

**MINUTES OF SOUTH WAIRARAPA DISTRICT COUNCIL
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE SUPPER ROOM, WAIHINGA CENTRE, TEXAS STREET, MARTINBOROUGH
ON WEDNESDAY, 26 FEBRUARY 2025 AT 12:30 PM**

PRESENT: Mr Bruce Robertson (Chair), Cr Colin Olds, Cr Kaye McAulay, Cr Martin Bosley, Ms Karen Mikaera.

APOLOGIES: Mayor Martin Connelly and Cr Aaron Woodcock.

IN ATTENDANCE: Janice Smith (Chief Executive Officer), Paul Gardner (Group Manager, Corporate Services), Russell O'Leary (Group Manager, Planning and Regulatory), Stefan Corbett (Group Manager, Infrastructure and Community Operations), Mia Wilton (Manager Environmental Services), Jessica Hughes (Principal Advisor, Legal), Matt Vins (Manager, Corporate Support), Mai Griffiths (Lead Advisor, People & Culture), Sara Edney (Manager Building Services via MS Teams), James O'Connor (Manager, Community Operations), Melissa Stockley (Principal Advisor, Project Management) and Amy Andersen (Lead Advisor, Democracy & Committees).

Earl White (Bancorp, via MS Teams).

CONDUCT OF BUSINESS: This meeting was held in the Supper Room, Waihinga Centre, Texas Street, Martinborough and via audio-visual conference. This meeting was live-streamed is available to view on our YouTube channel. The meeting was held in public under the above provisions from 12:30pm to 3:43pm except where expressly noted.

OPEN SECTION

1 KARAKIA TIMATANGA – OPENING

All in attendance opened the meeting.

2 APOLOGIES

2.1 APOLOGIES

COMMITTEE RESOLUTION ARF2025/01

Moved: Mr B Robertson

Seconded: Cr C Olds

To accept apologies from Mayor Connelly and Cr Woodcock.

CARRIED

3 CONFLICTS OF INTEREST

No interests were disclosed relating to items on the agenda or interests not already recorded on a relevant register.

4 ACKNOWLEDGEMENTS AND TRIBUTES

There were no acknowledgements and tributes.

5 PUBLIC PARTICIPATION

There was no public participation.

6 ACTIONS FROM PUBLIC PARTICIPATION

There was no public participation.

7 URGENT BUSINESS

There was no urgent business.

8 CONFIRMATION OF MINUTES**8.1 MINUTES OF THE ASSURANCE, RISK AND FINANCE COMMITTEE MEETING HELD ON 9 OCTOBER 2024****COMMITTEE RESOLUTION ARF2025/02**

Moved: Mr B Robertson

Seconded: Cr K McAulay

The Assurance Risk and Finance Committee resolved:

That the minutes of the Assurance, Risk and Finance Committee meeting held on 9 October 2024 are confirmed as a true and correct record.

CARRIED

8.2 MINUTES OF THE ASSURANCE, RISK AND FINANCE COMMITTEE MEETING HELD ON 17 OCTOBER 2024**COMMITTEE RESOLUTION ARF2025/03**

Moved: Mr B Robertson

Seconded: Cr C Olds

The Assurance Risk and Finance Committee resolved:

1. That the minutes of the Assurance, Risk and Finance Committee meeting held on 17 October 2024 are confirmed as a true and correct record.

2. That the public excluded minutes of the Assurance, Risk and Finance Committee meeting held on 17 October 2024 are confirmed as a true and correct record.

[Items 1 & 2 read together]

CARRIED

9 MATTERS ARISING FROM PREVIOUS MEETINGS

There were no matters arising.

10 DECISION REPORTS FROM CHIEF EXECUTIVE AND STAFF

10.1 FINANCE REPORT

Ms Clarke spoke to matters included in the report.

Members queried budget for planning and roading, debts, Waka Kotahi subsidies, forecast position on spend including WWL and investments.

Mr White provided a brief presentation for the Treasury Update.

Members queried rates, approach to rates owing - penalties and remittance, and debtors. Council officers emphasised that anyone in the community who is facing hardship, should contact the Rates team for discussion on managing their rates e.g. payment plans.

COMMITTEE RESOLUTION ARF2025/04

Moved: Mr B Robertson

Seconded: Cr K McAulay

Officers recommend that the Committee:

1. Receive the Finance Report
2. Note that no significant tax risks have been identified.

[Items 1 & 2 read together]

CARRIED

APPENDICES

Appendix 1 Treasury Update - Bancorp Presentation

11 INFORMATION REPORTS FROM CHIEF EXECUTIVE AND STAFF**11.1 RISK MANAGEMENT UPDATE**

Mr Gardner spoke to matters included in the report.

