Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Rārangi take o te Komiti Tūraru me te Taurangi

Risk and Assurance Committee Agenda

Monday 16 November 2026, 11.30 am

Council Chamber, Administration Building,
Albion Street, Hāwera



Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Purongo Whaitikanga
Governance Information

Ngā Mema o te Komiti / Committee Members



Philip Jones
Chairperson / External Member



Phil Nixon
Mayor



Robert Northcott
Deputy Mayor



Andy Beccard
Councillor



Heather Brokenshire
Councillor



Racquel Cleaver-Pittams
Councillor



Marie Broughton
Iwi Representative

Apatono / Delegations

The primary purpose of the Risk and Assurance Committee is to:

- Review the quarterly financial and non-financial reports of the Council;
- Oversee the relationship between the Council and its external auditor;
- Consider the Audit Management Report undertaken for the Annual Report and Long Term Plan and monitor progress against that;
- Receive and consider reports on the Council's internal and external borrowing;
- Provide oversight and monitoring of the Council's risk management framework;
- Provide oversight and monitoring of the Council's Long Term Investment Fund; and
- Oversee the relationship with the Council's Investment Advisors and Fund Managers.

The Risk and Assurance Committee is made up of the Mayor, an external member, four councillors and an Iwi representative.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Purongo Whaitikanga
Governance Information

Huinga Tangata / Attendance Register

Date	08/12/25	18/02/26	01/04/26	20/05/26	01/07/26	24/08/26	5/10/26				
Meeting	O	O	O	O	O	O	O				
Andy Beccard	√	A	√	√	√	√	√				
Heather Brokenshire	√	√	√	√	√	√	√				
Racquel Cleaver-Pittams	√	√	√	√	√	AO	√				
Philip Jones	√	√	√	√	√	√	√				
Phil Nixon	√	√	√	√	√	√	√				
Robert Northcott	√	√	√	√	√	√	√				
Marie Broughton	√	√	√	√	√	√	√				

Key

√ Attended
AO Attended Online
-- Was not required to attend
A Apology
Y Attended but didn't have to attend
X Did not attend - no apology given

Types of Meetings

O Ordinary Meeting
E Extraordinary Meeting

He Karere Haumaru / Health and Safety Message

In the event of an emergency, please follow the instructions of Council staff. If there is an earthquake - drop, cover and hold where possible. Please remain where you are until further instrcution is given.

He Pānga Whakararu / Conflicts of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises betweeen their role as an elected member and any private or other external interest they might have.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Rārangi
Agenda

Risk and Assurance Committee

Monday 16 November 2026 at 11.30 am

1. Karakia

2. Matakore / Apologies

3. Tauākī Whakarika / Declarations of Interest

4. Whakatakoto Kaupapa Whānui, Whakaaturanga hoki / Open Forum and Presentations

5. Whakaaetia ngā Menīti / Confirmation of Minutes

5.1 Risk and Assurance Committee held on 5 October 2026 ..... Page 10

6. Pūrongo / Report

6.1 Investment and Liability Management Policies – Review for the 2027-37 Long Term Plan ..... Page 21
6.2 Council and Three Waters Debt Ring-Fencing Arrangements and Externalisation of Internal Debt ..... Page 55

7. Pūrongo-Whakamārama / Information Reports

7.1 Quarterly Internal Audit Status Report ..... Page 87
7.2 Internal Audit Scope: Procurement ..... Page 91
7.3 Strategic Risk Review Report ..... Page 94
7.4 Project Management Internal Audit ..... Page 98
7.5 Risk and Assurance Committee – Workplan ..... Page 104
7.6 Quarter One Non-Financial Performance Measures ..... Page 107
7.7 Significant Projects Progress Report ..... Page 121
7.8 Audit Management Report – Annual Report 2025/26 ..... Page 130
7.9 Financial Performance Report for period ending 30 September 2026 ..... Page 154
7.10 Outstanding Debt as at 30 September 2026 ..... Page 185
7.11 Marsh (Mercer) Quarterly Investment Monitoring Report – September 2026 ..... Page 192

8. Ngā take kia noho tūmatanui kore / Resolution to Exclude the Public

8.1 Fund Manager Presentation ..... Page 209
8.2 Risk and Assurance Committee held on 5 October 2026 ..... Page 210

Next Meeting Date: Monday 22 February 2027 – Council Chamber
Elected Members' Deadline: Monday 8 January 2027

8.3 Health and Safety Report – 1 August to 23 October 2026 ..... Page 213
8.4 Marsh (Mercer) Quarterly Investment Monitoring Report – September 2026..... Page 224

9. Karakia

Karakia

1. Karakia

Ruruku Timata – Opening Prayer

Whaia, whaia, whaia te urutapunui a Tāne.
Tāne te waiora, Tāne te pūkenga, Tāne te wānanga
Tāne te whakaputa nei I te whaiao, I te ao mārama
Tīhei mauri ora

Let us follow in the footsteps of Tāne (The god who gave us knowledge)
Tāne the lifesource, Tāne the skilful, Tāne the knowledgeable
Tāne who brought light to the world
So give us life.

Matakore
Apologies

2. Matakore / Apologies

Leave of Absence: *The Committee may grant a member leave of absence following an application from that member. Leave of absences will be held in the Public Excluded section of the meeting.*

Ngā Whakaputanga Declarations of Interest

3. Tauākī Whakarika / Declarations of Interest

Notification from elected members of:

a) Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and

b) Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968.

Declarations of Interest: *Notification from elected members of: Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968*

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Whakatakoto Kaupapa Whānui, Whakaaturanga hoki

Open Forum and Presentations

4. Whakatakoto Kaupapa Whānui, Whakaaturanga hoki / Open Forum and Presentations

The Council has set aside time for members of the public to speak in the public forum at the commencement of each Council, Committee and Community Board meeting (up to 10 minutes per person/organisation) when these meetings are open to the public. Permission of the Mayor or Chairperson is required for any person wishing to speak at the public forum.

Ngā Menīti Komiti
Committee Minutes

To	Risk and Assurance Committee
Date	16 November 2026
Subject	**Risk and Assurance Committee – 5 October 2026**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Risk and Assurance Committee met on 5 October 2026. The Risk and Assurance Committee are being asked to adopt the minutes from 5 October 2026 as a true and correct record.

2. There were two recommendations within the minutes for the Council to consider.

3. The Risk and Assurance Committee moved recommendation 67/26 AR that the Council approves a reduction in the value of assets included within the material damage self-insurance portfolio by insuring the identified three water services assets and the Hāwera Administration Building; and approves an interim maximum fire loss limit of $105 million, based on the two highest-valued assets plus 20% buffer, TSB Hub valued at $53 million, the Kāpuni Water Treatment Plant valued at $35 million, and a $17 million buffer.

4. The Risk and Assurance Committee moved recommendation 68/26 AR that the Council approves the updated Insurance Framework (version 3.0).

5. The Council adopted recommendations 67/26 AR and 68/26 AR at its Ordinary Council meeting on 21 October 2026.

Taunakitanga / Recommendation(s)

THAT the Risk and Assurance Committee adopt the minutes of their meeting held on 5 October 2026 as a true and correct record.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Menīti Minutes

Ngā Menīti take o te Komiti Tūraru me te Taurangi
Risk and Assurance Committee Meeting

Council Chamber, Administration Building, Albion Street, Hāwera on
Monday 5 October 2026 at 1.01 pm.

Kanohi Kitea / Present: Philip Jones (Chairperson), Mayor Phil Nixon, Deputy Mayor Rob Northcott, Councillors Andy Beccard, Heather Brokenshire and Racquel Cleaver-Pittams and Marie Broughton (Iwi Representative).

Ngā Taenga-Ā-Tinana / In Attendance: Fiona Aitken (Chief Executive), Liam Dagg (Group Manager Environmental Services), Herbert Denton (Group Manager Infrastructure Services), Sara Dymond (Risk and Internal Audit Coordinator), Meagan Edmonds (Governance Team Leader), Vipul Mehta (Head of Business Enablement), Stephen Mileham (Information Services Manager), Anne Sattler (Senior Policy Advisor), Scott Willson (Business Development Manager), Becky Wolland (Head of Strategy and Governance).

Matakore / Apologies: Nil.

1. Declarations of Interest

There were no conflicts of interest declared at the meeting.

2. Whakaaetia ngā Miniti / Confirmation of Minutes

2.1 Risk and Assurance Committee held on 24 August 2026

RESOLUTION **(Mayor Nixon/Cr Beccard)**

66/26 AR **THAT the Risk and Assurance Committee adopts the minutes of their meeting held on 24 August 2026 as a true and correct record.**

CARRIED

3. Pūrongo / Report

3.1 Insurance Renewal 2026/27

The report presented the Insurance Renewal 2026/27 which included a review of the portfolio, taking account of softer insurance market conditions, the Council's financial capacity, and water services ring-fencing requirements.

Deputy Mayor Northcott enquired about the Taranaki Councils' regional insurance group (the Regional Group) and whether there would be a benefit to extending the offer to Whanganui District Council (WDC). Ms Aitken advised that WDC is part of the Manawatū-Whanganui Local Authority Shared Services Consortium (MW LASS Ltd), noting in the past the Council had investigated the option of purchasing insurance through the MW LASS Ltd however did not proceed due to the risk profile.

Deputy Mayor Northcott asked whether some councils adopted individual fire-loss limits. Mr Mehta advised that the Council's fire-loss limit was significant and that New Plymouth District Council (NPDC) was considering reducing its own limit. This had prompted a review of the existing arrangements.

Deputy Mayor Northcott asked whether remaining within the Regional Group was the preferred approach. Mr Mehta recommended completing the fire-loss modelling before making a decision. Mr Mehta advised that by having a maximum fire loss limit would produce estimated savings of $100,000.

Councillor Cleaver-Pittams referred to the proposed $105 million material damage insurance limit and asked whether it was appropriate to confirm the limit before the modelling had been completed. She also asked how losses exceeding the limit would be addressed. Mr Mehta noted that the approach had been recommended to other councils in New Zealand. Once the fire-loss modelling had been completed, the Council would reassess whether the $105 million limit remained appropriate.

Mr Jones asked how long the modelling and subsequent renewal of the insurance terms would take. Mr Mehta advised that the process would take approximately 12 months.

Mr Jones noted that the Council would remain exposed to the risk during that period and asked whether the modelling would proceed. Mr Mehta advised that he supported completing the modelling, however NPDC were not planning to undertake the fire-loss modelling process.

Mayor Nixon asked whether the Council could undertake its own fire-loss modelling. Mr Mehta confirmed that was an option and could work in conjunction with Stratford District Council.

Councillor Brokenshire observed that the Council's decision remained dependent on NPDC. Ms Aitken advised that, as the largest purchaser of insurance within the consortium, NPDC had significant influence over the arrangements.

Mr Jones asked about the overall insurance limit for the participating councils and sought clarification on whether water services could undertake a separate assessment.

Mr Mehta advised that the Council could either complete a combined assessment or undertake separate assessments for Council and water services. Separate assessments would enable different insurance limits to be set.

RECOMMENDATION **(Deputy Mayor Northcott/Cr Beccard)**

67/26 AR **THAT the Risk and Assurance Committee recommends the Council;**

a) Approves a reduction in the value of assets included within the material damage self-insurance portfolio by insuring the identified three water services assets and the Hāwera Administration Building; and

b) Approves an interim maximum fire loss limit of $105 million, based on the two highest-valued assets plus 20% buffer, TSB Hub valued at $53 million, the Kāpuni Water Treatment Plant valued at $35 million, and a $17 million buffer.

CARRIED

3.2 Review and Adoption of Updated Insurance Framework

The report introduced the Council's Insurance Framework which provides the policy basis for deciding which risks would be transferred through insurance, and which risks would be retained through self-insurance, deductibles, limits and other funding arrangements.

The Framework was scheduled for a three-yearly review. The updated Framework had been prepared to reflect changes in the insurance market, the Council's asset portfolio and the financial ring-fencing requirements applying to water services.

RECOMMENDATION **(Mayor Nixon/Cr Brokenshire)**

68/26 AR **THAT the Risk and Assurance Committee recommends the Council approves the updated Insurance Framework (version 3.0).**

CARRIED

4. Pūrongo-Whakamārama / Information Report

4.1 Quarterly Risk Management Status Update

The purpose of the report was to inform the Committee on the Council's strategic risks, managed by the Leadership Team, business risks with a high rating and general risk management activities.

Councillor Cleaver-Pittams asked what measures were being taken to mitigate the emerging risk in regard to building inspections. Ms Aitken referred to an update from Mr Dagg which outlined the work undertaken to date. This included a pilot programme of ward based inspections and remote inspections.

Regarding the risk associated with Simplifying Local Government, Ms Aitken advised that although central government had paused the Head Start process, the project team was meeting to identify work that could be progressed in the interim. She considered that the Council should continue advocating to neighbouring councils that an amalgamation of Stratford and South Taranaki district councils was the preferred option for their communities.

Mayor Nixon advised that he had drafted a letter to Ministers Watts and Bishop expressing the Council's disappointment. He noted that the Council and the community considered a two-unitary authority model for Taranaki to be the preferred option and would continue to advocate for that approach.

Ms Aitken identified the ongoing uncertainty for Council employees as a significant organisational risk. She noted that the changes introduced through the Local Government (System Improvements) Amendment Act 2026 also contributed to this uncertainty.

Mr Jones raised concerns about the potential impact of rates capping on Council services. He noted that the final approach could change following the election and that the Council was preparing its Long-Term Plan without supporting legislation being in place. Ms Aitken acknowledged this, however noted that the affordability of future rates increases, with or without a rates cap, also needed to be carefully considered.

Deputy Mayor Northcott noted that there was no certainty that the proposed rates-capping requirements would remain in place after the general election later this year.

RESOLUTION **(Deputy Mayor Northcott/Mayor Nixon)**

69/26 AR **THAT the Risk and Assurance Committee receives the Strategic Risk Review and Management Update report.**

CARRIED

4.2 Internal Audit Scope: Parking Enforcement and Revenue Collection

The three-year Internal Audit Plan was adopted by the Committee in August 2026. The Committee requested that the scope of each upcoming internal audit be presented to the Committee for its information prior to commencement. The next audit scheduled under the Internal Audit Plan was the Parking Enforcement and Revenue Collection Internal Audit.

Mayor Nixon left the meeting at 1.22 pm.

Deputy Mayor Northcott referred to the audit objective of the parking enforcement and revenue collection activities and asked how the matter would be monitored. Ms Aitken advised that the audit would assess whether the existing processes were fit for purpose.

Deputy Mayor Northcott referred to the audit review of key controls and asked whether a process would be established. Ms Dymond advised that the audit would review the current process and provide findings to inform any required changes.

Mayor Nixon returned to the meeting at 1.25 pm.

Ms Dymond advised that the audit would consider the relevant legislation, bylaws and policies. Ms Aitken clarified that the audit would assess the overall parking control function rather than its day-to-day operation.

Ms Dymond advised that the results of the project management internal audit were scheduled to be reported back to the Committee in November 2026. The parking control audit would cover the period from October to December 2026 and would be presented to the Committee in early 2027.

RESOLUTION **(Cr Beccard/Cr Brokenshire)**

70/26 AR **THAT the Risk and Assurance Committee receives the Proposed Internal Audit Scope: Parking Enforcement and Revenue Collection Information Report.**

CARRIED

4.3 Risk and Assurance Committee - Workplan

This report presented the Committee's Workplan for the 2026/27 calendar years. The Workplan outlined key reports, policy reviews and other scheduled activities that supported the Committee's oversight responsibilities.

Mayor Nixon requested that additional time be allocated to the November 2026 meeting due to the anticipated size of the agenda.

Mr Jones welcomed the updated format of the workplan, noting that it provided clear, one-page visibility.

RESOLUTION **(Deputy Mayor Northcott/Cr Beccard)**

71/26 AR **THAT the Risk and Assurance Committee receives the Workplan for the 2026/27 calendar year.**

CARRIED

4.4 Strategic Risk Review Report

The Leadership Team completed its scheduled review of the Council's strategic risks in accordance with the Risk Management Framework. Since the last report, two strategic risks had been reviewed: "Failure to deliver on Significant Projects and/or Critical Services" and "Significant disruption to Council's Essential Business Continuity and/or Lifeline Utilities.".

RESOLUTION **(Deputy Mayor Northcott/Cr Beccard)**

72/26 AR **THAT the Risk and Assurance Committee receives the Strategic Risk Review Report.**

CARRIED

4.5 South Taranaki Business Park Update Report

Regular updates were provided to the Committee regarding key assumptions associated with the South Taranaki Business Park (the Business Park). This included timing, cost, recovery of cost and risks. The report presented an update on project progress and outlined risks, consequences and mitigations.

Work had focused on recommencing projects paused over winter and progressing the designs for Glover Road and State Highway 3. New Zealand Transport Agency Waka Kotahi (NZTA) advised that auxiliary left-turn lanes were no longer supported, as they had not demonstrated measurable safety improvements. This decision reduced the project scope.

Drainage design issues and the relocation of power and other utilities were also being addressed. Updated costs would be confirmed once the designs had been completed and were expected to be less than $5 million.

Mayor Nixon noted that the revised approach would reduce costs and provide stormwater savings. He asked whether there were any health and safety implications. He also asked whether truck movements could be managed by directing northbound traffic through Kerry Road and southbound traffic through Fitzgerald Lane.

Mr Willson advised that anecdotal feedback had been received on how well the reduced speed limit was working. He noted that the design aligned with national safety standards and that NZTA was working with Council officers, providing confidence in the proposed approach. He confirmed that auxiliary turning lanes were no longer being considered. Traffic movements between State Highway 3, Houston Road, Kerry Road and Fitzgerald Road would be considered through the final design.

Deputy Mayor Northcott noted that the project budget had increased from $15.3 million to $28.4 million and asked why the additional $13 million had not been included in the original scope.

Mr Willson advised that the additional work had been identified approximately six weeks before the current Long-Term Plan was approved. It had been included in the project to support future demand through lower-cost and low-traffic routes.

Councillor Cleaver-Pittams asked who comprised the project control group and how the group supported the project. Mr Willson advised that there were three control groups, the project control group which comprised Council officers, a project manager, and developers and infrastructure providers, while the construction control group was comprised of Council officers, project managers, developers and contractors, and the governance group included a project director, project manager and members of the Council's Senior Leadership Team.

Councillor Cleaver-Pittams emphasised the importance of ensuring that viable options were provided to businesses. Mr Willson advised that the District Plan would provide further clarity and that the project was generally being considered from a strategic perspective.

Mr Jones referred to the Fitzgerald Road extension water components which stated that they would be delivered through a tender process and asked when progress was expected. Mr Willson advised that progress had been made and that the project had nearly reached completion before being paused over winter. A price had since been secured through the tender process.

Mayor Nixon asked how and if the Glover Road water main project was impacting the Business Park development.

Mr Denton advised that the water main would be completed before the road was widened, with both components forming part of the wider project. He advised that three pipes were located in the area and that the largest would be upsized.

RESOLUTION **(Deputy Mayor Northcott/Mayor Nixon)**

73/26 AR **THAT the Risk and Assurance Committee receives the South Taranaki Business Park Update Report.**

CARRIED

4.6 2027-2037 Long Term Plan Update

The report provided the Committee with an update on the development of the 2027-2037 Long Term Plan (LTP) and risks associated with delivering the LTP.

Mrs Wolland advised that development of the LTP remained on track and that the direction provided at the June and July Council workshops was being incorporated into the project. The project had progressed to the budget development stage, with activity managers scheduled to prepare their budgets over the following six weeks. She identified central government reform as the project's most significant risk.

Mr Jones asked about the risks associated with rates capping, noting that the full impact would remain unclear until the budgets had been prepared.

Mrs Wolland advised that affordability had been a key consideration throughout the Council's workshops.

Ms Aitken clarified that the Council's focus had not been on setting a rates cap but on determining what was affordable for the community.

Mr Jones asked about progress on the Financial Strategy. Mrs Wolland advised that it was under development and awaiting figures from the budgeting process. She noted that the project remained as controlled as possible, despite ongoing uncertainty arising from central government reform.

RESOLUTION **(Cr Beccard/Cr Cleaver-Pittams)**

74/26 AR **THAT the Risk and Assurance Committee receives the 2027-2037 Long Term Plan Update Report.**

CARRIED

4.7 Revenue and Financing Policy

The purpose of the report was to present the first draft of the proposed Revenue and Financing Policy for consideration by the Committee and to seek feedback prior to it being presented to the Policy and Strategy Committee.

Deputy Mayor Northcott asked whether the wellbeing provisions as part of the current purpose of Local Government were being removed following changes introduced by central government. Mrs Wolland confirmed this.

Deputy Mayor Northcott referred to the funding sources and asked whether endowment funds used for coastal structures should be included. Mrs Wolland confirmed that this would be clarified in the policy.

Councillor Beccard asked whether the private benefit associated with some isolated rural roads was being considered. Ms Aitken advised that the Council had not directed officers to investigate this matter. However, a targeted rate for forestry was being considered.

Councillor Beccard asked whether the Tangata Whenua Liaison Fund was being reviewed alongside proposed reductions to community funding. Ms Aitken advised that the Council had indicated that they were comfortable at this stage with the level of funding for both Tangata Whenua Liaison Fund or the Urupā Maintenance Fund.

Mayor Nixon left the meeting at 1.48 pm.

Mr Jones noted that changes arising from the System Improvements Act needed to be incorporated into the policy. Referring to section 101(3)(b), he emphasised the need to ensure that the policy reflected the new purpose of local government and its focus on core infrastructure.

Mayor Nixon returned to the meeting at 1.50 pm

Councillor Cleaver-Pittams asked whether the community outcomes should be replaced with measures that better reflected the revised purpose of local government, or whether they were required to align with that purpose. Mrs Wolland advised that councils could still determine what the community outcomes were for their district.

Councillor Cleaver-Pittams asked whether the policy provided sufficient flexibility to accommodate rates capping and changes to the Council's funding allocations.

Mrs Wolland advised that the budgeting process would identify the implications of the proposed funding allocations. Officers could then report those implications to the Council, enabling the relevant policies to be amended where necessary to ensure they remained fit for purpose.

Mr Jones expressed concern about including the proposed groups of activities in the policy. He noted that the proposed legislative requirements would require councils to group their activities but might not apply directly to the Revenue and Financing Policy. He recommended removing the groupings from the policy to avoid the need for further amendments once the legislative requirements were confirmed.

RESOLUTION **(Mr Jones/Cr Brokenshire)**

75/26 AR **THAT the Risk and Assurance Committee receives the Revenue and Financing Policy Report.**

CARRIED

5. Nga Whakataunga kia noho tūmataiti kore/Resolution to Exclude the Public

RESOLUTION **(Mayor Nixon /Cr Brokenshire)**

76/26 AR **THAT the public be excluded from the following parts of the proceedings of this meeting, namely:**

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Risk and Assurance Committee held on 24 August 2026	Good reason to withhold exists under Section 7.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in thew disclosure of information for which good reason for withholding exists. Section 48(1)(a)
2. Quarterly Cybersecurity Report		

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

Item No	Interest
1	Maintain the effective conduct of public affairs through the protection of members or officers or employees of the Council, and persons to whom Section 2(5) of the Local Government Official Information and Meetings Act 1987 applies in the course of their duty, from improper pressure or harassment (Schedule 7(2)(f)(ii)).
1	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s 7(2)(i)).
2	To prevent the disclosure or use of official information for improper gain or advantage (Schedule 7(2)(j)).

CARRIED

6. Tuwhera anō te Hui / Resume Open Meeting

RESOLUTION **(Mayor Nixon/Deputy Mayor Northcott)**

79/26 AR **THAT the Risk and Assurance Committee resumes in open meeting.**

CARRIED

The meeting concluded at 2.38 pm.

Dated this day of 2026.

…….
CHAIRPERSON

Pūrongo
Report

6

To	Risk and Assurance Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	16 November 2026
Subject	**Investment and Liability Management Policies – Review for the 2027-37 Long Term Plan**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Investment Policy and Liability Management Policy have been reviewed as part of the development of the 2027-37 Long Term Plan (LTP). The Local Government Act 2002 requires the Council to adopt these financial policies, and the policies must support prudent financial management and be consistent with the Council's long term financial planning.

2. The review updates the policies for current treasury practice, strengthens governance, controls and reporting, and aligns the treatment of investments, borrowing, liquidity and financial risk with the Council's forecast funding requirements. The policies will form part of the financial policy framework supporting the 2027-37 LTP. The Liability Management Policy review also addresses the outstanding internal audit recommendation relating to treasury risk management, risk assessment and governance responsibilities.

3. Both policies now expressly address the in-house business unit responsible for delivering Three Waters services. The changes maintain consolidated Council compliance with legislation, lender and Local Government Funding Agency (LGFA) requirements, while requiring water services balances, funding, liquidity, borrowing, interest-rate risk, income and costs to be separately identifiable and reported where appropriate for transparency and ring-fencing.

4. The Risk and Assurance Committee is asked to review the proposed policies and recommend that the Council adopt them for inclusion in, and to support, the 2027-37 LTP process.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee recommends the Council:

a) Adopts the Investment Policy and Liability Management Policy, subject to any amendments agreed through the Risk and Assurance Committee's consideration.

Kupu Whakamārama / Background

5. Sections 102 and 104 of the Local Government Act 2002 require a local authority to adopt a Liability Management Policy. Sections 102 and 105 require an Investment Policy. These policies set the Council's framework for borrowing, liquidity, interest-rate and credit risk, incidental arrangements, investment classes, acquisition and disposal, controls, delegations and reporting.

6. The Council is currently preparing its 2027-37 LTP. It is therefore timely to review the policies so that the assumptions, limits and control settings used in the LTP are supported by current and internally consistent policy settings.

7. The existing policies and recent treasury advice have been used as the starting point for the review. The proposed policies retain the Council's prudent approach while clarifying governance responsibilities, strengthening operational controls and updating provisions that no longer reflect current organisational arrangements or treasury practice.

8. The Council is also establishing an in-house business unit for Three Waters services. Although the Three Waters In-House Business Unit (IBU) remains part of the Council, transparent financial separation requires relevant water services investments, cash balances, internal funding, external debt, liquidity, interest-rate risk, income and costs to be separately identifiable. The proposed policies incorporate this requirement without fragmenting the Council's external compliance obligations.

Policy Review and Key changes

Investment Policy

9. The revised Investment Policy retains the Council's existing prudent approach to investment management while strengthening the overall governance, risk management and reporting framework. The key changes from the existing policy are summarised below and the revised policy is attached as Appendix 1.

Key area	Previous policy	Proposed change	Reason for change
Three Waters IBU	No specific recognition of the Three Waters IBU.	Defines the relationship between Council and the Three Waters IBU and provides for separate identification and reporting where appropriate.	Reflects the establishment of the Three Waters IBU and the need for transparent financial ring-fencing while recognising that the Three Waters IBU remains part of the Council.

Key area	Previous policy	Proposed change	Reason for change
Long Term Investment Fund (LTIF)	Existing provisions focused primarily on how the LTIF is managed and invested.	Clarifies the relationship between the Investment Policy, LTIF and Statement of Investment Policy and Objectives (SIPO).	Provides clearer governance and ensures investment decisions remain aligned with the long-term purpose and objectives of the Fund.
Governance and responsibilities	Responsibilities were included across the Policy but were not always clearly defined.	Clarifies the respective governance and management responsibilities for investment activities.	Strengthens accountability and oversight.
Treasury investment terms (reserves)	Treasury investments were restricted to a term of no more than three months, with no exception for reserve funds.	Allows money held for restricted and general reserves to be invested in bank term deposits of up to 12 months. Maturities must align with forecast cash flow and reserve requirements, and counterparty limits must still be met.	Lets reserve funds that are not needed in the short term earn a better return, while liquidity, credit risk and counterparty controls are maintained.
Investment and counterparty controls	Existing investment categories, limits and counterparty requirements reflected previous arrangements.	Updates and clarifies investment parameters and counterparty requirements.	Ensures controls remain appropriate for the Council's current investment activities and risk appetite.
Policy terminology and references	Some legislative references and terminology were outdated.	Updates legislative references, terminology and drafting.	Ensures the Policy reflects current requirements and is easier to interpret and administer.

Liability Management Policy

10. The revised Liability Management Policy retains the Council's existing prudent approach to borrowing and treasury management while strengthening the overall governance, risk management and reporting framework. The proposed changes provide greater clarity around the management of the Council's borrowing and treasury activities, including the Three Waters IBU arrangements, and address the outstanding internal audit recommendation relating to treasury risk management. The key changes from the existing Policy are summarised below and the revised policy is attached as Appendix 2.

Key area	Previous policy	Proposed change	Reason for change
Three Waters IBU	The Policy did not specifically provide for the Three Waters IBU.	Defines the relationship between Council and the Three Waters IBU. Water-related borrowing, funding costs and treasury exposures will be separately identified and reported, while external borrowing remains a Council obligation.	Supports financial ring-fencing and transparency while recognising that the Council remains the legal borrower.
Internal borrowing from LTIF	Internal borrowing was limited to 30% of the original principal value of the LTIF.	Internal borrowing is considered against the LTIF's current position, liquidity requirements, SIPO and long-term investment objectives, with the limit referenced to current market value.	Provides a more relevant and prudent basis for assessing the capacity of the LTIF to support internal borrowing.
Treasury risk management	The Policy addressed liquidity, funding, credit and interest-rate risks but did not clearly define the risks or their causes and consequences.	Introduces clear definitions of the principal treasury risks and identifies their potential causes and consequences.	Addresses the outstanding Internal Audit recommendation and strengthens the treasury risk-management framework.
Risk assessment	The Policy did not specifically require treasury risks to be assessed under Council's Risk Management Framework.	Requires material treasury risks to be assessed in accordance with Council's Risk Management Framework, including consideration of controls and residual risk.	Directly addresses the Internal Audit recommendation and aligns treasury risk management with the Council's wider risk-management approach.
Governance	The Policy did not contain a clear section setting out the responsibilities of key stakeholders.	Introduces a Governance section identifying the roles of Council, Risk and Assurance Committee, Chief Executive, Chief Financial Officer and Finance function.	Addresses the Internal Audit recommendation and provides clearer accountability for treasury management and oversight.

Key area	Previous policy	Proposed change	Reason for change
Borrowing and covenant compliance	Water and non-water activities were not separately considered.	Three Waters treasury positions will be separately identified and reported, while LGFA and lender covenant compliance continues to be assessed at the consolidated Council level.	Provides transparency without implying that the Three Waters IBU is a separate legal borrower.
Net debt per capita	Included a net debt per capita limit of $2,000.	Removes the net debt per capita limit while retaining the other debt ratios.	The remaining debt ratios provide sufficient information to assess the Council's debt position and affordability, making a separate per capita limit unnecessary. This approach is consistent with sector practice.
Liquidity and interest-rate management	Controls applied to the Council as a whole.	Provides for Water Services requirements and exposures to be separately identifiable while retaining consolidated Council oversight and compliance.	Supports ring-fencing while avoiding unnecessary duplication of treasury facilities and costs.
Treasury reporting	Reporting focused primarily on borrowing position and compliance with treasury limits.	Expands reporting to include Water Services and non-water positions, material treasury risks, compliance and exceptions.	Improves visibility for management, Risk and Assurance Committee and the Council.
Legislation and terminology	Included outdated references, including the previous Trustee Act provisions, and some legacy terminology.	Updates legislative references, governance terminology and drafting throughout the Policy.	Ensures the Policy is current, consistent and easier to administer.

Ngā Kōwhiringa / Options - Identification and analysis

Option One: Recommend adoption of the reviewed policies - preferred

11. This option would update the Council's Investment Policy and Liability Management Policy ahead of key decisions for the 2027-37 LTP. The reviewed policies provide clearer

governance, responsibilities, delegations, risk parameters, controls and reporting requirements, while incorporating appropriate arrangements for the Three Waters IBU within the Council's overall financial and treasury framework. While adoption will require the revised requirements to be implemented, communicated and monitored, these are considered appropriate and proportionate to the improved governance and financial oversight provided by the policies. For these reasons, this is the preferred option.

Option Two: Retain the existing policies

12. This option would retain the current Investment Policy and Liability Management Policy and would therefore require no immediate implementation or communication changes. However, the existing policies would not fully reflect the updated financial policy framework being developed for the 2027-37 LTP, current treasury governance and control arrangements, or the establishment and financial ring-fencing requirements of the Three Waters IBU. Retaining the existing policies could therefore result in less clarity around responsibilities, financial controls, internal funding arrangements and reporting. For these reasons, this option is not preferred.

Risks

13. The principal risks relate to ensuring that the Council's financial policies remain current and aligned with the 2027-37 LTP, that the treasury arrangements of the Three Waters IBU are clearly identifiable within the Council's consolidated financial framework, and that borrowing and investment activities remain within approved policy, delegation and covenant limits.

14. These risks are mitigated through timely review and adoption of the policies, clear delegations and financial limits, segregation of duties, separate identification and reconciliation of the IBU treasury positions, and regular monitoring and reporting. Policy breaches are subject to escalation, while the policies will continue to be monitored and formally reviewed at least every three years, or earlier where there is a material change in the Council's financial position, forecasts or market conditions. These controls are considered sufficient to reduce the identified risks to an acceptable level.

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments

Local Government Purpose

15. The proposed policies support prudent stewardship of public funds and intergenerational equity. They provide a framework for funding infrastructure and services, maintaining liquidity, protecting investment capital and managing financial risk in a disciplined and transparent manner

Assessment of Significance and Engagement

16. The level of significance has been assessed against the Council's Significance and Engagement Policy as follows:

Criteria	Measure	Assessment
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Medium - The policies apply across the Council and influence overall financial and treasury management, but do not directly change day-to-day service delivery.
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	Low - There is no direct change to levels of service. The policies support sustainable funding and continuity of services.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	Medium - Borrowing, investment and Three Waters financial arrangements are matters of public accountability and are likely to have a reasonable level of community interest.
Financial	The impact of the decision or proposal on the Council's overall budget or its inclusion in an approved Long Term Plan and the ability to carry out existing or proposed functions and activities now and in the future.	High - The policies govern potentially significant borrowing, investment and treasury exposures over time, even though individual commitments remain subject to budgets, delegations and Council approvals.
Reversible	The degree to which the decision or proposal is reversible.	Low - The policies can be amended by the Council in the future, subject to applicable statutory and LTP requirements.
Environment	The degree of impact the decision will have on the environment.	Low - The policy changes have no direct environmental impact, although prudent financing supports the delivery and renewal of infrastructure.

17. In terms of the Council's Significance and Engagement Policy, this matter is assessed as being of medium significance. The proposed Investment Policy and Liability Management Policy will be made available as supporting documents as part of the 2027-37 LTP process.

Legislative Considerations

18. The Local Government Act 2002 requires the Council to have an Investment Policy and a Liability Management Policy. Section 104 specifies matters to be addressed in the Liability Management Policy and section 105 specifies matters to be addressed in the Investment Policy. The policies must also be considered alongside the decision-making and financial

management requirements in Part 6 of the Act and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Financial/Budget Considerations

19. The policies establish the parameters within which the Council's forecast debt, liquidity, internal funding, investment and risk-management arrangements will be developed and managed through the 2027-37 LTP. Financial effects of specific proposals will continue to be considered through the LTP, Annual Plan, budget, delegation and Council approval processes.

Consistency with Plans/Policies

20. The proposed policies are intended to align with the 2027-37 LTP, Financial Strategy, Revenue and Financing Policy, LTIF Statement of Investment Policy and Objectives, Risk Management Framework, Delegations Register and relevant treasury procedures. Any consequential inconsistencies identified during finalisation of the LTP should be corrected before Council adoption.

Affected Parties Consultation

21. No affected parties have been identified in relation to the proposed policy changes. As part of the policy review process, Mercer reviewed the Investment Policy and PricewaterhouseCoopers (PwC) reviewed the Liability Management Policy, providing external advice and input into the respective policies.

Whakakapia / Conclusion

22. The reviewed Investment Policy and Liability Management Policy provide an updated statutory and governance framework for the Council's investments, borrowing, liquidity and treasury risks. They support development of the 2027-37 LTP, strengthen controls and reporting, and provide for transparent treatment of the Three Waters IBU while preserving consolidated Council compliance. The Risk and Assurance Committee should recommend the policies to the Council for adoption.

Vipul Mehta
Pouhautū Āheinga Pakihi / Head of Business Enablement

[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

Appendices:
Appendix 1 - Investment Policy - DRAFT 2026-04-15.docx
Appendix 2 - Liability Management Policy - PwC Edits.docx

Appendix 1

Investment Policy

Sections 102(2) and 105 of the Local Government Act 2002 require the Council to have an investment policy that sets out how it manages its:

- Mix of investments;
- Acquisition of new investments;
- The procedures for managing and reporting on investments; and
- How investment risks are assessed and managed.

Scope and application

This Policy applies to all investments and treasury activities of South Taranaki District Council, including those attributed to Council's in-house business unit responsible for delivering three waters services (IBU). Unless specifically stated otherwise, the requirements of this Policy apply consistently across Council activities. Where necessary to support the financial transparency and ring-fencing of Three Waters activities, investments, internal funding arrangements, cash balances, associated income and costs must be separately identified and reported for the IBU.

General Policy

The Council recognises its fiduciary responsibility as a public authority, and that delivery of Council services is impacted by the amount of funding it may receive. The Council must ensure that its financial position is not eroded and must maintain strong governance oversight of its strategic investments.

The Council will continue to manage its investments in line with this Investment Policy and its Risk Management Framework. The Council has a low appetite for risks that negatively impact on its core financial business and accepts a moderate risk for commercial opportunities, as identified in its Risk Management Framework.

In recognition of its custodial responsibility, the Council reviews the performance and purpose of all investments annually. In making investment decisions, Council will act prudently and exercise appropriate care, diligence, and skill. Where Council acts as a trustee or invests funds on behalf of others, it will also have regard to the applicable requirements of the Trust Act 2019.

Council approves this Policy, the permitted investment classes and limits, and any material acquisition, disposal or departure from this Policy. The Chief Executive has overall responsibility for ensuring compliance. The Finance Manager is responsible for day-to-day treasury and investment management, monitoring counterparty and liquidity limits, maintaining appropriate records and controls, and reporting performance and compliance. These responsibilities are undertaken under the oversight of the Head of Business Enablement to Council overseen by the Head of Business Enablement. All transactions must be undertaken within Council's approved delegations.

Application to the In-house Business Unit

The Council's in-house business unit responsible for delivering Three Waters services forms part of Council and is therefore subject to this Policy. Council may manage cash and investments on a consolidated basis where this is operationally efficient, provided the underlying financial position of the IBU remains separately identifiable where required for financial reporting, transparency and ring-fencing purposes.

Investment income, internal borrowing, interest charges, reserves, cash balances and related treasury costs attributable to the IBU must be separately identified and attributed where appropriate. Internal funding and investment arrangements must be administered in a manner that enables the financial performance, funding and financial position of Three Waters activities to be clearly identified within Council's financial records.

Investments

The Council may hold investments including equity, forestry, property, internal loans, and other treasury financial investments (excluding digital currency). These investments are separate from the Long Term Investment Fund (LTIF) and this Policy excludes management of the LTIF, which is monitored and reviewed under a separate Council approved Statement of Investment Policy and Objectives.

When evaluating material new investments or reviewing existing investments, the Council will consider financial return and risk together with environmental, social, governance and reputational factors relevant to the investment and Council's strategic objectives. These considerations do not override the Council's primary objectives of protecting capital, maintaining liquidity and complying with statutory obligations.

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

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

The Council recognises that as a responsible public authority, all investments held should be considered for appropriate risk. It recognises that low risk investments generally mean lower returns.

The Council will keep under review its approach to all major investments and the credit rating of approved financial institutions. This Policy will be reviewed at least once every three years and earlier where there is a material change in legislation, Council's financial strategy or risk appetite, the structure or financial arrangements of the IBU, investment markets, credit conditions, Council's investment portfolio, or applicable treasury practices. Counterparty limits and named exceptions will be reviewed at least annually.

Long Term Investment Fund (LTIF)

The LTIF is managed in line with a separate Statement of Investment Policy and Objectives (SIPO) document. External fund managers are appointed to operate the portfolio according to the investment guidelines outlined in the SIPO.

