revenue

Year to date rates revenue is \$7.1M, this is up \$172K on the year-to-date budget. This includes three rates instalment for the year including all rates rebates, remissions and penalties applied.

Water meter charges

Water meter readings were carried out in January for the 6 monthly period ending 31 December 23, revenue is on track with budget at \$73K.

User fees & charges

User fees and charges are up \$26K on budget at \$489K for the nine months – driven by cost recoveries, however building inspections and planning fees are down.

Grants & subsidies

Operating grants and subsidies are up \$703K for the nine months year to date, largely due to unbudgeted grants received. Capital grants and subsidies are below budget due to the Waiau Toa Bridge not progressing at the rate we expected therefore we are not receiving the 95% subsidy as budgeted.

Interest & other revenue

Other revenue includes petrol tax, waste minimisation levy, infringement fees and reserve land sales, the latter being an unbudgeted road reserve land sale of \$39K being the variance in budget.

Interest revenue to higher than budgeted due to having surplus funds earning interest, however this is also offset by higher financing costs.

Expenses

Personnel expenses

Employee costs are below budget at \$2.6M down \$295K on budget of \$2.9M, this is a timing issue around the budget splits and a couple of staff vacancies across the organisation – some of this variance is offset with external contractors.

Financing expenses

Loan interest costs are \$165K compared to \$245K budgeted, this is a timing issue as interest is calculated semi-annually.

4. VARIANCE REPORT

INCOME MARCH 2024 YEAR TO DATE	Actual	Budget	% Variance	\$ Mar Variance
Roading	\$3,897,857	\$5,841,514	-33.27%	(\$1,943,657)
Water Services	\$1,518,031	\$1,005,969	50.90%	\$512,062
Sewerage	\$566,565	\$556,270	1.85%	\$10,295
Stormwater	\$40,786	\$42,908	-4.94%	(\$2,122)
Refuse & Recycling	\$274,121	\$312,579	-12.30%	(\$38,458)
Community Facilities	\$2,576,090	\$2,063,382	24.85%	\$512,708
Commercial Activities	\$2,752,202	\$2,373,704	15.95%	\$378,498
Leadership & Governance	\$48,292	\$36,060	33.92%	\$12,232
Building and Regulatory	\$882,078	\$833,256	5.86%	\$48,822
Community Services	\$459,219	\$578,412	-20.61%	(\$119,193)
District Development	\$393,395	\$404,518	0.00%	(\$11,123)
Interest	\$67,192	\$2,480	0.00%	\$64,712
General Rates	\$3,218,165	\$3,118,626	0.00%	\$99,539
Other & Civic shares	\$14	\$0	0.00%	\$14
	\$16,694,009	\$17,169,678	-2.77%	(\$475,669)
EXPENDITURE - YEAR TO DATE				
	Actual	Budget	% Variance	\$ Mar Variance
Roading	\$2,697,388	\$3,131,918	-13.87%	(\$434,530)
Water Services	\$1,924,626	\$1,816,449	5.96%	\$108,177
Sewerage	\$1,226,737	\$1,187,594	3.30%	\$39,143
Stormwater	\$191,055	\$179,276	6.57%	\$11,779
Refuse & Recycling	\$456,020	\$523,798	-12.94%	(\$67,778)
Community Facilities	\$2,128,969	\$2,918,267	-27.05%	(\$789,298)
Commercial Activities	\$486,612	\$492,337	-1.16%	(\$5,725)
Leadership & Governance	\$1,093,921	\$1,140,695	-4.10%	(\$46,774)
Building and Regulatory	\$1,214,196	\$1,282,657	-5.34%	(\$68,461)
Community Services	\$1,171,929	\$1,347,237	-13.01%	(\$175,308)
District Development	\$476,921	\$647,884	-26.39%	(\$170,963)
Bad Debt Collection fee & Losses	\$6,402	\$0	0.00%	\$6,402
	\$13,074,775	\$14,668,112	-10.86%	(\$1,593,337)

- Roading – Revenue is \$1.9M under budget due to lower Capex revenue received for Waiiau Toa Bridge. Expenditure is under budget largely due to depreciation.
- Water Services – Revenue is \$512K higher than budget due to 3W Transition and IAF funding received. Expenditure is \$108K above budget due to IAF 3W Network investigation.
- Sewerage – Revenue is \$10K up on budget and expenditure is \$39K above budget largely due to increases in insurance.
- Stormwater – Revenue and expenditure is on track with the budget.
- Refuse & Recycling – Revenue is \$38K below budget – due to no refuse charge received from IWK and expenditure is \$68K above budget due to depreciation.
- Community Facilities – Revenue is up \$512K due to unbudgeted revenue received for multi-use courts (\$142K) and unbudgeted revenue received for Link Pathway. Expenditure is \$789K below budget due to lower than budgeted depreciation.
- Commercial Activities – Revenue is \$378K above budget due to Wakatu Quay revenue being treated as revenue in advance, expenditure is \$5K down on budget due to depreciation on Forestry which is offset against the increase in MRF Contribution.
- Leadership and Governance – Revenue is on track and expenditure is tracking \$47K below budget due to IT and vehicles overhead charges offset being lower than budgeted.
- Building and Regulatory – Revenue is up \$49K due to Freedom Camping grant received, this is offset against building control revenue which is down. Expenditure is down \$68K due to the earlier vacancy in the statutory planning area.
- Community Services – Revenue is up \$119K on budget, due to timing around grants received. Expenditure is down on budget \$175K due to the MTFJ grant being paid out in instalments rather than a lump payment, Emergency Management and customer services staff vacancies.
- District Development – Revenue is \$11K down on budget – due to a district plan grant not received as per budget. Expenditure is \$171K below budget across district development due to consultancy and feasibility studies (District plan review) being lower than budget.

5. WORKING CAPITAL & LIQUIDITY

Working capital (current assets over current liabilities) is positive, with \$3.2M in current assets and \$2.4M in current liabilities. The Working Capital Graph indicates how this fluctuates largely between months.

The Liquidity Ratio is 2.34:1, meaning there is \$2.34 in cash for every \$1 due to be paid.

6. STATEMENT OF CASH FLOWS

The cash position for the period is \$4.6M as at 31 March 2024, cashflow from operations is positive at \$827K. Our capital activity shows grants received of \$3.6M for capital work and \$5.3M paid out.

The level of borrowing has increased to \$7.3M with the drawdown of \$2M in November 2023. with maturity dates ranging from April 2025 through to May 2028.

7. STATEMENT OF FINANCIAL POSITION

Total Assets are \$302M with \$5.6M being current assets and \$296M non-current assets. Trade and Other Receivables are \$507M.

Total liabilities are made up of \$2.4M current and \$8M non-current. Trade Payables are \$1.6M.

8. CAPEX REPORT

Please refer to the CAPEX report attached (with A3 version at the end of the agenda pack).

Overall CAPEX expenditure for the year to date is \$5.67M with a forecast spend of \$4.9M in the next three months.

9. FINANCIAL IMPLICATIONS AND RISKS

Monthly monitoring and reporting on the Council financials are required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; or that revenue flows are lower than budgeted, and expenditure is higher than projected.

10. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better place for future generations

11. SIGNIFICANCE OF DECISION

This report is for information only; however, it may form the basis upon which other decisions are made (those which have a financial impact).

12. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

KEY INDICATORS

AS AT 31 MARCH 2024

<p>OPERATING RESULT <i>operating surplus/(deficit)</i></p> <p>\$3.62m</p> <p>\$1,118k favourable v/s year to date budget of \$2,502k</p>	<p>OPERATING COSTS <i>costs to deliver existing levels of service</i></p> <p>\$13.07m</p> <p>\$1,593k favourable v/s year to date budget of \$14.67m</p>
<p>TOTAL EXTERNAL BORROWING <i>total borrowings from bank</i></p> <p>\$7.30m</p> <p>\$1,000k favourable v/s full year budget of \$8.3m</p>	<p>INTEREST ON DEBT <i>cost to service debt</i></p> <p>\$166k</p> <p>\$80k favourable v/s year to date budget of \$245k</p>
<p>CAPITAL EXPENDITURE <i>cost of new &/or replacement of assets</i></p> <p>\$5.67m</p> <p>\$5669.1K unfavourable v/s year to date budget of \$0.0K</p>	<p>DEVELOPMENT CONTRIBUTIONS <i>received for district growth</i></p> <p>\$12.3k</p> <p>\$20.6k unfavourable v/s year to date budget of \$33k</p>
LONG TERM PLAN MEASURES	
<p>DEBT AFFORDABILITY BENCHMARK <i>financing expenses as a % of rates</i></p> <p>2.3%</p> <p>7.7% favourable v/s council approved limit of 10.0%</p>	<p>EBID <i>earnings before interest and depreciation</i></p> <p>\$7.42m</p> <p>\$12K unfavourable v/s year to date budget of \$7.43m</p>
<p>BALANCED BUDGET BENCHMARK <i>revenue equal or greater than expenses</i></p> <p>128%</p> <p>28% favourable v/s council benchmark of 100%</p>	<p>BORROWINGS TO EQUITY <i>Term loans as a % of equity</i></p> <p>2.50%</p> <p>0.25% favourable v/s full year budget of 2.75%</p>

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	BUDGET to year end \$	ACTUAL 31/03/2024 \$	ACTUAL 31/03/2023 \$
ASSETS			
<i>Current assets</i>			
Cash & cash equivalents	1,615,432	4,553,176	3,124,584
Trade & other receivables	2,175,197	507,447	391,059
Prepayments & inventory	185,000	212,018	182,009
Current financial Assets	20,000	20,000	20,000
Other Current Assets	-	330,000	330,000
Total current assets	3,995,630	5,622,641	4,047,652
<i>Non-current assets</i>			
Intangible assets	-	41,707	73,611
Forestry assets	2,154,943	2,400,887	2,154,943
Investment property	9,236,133	2,940,000	3,130,000
Financial Assets	176,500	211,500	181,500
Property, plant & equipment	298,293,994	290,797,887	285,411,658
Total non-current assets	309,861,570	296,391,981	290,951,711
TOTAL ASSETS	313,857,200	302,014,621	294,999,364
LIABILITIES			
<i>Current liabilities</i>			
Trade & other payables	1,537,379	1,581,024	1,315,394
Employee liabilities	304,441	237,166	255,666
Landfill Provision - current	-	579,887	-
Total current liabilities	1,841,820	2,398,077	1,571,060
<i>Non-current liabilities</i>			
Provisions	1,444,830	224,575	1,444,830
Borrowings – non current	8,300,000	7,300,000	5,300,000
Other term debt	415,874	482,928	415,874
Total non-current liabilities	10,160,704	8,007,503	7,160,704
EQUITY			
Public equity	130,830,552	118,992,096	114,734,345
Asset revaluation reserve	166,643,731	166,524,581	166,333,312
Special funds & reserves	4,380,393	6,092,364	5,199,942
Total equity	301,854,676	291,609,041	286,267,599
TOTAL LIABILITIES & EQUITY	313,857,200	302,014,621	294,999,364

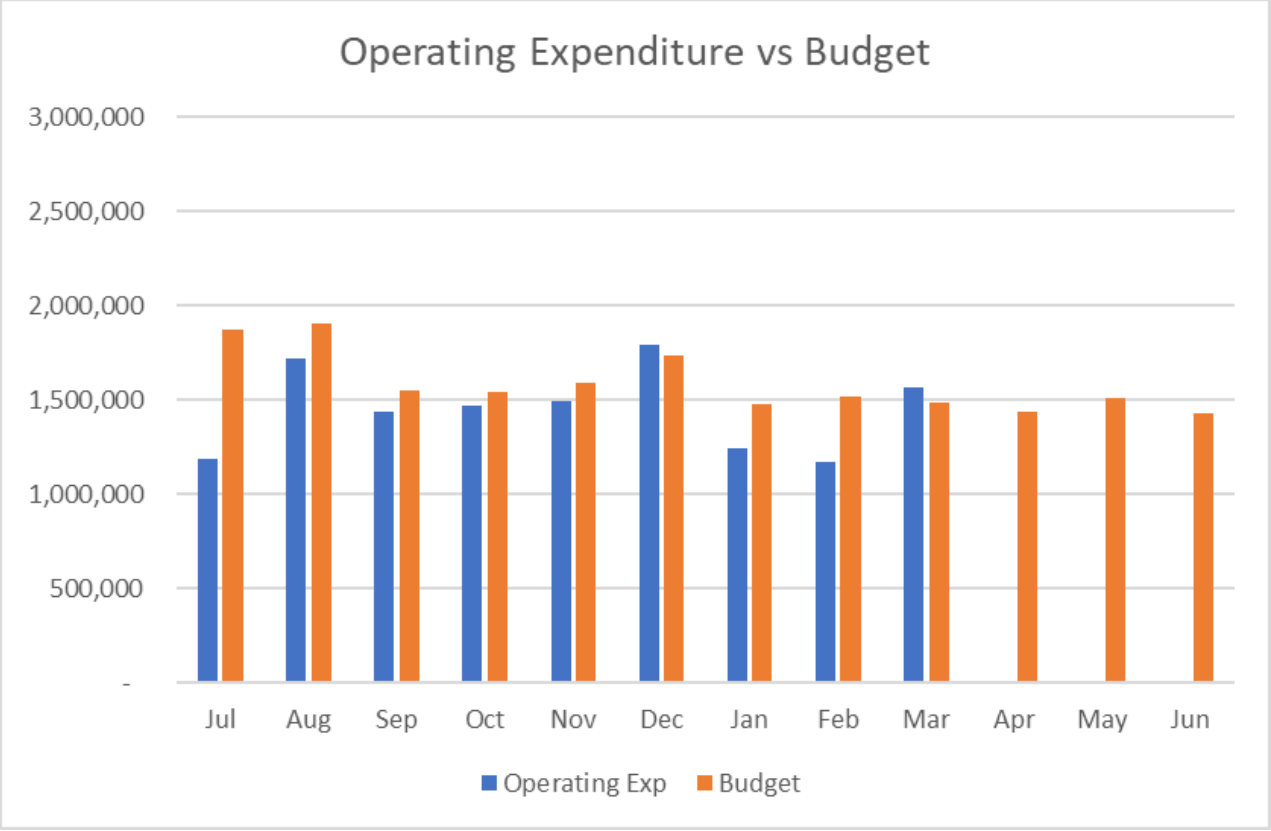
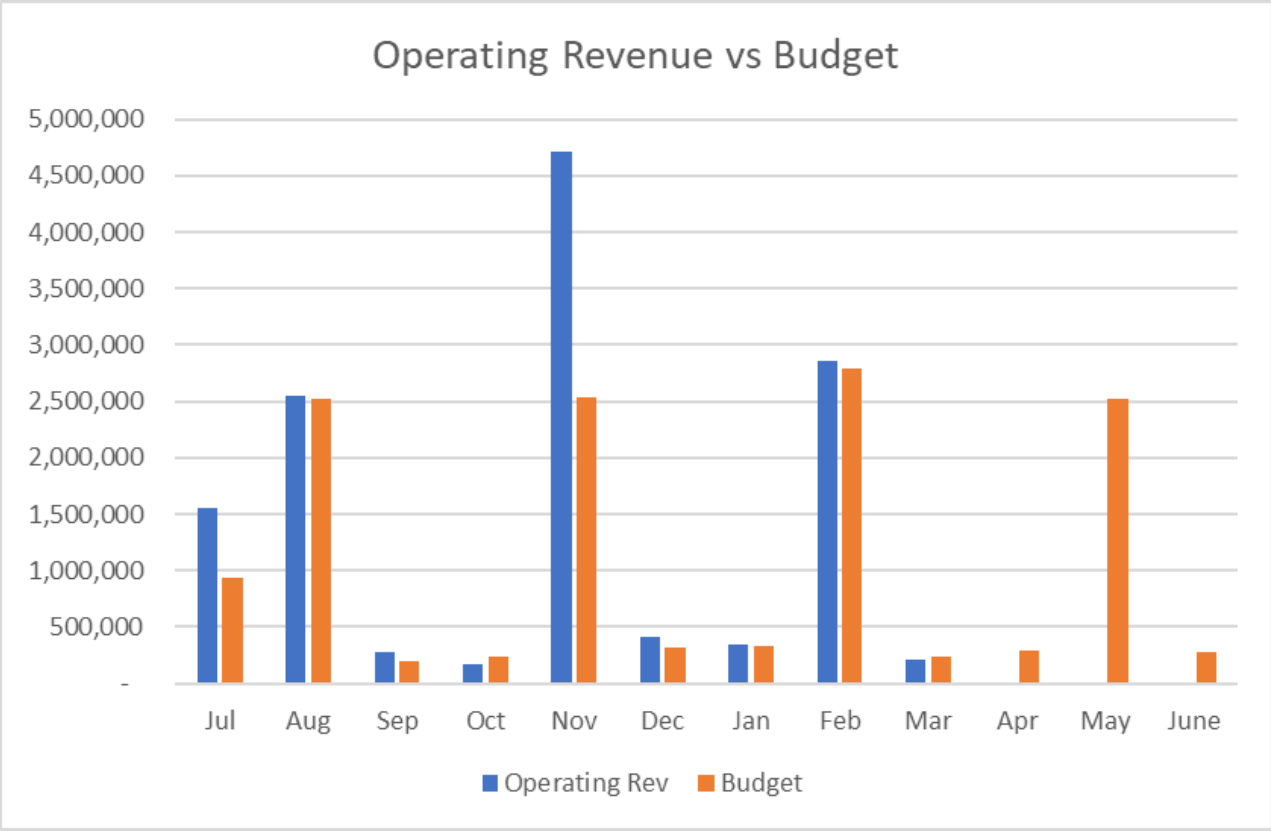
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE PERIOD ENDED 31 MARCH 2024

