Strategy, Planning and Development Committee Agenda

Date:	16 September, 2021
Time:	9:00 am
Location:	Council Chamber Forum North, Rust Avenue Whangarei
Elected Members:	Her Worship the Mayor Sheryl Mai (Chairperson) Cr Gavin Benney Cr Vince Cocurullo Cr Nicholas Connop Cr Ken Couper Cr Tricia Cutforth Cr Shelley Deeming 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.

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

- o Urban design
- o Reporting strategic trends and analysis

- Economic Development
  - o District marketing and promotions
  - o 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:

  - o advising on the content of annual Statement of Expectations to CCOs
  - o agreement of the Statement of Intent
  - o monitoring against the Statement of Intent
  - o for exempted CCOs, monitoring and reporting as agreed between Council and the organisation

  CCOs accountable to this committee:

  - o Whangarei District Airport – CCO
  - o 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.

Item 3.1

Strategy, Planning and Development Committee Meeting Minutes

Date:	**Thursday, 19 August, 2021**
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 Phil Halse** **Cr Greg Innes** **Cr Greg Martin** **Cr Anna Murphy** **Cr Carol Peters** **Cr Simon Reid**
Not in Attendance	**Cr Jayne Golightly**
Scribe	**Danielle Garner (Trainee Democracy Adviser)**

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1. Declarations of Interest

There were no declarations of interest made.

2. Apology

Cr Jayne Golightly.

Moved By Her Worship the Mayor
Seconded By Cr Ken Couper

That the apology be sustained.

Carried

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

3.1 Minutes Strategy, Planning and Development Committee 15 July 2021

Moved By Cr Vince Cocurullo
Seconded By Cr Nicholas Connop

The minutes of the Strategy, Planning and Development Committee meeting held on Thursday 15 July 2021, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of the proceedings of that meeting.

Carried

4. Decision Reports

4.1 New Private Access Name – RMA Consents - C G Browne - SD0740635

Moved By Cr Ken Couper
Seconded By Cr Greg Innes

That the Strategy, Planning and Development Committee:

1. Approve the name of the private access off Mangahui Road as Rebel Lane.

Carried

5. Information Reports

5.1 Health & Bylaws Year End Report

Moved By Cr Vince Cocurullo
Seconded By Cr Carol Peters

That the Strategy, Planning & Development Committee notes the report.

Carried

5.2 Operational Report - Corporate Group - August 2021

Moved By Cr Vince Cocurullo
Seconded By Cr Carol Peters

That the Strategy, Planning and Development Committee notes the Corporate Group operational report for August 2021.

Carried

5.3 Operational Report - Strategy, Planning and Development - August 2021

Moved By Cr Greg Innes
Seconded By Cr Carol Peters

That the Strategy, Planning and Development Committee notes the Strategy, Planning and Development Operational report for August 2021

Carried

6. Public Excluded Business

There was no business concluded in public excluded.

7. Closure of Meeting

The meeting concluded at 10:10am.

Confirmed this 16th day of September 2021

Councillor Shelley Deeming (Chairperson)

4.1 Removal of Minimum Carparking Requirements

Meeting:	Strategy, Planning & Development Committee
Date of meeting:	16 September 2021
Reporting officer:	Robert Burgoyne, Manager – District Plan

1 Purpose

To obtain the approval of Council to remove all provisions of the Appeals Version District Plan that set minimum car parking requirements, other than for accessible car parks, as required by Policy 11 of the National Policy Statement on Urban Development 2020.

2 Recommendation/s

That the Council approve the following recommendations as required by the National Policy Statement on Urban Development 2020:

1. The removal of all provisions of the Appeals Version District Plan that set minimum car parking requirements, other than for accessible car parks, in accordance with sections 55(2) and 55(2A) of the Resource Management Act 1991.
2. The notification of removal of all provisions that set minimum car parking requirements in accordance with section 55(2A) of the Resource Management Act 1991.

3 Background

The National Policy Statement on Urban Development 2020 (NPS-UD) was gazetted on 23 July 2020 and came into force on 20 August 2020. During the consultation phase of the NPS-UD, Whangarei District Council (WDC) provided feedback on the draft NPS-UD. The draft required “major urban centres” to remove minimum car parking requirements from their district plans. WDC was not included in the list of major urban centres.

However, when it was gazetted the final version of the NPS-UD applied the removal of minimum car parking requirements to tier 1, 2 and 3 local authorities, with WDC being classified as a tier 2 local authority. Council did not get an opportunity to submit on this change.

Council is not required to undertake the changes to the district plan as set out in Policy 11 of the NPS-UD:

In relation to parking:

(a) the district plans of tier 1, 2, and 3 territorial authorities do not set minimum car parking rate requirements, other than for accessible car parks; and

(b) tier 1, 2, and 3 local authorities are strongly encouraged to manage effects associated with the supply and demand of car parking through comprehensive parking management plans.

Clause 3.38 of the NPS-UD provides further direction on implementing policy 11:

(1) If the district plan of a tier 1, 2, or 3 territorial authority contains objectives, policies, rules, or assessment criteria that have the effect of requiring a minimum number of car parks to be provided for a particular development, land use, or activity, the territorial authority must change its district plan to remove that effect, other than in respect of accessible car parks.

(2) Territorial authorities must make any changes required by subclause (1) without using a process in Schedule 1 of the Act.

(3) Nothing in this National Policy Statement prevents a district plan including objectives. policies, rules, or assessment criteria:

(a) requiring a minimum number of accessible car parks to be provided for any activity; or
(b) relating to parking dimensions or manoeuvring standards to apply if:

(i) a developer chooses to supply car parks; or

(ii) when accessible car parks are required.

The Whangarei District Plan currently sets minimum car parking requirements primarily through the Transport chapter. There are also minimum carparking requirements associated with commercial activities in the Rural Zones and a number of designation conditions. These provisions must be removed from the District Plan to give effect to policy 11 of the NPS-UD.

The NPS-UD requires local authorities to make the necessary changes to plans to give effect to Policy 11 without using schedule 1 of the Resource Management Act 1991 (RMA). This means that the relevant provisions of the District Plan can be deleted without going through the usual plan change process including public consultation, submissions and hearings.

Council is required to comply with Policy 11 of the NPS-UD by making the relevant changes to the district plan by February 2022.

4 Discussion

According to the Ministry for the Environment the purpose of the direction set out in policy 11 is:

To enable more housing and commercial developments, particularly in higher density areas where people do not necessarily need to own or use a car to access jobs, services, or amenities. It will enable urban space to be used for higher value purposes other than car parking, and remove a significant cost for higher density developments. Developers may still choose to provide car parking in many areas, but the number of car parks will be driven by market demand.

4.1 Policy and planning implications

As outlined above Council must make the relevant changes to the district plan by February 2022. However, and for completeness the policy implications of the changes are outlined below, along with a brief summary of the alternative planning and policy mechanisms for managing the effects of removing car parking minimums.

Removing car parking minimums from the district plan will permit new developments without car parking spaces. The Appeals Version District Plan will no longer play a role in determining how many car parking spaces are required. However, it will not limit the ability of developers to continue to provide on-site car parking if they choose, and it is anticipated many will continue to do so.

In the absence of minimum parking requirements, Policy 11(b) strongly encourages local authorities to manage effects associated with the supply and demand of car parking through comprehensive parking management plans. The intention of this policy is that if there are issues around parking that need addressing then methods outside the district plan should be used to manage parking.

Attachment 1 discusses potential mechanisms including bylaws, infrastructure, infringements, monitoring and compliance. These tools can impact parking availability and pricing which are key aspects that can affect travel decisions and can fundamentally influence travel behaviour.

4.2 Options

The alternative option to removing the minimum car parking requirements from the District Plan now, is to remove them at a later date but no later than February 2022.

This option would create a prolonged period of uncertainty and place ongoing compliance costs on resource consent applicants and Council in the intervening period before the on-site car parking requirements are removed from the district plan. This would result in unnecessary consenting inefficiencies and costs.

4.3 Risks and opportunities

As outlined above the removal of parking minimums does not limit the ability of developers to continue to provide on-site car parking if they choose, and it is anticipated many will continue to do so. Also, as the removal of parking minimums will generally only affect new development, meaning any change that results will be gradual.

The NPS-UD also does not limit the ability of councils to set design standards around the parking that is provided, to consider the traffic effects of activities, to set minimum requirements for disabled parking, or to set minimum loading space requirements. Provisions in the District Plan related to these aspects will be retained and will not be affected by the removal of on-site minimum parking requirements from the district plan.

Further analysis and evaluation of the costs, benefits and risks associated with the removal of parking minimums is contained within **Attachment 1.**

4.4 Legal considerations

Under section 75 of the RMA a district plan must give effect to any national policy statement.

Section 55 requires local authorities to amend a document if a national policy statement directs it. **Attachment 1** outlines the amendments required to the Appeals Version District Plan to give effect to the NPS-UD.

Sections 55(2A) deals with the operative date and publication of the amendments and requires Council to give public notice of the amendments within 5 working days after making them.

5 Significance and Engagement

Under the NPS-UD local authorities must make the necessary changes to their plans to give effect to Policy 11 without using schedule 1 of the RMA. This means that this change must be made without the usual consultation required for a district plan change. The changes that are required do not trigger the significance criteria outlined in Council's Significance and Engagement Policy. The public will be informed via the agenda publication on the website and public notification in accordance with section 55(2A) of the RMA.

6 Attachments

1. Plan Change 160: Removal of Minimum Car Parking Requirements Evaluation Report – Includes Track changes to the Appeals Version District Plan

Style Definition: Heading 2

Plan Change 160: Removal of Minimum Car Parking Requirements~~Provisions~~

Evaluation Report

~~Prior to Notification~~

August 2021

Contents

List of Abbreviations

Environmental Engineering Standards 2010	EES 2010
Environmental Engineering Standards 2018	ES 2018
Long Term Plan	LTP
Gross Floor Area	GFA
Local Government Act 2002	LGA
New Zealand Coastal Policy Statement	NZCPS
Regional Water and Soil Plan	RWSP
Draft Regional Plan	DRP
Northland Regional Council	NRC
Northland Regional Policy Statement	NRPS
Resource Management Act 1991	RMA
Section 32 of the RMA	s32
Section 42A of the RMA	s42A
Structure Plan	SP
Urban Growth Strategy	UGS
Whangāarei District Growth Model	WDGM
Whangāarei District Council Operative District Plan	WDP
Whangāarei District Growth Strategy, Sustainable Futures 30/50	30/50
Whangarei 20/20 Plus	20/20 Plus
Crime Prevention through Environmental Design	CPTED
Parking Management Strategy 2011	PMS
City Centre Development Plan	CCDP
National Environmental Standards	NES
National Policy Statements	NPS
NPS on Urban Development	NPS-UD
Outstanding Natural Landscapes	ONL
Outstanding Natural Feature	ONF
Mean High Water Springs	MHWS
City Centre Zone	CC
Mixed Use Zone	MU
Commercial Zone	COM
Residential Zone	RES
Low Density Residential Zone	LDR
Medium Density Residential Zone	MDR
High Density Residential Zone	HDR
Light Industrial Zone	LI
Heavy Industrial Zone	HI
Waterfront Zone	WZ
Shopping Centre Zone	SCZ
Neighbourhood Commercial Zone	NC
Local Commercial Zone	LC
Urban Area	UA
Living 1 Environment	L1
Living 2 Environment	L2
Living 3 Environment	L3
Business 1 Environment	B1
Business 2 Environment	B2
Business 3 Environment	B3
Business 4 Environment	B4

1. Introduction

1.1 Overview

1. This report is in relation to proposed Plan Change 160 (PC160) to the Operative ~~Whangarei~~Whangārei District Plan (OWDP) to align with the policy direction set out in the National Policy Statement on Urban Development (NPS-UD). The NPS-UD came into effect on 20 August 2020 and replaced the National Policy Statement on Urban Development Capacity 2016.

2. The NSP-UD requires tier 1, 2, and 3 territorial authorities (Whangā~~a~~rei being a tier 2), to make changes to its district plan to remove any objectives, policies rules or assessment criteria that have the effect of requiring a minimum number of car parks, refer to as Minimum Parking Requirements (MPRs). The NPS-UD directs territorial authorities to make the changes required without using the Schedule 1 process.

3. Council is required to comply with Policy 11 of the NPS-UD by making the relevant changes to the district plan no later than 18 months after the commencement date of the NPS-UD (which means changes have to be made by February 2022). Among the councils already to have removed MPRs from their district plans are Nelson City Council, Selwyn District Council, Waipa District Council, Queenstown Lakes District Council, Palmerston North City Council, Wellington City Council and Hutt City Council.

4. This report provides background material as to why the changes to the district plan in relation to car parking are required. As PC160 does not have to use the Schedule 1 process this report is not a formal Section 32 but covers a similar evaluation on the potential risks and benefits of the change. It outlines the statutory considerations relating to the preparation and consideration of plan changes generally and sets out the strategy and policy frameworks within which PC160 fits.

1.2 The Proposed Plan Change

5. The WDP became operative in May 2007. Since this time WDC has adopted a rolling review which is provided for under the First Schedule of the Resource Management Act 1991. The most recent review is the Urban and Services Plan Change. Some of the changes sought under this plan change package are still subject to appeal. As a result there are currently two version of the plan; the Operative District Plan and an Appeals Version District Plan. PC160 only proposes changes to the Appeals Version because all of the relevant provisions are treated as operative.

~~5.~~6. ~~PC160 seeks to remove any objectives, policies, rules, or assessment criteria in the district plan that has~~ have ~~the effect of requiring a minimum number of car parks to be provided for a particular development, land use, or activity.~~ As car parking requirements are present in multiple district plan chapters, the change require~~d~~s a comprehensive review of all the district plan chapters. The following chapters have been identified ~~which~~ as requiring~~e~~ change to align with the directives of the NPS-UD:

- How the Plan W~~w~~orks
- Transport

Commented [RB1]: I think at the start of this section you should have a bit of an explanation about the fact that there is an Operative District Plan and an Appeals Version District Plan but that PC160 only proposes changes to the appeals version because all of the relevant provisions are treated as operative.

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- ~~Quarrying Resource Areas~~
- Rural Production Zone
- Rural Village Zone
- Rural (Urban Expansion) Zone
- Local Centre Zone ~~(LCZ)~~
- ~~Marsden Primary Centre~~
- Designations
  - Minister of Education
  - Minister of Courts
  - Whangāarei District Council 57 - Aquatic Recreation and Leisure Centre

~~6.~~7. Although changes to multiple different district plan chapters is required, the effect of removing the requirement for ~~minimal~~ minimum car parks has the same/similar effect within each chapter. Consequently, this report provides an overall evaluation of removing MPRs rather than an assessment of each objective/policy/rule that requires change.

~~7. The NPS-UD also states in Policy 11: (b) that tier 1, 2, and 3 local~~

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2.1 Operative District Plan Provisions

8. District plans provide a regulatory mechanism to manage land use activities. The ~~current~~ AVDP~~OWDP~~ manages potential adverse effects in relation to car parking with a suite of permitted activity standards. These provisions ~~include requiring~~ require resource consent where a specified minimum number of car parks ~~to be~~is not provided in relation to the activity. ~~If the standard is not achieved, the resource consent process can allow the activity to occur if the adverse effects generated are minimal.~~ These provisions are present in both a district wide approach through permitted standards in the Transport chapter, as well is zone specific and landuse activity rules.

9. The approach to parking management in the ~~The current planning provisions in the~~ AVDP~~OWDP requiring a minimum number of parking spaces~~ is based upon the traditional approach to parking supply. This approach encourages the management of potential parking spill-over on the road network by requiring car parking to be provided on-site. The levels at which the MPRs is set in the district plan is consistent with the approach recommended in the Transfund New Zealand Research Report and in the Roads and Traffic Authority Guide. This approach was applied district-wide, aside from two areas within the City Centre that has been exempt from MPRs since 2011.

10. As part of the Urban and Services plan change~~s~~ package, the extent of the areas exempt from the MPRs was extended in ~~to the transport chapter in PC109, in~~ the City Centre ~~the extent of the areas exempt from the minimum parking requirements was extended~~. Additionally, PC109 introduced

parking reduction factors which enabled activities outside of the exemption area to provide less on-site car parking than the stated minimums where certain criteria were met. This included ~~such as in~~ proximity to public transport stops, bicycle routes or public parking lots, or where additional landscaping or bicycle parking was provided on-site.

11. These changes were implemented as a consequence of a growing body of literature which supports the removal of MPRs. Despite there being some potential negative consequences of removing the MPRs, there are a number of benefits which are increasingly being recognis~~z~~ed. This is discussed further in section 5 of this report which provides a full assessment of the benefits and costs of removing MPRs~~minimum on-site parking requirements~~.

Commented [RB3]: Should this be "MPRs" instead of "MPR"? Not a biggie but MPRs seems to read better. Check for consistency throughout.

2.2 Resource Management Issues

12. The following section provides an overview of the main issues which the NPS-UD aims to address.

2.2.1 Urban Growth

13. The NSP-UD is part of the governments Urban Growth Agenda which aims to remove barriers to the supply of land and infrastructure and make room for cities to grow up and out. The NPS-UD ~~2020~~ contributes to this by addressing constraints in our planning system to ensure growth is enabled and well-functioning urban environments are supported.

14. Specifically, the removal of the ~~minimum parking requirements~~MPRs as part of the NPS-UD, aims to ensure there are adequate opportunities for land to be developed to meet ~~community~~ projected business and housing needs[1]. The pressure of urban growth has seen the costs of ~~minimum car parking requirements~~MPRs compound as cities grow and land becomes scarce. The current MPRs regulation generally appears to view the demand for parking independently of location, opportunity cost, and dynamic market changes. This creates inefficient pricing, both of parking and land, and broad economic costs[2].

Commented [RB4]: Check throughout for other places where you could use the MPR acronym.

15. The NPS-UD addresses this issue by shifting the provision of car parking ~~from MPRs~~ to a market-based approach, ~~to ensure that~~ P~~p~~arking supply is determined by~~matches~~ demand, at a price that reflects the scarcity of urban land ~~and building space~~ and gives weight to alternative~~,~~ and ~~and~~ possibly more valuable land uses.

2.2.2 Environment

16. In conjunction to addressing issues around land scarcity and price, the removal of MPRs also addresses environmental issues. Within New Zealand, transport is the second largest contributor of emissions at 47 per cent of CO_2 emissions. It is also ~~and is~~ one of the fastest growing sources of emissions increasing~~ed~~ by 90 per cent between 1990 and 2018[3]. This is a result of the~~The~~ transport system in New Zealand being~~is~~ dominated by private transport modes. Compared to other developed countries, vehicle ownership rates are high and public transport use is low.

[1] Ministry for the Environment - National P~~p~~olicy S~~s~~tatement on U~~u~~rban D~~d~~evelopment
[2] PWC - ~~-~~Cost - benefit analysis for a National Policy Statement on Urban ~~Development –~~Development - Final report for the Ministry for the Environment
[3] Ministry of T~~tr~~ansport - Climate change — emissions work programme

17. Transport is one sector where substantial gains in reducing emissions can be made. Removing ~~minimum parking requirements~~MPRs will contribute towards emissions reduction by reducing subsidies to driving, and in turn make alternative transport options more attractive. This will help to achieve New Zealand's commitments under The Climate Change Response (Zero Carbon) Amendment Act 2019, which commits New Zealand to reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050[4]. This bill helps to achieve New Zealand's obligations under the Paris Agreement's which commits signatory countries to limit warming to 1.5˚C above pre-industrial levels.

18. While private vehicles are well suited to many transport tasks due to their flexibility and speed, such a high level of reliance in cities where space is constrained, and the population is growing, is not sustainable. It is envisioned that the removal of MPRs will contribute towards factors that make our cities more liveable (for example accessible public transport, great walking and cycling opportunities), and in turn also help reduce our carbon footprint, increase resilience to the effects of climate change and protect ecosystems.

3. Proposed Plan Change

~~19.~~ PC160 will remove MPRs ~~minimum parking requirements~~ from all chapters of the district plan. Consequently, this will permit new developments to be built without providing any car parks, placing the onus on developers to determine the amount of parking necessary.

~~20.~~19. ~~Removing the regulatory requirement to provide parking doesn't~~ does not ~~mean that new developments will provide no parking at all. Rather each development will make an informed marketbased decision on parking that more accurately matches parking supply to demand.~~ A brief overview of the chapters which require change ~~as a result of~~because of the NPS-UD are discussed in sections 3.1 – 3.2. Additionally, minor consequential changes will be made to the numbering and ordering of rules as a result of the deletion of MPRs.

Commented [RB5]: Add sentence that PC160 also does not mean existing car parks have to be removed.

3.1 District Wide Transport Chapter

~~3.1.1 Transport~~

~~21.~~20. Planning provisions which have the effect of requiring a minimum number of car parks ~~is~~ are most prevalent in the Transport (TRA) chapter of the AV~~O~~WDP. The intent of the ~~transport~~ TRA chapter parking provisions is to manage parking in a manner that contributes to the safe and efficient functioning of the transport network. P~~Additionally, p~~arking management aims to use land efficiently, ensure compatibility with surrounding amenity, and be flexible for diverse living choices. The TRA chapter also ~~It is also~~ recognises~~d~~ that car parking can be managed to have an influence on reducing private motor vehicle use.

~~22.~~21. The proposed change to the TRA~~transport~~ chapter will not alter the overall intent of the chapter and the objectives will remain the same. The change will entail removing provisions which have the

[4] Ministry for the Environment - Climate Change Response (Zero Carbon) Amendment Act 2019

effect of requiring a minimum amount of car parks~~ to be provided~~. Provisions which relate to the will remain.

~~23.~~22. The design and construction of parking areas can have significant effects on amenity, character, stormwater management and vehicle and pedestrian movement and safety. If a developer chooses to provide parking, they will still have to achieve the engineering, landscap~~e~~ing and urban design standards. This will still enable the management of potential adverse effects on amenity and safety by retaining control over the location and design of car parking spaces.

23. The most significant change to the TRA ~~ransport~~ chapter will be to the appendix which stipulates the minimum number of car parks that must be provided with associated activities. This appendix is referenced in the zone specific chapters, stating that parking must be provided in accordance with TRA- appendix 1A-F. As a result, changing this appendix will affect the parking requirements in zone specific chapters without requiring significant change to the wording of the planning provisions in the zone specific chapters.

~~24.~~

~~25.~~24. Area specific chapters refers to the Zone chapters which manage the way in which areas of land are to be used, developed ~~or~~ and protected. The spatial application of zones generally identifies where similar uses and activities are anticipated. The following zones have been identified as containing provisions which have the effect of requiring a minimum number of car parks.

3.2.1 Rural Zones

~~26.~~25. The proposed change to the rural zones most significantly effects the commercial rules which require a minimum number of carparks to be provided on site for the employee and the client. ~~A rule~~Rules to th~~is~~ ~~same~~ effect ~~is~~ are present in the Rural Production Zone, Rural Living Zone, Rural Village and Rural (Urban Expansion) Zone. No other change to the chapters is proposed as part of PC160.

3.2.2 Special Purpose Zones

~~27.~~26. The special purpose zones Marsden Primary Centre~~, Ruakaka Equine Zone~~ and Port Nikau Development Area contain provisions which have the effect of requiring a minimum number of carparks to be provided for an activity or landuse. Minor change to these chapters will be required to remove the rules which stipulate a minimum number of car parks.

~~28.~~27. ~~Note:~~It is noted that the Marsden Primary chapter is currently ~~also~~ undergoing a plan change (PC150) with hearing scheduled in August 2021. Any objective/policy/rule/assessment criteria that has the effect of requiring ~~a minimum number of parks~~MPRs will be reviewed as part of the revision of that plan change process.

3.2.3 Designations

~~29.~~28. The purpose of the Designations chapter is to identify and provide for designations which have been requested by requiring authorities in the Whangā~~a~~rei District. A designation enables the identification and use of land required for a public work or for network utility infrastructure. In accordance with section 181 3(c) of the RMA, both the territorial authority and the requiring authority must agree with the alteration. The relevant requiring authorities have been contacted and agreed to the changes required.

~~30.~~29. The Minister of Education designations contains conditions which require car parking to be provided at the rate of two carparks per new classroom or classroom equivalent. In addition, on-site car parking for early childhood education (preschool) is required at the rate of one car park per every 10 children, plus one per each full-time equivalent staff member. These conditions will be removed from the designation as part of PC160.

~~31.~~30. Whangā~~a~~rei District Council 57 - Aquatic Recreation and Leisure Centre ~~also~~ requires minor change to the wording of a condition which states that parking spaces are to be located on the same site as the activity for which they are “required”. It is proposed to change this wording to “provided”.

~~32.~~31. The Minister of Corrections designation condition 1 states that a parking study shall be carried out and any shortfall identified by that study must be addressed by the development. This has the effect of requiring a minimum number of parks, therefor this condition will be removed as part of PC160.

4. Statutory Considerations

~~33.~~32. The WDP sits within a layered policy framework, which incorporates the National Policy Statements, National Environmental Standards, Iwi Management Plans, the Northland Regional Policy Statement (**NRPS**), Regional Plans, Structure Plans and Long Term Plans. Each of these policy documents and plans has been considered in accordance with the RMA. The relevant policy documents that were taken into consideration when preparing PC160 are discussed below.

4.1 Resource Management Act 1991 (RMA)

~~34.~~33. The RMA is the overarching statutory framework which governs environmental management. The overriding purpose, defined in section 5(2), is *to promote the sustainable management of natural and physical resources*. The RMA also sets out the requirement of local authorities. Relevant to this plan change is section 55 which requires l~~L~~ocal authorities to amend a document if a national policy statement directs it. PC160 is being undertaken due to the direction set out in the NPS-UD.

~~35.~~34. ~~Additionally,~~ Section 75 of the RMA is also of relevance as it sets out the content of district plans. In accordance with s75(3)(a) a~~A~~ district plan must give effect to any national policy statement. PC160 removes the parking requirements as directed by the NPS-UD, therefor giving effect to the higher order policy document.

4.2 National Policy

National Policy Statements

~~36.~~35. As outlined above, Section 55 of the RMA requires local authorities to recognise ~~NPS~~ National Policy Statements and Section 75 requires local authorities to give effect to them in their plans. There are currently five National Policy Statements~~NPS~~:

- National Policy Statement on Urban Development 2020.
- National Policy Statement for Freshwater Management.
- National Policy Statement for Renewable Electricity Generation.
- National Policy Statement on Electricity Transmission.
- New Zealand Coastal Policy Statement (NZCPS).

~~37.~~36. The removal of car parking requirement is a directive in NPS-UD. This plan change is consistent with the above documents as it gives effect to the NPS-UD. Upon review of the NZCPS, Freshwater Management, Renewable Electricity Generation and Electricity Transmission, it is found that they do not specifically relate to car parking so are not relevant to PC160.

National Environmental Standards

~~38.~~37. Section 44 of the Act requires local authorities to recognise National Environmental Standards~~NES~~. There are currently seven National Environmental Standards~~NES~~:

- National Environmental Standards for Air Quality.
- National Environmental Standard for Sources of Drinking Water.
- National Environmental Standards for Telecommunication Facilities.
- National Environmental Standard for Electricity Transmission Activities (NES Electricity)
- National Environmental Standards for Assessing and Managing Contaminants in Soil to Protect Human Health (NES Soils).
- National Environmental Standards for Plantation Forestry.
- National Environmental Standards for freshwater

~~39.~~38. There are no provisions in the above National Environmental Standards ~~NES~~ which specifically relate to car parking so they are not relevant to PC160.

4.3 Local Government Act 2002 (LGA)

~~40.~~39. The Local Government Act 2002 (LGA) enables local authorities to make and implement bylaws. Section 145 of the LGA provides for local authorities to make general bylaws for the purpose of protecting the public from nuisance, protecting, promoting, and maintaining public health and safety, minimising the potential for offensive behaviour in public places. Sections 146 and 147 provide for the creation of more specific bylaws.

~~41.~~40. The Whangā~~a~~rei District has several bylaws, some of which have ~~a greater~~ relevance to the management of parking within the District. The Parking and Traffic Bylaw 2017, ~~Bylaws contained in this document also~~ restricts parking in places and grants enforcement and compliance powers to council for those not paying the required fee or parking illegally. These bylaws also enable~~states~~

~~tha~~Council~~t Council may from time to time~~ by resolution to institute a Residents Parking Scheme, to the vehicles of residents. ~~Bylaws contained in this document also restrict parking in places and~~ parking. This is discussed further in section 5.3 of this report.

4.4 Regional Policy

Northland Regional Policy Statement 2016 (NRPS)

~~42.~~41. The NRPS became operative on 9 May 2016 (with the exception of provisions relating to GMOs). The NRPS provides regional level policy direction on regional form and regionally significant infrastructure. In accordance with Section 66(1)(ea) of the RMA a national policy statement is a matter that is to be considered by regional council in the formulating of plans. As the plan change comes as a directive in the NPS-UD, it is considered that if there were any inconsistency between the two, the lower order policy document would require amendment.