The Council is responsible for:

- Setting the Fund's Investment Strategy, including the level of risk and investment performance objectives, and investment policies after taking advice from the Investment Consultant.
- Determining the appropriate number of investment managers, and selecting and changing those managers as appropriate after having taken advice from the Investment Consultant.

- Monitoring the performance of the investment managers compared to market indices and similar funds, using reporting and advice from the Investment Consultant.
- Reviewing the SIPO annually, including the Investment Strategy, policies, and manager configuration, and instructions to the managers and the Investment Consultant.
- Ensuring that the level of redemptions from the Fund is consistent with the Fund's objective to maintain equity, in terms of amounts available for distribution, between present and future generations.
- Providing cash flow information to the Investment Consultant with respect to future deposits and redemptions.
- Appointing the Investment Consultant.

Financial instruments and credit restrictions for funds under management in the LTIF are separate to that within this Investment Policy and are set out in the Council approved SIPO.

Objectives
The Council's primary investment objective is the protection of its investment capital. Accordingly, only approved creditworthy counterparties are acceptable. The Council will act effectively and appropriately to:

- Protect its investments.
- Ensure the investments benefit the ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and reasonable unforeseen cash requirements.

Equity Investments:
Equity investments consist of the Council holding common stock (ordinary shares) in companies including investments held in CCO's/CCTO's and other shareholdings. The ownership of equity investments usually involves the receipt of dividends (or a proportionate share of the profits). Equity investments can be sold at any time at a market price. The Council's approval (and public consultation where appropriate) is required to purchase or dispose of any significant parcels of equity holdings. All income from the equity investments, including dividends, is included in general revenue.

Lending mechanisms to council-controlled organisations and council-controlled trading organisations

To better achieve its strategic and commercial objectives, the Council may provide financial support in the form of debt funding directly or indirectly to CCO's/CCTO's. Guarantees of financial indebtedness to CCO's/CCTO's are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any lending arrangement (direct or indirect) to a CCO or CCTO must be approved by the Council. In recommending an arrangement for approval the Head of Business Enablement considers the following:

- The credit risk profile of the borrowing entity, and the ability to repay the interest and principal amount outstanding on the due date.
- The impact on the Council's credit standing and rating, debt cap amount (where applied), lending covenants with the Local Government Funding Agency (LGFA) and other lenders, and the Council's future borrowing capacity.
- The form and quality of security arrangements provided.
- The lending rate, given factors such as CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, and term.
- Accounting and taxation impacts of on-lending arrangements.

- Lending arrangements to the CCO or CCTO must be documented on a commercial arms' length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date must be agreed between the parties.

All lending arrangements must be executed under legal documentation (for example, a loan agreement) reviewed by Council's independent legal counsel and approved by the Council.

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

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

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

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA. Approved LGFA investments include commercial paper/bills, secured bonds or borrower notes.

Forestry Investments:
The Council may accrue carbon credits under the NZ Emissions Trading Scheme using carbon credits sequestered from planting mixed native forests on Council land through the district. It will monitor its forestry investment with regular reporting to the Risk and Assurance Committee, including annual audited financial and carbon credit statements. Any purchase or disposal of these investments requires Council approval.

Property Investments:

Property investments include land, buildings, a portfolio of ground leases and land held for development.

The Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, the Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary Council output. The Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements that could deliver the same results.

This assessment is based on the most financially viable method of achieving the delivery of Council services. The Council follows similar assessment criteria in relation to new property investments. Any purchase or disposal of these investments requires Council approval.

Treasury Financial Investments:

Treasury financial investments for cash/liquidity management purposes involve the Council acquiring financial products, such as bank call and term deposits, bank registered certificates of deposits, and bank bills of terms no greater than three months. The Council maintains financial investments for the following primary reasons:

- To invest surplus funds from its normal business activities; and
- To invest funds allocated for specific future expenditure, strategic initiatives or to support intergenerational allocations.

The Council's primary objective is to preserve the capital value of investments. Accordingly, investment is restricted to creditworthy institutions (counterparties) that must have a minimum short-term credit rating of A-1 and a long-term credit rating of A from Standard & Poor's (or equivalent) (see the Counterparty Exposure Limits in the Appendix). Within the above credit constraints, the Council seeks to:

- Protect its capital investment
- Ensure investments are liquid
- Diversify the mix of financial investments
- Optimise investment return
- Manage potential capital losses due to interest rate movements, for example, if investments need to be liquidated before maturity

The following principles capture the objectives outlined above and form the key assumptions of the operating parameters contained in Counterparty Exposure Limits:

- Credit risk is minimised by placing maximum limits for each broad class of non-government issuer and by limiting investments to the LGFA and registered banks within prescribed limits.
    - Liquidity risk is minimised by matching maturity terms to future expenditure requirements and ensuring that all investments are capable of being liquidated. Treasury Investments are restricted to a term of no more than three months.
- The Council's Treasury Financial Investments are structured to provide sufficient funds to meet its cash flow and capital expenditure obligations as they fall due.

The Council reviews performance of these investments regularly. Counterparty limits for cash/liquidity management are set out in Appendix 1. These risks are managed in accordance with the Investment Policy.

Approved financial instruments are as follows:

Category	Instrument
Investments	Bank deposits Bank certificates of deposit LGFA securities and borrower notes

Internal Borrowing

The Council may fund activities through internal borrowing from unrestricted reserve funds managed under this Policy. Any borrowing from, or redemption of investments held in, the LTIF must also comply with the LTIF SIPO, approved distribution and liquidity settings, and any specific Council approval requirements.

The treasury function may recommend the use of internal borrowing after considering the comparative cost of internal and external funding, expected investment returns, Council's current and forecast liquidity, external debt headroom and covenant compliance, the term and repayment profile of the borrowing, intergenerational equity, and the effect on the availability and purpose of reserves. Internal borrowing relating to the IHBU must be separately recorded and reported.

The interest cost will be set with reference to margins on external borrowing. Internal borrowing will be restricted to 30% of the current value (as at 30 June 2026) of the LTIF (capped to a maximum internal borrowing of $45m).

Actual rates of interest charged for internal borrowing will be approved as part of the Long Term Plan process and charged annually in arrears at the weighted average cost of external borrowing (including credit margin and other related costs).

Acquisition and Disposal of Investments

With the exception of Treasury Financial Investments, a new investment may only be acquired with Council approval following advice and recommendations from Council officers. Before approval, Council must consider the investment's contribution to strategic objectives, expected financial and non-financial benefits, whole-of-life costs, liquidity and exit options, legal and tax implications, financial, operational and reputational risks, the effect on debt and liquidity capacity. The authority to acquire Treasury Financial Investments is delegated to the Head of Business Enablement within the approved instruments, counterparty limits and delegations set out in this Policy.

Proceeds from the sale of assets or investments will, in the first instance, be used to repay outstanding borrowings unless otherwise specifically authorised by the Council or as required by legislation.

Transaction and Holding Arrangements

Investment transactions must be subject to appropriate segregation of duties, including separate authority for dealing, confirmation, settlement and accounting. Transactions must be supported by documented approvals, independently confirmed with the counterparty, recorded promptly and reconciled to bank, registry and general ledger records. Access to banking and treasury systems must be restricted to authorised personnel and reviewed regularly. Actual or suspected breaches, errors or unauthorised transactions must be escalated promptly to the Head of Business Enablement and Chief Executive and reported to Council where material.

General investments are normally held to maturity date. Where investments are liquidated prior to maturity, approval is obtained from the Chief Executive.

All deliverable or bearer certificates of investments (for example, bank bills) are held with the Council's dealing bank. The LGFA instruments are managed through various Registries. The Council receives notice of the stocks transferred into its name from those Registries.

Cash Management

Cash management relating to general investments must comply with the Liability Management Policy and this Investment Policy. The Council must maintain sufficient immediately available liquidity and an appropriate cash buffer to meet planned and reasonably foreseeable obligations. The daily cash position must be monitored through the Daily Cash Position Report, and medium- and long-term liquidity must be monitored through rolling cash flow forecasts. Investment maturities must be aligned with forecast cash flow requirements, with material variances and liquidity risks reported to the Head of Business Enablement.

Reporting Procedures

The Finance Manager reports to Council quarterly on all investments to confirm that strategic objectives are being met. Quarterly reports must include, as applicable, investment balances and returns, performance against relevant benchmarks, counterparty exposures, liquidity, compliance with this Policy and approved limits, any breaches or exceptions, and separate identification of material IBU balances and transactions. Reporting for the LTIF is managed in accordance with the SIPO.

Departures from Policy

Council may approve a departure from this Policy only by resolution and where it is satisfied that the departure is lawful, prudent and supports Council's strategic, social or other policy objectives. The report and resolution must identify the provision being departed from, the reasons for the departure, the financial and non-financial risks, proposed mitigations, the period for which the departure applies,

and any additional monitoring or reporting requirements. A departure must not be used to avoid statutory obligations or approved financial prudence requirements.

Appendix I: Limits

Counterparty Exposure Limits

The Council minimises its credit exposure by:

- Transacting with entities that have a short-term and long-term credit rating from Standard & Poor's (or equivalent) of at least A-1 and A, respectively.
- Limiting total exposure to prescribed amounts.
- Ensuring investments are liquid.
- Monthly monitoring of compliance against set limits.

Approved Limits

Institution	Minimum S&P Short Term Credit Rating	Minimum S&P Long Term Credit Rating	Total Exposure Limit for each Counterparty (Approved Financial Instruments)
Local Government Funding Agency	A-1	AA-	$15 million
Registered Bank - on balance sheet exposures	A-1	A	$20 million
TSB Bank*	A-2	BBB+	$15 million

Note, these limits are mirrored in the Liability Management Policy. They are not in addition to the limits in that policy.

In determining the usage of the above gross limits, the product weightings that will be used are Investments (for example, bank deposits) – Transaction Principal x Weighting 100% (unless a legal right of set-off exists).

The limit for the Council's transactional banker excludes any balance in the current account. Council approval is required for any alterations to these limits.

If a counterparty's credit rating falls below the minimum specified in the table, no new exposure may be entered into. The Head of Business Enablement must promptly assess the credit risk, liquidity implications, maturity profile and potential costs of early termination, and take prudent steps to reduce or eliminate the exposure. The downgrade, assessment and proposed response must be reported to the Chief Executive and included in the next report to Council, or reported earlier where the exposure is material.

***TSB Bank**
The TSB Bank is currently credit rated by S&P short-term A-2 and long-term BBB+ (stable).

The Council specifically approves TSB Bank as an exception to the minimum credit-rating criteria, with a counterparty exposure limit of $15 million for cash management purposes. The Head of Business Enablement must monitor TSB Bank's credit rating and outlook and report these to Council through regular investment reporting. The exception and exposure limit must be reviewed at least annually and sooner if the credit rating or outlook deteriorates materially.

Appendix 2

Liability Management Policy

Purpose

Under Section 102 of the Local Government Act 2002, a local authority must adopt a Liability Management Policy. Section 104 of the Act outlines the contents of such a Policy.

The Policy is to be consistent with the Long Term Plan (LTP) and Annual Plan. The formalisation of such policies and procedures will enable treasury risks within the Council to be prudently managed.

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

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

The Water Services In-house Business Unit (IBU) and Council activities excluding three waters will be managed against consistent funding, liquidity and interest-rate risk-control parameters. Each portfolio will be separately identified, monitored and reported, with the consolidated Council position representing the primary basis for external LGFA and lender covenant compliance.

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

Treasury Management Objectives

Statutory objectives

All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.

The Council is governed by the following relevant legislation:

- Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105.
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trustee Act 2019, when acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

- All projected external borrowings are to be approved by the Council as part of the Annual Plan or the Long Term Planning (LTP) process, Water Services Strategy, or resolution of the Council before the borrowing takes effect.
- All legal documentation in respect to external borrowing and financial instruments will be approved by the Council's legal counsel prior to the transaction being executed.
- The Council will not enter into any borrowings denominated in a foreign currency.
- The Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by the Council itself.

A resolution of the Council is not required for hire purchase, credit or deferred purchase of goods if:

  - The period of indebtedness is less than 91 days (including rollovers); or
  - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of the Council.

General objectives

- Minimise the Council's costs and risks in the management of its external borrowings.
- Minimise the Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect the Council's financial assets and manage costs.
- Arrange and structure external long term funding for the Council at acceptable margins and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of the Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Maintain appropriate liquidity levels and manage cash flows within the Council to meet known and reasonable unforeseen funding requirements.
- Minimise exposure to credit risk by dealing with credit worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To ensure adequate internal controls exist to protect the Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, LGFA, credit rating agencies and investment counterparties.

Treasury Risk Management

The Council is exposed to a range of treasury risks arising from its borrowing, funding, investment and financial-market activities. These risks will be identified, assessed, managed, monitored and reported in accordance with this Policy and the Council's Risk Management Framework.

The principal treasury risks are:

Liquidity risk is the risk that the Council does not have sufficient cash or committed funding available to meet its financial obligations when they fall due. This may arise from timing differences between receipts and payments, unexpected expenditure, delayed revenue or insufficient available funding.

The potential consequences include increased borrowing costs, disruption to Council activities and inability to meet financial obligations when due.

Funding and refinancing risk is the risk that the Council cannot raise new funding or refinance existing debt when required, or can only do so on unfavourable terms. This may arise from concentrated debt maturities, disruption to financial markets, changes in lender appetite or deterioration in the Council's financial position. The potential consequences include higher borrowing costs, reduced financial flexibility and difficulty refinancing maturing debt.

Interest-rate risk is the risk that changes in market interest rates adversely affect the Council's borrowing costs and financial position. This may arise from excessive exposure to floating interest rates, concentration of fixed-rate maturities or significant changes in market interest rates. The potential consequences include increased debt-servicing costs, budget variances and increased funding requirements.

Counterparty credit risk is the risk of financial loss arising from a counterparty failing to meet its contractual obligations to the Council. This may arise from counterparty default, deterioration in credit quality or excessive concentration with an individual counterparty. The potential consequences include financial loss, increased liquidity requirements and additional financing costs.

Foreign-exchange risk is the risk that movements in exchange rates adversely affect the New Zealand dollar cost of foreign-currency-denominated expenditure. This may arise from purchases of imported equipment, assets or services. The potential consequences include increased project or operating costs and budget variances.

Operational treasury risk is the risk of loss resulting from human error, fraud, system failure or inadequate processes and controls. The potential consequences include financial loss, inaccurate reporting, unauthorised transactions and non-compliance with this Policy or external borrowing requirements.

Treasury Risk Assessment

The Council's material treasury risks will be assessed in accordance with the Council's Risk Management Framework.

The assessment will consider the likelihood and potential consequences of each risk, the effectiveness of existing controls and the resulting residual risk. Where a material treasury risk is outside the Council's approved risk appetite or tolerance, appropriate additional treatment will be identified and implemented.

Treasury risks will be formally reviewed at least annually and when there is a material change in the Council's borrowing, funding, liquidity or treasury risk profile.

Where appropriate, treasury risk assessments will consider the Water Services IBU, Council activities excluding Water Services and the consolidated Council position.

Governance

Council

The Council is responsible for:

- Approving the Liability Management Policy and material amendments.
- Approving borrowing through the Long Term Plan, Annual Plan or specific Council resolution.
- Approving material exceptions to this Policy.
- Setting the Council's overall treasury risk limits.
- Maintaining overall governance oversight of Council borrowing and treasury activities.

Risk and Assurance Committee

The Risk and Assurance Committee is responsible for:

- Monitoring the effectiveness of Council's treasury risk-management framework.
- Receiving and reviewing treasury reporting.
- Monitoring compliance with this Policy and its risk-control limits.
- Reviewing material treasury risks, breaches and exceptions.
- Providing assurance and recommendations to Council as appropriate.

Chief Executive

The Chief Executive is responsible for ensuring appropriate organisational arrangements, delegations and internal controls are maintained to support compliance with this Policy and for ensuring material treasury matters are appropriately escalated.

Head of Business Enablement

The Head of Business Enablement is responsible for:

- Overseeing the implementation and operation of this Policy.
- Overseeing the development and implementation of funding, liquidity and interest-rate risk-management strategies.
- Ensuring treasury risks are appropriately managed in accordance with Council's Risk Management Framework.
- Overseeing compliance with policy limits and external borrowing covenants.
- Ensuring the Water Services IBU and Council activities excluding Water Services are separately identified and appropriately reported.
- Reviewing treasury performance, risk and compliance.
- Reporting treasury performance and compliance to the Risk and Assurance Committee and Council.

Finance Manager

The Finance Manager is responsible for the day-to-day implementation, management and administration of treasury activities, including:

- Managing day-to-day cash flows and liquidity requirements.
- Implementing approved funding, liquidity and interest-rate risk-management strategies.
- Monitoring debt, investment and interest-rate instrument maturities.
- Monitoring compliance with policy limits, external borrowing covenants, counterparty limits and liquidity requirements.
- Maintaining appropriate treasury records, reconciliations and internal controls.
- Approving treasury transactions within delegated authority and in accordance with this Policy.

- Maintaining the separate identification and reporting of Water Services IBU and Council activities excluding Water Services.
- Preparing treasury performance, risk and compliance reporting for review by the Head of Business Enablement.

General Borrowing
The Council may borrow to fund capital works providing assets where:

- The benefits of such expenditure are received over terms greater than one financial year.
- The time of the borrowing would be related to the expected economic life of the assets purchased or created.

External borrowings will generally be utilised for longer-term funding requirements.

Internal Borrowing
The Council has the ability to fund internally by way of borrowing from its Long Term Investment Fund (LTIF), and available unrestricted reserve funds which is managed by the Council's Investment Policy.

Borrowing from the LTIF will be restricted to liquid assets within the LTIF or funds which are due to be transferred to the LTIF for example sale of assets. The decision to utilise funds for internal borrowing will be made by the treasury function based on a cost/benefit analysis of expected returns on the investment versus costs of borrowing and the liquidity position of the Council.

The interest cost will be set with reference to margins on external borrowing. Internal borrowing will be restricted to 30% of the current market value unless otherwise specifically approved by Council.

Actual rates of interest charged for internal borrowing will be approved as part of Long Term Plan process and charged annually in arrears at the weighted average cost of external borrowing (includes credit margins and other related costs). An appropriate level of principal repayments would also be funded.

External Borrowing
The preference for the Council is to utilise borrowing from external sources rather than by internal means.

The Council is able to externally borrow through a variety of market mechanisms, including the issue of loan stock/bonds, commercial paper, debentures, LGFA and direct bank borrowing or through accessing the wholesale capital markets and retail debt capital markets directly or indirectly.

Finance lease and credit lines may be used, but to a lesser extent. These funding mechanisms are evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Before accessing any term borrowing, whether it is external or internal, the treasury function must firstly evaluate the Council's ability to fund loans from existing internal reserves. This will take account of:

- The size and the economic life of the project or asset.
- The impact of the new external borrowing on the borrowing limits.
- Relevant margins and total cost under each borrowing source.
- The Council's overall debt maturity profile, to ensure concentration of debt is avoided at refinancing/reissue/rollover time.

- Prevailing interest rates and credit margins relative to term, for both commercial paper, loan stock issuance, LGFA and bank borrowing and management's view of future interest rate and credit margin movements.
- Available term from banks, LGFA, debt capital markets.
- Legal documentation and financial covenants together with security and credit rating considerations.
- Internal versus external borrowing

The Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet as well as its ability to rate, manage its image in the market and its relationship with its investors, LGFA, financial institutions/brokers, and maintain a long-term credit rating of at least A.

New Zealand Local Government Funding Agency Limited

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

(a) Contribute a portion of its borrowings (5%) back to the LGFA as an equity contribution to the LGFA in the form of borrower notes;
(b) Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
(c) Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
(d) Subscribe for shares and uncalled capital in the LGFA; and
(e) Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

Borrowing Limits

In managing external core borrowing, the Council adheres to the following limits:

- Net External Debt as percentage of total income ratio of not more than 150%. Net External Debt refers to external debt, less any available cash or cash equivalent treasury investments.

  Net Interest Expense all external borrowings as a percentage of total annual income of not more than 15%.

- Net Interest Expense of all external borrowings as a percentage of total annual rates income of not more than 25%.

- Liquidity Ratio; external term debt plus unutilised committed bank loan facilities plus available liquid cash/cash equivalents maintained at an amount of at least 110% over existing external debt. The liquidity ratio excludes investments of the Long Term Investment Fund.

Definitions:

Net external debt is defined as total external debt less liquid financial assets and liquid investments. External debt that is specifically borrowed for on-lending to a CCO/CCTO is netted (if consistent with LGFA covenant testing practice), with the corresponding loan asset.

Net interest expense is defined as gross external interest expense less any allocated surplus income from the LTIF. The rationale for this is that the Council has decided to have debt and core long-term investments. If the Council did not have a long-term investment external debt would be significantly reduced therefore from a longer-term sustainable approach income from LTIF should be offset against the external interest expense of all external borrowings.

Total annual income includes general rates, targeted rates, user charges and fees, subsidies and grants, sundries, interest income, dividends and capital contributions. This excludes non-government capital contributions from income, and government contributions netted from debt but excluded from revenues.

Total annual rates income includes general and targeted rates. This includes any rating activity authorised by the Local Government (Rating) Act 2002.

For the purposes of calculating the Liquidity ratio, **liquid cash/cash equivalents** are defined as:

- Overnight bank cash deposits
- Wholesale/retail bank term deposits no greater than 30 days
- Bank issued RCD's less than 181 days

Debt Repayment

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

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

Loan Arrangements

From time to time the Council enters into arrangements to develop assets in conjunction with/for the benefit of individuals, corporations or industries. The preference is for those counterparties to contribute for their share of these projects immediately or directly in line with the costs incurred. Where it is not viable for the third party to meet its commitments the Council may fund the third parties costs by way of loan subject to the following criteria:

- The third party would meet the investment policy criteria for the Council to invest in it; or
- A suitable credit review and the Council approval has been obtained.

AND

- Overall lending to third parties does not exceed $5,000,000;
- Appropriate security is obtained where possible and practicable;
- The term does not exceed three years.

The Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable to the CCO or CCTO than those that would apply if the Council were borrowing the money or obtaining the financial accommodation.

Borrowing mechanisms to council controlled organisations and council controlled trading organisations

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of:

- Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.
- Debt funding directly or indirectly to CCO/CCTO's.

Any financial support or lending arrangement (direct or indirect) to a CCO or CCTO must be approved by Council. In recommending an arrangement for approval the Chief Financial Officer considers the following:

- Financial and credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- Impact on Council's credit standing and rating, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided.
- The guarantee fee or lending rate given factors such as; CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Financial support and lending arrangements to the CCO or CCTO must be documented on a commercial arms' length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.
- Accounting and taxation impact of the financial support and on-lending arrangement.
-

All financial support and lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed by Council's independent legal counsel and approved by Council.

Liquidity, Funding and Credit Risk Management

Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of the Council's funding risks are important to mitigate any adverse movement in borrowing margins, term availability and general flexibility.

Where possible, the Council seeks a diversified pool of borrowing and ensures that bank borrowings are only sought from strongly rated New Zealand registered banks. Strongly credit rated banks have a short-term and long-term credit rating from Standard & Poors (or equivalent) of at least A-1 and A respectively. The Council minimises its liquidity risk by:

- Matching expenditure closely to its revenue streams and managing cashflow timing differences through its committed bank facilities
- Maintaining cash management through liquid cash/cash equivalent instruments and unutilised committed bank facility amounts; and
- Avoiding concentration of debt maturity dates (refer below).

To ensure funds are available when needed the Council ensures that:

- There is sufficient available operating cashflow and committed bank facilities to meet cashflow requirements between rates instalments as determined by the Chief Financial Officer.

- Committed liquidity facilities will be sized having regard to the respective liquidity requirements of the IBU, and Council activities (ex three waters), such that separate portfolio arrangements do not result in unnecessary duplication of liquidity capacity or cost.
- External term debt plus unutilised portion of committed bank loan facilities plus available liquid cash/cash equivalents are maintained at an amount greater than 110% over existing external debt.
- The liquidity ratio excludes investments of the LTIF and funds on deposit in conjunction with pre-funding activity.
- Liquid cash /cash equivalent financial investments are available investments which have a maturity of no more than 30 days; and
- The Council has the ability to pre-fund up to 18 months of the forecast debt requirements including re-financings. Re-financing that have been pre-funded, will remain included within the funding maturity profile until their maturity date.

To minimise the risk of large concentrations of external debt maturing or being reissued in periods where credit may be scarce or credit margins are high for reasons within or beyond the Council's control, delegated debt maturities are generally spread widely over a band of maturities. Specifically, total committed funding in respect to all loans and committed facilities is controlled by the following system:

Period	**Minimum %**	**Maximum %**
1 to 3 years	15	60
3 to 7 years	25	85
7 years plus	***0***	***60***

- A funding maturity profile that is outside above limits, but self corrects within 90 days is not in breach of this policy. However, maintaining a maturity profile outside of these limits beyond 90 days requires specific approval by Council.

The Water Services IBU and Council activities excluding water will be managed separately. However, policy and external LGFA and lender covenant compliance will be assessed on the consolidated Council position. Accordingly, all funding decisions relating to either the Water Services IBU or Council activities excluding water must consider the impact on the consolidated Council position. Interest Rate Risk Management

The Council's external borrowing gives rise to a direct exposure to interest rate movements. Generally, given the long term nature of the Council's assets, projects and intergenerational factors and the Council's preference to avoid an adverse impact on rates, there is at least a minimum percentage of long term fixed rate or hedged debt that must be at a fixed rate. Furthermore, that fixed rate/hedged debt must be spread over a range of maturities to minimise interest rate re-pricing risk.

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast gross external debt should be within the following fixed/floating interest rate risk control limits.

Forecast gross external debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are

changed (signed off by the Chief Financial Officer or equivalent), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the policy minimum and maximum limits.

Debt interest Rate Policy Parameters (calculated on a rolling monthly basis)

Debt Ending	Period	Debt Amount	Minimum Fixed	Maximum Fixed
Year 1			40%	90%
Year 2			35%	85%
Year 3			30%	80%
Year 4			25%	75%
Year 5			10%	70%
Year 6			0%	65%
Year 7			0%	60%
Year 8			0%	50%
Year 9			0%	50%
Year 10			0%	50%
Year 11 plus			0%	25%

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

Water services are delivered through an internal business unit and, interest rate risks associated with water-related debt are to be separately identified and managed from Council's non-water debt. Water-related interest rate exposures and associated hedging will be separately reported and managed through distinct water and non-water portfolios. All interest rate risk management decisions relating to either the Water Services IBU or Council activities excluding water must consider the impact on the consolidated Council position before transacting (to avoid non-compliance at the consolidated level).

"Fixed Rate" is defined as all known interest rate obligations on forecast gross external debt, including where hedging instruments have fixed movements in the applicable reset rate.
"Floating Rate" is defined as any interest rate obligation subject to movements in the applicable reset rate.

Pre-hedging in advance of projected physical drawdowns of new debt is allowed.

Fixed interest rate percentages are calculated monthly by the Chief Financial Officer based on the average amount of fixed interest rate obligations relative to the average forecast gross external debt amounts for the given period (as defined in the table above).

Any fixed rate hedge with a maturity beyond the maximum LGFA bond maturity must be approved by Council.

Approved financial instruments are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft

	Committed/uncommitted cash advance and bank accepted bill facilities (short term and long term loan facilities) Committed standby facilities where offered by the LGFA bond issuance ▪ Floating Rate Note (FRN) ▪ Fixed Rate Note (MTN)Commercial paper (CP)/Promissory notesForward starting committed debt with the LGFA ▪ LGFA standby facility ▪ LGFA working capital facility
Investments	LGFA borrower notes
Interest rate risk management	Forward rate agreements (“FRAs”) on: ▪ Bank bills Interest rate swaps/collars including: ▪ Forward start swaps/collars. Start date <36 months, unless linked to existing maturing swaps/collars ▪ Swap extensions and shortenings Interest rate options on: ▪ Bank bills (purchased caps and one for one collars) ▪ Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	▪ Spot foreign exchange ▪ Foreign exchange deposits ▪ Forward exchange contracts (including par forwards) ▪ Purchased foreign exchange options ▪ One for one collars

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, the sold option can be closed out by itself (i.e. repurchased). The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Purchased borrower swaptions mature within 18 months.

- Forward start period on swaps and collar strategies to be no more than 36 months, and the underlying cap or swap starts within this period, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.
- Interest rate options with a maturity date beyond 18 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- Buying and selling of financial futures is not permitted, primarily due to the administrative burden and the ready availability of other more tailored risk management products.

Foreign Exchange Risk Recognition

From time to time the Council may have foreign exchange exposure through the occasional purchase of foreign currency denominated plant, equipment and services. The defining principles for recognising the respective foreign exchange risk that the Council may incur are as follows:

- Capital and operational expenditure: Imported items/services. The Council is exposed to foreign exchange risk on both imported capital expenditure and operational items or services
- Contingent risk: This applies from the time the capital expenditure or operational expenditure budget is approved to the time expenditure on specific items is approved during the course of the year. This also includes the time from specific approvals to the time contracts are finalised; and
- Full risk: at the time the expenditure is approved and legal commitments are made.

Foreign Exchange Risk Control limits

Capital and Operational Expenditure: Imported items/services – All individual items/services greater than NZD100,000 must be hedged at all times in accordance with the following risk control limits:

Capital and Operational Expenditure –Foreign Exchange Risk Control Limits		
Time – point	**Exposure covered by forward exchange contracts/collars**	**Exposure covered by purchased foreign exchange options**
1. Budget approved by the Council – (Contingent Risk)		Maximum 50%
2. Specific item approved – (Contingent Risk)		Maximum 100%
3. Contract confirmed – (Full Risk)	Minimum 100%	

Exposures of less than NZD$100,000 equivalent may be transacted at the prevailing spot rate on the day or hedged.

Use of Foreign Exchange Instruments

- Financial instruments other than those stipulated require one-off Council approval prior to transacting.

- Foreign exchange options cannot be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option.
- The purchase price paid for an option (premium) is to be amortised over the period of the cover and added to the actual average exchange rate achieved by the Council.
- It is the Council's policy that all significant tenders allow bidders the opportunity to select desired currencies and where possible allow for suppliers to transparently link price escalations to clear financial market references.
- The hedging may be done directly by the Council or the requirement may be included in the purchase contract. Inclusion in the purchase contract may be preferable if the effective foreign exchange rate is acceptable, where the adverse foreign currency effect of import timing delays can be "successfully" transferred to the supplier.

Borrowing in Foreign Currencies including Digital Currency
The Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency which include Digital Currency.

Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Counterparties and limits can only be approved on the basis of long-term credit ratings being A and above, and short-term credit ratings of A-1 and above (Standard & Poor's, Fitch or Moody's).

Exposures should be spread amongst a number of counterparties to avoid concentrations of credit exposure. Counterparty limits and credit exposure measurement criteria are set out in Appendix 1 of this Liability Management Policy.

Security for external borrowing

The Council generally does not offer assets other than a charge over rates or rates revenue as security for general borrowing programmes and interest rate risk management instruments. Security is offered through the Debenture Trust Deed. Internal loans are provided on an unsecured basis.

Where borrowing is by way of finance lease, or some other form of trade credit under which it is normal practice to provide security over the asset concerned, the Council may offer security over the asset.

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

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance);
- The Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

Contingent Liabilities

The Council, from time to time, provides financial guarantees to community and sporting organisations. The Council passes a resolution to approve all financial guarantees. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of the Council.

The Council is prohibited from guaranteeing loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

The Council limits the total amount of financial guarantees to community and sporting organisations to $500,000, with no one organisation having more than 10% of the total guarantees given.

The Finance Department monitors the total value of guarantees provided, reporting quarterly to the Council.

Should the guarantee be called up, the Council takes immediate action to recover the money.

Incidental arrangements

The use of incidental arrangements i.e. risk management instruments, is confined to managing interest rate risk of the Council's borrowing, investments and any foreign exchange risk arising from capital expenditure and offshore investments.

The use of incidental arrangements will be notified to the Council as part of the performance monitoring process.

Incidental arrangements can only be entered into with approved banks that have in place an executed ISDA Master Agreement with the Council. The Council's internal/appointed legal counsel must sign off on all documentation.

Financial covenants and other obligations

The Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements. The Council must comply with all obligations and reporting requirements under existing funding arrangements and legislative requirements.

Other liabilities

The Council has a liability for post closure aftercare for its variance landfills.

Reporting on Liability Management Policy

Reporting on the achievements of the objectives contained within this policy will be part of the outcomes provided within the Annual Report.

Treasury reporting is conducted on a quarterly basis, and as required basis reporting on the Council's borrowing position to the Council, and where relevant external parties. Such reports detail month end position to risk control limits (borrowing limits, funding, interest rate, and liquidity), debt management position, and compliance.

Accounting treatment of financial instruments

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

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

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

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

Delegated Authorities
Pursuant to Clause 32 (2), Schedule 7, of the Local Government Act 2002, the Council may make delegations to officers of the Council to allow for the efficient conduct of Council business. Clause 32 (3), Schedule 7 of this Act allows officers to delegate those powers to other officers.

Notwithstanding Clause 32 (1) (c), Schedule 7, the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan remains the sole responsibility of the Council. This responsibility cannot be delegated.

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

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

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

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

Approved delegations to Officers are contained within the Council's register. All delegations are approved by Council resolution.

Cash Management

From time to time, the Council has daily cash flow surpluses and borrowing requirements, due to the mismatch of daily receipts and payments. All cash inflows and expenses pass through bank accounts controlled by the Finance Department.

The Council maintains a daily cash position report, and a yearly cashflow projection is prepared during the Annual Planning process. These reports determine the Council's borrowing requirements and surpluses for investment for the year.

Operational Risk

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

Operational risk is minimised through the adoption of all requirements of this Policy and detailed within the Council's Treasury Procedures Manual.

Policy Review

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes. The Head of Business Enablement has the responsibility to prepare the annual review report that is presented to the Council. The report will include:

- A recommendation as to changes, deletions and additions to the Policy.
- An overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- A summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

Treasury Performance

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

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

Management	**Performance**
Operational performance	• All policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits. • All treasury deadlines are to be met, including reporting deadlines.
Management of debt and interest rate risk (borrowing costs)	• The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual borrowing cost amount.

Treasury Reporting

Treasury risk positions and compliance are to be assessed and reported at the following levels:

- each Internal Business Unit (IBU);
- Council excluding water-related IBUs; and
- Council on a consolidated basis.

Treasury transactions may be undertaken to manage the specific funding, liquidity or interest rate risk requirements of an individual IBU or Council activity. However, any decision to execute a treasury transaction must also consider its impact on Council's consolidated treasury position.

Council must maintain compliance with all applicable treasury policy limits, financial covenants and external borrowing requirements on a consolidated basis at all times.

Appendix I: Limits

Approved Bank, Cash Management, Foreign Currency and Interest Rate Risk Management Limits. The Council minimises its credit exposure by:

- Transacting with entities that have a short-term and long-term credit rating from Standard & Poor's (or equivalent) of at least A-1 and A respectively.
- Limiting total exposure to prescribed amounts.
- Monthly monitoring of compliance against set limits.

Approved Limits

Institution	Minimum S&P Short Term Credit Rating	Minimum S&P Long Term Credit Rating	Total Exposure Limit for each Counterparty
Government	N/A	N/A	Unlimited
Local Government Funding Agency (This only applies to investment not for funding)	A-1	AA-	$15 million
NZ Registered Bank - Off balance sheet exposures	A - 1	A	$20 million
TSB Bank*	A-2	BBB+	$15 million

TSB Bank
The TSB Bank is currently credit rated by S&P short-term A - 3 and long-term BBB (stable).

The Council specifically approves the TSB Bank for borrowing purposes and a counterparty exposure up to $15 million for cash management purposes as an exception to the above limits.

If any counterparties' credit rating falls below the minimum specified in the above table then immediate steps are taken to reduce the credit exposure of that counterparty to zero. Exceptions are reported to the Council.

Calculation of Counterparty Exposure
Exposures to counterparties are computed as follows:

On-balance sheet
Total amounts invested with that counterparty. In determining the usage of the above gross limits, the following product weightings will be used:

Investments (eg Bank Deposits) – Transaction Notional × Weighting 100%.

Interest rate and foreign exchange rate risk management instruments

For interest rate management and foreign exchange management instruments where Council has a counterparty exposure to the bank counterparty, in determining the credit exposure usage of the limit amount, the current exposure method will be used which is defined as:

- Counterparty credit exposure = Replacement Cost (RC) + Potential Future Exposure (PFE)

RC is equal to the marked to market (MtM) of a contract. MtM refers to the close-out value at an agreed date of a financial instrument based upon underlying prevailing market prices. The MtM is defined as positive if the contract is “in the money” and negative if it is “out of the money”. When MtM is negative, the RC is equal to zero.

All the contract exposure amounts are added together to get the total net counterparty credit exposure amount relating to these instruments. To this amount is added the Total PFE amount for the counterparty.

For each contract, the Potential Future Exposure (PFE) is calculated by multiplying the notional or face value amount by the prescribed percentages outlined in the table below:

Potential Future Exposure Factors		
Current term to maturity	Interest Rate Factor	Foreign Exchange Factor
Less than 1 year	0.00%	1.00%
Over 1 year and under 5 years	0.50%	5.00%
Over 5 years	1.50%	7.50%

Pūrongo
Report

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To	Risk and Assurance Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	16 November 2026
Subject	**Council and Three Waters Debt Ring-Fencing Arrangements and Externalisation of Internal Debt**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Council has worked with PricewaterhouseCoopers (PwC) to develop a fair, transparent and auditable methodology for ring-fencing debt and interest-rate swaps attributable to the Three Waters In-House Business Unit (IBU). This supports the requirement for separate and verifiable water-services financial information from 1 July 2026, including the Three Waters IBU's financial position and attributed debt.

2. The methodology, developed jointly by Council officers and PwC, and documented in the attached PwC Discussion Paper, separates debt and associated interest-rate swaps between the Three Waters IBU and the remainder of the Council while seeking to maintain an equitable allocation of funding costs and risk. As at 30 June 2026, identified water-related debt was $97.94 million (m), comprising $89.85 m of external debt and $8.09 m of internal loans, representing approximately 55% of the Council's total debt of $178.23 m.

3. Once approved, the ring-fencing methodology will also be applied to new borrowing undertaken during the current (2026/27) financial year, providing a consistent basis for attributing new debt and associated financing costs between the Three Waters IBU and the remainder of the Council.

4. Separately this report recommends converting the water-related internal loans to external Local Government Funding Agency (LGFA) funding by 30 June 2027, with the proceeds used to repay the Long Term Investment Fund (LTIF). This recommendation reflects the longer term strategic benefits of returning the internally borrowed funds to the LTIF for investment under its diversified investment strategy, rather than an assumption that the LTIF will outperform the cost of borrowing each year.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee recommends that the Council:

a) Approves the methodology developed as per the attached Discussion Paper from PwC for attributing and ring-fencing existing debt and interest-rate swaps to the Three Waters In-House Business Unit;

b) Approves the conversion of all water-related internal debt to external debt by 30 June 2027, with the external borrowing proceeds used to repay the Long Term Investment Fund in full.

Kupu Whakamārama / Background

5. The Local Government (Water Services) Act requires the Council to produce ring-fenced water services financial information. This includes comprehensive revenue and expenses, cash flows and a financial position that captures attributed water debt. Although the Three Waters IBU remains within the Council, its debt, interest costs and treasury risk positions need to be separately identifiable and supported by a clear evidence trail.

6. The Council currently manages debt and hedging on a whole-of-Council basis. PwC was engaged to develop a representative method to attribute existing debt and swaps between water services and the residual Council without disadvantaging either group of ratepayers.

7. The methodology applies the water allocation consistently to economic value, book value, swaps and future cash flows. Whole LGFA instruments are selected on a best-endeavours basis so that the ring-fenced portfolio and residual Council portfolio closely match the Council-wide weighted-average cost, term and maturity profile. This also supports a potential future transfer to a water services council-controlled organisation.

Proposed Methodology

8. The proposed methodology for separating debt and associated interest-rate swaps between the Three Waters IBU and the remainder of Council has been developed jointly by Council officers and PwC and is fully documented in the PwC Discussion Paper attached to this report as Appendix 1.

