

Notice is given that an ordinary meeting of the Tasman District Council will be held on:

**Date:** Thursday 10 October 2024  
**Time:** 12 noon  
**Meeting Room:** Tasman Council Chamber  
**Venue:** 189 Queen Street, Richmond  
**Zoom conference link:** <https://us02web.zoom.us/j/86804031195?>  
Meeting ID: 868 0403 1195  
Meeting Passcode: 730825

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## Tasman District Council

### Kaunihera Katoa

# AGENDA

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#### MEMBERSHIP

<b>Mayor</b>	Mayor T King	
<b>Deputy Mayor</b>	Deputy Mayor S Bryant	
<b>Councillors</b>	Councillor C Butler	Councillor M Kininmonth
	Councillor G Daikee	Councillor C Mackenzie
	Councillor B Dowler	Councillor K Maling
	Councillor J Ellis	Councillor B Maru
	Councillor M Greening	Councillor D Shallcrass
	Councillor C Hill	Councillor T Walker

(Quorum 7 members)

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## AGENDA

- 1 OPENING, WELCOME, KARAKIA
- 2 APOLOGIES AND LEAVE OF ABSENCE

### Recommendation

That the apologies from Councillors B Dowler, K Maling, M Kininmonth and C Mackenzie be accepted.

- 3 PUBLIC FORUM  
Nil
- 4 DECLARATIONS OF INTEREST
- 5 LATE ITEMS
- 6 CONFIRMATION OF [MINUTES](#)

That the minutes of the Tasman District Council meeting held on Wednesday, 2 October 2024, be confirmed as a true and correct record of the meeting.

That the confidential minutes of the Tasman District Council meeting held on Wednesday, 2 October 2024, be confirmed as a true and correct record of the meeting.

- 7 REPORTS
  - 7.1 Quarterly Treasury Report ..... 4
  - 7.2 2024 Activity Balances Report ..... 22
  - 7.3 2024 Capital Carry Over Report..... 31
- 8 CONFIDENTIAL SESSION  
Nil
- 9 CLOSING KARAKIA

## 7 REPORTS

### 7.1 QUARTERLY TREASURY REPORT

Information Only - No Decision Required

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	10 October 2024
<b>Report Author:</b>	James Bagnall, Financial Analyst
<b>Report Authorisers:</b>	Mike Drummond, Chief Financial Officer
<b>Report Number:</b>	RCN24-10-4

#### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 This report provides an update on the Council's Treasury operations, reporting on compliance with the Treasury Policy, along with a finance market update.
- At 30 September 2024, the Council's total debt had increased to \$372.3 million and its Net debt stood at \$261.7m against a policy limit of \$295.1m (160% of forecast annual revenue).**
- 1.2 The Council is compliant with all limits in the Treasury Risk Management Policy: §4.2 Borrowing Capacity; §6.2.2 Liquidity Funding/Risk Position; and §6.3 Counterparty Risk.
- 1.3 The interest rate differential between the amount the Council has pre-funded from the Local Government Funding Agency (LGFA), and the amount re-invested in term deposits is a current side benefit and not the driver of the pre-funding strategy. Currently, the average term deposit rates for all maturities six months or greater is higher than the LGFA borrowing cost, but term deposit rate quotes are solicited from banks as there can still be variation between them.
- 1.4 The Council's cost of borrowing (loan interest, swaps interest differential, facility fees) is 4.937% on Total Debt, compared to a budget of 3.95% (2022-23 budget was 4.40%). The additional 1% in borrowing costs equates to an additional \$2.6m pa in borrowing costs than budgeted. The Treasury (internal bank) cost centre now has an operating deficit, despite lower than forecasted monthly debt levels. Since most of our fixed-rate borrowing is pass-through funding, the increased cost is mostly due to our average interest rate after swaps being above budget. Without the use of these swaps to fix interest rates the average cost of borrowing would be higher at 5.054%. The additional financing costs will be passed on to the activities with loans and deficits, so the treasury operation covers its costs through to year end.
- 1.5 Inflationary pressures have caused the Reserve Bank (RBNZ) to hold the OCR (Overnight/Official Cash Rate), which has only had a small reduction to 5.25% per annum since rising to 5.50% in May 2023. The OCR influences the price of borrowing money in New Zealand and allows the RBNZ to influence the level of economic activity and, therefore, inflation. Although previously predicted OCR rises haven't happened, major decreases are not indicated as inflation (3.33% y/y) is still too high for the RBNZ's only goal: 1-3% inflation

per annum. Interest rates being offered indicate an expectation of a rapid decline in the OCR starting in a couple of months; this does not match the RBNZ's own forecast.

- 1.6 The Council has now pre-funded most of the next 12 months of scheduled LGFA loan repayments (excluding pass-through shareholder advance lending to WWL) being \$30.1 million due in April 2025. Pre-funding improves the Council's liquidity position and is seen as positive from a credit-rating perspective as it helps reduce refinancing risk. Staff continue to monitor cash flows closely. This monitoring will inform the timing of any drawdown of additional borrowing.
- 1.7 Crown Irrigation Investments Limited (CIIL) interest-free facilities total \$25.5 million following repayment of the first \$2.5 million tranche. They were provided to assist with funding and cost over-runs for the Waimea Community Dam. Additional advances for this project are now all sourced from the LGFA.
- 1.8 Crown Regional Holdings Limited (CRHL) loan agreement (the Kānoa Loan) for the Port Tarakohe upgrade provides \$6m at 0% interest for 5 years; \$0.2m has been drawn to date.

## **2. Recommendation/s / Ngā Tūtohunga**

**That the Tasman District Council receives the Quarterly Treasury Report, RCN24-10-04.**

## **3. Treasury Activity**

At 31 March 2024, the Council's total debt was \$332.6 million. The key activities since the last report were:

- April 2024
  - \$16.6 million pre-funding term deposit used to repay borrowings from LGFA.
  - \$33.4 million (WIL-Irrigator capacity) and \$18.8 million (Tasman District Council-capacity) of shareholder advances to WWL were re-financed with pass through borrowings from the LGFA.
- May 2024
  - \$30.1 million borrowed from LGFA to pre-fund LGFA debt maturing in April 25. These funds are on term deposit.
  - \$10m commercial paper issued to LGFA; funds kept on deposit as contingency in case of an adverse outcome with WWL's JV contractor adjudication.
- June 2024
  - \$15.0 million borrowed from LGFA to fund Council capital projects (\$11.5 million) and advances to NRSBU (\$2.0 million) and NTRLBU (\$1.5 million).
  - \$0.2m drawn from CRHL facility, the Kānoa Loan for the Port Tarakohe upgrade project.
- July 2024
  - \$9.0 million pre-funding term deposit used to repay borrowings from LGFA.
  - \$10.0 million drawn on ASB facility to fund cash flow; repaid in Aug-24.

- August 2024
  - \$10.0 million commercial paper replaced with \$18.0 million borrowing from LGFA to finance shareholder advances to and Council share purchases from Waimea Water Ltd.
  - ASB \$10.0 million CRCA facility re negotiated and its maturity extended to August 2026.
  - Westpac \$40.0 million Multi Option Credit Line (MOCL) borrowing facility increased to \$50.0 million..
  - The Council entered into \$35.0 million of forward-start 5- or 6-year interest rate swaps, commencing between September 2024 and February 2026.
- September 2024
  - \$15 million borrowed from the LGFA to fund 2023-24 summer Capital Works Programme.
  - \$2 million paid to fund Tasman District Council/Nelson City Council joint activities. A \$1 million loan to NRSBU and \$1 million loan to NTRLBU

**4. Treasury March 2024**

**Borrowing**

4.1 The Council is compliant with the 2023 Treasury Risk Management Policy, §4.2.

§4.2: Borrowing	Sep 2024	Within Limits	Possible Limit	
Net external debt ≤20% of equity*	<b>12.0%</b>	✓	\$436m	Net Debt
Net external debt ≤225% of total operating revenue*	<b>151.3%</b>	✓	\$389m	Net Debt
Net interest* ≤15% of total revenue*	<b>5.0%</b>	✓	\$26m	Net Interest
Net interest* ≤25% of total rates*	<b>9.7%</b>	✓	\$22m	Net Interest
Liquidity ≥110% of total external debt	<b>114.3%</b>	✓	\$489m	External Debt
* Latest audited results: Annual Report 2023, published 31-Oct-23				

- 4.2 Available Financial Accommodation – the "liquidity ratio" – is back above the threshold following repayment of bank facility drawdowns.
- 4.3 The actual result closest to the limit sets the indicative maximum borrowing amount. The debt-to-revenue limit would be the first one reached if external debt (total debt minus pre-funded loans) rose to \$389 million.
- 4.4 The interest-to-revenue and interest-to-rates limits are sensitive to movements in borrowing costs. The current high limit on potential borrowings is due to the historically low interest rates (perpetuated using interest rate swaps).
- 4.5 LGFA financial covenants continue to be the same or less onerous than 2023 Treasury Policy limits.

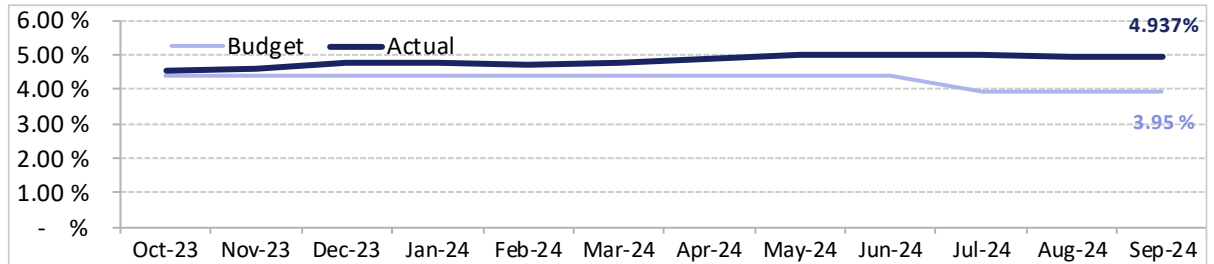
**Debt Levels**

<b>\$372.3m</b>	<b>Total Debt</b>	All borrowing
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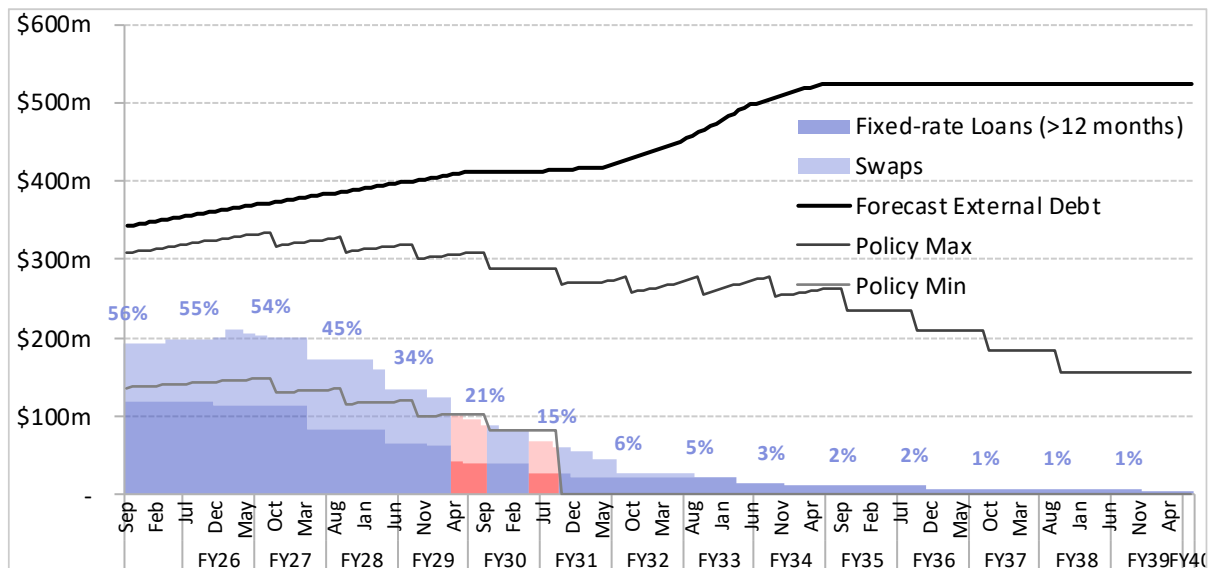
\$265.4m	Gross Debt	Total Debt, minus pre-funded and pass-through loans
\$261.7m	Net Debt	Gross Debt, minus all other deposits

**Cost of Borrowing and Cost of Funds**

5.054%	Cost of Loans	Interest, as % of Total Debt
-0.836%	Benefit of Swaps	Interest differential (w.a. -0.166%), as % of Total Debt
0.370%	Cost of Facilities	Line fees (w.a. 0.050%), as % of Total Debt
<b>4.937%</b>	<b>Cost of Borrowing</b>	Total interest and fees, as % of Total Debt



**Interest Rate Risk Position**



4.6 This shows a snapshot of the current fixed-rate debt – fixed-rate loans and floating-to-fixed swaps – with a maturity greater than 12 months, charting its maturity over time against a corridor of the policy maximum and minimum levels (as a % of forecast Gross Debt). "Fixed-rate" is defined as having an interest rate resetting maturity/expiry date greater than 12 months away.