~~43.~~42. The hierarchal nature of planning in New Zealand set out in the RMA, means that the NRPS should give effect to the NPS-UD. Assessment of the current NRPS shows that the current strategic direction of the NRPS does support the removal of MPRs, predominantly through the promotion of ~~providing~~ a range of transport choices. ~~The policy direction on regional form advocates for provision of an adequate range of transport choices (including public transport).~~

~~44.~~43. The NRPS ~~also~~ provides urban design guidelines in which it advocates for enabling choice in densities, building types, transport options, and activities. The removal of MPRs recognises the importance of alternate transport modes rather than supporting the dominance of motor vehicles, helping to achieve the strategic direction of the NRPS.

~~45.~~44. The NRPS also specifically recognises the importance of ~~connection~~ connectivity in achieving quality urban form. Essential to this is having well established networks such as walking and cycling routes. ~~It~~ The NRPS highlights that a key component to achieving high quality urban design is placing high priority on walking, cycling and where relevant, public transport. It also recognises that this approach helps to lower environmental impact. Although the NRPS ~~doesn't~~ does not discuss provisions on car parking specifically, the strategic direction advocates for a shift away from car dominated urban form, increasing uptake of alternate transport modes which ultimately supports the removal of MPRs.

Northland Walking and Cycling Strategy 2018

~~46.~~45. The Northland Regional Council through the walking and cycling strategy highlights that transport mode shift is a strategic priority. This is essential to achieving a land transport system that reduces greenhouse gas emissions, as well as adverse effects on the local environment and public health. The main goals of the strategy include increased uptake of active travel modes such as walking and cycling to support environmental and public health objectives, increased proportion of journeys made using public transport and active modes of travel, expanded and better connected walking and cycling networks both in urban and rural areas. These goals support the removal of MPRs as they recognise the importance of encouraging a transport mode shift.

4.5 District Policy

~~47.~~46. The following section reviews key strategy documents of relevance to parking, assessing the alignment of the plan change with the policy direction outlined by these documents. Although the NPS-UD is a national policy directive which district plans must give effect to under the RMA, the assessment below highlights that the policy direction of strategy documents supports the removal of MPRs.

Whangā~~a~~rei District Growth Strategy, Sustainable Futures 30/50 2010 (30/50)

~~48.~~47. To manage projected growth sustainably, in 2010 Council formulated a long term sub-regional growth strategy. This Growth Strategy sets out the district's response to future growth. It establishes a framework for how development will be managed and accommodated, while still maintaining the important values of the District. It is evident from this strategy that the districts transport system has been focused on the use of private vehicles. However, the strategy recognises that as the District's population continues to grow, providing other forms of transportation will be essential to creating a transport system that works for everyone in the community.

~~49.~~48. At the time the strategy~~document~~ was produced, levels of alternate transport mode use were low. Contributing to the low level of use of alternative transport modes was pedestrian and cyclist safety, which was highlighted as a key issue influencing peoples' decision to walk or bike. The document found that fifty-three percent of residents considered that riding a bike in Whangā~~a~~rei was unsafe. It also found that limited facilities for cycling influenced the low number of users of this form of transport. If these key issues were addressed, more people would walk and cycle.

~~50.~~49. The strategy recognises that encouraging greater use of cycling and walking will generate environmental benefits, reduce consumption of oil and petrol, reduce traffic congestion, and lead to lower level of obesity. The difficulty comes in providing safe facilities and incentives for people to change behaviours. The removal of MPRs along with increased infrastructure provisions (such as footpaths, cycle lanes and bus stops) will help people to feel safe using alternate modes, and incentivises a transport mode shift. This ultimately helps to achieve the strategic vision set out in this growth strategy for an integrated land use and transport framework.

Draft Whangārei Growth Strategy

~~51.~~50. The Draft Growth Strategy reviews and builds on the 2010 Sustainable Futures 30/50 Growth Strategy. The draft Growth Strategy provides a vision for how our District will grow and develop over the next 30 years. It sets out actions which will help ensure that our planning, infrastructure investments and decision making is coordinated and supports a vibrant, attractive and thriving District. The importance of alternate transport modes is built upon in the draft growth strategy and ~~increases~~ the strength of ~~the~~ this strategic direction is increased. This aligns with the rise in higher order strategic direction from central and regional government that advocates for alternate transport modes.

~~52.~~51. This strategic direction is of relevance to PC160 as the removal of MPRs aligns with transport goals of improving access/use of alternate transport mode such as public transport and walking and cycling. This goal is recognised as key to success of the district in the future. As the district's population continues to grow, there needs to be a transition towards other transport options if not, the district risks future issues with road congestion, travel time, safety and loss of productivity. Therefor to reduce the pressures on the roads, increasing the number of people using public transport or walking and biking is crucial.

~~53.~~52. This transition will require improvements in the public transport network to achieve coverage across the District and a level of service that can operate at higher frequencies. Alongside public transport, investment in walking and cycling will enable more options for people to get to work, school and services without needing to drive. The removal of MPRs aligns with this strategic vision of moving away from private motor vehicle ownership and facilitating alternate transport modes.

Long Term Plan 2021 – 2031 (LTP)

~~54.~~53. The Long Term Plan is Council's key strategic planning document. It outlines Council's financial situation as well as our activities and priorities for the next ten years, providing a long-term focus for decision-making. It also explains how work will be scheduled and funded. The LTP was adopted by Council on 24 June 2021 and covers the period 2021 to 2031.

54. Similarly to the Growth Strategy, Whangārei's poor public transport system and incomplete shared path network is identified as a barrier to facilitating more use of alternate transport modes and less dependency on private motor vehicles. To address this the~~The~~ LTP allocates $37m of funding to improving our cycleway and shared path network.

~~55.~~ This investment recognises the ~~is in recognition of the~~ importance of walking, cycling and public transport infrastructure and its benefits for~~which supports~~ social wellbeing and reduction in~~ces~~ Greenhouse gas emissions. ~~The LTP also recognizes the emerging technologies and trends with transport choice as cycling and walking grow in popularity. Other forms of alternate transport mode are also increasing such as e-bikes and e-scooters.~~

Whangā~~a~~rei District Council Parking Management Strategy 2011 (PMS)

~~57.~~56. The purpose of the PMS is to provide a framework by which parking is managed in Whangā~~a~~rei, primarily within the City Centre and the city fringe areas. The PMS investigates the use of parking management techniques, such as: time, price, monitoring and enforcement. The PMS made eleven recommendations, which mostly related to these techniques.

~~58.~~57. The most significant recommendation of the PMS was for~~first recommendation was for~~ Council to embark on a plan change to remove MPRs~~minimum parking requirements~~. The reasoning for this change was that MPRs ~~This was due to the fact that minimum parking requirements~~restrict~~MPRs can restrict~~ development opportunities, contribute to sprawl and artificially hides the costs of parking. The PMS suggested MPRs is not necessary as ~~that~~ most businesses will provide parking as an ~~an~~ incentive for their customers. The strategy advocates for a focus on~~This document importantly highlights that it is the~~ management of our existing parking ~~that is important~~, rather than~~not necessarily~~ providing more parking, which only encourages more to drive.

~~59.~~58. The strategy highlights multiple flaws in MPRs and negative consequences such as urban form with numerous parking areas and contribution to urban sprawl as more land is needed to provide for activities. Ultimately MPRs results in an abundance of low-cost parking which stimulates excessive demand for vehicle-based travel which has further negative environmental outcomes. The recommendations in this ~~Integrated transport is a key component to a successful parking strategy,~~ strategic direction since 2011, therefore PC160 aligns with this policy direction~~aligns with this policy~~.

Walking and Cycling Strategy 2018

~~60.~~59. This strategy builds on the 2012 walking and cycling strategy which aimed to enable and promote walking and cycling infrastructure. Progress has been made towards achieving the goals set out in the 2012 strategy with development of the D~~d~~istrict's walking and cycling infrastructure. Examples include the Hatea Loop shared path and parts of the Onerahi Shared Path.

~~61.~~60. The ~~WCS 2018~~strategy reinforces the vision of the 2012 strategy, ~~of~~ aiming to achieve a well-connected urban network. This will help facilitate behavioural change and~~,~~ increase~~ing~~ the uptake of walking and cycling. Benefits of this identified in the strategy is congestion relief and reducing environmental impact through lowering emissions.

~~62.~~61. ~~Identified in the strategy as~~ T~~t~~he barrier to achieving the visions of the strategy ~~ng~~was attributed to ~~this are~~ incomplete networks, with areas within the district having varying levels of infrastructure (shared path, bus services) to enable increased use of alternate transport modes. Additional infrastructure is required to make routes truly accessible. This strategy supports the removal of MPRs but highlights that it needs to be accompanied by increased provisions for alternate transport modes to make them more viable options.

Blu~~ul~~e/Green Network Strategy 2016

~~63.~~62. The Blue Green Network Strategy aims to connect the District's waterways (blue), parks, reserves and greenspace (green) in a manner that provides multiple benefits, including a sense of place and connectivity, including the creation of off-road walkways and cycleways and increasing connectivity between neighbourhoods and parks.

~~64.~~63. This strategy aligns with the overarching vision for Whangārei to have better connected networks that enable people to utilise active transport modes. This highlights a shift away from infrastructure provisions which solely focus on providing for private vehicle trips, and instead recognises the importance of alternate transport modes. This strategy therefor aligns with PC160 as the removal of minimum carparking requirements helps to achieve the same goal by motivating people to use alternate transport modes.

Whangā~~a~~rei District Plan (WDP)

~~65.~~64. The WDP became operative in May 2007. Since this time WDC has adopted a rolling review which is provided for under the First Schedule of the Resource Management Act 1991. The most recent review is the Urban and Services Plan Change which involved a number of plan changes including 82 A and B, 88 A-J, 109 115, 136, 143, 144, 145, 147 and 148. Most relevant to this review is PC109 which involved change to the transport chapter.~~.~~ ~~The district plan chapters used for this~~

65\. The changes made to the district plan as part of PC109 involved~~highlighted~~ a shift towards less stringent provisions regarding MPRs~~.~~ No on-site minimum parking provisions in the City Centre has been present in the operative district plan since at least 2007. The exemption area was ~~PC109~~ extended in PC109 ~~the minimum parking exemption area~~ to include a larger portion of the City Centre area (see greyed out area in Figure 1~~3~~ below). Removing on-site MPRs provisions is not an entirely new concept for the District as it has already been in effect for a number of years in the city centre.

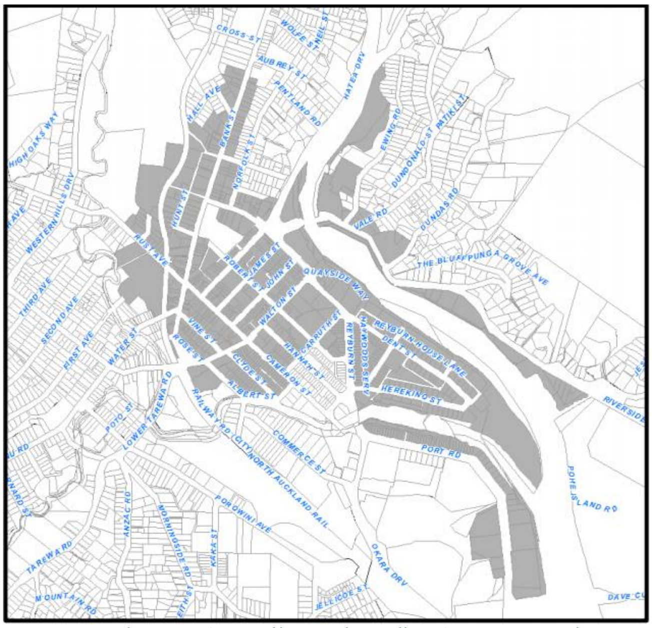

Figure 1: Car Parking and Loading Space Exemption Areas

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~~66.~~ In addition, PC109 implemented maximum on-site car parking figures in this parking exemption area. The maximums only relate to residential units, visitor accommodation and commercial services. The intention of the maximums was to limit the amount of on-site car parking provided in Whangā~~a~~rei City to place more priority on pedestrians and cyclists.

~~1. Figure 1: Car Parking and Loading Space Exemption Areas~~

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5. Evaluation of Proposed Changes

5.1 Appropriateness in Terms of Purpose of RMA

~~69.~~68. The following section contains an assessment of PC160 ~~must be assessed~~ to determine its consistency with the RMA and the extent to which each objective proposed in PC160 is the most appropriate way to achieve the purpose of the RMA. Part 2 of the RMA outlines the purpose and principles of the Act which focuses on sustainable management of natural and physical resources.

~~70.~~69. The NPS-UD contains a suite of objectives. Objectives 1 and 4 are relevant to the removal of minimum car parking rates. The objectives outline the intended outcome of the policy and help in testing reasonable alternatives, including the targeting of the policy.

- **Objective 1:** New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.

- **Objective 4:** New Zealand's urban environments, including their amenity values, can develop and change over time in response to the diverse and changing needs of people, communities, and future generations.

~~71.~~70. The objectives support quality, liveable and well-functioning urban environments in a way that avoids or mitigates adverse effects on the environment. They are considered to be practical and achievable, and they represent the expectations of the public, stakeholders and i~~I~~wi in regard to urban development. Having assessed the proposed objectives against Part 2 of the RMA it is considered that they achieve the purpose of the RMA and promote sustainable management.

5.2 Appropriateness in Relation to Higher Order Documents

~~72.~~71. Due to the hierarchal nature of planning in New Zealand, lower order policy documents are required to be consistent with national level policy documents. This means that the RPS also has to align with the NPS and any inconsistencies addressed in order to give effect to the national direction. As a result of this, a full assessment against the RPS is not required. However section 4 of this report reviewed~~s~~ key higher order policy and strategy documents of relevance to PC160 and found~~inds~~ that the policy direction does support the removal of MPR~~s~~.

5.3 Effectiveness and Efficiency of Proposed Policies and Methods

~~73.~~72. In formulating the NSP-UD, a thorough section 32 assessment was undertaken which proposed provisions to ensure they are the most appropriate way to achieve the proposed objectives. This process included identification of alternatives, and cost benefit analysis of the economic, social, environmental and cultural effects of the provisions. It also involved an assessment of the risk of acting or not acting where uncertain information exists.

~~74.~~73. This information can be found in the section 32 report produced by ~~b~~Beca for the Ministry for the Environment and Ministry of Housing and Urban Development[5]. Their findings are summarised in in ~~appendix~~ Appendices 3, 4 and 5. In this assessment the removal of all reference to ~~minimum parking requirements~~MPRs is presented as a package, rather than analysed by individual policy or specific rule that requires change as the MPR~~s~~ removal works as a whole to achieve the objectives.

5.3.1 Evaluation of Alternatives

~~75.~~74. An evaluation of the alternative options was undertaken prior to the gazettal of NPS-UD. A summary of the different options considered is included in A~~a~~ppendix 3 of this report. In regards to

Commented [RB7]: Is there a website or document that we can footnote as a reference?

[5] National Policy Statement for Urban Development: Section 32 Evaluation Report by Beca

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PC160 as the change is required as part of the NPS-UD, there are no alternative due to the requirements prescribed under the RMA. The changes to the district plan to remove MPRs must be made by February 2022.

~~76.~~75. As it currently stands if a resource consent is triggered, the planner processing the application is required to take the direction of the NPS-UD into account under section 104. This means council's resource consent planners would be likely to grant any resource consents for breaches of district plan ~~minimum car parking rate requirements~~MPRs in the intervening period before these are removed from the district plan.

~~77.~~76. The above approach is therefore largely giving effect to the requirements of the NPS-UD now even though the district plan has not yet removed MPRs from its rules. This means that MPRs in the district plan is only placing an ongoing compliance cost on both applicants and council. The removal of MPRs from the district plan as soon as possible is the most efficient option.

5.3.2 Cost and benefit analysis

~~78.~~77. In the Section 32 evaluation as part of the development of NPS-UD, an assessment of a range of potential costs and benefits was identified. A summary of this can be found in A~~a~~ppendix 4. The following section discusses in depth the main potential costs and benefits of removing MPRs from the district plan. The main topics identified are economic, parking driven by market demand, urban growth and alternate transport modes. This is followed by a summary of consultation with local developers, builders and real estate agents ~~etc~~ which helps to provide insight into the market response and identify potential costs and benefits.

Economic

~~79.~~78. One of the most significant benefits of the removal of MPRs which has been identified in a number of investigations is the economic benefit. The cost of providing "free parking" is currently hidden within "council compliance costs" and cost to the developer. The economic costs of minimum car parking requirements can be prohibitive to development. The following scenario is used as an example to demonstrate the hidden cost to the developer of providing parking.

~~80.~~79. In this scenario a developer purchases a 600m^2 greenfield allotment for the purpose of a retail development, with a land value of $700,000. In TRA Appendix 1, a General Commercial Activity requires 1 parking space per 50m^2 GFA. In the Commercial Zone, the impervious area rule allows up to 90% coverage. If the site is 600m^2, only 540m^2 can be built on. In order to achieve the impervious area coverage and provide the minimum required parking for the floor area of the building, the GFA would be restricted to 350m^2. This would result in the provision of 7 carparks, requiring an area of 175m^2 (25m^2 for each park), resulting in an impervious area coverage of 525m^2.

~~81.~~80. Using the land value of the allotment as $700,000, each m^2 of the allotment has a value of approximately $1,167. As 25m^2 is required for each parking space, the land value of each park is

$29,175. Additionally, the cost of creating a car park is estimated at approximately $20,000[6]. Compiling the land value and the cost of creation, each parking space has a total cost of $49,175.

~~82.~~81. In order for the proposed activity to comply with the District Plan requirements, cost to the developer to provide parking is $344,225. This induces a significant economic impact and reduces the economic return for the developer. On sites where space is limited, developers find it difficult to meet parking requirements while ensuring the development is economically viable. Removing MPRs removes this burden from the developer and enables development that otherwise might not have been possible.

~~83.~~82. The cost to provide parking is often shifted on to goods and/or other modes of transport resulting in inefficiencies and price distortions. This is particularly unfair for people who use alternative modes of transport, such as walking, public transport and cycling. Removing MPRs shifts the full social cost of parking onto users of parking.

Parking Driven by Market Demand

~~84.~~83. The removal of MPRs will allow parking to be driven by market demand. MPRs exist due to a concern that without them, developers will under-supply parking and let city councils deal with the problem, but this is only the case under the assumption that parking should be free for those who park. Demand alone can be enough to induce parking provision, and developers are better able to respond to demand in the absence of over-supply of free parking.

~~85.~~84. Developers who are seeking to make a profit are likely to have a better sense than council does about whether potential buyers/tenants would rather have a parking spot or a less expensive development or other amenities instead of car parks. This approach will allow developers to allocate building area to maximise value. Developers will find a balance such that the value gained from another unit of floor area is equal to the value that would be given up by sacrificing another unit of parking[7].

~~86.~~85. A shift to a market driven parking supply by removing MPRs, will reduce the over-supply of parking creating a market for parking in the city centre. A market where spare parking is sold by private operators has two main benefits. It allows for more efficient use of existing supply, achieving higher occupancy rates, reduces the need for more parking, and it burdens individuals to pay for the costs of their parking rather than the whole of society. Savings are passed on to consumers through more affordable housing, goods, and services.

Urban Growth

~~87.~~86. The removal of ~~minimum parking requirements~~MPRs helps to address urban growth issues by lowering the costs of development. ~~Savings are passed on to consumers through more affordable housing, goods, or~~ and ~~services.~~ Developers assess the suitability of a site for constructing intensive housing, but once the space requirements of parking are considered it may become economically

[6] Parking Management Strategy 2011
[7] PWC Cost - benefit analysis for a National Policy Statement on Urban Development Final report for the Ministry for the Environment

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unfeasible and the plans are never progressed. Removing MPRs helps to achieve the government's urban development objectives.

~~88.~~ 87. The removal of MPRs also helps to achieve better urban form by incentivising developers to build in existing urban areas near good transport connections rather than cheaper land on the urban fringes. Allowing development to occur in these areas supports greater use of alternative transport modes and reduces the addition of vehicle traffic on the road network. Additionally, less land covered with parking improves urban form by allowing for a more connected and walkable built environment and more active street frontages.

Alternate Transport Modes

88. ~~Minimum parking requirements~~ MPRs have been a hidden factor in an ongoing cycle of auto-dependency. Requiring the provision of parking strongly favours car use over other modes and usually means car dependence is built into developments making more sustainable and healthier transport modes less attractive. If a significant amount of free parking is provided, there are no incentives not to drive.

89. Excessive parking required in new developments reinforces the car focused transport system and inhibits cities from achieving transport mode shift goals. For example around the outskirts of the town centre of Whangārei there is an abundance of free parking, which only encourages the use of automobiles.

90. To influence travel demand and transport choices requires a mix of incentives and disincentives (or 'push' and 'pull' factors) to either discourage the use of private vehicles (by making them less attractive relative to other options) or making people more aware of their options and incentivising them to try something new. Parking is an effective tool that can be utilised to make alternat~~e~~ive transport modes more appealing. ~~Around the outskirts of the town centre of Whangārei there is an abundance of free parking, which only encourages the use of automobiles.~~

91. Providing alternative transport options that are convenient, reliable and cost-effective will support people to make changes to the way they travel. Private vehicles ~~won't~~ will not disappear in the near future but providing a better-balanced transport system with options that reduce the need to drive or own a car is increasingly important to ensure population and economic growth ~~doesn't~~ does not translate into more congestion, more emissions and ultimately less successful and liveable cities[8].

92. These benefits are recognised in the strategic documents discussed in section 4 of this report. These strategic documents outline a range of initiatives that Whangārei District Council is committed to that illustrates the council's efforts to increase the uptake of alternate transport modes, such as the LTP which allocates funding to infrastructure for alternate transport modes ~~to link active transport networks~~. The removal of MPRs has significant benefits and aligns with the districts ~~so~~ long-term goals.

Consultation with Developers

[8] NZ Transport Agency - Keeping Cities Moving

93. During the process of preparing this report a variety of businesses involved in the development and property sectors were contacted to gage potential effects of removing the ~~parking minimums~~MPRs. As the removal of ~~parking minimums~~MPRs does not limit the ability of developers to provide on-site car parking if they choose, consultation aimed to determine whether developers would still be providing parking ~~if the market wanted it~~despite there being no district plan requirements to provide car parking. A brief summary of the feedback received is included below:

Home Builders

94. ~~Classic builders~~Various home building companies were contacted. The feedback received was generally ~~were~~ of the opinion that the effect of the removal of MPRs will be minor. They anticipate that in most cases their developments will still be providing off street parking as this is something that is client driven and in most cases, clients will want to provide parking for practical reasons. However, they did note, that on tighter sites having the requirement removed in some cases will mean houses will be able to be maximised onsite without being compromised by the need to show parking.

Commented [RB8]: I think we steer away from specifically naming people.

95. An interesting point raised by ~~GJ Gardner~~one home builder was that developers may impose covenants to require a minimum number of carparks to prevent spill over into on-street parking in new residential developments. This is a potential method outside of the district plan for managing developments and allows developers to maintain control over parking if they wish.

Real Estate Agents

96. ~~The contact from Raywhite~~A real estate agent suggested that car parking would still be provided to attract tenants. This reinforces the argument that if parking is left to the market to decide, it will still be provided at the level desired by potential tenants.

Consultant Planners and Developers

97. A consultant planner ~~from Barkers~~ highlighted that as Whangāa~~a~~rei is not facing extreme development pressure, the change in parking supply will be gradual. There is a large supply of carparking already built into the urban fabric and there are still strong market forces to provide parking. The consultant planner also provided ~~a~~ useful insights into the methods of big retailers and grocery stores. These businesses already implement their own method for calculating the number of car parks to provide, which is often above the minimum requirements in district plans. The removal of MPRs will not change the level of parking provided by these commercial developments as they are still able to provide parking at the same rate as they have done in the past

~~. There is a misunderstanding that the removal of MPR will mean no parking. However existing parking won't disappear and developments will be driven by market demand to calculate the level of parking to provide.~~

Commented [RB9]: See comment in Section about covering this point earlier.

Insufficient Infrastructure

98. In PC109, removing ~~minimum parking requirements~~MPRs was considered however, through consultation and research it became apparent that Whangāa~~a~~rei is still heavily dependent on private motor vehicles and does not have the public transport infrastructure to support complete removal of

parking minimums. The LTP identified issues such as a poorly used bus system in Whangārei City, lack of access to public transport in rural areas, incomplete shared path network and pedestrian severance caused by the State Highway and arterial road network which is resulting in poor use of alternative transport modes.

99. The lack of infrastructure to cater for alternativ~~e~~ transport modes~~,~~ means removing ~~minimum parking requirements~~MPRs has some potential risks and may result in high demand in public parking supply. The following section discusses potential mechanisms for managing the risk posed by the removal of MPRs. ~~WDC will need to develop a parking management strategy to manage increases in parking demand and ensure efficient use of the public parking resources.~~

Parking Management Strategy

100. In addition to ~~the policy in~~ the NPS-UD requiring the ~~which directs councils to~~ removal~~e~~ of MPRs, Policy 11(b) states that tier 1, 2, and 3 local authorities are strongly encouraged to manage effects associated with the supply and demand of car parking through comprehensive parking management plans.~~the document NPS-UD also strongly encourages local authorities to manage the effects of car parking through comprehensive parking management strategies.~~ The implementation of a Parking Management Strategy (PMS) will be essential for dealing with potential adverse effects as MPRs are removed from the district plan, parking stock may be placed under increased pressure. Effective parking management can 'achieve more' with less parking supply by better utilising supply and managing demand.

~~100. Waka Kotahi has developed National guidance for developing and implementing a Parking Management Strategy. This document discusses the different approaches which can be used to manage parking effectively.~~

~~103.~~102. It is through these methods that strategic parking management can support ~~(or hinder)~~ uptake in a range of travel modes, which can in turn impact on demand for ~~the~~ parking supply. An overview of some of the possible tools for managing the adverse effect of parking is discussed below. The P~~arking~~ M~~anagement~~ S~~trategy~~ is not limited to these options, but it provides an indication of available tools that exist outside of the district plan.

Bylaws

~~104.~~103. ~~Whangarei District Council~~WDC bylaws are local laws made by Council that apply only in our District and sit outside the district plan. These powers enable council to manage the risks associated with the proposal to remove MPRs which may result in spill-over parking on the local roading network where insufficient on-site parking is provided. Spill-over parking may result in adverse safety and amenity outcomes, and limit the availability of kerbside space for local short-stay parking or use by local residents.

~~105.~~104. An example of a tool which can be implemented through bylaws is a parking permit scheme.~~,~~ Council may issue parking permits that allow permit holders to park in parking spaces without requiring the charges for the parking space to be paid and/or without being restricted to any maximum time limits. Resident parking permits provide a way to fairly share on-street spaces between different users, especially in areas where parking is in short supply. Parking permits are currently implemented in Auckland to help manage parking supply and could be an effective method implemented in Whangā~~a~~rei.

Infrastructure

~~106.~~105. There is a range of aspects within infrastructure management that can address the potential effects of removing MPRs. As already discussed in previous sections of this report, a key tool for reducing the need for parking is increasing the viability of alternate transport modes. Investment in public transport infrastructure and completing shared path networks makes alternat~~e~~ive transport modes viable options for more members of the community.

~~107.~~106. Another example is the management of parking infrastructure. The most efficient use of parking infrastructure is being able to serve multiple users and destinations so that it can accommodate variations in demands associated with different activities. The removal of MPRs will allow parking to be de-coupled from individual developments. The reduction in free parking means paid parking in parking buildings becomes a more viable option. If a parking building is managed effectively, it can have high rates of occupancy ~~throughout the day~~ by serving multiple uses, such as customers during the day and residents at night. ~~This management technique achieves high occupancy rates 24/7.~~

Infringements

~~108.~~107. There are multiple techniques available to monitor parking and issue infringements. As part of~~Alongside~~ the review of the P~~arking~~ M~~anagement~~ S~~trategy~~, council is investigating the options available for updating the technology and infrastructure around parking infringements and monitoring (e.g. parking meters, boom arms, cameras, pay by plate, car based monitoring, etc.). Parking technology has advanced considerably in recent years and has made parking much easier to pay for and manage. ~~There are multiple different methods that can be employed to help manage parking and make it easier to use for the public.~~

108. There are multiple different methods that can be employed to help ~~manage parking and~~ make it easier to use for the public. The Whangarei district ~~Council~~ has traditionally used the ~~currently uses~~ Pay and Display Parking meters. The traditional Pay and Display method which involves displaying a ticket in the car window is inefficient and expensive to maintain.