9. Subject to the Council's approval, the methodology will be applied to the closing debt and interest-rate swap positions as at 30 June 2026, as set out in the Discussion Paper. This will establish the opening treasury positions for the Three Waters IBU and the remainder of Council.

10. The methodology will then be applied to new borrowing, refinancing and interest-rate risk management undertaken during the 2026/27 financial year. Applying the methodology throughout the year will enable any practical or operational issues to be identified and resolved in advance of 30 June 2027.

11. Water-related internal borrowing will be converted to external borrowing by 30 June 2027, with the corresponding principal repaid to the LTIF in full. Future water-services borrowing will, wherever practicable, be separately identifiable to support transparent and ongoing ring-fencing.

Rationale for Externalising Internal Debt

12. The internal loans for water-related debt as at 30 June 2026 was $8.09m. The amount ultimately externalised and repaid will be the actual outstanding water-related internal debt at 30 June 2027, after scheduled repayments and reconciliation.

13. Externalisation aligns the financing source with the ring-fenced Three Waters IBU and provides a clearer, auditable liability position. PwC estimated that external LGFA funding could be approximately 20 basis points below the relevant internal lending rate, which would equate to an indicative annual Three Waters IBU financing saving of about $16,000 on $8.09 m.

14. Repaying the LTIF returns capital that can be invested in accordance with the Statement of Investment Policy and Objectives (SIPO) and its diversified long term objectives. The internal borrowing returned 5.8% over the previous 12 months compared with a 9.6% net return for the LTIF as a whole. This historical comparison supports the opportunity rationale but is not a forecast or assurance of future performance.

Ngā Kōwhiringa / Options - Identification and analysis

Option One: Approve the methodology and externalise internal water debt

15. Under this option, the Council would approve the proposed debt ring-fencing methodology for separating debt and interest-rate swaps between the Three Waters IBU and the remainder of the Council and apply it from the 30 June 2026 closing position and to new borrowing during 2026/27. The Council would also refinance the existing water-related internal debt through external borrowing by 30 June 2027, with the proceeds used to repay the LTIF. This provides the clearest financial separation, improves transparency and traceability of water-related financing costs, and returns the internally borrowed capital to the LTIF for investment in accordance with its SIPO. This is the preferred option.

Option Two: Ring-fence debt but retain internal loans

16. Under this option, the Council would approve and implement the proposed methodology for separating external debt and interest-rate swaps but retain the existing water-related internal borrowing from the LTIF. This would improve the transparency and attribution of external debt and interest-rate exposures but would retain a mixed internal and external funding arrangement for the Three Waters IBU and would not return the internally borrowed capital to the LTIF. This option is not preferred.

Risks

17. ***Borrowing cost risk***: There is a risk that the final cost of external borrowing is higher than anticipated, reducing or eliminating the estimated financing benefit to the Three Waters IBU. This risk would be managed by obtaining current LGFA pricing, comparing available borrowing options and undertaking transactions within the Council's Liability Management Policy and approved delegations. The residual risk is assessed as low.

18. ***LTIF investment performance risk:*** There is a risk that future LTIF investment returns are lower than the return currently received from internal lending. This could mean the anticipated benefit from returning capital to the LTIF is not realised, and investment values may fluctuate over time. The decision should therefore be considered against the LTIF's long term SIPO objectives, diversification and risk tolerance rather than short term or one year investment returns. The residual risk is assessed as moderate.

19. ***Debt and swap allocation risk:*** There is a risk that debt or interest-rate swaps are incorrectly attributed between the Three Waters IBU and residual Council, potentially resulting in inaccurate ring-fenced financial positions or unintended cross-subsidisation between water and non-water ratepayers. This will be mitigated through reconciliation of balances, documented allocation assumptions, a clear audit trail and independent review of the implementation schedule. The residual risk is assessed as low.

20. ***Policy compliance risk:*** The separate Three Waters IBU and residual Council treasury portfolios may not initially meet all standalone policy bands, even though the Council remains compliant on a consolidated basis. This will be managed through separate monitoring of the Three Waters IBU, residual Council and consolidated treasury positions, with exposures rebalanced prospectively or policy settings amended where necessary and appropriately approved. The residual risk is assessed as moderate.

21. ***Debt and swap basis risk:*** A degree of mismatch may remain between the debt allocated to the Three Waters IBU and its associated interest-rate swaps, meaning borrowing costs and hedge cash flows may not move consistently. This will be managed progressively through swap maturities and replacement and by aligning debt and hedge reset periods where practicable. The residual risk is assessed as moderate.

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments

Local Government Purpose

22. The proposal supports prudent financial management, transparent allocation of water-services costs and long-term stewardship of Council funds. It reduces the risk of cross-subsidy and strengthens accountability for the Three Waters IBU while retaining whole-of-Council oversight.

Assessment of Significance and Engagement

23. The level of significance has been assessed against the Council's Significance and Engagement Policy as follows:

Criteria	Measure	Assessment
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Medium - The proposal changes how existing water-related debt and financing costs are attributed and managed between the Three Waters IBU and residual Council. While it does not directly change services to residents, it improves the financial separation and transparency of water services.
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	Low - The proposal does not directly change existing levels of service. It relates to financing arrangements supporting the delivery and future funding of water services.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	Medium - Three Waters funding, debt allocation and the financial separation of the Three Waters IBU are matters of public accountability and may attract community interest.
Financial	The impact of the decision or proposal on the Council's overall budget or its inclusion in an approved Long Term Plan and the ability to carry out existing or proposed functions and activities now and in the future.	High - The proposal involves refinancing internal water debt through external borrowing, reallocating existing debt and interest-rate swaps, and returning the corresponding capital to the LTIF. While primarily a financing restructure, the amounts involved and the effect on the Council's treasury position are financially significant.
Reversible	The degree to which the decision or proposal is reversible.	Low - The debt allocation methodology can be reviewed or amended in the future; however, external refinancing and repayment of LTIF principal involve transactions that cannot be readily reversed without further borrowing, investment and transaction decisions.

Criteria	Measure	Assessment
Environment	The degree of impact the decision will have on the environment.	Low - The proposal is a financial and treasury management decision and has no direct environmental impact. It supports the financial arrangements underpinning the ongoing delivery and renewal of water infrastructure.

24. In terms of the Council's Significance and Engagement Policy, this matter is assessed as being of medium significance. While the financial component is significant due to the value of debt and treasury arrangements involved, the proposal primarily changes the way existing water-related financing is structured and attributed and does not itself change levels of service or the delivery of water services.

Legislative Considerations

25. The methodology supports the requirement to produce ring-fenced water-services financial information and must be implemented consistently with the Local Government Act 2002, the Local Government (Water Services) framework, the Council's Liability Management Policy, LGFA requirements and applicable financial reporting standards.

Financial/Budget Considerations

26. The proposed transaction replaces internal funding with external borrowing. It increases external debt by the amount required to repay the outstanding water related internal borrowing but does not increase the Council's underlying net obligations at the transaction date. Future outcomes will depend on external borrowing costs, LTIF investment returns, transaction costs and market conditions. These should be incorporated into the 2027-37 Long Term Plan and Three Waters IBU budgets.

Consistency with Plans/Policies

27. The proposal is consistent with the draft Investment Policy and Liability Management Policy provisions requiring Three Waters IBU balances, borrowing, liquidity, interest-rate risks, income and costs to be separately identified while consolidated Council compliance is maintained. Execution must remain within approved limits and delegations.

Consideration of Iwi/Māori

28. The proposal concerns the attribution and financing of existing water services obligations. The wider affordability and service implications continue to be considered through the Long Term Plan and water-services planning processes.

Affected Parties Consultation

29. No affected parties have been identified in relation to the proposed debt ring-fencing and refinancing arrangements. The methodology has been developed jointly by Council officers and PwC, with the detailed methodology and supporting analysis set out in the PwC Discussion Paper attached to this report.

Whakakapia / Conclusion

30. The proposed methodology provides a practical, transparent and equitable basis for separating debt and associated interest rate swaps between the Three Waters IBU and the remainder of the Council. Once approved, the methodology will be applied from the 30 June 2026 closing position and to new borrowing and treasury activity during 2026/27. Separately, externalising the remaining water-related internal debt by 30 June 2027 and repaying the LTIF in full will strengthen the financial separation of the Three Waters IBU and return capital to the LTIF for investment under its long term diversified strategy. The proposals are therefore recommended to the Council for approval.

Vipul Mehta
Pouhautū Āheinga Pakihi / Head of Business Enablement

[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

Appendix 1 - STDC_Ringfencing water-related debt for IBU_September 2026.pdf

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DRAFT for discussion:

Ring-fencing water-related debt for an in-house business unit



Prepared for South Taranaki District Council
2 September 2026

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Ring-fencing South Taranaki District Council's water-related debt

Introduction

For an in-house business unit, South Taranaki District Council (STDC) is required to include ring-fenced water-services financial statements for the year beginning 1-July 2026, including:

- Comprehensive revenue and expenses;
- Cashflows; and
- Financial position which captures attributed water debt

Implementing operational, accounting and attributed debt ring-fencing arrangements provides the pathway to producing compliant water-services financial information necessary for the 2026/27 Financial Year.

This report outlines how identified debt tranches and swap instruments can be ring-fenced to the in-house business unit (IBU) in a way that serves as a viable and economically neutral allocation mechanism.

The analysis presented in this report illustrates the concept using existing council information and viable assumptions. As with any modelling exercise, the outputs are sensitive to the underlying inputs and should be revisited as updated information becomes available or underlying positions change.

Ring-fenced LGFA debt tranches

Selected LGFA instruments are ring-fenced and selected so that the weighted-average cost and term closely match STDC's wider portfolio.

Treatment of interest rate swaps

When considering interest rate swaps (swaps) for Council we have adopted an approach that is simple in cost allocation.

- The agreed ratio of water-related debt to total LGFA debt is applied to STDC's swap portfolio to determine the IBU's share of the existing swap position.
- This ring-fenced portfolio is then constructed in similar fashion to debt tranches, swaps are selected so that the weighted average rate, term, and marked-to-market profile are closely matched to STDC. This ensures neither party is left holding 'implied' water-related gains or losses on swaps after the underlying debt is ring-fenced.

Purpose of this report

- Define the assumptions and methodology used to construct a representative portfolio of LGFA instruments suitable for ring-fencing to the IBU.
- Assess any post-ring-fencing impacts on Council's funding and interest rate positions, including areas of temporary non-compliance with Treasury Policy.
- Outline additional considerations and next steps.

1

Water-services debt ring-fencing considerations and approach

Principles applied in ring-fencing an efficient, effective and equitable debt allocation to water services

A fair debt ring-fence mechanism ensures the economic value of water debt is preserved, regardless of the allocation mechanism or timing chosen by Council. Ensuring an economically neutral outcome for ratepayers is central to the design of the approach

Core quantitative fairness principle

At the heart of a fair allocation is a simple principle: the IBU takes on exactly the water-related economic value of Council debt. The agreed water-allocation percentage must therefore be applied consistently to book value, market value, swaps, and future cashflows. This consistency is the basis for all neutrality and mechanism design.

PwC's approach is to ensure good practice (with or without amalgamation).

This approach ensures no party worse off: council and the IBU water entity must each remain economically neutral. Ratepayers cannot subsidise (or be subsidised by) transfer choices even in the instance the IBU remains under council control.

Given the changing council landscape the approach should consider the potential future state where the IBU is absorbed into a standalone WSCCO.



STDC can achieve a fair, transparent and auditable attribution of water-related debt by constructing a representative ring-fenced portfolio of debt and interest-rate swaps. This approach preserves economic neutrality, supports separate IBU financial reporting and provides a practical pathway for future structural change.

Debt transfer design principles

These design principles focus on fairness, cost efficiency, and execution clarity. PwC's framework takes these high-level principles and translates them into practical, testable design components, ensuring the agreed mechanism is equitable, transparent and auditable.

- **Fairness and equity**: adopt a 'no party worse off' lens to guide equitable outcomes. This includes considering Council's risk position and ensuring that communities served by both are not impacted by the ring-fencing.
- **Cost efficiency and sustainability**: the mechanism should minimise economic cost across the system, including interest expense, break costs, and duplicated financing, while supporting the IBU's long-term ability to service its obligations.
- **Transparency and clarity:** written terms, auditable rationale, and clear documentation ensure full transparency across all parties. Simple, well-defined steps reduce execution risk and maintain consistency throughout the process.
- **Compliance and alignment:** the approach must comply with statutory frameworks and reflect the expectations of the LGFA, banks, and rating agencies.

How we approach ring-fencing water debt from the existing council debt portfolio

Verifiable debt balances for water services

All water in-house services and associated costs are required from 1 July 2026 to be ring-fenced from other council operations under the Local Government (Water Services) Act.

While the Act does not require legally separate debt instruments, council and IBU should adopt an approach that supports verifiable debt balances attributed to water services. Pragmatically, this is addressed in separate debt tranches for water services.

Ring-fenced methodology for existing debt

Council typically manages a portfolio of debt for all expenditures. A proportion of this portfolio must now be attributed to water services. PwC has constructed a representative portfolio aligned with transfer principles provided earlier to give effect to an efficient, effective and equitable debt allocation.

Methodology

1. Define the target principal amount to ring-fence

STDC's water allocation determines the notional principal value to be ring-fenced. LGFA instruments are then selected from Council's portfolio to meet the target principal amount. Internal loans are also considered in the attributed amount in addition to LGFA instruments.

2. Align with STDC's total portfolio characteristics

The representative portfolio is constructed on a best endeavours basis to align with the weighted-average cost of funds and weighted-average term of STDC's total LGFA portfolio.

To support simplicity and clarity, only full LGFA instruments are ring-fenced, rather than partial maturities or split allocations. This future proofs water debt transfer mechanisms under amalgamation or establishment of a WSCCO where the portfolio would be required to be lifted and shifted.

3. Select eligible LGFA debt instruments and assess the portfolios

The representative and residual portfolios are assessed to confirm that:

- Weighted average CoF and weighted average term remain closely aligned with STDC's residual portfolio.
- If applicable, the fixed-floating structure remains broadly consistent.
- The maturity profile remains well-distributed for ongoing funding and risk management.



This methodology provides a simple, robust, and scalable basis for identifying STDC's representative ring-fenced portfolio. Importantly, it provides flexibility in allowing water debt to be shifted into a standalone WSCCO should this occur in the future.

2

Water-services ring-fenced debt/swap portfolio construction

Baseline assumptions

Information provided by council

External debt composition

$168 million; $166m LGFA debt + $2m drawn facility

Water debt proportionality applied to existing debt as at 30 June 2026

Source	Water debt	Total Debt	%
External	$89,850,000	$168,000,000	53.5%
Internal	$8,090,000	$10,225,000	79.1%
	$97,940,000	**$178,225,000**	**55.0%**

Council category	30/06/2026 ($)	Loan repayment ($)	New loan ($)	Projected balance 30/06/2027 ($)
External	$168,000,000	$6,876,000	$27,876,000	$189,000,000
Internal	$10,225,000	$1,337,000	-	$8,888,000
Total	**$178,225,000**	**$8,213,000**	**$27,876,000**	**$197,888,000**
Three Water Services				
External Loan				
Water Services	$47,150,000	$1,170,000	$4,170,000	$50,150,000
Wastewater	$37,300,000	$770,000	$9,000,000	$45,530,000
Stormwater	$5,400,000	$170,000	$470,000	$5,700,000
Internal Loan				
Water Services	$4,450,000	$440,000	-	$4,010,000
Wastewater	$3,200,000	$430,000	-	$2,770,000
Stormwater	$440,000	$120,000	-	$320,000
Total	**$97,940,000**	**$3,100,000**	**$13,640,000**	**$108,480,000**

How we'll construct each component of the IBU water debt portfolio

1. LGFA portfolio

Will be the largest proportion of ring-fenced debt. We will look to ringfence full debt tranches to the nearest million.

2. Internal loan portfolio

Council has specified $8.09 million of water related internal loans. As this is already attributed to water lending there is no requirement to proportion this.

3. Residual debt managed via drawn bank debt

Drawn bank debt will be used as the balancing debt item.



4. Overall

Represent the overall aggregated ring-fenced profile of LGFA / internal loans / Residual drawn bank debt.

1. LGFA portfolio

Results

Employing the methodology and assumptions outlined, PwC has constructed a representative LGFA ring-fenced water debt portfolio.

	LGFA portfolio	Ring-fenced portfolio	Residual Council portfolio
Instrument count	22*	12	10
LGFA debt value constructed	166 m	89 m	77 m
Weighted average CoF (ex swaps)	*4.91%*	*4.92%*	*4.89%*
Weighted average term (years)	*3.167*	*3.139*	*3.199*

*Including refinancing of four instruments

When considering only the LGFA debt portfolio, the ring-fenced water services portfolio meets the representativeness objectives with very close alignment.

Debt refinancing FY2026/27

Council has $27 million of debt for refinancing in April 2027.

As this is existing debt, under the representative approach, ~55% of this would be classified water. 55% is the ratio representative of Council's water debt of $97.94 million relative to total debt $178.225 million.

We have assumed the following refinancing approach for illustrative purposes to construct a FY2026/27 year-end profile.

To ensure cost neutrality we have adopted matched maturities in the split between water and council debt. Margins are indicative based on AA- pricing as at 30 June 2026.

Loan Type	Start	Maturity	Amount	Margin
Water	15 Apr 2027	15 May 2031	$7.5 m	0.66%
Water	15 Apr 2027	15 Apr 2033	$7.5 m	0.77%
Council	15 Apr 2027	15 May 2031	$6.0 m	0.66%
Council	15 Apr 2027	15 Apr 2033	$6.0 m	0.77%
Total refinanced debt			**$27.0 m**	

2. Internal loan portfolio (1/2)

Internal loans

Council currently provides internal loans to fund water activities. In assessing the appropriate treatment of these loans, we have considered:

- continuing the existing internal lending arrangement;
- refinancing the internal loans with external LGFA debt and returning the capital to the LTIF; and
- the overall economic outcome for Council and the IBU.

Internal lending to water activities is priced at Council's weighted-average cost of funds plus a 0.50% margin, with the rate reset annually to reflect changes in Council's underlying debt and swap portfolio. Mercer reports the internal borrowing rate at 5.94% p.a. from 1 July 2026.

The relative efficiency of retaining the internal loans should therefore be assessed against two questions: whether the IBU can access external funding at a lower incremental margin than 0.50%, and whether Council can achieve a better long-term outcome by returning the capital to the LTIF for investment in accordance with its strategic asset allocation.

This provides the basis for assessing whether continuation of the internal loan remains the most efficient outcome for Council and the IBU as a whole.

Borrowing

Council's internal lending arrangement applies an annual margin of 0.50%, with Mercer reporting an internal borrowing rate of 5.94% p.a. from 1 July 2026. By comparison, the IBU is expected to access LGFA borrowing at a lower lending margin, including approximately 0.20% for 12-month commercial paper and 0.45% for borrowing out to two years. On a like-for-like basis, this represents a potential margin saving of approximately 0.30% for 12-month borrowing and 0.05% for two-year borrowing.

Return on Capital

Returning the capital to the LTIF would allow it to be reinvested in accordance with Council's strategic asset allocation rather than remaining invested through the internal loan. As at 31 July 2026, the LTIF was valued at approximately $149.8 million, with all asset classes within their prescribed allocation ranges.

The internal borrowing allocation returned 5.8% over the previous 12 months, compared with a 9.6% net return for the LTIF as a whole. However, returns varied materially by asset class. Accordingly, the case for returning capital should be based on the LTIF's long-term diversified investment objective and strategic allocation, rather than an assumption that each alternative asset class will outperform the internal lending rate.

2. Internal loan portfolio (2/2)

Assessment

The IBU and LTIF have different financial objectives. The IBU should seek to minimise the cost of financing water activities, while the LTIF is managed to generate long-term investment returns for the benefit of ratepayers.

Based on Council's weighted-average cost of funds plus the 0.50% internal lending margin, we calculate the current internal lending rate at approximately 4.90% p.a. We note this is materially lower than the 5.94% p.a. internal borrowing rate from 1 July 2026 reported in Mercer's July 2026 LTIF report. The approximately 1.04% difference should be reconciled with Council and/or Mercer.

Notwithstanding this difference, the economic assessment remains whether the IBU can access external LGFA funding at a lower cost than the applicable internal lending rate and whether repayment of the internal loan provides Council with a more efficient use of its capital. Repayment would return capital to the LTIF for investment in accordance with its strategic asset allocation.

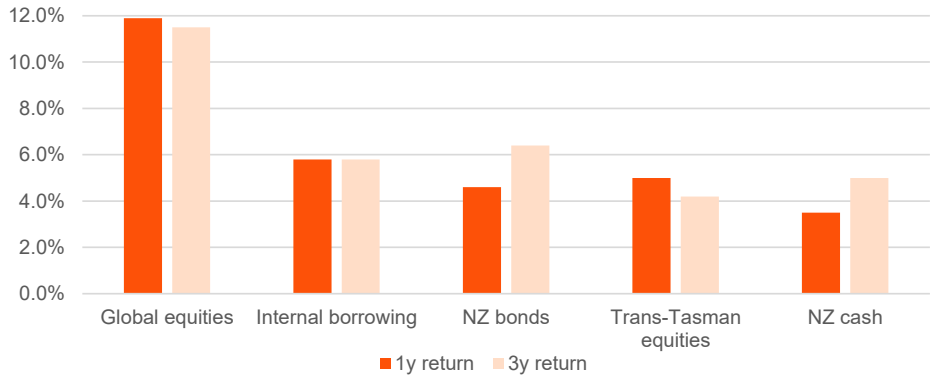
On the **$8.09 million** of internal water lending, refinancing through LGFA at an assumed 20 basis point lower cost would reduce annual IBU financing costs by approximately **$16,000**. Using Mercer's reported **5.94% internal borrowing rate** as the return forgone by the LTIF, and comparing this with the **11.4% net return achieved by Global Equities over the 12 months to July 2026**, the indicative incremental investment return would be approximately **$442,000.**

Component	Calculation	Annual benefit
Lower IBU borrowing cost	$8.09m × 0.20%	**$16,180**
Capital return uplift	$8.09m × (11.4% − 5.94%)	**$441,714**
Combined indicative benefit	$8.09m × 5.66%	**$457,894 p.a.**

Combined, this represents an illustrative annual economic benefit of approximately **$458,000**.

This approach aligns the IBU's objective of minimising its financing cost with the LTIF's objective of generating long-term investment returns, supporting an efficient overall outcome for Council.

Our analysis assumes the water-related internal loans are refinanced with lower-cost external LGFA debt and the corresponding capital returned to the LTIF.



3. Drawn bank debt

Residual debt managed via drawn bank debt

Council has $2 million drawn under its existing bank facility.

The exercise of ring-fencing existing LGFA debt and repaying internal loans with new external LGFA debt has used debt amounts rounded to the nearest $1 million.

Consequently, the residual water-debt that is less than $1 million will be captured under existing drawn bank debt as the balancing item.

This equates to $940,000 being the residual debt amounts from:

- **$850,000 = representative of external debt**
- **$90,000 = representative of internal loans**

Council has indicated the IBU will have its own Working Capital Facility which would be able to be drawn to repay Council the residual debt amount.
In time this amount could be termed out via the LGFA in addition to new capital expenditure requirements to a more meaningful size (i.e. >$1 million).

4. Overall ring-fenced portfolio - results

Results and interpretation

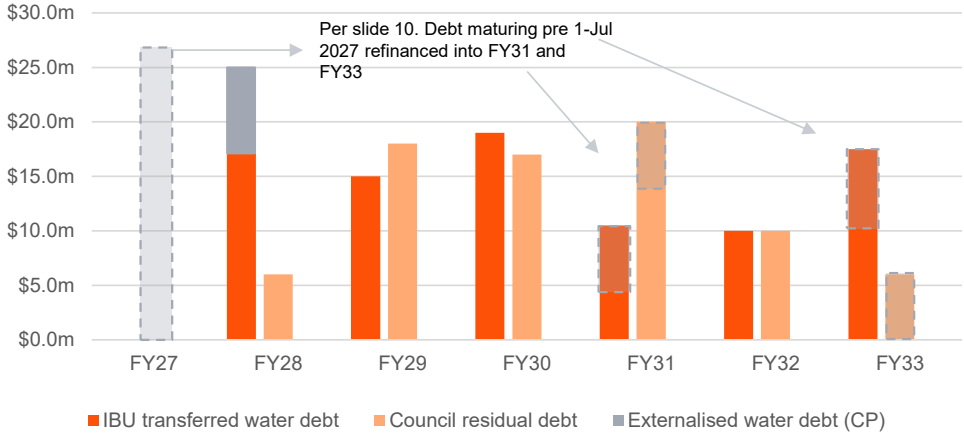
Applying the inputs from the previous slides, the output and comparison is summarised below as at 30 June 2026.

	Ring-fenced portfolio	Residual Council portfolio
LGFA debt	89.00 m	77.00 m
Internal loans	8.00 m*	2.135 m
Drawn bank debt	0.94 m	1.06 m
Final debt positions	**97.94 m**	**80.285 m**
Weighting %	55.0%	45.0%
Total debt	**178.225m** *aligns with base assumption*	
Weighted average CoF (ex swaps)	*4.89%*	*4.89%*
Weighted average term (years)	*2.963*	*3.199*

***Ring-fenced internal loan is replaced with external LGFA debt rounded to the nearest $1 million, however, is represented in the table as an internal loan for comparative purposes**.

The cost of funds calculation is based on the weighted average cost projected from FY27 to FY33 for the LGFA debt and externalised internal loans to be financed also with LGFA.

The following maturity profile illustrates the projected IBU and residual council external debt portfolios as at 1 July 2026. Attributed water debt is clearly visible and distinct from remaining Council debt. One caveat is the illustrated portfolio does not capture new loans of $27.9m to be raised by June 2027 ($13.6m for water). However, new debt does not alter the treatment of the methodology used to attribute the existing portfolio.



Selecting LGFA instruments that are representative of Council's overall portfolio supports a fair and equitable ring-fencing outcome, ensuring no party is worse off. It also creates a debt portfolio that can be readily transferred to a future WSCCO, while preserving economic neutrality between Council and the IBU.

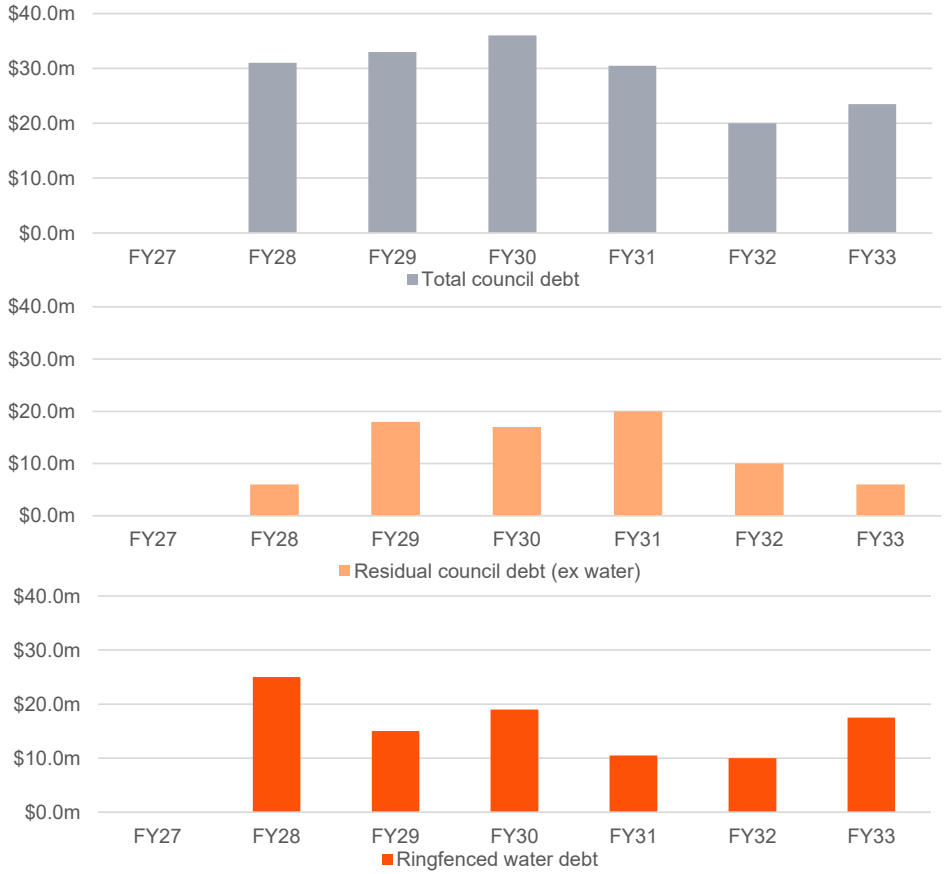
Instruments selected for inclusion in the ring-fenced portfolio

#	Instrument	Description	Start date	Maturity date	Face value ($)	Assessment note	Fixed interest rate	Margin over BKBM
1	Floating Rate Note	LGFA ST0927LF1110	9-Sep-24	15-Sep-27	7,000,000			0.6020%
2	Floating Rate Note	LGFA T067	23-Jul-18	15-Apr-28	5,000,000			0.7700%
3	Floating Rate Note	LGFA T074	7-Oct-19	15-Apr-28	5,000,000			0.7600%
4	Floating Rate Note	LGFA T073	26-Aug-19	20-Apr-29	10,000,000			0.6400%
5	Floating Rate Note	LGFA ST0429LF97	6-Mar-23	20-Apr-29	5,000,000			0.6400%
6	Floating Rate Note	LGFA ST0430LF88	14-Mar-22	15-Apr-30	5,000,000			0.5550%
7	Floating Rate Note	LGFA T108	15-Apr-26	15-May-30	14,000,000			0.7200%
8	Floating Rate Note	LGFA ST0930LF1110	9-Sep-24	15-Sep-30	3,000,000			0.9470%
9	Floating Rate Note	LGFA T106	27-Jan-26	14-May-32	10,000,000			0.8000%
10	Floating Rate Note	LGFA T107	27-Jan-26	14-Apr-33	10,000,000			0.8500%
11	Floating Rate Note	refi 1 water	15-Apr-27	15-May-31	7,500,000	Refinanced allocation		*0.6600%
12	Floating Rate Note	refi 2 water	15-Apr-27	15-Apr-33	7,500,000	Refinanced allocation		*0.7700%
13	Commercial Paper	Replaces internal loans	30-Jun-27	30-Jun-28	8,000,000	Externalised water debt		*0.2000%

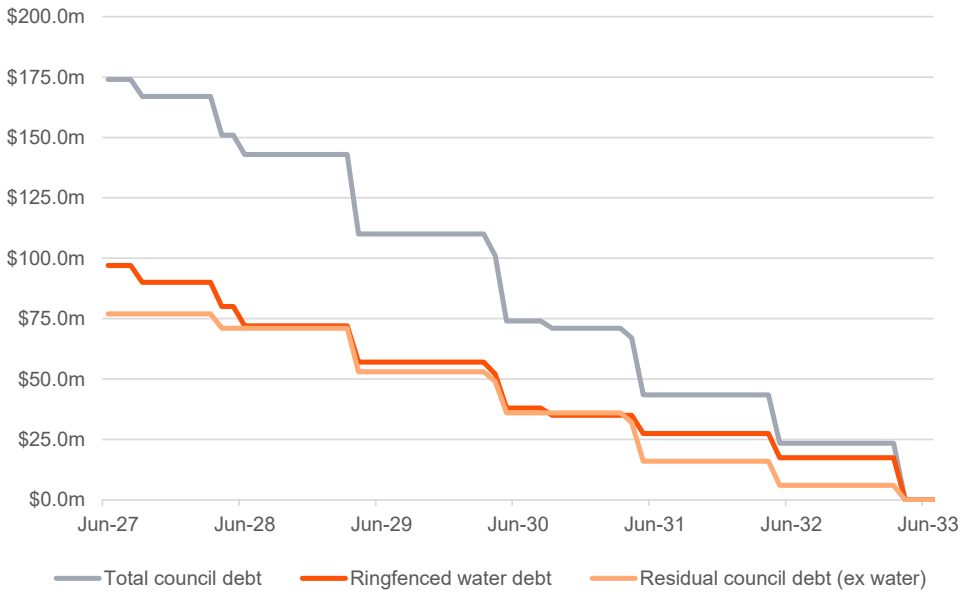
- Interest on projected refinanced debt ($15m) and restructured water debt ($8.0m) is indicative of existing AA- LGFA margins for the given tenors.

Debt portfolio overview

Debt maturity profiles



Debt maturity refinancing



The refinancing of both residual, and ring-fenced water portfolios are broadly aligned. This consistency reflects a fair and representative attribution of debt between Council and the IBU.

Approach to managing interest rate swaps

Ring-fencing the swap portfolio

As with debt instruments, we have ring-fenced interest rate swaps to create a representative water swap portfolio.

This approach simplifies how Council would proportion interest costs from its swap portfolio to the water IBU, is simple to administer and easier to monitor.

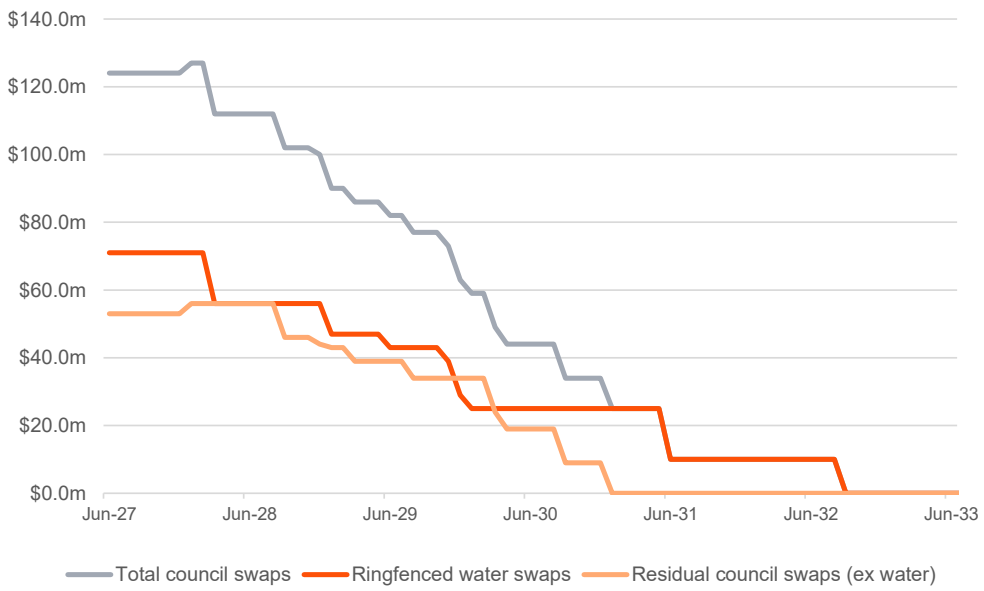
As water debt represents ~55% of total debt, the equivalent percentage of swaps are ring-fenced as 'water' fixing. This equates to ~$71 million of ring-fenced swaps.

As swaps will mature between now and 30 June 2027. We have adopted an approach based on 1 July 2027. The output is summarised below:

	STDC total portfolio	Ring-fenced portfolio	Residual Council portfolio
Swap count	21	10	11
Swap notional	129 m*	71 m	58 m
Weighted average term (years)	2.56	2.67	2.43
Weighted average swap rate	3.76%	3.75%	3.77%
Marked-to-market (30 Jun 26)	(0.97 m)	(0.54 m)	(0.43 m)

*includes $5m of forward start swaps.

Swap maturity over time



Adopting an approach to ring-fence swaps is pragmatic and provides operational simplicity to administer all-in interest costs to the water IBU (when also considering ring-fenced water debt).

Swaps selected for inclusion in the ring-fenced portfolio

#	Counterparty	Notional value ($)	Start date	Maturity date	Swap rate
1	Westpac	15,000,000	25-Sep-24	27-Mar-28	3.4875%
2	ANZ	4,000,000	17-Jul-23	15-Jan-29	3.9850%
3	ANZ	1,000,000	29-Oct-20	23-Jan-29	3.8050%
4	ANZ	4,000,000	29-Apr-24	29-Jan-29	3.9750%
5	ANZ	4,000,000	17-Jun-24	15-Jun-29	3.8875%
6	ANZ	4,000,000	20-Aug-18	20-Nov-29	4.4425%
7	Westpac	10,000,000	17-Jun-24	17-Dec-29	4.1500%
8	Westpac	4,000,000	23-Jan-25	23-Jan-30	2.9700%
9	Westpac	15,000,000	15-Mar-26	16-Jun-31	3.5800%
10	Westpac	10,000,000	25-Sep-24	25-Sep-32	3.7550%

Debt and interest rate summary

Forecast debt – LTP ($m)

Period	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Debt	187.8	185.6	180.9	177.7	186.0	204.3	214.1	-



The tables illustrate compliance profiles at the ring-fenced water IBU level, residual Council level, as well as total council against existing STDC policy limits. The interest rate profiles use forecast LTP debt figures provided. Council may need to consider how it approaches compliance ahead.

Debt (30 June 2027) – excluding standby facilities

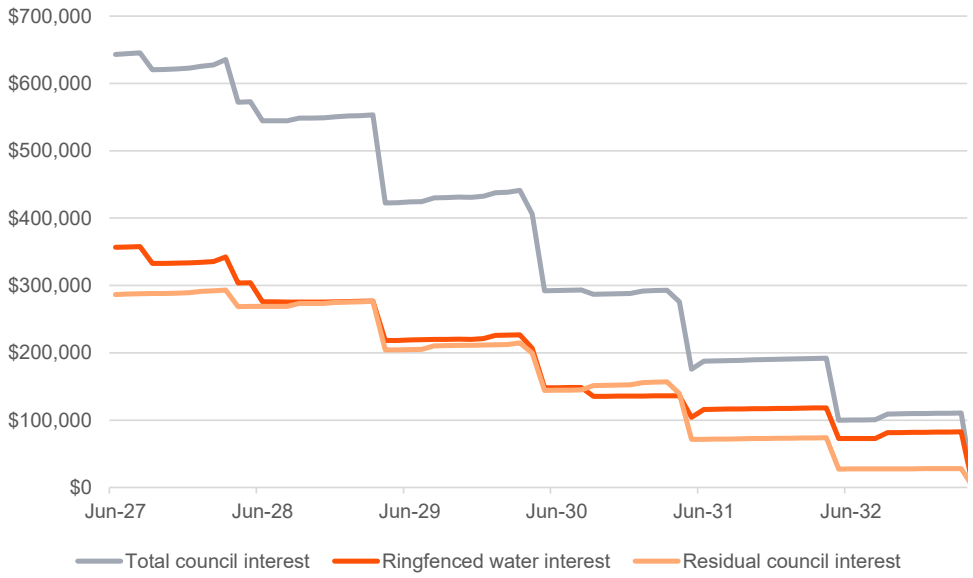
Period	Min	Max	Total Council	Water IBU	Residual Council
0 – 3	15%	60%	57.5%	60.8%	53.2%
3 – 7	25%	85%	42.5%	39.2%	46.8%
7 +	0%	60%	0.0%	0.0%	0.0%

Interest rates (30 June 2027)

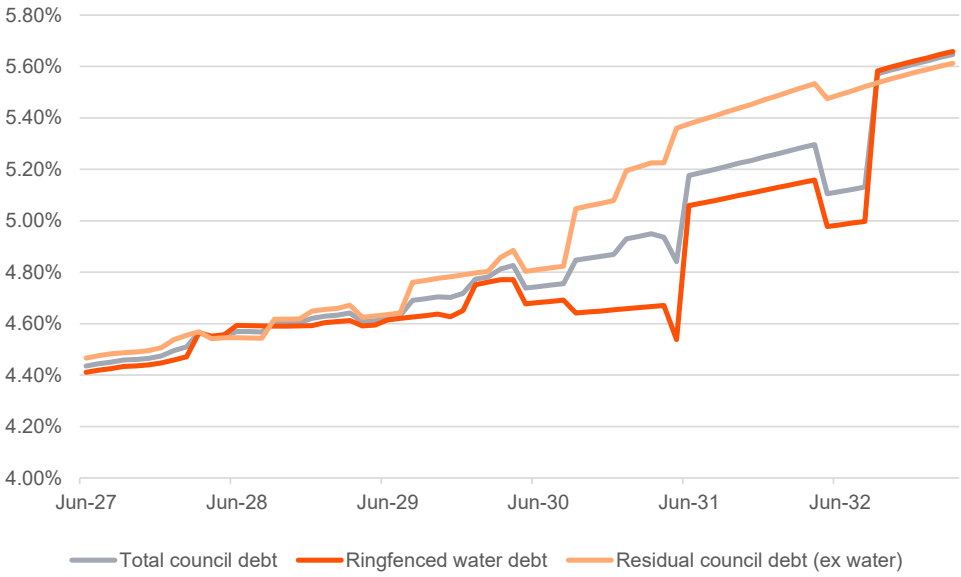
Period	Min	Max	Total council	Water IBU (55%)	Residual Council (45%)
0 – 12	40%	95%	64.2%	63.8%	64.6%
12 – 24	35%	90%	51.6%	50.1%	53.6%
24 – 36	30%	85%	34.5%	32.6%	36.7%
36 – 48	25%	80%	16.8%	24.3%	7.7%
48 – 60	20%	75%	5.4%	9.8%	0.0%
60 – 72	0%	70%	0.8%	1.5%	0.0%
72 – 84	0%	65%	0.0%	0.0%	0.0%
84 – 96	0%	60%	0.0%	0.0%	0.0%

Cost of funds comparison

Forecast monthly interest cost on debt and swap instruments



Projected all up cost of funds



The constructed debt and swaps portfolio for the ring-fenced water IBU are broadly economically neutral. Providing a verifiable output in allocating debt and interest cost for water-services.

