

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Finance Committee will be held on:

Date: Tuesday 15 October 2024
Time: 9:30 am
Meeting Room: Council Chamber and Audio-Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Finance and Monitoring Committee

Komiti Tahua

OPEN AGENDA

Membership

Chairperson Cr Maxine van Oosten
Heamana

Deputy Chairperson Cr Moko Tauariki
Heamana Tuarua

Members	Mayor Paula Southgate	Cr Ewan Wilson
	Deputy Mayor Angela O'Leary	Cr Louise Hutt
	Cr Maria Huata	Cr Geoff Taylor
	Cr Emma Pike	Cr Andrew Bydder
	Cr Mark Donovan	Cr Sarah Thomson
	Cr Anna Casey-Cox	Cr Kesh Naidoo-Rauf
	Cr Tim Macindoe	

Quorum: A majority of members (including vacancies)

Meeting Frequency: Two monthly

Amy Viggers
Mana Whakahaere
Governance Lead

7 October 2024

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Amy.Viggers@hcc.govt.nz
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Purpose:

The Finance and Monitoring Committee is responsible for:

1. Monitoring Council's current financial strategy, and financial performance against the Long Term Plan and Annual Plan.
2. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.

In addition to the common delegations on page 10, the Finance and Monitoring Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

3. To provide direction on Council's financial strategy and monitor performance against that strategy.
4. To monitor Council's financial performance against the Council's Long Term Plan and the impact of the financial performance on services levels and rate payers' value.
5. To monitor Council's capital expenditure against the Council's Long Term Plan.
6. To monitor Council's service delivery performance as outlined in the Council's Long Term Plan.
7. To develop and monitor policy related to the following matters:
 - a) financial management;
 - b) revenue generation; and
 - c) procurement and tendering.
8. To monitor the probity of processes relating to policies developed by the Finance and Monitoring Committee.
9. To provide clear direction to the Local Government Funding Agency on Council's expectations, including feedback on the draft statements of intent.
10. To receive six-monthly reports from the Local Government Funding Agency.

The Committee is delegated the following powers to act:

- Approval of operating expenditure within the Long Term Plan or Annual Plan that exceeds the Chief Executive's delegation, excluding expenditure which:
 - i. contravenes the Council's Financial Strategy; or
 - ii. significantly alters any level of service outlined in the applicable Long Term Plan or Annual Plan; or
 - iii. impacts Council policy or practice, in which case the delegation is recommendatory only and the Committee may make a recommendation to the Council for approval.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which:
 - i. exceed the Chief Executive's delegations, but
 - ii. exclude contracts or arrangements that are reserved for the Council or another Committee's approval.
- Approval to write-off outstanding accounts that exceeds the Chief Executive's delegation.

The Committee is delegated the following recommendatory powers:

- To set the direction of Council's Financial Strategy.
- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

Recommendatory Oversight of Strategies:

- Financial Strategy

Recommendatory Oversight of Policies and Bylaws:

- *Funding Needs Analysis Policy*
- *Investment and Liability Management Policy*
- *Rates Remissions and Postponements Policy*
- *Rating Policy*
- *Revenue and Financing Policy*

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies – <i>Tono aroha</i>	5
2	Confirmation of Agenda – <i>Whakatau raarangi take</i>	5
3	Declarations of Interest – <i>Tauaakii whaipaanga</i>	5
4	Public Forum – <i>Aatea koorero</i>	5
5	Confirmation of Finance and Monitoring Committee Open Mintues 29 August 2024	6
6	Capital Portfolio Monitoring report	41
7	Financial Performance & Strategy Report to 31 August 2024 (<i>Recommendation to the Council</i>)	57
8	New Zealand Local Government Funding Agency - 2024 Annual Report	83
9	Facilities Electrical Maintenance Contract	146
10	Reticulated Natural Gas Contract 18202	150
11	Resolution to Exclude the Public	155

1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipanga*

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

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6699.

Council Report

Item 5

Committee: Finance and Monitoring Committee

Date: 15 October 2024

Author: Keryn Phillips

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of Finance and Monitoring Committee Open Minutes 29 August 2024

Report Status	Open
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Finance and Monitoring Committee confirm the Open Minutes of the Finance and Monitoring Meeting held on 29 August 2024 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Finance and Monitoring Committee Open Minutes 29 August 2024

Finance and Monitoring Committee *Te Komiti Aroturuki me ngaa Puutea* OPEN MINUTES

Minutes of a meeting of the Finance and Monitoring Committee held in Council Chamber and Audio-Visual Link , Municipal Building, Garden Place, Hamilton on Thursday 29 August 2024 at 9:30am.

PRESENT

Chairperson <i>Heamana</i>	Cr Maxine van Oosten
Members	Mayor Paula Southgate Deputy Mayor Angela O’Leary Cr Maria Huata Cr Emma Pike Cr Mark Donovan (via Audio Visual) Cr Anna Casey-Cox (via Audio Visual) Cr Tim Macindoe Cr Ewan Wilson Cr Louise Hutt Cr Geoff Taylor Cr Andrew Bydder Cr Sarah Thomson Cr Kesh Naidoo-Rauf

The Chair opened the meeting with a karakia.

1. Apologies – *Tono aroha*

Resolved: (Cr van Oosten/Mayor Southgate)

That the apologies for partial attendance from Cr Macindoe and Cr Donovan, and for full absence from Cr Tauariki are accepted.

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Cr Hutt/Cr Pike)

That the Finance and Monitoring Committee confirms the agenda, noting the updated attachments for Item 8 Financial Performance and Strategy Report, which will be attached to the open minutes of the meeting as **Appendix 1**.

3. Declarations of Interest – *Tauaakii whaipaaanga*

No members of the Council declared a Conflict of Interest.

4. Public Forum – *Aatea koorero*

Roger Stratford spoke to Item 6 (*Chair’s Report*) about cost benefit analysis being good for transparency, municipal tariffs and the debt to revenue ratio.

5. Confirmation of the Finance and Monitoring Committee Open Minutes of 7 May 2024**Resolved:** (Cr Wilson/Cr Thomson)

That the Finance and Monitoring Committee confirm the Open Minutes of the Finance and Monitoring Meeting held on 7 May 2024 as a true and correct record

6. Chair's Report

The Chair took the report as read. The Chair responded to questions from Members concerning debt to revenue ratio, loans from the Local Government Funding Agency, Standard & Poors credit rating, and decisions from the 2024-34 Long-Term Plan.

Resolved: (Cr van Oosten/Cr Hutt)

That the Finance and Monitoring Committee receives the report.

7. Capital Portfolio Monitoring report

The Capital Financial Lead outlined the staff report. Staff responded to questions from Members concerning the funding of planned projects, impact of a reduced subsidy from Waka Kotahi, capital programme adjustments, accrualment of Housing Infrastructure Fund (HIF) interest free loan, Development Contribution revenue below budget and social procurement.

Staff Action: Staff undertook to investigate the impact of social procurement for the Council.

Resolved: (Cr van Oosten/Cr Hutt)

That the Finance and Monitoring Committee receives the report.

Mark Donovan left the meeting (10.08am) during the discussion of the above item. He was not present when the matter was voted on.

Deputy Mayor O'Leary left the meeting (10.49am) during the discussion of the above item. She was not present when the matter was voted on.

8. Financial Performance & Strategy Report to 30 June 2024 (recommendation to the Council)

The Accounting Manager outlined the staff report. Staff responded to questions from the Members concerning variations from the projections in the 2021-31 Long-Term Plan.

Resolved: (Cr van Oosten/Cr Thomson)

That the Finance and Monitoring Committee:

- a) receives the report; and
- b) recommends that the Council:
 - i. approves the capital movement as identified in the 29 August 2024 Capital Portfolio Monitoring Report; and
 - ii. notes the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 53 to 55 of this staff report.
- c) notes that there may be further adjustment in the preparation of the annual report.

9. Resolution to Exclude the Public Motion:

Section 48, Local Government Official Information and Meetings Act 1987

Resolved: (Cr Wilson/Cr Pike)

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Finance and Monitoring Committee Public Excluded Minutes of 7 May 2024) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)
C2. Report on overdue debtors as at 31 July 2024 and Debt write-offs 2023/24		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)

The meeting moved into Public Excluded at 11.10am.

The meeting was declared closed at 11.29am.

Appendix 1

Red defines the changes made in the report

Purpose - Take

- 1. To inform the Finance and Monitoring Committee on Council’s financial performance and strategy for the year ended 30 June 2024.
- 2. To seek a recommendation from the Finance and Monitoring Committee that the Council approves the capital movement as set out in Item 1 the Capital Portfolio Monitoring Report.

Staff Recommendation - Tuutohu-aa-kaimahi (Recommendation to the Council)

- 3. That the Finance and Monitoring Committee:
 - a) receives the report; and
 - b) recommends that the Council:
 - i. approves the capital movement as identified in the 29 August 2024 Capital Portfolio Monitoring Report; and
 - ii. notes the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 53 to 55 of this staff report.
 - c) Notes that there may be further adjustment in the preparation of the annual report.

Executive Summary - Whakaraapopototanga matua

- 4. This report is to be read in conjunction with the 30 June 2024 Capital Portfolio Monitoring Report.
- 5. The 30 June 2024 financial results are as follows:

Surplus/(Deficit) Result	Actual	Budget	Variance
Accounting Surplus/(Deficit)	\$24.4m	\$118.9m	(\$94.5m) ✖
Balancing the books	(\$34.2m)	(\$14.4m)	(\$19.8m) ✖

- 6. Operating revenue \$7.2 million (excluding interest and other revenue) ✔ - Includes \$4.9million of additional NZTA Waka Kotahi revenue offsetting increased Operating & Maintenance costs, \$1.3million favourable fees and charges from event activity, \$500,000 of increased tankered waste charges and recovery from various other activity charges.
- 7. Capital revenue (\$29.8 million) ✖ - unfavourable due to capital revenue being (\$28.1million) lower than budget due to reduction in Climate Emergency Response Fund (CERF) funding and development contributions being (\$4.7million) unfavourable due to a softened development market. These variances are offset by higher than budget vesting of \$3million although this is not a cash offset.
- 8. Other revenue \$23.7million ✔ – driven by the non-cash revaluation of the interest free Housing Infrastructure Fund (HIF) loan which is higher than budgeted due to higher market interest rates.
- 9. Net interest costs (\$12.9 million) ✖ - driven by market increases in interest rates and debt levels.
- 10. Operating expenditure, excluding interest and depreciation (\$52.7 million) ✖ - Additional NZTA revenue funded additional maintenance. There was (\$3.9 million) of expenditure that was budgeted as capital but during capitalisation was identified as having to be recognised in line with the Accounting Standards as operational expense. This has a nil impact on the cash expenditure incurred for the projects but has a negative impact on the operational result. There was also (\$8.4 million) of assets written off following decisions to discontinue the capital works including the notice of motion

to discontinue CERF projects. Council, as agreed, vested the Wairere Cobham Interchange of \$33.9million to Waka Kotahi.

11. The April forecast was the basis for the opening position for the 2024-34 Long-Term Plan. The comparison between the year-end result and the forecast opening position is:
- debt to revenue is 221% and favourable against a forecast of 237%;
 - net debt is \$924 million and favourable against a forecast of \$1billion; and
 - **balancing the books deficit of (\$34.2 million) is favourable against a forecast deficit of (\$40.9 million).**

The reduction in net debt and debt to revenue is a result of delayed capital spend. The unfavourable balancing the books result is due to non-cash year-end adjustments and therefore did not have a negative effect on the 2024-25 opening cash position.

12. As at 30 June 2024 Council is compliant with counterparty credit limits. Council remains compliant with all other treasury policy measures (**Attachment 3**).
13. Council's Investment and Liability Management policy sets out counterparty credit limits. This is the maximum value Council may invest with any approved counterparty. These limits have been reviewed through the 2024-34 Long-Term Plan process and therefore mitigate any instances of non-compliance in the future. The new limits come into effect on 1 July 2024.
14. Council's fixed rate hedging at 30 June 2024 is 54%. Council's external treasury advisors Price Waterhouse Cooper (PWC) review the swap strategy monthly to test Council's hedging.
15. Council saw a loss of (\$4.7million) on the revaluation of swaps as at 30 June 2024. This is not a cash loss, but rather an accounting/book entry and reflects the market swap rate movement as reflected in **Attachment 3**.
16. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - Matapaki

Operating Results

17. The Statement of Comprehensive Revenue and Expense discloses the accounting result in accordance with accounting standards. The surplus of \$24.4million is (\$94.5million) unfavourable compared to the budget surplus of \$118.9million. The Balancing the Books result for the year to 30 June 2024 is **(\$34.2 million). The deficit is (\$19.8 million)** unfavourable than the budgeted deficit of (\$14.4 million).

Measure	Actual	Budget	Variance
Accounting Surplus/(Deficit)	\$24.4m	\$118.9m	(\$94.5m) ✖
Balancing the books	(\$34.2m)	(\$14.4m)	(\$19.8m) ✖

19. At the May 2024 Finance & Monitoring Committee staff presented the March Year to date (YTD) results along with a fourth quarter forecast year-end position. The table below details the actual variance to that forecast:

Measure	FY24 Forecast Year-End Result	FY24 Actual Year-End Result	Forecast Variance
Accounting Surplus/(Deficit)	\$89.8m	\$24.4m	(\$65.4m) ✖
Balancing the books	(\$40.9m)	(\$34.2m)	\$6.7m ✓

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The Chair opened the meeting with a karakia.

- 12. Apologies – Tono aroha**

Resolved: (Cr van Oosten/Mayor Southgate)
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Roger Stratford spoke to Item 6 (*Chair's Report*) about cost benefit analysis being good for transparency, municipal tariffs and the debt to revenue ratio.

16. Confirmation of the Finance and Monitoring Committee Open Minutes of 7 May 2024

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c) notes that there may be further adjustment in the preparation of the annual report.

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assets written off following decisions to discontinue the capital works including the notice of motion to discontinue CERF projects. **Council, as agreed, vested the Wairere Cobham Interchange of \$33.9million to Waka Kotahi.**

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Discussion - *Matapaki*

Operating Results

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Balancing the books	(\$34.2m)	(\$14.4m)	(\$19.8m)✖

19. At the May 2024 Finance & Monitoring Committee staff presented the March Year to date (YTD) results along with a fourth quarter forecast year-end position. The table below details the actual variance to that forecast:

Measure	FY24 Forecast Year-End Result	FY24 Actual Year-End Result	Forecast Variance
---------	-------------------------------	-----------------------------	-------------------

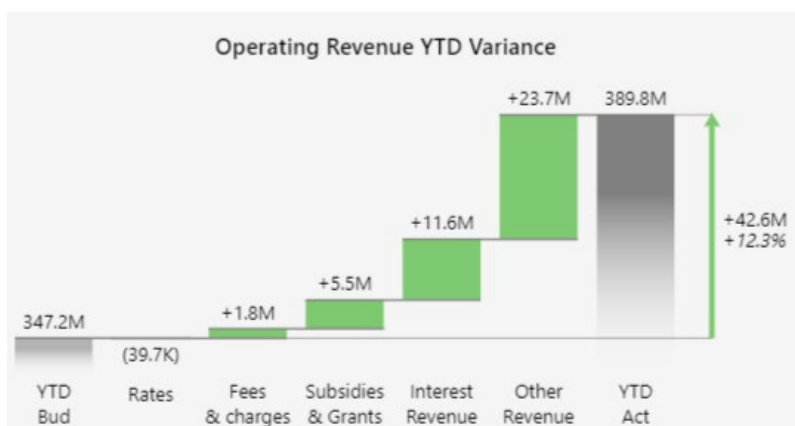
Accounting Surplus/(Deficit)	\$89.8m	\$24.4m	(\$65.4m) ✖
Balancing the books	(\$40.9m)	(\$34.2m)	\$6.7m ✔

Understanding material variances

20. The Statement of Comprehensive Revenue and Expense is in **Attachment 1**. This statement compares the result against the 2023-24 Annual Plan.
21. Individual Everyday Revenue and Expense statements for each of Council's activities are in **Attachment 2**.
22. Variances presented as a positive number impact the result in a favourable manner. Variances presented in brackets (\$x.xm) impact the result in an unfavourable manner.

Operating Revenue

23. **Total Operating Revenue \$42.6million** ✔



24. **Fees & charges \$1.8million** ✔ - Favourable variances in the Destination group were observed due to stronger-than-anticipated event activity, driven by the hosting of an unbudgeted NRL game and the timing of rugby events. There were also positive variances in trade and tankered waste as well as revenue from water taken from city water points.

These favourable variances were partly offset by delays in the Hamilton Gardens opening, decreased planning guidance fees, reduced building consent fees, and lower-than-budgeted revenue at Aquatics due to a decline in enrolments for the Learn to Swim programme.

The recovery of operating contributions across Planning, Building Control, and Transportation has supported the delivery of additional operational services and associated costs.

25. **Subsidies & Grants \$5.5million** ✔ – NZTA subsidies are \$4.9million above budget, offsetting operating and maintenance costs. NZTA subsidies are managed in a 3-year interval and NZTA have allocated an additional \$3.4million to Hamilton City Council this year of which \$1.6million has been used to fund maintenance activities.
26. The waste levy on Class 1 landfills has increased and resulted in a favourable variance of \$1.8million however this money is put aside in the reserve for specific Waste Minimisation spending. These favourable variances are offset by lower-than-anticipated revenue from the Better Off grant. The revised programme will be completed in the next few months with grant funding offsetting the costs in the new financial year.

27. **Interest revenue \$11.6million**✓ - Careful treasury monitoring of financial market movements is ensuring that we obtain optimal returns on operational cash holdings and maximising higher market returns on term deposits held to prefund loan repayments.
28. **Other revenue \$23.7million**✓ - Higher market interest rates year-to-date have driven a \$21million non-cash fair value gain on the Housing Infrastructure Fund (HIF) loan. This change in value of the HIF loan is excluded from the balancing the books result. Insurance claims received totalled \$1.25million, including \$978,000 for emergency outfall work at the Pukete Wastewater Treatment Plant, which helped offset additional expenditures. Dog and parking infringements issued were higher than budgeted due to increased activity in these areas. Rental income exceeded budget expectations due to rent reviews. Waikato Regional Airport paid an unbudgeted dividend of \$273,000.
29. Material variance explanations can be found in the activity statements (**Attachment 2**).

Capital Revenue

30. **Total Capital Revenue YTD (\$29.8 million)**✗
31. **Development Contributions (\$4.7 million)**✗ - consenting pipeline and volume of completion of developments (especially greenfield) is on a downward trajectory resulting in Development Contributions tracking below budget.
32. **Capital revenue (\$28.1 million)**✗ - Key variances relate to Climate Emergency Response Fund (CERF) funding for the year being reduced by (\$19million) from budget. The remainder of the variance relates to the Peacocke programme, which has reintroduced in through the Long-Term Plan.
33. **Vested assets \$3.1 million**✓ – Timing and valuation of vested assets is difficult to estimate. Unbudgeted vested assets relating to Parks and Gardens amounted to \$9million, these are unbudgeted. Offset by an unfavourable variance in transport (\$4.8million), Wastewater (\$800,000) and water (\$700,000). Significant assets vested to Council relate to land under roads and parks and garden land in Kimbrae Drive and Taiatea Drive (\$23million).
34. Vested assets are a non-cash inflow however the addition of vested assets increases operating, maintenance, and depreciation costs for Council. Through the 2021-31 Long-Term Plan increased operational funding was made available for these increased costs.

Asset class	YTD Actual \$000	Full Year Annual Budget \$000	Life Range (Years)	Estimated Annual Depreciation \$000
Wastewater	2,894	3,788	15-100	50
Stormwater	5,958	5,477	30-100	92
Water Supply	1,249	2,042	50-80	19
Roading	10,930	28,056	12-140	144
Parks and Recreation	365	-	0	4
Land	21,041	-	0	0
Total	42,437	39,363		309

Operating Expenditure

35. **Total Operating Expenditure (\$52.8 million)**✗

36. **Personnel costs \$700,000 ✓** – Staff remuneration is \$5.9 million less than budget due to staff vacancies and Future Fit role reductions. This is partially offset by (\$600,000) of external contractors filling staff roles, (\$2million) of net redundancy costs, (\$200,000) of recruitment costs and a reduction in labour recoveries due to vacancies held (\$1.5million). Additionally, there is an unfavourable variance of (\$900,000) for an estimated provision for the remediation of historical calculations to comply with the Holidays Act 2003.
37. **Operating & Maintenance costs (\$10.5 million) ✗** – This result is largely due to additional spend on infrastructure including road and water maintenance due to demands on the network. This is partly offset by increased NZTA subsidies. Additionally, there were Work in Progress (WIP) adjustments amounting to \$6.5million. These relate to both WIP write offs (no asset being built/completed) as well as WIP reclassifications for expenditure incorrectly classified as capital expenditure.
38. **Professional Costs (\$3.7 million) ✗** - Consultant costs include unbudgeted by-election costs, benchmarking cost modelling and process engagement. Additionally, the cost of the review into the municipal building is required to be an operational cost, and not covered by the Municipal Endowment Fund (MEF) Reserve, as the consultant report concludes there is no investment opportunity for the MEF Fund. The increase in the unfavourability is also due to consultancy costs transferred from capital projects (\$4.0million) as described in paragraph 37.
39. **Administration Expenses (\$37.1 million) ✗** - The year end Landfill provision adjustment resulted in an unfavourable variance of \$7.5million. This was due to an increase in the budgeted capital and operating costs for landfill activities recently adopted in the 2024-34 Long-Term Plan. This is offset by a \$2.5million grant allocated to the new indoor recreation centre, which did not progress in the financial year. Additionally, favourable results in software licences due to an organisational review and rationalisation of software requirements. **Council, as agreed, vested the Wairere Cobham Interchange of \$33.9 million to Waka Kotahi.**
40. **Property Costs (\$900,000) ✗** – Higher energy costs (\$600,000) and an unbudgeted Riskpool residual call payment (\$350,000).
41. **Finance costs (\$24.5 million) ✗** - Costs exceed budget due to increased market interest rates with the 12-month rolling average at 4.68% versus a budgeted 3.38%. This is partially offset by the \$11.6million increase in interest revenue generated through strategic treasury management.
42. **Depreciation (\$13.9 million) ✗** – The key driver is the revaluation of transport and parks and garden improvement assets as at 30 June 2023 and 30 April 2023. These were significantly higher than budget resulting in a (\$9.6million) unfavourable variance to budget. Compounding the unfavourable variance was expected deferrals for FY22-23 didn't materialise and therefore higher than budgeted depreciation has occurred for infrastructure assets.
43. Please refer to the activity statements (**Attachment 2**) for material variance explanations.

Gains and Losses (\$14.9 million) ✗

44. **Financial Instrument revaluations (\$4.7million) ✗** – interest rate fluctuations are driving changes to the value of Council's fixed rate borrowing instruments - see **Attachment 3** for swap interest rate movement.
45. **Loss of disposal of investment (\$3.9million) ✗** – Council realised a loss of \$3.9million due to the sale of our Council Controlled Organisation Waikato Innovation Growth Limited.
46. **Loss on fair value of investment property (\$1.8million) ✗** – the annual revaluation of investment property resulted in a loss of \$1.8million for our investment property portfolio.

47. **Loss on disposal of assets (\$5 million) ✖ – Council vested the Wairere Cobham Interchange of \$33.9million to Waka Kotahi. Other** Key losses on disposal to-date are as a result of Settlement Centre Waikato (\$816,000), impacts of the renewals/upgrades to various waters assets (\$1,368,000), (\$631,000) of intangible assets which no longer meet the definition of intangible asset, lifts in the central library museum (\$420,000), various ablutions (\$588,000), various components of the municipal building (\$292,000) and Playground Renewals (\$303,000).

Treasury Management

48. The table below sets out Council's compliance with the Investment and Liability Management Policy (Council Policy) as at 30 June 2024.

Investment and Liability Management		
Measure	Compliance	Required by
Fixed Rate Debt Maturity	✓	Council Policy
Funding Maturity	✓	Council Policy
Counterparty Credit Risk	✓	Council Policy
Liquidity	✓	Local Government Funding Agency (LGFA)
Debt/ Revenue	✓	LGFA
Interest Cost/ Rates Revenue	✓	LGFA
Interest Cost/ Total Revenue	✓	LGFA

Interest Rate Risk Management

49. The movement on interest rate swaps relates to valuations completed at a point in time. These are based on Council's total external debt and the difference between current market interest rates and the fixed rates that Council has locked in. They are unrealised because, on maturity of each interest rate swap contract, no interest gain or loss eventuates.
50. As at 30 June 2024 Council's fixed rate hedging is 54%. This falls within our debt interest rate policy parameters which requires a minimum fixed rate of 40% and a maximum fixed rate of 95%. Current fixed rate portions are lower due to the limitations on fixing waters related debt following the previous Government's indications over debt transfers to the new waters entities and the current high interest rate environment where indications are that it is financially prudent to delay fixing significant values at current rates.
51. Council's gross cost of funds over a 12-month rolling average is 4.68%.

Financial Strategy

52. Any changes in significant forecasting assumptions will result in changes to the Financial Strategy outcomes. These assumptions will be considered and, if necessary, adjusted in each Annual Plan or amended Long-Term Plan.

Financial Strategy Graphs

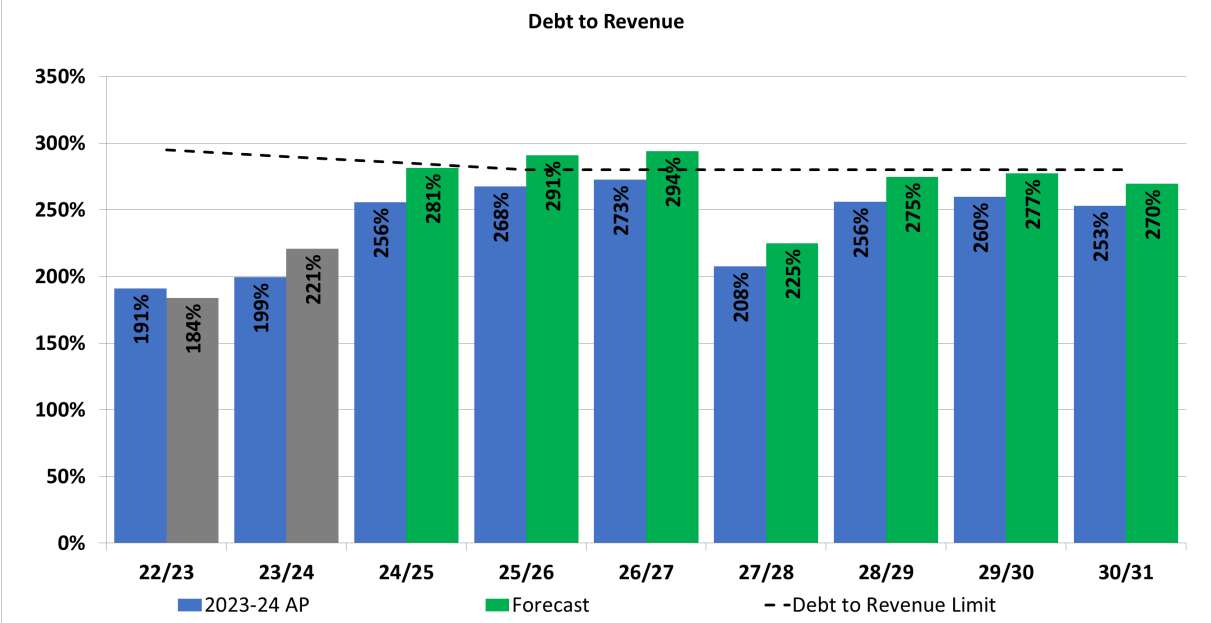
53. The following graphs show the 2023-24 Annual Plan budgets and actual result as set out earlier in this report.

The movement in debt to revenue and net debt in 2023-24 is a result of:

- i. The unfavourable 2023-24 balancing the books result; and

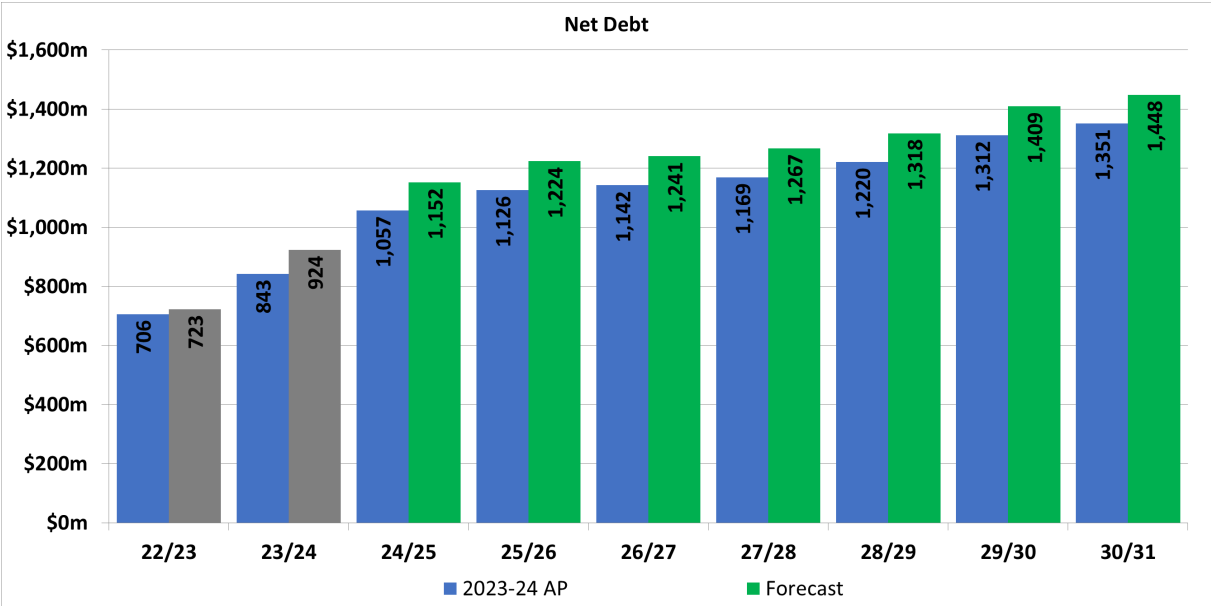
- ii. Capital revenue, capital savings, re-phasing, and delay deferrals from 2023-24 to and from future years as detailed in the Capital Portfolio Monitoring Report.**Debt to Revenue**

The Debt to Revenue graph includes all adjustments identified in this report and shows that debt to revenue of 221% is unfavourable against a budget of 199%. The limit breaches being forecast through the outer years have been addressed as part of the 2024-34 Long-Term Plan.



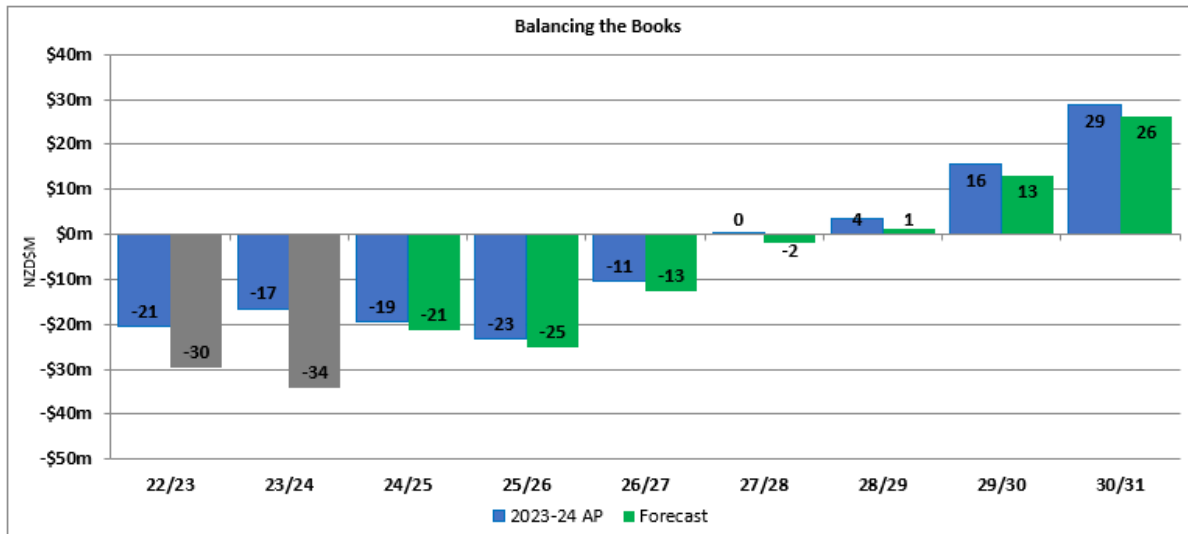
54. **Net Debt**

The Net Debt graph shows an \$81million increase in net debt against the 2023-24 Annual Plan. Net debt for 2023-24 is \$924million.



55. Balancing the Books

The 2023-24 balancing the books deficit is **(\$34.2million)**.



Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

56. Staff confirm that matters in this report complies with Council's legal and policy requirements.
57. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

58. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
59. The subject matter of this report has been evaluated in terms of 'the 4 wellbeings' during the process of developing this report.
60. The recommendations set out in this report are consistent with that purpose.
61. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent management of Council's budget and regular review of forecasts is required to ensure Council is operating effectively and policy compliance is met.
62. The environmental, social, and cultural wellbeings are not directly impacted by the annual monitoring report. However, the efficient review and management of Council's financial position supports the wider business in their delivery of key objectives that enhance these wellbeings.

Risks - *Tuuraru*

63. There are no known risks associated with the decisions of this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

64. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.
65. Given the low level of significance determined, the engagement level is low. No engagement is required.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
238,229	Rates	255,719	255,759	(40)	
49,163	Fees & Charges	51,985	50,162	1,823	
12,103	Subsidies & Grants	27,638	22,173	5,465	
11,361	Interest Revenue	17,721	6,124	11,597	
39,888	Other Revenue	36,737	13,011	23,726	
350,745 TOTAL OPERATING REVENUE		389,800	347,229	42,571	
Capital Revenue					
36,502	Development Contributions	31,842	36,605	(4,763)	
71,736	Capital Revenue	55,020	83,137	(28,117)	
64,185	Vested Assets	42,660	39,353	3,307	
172,424 TOTAL CAPITAL REVENUE		129,522	159,095	(29,572)	
523,168 TOTAL REVENUE		519,322	506,324	12,998	
Expenditure					
110,063	Personnel Costs	122,707	122,054	(654)	
83,446	Operating & Maintenance Costs	91,326	80,844	(10,483)	
16,871	Professional Costs	17,083	13,429	(3,654)	
23,945	Administration Expenses	66,471	29,305	(37,167)	
14,392	Property Costs	15,844	14,929	(914)	
40,863	Finance Costs	57,981	33,510	(24,472)	
89,160	Depreciation & Amortisation Expense	108,362	94,405	(13,957)	
378,741 TOTAL EXPENDITURE		479,776	388,475	(91,300)	
144,428 OPERATING SURPLUS/(DEFICIT)		39,547	117,849	(78,302)	
Gains and Losses					
7,820	Gain/(Loss) on revaluation of interest rate swaps	(4,664)	-	(4,664)	
	Gain/(Loss) on fair value of investment properties	(1,831)	1,050	(2,882)	
(9,321)	Gain/(Loss) on property, plant and equipment	(8,466)	-	(8,466)	
(1,501) TOTAL GAINS AND LOSSES		(14,961)	1,050	(16,012)	
142,927 TOTAL SURPLUS/(DEFICIT)		24,585	118,899	(94,314)	

Refer to Activity Statements for variances against budget.

BALANCING THE BOOKS RESULT FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
142,927 Surplus/(Deficit)		24,585	118,899	(94,314)	
Remove capital revenue					
(64,185)	Vested assets	(42,660)	(39,353)	(3,307)	
(23,881)	Part of Development and Financial contributions	(20,697)	(23,793)	3,096	
(42,338)	Capital Subsidy (excluding subsidy on transport renewals)	(28,414)	(29,442)	1,028	
(20,868)	Other Capital Contributions & Grants	(16,216)	(43,730)	27,514	
(30,930)	Other items not considered everyday operating revenue	(26,688)	(5,668)	(21,019)	
Remove (gains)/losses					
1,501	All Gains/(Losses)	14,961	(1,050)	16,012	
Remove other expenses					
8,024	Other items not considered everyday operating expenses	60,889	9,788	51,101	
(29,749) EVERYDAY SURPLUS/(DEFICIT)		(34,239)	(14,350)	(19,889)	

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
238,229	Rates**	255,719	255,759	(40)
49,163	Fees & Charges	51,985	50,162	1,823
12,103	Subsidies & Grants	27,638	22,173	5,465
11,361	Interest Revenue	17,721	6,124	11,597
39,888	Other Revenue	36,737	13,011	23,726
350,745	Total Operating Revenue	389,800	347,229	42,571
Operating Expenditure				
110,063	Personnel Costs	122,707	122,054	(654)
83,446	Operating & Maintenance Costs	91,326	80,844	(10,483)
16,871	Professional Costs	17,083	13,429	(3,654)
23,945	Administration Expenses	66,471	29,305	(37,167)
14,392	Property Costs	15,844	14,929	(914)
40,863	Finance Costs**	57,981	33,510	(24,472)
89,160	Depreciation & Amortisation Expense**	108,362	94,405	(13,957)
1,501	Gains & Losses	14,961	-	(14,961)
380,241	Total Operating Expenditure	494,737	388,475	(106,262)
(29,496) Operating Surplus/(Deficit)*		(104,937)	(41,246)	(63,691)
Capital Revenue				
36,502	Development Contributions**	31,842	36,605	(4,763)
71,736	Capital Revenue**	55,020	83,137	(28,117)
64,185	Vested Assets**	42,660	39,353	3,307
172,424	Total Capital Revenue	129,522	159,095	(29,572)
142,927 Total Surplus/(Deficit)		24,585	117,849	(93,263)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Finance Costs**: (\$24,472k) unfavourable.**

An increase in debt levels and an approximate 1.3% increase in average interest rates has increased the interest expense on floating rate debt. This is partially offset by the \$11.6m increase in interest received on term investments.

Depreciation & Amortisation Expense: (\$13,957k) unfavourable.**

The key driver in the unfavourability of depreciation is due to the revaluation of transport and parks and garden improvement assets as at 30 June 2023 and 30 April 2023 which were significantly higher than budget resulting in a \$9.6m unfavourable variance to budget. Compounding the unfavourable variance is that expected deferrals for FY22/23 did materialize and therefore higher than budgeted depreciation has occurred for infrastructure assets.

Gains & Losses: (\$14,961k) unfavourable.

Interest rate swaps had an unfavourable movement of \$4.6m. The movement on interest rate swaps relates to valuations completed at a point in time. These are based on Council's total external debt and the difference between current market interest rates and the fixed rates that Council has locked in. They are unrealised because, on maturity of each interest rate swap contract, no interest gain or loss eventuates.

A further (\$3.9m) loss was realised on the disposal of WIGL.

Included in gains and losses are the following key losses on disposal to date as a result of Settlement Centre Waikato (\$816k), impacts of the renewals/upgrades to various waters assets (\$930k), (\$631k) of intangible assets which no longer meet the definition of intangible asset, lifts in the central library museum (\$405k), various ablutions (\$453k), (300k) various intangible assets, various components of the municipal building (\$190k) and Playground Renewals (\$112k). The revaluation of investment properties resulted in a loss of (\$1.8m).

FOR THE PERIOD ENDED 30 JUNE 2024

Development Contributions:** (\$4,763k) unfavourable.

Revenue is tracking behind budget, with variations between areas. All areas except for water supply are behind budget. Consenting pipeline and volume of completion of developments (especially in the greenfield) is on a downward trajectory that has not been seen since the GFC, against a backdrop of a soft demand, high borrowing costs and high capital/materials costs.

Capital Revenue:** (\$28,117k) unfavourable.

Key variances relate CERF funding for the year has been reduced by (\$19m) from budget. The remainder of the variance relates to the Peacocke programme which has reintroduced in through the LTP.

Vested Assets:** \$3,307k favourable.

Timing and valuation of vested assets is difficult to estimate. Vested assets relating to Parks and Gardens amounted to \$9m, these are unbudgeted. Offset by an unfavourable variance in transport (\$4.8m), Wastewater (\$0.8m) and water (\$0.7m). Significant assets vested to Council relate to land under roads and parks and garden land in Kimbrae Drive and Taiatea Drive (\$23m).

Attachment 2

COMMUNITY SERVICES

Libraries | Customer | Aquatics

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
17,411	Rates**	18,647	18,599	48	
4,246	Fees & Charges	4,610	4,640	(30)	
264	Subsidies & Grants	95	2	93	
391	Interest Revenue**	610	245	365	
71	Other Revenue	58	24	34	
22,383	Total Operating Revenue	24,019	23,509	510	
Operating Expenditure					
11,728	Personnel Costs	12,440	12,931	491	
2,280	Operating & Maintenance Costs	2,802	2,401	(401)	
343	Professional Costs	90	86	(4)	
743	Administration Expenses	858	899	41	
1,237	Property Costs	1,340	1,207	(133)	
1,364	Finance Costs**	1,916	1,161	(755)	
5,587	Depreciation & Amortisation Expense**	6,500	5,797	(703)	
37	Gains & Losses	347	-	(347)	
23,319	Total Operating Expenditure	26,292	24,481	(1,811)	
(936)	Operating Surplus/(Deficit)*	(2,273)	(972)	(1,301)	
Capital Revenue					
	Capital Revenue**	50	-	50	
	Total Capital Revenue	50	-	50	
(936)	Total Surplus/(Deficit)	(2,223)	(972)	(1,251)	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Personnel Costs: \$491k favourable.**

The favourable variance in personnel costs relates to vacancies held within the activities during Future Fit and lower staffing levels required to meet Learn to Swim demand.

Operating & Maintenance Costs: (\$401k) unfavourable.

The unfavourable variance relates to the discontinuation of the Rototuna Village Pool Project in 2023, which resulted in early project costs being expensed (\$367k). These costs were unbudgeted.

Property Costs: (\$133k) unfavourable.

The unfavourable variance is due to a delay in the installation of the Hot Water Heat Pump (heating) system. The HWHP was scheduled to be installed this financial year, however, has been delayed until July 2025. The budget had factored in the gas savings that were to be realised from the new system.

Gains & Losses: (\$347k) unfavourable.

The loss on disposal of assets relates to works undertaken as part of the renewal programme such as the Central library's lift, Central library's toilet renewals and Waterworld facility renewals. These losses were unbudgeted.

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
2,825	Rates**	3,028	3,027	2	
177	Fees & Charges	-	-	-	
1	Subsidies & Grants	-	-	-	
	Interest Revenue**	-	-	-	
6	Other Revenue	3		3	
3,008	Total Operating Revenue	3,031	3,027	4	
Operating Expenditure					
519	Personnel Costs	540	445	(95)	
26	Operating & Maintenance Costs	21	19	(2)	
508	Professional Costs	383	214	(169)	
1,662	Administration Expenses	1,644	1,833	189	
	Property Costs	-	-	-	
	Finance Costs**	-	-	-	
	Depreciation & Amortisation Expense**	-	-	-	
	Gains & Losses	-	-	-	
2,715	Total Operating Expenditure	2,588	2,511	(77)	
294	Operating Surplus/(Deficit)*	443	516	(73)	
294	Total Surplus/(Deficit)	443	516	(73)	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Professional Costs: (\$169k) unfavourable.

Includes unbudgeted spend for the Hamilton East bi-election which was approved through the Finance and Monitoring Committee.

Administration Expenses: \$189k favourable.

The favourable variance relates to Councillor Conferences and Honoraria as a result of leave without pay taken, and a councillor resignation and conservative spending in these areas.