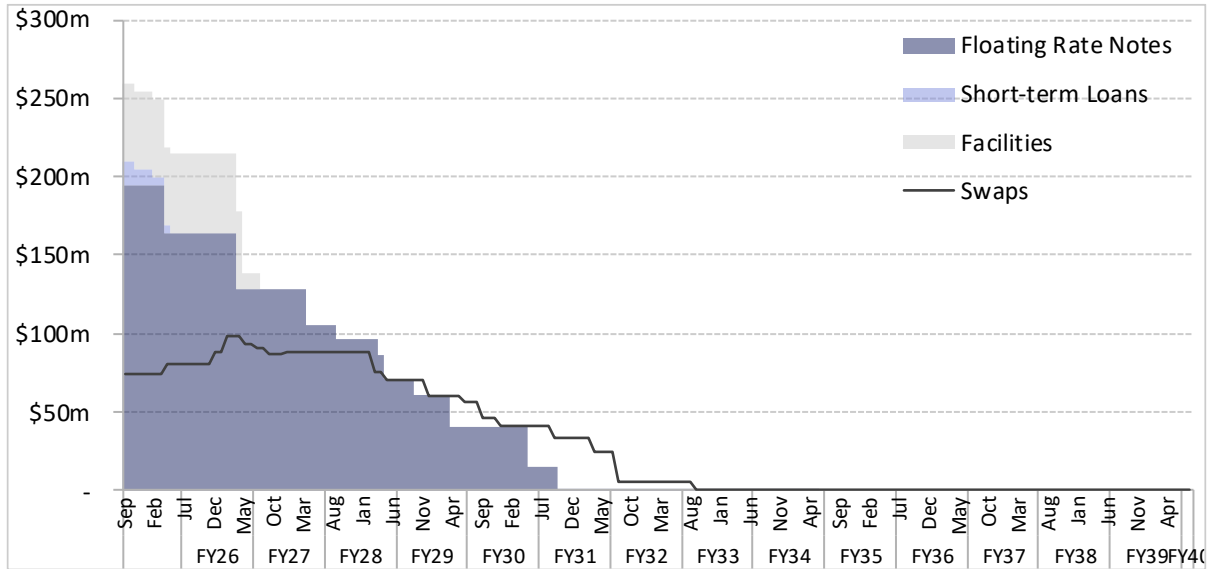
The current debt forecast includes fixed-rate loans for pass-through lending to WWL. However, most of those loans mature in April 2025 (therefore qualify as short-term and don't show up in the chart at all) even though forecast to be re-financed, making the current position briefly non-compliant during some future years.

<b>§6.1.2: Interest Rate Risk</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Fixed*</b>	<b>Within Limits</b>
Current	40%	90%	<b>56%</b>	✓
Until Sep 2025	40%	90%	<b>55%</b>	✓
Until Sep 2026	35%	85%	<b>54%</b>	✓

\$6.1.2: Interest Rate Risk	Minimum	Maximum	Fixed*	Within Limits
* Fixed-rate loans and swaps still available at future date ÷ forecast debt at future date				

### Interest Rate Swaps

4.7 The Chief Financial Officer has delegated authority to enter into interest rate swaps on behalf of the Council, on the proviso that such transactions are reported back to the Council. The Council’s approval is required before entering into long-dated swaps with a maturity over 12 years.

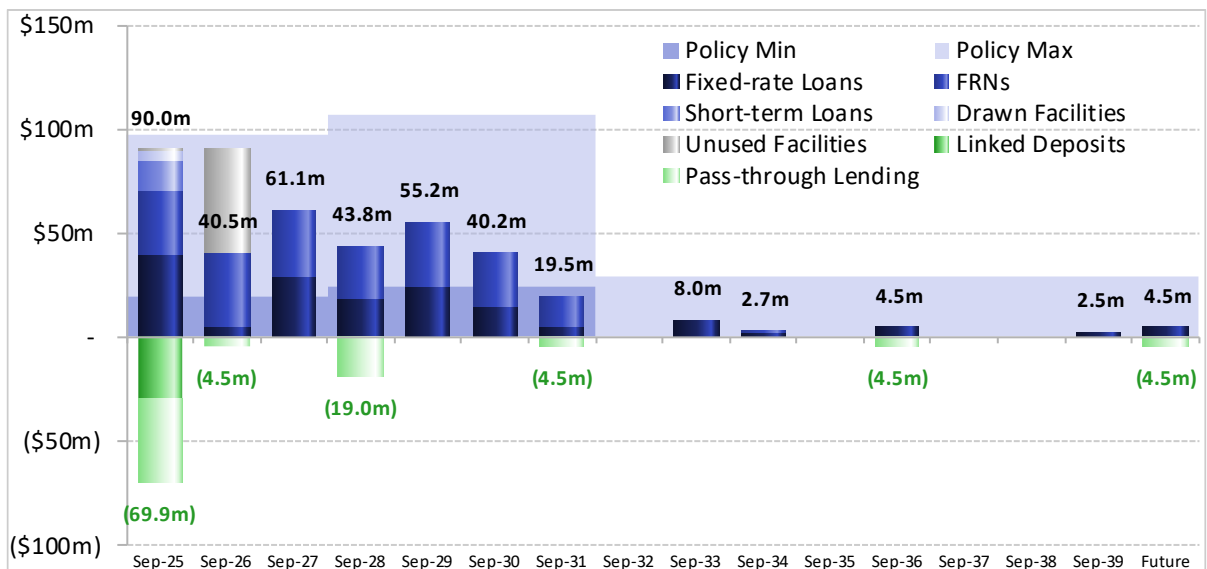


4.8 The Council's swap coverage will not currently exceed potential floating-rate debt (FRNs, short-term commercial paper, facilities) for several years.

### Liquidity

4.9 The liquidity ratio calculation represents the total committed bank facilities and term debt amounts, together with liquid investments – the Available Financial Accommodation – over the external debt amount (total debt minus pre-funded loans). The liquidity ratio is 114.3% (target: >110%) and represents the debt headroom available within the Council’s facilities, along with cash available over and above its existing external debt.

### Funding Maturity Risk Position





- 4.10 This chart groups loan maturities in 12-month blocks. Also shown are available facilities, deposits linked to pre-funding loans, and pass-through loans. The shaded background shows the maximum and minimum liquidity maturity bands (including facilities) in the 2023 Treasury Risk Management Policy:

<b>§6.2.2: Liquidity*/Funding Risk</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Sep 2024</b>	<b>Within Limits</b>
0 – 3 Years	15%	60%	<b>53%</b>	✓
3 – 7 Years	25%	85%	<b>41%</b>	✓
7+ Years	0%	60%	<b>6%</b>	✓

\* Including facilities, and net of linked deposits

- 4.11 Ensuring a spread of maturities reduces the risk of having to find large amounts of capital, or refinance loans, at a time in the future in which market conditions may be unfavourable.

### Counterparty Credit Risk

- 4.12 The 2023 Treasury Risk Management Policy, §6.3 requires that New Zealand registered banks (as counterparties) must have a minimum S&P (or equivalent) short-term rating of A-1+ or long-term rating of AA-. All the Council's counterparty banks are S&P AA- rated.

<b>§6.3: Counterparty Risk – \$30m</b>	<b>Deposits*</b>	<b>Swaps**</b>	<b>Sep 2024</b>	<b>Within Limits</b>
ANZ	\$15.0m	\$4.9m	<b>\$19.9m</b>	✓
ASB	\$3.8m	\$1.2m	<b>\$5.0m</b>	✓
BNZ	\$0.0m	-	<b>\$0.0m</b>	✓
Westpac	\$15.1m	\$9.5m	<b>\$24.6m</b>	✓

\* 100% of principal  
\*\* 3% of notional value x remaining years

### Current Borrowings

<b>Counterparty</b>	<b>Fixed*</b>	<b>Floating</b>	<b>Sep 2024</b>
LGFA	\$125.7m	\$194.4m	<b>\$320.1m</b>
LGFA (short-term Commercial Paper)	-	\$21.5m	<b>\$21.5m</b>
Crown Irrigation Investments Ltd (interest-free loans)	\$25.5m	-	<b>\$25.5m</b>
Crown Regional Holdings Ltd (low-interest loans)	\$0.2m	-	<b>\$0.2m</b>
ASB Facility/Overdraft	-	\$5.0m	<b>\$5.0m</b>
Westpac Facility	-	-	<b>-</b>
<b>Total</b>	<b>\$151.2m</b>	<b>\$220.9m</b>	<b>\$372.3m</b>

\* Having an interest rate resetting maturity/expiry date greater than 12 months.

### Local Water Done Well

- 4.13 Future debt forecasts include the affordable waters activities remaining with the Council and are based on the draft 2024-34 Long Term Plan projections.

**5. Investments**

5.1 The Council's cash investments total \$33.9 million with an average interest rate of 5.885%. In line with the Treasury Policy, specific reserves are not kept as cash. The Council continues to maintain adequate cash reserves and committed bank facilities to support any drawdown against specified reserves.

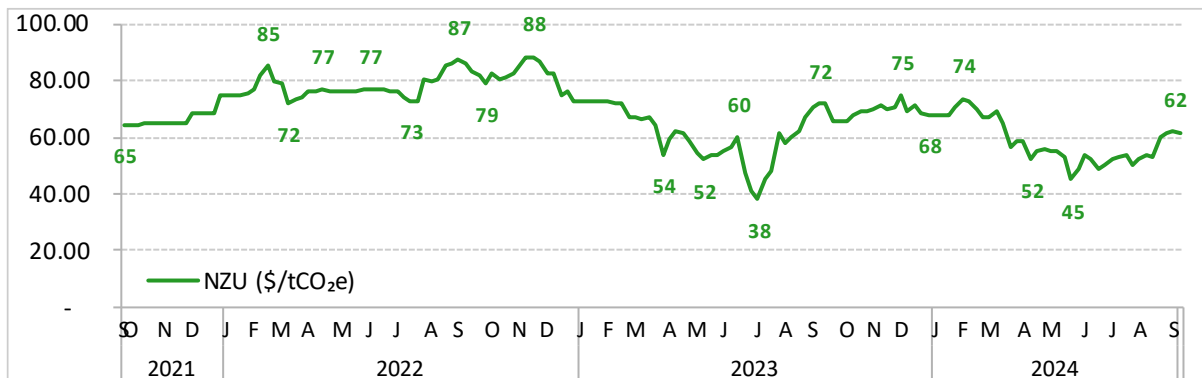
5.2 The individual investment balances are as follows:

Counterparty		Sep 2024	Interest
ASB	Call Account	\$3,763,341	5.25%
BNZ	Call Account	\$99	-
Westpac	Call Account	\$2,194	2.05%
ASB	On-call Money-market	\$3,239	5.10%
Westpac	Term Deposit (342 Days)	\$15,100,000	6.00%
ANZ	Term Deposit (342 Days)	\$15,000,000	5.93%
<b>Total</b>		<b>\$33,868,874</b>	<b>5.885%</b>

5.3 Since October 2021, ASB has included the Council in the all-of-government arrangement which pays interest on call account balances at the previous day's OCR. This is currently better than the ASB on-call money-market account rate that other customers receive. This account was previously used for daily surplus cash.

