

**Full Council**

**20 March 2025**

**Report for Agenda Item | Rīpoata moto e Rāraki take [6]**

**Department: Corporate Services**

**Title | Taitara: Financial Delegation Limits from Council to the Chief Executive**

**Purpose of the Report | Te Take mō te Pūroko**

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The purpose of this report is to propose new financial delegation limits for the Chief Executive for consideration by the Council.

**Recommendation | Kā Tūtohuka**

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That the Council:

1. **Note** the contents of this report;
2. **Note** the recommendation of the Audit, Finance & Risk Committee to “consider increasing the power of the Chief Executive Officer alone to commit the Council to borrowing which has been approved in the Long Term Plan or Annual Plan to financial instruments for a maximum of \$50,000,000 of principal plus the associated interest payments and where the borrowing complies with the Treasury Management Policy.”;
3. **Retrospectively approve** the Chief Executive in signing the Local Government Funding Agency rollover documents for \$87,000,000 on 26 February 2025;
4. **Approve** the proposed general delegations to the Chief Executive (Attachment A); and
5. **Note** these delegations will take effect immediately and the Queenstown Lakes District Council Register of Delegations will be updated and published on the Council’s website within one month of this resolution.

**Prepared by:**



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**Title:** Stakeholder & Democracy Services  
Manager  
25 February 2025

**Reviewed and Authorised by:**



**Name:** Meaghan Miller  
**Title:** General Manager Corporate Services  
25 February 2025

## Context | Horopaki

1. All local authorities must appoint a Chief Executive under section 42 of the Local Government Act 2002 (LGA). The LGA also confirms under that section that a Chief Executive must implement the decisions of the local authority and ensure the effective and efficient management of activities of the local authority.
2. Delegations provide formal authorisation to take specific actions, make decisions, and provide approval to financial transactions or contracts within defined limits. In principle, delegations should create clear accountability, reduce risks by aligning decisions and responsibilities with specified roles and increase efficiency. By delegating certain tasks and decisions, focus can instead be on more strategic activities such as long-term planning.
3. To deliver on these responsibilities, Queenstown Lakes District Council (QLDC) delegates a broad range of responsibility, duties and powers to the Chief Executive. These delegations are documented and published on the QLDC website in the Queenstown Lakes District Council Register of Delegations.
4. The general delegations to the Chief Executive were adopted in their current format in 2014 and updated in 2018. In 2018, the amendments introduced the additional limits as follows:
  - a) the power of the Chief Executive Officer alone to commit the Council to borrowing which has been approved in the Long Term Plan or Annual Plan is limited to instruments for a maximum of \$30,000,000 of principal plus the associated interest payments and where the borrowing complies with the Treasury Management Policy.
  - b) in the case of other transactions, the power of the Chief Executive Officer alone to commit the Council to a transaction (or to terminate or vary any transaction) is limited to iii) a maximum of \$4,000,000 for grants to Destination Queenstown which are approved by Council in an Annual Plan or Long Term Plan.
5. No substantive amendments have been made to the general delegation to the Chief Executive since that time. This includes the transaction levels for the Chief Executive as co-signatory with the Mayor or Deputy Mayor.
6. In the absence of any review of the financial delegation limits in the last six years, operational and capital costs have continued to increase. The Consumer Price Index (CPI) economic measure of inflation that gauges the average alteration in prices of goods and services has consistently reflected cost increases as follows (noting that CPI is not linear and fluctuates year on year):

2019	2020	2021	2022	2023	2024
1.7%	1.5%	3.3%	7.3%	6.0%	3.3%

7. The recommended new delegation limits as outlined in Attachment A are as follows:
  - “In the case of other transactions, the power of the Chief Executive Officer together with the Mayor or Deputy Mayor to commit the Council to a transaction (or to terminate or vary any

transaction) is limited to a maximum of \$10,000,000 for capital expenditure and a maximum of \$6,500,000 for operational expenditure;

- In the case of other transactions, the power of the Chief Executive Officer alone to commit the Council to a transaction (or to terminate or vary any transaction) is limited to:
  - a maximum of \$5,000,000 for capital expenditure; and
  - a maximum of \$1,500,000 for operating expenditure”

8. If approved, the Chief Executive will in turn review the financial sub-delegation limits to other officers with an intent to apply a similar CPI increase to these limits. Whilst the overall volume of transactions has not significantly increased, the value of individual transactions has. This is reflected in the volume of transactions that have to be referred to a higher-level approver as they exceed an officer’s delegated financial limit.

