

# Strategy, Planning and Development Committee Agenda

**Date:** Thursday, 17 September, 2020

**Time:** 9:00 am

**Location:** Council Chamber  
Forum North, Rust Avenue  
Whangarei

**Elected Members:** Cr Shelley Deeming (Chairperson)  
Her Worship the Mayor Sheryl Mai  
Cr Gavin Benney  
Cr Vince Cocurullo  
Cr Nicholas Connop  
Cr Ken Couper  
Cr Tricia Cutforth  
Cr Jayne Golightly  
Cr Phil Halse  
Cr Greg Innes  
Cr Greg Martin  
Cr Anna Murphy  
Cr Carol Peters  
Cr Simon Reid

For any queries regarding this meeting please contact  
the Whangarei District Council on (09) 430-4200.

<b>1. Declarations of Interest</b>	
<b>2. Apologies</b>	
<b>3. Confirmation of Minutes of Previous Strategy, Planning and Development Committee Meeting</b>	
3.1 Minutes Strategy, Planning and Development Committee 20 August 2020	7
<b>4. Decision Reports</b>	
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4.2 Private Access Rename - Rukuwai Road	17
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<b>5. Information Reports</b>	
5.1 Permanent Vehicle Dwellers and Homelessness versus Camping in Public Places Bylaw	31
5.2 Local Government Funding Agency - Annual Report 2019-20	37
5.3 Operational Report - Corporate Group - September 2020	129
5.4 Strategy, Planning and Development Operational Report Sep 2020	145
<b>6. Public Excluded Business</b>	
<b>7. Closure of Meeting</b>	

Recommendations contained in the agenda are not the decisions of the meeting.

Please refer to minutes for resolutions.

## ***Strategy, Planning and Development Committee – Terms of Reference***

### **Membership**

**Chairperson** Councillor Shelley Deeming

**Members** Her Worship the Mayor Sheryl Mai  
 Councillors Gavin Benney, Vince Cocurullo, Nicholas Connop, Ken Couper, Tricia Cutforth, Jayne Golightly, Phil Halse, Greg Innes, Greg Martin, Anna Murphy, Carol Peters, Simon Reid

**Meetings** Monthly

**Quorum** 7

### **Purpose**

To oversee planning, monitoring and enforcement activities, and guide the economic and physical development and growth of Whangarei District.

### **Key responsibilities**

- Regulatory and compliance
  - Environmental health
  - General bylaw administration
  - Animal (dog and stock control)
  - Hazardous substances and new organism control
  - Parking enforcement (vehicles registrations and warrant of fitness)
  - Noise control
  - Food Act
  - Land use consents
  - Building Act
- Building Control
  - Property Information and Land Information Memoranda
  - Consents and inspections
- Resource Consents
  - Subdivision, land use and development control
  - Development contributions
- District Plan
  - Plan changes
  - District Plan administration
- Strategic Planning
  - Place based strategies (city centre), functional strategies (climate change)
  - Growth planning

- Urban design
- Reporting strategic trends and analysis
- Economic Development
  - District marketing and promotions
  - Developer engagement
- Commercial Property
- Marinas
- Airport
- Forestry
- Reporting on service delivery, including operational financial performance.
- Reporting on capital projects.
- Operational reporting for the Strategy and Democracy, Planning and Development, and Corporate groups within Council.
- Procurement – general procurement relating to the areas of business of this committee, within delegations.
- Shared Services – investigate opportunities for Shared Services for recommendation to council.
- Council Controlled Organisations (CCOs) – monitoring the financial and non-financial performance of CCOs whose functions would otherwise fall under the scope of this committee. Includes trading CCOs (CCTOs) and those CCOs exempted under the LGA. Responsibilities include:
  - advising on the content of annual Statement of Expectations to CCOs
  - agreement of the Statement of Intent
  - monitoring against the Statement of Intent
  - for exempted CCOs, monitoring and reporting as agreed between Council and the organisation

**CCOs accountable to this committee:**

- Whangarei District Airport – CCO
- Local Government Funding Agency (LGFA) - CCO

**Delegations**

- (i) All powers necessary to perform the committee's responsibilities, including, but not limited to:
  - a) approval of expenditure of less than \$5 million plus GST.
  - b) approval of a submission to an external body
  - c) establishment of working parties or steering groups.



- d) adoption of strategies and policies relating to the key responsibilities of this committee (except for those that cannot be delegated by Council under Clause 32(1)(f) of Schedule 7 of the LGA).
- e) power to establish subcommittees and to delegate their powers to that subcommittee.
- f) the power to adopt the Special Consultative Procedure provided for in Section 83 to 88 of the LGA in respect of matters under its jurisdiction (this allows for setting of fees and bylaw making processes up to but not including adoption).
- g) the power to delegate any of its powers to any joint committee established for any relevant purpose under clause 32, Schedule 7 of the Local Government Act 2002.



### Item3.1

#### Strategy, Planning and Development Committee Meeting Minutes

**Date:** Thursday, 20 August, 2020  
**Time:** 9:00 a.m.  
**Location:** Council Chamber  
 Forum North, Rust Avenue  
 Whangarei

#### In Attendance

Cr Shelley Deeming (Chairperson)  
 Her Worship the Mayor Sheryl Mai  
 Cr Gavin Benney  
 Cr Vince Cocurullo  
 Cr Nicholas Connop  
 Cr Ken Couper  
 Cr Tricia Cutforth  
 Cr Jayne Golightly  
 Cr Phil Halse  
 Cr Greg Innes  
 Cr Greg Martin  
 Cr Anna Murphy  
 Cr Carol Peters  
 Cr Simon Reid

#### Scribe

C Brindle (Senior Democracy Adviser)

#### 1. Declarations of Interest

Item 4.1 - New Road Naming Application - Ferguson

#### 2. Apologies

There were no apologies.

#### 3. Confirmation of Minutes of Previous Strategy, Planning and Development Committee Meeting

##### 3.1 Minutes Strategy, Planning and Development Committee held 16 July 2020

**Moved By** Cr Greg Martin

**Seconded By** Cr Nicholas Connop

That the minutes of the Strategy, Planning and Development Committee meeting held on Thursday 16 July 2020, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

**Carried**

#### **4. Decision Reports**

##### **4.1 New Road Naming Application - Ferguson**

**Moved By** Cr Nicholas Connop

**Seconded By** Cr Vince Cocurullo

That the Strategy, Planning and Development Committee:

1. Approve the name of the private accessway off Wellington Place as Couper Rise.

**Carried**

*Declaration of Interest:*

*Cr Ken Couper declared an interest and withdrew from discussions and voting on Item 4.1.*

##### **4.2 Whangarei Complete Streets Masterplan and Streetscape Design Manual Endorsement**

**Moved By** Cr Greg Innes

**Seconded By** Cr Anna Murphy

That the Strategy, Planning and Development Committee:

- a. Notes that the Whangarei Complete Streets Masterplan and Streetscape Design Manual provides a 30 year vision that will respond to development and change.
- b. Supports the Whangarei Complete Streets Masterplan and Streetscape Design Manual as a flexible framework for the revitalization of public streets and places in the central city.
- c. Supports consideration of projects providing for cycling and walking connections, and potential improvements to John and James streets, through the 2021 – 2031 Long Term Plan process.
- d. Notes that public consultation will be undertaken on projects and funding prioritised for inclusion in the 2021 – 2031 Long Term Plan.

Amendment

**Moved By** Cr Simon Reid

**Seconded By** Cr Vince Cocurullo

- d. Further projects will be decided on and initiated by Councillors in a timely fashion during the period of the 2021-2031 Long Term Plan, that have been subject to public consultation. Funding and prioritization of any projects will be decided by Councillors at the appropriate time.

*On the amendment being put Cr Halse called for a division:*

<b>Recorded</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Cr Shelley Deeming		X	
Her Worship the Mayor Sheryl Mai		X	
Cr Gavin Benney		X	
Cr Vince Cocurullo	X		
Cr Nicholas Connop		X	
Cr Ken Couper		X	
Cr Tricia Cutforth		X	
Cr Jayne Golightly		X	
Cr Phil Halse	X		
Cr Greg Innes		X	
Cr Greg Martin	X		
Cr Anna Murphy		X	
Cr Carol Peters		X	
Cr Simon Reid	X		
<b>Results</b>	<b>4</b>	<b>10</b>	<b>0</b>

**The amendment was Lost (4 to 10)**

**The motion was Carried**

*Crs Cocurullo, Halse and Reid requested their votes against be recorded.*

## **5. Information Reports**

### **5.1 Operational Report - Corporate Group - August 2020**

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Nicholas Connop

That the Strategy, Planning and Development Committee notes the Corporate Group operational report for August 2020.

**Carried**

**5.2 Operational Report - Strategy, Planning and Development - August 2020**

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Greg Martin

That the Strategy, Planning and Development Committee notes the Strategy, Planning and Development Operational report for August 2020.

**Carried**

**6. Public Excluded Business**

There was no business conducted in public excluded.

**7. Closure of Meeting**

The meeting concluded at 10.54am.

Confirmed this 17<sup>th</sup> day of September 2020

Councillor Shelley Deeming (Chairperson)

## 4.1 New Private Accessway Name – Totara Parklands – SD1900017

**Meeting:** Strategy, Planning and Development Committee  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Ricardo Zucchetto – Post Approvals Officer – RMA Consents

### 1 Purpose

To name a new private accessway in the Whangarei District to assign unique addresses for properties to be readily locatable by emergency services and service delivery providers.

### 2 Recommendation:

That the Strategy, Planning and Development Committee:

1. Approve the name of the private access lot 504 off Maui Place as Lindis Lane.

### 3 Background

A road naming application has been received to satisfy conditions of a subdivision for Totara Parklands to name a private access lot off Maui Place, Whangarei. The theme of the subdivision road names are New Zealand rivers, stream, dams and lakes. Lindis River is located in Otago. The proposed name is in accordance with Council's Road Naming Policy.

### 4 Consultation

No consultation was undertaken, or is required, as the developer owns the land.

### 5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

### 6 Attachments

- Totara Parklands – Road Naming Application – SD1900017
- Totara Parklands – Location Map – SD1900017







Our Ref: 11/008  
12 August 2020

**Whangarei District Council**  
**Private bag 9023**  
**Whangarei 0148**

Attention: Keryn Ryan

Dear Keryn,

**RE: TOTARA PARKLANDS - ROAD NAME APPLICATION**

In accordance with Consent SD1900017, please see below the developer's choices of road names within Stage 6a of the Totara Parklands subdivision. Lot 538 is to be vested in Council and Lot 540 is a private accessway. Lot 538 is a continuation of an existing road.

Road Name	Choice 1	Choice 2	Choice 3
Lot 538 extension	Maui Place (approved in Stage 1)		
Lot 540 (Access lot)	Lindis Lane	Cascade Place	Bowen Lane

All roads have been named after New Zealand rivers, streams, dams and lakes.

Regards,

**Blue Wallace Surveyors Ltd**

**Charlotte Nijssen**  
**Licensed Cadastral Surveyor**

**John Blue** B.Surv., NZCLS MNZIS  
**Murray Wallace** B.Surv., MNZIS  
**Tony Tynan** B.Surv., MNZIS

25 Harwood Street  
PO Box 38, Hamilton  
Ph: 07 839 7799  
Fax: 07 839 4455  
www.bluewallace.co.nz

- Registered Land & Engineering Surveyors
- Land Development Consultants
- Resource Management Planners
- Members of the Consulting Surveyors of New Zealand 
- Registered Professional Surveyors

Phone 07 839 7799

PROPOSED MEMORANDUM OF EASEMENTS			
PURPOSE	SERV. TENE.	SHOWN	DOM. TENE.
RIGHT OF WAY RIGHT TO CONVEY ELECTRICITY, TELECOMMUNI- CATIONS AND COMPUTER MEDIA, GAS & WATER RIGHT TO DRAIN SEWAGE & STORMWATER	LOT 540 HEREON	A	LOTS 6a-12 to 6a-19 HEREON

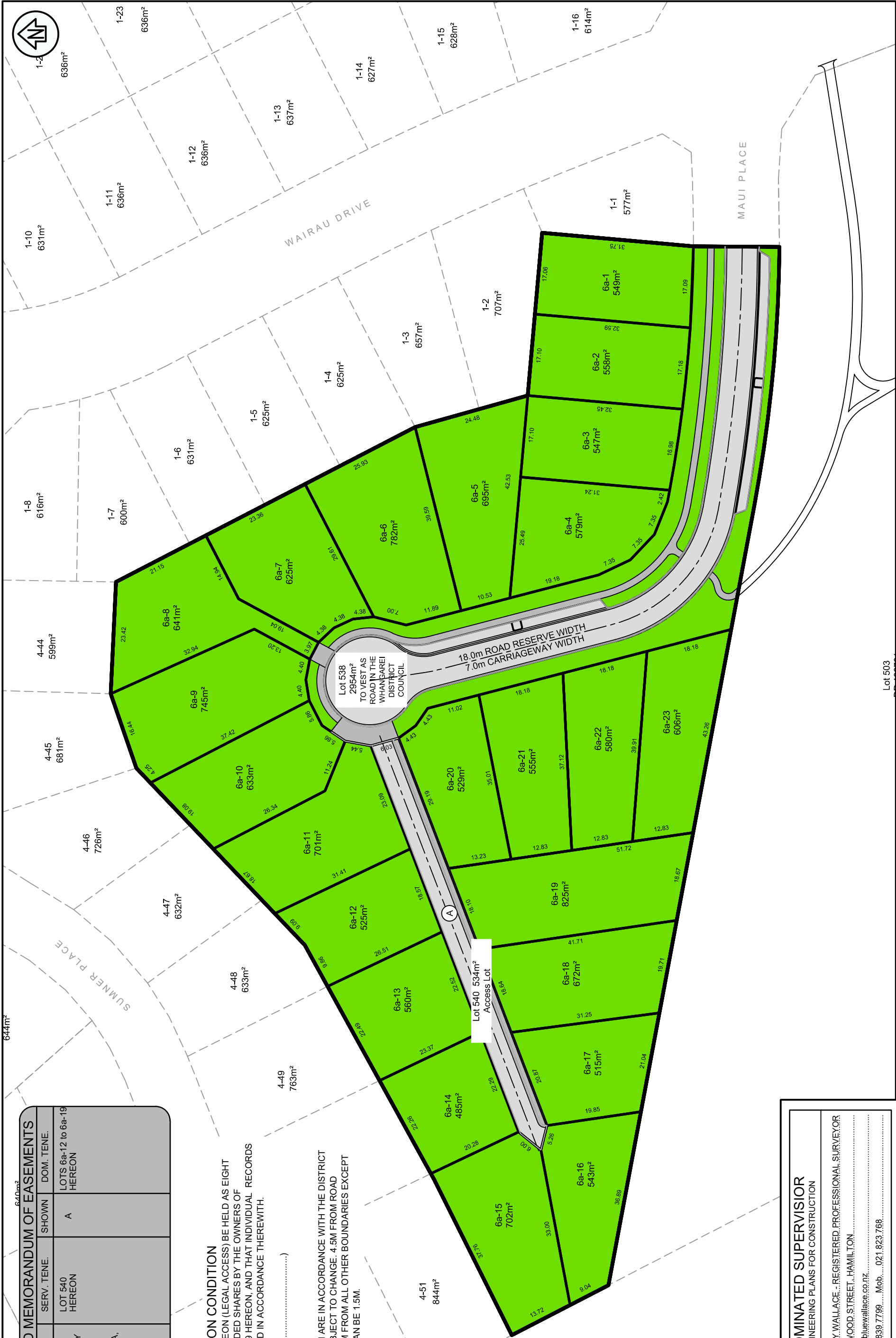
AMALGAMATION CONDITION

THAT LOT 540 HEREON (LEGAL ACCESS) BE HELD AS EIGHT ONE-EIGHTH UNDIVIDED SHARES BY THE OWNERS OF LOTS 6a-12 to 6a-19 HEREON, AND THAT INDIVIDUAL RECORDS OF TITLE BE ISSUED IN ACCORDANCE THEREWITH.

(SEE REQUEST.....)

NOTE

SETBACKS SHOWN ARE IN ACCORDANCE WITH THE DISTRICT PLAN AND ARE SUBJECT TO CHANGE. 4.5M FROM ROAD BOUNDARY AND 3M FROM ALL OTHER BOUNDARIES EXCEPT ONE BOUNDARY CAN BE 1.5M.



NOMINATED SUPERVISOR  
ENGINEERING PLANS FOR CONSTRUCTION

NAME: MURRAY WALLACE, REGISTERED PROFESSIONAL SURVEYOR  
ADDRESS: 25 HARWOOD STREET, HAMILTON  
E-MAIL: murray@bluewallace.co.nz  
PHONE: Wk: (07) 838 7799 Mob: 021 823 768

SCALE: 1:1500 @A3		DATE: DECEMBER 2018	
No.	Revision	Init.	Date.
0	FOR ENG. APPROVAL	JMC	12/16
1			
2			

Engineering Works Stage 6A  
Scheme Plan  
Totara Parklands, Wairau Drive, Whangarei

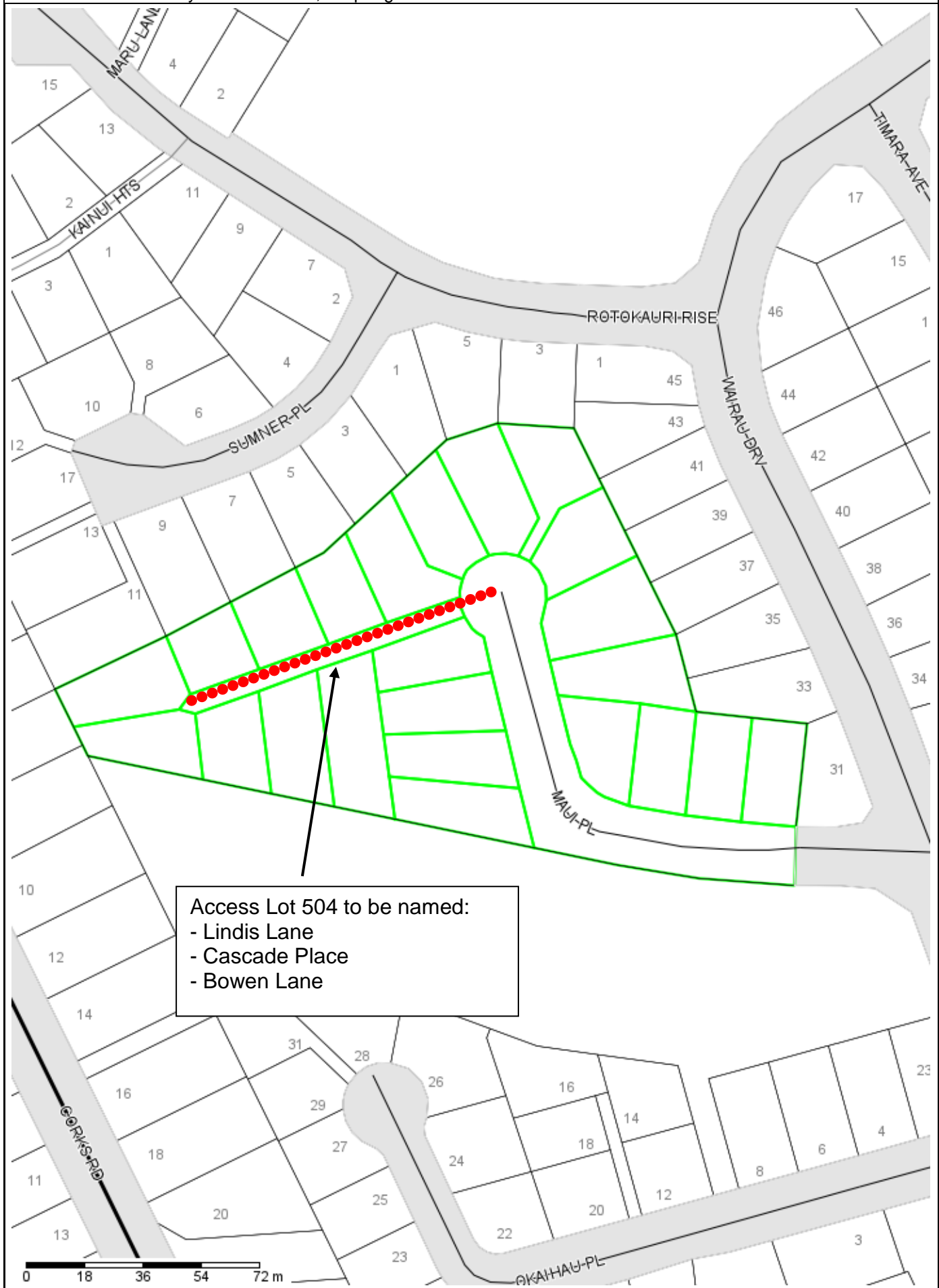


Blue Wallace  
Surveyors Ltd.

Datum:	Circuit: Mount Eden Circuit 2000 Height: One Tree Point Datum 1964
Resource Consent Number:	SD1900017
Drawing Reference:	11008-6A-EN-100
Revision:	0

# Totara Parklands – SD1900017 – Location Map

New Private Accessway off Maui Place, Tikipunga



Access Lot 504 to be named:

- Lindis Lane
- Cascade Place
- Bowen Lane



Scale: 1:1500  
Original Sheet Size A4

Print Date: 21/08/2020 1:29 PM

Projection: NZGD2000 / New Zealand Transverse Mercator 2000

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If information is vital, confirm with Whangarei District Council, Customer Services.



## 4.2 Private Accessway Rename – Rukuwai Road

**Meeting:** Strategy, Planning and Development Committee  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Ricardo Zucchetto – Post Approval Officer – RMA Consents

### 1 Purpose

To rename a private accessway in the Whangarei District to assign unique addresses for properties to be readily locatable by emergency services and service delivery providers.

### 2 Recommendation:

That the Strategy, Planning and Development Committee:

1. Rescind the following resolution adopted by Council on 10 September 2008:

“That the Infrastructure and Services Committee approve the private accessway off Taraunui Road as Rukuwai Downs Road”

2. Approve the rename of the extension of Rukuwai Road as Rukuwai Road.

### 3 Background

A road renaming proposal was received from the Addressing Team to resolve a historical road name proposal. An application (RC37841) was received in November 2003 for a 11 lot, multi-stage development of Rukuwai Road, Parua Bay with a condition of consent to name the private Right-of-Way. In August 2008 the developer proposed 3 names and their first option “Rukuwai Downs Road” was accepted and approved by the Infrastructure and Services Committee on 10 September 2008. The use of Rukuwai Downs Road contravenes the Road Naming Policy as it creates a duplication.

Only the first stage of the development proceeded with 4 allotments. The remainder of the development lapsed without the completion of the road naming process. That is, Rukuwai Downs Road was not formally processed to completion and is not an officially recognised name by external parties (LINZ, Emergency Services & NZ Post).

None of the properties along the private access have Rukuwai Downs Road as an address, they are all addressed as Rukuwai Road.

In considering “Section 5.8 Changing Existing Road Names” of the Road Naming Policy the Addressing Team and RMA Consents propose that the name Rukuwai Downs Road be rescinded to prevent obvious duplication and confusion with the existing Rukuwai Road and that the existing access be renamed Rukuwai Road.

Once renamed external parties will be notified of the change to accurately reflect the status.

## **4 Consultation**

As the historical road naming process was not completed there are no addresses of “Rukuwai Downs Road”. As such no consultation was undertaken as all existing property owners have the address type “Rukuwai Road” and their address will not change. This is considered an administrative exercise to clean up internal data.

## **5 Significance and engagement**

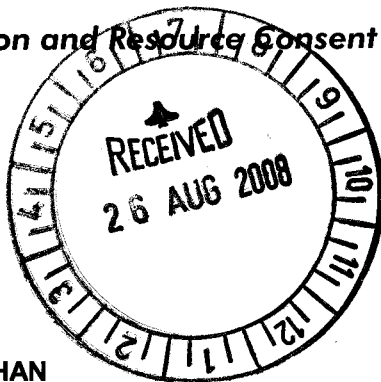
The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council’s Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

## **6 Attachments**

- RC37841 – Historical Road Name Application
- RC37841 – Council Approval of Rukuwai Downs Road
- Location Map of Rename

**Land Surveyors - Subdivision and Resource Consent Consultants**25<sup>th</sup> August 2008

The General Manager  
Whangarei District Council  
Private Bag 9023  
WHANGAREI

**ATTENTION: MICHAEL HENEHAN**

Our Ref: 8311

DOC ID

Dear Sir

**RE: SUBDIVISION – D.J & J.M TURNER – TARAUNUI ROAD – WDC REF: P039982.SD, RC 37841**

With reference to Condition 1(e) of the Resource Consent for Stage 2 i.e.

"The consent holder must provide three proposed access names for right of way A, in order of preference and giving reasons for each proposed name. These names are to be submitted to the Council for approval".

Please find attached a list of 3 road names for Whangarei District Council approval.

If you have any queries please don't hesitate to contact us.

Yours faithfully

**LANDS & SURVEY**

A.M KING

Encl.

**LANDS AND SURVEY LTD**

www.landsandsurvey.co.nz

WHANGAREI PO Box 744, 18 Reyburn Street, Tel 0-9 438 7568 Fax 0-9 438 4227  
DARGAVILLE 97 Victoria Street, Tel 0-9 439 6634, Fax 0-9 439 5028 (WED) WELLSFORD Rodney Street Tel 0-9-423 7599 (THURS)  
INCORPORATING HODGES & ELRICK LTD.

## DJ and JM Tuner Subdivision- Rukuwai Downs

### Proposed access names

#### 1.Rukuwai Downs Road.

This reflects the name we have given to the subdivision. The name relates to the stream (Rukuwai Stream) that flows beside the property .The contour of the property is river flats and rolling hills and we felt the use of Downs reflects this. The existing access road to the subdivision is Rukuwai Road. This road ends at the start of the subdivision . Once through the gates access through the subdivision is a continuation of this existing road .

#### 2.Turner Road.

Turner is our family name. We have owned the property for nearly 24 years. Most of that time we dairy farmed the land and over the last 5 years have developed it into the lifestyle subdivision.

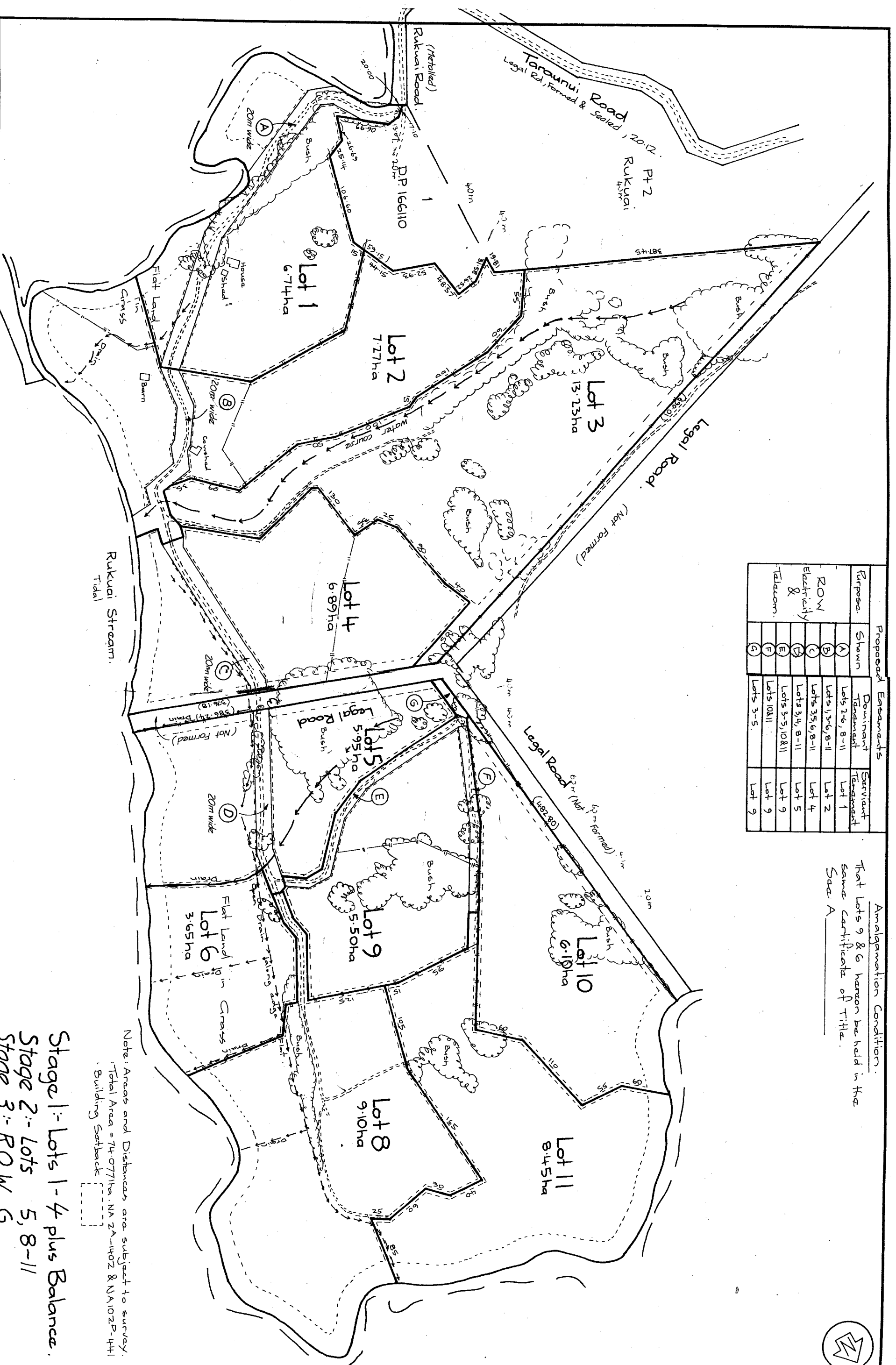
#### 3.Estuary View Road.

The road has views of the Pataua estuary.



Proposed Easements			
Purpose	Shown	Dominant Tenement	Servient Tenement
ROW Electricity & Telecom.	A	Lots 2-6, 8-11	Lot 1
	B	Lots 1, 3-6, 8-11	Lot 2
	C	Lots 3, 5, 6, 8-11	Lot 4
	D	Lots 3/4, 8-11	Lot 5
	E	Lots 3-5, 10, 8, 11	Lot 9
	F	Lots 10, 8, 11	Lot 9
	G	Lots 3-5	Lot 9

Amalgamation Condition.  
That Lots 9 & 6 hereon be held in the same certificate of title.  
See A



Note: Areas and Distances are subject to survey.  
Total Area = 74.071ha. NA 2A-1402 & NA102P-141  
Building Setback

Stage 1:- Lots 1-4 plus Balance.  
Stage 2:- Lots 5, 8-11  
Stage 3:- R.O.W. G



LAND & ENGINEERING SURVEYING  
CONSULTANTS & TOPOGRAPHICAL MAPS  
GEO & SURVEY ENGINEERS  
REGISTERED ENGINEERS (Surveyors)  
REGISTERED ENGINEERS (Geomatics)  
REGISTERED ENGINEERS (Civil)  
REGISTERED ENGINEERS (Electrical)  
REGISTERED ENGINEERS (Mechanical)  
REGISTERED ENGINEERS (Structural)  
REGISTERED ENGINEERS (Thermal)  
REGISTERED ENGINEERS (Water)

# Proposed Subdn of Lot 1 D.P. 176124 & Allotments 150 & 151 Parish of Owhiwa.

by	Surveyor	---	SHEET	(A2)
DRAWN	CHECKED	M.S.E.	SCALES	1:3000
TRADED	AC	DATE	Sept. 2003	R/W 704B



In reply please quote: 08/73346

Or ask for: Mike Henehan

10 September 08

Lands & Survey Ltd  
PO Box 744  
Whangarei

Attn: Maria King

Dear Maria

**Re: New Road Name RC37841 D J & J M Turner – Taraunui Road**

I reply to you letter dated 25 August 2008.

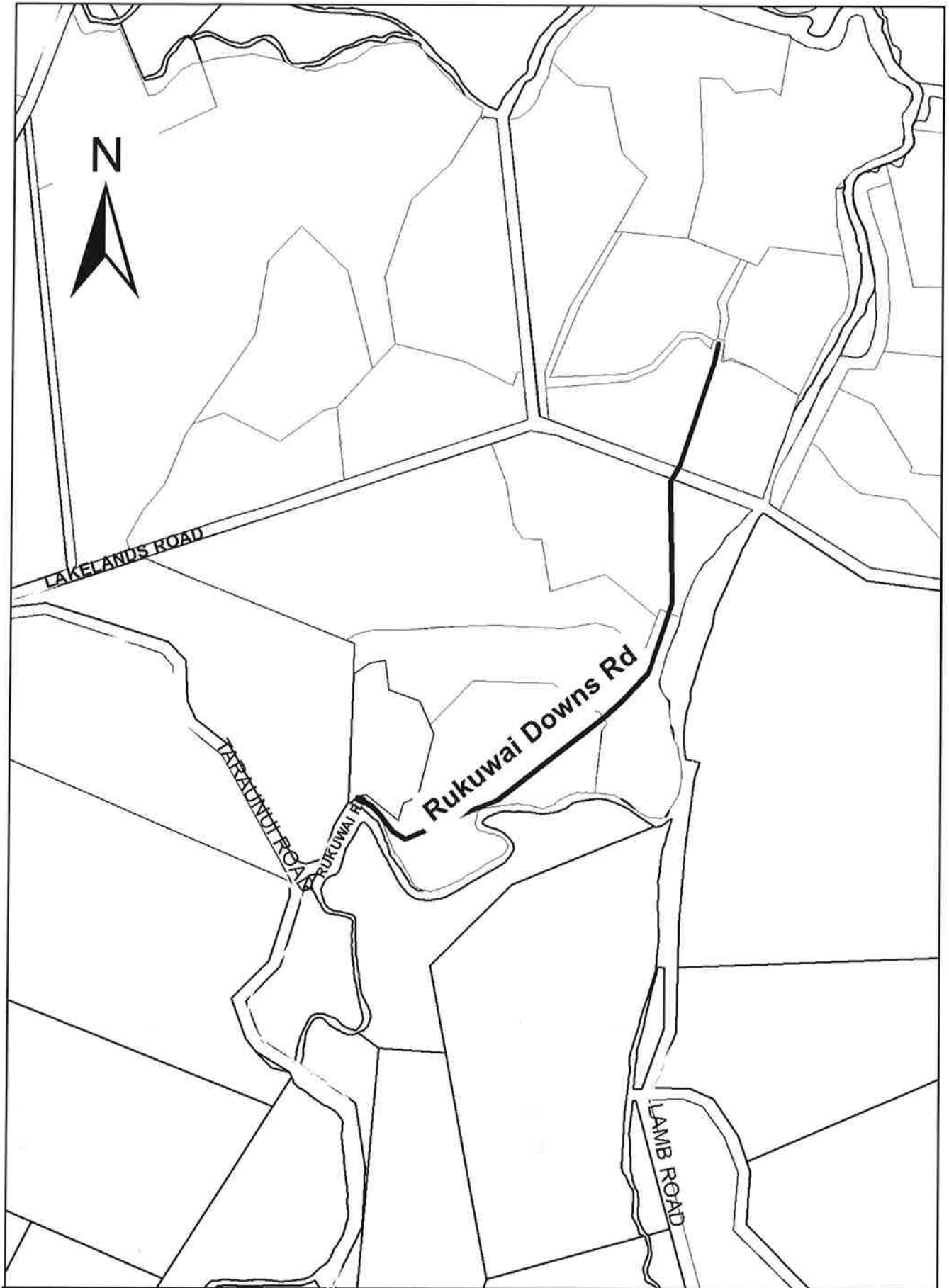
The Infrastructure and Services committee considered this matter on 10 September 2008 and resolved to name this new road Rukuwai Downs Road.

Enclosed is a copy of Council's requirements for the erection of street signs for private roads.

Please contact me if I can assist further.