109. WDC also has the option of using a~~This enables~~ ~~payment of parking through a~~ smartphone app to pay for parking. However use of this app has been relatively low so further promotion is needed to increase uptake of this app. Additional features could be added to the app, such as showing how many spaces are available in real time. Additions such as this would make parking even more efficient and easy to use. The downside of the smartphone app is it may not be accessible ~~rather than using a meter~~for all members of society but t~~.~~here are other options ~~The customer gets a receipt from the machine to display in the car windscreen.~~ the can be used in conjunction with this app ~~Council will~~ may consider~~look to upgradinge these~~ such as~~technologies utiliszing user friendly technologies which are also easier to enforce.~~ ~~Options includ~~P~~e P~~ay by Plate Parking meters. This is convenient to use

as the customer does not need to return to their vehicle once they have paid. ~~and~~ ~~Parking payment~~ may make priced parking more acceptable, more user friendly and increase efficiency.

110. In addition to making parking more efficient for the user, efficiency in ~~Additionally,~~ e~~e~~nforcement can also be improved ~~can be made easier~~ through technologies such as ground parking sensors. The sensors, installed ~~on the road/~~ in the middle of each parking bay, have a wireless connection to a server. Parking enforcement officers get a live feed from parking sensors to know how long a vehicle has been parked and whether it has overstayed a time limit. Other monitoring technologies include Licence Plate Recognition (LPR) Systems. A vehicle fitted with LPR cameras can drive around detecting vehicles throughout the day, recording when a vehicle has overstayed a time limit.

~~110.~~ 111. These are some of the technologies available that would improve parking management, making it both more user friendly and also easier to enforce, resulting in a more efficient and effective service.

Resource Consent Conditions – Monitoring and Compliance

112. PC160 proposes no change to the space dimensions and on-site manoeuvring areas. This means i~~I~~f developers do provide parking, it will have to be in accordance with the standards in the TRA chapter. However, there is potential that ~~the~~ applicants~~developers~~ will not show the parking spaces on the building plans and therefor not be required to meet the standards ~~in regard to~~ regarding size and manoeuvring areas. This poses a potential risk that will require monitoring and infringements for people ~~not~~ parking in areas that have not been designated as parking sp~~ots~~aces.

~~111.~~ 113. A tool to address thi~~ese~~s concern~~s~~ is through ~~could be through~~ resource consent conditions. For example, i~~I~~f a plan shows a concreted area but does not label it as parking (because it would not achieve the TRA standards), then a condition could be placed on the resource consent that states the area is not to be used as parking. This consent condition would be monitored to ensure compliance.

Summary of risks and management options~~Conclusion~~

114. It is recognised that there is a degree of uncertainty about the potential effects of removing MPRs. In the absence of MPRs, the number of parks provided will be left up to the developer to determine which means there are some uncertainties about the parking supply in Whangārei. The insufficiencies in Whangārei's infrastructure to facilitate alternate transport modes may result in a high demand for parking with limited supply.

115. However t~~T~~he above section has demonstrated that there are multiple methods outside of the district plan that can be used to deal with potential effects that may result from the removal of MPRs. A key tool identified is the PMS, which provides WDC with flexibility to adapt to potential situations arising using different mechanisms.

~~112.~~ 116. There are ~~multiple~~ other methods which can be used in a PMS which have not been included in the above discussion but may also be effective to address potential effects. In the formulation of the PMS~~parking management strategy~~, targeted for draft in December, these methods will be PMS is not a district plan chapter, it is not subject to the plan change process and is able to be if the result of removal of MPRs differs from what is anticipated.

Commented [RB11]: I think it may be good to add another sentence/paragraph expanding on the idea that there may be adverse effects/unintended consequences of removing MPRs but tools, especially the parking management strategy, aim to allow council to have flexibility to adapt to whatever pops up using different mechanisms.

6. Conclusion

117. PC160 to remove MPRs from the district plan is required by Policy 11 of the NPS-UD. WDC must give effect to this policy as it is required by Section 55 and s75(3)(a) of the RMA. As a result of the changes being mandatory and not required to proceed through the schedule 1 process, this report is not a formal section 32 evaluation but covered a similar assessment of strategic alignment, options, risks and benefits.

~~113.~~118. The removal of MPRs was assessed ~~The plan change has been analysed~~ against Part 2 of the RMA and the relevant provisions of higher order plans and policy documents. This assessment found that the proposed changes are the most appropriate way to achieve the purpose of the RMA, align with higher order statutory documents and effectively address~~es~~ the underlying resource management issues relating to urban growth and the environment.

Commented [RB12]: Start this section with a paragraph reiterating that the changes are mandatory.

~~114.~~119. The strategic outcomes highlighted in the statutory review were related to encouraging public transport, improving environmental outcomes, increasing density in areas with good transport connections, and making housing more affordable. ~~Minimum parking requirements~~MPRs work in direct conflict to these outcomes. Amending planning rules to make parking provision an individual market decision that can be determined through consideration of various contextual factors will have a range of benefits and help to achieve WDC strategic vision. ~~.~~

~~115.~~120. ~~The potential cost, benefits and risks of removing of MPR was evaluated in accordance with the relevant clauses of s32 of the RMA.~~ The most significant risk identified was due to Whangā~~a~~rei's lack of infrastructure to make alternate transport a viable option. To mitigate~~address~~ this risk multiple options where investigated which found that the issues could be addressed through implementation of a P~~p~~arking M~~m~~anagement S~~s~~trategy. The strategy would essentially utilise four components outside of the district plan: bylaws, infrastructure, infringements and monitoring and compliance. These tools can help to manage parking by better utilising supply and managing demand.

Appendix 1: Track Changes to District Plan

District Plan Chapter	Objective/Policy/ Rule	Changes required
How the Plan Works	HPW-R8	Assessment of Discretionary Activities i. The ~~number, need, availability,~~ location, design and suitability of parking spaces, onsite manoeuvring, queuing spaces, loading areas and access.
Transport	~~TRA-P9 – Car Parking~~	~~To specify minimum on-site car parking space requirements while allowing for reduced on-site parking spaces where appropriate based on:~~ ~~1. Surrounding transport infrastructure.~~ ~~2. Proximity to the City Centre, Local Centre or Neighbourhood Centre Zones.~~ ~~3. The provision of additional amenities on-site.~~ ~~4. The ability to mitigate car parking spillover effects.~~
Transport	TRA-R7 Requirements for On-Site Manoeuvring Space	1. All car parking, loading spaces and associated manoeuvring areas provide sufficient on-site manoeuvring space: a. To ensure that no vehicle is required to reverse either onto or off the site, except for front sites where: i. Access is gained from an Access or Low Volume Road; and ii. Less than 3 car parking spaces are ~~required~~ provided under TRA Appendix 1 on-site.
Transport	TRA-R12 Number Requirements	All parking areas, except those associated with a residential activity, where 50 or more car parking spaces are ~~required by TRA Appendix 1~~ provided sets aside space for at least 1 parking ~~space for~~space for an electric vehicle charging station per every 50 required car parking spaces
Transport	TRA – Appendix 1 - Table TRA 1. Minimum on-site car and bicycle parking requirements	Remove column titled "Required Car Parking Spaces" (see Appendix 2)
Transport	TRA – Appendix 1	Compliance Standards: ~~2. Where there are multiple activities on the site and each activity requires vehicle parking, the total vehicle parking shall be the combined total requirement for all activities (not including any reduction factor under Appendix 1E).~~
Transport	TRA – Appendix 1	Delete Appendix 1E. Minimum On-site Car Parking Reduction Factors
Transport	TRA – Appendix 1	Delete Appendix 1F. Car Parking and Loading Space Exemption Areas
General Residential Zone (GRZ)	PREC1-R3 - Car Parking ~~Required Spaces~~, Dimensions, Location and Identification	The ~~number,~~ design and layout of car parking spaces complies with TRA-R2 – R3 except that: ~~a. The number of car parking spaces shall be provided for according to the standards set for places of assembly in TRA-Appendix~~ 1A. b. Car parking spaces may be located on grass surfaces without being marked.
General Residential Zone (GRZ)	PREC1-R3 - Car Parking Required Spaces, Dimensions, Location and Identification	Matters of discretion: ~~2. The number of parking and loading spaces. 3. Scale, management and operation of the activity as it relates to its demand for parking.~~
Rural Production Zone	RPZ.1.3 Policies	7. To enable the subdivision of rural land into allotments of 20ha or more, where the following has been provided for: c. Stability of land and its suitability to provide a foundation for the erection of buildings~~,~~ and vehicle access, and parking areas where provided.
Rural Production Zone	RPZ.2.3 Discretionary Activities	17. Any commercial activity that: ~~b. Does not provide the following required car parking spaces: i. 1 in addition to that of the residential unit.~~ ~~ii. Plus 1 per employee.~~ ~~iii. Plus 1 in circumstances where clients visit the site.~~

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Rural Living Zone	RLZ.2.3 Discretionary Activities	7. Commercial activities that: ~~b. Do not provide the following required parking spaces:~~ ~~i. 1 in addition to that of the residential unit.~~ ~~ii. Plus 1 per employee.~~ ~~iii. Plus 1 in circumstances where clients visit the site~~
Rural Village Zone	RVZ.1.3 Policies	7. To maintain amenity in the Rural Village Centre Sub-Zone by ensuring that all new buildings and major structures are: c. Designed to enable incidental activities such as minor buildings, parking (where provided), manoeuvring and landscaping to be accommodated on the site
Rural Village Zone	RVZ.1.3 Policies	11. To maintain rural village character in the Rural Village Industry Sub-Zone by ensuring that all new buildings and major structures are: c. Designed to enable incidental activities such as minor buildings, parking (where provided), manoeuvring and landscaping to be accommodated on the site.
Rural Village Zone	RVZ.2.3 Discretionary Activities	g. Any commercial activity that~~: ii. Does not provide the following required car parking spaces:~~ ~~a) 1 in addition to that of the residential unit.~~ ~~b) Plus 1 per employee.~~ ~~c) Plus 1 in circumstances where clients visit the site.~~
Rural (Urban Expansion) Zone	RUEZ.2.3 Discretionary Activities	7. Commercial activities that: ~~b. Do not provide the following required parking spaces:~~ ~~i. 1 in addition to that of the residential unit,~~ ~~ii. Plus 1 per employee,~~ ~~iii. Plus 1 in circumstances where clients visit the site.~~
Local Centre Zone (LCZ) Appeals. PREC3 – Maunu Town Centre Precinct (MTCP)	PREC3-P7 – Transport and Parking	~~2. Ensuring adequate off-street parking is provided to avoid the need for on-street parking.~~
Marsden Primary Centre – Town Centre South Zone – Land Use	TCSZ.1.5 Discretionary Activities	1. Any of the following activities are Discretionary Activities except as otherwise limited or provided for in the Commercial or Residential Policy Areas, or a Precinct Plan.~~(v) Activities which do not provide the number of car parks required for that activity under the Transport Chapter.~~
Marsden Primary Centre – Town Centre South Zone – Land Use	TCSZ.1.5 Discretionary Activities	Commercial Policy Area ~~2. Activities within the Town Centre South – Commercial Policy Area:~~ ~~(i) Which do not provide the number of car parks required for that activity under the Transport Chapter except for the following:~~ ~~a) Food and Beverage Activities (excluding take-away food bars) seating more than 30 people: a minimum of 75% of the number required by Appendix 6 – Road Transport.~~ ~~b) Food and Beverage Activities (excluding take-away food bars) seating 30 people or less: No parking required.~~
Marsden Primary Centre – Town Centre South Zone – Land Use	TCSZ.1.6 Requisite Policies	Residential Policy Area 10. Non-residential activities within the Residential Policy Area shall not:~~(iv) Require more than 4 car parks under Transport Chapter;~~ ~~(v) Under-provide parking by more than 1 car park required for that activity under the Transport Chapter~~
Marsden Primary Centre – Town Centre South Zone – Land Use	TCSZ.1.5 Discretionary Activities	~~Residential Policy Area~~ ~~3. Activities within the Town Centre South – Residential Policy Area that:(iii) Require more than 3 car parks under the Transport Chapter;~~

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Port Nikau Development Area	PNDA-R70 Carparking	Activity Status: Permitted Where: 1. All carparking is spatially positioned in accordance with the PNDA town centre plan. ~~2. The number of car parking spaces required for individual activities complies with TRA-Appendix 1, except that:~~ ~~a. Spaces may be provided within the road reserve or on common land if consistent with the PNDA town centre plan.~~ ~~b. The overall number of spaces is at least the number of spaces shown on the PNDA town~~ centre plan (Note: this does not preclude additional spaces being provided on a voluntary basis).
Port Nikau Development Area	PNDA-R70 Carparking	Activity Status: Permitted Where: 1. All carparking is spatially positioned in accordance with the PNDA town centre plan. ~~2. The number of car parking spaces required for individual activities complies with TRA-Appendix 1, except that:~~ ~~a. Spaces may be provided within the road reserve or on common land if consistent with the PNDA town centre plan.~~ ~~b. The overall number of spaces is at least the number of spaces shown on the PNDA town centre plan (Note: this does not preclude additional spaces being provided on a voluntary basis).~~
Designations		
Minister of Courts	Minister of Corrections 1	~~Prior to any development on the site, which involves significant intensification of the use of the site or significant additional building, a parking study shall be carried out. Any shortfall identified by that study shall be addressed by the development.~~
Minister of Education	Minister of Education	~~3. Additional car parking shall be provided at the rate of two carparks per new classroom or classroom equivalent, except where the council accepts, on the basis of a specifically commissioned parking study by an appropriately qualified engineer and/or transportation planner, that a lesser level is appropriate.~~
Minister of Education	Minister of Education	~~4. In addition to any car parking required for the school, on-site car parking for early childhood education (preschool) shall be provided at the rate of one car park per every 10 children the facility is licensed or designed to accommodate, plus one per each full time equivalent staff member required for the license or design capacity of the centre, except where the Council accepts, on the basis of a specifically commissioned parking study by an appropriately qualified engineer and/or transportation planner, that a lesser level is appropriate.~~
Minister of Education	Minister of Education 5	6. Condition relating to staff car parking on Lincoln Place site, being Lot 12 DP 55060: ~~a) Car parking (i) that the 24 parking spaces provided within the designated area are to be restricted for the use of the staff parking during school activities only.~~ (ii) That a sign shall be erected within the carpark area near the entrance identifying that the parking is for "staff only"
Minister of Education	Minister of Education 52	~~4. Additional car parking shall be provided at the rate of two carparks per new classroom or classroom equivalent, except where the council accepts, on the basis of a specifically commissioned parking study by an appropriately qualified engineer and/or transportation planner, that a lesser level is appropriate. For the avoidance of doubt, this condition shall only apply where there is a net increase in the number of classrooms or classroom equivalents. The parking shall be provided either on-site or on the adjoining St Francis Xavier Parish land (where the school has the ability to use the parking on the Parish land during normal school hours).~~

Minister of Education	Minister of Education 53	~~5. In addition to any car parking required for the school, on-site car parking for early childhood education (preschool) shall be provided at the rate of one car park per every 10 children the facility is licensed or designed to accommodate, plus one per each full time equivalent staff member required for the license or design capacity of the centre, except where the Council accepts, on the basis of a specifically commissioned parking study by an appropriately qualified engineer and/or transportation planner, that a lesser level is appropriate. The parking shall be provided either on-site or on the adjoining St Francis Xavier Parish land (where the preschool has the ability to use the parking on the Parish land during normal preschool hours)~~
Minister of Education	Minister of Education 1-53	As above
Whangāarei District Council	Whangāarei District Council 57 - Aquatic Recreation and Leisure Centre	h) Parking, Loading & Vehicle Crossings. Parking and loading spaces are to be provided within the designated area in accordance with the rules in Chapter 46 of the Proposed District Plan, as Amended by Council Decision (or whatever plan(s) is relevant at the time), except that 46.2.1(d), requiring parking spaces to be located on the same site as the activity for which they are ~~required~~ provided, shall not apply; and no formed parking space is constructed or provided within 2.0m of a road boundary.

Appendix 2: Changes to TRA Appendix 1A

~~Car parking and b~~Bicycle parking spaces shall be provided on-site in accordance with Table TRA 1 ~~for sites outside of the car parking exemption area detailed in Appendix 1F.~~

Activity		Required Bicycle Parking Spaces
Residential Activities		
Principal Residential Unit		Nil
Minor Residential Unit		Nil
Multi Unit Development		Long stay: 1 per residential unit without a dedicated garage, for developments of 20 or more residential units. Short stay: 1 per 20 residential units.
Supported Residential Care		Long stay: 1 per employee
Retirement Village		Long stay: 1 per 15 employees
Commercial Activities		
Retail	Motor Vehicle Sales	Long stay: 1 per 15 employees
	Trade Suppliers, Garden Centres, Marine Retail and Hire Premise	
	Grocery Store	Long stay: 1 per 15 employees Short stay: 1 per 400m^2 GFA
	Other Retail (less than 600m^2 GFA)	
	Other Retail (greater than 600m^2 GFA)	
Food and Beverage Activity		Long stay: 1 per 15 employees Short stay: 1 per 350m^2 GFA
Commercial Services and Funeral Home		Long stay: 1 per 15 employees Short stay: 1 per 400m^2 GFA
Service Stations		Long stay: 1 per 15 employees
Visitor Accommodation		

Commented [RB13]: Should we include the lead in wording for the appendix since that will be changing too?

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Activity	Required Bicycle Parking Spaces
Entertainment Facilities	Long stay: 1 per 15 employees Short-stay: 2 parks plus 1 per 1,000m^2 GFA
General Commercial	Long stay: 1 per 15 employees
Industrial Activities	
Industrial activities: Repair and Maintenance Services	Long stay: 1 per 30 employees
Industrial activities: Manufacturing	
Industrial activities: Storage	
Industrial activities: Other industrial activities	
Activities within the Oil Refinery Precinct (if activity not stated above)	Nil
Activities within the Port Zone	
Activities within the Fonterra Kauri Milk Processing Site	
Community Activities	
Place of Assembly	Long stay: 1 per 15 employees Short-stay: 2 parks plus 1 per 1,000m^2 GFA
Recreation Facilities (excluding public playgrounds)	Short-stay: 3 parks plus 3 per ha
Public Playgrounds	Nil
Emergency Services	Nil
Care Centre	Long stay: 1 per 15 employees
Hospital	Long stay: 1 per 15 employees

Activity		Required Bicycle Parking Spaces
Educational Facilities	Primary and Secondary Schools	Long stay: 1 per 15 employees, plus: Short stay: 1 per 20 students
	Tertiary Facilities	Long stay: 1 per 15 employees, plus: Short stay: 1 per 15 students
	Pre-school and Childcare Facility	Long stay: 1 per 5 employees
General Community		Long stay: 1 per 15 employees Short-stay: 2 parks plus 1 per 1,000m^2 GFA
Rural Production Activities		
Forestry		Nil
Other Rural Production Activities		
Other		
Mineral Extraction		Nil
Boat Sheds, Marinas, Moorings		Nil
Rural Centre Service Activity		Long stay: 1 per 10 employees Short stay: 1 per 300m^2 GFA
General Public Amenities		Nil
Network Utilities		

Appendix 3: Summary Evaluation of Options considered[9]

Commented [RB14]: Is this from MfE's assessment of the NPS-UD? If so can we footnote to the reference doc.

Options	Overall Assessment
Option 1 – removing the ability for local authorities to regulate the requisite number of car parks.	This option is not preferred. Removing carparking requirements from District Plans would result in a fully market-led approach to the provision of carparking, which would ultimately reduce the costs of excess carparking while ensuring that the demand and supply for carparking are levelled out. Carparking will continue to be provided for the duration that there is a demand for carparking (irrespective of whether it is regulated or not). It is considered that the immediate costs of the proposed policy are mostly administrative with the potential for increased carparking costs in future. Overall, the benefits to future generations and the environment are considered to outweigh any costs that would be incurred.
Option 2 – removing the ability for local authorities to set minimum car park requirements	This is the preferred approaching combination with Alternative Approach 3 below. This option would be the most effective and efficient policy option as it provides simplicity, is explicit in not allowing councils to set minimum car parking requirements but retains the ability to manage oversupply (and associated environmental and social impacts) through maximums. It is simple because it has one standard application across one of the six identified Major Urban Centres, rather than expecting councils to apply a judgement to higher and lower density areas of the urban environment. Alternative Approach 3 works hand-in-hand this Option and will provide an alternative and practical method to manage car parking effects
Option 3 – removing the ability for local authorities to set minimum car park requirements in areas providing for more intensive development	This option is not preferred. Although this option is similar to Option 2 (that is, provides simplicity, is explicit in allowing councils to set minimum car parking requirements but retains the ability to manage oversupply through maximums), this option applies only to higher density developments. In turn, this restricts Council's ability to facilitate more efficient land use outcomes, reduce development costs and reduce reliance on private vehicle usage through removing car parking minimums from medium to high density developments only.
Alternative option 1 – Status quo – retaining the current approach (no car parking policy under the NPS-UDC 2016)	This option is not preferred. The status quo for carparking provisions allows Councils to regulate both maximum and minimum carparking provisions at their own discretion. As a result, there is an excess supply of carparking in some areas which have high social, environmental and economic costs. It is considered that greater direction to Council by way of a directive policy would be highly valuable.
Alternative option 2 – Remove the ability for a lack of parking to be	This option is not preferred. This approach removes the ability of decision-makers to consider the effects of car parking via a resource consent. There may be some circumstances when the effects of car parking should be considered and managed via conditions of consent and/or to link the development to the

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considered as an adverse environmental effect	preparation or updating of a parking area management plan. Overall, it is considered that car parking should be managed via a comprehensive parking management plan (Alternative Approach 3), or other methods.
Alternative option 3 – Car parking management plans – address the intent of the policy direction through the use of car parking management plans supported by national guidance.	This option is not preferred on its own, and elements should be used to support the preferred option (refer above). Car parking management plans would empower individual councils to use car parking management plans as needed. These plans can provide guidance for assessing resource management applications which affect parking supply and demand and will also assist local authorities in decisions regarding divesting, retaining or providing additional parking supply to meet future demand.

Appendix 4: S32 Cost and Benefit Assessment of Proposed Minimum Parking Rate Provisions[10]

Commented [RB15]: Same as above.

Costs	Benefits
Existing Community • A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. • Search costs likely to increase by more time spent searching for an available car park, which may not be in a location that is most convenient. • Parking management costs are likely to increase and be born on members of the community who own cars who will directly pay for the costs Future Generations • There may be an increase in carparking costs with a reduced supply overall, potentially leading to growing costs for car parking over time, if car ownership rates continue as they have been in the past. Iwi / Māori • A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. Homeowners • Private parking costs expected to increase as a result of parking scarcity. Renters • A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. • Renters who have cars may find more rental units do not automatically come with a car park. May require separate rentals for space to park their car (e.g. as per Auckland CBD accommodation). Developers • Reduced certainty in relation to development outcomes and assessed traffic generation from developments – transitional cost / capacity of professionals. • Will need to more closely understand their buyers needs when determining how many car parks to supply in their development. Businesses • A potential in overall reduction in the availability of carparks may restrict customer access to businesses.	Existing Community • A potential indirect result in reduction in traffic congestion and its associated costs as a result of less people choosing to drive because the costs of owning / parking a car will increase (a demand response will occur at the margin). • More employment opportunities and economic growth resulting from the ability for commercial / business / office activities to provide greater floor spaces in place of carparking requirements. • Low level increase of employment opportunities likely to arise to monitor and manage car parking space and their use. • Members of the community who do not own or use cars frequently will have less 'embedded' costs for car parking imposed in land costs. • Equity impacts may generally improve for lower income people (where car ownership is lower). Households without a car are most likely to be earning under $30,000 combined. Presently, these households are paying for parking (embedded in housing purchased). Parking is often supplied at supermarkets, other stores and with housing. Future Generations • Market-driven carparking provision will ensure that the supply and demand for carparking are equal, greater transparency on parking costs. • Improved access to housing markets - More efficient land use and reduced development costs over time, particularly in urban areas where smaller land holdings can be utilised more efficiently. • Indirect benefits of improved environmental outcomes (such as reduced greenhouse gas emissions) as a result of an increase in mode shift from private vehicles to other modes (as the financial subsidy on car parking and therefore car use is reduced). • 'Park once and shop' and parking in locations further from the final destination will provide more opportunities to walk. Indirect potential for improved health outcomes and urban liveability outcomes with more active travel and chances for personal interactions. • Indirect potential for improved visual amenity in urban areas - as a result of less space dedicated to car parks. Iwi / Māori • A potential reduction in traffic congestion and its associated costs as a result of less people choosing to drive. • Māori are more likely not to own a car than non-Māori, which may mean the benefits of removing car parking minimum rates on housing markets likely to be higher for Māori than non-Māori.

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• Time spent searching for available car parks may increase, which would have an impact on productivity. • Businesses with carparks may incur additional costs to monitor and manage carpark use. <u>Local Authority</u> • A requirement to update district/regional plans in order to implement national policy direction. • A likely requirement for additional on and off-street car parking strategies, with potential increases in monitoring and enforcement costs over time. • Potential for a temporary increase in applicants seeking to amend existing resource consents to provide less carparks / waive requirements to provide on-site parking. • Public transport costs may increase as expectations on local authorities to provide sufficient alternatives to driving that are both efficient and effective, while balancing the varying needs and wants of individuals. <u>Natural Environment</u> • Increased demand for off-site parking may result in use in inappropriate / natural environment areas (low risk cost).	• Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking). <u>Homeowners</u> • Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking). • Potential for lower housing costs and increased competition in housing market – with transparency on parking cost / value. <u>Renters</u> • Potential increased supply of housing options and competitive market rentals. • Renters who do not need a car park (or need less car parking) would have more options to avoid these costs. • Rent for houses without car parking should be lower compared to rental houses with car parking included in a similar location. • Indirect benefits for existing communities noted as well. <u>Developers</u> • Enhanced flexibility in relation to land use and development options. • Enables developers to make more efficient decisions regarding the choice between parking and floor space. In particular, the benefits are particularly realised in areas where land values are high due to optionality for uses of space. Costs to supply car parking will be lower where there is lower land process which generally corresponds to poor transit connectivity. The impact of removing car parking minimums will either have a cost reduction on development or no impact at all, which is dependent on where the minimum car parking rates for a particular location are set. <u>Businesses</u> • Potentially reduced development and operational costs (if on-site car parking provision is not mandated). • Opportunities for product and service development to provide tools to find available car parks, such as via web-based tools which are already in development and in use in Aotearoa (i.e. ParkMate). • Potential to better encourage shared parking facilities, particularly within commercial centres and other business / commerce hubs (e.g. business parks).

	• Businesses who own car parks, particularly those which are available at some parts of the day are more likely to be able to charge and profit for their use by non-customers and employees, as car parking numbers becomes more closely matched to actual demand. • Urban centres / CBDs have greater specialisation and a more efficient use of space. • Business has more efficiently balance the allocation of building floor space with carparking space, removing that potential for an oversupply of carparking. <u>Local Authority</u> • Potential reduced traffic engineering resource requirements on a per resource consent application basis can be shifted to parking strategies for areas or centres where there is actual recorded high demand in comparison to the supply of car parks • Some control will continue to be provided to Council by way of maximum carparking provisions, in order to manage any issues with parking over supply which would be counter to the desired outcomes for transit orientated developments and high-density areas such as central business districts. <u>Natural Environment</u> • Improved environmental outcomes (such as reduced greenhouse gas emissions) as a result of an increase in mode shift from private vehicles to other mode, with an associated decrease in congestion effects. • Less car use in favour of other modes would result in less heavy metal discharge to water bodies. • Fewer new stand-alone, ground level parking lots in favour of green space would reduce storm water run-off effects on streams and other water bodies.

Appendix 5: S32 Overall Evaluation[11]

Commented [RB16]: Same as above

Overall Evaluation	
The removal of car parking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs (due to excess car parking) and a reduced reliance on private vehicle usage and would result in a fully market-led approach to the provision of carparking. Carparking will continue to be provided for the duration that there is a demand for carparking (irrespective of whether it is regulated or not). Councils would still have the option of utilising 'maximum' carparking requirements. The ability to provide maximum car parking requirements can further assist in achieving the most efficient use of urban land for commercial and residential development, through the ability to control / manage any potential oversupply of car parking provision in certain locations / circumstances. This approach is therefore considered to be the most effective and efficient means of achieving the overall policy intent.	
Efficiency	**Effectiveness**
The removal of minimum carparking requirements is considered efficient in that it will result in reduced Council control and a reliance on market-led provisions. This is efficient from a supply and demand perspective while also providing Councils with some control in relation to the ability to impose maximum carparking requirements.	The policy approach would be effective in that the removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. In addition, the ability to be able to utilise 'maximum' parking requirements assist to increase the overall effectiveness of this policy approach.
Risk of acting and not acting if there is uncertain or insufficient information	
The high social, environmental and economic costs associated with excess carparking which include inefficient land use, indirect support for private vehicle use, increased traffic congestion and adverse visual amenity impacts would continue to increase if there is no policy direction.	
Costs	**Benefits**

[11] National Policy Statement for Urban Development: Section 32 Evaluation Report by Beca

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The costs are the same as highlighted above in appendix 4. Include: There may be an increase in carparking costs with a reduced supply overall, potentially leading to growing costs for car parking over time, if car ownership rates continue as they are. Private parking costs expected to increase as a result of parking scarcity.	The benefit of this approach is that it would result in a true market-led car parking approach with no intervention. There are additional benefits to all 'user groups' through the ability for Councils to impose maximum parking requirements in certain locations / circumstances. This will assist to better realise the benefits of intensification as well as achieving the most efficient use or urban land resources in order to provide for intensification.