Mr Robertson sought the Committee's thoughts on a review / workshop on risk appetite and review of the significant risk register. This will be schedule later in the year to explore and review the risks and treatment plans.

Members queried LGOIMAs for request type and frequent requestors.

11.2 PEOPLE REPORT

Ms Griffiths spoke to matters included in the report.

Members queried recruitment where some roles have been hard to fill, whether contractors will be used, length of service, adjusting risk description for recruitment and retaining of institutional knowledge/critical roles.

Mr Robertson also queried the linkage between risks for resources and significant risk (assets management), retaining staff

Ms Smith noted that the Strategic Leadership Team were planning to develop good work awards for staff.

11.3 HEALTH, SAFETY AND EMERGENCY MANAGEMENT UPDATE

Mr Vins spoke to matters included in the report, noting that the recent H&S incident with a contractor is being monitored and officers are awaiting feedback from Worksafe.

Members queried wellbeing conversations with staff; elected members education regarding interactions with staff. In terms of emergency management, members queried key areas of risk and weakness (communications, expectations of technology).

Meeting adjourned at 2:35pm.

Meeting resumed at 2:48pm.

11.4 CAPITAL PROJECTS SUMMARY

Mr O'Connor and Ms Stockley, supported by Mr Corbett spoke to matters included in the report.

Members commented on and sought clarification on updates with regard to the delays in starting work on the Tawharenikau Pipeline, and the re-awarding of the Wheels Park tender. Further reporting on the next steps and progress is expected soon.

Work order has been issued for the Lighting project to be connected into the mains.

Mr Corbett acknowledged the work of the Community Operations Team, including the recent opening of the Greytown Pavillion.

Members were interested in the high level details regarding renewals and other infrastructure projects.

11.5 ACTION ITEMS

Action 263 remains open. Ms Smith and Ms Clarke noted council will be reviewing broker arrangements before the end of the financial year.

12 PUBLIC EXCLUDED BUSINESS

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION ARF2025/05

Moved: Mr B Robertson

Seconded: Cr C Olds

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 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 for the passing of this resolution	Plain English reason for passing this resolution in relation to each matter
12.1 - Cybersecurity Update	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - 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 6 or section 7	To protect the Council's IT security and infrastructure.
12.2 - Legal Update	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which	s48(1)(a)(i) - 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	To allow for discussions around the legal role and any sensitive works the Principal Advisor, Legal has been completing.

	<p>any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p>	<p>good reason for withholding would exist under section 6 or section 7</p>	
<p>CARRIED</p>			

13 KARAKIA WHAKAMUTUNGA – CLOSING

All in attendance closed the meeting with a karakia.

The meeting closed at 3:43pm.

Confirmed as a true and correct record.

..... (Chair)

..... (Date)

..... (Chief Executive)

..... (Date)