Yours faithfully

M R Henehan  
Council Secretary



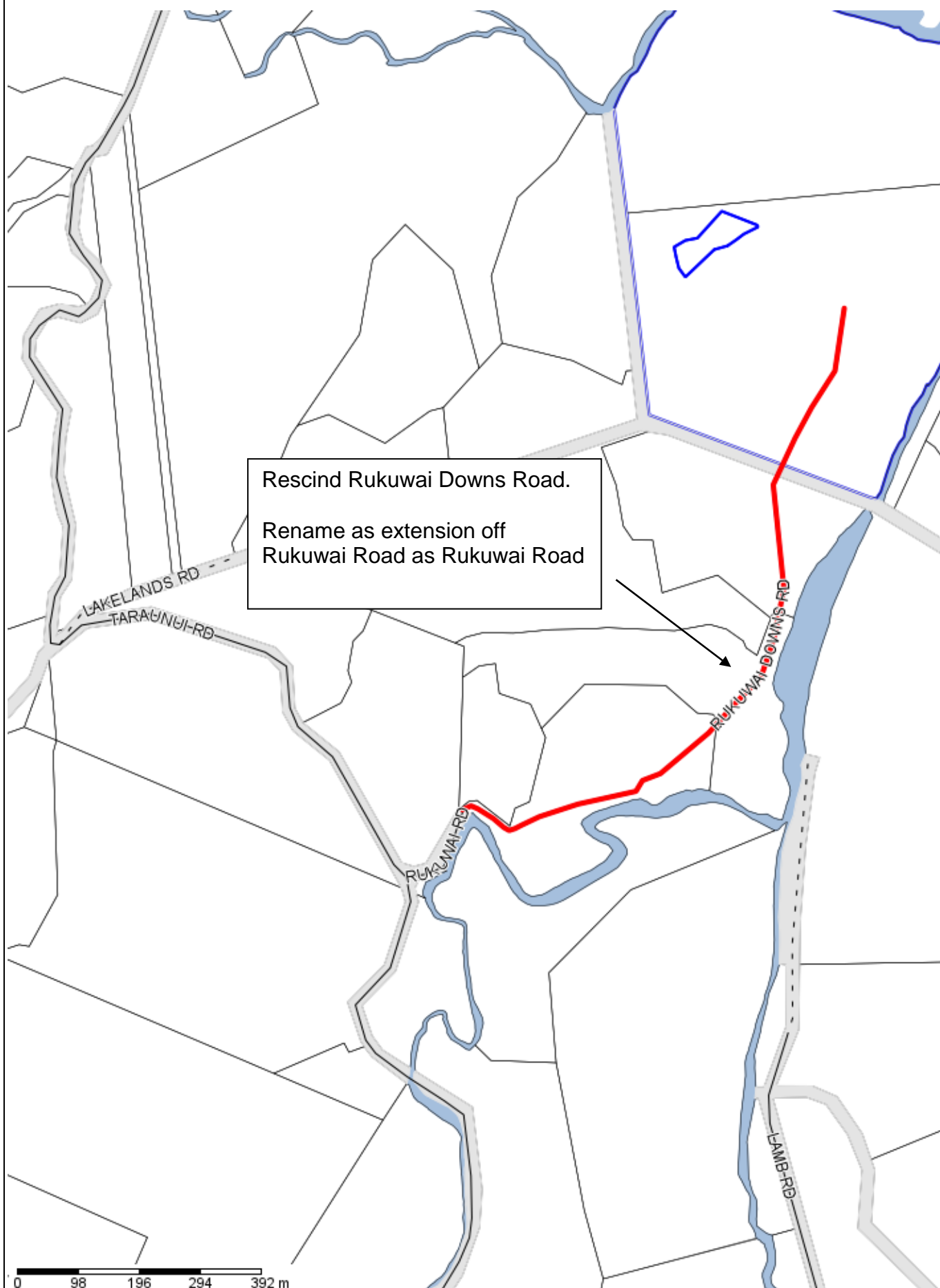
RC37841

**Rukuwai Downs Rd****Private Road**

Approved by Council 10/09/2008

# Historical Road Re-name – RC37841 – Location Map

Rukuwai Road extension



Scale: 1:8053  
Original Sheet Size A4

Print Date: 21/08/2020 11:48 AM

Projection: NZGD2000 / New Zealand Transverse Mercator 2000

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If information is vital, confirm with Whangarei District Council, Customer Services.



## 4.3 Proposed 2020-2021 Camping in Public Places Bylaw Monitoring & Enforcement Program and Cost Options

**Meeting:** Strategy, Planning & Development Committee  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Reiner Mussle

### 1 Purpose

To report on and select the most appropriate Education, Monitoring & Enforcement Programme option for the 2020/21 freedom camping season, based upon the associated cost and to ensure that sufficient funding is made available to cover the cost of the selected programme.

### 2 Recommendation/s

That the Strategy, Planning and Development Committee:

1. Notes this report.
2. Supports Option 1 for the 2020/21 Camping in Public Places Bylaw enforcement program.
3. In the event of MBIE funding not being made available, Council either approves up to \$135,322 of unbudgeted spend to provide the level of enforcement service outlined in Option 1 or;
4. Declines to enforce the responsible camping initiatives.

### 3 Background

Since the adoption of the Camping in Public Places Bylaw during October 2017 and over the last three years, Council has annually funded a comprehensive Education, Monitoring and Enforcement Program.

Last year's program (similar to previous years) again covered 23 priority sites and was split into two operating seasons, a Spring season from 26 October 2019 to 11 November 2019 and a Peak season between 12 November 2019 to 14 April 2020.

The Spring season saw sites monitored every second day and the Peak season had daily visits to each site. At the time, the total cost for this was set at approximately \$134,000.

In the end, this amount excluded the additional cost of having to operate COVID-19 related lockdown sites, as well as the additional monitoring and enforcement program associated with COVID-19.

The above program and its associated cost did not include the cost of again providing a successful Responsible Camping Initiatives or better known as the Freedom Camping Ambassador Program, which was funded through the Ministry for Business, Innovation and Employment (MBIE), Tourism Facilities Development Grant, which amounted to \$245,000. Without this grant Council would not have been able to provide the 2019/20 Ambassador program or indeed the enhanced monitoring and enforcement program.

During the Strategy, Planning and Development Committee meeting on 16 July 2020, Councillors received the Camping in Public Places: End of Season Report 2019/20. This report stated that a further report on the options and funding of the 2020/21 Monitoring and Enforcement program would be made available during September 2020 and where possible include commentary on any future MBIE funding grants for additional freedom camping initiatives, such as the Ambassador program.

## 4 Discussion

On 17 August 2020, MBIE released the 2020/21 Responsible Camping Funding application and as a result WDC again submitted and requested funding for an enhanced Ambassador and Enforcement Program to the value of \$260,000. Funding applications closed on 28 August 2020 and MBIE informs that the outcome of these funding applications can be expected by mid-September 2020.

Outside the above Ambassador program and as was the case during the last three seasons, Council again needs to provide sufficient funding and select the most appropriate monitoring and enforcement program to ensure that all high use or risk sites are visited and monitored for compliance and that all complaints related to the bylaw are investigated within the set priority targets.

The geographic location of our camping sites and the vast distances between these require enforcement officers travel large distances and much of their day is taken up by driving between locations, which adds to the cost of this program, both from a mileage travelled and time perspective.

A further consideration is whether or not peak season monitoring of all priority sites should be done (as was the case during previous years) daily or only every second day. Having sites visited only every second day would reduce the cost of the program substantially but would not allow the team to effectively monitor sites which have a one-day camping limit. Such a reduced monitoring would inevitably lead to an increase in complaints about breaches of the bylaw, complaints about insufficient monitoring and ultimately our inability to properly enforce the bylaw. Additionally, complaint response timeframes would suffer as in some cases complaints would only be responded to after one or two days, depending on their location and the next plan visit.

### 4.1 As a result, Council has the following Options:

#### **Option 1 – daily monitoring over Peak summer period**

This preferred and recommended option would see the Spring season (from 24 October to 19 December 2020) patrolled every second day and the Peak season (from 20 December 2020 to 5 April 2021) patrolled daily, with an extra officer assisting and patrolling between the main peak dates of between 20 December 2020 and 28 February 2021. This being similar to last season monitoring and covering the same 23 priority sites.

The total cost of this preferred option is calculated at \$135,322.04 for the full season.

#### **Option 2 – sites & complaints monitored only every second day**



One officer patrolling all 23 priority sites between 24 October and 5 April 2021 (same timeframe as above), but only visiting each site every second day. Any complaints would only be responded to and investigated during the set day for that area or zone and therefore might not be responded to until one or two days later. However, between the period of 20 December 2020 and 31 January 2021, an additional officer would be deployed to assist and provide better coverage.

The cost for this option is calculated at \$77,063.12. (Please note that due to the insufficient coverage, this option is not recommended)

#### **4.2 Financial/budget considerations**

Whilst the preferred option 1 is \$58,258.92 more expensive than option 2, option 1 is recommended as it provides daily monitoring of all sites between the peak season of 20 December 2020 to 5 April 2021 and provides the ability to respond to complaints daily, which is crucial.

In addition, our MBIE - Responsible Camping funding request of \$260,000 for 2020/21, includes a monitoring and enforcement component of up to \$80,000 which would greatly offset Council's enforcement cost and would go a long way in paying for option 1.

In addition, our MBIE - Responsible Camping funding request of \$260,000 for 2020/21, includes a monitoring and enforcement component of up to \$80,000 which would greatly offset Council's enforcement cost and would go a long way in paying for option 1. The outcome of this funding application due mid-September 2020

Operational budget cuts made in response to COVID-19 resulted in no budget in bylaw enforcement for freedom camping enforcement. Neither option 1 or 2 are currently funded for within the 2020-21 Annual Plan. If approved this would be unbudgeted spend and reported as an unfavourable variance.

#### **4.3 Policy and planning implications**

There are no Policy or Planning implications associated with this proposal.

#### **4.4 Risks**

Not adequately enforcing the bylaw and only visiting priority sites every second day, poses reputational risk and is likely to lead to an increase in complaints, which would not be able to effectively be attended to.

### **5 Significance and engagement**

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via [Agenda publication on the website, Council News, Facebook or any other channel you currently use to inform customers]



## 5.1 Permanent Vehicle Dwellers & Homelessness vs. Camping in Public Places Bylaw

**Meeting:** Strategy, Planning & Development Committee  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Reiner Mussle

### 1 Purpose

To provide Council with an update on permanent vehicle dwellers and homeless people living in cars and outline how Whangarei District Council (WDC) deals with these issues within the current authority, responsibility and resourcing.

### 2 Recommendations

That the Strategy, Planning and Development Committee:

1. Notes the report.
2. Notes that for the 2020/21 freedom camping summer season enforcement staff will continue to work with individual permanent vehicle dwellers and homeless people in a pragmatic and sympathetic manner, to achieve the best possible outcome for all.

### 3 Background

The Freedom Camping Act 2011 specifically defines what freedom camping means and this report addresses campers outside this designation or ("non-freedom" campers). This includes two very separate and distinct groups; ie

1. Homeless people living in cars or tents (usually without any services or without self-containment); and
2. Permanent Vehicle Dwellers (mainly living busses, campervans or caravans) with varying degree of self-containment.

The legal definition of freedom campers is included below:

*Under section 5 of the Freedom Camping Act 2011, freedom camping means:*

*(1) In this Act, **freedom camp** means to camp (other than at a camping ground) within 200 m of a motor vehicle accessible area or the mean low-water springs line of any sea or harbour, or on or within 200 m of a formed road or a Great Walks Track, using 1 or more of the following:*

*(a) a tent or other temporary structure:*

*(b) a caravan:*

*(c) a car, campervan, housetruck, or other motor vehicle.*

*(2) In this Act, **freedom camping** does not include the following activities:*

- (a) temporary and short-term parking of a motor vehicle:
- (b) recreational activities commonly known as day-trip excursions:
- (c) resting or sleeping at the roadside in a caravan or motor vehicle to avoid driver fatigue.
- (3) In subsection (1), **camping ground** means —
  - (a) a camping ground that is the subject of a current certificate of registration under the [Camping-Grounds Regulations 1985](#); and
  - (b) any site at which a fee is payable for camping at the site
- Great Walks Track** means—
  - (a) a track specified in [Schedule 1](#); and
  - (b) any other track specified by Order in Council made under [section 44](#) as a Great Walks Track.

Council's Camping in Public Places Bylaw 2017 in relation to the definition of freedom camping has the same meaning as s.5 of the Freedom Camping Act.

## 4 Introduction

On 16 July 2020 and during the Strategy, Planning and Development Committee hearing of the Camping in Public Places: End of Season Report 2019/20, the limitations of the Freedom Camping Act and the ability of our existing Camping in Public Places Bylaw (the bylaw) to deal with anyone not defined as a genuine freedom camper was highlighted.

Currently, both the act and the bylaw does not effectively allow Council to deal with, or manage permanent vehicle dwellers, or homeless people living in non-self-contained vehicles, such as cars. The issue of homeless people and permanent vehicle dwellers falls outside the scope of the review of the Camping in Public Places Bylaw.

The End of 2019/20 Season Report to Council further stated over the last three summer seasons council staff and our enforcement contractor, Armourguard have been trying to manage permanent vehicle dwellers and homeless people sympathetically and pragmatically, but it was getting more difficult to balance the wishes and needs of this community, against complaints from the general public, genuine freedom campers and those who don't necessarily understand the differences between the two groupings, especially as it relates to the applicable bylaw rules.

Specific complaints about permanent vehicle dwellers and homeless people usually relate to the following:

- Why are these groupings allowed to stay at specific sites?
- Why are they allowed to exceed specific time/day limitations?
- Why are they allowed to stay and live in vehicles, which do not (always) display self-containment certification?
- Why does Council allow alleged unsightly vehicles to stay at prominent and highly visual locations?

A further investigation has been done to analyse this complex matter and where possible identify options on whether or not any practical solutions or options are available to Council, which could be implemented during the 2020/21 freedom camping summer season.

## 5 Discussion

### 5.1 Homelessness:

Whilst homelessness or people living in cars is not new to New Zealand or Whangarei, this has largely gone unnoticed by the general public and to a lesser degree the bylaw enforcement team. This is because this group usually seeks and is readily provided with

support from the Ministry of Social Development (MSD), as well as other support agencies, such as Open Arms. However, sometimes it is chosen as a preferred lifestyle and people do not want help from government agencies and non-government organisations. In addition, this group often makes use of discrete locations, usually only at night and don't necessarily frequent our more popular freedom camping sites.

However, this issue has come to the fore during the March 2020 to June 2020 COVID-19 lockdown period when WDC was asked by the Police and the Medical Officer of Health, to ensure everybody not living in permanent accommodation and caught up in the lockdown, move to centrally situated locations, so these individuals could be better managed and have easy access to support or essential services.

This focus then resulted in WDC establishing that not only did we have 'trapped' freedom campers and people living permanently in vehicles, but also a component of homeless people, sleeping mainly in cars. At the time, many of these homeless people were assisted by MSD and found suitable temporary accommodation. Others however, often due to complicating factors, (such as having companion animals) were unable or unwilling to take up formal temporary accommodation and thus were supported by WDC with basic facilities at one of our inner-city lockdown sites.

The focus of this report is not to quantify Whangarei's homelessness issue, or to suggest Council now needs to make resources available to address this social issue, but purely to highlight the fact that this grouping exists, there is a need and Council has a role to play.

MSD and other social service providers are generally aware of the existence of individual homeless persons and the difficulties they face. Where they are not, staff and our enforcement contractor are ideally placed to continue to refer these individuals to social service agencies, as has been the case in the past.

The provision of temporary accommodation is the responsibility of MSD. Currently, Council has no formal mandate or budget to provide temporary social housing, or temporary basic services to homeless people, such as dedicated sites and/or ablution facilities.

Council's role in relation to this is to continue put these individuals in contact with the relevant agencies who can offer assistance, but also to note some of these people who live in cars, will at times, utilise some of our freedom camping sites and other public spaces, either in compliance or not of the relevant bylaws.

In addition, we need to continue to educate the general public that homelessness is a social issue and not a freedom camping or bylaw enforcement matter and as a result no changes in the way we currently interact with homeless people is proposed.

## **6 Permanent Vehicle Dwellers (PVD):**

The exact number of individuals or vehicles associated with this group is unknown. Towards the end of the first COVID-19 lockdown (end of May 2020) we had as many as 35-40 vehicles within our various inner-city lockdown sites. Since then most of these have dispersed, but a core grouping of between 10-20 vehicles remain within the district, usually at Cobham Oval or other inner-city public car parks and/or camping sites.

The needs and wishes of PVD are wide ranging and complex. Again, often it is a preferred lifestyle choice. The level of amenity provided varies greatly and the level of self-containment, ranges from:

- (a) non-self-contained;
- (b) self-contained, but without certification (because they don't subscribe to it or can't afford it); to
- (c) fully self-contained and certified.

It is estimated most of this grouping fall under category (a) or (b) and are thus not fully self-contained or certified and by default excluded from many of our self-contained freedom camping sites or otherwise restricted.

Some of this group do not want to be on public land, but either can't find suitable private land to position themselves on or cannot afford or choose not to pay commercial camp site rates.

Some of this group want Council to allow them to stay on public land and/or freedom camping sites, either free of charge, or for a small (permit) fee. This is currently not an option under the Public Places Bylaw.

WDC Parks & Recreation; Commercial Property Portfolio and Strategy departments have been consulted and all possible WDC owned and managed sites have been considered, including those sites contained in the Camping in Public Places Bylaw. None of these are deemed suitable to establish, either a temporary or permanent PVD site.

Due to the varying level of self-containment, any future permanent PVD site(s) would most likely have to include the provision of basic services, such as water, toilets, showers, dump stations, etc. Most of our existing freedom camping sites or public land utilised by PVD, does not provide the services this group requires.

If the Council chooses to support PVD, any new PVD site would need to be planned and budgeted for and would require a substantial financial commitment.

Many of our existing public facilities (sites potentially suitable for use by PVD), such as Pohe Island have been developed for specific community user groups (Rugby; Football etc.) and at great cost and even where that would allow for PVD, would require agreement from users and Council. My discussions with the above department managers have not identified any available sites.

I have also approached commercial campgrounds, and these are either not able or willing to accommodate PVD, either due to size or operational restrictions, or as their focus is on tourists (campers), opposed to PVD, even if the question of cost/payment was able to be resolved.

In addition, many of the PVD I have spoken to and, for a variety of reasons, would like to remain within the wider city centre area and are not keen to relocate to more remote sites.

Our current Public Places Bylaw does not include an ability to allow or facilitate the use of a building, tent, caravan or other vehicle for the purpose of living accommodation. As a result, the potential option of facilitating a permit process through which PVD's are accommodated within the district, is not currently allowed under the Public Places Bylaw.

Subject to further legal advice, one option is to propose such a provision as an amendment to the Public Places Bylaw, to be consulted on simultaneously with the review of the Camping in Public Places Bylaw.

A further option is to rely on clause 11.3 of our Camping in Public Places Bylaw which states:

*"Permission may be sought from Council to waive or modify camping restrictions in an area listed in Schedules 2,3, or 4 and/or the restrictions as set out in clause 6.4. Any consent granted may be subject to such conditions as Council considers appropriate. Consent must be applied for in writing."*

However, such a waiver or modification of the rules could be met with criticism and complaints from nearby residents and other site users, as is already often the case.

Based on this, Council and delegated officers already have the ability (where deemed appropriate) to waive or modify bylaw related camping restrictions and therefore could continue to deal pragmatically and sensitively with individual PVD's or arising situations, as we've indeed have done over the last three seasons.

## **7 Conclusion**

### **7.1 Maintaining the status quo**

Over the last three seasons, staff and our enforcement contractor, Armourguard have managed to deal with individual PVD and homeless people and complaints about these in a pragmatic and sympathetic manner and we will be able to do so in future.

It is recommended enforcement staff continue to deal with and manage PVD and homeless people, as stated above and has been the case in the past, whilst the review of the Camping in Public Places Bylaw continues.

### **7.2 Financial/budget considerations**

For the 2020/21 summer season and for both homeless people sleeping in cars and PVD, the recommended continuation of the status quo of dealing with both groupings on a case-by-case, pragmatic and sympathetic manner, without operating specific PVD sites does not add any financial burden, as this can be managed within proposed enforcement budgets.

### **7.3 Policy and planning implications**

The above proposal does not trigger any additional policy or planning implications.

### **7.4 Risks**

The risk of continuing to manage these groupings, as has been done during previous seasons, is minimal.

## **8 Significance and engagement**

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy.





## 5.2 Local Government Funding Agency – Annual Report 2019-20

**Meeting:** Strategy Planning and Development Committee  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To provide the Local Government Funding Agency (LGFA) Annual Report for 2019-20.

### 2 Recommendation

That the Strategy Planning and Development Committee notes the Local Government Funding Agency Annual Report for 2019-20.

### 3 Background

Section 67 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders, and make available to the public, a report on the organisation's operations for the year.

### 4 Discussion

The LGFA has been operational since 2011. The Annual Report for 2019-20 is attached.

The covering letter sent to LGFA shareholders with the Annual Report is also attached.

Some of the most significant achievements for the year were:

1. **Made longer dated borrowing options available to an increased number of council borrowers**  
 By 30 June 2020, LGFA had loans outstanding of \$10.90 billion. This is an increase over the past year of \$1.59 billion, with three new council members to bring the number of member councils to 67.
2. **Provided certainty of access to markets through a difficult financing environment**  
 It was pleasing that LGFA was able to deliver on its objective of ensuring councils could access financing during the very difficult COVID-19 period where capital markets were essentially locked down.

3. **Gained significant market share of sector borrowing for the year.**

For the 12-month period to 30 June 2020, LGFA provided 85.7% of the sector borrowing.

4. **A strong financial position has ensured a dividend payment of 3.512% for shareholders.**

The financial strength of LGFA has been enhanced with a Net Operating Profit of \$10.6 million for the 2019/20 year and Shareholder Equity of \$83.62 million as at 30 June 2020. The value of total assets is \$13.174 billion. A \$878,500 dividend has been declared by the LGFA Board for the year ended 30 June 2020, with WDC's share being \$26,228.

The LGFA Annual General Meeting is to be held on 19 November 2020. A further item outlining the AGM Agenda and related matters (including those Council can vote on) will be brought to the 15 October 2020 Committee meeting.

## 5 **Significance and engagement**

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

## 6 **Attachments**

1. LGFA Letter to Shareholders dated 28 August 2020
2. LGFA Annual Report 2019-20

28 August 2020

Dear Shareholder

### LGFA 2020 Annual Report

I have attached our Annual Report for 2020 as required under section 8 of our Statement of Intent (SOI). We are pleased to highlight another strong year for LGFA that included several achievements.

**1. We have made longer dated borrowing options available to an increased number of council borrowers**

By 30 June 2020, LGFA had loans outstanding of \$10.90 billion. This is an increase over the past year of \$1.59 billion and we added three new council members to bring the number of member councils to sixty-seven.

**2. Provide certainty of access to markets through a difficult financing environment**

It was pleasing that LGFA was able to deliver on its objective of ensuring councils could access financing during the very difficult COVID-19 period where capital markets were essentially locked down.

**3. Significant market share of sector borrowing for the year.**

For the 12-month period to 30 June 2020, LGFA provided 85.7% of the sector borrowing and we are appreciative of the support from our borrowing councils.

**4. A strong financial position has ensured a dividend payment of 3.512% for shareholders.**

The financial strength of LGFA has been enhanced with a Net Operating Profit of \$10.6 million for the 2019/20 year and Shareholder Equity of \$83.62 million as at 30 June 2020. The value of our total assets is \$13.174 billion. A \$878,500 dividend has been declared by the LGFA Board for the year ended 30 June 2020 and we will be sending out the dividend notice to you shortly. The dividend rate is \$0.03514 per paid up share and will be paid to you on Friday 6 September.

A copy of the Annual Report is attached, and it is also be available on our website [www.lgfa.co.nz](http://www.lgfa.co.nz). If you would like a hard copy version, please contact [jane.phelan@lgfa.co.nz](mailto:jane.phelan@lgfa.co.nz).

We intend holding our Annual General Meeting (AGM) on Thursday 19<sup>th</sup> November 2020 in Wellington and will send out a Notice of AGM by Friday 18<sup>th</sup> September 2020.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards



Mark Butcher  
Chief Executive



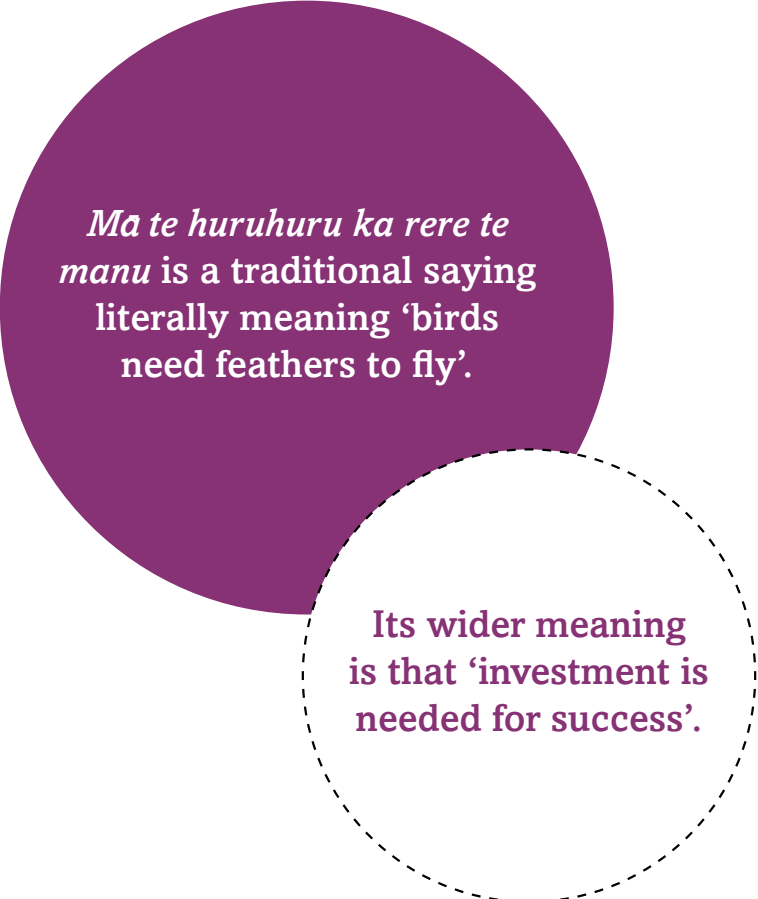
# Financing New Zealand councils' infrastructure investment

**Te tuku pūtea  
ki te haumitanga  
hanganga kaunihera  
o Aotearoa**

Annual report  
30 June 2020



NEW ZEALAND LOCAL  
GOVERNMENT FUNDING AGENCY  
TE PŪTEA KĀWANATANGA Ā-ROHE



*Mā te huruhuru ka rere te manu* is a traditional saying literally meaning ‘birds need feathers to fly’.

Its wider meaning is that ‘investment is needed for success’.

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# Message from the Chair and Chief Executive

## He karere mai i te Toihau me te Tumuaki

**For the year ended 30 June 2020**

*“LGFA’s robust business model was built by stakeholders who had experienced the severe funding challenges of the Global Financial Crisis. That prescience was rewarded by the performance of LGFA during the funding challenges resulting from COVID-19”*



Craig Stobo, Board Chair

We are pleased to record another period of strong financial and non-financial performance to 30 June 2020 and to highlight the following developments over the past year.

### **Strong Financial and Operational Performance**

LGFA total interest income for the financial year of \$370.2 million was a 2.5% increase over the 2018-19 financial year result of \$361.1 million while net operating profit of \$10.6 million for the financial year was a 5.2% decrease on the 2018-19 financial year result of \$11.2 million.



Mark Butcher, Chief Executive



While net interest income and net operating profit were lower than the previous year's result, they did exceed the Statement of Intent (SOI) forecasts due to the larger than expected growth in council loans. Lower profitability compared to the prior year was due to the lower level of interest rates reducing income on the Liquid Assets Portfolio and the refinancing by councils of their previous higher margin loans as they matured with lower margin loans.

Expenses have been managed under the SOI budget over the financial year. Lower fees from a reduced utilisation of the standby facility and lower Approved Issuer Levy (AIL) payments due to lower offshore investor holdings relative to forecast were positive. These savings were partially offset by higher legal and NZX costs associated with the record amount of LGFA bond issuance.

The financial strength of LGFA was affirmed by credit rating agencies S&P Global Ratings and Fitch Ratings who both maintained our credit rating at 'AA+' which, very importantly, is the same as the New Zealand Government. In January 2020, Fitch Ratings placed our long-term foreign currency rating on positive outlook while S&P Global Ratings retained the positive outlook on both our local and foreign currency ratings.

### Borrowing activity

LGFA issued a record \$3.31 billion of bonds over the financial year (including a net increase of \$400 million of treasury stock) and outstandings now total \$11.66 billion (including \$800 million of treasury stock) across nine maturities from 2021 to 2033. The amount issued during the year was significantly more than the average historical issuance amount of \$1.60 billion per financial year.

LGFA is the largest issuer of New Zealand dollar securities after the New Zealand Government and our bonds are amongst the largest and most liquid New Zealand dollar debt instruments available for investors. It is pleasing to note increased activity in the secondary market in our bonds.

The performance of LGFA bonds over the past year was also pleasing with LGFA bond spreads to NZGB tighter on all LGFA bond maturities. While LGFA bond spreads to swap were narrower in the 2020 to 2025 maturities, spreads were wider on the longer-dated LGFA bonds. Outright yields declined between 109 bps (1.09%) on the 2033 maturity and 120 bps (1.20%) on the 2024 maturity over the year.

### Lending to the sector

LGFA was established in December 2011 to provide long-dated borrowing, certainty of access to markets

and to reduce the borrowing costs for the local government sector. The original 31 shareholders, including the Crown, remain as shareholders. Over the past year, we added three new members with Taranaki Regional, Kaikoura District and Carterton District Councils joining. Total membership is now 67 councils, and this is expected to rise in the coming year.

Long-dated lending to councils over the 2019-20 year was \$2.33 billion as councils refinanced their April 2020 loans and increased their borrowing to fund infrastructure projects. This was slightly less than the record amount of \$2.45 billion in the prior year but our estimated market share of 85.7% remained high. The average tenor of long-dated borrowing by councils of 5.4 years over the 12-month period was shorter than the prior year's 6.0 years.

Short-dated lending for terms less than 12 months continues to be supported by councils and as at 30 June 2020, LGFA had \$316 million of short-term loans outstanding to twenty-seven councils.

### The changing world and sector outlook

The success of LGFA over the past eight years has been in part due to its ability to evolve and adapt to meet the needs of the local government sector. This has been apparent with the introduction of new products and the introduction of long-dated bond maturities allowing councils to undertake long-dated borrowing.

The sector is now considering its part in the COVID-19 economic recovery as well as responding to the Central Government proposal for the restructure of the three waters (drinking, waste and storm waters). These may have a medium-term impact on the sector but LGFA remains comfortable in its ability to assist the sector in meeting any changes as a result of these initiatives.

### The impact from COVID-19 on the sector and LGFA

The local government sector has felt the impact from COVID-19. The move to level 4 lockdown in March resulted in the closure of community facilities and a corresponding loss of revenue from fees and charges. In addition, some councils experienced reduced income from their investments. A further impact will be felt in the 2020/21 financial year as some councils reduce planned rate increases in recognition of a growing level of hardship in their communities. Councils have responded by reducing non-essential operational expenditure while still maintaining core council services. Most councils have looked to retain their planned capital

expenditure budgets over the 2020/21 financial year on the basis that this expenditure will play a part in their local economic recovery.

Additional support for the local authority sector has been provided by the Government through grant funding for both shovel-ready projects and the first stage of the three-waters reform. On-going grant funding from the Provincial Growth Fund will also assist a number of councils. This additional grant revenue from the government will be significant in helping councils in the delivery of their long term capital expenditure programmes as well as providing economic stimulus to local economies over the coming year.

The consequences of Covid-19 presented LGFA with challenges and opportunities. The overriding challenge was the announcements by the New Zealand Government on 17 March and 1 April that the bond programme for the 2019-20 financial year would rise from \$10 billion to \$13 billion and then to \$29 billion respectively. This enormous shift had the effect of potentially 'crowding out' borrowers in NZ dollar debt markets including LGFA. Crucial price making by our banking intermediaries became erratic and market liquidity evaporated.

This meant our investors could not manage their portfolios; and LGFA faced the real prospect of being unable to issue bonds around the time of its April 2020 bond maturity. At the same time our council clients' demand for funding increased substantially as they faced revenue shortfall uncertainties. These pincer pressures meant LGFA faced the prospect of drawing down its Liquid Assets Portfolio to provide funding to Councils.

At a strategy day on 18 March, the Board approved the following actions to strengthen both the Company's capital and investor confidence:

- to increase the percentage of borrower notes that a council subscribes for when undertaking long term borrowing from LGFA from 1.6% to 2.5% of their borrowing
- to increase the on-lending margin to councils from 10 bps to 20bps
- to accelerate discussions with the Crown to extend and increase LGFA's \$1 billion liquidity facility beyond its December 2021 expiry; and
- to commence discussions with the RBNZ to add LGFA bonds to its Large-Scale Asset Purchase (LSAP) programme.

LGFA successfully achieved all these objectives. Market liquidity returned, we syndicated a record \$1.10 billion of a 2026 bond in mid-April following on from numerous investor conference calls to explain the COVID-19 impact on the sector and the response by LGFA. Councils received their required

funding during this period and our Liquid Assets Portfolio increased to over \$1 billion in size.

In addition, and throughout the year, LGFA sought to enhance secondary market liquidity through doubling the amount of treasury stock held by LGFA (available for stock lending) and increasing the soft cap on each individual LGFA bond maturity to \$1.75 billion.

We have also received stakeholder approval to undertake two significant changes in the past year. We have increased the Net Debt / Total Revenue covenant for councils with a long-term credit rating of 'A' equivalent or higher. This will assist councils with greater financial flexibility through the COVID-19 economic recovery phase as well as reflecting the strong financial position of the sector. We have also progressed work on LGFA being able to lend directly to a Council-Controlled Organisation (CCO) and we expect to undertake our first loan to a CCO by the end of the 2020 calendar year.

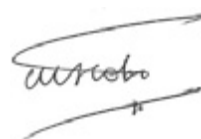
## Global Reporting Initiative

Finally, this year's annual report is our first report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option). The GRI Standards are the world's most widely used sustainability reporting standard.

Reporting on our material issues under the GRI framework expands environmental, social and governance (ESG) performance reporting with the aim of meeting the wider sustainability reporting expectations of stakeholders and will provide an opportunity for us to evolve our business strategy over time to create greater value for our stakeholders and society.

## Acknowledgments

The Company's work cannot be implemented without the support of our staff, fellow directors, Shareholders Council, New Zealand Debt Management (NZDM) and the Reserve Bank of New Zealand, all whose efforts should be acknowledged. We believe the Company's future remains positive and look forward to working with all stakeholders in the year ahead.



**Craig Stobo**  
Chair, LGFA Board



**Chief Executive**





LGFA Staff, from left: Mark Butcher, Ariadne Clarke, Neil Bain, Jane Phelan, Sumitha Kaluarachi, Andrew Michl, Koshick Ranchhod



LGFA Board of Directors, from left: John Avery, Linda Robertson, Craig Stobo, Anthony Quirk, Philip Cory-Wright, Mike Timmer

# Performance highlights

## Ko ngā tino hua

Bonds issued  
over the financial year  
(excluding treasury stock)

**\$2,905**  
million

Lending to councils  
over the financial year

**\$2,328**  
million

Total interest income

**\$370.2**  
million

▲ **2.5%**

increase over the 2018-19  
financial year

Net operating profit

**\$10.6**  
million

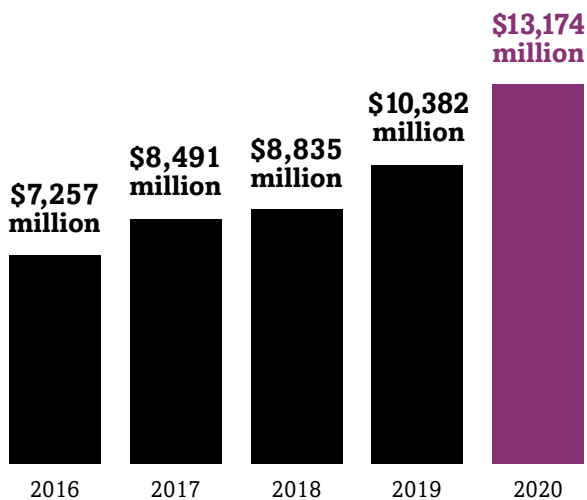
▼ **5.2%**

decrease over the 2018-19  
financial year

## Total assets

30 June 2020

**\$13,174**  
million



## Liquidity

30 June 2020

**\$166**  
million Cash

**\$589**  
million Marketable securities

**\$500**  
million Bank and term deposits

**\$800**  
million Treasury Stock for repo

**\$700**  
million Government committed liquidity facility  
\$1 billion total limit available

## Shareholder funds

30 June 2020

**\$83.6**  
million

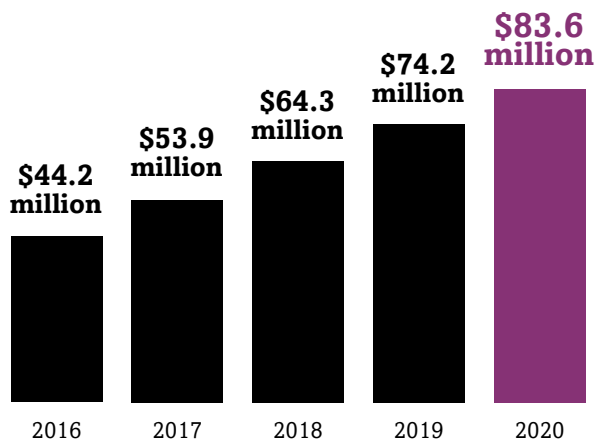
Fully paid shares

**\$25**  
million

Retained earnings

**\$58.6**  
million

## Shareholder equity



Borrower notes

**\$182**  
million

Borrower notes are subordinated convertible debt instruments subscribed for by borrowing councils.

# Performance against objectives Ko ngā whakatutukinga ki ngā whāinga

**The statement of service performance details LGFA's performance against the objectives and targets set out in the LGFA Statement of Intent 2019-20 (SOI)**

## 2019-20 performance objectives.

The SOI set out two primary performance objectives and eight additional objectives for LGFA for the year ended 30 June 2020:

### Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Offering short and long-term borrowings with flexible lending terms;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Being the debt funder of choice for New Zealand local government.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
- Implement the changes to the Foundation Policies that were approved at the November 2018 AGM to allow for lending to CCOs. Changes to operational policies and practices need to ensure that no additional risk is borne by lenders, guarantors or the Crown; and
- LGFA will analyse finances at the Council group level where appropriate and report to shareholders as to which Participating Local Authorities are measured on a group basis.

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.



## Additional objectives

LGFA has several additional objectives which complement the primary objectives. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy;
- Provide at least 75% of aggregate long-term debt funding to the Local Government sector;
- Achieve the financial forecasts (excluding the impact of AIL) set out in section 4 of the SOI;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4 of the SOI;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Introduce CCO lending by December 2019 and report quarterly, the volume of lending to CCOs; and
- Comply with its Treasury Policy, as approved by the Board.

## Performance against primary objectives

This section sets out LGFA's performance for the year ended 30 June 2020 against the two primary objectives set out in the 2019-20 SOI.

LGFA will operate with the primary objective of optimizing the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

### 1. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;

LGFA lending base margins are 20 basis points (bps) for all borrowing terms between May 2021 and April 2033 following an increase of 10 bps in March. We had previously reduced margins in June 2018 but in March the LGFA Board increased these following its biennial Capital Structure Review. The base margin charge covers our operating costs and provides for our capital to grow in line with the growth in

our balance sheet to maintain a satisfactory capital buffer. There is an additional credit margin added to the base margin depending upon whether a council has a credit rating or is a guarantor or not a guarantor.

