

RUAPEHU DISTRICT COUNCIL RISK & ASSURANCE COMMITTEE

MINUTES

THE MEETING OF THE RISK & ASSURANCE COMMITTEE HELD AT THE
COUNCIL CHAMBERS, 59-63 HUIA STREET, TAUMARUNUI
ON THURSDAY, 12 OCTOBER 2023, AT 11AM

PUBLIC BUSINESS

Present Tuhinga

Chairperson	Philip Jones	(Independent – Appointed by Council)
Mayor	Weston Kirton	
Councillor	Lyn Neeson	

By Zoom

Deputy Mayor	Vivienne Hoeta	11:03AM Item 6, Left 12:47PM Item 11
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In Attendance I Tae Mai

Clive Manley	Chief Executive
Neil Ward	Acting Manager, Finance, Strategy & Governance
Natasha Poloai	Executive Manager People, Capability & Safety
Lyn Hura	Executive Manager People, Capability & Safety
Melissa Jackson	Manager Policy & Strategy
Tasha Paladin	Governance Manager

External Speakers

Miles O'Connor	Bancorp Treasury	Item(s) 9
Clarence Susan	Audit New Zealand	10, 11, C2
Kay Oloro	Audit New Zealand	10, 11, C2

Absent Ngaro

Councillor	Channey Iwikau
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1 Opening Karakia | Karakia Timatanga

Melissa Jackson

2 Apologies

The Chairperson invited notice from members of apologies, including apologies for lateness and early departure from the meeting.

No apologies were received.

3 Declarations of Interest

No conflicts of interest were declared.

4 Notification of Additional Items

4.1 There were no additional items not on the Agenda.

4.2 Minor Matters relating to the General Business of Risk & Assurance Committee

In accordance with section 46A(7A) of the Local Government Official Information and Meeting Act 1987, the Chairperson stated that the following item will be discussed in Item 7: Key Issues and Risks, but that no resolution, decision, or recommendation may be made in respect of the item.

Item

Ōwhango Water Treatment Plant Protozoal Compliance.

5 Confirmation of Order of Meeting

The order of the meeting was confirmed.

6 Confirmation of Minutes of Committee Meeting

Note: Deputy Mayor Hoeta joined the meeting at 11:03AM

RESOLVED

Moved: Cr Neeson

Seconded: Mayor Kirton

That the Risk & Assurance Committee:

- 1 Confirms the Public Business Minutes of the Risk & Assurance Committee meeting held Friday, 19 May 2023 and reconvened on Friday 16 June 2023 as attached, a true and correct record.*

7 Key Issues and Risks

Members were presented with a report outlining top corporate risks and insights on key issues facing the organisation. Council's Chief Executive spoke to the report and answered Members'

questions.

He highlighted the three key risks to Council:

- (a) **People:** Council's new Executive Manager People, Capability & Safety was introduced to the Committee. It was highlighted there was a risk to the organisation experiencing a higher turnover than previously, however, Council was presently able to manage the churn. The committee was also advised the new Executive Manager Finance, Strategy & Governance would be commencing in November.
- (b) **Value for Money:** whilst budgets for the Long Term Plan were being worked on, it was envisaged that rates may provide a 'double digits' challenge.
- (c) **Ōwhango Water Treatment Plant Protozoal Compliance.:** Following the recent issues with Queenstown's water, Taumata Arowai has issued a directive to rectify treatment processes to all supplies across the country where protozoa removal treatment does not currently exist. Ōwhango's raw water is not filtered at the Water Treatment Plant, and instead is dosed with chlorine; the raw water quality is generally very clean, however, it can become turbid during weather events.

The council has been notified that it needs to meet full standards by December 2024. The Committee was advised that there is an approved budget for Ōwhango, and the project had been planned for the current financial year. It is estimated the upgrades will cost approximately \$1 Million.

It was noted the potential change in Government presented concerns around the risk and uncertainty of the Three Waters Reform and the affordability issue for Councils. Council's Chief Executive advised Council does not have the capacity to undertake all that is required; however it was set in legislation that the timeframe for Ruapehu District Council to hand over to the new entity was October 2025. He advised the risk to Council lay with managing the expectations of the regulator until finances were made available, in addition to the risk of a potential repeal of the legislation with nothing immediately in place.