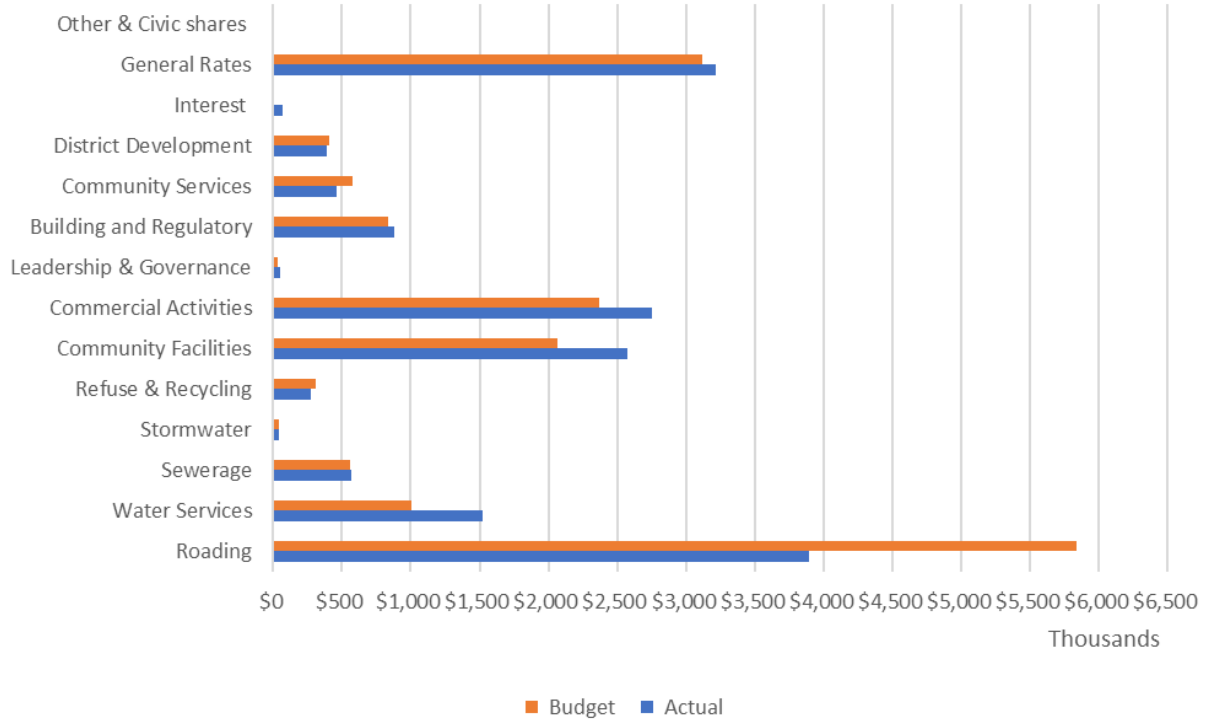
	BUDGET	ACTUAL	BUDGET YTD	YTD VARIANCE
	2024	YTD	YTD	
		31/03/2024	31/03/2024	31/03/2024
	\$	\$	\$	\$
REVENUE				
Rates revenue	9,242,786	7,104,261	6,932,090	172,171
Water meter charges	140,000	73,103	70,000	3,103
User fees & charges	1,734,774	1,356,882	1,330,935	25,947
Grants & subsidies	1,903,488	4,344,289	3,641,442	702,847
Development contributions	43,942	12,313	32,957	(20,644)
Interest revenue	3,306	69,477	2,480	66,997
Gain	-	435	-	435
Other revenue ^[1]	113,200	126,003	85,200	40,803
Total Operating Revenue	13,181,496	13,086,762	12,095,104	991,658
Grants & Subsidies - Capital	18,579,694	3,607,247	5,074,574	(1,467,327)
Total Revenue	31,761,190	16,694,009	17,169,678	(475,669)
DIRECT OPERATING EXPENSES				
Personnel	3,836,451	2,597,971	2,893,310	(295,339)
Personnel Related Expenses	378,374	221,682	281,952	(60,270)
Admin & Office Expenses	455,556	310,198	352,165	(41,967)
Contractors	533,172	570,993	401,095	169,898
Professional Services	1,694,625	1,421,572	1,408,266	13,306
Grants/Donations	937,084	737,992	860,580	(122,588)
IT & Telecommunications	388,556	237,065	316,707	(79,642)
MRF	136,099	139,725	102,074	37,651
Utilities	661,779	490,928	496,329	(5,401)
Project Expenses	705,516	424,811	535,536	(110,725)
Repairs & Maintenance - Facilities	562,679	286,677	434,507	(147,830)
Repairs & Maintenance - Roading	995,359	771,963	796,916	(24,953)
Repairs & Maintenance - Waste	360,404	253,471	270,304	(16,833)
Repairs & Maintenance - Water	710,571	566,152	532,919	33,233
Other Expenses	113,629	242,869	84,757	158,112
Total Direct Operating Expenses	12,469,854	9,274,072	9,767,417	(493,345)
INDIRECT OPERATING EXPENSES				
Depreciation	6,247,096	3,635,166	4,685,330	(1,050,164)
Financing expenses	327,183	165,537	245,386	(79,849)
Overheads and Internal Charges	0	-	(30,021.00)	30,021
Total Indirect Operating Expenses	6,574,279	3,800,703	4,900,695	(1,099,992)
Total Operating Expenses	19,044,133	13,074,775	14,668,112	(1,593,337)
Operating surplus/(deficit)	(5,862,637)	11,987	(2,573,008)	2,584,995
TOTAL COMPREHENSIVE REVENUE & EXPENSE	12,717,057	3,619,234	2,501,566	1,117,668

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024

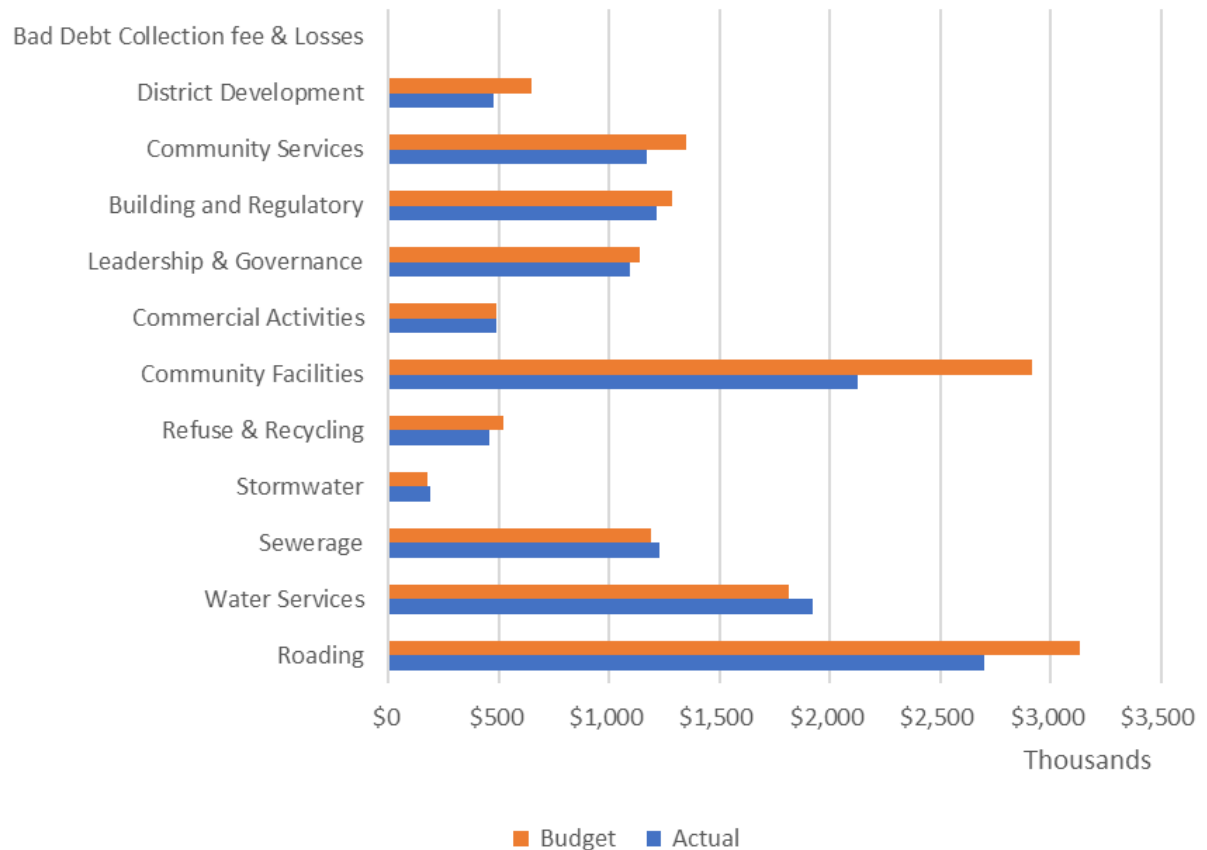
	BUDGET to year end \$	ACTUAL 31/03/2024 \$	ACTUAL 31/03/2023 \$
OPERATING ACTIVITIES			
Receipts from rates	9,242,785	7,104,261	6,670,709
Interest received	3,306	69,477	24,408
Receipts from other revenue	21,609,510	6,445,268	6,303,841
Payments to employees & suppliers	(12,520,284)	(12,309,368)	(10,548,935)
Interest paid	(327,183)	(165,537)	(115,332)
Goods & services tax (net)	-	(317,350)	(164,526)
Net Cash from Operating Activities	18,008,134	826,751	2,170,165
INVESTING ACTIVITIES			
Grants received for capital work	-	3,607,247	771,994
Purchase of investment property	(4,435,838)	-	-
Sale of property, plant & equipment	150,000	-	-
Purchase of property, plant & equipment	(18,446,669)	(5,259,884)	(2,622,261)
Purchase of forestry assets	-	-	-
Purchase of intangible assets	-	(35,000)	15,000
Purchase of non-financial assets	-	-	-
Purchase of current-financial asset	-	-	-
Payment into term deposits	-	-	-
Net Cash from Investing Activities	(22,732,507)	(1,687,638)	(1,850,267)
FINANCING ACTIVITIES			
Movement in borrowings	3,000,000	2,000,000	-
Net Cash from Finance Activities	3,000,000	2,000,000	-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(1,724,373)	1,139,113	334,897
OPENING CASH	3,339,805	3,414,063	2,789,686
CLOSING CASH BALANCE	1,615,432	4,553,176	3,124,584



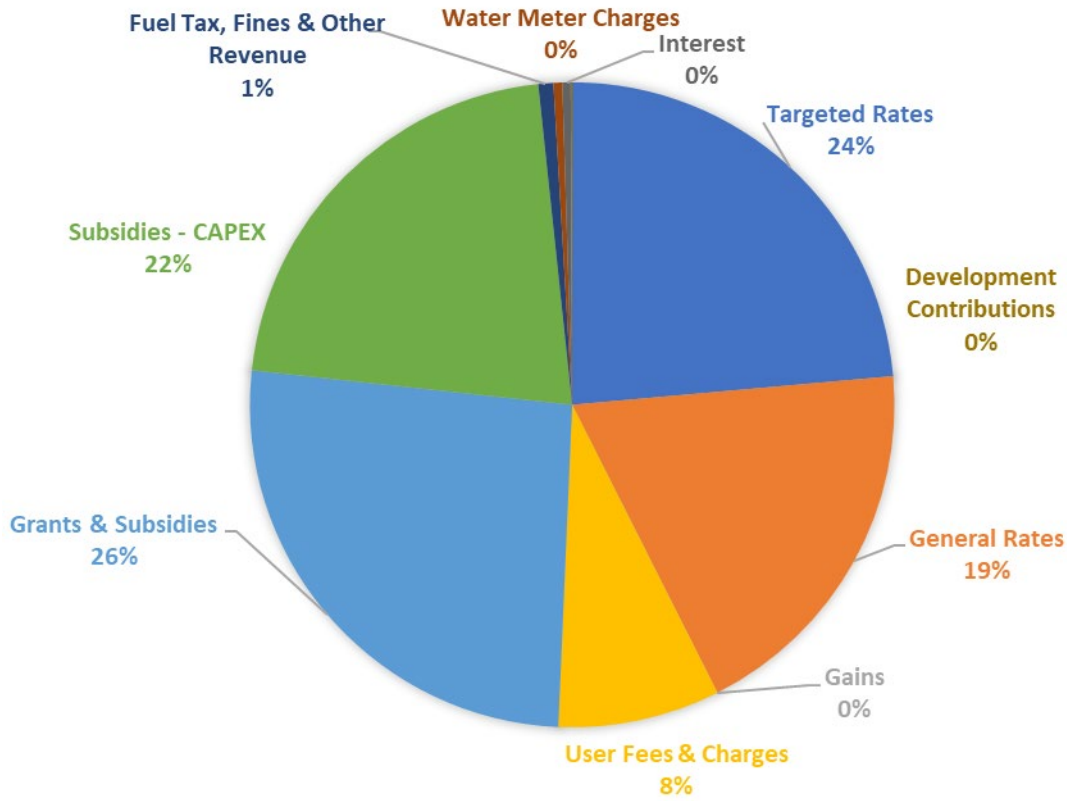
YTD - Revenue by Activity (excl EQ)



YTD - Expenditure by Activity (excl EQ)

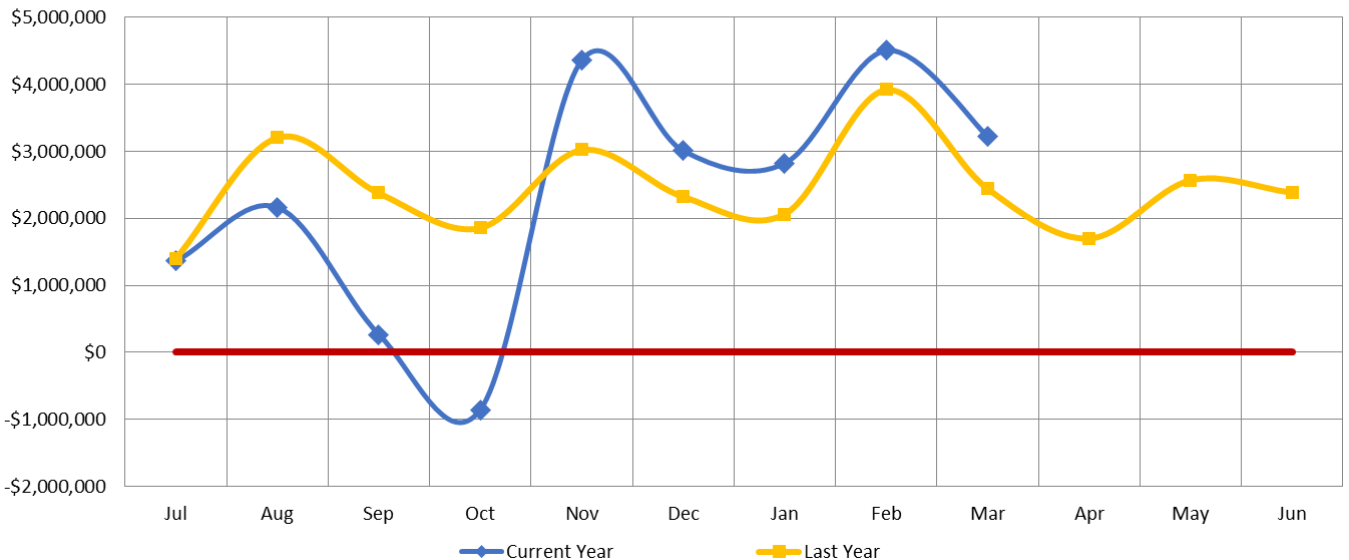


2024 REVENUE ANALYSIS



Working capital is calculated by subtracting current liabilities from current assets and is an indicator of our ability to pay our commitments to suppliers when payments fall due. Please refer to the Finance Report narrative for more information.