1

Whangarei District Council

Whangarei District Council

5.1 Camping in Public Places: End of Season Report: 2020/21

Meeting:	Strategy, Planning and Development Committee
Date of meeting:	16 September 2021
Reporting officer:	Reiner Mussle - Manager Health and Bylaws, Nina Darling - Bylaws Enforcement Co-ordinator

Purpose

To report on the outcomes of the camping in public places monitoring and enforcement programme for the 2020/21 summer season.

Recommendation

That the Strategy, Planning and Development Committee notes the report on the outcomes of the camping in public places monitoring and enforcement programme for the 2020/21 summer.

Background

In June 2020 Council received a report providing an overview of the camping in public places monitoring and enforcement programme for the 2019/2020 summer.

That season had been truncated, but also impacted by the emergence of the COVID-19 pandemic, and the associated responses necessary to assist stranded tourists, permanent vehicle dwellers, and homeless persons living in cars.

This past year (2020/21), funding from the Ministry of Business, Innovation and Employment (MBIE) was received for the third successive year to support educative, ambassador and enforcement and activities, as well as some campsite maintenance (entranceways upgrades and provision of additional ablution facilities & servicing). MBIE funding of $260,000 was made available for the 2020/2021 season.

As advised previously MBIE have recently notified Council that this funding will not be available for the current financial year, although it is understood that availability will be reviewed by MBIE for the 2022/23 financial year. Monitoring options and costs for the current financial year will be worked through with Council in a separate Briefing, with a view to a decision being made ahead of this year’s freedom camping season (most likely in October).

Discussion

3.1 Responsible Freedom Camping Ambassador Programme

Once again, a Responsible Camping Co-ordinator was contracted to roll out an ambassador education and volunteer programme. This season, volunteer presence was expanded slightly to 17 sites. This was up one site, from the previous season. While two additional sites were visited, the works occurring at Cobham Oval meant the previous year's schedule had already reduced by one site.

The Responsible Camping Co-ordinator also continued the commercial campground liaison established the previous year. A media programme was delivered utilising print and social media messaging. The final report on the Responsible Freedom Camping Ambassador and Education Programme 2020/2021 is provided in **Attachment 1** including a breakdown of costs.

3.2 Armourguard monitoring and enforcement programme

25 sites were subject to monitoring visits throughout the season, (Old Boys Rugby Club Carpark was monitored up to early January 2021 before the carpark was closed).

The enforcement programme provided by Council's regulatory services contractor (Armourguard) was split into two seasons equating to two different monitoring frequencies at key sites.

Initially daily monitoring was carried out, however, from 1 February 2021 frequency was reduced to every other day in response to a perceived reduction in numbers of campers, and without impacting negatively on our ability to respond.

3.3 COVID-19 Impact

Due to the effect of COVID-19, freedom campers in the area were predominantly local/national campers with international visitors drastically reduced.

With New Zealand's alert level remaining low throughout the summer period, there was little direct impact, apart from a very short period of uncertainty in late January 2021 that affected Northland. During that time, volunteer ambassadors were advised to use discretion around site visits.

3.4 Armourguard Monitoring and Enforcement Programme

During site visits over the spring/summer camping season, enforcement officers recorded the time and date at the site, the type of vehicle and whether they were compliant. Compliance documented included:

- Were the campers in the designated site
- Was the type of vehicle correct for the site
- Had the campers complied with the maximum night stay rule
- Had the campers complied with the 28 day between sites rule

	2017/18 (19 sites)	2018/19 (19 sites)	2019/20 (23 sites)	2020/21 (25)
Total number of vehicles recorded	4955	8124	13411	5548
Percentage of vehicles compliant (including vehicles stated as being 'day visitors')	87% vehicles compliant	92% vehicles compliant	98% vehicles compliant	97% vehicles compliant
Self-contained vs non self-contained	Of the monitored sites that allowed for both self-contained and non-self-	Of the monitored sites that allowed for both self-contained and non-self-contained	Of the monitored sites that allowed for both self-contained and	Of the monitored sites that allowed for both self-contained and non-self-contained vehicles just over 75% of

	contained vehicles just over 48% were self-contained	vehicles just over 53% of vehicles were self-contained	non-self-contained vehicles just over 73% of vehicles were self-contained	vehicles were self-contained

Reason for non-compliance	2017/18	2018/19	2019/20	2020/21
Parking outside designated site	84%	81%	27%	39%
Non self-contained in a self-contained only site	2%	3%	6%	14%
Exceeded maximum night	14%	11.5%	65%	45%
Other		4.5%	2%	2%

As was to be expected with the impact of the Covid-19 pandemic on visitor numbers, the data indicates a significant decrease in the number of vehicles recorded at the key monitoring sites by enforcements officers, for the 2020/21 season, as compared to the previous season.

The percentage of compliant campers, as compared to non-compliant campers, has remained fairly static, as has the percentage of self-contained vehicles observed staying at designated sites that are available to both self-contained and non-self-contained.

Responsible Camping Ambassador Programme

Approximately 2762 camper vehicles and tents were connected with by ambassadors. Of these camper vehicles and tents, 409 contained locals, 1698 domestic travellers, and 450 international travellers.

3.5 Complaints and other Feedback

Between 12 December 2020 and 19 February 2021 there were 19 CRMs received in relation to Freedom Camping. In addition, a further 56 CRMs were received in relation to permanent vehicle dwellers and/or homeless person. Often multiple complaints were received about the same vehicle dweller or homelessness issue.

In particular, a ‘protest’ by a small group of permanent vehicle dwellers, staying at Parua Bay over high season, and later at Pohe Island, (which is both a prohibited area, as well as being regulated under the Reserves Act), generated 16 complaints during that period.

It is important to note that these permanent vehicle dwellers live in mainly large, self-contained vehicles (usually a bus) and are not ‘homeless’ in the sense of having to sleep rough or in cars. Where homeless persons have access to a camping style vehicle, these are invariably non self-contained and very rudimentary inside.

Council and our contractors continued to deal with the issues around permanent vehicle dwellers, and homeless people sleeping in cars, on Council land sympathetically and pragmatically. Council liaises with relevant social service providers to ensure that homeless people are connected with the services that are appropriate to their needs.

In the context of the current acknowledged national housing crisis, which has been further exacerbated by the impact of the pandemic, Council has worked through each situation, on a case by case basis.

Rubbish/toilets
As per previous summers, Grant Alsop, Field Officer, Parks and Recreation has not raised any significant concerns regarding toilets and water use at the designated camping sites. Funding by MBIE assisted in the provision of additional toilets and the servicing of both existing and temporary facilities.
Signs
Signage was maintained and replaced as required.

From 1 October 2021, new signage will be needed to sign post changes that will come into effect with the operation of the reviewed Camping in Public Places bylaw. Ideally new and permanent signage will be required in 28 locations. While bylaws signage budgets are constrained, staff have reviewed potential options and it is anticipated that effective signage can be implemented in various ways in all key locations.

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 the agenda publication on Council's website.

Attachments

1. The final report on the Responsible Freedom Camping Ambassador and Education Programme 2020/2021

Final Report

WDC Responsible Freedom Camping Ambassador and Education Programme 2020/2021

Reporting Period:
7 September 2020 – 19 February 2021

Reporting contractor:
Susan Halliwell

Direct Manager: Nina Darling

Department Manager: Reiner Mussle

In August 2020, and for the third successive year, Whangarei District Council secured a Ministry of Business, Innovation and Employment (MBIE) grant to support responsible freedom camping in the district over the 2020/2021 summer season through infrastructure upgrades, education, monitoring and enforcement.

As occurred in the two previous seasons, a Responsible Camping Co-ordinator was contracted to roll out a responsible camping ambassador and education programme. Ambassadors are Council's friendly educators visiting the district's most popular freedom camping sites to greet campers, ensure they know the rules, promote responsible camping behaviour, answer questions, record data, distribute camper information packs and report problems to Council or enforcement officers. This season, ambassadors had a regular presence at 17 Whangarei freedom camping sites, as listed below:

Monitored Freedom Camping Sites Summer 2020/2021

Area	Freedom camping site
Bream Bay	Ruakaka Beach Reserve
	Marsden Reserve
	One Tree Point carpark
Tutukaka Coast	Whangaumu (Wellington's Bay)
	Kowharewa Bay
	Matapouri – Wehiwehi Road
	Woolleys Bay
	Sandy Bay
City	Tarewa Park iSite carpark
	Finlayson St carpark
	Bascule Bridge carpark
Whangarei Heads	Beach Road, Onerahi
	Tamaterau
	Parua Bay
	Reotahi
	Mt Manaia
	Ocean Beach

Features of the 2020/21 Responsible Camping Ambassador and Education Programme:

Volunteer Ambassadors – Advertising for ambassadors appeared in local print media and Facebook pages from late September through to the end of October 2020. Six ambassadors were secured, including the programme co-ordinator, with all ambassadors covering multiple sites. Ambassador training was conducted in late November and early December 2020, with daily duties commencing on 12 December 2020 and finishing on 19 February 2021. Ambassadors received the following resources:

- high-vis vest, sunscreen, hat, hand sanitiser, council rubbish bags, face masks and rubber gloves
- WDC Responsible Freedom Camping ambassador guidelines and materials

- Whangarei District Council Health & Safety Handbook for Volunteers
- daily activity log and data collection sheets
- copies of WDC's Camping in Public Places Bylaw and brochure.

Camper Information Packs -

A vital part of the ambassador role was the distribution of freedom camper information packs, with pack contents either donated by the respective agencies or funded by this season's MBIE grant. Around 1700 freedom camping information packs were distributed this season. Their contents are as listed below, with MBIE grant-funded components highlighted in grey:

- WDC 'Freedom Camping in Whangarei' brochure
- Commercial campground contact details
- Freedom Camping and Covid 19 information sheet
- 'I'm a Responsible Freedom Camper' card for display in vehicles
- Information on Whangarei rubbish transfer stations and dump stations
- Sustainable camping information sheet including contacts for conservation groups to which campers can donate labour/money
- Civil Defence coastal tsunami awareness brochure and flyer
- Northland Regional Council brochure on caring for our dunes, beaches and ocean
- Northland Regional Council kauri dieback prevention information
- Ministry of Primary Industries' information of fishing and sea food gathering limits

Campground Liaison Programme – Local commercial campground owners/managers were contacted in September 2020 to assess their willingness to be included in this season's campground liaison programme. One withdrew as he no was no longer in business. The programme took the following form:

- Campground contact details included in freedom camper information packs
- Regular contact made with commercial campgrounds during the ambassador operation period to ascertain site availability and issues around freedom camping.
- Continued participation in the Northland Campgrounds and Councils Facebook page established last season to promote open discussion and share information.

Media – As occurred in the previous two seasons, effective use of the media was key to getting the responsible and sustainable freedom camping message to target audiences. With New Zealand borders closed to international tourists, target audiences this season were local and domestic freedom campers.

Accordingly, feature articles, media releases, Council News stories and graphics, advertisements and social media digital messaging were written or designed, submitted and published prior to and during the preparation and operation period, as per the table below. However, it should be noted that, due to the public consultation process for Whangarei District Council's Camping in Public Places Bylaw, no responsible freedom camping media or social media messaging was permitted between the dates of 31 October and 9 December 2020.

WDC Responsible Freedom Camping Media Coverage 2019 / 2020 Season:

Date	Publication	Type	Topic
28/9/20	Advocate	Media release	Call for ambassadors
September - October	Council News	Advert/story	Call for ambassadors
October	Leader	Media release	Call for ambassadors
9/12/19	Scoop/Advocate/ Stuff	News story	Whangarei freedom campers urged to book commercial
18/1/21	Advocate	Mayoral column	Freedom camping top of mind for councillors
12/12/20 – 19/2/21	Social media messaging	Digital	Responsible camping messaging on a weekly basis.
5/3/21	Northern Advocate/Leader	Media release/ Council News story	Ambassadors wrap up season of surprises

Sustainable Camper Programme:

A sustainable camper programme was again rolled out this season in conjunction with the campground liaison programme. Both promoted sustainable tourism, defined by the UN World Tourism Organisation as ‘visiting as a tourist and trying to make a positive impact on the three pillars of sustainability – the environment, society and economy’.

Organised by the local ambassador, Ruakaka freedom campers became sustainable campers by collecting rubbish at the Ruakaka Beach Reserve.

Whangarei freedom campers were encouraged to shop local, patronise local tourism operations and campgrounds, pick up rubbish, report damaged or inappropriate use of infrastructure, and contribute time or money to local conservation organisations. A list of these organisations was included in the camper packs.

At the time of writing this report, Whangarei campgrounds or conservation organisations could supply no specific data on the benefit of this programme to them, so its effectiveness remains unmeasured.

Inter-agency support and co-operation – Throughout the programme’s preparation and operation periods, relationships were established or developed with organisations with an interest in promoting responsible freedom camping in Whangarei. They included the Department of Conservation, Northland Regional Council, NZTA, New Zealand Motor Caravan Association, Tourism New Zealand, MBIE Responsible Camping Forum, Far North District Council, Geozone, camper app providers, Summer Safe, Open Arms and Whangarei iSites. Without exception, each was supportive of the programme.

Armourguard – Responsible Camping ambassadors worked closely with officers from Council’s contracted enforcement agency, Armourguard. As with previous seasons, ambassadors and officers operated a two-pronged approach at freedom camping sites, with both visiting at least once a day and liaising over issues or concerns, when necessary.

Responsible Camping Ambassador Programme Operation: 12/12/2020 – 19/2/2021:

Impact of Covid 19 – Mention should be made of Covid 19's impact on the ambassador and education programme. With international borders closed, freedom camper numbers had almost halved prior to 25 January 2021. However, with the Covid scare of late January, numbers dropped further. Freedom campers were just starting to return when the 14 February announcement of new community Covid cases and a lockdown level rise saw campers disappear again.

Camper numbers are therefore down considerably on the past two seasons, although freedom camping complaints rose, as discussed later in this report.

Camper numbers - During the 10-week programme operation period, ambassadors connected with 2298 self contained freedom camper vehicles, 239 non self contained freedom camper vehicles, and the occupants of 33 tents. Fliers were left on 191 unoccupied vehicles and 1 unoccupied tent.

This totals 2762 camper vehicles and tents connected with, many of whom encountered several ambassadors at different freedom camping sites. Of these camper vehicles and tents, 409 contained locals, 1698 domestic travellers and 450 international travellers. As the vast majority of these vehicles/tents contained more than one occupant, a total of 5500-plus freedom campers were most likely connected with. However, this number would be only a percentage of the freedom campers visiting Whangarei during the 2020/2021 summer season, with the ambassadors unable to connect with the others for the following reasons:

- Ambassadors only operated over the 10-week peak freedom camping period
- Many campers arrive at freedom camping sites after ambassador visits.
- Ambassadors missed campers staying at unmonitored or default sites.
- Many vehicles were unoccupied when ambassadors arrived.

Freedom Camper vehicles/tents per monitored site:

Freedom camping site	No. of camper vehicles/tents **2020/21** (10-week monitoring period)	No. of camper vehicles/tents **2019/20** (10-week monitoring period)	Notes
Ruakaka Beach Reserve	303	351	Maximum vehicle length restricted to 4m. Levelling works were carried out at the site, pre-season.
Marsden Bay	150	72 (combined Marsden/OTP)	Monitored irregularly last season / data combined with One Tree Point
One Tree Point	30	72 (combined Marsden/OTP)	Monitored irregularly last season / data combined with Marsden Bay Reserve
Tarewa Park iSite	7	137	Site almost exclusively used by international travellers
Finlayson St/Reyburn Lane	289	409	
Bascule Bridge carpark	169	233	
Cobham Oval	n/a	695	Site closed this season
Beach Road, Onerahi	92	150	
Whangaumu (Wellingtons Bay)	197	n/a	New site this season
Matapouri – Wehiwehi Rd	154	149	Fewer complaints this season
Kowharewa Bay	210	349	Fewer complaints this season
Sandy Bay	281	488	Popular with Te Araroa Trail walkers
Woolleys Bay	260	498	Popular with Te Araroa Trail walkers and locals.
Reotahi	47	176	Te Araroa Trail tent site
Tamaterau	262	192	Campers troubled by sewage smell again this year. Logs put around site to prevent campers using area below hall.
Parua Bay	262	615	Access limited over peak 6 weeks due to large 'soft' protest by local permanent vehicle dwellers. Data not recorded during protest period.
Ocean Beach	183	60 (ambassadors withdrawn early in season due to resident complaints)	Overflow carpark closed to campers over peak holiday period.
Mt Manaia	47	69	.

Complaints:

A total of 82 freedom camping complaints were received during the ambassador period (12/12/20 – 19/2/21), 50 percent more than last year. This increase may be due to the following:

- Many complaints were about the same three issues - the 'soft' protest by PVDs at the Parua Bay site, a vehicle-dwelling freedom camper at the Princes Rd Reserve in Ruakaka, and inappropriate behaviour from overstaying homeless people at Otaika Sports Park.
- There appeared to be more homeless people living in vehicles at freedom camping sites this season
- Residents were more supportive of responsible camping this season, and more willing to report irresponsible camper activity.
- Freedom camping was fresh in many residents' minds, the public consultation process for the Camping in Public Places Bylaw review having finished just prior to Christmas 2021.

Freedom Camping Complaints by site:

Freedom camping sites	Issues and concerns
Ruakaka Beach Reserve	• 4 metre maximum van length is too restrictive • rubbish left by campers • camper urinating on the ground

	• campers outside designated area • threatening behaviour from ambassador or someone impersonating ambassador
Marsden Bay Reserve	• campers parking outside the designated freedom camping area • noisy campers • overstaying campers
Finlayson St/Reyburn Lane	• Caravans should be allowed
Bascule Bridge	• Overstaying campers
Otaika Sports Park	• Homeless people overstaying • Inappropriate behaviour from the above homeless people
Beach Road, Onerahi	• Freedom campers outside designated area • Non compliant campers at site (tent) • Freedom campers parking further along Beach Road
Kowharewa Bay	• Campers parking outside designated freedom camping area
Sandy Bay	• Freedom campers are destroying flora around the site • Overstaying camper
Woolleys Bay	• Campers camping outside designated area • Overcrowding at site • Site difficult to manage – shape encourages random, inefficient parking
Tamaterau	• Bad sewage smell • Campers in prohibited area at back of site • Campers leaving rubbish • People camping outside the designated area • Homeless people staying outside the designated area and spreading themselves over the carpark
Parua Bay	• PVDs overstaying at site and taking up large number of spaces • Rubbish transfer station no longer available
Ocean Beach	• Camper in overflow carpark during closed period
Whangaumu/Wellingtons Bay	• Campers outside designated freedom camping area • Campers in tents

Financial - Costs of the WDC Responsible Freedom Camping Programme to 5 March 2021 are:

Item	Cost
Programme co-ordinator payment (includes ambassador role 12/12/20 – 19/2/21)	$56008.97
Digital messaging	$1000
Rubbish bags	$0
Dangerous dogs training	$373.75
Ambassador launch and afternoon tea	$308.78
Responsible camper pack stickers	$305.00
Covid 19 information fliers	$262.00
Responsible camper pack bags	$167.60
Responsible camper pack rack cards	$434.00
WDC Freedom camping brochures	$0
Ambassador supplies	$102.98
Ambassador payments:	
Robert Perham	$4958.72
Roger Foster	$4083.04
Jane McKenzie	$758.96
Lisa Culley	$4157.20
Tracey Walsh	$1030.56
Nelson Lattimer	$1380.72

Programme Strengths:

- **Ambassadors –** this season's ambassadors were reliable, conscientious and generally well-received by campers.
- **Signage –** new signage was attractive, informative and easy to read.

- **Information packs – t**hese were comprehensive and well-received by campers, and thankfully contained information on what to do during Covid 19 events.
- **WDC departmental support –** the programme received enormous support from Council's Health and Bylaws, Strategy, Communications, Waste and Drainage, Health and Safety, Finance and People and Capability departments.
- **Mayoral support –** special mention must be made of Mayor Sheryl Mai's support of the programme which has given it extra weight and credibility. Thank you again, Sheryl.
- **Sustainable freedom camping initiative** – to my knowledge there is no other initiative like it operating in any other district in the country.
- **App liaison –** strong established relationships with freedom camping app providers and the NZMCA were utilised and built on this season.

Summary:

This season, the Whangarei District Council responsible freedom camping ambassador and education programme was operational between 12 December 2019 and 19 February 2020. Ambassadors maintained a late afternoon/evening presence at 17 of our most popular freedom camping sites, distributing 1700 camper information packs to the 2762 freedom camper vehicles/tents with whom they connected.

The ambassadors also collected data, answered questions and guided campers to responsible freedom camping practices, working closely with Council's Armourguard enforcement officers.

Camper numbers were down by around 50 percent this season, mainly as the result of two Covid 19 events and the closure of international borders, while media outreach for programme messaging was impacted by the review of Council's Camping in Public Places Bylaw.

Freedom camping complaints to Council rose this season, possibly due to three significant events, higher numbers of homeless people staying at the district's freedom camping sites and greater resident willingness to support responsible freedom camping in our district.

Meanwhile, some freedom campers gave back to their host communities this season as part of the sustainable camping initiative that encouraged them to make a positive contribution to the economy, place or people where they stayed.

Despite this year being an unpredictable and unusual one due to Covid 19, data collection by ambassadors still served to provide a better picture of freedom camping in Whangarei and its associated issues, especially around individual freedom camping sites and types of campers. This information is invaluable in reviewing the programme and its implementation in future years, and in assessing the direction and designation of future freedom camping funding.

Sue Halliwell
WDC Responsible Camping Co-ordinator 2020 - 2021

5.2 Local Government Funding Agency – Annual Report 2020-21

Meeting:	Strategy Planning and Development Committee
Date of meeting:	16 September 2021
Reporting officer:	Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the Local Government Funding Agency (LGFA) Annual Report for 2020-21.

2 Recommendation

That the Strategy Planning and Development Committee notes the Local Government Funding Agency Annual Report for 2020-21.

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 2020-21 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. **We have made longer dated borrowing options available to an increased number of council borrowers**
By 30 June 2021, LGFA had loans outstanding of $12.10 billion. This is an increase over the past year of $1.20 billion and we added five new council members to bring the number of member councils to seventy-two. Councils and CCOs can now borrow for terms out to sixteen years (2037). For the 12-month period to 30 June 2021, LGFA provided 79% of the sector borrowing and we are appreciative of the support from our borrowing councils.

2. **S&P Global Ratings upgraded our credit ratings following an upgrade to the Sovereign credit rating**
Our domestic credit rating was upgraded to the highest possible rating of AAA by S&P Global Ratings while our foreign currency rating was also upgraded by one notch to AA+.

3. **New products and increasing focus on sustainability**
LGFA launched standby facilities for councils as a new product during the year and by 30 June 2021 we had $522 million of facilities in place with seven councils. CCO lending is now in place with our first CCO loan transacted after balance date. A substantial amount of work was undertaken on sustainability, and we have received ZeroCarbon certification from Toitū Envirocare. We are in the process of forming a sustainability committee and launching sustainable loans as a new product for councils in the coming year.

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 record Net Operating Profit of $12.0 million for the 2020/21 year and Shareholder Equity of $94.7 million as at 30 June 2021. The value of our total assets is $14.485 billion. A $856,500 dividend has been declared by the LGFA Board for the year ended 30 June 2021 and we will be sending out the dividend notice to you shortly. The dividend rate is $0.03426 per paid up share and will be paid to you on Friday 3 September.

The LGFA Annual General Meeting is to be held on 23 November 2021. A further item outlining the AGM Agenda and related matters (including those Council can vote on) will be brought to the 21 October 2021 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 30 August 2021
2. LGFA Annual Report 2020-21

LGFA
New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

30 August 2021

Dear Shareholder

LGFA 2021 Annual Report

I have attached our Annual Report for the 12-month period to 30 June 2021 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 2021, LGFA had loans outstanding of $12.10 billion. This is an increase over the past year of $1.20 billion and we added five new council members to bring the number of member councils to seventy-two. Councils and CCOs can now borrow for terms out to sixteen years (2037). For the 12-month period to 30 June 2021, LGFA provided 79% of the sector borrowing and we are appreciative of the support from our borrowing councils.

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A copy of the Annual Report is attached and is also available on our website www.lgfa.co.nz. If you would like a hard copy version, please contact jane.phelan@lgfa.co.nz.

We intend holding our Annual General Meeting (AGM) on Tuesday 23 November 2021 in Wellington and will send out a Notice of AGM by Thursday 30 September 2021.

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

Kind regards

Mark Butcher
Chief Executive

ANNUAL REPORT
30 June 2021

Benefiting communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

LGFA
New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

Whakaora Te Ahuriri project
Environment Canterbury

Contents

Ihirangi

LGFA acknowledge the assistance of the Department of Internal Affairs translation service for our Te Reo translations.

Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

For the year ended 30 June 2021

2020-21 was a year of achievements with record profitability, record lending and issuance volumes, a credit rating upgrade to 'AAA' and CarbonZero certification. We welcomed new members and launched new products while successfully navigating the financing challenges arising from COVID-19.

On behalf of the directors and management of LGFA, we are pleased to record another period of strong financial and non-financial performance to 30 June 2021 and to highlight the following developments over the past year.

Strong Financial and Operational Performance

LGFA total interest income for the financial year of $377.2 million was a 1.9% increase over the 2019-20 financial year result of $370.2 million while net operating profit of $12.0 million for the financial year was a 13.0% increase over the 2019-20 financial year result of $10.6 million.

Both net interest income and operating profit were at record levels and exceeded the Statement of Intent (SOI) forecasts due to the larger than expected growth in council loans and the liquid asset portfolio (LAP). Higher interest rates increased income on the LAP and the introduction of standby facilities as a new product for councils generated additional revenue.

Expenses have been managed under the SOI budget over the financial year, primarily due to reduced utilisation of the NZDM standby facility and fewer Approved Issuer Levy (AIL) payments due to lower offshore investor holdings relative to forecast were positive. These savings were offset by higher legal and NZX costs associated with increases in both council lending and LGFA bond issuance.

Credit rating upgraded to AAA

A highlight over the past year was S&P Global Ratings upgrading our long-term credit ratings to 'AAA' (local currency) and 'AA+' (foreign currency) on 22 February 2021. This followed the upgrading of the New Zealand Government long term local currency credit rating to 'AAA'. Fitch Ratings have maintained our local currency credit rating at 'AA+' and our foreign currency credit rating at 'AA' with a positive outlook. Importantly, both rating agencies have LGFA at the same credit rating as the New Zealand Government.

Borrowing activity

LGFA issued a record $3.27 billion of bonds over the financial year and bonds on issue now total $13.68 billion (including $1 billion of treasury stock) across ten maturities from 2022 to 2037. The amount issued during the year was significantly more than the average historical issuance amount of $1.6 billion per financial year. The average term of our bond issuance during the year at 8.7 years was also longer than the prior 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 positive with LGFA bond spreads to NZGB little changed across the yield curve except for a 15 basis points (bps) tightening in the 2033 maturity. LGFA bond spreads to swap did however tighten, reflecting the underlying positive credit market sentiment with spreads narrowing between 19 bps (2022 maturity) to 39 bps (2033 maturity). Outright yields rose between 30 bps (2022 maturity) and 67 bps (2027 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 five new members with Napier City, Central Otago, Kawerau, South Waikato and Waitaki District Councils joining. Total membership is now 72 out of the 78 councils in New Zealand.

Long-dated lending to councils over the 2020-21 year was a record $2.86 billion as councils refinanced their May 2021 loans and increased their borrowing to finance infrastructure projects. Our estimated market share of total council borrowing of 79% was slightly lower than the previous year but remained high on an historical basis. The average tenor of long-dated borrowing by councils of 6.9 years over the 12-month period was significantly longer than the prior year's 5.4 years.

Short-dated lending for terms less than 12 months continues to be supported by councils and as at 30 June 2021, LGFA had $287 million of short-term loans outstanding to 25 councils.

Congratulations Western Bay of Plenty District Council – winner of the coveted LGFA Supreme Award, 2021 LGFA Taituarā Local Government Excellence Awards

LGFA Chair Craig Stobo with Miriam Taris, Chief Executive at Western Bay of Plenty District Council and Gary Allis, Deputy Chief Executive.

The impact from COVID-19 and Three Waters Reform Programme on the sector and LGFA

The local government sector has faced a year of change and uncertainty having to deal with several climate related events, COVID-19 and two Central Government led initiatives relating to the Three Waters Reform Programme and Future for Local Government Review.

The sector has displayed great resilience to the impact from COVID-19. Most councils did not experience a significant reduction in revenue which meant their operational performance was not impacted as much as initially feared. Additional support for the local authority sector has been signalled by the Government through the $761 million first tranche of the water reform funding and the $2.6 billion package for 'shovel-ready' infrastructure projects. This enabled councils to plan for an increase in their capital expenditure programmes which in turn acted to boost economic activity within their local economies.