Our estimated annual savings to councils are between -4 bps and 10 bps depending upon the term of borrowing. These estimates are based upon the secondary market levels at 30 June 2020 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils. A cautious approach needs to be taken in drawing conclusions from the data as it is based upon an implied level in the secondary market and not on actual issuance costs. LGFA is a constant issuer of debt and the size of debt tranches are also an important factor eg. the Dunedin 2021 bond has \$70 million on issue compared to \$1.55 billion of the comparable LGFA bond. Borrowing margins of all issuers have narrowed over the past quarter but LGFA borrowing margins have moved less than other borrowers due to our large volume of issuance.

As at 30 June 2020	Savings to AA rated councils (bps)			
	Dunedin 2021	Auckland 2022	Auckland 2025	Dunedin 2026
AA rated councils margin to swap (bps)	36	33	56	75
Less LGFA margin to swap (bps)	(8)	(18)	(40)	(45)
LGFA gross funding margin advantage (bps)	28	15	16	30
Less LGFA base margin (bps)	(20)	(20)	(20)	(20)
Total savings (bps)	8	(5)	(4)	10

LGFA continues to borrow at very competitive spreads compared to the AAA rated sovereign/supranational/agency (SSA) issuers (who borrow in the New Zealand debt capital markets) and to the domestic banks.

As at 30 June 2020	Comparison to other borrowers – Secondary Market Spread to Swap (bps)									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2033
LGFA (AA+)	9	18	25	32	40	45	48	-	57	57
Asian Development Bank (AAA)	15	-	29	37	42	47	-	-	-	-
Inter American Development Bank (AAA)	20	-	30	39	42	-	-	65	-	-
International Finance Corp (AAA)	15	-	31	39	-	-	49	-	-	-
KBN (AAA)	19	-	35	39	51	-	-	-	-	69
Rentenbank (AAA)	17	25	29	39	47	-	-	-	-	-
World Bank (AAA)	11	24	29	38	42	-	-	-	-	-
Nordic Investment Bank (AAA)	11	-	30	-	43	-	-	-	-	-
ANZ (AA-)	-	-	55	63	-	-	-	-	-	-
BNZ (AA-)	-	-	51	-	73	-	-	-	-	-
Westpac Bank (AA-)	-	44	53	66	72	-	-	-	-	-

## 2. Offering short and long-term borrowings with flexible lending terms

Councils can access flexible lending conditions by using LGFA's short-term lending and term lending products. Short-term lending is for loans between 30 days and 364 days while term lending is where councils can borrow for any term between one year and the longest-dated LGFA bond maturity on any drawdown date. Therefore, council members can borrow for terms ranging from 30 days to almost 13 years at any time they wish to draw down.

Over the 12-months ended 30 June 2020:

- 53 councils borrowed a total of \$2.33 billion over 205 individual loans (excluding short-dated borrowing).
- The average borrowing term for the year was 5.4 years, compared with 6.0 for the previous 2018-19 year.
- 78% of term loans were issued on a floating rate basis, with the remaining 22% issued on a fixed rate basis.
- Short-term borrowing by councils has been well received with loan terms of between one and 12-months. As at 30 June 2020, there were \$315.5 million of short-term loans outstanding to 27 councils.

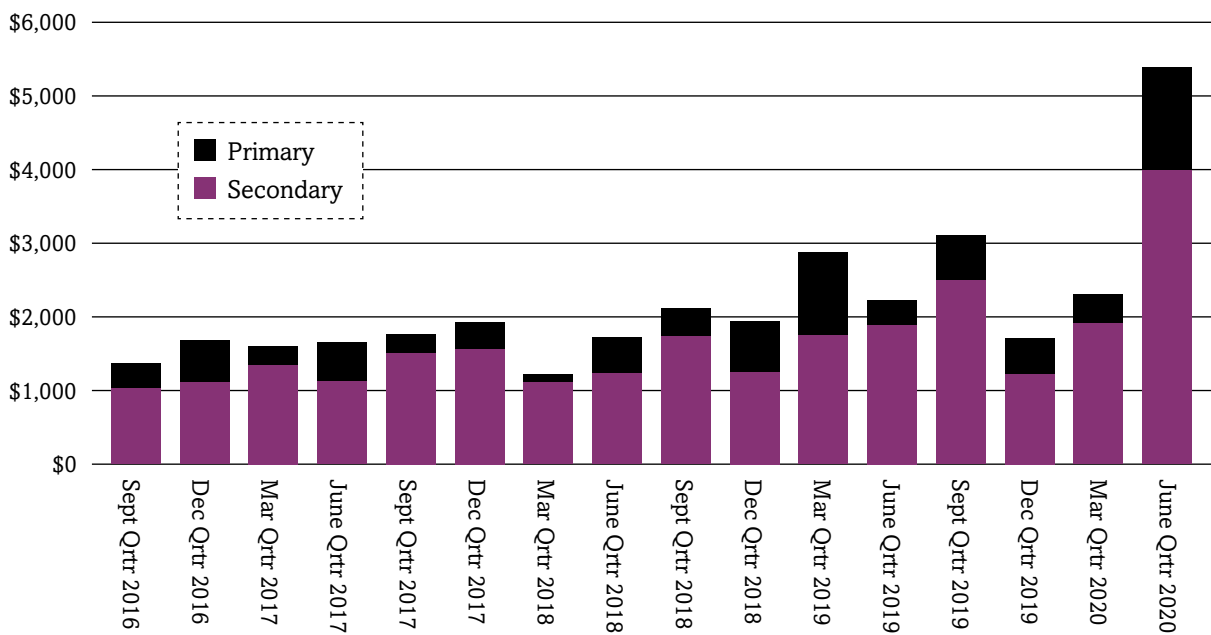
## 3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice

LGFA issued a record \$2.90 billion bonds over the 12-months to June 2020, with eight tenders and two syndications.

Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the year totalled \$12.54 billion, compared with \$8.73 billion for the 2018-19 year. There was \$2.91 billion of primary issuance and an estimated \$9.63 billion of secondary market activity in LGFA bonds over the 12-months.

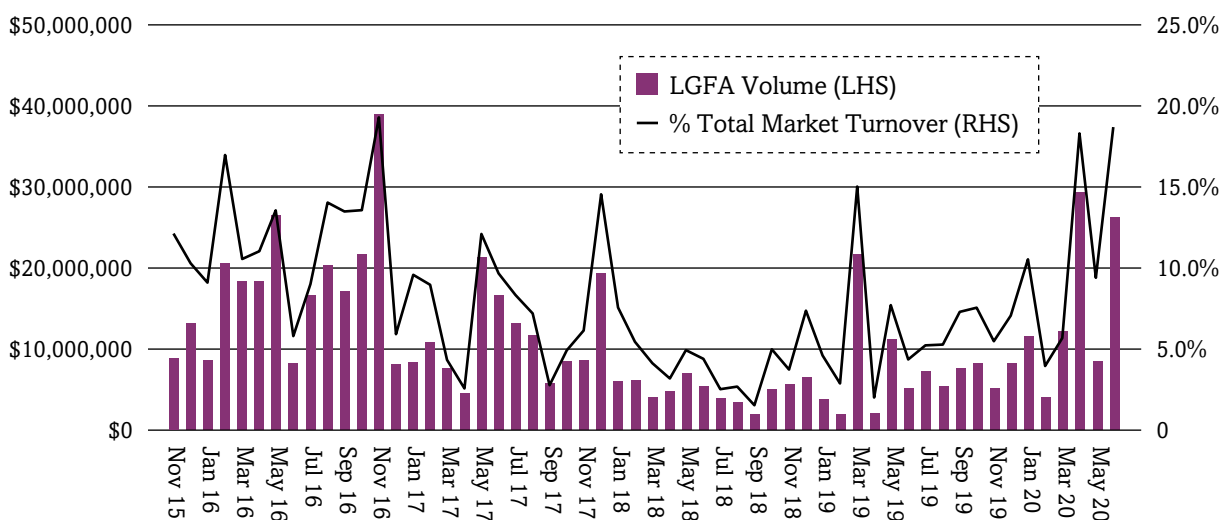


## LGFA Primary and Secondary Market Activity (NZ\$million)



LGFA bonds were listed on the NZX Debt Market in November 2015 and have averaged turnover of \$11.1 million per month or 8.3% of the total turnover of the NZX Debt Market since listing. There was light turnover on the NZX over the year as retail investors were more attracted to high term deposit rates and higher-yielding bond issues by lower credit quality borrowers. There was an increase in volume over the second six-month period (averaging \$15.3 million per month) due to the lack of retail bond primary issuance by corporate borrowers in NZD during this time period.

## LGFA Turnover on NZX (monthly)

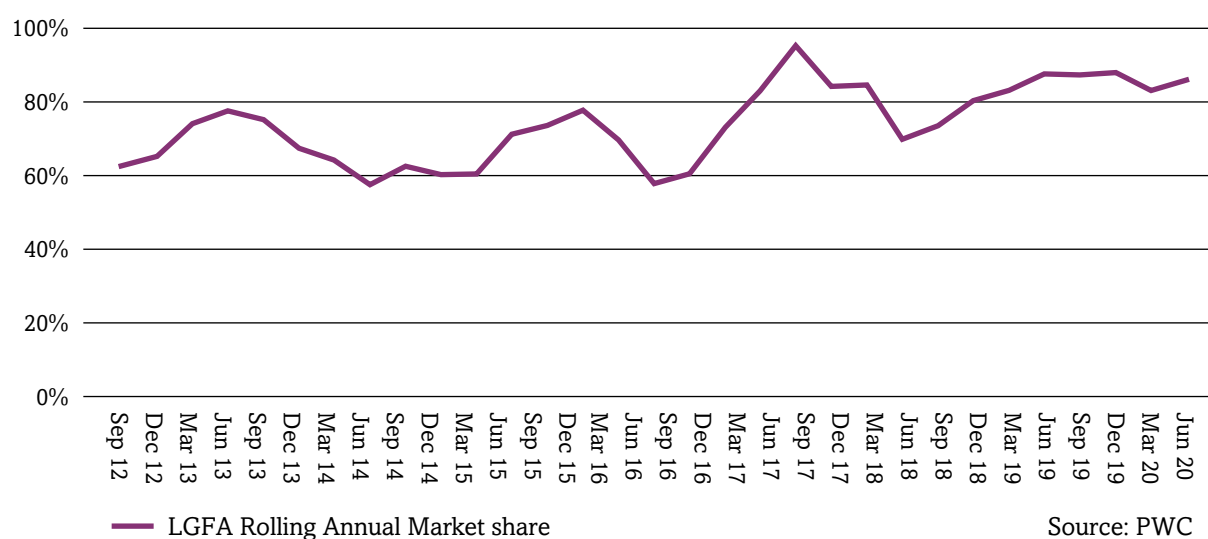


LGFA documented an Australian Medium-Term Notes Programme in November 2017 and refreshed the programme documents in March 2020. There is no immediate intention to use this programme, but it provides flexibility if there is a significant market disrupting event in the future.

### 4. Being the debt funder of choice for New Zealand local government

Our estimated market share of council borrowing for the rolling twelve-month period to 30 June 2020 was 86%, which compares favourably to the historical average since 2012 of 74%.

## LGFA Market Share – rolling one year average



We survey our council members each year and the latest stakeholder survey result in July 2019 was a 100% positive response to the question “How would you rate LGFA in adding value to your borrowing requirements?” We also received a 99% positive response to the question “How satisfied are you with the pricing that LGFA has provided to your Council?”

**5. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority’s financial position and the general issues confronting the Local Government sector. This includes:**

**i. LGFA will review each Participating Local Authority’s financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis**

Although travel restrictions due to the COVID-19 lockdown restricted our ability to meet with councils during the final quarter of the year, LGFA conducted 38 visits to 31 different councils over the 12-month period to June 2020 to discuss their financial performance and any developments with the underlying council operations.

By 30 November each year, member councils are required to complete an annual compliance certificate in relation to their 30 June financial statements.

Annual compliance certificates were completed by council members in 2019 and all councils were compliant with the financial covenants as at June 2019.

**ii. Implement the changes to the Foundation Policies that were approved at the November 2018 AGM to allow for lending to Council Controlled Organisations (CCOs). Changes to operational policies and practices need to ensure that no additional risk is borne by lenders, guarantors or the Crown**

Shareholders approved the changes to the Shareholder Agreement, Notes Subscription Agreement (NSA), Multi Issuer Deed (MID) and Guarantee and Indemnity Deed (GID) and Foundation Policies to allow for lending to CCOs and to offer standby facilities. The Borrower Notes percentage will also rise from 1.6% to 2.5% of a council’s borrowings from July 2020 to assist with improving LGFA’s capital position. It is planned to commence lending to CCOs and offer standby facilities in the 2020-21 year.

**iii. LGFA will analyse finances at the Council group level where appropriate and report to the Shareholder Council and shareholders as to which Participating Local Authorities are measured on a group basis.**

LGFA reviews council agendas and management reports on an ongoing basis for councils on the LGFA borrower watch-list. No council has yet to request to LGFA that they be measured on a group basis.

LGFA completed work on credit default assessment analysis of its member councils in conjunction with adopting IFRS9 for accounting purposes.

**6. LGFA will take a proactive role to enhance the financial strength and depth of local government debt market and work with key central government and local government stakeholders on sector and individual council issues**

Over the course of the year, LGFA management met with the Treasury, Reserve Bank of New Zealand, OECD and Department of Internal Affairs to discuss local government sector issues.

LGFA hosted its annual Shareholder Borrower Day in August 2019 and staff attended the LGNZ conference, Infrastructure NZ Building Nations Symposium and SOLGM Annual Summit.

LGFA continues to assist the sector and their advisers in finding ways for the Company to play a supporting role in providing solutions to off balance sheet financing for councils. We are currently providing technical input into the Cameron Partners Ratepayer Financing Scheme (RFS).

LGFA has been a member of the Department of Internal Affairs-led workstream on assessing the impact of COVID-19 on council finances.

A Special General Meeting (SGM) of shareholders on 30 June 2020 passed a resolution to relax the Net Debt / Total Revenue covenant within the Foundation Policies for those councils with a minimum credit rating of 'A'. Effective from 1 July 2020, the change was made to allow councils some additional financial flexibility in dealing with the COVID-19 crisis and to allow councils to co-invest alongside Central Government to pursue an infrastructure-led growth recovery response to the crisis. LGFA assessed the impact on guarantors to be negligible and consulted with stakeholders including investors, banks and credit rating agencies.

## Performance against additional objectives

LGFA has eight performance objectives which complement the primary objectives. This section sets out LGFA's performance for the year ended 30 June 2020 against the additional objectives set out in the 2019-20 Statement of Intent.

**7. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy**

LGFA's Net Operating Gain was \$10.62 million for the financial year. The average cost of funds for the twelve-month period was 1.51%, which is lower than the 2.78% for the prior 2018-19 financial year due to the lower outright level of interest rates. The LGFA Board has the sole discretion to set the dividend.

**8. Provide at least 75% of aggregate long-term debt funding for Participating Local Authorities**

As noted earlier, our estimated market share of council borrowing for the rolling twelve-month period to 30 June 2020 was 86%. Our market share remains strong compared to our global peers.

As at 30 June 2020, there were 67 participating local authority members of LGFA, an increase of three from a year ago. We estimate a further five councils will become members in the next twelve months.

**9. Achieve the financial forecasts (excluding the impact of AIL) set out in Section 4**

For the 12-month period to 30 June 2020, Net Interest Income (NII) was \$398k above budget while expenses were \$209k below budget. Net Operating Gain of \$10.62 million was \$606k above budget. Included in the NII is the unrealised mark to market movement in fixed rate swaps that are not designated effective for hedge accounting purposes. We have used these swaps to reduce exposure to fixed rate loans made outside of the normal tender process and to reduce mismatches between time periods in our balance sheet. The unrealised loss increases as interest rates fall and the year-to-date revaluation is a loss of \$1.3 million.

### **10. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses**

Expenses for the 12-month period were \$7.67 million which is \$209k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$2.575 million were \$133k above SOI budget. A larger amount of bond issuance and short-term lending increased these costs relative to SOI budget, primarily in relation to higher NZX costs and legal costs. These were offset to some extent from lower fees than budgeted relating to the NZDMO facility.
- Operating costs at \$3.685 million were \$170k below budget due to lower IT, personnel, travel and general overhead costs, offset by slightly higher legal costs relative to SOI budget.
- Approved Issuer Levy (AIL) payments of \$1.396 million were \$172k below SOI budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment. During the twelve-month period, offshore investor holdings of LGFA bonds were less than forecast.

### **11. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015**

LGFA has a Health and Safety staff Committee which reports on a regular basis to the LGFA Board by the Risk and Compliance Manager. There were no Health and Safety incidents during the year. LGFA staff moved to work from home in late March as the country moved to Level 4 in the COVID-19 response and returned to offices under Level 1.

### **12. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency**

Standard and Poor's (S&P) and Fitch Ratings (Fitch) review LGFA's credit rating on an annual basis and formal review meetings were held in September 2019 with Fitch and in November 2019 with S&P.

On 18 November 2019, Fitch affirmed our long-term local currency credit rating as AA+ and classified LGFA as a corporate mission, government-related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with those of the New Zealand Government. On 28 January 2020 Fitch placed our foreign currency credit rating of AA on positive outlook. Fitch left the local currency credit rating unchanged at AA+ with a stable outlook.

On 28 February 2020, S&P affirmed LGFA's long-term local currency credit rating as AA+ and our long-term foreign currency credit rating of AA. Both ratings remained on positive outlook. Both credit ratings and outlook are the same as the New Zealand Government.

### **13. Introduce CCO lending by December 2019 and report quarterly, the volume of lending to CCOs to both the Shareholder Council and shareholders**

Council members approved the amendments to the Shareholder Agreement, Notes Subscription Agreement (NSA), Multi Issuer Deed (MID), Guarantee and Indemnity Deed (GID) and Foundation Policies to allow for lending to CCOs on 6 July 2020. The approval process took longer than expected due to the need to have the changes to the documents approved by every council and by the response to COVID-19. We expect to undertake our first loan to a CCO in the 2020-21 fiscal year.

### **14. Comply with its Treasury Policy as approved by the Board**

There were two compliance breaches of the Treasury Policy during the 12-month period ending 30 June 2020.

There was no financial loss to LGFA from either breach and reputational risk was assessed to be minimal.

There was full reporting on both breaches to the LGFA Board and Shareholders Council, and a formal review of both breaches was led by the Chair of the Audit and Risk Committee. LGFA management have reviewed controls that could be put in place to mitigate the risk of further breaches.

## Performance targets

2019-20 performance targets	Target	Result for 12-month period to 30 June 2020	Outcome
Net interest income for the period to 30 June 2020	Greater than \$17.9 million	\$18.2 million	✓
Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2020	Less than \$6.30 million	\$6.26 million	✓
Total lending to Participating Local Authorities at 30 June 2020	At least \$9,792 million	\$10,899 million	✓
Conduct an annual survey of councils who borrow from LGFA	Achieve at least an 80% satisfaction score for the value added by LGFA	100%	✓
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements			✓
Achieve 75% market share of all council borrowing in New Zealand		86%	✓
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually			✗ Refer 5i, page 14
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015			✗ Refer 14, page 16
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due			✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency			✓

# About us

## Mō mātou

### Establishment

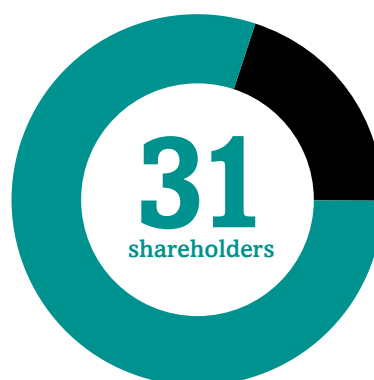
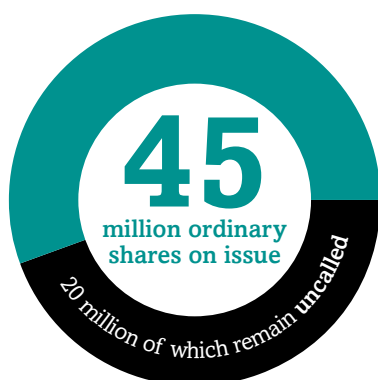
The New Zealand Local Government Funding Agency Ltd (LGFA) specialises in funding the New Zealand local government sector, the primary purpose being to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. LGFA was established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly.

**Incorporated**  
on 1 December  
2011 under the  
Companies  
Act 1993

**Enabled**  
by Local  
Government  
Borrowing  
Act 2011

**Council-  
controlled  
organisation**  
under the Local  
Government  
Act 2002

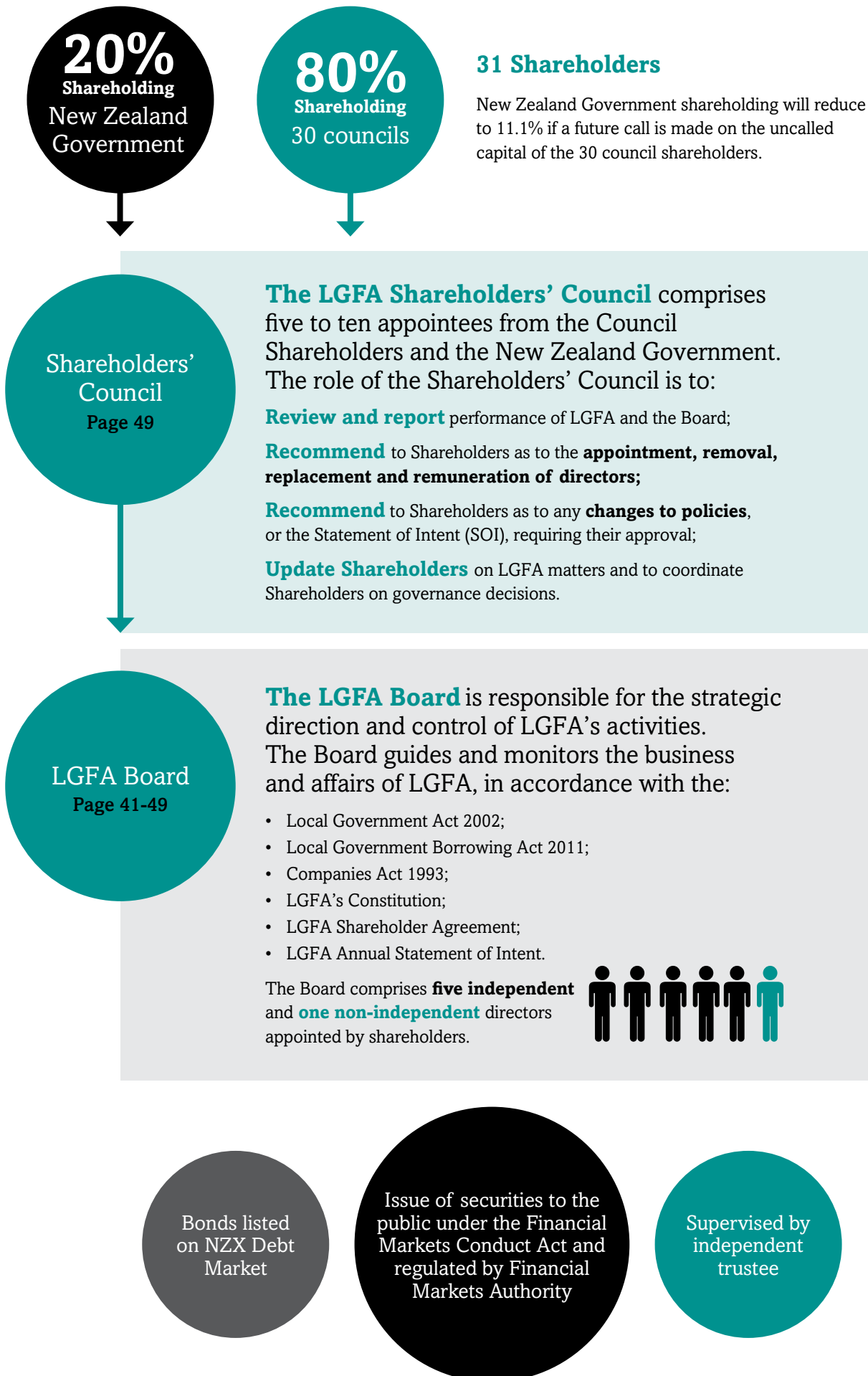
### Ownership



**20%**  
New Zealand  
Government  
**80%**  
30 councils

Share ownership is restricted to New Zealand Government or councils.

## Governance overview



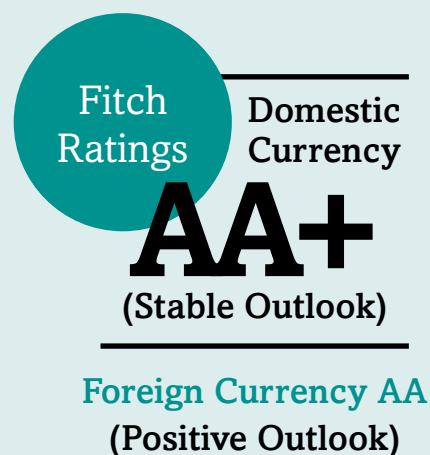


## Guarantee structure



LGFA is not guaranteed by the New Zealand Government.

## Credit rating as at 30 June 2020



These credit ratings are the same as the New Zealand Government ratings.



## New Zealand Domestic Bond Deal of the Year

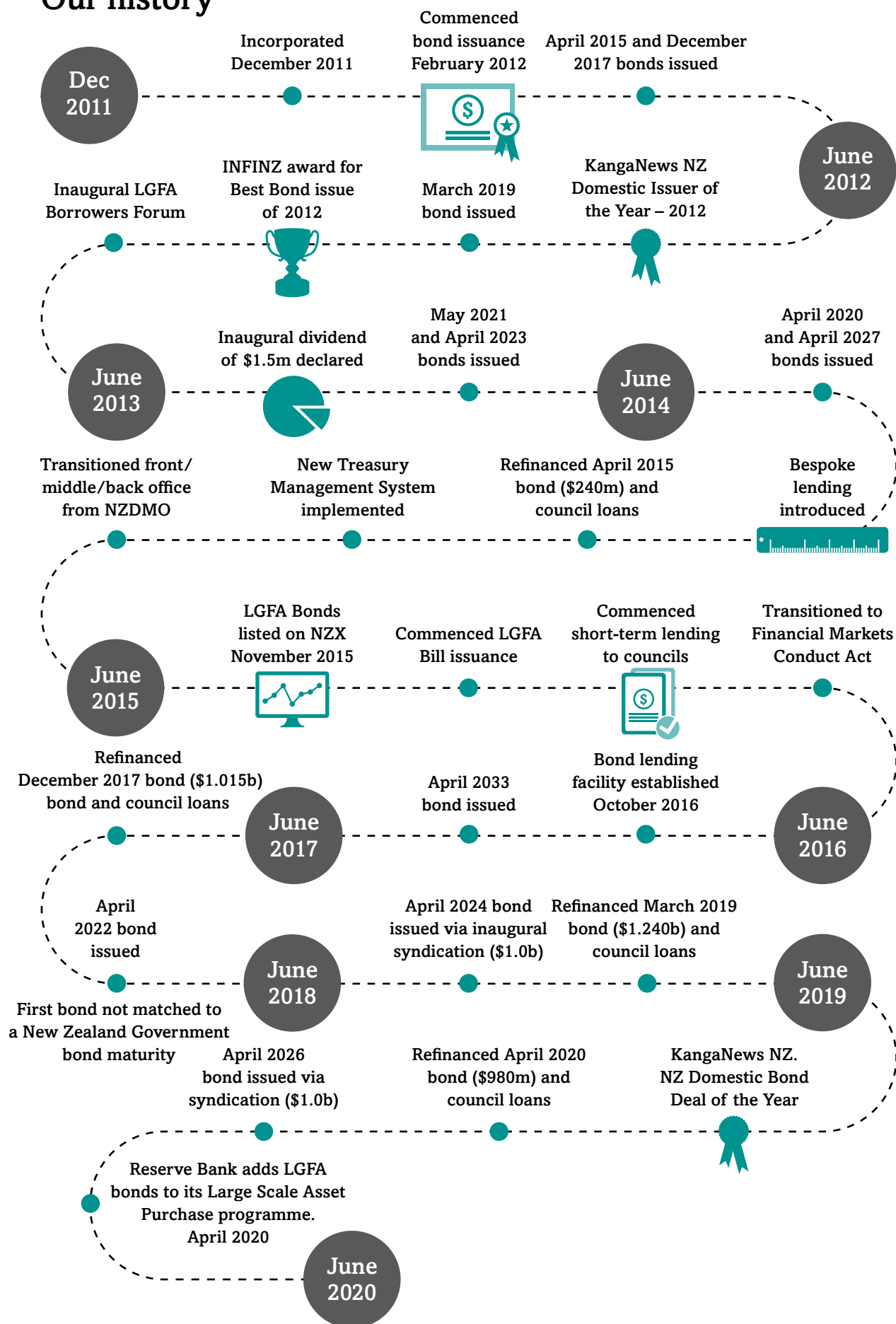
**New Zealand Local Government Funding Agency**

NZ\$1 billion 2.25% April 2024

**Joint lead managers:** Bank of New Zealand  
Westpac Banking Corporation New Zealand Branch



## Our history



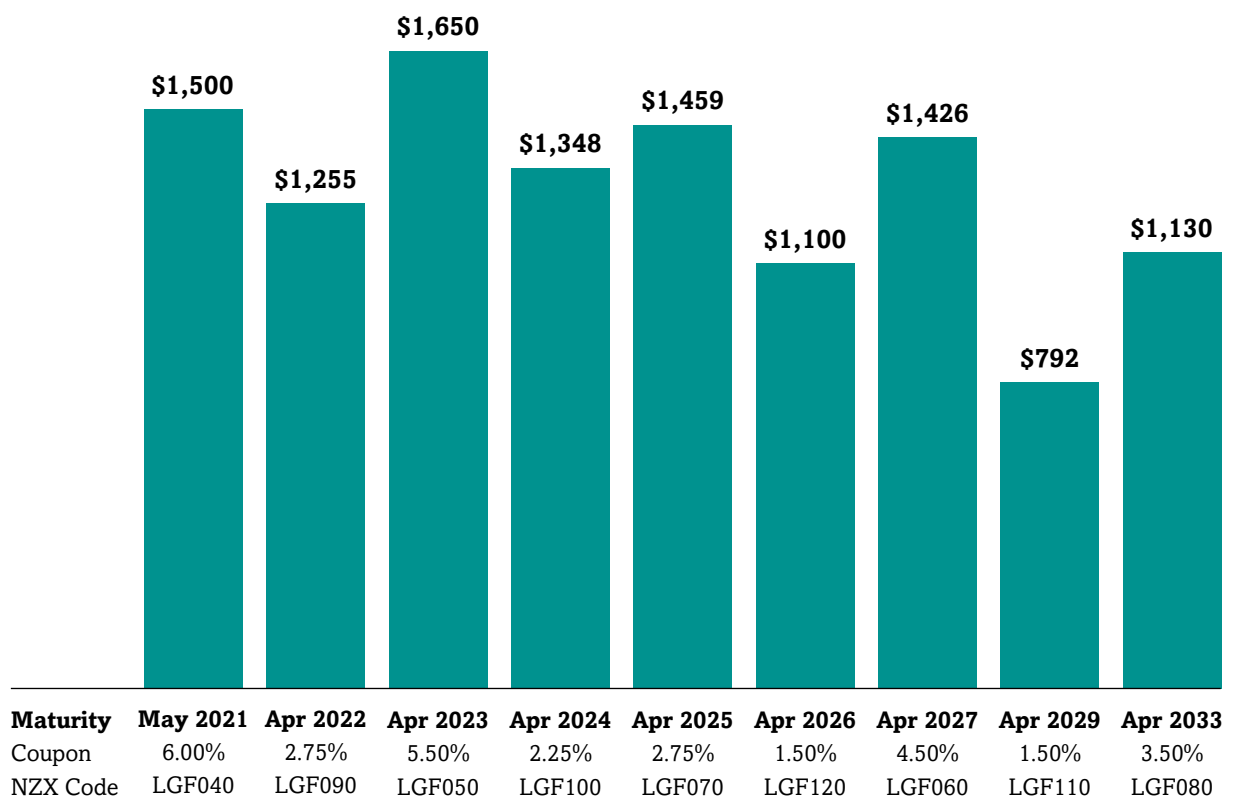
# LGFA bonds on issue

## Ko ngā pūtea taurewa pūmau kua tukuna e te LGFA

### LGFA bonds on issue (NZ\$ million, face value)

As 30 June 2020 : NZ\$11,660 million

Includes NZ\$800 million treasury stock



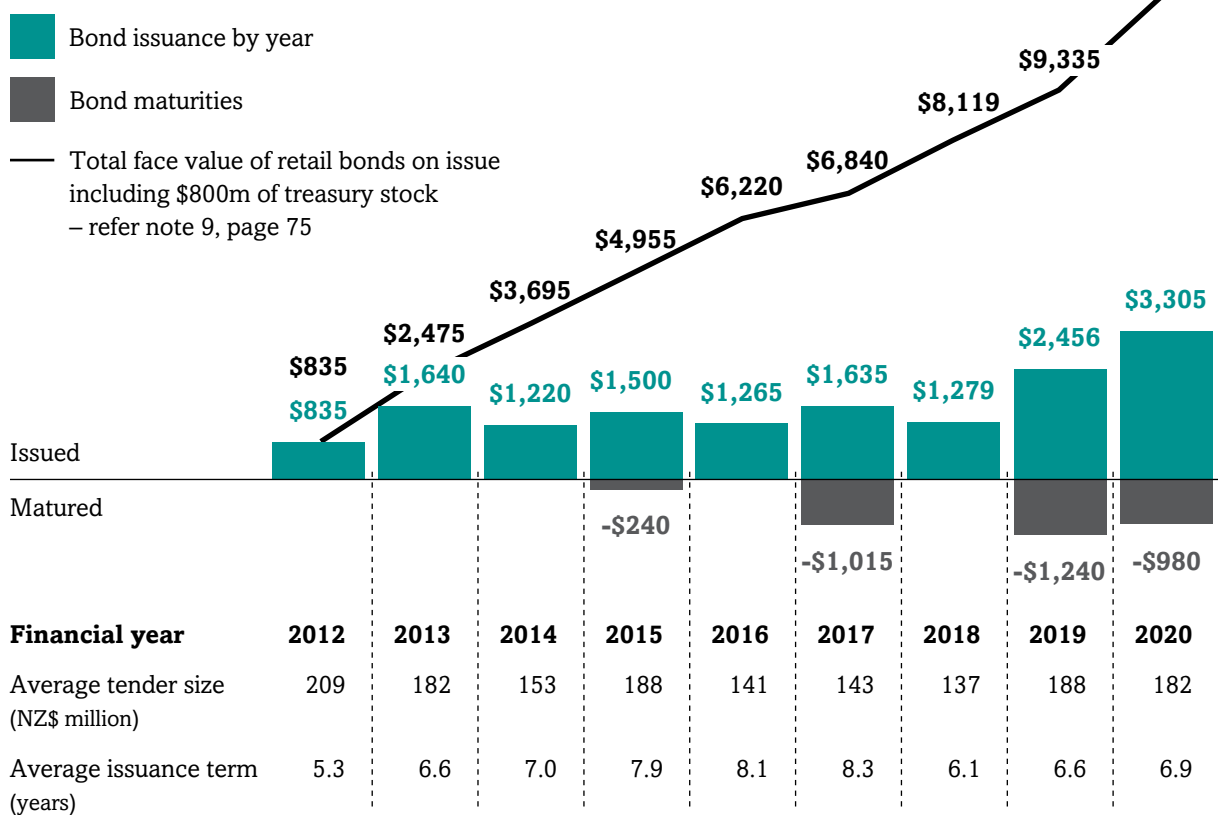
In addition to the retail bonds listed on the NZDX, LGFA have \$130 million of Wholesale Floating Rate Notes on issue.

## LGFA bond issuance

LGFA typically issues a new bond maturity via an initial syndication and then through ongoing regular scheduled tenders.

- Preferred bond tender sizes are between NZ\$150 million to NZ\$200 million with at least three maturities offered at each tender.
- LGFA bonds match NZ Government Bond maturities where possible for maturity and coupon and Approved Issuer Levy is paid on behalf of offshore holders.
- Target issuance of NZ\$1 billion plus per series over time with a soft cap of \$1.75 billion per series to support market liquidity.
- All bonds New Zealand dollar (NZD) to date, but have capability to issue non-NZD bonds if required.
- All LGFA bonds listed on NZX.