Working Capital



KDC - CAPITAL PROJECTS 2023
Summary March 2024

			Total Project Budget	Life to Date Costs	Carried Forward from 2022/23	Budget 2024	Actual Cost for Month	Previous Costs	Actual YTD Costs	Actual/Budget	Cost to Complete	Previous Forecast Cost	Revised Forecast Cost	Remaining Budget	Variance from Budget	FFC Movement for Month	April	May	June	Carried Forward	Not Progressing	
Mgr	Job No	Multi Yr	Description	a	b	(d-b)	a	d	(a-b)	(a-d)	(c-d)	2024	2024	2024	2024/25	2024	2024	2024	2024	2024		
MR	J00003	N	Harbour	50,000	34,364	25,899	50,000	0	34,364	69%	3,710	38,074	38,074	15,636	11,926	0						
SP	J00004	N	Office Furniture & Equipment	15,000	12,583		15,000	0	12,583	84%	2,417	15,000	15,000	2,417	0	0	2,417		3,710			
OJ	J00005	N	Footpaths	100,000	257,609	66,521	100,000	8,588	249,021	258%	202,982	452,003	460,591	(157,609)	(360,591)	(8,588)	70,531	132,451				
SP	J00006	N	Computers & Software	46,000	1,513		46,000	0	1,513	3%	31,487	46,000	33,000	44,487	13,000	13,000	6,487	12,000	13,000		13,000	
DC	J00008	N	Vehicle/Plant and Equipment	28,000	90,166		28,000	0	90,166	322%	(0)	90,166	90,166	(62,166)	(62,166)	0						
SH	J00010	N	Book Purchases	32,000	23,845		32,000	1,097	22,748	75%	8,155	32,000	32,000	8,155	0	0	2,903	2,580	2,672			
BA	J00022	N	Stormwater Renewals		42,447			18,598	23,849		0	42,447	42,447		(42,447)	0						
BA	J00027	N	Urban Water - Reticulation			79,679		11,692	12,528		56,808	81,028	81,028	(24,220)		0			56,808			
BA	J00028	N	Urban Water - Variable Speed Drives/Structures	95,000	13,285		95,000	0	13,285	14%	41,830	13,285	55,115	81,715	39,885	(41,830)			41,830	39,885		
BA	J00029	N	Ocean Ridge Water - Steel Plant Pipe Renewals	30,000			30,000	0	0	0%	0	0	0	30,000	30,000	0				25,000	5,000	
	J00030	N	Ocean Ridge Facilities					0	4,992													
BA	J00031	N	East Coast Pipe Renewals	61,274	54,311		61,274	0	54,311	89%	6,963	61,274	61,274	6,963	0	0		6,963				
	J00032	N	East Coast Facilities					0	11,753						(11,753)	0						
BA	J00033	N	Kincaid Treatment Upgrade	80,000			80,000	0	0		80,000	80,000	80,000		0	0			80,000			
BA	J00034	N	Kincaid Renewal - Turbidity Meter, Stabilise Intake, reconfigure raw water tanks	64,500	20,178		64,500	0	20,178		0	75,790	20,178		44,322	55,612				55,612		
BA	J00036	N	Fernleigh Water - Structure Renewals	15,000			15,000	0	0	0%	15,000	15,000	15,000	15,000	0	0		15,000				
BA	J00041	N	Sewerage - Structure Renewals	24,000	7,972		24,000	1,579	6,393	7,972	0%	17,607	6,393	25,579	16,028	(1,579)	(19,186)			17,607		
BA	J00042	N	Sewerage - Pump Station Renewals	155,000	136,931		155,000	458	136,473	136,931	88%	8,002	144,933	144,933	18,069	10,067	0	0	8,002			
BA	J00043	N	Stormwater - Reticulation		2,607			0	2,607		0	2,607	2,607		(2,607)	0						
BA	J00053	N	Oxidation Pond & Consents		41,570			218	41,352		20,000	80,952	61,570		(61,570)	19,382	15,000		5,000			
MR	J00088	Y	Landfill Site - Capping/Closure	1,357,828	326,389		500,000	0	26,796	26,796	0%	473,204	500,000	500,000	473,204	0	0	150,000	173,204	150,000		
WD	J00089	Y	Wakatu Quay PGF Development	10,680,000	1,251,317	1,908,910	4,435,838	77,647	128,028	205,675	5%	298,750	483,617	504,425	4,230,163	3,931,413	(20,808)	56,839	111,703	130,208	3,931,413	
MR	J00090	N	25 Beach Road (Op Shop)	5,000			5,000	0	0		0	5,000	0							5,000		
DC	J00093	Y	Transfer Station Construction/RRC	800,000	1,244,652		250,000	276,950	326,911	603,861	242%	0	326,911	603,861	(353,861)	(353,861)	(276,950)					
OJ	J00141	N	Blue Duck & Puhī Puhī Valley	800,000	246,354		800,000	35,865	210,490	246,354		553,646	800,000	800,000			184,548	184,548	184,550			
OJ	J00211	N	Unsealed Pavement Renewals 211	198,000	162,790	129,845	198,000	3,297	159,493	162,790	82%	115,000	274,493	277,790	35,210	(79,790)	(3,297)		115,000			
OJ	J00212	N	Sealed Pavement Renewals 212	552,200	547,568		552,200	0	547,568	547,568	99%	0	547,568	547,568	4,632	4,632	0					
OJ	J00213	N	Kerb & Channel Renewals 213	71,500	49,390	34,404	71,500	1,612	47,778	49,390	69%	94,888	144,278	144,278	22,110	(72,778)	0		50,500	44,388		
OJ	J00214	N	Pavement Rehabilitation 214	460,000	19,078		460,000	0	19,078	19,078	4%	390,000	379,078	409,078	202,680	50,922	(30,000)		390,000			
OJ	J00222	N	Traffic Service Renewals 222	66,000	1,650		66,000	22	1,629	1,650	3%	25,000	26,629	26,650	64,350	39,350	(21)		25,000			
OJ	J00341	N	Minor Improvements 341	300,000	25,007		300,000	923	24,084	25,007	8%	375,000	354,084	400,007	274,993	(100,007)	(45,923)	191,000	149,000	35,000		
OJ	J00345	Y	NCTIR Haul Routes	2,273,968	2,532,790		443,427	0	570,227	570,227	129%	(0)	570,227	570,227	(126,800)	(126,800)	0					
MR	J00443	N	Airport 157 works	40,000	1,147	29,652	40,000	0	1,147	1,147	3%	10,000	40,000	11,147	38,853	28,853	28,853	5,000	5,000		28,853	
MR	J00446	Y	Link Pathway	2,329,739	1,136,534	833,460	835,624	51,341	849,924	901,265	108%	96,507	997,772	997,772	(65,641)	(162,148)	0	40,000	56,507			
OJ	J00447	Y	IAF Project - Transport	12,371,740	1,596,768		6,995,247	10,477	1,075,850	1,086,326	0%	507,148	1,685,065	1,593,474	5,908,921	5,401,773	91,591	61,359	161,713	284,076	5,401,773	
OJ	J00448	Y	IAF - Kowhai Stopbank	564,200	101,651		0	0	68,800	68,800		466,709	535,509	535,509	(68,800)	(535,509)	0	146,411	146,411	173,887		
MR	J00500	Y	Better Off Projects	1,210,000	216,777		1,075,000	15,604	49,548	65,152	0%	1,009,848	1,075,000	1,075,000		0	0	52,497	33,738	923,613		
OJ	J04351	Y	Waiāu Toa/Clarence Valley Bridge	13,650,000	2,244,174	865,749	4,986,897	3,500	287,592	291,091	6%	(0)	4,986,897	291,091	4,695,806	4,695,806	4,695,806				4,695,806	
MR	J04415	N	Civic Centre	20,000	2,092		20,000	0	0	0	0%	7,000	7,000	20,000	13,000	13,000	13,000	2,000	5,000		13,000	
MR	J04421	N	CF Amphitheatre & Bridge			75,000	0	0	0	#DIV/0!	0	0	0	0	0	0				75,000		
MR	J04423	N	Public Toilet Upgrade			38,500	0	0	0	#DIV/0!	0	20,000	0	0	0	20,000				20,000		
MR	J04431	N	CF Pensioner Flats	20,000			20,000	0	0	0%	5,000	20,000	5,000	20,000	15,000	15,000	5,000				15,000	
MR	J04433	N	West End Car Park	32,000	16,606		32,000	0	16,606	16,606		0	32,000	16,606		15,394	15,394				15,394	
TOTAL BAU Programme				48,597,949	12,462,114	4,093,027	22,882,507	519,466	5,149,662	5,669,128	#DIV/0!	4,922,662	15,112,833	10,586,798	15,370,295	12,371,737	4,521,035	991,992	1,788,030	2,142,639	14,249,489	90,247

Report to:	Finance, Audit & Risk Committee
Date:	23 April 2024
Subject:	Quarterly Reports to 31 March 2024
Prepared by:	C Kaa - Management Accountant
Input sought from:	S Poulsen - Finance Manager
Authorised by:	P Kearney - Senior Manager Corporate Services

1. PURPOSE

The purpose of this report is to provide the Council with a detailed update on agreed Quarterly Financial Performance measures.

As previously discussed with the Committee, as workload allows, we will be reviewing these Quarterly Report formats and recommending any suggested changes to the Committee, which will include non-financial performance measures.

2. RECOMMENDATION

That the cover report and the listed attachments be received for information.

3. SUMMARY

Included with this cover report are the following reports for discussion:

3.1 Liability Management Policy Compliance Report

Kaikoura District Council is compliant with most of the liability policies. PWC is now engaged as our Treasury Advisors and actively giving us advise.

3.2 Investment Quarterly Report

The value of Council investments increased from \$10.3M last year to \$11.7M at 31 March 2024 with the largest increase being bank deposits – now sitting at 38%..

3.3 Airport Report

Airport landings are down for the nine months to date in comparison to last year. Currently, for the nine months, the airport has a \$8K shortfall with the main funding source being leases and licences – 45%. There have been issues regarding the internet at the airport resulting in distorted recordings, the system will be upgraded within the next month and will resolve those issues.

3.4 Harbour Report

Slipway fees and boat parking revenue are tracking on budget, expenditure is above budget for the nine months. Overall, the harbour is operating with a loss of \$66K for the nine months.

3.5 Sundry Rates and Debtors Report

Total rates owing is \$315K, a breakdown on prior year overdue is provided – most Māori Land rates have been written off now. Currently 6 ratepayers are with external debt management.

Total sundry debtors due are relatively consistent at \$1.3M, which remains distorted by one large sundry debtor in the 3+ month overdue category.

4. FINANCIAL IMPLICATIONS AND RISKS

Regular monitoring and reporting on the Council financials is required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; revenue flows are lower than budgeted, and expenditure is higher than projected.

5. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better place for future generations

6. SIGNIFICANCE OF DECISION

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

7. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

8. COMMUNITY VIEWS

No community views were sought in relation to this report.

LIABILITY MANAGEMENT POLICY COMPLIANCE REPORT TO 31 MARCH 2024

Objective

All council current and term liabilities are managed prudently and effectively.

Interest Rate Risk Management (Credit Exposure)

The interest rate risk management table below is the council's guideline for interest rate exposure. This table does not incorporate the liabilities associated with the Marlborough Regional Forestry joint venture, as they are managed separately by that joint venture.

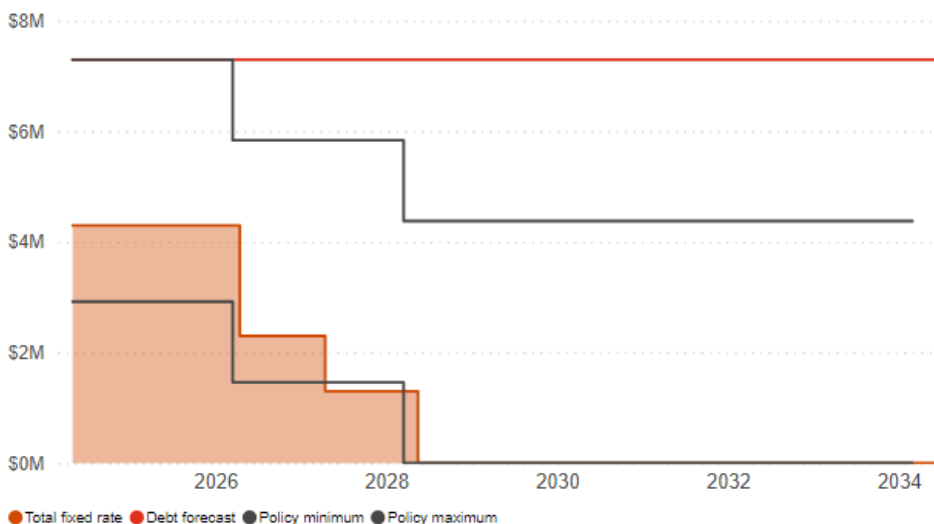
Total borrowings: Term of exposure	Policy levels	Actual Proportion	Compliant
Floating	10% - 25%	41%	<input checked="" type="checkbox"/>
Fixed	75% - 90%	59%	<input checked="" type="checkbox"/>
The following terms of exposure apply to that portion of borrowings that are fixed:			
Term of exposure	Policy levels	Actual Proportion	Compliant
0 - 2 year	40% - 100%	55%	<input checked="" type="checkbox"/>
2-4 years	20% - 80%	45%	<input checked="" type="checkbox"/>
4 years +	0% - 60%	0%	<input checked="" type="checkbox"/>

Our exposure profile policy was reviewed and amended in December 2020 to provide sufficient flexibility whilst still providing limits to Council's interest rate management implementation. In April 2020 we joined LGFA, repaying all our loans with the BNZ, currently we have \$7.3M of LGFA borrowing with \$3M floating and the balance of \$4.3M fixed.

Our weighted average interest rate is 3.94%, with rates ranging from 3.29% to 5.83%.