**SOUTH WAIRARAPA
DISTRICT COUNCIL**
Kia Reretahi Tātau

Treasury Update

26 February 2025

STRICTLY PRIVATE AND CONFIDENTIAL

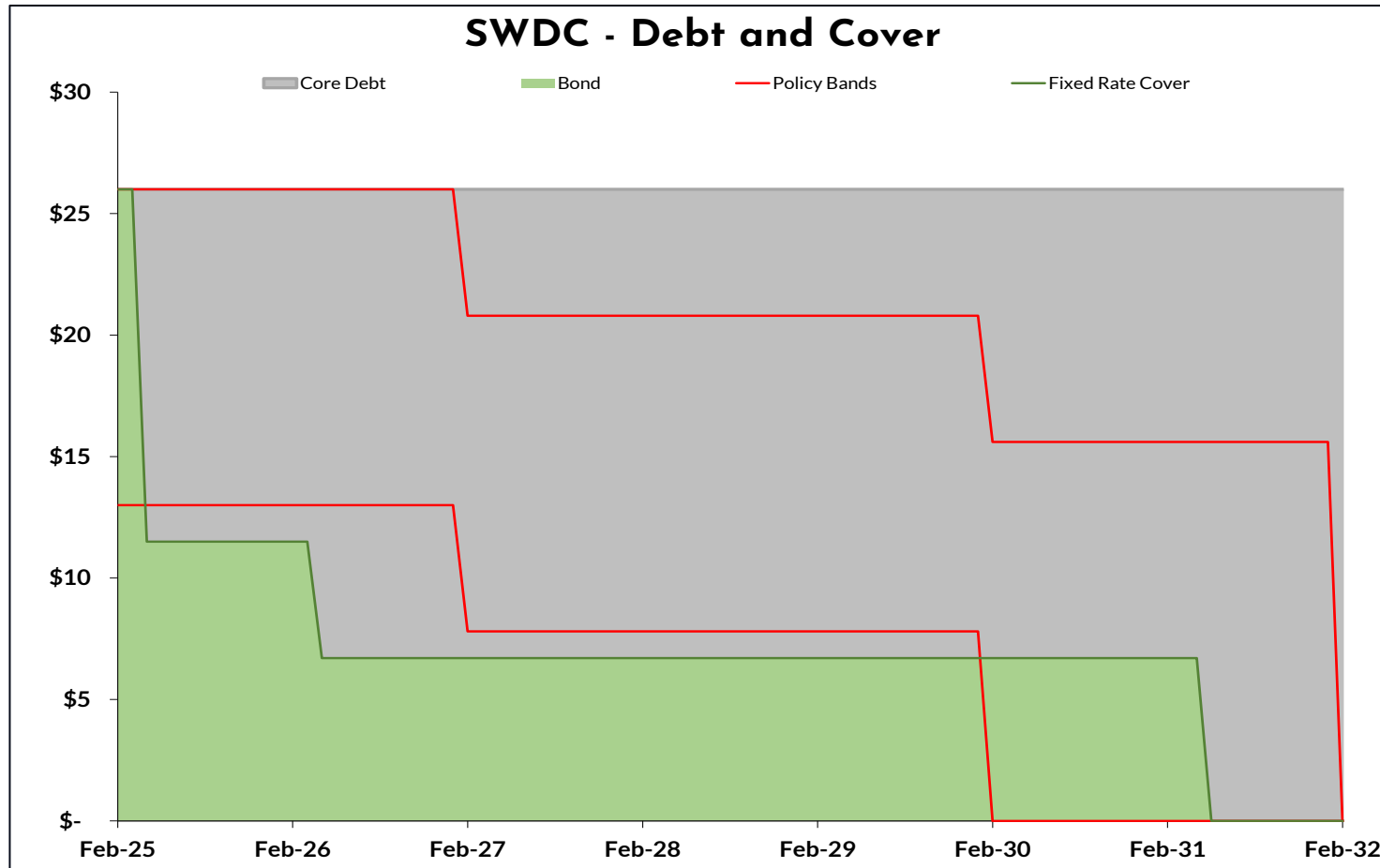


BANCORP

BANCORP TREASURY SERVICES LIMITED



Debt position 31 January



- We have used net debt as at 31 January with Council developing a 2025-2034 LTP, to be adopted in June 2025.
- Hedging is within the CEO discretion - *until net debt exceeds \$30.0M (treasury policy section 39) any hedging is at the CEO's discretion.*