**6. Emissions Trading Scheme**

6.1 The objective of the Emissions Trading Scheme (ETS) carbon credit policy is to minimise the impact of the movements in the carbon credit prices on the Council.



6.2 ETS risk is managed under the limits in the 2023 Treasury Risk Management Policy, §6.4.

§6.4: Forward Cover Risk	Minimum	Maximum	Oct 2021	Within Limits
Committed*	80%	100%	100%	✓
Forecast Period				
0 – 1 Years	0%	80%	80%	✓
1 – 2 Years	0%	50%	50%	✓
2 – 3 Years	0%	30%	0%	✓

<b>§6.4: Forward Cover Risk</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Oct 2021</b>	<b>Within Limits</b>
* Exposure becomes committed in Jan-Mar (quarter following emission period as the Council must report emissions from the previous year)				

- 6.3 Consultation has started on proposed amendments to the ETS. There are two sets of proposed amendments to strengthen the ETS framework and to reduce the complexity around the forestry scheme. The Council has no direct exposure to landfills' ETS liabilities as these are managed through the Nelson Tasman Regional Landfill Business Unit.

## **7. Market Update**

- 7.1 On 1 October 2024 LGFA completed their twelfth bond issue with a Sustainable Financing Bond due on May 14, 2032. Current market conditions are tough because the New Zealand Government is issuing a lot of bonds, making them cheaper. This is causing investors to prefer government bonds over LGFA bonds.
- 7.2 In September, LGFA reported that the cost margin on their May 2031 bonds increased by 11 basis points to 86 basis points, and the margin over government bonds increased by 2 basis points to 53 basis points. There have also been several new corporate bond issues, leading local investors to sell LGFA bonds to buy these new ones. Recently, domestic yields have stabilised, with short-term yields holding steady and long-term yields rising by 15 basis points due to global trends.
- 7.3 The LGFA Sustainable Asset Pool (GSS and Climate Action Loans to councils and CCOs) is now \$3.5 billion so they have plenty of sustainable assets to back both the 2030 and 2032 SFBs.
- 7.4 The LGFA also took the opportunity to issue \$150 million of additional treasury stock that they can lend out to banks as their next opportunity to issue more of the 2032 SFB is not until late January 2025.
- 7.5 Interest and swap rates currently on offer indicate a market expectation of rapidly decreasing interest rates in the short to mid-term, followed by a gradual increase in later years. This does not match the RBNZ's forecast of cautious decreases in the OCR followed by slow easing. The RBNZ now only has one target –1-3% y/y inflation – and inflation is still relatively high at 3.33% y/y. There appears to be a dichotomy of the market thinking that lower inflation means interest rates can now drop, versus the RBNZ seeing lower inflation as an indication that high rates are working, so they won't drop them.

## **8. Treasury Cost Centre**

- 8.1 The Treasury cost centre operates as the Council's internal bank. It manages the external costs of borrowing and allocates them across internal loans within individual activities. It also pays/charges interest on reserves and activity balances. In accordance with the Treasury Risk Management Policy, these interest rates are set quarterly. For the quarter starting July 2024, interest is charged on loans and overdrawn closed account balances at 4.97% and paid at 3.0% on credit balances for the next quarter.

## **9. LGFA ESG Borrowing**

- 9.1 The LGFA is looking to borrowing councils to support its Environmental, Social, and Governance (ESG) reporting and funding initiatives. Investors are increasingly applying these non-financial factors as part of their analysis to identify material risks and growth

opportunities. Councils who can align their new borrowing to these factors get a slightly reduced interest rate from the LGFA. Council staff will be reviewing how we can assist with reporting tracking ESG factors and borrowing over the next 12 months.

<b>10. Attachments / Tuhinga tāpiri</b>
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1. <a href="#">↓</a>	LGFA - S & P Credit Rating Affirmation	13
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Research Update:

# New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable

September 8, 2024

## Overview

- New Zealand Local Government Funding Agency Ltd. (LGFA) has a dominant market position in the debt financing of highly rated New Zealand local councils.
- The agency's financial profile is improving on the back of broadened access to capital markets, a gradual dilution of borrower concentration, and a growing capital base. All were historical constraints on its credit profile.
- We revised upward our assessment of the agency's stand-alone credit profile (SACP) to 'aa+' from 'aa-'.
- We affirmed our 'AA+' long-term foreign currency and 'AAA' long-term local currency issuer credit ratings on LGFA. At the same time, we affirmed our short-term foreign and local currency issuer credit ratings at 'A-1+'.
- The stable outlook on the long-term ratings reflects our expectation of an extremely high likelihood of support from the New Zealand sovereign for the agency.

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## Rating Action

On Sept. 9, 2024, S&P Global Ratings affirmed its 'AA+' long-term foreign currency and 'AAA' long-term local currency issuer credit ratings on LGFA. We also affirmed our short-term foreign and local currency issuer credit ratings at 'A-1+'. At the same time, we affirmed our 'AA+' long-term foreign currency and 'AAA' long-term local currency issue ratings on the agency's senior unsecured debt.

The outlook on the long-term ratings is stable.

## Outlook

The stable outlook on LGFA reflects that on the New Zealand sovereign and our view of an extremely high likelihood of extraordinary support from the sovereign for the New Zealand public-sector funding agency in a stress scenario over the next two years.

**Research Update: New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable**

The stable outlook also reflects our expectation that LGFA will maintain its strong credit profile. The agency's dominant market position, strong governance, improved capital adequacy, and broadened access to funding sources offset rising indebtedness in New Zealand's local government sector.

**Downside scenario**

We could lower our ratings on LGFA over the next two years if we perceive that its policy role or links to the New Zealand government are weakening. We could also lower our ratings if we were to downgrade New Zealand.

Downward pressure could emerge if we consider LGFA's SACP to be weakening. This could occur if we observe a weakening of management, such as lending to water council-controlled organizations (CCOs) that are not supported by councils without any measures to offset increased risks.

**Upside scenario**

We could raise our foreign currency issuer credit rating on LGFA over the next two years if we were to do the same for New Zealand, all else being equal.

**Rationale**

Our ratings on LGFA reflect our 'aa+' assessment of its SACP and our view of an extremely high likelihood that extraordinary financial support from the New Zealand government (the Crown) would be forthcoming in a stress scenario.

LGFA has access to a diverse set of domestic and offshore investors. The agency has broadened its issuances to Australia's capital markets and established a euro commercial paper (ECP) program to diversify its funding sources. We now view its funding profile as positive, from neutral previously. LGFA's liquidity position remains strong.

Our view of LGFA's capital adequacy improves to adequate for several reasons. The drivers are: (1) less single-name concentration as smaller councils borrow at a faster pace than the largest; (2) a growing capital base through higher borrower notes and retained earnings; and (3) a refinement of our operational risk measure. Underpinning our ratings are New Zealand's excellent institutional settings and wealthy economy, as well as LGFA's dominant market position and robust management and governance.

LGFA benefits from shareholder support via its joint-and-several guarantee mechanism. We reflect this in a positive notch to its SACP.

Separately, we expect the credit quality of councils to weaken further as the government and LGFA explore increasing debt limits for high-growth councils. This will generally be negative for the credit quality of the sector, which is already highly indebted by international standards. We reflect this through a downward holistic notch to its SACP. The developments could see a weakening of our sector risk profile assessment. The agency's average loan asset quality could also diminish if it starts lending to highly indebted water CCOs.

LGFA was established in December 2011 to provide debt finance to local and regional governments (councils), following the enactment of the Local Government Borrowing Act 2011. The agency's main objective is to raise debt on behalf of councils on more favorable terms than if

**Research Update: New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable**

the councils were to raise debt on their own.

The Crown owns 20% of LGFA. Thirty council shareholders own the remaining 80%.

LGFA counts 77 of New Zealand's 78 councils as members.

**Sector Risk Profile: Rapidly rising debt in the local government sector weighs on excellent institutional settings.**

LGFA currently lends about 97% of its portfolio to local councils. Councils have high, albeit weakening, credit quality.

We currently assign long-term issuer credit ratings to 25 councils in New Zealand. Of these, 20 are on negative outlook.

In February 2024, we revised our assessment of the institutional framework trend to weakening from stable. This was given councils' growing indebtedness. Recent announcements on potential increases to debt covenants for high-growth councils could exacerbate growing indebtedness in the sector.

New Zealand's local government sector has more leverage than other advanced economies. Direct council debt is above 180% of operating revenue in fiscal 2024. In comparison, sectorwide debt ratios for municipal governments in northern Europe are generally below 100% for the same institutional framework assessment.

LGFA announced in August that it would start to lend to supported water CCOs. The leverage of these public water utilities could be up to twice that of councils that the agency currently finances. The stand-alone credit profiles of water CCOs are likely to be weaker than the average council rating of roughly 'AA'.

Any materialization of the above developments could result in a weaker sector risk profile assessment.

**Individual Credit Profile: Dominant market position and strong risk management, backed by diversified funding and liquidity and improving capital adequacy.**

We consider LGFA to be a near-monopoly lender to councils, excluding New Zealand's largest subnational borrower, Auckland Council. The agency limits its lending to Auckland Council to reduce concentration risks. Auckland Council accounts for about 35% of the sector's gross debt and has large offshore and wholesale bond programs of its own.

LGFA has had a strong record since 2011 in fulfilling its policy mandate. This is despite the agency's shorter operating history than many international peers. The agency has a dominant market position in New Zealand, accounting for 90% of all the domestic borrowings of councils in 2024.

LGFA lends on terms that are generally more attractive than if the councils borrowed in their own names or through the banking system. Evidence of this includes the secondary market spreads between LGFA's bonds and the New Zealand dollar-denominated bonds that Auckland Council, Dunedin City Council (via Dunedin City Treasury Ltd.), and the major banks issue. The agency has also helped councils lengthen the average tenor of their borrowings.

We consider LGFA's management and governance to be a key strength that mitigates potential

**Research Update: New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable**

risks. A six-member board governs the agency, of whom five are independent directors, including the chairperson. The board is responsible for strategic direction and control.

LGFA also has a shareholders' council, comprising five to 10 appointees. This council recommends appointments to the board and coordinates governance decisions. The agency has a highly qualified management team, which has experience in council treasury operations, debt management, and private financial institutions.

Like many of its international peers, LGFA is not subject to banking regulations. However, given that the agency's bonds are quoted on the NZX Debt Market, the agency is required to comply with continuous disclosure obligations.

In addition, the Financial Markets Conduct Act 2013 regulates the securities that LGFA issues to retail investors. The agency produces annual financial statements, with external auditors appointed by the auditor-general of New Zealand. It also publishes half-yearly reports and annual statements of intent. LGFA pays dividends to its shareholders, although such payments are discretionary and subject to board approval.

LGFA's lending portfolio has gradually become less concentrated over the past few years. This improves the agency's capital adequacy assessment. Smaller councils are borrowing proportionally more than the larger ones, diluting concentration.