Current % of Debt Fixed	41%
Current % of Debt Floating	59%
Value of Fixed Rate (M)	\$4.3
Value of Floating Rate (M)	\$3

Interest rate risk timeline



Management of Credit Risks

Policy	Compliant
All bank borrowing and interest rate hedging transactions must be undertaken with a New Zealand Registered Bank with a minimum Standard and Poor's Long Term credit rating of at least A+ (or the Moody's or Fitch Ratings equivalents).	☑

Council will satisfy itself in all its borrowing transactions that counterparties are financially adequate, have an appropriate industry standing, and have an appropriate track record to give Council reasonable certainty that obligations under concluded contracts will be performed.

Liquidity

The liquidity ratio is the total current assets that can quickly be converted to cash (cash, debtors, and bank facilities) divided by the current liabilities that need to be paid. The council's policy is to maintain a liquidity ratio of a minimum of 1.1:1 at all times, (which means \$1.10 is available for every \$1.00 payable), currently we are well above our policy's minimum level at 2.11.

Policy levels	Liquidity Rate	Compliant
Minimum 1.1:1	2.11:1	☑

Internal Borrowing

The Council used its reserves and external borrowing to internally fund both capital expenditure and working capital. The primary objective in funding internally is to use funds efficiently, by eliminating the margin that would be paid through the Council separately investing and borrowing externally.

Internal borrowing arrangements will not be subject to the Interest Rate exposure clause of this policy.

Debt Repayment

Policy	Compliant
Reserve funds are set aside to repay the loan on maturity, or when conditions are favourable to do so (whichever is the earliest).	☑

Borrowing Limits

	Policy Levels	Actual Levels	Compliant
Total term debt	will not exceed \$15 million	\$ 7,300,000	☑
Gross interest expense of all external term borrowings as a percentage of total revenues	will not exceed 10%	1%	☑

The Council is well within each of its borrowing limits as at 31 March 2024.

Security

The Council will grant a Debenture Trust Deed which includes a charge over Council's rates and rates revenue in favour of a trustee. Council creditors can be conferred the benefit of that charge through the issuance of security stock under the Deed.

Any borrowing from LGFA will have the benefit of security stock (and therefore the charge over rates and rates revenue).

Policy	Compliant
Council will not pledge assets as security, with the exception of the pensioner housing suspensory loans	<input checked="" type="checkbox"/>

INVESTMENT QUARTERLY REPORT To 31 MARCH 2024

REPORT ON COMPLIANCE WITH THE POLICY AND ANY CHANGES SINCE THE LAST REPORT

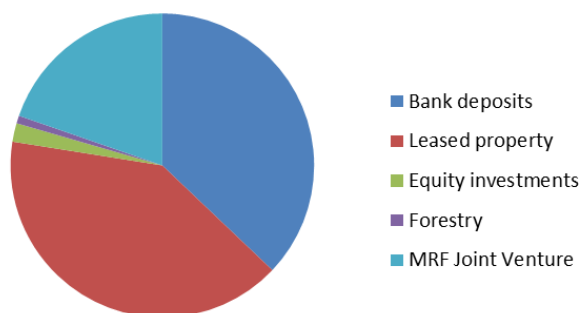
Value and Mix of Council's Investments

	Qtr Ending 31 Mar 24		Qtr Ending 31 Mar 23	
Bank deposits	4,420,762	38%	2,590,615	29%
Leased property	4,729,761	40%	4,997,000	48%
Equity investments	231,500	2%	201,500	2%
Forestry	96,393	1%	117,646	1%
MRF Joint Venture	2,304,494	20%	2,037,297	20%
	11,702,472	100%	10,304,058	100%

Results for quarter three shows the value of leased property has decreased from the same quarter last year. Revaluations have been completed for June 2023 and are reflected in these figures. Wakatu Quay valuation decreased in value from \$3.13M to \$2.94M. The Airport terminal and hangars were revalued in 2022 and were not revalued this year.

Equity Investments are the borrowing notes attached to borrowings from LGFA and the loan to our subsidiary. The forestry and MRF includes the new valuations. Bank deposits are \$1.7M higher than March 2023 this is due to the unspent funding received for Wakatu Quay.

Value & Mix of Investments



Treasury Investments

	Balance	Rate	Term	Interest
On call account	4,337,159	4.75%	On call	66,134
Special funds on call account	83,602	4.75%	On call	1,057
	4,420,762	4.75%		67,191

Forestry Investments

We have not received any distribution payments from the Marlborough Regional Forestry (MRF) for the third quarter as we are in a period of replanting which includes contributions to the MRF. Within the nine months we have paid \$139,725. The South Bay Forest does not generate any revenue, but has incurred expenses of \$6,621 for rates, and insurance.

Net Rental Yields of Property Investments

The lease of Wakatu Quay was terminated in June 2018, and the tenant has surrendered ownership of the buildings to KDC. Revaluations were completed in June 2023 with the valuation decreasing from \$3.13M to \$2.94M. The Airport terminal and hangars have been included again however these assets are only revalued every 3 years.

	Asset value	EBIT	Interest	Net	Yield
Wakatu Quay	2,940,000	0	0	0	0
Airport terminal & hangars	1,789,761	(16,423)	(8,087)	(24,510)	-1.37%
	4,757,505	(10,521)	(4,820)	(15,341)	-0.84%

Note EBIT refers to Earnings before Interest and Tax.

Equity investments

The council purchased 10,000 shares in Civic Assurance in 2012, with a value of \$9,000.

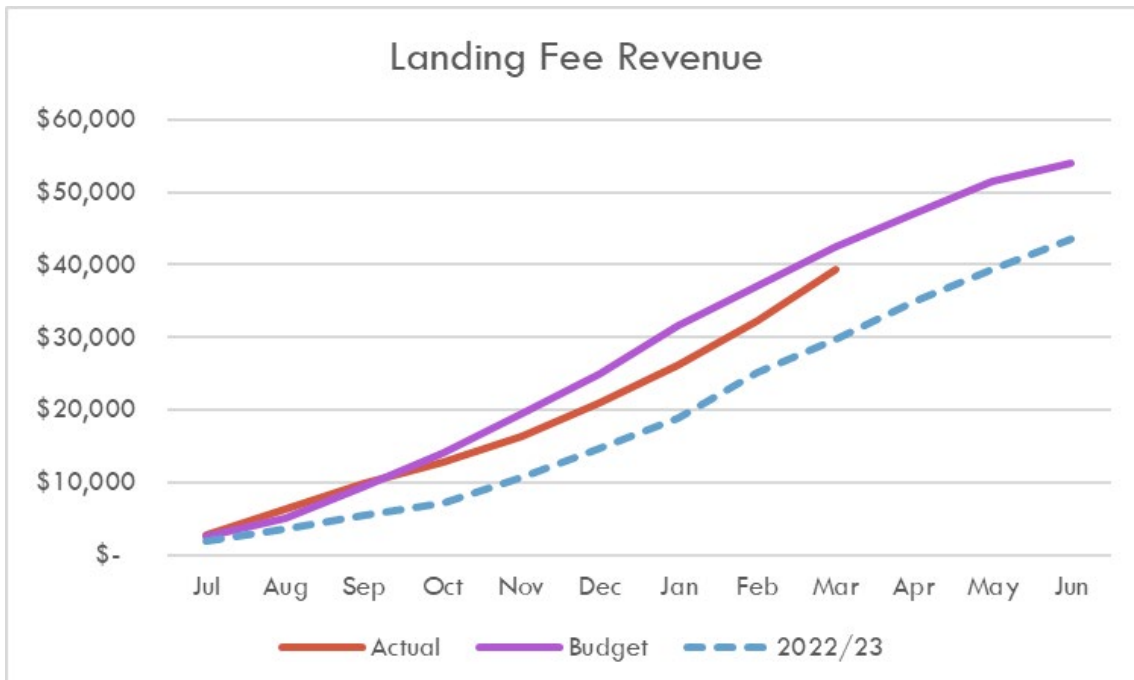
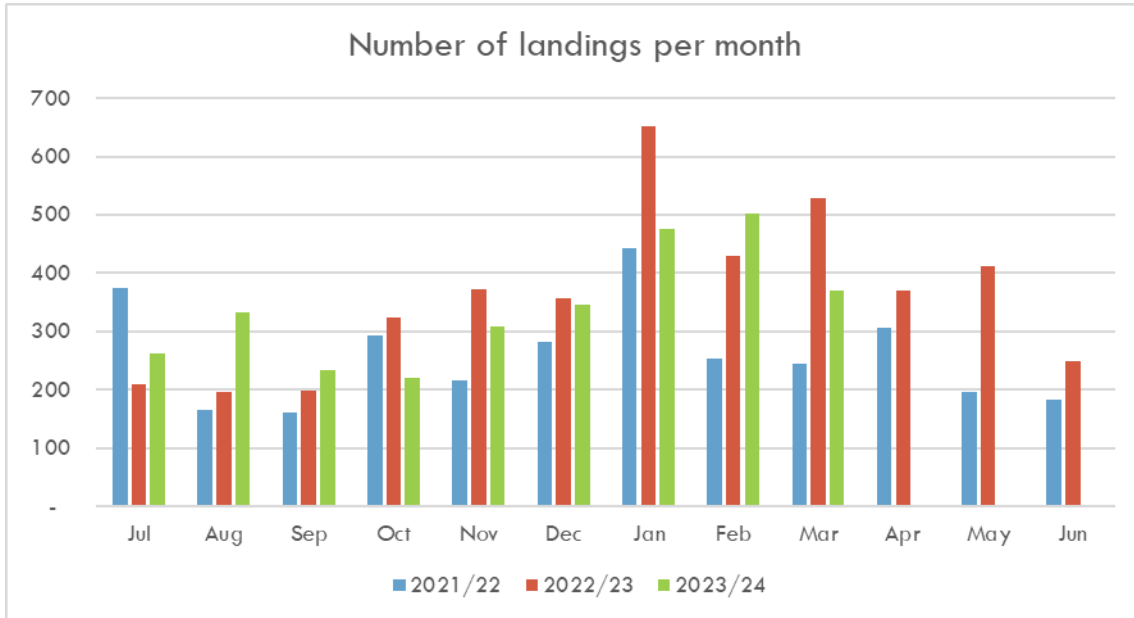
Return on Investments

	Value	Return	Yield
Bank deposits	4,420,762	67,191	1.52%
Leased property	4,729,761	(24,510)	-0.52%
Non-Financial Assets	231,500	2,285	5.71%
South Bay Forestry	96,373	(6,621)	-6.87%
Marlborough Forestry	2,304,494	(144,667)	-6.28%

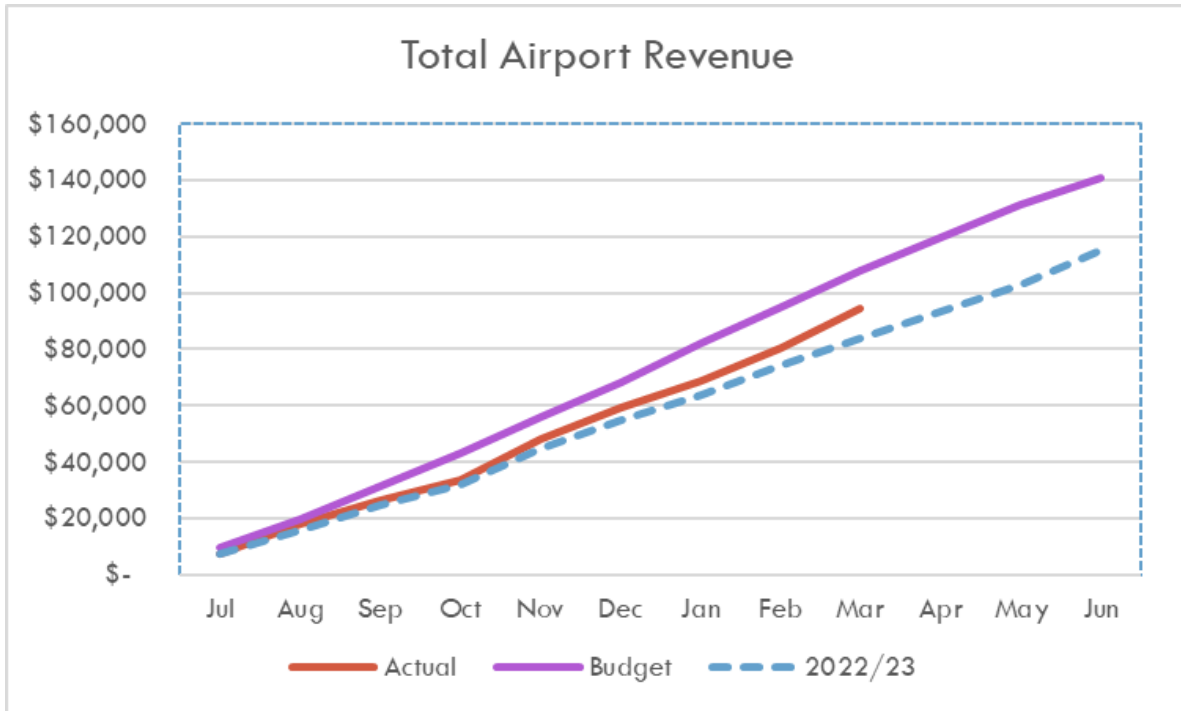
The table above suggests bank deposits have achieved a ROI of 1.52%. This has been calculated as at March 2024. We have removed the targets from this report as the financial strategy in the 2021-2031 long term plan now recognises that none of our current investments are currently making a return on investment with the only investment to make a return in the future being the Marlborough Regional Forestry (anticipated from 2029 onwards).

AIRPORT QUARTERLY REPORT To 31 MARCH 2024

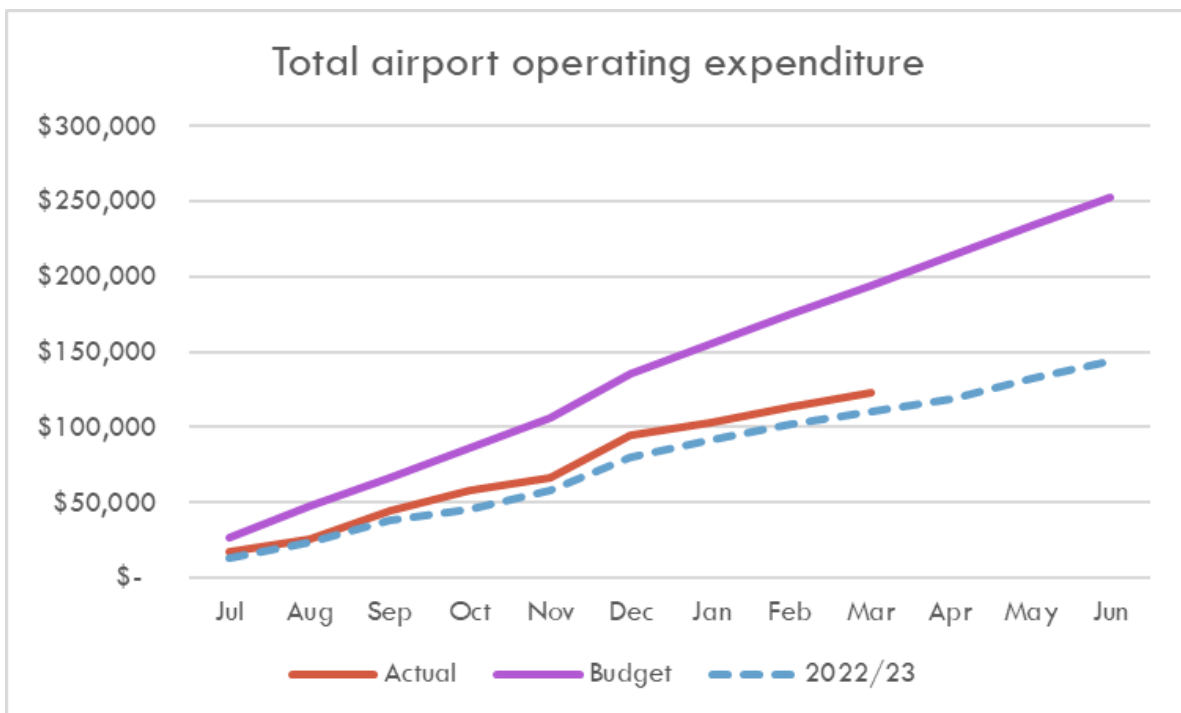
The number of landings at the airport for the nine months to March 2024 was 3,051 this is down on the number of landings for the same period last year of 3,267.