While LGFA has experienced a large increase in borrowing demand from councils over the past year, the debt capital markets have been favourable for borrowers. The lowering of the Official Cash Rate (OCR) by the Reserve Bank of New Zealand (RBNZ) to 0.25% incentivised investors to seek higher yielding fixed income investments such as LGFA bonds. The RBNZ also adopted several quantitative easing tools to provide additional monetary policy stimulus to the economy such as the inclusion of LGFA Bonds into the Large Scale Asset Programme (LSAP). This assisted LGFA in issuing a larger amount of bonds with a longer duration than normal.

LGFA is assisting on an as required basis, both Central Government and our council members as they work through the Three Waters Reform Programme. The Government's proposed Three Water Reform Programme will be the largest change to the local authority sector in 30 years. The Government have proposed that local authorities will be assisted through the transition process and that a support package will be provided to councils to ensure that no council will be left financially worse off following the transfer of their water assets.

LGFA is also assisting the local government sector-led initiative in developing a Ratepayer Financing Scheme that may provide some financial relief to ratepayers.

New products and initiatives

We continue to look to innovate with our products for councils. During the year we launched standby facility agreements for councils and by 30 June 2021 we have $515 million of agreements in place with seven councils. This has in part led to an increase in the size of the LAP by $568 million over the past year to a record $1.82 billion as we support our written standbys with liquid assets.

We sought approval from shareholders to lend to council-controlled organisations (CCOs) last year and this has been more complex than expected due to the unique and more complex nature of CCOs compared to councils. However, we have made good progress and are confident that we will undertake our first loan to a CCO early in the new financial year.

Increasing focus on sustainability

Sustainability plays an important part within the local government sector and at LGFA.

Last year's annual report was our first report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option) and we have carried this over into this annual report.

We have over the past year continued to increase our focus on sustainability with the appointment of a Head of Sustainability to the LGFA management team. This key position will assist the development of our sustainable lending programme for councils in the coming year and introduce several other sustainability initiatives across the wider organisation.

We are also delighted to have received CarbonZero certification from Toitu Envirocare during the year and as an organisation we are committed to reducing our carbon emissions.

Acknowledgments

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

Craig Stobo
Chair

Mark Butcher
Chief Executive

LGFA Staff, from left: Nick Howell, Koshick Ranchhod, Andrew Michl, Jane Phelan, Sumitha Kaluarachi, Ariadne Clarke, Mark Butcher, Neil Bain. Absent: Maya Ranzinger

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

Performance highlights

Ko ngā tino hua

Bonds issued over the financial year

$3,270
million

Lending to councils over the financial year

$2,858
million

Net operating profit

$12.0
million

13.0%
Increase over 2019-20 year

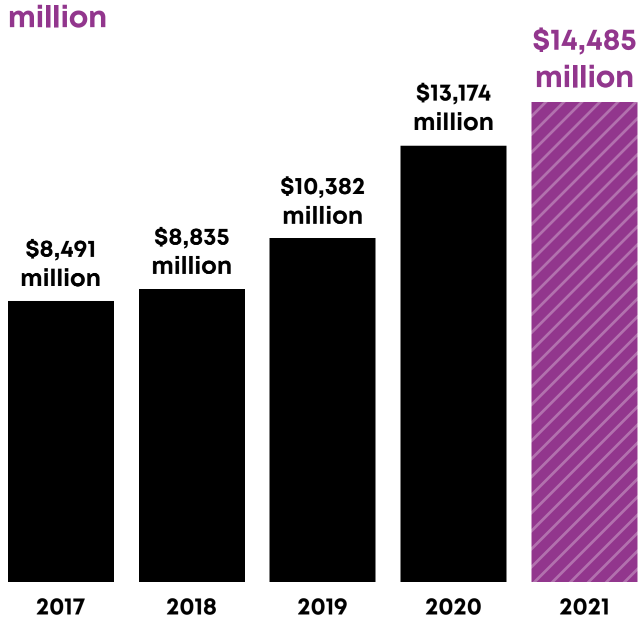
Total interest income

$377.2
million

1.9%
Increase over 2019-20 year

Total assets at 30 June 2021

$14,485
million



Liquidity at 30 June 2021

$392 million
Cash

$768 million
Marketable securities

$655 million
Deposits

$1,000 million
Treasury stock for repurchase

$500 million
Government committed liquidity facility

Shareholder funds
at 30 June 2021

$94.7
million

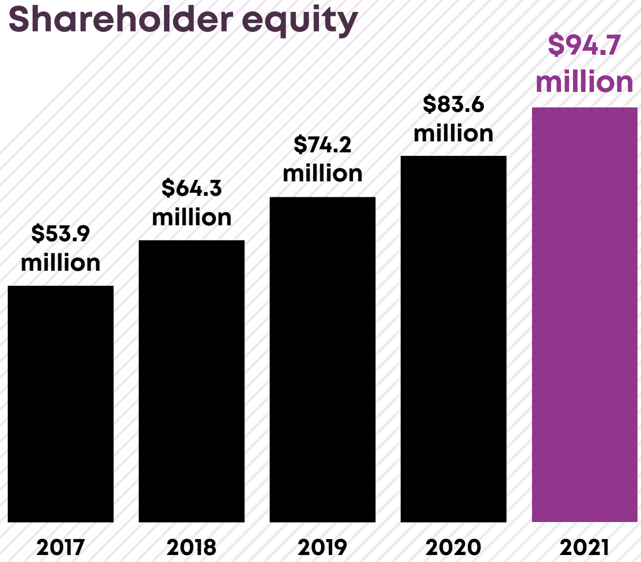
Fully paid shares

$25.0
million

Retained earnings

$69.7
million

Shareholder equity



Borrower notes

$224
million

Borrower notes are subordinated debt instruments which LGFA may convert into redeemable shares under prescribed circumstances.

Performance against objectives

Ko ngāwhakatutukinga 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 2020-21 (SOI)

2020-21 performance objectives

The SOI sets out two primary performance objectives and seven additional objectives for the year ended 30 June 2021.

Primary objectives

LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

- Providing interest cost savings relative to alternative sources of financing;
- Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;
- Delivering operational best practice and efficiency for its lending services;
- Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;
- Analyse finances at the Council group level where appropriate and report to shareholders;
- Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and
- 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 the following seven measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually.

LGFA will:

- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.
- Provide at least 85% of aggregate long-term debt funding to the Local Government sector.
- Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.
- Meet or exceed the Performance Targets.
- Comply with the Health and Safety at Work Act 2015.
- Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.
- Assist the local government sector with their COVID-19 response.

Performance against primary objectives

This section sets out LGFA's performance for the year ended 30 June 2021 against the two primary objectives set out in the 2020-21 SOI.

LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

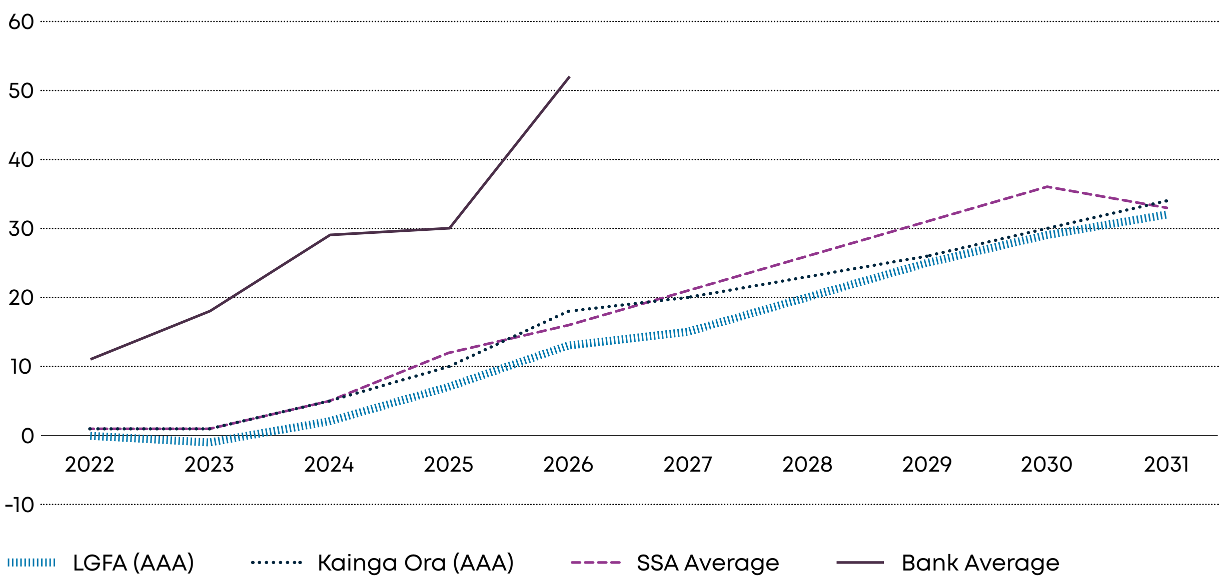
Providing interest cost savings relative to alternative sources of financing;

LGFA continues to borrow at very competitive spreads compared to the AAA rated Supranational, Sovereign and Agency (SSA) issuers (who borrow in the New Zealand debt capital markets), the domestic banks and our closest peer issuer Kainga Ora.

LGFA lending base margin was 20 bps for all borrowing terms for the 2020-21 year, which covers our operating costs and also provides for capital to grow in line with increases in our balance sheet. 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 non-guarantor of LGFA.

The following chart shows a comparison of LGFA borrowing spreads to swap compared with bank, Kainga Ora and SSA issuers in the New Zealand domestic market.

Bank, SSA, Kainga Ora and LGFA NZD Curves – Spread to Swap (bps)



Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;

Both short and long-term borrowing have been well supported by member councils:

- As at 30 June 2021 there were $287 million of short-term loans outstanding to 25 councils, with loan terms ranging between one month and 12 months.
- Over the year ended 30 June 2021, 57 councils borrowed $2,858 million in 421 new long-term loans, across 62 maturity dates ranging between 2021 and 2037.

In July 2020, LGFA issued a new April 2037 bond providing councils with the opportunity to extend their long-term borrowing. The weighted average borrowing term by councils over the year ended 30 June 2021 (excluding short-dated borrowing) was 6.9 years.

In December 2020, LGFA launched Standby Facility Agreements as a new product that will help reduce overall financing costs for councils. As at 30 June 2021, seven councils had entered into standby agreements with LGFA totalling $515 million.

Delivering operational best practice and efficiency for its lending services;

Over the 12 months, LGFA operations successfully settled, without error, 1,407 new trades and 11,368 cash flows in excess of $24 billion.

In the latest stakeholder survey result in August 2020, respondents recorded a 94% satisfaction result to the question "How satisfied are you with the LGFA settlement process?"

Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in LGFA bonds. The primary market is the new issuance market and we measure strength with participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. The secondary market is the trading of LGFA bonds following issuance and a healthy market implies high turnover.

Over the twelve months, LGFA issued a record $3,270 million in bonds, through nine tenders and two syndications. There were twelve bill tenders over the year, with $610 million of bills on issue at 30 June 2021. LGFA uses proceeds from LGFA bills and LGFA bond issuances to fund lending to councils and invests the balance in our liquid asset portfolio.

LGFA maintains an Australian Medium-Term Notes Programme which, to date, has not been used but which provides LGFA with additional flexibility if there is a market disrupting event in the future.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;

LGFA reviews all councils' financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list.

Participating Borrowers are required to complete annual compliance certificates by the end of November each year. We have received compliance certificates from all Participating Borrowers and all remained compliant as at 30 June 2020.

Analyse finances at the Council group level where appropriate and report to shareholders;

No council has yet to request to LGFA that they be measured on a group basis.

Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and

Following the lifting of COVID-19 travel restrictions, LGFA commenced council visits in the later months of 2020. Notwithstanding the later start to visits, LGFA met with all council members over the 12 months.

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.

Over the year, LGFA management met with representatives from Reserve Bank of New Zealand, Department of Internal Affairs, Office of the Auditor General, Taituarā, the New Zealand Debt Management section of the Treasury (NZDM) and members of the Three Waters Reform Group. We held investor conference calls for investors and banks relating to bond issuance and provided updates on the impact on the local government sector from COVID-19 and the proposed water industry reforms.

LGFA continue to assist the sector and the advisers in finding ways for LGFA to play a supporting role in providing solutions to off balance sheet financing for councils and are currently providing technical input into the Cameron Partners proposed Ratepayer Financing Scheme.

West Melton stopbank.
Environment Canterbury

Additional objectives

LGFA has the following seven measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually. LGFA will:

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

LGFA has an annual review process for our credit ratings from S&P Global Ratings and Fitch Ratings and meets with both agencies at least annually. Formal review meetings were last held in November 2020 with S&P Global Ratings and in October 2020 with Fitch.

- **S&P Global Ratings.** On 22 February 2021, S&P Global Ratings raised their long-term ratings on LGFA to 'AA+' foreign-currency and 'AAA' local-currency and affirmed the short-term ratings at 'A-1+'. Both ratings are on stable outlook and the same as the New Zealand Government.
- **Fitch Ratings (Fitch).** On 4 November 2020, Fitch reaffirmed our long-term local currency credit rating as 'AA+' and classified LGFA as a government related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with those of the New Zealand Government. Our foreign currency credit rating of 'AA' remains on positive outlook.

Provide at least 85% of aggregate long-term debt funding to the Local Government sector.

LGFA's estimated market share of 79% for the rolling twelve-month period to 30 June 2021 and our market share is strong compared to our global peers.

Over the 12 months, five new councils became members of LGFA, lifting total participating members to 72. Napier City Council, South Waikato, Waitaki and Central Otago District Councils joined as guarantors and Kawerau District Council joined as a non-guarantor.

Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.

Net interest income (NII) for the year was $19.537 million, which was $0.708 million over budget, while expenses of $7.714 million were $0.255 million below budget. Net operating profit of $12.007 million was $1.146 million 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. These swaps reduce exposure to fixed rate loans made outside of the normal tender process and to reduce mismatches between borrowing and on-lending terms in our balance sheet. Over the year, there was an unrealised gain on these swaps of $1.12 million.

Operating expenses for the year were $7.714 million which is $0.255 million below budget.

- **Issuance and on-lending costs** at $2.621 million were $0.090 million below budget. Higher issuance and lending volumes than forecast resulted in higher costs for NZX, legal and registry, offset by lower costs for the NZDM facility fee.
- **Other operating costs** at $4.038 million were $0.013 million below budget. Lower travel / accommodation and information technology costs were key drivers for the overall positive variance, offset by higher legal costs than forecast and personnel costs, primarily due the recruitment of new positions which were not included in budget.
- **Approved Issuer Levy (AIL)** payments of $1.055 million were $0.152 million below budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment and offshore investor holdings are just below our SOI forecasts.

Comply with the Health and Safety at Work Act 2015.

LGFA has a Health and Safety Staff Committee and reporting on health and safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no health and safety incidents during the year.

Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.

There were no compliance breaches during the year.

Assist the local government sector with their COVID-19 response.

On 30 June 2020, in response to COVID-19, shareholders approved a change to LGFA's Foundation Policy covenants to provide short term relief to councils from any temporary reduction in revenue and to allow councils to coinvest alongside central Government in infrastructure projects. For the financial year ending 30 June 2021, the net debt/total revenue covenant for borrowers with an external credit rating of at least 'A+' has been increased from 250% to 300%.

In addition to this direct response:

- LGFA continues to provide input into the Ratepayer Financing Scheme project that, if successful, could offer temporary financial relief to ratepayers via rates postponement.
- The new Standby Facility Agreement product will provide greater certainty of access to emergency funding for councils at a lower cost than going to the traditional bank provider.
- LGFA has extended the longest dated borrowing maturity for councils from 2033 to 2037 to enable councils to be better match assets with liabilities and to benefit from record lows in interest rates and borrowings spreads.

Performance Targets

Performance measure	Result for the 12 month period to 30 June 2021	Outcome
LGFA net interest income for the period to June 2021 will be greater than $18.8 million	$19.537 million	✓
Annual issuance and operating expenses (excluding AIL) will be less than $6.8 million	$6.659 million	✓
Total nominal lending (short and long term) to participating councils to be at least $9.79 billion	$12.039 billion	✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	August 2020 survey outcome of 98.8%	✓
Meet all lending requests from PLAs	100%	✓
Achieve 85% market share of all council borrowing in New Zealand	79%	✗
Review each PLA financial position, its headroom under LGFA policies and arrange to meet each PLA at least annually	All councils visited	✓
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	No breaches	✓
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due	100%	✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	'AA+/AAA'	✓

About us

Mō mātou

Establishment

The New Zealand Local Government Funding Agency Ltd (LGFA) specialises in financing the New Zealand local government sector, the primary purpose being to provide more efficient financing costs and diversified financing 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

45

million ordinary shares on issue

20 million of which remain uncalled

20%

New Zealand Government

80%

30 Councils

Share ownership is restricted to New Zealand Government or councils.

Governance overview

New Zealand Government

20%

shareholding

30 Councils

80%

shareholding

31 Shareholders

New Zealand Government shareholding will reduce to 11.1% if a future call is made on the uncalled capital of the 30 council shareholders.

Shareholders' Council

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

Review and report performance of LGFA and the Board;

Recommend to Shareholders as to the **appointment, removal, replacement and remuneration of directors;**

Recommend 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.

LGFA Board

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The LGFA Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the:

- Local Government Act 2002;
- Local Government Borrowing Act 2011;
- Companies Act 1993;
- LGFA's Constitution;
- LGFA Shareholder Agreement;
- LGFA Annual Statement of Intent.

The Board comprises **five independent** directors and **one non-independent** director.

Bonds listed on NZX Debt Market

Issue of securities to the public under the Financial Markets Conduct Act and regulated by Financial Markets Authority

Supervised by independent trustee

Guarantee structure

All shareholder councils are guarantors as well as councils with total borrowings over $20 million.

LGFA's securities obligations are guaranteed by council guarantors.

A council's obligations under the guarantee is secured against rates revenue

Credit rating at 30 June 2021

S&P Global Ratings	Fitch Ratings
Domestic Currency **AAA** **Stable outlook**	Domestic Currency **AA+** **Stable outlook**
Foreign Currency **AA+** **Stable outlook**	Foreign Currency **AA** **Positive outlook**

Our brand

The **2021 LGFA Annual Report**, our milestone 10th annual report since incorporation in 2011, celebrates 10 years of operations and outlines our forward commitment to providing councils with sustainable lending opportunities, having established ourselves as New Zealand's largest financier of council infrastructure. So, as we enter our second decade of operations, LGFA has updated our brand to reflect this commitment.

The fern leaf

The fern leaf, an iconic symbol for New Zealand, has been integral to the LGFA logo since we incorporated in 2011.

Amongst other things, the fern leaf symbolises New Zealand's clean green image as recognised globally and, by such, retaining the fern leaf in our logo not only links to our company's history, but reinforces our strategic commitment to offer future sustainable borrowing and investment opportunities.

The infrastructure cog

LGFA is New Zealand's major financier for local government investment in infrastructure renewal.

The symbol of a cog is widely used to represent infrastructure and incorporating this into our logo reflects the significant role LGFA plays in financing New Zealand's infrastructure.

Sustainable borrowing for infrastructure development

Our new logo brings together the fern and cog, symbolising LGFA's commitment to financing sustainable infrastructure development and for providing investors access to sustainable investment.

2011

LGFA
New Zealand
Local Government Funding Agency

2014

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

2021

LGFA
New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

Our values

We act with integrity

We are honest, transparent and are committed to doing what is best for our customers and our company

We are customer focused

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference

We strive for excellence

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

We provide leadership

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

We are innovative

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.

Our purpose

Benefiting local communities through delivering efficient financing for local government.

Our history

Dec 2011

Incorporated December 2011

Commenced bond issuance February 2012

April 2015 and December 2017 bonds issued

June 2012

KangaNews NZ Domestic Issuer of the Year – 2012

March 2019 bond issued

INFINZ award for Best Bond issue of 2012

Inaugural LGFA Borrowers Forum

June 2013

Inaugural dividend of $1.5m declared

May 2021 and April 2023 bonds issued

June 2014

April 2020 and April 2027 bonds issued

Bespoke lending introduced

Refinanced April 2015 bond ($240m) and council loans

New Treasury Management System implemented

Transitioned front/ middle/back office from NZDMO

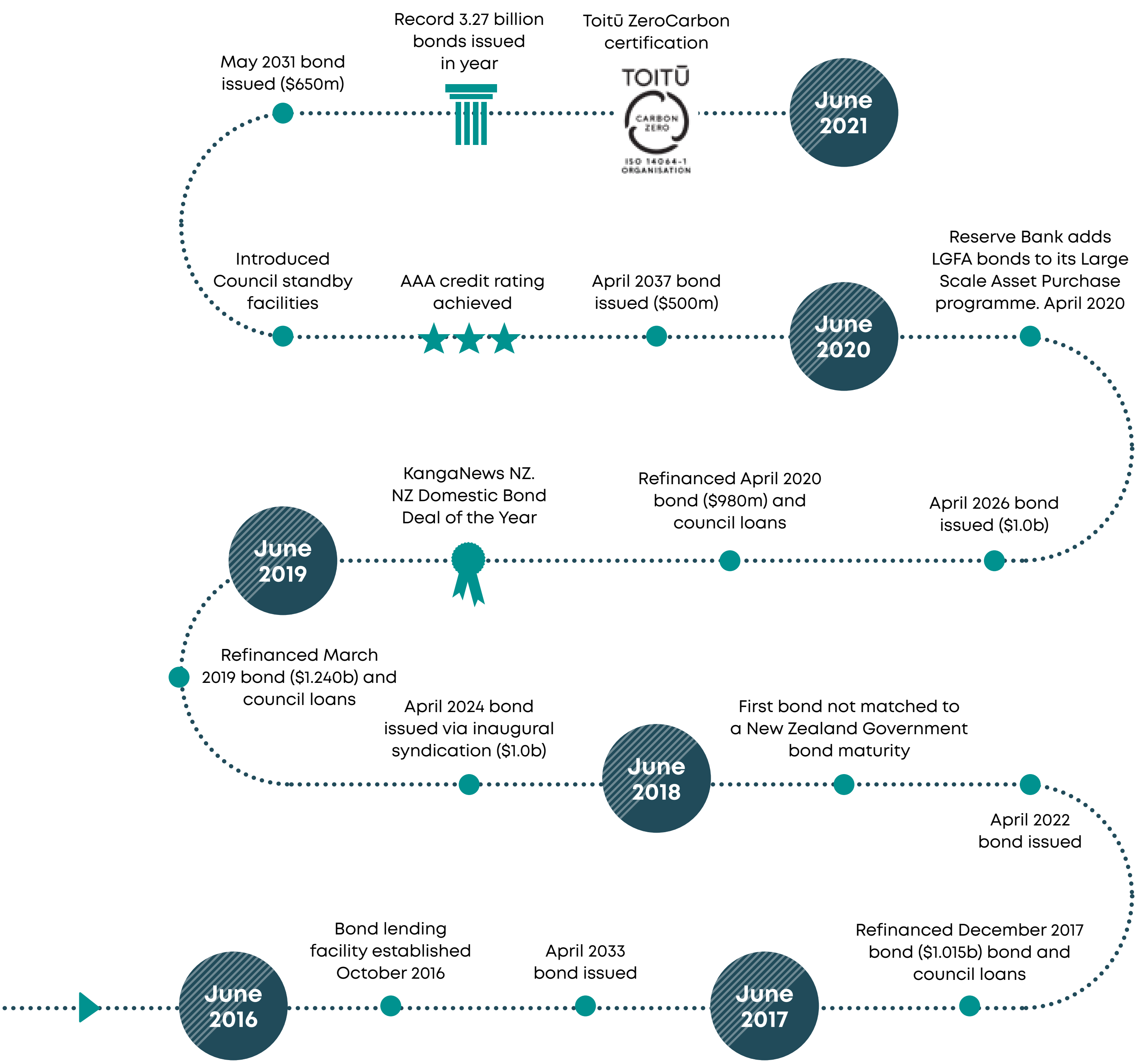
June 2015

LGFA Bonds listed on NZX November 2015

Commenced LGFA Bill issuance

Commenced short-term lending to councils

Transitioned to Financial Markets Conduct Act



TRC Riparian established planting on Trevor Hurley's farm *Oeo*
Taranaki Regional Council

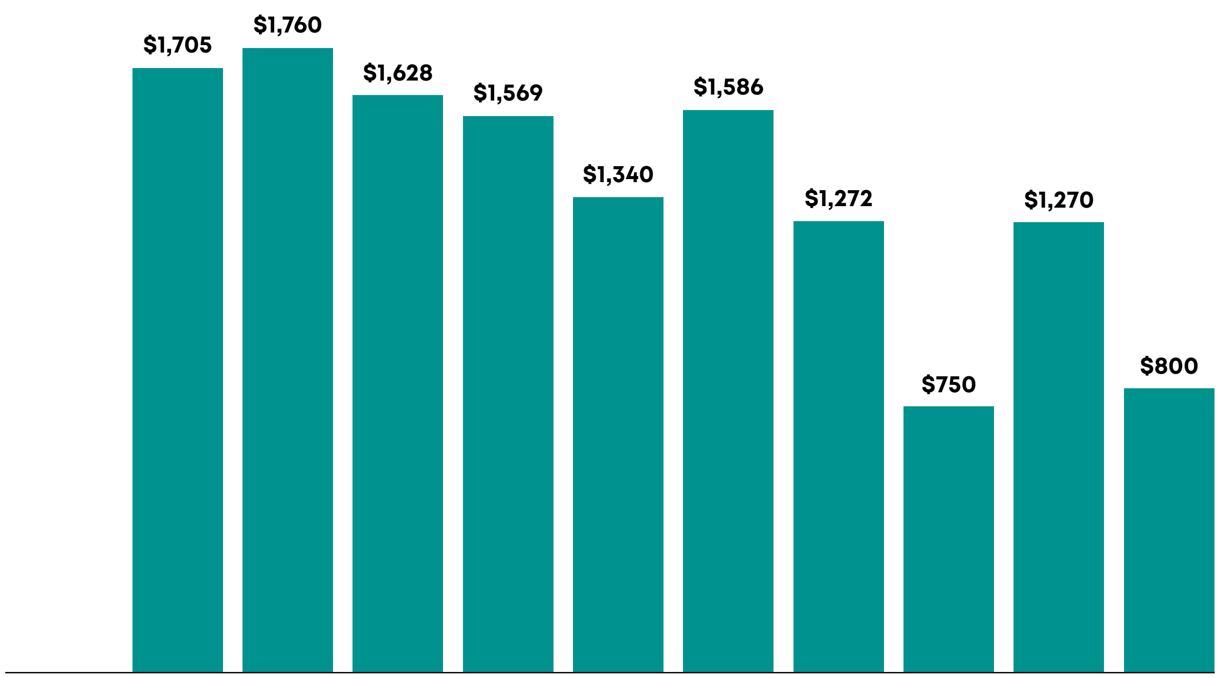
LGFA bonds on issue

Ko ngā pūtea taurewa pūmau kua tukuna e te LGFA

LGFA NZX-listed bonds on issue (NZ$ million, face value)

As 30 June 2021 : NZ$13,680 million

Includes NZ$1,000 million treasury stock (refer note 16, page 73)



Maturity	Apr 2022	Apr 2023	Apr 2024	Apr 2025	Apr 2026	Apr 2027	Apr 2029	May 2031	Apr 2033	Apr 2037
Coupon	2.75%	5.50%	2.25%	2.75%	1.50%	4.50%	1.50%	2.25%	3.50%	2.00%
NZX Code	LGF090	LGF050	LGF100	LGF070	LGF120	LGF060	LGF110	LGF140	LGF080	LGF130

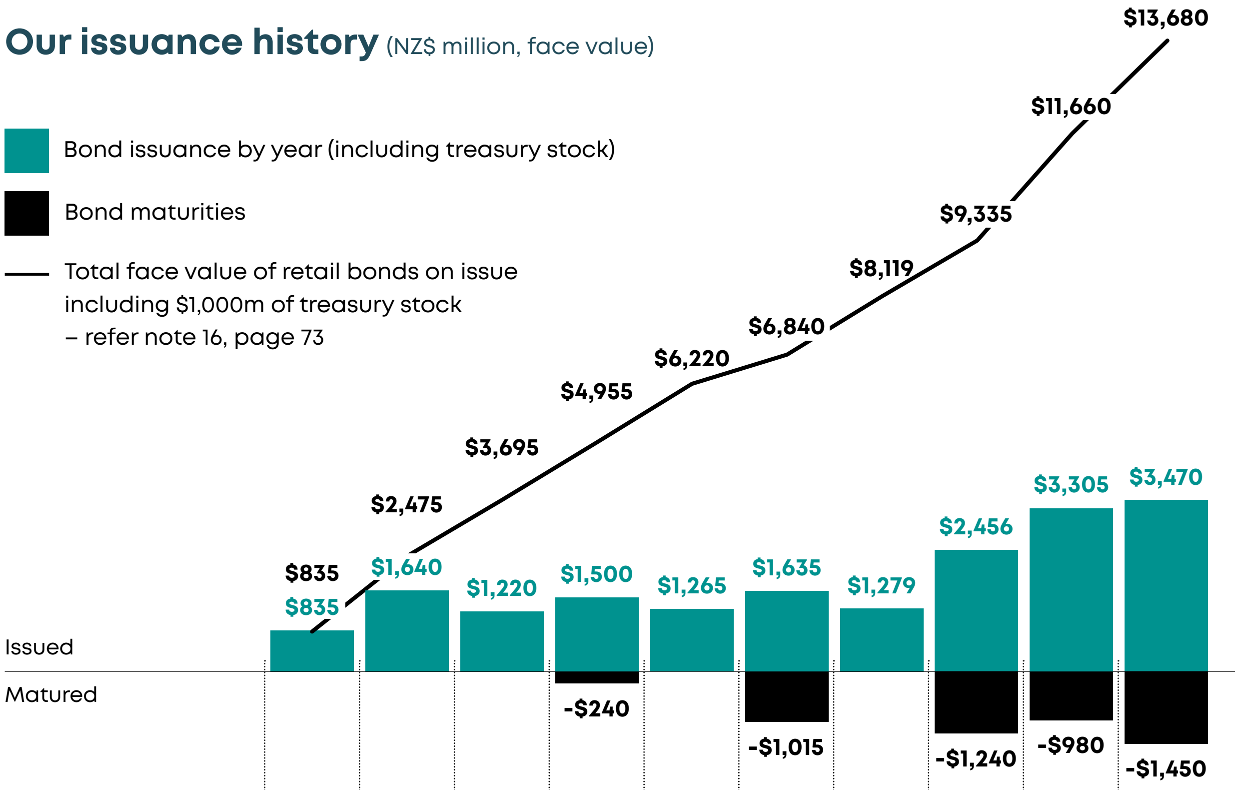
In addition to the retail bonds listed on the NZX, LGFA have $130 million of wholesale floating rate notes on issue.