Key treasury considerations and next steps

New debt issuance

Post the initial ring-fencing exercise new debt can be raised specifically for identified water expenditure.

Given the exercise undertaken to ring-fence whole LGFA instruments for future state, **Council should ensure new water-debt raised remain separate tranches to Council services debt**.

LGFA debt drawdowns

LGFA have advised councils when borrowing for in-house units that Council notifies LGFA of the use of funds. LGFA's preference is that separate water tranches are raised (i.e. not co-mingled as one debt item with council borrowing). While this is not required under legislation the purpose is to ensure an ability to report to LGFA's external investors water lending. Operationally, this lends itself to borrowing specific water tranches separate from Council's own borrowings.

Liquidity

In regards to how the IBU manages liquidity risk, a logical starting position would be to adopt a similar approach to Council. Noting LGFA financial covenants are also based at the consolidated group level for IBUs.

More broadly we have observed WSCCO's adopting shorter horizons (next 3-months) for liquidity management to avoid holding excess levels of liquidity to minimise the holding cost of carry (holding debt financed cash). This has also been supplemented with a lower liquidity percentage of 105%. A driver of this has been the ability of water entities (both IBU and WSCCO) to have immediate access to LGFA financing. Consequently execution risk (ability to raise/access debt), is greatly reduced.

We will consider a pragmatic approach when undertaking the Treasury Policy review component of the engagement.

Treasury Policy

PwC will consider the efficacy and design of a hybrid treasury policy framework that captures both Council and the water services IBU within a single treasury policy. This will include consideration of how the policy can appropriately distinguish between Council and IBU treasury settings, while maintaining a coherent overall treasury management framework.

Key treasury considerations and next steps

Reporting dashboards

A key input into the attribution of financing costs will be segregating reporting at the ring-fenced water level.

The next steps following Council's endorsement of the ring-fencing exercise will be creating a dynamic reporting tool that can both separate out ring-fenced water debt/swaps, then aggregate up for a holistic council profile.

The reporting dashboards will allow independent risk management approaches to be adopted by separating the attribution profile from any new debt and interest rate swaps subsequently transacted post 1 July 2026.

We expect to spend a significant amount of time constructing the reporting tool.

Basis risk considerations of the debt/swap portfolios

In undertaking the ring-fencing water swap exercise, we have identified a basis mismatch between Council's swap portfolio and council's underlying debt. This introduces interest rate basis risk into Council's portfolio (i.e. misalignment between floating rate debt being set relative to the floating rate leg of the swap). This is inherently structural and not related to the ring-fencing undertaken. Council might look to align rate set periods over the course of time through attrition and reinstatement of hedging.

Quarter roll periods	Existing LGFA debt	Existing swaps	Existing swaps as % of debt	LGFA selected water debt	Identified water swaps	Water swaps as % of debt	Difference: Water vs Existing
January quarter roll Jan / Apr / Jul / Oct	$85.5m	$30.0m	**35.1%**	$47.5m	$13.0m	**27.4%**	**(7.7) pp**
February quarter roll Feb / May / Aug / Nov	$70.5m	$9.0m	**12.8%**	$34.5m	$4.0m	**11.6%**	**(1.2) pp**
March quarter roll Mar / Jun / Sep / Dec	$10.0m	$90.0m	**900.0%**	$7.0m	$54.0m	**771.4%**	**(128.6) pp**
Total portfolio	**$166.0m**	**$129.0m**	**77.7%**	**$89.0m**	**$71.0m**	**79.8%**	**2.1 pp**

Regulatory considerations outside of treasury

Economic regulation will increasingly shape how STDC plans, funds and reports on water services. The immediate priority is to ensure the Water Services IBU has reliable data, clear ownership and robust controls to support confident future disclosure. Long-term this might influence regulatory views on water debt, affordability and balance sheet gearing.

Economic regulation will progressively shape how STDC plans, funds, delivers and reports on water services. It should not be viewed as a standalone compliance exercise. Over time, it will increase transparency over whether water services are being managed in the long-term interests of water users.

The initial focus will be information disclosure across areas such as revenue, expenditure, asset values, financing, ring-fencing, investment, asset management and service performance. For STDC, this means the Water Services IBU will need reliable data, clear ownership, documented assumptions, reconciled financial information and a traceable evidence base.



The key governance question is not only whether the required information can be produced, but whether Council and IBU leadership can be confident that it is complete, accurate and supported by effective controls. Certification should be the final step in a controlled process, rather than the primary control.

STDC should begin readiness work by confirming data ownership across finance, assets and operations, and identifying gaps in systems, controls and supporting evidence. Early readiness reviews, supported by engagement with auditors and other advisers, will help identify issues before implementation. Governance reporting should clearly explain key assumptions, risks and limitations.

Approached well, the regime can support better planning, stronger investment decisions and clearer accountability, rather than simply adding reporting requirements.

The immediate priority for STDC is to assess whether the underlying data, processes, controls and governance arrangements are sufficiently robust to support future regulatory disclosure.

As a prudent health check, we can introduce Council to our regulatory subject matter expert Lynne Taylor.

lynne.taylor@pwc.com

“

Clean water, clear thinking.

pwc.co.nz

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Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Katātari Haumaru me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	16 November 2026
Subject	**Quarterly Internal Audit Status Report**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides the Risk and Assurance Committee (the Committee) with an update on the status of the Internal Audit activity and the open recommendations from previous internal audits.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Quarterly One Internal Audit Status Report.

Kupu Whakamārama / Background

2. This report includes details of the Council's Internal Audit activities undertaken since the last Internal Audit Status Report was presented to the Committee in August 2026.

Whakawhiti Kōrero / Discussion

Current Audit Assignment

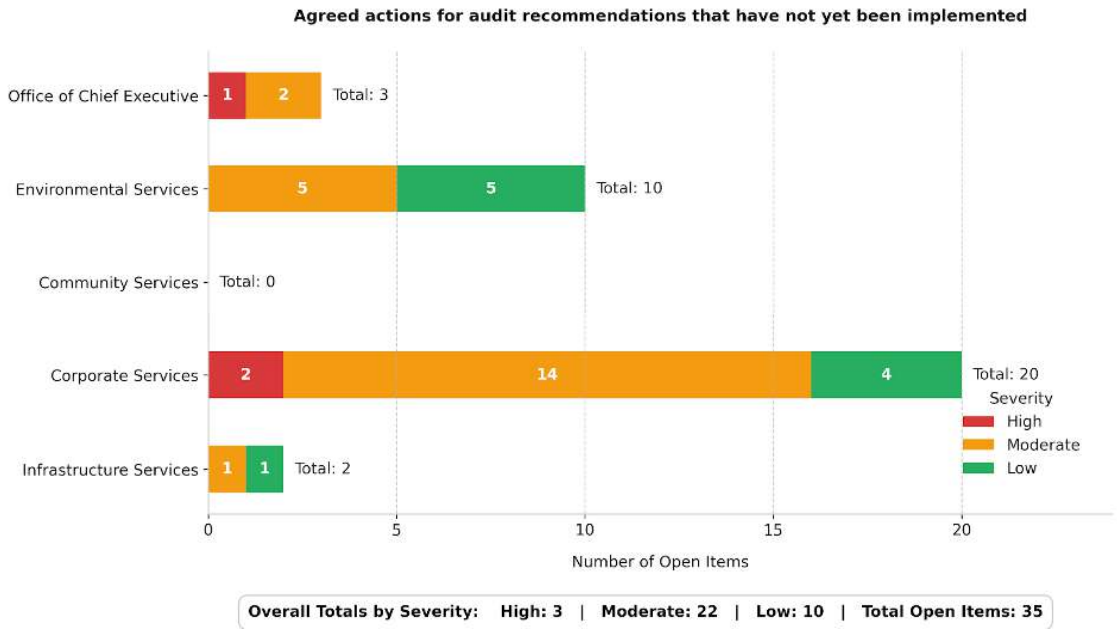
3. The 2026-2029 Internal Audit Plan was adopted by the Committee in August 2026, with audits now underway. The first audit completed under the new plan was the Project Management Internal Audit, and the results of that audit are presented at this meeting. Following consideration of the audit findings by the Committee, the agreed management actions will be entered into the Council's audit action tracking system for implementation and monitoring. The next audit, Parking Enforcement and Revenue Collection, is currently in progress and is scheduled to be reported to the Committee in Quarter Three.

Open Audit Recommendation Actions

4. As at October 2026, there are 35 open Internal Audit recommendations. While no recommendations have been formally closed since the previous report, progress continues

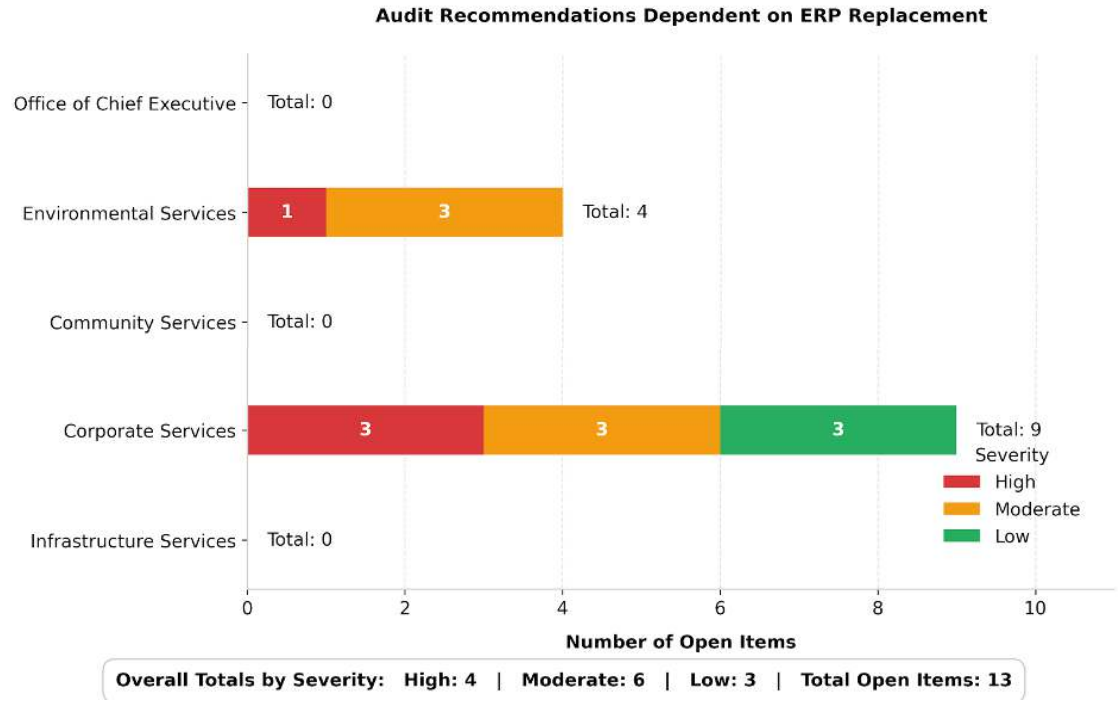
across a number of actions and most are tracking towards completion by the end of Quarter Two or during Quarter Three. Several completion dates have been extended to align with the rollout of key organisational initiatives, including the Customer Request Management system, Customer information Anywhere (CiA), Enterprise Resource Planning (ERP) process mapping, and other technology and process improvement projects.

5. A significant proportion of the remaining recommendations are dependent on policy development and review programmes, system implementations, process redesign work, governance approvals, and the availability of staff resources.



6. Outside of these there are 13 recommendations dependent on the implementation of (TechOne SaaS solution) major system replacement projects, particularly the Enterprise Resource Planning (TechOne) programme and the CiA implementation. They are directly reliant on new system functionality or are expected to be delivered as part of these transformation initiatives. These recommendations include improvements to procurement processes, contract and project management, lease management, financial reporting, purchase order controls, and animal management enforcement activities.

7. As a result, progress against these audit actions is closely linked to the timelines, resourcing and successful delivery of the organisation's broader digital transformation programme.



Whakakapia / Conclusion

8. In conclusion, progress continues to be made on implementing Internal Audit recommendations, with many actions now incorporated into ongoing policy reviews, process improvement initiatives, and major system projects. While no recommendations have been closed since the previous report, most outstanding actions remain on track for completion by the end of Quarter Two or during Quarter Three. Internal Audit will continue to monitor progress and report updates to the Committee.

Sara Dymond
Katātari Haumaru me te Arotake-o roto /
Risk and Internal Audit Coordinator

[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance

Appendix 1:

2026/27 Assurance Plan Detail

The table below provides more detail of proposed engagements for FY2026/27, including indicative objectives, scope and timing.

The full objective and scope of these engagements will be confirmed during the planning stage and agreed with the relevant Review Sponsor.

#	Review	Q1	Q2	Q3	Q4
1	**Project Management** Assess the processes in place in relation to the management of projects including control measures, compliance, risk management, reporting and monitoring.	√			
2	**Parking: Enforcement and Collection** Assess the processes in place for management of parking enforcement and collection activity including control measures, management of complaints, compliance, risk management, reporting and monitoring.		√		
3	**Procurement** Assess the processes in place in relation to procurement including Issuing purchase orders/contracts; Financial delegations; Supplier selection; Receiving of goods / services; and Quality controls.			√	
4	**Expense Claims for Elected Members/Appointed Members** Assess the processes in place in relation to expense claims for elected members/appointed members including control measure and compliance.				√

Notations:
√ Review/engagement is scheduled in the period indicated.

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Katātari Haumaru me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	16 November 2026
Subject	**Internal Audit Scope: Procurement**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Procurement Internal Audit is the scheduled audit for Quarter Three (Q3) under the Internal Audit Plan. This report outlines the audit objective and scope. The audit will assess whether the Council's procurement activities are conducted in accordance with the Procurement Policy and Manual, Procurement Processes and Guidelines, financial delegations, and legislative requirements. It will evaluate whether procurement practices support value for money, transparency, accountability, fairness, and effective contract management, and whether procurement activities are applied consistently and appropriately documented across the organisation.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Proposed Internal Audit Scope: Procurement Information Report.

Kupu Whakamārama / Background

2. The three-year Internal Audit Plan was adopted by the Risk and Assurance Committee (the Committee) in August 2026. The Committee requested that the scope of each internal audit be presented for its information prior to commencement. The Procurement Internal Audit is included in the Internal Audit Plan, with the audit results expected to be reported to the Committee in April 2027.

Whakawhiti Kōrero / Discussion

3. The Procurement Internal Audit has been prioritised due to its alignment with key strategic and operational risks identified within the Internal Audit Plan, including:

- Legislative non-compliance.
- Failure to meet financial obligations.
- Failure to deliver on significant projects and/or critical services.

- Failure to manage critical / strategic assets.
- Ineffective partnership relationships/stakeholder engagement.

4. The objective of the Procurement Internal Audit is to provide assurance that procurement activities are conducted in accordance with the Council's Procurement Policy and Manual, Procurement Processes and Guidelines, financial delegations, and legislative requirements. The audit will assess whether procurement practices support value for money, transparency, accountability, fairness, and effective contract management, and whether procurement activities are applied consistently and appropriately documented across the organisation.

5. To achieve this objective, the audit will review key controls and processes relating to:

- Procurement planning and approval processes.
- Compliance with the Procurement Policy and Manual and associated procedures.
- Procurement methods, including quotations, closed *Request for X* (RFx), public RFx, and direct appointments.
- Procurement decision-making and documentation.
- Financial delegations and approvals.
- Conflict of interest declarations and management.
- Monitoring and reporting of procurement activities.
- Management of procurement risks and lessons learned.

6. The review will exclude the sale and purchase of land and other property interests, legal settlements, assignments and non-contractual obligations.

Whakakapia / Conclusion

7. This report presents the audit objective and scope for the Procurement Internal Audit. The audit will provide assurance over the effectiveness of controls supporting the Council's procurement activities and contract management practices, with a focus on the strategic risks of legislative and policy non-compliance, failure to achieve value for money, ineffective supplier and contract management, and inadequate governance, transparency, and accountability in procurement decision-making.



Sara Dymond
Katātari Haumaru me te Arotake-o roto /
Risk and Internal Audit Coordinator



[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Katātari Haumaru me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	16 November 2026
Subject	**Strategic Risk Review Report**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Leadership Team completed its scheduled review of the Council's strategic risks in accordance with the Risk Management Framework. Since the last report, one strategic risk has been reviewed: Failure to Meet Financial Obligations.

2. The review confirmed that the risk remained relevant and appropriately managed.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Strategic Risk Review Report.

Kupu Whakamārama / Background

3. The Council currently maintains 11 strategic risks. These risks are reviewed regularly by the Leadership Team and reported to the Risk and Assurance Committee. The current strategic risks are:

- Failure to manage and protect Council information.
- Failure to deliver on Significant Projects and/or critical services.
- Non-Compliant Health and Safety Policy and Procedures.
- Failure to manage critical/strategic assets.
- Failure to attract and retain staff.
- Environmental damage.
- Ineffective partnership relationships/stakeholder engagement.
- Significant disruption to the Council's essential business continuity and/or lifeline utilities.
- Legislative non-compliance.
- Failure to meet financial obligations.
- Failure to adapt effectively to climate change.

4. This report outlines the outcome of the review of the *"Failure to meet financial obligations."*

Whakawhiti Kōrero / Discussion

5. The outcome of the review of the strategic risks *"Failure to meet financial obligations"* are outlined below.

Strategic Risks

Risk title: Failure to meet financial obligations

Risk Owner: Head of Business Enablement	**Inherent risk rating:** High	**Residual risk rating:** Low
Failure to sustainably meet the Council's financial obligations and maintain planned levels of service within available funding and financial capacity.		
Impacts:	• Legislative • Financial • Reputational / Stakeholder Engagement / Political	
This may result in:	• Reputational damage • Reduced ability to meet their financial obligations • Change in strategic direction • Inability to deliver on Long Term Plan/Annual Plan • Decrease in credit rating • Increase cost of finance • Loss of investment value • Inability to meet legislative requirements • Decrease/change in levels of service • Delaying critical infrastructure	
Caused by:	• Adverse economic conditions • Increasing expenditures • Lack of income etc. • Lack of qualified staff • Fraudulent behaviour of staff • Changing geopolitical environment • Changes or new legislation • Increase in interest rates for borrowing • Capital programme costs escalation and competing funding priorities	

6. The risk description was updated from a focus on the Council's ability to finance its operations and service delivery to a broader focus on the sustainable management of financial obligations and the maintenance of planned service levels within available funding and financial capacity. As part of the review, the cause relating to staff moving on to seek greater opportunities was removed, while capital programme cost escalation and competing funding priorities were added. The consequence statement was expanded to include the potential for reduced or changed service levels, delays to critical infrastructure projects and an inability to meet legislative requirements.

7. Existing treatment actions were retained, with one strengthened by adding a reference to Section 94 of the Local Government Act 2002 on auditing the Long Term Plan. Two existing treatment actions were added to reflect activities already being undertaken to manage

financial risks. These focused on treasury and debt management through the Liability Management Policy, and investment governance through the Long Term Investment Fund Statement of Investment Policy and Objectives, including regular monitoring and reporting to the Risk and Assurance Committee.

Treatments Amended/Added:

MC01414	
In accordance with Section 93 and Section 94 of the Local Government Act 2002 (the Act), councils are required to develop a Long Term Plan (LTP) every three years. This plan must articulate the community outcomes for the relevant city, district, or region, and outline the Council's strategic priorities over a ten-year horizon. The LTP serves as a key instrument for setting the Council's strategic direction. Any amendments to the LTP must be undertaken through the special consultative procedure as prescribed by the Act and must be formally adopted by a majority vote of the Council.	
Signoff: Chief Executive	**Signoff:** The first weekday of every 12 months

MC01438	
The Council's Long Term Investment Fund (LTIF), its largest financial asset, is prudently managed in accordance with its Statement of Investment Policy and Objectives (SIPO). The LTIF is managed with a long-term investment horizon, appropriate diversification within and across asset classes, defined investment parameters, regular performance monitoring and independent investment advice. The SIPO is reviewed annually, with the Strategic Asset Allocation (SAA) reviewed at least every three years to ensure the investment strategy remains fit for purpose and supports the LTIF's long-term objectives, including its ability to provide the committed LTIF subsidies while maintaining the real value of the LTIF over time. The LTIF performance monitoring report is reported quarterly to the Risk and Assurance Committee.	
Signoff: Chief Executive and Head of Business Enablement	**Signoff:** The first day of every 12 months

MC01439	
The Council's Liability Management Policy (the Policy) provides defined borrowing, liquidity, refinancing and interest-rate risk controls, including debt maturity management, funding diversification, borrowing limits and covenant monitoring, to maintain access to funding and minimise unnecessary financing and refinancing costs. Compliance with the Policy is monitored and reported quarterly to the Risk and Assurance Committee, providing regular governance oversight of the Council's treasury position, policy compliance and associated financial risks. The policy is reviewed every three years.	
Signoff: Chief Executive and Head of Business Enablement	**Signoff:** The first day of every 12 months

8. The overall inherent risk rating reduced from 50 (Extreme) with a likelihood of Likely, to 40 (High) with a likelihood of Possible. The residual risk rating also decreased, from a score of 8 (Medium) with a likelihood of Possible and an impact of Minor, to a score of 2 (Low) with a likelihood of Very Unlikely and an impact of Minor.

Whakakapia / Conclusion

9. The review confirmed that the strategic risk of *Failure to Meet Financial Obligations* remains relevant and is being managed appropriately. Updates were made to the risk description, causes, consequences, and controls to better reflect the Council's current financial challenges and responsibilities. Additional controls were added to strengthen the management of borrowing, debt, and investments. Overall, the review provides assurance that this risk is being actively monitored and managed in line with the Council's Risk Management Framework.

Sara Dymond
Katātari Haumaru me te Arotake-o roto /
Risk and Internal Audit Coordinator

[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance

Pūrongo-Whakamārama

Information Report

To	Risk and Assurance Committee
From	Katātari Haumaru me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	16 November 2026
Subject	**Project Management Internal Audit**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides an overview of the Project Management Internal Audit conducted in September/October 2026, outlining the audit findings and recommended improvement actions. The findings were reviewed by the Leadership Team and management comments have been recorded against each action.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Project Management Internal Audit Report.

Kupu Whakamārama / Background

2. The Project Management Internal Audit was scheduled in the Council's 2026/2027 Internal Audit Plan, as approved by the Risk and Assurance Committee.

3. There are four Strategic Risks related to project management:

- Failure to deliver significant projects and/or critical services
- Failure to manage critical/strategic assets
- Legislative non-compliance
- Failure to meet financial obligations

4. The objective of this audit was to assess the effectiveness of the Council's project management process and associated controls for the planning, governance, delivery, monitoring and closure of significant capital projects. The audit focused on evaluating whether projects were managed in accordance with the Council's requirements and whether appropriate processes were in place to support successful project outcomes.

5. The scope of the audit included a sample of significant projects completed within the last three years across multiple business areas, including Infrastructure, Community Development, Roading, Environment and Sustainability, and Property. Projects were selected to provide coverage of varying project types, scales, and levels of complexity, while ensuring alignment with the Council's strategic risk profile.

6. Procurement activities and contract and contractor management were excluded from the scope of this audit, as these areas are subject to separate internal audits.

7. The audit assessed project management practices across the following key areas:

   - Governance and Oversight
   - Project Planning and Initiation
   - Risk and Change Management
   - Financial and Resource Management
   - Monitoring and Delivery
   - Project Closure and Continuous Improvement

Whakawhiti Kōrero/Aromātai /Discussion/Evaluation

8. The audit identified five recommendations aimed at strengthening project management practices across the organisation. These recommendations relate to the Project Management Process, staff training, project management capability, project visibility and oversight through a centralised projects register, and the use of project management tools. Management has agreed actions to address each recommendation.

9. The audit found that projects reviewed were delivered effectively and achieved their intended outcomes. Higher-risk infrastructure projects demonstrated the most consistent alignment with the Project Management Process, reflecting the framework's original focus on infrastructure delivery. The audit identified an opportunity to strengthen the framework through the development of a scalable, risk-based approach, with project management requirements tailored to the size, complexity and risk of each project while maintaining appropriate governance, documentation and oversight. This would support more consistent application of project management practices across the full range of projects undertaken by the Council.

10. The audit recommendations are summarised in the table below:

Finding recommendation	Rating	Actions	Due Date
1. Project Management Process	Moderate	Establish a project team to undertake a review of the current Project Management Process to assess its suitability across different project sizes. The review will consider the development of a scalable framework including the introduction of a project checklist and project closure requirements to support consistent application, record keeping, and the capture of lessons learned.	6-9 months
2. Staff Training	Moderate	Training and guidance will be provided to staff responsible for managing projects on the Project Management Process, including the use of project templates and the project folder structure.	6-9 months
3. Project Management Training	Moderate	Project management capability requirements are considered during recruitment and are subsequently monitored and developed through the Council's PDD process. Update the staff onboarding workflow and the planned cross-boarding workflow to include consideration of internal and external training requirements, ensuring training needs are identified, assessed, and actioned when employees commence new roles or transition into different responsibilities.	6-9 months
4. Centralised Projects Register	Low	While this may provide some benefit, the effort required to maintain it may outweigh the value achieved.	No further action required
5. Project Management Tools	Low	There are a range of tools available which are dependent on project scale and complexity. A scalable project management process to be updated to include guidance on tool selection to support consistent application across projects.	6-9 months

Rating descriptors are attached in Appendix 1.

Whakakapia / Conclusion

11. This report presents the results of the Project Management Internal Audit. The audit identified five recommended actions focused on strengthening the application of the Project Management Process, improving staff capability and training, enhancing project visibility through a centralised projects register, and ensuring appropriate project management tools are available and consistently used. All recommendations have been discussed and agreed with key stakeholders and the Leadership Team, with management actions identified to address each finding and support more consistent project delivery, governance and oversight across the organisation.



Sara Dymond
Katātari Haumaru me te Arotake-o roto /
Risk and Internal Audit Coordinator



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Appendix 1

Findings Classification

Internal Audit uses the following classification framework to prioritise and define the significance of reported findings. This is based on the understanding of the incurred or potential impact on the Council, and the likelihood of occurrence.

Rating	Definition	Action required
Critical	Issue represents a severe control weakness. This could cause or is causing severe disruption to process/service, or severe adverse effect on the ability to achieve objectives.	Requires immediate notification to the audit sponsor and Chief Executive. Included and highlighted within the executive summary of report. Requires significant involvement by the audit sponsor/Senior Management to manage/resolve. Requires interim action within **7-10 days,** followed by a detailed plan of action to be put in place, with an expected resolution date and a substantial improvement within **30 days**. Note that for Health and Safety hazards or activities that pose immediate harm to a person, immediate action must be taken to eliminate the risk (i.e., stop work). The ability to accept this risk as observed or without additional mitigation requires Risk and Assurance Committee approval.
High	Issue represents a significant control weakness. This could cause or is causing significant disruption to process/service, or significant adverse effect on the ability to achieve objectives.	Requires notification to audit sponsor. Included within the executive summary of report. Requires senior management involvement to manage/resolve. May require interim action within 30 days, with an expected resolution date and substantial improvement within **1-3 months**. The ability to accept this risk as observed or without additional mitigation requires CEO approval with notification to the Risk and Assurance Committee.
Moderate	Issue represents a moderate control weakness. This could cause or is causing some disruption to process/service. There may be a level of short-term tolerance due to compensating controls or remedial plans underway.	Requires notification to relevant manager with disclosure to Senior Management. Summarised within the executive summary of report. Requires management involvement with senior management oversight to manage/resolve. Requires expected resolution date and a substantial improvement within 3-6 months. The ability to accept this risk as observed or without additional mitigation requires audit sponsor approval with disclosure to the Risk and Assurance Committee.

Low	Issue represents a minor control weakness. This could cause or is causing inefficiencies in process or is a lack of formality in documentation or process.	Requires disclosure to process owner. Reported in detailed findings of the report. Requires management action within a reasonable time period. Timeframe for action is subject to competing priorities and cost/benefit analysis e.g., 6-9 months. The ability to accept this risk as observed or without additional mitigation requires Senior Management approval with disclosure to the audit sponsor.

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Katātari Haumaru me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	16 November 2026
Subject	**Risk and Assurance Committee - Workplan**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report presents the Risk and Assurance Committee (the Committee) Workplan for the remainder of 2026 and the 2027 calendar year. The Workplan outlines key reports, policy reviews and other scheduled activities that support the Committee's oversight responsibilities.

2. The Workplan is reviewed and updated periodically to reflect directives arising from Risk and Assurance Committee reviews, legislative or regulatory requirements and Council activities.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Workplan for the 2026/27 calendar year.

Whakawhiti Kōrero / Discussion

3. The Workplan provides a forward schedule of key reports and policy reviews to be considered by the Committee over the remainder of 2026 and throughout 2027.

4. The Workplan is a living document and may be reviewed by the Committee at any time. Items may be added, amended, deferred or removed to reflect emerging risks, legislative requirements, organisational priorities or other matters requiring Committee oversight.

Whakakapia / Conclusion

5. The Workplan for the 2026/27 calendar year is attached as Appendix 1 and provides an overview of the key reports and policy reviews that will be presented to the Committee for consideration.



Sara Dymond
Katātari Haumaru me te Arotake-o roto /
Risk and Internal Audit Coordinator

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[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance

Appendix 1 – 2026/27 Risk and Assurance Committee Workplan

Committee Workplan

	Nov-26	Feb-27	Apr-27	May-27	Jul-27	Aug-27	Oct-27	Nov-27
MERCER	√	√		√		√		√
Quarterly Report	√	√		√		√		√
Significant Projects Progress Report	√	√		√		√		√
South Taranaki Business Park Update Report			√		√		√	
Audit Management Report - Annual Report and Long Term Plan	√		√		√			
Insurance Renewal Update							√	
Strategic Risk Review	√	√		√	√		√	√
Risk Management Update Report		√		√		√		√
Internal Audit Scope Report	√		√		√		√	
Internal Audit Status Report	√		√		√		√	
Internal Audit Report	√	√	√		√		√	
Committee Workplan	√	√	√	√	√	√	√	√
Health and Safety	√	√		√		√		√
Cyber Security Report			√			√		
Council Plans, Reports and Policies	√	√		√		√		√

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Pouhautū Rautaki me te Whaitikanga / Head of Strategy and Governance, Becky Wolland
Date	16 November 2026
Subject	**Quarter One Non-Financial Performance Measures**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides the Quarter One (Q1) (as at 30 September 2026) results for non-financial performance measures (Appendix 1) across Council activities excluding waters (water, wastewater, stormwater).

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Quarter One Non-Financial Performance Measures Report.

Whakawhiti Kōrero/Aromātai / Discussion/ Evaluation

2. This report provides an overview of the Q1 Non-Financial Performance Measures for Council activities, excluding water, wastewater and stormwater. Measures relating to water services are reported through the Water Services Committee.

3. Q1 results provide an early indication of performance, with 18 of 28 performance measures only due to be reported on in Quarter Four (Q4) when the Annual Residents' Survey results have been finalised. In 2025/26, 10 of 28 performance measures (that could be measured) were achieved, compared to 4 of 28 measures in 2026/27, reflecting opportunity for improvement across the areas that did not perform as well this quarter.

4. Six non-financial performance measures were not achieved in Q1 2026/27 across Roading and Regulatory Services. Three were close to target, with six of seven urgent roading requests responded to within two working days, 93% of building consents processed within statutory timeframes, and 91% of serious dog and wandering stock incidents responded to within four hours. Road safety recorded two serious injury crashes, compared with one in Q1 last year. Building inspection timeliness and resource consent monitoring were further below target, achieving 42% and 58% respectively.

Three Waters

5. There was a strong overall performance across water, wastewater and stormwater activities, with the majority of non-financial performance measures achieved in line with the 2024-2034 Long Term Plan and the updated Department of Internal Affairs (DIA) Non-Financial Performance Measure Rules 2024. All Q1 performance measures that could be assessed at this stage were achieved. Several annual measures are not yet due for reporting and will be measured and reported at the end of Q4.

6. Compliance with the new drinking water safety reporting requirements was fully achieved across the District in Q1. This is an improvement from Q1 2025/26 where ten measures were reported as non-compliant, as well as Q4 2025/26 where six measures were non-compliant.

Whakakapia / Conclusion

7. Overall, the Q1 results provide an early indication of performance across the Council's activities. While the majority of the performance measures will not be reported on until Q4, the results achieved to date show positive performance in some areas and identify opportunities to further strengthen service delivery in others.



Becky Wolland
Pouhautū Rautaki me te Whaitikanga / Head of Strategy and Governance



[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

Appendix 1 – Quarter Four Non-Financial Performance Measures Report excluding three waters.

Non-Financial Performance Measures for Quarter One as at 30 September 2026

(Waters Removed – Three Waters measures are reported to Water Services Committee)



Achieved/On Track



At Risk



Not Achieved/Not on Target

Q# **This measure can only be reported on in a certain quarter**

N/A **This measure is not applicable for this year**

Status	2026/27	2025/26	2024/25	2023/24
	4	10	9	27
	0	0	0	2
	6	1	2	8
Q4	18	17	17	26
TOTAL	**28**	**28**	**28**	**63**

Democracy and Leadership

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
We make well informed decisions that support the current and future needs of the community.	(C) % of residents who agree decisions made by Council represent the best interests of the District.	≥ 70%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
We engage with our community and provide opportunities to participate in decision-making.	(C) % of residents who are satisfied or neutral with their opportunity to participate in Council decision- making processes.	≥ 80%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
We keep residents informed of Council activities through a variety of media.	(C) % of residents who know where to access Council information when they want it (website, newspaper, Libraries, Customer Services).	≥ 80%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
We have strong relationships with local Iwi and work together in a range of ways so that their perspectives inform our decisions.	(T) Complete one goal or action per annum from He Pou Tikanga Ngā iwi o te Tai Whakarunga – Council Partnership Strategy	≥ 1	Q4	Q4	This measure is reported on in Quarter 4.

Roading and Footpaths (includes Road Safety and Pathways)

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Council provides roads which are safe and comfortable to drive on.	(T) % of roads meeting the roughness standard (deviation of true plane) remains stable or improves. *DIA Performance Measure 2*	92%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
	(C) % of road users satisfied with the condition of Council roads.	≥ 73%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
	(T) Annual change in number of fatalities and serious injury crashes on local road network (excluding state highways). *DIA Performance Measure 1*	Decrease by 1 or zero	Increase by 1		Not achieved. There were two reported serious crashes for this quarter compared with only one serious crash in the corresponding quarter last year. However, this is still lower than the number of crashes in 2024/25 which were five serious crashes.
The roading network is maintained in good condition.	(T) % of sealed local road network resurfaced annually. *DIA Performance Measure 3*	4.5%	Q4	Q4	On track. We have programmed to complete 4.5% of reseal work. The reseal programme is expected to be completed by 31 March 2027.
Footpaths are maintained in good condition and are fit for purpose.	(T) % of footpaths with condition rating 1-4. *DIA Performance Measure 4*	98%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Council will respond promptly to customer service requests for roads and footpaths.	(T) % of urgent customer service requests relating to roads and footpaths responded to within 2 working days. *DIA Performance Measure 5*	≥ 95%	85%		Not achieved. There were 6 out of 7 urgent CRMs responded to within two working days in Q1.
	(T) % of non-urgent customer service requests relating to roads and footpaths responded to water within 5 working days. *DIA Performance Measure 5*	≥ 90%	93%		Achieved. There were 400 out of 429 CRMs responded to within five working days in Q1.

Community Facilities

Level of Service Parks and Public Spaces	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Parks and reserves are tidy and well maintained.	(C) % of customers satisfied with the level of maintenance in Council parks, reserves, playgrounds and public spaces.	≥ 97%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
Swimming Pools					
Customers are satisfied with services,	(C) % of customers satisfied with services at Hāwera Aquatic Centre.	≥ 90%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
Public Toilets					
Public toilets are clean and well maintained.	(C) % of residents satisfied with cleanliness and maintenance of public toilets.	≥ 80%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
Cemeteries					
Cemeteries are tidy and well maintained.	(C) % of customers satisfied with the tidiness and level of maintenance at cemeteries.	≥ 95%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
Housing for the Elderly					
Council provides well maintained and fit for	(C) % of tenants satisfied with the standard of their unit.	95%	Q4	Q4	The Tenants' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

purpose housing for the elderly.					

Arts and Culture

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
LibraryPlus materials and resources are relevant to current information and leisure needs of the community.	(C) % of customers satisfied with materials, resources and information provided.	≥ 96%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

Regulatory Services

Level of Service Performance Measure *C=customer measure* *T=technical measure*		Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Building Control					
Building consents are processed efficiently.	(T) % of building consent applications are processed within the statutory timeframe of 20 working days.	≥ 95%	93%	✗	Not achieved. For Q1, 117 Building Consents were issued, 109 (93%) of which were processed within the statutory timeframe.
Customers receive industry recognised quality service.	(T) % of building inspections are carried out within 2 working days of request.	≥ 95%	42%	✗	Not Achieved. For Q1, 361 inspections were completed, of which 150 (42%) were within 2 working days of the requested date. 193 (53%) of inspections were undertaken within three working days. The requirement under the Building Regulations is for 80% of inspections to be undertaken within 3 working days.
Planning					
Consents for subdivision and development are processed in a timely manner.	(T) % of resource consent applications (notified and non-notified) processed within statutory timeframes.	≥ 95%	100%	✓	Achieved. For Q1, 24 Resource Consents were issued, 24 (100%) of which were processed within the statutory timeframe.
Consent compliance is monitored by the Council.	(T) Consents (with conditions) are monitored by their due date.	≥ 95%	58%	✗	Not achieved. For Q1, 53 resource consents were monitored, 28 (58%) of which were within the scheduled due date timeframe.

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Animal Services and Nuisance Control					
Residents are satisfied with the Animal Control service.	(C) % of residents satisfied with the Animal Control service.	≥ 75%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3, with results reported in Quarter 4.
A prompt and reliable animal control service will be provided 24 hours a day, 7 days a week for wandering stock and serious dog incidents*.	(T) % of reported serious dog or wandering stock incidents responded to within 4 hours.	≥ 95%	91%	✗	Not achieved. For Q1, 43 of 47 (91%) were responded to on time.
A reliable and responsive animal control service that investigates general dog incidents.**	(T) % of reported general dog incidents responded to within 1 working day.	≥ 95%	96%	✓	Achieved. For Q1, 309 of 323 (96%) were responded to on time.

*** Serious dog incidents – dog attacks, threatening or rushing dogs or continual barking.**

**** General dog incidents – barking and roaming.**

Emergency Management

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
The Council is ready to respond to a Civil Defence Emergency and is able to provide an appropriate response.	(T) More than 50% of staff have attended appropriate training and regular meetings with function leads and alternates to ensure capacity.	> 50% of staff trained	78.33%		Achieved. 78% of staff are CDEM trained. This includes 23 staff who have function roles within the EoC.