With the number of landings down, landing revenue is also below budget, however is up compared to the previous year.

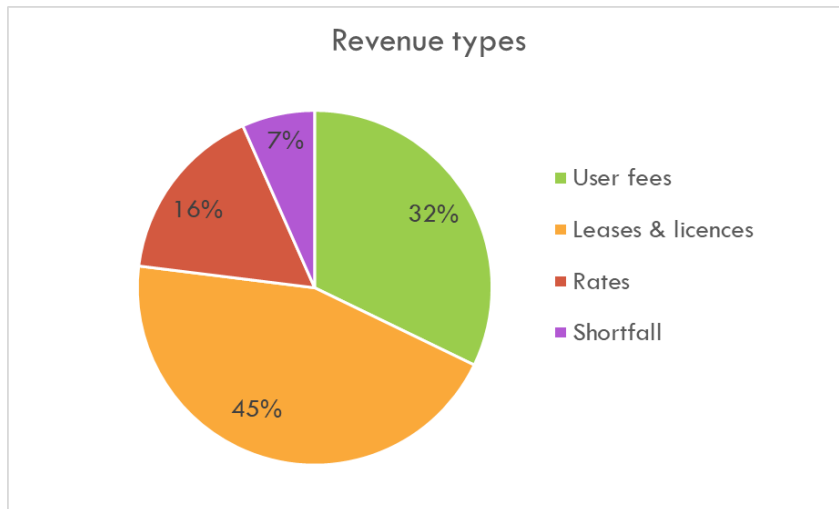


Total airport revenue is below budget for the nine months totalling \$94,651 compared to budget of \$107,750, and up on revenue for the same period last year. The main variance at this stage is in licence to occupy where there has been no revenue received to date.



Operating expenditure is \$122,870 for the nine months which is below the budget expenditure of \$194,412, with the main variance relating to depreciation.

The graph below shows that the airport is funded through user fees 32%, leases and licences 45% and 16% being rate funded – currently there is a \$8,161 shortfall which is reflected as 7% in the graph.

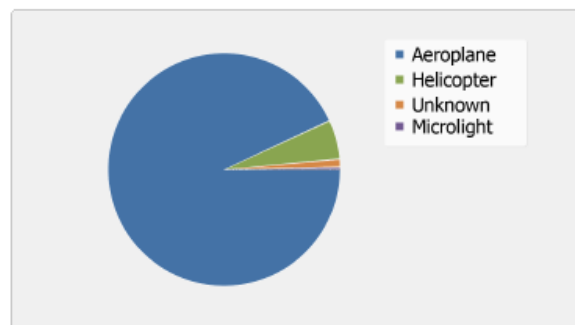


An Airport Information Movement Monitoring (AIMM) system was installed in November 2017, which records all radio calls from aircraft at the Kaikōura Airport, including the aircraft registration number (it is a CAA requirement for pilots to advise their aircraft registration number on landing and take-off, over the radio). There has been issues with the internet over the past months which have distorted the recordings, the internet is currently being upgraded and we will advise when this has been completed.

The following are extracts from the monthly reports we are now receiving from the AIMM system; these examples are from the March 24 monthly report.

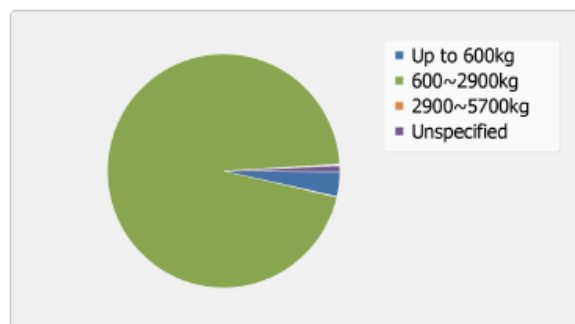
Aircraft Type Summary

Type	Movements
Aeroplane	693
Helicopter	40
Unknown	8
Microlight	3



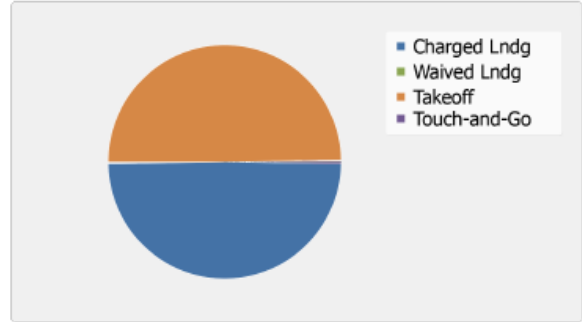
Aircraft Weight Summary

Weight	Movements
Up to 600kg	26
600~2900kg	710
2900~5700kg	1
Unspecified	7



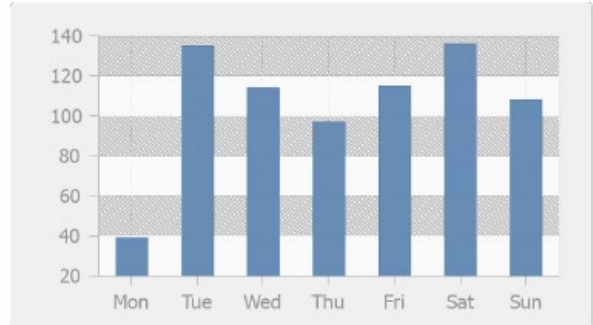
Charge Summary

Status	Movements
Charged Lndg	370
Waived Lndg	0
Takeoffs	370
Touch-and-Go	4



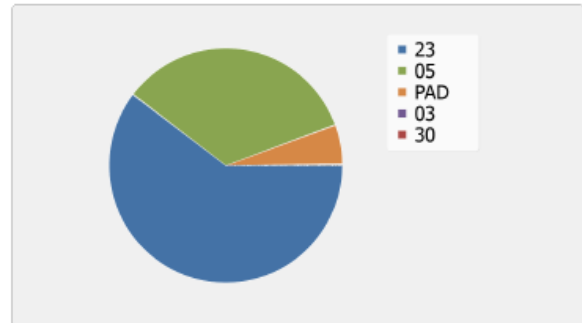
Movements: Days of Week

Weekday	Movements
Mon	39
Tue	135
Wed	114
Thu	97
Fri	115
Sat	136
Sun	108



Runway Usage Summary

Runway	Movements
23	449
05	253
PAD	40
03	1
30	1



ACTIVITY LEVEL: During March 2024, the airport had 744 movements**, an decrease of 31% from 1,076 for the same month last year.

For the last 12 months, there were 7,519 movements, an increase of 14% from 8,699 for the same period in the previous year. A spreadsheet showing all movements for any period is available on the 'movements / archives' page for deeper analysis.

*** The movement counts on some reports may correctly be different from each other... Touch-and-Go movements may be counted as either one movement or two (a Landing followed by an immediate Takeoff), depending on the Aviation Authority and Safety rules that apply, and the Airport's Certificated/non-Certificated status. (Ref B: 0)*

COMPLIANCE REPORTING

Noise Footprint: The Acoustic LDN counts at NZKI during March 2024 were:

742 during the 'Day', which is set to start at 0700.

2 during the 'Night', set to start at 2200.

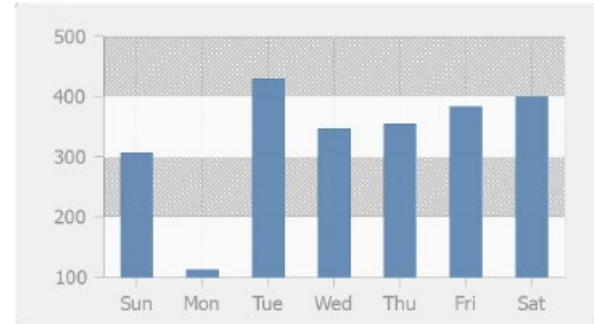
Civil Aviation: CAA Rule 139.505 requires Non-Certificated Aerodromes such as Kaikoura (NZKI) to report Movement Data each year.

LOCAL AIRSPACE Analysis for March (Aircraft using airspace, not necessarily landing.)

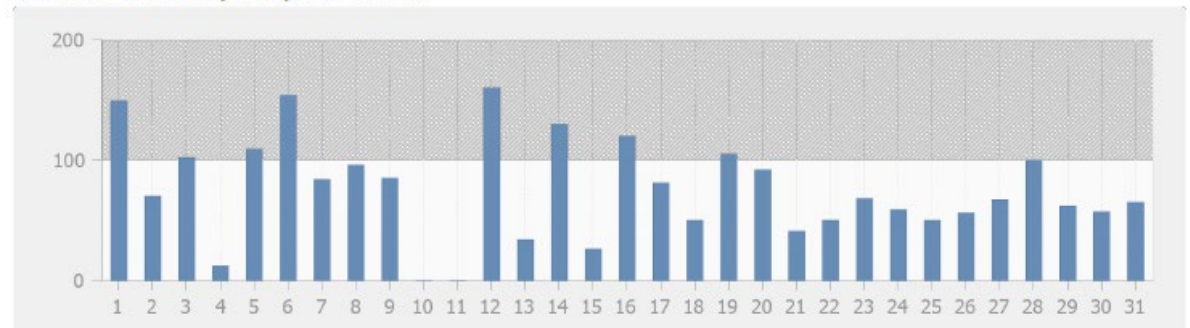
Summary

2334 radio calls received for the month.
 0 calls, on the quietest day, 10-Mar
 160 calls, on the busiest day, 12-Mar
 75 calls, daily average for March
 Tuesday is the busiest day of the week.

Days of Week



AIRSPACE activity, Days of Month



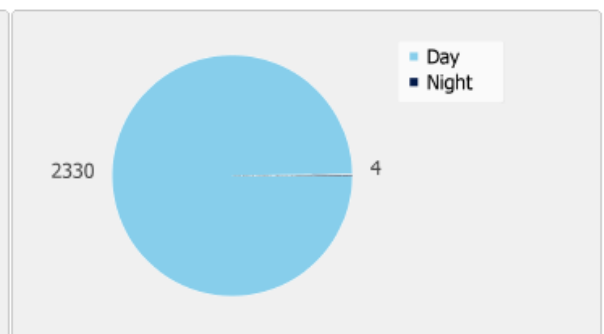
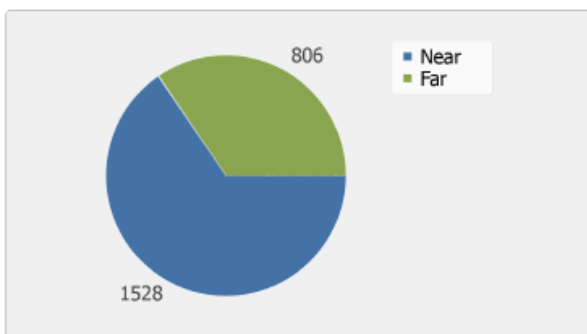
Classification of Local Airspace activity

During March 2024 there was 76% less airspace activity compared to the same month last year.

'Near' are aircraft close enough to the airport that their radio calls are relevant to the airport operations.

'Far' are those on the same radio frequency but far enough away to be not relevant.

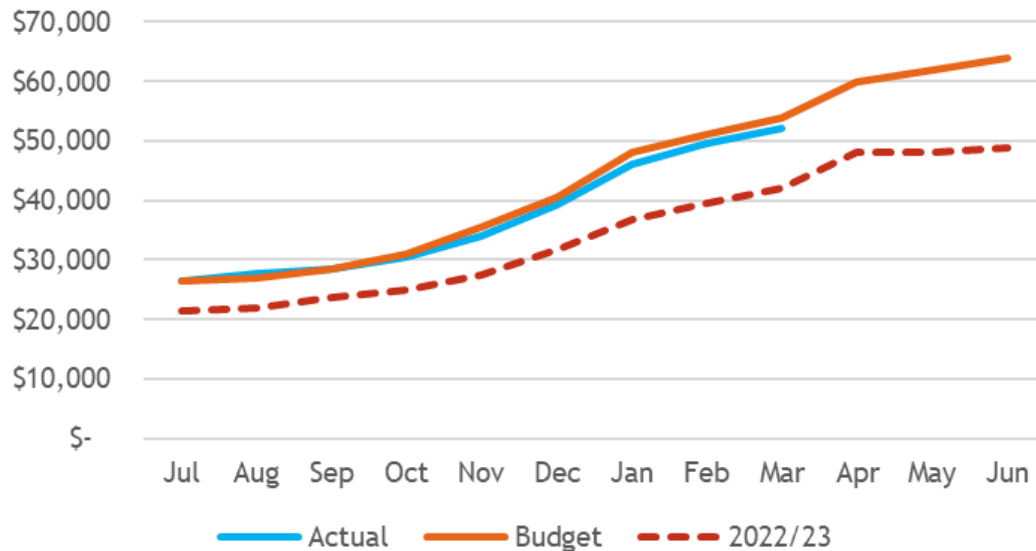
'Day' / 'Night' refer to Morning / Evening Civil Twilight calculated each day at the Lat/Long of the airport.



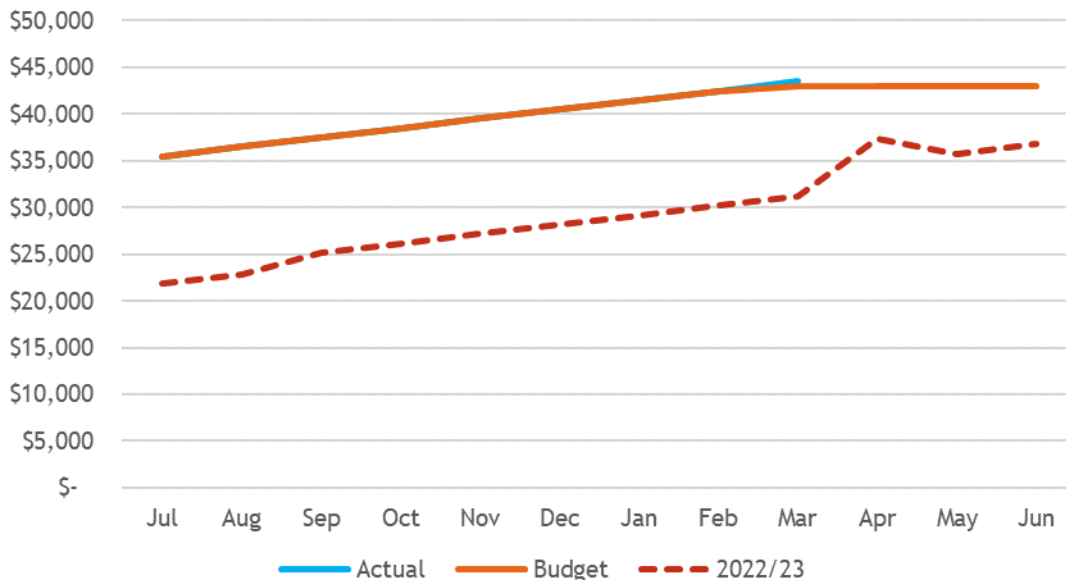
Harbour Quarterly Report To 31 MARCH 2024

This report serves to highlight harbour operations over the past three months ending 31 March 2024.