## Issuance history (NZ\$ million, face value)



LGFA typically issues a new bond maturity each year

LGFA is the largest domestic issuer of NZD domestic bonds (excluding New Zealand Government)

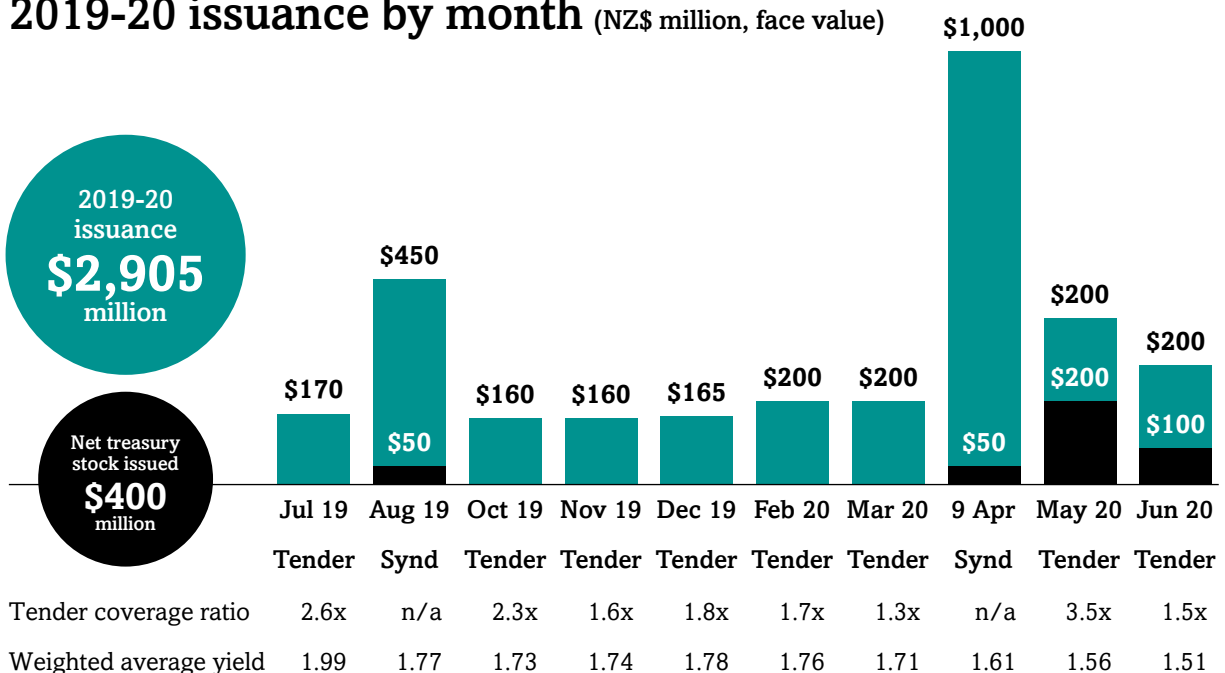
LGFA is the largest issuer of debt listed on the NZDX

## 2019-20 issuance by maturity (NZ\$ million, face value)

LGFA bond issuance by bond maturity over the 12-month period to 30 June 2020

	May 21	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 29	Apr 33	Total
<b>Tenders</b>										
17 Jul 2019	-	60	-	60	-	-	-	-	50	170
2 Oct 2019	-	50	-	35	-	-	-	-	75	160
6 Nov 2019	-	40	-	40	30	-	-	-	50	160
11 Dec 2019	-	40	-	30	-	-	-	60	35	165
5 Feb 2020	-	75	-	50	-	-	-	75	-	200
11 Mar 2020	-	80	50	23	-	-	-	47	-	200
6 May 2020	-	50	50	-	-	-	50	-	50	200
3 Jun 2020	-	50	-	60	-	-	-	60	30	200
<b>Total tender issuance</b>	-	445	100	298	30	-	50	242	290	1,455
<b>Syndication</b>	-	-	-	-	-	1,000	-	450	-	1,450
<b>Total 2019-20 issuance</b>	-	445	100	298	30	1,000	50	692	290	2,905
<b>Prior issuance</b>	1,450	710	1,450	950	1,379	-	1,276	-	740	7,955
	1,450	1,155	1,550	1,248	1,409	1,000	1,326	692	1,030	10,860
<b>Treasury stock</b>	50	100	100	100	50	100	100	100	100	800
<b>Total bonds on issue</b>	1,500	1,255	1,650	1,348	1,459	1,100	1,426	792	1,130	11,660

## 2019-20 issuance by month (NZ\$ million, face value)



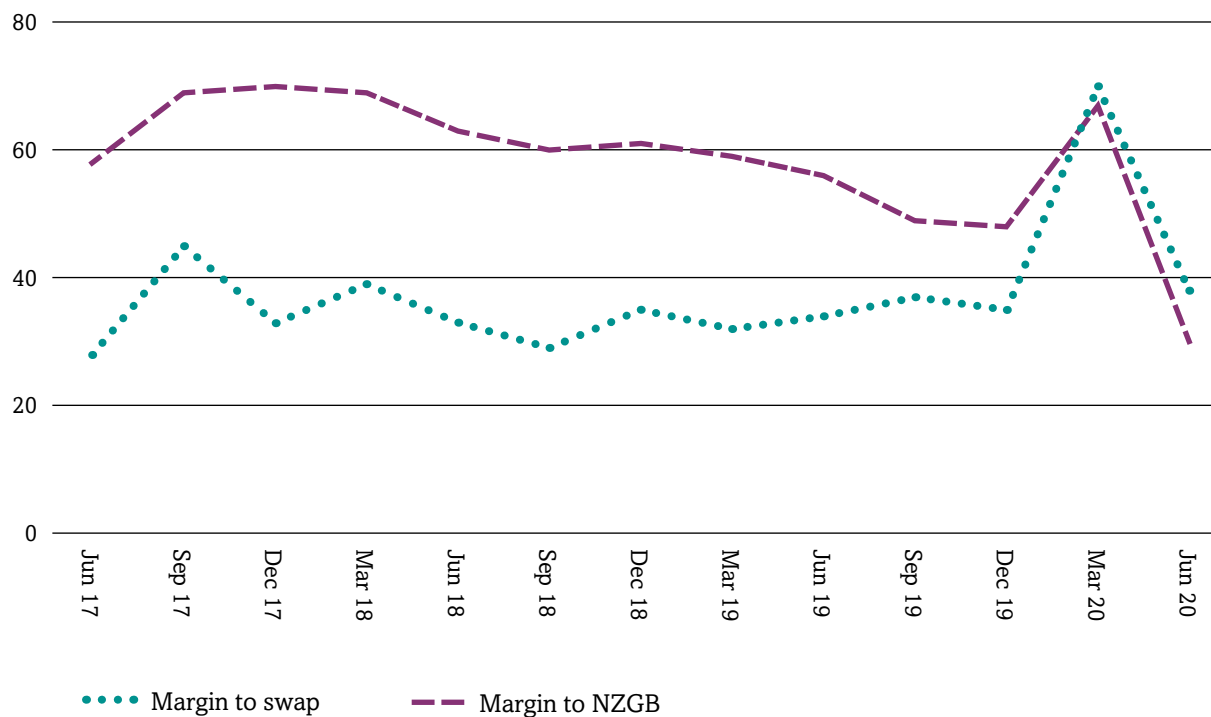
## LGFA bond margins (basis points)

LGFA bond margins against swap and NZ government bonds (NZGB) as at 30 June 2020

Margin to swap	May 21	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 29	Apr 33
30 June 2019	15	22	30	37	41	n/a	46	n/a	67
30 June 2020	9	18	25	32	40	45	48	57	69
Annual change	6	4	5	5	1	n/a	(2)	n/a	(2)

Margin to NZGB	May 21	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 29	Apr 33
30 June 2019	35	36	42	59	65	n/a	70	n/a	92
30 June 2020	14	13	18	22	31	34	36	44	58
Annual change	21	23	24	37	34	n/a	34	n/a	34

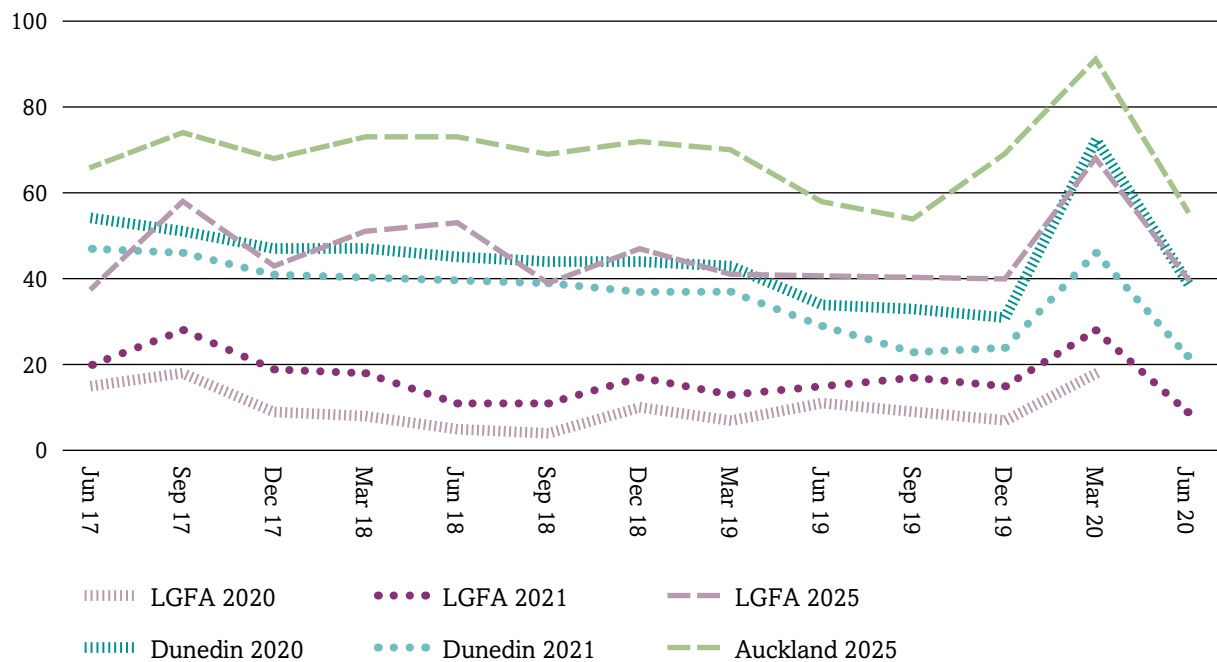
LGFA bond margins to swap over NZGB over the 36 months to 30 June 2020 (basis points)



Average of all LGFA bonds outstanding: Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks.

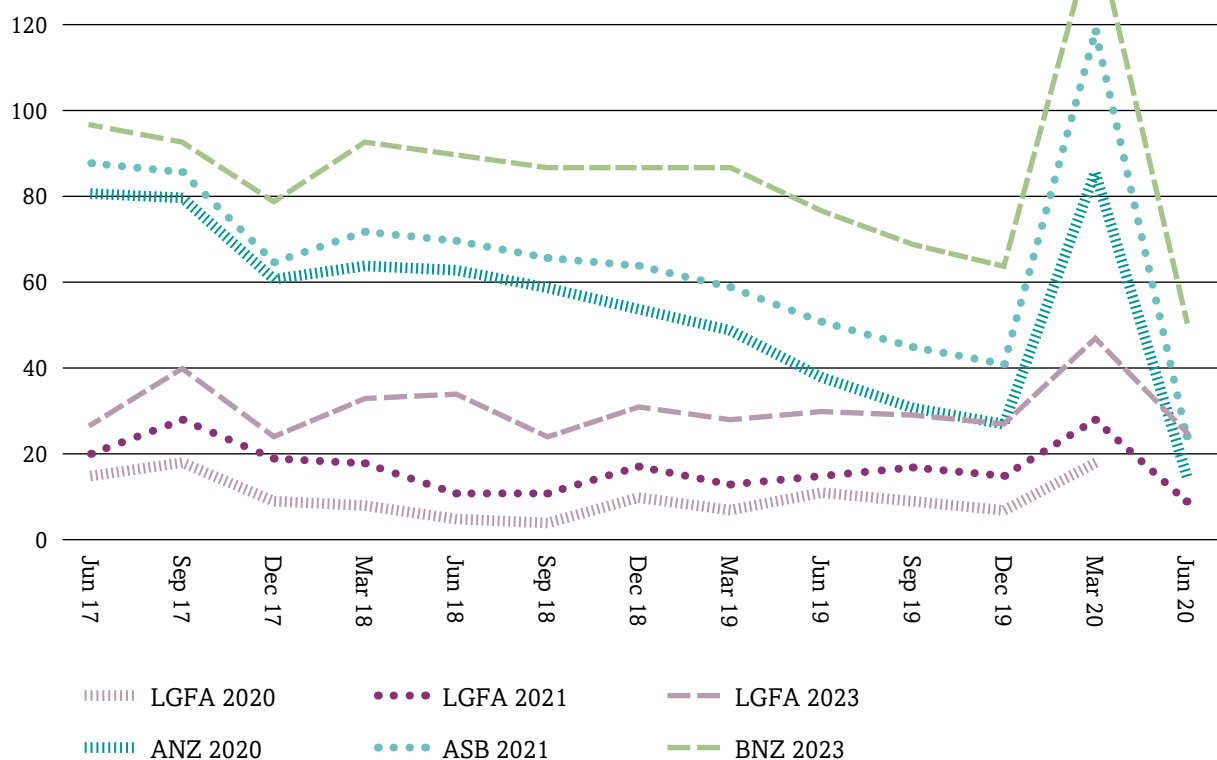
## Secondary market credit spread to swap for LGFA and council bonds (basis points)

Secondary market credit spread for LGFA against Auckland Council and Dunedin City Council over the 36 months to 30 June 2020.

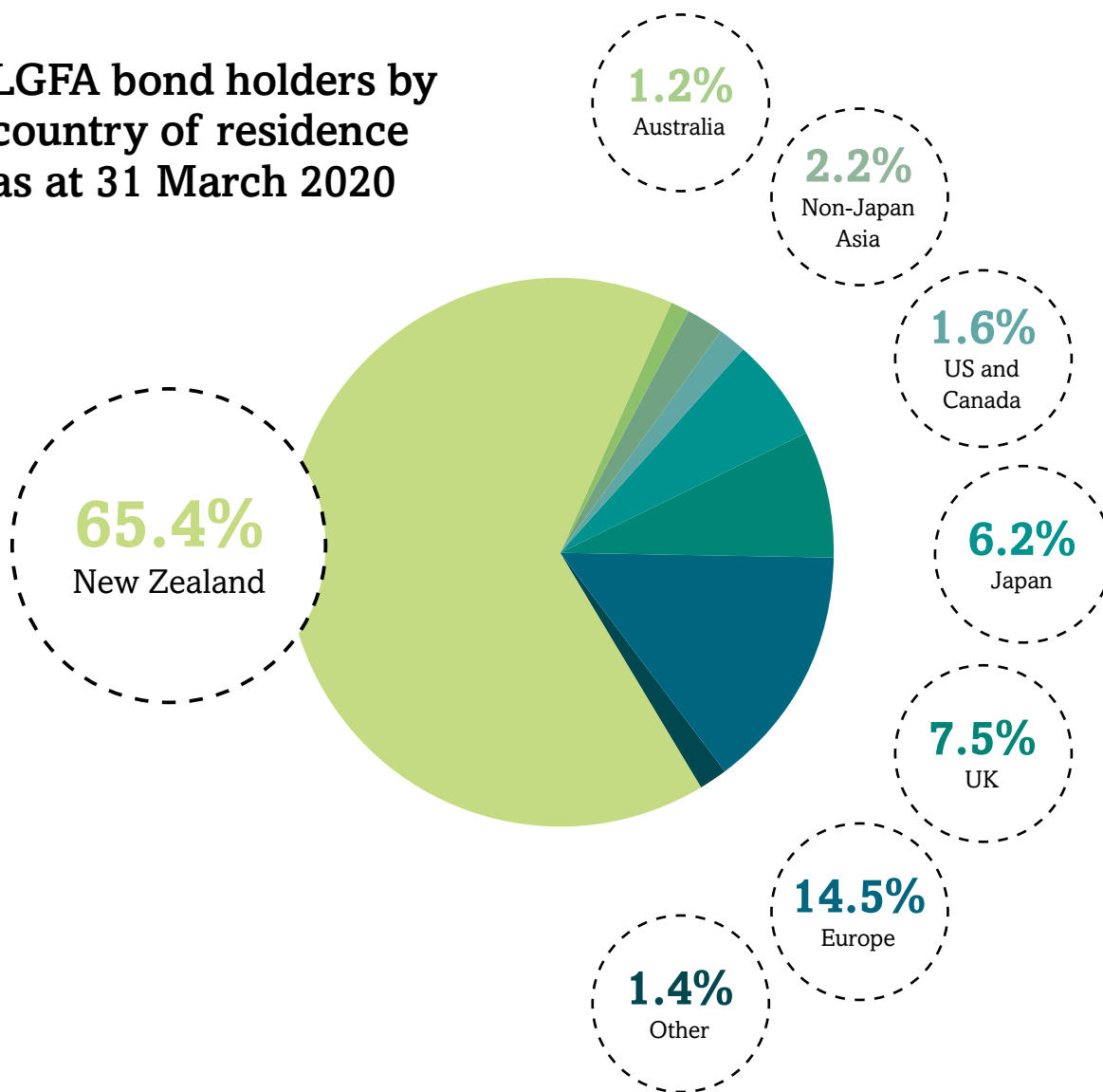


## Secondary market credit spread to swap for LGFA and bank bonds (basis points)

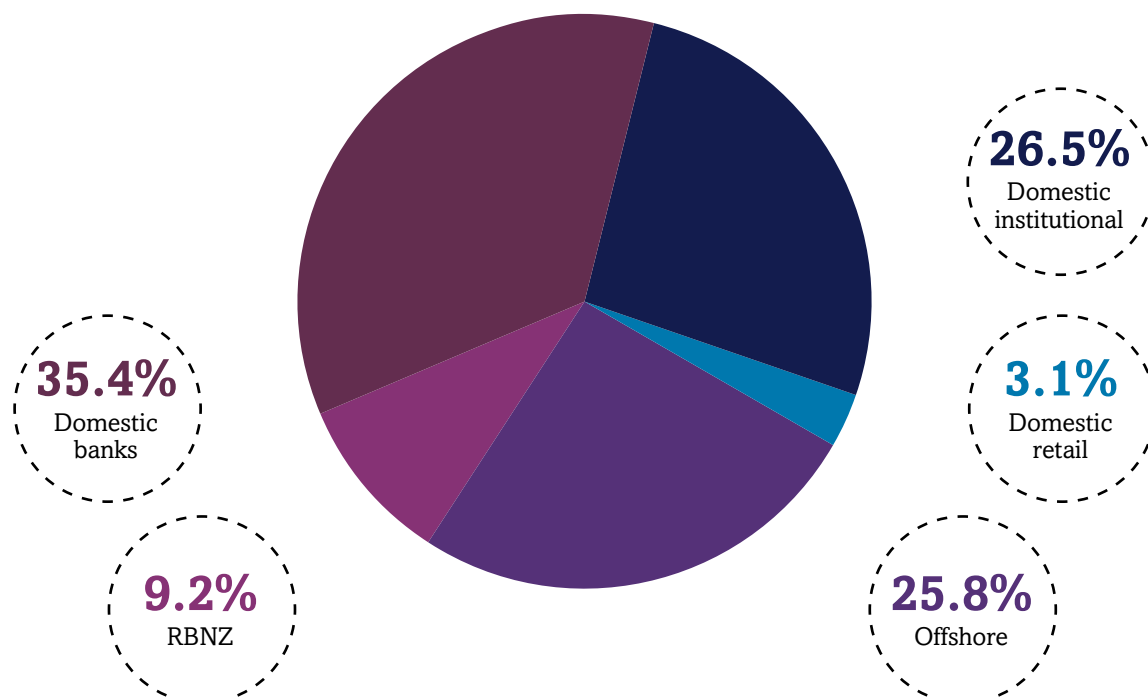
Secondary market credit spread for LGFA against New Zealand bank bonds over the 36 months to 30 June 2020.



## LGFA bond holders by country of residence as at 31 March 2020



## LGFA bond holders by investor group as at 30 June 2020



# Member councils

## Ko ngā kaunihera e noho mema ana

### **LGFA operates with the primary objective of optimising the debt funding terms and conditions for its member councils.**

Among other things this includes:

- Providing savings in annual interest costs
- Offering short and long-term borrowings with flexible lending terms
- Enhancing the certainty of debt markets
- Being the funder of choice for New Zealand local government

To become a member council of LGFA, a council is required to complete a formal application. Following an application for membership, LGFA management completes a formal review of the council's financial position and its ability to comply with LGFA's financial covenants, which is considered by the LGFA Board who approve all council memberships. All member councils are required to complete a compliance certificate each year which certifies that the council has complied with LGFA's financial covenants. In addition, LGFA monitor all member councils' annual reports, annual plans and long term plans on an ongoing basis to ensure that the financial forecasts are consistent with the LGFA financial covenants.

As at 30 June 2020

**30**

member councils are shareholders

**67**

member councils were eligible to borrow from LGFA

**54**

member councils were guarantors of LGFA's securities obligations



## Total member council borrowings at 30 June 2020

(NZ\$ million)

Member type	Number of councils	Amount borrowed	% of total borrowings
Guarantors	54	10,736	98.8%
Non guarantors	13	133	1.2%
<b>Total</b>	<b>67</b>	<b>10,869</b>	<b>100%</b>

**86%**

LGFA's estimated market share of local government debt

Member	Amount borrowed	% of total borrowings
Auckland Council	2,757	25.4%
Christchurch City Council	1,924	17.7%
Wellington City Council	635	5.8%
Tauranga City Council	525	4.8%
Hamilton City Council	480	4.4%
Wellington Regional Council	425	3.9%
Rotorua District Council	217	2.0%
Hutt City Council	216	2.0%
Kapiti Coast District Council	210	1.9%
Tasman District Council	208	1.9%
57 other member councils	3,272	30.2%
<b>Total face value</b>	<b>10,869</b>	<b>100%</b>

Loans to Auckland Council are limited to a maximum of

**40%**  
of total loans

Over the 12 months to 30 June 2020

**53**  
member councils  
borrowed a total of  
**\$2,328 million**

Comprising **205**  
individual term loans

With an average term of  
**5.4** borrowing years

At 30 June 2020

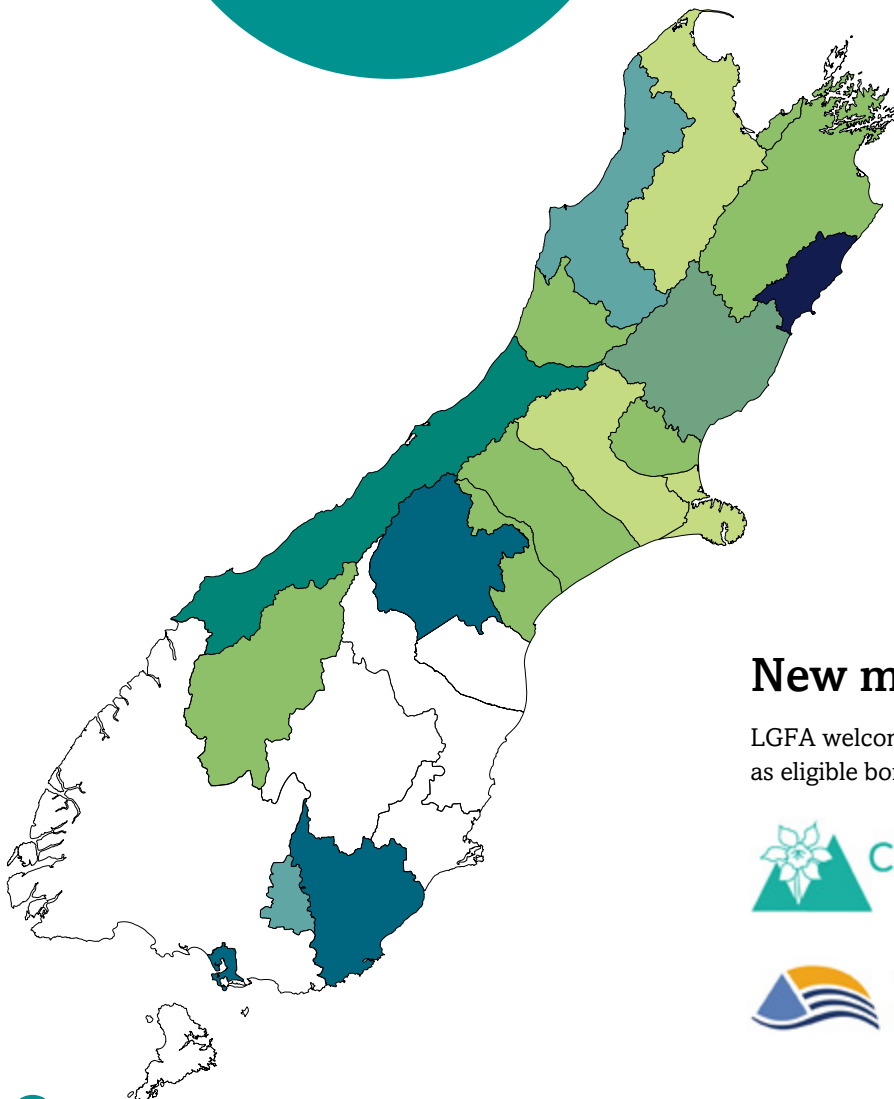
**\$316 million**  
of short term loans  
were outstanding to  
**27** member councils

Member councils are required to comply with LGFA financial covenants at all times

## LGFA member councils by year of joining

2011-2012 (18)	2016-2017 (3)
2012-2013 (21)	2017-2018 (3)
2013-2014 (3)	2018-2019 (8)
2014-2015 (3)	2019-2020 (3)
2015-2016 (5)	

**67** of New Zealand's  
78 councils  
are approved  
borrowers as at  
30 June 2020



## New member councils

LGFA welcomes the following three councils who joined as eligible borrowers in the year ended 30 June 2020



## Member councils by year of joining

### North Island

2011-12	Auckland Council	Shareholder
2011-12	Bay of Plenty Regional Council	Shareholder
2011-12	Greater Wellington Regional Council	Shareholder
2011-12	Hamilton City Council	Shareholder
2011-12	Hastings District Council	Shareholder
2011-12	Masterton District Council	Shareholder
2011-12	New Plymouth District Council	Shareholder
2011-12	South Taranaki District Council	Shareholder
2011-12	Taupo District Council	Shareholder
2011-12	Tauranga City Council	Shareholder
2011-12	Waipa District Council	Shareholder
2011-12	Wellington City Council	Shareholder
2011-12	Western Bay of Plenty District Council	Shareholder
2011-12	Whangarei District Council	Shareholder
2012-13	Far North District Council	Borrower and Guarantor
2012-13	Gisborne District Council	Shareholder
2012-13	Hauraki District Council	Shareholder
2012-13	Horowhenua District Council	Shareholder
2012-13	Hutt City Council	Shareholder
2012-13	Kapiti Coast District Council	Shareholder
2012-13	Manawatu District Council	Shareholder
2012-13	Matamata-Piako District Council	Borrower and Guarantor
2012-13	Palmerston North City Council	Shareholder
2012-13	Rotorua District Council	Borrower and Guarantor
2012-13	Thames-Coromandel District Council	Shareholder
2012-13	Waikato District Council	Borrower and Guarantor
2012-13	Whakatane District Council	Shareholder
2012-13	Whanganui District Council	Shareholder
2013-14	Horizons District Council	Borrower and Guarantor
2013-14	Upper Hutt City Council	Borrower and Guarantor
2014-15	Opoitiki District Council	Borrower
2014-15	Porirua City Council	Borrower and Guarantor
2014-15	Tararua District Council	Borrower
2015-16	Kaipara District Council	Borrower and Guarantor
2015-16	South Wairarapa District Council	Borrower and Guarantor
2016-17	Central Hawkes Bay District Council	Borrower
2016-17	Northland Regional Council	Borrower
2016-17	Waitomo District Council	Borrower and Guarantor
2017-18	Rangitikei District Council	Borrower
2017-18	Stratford District Council	Borrower
2018-19	Hawkes Bay Regional Council	Borrower and Guarantor
2018-19	Ruapehu District Council	Borrower and Guarantor
2018-19	Waikato Regional Council	Borrower and Guarantor
2018-19	Wairoa District Council	Borrower
2019-20	Taranaki Regional Council	Borrower and Guarantor
2019-20	Carterton District Council	Borrower

### South Island

2011-12	Christchurch City Council	Shareholder
2011-12	Otorohanga District Council	Shareholder
2011-12	Selwyn District Council	Shareholder
2011-12	Tasman District Council	Shareholder
2012-13	Ashburton District Council	Borrower and Guarantor
2012-13	Grey District Council	Borrower
2012-13	Marlborough District Council	Shareholder
2012-13	Nelson City Council	Borrower and Guarantor
2012-13	Queenstown Lakes District Council	Borrower and Guarantor
2012-13	Timaru District Council	Borrower and Guarantor
2012-13	Waimakariri District Council	Shareholder
2013-14	Hurunui District Council	Borrower and Guarantor
2015-16	Buller District Council	Borrower
2015-16	Canterbury Regional Council	Borrower and Guarantor
2015-16	Gore District Council	Borrower
2017-18	Westland District Council	Borrower
2018-19	Clutha District Council	Borrower
2018-19	Invercargill City Council	Borrower and Guarantor
2018-19	Mackenzie District Council	Borrower
2018-19	West Coast Regional Council	Borrower
2019-20	Kaikoura District Council	Borrower

**88%**  
of LGFA loans are to  
councils with credit ratings of

**AA-**

or better as at  
30 June 2020

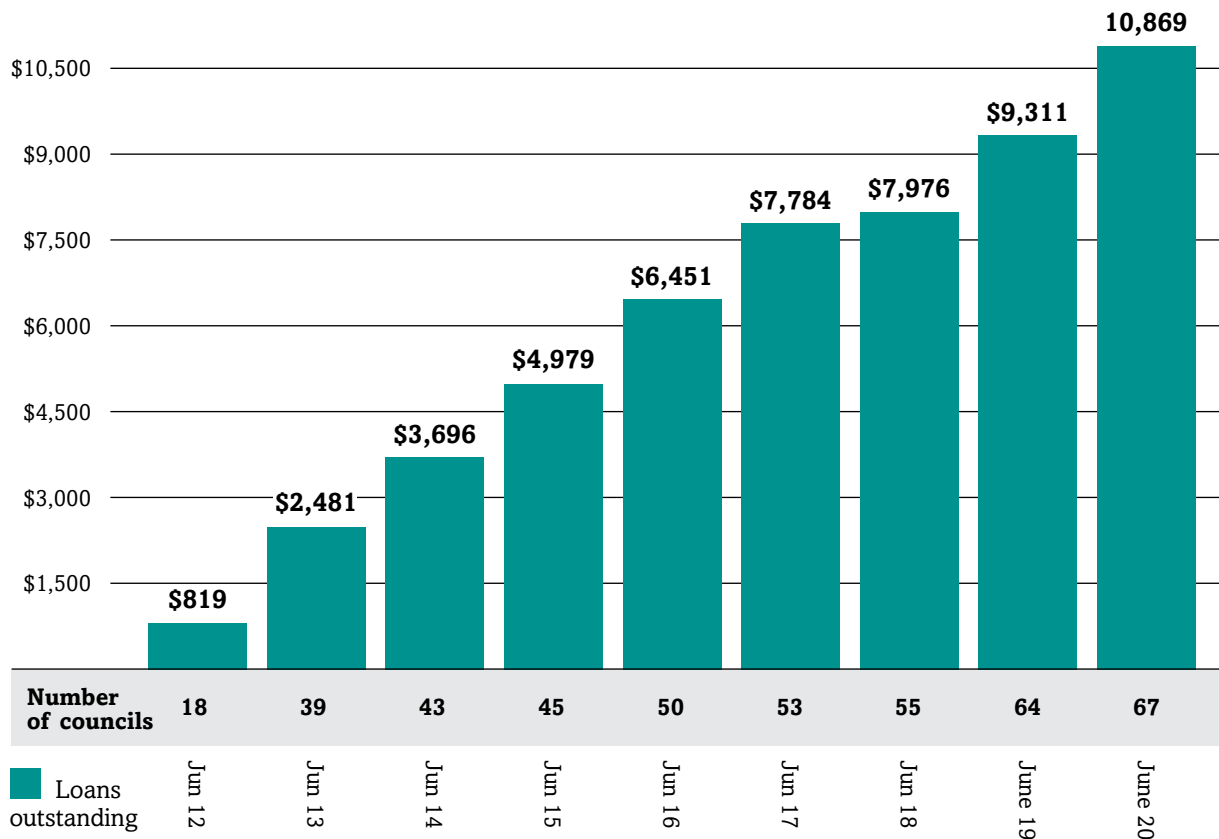
**30**

member councils  
have credit ratings  
(A+ to AA+  
range)

LGFA assign internal credit ratings for all councils, including all councils without external credit ratings.

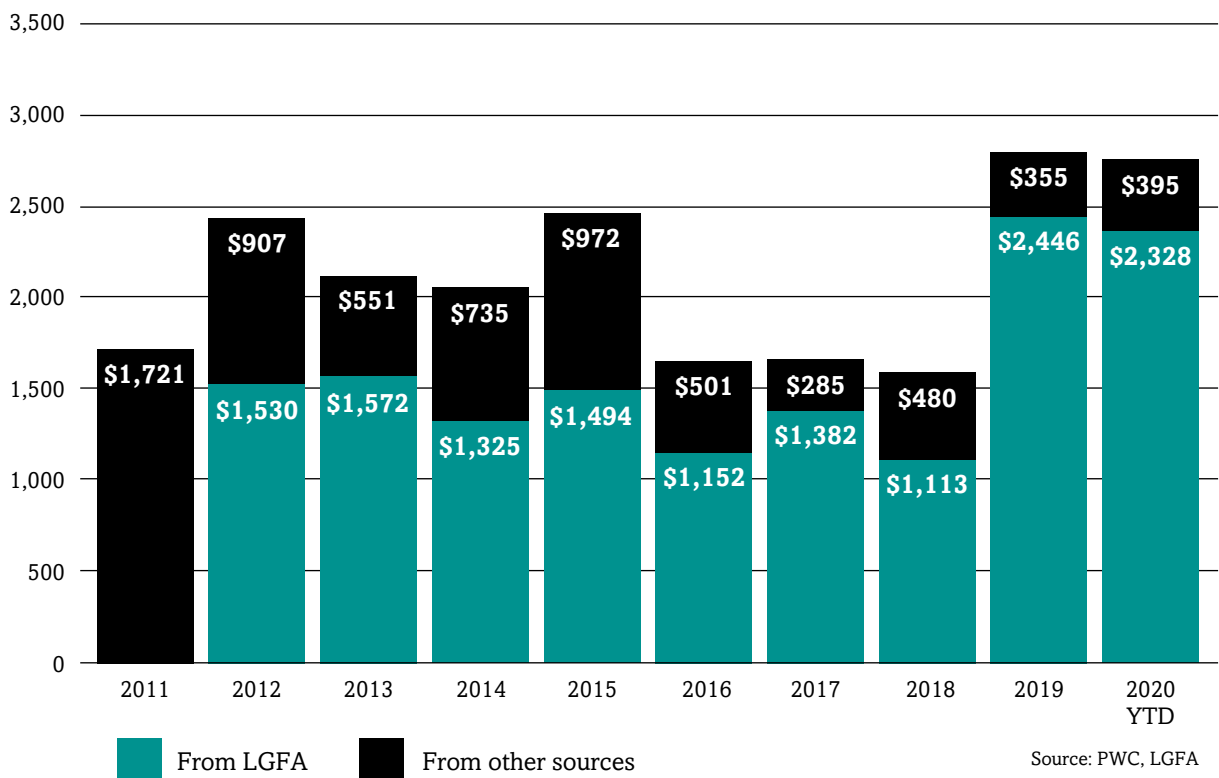
## LGFA council members and nominal loans outstanding

(NZ\$ million)



## Councils' borrowing

All councils (NZ\$ million) calendar year









# Sustainability at LGFA

## Toitūtanga ki te LGFA

**LGFA was established with the primary objective of optimising the debt funding terms and conditions for our member councils. Key to achieving this objective is that we conduct our affairs in accordance with sound business practice, while having regard to the interests of the community and by exhibiting a sense of social and environmental responsibility, as well as being a good employer.**

This year's annual report is our first to have been prepared to under the Global Reporting Initiative (GRI) sustainability reporting standards which are the most widely adopted global standards for sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option.

In 2019, LGFA engaged Proxima, an independent sustainability consultancy, to work with staff and directors to undertake an analysis of material sustainability issues relevant to our business and key stakeholders. Following a series of internal workshops, including discussions with key stakeholders, we determined our material topics. Material topics are those issues that reflect our significant economic, environmental, and social impacts or that substantively influence the assessments and decisions of our stakeholders.

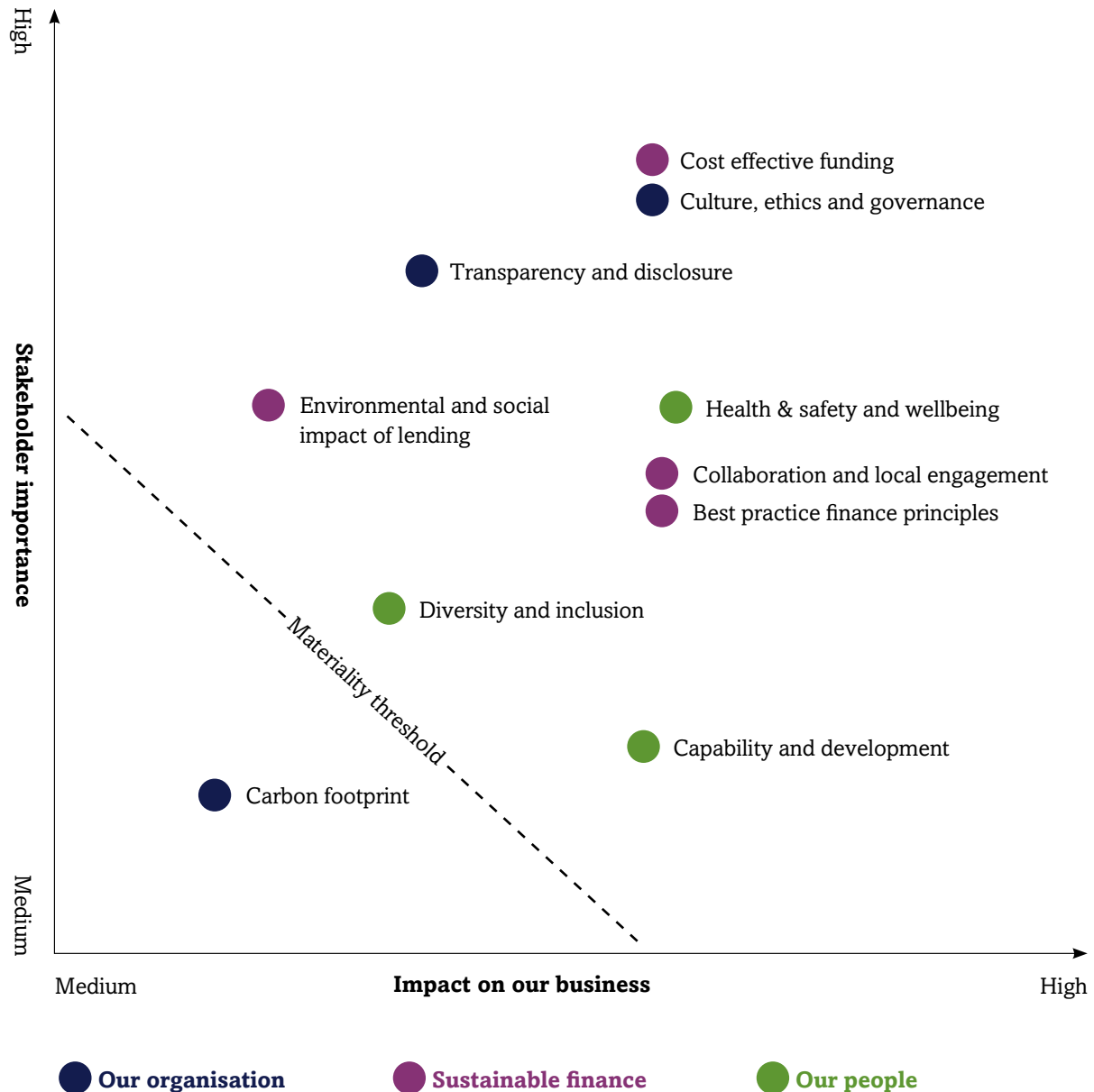
LGFA's ten material topics are grouped under three overarching principles.