RESOLVED

Moved: Member Jones

Seconded: Cr Neeson

That the Risk & Assurance Committee:

- 1 *Receives the Report **Key Issues and Risks** for information.*

8 People and Safety

Members were presented with a report providing an update on Council's People and Safety Programme as well as the reported incidents of harm and near misses for the last quarter, as reported by Council and contractors' staff. Council's Executive Manager People, Capability & Safety spoke to the report and answered Members' questions.

Members were advised staff wellbeing and contractor audits had been the main programme of work since the last report to the Committee. The goal of the observation audit was to provide Council with assurance that the contractors' Health and Safety plan was being implemented from practical perspective. Resulting action points were followed up with the Contractor and there are plans for future inspections with other contractors.

Members were advised that Council was not an early adopter of Artificial Intelligence (AI) and its stance was to not rely totally on AI for input. Development of a formal policy was being discussed within the wider Local Government forum. Whilst access is controlled and monitored

by Council's IT, a greater risk to Council is if officers use data from the AI source without validation.

RESOLVED

Moved: Cr Neeson

Seconded: Mayor Kirton

That the Risk & Assurance Committee:

- 1 *Receives the Report **People and Safety Report** for information.*

9 Bancorp Treasury Services Limited's Quarterly Treasury Report to 30 September 2023

Members were presented with Bancorp Treasury Services Limited's quarterly treasury report to Council. Council's Acting Executive Manager Finance, Strategy & Governance spoke to the report, and Miles O'Connor of Bancorp provided an updated presentation to September 30, 2023 and answered Members' questions.

It was noted there is uncertainty surrounding the effect of the General Election on interest rates; however, there is a feeling the cash rate will not rise and has probably peaked. The markets are not projecting the cash rate to fall until the end of 2024 or early 2025 but there is a feeling it may happen sooner.

There is also uncertainty around the Three Waters Reforms effect on debt post-election; for reference it was noted Council had projected \$34 Million of Three Waters associated debt (total debt of \$60Million) and water rates revenue was projected to be \$8 Million (total revenue of \$28Million).

RESOLVED

Moved: Member Jones

Seconded: Cr Neeson

That the Risk & Assurance Committee:

- 1 *Receives the Report **Bancorp Treasury Services Limited's Quarterly Treasury Report to 30 September 2023** for information.*

Minute Attachment(s)

- 1 *Bancorp Treasury Presentation*

10 Audit Plan and Proposed Audit Fees for the Year Ended 30 June 2023 to 2025
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Members were presented with the Audit engagement and arrangements for the financial years ending 30 June 2023, 2024, and 2025. Council's Acting Executive Manager Finance, Strategy & Governance spoke to the report, Clarence Susan of Audit New Zealand was in attendance to answer Members' questions.

Members were advised the Audit Plan is usually presented before an audit commences, however, Audit was in the process of completing the 2022 audit at time, hence the delay. The Audit Engagement letter sets out the responsibilities for three years, and is issued either every three years or when there is a change of Mayor.

Audit's Proposal Fees have been phased over three years and the intention is to review the hours invested after the current audit, to ensure the estimated charges are fair and accurate; the past two years have not provided a stable base to work from. Members expressed their concerns that the increase in fees seem excessive and will add to end rate cost to the

community.

Members questioned the variance of the budget versus actual costs for June 2022 and were advised the report sets out the actual costs to Audit, and whilst there was a recovery it was not a full recovery of costs from Council. In 2022, the country saw huge increases in the value of assets and many local authorities did not anticipate needing to undertake a revaluation. Due to the significant increase in value, the Audit and Accounting Standards required both Council and Audit to undertake more work. Council is considered a Tier 1 under the Audit requirements; it was suggested the tiers need to be reviewed. It was noted there is an appetite within the sector for the scope of an audit to be reviewed as costs are hamstringing smaller councils.

Audit felt there was an advantage to being on site for efficiency but noted it adds to travel and accommodation costs. Members were advised Council needed to adopt the Annual Report for Audit to issue its opinion. The draft management report would be presented at the Committee's next meeting.

RESOLVED

Moved: Mayor Kirton

Seconded: Member Jones

That the Risk & Assurance Committee:

- 1 ***Receives the Report Audit Plan and Proposed Audit Fees for the Year Ended 30 June 2023 to 2025 for information.***

11 Audit New Zealand Management Report to Council for the Year Ended 30 June 2022
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Members were presented with Audit New Zealand's management report for the year ended 30 June 2022. Council's Acting Executive Manager Finance, Strategy & Governance spoke to the report, Clarence Susan of Audit New Zealand was in attendance to answer Members' questions.