Attachment 2

GROWTH

Urban & Spatial Planning | Planning Guidance | Growth Programmes | Growth Funding & Analytics | Sustainability & Climate Change

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
12,233	Rates**	13,116	13,136	(20)
2,812	Fees & Charges	2,792	3,099	(307)
17	Subsidies & Grants	470	750	(280)
75	Interest Revenue**	118	-	118
2	Other Revenue	7	-	7
15,139	Total Operating Revenue	16,502	16,985	(482)
Operating Expenditure				
8,527	Personnel Costs	9,106	10,001	895
91	Operating & Maintenance Costs	531	60	(471)
5,045	Professional Costs	3,706	3,881	175
1,403	Administration Expenses	989	1,290	302
86	Property Costs	97	98	1
263	Finance Costs**	369	1,147	778
326	Depreciation & Amortisation Expense**	13	326	313
	Gains & Losses	3,956	-	(3,956)
15,742	Total Operating Expenditure	18,766	16,803	(1,963)
(602)	Operating Surplus/(Deficit)*	(2,264)	182	(2,445)
Capital Revenue				
	Capital Revenue**	-	-	-
	Total Capital Revenue			
(602)	Total Surplus/(Deficit)	(2,264)	182	(2,445)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Fees & Charges: (\$307k) unfavourable.**

The resource consent revenue tracked below budget during the year due to the types of consents being processed. There has been a positive trend in the last quarter of the financial year resulting in an increase in consent revenue.

Subsidies & Grants: (\$280k) unfavourable.

\$156k from the Better Off funding was redirected to support other sustainable capital initiatives within Council. Additionally, \$114k is earmarked for expenditure during July through to September 2024, which aligns with the extended period covered by the Better Off fund.

Personnel Costs: \$895k favourable.

Underspend is due to staff vacancies and the length of time to recruit in the current market. Some positions have had to be filled by externally contracted staff/consultants due to the tight labour market.

Operating & Maintenance Costs: (\$471k) unfavourable.

Unfavourable variance in operating and maintenance costs is offset by an underspend in professional costs.

Professional Costs: \$175k favourable.

Efficiencies stemming from the Greenfield Growth Programme has contributed positively to the variance. The windup and recovery process relating to the disposal of the Waikato Innovation Growth Ltd has also had a favourable impact on consultant spend. Legal work was less than initially anticipated which resulted in cost savings, as well as the slowing down of communication activities due to the emphasis on the Long-Term Plan. Overspend in Plan Change 9 due to additional consultant and panel costs for a third tranche of hearings has contributed unfavourably to the variance, as well as the additional costs for the implementation of a network capacity assessment tool which has also contributed unfavourably to the overall result.

Administration Expenses: \$302k favourable.

Communication activities relating to the Greenfield growth programme around advertising, promotion and engagement has slowed down due to the emphasis on the Long-Term Plan which has resulted in cost savings.

Gains & Losses: (\$3,956k) unfavourable.

The loss was realised on the disposal of WIGL.

PARKS AND RECREATION

Parks | Cemeteries and Crematorium | Nursery | Community Facilities

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
27,021	Rates**	28,931	28,913	17	
5,104	Fees & Charges	5,580	5,135	444	
82	Subsidies & Grants	1,927	1,875	52	
854	Interest Revenue**	1,332	367	965	
352	Other Revenue	339	189	150	
33,415	Total Operating Revenue	38,109	36,480	1,629	
Operating Expenditure					
10,905	Personnel Costs	11,879	11,579	(300)	
9,043	Operating & Maintenance Costs	7,783	7,542	(241)	
1,076	Professional Costs	889	922	33	
458	Administration Expenses	465	2,965	2,500	
524	Property Costs	651	667	17	
2,979	Finance Costs**	9,349	5,213	(4,136)	
5,778	Depreciation & Amortisation Expense**	7,337	6,360	(977)	
378	Gains & Losses	1,655	-	(1,655)	
31,141	Total Operating Expenditure	40,007	35,248	(4,759)	
2,274	Operating Surplus/(Deficit)*	(1,898)	1,232	(3,130)	
Capital Revenue					
1,747	Development Contributions**	1,657	1,651	6	
2,640	Capital Revenue**	2,163	3,496	(1,333)	
7,970	Vested Assets**	9,423	-	9,423	
12,357	Total Capital Revenue	13,243	5,147	8,096	
14,631	Total Surplus/(Deficit)	11,345	6,379	4,966	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$444k favourable.

Maintenance work on Hamilton's street landscapes has resulted in increased revenue under the Hamilton Connect subcontract. This additional revenue offsets additional costs under personnel costs and operating & maintenance costs. The Cemetery & Crematorium has also seen an increase on revenue in this financial year.

Other Revenue: \$150k favourable.

Insurance settlement for Cyclone Gabrielle.

Personnel Costs: (\$300k) unfavourable.

Unfavourable due to redundancy and final pays resulting from the organisational restructure, increases in overtime and allowances due to nightworks being undertaken.

Operating & Maintenance Costs: (\$241k) unfavourable.

Unfavourable due to additional cost for temporary traffic management related to tree maintenance works compliance, nursery stock purchases and additional costs related to street landscapes partially offset by lower than anticipated building costs related to community facilities and increased revenue.

Administration Expenses: \$2,500k favourable.

A grant of \$2.5m allocated to the new indoor recreation centre did not progress in this financial year.

Gains & Losses: (\$1,655k) unfavourable.

The loss on disposal of assets largely relates to the transfer of ownership of the Settlement Centre (\$816K), toilet replacements (\$300k) and various works undertaken as part of the building renewals programme.

Attachment 2

PARTNERSHIPS, COMMUNICATION & MAAORI

Amorangi Maaori | Communication & Engagement | Community Partnerships, Funding & Events

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
4,138	Rates**	4,437	4,435	2	
46	Fees & Charges	116	32	84	
319	Subsidies & Grants	2,241	2,461	(220)	
	Interest Revenue**				
	Other Revenue				
4,503	Total Operating Revenue	6,794	6,927	(133)	
Operating Expenditure					
3,280	Personnel Costs	4,519	4,756	237	
146	Operating & Maintenance Costs	527	655	128	
440	Professional Costs	359	831	472	
2,477	Administration Expenses	2,399	2,508	109	
166	Property Costs	98	98	()	
	Finance Costs**	-	1	1	
	Depreciation & Amortisation Expense**	1	1		
	Gains & Losses	-	-	-	
6,511	Total Operating Expenditure	7,902	8,848	946	
(2,007)	Operating Surplus/(Deficit)*	(1,108)	(1,922)	814	
Capital Revenue					
	Capital Revenue**	-	-	-	
	Total Capital Revenue	-	-	-	
(2,007)	Total Surplus/(Deficit)	(1,108)	(1,922)	814	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Subsidies & Grants: (\$220k) unfavourable.**

\$225k of Better Off Funding was diverted from Amorangi Maaori in the last quarter of the financial year to help cover costs of Local Water Done Well.

Personnel Costs: \$237k favourable.

Personnel costs are favourable, mostly due to higher labour internal recoveries. This is a result of more communications work being done on capital projects (recovered) than expected in the budget. There have also been savings in staff remuneration, due to the Future Fit restructure.

Operating & Maintenance Costs: \$128k favourable.

Following a CE directive to save funds, savings were able to be found in service provider budget lines without affecting levels of service in Research & Insights, City Wide Activation, Social Wellbeing projects and the Welcoming Communities project.

Professional Costs: \$472k favourable.

\$225k of Better Off Funding that was budgeted as a consultant cost was diverted from Amorangi Maaori in the last quarter of the financial year to help cover costs of Local Water Done Well. Also, in order to save additional funds, consultant spend across the Group was heavily reduced.

Administration Expenses: \$109k favourable.

To action the CE directive to save funds, cuts were made to the Communication & Engagement advertising spend.

RESOURCE RECOVERY

Refuse Collection | Waste Minimisation | Landfill Site Management

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
8,967	Rates**	9,594	9,644	(50)	
(146)	Fees & Charges	(88)	(75)	(13)	
1,607	Subsidies & Grants	2,449	659	1,790	
26	Interest Revenue**	41	-	41	
449	Other Revenue	475	468	7	
10,903	Total Operating Revenue	12,472	10,696	1,775	
Operating Expenditure					
1,193	Personnel Costs	1,476	1,578	103	
7,915	Operating & Maintenance Costs	9,200	9,417	217	
432	Professional Costs	760	629	(131)	
(1,440)	Administration Expenses ***	6,777	(893)	(7,670)	
69	Property Costs	68	84	16	
655	Finance Costs**	657	547	(110)	
579	Depreciation & Amortisation Expense**	557	595	38	
26	Gains & Losses				
9,430	Total Operating Expenditure	19,494	11,957	(7,537)	
1,474	Operating Surplus/(Deficit)*	(7,023)	(1,261)	(5,762)	
Capital Revenue					
	Capital Revenue**	279	-	279	
	Total Capital Revenue	279	-	279	
1,474	Total Surplus/(Deficit)	(6,744)	(1,261)	(5,483)	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

*** Annual Provision for Closed Landfill included in Annual Budget

Material variances as explained below:

Subsidies & Grants: \$1,790k favourable.

Existing budgets for the revenue from the waste levy were set prior to the expansion of waste levy rates proposed from 1 July 2023. It was unknown at the time of setting budgets what revenue HCC would receive.

Personnel Costs: \$103k favourable.

Favourability due to the high level of vacancies throughout the organisation.

Operating & Maintenance Costs: \$217k favourable.

Favourability in Contractors for the Rubbish & Recycling Contract part of which offsets the unfavourability for Legal Services.

Professional Costs: (\$131k) unfavourable.

Unfavourability for Legal services within the Rubbish & Recycling Contract has been offset by the favourability in Operating & Maintenance costs.

Administration Expenses *: (\$7,670k) unfavourable.**

The year end Landfill provision adjustment resulted in an unfavourable variance of \$7.5m which was as a result of the increase in budgeted capital and operating costs for landfill activities in future years based on the adopted Long -Term Plan 2024-34, as well as increases to interest rates. Earlier provision updates this year were based on Long-Term Plan 2021-31. The timing of the recognition of this expense is recorded earlier but has nil overall effect for the organisation as it is offset against cash outgoings and expenses throughout the Long-Term Plan years.

Capital Revenue **: \$279k favourable.

Contributions toward reconfiguration of the Lincoln Street Transfer station construction and demolition area. Revenue from the Waste Minimisation Levy offsets capital installation costs.

Attachment 2

REGULATORY & SAFETY

Building Control | Animal Education and Control | Environmental Health | Liquor Licensing | City Safety | Civil Defence

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000
YTD 2019/20		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
5,033	Rates**	5,395	5,397	(1)
10,247	Fees & Charges	9,995	10,401	(405)
94	Subsidies & Grants	3,441	3,440	1
	Interest Revenue**		-	
227	Other Revenue	205	31	174
15,600	Total Operating Revenue	19,037	19,268	(231)
Operating Expenditure				
10,321	Personnel Costs	10,583	11,102	519
1,671	Operating & Maintenance Costs	1,660	1,775	115
495	Professional Costs	500	416	(84)
509	Administration Expenses	(137)	352	489
69	Property Costs	50	47	(2)
	Finance Costs**	1	12	11
101	Depreciation & Amortisation Expense**	127	102	(24)
	Gains & Losses	3	-	(3)
13,166	Total Operating Expenditure	12,786	13,807	1,021
2,434	Operating Surplus/(Deficit)*	6,251	5,461	790
Capital Revenue				
	Capital Revenue**	400	-	400
	Total Capital Revenue	400	-	400
2,434	Total Surplus/(Deficit)	6,651	5,461	1,190

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Fees & Charges: (\$405k) unfavourable.**

The unfavourable variance is due to fewer consent applications in the current challenging economic environment. This has been partially offset by a favourable variance in operating contributions due to increased revenue from a cost recovery process.

Other Revenue: \$174k favourable.

Animal infringements are tracking higher than expected, along with additional investment made to follow up on unregistered dogs.

Personnel Costs: \$519k favourable.

Favourable variance is as a result of vacancies, Future Fit changes as well as a reduction in use of externally contracted staff in the building control unit.

Operating & Maintenance Costs: \$115k favourable.

Favourable variance is due to fewer engineering reviews for consents and more favourable contract prices with service providers.

Administration Expenses: \$489k favourable.

Favourable variance is due to the resolution of two building defect claims, resulting in the release of a previously established provision.

\$000		\$000		\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	
Operating Revenue					
19,068	Rates**	20,445	20,477	(32)	
452	Fees & Charges	473	288	184	
120	Subsidies & Grants	86	30	56	
529	Interest Revenue**	826	367	458	
63	Other Revenue	-	-	-	
20,233	Total Operating Revenue	21,829	21,163	666	
Operating Expenditure					
2,380	Personnel Costs	2,179	2,271	92	
2,099	Operating & Maintenance Costs	264	358	94	
512	Professional Costs	412	420	8	
53	Administration Expenses	49	47	(2)	
473	Property Costs	494	573	79	
1,846	Finance Costs**	2,593	1,707	(886)	
10,832	Depreciation & Amortisation Expense**	11,537	11,512	(25)	
319	Gains & Losses	198	-	(198)	
18,514	Total Operating Expenditure	17,726	16,887	(839)	
1,718	Operating Surplus/(Deficit)*	4,103	4,276	(173)	
Capital Revenue					
4,482	Development Contributions**	5,646	6,211	(565)	
2,407	Capital Revenue**	2,477	2,152	326	
8,307	Vested Assets**	5,627	5,477	150	
15,196	Total Capital Revenue	13,751	13,840	(89)	
16,915	Total Surplus/(Deficit)	17,854	18,116	(262)	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$184k favourable.

Favourability is due to additional Operating Contributions received from Waikato Regional Council under the Project Watershed Service Level Agreement.

Gains & Losses: (\$198k) unfavourable.

Unfavourability relates to the disposal of various assets across the Stormwater Activity.

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
(387)	Rates**	(365)	(353)	(13)
613	Fees & Charges	939	591	348
42	Subsidies & Grants	1,874	3,329	(1,455)
269	Interest Revenue**	419	122	297
2,846	Other Revenue	2,853	2,415	438
3,384	Total Operating Revenue	5,720	6,105	(385)
Operating Expenditure				
24,079	Personnel Costs	26,980	25,889	(1,091)
12,791	Operating & Maintenance Costs	10,736	12,807	2,071
3,377	Professional Costs	2,875	2,648	(227)
8,103	Administration Expenses	8,605	9,699	1,094
780	Property Costs	1,187	815	(372)
(401)	Finance Costs**	(871)	(1,040)	(169)
6,752	Depreciation & Amortisation Expense**	7,405	6,637	(768)
(2,407)	Gains & Losses	7,351	(1,050)	(8,402)
53,075	Total Operating Expenditure	64,268	56,406	(7,862)
(49,691)	Operating Surplus/(Deficit)*	(58,547)	(50,300)	(8,247)
Capital Revenue				
118	Capital Revenue**	72	-	72
118	Total Capital Revenue	72	-	72
(49,573)	Total Surplus/(Deficit)	(58,475)	(50,300)	(8,175)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$348k favourable.

Favourability relates to an increase in the recovery of rates and other compliance charges.

Subsidies & Grants: (\$1,455k) unfavourable.

Some of the Better Off Funding programme has been delayed so revenue will be recognised when the spending occurs in the next financial year. Therefore programme expenditure is favourable, with no impact on the total operating result.

Other Revenue: \$438k favourable.

Relates to additional rental income based on rent review increases on Strategic Property and \$250k of dividends paid by Waikato Regional Airport.

Personnel Costs: (\$1,091k) unfavourable.

This includes a \$910k provision as an estimation for the remediation of historical calculations for compliance with the Holidays Act 2003. Annual leave remediation was completed in 2022. Remediation for other leave types is expected to be completed within the 2024-25 financial year.

Operating & Maintenance Costs: \$2,071k favourable.

Favourability relates to timing differences in delivering the revised programme (refer Subsidies & Grant explanation above).

Professional Costs: (\$227k) unfavourable.

Unfavourability relates to the cost of the review into the Municipal Building which will not be picked up by the MEF Reserve as the consultant report concludes that there is no investment opportunity for the MEF Fund.

Administration Expenses: \$1,094k favourable.

Favourability is a result of the recent software prioritisation review.

Property Costs: (\$372k) unfavourable.

The unbudgeted Riskpool insurance payment of (\$347k), approved at the Finance and Monitoring Committee is the main cause of unfavourability.

Attachment 2

TRANSPORT

Transport Network | Transport Centre | Parking Management
FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
51,005	Rates**	54,668	54,578	90
4,731	Fees & Charges	4,857	5,039	(182)
8,936	Subsidies & Grants	14,074	8,868	5,206
5,618	Interest Revenue**	8,762	3,062	5,700
18,174	Other Revenue	16,763	5,904	10,859
88,464	Total Operating Revenue	99,124	77,451	21,674
Operating Expenditure				
6,847	Personnel Costs	10,721	9,333	(1,388)
21,511	Operating & Maintenance Costs	28,803	20,345	(8,458)
1,804	Professional Costs	5,743	1,904	(3,838)
1,360	Administration Expenses	35,597	800	(34,797)
2,849	Property Costs	2,969	2,912	(58)
20,558	Finance Costs**	24,267	10,480	(13,787)
24,292	Depreciation & Amortisation Expense**	38,032	27,859	(10,173)
8	Gains & Losses	178	-	(178)
79,230	Total Operating Expenditure	146,310	73,633	(72,677)
9,233	Operating Surplus/(Deficit)*	(47,186)	3,818	(51,004)
Capital Revenue				
10,408	Development Contributions**	8,592	12,608	(4,017)
56,775	Capital Revenue**	41,266	70,818	(29,552)
41,405	Vested Assets**	23,249	28,056	(4,807)
108,588	Total Capital Revenue	73,106	111,482	(38,376)
117,822	Total Surplus/(Deficit)	25,920	115,300	(89,380)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Fees & Charges: (\$182k) unfavourable.**

Due to the slow down in development, the associated fees and charges for development consent is tracking lower than estimated for the financial year.

Subsidies & Grants: \$5,206k favourable.

Operational subsidies received from NZ Transport Agency Waka Kotahi (NZTA) is favourable partly due one-off additional revenue received from NZTA in December. The additional favourable balance is attributable to subsidy being redirected from Capital to the Operating revenue associated with the WIP cost transfers, mainly due to the CERF programmes being stopped prior to construction as requested by NZTA. Projects that were not completed cannot be capitalised and are required to move across to maintenance and operations.

Other Revenue: \$10,859k favourable.

Favourability driven by rental income, infringements, and the favourable non-cash fair value adjustment due to the upward trend in market interest rates on the Housing Infrastructure Fund (HIF) loan.

Operating & Maintenance Costs: (\$8,458k) unfavourable.

The unfavourable result is mainly due to capital expenditure that has been reclassified as operating expenditure. The need to reclassify was identified as staff undertook a comprehensive review of the WIP balances during the capitalisation process in compliance with accounting standards and Council's Capitalisation policy.

Professional Costs: (\$3,838k) unfavourable.

The unfavourable expenditure is due to capital expenditure that has been reclassified as operating expenditure due to a project not proceeding following investigation and final design. This largely relates to CERF projects and the IAF River Crossing being stopped as a result of Central Government direction to withdraw funding and subsequent Council decisions at the 5 March 2024 Infrastructure and Transport Committee and the 2024-34 LTP Council meetings.

Attachment 2

TRANSPORT

Transport Network | Transport Centre | Parking Management

FOR THE PERIOD ENDED 30 JUNE 2024

Administration Expenses : (\$34,797k) unfavourable.

(\$34.9m) relates to the vesting of Wairere Cobham roundabout to Waka Kotahi, which has been classified as a capital grant. Increase in infringements issued has resulted in an increase in associated administrative expenses. This is partially offset by the infringement revenue.

Gains & Losses: (\$178k) unfavourable.

Unfavourability relates to the disposal of various assets across the Transport Activity as part of the renewals programme.

Attachment 2

VENUES, TOURISM AND MAJOR EVENTS

Claudelands | FMG Stadium Waikato | Seddon Park | Tourism and Events Funding | Theatres

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
20,307	Rates**	21,795	21,737	58
9,780	Fees & Charges	10,753	9,440	1,313
7	Subsidies & Grants	-	-	-
471	Interest Revenue**	735	245	490
1,062	Other Revenue	778	775	3
31,627	Total Operating Revenue	34,061	32,197	1,864
Operating Expenditure				
6,792	Personnel Costs	7,379	7,508	129
8,058	Operating & Maintenance Costs	7,995	7,754	(241)
315	Professional Costs	186	236	50
7,991	Administration Expenses	8,311	8,610	299
1,760	Property Costs	1,952	1,720	(232)
1,643	Finance Costs**	2,308	1,580	(729)
7,882	Depreciation & Amortisation Expense**	8,179	7,924	(255)
284	Gains & Losses	13	-	(13)
34,725	Total Operating Expenditure	36,325	35,331	(994)
(3,098)	Operating Surplus/(Deficit)*	(2,264)	(3,135)	871
Capital Revenue				
229	Capital Revenue**	24	-	24
229	Total Capital Revenue	24	-	24
(2,869)	Total Surplus/(Deficit)	(2,241)	(3,135)	894

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Fees & Charges: \$1,313k favourable.**

Favourable due to stronger than anticipated event activity at Claudelands Event Centre, as well as the NRL game hosted at FMG Stadium. This is partially offset by the FIFA washup across the two tournaments and financial years.

Personnel Costs: \$129k favourable.

Favourability achieved by close management of planning of resourcing aligned to event schedules to manage the work

Operating & Maintenance Costs: (\$241k) unfavourable.

Event expenditure is managed closely: unfavourability to budget is driven by increased mixed event programme and timing of budgets across FIFA tournaments.

Administration Expenses: \$299k favourable.

Favourability driven by timing of Property & Equipment Maintenance Grant for Waikato Regional Theatre payment aligned to Theatre opening date, however partially offset by additional advertising and promotional costs for the strong event schedule in FY24.

Property Costs: (\$232k) unfavourable.

Unfavourability to budget due to stronger than anticipated event activity resulting in increased utilities costs.

VISITOR DESTINATIONS

Hamilton Gardens | Waikato Museum | Hamilton Zoo | Arts Promotion

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
16,630	Rates**	17,825	17,801	24
3,568	Fees & Charges	3,998	4,012	(14)
138	Subsidies & Grants	658	640	18
318	Interest Revenue**	497	245	252
138	Other Revenue	400	241	159
20,794	Total Operating Revenue	23,377	22,939	439
Operating Expenditure				
9,849	Personnel Costs	10,733	10,471	(262)
4,024	Operating & Maintenance Costs	4,483	4,089	(394)
244	Professional Costs	225	77	(148)
640	Administration Expenses	865	833	(32)
626	Property Costs	736	700	(36)
1,110	Finance Costs**	1,560	1,350	(210)
2,714	Depreciation & Amortisation Expense**	3,187	2,932	(255)
730	Gains & Losses	194		(194)
19,938	Total Operating Expenditure	21,982	20,452	(1,530)
855	Operating Surplus/(Deficit)*	1,395	2,487	(1,092)
Capital Revenue				
578	Capital Revenue**	967	1,257	(290)
578	Total Capital Revenue	967	1,257	(290)
1,433	Total Surplus/(Deficit)	2,362	3,744	(1,382)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Other Revenue: \$159k favourable.**

Unbudgeted insurance claim proceeds have been received for damage to the Ripples sculpture, final payouts for Cyclone Dovi damage at Hamilton Zoo, and claims for stolen AV equipment at Hamilton Gardens.

Personnel Costs: (\$262k) unfavourable.

With increased visitor numbers, there has been the need to maintain minimum staffing levels across the visitor destination sites, which has resulted in reduced vacancies compared to budget. Redundancy payouts from the Future Fit restructure have also contributed to the unfavourable variance.

Operating & Maintenance Costs: (\$394k) unfavourable.

Stock purchases for Hamilton Zoo were higher than budgeted, in line with the increased retail sales. Reactive maintenance at Hamilton Zoo was also higher, due to immediate attention required for unexpected asset failures (arising from a backlog of deferred maintenance). This ensured safety standards were upheld.

Professional Costs: (\$148k) unfavourable.

Additional professional services costs were required to support demands on the business.

Gains & Losses: (\$194k) unfavourable.

The loss on disposal of assets relates to works undertaken as part of the renewals programme. This included renewals for the Waikato Museum service lift and Excite lift, and the NZ Pest Impact exhibit and Cotton-Top Tamarin Monkey enclosure at Hamilton Zoo. These losses were unbudgeted.

Attachment 2

WASTEWATER

Wastewater Reticulation | Wastewater Treatment & Disposal
FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
31,951	Rates**	34,380	34,350	30
7,805	Fees & Charges	8,275	7,710	565
240	Subsidies & Grants	164	60	104
1,695	Interest Revenue**	2,644	857	1,787
15,263	Other Revenue	14,056	2,776	11,280
56,954	Total Operating Revenue	59,519	45,753	13,766
Operating Expenditure				
8,224	Personnel Costs	7,953	7,969	16
10,483	Operating & Maintenance Costs	12,559	9,709	(2,850)
1,295	Professional Costs	454	488	34
283	Administration Expenses	241	209	(32)
3,001	Property Costs	3,241	2,940	(301)
6,902	Finance Costs**	10,258	7,620	(2,638)
14,154	Depreciation & Amortisation Expense**	14,953	14,266	(686)
982	Gains & Losses	445	-	(445)
45,325	Total Operating Expenditure	50,103	43,201	(6,902)
11,629	Operating Surplus/(Deficit)*	9,416	2,552	6,864
Capital Revenue				
12,461	Development Contributions**	9,697	10,782	(1,085)
4,082	Capital Revenue**	3,609	3,174	436
4,681	Vested Assets**	3,007	3,778	(771)
21,223	Total Capital Revenue	16,313	17,733	(1,420)
32,853	Total Surplus/(Deficit)	25,729	20,286	5,443

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$565k favourable.

Favourability relates to an increase in trade waste and tankered waste loads received at the Pukete Wastewater Treatment Plant resulting in additional revenue. The additional revenue partially offsets additional costs in the operating and maintenance area.

Subsidies & Grants: \$104k favourable.

Additional funds received for Three Waters reform work offset by expenditure.

Other Revenue: \$11,280k favourable.

Favourable non-cash fair value adjustment from the upward trend in market interest rates on the Housing Infrastructure Fund (HIF) loan. Insurance payments received for Pukete WWTP Outfall pipe work, which offset higher operating and maintenance

Operating & Maintenance Costs: (\$2,850k) unfavourable.

Unfavorability relates to increased maintenance needed to reduce the risk of wastewater network overflows and increased reactive maintenance required at the Pukete WWTP. Costs for disposal of wastewater screenings (biohazard waste) at Pukete WWTP are also unfavourable due to disposal charges being higher than anticipated. There has also been increased monitoring costs due to the increased tankered waste loads, which is offset by additional revenue for tankered waste.

Property Costs: (\$301k) unfavourable.

Unfavorability for electricity costs due to a contractual price increase in electricity rates.

Gains & Losses: (\$445k) unfavourable.

The loss on disposal of assets relates to works undertaken as part of the renewals programme.

Capital Revenue: \$436k favourable.**

Contributions toward new connections exceeded budget due to increased applications. Revenue offsets capital installation costs.

WATER SUPPLY

Water Treatment | Water Reticulation & Storage

FOR THE PERIOD ENDED 30 JUNE 2024

\$000		\$000		\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
22,027	Rates**	23,823	24,019	(196)
(273)	Fees & Charges	(315)	(150)	(165)
235	Subsidies & Grants	160	60	100
1,114	Interest Revenue**	1,737	612	1,124
955	Other Revenue	801	190	611
24,057	Total Operating Revenue	26,206	24,731	1,475
Operating Expenditure				
5,110	Personnel Costs	5,715	5,767	52
3,306	Operating & Maintenance Costs	3,962	4,072	109
957	Professional Costs	486	464	(22)
82	Administration Expenses	73	80	7
2,753	Property Costs	2,962	3,068	107
3,943	Finance Costs**	5,574	3,731	(1,843)
10,161	Depreciation & Amortisation Expense**	10,536	10,096	(440)
1,143	Gains & Losses	622	-	(622)
27,454	Total Operating Expenditure	29,930	27,277	(2,653)
(3,397)	Operating Surplus/(Deficit)*	(3,725)	(2,547)	(1,178)
Capital Revenue				
7,404	Development Contributions**	6,251	5,353	899
4,907	Capital Revenue**	3,713	2,241	1,472
1,822	Vested Assets**	1,353	2,042	(689)
14,133	Total Capital Revenue	11,317	9,636	1,682
10,737	Total Surplus/(Deficit)	7,593	7,089	504

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: (\$165k) unfavourable.

Unfavourable due to increased TradeWaste costs incurred by the Waiora Water Treatment Plant as a result of increased charges and treatment process adjustments required to maintain drinking water safety and quality standards.

Subsidies & Grants: \$100k favourable.

Additional funds received for Three Waters reform work offset by expenditure.

Other Revenue: \$611k favourable.

Due to the favourable non-cash fair value adjustment resulting from the upward trend in market interest rates on the Housing Infrastructure Fund (HIF) loan.

Operating & Maintenance Costs: \$109k favourable.

Favourable due to lower than expected maintenance costs at the Water Treatment Plant. This partially offsets increased Wastewater maintenance costs.

Property Costs: \$107k favourable.

Insurance costs were lower than originally anticipated driven by lower FENZ levies as a result of lowering the fire loss limit.

Gains & Losses: (\$622k) unfavourable.

The loss on disposal of assets relates to works undertaken as part of the renewals programme.

Capital Revenue**: \$1,472k favourable.

Contributions toward new connections exceeded budget due to increased applications. Revenue offsets capital installation costs.

Council Report

Committee: Finance and Monitoring Committee
Date: 15 October 2024
Author: Iain Anderson
Authoriser: Chris Allen
Position: Capital Financial Lead
Position: Executive Director Commercial & Advisory
Report Name: Capital Portfolio Monitoring report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Finance and Monitoring Committee on the financial performance of the capital portfolio for the two months ended 31 August 2024. This report is the start of the new 2024-34 Long-Term Plan (LTP) and the initial focus is on reporting the revised budget position and impact on the financial strategy position.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance and Monitoring Committee
 - a) receives the report; and
 - b) approves an increase in the Approved Contract sum for Contract 540-2020 with Tika Group Limited by \$100,000.00 setting a revised Approved Contract Sum at \$1,100,00.00 (plus GST).

Executive Summary - *Whakaraapopototanga matua*

3. This report is to be read in conjunction with the Financial Performance and Strategy Report for the period ended 31 August 2024.
4. Financial figures are presented in billions (b), millions (m) and thousands (k).
5. The total capital expenditure budget that was approved in the 2024/34 LTP budget is \$4.4b with associated capital revenue of \$592m. Note these figures do not reflect the reduced levels of NZ Transport Agency Waka Kotahi (NZTA) subsidy for the first 3 years.
6. The impact of the reduced subsidy will be modelled and considered firstly at an Elected Member workshop on the 16 October 2024, and then by full Council on the 31 October 2024.
7. The approved capital programme for the current financial year is \$344.4m with associated revenue of \$64.5m.
8. Since the adoption of the 2024-34 LTP changes to the Capital programme have been identified. These changes are grouped as follows.
 - i. deferrals from the previous financial year
 - ii. current deferrals from, the 24-25 financial year

- iii. approved changes and savings
 - iv. impacts from the reduced NZTA subsidy levels.
- 9. Deferrals from the previous financial year are, \$55.2m of expenditure with associated revenue \$14.8m. The net position of \$40.4m is in line with the amount that was reported previously to the Finance and Monitoring Committee and was the amount assumed in the financial modelling used during the 2024-34 LTP.
- 10. During the 2024-34 LTP the Council agreed to increase the capital deferral assumption. The level of deferrals has a direct impact on the financial strategy modelling. For the 2024-25 and 2025-26 the level is \$50m (previously \$40m) and for years 26/27 onwards the level is \$80m.
- 11. As at the 31 August 2024 the current year deferrals are \$5.8m in expenditure and \$2.7m in revenue.
- 12. For the two months ended 31 August 2024, capital expenditure is \$26.8m while the associated capital revenue is \$17.4m.
- 13. Capital work in progress (WIP) is \$797.8m, within this amount is \$173.7m of assets that are in service but have not yet been capitalised. To negate the impact on the operating result, an estimate of the depreciation amount has been made and is reflected in the operating result for the period ended 31 August 2024.
- 14. The value of assets capitalised for the two months ended 31 August 2024 is \$17m with a further \$10m completed awaiting processing. Staff are well advanced with progressing the first stage of the capitalisation from the Peacocke growth cell.
- 15. Council has received confirmation of NZTA subsidy for the 2024-27 financial period. This amount is lower than was assumed when preparing the 2024-34 LTP.
- 16. As approved by the Infrastructure and Transport Committee on 26 September 2024, four modelling scenarios will be presented to the 31 October 2024 Council meeting. The purpose is to allow for reprioritisation of programmes (if required) to ensure compliance with the financial strategy and assist in the preparation of the 2025-26 Annual Plan and/or the proposed Long Term Plan Amendment.
- 17. For this report the reduced subsidy and related expenditure has been removed, leaving only the local share of the budget.
- 18. Staff consider the matters to be of low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Definitions

- 19. To assist with understanding the attachments the following definitions apply:
 - i. Long Term Plan 24/25 – Year 1 Approved Budget.
 - ii. Deferrals - Approved budgets from the prior year transferred into the current year.
 - iii. Bring Forwards - Approved Budget from a future year transferred into the current year.
 - iv. Approved Changes – Changes that increase a capital budget, that require approval from Finance committee.
 - v. Savings- Changes that reduce a capital budget that require approval from the Finance Committee
 - vi. Movements – Transfers between projects. These do not change the total budget.
 - vii. Revised Budget – the budget reflecting the total changes described above.

Attachments

20. **Attachment 1** the full 2024-34 Capital Programme including Capital revenue.
21. **Attachment 2** is a summary schedule of the budget changes throughout the year. It lists the type of budget change for both expenditure and revenue. The schedule tracks the changes from the approved budget through to the changes being reported to this committee meeting.
22. **Attachment 3** contains a full schedule of the capital expenditure budgets. This schedule is presented using the external activities rather than the nine programmes. This detail relates to the summary table in paragraph 29.
23. **Attachment 4** contains a full schedule of the capital revenue budgets. This schedule mirrors the project detail in **Attachment 2**. This detail relates to the summary table in paragraph 29.

Capital Expenditure Actual

24. The actual capital expenditure for the two months ended 31 August 2024 is \$26.8m. The comparative amount from the same period last financial year is \$45.6m.

Capital Revenue Actual

25. Capital revenue provides a significant revenue stream for Council, the 2024/25 Approved budget is \$64.5m.
26. Capital revenue is broadly categorised into two sources, NZTA subsidies and other Capital Contributions. Examples of others are contributions received towards network connections, Government Grants and Multi-Party funding agreements like the Ruakura Spine Road.
27. The actual capital revenue for the two months ended 31 August 2024 is \$17.4m. The comparative amount from the previous year is \$8.0m. Note that revenue is project specific and can vary significantly between years.

Current Year Changes

28. The current year changes have been incorporated into the Financial Strategy results through the Financial Performance and Strategy Reports to the Committee to allow the impact to be understood.
29. The following table summarises the budget changes (\$000's). It starts with the approved 2024/25 LTP and the opening deferrals and brought forwards, and then shows the reported changes along with the value of deferrals and brought forwards. A full summary table can be found in **Attachment 2**.

Summary Table	Expenditure	Revenue	Net Position
Opening Budget as at 1 July 2024	344,384	(64,545)	279,838
Opening Deferrals & b/fwds	55,289	(14,801)	40,488
Current Year Changes			
+/- Deferrals & b/fwds	(5,775)	2,676	(3,099)
+/- Approved Changes and Savings	(14,983)	18,627	3,644
Revised Budget as at 31 August 2024	378,914	(58,042)	320,872

30. A detailed schedule of the capital expenditure and capital revenue can be found in **Attachments 3 and 4**.

Capital Deferrals and Brought Forwards for 2024/25

31. Deferrals and brought forwards are changes to the timing of when a project is undertaken. They do not alter the value of the project.

32. During the 2024-34 Long-Term Plan Council considered the level of deferrals on the capital programme. The outcome was, deferrals for the 2024-25 and 2025-26 financial years was set at \$50m per year while all years beyond were set \$80m. These amounts were reflected in the 2024-34 Long-Term Plan financial strategy modelling.

For the two months ended 31 August 2024 the current year deferrals are \$5.8m in expenditure and \$2.7m in revenue.

33. The notable deferrals/brought forwards for the two months ended 31 August 2024 are:
- i. deferring \$6.0m in expenditure and \$6.0m in revenue on the SH26/Morrinsville Road Upgrade project. This change is to align with the project plan. This project is 100% funded by the NZTA.
 - ii. brought forward \$3.2m in subsidy for the Peacocke Project. Note this subsidy relates to the Housing Infrastructure Fund (HIF) agreement and is not impacted by the recent National Land Transport Plan (NLTP) announcement that saw the subsidy amounts reduced.

34. Full details can be found in **Attachment 3 and 4**.

Capital Changes

35. Capital changes affect both expenditure and revenue.
36. In response to the NZTA reductions, the subsidy over the first 3 years of the LTP have been removed to align with the levels that have been approved. For the purposes of modelling the same level of expenditure has been removed, thereby leaving only the Council local share.
37. This reduction in expenditure is temporary and was done to not breach the debt to revenue limits. Council will be presented with four modelling scenarios at the full Council meeting on 31 October 2024 to inform review and if need reprioritisation of programmes to ensure compliance with Council financial strategy of the 2024-25 financial year and for the proposed 2025-26 Annual plan and/or the proposed Long Term Plan Amendment.
38. A full list can be found in **Attachment 3** for Capital Expenditure and in **Attachment 4** for Capital Revenue.

Work in Progress (WIP)

39. The total value of WIP for the period ended 31 August 2024 is \$797.8m, inclusive of vested assets.
40. \$173.7m or 2177% is classified as outstanding, assets that that are in use but have not yet been capitalised.
41. In the first 2 months \$17m has been capitalised and a further \$10m is awaiting processing.
42. The capitalisation process is well underway for assets in the Peacocke growth cell including the recently opened Te Ara Pekapeka Bridge. Total value of assets being capitalised in the first stage is approximately \$166m.

Financial Delegation

Contract 2131-2023 WWP Emergency Storage Upgrade

43. Where a contract has been awarded by Council Resolution the Chief Executive has delegated authority to approve a variation that results in the Approved Contract Sum being exceeded by no more than 5%, up to a maximum of \$250,000.00 provided the new Approved Contract Sum remains within budget. Any exercise of this delegation needs to be reported.

44. At the Infrastructure and Transport Committee meeting of 21 September 2023, the Chief Executive was delegated approval to award Contract 2131-2023 WWPS Emergency Storage Upgrades up to an Approved Contract Sum of \$3,500,000.00. The contract was awarded to HEB construction and the final cost was \$3,623,103.83, exceeding the ACS by \$123,103.83, or 3.5%. Sufficient budget was available in the overall wastewater programme. This increase is within the Chief Executive delegation and the final cost has been approved.
45. This project was a particularly challenging project to install 3 separate emergency wastewater tanks under River Road, Sycamore Terrace and Matipo Crescent. Community engagement at one of the sites was particularly challenging and the scope was increased to provide increased vibration monitoring, to undertake residential property dilapidation reports, to add additional odour control and to rearrange the piped layout. Overall this was a very successful project with one of the storage devices has already been deployed soon after commissioning, preventing an overspill into the environment.

Contract 540-2020 Ruakura Spine Road Project Management

46. Contract 540-2020 was awarded to the Tika Group to provide project management services in delivery of the Ruakura Spine Road. This was a \$41.6m project substantially funded by Multi party funding agreement with Tainui Group Holdings Limited and Central Government. This project has been substantially completed with only landscape maintenance and project close out activities remaining. The Project has been completed within budget.
47. The Tika Group were engaged to project manage this complex project which required a high degree of Project co-ordination with Council managing the multi-party roading connection contract, the NZ Transport Agency Managing the Waikato Expressway and Ruakura Interchange project and Tainui Group Holdings managing the inland port development all in close proximity and all at the same time.
48. The Approved Contract Sum for the Tika Group is \$1,000,000. The project management contract will exceed the original approved amount by an estimated \$100,000 and an extension of the Approved Contract Sum is sought.

Projects Risks

49. Work is currently underway to realign the revenue cash flow with the Central City Infrastructure Acceleration Fund (IAF) programme. This may result in a deferral of the revenue assumptions which will be reflected in the next report to Finance and Monitoring Committee.
50. One project has an orange risk profile (meaning that a future decision of the Council may be required).

Collins Road Wastewater Storage

51. This project is the first major bulk wastewater storage installation. The amount of ground water experienced on site has exceeded the consent restrictions resulting in work being halted while the project is being reassessed and reconsented. This stoppage is likely to impact the contract timeline and will incur additional costs. This risk will be reported until it is resolved.

Portfolio Risks

Capital Expenditure reclassification

52. With confirmation of the reduced NZTA Subsidy there is the possibility that Council will decide to cancel existing projects that are in progress. If this happens then staff would need to identify and report costs incurred to date, these costs would need to be transferred to the Operating statement.
53. These costs would impact on the both the Balancing the Books metric and the overall operating result.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

54. Staff confirm that matters and recommendations within this report comply with Council's legal and policy requirements.
55. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

56. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
57. The subject matter of this report has been evaluated in terms of the 4 well-beings during the process of developing this report as outlined below.
58. The recommendations set out in this report are consistent with that purpose.

Social

59. Work is currently underway to understand social procurement opportunities across our portfolio, which involves enhanced recognition and valuing of social benefits through particularly our selection of contractors.

Economic

60. Delivery of our capital works portfolio delivers significant economic benefits to Hamilton and the surrounding districts. In the past year over \$250m have been injected in the Hamilton economy. While no hard data is available there is acceptance that a substantial portion of this amount has been invested in local community thereby supporting business and employment.
61. Given the Capital programme approved in the 2024-34 Long-Term Plan totals \$2.5b, staff will undertake more detail economic modelling to understand better the economic benefits and report back to this Finance Committee..

Environmental

62. Across the capital portfolio, environmental consideration is integrated throughout the project life cycle, including design, procurement, and construction.
63. In the procurement phase all physical works contracts include a component to incorporate environmental and sustainability considerations into tender evaluation, where contractor initiatives such as materials reuse, energy requirements, electric vehicle utilisation, carbon offsets etc, can be valued.
64. Across the portfolio several works projects and programmes are specifically focussed on enhancing Hamilton's natural environment or ensuring effects of city development are not at the detriment of the natural environment.

Cultural

65. Across the portfolio, engagement and partnership with iwi is continuing at a project level, and work is underway to further align and partner at programme and portfolio levels to identify opportunities for enhanced partnership and shared outcomes. This is particularly regarding alignment with objectives of the Waikato Tainui Environmental Plan – Tai Tumu Tai Pari Tai Ao.