Debt position 31 January

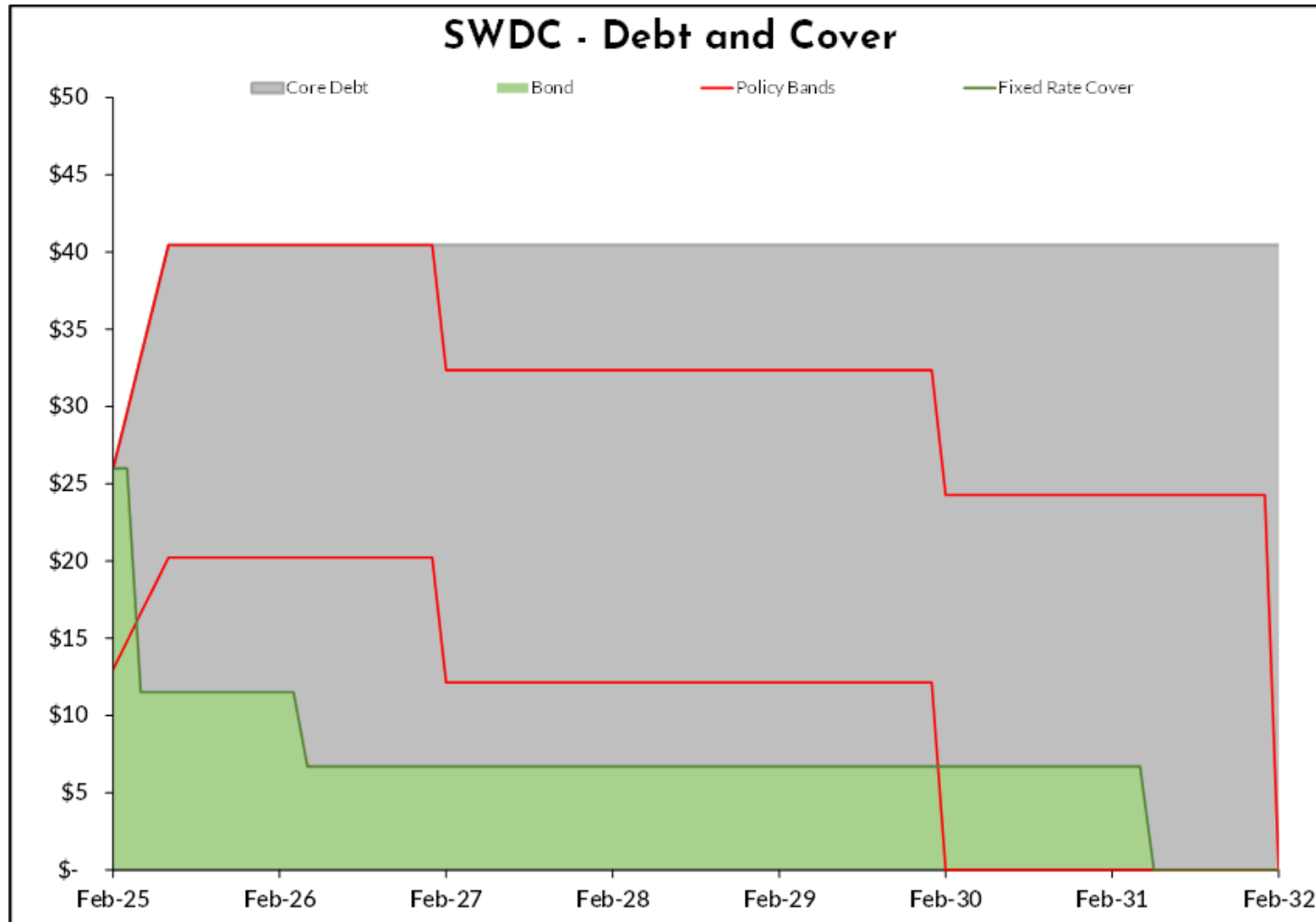
Funder	Principal	Orig Term (years)	Rate	Start date	Maturity
LGFA	5,000,000	5.00	1.690%	15-Apr-20	15-Apr-25
LGFA	2,500,000	1.84	5.760%	12-Jun-23	15-Apr-25
LGFA	1,500,000	4.92	1.780%	17-May-21	15-Apr-26
LGFA	3,300,000	3.00	5.230%	17-Apr-23	15-Apr-26
LGFA	6,700,000	10.00	2.720%	17-May-21	15-May-31
LGFA *	7,900,000	0.63	5.795%	1-Jul-24	17-Feb-25
LGFA	3,000,000	0.34	4.770%	16-Oct-24	17-Feb-25
	<u>29,900,000</u>		Weighted Ave Debt Cost		4.05%

**\$3.9 million to be repaid*

- Outstanding net debt at 31 January was \$26.0M with \$3.9M of February maturity repaid



Implied debt position 31 January



- Current debt projections to June 2025.

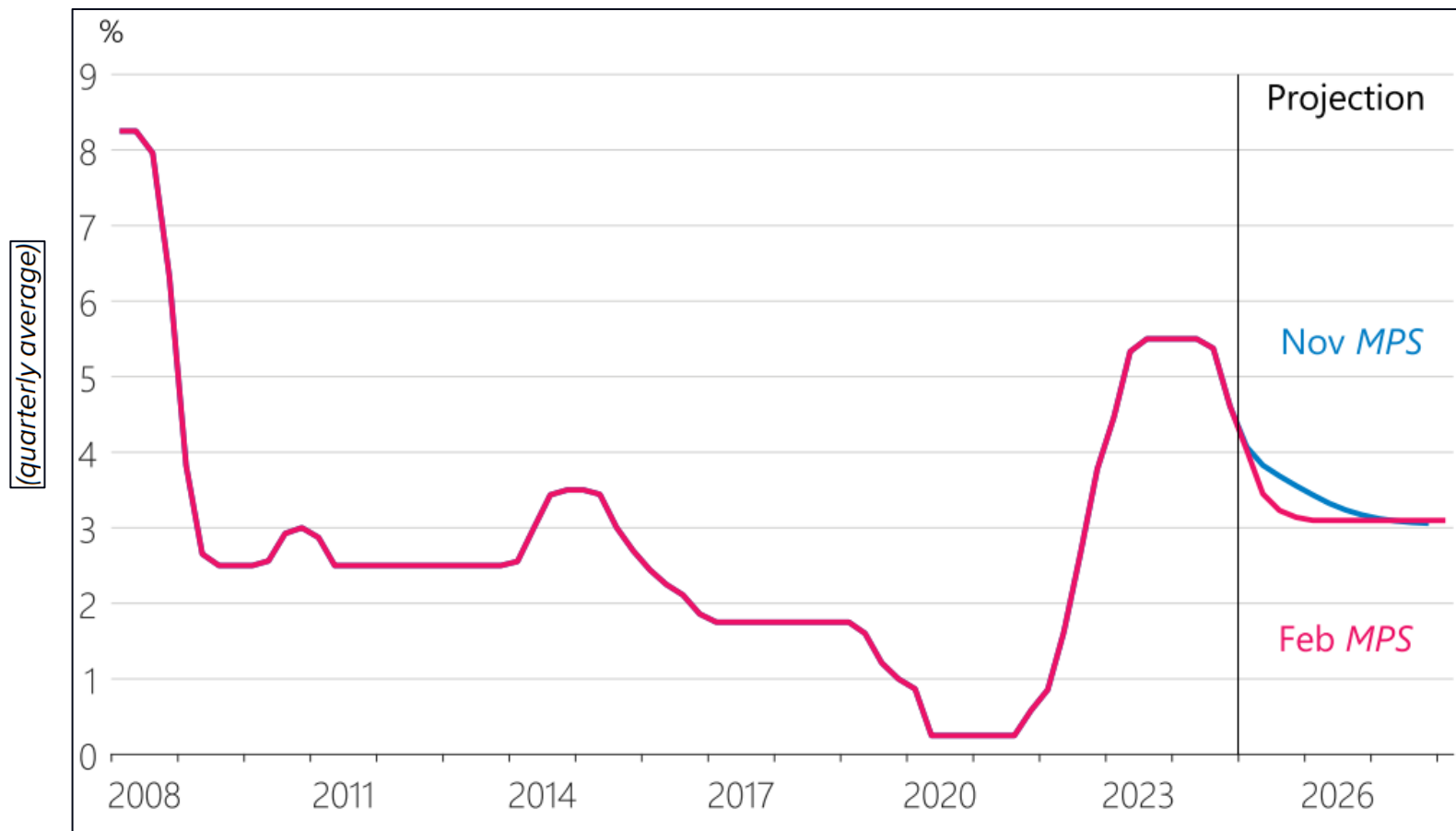


Developments

- RBNZ cuts the OCR to 3.75% and sped up its projected track to 3.10% - the mid point of its 2.50% to 3.50% neutral OCR range. The RBA also cut from 4.35% to 4.10%.
- The Fed held its cash rate at 4.25% - 4.50% with markets now expecting only one, maybe two Fed Fund rate cuts this year.
- After trading as high as 4.80% in early 2025, the US 10-year bond yield has eased back to trade into a 4.40% to 4.60% range – currently near the bottom at 4.43% on a flight to safety – a combination of weak US data, increased inflation expectations, more Trump tariffs – overall not a good combination.
- Local swap yields have been volatile with a 3.50% to 3.90% range for the 5-year swap rate since late December. The short end dominated by OCR expectation and the long end held up by US Treasury yields.
- RBNZ believes all is playing out as expected, although its CPI projections increased to 2.7% in September 2025 and then back down to 2.2% by March 2026.
- Recovery will be underpinned by export and tourism sectors with fragile housing market and still squeezed household budgets (despite mortgage rate cuts) an ongoing headwind as are global geopolitical and trade risks.



