

Notice is hereby given of the

Finance and Performance Committee -Komiti pūtea, ngā mahinga hoki

Wednesday 26 February 2025 at 10:00 am

Environment Southland Council chamber, 220 North Road, Invercargill 25/F&P/07

Committee Members

Cr Maurice Rodway (Chair) Cr Alastair Gibson Cr Lyndal Ludlow Cr Paul Evans Cr Jeremy McPhail Cr Phil Morrison Chairman Nicol Horrell



Agenda

This meeting will be livestreamed through YouTube and will be available to view on our website. <u>https://www.es.govt.nz/about-us/live-stream</u>

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Bethia Gibson
Acting General Manager Corporate Services

RECOMMENDATIONS IN COUNCIL REPORTS ARE NOT TO BE CONSTRUED AS COUNCIL POLICY UNTIL ADOPTED BY COUNCIL



Terms of Reference – Finance and Performance Committee

Council assigns to the committee responsibilities from time to time, and the committee provides advice and reports to Council on development of the organisations strategic plans including financial strategy, policies, budgets, together with the financial and performance reporting relating to statutory obligations.

The committee will review the effectiveness of the financial and performance reporting by:

- 1 Governance input into the development of strategic plans and budgets together with associated financial and related policies that support the delivery of the strategic plans (especially long-term plans and annual plans).
- 2 Governance oversight of performance reporting to Council, incorporating:
 - financial and non-financial performance
 - adherence to statutory obligations
 - monitoring overall financial wellbeing against budget
 - strategic asset allocation, asset management planning and performance review (including investment)
 - procurement
 - delegations of authority
 - Council controlled organisation oversight and performance.
- 3 Refer any risk and strategic issues to the relevant working committee.



1 Welcome I Haere mai

2 Apologies I Ngā pa pouri

At the time of the agenda closing, no apologies had been received for this meeting.

3 Declarations of interest

At the time of the agenda closing, no declarations of interest had been received for this meeting.

4 Public forum, petitions and deputations I He huinga tuku korero

At the time of the agenda closing, no public forum, petitions or deputations were received for the meeting.

5 Confirmation of minutes I Whakau korero

Attached are the minutes from the Finance and Performance Committee meeting held on 27 November 2024.

Minutes of the Finance and Performance Committee – Komiti pūtea, ngā mahinga hoki



Held at Environment Southland, 220 North Road, Invercargill Wednesday 27 November 2024 at 1:00 pm

Present:

Cr Maurice Rodway (Chair) Cr Alistair Gibson Cr Lyndal Ludlow (Deputy) Cr Jeremy McPhail Cr Phil Morrison Cr Paul Evans Chairman Nicol Horrell (ex officio)

Mrs Bethia Gibson (Acting General Manager, Corporate Services) Ms Amy Kubrycht (General Manger. People and Governance) Ms Mariette Geldenhuys (Committee Advisor)

1 Welcome I Haere mai

The chairperson welcomed everyone to the Finance and Performance committee meeting for Wednesday 27 November 2024.

2 Apologies I Ngā pa pouri

Resolved:

Moved Cr McPhail, seconded Cr Morrison that apologies be accepted on behalf of Chairman Horrell.

Carried

3 Declarations of interest

At the time of the agenda closing, no declarations of interest had been received for this meeting.

4 Public forum, petitions and deputations I He huinga tuku korero

At the time of the agenda closing, no public forum, petitions or deputations were received for the meeting.

5 Confirmation of minutes I Whakau korero

Resolved:

Moved Cr McPhail, seconded Cr Gibson that the minutes of the Finance and Performance Committee meeting held on 11 September 2024 be confirmed as a true and accurate record.

Carried



6 Notification of extraordinary items/urgent business I He panui autaia hei totoia pakihi

At the time of the agenda closing, no notifications of extraordinary or urgent business had been notified.

7 Questions I Patai

There were no questions asked by the councillors.

8 Chairman and councillors reports I Ngā purongo-atumuaki me ngā kaunihera

There were no chairman or councillors report.

9 Reports

9.1 Finance report

The purpose of this item was to provide an update to the Finance and Performance Committee on the organisational finances of Council for the quarter ending 30 September 2024.

Suggestions from the committee to make changes to the next report:

- further analysis of types of sundry debtors.
- further analysis of rates debtors (urban, rural, commercial, etc).
- information about ability to add penalties or interest to debtors.
- information about ways to encourage on time payments.

Resolved:

Moved Cr Morrison, seconded Cr Evans that Council receive the report - Finance report.

Carried

9.2 Business Plan Update

The purpose of this item was to provide Council with an update on the FY2024-25 Business Plan Performance for quarter 1.

Suggestions from the committee to make changes to the next report:

- add a percentage to show how much of the full-year budget has been spent YTD, and a comparison with same time last year
- bring in some commentary/insight on emerging risks/issues
- bring in some commentary/insight on what's coming up.

Resolved:

Moved Cr Evans, seconded Cr Gibson that Council receive the report - Business Plan Update.

Carrie

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Environment Southland (Southland Regional Council)
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9.3 Information Systems Technology Update

The purpose of this item was or the Finance and Performance Committee to receive an update on activity to progress information management and information systems projects within the organisation.

Resolved:

Moved Cr McPhail, seconded Cr Evans that Council receive the report -Information Systems, Technology Update.

Carried

9.4 Information Management Update

The purpose of this item was for the Finance and Performance Committee to receive an update on the progress of information management projects within the organisation.

Resolved:

Moved Cr Morrison, seconded Cr Gibson that Council receive the report - Information Management Update.

Carried

11 Public excluded business I He hui pakihi e hara mo te iwi

Resolved:

Moved Cr Evans, and seconded Cr Morrison that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 7 of that act, that the public be excluded from the following parts of the proceedings of this meeting, namely:

11.1 Climate Resilience Summary Report

The general subject matters to be considered while the public is being excluded, the reason for this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987 are set out below:

GENERAL SUBJECT MATTER	REASON FOR PASSING THE RESOLUTION	GROUNDS UNDER S.48(1)
Climate Resilience Summary Report	To protect information which is subject to an obligation of confidence where the making available of the information would be likely to (i) prejudice the supply of similar information, or the information from the same source, where it is in the public interest that such information should continue to be supplied, or (ii) would likely otherwise damage the public interest.	S.7(2)(c)

Carried

Environment Southland (Southland Regional Council)

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Resumed in Open Meeting

9.5 **RSHL** - Annual report

The purpose of this item was for the Finance and Performance Committee to receive the audited Regional Software Holdings Annual Report for the year ended 30 June 2024.

Resolved:

Moved Cr Evans, seconded Cr Gibson that Council receive the report - RSHL - Annual report.

LGFA - Annual report The purpose of this item was for the Finance and Performance Committee to receive the audited Local Government Funding Agency Annual Report for the year ended 30 June 2024.

Resolved:

9.6

Moved Cr McPhail, seconded Cr Gibson that Council receive the report - LGFA - Annual report.

9.7 **Great South - Annual report**

The purpose of this item was for the Finance and Performance Committee to receive the audited Great South Annual Report for the year ended 30 June 2024.

Action: That staff contact Great South to request that the financial report separates the Great South organisation from its group reporting, and that they compare the Great South result with their own budget.

Resolved:

Moved Cr Evans, seconded Cr Morrison that Council receive the report - Great South - Annual report.

Carried

9.8 Great South Statement of Intent

The purpose of this item was to share Great South's final 2024-2027 Statement of Intent and seek approval of the Council's input to the Letter of Expectation being submitted by the Mayoral Forum to Great South to guide the development of Great South's 2025-2028 Statement of Intent.

Environment Southland (Southland Regional Council)

Attachment 5.1.1

Carried



Resolved:

Moved Cr Ludlow, seconded Cr Morrison that Council:

- 1 receive Great South's 2024-2027 Statement of Intent.
- 2 approve Environment Southland's input to the Great South Letter of Expectation to inform Great South's 2025-2028 Statement of Intent.

Carried

9.9 Update on Councillor request and actions

The purpose of this item is to provide and update on the response to the requests and actions captured by the Councillors during Finance and Performance Committee meetings.

Update on the incomplete action:

9.2: As council, we do not have any ability to put a time frame on responses from third partners, and we are not involved directly with that part of the process. There is no provision in the Act for those time frames.

Resolved:

Moved Cr Gibson, seconded Cr Evans that Council receive the report - Update on Councillor request and actions.

Carried

10 Extraordinary/urgent business I Panui autia hei totoia pakihi

There was no extraordinary or urgent business considered by the meeting.

12 Termination

There being no further business, the chairman closed the meeting at 3:02 pm.

Environment Southland (Southland Regional Council)



6 Notification of extraordinary items/urgent business l He panui autaia hei totoia pakihi

There were no notifications of extraordinary or urgent business received for this meeting.

7 Questions | Patai

There were no questions received for this meeting.

8 Chairman and councillors reports I Ngā purongo-atumuaki me ngā kaunihera

At the time of the agenda closing, no Councillor Reports were received for the meeting.



9 Reports

9.1 Finance Report

Report by:Tanea Hawkins, Chief Financial OfficerApproved by:Bethia Gibson, General Manager Corporate ServicesReport Date:17 February 2025

Purpose

To provide an update to the Finance and Performance Committee on the organisational finances of Council for the six months ending 31 December 2024 and a forecast of results to the end of the financial year.

Background

The financial budgets of Council for the 2024/25 financial year were presented for consultation in February 2024, updated and adopted in July 2024. The budgets as always, reflect the best information Council had available at the time. However, there is always the potential for significant new matters to arise and/or projects and their associated funding that are in the pipeline that can't be included in the budgets until confirmed. Council needs to be responsive to these opportunities and matters and ensure that they are managed in a financially prudent manner.

This year, the MBIE co-funded flood resilience projects and organisational redesign project are examples of opportunities and matters that have arisen this year. In this report (as in previous years), Council is reporting on material variances to the original agreed budget, including those variances arising from these projects.

The MBIE co-funded flood resilience projects have provided additional income and have incurred expenditure which was not in the original budget.

In July 2024, Council staff commenced an organisational wide process to review staffing levels and structures within the organisation. The process was designed to ensure that staff and resources are focused effectively on delivering outcomes for the community. During the review process, most vacancies that arose (for example, from resignations) were not filled on a permanent basis, and in some cases, contractors were engaged to undertake the required work as the organisational redesign process was undertaken. The financial results for December reflect this, with personnel costs currently being below budget. The full year forecast further reflects this, with lower personnel costs and increased contractor costs being expected than were in the original budgets. Once the organisation redesign process has been finalised, recruitment activities will recommence.

Summary

Revenue and expense highlights:

The summary and detailed comprehensive Revenue and Expense Statement for the six months ending 31 December 2024 are set out below.

The full year forecasts have been updated, factoring in progress year to date and new information not known at the time of the creation of the annual budget.

As shown in the detailed comprehensive Revenue and Expense Statement, the operating result for the period (which takes into account the impacts of the matters in the background summary above) was positive, with an operating surplus of \$515k (page 4 of this report) being better than the budgeted deficit of \$1.8m, by \$2.3m.

Contributing to this position were a favourable total income variance of \$1.2m and a favourable variance of \$1.2m in total expenses. Further detail on these variances is included in the material variances section below.



Income from Investments of \$6.2m for the 6 months ending 31 December 2024 was favourable to budget by \$1.8m and is attributable to unrealised gains in the investment portfolio.

The portfolio plays a major role in Council's financial strategy as returns are used to reduce rates and inflation proof critical resilience reserves. It is however important to note that Council is a long-term investor, and markets can move up and down materially in any one year, which means that increases and decreases will happen. The years of significant increases are needed to compensate for the years of significant decrease. The markets are also very volatile and the current above budget results could change by the next quarterly report.

With the inclusion of Government Funded Projects (\$479k year to date), investment income and Emergency Management Southland, the total surplus for the six months is \$7.3m against a budget of \$2.8m, being favourable by \$4.5m.

Again, noting the changes that have occurred in the financial year to date, including the new projects that have occurred since the budgets were developed, and the volatility in the investment returns, the total Council deficit for the full financial year, has been reforecast to a surplus of \$2m (which favourably compares with the originally budgeted deficit of \$1.2m for the year).

Statement of financial position highlights:

The Statement of Financial Position as of 31 December 2024 is shown on page 7 of this report.

Cash and Deposits were \$9.9m at month end, in line with the usual annual financial cycle. Trade and Other Receivables continue to reduce (now \$8.8m) as rates are received.

Managed funds growth continues to outperform the budget as reflected by the \$1.8m in unrealised gains for period ending 31 December 2024.

Capital expenditure highlights:

A summary of Capital expenditure is shown on page 9 of this report.

The Long-term Plan had a capital budget of \$4.2m. Since this plan was developed and adopted, additional Kanoa funding has been received for specific capital works which is reflected in the summary.

A revised forecast of capital expenditure to the end of the financial year has been prepared and shows that \$1.3 million of previously budgeted capital works items is not likely to occur this year.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

1 Receive the report - Finance Report.



Report

Below is the Revenue and Expense Statement for the six months ending 31 December 2024. A summary version is on this page, with a detailed comprehensive version on the next page.

Statement of Comprehensive Revenue and Expense For the period ending 31 December 2024

2023/24 December YTD Actuals \$000	2023/24 December YTD Budget \$000		2024/25 December YTD Actuals \$000	2024/25 December YTD Budget \$000	2024/25 December YTD Variance \$000	2024/25 Full Year Budget \$000	2024/25 Full Year Forecast \$000	2024/25 % of Total Budget
		Revenue						
12,882	12,830	Rates Revenue	14,486	14,453	33	28,906	28,972	50%
6,325	6,303	Government Grants	1,705	897	809	1,306	2,790	131%
656	0	Other (Gains) / Losses	2,187	302	1,885	604	2,638	362%
8,455	7,705	Other Revenue	8,038	7,621	417	12,988	13,419	62%
4,014	3,748	Interest & Dividends (Realised)	4,049	4,145	96	6,211	5,977	65%
32,331	30,587	Total Revenue	30,465	27,418	3,047	50,015	53,795	61%
		Expenditure						
10,654	10,565	Empl oyee Benefit Expense	11,056	11,757	701	24,032	22,862	46%
355	401	Depreciation Expense	475	475	0	950	850	50%
34	0	Finance Costs	140	442	302	884	261	16%
11,303	11,531	Other Expenses	11,536	11,943	407	25,315	27,802	46%
22,345	22,496	Total Expenditure	23,207	24,617	1,410	51,181	51,775	45%
9,986	8,090	Total Surplus / (deficit)	7,258	2,801	4,457	(1,166)	2,020	-623%

NB: a more detailed breakdown of the material variances is on page 5 of this report.