Solid Waste

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Solid Waste					
A reliable weekly kerbside recycling and rubbish collection service is provided.	(C) % of customers satisfied with the solid waste collection service.	≥ 90%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
Increasing number of tonnes per annum of recyclable material diverted from landfill.	(T) Number of tonnes of recyclable waste diverted from landfill per year.	Maintain or improve from previous year.	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.
Waste Minimisation					
Reduce the amount of rubbish/waste that is collected from kerbside collection per household.	(T) Number of tonnes of waste collected on average per household per year.	< 320kg per household	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Tumu Whakahaere / Chief Executive, Fiona Aitken
Date	16 November 2026
Subject	**Significant Projects Progress Report**

(This report shall not be construed as policy until adopted by the full Council)

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides an update on the 2026/27 Significant Projects Programme to the Risk and Assurance Committee. The report highlights risks associated with completing the programme and specific projects.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Significant Projects Progress Report for Quarter One of the 2026/27 financial year.

Kupu Whakamārama / Background

2. The Council has a significant $25.31 million (m) projects programme for the 2026/27 year, including $26.06m of carryovers from the 2025/26 year. The total actual spend in the first quarter was $5.07m and the current forecast spend for the year is $49.7m, as a result of reprioritisation on projects. Most of the construction projects will commence in the summer months. Several projects make up a significant portion of the programme, including:

- Manaia Facilities;
- Digital Transformation Project;
- Hāwera Resource Recovery Centre (RRC);
- Taranaki Organics Processing Facility;
- Head Start / Back Stop and Representation Review.

Whakawhiti Kōrero / Aromātai / Discussion / Evaluation

General Project Risks

3. Contractor availability and capacity, especially with larger projects, are general risks across all projects.

4. Financial and time constraint pressures remain a risk as changes in construction, material and supplier costs could potentially affect approved budgets or project scope. Delays during

planning, design, consenting or procurement phases may also place additional pressure on construction timeframes and result in expenditure occurring later than originally forecast.

5. Local government reform, new legislative requirements or changes in Government direction may affect project priorities, funding and delivery.

Manaia Facilities

6. Demolition of the former facilities has been completed and, following a competitive procurement process, a contractor has been engaged to undertake the design and construction of the new facility. The project has now successfully transitioned from procurement into the design and construction-planning phase.

7. The preliminary design has been completed, reviewed and signed off. It includes the proposed site layout, floor plan, elevations, three-dimensional views and identified locations for cultural narrative and graphic design elements. The project will now progress into developed design, during which the design will be further coordinated and refined ahead of consenting and construction.

8. Engagement is underway with Ngāti Tū to inform the cultural expression, storytelling and potential naming elements of the facility. Ngāti Tū has confirmed representatives to work with the Council, and the preliminary design identifies opportunities for cultural narrative elements to be developed through the next design stages.

9. Engagement with the Manaia Community Services Group is also progressing. The Group has established a dedicated subcommittee to liaise with the Council, and officers are working to coordinate input from the subcommittee and other community representatives. This engagement will help ensure community aspirations and operational considerations are appropriately reflected as the design develops.

10. Currently the top three risks for Manaia Facilities are:

    a) Community alignment and stakeholder expectations - There is a risk that fragmented community groups or differing views about the facility could result in conflicting or polarised feedback as the project progresses. With the preliminary design now approved, there is limited scope to accommodate further changes to the functional design. If expectations are not managed clearly, this could create stakeholder dissatisfaction, reputational impacts or pressure to revisit agreed project decisions.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Minor	Major	High

    Treatment: Maintain coordinated engagement with the Manaia Community Services Group and other community representatives, clearly communicate the status of the approved design and distinguish between matters that remain open for input and those that have been confirmed. The Manaia Community Services Group has established a dedicated subcommittee to liaise with the Council, providing a useful mechanism for coordinated engagement.

    b) Developed design, consenting and programme coordination - There is a risk that technical issues identified during developed and detailed design, or delays associated

with consenting and regulatory approvals, could affect the construction programme or require rework. This risk is particularly relevant as the project transitions from the approved preliminary design into the more detailed technical design required for construction.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

Treatment: Regular design coordination, early resolution of technical issues, timely progression of consenting requirements and active monitoring against the agreed project programme.

c) Changes following preliminary design approval - There is a risk that changes are sought after approval of the preliminary design. This would result in additional design work, increased project costs and delays to the delivery programme. Changes at this stage may also affect other coordinated elements of the design and require consequential amendments.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

Digital Transformation Strategy

11. The Digital Transformation programme continues with the second phase of the Enterprise Resource Planning (ERP) system replacement project to upgrade the Property & Rating system within the new cloud environment underway.

12. As part of the Property & Rating upgrade we have introduced Enterprise Cash Receipting (ECR), which will enable customers to make payments for multiple Council services through a single transaction while improving payment allocation and tracking. ECR went live in August.

13. The project team are currently testing Request Management (RM) and the Digital Experience Platform (DxP) for their implementation at the end of October. RM and DxP will make it easier for customers to interact with the Council, track their requests, and they will support a more consistent, transparent approach to managing and delivering services to our community.

14. We are also restructuring the Chart of Accounts which will enable real-time, consolidated reporting, reduce complexity when compiling financial reports, and simplify the audit process.

15. The restructured Chart of Accounts is currently being used to budget for the 2027-2037 Long Term Plan. The new, full Chart of Accounts will be ready to manage Actuals for the Financial Year beginning 1 July 2027.

16. AI functionality has been introduced into our ERP system with imbedded AI for some functions as well as an Agentic AI module called Plus which enables staff to gather insights from our data to guide more informed decisions, manage our processes, and take actions. The functionality is being thoroughly tested and validated before being enabled.

17. The top three risks for the Digital Transformation Strategy are:

a) Failure to manage and protect Council information - There is a risk that the Council fails to manage and protect information; leading to significant interruption of Council services or a legislative breach. This may result in: financial consequences; reputational damage; loss of staff trust in processes and systems. Incorrect information is provided as a result of: unauthorised access to Council data; unauthorised distribution of Council data; cyber-attack; unauthorised destruction of Council data; system (not people) failure; lack of controls in place; poor planning

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Major	High

Treatment: Regular refresher training is provided to all staff on Sharepoint. Sharepoint is actively administered to meet the needs of the users, Information management policy in place and reviewed regularly, Information Management staff regularly monitor Sharepoint for compliance with the policy

b) Negative impact on Staff Resources - There is a risk to the wellbeing and retention of staff due to workload and conflicting priorities. This may result in staff vacancies, staff feeling stressed, becoming disengaged and leaving as well as delays to the project and critical milestones not met, this can be caused by lack of staff in critical areas, conflicting priorities between project work and BAU

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Moderate	Moderate	High

Treatment: Regular Wellbeing check-ins with Project Team Members with a positive focus to boost morale and engagement. Resource Planning by teams involved in the project. Taking into account critical deadlines and resource requirements for all phases of the project

c) Dirty Data - There is a risk that staff are not aware of the correct processes to perform their job. Resulting in incorrect input or processing in TechOne resulting in dirty data. Caused by staff turnover or lack of process mapping.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Moderate	Moderate	High

Treatment: Processes are captured in Promapp and awareness is raised with all staff. TechOne has inbuilt safeguards to prevent data being input incorrectly e.g. address requiring address input

Hāwera Resource Recovery Centre (RCC)

18. Final building designs are currently being refined. Progress has been slower than originally anticipated following the identification of traffic engineering challenges associated with the proposed site entry and exit arrangements onto Scott Road. A detailed review identified

that the original layout would not have fully met the relevant District Plan requirements. The project team, including traffic engineers and architects, is actively working through design modifications to address these issues and implement appropriate mitigation measures. Resolving these matters prior to lodging the building consent application will help ensure compliance requirements are met and reduce the risk of delays later in the consenting process.

19. Key potential risks for the Hāwera RRC project are:

a) Delayed delivery of critical materials and specialist trade may delay the completion of target of the project. These delays have been mitigated by early engagement with suppliers to confirm availability of material and ensuring that they are available when construction starts

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Low	Low	Medium	Low

b) The identified operator withdraws before or shortly after contract execution will create significant delays and reputation risks. This is being mitigated by supporting the operator with establishing the necessary relationships with the solid waste service that will be supporting them with additional resources prior to and post opening of the facility.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Low	Medium	High	Medium

c) Uptake or buy-in from businesses and community members, both in supply of stock and purchasing. To mitigate this, early engagements have already started with potential suppliers to ensure that they are aware of the service that will be made available to them and remove potential barriers that may exist.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Low	Medium	Medium	Medium

Taranaki Organics Processing Facility

20. A report has been provided to elected members outlining the recommended next steps for the Taranaki Organics Processing Facility project. The report seeks endorsement to refer the matter to the Waste Services Joint Committee (the Joint Committee), which will consider a preferred regional approach and make a recommendation to the New Plymouth District Council, Stratford District Council and South Taranaki District Council (the Councils).

21. Subject to the Joint Committee's consideration and subsequent approval from the Councils, the current recommendation is to proceed with a second Request for Proposal process. This approach will enable the Councils to further test the market and identify suitable organics processing solutions that can deliver a sustainable and regionally supported outcome to Taranaki. The additional procurement phase will also provide greater confidence that the

preferred solution meets the Council's operational, financial, environmental, and strategic objectives.

22. Key potential risks for the Taranaki Organics Processing facility project are:

    a) Achieving a shared regional approach requires agreement between multiple councils and stakeholders on project objectives, evaluation criteria, and decision-making processes. Without this alignment, there is a risk of delays, fragmented outcomes, or difficulty reaching agreement on a preferred solution. This risk is being mitigated through ongoing governance engagement, clear project objectives, and structured decision-making processes to support timely and informed recommendations.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Low	High	Medium	Medium

Head Start Pathway and Representation Review

23. The Government has advised that decisions on which Head Start proposals will progress to detailed design will not be made until early 2027, following the general election. In the meantime, the Council must continue to meet its legislative requirements, including completing its representation review ahead of the 2028 local elections.

24. The representation review will therefore continue, with a report to be presented to the Policy and Strategy Committee in the new year outlining the proposed approach and seeking direction from elected members. In parallel, South Taranaki and Stratford District Council officers will continue to consider whether there is work that can usefully be progressed now, particularly where that work would remain relevant regardless of whether the Head Start proposal proceeds.

25. Key potential risks for the Head Start Pathway and Representation Review projects are:

    a) Changes arising from the Government's local government reform programme may alter representation requirements or future governance arrangements. This could result in work undertaken through the representation review needing to be revisited or amended. Officers will continue to meet the current legislative requirements for the representation review. While future reforms may require aspects of the review to be revisited, the work completed will provide a strong evidence base that can be used to support any future governance or representation arrangements.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Almost Certain	Minor	Moderate	High

    b) The Head Start pathway process requires ongoing collaboration between neighbouring councils, iwi, communities, and Central Government. Differences in priorities or preferred reform outcomes could place pressure on relationships and affect the ability to progress a shared approach. To mitigate this risk, officers continue to work closely with colleagues at Stratford District Council and maintain regular engagement with iwi, Central Government agencies, elected members and other stakeholders through established governance and project forums.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Insignificant	Major	Medium

c) If local government reform proceeds, there may be significant costs associated with transition planning, organisational change, systems integration, governance arrangements and community engagement. The scale and timing of these costs remain uncertain pending Government decisions. To mitigate this risk, officers are working collaboratively through the Head Start pathway to identify potential transition issues early and improve readiness for any future changes.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

Staff Uncertainty During Transition

d) There is a risk that the Head Start proposal and potential amalgamation across councils creates a level of uncertainty amongst staff which may impact morale, engagement, productivity and overall wellbeing. Ongoing change and organisational uncertainty can also affect staff retention and attraction if not managed effectively. This risk is being mitigated as much as possible through regular communication to staff and the establishment of a project team to plan and implement the next phase of work should the proposal be approved.

Likelihood – before mitigation	Impact rating – Staff recruitment and retention	Impact rating – reputation / stakeholder	Risk rating (residual)	Likelihood – after mitigation
Likely	Moderate	Moderate	Medium	Unlikely

Whakakapia / Conclusion

26. The 2026/27 Significant Projects Programme made steady progress during Quarter One, with several projects advancing through design, procurement and implementation. Activity is expected to increase as construction begins over the summer months.

27. Key delivery risks continue to be actively monitored and managed through planning, engagement and collaboration with project partners.

Fiona Aitken
Tumu Whakahaere/
Chief Executive

Appendix 1: Risk Assessment Definitions

Appendix 1: Risk Assessment Definitions

Likelihood of Occurrence

Likelihood	Strategic risks	Business / Operational risks	Project risks
Almost certain	Event is expected to occur more than once in the next year.	Virtually guaranteed to occur. Occurs as a matter of course in this type of assignment or situation.	Virtually guaranteed to occur in this type of projects.
Likely	Event is expected to occur once in the next year.	Will probably occurs in most circumstances. Happens Commonly in this type of assignment or situation.	Will probably occurs in most circumstances. Common occurrence in similar projects.
Possible	Event could occur at least once in the next two years.	Could occur at some stage. Has happened in this type of assignment or situation before.	Could occur at some stage. Some history of occurrence in similar projects.
Unlikely	Event could occur at least once in the next three to five years.	Chance of occurring but little history. Not known to have happened in this type of assignment or situation.	Could occur. Little history but a chance of occurring in similar projects.
Very unlikely	Event is unlikely to occur in the next five years.	May occur in exceptional circumstances, remote chance of occurring. Not Known to happen in this type of assignment or situation.	May occur only in exceptional circumstances. No history but a remote chance of occurring in similar projects.

Risk Assessment Matrix

Impact	Likelihood: Very unlikely	Unlikely	Possible	Likely	Almost Certain
Catastrophic	Medium	High	High	Extreme	Extreme
Major	Medium	Medium	High	High	Extreme
Moderate	Low	Medium	Medium	High	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Medium	Medium

D- Risk Rating

Comparative Levels of Risk	Action needed (Escalation)
Extreme	The Risk Owner immediately escalates the risk to the Senior Leadership Team, who considers escalating it to Risk and Assurance Committee. Report Monthly to SLT. Strategic risks to be escalated to Risk and Assurance Committee.
High	The Risk Owner immediately escalates the risk to the Risk and Internal Audit Manager, and to the Senior Leadership Team as applicable. Monitor monthly.
Medium	Monthly, the Risk Owner monitors and reviews the effectiveness of treatments and whether the risk rating has changed. Report Quarterly.
Low	No actions are required for risks with a combined score of 1-2 but keep the risks on the Risk Register and review six monthly. Keep risks with a combined score of 3-4 on the Risk Register and formally review them quarterly to make sure that the Likelihood and Consequence continues to pose a Low level. Report biannual.

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	16 November 2026
Subject	**Audit Management Report – Annual Report 2025/26**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The purpose of this report is to provide the Risk and Assurance Committee (the Committee) with the Audit Office Final Report to the Council on the 2025/26 Annual Report (Appendix 1). The Audit Office report sets out the key findings of the audit, and this report outlines the areas the Council will be working on to improve the Annual Report process going forward.

2. The Council adopted the 2025/26 Annual Report on 28 October 2026, and the Audit Office has issued an unmodified audit opinion, with an Emphasis of Matter paragraph on Simplifying Local Government reform – Head Start proposal. The key findings are that no instances of management override of controls were identified, and the Audit Office was satisfied with its four audit focus areas.

3. The Audit Office report identifies areas for improvement, and this report outlines the Council's response to those findings.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Audit Management Report – Annual Report 2025/26.

Kupu Whakamārama / Background

4. The Audit Office, on behalf of the Auditor-General, has completed its audit of the Council's financial statements and service performance information for the year ended 30 June 2026. Its Final Report to the Council, dated 28 October 2026, is attached as Appendix 1. The Audit Office will also provide a more detailed Report to Management on other matters raised during the audit, and a separate report on the progress of the Council's capital works programme.

5. The 2025/26 Annual Report was adopted by the Council on 28 October 2026, within the statutory deadline and the Audit Office has issued an unmodified audit opinion.

6. The Audit Office experienced difficulties obtaining information that adequately supported the figures and performance measures reported in the Annual Report, and it commenced the audit without a complete Annual Report being available. The Council's aim was to provide a complete draft Annual Report, with the information needed to support the audit, at least a week before the final audit began. This was not achieved. The report also raises two new recommendations and repeats one prior-year finding on the capitalisation of assets (all rated Medium), and records that the quality and timeliness of information provided for audit needs attention. Collectively, these matters resulted in additional audit work and an overrun in the time required to complete the audit.

7. Council officers accept the findings and take responsibility for the Annual Report and supporting information not being ready when the audit began. A debrief with the teams involved in preparing the Annual Report is being used to agree on a practical improvement plan with clear ownership and timeframes. The areas we will be working on including a clearer Annual Report project plan, stronger workpaper and reconciliation standards, strengthened asset capitalisation processes, better supporting evidence for service performance measures, tighter version control and review, and earlier engagement with the Audit Office. The key elements are set out in this report, and progress will be reported back to the Committee.

Existing Council Policy

8. The Committee's workplan provides for an Audit Management Report following each Annual Report audit, and the Committee oversees the Council's control environment and the implementation of audit recommendations. Open internal audit recommendations are reported to the Committee quarterly, and the 2026–2029 Internal Audit Plan includes an Asset Management audit. Actions arising from this report will be tracked alongside these existing recommendations.

Current Practice

9. The Annual Report is prepared by the Policy and Finance teams with input from the teams that own the underlying information, including those responsible for asset records and service performance measures. A project timeline is set in advance, and information is provided to the Audit Office through its audit portal and during its interim and year-end visits.

10. A debrief following the 2024/25 audit identified similar themes, including reconciliation of the asset register to the general ledger, the timing of supporting information and audit follow-ups, and the need for a more prescriptive timeline. The repeated capitalisation finding and this year's experience show that further, more structured changes are needed.

Legislative Considerations

11. Under sections 98(1) and 98(3) of the Local Government Act 2002, the Council must adopt its audited Annual Report by 31 October each year.

12. Under the Public Audit Act 2001, the auditor expresses an independent opinion on the financial statements and service performance information. The audit does not relieve

management or the Council of their responsibilities, including maintaining a system of internal control that supports accurate and timely financial and non-financial reporting.

Whakawhiti Kōrero/Aromātai / Discussion/Evaluation

Audit outcome

13. The Audit Office has issued an unmodified opinion on the financial statements and performance information, with an Emphasis of Matter paragraph on Simplifying Local Government reform (Head Start) proposal. It was satisfied with its four focus areas: valuation of the Long Term Investment Fund, management override of internal controls, fair value of property, plant and equipment in a non-revaluation year, and impairment and capitalisation of costs. No instances of management override of controls or fraudulent financial reporting were identified.

14. One uncorrected misstatement was identified: a $0.7 million understatement of the provision for doubtful debts, relating to a long outstanding amount. The Council had concluded that it is not material, and it is included in the Council's letter of representation. The Audit Office's materiality was $131 million for revaluations and $2.8 million for all other balances.

Audit recommendations and control observations

15. The Audit Office raised two new recommendations and repeated one prior-year finding, all rated Medium. One prior-year finding was resolved, and no High-rated findings were reported. Overall, the findings highlight the need to improve audit readiness and supporting information, align the capital programme with delivery capacity, and strengthen asset capitalisation processes and records. The detailed findings are set out in Appendix 1. Council officers accept the recommendations.

Quality and timeliness of information provided for audit

16. Appendix 3 of the Audit Office report rated the quality and timeliness of information provided for audit as needing attention in three areas. The initial draft Annual Report was incomplete, and five versions were reviewed before all issues were addressed. Supporting documentation did not always reconcile to the financial statements. Supporting service performance information did not always meet the requirements of the performance measures, including inconsistencies between how Wai Comply and the Council assessed drinking water compliance.

17. The Audit Office's assessment was more positive on accounting papers for complex transactions and estimates, and on the governors' challenge of management's judgements. The additional work nonetheless extended the audit and placed significant pressure on the Audit Office and Council officers, who worked long hours to meet the adoption deadline. The Council acknowledges that effort and expects an additional audit fee, the amount of which is yet to be confirmed.

Actions and Improvement Plan

18. The Council officers are bringing together the teams involved in preparing the Annual Report and its supporting information through a debrief and follow-up working sessions, covering both the financial statements and the non-financial performance measures. The intent is not to apportion blame but to agree practical changes, with clear ownership and timing, so that a complete and well-reviewed draft Annual Report is available well ahead of next year's audit.

19. The improvement plan will focus on a detailed Annual Report project plan with named owners and deadlines, standard workpapers and regular reconciliation of Assetfinda to the general ledger, evidence and owners for each service performance measure, and early engagement with the Audit Office. It also includes resetting the capital programme and reviewing year-end resourcing. Actions, owners and timing will be confirmed through the debrief, with most in place before the 2026/27 interim audit.

20. Success will be measured by a complete draft Annual Report being available to the Audit Office at least one week before the final audit begins, supporting evidence being ready when requested, no repeat of the capitalisation finding, and less additional audit effort and cost.

21. Following the debrief, the recommendations will be presented to the Leadership Team, who will monitor progress on their implementation.

Whakakapia / Conclusion

22. The Audit Office's findings make clear that the process for preparing the Annual Report and its supporting information needs to improve. The Council accepts the recommendations and is putting in place a clearer timeline, stronger workpaper and reconciliation standards, closer working across departments, and earlier engagement with the Audit Office. Progress will be reported to the Committee.



Vipul Mehta
Pouhautū Āheinga Pakihi /
Head of Business Enablement



[Seen by]
Fiona Aitken
Tumu Whakahaere /
Chief Executive

Appendices:
Appendix 1: The Audit Office – Final Report to the Council on the audit of South Taranaki District Council for the year ended 30 June 2026 (STDC 2026 Report to Governors – Final)

The Audit Office
Te Mana Arotake



Final Report to the Council

on the audit of South Taranaki District Council

For the year ended 30 June 2026

2026

Introduction

We are pleased to present our final report to the Council for the audit of South Taranaki District Council for the year ending 30 June 2026.

Our role as your auditor is to give an independent opinion on your financial statements and service performance information.

The purpose of this report is to communicate significant matters arising from the audit and to assist the Council in its oversight of South Taranaki District Council's financial reporting and service performance reporting processes. We also recommend improvements we identify during the audit.

In addition to reports provided to Council we will also provide a more detailed Report to Management on issues raised.

Nāku noa, nā



Chris Webby
Appointed Auditor

28 October 2026

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A snapshot

Auditor's report

We intend to issue an unmodified opinion on the financial statements and performance information for the year ended 30 June 2026 subject to resolution of the outstanding matters described in this report. Without modifying our opinion, we will include an Emphasis of Matter paragraph drawing attention to the following note disclosure in the financial statements:

- Note 27 - Simplifying Local Government reform (Head Start) proposal.

Outstanding matters

Our audit is nearly complete, subject to the following outstanding matters:

- Receipt of the signed letter of representation and signed annual report.
- Completing printer's proof review.

Audit focus areas

We identified

4

focus areas of most significance to the audit. Our response to these areas, as well as other matters that arose during the audit are described on pages 4 to 7.

New recommendations raised

This report contains

2

new recommendations.

See pages 8 to 9.

Other control observations will be communicated separately to management.

Uncorrected audit misstatements in the financial statements

Understatement/ (overstatement)	$m	%
Expenditure	0.7	0.7%
Current assets	(0.7)	0.5%

We are satisfied that these are individually and collectively immaterial. Refer to the uncorrected misstatements section for more details.

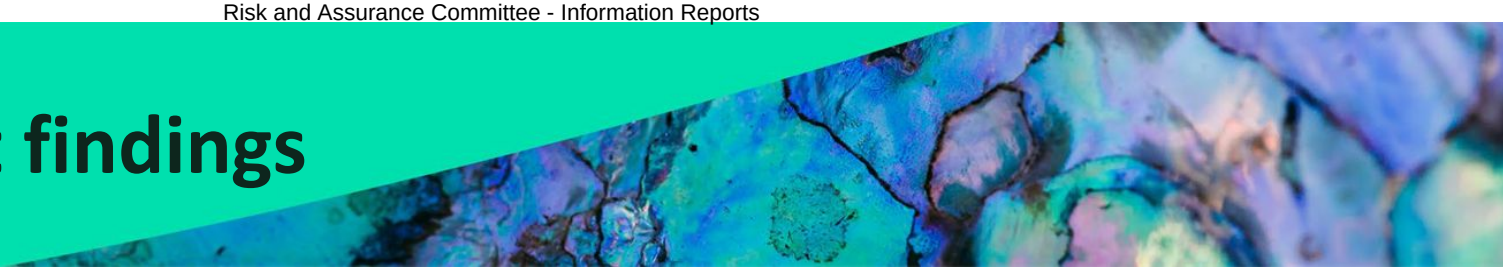
Materiality for the financial statements

$131M
Council – overall relating to revaluations

$2.8M
Council – all other balances

Our audit procedures have been performed using a materiality set based on total property, plant and equipment for overall materiality and total expenditure for our lower specific materiality.

Our audit findings



Audit focus areas and our findings

1 Valuation of Long-Term Investment Fund

The Council has appropriately accounted for the Long-Term Investment Fund (LTIF) in the financial statements

Risk description

The LTIF external investment had a carrying value of $140.8 million at 30 June 2026 and generated income of $15.5 million for the financial year.

The value of the LTIF and its related returns are subject to movements in the market. Council has continued to engage Mercer to provide investment advisory, monitoring and strategic guidance services for the LTIF, supporting Council's decision-making within the SIPO framework, with key investment decisions remaining subject to Council approval.

Action taken

We obtained assurance that:

- processes applied to the valuation of investments were designed and operating effectively;
- the methodology and source information applied in valuation models is appropriate;
- the valuations as at 30 June 2026 are materially correct; and
- the accounting treatment and related disclosures were appropriate.

Our findings

We are satisfied that the LTIF is fairly stated in the financial statements and that movements in the fund during the year have been appropriately recognised and accounted for.

2 Risk of management override of internal controls

No instances of management override of controls or fraudulent financial reporting were identified.

Risk description

There is an inherent risk in every organisation of fraud resulting from management override of internal controls.

Action taken

We tested selected journal entries, reviewed accounting estimates for potential bias, and assessed significant or unusual transactions, including related party transactions.

Our findings

No instance of management override of controls or fraudulent financial reporting were identified.

3 Fair value assessment of property, plant and equipment assets (non-revaluation year)

We are satisfied that there has been no material movement between the carrying value and fair value of property, plant and equipment recognised in the financial statements.

Risk description

The Council last revalued its three water assets as at 31 March 2025 and roading and land and buildings as at 30 June 2025.

These assets are not subject to a revaluation in the 2026 financial year. Therefore, a fair value assessment was completed to ensure the respective carrying values are not materially different from the fair values.

Action taken

We assessed management's fair value assessment of revalued property, plant and equipment including the supporting evidence used to determine whether carrying values remained materially consistent with fair value. We also considered relevant market and cost indicators and evaluated whether management's conclusion was reasonable and appropriately supported by the available evidence.

Our findings

We are satisfied that management's fair value assessment was reasonable and supported by appropriate evidence. We did not identify any indicators that the carrying values of the revalued property, plant and equipment were materially different from the fair values at balance date.

4 Accounting for impairment, capitalisation of costs and recognitions of completed assets

We are satisfied that asset additions and work in progress (WIP) are appropriately reflected in the financial statements. No indicators of impairment identified.

Risk description

The Council manages a large capital programme which spans balance dates.

There is a risk that as the projects are completed and become operational that WIP is not capitalised in a timely manner, which has an impact on the depreciation charged.

There is also a risk that WIP at year end includes aspects of the project that are obsolete and should therefore be written off.

Action taken

We:

- assessed the processes used by management to assess for impairment;
- updated our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and
- reviewed management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner.

Our findings

We are satisfied that asset additions and WIP are appropriately reflected in the financial statements.

No indicators of impairment identified.

Refer below to other findings for more information around capitalisation improvements.

Other findings

Matter	Description or finding
Financial statements and service performance information **Medium**	We experienced difficulties obtaining information from the Council that adequately supported the figures and performance measures reported in the annual report. We also commenced the audit without a complete annual report being available, which made the audit process less efficient. Collectively, these matters resulted in additional audit work and an overrun in the time required to complete the audit. Further detail on these matters is included in Appendix Three. We **recommend** that the Council ensure a complete annual report is available at the start of the audit, supported by complete and accurate workpapers for all figures and disclosures contained within it.
Ability to deliver the capital programme **Medium**	From our review of the expenditure programme, we identified that: • actual capital expenditure for the current year was just over 50% of budget, excluding budgeted carry-forwards; and • $51 million of the revised capital budget has been carried forward for delivery over the next two years. This indicates that the Council is not delivering its capital programme in line with planned timeframes. The Council has already been considering this as part of its 2026/27 Annual Plan process and intends to carry this work through to the next Long-Term Plan. As part of this, the Council plans to spread capital carry-forwards and programmes over a number of years, rather than including them all within the following financial year. We **recommend** that the Council undertake a reset of its capital programme through the next Long-Term Plan and annual planning processes, with appropriate oversight from those charged with governance. The reset should clearly distinguish between projects funded for investigation and development and those expected to proceed to procurement and construction. We will also issue a separate report which has assessed whether the Council's capital works programme is progressing consistently with approved budgets and delivery expectations. That report will set out the key factors affecting delivery and identify opportunities to strengthen programme planning, governance, and delivery.

Matter	Description or finding
Capitalisation of assets **Medium** *Repeated finding*	During the audit, we identified several issues relating to asset management, with the primary concern being the capitalisation of assets. The issues noted included: • Lack of project completion evidence to support movements from work in progress to capitalised assets. • Discrepancies between Assetfinda and the general ledger, with recorded amounts not aligning for certain projects. • Incomplete capitalisation records in Assetfinda at year end, despite recognition in the general ledger, resulting in significant reconciling items between the general ledger and the fixed asset register. • Limitations within AWM database, where capitalised works cannot be linked to corresponding general ledger items (by project, amount, etc.), and useful lives cannot be matched through the system. Given the material value of assets to the Council and the fact that assets are subject to revaluation, it is critical that full and complete records are maintained to ensure accuracy and reliability of financial reporting. We **recommend** that Council strengthen its asset capitalisation processes and records to ensure accuracy, completeness, and alignment between systems.

Financial statements and service performance information

Judgements made in significant accounting estimates

Judgement areas	Misstated	Cautious	Balanced	Optimistic	Misstated
Valuation of investments (including LTIF) ($148m)			●		
Valuation of Infrastructure ($1,216m)			●		
Valuation of land and buildings ($186m)			●		
Useful economic lives of assets (depreciation) ($29m)			●		

These are our views on the level of prudence in key judgements in this year's financial statements, relating to accounting estimates.

Internal control deficiencies

As part of our audit, we noted a number of significant internal control deficiencies, including those identified to you in prior years that remain outstanding. We believe these matters are important to assist you in considering the adequacy of your processes and controls. For further information refer to Appendix 4.

Status of control observations	Control observations at a glance			
	High	Medium	Low	Total
New audit recommendations raised through the annual audit	–	2	–	2
Prior year repeated findings raised again during the annual audit	–	1	–	1
Prior year findings resolved	–	1	–	1

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Appendix 1: Uncorrected Misstatements

During the course of our audit, we identified the uncorrected misstatements and requested that they be corrected. Management has concluded that these matters are not material after considering the size and nature of the misstatements, to either the financial statements as a whole or to the particular classes of transactions, account balance or disclosures.

The uncorrected misstatements have been included as part of Council's letter of representation to us.

Uncorrected financial misstatements

Description	Line items affected	Revenue	Expenses	Assets	Liabilities	Equity
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Provision for doubtful debts has been understated due to a long outstanding amount.	Impairment of receivables Provision for Doubtful Debts		700,000	(700,000)		
Total parent and group			700,000	(700,000)		

Appendix 2: Other communications

Our responsibilities in conducting the audit

We carried out this audit on behalf of the Controller and Auditor General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.

The audit of the financial statements and performance information does not relieve management or the Council of their responsibilities. Our audit engagement letter contains a detailed explanation of the responsibilities of the auditor and the Council.

Auditing standards

We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements and performance information. The Council and management are responsible for implementing and maintaining a system of internal control for detecting these matters.

Independence

We confirm that, for the audit of the South Taranaki District Council's financial statements and performance information for the year ended 30 June 2026, we have maintained our independence in accordance with the requirements of the Auditor-General standards, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out an engagement in the area of the Council's debenture trust deed, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the Council or its subsidiary.

Use of Artificial Intelligence (AI)

The Audit Office may use AI to assist with analytical tasks as part of its audit methodology, including analysis of client data where appropriate and in accordance with The Audit Office's internal AI policy. We do not use client data to train our approved AI tools. AI is used as a supporting tool only, and does not replace professional judgement. Auditors retain full responsibility for all audit decisions, conclusions, opinions, and reporting outcomes.

Fees

The audit fee for the year is $290,609 (GST exclusive), as detailed in our Audit Proposal Letter. Other fees charged in the period are $7,200 excluding GST, for the annual assurance engagement over the Council's Debenture Trust Deed.

Appendix 3: Quality and timeliness of information provided for audit

The Council's responsibilities include understanding whether management produce quality information, and whether there are adequate resources, skills, and expertise applied in the reporting process. Our expectations were informed by the FMA's *Audit Quality Monitoring Report* (expectations for directors) and *Guidance and expectations for keeping proper accounting records.*

Expectation	Needs attention ... Excellent	Explanation
Financial statements prepared by management comply with accounting standards		The initial draft of the annual report was incomplete, with key areas such as asset balances and the cash flow statement not fully updated. As a result, we did not proceed with our review of this version. Instead, we commenced our review using the second draft, which still contained substantial gaps and issues, particularly in the property, plant and equipment note. In total, we were required to review five versions of the annual report (excluding the final signed copy and printer's proof) before all issues were adequately addressed.

Expectation	Needs attention ... Excellent	Explanation
Quality supporting financial information is prepared and available on a timely basis		We identified several instances where the supporting documentation did not reconcile to the financial statements presented for audit. As a result, the audit process took longer than anticipated.
Management prepares accounting papers for unusual or more complex transactions and estimates		
Governors challenge the process and the outcomes of management's judgements		
Service performance reporting prepared by management complies with accounting standards		Refer below for the quality of supporting information.

Expectation	Needs attention ... Excellent	Explanation
Quality supporting service performance information is prepared and available on a timely basis		We identified several instances where the supporting information did not meet the requirements of the performance measures. We had provided guidance during our interim and pre-final visits, but a number of these matters had not been addressed before the year-end audit. We also identified inconsistencies between how Wai Comply assessed compliance with drinking water safety standards and how the Council assessed compliance. As a result, additional work was required to resolve these matters, and the audit process took longer than anticipated.
Issues raised in our previous reports are addressed in a timely manner		

Appendix 4: Internal controls

In performing our audit of the financial statement and service performance information we considered internal controls in order to determine our audit procedures for the purpose of expressing our opinion on the financial statements and statement of service performance.

We do not provide assurance specifically on internal controls and we are not obligated to search for these matters beyond those that come to our attention in the normal course of planning and performing the audit.

We are required to report significant deficiencies in internal control that we observe. We may also report other deficiencies or observations that we believe warrant your attention but may not report all identified matters if we do not believe they are significant or noteworthy.

Findings from the audit are included in the “Other findings” section above.

Deficiencies in internal control are significant based on our judgement regarding whether they are sufficiently important to merit Council’s attention. This judgement considers the likelihood of material misstatements, the susceptibility to loss or fraud, and the cause and frequency of exceptions and other considerations. We rate each control observation using the following criteria:

High	Deficiency/weakness in internal control (either individually or in combination with other deficiencies that requires immediate attention as it has potential to have a serious adverse effect on the entity (including the integrity of its financial and non-financial reporting).
Medium	Weakness that could adversely affect the entity if not addressed or reduce the efficiency of the entity’s operations.
Low	Weakness that results in controls falling short of best practice or public sector expectations for an entity of this size and complexity.

We have outlined control observations that we consider significant or noteworthy for those charged with governance in the Other Findings section. Other control observations will be communicated separately to management.

Appendix 5: Things to start planning for

New Accounting Standards, laws, and regulations	Expected impact					
	High	Moderate	Low	Effective date	Early adoption permitted	The Audit Office's guidance
XRB Exposure drafts: ED PBE IPSAS 47 Revenue and ED PBE IPSAS 48 Transfer Expenses, replacing PBE IPSAS 9, PBE IPSAS 11 and PBE IPSAS 23. Expect new standard to be issued in the first half of 2027. This may affect the timing of recognition and disclosure of certain revenue and grant-related transactions.		🟠		Unknown	Unknown	Guidance for 30 June 2026 financial reporting by public benefit entities — The Audit Office.
Rates Capping	🔴			1 July 2029	✓	N/A
Infrastructure reforms (development levies) (existing DCs would cease from 1 July 2030)	🔴			1 July 2029	✗	N/A

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Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Te Tumuaki Whakamana Pakihi / Head of Business Enablement, Vipul Mehta
Date	16 November 2026
Subject	**Financial Performance Report for period ending 30 September 2026**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report presents the Financial Performance Report for the first quarter to 30 September 2026.

2. Following the local body elections, the Council established the Water Services Committee to oversee three waters activity managed by the In-house Business Unit. As a result, financial reporting for water services is now presented separately to the Water Services Committee. However, the overall results included in this report incorporate all water-related activities and present the full Council level financial statements.

3. As this report covers the first quarter (Q1) of the financial year, it is too early to draw any meaningful conclusions from year-to-date performance against the full-year budget. Variances at this stage may largely reflect the timing of expenditure and revenue rather than underlying trends. For this Q1 report, high-level financial commentary has therefore been included in this cover report rather than within the individual Group Summary reports.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the End of Year Financial Performance Report for the first quarter ending 30 September 2026.

Kupu Whakamārama / Background

Overall Results

4. As at 30 September 2026, the overall result is a deficit of $6.99 million (m), compared to a budgeted deficit of $2.1 m before recognising a gain on derivatives of $2.9 m.

5. The gain on derivatives is a non-cash item and has no impact on rates. This adjustment is required by the accounting standards and is made to reflect Mark to Market (MTM) valuation of derivatives (interest rate swaps). MTM valuation of derivatives is a way to measure the current value of a financial instrument (interest rate swaps) based on its market price today.

Expenditure

6. Total expenses are $35,000 (0.12%) above budget. The variance is primarily due to salary not being phased in line with the salary payment schedule. The budget phasing will be corrected in the next quarter.

Income

7. Total income is $6.9 m (32%) below budget.

8. Grants and subsidies are currently $2.4 m below budget primarily due to the delay in roading projects. However, both activity and related income are expected to increase later in the financial year.

9. The 2026-27 year to date budget included $0.85 m of financial contributions relating to the Business Park which has yet to be realised.

10. The Long Term Investment Fund (LTIF) underperformed year to date compared to budget by $2.5 m, reflecting weaker than expected market performance to the end of September.

Capital Expenditure and Carryovers (excl. Water Activities)

11. Total capital expenditure for quarter one is $5.1 m (50%) against a revised year to date budget of $10.2m. Progress remains below budget consistent with previous years.

Financial Contributions

12. No income has been received against this budgeted item, which includes the South Taranaki Business Park (the Business Park). The actual contributions will depend on sub-divisions throughout the district as well as uptake within the Business Park.

Long Term Investment Fund

13. As at 30 September 2026, the invested assets of the LTIF totalled $151.2m. The performance is shown below with the summary extracted from Mercer's quarterly investment report.

14. The LTIF returned $380,000, against year-to-date budget of $2.9m, $2.5m below budget. The September quarter was characterised by modest gains in equities but significant pressure on bonds, property, and infrastructure as inflation fears, rising energy prices, geopolitical tensions, and higher interest rates drove market volatility.