RBNZ front loads cutting cycle

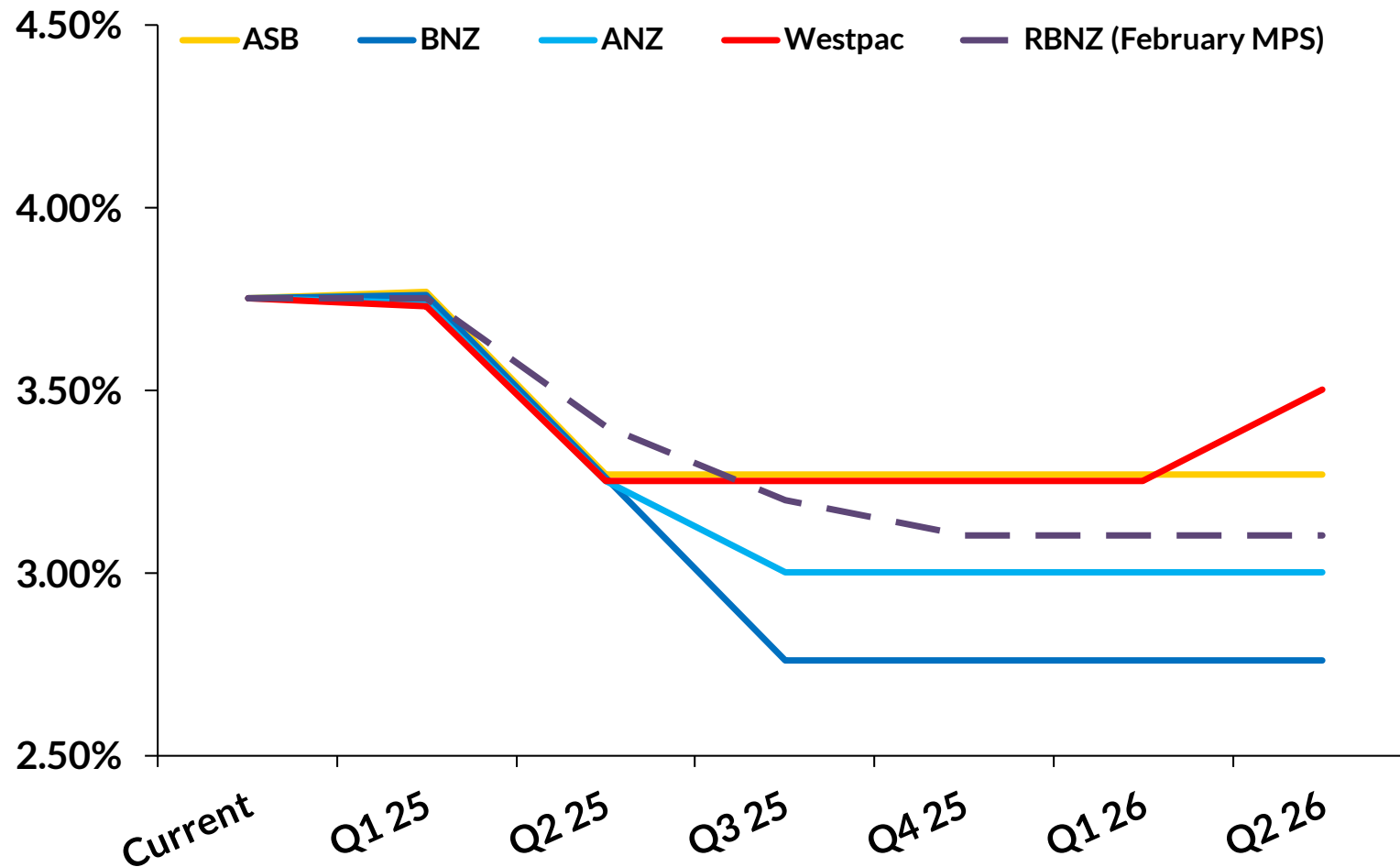


Source: RBNZ estimates.

- The RBNZ cut the OCR to 3.75% on 19 February to bring the total amount of easing to 175bps.
- The updated RBNZ OCR track shows a faster rate of easing with the OCR projected to reach 3.1% by the end of 2025



Some debate around bottom



- ANZ were the first bank to revise its forecast reducing its OCR trough from 3.50% down to 3.00% in Q3 2025.