How we issue bonds

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 Bonds where possible for maturity and coupon.
- 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 have been issued in New Zealand dollar (NZD) to date, but have capability to issue non-NZD bonds if required.
- All LGFA retail bonds are listed on the NZX.

Our issuance history (NZ$ million, face value)



Financial year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Average tender size (NZ$ million)	209	182	153	188	141	143	137	188	182	191
Average issuance term (years)	5.3	6.6	7.0	7.9	8.1	8.3	6.1	6.6	6.9	8.7

New bond maturities issued in the year to June 2021

May 2031 2.25%

May 2037 2.00%

LGFA is New Zealand's largest…

domestic issuer of NZD domestic bonds (excluding New Zealand Government)

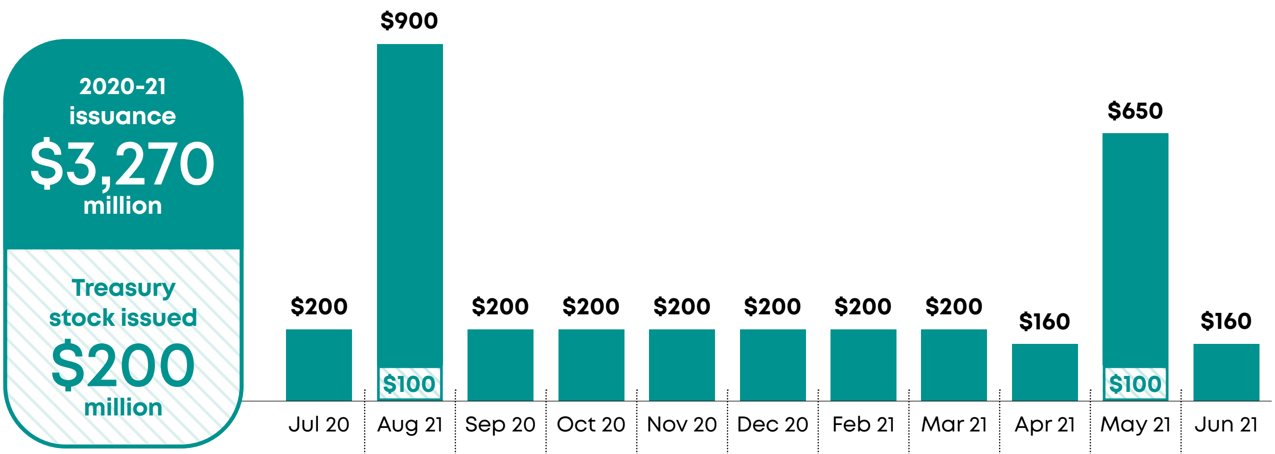
issuer of debt listed on the NZDX

2020-21 issuance by maturity (NZ$ million, face value)

LGFA bond issuance by bond maturity over the 12-month period to 30 June 2021

Tenders	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 29	May 31	Apr 33	Apr 37	Total
8 Jul 20	50	-	50	-	50	-	50	-	-	-	200
9 Sep 20	-	-	50	-	-	50	50	-	50	-	200
7 Oct 20	-	50	-	-	50	-	50	-	50	-	200
12 Nov 20	-	-	-	60	-	50	60	-	-	40	210
16 Dec 20	-	60	-	-	50	-	50	-	-	30	190
3 Feb 21	-	-	60	-	-	60	40	-	-	40	200
10 Mar 21	-	-	40	-	50	-	60	-	-	50	200
15 Apr 21	-	-	40	-	40	-	40	-	-	40	160
9 Jun 21	-	-	40	-	-	-	80	-	40	-	160
2020/21 tender issuance	50	110	280	60	240	160	480	-	140	200	1,720
2020/21 syndication	400	-	-	-	-	-	-	650	-	500	1,550
Total 2020/21 issuance	**450**	**110**	**280**	**60**	**240**	**160**	**480**	**650**	**140**	**700**	**3,270**
Prior issuance	1,155	1,550	1,248	1,409	1,000	1,326	692	-	1,030	-	9,410
Total bonds excluding Treasury Stock	1,605	1,660	1,528	1,469	1,240	1,486	1,172	650	1,170	700	12,680
Treasury stock	100	100	100	100	100	100	100	100	100	100	1,000
Total bonds on issue	1,705	1,760	1,628	1,569	1,340	1,586	1,272	750	1,270	800	13,680

2020-21 issuance by month (NZ$ million, face value)



	Jul 20	Aug 21	Sep 20	Oct 20	Nov 20	Dec 20	Feb 21	Mar 21	Apr 21	May 21	Jun 21
	Tender	**Synd**	**Tender**	**Tender**	**Tender**	**Tender**	**Tender**	**Tender**	**Tender**	**Synd**	**Tender**
Tender coverage ratio	1.5x	n/a	3.3x	3.0x	2.5x	2.2x	2.2x	2.0x	2.9x	n/a	3.4x
Weighted average yield	0.82%	1.18%	1.41%	1.04%	1.04%	1.03%	1.06%	1.13%	1.17%	1.41%	1.43%

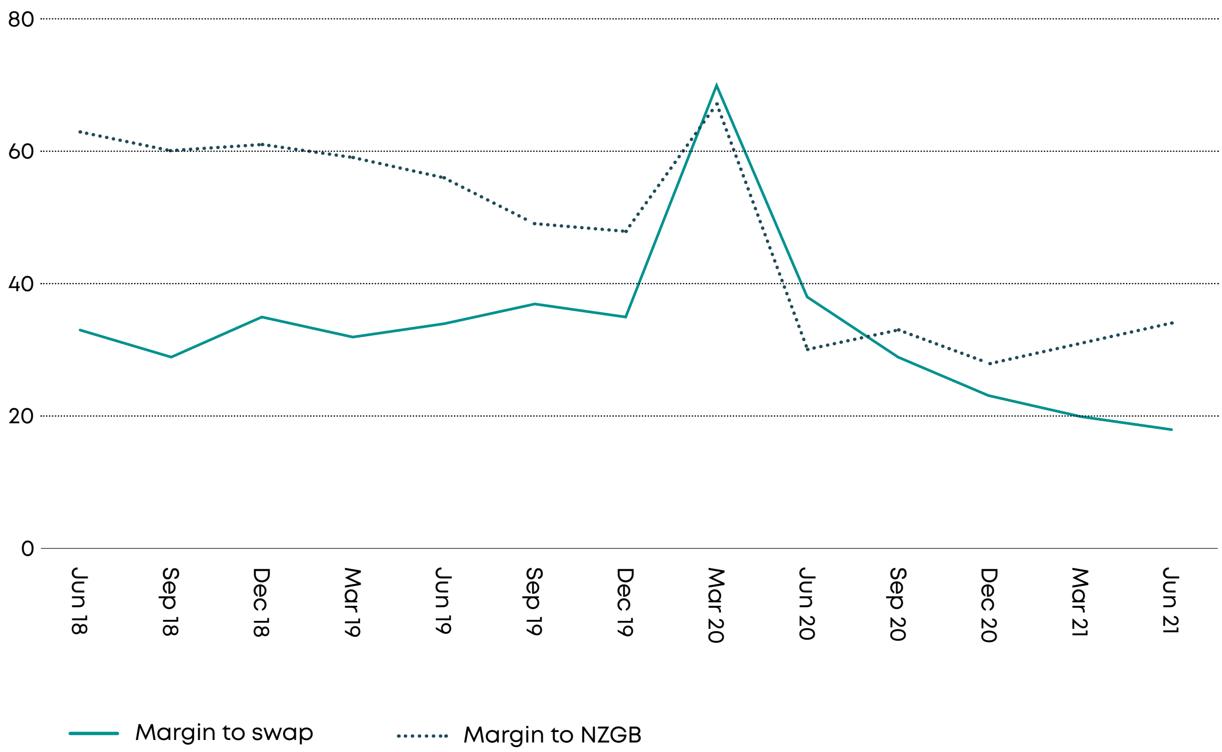
LGFA bond margins (basis points)

LGFA bond margins against swap and New Zealand Government Bonds (NZGB)

Margin to swap	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 29	May 31	Apr 33	Apr 37
30 June 2020	18	25	32	40	45	48	57	n/a	69	n/a
30 June 2021	0	(1)	2	7	13	15	25	33	39	51
Annual change	(18)	(26)	(30)	(33)	(32)	(33)	(32)	n/a	(30)	n/a

Margin to NZGB	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 29	May 31	Apr 33	Apr 37
30 June 2020	13	18	22	31	34	36	44	n/a	58	n/a
30 June 2021	9	22	26	31	36	40	43	44	43	44
Annual change	(4)	4	4	0	2	4	(1)	n/a	(15)	n/a

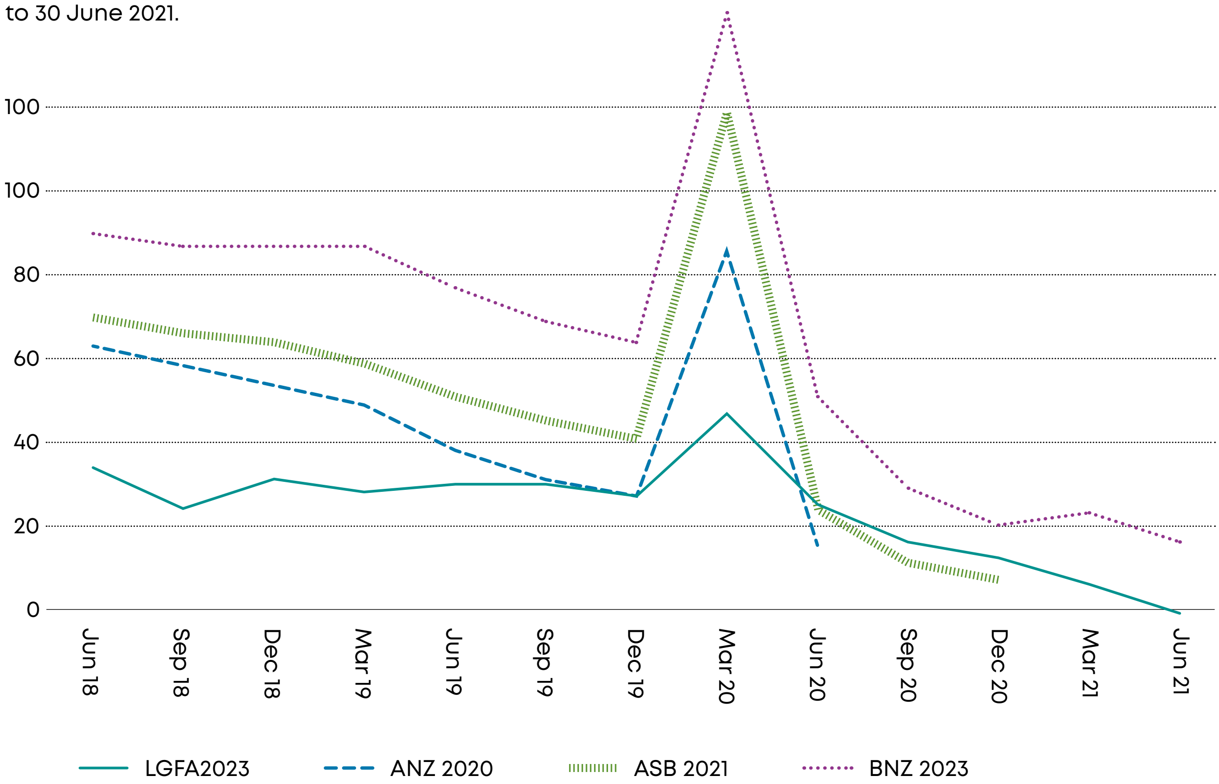
LGFA bond margins to swap over NZGB over the 36 months to 30 June 2021 (basis points)



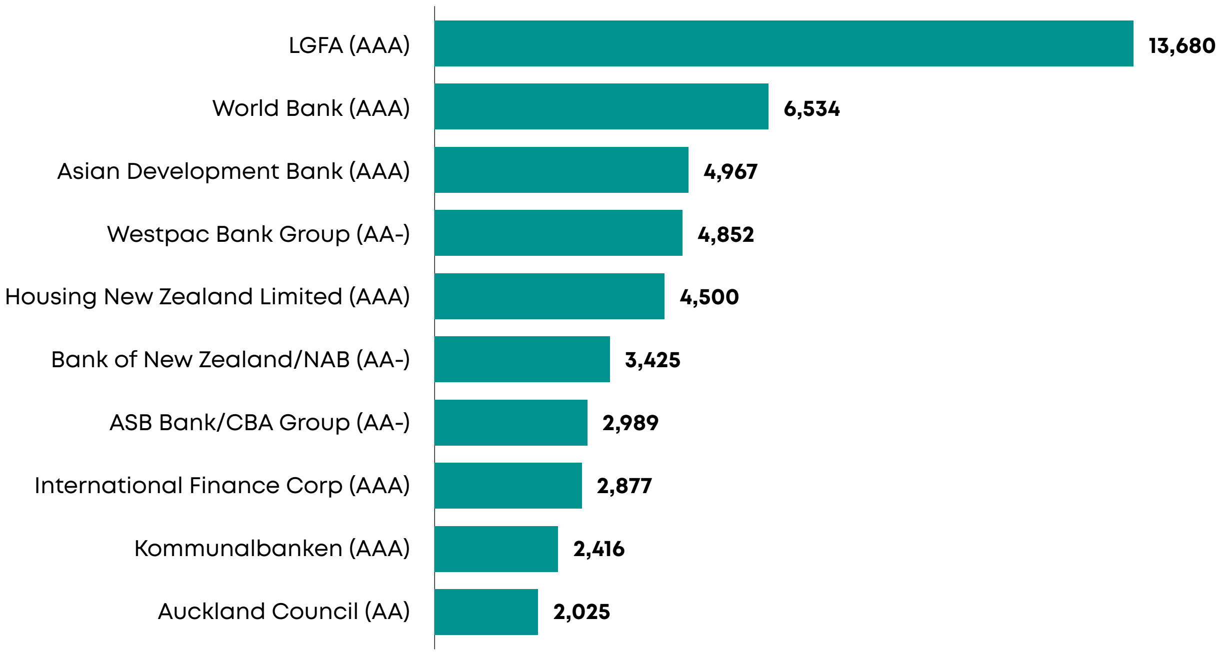
Average of all LGFA bonds outstanding: Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks.

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

Secondary market credit spread for LGFA against New Zealand bank bonds over the 36 months to 30 June 2021.

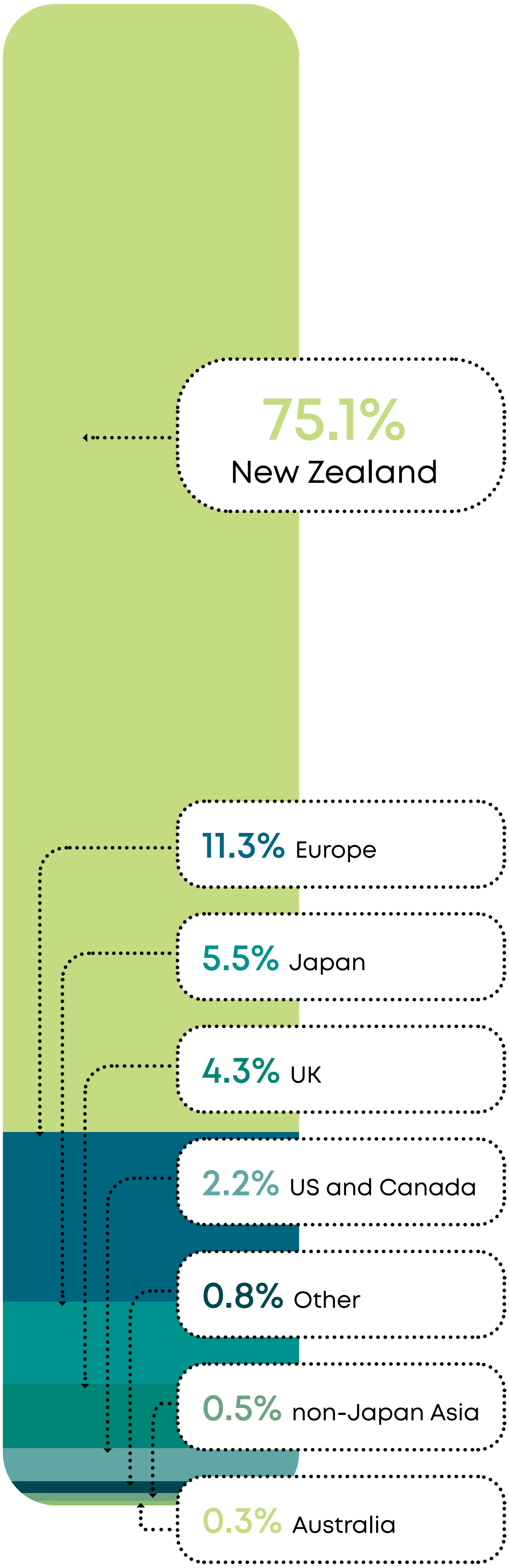


Top 10 issuers of NZD bonds on issue NZD $billion as at 30 June 2021

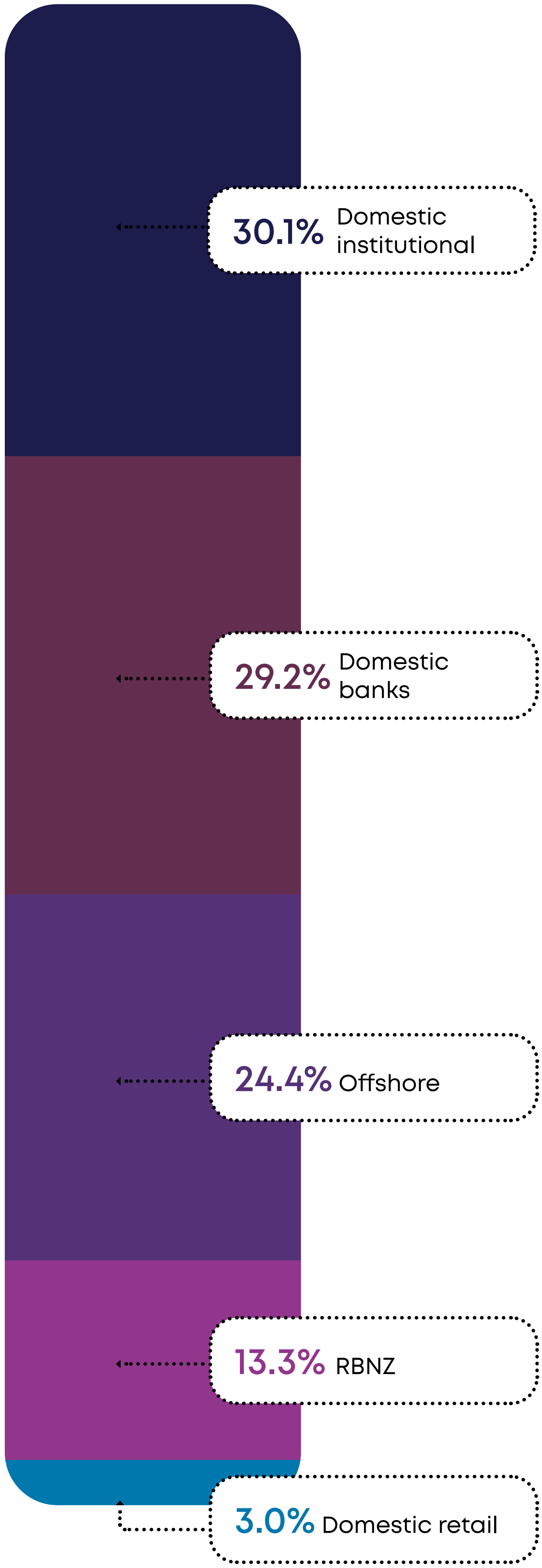


LGFA estimation based on aggregation of Bloomberg data

LGFA bond holders by country of residence as at 31 March 2021



LGFA bond holders by investor group as at 30 June 2021



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 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 2021

30 member councils are shareholders	**72** member councils were eligble to borrow from LGFA	**63** member councils were guarantors of LGFA

Total member council borrowings at 30 June 2021

(NZ$ million)

Member type	Number of councils	Amount borrowed	% of total borrowings
Guarantors	61	12,014	99.6%
Non guarantors	6	53	0.4%
Total	**67**	**12,067**	**100%**

79%

LGFA's estimated market share of local government debt

Member	Amount borrowed	% of total borrowings
Auckland Council	3,304	27.4%
Christchurch City Council	1,966	16.3%
Wellington City Council	793	6.6%
Tauranga City Council	517	4.3%
Hamilton City Council	481	4.0%
Greater Wellington Regional Council	451	3.7%
Kapiti Coast District Council	230	1.9%
Rotorua District Council	228	1.9%
Hastings District Council	205	1.7%
Hutt City Council	201	1.7%
Other councils	3,691	30.6%
	12,067	**100%**

Loans to Auckland Council are limited to a maximum of

40%

of total loans

THE NUMBERS

Over the 12 months to 30 June 2021

57
member councils

$2,858
million total borrowed

241
individual term loans

6.9
average borrowing years

At 30 June 2021

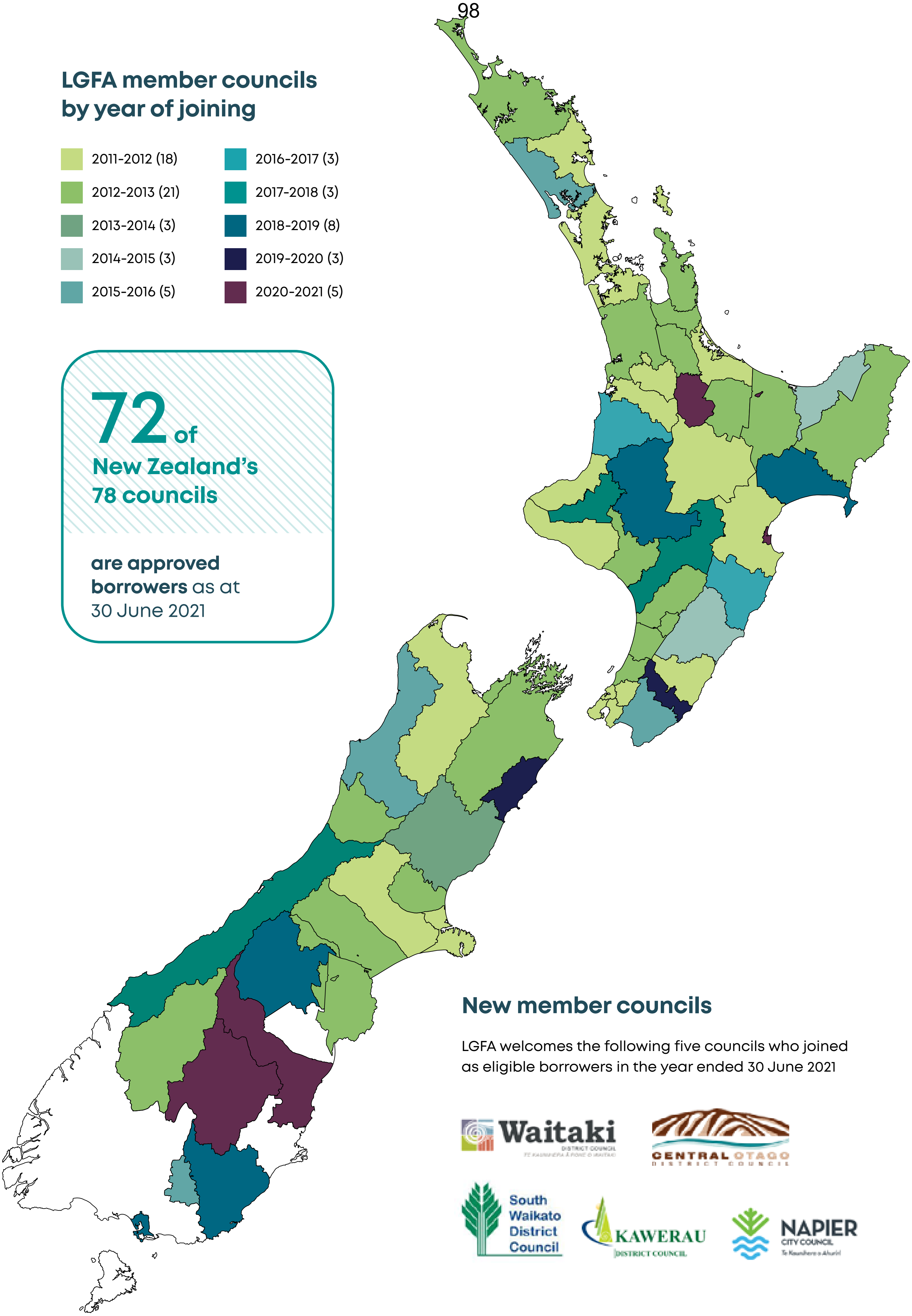
$287
million of short term loans

25
member councils with outstanding loans

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

LGFA member councils by year of joining

- 2011-2012 (18)
- 2012-2013 (21)
- 2013-2014 (3)
- 2014-2015 (3)
- 2015-2016 (5)
- 2016-2017 (3)
- 2017-2018 (3)
- 2018-2019 (8)
- 2019-2020 (3)
- 2020-2021 (5)



72 of New Zealand's 78 councils

are approved borrowers as at 30 June 2021

New member councils

LGFA welcomes the following five councils who joined as eligible borrowers in the year ended 30 June 2021

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	Otorohanga 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	Opotiki 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
2020-21	Kawerau District Council	Borrower
2020-21	Napier City Council	Borrower and Guarantor
2020-21	South Waikato District Council	Borrower and Guarantor

South Island

2011-12	Christchurch City 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
2020-21	Central Otago District Council	Borrower and Guarantor
2020-21	Waitaki District Council	Borrower and Guarantor