	2018	2019	2020	2021	2022	2023	2024
Transactions referred	40	54	85	63	95	80	80

9. In addition to these proposed delegation limits, at its 5 December 2024 meeting, the Audit, Finance & Risk Committee discussed Council borrowing as part of a public excluded Treasury update session. During that session, Bancorp recommended that Council undertake a number of borrowing swaps to benefit from improved fixed borrowing rates. While the swaps were within the Chief Executive’s delegated limits, the meeting acknowledged that being able to continue to respond in a timely manner to future swap opportunities may be hindered by the Chief Executive’s current limit. In response to that, the Audit, Finance & Risk Committee resolved as follows:

**Recommend to Council that it consider increasing the power of the Chief Executive Officer alone to commit the Council to borrowing which has been approved in the Long Term Plan or Annual Plan to instruments for a maximum of \$50,000,000 of principal plus the associated interest payments and where the borrowing complies with the Treasury Management Policy.**

10. On 26 February, QLDC had Local Government Funding Agency (LGFA) borrowing maturing which required a refinancing agreement to the value of \$87,000,000 – noting that this refinancing is not new borrowing or additional debt. This refinancing was approved via a memo by the Mayor and Chair of the Audit, Finance & Risk Committee. There is a further LGFA debt maturing in April 2025 to the value of \$70,000,000 and QLDC will need to be able to respond in a timely manner to secure the best possible borrowing.
11. In the context of these borrowing values, it is the recommendation of officers that the Chief Executive’s delegation to commit to borrowing be uplifted to \$100,000,000 to be able to approve the upcoming April refinancing and the expectation that borrowing will continue to grow through the Long Term Plan 2024-2034 which was adopted by Council in September 2024.

12. Therefore, this report seeks to increase the Chief Executive’s delegation beyond the original recommendation of the Audit, Finance & Risk Committee to “commit the Council to borrowing which has been approved in the Long Term Plan or Annual Plan to financial instruments for a maximum of \$100,000,000 of principal plus the associated interest payments and where the borrowing complies with the Treasury Management Policy.”

#### Analysis and Advice | Tatāritaka me kā Tohutohu

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13. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

14. Option 1 Do not approve the proposed general delegations to the Chief Executive (status quo)

*Advantages:*

- Level of risk with transactions, procurement and borrowing is maintained.
- Council oversight of all borrowing above current \$30,000,000 limit

*Disadvantages:*

- Does not reflect CPI increases that are affecting Council transactions
- Does not enable timely responses to borrowing opportunities as refinancing about \$30,000,000 will need to be brought to the Council for approval
- Does not support the recommendation of the Audit, Finance & Risk Committee and recommendation by Bancorp

15. Option 2 Approve the proposed general delegations to the Chief Executive

*Advantages:*

- Supports continued efficiency in decision-making and approvals
- Enables the Council to be responsive to refinancing opportunities
- Supports the intent of the recommendation of Bancorp and subsequent recommendation of officers to enable future refinancing in a timely manner.
- Enables further review of other officer delegation limits

*Disadvantages:*

- Less oversight of higher value refinancing by the Council
- Potential increased risk by enabling higher transaction limits

16. This report recommends **Option 2** for addressing the matter because it supports efficient decision-making and approvals and reflects increases in CPI over the last five years.

**Consultation Process | Hātepe Matapaki**

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**Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka**

17. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it relates to operational efficiencies.

18. The persons who are affected by or interested in this matter are officers and elected members.

19. The Council is not required to consult on this matter.

**Māori Consultation | Iwi Rūnaka**

20. Consultation with Iwi Māori is not required on this matter.

**Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka**

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21. This matter relates to the Financial risk category. It is associated with RISK10028 Ineffective procurement within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.

22. The approval of the recommended option will allow Council to implement additional controls for this risk. This will be achieved by putting in place appropriate and accountable decision-making and approval limits.

**Financial Implications | Kā Riteka ā-Pūtea**

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23. Whilst there are no direct financial implications (e.g. increased in capital or operational expenditure), the approval of the recommended option is intended to support increased / continued operational efficiency.

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

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

- Risk Management Policy
- Significance & Engagement Policy

- Treasury Policy
- Procurement Policy

25. The recommended option is consistent with the principles set out in the named policies.

26. This matter is not included in the Long Term Plan/Annual Plan

#### Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

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27. None

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

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28. 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. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

29. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- 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

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A	Proposed Delegations from Council to the Chief Executive Officer
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