Risks - *Tuuraru*

66. There are no known risks associated with the recommendations in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

67. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed the matters and recommendations in this report have a low level of significance.
68. Community views and preference are already known to the Council through the 2024-34 Long-Term Plan.
69. Given the low level of significance determined, the engagement level is low, and no further engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - 2024-34 LTP Capital Programme

Attachment 2 - Capital Budget Summary

Attachment 3 - Capital Expenditure Detail

Attachment 4 - Capital Revenue Detail

2024-34 LTP Capital Programme

Capital Expenditure	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year total
Central City Programme	\$22,019,994	\$18,790,027	\$43,062,971	\$35,371,929	\$28,091,488	\$25,383,335	\$19,006,533	\$21,933,444	\$25,262,452	\$14,850,635	\$253,772,808
City Wide Community Programme	\$13,268,430	\$5,197,265	\$4,051,568	\$6,548,905	\$7,066,725	\$11,445,551	\$19,601,400	\$19,368,483	\$13,076,500	\$15,889,740	\$115,514,567
City Wide Infrastructure Programme	\$3,255,000	\$15,834,000	\$11,334,960	\$11,788,358	\$12,259,893	\$12,750,288	\$13,234,799	\$13,684,783	\$14,150,065	\$14,631,167	\$122,923,313
City Wide Transport Programme	\$39,858,050	\$39,080,478	\$26,133,969	\$22,162,703	\$21,900,245	\$28,980,258	\$28,073,193	\$25,663,175	\$26,604,245	\$25,661,348	\$284,117,664
City Wide Waters Programme	\$47,166,390	\$62,702,272	\$163,863,876	\$125,210,564	\$132,860,414	\$199,569,139	\$175,716,669	\$111,809,282	\$92,552,748	\$194,691,993	\$1,306,143,347
Peacocke Programme	\$89,969,593	\$46,795,509	\$5,879,125	\$5,226,870	\$3,642,991	\$6,192,508	\$12,612,030	\$16,545,631	\$39,977,992	\$17,355,459	\$244,197,708
Renewals & Compliance Programme	\$112,666,528	\$121,351,479	\$160,325,545	\$173,314,872	\$173,840,954	\$188,162,247	\$196,583,708	\$201,633,659	\$215,227,759	\$214,787,176	\$1,757,893,927
Rotokauri Programme	\$8,136,625	\$4,201,888	\$5,877,028	\$14,594,830	\$18,704,222	\$35,472,449	\$26,175,078	\$11,182,110	\$18,583,839	\$17,432,524	\$160,360,593
Rototuna Programme	\$5,628,525	\$3,111,217	\$7,190,219	\$0	\$257,458	\$7,216,540	\$6,187,852	\$7,729,084	\$11,525,511	\$10,835,257	\$59,681,663
Ruakura Programme	\$2,100,420	\$0	\$265,238	\$1,587,656	\$29,880,546	\$3,218,555	\$29,717,948	\$30,728,358	\$93,390	\$0	\$97,592,111
Te Rapa North Programme	\$313,950	\$0	\$4,831,753	\$6,554,445	\$11,108,689	\$180,672	\$0	\$0	\$0	\$0	\$22,989,509
	\$344,383,505	\$317,064,135	\$432,816,252	\$402,361,132	\$439,613,625	\$518,571,542	\$526,909,210	\$460,278,009	\$457,054,501	\$526,135,299	\$4,425,187,210

Capital Revenue	2024/252	2025/262	2026/272	2027/282	2028/292	2029/302	2030/312	2031/322	2032/332	2033/342	10 year total
Central City Programme	-\$13,686,697	-\$18,790,027	-\$37,962,885	-\$35,371,929	-\$28,091,488	-\$6,896,691	-\$6,896,691	-\$2,903,591	\$0	\$0	-\$150,599,999
City Wide Community Programme	-\$4,095,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$4,095,000
City Wide Infrastructure Programme	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City Wide Transport Programme	-\$24,405,232	-\$21,537,635	-\$12,457,736	-\$11,714,740	-\$11,274,832	-\$13,554,110	-\$14,512,545	-\$13,279,029	-\$12,448,520	-\$12,871,770	-\$148,056,149
City Wide Waters Programme	-\$183,750	-\$202,020	-\$209,697	-\$218,085	-\$226,808	-\$235,880	-\$244,844	-\$253,168	-\$261,776	-\$270,677	-\$2,306,705
Peacocke Programme	-\$9,476,668	-\$13,295,301	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$22,771,969
Renewals & Compliance Programme	-\$12,697,895	-\$16,970,822	-\$18,846,349	-\$15,531,375	-\$17,533,236	-\$20,638,581	-\$24,548,204	-\$26,584,906	-\$27,429,426	-\$30,681,495	-\$211,462,289
Rotokauri Programme	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$265,072	-\$1,500,566	-\$2,802,688	-\$4,568,326
Rototuna Programme	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ruakura Programme	\$0	\$0	\$0	-\$809,705	-\$15,239,079	-\$1,641,463	-\$15,156,153	-\$15,671,463	-\$47,629	\$0	-\$48,565,492
Te Rapa North Programme	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	-\$64,545,242	-\$70,795,805	-\$69,476,667	-\$63,645,834	-\$72,365,443	-\$42,966,725	-\$61,358,437	-\$58,957,229	-\$41,687,917	-\$46,626,630	-\$592,425,929

**Summary of Changes to the Capital Budget
for the 2024-25 Financial Year**

Finance Committee Meeting Date	Long Term Plan 24/25	As at 1 Jul 2024	As at 30 Aug 2024	2024/25
Expenditure in 000`s				Total
Approved Budget	344,384	344,384	399,672	344,384
Deferrals & brought forwards		55,289	(5,775)	49,514
Approved Changes and Savings			(225)	(225)
NZTA adjustment (only local share retained)			(14,758)	(14,758)
Closing Revised Expenditure Budget	344,384	399,672	378,914	378,914
Revenue in 000`s				Total
Approved Budget	(64,545)	(64,545)	(79,346)	(64,545)
Deferrals & b/fwds		(14,801)	2,676	(12,124)
Approved Changes and Savings			115	115
Remove NZTA Subsidy			18,512	18,512
Closing Revised Revenue Budget	(64,545)	(79,346)	(58,042)	(58,042)

Capital Expenditure

As at 31 August 2024

CE Code	Type	Long Term Plan 24/25	Final 23/24 Deferrals	Final 23/24 Bring Forwards	Revised Budget as at 1 July 2024	Deferrals		Approved Changes	Savings	Movements	Revised Budget as at 31 August 2024
						Current year to Future Year	Future Year to Current Year				
Community Services											
CE10001 - Aquatic facilities building renewals	R	\$417,076	\$0	\$0	\$417,076	\$0	\$0	\$0	\$0	\$0	\$417,076
CE10005 - Libraries collection purchases	R	\$1,575,726	\$0	\$0	\$1,575,726	\$0	\$0	\$0	\$0	\$0	\$1,575,726
CE10006 - Library operational renewals	R	\$384,171	\$0	\$0	\$384,171	\$0	\$0	\$0	\$0	\$0	\$384,171
CE10007 - Library building renewals	R	\$1,490,627	\$0	\$0	\$1,490,627	\$0	\$0	\$0	\$0	\$0	\$1,490,627
CE19017 - Rototuna community facilities	G	\$0	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000
CE21005 - Aquatic facilities renewals	R	\$3,455,375	\$0	\$0	\$3,455,375	\$0	\$0	\$0	\$0	\$0	\$3,455,375
CE21044 - Libraries development	LOS	\$0	\$155,000	\$0	\$155,000	\$0	\$0	\$0	\$0	\$0	\$155,000
CE21046 - Aquatic facilities development	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Community Services		\$7,322,976	\$305,000	\$0	\$7,627,976	\$0	\$0	\$0	\$0	\$0	\$7,627,976
Growth											
CE24008 - Strategic Property Renewals	R	\$1,225,981	\$0	\$0	\$1,225,981	\$0	\$0	\$0	\$0	\$0	\$1,225,981
CE24024 - Strategic Land Acquisition Fund	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Growth		\$1,225,981	\$0	\$0	\$1,225,981	\$0	\$0	\$0	\$0	\$0	\$1,225,981
Parks and Recreation											
CE10021 - Cemetery and crematorium building renewals	R	\$23,379	\$0	\$0	\$23,379	\$0	\$0	\$0	\$0	(\$23,379)	\$0
CE10030 - Parks and recreation building renewals	R	\$4,949,930	\$0	\$0	\$4,949,930	\$0	\$0	\$0	\$0	\$23,379	\$4,973,309
CE17004 - River plan	LOS	\$4,987,500	\$1,246,336	\$0	\$6,233,836	\$0	\$0	\$0	\$0	\$0	\$6,233,836
CE19007 - Peacocke parks development	G	\$330,330	\$878,792	(\$15,682)	\$1,193,441	\$0	\$0	\$0	\$0	\$0	\$1,193,441
CE19009 - Rototuna parks development	G	\$0	\$2,190,998	\$0	\$2,190,998	\$0	\$0	\$0	\$0	\$0	\$2,190,998
CE19070 - Community facilities building renewals	R	\$2,628,143	\$0	\$0	\$2,628,143	\$0	\$0	\$0	\$0	\$0	\$3,278,072
CE21001 - Nursery renewals	R	\$672,934	\$0	\$0	\$672,934	\$0	\$0	\$0	\$0	\$0	\$23,005
CE21003 - Parks and recreation renewals	R	\$6,793,857	\$0	\$0	\$6,793,857	\$0	\$0	\$0	\$0	\$89,774	\$6,883,631
CE21004 - Cemeteries and crematorium renewals	R	\$89,774	\$0	\$0	\$89,774	\$0	\$0	\$0	\$0	(\$89,774)	\$0
CE21006 - Nature in the city gully restoration and development	LOS	\$0	\$176,257	\$0	\$176,257	\$0	\$0	\$0	\$0	\$0	\$176,257
CE21007 - Cemeteries and crematorium development	G	\$1,357,650	\$0	\$0	\$1,357,650	\$0	\$0	\$0	\$0	\$0	\$1,357,650
CE21008 - Indoor recreation development	LOS	\$3,181,815	\$3,994,087	\$0	\$7,175,902	\$0	\$0	\$0	\$0	\$0	\$7,175,902
CE21010 - Parks and recreation development	LOS	\$3,465,210	\$3,340,549	\$0	\$6,805,759	\$0	\$0	\$0	\$0	\$0	\$6,805,759
CE24026 - Rotokauri Parks Development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Parks and Recreation		\$28,480,521	\$11,827,019	(\$15,682)	\$40,291,859	\$0	\$0	\$0	\$0	\$0	\$40,291,859
Regulatory And Safety											
CE21013 - Animal Control Building Renewals	R	\$14,027	\$0	\$0	\$14,027	\$0	\$0	\$0	\$0	\$0	\$14,027
CE21015 - City Safe Renewals	R	\$234,536	\$0	\$0	\$234,536	\$0	\$0	\$0	\$0	\$0	\$234,536
CE21016 - City Safe Upgrades	LOS	\$13,650	\$0	\$0	\$13,650	\$0	\$0	\$0	\$0	\$0	\$13,650
CE24029 - Animal Control Development	G	\$409,500	\$0	\$0	\$409,500	\$0	\$0	\$0	\$0	\$0	\$409,500
CE24031 - Animal Control Development	R	\$31,141	\$0	\$0	\$31,141	\$0	\$0	\$0	\$0	\$0	\$31,141
Total Regulatory And Safety		\$702,854	\$0	\$0	\$702,854	\$0	\$0	\$0	\$0	\$0	\$702,854
Rubbish and Recycling											
CE10054 - Closed landfill assets renewals	R	\$1,317,625	\$0	\$0	\$1,317,625	\$0	\$0	\$0	\$0	\$0	\$1,317,625
Total Rubbish and Recycling		\$1,317,625	\$0	\$0	\$1,317,625	\$0	\$0	\$0	\$0	\$0	\$1,317,625
Stormwater											
CE10058 - Stormwater asset renewals	R	\$2,615,611	\$0	\$0	\$2,615,611	\$0	\$0	\$0	\$0	\$0	\$2,615,611
CE15059 - Rototuna stormwater infrastructure	G	\$525,525	\$1,541,646	\$0	\$2,067,171	\$0	\$0	\$0	\$0	\$0	\$2,067,171
CE15060 - Rotokauri stormwater infrastructure stage 1	G	\$4,984,350	\$287,593	(\$841,132)	\$4,430,811	\$0	\$0	\$0	\$0	\$0	\$4,430,811
CE15062 - Peacocke stormwater infrastructure stage 1	G	\$2,088,245	\$1,582,124	\$0	\$3,670,370	\$0	\$0	\$0	\$0	\$0	\$3,670,370
CE15063 - Peacocke stormwater infrastructure stage 2	G	\$3,918,254	\$2,950,592	(\$952,288)	\$5,916,557	\$0	\$0	\$0	\$0	\$0	\$5,916,557
CE15067 - Comprehensive stormwater consent implementation	LOS	\$174,873	\$0	\$0	\$174,873	\$0	\$0	\$0	\$0	\$0	\$174,873
CE15068 - Stormwater customer connections	G	\$26,250	\$0	\$0	\$26,250	\$0	\$0	\$0	\$0	\$0	\$26,250
CE15162 - Integrated Catchment Management Plan	G	\$2,286,102	\$126,015	\$0	\$2,412,117	\$0	\$0	\$0	\$0	\$0	\$2,412,117
CE19026 - Erosion control works	LOS	\$2,318,703	\$1,284,315	\$0	\$3,603,018	\$0	\$0	\$0	\$0	\$0	\$3,603,018
CE21031 - Flood management	LOS	\$525,000	\$15,019	\$0	\$540,019	\$0	\$0	\$0	\$0	\$0	\$540,019
CE21032 - Stormwater infrastructure upgrades	G	\$890,313	\$377,064	\$0	\$1,267,376	\$0	\$0	\$0	\$0	\$0	\$1,267,376
CE21062 - Stormwater asset upgrades	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21066 - Ruakura stormwater infrastructure	G	\$0	\$11,110	\$0	\$11,110	\$0	\$0	\$0	\$0	\$0	\$11,110

Capital Expenditure

As at 31 August 2024

CE Code	Type	Long Term Plan 24/25	Final 23/24 Deferrals	Final 23/24 Bring Forwards	Revised Budget as at 1 July 2024	Deferrals		Approved Changes	Savings	Movements	Revised Budget as at 31 August 2024
						Current year to Future Year	Future Year to Current Year				
CE21068 - Water Stimulus – Stormwater	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE23003 - IAF Stormwater	G	\$598,711	\$0	(\$87,930)	\$510,781	\$0	\$0	\$0	\$0	\$0	\$510,781
Total Stormwater		\$20,951,936	\$8,175,478	(\$1,881,350)	\$27,246,063	\$0	\$0	\$0	\$0	\$0	\$27,246,063
Support Services											
CE24001 - Fleet Vehicles Renewals	R	\$3,912,660	\$0	\$0	\$3,912,660	\$0	\$0	\$0	\$0	\$0	\$3,912,660
CE24002 - Corporate Building Renewals	R	\$5,710,019	\$0	\$0	\$5,710,019	\$0	\$0	\$0	\$0	\$0	\$5,710,019
CE24006 - Information Services Renewals	R	\$2,407,802	\$0	\$0	\$2,407,802	\$0	\$0	\$0	\$0	(\$309,898)	\$2,097,904
CE24007 - Information Services Upgrades	LOS	\$1,600,185	\$0	\$0	\$1,600,185	\$0	\$0	\$0	\$0	\$309,898	\$1,910,083
Total Support Services		\$13,630,666	\$0	\$0	\$13,630,666	\$0	\$0	\$0	\$0	\$0	\$13,630,666
Transport											
CE10072 - Footpath and street furniture renewals	R	\$7,712,549	\$0	\$0	\$7,712,549	\$0	\$0	\$0	\$0	\$0	\$7,712,549
CE10074 - Drainage (kerb and channel) renewals	R	\$1,031,092	\$0	\$0	\$1,031,092	\$0	\$0	\$0	\$0	\$0	\$1,031,092
CE10075 - Road base Renewals	R	\$9,654,580	\$1,116,533	\$0	\$10,771,112	\$0	\$0	\$0	\$0	\$0	\$10,771,112
CE10076 - Road resurfacing	R	\$5,863,309	\$0	\$0	\$5,863,309	\$0	\$0	\$0	\$0	\$0	\$5,863,309
CE10077 - Bridge and structures renewals	R	\$215,084	\$0	\$0	\$215,084	\$0	\$0	\$0	\$0	\$0	\$215,084
CE10078 - Retaining wall and structures renewals	R	\$158,208	\$0	\$0	\$158,208	\$0	\$0	\$0	\$0	\$0	\$158,208
CE10080 - Street lighting renewals	R	\$2,362,032	\$0	\$0	\$2,362,032	\$0	\$0	\$0	\$0	\$0	\$2,362,032
CE10081 - Traffic equipment renewals	R	\$795,146	\$0	\$0	\$795,146	\$0	\$0	\$0	\$0	\$0	\$795,146
CE15087 - Transportation upgrades to allow for development	G	\$1,189,125	\$400,000	\$0	\$1,589,125	\$0	\$0	\$0	(\$658,775)	\$0	\$930,350
CE15088 - Peacocke transport upgrades and development stage 1	G	\$49,553,070	\$4,699,871	(\$20,662,353)	\$33,590,589	\$0	\$0	\$0	\$0	\$0	\$33,590,589
CE15089 - Peacocke transport upgrades and development stage 2	G	\$16,439,850	\$2,876,245	\$0	\$19,316,095	\$0	\$0	\$0	\$0	\$0	\$19,316,095
CE15090 - Rotokauri transport upgrades and development	G	\$3,152,275	\$114,104	(\$143,011)	\$3,123,368	\$0	\$0	\$0	\$0	\$0	\$3,123,368
CE15092 - Rototuna transport upgrades and development	G	\$5,103,000	\$4,201,642	\$0	\$9,304,642	\$0	\$0	\$0	\$0	\$0	\$9,304,642
CE15093 - Ruakura transport upgrades and development	G	\$2,100,420	\$3,060,457	\$0	\$5,160,877	\$0	\$0	\$0	\$0	\$0	\$5,160,877
CE15096 - Cross city connector	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15097 - Northern city crossing	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19036 - Ring Road	G	\$0	\$654,000	\$0	\$654,000	\$0	\$0	\$0	\$0	\$0	\$654,000
CE19037 - Hamilton transport model	G	\$806,400	\$1,169,109	\$0	\$1,975,509	\$0	\$0	\$0	\$0	\$0	\$1,975,509
CE19052 - Intersection upgrades	LOS	\$0	\$156,560	\$0	\$156,560	\$0	\$0	\$0	\$0	\$0	\$156,560
CE19057 - Biking plan implementation	G	\$17,850,000	\$690,966	\$0	\$18,540,966	\$0	\$0	\$0	(\$9,103,500)	(\$73,188)	\$9,364,277
CE19058 - Public Transport Mode Shift	G	\$4,400,025	\$10,680	\$0	\$4,410,705	\$0	\$0	\$0	(\$2,142,000)	(\$6,103)	\$2,262,602
CE19064 - Transport Centre rejuvenation	LOS	\$0	\$3,500,000	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$3,500,000
CE21012 - Transport building renewals	R	\$37,406	\$0	\$0	\$37,406	\$0	\$0	\$0	\$0	\$0	\$37,406
CE21052 - Peacocke transportation land	G	\$0	\$3,651,786	\$0	\$3,651,786	\$0	\$0	\$0	\$0	\$0	\$3,651,786
CE21053 - Central city transportation improvements	LOS	\$945,000	\$14,627	\$0	\$959,627	\$0	\$0	\$0	\$0	\$0	\$959,627
CE21055 - Te Rapa transportation upgrades and development	G	\$313,950	\$937,998	\$0	\$1,251,948	\$0	\$0	\$0	\$0	\$0	\$1,251,948
CE21058 - Transportation safety improvements	LOS	\$14,825,000	\$244,610	(\$12,373)	\$15,057,237	(\$6,000,000)	\$225,000	\$0	(\$2,677,500)	\$0	\$6,604,737
CE21060 - Public transport improvement	LOS	\$787,500	\$0	\$0	\$787,500	\$0	\$0	\$0	(\$401,625)	\$0	\$385,875
CE23001 - CERF	LOS	\$0	\$2,747,226	\$0	\$2,747,226	\$0	\$0	\$0	\$0	\$79,291	\$2,826,518
CE23005 - IAF Transport	G	\$606,778	\$0	(\$74,315)	\$532,463	\$0	\$0	\$0	\$0	\$0	\$532,463
CE24032 - Transportation Land	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transport		\$145,901,797	\$30,246,414	(\$20,892,051)	\$155,256,160	(\$6,000,000)	\$225,000	\$0	(\$14,983,400)	(\$0)	\$134,497,760
Venues Tourism and Major Events											
CE24009 - VTME Building Renewals	R	\$4,317,582	\$0	\$0	\$4,317,582	\$0	\$0	\$0	\$0	\$0	\$4,317,582
CE24010 - VTME Security And Health And Safety Programmes	LOS	\$541,800	\$0	\$0	\$541,800	\$0	\$0	\$0	\$0	\$0	\$541,800
CE24011 - VTME Operational Renewals	R	\$2,651,988	\$0	\$0	\$2,651,988	\$0	\$0	\$0	\$0	\$0	\$2,651,988
CE24012 - Hamilton Garden Renewals	R	\$691,649	\$0	\$0	\$691,649	\$0	\$0	\$0	\$0	\$0	\$691,649
CE24013 - Hamilton Garden Building Renewals	R	\$947,306	\$0	\$0	\$947,306	\$0	\$0	\$0	\$0	\$0	\$947,306
CE24014 - Hamilton Gardens Development	LOS	\$2,058,000	\$1,339,753	\$0	\$3,397,753	\$0	\$0	\$0	\$0	\$0	\$3,397,753
CE24016 - Hamilton Zoo Building Renewals	R	\$1,402,723	\$0	\$0	\$1,402,723	\$0	\$0	\$0	\$0	\$0	\$1,402,723
CE24017 - Hamilton Zoo Operational Renewals	R	\$1,128,070	\$0	\$0	\$1,128,070	\$0	\$0	\$0	\$0	\$0	\$1,128,070
CE24018 - Hamilton Zoo And Waiwhakareke Development	LOS	\$3,068,405	\$3,196,917	\$0	\$6,265,322	\$0	\$0	\$0	\$0	\$0	\$6,265,322
CE24019 - Museum Operational Renewals	R	\$238,073	\$0	\$0	\$238,073	\$0	\$0	\$0	\$0	\$0	\$238,073
CE24020 - Museum Building Renewals	R	\$2,393,981	\$0	\$0	\$2,393,981	\$0	\$0	\$0	\$0	\$1,193,000	\$3,586,981
CE24021 - Collection Acquisition Fund	LOS	\$87,239	\$93,052	\$0	\$180,291	\$0	\$0	\$0	\$0	\$0	\$180,291
CE24022 - Museum Development	LOS	\$4,043,130	\$2,067,911	\$0	\$6,111,041	\$0	\$0	\$0	\$0	(\$1,193,000)	\$4,918,041
Total Venues Tourism and Major Events		\$23,569,947	\$6,697,633	\$0	\$30,267,580	\$0	\$0	\$0	\$0	\$0	\$30,267,580

Capital Expenditure

As at 31 August 2024

CE Code	Type	Long Term Plan 24/25	Final 23/24 Deferrals	Final 23/24 Bring Forwards	Revised Budget as at 1 July 2024	Deferrals		Approved Changes	Savings	Movements	Revised Budget as at 31 August 2024
						Current year to Future Year	Future Year to Current Year				
Wastewater											
CE10100 - Wastewater pump station asset renewals	R	\$935,149	\$0	\$0	\$935,149	\$0	\$0	\$0	\$0	\$0	\$935,149
CE10101 - Wastewater asset renewals	R	\$5,769,869	\$0	\$0	\$5,769,869	\$0	\$0	\$0	\$0	\$0	\$5,769,869
CE10115 - Wastewater treatment plant asset renewals	R	\$5,374,301	\$0	\$0	\$5,374,301	\$0	\$0	\$0	\$0	\$0	\$5,374,301
CE15103 - Wastewater network improvements	LOS	\$9,468,575	\$0	\$0	\$9,468,575	\$0	\$0	\$0	\$0	\$0	\$9,468,575
CE15104 - Wastewater pipe upgrades	G	\$892,500	\$0	\$0	\$892,500	\$0	\$0	\$0	\$0	\$0	\$892,500
CE15105 - Rototuna wastewater infrastructure	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15106 - Wastewater network upgrades to allow development	G	\$0	\$113,510	\$0	\$113,510	\$0	\$0	\$0	\$0	\$0	\$113,510
CE15107 - Rotokauri wastewater infrastructure	G	\$0	\$139,732	\$0	\$139,732	\$0	\$0	\$0	\$0	\$0	\$139,732
CE15109 - Peacocke wastewater infrastructure stage 1	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15111 - Increase capacity of wastewater network	G	\$0	\$1,222,025	\$0	\$1,222,025	\$0	\$0	\$0	\$0	\$0	\$1,222,025
CE15117 - Upgrade wastewater treatment plant	G	\$22,355,713	\$7,935,269	\$0	\$30,290,982	\$0	\$0	\$0	\$0	\$0	\$30,290,982
CE15120 - Wastewater treatment plant compliance	LOS	\$2,855,945	\$0	\$0	\$2,855,945	\$0	\$0	\$0	\$0	\$0	\$2,855,945
CE15121 - Wastewater customer connections to network	G	\$115,500	\$0	\$0	\$115,500	\$0	\$0	\$0	\$0	\$0	\$115,500
CE15160 - Wastewater model	R	\$252,490	\$0	\$0	\$252,490	\$0	\$0	\$0	\$0	\$0	\$252,490
CE15161 - Wastewater master plan	G	\$153,731	\$42,817	\$0	\$196,547	\$0	\$0	\$0	\$0	\$0	\$196,547
CE19040 - Peacocke wastewater infrastructure stage 2	G	\$1,478,138	\$3,819,847	(\$554,663)	\$4,743,321	\$0	\$0	\$0	\$0	\$0	\$4,743,321
CE19042 - Peacocke wastewater south network	G	\$15,449,807	\$3,320,312	(\$9,200,944)	\$9,569,176	\$0	\$0	\$0	\$0	\$0	\$9,569,176
CE19043 - Increase capacity wastewater west network	G	\$5,637,240	\$8,721,622	\$0	\$14,358,862	\$0	\$0	\$0	\$0	\$0	\$14,358,862
CE19044 - Increase capacity wastewater east network	G	\$1,050,000	\$924,489	\$0	\$1,974,489	\$0	\$0	\$0	\$0	\$0	\$1,974,489
CE21073 - Subregional wastewater treatment plant	G	\$3,150,000	\$1,224,264	\$0	\$4,374,264	\$0	\$0	\$0	\$0	\$0	\$4,374,264
CE23004 - IAF Wastewater	G	\$864,119	\$30,247	(\$16,481)	\$877,884	\$0	\$0	\$0	\$0	\$0	\$877,884
Total Wastewater		\$75,803,076	\$27,494,135	(\$9,772,088)	\$93,525,122	\$0	\$0	\$0	\$0	\$0	\$93,525,122
Water Supply											
CE10123 - Watermain renewals	R	\$5,470,621	\$0	\$0	\$5,470,621	\$0	\$0	\$0	\$0	\$0	\$5,470,621
CE10124 - Watermain valves and hydrants renewals	R	\$802,358	\$0	\$0	\$802,358	\$0	\$0	\$0	\$0	\$0	\$802,358
CE10138 - Treatment plant and reservoir renewals	R	\$1,483,146	\$0	\$0	\$1,483,146	\$0	\$0	\$0	\$0	\$0	\$1,483,146
CE15126 - Rototuna upgrade or new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15127 - Water pipe upgrades	G	\$767,813	\$0	\$0	\$767,813	\$0	\$0	\$0	\$0	\$0	\$767,813
CE15128 - Rotokauri upgrade and new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15130 - Peacocke watermain	G	\$0	\$7,141	\$0	\$7,141	\$0	\$0	\$0	\$0	\$0	\$7,141
CE15132 - Water network upgrades to allow new development	G	\$210,210	\$700,000	\$0	\$910,210	\$0	\$0	\$0	\$0	\$0	\$910,210
CE15133 - Water network improvements	LOS	\$230,046	\$0	\$0	\$230,046	\$0	\$0	\$0	\$0	\$0	\$230,046
CE15134 - Water demand management - Puketere reservoir zone	G	\$0	\$270,900	\$0	\$270,900	\$0	\$0	\$0	\$0	\$0	\$270,900
CE15135 - Peacocke water distribution mains stage 1	G	\$0	\$99,227	\$0	\$99,227	\$0	\$0	\$0	\$0	\$0	\$99,227
CE15139 - Water Treatment Plant Compliance Minor Upgrades	LOS	\$1,098,800	\$0	\$0	\$1,098,800	\$0	\$0	\$0	\$0	\$0	\$1,098,800
CE15141 - Water Demand Management Hillcrest Reservoir Zone	G	\$262,500	\$0	\$0	\$262,500	\$0	\$0	\$0	\$0	\$0	\$262,500
CE15144 - Upgrade water treatment plant	G	\$4,095,000	\$3,453,924	\$0	\$7,548,924	\$0	\$0	\$0	\$0	\$0	\$7,548,924
CE15146 - Water customer connections	G	\$52,500	\$0	\$0	\$52,500	\$0	\$0	\$0	\$0	\$0	\$52,500
CE15148 - Ruakura upgrade and new watermain	G	\$0	\$412,180	\$0	\$412,180	\$0	\$0	\$0	\$0	\$0	\$412,180
CE15158 - Water model	R	\$158,975	\$0	\$0	\$158,975	\$0	\$0	\$0	\$0	\$0	\$158,975
CE15159 - Water master plan	G	\$157,500	\$16,140	\$0	\$173,640	\$0	\$0	\$0	\$0	\$0	\$173,640
CE19045 - Ruakura reservoir and associated bulk mains	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19046 - Peacocke watermain	G	\$711,900	\$157,083	(\$559,410)	\$309,573	\$0	\$0	\$0	\$0	\$0	\$309,573
CE21036 - Rotokauri upgrade and new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE23002 - IAF Water Supply	G	\$7,634,083	\$0	(\$1,452,764)	\$6,181,319	\$0	\$0	\$0	\$0	\$0	\$6,181,319
CE24030 - IAF Water Supply	LOS	\$2,340,674	\$0	\$0	\$2,340,674	\$0	\$0	\$0	\$0	\$0	\$2,340,674
Total Water Supply		\$25,476,126	\$5,116,595	(\$2,012,174)	\$28,580,547	\$0	\$0	\$0	\$0	\$0	\$28,580,547
Grand Total - Capital Program		\$344,383,506	\$89,862,273	(\$34,573,345)	\$399,672,434	(\$6,000,000)	\$225,000	\$0	(\$14,983,400)	\$0	\$378,914,034

Item 6

Attachment 3

Capital Revenue
As at 31 August 2024

CE Code	Type	Long Term Plan 24/25	Final 23/24 Deferrals	Final 23/24 Bring Forwards	Revised Budget as at 1 July 2024	Deferrals		Approved Changes	Savings	Movements	Revised Budget as at 31 August 2024
						Current year to Future Year	Future Year to Current Year				
Community Services											
CE10001 - Aquatic facilities building renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10005 - Libraries collection purchases	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10006 - Library operational renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10007 - Library building renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19017 - Rototuna community facilities	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21005 - Aquatic facilities renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21044 - Libraries development	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21046 - Aquatic facilities development	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Community Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Growth											
CE24008 - Strategic Property Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24024 - Strategic Land Acquisition Fund	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Growth		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parks and Recreation											
CE10021 - Cemetery and crematorium building renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10030 - Parks and recreation building renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE17004 - River plan	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19007 - Peacocke parks development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19009 - Rototuna parks development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19070 - Community facilities building renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21001 - Nursery renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21003 - Parks and recreation renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21004 - Cemeteries and crematorium renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21006 - Nature in the city gully restoration and development	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21007 - Cemeteries and crematorium development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21008 - Indoor recreation development	LOS	\$0	\$0	(\$1,400,000)	(\$1,400,000)	\$0	\$0	\$0	\$0	\$0	(\$1,400,000)
CE21010 - Parks and recreation development	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24026 - Rotokauri Parks Development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Parks and Recreation		\$0	\$0	(\$1,400,000)	(\$1,400,000)	\$0	\$0	\$0	\$0	\$0	(\$1,400,000)
Regulatory And Safety											
CE21013 - Animal Control Building Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21015 - City Safe Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21016 - City Safe Upgrades	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24029 - Animal Control Development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24031 - Animal Control Development	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Regulatory And Safety		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rubbish and Recycling											
CE10054 - Closed landfill assets renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Rubbish and Recycling		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stormwater											
CE10058 - Stormwater asset renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15059 - Rototuna stormwater infrastructure	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15060 - Rotokauri stormwater infrastructure stage 1	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15062 - Peacocke stormwater infrastructure stage 1	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15063 - Peacocke stormwater infrastructure stage 2	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15067 - Comprehensive stormwater consent implementation	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15068 - Stormwater customer connections	G	(\$26,250)	\$0	\$0	(\$26,250)	\$0	\$0	\$0	\$0	\$0	(\$26,250)
CE15162 - Integrated Catchment Management Plan	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19026 - Erosion control works	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21031 - Flood management	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21032 - Stormwater infrastructure upgrades	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21062 - Stormwater asset upgrades	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Capital Revenue
As at 31 August 2024

CE Code	Type	Long Term Plan 24/25	Final 23/24 Deferrals	Final 23/24 Bring Forwards	Revised Budget as at 1 July 2024	Deferrals		Approved Changes	Savings	Movements	Revised Budget as at 31 August 2024
						Current year to Future Year	Future Year to Current Year				
CE21066 - Ruakura stormwater infrastructure	G	\$0	\$0	(\$1,951,723)	(\$1,951,723)	\$0	\$0	\$0	\$0	\$0	(\$1,951,723)
CE21068 - Water Stimulus – Stormwater	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE23003 - IAF Stormwater	G	(\$1,107,887)	\$0	\$0	(\$1,107,887)	\$0	\$0	\$0	\$0	\$0	(\$1,107,887)
Total Stormwater		(\$1,134,137)	\$0	(\$1,951,723)	(\$3,085,860)	\$0	\$0	\$0	\$0	\$0	(\$3,085,860)
Support Services											
CE24001 - Fleet Vehicles Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24002 - Corporate Building Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24006 - Information Services Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24007 - Information Services Upgrades	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transport											
CE10072 - Footpath and street furniture renewals	R	(\$3,503,738)	\$0	\$0	(\$3,503,738)	\$0	\$0	\$0	\$3,503,738	\$0	\$0
CE10074 - Drainage (kerb and channel) renewals	R	(\$474,668)	\$0	\$0	(\$474,668)	\$0	\$0	\$0	\$0	\$0	(\$474,668)
CE10075 - Road base Renewals	R	(\$4,435,919)	\$0	\$0	(\$4,435,919)	\$0	\$0	\$0	\$0	\$0	(\$4,435,919)
CE10076 - Road resurfacing	R	(\$2,688,438)	\$0	\$0	(\$2,688,438)	\$0	\$0	\$0	\$0	\$0	(\$2,688,438)
CE10077 - Bridge and structures renewals	R	(\$99,015)	\$0	\$0	(\$99,015)	\$0	\$0	\$0	\$0	\$0	(\$99,015)
CE10078 - Retaining wall and structures renewals	R	(\$72,831)	\$0	\$0	(\$72,831)	\$0	\$0	\$0	\$0	\$0	(\$72,831)
CE10080 - Street lighting renewals	R	(\$1,078,762)	\$0	\$0	(\$1,078,762)	\$0	\$0	\$0	\$0	\$0	(\$1,078,762)
CE10081 - Traffic equipment renewals	R	(\$344,524)	\$0	\$0	(\$344,524)	\$0	\$0	\$0	\$0	\$0	(\$344,524)
CE15087 - Transportation upgrades to allow for development	G	(\$956,057)	\$0	\$0	(\$956,057)	\$0	\$0	\$0	\$658,775	\$0	(\$297,281)
CE15088 - Peacocke transport upgrades and development stage 1	G	(\$4,738,334)	\$0	\$0	(\$4,738,334)	\$0	(\$1,604,463)	\$0	\$0	\$0	(\$6,342,797)
CE15089 - Peacocke transport upgrades and development stage 2	G	(\$4,738,334)	\$0	\$0	(\$4,738,334)	\$0	(\$1,604,463)	\$0	\$0	\$0	(\$6,342,797)
CE15090 - Rotokauri transport upgrades and development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15092 - Rototuna transport upgrades and development	G	\$0	\$0	(\$1,783,014)	(\$1,783,014)	\$0	\$0	\$0	\$0	\$0	(\$1,783,014)
CE15093 - Ruakura transport upgrades and development	G	\$0	\$0	(\$5,169,108)	(\$5,169,108)	\$0	\$0	\$0	\$0	\$0	(\$5,169,108)
CE15096 - Cross city connector	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15097 - Northern city crossing	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19036 - Ring Road	G	\$0	\$0	(\$186,019)	(\$186,019)	\$0	\$0	\$0	\$0	\$0	(\$186,019)
CE19037 - Hamilton transport model	G	(\$321,300)	\$151,589	\$0	(\$169,711)	\$0	\$0	\$0	\$0	\$0	(\$169,711)
CE19052 - Intersection upgrades	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19057 - Biking plan implementation	G	(\$9,103,500)	\$0	(\$447,976)	(\$9,551,476)	\$0	\$0	\$0	\$9,243,506	\$0	(\$307,970)
CE19058 - Public Transport Mode Shift	G	(\$2,142,000)	\$0	(\$9,468)	(\$2,151,468)	\$0	\$0	\$0	\$2,142,000	\$0	(\$9,468)
CE19064 - Transport Centre rejuvenation	LOS	\$0	\$0	(\$1,275,000)	(\$1,275,000)	\$0	\$0	\$0	\$0	\$0	(\$1,275,000)
CE21012 - Transport building renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21052 - Peacocke transportation land	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21053 - Central city transportation improvements	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21055 - Te Rapa transportation upgrades and development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21058 - Transportation safety improvements	LOS	(\$11,480,750)	\$0	\$0	(\$11,480,750)	\$6,000,000	(\$114,750)	\$0	\$2,677,500	\$0	(\$2,918,000)
CE21060 - Public transport improvement	LOS	(\$401,625)	\$0	\$0	(\$401,625)	\$0	\$0	\$0	\$401,625	\$0	\$0
CE23001 - CERF	LOS	\$0	\$0	(\$2,729,788)	(\$2,729,788)	\$0	\$0	\$0	\$0	\$0	(\$2,729,788)
CE23005 - IAF Transport	G	(\$738,778)	\$0	\$0	(\$738,778)	\$0	\$0	\$0	\$0	\$0	(\$738,778)
CE24032 - Transportation Land	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transport		(\$47,318,572)	\$151,589	(\$11,600,374)	(\$58,767,357)	\$6,000,000	(\$3,323,676)	\$0	\$18,627,144	\$0	(\$37,463,890)
Venues Tourism and Major Events											
CE24009 - VTME Building Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24010 - VTME Security And Health And Safety Programmes	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24011 - VTME Operational Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24012 - Hamilton Garden Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24013 - Hamilton Garden Building Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24014 - Hamilton Gardens Development	LOS	(\$1,785,000)	\$0	\$0	(\$1,785,000)	\$0	\$0	\$0	\$0	\$0	(\$1,785,000)
CE24016 - Hamilton Zoo Building Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24017 - Hamilton Zoo Operational Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24018 - Hamilton Zoo And Waiwhakareke Development	LOS	(\$2,310,000)	\$0	\$0	(\$2,310,000)	\$0	\$0	\$0	\$0	\$0	(\$2,310,000)
CE24019 - Museum Operational Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24020 - Museum Building Renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24021 - Collection Acquisition Fund	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE24022 - Museum Development	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Capital Revenue
As at 31 August 2024

CE Code	Type	Long Term Plan 24/25	Final 23/24 Deferrals	Final 23/24 Bring Forwards	Revised Budget as at 1 July 2024	Deferrals		Approved Changes	Savings	Movements	Revised Budget as at 31 August 2024
						Current year to Future Year	Future Year to Current Year				
Total Venues Tourism and Major Events		(\$4,095,000)	\$0	\$0	(\$4,095,000)	\$0	\$0	\$0	\$0	\$0	(\$4,095,000)
Wastewater											
CE10100 - Wastewater pump station asset renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10101 - Wastewater asset renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10115 - Wastewater treatment plant asset renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15103 - Wastewater network improvements	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15104 - Wastewater pipe upgrades	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15105 - Rototuna wastewater infrastructure	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15106 - Wastewater network upgrades to allow development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15107 - Rotokauri wastewater infrastructure	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15109 - Peacocke wastewater infrastructure stage 1	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15111 - Increase capacity of wastewater network	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15117 - Upgrade wastewater treatment plant	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15120 - Wastewater treatment plant compliance	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15121 - Wastewater customer connections to network	G	(\$105,000)	\$0	\$0	(\$105,000)	\$0	\$0	\$0	\$0	\$0	(\$105,000)
CE15160 - Wastewater model	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15161 - Wastewater master plan	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19040 - Peacocke wastewater infrastructure stage 2	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19042 - Peacocke wastewater south network	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19043 - Increase capacity wastewater west network	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19044 - Increase capacity wastewater east network	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21073 - Subregional wastewater treatment plant	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE23004 - IAF Wastewater	G	(\$1,165,379)	\$0	\$0	(\$1,165,379)	\$0	\$0	\$0	\$0	\$0	(\$1,165,379)
Total Wastewater		(\$1,270,379)	\$0	\$0	(\$1,270,379)	\$0	\$0	\$0	\$0	\$0	(\$1,270,379)
Water Supply											
CE10123 - Watermain renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10124 - Watermain valves and hydrants renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE10138 - Treatment plant and reservoir renewals	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15126 - Rototuna upgrade or new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15127 - Water pipe upgrades	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15128 - Rotokauri upgrade and new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15130 - Peacocke watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15132 - Water network upgrades to allow new development	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15133 - Water network improvements	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15134 - Water demand management - Pukete reservoir zone	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15135 - Peacocke water distribution mains stage 1	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15139 - Water Treatment Plant Compliance Minor Upgrades	LOS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15141 - Water Demand Management Hillcrest Reservoir Zone	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15144 - Upgrade water treatment plant	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15146 - Water customer connections	G	(\$52,500)	\$0	\$0	(\$52,500)	\$0	\$0	\$0	\$0	\$0	(\$52,500)
CE15148 - Ruakura upgrade and new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15158 - Water model	R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE15159 - Water master plan	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19045 - Ruakura reservoir and associate bulk mains	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE19046 - Peacocke watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE21036 - Rotokauri upgrade and new watermain	G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CE23002 - IAF Water Supply	G	(\$8,333,980)	\$0	\$0	(\$8,333,980)	\$0	\$0	\$0	\$0	\$0	(\$8,333,980)
CE24030 - IAF Water Supply	LOS	(\$2,340,674)	\$0	\$0	(\$2,340,674)	\$0	\$0	\$0	\$0	\$0	(\$2,340,674)
Total Water Supply		(\$10,727,153)	\$0	\$0	(\$10,727,153)	\$0	\$0	\$0	\$0	\$0	(\$10,727,153)
Grand Total - Capital Program		(\$64,545,242)	\$151,589	(\$14,952,097)	(\$79,345,750)	\$6,000,000	(\$3,323,676)	\$0	\$18,627,144	\$0	(\$58,042,283)

Council Report

Item 7

Committee: Finance and Monitoring Committee

Date: 15 October 2024

Author: Sarah Vaz

Authoriser: David Bryant

Position: Accounting Manager

Position: General Manager Business Services

Report Name: Financial Performance & Strategy Report to 31 August 2024

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Finance and Monitoring Committee on Council's financial performance and strategy for the year ended 31 August 2024.
2. To seek a recommendation from the Finance and Monitoring Committee that the Council approves the capital movement as set out in Item 1 the Capital Portfolio Monitoring Report.

Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

3. That the Finance and Monitoring Committee:
 - a) receives the report; and
 - b) recommends that the Council:
 - i. approves the capital movement as identified in the 15 October 2024 Capital Portfolio Monitoring Report;
 - ii. notes the capital movement includes the impact of reduced NZTA subsidy revenue in years 2024-25 to 2026-27, as detailed in the Infrastructure and Transport Committee on 26 September 2024;
 - iii. notes, in order for Council to not breach its Debt to Revenue limits in those years, has temporarily forecast a reduction in Council's Transport capital spend equivalent to the assumed NZTA subsidy revenue loss in years 2024-25 to 2026-27 (effectively retaining local share only), pending a review and further Council decisions on the revised Transport capital programme at the 31 October 2024 Council meeting;
 - iv. notes the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 49 to 51 of this staff report; and
 - c) notes that there may be further adjustment in the preparation of the Annual Report.