We estimate a risk-adjusted capital ratio of 39.0% for LGFA before diversification and 9.3% after adjustments for single-name concentration, as of end-fiscal 2024 (year-end June 30). The agency's two largest borrowers, Auckland Council and Christchurch City Council, represent less than 30% of its loan book. Its 20 largest borrowers account for about 80%.

We believe the increase in LGFA's borrower note margin to 5.0% from 2.5% will help LGFA increase its capital base over time. The agency's capital structure comprises NZ\$25 million of paid-in shareholder capital, about NZ\$89 million in retained earnings, and about NZ\$493 million in borrower notes, which we view as equity-like.

LGFA also has NZ\$20 million of uncalled shareholder capital, which we exclude from our calculations. The agency could call on this amount to support its financial position in a stress scenario.

We consider risk management to be very good, which helps to mitigate lending concentration risk. LGFA restricts its investments to approved financial instruments such as term deposits and highly rated bonds, under its board-approved treasury policy. The agency fully hedges any foreign-currency exposure back to New Zealand dollars.

LGFA's loan portfolio has not experienced any arrears in payments or loan impairments since inception. Council borrowers must comply with various covenants on their net debt, interest expenses, and liquidity.

In 2020, LGFA relaxed one of its foundation policy covenants to give councils an extra buffer during COVID-19. The agency allowed councils rated 'A' or higher to have net debt up to 300% of their revenues, up from 250%. It will reduce this limit back to 280% by 2026. LGFA's proposed increase for high-growth councils could see a rise in net debt to a maximum 350% of revenues in some circumstances.

Supporting the financial profile of LGFA is the fact that all council borrowers must provide debenture security by way of a charge over council property rates and rates revenues. We view this positively because: (1) rates revenue is the largest and most stable source of income for New Zealand councils; and (2) rates collection ranks ahead of all other claimants on residents, including mortgages and New Zealand's Inland Revenue Department.



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Lending to CCOs could affect LGFA's credit metrics. Historically, the agency only provided debt finance to councils and not any CCO, joint venture, or other entity. Since 2021, five CCOs have joined LGFA. However, the agency's total exposure to these remains very small, and borrowing by CCOs must be backed by uncalled capital provided by parent councils.

Under the Crown's Local Water Done Well initiative, councils could shift water-related assets and operations to water-specific CCOs. Exposure to CCO lending could increase when LGFA lends to these entities. To date, the agency has announced that it will lend only to supported water CCOs (i.e., those backed by uncalled capital or guarantees from parent councils).

Further strengthening our credit assessment of LGFA is the joint and several guarantee of its obligations. Other than the New Zealand government, each LGFA shareholder must be a guarantor of the agency's obligations. Also, if the principal amount of a council's borrowing exceeds NZ\$20 million, that council must become party to a deed of guarantee. LGFA currently has 72 such guarantors.

LGFA is broadening its access to capital markets. In the last year, the agency debuted four Australian dollar-denominated issuances for maturities ranging from three to 10 years. It intends to be a regular issuer in Australia for diversification purposes.

LGFA has established an ECP program, under which it has issued just over US\$500 million. The agency historically concentrates its funding in New Zealand. It is the second-largest borrower in the New Zealand dollar market, behind only the sovereign.

In December 2023, the Reserve Bank of New Zealand (RBNZ) confirmed that LGFA's bonds will count as "level two" liquid assets. This will support demand for the bonds from banks.

LGFA's domestic bonds are spread across 10 maturities. They are mostly in series of NZ\$1 billion or more to promote secondary market liquidity. Their repurchase eligibility with RBNZ at a low haircut provides demand support for the bonds. Surveys by the agency suggest that offshore investors hold about 35% of its debt. Since 2015, the agency has also issued short-dated bills via tenders and private placements.

We consider LGFA's liquidity to be strong. This reflects the agency's portfolio of liquid financial assets and potential access to a committed facility from the New Zealand Debt Management (NZDM) office. The facility has a maximum size of NZ\$1.5 billion.

At the moment, we assume LGFA's ability to draw from the facility is temporarily encumbered. This is because under the standby facility rules, the agency's out-of-money derivative contracts are offset against the balance of the facility. In 2021, the Crown agreed to extend the facility for another 10 years, to 2031.

We believe LGFA can generally meet its obligations even under stressed market conditions, without the need to call on additional resources from members. New Zealand councils can also cut back their borrowing requirements in such circumstances, in our view.

Recent growth in LGFA's liquid asset portfolio to backstop its new standby facility offering supports its liquidity metrics. Since late 2020, the agency has offered standby facilities of its own to member councils. Sixteen councils signed up for these facilities with an aggregate limit of NZ\$747 million as of June 2024.

**Extremely high likelihood of support from government in a stress scenario**

We view the likelihood of timely and sufficient extraordinary support from the government to LGFA in the event of financial stress to be extremely high. We base our assessment on LGFA's:

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- Critical role in meeting the New Zealand government's objectives. The agency is a near-monopoly source of debt finance for most local authorities. It offers cost savings and access to longer-term borrowings to participating councils. LGFA has also helped to deepen domestic capital markets. A default by the agency could substantially delay or lead to the cancellation of local government projects in transport, water, and sewerage infrastructure, to the major detriment of the economy.
- Very strong link with the New Zealand government. The agency's enabling legislation allows the Crown to lend it money if it is in the public interest to do so, or to meet a temporary shortfall in a timely manner. LGFA has access to a committed liquidity facility from NZDM, which NZDM extended for another 10 years in 2021 and will be reviewing again in December 2024.

**Key statistics****New Zealand Local Government Funding Agency Ltd.--Selected indicators**

(Mil. NZ\$)	--Year ended June 30--						
	2024A	2023A	2022A	2021A	2020A	2019A	2018A
<b>Business position</b>							
Total adjusted assets	23508	18175	16250	14485	13174	10382	8835
Customer loans (gross)	20549	16314	14042	12066	10900	9311	7976
Growth in loans (%)	26	16	16	11	17	17	2
Net interest revenues	19	10	18	20	18	19	19
Noninterest expenses	12	9	8	9	8	8	7
<b>Capital and risk position</b>							
Total liabilities	22902	17708	15862	14166	12908	10154	8635
Total adjusted capital	607	466	388	319	266	228	199
Assets/capital (x)	39	39	42	45	50	46	44
RAC ratio before diversification (%)	39.0	18.8	21.9	18.3	15.7	17.5	19.2
RAC ratio after diversification (%)	9.3	4.0	2.9	2.3	2.3	2.2	1.8
Gross nonperforming assets/gross loans (%)	0	0	0	0	0	0	0
<b>Funding and liquidity (x)</b>							
Liquidity ratio with loan disbursement (1 year)	0.92	0.96	1.14	1.21	1.31	1.12	0.89
Liquidity ratio without loan disbursement (1 year)	1.08	1.19	1.42	1.47	1.31	1.14	1.61
Funding ratio (1 year)	1.11	1.26	1.48	1.58	1.8	1.31	1.65

a--Actual.

**Ratings Score Snapshot**[www.spglobal.com/ratingsdirect](http://www.spglobal.com/ratingsdirect)

September 8, 2024 6

**Research Update: New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable****Issuer credit rating**

Foreign currency	AA+/Stable/A-1+
Local currency	AAA/Stable/A-1+
Sector risk profile	Very Strong (1)
Individual credit profile:	
Business position	Very Strong (1)
Management & governance	Very Strong (1)
Capital adequacy	Adequate (3)
Funding & liquidity	Strong (2)
<b>Anchor</b>	<b>aa+</b>
Overriding factors and caps	+1
Holistic analysis	-1
<b>Stand-alone credit profile</b>	<b>aa+</b>
Extraordinary support	0 (foreign currency) / +1 (local currency)

**Related Criteria**

- Criteria | Governments | International Public Finance: Methodology For Rating Non-U.S. Public-Sector Funding Agencies, July 26, 2024
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

**Related Research**

- New Zealand's Water Infrastructure Reshuffle Could Alter Local Government Funding Agency's Lending Mix, Aug. 12, 2024
- Economic Outlook Asia-Pacific Q3 2024: Exporters And EMs Are Outperforming, June 24, 2024
- New Zealand Councils Will Lean Into Rising Credit Risk, May 6, 2024
- New Zealand Councils' Extremely Predictable and Supportive Institutional Settings Are At Risk, Feb. 18, 2024
- Various Rating Actions Taken On New Zealand Local Councils On Weakening Institutional

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Framework Trend, Feb. 18, 2024

- New Zealand Local Government Outlook 2024: Bridge Over Troubled Waters, Nov. 19, 2023

**Ratings List**

**Ratings Affirmed**

**New Zealand Local Government Funding Agency Ltd.**

Issuer Credit Rating	
Foreign Currency	AA+/Stable/A-1+
Local Currency	AAA/Stable/A-1+

**New Zealand Local Government Funding Agency Ltd.**

Senior Unsecured	AA+
Senior Unsecured	AAA
Commercial Paper	A-1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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**7.2 2024 ACTIVITY BALANCES REPORT****Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	10 October 2024
<b>Report Author:</b>	Paul Egan, Management Accounting Manager
<b>Report Authorisers:</b>	Mike Drummond, Chief Financial Officer
<b>Report Number:</b>	RCN24-10-5

**1. Purpose of the Report / Te Take mō te Pūrongo**

- 1.1 This report is produced annually for the Council and provides recommendations on how to manage, in a financially prudent way, the surpluses and deficits that have arisen over, and are reflected in, the Council's activity balances. This year, Council staff have chosen to comment on areas of concerns and material balances rather than provide commentary on all balances.

**2. Summary / Te Tuhinga Whakarāpotō**

- 2.1 This report outlines the Council's Activity Balances as at the end of the 2023/2024 financial year, with recommendations for the management of balances with a medium to long-term focus.
- 2.2 An overall unfavourable operational variance against budget of \$10.9 million was made for the 2023/2024 financial year. There were a range of surpluses and deficits across activities. The Council will need to look at the management of these year-end balances across all activities in a financially prudent manner. Especially considering the current economic environment and cost pressures on the Council.
- 2.3 This report is produced annually for the Council and provides recommendations on how to manage, in a financially prudent way, the material surpluses and deficits that have arisen over, and are reflected in, the Council's activity balances. The balances relate to deficits and surpluses that have been accumulated over time and do not solely relate to the 2023/2024 financial year. Since the 2013/2014 year, all activities have been managed on a closed account basis.
- 2.4 As part of the Long Term Plan (LTP) 2024-2034, some of the surpluses in activity balances have been pre-allocated to reduce rate increases across the first three years of the LTP. In turn, the LTP 2024-2034 also looks to address funding for five deficits in activity areas. These will be expanded on in this report.
- 2.5 The principles around how these balances are managed are driven by the Financial Strategy, adopted as part of the LTP 2024-2034. The end of year net debt position has considered the activity balances. Using the activity balance surpluses, other than for internal transfers or reduction of internal loans, will directly increase external debt.

- 2.6 The operating activity balances as at June 2024 in total are \$21.9 million. Of this \$21.2 million is earmarked for repaying the environmental flow and public good borrowing in relation to the Waimea Community Dam. This leaves a balance of \$681,000. This report predominantly considers the treatment of operating surpluses/deficits only of a material nature.
- 2.7 In summary, this report:
- proposes that activity operational surpluses be used to fund carry over opex projects, \$2.7 million (**Attachment 1**).
  - outlines where June 2024 deficits are planned to be paid off over five years as part of the LTP 2024–2034. \$1.252 million will be repaid in 2024/2025.
  - considers the level of the additional annual special grants funds which are funded from the additional General rates collected above budget. This additional rate income is forecast to drop dramatically due to the fall off in growth District-wide. Previous Council decisions have pre-committed some of this surplus.

### 3. Recommendation/s / Ngā Tūtohunga

#### That the Tasman District Council

1. receives the 2024 Activity Balances Report RCN24-10-5; and
2. approves the funding of Activity Operating Carryovers as listed in Attachment 1 of the agenda report from Activity balances; and
3. approves the use of \$50,000 of general rates income from 2023/24 for the additional special grants funds for the 2024/2025 financial year.

### 4. Background / Horopaki

#### Discussion

- 4.1 In September 2013, the Council agreed that all areas of the Council would be managed financially by way of “closed accounts” or activity balances. Following that decision, all activities now have a surplus/deficit year-end balance against them.
- 4.2 The balances reflected are the results of both the previous year’s financial performance along with annual surpluses and deficits, which have accumulated over the years.
- 4.3 A further year’s activity has now flowed through, and this report discusses each activity in turn with recommendations provided around the appropriate use of the outstanding surplus or the repayment of the accumulated deficit.
- 4.4 The driving principle for how these activity balances are managed is governed by the Financial Strategy, that was adopted as part of the LTP 2024-2034.
- 4.5 In most instances, staff recommend that the surplus balance is left in the activity to meet one-off extraordinary future events or to possibly be used to offset rates in the upcoming draft Annual Plan 2025-2026.

#### Long Term Plan (LTP) - Deficit Positions

- 4.6 As part of the LTP process, Council staff identified five areas that would have year-end deficits as at 30 June 2024. It was determined that these would be paid back across the first

five years of the LTP. The below table shows what we predicted, what occurred and what the remaining deficit, all things being equal, would be after five years.

**Table 1**

Area	Forecast Deficit per LTP	Opening Balance July 1 2023	Actual Deficit 2023/24	Closing Balance June 30 2024	Recovered via LTP	Balance after 5 years
Subsidised Rooding	3,800	1,817	3,018	4,835	-3,955	880
Urban Water	1,200	1,870	568	2,439	-2,852	-413
District Wastewater	700	-1,217	868	-349	320	-29
Parks and Reserves	800	254	797	1,051	-1,005	46
Building	1,800	0	1,661	1,661	-980	681
<b>Total</b>	<b>8,300</b>	<b>2,725</b>	<b>6,912</b>	<b>9,636</b>	<b>-8,472</b>	<b>1,164</b>

- 4.7 As can be seen, the current deficits and amount budgeted for in the LTP do not match exactly. The pay back of a deficit is reviewed on an annual basis with the first review occurring in 2025/2026 to ensure we have the deficit recovery levels set correctly.
- 4.8 It is expected that a building review, that is set to begin, will help address the deficit balance via changes to fees and charges (or the revenue and financing policy). The roading deficit will receive contributions from the New Zealand Transport Agency (NZTA). We are seeking additional funding from NZTA re the deficit in roading. These matters are still to be agreed.

### Three Rural Water Schemes

- 4.9 As part of the LTP, the Council indicated that it wished to consider the harmonisation of charges related to all the water schemes in the District. Work has commenced on that request. The work will also need to address the historic deficit positions that the three rural schemes are in. How these deficits are recouped will be part of the project. All three schemes posted deficits again for the 2023/24 financial year which will only worsen the position. Please note, as part of the LTP, these deficit positions are planned to be repaid over ten years.

PCC	Opening Balance	2023/24 Actuals	Closing Balance
0804. 88 Valley	212,498	26,190	238,688
0805. Dovedale	912,087	187,481	1,099,567
0806. Redwood Valley	447,974	137,505	585,479

### Community Housing

- 4.10 The Community Housing closed account has a surplus balance of \$1.27 million because of another expected surplus of \$300,000 in 2023/24. A significant amount of this is tagged for the asset replacement programme.

### Halls

- 4.11 The Halls closed account has a surplus balance of \$1.18 million as a result of another surplus of \$168,000 in 2023/24. A significant amount of this is tagged for asset replacement and deferred maintenance.



### **Waste Minimisation**

4.12 The above account has a significant surplus balance of \$1.16 million, but these funds are earmarked for future work in this space as identified in the LTP. The funds in this account are received from central government for the amount of waste disposed of on an annual basis. The use of these funds is restricted.

### **Kerbside Recycling**

4.13 Overall, the kerbside recycling is \$565,000 in deficit. Activity growth continues to exceed the forecast. Each new property requires the supply and delivery of a new recycling bin. At \$150 per property to supply the bin and \$57 per annum to service, this contributes to the deficit position along with procurement costs in 2023/24, being \$50,000 above budget.

### **Resource Recovery Centres (RRC)**

4.14 Overall, the resource recovery centres have a deficit of just over \$1 million. Staff are looking at ways to reduce this as part of the 2025/26 Annual Plan exercise. Higher charges for the Materials Recovery Facility are one option being considered. Higher transport costs and RRC operating costs also contribute to the deficit.

### **Overhead Areas**

4.15 Overall, the overheads were underbudget because of staff vacancies across the year. This was offset by overspends in the other cost areas. On balance, overheads were in surplus. This was released back to the external facing activities via reducing the overhead charges.

### **General Rate Growth**

4.16 The Council collected more general rates than budgeted and has a surplus balance (\$750,000) in that closed account. This was due to growth being higher than the growth percentage budgeted for in the Annual Plan for 2023/2024. Historically, if there has been a surplus in this account it has been used to fund \$50,000 towards a special grants fund. Staff recommend this practice continue as it provides an economic benefit to the community.

4.17 The below list highlights where the additional rates funds have been used over the last number of years.

- 2019 – K2M Multisport Event – Kaiteriteri to Māpua multisport event.
- 2020 - First Flight to Nelson – Celebrating the 100<sup>th</sup> anniversary of the first flight to Nelson.
- 2023 - Mārahau Environment Trust – Enabling the community activation of the Mārahau Pledge project
- 2023 - Golden Bay Mountain Bike Club - Takaka Hill Mountain Bike Trail Stage 1.
- 2023 - Ngātimoto School - Build swimming pool changing rooms and toilets.
- 2023 - Te Tai o Awatea - Te Tai o Awatea - Kaiterere Waka Hourua Festival 2024.

4.18 Given the financial pressures on the Council, in particular the projected rate rise for 2025/26, it is recommended the balance of funding over and above the \$50,000 for grants and any other pre-commitments be retained to meet any additional cost pressures on the 2025/26 Annual Plan budgets.

## 5. Analysis and Advice / Tātaritanga me ngā tohutohu

- 5.1 Overall staff recommend a precautionary and fiscally responsible approach to managing the activity surplus and balances. This is set out in the previous section.

## 6. Options / Kōwhiringa

- 6.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Approve the recommendations	Enables work that has started in 2023/2024 to be completed by agreeing to the carryover requests.	Carryover OPEX projects would need to be stopped.
2.	Not approve the recommendations	The Council would have savings associated with not doing the carryover work.	The carryover work would not be able to proceed. This would create a reputational risk for the Council.
3.	Approve only some of the recommendations and decline others	The Council would have savings associated with not doing the carryover work.	The carryover work would not be able to proceed. This would create a reputational risk for the Council.

### 6.2 Option 1 is recommended.

## 7. Legal / Ngā ture

- 7.1 There are no policy or legal matters that require further consideration.
- 7.2 Surpluses in activities funded by targeted rates can only be used for the purpose the targeted rate was raised. General rates can be used to fund any activity.

## 8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori

- 8.1 No specific engagement issues identified.

## 9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui

- 9.1 This is a matter of low significance in terms of the Council's Policy on significance and engagement, therefore, we consider formal engagement with the community is not required for the decisions contained within this report.
- 9.2 The management of surpluses is of low to moderate public interest as the recommendations all use the balances for the benefit of the ratepayer and are guided by the Financial Strategy included with the LTP 2024-2034.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	Low	
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	
3.	Is there a significant impact arising from duration of the effects from the decision?	Low	
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Low	
5.	Does the decision create a substantial change in the level of service provided by Council?	Low	
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	NA	
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	NA	
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	NA	
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	Low	

## 10. Communication / Whakawhitiwhiti Kōrero

10.1 No separate engagement or communications requirements are planned.

## 11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea

- 11.1 With several committed projects from the 2023/2024 financial year already underway, the carryover of funding is necessary to prevent an impact on the current year's budgets and a reduction in the current work programmes.
- 11.2 The impact of the operational surplus is already reflected in the reported external debt. Using the activity balances surpluses, other than for internal transfers or reduction of internal loans, will increase external debt.
- 11.3 Reductions in internal loans and deficit balances will reduce funding requirements for the activity going forward. The opposite is also true.
- 11.4 Holding reasonable surpluses within an activity provides for financial resilience and potential smoothing of future rates increases. These surpluses were used extensively for this purpose in the LTP 2024-2034.

## 12. Risks / Ngā Tūraru

- 12.1 There is a reputational risk should the Council not be seen to balance responding to the overall deficit and those activities with surpluses in line with the principles for financial prudence. There is a strong emphasis in the Financial Strategy to reducing outstanding debt and where practical offset rate increases.

## 13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi

- 13.1 None identified.

## 14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru

- 14.1 There are no policy matters that require further consideration.
- 14.2 Surpluses in activities funded by targeted rates can only be used for the purpose the targeted rate was raised. Surpluses in activities funded by general rates can be used for any appropriate Council purpose.
- 14.3 The recommendations align with the Councils Financial Strategy.

## 15. Conclusion / Kupu Whakatepe

- 15.1 Activity balances have been reviewed with a recommendation made on the prudent management of the surplus/deficit position in each activity. The recommendations balance financial resilience and additional operational spending.

## 16. Next Steps and Timeline / Ngā Mahi Whai Ake

- 16.1 The recommendations will be given effect.

**17. Attachments / Tuhinga tāpiri**

1. [↓](#) Detailed Operating Carry Overs 2024/2025 table

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## Operating Carry Overs 2024/2025

Description	Actual Expenditure \$	Approved Budget (incl. previous carryovers) \$	Carry over to the 2024/25 Budget \$	Reason for Carry Over	Expected Completion Date
<b>Community Infrastructure</b>					
Waste Water Modelling	-	27,027	27,027	Better Off Funded ongoing modelling work	Jun-25
Waimea Long Term Wastewater Strategy	9,565	54,317	44,752	Better Off Funded ongoing modelling work	Jun-25
<b>Total Community Infrastructure</b>	<b>9,565</b>	<b>81,344</b>	<b>71,779</b>		
<b>Service &amp; Strategy</b>					
Motueka Museum Maintenance	18,546	103,200	82,000	Carry over of budget to contribute to roof replacement already approved by Council, resolution CN 24-08-04	Jun-25
<b>Total Service &amp; Strategy</b>	<b>18,546</b>	<b>103,200</b>	<b>82,000</b>		
<b>Information, Science and Technology</b>					
Mapua Boat Ramp	60,613	209,000	148,387	Funding with conditions in relation to Mapua Boat Ramp	Jun-25
Asset Data Collection and Monitoring	90,479	206,400	83,500	River LiDar Survey joint with NCC	Sep-25
Motueka Stopbank Refurbishment	-	238,388	238,388	Rivers - Iwi engagement tht is part of multi-year project that is externally funded by MBIE.	Jun-25
River Stopbank Recompse Policy	-	25,800	25,800	Budget approved late 2023/24, but work begins 2024/25. Budget is to fund work on a new policy.	Dec-24
Mt Richmond Forest Park Wilding conifer programme	536,265	639,090	28,868	Residual MPI grant money for Wilding conifer work	Jun-25
Golden Bay Water Consultancy	60,000	251,600	230,000	In relation to Water Conservation Order, work was on hold at Council direction awaiting an independent report	Jun-25
Water Consent Monitoring	147,162	235,120	80,000	Water consent monitoring IT system work spanning years	Jun-25
Environmental Monitoring - Water	-	30,900	30,000	Moutere water resources work, delayed due to pre-requisite TRMP work	Jun-25
Forest Management	24,412	41,000	16,588	Externally funded work delayed due to lack of resource	Jun-25
<b>Total Information, Science and Technology</b>	<b>231,574</b>	<b>558,620</b>	<b>881,531</b>		
<b>Environmental Assurance</b>					
Resource Consents	6,010	85,752	79,741	Carry over of Resource Consents legal budgets for a specific appeal that is not yet resolved.	Jun-25
<b>Total Environmental Assurance</b>	<b>6,010</b>	<b>85,752</b>	<b>79,741</b>		
<b>Council Operations</b>					
Mayoral donations and expenditure	12,761	17,695	4,934	Remaining mayoral expenditure and gifts budget for community causes, sister cities etc, that has been reduced in 2024/25	Jun-25
Council - Iwi Capability	15,782	216,215	200,432	Previously funded ring-fenced expenditure for engagement with Iwi that is required under many laws. The mechanisms to undertake that engagement have been in development, with parties waiting to there is agreement.	Jun-25
<b>Total Council Operations</b>	<b>28,544</b>	<b>233,910</b>	<b>205,366</b>		
Natural Hazards - TRMP	14,129	66,000	51,871	Multi year project delayed due to resourcing constraints	Jun-25
Water Consultancy - TRMP	186,490	240,000	53,000	Economic analysis part of Freshwater change plan delayed due to resourcing constraints	Jun-25
Digital Innovation Programme	3,015,565	6,033,020	270,939	Carry over amounts for Digital Innovation Programme - multi year project	Jun-25
Museum Storage Facility Upgrade Grant	-	1,032,000	1,032,000	Budgeted funding for Museum Storage and research facility. Release of funds dependent on developed case and design jointly accepted with NCC.	TBD
<b>Loan Funded Operating Expenditure Requests</b>	<b>3,216,184</b>	<b>7,371,020</b>	<b>1,407,810</b>		
<b>Grand Total</b>	<b>3,510,423</b>	<b>8,433,846</b>	<b>2,728,227</b>		

### 7.3 2024 CAPITAL CARRY OVER REPORT

Decision Required

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	10 October 2024
<b>Report Author:</b>	Paul Egan, Management Accounting Manager
<b>Report Authorisers:</b>	Mike Drummond, Chief Financial Officer
<b>Report Number:</b>	RCN24-10-6

#### 1. Purpose of the Report / Te Take mō te Pūrongo

- 1.1 This report requests the Council's approval of revised timing for capital projects and their related funding.

#### 2. Summary / Te Tuhinga Whakarāpotō

- 2.1 The process of carrying forward capital budgets is the mechanism used by the Council to transfer funding authorisation across financial years. Staff have also looked at the impact of the proposed carryovers on the 2024/2025 capital budget. Where necessary, capital projects and their related budgets have been moved to subsequent years to best position the 2024/2025 work programme for delivery by the organisation.
- 2.2 The Council's approval is sought to:
- 2.2.1 carryover capital project budgets from 2023/2024 into the 2024/2025 financial year to the value of \$9.8 million and;
  - 2.2.2 carry out budget from 2024/2025 to 2025/2026 and future years of \$2.7 million and;
  - 2.2.3 carry in of budget from 2024/2025 to 2023/2024 of \$1.99 million as set out in **Attachment 1** to this report and;
  - 2.2.4 carry over \$1.4 million of loan funded operating expenditure from 2023/2024 to 2024/2025.
- 2.3 As of 30 June 2024, the Council's total net debt was \$247.8 million against an Annual Plan 2023/2024 budget of \$249.9 million. The forecasted net debt for the end of year-1 (2024/25) in the 2024-34 LTP is \$275.3 million compared to budget of \$279.7 million.
- 2.4 The impact of the decisions contained within this report will see (all other things being equal) a net increase in the capital expenditure programme for 2024/25 of \$4.6 million. If the programme is delivered in full and/or there is unbudgeted capital expenditure this will put pressure on the net debt limit.

**Table 1 – Historic Capital Spend**

Financial Year	Capital Spend \$m			Total
	Community Infrastructure	Enterprise Portfolio	Other	
Actual 2019/20	33.8	1.7	2.6	38.1
Actual 2020/21	44.8	0.7	4.8	50.4
Actual 2021/22	55.2	2.5	3.4	61.1
Actual 2022/23	43.9	2.4	1.2	47.6
Actual 2023/24	86.5	13.4	4.4	104.4
<b>5 Year Average</b>	52.9	4.1	3.3	60.3
Proposed 2024/25	81.0	8.3	3.7	93.1
Joint Ventures (JVs)	8.7	-	-	8.7
Proposed (excl JVs) 2022/23	72.3	8.3	3.7	84.4

- 2.5 Staff acknowledge that delivering a programme of \$84.4 million of capital work will be challenging given the resources required and the multi-year nature of many capital projects.

### 3. Recommendation/s / Ngā Tūhunga

#### That the Tasman District Council

1. receives the 2024 Capital Carry Over Report RCN24-10-6; and
2. approves the proposed capital budget carryovers totalling \$9.8 million into the 2024/2025 financial year as set out in Attachment 1 to the agenda report; and,
3. approves the proposed carry outs of \$2.7 million from the 2024/2025 financial year as set out in Attachment 1 to the agenda report; and,
4. approves the carry back of budget from 2024/2025 to 2023/2024 of \$1.99 million as set out in Attachment 1 to the agenda report; and
5. notes the project timing adjustments of \$250,000 reducing 2024/25 budgets; and
6. approves the proposed loan funded operating carryovers of \$1.4 million from the 2023/2024 financial year as set out in Attachment 2 to the agenda report.

### 4. Background / Horopaki

- 4.1 Each year, as part of the Annual Plan (AP) or Long Term Plan (LTP) process, the Council approves funding for maintenance and operations along with capital projects. Funding of capital projects is provided from a mixture of loans, external sources (e.g. the New Zealand Transport Agency (NZTA)), development contributions and reserve financial contributions.
- 4.2 The approval for the expenditure of the capital works programme is required prior to Council staff committing to a project and entering into legal and contractual arrangements.
- 4.3 This annual capital carryover report is the mechanism that is used to recognise that some payments will occur in the new budget year but will not yet have been included in that year's approved budget. There will be projects approved in the current year's capital works budget where the financial cost will also fall into the next financial year. For this reason, there is always a need for a budget movement across financial years.



- 4.4 In addition to projects that have legal and contractual commitments at financial year-end, there are several projects that were not started and are proposed to be carried over into the current financial year. The approval for these carry forwards is also sought through this report. The key question around these projects is whether they can be completed within the current year in addition to the LTP year 1 (2024/2025) capital works programme.
- 4.5 Staff address this issue through the carry out process, whereby budgets are moved from the current year 2024/2025 to future years. This will reflect reprioritisation and facilitate a more achievable capital works programme for 2024/2025. It should be noted that the Council will still use the published LTP year-1 (2024/2025) numbers when reporting against budget in the Annual Report 2025.
- 4.6 As is normal, several capital projects were unable to be completed and work billed by 30 June 2024. This was mostly due to contractor availability, and processes around land and consenting issues. This has had no effect on immediate levels of service, but some work that was not done still needs to be completed and work already committed needs to be completed. Conversely, the Motueka West Stormwater Discharge project progressed ahead of budget due to availability of additional contractor resources.
- 4.7 While the physical works and construction have continued, approval of budget carryovers is required to ensure funding arrangements are in place for these projects that have crossed over from the 2023/2024 financial year.
- 4.8 **Attachment 1** provides a detailed list of projects proposed to be carried over totalling \$9.8 million, along with the reason the carryover is required. The projects are listed and subtotalled by activity area.
- 4.9 Staff also advise the Council that they are moving \$2.7 million of funding out to future years. Doing this will ensure that staff have a more deliverable capital work programme in 2024/2025.
- 4.10 A further carryover approval of \$1.4 million for one-off operating expenditure associated with the Museum Storage facility, the Tasman Resource Management Plan and the Digital Innovation Project, that are funded from loans, is also being carried forward in this report.

**Table 2 – Summary of capital carry overs/carry outs and the resulting indicative 2023/2024 budget**

Description	Carry over to 2024/25 Budget \$000	Carry back funds from 2024/25 to 2023/24	Project Timing Adjustments	Reductions \$000	Carry Out from 2024/25 Budget \$000	Net impact on 2024/25 Budget \$	2024/25 LTP Budget	Indicative 2024/25 Budget
<b>Capital Carry Overs</b>								
Water Supply	1,989,115	438,683	0	0	0	1,550,432	12,801,868	14,352,300
Stormwater	1,130,744	1,280,051	153,228	0	227,843	-530,378	12,441,185	11,910,807
Wastewater	855,867	0	0	0	0	855,867	16,889,128	17,744,995
Waste Management & Minimisation	1,161,887	55,056	0	318,278	0	788,553	5,608,166	6,396,719
Roading	878,152	0	0	0	0	878,152	16,406,000	17,284,152
Coastal Assets	42,000	0	0	0	42,000	0	4,635	4,635
Rivers	0	0	0	0	0	0	3,400,450	3,400,450
Reserves & Facilities	2,016,852	0	0	0	1,993,000	23,852	9,611,122	9,634,974
Council Property	530,550	214,873	0	0	0	315,677	986,360	1,302,037
<b>Total Community Infrastructure</b>	<b>8,605,167</b>	<b>1,988,663</b>	<b>153,228</b>	<b>318,278</b>	<b>2,262,843</b>	<b>3,882,155</b>	<b>78,148,914</b>	<b>82,031,069</b>
Environmental Assurance	0	0	0	0	0	0	418,354	418,354
Enterprise Portfolio	708,171	0	96,500	0	257,500	354,171	7,964,337	8,318,508
Information, Science & Technology	483,714	0	0	0	150,000	333,714	1,607,822	1,941,536
Service & Strategy	0	0	0	0	0	0	349,170	349,170
Council Operations	0	0	0	0	0	0	10,300	10,300
<b>Total</b>	<b>9,797,052</b>	<b>1,988,663</b>	<b>249,728</b>	<b>318,278</b>	<b>2,670,343</b>	<b>4,570,040</b>	<b>88,498,897</b>	<b>93,068,937</b>
Joint Ventures	767,887	0	0	0	0	767,887	7,950,961	8,718,848
<b>Total Capital Excluding Joint Ventures</b>	<b>9,029,165</b>	<b>1,988,663</b>	<b>249,728</b>	<b>318,278</b>	<b>2,670,343</b>	<b>3,802,153</b>	<b>80,547,936</b>	<b>84,350,089</b>
<b>Loan Funded Operating</b>								
Information, Science & Technology	270,939	0	0	0	0	270,939	4,573,648	4,844,587
Service & Strategy	104,871	0	0	0	0	104,871	418,410	523,281
Council Operations	1,032,000	0	0	0	0	1,032,000	2,058,000	3,090,000
<b>Loan Funded Operating</b>	<b>1,407,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,407,810</b>	<b>7,050,058</b>	<b>8,457,868</b>

\*Project Timing Adjustments are where the assumed project spend at 30 June 2024 was higher than expected in the LTP process, and a downwards adjustment to 2024/25 is needed to keep the whole of project budget unchanged.

4.11 Staff are moderately confident that the 2024/2025 budget is deliverable.

4.12 The net effects of these carryovers are:

- 4.12.1 Carryovers from 2023/2024 of \$9.8 million.
- 4.12.2 Carrying back funds from 2024/2025 to 2023/2024 of \$1.99 million.
- 4.12.3 Project timing adjustments to keep project budgets as planned of \$250,000.
- 4.12.4 Reductions of \$318,000.
- 4.12.5 Carry outs of budget from 2024/2025 to 2025/2026 and future years of \$2.7 million.
- 4.12.6 The net effect on the proposed 2024/2025 programme is a \$4.6 million increase on the 2024/2025 Annual Plan budget. These adjustments are reflected in the resolutions for the whole of Council.

## 5. Analysis and Advice / Tātaritanga me ngā tohutohu

- 5.1 Staff recommend the approval of the budget carry forwards, carry outs and re-allocations. This is a business-as-usual decision that enables our capital works programme to be delivered.

## 6. Options / Kōwhiringa

- 6.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Approve the carry overs and carry outs. This is the recommended option.	The carryover of capital budgets to complete committed works has been a common practice of the Council over many years. It will allow works to continue and for present budgets to be retained. The carry outs from the 2024/2025 year will put in place an achievable capital works programme for the 2024/2025 year. This is the recommended option.	
2.	Do not approve the carryover and carry outs.		Committed project works would need to be stopped. This could expose the Council to penalties being owed to the contractors for stopping the work. Works presently being undertaken would still need to be made safe. If the carryover budgets are not approved the work undertaken since 1 July 2024 would still need to be funded from the 2024/2025 budgets.

Option	Advantage	Disadvantage
3.	Partially approve the carryovers and carry outs.	The specific impact of approving only some carryovers and not others will need to be discussed at the meeting. Some committed project works may need to be stopped. This could expose the Council to penalties being owed to the contractors for stopping the work. Works presently being undertaken would still need to be made safe. For carryover budgets that are not approved, the work undertaken since 1 July 2024 would still need to be funded from the 2024/2025 budgets. Staff would action the approved recommendations and provide the Council with the associated impact of not carrying over specific capital works at a future Council meeting.

## 6.2 Option 1 is recommended.

### 7. Legal / Ngā ture

7.1 There are no policy or legal matters that require further consideration.

### 8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori

8.1 Staff consider this is a routine process, not requiring separate engagement.

### 9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui

9.1 Staff consider that the overall level of significance of these decisions is low and that the Council does not need to consult prior to making the decisions.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	Low/Medium	This is a routine annual decision. This decision relates to the timing and prioritisation of capital works projects only. It seeks to maintain current planned whole of project budget across

	Issue	Level of Significance	Explanation of Assessment
			accounting years. The decisions on the Council's debt level and capital programme are of low public interest in general but are of moderate interest to those more directly impacted by the capital works programme changes. The capital programme has been discussed through the LTP process.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	
3.	Is there a significant impact arising from duration of the effects from the decision?	Low	The Council adopts an Annual Plan or LTP each year. Budgets proposed to be carried over or carried out have all previously been approved as part of an Annual Plan or LTP.
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Low	There are no decisions contained in this report to sell or transfer control of any strategic assets.
5.	Does the decision create a substantial change in the level of service provided by Council?	Low	The decision does not reduce any levels of service. In a few cases, improvements to levels of service may be delayed as capital projects are delayed.
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	Capital expenditure is planned to be higher than in of the 2024/2025 Annual Plan due to carryovers, but net debt is expected to be at a lower level extrapolated from the Council's 30 June 2024 net debt.
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	N/A	No changes are proposed to CCO's or CCTO's.
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	N/A	

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	N/A	
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater or particular consideration of current legislation relating to water supply, wastewater and stormwater infrastructure and services?	Low	

## **10. Communication / Whakawhitiwhiti Kōrero**

10.1 This is a regular routine task covered by existing briefing processes to the Council and staff. No communication outside of the Council is planned.

## **11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

- 11.1 With committed projects from the 2023/2024 year underway, the carryover of funding is necessary to prevent an impact on budgets for the current year and a reduction in the current work programmes. It also ensures that funding is used for its original intent as in many cases these are discrete projects that have no ongoing funding.
- 11.2 The proposed net carryover from the 2023/2024 approved budget is \$4.6 million. All the carryovers are either funded by loans, development contributions, reserve financial contributions and/or operating income including NZTA funding.
- 11.3 The proposed net \$4.6 million of capital carryovers into 2024/25 are funded as follows:
- 11.3.1 Internal loans/development contributions/NZTA, \$4.3 million.
  - 11.3.2 Opening operational surplus (Activity Balances), \$299,000.
- 11.4 The proposed carry outs from the 2024/2025 approved budget are \$2.7 million. All the carry outs are either funded by loans, development contributions, reserve financial contributions and/or operating income including NZTA funding.
- 11.5 The total capital budget for the 2024/2025 year, once the draft resolution is approved, will be \$84.4 million excluding joint ventures.
- 11.6 The budgeted amounts being carried over and carried out have been advised to the finance team. In some instances, the carryover budget is a consolidation of smaller capital projects into one larger amount or one larger project into several smaller to better manage the work.
- 11.7 The approval of the capital/operating carryovers and carry outs will increase the projected external debt position to \$275.3 million as at 30 June 2025, this incorporates an assumption of 10% underspend of the capital programme. If this assumption does not hold, there will be a risk of breaching the target in the LTP for 2024/2025 of \$279.7 million.

**12. Risks / Ngā Tūraru**

- 12.1 Some of the funding proposed for carryover is part-funding for multi-year projects. If the funding is not carried over, there will be insufficient funding to complete these projects.
- 12.2 There is a financial and reputational risk should the agreed capital works programme, that has been commenced, be curtailed unexpectedly.
- 12.3 Much of the work being carried over is an implicit part of the overall infrastructure strategy and other Council strategies. A failure to provide appropriate support for the capital programme may compromise those strategies.
- 12.4 The capital programme for 2024/2025, including carryovers and carry outs is \$93.1 million. Of this Joint Ventures (Nelson Regional Sewerage Business Unit, Nelson-Tasman Regional Landfill Business Unit and Waimea Irrigators Limited) accounts for \$8.7 million.

**13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi**

- 13.1 No relevant climate change considerations.

**14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru**

- 14.1 In some instances, the Council has engaged contractors to undertake the project construction works. Funding for these projects was approved in the Long-Term Plans 2021-2031 and 2024-2034. The intention of the carryover funding is to allow works to continue and for the Council to meet its legal obligations under various physical works contracts.
- 14.2 There are no policy or legal matters that require further consideration.

**15. Conclusion / Kupu Whakatepe**

- 15.1 The budget capital carryovers and carry outs are routine, but important decisions that are needed to continue to keep assets and services at the current levels. While the decision will increase current debt levels, they will remain below those forecast in the 2024/2025 year of the LTP.
- 15.2 The revised capital works programme is considered deliverable by the organisation considering internal resourcing and other external factors.

**16. Next Steps and Timeline / Ngā Mahi Whai Ake**

- 16.1 Approved capital carryovers and carry out items will be loaded into the Council's financial system with budget managers accountable for and reporting against this revised budget.

**17. Attachments / Tuhinga tāpiri**

- |                      |  |    |
|----------------------|--|----|
| 1. <a href="#">↓</a> | Capital Carry Overs                    | 40 |
| 2. <a href="#">↓</a> | 2024 Loan Funded Operating Carry Overs | 44 |

Tasman District Council Capital Carry Overs 2023/2024 to 2024/2025 - as at 30 September 2024

Description	Actual Expenditure 2023/24 \$	Approved budget 2023/24 (incl. previous carryovers) \$	Carry over to 2024/25 Budget \$	Requests to bring forward funds from LTP 2024/25	Project timing adjustments	Reductions / Additional Funding Requests	Carry out to future years	Annual Plan 2024/25	Indicative 2024/25 Budget	Reason for Carry Over/ Carry Out
<b>Roading - Non Subsidised</b>										
Carparks	9	-						14,523	14,523	
Footpath Maintenance	519,561	522,032	70,747					591,220	661,967	Moutere Path
Lighting	9,085	8,661						8,921	8,921	
Kerb & Channel	69,443	99,099	29,656					51,037	80,693	Hill Street, Richmond
Street Cleaning	8,556	9,426						-	-	
Cobb Valley Upper Road	-	46,970						-	-	
Street Furniture	10,121	17,618						14,517	14,517	
Cycleways Non Subs	2,104,351	2,567,532						1,267,185	1,267,185	
Tasman Loop Cycleway	1,011,296	1,019,952	62,714					-	62,714	Tasman Great Taste Trail
Road Construction Capital	1,723,476	1,823,687						600,060	600,060	
<b>Total Roading - Non Subsidised</b>	<b>5,455,898</b>	<b>6,114,977</b>	<b>163,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,547,463</b>	<b>2,710,580</b>	
<b>Roading - Subsidised</b>										
Subsidised Roading - General	9,214,375	7,292,894						10,914,816	10,914,816	
Structures Component	108,090	353,877	284,216					61,017	345,233	Dart River Bridge
Cycleway Maintenance	38,415	47,348						27,220	27,220	
Traffic Services	712,449	512,014						755,108	755,108	
SPR	58,178	30,170						-	-	
Minor Safety Projects	10,357,817	22,650,516	430,819					2,100,375	2,531,194	Wensley Rd Richmond, Whakarewa St & Mannoy St Motueka
<b>Total Roading - Subsidised</b>	<b>20,489,324</b>	<b>30,886,819</b>	<b>715,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,858,537</b>	<b>14,573,572</b>	
<b>Rivers</b>										
River Works-General	-	638,606						630,875	630,875	
Lower Motueka River	3,330,775	3,375,747						2,769,575	2,769,575	
<b>Total Rivers</b>	<b>3,330,775</b>	<b>2,737,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,400,450</b>	<b>3,400,450</b>	
<b>Stormwater</b>										
Richmond	255,987	336,562	98,213					170,361	268,574	Alexandra Hospital area
Motueka	4,922,573	3,924,777	310,655	1,280,051				2,196,990	1,227,594	Motueka West SW Discharge acceleration
Mapua/Ruby Bay	330	-						-	-	
Stormwater Richmond	68,263	837,884	104,160					919,485	1,023,645	Bateup Drain
Pohara UDA	240,109	252,770	11,161					-	11,161	Earth Bund defects and as-builts
District Stormwater	8,445,360	9,913,807	606,555		153,228		227,843	9,154,349	9,379,833	Various mainly Richmond South
<b>Total Stormwater</b>	<b>13,932,623</b>	<b>15,265,800</b>	<b>1,130,744</b>	<b>1,280,051</b>	<b>153,228</b>	<b>-</b>	<b>227,843</b>	<b>12,441,185</b>	<b>11,910,807</b>	
<b>Waste Management &amp; Minimisation</b>										
Waste Minimisation Activities	169,477	55,056			55,056			159,708	104,652	Push to 2025/26 via closed account
Kerbside Recyclables	-	-						1,236,000	1,236,000	
Resource Recovery Centres	1,038,123	1,745,188	394,000			318,278		1,495,522	1,571,244	Defer to after start of new recycling collection and processing
Closed Landfill Management	-	178,591						212,436	212,436	
Solid Waste Joint Venture	3,964,613	4,732,500	767,887					2,504,500	3,272,387	NTRLBU
<b>Total Waste Management &amp; Minimisation</b>	<b>5,172,213</b>	<b>6,711,335</b>	<b>1,161,887</b>	<b>-</b>	<b>55,056</b>	<b>318,278</b>	<b>-</b>	<b>5,608,166</b>	<b>6,396,719</b>	
<b>Wastewater</b>										
Combined Account	1,032,411	839,453						836,360	836,360	



