Smart Finance Committee

10 September 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [3]

Department: **Assurance, Finance & Risk**

Title | Taitara: **Treasury Management Policy Review for Long Term Plan**

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to bring the draft Treasury Management Policy back to the Smart Finance Committee ('the Committee') following the workshop held on 13 August 2026, and to confirm the Committee is comfortable with the proposed changes.

Recommendation | Kā Tūtohuka

That the Smart Finance Committee:

1. **Note** the contents of this report;

2. **Recommend to Council** that interest revenue be added at year end to the following reserves starting 1 July 2026:

   - Wānaka Asset Sales reserve;
   - Arrowtown Endowment land reserve;
   - Queenstown Asset Sale reserve; and

3. **Recommend to Council** that the draft Treasury Management Policy be adopted in advance of the Long Term Plan process due to the minor nature of the changes, noting that this Policy can be amended by Council at any time without consultation.

Prepared by:	Reviewed by:	Authorised by:
Name: Vanessa Fauth	**Name:** Tanea Hawkins	**Name:** Katherine Harbrow
Title: Financial Controller	**Title:** Acting Finance Director	**Title:** General Manager Assurance, Finance & Risk
Date: 18 August 2026	**Date:** 18 August 2026	**Date:** 20 August 2026

Context | Horopaki

1. The Treasury Management Policy (the 'draft Policy') is being reviewed as part of the Long Term Plan (LTP) process.

2. The draft policy was discussed with the Smart Finance Committee at a Smart Finance workshop held on 13 August 2026. It is now being brought back to confirm that the Committee is comfortable with the proposed changes before the policy progresses further.

3. The main changes from the existing Treasury Management Policy are:

    a. Brought in the wording around the Local Government Funding Agency (LGFA) cash advance facility;

    b. Added in NZUs (New Zealand Units);

    c. Updated wording around risk management;

    d. Added Counterparty borrowing limits; and

    e. Added authorised financial market investment parameters.

4. At the 13 August 2026 Smart Finance workshop, there were discussions around introducing an internal annual interest adjustment for four specific reserves. This would mean the reserves do not need to be in their own bank account and the reserves would benefit from the savings that the Council cashflow enjoys from receiving the reserve proceeds. This would also mean that the pressure to spend the reserves is lessened as the reserve balance continues to grow.

5. The balance at 30 June 2026 of the four specific reserves is as follows:

    a. Wānaka Asset Sales reserve balance $4.82M

       This reserve is sourced primarily from Scurr Heights sales. It benefits Wānaka/Upper Clutha ward residents via capex or debt repayment, recommended use by the Wānaka Upper Clutha Community Board (WUCCB)

    b. Arrowtown (AT) Endowment land reserve balance $1.76M

       This reserve is sourced from land sales. It must benefit "old AT borough" residents via community service developments or debt repayment (LOS portion)

    c. Queenstown Asset Sale Reserve balance $207K

       This reserve is sourced from surplus land sales. It is restricted to Queenstown community services (LOS portion) via new capex or debt repayment.

6. It is proposed that Queenstown Lakes District Council (QLDC) uses the Official Cash Rate (ORC) percentage as at 30 June each year to calculate the interest attributable to each reserve. For the current year, this percentage is 2.5%. A year-end journal would be processed to increase each reserve by the applicable interest amount. The offset will be in the QLDC interest received code. A recommendation to endorse this process change is included in this report.

Analysis and Advice | Tatāritaka me kā Tohutohu

7. This report identifies and assesses the reasonably practicable options for determining the next stage of the review, as required by section 77 of the Local Government Act 2002.

8. <u>Option 1</u> Do further work, use LTP Steering Group workshop to further review this Policy

   Advantages:

   - Additional time to assess the effectiveness of the current policy.

   Disadvantages:

   - Delays the review and implementation of policy improvements

   - Extends reliance on a policy framework that has identified operational limitations.

9. <u>Option 2</u> Agree the direction of the policy review, and obtain Council approval at the next appropriate meeting

   Advantages:

   - Supports the development of a clear, well-documented policy framework that enhances operational effectiveness and consistency

   - The Policy will still be included in the LTP consultation

   - Saves the LTP Steering Group workshop time for other topics.

   Disadvantages:

   - The draft policy has only been considered by Smart Finance Committee elected members prior to recommendation for approval by Council.

10. This report recommends **Option 2** because it enables the review to be implemented now and save time in the LTP workshop timetable. Further changes can be made to the Policy either at Council meeting or as part of the LTP, if other elected members wish to propose changes to the Treasury Policy.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

11. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because the report provides a direction and does not seek decisions that materially change levels of service. Further, no strategic assets, community facilities or service levels are affected.

12. The persons who are affected by or interested in this matter are:

    a. Residents and ratepayers of the Queenstown Lakes District;

    b. Elected Members, given their governance role in overseeing Council's policies.

13. The Council will include the revised Policy in the 2027–2037 LTP consultation.

Māori Consultation | Iwi Rūnaka

14. The Council has not specifically consulted iwi on the matters contained in this report.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

15. The proposed changes support the LTP process and Council's financial management framework.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

16. This matter relates to the Financial risk category. It is associated with RISK10014 Ineffective Financial Strategy within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

17. This report introduces the Treasury Policy and asks the Committee to recommend it to full Council for final approval for inclusion in the 2027-2037 LTP consultation. Completion of this action will have no impact on risk.

Financial Implications | Kā Riteka ā-Pūtea

18. There are no financial implications arising from this report.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

19. The following Council policies, strategies and bylaws were considered:

    - Long Term Plan 2024-34

20. This matter is included in the Long Term Plan/Annual Plan.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kīaka

21. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. Financial management policies are part of a effective management framework that supports the efficient management of the local authority and is therefore within the ambit of Section 10 of the Local Government Act 2002.

22. The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Updated Draft Treasury Policy Review Post Smart Finance workshop