Sector	Manager	Assets ($m)	Allocation (%)
Trans-Tasman Equities	Nikko / Amova	23.7	15.7%
Global Equities	Nikko / Amova	32.5	21.5%
Global Equities	Harbour	31.2	20.6%

Sector	Manager	Assets ($m)	Allocation (%)
Emerging Markets	Skerryvore	9.3	6.2%
Global Listed Infrastructure	Salt	8.9	5.9%
Global Listed Property	Salt	9.0	6.0%
NZ Fixed Interest	Harbour	8.9	5.9%
Global Bonds (hedged)	Salt	4.3	2.8%
Cash	Kiwibank	4.9	3.2%
Private Debt	Metrics	8.3	5.5%
Sub-total		**141.0**	**93.4%**
Internal Borrowings	South Taranaki District Council	10.2	6.8%
Total LTIF		**151.2**	**100.0%**

15. The LTIF return was 0.5% for the quarter ending September, 0.6% above its benchmark. The LTIF's long term investment objective is 4.75% p.a. after inflation and fees.

Borrowing

16. Total borrowing is $180.2m as at 30 September 2026, including external borrowing of $170.0 m and internal borrowing of $10.2 m.

17. The weighted average interest rate on external debt for the quarter ending 30 September 26 is 4.37%.

Whakakapia / Conclusion

18. The first quarter ended with a $6.99 m deficit, primarily due to lower income as a result of lower than anticipated Roading Grants and Subsidies, Business Park Financial contributions and lower than budgeted LTIF Income due to poor market conditions. Adverse Geo-political conditions continue to influence economic conditions.

Measure	Actual	Budget	Variance	Status
Operating Surplus	($7m)	($2.1m	($4.9m)	🔶 Below budget
Total Income	$21.6m	$26.5m	($4.9m)	🔶 Lower grants, subsidies and development contributions
Total Expenditure	$28.6m	$28.5m	(0.04m)	✅ Favourable result

Measure	Actual	Budget	Variance	Status
LTIF Investment Return	$0.4m	$2.9m	($2.5m)	◆ Below budget
Capital Delivery (excl. Water)	$5.1m	$10.2m	($5.1m)	◆ Behind programme
Total Borrowing	$180.2m	✅ Within expectations		
Average Interest Rate	4.37%	✅ Consistent with treasury strategy		

Vipul Mehta
Te Tumuaki Whakamana Pakihi / Head of Business Enablement

[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

South Taranaki District Council

Statement of Financial Position as at 30 September 2026

Description	Council Actual Sept-26 ($000)	Council Budget 2027 ($000)	Council Forecast 2027 ($000)
Current Assets			
Cash and Cash Equivalents	4,990	1,492	924
Term Deposit	0	0	0
Accounts Receivable	11,288	9,427	9,427
Derivative Financial Instruments	0	0	0
Prepayments	0	799	799
Stocks	31	71	71
Total Current Assets	**16,309**	**11,789**	11,221
Non Current Assets			
Investments	148,389	143,411	143,411
Property, Plant and Equipment	1,455,826	1,496,931	1,492,351
Derivative Financial Instruments	1,986	509	509
Intangible Assets	911	1,460	1,460
Total Non Current Assets	**1,607,112**	**1,642,311**	1,637,731
Total Assets	**1,623,421**	**1,654,100**	**1,648,952**
Current Liabilities			
Accounts Payable	10,010	16,583	11,700
Employee Entitlements	1,516	1,925	1,925
Income Received in Advance	1,815	3,440	3,440
Derivative Financial Instruments	40	0	0
Current Portion of Term Liabilities	38,041	35,086	35,086
Current Landfill Aftercare Provision	34	0	0
Total Current Liabilities	**51,456**	**57,034**	**52,151**
Non Current Liabilities			
Term Liabilities	132,844	151,379	151,379
Derivative Financial Instruments	36	0	0
Non-Current Landfill Aftercare Provision	220	1,886	1,886
Total Non Current Liabilities	133,100	153,265	153,265
Total Assets Less Liabilities	**1,438,866**	**1,443,801**	**1,443,536**
Accumulated Balances & Other Reserves	638,249	643,185	642,920
Asset Revaluation Reserves	800,616	800,616	800,616
Represented by Total Equity	**1,438,866**	**1,443,801**	**1,443,536**

South Taranaki District Council

Statement of Comprehensive Revenue and Expense for Period Ended 30 September 2026

	YTD Actuals	YTD Revised Budget	FY Revised Budget	Forecast
	2026-27	2026-27	2026-27	2026-27
	($000)	($000)	($000)	($000)
Revenue				
Revenue by Exchange Transactions				
Rates - Water by Meter	1,703	3,076	12,302	12,302
Financial Revenue	422	2,935	11,740	11,942
Revenue from Non-Exchange Transactions				
Rates	12,393	11,190	49,077	49,366
Fees & Charges	2,324	2,817	11,269	11,026
Capital Contributions, Subsidies & Grants	4,058	6,575	22,979	21,999
Development and Financial Contributions	39	851	3,406	3,456
Other Revenue	640	1,065	4,119	4,670
Total Income	**21,579**	**28,509**	**114,891**	**114,761**
Expenditure				
Personnel Costs	6,187	5,918	23,674	23,690
Depreciation & Amortisation Expense	7,220	7,517	30,068	28,880
Finance Costs	1,976	2,199	8,804	7,909
Other Expenses	13,187	12,901	46,284	45,964
Total Expenditure	**28,570**	**28,535**	**108,830**	**106,443**
Surplus/(Deficit) Before Tax	**-6,992**	**-27**	**6,061**	**8,318**
Tax	0	0	0	0
Surplus/(Deficit) After Tax	**-6,992**	**-27**	**6,061**	**8,318**
Increase/Decrease in Revaluation Reserves				
Surplus/(Deficit) on Derivative Contracts	2,922	0	0	2,922
Total Comprehensive Revenue and Expense for the Year	**-4,070**	**-27**	**6,061**	**11,240**

*** The statement includes all internal entries e.g. Internal interest, internal rates etc**

South Taranaki District Council
Statement of Cashflow for Period Ended 30 September 2026

	YTD Actuals 2026-27 ($000)	Full Year Budget 2026-27 ($000)	Forecast 2026-27 ($000)
Cash Flow from operating activities			
Cash will be provided from:			
Rates	14,096	58,977	61,668
Dividends	47	26	47
Interest on Investments	906	2,558	2,558
Other Revenue	13,678	36,423	47,665
Regional Council Rates	1,124	4,497	4,497
	29,851	**102,481**	**116,436**
Cash will be applied to			
Payments to Suppliers & Employees	23,881	69,870	74,500
Agency Rates paid over	1,124	4,497	4,497
Interest paid on Loans	1,976	8,207	7,909
	26,981	**82,574**	**86,907**
Net Cash from Operating Activities	**2,870**	**19,907**	**29,529**
Cash will be provided from:			
Net cash inflow from investments	4,900	8,876	11,600
Total Investing cash provided	**4,900**	**8,876**	**11,600**
Cash will be applied to:			
Purchase and Development of Fixed Assets	8,525	40,711	75,580
Purchase of Investments	0	0	0
Total Investing Cash Applied	**8,525**	**40,711**	**75,580**
Net Cash From Investing Activities	**(3,625)**	**(31,834)**	**(63,980)**
Cash Flows From Investing Activities			
Cash will be provided from:			
Loans - Raised	4,053	15,384	39,353
Loans - Refinanced	0	14,000	14,000
Total Financing Cash Provided	**4,053**	**29,384**	**53,353**
Cash will be applied to:			
Repayment of Loans	2,053	6,876	8,212
Loans - Repay LGFA	0	14,000	14,000
Total Financing Cash Applied	**2,053**	**20,876**	**22,212**
Net Cash from Financing Activities	**2,000**	**8,508**	**31,141**
Net Increase/(Decrease) in Cash Held	**1,245**	**(3,419)**	**(3,310)**
Total Cash Resources at 1 July	3,745	4,909	4,234
Total Cash Resources at 30 September	**4,990**	**1,492**	**924**

South Taranaki District Council

Funding Impact Statement for Whole of Council as at Sept 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	5,746	5,681	22,722	22,722	23,017
Targeted rates	8,350	8,585	38,656	38,656	38,651
Subsidies and grants for operating purposes	1,773	4,069	8,051	8,051	8,073
Fees and charges	2,324	2,817	11,269	11,269	11,026
Interest and dividend from investments	422	2,935	11,740	11,740	11,942
Local authorities fuel tax, fines, infringement fees and other receipts	640	1,065	4,119	4,119	4,670
Total operating funding (A)	**19,255**	**25,151**	**96,557**	**96,557**	**97,380**
Applications of operating funding					
Payments to staff and suppliers	19,128	18,609	69,000	69,114	68,811
Finance costs	1,976	2,199	8,804	8,804	7,909
Other operating funding applications	246	210	1,010	844	844
Total applications of operating funding (B)	**21,351**	**21,018**	**78,814**	**78,762**	**77,564**
Surplus (deficit) of operating funding (A-B)	**-2,096**	**4,133**	**17,743**	**17,795**	**19,816**
Sources of capital funding					
Subsidies and grants for capital expenditure	1,670	2,056	8,225	13,128	12,115
Development and financial contributions	39	851	3,406	3,406	3,456
Increase (decrease) in debt	2,000	2,109	8,435	35,679	31,141
Gross proceeds from sale of assets	1	0	0	0	0
Lump sum contributions	614	450	1,800	1,800	1,810
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**4,324**	**5,466**	**21,866**	**54,013**	**48,522**
Applications of capital funding					
- To meet additional demand	247	727	516	3,369	3,147
- To improve the level of service	4,674	7,721	17,651	40,095	36,002
- To replace existing assets	3,604	5,676	22,544	36,696	36,431
Increase (decrease) in reserves	-6,297	-4,525	-1,101	794	1,905
Increase (decrease) in investments	0	0	0	-9,147	-9,147
Total applications of capital funding (D)	**2,228**	**9,599**	**39,609**	**71,808**	**68,338**
Surplus (deficit) of capital funding (C -D)	**2,096**	**-4,133**	**-17,743**	**-17,795**	**-19,816**
Funding Balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes Depreciation of:	7,220	7,517	30,059	30,068	28,880

South Taranaki District Council
Funding Impact Statement for Arts and Culture as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	781	777	3,108	3,108	3,126
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	0	8	32	32	32
Fees and charges	15	12	49	49	45
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	128	134	538	538	538
Total operating funding (A)	**925**	**932**	**3,727**	**3,727**	**3,740**
Applications of operating funding					
Payments to staff and suppliers	775	720	2,649	2,649	2,658
Finance costs	136	131	527	527	546
Internal charges and overheads applied	330	302	1,210	1,210	1,075
Operating funding applications	0	6	25	25	25
Total applications of operating funding (B)	**1,242**	**1,160**	**4,411**	**4,411**	**4,304**
Surplus (deficit) of operating funding (A-B)	**-317**	**-228**	**-684**	**-684**	**-563**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	-12	-12	-48	-48	16
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-12**	**-12**	**-48**	**-48**	**16**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	0	0	0	0	0
- To replace existing assets	54	92	267	331	331
Increase (decrease) in reserves	-383	-332	-999	-1,063	-878
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-330**	**-240**	**-732**	**-732**	**-547**
Surplus (deficit) of capital funding (C-D)	**317**	**228**	**684**	**684**	**563**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	222	206	823	823	889

South Taranaki District Council
Funding Impact Statement for Coastal Structures as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	39	39	157	157	157
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	21	21	21
Total operating funding (A)	**45**	**44**	**178**	**178**	**179**
Applications of operating funding					
Payments to staff and suppliers	0	22	87	87	87
Finance costs	7	9	37	37	28
Internal charges and overheads applied	9	7	28	28	29
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**16**	**38**	**152**	**152**	**143**
Surplus (deficit) of operating funding (A-B)	**28**	**7**	**26**	**26**	**35**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	-7	-7	-26	163	163
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-7**	**-7**	**-26**	**163**	**163**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	0	0	0	0	0
- To replace existing assets	0	47	0	189	189
Increase (decrease) in reserves	22	-47	0	0	9
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**22**	**0**	**0**	**189**	**198**
Surplus (deficit) of capital funding (C-D)	**-28**	**-7**	**-26**	**-26**	**-35**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	210	217	867	867	840

South Taranaki District Council
Funding Impact Statement for Comm Development as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	300	298	1,194	1,194	1,200
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	90	56	225	225	249
Fees and charges	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	61	61	246	246	247
Total operating funding (A)	**452**	**416**	**1,664**	**1,664**	**1,696**
Applications of operating funding					
Payments to staff and suppliers	113	133	531	531	506
Finance costs	12	12	47	47	47
Internal charges and overheads applied	100	107	430	430	359
Operating funding applications	225	143	618	575	575
Total applications of operating funding (B)	**450**	**395**	**1,625**	**1,582**	**1,487**
Surplus (deficit) of operating funding (A-B)	**2**	**21**	**39**	**82**	**209**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	-13	-13	-53	-53	-53
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-13**	**-13**	**-53**	**-53**	**-53**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	0	0	0	0	0
- To replace existing assets	0	0	0	0	0
Increase (decrease) in reserves	-11	8	-14	29	156
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-11**	**8**	**-14**	**29**	**156**
Surplus (deficit) of capital funding (C-D)	**-2**	**-21**	**-39**	**-82**	**-209**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	0	0	0	0	0

South Taranaki District Council
Funding Impact Statement for Community Facilities as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,079	2,066	8,264	8,264	8,303
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	1	4	17	17	14
Fees and charges	603	577	2,308	2,308	2,308
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	754	760	3,038	3,038	3,051
Total operating funding (A)	**3,437**	**3,407**	**13,627**	**13,627**	**13,677**
Applications of operating funding					
Payments to staff and suppliers	1,911	2,422	7,736	7,736	7,774
Finance costs	269	348	1,392	1,392	1,077
Internal charges and overheads applied	558	489	1,956	1,956	1,991
Operating funding applications	1	2	7	7	7
Total applications of operating funding (B)	**2,739**	**3,260**	**11,092**	**11,092**	**10,849**
Surplus (deficit) of operating funding (A-B)	**698**	**146**	**2,535**	**2,535**	**2,827**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	-169	239	954	5553	5622
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	610	200	800	800	810
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**441**	**438**	**1,754**	**6,353**	**6,432**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	202	591	1,403	3,161	3,230
- To replace existing assets	157	1,290	2,621	5,462	5,462
Increase (decrease) in reserves	781	-1,296	266	265	567
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**1,139**	**585**	**4,289**	**8,888**	**9,259**
Surplus (deficit) of capital funding (C-D)	**-698**	**-146**	**-2,535**	**-2,535**	**-2,827**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	861	959	3,835	3,835	3,442

South Taranaki District Council
Funding Impact Statement for Corporate Activities as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-127	-148	-592	-592	-507
Targeted rates	46	48	190	190	185
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	244	158	634	634	651
Internal charges and overheads recovered	6,130	5,477	21,908	21,908	21769
Local authorities fuel tax, fines, infringement fees and other receipts	-982	1,600	6,401	6,401	6,663
Total operating funding (A)	**5,311**	**7,135**	**28,541**	**28,541**	**28,760**
Applications of operating funding					
Payments to staff and suppliers	5,864	5,134	20,132	20,132	19,578
Finance costs	111	120	483	483	447
Internal charges and overheads applied	1,409	1,230	4,918	4,918	4,574
Operating funding applications	20	15	60	60	60
Total applications of operating funding (B)	**7,404**	**6,498**	**25,594**	**25,594**	**24,658**
Surplus (deficit) of operating funding (A-B)	**-2,093**	**637**	**2,947**	**2,947**	**4,102**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	39	0	0	0	50
Increase (decrease) in debt	234	352	1409	2290	2325
Gross proceeds from sale of assets	1	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**274**	**352**	**1,409**	**2,290**	**2,375**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	0	284	1,135	1,135	1,135
- To replace existing assets	54	439	965	1,846	1,881
Increase (decrease) in reserves	-1,873	267	2,257	2,257	3,461
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-1,819**	**989**	**4,356**	**5,237**	**6,477**
Surplus (deficit) of capital funding (C-D)	**2,093**	**-637**	**-2,947**	**-2,947**	**-4,102**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	300	290	1,160	1,160	1,199

South Taranaki District Council
Funding Impact Statement for Democracy and Leader as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	946	940	3,761	3,761	3,780
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	137	137	547	547	550
Total operating funding (A)	**1,083**	**1,077**	**4,308**	**4,308**	**4,330**
Applications of operating funding					
Payments to staff and suppliers	736	728	1,582	1,582	1,751
Finance costs	0	0	0	0	2
Internal charges and overheads applied	724	680	2,721	2,721	2,788
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**1,461**	**1,409**	**4,304**	**4,304**	**4,541**
Surplus (deficit) of operating funding (A-B)	**-378**	**-332**	**4**	**4**	**-212**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**	**0**	**0**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	0	0	0	0	0
- To replace existing assets	0	0	0	0	0
Increase (decrease) in reserves	-378	-332	4	4	-212
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-378**	**-332**	**4**	**4**	**-212**
Surplus (deficit) of capital funding (C-D)	**378**	**332**	**-4**	**-4**	**212**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	2	1	4	4	7

South Taranaki District Council
Funding Impact Statement for District Economy as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	313	312	1,247	1,247	1,254
Targeted rates	50	49	196	196	196
Subsidies and grants for operating purposes	0	5	19	19	19
Fees and charges	28	83	333	333	292
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	45	269	1,077	1,077	993
Total operating funding (A)	**437**	**718**	**2,872**	**2,872**	**2,754**
Applications of operating funding					
Payments to staff and suppliers	429	419	1,464	1,569	1,478
Finance costs	50	44	175	175	201
Internal charges and overheads applied	129	119	466	475	491
Operating funding applications	0	33	254	132	132
Total applications of operating funding (B)	**608**	**615**	**2,360**	**2,351**	**2,302**
Surplus (deficit) of operating funding (A-B)	**-172**	**103**	**512**	**520**	**452**
Sources of capital funding					
Subsidies and grants for capital expenditure	61	0	0	0	64
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	701	-139	-554	-554	-554
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	4	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**765**	**-139**	**-554**	**-554**	**-490**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	839	2,462	5,066	9,104	9,106
- To replace existing assets	0	10	0	10	10
Increase (decrease) in reserves	-246	-2,507	-5,109	0	-7
Increase (decrease) in investments	0	0	0	-9,147	-9,147
Total applications of capital funding (D)	**593**	**-35**	**-42**	**-34**	**-38**
Surplus (deficit) of capital funding (C-D)	**172**	**-103**	**-512**	**-520**	**-452**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	15	170	672	680	60

South Taranaki District Council
Funding Impact Statement for Environmental Manage as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	380	378	1,511	1,511	1,588
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	96	55	219	219	230
Total operating funding (A)	**476**	**432**	**1,730**	**1,730**	**1,818**
Applications of operating funding					
Payments to staff and suppliers	251	218	872	872	876
Finance costs	9	11	46	46	36
Internal charges and overheads applied	94	93	370	370	370
Operating funding applications	0	11	45	45	45
Total applications of operating funding (B)	**354**	**334**	**1,333**	**1,333**	**1,327**
Surplus (deficit) of operating funding (A-B)	**122**	**99**	**396**	**396**	**491**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	25	2	6	227	227
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**25**	**2**	**6**	**227**	**227**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	26	83	41	262	262
- To replace existing assets	0	0	0	0	0
Increase (decrease) in reserves	122	17	361	361	456
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**148**	**100**	**402**	**623**	**718**
Surplus (deficit) of capital funding (C-D)	**-122**	**-99**	**-396**	**-396**	**-491**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	1	10	42	42	4

South Taranaki District Council
Funding Impact Statement for Regulatory Services as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	445	443	1,771	1,771	1,780
Targeted rates	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	955	740	2,958	2,958	2,744
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	65	69	275	275	276
Total operating funding (A)	**1,466**	**1,251**	**5,004**	**5,004**	**4,799**
Applications of operating funding					
Payments to staff and suppliers	803	743	2,960	2,960	3,041
Finance costs	18	17	68	68	72
Internal charges and overheads applied	536	483	1,932	1,932	1,911
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**1,356**	**1,243**	**4,959**	**4,959**	**5,024**
Surplus (deficit) of operating funding (A-B)	**109**	**8**	**44**	**44**	**-225**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	-2	-9	-37	-37	2
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-2**	**-9**	**-37**	**-37**	**2**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	8	10	4	31	38
- To replace existing assets	0	5	0	5	5
Increase (decrease) in reserves	100	-16	3	-29	-266
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**107**	**-1**	**7**	**7**	**-223**
Surplus (deficit) of capital funding (C-D)	**-109**	**-8**	**-44**	**-44**	**225**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	10	11	44	44	40

South Taranaki District Council
Funding Impact Statement for Roading and Footpa as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	22	12	50	50	75
Targeted rates	2,445	2,438	9,751	9,751	9,751
Subsidies and grants for operating purposes	1,682	3,996	7,759	7,759	7,759
Fees and charges	32	49	195	195	195
Internal charges and overheads recovered	353	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	421	262	1,047	1,047	1,590
Total operating funding (A)	**4,956**	**6,757**	**18,802**	**18,802**	**19,370**
Applications of operating funding					
Payments to staff and suppliers	4,499	2,795	13,861	13,861	13,919
Finance costs	178	248	994	994	712
Internal charges and overheads applied	130	113	454	454	453
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**4,807**	**3,157**	**15,308**	**15,308**	**15,084**
Surplus (deficit) of operating funding (A-B)	**150**	**3,600**	**3,494**	**3,494**	**4,286**
Sources of capital funding					
Subsidies and grants for capital expenditure	1,609	2,056	8,225	13,128	12,051
Development and financial contributions	0	380	1,521	1,521	1,521
Increase (decrease) in debt	606	712	2,846	8,310	6,574
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**2,215**	**3,148**	**12,593**	**22,959**	**20,146**
Applications of capital funding					
- To meet additional demand	194	727	516	3,015	3,015
- To improve the level of service	1,315	1,945	2,385	9,022	7,339
- To replace existing assets	2,202	1,612	10,893	15,282	15,282
Increase (decrease) in reserves	-1,346	2,463	2,293	-866	-1,203
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**2,365**	**6,748**	**16,086**	**26,453**	**24,433**
Surplus (deficit) of capital funding (C-D)	**-150**	**-3,600**	**-3,494**	**-3,494**	**-4,286**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	2,515	2,529	10,117	10,117	10,061

South Taranaki District Council
Funding Impact Statement for Solid Waste as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	155	155	619	619	619
Targeted rates	753	748	2,991	2,991	2,991
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	312	752	3,009	3,009	3,009
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	196	474	1,757	1,757	1,760
Total operating funding (A)	**1,417**	**2,129**	**8,376**	**8,376**	**8,379**
Applications of operating funding					
Payments to staff and suppliers	1,809	1,892	7,488	7,488	7,480
Finance costs	53	76	304	304	211
Internal charges and overheads applied	140	128	514	514	511
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**2,002**	**2,097**	**8,306**	**8,306**	**8,202**
Surplus (deficit) of operating funding (A-B)	**-585**	**32**	**70**	**70**	**177**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	-71	-89	-354	2,149	2069
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-71**	**-89**	**-354**	**2,149**	**2,069**
Applications of capital funding					
- To meet additional demand	0	0	0	0	0
- To improve the level of service	21	372	0	1,475	1,475
- To replace existing assets	0	236	16	1,044	964
Increase (decrease) in reserves	-677	-664	-300	-300	-193
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-656**	**-56**	**-284**	**2,220**	**2,246**
Surplus (deficit) of capital funding (C-D)	**585**	**-32**	**-70**	**-70**	**-177**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	77	78	314	314	307

South Taranaki District Council
Funding Impact Statement for Stormwater as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	411	409	1,635	1,635	1,643
Targeted rates	2	2	9	9	9
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	59	59	235	235	236
Total operating funding (A)	**472**	**470**	**1,879**	**1,879**	**1,888**
Applications of operating funding					
Payments to staff and suppliers	181	199	309	309	309
Finance costs	67	73	294	294	269
Internal charges and overheads applied	146	141	566	566	564
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**395**	**414**	**1,168**	**1,168**	**1,142**
Surplus (deficit) of operating funding (A-B)	**77**	**56**	**710**	**710**	**746**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	65	261	261	261
Increase (decrease) in debt	-74	-18	-73	676	437
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-74**	**47**	**188**	**937**	**698**
Applications of capital funding					
- To meet additional demand	2	0	0	300	60
- To improve the level of service	10	47	188	280	280
- To replace existing assets	14	42	168	526	526
Increase (decrease) in reserves	-24	14	542	542	578
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**4**	**103**	**898**	**1,647**	**1,444**
Surplus (deficit) of capital funding (C-D)	**-77**	**-56**	**-710**	**-710**	**-746**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	248	256	1,025	1,025	993

South Taranaki District Council
Funding Impact Statement for Wastewater as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	0	0	0	0	0
Targeted rates	1,943	1,934	7,735	7,735	7,735
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	123	411	1,643	1,643	1,643
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0
Total operating funding (A)	**2,066**	**2,345**	**9,378**	**9,378**	**9,378**
Applications of operating funding					
Payments to staff and suppliers	1,089	1,364	4,218	4,218	4,611
Finance costs	469	500	2,002	2,002	1,875
Internal charges and overheads applied	465	525	2,099	2,099	1,937
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**2,022**	**2,389**	**8,319**	**8,319**	**8,423**
Surplus (deficit) of operating funding (A-B)	**43**	**-45**	**1,059**	**1,059**	**955**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	177	710	710	710
Increase (decrease) in debt	-48	525	2,101	6,321	6403
Gross proceeds from sale of assets	0	0	0	0	
Lump sum contributions	0	250	1,000	1,000	1,000
Other dedicated capital funding	0	0	0	0	
Total sources of capital funding (C)	**-48**	**953**	**3,811**	**8,031**	**8,113**
Applications of capital funding					
- To meet additional demand	28	0	0	28	46
- To improve the level of service	95	470	1,881	4,902	4,913
- To replace existing assets	537	428	1,710	2,881	2,934
Increase (decrease) in reserves	-664	10	1,279	1,279	1,175
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-4**	**908**	**4,870**	**9,090**	**9,068**
Surplus (deficit) of capital funding (C-D)	**-43**	**45**	**-1,059**	**-1,059**	**-955**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	823	823	3,294	3,294	3,291

South Taranaki District Council
Funding Impact Statement for Water Supply as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	0	0	0	0	0
Targeted rates	3,110	3,367	17,784	17,784	17,784
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	10	35	139	139	139
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	76	114	457	457	457
Total operating funding (A)	**3,196**	**3,516**	**18,380**	**18,380**	**18,380**
Applications of operating funding					
Payments to staff and suppliers	1,311	1,836	5,188	5,188	5,176
Finance costs	597	609	2,435	2,435	2,388
Internal charges and overheads applied	1,070	1,042	4,168	4,168	4,280
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**2,977**	**3,487**	**11,790**	**11,790**	**11,845**
Surplus (deficit) of operating funding (A-B)	**218**	**29**	**6,589**	**6,589**	**6,535**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	228	914	914	914
Increase (decrease) in debt	830	566	2,264	10,682	7,910
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**830**	**794**	**3,178**	**11,596**	**8,824**
Applications of capital funding					
- To meet additional demand	23	0	0	26	26
- To improve the level of service	2,158	1,457	5,547	10,724	8,224
- To replace existing assets	585	1,475	5,904	9,120	8,847
Increase (decrease) in reserves	-1,718	-2,108	-1,685	-1,685	-1,738
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**1,048**	**823**	**9,767**	**18,185**	**15,359**
Surplus (deficit) of capital funding (C-D)	**-218**	**-29**	**-6,589**	**-6,589**	**-6,535**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	1,937	1,966	7,864	7,864	7,747

South Taranaki District Council

Consolidated Capital Expenditure Statement
For the period ending September 2026

Description	YTD Actuals	YTD Rev. Bud	Full Year Budget	Full Year Rev. Bud	Forecast	CARRY FORWARDS 2027/28	2028/29	2029/30 and onwards
14 - Corporate Activities	53,949	722,604	2,099,736	2,980,954	3,015,577	0	0	0
17 - Arts and Culture	53,610	92,103	266,994	330,800	330,799	0	0	0
18 - Community Facilities	358,639	1,881,155	4,023,769	8,622,855	8,692,256	0	0	0
19 - District Economy	839,275	2,471,994	5,066,466	9,113,636	9,115,750	0	0	0
21 - Regulatory Services	7,688	14,974	4,276	36,635	42,680	0	0	0
22 - Water Supply	2,766,365	2,931,377	11,451,467	19,869,461	17,097,023	600,000	0	0
24 - Stormwater	27,264	89,027	356,109	1,105,225	865,225	0	0	0
25 - Wastewater	660,112	897,875	3,591,499	7,811,372	7,893,090	0	0	0
26 - Solid Waste	21,201	607,706	16,222	2,519,467	2,438,594	0	0	0
27 - Coastal Structures	0	47,352	0	189,408	189,408	0	0	0
32 - Environmental Management	26,178	83,091	41,268	261,603	228,818	0	0	0
23 - Roading and Footpaths	3,710,800	4,284,433	13,792,753	27,318,887	25,636,182	0	0	0
Total Capital Expenditure	**8,525,081**	**14,123,692**	**40,710,560**	**80,160,304**	**75,545,403**	**600,000**	**0**	**0**

Comments:

Waters Capital	3,453,741	3,918,279	15,399,076	28,786,058	25,855,338
Capital exc Water	5,071,340	10,205,413	25,311,484	51,374,246	49,690,065
	8,525,081	**14,123,692**	**40,710,560**	**80,160,304**	**75,545,403**

Funded By:		
Depreciation	-13,933,918	
Roading Subsidies for Capex		
External Funding	762,258	
New Loans	20,927,439	
Net Transfer From/(To) Reserves	769,302	
Total Funding	**8,525,081**	

South Taranaki District Council

Capital Projects for Arts and Culture
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
LibraryPlus										
13273 - Opunake Library - replace veranda roof	RN	Opunake	0	7,097	7,097	100%	0	28,390	28,390	A contractor has been engaged to replace the internal gutters. Works are scheduled for summer 2026/27.
19448 - LibraryPlus Furniture - District Wide	RN	District	0	1,276	1,276	100%	5,105	5,105	5,105	Will be spent in 2027
25041 - District Libraries - Renew Carpet and Vinyl	RN	District	0	10,898	10,898	100%	53,500	43,593	43,593	Carpet and vinyl replacement at Pātea Library is programmed to commence on 29 October 2026.
25072 - Kaponga Library upgrade	RN	Kaponga	17,730	8,854	(8,876)	(100%)	0	35,416	35,416	Exterior painting has commenced and is expected to be completed by the end of October, weather permitting.
27007 - District Libraries Heat Pumps renewal	RN	District	0	5,105	5,105	100%	20,420	20,420	20,420	A new heat pump was installed at the Pātea Library in October. A new heat pump is scheduled to be installed at the Eltham Library in November.
27020 - Patea Library - Lighting Upgrade	RN	Patea	0	9,907	9,907	100%	0	9,907	9,907	The project has been completed, awaiting invoice for payment.
62201 - Adults Non Fiction	RN	District	35,880	48,965	13,084	27%	35,244	187,968	187,968	On track, orders are 100% of budget, but slow coming in
62202 - Adults Fiction	RN	District	0	0	0	0%	63,018	0	0	
62203 - Large Print	RN	District	0	0	0	0%	25,528	0	0	
62204 - Childrens	RN	District	0	0	0	0%	30,919	0	0	
62205 - Graphics	RN	District	0	0	0	0%	5,105	0	0	
62211 - E-books	RN	District	0	0	0	0%	28,154	0	0	
Total Expenditure for LibraryPlus			**53,610**	**92,103**	**38,493**	**42%**	**266,994**	**330,800**	**330,799**	
Total Capital Projects for Arts and Culture			**53,610**	**92,103**	**38,493**	**42%**	**266,994**	**330,800**	**330,799**	

Capital Projects for Coastal Structures
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Coastal Structures										
22069 - Middleton Bay - seawall renewals	RN	Opunake	0	31,977	31,977	100%	0	127,908	127,908	Need to revisit last action within the project to gauge project status
22073 - Carlyle-Mana Bay - rockwall renewals	RN	Opunake	0	7,688	7,688	100%	0	30,750	30,750	Received latest Consultant report that highlights further action required. Exploring next steps and costs associated but likely to increase funding depending on the source
22151 - Coastal structures - Bayly Rd - Rockwall renewals	RN	Rahotu	0	7,688	7,688	100%	0	30,750	30,750	Need to revisit last action within the project to gauge project status. Records show there was a plan date for completion but I can't see any final status
Total Expenditure for Coastal Structures			**0**	**47,352**	**47,352**	**100%**	**0**	**189,408**	**189,408**	

Description	Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Total Capital Projects for Coastal Structures		**0**	**47,352**	**47,352**	**100%**	**0**	**189,408**	**189,408**	

Capital Projects for Community Facilities
For the period ending September 2026

Description	Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Cemeteries									
13223 - Hawera cemetery - design extension, roadworks & drainage	CP Hawera	9,451	4,388	(5,063)	(115%)	71,470	39,024	39,024	Project in progress
22090 - Cemetery mats renewals	RN District	0	3,210	3,210	100%	3,210	3,210	3,210	Getting prices for this
22091 - New concrete berms	CP District	3,695	2,140	(1,555)	(73%)	8,560	8,560	8,560	On going, installed as needed through out the year
27013 - Cemetery Boundary Fencing - District renewal	RN District	0	1,276	1,276	100%	5,105	5,105	5,105	On going. Through out the year
27014 - Waihi Cemetery Gates	RN Hawera	0	1,276	1,276	100%	5,105	5,105	5,105	Getting prices for this
Total Expenditure for Cemeteries		**13,147**	**12,291**	**(856)**	**(7%)**	**93,450**	**61,004**	**61,004**	
Halls									
15190 - Manaia Hall - Refurbishment	RN Manaia	100,855	270,878	170,023	63%	0	1,083,514	1,083,514	Project in preliminary design stage. Construction to commence in 2027
19412 - Hawera Community Centre - Replace TWO dishwashers	RN Hawera	0	3,749	3,749	100%	3,749	3,749	3,749	Getting prices - Q3
25008 - Eltham Town Hall - Design and Construction	RN Eltham	0	240,782	240,782	100%	408,400	963,129	963,129	Project to be scoped
25020 - Hawera Community Centre Heating replacement	RN Hawera	0	16,318	16,318	100%	65,270	65,270	65,270	Hawera Community Centre Heating – A whole-of-life cost comparison on Gas and Electric heating is being undertaken. Once the preferred option had been identified, quotes will be obtained. Works to expected to commence in 2nd quarter.
25064 - Haw Mem Theatre - exterior cladding by backstage loading zon	RN Hawera	0	10,700	10,700	100%	21,400	21,400	21,400	Hawera Threat Cladding – Weather dependant project. Cladding investigation planned to begin in early November.
26008 - Manaia Sports Complex upgrade	RN Manaia	164	0	(164)	(100%)	0	0	0	
27001 - Hawera Memorial Theatre Auditorium Seat Replacement	RN Hawera	0	51,050	51,050	100%	255,250	255,250	255,250	Project yet to start
27003 - Eltham Town Hall HVACs	CP Eltham	0	2,552	2,552	100%	10,210	10,210	10,210	Eltham Hvacs – One unit is to be replaced in November.
27012 - Hawera Memorial Theatre Roofing	RN Hawera	0	12,763	12,763	100%	51,050	51,050	51,050	Hawera theatre roof – Currently obtaining quotes. Works is planned to commence in 3rd quarter.
Total Expenditure for Halls		**101,019**	**608,793**	**507,774**	**83%**	**815,330**	**2,453,573**	**2,453,573**	
Parks, Reserves & Sportsgrounds									
15110 - King Edward Park Gates Renewal	RN Hawera	0	0	0	0%	26,750	26,750	26,750	Project yet to start - Q3 potential start
15112 - All Playgrounds - Softfall	RN District	0	7,216	7,216	100%	0	7,216	7,216	Project yet to start - Q3 potential start
15189 - Horticultural Renewals	RN Opunake	0	511	511	100%	2,042	2,042	2,042	Project yet to start
19440 - Parks Furniture - District Wide	RN District	0	2,300	2,300	100%	4,601	4,601	4,601	Project yet to start - Q3 potential start
19470 - Playground Upgrades - District Wide	RN District	0	65,270	65,270	100%	130,541	130,541	130,541	Project yet to start - Q3 potential start
19480 - Fence Replacement - District Wide	RN District	2,224	2,408	183	8%	9,630	9,630	9,630	
22104 - Replace Chipper/Shredder	RN District	0	4,108	4,108	100%	0	16,432	16,432	Project yet to start - need to investigate appropriate chipper within budget
22110 - Dallison Park - Concrete around grandstand	RN Waverley	0	5,671	5,671	100%	22,685	22,685	22,685	Project yet to start - start Q3
22112 - KEP High Street entrance angle parking	CP Hawera	0	0	0	0%	53,500	53,500	53,500	Project yet to start - Q3 potential start
22114 - Bin Replacements 2021-2031 District-wide	RN District	4,280	6,371	2,091	33%	4,280	8,511	8,511	Project yet to start - Q3 potential start

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
25005 - KEP - Staffroom area	RN	Hawera	547	0	(547)	(100%)	0	0	0	
26001 - Manaia Domain Footbridge replacement	RN	Manaia	0	23,275	23,275	100%	0	93,100	93,100	Project in process - under construction to be completed by Dec
26026 - Hawera Skate Park SunShade Shelter	CP	Hawera	0	8,284	8,284	100%	15,645	20,018	20,018	Project in process
27002 - KEP Rainwater Tank for Lake Level topup	CP	Hawera	0	43,393	43,393	100%	173,570	173,570	173,570	Project yet to start - under review if required
Total Expenditure for Parks, Reserves & Sportsgrounds			**7,051**	**168,807**	**161,755**	**96%**	**443,244**	**568,596**	**568,596**	
Rural Swimming Pools										
22127 - Rural Pools - Plant Renewals LTP21-31	RN	District	0	23,863	23,863	100%	37,450	95,450	95,450	Need to confirm timing to complete work at Rawhitiroa and Elltham
Total Expenditure for Rural Swimming Pools			**0**	**23,863**	**23,863**	**100%**	**37,450**	**95,450**	**95,450**	
TSB Hub										
22012 - TSB Hub LTP 21-31 Capital Renewals	RN	Hawera	9,913	14,713	4,800	33%	58,850	58,850	58,850	Continue following 30 year plan Asset Management Plan
22014 - TSB Hub Carpet Renewals	RN	Hawera	0	10,700	10,700	100%	42,800	42,800	42,800	Project yet to start
22016 - Replacement of Air Conditioning Units - Hub	RN	Hawera	0	5,857	5,857	100%	0	23,426	23,426	Project yet to start
25001 - TSB Hub LTP 24-34 Courts Roof Lounge Air Con Lights	RN	Hawera	4,985	58,986	54,001	92%	160,501	235,943	235,943	Project in progress
26011 - Recladding of Cricket Building - Hawera	RN	Hawera	0	24,550	24,550	100%	0	98,200	98,200	Project in progress - seeking quotes from potential suppliers
Total Expenditure for TSB Hub			**14,897**	**114,805**	**99,908**	**87%**	**262,152**	**459,220**	**459,220**	
Public Toilets										
15244 - Toilet Replacement - Patea Egmont Street	RN	Patea	0	0	0	0%	59,493	59,493	59,493	Project yet to start - Part of Patea Town Revitalisation South Development Project
19585 - Ohawe Beach - replace Toilets	RN	Ohawe Beach	0	54,640	54,640	100%	0	218,558	218,558	Project yet to start - Consultation phase preliminary design
24018 - Mana Bay Septic Tank and Effluent Bed	RN	Patea	513	66,322	65,809	99%	0	265,288	265,288	Project in progress - Finalised contract complete by Dec
25010 - Opunake Lake - Replace Toilets	RN	Opunake	420	2,000	1,580	79%	0	2,000	2,000	Road marking required to complete the project
27004 - Public Toilets Exterior Doors renewal	RN	District	0	3,829	3,829	100%	15,315	15,315	15,315	Project yet to start - Q3
Total Expenditure for Public Toilets			**933**	**126,790**	**125,858**	**99%**	**74,808**	**560,654**	**560,654**	
Housing for the Elderly										
13401 - Pensioner housing renewals	RN	Patea	8,194	20,330	12,136	60%	81,321	81,321	81,321	Continue following Asset Management Plan
27005 - Pensioner Housing HVAC renewals	RN	District	2,958	5,105	2,147	42%	20,420	20,420	20,420	Project in progress
Total Expenditure for Housing for the Elderly			**11,151**	**25,435**	**14,284**	**56%**	**101,741**	**101,741**	**101,741**	
Campgrounds										
19272 - Hawera Holiday Park - furniture and chattels renewals	RN	Hawera	3,435	2,892	(543)	(19%)	3,807	4,795	4,795	Project in progress
22077 - Opunake Beach Holiday Park Plant Replacement LTP21-31	RN	Opunake	0	2,383	2,383	100%	4,765	4,765	4,765	Project yet to start
22120 - Waverley Beach amenities upgrade	CP	Waverley	0	6,000	6,000	100%	0	6,000	6,000	Project yet to start
25012 - Patea Beach Campground - Amenities Block	RN	Patea	0	0	0	0%	395,903	395,903	395,903	This budget represents half of the total project costs. The remaining is in the next FY
25029 - Opunake Beach Holiday Park - Gas Infinity Units x5	RN	Opunake	0	0	0	0%	8,560	8,560	8,560	Project yet to start
27006 - Opunake Beach Camp Amenities Roof renewal	RN	Opunake	0	10,210	10,210	100%	40,840	40,840	40,840	Project yet to start