Slipway fee revenue



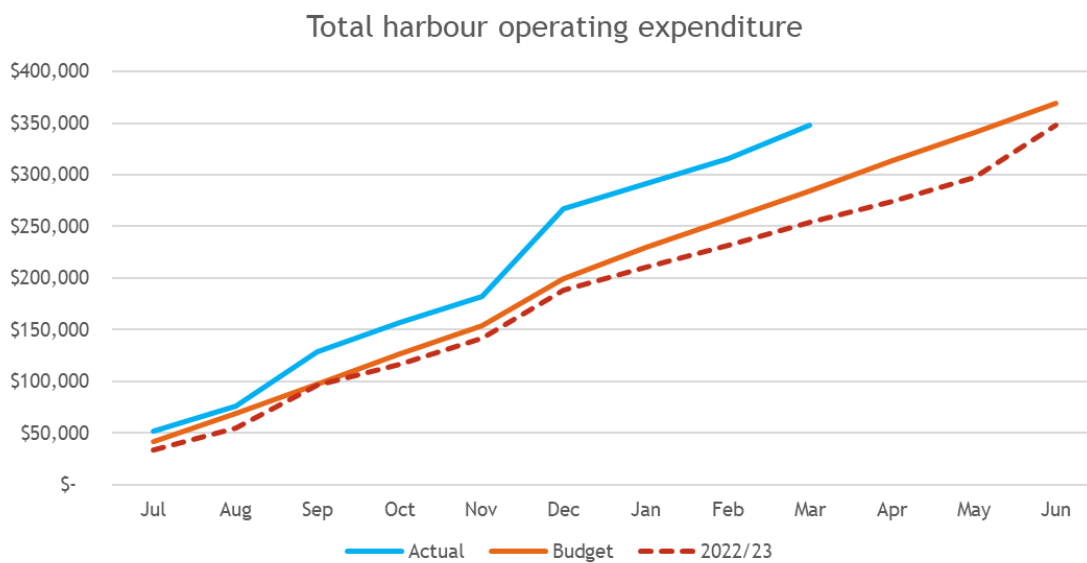
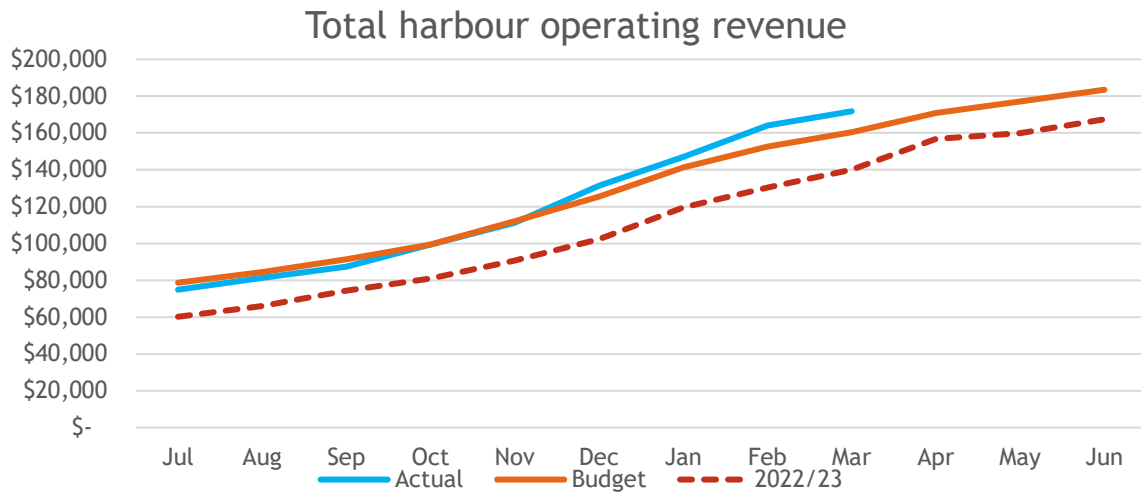
Boat parking revenue



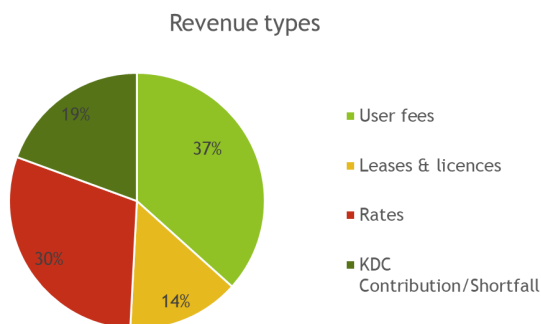
Actual slipway fees received are tracking slightly below budget at \$52,023 (budget \$54,000) and up on the same period last year. Boat parking revenue is on track with budget and up on last year actuals for the nine-month period at \$43,500.

Total harbour operating revenue is \$171,784 for the nine months compared to budget of \$160,495.

Operating Expenditure is \$348K which is \$63K above budget of \$284,619 for the nine months. The main variance in expenditure relates to insurance (budget \$31K, actual \$63K), valuation fees \$15K and an increase in depreciation due to the revaluation which was completed in 2023.



The following graph shows that harbour revenues (user fees and leases and licences) covered about 49% of the actual cost of harbour operations for the year, with the targeted rates (\$100K) covering 29% - currently the harbour is operating with a loss of \$76K.



DEBTORS QUARTERLY REPORT

To 31 MARCH 2024

1. SUMMARY

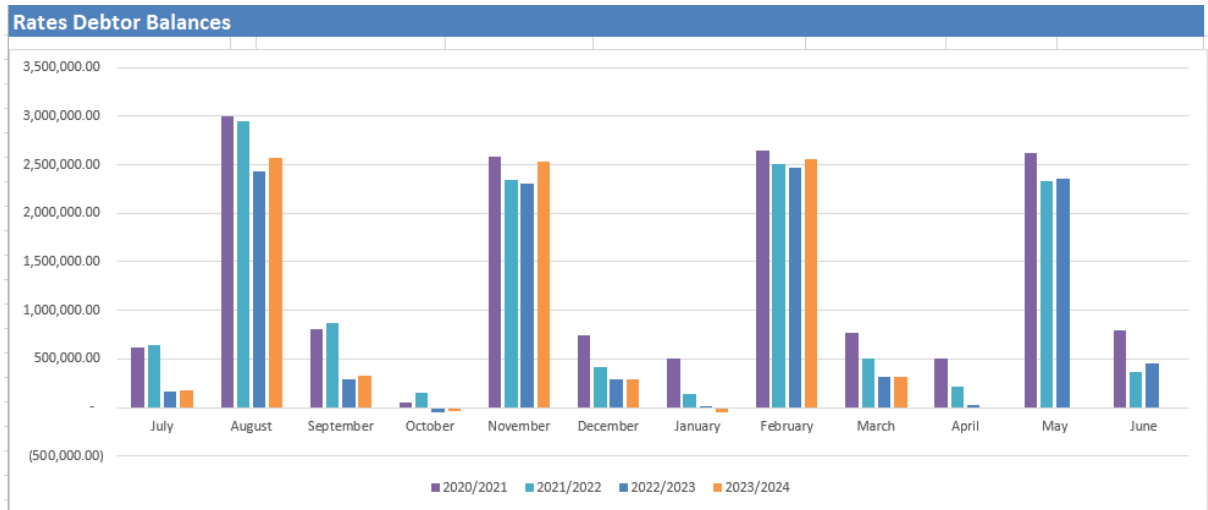
The purpose of this report is to provide an overview of the status of rates and sundry debtor receivables for the quarter ended 31 March 2024.

2. DISCUSSION

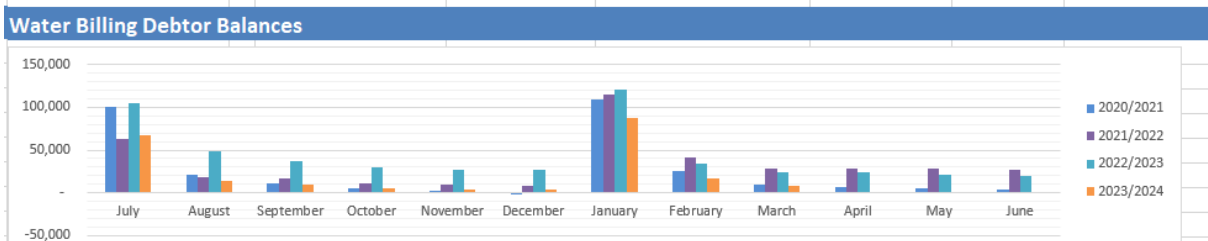
2.1 Analysis of Rates Debtors

At the end of March there was \$315K owing to the Council from rates. As you can see from the below graph the amount outstanding has started to increase slightly each month – but is still tracking close to previous years.

For water billing, 89 debtors have not paid their water meter bill, the first instalment of water meter charges went out in Jan 24 for the six-month period July 23 – Dec 23. The values are low (most are only \$25 for the half-yearly fee), but they are being followed up.



Number of Debtors	Rates revenue by type (year to date)					
Rates Debtors 572	Rates revenue by type (year to date)	Penalties applied	Write offs & adjustments	Remissions	Water billing	Total
	\$ 7,101,113	\$ 94,508	(\$ 71,689)	(\$ 19,671)	73,103	\$7,177,364
Water billing 89	98.9%	1.3%	-1.0%	-0.3%	1.0%	100.0%



2.2 Rates debtors overdue

The following table shows the extent of rates outstanding as at 31 March 2024. A total of \$315K in rates is outstanding, but with many properties with rates in credit (paid in advance) there is \$573K worth of rates to follow up. Of that \$573K, \$165K relates to prior years. Whilst we are actively following up with current year rates outstanding, this report focusses on those prior year balances.

There are two properties in the 3-years overdue column are responsible for \$22K of the total prior year balances (1-year overdue +). Most Māori land have been written off reducing the overall overdue amounts previously reported.

There are currently 6 ratepayers that have been forwarded on to the debt management company which account for \$64K of rates outstanding, and we are currently monitoring the ratepayers that are not making sufficient payments.

	3 years overdue	2 years overdue	1 year overdue	Current year	Total
Rates debtors					
Value	5,738	14,801	144,066	409,192	573,842
Property count	2	9	56	572	639
Paid in advance					
Value				(259,150)	(259,150)
Property count				547	547
Total					
Value	5,738	14,801	144,066	150,042	314,692
Property count	2	9	56	1,119	1,186

2.3 Analysis of Sundry Debtors

Sundry debtors total is \$1.3M as at 31 March 2024. The debtors amount is in line with previous months, and the number of debtors is relatively consistent at 279 debtors, however the average debtor days has increased to 92 days. This amount is also distorted by a large general debtor which is still outstanding.

The following is an analysis of the range of debtors:

Trade debtors	Number of debtors	Current	1 month	2 months	3 months and over	Total
Building consents	70	(78)	(2,884)	120	(16,417)	(19,260)
Compliance Schedul	9	610	-	120	240	970
Cemetery	2	2,200	-	-	550	2,750
LIMs	6	957	1,947	525	644	4,073
Liquor licensing	10	1,657	-	-	1,025	2,681
Premises licencing	8	687	-	682	474	1,843
Property leases	13	20,209	-	-	11,922	32,131
Resource consents	23	9,185	4,175	743	24,527	38,630
General debtors	139	101,539	72,782	246,769	855,733	1,276,823
		136,966	76,020	248,959	878,698	1,340,642

Analysis of Sundry Debtors

At 31 March 2024

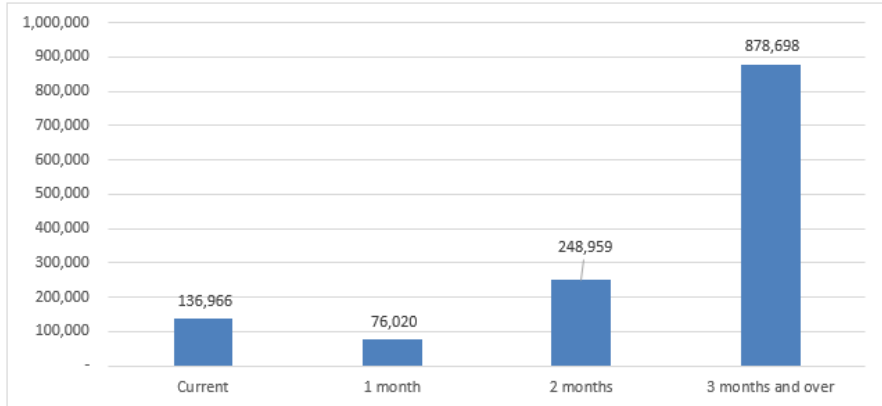
Average Debtor Days

92

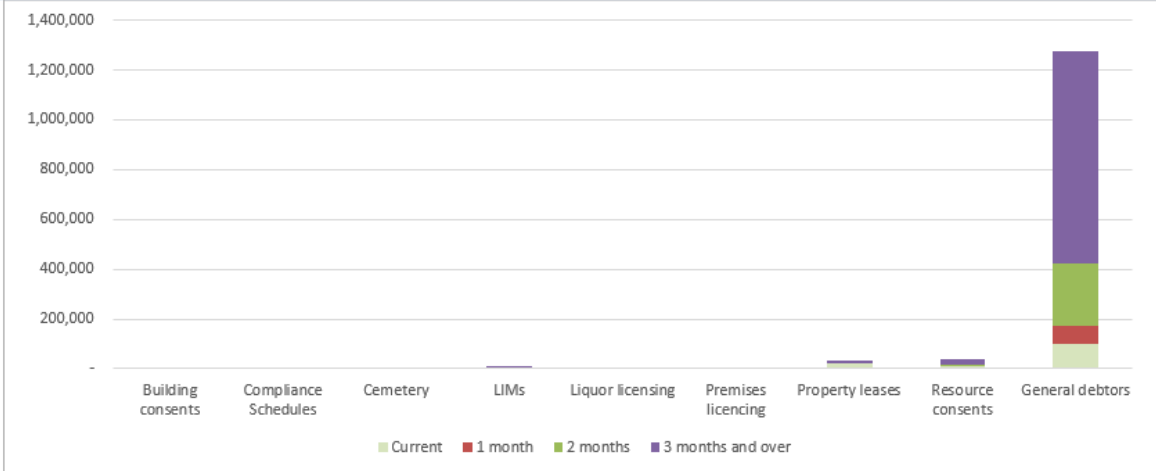
Total Debtors Due

\$ 1,340,642

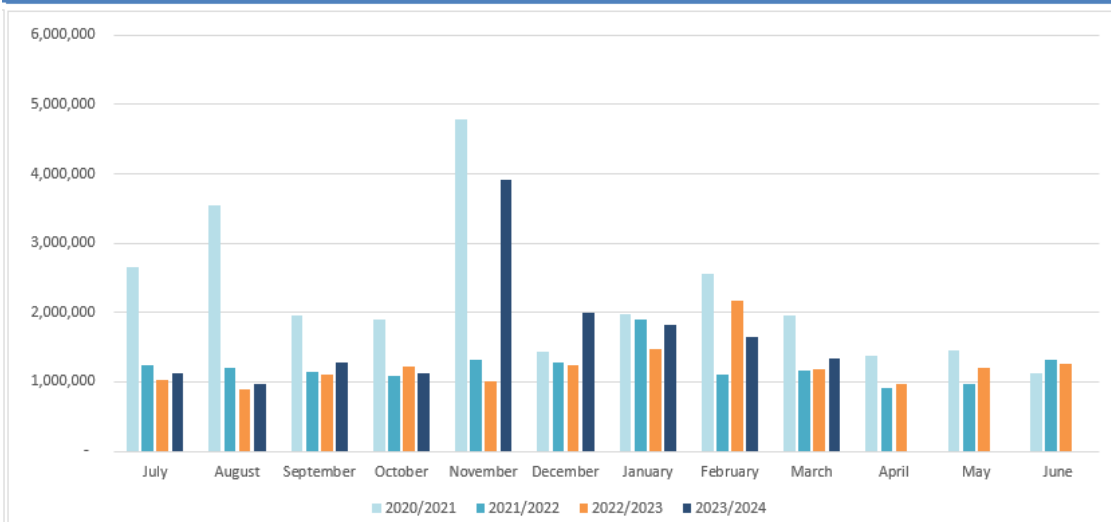
Age Summary



Trade Debtors by Category



Debtor Balances



Bad Debts written off

\$ 1,192

Number of Debtors by Category

Building consents	Compliance Schedule	Cemetery	Licenses Food/Liquor	Property Leases	Resource consents	Sundry Debtors
70	9	2	18	13	23	139

Report to:	Finance, Audit & Risk Committee
Date:	23 April 2024
Subject:	Reserves and Special Funds as at 31 December 2023
Prepared by:	C Kaa - Management Accountant
Input sought from:	
Authorised by:	P Kearney - Senior Manager Corporate Services S Poulsen - Finance Manager

1. PURPOSE

The purpose of this report is to provide the Finance, Audit & Risk Committee with a detailed update on the status of the Council's reserves and special funds. These are provided on a six-monthly basis.