Members were advised Audit had encountered significant issues in the reporting of Work in Progress (WIP) revaluations and had made recommendations to improve the process. It was reported the current audit process was demonstrating the learnings from 2022 had been implemented. It was recommended Council move the revaluation date from 1 July to 30 June and noted that other councils have opted for dates in the middle of the year as it reduces the chances of the revaluation being material for audit purposes.

From an audit perspective the Ruapehu Alpine Lifts loan agreement has been impaired as it appears unlikely the full amount will be recovered. Members were advised that under the new accounting standards Council needed to assess its long term expected credit losses. Management felt the chances of the loan being recovered was slim and therefore it has been treated as an expected credit loss in the annual report. Members were reassured that it did not mean Council was writing off the loan however, by anticipating the credit loss Council was meeting the accounting standards process.

RESOLVED

Moved: Mayor Kirton

Seconded: Member Jones

That the Risk & Assurance Committee:

- 1 ***Receives the Report Audit New Zealand Management Report to Council for the year ended 30 June 2022 for information.***

The Meeting adjourned for lunch at 12:47PM and reconvened at 1:20PM

Note: Councillor Hoeta left the meeting at 12:47PM

12 Update Report: Long Term Plan 2024-2034

Members were presented with an update on the progress of the Long-Term Plan 2024-2034 (the LTP). Council's Manager Policy & Strategy spoke to the report and answered Members' questions. The committee was advised the LTP was running according to schedule thus far.

In relation to the risk identified in the report regarding the availability and capacity of auditors to complete the audit review, hot review, and Audit, Members were advised that initial discussions around the timing for the LTP had taken place with Audit. The anticipated timeframe is for Audit to be on site February 2024, conduct the hot review mid-March 2024, with sign off at the end of March to be able to go out for consultation in April 2024.

Audit noted the five key issues it would be addressing in its review:

- (a) The topic of affordability needs to be addressed in Council's LTP Consultation Document
- (b) The Consultation Document needs to be readable
- (c) Council's capital ability
- (d) Council's high risk assets and the resilience and condition of those assets
- (e) Climate Change and how it feeds into Council's activity plans and specific measures.

The uncertainty surrounding the Three Waters was reiterated, noting that all LTPs would be at risk if the Three Waters legislation was repealed. Council is required to comply with legislation, and therefore, even if the decision is made to delay the LTP due to the Three Waters, Council will still need to prepare a robust Annual Plan for 2024/25. Members were advised that it cannot be underestimated how challenging it was to prepare the current LTP.

The capability and capacity of Council Officers, and resources available within Council to undertake the work required to produce the LTP, alongside business as usual was also noted as the recruitment to the Policy team vacancies had not been fruitful.

RESOLVED

Moved: Member Jones

Seconded: Mayor Kirton

That the Risk & Assurance Committee:

- 1 Receives the Report **Progress Report: Long Term Plan 2024-2034** for information.

13 Update on Policy Work Streams

Members were presented with an update on the Policy Work programme for 2023/24. Council's Manager Policy & Strategy spoke to the report and answered Members' questions. Members were advised that every piece of work required under legislation was underway and the level of risk to Council on other requirements had been assessed.

RESOLVED

Moved: Member Jones

Seconded: Cr Neeson

That the Risk & Assurance Committee:

- 1 Receives the Report **Update on Policy Work Streams** for information.

14 Resolution to Exclude the Public for Consideration of Committee Business

Section 48 of the Local Government Official Information and Meetings Act 1987 gives the Committee the right by resolution to exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the grounds contained within that Section.