Our organisation	Sustainable finance	Our people
Culture, ethics and governance	Cost effective funding	Health & safety and wellbeing
Transparency and disclosure	Environmental and social impact of lending	Diversity and inclusion
Carbon footprint	Collaboration and local engagement	Capability and development
	Best practice finance principles	

## LGFA's materiality matrix

LGFA's materiality matrix depicts the outcome of our materiality analysis and is prioritised by stakeholder importance and the estimated impact on our business or on society. The prioritisation of these material topics will assist us to review our management approach and assess where we can improve over time.

Our approach and performance on each material topic can be found in this Annual Report and are referenced in the GRI Index on page 85.



In 2020, LGFA made a donation to **Kauri 2000** to offset carbon for air travel kilometres by staff. **Kauri 2000** was established in 1999 as a project to celebrate the start of the new millennium by planting 2000 kauri on the Coromandel Peninsula. To date the Trust has planted over 50,000 trees and continues to plant kauri throughout the Coromandel.

# LGFA's material topics

In order of priority

## Our organisation

### Cost effective funding

- Delivery of lower cost funding
- Access to longer term funding
- Ongoing contribution to NZ Capital Markets
- NZX listing

### Transparency and disclosure

Transparency and disclosure are essential for shareholder, rating agencies and investor confidence and codified through:

- Shareholders' agreement
- NZX listing rules
- Financial accounting standards
- Regulatory compliance

### Health & safety and wellbeing

- Compliance with Health and Safety at Work Act 2015
- Health and safety committee and regular reporting to Board
- Flexible workplace

### Best practice finance principles

- Knowledge sharing
- Audit and risk independence
- Best practice risk management framework
- Credit metrics
- External rating / lower margin borrowing
- Operational excellence
- Product and process improvement
  - CCO lending
  - Bills
  - Flexible maturities
  - Standby facilities

### Carbon footprint

- Air travel kilometres travelled offset by donation to Kauri 2000.
- Paperless office – use electronic where possible for transaction recording.
- Physical offices – minimal impact given small size
- Video links reduce need for physical travel
- Compliance with Climate Change Response (Zero Carbon) Amendment Act 2019

## Sustainable finance

## Our people

### Culture, ethics and governance

High ethical standards required and codified through:

- NZX Corporate Governance Code
- Code of Ethics
- Code of Conduct
- Board Charter
- ARC Charter

### Environmental and social impact of lending

- Development of green financing option for councils
- Lower cost financing promotes greater ability for councils to fund green/social impact projects

### Collaboration and local engagement

- Industry sponsor – Kanganews and SOLGM
- Infrastructure funding development liaison with Crown and industry
- Productivity Commission
- LGNZ
- Regular engagement with council employees and elected officials

### Diversity and inclusion

- Diversity policy and reporting
- Equal opportunity
- Māori language plan
- Flexible working

### Capability and development

- Regular attendance for staff and directors at industry training and conference events



Construction  
underway on the new  
\$27 million Whau  
Valley Treatment Plant  
Whangarei District  
Council





# Green, social and sustainability lending

## Ko te tuku pūtea taurewa mā te taiao, mā te hāpori, mā te toitūtanga

**A commitment to assist councils finance projects that promote environmental and social wellbeing in New Zealand.**

LGFA recognises the risks inherent in climate change at the national and regional level and wishes to support New Zealand's shift to a low-carbon economy. LGFA also recognises it has a role to play in New Zealand's contribution to meeting the United Nations Sustainable Development Goals (SDGs) and helping its council members to build a stronger and more resilient society.

One of the principal objectives of LGFA, being a Council Controlled Organisation, under the Local Government Act 2002, is to exhibit a sense of social and environmental responsibility and LGFA acknowledges the future importance of assisting its council members by financing projects that promote environmental and social wellbeing in New Zealand and progress the SDGs.

LGFA has commenced consulting with member councils on the feasibility of establishing a future loan program that will enable councils to undertake green, social and sustainability projects that will help drive forward ambitious climate, environmental and social projects in the New Zealand local government sector. The loans will be Green, Social or Sustainable (GSS Loans).

### **Green, social and sustainability loans**

Any future GSS lending program would be underpinned by a framework that encompasses evaluation and eligibility criteria, transparency of disclosures and reporting and ongoing independent external review.

The criteria for GSS lending would include projects that are able to provide a proven reduction in energy consumption and/or greenhouse gas emissions, that strengthen the level of local adaptation to challenges posed by climate change, or that have an identified social objective. These projects would target requirements higher than the minimum requirements in the relevant legislation and have explicit climate, environmental, social or sustainable ambitions.



Pipe replacement  
on Queens Drive,  
Invercargill.  
Invercargill City  
Council

GSS lending would support councils with financing across a wide range of projects that promote achievement across the following green and social project categories:

#### Green Categories

Renewable Energy

---

Energy Efficiency

---

Pollution Prevention and Control

---

Environmentally Sustainable Management of Living Natural Resources and Land Use

---

Terrestrial and Aquatic Biodiversity Conservation

---

Clean Transport

---

Sustainable Water and Wastewater Management

---

Climate Change Adaptation

---

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes

---

Green Buildings

---

#### Social Categories

Affordable Basic Infrastructure

---

Access to Essential Services

---

Affordable Housing

---

Employment Generation Including through the Potential Effect of SME Financing and Microfinance

---

Food Security

---

Socioeconomic Advancement and Empowerment

---

As at the date of this report, work is progressing on consulting councils on the development of a framework. This project is scheduled to be completed in the coming year, the outcome of which will form part of our 2021 Annual Report.

# Corporate governance Ārahitanga ā-rangatōpū

## NZX Corporate Governance Best Practice Code

The LGFA Board is committed to ensuring LGFA demonstrates ongoing commitment to strong and sound corporate governance.

LGFA is a listed issuer on the NZX Debt Market and this section sets out LGFA's compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code 2020.

LGFA considers that its governance practices have not materially differed from the NZX Code for the year ended 30 June 2020. Areas where LGFA has implemented alternative measures to the Code are as follows:

---

An Issuer should establish a nomination committee to recommend director appointments to the Board.

An Issuer should have a remuneration committee which operates under a written charter.

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The process for the nomination and remuneration of directors is documented in the Constitution of New Zealand Local Government Funding Agency Limited and outlined below.

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The following governance documents referred to in this section are available on the LGFA website: [lgfa.co.nz/about-lgfa/governance](https://lgfa.co.nz/about-lgfa/governance):

- LGFA Constitution
- Shareholders' Agreement
- Code of Ethics
- Board Charter
- Audit and Risk Committee Charter
- Internal Audit Charter
- Diversity Policy
- Remuneration Policy

## Principle 1

### Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

### Code of Ethics

LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest Policy and Code of Conduct Policy, which sets out the standards that both directors and employees of LGFA are expected to follow to reflect the values of LGFA.

LGFA recognises impartiality and transparency in governance and administration are essential to maintaining the integrity of LGFA. Accordingly, the Conflicts of Interest Policy formally provides guidance to employees and directors of LGFA in relation to conflicts of interest and potential conflicts of interest, including specific guidance on the process for managing potential conflicts that may arise for non-independent directors. Directors and employees are expected to avoid all actions, relationships and other circumstances that may impact on their ability to exercise their professional duties.

The Code of Conduct Policy requires employees and directors to carry out their roles while maintaining high standards of integrity and conduct by clearly

setting out standards for expected behaviour. In addition, the policy sets out LGFA's commitment to behave in a fair and reasonable manner to employees, while providing a fair and safe working environment.

### Protected Disclosures and Whistle Blowing

LGFA has adopted a Protected Disclosures and Whistle Blowing Policy which provides procedure, support and protection to persons who disclose information which they reasonably believe to be about serious wrong-doing in or by LGFA.

### Financial Products Trading Policy

LGFA has formally adopted a Financial Products Trading Policy, which applies to all directors, employees and contractors, and details LGFA's policy on, and rules for dealing in, listed debt securities issued by LGFA and any other quoted financial products of LGFA.

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

## Principle 2

### Board composition and performance

### LGFA Board Charter

The LGFA Board has adopted a Board Charter which describes the Board's role and responsibilities and regulates the Board's procedures. The Board Charter states that the role of the Board is to ensure LGFA achieves its goals. Having regard

to its role the Board will direct, and supervise the management of the business and affairs of LGFA, including:

- ensuring that LGFA's goals are clearly established, and that strategies are in place for achieving them (such strategies being



expected to originate, in the first instance, from management);

- establishing policies for strengthening LGFA's performance;
- ensuring strategies are in place for meeting expectations set out in the current Statement of Intent and monitoring performance against those expectations, in particular LGFA's primary objective of optimising the debt funding terms and conditions for participating local authorities;
- monitoring the performance of management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment;
- deciding on whatever steps are necessary to protect LGFA's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that LGFA's financial statements are true and fair and otherwise conform with law;
- ensuring that LGFA adheres to high standards of ethics and corporate behaviour; and
- ensuring that LGFA has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, day-to-day management of LGFA will be in the hands of management. The Board will satisfy itself that LGFA is achieving its goals, and engaging and communicating with Shareholders' Council.

## Board composition

The LGFA Board comprises five independent Directors and one non-independent Director. An independent director is a director who, within five years prior to appointment, was not an employee of any shareholder, employee of a Council-Controlled Organisation owned by a shareholder, or a councillor of any local authority which is a shareholder.

**The directors of LGFA as at 30 June 2020:**



**Craig Stobo**  
**Independent Chair**

***BA (Hons) Economics. First Class, Otago  
C.F.Inst.D  
Associate Member CFA Society New Zealand***

Craig has worked as a diplomat, economist, investment banker and Chief Executive Officer of BT Funds Management (NZ) Limited. He has completed the Advanced Management Programme at Wharton Business School in Philadelphia, authored reports to the New Zealand Government on the Taxation of Investment Income (which led to the PIE regime), and the creation of New Zealand as a funds domicile. He currently chairs the listed companies Precinct Properties New Zealand Limited and AIG Insurance (NZ Board). He has directorship and private equity interests in financial services and other businesses.



**John Avery**  
**Independent Director**

***LLB, C.F.Inst.D***

John was Managing Partner, then Chairman of Hesketh Henry. He was a director of The Warehouse Group Limited, several start-up businesses, a number of CCOs, an industry cooperative 'ITM', Regional Facilities Auckland Limited and Spider Tracks Limited. He is currently an independent director of Strategic Pay Limited and a Trustee of the Royal New Zealand Ballet.



**Philip Cory-Wright**  
**Independent Director**

***LLB (Hons), BCA Business Management,  
INFINZ (Cert), C.F.Inst.D***

Philip is a solicitor of the High Court of New Zealand and Victoria. He has worked as a corporate finance adviser in New Zealand to the corporate sector on debt and equity matters for more than 30 years. He is currently a director of Powerco, Matariki Forests, South Port New Zealand and Papa Rererangi I Puketapu (New Plymouth Airport). Philip is also a strategic adviser to clients in the energy and infrastructure sectors. He was a member of the Local Government Infrastructure Expert Advisory Group tasked with advising the Minister of Local Government on improvements in local government infrastructure efficiency.



**Linda Robertson**  
**Independent Director**

***B.Com, Dip Banking, INFINZ  
(Distinguished Fellow), C.F.Inst.D, GAICD***

Linda Robertson is a professional company director with over 20 years of governance experience and more than 30 years' experience in executive finance roles having worked in the banking and energy sector in New Zealand. Linda is currently chair of Central Lakes Trust and Crown Irrigation Investments, and a director of Dunedin City Holdings Limited, Dunedin City Treasury Limited and Dunedin Stadium Properties Limited. She is chair of the Audit and Risk Committee for the Central Otago District Council, a member of the Board of AWS Legal, a member of the Risk and Audit Committee for The Treasury and a member of the Capital Markets Advisory Committee for The Treasury.



**Mike Timmer**  
**Non-Independent Director**

***CA, BBS, BAgSci, INFINZ (Cert), M.Inst.D***

Mike has worked for Citibank in its financial market section and held accountancy and treasury roles in the health sector and is presently Treasurer at the Greater Wellington Regional Council. He is Chairman of the Finance Committee of Physiotherapy New Zealand Incorporated, Independent member Whanganui District Council Audit and Risk Committee and past Deputy Chair of the LGFA Shareholders' Council.



**Anthony Quirk**  
**Independent Director**

***BCA Hons (First Class), INFINZ (Fellow),  
AFA, M.Inst.D***

Anthony is an experienced financial services sector professional with over thirty years executive experience in the sector, including nine years as Managing Director of Milford Asset Management. He has a varied portfolio of governance interests with an emphasis on areas that improve or contribute to communities. He is a Fellow of the Institute of Finance Professionals New Zealand (INFINZ) and is a former Chairman of that organisation. He was previously Chair of the Asset Management Advisory Board of the New Zealand Exchange, Deputy Chair and Board member of the New Zealand Society of Investment Analysts and a previous member of the Financial Reporting Standards Board of the New Zealand Society of Accountants.

## Directors and staff interests as at 30 June 2020

### Craig Stobo (Chair)

#### Director

Precinct Properties New Zealand Limited  
(Chair and shareholder)  
Elevation Capital Management Limited  
(Chair and shareholder)  
Saturn Portfolio Management Limited  
(Chair and shareholder)  
Stobo Group Limited (Managing Director  
and shareholder)  
AIG Insurance NZ Limited (Chair)  
SouthWest Trustees Limited (Shareholder)  
Appello Services Limited  
Biomarine Group Limited (Chair and shareholder)  
Legend Terrace Limited (Chair and shareholder)

### John Avery

#### Director

Strategic Pay Limited

#### General disclosure

Royal New Zealand Ballet (Trustee)

### Philip Cory-Wright

#### Director

South Port New Zealand Limited  
Matariki Forest Group Limited  
Powerco Limited  
Papa Rererangi i Puketapu (New Plymouth Airport)  
(Chairman)

### Anthony Quirk

#### Director

Milford Asset Management Limited (and  
associated subsidiaries) (Non-Executive Director  
and shareholder)  
Compass Housing NZ (Deputy Chair)  
Humanitix, New Zealand (Chair)

### Linda Robertson

#### Director

Dunedin City Holdings Limited  
Dunedin City Treasury Limited  
Dunedin Stadium Property Limited  
Central Lakes Trust (Chair) and associated  
subsidiaries.  
Crown Irrigation Investments Limited (Chair)

#### General disclosure

Capital Markets Advisory Committee,  
The Treasury (Member)  
Risk & Audit Committee,  
The Treasury (Member)  
Audit & Risk Committee, Central Otago District  
Council (Chair)  
Board, AWS Legal (Member)

### Mike Timmer

#### General disclosure

Greater Wellington Regional Council (Officer)  
Finance Committee, Physiotherapy New Zealand  
(Chairman)  
Whanganui District Council Risk & Audit  
Committee (Member)

### Mark Butcher – Chief Executive

New Plymouth PIF Guardians Limited (Chair)  
Waikato-Tainui Group Investment Committee  
(Chair)  
Nominating Committee for Guardians  
of New Zealand Superannuation (Member)

### Neil Bain – Chief Financial Officer

Audit & Risk Committee, Central Hawkes Bay  
District Council (Chair)

## Nomination of Directors

Director nominations can only be made by a shareholder by written notice to LGFA and Shareholders' Council, with not more than three months, nor less than two months before a meeting of shareholders. All valid nominations are required to be sent by LGFA to all persons entitled to attend the meeting.

## Retirement and re-election of Directors

Directors are appointed to the Board by an Ordinary Resolution of shareholders. At each Annual General Meeting, two directors must retire and, if desired, seek re-election. The directors who retire each year are one each of the independent and non-independent, who have been longest in office since their last appointment or, if there are more than one of equal term, those determined by lot, unless the Board resolves otherwise.



## Director tenure

As at 30 June 2020

Director	Originally appointed	Last reappointed/ elected	Tenure	Next reappointment
Craig Stobo (Chair)	1 December 2011	21 November 2017	8 years, 7 months	November 2021
John Avery	1 December 2011	21 November 2018	8 years, 7 months	November 2022
Philip Cory-Wright	1 December 2011	24 November 2016	8 years, 7 months	November 2020
Anthony Quirk	21 November 2017	21 November 2017	2 years, 7 months	November 2021
Linda Robertson	24 November 2015	21 November 2019	4 years, 7 months	November 2023
Mike Timmer	24 November 2015	21 November 2019	4 years, 7 months	November 2020

## Board performance review

The Board has established an annual formal self-assessment procedure to assess director, board and committee performance. In addition, Board performance is reviewed by external consultants on a periodic basis.

## Director and staff capability

As part of LGFA's commitment to ongoing education for directors and staff, LGFA regularly invites directors and staff to attend relevant industry conferences and training events, as well as organising for industry experts to attend and present to directors at Board meetings.

## Diversity

The LGFA is committed to promoting a culture that supports both workplace diversity and inclusion within the organisation.

LGFA has formally adopted a Diversity Policy which applies to both LGFA employees and directors. Diversity and inclusiveness at LGFA involves recognising the value of individual differences and managing them in the workplace. Diversity in this context covers gender, age, ethnicity, cultural background, sexual orientation, religious belief, disability, education and family responsibilities.

Appointments to the LGFA Board are made in accordance with LGFA's Constitution and the Shareholders Agreement.

## Gender diversity of directors



**2020**  
Female 1, Male 5



**2019**  
Female 1, Male 5

## Gender diversity of employees



**2020**  
Female 2, Male 5



**2019**  
Female 2, Male 5

## Indemnities and insurance

Under LGFA's constitution, LGFA has indemnified directors for potential liabilities and costs they may incur for acts of omission in their capacity as directors. LGFA has arranged directors' and officers' liability insurance covering directors and management acting on behalf of LGFA. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for LGFA. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulation, or duty to LGFA, improper use of information to the detriment of LGFA, or breach of professional duty.

## Principle 3

### Board committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

### Audit and Risk Committee

The LGFA Audit and Risk Committee is a committee of the Board.

The Audit and Risk Committee is governed by an Audit and Risk Committee Charter, which states that the purpose of the Audit and Risk Committee is to provide advice, assurance and observations to the Board relating to the effectiveness and adequacy of internal control and risk management systems, processes and activities across LGFA. It assists the Board to fulfil its duties by considering, reviewing and monitoring:

- Risk management framework and processes;
- Internal control environment and mechanisms;
- The operations and effectiveness of the internal audit function;
- Processes relating to the preparation and audit of financial statements of LGFA;

- The integrity of performance information, including financial reporting;
- The governance framework and process;
- Policies, processes and activities to ensure compliance with legislation, policies and procedures; and
- Statutory/regulatory disclosure and reporting and performance against Statement of Intent targets.

Audit and Risk Committee members are appointed by the Board. Membership comprises at least three directors, the majority of whom must be independent. The members of the Audit and Risk Committee as at the date of this Annual Report are:

- Linda Robertson (Chair)
- Philip Cory-Wright
- Anthony Quirk
- Mike Timmer

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

## Principle 4

### Reporting and disclosure

The Board is committed to ensuring the highest standards are maintained in financial reporting and disclosure of all relevant information.

The Audit and Risk Committee has responsibility to provide assurance to the Board that due process has been followed in the preparation and audit of the financial statements of LGFA and to ensure there are appropriate processes and activities to ensure compliance with relevant regulatory and statutory requirements.

LGFA has adopted a formal Continuous Disclosure Policy, the requirements of which ensure that LGFA

meets the continuous disclosure requirements of the NZX Listing Rules including the disclosure for material environmental, social and governance (ESG) factors.

The GRI sustainability reporting standards are the most widely adopted global standards for sustainability reporting and this year's annual report is our first to have been prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option).

## Principle 5 Remuneration

The remuneration of directors and the executives should be transparent, fair and reasonable.

The remuneration of the Board reflects LGFA's size and complexity and the responsibilities, skills, performance and experience of the directors. A specialist independent adviser may be used to ensure the remuneration is appropriate.

Board remuneration is determined by an Ordinary Resolution of shareholders. The current board remuneration was approved by shareholder resolution at the Annual General Meeting on 21 November 2019.

### Director annual fee breakdown

Position. Fees per annum	2020	2019
Board Chair	\$102,000	\$97,000
Audit and Risk Committee Chair	\$63,000	\$60,000
Director / ARC Member	\$59,000	\$55,000
Director	\$57,000	\$55,000

### Director remuneration

Director	2020
Craig Stobo	\$102,000
John Avery	\$57,000
Philip Cory-Wright	\$59,000
Anthony Quirk	\$59,000
Linda Robertson	\$63,000
Mike Timmer	\$59,000
<b>Total</b>	<b>399,000</b>

The remuneration of the CEO is determined by the Board and is reviewed on an annual basis taking into consideration the scope and complexity of the position with reference to the remuneration of CEOs of similar

organisations. A specialist independent adviser may be used to ensure the remuneration is appropriate.

The CEO remuneration package comprises a fixed cash component of \$530,000 per annum as at 30 June 2020 (\$530,000, 2019) and an at-risk short-term incentive of the fixed cash component. The short-term incentive payment is made annually at the Board's discretion subject to the CEO and LGFA meeting a range of specific performance objectives for the respective financial year.

### Chief Executive remuneration

Position. Fees per annum	2020	2019
Salary	530,000	530,000
Taxable benefits	-	-
Subtotal	530,000	530,000
Pay for Performance STI	79,500	71,500
Kiwisaver Employer Contribution	24,000	24,000
Total remuneration	609,500	601,550

### Staff remuneration

Total remuneration	2020
\$140,000 to \$149,999	1
\$170,000 to \$179,999	1
\$180,000 to \$189,999	1
\$260,000 to \$269,999	1
\$300,000 to \$309,999	1
\$600,000 to \$609,999	1
<b>Total staff receiving \$100,000 or more</b>	<b>6</b>

## Principle 6

### Risk management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

LGFA continually reviews its core business risks. This review process includes the identification and assessment of core business risks which are ranked using predetermined criteria for both the likelihood and potential impact of each risk. LGFA maintains a company-wide risk register which records all identified risks, potential impacts and the controls and mitigation strategies used to manage the risks.

The Audit and Risk Committee assists the Board by considering, reviewing and monitoring LGFA's risk management framework and processes, and the internal control environment and mechanisms.

A detailed description of LGFA's risk management processes, including managing treasury exposures, is detailed in the Managing Risk section of this report.

### Internal audit

LGFA has an internal audit function to provide assurance that LGFA's risk management, governance and internal controls are operating effectively.

The Audit and Risk Committee has responsibility for oversight of the internal audit function, including:

- Reviewing the Internal Audit Charter, the operations of the internal audit and organisational structure of the internal audit function;
- Reviewing and approving the annual audit plan;
- Reviewing the effectiveness of the internal audit function; and
- Meeting separately with the internal auditor to discuss any matters that the Audit and Risk Committee or Internal Audit believes should be discussed privately.

### Health and safety

LGFA is committed to a safe and healthy work environment and has formally adopted a Health and Safety Policy that clearly sets out the duty of directors and staff under the Health and Safety at Work Act 2015. A staff health and safety committee has been established with responsibility to continuously review health and safety issues and ongoing compliance with the Act, with reporting to the Board on health and safety issues at each Board meeting.

The Board should ensure the quality and independence of the external audit process.

## Principle 7

### Auditors

### External audit

The external audit of LGFA is conducted in accordance with Section 14 of the Public Audit Act 2001, including the appointment of the external auditors of LGFA by the Auditor-General.

The Audit and Risk Committee has responsibility for all processes relating to the audit of financial statements,

including the setting of audit fees and ensuring the independence and objectivity of the auditors.

The external audit of LGFA is conducted in accordance with a formal external audit plan which is reviewed and approved by the Audit and Risk Committee on an annual basis. The external auditor attends LGFA's Annual General Meeting.

## Principle 8 Shareholder rights and relations

The Board should respect the rights of shareholders and foster relationships with shareholders that encourage them to engage with the issuer.

LGFA has 31 shareholders, comprising the New Zealand Government (20%) and the following 30 councils

Auckland Council  
Bay of Plenty Regional Council  
Christchurch City Council  
Gisborne District Council  
Greater Wellington Regional Council  
Hamilton City Council  
Hastings District Council  
Hauraki District Council  
Horowhenua District Council  
Hutt City Council  
Kapiti Coast District Council  
Manawatu District Council  
Marlborough District Council  
Masterton District Council  
New Plymouth District Council  
Otorohanga District Council  
Palmerston North City Council  
Selwyn District Council  
South Taranaki District Council  
Tasman District Council  
Taupo District Council  
Tauranga City Council  
Thames-Coromandel District Council  
Waimakariri District Council  
Waipa District Council  
Wellington City Council  
Western Bay of Plenty District Council  
Whakatane District Council  
Whanganui District Council  
Whangarei District Council.

### Foundation documents

The LGFA Constitution and the Shareholders' Agreement are foundation documents.

**The LGFA Constitution** defines the rights and the exercise of powers of shareholders, the acquisition and redemption of company shares, proceedings

of shareholder meetings, voting at meetings and the right to demand polls, shareholder proposals and review of management.

**The Shareholders' Agreement** is an agreement between LGFA and its shareholders which clearly defines LGFA's business, its objectives, the role of the Board, the establishment of the shareholders' Council and the approval rights of the shareholders.

### LGFA Shareholders' Council

The LGFA Shareholders' Council comprises five to ten appointees from the Council Shareholders and the New Zealand Government. The role of the Shareholders' Council comprises the following:

- Review and report performance of LGFA and the Board;
- Recommendations to shareholders as to the appointment, removal, replacement and remuneration of directors;
- Recommendations to shareholders as to any changes to policies, or the Statement of Intent (SOI), requiring their approval;
- Update shareholders on LGFA matters and to coordinate shareholders on governance decisions.

Members of the Shareholders' Council as at 30 June 2020

- Alan Adcock, Whangarei District Council, Chair
- John Bishop, Auckland Council, Deputy Chair
- Mohan de Mel, Tauranga City Council
- David Bryant, Hamilton City Council
- Kumaren Perumal, Western Bay of Plenty District Council
- Mat Taylor, Bay of Plenty Regional Council
- Martin Read, Wellington City Council
- Mike Drummond, Tasman District Council
- Carol Bellette, Christchurch City Council
- Richard Hardie/Oliver Martin, New Zealand Government

# Managing risk

## Ko te whakahaere tūraru

An effective risk management framework is a critical component of LGFA's business structure as the company is exposed to business and treasury related risks as a result of its normal business activities in relation to raising and on-lending funds to local councils.

**The objective of LGFA's risk management function** is to ensure that effective controls and frameworks are implemented to ensure that risks are managed effectively and in compliance with LGFA's governance and legislative requirements. The risk management function ensures that LGFA can achieve its objectives, as set out in the Statement of Intent, in a manner that is consistent with the risk appetite of the company's shareholders and Board.

**The objective of LGFA's risk management framework** is to ensure that the organisation operates within shareholder and Board-approved risk limits. LGFA's approach to risk management is based on the following core elements:

- The LGFA Board oversees the risk appetite of the organisation and ensures that it is consistent with the constitution and shareholders' agreement.
  - The risk appetite is reflected in policies that are approved by the LGFA Board and Audit and Risk Committee, as defined by the LGFA register of policies.
  - LGFA management ensures that policies and controls are implemented and maintained to ensure that all relevant risks are identified, monitored, measured and managed.
  - The Internal Audit (IA) and risk and compliance function provide assurance to both the Board and the Audit and Risk Committee on the performance of internal controls and risk management systems that are in place.
- The LGFA adopts the three lines of defence model to ensure that essential risk management functions are completed using a systematic approach that reflects industry best practice. The three lines of defence model can be summarised as:
- The 1st line of defence establishes risk ownership within the business and is represented by the operational risk and control processes within the business. Business managers are responsible for identifying controls, maintaining effective controls and mitigating risks.
  - The 2nd line of defence establishes risk control within the organisation by ensuring that risks are actively and appropriately managed by processes such as the regular review of risk reports and compliance monitoring against the risk management framework.
  - The 3rd line of defence establishes independent assurance on the risk governance framework provided by both the internal and external audit functions which review and highlight control weaknesses and inefficiencies to management and the Board.



## LGFA risk register

The LGFA risk register is a key component of the company's risk management framework.

The key objective of the LGFA risk register is to ensure that the company assesses the inherent risks faced by the business on an ongoing basis.

The risk register:

- Identifies the inherent risks that LGFA is exposed to when conducting its core business activities;
- Provides an assessment of the likelihood and potential impact of the inherent risks on the business;
- Describes the internal control framework and management processes that are in place to manage and mitigate the identified inherent risks;
- Provides commentary on internal audit coverage of the identified inherent risks; and
- Assesses the likelihood and impact of the residual risks.

The LGFA risk register is reviewed quarterly by management and at each meeting of the Audit and Risk Committee.

## Treasury risk management

LGFA funds itself through domestic and international wholesale and retail debt capital markets, with the funds raised on-lent to participating New Zealand Local Authority borrowers. LGFA activities are governed by the Local Government Borrowing Act 2011, the Local Government Act 2002, and the Companies Act 1993. In addition, the company is required to comply with 'Foundation Policies' outlined in the Shareholders Agreement. Any change to the Foundation Policies require shareholders' consent.

The LGFA risk management framework uses an approved risk identification and assessment framework to actively monitor and manage all treasury and financial risks using best practice risk management principles, processes and practices.

LGFA has treasury exposures arising from its normal business activities that principally relate to the raising and on-lending of funds. LGFA manages treasury exposures under a Board-approved Treasury Policy. The objectives for the Treasury Policy are to:

- Effectively manage treasury risks within approved compliance limits to protect LGFA's capital position and Net Interest Margin over time.

- Fund participating local authorities in the most cost-effective manner and in accordance with the operating principles, values and objectives of the LGFA.
- Protect LGFA's assets and prevent unauthorised transactions.
- Promote professional expertise of financial and management control to all external parties.
- Minimise operational risk by maintaining adequate internal controls, systems and staffing competencies.
- Provide timely reporting to the LGFA Board with meaningful and accurate reporting of interest rate exposures, liquidity, asset and liability maturity, funding, counterparty credit, performance and Policy compliance.

Specific treasury exposures relate to liquidity, interest rate/market risk, foreign exchange, counterparty credit, operational and lending risks.

### Liquidity risk

Liquidity risk refers to the potential inability of LGFA to meet its financial obligations when they become due, under normal or abnormal/stressed operating conditions.

Liquidity risk is managed using a forecasted cashflow approach measured over 30-day, 90-day and one-year periods. LGFA is required to maintain sufficient liquidity (comprising a government standby facility and holdings of cash and liquid investments) to support 12 months operating and funding commitments.

### Interest rate risk / market risk

Interest rate risk is the risk that financial assets may re-price/mature at a different time and/or by a different amount than financial liabilities.

Interest rate / market risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates.

- **Value at Risk** calculates the potential amount LGFA's portfolio could be expected to lose 5% of the time over a given time period. It is calculated using historical changes in underlying risk variables and applying those changes to the current portfolio.

LGFA measures VaR over a daily time horizon with a 95% confidence interval. A daily 95% VaR exposure of \$1 million means that there is a 5% chance that the portfolio could potentially lose more than \$1 million over the next business day.

- **Partial Differential Hedge** measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example, a PDH of NZD\$100,000 means that the portfolio value will increase by NZD\$100,000 for a one basis point fall in interest rates.

In addition, LGFA also undertakes scenario analysis to model the potential effect of changing market environments on the balance sheet.

### Counterparty credit risk

Counterparty credit risk is the risk of financial loss to LGFA arising from a counterparty defaulting on an investment, security and/or financial instrument where LGFA is a holder or party.

Counterparty credit risk is managed through counterparty limits for investments. These are determined as a function of the term of investment, liquidity and credit quality of the counterparty (as measured by credit rating).

Counterparty risk on derivative contracts is mitigated by transacting all derivative trades through the Treasury (New Zealand Debt Management) as the counterparty.

Investment is restricted to approved financial instruments listed in the Treasury Policy.

### Foreign currency risk

Foreign currency risk is the risk of an adverse change in the fair value of a financial instrument due to a change in foreign exchange rates.

Exposure to foreign currency risk could exist if LGFA accesses foreign capital markets for funding purposes. To date, all funding has been sourced through New Zealand domestic currency.

Foreign exchange risk is managed through a requirement for LGFA to fully hedge back to floating rate NZD the full amount and term of all foreign currency funding and cash flows.

### Operational risk

Operational risk, with respect to treasury management, is the risk of financial and/or reputation loss because of human error, fraud, negligent behaviour, system failures and inadequate procedures and controls.

Operational risk is managed using internal controls and procedures across LGFA's operational functions. Segregation of duties between staff members who have the authority to enter transactions with external counterparties and the staff who control, check and confirm such transactions is a cornerstone internal control principle.

Financial instruments are not entered into if the systems, operations and internal controls do not satisfactorily support the measurement, management and reporting of the risks.

### Lending risk

As at 30 June 2020, LGFA provides debt funding solely to New Zealand Local Government councils. The Local Government borrowing counterparty will be the Council itself and will not be any Council-Controlled Organisation, Council-Controlled Trading Organisation, Council joint venture or partially owned entity.

The LGFA Board have ultimate discretion on approving term funding to councils.

All Local Authorities that borrow from LGFA:

- Provide debenture security in relation to their borrowing from LGFA and related obligations, and (if relevant), equity commitment liabilities to LGFA and (if relevant) guarantee liabilities to a security trustee approved for LGFA's creditors.
- If the principal amount of a Local Authority's borrowings is at any time equal to, or greater than, NZD 20 million, then it is required to become a party to a deed of guarantee and an equity commitment deed.
- Issue securities (bonds/floating rate notes/commercial paper) to LGFA (ie. not enter into facility arrangements).
- Comply with their own internal borrowing policies.



- Comply with the financial covenants outlined in the table below, provided that:
  - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
    - Lending policy covenants outlined in the following table only with the approval of the Board;
    - Foundation policy covenants outlined in the following table only with the approval of an Ordinary Resolution of shareholders.
- Local Authorities with a long-term credit rating of 'A' equivalent or higher can have bespoke financial covenants that exceed the foundation policy covenants only with the approval of an Ordinary Resolution of shareholders.
- Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.
- Non-compliance with the financial covenants will either preclude a council from borrowing from the LGFA or in the case of existing council borrowers trigger an event of review. An event of default will occur when (among other things) a council fails to meet an interest or principal payment (subject to grace periods). An event of default will enable the LGFA to accelerate a council's repayment of loans.
- Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions, eg. developer contributions and vested assets.
- Net debt is defined as total consolidated debt less liquid financial assets and investments.
- Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.
- Net interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local governments for services provided and for which the other local governments rate.

Financial covenants are measured on a parent council only basis, not consolidated group, unless requested by a parent council and approved by the LGFA board.

To minimise concentration risk the LGFA will require that no more than the greater of NZD 100 million or 33% of a council's borrowings from the LGFA will mature in any 12-month period.

Auckland Council will be limited to a maximum of 40% of the LGFA's total Local Government assets.

Financial covenant	Lending policy covenants Unrated councils	Foundation policy covenants Rated councils
Net debt/ total revenue	<175%	<250%
Net interest / total revenue	<20%	<20%
Net interest/ annual rates income	<25%	<30%
Liquidity	>110%	>110%

On 30 June 2020 a Special General Meeting of Shareholders approved a change to the Net Debt/Total Revenue covenant contained within the Foundation Policy Covenants. For the financial year ending June 2020 a covenant limit of 250% applies. This increases to 300% for the June 2021 and June 2022 years and then reduces by 5% for each of the subsequent years until 280% applies from the June 2026 year.