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
27010 - Hawera Holiday Park CCTV	RN	Hawera	0	1,276	1,276	100%	5,105	5,105	5,105	Project yet to start
Total Expenditure for Campgrounds			**3,435**	**22,760**	**19,326**	**85%**	**458,980**	**465,968**	**465,968**	
Aquatic Centre										
22125 - Aquatic Centre - Plant Renewals LTP21-31	RN	Hawera	13,219	16,003	2,784	17%	55,640	64,013	64,013	Continue following Asset Management Plan
23059 - Hwa Aquatic Centre - electric air-source hot water heatpumps	CP	Hawera	175,544	106,142	(69,402)	(65%)	0	106,142	175,544	Project nearing completion and into the warranty and monitoring phase for a year
26014 - Aquatic Centre - Replace UV Irradiation Tubes	RN	Hawera	0	5,615	5,615	100%	22,462	22,462	22,462	Project yet to start
Total Expenditure for Aquatic Centre			**188,763**	**127,761**	**(61,002)**	**(48%)**	**78,102**	**192,617**	**262,019**	
Public Spaces										
22116 - Lake Rotokare - Boat Ramp retaining repairs	RN	Eltham	2,562	197,961	195,399	99%	0	197,961	197,961	Project in progress - tender and implementation
24021 - Waverley Beach access/boat ramp	CP	Patea	6,785	152,359	145,574	96%	0	609,436	609,436	Project in progress
25002 - CCTV for Council Facilities	RN	District	2,678	8,914	6,235	70%	160,501	196,155	196,155	Project in progress - waiting on hardware
25003 - Te Hawera CBD - Street Lighting, Bollards, Bins, Seating	CP	Hawera	6,219	266,156	259,937	98%	1,070,008	2,134,630	2,134,630	Project in progress - Union Street in options phase - potential to split the projects to reflect the various work
25011 - Waverley Grandstand	RN	Waverley	0	0	0	0%	428,003	428,003	428,003	Project in progress - design phase and waiting on reports
25071 - Patea Wharf renewals	RN	Patea	0	24,462	24,462	100%	0	97,847	97,847	Project yet to start
Total Expenditure for Public Spaces			**18,244**	**649,851**	**631,607**	**97%**	**1,658,512**	**3,664,032**	**3,664,032**	
Total Capital Projects for Community Facilities			**358,639**	**1,881,155**	**1,522,516**	**81%**	**4,023,769**	**8,622,855**	**8,692,256**	

Capital Projects for Corporate Activities
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Support Services										
11205 - Records Management & Compliancy	CP	District	0	1,278	1,278	100%	5,110	5,110	5,110	Work is underway to extend the archives room
13556 - IT Hardware	RN	District	11,750	81,686	69,936	86%	266,742	326,742	326,742	Laptop, mobile phone, network cabling and network equipment replacements are scheduled and underway.
15034 - Fleet Vehicles	RN	District	0	105,477	105,477	100%	204,400	421,907	421,907	Renewal of vehicles still to come
19376 - Aerial Photos LTP 2018/28	RN	District	0	8,942	8,942	100%	35,770	35,770	35,770	Aerial photography flights are scheduled for this summer.
19560 - Headquarters Airconditioning Replacement	RN	Hawera	0	24,053	24,053	100%	96,211	96,211	96,211	Plan to replace those identified with issues by end of financial year
22007 - Hawera HQ Renewals	RN	Hawera	825	3,341	2,515	75%	13,363	13,363	13,363	Conditional assessments being carried out to determine target areas
22008 - Hawera HQ Renewals - Internal Fittings	RN	Hawera	0	2,555	2,555	100%	10,220	10,220	10,220	Conditional assessments being carried out to determine target areas
25066 - CCTV for CBD	RN	District	0	12,800	12,800	100%	0	51,200	51,200	CBD CCTV project is in the scoping phase, with an RFP planned by the end of the year.
27009 - Hawera Headquarters Compound Gate upgrade	RN	Hawera	0	2,555	2,555	100%	10,220	10,220	10,220	Currently requested quotes awaiting reply
27015 - Te Rourou HVAC system renewal	RN	Hawera	12,204	76,650	64,446	84%	306,600	306,600	306,600	Currently out for tender due to close 6th Nov. Aim to start work Feb 2027

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Total Expenditure for Support Services			**24,779**	**319,336**	**294,557**	**92%**	**948,636**	**1,277,343**	**1,277,343**	
Other Allocated Overheads										
27016 - KPI Framework and Dashboard Equipment	CP	District	0	25,675	25,675	100%	102,700	102,700	102,700	Work to be completed in Q3 and Q4
27017 - Acquisition of Te Rourou	CP	Hawera	0	256,750	256,750	100%	1,027,000	1,027,000	1,027,000	Agreement will be finalised in Q2
Total Expenditure for Other Allocated Overheads			**0**	**282,425**	**282,425**	**100%**	**1,129,700**	**1,129,700**	**1,129,700**	
Corporate Property										
19428 - Cinema 2 Roof Replacement	RN	Hawera	2,350	12,404	10,054	81%	0	49,616	84,239	Budget is being used for HVAC renewal works. Forecast overspend of $34,622.79 due to the original contractor leaving site and a replacement contractor being engaged.
19558 - Sundy Property District Wide Fencing Replacement	RN	District	5,314	5,350	36	1%	21,400	21,400	21,400	Budget for fencing renewals as required. Expected to be fully spent by year end.
22021 - Eltham Sundry Property - Roof Replacement	RN	District	3,920	13,090	9,170	70%	0	52,358	52,358	Currently funding the Kaponga Town Hall demolition. Will be likely be consumed in consenting costs.
25017 - Hawera Water Tower - Structural Assesment & Refurbishment	RN	Hawera	0	75,000	75,000	100%	0	300,000	300,000	Minor works contract being planned to address issues identified through the condition assessment.
25018 - Old Hawera LibraryPlus and Isite Buildings - Internal Refurb	RN	Hawera	0	0	0	0%	0	90,537	90,537	Painting and clean-up works scheduled for February 2027.
26029 - Te Rourou Renovations	RN	Hawera	17,588	15,000	(2,588)	(17%)	0	60,000	60,000	At CCC stage and expected to be completed by 30 June 2027.
Total Expenditure for Corporate Property			**29,171**	**120,844**	**91,673**	**76%**	**21,400**	**573,911**	**608,534**	
Total Capital Projects for Corporate Activities			**53,949**	**722,604**	**668,655**	**93%**	**2,099,736**	**2,980,954**	**3,015,577**	

Capital Projects for District Economy
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Economic Development										
15156 - Opunake Beach Master Plan - Improved access for 'Goat Track'	RN	Opunake	0	10,000	10,000	100%	0	10,000	10,000	Design and delivery expected this financial year. Forecast full expenditure of available budget.
15911 - Hawera Town Centre Development	CP	Hawera	0	12,500	12,500	100%	0	50,000	50,000	Need to investigate further on proposed next steps
Waverley Town M/Plan Combined			18,157	480,224	462,067	96%	1,149,992	1,821,121	1,821,121	The Waverley Town Masterplan portfolio is largely on track, with budget reallocations being used to align funding to completed and active projects, surplus funds being returned to the main budgetholder, and additional funding requested only for the Aotea Park & Chester Street planning phase to cover expenditure exceeding its current budget
Patea Town M/Plan Combined			56,386	785,947	729,561	93%	1,776,814	2,529,483	2,531,597	The Patea Town Masterplan programme is progressing with significant budget reallocations from the main budgetholder to active projects, completed projects (Arangirangi and Mana Bay) returning surplus funding for reprioritisation, and additional funding required for several developing initiatives to ensure delivery of planned outcomes.

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Eltham Town M/Plan Combined			336,386	399,907	63,521	16%	153,300	1,599,627	1,599,627	The Eltham Town Masterplan programme is focused on delivery of the Stark Park project, with the remaining budgetholder funds proposed to be fully transferred to support the project, which is forecast to utilise its entire approved budget despite currently low budget consumption.
Manaia Town M/Plan	CP	Manaia	0	458,265	458,265	100%	1,833,059	1,833,059	1,833,059	Council resolution to use funds for the Manaia Facility
Opunake Town M/Plan Combined			428,345	315,065	(113,280)	(36%)	153,300	1,260,260	1,260,260	The Opunake Town Masterplan programme is advancing as planned, with remaining budgetholder funds proposed for transfer to active projects, all projects forecast to fully utilise their allocated funding, and the Greenspace project accounting for the majority of expenditure despite currently running ahead of budget.
27018 - Te Hawera Skatepark - mini cycle way extension and additions	CP	Hawera	0	10,086	10,086	100%	0	10,086	10,086	Complete under shade seating
Total Expenditure for Economic Development			**839,275**	**2,471,994**	**1,632,719**	**66%**	**5,066,466**	**9,113,636**	**9,115,750**	
Total Capital Projects for District Economy			**839,275**	**2,471,994**	**1,632,719**	**66%**	**5,066,466**	**9,113,636**	**9,115,750**	

Capital Projects for Environmental Management
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Emergency Management										
25065 - Generator Plugs	CP	District	0	25,887	25,887	100%	9,198	32,785		Will be spent in Q3, investigation into the best location of generator plugs
Total Expenditure for Emergency Management			**0**	**25,887**	**25,887**	**100%**	**9,198**	**32,785**	**0**	
Environment & Sustainability										
22003 - Reforestation of Council Land	CP	District	0	17,820	17,820	100%	0	71,279	71,279	Cost will accrue in both 22003 and 22004 when 24005 budget has been exhausted
22004 - Biodiversity Restoration - Council Parks & Reserves	CP	District	0	16,213	16,213	100%	32,070	64,851	64,851	Planting projects underway
24005 - Reforestation - Better Off Funding	CP	District	26,178	23,172	(3,006)	(13%)	0	92,688	92,688	Planting projects underway
Total Expenditure for Environment & Sustainability			**26,178**	**57,205**	**31,027**	**54%**	**32,070**	**228,818**	**228,818**	
Total Capital Projects for Environmental Management			**26,178**	**83,091**	**56,913**	**68%**	**41,268**	**261,603**	**228,818**	

Capital Projects for Regulatory Services
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Licensing										
18001 - Signage - Licensing (Skate Parks & Liquor)	CP	District	7,649	401	(7,248)	(1808%)	1,604	1,604	7,649	Replacement of signs

Description	Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Total Expenditure for Licensing		**7,649**	**401**	**(7,248)**	**(1808%)**	**1,604**	**1,604**	**7,649**	
Animal Services									
18000 - Signage - Animal Control	CP District	0	668	668	100%	2,672	2,672	2,672	Will increase as year progress
19122 - Animal Control - Cameras	CP District	0	2,585	2,585	100%	0	2,585	2,585	Will increase as year progress to replace cameras
19123 - Animal Services - Fencing	RN District	0	5,169	5,169	100%	0	5,169	5,169	Work planned for later the year
21001 - Hawera Pound upgrade re Animal Welfare Act changes	CP Hawera	39	6,151	6,112	99%	0	24,605	24,605	work planned throughout the year
Total Expenditure for Animal Services		**39**	**14,573**	**14,534**	**100%**	**2,672**	**35,032**	**35,031**	
Total Capital Projects for Regulatory Services		**7,688**	**14,974**	**7,286**	**49%**	**4,276**	**36,635**	**42,680**	

Capital Projects For Roading
For the period ending September 2026

Description	Project Type	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	Comments
5212 - 5212 Sealed Road Resurfacing	Yes - Subsidised	220,796	131,631	(89,164)	(68%)	3,299,200	3,720,762	3,720,762	Programme work on track with initial charges of set up and preliminary work being higher than projected.
5213 - 5213 Drainage Renewals	Yes - Subsidised	232,036	69,999	(162,037)	(231%)	852,524	955,141	955,141	Programme on track. Expecting tender for this year renewal work by November 26. Initial expenditure is carryover work from last year.
5214 - 5214 Pavement Rehabilitation	Yes - Subsidised	956,745	273,684	(683,060)	(250%)	3,371,370	4,277,622	4,277,622	Programme on track. Expecting tender for first package of rehab by November 26. Initial expenditure is carryover work from last year.
5215 - 5215 Structures Component Replacement	Yes - Subsidised	17,632	309,830	292,197	94%	633,034	1,211,214	1,211,214	Projects have been identified and to be tendered out in November 2026.
5216 - 5216 Bridge Renewal	Yes - Subsidised	705,532	461,722	(243,810)	(53%)	1,568,151	3,405,459	3,405,459	Bridge 128 is progress and expected completion by Jan 2027. Maben Road bridge replacement to be tendered out in November 2026.
5221 - 5221 Environmental Renewal	Yes - Subsidised	0	93,822	93,822	100%	313,424	688,712	688,712	Project identified but need confirmation of NZTA before proceeding.
5222 - 5222 Traffic Services Renewal	Yes - Subsidised	69,498	118,745	49,247	41%	357,757	412,553	412,553	Projects have been identified and work to be carried on existing contract.
5225 - Subsidised Footpath Renewal	Yes - Subsidised	7,053	46,963	39,910	85%	322,703	460,457	460,457	Projects have been identified. Tendered closed on 8 October 26 and being evaluated now.
5341 - 5341 Minor Improvements	Yes - Subsidised	833,802	762,162	(71,641)	(9%)	1,031,000	2,985,316	2,985,316	Projects have been identified and work tendered out already. Work programme to start in November 26. Current expenditure is carryover work from last year.
5350 - 5350 Resilience Projects	Yes - Subsidised	132,486	293,945	161,459	55%	1,031,000	2,206,779	550,000	Projects have been identified and work tendered out already. Work programme to start in November 26. Current expenditure is carryover work from last year. Current estimated cost to finish programme work, also adjusted to match NZTA funding approval.
6013 - 6013 South Taranaki Business Park Roading	No - Non-Subsidised	193,738	727,087	533,348	73%	515,500	3,015,500	3,015,500	Fitzgerald Road sealing, Glover Road intersection and SH3 detailed design
6030 - 6030 Footpaths	No - Non-Subsidised	0	125,750	125,750	100%	463,950	502,998	502,998	Funds to be used on pathway project eg Turuturu Rd

Description	Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
6033 - 6033 Walking & Cycling Facilities -	No - Non-Subsidised	341,482	72,591	(268,891)	(370%)	0	290,365	290,365	Additional expenditure covered by 6030 footpath budget.
6111 - 6111 Street Lighting Renewals	No - Non-Subsidised	0	26,790	26,790	100%	33,140	107,162	107,162	Festive light replacement as required.
6170 - 6170 Nukumaru Station Rd construction	No - Non-Subsidised	0	6,482	6,482	100%	0	25,926	0	Project completed.
6180 - Unsubsidised Renewal work	No - Non-Subsidised	0	763,231	763,231	100%	0	3,052,924	3,052,924	Funding (unsubsidised) available for additional projects/emergency works that needs to be done or additional funding approved by NZTA.
Total Capital Expenditure For Roading		**3,710,800**	**4,284,433**	**573,633**	**13%**	**13,792,753**	**27,318,887**	**25,636,182**	

Capital Projects for Solid Waste
For the period ending September 2026

Description	Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Full Year Forecast	General Comments
Solid Waste Disposal									
19243 - Wastewater Pump Station - Hawera Transfer Station	RN Hawera	0	10,558	10,558	100%	0	42,230	42,230	Planned work to start in Nov/Dec
22141 - Opunake Transfer Station stabilise riverbank	CP Opunake	10,280	250,187	239,906	96%	0	1,000,746	1,000,746	Work planned to commence and be completed this FY.
25032 - Rotokare Farm - Bathroom Renewal	RN Eltham	0	4,055	4,055	100%	16,222	16,222	16,222	Work to start later this FY
25042 - Resource Recovery Centre/ ReUse Shop - Hwa Tfr Station	CP District	7,133	117,672	110,539	94%	0	470,688	470,688	Work underway
25043 - Transfer Station - Surface & Drainage - renewals & upgrade	RN District	299	195,055	194,756	100%	0	780,220	780,220	Planned work to start in Nov/Dec
26033 - Resource Recovery Centre/Reuse Shop - Opunake Tranfr Station	RN Opunake	0	26,394	26,394	100%	0	105,575	25,000	Investigation work will start in Q3 - Balance to be carried over to 27/28 FY
27019 - Reusable Battery Charging Units	CP District	3,488	3,786	298	8%	0	3,786	3,488	Project has been completed
27021 - Transfer Station Climate Adaptation	RN District	0	0	0	0%	0	100,000	100,000	Approved Unbudgeted expenditure used to support work at the Opunake Transfer Station - looking at the Natural hazards that this site is facing at the moment
Total Expenditure for Solid Waste Disposal		**21,201**	**607,706**	**586,506**	**97%**	**16,222**	**2,519,467**	**2,438,594**	
Total Capital Projects for Solid Waste		**21,201**	**607,706**	**586,506**	**97%**	**16,222**	**2,519,467**	**2,438,594**	
Total Capital Projects		**5,071,340**	**10,205,413**	**5,134,073**	**50%**	**25,311,484**	**51,374,246**	**49,690,065**	

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
From	Kaiwhakahaere Pūtea / Finance Manager, Garry Morris
Date	16 November 2026
Subject	**Outstanding Debt as at 30 September 2026**

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides an overview of the Council's outstanding debt as at 30 September 2026, including rates, water charges and sundry debtors. Overall debt levels remain within expected ranges; however, total sundry debt increased significantly during the previous quarter due primarily to unpaid South Taranaki Business Park contribution invoices issued in June 2026. Council officers continue to actively monitor outstanding debt and apply the Council's Debt Collection Policy to support timely recovery.

2. Outstanding rates debt increased by $39,734 during the quarter to $2.6 million (m). At 30 September 2026, rates debt represented 4.1% of total rates assessed for the 2026/27 year.

3. Outstanding water debt reduced by $213,922 during the quarter to $2.44 m, although it remains $223,201 higher than at 30 September 2025.

4. Outstanding sundry debt increased by $211,696 to $6.76 m, largely reflecting the timing of a South Taranaki Business Park contribution invoice issued near the end of the previous financial year.

5. Debt more than 90 days overdue (excluding rates) reduced by $46,951 during the quarter to $2.84 m. Infringements and two old Sundry Debts (Powerco & Fairfield Road) invoices continue to make up the majority of long outstanding debt. Council officers continue to undertake debt recovery actions in accordance with established procedures.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the outstanding debt report as at 30 September 2026.

Whānui / General

6. **Rates Debt** - Outstanding rates debt as at 30 September 2026 was $2.6 m, an increase of $411,934 compared with the same time last year. This represents 4.1% of total rates assessed for the 2026/27 financial year.

7. **Long Outstanding Debt -** Debt older than 90 days (excluding rates) totalled $2.84 m as at 30 September 2026, a decrease of $46,951 since June 2026. Further details are provided in the attached table and trend analysis.

8. **Water and Sundry Debt** - Outstanding water and sundry debt totalled $10.06 m at 30 September 2026, which is $0.237 m lower than the previous quarter and $4.9 m higher than September 2025. The increase was largely driven by an unpaid South Taranaki Business Park contribution invoice issued in June 2026.

9. **Debtor Numbers** – The Council had 5,298 active debtors (excluding rates) at 30 September 2026, compared with 5,823 at the same time last year. Of the 2,757 debtors with balances older than 90 days, approximately 78% relate to infringements.

10. **Debt Recovery Process** – The Council continues to follow its Debt Collection Policy. Reminder notices are issued at 30, 60 and 90 days. Where no payment arrangement exists, debts outstanding beyond 90 days are generally referred to a debt collection agency. Infringement debt is managed through the court system.

Key Message	Status
Rates debt increased by $49k	▲ Slightly Higher than previous quarter
Water debt reduced by $213k	▼ Improvement
Sundry debt increased by $0.211m	▲ Primarily two large invoices ($170K) since been paid
90+ day debt decreased by $47k	▲ Continue monitoring
Debt recovery processes operating as expected	✓ No issues identified

Garry Morris
Kaiwhakahaere Pūtea / Finance Manager

[Seen by]
Vipul Mehta
Pouhautū Āheinga Pakihi / Head of Business Enablement

Aged Trial Balance Report - September 2026

Rates	Sept-25	Jun-26	Sept-26	Variance
Total	**2,188,078.21**	**2,560,278.47**	**2,600,012.67**	**39,734.20**

Water	Sept-25	Jun-26	Sept-26	Variance
Not past due	2,003,291.84	2,220,797.56	2,061,572.70	-159,224.86
Past due 1-60 days	84.97	135,854.90	89,655.46	-46,199.44
Past due 61-90 days	61,066.32	136,539.20	115,324.46	-21,214.74
Past due >90 days	156,319.64	164,694.25	177,411.25	12,717.00
Total	**2,220,762.77**	**2,657,885.91**	**2,443,963.87**	**-213,922.04**

Sundry Debtors	Sept-25	Jun-26	Sept-26	Variance
Not past due	504,198.58	4,130,185.77	493,350.71	-3,636,835.06
Past due 1-60 days	117,138.45	297,086.00	191,038.49	-106,047.51
Past due 61-90 days	29,868.18	59,459.79	4,052,735.63	3,993,275.84
Past due >90 days	1,363,252.47	2,062,337.67	2,023,641.21	-38,696.46
Total	**2,014,457.68**	**6,549,069.23**	**6,760,766.04**	**211,696.81**

Rules (Certs and Rams)	Sept-25	Jun-26	Sept-26	Variance
Not past due	1,426.47	9,849.68	1,205.00	-8,644.68
Past due 1-60 days	69,379.52	56,133.87	48,835.77	-7,298.10
Past due 61-90 days	3,986.67	17,975.15	7,476.19	-10,498.96
Past due >90 days	81,712.69	83,306.49	98,479.01	15,172.52
Total	**156,505.35**	**167,265.19**	**155,995.97**	**-11,269.22**

Plus (IQPs, BWOF, Health &	Sept-25	Jun-26	Sept-26	Variance
Not past due	2,530.00	1,632.21	-	-1,632.21
Past due 1-60 days	49,508.18	28,533.32	34,516.97	5,983.65
Past due 61-90 days	3,090.50	2,923.58	4,085.37	1,161.79
Past due >90 days	12,735.91	8,796.63	9,065.97	269.34
Total	**67,864.59**	**41,885.74**	**47,668.31**	**5,782.57**

Animals	Sept-25	Jun-26	Sept-26	Variance
Not past due	-	298,098.18	175.84	-297,922.34
Past due 1-60 days	32,056.07	1,575.50	27,719.55	26,144.05
Past due 61-90 days	56,738.51	86.00	49,051.51	48,965.51
Past due >90 days	38,914.19	54,088.25	39,243.42	-14,844.83
Total	**127,708.77**	**353,847.93**	**116,190.32**	**-237,657.61**

Infringements (with court)	Sept-25	Jun-26	Sept-26	Variance
Not past due	4,520.00	6,975.00	31,138.00	24,163.00
Past due 1-60 days	455.00	3,160.00	11,918.80	8,758.80
Past due 61-90 days	1,810.00	3,001.80	-	-3,001.80
Past due >90 days	587,953.42	517,495.12	495,926.11	-21,569.01
Total	**594,738.42**	**530,631.92**	**538,982.91**	**8,350.99**

Total (excl Rates)	Sept-25	Jun-26	Sept-26	Variance
Not past due	2,515,966.89	6,667,538.40	2,587,442.25	-4,080,096.15
Past due 1-60 days	268,622.19	522,343.59	403,685.04	-118,658.55
Past due 61-90 days	156,560.18	219,985.52	4,228,673.16	4,008,687.64
Past due >90 days	2,240,888.32	2,890,718.41	2,843,766.97	-46,951.44
Total	**5,182,037.58**	**10,300,585.92**	**10,063,567.42**	**- 237,018.50**

Aged Trial Balance Report - September 2026

Number of debtors

Rates	Jun-25	Jun-26		12 Mnth Variance
Total	**1,401**	**1,534**		**133**

Water	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	1,702	1,461	1,647	186
Past due 1-60 days	1	5	3	-2
Past due 61-90 days	73	93	88	-5
Past due >90 days	90	85	97	12
Total	**1,866**	**1,644**	**1,835**	**191**

Sundry Debtors	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	133	139	120	-19
Past due 1-60 days	70	72	87	15
Past due 61-90 days	49	16	42	26
Past due >90 days	203	223	211	-12
Total	**455**	**450**	**460**	**10**

Rules (Certs and Rams)	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	2	3	3	0
Past due 1-60 days	32	41	29	-12
Past due 61-90 days	11	7	3	-4
Past due >90 days	43	44	48	4
Total	**88**	**95**	**83**	**-12**

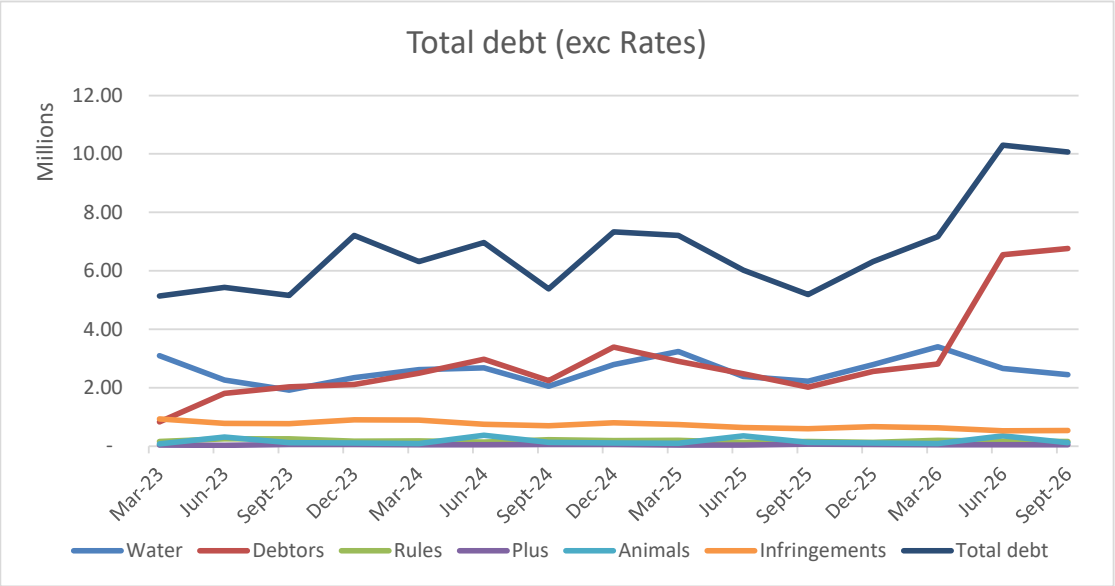
Plus (IQPs, BWOF, Health &	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	4	7	-	-7
Past due 1-60 days	126	96	117	21
Past due 61-90 days	12	10	13	3
Past due >90 days	36	32	37	5
Total	**178**	**145**	**167**	**22**

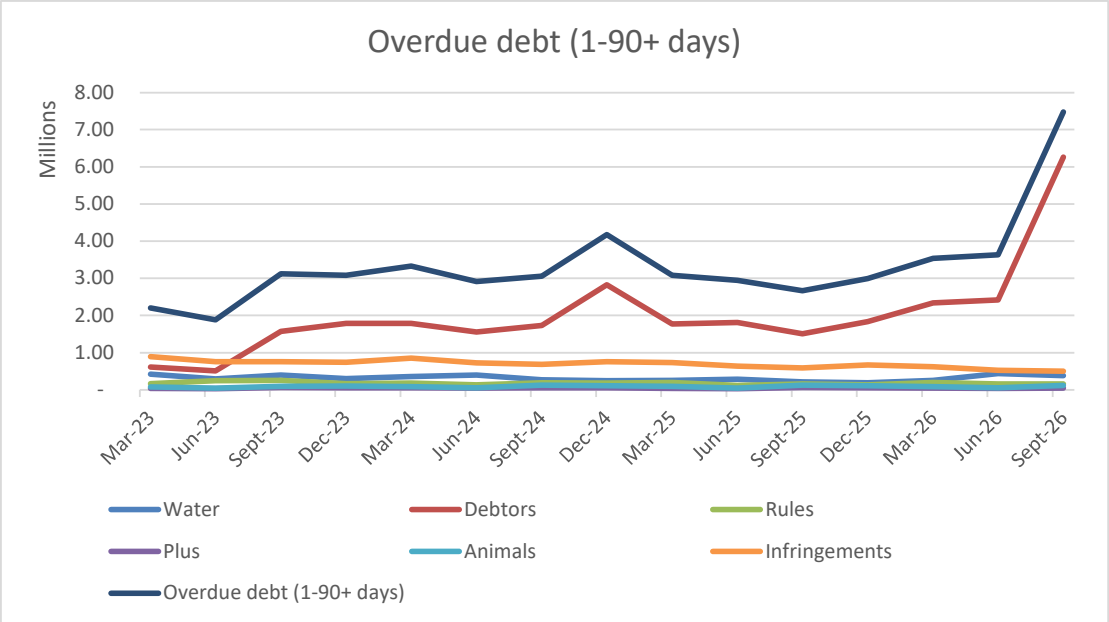
Animals	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	-	2,257	1	-2,256
Past due 1-60 days	25	16	14	-2
Past due 61-90 days	188	3	149	146
Past due >90 days	229	265	213	-52
Total	**442**	**2,541**	**377**	**-2,164**

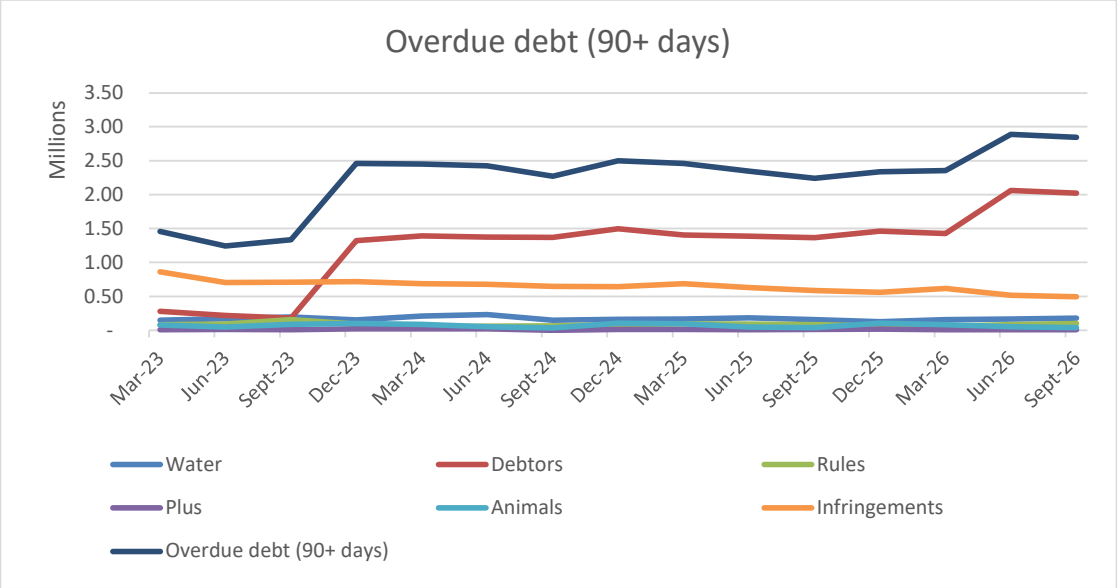
Infringements (with court)	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	17	21	182	161
Past due 1-60 days	2	12	43	31
Past due 61-90 days	3	11	-	-11
Past due >90 days	2,772	2,130	2,151	21
Total	**2,794**	**2,174**	**2,376**	**202**

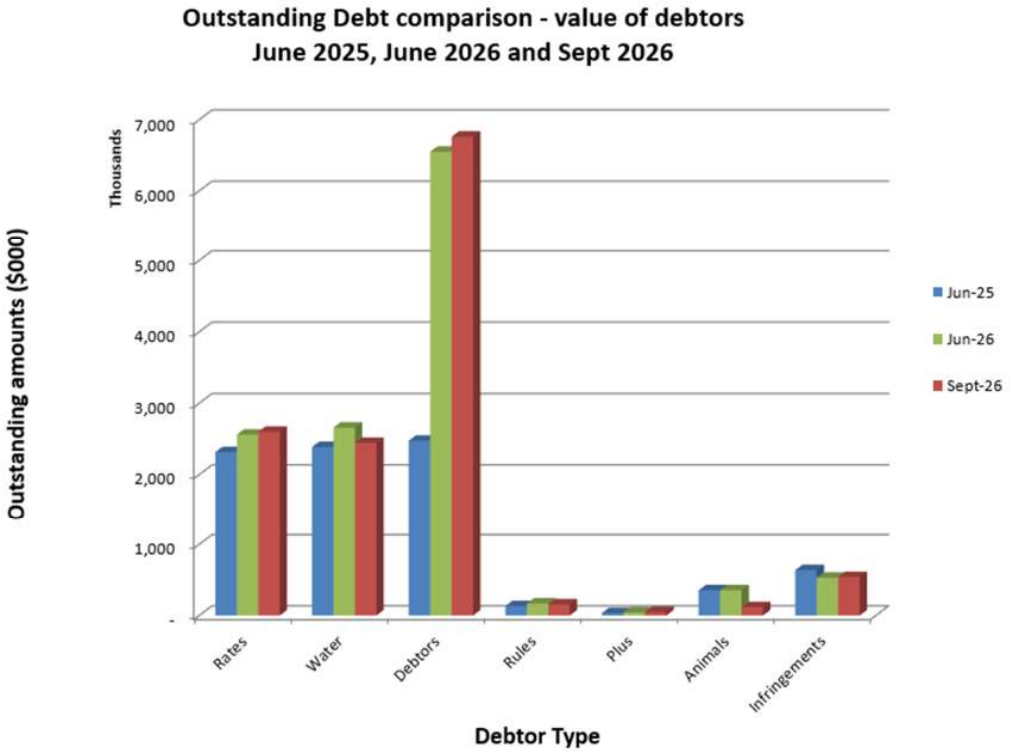
Total (excl Rates)	Sept-25	Jun-26	Sept-26	3 Mnth Variance
Not past due	1,858	3,888	1,953	-1,935
Past due 1-60 days	256	242	293	51
Past due 61-90 days	336	140	295	155
Past due >90 days	3,373	2,779	2,757	-22
Total	**5,823**	**7,049**	**5,298**	**-1,751**

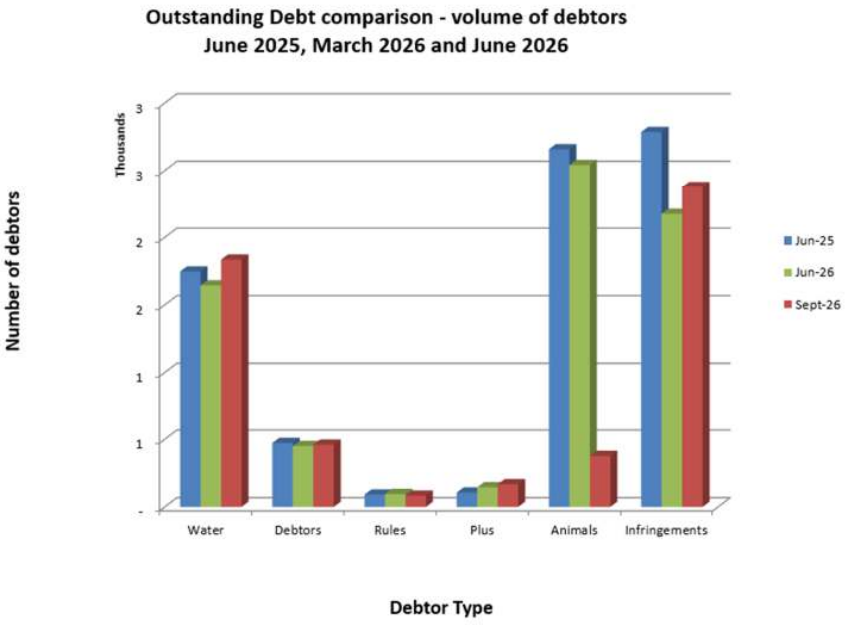
Trend Analysis






Overdue debt (90+ days)
Millions
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
Mar-23
Jun-23
Sept-23
Dec-23
Mar-24
Jun-24
Sept-24
Dec-24
Mar-25
Jun-25
Sept-25
Dec-25
Mar-26
Jun-26
Sept-26
Water
Debtors
Rules
Plus
Animals
Infringements
Overdue debt (90+ days)


Outstanding Debt comparison - value of debtors
June 2025, June 2026 and Sept 2026
Outstanding amounts ($000)
Thousands
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
Rates
Water
Debtors
Rules
Plus
Animals
Infringements
Debtor Type
Jun-25
Jun-26
Sept-26


Outstanding Debt comparison - volume of debtors
June 2025, March 2026 and June 2026
Number of debtors
Thousands
3
3
2
2
1
1
-
Water
Debtors
Rules
Plus
Animals
Infringements
Jun-25
Jun-26
Sept-26
Debtor Type

Pūrongo-Whakamārama
Information Report

To	Risk and Assurance Committee
Date	16 November 2026
Subject	**Marsh (Mercer) Quarterly Investment Monitoring Report – September 2026**

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Risk and Assurance Committee are being asked to receive the Marsh (Mercer) Quarterly Investment Monitoring Report – September 2026 for their information.

Taunakitanga / Recommendation(s)

THAT the Risk and Assurance Committee receives the Marsh (Mercer) Quarterly Investment Monitoring Report – September 2026.

MARSH

September 2026

Quarterly Report

South Taranaki District Council Long Term Investment Fund

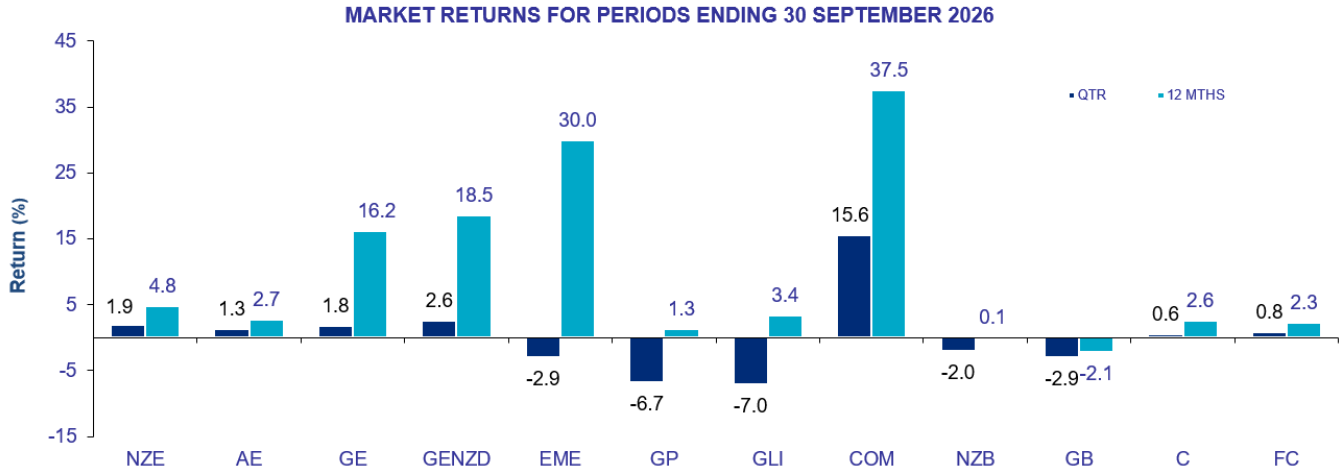


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Investment Environment – NZ Quarterly Market Review

30 September 2026



NOTE:
NZE (NZ Equities); AE (Australian Equities Local Currency); GE (Global Equities Local Currency); GENZD (Global Equities NZ Dollars); EME (Emerging Market Equities Local Currency) GP (Global Listed Property Hedged); GLI (Global Listed Infrastructure); COM (Global Commodities Hedged); NZB (New Zealand Bonds); GB (Global Bonds Aggregate Hedged); C (New Zealand Cash); FC (Foreign Currency Effect). The Foreign Currency Effect is simply the difference between the local currency and unhedged overseas share returns.