RESOLVED

Moved: Mayor Kirton

Seconded: Cr Neeson

That the Risk & Assurance Committee:

- 1 Receives the **Report Resolution to Exclude the Public for Consideration of Committee Business**;*
- 2 Excludes the public from the following part(s) of the proceedings of this meeting;*
- 3 Notes the general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds for excluding the public, as specified under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1 Confirmation of Public Excluded Minutes of the Risk & Assurance Committee Meeting 19 May 2023	For the reasons set out in the Public Business Minutes of the Risk & Assurance Committee Meeting 19 May 2023 and reconvened on 16 June 2023.	
C2 Annual Report 2022/23	s7(2)(c) To protect information which is subject to an obligation of confidence where the making available of the information would be likely to: prejudice the supply of similar information, or information from the same source, where it is in the public interest that such information should continue to be supplied; or would be likely otherwise to damage the public interest. The final document will be released in the Public Business of the Council Meeting 25 October 2023.	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7
C3 Legislative Compliance Risk	s7(2)(a) To protect the privacy of natural persons, including that of deceased natural person	
C4 Confidential Briefing by the Chief Executive	s7(2)(c) To protect information which is subject to an obligation of confidence where the making available of the information would be likely to: prejudice the supply of similar information, or information from the same source, where it is in the public interest that such information should continue to be supplied; or would be likely otherwise to damage the public interest.	

- 4 Approves that Clarence Susan of Audit New Zealand and Aaron Pendergrast, Contractor are permitted to remain at this meeting after the public has been excluded because of their knowledge of the reports presented at C2 and C3.*

The Public Business part of the meeting concluded at 1:42PM.

The minutes of this meeting were confirmed at the Committee Meeting held this 12th day of December 2023.



Philip Jones
CHAIRPERSON

ITEMS BROUGHT INTO THE PUBLIC BUSINESS MINUTES

C2 Annual Report 2022/23

Note: Council's Chief Executive left the meeting at 2PM and was not present for this item. Council's Acting Manager, Finance, Strategy & Governance deputised.

Members were presented with the draft Annual Report for the year ended 30 June 2023 and, subject to any amendments, to recommend the report to Council for adoption. Council's Acting Executive Manager Finance, Strategy & Governance spoke to the report, Clarence Susan of Audit New Zealand was in attendance to answer Members' questions.

Key highlights of the financial results were:

- (a) A technical breach on debt to meet the liquidity ratio for Local Government Funding Agency (LGFA) for three days is reflected in the financial benchmarks;
- (b) Finance and Other Expenses were \$2 Million versus \$931,000 budgeted. Interest rates were a major factor in the significant increase along with additional costs in roading maintenance and Three Waters expenses;
- (c) The additional spend on capital should be viewed as a positive outcome for Council;
- (d) Rates penalties increased from \$248,000 to \$430,000; Officers undertook to review if the increase is a reflection of the economic environment.

Council's Acting Executive Manager Finance, Strategy & Governance acknowledged the Finance Team and Audit for their efforts to produce the report within the timeframes.

RESOLVED

Moved: Cr Neeson

Seconded: Member Jones

That the Risk & Assurance Committee:

- 1 *Receives the Confidential Report **Annual Report 2022/23**;*
- 2 *Considers the draft Ruapehu District Council Annual Report 2022/23 and recommends the draft Annual Report 2022/23 to Council for adoption and publication pursuant to section 98 of the Local Government Act 2002, with the inclusion of the audit opinion to be received from Audit New Zealand, and any further amendments as agreed between Council and Audit New Zealand;*
- 3 **Does** record this resolution in the Public Business Minutes of this meeting; and
- 4 **Does Not** release this report as publicly available information.

C3 Legislative Compliance Risk

Members were presented with a report on the status of Council's compliance with legislation and the risks associated with non-compliance. Council's contractor, Aaron Pendergrast, spoke to the report and answered Members' questions.

Council's Chief Executive advised Members that there will be some non-compliance reported in the following year regarding the failure to meet response times to LGOIMAs for Teitei Drive, Ohakune. Although there was a reported increase in non-compliance, it did not present an increased risk to Council.

There were a couple of Privacy Act breaches; as a response the systems are being upgraded and improved to provide a high degree of confidence that will improve risk controls. It was noted the trends reported in staff turnover was reflective of the training and re-training required as institutional knowledge is lost.

It was recommended that it would be timely to coincide with the Long Term Plan that legislative updates to consider new legislation e.g. Te Awa Tupua are updated in the Quantate system; currently Council is in process of assessing its obligations against the new legislation manually.