Executive Summary - *Whakaraapopototanga matua*

4. This report is to be read in conjunction with the 31 August 2024 Capital Portfolio Monitoring Report.

5. Financial figures are presented in billions (b), millions (m) and thousands (k).
6. The 31 August 2024 financial results are as follows:

Surplus/(Deficit) Result	Actual	Budget	Variance
Accounting Surplus/(Deficit)	\$10.2m	(\$0.2m)	\$10.4m ✓
Balancing the books	(\$9.6m)	(\$15.8m)	\$6.2m ✓

7. **Operating revenue \$1.3m (excluding interest and other revenue) ✓** - \$0.8m favourable fees and charges from consent applications and event activity in Destinations.
8. **Capital revenue \$7.3m ✓** - NZ Transport Agency Waka Kotahi (NZTA) subsidies relating to Peacocke's deferred from 2023-24 have been received.
9. **Other revenue \$0.6m ✓** – driven by the non-cash revaluation of the interest free Housing Infrastructure Fund (HIF) loan which was budgeted in June 2024, but only received in August 2024.
10. **Net interest costs (\$0.2m) ✗** - Interest revenues and expenses are expected to fluctuate as the timing of term deposit maturities and floating rate note payments do not occur in a linear fashion.
11. **Operating expenditure, excluding interest and depreciation (\$4.0m) ✓** - Favourability due to the high level of vacancies at the start of the year and due to impact of a conservative approach, with only essential tasks being performed until the Hamilton Connect Target Cost Estimate and funding from NZTA is finalised (\$1.3m).
12. The comparison between the 2024-34 Long-Term Plan and the full year forecast position is:
 - i. debt to revenue is 267% and favourable against a budget of 276%;
 - ii. net debt is \$1.179b and favourable against a budget of \$1.236b; and
 - iii. balancing the books of (\$54m) is favourable against a budget of (\$56.3m).
13. The impacts on the Financial Strategy are outlined in paragraph 49.
14. As at 31 August 2024 Council is compliant with counterparty credit limits. Council remains compliant with all other treasury policy measures (**Attachment 3**).
15. Council's Investment and Liability Management policy sets out counterparty credit limits. This is the maximum value Council may invest with any approved counterparty. These limits have been reviewed through the 2024-34 Long-Term Plan process and therefore mitigate any instances of non-compliance in the future.
16. Council's fixed rate hedging at 31 August 2024 is 57%. Council's external treasury advisors Price Waterhouse Cooper (PWC) review the swap strategy monthly and provide advice to guide Council's hedging activities.
17. Council saw a loss of (\$13.4m) on the revaluation of swaps as at 31 August 2024. This is not a cash loss, but rather an accounting/book entry and reflects the market swap rate movement as reflected in **Attachment 3**.
18. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Operating Results Year to Date

19. The Statement of Comprehensive Revenue and Expense discloses the accounting result in accordance with accounting standards. The surplus of \$10.2m is \$10.4m favourable compared to the budget deficit of (\$0.2m).
20. The Balancing the Books result for the year to 31 August 2024 is (\$9.6m). This is \$6.2m favourable to the budgeted deficit of (\$15.8m).

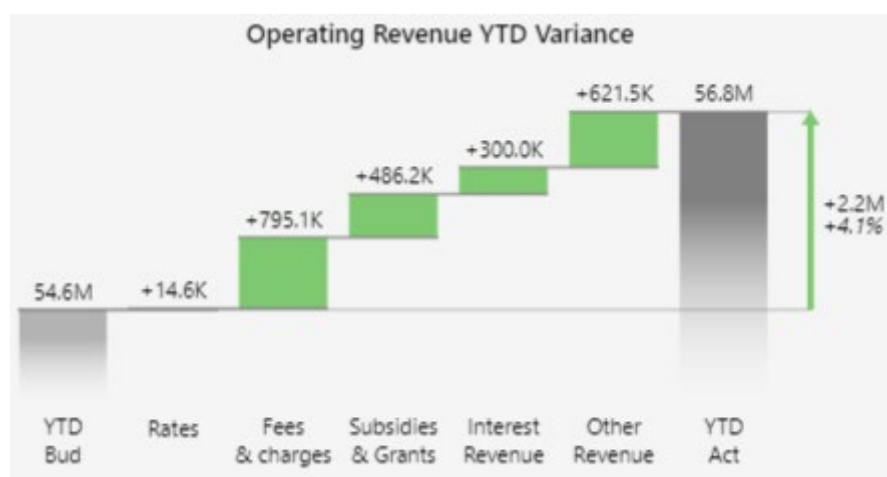
Measure	Actual	Budget	Variance
Accounting Surplus/(Deficit)	\$10.2m	(\$0.2m)	\$10.4m ✓
Balancing the books	(\$9.6m)	(\$15.8m)	\$6.2m ✓

Understanding material variances

21. The Statement of Comprehensive Revenue and Expense is in **Attachment 1**. This statement compares the result against the 2024-34 Long-Term Plan.
22. Individual Everyday Revenue and Expense statements for each of Council's activities are in **Attachment 2**.
23. Variances presented as a positive number impact the result in a favourable manner. Variances presented in brackets (\$x.xm) impact the result in an unfavourable manner.

Operating Revenue Year to Date

24. **Total Operating Revenue \$2.2m ✓**



25. **Fees & charges \$0.8m ✓** - The Destination group experienced favourable variances due to stronger-than-expected event activity at Claudelands and increased patronage at Hamilton Zoo. Higher consent applications before year-end, likely driven by a fee increase and a new charge for plan changes, contributed to the favourable variance. The positive variance in operating contributions resulted from a cost recovery process undertaken to address costs related to a historic noise complaint claim.
26. **Subsidies & Grants \$0.5m ✓** - Waste levy revenue budgets were set prior to the expansion of proposed waste levy rates. It was unknown at the time of setting budgets what revenue would be receive.

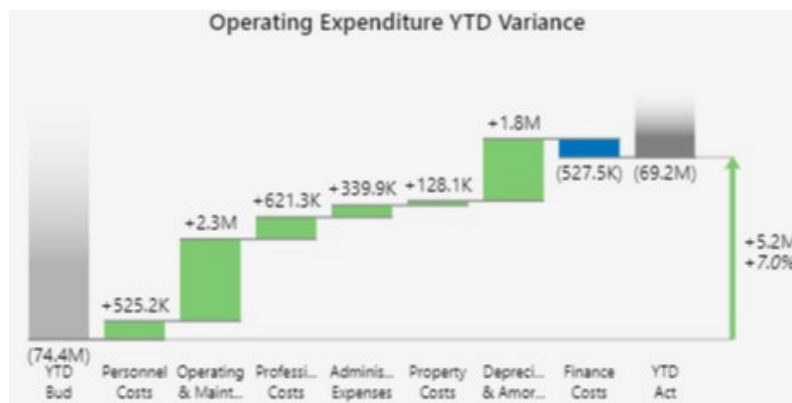
27. **Interest revenue \$0.3m** ✓ - Careful treasury monitoring is ensuring that we obtain optimal returns on operational cash holdings and are maximising higher market returns on term deposits. Council's favourable position is reflective of having locked in higher term deposit rates before the OCR was reduced to 5.25%.
28. **Other revenue \$0.6m** ✓ - The final Housing Infrastructure Fund (HIF) drawdown was budgeted to occur before 30 June 2024 but was received in August 2024 resulting in the recognition of \$0.6m non-cash fair value gain. This recognises the value of the interest free loan. The change in value of the HIF loan is excluded from the balancing the books result.
29. Material variance explanations can be found in the activity statements **Attachment 2**.

Capital Revenue Year to Date

30. **Total Capital Revenue \$16.8m** ✓
31. **Development Contributions \$0.3m** ✓ - Development contributions are tracking marginally above budget, current revenue received is largely concentrated in infills.
32. **Capital revenue \$7.3m** ✓ - Key variances relate to NZTA subsidies relating to Peacocke's deferred from 2023-24 been received (\$10.8m), offset by unfavourable variances in NZTA renewals subsidies (\$0.75m) and capital contributions of \$1m, this is a result of a deliberate slowdown in capital spend.
33. **Vested assets \$9.2m** ✓ – Timing and valuation of vested assets is difficult to estimate. Significant assets vested to Council relates to land under roads with respect to Pukaki Place and Onion Road \$8.9m.
34. Vested assets are a non-cash inflow however the addition of vested assets increases operating, maintenance, and depreciation costs for Council.

Operating Expenditure Year to Date

35. **Total Operating Expenditure \$5.2m** ✓



36. **Personnel costs \$0.5m** ✓ – Staff remuneration is \$1.4m less than budget due to staff vacancies. This is partially offset by (\$0.7m) leave accrual reflecting accrual of leave over the winter period when not much leave is taken and (\$0.6m) reduction in labour recoveries due to vacancies held.
37. **Operating & Maintenance costs \$2.3m** ✓ – This result is largely due to impacted of a conservative approach to spend, with only essential tasks being performed until the Connect Hamilton Target Cost Estimate and funding from NZTA is finalised.

38. **Professional Costs \$0.6m** ✓ - Favourability is influenced by a cautious approach to engaging consultants while the Connect Hamilton Target Cost Estimate is being finalised, resulting in \$0.4m in savings.
39. **Administration Expenses \$0.4m** ✓ - Favourable results in advertising, promotion & engagement, and reduced spending on fuel and repairs & maintenance costs are reflective of timing.
40. **Finance costs (\$0.5m)** ✗ - Costs exceed budget due to the timing of floating rate note payments. These payments do not occur in a linear fashion and we expect to see fluctuations to budget. This is partially offset by the \$0.3m increase in interest revenue generated through strategic treasury management.
41. **Depreciation \$1.8m** ✓ – the favourability of depreciation is due to the timing of capitalisations, with increased depreciation expected on the capitalisation of significant Peacocke's assets expected by the end of the calendar year.
42. Please refer to the activity statements **Attachment 2** for material variance explanations.

Gains and Losses (\$13.8m) ✗

43. **Financial Instrument revaluations (\$13.4million)** ✗ – interest rate fluctuations are driving changes to the value of Council's fixed rate borrowing instruments - see **Attachment 3** for swap interest rate movement.
44. **Loss on disposal of assets (\$0.5m)** ✗ – Key losses on disposal to-date relate to the following works being undertaken resulting in the disposal of existing assets Stormwater upgrades to Ruakara Road (\$267k), Waters renewals (\$138k) including water connections and those impacted through new vested assets, new drainage and irrigation across multiple sports parks (\$135k) and fleet renewals (\$73k).

Treasury Management

45. The table below sets out Council's compliance with the Investment and Liability Management Policy (Council Policy) as at 31 August 2024.

Investment and Liability Management		
Measure	Compliance	Required by
Fixed Rate Debt Maturity	✓	Council Policy
Funding Maturity	✓	Council Policy
Counterparty Credit Risk	✓	Council Policy
Liquidity	✓	Local Government Funding Agency (LGFA)
Debt/ Revenue	✓	LGFA
Interest Cost/ Rates Revenue	✓	LGFA
Interest Cost/ Total Revenue	✓	LGFA

Interest Rate Risk Management

46. The movement on interest rate swaps relates to valuations completed at a point in time. These are based on Council's total external debt and the difference between current market interest rates and the fixed rates that Council has locked in. They are unrealised because, on maturity of each interest rate swap contract, no interest gain or loss eventuates.
47. As at 31 August 2024 Council's fixed rate hedging is 57%. This falls within our debt interest rate policy parameters which requires a minimum fixed rate of 40% and a maximum fixed rate of 95%. Current fixed rate portions are lower due to the high interest rate environment where indications are that it is financially prudent to delay fixing significant values at current rates.

48. Council's gross cost of funds over a 12-month rolling average is 4.73%.

Financial Strategy

49. Any changes in significant forecasting assumptions will result in changes to the Financial Strategy outcomes. These assumptions will be considered and, if necessary, adjusted in each Annual Plan or amended Long-Term Plan.

Financial Strategy Graphs

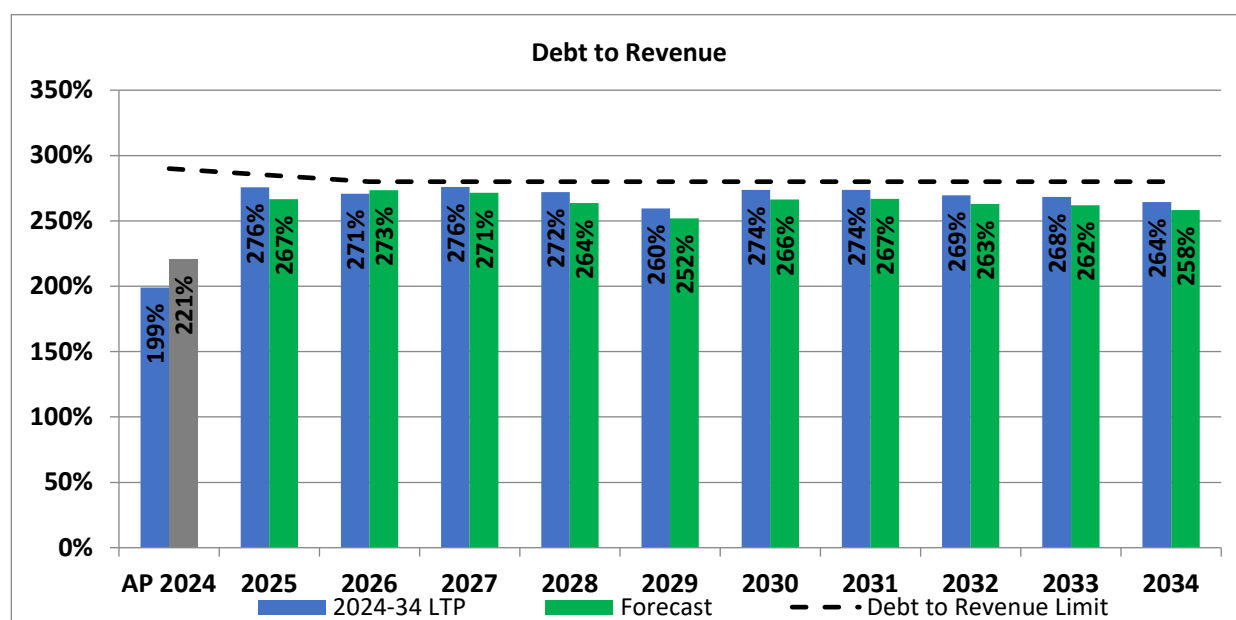
50. The following graphs show the 2024-34 Long-Term Plan budgets and actual result as set out earlier in this report.

The movement in debt to revenue and net debt in 2024-25 is a result of:

- The favourable opening position for the 2024-25 financial year, as a result of increased cash on hand, capital deferrals and a favourable balance sheet payables position; and
- The 2024-25 balancing the books result; and
- Capital revenue, capital savings, re-phasing, and delay deferrals from 2024-25 to and from future years as detailed in the Capital Portfolio Monitoring Report; and
- The loss of NZTA subsidy revenue in years 2024-25 to 2026-27, as detailed in the Infrastructure and Transport Committee on 26 September 2024; and
- A reduction in Council's Transport capital spend equivalent to the assumed NZTA subsidy revenue loss in years 2024-25 to 2026-27 (effectively retaining local share only).

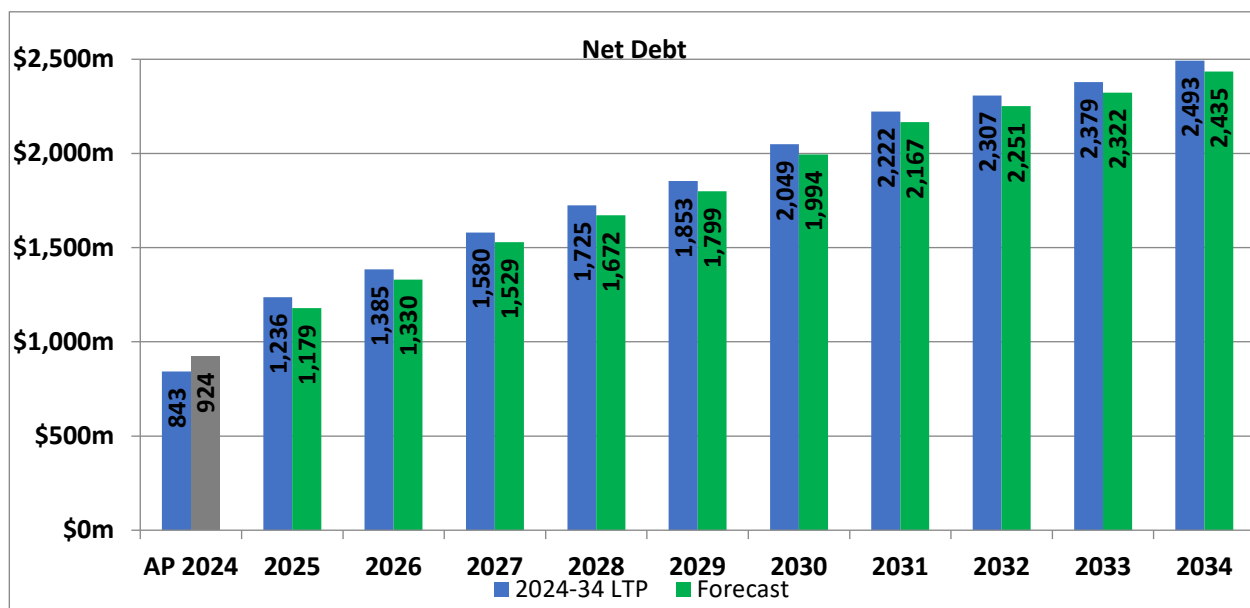
51. Debt to Revenue

52. The Debt to Revenue graph includes all adjustments identified in this report and shows that debt to revenue of 267% is favourable against a budget of 276%.



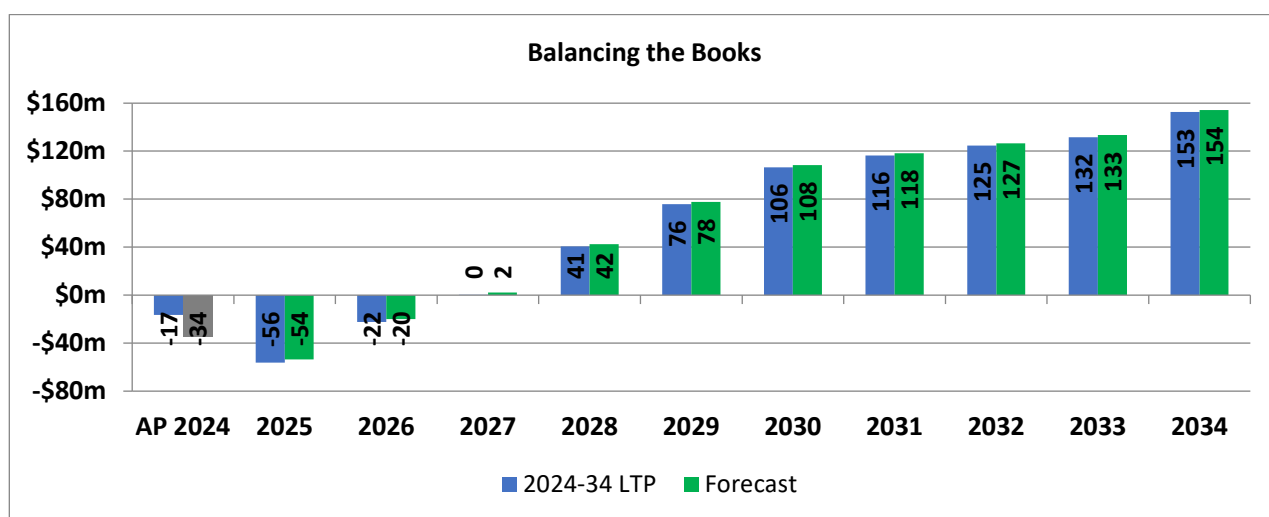
Net Debt

53. The forecast net debt for 2024-25 is \$1.179b is favourable against a budget of \$1.236b.



Balancing the Books

54. The forecast 2024-25 balancing the books deficit is (\$54m), and favourable against a budget of (\$56m).



Legal and Policy Considerations - Whaiwhakaaro-aa-ture

55. Staff confirm that matters in this report complies with Council's legal and policy requirements.
56. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

Wellbeing Considerations - Whaiwhakaaro-aa-oranga tonutanga

57. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
58. The subject matter of this report has been evaluated in terms of 'the 4 wellbeings' during the process of developing this report.
59. The recommendations set out in this report are consistent with that purpose.

60. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent management of Council's budget and regular review of forecasts is required to ensure Council is operating effectively and policy compliance is met.
61. The environmental, social, and cultural wellbeings are not directly impacted by the annual monitoring report. However, the efficient review and management of Council's financial position supports the wider business in their delivery of key objectives that enhance these wellbeings.

Risks - *Tuuraru*

62. There are no known risks associated with the decisions of this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

63. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.
64. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Statement of Comprehensive Revenue and Expense 31 August 2024

Attachment 2 - Activity Statements 31 August 2024

Attachment 3 - Treasury Position 31 August 2024

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
Operating Revenue				
34,138	Rates	41,028	41,014	15
11,978	Fees & Charges	8,645	7,850	795
4,065	Subsidies & Grants	2,805	2,319	486
2,863	Interest Revenue	2,328	2,028	300
1,216	Other Revenue	1,967	1,345	622
54,261	TOTAL OPERATING REVENUE	56,773	54,555	2,218
Capital Revenue				
4,160	Development Contributions	3,824	3,530	294
8,001	Capital Revenue	17,404	10,077	7,327
352	Vested Assets	15,296	6,126	9,170
12,513	TOTAL CAPITAL REVENUE	36,525	19,733	16,792
66,774	TOTAL REVENUE	93,298	74,288	19,009
Expenditure				
19,021	Personnel Costs	19,345	19,870	525
15,345	Operating & Maintenance Costs	11,652	13,975	2,323
1,198	Professional Costs	1,026	1,648	621
10,671	Administration Expenses	6,288	6,682	395
2,657	Property Costs	3,401	3,529	128
8,738	Finance Costs	10,590	10,063	(528)
17,599	Depreciation & Amortisation Expense	16,925	18,688	1,762
75,228	TOTAL EXPENDITURE	69,226	74,454	5,227
(8,454)	OPERATING SURPLUS/(DEFICIT)	24,071	(165)	24,237
Gains and Losses				
1,556	Gain/(Loss) on revaluation of interest rate swaps	(13,388)	-	(13,388)
	Gain/(Loss) on fair value of investment properties	-	-	-
(337)	Gain/(Loss) on property, plant and equipment	(465)	-	(465)
1,219	TOTAL GAINS AND LOSSES	(13,853)		(13,853)
(7,235)	TOTAL SURPLUS/(DEFICIT)	10,218	(165)	10,384

Refer to Activity Statements for variances against budget.

BALANCING THE BOOKS RESULT FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)
(7,235)	Surplus/(Deficit)	10,218	(165)	10,384
Remove capital revenue				
(352)	Vested assets	(15,296)	(6,126)	(9,170)
(2,704)	Part of Development and Financial contributions	(2,677)	(2,471)	(206)
(4,957)	Capital Subsidy (excluding subsidy on transport renewals)	(14,686)	(5,590)	(9,096)
(2,261)	Other Capital Contributions & Grants	(1,359)	(2,370)	1,012
	Other items not considered everyday operating revenue	(575)		(575)
Remove (gains)/losses				
(1,219)	All Gains/(Losses)	13,853		13,853
Remove other expenses				
6,555	Other items not considered everyday operating expenses	885	917	(32)
(12,174)	EVERYDAY SURPLUS/(DEFICIT)	(9,637)	(15,806)	6,169

Attachment 2

COUNCIL

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	
Operating Revenue							
34,138	Rates**	41,028	41,014	15	302,672	14%	
11,978	Fees & Charges	8,645	7,850	795	50,127	17%	
4,065	Subsidies & Grants	2,805	2,319	486	11,688	24%	
2,863	Interest Revenue	2,328	2,028	300	12,163	19%	
1,216	Other Revenue	1,967	1,345	622	8,173	24%	
54,261	Total Operating Revenue	56,773	54,555	2,218	384,822	15%	
Operating Expenditure							
19,021	Personnel Costs	19,345	19,870	525	132,912	15%	
15,345	Operating & Maintenance Costs	11,652	13,975	2,323	99,259	12%	
1,198	Professional Costs	1,026	1,648	621	17,208	6%	
10,671	Administration Expenses	6,288	6,682	395	26,001	24%	
2,657	Property Costs	3,401	3,529	128	16,812	20%	
8,738	Finance Costs**	10,590	10,063	(528)	61,248	17%	
17,599	Depreciation & Amortisation Expense**	16,925	18,688	1,762	112,104	15%	
(1,219)	Gains & Losses	13,853	-	(13,853)	(915)	(1514%)	
74,009	Total Operating Expenditure	83,080	74,454	(8,626)	464,629	18%	
(19,748)	Operating Surplus/(Deficit)*	(26,307)	(19,898)	(6,408)	(79,806)	33%	
Capital Revenue							
4,160	Development Contributions**	3,824	3,530	294	21,174	18%	
8,001	Capital Revenue**	17,404	10,077	7,327	64,545	27%	
352	Vested Assets**	15,296	6,126	9,170	36,750	42%	
12,513	Total Capital Revenue	36,525	19,733	16,792	122,469	30%	
(7,235)	Total Surplus/(Deficit)	10,218	(165)	10,384	42,663	24%	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Finance Costs:** (\$528k) unfavourable.

Costs exceed budget due to the timing of floating rate note payments. These payments do not occur in a linear fashion and we expect to see fluctuations to budget. This is partially offset by the \$0.3m increase in interest revenue generated through strategic treasury management.

Depreciation & Amortisation Expense:** \$1,762k favourable.

The favourability of depreciation is due to the timing of capitalisation with the ability to capitalise limited until the Annual Report balances are finalised. The capitalisation of significant Peacocke's assets, expected by the end of the calendar year will increase depreciation.

Gains & Losses: (\$13,853k) unfavourable.

Financial Instrument revaluations (\$13.4m), interest rate fluctuations are driving changes to the value of Council's fixed rate borrowing instruments. Losses on disposal of assets (\$0.6m), key losses on disposal to-date relate to the following works being undertaken resulting in the disposal of existing assets Stormwater upgrades to Ruakura Road (\$267k), waters renewals (\$138k) including water connections and those impacted through new vested assets, new drainage and irrigation across multiple sports parks (\$135k) and fleet renewals (\$73k).

Development Contributions:** \$294k favourable.

Development contributions are tracking marginally above budget, current revenue received is largely concentrated in infills

Capital Revenue:** \$7,327k favourable.

NZTA subsidies relating to Peacocke's deferred from 2024-23 been received (\$10.8m), offset by unfavourable variances in NZTA renewals subsidies

Vested Assets:** \$9,170k favourable.

Timing and valuation of vested assets is difficult to estimate. Significant assets vested to Council relates to land under roads with respect to Pukaki Place and Onion Road \$8.9m.

\$000		\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue						
401	Rates**	562	559	3	3,352	17%
	Fees & Charges			-		
	Subsidies & Grants			-		
	Interest Revenue**	-	-	-		
	Other Revenue					
401 Total Operating Revenue		562	559	3	3,352	17%
Operating Expenditure						
57	Personnel Costs	78	68	(10)	460	17%
6	Operating & Maintenance Costs	2	2	()	14	12%
8	Professional Costs	39	42	3	392	10%
256	Administration Expenses	328	350	22	1,861	18%
	Property Costs			-		
	Finance Costs**	-	-	-		
	Depreciation & Amortisation Expense**	-	-	-		
	Gains & Losses	-	-	-		
327 Total Operating Expenditure		446	461	15	2,727	16%
74 Operating Surplus/(Deficit)*		115	97	18	625	18%
74 Total Surplus/(Deficit)		115	97	18	625	18%

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

No significant variances to report.

Attachment 2

SUPPORT SERVICES

CE's Office | People, Performance & Culture | Finance Services

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000	\$000	\$000	\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue						
()	Rates**	-	-	-	-	
55	Fees & Charges	(9)	1	(9)	331	(3%)
	Subsidies & Grants	266	244	21	805	33%
50	Interest Revenue**	29	24	6	142	21%
	Other Revenue	-	-	-	104	0%
105	Total Operating Revenue	287	269	18	1,382	21%
Operating Expenditure						
3,322	Personnel Costs	3,548	3,589	41	25,135	14%
1,325	Operating & Maintenance Costs	1,080	1,112	32	13,204	8%
146	Professional Costs	301	292	(8)	3,919	8%
944	Administration Expenses	3,086	3,099	13	10,897	28%
30	Property Costs	68	68		498	14%
37	Finance Costs**	1	20	19	122	1%
837	Depreciation & Amortisation Expense**	873	794	(79)	4,765	18%
(1,556)	Gains & Losses	13,388	-	(13,388)		
5,085	Total Operating Expenditure	22,344	8,974	(13,370)	58,540	38%
(4,980)	Operating Surplus/(Deficit)*	(22,058)	(8,706)	(13,352)	(57,157)	39%
Capital Revenue						
	Capital Revenue**				-	-
	Total Capital Revenue		-			
(4,980)	Total Surplus/(Deficit)	(22,058)	(8,706)	(13,352)	(57,157)	39%

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Gains & Losses: (\$13,388k) unfavourable.

Financial Instrument revaluations (\$13.4m), interest rate fluctuations are driving changes to the value of Council's fixed rate borrowing instruments.

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	
Operating Revenue							
2,473	Rates**	4,624	4,600	24	27,596	17%	
547	Fees & Charges	816	696	120	5,219	16%	
27	Subsidies & Grants	2		1	2	75%	
99	Interest Revenue**	94	68	26	407	23%	
	Other Revenue	6	9	(3)	56	11%	
3,146	Total Operating Revenue	5,541	5,374	167	33,279	17%	
Operating Expenditure							
1,907	Personnel Costs	2,113	2,128	16	14,190	15%	
418	Operating & Maintenance Costs	415	476	61	3,040	14%	
28	Professional Costs	26	32	6	192	14%	
170	Administration Expenses	292	301	9	992	29%	
238	Property Costs	295	254	(42)	1,358	22%	
293	Finance Costs**	406	359	(47)	2,152	19%	
908	Depreciation & Amortisation Expense**	721	1,062	341	6,371	11%	
	Gains & Losses	1	-	(1)	-		
3,962	Total Operating Expenditure	4,269	4,612	343	28,295	15%	
(816)	Operating Surplus/(Deficit)*	1,272	762	510	4,984	26%	
Capital Revenue							
	Capital Revenue**	-	-				
	Total Capital Revenue						
(816)	Total Surplus/(Deficit)	1,272	762	510	4,984	26%	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$120k favourable.

The Community Services area had a strong performance against revenue targets during the reporting period with revenue over budget by \$120k. This was driven by: an increase in demand and use of printers (\$25k) at Libraries, higher than predicted LIM requests (\$37k), new contract value for afterhours telephony with Waikato and Waipa Councils (\$16k), and increased bookings and visitation at Aquatics (\$40k).

Attachment 2

PARKS AND RECREATION

Parks | Cemeteries and Crematorium | Nursery | Community Facilities
FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue						
3,817	Rates**	5,778	5,767	11	34,575	17%
760	Fees & Charges	999	915	83	5,964	17%
30	Subsidies & Grants					
215	Interest Revenue**	236	176	60	1,057	22%
41	Other Revenue	54	30	24	177	30%
4,863	Total Operating Revenue	7,066	6,888	179	41,773	17%
Operating Expenditure						
1,912	Personnel Costs	1,855	1,937	82	12,578	15%
820	Operating & Maintenance Costs	933	941	7	8,502	11%
63	Professional Costs	33	82	49	1,984	2%
160	Administration Expenses	156	174	18	635	25%
81	Property Costs	148	161	13	773	19%
639	Finance Costs**	1,025	1,087	62	6,521	16%
1,207	Depreciation & Amortisation Expense**	1,108	1,342	234	8,053	14%
183	Gains & Losses	149	-	(149)		
5,065	Total Operating Expenditure	5,407	5,724	317	39,046	14%
(202)	Operating Surplus/(Deficit)*	1,660	1,164	496	2,726	61%
Capital Revenue						
131	Development Contributions**	97	109	(12)	654	15%
2	Capital Revenue**	-	-	-		
12	Vested Assets**	8	-	8	-	
145	Total Capital Revenue	105	109	(4)	654	16%
(57)	Total Surplus/(Deficit)	1,764	1,273	492	3,380	52%

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Gains & Losses: (\$149k) unfavourable.**

Upgrades have been made across 15 sportsparks as a result of recommendations made in a demand and capacity report highlighting aging infrastructure and the impacts of Hamilton's climate on the fields making drainage difficult. This has resulted in losses of \$130k.

\$000			\$000	\$000	\$000	\$000	\$000
YTD 2019/20			YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue							
714	Rates**		1,350	1,375	(25)	8,249	16%
2,480	Fees & Charges		2,668	2,334	334	8,585	31%
19	Subsidies & Grants		4	9	(5)	65	6%
	Interest Revenue**		11	10	1	61	18%
16	Other Revenue		15	10	5	60	25%
3,229	Total Operating Revenue		4,049	3,738	310	17,021	24%
Operating Expenditure							
1,716	Personnel Costs		1,703	1,651	(53)	10,669	16%
169	Operating & Maintenance Costs		154	214	59	1,775	9%
35	Professional Costs		88	157	68	936	9%
59	Administration Expenses		42	57	15	612	7%
7	Property Costs		14	15	1	55	26%
	Finance Costs**		47	33	(14)	200	24%
14	Depreciation & Amortisation Expense**		23	17	(6)	100	23%
	Gains & Losses		-	-	-	-	
2,001	Total Operating Expenditure		2,073	2,143	70	14,347	14%
1,228	Operating Surplus/(Deficit)*		1,975	1,595	380	2,674	74%
Capital Revenue							
	Capital Revenue**		-	-	-	-	
	Total Capital Revenue						
1,228	Total Surplus/(Deficit)		1,975	1,595	380	2,674	74%

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$334k favourable.

Due to higher consent applications prior to year-end which is likely due to the fee increase. Noting that revenue is recognised as the application process is completed rather than when the application is received.

The positive variance in operating contributions resulted from a cost recovery process undertaken to address costs related to a historic noise complaint claim.

Attachment 2

GROWTH

Urban & Spatial Planning | Planning Guidance | Strategic Planning & Advocacy | Commercial & Analytics | Sustainable Communities

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	
Operating Revenue							
1,734	Rates**	2,153	2,086	67	12,515	17%	
544	Fees & Charges	707	590	117	2,617	27%	
	Subsidies & Grants	27	-	27	-		
19	Interest Revenue**	8	300	(292)	1,800	0%	
413	Other Revenue	412	349	64	2,035	20%	
2,710	Total Operating Revenue	3,307	3,325	(18)	18,967	17%	
Operating Expenditure							
1,576	Personnel Costs	1,614	1,759	145	11,283	14%	
217	Operating & Maintenance Costs	279	263	(16)	953	29%	
531	Professional Costs	249	305	56	3,038	8%	
61	Administration Expenses	43	95	52	1,108	4%	
39	Property Costs	75	69	(6)	292	26%	
(152)	Finance Costs**	(224)	29	253	175	(128%)	
2	Depreciation & Amortisation Expense**	2	4	1	22	11%	
(16)	Gains & Losses	(182)	-	182	(915)	20%	
2,257	Total Operating Expenditure	1,857	2,524	667	15,956	12%	
453	Operating Surplus/(Deficit)*	1,450	801	649	3,011	48%	
Capital Revenue							
	Capital Revenue**	-	-	-			
Total Capital Revenue							
453	Total Surplus/(Deficit)	1,450	801	649	3,011	48%	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Fees & Charges: \$117k favourable.**

A new fee charge for simple or complex notice of requirements and plan changes has been introduced.

Personnel Costs: \$145k favourable.

Favourability relates to vacancies within the group.

Gains & Losses: \$182k favourable.

Fair value gain on investment for the Municipal Endowment Fund.

PARTNERSHIPS, COMMUNICATION & MAAORI
 Amorangi Maaori | Communication & Engagement | Community Partnerships, Funding & Events
FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue						
587	Rates**	1,813	1,803	9	10,819	17%
20	Fees & Charges	14	10	4	60	24%
1,316	Subsidies & Grants	1		1	16	7%
	Interest Revenue**					
	Other Revenue	3		3		
1,923	Total Operating Revenue	1,832	1,813	18	10,894	17%
Operating Expenditure						
915	Personnel Costs	963	961	(2)	6,225	15%
81	Operating & Maintenance Costs	22	60	38	658	3%
40	Professional Costs	18	22	4	584	3%
1,320	Administration Expenses	1,023	1,076	52	2,825	36%
21	Property Costs	34	34	()	109	31%
	Finance Costs**	-				
	Depreciation & Amortisation Expense**			()	1	17%
	Gains & Losses	-	-	-		
2,378	Total Operating Expenditure	2,059	2,153	93	10,402	20%
(455)	Operating Surplus/(Deficit)*	(227)	(339)	112	492	(46%)
Capital Revenue						
	Capital Revenue**	-	-	-		
	Total Capital Revenue	-	-	-		
(455)	Total Surplus/(Deficit)	(227)	(339)	112	492	(46%)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

No significant variances to report.

Attachment 2

DESTINATIONS

Hamilton Gardens | Waikato Museum | Te Kaaroro | H3 | Stadia | Claudelands

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	
Operating Revenue							
5,235	Rates**	7,498	7,732	(234)	46,441	16%	
4,932	Fees & Charges	2,132	1,896	236	12,269	17%	
142	Subsidies & Grants	40	40		98	41%	
199	Interest Revenue**	177	132	45	792	22%	
188	Other Revenue	174	184	(10)	1,220	14%	
10,696	Total Operating Revenue	10,021	9,984	37	60,820	16%	
Operating Expenditure							
3,079	Personnel Costs	2,898	2,945	47	19,363	15%	
3,218	Operating & Maintenance Costs	1,615	1,810	195	10,964	15%	
21	Professional Costs	29	46	17	357	8%	
7,169	Administration Expenses	669	733	64	4,350	15%	
479	Property Costs	648	685	37	2,937	22%	
591	Finance Costs**	768	771	3	4,626	17%	
1,844	Depreciation & Amortisation Expense**	1,733	1,993	260	11,957	14%	
15	Gains & Losses	1		(1)			
16,416	Total Operating Expenditure	8,361	8,984	623	54,555	15%	
(5,720)	Operating Surplus/(Deficit)*	1,660	1,000	660	6,265	26%	
Capital Revenue							
	Capital Revenue**	43		43	4,095		
	Total Capital Revenue	43		43	4,095	1%	
(5,720)	Total Surplus/(Deficit)	1,703	1,000	702	10,360	16%	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$236k favourable.

Increased patronage at Hamilton Zoo and event revenue at Claudelands has led to a favourable variance.

Operating & Maintenance Costs: \$195k favourable.

Contractor costs are lower at the Museum due to less cleaning required during the Museum refurbishment shut down and reduced reactive and planned maintenance work carried out. Maintenance costs are lower than budgeted at FMG Stadium due to timing of maintenance. We anticipate this will reach budgeted levels within the year.

RESOURCE RECOVERY
Refuse Collection | Waste Minimisation | Landfill Site Management
FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	
Operating Revenue							
1,234	Rates**	2,232	2,222	11	13,354	17%	
(12)	Fees & Charges	(21)	(44)	23	(265)	8%	
480	Subsidies & Grants	831	383	448	1,534	54%	
7	Interest Revenue**	5	3	1	20	23%	
75	Other Revenue	80	85	(4)	509	16%	
1,783	Total Operating Revenue	3,128	2,649	479	15,152	21%	
Operating Expenditure							
221	Personnel Costs	141	266	125	1,694	8%	
1,395	Operating & Maintenance Costs	1,443	1,830	387	11,056	13%	
4	Professional Costs	50	64	14	385	13%	
2	Administration Expenses ***	7	15	8	(1,727)	(0%)	
10	Property Costs	16	43	27	93	17%	
20	Finance Costs**	20	23	3	945	2%	
88	Depreciation & Amortisation Expense**	86	91	6	548	16%	
	Gains & Losses						
1,739	Total Operating Expenditure	1,763	2,333	570	12,994	14%	
44	Operating Surplus/(Deficit)*	1,365	317	1,048	2,158	63%	
Capital Revenue							
	Capital Revenue**	-	-	-			
	Total Capital Revenue						
44	Total Surplus/(Deficit)	1,365	317	1,048	2,158	63%	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

*** Annual Provision for Closed Landfill included in Annual Budget

Material variances as explained below:

Subsidies & Grants: \$448k favourable.

Existing budgets for revenue from the waste levy were set prior to the expansion of proposed waste levy rates. It was unknown at the time of setting budgets what revenue HCC would receive.

Personnel Costs: \$125k favourable.

Favourability due to the high level of vacancies both within the Resource Recovery Activity and throughout the organisation.

Operating & Maintenance Costs: \$387k favourable.

Favourability in Contractors for the Rubbish & Recycling Contract. Initially, budget projections anticipated significant growth in new builds and resultant increased rubbish & recycling collection, but this growth has since decelerated.

Attachment 2

SUPPORT SERVICES - INFRASTRUCTURE & ASSETS

Design & Deliver | Plan, Strategy & Programming | Facilities & Support | Fleet Management

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue						
(1)	Rates**	(210)	(203)	(7)	(230)	91%
458	Fees & Charges	159	161	(2)	987	16%
	Subsidies & Grants	-	-	-	-	-
18	Interest Revenue**	20	17	3	101	19%
	Other Revenue	5	-	5	-	-
475	Total Operating Revenue	(27)	(25)	(2)	859	(3%)
Operating Expenditure						
1,071	Personnel Costs	1,403	964	(439)	8,194	17%
173	Operating & Maintenance Costs	191	266	75	2,270	8%
76	Professional Costs	124	185	61	1,110	11%
371	Administration Expenses	479	516	37	2,663	18%
98	Property Costs	139	146	7	604	23%
53	Finance Costs**	85	122	37	731	12%
513	Depreciation & Amortisation Expense**	505	512	7	3,071	16%
129	Gains & Losses	76	-	(76)	-	-
2,485	Total Operating Expenditure	3,001	2,711	(290)	18,643	16%
(2,009)	Operating Surplus/(Deficit)*	(3,028)	(2,736)	(292)	(17,784)	17%
Capital Revenue						
	Capital Revenue**	-	-	-	-	-
	Total Capital Revenue					
(2,009)	Total Surplus/(Deficit)	(3,028)	(2,736)	(292)	(17,784)	17%

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Personnel Costs: (\$439k) unfavourable.

The variance is due to the accrual of annual leave which is a timing issue that will decrease as staff take their allocated leave. Additionally, there is a small backlog in time recoveries which is being addressed in September.

TRANSPORT
Transport Network | Transport Centre | Urban Transport
FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue						
7,225	Rates**	9,949	9,681	268	59,307	17%
502	Fees & Charges	662	761	(99)	5,515	12%
2,052	Subsidies & Grants	1,616	1,642	(26)	9,169	18%
1,416	Interest Revenue**	1,050	779	271	4,674	22%
483	Other Revenue	1,080	679	402	4,011	27%
11,678	Total Operating Revenue	14,358	13,543	815	82,676	17%
Operating Expenditure						
1,022	Personnel Costs	925	1,288	363	8,136	11%
5,295	Operating & Maintenance Costs	3,102	4,249	1,146	27,571	11%
177	Professional Costs	26	152	125	2,061	1%
129	Administration Expenses	131	193	62	1,249	10%
549	Property Costs	636	727	91	3,152	20%
4,470	Finance Costs**	5,229	4,449	(780)	26,766	20%
6,181	Depreciation & Amortisation Expense**	6,315	6,542	227	39,245	16%
	Gains & Losses	-	-	-	-	-
17,823	Total Operating Expenditure	16,363	17,599	1,236	108,179	15%
(6,145)	Operating Surplus/(Deficit)*	(2,006)	(4,057)	2,051	(25,503)	8%
Capital Revenue						
1,243	Development Contributions**	1,003	978	25	5,865	17%
5,759	Capital Revenue**	16,750	7,888	8,862	47,319	35%
	Vested Assets**	11,014	4,401	6,613	26,403	42%
7,002	Total Capital Revenue	28,767	13,267	15,500	79,587	36%
857	Total Surplus/(Deficit)	26,761	9,210	17,551	54,084	49%

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

Material variances as explained below:

Other Revenue: \$402k favourable.