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025

Statement of Comprehensive Revenue and Expense

For the period ending 31 December 2024

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environment LAND COUNCIL Tonga

2023/24 December YTD Actuals	2023/24 December YTD Budget			2024/25 December YTD Actuals	2024/25 December YTD Budget	2024/25 December YTD Variance	2024/25 Full Year Budget	2024/25 Full Year Forecast	2024/25 % of Total Budget
\$000	\$000		Note	\$000	\$000	\$000	\$000	\$000	
		Revenue							
12,882	12,830	Rates Revenue	1	14,486	14,453	33	28,906	28,972	50%
417	243	Government Grants	2	647	106	541	241	1,287	269%
7,789	6,974	Other Revenue	3	7,831	7,230	602	11,475	11,906	68%
21,088	20,047	Total Revenue		22,964	21,788	1,175	40,622	42,165	57%
		Expenditure							
10,252	10,122	Employee Benefit Expense	4	10,614	11,470	(856)	23,444	22,307	45%
347	391	Depreciation Expense	5	458	458	-	916	816	50%
34	-	Finance Costs	6	140	442	(302)	884	261	16%
4,352	4,114	Contractors & Consultants	7	4,215	4,376	(161)	9,993	11,305	42%
6,592	6,631	Other Expenses	8	7,022	6,863	159	13,554	14,731	52%
21,577	21,258	Total Expenditure		22,448	23,608	(1,160)	48,790	49,420	46%
(489)	(1,210)	Operating Surplus / (deficit)	-	515	(1,820)	2,335	(8,168)	(7,256)	-6%
		Investment Income							
609	-	Other Gains / (Losses)		2,187	302	1,885	604	2,638	362%
4,014	3,748	Interest & Dividends (Realised)		4,049	4,145	(96)	6,211	5,977	65%
4,624	3,748	Surplus/(Deficit) for Investment Income	9	6,235	4,447	1,788	6,815	8,615	427%
		Government Funded							
5,608	5,300	Capital Grants		-	-	-	-		
673	1,231	Other Revenue		957	908	48	2,030	2,273	47%
498	989	Expenditure		478	751	(273)	1,865	1,750	26%
5,782	5,543	Surplus / (deficit) for Government Funded	10	479	157	321	165	523	291%
		Emegency Management Southland							
340	260	Revenue		309	274	35	548	743	56%
271	250	Expenditure		280	258	23	526	606	0%
70	10	Surplus / (deficit) for Emergency Management Southland	11	29	16	12	23	138	127%
9,986	8,090	Total Surplus / (deficit)	-	7,258	2,801	4,457	(1,166)	2,020	-623%



Material variances to budget

Income

Rates revenue is forecast to be ahead of budget by \$66k due to additional Uniform Annual General Charges (UAGC) on newly subdivided properties.

Government grants were \$541k above budget at the end of December due to previously unbudgeted projects now being confirmed. The projects that are now underway but not included in the Long-term Plan are forecast to generate grant income for the financial year of:

- \$725k for MBIE co-funded flood infrastructure projects.
- \$195k for the fully funded Murihiku Slow the Flow project.
- \$73k Ministry for the Environment (MfE) for the Bluecliffs project.
- Additional unbudgeted Biosecurity staff secondment income.

Overall, a total of \$1.3m in Grants is forecast for the year.

Other revenue exceeded the year-to-date budget by \$602k. This includes rate penalties which have exceeded the budget by \$270k, and regulatory income exceeding the budget by \$230k.

Expenditure

Personnel costs are \$856k below budget at the end of December due to vacancies. At this stage, the fullyear forecast projects a \$1.1m favourable variance, though the gap is expected to narrow as positions are filled.

Depreciation is now forecasted to be \$100k below budget due to changes in the timing of some capital expenditure.

Finance costs are currently \$302k below budget due to project timing and a favourable interest rate on the current account facility. The full-year forecast anticipates a \$623k cost saving in interest expenses, which will be partly offset by a forecast reduction in interest earned.

Contractor expenses are \$161k under budget year-to-date but are forecasted to be \$1.3m above budget at year-end due to new projects not included in the Long-term Plan budget, notably the MBIE co-funded projects, and increased contractor expenditure (which is partially offset by salary savings).

Other expenses are \$159k over budget, in part due to a reclassification of the costs associated with the Iris Next Gen IT system from capital to operational expenditure (\$340k impact).

The full-year forecast anticipates a \$1.2m over-budget variance including a potential provision for a write down in value of an investment property, which now has a covenant on it and as a result has a reduced valuation.



Investment Income

Investment income exceeded the year-to-date budget by \$1.8m, due to:

- Unrealised gains, from increases in the market value of the investment portfolio, exceeding budget by \$1.9m; and
- Realised gains, interest, and dividends, being less than budget by \$96k.

The full-year forecast for unrealised gains is \$2.6m, however this amount could change at any time due to market volatility.

Council is managing net debt by using seasonal cashflow, which, while reducing interest income, has lowered net financing costs as noted above.

Government-Funded Projects

While Government-funded projects show a \$321k favourable variance due to underspends in Biodiversity – Action on the Ground, it is partially offset by a \$172k unfavourable variance within Other Income.

Additional unbudgeted funding from Ministry for Primary Industries (MPI) of \$243k for Wilding Conifer control has been included in the full-year forecast.



Statement of Financial Position

as at 31 December 2024

	2024/25 December YTD Actuals	2023/24 December YTD Actuals	2023/24 June YTD Actuals
	\$000's	\$000's	\$000's
Assets			
Current Assets	0.040	44.004	(2.4.40)
Cash And Deposits	9,949	11,094	(3,149)
Trade And Other Receivables	8,791	11,311	7,971
Prepa yments	455	675	454
Inventories	81	81	81
Managed Funds	33,879	29,839	31,301
Total Current Assets	53,156	53,000	36,658
Non Current Assets			
Shares In Subsidiary	8,721	8,721	8,721
Other Financial Assets	9	230	243
Property Plant & Equipment	66,704	60 <i>,</i> 555	65,192
Investment In Related Party	270	360	270
Total Non Current Assets	75,704	69,866	74,425
Total Assets	128,860	122,866	111,083
Liabilities			
Current Liabilities			
Trade And Other Payable	4,347	5,789	8,438
Rates in Advance	14,501	12,905	-
Total Current Liabilities	18,848	18,694	8,438
Non Current Liabilities			
Employee Entitlements	1,895	2,415	2,023
Total non current liabilities	1,895	2,415	2,023
Total Liabilities	20,743	21,109	10,461
Net Assets	108,117	101,757	100,622
Equity			
Retained Earnings	78,188	72,503	58,828
Special Reserves	30,167	23,359	30,176
Total Equity	108,117	101,757	100,622



Statement of Financial Position – explanatory notes

1. Current Assets

Cash and Deposits were \$9.9m at the end of December and are expected to decrease in line with the Council's typical financial cycle as forecast in the cashflow report on page 10 of this report.

Managed funds have increased significantly as identified in the Statement of Comprehensive Revenue and Expense, being \$4m ahead of the same period last year.

2. Non-Current Assets

Property, Plant & Equipment represents the physical assets held by Council less the accumulated depreciation. For the YTD there has been a net increase of \$1.5m, primarily driven by the close out work on infrastructure projects of \$1.2m.

3. Current Liabilities

Employee entitlements saw a reduction as staff took significant leave over the Christmas period.

Trade Payables have decreased from the prior year, reflecting the reduction in construction being undertaken in 2024 compared to 2023.

4. Non-Current Liabilities

The employee entitlements reflect leave liabilities that are owed to staff and would be payable if they ended their employment.

Council does not currently have any long- term debt as it is using the positive cashflows through the summer to fund underlying debt. Favourable terms obtained in August for current account debt (overdraft) have made this the more advantageous option. However, Council will need to move to long-term debt, which is more appropriate for the capital investments it has made in recent years, once the current facility expires.

5. Equity

The overall equity position of Council has increased by \$7.5m for the first six months of the financial year. A significant portion of this can be attributed to timing and the material increase in value of the investment portfolio.



Capital Expenditure For the period ending 31 December 2024

	2024/25 December YTD Actuals	2024/25 Full Year Budget	2024/25 % of Total Budget	Forecast Adjustments	Forecast Expenditure
	\$000's	\$000's		\$000's	\$000's
Budgeted Capital from LTP					
Flood Infrastructure					
Catchment Data & Science	174	1,241	14%	-	1,241
Culvert Replacement	-	259	0%	-	259
Motor Vehicles	22	572	4%	(98)	474
Biosecurity	1	-	0%	-	-
Catchment Operations	3	-	0%	-	-
Emergency Management Southland	-	21	0%	-	21
Executive	-	3	0%	(3)	-
Information Technology	-	486	0%	(450)	37
Property	2	723	0%	(463)	260
Leasehold Property	-	36	0%	(36)	-
Science Informatics & Operations	108	302	36%	(25)	277
Science Strategy & Investigations	56	603	9%	(246)	357
Total LTP Capital Expenditure	367	4,246	9%	(1,321)	2,925
Unbudgeted Capital					
Tranche 2 - Te Anau	13	-	-	250	250
Tranche 2 - Aparima (Operational)	133	-	-	-	-
Tranche 2 - Aparima (Capital)	226	-	-	500	500
Tranche 2 - Oreti	133	-	-	1,350	1,350
Climate Resilience	1,174	-	-	-	-
Total Unbudgeted Capital Expenditure	1,680	-	0%	2,100	2,100
Total	2,046	4,246	48%	779	5,025

The Long-term Plan had a capital budget of \$4.2m. Since this plan was developed and adopted there has been additional Kanoa funding received for specific capital works which is reflected in the unbudgeted capital section in the above table.

The Climate Resilience expenditure relates to the closing out of the first round of funding, separate to the new capital work programme.

These and other known adjustments have been updated to provide a forecast capital expenditure to the end of the financial year. The more significant changes relate to:

- IT projects (\$450k), which is due to the reclassification of the IRIS NextGen project from Capital to operational expenses; and
- Property (\$463k), which relate to changes in the timing of the anticipated work.



Statement of Cashflow as at 31 December 2024

	2024/25 December YTD Actuals	2023/24 December YTD Actuals
	\$000's	\$000's
Operating Activities		
Receipts from customers	33,191	29,941
Interest received	124	91
Dividends received	3,401	3,401
Payments to suppliers and employees	(21,961)	(21,872)
Finance costs	(140)	(34)
Net Operating Activities	14,615	11,527
Investing Activities		
Purchase of property, plant and equipment	(1,761)	(5,254)
Proceeds from sale of property, plant and equipment	11	54
Acquisition/Disposal of shares / investments	234	-
Net Investing Activities	(1,516)	(5,200)
Financing Activities		
Net Financing Activities		-
Cash movement	13,099	6,327
Opening Balance 1st July	(3,149)	4,766
Closing Bank Balance	9,950	11,093



Cashflow forecast to June 2026

The cashflow forecast report details forecast receipts and expenditure for 18 months through to 30 June 2026. The forecast projects normal operating cash flows, other cash flows including investments and treasury cash flows.

Council's cash flows follow a similar cyclic pattern which is based around the rating year. Council's net cash position typically peaks in November when rates are due.

The cashflow forecast is based on the reforecast operating results for Council through to 30 June 2025, and Year 2 LTP budget assumptions for the year ended June 2026.

Long term debt forecast

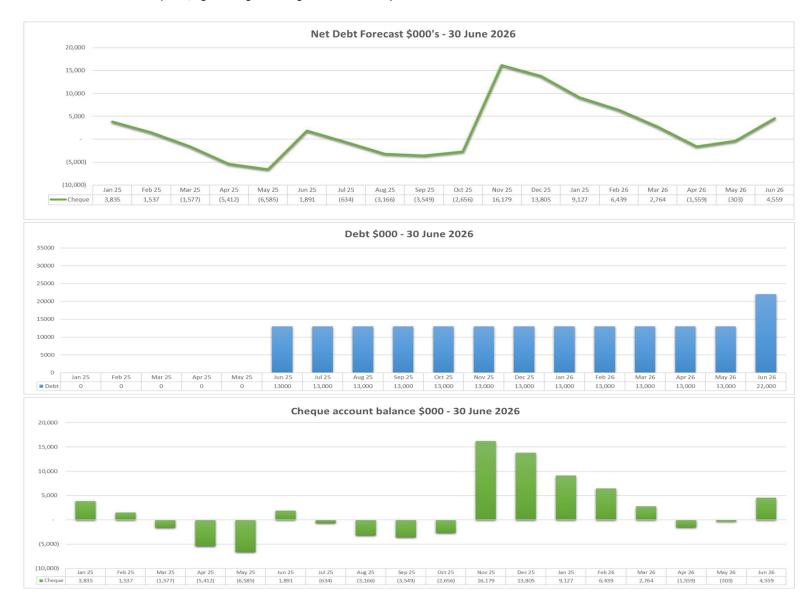
Council consulted on and resolved to increase the resilience of Flood Infrastructure in Year 1 of the LTP and was budgeted to increase debt to \$17.5m in June 2025. As noted earlier in the report, Council has been using current account facilities (overdraft) and its own cashflows, so has no long-term debt in place as of December 2024. The current account facility expires in May 2025, at which time longer-term debt will be required.

Updated capital expenditure and operating budgets show a new forecast for debt of \$13m as of June 2025.

Debt increases are solely for the purpose of funding expenditure of a capital nature.

environment SOUTHLADER REGIONAL COUNCIL Te Taiao Tonga

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025





Debtors and rates report as of 31 December 2024

Council debtors are reported in two groups: sundry debtors and rates debtors.