RESOLVED

Moved: Member Jones

Seconded: Mayor Kirton

That the Risk & Assurance Committee:

- 1 *Receives the Confidential Report Legislative Compliance Risk for information;*
- 2 **Does** *record this resolution in the Public Business Minutes of this meeting; and*
- 3 **Does** *release a redacted version of this report as publicly available information.*

**RUAPEHU DISTRICT COUNCIL
RISK & ASSURANCE COMMITTEE**

MINUTE ATTACHMENT(S)

THE MEETING OF RISK & ASSURANCE COMMITTEE HELD AT THE
COUNCIL CHAMBERS, 59-63 HUIA STREET, TAUMARUNUI
ON THURSDAY, 12 OCTOBER 2023, AT 11AM

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Quarterly Treasury Report

30 September 2023

STRICTLY PRIVATE AND CONFIDENTIAL



BANCORP
BANCORP TREASURY SERVICES LIMITED



Economic Commentary

2

Global (for the Sept 2023 quarter)

Traditionally, September and October are known as months of high volatility, and September lived up to its reputation as central bankers struggled to allay inflationary fears as traders and speculators adopted a 'risk-off' environment. US financial markets had a volatile September 2023, with stocks and bonds both falling sharply, which contributed to higher yields and a stronger US-dollar. The Nasdaq fell -7.5% as investors attempted to diversify away from the 'magnificent 7' while the S&P500 fell -6.7% to record its worst monthly performance since March 2020. The DJI fell -5.3%. Bond markets also struggled to attract buyers, which saw rates increase sharply throughout the month, with the 10-year US Treasury yield reaching a 17-year high of 4.554% while the 2-year is threatening to breach its 14-year high at 5.27%.

At its September meeting, the Federal Reserve ("Fed") maintained its benchmark Fed funds range at 5.25%-5.50%; however, the pause could easily have been classified as a 'hawkish pause' as the central bank also indicated it expects one further rate hike before year-end while the 'dot-plots' suggested fewer rate cuts in 2024 and 2025 than previously indicated. Conversely, the Fed's decision to pause its hiking cycle in September was also seen as an acknowledgement there are growing concerns about the risk of a recession with Chair Jerome Powell emphasising, "We have come very far, very fast. We are taking advantage of the fact that while we have moved quickly, we now have to move a little more carefully as we find our way to the right level of restriction to get inflation back down to 2%," before adding, "we must proceed carefully!" Overall, the Fed's September meeting was a cautious one with the central bank clearly concerned about the risks of a recession while also remaining committed to fighting inflation.

The European Central Bank ("ECB") stuck to its guns and raised their key interest rates for a 10th consecutive time with a 25bp hike, lifting the deposit rate to a record 4.00% and the main refinancing rate to 4.50%, its highest level since 2001. With a 'dovish' tone, the central bank signaled that it is likely done with the current tightening cycle, as inflation has started to decline, although they also warned they see inflation remaining persistently high while ECB President Christine Lagarde acknowledged she "can't say" if European rates have peaked. Policymakers also cut their growth and core inflation forecasts for every year through to 2025. Meanwhile the Bank of England ("BOE") surprised markets by easing back on its aggressive hiking cycle for its first pause, holding the cash rate at 5.25%, although it was a fine line with the MPC voting 5-4. Governor Andrew Bailey had the casting vote and said at the post meeting press conference that "the good news is that inflation in the UK is coming down (although the) BOE has to stay the course on the inflation fight."

Despite a raft of stimulatory measures announced, the outlook for the Chinese economy still looks problematic, with the 5.0% growth target under threat as record youth unemployment and falling house prices continue to undermine consumer confidence and thus domestic demand. Fresh concerns at property developers Evergrande Group, China Oceanwide Holdings, and Country Garden have seen executives detained as defaults loom. Bank loans to property developers were down 25% in August from a year ago, and with Chinese President Xi trying to move his country away from debt fuelled growth, it seems that the issues facing the Chinese economy aren't going to go away anytime soon.

Global bond yields moved sharply higher in September as concerns mount that inflation would be stickier than previously expected, and the market struggled to absorb the increased issuance by the US, which is needed to fund the increasing budget deficit. The benchmark US 10-year Treasury bond yield started September at 4.09% and has since climbed relentlessly to its current level of 4.74%, a yield not seen since 2007.