Driven by the favourable non-cash fair value adjustment. The final HIF drawdown was expected to have occurred before 30 June 2024 however timing saw Council receive the final drawdown in August.

Personnel Costs: \$363k favourable.

Favourability is affected by vacancies within the unit and uncertainty surrounding subsidised programmes. This has led to delays in programme starts and a lower percentage of staff time being allocated to these programmes.

Operating & Maintenance Costs: \$1,146k favourable.

Favourability is impacted by a conservative approach with only essential tasks being performed until the Target Cost Estimate and funding from NZ Transport Agency Waka Kotahi (NZTA) is finalised.

Professional Costs: \$125k favourable.

Favourability is affected by a cautious approach to engaging consultants while the Target Cost Estimate is being finalised.

Attachment 2

STORMWATER

Stormwater Network

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000			\$000	\$000	\$000	\$000	\$000
Last Year YTD			YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent
Operating Revenue							
2,794	Rates**		1,206	1,188	18	18,509	7%
75	Fees & Charges		31	()	31	190	16%
	Subsidies & Grants		5	-	5		
133	Interest Revenue**		96	71	25	427	23%
	Other Revenue			-	-	-	
3,002	Total Operating Revenue		1,338	1,259	79	19,126	7%
Operating Expenditure							
448	Personnel Costs		248	334	85	1,880	13%
50	Operating & Maintenance Costs		106	185	79	1,157	9%
24	Professional Costs		12	64	52	404	3%
4	Administration Expenses		6	6		37	16%
35	Property Costs		72	73		530	14%
396	Finance Costs**		418	448	31	2,690	16%
1,808	Depreciation & Amortisation Expense**		1,754	1,921	167	11,524	15%
	Gains & Losses		303	-	(303)		
2,765	Total Operating Expenditure		2,918	3,031	113	18,222	16%
237	Operating Surplus/(Deficit)*		(1,580)	(1,772)	192	903	(175%)
Capital Revenue							
545	Development Contributions**		420	334	86	2,001	21%
378	Capital Revenue**		86	189	(103)	1,134	8%
105	Vested Assets**		260	836	(576)	5,015	5%
1,029	Total Capital Revenue		766	1,359	(592)	8,151	9%
1,266	Total Surplus/(Deficit)		(814)	(413)	(400)	9,054	(9%)

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Gains & Losses: (\$303k) unfavourable.

Unfavourability relates to the disposal of various assets across the Stormwater Activity.

Wastewater Reticulation | Wastewater Treatment & Disposal
FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget	Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	
Operating Revenue							
4,623	Rates**	1,502	1,526	(24)	38,971	4%	
1,677	Fees & Charges	546	579	(33)	9,084	6%	
	Subsidies & Grants	8		8	-		
427	Interest Revenue**	379	281	98	1,687	22%	
	Other Revenue	122	-	122	-		
6,727	Total Operating Revenue	2,557	2,387	171	49,742	5%	
Operating Expenditure							
1,075	Personnel Costs	1,185	1,259	74	8,491	14%	
1,889	Operating & Maintenance Costs	1,747	1,844	97	12,412	14%	
22	Professional Costs	24	98	74	1,227	2%	
22	Administration Expenses	30	17	(14)	279	11%	
554	Property Costs	646	639	(7)	3,334	19%	
1,540	Finance Costs**	1,830	1,882	52	11,290	16%	
2,501	Depreciation & Amortisation Expense**	1,242	2,640	1,398	15,839	8%	
25	Gains & Losses	27	-	(27)	-		
7,629	Total Operating Expenditure	6,732	8,379	1,647	52,872	13%	
(902)	Operating Surplus/(Deficit)*	(4,175)	(5,992)	1,818	(3,130)	133%	
Capital Revenue							
1,396	Development Contributions**	1,498	1,421	76	8,526	18%	
1,090	Capital Revenue**	260	212	48	1,270	20%	
224	Vested Assets**	3,062	577	2,485	3,461	88%	
2,709	Total Capital Revenue	4,820	2,210	2,610	13,257	36%	
1,807	Total Surplus/(Deficit)	645	(3,782)	4,427	10,127	6%	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Other Revenue: \$122k favourable.

Driven by the favourable non-cash fair value adjustment. The final HIF drawdown was expected to have occurred before 30 June 2024, however timing saw Council receive the final drawdown in August.

Attachment 2

WATER SUPPLY

Water Treatment | Water Reticulation & Storage

FOR THE PERIOD ENDED 31 AUGUST 2024

\$000		\$000		\$000		\$000	
Last Year		YTD Actual	YTD Budget	Variance	Annual	% Annual	
YTD				Fav/(Unfav)	Approved	Budget	Spent
Operating Revenue							
3,302	Rates**	2,572	2,677	(105)	29,213	9%	
(61)	Fees & Charges	(60)	(51)	(9)	(430)	14%	
	Subsidies & Grants	6		6			
281	Interest Revenue**	223	166	57	996	22%	
	Other Revenue	14		14			
3,522	Total Operating Revenue	2,754	2,792	(38)	29,779	9%	
Operating Expenditure							
700	Personnel Costs	670	721	50	4,612	15%	
288	Operating & Maintenance Costs	561	723	162	5,683	10%	
22	Professional Costs	8	108	100	620	1%	
5	Administration Expenses	8	8		48	16%	
515	Property Costs	609	615	6	3,076	20%	
850	Finance Costs**	986	839	(148)	5,031	20%	
1,697	Depreciation & Amortisation Expense**	2,563	1,768	(795)	10,609	24%	
1	Gains & Losses	91	-	(91)			
4,078	Total Operating Expenditure	5,497	4,782	(715)	29,678	19%	
(556)	Operating Surplus/(Deficit)*	(2,743)	(1,990)	(753)	101	(2724%)	
Capital Revenue							
845	Development Contributions**	807	688	119	4,128	20%	
773	Capital Revenue**	266	1,788	(1,523)	10,727	2%	
11	Vested Assets**	952	312	640	1,870	51%	
1,628	Total Capital Revenue	2,024	2,788	(764)	16,725	12%	
1,072	Total Surplus/(Deficit)	(719)	798	(1,517)	16,826	(4%)	

* Operating surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Interest Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution, Capital Revenue and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Operating & Maintenance Costs: \$162k favourable.

Due to the reprioritisation of some operational and maintenance activities to occur later in the year.

TREASURY REPORT
Year to date 31 August 2024

Attachment 3

Item 7

Investment and Cash Position

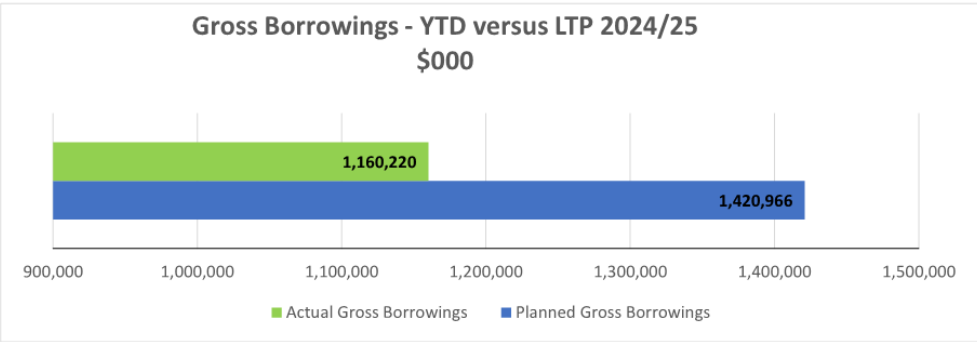
Treasury cash investments consist of:

Cash Investments	Actual \$000 Aug-24	Budget \$000 Aug-24	Variance \$000 Fav/ (Unfav)
Cash on call	45,885	not apportioned	not apportioned
Term deposit	161,595	not apportioned	not apportioned
Closing bank balances	678	not apportioned	not apportioned
LGFA borrower notes	26,400	not apportioned	not apportioned
Total cash investments	234,558	184,949	49,609

The Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves maintained. To best manage funding gaps, Council's financial investment maturities are matched with Council's forecast cash flow requirements.

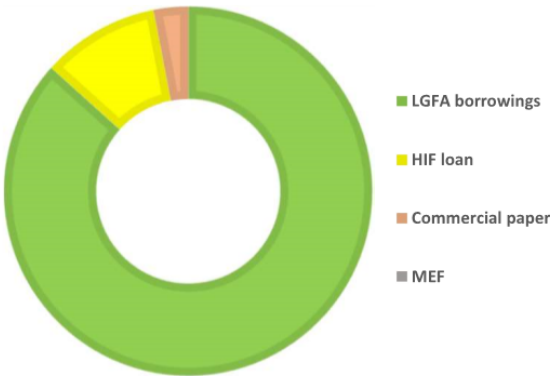
Borrowing Position

Council borrowings is the external portion of debt held with the Local Government Funding Agency (LGFA), Ministry of Business, Innovation and Employment and finance lease liabilities.



Gross external debt is favourable to budgeted debt at 31 August 2024. The favourable balance is within 81.7% of planned gross borrowings for the period.

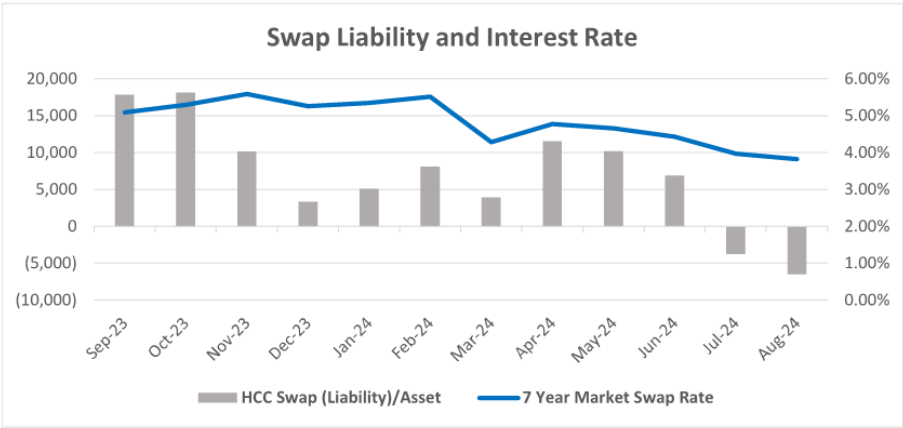
The LGFA remains Council's most favoured and low cost source of funding.



Attachment 3

Interest Rates

Council manages interest rate risk to reduce uncertainty relating to interest rate fluctuations through fixing of interest costs. The exposure to interest rate risk is managed and mitigated through the risk control limits as set out in the Investment and Liability Management Policy.



There is an inverse relationship between Council's swap liability and the market swap interest rate. As the market swap interest rate increases Council's swap liability decreases and a gain is then recognised on the interest rate swap. Conversely, a decrease in the market swap interest rate results in an increase in Council's swap liability and a loss is then recognised on the interest rate swap.

Council Report

Item 8

Committee: Finance and Monitoring Committee

Date: 15 October 2024

Author: Justin Wittstock

Authoriser: David Bryant

Position: Financial Accountant

Position: General Manager Business Services

Report Name: New Zealand Local Government Funding Agency - 2024 Annual Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Finance and Monitoring Committee of the New Zealand Local Government Funding Agency (LGFA) Annual Report for the year ended 30 June 2024 and letter to shareholders.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance and Monitoring Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. The annual report shows the Local Government Funding Agency (LGFA) to be profitable and cashflow positive.
4. The LGFA have met 15 out of 18 performance targets in the year ended 30 June 2024 and paid a dividend to Hamilton City Council. The LGFA received an unqualified audit opinion from KPMG for the year ended 30 June 2024.
5. Staff consider the matters in this report to have a low significance and that the recommendations comply with the Council's legal requirements.

Discussion – *Matapaki*

6. The Local Government Funding Agency (LGFA) was established in December 2011 to provide long-term borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector.
7. The LGFA shareholding comprises the New Zealand Government (20%) and 30 Councils (80%).
8. Seventy-two member councils are guarantors and there are five member Council Controlled Organisations (CCO's).
9. Hamilton City Council remains compliant with all LGFA Financial Covenants.

Annual Report 2024

10. The LGFA posted a net operating profit of \$10.05m. The Agency has total assets of \$23.5b and shareholder equity of \$113m.
11. A dividend of \$1,842,500 was declared by the LGFA Board for the year ended 30 June 2024. The portion of this dividend paid to Hamilton City Council was \$137,522.73.
12. Both total operating income and operating expenses were higher than the Statement of Intent forecast due to the larger than expected council and CCO borrowing and bond issuance activity.
13. The financial strength of the LGFA was affirmed by credit rating agency S&P Global Ratings, with a Domestic Currency credit rating of AAA and Foreign Currency rating of AA+.
14. The LGFA made longer term borrowings options available to an increased number of council borrowers. At 30 June 2024, LGFA had loans outstanding of \$20.55b, an increase of \$4.24b from previous year, with the longest dated loans out to 13 years (2037).
15. Over the financial year the LGFA lent to a record \$6.1 billion to the sector (up 56% on the prior year) and provided 90% of the sector borrowing.
16. An increased number of councils and CCO's utilised sustainable lending products. Sustainable loans to councils and CCO's grew by \$2.3 billion and represented 15.3% of total outstanding loans at 30 June 2024.
17. Fifteen out of 18 performance targets were met, with the exception being:

Performance Measure	Result to 30 June 2024
LGFA's total operating expenses for the period to 30 June 2024 is < \$10 million.	Total operating income at 30 June 2024 was \$11.8 million.
Increase GSS lending and Climate Action Loans with two new GSS loans undertaken.	One new GSS loan undertaken.
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	Target suspended. New Climate-Related Disclosure (CRD) standards replace reporting under GRI standards.

18. The LGFA was recognised through numerous awards from KangaNews, INFINZ, Treasury Management International and Environmental Finance.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

19. Staff confirm that recommendation complies with the Council's legal and policy requirements.
20. Staff have considered the Climate Change Policy for both emissions and climate change adaptation. Staff have determined that neither the adaptation or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

21. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
23. The recommendations set out in this report are consistent with that purpose.

Social

24. The LGFA acknowledges the importance of financing projects that promote social wellbeing in New Zealand, and which fund eligible social projects.
25. The LGFA social and sustainability lending programme provides funding for our members across three social project categories:
 - i. Affordable Basic Infrastructure - Clean Water, Sewer, Transport
 - ii. Access to Essential Services - Education, Healthcare
 - iii. Affordable Housing

Economic

26. The LGFA's activity relates strongly to the economic wellbeing by delivery of key objectives to provide cost effective financing solutions for its Council membership base, thereby benefitting communities.

Environmental

27. The LGFA recognises the emerging risks for councils from climate change and supports their commitment towards improving sustainable outcomes for local communities.
28. Under the Green, Social and Sustainability (GSS) programme, the LGFA lends to councils and CCO's at a discounted margin to incentivise them to undertake projects that help drive forward climate and environmental projects across the New Zealand local government sector, including:
 - i. Energy Efficiency & Renewable Energy
 - ii. Green Buildings
 - iii. Clean Transportation
 - iv. Sustainable Water and Wastewater Management
 - v. Pollution Prevention and Control
 - vi. Sustainable Management of Living Natural Resources and land use
 - vii. Climate Change Adaptation
 - viii. Terrestrial and Aquatic Biodiversity Conservation

Cultural

29. The LGFA is committed to promoting a culture that supports both workplace diversity and inclusion within the organisation.
30. Diversity at LGFA involves recognising and valuing the contribution that people can make because of their skills, experience, background, and differing perspectives. The LGFA values employees by encouraging participation and providing opportunities for its people to succeed.
31. LGFA has formally adopted a Diversity Policy which applies to both LGFA employees and directors, Diversity, and inclusiveness at LGFA involves recognising the value of individual differences and managing them in the workplace. Diversity in this context covers gender, age, ethnicity, cultural background, sexual orientation, religious belief, disability, education, and family responsibilities.

Risks - *Tuuraru*

32. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

33. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation in this report has a low level of significance.
34. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - LGFA Annual Report 2024

Attachment 2 - LGFA Annual Report 2024 Letter to Shareholders



ANNUAL REPORT 30 June 2024

**Benefiting communities through
delivering efficient financing for
local government.**

**Ka whiwhi painga ngā hāpori
mā te whakarato pūtea tōtika ki ngā
kaunihera.**

Contents

Ngā Ihirangi

Message from the Chair and Chief Executive
He karere mai i te Toihau me te Tumuaki

3

Performance highlights
Ko ngā tino hua

5

About us
Mō mātou

6

LGFA bonds on issue
Ko ngā pūtea taurewa pūmau kua tukuna e te LGFA

8

LGFA members
Ko ngā LGFA e noho mema ana

11

Sustainability at LGFA
Te toitūtanga kei te LGFA

14

Governance and culture
Te whakaruruhau me te ahurea

22

Managing risk
Ko te whakahaere tūraru

29

Performance against objectives
Ko ngā whakatutukinga ki ngā whāinga

32

Financial statements
Nga tauki pūtea

36

Statement of comprehensive income

36

Statement of changes in equity

37

Statement of financial position

37

Statement of cash flows

38

Notes to the financial statements

38

Auditors' Report

54

Other disclosures
He whākitanga anō

57

Directory
Rārangi tauwaea

57

Cover photo: Peacocke Bridge, opened in August 2024. A girder bridge, it is part of the southern Links which will complete a ring road around Hamilton. Hamilton City Council, Photo Credit – Bloxam Burnett & Olliver

Contents photo: Sir Howard Morrison Centre is a performing arts hub in the heart of Rotorua. Closed in 2017 for earthquake strengthening and refurbishing it was officially re-opened in February 2023. Rotorua District Council, Photo Credit – Steven Parker & Media Masters

Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

2023-24 Financial and operational performance

Total interest income for the financial year of NZ\$1,213 million increased 59% over the 2022-23 result of NZ\$763.6 million. Net operating profit of NZ\$10.05 million increased 301% on the 2022-23 result of NZ\$2.5 million. The prior year result was negatively impacted by the sharp rise in interest rates.

Total operating income of NZ\$21.8 million was above the Statement of Intent (SOI) forecast of NZ\$19.2 million due to larger than expected council and CCO lending and higher interest rates than forecast.

Operating expenses at NZ\$11.8 million were NZ\$1.7 million above the SOI budget. Operating expenses were higher than forecast due to Approved Issuer Levy payments to central government for our offshore issuance, as well as higher NZX and legal fees related to increased levels of bond issuance and lending to members.

Over the year, LGFA operations processed over 16,000 transactions with total gross cash flows of NZ\$83 billion. Where possible, LGFA employ straight-through processing to minimise

operational risk across our treasury operations. Improving our information technology control environment to mitigate emerging risks from cyber threats was another key focus over the past year. Independent consultants were engaged to review our cyber control environment for compliance against best practice cyber risk controls and were comfortable with our controls. There were no cyber issues.

We achieved fifteen out of our eighteen performance objectives, with the only objectives missed being operating expenses, driven by higher levels of issuance and onlending than forecast, and a lower number of new Green, Social and Sustainability (GSS) loans than forecast. Our objective for meeting Global Reporting Initiative reporting requirements was superseded by our inaugural climate-related disclosures under the Aotearoa New Zealand Climate Standards.

We continue to support the sector and promote best practice via sponsoring the LGFA Taituarā Local Government Excellence Awards and other Taituarā events. We also held quarterly business updates, the annual shareholder borrower day and economic updates for council and CCO members.

For the year ended 30 June 2024

The 2023-24 year was a standout year for LGFA.

- Annual lending to the sector increased by 56% to a record NZ\$6.1 billion and we provided 90% of council borrowing during the year.
- An increased number of councils utilised our sustainable lending products. Our sustainable loans comprised 27% of new lending during the year and were 15.3% of total outstanding loans as at 30 June 2024.
- Two new Council-Controlled Organisations (CCOs) were added as members which now provides a blueprint for future lending to Water CCOs.
- We diversified our sources of borrowing into offshore markets to meet the growing

financing requirements of the sector as we have outgrown the domestic bond market. Our NZ\$6.5 billion of issuance was a record amount with an equivalent NZ\$2.9 billion sourced from offshore markets.

- LGFA worked closely with Central Government on a package for delivery of an expanded range of financing options for council water entities culminating in the post balance date announcement regarding Water CCO lending and lending to high growth councils.
- Our efforts and achievements were acknowledged through receiving multiple domestic and global awards.

Borrowing activity

LGFA issued an equivalent of NZ\$6.5 billion of bonds over the financial year (an increase of NZ\$3 billion over 2022-23). As at June 2024, our bonds on issue totalled NZ\$21.08 billion, comprising:

- NZ\$18.2 billion of NZD bonds across ten maturities between 2024 to 2037, and
- NZ\$2.9 billion of AUD bonds (A\$2.65 billion) across four maturities between 2027 and 2034.

The highlight for the year was the inaugural foreign currency issuance under our AUD Medium Term Note (MTN) and Euro Commercial Paper (ECP) Programmes. Issuing foreign currency securities assists our issuance strategy by diversifying our funding sources beyond the NZD market. As at 30 June, we had established a yield curve of four AUD bond maturities and issued US\$506 million under our ECP programme.

We would prefer to extend our yield curve beyond the existing 13 years (2037), but this remains difficult to implement until our council and CCO members borrow for longer tenors. The average term of our bond issuance during the year at 5.9 years was longer than the prior year of 5.5 years. This remains shorter than where we would like to be as a longer term of debt reduces our refinancing risk.

We continue to foster strong relationships with international investors. Offshore investors who have increased their holdings of our NZD bonds by \$500 million over the year, totalling \$6.7 billion at year end – an equivalent of 37% of NZD bonds on issue. Combined with the A\$2.65 billion of AUD bonds, our offshore investor base now holds 45% of total LGFA bonds on issue.

While there was significant volatility in yields, over the year the change was muted with 2027 LGFA bond yields falling 39 basis points (bps) over the year (after trading a 124 bps range) and 2037 LGFA bond yields falling a mere 4 bps over the year (after trading a 146 bps range).

Over the year, the interest rate spread at which LGFA bonds trade narrowed against New Zealand Government Bonds (NZGB) but widened over interest rate swaps. Our spreads to NZGB narrowed between 9 bps (2037 bond) and 23 bps (2029 bond) while spreads to swap moved between 'no change' (2026 bond) and 14 bps (2035 bond). This change was similar to the spread movements on other high-grade issuers where the additional supply of NZGBs has been the dominating influence on the domestic bond market.

Lending to members

Over the past year, we added two new CCO members, Whanganui District Council Holdings, and Infrastructure Holdings, bringing total CCO membership to five. Our seventy-seven council members represent all councils, except for Chatham Islands District Council.

Long-dated lending over the year totalled a record NZ\$6.15 billion as members refinanced their 2024 loans and increased borrowing to finance infrastructure projects. Our lending over the year represented an estimated 90% of all council borrowing, a pleasing increase compared to the long-term average of 77%.

The average tenor of long-dated borrowing by members of 4.9 years over the year was shorter than last year's 5.2 years.

Short-dated lending for terms less than 12 months continues to be well supported by members. As at 30 June 2024, there was NZ\$597 million of short-term loans outstanding to thirty-seven members, a 9% increase over the prior year of NZ\$548 million to thirty-seven members.

Local Water Done Well Programme and Ratepayer Assistance Scheme

Central Government's Local Water Done Well Programme will have a significant impact on the local government sector. Over the year, LGFA worked with Central Government and our shareholders to help drive reforms and develop options for financing council and Water CCOs. Since the 30 June 2024 balance date, the Minister of Local Government and LGFA announced that LGFA will lend to Water CCOs and will contemplate providing more financing headroom to high growth councils.

In addition, LGFA continues to assist the local government sector-led initiative for developing a Ratepayer Assistance Scheme with the objective of providing financial relief options to ratepayers.

New products and initiatives

We have seen pleasing growth in the amount of sustainable lending over the past year.

We introduced the Climate Action Loan (CAL) lending product to members in December 2022. A CAL provides a discounted loan margin if a borrower has a greenhouse gas emission reduction plan in place and is meeting its reduction targets. Over the year we approved four new members for CALs and undertook NZ\$2.22 billion of CAL loans, taking the CAL loan total to NZ\$2.74 billion across seven eligible members at year end.

The GSS lending product, launched in October 2021, totalled NZ\$572 million of loans to six members as at 30 June 2024, a growth of NZ\$83 million, with one new borrower over the year.

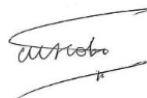
Over the year, the level of member standby facilities increased by NZ\$20 million to NZ\$747 million at year end, which is just below our cap of NZ\$750 million.

Acknowledgements

Over the past year, LGFA has received numerous awards and accolades from KangaNews, INFNZ, Treasury Management International, FinanceAsia and Environmental Finance. LGFA's work and success cannot be achieved without the support of the Minister of Local Government and Minister of Finance, The Treasury, Department of Internal Affairs, our Shareholders Council, fellow directors and our staff, all whose efforts and support we acknowledge.

We want to acknowledge Anthony Quirk who retired as an Independent Director at the November 2023 AGM. Anthony served on the LGFA Board for six years and made a valued contribution to the success of LGFA during his tenure.

We believe LGFA's future remains positive and look forward to working with all stakeholders in the year ahead.



Craig Stobo
Chair



Mark Butcher
Chief Executive

Taituarā LGFA Local Government Excellence Awards

This year we are delighted to announce that Hastings District Council won the 2024 LGFA Supreme Award for its Waiaroha – Loving Water, Heretaunga Water Discovery Centre, after winning the GHD Award for Environmental Leadership.

Heretaunga Water Discovery Centre (entered as Waiaroha) is a state-of-the-art water treatment plant and discovery centre built in the centre of Hastings. Waiaroha provides a hands-on learning experience that builds understanding that water is critical to survival and that the three waters are an integrated whole.

It is the final major element in Hastings District Council's Drinking Water Strategy, developed in the wake of the 2016 Havelock North drinking water crisis to fulfil Council's commitment to residents that it would make safe drinking water its number one priority.

Hastings District Council major projects director Graeme Hansen said it was very rewarding to have what was a large and challenging project recognised. "This was first and foremost a project focused on ensuring our community had access to clean, safe, resilient drinking water. What was achieved, with the support of Ngāti Kahungunu and

Government funding, is so much more. "It's also an educational facility that brings the treatment process out into the open to give people a real insight into what goes into providing safe drinking water, at the same time sharing the knowledge and creativity of Ngāti Kahungunu through on-site art and storytelling. Our thanks go to our project partner Ngāti Kahungunu, as well as our staff team, consultants and contractors who brought the project to life."

The judges commented "Waiaroha is a world first meld of education, community engagement, place-making, and state-of-the-art water management in a single project. The promotion of a mix of wellbeing outcomes, innovative thinking, and recognising an opportunity from what might have otherwise been seen as a challenge all go to the very purpose of local government and the values that Taituarā champions through these awards".



Performance highlights Ko ngā tino hua

Bonds issued over the financial year

NZD **\$3,630** million

AUD **\$2,650** million

Interest income

\$1,213 million

▲ **59%**

Increase over 2022-23 year

Lending to members over the financial year

\$6,095 gross lending, million

Net operating profit

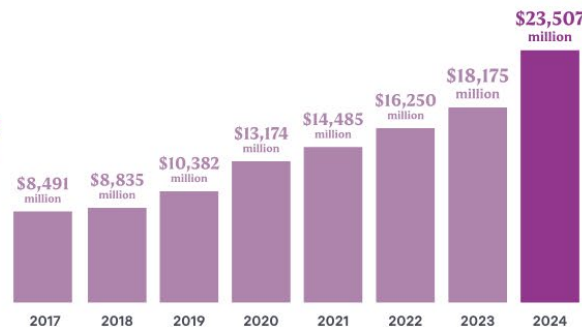
\$10.05 million

▲ **301%**

Increase over 2022-23 year

Total assets
at 30 June 2024

\$23,507 million



Liquidity

As 30 June 2024

\$473 million
Cash

\$1,397 million
Marketable securities

\$718 million
Deposits

\$1,000 million
Treasury stock for repurchase

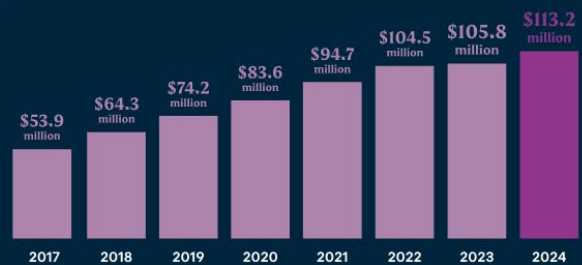
\$1,500 million
Government committed liquidity facility

Borrower notes

Borrower notes are subordinated debt instruments which LGFA may convert into redeemable shares under prescribed circumstances.

Shareholder funds
at 30 June 2024

\$113 million



Fully paid shares

\$25 million

Retained earnings

\$89 million

\$492 million

About us Mō mātou

New Zealand Local Government Funding Agency Ltd (LGFA) specialises in financing the New Zealand local government sector, the primary objective being to optimise the terms and conditions of the debt funding it provides to participating borrowers.

LGFA was established to raise debt on behalf of councils on terms that are more favourable to them than if they raised the debt themselves. Since establishment, LGFA has expanded its

product suite to include short-dated lending, bespoke lending, standby facilities, sustainable financing alternatives and lending to CCOs. LGFA membership has grown to include 77 out of the 78 councils in New Zealand and has provided 90% of NZD council borrowing in the year to 30 June 2024.

Please refer to our website lgfa.co.nz for more information on LGFA, including our Statement of Intent and Quarterly Reports.

Incorporated

on 1 December 2011 under the Companies Act 1993

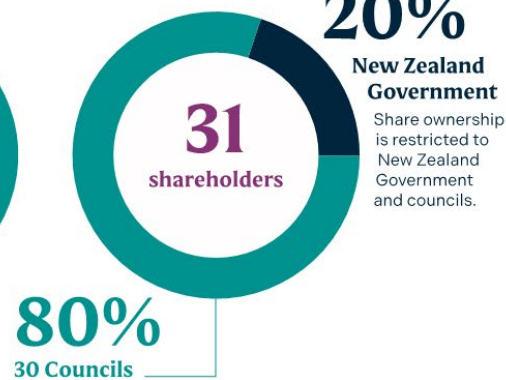
Enabled

by Local Government Borrowing Act 2011

Council-controlled organisation

under the Local Government Act 2002

Ownership



Credit rating

at 30 June 2024

S&P Global Ratings

Domestic Currency
AAA Stable outlook

Foreign Currency **AA+**
Stable outlook

Fitch Ratings

Domestic Currency
AA+ Stable outlook

Foreign Currency **AA+**
Positive outlook

Guarantee structure

All shareholder councils are guarantors as well as councils with borrowings over \$20 million.

LGFA's securities obligations are guaranteed by council guarantors.

A council's obligations under the guarantee are secured against rates revenue.

The New Zealand Government is not a guarantor.

Governance overview

The Shareholders' Council

The Shareholders' Council comprises ten appointees from shareholders. The role of the Shareholders' Council is to:

Review and report performance of LGFA and the Board;

Recommend to Shareholders as to the **appointment, removal, replacement and remuneration of directors**;

Recommend to Shareholders as to any **changes to policies**, or the Statement of Intent (SOI), requiring their approval;

Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions. Please refer to [page 28](#).

The Board

The Board comprises five independent directors and one non-independent director. The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the:

- Local Government Act 2002;
- Local Government Borrowing Act 2011;
- Companies Act 1993;
- LGFA Constitution;
- LGFA Shareholder Agreement;
- LGFA Annual Statement of Intent.

Please refer to [page 25](#).

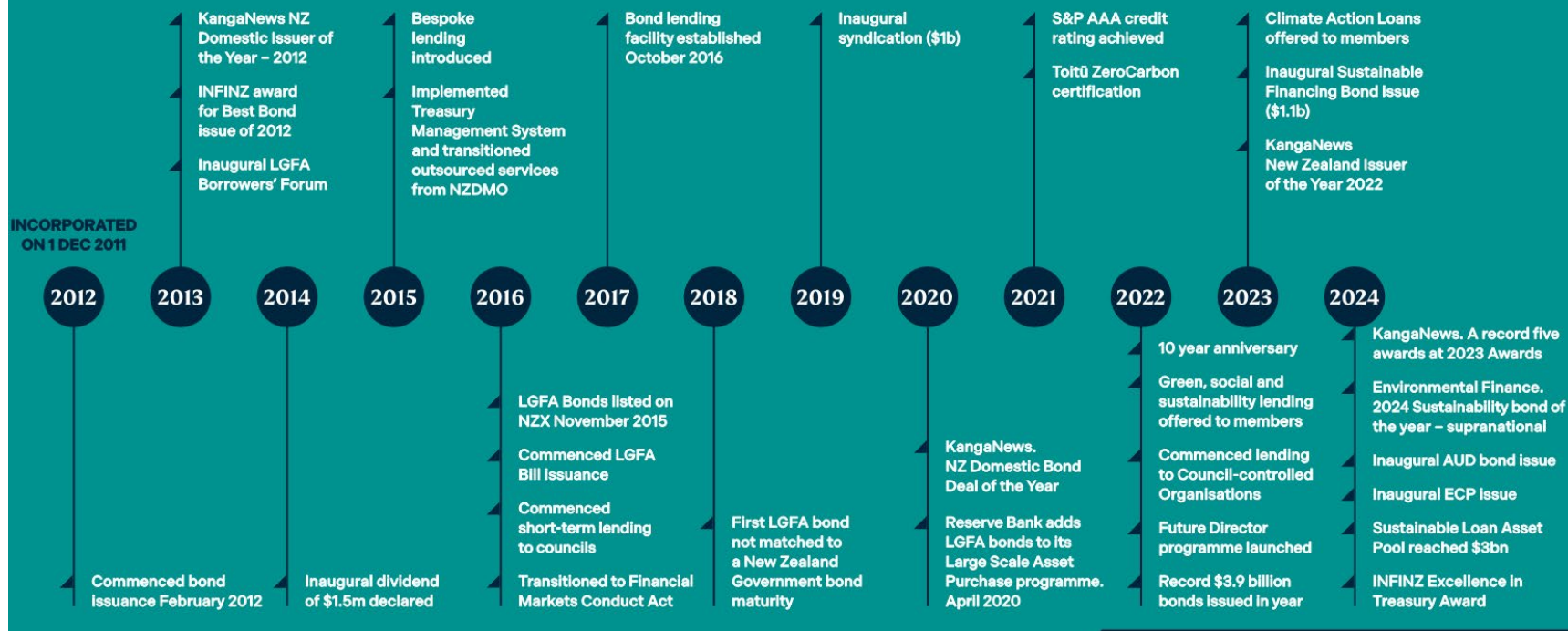
Bonds listed on NZX Debt Market

Issue of securities to the public under the Financial Markets Conduct Act and regulated by Financial Markets Authority

Supervised by independent trustee: Trustees Executors

Our history

by financial year ended



LGFA bonds on issue

Ko ngā pūtea taurewa pūmau kua tukuna e te LGFA

LGFA issues NZD and AUD denominated bonds

For NZD issuance, LGFA typically issues a new bond maturity via an initial syndication and then through ongoing regular scheduled bond tenders.

- Preferred bond tender sizes are between NZD 150 million to NZD 200 million with at least three bond maturities offered at each tender.
- Approved Issuer Levy is paid on behalf of offshore holders.
- Target issuance of NZD 1 billion minimum per bond maturity over time with a cap of NZD 3 billion per NZD bond maturity.
- All LGFA NZD retail bonds are listed on the NZX.

LGFA undertakes AUD bond issuance to diversify its sources of financing and broaden our investor base.

For AUD issuance, LGFA typically issues a new bond maturity via an initial syndication and then increases the amount on issue via a further syndication.

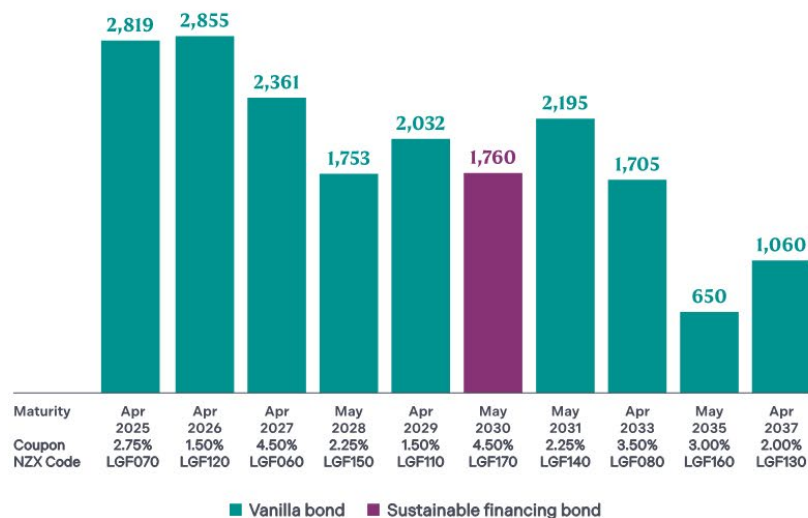
- Target issuance of AUD 1 billion per bond maturity.
- AUD proceeds are swapped back into NZD to remove foreign currency and interest rate risk.

NZD bonds on issue

At 30 June 2024 : NZD 19,190 million

NZD million, face value

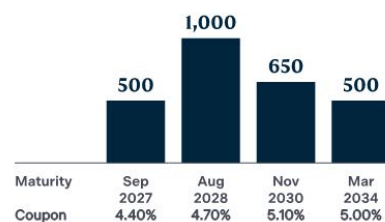
Includes NZD 1,000 million treasury stock (refer [note 17, page 47](#))



AUD bonds on issue

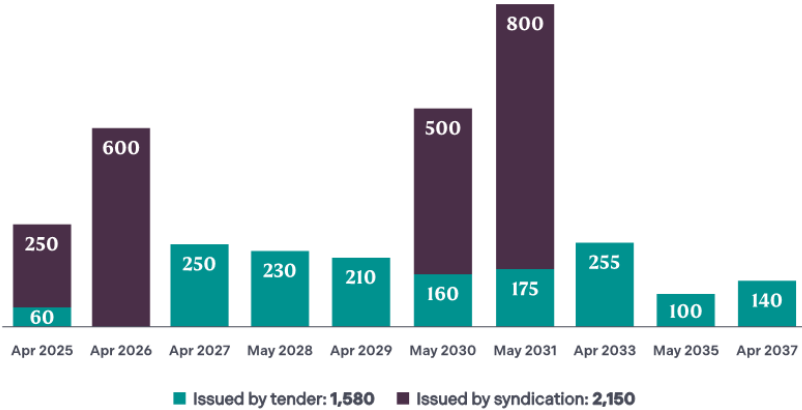
At 30 June 2024 : AUD 2,650 million

AUD million, face value



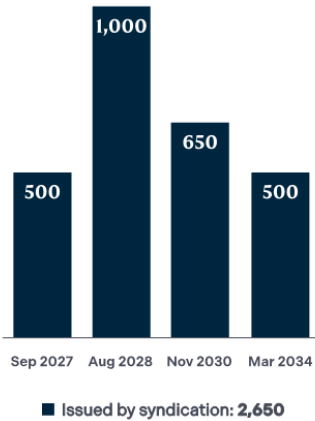
2023-24 NZD bond issuance by maturity

NZD million, face value



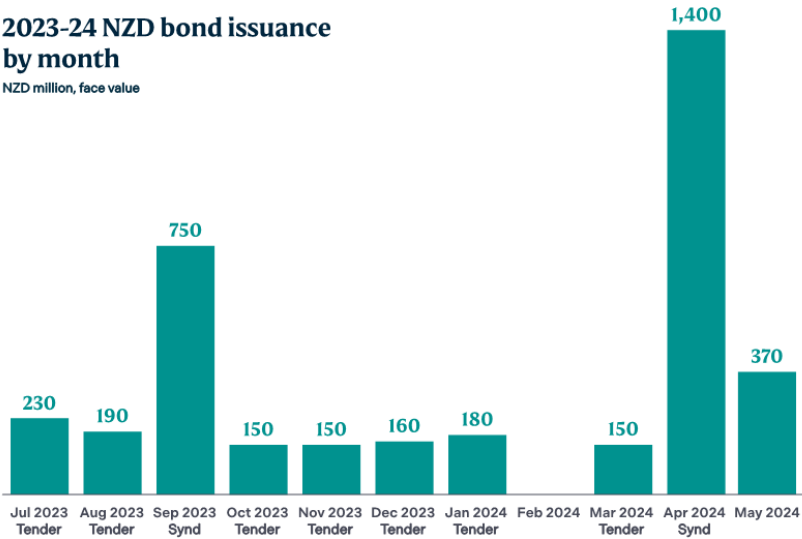
2023-24 AUD bond issuance by maturity

AUD million, face value



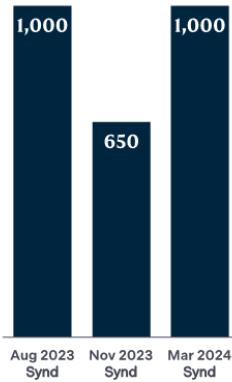
2023-24 NZD bond issuance by month

NZD million, face value



2023-24 AUD bond issuance by month

AUD million, face value



2023-24 issuance
NZD 3,730 million
AUD 2,650 million

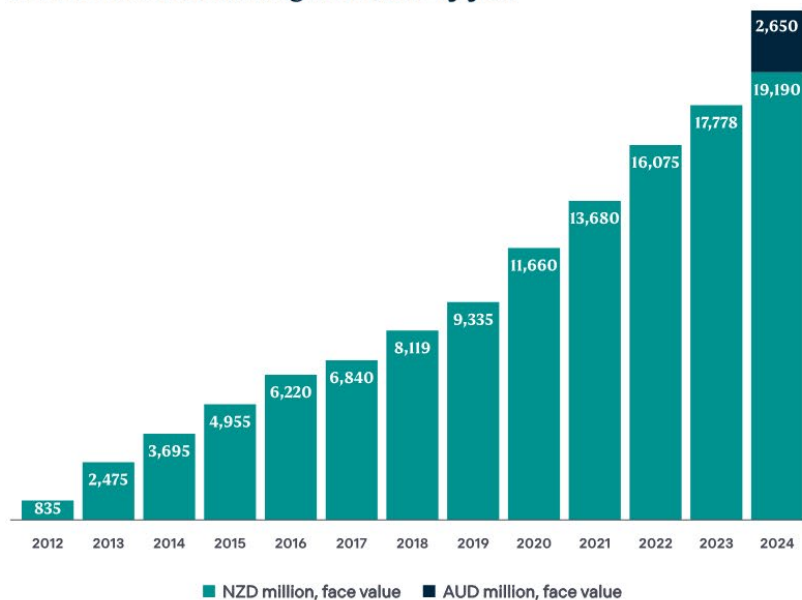
LGFA is New Zealand's:

- largest issuer of NZD bonds (excluding New Zealand Government)
- largest issuer of debt listed on the NZX

New bond maturities issued in the year to June 2024 :

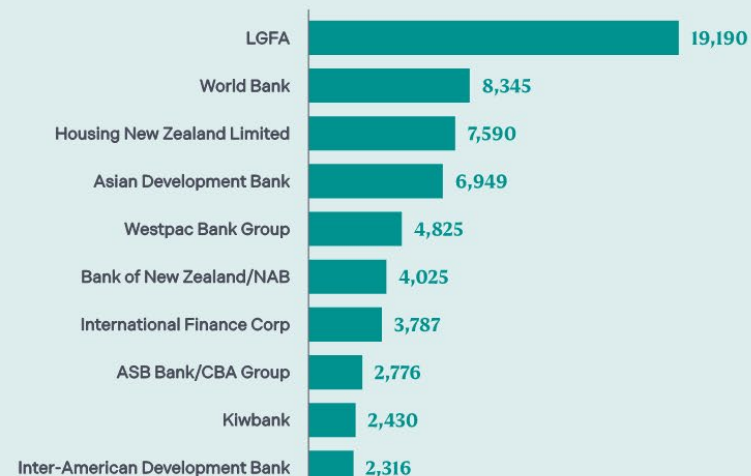
- AUD Sep 2027 4.40%
- AUD Aug 2028 4.70%
- AUD Nov 2030 5.10%
- AUD Mar 2034 5.00%

LGFA bonds outstanding at 30 June by year



Largest issuers of NZD bonds by outstandings

excluding the New Zealand Government, as at 30 June 2024 (NZD million)



LGFA estimate, based on aggregation of Bloomberg sourced data.