Sundry debtors

Sundry debtors are made up of all activities included in the Fees and Charges Schedule, and any other nonrating related debtors. These are usually invoiced annually in August and are often referred to as annual charges.

The table below provides information on sundry debtors at the end of December 2024 and compares this with the position at the end of the previous quarter (i.e., September 2024).

Current debtors are higher than it was at the end of the previous quarter. The biggest amount relates to cruise ship fees, with the rest mostly coming from a typical range of consents and compliance fees.

Total overdue sundry debtors of \$519k has decreased significantly from the previous quarter. This is mainly due to the timing of annual charges which were included as 30 days overdue last quarter.

Sundry debtors \$000's					
YTD	Dec 2024 S	ep 2024	\$ Increase	% Increase	
			(decrease)	(decrease)	
Current	897	47	850	1809%	
Overdue	519	1,043	(524)	-50%	
Total debtors	1,416	1,090	326	30%	
30 days	0	668	(668)	-100%	
60 days	289	71	218	307%	
90+ da ys	230	304	(74)	-24%	
Total overdue	519	1,043	(524)	-50%	

Council staff are working through initiatives to decrease overdue sundry debt. The first step is to add an interest charge to overdue debt. The Fees and Charges Schedule 2024-2025 states, *"All collection costs incurred by Environment Southland in the recovery of a debt will be added to the amount due. Overdue invoices will incur an interest charge at 12% per annum".*

Historically Council has not used the provision to charge interest on overdue sundry debt. The monthly debtor statement template has now been updated to advise that interest will be added to overdue accounts. In conjunction with the addition of interest, all 90+ days debt which is not on a payment arrangement has been referred to Debt Management Central (DMC), Council's debt collectors.

Overdue debt is followed up with a phone call and later a seven-day letter which advises that the account will be handed over to Debt Collection if payment is not received or an arrangement put in place.

As shown in the table below, the 90+ days debt category includes 30 debtors with total debt of \$91k that have been handed over to DMC as detailed in the table below. The balance of \$139k in the 90+ days category is being followed up internally.



	Sundry debtors 90+ days \$000						
Dec	2024	Sep 2024	Movement	Status			
Debtors	Amount	Amount	\$ Increase (decrease)				
24	43	43	0	Actively managed			
4	36	38	(2)	Update or information			
2	12	12	0	Legal action			
30	91	93	(2)	Managed by DMC			
126	139	211	(72)	Managed by Council			
156	230	304	(74)	Total			

Rates debtors

Rates debtors include both current and arrears rates debt. Current debt is rates that were due in November 2024. Arrears debt is all rates debt prior to 1 July 2024.

As shown in the table below, the net balance of rates outstanding on 31 December 2024 was \$4.4m. Net rates outstanding compares favourably to the prior year as a percentage of annual rates due.

	Rates debtors \$000's					
YTD	Gross rates outstanding	Less overpayments	Less three payment plan	Net rates outstanding	% of annual rates	
Dec 2024	7,179	486	2,286	4,407	13%	
Dec 2023	6,506	486	1,654	4,366	15%	

Current rates debtors were sent reminder letters in January 2025. Further letters will be sent in March and May 2025.

Current rates debt that remains outstanding on 30 June 2025 becomes arrears debt and will be sent to DMC.

DMC is currently managing a total of 794 rates debtors on behalf of Council. Council has passed 2,625 to DMC over time, with 1,000 (70%) of them now being fully paid.

	Debt Management Central						
Rating units	Debt \$000	% of rating units	Status				
1,831	1,000	70%	Paid in full				
278	116	11%	Mortgagee process				
465	307	18%	Actively managed				
22	62	1%	Legal action				
29	37	1%	Miscellaneous				
2,625	1,522	100%	_				

Actively managed files are ratepayers who have a payment arrangement in place, or files where DMC has sent correspondence.



A miscellaneous status means that the file is in default or that an update or information is required.

Of those in legal action, Council has commenced the rating sales process for eight properties. Three of these have commenced payment arrangements. Council does not move to rating sale demands without having exhausted every avenue available and given the ratepayer every opportunity to pay. The process takes 12 months, and at any point during those 12 months, the ratepayer can halt the process by agreeing to pay or making payment arrangements.

The table below details the status of properties where rating sales have commenced.

Rating sales							
Rating units Movement Status							
Dec 2024	Sept 2024						
3	3	0	Payment arrangement				
2	2	0 2nd Plaintiff with Southland District					
1	1	0	2nd Plaintiff with Gore District Council				
2	1	1	_Only plaintiff				
8	7	1					

Clean Air Loans

The Clean Air Loan arrangements between Environment Southland and the Invercargill City (ICC) & Gore District (GDC) Councils, are close to completion. GDC has completely repaid its outstanding balance, and ICC has less than \$5,000 remaining to pay.

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources			х
Diverse opportunities to make a living			х
Communities empowered and resilient			х
Communities expressing their diversity			Х

Attachments

Nil



9.2 Business Plan Update

Report by:Dominic Rikiti, Special Projects LeadApproved by:Bethia Gibson, General Manager Corporate ServicesReport Date:27 February 2025

Purpose

Provide Council with an update on the FY2024-25 Business Plan Performance for quarter 2.

Summary

The FY2024-25 quarter 2 performance report represents the second report under the new business planning framework. The new framework groups the high-level focus areas of the organisation into 55 Work Programmes. These high-level work programmes are in turn broken down and managed through detailed Initiatives of which there are currently 304.

Updates have been made to the report based on council feedback at the previous meeting. The updates include the addition of year to date (ytd) budgets per work programme, an 'upcoming' section which itemises some of the deliverables expected to be completed over the next quarter as well as some minor formatting changes.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

1 Receive the report - Business Plan Update.

Background

Please refer to the attached report

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources	x		
Diverse opportunities to make a living	x		
Communities empowered and resilient	x		
Communities expressing their diversity	х		

Attachments

1. 2025 02 Finance and Performan (1) [**9.2.1** - 11 pages]



Business Plan December Quarterly Review

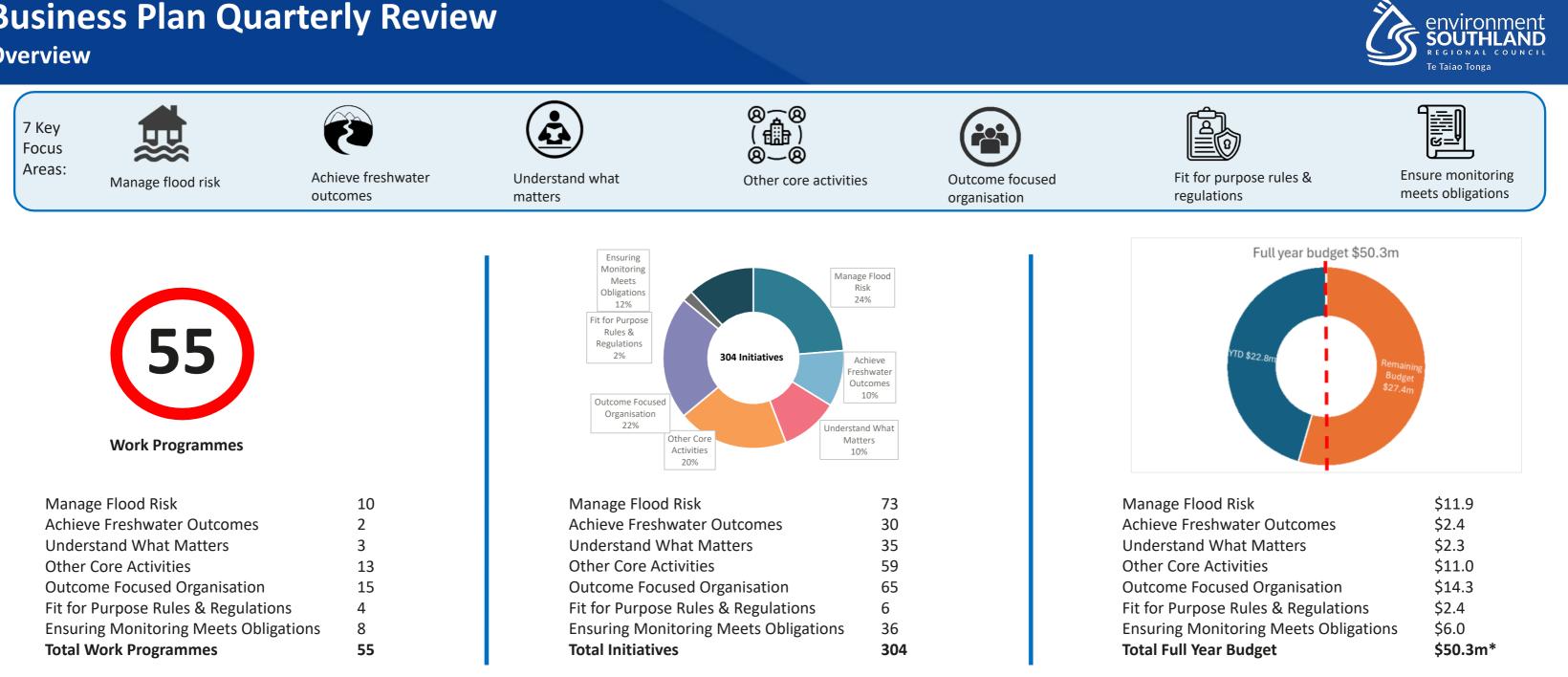
Objective Reference: A1224492



Meeting Date: 27 February 2025



Business Plan Quarterly Review Overview

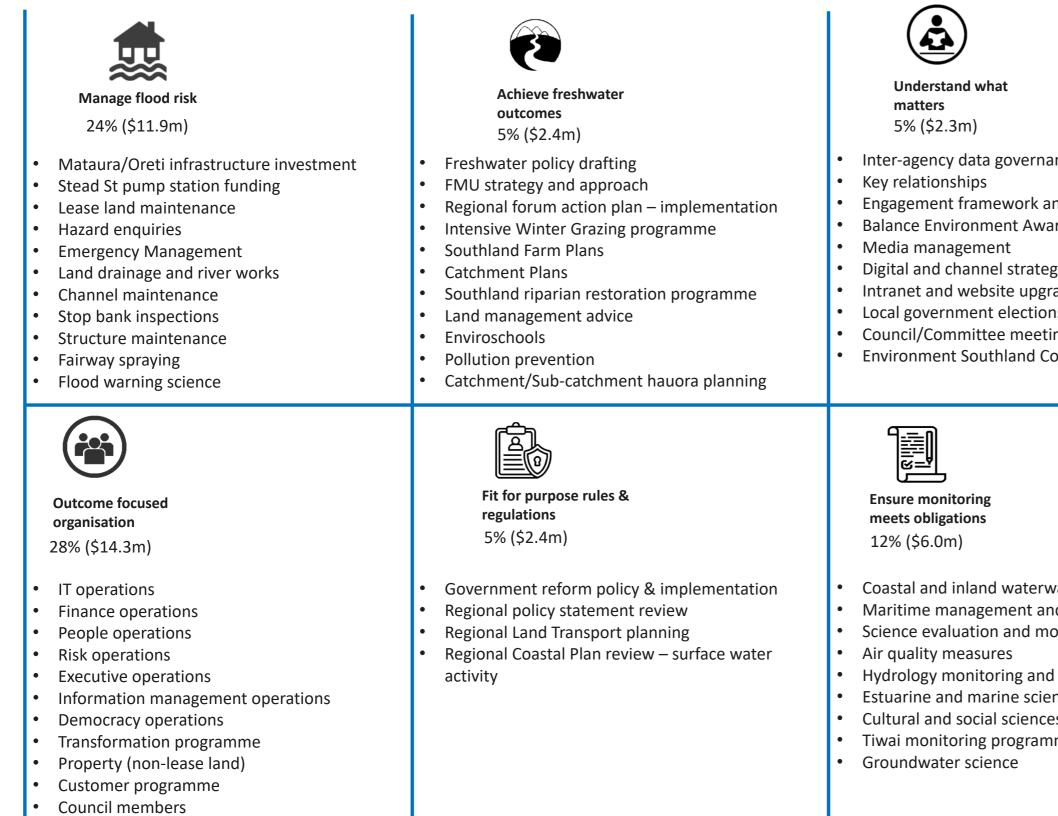


Commentary

- 55 Work Programmes across the organisation which represent the high level focus areas. The Work Programmes are assigned by 7 key focus area •
- To support the delivery and management of the Work Programmes specific Initiatives have been developed which take the high level focus areas and break them down into smaller deliverables
- There are currently 304 Initiatives (308 at September). The number of Initiatives will change throughout the year as they are added or removed depending on factors such as Executive or Council prioritisation or external influences
- Total Full Year Budget of \$50.3m excludes depreciation

Business Plan Quarterly Review

Key Activities by Focus Area (including % of total budget by area)





ance (spatial planning) and approach ards	 Other core activities 22% (\$11.0m) Consents management Resource management (compliance) - operations Resource management - monitoring and enforcement
egy rades ns ing support Community Awards	 Resource management - technical reviews Biosecurity/Biodiversity – management and monitoring Rabbit control Biosecurity – plants and animals Jobs for Nature Bluff Haul Out project
ways operations nd response ionitoring d resources science ence es nme	

Business Plan Quarterly Review Highlights



Pūrongo-ā-Tau **Annual Report** 2023-24

FY2023-24 Annual Report

Outcomes Focused

2024 Community Awards

- FY2023-24 Annual Report adopted
- Customer strategy development completed
- Long-term Accommodation Project business case completed (phase 1)
- Annual rates processed
- > Digital preservation scoping document finalised
- > FY2025-26 Annual Plan workshops and planning for phase 2 of the rating review
- New Environmental Data (ENVData) site launched
- Representation review final proposal completed
- Preparations for the 2025 Local Government elections are underway
- LGOIMA workflow improvements developed to be released in January
- Launched Information Awareness Management week in December which will be supported by ongoing learning opportunities for the organisation
- > 99.9% availability of core applications
- 2nd of 3 training sessions for General Managers and Tier 3 completed in December

Compliance **Monitoring Report**



FY2023-24 Compliance Monitoring Report

Other

- Waikawa Integrated Catchment Management Plan (ICMP) launched
- Regional Coastal Plan surface water activity plan change complete
- 100% timeframe compliance for consent processing
- **FY2023-24** Compliance Monitoring Report
- such as Fiordland







Waikawa ICMP launched

Commenced digitisation of past flood events

Slow the flow – initial assessments completed for 4/5 of the nature based solutions

Environment Southland 2024 Community Awards

Bluecliffs dump site landfill removal and reinstatement complete

Additional funding secured from Maritime NZ for remote areas on-water compliance for areas

Stage 1 of the Aparima Flood Resilience project completed

Finalised the Fiordland Marine Biosecurity Strategy 2024-2034 between Environment Southland, Department of Conservation, Biosecurity New Zealand and the Fiordland Marine Guardians

Business Plan Quarterly Review Key Focus Area: Manage flood risk



Work Programme	٢	YTD \$000'	S	FY Budget	% Utilised
	Actual	Budget	Variance		
River Management and Land Drainage	2,558	2,608	50	5,209	49%
Catchment Operations	1,339	1,148	(191)	2,520	53%
Infrastructure Investment - Current	(80)	452	532	904	-9%
Flood Warning & Hydrology	191	379	188	756	25%
Emergency Management	467	325	(142)	660	71%
Hazard Advice and Information	153	253	100	540	28%
Property Management	736	663	(73)	1,331	55%
Infrastructure Investment – Proposed	0	0	0	0	0%
Flood Response (capital only)	21	0	(21)	0	0%
Co-funded Projects	279	0	(279)	0	0%
Total	5,664	5,828	164	11,920	48%

(48% full year budget)

Achievements/Highlights:

- ✓ Modelling completed for all the nature based solutions for the Slow the Flow projects ✓ Digitisation of past flood events

- by 25 people
- ✓ The Flood Impact and Risk Specialist Team (FIRST) is developing a strong working relationship with Emergency Management as demonstrated through the positive feedback received during the April and October severe weather warnings

Upcoming:

- dependent
- > Bathymetric LiDAR of the Oreti and Aparima rivers to take place in Q3 > High number of hydrology maintenance and upgrades are due over the summer period that will need to be balanced with current workload





Outcome focused organisation 28% (\$14.3m)



Fit for purpose rules & regulations 5% (\$2.4m)



Ensure monitoring meets obligations 12% (\$6.0m)

- ✓ Work is largely complete for the Otautau stream portion of the Aparima Flood Resilience project.
 - Stages 1 and 2 estimated to be completed in February. Stage 3 is in the procurement phase
- ✓ Stakeholder meeting held in the Waikaia Catchment for the Slow the Flow project which was attended
- ✓ All programmed stopbank inspections completed for Aparima, Oreti and Te Anau

> Oreti and Te Anau flood resilience projects scheduled to start in Q3. Weather and ground condition

Business Plan Quarterly Review

Key Focus Area: Achieve freshwater outcomes

	 2 Work Programmes 		8 <u></u> 8 (曲)	
Achieve freshwater	 30 Initiatives 	Understand what	8—8 Other core activities	Outcome focu
outcomes 5% (\$2.4m)	 \$1.2m YTD spend (49% full year budget) 	matters 5% (\$2.3m)	22% (\$11.0m)	organisation 28% (\$14.3m

Work Programme	\\	YTD \$000'	s	FY Budget	% Utilised	Achievemen
	Actual	Budget	Variance			✓ The Bluecli
Freshwater	163	(88)	(251)	(99)	-165%	reinstatem
Catchment Integration	1,018	1,209	191	2,527	40%	 ✓ The Waikav attracted 2 ✓ The Waihop feedback ✓ Southland s ✓ The majoritic plan impler
						Upcoming:
						 Detailed c Funding a Beach. We
Total	1,181	1,121	(60)	2,428	49%	



3m)





Fit for purpose rules & regulations 5% (\$2.4m)



Ensure monitoring meets obligations 12% (\$6.0m)



Manage flood risk 24% (\$11.9m)

vements/Highlights:

- Bluecliffs dump site MfE contaminated sites remediation fund project for landfill removal and statement has now been completed
- Waikawa integrated catchment management plan launch event took place in November and acted 25 community members
- Waihopai integrated catchment management plan has been finalised and circulated for final

thland sediment strategy complete (HCEF). Further funding can be sought from MPI in 2026 majority of the pSWLP provisions are now operative. Work continues to ensure messaging on implementation is consistent

tailed catchment plan delivery programme due Q3 to MBIE

nding approved by MfE from the contaminated sites remediation fund for Little Tahiti and Ocean ach. Work to take place in 2025

Business Plan Quarterly Review Key Focus Area: Understand what matters

) •	3 Work Programmes 35 Initiatives	8 (===) 8 - 8		
Understan matters 5% (\$2.3	0	\$1.1m YTD spend (49% full year budget)	Other core activities 22% (\$11.0m)	Outcome focused organisation 28% (\$14.3m)	Fit for purpose regulations 5% (\$2.4m)

Work Programme		YTD \$000'	's	FY Budget	% Utilised	Achievements/H
	Actual	Budget	Variance			✓ Environment Sector
Regional Spatial Strategy	11	145	134	206	5%	✓ December edit
Stakeholder and Partnerships Strategy	356	431	75	800	45%	 Digital media m periods
Communications Programme	747	660	(87)	1,285	58%	 ✓ A Data and Insi ✓ A Data and Insi ✓ Addressing spa (2TEG) ✓ Supported Balls ✓ Representation ✓ Intranet upgrad ➢ Revised Chartes ➢ Engagement fragement frageme
Total	1,114	1,236	122	2,291	49%	





pose rules &

Ensure monitoring meets obligations 12% (\$6.0m)



Manage flood risk 24% (\$11.9m)



Achieve freshwater outcomes 5% (\$2.4m)

ts/Highlights:

nt Southland 2024 Community Awards edition of Envirosouth lia metrics (website visits, web camera views, facebook followers etc) all up on previous

Insights Southland Hub (DISH) survey developed to identify regional data needs spatial planning and data gaps have been prioritised by the 2nd Tier Environmental Group

Ballance Environmental Awards tion Review completed with an online public hearing scheduled for February

arter of Understanding to be signed in Q3 nt framework action plan by end of Q4 ation review online public hearing in Q3

Business Plan Quarterly Review Key Focus Area: Other core activities

8 <u></u> (曲)		Vork Programmes		
⊗ →⊗ Other core activities	○ 59 Ir	nitiatives	Outcome focused organisation	Fit for purpose rules & regulations
22% (\$11.0m)		m YTD spend	28% (\$14.3m)	5% (\$2.4m)

(38% full year budget)



Ensure monitoring meets obligations 12% (\$6.0m)

Work Programme		YTD \$000'	s	FY Budget	% Utilised
	Actual	Budget	Variance		
Consent Programme	1,045	1,390	345	2,857	37%
Compliance Programme	1,202	1,173	(29)	2,408	50%
Biosecurity Programme	492	542	50	1,129	44%
Marine Biosecurity and Biodiversity	263	304	41	661	40%
Biodiversity Programme	263	254	(9)	514	51%
Rabbit Control	58	140	82	280	21%
Waituna and Re-imagining Mataura	126	90	(36)	180	70%
Bluff Haul Out Facility	23	20	(3)	80	29%
RPMP 2029	93	171	78	357	26%
Biosecurity and FMRPMP Review	164	298	134	524	31%
Wetlands and Leading on our Land	10	62	52	123	8%
Jobs for Nature	478	751	273	1,865	26%
RPMP 2019	0	0	0	0	0%
Total	4,217	5,195	978	10,978	38%

Achievements/Highlights:

- ✓ FY2023-24 Compliance monitoring report completed and presented in December ✓ Cross organisation discussions have commenced on developing a risk based compliance monitoring
- approach
- ✓ Mataura Water Conservation Order all agreements have been received
- ✓ Bluff Haul Out needs assessment completed with next steps being developed in the new year
- ✓ The Southland Biodiversity Forum met in November
- ✓ Planning underway for the World Wetlands Day promotion to take place in February
- ✓ 100% timeframe compliance for consent processing
- ✓ Contact Windfarm application is in progress with the EPA
- ✓ 2 new possum control areas confirmed
- Draft Biodiversity strategy produced. Finalisation dependent on outcome of annual planning process.

Upcoming:

- World wetlands day
- Mataura water conservation order finalised end of Q3
- > Decision on the Contact windfarm application due March
- > Biodiversity action on the ground nearing end of 5 year project (6 months remaining)
- Constructed wetland priority areas ranked end of Q3





Manage flood risk 24% (\$11.9m)



Achieve freshwater outcomes 5% (\$2.4m)



Understand what matters 5% (\$2.3m)

Southland Biodiversity Forum scheduled for February

Business Plan Quarterly Review Key Focus Area: Outcome focused organisation

	o 15	Work Programmes		
Outcome focused organisation	o 65	Initiatives	Fit for purpose rules & regulations	Ensure monitoring meets obligations
28% (\$14.3m)		7.2m YTD spend 0% full year budget)	5% (\$2.4m)	12% (\$6.0m)

Work Programme	,	YTD \$000'	s	FY Budget	% Utilised
	Actual	Budget	Variance		
Information Management	452	534	82	1,088	42%
Democracy Programme	140	178	38	342	41%
IT Programme	1,981	1,852	(129)	3,541	56%
Finance Programme	1,043	1,066	23	2,027	51%
Business Services	61	233	172	471	13%
Funds Management & Debt Collection	226	158	(68)	420	54%
People Programme	434	405	(29)	998	43%
Health & Safety Programme	184	192	8	388	47%
Risk Programme	60	62	2	195	31%
ES Carbon Net Zero	36	13	(23)	52	69%
Customer Programme	77	63	(14)	250	31%
Council Members	501	545	44	1,092	46%
Transformation Programme	56	95	39	350	16%
Executive Programme	1,574	1,138	(436)	2,244	70%
Statutory and Corporate Planning	348	409	61	847	41%
Total	7,173	6,943	(230)	14,305	50%

Achievements/Highlights:

Manage flood risk

24% (\$11.9m)

- ✓ FY2023-24 Annual Report adopted
- ✓ Customer strategy development completed
- resolutions' register
- ✓ Rates processing completed with the collection period going extremely well considering the significant changes this year to rates
- ✓ New Health & Safety reporting dashboard built in PowerBI
- ✓ Digital preservation scoping document finalised and submitted for approval
- ✓ Long-term Accommodation project business case completed (phase 1)
- ✓ Planning commenced for the FY2025-26 Annual Plan and phase 2 rating review
- ✓ New Environmental Data (ENVData) site launched

Upcoming:

- Rating review consultation
- FY2025-26 Annual Plan
- ➢ FY2025-26 Business Plan
- Financial reporting enhancements
- > Shared GIS maps from all Southland councils ("South Maps") finalised Q3/Q4
- IRIS NextGen product acceptance testing Q3
- Replacement of legacy HR management software Q3





Achieve freshwater outcomes 5% (\$2.4m)



Understand what matters 5% (\$2.3m)



Other core activities

22% (\$11.0m)

- ✓ Phase 2 of Harbour software implementation underway which is focusing on the 'actions and

regulations

5% (\$2.4m)

Business Plan Quarterly Review Key Focus Area: Fit for purpose rules & regulations

• 4 Work Programmes 8 • 6 Initiatives Ensure monitoring Fit for purpose rules &

• \$1.0m YTD spend

(42% full year budget)



Manage flood risk

24% (\$11.9m)

Achieve freshwater outcomes 5% (\$2.4m)

Work Programme		YTD \$000	's	FY Budget	% Utilised	Achievements/H			
	Actual	Budget	Variance			✓ Regional Coasta			
Government Reform	242	367	125	735	33%	✓ Engagement w			
Regional Policy Statement	16	193	177	386	4%	values in the co ✓ Workshopped s			
Regional Land Transport Planning	160	295	135	474	34%	Standards Bill			
Coastal Plan Review	580	393	(187)	773	75%	 ✓ Management of the 2027 Regio 			
						Upcoming:			
						Pending discuss			
Total	998	1,248	250	2,368	42%				

meets obligations

12% (\$6.0m)





Understand what matters 5% (\$2.3m)



Other core activities

22% (\$11.0m)



Outcome focused organisation 28% (\$14.3m)

Highlights:

- al Plan (RCP) surface water activity plan change complete
- ith the community has commenced to affirm our understanding of the community's pastal environment
- submissions for the Treaty Principles Bill, Biosecurity Amendments and the Regulatory

of the Regional Transport Committee on track and plans in place for commencement of nal Land Transport Plan

sion papers from Government on at least 21 pieces of national direction

Business Plan Quarterly Review

Key Focus Area: Ensuring monitoring meets obligations

	 8 Work Programmes 			
	 36 Initiatives 	Manage flood risk	Achieve freshwater	Understand what
Ensure monitoring meets obligations	○ \$2.5m YTD spend	24% (\$11.9m)	outcomes 5% (\$2.4m)	matters 5% (\$2.3m)
12% (\$6.0m)	(42% full year budget)		x. /	0,0 (+2,0,11)

Work Programme		YTD \$000'	s	FY Budget	% Utilised
	Actual	Budget	Variance		
Coast and Marine Operations	371	289	(82)	577	64%
Tiwai	17	165	148	353	5%
Water and Land Science	1,338	899	(439)	2,004	67%
Science Strategy and Social Science	459	546	87	1,403	33%
Coast and Marine Science	60	224	164	469	13%
Climate Adaptation Science and Modelling	62	205	143	648	10%
Air Quality Programme	134	149	15	299	45%
Climate Change Strategy	61	104	43	208	29%
Tetel	2 5 0 2	2 504	70	F 0C4	420/

2,581

79

5,961

42%

2,502

Achievements/Highlights:

- ✓ Preferred supplier selected for climate change projections and impact assessment (NIWA)
- ✓ Communications planning commenced for the coastal values feedback campaign
- ✓ Field work for habitat mapping along coastal Rakiura and off the Catlin's coast completed. Potentially new species of ascidians to be named
- ✓ Freshwater ecosystems all annual monitoring fieldwork has commenced for the summer
- against each other
- final draft
- ✓ Annual soil quality sampling completed

Upcoming:

- Science support (via external providers) for changes to the Coastal Plan to be undertaken in Q3 Southland source water risk management assessment – pilot study phase 1 to be completed by end of
- Q3
- > Clean air environmental scan has been completed and the next steps are the development of a communications and engagement plan
- early Q3

Total





Other core activities 22% (\$11.0m)



Outcome focused organisation 28% (\$14.3m)



Fit for purpose rules & regulations 5% (\$2.4m)

✓ Staff conducted a gauging regatta on the Makarewa river to validate the different gauging instruments

✓ HAIL Risk Prioritisation Tool Report – first phase of the project is now complete and the report is in

Fiordland/Stewart Island cruise ship season commenced October

> 18 month project (undertaken by NIWA and the Cawthron Institute) to inform environmental flow limits on the lower Waiau will be completed in Q3

> Climate change regional framework for action communication and engagement activities planned for

Navigation safety bylaws review community engagement Q3/Q4



9.3 Information Systems Update

Report by:Jane Carroll, Information Systems ManagerApproved by:Bethia Gibson, General Manager Corporate ServicesReport Date:February 2025

Purpose

For the Finance and Performance Committee to receive an update on activity to progress information management and information systems projects within the organisation.

Summary

Information Systems (IS) is the key to delivering systems and technology across the Council, offering the right integrations and tools for our internal and external customers, ensuring that we are secure and resilient, safeguarding our digital assets and complying with legislative requirements.

This report refers to the activity of the information and support and information systems teams, projects, system upgrades, and information management & technology strategies.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

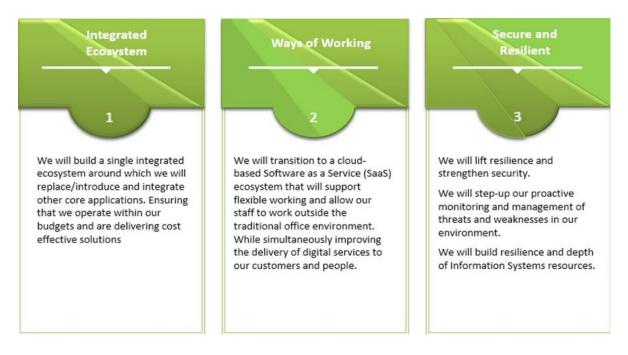
1 Receive the report "Information Systems, Technology Update."

Background

Technology Strategy

The Technology Strategy is operational, and the team is in the first quarter of delivering year two of the roadmap. This report has been updated to reflect the progress against the strategy's three key focus areas:

1. Integrated Ecosystems; 2. Ways of Working; and 3. Secure and Resilient



Summary of initiatives:

• Integrated Ecosystems Initiatives: These initiatives focus on decommissioning legacy servers, supporting finance upgrades, securing GIS data, and progressing the IRIS NextGen program. These



initiatives aim to enhance efficiency, improve customer engagement, and ensure data security within the organisation.

- Ways of Working Initiatives: These initiatives focus on rolling out new devices, developing BI reporting, and launching a refreshed Environmental Data portal. These efforts aim to enhance the digital workplace, improve data accessibility, and support regional planning and development.
- Secure and Resilient Initiatives: These initiatives focus on enhancing cybersecurity, ensuring business continuity, and maintaining a reliable monthly patching program. Key activities include implementing new email policies to prevent spoofing, conducting Cybersecurity Awareness Month, and regularly patching all production and test servers.

Initiative	Milestones	Q1	Q2	Update
Integrated Ecosystems	Legacy servers & systems	А	G	 Q2: We have made good progress with decommissioning four servers this quarter, leaving 13 to be completed by 30 June 2025. Q1: In 2023, we successfully migrated 17 legacy servers, with plans to complete an additional 17 by 30 June 2025. This migration is an opportunity to review our legacy systems and data, ensuring that we consolidate where possible. However, the project has complexities in that we need to ensure that we understand the legacy applications and the associated risks of data migration or decommissioning. We are committed to ensuring that there are no unintended consequences and that nothing is inadvertently "broken" during this process.
	Finance upgrades/ improvements	G	G	 Q2: Supporting finance through the rate season process went smoothly. In 2024, we successfully processed 1,430 new direct debits, a 14% increase from 2023, and these now account for approximately 20% of our total ratepayer base. A new Welcome Rates letter has also been templated. Q1: Assisting and supporting the Finance team with LTP, Annual Charges, Valuation Data, and rating season. We have also started internal conversations around the roadmap for the Finance Systems to deliver new, improved automated functionality.
	GIS	G	G	 Q2: The team has been working on securing and making our EMS data recoverable in the event of an emergency. They have also been focusing on automating various tasks to improve efficiency. Q1: We continue to enhance our internal and external tools. We have been collaborating with external agencies and customers on the Catchment context



				Te Taiao Tonga
	IRIS NextGen			 tools to simplify the map creation tasks and to integrate open data into agencies' systems. We have been working with external suppliers to ensure we get maximum benefit from our development tools. Q2: The IRIS NextGen program has continued progress
		G	G	 with: Developing a common test framework and approach across councils. This aims to make the testing process more efficient and will include an overview of the current approach in Product Acceptance Testing (PAT). The Datascape product was demonstrated to the councils, and it was the first time we had seen a working product. It is scheduled to be completed by April 2025. The Change Managers Forum (CMF) convened to discuss change management strategies and ensure that all councils are aligned with the program's objectives. We are yet to appoint formal project roles as our Go Live is not until March 2028, and plan to engage a part-time Project Manager in Q3. This will be critical to ensuring that our internal stakeholders are engaged. Q1: There has been a 6-month delay in the build by Datacom, which has impacted the original Go Live date by 6 months. The new revised Go Live date is now set for March 2028. We have still assessed this as green, because our preparations are on track. The team continues to participate at all levels in the program, attending and supporting various meetings, including program management, change management, product acceptance testing, and implementation schedule meetings. The Information Systems Manager has been actively involved in all these activities. Staff and the Special Project Lead also remain involved in the IRIS NextGen program, supporting it through the Advisory Group, Steering Group, and staff participation.
Ways of Working	Southland Maps	G	G	 Q2: The team is progressing with the "Bringing Data to Life" projects. They have started developing South Maps, which will replace the public-facing Beacon and integrate into the DISH (Data Insights Southland Hub). Some of the new features of South Maps include: Modern mapping capabilities that will leverage advanced GIS technologies for more detailed and accurate environmental and infrastructural data mapping.



			Te Taiao Tonga
			 Collaboration with local authorities to aggregate data, ensuring that the information provided is relevant and supports regional planning and development. Improved public access to data, offering a one-stop-shop for the region and making it easier for customers and stakeholders to use the information for various applications, such as environmental management and urban planning. The team anticipates that South Maps will be live by 30 June. This project promises to enhance the accessibility and utility of regional data significantly.
			Q1: The replacement of External Beacon is presently undergoing development and planning phases, closely aligned with the Great South DISH (Data Insights Southland Hub). The projected completion date for this initiative is June 2025, marking the scheduled Go Live of the final product.
			Existing council sites will be linked to the DISH during the development period.
			Great South officially launched the DISH on 12 November 2024.
Digital workplace			Q2: The goal for the quarter was to complete 30 upgrades to Windows 11. This quarter we have achieved 24, and we are still on track to complete the whole organisation by June (77 remaining). We have added an additional 7 to the fleet.
	G	А	Q1: We have successfully deployed 190 Windows 11 devices and Microsoft 365 clients, providing users access to modern tools. Training is still in the planning stages and will be organised once we have the necessary resources. We're also considering bringing in an external trainer to assist with this. Currently, 101 devices, including Councillor and roaming devices, remain to be rolled out. We plan to complete the deployment of 30 devices per quarter.
BI reporting	G	G	Q2: We are seeing significant benefits from having the new business system analyst on board. They are making excellent progress with the BI reporting, and the dashboards for Requests, Te Mahi, and Health & Safety are now at a stage where they are being used in production.
			Q1: BI reporting has been concentrating on IRIS request data and producing an Executive dashboard. Continued development work on H & S and Te Mahi



				le larao longa
				reporting is underway. The development of this work highlights the need to ensure that we have the training and the right resources in place to get the maximum benefit. We employed a Business System Analyst in October to cover extended leave until 30 June. She has good experience in reporting and is assisting with these projects to ensure that the needs and outputs are understood and delivered.
	Customer services	G	G	 Q2: The team is ensuring that the new tools are fit for purpose and meet our customers' needs. The new ENVData site went live on 12 November, and we have received feedback that has allowed us to improve some of the historic functionality. We are also continuing to release online forms. In October, the CCCV tool was updated to include data from the entire region. Q1: The refreshed Environment Data (EnvData) website has been completed and is ready for release. It will Go Live on 12 November. There were delays due to the weather and high river watches. The tool has been developed to be fully responsive for mobile phones, encouraging the use of it anywhere, anytime (with connectivity).
	Business continuity	G	A	 Q2: We are committed to ensuring all systems remain operational during the festive season. Staff was on call throughout this period to minimise any potential downtime. We did have an outage of the EnvData site for 2 hours. Once notified, this was resolved quickly. We have created a plan for the Cloud stand-up of the ES IRIS Environment. Testing was scheduled for December to document and validate the proof of concept. This has been delayed until February due to resources. Q1: The planning for cloud testing in the second quarter is now finalised. We will simulate the loss of a specific business component and focus on recovering the IRIS server environment. A recent penetration test has highlighted areas for improvement, and steps are being taken to address these.
Secure & Resilient	Cybersecurity	G	G	Q2: New Mimecast email policies have been implemented for Managers and Team Leaders to ensure that our email addresses aren't being spoofed. (Spoofing is a scam where a criminal disguises an email address and displays a name, phone number, text message, or website URL to convince a target that they are interacting with a known trusted source). These policies will be rolled out to Councillors and General

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025



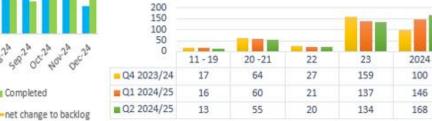
			Managers during Q3. We are releasing Mimecast weekly videos to raise awareness.
			Cybersecurity Month was completed in October for the organisation. This included an organisational password reset for staff, weekly Mimecast videos, MFA activation, a self-service portal for resetting passwords, an external email banner, and various educational posts.
			Q1: The full report has been written and will be presented in public excluded to Risk & Assurance in December. The main points are emerging cybersecurity trends. Cybersecurity Awareness Month in October was completed, with weekly ongoing training videos. We are focusing on delivering a refreshed roadmap to improve security posture.
tching/ rtificates	G	G	Q2: Throughout the quarter, all production and test servers, as well as laptops, have been patched at least once. In December, we implement a change freeze on production changes. The backlog of patches will be caught up in January 2025. The milestone is reported as green as a planned delay.
			Q1: All eligible production and test servers and laptops/desktops have been patched during the quarter. We now have a reliable monthly patching program in place.

Information technology

Reporting not related directly to the Technology Strategy has also been developed, providing visibility on some of the more operational aspects of IS/IT.







OPERATING SYSTEMS

	151	125	19	888	64 8 43
	Win11	Win10	Server 2022	Server 2019	Server '2008-16
Q4 2023/24	151	129	7	30	43
Q1 2024/25	190	101	9	30	43
Q2 2024/25	221	77	13	30	42

Service Desk Jobs

Created

-Active jobs

600

400

200

70

60

50

40

30

20

10

We have made slight progress in addressing the backlog, with 52 jobs completed compared to those created. There was 4086 jobs logged during the 12 months

Flex on Demand usage

Completed



100

99

Storage %

Mem %

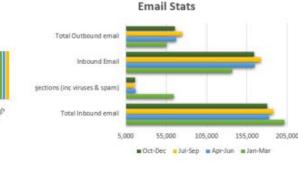
-Storage trend

 68 (17%) devices are older than 3 years old: 40 of these are servers that will be decommissioned or upgraded.

System availability

Operating System

 77 Windows10 devices will need to be upgraded to Windows 11 by 30th June. Compared to 101 at Q1 2024/25



VxRail On-demand Usage

 Within budgeted expected percentage, with a steady increase of data being stored. Current total 98 TB compared to 91 TB in Jan 2024 a 8.5% increase

Core Application and Server Availability 100% with the 3 exceptions

- Oct Authority 1 hour
- Nov GIS 1 hour
- Dec ENVData issue with graphs 3hrs

BOct Nov Dec

Volume of email

Our tools continue to provide protection stopping ٠ on average 14 % of all incoming emails, that are classified as spam or phishing

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Implications/Risk

Secure and resilient information systems are critical to delivering Council's business. We must maintain and deliver our current and future work programmes.

Next Steps

We are continuing to deliver the technology roadmap, with this quarter's focus on making sure that our technology solutions are fit for purpose, secure and resilient.

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources			х
Diverse opportunities to make a living			х
Communities empowered and resilient			Х
Communities expressing their diversity			Х

Attachments

Nil



9.4 Information Management Update

Report by:Paula Burke, Information & Support ManagerApproved by:Bethia Gibson, General Manager Corporate ServicesReport Date:17 February 2025

Purpose

For the Finance and Performance Committee to receive an update on the progress of information management projects within the organisation.

Summary

Information management (IM) is a cross-organisational work program aimed at improving IM and data capabilities. It focuses on enhancing skills and knowledge to enable the organisation to effectively create and manage information assets to meet organisational needs and legislative requirements. This report pertains to the activities of the information and support team, projects, and information management strategy.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

1 Receive the report - Information Management Update.

Background

To enhance the information management capabilities within the organisation, the 2022-2024 Information Management Strategy outlines work programs that extend through the end of June 2025.

The following are the work programs for the 2024-2025 financial year and their completion status for the quarter ending December 2024. All programs and this quarter's deliverables have progressed steadily, with a completion status of 5 out of 5 being on track and reporting a green status.

The information management strategy will also be reviewed this financial year. The team will begin the review process in January 2025.

IM STRATEGY WORK PROGRAMME	STATUS	UPDATE
Information Management Progress reviewed	G	We completed the internal Information Management Assessment in July 2024. The results set the baseline for identifying focus areas to inform the new Strategy.
Information Management Policy Reviewed	G	Completed in October 2024. The Record Keeping Policy 2010 was refreshed, and the executive approved the new Information Management Policy on 7 October 2024. This policy was communicated to the organisation during our December Information Management Awareness Week.
Information Management Procedures Reviewed	G	Commenced. To inform this review process, we held an Information Management Week Awareness Week in December. The Information Management team will review status reports from the system in January and February 2025 to ascertain any continuous improvements to be made.



		The team will work with the Information Management Stewards Group to gather feedback from the organisation, which will inform further process improvements.
Digital Strategy Reviewed	G	A digital preservation project will be undertaken to inform a digital strategy. Scoping has commenced. The IMSG (Information Management Stewards Group) is working with the Information Management team to draft the scoping document. The scope will be completed in December 2024. The project will inform the Digital Strategy in the future. In January 2025, IMSG and IMGG (Information Management Governance Group) meetings will be scheduled for the next 12 months.
Monitoring and review of the current information activities, systems and processes to ensure they meet business and legislative needs completed.	G	The Information Management Team continually monitors our Objective System via SQL reporting, which provides stats on end-user engagement and system use. The IS (Information Systems) Roadmap also includes a System review. IM will work with IS on this review.

Information Management Awareness Week:

The information management team delivered the Information Management Awareness Week to the organisation in early December. The muffin talk, presentation, and drop-in sessions were well-attended, with a good turnout throughout the week. The Information Management team gained valuable insights regarding the timing of these sessions. Due to the success of the weeks' events, it has been agreed to offer IM drop-in sessions to all end users weekly to continue encouraging the use of our official records systems and enhancing skills such as applying good metadata, naming conventions, and search content across our systems.

The information management team will focus on the end-users use of Automated Email Capture (AEC). Although this functionality has been available for some time, it is not widely used. AEC functionality will benefit end-users by capturing the appropriate email records under the Public Records Act.

Doc Assembler

The Information Management team is collaborating with the Information Systems team and Harbour Software to complete the integration of Objective ECM and Doc Assembler. This integration will ensure that protected records related to Council, agendas, and minutes are securely stored in our Objective ECM records system. Additionally, it will streamline the process for Committee Advisors, reducing the time required to save these important information assets for the organisation. The integration is proposed to be completed by the end of March 2025.

Since October 2024, Committee Advisors have used the Doc Assembler system to capture and track actions. This system sends push notifications to the staff responsible for completing these actions. Committee Advisors can generate reports on the status of these actions and share this information with the Committees and Council.

Efforts are ongoing to incorporate additional important meetings and workshops into the Doc Assembler system. This enhancement will simplify the process for report writers and committee advisors, providing a single source of truth for reports, agendas, and minutes.



Objective ECM (Electronic Content Manager)

In January, the Information Management team focused on system health, specifically managing content that can be securely disposed of under the Public Records Act. The file structure is continuously being improved, and the team collaborates with cross-divisional groups to ensure that the file plan and system remain adequate and fit for purpose.

The team is also identifying manual processes that can be automated through workflows to assist end users. Additionally, work is underway with the Information Systems team to prepare the system for a possible move to cloud services. This includes addressing single sign-on for Objective Connect and updating our authentication process to enhance security. The Objective ECM is scheduled on the Information Systems roadmap for review by June 2025.

Implications/risks

Good information management is crucial for the transparent and open delivery of the Council's business, supporting effective decision-making, meeting legislative requirements, and upholding and enhancing its reputation in the community.

Next Steps

- Review and refresh the Information Management Strategy before June 2025.
- Complete the Objective Integration with Doc Assembler

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources			x
Diverse opportunities to make a living			x
Communities empowered and resilient			x
Communities expressing their diversity			х

Compliance with Significance and Engagement Policy

All projects will align with Council's Significance and Engagement Policy.

Considerations

Financial implications

Current information management initiatives include several projects budgeted for in the 2024-2034 Long-term Plan.

The Information Management Strategy will inform the next Annual Plan process.

Legal implications

Ongoing information management activities will assist the organisation in meeting its legislative requirements pursuant to the Local Government Act 2002, Public Records Act 2005, Privacy Act 2020, and Local Government Official Information and Meetings Act 1987.

Attachments

Nil



9.5 LGFA December Quarter 2024 update

Report by:Tracey Adendorff, Team Leader Finance OperationsApproved by:Bethia Gibson, General Manager Corporate ServicesReport Date:25 February 2025

Purpose

For the Committee to receive the Local Government Funding Agency Council Shareholder and Borrower Update for the December 2024 quarter.

Summary

Council is a guaranteeing borrower of Local Government Funding Agency (LGFA) and maintains an interest in the activities and success of the organisation.

LGFA have provided a summary for the quarter to December 2024. The summary is included in the report below and the slide pack is attached. This update is for information purposes only.

Recommendation

- It is recommended that the Finance and Performance Committee resolve to:
- 1 Receive the report LGFA December Quarter 2024 update.

LGFA's summary of the quarter to December 2024.

Governance and Strategy

The LGFA continues to strengthen its governance and stakeholder engagement. This quarter saw the appointment of a new LGFA Director, Elena Trout, and a new Shareholder Council member, Gary Connelly. A letter of welcome was sent to the newly appointed Minister of Local Government, Hon Simon Watts, as part of ongoing efforts to engage with central government on LGFA priorities. Additionally, the Shareholder Council has issued its Letter of Expectations for 2025/26, and preparation of the next Statement of Intent (SOI) is underway to align with long-term strategic goals.

Financial and Market Performance

Council borrowing during the quarter was lower than forecast, with total borrowings amounting to \$1.021 billion. Despite this, LGFA bond issuance remained strong at \$1.0 billion, and offshore investor holdings increased to a record \$6.8 billion, reflecting continued confidence in LGFA's financial stability. Operating income for the six months ending December 2024 stood at \$15.8 million, with expenses below budget, resulting in a net profit of \$8 million.

Market conditions remained stable, with the yield curve steepening slightly. Short-term yields declined by 0.21%, while long-term yields rose marginally by 0.02%. Additionally, the Minister of Local Government announced an increase in the NZDM Liquidity Facility, providing enhanced borrowing flexibility for councils.

Council and CCO Lending

Total lending for the period reached \$2.127 billion, falling short of the forecasted \$2.674 billion. Key borrowing councils included Christchurch City Council (\$197 million), Tauranga City Council (\$126.5 million), and Greater Wellington Regional Council (\$80 million). Climate Action Loans (CALs) increased by \$96 million, bringing the total to \$3.217 billion, demonstrating growing council interest in sustainable finance options.



Sustainability and Compliance

Progress in sustainable finance remained steady, though no new Green, Social, or Sustainability (GSS) loans were issued during the quarter. Sector-wide debt levels increased by 15.2% over the past year, reaching \$30.5 billion, outpacing revenue growth of 9.4%. LGFA continues to support councils in accessing sustainable finance, with a four-part Climate Finance workshop series planned for March 2025 to assist councils in integrating climate-related funding into their financial strategies.

Concerns Around Council Balanced Budgets

A key concern emerging from the quarter is the declining financial resilience of councils, as indicated by falling balanced budget outcomes. The sector-wide average balanced budget outcome fell to 98.1%, the lowest level recorded since 2012. Fourteen councils reported budget outcomes below 90%, raising concerns about long-term financial sustainability. Over the past 13 years, nearly one-third of councils have consistently recorded sub-100% balanced budgets, signaling a systemic challenge.

Rising debt levels, coupled with increased interest costs, are placing additional pressure on councils, reducing their financial flexibility to invest in essential infrastructure. Many councils are planning double-digit rate increases over the next two years in an effort to restore financial stability. However, significant borrowing for operational purposes continues to erode available financial headroom, necessitating close monitoring and proactive financial management strategies.

Key Initiatives and Future Outlook

LGFA is actively expanding its financial support mechanisms, particularly in sustainable finance and infrastructure funding. Standby facility limits have been increased by \$500 million, bringing the total to \$1.25 billion, ensuring councils have access to liquidity when needed. The organisation is also advancing work on global funding initiatives, including the European Medium Term Note Programme, and refining its lending structures to better support council financial sustainability.

Looking ahead, upcoming bond tenders are scheduled for 12 February, 12 March, and 10 April 2025, while the next Quarterly Council Update is set for 6 May 2025. The LGFA Annual General Meeting (AGM) and Shareholder Borrower Day are scheduled for November. These engagements will provide opportunities for further discussion on financial strategies and sector-wide challenges.

Conclusion

LGFA remains in a strong financial position, with growing investor confidence and stable market conditions. However, councils face increasing financial pressures, with debt rising faster than revenue and balanced budget outcomes weakening. LGFA will continue to work closely with councils to provide funding solutions that support financial resilience and sustainable development.

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources			х
Diverse opportunities to make a living			Х
Communities empowered and resilient			х
Communities expressing their diversity			x

Attachments

1. Quarterly Council Shareholder and Borrower Update - December Quarter 2024 [9.5.1 - 21 pages]





New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

OUTLINE



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

- **Board/Shareholder Council Update**
- □ LGFA and Operations Update
- Council Credit Update

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February

- **G** Sustainability Update
- Questions and Answers

LGFA

BOARD AND SHAREHOLDER COUNCIL UPDATE

Komiti pūtea, ngā mahinga hoki - Agenda

LGFA Board Update

Finance and Performance Committee -

- Letter of Welcome sent to new Minister of Local Government Hon Simon Watts
- Continued strong engagement with Central Government officials on LGFA needs
- □ New LGFA Director Elena Trout
- □ Letter of Expectations for 2025/26 received from Shareholders Council
- □ Preparation of Statement of Intent is underway

Shareholder Council Current Work Programme

- **□** Exciting year with a developing work program
- □ First quarterly meeting will be in March
- □ New Shareholder Council member Gary Connelly
- □ Shareholder Input

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025

LGFA – DECEMBER QUARTER SUMMARY

Quarterly council borrowing of \$1.021 billion less than expected

⋟ \$96.25 million of sustainable loans

Quarterly debt issuance

- NZD Bond issuance NZ\$1.0 billion
- LGFA Bills on issue
 - NZ\$643 million
- ECP on Issue NZ\$1.038 billion
- □ Six-month period to 31 December 2024 lending and issuance
 - □ Council and CCO lending of \$2.127 billion vs SOI forecast of \$2.674 billion
 - □ LGFA Bond issuance of \$3.01 billion vs SOI forecast of \$3.04 billion.

Market Dynamics

- > Yield curve steeper with front end yields lower by 0.21% and long dated yields higher by 0.02%
- > Borrowing spreads to swap tighter at long end and wider at front end
- > LGFA spreads to NZGB tighter by 24 bps (0.24%) in 2037 bonds.
- > Offshore investors increased to record levels at \$6.8 billion (33.9% of bonds on issue)
- More stable market conditions
- □ Financials strong for 6 months to 31 December 2024
 - Total Operating Income \$15.8 million \$634k below budget
 - Expenses \$7.8 million \$156k below budget
 - Net Operating Income \$8 million \$478k below budget
- □ Minister of Local Government announced increase in NZDM Liquidity Facility
- □ Helen Mahoney appointed to Sustainability Team
- □ AGM new director and changes to Foundation Policies approved



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe



New Zealand Dollar Rates Bond Deal of the Year

New Zealand Sustainability Deal of the Year

Currently working on

- Local Water Done Well
- European Medium Term Note Programme
- Global Security Stock Certificates
- □ S118 Certificate Delegation
- **G** Ratepayer Affordability Scheme
- □ Increasing the number of GSS loans and CALs
- 2025-28 Draft SOI
- Increase in availability of Council and CCO standby facilities

DECEMBER QUARTER DASHBOARD

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025



	Quarterly movement	As at 31 December 2024
Short Term Lending	-\$1.4 million	\$671.7 million
Long Term Lending	+\$755 million (net)	\$21.48 billion
Market Share	down 3.4%	87.7% rolling 1 year
CCO Lending	-\$29.4 million	\$516 million
Standby Facilities	No change	\$747 million
GSS Loans	No change	\$401.2 million
Climate Action Loans	+\$96 million	\$3.217 billion
LGFA Bond Issuance	NZ\$1.0 billion	NZ\$19.19 billion and A\$2.65 billion
Council Members	No change	77
CCO Members	Timaru District Holdings Limited joined	7
Guarantors	No change	72
Offshore Investor Holdings of LGFA Bonds	+\$557 million	\$6.8 billion
Bank Holdings of LGFA Bonds	+\$457 million	\$6.4 billion
Domestic Investor Holdings of LGFA Bonds	+\$189 million	\$5.9 billion
RBNZ Holdings of LGFA Bonds	-\$108 million	\$934 million
Bond Yields	0.21% lower to 0.02% higher	
Borrowing Spreads	2 bps tighter (2037s) to 8 bps wider (2028s)	
Credit Rating	no change	AAA/AA+ (S&P/Fitch)
Profitability (Net Operating Profit)	improving	\$8.0 million (estimate for 6 months)
Swaps Book Unrealised Valuation	\$31 million improvement	-\$805.7 million
SOI Targets	unchanged	20/21 met or on track to be met

SOFTER QUARTERLY BORROWING BY COUNCILS - \$1.02 billion

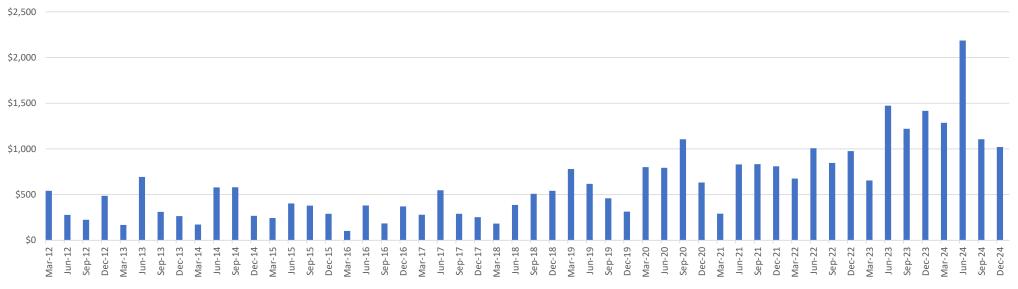
Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

December Quarter	Total	Bespoke	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 30	May 31	May 32	Apr 33	May 35	Apr 37
Term Loans to	\$1,021.0	\$407.1		\$59.5	\$196.3	\$163.5	\$104.1	\$38.5	\$27.0	\$5.0	\$5.0	\$10.0	\$5.0
Councils NZ\$m	• •	•		•		•		•	•	•	•		

2024-25 Year to Date	Total	Bespoke	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 30	May 31	May 32	Apr 33	May 35	Apr 37
Term Loans to	\$2,126.8	\$741.2	\$50.0	\$89.9	\$294.3	\$243.5	\$394.4	\$226.5	\$62.0	\$5.0	ćr o	\$10.0	\$5.0
Councils NZ\$m	\$2,120.8	\$741.Z	Ş50.0	\$89.9	ŞZ94.3	\$245.5	Ş394.4	ŞZZ0.5	Ş62.U	Ş <u>5</u> .0	Ş <u>5</u> .0	\$10.0	Ş <u>5</u> .0



■ Council and CCO Borrowing from LGFA - quarterly (NZ\$m) LHS

DECEMBER QUARTER LENDING ACTIVITY



Long Term lending over quarter:

- \$1.021 billion •
- 39 councils borrowed long term ٠
- 80 individual term loans ٠
- 39.8% bespoke maturity dates .
- 16.4% fixed rate ٠
- Average borrowing term of 4.2 years ٠

GSS Loans

CALs Three councils

٠

No GSS Loans •

- \$96 million •
- 9.4% of lending ٠

Short Term lending as at 31 December 2024:

- 39 councils had short term borrowings outstanding •
- \$672 million market value of loans outstanding •

Council ar	d CCO Borrowir	ng - December Quarter 2024	
Christchurch City Council	\$197,000,000	Whanganui District Council	\$14,000,000
Tauranga City Council	\$126,500,000	Clutha District Council	\$13,000,000
Greater Wellington Regional	\$80,000,000	Invercargill City Council	\$12,000,000
Waimakariri District Council	\$50,000,000	Taranaki Regional Council	\$12,000,000
New Plymouth District Council	\$45,000,000	Matamata-Piako District Council	\$11,500,000
Selwyn District Council	\$45,000,000	Central Otago District Council	\$10,000,000
Marlborough District Council	\$42,500,000	Gisborne District Council	\$10,000,000
Napier City Council	\$35,000,000	Taupo District Council	\$10,000,000
Hastings District Council	\$30,000,000	Whangarei District Council	\$10,000,000
Kapiti Coast District Council	\$30,000,000	Waitaki District Council	\$9,000,000
Porirua City Council	\$30,000,000	Timaru District Council	\$7,000,000
Far North District Council	\$25,000,000	Hurunui District Council	\$6,000,000
Nelson City Council	\$25,000,000	Masterton District Council	\$4,000,000
Rotorua District Council	\$20,000,000	Ruapehu District Council	\$4,000,000
Tasman District Council	\$20,000,000	Upper Hutt City Council	\$4,000,000
Hauraki District Council	\$16,000,000	Carterton District Council	\$2,000,000
Tararua District Council	\$15,000,000	Kawerau District Council	\$2,000,000
Waikato District Council	\$15,000,000	Stratford District Council	\$2,000,000
Western Bay of Plenty District	\$15,000,000	Manawatu District Council	\$1,400,000
Infrastructure Holdings Ltd	\$15,000,000		\$1,020,900,000

QUARTERLY LGFA BOND ISSUANCE - \$1.0 billion

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025

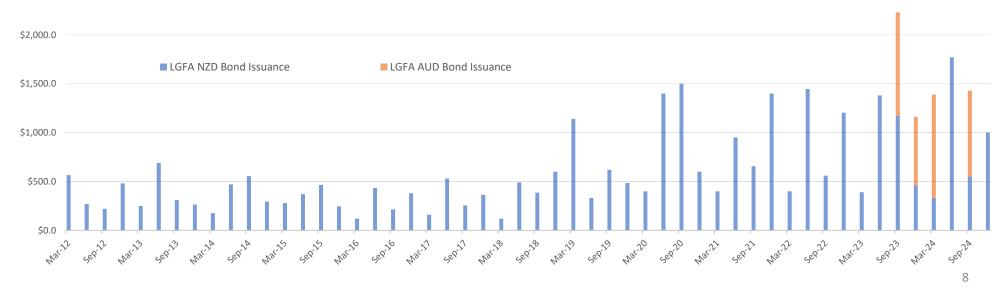


New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

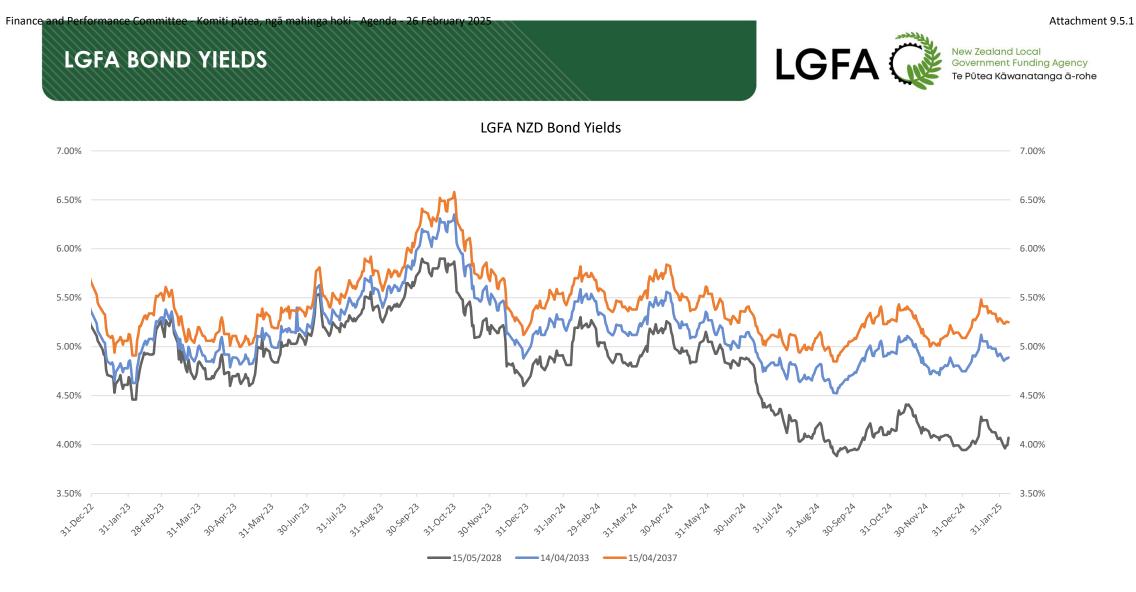
December Quarter	Total	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 30	May 31	May 32	Apr 33	May 35	Apr 37
Bonds Issued NZ\$m	\$1,000.0						\$50.0		\$650.0	\$130.0		\$170.0
2024-25 Year to Date	Total	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 30	May 31	May 32	Apr 33	May 35	Apr 37
Bonds Issued NZ\$m	\$1,550.0			\$60.0	\$40.0	\$60.0	\$300.0	\$100.0	\$650.0	\$130.0	\$40.0	\$170.0

AUD Bond Issuance	Total	Sep 27	Aug 28	Nov 30	Mar 34
December Quarter A\$m	\$0.0				
2024-25 Year to Date A\$m	\$800.0	\$500.0			\$300.0





\$2,500.0



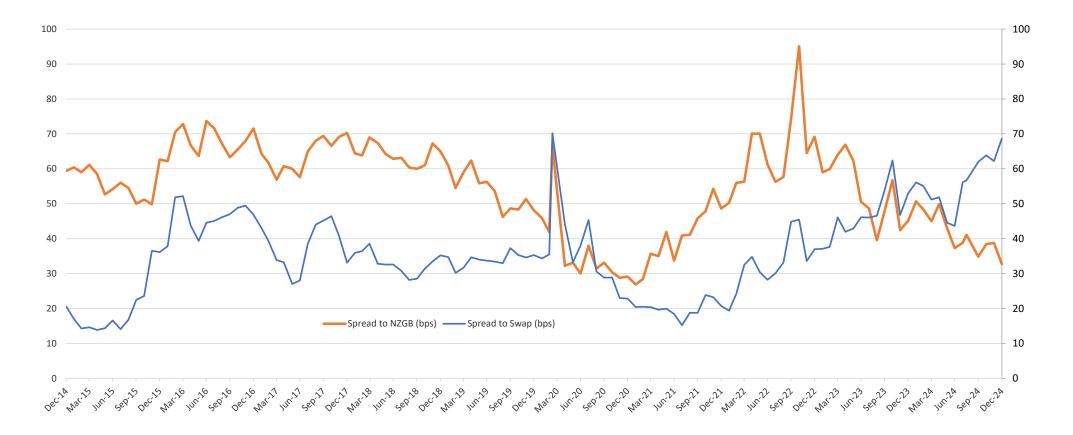
Source: LGFA secondary market end of day with yields sourced from Banks and Bloomberg



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

LGFA NZD BONDS – AVERAGE SPREAD TO NZGB AND SWAP (bps)

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025



Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks Simple average of existing LGFA bond maturities

Source: LGFA

Environment Southland (Southland Regional Council)

OPERATIONS UPDATE



Attachment 9.5.1 New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

□ S118 Certificate Delegation Progress

Global Stock Security Certificate/Stock Issuance Certificate Progress

Session to be arranged with councils to step through the proposal (adoption of the updated DTD and preparation of perpetual certificate).

LGFA Standby Facilities

Reminder that standby amount available limit lifted by \$500 million to \$1.25 billion, open for business!

Q Removal of 2 basis point charge for borrowing outside of the tender process for long term loans

Key Dates

- > Upcoming bond tender dates, 12th February, 12th March and 10th April
- Next Quarterly Update to councils, 6th May
- ▶ LGFA AGM and Shareholder Borrower Day, 18th 19th November

LGFA COVENANT OUTCOMES

Komiti pūtea, ngā mahinga hoki - Agenda



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

Compliance

- > 75 councils and three CCOs provided compliance certificates to LGFA
- > All 75 councils with borrowing from LGFA at 30 June 2024 were compliant with their financial covenants
- > Two councils had no borrowing (Dunedin City Council and Environment Southland)
- > Dunedin City Council borrows through Dunedin City Treasury (which has its own covenants)

Outcomes

- There were no breaches of financial covenants
- Sector debt continues to rise faster than sector revenue
- Sector debt increased by 15.2% over the 2023/24 financial year to \$30.547 billion
- > Adjusted sector revenue increase by 9.4% within this sector rates increased by 10.3%
- > Average net debt to revenue outcomes for both rated and unrated councils increased
- > Interest servicing costs increased on the back of higher interest rates, but remain below historical highs
- Six councils had a net debt to revenue ratio greater than 200% at June 2024 compared to three at June 2023



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

PERFORMANCE UNDER LGFA COVENANTS

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025

LGFA councils with external credit rating

Financial Covenant	2024 (36 councils)	2023 (33 councils)	2022 (33 councils)	2021 (31 councils)	2020 (30 councils)	2019 (29 councils)	2018 (26 councils)	2017 (23 councils)	2016 (22 councils)	2015 (20 councils)	2014 (17 councils)	2013 (17 councils)
Net Debt to Revenue	120.6%	108.4%	91.2%	81.7%	77.0%	68.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Revenue	5.4%	4.3%	2.8%	2.8%	3.8%	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Rates	9.1%	7.1%	4.3%	4.2%	6.0%	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

LGFA unrated councils

Financial Covenant	2024 (39 councils)	2023 (42 councils)	2022 (42 councils)	2021 (36 councils)	2020 (35 councils)	2019 (34 councils)	2018 (29 councils)	2017 (29 councils)	2016 (28 councils)	2015 (25 councils)	2014 (26 councils)	2013 (21 councils)
Net Debt to Revenue	48.4%	32.7%	36.5%	19.5%	27.5%	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Revenue	2.1%	1.5%	1.4%	1.2%	1.6%	1.7%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Rates	3.8%	2.6%	2.4%	2.1%	2.7%	2.8%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

Calculated by simple average of councils in each group that have borrowed from LGFA as at 30 June for each year Data from individual council annual reports as at 30 June for each year

Source: LGFA 13

CCO LENDING



lew Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

Current CCO Members

Destination Westland Limited

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda -

- Dunedin City Treasury Limited
- Far North Holdings Limited
- Infrastructure Holdings Limited
- Invercargill City Holdings Limited
- Timaru District Holdings Limited
- Whanganui District Council Holdings Limited

Compliance With Financial Covenants

- ➢ As at 30 June 2024, LGFA had lending to three CCOs
- > All three were compliant with their financial covenants
- As at 30 June 2024 LGFA had \$504 million to three CCOs
- CCO loans represented 2.5% of LGFA's lending at June 2024



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

COUNCIL BALANCED BUDGET OUTCOMES

Finance and Performance Committee - Komiti pūtea, ngā mahinga hoki - Agenda - 26 February 2025

Balanced Budget Outcome



Council operating income as a percentage of operating expenditure (from council annual reports)

BALANCED BUDGET OUTCOMES

Komiti pūtea, ngā mahinga hoki - Agenda



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

Outcomes

- > The average balanced budget outcome fell to 98.1% for the June 2024 year
- > This is the lowest outcome for the sector since the financial prudence benchmarks were introduced in 2012
- The 2020/21 and 2021/22 outcomes benefited from a significant amount of government grant funding which made the outcomes look better than they really were
- 14 councils had an outcome of less than 90.0%
- 25 councils (or 32%) of councils had an average outcome of less than 100.0% for the thirteen-year period (2012-2024) financial benchmarks have been required

Implications for the Sector

- > A balanced budget outcome of less than 100.0% is not unreasonable in any one year
- But councils should be balancing their budget over the cycle (this is a requirement under section 100 of the Local Government Act) although a council can have an unbalanced budget if it is financially prudent to do so
- The average forecast council rate increase for 2024/25 was 13.9% we are expecting some improvement in the average balanced budget outcome for the 2024/25 financial year
- A number of councils forecast 10% plus rate increase for years two and three of their LTP. These were needed for councils to return to a balanced budget position
- > LGFA looks for councils to have a sustainable long term financial strategy
- Significant borrowing for operating purposes reduces council headroom to complete their infrastructure plans

LOCAL WATER DONE WELL UPDATE

Komiti pūtea, ngā mahinga hoki - Agenda



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

□ LGFA provided guidance to councils in December 2024 on options for financing water infrastructure

- □ Inhouse options (LGFA covenants will continue as is)
- CCO option (bespoke covenants for water entity, LGFA covenants at parent level)
- □ For LGFA to lend to a water CCO, parent councils will need to provide financial support (guarantee)
- □ Water CCOs will have access to the same financial products as LGFA member councils
- □ LGFA will work with each water CCO on the best approach to transferring debt

Advantages of a Water CCO

- U Water CCOs can be more highly geared than a council (consistent with investment grade utility companies)
- □ Most councils will free up headroom under their own balance sheet
- □ There may be other advantages (LGFA is providing financing options)

□ We encourage councils to contact LGFA to discuss any questions on water financing

SUSTAINABILITY UPDATE



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

LGFA – SUSTAINABLE FINANCE SERIES – To be held online over four 90 minutes session in March 2025

The objective of this series of panel discussions and keynote presentations is to:

- Provide guidance to councils on accessing climate-related funding and green, social, and sustainable financing instruments.
- Assist in building capability to effectively source climate-related funding.
- Highlight useful data and tools (development, collection and communication of risk information).

This workshop series has been structured to provide detailed background to LGFA's sustainable finance lending programmes and specific information that our members will find useful when considering their eligibility for the GSS lending programme and Climate Action Loans.

This practical "Sustainable Finance Series" has been designed specifically for Treasury and Finance, Climate Response and Sustainability professionals within LGFA's member councils and CCOs, as well as their external consultants in these areas.

Session 1 – Tuesday 4th March from 10.30am to noon. Session 2 – Tuesday 11th March from 10am to 11.45am. Session 3 – Tuesday 18th March from 10am to 11.20am. Session 4 – Tuesday 25th March from 10.am to 11.40am.

- Komiti pūtea, ngā mahinga hoki - Agenda -

GSS LOANS WITH COUNCILS

Komiti nūtea ngā m

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Committee

Finance and Perfor



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

GSS Category	Borrower	Date Sustainable Loan Approved	Project Description	Sustainable Loan Type	Approved Amount for Project (NZ\$ million) ¹	Principal Amount Advanced to date (NZ\$ million)	Allocation to Sustainable Loan Asset Pool under Framework (NZ\$ million)
Green Buildings	Wellington City Council	14 October 2021	Takina, Wellington Convention and Exhibition Centre	Green Loan	180	180	180
Green Buildings	Hutt City Council	28 June 2022	Naenae Pool and Fitness Centre	Green Loan	41	41	41
Green Buildings	Whangarei District Council	19 August 2022	Whangārei Civic Centre	Green Loan	59	59	59
Total Green Buildings Loans					280	280	280
Climate Change Adaptation	Greater Wellington Regional Council	2 December 2021	RiverLink Project	Green Loan	227	73	73
Total Climate Change Adaptation Loans					227	73	73
Biodiversity Conservation	Tauranga City Council	10 October 2023	Kopurererua Valley Stream Realignment	Green Loan	10.3	6.0	6.0
Biodiversity Conservation						6.0	6.0
Affordable Housing	Christchurch City Council	17 November 2022	OCHT Social Housing	Social Loan	55	42.2	42.2
Total Social Loans						42.2	42.2
Total	6 Borrowers				572.3	401.2	401.2

¹ Where a GSS Loan is "approved", LGFA is not committed to provide those funds. Rather, LGFA has indicated to the relevant Borrower that, subject to satisfaction of conditions precedent, LGFA intends to advance the relevant amount as GSS Loan(s) when the Borrower makes a request under LGFA's Multi-Issuer Deed.

As at 31 December 2024

CALS WITH COUNCILS AND CCOS

Finance and P



New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe

Borrower	Maturity Date Range of CALs	Principal Amount Advanced to date (NZ\$ million)	Allocated to Sustainable Loan Asset Pool under Framework (NZ\$ million)
Auckland Council	May 2028 to April 2033	1,100	1,100
Dunedin City Treasury Limited	February 2030 to April 2033	300	300
Greater Wellington Regional Council	August 2026 to August 2033	402	402
Hutt City Council	October 2026 to July 2031	330.7	330.7
Kapiti Coast District Council	May 2026 to October 2030	180	180
Tauranga City Council	April 2027 to May 2031	395.25	395.25
Wellington City Council	July 2027 to May 2031	510	510
Total		3,217.15	3,217.15

LGFA is working with a further three borrowers on their CAL applications.

As at 31 December 2024











Source: LGFA 20



Questions

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9.6 Civic Report - Statement of Intent

Report by:Tracey Adendorff, Team Leader Finance OperationsApproved by:Bethia Gibson, General Manager Corporate ServicesReport Date:26 February 2025

Purpose

To provide the Committee an update on Civic Financial Service's Statement of Intent for the year to 31 December 2025.

Summary

Civic Financial Service Ltd (Civic) has projected a surplus before tax of \$134k for the year to 31 December 2025. This is \$305k less than the prior year's actual surplus before tax and is due to higher forecast expenses in 2025.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

- 1 Receive the report Civic Report Statement of Intent.
- 2 Consider and approve the attached letter from Council to Civic requesting improved reporting.

Background

Civic provides superannuation services for the local government sector. It also provides administration services to client boards which include Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool. Civic has 73 shareholders, comprising 72 local authorities and TrustPower.

The Statement of Intent (SOI) is provided to shareholders for information only and there is no requirement for Council to agree the SOI.

Civic's key performance measures for the 2025 year are to provide superannuation and savings products and services to at least 90% of local authorities, and to be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

Civic's main source of income in 2025 will continue to come from fees for providing superannuation administration services for the local government sector. Civic also receives fees for providing administration, accounting, and other services to their client boards. The remainder comes from investment returns.

At the 2020 Special General Meeting it was agreed that instead of providing dividends to shareholders, future surplus funds should be applied to reduce the administration fees for superannuation scheme members. A further reduction in the schemes' base administration fee will apply from 1 April 2025. This will reduce the fee from the current rate of 0.33% per annum to 0.32% per annum.

Civic projects a surplus before tax of \$134k for the financial year ending 31 December 2025, which is \$305k less than last year. This is due to higher forecast expenses in 2025.

Financial projection for 2025

DESCRIPTION	2024 ACTUAL \$000	2025 PROJECTION \$000	\$ INCREASE (DECREASE) \$000
Revenue	3,533	3,695	162
Expenses	3,094	3,561	467
Surplus before tax	439	134	(305)

Recommendation

The SOI is consistent with previous years but continues to fall short of expectations as it does not include full financial statements.

Council staff recommend that Council writes to Civic and asks for greater transparency in the next Statement of Intent. This means provision of a forecast Statement of Financial Performance and forecast Statement of Financial Position. Please consider and approve the attached draft letter if satisfied.

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources			х
Diverse opportunities to make a living			Х
Communities empowered and resilient			Х
Communities expressing their diversity			х

Attachments

- 1. Civic Statement of Intent 2025 [**9.6.1** 7 pages]
- 2. Letter to Civic with recommendati [9.6.2 1 page]



18 December 2024

Wilma Falconer Chief Executive Southland Regional Council Private Bag 90116 INVERCARGILL 9840

wilma.falconer@es.govt.nz

Kia ora Wilma

Civic Financial Services Ltd ('Civic') - Statement of Intent for 2025

Please find enclosed a copy of Civic's Statement of Intent for 2025.

The Company's major source of income in 2025 will come from providing superannuation administration services for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. Additional income will be derived from the services provided to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

In 2020, a Special General Meeting of the Company agreed that instead of providing dividends to shareholders, future surplus funds should be applied to reduce the administration fees for members of the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.

For the sixth year in a row, we are again pleased to announce a further reduction in the schemes' base investment management fee. From 1 April 2025, the current rate of 0.33% per annum will reduce to 0.32% per annum.

We have updated the communication section incorporated in the Statement of Intent to keep you informed of the changes we have implemented as we strive to improve the information provided to our members.

Thanks for your continued support, I look forward to working with you in 2025.

Ngā mihi

Charlie Howe Chief Executive Email: charlie.howe@civicfs.co.nz

Civic Financial Services Ltd • 116 Lambton Quay • PO Box 5521, Wellington 6140 • Email: admin@civicfs.co.nz www.civicfs.co.nz • Tel: 04 978 1250 • Fax: 04 978 1260



Civic Financial Services Ltd Statement of Intent

For the year to 31 December 2025

Contents

1.0	What we do	3
2.0	Mission Statement	3
3.0	Financial Projections	3
4.0	Performance Measures	4
5.0	Reporting to Shareholders	4
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7.0	Member Communication	5

1.0 What we do

- 1.1 We provide superannuation services for the local government sector through our SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 1.2 We also provide high-quality, low-cost administration services to our client boards (Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool).

2.0 Mission Statement

- 2.1 Civic Financial Services Ltd ('Civic') will be a trusted and preferred administration and financial services provider to the local government sector:
 - Dedicated to our shareholders.
 - Committed to our members.
 - A sound and successful business.

3.0 Financial Projections

- 3.1 Our primary source of income in 2025 will come from fees for providing superannuation administration for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 3.2 We also receive income from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
- 3.3 In addition, we will derive income from returns on our investments.
- 3.4 The Board's current policy is not to pay a dividend to our shareholders. It was agreed at a Special General Meeting in 2020 that the funds which could otherwise be provided as dividends to shareholders should be used to reduce the administration fees applied to our two superannuation schemes.
- 3.5 Fee reduction: We will reduce the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme base administration fee from 0.33% per annum to 0.32% per annum from 1 April 2025.

Civic Financial Services Ltd 3

3.6 Financial projections for the years 2025 to 2027 are:

	2025 \$000′s	2026 \$000′s	2027 \$000's
Administration Income	3,270	3,441	3,569
Investment Income	425	386	394
Total Revenue	3,695	3,827	3,963
Expenses	3,561	3,698	3,780
Surplus before tax	134	129	183
Surplus after tax	96	93	132

Note - these are projections, not firm predictions.

4.0 Performance Measures

- 4.1 We aim to provide superannuation and savings products and services to at least 90% of local authorities.
- 4.2 We plan to be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

5.0 Reporting to Shareholders

- 5.1 We will provide an audited report for the 2024 year by 30 April 2025. The report will contain a review of our operations during the year and audited annual accounts.
- 5.2 We will provide a report on the first half of 2025 by 30 September 2025. The report will contain a review of our operations during the half-year and unaudited half-yearly accounts.

4 Civic Financial Services Ltd

6.0 Transactions with Related Parties

- 6.1 Civic has 73 shareholders, comprising 72 local authorities and TrustPower.
- 6.2 Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of Civic. Because it is sharing management resources, the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool are also considered to be related parties to Civic.
- 6.3 Transactions with shareholder members include risk-financing services and superannuation and savings-related financial services.
- 6.4 Charges to and from shareholder members will be made for services provided as part of the normal trading activities of Civic and its subsidiaries. All transactions with shareholder members are made on a purely commercial basis.

7.0 Member Communication

- 7.1 We will continue to update our strategy which guides the future direction of Civic by focusing on three key areas; positioning, promoting and protecting our brand as a trusted and preferred superannuation provider to the local government sector. This strategy is consistent with Civic's people-centric model, an approach that cares about its members and their whānau and aims to maximize their retirement funds.
- 7.2 This has involved reviewing Civic's processes and product information to ensure it follows the BRACS formula: Believable, Relevant, Actionable, Compelling and Simple.
- 7.3 Our recently revamped Electronic Direct Mail newsletter has been very successful with lots of positive feedback from our members. We are also growing the attendance at our lunchtime Webinars for members.
- 7.4 Our second member survey was very successful with a 26% lift in participation compared to the previous survey and overall membership satisfaction remained extremely high at 87.34%. Despite this, more education is clearly needed around the benefits of our superannuation products and how members' investments are managed. We have taken this on board.
- 7.5 In early 2025, we will announce the delivery of our inaugural APP for our superannuation schemes. The APP will allow members instant access to their scheme information and balances and further enhance our communication with them.

Civic Financial Services Ltd 5

(04) 978 1250 | admin@civicfs.co.nz

Our reference: A1231266 Enquiries to: Wilma Falconer Email: Wilma.Falconer@es.govt.nz



Charlie Howe Civic Financial Services Limited PO Box 5521 Wellington 6140 admin@civicfs.co.nz

26 February 2025

Dear Charlie

Recommendation for your 2026 Statement of Intent

Thank you for your Statement of Intent (SOI) for the year to 31 December 2025.

Council notes that the SOI includes a simple financial projection for the next three years. While this is consistent with previous years, it continues to fall short of expectations. The reason for this is that it does not include forecast financial statements.

As a shareholder, Council has an obligation to consider and understand the financial information provided by Civic Financial Services Limited. It is challenging to obtain a good overview of the direction of the company without the full financial statements. The current format is very light on detail which means that it is difficult to perform any relevant analysis.

Council will prefer to see full forecast financial statements in the next SOI. This will ideally include a forecast Statement of Financial Performance and forecast Statement of Financial Position.

Ngā mihi

Wilma Falconer Chief Executive



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11 Public excluded business I He hui pakihi e hara mo te iwi

In accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 7 of that act, that the public be excluded from the following parts of the proceedings of this meeting, namely:

Confirmation of public excluded minutes from the Finance and Performance Committee meeting – 27 November 2024

The general subject matters to be considered while the public is being excluded, the reason for this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987 are set out below:

GENERAL SUBJECT MATTER	REASON FOR PASSING THE RESOLUTION	GROUNDS UNDER S.48(1)
Confirmation of public excluded minutes – 27 November 2024	To prevent disclosure or use of official information for improper gain or advantage	S.7(2)(j)