New Zealand (for the September 2023 quarter)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30 June 2023	5.50%	5.70%	5.47%	5.09%	4.69%	4.55%	4.50%
30 Sept 2023	5.50%	5.74%	5.72%	5.48%	5.22%	5.17%	5.18%
Change	+0%	+0.04%	+0.25%	+0.39%	+0.53%	+0.62%	+0.68%

In the August Monetary Policy Statement ("MPS"), the Reserve Bank of New Zealand ("RBNZ") again left the Official Cash Rate ("OCR") at 5.50% and, in a reiteration of the July Monetary Policy Review stated that "The Committee agreed that the OCR will need to remain at a restrictive level for the foreseeable future." However, the RBNZ was confident that "consumer price inflation will return to within its target range". The MPS could be summed up as being slightly more hawkish than anticipated with the projected track for the OCR increasing from 5.5% to 5.6% (which implies a 40% probability of an increase to 5.75%) and pushing out the timing of the projected OCR cuts to early 2025. The justification for this appears to be in the wording "measures of core inflation remain too high" and "In the near term, there is a risk that activity and inflation measures do not slow as much as expected." Some commentators have interpreted the slight upward revision to the OCR track and the pushing out the timing of the first cut as a bit of a warning to the market not to unnecessarily pre-empt the easing as there is still a way to go on the inflation fighting front.

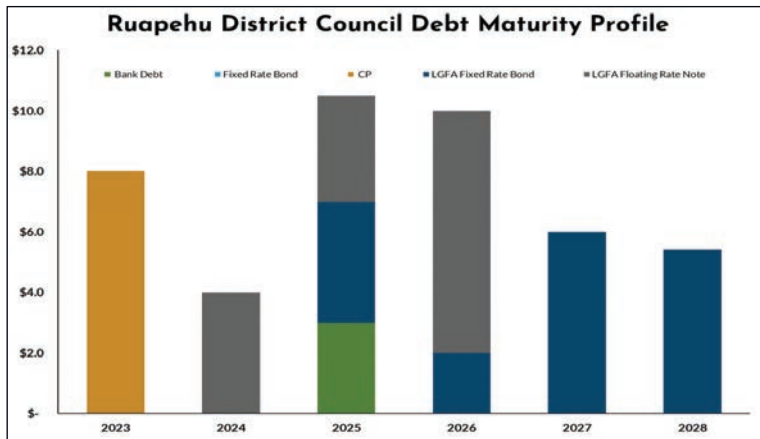
Ahead of the general election, the New Zealand Treasury's Half Year Economic and Fiscal Update (HYEFU) highlighted the Treasury will require an additional NZD9bn over the next 4 years, however, the expected borrowings were not as severe as initially forecasted, which is a positive. The Treasury is forecasting local economy will avoid a 'double dip' recession, which was supported by the Q2 GDP print which exceeded expectations at 0.9% while, for the year to June, GDP reached 1.8%, but that was where the good news ended with March 2024 growth downgraded from 2.2% to 1.2%, the unemployment forecast was upgraded to 4.6% from 4.1%, while the 2023-2024 budget deficit is expected to reach NZD11.4bn, although return to a surplus has been extended by a year to 2027. Ultimately, the HYEFU suggests businesses should prepare for a slower growing economy and higher interest rates while consumers should be prepared for a higher cost of living and a tighter labour market.

New Zealand's Q2 GDP came in far higher than expectations, at 0.9% for the quarter, against expectations of 0.4%. For the year to June, GDP was up 1.8% against expectations of 1.2%. The technical recession was also revised away as March quarter GDP was increased slightly on review to be flat for the March quarter. The industries that saw the greatest gains were mining, utilities, public administration and safety, recreation and other.

Following the stronger than expected GDP print, markets are now pricing in one more rate hike from the RBNZ to take the OCR to 5.75% by April 2024, and then for it to decline to 5.50% by October 2024 and 5.25% by February 2025. Swap rates have moved sharply higher during the quarter, due primarily to moves in the US bond market, but also aided by the stronger than expected local GDP data. The 2-year rate climbed from 5.33% to 5.76%, while the 10-year rate rose from 4.36% to 5.18%.