Attachment:

- a) Reserves and Special Funds as at 31 December 2023.

2. RECOMMENDATION

That the Finance, Audit & Risk Committee receives this report.

3. SUMMARY

Reserves and Special Funds are the accumulation of funds held for specific purposes, and fall within two categories:

Reserves are funded by targeted rates, and so they are restricted by legislation to ensure they are only used for the purpose of the specific targeted rate. By way of example, the Roothing Rate can only be used for roading, Kincaid water rates can only be used for the Kincaid water supply, etc.

Special Funds are established where the Council has received a grant or separate revenue, and that revenue is for a specific purpose. These funds are not required by legislation; instead, they are a self-imposed tracking tool to ensure that grants are fully spent as intended. We have also included carry forwards agreed as part of any Long Term or Annual Plan approval.

Report as at 31 December 2023:

Overall special funds and reserves has a balance of \$6M at 31 December 2023. The report has identified some reserves and funds that are in a deficit position (a number of these are carried forward from prior years). This is an interim report – to show surpluses and deficits within the funds.

Reserves have a balance of \$683K with a downward movement of \$273K from June 2023 along with the downward movement a few funds have moved from a surplus balance to a deficit – Roothing, District Plan, Sewerage.

Special Funds have a balance of \$5.4M with Wakatu Quay PGF making up the bulk of the fund.

4. FINANCIAL IMPLICATIONS AND RISKS

Regular monitoring and reporting on the Council reserves and special funds is important to keep track of available cash, loans, and grant revenue. This provides assurance to the Committee, Council and the community that such funds are being used for the purposes intended.

5. COMMUNITY OUTCOMES SUPPORTED



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better place for future generations

6. SIGNIFICANCE OF DECISION

This report is for information only; however, it may form the basis upon which other decisions are made (those which have a financial impact).

7. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

Reserves & Special Funds					as at 31 December 2023	
Reserves	Opening balance 1 JULY 2023	Inflow	Interest applied	Outflow	Closing balance	
Kaikōura Water Cohort	643,521	879,377	-	675,893	847,005	
East Coast Rural Water	18,241	29,500	-	109,627	(61,886)	
Kincaid Rural Water	167,514	44,749	-	89,400	122,862	
Fernleigh Rural Water	(9,501)	86,288	-	80,613	(3,826)	
Roading BAU Reserve	(80,265)	1,903,702	-	2,155,200	(331,762)	
Roading Emergency Reserve	167,266	24,010	-	12,274	179,001	
Footpaths & Streetlights	(181,881)	170,084	-	8,327	(20,124)	
Recycling	123,762	134,911	-	101,019	157,654	
District Plan	15,151	103,980	-	126,353	(7,223)	
Stormwater	136,998	28,747	-	73,822	91,922	
Sewerage	145,168	373,682	-	616,770	(97,920)	
Tourism & Marketing Reserve	(34,696)	109,513	-	112,500	(37,683)	
Commercial Rate	(3,273)	87,345	-	118,725	(34,654)	
Harbour	156,967	198,646	-	190,149	165,464	
Registered Premises	-	-	-	-	-	
Town Centre	(15,536)	83,553	-	59,717	8,300	
Civic Centre	(311,505)	265,137	-	265,754	(312,122)	
Stock Control	18,500	(2)	-	286	18,212	
Earthquake Roothing	(0)	518,161	-	518,161	(0)	
Earthquake Rebuild Director	-	-	-	-	-	
Earthquake/Disaster Levy	-	-	-	-	-	
Totals (01 99 99 GNRE)	956,429	5,041,382	-	5,314,590	683,221	
Special Funds	Opening balance 1 JULY 2023	Inflow	Interest applied	Outflow	Closing balance	
Social Services Committee (Community Se	5,125	-	-	-	5,125	
Tourism Strategy Fund	34,623	-	-	-	34,623	
Creative NZ	7,347	14,419	-	9,506	12,260	
George Low Trust	60,610	-	-	-	60,610	
Economic Development Fund	-	-	-	-	-	
Three Waters Stimulus Package	(0)	-	-	-	(0)	
Forestry Fund	912,456	-	-	105,296	807,160	
Significant Natural Areas Fund	21,889	-	-	-	21,889	
Parks & Reserves Development	144,956	4,212	-	-	149,169	
Pensioner Flats	19,625	60,745	-	78,515	1,855	
Community Facilities Fund	983,315	141,700	-	-	1,125,015	
Vehicle & Plant Renewal	-	-	-	-	-	
Waste Minimisation Levy	116,578	25,589	-	-	142,167	
Landfill Site Aftercare	-	-	-	-	-	
Library Grants	0	3,032	-	600	2,432	
Family Violence Prevention	24,755	(2,044)	-	4,964	17,748	
Responsible Camping Fund	118,656	170,941	-	92,956	196,642	
Financial Sustainability Project Fund	97,839	-	-	6,667	91,172	
Mayoral Fund	28,483	-	-	3,349	25,133	
Airport	68,979	59,105	-	71,565	56,520	
Building Accreditation Fund	65,555	9,519	-	681	74,393	
Wakatu Quay Provisional Growth Fund	(6,968)	2,675,635	-	296,842	2,371,825	
South Bay Feasibility Provisional Growth F	27,269	69,718	-	855	96,132	
Legal challenges Fund	100,000	-	-	455	99,545	
Environmental Planning Fund	17,728	-	-	-	17,728	
Totals (01 99 99 SPFU)	2,848,821	3,232,571	-	672,249	5,409,143	
*key surplus/(deficit)	TOTAL SPECIAL FUNDS & RESERVES				\$	6,092,364

Report to:	Council	
Date:	24 April 2024	
Subject:	Risk Management Report	
Prepared by:	W Doughty – Chief Executive	
Input sought from:		
Authorised by:	W Doughty – Chief Executive	

1. BACKGROUND

This report presents the updated Risk Management Report as at April 2024.

Attachments:

1. Risk Register as at April 2024 – see A3 version at end of pack.

2. RECOMMENDATION

It is recommended that the Council:

- a) Receives this report
- b) Notes the contents of the Risk Management Report (including Risk Register)
- c) Provides any feedback for staff consideration.

3. SUMMARY

Attached to this report is an updated Risk Register. This has been reviewed and updated by the Management Team.

Updates are clearly identified for the Council in the attached. Additions are included in bold, italics and underlined, and deletions struck out. Risk level changes are highlighted in yellow.

The Risk Register was tabled to the Council on 28 February 2024, there has been little change since then other than:

- 2 risk scores have decreased:
 - **Risk ID #3:** Depth of staffing - the risk score has decreased as we have now recruited a Building Control Manager who starts on 1 July.
 - **Risk ID #2:** Loss of BCA accreditation – IANZ completed their audit in March 2024, this risk has been lowered until the next accreditation which is due in March 2026.
- Comments of note:
 - The increased/unplanned cost of projects and core services delivery have been factored into the LTP (Risk ID #31 & #11). This is a national problem with over two thirds of Councils across the country showing rates rises of 14% or higher. The LTP is out for public consultation until 30 April 2024 and the proposed overall rates increase for 2024/25 is 14.5%.
 - The Coalition Government are progressing with the Fast Track Consenting Bill (Risk ID #4).
 - At a Public Excluded Council meeting on 27 March 2024 the Council approved the appointment of Merelyn Redstone as the new District Licensing Commissioner. Sue Griffin’s resignation from the position was accepted (Risk ID #33).
 - The new Emergency Management Officer (EMO) started on 8 April 2024. Several group and national exercises are planned for 2024 (Risk ID #22).

4. FINANCIAL IMPLICATIONS AND RISKS

Most risks have financial implications and risks – these are taken into account in the compilation of the report.

5. COMMUNITY OUTCOMES

The work is in support of all community outcomes.



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Environment

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Future

We work with our community and our partners to create a better place for future generations

Risk Id	Risk quadrant	Department	Activity	Risk	Risk owner	Control owner	Risk category	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	Department	Council activity (e.g. water supplies)	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
30	Council and District Risk	All	All	Substantial changes to the role of Councils arising from 3 waters and RMA planning reforms, purpose of local government review threaten the viability of KDC as a stand-alone entity and with its local democracy. Associated shorter term risks in respect of maintaining staff morale and retaining capability	Chief Executive	Chief Executive	Operational, Political	4	5	20	Proposed Three Waters, RMA and Local Government Reforms and changes largely outside of control of KDC. Involvement in submission processes and C4LD where ever opportunity arises RE: Staff morale, retention and recruitment - a number of actions being taken (refer risks 3, 4, 10, 32).	4	5	20	Develop plan for retention of local government influence in Kaikoura post reform, and for progressive structural change towards that provides some reassurance to staff Opportunistic actions RE: staff retention and recruitment when opportunities arise Keep teams informed of Reforms. Greater uncertainty in immediate reform with a change in Government. Clarity on new proposals required. Expected by Q4 2024
25	Council Risk	Works and Services	Upper Waiiau Toa Bridge - land access	Rūnanga remain opposed to new bridge, with potential associated difficult / delay in resource consenting that may create regulatory or financial barriers if NZTA does not support fully. Failure to deliver project poses risks of legal action from landowners.	SMO: Senior Manager Operations	Chief Executive	Operational	5	4	20	Council Resolution 29/09/2021 supportive of progressing preferred option but incorporating more reactive response to erosion control to address concerns expressed by Runanga. Requests made to NZTA to extend financial support. Engagement continuing with Runanga to explore best way of managing different views. Ongoing discussion with Runanga for them to provide sufficient comfort to Waka Kotahi (NZTA) to enable project to continue. Procurement process for bridge to incorporate sufficient flexibility to accommodate possible budetary challenges. Resource consent to be submitted in August, however continued delays in consent processing. Waka Kotahi board decision to extend funding to 30th June 2025 and increased budget to \$13.7m. Joint hui with ECAN/TROK held. Joint TROK and Residents hui held to understand joint concerns. <u>Resource consent issues and Runanga opposition jeopardise project</u> <u>Key decision report in November 2023</u>	5	4	20	Resource consent issues and Runanga opposition jeopardise project Key decision report in November 2023 Runanga support of old bridge site. High level investigations being undertaken on viability of access. <u>NZTA Funding discussion required</u>
16	Council Risk	Leadership	Leadership	Lack of progress following both senior management and operational interactions with Runanga result in delays in projects and BAU	Chief Executive	Executive team	Operational	5	4	20	Regular meetings with Te Runanga and Mana to Mana Hui held, and some issues discussed In addition specific project meetings held for key capital projects in particular. Continued Governance hui's to discuss key issues. These to include further highlighting of difficulties for Council projects and operations. MOU and SLA to be developed. Cultural awareness activities to be undertaken. Controls being worked on but little progress to date in terms of physical agreements	5	4	20	Development a formal partnership agreement to establish framework for relationship. Currently significant engagement issues impacting delivery of key projects. Priorities list shared with TROK. Movement on several key projects but no change in overall approach

3	Council Risk	Whole of KDC	HR	Depth of staffing - one tier deep - loss of key people, loss of institutional knowledge, difficult to recruit, lack of backup support, very limited opportunity for succession planning.	Chief Executive	Management team	Operational	5	4	20	Fair remuneration and staff benefits e.g. medical insurance. Regular team building exercises and training opportunities. Staff culture improved. Use of shared BA resource to help document process and procedures. Develop standard operating procedures: documented and agreed policies, and complete workflows, implementation of records management project. Team leader training. Develop a whole of team approach and encourage cross-department support. Keep job descriptions up to date. 1 current vacancy in key management position. Increased use of external contractor resource. Contracted Building Control Manager appointed.	4	4	16	Consideration of shared BCA arrangements for longer term. As one option for consideration: closer collaboration with neighbouring Councils. Work underway at both Canterbury and North Canterbury level. <u>Continue to try to recruit key BCA Role</u> Consider succession plans for key roles where we can. <u>Building control manager recruited 1 July start</u>
32	Council Risk	Whole of KDC	HR	Team morale and impacts of workloads, Covid-19, reforms uncertainty staff shortages, and cost of living	Chief Executive	Management team	Operational	5	4	20	Workplace Support is in place for staff. Included in PDW process and focus from Management. Wellbeing action plan in place and introduction of Wellness by Design hauora coaching for staff. Flexible Working Policy implemented. Report being prepared on financial implications of 3Waters Reforms for the organisation.	4	4	16	Management Team to provide support to their teams. Staff survey action plan be for April 2024 Regular communication around reform agenda. Confirmed implementation of Wellbeing Action Plan. Hauora wellness coaching in place.
31	Council Risk	Whole of KDC	All	Rapid cost escalation (e.g. oil/Ukraine) and inflation effects on capital delivery and BAU costs and possible rates increases	Chief Executive	Executive team	Financial, Operational	5	4	20	Internal monthly reporting of capital projects and operational results within Management meetings Some inflationary effects factored into 2023/2024 Annual Plan. Watching brief with -PWC RE: effect on future borrowings	4	4	16	Cost escalation on materials experienced Ongoing effects monitored to assess effects on current LTP forecasts Review of capital programme procurement and delivery <u>Increased cost of delivery factored into LTP.</u>
24	Council Risk	Whole of KDC	Contractor performance risk	Sub-optimal or poor contractor performance (including health & safety) and/or additional costs	SMO: Senior Manager Operations	Management team	Operational	4	4	16	Experienced and full compliment of current works and services team, exercising better oversight of activities under improved contract documents that more clearly specify required outcomes. Increasing focus on health & safety documentation. Priorities for major contractor works being clarified in LTP. Contractor reports are received monthly from the Roothing Contractor, contains H&S reporting.	4	4	16	Ensuring the contractor understands the contract obligations. Continually improving procurement processes and contracts for quality outcomes and to include better health & safety requirements Focus on KPI reporting with 3 Waters contractor Improve contract management focus. Included in <u>SOI for IWK LOE + SOI for IWK</u> Contract checklist in place.
7	Council Risk	Works & Services	Three-waters	Three-water reform, loss of critical mass and financial consequences, diminished ability to retain suitably qualified and experienced personnel	SMO: Senior Manager Operations	Chief Executive	Operational	4	5	20	With government making reforms mandatory now little prospect of significantly influencing outcome. Continued involvement in both the C4LD campaign and also DIA and LGNZ process. Restructure of current roles following the departure of the Works & Services Manager and to future proof for the Three Waters Reform. Need to envisage possible post-water reform structure of KDC to reduce potential capability loss Concerns now also apply to IWK as our CCO	4	4	16	Greater uncertainty in immediate reform with a change in Government. 3 waters included in LTP Details of new reform proposal still required ongoing service delivery conversations at regional and sub regional levels

35	Council Risk	Leadership	Capital Delivery	Lack of internal capacity and capability impacts on ability to deliver capital programme	Chief Executive	Executive team	Operational	4	4	16		4	4	16	Development of project management process. Increased focus on all aspects of delivery by ELT. Project coordination role included in draft LTP. Monthly reporting remains a work in progress.
34	Council Risk	Whole of KDC	HR	Cost of living crisis - inflation, loss of staff, communities ability to pay rates	Chief Executive	Executive team	Financial, Operational	4	4	16	Rates rebate for lower-income families Annual review of salaries against Strategic Pay benchmark and consideration of inflation/ rates budget	4	4	16	Consider becoming a living wage organisation
28	Council Risk	Leadership	Wakatu Quay Development	Project does not deliver desired outcomes including positive financial result - financial implications to Council and community	Chief Executive	Chief Executive	Financial	4	4	16	Regular attendance by Elected Members and CEO at Governance Group with regular reporting to Council CE has close interface with Governance Group, Elected Members and Runanga. Development of alternative actions. Development of non-negotiables KDC has reconfirmed commitment to Konoa	3	3	9	Council decision made to include \$800k financial commitment in LTP. Ongoing external investment conversations Detail design underway and on track.
26	Council Risk	Whole of KDC	RMA consent compliance monitoring and enforcement	Continuation of KDC historic practice of reactive rather than proactive monitoring and enforcement of consent conditions will result in material breaches	Senior Manager Operations & Senior Manager Corporate Services	Chief Executive	Political or Reputational	4	3	12	Historic approach and resource levels restrict the ability to proactively monitor compliance Resource Management Officer on 0.2 full-time equivalent through secondment from Environment Canterbury. In addition part of a Regulatory Officer has been allocated, where available to monitoring. A draft plan has been created for priorities bearing in mind the small FTE Further proactive monitoring compliance will require additional resource.	4	3	12	Non compliances being identified. Additional regulatory resource would be required for pro-active compliance. Increased focus for Regulatory Team but may require additional resource and budget. Good progress being made on identification of issues.