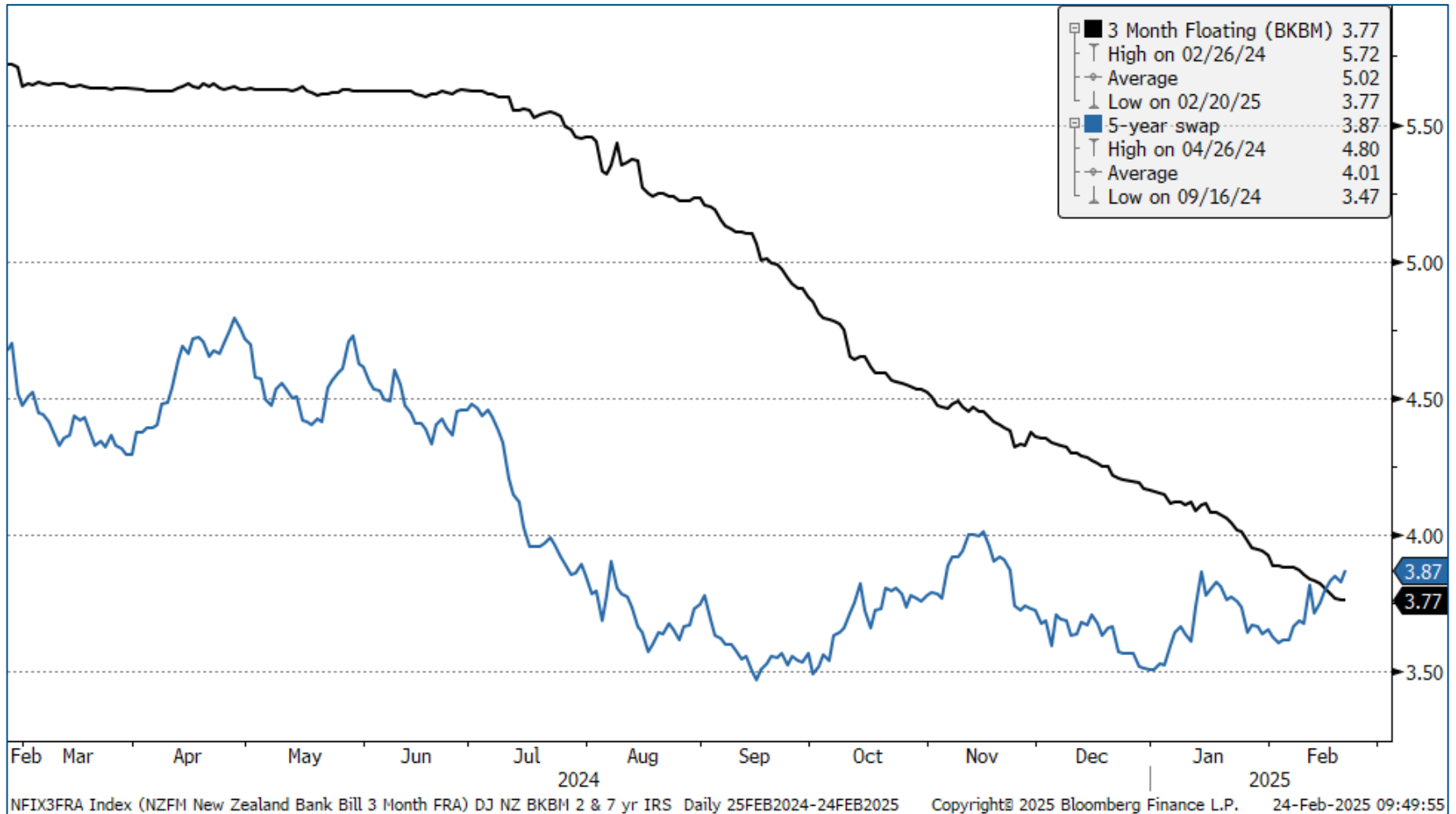
2-year swap rate 3.25% holding so far



- Moves much below 3.25% would require OCR bottoming out below 3.00%



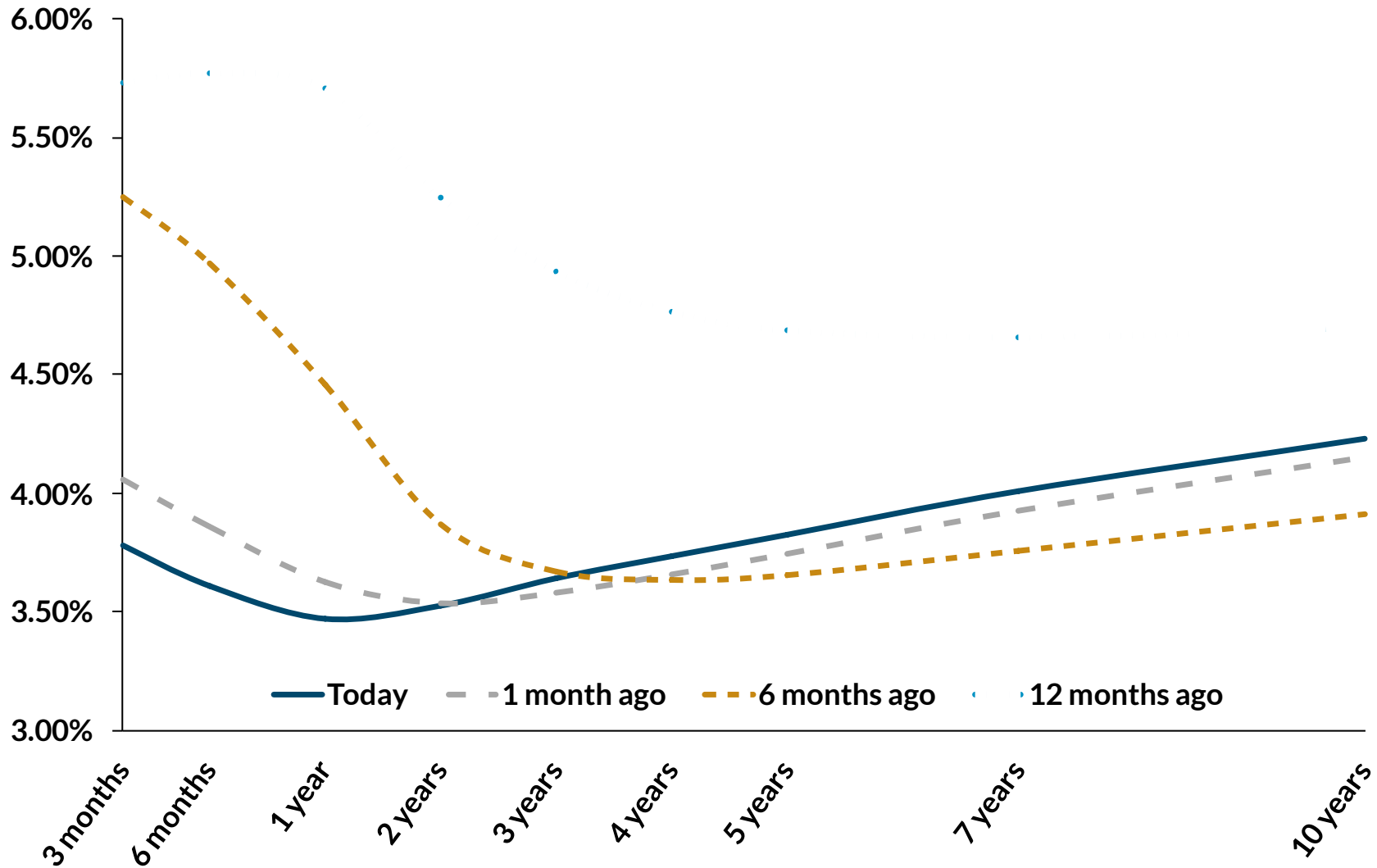
5-year rate - support around 3.50% looks solid