86%

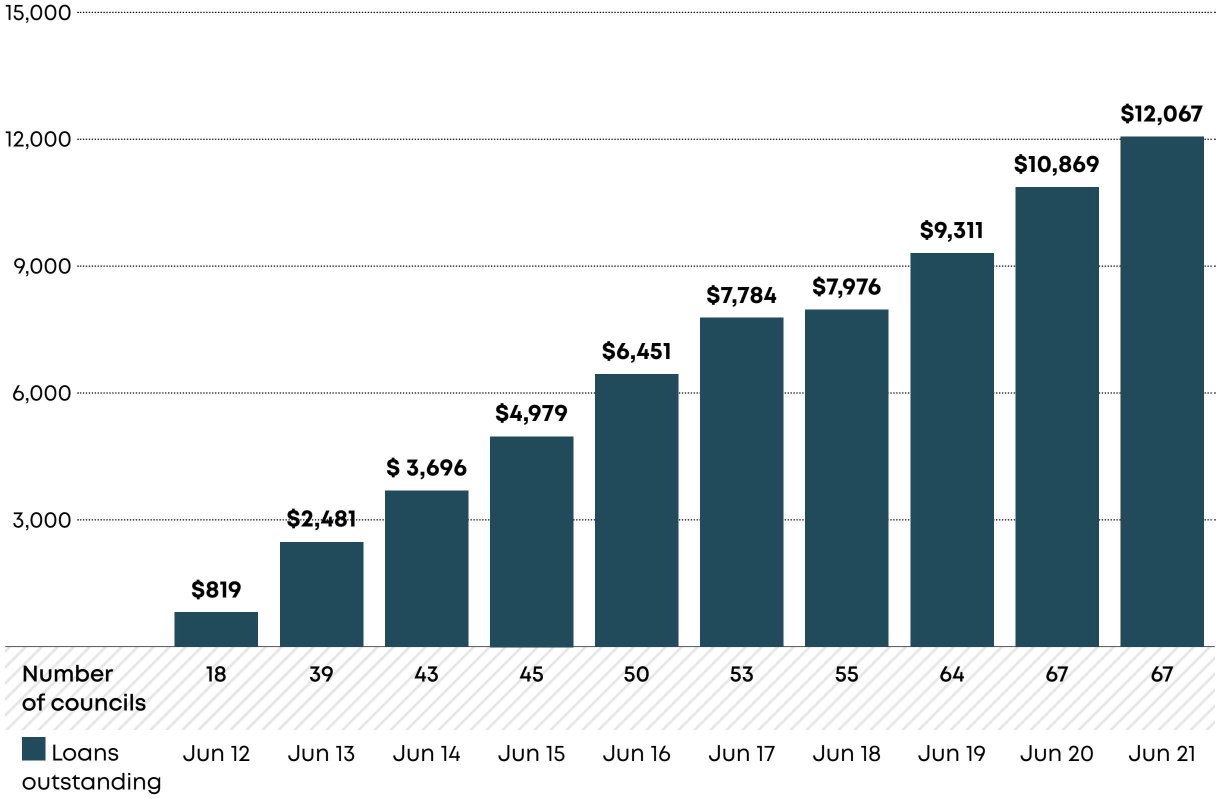
loans to councils with

AA-

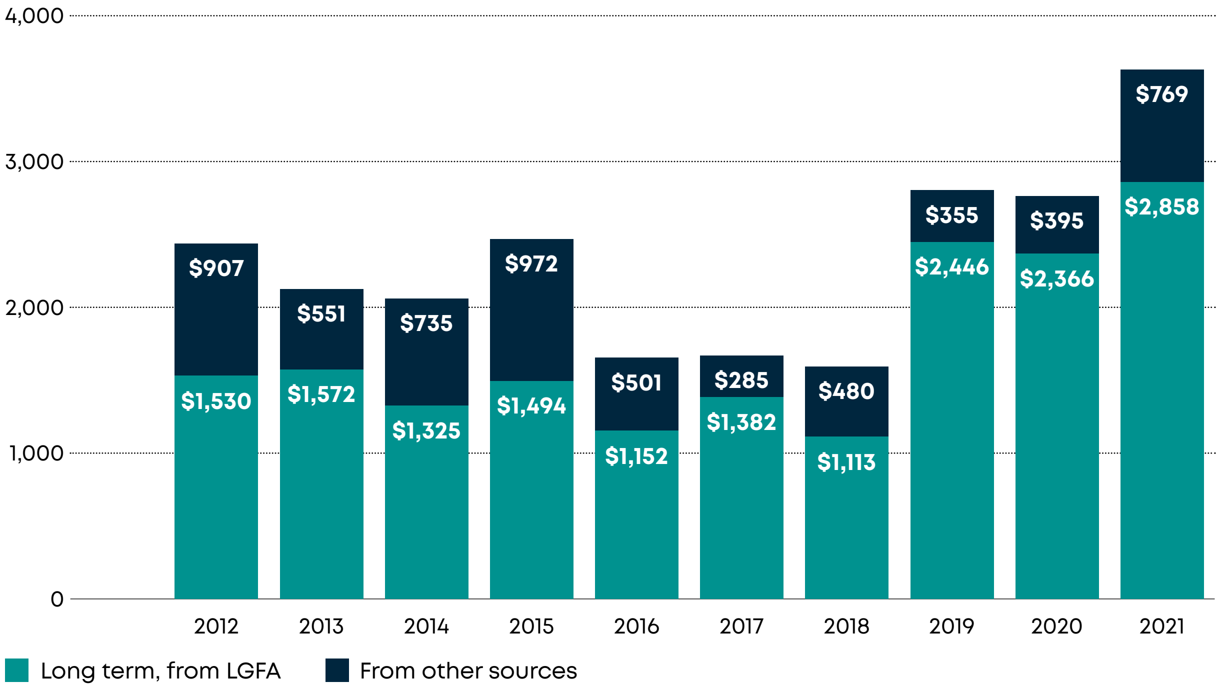
external rating or better

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

Nominal loans to councils outstanding (NZ$ million)



Councils' borrowing (NZ$ million) financial year



New Zealand's first hydrogen fuel cell bus unveiled by Auckland Transport in March 2021.

Auckland Council

Sustainability at LGFA

Te toitūtanga kei te LGFA

LGFA was established with the primary objective of optimising the debt funding terms and conditions for our member councils. To achieve this objective, it is important 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.

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

LGFA's materiality sustainability topics remain unchanged from 2020. These materiality topics were determined with the assistance of Proxima, an independent sustainability consultancy, who worked with staff and directors in 2019 to undertake an analysis of material sustainability issues relevant to our business and key stakeholders. 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.

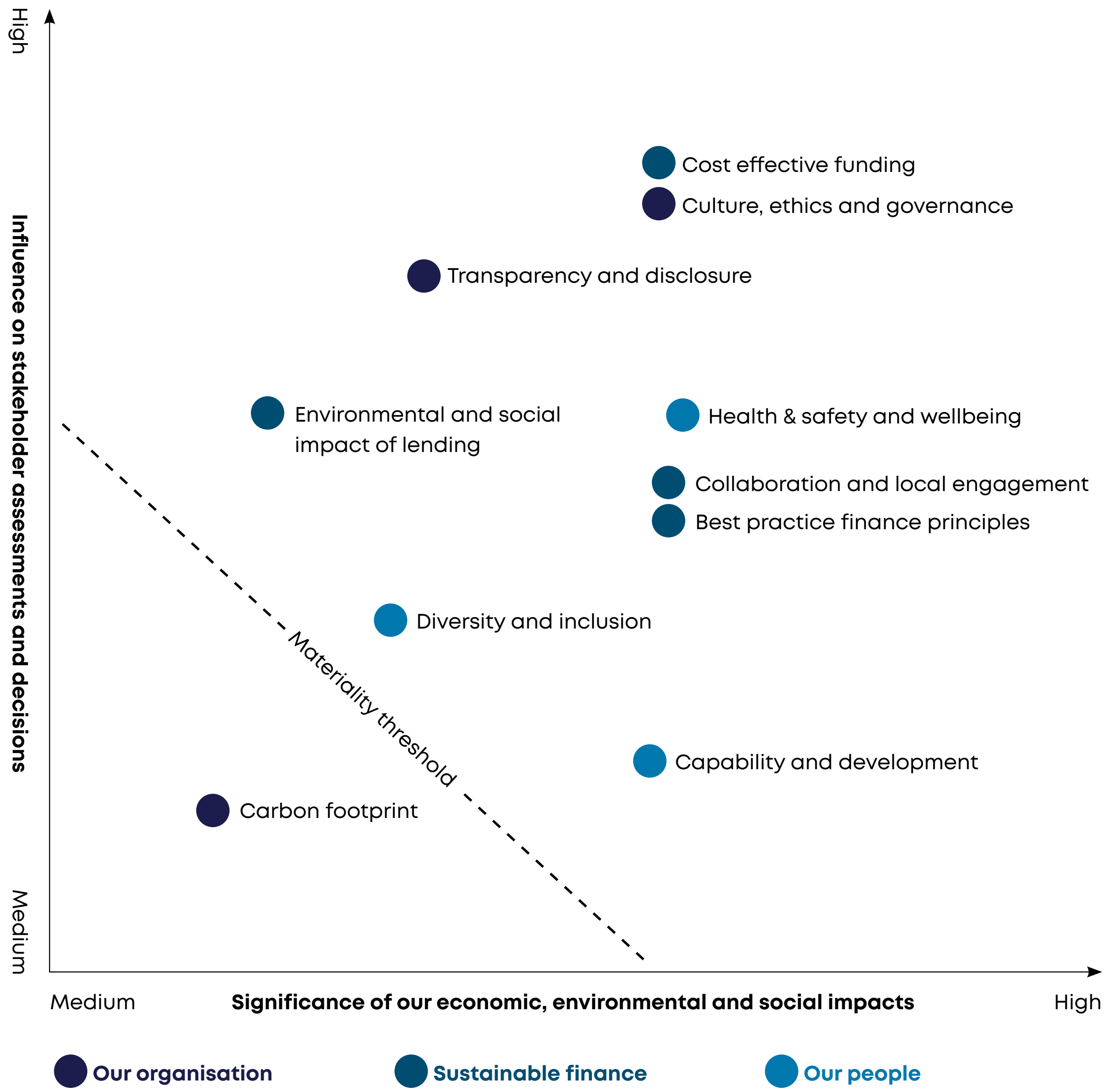
LGFA's ten material topics are grouped under three overarching principles.

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 88.



LGFA's material topics

Cost effective funding

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

LGFA was established with the primary purpose of providing more efficient funding costs and diversified funding sources for New Zealand local authorities; a core objective being to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly.

LGFA reports on its cost of borrowing relative to other issuers on a quarterly basis to shareholders and in its annual and half year reports. LGFA surveys member councils on its performance annually in relation to business delivery and satisfaction with pricing. A key indicator of satisfaction with service and pricing to councils is LGFA's estimated overall market share for council lending which was estimated to be 79% for the rolling twelve-month period to June 2021.

Culture, ethics and governance

High ethical standards required and codified through:

- NZX Corporate Governance Code
- Code of Ethics
- Code of Conduct
- Board Charter
- Audit and Risk Committee Charter

The LGFA Board is committed to ensuring that the conduct of both directors and staff at all times meets the high standards required to reflect the company's values and to protect its reputation. The required standards are defined in LGFA's Code of Ethics and is reflected throughout the following key governance documents: The LGFA Constitution; Shareholders' Agreement; Board Charter; Audit and Risk Committee Charter; Internal Audit Charter; and the Diversity Policy.

The LGFA Board is committed to ensuring LGFA demonstrates ongoing commitment to strong and sound corporate governance. The Corporate Governance section in this report provides detailed information on LGFA's governance structure and principles, including setting out LGFA's compliance with the eight core principles underpinning the NZX Corporate Governance Code.

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

Transparency in how we operate is core to achieving our shareholders' objectives as well as for our wider stakeholders including investors, banks and other financial intermediaries and the credit rating agencies. As such, transparency in how we operate is reflected in operating requirements outlined in our foundation documents, including the LGFA Constitution, Shareholders' Agreement and Board Charter, as well as Company policies on Continuous Disclosure, Financial Products Trading, and Protected Disclosures and Whistle Blowing.

LGFA demonstrates transparency through its annual Statement of Intent (SOI) and quarterly reporting to shareholders on its performance against the objectives set out in the SOI. In addition to financial performance, our annual report details LGFA's non-financial performance against the principles outlined in NZX Corporate Governance Code, as well as compliance in meeting the requirements of the Global Reporting Initiatives (core standards).

Environmental and social impact of lending

Development of green, social and sustainable financing option for councils

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

LGFA recognises and supports the shift to an economy that supports sustainable, social, environmental and economic wellbeing and is actively progressing facilities to provide member councils with green, social and sustainability financing for projects that promote environmental and social wellbeing in New Zealand, as well as progress the United Nations Sustainable Development Goals.

The Green, Social and Sustainability lending section in this report provides more information on LGFA's sustainable lending developments.

Health & safety and wellbeing

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

LGFA is committed to providing a safe and healthy working environment for all employees and a flexible workplace environment that promotes increasing employee engagement, productivity and enhancing recruitment and retention.

LGFA has established a Health and Safety Committee which regularly meets to review LGFA health and safety issues and reports to each Board meeting. LGFA maintains policies on health and safety, flexible working, diversity and employment which encapsulate the company's commitment to health, safety and wellbeing.

LGFA provides staff with access to professional support for general counselling services, individual case management and on-going monitoring of an employee's progress to ensure the assistance and treatment in meeting their needs

Collaboration and local engagement

- Industry sponsor – Kanganews and Taituarā
- Infrastructure funding development liaison with Crown and industry
- Regular engagement with council employees and elected officials

A core objective for LGFA is for the company to take a proactive role in enhancing the financial strength and depth of local government debt market by working with key central government and local government stakeholders on sector and individual council issues.

Contributing to capital markets development to enhance local government sector debt is a key role for LGFA and we regularly meet with key industry stakeholders, including the Reserve Bank of New Zealand, Department of Internal Affairs, Office of the Auditor General, Taituarā, Infrastructure New Zealand and New Zealand Green Investment Finance. The importance of capital investment in infrastructure has been a focus over the past year, with LGFA actively engaging with councils, central Government and investors in relation to the work being progressed on the three waters reform project.

This year, LGFA were proud to be principal sponsor for the 2021 Taituarā LGFA Local Government Excellence Awards.

Financial markets best practice and influence

- 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

Delivering operational best practice and efficiency across our issuance programme and lending services is a key objective for LGFA.

Over recent years, LGFA has invested significant resource in ongoing development of our risk management framework to reflect financial markets best practice, the objective being to ensure that our risks are managed effectively and comply with LGFA's governance and legislative requirements. Managing treasury risks is a critical component of LGFA's market operations and this year we engaged external consultants to assist in providing an independent assessment of our treasury risk management policies. The 'Managing risk' section of this report provides more information on our risk management processes.

Over the course of the reporting year, LGFA operations staff processed over 18,000 transactions with total gross cash flows in excess of $24 billion without error. Where possible, LGFA employ straight-through processing to minimise operational risk across our treasury operations. Improving our information technology control environment to mitigate emerging risks from cyber threats was another key focus over the past year, with independent consultants assisting us with external penetration testing and advice on enhancing our cyber control environment

Diversity and inclusion

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

Diversity at LGFA involves recognising and valuing the contribution that people can make because of their skills, experience, background and differing perspectives. LGFA values all employees by encouraging participation and providing opportunities for its people to succeed.

These diversity objectives are formalised in the LGFA Diversity Policy. Each year, management complete a diversity review which is reported through to the Board and, when undertaking recruitment, selection panels for interview are split by gender. The Corporate Governance section of this provides more information on diversity, including reporting diversity across staff and directors.

Capability and development

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

LGFA actively encourages professional development for directors and staff. LGFA provides funding for opportunities for professional development and membership of professional bodies and directors and staff are regular attendees at industry conferences.

Carbon footprint

- Toitū Carbonzero certification achieved in 2021.
- Increased use of meetings by video reduce need for physical travel
- Paperless office – use electronic where possible for transaction recording/record keeping.
- Physical offices – minimal impact given small size

This year, LGFA directors have committed to reducing our carbon emissions over time. Our first target is cutting per employee emissions by 30% by 2030, compared with a 2018/19 base year.

To further our commitment to sustainability, LGFA have created a new position, Head of Sustainability. A key component of this new position is to promote carbon reduction awareness across all staff, including internal discussions across the organisation on LGFA's annual carbon reduction targets. LGFA has made progress with moving to a paperless environment, achieving a 60% reduction in paper use in the three years to June 2021.

Paper use

We have achieved a

60% Reduction

over the three years to June 2021

Toitū Carbonzero Certification

Toitū Envirocare offer carbon management and carbon neutral certifications for organisations, including tools to measure, reduce and offset greenhouse gas emissions. Toitū certifications meet and exceed the requirements of ISO standards and ensure consistent and comprehensive reporting, benchmarking and management under international best practice. Toitū carbonzero certification is accredited by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ).

We are very pleased to report that LGFA has achieved Toitū carbonzero certification. The Toitū certification recognises the processes LGFA has put in place to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions. Where LGFA are unable to eliminate emissions, these are offset through the purchase of high-impact carbon credits from a Gold Standard-certified international project.

Kauri 2000

In 2021, LGFA donated $3,000 to Kauri 2000 to support their efforts in regenerating native trees in the Coromandel region.

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.

An Archimedes screw pump, installed in the Lower Waikato catchment. The first of its kind in NZ and allows for safe passage of native fish and eels through our flood infrastructure.

Waikato Regional Council

Green, social and sustainability lending

Ko te tuku pūtea taurewa mā te taiao, mā te hapori, 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 for councils and supports New Zealand's shift to a low-carbon economy.

As a council-controlled organisation under the Local Government Act 2002, LGFA is required to demonstrate social and environmental responsibility. Through its lending to its councils, LGFA acknowledges the importance of providing green, social or sustainability finance to its councils by financing projects that promote environmental and social wellbeing in New Zealand and progress the United Nations Sustainable Development Goals (UN SDGs) and which fund eligible 'green' and/or 'social projects under the principals, guidelines and standards noted below.

In our 2020 Annual Report, LGFA outlined that the development of its green, social and sustainability (GSS) lending programme to councils was underway. We are currently finalising the processes councils will follow in order to apply for Green, Social and Sustainable Loans (GSS Loans) from LGFA. We anticipate that LGFA will launch its GSS lending programme in the 2021/22 year following consultations with councils.

LGFA is also progressing work on the Sustainability Bond Framework (Framework) under which LGFA intends to issue and manage sustainable debt products. The Framework, built in compliance with market guidelines, adopts the following four key pillars:

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds; and
- Transparency and Reporting.

LGFA will not initially look to issue GSS bonds from the Framework, preferring to build a portfolio of GSS loans to councils, then retrospectively consider issuing bonds under a GSS banner into the debt capital markets.

The Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDG), which were adopted in 2015 by 193 countries including New Zealand, comprise 17 goals and 169 targets.

As part of our commitment to sustainability, LGFA will look to finance or refinance, indirectly via councils, projects and assets that deliver positive environmental and social outcomes and align with, and contribute towards meeting, the UN SDGs.

LGFA intends to offer GSS Loans across ten green project categories and six social project categories based on the International Capital Markets Association (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG) as well as other evolving international principles, taxonomies, standards and market practice. ICMA has mapped its GBP and SBP to the UN SDGs to provide a broad frame of reference by which parties can evaluate the financing objectives of a green bond or social bond against the UN SDGs.

LGFA GSS Loan Categories

Green Project Categories (addressing environmental challenges)	**Social Project Categories** (addressing social issues for target populations)
The International Capital Markets Association (ICMA) June 2021 Green Bond Principles explicitly recognised several broad categories of eligibility for Green Projects, which contribute to environmental objectives such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.	The ICMA June 2021 Social Bond Principles explicitly recognise several broad categories of eligibility for Social Projects. Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s). A social issue threatens, hinders, or damages the well-being of society or a specific target population. For the avoidance of doubt, it is acknowledged that the definition of target population can vary depending on local contexts and that, in some cases, such target population(s) may also be served by addressing the general public.

The chart on the following page, while indicative, captures the most commonly used types of green projects supported, or expected to be supported by the Green Bond market. Green Projects include assets, investments and other related and supporting expenditures such as research and development that may relate to more than one category and/or environmental objective. Three environmental objectives (pollution prevention and control, biodiversity conservation and climate change adaptation) also serve as project categories in the list. As such, they refer to the projects that are more specifically designed to meet these environmental objectives.

Likewise, the chart outlines the list of social project categories and, while also indicative, captures the most commonly used types of projects supported, or expected to be supported, by the Social Bond market. Social Projects include assets, investment and other related and supporting expenditures, such as research and development that may relate to more than one category.

For each project category in the chart, the associated UN SDGs are labelled.

Green Project Categories and Mapping to UN SDGs

Energy Efficiency
SDGs 7 8 9

Green buildings
SDGs 7 11 12

Clean Transportation
SDGs 9 11

Sustainable Water and Wastewater Management
SDGs 6 14

Renewable Energy
SDGs 7 8

Pollution Prevention and Control
SDGs 11 12

Sustainable Management of Living Natural Resources and Land Use
SDGs 11 14 15

Climate Change Adaptation
SDGs 3 11 13

Terrestrial and Aquatic Biodiversity Conservation
SDGs 14 15

Circular Economy and Eco-efficient Products
SDGs 8 11 12

Social Project Categories and Mapping to UN SDGs

Basic Infrastructure – Clean Water, Sewer, Transport
SDGs 2 3 6 7 9 11 13

Access to Essential Services – Education, Healthcare
SDGs 1 2 3 4 5 8 9 10

Affordable Housing
SDGs 1 11

Employment Generation
SDGs 8 9

Food Security
SDGs 2 12

Socioeconomic Advancement and Empowerment
SDGs 1 2 4 5 8 10 11 14 15

United Nations' Sustainable Development Goals

The Ōtakaro Avon River was named one of the most improved waterways in New Zealand recently.
Environment Canterbury

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 2021. 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.	LGFA's process for director appointments to the board is governed by its Constitution, the process for which is outlined on page 48
An issuer should have a remuneration committee which operates under a written charter.	Director remuneration is determined by an Ordinary Resolution of shareholders and executive remuneration is determined by the board, the process for which is outlined on page 51

The following governance documents referred to in this section are available on the LGFA website: 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
- LGFA Foundation Polices

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 and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.

Impartiality and transparency in governance and administration are essential to maintaining the integrity of LGFA. Accordingly, the Conflicts of Interest Policy provides guidance to directors and employees in relation to actual and potential conflicts of interest, including specific guidance on 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 maintain high standards of integrity and conduct by clearly setting out standards for expected behaviour. In addition, the policy sets out LGFA's commitment to employees to act in a fair and reasonable manner, while providing a fair and safe working environment.

Protected Disclosures and Whistle Blowing

The LGFA Protected Disclosures and Whistle Blowing Policy outlines 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

The LGFA Financial Products Trading Policy, which applies to directors, employees and contractors, details the policy and rules for dealing in listed debt securities issued by LGFA and any other LGFA quoted financial products.

Principle 2

Board composition and performance

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

LGFA Board Charter

The LGFA Board Charter sets out the roles and responsibilities of the LGFA Board. The Charter states that role of the Board is to ensure that 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;
- 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; and
- engaging and communicating with shareholders.

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 2021

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 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.

Mike Timmer

Non-Independent Director

CA, BBS, BAgrSci, INFINZ (Cert), M.Inst.D

Non-Independent Director

CA, BBS, BAgrSci, 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 at 30 June 2021 was Treasurer at the Greater Wellington Regional Council. He is an independent member Whanganui District Council Audit and Risk Committee and past Deputy Chair of the LGFA Shareholders Council.

Linda Robertson

Independent Director

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

Linda is professional company director with over 20 years governance experience, combined with 30 years senior financial management experience having worked in both the banking and energy sectors in New Zealand.

Linda holds a Bachelor of Commerce Degree and a Diploma in Banking. Linda is a Certified Treasury Professional, a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Graduate Member of the Australian Institute of Company Directors, a Certified Fellow of the Institute of Directors in New Zealand and a Fellow of Governance NZ.

Linda is currently chair of Crown Irrigation Investments, Central Lakes Trust and Central Otago District Council's Audit and Risk Committee. She is a director of Kiwi Wealth, Dunedin City Holdings and Alpine Energy. Linda is also a member of the Capital Markets Advisory Committee and the Risk and Audit Committee of The Treasury.

Anthony Quirk

Independent Director

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

Anthony is an experienced financial services sector professional with over thirty years executive experience in the sector. 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.

Director

Craig Stobo (Chair)

Director
AIG Insurance NZ Limited
Appello Services Limited
Precinct Properties New Zealand Limited

Director/Shareholder
Biomarine Group Limited
Elevation Capital Management Limited
Legend Terrace Limited
Saturn Portfolio Management Limited
SouthWest Trustees Limited

Managing Director/Shareholder
Stobo Group Limited

John Avery

Trustee
Royal New Zealand Ballet

Philip Cory-Wright

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

Anthony Quirk

Non-Executive Director/Shareholder
Milford Asset Management Limited (and associated subsidiaries)

Chair
Humanitix, New Zealand
Milford Foundation

Linda Robertson

Chair
Central Lakes Trust and associated subsidiary
Central Otago District Council, Audit & Risk Committee
Crown Irrigation Investments Limited

Director
Alpine Energy Limited
Central Lakes Direct Limited
Dunedin City Holdings Limited
Dunedin City Treasury Limited
Dunedin Railways Limited
Dunedin Stadium Property Limited

Member
Office of the Auditor-General and Audit New Zealand, Audit and Risk Committee
The Treasury, Capital Markets Advisory Committee
The Treasury, Risk and Audit Committee

Mike Timmer

Member
Whanganui District Council Risk & Audit Committee

Staff

Mark Butcher

Chair
New Plymouth PIF Guardians Limited
Waikato-Tainui Group Investment Committee

Member
Guardians of New Zealand Superannuation, Nominating Committee

Neil Bain

Chair
Central Hawkes Bay District Council, Audit & Risk Committee

Directors did not hold any interests in debt securities (including listed bonds) in the company as at 30 June 2021.

Nomination of Directors

Director nominations can only be made by a shareholder by written notice to LGFA and the 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, but can offer themselves for 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 and meetings of the Board

Director	Date commenced in office	Board meetings held/attended	Audit and Risk Committee held/ attended
Craig Stobo (Chair)	1 December 2011	7/7	N/A
John Avery	1 December 2011	7/7	N/A
Philip Cory-Wright	1 December 2011	7/7	4/4
Anthony Quirk	21 November 2017	7/7	4/4
Linda Robertson	24 November 2015	7/7	4/4
Mike Timmer	24 November 2015	7/7	4/4

Board performance review

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

Director and staff capability

LGFA is committed to ongoing education and 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.

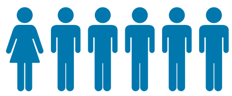
Diversity

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

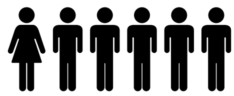
LGFA has formally adopted a Diversity Policy which applies to both LGFA employees and directors. Diversity and inclusiveness at LGFA involves recognising the value of individual differences and managing them in the workplace. Diversity in this context covers gender, age, ethnicity, cultural background,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

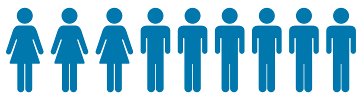


2021
Female 1, Male 5

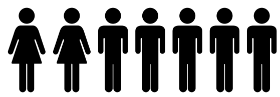


2020
Female 1, Male 5

Gender diversity of employees



2021
Female 3, Male 6



2020
Female 2, Male 5

Indemnities and insurance

Under LGFA's constitution, LGFA indemnifies 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 the company. 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 its own Charter which states that the purpose of the 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. The Committee assists the Board to fulfil its duties by considering, reviewing and monitoring:

- Risk management framework and processes;
- Internal control environment and mechanisms;
- Operations and effectiveness of the internal audit function;
- Preparation and audit of financial statements;
- Integrity of performance information, including financial reporting;
- 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

Principle 4
Reporting and disclosure

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

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 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 has been prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option).

Principle 5

Remuneration

The remuneration of directors and 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 is used periodically 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	2021	2020
Board Chair	$102,000	$102,000
Audit and Risk Committee Chair	$63,000	$63,000
Director / ARC Member	$59,000	$59,000
Director	$57,000	$57,000

Director	2021
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
Total	399,000

The remuneration of the CEO is determined by the Board and is reviewed annually taking into consideration the scope and complexity of the position with reference to the remuneration of CEOs of similar organisations. A specialist independent adviser is used periodically to ensure the remuneration is appropriate.

The CEO remuneration package comprises a fixed cash component of $556,200 per annum as at 30 June 2021 ($530,000, 2020) 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

Per annum	2021	2020
Salary	$556,200	$530,000
Taxable benefits	-	-
Subtotal	$556,200	$530,000
Pay for Performance STI	$83,430	$79,500
Kiwisaver Employer Contribution	$25,400	$24,000
Total remuneration	$665,030	$609,500

Staff remuneration

Total remuneration	2021
$150,000 to $159,999	1
$190,000 to $199,999	1
$210,000 to $219,999	1
$320,000 to $329,999	1
$330,000 to $339,999	1
$660,000 to $669,999	1
Total staff receiving $100,000 or more	6

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 its 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;
- 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 considers should be discussed privately.

Health and safety

LGFA is committed to a safe and healthy work environment and has 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.

Principle 7
Auditors

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

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 constructive 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 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 2021

- 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
- Debbie Hyland, Bay of Plenty Regional Council
- Martin Read, Wellington City Council
- Mike Drummond, Tasman District Council
- Miles McConway, 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 for managing the company's exposure to business and treasury risks arising from its business operations of 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 manage risks 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, within 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 approved by the Board and Audit and Risk Committee.
- LGFA management implements policies and controls to ensure that all relevant risks are identified, monitored, measured and managed effectively.
- 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.