21	Council Risk	Community Services	Information & Records Management	Records and documents can't be accessed reasonably or found, due to lack of information management processes across the organisation	SMC: Senior Manager Corporate Services	Community Services Manager	Operational and reputational	5	3	15	<p>Laserfiche procured and operational.</p> <p>All Staff now using Laserfiche but uptake across organisation is slow. Evidence of IT audit January 2023 shows high number of files being kept on desktops. Project Manager in place shared with Hurunui District Council.</p> <p>Local Information Management Officer in place. Dedicated time factored into weekly schedule. Files scanned and inputted in Laserfiche as created or requested internally or externally.</p> <p>Retention and disposal plan under development. R:Drive locked, readable only and being transferred into Laserfiche</p>	4	3	12	<p>Continued monitoring and training to ensure 100% uptake of staff using Laserfiche.</p> <p>Likely to require significant time and cost.</p> <p>Review of H:Drives and Desktops</p> <p>1st phase of back scanning project completed using transition funding completed. Additional budget included in draft LTP.</p>
11	Council Risk	Whole of KDC	Financial management	Unplanned costs, overspends, loss of revenue streams	Chief Executive	Management team	Financial	3	3	9	<p>Financial delegation limits, budget supervision, monthly reporting of variances</p> <p>Robust LTP and Annual Plan processes</p> <p>Budget variances closely monitored.</p> <p>Monthly Management meetings reviewing capital and operational expenditure.</p> <p>Deployed greater accountability for budget overruns, financial reporting brought to management teams, whole of team approach to budgets</p> <p>Risks remain for any contracts or commitments that exceed budget provisions - the financial reporting only brings these to attention after the commitment has been made. Mitigated by involvement of Senior Managers and CEO and regular management meetings regarding operational and capital expenditure</p>	3	3	9	<p>No surprises reporting to elected members.</p> <p>Increased costs of audit & insurance over annual plan budgets - included in draft LTP.</p>
4	Council Risk	Strategy & policy	District planning	National legislative changes are too rapid, too complex, and/or too constant - challenging capacity within staff to keep up	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	4	3	12	<p>Active member of Regional Planning Network, access work from other Councils, use consultants if required</p> <p>Canterbury region sharing resource to enable combined assessments and submissions</p> <p>Stay abreast of changes, support sector submissions (KDC has a very low level of influence), created roadmap for district plan and legislative changes.</p> <p>The National Policy Statement re Biodiversity may be repealed.</p> <p>Impacts of RMA reforms and change in Government are not fully determined.</p>	3	4	12	<p>We are understanding other Council's positions and waiting on the outcome of the new Government's 100 day plan.</p> <p>RMA reform agenda has seen repealed by new Government within their first 100 days in office - RMA 2.0 laws. Clarity on new approach required from Central Government.</p> <p><u>Fast Track consenting bill progressing</u></p>
29	Council Risk	Leadership	Capital Delivery	Pandemic related and worldwide supply delays to major projects impacts on ability to deliver capital programme. Supply Chain risk on delay of materials	Chief Executive	Executive team	Operational	4	4	16	<p>Monthly reporting of all projects. Early identification of issues and contingency plans provided from Management meetings</p> <p>Some delay in sourcing supplies emerging / no major impact to date but risk remains.</p>	3	3	9	<p>Watching brief for further materials delays</p> <p>Clearly signal capital carry forwards</p> <p>Procurement plans for key projects.</p>
15	Council Risk	Strategy & policy	District planning	Statutory non-compliance (planning decision subject to challenge)	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	4	3	12	<p>Staff are adequately trained, adherence to current district plan, use of qualified consultants as required.</p> <p>With longstanding staff vacancy affecting resource consent outsourcing increased internal management oversight of decision making processes by externals.</p> <p>Additional pressures are being placed on Stat timeframes with outsourcing but still manageable at this time.</p> <p>Aware of national shortage of planners with many councils and central government departments recruiting. In addition some external contractors are declining work due to workload.</p> <p>Consent timeframes excluded due to "special circumstances" where necessary</p>	3	3	9	<p>Weekly consent timeframes are being prepared to assist with tracking consents.</p> <p>New Government's 100 day plan seek to fast track resource consents. This may require additional resourcing.</p> <p>New policy planner in place.</p>

14	Council	Whole of KDC	All	Covid-19 related loss of business continuity	Chief Executive	Chief Executive	Operational	4	4	16	<p>Business continuity plans in place.</p> <p>Consideration of trigger levels that Look to rotation of staff working from home vs in the office to reduce spread throughout the workforce at once. Identification of critical workers for essential services.</p> <p>Ongoing management of staff and close contact cases and impact on service delivery.</p> <p>The staff vaccination policy has been removed in line with national policy. Impacts continue to be monitored and business continuity measures implemented as required.</p> <p>Appear to be through the storm. Fewer staff infections. The Government have removed all Covid-19 requirements effective from 15 August - this includes 7 day mandatory isolation period 2023.</p>	3	3	9	Maintain an watching brief
13	Council Risk	Leadership	Council	Not robust decision-making from elected members	Chief Executive	Executive team	Political or Reputational	3	4	12	<p>Reports to Council are well-researched and presented, staff give competent advice, elected members receive induction training.</p> <p>Independent committee member appointed for FARC.</p> <p>Difficult or contentious issues are workshopped to enable full understanding prior to a decision being required at a Council meeting. No surprises</p> <p>New council induction held and training programme in place. Emergency Management overview held with Elected Members.</p> <p>Governance Training completed</p>	3	3	9	Elected members receive ongoing training, including on legislative matters, Chairs Training and a mid-term review in 2024.
10	Council Risk	Building & Regulatory	Building control and other regulatory	Statutory non-compliance (e.g. failure to conduct BWOFs, enforcement activities)	Team Leader Community Facilities & Regulation	Senior Manager Operations	Operational	4	3	12	<p>Ongoing investment in staff, resources and training</p> <p>Some re-focussing of duties within operations team to enhance efficiency of monitoring and enforcement.</p> <p>Restructure of regulatory team following departure of regulatory officers; introduction of new Regulatory Services Team Leader and casual parking/freedom camping officers. These roles were filled & commenced employment early April.</p>	3	3	9	<p>External resources to assist with TA functions</p> <p>Regulatory Team Leader in place focusing on TA functions</p> <p>Good work being undertaken by Regulatory Team now in this area.</p> <p><u>IANZ accreditation audit completed in March 2024</u></p>
9	District Risk	Strategy & policy	District planning	<p>District Plan is sub-optimal, there is both permissive and restrictive land use, that may have undesirable effects.</p> <p>In addition RMA reforms suggest regional plans going forward which would include Kaikoura's sub-optimal plan</p>	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Environmental	4	3	12	<p>Roadmap for revised District Plan produced. Presented to council. Included in LTP</p> <p>Delivery plan developed. External advisors in place with Year 1 project plan in place November 2021</p> <p>External resources contracted for 2021/2022 work.</p> <p>Natural Hazards Chapter complete. National planning standards re-housing complete. Looking to advance Year 2 planning including Runanga involvement and spacial planning</p>	3	3	9	Spatial plan work underway. Successful community workshops. Discussions are occurring with the Runanga. Expect to have Draft Spatial Plan by June 2024.
33	Council Risk	Whole of KDC	Financial management, HR	District Licensing Committee hearings impacts on resourcing and budget	Chief Executive	Chief Executive	Financial, Operational	4	3	12	<p>Regulatory Team Leader on board</p>	4	2	8	<p>Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives.</p> <p>Section 17a sample review</p> <p>Completed and updated contract in place.</p> <p><u>DLC Commissioner approved</u></p>

19	Council Risk	Leadership	Leadership	Qualified annual report for 2023 - 2024	Chief Executive	Management team	Political or Reputational	5	2	10	Suitably qualified and experienced staff complete the annual report. Currently inadequate systems in place for service performance reporting. Improved capture of performance reporting in place - year end review will assess whether qualification can be avoided.	4	2	8	Potential for qualifications for 2023/2024
18	Council Risk	Whole of KDC	IT services	Data privacy breach - Individual information or contact database is accessed without authorisation	SMC: Senior Manager Corporate Services	Finance Manager	Political or Reputational	3	4	12	Firewalls are in place, laptops and devices are password protected. Increased focus on cyber security. Mimecast security training has been rolled out for staff by IT. Free Privacy Act training modules available for staff to gain an understanding. Personal devices owned by staff and elected members don't have the same protection protocols in place. Would require IT to enforce 6-digit pin numbers and other protection measures. Data regularly exported (e.g. to Quotable Value and Environment Canterbury) could be encrypted - IT to advise.	2	4	8	Moving away from Mimecast to Office 365 which has greater cyber security
12	District Risk	Works & Services	Water supplies	Drinking water transgression, people get sick or die	SMO: Senior Manager Operations	Works & Services Manager	Health & safety	3	5	15	Water treatment facilities are in place, are well maintained, and water testing regimes are followed. Water Safety Plans are in place, and two boil water notices remain. Upgrades to water treatment facilities, secure water sources, work to remove boil water notices. DIA reform money addressing the risk	2	4	8	Regular interface with regulator All boiled water notices now lifted UV protection in place for all schemes.
2	Council Risk	Building & Regulatory	Building control	Loss of BCA accreditation	SMO: Senior Manager Operations	Building Control Manager	Operational	5	4	20	Ongoing investment in staff, resources and training, monitoring BCA audit outcomes Accreditation achieved March/April. 2 Year low risk Loss of Building Control Manager. Recruitment underway and interim arrangements in place. Longer term arrangements are being considered. Interim IANZ review identified us as low risk.	2	4	8	IANZ accreditation completed in March 2024. Low risk until march 2026
27	Council Risk	Communications	Council website software not supported	Potential failure of the Council website may not able to be rectified and potential for full website to be inoperative	Senior Manager Corporate Services	Chief Executive	Operational	3	3	9	Procurement completed for new website supplier. Timeline for programme developed. New Communications Officer in place and engaged. Communications Officer allocated additional time to focus on new website content and migration plan. Customer Services Officer has been allocated time to assist with the new website migration. New website successfully launched in May 2023	2	3	6	Continuous improvement plan being drafted with new pages being added. Eg. Have your say, LGOIMA. Councillor Bios
22	Council Risk	Community Services	Emergency Management	Other priorities resulting in failure to adequately train for emergency event	SMC: Senior Manager Corporate Services	Community Services Manager	Operational	2	3	6	Regular meetings and significant EOC specific training Enhanced relationships and training with other local first responders. Excellent relationship with Canterbury Group EM Clear understanding of who does what in the event of a disaster. New staff trained as they arrive Controller refresher training held for 2023 New EMO in place on permanent part time contract and training underway.	3	3	9	Developing clearer operating procedures for all function managers. Will always need external resource for significant local event. Loss of EMO leaves us currently exposed New EMO now in place. Several group and national exercises planned for 2024.
20	Council Risk	Whole of KDC	Financial management	Fraud - whether misappropriation of cash, theft of assets or cash, or some other fraud/corruption	Executive team	Management team	Financial	3	3	9	Segregation of duties within finance team, daily checking of banking and cash handling, regular financial reporting, financial delegations enforced. Cash Handling Policy has been updated and endorsed by the Finance, Audit & Risk Committee in August 2021. Monthly internal reconciliation process. Safe purchased.	3	2	6	Increased internal auditing and deep dives

17	Council Risk	Whole of KDC	IT services	IT hardware failure	SMC: Senior Manager Corporate Services	Finance Manager	Operational	2	4	8	Backups are undertaken 3 times daily, stored offsite. Backups kept for daily, monthly and yearly iterations. Document management system now up and running, the document management system does not have cloud-based storage (its on one of our new onsite servers). This risk is mitigated by the backups described as above. New server has now arrived and operational (this is the last of the older servers). Core servers - all now replaced, new laptops arrived or ordered to replace PC's (Covid delivery delays) Secure elected members devices issued Ongoing awareness of potential threats through Mimecast security awareness training arranged by IT. Monthly updates. Hardware replacement policies required. Review of security software and implications for July 2023 - IT Audit	2	3	6	
6	Council Risk	Works & Services	Roading	Poor network resilience and a backlog of work resulting in poor roads and financial burden, and community impact	SMO: Senior Manager Operations	Works & Services Manager	Operational	3	4	12	Adoption of the LTP with the investments included will enable reseat backlog to be dealt with over the programmed six years. Final Waka Kotahi funding has increased and is being applied to additional capital works in order to accelerate the programme to eliminate the backlog. RAMM (Road Asset Maintenance Management) validation completed and improvement plan being developed. NCTIR Haul Roads completed within budget. Year 1 delivery successful (although Ludstone Road delayed to Year 2 to align with IAF projects). This year's activities will focus on delivery of the budgeted programme for year 3. Area wide treatments completed. Detailed delivery programme developed for 2023/2024 financial year Sealing works scheduled for Q2 of financial year (within sealing season). Focus for next 3 years and LTP.	2	3	6	Good progress and monthly reporting in 2023/2024. forward works programme in place.
23	Council Risk	Whole of KDC	Leadership	Natural disaster - effect on community: earthquake, tsunami, major flood event	Chief Executive	Executive team	Operational	1	5	5	Emergency Management Officer and Function Managers are up to date with CIMS training, whole of KDC participation in regional exercises, liaison with regional civil defence agencies, regular catchups with local responders (police, fire, hospital, Red Cross etc) EMO now on a permanent contract due to CDEM restructure delay Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster. Ensure CEO support to EMO for implementing controls. Operation Pandora Emergency Planning Exercise held 18th October 2023.	1	5	5	Will always need external resource for significant local event EMO linkages with North Canterbury EMOs. Review of Canterbury group undertaken and implementation plan being developed
5	Council Risk	Works & Services	Asset management	Lack of knowledge about KDC assets, especially critical infrastructure	SMO: Senior Manager Operations	Works & Services Manager	Operational	3	4	12	Significant progress made on improving asset knowledge and preparing Infrastructure Strategy and AMP's to support LTP. ADAPT asset management system in place and being used for waters assets. Proposed 3 waters reforms would remove some longer term risks to Council Continuing focus for Works & Services Team.	2	2	4	Further work required with Adapt. Working alongside Hurunui District Council on adapt.
8	Council Risk	Whole of KDC	HR	Major disaster - business continuity	Executive team	Team leaders	Operational	1	5	5	Regular EOC function manager training, documented processes, EOC cupboards stocked, participate in Exercise Pandora, IT backups and disaster recovery plans in place Policy and procedures review and update commenced. BCP plans in place for Covid.	1	3	3	Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster