Smart Finance Committee

10 September 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [4]

Department: **Assurance, Finance & Risk**

Title | Taitara: **Capitalisation Policy Review for LTP**

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to note the Capitalisation Policy as an internal operational policy. The policy provides guidance on the consistent treatment of capital expenditure and will be used as a supporting reference document as part of Long Term Plan work.

Recommendation | Kā Tūtohuka

That the Smart Finance Committee:

1. **Note** the Capitalisation Policy as an internal operational policy.

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: 4 August 2026	**Date:** 4 August 2026	**Date:** 18 August 2026

Context | Horopaki

1. The Capitalisation Policy is an operational policy used by the Finance team to guide decisions on whether expenditure should be treated as capital or operating expenditure. It helps ensure a consistent approach is applied across the organisation for budgeting, project accounting, asset accounting, and financial reporting.

2. The policy is already in use by the Finance Department and is being brought to the Committee's attention for noting. It is not a policy requiring approval through this paper but will be used as a practical reference document to support the Long Term Plan process.

Analysis and Advice | Tatāritaka me kā Tohutohu

3. This report is for noting only. The Capitalisation Policy is an internal operational policy and does not require a decision from the Committee.

4. The policy will be used as part of Long Term Plan work to support consistent classification of expenditure.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

5. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it relates to an internal operational finance policy and does not require a decision that would alter levels of service, funding, ownership of strategic assets, or the Council's strategic direction.

Māori Consultation | Iwi Rūnaka

6. No specific Māori consultation is required for this noting paper. The policy does not create a new proposal, activity, or decision requiring engagement.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

7. This matter relates to the Financial risk category. It is associated with RISK10014 Ineffective Financial Strategy within the moderate residual risk rating.

8. The Capitalisation Policy mitigates this risk by providing a consistent framework for the Finance team and relevant staff to apply when considering expenditure treatment.

Financial Implications | Kā Riteka ā-Pūtea

9. The Capitalisation Policy is an administrative matter and there are no budget or cost implications arising from this report.

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

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

- Long Term Plan 2024-34

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

11. 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 an 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.

12. 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	Capitalisation Policy