# Financial statements

## Nga taukī pūtea

In the opinion of the directors of the New Zealand Local Government Funding Agency Limited, the financial statements and notes on pages 55 to 77:

- Comply with New Zealand generally accepted accounting practice (GAAP), New Zealand equivalents to International Financial Reporting Standards (NZIFRS) as appropriate for profit-oriented entities and give a true and fair view of the financial position of the Company as at 30 June 2020, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.
- The directors believe that proper accounting records have been kept which enables, with reasonable accuracy, the determination of the financial position of the Company and facilitates the compliance of the financial statements with the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board of Directors



Craig Stobo  
Chair, LGFA Board  
28 August 2020



Linda Robertson  
Chair, Audit and Risk Committee  
28 August 2020

## Statement of comprehensive income

For the year ended ended 30 June 2020 in \$000s

	Note	Year ended 2020	Year ended 2019
<b>Interest income</b>			
Cash and cash equivalents		394	490
Marketable securities		4,462	4,118
Deposits		6,341	3,887
Derivatives		152,621	104,568
Loans		206,402	248,015
Fair value hedge ineffectiveness	2c	-	-
<b>Total interest income</b>		<b>370,220</b>	<b>361,078</b>
<b>Interest expense</b>			
Bills		6,632	9,519
Bond repurchase transactions		590	358
Lease liability		22	-
Bonds		341,783	328,907
Borrower notes		2,914	3,535
<b>Total interest expense</b>		<b>351,941</b>	<b>342,319</b>
<b>Net interest income</b>		<b>18,279</b>	<b>18,759</b>
<b>Operating expenses</b>			
Issuance and on-lending expenses	3	3,971	4,287
Operating expenses	4	3,685	3,271
<b>Total expenses</b>		<b>7,657</b>	<b>7,558</b>
<b>Net operating profit</b>		<b>10,623</b>	<b>11,201</b>
<b>Total comprehensive income</b>		<b>10,623</b>	<b>11,201</b>

## Statement of changes in equity

For the year ended 30 June 2020 in \$000s

	Note	Share capital	Retained earnings	Total equity
<b>Equity as at 30 June 2018</b>		<b>25,000</b>	<b>39,290</b>	<b>64,290</b>
Adjustment on adoption of NZ IFRS 9			(57)	(57)
Net operating profit			11,201	11,201
Total comprehensive income for the year			11,201	11,201
Transactions with owners			-	-
Dividend paid on 7 September 2018			(1,285)	(1,285)
<b>Equity as at 30 June 2019</b>		<b>25,000</b>	<b>49,149</b>	<b>74,149</b>
Net operating profit			10,623	10,623
Total comprehensive income for the year			10,623	10,623
Transactions with owners			-	-
Dividend paid on 6 September 2019			(1,155)	(1,155)
<b>Equity as at 30 June 2020</b>	<b>11</b>	<b>25,000</b>	<b>58,616</b>	<b>83,616</b>

## Statement of financial position

As at 30 June 2020 in \$000s

	Note	2020	2019
<b>Assets</b>			
Financial assets			
Cash and bank balances		165,826	56,198
Marketable securities		589,124	255,715
Deposits		499,824	136,216
Derivatives in gain	2d	1,018,775	622,559
Loans	5	10,899,756	9,310,617
Non-financial assets			
Prepayments		642	570
Other assets	12	419	457
<b>Total assets</b>		<b>13,174,365</b>	<b>10,382,332</b>
Equity			
Share capital	11	25,000	25,000
Retained earnings		58,616	49,149
<b>Total equity</b>		<b>83,616</b>	<b>74,149</b>
<b>Liabilities</b>			
Financial liabilities			
Payables and provisions		705	563
Bills	6	647,021	503,225
Bond repurchases	9	202,755	24,625
Derivatives in loss	2d	19,075	12,926
Bonds	7	12,038,468	9,612,394
Borrower notes	8	182,272	154,168
Non-financial liabilities			
Other liabilities		453	282
<b>Total liabilities</b>		<b>13,090,748</b>	<b>10,308,183</b>
<b>Total equity and liabilities</b>		<b>13,174,365</b>	<b>10,382,332</b>

## Statement of cash flows

For the year ended 30 June 2020 in \$000s

	Note	Year Ended 2020	Year Ended 2019
<b>Cash Flow from Operating Activities</b>			
Cash applied to loans		(1,556,491)	(1,330,360)
Interest paid on bonds issued		(381,666)	(385,850)
Interest paid on bills issued		(6,609)	(9,516)
Interest paid on borrower notes		(745)	(2,874)
Interest paid on bond repurchases		(333)	(341)
Interest received from loans		223,829	244,079
Interest received from cash & cash equivalents		372	490
Interest received from marketable securities		6,729	3,742
Interest received from deposits		5,713	4,786
Net interest on derivatives		171,367	160,664
Payments to suppliers and employees		(7,452)	(7,420)
<b>Net cash flow from operating activities</b>	<b>10</b>	<b>(1,545,287)</b>	<b>(1,322,601)</b>
<b>Cashflow from Investing Activities</b>			
Purchase of marketable securities		(335,676)	(24,513)
Purchase of deposits		(362,980)	64,000
<b>Net Cashflow from Investing Activities</b>		<b>(698,656)</b>	<b>39,487</b>
<b>Cashflow from Financing Activities</b>			
Cash proceeds from bonds issued		2,146,925	1,255,337
Cash proceeds from bills issued		143,773	29,802
Cash proceeds from bond repurchases		177,874	18,425
Cash proceeds from borrower notes		(24,066)	18,400
Dividends paid		(1,155)	(1,285)
Cash applied to derivatives		(89,782)	(31,647)
<b>Net Cashflow from Financing Activities</b>		<b>2,353,570</b>	<b>1,289,032</b>
<b>Net (Decrease) / Increase in Cash</b>		<b>109,627</b>	<b>5,918</b>
Cash, Cash Equivalents and Bank overdraft at beginning of year		56,198	50,281
<b>Cash, Cash Equivalents and Bank overdraft at end of year</b>		<b>165,826</b>	<b>56,198</b>

# 1 Statement of accounting policies

## a. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2020.

These financial statements were authorised for issue by the Directors on 28 August 2020.

## b. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

## c. Basis of preparation

### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

### Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

### Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

### Changes in accounting policies

#### NZ IFRS 16 Leases

NZ IFRS 16 became effective from 1 July 2019 and did not have a material impact on the financial statements.

On adoption of NZ IFRS 16, LGFA recognised right-of-use assets and lease liabilities in relation to its property leases which had previously been classified as operating leases under NZ IAS 17 Leases.

In adopting NZ IFRS 16, LGFA elected to use the simplified retrospective approach which does not require restatement of comparative information. The lease liability is recognised at the present value of the remaining lease payments, discounted using LGFA's incremental borrowing rate, with the corresponding right-of-use asset recognised as an equal amount.

The following items in the balance sheet were impacted by the change of accounting on 1 July 2019: Other assets and Other liabilities both increased by \$0.157 million.

Lease payments previously included in other operating expense are now classified to financing and depreciation costs under NZ IFRS 16.

There have been no other changes to accounting policies.

### Early adoption standards and interpretations

LGFA has not early adopted any standards.

### New standards adopted

NZ IFRS 16 Leases became effective from 1 July 2019.

### Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

## d. Financial instruments

### Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit and bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

### Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

### Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

### Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

## e. Other assets

### Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

### Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

## f. Other liabilities

### Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

## g. Revenue and expenses

### Revenue

#### Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

#### Expenses

Expenses are recognised in the period to which they relate.

#### Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.



### Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

### Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## h. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

## i. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate. Refer note 2a.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

The financial statements at 30 June 2020 include estimates and judgements of the potential impact of COVID-19 on LGFA's financial position and performance. Whilst there has been no material impact on the estimates and judgements at the date these financial statements are authorised, it is noted that there is significant uncertainty with regards to the medium and long-term effects of COVID-19 on the local government sector.

## 2 Analysis of financial assets and financial liabilities

### a. Categories of financial instruments

Derivative financial instruments are the only instruments recognised in the statement of financial position at fair value.

Derivative financial instruments are valued under level 2 of the following hierarchy.

- *Level 1* – Quoted market prices: Fair value based on quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Valuation techniques using observable market inputs: Fair value based on a valuation technique using other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- *Level 3* – Valuation techniques using significant non-observable market inputs: Fair value based on a valuation technique using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is determined using a discounted cash flow analysis. Interest rates represent the most significant assumption used in valuing derivative financial instruments. The interest rates used to discount estimated cash flows are based on the New Zealand dollar swap curves at the reporting date.

Financial instruments recognised in the statement of financial position at amortised cost

Fair values of financial instruments not recognised in the statement of financial position at fair value are determined for note disclosure as follows:

#### Cash and bank, trade and other receivables, trade and other payables

The carrying value of cash and bank, trade and other receivables, trade and other payables approximate their fair value as they are short-term instruments.

#### Marketable securities and bonds

The fair value of bonds and marketable securities are determined using the quoted price for the instrument (Fair value hierarchy level 1).

### Deposits

The fair value for deposits is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on current market interest rates (Fair value hierarchy level 2).

### Loans

The fair value of loans is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are

based on LGFA bond yields at the reporting date plus an appropriate credit spread to reflect the counterparty's credit risk (Fair value hierarchy level 2).

### Borrower notes

The fair value of borrower notes is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date (Fair value hierarchy level 2).

### Fair value of financial assets and financial liabilities

The following table shows the fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position.

As at 30 June 2020 in \$000s	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
<b>Financial assets</b>				
Cash and bank balances	-	165,826	-	165,826
Trade and other receivables	-	-	-	-
Marketable securities	-	589,124	-	591,617
Deposits	-	499,824	-	501,625
Derivatives	-	-	1,018,775	1,018,775
Loans	-	10,899,756	-	12,713,917
	-	12,154,529	1,018,775	14,991,758
<b>Financial liabilities</b>				
Payables and provisions	705	-	-	705
Bills	647,021	-	-	647,235
Bond repurchases	202,755	-	-	202,879
Derivatives	-	-	19,075	19,075
Bonds	12,038,468	-	-	12,196,826
Borrower notes	182,272	-	-	186,725
	13,071,221	-	19,075	13,253,445

As at 30 June 2019 in \$000s	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
<b>Financial assets</b>				
Cash and bank balances	-	56,198	-	56,198
Trade and other receivables	-	-	-	-
Marketable securities	-	255,715	-	257,124
Deposits	-	136,216	-	137,355
Derivatives	-	-	622,559	622,559
Loans	-	9,310,617	-	9,640,053
	-	<b>9,758,746</b>	<b>622,559</b>	<b>10,713,289</b>
<b>Financial liabilities</b>				
Payables and provisions	563	-	-	563
Bills	503,225	-	-	503,451
Bond repurchases	24,625	-	-	24,625
Derivatives	-	-	12,926	12,926
Bonds	9,612,394	-	-	9,727,610
Borrower notes	154,168	-	-	155,935
	<b>10,294,975</b>	<b>-</b>	<b>12,926</b>	<b>10,425,110</b>

## b. Financial risk management

The Board of Directors has overall responsibility for carrying out the business of LGFA in accordance with risk management policies, including those relating to investing, lending, borrowing and treasury activities. The use of financial instruments exposes LGFA to financial risks, the most significant being market risk, credit risk, and liquidity risk. The exposure and management of these risks is outlined below.

### Market risk

Market risk is the risk that changes in market prices will affect LGFA's income or value of financial instruments. The most significant market risk which LGFA is exposed to is interest rate risk. LGFA has no significant exposure to foreign exchange risk.

### Interest rate risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will decrease because of a change in market interest rates. LGFA is exposed to interest rate risk through its interest-bearing financial assets and liabilities.

Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates. PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates, whereas VaR measures the expected loss for a given period with a given confidence.

The table below indicates the earliest period in which the interest-bearing financial instruments reprice.

As at 30 June 2020 in \$000s	Face value	Less than 6 months	6 months - 1 year	1-2 years	2-5 years	Over 5 years
<b>Financial assets</b>						
Cash and bank Balances	165,826	165,826	-	-	-	-
Marketable securities	576,298	335,758	112,903	18,214	109,423	-
Deposits	497,980	397,980	100,000	-	-	-
Loans	10,868,876	9,118,964	529,990	153,300	532,200	534,423
<b>Financial liabilities</b>						
Bills	(647,500)	(647,500)	-	-	-	-
Bond repurchases	(202,478)	(202,478)	-	-	-	-
Derivatives	-	(9,347,750)	1,014,500	1,065,000	3,735,250	3,533,000
Bonds	(10,990,000)	(130,000)	(1,450,000)	(1,155,000)	(4,207,000)	(4,048,000)
Borrower notes	(168,845)	(141,197)	(8,130)	(2,453)	(8,515)	(8,551)
<b>Total</b>	<b>100,157</b>	<b>(450,397)</b>	<b>299,263</b>	<b>79,061</b>	<b>161,358</b>	<b>10,872</b>

As at 30 June 2019 in \$000s	Face value	Less than 6 months	6 months - 1 year	1-2 years	2-5 years	Over 5 years
<b>Financial assets</b>						
Cash and bank Balances	56,198	56,198	-	-	-	-
Marketable securities	253,972	203,850	40,122	10,000	-	-
Deposits	135,000	55,000	80,000	-	-	-
Loans	9,262,858	8,030,980	16,520	452,700	284,700	477,958
<b>Financial liabilities</b>						
Bills	(505,000)	(480,000)	(25,000)	-	-	-
Bond repurchases	(24,604)	(24,604)	-	-	-	-
Derivatives	-	(7,715,000)	938,750	1,027,500	2,828,750	2,920,000
Bonds	(8,935,000)	-	(980,000)	(1,450,000)	(3,110,000)	(3,395,000)
Borrower notes	(142,027)	(122,333)	(248)	(7,243)	(4,555)	(7,647)
<b>Total</b>	<b>101,398</b>	<b>4,091</b>	<b>70,144</b>	<b>32,957</b>	<b>(1,105)</b>	<b>(4,689)</b>

## Interest rate sensitivity

Changes in interest rates impact the fair value of fixed rate assets and liabilities, cash flows on floating rate assets and liabilities, and the fair value and cash flows of interest rate swaps. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown in the following table. This analysis assumes that all other variables remain constant.

For the period ending 30 June in \$000s	2020		2019	
	100 bps increase \$000s	100 bps decrease \$000s	100 bps increase \$000s	100 bps decrease \$000s
<b>Fair value sensitivity analysis</b>				
Fixed rate assets	-	-	-	-
Fixed rate liabilities	484,492	(493,186)	(369,387)	376,054
Derivative financial instruments	(483,279)	491,932	369,387	(376,054)
	<b>1,213</b>	<b>(1,254)</b>	<b>-</b>	<b>-</b>
<b>Cash flow sensitivity analysis</b>				
Variable rate assets	89,636	(89,636)	76,708	(76,708)
Variable rate liabilities	(2,712)	2,712	(1,227)	1,227
Derivative financial instruments	(93,608)	93,608	(79,320)	79,320
	<b>(6,684)</b>	<b>6,684</b>	<b>(3,839)</b>	<b>3,839</b>

## Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. LGFA is exposed to credit risk through its lending and investing activities.

Credit risk associated with lending activities is managed by requiring local authorities that borrow from LGFA to meet specific credit lending criteria and to provide security against the borrowing. The LGFA's credit risk framework restricts credit exposures to specific counterparties.

Credit risk associated with investing activities, excluding on-lending, is managed by only investing with New Zealand Government Agencies or counterparties that meet a minimum credit rating of A (Standard & Poor's equivalent). The LGFA's credit risk framework limits concentrations of credit risk for any single counterparty.

### Exposure to credit risk

LGFA monitors the concentration of credit risk by the type of counterparty. The following table shows the carrying value and maximum exposure to credit risk at the reporting date, before taking account of collateral or other credit enhancements, for significant counterparty types.

As at 30 June 2020 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter- parties	Total carrying value
Financial assets					
Cash and bank balances	165,070	-	756	-	165,825
Trade and other receivables	-	-	-	-	-
Marketable securities	123,615	52,181	89,868	323,460	589,124
Deposits	-	-	459,783	40,041	499,824
Derivatives	999,700	-	-	-	999,700
Loans	-	10,899,756	-	-	10,899,756
	<b>1,288,385</b>	<b>10,951,937</b>	<b>550,406</b>	<b>363,501</b>	<b>13,154,229</b>

As at 30 June 2019 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter- parties	Total carrying value
Financial assets					
Cash and bank balances	55,679	-	520	-	56,198
Trade and other receivables	-	-	-	-	-
Marketable securities	40,962	48,668	135,597	30,488	255,715
Deposits	-	-	136,216	-	136,216
Derivatives	609,632	-	-	-	609,632
Loans	-	9,310,617	-	-	9,310,617
	<b>706,273</b>	<b>9,359,285</b>	<b>272,333</b>	<b>30,488</b>	<b>10,368,378</b>

### Collateral and credit enhancements

LGFA holds collateral against borrowings from local authorities in the form of debenture securities and guarantees.

### Credit quality of financial assets

All financial assets are neither past due nor impaired. The carrying value of the financial assets is expected to be recoverable.

### Liquidity risk

Liquidity risk is the risk that LGFA will encounter difficulty in meeting the obligations of its financial liabilities. LGFA manages liquidity risk by holding

cash and a portfolio of liquid assets to meet obligations when they fall due. LGFA is required by policy to maintain sufficient liquidity (comprising a committed liquidity facility and holdings of cash and liquid investments) to meet all operating and funding commitments over a rolling 12-month period.

The Treasury (New Zealand Debt Management) provides a committed liquidity facility that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall. As at 30 June 2020, the undrawn committed liquidity facility was \$700 million (2019: \$700 million). The facility is due to expire in December 2021.

## Contractual cash flows of financial instruments.

The following table shows the contractual cash flows associated with financial assets and liabilities.

As at 30 June 2020 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
<b>Financial assets</b>							
Cash and bank balances	165,826	-	-	-	-	165,826	165,826
Trade and other receivables	-	-	-	-	-	-	-
Marketable securities	-	194,160	222,916	175,954	-	593,029	589,124
Deposits	-	289,288	212,759	-	-	502,048	499,824
Loans	-	224,293	1,902,829	6,047,790	3,355,153	11,530,065	10,899,756
<b>Financial liabilities</b>							
Payables and provisions	(705)	-	-	-	-	-	(705)
Bills	-	(530,500)	(117,000)	-	-	(647,500)	(647,021)
Bond repurchases	-	(102,752)	(100,276)	-	-	(203,028)	(202,755)
Bonds	-	(483)	(1,843,131)	(6,420,275)	(4,512,260)	(12,776,150)	(12,038,468)
Borrower notes	-	(438)	(31,198)	(99,957)	(59,551)	(191,144)	(182,272)
Derivatives	-	(21,309)	266,054	554,255	265,760	1,064,760	999,700
	<b>165,121</b>	<b>52,258</b>	<b>512,953</b>	<b>257,766</b>	<b>(950,898)</b>	<b>37,904</b>	<b>83,008</b>



As at 30 June 2019 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
<b>Financial assets</b>							
Cash and bank balances	56,198	-	-	-	-	56,198	56,198
<b>Trade and other receivables</b>							
Marketable securities	-	127,363	52,615	80,815	-	260,793	255,715
Deposits	-	-	138,543	-	-	138,543	136,216
Loans	-	279,328	936,604	5,556,479	3,583,112	10,355,524	9,310,617
<b>Financial liabilities</b>							
Payables and provisions	(563)	-	-	-	-	(563)	(563)
Bills	-	(330,000)	(175,000)	-	-	(505,000)	(503,225)
Bond repurchases	-	(24,628)	-	-	-	(24,628)	(24,625)
Bonds	-	-	(1,338,293)	(5,495,770)	(3,838,283)	(10,672,345)	(9,612,394)
Borrower notes	-	(332)	(10,820)	(92,580)	(65,981)	(169,713)	(154,168)
Derivatives	-	(42,732)	183,130	358,542	154,427	653,366	609,632
	<b>55,635</b>	<b>8,998</b>	<b>(213,220)</b>	<b>407,487</b>	<b>(166,724)</b>	<b>92,176</b>	<b>73,403</b>

### c. Hedge accounting

LGFA is exposed to interest rate risk from fixed rate borrowing and variable rate lending to councils. LGFA uses interest rate swaps to manage this interest rate risk. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowings and loans.

The following table shows the gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships.

For the year ended ended 30 June in \$000s	2020 Gain/(loss)	2019 Gain/(loss)
Hedging instruments – interest rate swaps	319,032	312,996
Hedged items attributable to the hedged risk – fixed rate bonds	(319,032)	(312,996)
<b>Ineffectiveness recognised in profit or loss from fair value hedges</b>	<b>-</b>	<b>-</b>

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds or loans) are mapped to the same fair value account. For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

#### d. Offsetting

NZ IAS 32: Financial Instruments Presentation allows financial assets and liabilities to be offset only when there is a current legally enforceable right to set off the amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously. LGFA does not offset any amounts. The following table shows the amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the statement of financial position.

As at 30 June 2020 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	1,018,775	19,075
Amounts offset	-	-
Carrying amounts	1,018,775	19,075
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(19,075)	(19,075)
Collateral	-	-
<b>Net amount</b>	<b>999,700</b>	<b>-</b>

As at 30 June 2019 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	622,559	12,926
Amounts offset	-	-
Carrying amounts	622,559	12,926
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(12,926)	(12,926)
Collateral	-	-
<b>Net amount</b>	<b>609,633</b>	<b>-</b>

### 3 Issuance and on-lending expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

For the year ended 30 June in \$000s	2020	2019
NZDM facility fee	650	644
NZX	559	455
Rating agency fees	609	596
Legal fees for issuance	499	493
Regulatory, registry, other fees	157	147
Trustee fees	100	100
Approved issuer levy <sup>1</sup>	1,396	1,708
Information services <sup>2</sup>	-	144
	<b>3,971</b>	<b>4,287</b>

1. The amount of Approved Issuer Levy is a function of the number of the offshore holders of certain LGFA bond maturities.

2. From 1 July 2019, information services costs are reported under Information Technology in Operating Expenses (Note 4)

### 4 Operating expenses

Operating expenses are all other expenses that are not classified as issuance and on-lending expenses.

For the year ended 30 June in \$000s	2020	2019
Information technology <sup>1</sup>	689	-
Consultants	127	205
Directors fees	399	377
Insurance	78	65
Legal fees	139	84
Other expenses	354	796
Auditors' remuneration		
Statutory audit	103	96
Advisory services	-	-
Personnel	1,798	1,648
	<b>3,685</b>	<b>3,271</b>

1. Information technology aggregates all LGFA information technology-related expenses under a single category. Previously, these expenses were recorded across information services, consultants and other expenses.

## 5 Loans

As at 30 June in \$000s	2020		2019	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	10,001	32,279	10,025	27,465
Auckland Council	-	2,766,155	-	2,422,898
Bay of Plenty Regional Council	-	192,077	90,974	50,631
Buller District Council	-	20,005	-	20,013
Canterbury Regional Council	6,002	48,129	6,006	32,108
Central Hawkes Bay District Council	-	20,107	-	2,027
Christchurch City Council	25,094	1,904,271	27,110	1,721,759
Clutha District Council	2,003	7,030	-	5,020
Far North District Council	10,001	46,686	-	40,149
Gisborne District Council	-	58,754	5,982	42,819
Gore District Council	6,004	16,538	6,011	13,059
Greater Wellington Regional Council	-	425,877	-	401,676
Grey District Council	3,967	15,196	4,978	15,305
Hamilton City Council	-	481,064	-	356,737
Hastings District Council	-	150,335	-	105,985
Hauraki District Council	-	44,102	-	38,192
Hawkes Bay Regional Council	-	2,507	-	2,509
Horizons Regional Council	6,987	37,199	-	35,182
Horowhenua District Council	16,003	90,618	11,006	85,780
Hurunui District Council	8,005	30,065	-	32,140
Hutt City Council	-	216,523	-	179,746
Invercargill City Council	25,013	65,165	25,093	30,095
Kaikoura District Council	4,007	3,008	-	-
Kaipara District Council	-	44,089	999	44,189
Kapiti Coast District Council	-	210,353	-	210,804
Manawatu District Council	11,519	65,669	-	68,229
Marlborough District Council	27,224	73,157	26,545	73,252
Masterton District Council	-	51,215	-	50,248
Matamata-Piako District Council	-	26,561	2,546	21,597
Nelson City Council	-	75,118	-	65,264
New Plymouth District Council	-	139,939	-	99,535
Northland Regional Council	-	9,729	-	9,728
Opotiki District Council	-	8,620	-	5,125
Otorohanga District Council	-	3,035	-	3,048

## 5 Loans (cont)

As at 30 June in \$000s	2020		2019	
	Short-term loans	Loans	Short-term loans	Loans
Palmerston North City Council	-	137,267	10,024	104,439
Porirua City Council	-	131,787	-	86,894
Queenstown Lakes District Council	20,027	95,525	20,076	85,644
Rangitikei District Council	-	3,020	-	3,013
Rotorua District Council	22,855	195,105	2,817	180,186
Ruapehu District Council	8,005	17,061	3,027	13,070
Selwyn District Council	-	35,092	5,097	10,053
South Taranaki District Council	-	101,232	-	80,383
South Wairarapa District Council	-	22,018	-	20,023
Stratford District Council	-	15,571	1,003	13,570
Taranaki Regional Council	3,992	-	-	-
Tararua District Council	2,006	33,080	4,020	21,104
Tasman District Council	31,143	177,039	25,380	127,172
Taupo District Council	-	115,177	-	115,452
Tauranga City Council	-	526,768	9,963	432,609
Thames-Coromandel District Council	-	61,147	-	51,244
Timaru District Council	22,577	67,203	17,568	67,313
Upper Hutt City Council	2,993	46,108	4,975	38,174
Waikato District Council	-	95,222	-	80,400
Waikato Regional Council	-	32,085	-	22,120
Waimakariri District Council	-	160,550	10,010	135,872
Waipa District Council	13,503	40,053	-	15,013
Wairoa District Council	-	9,045	1,514	3,519
Waitomo District Council	7,022	30,044	10,055	30,093
Wellington City Council	-	635,684	-	533,151
West Coast Regional Council	2,001	6,610	1,985	5,608
Western Bay of Plenty District Council	-	90,212	-	90,478
Westland District Council	-	19,652	-	18,688
Whakatane District Council	-	67,178	5,008	57,298
Whanganui District Council	7,510	94,290	-	73,408
Whangarei District Council	9,992	142,301	9,976	122,543
	<b>315,456</b>	<b>10,584,299</b>	<b>359,771</b>	<b>8,950,846</b>

As at 30 June 2020, \$1,960 million of loans are due to mature within 12 months. This comprises all short-term loans and \$1,645 million of loans.

## 6 Bills on issue

As at 30 June 2020 in \$'000's	Face value	Unamortised premium	Accrued interest	Total
8 July 2020	110,000	-	(21)	109,979
17 July 2020	58,500	-	(31)	58,469
22 July 2020	12,000	-	(9)	11,991
6 August 2020	225,000	-	(102)	224,898
12 August 2020	75,000	-	(79)	74,921
9 September 2020	50,000	-	(59)	49,941
7 October 2020	17,000	-	(36)	16,964
11 November 2020	50,000	-	(63)	49,937
9 December 2020	25,000	-	(37)	24,963
15 December 2020	25,000	-	(43)	24,957
	<b>647,500</b>	<b>-</b>	<b>(479)</b>	<b>647,021</b>

As at 30 June 2019 in \$'000's	Face value	Unamortised premium	Accrued interest	Total
4 July 2019	25,000	-	(4)	24,996
10 July 2019	85,000	-	(41)	84,959
17 July 2019	25,000	-	(23)	24,977
29 July 2019	25,000	-	(35)	24,965
5 August 2019	25,000	-	(48)	24,952
14 August 2019	50,000	-	(109)	49,891
23 August 2019	45,000	-	(117)	44,883
11 September 2019	50,000	-	(174)	49,826
4 October 2019	25,000	-	(124)	24,876
9 October 2019	25,000	-	(125)	24,875
7 November 2019	25,000	-	(168)	24,832
13 November 2019	25,000	-	(159)	24,841
4 December 2019	25,000	-	(203)	24,797
11 December 2019	25,000	-	(180)	24,820
22 January 2020	25,000	-	(266)	24,734
	<b>505,000</b>	<b>-</b>	<b>(1,775)</b>	<b>503,225</b>

## 7 Bonds on issue

Bonds on issue do not include \$800 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 9: Treasury stock and bond repurchase transactions.

As at 30 June 2020 in \$000's	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
<b>Fixed interest bonds</b>					
15 May 2021	1,450,000	19,259	11,111		
14 April 2022	1,155,000	16,630	6,769		
15 April 2023	1,550,000	55,449	17,935		
15 April 2024	1,248,000	6,717	5,908		
15 April 2025	1,409,000	(31,014)	8,152		
15 April 2026	1,000,000	763	3,156		
15 April 2027	1,326,000	56,918	12,554		
20 April 2029	692,000	(14,904)	2,042		
14 April 2033	1,030,000	8,706	7,683		
<b>Total fixed interest</b>	<b>10,860,000</b>	<b>118,524</b>	<b>75,309</b>	<b>854,268</b>	<b>11,908,100</b>
<b>Floating rate notes</b>					
14 October 2022	130,000	(58)	426	-	130,368
<b>Total</b>	<b>10,990,000</b>	<b>118,465</b>	<b>75,735</b>	<b>854,268</b>	<b>12,038,468</b>

As at 30 June 2019 in \$000's	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
15 April 2020	980,000	(2,674)	6,185		
15 May 2021	1,450,000	40,569	11,111		
14 April 2022	710,000	5,876	4,161		
15 April 2023	1,450,000	56,972	16,778		
15 April 2024	950,000	(3,895)	4,497		
15 April 2025	1,379,000	(38,648)	7,978		
15 April 2027	1,276,000	51,179	12,080		
14 April 2033	740,000	(35,533)	5,520		
<b>Total</b>	<b>8,935,000</b>	<b>73,848</b>	<b>68,311</b>	<b>535,236</b>	<b>9,612,394</b>

## 8 Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to 1.6% of the aggregate borrowings by that local authority.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.



## 9 Treasury stock and bond repurchase transactions

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 30 June 2020, \$800 million of LGFA bonds had been subscribed as treasury stock.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 30 June 2020, bond repurchase transactions comprised:

in \$000s	30 June 2020	30 June 2019
15 May 2021	25,970	-
14 April 2022	25,196	15,535
15 April 2023	27,670	-
15 April 2024	25,139	-
15 April 2025	22,135	-
15 April 2026	-	-
15 April 2027	31,145	5,837
20 April 2029	22,899	-
14 April 2033	22,600	3,252
	<b>202,755</b>	<b>24,624</b>

## 10 Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June in \$000s	2020	2019
Net profit/(loss) for the period	10,603	11,201
Cash applied to loans	(1,556,491)	(1,330,360)
<b>Non-cash adjustments</b>		
Amortisation and depreciation	528	(3,428)
<b>Working capital movements</b>		
Net change in trade debtors and receivables	87	62
Net change in prepayments	(72)	(9)
Net change in accruals	58	(66)
<b>Net Cash From Operating Activities</b>	<b>(1,545,287)</b>	<b>(1,322,601)</b>

## 11 Share Capital

As at 30 June 2020, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled.

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

### Shareholder information

Registered holders of equity securities as at 30 June 2020	2020		2019	
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames - Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	<b>45,000,000</b>	<b>100%</b>	<b>45,000,000</b>	<b>100%</b>

## Capital management

LGFA's capital is equity, which comprises share capital and retained earnings. The objective of managing LGFA's equity is to ensure LGFA achieves its goals and objectives for which it has been established, whilst remaining a going concern.

## Dividend

LGFA paid a dividend of \$1,155,000 on 6 September 2019, being \$0.0462 per paid up share (2019: \$1,285,000 on 7 September 2018, being \$0.0514 per paid up share).

## 12 Other assets

As at 30 June in \$000s	2020	2019
Intangible assets <sup>1</sup>	306	457
Right-of-use lease asset	113	-
<b>Total other assets</b>	<b>419</b>	<b>457</b>

1. Intangible assets comprise acquired and internally developed software costs incurred on the implementation of LGFA's treasury management system.

## 13 Capital commitments

As at 30 June 2020, there are no capital commitments.

## 14 Contingencies

There are no contingent liabilities at balance date.

## 15 Related parties

### Identity of related parties

LGFA is related to the local authorities set out in the Shareholder Information in note 11.

LGFA operates under an annual Statement of Intent with the respective local authorities that sets out the intentions and expectations for LGFA's operations and lending to participating local authorities.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

## Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils. The lending to individual councils is disclosed in note 5, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating councils. Refer note 8.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is LGFA's derivatives counterparty.

Transactions with key management personnel:

Salaries \$951,900 (2019: \$904,300)

Fees paid to directors are disclosed in operating expenses in Note 4.

## 16 Subsequent events

On 6 July 2020 the group of Participating Local Authorities approved changes to the Multi Issuer Deed, Guarantee and Indemnity Deed and Notes Subscription Agreement. This allowed LGFA to lend to CCOs and CCTO's, and permitted an increase in the Borrower Notes Percentage from 1.6% to 2.5% of a member council's borrowings.

On 11 August 2020, the Minister of Finance and LGFA signed an amendment to the Crown Liquidity Facility that extends the term of the facility to 31 December 2031 (from 31 December 2021) and increases the size of the facility to \$1.5 billion (from \$1 billion).

On 28 August 2020, the Directors of LGFA declared a dividend of \$878,500 (\$0.03514 per paid up share).

Subsequent to balance date, LGFA has issued \$1.2 billion in bonds (including \$100 million of treasury stock).



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED'S**  
**FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30**  
**JUNE 2020**

The Auditor-General is the auditor of New Zealand Local Government Funding Agency Limited (the company). The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG, to carry out the audit of the financial statements and performance information of the company on his behalf.

**Opinion**

We have audited:

- the financial statements of the company on pages 55 to 77, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 10 to 17.

In our opinion:

- the financial statements of the company on pages 55 to 77:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Accepted Accounting Practice (NZ GAAP) and they comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS); and
- the performance information of the company on pages 10 to 17 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2020.

Our audit was completed on 28 August 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

**Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Materiality**

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at \$85 million determined with reference to a benchmark of company Total Assets. We chose the benchmark because, in our view, this is a key measure of the company's performance. In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of a reasonably knowledgeable person ('qualitative' materiality).

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit



procedures to address those matters in order that the readers as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The key audit matter	How the matter was addressed in our audit
<b>Existence and impairment of loans</b>	
<p>Refer to Note 5 to the Financial Statements.</p> <p>The loans LGFA has provided to local government make up over 83% of total assets. The loans are recognised at amortised cost and the nature of the counterparties is such that we do not consider these loans to be at high risk of significant misstatement. However, based on their materiality, and the judgement involved in assessing the credit worthiness of counterparties they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p> <p>In addition, the Covid-19 pandemic has created significant additional risks across a number of areas of the business, particularly the assessment of the provision for credit impairments. All forward looking assumptions are inherently more uncertain during these unprecedented times. While this key audit matter is unchanged from last year, the underlying audit risk has increased which impacted the extent and nature of audit evidence that we had to gather.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- understanding the processes in place to assess borrowers and to record loan transactions. This included evaluating the control environment in place at LGFA.</li> <li>- agreeing the 30 June 2020 loan balances to external confirmations received from NZ Clear.</li> <li>- assessing the borrowers' compliance with financial covenants.</li> </ul> <p>We did not identify any material differences in relation to the existence or impairment of loans.</p>
<b>Application of hedge accounting</b>	
<p>Refer to Note 2 of the Financial Statements.</p> <p>LGFA enters into derivatives (interest rate swaps) to manage interest rate risk related to issuing fixed rate bonds. Fair value hedge accounting is applied where specific requirements are met around documentation of the hedge relationship and the relationship is demonstrated as being an effective hedge. Hedge accounting is complex, particularly in the area of whether the requirements (both initial and ongoing) for its application are met. Should the requirements for hedge accounting not be met, LGFA could experience significant volatility in the Statement of Comprehensive Income from changes in the fair value of the derivatives.</p> <p>Due to the size of the derivative positions and the complexity of hedge accounting we consider this to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- reviewing LGFA's accounting policies related to financial instruments.</li> <li>- agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty.</li> <li>- using our treasury valuation specialists we independently recalculated the fair value of all of the derivatives recorded by LGFA.</li> <li>- ensuring the hedge documentation supporting the application of hedge accounting was in accordance with NZ IFRS 9 and the disclosures made in the financial statements were appropriate.</li> <li>- determining that management's hedge effectiveness calculations were correctly performed using appropriate source information.</li> </ul> <p>We did not identify any material differences in relation to the application of hedge accounting.</p>



### **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand in accordance with NZ IFRS and IFRS. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Markets Conduct Act 2013.

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our





auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 9, 18 to 54 and 82 to 86, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

Brent Manning

KPMG

On behalf of the Auditor-General  
Wellington, New Zealand





Motuoapa Reservoir.  
Taupo District Council



# Other disclosures

## He whākitanga anō

### Donations

A donation of \$3000 was made to Kauri 2000 for the year ended 30 June 2020.

### Net Tangible Assets

Net tangible assets per \$1,000 of listed bonds as at 30 June 2020 is \$7.09 (2019: \$7.95).

### Earnings per security

Earnings per \$1,000 of bonds on issue as at 30 June 2020 is \$0.90 (2019: \$1.20).

### Amount per security of final dividends

Not applicable

### Spread of Quoted Security holders

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
10,000 to 49,999	355	39.1	\$9,098,000	0.08
50,000 to 99,999	194	21.4	\$13,712,000	0.12
100,000 to 499,999	238	26.2	\$47,730,000	0.41
500,000 to 999,999	38	4.2	\$25,566,000	0.22
1,000,000 to 9,999,999,999,999	83	9.1	\$11,563,894,000	99.17
<b>Total</b>	<b>908</b>	<b>100.0</b>	<b>\$11,660,000,000</b>	<b>100.00</b>



Newly built Waverley  
Water Treatment Plant  
at a cost of \$2.1m.  
South Taranaki District  
Council



# GRI Index

## Tāpiritanga GRI

The GRI Standards are the world's most widely used sustainability reporting standard.

This is the first year LGFA has prepared its annual report in compliance with the GRI Standards.

The following index is based on the GRI core option.