Liquidity and Funding



Debt
\$49.9m
External Council Drawn Debt

Core LGFA
\$49.9m
Funds Drawn from LGFA

Liquidity
\$10.21m
Undrawn bank facility + cash in bank

Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

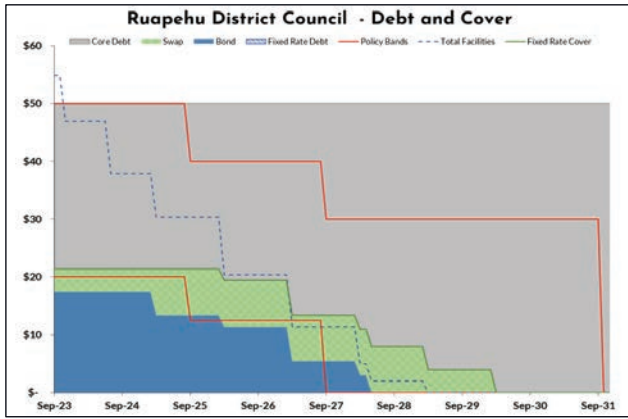
Liquidity Ratio
120.46%
Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds
5.07%

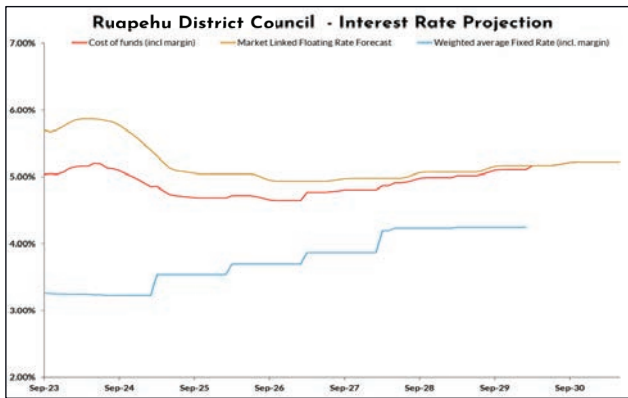


Interest Rate Risk Management

5



Current % of Debt Fixed	42.8%
Current % of Debt Floating	57.2%
Value of Fixed Rate (m)	\$21.4
Weighted Average Cost of Fixed Rate Instruments	3.16%
Value of Forward Starting Cover	\$8.0
Value of Floating Rate (m)	\$28.6
Current Floating Rate	5.70%
All Up Weighted Average Cost of Funds	5.07%
Total Facilities In Place	\$54.9



Fixed Rate Hedging Bands			
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	25%	80%	Compliant
4 - 8 years	0%	60%	Compliant

LGFA Borrowing Rates

6

Listed below are the credit spreads and applicable interest rates as at the end of September for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at which Ruapehu DC could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3-month CP	0.20%	5.91%	N/A
6-month CP	0.20%	6.03%	N/A
April 2024	0.52%	6.23%	6.40%
April 2025	0.58%	6.29%	6.44%
April 2026	0.58%	6.29%	6.15%
April 2027	0.72%	6.43%	6.07%
May 2028	0.87%	6.58%	6.06%
April 2029	0.99%	6.70%	6.12%
May 2030	1.09%	6.80%	6.17%
May 2031	1.13%	6.84%	6.20%
April 2033	1.19%	6.90%	6.25%
May 2035	1.24%	6.95%	6.32%
April 2037	1.25%	6.96%	6.42%

As at 30 September 2023, RDC had \$49.9 million of core debt, all of which is sourced from the LGFA using Commercial Paper, FRNs, and FRBs. WDC also has a bank facility with Bank of New Zealand for \$5 million that matures in July 2024. Details of WDC's drawn debt as at 30 September is as follows:

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	24-Nov-23	5.84%	N/A	\$8,000,000
LGFA FRN	29-Jul-24	6.46%	0.79%	\$4,000,000
LGFA FRB	20-Mar-25	2.79%	N/A	\$4,000,000
LGFA FRN	20-Mar-25	6.26%	0.59%	\$3,500,000
LGFA FRN	20-Mar-26	6.33%	0.66%	\$3,000,000
LGFA FRN	20-Mar-26	6.28%	0.61%	\$5,000,000
LGFA FRB	20-Mar-26	5.67%	N/A	\$2,000,000
LGFA FRB	20-Mar-27	2.60%	N/A	\$2,000,000
LGFA FRB	20-Mar-27	1.97%	N/A	\$2,000,000
LGFA FRB	20-Mar-27	5.15%	N/A	\$2,000,000
LGFA FRN	20-Mar-27	6.45%	0.78%	\$3,000,000
LGFA FRB	20-Mar-28	2.18%	N/A	\$2,400,000
LGFA FRB	20-Mar-28	4.09%	N/A	\$3,000,000
LGFA FRN	20-Mar-28	6.51%	0.84%	\$4,000,000
LGFA FRN	20-Mar-29	6.58%	0.91%	\$2,000,000



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