All returns in the following commentary are in local currency terms, unless stated otherwise.

Global equity markets, as represented by the MSCI World Index posted a modest return of 1.8% in local currency terms for the September quarter as markets pivoted between assessing the impact of geopolitical events, the ongoing support for the AI investment cycle and a decisive hawkish shift in global central bank policy. Value stocks outperformed growth stocks over the quarter as uncertainty around the Middle East conflict, global fiscal deficits, and challenges to the ongoing pace of AI development weighed on growth stocks.

Emerging markets equities delivered a return of -2.9%, with strong performance from Brazil weighed down by a 10% decline in the technology-heavy South Korean market as regional technology stocks gave back some of the large gains from the previous quarter; the sector remains the strongest performer over the last 12 months. NZ shares gained 1.9% as business and consumer confidence proved resilient despite ongoing cost pressures across the economy.

Global bond markets faced a challenging third quarter as the ongoing US–Iran conflict pushed energy prices sharply higher. While hopes of diplomacy and improved supply routes occasionally eased pressure, markets increasingly anticipated persistently high energy costs, intensifying inflation concerns and prompting a more hawkish response from major central banks. The Bloomberg Global Aggregate Bond Index returned -2.9% during the quarter as the 10-year US Treasury yield rose 85bps, ending the quarter at 5.29%, the highest level since 2002. This reflected concerns over the pace of future rate hikes with inflation remaining well above target. New Zealand's bond market weakened alongside its global counterparts with the Bloomberg NZ Bond Index falling -2.0%. The Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) twice during the quarter to 2.75%. The central bank signalled that further increases are likely as it seeks to contain inflation.

Global listed property and listed infrastructure returned -6.7% and -7.0% respectively during the quarter, as these interest rate sensitive sectors were heavily impacted by sharp rises in bond yields and the prospect of future interest rate hikes.

Executive Summary

30 September 2026

Performance (gross of fees)	Market Value NZ$	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)	10 Years (%pa)	Since Inception	Inception Date
STDC Total Fund	**151,208,180**	**0.5**	**0.5**	**7.3**	**10.2**	**5.3**	**6.9**	**7.6**	**Jul-2002**
STDC Total Fund Benchmark		-0.1	-0.1	9.7	13.1	6.6	7.1	7.4	
Excess Return		0.6	0.6	-2.4	-2.9	-1.4	-0.2	0.2	

7

Fund Performance

The overall return (gross of investment fees) for the South Taranaki District Council ("Fund" or "Council") for the September 26 quarter was 0.5%, 0.6% above its benchmark return.

The Fund's long-term investment objective is 4.75% p.a. after inflation and fees. Over the past 10 years, the investment return (after inflation and fees) is 3.1% p.a. Over this period the gross return was 6.9% p.a., while inflation was 3.3% p.a. and fees 0.4% p.a.

Manager Performance

During the September quarter, Skerryvore Emerging Market Equities (+4.2%) and Salt Global Listed Infrastructure Fund (+0.9%) outperformed their respective benchmarks over the quarter. In contrast, T. Rowe Price Global Equities (Hedged) (-1.2%) underperformed its benchmark over the quarter.

Of the managers with 3 years' performance, Harbour NZ Core Fixed Interest (+1.1% p.a.) outperformed its benchmark over the last 3 years.

Asset Allocation

As at 31 September 2026, the Council's investment totalled $151.20 millions. All sector allocations at the end of the quarter were within the prescribed asset allocation ranges. The overall allocation to growth assets was 75.3% versus a target of 75% at quarter end. An overweight position in Global Equities (+1.4%) and underweight positions in Global Bonds (-1.7%) were the largest deviations from benchmark allocations at quarter end.

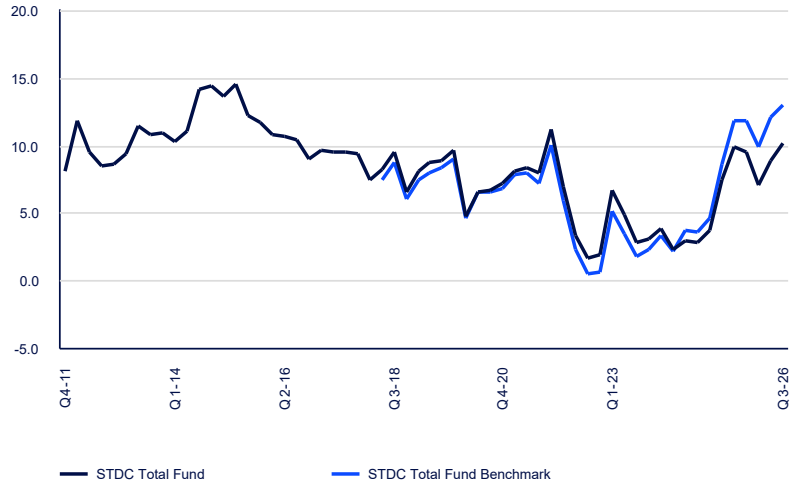
Reserving Position

At the end of the quarter the Fund's Investment Fluctuation Reserve was estimated at -$7.4m, or approximately -4.7% of the real capital base at quarter end ($158.6m). Further details on the Fund's reserving position is outlined in Section 8.

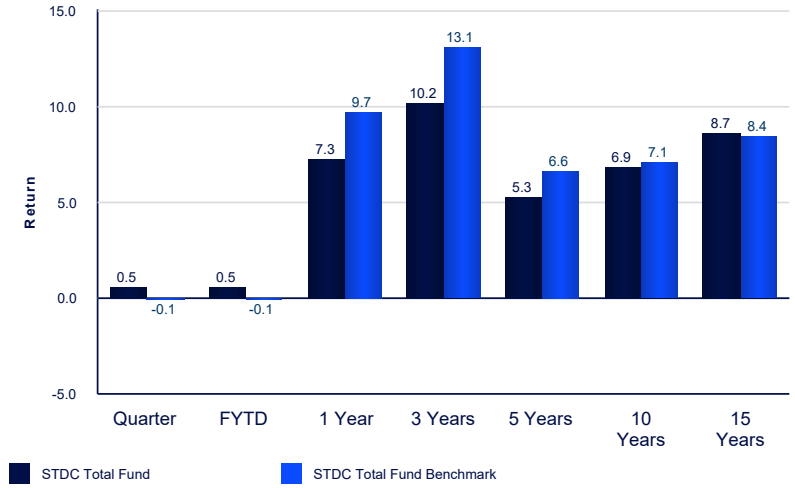
Portfolio Performance Overview

30 September 2026

Rolling 3 Yrs Total Return (gross of fees)



Return Summary (gross of fees)



Fund Performance

The overall return (gross of investment fees) for the South Taranaki District Council ("Fund" or "Council") for the September 26 quarter was 0.5%, 0.6% above its benchmark return.

The Fund's long-term investment objective is 4.75% p.a. after inflation and fees. Over the past 10 years, the investment return (after inflation and fees) is 3.1% p.a. Over this period the gross return was 6.9% p.a., while inflation was 3.3% p.a. and fees 0.4% p.a.

The net real return target was reduced from 5% to 4.5% in the December 2014 Quarter, from 4.5% to 4% during the September 2017 Quarter, and then increased from 4% to 4.75% in the September 2024 Quarter.

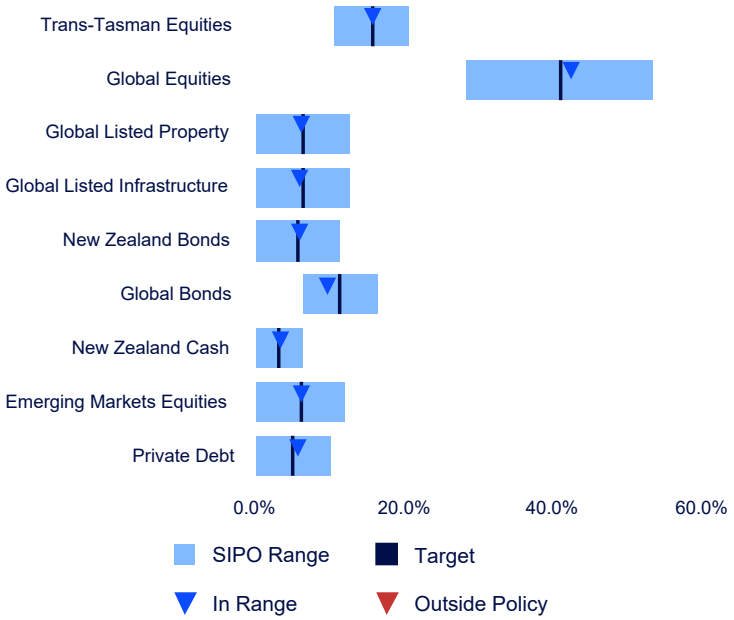
Objective 10 Years

	(%pa)
Target net real return (after inflation and fees)	4.75
Actual	3.1

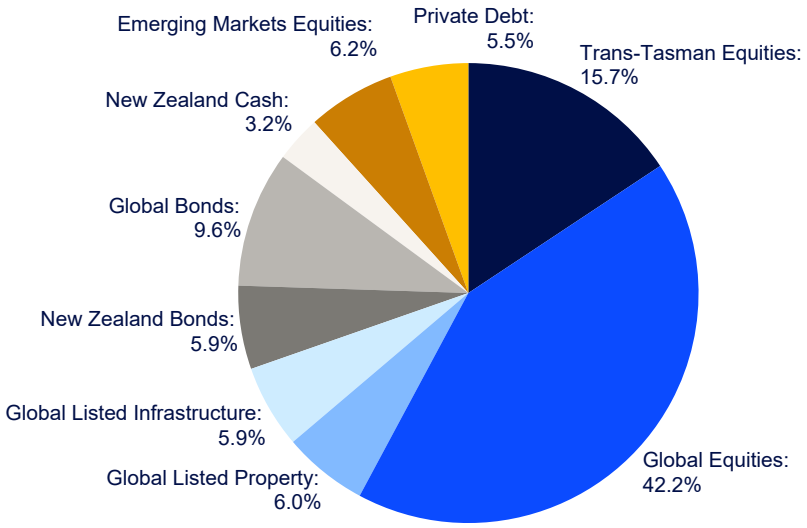
Asset Allocation

30 September 2026

Actual versus Strategic Asset Allocation



Actual Allocation: NZ$151,208,179.7



	Actual ($)	Actual (%)	SIPO Target (%)	Difference (%)	Difference ($)	SIPO Range (%)	Within Range
Trans-Tasman Equities	23,703,897	15.7	15.6	0.1	115,421	10.6 - 20.6	Yes
Global Equities	63,741,839	42.2	40.8	1.4	2,048,901	28.3 - 53.3	Yes
Global Listed Property	9,009,132	6.0	6.3	-0.3	-516,984	0.0 - 12.6	Yes
Global Listed Infrastructure	8,860,369	5.9	6.3	-0.4	-665,747	0.0 - 12.6	Yes
New Zealand Bonds	8,867,919	5.9	5.6	0.3	400,261	0.0 - 11.2	Yes
Global Bonds	14,473,895	9.6	11.3	-1.7	-2,612,629	6.3 - 16.3	Yes
New Zealand Cash	4,912,074	3.2	3.1	0.1	224,620	0.0 - 6.2	Yes
Emerging Markets Equities	9,318,782	6.2	6.0	0.2	246,291	0.0 - 12.0	Yes
Private Debt	8,320,274	5.5	5.0	0.5	759,865	0.0 - 10.0	Yes
Total	**151,208,180**	**100.0**	**100.0**	**0.0**			

Manager and Asset Class Performance (Gross of Fees) 30 September 2026

	Allocation		Performance (gross of fees)							
	Market Value NZ$	% of Portfolio	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)	10 Years (%pa)	Inception (%pa)	Inception Date
STDC Total Fund	**151,208,180**	**100.0**	**0.5**	**0.5**	**7.3**	**10.2**	**5.3**	**6.9**	**7.6**	**Jul-2002**
STDC Total Fund Benchmark			-0.1	-0.1	9.7	13.1	6.6	7.1	7.4	
Excess Return			0.6	0.6	-2.4	-2.9	-1.4	-0.2	0.2	
Trans-Tasman Equities	**23,703,897**	**15.7**	**1.2**	**1.2**	**2.0**	**6.5**	**1.7**	**6.4**	**11.0**	**Sep-2002**
S&P/NZX 50 Index without ICs			1.6	1.6	4.1	7.0	0.8	6.5	8.1	
Excess Return			-0.4	-0.4	-2.0	-0.5	0.8	-0.2	2.9	
Amova Wholesale Core Equity Fund	**23,703,897**	**15.7**	**1.2**	**1.2**	**2.0**	**6.5**	**1.7**	**-**	**6.2**	**May-2018**
S&P/NZX 50 Index without ICs			1.6	1.6	4.1	7.0	0.8	-	6.0	
Excess Return			-0.4	-0.4	-2.0	-0.5	0.8	-	0.1	
Global Equities	**63,741,839**	**42.2**	**2.0**	**2.0**	**10.9**	**14.8**	**8.2**	**12.0**	**9.0**	**Jul-2002**
STDC Global Equities Composite Benchmark			2.2	2.2	16.7	21.9	13.4	13.6	9.5	
Excess Return			-0.1	-0.1	-5.7	-7.0	-5.2	-1.6	-0.5	
Amova Wholesale Global Equity Hedged Fund	**15,794,974**	**10.4**	**2.0**	**2.0**	**9.1**	**-**	**-**	**-**	**12.7**	**Aug-2024**
MSCI All Country World Index with net dividends reinvested (100% hedged to NZD)			1.5	1.5	14.4	-	-	-	14.7	
Excess Return			0.5	0.5	-5.4	-	-	-	-2.0	
Amova Wholesale Global Equity Unhedged Fund	**16,741,203**	**11.1**	**2.9**	**2.9**	**12.5**	**-**	**-**	**-**	**16.9**	**Aug-2024**
MSCI All Country World Index with net dividends reinvested in NZD			2.6	2.6	18.5	-	-	-	20.0	
Excess Return			0.3	0.3	-6.0	-	-	-	-3.2	
Epoch Global Quality Select Equity Fund	**15,512,810**	**10.3**	**2.6**	**2.6**	**9.7**	**-**	**-**	**-**	**9.7**	**Aug-2024**
MSCI World Index NZD			2.6	2.6	18.5	-	-	-	20.0	
Excess Return			-0.1	-0.1	-8.8	-	-	-	-10.3	
Harbour T. Rowe Price Global Equity Fund (Hedged)	**15,692,852**	**10.4**	**0.4**	**0.4**	**12.5**	**-**	**-**	**-**	**13.0**	**Aug-2024**
MSCI All Country World Index (100% hedged to NZD on an after-tax basis)			1.7	1.7	14.8	-	-	-	17.1	
Excess Return			-1.2	-1.2	-2.3	-	-	-	-4.1	
Emerging Markets Equities	**9,318,782**	**6.2**	**4.6**	**4.6**	**13.4**	**-**	**-**	**-**	**10.8**	**Oct-2024**
MSCI Emerging Markets Index			0.4	0.4	32.9	-	-	-	30.7	
Excess Return			4.2	4.2	-19.5	-	-	-	-19.9	
Skerryvore Global Emerging Markets	**9,318,782**	**6.2**	**4.6**	**4.6**	**13.4**	**-**	**-**	**-**	**10.8**	**Oct-2024**
MSCI Emerging Markets Index			0.4	0.4	32.9	-	-	-	30.7	
Excess Return			4.2	4.2	-19.5	-	-	-	-19.9	
Global Listed Infrastructure (hedged)	**8,860,369**	**5.9**	**-6.1**	**-6.1**	**7.1**	**12.3**	**5.1**	**6.5**	**9.6**	**Jul-2012**
STDC Global Infrastructure Benchmark			-7.0	-7.0	3.4	10.5	4.4	5.9	-	
Excess Return			0.9	0.9	3.7	1.8	0.7	0.6	-	

Manager and Asset Class Performance (Gross of Fees) 30 September 2026

	Allocation		Performance (gross of fees)							
	Market Value NZ$	% of Portfolio	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)	10 Years (%pa)	Inception (%pa)	Inception Date
Salt Global Listed Infrastructure Fund	**8,860,369**	**5.9**	**-6.1**	**-6.1**	**7.1**	**-**	**-**	**-**	**11.5**	**Apr-2025**
FTSE Global Core Infrastructure 50-50 Net Index (NZD Hedged)			-7.0	-7.0	3.4	-	-	-	6.3	
Excess Return			0.9	0.9	3.7	-	-	-	5.3	
Global Listed Property	**9,009,132**	**6.0**	**-6.4**	**-6.4**	**2.7**	**-**	**-**	**-**	**2.4**	**Oct-2024**
FTSE NAREIT Developed Real Estate Index NZD hedged			-6.7	-6.7	1.3	-	-	-	0.3	
Excess Return			0.3	0.3	1.4	-	-	-	2.1	
Salt Global Listed Property Fund	**9,009,132**	**6.0**	**-6.4**	**-6.4**	**2.7**	**-**	**-**	**-**	**2.4**	**Oct-2024**
FTSE NAREIT Developed Real Estate Index NZD hedged			-6.7	-6.7	1.3	-	-	-	0.3	
Excess Return			0.3	0.3	1.4	-	-	-	2.1	
New Zealand Bonds	**8,867,919**	**5.9**	**-1.7**	**-1.7**	**0.9**	**6.8**	**2.5**	**2.7**	**5.0**	**Jul-2002**
NZ Bonds Composite Index			-2.0	-2.0	0.1	5.7	1.5	2.0	4.6	
Excess Return			0.3	0.3	0.8	1.1	1.0	0.8	0.4	
Harbour NZ Core Fixed Interest	**8,867,919**	**5.9**	**-1.7**	**-1.7**	**0.9**	**6.8**	**2.5**	**-**	**2.7**	**Dec-2018**
NZ Bonds Composite Index			-2.0	-2.0	0.1	5.7	1.5	-	1.8	
Excess Return			0.3	0.3	0.8	1.1	1.0	-	0.9	
Global Bonds (hedged)	**14,473,895**	**9.6**	**0.1**	**0.1**	**3.8**	**5.6**	**2.7**	**3.5**	**5.1**	**Oct-2008**
Bloomberg Global Agg Index (NZD-H)			-2.9	-2.9	-2.1	3.3	-0.4	1.3	4.2	
Excess Return			2.9	2.9	5.9	2.3	3.1	2.2	0.9	
Salt Select Global Fixed Income Fund	**4,248,475**	**2.8**	**-2.6**	**-2.6**	**-0.6**	**-**	**-**	**-**	**1.9**	**May-2025**
Bloomberg Global Agg Index (NZD-H)			-2.9	-2.9	-2.1	-	-	-	-0.6	
Excess Return			0.2	0.2	1.5	-	-	-	2.5	
Internal Borrowing*	**10,225,420**	**6.8**	**1.3**	**1.3**	**5.8**	**5.9**	**5.2**	**5.3**	**5.9**	**Oct-2008**
New Zealand Cash	**4,912,074**	**3.2**	**0.6**	**0.6**	**3.2**	**4.8**	**4.2**	**3.2**	**4.6**	**Jul-2002**
S&P/NZX Bank Bills 90-Day Index			0.6	0.6	2.6	4.2	3.8	2.6	3.9	
Excess Return			0.0	0.0	0.6	0.7	0.5	0.7	0.7	
In-house Cash	**4,912,074**	**3.2**	**0.6**	**0.6**	**3.2**	**-**	**-**	**-**	**4.2**	**Aug-2024**
S&P/NZX Bank Bills 90-Day Index			0.6	0.6	2.6	-	-	-	3.5	
Excess Return			0.0	0.0	0.6	-	-	-	0.6	
Private Debt	**8,320,274**	**5.5**	**1.7**	**1.7**	**7.2**	**-**	**-**	**-**	**7.4**	**Oct-2024**
RBNZ Cash Rate + 3.25%			1.5	1.5	5.7	-	-	-	6.4	
Excess Return			0.2	0.2	1.5	-	-	-	1.0	
Metrics Multi-Strategy Private Debt	**8,320,274**	**5.5**	**1.7**	**1.7**	**7.2**	**-**	**-**	**-**	**7.4**	**Oct-2024**
RBNZ Cash Rate + 3.25%			1.5	1.5	5.7	-	-	-	6.4	
Excess Return			0.2	0.2	1.5	-	-	-	1.0	

Manager and Asset Class Performance (Net of Fees)

30 September 2026

	Allocation		Performance (net of fees)							
	Market Value NZ$	% of Portfolio	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)	10 Years (%pa)	Inception (%pa)	Inception Date
STDC Total Fund	**151,208,180**	**100.0**	**0.4**	**0.4**	**6.8**	**9.7**	**4.8**	**6.4**	**7.1**	**Jul-2002**
STDC Total Fund Benchmark			-0.1	-0.1	9.7	13.1	6.6	7.1	7.4	
Excess Return			0.5	0.5	-2.9	-3.3	-1.8	-0.7	-0.3	
Trans-Tasman Equities	**23,703,897**	**15.7**	**1.1**	**1.1**	**1.5**	**5.9**	**1.1**	**5.8**	**8.4**	**Oct-2008**
S&P/NZX 50 Index without ICs			1.6	1.6	4.1	7.0	0.8	6.5	8.7	
Excess Return			-0.5	-0.5	-2.6	-1.1	0.3	-0.7	-0.3	
Amova Wholesale Core Equity Fund	**23,703,897**	**15.7**	**1.1**	**1.1**	**1.5**	**5.9**	**1.1**	**-**	**5.6**	**May-2018**
S&P/NZX 50 Index without ICs			1.6	1.6	4.1	7.0	0.8	-	6.0	
Excess Return			-0.5	-0.5	-2.6	-1.1	0.3	-	-0.4	
Global Equities	**63,741,839**	**42.2**	**1.9**	**1.9**	**10.4**	**14.3**	**7.8**	**11.5**	**10.9**	**Oct-2008**
STDC Global Equities Composite Benchmark			2.2	2.2	16.7	21.9	13.4	13.6	11.2	
Excess Return			-0.3	-0.3	-6.3	-7.5	-5.6	-2.1	-0.3	
Amova Wholesale Global Equity Hedged Fund	**15,794,974**	**10.4**	**1.9**	**1.9**	**8.6**	**-**	**-**	**-**	**12.2**	**Aug-2024**
MSCI All Country World Index with net dividends reinvested (100% hedged to NZD)			1.5	1.5	14.4	-	-	-	14.7	
Excess Return			0.4	0.4	-5.9	-	-	-	-2.5	
Amova Wholesale Global Equity Unhedged Fund	**16,741,203**	**11.1**	**2.8**	**2.8**	**12.0**	**-**	**-**	**-**	**16.4**	**Aug-2024**
MSCI All Country World Index with net dividends reinvested in NZD			2.6	2.6	18.5	-	-	-	20.0	
Excess Return			0.2	0.2	-6.5	-	-	-	-3.7	
Epoch Global Quality Select Equity Fund	**15,512,810**	**10.3**	**2.5**	**2.5**	**9.2**	**-**	**-**	**-**	**9.2**	**Aug-2024**
MSCI World Index NZD			2.6	2.6	18.5	-	-	-	20.0	
Excess Return			-0.2	-0.2	-9.4	-	-	-	-10.8	
Harbour T. Rowe Price Global Equity Fund (Hedged)	**15,692,852**	**10.4**	**0.3**	**0.3**	**11.9**	**-**	**-**	**-**	**12.4**	**Aug-2024**
MSCI All Country World Index (100% hedged to NZD on an after-tax basis)			1.7	1.7	14.8	-	-	-	17.1	
Excess Return			-1.4	-1.4	-2.9	-	-	-	-4.7	
Emerging Markets Equities	**9,318,782**	**6.2**	**4.4**	**4.4**	**12.6**	**-**	**-**	**-**	**10.0**	**Oct-2024**
MSCI Emerging Markets Index			0.4	0.4	32.9	-	-	-	30.7	
Excess Return			4.0	4.0	-20.3	-	-	-	-20.7	
Skerryvore Global Emerging Markets	**9,318,782**	**6.2**	**4.4**	**4.4**	**12.6**	**-**	**-**	**-**	**10.0**	**Oct-2024**
MSCI Emerging Markets Index			0.4	0.4	32.9	-	-	-	30.7	
Excess Return			4.0	4.0	-20.3	-	-	-	-20.7	
Global Listed Infrastructure (hedged)	**8,860,369**	**5.9**	**-6.3**	**-6.3**	**6.3**	**11.3**	**4.4**	**5.8**	**9.0**	**Jul-2012**
STDC Global Infrastructure Benchmark			-7.0	-7.0	3.4	10.5	4.4	5.9	-	
Excess Return			0.7	0.7	2.9	0.9	0.0	-0.1	-	

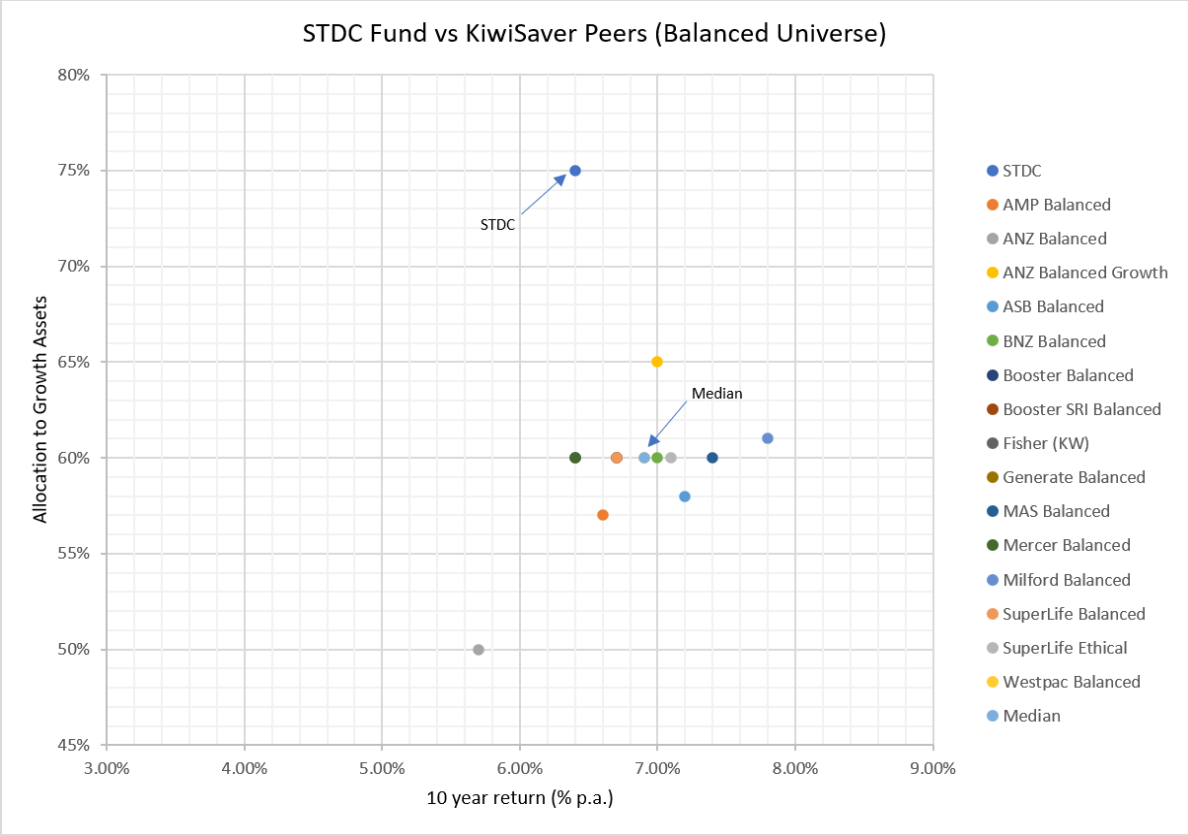
Manager and Asset Class Performance (Net of Fees)

30 September 2026

	Allocation		Performance (net of fees)							
	Market Value NZ$	% of Portfolio	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)	10 Years (%pa)	Inception (%pa)	Inception Date
Salt Global Listed Infrastructure Fund	**8,860,369**	**5.9**	**-6.3**	**-6.3**	**6.3**	**-**	**-**	**-**	**10.7**	**Apr-2025**
FTSE Global Core Infrastructure 50-50 Net Index (NZD Hedged)			-7.0	-7.0	3.4	-	-	-	6.3	
Excess Return			0.7	0.7	2.9	-	-	-	4.5	
Global Listed Property	**9,009,132**	**6.0**	**-6.6**	**-6.6**	**1.8**	**-**	**-**	**-**	**1.5**	**Oct-2024**
FTSE NAREIT Developed Real Estate Index NZD hedged			-6.7	-6.7	1.3	-	-	-	0.3	
Excess Return			0.1	0.1	0.5	-	-	-	1.2	
Salt Global Listed Property Fund	**9,009,132**	**6.0**	**-6.6**	**-6.6**	**1.8**	**-**	**-**	**-**	**1.5**	**Oct-2024**
FTSE NAREIT Developed Real Estate Index NZD hedged			-6.7	-6.7	1.3	-	-	-	0.3	
Excess Return			0.1	0.1	0.5	-	-	-	1.2	
New Zealand Bonds	**8,867,919**	**5.9**	**-1.7**	**-1.7**	**0.7**	**6.6**	**2.3**	**2.5**	**4.6**	**Oct-2008**
NZ Bonds Composite Index			-2.0	-2.0	0.1	5.7	1.5	2.0	3.9	
Excess Return			0.3	0.3	0.6	0.9	0.8	0.6	0.7	
Harbour NZ Core Fixed Interest	**8,867,919**	**5.9**	**-1.7**	**-1.7**	**0.7**	**6.6**	**2.3**	**-**	**2.5**	**Dec-2018**
NZ Bonds Composite Index			-2.0	-2.0	0.1	5.7	1.5	-	1.8	
Excess Return			0.3	0.3	0.6	0.9	0.8	-	0.7	
Global Bonds (hedged)	**14,473,895**	**9.6**	**0.1**	**0.1**	**3.7**	**5.4**	**2.5**	**3.3**	**4.9**	**Oct-2008**
Bloomberg Global Agg Index (NZD-H)			-2.9	-2.9	-2.1	3.3	-0.4	1.3	4.2	
Excess Return			2.9	2.9	5.8	2.1	2.9	2.0	0.7	
Salt Select Global Fixed Income Fund	**4,248,475**	**2.8**	**-2.7**	**-2.7**	**-1.0**	**-**	**-**	**-**	**1.4**	**May-2025**
Bloomberg Global Agg Index (NZD-H)			-2.9	-2.9	-2.1	-	-	-	-0.6	
Excess Return			0.1	0.1	1.1	-	-	-	2.0	
Internal Borrowing*	**10,225,420**	**6.8**	**1.3**	**1.3**	**5.8**	**5.9**	**5.2**	**5.3**	**5.9**	**Oct-2008**
New Zealand Cash	**4,912,074**	**3.2**	**0.6**	**0.6**	**3.2**	**4.8**	**4.2**	**3.2**	**3.4**	**Oct-2008**
S&P/NZX Bank Bills 90-Day Index			0.6	0.6	2.6	4.2	3.8	2.6	2.8	
Excess Return			0.0	0.0	0.6	0.6	0.5	0.6	0.6	
In-house Cash	**4,912,074**	**3.2**	**0.6**	**0.6**	**3.2**	**-**	**-**	**-**	**4.2**	**Aug-2024**
S&P/NZX Bank Bills 90-Day Index			0.6	0.6	2.6	-	-	-	3.5	
Excess Return			0.0	0.0	0.6	-	-	-	0.6	
Private Debt	**8,320,274**	**5.5**	**1.6**	**1.6**	**6.9**	**-**	**-**	**-**	**7.1**	**Oct-2024**
RBNZ Cash Rate + 3.25%			1.5	1.5	5.7	-	-	-	6.4	
Excess Return			0.1	0.1	1.2	-	-	-	0.7	
Metrics Multi-Strategy Private Debt	**8,320,274**	**5.5**	**1.6**	**1.6**	**6.9**	**-**	**-**	**-**	**7.1**	**Oct-2024**
RBNZ Cash Rate + 3.25%			1.5	1.5	5.7	-	-	-	6.4	
Excess Return			0.1	0.1	1.2	-	-	-	0.7	

Performance vs Peers

30 September 2026



Peer Comparison

The chart opposite presents the 10 year performance of the STDC Fund relative to the performance of the Balanced Fund KiwiSaver Universe which have an allocation to growth assets ranging from 50%-65% (compared to STDC Fund's allocation to growth assets of 75%).

The returns displayed in the chart are on an after fees and before tax basis. The Fund has delivered 6.4% p.a. over the last 10 years, behind the median return of the KiwiSaver Balanced Fund Universe (6.9% p.a.).

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Manager Excess Returns

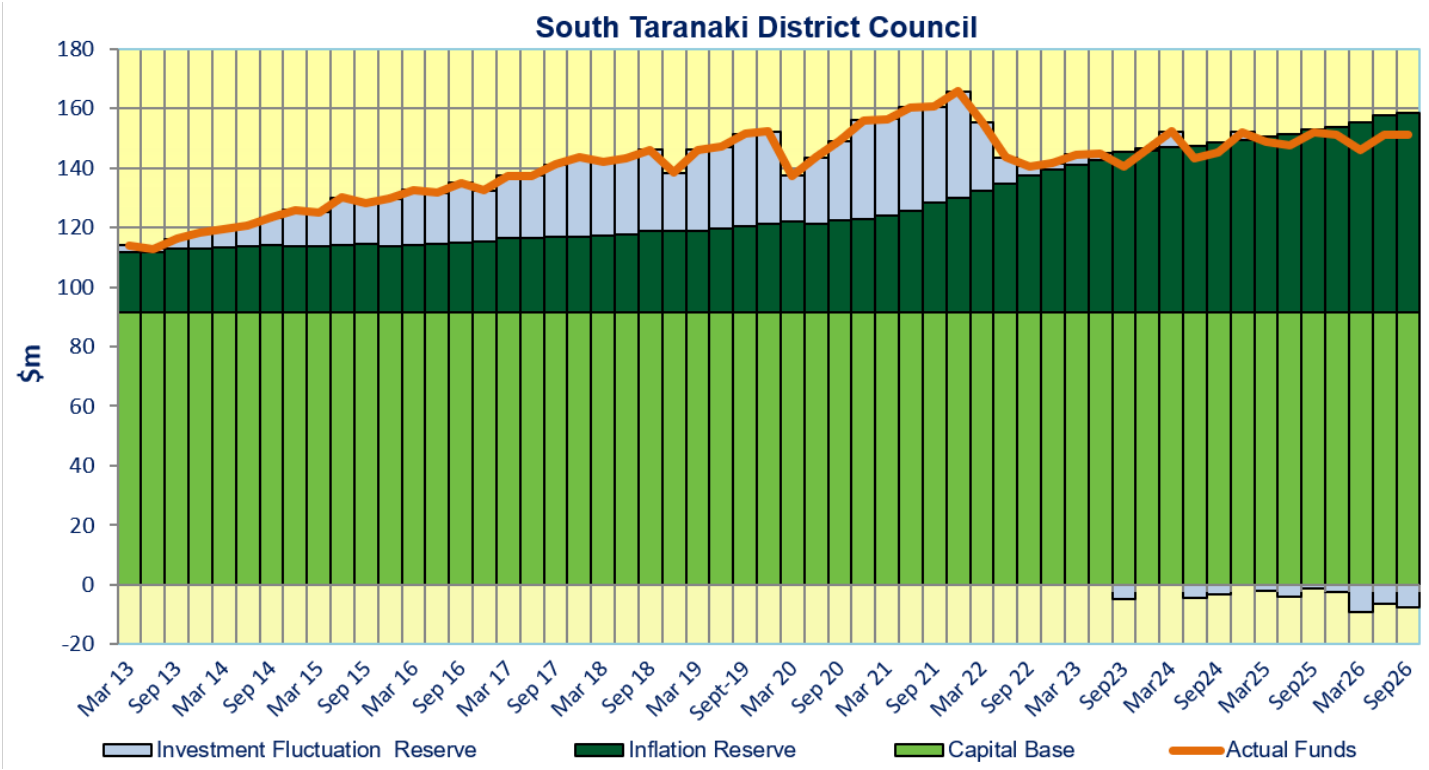
30 September 2026

	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26
Amova Trans-Tasman Equities	-0.20%	-0.70%	-1.30%	0.50%	-0.40%
Amova Global Equities (H)	-2.50%	-2.00%	-2.80%	-0.40%	0.50%
Amova Global Equities	-2.50%	-1.80%	-3.00%	-0.70%	0.30%
Epoch Global Equities (via Harbour)	-5.10%	-2.50%	-1.90%	-3.70%	-0.10%
T.Rowe Price Global Equities (via Harbour)	-1.50%	-1.50%	-3.70%	5.30%	-1.20%
Skerryvore Emerging Market Equities	-12.50%	-0.40%	-4.00%	-17.90%	4.20%
Salt Global Listed Infrastructure	2.20%	0.60%	1.60%	0.60%	0.90%
Salt Global Listed Property	-0.40%	0.60%	0.40%	0.00%	0.30%
Harbour NZ Fixed Interest	0.40%	0.20%	0.10%	0.10%	0.30%
Salt Global Fixed Income	1.20%	0.70%	-0.30%	0.90%	0.20%
Metrics Private Debt	0.40%	0.50%	0.40%	0.50%	0.20%

Reserve Position

30 September 2026

The chart below shows the Council's reserving position. The pale green bars represent the Council's capital base ($91.4m), with the dark green bars representing the inflation reserve; and together both green bars represent the Council's real capital base ($158.6m at quarter end). The grey bars represent the Council's investment fluctuation reserve and the Council's actual assets are represented by the orange line ($151.2m as at 30 September 2026).



The chart shows the Council had negative investment fluctuation reserve (estimated at -$7.4m), or approximately -4.7% of the real capital base at quarter end.

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8. Whakataunga kia noho tūmatanui kore / Resolution to Exclude the Public

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Fund Manager Presentation 2. Risk and Assurance Committee held on 5 October 2026 3. Health and Safety Report – 1 August to 23 October 2026 4. Marsh (Mercer) Quarterly Investment Monitoring Report – September 2026	Good reason to withhold exists under Section 7.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

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

Item No	Interest
1, 3 and 4	Maintain the effective conduct of public affairs through the protection of members or officers or employees of the Council, and persons to whom Section 2(5) of the Local Government Official Information and Meetings Act 1987 applies in the course of their duty, from improper pressure or harassment (Schedule 7(2)(f)(ii)).
2	To prevent the disclosure or use of official information for improper gain or advantage (Schedule 7(2)(j))

Karakia

9. Karakia

Ruruku Whakakapi – Closing Prayer

Unuhia, unuhia	*Draw on, draw on,*
Unuhia ki te uru tapu nui	*Draw on the supreme sacredness*
Kia wātea, kia māmā te ngākau, te	*To clear, to free the heart, the body and the*
tinana, te wairua i te ara takatū	*spirit of mankind*
Kia wātea, ka wātea, āe rā, kua wātea	*To be clear, will be clear, yes is cleared.*
Rire rire hau pai marire!	*Deeply in peace!*