Disclosure title	Reference/Disclosure
102-1. Name of the organisation	Page 18
102-2. Activities, brands, products and services	Pages 18-27
102-3. Location of headquarters	Page 87
102-4. Location of operations	Page 87
102-5. Ownership and legal form	Pages 18, 59
102-6. Markets served	Pages 4-6, 10-17, 18-27, New Zealand
102-7. Scale of the organisation	Pages 4-6, 18-32, 57
102-8. Information on employees and other workers	Pages 45, 47, 77
102-9. Supply chain	Pages 18-27
102-10. Significant changes to the organization and its supply chain	None.
102-11. Precautionary Principle or approach	Page 38
102-12. External initiatives	Page 40
102-13. Membership of Associations	Financial Service Providers Register
102-14. Statement from senior decision-maker	Pages 4-6
102-16. Values, principles, standards, and norms of behaviour	Pages 40-49
102-18. Overview of Governance Structure	Page 19
102-40. List of stakeholder groups	Pages 4-7, 10-16, 28-33, 49
102-41. Collective bargaining agreements	None.
102-42. Identifying and selecting stakeholders	Page 34
102-43. Approach to stakeholder engagement	Pages 4-6, 15, 34
102-44. Key topics and concerns raised	Page 34
102-45. Entities included in the consolidated financial statements	Page 59
102-46. Defining report content and topic Boundaries	Page 34
102-47. List of material topics	Pages 34-36
102-48. Restatements of information	None
102-49. Changes in reporting	None

102-50. Reporting period	1 July 2019 to 30 June 2020
102-51. Date of most recent report	2019 Annual Report
102-52. Reporting cycle	Annual
102-53. Contact point for questions regarding the report	lgfa@lgfa.co.nz
102-54. Claims of reporting in accordance with the GRI Standards	The report has been prepared in accordance with the GRI Standards: Core option
102-55. GRI content index	Page 85
102-56. External assurance	None
Cost effective funding	Pages 4-6, 10-17, 28
Culture, ethics and governance	Pages 34-36, 40-49
Transparency and disclosure	Pages 4-6, 34-36, 40-49, 50-53
Environmental and social impact of lending	Pages 4-6, 34-36, 38-39
Health & safety and wellbeing	Pages 11, 16-17, 34-36, 48
Collaboration and local engagement	Pages 4-6, 15, 34-36
Financial markets best practice and influence	Pages 4-6, 10-17, 40-53
Diversity and inclusion	Pages 4-6, 45
Capability and development	Pages 4-6, 45
Carbon footprint	Pages 34-36
<b>Health and Safety and Wellbeing</b>	
403-1 Occupational health and safety management system	Page 48
403-9 Work-related injuries	Page 16
403-10 Work-related ill health	Page 16
<b>Diversity and Inclusion</b>	
405-1 Diversity of governance bodies and employees	Page 45
405-2 Ratio of basic salary and remuneration of women to men	Page 47
<b>Capability and Development</b>	
404-2 Programs for upgrading employee skills and transition assistance programs	Page 45

# Directory

## Rārangi tauwaea



### Postal address

PO Box 5704  
Lambton Quay  
Wellington 6145



### Phone

+64 4 974 6530



### Personnel e-mail addresses

firstname.lastname@lgfa.co.nz

### Website

**www.lgfa.co.nz**

### General enquiries

lgfa@lgfa.co.nz

### Office hours

Monday through Friday  
09.00-17.30 hrs

Except Public Holidays

### Street address



### WELLINGTON Registered Office

Level 8  
City Chambers  
142 Featherston Street  
Wellington 6011



### AUCKLAND

Level 5  
Walker Wayland Centre  
53 Fort Street  
Auckland 1010



NEW ZEALAND LOCAL  
GOVERNMENT FUNDING AGENCY  
TE PŪTEA KĀWANATANGA Ā-ROHE



## 5.3 Operational Report – Corporate Group – September 2020

**Meeting:** Strategy, Planning and Development Committee  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To provide a brief overview of work across functions and services that the Corporate Group is responsible for.

### 2 Recommendation

That the Strategy, Planning and Development Committee notes the Corporate Group operational report for September 2020.

### 3 Background

The Strategy, Planning and Development Committee terms of reference list key responsibilities which include provision of an operational report from the Corporate Group.

This report provides a brief overview of some of the operational highlights across functions and services of the Corporate Group, including comment on some future planned activities.

### 4 Significance and engagement

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

### 5 Attachment

Corporate Group Operational Report – September 2020



# Operational Report – Corporate Group – September 2020

## Information Communications Technology (ICT)

The ICT department is an enabler to the organisation providing technology project management and maintaining all ICT systems and applications to support business processes.

### *ICT Operations*

Regular upgrades of network devices (software and hardware), maintenance of ICT systems and applications, upkeep of ICT infrastructure and security continues to be the main focus of the ICT Operations team.

ICT Operations also has responsibility for directly managing contracts with most vendors and suppliers of technology – such as software licensing, service desk, network links, infrastructure (hardware and software), cloud services and co-ordinating IT systems training. Vendor management meetings and discussions are on-going to ensure levels of service are consistently maintained, if not improved.

Feedback has been received from Team Leaders regarding training. Next steps are to work with People and Capability to confirm a training approach.

Priority tasks August:

- Security Strategy – Workshops completed and awaiting the draft report
- Deployment of multi-factor authentication
- Investigate and implement a network event monitoring tool and establish a robust review process
- Changing our current mobile management software to a more robust one and to allow WDC to be device agnostic
- Reviewing and planning the replacement of network end-of-life network devices
- Implement comprehensive reporting e.g. how many personal devices are connected to the WDC network, which devices have not registered on the network for a certain period, active user accounts that have not been used for a certain period
- Deployment of latest Windows Feature upgrade (1909)
- Assisting/supporting the SCADA upgrade project and Lutra implementation
- Technical lead/support for ICT Projects – SIGMA, GIS viewer replacement, Digital Platform, CCTV cameras
- Investigating IT systems training needs.

### *ICT Projects*

All ICT projects have been progressing during lockdown, albeit with some schedule changes to accommodate collaboration with third parties remotely.

Project	Description	Current Status	Comment
Technology One Ci to Ci Anywhere (CiA)	Next software upgrade of core Council system	Paused / Slowed down	<p>CiA Project has been slowed, given lack of value proposition following full product visibility prior to UAT 3.</p> <p>Focus is now being placed on areas that will add clear value and requirements gathering phase has commenced</p> <ul style="list-style-type: none"> <li>• CiA Requests Online</li> <li>• CiA Operational dashboards</li> <li>• Third party Building Consent system including intuitive user portal.</li> </ul>
Digital Platform	Review and redevelopment of Council websites	Delayed	<p>Re-writing the content of website continues with over 60% of the initial rewrite complete. Next phase is for the review process, led by the Digital (Comms) team, to kick-off in earnest. Beta launch targeted on 30 September 2020.</p>
Digitisation	Converting physical property files into digital format	Delayed	<p>Critical priority enhancements raised as part of the IANZ audit have now been completed and accepted. IANZ have also signed off on the enhancements.</p> <p>A project closure report for Back Scanning is in final draft stage and once finalised, will be sent to the Business Owner for review.</p>
Library Returns Sorter Project	An automatic returns sorter for the Central Library.	In progress	<p>Contract paperwork is in progress and being reviewed by Legal.</p> <p>Estimated implementation is 3 months from when order is placed.</p>
SIGMA	Asset management migration and upgrade of GIS	Delayed	<p>Due to variations required to the initial scope to maintain levels of service, complexity in the data migration process and the unavailability of key business users – the project go-live has now moved from November 2020 to July 2021.</p> <p>Data migrations scripts are continuing to be developed to ensure we can move the first set of data and prepare for testing.</p>

## Finance

### *Office Premises*

With the flood damage repaired the Finance team are happy to be back working in the office together. With the Annual Report, Audit and the Long Term Plan upon us, it is great to regain the synergies achieved by working together on these key deliverables.

### *2020-21 Budget*

Phasing of the 2020-21 budget has been completed. A financial report for the two months ending 31 August 2020 will be included within the September Council meeting. Because of the increased workload due to the Long Term Plan, budget managers have not completed forecasting in August. As a consequence, the financial report will include actual spend against phased budget for the two-month period without a full year forecast result. Forecasting will be completed and reported against at a later date.

### *2019-20 Annual Report*

COVID-19 has resulted in audit delays, added significant complexity, and prioritisation of audit of the financial statements of the Government. This has prompted Government to pass legislation to extend the statutory reporting timeframes for local authorities to 31 December (30 November for Council Controlled Organisations).

As a consequence of this and Auckland's recent move to Level 3, Audit New Zealand have advised they are not in a position to conduct the audit of Whangarei District Airport, Northland Events Centre Trust, and Northland Regional Landfill Limited Partnership when originally planned. The audits of these entities have been rescheduled to late October.

The audits of Whangarei District Council and Whangarei Art Museum Trust are currently in progress, but are slightly behind schedule. This may delay the adoption of the 2019-20 Annual Report.

### *2021-31 Long Term Plan*

Budget managers are currently completing initial draft budgets and working through Council priorities and requests for the first prioritisation briefing on 17 September. The prioritisation briefings will provide some of the key decisions required to enable a draft budget to be produced. These briefings will also contribute towards discussions regarding Council's Financial Strategy and key financial parameters for the 2021-31 Long Term Plan.

### *CiA Upgrade*

Finance staff continue to familiarise themselves with the new system, and provide support and training to the wider organisation for the Purchase to Pay process.

The customisation of dashboards (a new feature of the upgrade) continues, with training manuals currently being developed. Dashboards will be a useful tool to allow department managers to view a 'live' snapshot of their department's spend and forecast against budget.

## Revenue

It was a challenge to meet our customers' requirements until we were able to return to our office in mid-August. The team is happy to be back together, working in a safe and healthy environment. Backlogs created during the June–August busy period are now being addressed.

### *Property, rating and receivable transactions.*

- There were 14% more dog registrations received this year, and customer payment methods have changed. There were 30% more online payments and 5% less over the counter.
- There were 236 property sales this month, a small increase over August last year.
- The water meter readers are slowly catching up, following the lockdown and we expect the billing cycle to be back to the normal calendar by the end of September.

### *Collection and recovery*

- Current year rates reduced by \$7.3 million in August, \$16.8 million is due 20 September.
- Prior years' arrears are \$2.6 million, 4% higher than last year which is consistent with the annual rates increase. While recovery actions have been delayed one month, this month's 240 mortgagee demands are at a similar level to last year. In addition, we plan to refer 7 properties to our collection agency at this stage, joining the 19 in progress. We have a court date set down in November for one debtor disputing rates arrears. There are 3 requests for deferred payments, a further 84 properties on payment arrangements.
- After 20 September, we will have clearer information to evaluate our customers' ability to pay. Payments during the "usual" rates week 17-21 August were a third of the previous year.
- At 31 August, 2,325 (\$1,376,000) rates rebates were processed. Last year we had processed 2,633 (\$1,522,000) for the same period. Since mid-August, we have relocated 2 staff to the customer services area and closed the Rates Rebate office. The Ruakaka team have finished their appointments. DIA has now published the new form which no longer requires witnessing. For those that are unable to visit we are sending out this to them. We will also send the forms to any ratepayer that did not show up for their appointment. This is twice last year's level. These forms are pre-populated with the data that we have (rates amounts, name and address).

## Business Support

### *Information Management (IM)*

#### **Appraisal Work**

The information management team are working through a large backlog of physical items appraisal work resulting from leavers, restructure activities and office moves over the 18 months.

This work has been held in a staging area and deferred until the full archives audit was completed. Appraisal is a critical step in the lifecycle management of information and requires technical knowledge and skill to apply retention and disposal rules appropriately to manage risk for the organisation.

Risk of not performing appraisal (and subsequent retention and disposal) will have impacts in the future for decisions and LGOIMA requests. These risks come from not only being able to find the information but also having the information not disposed of when it is required and therefore being discoverable.

## Retention and Disposal in Kete

Now the Kete Review has been completed we are able to go live with running retention and disposal rules in Kete. This is the automated process of identifying information assets that need to be appraised, archived or destroyed.

The rules are based on the function and the length of time we keep the records as current, identifying if they are protected records through legislation and the actions taken once the records are sentenced.

The example below is just one of many which shows us the treatment of the records. In this case we see that the records are subject to destruction after 7 years.

Record class Z17:		Finance Management	Managing the finances of council						
Code	Record type	Description	Disposal recommendation	Record becomes inactive	Minimum retention period until disposal	Applicable Archives NZ List of Protected Records (LPR) class no.	Disposal criteria	Existing legislative requirements for retention and disposal	GDA reference (if applicable)
Z17.3.4	Taxation administration records	Routine taxation administration records, such as: - GST returns - routine correspondence on taxation - fringe benefit tax returns - local authority petroleum tax	Destroy	End of financial year	7 years	N/A	D2	Tax Administration Act, 1994, s.22 ; GST Act 1985, s. 75	GDA 6/4.3.4

Like physical files mentioned above it is important that we manage the information assets well during its lifecycle. Going live with this in Kete will ensure we are only keeping records as necessary and in a way that preserves them well into the future as technology changes. It also assists in our management of the digital footprint for storage and management.

Full training will be rolled out to the business to understand this process in more detail including leadership responsibilities for appraising items and making informed decisions against them.

## Procurement

### Procurement Manual

An agenda item is currently being prepared for approval of the reviewed Procurement Policy. This is the result of substantial work by staff and aligns Council with procurement practice in the Local Government sector, in particular the updated Government Procurement Rules and a relook at sustainability, both social and environmental. This review has been completed in conjunction with writing a new Procurement Process Manual (the Manual) that reflects the principles of the Policy, and the development of templates and checklists that follow the operational processes outlined in the Manual.

### Procurement

Major work streams in procurement this month have included:



Service/Good Being Procured	Detail	Procurement Commencement Date	Business Owner	Date Advertised on GETS	Expected End Date
Civic Centre project	To assist the Civic Centre team with requirements around procurement aspects	External procurement consultant engaged June 2018	All of Council	31 Oct 18	Ongoing involvement through design & construction phases
Old Municipal Building	Providing Procurement advice on procurement and purchasing decisions	October 2019	Community	To be determined	Ongoing
EFTPOS	Provision of EFTPOS services to Council	February 2020	Business Support	Quote requests issued June 2020	October 2020
Dent St Developer	Finding a developer for Dent St site owned by Council	June 2020	District Development	23 June 2020	October 2020
NECT – Catering Contractor	To assist the NECT in finding a suitable Stadium Catering Contractor	August 2020	NECT	To be determined	January 2021

General procurement support and advice continues to be available across the business and at the weekly Procurement Clinic.

### **Property – Fleet – Phones – Leases and Licenses**

No substantial update from last month. Operations continue to run smoothly at Covid-19 Alert Level Two.

Work is currently underway with the assessment of the Tarewa Road i-Site staff facilities. This building has not had work completed on it for some time and will require some maintenance which will be led by Business Support.

Customer Services, Finance and Revenue are again fully operational post flood. All works have been completed to ensure the workspaces are suitable and insurance claims have been approved for the work completed.

Staffing has been tight with some turnover and staff being redeployed to assist across the organisation however, recruitment is underway and we should see some relief shortly.

The Council fleet is fully operational with no issues. We expect to place orders for some new vehicles in the coming month further replacing the out of policy vehicles and moving the fleet to one that is more environmentally friendly. Business Support are also exploring whether or not an additional charging station can be installed at Walton Plaza so we can increase the number of pure EVs in the fleet. All charging stations will be taken and reinstalled in the Civic Centre when we move.

## ***Business Support Projects (Updates, Delays or Deferrals)***

<b>Project</b>	<b>Current Status</b>	<b>Comment</b>
Information Management Plan	Delayed	Options analysis for archives exit is in final draft stages. Policy development is underway and nearing completion.

## **Communications**

### ***Digital Platform project***

The focus of the project this month continues to be the migration of content to the new site. We are also now starting the process of having the refreshed content peer reviewed by subject matter experts from across Council.

### ***Media***

Media issues of note during the month included:

- Sustainable solvents contract let
- Freedom camping bylaw review
- Growth strategy – new homes forecast
- Three waters
- Avenues sewerage overflow
- July storm clean up and costs

### ***Communications projects***

A summary of campaigns of note include:

<b>Campaign</b>	<b>Comment</b>
Whangarei Wastewater Treatment Resource Consent Project	The Communications Team are developing communications collateral in preparation for the start of community engagement on this project.
Civic Centre Project	Ongoing internal and external communications, including updates on social media, email updates to neighbourhood stakeholders and restarting of the steering group fortnightly newsletter (which also goes to Elected Members).
Regional Accessibility Strategy	The Communications Team are supporting the first stage of community engagement on this regional strategy including an online survey, Facebook campaign, press release, print campaign and website content.
Long Term Plan	High level approach to communication programme has been built and will be refined following confirmed Councillor priorities/direction.

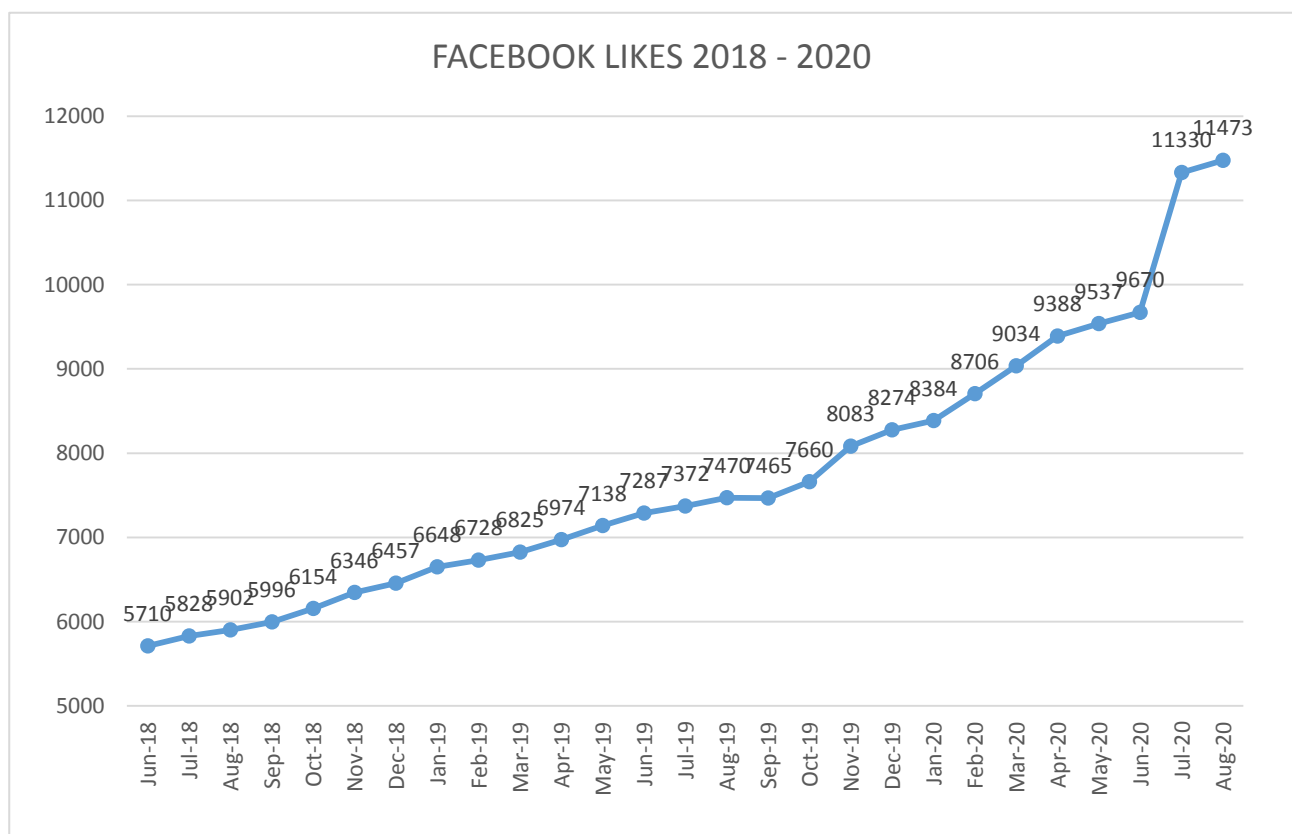
## Social media

In general we are getting very strong results from our engagement through Facebook, but will need to grow other platforms next year to have a more robust social media reach.

Topic	Engagement
Mystery of the bench seat washed up on Limestone Island	<ul style="list-style-type: none"> <li>22,800 reach</li> <li>8,000 engaged</li> </ul>
Storm cleanup – update	<ul style="list-style-type: none"> <li>22,600 reach</li> <li>2,500 engaged</li> </ul>
Tikipunga Cycleway underway	<ul style="list-style-type: none"> <li>14,400 reach</li> <li>2000 engaged</li> </ul>

### Facebook audience/followers

At the time of this report the page has 11,473 Likes, reflecting growth of nearly around 150 in the last month. This is an encouraging sign since we have not lost any of the sudden growth that came during the July storm, and have instead returned to our typical monthly growth.



## Website

### Top 5 pages visited

July 2020	August 2020
<ul style="list-style-type: none"> <li>• Storm Impact – newsroom story</li> </ul>	<ul style="list-style-type: none"> <li>• GIS maps</li> </ul>
<ul style="list-style-type: none"> <li>• Water storage</li> </ul>	<ul style="list-style-type: none"> <li>• Contact Us</li> </ul>
<ul style="list-style-type: none"> <li>• GIS maps</li> </ul>	<ul style="list-style-type: none"> <li>• Rubbish disposal (transfer stations)</li> </ul>
<ul style="list-style-type: none"> <li>• Pay online</li> </ul>	<ul style="list-style-type: none"> <li>• Rates</li> </ul>
<ul style="list-style-type: none"> <li>• Civil Defence</li> </ul>	<ul style="list-style-type: none"> <li>• District Plan (new)</li> </ul>
Notable: <ul style="list-style-type: none"> <li>• Water (menu page)</li> <li>• Dog registration</li> </ul>	Notable: <ul style="list-style-type: none"> <li>• Building consents pages (new exemptions)</li> </ul>

## People and Capability

### COVID-19

We continue to adjust to the changing requirements associated with the Covid 19 pandemic. There were a number of challenges when Auckland went to alert level 3 including access to specialist Water Contractors.

### Operational Savings

We are on track to meet the \$2,000,000 savings target (set post Covid 19) from the personnel line of the budget. This calendar year our staff establishment numbers peaked at 404 FTE. Post Covid 19 the staff establishment has been reduced to 388 FTE of which 358 FTE are filled.

We are currently advertising a number of high priority vacancies with the intention of recruiting to 370 FTE in the short term. This represents a significant reduction in our staff numbers and will result in operational delays and deferments.

These salary savings, together with cuts to learning and development and other budgets bring us to the required level of savings.

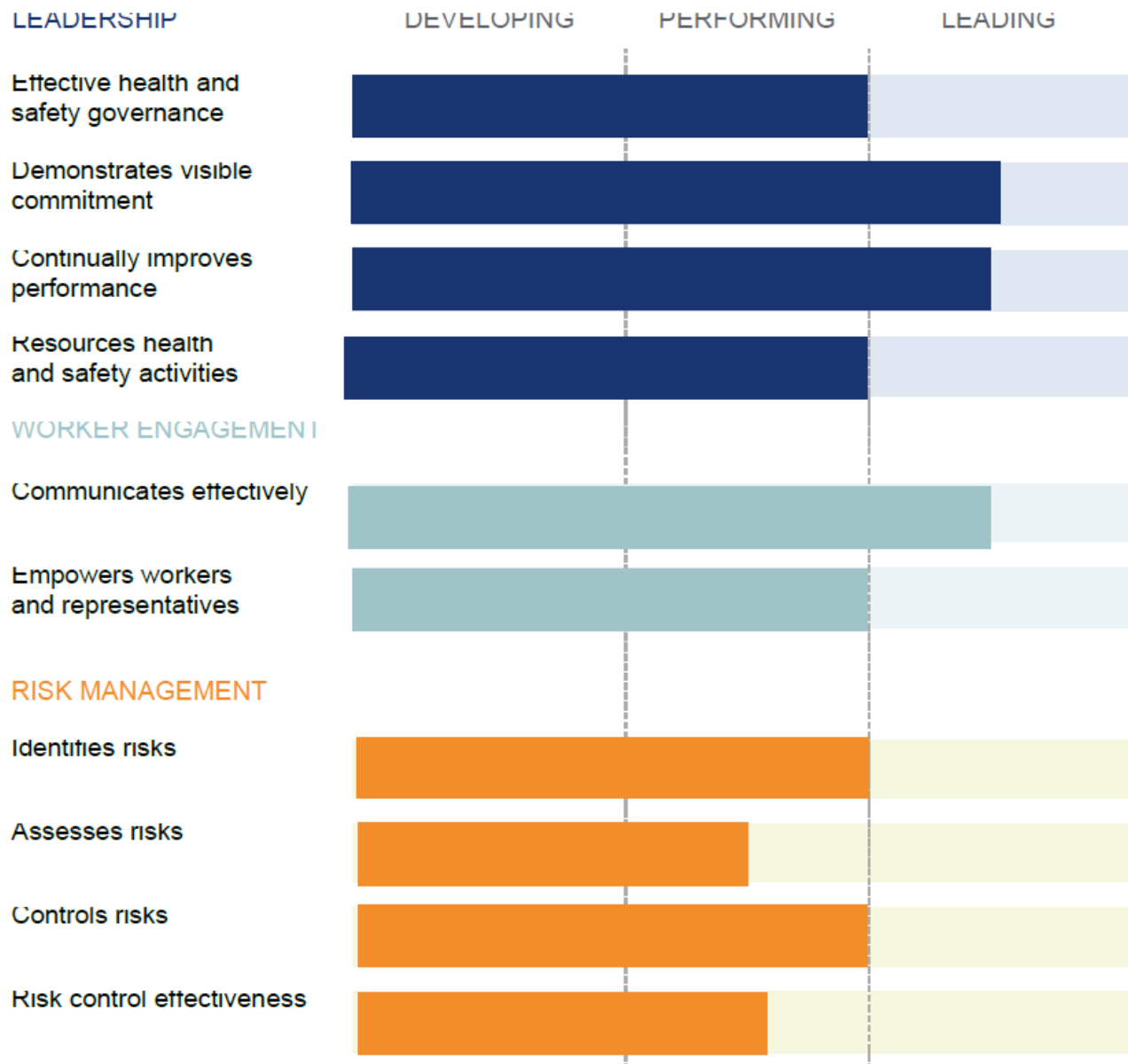
### Health and Safety

#### Safeplus Assessment

This month we have had an external Safe Plus health and safety assessment undertaken by Mike Cosman from Cosman Parkes in Wellington. The final report will be used as a road map for the next few years to guide us to a higher level of health and safety leadership, engagement and risk management. It is intended that our current health and safety strategic plan will be adapted to accommodate the recommendations made.

The Mayor and Deputy Mayor were interviewed as part of the process, along with a separate interview of two other Councillors. Some senior leadership and other managers were interviewed along with other staff and contractors


The Safe Plus assessment has 10 components that are assessed as *Developing*, *Performing* or *Leading*. Overall, we attained Developing but had reached the Performing standard or higher on 8 of the 10 elements. The requirement is to have achieved the level in all 10 elements in order to get the overall rating.



While the whole organisation has contributed to this achievement, special mention needs to go to our Health and Safety Manager who has led us on this journey.

## Appendix 1

### Social media (top performing posts)

Post	Performance for your post																									
<p><b>Whangarei District Council</b> Published by Craig Neilson [?] · 7 August · 🌐</p> <p>Here's a Friday mystery for you: This wooden bench-seat was made by KPMG New Zealand Careers graduates earlier this year, and donated to Whangārei Intermediate School on Rust Avenue.</p> <p>So why was it found this week, buried in the sand on Matakohē / Limestone Island? 🤔</p> <p>See if you can work out the astonishing answer before we reveal it this evening.... <a href="#">See more</a></p> 	<p><b>22,758</b> People Reached</p> <p><b>745</b> Reactions, comments &amp; shares ⓘ</p> <table border="1"> <tr> <td>195 👍 Like</td> <td>103 On post</td> <td>92 On shares</td> </tr> <tr> <td>7 ❤️ Love</td> <td>3 On post</td> <td>4 On shares</td> </tr> <tr> <td>54 😂 Haha</td> <td>30 On post</td> <td>24 On shares</td> </tr> <tr> <td>135 😲 Wow</td> <td>71 On post</td> <td>64 On shares</td> </tr> <tr> <td>305 Comments</td> <td>142 On Post</td> <td>163 On Shares</td> </tr> <tr> <td>49 Shares</td> <td>48 On Post</td> <td>1 On Shares</td> </tr> </table> <p><b>7,426</b> Post Clicks</p> <table border="1"> <tr> <td>804 Photo views</td> <td>1 Link clicks ⓘ</td> <td>6,621 Other Clicks ⓘ</td> </tr> </table> <p><b>NEGATIVE FEEDBACK</b></p> <table border="1"> <tr> <td>4 Hide post</td> <td>1 Hide all posts</td> </tr> <tr> <td>0 Report as spam</td> <td>0 Unlike Page</td> </tr> </table> <p>Reported stats may be delayed from what appears on posts</p>	195 👍 Like	103 On post	92 On shares	7 ❤️ Love	3 On post	4 On shares	54 😂 Haha	30 On post	24 On shares	135 😲 Wow	71 On post	64 On shares	305 Comments	142 On Post	163 On Shares	49 Shares	48 On Post	1 On Shares	804 Photo views	1 Link clicks ⓘ	6,621 Other Clicks ⓘ	4 Hide post	1 Hide all posts	0 Report as spam	0 Unlike Page
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## Post


**Whangarei District Council**

Published by Katy Davidson [?] · 19 August · 🌐

One month on from our major storm the clean-up, repair and restoration continues around the District. Last night's heavy rain has not helped things and has caused more damage to the water-logged earth.

Council has around 730 roading repair jobs from the 17 July storm and it will take many months to get everything sorted out. We also have at least 3 roads closed this morning as a result of last night's rain.

Digger crews are systematically working down sections of roads around the District and clearing slips and culvert entrances as they go along. Culvert clearing and slips should be fixed by the end of October.

Unfortunately the storm caused at least \$8 million in damage to the District's infrastructure.

"We still have a huge job ahead of us, getting things back to normal," said Chief Executive Rob Forlong. "We have a very long list and we are working to a schedule to complete the work as quickly as we can."

"Not only did we have this weather event, but rainfall has been occasionally heavy since then, sometimes damaging the very repairs we have been working on."

Please report potholes, blocked culverts, slips and other problems to us on 09 430 4200 (freephone 0800 932 463) to make sure we are aware of all recent damage.

📍: Waiarohia Stream in Cafler Park was at a high level this morning but has not breached its banks.


**Performance for your post**
**22,555** People Reached

**296** Reactions, comments & shares 📊

<b>128</b> 👍 Like	<b>53</b> On post	<b>75</b> On shares
<b>3</b> ❤️ Love	<b>1</b> On post	<b>2</b> On shares
<b>1</b> 😂 Haha	<b>1</b> On post	<b>0</b> On shares
<b>18</b> 😲 Wow	<b>14</b> On post	<b>4</b> On shares
<b>5</b> 😞 Sad	<b>2</b> On post	<b>3</b> On shares
<b>76</b> Comments	<b>35</b> On Post	<b>41</b> On Shares
<b>65</b> Shares	<b>64</b> On Post	<b>1</b> On Shares

**2,665** Post Clicks

<b>189</b> Photo views	<b>3</b> Link clicks 📊	<b>2,473</b> Other Clicks 📊
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**NEGATIVE FEEDBACK**

<b>8</b> Hide post	<b>1</b> Hide all posts
<b>0</b> Report as spam	<b>0</b> Unlike Page

Reported stats may be delayed from what appears on posts



## Post


**Whangarei District Council**

Published by Craig Neilson [?] · 9 August · 🌐

First glimpse: The new Tikipunga Cycleway is underway!

When the entire shared path is complete it is planned to run from the Town Basin along the western side of the Hātea River and up to Otuihau (Whangarei Falls).

From there it is likely to fork, with one part heading out towards Glenbervie and the other, which the team are working on now, heading towards Gillingham Road, and later to the future Spring's Flat roundabout.

This is a multi-year project and sections will open as they are ready!

Full story: <http://www.wdc.govt.nz/.../Tikipunga-Shared-Path-20200807.aspx>


**Performance for your post**
**14,399** People Reached

**651** Reactions, comments & shares 📊

<b>478</b> Like	<b>300</b> On post	<b>178</b> On shares
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<b>50</b> Love	<b>44</b> On post	<b>6</b> On shares
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<b>5</b> Wow	<b>5</b> On post	<b>0</b> On shares
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<b>84</b> Comments	<b>59</b> On Post	<b>25</b> On Shares
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<b>34</b> Shares	<b>32</b> On Post	<b>2</b> On Shares
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**1,520** Post Clicks

<b>560</b> Photo views	<b>86</b> Link clicks 📊	<b>874</b> Other Clicks 📊
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**NEGATIVE FEEDBACK**

<b>2</b> Hide post	<b>1</b> Hide all posts
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<b>0</b> Report as spam	<b>0</b> Unlike Page
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Reported stats may be delayed from what appears on posts



## **5.4 Operational Report – Strategy, Planning and Development – September 2020**

**Meeting:** Strategy, Planning and Development  
**Date of meeting:** 17 September 2020  
**Reporting officer:** Alison Geddes – General Manager, Planning & Development  
Dominic Kula – General Manager, Strategy & Democracy

### **1 Purpose**

To provide a brief overview of work across services that the Strategy, Planning and Development Committee is responsible for.

### **2 Recommendation**

That the Strategy, Planning and Development Committee notes the Strategy, Planning and Development Operational report for September 2020

### **3 Background**

The purpose of the Strategy, Planning and Development Committee is to update Councillors on operational matters relating to the Strategy, Planning and Development departments.

This report provides a brief overview of some of the operational highlights for August 2020 and provides some further comment on future planned activities.

### **4 Significance and engagement**

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website, Council News, Facebook or any other channel you currently use to inform customers – please also advise Communications.

### **5 Attachment**

Operational Report – Strategy, Planning and Development – September 2020



# September 2020 Operational Report

## Strategy, Planning and Development Operational Report (reporting on August 2020)

### Procurement update - Summary of Contracts Approved Under Delegated Authority

This provides a summary of the award process and works being undertaken for contracts awarded under Chief Executive and General Manager delegated authority.

#### Planning and Development

Nil

#### Strategy

Nil

#### Democracy and Assurance

Nil

### Economic Development

Infometrics have released their Quarterly Economic Monitor for the second quarter ending June 2020. Not surprisingly it reports Whangarei's economy has been impacted by COVID-19, with a decline in economic activity of 2.0%pa over the June 2020 year according to provisional Infometrics estimates – in line with the decline in activity nationally. Whangarei's GDP declined by 11.8% in the June 2020 quarter compared to the same quarter last year.

A persistent drop in construction intentions has pushed activity lower, with residential consent numbers below the 10-year average, after a strong six-year period of expansion. Non-residential activity has held up but isn't enough to offset the residential decline. With Whangarei's larger construction sector concentration, these declines will hit economic activity harder. Projects such as the Whangarei Civic Centre will resist some of this decline.

Lower tourism spending has also contributed with a 9.7%pa decline in tourism activity stripping out \$47m over the last 12 months. However, this decline in tourism activity is not as bad as the national decline of 12.3%pa.

The number of people needing work in Whangarei reinforces this observation – compared to June 2019, there were just over 1,300 additional people supported by Jobseeker Support or the COVID-19 Income Relief Payment. This increase is less than the national average. With lower relative job losses, consumer spending has shown slightly more resilience than the national average, even though Whangarei spending has still declined 0.8%pa over the year to June 2020. Spending in the June 2020 quarter in Whangarei was 14.9% lower than same quarter last year, compared with a 20% nationwide drop.

With substantially lower oil prices expected to remain, there are rising concerns over the Marsden Point refinery, with open discussions over how the refinery, which makes up over 11% of Whangarei's economy, could cease operations and continue as an import terminal.

In response to a demand from various parties for more real time data as to impacts on local economies Infometrics have also developed a Local Economic Insights (LEI) Dashboard. This Dashboard is an aggregation of data from various readily obtainable data presenting a range of high-frequency indicators that provide some insights into local and regional economies, alongside some key national-level trends.

The Dashboard is updated monthly, around the middle of the month, with the latest data available in the week leading up to the publish date. Data series available in the Dashboard include daily, weekly, and monthly data, but for completeness monthly updates are provided. The Dashboard is experimental in nature, and will be available until the end of December 2020, when Infometrics will evaluate the Dashboard and determine next steps. The data provided at a district level includes;

- Jobseeker Support and COVID-19 Income Relief Payment (CIRP) recipients
- Heavy traffic flows
- Accommodation Supplement recipients
- Electricity demand, 7-day moving average
- Monthly broadband usage
- Monthly car registrations
- Monthly commercial vehicle
- Local monthly spending.
- Annual visitor spending
- Monthly property listings
- Median house prices
- Monthly house sales
- Number of residential building consents
- Value of non-residential consents

### **District Promotions**

As Tourism NZ changes its focus from international marketing to domestic, new investment in research and data is being made and invaluable new insights are becoming available which help define our audience and refine our positioning and messaging.

### **Domestic Growth Insight Tool (DGiT)**

Prior to COVID-19, key domestic insights were only available via the Tourism Industry Association's [DGiT](#). This data is four years old but updating is now underway.

### **Domestic Audience Survey**

Tourism New Zealand released the [Domestic Audience Sentiment](#), July 2020 (Domestic Sentiment Quantitative Research – Kantar – June 2020). This finds there is strong demand for domestic holidays, driven by a desire to support the economy and to see more of New Zealand, both in the long and short-term. Some key findings for the Whangarei district are:

- New Zealanders do not define a domestic holiday by the length of time but the majority do need to travel to a different region to feel they are on holiday
- 70% will travel within their own island and 90% of domestic leisure travel in New Zealand is via car
- 53% of NZers will consider a weekend of 2-3 days and 61% intend taking a short break of 4-5 days
- For 48%, the main trigger to travel is to get away and needing a break
- 40% NZers will take a domestic holiday outside school holidays
- 30% of NZers will take a domestic holiday over the Christmas and New Year period

Perceptions that domestic holidays are too expensive and lack value for money provide an opportunity for Whangarei to position as having very affordable and free attractions and activities.

Importantly for Whangarei, Aucklanders are generally more likely to travel domestically with greater frequency than their pre COVID-19 habits, when compared to other New Zealanders.

### **Accommodation Data Programme**

Ministry of Business, Innovation and Employment (MBIE) have just released the first month of the [Accommodation Data Programme](#) (which replaces the [Accommodation Survey](#)) data for July. View the tool here <https://freshinfo.shinyapps.io/ADPReporting/>. We expect Whangārei district level results in a few weeks (with previous months included).

Northland had a total 123,000 Guest Nights for July 2020, made up of 92,200 domestic and 30,800 international guest nights (data available for July 2019 are from a different source so unfortunately we can't compare).

### **Strategic Tourism Assets Protection Programme (STAPP)**

The Strategic Tourism Assets Protection Programme (STAPP) has been allocated to support tourism businesses and Regional Tourism Organisations. A business is likely to be considered strategic if it is:

- Nationally and/or internationally recognised
- A key attraction for a region
- Responsible for significant visitation to a region
- Generates significant spill over benefits to the community and other 'non-tourism' businesses

All funding available under the STAPP process has now been allocated and no new applications can be made or reconsiderations of original decisions undertaken.

MBIE is currently working with the 130 businesses (nationwide) to finalise contracting details. Kiwi North and Dive! Tutukaka have both received confirmation but we are unaware of other Whangārei-based business at this stage and have no timeframe for the next group of announcements.

### **Destination Marketing**

The impact of COVID-19 restrictions continues to disrupt our activity as we attempt to find the appropriate line between marketing Whangārei as a destination and being sensitive to public sentiment, as different regions move in and out of different levels. We again paused social media activity for much of August 2020.

### **Digital Marketing**

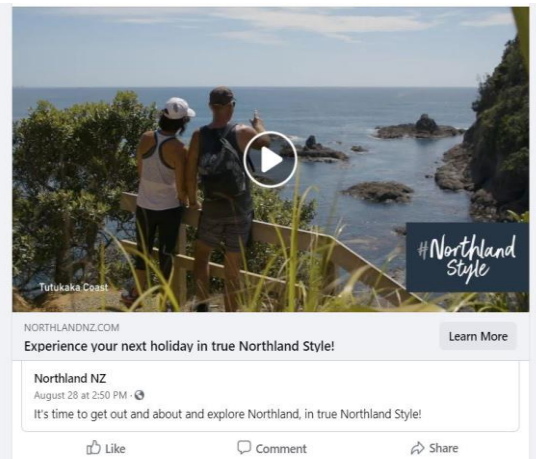
For the month ending 31 August 2020, the [Whangārei District Love It Here!](#) Facebook page achieved:

- 18,490 Likes
- Reached (the number of people who saw a post)
  - Organic (unpaid) 89,286
  - Paid 47,771
  - TOTAL 137,057

### **#NorthlandStyle domestic campaign**

Whangārei district is featured in Northland Inc's #NorthlandStyle domestic campaign, with video content we produced last year, heroed in a number of their advertisements on Facebook and Instagram.





## Print

Content was provided to NZMCA for their August/September 2020 issue of the Motor Caravanner magazine which encourages their more than 90,000 mobile members to stop, stay and spend in Motorhome Friendly Towns.

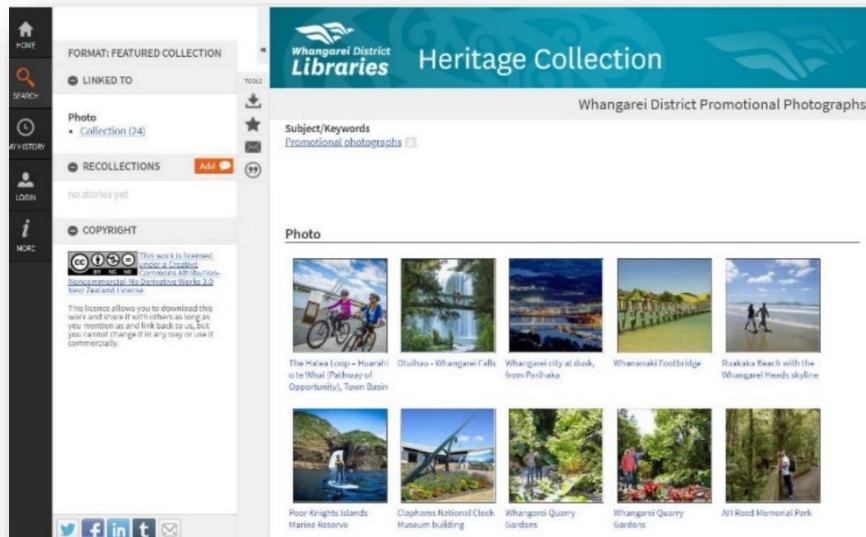


## Content Production

Again, COVID-19 impacts have been playing havoc with our plans for continued updating of our content assets (video and photography) which are so essential for destination marketing. We have been working with Northland Inc to create 'cheap and cheerful' footage for virtual trade famils. To date, we have supported production of videos for Claphams Clocks, Dive! Tutukaka and a number of beaches.

## Asset Library

In addition to the digital backgrounds made available last month, Whangarei promotional photos for non-commercial use are now online and available to the public at <https://wdc.recollect.co.nz/nodes/view/4517>



## Commercial Property

Town Basin activity continues to be buoyant despite the recent COVID-19 restrictions. Contact tracing on entry and social distancing has impacted how businesses are operating. Some of the retail tenants have noticed a drop in customer numbers but business is steady.

After 5 years 'Gifted' has been sold to a new operator. A new hospitality activity is planned to open in November that will contribute to the vibrancy of the Town Basin.

Rent reviews and renewals continue as per the schedule.

## Parihaka Transmission Mast

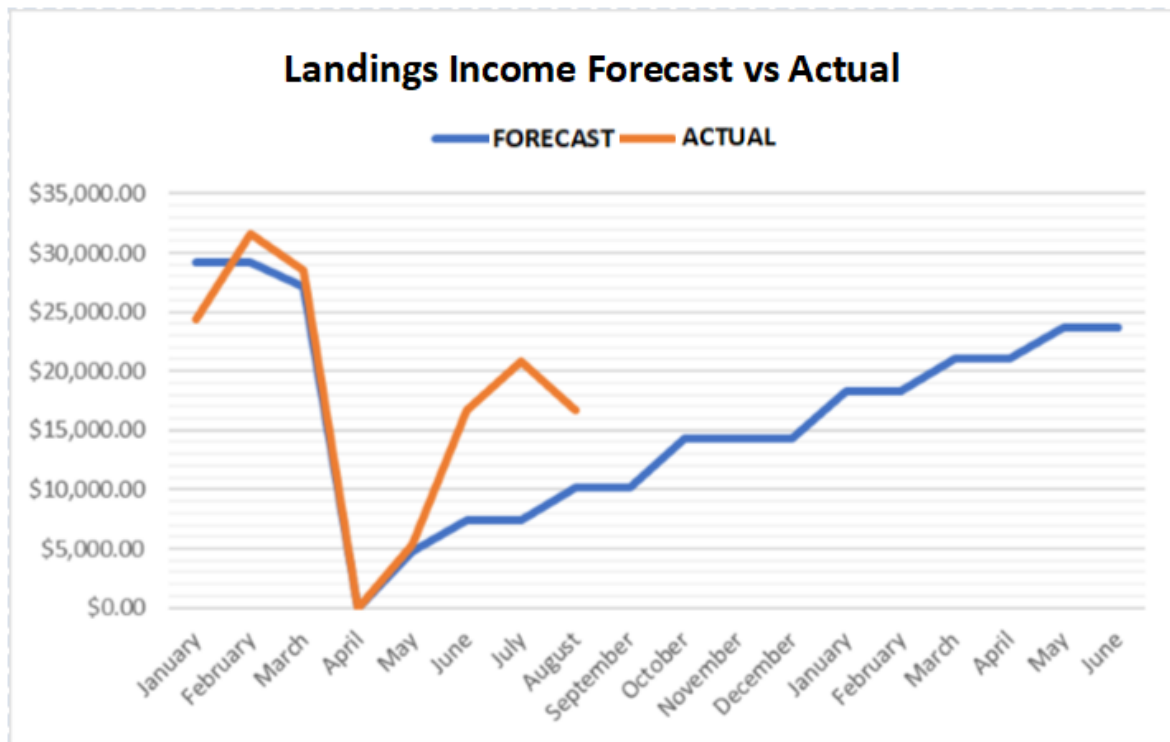
The transport and relocation of a temporary power portacom has been completed successfully. A series of controls were implemented to manage controlled vehicle access across one slip to the upper car park. The upper carpark will remain closed until further notice. A temporary overland power cable is to be installed to totally isolate the power supply to the mast. Once this completed staff and key stakeholders will be able to assess what future options are available.

A briefing paper is being drafted to update Councillors on the transmission mast and options regarding the future of structures on the summit.

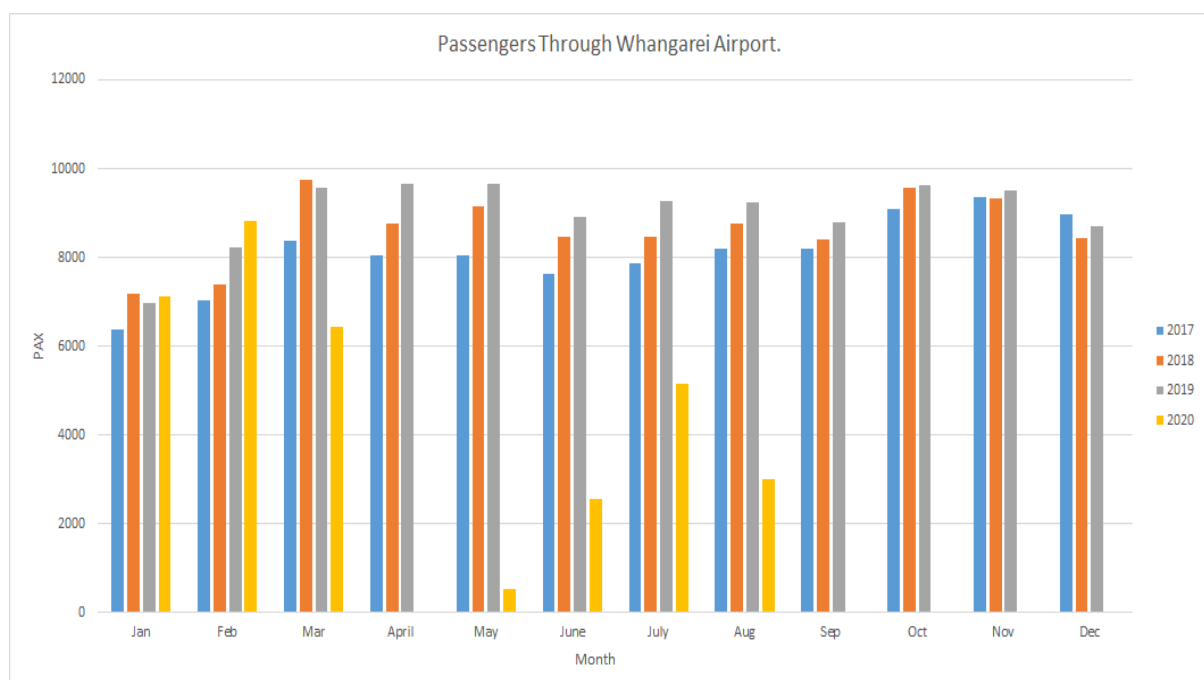


## Airport

Despite a very positive start to the post COVID-19 recovery, the recent Level 2 restrictions has seen a marked reduction in flights. With Level 3 restrictions in Auckland, flights have dropped from 3-4 flights daily to one per day. Although this is still better than other regional airports the direct impact has seen a decrease in parking revenue and users through the airport. Some rent relief has been granted to operators who have qualified for the extended wage subsidy.



Passenger numbers for August 2020 totalled 3020. This is approximately at 33% of figures for the same time last year pre-COVID-19. Loading was at 53% but with social distancing protocols in place, this equates to an average capacity of 91% of seats available.



Air New Zealand has appointed Ken Walker as the local Airport manager. Ken is ex -Tonga based and has established a good relationship with the users.

**Bomb Scare:** On 24 August 2020 Air New Zealand recorded an incident with a bomb scare. This was caused by stupidity on the part of a well-wisher who said the wrong thing at the wrong time. Air New Zealand and Police managed the situation.

**General happenings:** With the Air New Zealand schedules changing repeatably, Sun Air is busy providing regular flights. Fly My Sky has again indicated an interest to look at a regular service in the next six months.

Two new hangers have concrete floors poured and the Terminal re-roof project is complete.

### **20 Years of Service:**

Mike Chubb celebrates 20 years of service to the Whangarei District Airport. In his busy two decades of service, Mike has overseen and implemented two expansions and fundamental re-designs of the main airport terminal, a runway & apron extension and full re-surface, and introduced airport weather information broadcast (AWIB). Other improvements include several upgrades to the airport's main carpark- the most recent being a move to introduce paid carparking for passengers and visitors to the main airport terminal. Most notably, in 2005 Mike achieved certification of the airport in anticipation of being able to receive larger aircraft. This led directly to Air New Zealand introducing the Q300's to Whangarei routes in 2014.

## **Strategy**

### **2021 - 2031 Long Term Plan**

Through the Corporate Planning Steering group staff have been working on the Long Term Plan. Through August 2020 Council have given direction on key aspects of the LTP including Councillor requests for new programmes and projects. Prioritisation of the projects will begin on 17 September 2020.

### **Climate Change**

The draft Climate Change Action Plan and National Climate Change Risk Assessment was shared with elected members at a Council Briefing on 6 August 2020. Work is continuing on engagement with our hapu partners and key stakeholders.

### **Bylaw review programme**

Staff have implemented a bylaw review programme to ensure we review our existing bylaws within the statutory timeframes. A briefing was held on 8 July 2020 and 6 August 2020 to discuss options for the review of the Camping in Public Places Bylaw. A draft Statement of Proposal will be worked through with Council at a briefing on 14 September 2020.

### **Whangarei District Growth Strategy**

A report back on the draft Whangarei District Growth Strategy was held on 12 August 2020, with feedback received to proceed with a second round of community consultation. This will be formalised in the September 2020 Council meeting.

## **District Plan**

### **Urban and Services Plan Change Package**

Section 274 timeframe has closed, and numerous parties have joined under this section. Staff continue to work towards resolving the 27 appeals that have been lodged with the Environment Court against the Urban and Services Plan Change decision.

Formal Environment Court mediation meetings have commenced. The first consent order has been approved by Judge Smith resolving in full the ENV-2020-AKL – 124 Northpower Limited appeal.



### National Policy Statement – Urban Development

This policy statement requires amendments to the district plan, some of these will require future plan changes to reflect policy direction for urban growth and amenity. Council is required to remove all minimum car parking requirements within 18 months without completing a Schedule 1 Plan Change process.

The District Plan Department have been involved in preparation meetings with Ministry for Environment, Barkers and Associates, and are working closely with the Strategy Department and NTA.

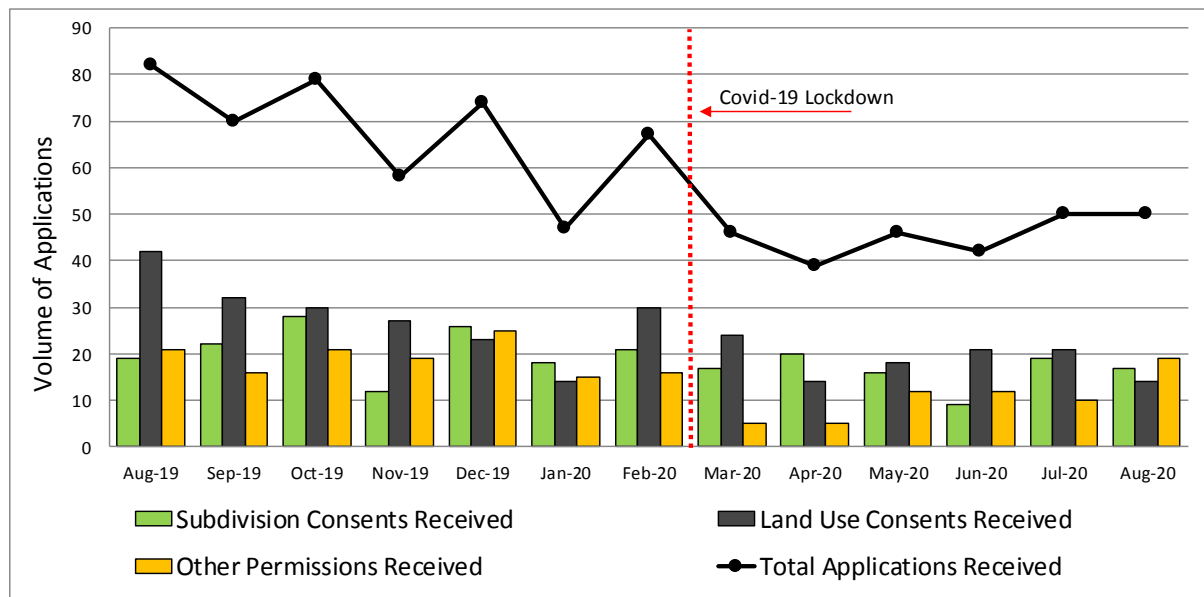
### Draft Mana Whakahono a Rohe Agreement

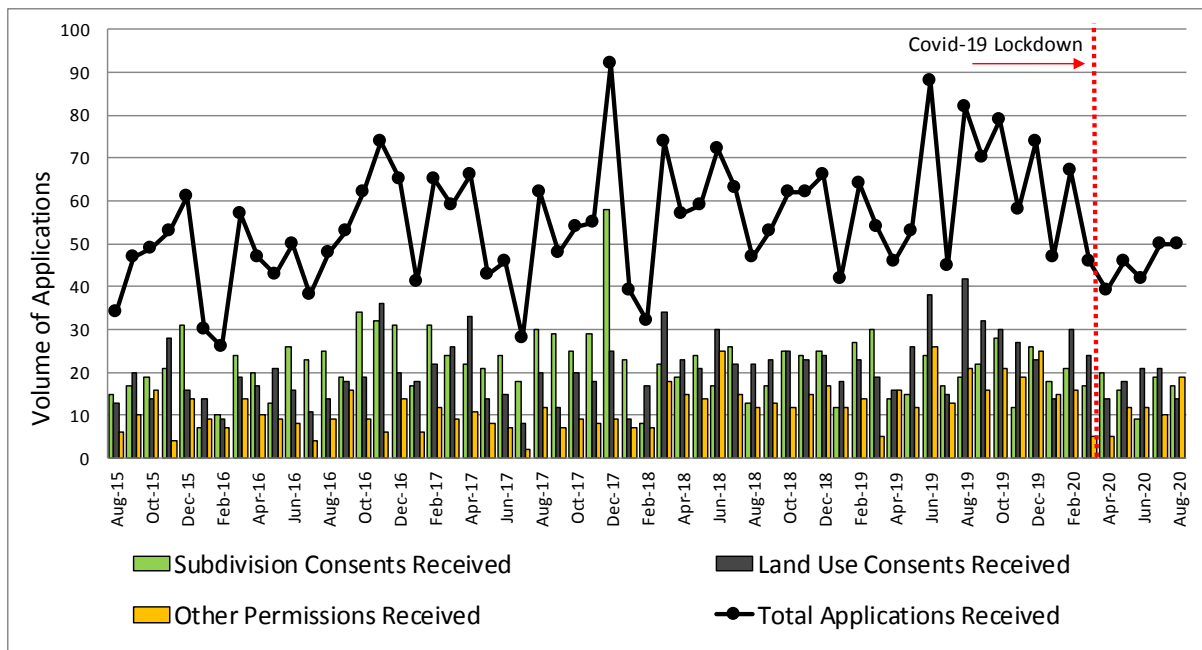
The draft MWAR agreement between Patuharakeke Iwi Trust Board and Council was presented to Council at a briefing on 3 September 2020.

## Resource Consents

### Resource Consent Processing

The number of applications received in August 2020 totalled 50, the same as the previous month. Application volumes have been reasonably consistent since the commencement of the COVID-19 pandemic, however application numbers continue to be less than pre-COVID-19 volumes. Seventeen subdivision, 14 land-use and 19 other permission applications were received. The second graph shows the application numbers over the last 5 years and clearly shows the peak experienced in June 2019 followed by a downwards trend to the March 2020 lockdown.





### Resource Consents

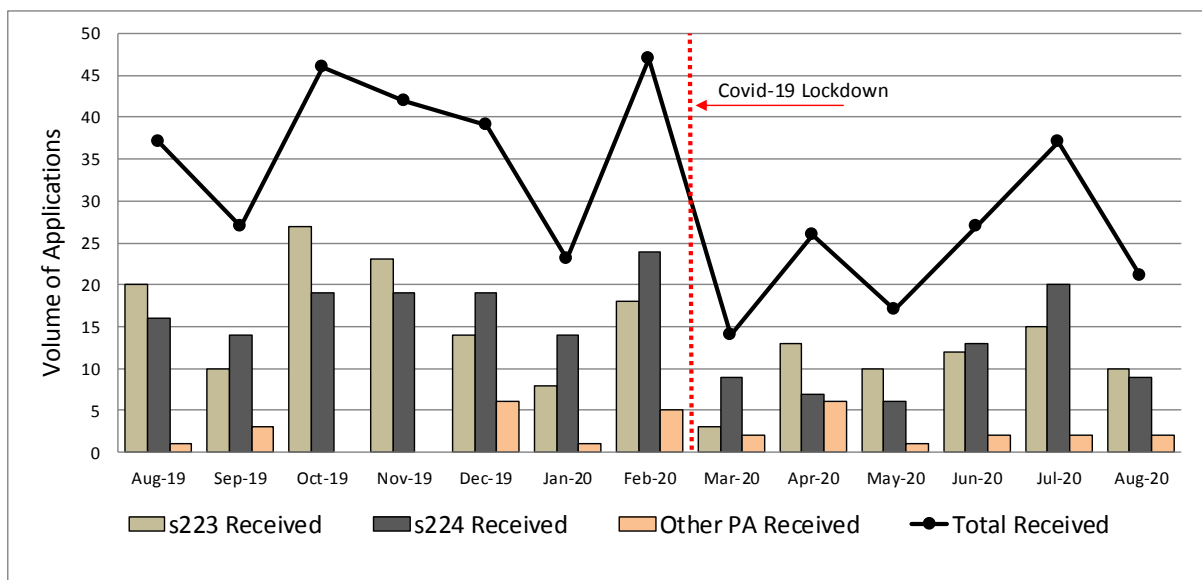
Significant applications received during August 2020 include a 109 lot residential subdivision at Sands Road and Waka Kotahi have submitted an Outline Plan of works for Stage 2 of the State Highway 1 improvements at Otaika/Portland.

### Hearings

No hearings were held during August 2020 with rescheduling required due to the Level 3 restrictions in Auckland. At least 4 hearings are scheduled for September 2020.

### Post-Approval

Twenty-one (21) post-approval applications were received for August 2020. This is a decrease from last month but not unexpected for this time of year. Ten survey plan approvals (s223), 9 completion certificates (s224) and 2 other post-approval related application were received. The continued erratic volumes are persisting and it is unclear if this pattern will continue leading into the historically busier time of the year with commencement of the normal construction period. All new applications are now being processed within timeframes.



## Appeals

No appeals have been received during July 2020.

## Building Department

### Operation Splash

In mid 2018 a serious concern was raised regarding the way swimming pool inspections were being carried out by a Council contractor and how the new/amended legislation was being applied. An audit was performed at that time with a high failure rate and this was deemed unacceptable. Council embarked on a project (Operation Splash) to reinspect and bring all swimming pool fences into compliance with the Building Act. Immediate action was taken to:

- Brief senior management and Councillors and update Councils risk register
- Prepare training for all inspectors to improve knowledge and competency
- Employ a team of 3 fixed term staff to audit every known pool in the District over a period of 2 years
- Deliver a communication plan to better inform owners, retail outlets and contractors of their responsibilities
- Host workshops and seminars for owners, retailers, real estate agents and the like to better understand their responsibilities
- Re audit properties (some multiple times) and work individually with owners to bring their fencing to compliance
- Obtain legal advice and apply for Ministry Determinations to clarify compliance aspects for binding outcomes; eg, top locks on sliding doors which had been a matter of inconsistency under the previous legislation

Operation Splash is now almost complete. There are still some non-compliant pools we are working to bring up to standard. The fixed term staff have completed their contracts with Council and the three yearly annual swimming pool inspections will be carried out by the Building Inspectors.

Operation Splash has been a very successful, cross-functional project where staff worked collaboratively on an important initiative that will protect children in the community from drowning.

Inspections performed as at	Confirmed Compliant pools	Confirmed non-compliant	New pools through operation splash	Total Inspected (Pool register 1370 with 36 removed)
22 August 2020	1166	165	122	1248

### Building Consent Performance Indicators

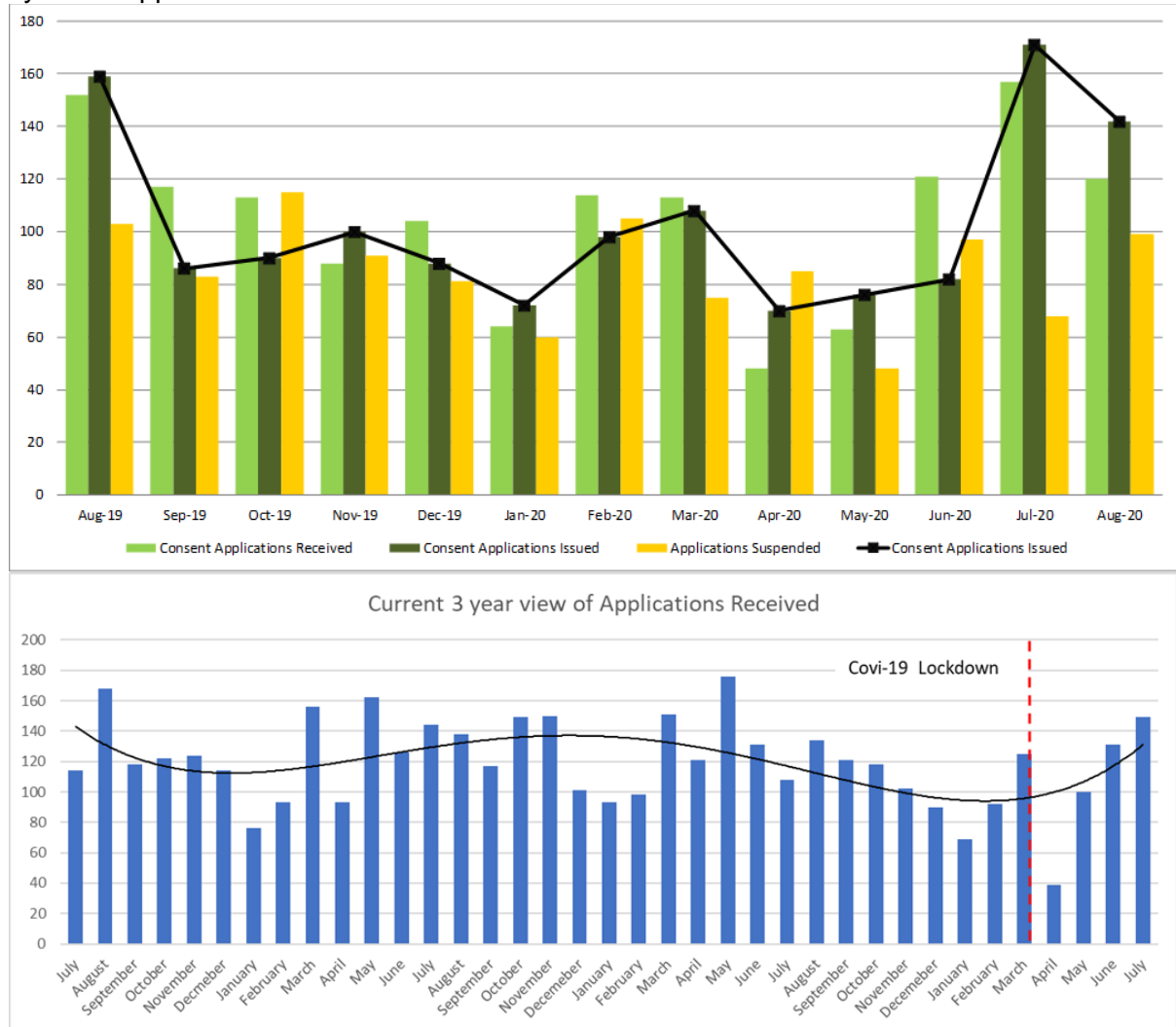
Performance Indicators			
		Aug-20	Year's Average To Date
Building Consents Granted	20 Days (statutory)	98%	98%
Building Consents Issued	3 Days (internal KPI)	99%	87%
Inspections Completed within 48 Hrs	% Complete Within 2 Working Days (internal KPI)	100%	100%
LIMs	% Within 7 Days (internal KPI)	76%	77%
LIMs	% Within 10 Days (statutory)	100%	100%
PIMs	% Within 5 Days (internal KPI)	96%	91%
PIMs	% Within 20 Days (statutory)	85%	91%



Building consent applications (granted /issued) and inspections are meeting the annual plan requirements in terms of delivery. LIMs and PIMs remain at a high level of service delivery and accuracy.

### Building Consents Received, Issued and Suspended

The building consent activity has seen a steadiness during this period and the residential sector continues to be the main area for activity. The three-year graph shows the seasonal cycle for applications received.



## Health and Bylaws

### Environmental Health

**Food Act 2014** – After reporting earlier workload backlog, mainly due to COVID-19 restrictions and the loss of a contractor, the Environmental Health team continue to make good progress and have almost caught up with overdue verifications, inspections and reporting under their three workflow areas, i.e. Food-; Health- and Sale and Supply of Alcohol Acts.

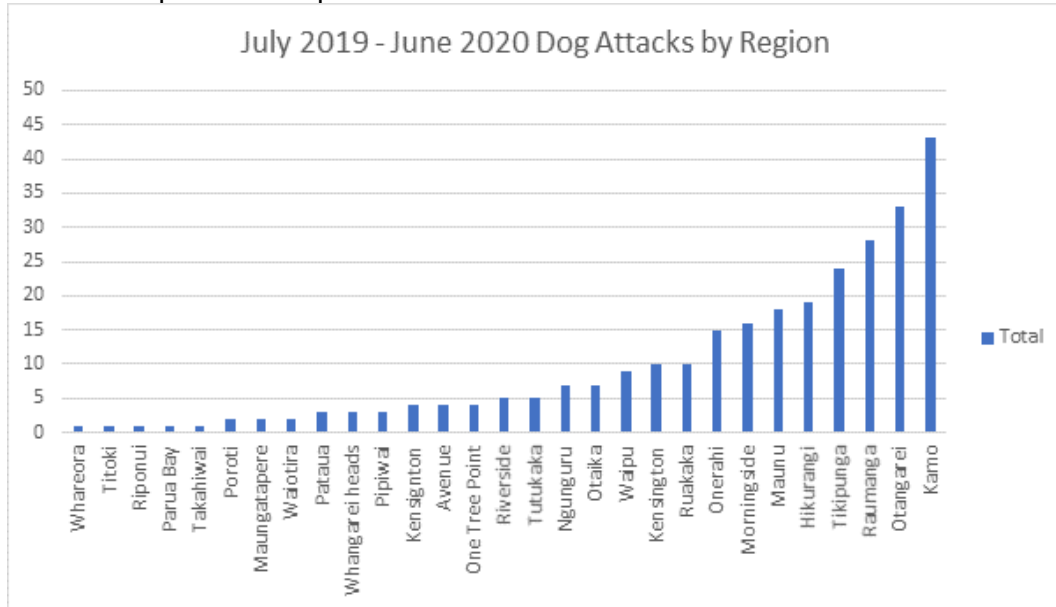
### Bylaws

**General matters** – Armourguard's Animal (Dog) Control manager, Shaun Holland, as part of the proactive work he and his team have been doing for WDC around Kiwi and dogs and the relationship that he and his team have built with NRC, Kiwicoast and DOC, has been invited to attend and speak at the annual Northland Kiwi Forum, which will take place on 22 September 2020.

We believe this is the first time Animal (Dog) Control has been asked to speak at this forum, which is very positive and shows the Animal Control team are not only being effective, but proactive and their input is highly valued.

**Follow up information requests** - During last month's reporting of 2019/20 annual statistics, two questions were raised around the following matters:

1. Of the 281 reported dog attacks in the district for the 2019/20 year, could a breakdown per area be provided for this?



Region	Total	Region	Total
Whareora	1	Tutukaka	5
Titoki	1	Ngunguru	7
Riponui	1	Otaika	7
Parua Bay	1	Waipu	9
Takahiwai	1	Kensington	10
Poroti	2	Ruakaka	10
Maungatapere	2	Onerahi	15
Waiotira	2	Morningside	16
Pataua	3	Maunu	18
Whangarei heads	3	Hikurangi	19
Piwiwai	3	Tikipunga	24
Kensington	4	Raumanga	28
Avenue	4	Otangarei	33
One Tree Point	4	Kamo	43
Riverside	5		

2. During the year Armourguard dealt with 3054 parking CRM's and the request was whether this could be broken down in greater detail?

1,977 requests to dispute a parking infringement  
 670 public complaints related to parking issues  
 407 other general requests, such as request for service/monitoring

**Armourguard Enforcement Statistics** – as these are now only reported quarterly, the next report for the period 1 July 2020 to 30 September 2020 will be provided at the November 2020 meeting.

## Māori Relationships

### Te Reo Māori

Te Rōpu Toa o Te Reo Māori continue to be great advocates for this kaupapa and have been very active with various Te Reo Māori initiatives which includes the revival of Te Roopu Waiata, who re-launched recently at the All Staff. Enthusiasm is growing in the Te Reo Māori kaupapa with the roopu initiating ideas for Te Wiki o Te Reo Māori 2020.

### Civic Centre

Matakohe Architecture and Urbanism have initiated online hui with hapū to gather feedback in preparation of a cultural design and context to the Civic Centre. The various hui are scheduled over the next month commencing on Wednesday 2 September 2020 to Wednesday 14 October 2020.

Te Parawhau tohunga performed karakia whakawātea, a significant cultural practice of clearing the place spiritually prior to works commencing on the project.

### Te Kārearea

The working group continue to discuss the potential outcome of Te Kārearea becoming a standing committee for Council. Recent Māori Representation discussions at Te Kārearea hui in August 2020 raised various representation models currently used throughout Aotearoa.

Te Huinga along with hapū have hosted mandating hui to seek nominations for Te Huinga and Te Kārearea. Other hui scheduled were cancelled due to the COVID-19 level 2 restrictions. Saturday 29 August 2020 at Terenga Paraoa marae was booked for the final nomination hui.

### Parihaka Risk Assessment for Slip

Staff and relevant contractors along with Ngati Kahu o Torongare hapū assessed damage relating to one of the power boxes on Parihaka following the storm in July 2020. Great collaborative process of all parties working towards remedying the current situation.

### Māori Land Court

Staff from the Māori Relationships and Rating team met with the new principal liaison officer Kath Taurau for Māori Land Court to re-establish our whanaungatanga with the court and forge working relationships that are beneficial for both parties, with the ultimate goal of being able to assist where possible with whenua Māori.

Currently the **Local Government (Rating of Whenua Māori) Amendment Bill** is being delayed for reading post-election, but the bill seeks to:

- support the development of Māori land
- support the development of housing on Māori land
- modernise rating legislation affecting Māori land.

### Hapū Engagement

Council staff continue to liaise with Te Huinga with on several relevant kaupapa seeking their Māori worldview

- District Plan – Tangata Whenua chapter
- Growth Strategy
- Climate Change Adaptation
- Wastewater Treatment Plant – Recourse Consent Renewal
- Tamaterau Carpark

## Democracy & Assurance

The Democracy Team supported two Council meetings, 5 Committee and Sub Committee meetings, 8 Council Briefings and two Council Workshops in August 2020. In addition, fifty-seven alcohol licence applications were put through to the District Licencing Committee for consideration.

Since the beginning of 2020, 144 requests for official information have been made under the Local Government Official Information and Meetings Act 1987 (LGOIMA), with 23 received throughout the month of August 2020. These requests covered a wide range of topics. This included requests relating to; Terms of Reference for Council's Advisory Groups, a Ngunguru Pedestrian crossing, the Kaipara Moana, rates, property addresses, waste levies, decisions made by Council about a requester, infringements issues, land hazards, an historical land transaction, and average residential costs and rating units. The following types of information were sought; Council policies, emails and other correspondence, infringements, file notes, an extract from the annual plan/draft annual plan, Council minutes and resolutions, answers to a questionnaire, a copy of a council contract, and invoices. Information will be made available to the requester unless there is good reason for withholding it under section 6 or 7 of the LGOIMA.

A risk briefing was held with Elected Members in August 2020 to review the direction for the updated Risk Management Policy and Framework. The session provided the opportunity for elected members to discuss how risk is considered as part of the governance process as well and understand how the principles apply to operational activities. This was facilitated by our independent Risk and Audit Chair, John Isles.

Following the renewal of the professional indemnity and public liability insurance staff are looking to the renewal for all other schedules which are due on 1 November 2020. Currently the underground infrastructure and material damage schedules have been submitted to the insurance brokers to take to the market. We are expecting to see an uplift of 15-20% on premiums in these schedules.

Insurance claims have increased for Council in the last insurance year. Repair works have started for damage caused by the July 2020 floods and staff are working closely with the insurance company to maximise the claim.

An internal audit plan will be presented to the Risk and Audit committee for agreement this year.

## 2022 Elections

Council considered the choice of Electoral System at the August meeting and elected to retain the First Past the Post (FPP) system for the 2022 Triennial Local Government Elections. A public notice will be issued to provide opportunity for the public to demand a poll on the issue.

**RESOLUTION TO EXCLUDE THE PUBLIC**

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

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)}
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i))}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section 7(2)(c)(i)}.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

**Resolution to allow members of the public to remain**

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

**Move/Second**

"That \_\_\_\_\_ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item \_\_\_\_\_.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because \_\_\_\_\_.

*Note:*

*Every resolution to exclude the public shall be put at a time when the meeting is open to the public.*