LGFA bond holders by investor group as at 30 June 2024



LGFA bond holders by country of residence as at 31 March 2024



Wairio Wetlands, Lake Wairarapa, Greater Wellington Regional Council

LGFA members Ko ngā LGFA e noho mema ana

LGFA operates with the primary objective to optimise the terms and conditions of the debt funding it provides to participating borrowers.

Among other things this includes:

- Providing savings in annual interest costs
- Offering short and long term borrowings with flexible lending terms
- Enhancing the certainty of debt markets
- Being the funder of choice for New Zealand councils.

To become a LGFA member, a council or CCO is required to complete a formal application. Following an application for membership, LGFA management completes a review of the prospective member's financial position

and its ability to comply with LGFA's financial covenants, which is considered by the Board who approve all council memberships. All member councils are required to complete a compliance certificate each year which certifies that the council has complied with LGFA's financial covenants. In addition, LGFA monitors all members' annual reports, annual plans and long term plans on an ongoing basis to ensure that the financial forecasts are consistent with the LGFA financial covenants.

Participating councils and Council-controlled organisations are collectively referred to as LGFA members.

99%
of total loans
are to guarantor
councils

Loans to Auckland
Council are limited
to a maximum of

40%
of total loans

As at 30 June 2024

77
members were
eligible to borrow
from LGFA

30
member councils
are shareholders

72
member councils
were guarantors

5
member
CCOs

TOP 10 MEMBER BORROWERS	AMOUNT BORROWED	% OF TOTAL BORROWINGS
NZD MILLION		
Auckland Council	3,655	17.8%
Christchurch City Council	2,512	12.2%
Wellington City Council	1,596	7.8%
Tauranga City Council	1,051	5.1%
Hamilton City Council	951	4.6%
Greater Wellington Regional Council	941	4.6%
Queenstown Lakes District Council	651	3.2%
Hutt City Council	516	2.5%
Rotorua District Council	451	2.2%
Hastings District Council	397	1.9%
	12,721	61.9%

Over the 12 months to 30 June 2024

\$6,095
million of long term loans

were issued to
74
members

across
486
individual term loans

with an average term of
4.87
years

At 30 June 2024

\$597
million of short term loans

were outstanding to
36
members

Member councils are
required to comply
with LGFA financial
covenants at all times

90%
LGFA's estimated market share
of local government debt

LGFA members by year of joining North Island councils

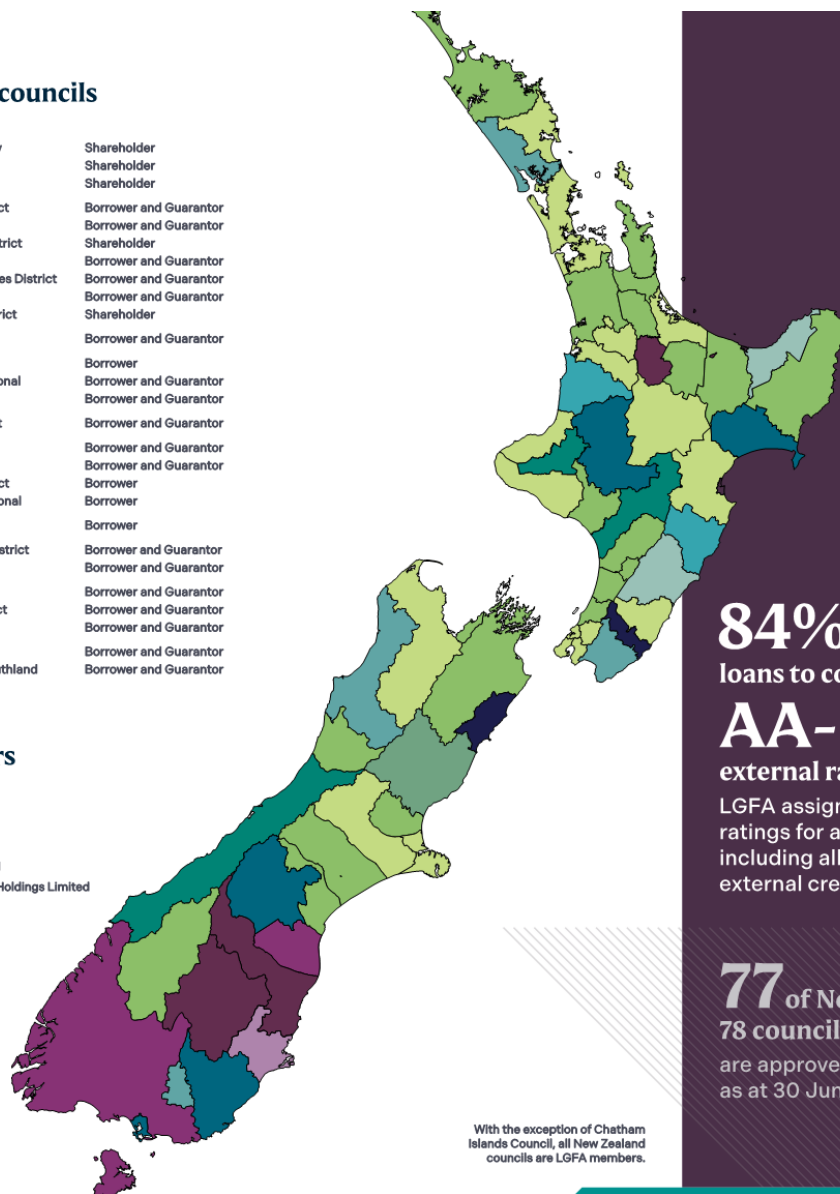
2011-12	Auckland	Shareholder
	Bay of Plenty Regional	Shareholder
	Greater Wellington Regional	Shareholder
	Hamilton City	Shareholder
	Hastings District	Shareholder
	Masterton District	Shareholder
	New Plymouth District	Shareholder
	Otorohanga District	Shareholder
	South Taranaki District	Shareholder
	Taupo District	Shareholder
	Tauranga City	Shareholder
	Waipa District	Shareholder
	Wellington City	Shareholder
2012-13	Western Bay of Plenty District	Shareholder
	Whangarei District	Shareholder
	Far North District	Borrower and Guarantor
	Gisborne District	Shareholder
	Hauraki District	Shareholder
	Horowhenua District	Shareholder
	Hutt City	Shareholder
	Kapiti Coast District	Shareholder
	Manawatu District	Shareholder
	Matamata-Piako District	Borrower and Guarantor
	Palmerston North City	Shareholder
	Rotorua District	Borrower and Guarantor
	Thames-Coromandel District	Shareholder
2013-14	Waikato District	Borrower and Guarantor
	Whakatane District	Shareholder
	Whanganui District	Shareholder
	Horizons District	Borrower and Guarantor
	Upper Hutt City	Borrower and Guarantor
	Opotiki District	Borrower
	Porirua City	Borrower and Guarantor
	Taranaki District	Borrower and Guarantor
	Kaipara District	Borrower and Guarantor
	South Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
2015-16	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
2017-18	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
2018-19	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
2019-20	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
2020-21	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Central Hawkes Bay District	Borrower and Guarantor
	Northland Regional	Borrower and Guarantor
	Waikato District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor

South Island councils

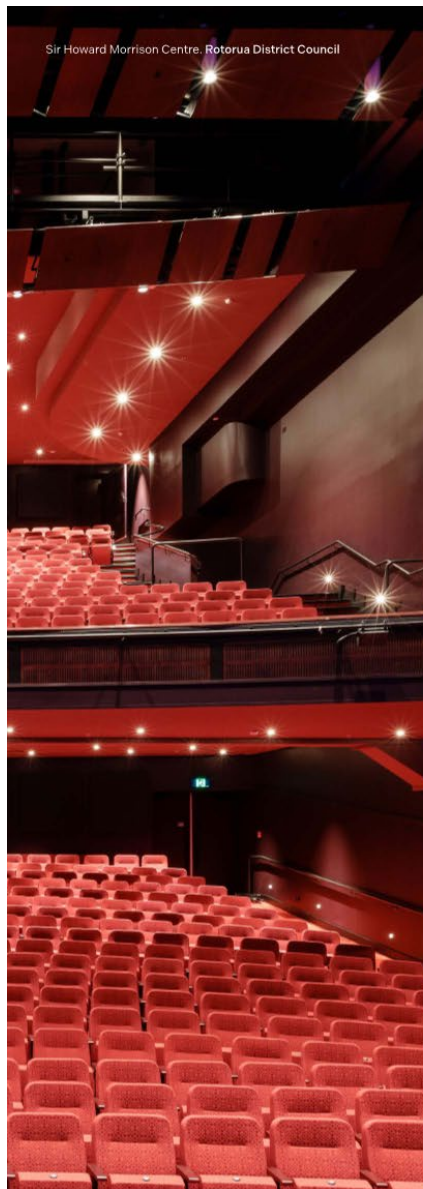
2011-12	Christchurch City	Shareholder
	Selwyn District	Shareholder
	Tasman District	Shareholder
	Ashburton District	Borrower and Guarantor
	Grey District	Borrower and Guarantor
	Marlborough District	Shareholder
	Nelson City	Borrower and Guarantor
	Queenstown Lakes District	Borrower and Guarantor
	Timaru District	Borrower and Guarantor
	Waimakariri District	Shareholder
	Hurunui District	Borrower and Guarantor
	Buller District	Borrower
	Canterbury Regional	Borrower and Guarantor
2013-14	Gore District	Borrower and Guarantor
	Westland District	Borrower and Guarantor
	Clutha District	Borrower and Guarantor
	Invercargill City	Borrower and Guarantor
	Mackenzie District	Borrower
	West Coast Regional	Borrower
	Kaikoura District	Borrower
	Central Otago District	Borrower and Guarantor
	Wairarapa District	Borrower and Guarantor
	Otago Regional	Borrower and Guarantor
	Southland District	Borrower and Guarantor
	Waimate District	Borrower and Guarantor
	Dunedin City	Borrower and Guarantor
2015-16	Environment Southland	Regional
	Destination Westland	
	Dunedin City Treasury	
	Infrastructure Holdings Ltd	
	Invercargill City Holdings Ltd	
	Whanganui District Council Holdings Limited	

CCO members

Destination Westland
Dunedin City Treasury
Infrastructure Holdings Ltd
Invercargill City Holdings Ltd
Whanganui District Council Holdings Limited

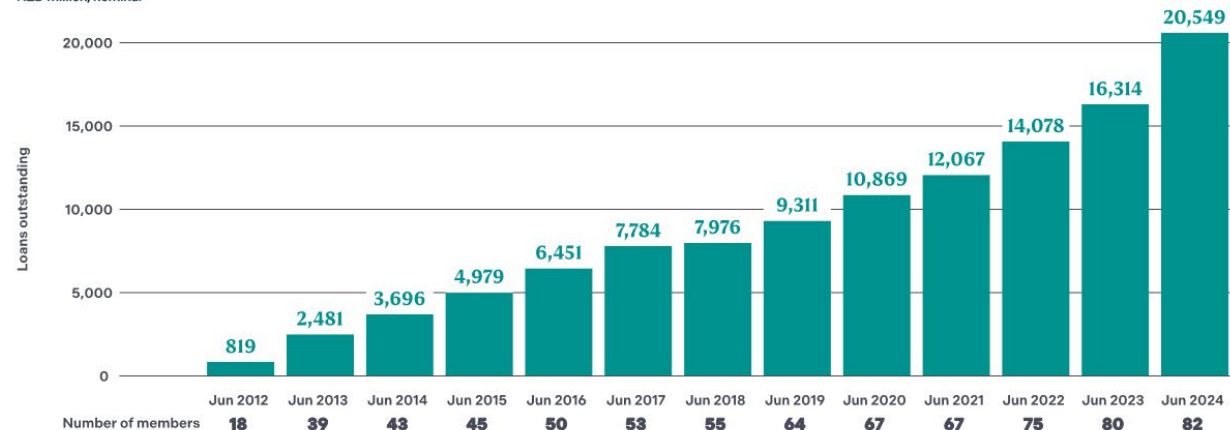


With the exception of Chatham Islands Council, all New Zealand councils are LGFA members.



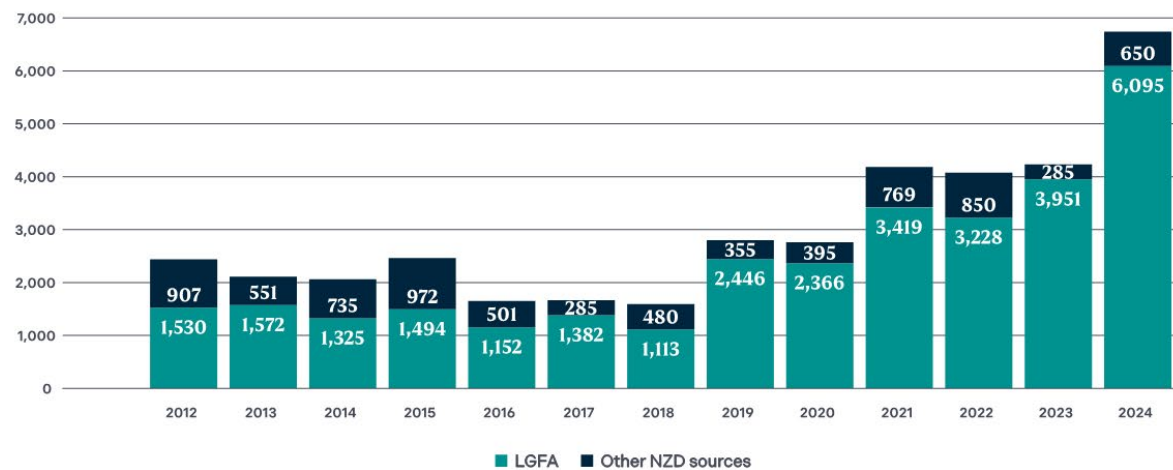
LGFA members and nominal loans outstanding

NZD million, nominal



Members' annual borrowing

NZD million, nominal



Sustainability at LGFA

Te toitūtanga kei te LGFA

As at June 2024

Sustainable
Financing Bond

\$1.76
billion

Green, social &
sustainable loans

\$377
million

Climate action
loans

\$2.77
billion

LGFA is committed to improving sustainability outcomes within the company, as well as assisting the local government sector achieve their sustainability and climate change objectives within their communities.

Promoting environmental and social stewardship

LGFA recognises the emerging risks for councils from climate change and supports their commitment towards improving sustainable outcomes for local communities. LGFA supports member councils and CCOs on financing projects to build towards a more sustainable and resilient society. As the primary lender to the local government sector, LGFA finances members' core investment into improving New Zealand's infrastructure and services to residents and visitors. By extension, these members' investments form an important element of LGFA's sustainability context.

Climate-related disclosure framework

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 makes it mandatory for climate reporting entities to produce climate statements according to disclosure standards in the Aotearoa New Zealand Climate Standards issued by the External Reporting Board in December 2022.

LGFA is a designated Climate Reporting Entity as it is a listed issuer of quoted debt securities with a combined face value of quoted debt exceeding \$60 million.

Climate Reporting Entities are required to make annual disclosures covering governance arrangements, risk management, strategies and metrics and targets for mitigating and adapting to climate change impacts.

The mandatory reporting regime took effect for accounting periods that start on or after the 1 January 2023 and LGFA has completed our inaugural disclosures for the year ended 30 June 2024.

[LGFA Climate-related disclosures for the year ended 30 June 2024](#)

Sustainability Committee

The LGFA Sustainability Committee assists us to achieve our sustainability objectives.

The Committee is chaired by LGFA's Head of Sustainability and comprises three employees and four independent members.

The Committee's purpose is to advise the Chief Executive and Board on sustainability issues within LGFA, across its operating, borrowing and lending activities and includes providing input in our GSS lending programme. GSS loan applications are reviewed by LGFA's Sustainability Committee prior to approval, with approved loans monitored for ongoing compliance.

Independent members of the LGFA Sustainability Committee As at 30 June 2024

Alison Howard

Erica Miles

Chris Thurston

David Woods





LGFA Sustainable financing bond framework

In March 2023, LGFA announced our Sustainable Financing Bond Framework.

The Framework outlines the process by which LGFA will issue and manage sustainable financing bonds that will be notionally allocated to a pool of Sustainable Loans that meet the eligibility criteria set out in the Framework.

Launching the Framework enables LGFA to:

- demonstrate its commitment to support council and CCO borrowers to fund sustainable assets and activities, and incentivise GHG emissions reductions;
- issue bonds that are notionally allocated to the Sustainable Loans on LGFA's balance sheet; and
- advance the market for sustainable finance by providing an innovative opportunity for investors to support council and CCO borrowers to achieve their sustainability aspirations.

The Framework follows the proceeds-based pillars of the general market standards for sustainable finance, namely the International Capital Markets Association's Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG). However, LGFA does not claim direct alignment of the Framework with these principles as the pool of Sustainable Loans comprises both GSS Loans and CALs together in the same asset pool.

Sustainable loans are made by LGFA to member councils and CCOs under the Green, Social and Sustainability (GSS) Lending Programme and the Climate Action Loans (CALs) Programme.

The Framework is supported by a Second Party Opinion (SPO) provided by Sustainalytics.

In April 2023, LGFA completed the inaugural issue of \$1.1 billion of Sustainable Financing Bonds maturing 15th May 2030. This was increased by \$500 million in September 2023, and as at 30 June 2024, the amount outstanding in this issuance line was \$1.76 billion.

Global recognition of LGFA sustainable financing bond framework and issuance

LGFA has been recognised with the following three KangaNews Awards for 2023:

- New Zealand dollar rates bond deal of the year,
- New Zealand sustainability deal of the year, and
- New Zealand innovative debt deal of the year.

In April 2024, the LGFA \$1.1bn Sustainable Financing Bond was named **"Sustainability Bond of the Year – Supranational"** at Environmental Finance's Sustainable Debt Awards 2024. These awards celebrate the leading green, social, sustainable and sustainability-linked bond and loan deals and recognise market innovations. LGFA takes great pride in having been recognised by the market for their thought-leadership, best practice and innovation, amongst its illustrious global peer group.

One Sustainable Debt Awards Judge described the structure as having "a significant positive impact for the underlying assets" and called it a "significant development for the APAC region".

Another praised "the combination of ambitious targets, alignment with the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond Guidelines, high performance in terms of market turnover, and innovative setup."



Sustainable lending products

Offering members innovative sustainable lending products aligns to LGFA's commitment to display sector leadership on sustainable lending and incentivising member councils and CCOs to progress sustainability opportunities.

Our sustainable lending products comprise Green, Social and Sustainable lending and Climate Incentive Loans.

Green, social and sustainability lending

A commitment to assist our members to finance projects that promote environmental and social wellbeing in New Zealand.

LGFA acknowledges the importance of financing projects that promote environmental and social wellbeing in New Zealand, and which fund eligible green and/or social projects.

Our green, social and/or sustainability (GSS) lending programme, launched in 2021, provides funding for our members across the following nine green project categories and three social project categories:

Green Project Categories

- Energy Efficiency
- Green Buildings
- Clean Transportation
- Sustainable Water and Wastewater Management
- Renewable Energy
- Pollution Prevention and Control
- Sustainable Management of Living Natural Resources and land use and Use
- Climate Change Adaptation
- Terrestrial and Aquatic Biodiversity Conservation

Social Project Categories

- Affordable Basic Infrastructure-Clean Water, Sewer, Transport
- Access to Essential Services-Education, Healthcare
- Affordable Housing

Under the GSS programme, LGFA lends to councils and CCOs at a discounted margin to incentivise them to undertake projects that help drive forward climate, environmental and social projects across the New Zealand local government sector.

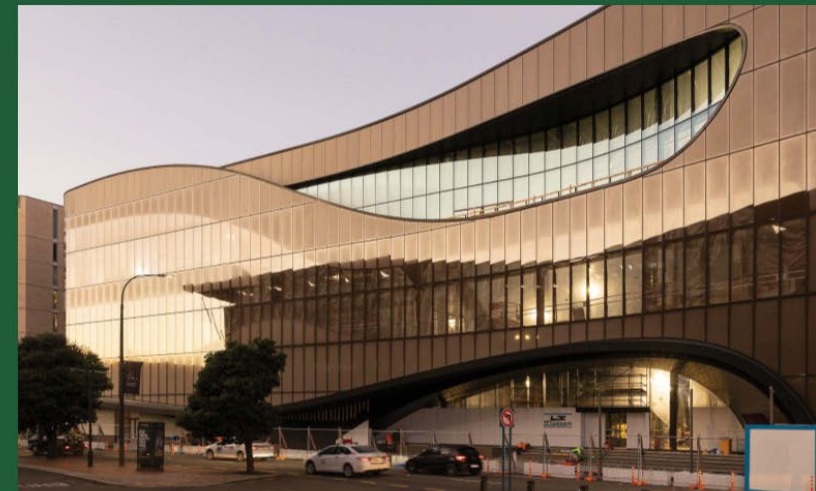
As at 30 June 2024, LGFA had approved six GSS loans, across three different green project categories and one social project category, totalling NZ\$572.3 million approved of which NZ\$377.2 million had been advanced.

In December 2021 the Wellington City Council and the Greater Wellington Regional Council became the first local authorities in New Zealand to draw down under the programme. They have been followed by Hutt City Council in June 2022, Whangarei District Council in August 2022, Christchurch City Council in November 2022 and, most recently, Tauranga City Council in October 2023.

Tākina Wellington Convention and Exhibition Centre Wellington City Council

Under Green Project Category: Green Buildings, Wellington City Council borrowed \$180 million for the construction of Tākina, the Wellington Convention and Exhibition Centre, the Capital's largest infrastructure investment since the Wellington Regional Stadium two decades ago. Tākina offers a powerful combination of facilities across three floors and 18,000 m² that is drawing visitors to Wellington to learn, meet and be inspired.

Opened in June 2023, Tākina has been awarded a 5-star certification by the New Zealand Green Building Council for a design that reduces energy use by 60% and carbon emissions by 66% when benchmarked against comparable new builds. The building's features include a rainwater harvesting system, smart air conditioning and enhanced thermal insulation.





Te Wai Takamori o Te Awa Kairangi Greater Wellington Regional Council

Under Green Project Category: Climate Adaptation, Greater Wellington Regional Council (GWRC) will borrow up to \$227 million to fund the Council's flood protection work on Te Wai Takamori o Te Awa Kairangi. This project involves upgrading the stopbanks on either side of Te Awa Kairangi / Hutt River as well as deepening and widening the river channel to protect Te Awa Kairangi ki Tai – Lower Hutt city centre from a one in 440 year flood event (which has a 0.2% chance of occurring in any year), at the same time enhancing the ecological health of the river.

Te Wai Takamori o Te Awa Kairangi programme of works is being delivered through a partnership between Greater Wellington, Hutt City Council and Waka Kotahi NZ Transport Agency, working together with Mana Whenua partners – Ngāti Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika.



Naenae Pool and Fitness Centre Hutt City Council

Under Green Project Category: Green Buildings, Hutt City Council (HCC) will borrow up to \$41 million for the rebuild of the Naenae Pool and Fitness Centre. The new swimming pool will be 65% bigger than the old pool and will be much more energy efficient with up to 53% reduction in energy use.

Due to open in July 2024, the Naenae Pool and Fitness Centre will have a 50m Olympic pool with 10 lanes and two moveable bulkheads so it can be used for different activities at the same time. A second leisure pool will have a shallow section for family fun, and a deep section with ramp access, seating and hydro jets for maximum accessibility.



Te Iwitihi – Whangarei Civic Centre Whangarei District Council

Under Green Project Category: Green Buildings, Whangarei District Council (WDC) borrowed \$59 million for Whangarei District's new civic building which has been designed to provide a welcoming, inclusive and easily accessible customer experience. The 8,000m² building opened in June 2023 and has been designed to be sustainable and to strongly reflect Whangarei's cultural identity and heritage.

Te Iwitihi is an extremely efficient, sustainability-focused, fully accessible building, designed for high functionality now and into the future, and earned the Supreme Award for projects costing over \$10 million at the New Zealand Commercial Project Awards 2024.



Ōtautahi Community Housing Trust Christchurch City Council

Under Social Project Category: Affordable Housing, Christchurch City Council (CCC) will borrow up to \$55 million to provide finance to Ōtautahi Community Housing Trust (ŌCHT). ŌCHT was formed in 2016 out of CCC's objective for a financially sustainable model for its social housing portfolio.

ŌCHT provides low-cost community housing, supported by a government subsidy where possible. ŌCHT is the second largest Community Housing Provider in New Zealand and it manages approximately 2,300 units passed to it from CCC.

Part of ŌCHT's programme is to build at least 400 units to replace those lost due to the Canterbury earthquakes, and the GSS Loan is to finance the build of these properties. The Ministry of Housing and Urban Development supports the development and ŌCHT is contracted to provide homes for people on the Public Housing Register.

Kopurererua Valley Stream Realignment Tauranga City Council

Under the Green Project Category: Terrestrial and Aquatic Biodiversity Conservation, Tauranga City Council (TCC) will borrow up to \$10.3 million to provide finance for the work to realign and restore the Kopurererua River, along with the creation of a new cycle path and a new wetland at the Kopurererua Valley Reserve, a 364 hectare inner city reserve in Tauranga.

In partnership with Ngāi Tamarāwaho and Bay of Plenty Regional Council, TCC will deliver the following benefits through this project:

The realignment of the river channel, and the subsequent creation of a wetland will slow the flow of the water, improving water quality, assisting in flood control, and ultimately providing climate change resilience. Approximately 200,000 plants will be planted to restore the valley and assist with this resilience.

The realignment of the river will recreate fish and bird habitats and help to restore the mauri that has been lost over time. It will restore the path followed by Taurikura as she swam out to Tauranga Moana, and finally landed at Karewa Island.

Community access and connection to the reserve will significantly increase.



Climate Action Loans

A commitment to incentivise our members to act on climate change and reduce greenhouse gas emissions.

LGFA launched its Climate Action Loans (CALs) lending programme in December 2022. CALs are target-based lending structures designed to incentivise councils and CCOs to act on climate change and reduce greenhouse gas (GHG) emissions.

A CAL rewards a borrower through a lending margin discount if they have adopted an Emission Reduction Plan setting out specific Emissions Reduction Targets for their operational greenhouse gas emissions at member council or CCO level. CALs are available for all members, including those who may not have eligible projects to access GSS loans.

As at 30th June 2024, LGFA had advanced CAL loans totalling \$2,746.7 million across seven member councils.



Auckland Council. Approved for CALs in March 2023

In June 2019, Auckland Council declared a climate emergency, committing the Council to take the necessary action to manage and mitigate climate-related risks while taking advantage of the opportunities created by climate change.

Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, adopted by Auckland Council in 2020, sets out a pathway to achieve a 50% reduction in regional greenhouse gas (GHG) emissions by 2030 and net zero by 2050 from a 2016/17 base year. Auckland Council's Long-Term Plan (LTP) sets similar targets for Auckland Council, halving direct GHG emissions (scope 1 & 2) from Auckland Council operations by 2030 and achieving net zero emissions by 2050.



Hutt City Council. Approved for CALs in March 2023

In 2018, Hutt City Council (HCC) commenced work on its first organisational carbon footprint, and later that year, set a carbon target of net zero by no later than 2050. This was followed by Council declaring a climate emergency in June 2019.

In July 2021 the HCC Interim Carbon and Climate Resilience Plan 2021-2031 (ICCRP) was approved as companion document to the LTP 2021-31. This plan built on earlier work in the energy space, ie the Energy and Carbon Reduction Plan 2020-2024, which set targets for improving energy efficiency and reducing carbon emissions with the use of energy at Council facilities. The ICCRP sets out 21 concrete and measurable actions which include:

- Outline the journey to reduce HCC's corporate emissions to net-zero by 2050.
- Help reduce Lower Hutt's greenhouse gas emissions to net-zero by 2050 and halve emissions by 2030.

Dunedin City Treasury Limited. Approved for CALs in April 2023

In June 2019, Dunedin City Council (DCC) declared a climate and ecological emergency and set the ambitious goal for Dunedin city to be net carbon neutral by 2030, adopting a two-part 'Zero Carbon 2030' target, as follows:

- net zero emissions of all greenhouse gases other than biogenic methane by 2030; and
- 24% to 47% reduction below 2017 biogenic methane emissions by 2050, including 10% reduction below 2017 biogenic methane emissions by 2030.

In February 2022 DCC adopted an Emissions Management and Reduction Plan setting out the goal for DCC and Dunedin City to be net carbon zero by 2030 and to increase its resilience to the effects of climate change. With regards to climate change adaptation, DCC's focus to date has been its South Dunedin Future programme, as South Dunedin is the most climate-exposed part of the city.



Kapiti Coast District Council. Approved for CALs in August 2023

Kapiti Coast District Council (KCDC) has been measuring its emissions since the 2009/10 year under the Toitū CarbonReduce Programme and has won multiple awards for leadership in environmental sustainability. In May 2019, the council declared a climate emergency.

Recently KCDC set a new aspirational long-term target for its organisational emissions of net zero emissions by 2040. KCDC also set a mid-term reduction target for its category 1 and 2 emissions of 15.5% by 2032. This is on top of the 70% emissions reductions already achieved in categories 1 and 2 emissions since 2010.

Wellington City Council. Approved for CALs in February 2024

In June 2019, Wellington City Council (WCC) declared a climate and ecological emergency and Te Atakura – First to Zero (emissions) blueprint was adopted, setting Wellington's ambition to become a net zero carbon capital by 2050. WCC has been measuring its emissions since 2014 and, over the years, it has continued to improve the way it captures information. From mid-2021, WCC started measuring supply chain emissions.

In November 2023, WCC set a science-based target to reduce their Scope 1 & 2 emissions by 57% between 2021 and 2030, and a separate target that two-thirds of their supplier emissions will have adopted science-based targets by 2030. In November 2023, WCC adopted an Organisational Emissions Reduction Plan setting out the projects they need to deliver in order to meet those targets.

Tauranga City Council. Approved for CALs in March 2024

Tauranga City Council (TCC) has accelerated its efforts over the last few years to reduce its operational emissions. TCC started measuring its emissions in 2018 and has since then achieved a 27% reduction of Scope 1 and 2 emissions (including CCOs and wastewater treatment). In 2023, TCC committed to a goal to reach net zero by 2050 in its operational emissions and developed an Emissions Reduction Plan.

The Emissions Reduction Plan dated February 2024 includes targets aligned with a science-based pathway, supported by 15 projects to reduce Scope 1 and 2 emissions across council operations. A science-based target means that TCC will need to reduce its emissions by 46.2% by 2030 and 90% by 2040 from 2019 baseline. This covers emissions from electricity consumption and combustion of fossil fuels within council operations (Scope 1 and 2).

Greater Wellington Regional Council. Approved for CALs in June 2024

In August 2019, Greater Wellington Regional Council (GWRC) declared a climate emergency and has since developed a programme of climate action relating to corporate operations and regional outcomes. GWRC's Executive Leadership Team signed off its Organisational Emissions Management and Reduction Plan in May 2024, which includes targets for its organisational GHG emissions, previously approved by Councillors. Each target is relative to the Council's base year period of FY18/19. These include:

- GWRC has committed to achieve a net reduction in its total emissions (all Scopes/Categories) of 40% in FY2024/25;
- To be 'carbon neutral' (net-zero total emissions) from FY2029/30;
- To be 'climate positive' (net emissions reduced by more than 100% from FY2034/35);
- Achieve a 25% reduction in gross Scope 1 & 2 (Category 1 & 2) GHG emissions in FY2024/25;
- Achieve a 50% reduction in gross Scope 1 & 2 (Category 1 & 2) GHG emissions in FY2029/30;
- Achieve a 65% reduction in gross Scope 1 & 2 (Category 1 & 2) GHG emissions in FY34/35.





TOITŪ
NET
CARBON
ZERO
ISO 14064-1
ORGANISATION

Toitū net carbonzero certification

As part of our carbon reduction process, LGFA has maintained a Toitū net carbonzero certification since 2021. The Toitū certification recognises the processes LGFA has put in place to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions. Where LGFA are unable to eliminate emissions, these are offset through the purchase of high-impact carbon credits from a Gold Standard-certified international project.

Kauri 2000

Kauri 2000

Kauri 2000 was established in 1999 as a project to celebrate the start of the new millennium by planting 2000 kauri on the Coromandel Peninsula. To date the Trust has planted over 55,000 trees and continues to plant kauri throughout the Coromandel. LGFA donates to Kauri 2000 on an annual basis to assist the Trust with their planting programme. In 2024, LGFA donated \$4,000.

Governance and culture

Te whakaruruhau me te ahurea

LGFA governance policies and documents

Audit and Risk Committee Charter	Remuneration Policy
Board Charter	Responsible Investment Policy
Code of Ethics	Risk Management Policy
Diversity Policy	Shareholders Agreement
Internal Audit Charter	Sustainability Policy
LGFA Constitution	Treasury Policy
LGFA Foundation Policies	

NZX Corporate Governance Code

LGFA is a listed issuer on the NZX Debt Market and complies with the eight core principles underpinning the NZX Corporate Governance Code (1 April 2023).

LGFA considers that its governance practices have not materially differed from the NZX Code for the year ended 30 June 2024. Areas where LGFA has implemented alternative measures to the Code are as follows:

An issuer should establish a nomination committee to recommend director appointments to the board.

An issuer should have a remuneration committee which operates under a written charter.

→ **The process for the nomination and remuneration of directors is documented in the Constitution of New Zealand Local Government Funding Agency Limited and outlined on [page 27](#).**

The LGFA Board is responsible for the strategic direction and control of LGFA's activities and is committed to ensuring LGFA demonstrates ongoing commitment to strong and sound corporate governance.

Our values Ō mātau uara



We act with integrity E pono ana mātau

We are honest, transparent and are committed to doing what is best for our customers and our company.



We strive for excellence E whakapau kaha mātau kia hiranga te mahi

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.



We are customer focused E arotahi ana mātau ki te kiritaki

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.



We are innovative He auaha mātau

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.



We provide leadership He kaiārahi mātau

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

Our purpose

Benefiting local communities through delivering efficient financing for local government.

Culture, ethics and governance

The Board is committed to ensuring LGFA demonstrates ongoing commitment to strong and sound corporate governance, and that the conduct of both directors and staff always meets the high standards required to reflect the company's values and to protect its reputation.

LGFA's required standards for conduct are defined in our Code of Ethics and is reflected throughout the following key governance documents: The Constitution; Shareholders' Agreement; Board Charter; Audit and Risk Committee Charter; Internal Audit Charter; and the Diversity Policy.

Code of Ethics

LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.

Impartiality and transparency in governance and administration are essential to maintaining the integrity of LGFA. Accordingly, our Conflicts of Interest Policy provides guidance to directors and employees in relation to actual and potential conflicts of interest, including specific guidance on managing potential conflicts that may arise for non-independent directors. Directors and employees are expected to avoid all actions, relationships and other circumstances that may adversely impact on their ability to exercise their professional duties.

Our Code of Conduct Policy requires employees and directors to maintain high standards of integrity and conduct by clearly setting out expected standards for behaviour. In addition, the policy sets out our commitment to employees to act in a fair and reasonable manner, while providing a fair and safe working environment.

Protected Disclosures and Whistle Blowing

Our Protected Disclosures and Whistle Blowing Policy outlines procedure, support and protection to persons who disclose information which they reasonably believe to be about serious wrongdoing in or by LGFA.

Financial Products Trading Policy

Our Financial Products Trading Policy, which applies to directors, employees and contractors, details the policy and rules for dealing in listed debt securities issued by LGFA and any other LGFA-quoted financial products.

Transparency and disclosure

Transparency and disclosure are essential for shareholder, rating agencies and investor confidence and codified through:

- **Shareholders' agreement**
- **NZX listing rules**
- **Financial accounting standards**
- **Regulatory compliance**

LGFA is committed to ensuring the highest standards are maintained in financial reporting and disclosure of all relevant information. Transparency in how we operate is core to achieving our shareholders' objectives as well as for our wider stakeholders including investors, banks and other financial intermediaries and the credit rating agencies. As such, transparency in how we operate is reflected in operating requirements outlined in our foundation documents, including the Constitution, Shareholders' Agreement and Board Charter, as well as Company policies on Continuous Disclosure, Financial Products Trading, and Protected Disclosures and Whistle Blowing.

LGFA demonstrates transparency through its annual Statement of Intent (SOI) and quarterly reporting to shareholders on its performance against the objectives set out in the SOI.

The Audit and Risk Committee has responsibility to provide assurance to the Board that due process has been followed in the preparation and audit of the financial statements and to ensure there are appropriate processes and activities to ensure compliance with relevant regulatory and statutory requirements.

LGFA has adopted a formal Continuous Disclosure Policy, the requirements of which ensure that we meet the continuous disclosure requirements of the NZX Listing Rules, including the disclosure for material environmental, social and governance (ESG) factors.

Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board.

The Audit and Risk Committee is governed by its own Charter which states that the purpose of the Committee is to provide advice, assurance and observations to the Board relating to the effectiveness and adequacy of internal control and risk management systems, processes and activities across LGFA. The Committee assists the Board to fulfil its duties by considering, reviewing and monitoring:

- Risk management framework and processes;
- Internal control environment and mechanisms;
- Operations and effectiveness of the internal audit function;
- Preparation and audit of financial statements;
- Integrity of performance information, including financial reporting;
- Governance framework and process;
- Policies, processes and activities to ensure compliance with legislation, policies and procedures; and
- Statutory/regulatory disclosure and reporting and performance against Statement of Intent targets.

Audit and Risk Committee members are appointed by the Board. Membership comprises at least three directors, the majority of whom must be independent.

Internal audit

LGFA has an internal audit function to provide assurance that its risk management, governance and internal controls are operating effectively.

The Audit and Risk Committee has responsibility for oversight of the internal audit function, including:

- Reviewing the Internal Audit Charter, the operations of the internal audit and organisational structure of the internal audit function;
- Approving the annual audit plan;
- Reviewing the effectiveness of the internal audit function; and
- Meeting separately with the internal auditor to discuss any matters that the Audit and Risk Committee or Internal Audit considers should be discussed privately.

External audit

The external audit of LGFA is conducted in accordance with Section 14 of the Public Audit Act 2001, including the appointment of the external auditors of LGFA by the Auditor-General.

The Audit and Risk Committee has responsibility for all processes relating to the audit of financial statements, including the setting of audit fees and ensuring the independence and objectivity of the auditors.

The external audit of LGFA is conducted in accordance with a formal external audit plan which is reviewed and approved by the Audit and Risk Committee on an annual basis. The external auditor attends LGFA's Annual General Meeting.

Our team

Health, safety and wellbeing

LGFA is committed to providing a safe and healthy working environment for all employees and a flexible workplace environment that promotes increasing employee engagement, productivity and enhancing recruitment and retention.

LGFA maintains policies on health and safety, flexible working, diversity and employment which outlines the company's commitment to health, safety and wellbeing.

Our Health and Safety Policy sets out the duty of directors and staff under the Health and Safety at Work Act 2015. A staff health and safety committee has been established with responsibility to continuously review health and safety issues and ongoing compliance with the Act, with reporting on health and safety issues at each Board meeting.

LGFA provides staff with access to professional support for general counselling services, individual

case management and on-going monitoring of an employee's progress to ensure they have access to assistance and treatment to meet their needs.

Capability and development

LGFA is committed to ongoing education and professional development for staff and directors by funding professional development courses, membership of professional bodies and attendances at industry conferences.

The Future Director programme, launched in 2021 by the Board and Shareholder Council, aims to give talented people within the Local Government sector with an interest in corporate governance the opportunity to observe and participate in Boardroom discussions for an 18-month period. The Future Director actively participates at Board meetings, but they have no voting rights. Sarah Matthews was appointed as our second Future Director in January 2024 for an 18 month term.

Diversity and inclusion

LGFA is committed to promoting a culture that supports both workplace diversity and inclusion within the organisation.

Diversity at LGFA involves recognising and valuing the contribution that people can make because of their skills, experience, background and differing perspectives. LGFA values employees by encouraging participation and providing opportunities for its people to succeed.

LGFA has formally adopted a Diversity Policy which applies to both LGFA employees and directors. Diversity and inclusiveness at LGFA involves recognising the value of individual differences and managing them in the workplace. Diversity in this context covers gender, age, ethnicity, cultural background, sexual orientation, religious belief, disability, education and family responsibilities.

Each year, we complete a diversity review which is reported through to the Board and, when undertaking recruitment, selection panels for interview are split by gender.

Appointments to the Board are made in accordance with our Constitution and the Shareholders Agreement.

	2024		2023	
	Female	Male	Female	Male
Board	2	4	2	4
Staff	3	7	3	6

	2024			2023		
	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years
Board	-	-	100%	-	-	100%
Staff	-	30%	70%	12%	22%	60%



Our Board

The LGFA Board Charter sets out the roles and responsibilities of the Board. The Charter states that the role of the Board is to ensure that LGFA achieves its goals. Having regard to its role, the Board will direct and supervise the management of the business and affairs of LGFA, including:

- ensuring that LGFA's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening LGFA's performance;
- ensuring strategies are in place for meeting expectations set out in the Statement of Intent and monitoring performance against those expectations, in particular LGFA's primary objective to optimise the debt funding terms and conditions for participating borrowers;
- monitoring the performance of management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment;
- deciding on whatever steps are necessary to protect LGFA's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that LGFA's financial statements are true and fair and otherwise conform with law;
- ensuring that LGFA adheres to high standards of ethics and corporate behaviour;
- ensuring that LGFA has appropriate risk management/regulatory compliance policies in place. In the normal course of events, day-to-day management of LGFA will be in the hands of management. The Board will satisfy itself that LGFA is achieving its goal and engaging and communicating with Shareholders Council; and
- engaging and communicating with shareholders.

Board composition

The Board comprises five independent directors and one non-independent director. An independent director is a director who, within five years prior to appointment, was not an employee of any shareholder, employee of a council-controlled organisation owned by a shareholder, or a councillor of any local authority which is a shareholder.



Craig Stobo
Independent Chair

BA (Hons) Economics First Class, Otago; C.F.Inst.D
Advanced Management Programme, The Wharton School,
Philadelphia

Associate Member CFA Society New Zealand

Craig has worked as a diplomat, economist, investment banker, Chief Investment Officer, and CEO. He has authored reports to the New Zealand Government on the Taxation of Investment Income (which led to the PIE regime), and the creation of New Zealand as a funds domicile. Craig is a Taumata of the University of Otago Business School.

Chair

Financial Markets Authority
NZ Windfarms Ltd
Saturn Portfolio Management Ltd Investment
Committee (Shareholder)
Desert Holdings Ltd
Sahara Ltd
Cancer Society Finance Risk and Audit
Committee (Auckland and Northern)
Waitaki Boys High School Foundation

Managing Director and shareholder
Stobo Group

Director and shareholder
Biomarine Group Ltd
Legend Terrace Ltd

Director
Appello Services Ltd

Advisor

AMP Financial Services Investment Committee



Alan Adcock
Non-Independent Director
Member Audit and Risk Committee

B.Com, MBA (with Distinction)

Alan has over 35 years' experience in the financial services and local government sectors at executive level, with over twenty years in banking, insurance and funds management followed by his current role as General Manager Corporate / CFO at Whangārei District Council.

His involvement with LGFA began in its initial planning stage, as a representative of the 'tight nine' councils that worked together to turn the concept into reality in 2011. He was an inaugural member of the Shareholders' Council, which he chaired from 2014 before joining the Board in 2021.