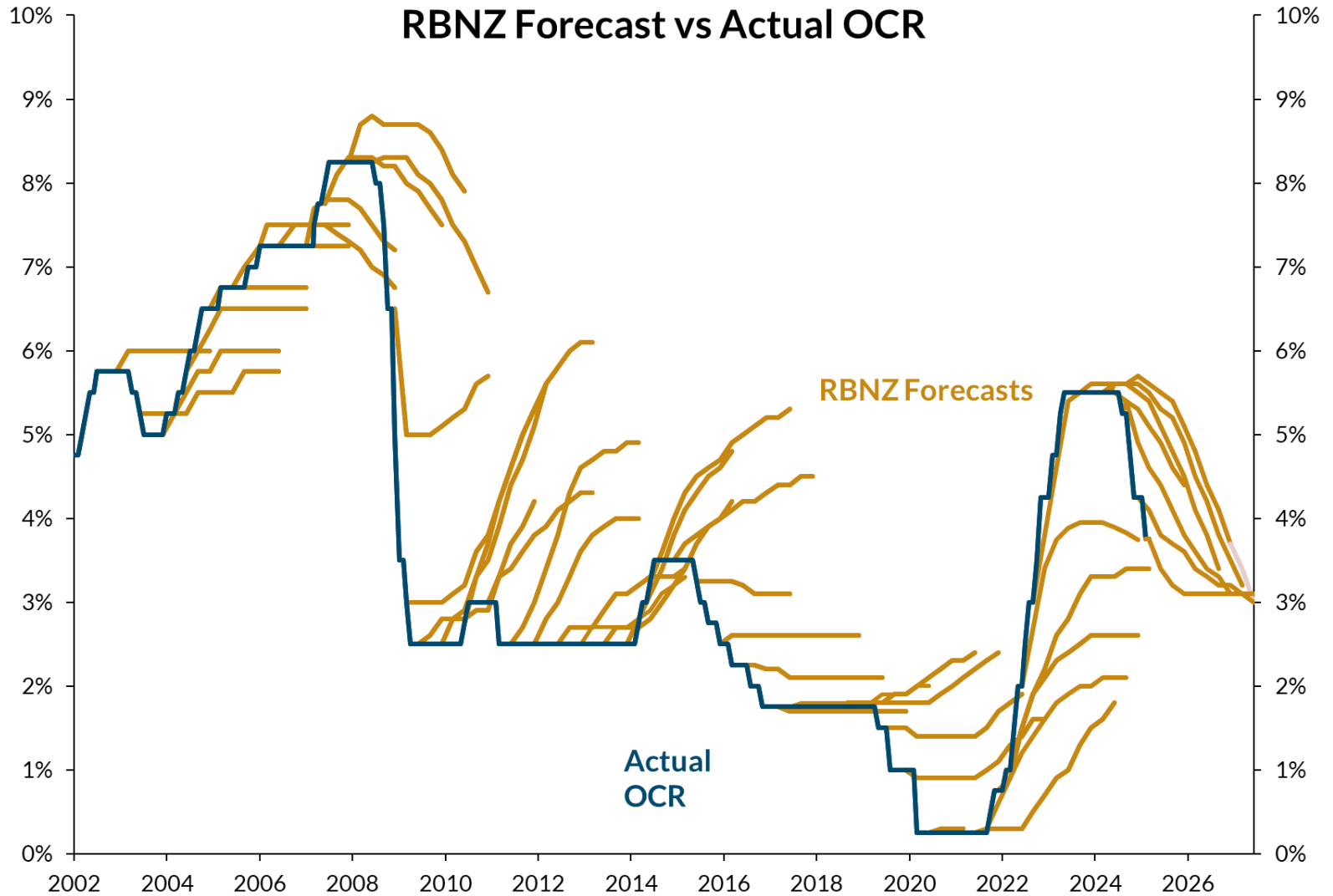
- Moves much below 3.50% would require the US 10-year bond yield to fall back towards 3.80% and OCR bottom expectations fall below 3.00%.



NZ yield curve



RBNZ forecasts vs actual OCR



Disclaimer

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