Description	Actual Expenditure 2023/24 \$	Approved budget 2023/24 (incl. previous carryovers) \$	Carry over to 2024/25 Budget \$	Requests to bring forward funds from LTP 2024/25	Project timing adjustments	Reductions / Additional Funding Requests	Carry out to future years	Annual Plan 2024/25	Indicative 2024/25 Budget	Reason for Carry Over/ Carry Out
Motueka	-	33,034	33,034					238,960	271,994	Motueka growth
Richmond	21,074	125,043	103,969					-	103,969	New telemetry
Mapua	348	-						-	-	
District Wastewater	4,414,781	5,510,722	718,864					10,367,347	11,086,211	Renewals, sensors, inspection points, manholes
Pohara/Tata Beach	1,904,519	1,909,039						-	-	
NRSBU	6,550,111	3,124,500						5,446,461	5,446,461	
<b>Total Wastewater</b>	<b>13,923,244</b>	<b>11,541,791</b>	<b>855,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,889,128</b>	<b>17,744,995</b>	
<b>Water Supply</b>										
Urban Water Supply	343,204	297,039	63,167					1,555,900	1,619,067	Backflow preventions and growth
Motueka Water Supply	1,834	-						-	-	
88 Valley	191,510	606,079	564,045					1,371,960	1,936,005	Renewal programme including PS, and pipeline
Dovedale	158,326	465,922	325,732					674,856	1,000,588	Various including renewals, infiltration gallery telemetry
Redwood Valley	203,254	831,057	740,997					340,209	1,081,206	Various including renewals, reservoir telemetry
Wai-iti Irrigation	2,890	49,616	46,726					-	46,726	Outlet conduit
Coastal Villages	206,392	446,283						103,000	103,000	
Brightwater	7,324	217,733						1,048,677	1,048,677	
Murchison	-	-						298,700	298,700	
Tapawera	-	-						638,600	638,600	
Collingwood	229	-						-	-	
Pohara-New Scheme	9,820	-						-	-	
Urban Water Supply	3,860,892	3,269,917	196,697	-	438,683			5,795,328	5,553,342	Various including carry back into 23/24 Brightwater and Wakefield
Motueka Water Supply	137,686	605,591	51,751					974,637	1,026,388	Telemetry, flow meters etc, pumps, reservoir at recreation centre
Waimea Water Limited	8,663,557	4,039,811						-	-	
<b>Total Water Supply</b>	<b>13,786,917</b>	<b>10,829,048</b>	<b>1,989,115</b>	<b>-</b>	<b>438,683</b>	<b>-</b>	<b>-</b>	<b>12,801,868</b>	<b>14,352,300</b>	
<b>Coastal Assets</b>										
Ports & Wharves	157,026	200,000	42,000					42,000	-	
District Wharves & Boat Ramp	-	4,405						4,635	4,635	
<b>Total Coastal Assets</b>	<b>157,026</b>	<b>204,405</b>	<b>42,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,000</b>	<b>4,635</b>	<b>4,635</b>
<b>Community Facilities</b>										
CFR- Motueka Pool	-	168,318	168,318					-	168,318	Early work
CFR- Saxton Field	6,000	8,259						154,500	154,500	
CFR- Murchison Sports Ground	199	15,675	15,476					-	15,476	Water bore etc at recreation centre
CFR- U/Moutere Sportsground	28,877	138,466	69,371					55,000	124,371	Moutere recreation centre sewerage upgrade
Brightwater/Wakefield Facility	-	-						-	-	
Aquatic Centre	257,960	537,008	191,569					308,175	499,744	Various renewals
GB Community Facility	7,097	53,350	51,559					-	51,559	Upgrade/fix WC's, changing rooms, floor cracks
CFR- Mot Rec Centre	-	86,671						89,271	89,271	
<b>Total Community Facilities</b>	<b>300,133</b>	<b>1,007,747</b>	<b>496,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>606,946</b>	<b>1,103,239</b>	
<b>Community Housing</b>										
Takaka 2000	18,428	20,900						-	-	
Murchison	-	-						10,300	10,300	
Hollis Hill Comm Housing	-	15,675						25,750	25,750	
Pearless	2,459	-						22,660	22,660	
Vosper Street	3,895	31,350						3,605	3,605	

Description	Actual Expenditure 2023/24 \$	Approved budget 2023/24 (incl. previous carryovers) \$	Carry over to 2024/25 Budget \$	Requests to bring forward funds from LTP 2024/25	Project timing adjustments	Reductions / Additional Funding Requests	Carry out to future years	Annual Plan 2024/25	Indicative 2024/25 Budget	Reason for Carry Over/ Carry Out
Mearshaven	60,930	68,276						30,900	30,900	
Aotea	3,007	-						28,353	28,353	
Maling	77,392	-						20,600	20,600	
<b>Total Community Housing</b>	<b>166,111</b>	<b>136,201</b>	-	-	-	-	-	<b>142,168</b>	<b>142,168</b>	
<b>Parks &amp; Reserves</b>										
Rural Rec & Espl Reserves	7,300	42,823	32,354					12,178	44,532	Various
Cemeteries	12,581	5,912					1,993,000	2,029,988	36,988	Regional cemetery
Public Conveniences	1,360	22,022	20,058					66,950	87,008	
Urban Open Space	42,903	253,538	191,854					216,300	408,154	Various including Motueka library landscaping
Sportsgrounds	300,161	273,646						-	-	
Rabbit Island	18,216	84,997	60,824					-	60,824	Various
Walkways	-	15,823	14,412					-	14,412	Various
Formal Gardens	-	20,900	19,036					15,450	34,486	Various
Special Interest Sites	-	15,675	14,277					8,240	22,517	Various
<b>Total Parks &amp; Reserves</b>	<b>382,521</b>	<b>735,336</b>	<b>352,815</b>	-	-	-	<b>1,993,000</b>	<b>2,349,106</b>	<b>708,921</b>	
<b>Reserve Financial Contributions</b>										
Golden Bay	232,519	216,363						111,703	111,703	
Waimea Moutere	493,893	2,846,789	160,239					2,785,972	2,946,211	Faulknerns Bush play area, and Wakefield domain
Motueka	256,155	726,124	370,278					581,191	951,469	Decks Reserve playground
Richmond	3,213,591	2,880,534	637,227					2,894,931	3,532,158	Kingsland Forest (BoF), Rosalies playground, Jubilee Park drainage, resurfacing
<b>Total Reserve Financial Contributions</b>	<b>4,196,157</b>	<b>6,669,810</b>	<b>1,167,744</b>	-	-	-	-	<b>6,373,797</b>	<b>7,541,541</b>	
<b>Special Purpose Committees</b>										
Special Purpose Committee	508,024	416,954						139,104	139,104	
Lower Moutere Hall	4,013	-						-	-	
<b>Total Special Purpose Committees</b>	<b>512,037</b>	<b>416,954</b>	-	-	-	-	-	<b>139,104</b>	<b>139,104</b>	
<b>Libraries</b>										
District Library	445,275	554,407						349,170	349,170	
<b>Total Libraries</b>	<b>445,275</b>	<b>554,407</b>	-	-	-	-	-	<b>349,170</b>	<b>349,170</b>	
<b>Environmental Information</b>										
Flood Management	113,598	167,025	54,599					40,891	95,490	Flood, rainfall website
Pollution Investigation	-	80,000	80,000					-	80,000	Modelling including HAIL
Environmental Monitoring - Rivers & Lakes	-	-						167,890	167,890	
Environmental Monitoring - Water	149,108	277,200	111,000					440,840	551,840	Groundwater monitoring renewals, rainfall website
Environmental Monitoring - Air	68,505	72,250					150,000	229,175	79,175	Awaiting new air quality standards before choosing equipment
Challies Wetland	93,913	141,250	50,000					-	50,000	
Pest Management - RPMS	2,301	2,613						-	-	
<b>Total Environmental Information</b>	<b>427,425</b>	<b>740,338</b>	<b>295,599</b>	-	-	-	<b>150,000</b>	<b>878,796</b>	<b>1,024,395</b>	
<b>Enterprise</b>										
Aerodromes	148,469	1,317,827	20,000		70,881			1,650,071	1,341,690	Mainly Motueka reseal c/out due to scope, and timing carry in for
Camping Grounds	609,519	716,824	107,305					448,050	555,355	Various

Description	Actual Expenditure 2023/24 \$	Approved budget 2023/24 (incl. previous carryovers) \$	Carry over to 2024/25 Budget \$	Requests to bring forward funds from LTP 2024/25	Project timing adjustments	Reductions / Additional Funding Requests	Carry out to future years	Annual Plan 2024/25	Indicative 2024/25 Budget	Reason for Carry Over/ Carry Out
Commercial Property	5,509,690	5,973,778	392,185					360,500	752,685	Fairfax Street awaiting consent
Forestry	-	1,567,500						1,614,525	1,614,525	
Ports	7,165,913	11,001,574	188,681		- 25,619			3,891,192	4,054,254	Port Tarakohe timing
<b>Total Enterprise</b>	<b>13,433,592</b>	<b>20,577,503</b>	<b>708,171</b>	<b>-</b>	<b>- 96,500</b>	<b>-</b>	<b>257,500</b>	<b>7,964,337</b>	<b>8,318,508</b>	
<b>Council Property</b>										
Property Management	-	259,683						-	-	
Operational Prop-Main Office	1,734,294	1,970,260	235,476	- 214,873				937,522	958,125	Richmond office, Wensley. Fleet - carry ins to 23/24 for advance
Operational Prop-Golden Bay	185,907	217,108						32,960	32,960	
Operational Prop-Motueka SC	15,612	300,544	284,932					-	284,932	Motueka Service Centre
Operational Prop Murchison SC	-	-						4,537	4,537	
Operational Prop-District Libr	2,936	13,078	10,142					11,341	21,483	Resilience design Richmond Library
Operational Prop Takaka Librar	45,713	20,574						-	-	
<b>Total Council Property</b>	<b>1,984,463</b>	<b>2,261,881</b>	<b>530,550</b>	<b>- 214,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>986,360</b>	<b>1,302,037</b>	
<b>Other</b>										
Environmental Assurance HPC	951,147	562,875						154,577	154,577	
Compliance	-	5,912						7,307	7,307	
Regulatory Services	15,686	10,450						256,470	256,470	
Community Infrastructure HPC	160,306	256,046						-	-	
Assurance & Improvement	2,033	-						-	-	
Chief Operating Officer	-	1,348						-	-	
Communications & Change	52,998	-						-	-	
Council	55,031	1,348						10,300	10,300	
Information Services	374,897	681,336	188,115					729,026	917,141	Laptop and switch replacement programme, website upgrades
Customer Services HPC	-	2,365						-	-	
Development Management HPC	-	38,539						-	-	
Executive	-	60,561						-	-	
<b>Total Other</b>	<b>1,612,099</b>	<b>1,620,780</b>	<b>188,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,157,680</b>	<b>1,345,795</b>	
<b>CAPITAL CARRYOVERS TOTAL</b>	<b>99,707,832</b>	<b>119,012,273</b>	<b>9,797,052</b>	<b>- 1,933,607</b>	<b>- 304,784</b>	<b>- 318,278</b>	<b>2,670,343</b>	<b>88,498,897</b>	<b>93,068,937</b>	

**Loan Funded Operating Carry Overs 2024/2025**

Description	Actual Expenditure \$	Approved Budget (incl. previous carryovers) \$	Carry over to the 2024/25 Budget \$	Reason for Carry Over	Expected Completion Date
Natural Hazards - TRMP	14,129	66,000	51,871	Multi year project dealyed due to resourcing constraints	Jun-25
Water Consultancy - TRMP	186,490	240,000	53,000	Economic analysis part of Freshwater change plan delayed due to resourcing constraints	Jun-25
Digital Innovation Programme	3,015,565	6,033,020	270,939	Carry over amounts for Digital Innovation Programme - multi year project	Jun-25
Museum Storage Facility Upgrade Grant	-	1,032,000	1,032,000	Budgeted funding for Museum Storage and research facility. Release of funds dependent on developed case and design jointly accepted with NCC.	TBD
<b>Loan Funded Operating Expenditure Requests</b>	<b>3,216,184</b>	<b>7,371,020</b>	<b>1,407,810</b>		