Chief Financial Officer
Whangārei District Council

Director
Whangārei Waste Ltd



Philip Cory-Wright
Independent Director
Member Audit and Risk Committee

LLB (Hons), BCA Business Management
INFENZ (Cert), C.F.Inst.D

Philip is a solicitor of the High Court of New Zealand and Victoria. He has worked as a corporate finance adviser in New Zealand to the corporate sector on debt and equity matters for more than 30 years. Philip is also a strategic adviser to clients in the energy and infrastructure sectors. He was a member of the Local Government Infrastructure Expert Advisory Group tasked with advising the Minister of Local Government on improvements in local government infrastructure efficiency.

Chair

Papa Rerangi i Puketapu (New Plymouth
Airport)
South Port New Zealand Ltd

Director

Matariki Forest Group
NZ Windfarms Ltd
Powerco Ltd
Te Rere Hau Holdings Ltd
Te Rere Hau Ltd



Staff

Mark Butcher

Chair

Waikato-Tainui Group Investment Committee

Member

New Zealand Superannuation Fund,
Nominating Committee
NZ Financial Markets Association Board



David Rae
Independent Director
Member Audit and Risk Committee
M.Sc (distinction) in Economics, London School of Economics, C.M.Inst.D

David is a co-owner of an investment consulting firm, MyFiduciary Ltd, which provides portfolio advice and implementation for institutional investors including charitable trusts and iwi. His background is in economic policy and investing, having worked for the NZ Superannuation Fund and the OECD.

He has held current and past roles as an investment trustee and as a director of regulated utilities in the gas and transport sectors both in New Zealand and overseas.

David has an M.Sc in Economics from the London School of Economics, and a B.Soc. Sci (Hons) in Economics and Physics from the University of Waikato.

Chair

New Zealand International Commercial Pilot Academy

Director and shareholder
MyFiduciary Ltd

Director
Galileo Green Energy GmbH
New Zealand Refining Nominees Ltd



Linda Robertson
Independent Director
Chair Audit and Risk Committee

B.Com; Dip.Bank; C.F.InstD; CGP; D.F.INFINZ; GCB.D; GAICD
Linda is a professional company director with over 25 years governance experience, combined with 30 years senior financial management experience having worked in both the banking and energy sectors in New Zealand.

Linda has been a full-time company director since 2015. Linda's governance experience spans many industries such as banking, funds management, electricity generation, retail and distribution; broadcasting services, co-operatives, local authority owned and state-owned entities and charities. Linda has a Bachelor of Commerce Degree and a Diploma in Banking. She also holds a Sustainability and ESG Designation; a Climate and Biodiversity Certificate and is a member of Chapter Zero New Zealand. Linda is a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Graduate Member of the Australian Institute of Company Directors, a Chartered Governance Professional and a Chartered Fellow of the Institute of Directors in New Zealand.

Chair

Central Lakes Trust and associated subsidiary
Crown Irrigation Investments Ltd

Director

Kordia Group Ltd
Invercargill City Holdings Ltd and associated subsidiary
Horizon Energy Distribution Ltd and associated subsidiaries
Southland Building Society (SBS Bank) and associated subsidiary

Member

Office of the Auditor-General and Audit New Zealand, Audit and Risk Committee
The Treasury, Capital Markets Advisory Committee
The Treasury, Risk and Audit Committee



Helen Robinson ONZM
Independent Director
Member Audit and Risk Committee

Helen is an experienced business leader locally and internationally mostly in the technology and sustainability sectors. Helen was Managing Director of Microsoft New Zealand, VP of Pivotal Corporation Asia Pacific and Managing Director, Markit Group (co-founding its Environmental Registry; now part of S&P Global).

Helen has decades of governance experience acting as Director or Chair for numerous public, private and public sector organisations.

She is a member of Global Women, a Chartered Member of the NZ Institute of Directors, and has been recognised in numerous awards for business and innovation including the NZ Women of Influence Supreme Award and as an Officer of Merit in the Queens Honours.

Chair

Kara Technologies Ltd
Astrix Astronautics Ltd
NZTE NZ Beachhead Advisors

Director and Shareholder
Organic Initiative Ltd
Penguin Consulting Ltd

Director

NZTech
Generate Kiwisaver

Director tenure and meetings of the Board

Anthony Quirk, Independent Director, retired from the Board on 23 November 2023. Anthony was appointed to the Board on 21 November 2017 and served as a Director for 6 years.

David Rae, Independent Director, joined the Board on 23 November 2023.

There were 8 Board meetings and 5 Audit and Risk Committee meetings over the year.

All directors are considered by the LGFA Board to be independent pursuant to the New Zealand Stock Exchange (NZX) Listing Rule 2.6. except for Alan Adcock who is the General Manager Corporate at Whangarei District Council.

Director	Date commenced in office	Board meetings attended/held	Audit and Risk Committee attended/held
Craig Stobo (Chair)	1 December 2011	8/8	-
Alan Adcock	23 November 2021	8/8	5/5
Phillip Cory-Wright	1 December 2011	8/8	4/5
Anthony Quirk	21 November 2017	4/4	2/2
David Rae	23 November 2023	4/4	3/3
Linda Robertson	24 November 2015	8/8	4/5
Helen Robinson	23 November 2022	8/8	5/5

Board performance review

The Board has an annual formal self-assessment to assess director, Board and committee performance. In addition, Board performance is reviewed by external consultants on a periodic basis.

Nomination of Directors

Director nominations can only be made by a shareholder by written notice to LGFA and the Shareholders' Council, no more than three months, nor less than two months, before a meeting of shareholders. All valid nominations are required to be sent by LGFA to all persons entitled to attend the meeting.

Retirement and re-election of Directors

Directors are appointed to the Board by an Ordinary Resolution of shareholders. A Director must not hold office (without re-election) past the third annual meeting of the Company

following the Director's appointment or three years, whichever is longer.

A retiring Director shall be eligible for re-election.

Indemnities and insurance

Under LGFA's constitution, LGFA indemnifies directors for potential liabilities and costs they may incur for acts of omission in their capacity as directors. LGFA has arranged directors' and officers' liability insurance covering directors and management acting on behalf of the company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for LGFA. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulation, or duty to LGFA, improper use of information to the detriment of LGFA, or breach of professional duty.

Remuneration

The remuneration of the Board reflects LGFA's size and complexity and the responsibilities, skills, performance and experience of the directors. A specialist independent adviser is used periodically to ensure the remuneration is appropriate.

Board remuneration is determined by an Ordinary Resolution of shareholders. The current board remuneration was approved by shareholder resolution at the Annual General Meeting on 23 November 2023.

Director annual fee breakdown

Position. Fees per annum	2024	2023
Board Chair	\$124,000	\$108,000
Audit and Risk Committee Chair	\$78,000	\$67,000
Director / ARC Member	\$73,000	\$63,000
Director	\$70,000	\$60,000

Director	2024
Craig Stobo (Chair)	\$124,000
Alan Adcock	\$73,000
Phillip Cory-Wright	\$73,000
Anthony Quirk	\$30,420
David Rae	\$43,140
Linda Robertson	\$78,000
Helen Robinson	\$73,000

Chief Executive remuneration

The remuneration of the CEO is determined by the Board and is reviewed annually taking into consideration the scope and complexity of the position with reference to the remuneration of CEOs of similar organisations. A specialist

independent adviser is used periodically to ensure the remuneration is appropriate. The CEO remuneration package comprises a fixed cash component of \$804,518 per annum as at 30 June 2024 (\$754,000, 2023) and an at-risk short-term incentive of the fixed cash component. The short-term incentive payment is made annually at the Board's discretion subject to the CEO and LGFA meeting a range of specific performance objectives for the financial year.

Per annum	2024	2023
Salary	\$804,518	\$754,000
Taxable benefits	-	-
Subtotal	\$804,518	\$754,000
Pay for Performance STI	\$120,678	\$113,100
Kiwisaver Employer Contribution	\$37,008	\$34,684
Total remuneration	\$962,204	\$901,784

Staff remuneration

The following table shows the number of staff who received more than \$100,000 in total remuneration, in \$10,000 bands.

Total remuneration	2024
\$100,000 to \$110,000	1
\$170,000 to \$180,000	1
\$200,000 to \$210,000	1
\$230,000 to \$240,000	1
\$290,000 to \$300,000	1
\$370,000 to \$380,000	1
\$390,000 to \$400,000	1
\$960,000 to \$970,000	1



Shareholders

Foundation documents

The Constitution and the Shareholders Agreement are foundation documents.

The Constitution defines the rights and powers of shareholders, the acquisition and redemption of company shares, proceedings of shareholder meetings, voting at meetings and the right to demand polls, shareholder proposals and review of management.

The Shareholders Agreement is an agreement between LGFA and its shareholders which clearly defines LGFA's business, its objectives, the role of the Board, the establishment of the Shareholders Council and the approval rights of the shareholders.

Members of the Shareholders Council as at 30 June 2024

Kathryn Sharplin (Chair)
Tauranga City Council

Sarah Houston-Eastergaard (Deputy Chair)
Wellington City Council

Kumaren Perumal
Bay of Plenty Regional Council

Mike Drummond
Tasman District Council

Andrew John
Auckland Council

David Bryant
Hamilton City Council

Steve Ballard
Christchurch City Council

Adele Henderson
Western Bay of Plenty District Council

James Stratford
New Zealand Government – DIA

Nyika Gwanoya/Phoebe Slee
New Zealand Government – The Treasury

Managing risk Ko te whakahaere tūraru

An effective risk management framework is a critical component of LGFA's business structure for managing the company's exposure to business and treasury risks arising from its operations of raising and on-lending funds to local councils and approved council-controlled organisations.

LGFA risk register

The LGFA risk register is a key component of the company's risk management framework. The key objective of the LGFA risk register is to ensure that the company assesses the risks faced by the business on an ongoing basis.

The risk register:

- Identifies the inherent risks that LGFA is exposed to when conducting its core business activities;
- Assesses the likelihood and potential impact of the inherent risks on the business;

- Describes the internal control framework and management processes for managing and mitigating the identified inherent risks;
- Provides commentary on internal audit coverage of the identified inherent risks; and
- Provides an overall residual risk assessment and compares these to approved risk appetite settings and risk tolerance ranges.

The risk register is reviewed monthly by management and at each meeting of the Audit and Risk Committee.

The objective of LGFA's risk management function is to ensure that effective controls and frameworks are implemented to manage risks effectively and in compliance with LGFA's governance and legislative requirements. The risk management function ensures that LGFA can achieve its objectives, as set out in the Statement of Intent, within the risk appetite of the company's shareholders and Board.

The objective of LGFA's risk management framework is to ensure that the organisation operates within shareholder and Board-approved risk limits. LGFA's approach to risk management is based on the following core elements:

- The LGFA Board oversees the risk appetite of the organisation and ensures that it is consistent with the constitution and shareholders agreement.
- The risk appetite is reflected in policies approved by the Board and Audit and Risk Committee.
- LGFA management implements policies and controls to ensure that all relevant risks are identified, monitored, measured and managed effectively.

- The Internal Audit (IA) and Risk and Compliance functions provide assurance to both the Board and the Audit and Risk Committee on the performance of internal controls and risk management systems.

LGFA adopts the three lines of defence model to ensure that essential risk management functions adopt a systematic approach that reflects industry best practice:

- The first line of defence establishes risk ownership within the company and is represented by its operational risk and control processes. LGFA managers are responsible for identifying controls, maintaining effective controls and mitigating risks.
- The second line of defence ensures that the operational risk and control processes are actively and appropriately managed by processes such as the regular review of risk reports and compliance monitoring against the risk management framework.
- The third line of defence is the independent assurance provided by both the internal and external audit functions which review and highlight control weaknesses and inefficiencies to management and the Board.

Treasury risk management

LGFA finances itself through domestic and international wholesale and retail debt capital markets, with the funds raised on-lent to members. LGFA activities are governed by the Local Government Borrowing Act 2011, the Local Government Act 2002, and the Companies Act 1993. In addition, the company is required to comply with Foundation Policies outlined in the Shareholders Agreement. Any change to the Foundation Policies require shareholders consent.

LGFA's risk management uses an approved risk identification and assessment framework to actively monitor and manage all treasury and financial by applying best practice risk management principles and processes.

LGFA has treasury exposures arising from its normal business activities that principally relate to the raising and on-lending of funds. Specific treasury exposures relate to liquidity, interest rate, foreign exchange, counterparty credit, operational and lending risks. LGFA manages treasury exposures under a Board-approved Treasury Policy, the objectives for which are to:

- Effectively manage treasury risks, within approved compliance limits, to protect LGFA's capital position and net interest margin over time.
- Fund members in the most cost-effective manner and in accordance with LGFA's operating principles, values and objectives.
- Protect LGFA's assets and prevent unauthorised transactions.
- Promote professional expertise of financial and management control to all external parties.
- Minimise operational risk by maintaining adequate internal controls, systems and staffing competencies.
- Provide timely reporting to the Board with meaningful and accurate reporting of interest rate exposures, liquidity, asset and liability maturity, funding, counterparty credit, performance and policy compliance.

Liquidity risk	Liquidity risk is the potential inability to meet financial obligations when they become due, under normal or abnormal/ stressed operating conditions.	Liquidity risk is managed using a forecast cashflow approach measured over a 90-day period. LGFA is required to maintain sufficient liquidity (comprising holdings of cash and liquid investments, and a Crown liquidity facility) to support six months of funding commitments.	
Interest rate risk	Interest rate risk is the risk that financial assets may re-price/ mature at a different time and/ or by a different amount than financial liabilities.	<p>Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates.</p> <ul style="list-style-type: none"> Value at Risk calculates the potential amount a portfolio could be expected to lose, 5% of the time, over a given time period. It is calculated using historical changes in underlying risk variables and applying those changes to the current portfolio. <p>VaR is measured over a daily time horizon with a 95% confidence interval. A daily 95% VaR exposure of \$1</p>	<p>million means that there is a 5% chance that the portfolio could potentially lose more than \$1 million over the next business day.</p> <ul style="list-style-type: none"> Partial Differential Hedge measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example, a PDH of NZD\$100,000 means that the portfolio value will increase by NZD\$100,000 for a one basis point fall in interest rates. <p>In addition, LGFA also undertakes scenario analysis to model the potential effect of changing market environments on the balance sheet.</p>
Counterparty credit risk	Counterparty credit risk is the risk of financial loss arising from a counterparty defaulting on an investment, security and/or financial instrument where LGFA is a holder or party.	Counterparty credit risk is managed through counterparty limits for investments. These limits are determined as a function of the term of investment, liquidity and credit quality of the counterparty (as measured by a recognised credit rating).	<p>All derivative contracts are subject to formal collateral arrangements to mitigate counterparty risk.</p> <p>Investment is restricted to approved financial instruments listed in the Treasury Policy.</p>
Foreign currency risk	Foreign currency risk is the risk of an adverse change in the fair value of a financial instrument due to a change in foreign exchange rates.	<p>Exposure to foreign currency risk arises when LGFA accesses foreign capital markets for funding purposes.</p> <p>Foreign exchange risk is managed by fully hedging back to floating rate New Zealand dollar and term of all foreign</p>	<p>currency funding and cash flows.</p> <p>Any residual foreign currency risk arising from a timing mismatch of foreign currency cash flows is not material and is managed within a Board approved risk limit.</p>
Operational risk	Operational risk, with respect to treasury management, is the risk of financial and/or reputation loss arising from human error, fraud, negligent behaviour, system failures or inadequate procedures and controls.	Operational risk is managed using internal controls and procedures across operational functions. Segregation of duties between staff members who have the authority to enter transactions with external counterparties and the staff who control, check and confirm such transactions is a	<p>cornerstone internal control principle.</p> <p>Financial instruments are not entered into if the systems, operations and internal controls do not satisfactorily support the measurement, management and reporting of the risks associated with the instrument.</p>

Lending risk

Lending risk is the risk of financial loss that could occur from lending funds to councils or council-controlled organisations.

The LGFA Board has ultimate discretion on approving members.

All member organisations that borrow from LGFA:

- Provide debenture security in relation to their borrowing from LGFA and related obligations, and (if relevant), equity commitment liabilities to LGFA and (if relevant) guarantee liabilities to a security trustee approved for LGFA's creditors.
- Where LGFA is the only lender to a council controlled organisation, a general security arrangement (GSA) might be used in place of a debenture security.
- Are required to become a party to a deed of guarantee and an equity commitment deed if the principal amount of their borrowings is at any time equal to, or greater than, NZD 20 million.
- Issue securities (bonds/floating rate notes/commercial paper) to LGFA (ie. not enter into facility arrangements).
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the table below, provided that:
 - Unrated borrowers or borrowers with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
 - Lending policy covenants outlined in the following table only with the approval of the Board;
 - Foundation policy covenants outlined in the following table only with the approval of an Ordinary Resolution of shareholders.

On 30 June 2020, a Special General Meeting of Shareholders approved a change to the Net Debt/ Total Revenue covenant contained within the Foundation Policy Covenants. For the financial year ended June 2020 a covenant limit of 250% applied. This increased to 300% for the June 2021 and June 2022 years and then reduces by 5% for each of the subsequent years until 280% applies from the June 2026 year.

- Net debt is defined as total consolidated debt less liquid financial assets and investments.
- Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions, eg. developer contributions and vested assets.
- Borrowers with a long-term credit rating of 'A' equivalent or higher can have bespoke financial covenants that exceed the foundation policy covenants only with the approval of an Ordinary Resolution of shareholders.
- Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.
- Non-compliance with the financial covenants will either preclude a member council from borrowing from the LGFA or, in the case of existing council borrowers, trigger an event of review. An event of default will occur when (among other things) a council fails to meet an interest or principal payment (subject to grace periods). An event of default will enable the LGFA to accelerate a council's repayment of loans.
- Financial covenants are measured on a parent council only basis, not consolidated group, unless requested by a parent council and approved by the LGFA Board.

FINANCIAL COVENANT	LENDING POLICY COVENANTS UNRATED COUNCILS	FOUNDATION POLICY COVENANTS RATED COUNCILS
Net debt / total revenue	<175%	<285%
Net interest / total revenue	<20%	<20%
Net interest / annual rates income	<25%	<30%
Liquidity	>110%	>110%

Net interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue

received from other local governments for services provided and for which the other local governments rate.

Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



Performance against objectives Ko ngā whakatutukinga ki ngā whāinga

The statement of service performance provides a summary of LGFA's performance against the objectives and performance targets set out in the LGFA Statement of Intent 2023-26 (SOI).

2023-24 Objectives and performance targets

LGFA objectives and performance targets for 2023-24 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the LGFA Board and management in determining our strategy:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the four quarters ended June 2024 are available on the LGFA website.

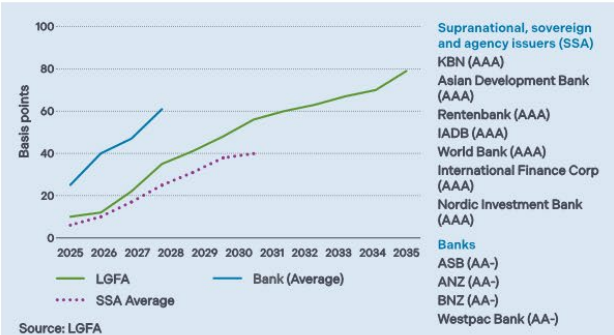
Governance, capability and business practice

LGFA is committed to best practice corporate governance to ensure its long-term sustainability and success.

OBJECTIVES	OUR PERFORMANCE TO 30 JUNE 2024	PERFORMANCE TARGETS	2023-2024 TARGET	OUR PERFORMANCE TO 30 JUNE 2024
Demonstrate best practice corporate governance.	LGFA is committed to demonstrating best practice corporate governance and we report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Code. This 2024 Annual Report is the most recent report with commentary on our compliance with the NZX Code.	Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches.	✓ No breaches.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.	Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	✓ Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings. Fitch Ratings affirmed our long-term domestic and foreign currency credit rating as AA+ in October 2023. S&P Global Ratings (S&P) affirmed our domestic currency credit rating at AAA and foreign currency rating at AA+ in February 2024.
Achieve the shareholder-agreed objectives and performance targets specified in the Statement of Intent.	Our performance against shareholder-agreed objectives and performance targets, as specified in the Statement of Intent, is reported quarterly to shareholders and annually in this section of our Annual Report.	LGFA's total operating income for the period to 30 June 2024.	>\$20.6 million.	✓ \$20.9 million at June 2024, excluding unrealised gains/losses on hedged foreign currency issuance.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Our performance against our financial performance targets for the year-ended 30 June 2024 is summarised in this section against our performance targets.	LGFA's total operating expenses for the period to 30 June 2024.	<\$10.0 million.	✗ Operating expenses \$11.8 million at June 2024. The significant contributor was Approved Issuer Levy (AIL) payments totalling \$1.98 million (2023: \$0.56 million). The significant increase in AIL is due to our issuance of AUD bonds and USD Euro Commercial Paper (ECP).
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	We report on our employment practices in the Governance and Culture section of this Annual Report, including compliance with the Health and Safety Act, diversity and inclusion, and capability and development.			

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

OBJECTIVES	HOW WE MEASURE OUR PERFORMANCE
Provide interest cost savings relative to alternative sources of financing.	<p>Comparison to other high-grade issuers – secondary market spread to swap (bps)</p> <p>LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.</p>  <p>Source: LGFA</p>
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	<p>LGFA provides members with short term loans (less than one year), long term loans on either a floating or fixed rate basis (between one year and April 2037), Green Social and Sustainability Loans, Climate Access Loans and standby facilities.</p> <ul style="list-style-type: none"> Over the year-ended June 2024, our members borrowed \$6.095 billion in 486 long term loans with an average term of 4.9 years. As at June 2024 there was \$597 million short-term loans outstanding to 36 members. As at June 2024, standby facilities totalled \$747 million across 15 members.
Deliver operational best practice and efficiency for lending services.	<p>Over the year-ended 30 June 2024, LGFA operations staff successfully:</p> <ul style="list-style-type: none"> settled 2,388 new trades with a gross value of \$32 billion, processed 16,040 cash flows with a gross value of \$83 billion, and rate set 11,783 existing trades.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	<p>There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the year-ended 30 June 2024, we issued NZD 3.630 billion of NZD retail bonds and AUD 2.650 billion of Medium-Term Notes and secondary market turnover in our NZD retail bonds totalled \$12.4 billion.</p>

PERFORMANCE TARGETS	2023-2024 TARGET	OUR PERFORMANCE TO JUNE 2024
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	✓ 90% as at June 2024.
Total lending to Participating Borrowers.	> \$17,870 million.	✓ \$20,549 million as at June 2024.
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.	✓ 93% satisfaction score in August 2023 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	✓
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	✓



Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

OBJECTIVES	OUR PERFORMANCE TO JUNE 2024	PERFORMANCE TARGETS	2023-2024 TARGET	OUR PERFORMANCE TO JUNE 2024
Assist the local government sector in achieving their sustainability and climate change objectives.	Over the year to June 2024, we approved one new GSS loan to Tauranga City Council for the Kopurererua Valley Stream project. As at June 2024, we have approved six Green, Social and Sustainability Loans (GSS) with a combined approved value of \$572.3 million of which \$377.2 million has been advanced.	Comply with the Health and Safety at Work Act 2015.	No breaches.	✓ No breaches.
	Over the year to June 2024, we approved Climate Action Loans (CAL) status to the following four councils: Kapiti Coast District Council, Wellington City Council, Tauranga City Council, and Greater Wellington Regional Council. At June 2024, we have approved CAL loans to seven councils, with combined CAL-qualifying loans totalling \$2.747 billion. On 30 September 2023, LGFA published our first 'Annual Impact Report – Green, Social and Sustainability Loans and Climate Action Loans financed with Sustainable Financing Bonds'. This report provides information about the allocation of proceeds from LGFA's Sustainable Financing Bond issuance as at June 2023. The second Annual Impact Report will be published on 30 September 2024, covering the allocation of proceeds as at June 2024.	Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	✓ Toitū Net Carbon-zero recertification approved in August 2024.
Improve sustainability outcomes within LGFA.	In 2021, LGFA directors committed to reducing our carbon emissions over time, with our target of cutting per employee emissions by 30% by 2030, compared with a 2018/19 base year. We continue to monitor our organisational emissions and remain within target, as well as developing processes to comply with the XRB Climate-reporting disclosures, including a methodology for calculating and reporting our financed emissions.	Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	✓ GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions from different gases. GHG emissions against targets are reported in the 2024 LGFA Climate-Related Disclosures, which are available on the LGFA website.
		Increase our GSS lending book and Climate Action Loans.	Two new GSS loans undertaken. Three new borrowers approved for CAL.	✗ One new GSS loan undertaken. ✓ Four new borrowers approved for CAL.
		Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%	— Target superseded. Commencing with the 2024 Annual Report, LGFA is required to meet the requirements of the XRB Climate-Related Disclosure (CRD) standards. Given the significance of the CRD standards, we have replaced reporting under the GRI standards with compliance with the CRD standards.
		Meet all mandatory climate reporting standards.	100%	✓

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position. LGFA manages its assets within an appropriate risk management framework to ensure shareholder value is not compromised.

OBJECTIVES	OUR PERFORMANCE TO JUNE 2024	
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	Over the 12 months, we reviewed council annual plans, agendas and management reports on an ongoing basis for all members on the LGFA borrower watch-list.	
Analyse finances at the Council group level where appropriate and report to shareholders.	We received compliance certificates in respect of the LGFA financial covenants from all of our members with debt outstanding at June 2023. No council has requested that they be measured on a group basis. A small number of certificates were provided based upon unaudited financial statements given a delay in providing final audit signoff. These have subsequently been verified following the eventual publication of the council's annual report.	
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested	Met. LGFA held meetings with 83 council and CCO members in the 12 months ended June 2024.	
Ensure a smooth transition of water-related loans if the Affordable Water Reforms progresses over forecast period.	The transition of water loans to new water entities has not occurred following the change in government and the repeal of the previous legislation relating to Affordable Water Reforms.	
PERFORMANCE TARGETS	2023-2024 TARGET	OUR PERFORMANCE TO JUNE 2024
Review each Participating Borrower's financial position.	100%	✓
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	✓

Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

OBJECTIVES	OUR PERFORMANCE TO JUNE 2024	
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Over the year, LGFA held quarterly update webinars, as well as hosting Economic and Financial Market Updates webinars by BNZ, both of which were well attended by members. LGFA has provided input into the Ratepayer Assistance Scheme (RAS) project managed by a group of councils with advice from Cameron Partners. If successful, the RAS could offer temporary financial relief to ratepayers via rates postponement. LGFA is not contributing financially to this project but providing intellectual capital and assistance. We are continuing work on initiatives to reduce compliance and documentation requirements for members when they borrow. These initiatives relate to a universal stock security certificate to cover borrowings and delegation of a CEO certificate for borrowing.	
Maintain productive relationships with central government representatives and assist the local government sector with significant matters such as the Local Water Done Well Water Reforms.	Over the 12 months we met with the Minister of Local Government, Treasury, and the Department of Internal Affairs (and their advisers) regarding Water Reforms, working actively on issues relating how water debt can be most effectively financed. In February 2024, the Government introduced and passed legislation to repeal all legislation relating to water services entities. This restored continued council ownership and control of water services. In May 2024 the Government introduced the first part of the legislation for the Local Water Done Well framework.	
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	At present, there are no disclosure requirements on the local government sector for reporting impacts of sector activity on climate change. Climate Action Loans (CAL) provide opportunity for LGFA to work with members on developing appropriate Emission Reduction Plans which set out specific emissions reduction targets for operational greenhouse gas emissions, including regular reporting on progress against targets.	

Financial statements

Nga tauki pūtea

Income statement	36
Statement of comprehensive income	36
Statement of changes in equity	37
Statement of financial position	37
Statement of cash flows	38
Notes to the financial statements	38
Revenue and expenditure	40
Financial instruments	41
Risk management	48
Capital and dividends	52
Other Notes	53
Independent auditors report	54

Income statement

For the year ended 30 June 2024 in \$000s

	Note	2024	2023
Interest income		1,213,259	763,600
Interest expense		1,193,809	753,308
Net interest income	4	19,450	10,293
Other operating income	5	1,494	1,349
Gains / (losses) on financial instruments		859	-
Total operating income		21,803	11,642
Operating expenses	6	11,753	9,138
Net operating profit		10,050	2,505

Statement of comprehensive income

For the year ended 30 June 2024 in \$000s

	Note	2024	2023
Net operating profit		10,050	2,505
Items that may be re-classified subsequently to the Income Statement			
Net change in cash flow hedge reserve	9	5,536	-
Cost of hedging	9	(6,531)	-
Total comprehensive income		9,056	2,505

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 29 August 2024.



Craig Stobo, Director
Board Chair



Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of changes in equity

For the year ended 30 June 2024 in \$000s

	Note	Share capital	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total equity
Balance at beginning of year		25,000	-	-	80,847	105,847
Net operating profit					10,050	10,050
Other comprehensive income / (expense)			5,536	(6,531)		(995)
Total comprehensive income for the year			5,536	(6,531)	10,050	9,056
Transactions with owners					-	-
Dividend paid on 1 September 2023					(1,713)	(1,713)
Equity as at 30 June 2024	28	25,000	5,536	(6,531)	89,185	113,190

For the year ended 30 June 2023 in \$000s

Balance at beginning of year		25,000	-	-	79,560	104,560
Net operating profit					2,505	2,505
Other comprehensive income / (expense)			-	-		-
Total comprehensive income for the year			-	-	2,505	2,505
Transactions with owners					-	-
Dividend paid on 2 September 2022					(1,218)	(1,218)
Equity as at 30 June 2023		25,000			80,847	105,847

Statement of financial position

As at 30 June 2024 in \$000s

	Note	2024	2023
Assets			
Financial assets			
Receivables	11	378	492
Cash and cash equivalents		473,609	226,222
Cash pledged as collateral		251,605	93,175
Marketable securities		1,397,045	1,127,879
Deposits		718,493	348,492
Derivatives in gain	10	116,090	63,845
Loans to members	12	20,549,350	16,313,562
Other financial assets		-	
Non-financial assets			
Other assets	13	1,245	978
Total assets		23,507,816	18,174,645
Equity			
Share capital	27	25,000	25,000
Reserves		(995)	
Retained earnings		89,185	80,847
Total equity		113,190	105,847
Liabilities			
Financial liabilities			
Payables and provisions	14	9,609	6,132
Bond repurchases	17	58,302	130,043
Derivatives in loss	10	1,526,526	1,628,316
Debt securities issued:			
At amortised cost	15	20,490,507	15,943,062
At fair value through income statement	16	815,175	-
Borrower notes	18	492,614	360,348
Non financial liabilities			
Other liabilities	19	1,891	896
Total liabilities		23,394,625	18,068,797
Total equity and liabilities		23,507,816	18,174,645

These statements are to be read in conjunction with the notes to the financial statements.

Statement of cash flows

For the year ended 30 June 2024 in \$'000s

	Note	2024	2023
Cash flows from operating activities			
Cash applied to loans	12	(4,174,912)	(2,222,368)
Interest paid on bonds issued		(596,886)	(496,597)
Interest paid on bills issued		(52,087)	(25,942)
Interest paid on borrower notes		(4,220)	(4,886)
Interest paid on bond repurchases		(10,436)	(5,140)
Interest received from loans		1,031,054	600,415
Interest received from cash & cash equivalents		24,285	7,102
Interest received from marketable securities		43,866	31,190
Interest received from deposits		47,860	23,192
Net interest on derivatives		(474,182)	(134,734)
Cash proceeds from provision of standby facilities		1,496	1,349
Payments to suppliers and employees		(10,877)	(8,965)
Net cash flows from operating activities	32	(4,175,038)	(2,235,383)
Cash flows from investing activities			
(Purchase)/maturity marketable securities		(233,720)	370,217
(Purchase)/maturity of deposits		(525,977)	22,664
Purchase of plant and equipment		-	-
Net cash flows from investing activities		(759,698)	392,881
Cash flows from financing activities			
Cash proceeds from bonds issued	15,16	3,958,755	1,327,354
Cash proceeds (outflows) from bills issued	15,16	623,761	219,827
Cash proceeds (outflows) from bond repurchases		(71,584)	98,180
Cash proceeds from borrower notes		114,288	68,750
Dividends paid		(1,713)	(1,218)
Cash applied to derivatives		558,616	197,795
Net cash flows from financing activities		5,182,124	1,910,690
Net increase / (decrease) in cash		247,388	68,188
Cash, cash equivalents at beginning of year		226,222	158,033
Cash, cash equivalents at end of year		473,609	226,222

These statements are to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 11, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2024.

These financial statements were authorised for issue by the Directors on 29 August 2024.

2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

3. Basis of preparation

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

FOREIGN CURRENCY CONVERSIONS

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

CHANGES IN ACCOUNTING POLICIES

There have no changes to accounting policies.

EARLY ADOPTION STANDARDS AND INTERPRETATIONS

LGFA has not early adopted any standards.

STANDARDS NOT YET ADOPTED

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

FINANCIAL INSTRUMENTS

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at either:

- Amortised cost and subsequently measured at amortised cost using the effective interest rate method; or
- Fair value through income statement (FVTIS).

Financial liabilities are classified as FVTIS if they are derivative financial liabilities or if LGFA chooses to classify financial liabilities as FVTIS if the use of the classification removes or significantly reduces an accounting mismatch. This classification includes debt issues that are designated at FVTIS where LGFA has economically hedged the foreign exchange and interest rate risk using derivatives, but hedge account is not applied. Any such classification is made on the date of initial recognition and is irrevocable.

Purchases and sales of all financial liabilities are accounted for at trade date.

OTHER ASSETS

Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

OTHER LIABILITIES

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

Approved issuer levy

Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

REVENUE

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

EXPENSES

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

SEGMENT REPORTING

LGFA operates in one segment being funding of participating borrowers in New Zealand.

JUDGEMENTS AND ESTIMATIONS

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

Revenue and expenditure

4. Net interest income

For the year ended 30 June 2024 in \$000s	2024	2023
Interest income		
Cash and cash equivalents	24,314	10,280
Cash pledged as collateral	9,189	-
Marketable securities	62,356	41,661
Lease liability	-	13
Deposits	41,124	21,392
Derivatives	-	-
Loans	1,076,276	690,256
Total interest income	1,213,259	763,600
Interest expense		
Bills	55,627	25,942
Bond repurchase transactions	10,279	5,331
Lease liability	17	-
Derivatives	445,499	240,445
Bonds	660,065	468,411
Borrower notes	22,323	13,179
Total interest expense	1,193,809	753,308
Net interest income	19,450	10,293

5. Other operating income

As at 30 June 2024, LGFA had provided standby facilities totalling \$747 million (2023: \$727 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

For the year ended 30 June 2024 in \$000s	2024	2023
Standby facilities fee income	1,494	1,349
Total other operating income	1,494	1,349

6. Operating expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

For the year ended 30 June 2024 in \$000s	2024	2023
Issuance & onlending expenses		
Approved issuer levy ¹	1,982	561
Rating agency fees	697	672
NZDM facility fee	1,500	1,385
Legal fees - issuance	824	397
NZX	800	782
Trustee fees	116	110
Regulatory, registry, other fees	365	246
	6,284	4,154
Other operating expenses		
Information technology	739	656
Consultants	322	303
Directors fees	496	427
Insurance	103	96
Legal fees	108	287
Other expenses	496	448
Auditors' remuneration		
Statutory audit	131	110
Advisory services	-	-
Personnel	3,074	2,658
	5,469	4,984
Total operating expenses	11,753	9,138

1. The amount of Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

Financial instruments

7. Financial instruments accounting policy

Financial instruments recognised in the statement of financial position at amortised cost.

Fair values of financial instruments not recognised in the statement of financial position at fair value are determined for note disclosure as follows:

CASH AND BANK, TRADE AND OTHER RECEIVABLES, TRADE AND OTHER PAYABLES

The carrying value of cash and bank, trade and other receivables, trade and other payables approximate their fair value as they are short-term instruments.

CASH PLEDGED AS COLLATERAL

LGFA enters into derivative financial instruments for hedging purpose which may require LGFA to post collateral as security with counterparties.

In line with standard industry practice, collateral is provided for derivative transactions in accordance with Credit Support Annexes (CSAs). LGFA's practice is to annex each CSA to the International Swaps and Derivatives Association (ISDA) Master Agreement it has with derivative counterparties.

LGFA is required to pledge cash deposits at call to meet its obligations under the CSAs for derivative positions. The pledged assets will be returned to LGFA when the underlying transaction is terminated, but in the event of default the counterparty is entitled to apply the collateral to settle the outstanding liability.

MARKETABLE SECURITIES AND BONDS

The fair value of bonds and marketable securities are determined using the quoted price for the instrument.

DEPOSITS

The fair value for deposits is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on current market interest rates.

LOANS

The fair value of loans is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date plus an appropriate credit spread to reflect the counterparty's credit risk.

LEASES

The lease liability is recognised at the present value of the remaining lease payments, discounted using LGFA's incremental borrowing rate, with the corresponding right-of-use asset recognised as an equal amount.

BORROWER NOTES

The fair value of borrower notes is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date.

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows the fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position.

As at 30 June 2024 in \$000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	378	-	378
Cash and bank balances	-	-	473,609	-	473,609
Cash pledged as collateral	-	-	251,605	-	251,605
Marketable securities	-	-	1,397,045	-	1,407,237
Deposits	-	-	718,493	-	719,223
Derivatives	-	-	-	116,090	116,090
Loans	-	-	20,549,350	-	20,915,910
	-	-	23,390,480	116,090	23,884,052
Financial liabilities					
Payables and provisions	9,609	-	-	-	9,609
Bills	911,386	-	-	-	911,396
ECP	-	815,175	-	-	815,175
Bond repurchases	58,302	-	-	-	58,302
Derivatives	-	-	-	1,526,526	1,526,526
Bonds	19,579,121	-	-	-	19,909,342
Borrower notes	492,614	-	-	-	480,434
	21,051,032	815,175	-	1,526,526	23,710,784

As at 30 June 2023 in \$000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	492	-	492
Cash and bank balances	-	-	226,222	-	226,222
Cash pledged as collateral	-	-	93,175	-	93,175
Marketable securities	-	-	1,127,879	-	1,140,099
Deposits	-	-	348,492	-	348,551
Derivatives	-	-	-	63,845	63,845
Loans	-	-	16,313,562	-	16,512,334
	-	-	18,109,822	63,845	18,384,718
Financial liabilities					
Payables and provisions	6,132	-	-	-	6,132
Bills	782,630	-	-	-	782,566
Bond repurchases	130,043	-	-	-	130,044
Derivatives	-	-	-	1,628,316	1,628,316
Bonds	15,160,432	-	-	-	15,022,449
Borrower notes	360,348	-	-	-	347,825
	16,439,585	-	-	1,628,316	17,917,332

8. Derivative financial instruments

Derivative financial instruments are recognised in the statement of financial position at fair value.

Derivatives are categorised as following:

- Derivatives designated into hedge accounting relationships to minimise profit or loss volatility by matching movements in underlying positions relating to hedges of the LGFA's exposures to interest rate risk and currency risk.
- Derivatives designated to manage risks that are not in a designated hedge accounting relationship.

LGFA use three different types of derivatives financial instruments: interest rate swaps, cross currency interest rate swaps and foreign exchange transactions (spot and forward).

Derivative financial instruments are valued under level 2 of the following hierarchy.

- | | |
|---------|--|
| Level 1 | Quoted market prices: Fair value based on quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Valuation techniques using observable market inputs: Fair value based on a valuation technique using other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). |
| Level 3 | Valuation techniques using significant non-observable market inputs: Fair value based on a valuation technique using inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

The fair value of derivative financial instruments is determined using a discounted cash flow analysis. Interest rates represent the most significant assumption used in valuing derivative financial instruments. The interest rates used to discount estimated cash flows are based on the New Zealand dollar swap curves at the reporting date.

Treatment of any fair value gains or losses depends on whether the derivative is designated as a hedging instrument. If the derivative is not designated as a hedging instrument, the remeasurement gain or loss is recognised immediately in the Consolidated income statement.

Credit risk associated with derivative financial instruments is managed by ensuring that transactions are executed with counterparties with high quality credit ratings along with credit exposure limits for different credit classes. The counterparty credit risk is monitored and reviewed by the Board on a regular basis.

9. Hedge accounting

LGFA uses derivatives to establish economic hedges to manage its interest rate and foreign exchange risk. LGFA's risk management strategy with respect to hedge accounting is to minimise income statement volatility.

Hedge accounting is implemented to manage the following risks:

- Interest rate risk due to a mismatch between fixed and floating interest rates on assets and liabilities; and
- Combined risk on assets or liabilities with interest rate risk that are denominated in currencies other than New Zealand dollars.

LGFA enters into cross-currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on the AUD bonds. Using the cross-currency interest rate swaps, LGFA will pay New Zealand Dollar floating interest rates and receive AUD fixed interest with coupon payments matching the underlying notes.

LGFA designated the AUD bonds and cross-currency interest rate swaps into three-part hedging relationships for each issue:

- a fair value hedge of AUD benchmark interest rates,
- a cash flow hedge of margin, and
- a cash flow hedge of the principal exchange.

FAIR VALUE HEDGE

Under a fair value hedge, the hedged item is revalued at fair value in respect of the hedged risk. This revaluation is recognised in the Consolidated income statement to offset the mark-to-market revaluation of the hedging derivative, except for any adjustment on the hedging derivative relating to credit risk.

CASH FLOW HEDGE

Under a cash flow hedge, the effective portion of gains or losses from remeasuring the fair value of the hedging instrument is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. Accumulated gains or losses are subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement, or when the hedged item is a forecast transaction that is no longer expected to occur.

Any future gains or losses will be processed through the hedge equity reserves as long as the existing cash flow hedge relationships remain effective.

A reconciliation of the cash flow reserve is shown in the following table:

	2024	2023
Opening balance at 1 July	-	-
Changes in cash flow hedges	(6,531)	-
Closing balance at 30 June	(6,531)	-

COST OF HEDGING

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of LGFA's cross currency interest rate swaps on the AUD bonds.

A reconciliation of movements in the cost of hedging reserve is shown in the table below:

	2024	2023
Opening balance at 1 July	-	-
Change in currency basis spreads	5,536	-
Closing balance at 30 June	5,536	-

HEDGING INSTRUMENTS

\$000s	Life to date values as at 30 June 2024				Year to date values recognised during the year ended 30 June 2024			
	Carrying amount of the hedging instrument				Hedge effectiveness in reserves		Hedge effectiveness	Hedge ineffectiveness
	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness	Cost of hedging reserve	Cash flow hedge (OCI)	Cash flow hedge reclassified to income statement	Fair value hedge recognised in income statement	Recognised in income statement
Fair value hedges								
Interest rate swaps – domestic bonds hedge	15,228,000	(1,007,019)	(1,007,019)	-	-	-	333,352	-
Interest rate swaps – loans hedge	700,200	25,510	25,510	-	-	-	(12,340)	-
Interest rate swaps – marketable securities hedge	611,480	5,917	5,917	-	-	-	(16,956)	-
Fair value and cash flow hedges								
Fair value hedges – foreign currency	AUD 2,650,000	(6,381)	(6,381)	-	-	-	6,381	-
Cash flow hedges – foreign currency	NZD 2,861,000	35,271	35,271	6,531	(5,536)	(34,497)	-	(859)

\$000s	Life to date values as at 30 June 2023				Year to date values recognised during the year ended 30 June 2023			
	Carrying amount of the hedging instrument				Hedge effectiveness in reserves		Hedge effectiveness	Hedge ineffectiveness
	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness	Cost of hedging reserve	Cash flow hedge (OCI)	Cash flow hedge reclassified to income statement	Fair value hedge recognised in income statement	Recognised in income statement
Fair value hedges								
Interest rate swaps – domestic bonds hedge	14,326,000	(1,329,489)	(1,329,489)	-	-	-	(154,598)	-
Interest rate swaps – loans hedge	457,700	25,510	25,510	-	-	-	1,519	-
Interest rate swaps – marketable securities hedge	334,600	22,872	22,872	-	-	-	3,521	-
Fair value and cash flow hedges								
Fair value hedges – foreign currency	-	-	-	-	-	-	-	-
Cash flow hedges – foreign currency	-	-	-	-	-	-	-	-

10. Offsetting

NZ IAS 32: Financial Instruments Presentation allows financial assets and liabilities to be offset only when there is a current legally enforceable right to set off the amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LGFA does not offset any amounts.

The following table shows the amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the statement of financial position.

As at 30 June 2024 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	116,090	1,526,526
Amounts offset	-	-
Carrying amounts	116,090	(116,090)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(116,090)	(116,090)
Collateral	-	(251,605)
Net amount	-	1,158,831

As at 30 June 2023 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	63,845	1,628,316
Amounts offset	-	-
Carrying amounts	63,845	(63,845)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(63,845)	(63,845)
Collateral	-	(93,175)
Net amount	-	1,471,295

11. Receivables

As at 30 June 2024 in \$000s	2024	2023
Trade debtors	378	492
Total receivables	378	492

12. Loans

As at 30 June 2024 in \$000s	2024		2023	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	12,062	119,743	12,110	74,243
Auckland Council	-	3,655,028	-	3,225,659
Bay of Plenty Regional Council	50,506	219,044	57,428	161,353
Buller District Council	-	20,037	-	20,030
Canterbury Regional Council	5,085	92,416	10,116	65,272
Carterton District Council	-	24,839	-	17,523
Central Hawkes Bay District Council	5,132	39,401	4,072	38,314
Central Otago District Council	5,019	30,450	20,117	5,072
Christchurch City Council	-	2,511,678	-	2,200,409
Clutha District Council	11,585	108,398	7,554	62,905
Dunedin City Treasury	-	293,104	-	126,119
Far North District Council	32,703	90,518	-	91,984
Gisborne District Council	-	174,991	-	126,028
Gore District Council	8,554	46,998	8,556	41,915
Greater Wellington Regional Council	-	941,217	-	678,358
Grey District Council	3,972	28,807	3,990	26,799
Hamilton City Council	-	950,852	-	803,843
Hastings District Council	-	397,160	-	294,992
Hauraki District Council	-	101,092	-	62,620
Hawkes Bay Regional Council	-	110,708	25,313	55,262
Horizons Regional Council	9,906	62,026	9,936	51,871
Horowhenua District Council	21,199	182,674	15,175	151,192
Hurunui District Council	10,067	57,666	8,092	38,435
Hutt City Council	-	515,520	-	373,239
Infrastructure Holdings Ltd	9,989	104,463	-	-
Invercargill City Council	47,502	104,262	55,448	68,788
Invercargill City Holdings Ltd	48,252	48,403	12,323	78,514
Kaikoura District Council	-	7,374	-	5,346
Kaipara District Council	-	54,639	-	44,545
Kapiti Coast District Council	-	323,722	-	277,935
Kawerau District Council	-	4,051	-	2,024

As at 30 June 2024 in \$000s	2024		2023	
	Short-term loans	Loans	Short-term loans	Loans
Mackenzie District Council	4,040	16,257	3,001	8,086
Manawatu District Council	13,014	83,139	15,136	79,502
Marlborough District Council	14,694	190,067	21,241	131,594
Masterton District Council	-	63,357	-	52,336
Matamata-Piako District Council	-	66,201	-	45,520
Napier City Council	-	20,191	-	10,014
Nelson City Council	-	262,320	-	186,666
New Plymouth District Council	10,117	293,577	10,114	221,668
Northland Regional Council	-	24,741	-	18,565
Opotiki District Council	-	12,595	-	9,557
Otago Regional Council	35,739	104,122	46,665	104,177
Otorohanga District Council	9,110	-	6,052	-
Palmerston North City Council	-	273,466	-	214,483
Porirua City Council	-	269,807	-	198,906
Queenstown Lakes District Council	76,334	575,080	56,007	454,003
Rangitikei District Council	-	44,358	-	31,207
Rotorua District Council	1,889	448,948	1,889	351,358
Ruapehu District Council	8,050	50,214	8,050	42,130
Selwyn District Council	20,035	166,778	-	116,198
South Taranaki District Council	-	140,634	-	117,428
South Waikato District Council	-	44,469	-	44,457
Southland District Council	-	36,153	-	21,960
South Wairarapa District Council	8,190	27,166	-	29,148
Stratford District Council	-	36,908	2,030	31,858
Taranaki Regional Council	-	31,780	-	19,652
Tararua District Council	-	69,986	4,047	53,778
Tasman District Council	25,379	325,787	25,515	246,751
Taupo District Council	-	165,543	-	146,271
Tauranga City Council	-	1,050,800	-	823,933
Thames-Coromandel District Council	-	84,003	-	67,813
Timaru District Council	19,340	202,822	19,456	187,561

As at 30 June 2024 in \$000s	2024		2023	
	Short-term loans	Loans	Short-term loans	Loans
Upper Hutt City Council	-	180,900	-	113,212
Waikato District Council	-	207,254	9,975	111,225
Waikato Regional Council	-	32,384	5,120	25,276
Waimakariri District Council	-	202,169	-	181,960
Waimate District Council	-	3,541	-	3,540
Waipa District Council	15,009	313,011	20,010	207,374
Wairoa District Council	-	11,100	8,015	11,109
Waitaki District Council	7,483	64,158	8,978	33,280
Waitomo District Council	6,103	27,246	4,071	24,204
Wellington City Council	-	1,595,914	-	1,178,503
West Coast Regional Council	2,986	14,715	3,243	9,991
Western Bay Of Plenty District Council	10,009	106,249	-	80,992
Westland District Council	4,713	32,666	-	27,078
Westland Holdings Ltd	-	-	1,618	5,456
Whakatane District Council	6,011	149,114	-	114,768
Whanganui District Council	7,560	176,878	7,557	110,179
Whangarei District Council	9,922	257,756	9,927	228,151
Fair value hedge adjustment	-	(25,510)	-	(37,850)
	597,257	19,952,093	547,944	15,765,618

As at 30 June 2024, \$3,043 million of loans are due to mature within 12 months. This comprises all short-term loans and \$2,446 million of loans.

13. Other assets

As at 30 June 2024 in \$000s	2024	2023
Prepayments	987	919
Right-of-use lease asset	258	58
Total other assets	1,245	977

14. Payables and provisions

As at 30 June 2024 in \$000s	2024	2023
Loans/purchases to be advanced	8,190	5,000
Trade creditors	1,038	804
Credit provision	249	123
Other provisions	132	205
Total payables	9,609	6,132

15. Debt securities issued at amortised cost

As at 30 June 2024 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed Interest bonds					
15 April 2025	2,719,000	(23,467)	15,731		2,711,264
15 April 2026	2,755,000	(73,596)	8,694		2,690,098
15 April 2027	2,261,000	46,176	21,405		2,328,581
15 May 2028	1,653,000	(72,604)	4,750		1,585,146
20 April 2029	1,932,000	(103,640)	5,701		1,834,061
15 May 2030	1,660,000	(45,881)	9,321		1,623,439
15 May 2031	2,095,000	(222,442)	6,020		1,878,578
14 April 2033	1,605,000	(6,347)	11,972		1,610,625
15 May 2035	550,000	(27,458)	2,107		524,649
15 April 2037	960,000	(84,540)	4,039		879,499
Fair value hedge adjustment				(1,007,019)	(1,007,019)
	18,190,000	(613,800)	89,741	(1,007,019)	16,658,921
AUD Fixed Interest bonds					
8 September 2027	546,456	(1,140)	7,514		552,830
1 August 2028	1,092,912	(3,193)	21,309		1,111,028
28 November 2030	710,393	(1,560)	3,347		712,180
8 March 2034	546,456	(4,451)	8,538		550,543
Fair value hedge adjustment				(6,381)	(6,381)
	2,896,217	(10,344)	40,708	(6,381)	2,920,200
Total Fixed Interest bonds	21,086,217	(624,144)	130,449	(1,013,400)	19,579,121
NZD Bills					
5 July 2024	25,000	(15)	-		24,985
12 July 2024	130,000	(171)	-		129,829
19 July 2024	190,000	(489)	-		189,511
1 August 2024	55,000	(252)	-		54,748
7 August 2024	40,000	(225)	-		39,775
16 August 2024	50,000	(338)	-		49,662
29 August 2024	20,000	(181)	-		19,819
6 September 2024	75,000	(749)	-		74,251
18 September 2024	55,000	(659)	-		54,341
26 September 2024	50,000	(666)	-		49,334
2 October 2024	25,000	(348)	-		24,652
7 October 2024	40,000	(587)	-		39,413
6 November 2024	25,000	(481)	-		24,519
4 December 2024	55,000	(1,292)	-		53,708
19 December 2024	85,000	(2,158)	-		82,842
Total NZD Bills	920,000	(8,614)	-		911,386
Total debt securities issued at amortised cost	22,006,217	(632,758)	130,449	(1,013,400)	20,490,508

As at 30 June 2023 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2024	2,218,000	(2,151)	10,499		2,226,348
15 April 2025	2,409,000	(36,176)	13,937		2,386,761
15 April 2026	2,155,000	(54,361)	6,801		2,107,440
15 April 2027	2,011,000	68,977	19,039		2,099,016
15 May 2028	1,423,000	(60,216)	4,089		1,366,873
20 April 2029	1,722,000	(83,580)	5,081		1,643,501
15 May 2030	1,000,000	(17,002)	5,747		988,745
15 May 2031	1,120,000	(60,338)	3,218		1,062,880
14 April 2033	1,350,000	33,003	10,070		1,393,073
15 May 2035	450,000	(7,728)	1,724		443,997
15 April 2037	820,000	(41,281)	3,450		782,170
Fair value hedge adjustment				(1,340,372)	(1,340,372)
Total Fixed interest bonds	16,678,000	(260,853)	83,656	(1,340,372)	15,160,432
NZD Bills					
7 July 2023	45,000	(32)	-		44,968
12 July 2023	100,000	(142)	-		99,858
19 July 2023	35,000	(87)	-		34,913
2 August 2023	25,000	(112)	-		24,888
11 August 2023	75,000	(442)	-		74,558
17 August 2023	20,000	(144)	-		19,856
8 September 2023	70,000	(713)	-		69,287
15 September 2023	55,000	(630)	-		54,370
22 September 2023	102,000	(1,277)	-		100,723
28 September 2023	40,000	(549)	-		39,451
11 October 2023	25,000	(381)	-		24,619
17 October 2023	5,000	(81)	-		4,919
8 November 2023	20,000	(397)	-		19,603
28 November 2023	50,000	(1,166)	-		48,834
6 December 2023	25,000	(609)	-		24,391
14 December 2023	50,000	(1,282)	-		48,718
20 December 2023	50,000	(1,325)	-		48,675
Total NZD Bills	792,000	(9,370)	-	-	782,630
Total debt securities issued at amortised cost	17,470,000	(270,223)	83,656	(1,340,372)	15,943,062

16. Debt securities issued at fair value through income statement

As at 30 June 2024 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
USD Euro Commercial Paper	835,052	-	(14,303)	(5,574)	815,175

As at 30 June 2023 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
USD Euro Commercial Paper	-	-	-	-	-

17. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 30 June 2024, \$1,000 million of LGFA bonds had been subscribed as treasury stock (2023: \$1,100 million).

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 30 June 2024 in \$000s	2024	2023
15 April 2024	-	16,619
15 April 2025	-	1,920
15 April 2027	-	52,513
20 April 2029	-	19,437
15 May 2030	58,302	-
15 May 2031	-	3,287
14 April 2033	-	1,750
15 May 2035	-	34,518
	58,302	130,043

18. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 2.5% for loans issued from 1 July 2020. Prior to this date, the fixed percentage was 1.6%.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

19. Other liabilities

As at 30 June 2024 in \$000s	2024	2023
Lease liability	258	58
Accruals	1,633	838
Total other liabilities	1,891	896

20. Operating leases

As at 30 June 2024 in \$000s	2024	2023
Less than one year	127	58
Between one and five years	131	-
Total non-cancellable operating leases	258	58

Risk management**21. Financial risk management**

The Board of Directors has overall responsibility for carrying out the business of LGFA in accordance with risk management policies, including those relating to investing, lending, borrowing and treasury activities. The use of financial instruments exposes LGFA to financial risks, the most significant being market risk, credit risk, and liquidity risk. The exposure and management of these risks is outlined below.

22. Market risk

Market risk is the risk that changes in market prices will affect LGFA's income or value of financial instruments. The most significant market risk which LGFA is exposed to is interest rate risk. LGFA has no significant unhedged exposure to foreign exchange risk and a 10% increase or decrease in the exchange rate, with all other variables held constant, would have minimal impact on profit and equity reserves of LGFA.

23. Interest rate risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will decrease because of a change in market interest rates. LGFA is exposed to interest rate risk through its interest-bearing financial assets and liabilities.

Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates. PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates, whereas VaR measures the expected loss for a given period with a given confidence.

The following table indicates the earliest period in which the interest-bearing financial instruments reprice.

As at 30 June 2024 in \$000s	Face value	Less than 6 months	6 months- 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	473,609	473,609	-	-	-	-
Marketable securities	1,426,042	708,426	38,930	195,742	422,944	60,000
Deposits	718,493	618,493	100,000	-	-	-
Loans	20,380,577	16,130,830	395,029	512,967	2,318,894	1,022,858
Financial liabilities						
Bills	(920,000)	(920,000)	-	-	-	-
ECP	(835,052)	(835,052)	-	-	-	-
Bond repurchases	(58,249)	(58,249)	-	-	-	-
Derivatives	-	(16,842,390)	2,361,000	2,103,500	5,454,770	6,923,120
Bonds	(20,840,000)	-	(2,719,000)	(2,755,000)	(7,346,000)	(8,020,000)
Borrower notes	(453,103)	(353,829)	(7,716)	(11,938)	(55,175)	(24,446)
Total	(107,863)	(1,078,162)	168,243	45,271	795,433	(38,468)

As at 30 June 2023 in \$000s	Face value	Less than 6 months	6 months- 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	226,222	226,222	-	-	-	-
Marketable securities	1,150,805	540,532	154,418	104,273	351,582	-
Deposits	348,492	348,492	-	-	-	-
Loans	16,201,725	13,382,721	363,171	370,400	1,418,820	666,614
Financial liabilities						
Bills	(792,000)	(792,000)	-	-	-	-
Bond repurchases	(129,833)	(129,833)	-	-	-	-
Derivatives	-	(13,758,700)	1,843,500	2,031,200	4,145,000	5,739,000
Bonds	(16,678,000)	-	(2,218,000)	(2,409,000)	(5,589,000)	(6,462,000)
Borrower notes	(338,809)	(277,881)	(6,110)	(7,492)	(32,191)	(15,135)
Total	(11,398)	(460,447)	136,979	89,381	294,211	(71,521)

INTEREST RATE SENSITIVITY

Changes in interest rates impact the fair value of fixed rate assets and liabilities, cash flows on floating rate assets and liabilities, and the fair value and cash flows of interest rate swaps. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown in the following table. This analysis assumes that all other variables remain constant.

For the year ended 30 June 2024 in \$000s	2024		2023	
	P&L	Equity	P&L	Equity
Fair value sensitivity analysis				
100bps increase	376	(1,351)	(132)	(132)
100bps decrease	(372)	1,355	140	140
Cash flow sensitivity analysis				
100bps increase	(14,291)	(14,291)	(8,219)	(8,219)
100bps decrease	14,291	14,291	8,219	8,219

24. Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. LGFA is exposed to credit risk through its lending and investing activities.

Credit risk associated with lending activities is managed by requiring local authorities that borrow from LGFA to meet specific credit lending criteria and to provide security against the borrowing. The LGFA's credit risk framework restricts credit exposures to specific counterparties.

Credit risk associated with investing activities, excluding on-lending, is managed by only investing with New Zealand Government Agencies or counterparties that meet a minimum credit rating of A (Standard & Poor's equivalent). The LGFA's credit risk framework limits concentrations of credit risk for any single counterparty.

EXPOSURE TO CREDIT RISK

LGFA monitors the concentration of credit risk by the type of counterparty. The following table shows the carrying value and maximum exposure to credit risk at the reporting date, before taking account of collateral or other credit enhancements, for significant counterparty types.

As at 30 June 2024 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter- parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-	-	-	378	-	378
Cash and bank balances	470,054	-	3,556	-	-	473,609
Cash pledged as collateral	-	-	251,605	-	-	251,605
Marketable securities	90,557	4,973	310,218	997,212	(5,917)	1,397,043
Deposits	-	-	701,894	16,599	-	718,493
Derivatives	(1,151,829)	-	(258,607)	-	-	(1,410,436)
Loans	-	20,574,861	-	-	(25,510)	20,549,350
	(591,218)	20,579,834	1,008,666	1,014,189	(31,427)	21,980,043

As at 30 June 2023 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter- parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-	-	-	492	-	492
Cash and bank balances	223,783	-	2,439	-	-	226,222
Cash pledged as collateral	-	-	93,175	-	-	93,175
Marketable securities	79,082	16,950	347,933	706,787	(22,873)	1,127,879
Deposits	-	-	343,564	4,929	-	348,492
Derivatives	(1,468,363)	-	(96,108)	-	-	(1,564,470)
Loans	-	16,351,411	-	-	(37,850)	16,313,562
	(1,165,498)	16,368,361	691,002	712,208	(60,722)	16,545,351

COLLATERAL AND CREDIT ENHANCEMENTS

LGFA holds collateral against borrowings from local authorities in the form of debenture securities and guarantees.

CREDIT QUALITY OF FINANCIAL ASSETS

All financial assets are neither past due nor impaired. The carrying value of the financial assets is expected to be recoverable.

25. Liquidity risk

Liquidity risk is the risk that LGFA will encounter difficulty in meeting the obligations of its financial liabilities. LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due. LGFA is required by policy to maintain sufficient liquidity (comprising a committed liquidity facility and holdings of cash and liquid investments) to meet all operating and funding commitments over a rolling 12-month period.

The Treasury (New Zealand Debt Management) provides a committed liquidity facility that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall. As at 30 June 2024, the undrawn committed liquidity facility was \$1,500 million (2023: \$1,500 million). The facility is due to expire in December 2031.

26. Contractual cash flows of financial instruments.

The following table shows the contractual cash flows associated with financial assets and liabilities.

As at 30 June 2024 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	378	-	-	-	-	378	378
Cash and bank balances	473,609	-	-	-	-	473,609	473,609
Cash pledged as collateral	251,605	-	-	-	-	251,605	251,605
Marketable securities	-	240,165	291,490	955,751	61,800	1,549,207	1,397,045
Deposits	-	208,790	526,414	-	-	735,204	718,493
Loans	-	900,617	3,289,336	14,976,059	5,956,294	25,122,306	20,549,350
Financial liabilities							
Payables and provisions	(9,609)	-	-	-	-	(9,609)	(9,609)
Bills	-	(690,000)	(230,000)	-	-	(920,000)	(911,386)
ECP	-	(331,870)	(483,306)	-	-	(815,175)	(815,175)
Bond repurchases	-	(58,362)	-	-	-	(58,362)	(58,302)
Bonds	-	(36,694)	(3,361,528)	(11,966,381)	(8,848,775)	(24,213,377)	(19,579,121)
Borrower notes	-	(4,741)	(52,232)	(350,211)	(188,464)	(595,648)	(492,614)
Derivatives	-	(214,117)	(290,108)	(1,317,951)	(745,798)	(2,567,974)	(1,410,436)
	715,983	13,788	(309,933)	2,297,267	(3,764,943)	(1,047,838)	113,836

As at 30 June 2023 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	492	-	-	-	-	492	492
Cash and bank balances	226,222	-	-	-	-	226,222	226,222
Cash pledged as collateral	93,175	-	-	-	-	93,175	93,175
Marketable securities	-	168,607	350,627	709,893	-	1,229,127	1,127,879
Deposits	-	209,258	145,558	-	-	354,816	348,492
Loans	-	676,189	2,722,811	10,726,760	6,001,820	20,127,580	16,313,562
Financial liabilities							
Payables and provisions	(6,132)	-	-	-	-	(6,132)	(6,132)
Bills	-	(567,000)	(225,000)	-	-	(792,000)	(782,630)
Bond repurchases	-	(130,215)	-	-	-	(130,215)	(130,043)
Bonds	-	-	(2,662,170)	(9,221,173)	(7,131,780)	(19,015,123)	(15,160,432)
Borrower notes	-	(1,549)	(40,931)	(220,864)	(178,502)	(441,846)	(360,348)
Derivatives	-	(210,678)	(254,986)	(1,243,521)	(807,012)	(2,516,197)	(1,564,470)
	313,757	144,611	35,909	751,096	(2,115,474)	(870,101)	105,766

Capital and dividends

27. Share capital

As at 30 June 2024, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

28. Shareholder information

Registered holders of equity securities	As at 30 June 2024		As at 30 June 2023	
Minister of Finance and Minister for Local Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames - Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

29. Capital management

LGFA's capital is equity, which comprises share capital and retained earnings. The objective of managing LGFA's equity is to ensure LGFA achieves its goals and objectives for which it has been established, whilst remaining a going concern.

30. Dividend

LGFA paid a dividend of \$1,712,500 on 1 September 2023, being \$0.0685 per paid up share (2023: \$1,217,500 on 2 September 2022, being \$0.0487 per paid up share).

31. Capital commitments

As at 30 June 2024, there are no capital commitments.

Other Notes

32. Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June 2024 in \$000s	2024	2023
Net profit/(loss) for the period	10,050	2,505
Cash applied to loans	(4,174,912)	(2,222,368)
Non-cash adjustments		
Financial instrument amortisation and depreciation	(11,053)	(15,692)
Working capital movements	876	172
Net Cash from operating activities	(4,175,038)	(2,235,383)

33. Contingencies

There are no contingent liabilities at balance date.

34. Related parties

IDENTITY OF RELATED PARTIES

LGFA is related to the local authorities set out in the Shareholder Information in note 28.

LGFA operates under an annual Statement of Intent that sets out the intentions and expectations for LGFA's operations and lending to participating borrowers.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

RELATED PARTY TRANSACTIONS

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in note 12, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer note 18.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is a derivatives counterparty.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL:

Salaries \$1,151,293 (2023: \$1,016,801)

Fees paid to directors are disclosed in operating expenses in Note 6.

35. Subsequent events

On 28 August 2024, the Directors of LGFA declared a dividend of \$1,842,500 (\$0.0737 per paid up share).

Subsequent to balance date, LGFA has issued bonds of NZD 350 million and AUD 800 million.

Independent Auditors Report

To the readers of New Zealand Local Government Funding Agency Limited's financial statements and performance information for the year ended 30 June 2024



The Auditor-General is the auditor of New Zealand Local Government Funding Agency Limited (the company). The Auditor-General has appointed me, David Gates, using the staff and resources of KPMG, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 36 to 53, that comprise the statement of financial position as at 30 June 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
 - the performance information of the company on pages 32 to 35.
- In our opinion:
- the financial statements of the company on pages 36 to 53:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024 and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS); and
 - the performance information of the company on pages 32 to 35 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2024.

Our audit was completed on 29 August 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 34 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at \$160 million determined with reference to a benchmark of company Total Assets. We chose the benchmark because, in our view, this is a key measure of the company's performance. In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of a reasonably knowledgeable person ('qualitative' materiality).

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the readers as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The key audit matter	How the matter was addressed in our audit
Existence and impairment of loans	
Refer to Note 12 to the Financial Statements. The loans LGFA has provided to local government make up over 87% of total assets. The loans are recognised at amortised cost and the nature of the counterparties is such that we do not consider these loans to be at high risk of significant misstatement. However, based on their materiality, and the judgement involved in assessing the credit worthiness of counterparties they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our audit procedures included: <ul style="list-style-type: none"> performing a walkthrough to understand the processes and controls LGFA has in place to assess borrowers and to record loan transactions. agreeing the 30 June 2024 loan balances to external confirmations received from NZ Clear. assessing the borrowers' compliance with financial covenants. We did not identify material differences in relation to the existence or impairment of loans.

Application of hedge accounting

Refer to Notes 8 and 9 of the Financial Statements.

LGFA enters into derivatives (interest rate swaps and, beginning in FY24, cross currency interest rate swaps) to manage interest rate risk and foreign exchange risk related to issuing fixed rate borrowings (NZD and AUD), fixed rate loans and investing in fixed rate securities.

Hedge accounting is applied where specific requirements are met around documentation of the hedge relationship and the relationship is demonstrated as being an effective hedge. Hedge accounting is complex, particularly in the area of whether the requirements (both initial and ongoing) for its application are met. Should the requirements for hedge accounting not be met, LGFA could experience significant volatility in the Statement of Comprehensive Income from changes in the fair value of the derivatives.

Due to the size of the derivative positions and the complexity of hedge accounting we consider this to be a key audit matter.

Our audit procedures included:

- reviewing LGFA's accounting policies related to financial instruments.
- agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty.
- ensuring the hedge documentation supporting the application of hedge accounting was in accordance with NZ IFRS 9.
- using our treasury valuation specialists we:
 - independently recalculated the fair value of all of the derivatives recorded by LGFA; and
 - evaluated the hedge effectiveness of the derivatives including independently modelling the future changes in value of these instruments to assess whether the underlying derivatives were effective.
- ensuring the disclosures made in the financial statements were appropriate.

We did not identify material differences in relation to the application of hedge accounting.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand in accordance with NZ IFRS and IFRS. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Markets Conduct Act 2013.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.



- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 31 and page 57 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2024 and subsequently, the Chair of the company's Audit and Risk Committee is a member of the Office of the Auditor-General's Audit and Risk Committee. The Office of the Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as the member of the Office of the Auditor-General's Audit and Risk Committee does not assume any management functions as part of their oversight role of the audit of the company.

Other than the audit, and the relationship with the Office of the Auditor-General's Audit and Risk Committee, we have no relationship with, or interests in, the company.

David Gates

KPMG

On behalf of the Auditor-General
Wellington, New Zealand

Other disclosures He whākitanga anō

Donations

A donation of \$4,000 was made to Kauri 2000 for the year ended 30 June 2024.

Net Tangible Assets

Net tangible assets per \$1,000 of listed bonds as at 30 June 2024 is \$5.12 (2023: \$6.35).

Earnings per security

Earnings per \$1,000 of bonds on issue as at 30 June 2024 is \$0.46 (2023: \$0.15).

Amount per security of final dividends

Not applicable

Spread of Quoted Security holders

HOLDING RANGE	HOLDER COUNT	HOLDER COUNT %	HOLDING QUANTITY	HOLDING QUANTITY %
10,000 to 49,999	481	45	\$11,500,000	0.06
50,000 to 99,999	201	19	\$13,639,000	0.07
100,000 to 499,999	250	23	\$47,061,000	0.25
500,000 to 999,999	30	3	\$20,626,000	0.11
1,000,000 and above	113	10	\$19,097,174,000	99.52
Total	1,075	100	\$19,190,000,000	100.00

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Registered office

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142 Featherston Street

Wellington 6011

(entrance on Johnston Street)



Auckland

Level 7

The Shortland Centre

55 Shortland Street

Auckland 1010



29 August 2024

Dear Shareholder,

LGFA 2024 Annual Report

The LGFA Annual Report for the 12-month period to 30 June 2024 is now available from the LGFA website: [LGFA 2024 Annual Report](#)

We are pleased to highlight another positive year for LGFA that included several achievements.

1. Financial and operational performance.

Financial performance was strong with Net Operating Profit of \$10.05 million compared to \$2.5 million for the prior year. The prior year profit was abnormally low (due to the sharp rise in interest rates) and it is pleasing that we are back to where we have been on a historical basis.

Both our total operating income and operating expenses were higher than the Statement of Intent (SOI) forecast due to the larger than expected council and Council Controlled Organisation (CCO) borrowing and LGFA bond issuance activity. Both lending and bond issuance were record amounts.

We met 15 out of 18 performance objectives and our achievements were recognised through numerous awards from KangaNews, INFENZ, Treasury Management International, and Environmental Finance.

2. We made longer dated borrowing options available to an increased number of council and CCO borrowers.

As at 30 June 2024, LGFA had loans outstanding of \$20.55 billion, an increase of \$4.24 billion over the financial year, with the longest dated loans available out to 13 years (2037). Over the financial year, we approved two new CCO members, lifting total members to 77 councils and 5 CCOs. Over the financial year, LGFA lent a record \$6.1 billion to the sector (up 56% on the prior year) and provided 90% of the sector borrowing. We are appreciative of the ongoing support from our borrowing members.



3. New products and increasing focus on sustainability.

We issued a record NZ\$6.5 billion equivalent of bonds over the financial year. A highlight was our inaugural foreign currency issuance under our AUD Medium Term Note (MTN) and Euro Commercial Paper (ECP) Programmes. Issuing foreign currency securities assists our issuance strategy by diversifying our funding sources beyond the NZD market. All foreign currency borrowing is hedged back into NZD to remove any foreign exchange rate risk.

An increased number of councils and CCOs utilised our sustainable lending products. We grew our sustainable loans to councils and CCOs by \$2.3 billion and were 15.3% of total outstanding loans as at 30 June 2024.

We have also published our inaugural Climate Related Disclosures (CRD) Report that sets out our progress to date with incorporating climate related risks and opportunities across our governance, strategy, and risk management functions. The report is available on our website: [LGFA Climate Related Disclosures 2024](#)

4. A dividend payment of 6.85% for shareholders.

The financial strength of LGFA has been affirmed with total assets of \$23.5 billion and shareholder equity of \$113.2 million as at 30 June 2024. A \$1,842,500 dividend has been declared by the LGFA Board for the year ended 30 June 2024 and a dividend notice will be sent to you shortly. The dividend rate is \$0.0737 per paid up share and will be paid to you on Monday 2nd September 2024.

Our Annual General Meeting (AGM) will be held on Tuesday 19 November 2024 in Wellington (with a virtual attendance option). We will send out a Notice of AGM by Friday 20 September 2024.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards



Mark Butcher
Chief Executive

New Zealand Local Government Funding Agency Limited

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Council Report

Committee: Finance and Monitoring Committee
Date: 15 October 2024
Author: Rachel McCormack
Authoriser: Andrew Parsons
Position: Contracts Manager, Facilities
Position: General Manager
 Infrastructure and Assets

Report Name: Facilities Electrical Maintenance Contract

Report Status	<i>Open</i>
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Purpose - *Take*

1. To seek approval from the Finance and Monitoring Committee to increase the Approved Contract Sum for Contract 441-2020 Facilities Electrical Maintenance and Associated Services.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance and Monitoring Committee:
 - a) receives the report;
 - b) approves an increase in the Approved Contract Sum for Contract 441-2020 with Feisst Electrical Ltd, for delivery of facilities electrical maintenance and associated services, from \$3,132,000 to \$4,714,000; and
 - c) notes that the increased contract sum is to enable works that have been budgeted in the 2024-34 Long-Term Plan.

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council has a five-year contract with Feisst Electrical Ltd for the provision of electrical maintenance and associated services across Council facilities.
4. The contract commenced in October 2021 and is due to expire on 30 June 2026.
5. In addition to planned and reactive work, this contract has supported the delivery of budgeted minor electrical renewal work. The volume of renewal work delivered under the contract is larger than anticipated, however there is no additional costs to Council as the renewal work is funded from approved Capital Expenditure budgets.
6. Staff recommend that the Approved Contract Sum of Contract 441-2020 is increased from \$3,132,000 to \$4,714,000.
7. The revised Contract Sum exceeds the Chief Executives delegated authority. This is budgeted operational expenditure in the 2024-34 Long-Term Plan, there is no financial impact.
8. Staff consider the decision in this report has low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

9. A competitive two-stage tender for facilities electrical maintenance services was held in 2021.
10. At the Finance Committee meeting on 15 June 2021, delegated authority was given to the Chief Executive to award the contract for the delivery of electrical maintenance and associated services Contract 00000441-2020 for a period not exceeding five years and an Approved Contract Sum not exceeding \$3,132,000, following completion of the public tender process.
11. The contract was awarded to Feisst Electrical Ltd.
12. The contract term is three years with one right of renewal of two years. The two-year right of renewal was applied in July 2024. The contract end date is 30 June 2026.
13. The services provided under this contract include:
 - i. Electrical systems Building Warrant of Fitness (BWOFF) compliance
 - ii. Electrical systems planned and preventative maintenance
 - iii. Electrical systems reactive maintenance
 - iv. Electrical systems minor renewal work
 - v. Electrical systems asset condition assessments
 - vi. Test and tag of electrical equipment
 - vii. Thermographic imaging of switchboards and distribution boards
 - viii. Response to operational queries
 - ix. Provision of after-hours call out service.
14. These services are budgeted for within operational budgets across the organisation.

Discussion - *Matapaki*

15. The contractor has been performing well, successfully delivering the services, and a good working relationship has been developed.
16. The contract has also enabled minor electrical renewal works to take place, prior to the establishment of an electrical panel agreement. However, these costs were not originally considered as part of the contract sum amount and as a result the current Approved Contract Sum (ACS) will be exceeded within three months and needs to be revised.
17. Electrical renewal agreements were established with three suppliers, including Feisst Electrical Ltd, in mid-2023. These agreements are now used for electrical renewal works.
18. An open, competitive tender for an electrical maintenance contract will be run in early 2026, before the existing contract ends on 30 June 2026.
19. If the recommendation is not approved Council will have insufficient Approved Contract Sum under this contract to purchase electrical maintenance services for Council facilities.

Financial Considerations - *Whaiwhakaaro Puutea*

20. This is a regular operating activity funded through the 2024-34 Long-Term Plan. The Long-Term Plan operating expenditure budgets are based on 2023-2024 expenditure and no additional budget is required.
21. The Approved Contract Sum is \$3,132,000. Actual expenditure over the contract period October 2021 to July 2024 is \$2,897,000.

22. Forecast expenditure for the remainder of the contract term is described below.

Operating Expenditure	September 2024 to June 2025	July 2025 to June 2026 (includes 4% inflation adjustment)	Total
Approved Contract Sum			\$3,132,000
Forecast expenditure	\$700,000	\$882,000	\$1,582,000
Revised Contract Sum			\$4,714,000

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

23. Staff confirm that the staff recommendation complies with Council's legal and policy requirements.

Climate Change Impact Statement

24. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined that no adaptation of emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

25. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
26. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
27. The recommendations set out in this report are consistent with that purpose.

Social

28. Feisst support the health and wellbeing of their staff by providing a wellness program that promotes employee health.
29. Feisst also offer an Employee Assistance Program to staff provided by Oceania Counselling Provider.
30. Feisst support the community through sponsorship of individuals and organisations to make a positive impact or achieve ambitious goals. Some examples of groups that Feisst are actively supporting are The Cancer Society, Momentum Waikato, Chief's Rugby, Special Children's Christmas Parties and Northern Districts Cricket.

Economic

31. Feisst Electrical Ltd is a local business, their head office is in Avalon, Hamilton.
32. Feisst Electrical Ltd support their staff to undertake further study and training by providing onsite and offsite training for additional qualifications.

Environmental

33. Feisst's Environmental Policy is reviewed annually and covers all their activities. The policy has resulted in recycling initiatives for scrap metal, electronic waste, and fluorescent tubes.
34. Feisst hold a current Toitū Enviromark Bronze certificate.

Cultural

35. Feisst do not have a formal Diversity and Inclusion policy however they are committed to promoting equal opportunities. They are an accredited employer with Immigration New Zealand which enables them to support immigrants to live and work in New Zealand.

Risks - *Tuuraru*

36. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

37. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
38. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Committee: Finance and Monitoring Committee
Date: 15 October 2024
Author: Rachel McCormack
Authoriser: Andrew Parsons
Position: Contracts Manager, Facilities
Position: General Manager
 Infrastructure and Assets

Report Name: Reticulated Natural Gas Contract 18202

Report Status	<i>Open</i>
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Purpose - *Take*

- To inform the Finance and Monitoring Committee of Council's commitment to a twelve-month contract extension for Contract 18202 Collective All of Government Reticulated Gas Supply Agreement sought under emergency procurement processes.

Staff Recommendation - *Tuutohu-aa-kaimahi*

- That the Finance and Monitoring Committee:
 - receives the report; and
 - notes the increase of the Approved Contract Sum for Contract 18202 Collective AoG Reticulated Gas Supply Agreement from \$4,200,000 to \$5,777,000 with extension until 30 September 2025 was approved following the emergency procurement processes.

Executive Summary - *Whakaraapopototanga matua*

- New Zealand is currently facing a natural gas supply crisis due to rapidly declining natural gas reserves and production not meeting demand.
- The Ministry of Business, Innovation and Employment (MBIE) has secured a further 12 months gas supply for participating agencies in the All of Government (AoG) reticulated gas supply agreement, which ended on 30 September 2024.
- MBIE advised Council of the new supply arrangements in August. To participate in the contract extension Council was required to sign and return a commitment letter to MBIE by 23 August 2024. Staff used emergency procurement processes to gain signature on the commitment letter within the timeframe imposed by MBIE.
- An increase in Approved Contract Sum by an additional \$1,577,000 is required to cover the 12-month contract extension.
- The approved 2024-34 Long-Term Plan budget is insufficient to cover the increase in gas pricing over the 12-month contract extension. The unbudgeted financial impact over the contract extension is \$551,000, comprised of \$425,000 in Year One of the Long-Term Plan, and \$126,000 in Year Two.

8. The budget impact on the current financial year will be managed through the financial forecast. This will allow staff to identify budget savings in other areas to offset the increase.
9. Staff consider the decision in this report has low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

10. The gas supply shortage has taken New Zealand by surprise for two reasons:
 - i. Recent drilling at existing oil and gas fields did not find any new reserves, and
 - ii. Existing wells have produced less gas than forecast.
11. Council currently use reticulated natural gas at 41 sites, including:
 - i. Waterworld and Gallagher Aquatic Centre for pool heating
 - ii. H3 venues; FMG Stadium Waikato, Claudelands Event Centre, and Seddon Park, for hot water and air conditioning
 - iii. Pukete Wastewater Treatment Plant as an alternative fuel source should onsite biogas production fail, and
 - iv. Community facilities such as changing rooms and community centres.
12. Council has been a participating agency to the All of Government (AoG) gas agreement with Genesis Energy since 2018. The contract term expired on 30 September 2024.
13. MBIE advertised the new gas contract opportunity in early 2024. One supplier responded, however negotiations stalled, and the supplier withdrew from the tender in early June.
14. In early July 2024, following MBIE's recommendation, staff completed a Request for Quote (RFQ) process in collaboration with Waipā District Council to secure natural gas supply. Genesis Energy and Nova Gas, the two suppliers in the local market, were invited to respond to the RFQ. Neither supplier responded, stating they were unable to provide pricing due to issues with supply.
15. In August 2024 MBIE advised all participating agencies in the AoG agreement that a 12-month extension to the existing agreement had been procured. MBIE has purchased a tranche of gas from a large gas customer and will allocate it through Genesis Energy to participating agencies.
16. To confirm participation in the contract extension, MBIE requested a commitment letter be signed and returned by 5pm on Friday 23 August 2024. Signing the letter committed Council to the full 12-month term and a cost increase of approximately 80% on existing rates, from \$20/GJ to \$35/GJ.
17. If the commitment letter was not signed, Council would have had no certainty of gas supply or gas pricing from 1 October 2024, affecting facilities and services.
18. The contract extension requires an increase in Approved Contract Sum from \$4,200,000 to \$5,777,000, which is above Chief Executive Delegation. Staff used the emergency procurement process in [Council's Delegations to Positions Policy](#) to ensure the letter was signed within the timeframe imposed by MBIE. The variation was approved by the Deputy Mayor, Chair of the Finance and Monitoring Committee and the Chief Executive and the commitment letter was returned to MBIE within the deadline, on Friday 23 August 2024.

Discussion - *Matapaki*

Contract Extension

19. The contract extension secured by MBIE enables Council to continue delivering existing services that rely on natural gas as an energy input.

20. Consistent supply of natural gas allows Council to deliver its decarbonisation strategy (shifting to low carbon energy) in a timely manner without disrupting facilities and services.
21. The risks of not signing the contract extension were:
- i. Council may not be able to source gas, leading to forced closure of key facilities, and
 - ii. Council would have to pay spot rates for uncontracted gas supply, these rates would be unpredictable and could be significantly higher than negotiated rates.

Approved Contract Sum

22. Council has been reducing its gas usage as part of its decarbonisation strategy and will implement a hot water heat pump at Waterworld in the 2024/25 financial year which will further lower exposure to increased gas costs. The anticipated gas charges over the contract extension are based on the hot water heat pump being fully operational from 1 July 2025.
23. If the recommendation to increase the Approved Contract Sum is not approved Council will have insufficient Approved Contract Sum to purchase reticulated natural gas over the extended contract term.

Natural Gas and the Electricity Market

24. MBIE has warned that demand for gas will continue to outstrip production for the next three years. Following [a report to Cabinet from the Government's Gas Security Response Group](#), MBIE are investigating longer term solutions to bring more domestic gas supply online in future.
25. Council's existing electricity contracts are fixed price variable volume and expire on 1 July 2026.
26. When hydro lake levels are low, natural gas is an important fuel for the electricity sector, further driving up uncontracted spot electricity pricing. Despite the current gas shortage, data from the Electricity Authority shows forward contract settlement prices beyond 2026 have not materially risen.
27. There is no indication that Council will face additional electricity price increases in 2026, beyond what has already been budgeted for in the 2024-34 Long-Term Plan.

Financial Considerations - *Whaiwhakaaro Puutea*

28. The Approved Contract Sum is \$4.2m. Actual expenditure over the contract term to date, from October 2018 to August 2024, is \$3.9m.
29. The anticipated natural gas charges over the contract extension are \$1,227,000 of which \$726,000 is budgeted in the first two financial years of the 2024-34 Long-Term Plan. The balance of \$551,000 is unbudgeted and is comprised of \$425,000 in Year One and \$126,000 in Year Two.

Anticipated Operating Expenditure	1 October 2024 to 30 June 2025	1 July 2025 to 30 Sept 2025	Total
Gas Charges Budgeted	\$570,000	\$156,000	\$726,000
Gas Charges Unbudgeted	\$425,000	\$126,000	\$551,000
Total Gas Charges	\$995,000	\$282,000	\$1,277,000

30. The budget impact on the current financial year will be managed through the financial forecast. This will allow staff to identify budget savings in other areas to offset the increase.
31. The financial forecast is reported to the Finance Committee through the Financial Strategy and Performance Report.

32. The budget impact on the following financial year will be considered through the 2025-26 Annual Plan process.
33. The anticipated gas charges over the contract extension are based on indication from MBIE that the new pricing schedule will incur an 80% increase on current prices. The confirmed pricing schedule is expected to be provided by Genesis Energy in the final week of September and is not available at the time of writing.
34. The anticipated total gas charges of \$1,277,000 will result in a shortfall of the Approved Contract Sum (ACS).
35. The revised ACS calculations are set out in the table below:

	Amount
Current Approved Contract Sum	\$4,200,000
Anticipated Total Gas Charges over the contract extension	\$1,277,000
Variation Contingency	\$300,000
Revised Approved Contract Sum	\$5,777,000

36. A contingency amount of \$300,000 has been applied to the revised ACS to cover the possibility of increased natural gas use at Pukete Wastewater Treatment Plant should there be an unexpected failure of the biogas boiler.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

37. Staff confirm that the recommendations comply with Council's legal and policy requirements.

Climate Change Impact Statement

38. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

39. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
40. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
41. The recommendations set out in this report are consistent with that purpose.

Social

42. Security of gas supply is an essential component of the delivery of community services for all members of the community.

Economic

43. MBIE has carried out an extensive review of natural gas availability and pricing. The contract extension secured by MBIE represents best value for money for Council and is the only option that provides security of supply ensuring our facilities are not forced to close.

Environmental

44. Council is committed to reducing its gas usage as part of [Our Climate Future](#) strategy.

45. For information on Genesis and their commitment to carbon reduction, refer to [Why Genesis for your business | Genesis NZ \(genesisenergy.co.nz\)](#).

Cultural

46. There are no known cultural considerations associated with the matters in this report.

Risks - *Tuuraru*

47. If the emergency procurement process had not been completed Council would have had insufficient Approved Contract Sum to purchase reticulated natural gas over the 12-month contract extension, this would impact facilities that rely on natural gas to function effectively.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

48. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
49. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Finance and Monitoring Committee Public Excluded Minutes of 29 August 2024) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
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