LGFA adopts the three lines of defence model to ensure that essential risk management functions adopt a systematic approach that reflects industry best practice:

- The first line of defence establishes risk ownership within the company and is represented by its operational risk and control processes. LGFA managers are responsible for identifying controls, maintaining effective controls and mitigating risks.
- The second line of defence ensures that the operational risk and control processes are actively and appropriately managed by processes such as the regular review of risk reports and compliance monitoring against the risk management framework.
- The third line of defence is the independent assurance 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;
- Assesses the likelihood and potential impact of the inherent risks on the business;
- Describes the internal control framework and management processes for managing and mitigating the identified inherent risks;
- Provides commentary on internal audit coverage of the identified inherent risks; and
- Provides an overall inherent and residual risk assessment and compares these to approved risk appetite settings.

The risk register is reviewed monthly 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 member councils. 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.

LGFA's risk management uses an approved risk identification and assessment framework to actively monitor and manage all treasury and financial risks by applying 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 which are to:

- Effectively manage treasury risks, within approved compliance limits, to protect LGFA's capital position and Net Interest Margin over time.
- Fund member councils in the most cost-effective manner and in accordance with LGFA's operating principles, values and objectives.
- 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 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 is the potential inability to meet financial obligations when they become due, under normal or abnormal/ stressed operating conditions.

Liquidity risk is managed using a forecast 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 a 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.

VaR is measured 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 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 limits are determined as a function of the term of investment, liquidity and credit quality of the counterparty (as measured by a recognised 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 the New Zealand domestic currency.

Foreign exchange risk would be managed through a requirement to fully hedge back to floating rate New Zealand dollar 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 arising from human error, fraud, negligent behaviour, system failures and inadequate procedures and controls.

Operational risk is managed using internal controls and procedures across 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 associated with the instrument.

Lending risk

Lending risk is the risk of financial loss that could occur from lending funds to councils or council-controlled organisations.

LGFA provides debt funding to New Zealand local government councils and council-controlled organisations, subject to board approval.

The LGFA Board have ultimate discretion on approving member councils or Council controlled organisations which LGFA can then lend to.

All member councils and council controlled organisations 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.

Where LGFA is the only lender to a council-controlled organisation, a general security arrangement (GSA) might be used in place of a debenture security.

- Are required to become a party to a deed of guarantee and an equity commitment deed if the principal amount of their borrowings is at any time equal to, or greater than, NZD 20 million.
- 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 borrowers or borrowers 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.
  - Borrowers 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 member 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.
- 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.

Financial covenant	Lending policy covenants Unrated councils	Foundation policy covenants Rated councils
Net debt/ total revenue	<175%	<280%
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% applied. 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.

- *Net debt* is defined as total consolidated debt less liquid financial assets and investments.
- *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 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.
- *Liquidity* is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

Financial statements

Nga taukī pūtea

Statement of comprehensive income

For the year ended ended 30 June 2021 in $000s

	Note	2021	2020
Interest income		377,222	370,220
Interest expense		357,685	351,941
Net interest income	**4**	**19,537**	**18,279**
Other operating income	5	184	-
Total operating income		**19,721**	**18,279**
Operating expenses	6	7,714	7,657
Net operating profit		**12,007**	**10,623**
Total comprehensive income		**12,007**	**10,623**

Statement of changes in equity

For the year ended 30 June 2021 in $000s

	Note	Share capital	Retained earnings	Total equity
Equity as at 30 June 2019		25,000	49,149	74,149
Net operating profit			10,623	10,623
Total comprehensive income for the year			10,623	10,623
Dividend paid on 6 September 2019			(1,155)	(1,155)
Equity as at 30 June 2020		**25,000**	**58,616**	**83,616**
Net operating profit			12,007	12,007
Total comprehensive income for the year			12,007	12,007
Dividend paid on 4 September 2020			(879)	(879)
Equity as at 30 June 2021	**28**	**25,000**	**69,744**	**94,744**

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 30 August 2021.

Craig Stobo, Director
Board Chair

Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of financial position

As at 30 June 2021 in $000s

	Note	2021	2020
Assets			
Financial assets			
Receivables	11	43,587	-
Cash and bank balances		391,835	165,826
Marketable securities		768,453	589,124
Deposits		654,961	499,824
Derivatives in gain	10	559,635	1,018,775
Loans	12	12,065,668	10,899,756
Non-financial assets			
Prepayments		683	642
Other assets	13	345	419
Total assets		**14,485,167**	**13,174,365**
Equity			
Share capital	27	25,000	25,000
Retained earnings		69,744	58,616
Total equity		**94,744**	**83,616**
Liabilities			
Financial liabilities			
Payables and provisions	14	40,900	705
Bills	15	609,624	647,021
Bond repurchases	16	110,220	202,755
Derivatives in loss	10	187,098	19,075
Bonds	17	13,217,759	12,038,468
Borrower notes	18	224,281	182,272
Non-financial liabilities			
Other liabilities	19	539	453
Total liabilities		**14,390,422**	**13,090,748**
Total equity and liabilities		**14,485,167**	**13,174,365**

Statement of cash flows

For the year ended 30 June 2021 in $000s

	Note	2021	2020
Cash Flow from Operating Activities			
Cash applied to loans	12	(1,127,002)	(1,556,491)
Interest paid on bonds issued		(437,257)	(381,666)
Interest paid on bills issued		(2,100)	(6,609)
Interest paid on borrower notes		(3,918)	(745)
Interest paid on bond repurchases		(674)	(333)
Interest received from loans		153,340	223,829
Interest received from cash & cash equivalents		909	372
Interest received from marketable securities		12,059	6,729
Interest received from deposits		6,555	5,713
Net interest on derivatives		288,127	171,367
Cash proceeds from provision of standby facilities		184	
Payments to suppliers and employees		(7,470)	(7,452)
Net cash flow from operating activities	**31**	**(1,117,249)**	**(1,545,287)**
Cashflow from Investing Activities			
Purchase of marketable securities		(194,125)	(335,676)
Purchase of deposits		(155,612)	(362,980)
Net Cashflow from Investing Activities		**(349,737)**	**(698,656)**
Cashflow from Financing Activities			
Cash proceeds from bonds issued	17	1,951,673	2,146,925
Cash proceeds from bills issued		(37,397)	143,773
Cash proceeds from bond repurchases		(134,838)	177,874
Cash proceeds from borrower notes		42,760	(24,066)
Dividends paid		(878)	(1,155)
Cash applied to derivatives		(128,326)	(89,782)
Net Cashflow from Financing Activities		**1,692,994**	**2,353,570**
Net (Decrease) / Increase in Cash		226,009	109,627
Cash, Cash Equivalents and Bank overdraft at beginning of year		165,826	56,198
Cash, Cash Equivalents and Bank overdraft at end of year		**391,835**	**165,826**

Notes to the financial statements

1. 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 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 borrowers.

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 2021.

These financial statements were authorised for issue by the Directors on 30 August 2021.

2. 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).

3. 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

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

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.

Other assets

Property, plant and equipment

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.

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.

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.

Segment reporting

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

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.

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 as at 30 June 2021 include estimates and judgements of the potential impact of COVID-19 and the Three Waters Reform Programme 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, as well as the outcome of Three Waters Reform Programme on the local government sector.

Revenue and expenditure

4. Net interest income

For the year ended ended 30 June in $000s	2021	2020
Interest income		
Cash and cash equivalents	922	394
Marketable securities	4,181	4,462
Deposits	6,080	6,341
Derivatives	212,759	152,621
Loans	153,280	206,402
Fair value hedge ineffectiveness	-	-
Total interest income	**377,222**	**370,220**
Interest expense		
Bills	2,100	6,632
Bond repurchase transactions	398	590
Lease liability	13	22
Bonds	353,005	341,783
Borrower notes	2,168	2,914
Total interest expense	**357,685**	**351,941**
Net interest income	**19,537**	**18,279**

5. Other operating income

As at 30 June 2021, LGFA had committed to provide credit standby facilities totalling $515 million to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

For the year ended 30 June in $000s	2021	2020
Standby facilities fee income	184	-
Total other operating income	**184**	**-**

6. Operating expenses

For the year ended 30 June in $000s	2021	2020
Issuance and on-lending expenses		
Approved issuer levy [1]	1,055	1,396
Rating agency fees	633	609
NZDM facility fee	567	650
Legal fees - issuance	477	499
NZX	637	559
Trustee fees	100	100
Regulatory, registry, other fees	207	157
	3,676	**3,971**
Other operating expenses		
Information technology	725	689
Consultants	152	127
Directors fees	399	399
Insurance	85	78
Legal fees	185	139
Other expenses	355	354
Auditors' remuneration		
Statutory audit	108	103
Advisory services	-	-
Personnel	2,030	1,798
	4,038	**3,685**
Total operating expenses	**7,714**	**7,656**

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

Financial instruments

7. Financial instruments accounting policy

Financial instruments are 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.

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.

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.

Leases

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.

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 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 2021 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
Financial assets				
Cash and bank balances	-	391,835	-	391,835
Trade and other receivables	-	43,587	-	43,587
Marketable securities	-	768,453	-	777,789
Deposits	-	654,961	-	655,891
Derivatives	-	-	559,635	559,635
Loans	-	12,065,668	-	12,427,742
	-	**13,924,504**	**559,635**	**14,856,478**
Financial liabilities				
Payables and provisions	40,900	-	-	40,900
Bills	609,624	-	-	609,632
Bond repurchases	110,220	-	-	110,220
Derivatives	-	-	187,098	187,098
Bonds	13,217,759	-	-	13,469,218
Borrower notes	224,281	-	-	227,336
	14,202,785	**-**	**187,098**	**14,644,404**

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
Financial assets				
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 to local government	-	10,899,756	-	12,713,917
	-	**12,154,529**	**1,018,775**	**14,991,758**
Financial liabilities				
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**

8. Derivative 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.

9. 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, loans and marketable securities.

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.

As at 30 June in $000s	2021 Gain/(loss)	2020 Gain/(loss)
Hedging instruments – interest rate swaps	(680,122)	319,032
Hedged items attributable to the hedged risk	680,122	(319,032)
Ineffectiveness recognised in profit or loss from fair value hedges	**-**	**-**

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds, loans or marketable securities) 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.

10. 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 2021 in $000s	Derivative assets	Derivative liabilities
Gross amounts	559,635	187,098
Amounts offset	-	-
Carrying amounts	559,635	187,098
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(187,098)	(187,098)
Collateral	-	-
Net amount	**372,536**	**-**

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	-	-
Net amount	**999,700**	**-**

11. Receivables

As at 30 June in $000s	2021	2020
Unsettled bond repurchases	42,578	-
Unsettled borrower notes	1,000	-
Trade debtors	9	-
Total receivables	**43,587**	**-**

12 Loans

As at 30 June in $000s	2021 Short-term loans	2021 Loans	2020 Short-term loans	2020 Loans
Ashburton District Council	10,011	60,723	10,001	32,279
Auckland Council	-	3,303,915	-	2,766,155
Bay of Plenty Regional Council	25,428	155,995	-	192,077
Buller District Council	-	20,005	-	20,005
Canterbury Regional Council	4,003	59,133	6,002	48,129
Central Hawkes Bay District Council	-	20,107	-	20,107
Christchurch City Council	14,533	1,951,017	25,094	1,904,271
Clutha District Council	2,004	16,042	2,003	7,030
Far North District Council	-	51,702	10,001	46,686
Gisborne District Council	-	68,774	-	58,754
Gore District Council	6,011	26,563	6,004	16,538
Greater Wellington Regional Council	-	450,945	-	425,877
Grey District Council	3,995	21,642	3,967	15,196
Hamilton City Council	-	481,019	-	481,064
Hastings District Council	-	205,357	-	150,335
Hauraki District Council	-	44,101	-	44,102
Hawkes Bay Regional Council	-	18,868	-	2,507
Horizons Regional Council	11,991	37,194	6,987	37,199
Horowhenua District Council	16,000	92,178	16,003	90,618
Hurunui District Council	8,002	30,062	8,005	30,065
Hutt City Council	-	201,225	-	216,523
Invercargill City Council	-	68,666	25,013	65,165
Kaikoura District Council	-	5,014	4,007	3,008
Kaipara District Council	-	44,088	-	44,089
Kapiti Coast District Council	-	230,366	-	210,353
Manawatu District Council	11,522	72,681	11,519	65,669
Marlborough District Council	30,226	73,136	27,224	73,157
Masterton District Council	-	48,609	-	51,215
Matamata-Piako District Council	-	26,567	-	26,561
Nelson City Council	-	90,146	-	75,118
New Plymouth District Council	-	169,999	-	139,939
Northland Regional Council	-	14,147	-	9,729
Opotiki District Council	-	8,600	-	8,620
Otorohanga District Council	-	-	-	3,035

12 Loans (cont)

As at 30 June in $000s	2021 Short-term loans	2021 Loans	2020 Short-term loans	2020 Loans
Palmerston North City Council	-	152,314	-	137,267
Porirua City Council	-	141,794	-	131,787
Queenstown Lakes District Council	25,030	130,333	20,027	95,525
Rangitikei District Council	-	3,020	-	3,020
Rotorua District Council	12,823	215,034	22,855	195,105
Ruapehu District Council	8,005	21,474	8,005	17,061
Selwyn District Council	-	60,129	-	35,092
South Taranaki District Council	-	95,210	-	101,232
South Waikato District Council	8,987	15,030	-	-
South Wairarapa District Council	-	24,520	-	22,018
Stratford District Council	-	22,271	-	15,571
Taranaki Regional Council	4,999	-	3,992	-
Tararua District Council	-	44,100	2,006	33,080
Tasman District Council	27,037	152,035	31,143	177,039
Taupo District Council	-	125,177	-	115,177
Tauranga City Council	-	516,688	-	526,768
Thames-Coromandel District Council	-	61,145	-	61,147
Timaru District Council	22,529	117,181	22,577	67,203
Upper Hutt City Council	-	65,153	2,993	46,108
Waikato District Council	-	80,189	-	95,222
Waikato Regional Council	-	32,082	-	32,085
Waimakariri District Council	-	170,506	-	160,550
Waipa District Council	8,000	90,123	13,503	40,053
Wairoa District Council	-	8,041	-	9,045
Waitaki District Council	2,498	12,523	-	-
Waitomo District Council	4,003	30,045	7,022	30,044
Wellington City Council	-	792,505	-	635,684
West Coast Regional Council	2,001	6,610	2,001	6,610
Western Bay Of Plenty District Council	-	70,154	-	90,212
Westland District Council	-	21,858	-	19,652
Whakatane District Council	-	77,203	-	67,178
Whanganui District Council	7,507	94,289	7,510	94,290
Whangarei District Council	9,993	162,296	9,992	142,301
Fair value hedge adjustment	-	(1,091)	-	-
	287,140	**11,778,528**	**315,456**	**10,584,299**

13. Other assets

As at 30 June in $000s	2021	2020
Intangible assets[1]	154	306
Right-of-use lease asset	190	113
Total other assets	**345**	**419**

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

14 Payables and provisions

As at 30 June in $000s	2021	2020
Unsettled loans	40,000	-
Trade creditors	658	561
Credit provision	193	132
Other provisions	49	13
Total payables and provisions	**40,900**	**705**

15. Bills

As at 30 June 2021 in $000's	Face value	Unamortised premium	Accrued interest	Total
7 July 2021	20,000	(1)	-	19,999
15 July 2021	110,000	(13)	-	109,987
5 August 2021	25,000	(8)	-	24,992
11 August 2021	80,000	(29)	-	79,971
10 September 2021	75,000	(46)	-	74,954
17 September 2021	150,000	(95)	-	149,905
6 October 2021	20,000	(20)	-	19,980
14 October 2021	55,000	(57)	-	54,943
10 November 2021	50,000	(73)	-	49,927
8 December 2021	25,000	(34)	-	24,966
	610,000	**(376)**	**-**	**609,624**

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
	647,500	**(479)**	**-**	**647,021**

16. Treasury stock and bond repurchases

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 2021, $1,000 million of LFGA 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 2021, bond repurchase transactions comprised:

As at 30 June in $000s	2021	2020
15 May 2021	-	25,970
14 April 2022	-	25,196
15 April 2023	32,887	27,670
15 April 2024	-	25,139
15 April 2025	-	22,135
15 April 2026	-	-
15 April 2027	-	31,145
20 April 2029	33,810	22,899
14 April 2033	38,957	22,600
15 April 2037	4,566	-
	110,220	**202,755**

17. Bonds

Bonds on issue do not include $1,000 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 16: Treasury stock and bond repurchase transactions.

As at 30 June 2021 in $000's	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Fixed interest bonds					
14 April 2022	1,605,000	15,527	9,406		
15 April 2023	1,660,000	46,296	19,208		
15 April 2024	1,528,000	17,466	7,233		
15 April 2025	1,469,000	(20,190)	8,499		
15 April 2026	1,240,000	6,911	3,913		
15 April 2027	1,486,000	82,140	14,068		
20 April 2029	1,172,000	(10,512)	3,458		
15 May 2031	650,000	(4,966)	1,868		
14 April 2033	1,170,000	37,817	8,727		
15 April 2037	700,000	(8,443)	2,945		
Total fixed interest	**12,680,000**	**162,045**	**79,326**	**166,138**	**13,087,509**
Floating rate notes					
14 October 2022	130,000	(33)	283	-	130,250
Total	**12,810,000**	**162,012**	**79,610**	**166,138**	**13,217,759**

As at 30 June 2020 in $000's	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Fixed interest bonds					
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		
Total fixed interest	**10,860,000**	**118,524**	**75,309**	**854,268**	**11,908,100**
Floating rate notes					
14 October 2022	130,000	(58)	426	-	130,368
Total	**10,990,000**	**118,465**	**75,735**	**854,268**	**12,038,468**

18. 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 a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 2.5% for loans issued from 1 July 2020. Prior to this date, the fixed percentage was 1.6%.

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.

19. Other liabilities

As at 30 June in $000s	Year ended 2021	Year ended 2020
Lease liability	190	113
Accruals	349	340
Total receivables	**539**	**453**

20. Operating leases

As at 30 June in $000s	2021	2020
Less than one year	111	70
Between one and five years	79	43
Total non-cancellable operating leases	**190**	**113**

Risk management

21. 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.

22. 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.

23. 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 2021 in $000s	Face value	Less than 6 months	6 months - 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	391,835	391,835	-	-	-	-
Marketable securities	765,762	317,070	50,272	182,261	216,159	-
Deposits	654,331	509,331	145,000	-	-	-
Loans	11,999,282	10,252,377	138,782	252,500	606,100	749,523
Financial liabilities						
Bills	(610,000)	(610,000)	-	-	-	-
Bond repurchases	(67,640)	(67,640)	-	-	-	-
Derivatives	-	(10,924,750)	1,448,000	1,463,750	3,486,000	4,527,000
Bonds	(12,810,000)	(130,000)	(1,605,000)	(1,660,000)	(4,237,000)	(5,178,000)
Borrower notes	(212,750)	(180,164)	(1,982)	(4,406)	(11,382)	(14,815)
Total	**110,820**	**(441,941)**	**175,071**	**234,105**	**59,877**	**83,708**

As at 30 June 2021 in $000s	Face value	Less than 6 months	6 months - 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
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
Financial liabilities						
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)
Total	100,157	(450,397)	299,263	79,061	161,358	10,872

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	2021		2020	
	100 bps increase $000s	100 bps decrease $000s	100 bps increase $000s	100 bps decrease $000s
Fair value sensitivity analysis				
Fixed rate assets	-	-	-	-
Fixed rate liabilities	558,172	(571,857)	484,492	(493,186)
Derivative financial instruments	(557,130)	570,782	(483,279)	491,932
	1,042	**(1,075)**	**1,213**	**(1,254)**
Cash flow sensitivity analysis				
Variable rate assets	100,661	(100,661)	89,636	(89,636)
Variable rate liabilities	(3,093)	3,093	(2,712)	2,712
Derivative financial instruments	(105,568)	105,568	(93,608)	93,608
	(7,999)	**7,999**	**(6,684)**	**6,684**

24. 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 or counterparties that meet a minimum credit rating of A (S&P Global Ratings 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 2021 in $000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter-parties	Fair Value hedge adjustment	Total carrying value
Financial assets						
Cash and bank balances	388,960	-	2,875	-	-	391,836
Trade and other receivables	-	1,000	42,578	9	-	43,587
Marketable securities	-	14,006	159,250	602,115	(6,917)	768,453
Deposits	-	-	524,839	130,122	-	654,961
Derivatives	372,536	-	-	-	-	372,536
Loans	-	12,066,760	-	-	(1,091)	12,065,668
	761,497	**12,081,765**	**729,542**	**732,246**	**(8,008)**	**14,297,042**

As at 30 June 2020 in $000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter-parties	Fair Value hedge adjustment	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
	1,288,385	**10,951,937**	**550,406**	**363,501**	**-**	**13,154,229**

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.

25. 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 2021, the undrawn committed liquidity facility was $500 million (2020: $700 million). The facility is due to expire in December 2031.

26. Contractual cash flows of financial instruments.

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

As at 30 June 2021 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
Financial assets							
Cash and bank balances	391,835	-	-	-	-	391,835	391,835
Trade and other receivables	43,587	-	-	-	-	43,587	43,587
Marketable securities	-	157,779	119,844	515,213	-	792,836	768,453
Deposits	-	249,627	407,175	-	-	656,802	654,961
Loans	-	194,635	1,675,752	6,285,605	4,573,829	12,729,822	12,065,668
Financial liabilities							
Payables and provisions	40,900	-	-	-	-	40,900	40,900
Bills	-	(460,000)	(150,000)	-	-	(610,000)	(609,624)
Bond repurchases	-	(110,222)	-	-	-	(110,222)	(110,220)
Bonds	-	(331)	(1,988,835)	(6,999,417)	(5,811,385)	(14,799,968)	(13,217,759)
Borrower notes	-	(782)	(23,588)	(112,839)	(97,506)	(234,715)	(224,281)
Derivatives	-	(23,311)	266,446	574,114	351,867	1,169,116	372,536
	476,322	**7,395**	**306,794**	**262,676**	**(983,195)**	**69,992**	**176,056**

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
Financial assets							
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
Financial liabilities							
Payables and provisions	(705)	-	-	-	-	(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
	165,121	**52,258**	**512,953**	**257,766**	**(950,898)**	**37,199**	**83,008**

Capital and dividends

27. Share capital

As at 30 June 2021, 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.

28. Shareholder information

Registered holders of equity securities as at 30 June	2021		2020	
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%
	45,000,000	**100%**	**45,000,000**	**100%**

29. 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.

30. Dividend

LGFA paid a dividend of $878,500 on 4 September 2020, being $0.03514 per paid up share (2019: $1,285,000 on 6 September 2019, being $0.0462 per paid up share).

Other Notes

31. Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June in $000s	2021	2020
Net profit/(loss) for the period	12,007	10,623
Cash applied to loans	(1,127,002)	(1,556,511)
Non-cash adjustments		
Amortisation and depreciation	(2,347)	528
Working capital movements		
Net change in trade debtors and receivables	105	87
Net change in prepayments	(41)	(72)
Net change in accruals	29	58
Net Cash From Operating Activities	**(1,117,249)**	**(1,545,287)**

32. Capital commitments

As at 30 June 2021, there are no capital commitments.

33. Contingencies

There are no contingent liabilities at balance date.

34. Related parties

Identity of related parties

LGFA is related to the local authorities set out in the Shareholder Information in note 28.

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 borrowers.

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 borrowers. The lending to individual councils is disclosed in note 12, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers Refer note 18.

As at 30 June 2021, Mike Timmer was a non-independent director of LGFA and was also employed by Greater Wellington Regional Council (GWRC) as Treasurer. GWRC borrowed from LGFA during the financial year on the same terms and conditions as any other council borrower.

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

Key management personnel:

Salaries $989,100 (2020: $951,900)

Fees paid to directors are disclosed in operating expenses in Note 6.

35. Subsequent events

On 24 August 2021, the Directors of LGFA declared a dividend of $856,500 ($0.03426 per paid up share).

COVID-19 pandemic update. On 17 August 2021, New Zealand moved to Alert Level 4. LGFA has processes in place to manage the day-to-day impacts and the changing risk levels within each lockdown Alert Level. Management have considered the implications of COVID-19 on all aspects of our business and note there no events which require adjustment to or disclosure in these financial statements.

Subsequent to balance date, LGFA has issued $485 million in bonds.

KPMG

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 2021

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 59 to 82, that comprise the statement of financial position as at 30 June 2021, 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 15.

In our opinion:

- the financial statements of the company on pages 59 to 82:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; 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 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 15 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 2021.

Our audit was completed on 30 August 2021. 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 $110 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
Existence and impairment of loans	
Refer to Note 12 to the Financial Statements. 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.	Our audit procedures included: - understanding the processes in place to assess borrowers and to record loan transactions. This included evaluating the control environment in place at LGFA. - agreeing the 30 June 2021 loan balances to external confirmations received from NZ Clear. - assessing the borrowers' compliance with financial covenants. We did not identify any material differences in relation to the existence or impairment of loans.
Application of hedge accounting	
Refer to Note 9 of the Financial Statements. 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. Due to the size of the derivative positions and the complexity of hedge accounting we consider this to be a key audit matter.	Our audit procedures included: - reviewing LGFA's accounting policies related to financial instruments. - agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty. - using our treasury valuation specialists we independently recalculated the fair value of all of the derivatives recorded by LGFA. - 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. - determining that management's hedge effectiveness calculations were correctly performed using appropriate source information. We did not identify any material differences in relation to the application of hedge accounting.

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.

KPMG

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, 16 to 58 and 87 to 91, 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

Other disclosures

He whākitanga anō

Donations

A donation of $3,000 was made to Kauri 2000 for the year ended 30 June 2021.

Earnings per security

Earnings per $1,000 of bonds on issue as at 30 June 2021 is $0.87 (2020: $0.90).

Net Tangible Assets

Net tangible assets per $1,000 of listed bonds as at 30 June 2021 is $6.86 (2020: $7.09).

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	426	45.61	$ 10,381,000	0.08
50,000 to 99,999	187	20.02	$13,111,000	0.1
100,000 to 499,999	212	22.7	$42,439,000	0.31
500,000 to 999,999	25	2.68	$17,352,000	0.13
1,000,000 to 9,999,999,999,999	84	8.99	$13,596,717,000	99.39
Total	**934**	**100.0**	**$13,680,000,000**	**100.01**

GRI Index

Tāpiritanga GRI

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

This is the second 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 16
102-2. Activities, brands, products and services	Pages 16-27
102-3. Location of headquarters	Page 91
102-4. Location of operations	Page 91
102-5. Ownership and legal form	Pages 16,62
102-6. Markets served	Pages 4-6, 10-15, 16-27, New Zealand
102-7. Scale of the organisation	Pages 4-6, 16-32, 60
102-8. Information on employees and other workers	Pages 49, 51, 81
102-9. Supply chain	Pages 16-27
102-10. Significant changes to the organization and its supply chain	None
102-11. Precautionary Principle or approach	Page 40
102-12. External initiatives	Page 44
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 44-53
102-18. Overview of Governance Structure	Page 17
102-40. List of stakeholder groups	Pages 4-7, 10-15, 28-32, 53
102-41. Collective bargaining agreements	None
102-42. Identifying and selecting stakeholders	Page 34
102-43. Approach to stakeholder engagement	Pages 34-38

102-44. Key topics and concerns raised	Page 34
102-45. Entities included in the consolidated financial statements	Page 62
102-46. Defining report content and topic Boundaries	Page 34
102-47. List of material topics	Pages 34-38
102-48. Restatements of information	None
102-49. Changes in reporting	None
102-50. Reporting period	1 July 2020 to 30 June 2021
102-51. Date of most recent report	2020 Annual Report
102-52. Reporting cycle	Annual
102-53. Contact point for questions regarding the report	lgfa@lgfa.org.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 88
102-56. External assurance	None
Cost effective funding	Pages 4-6, 10-15, 28
Culture, ethics and governance	Pages 34-38, 44-53
Transparency and disclosure	Pages 4-6, 34-38, 44-53, 54-57
Environmental and social impact of lending	Pages 4-6, 34-38, 40-42
Health & safety and wellbeing	Pages 11, 14-15, 34-38, 52
Collaboration and local engagement	Pages 4-6, 12, 34-36
Financial markets best practice and influence	Pages 4-6, 10-15, 44-57
Diversity and inclusion	Pages 4-6, 49
Capability and development	Pages 4-6, 49
Carbon footprint	Pages 34-38
Health and Safety and Wellbeing	
403-1 Occupational health and safety management system	Page 52
403-9 Work-related injuries	Page 14
403-10 Work-related ill health	Page 14
Diversity and Inclusion	
405-1 Diversity of governance bodies and employees	Page 49
405-2 Ratio of basic salary and remuneration of women to men	Page 51
Capability and Development	
404-2 Programs for upgrading employee skills and transition assistance programs	Page 49

Construction of Renwick Reservoir.
Marlborough District Council

Wharf Street upgrade in the central city has transformed a one-way street to a pedestrian area with gardens and al fresco dining.
Tauranga City Council

Directory

Rārangi tauwaea

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Except Public Holidays

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Staff E-Mail Addresses

firstname.lastname@lgfa.co.nz

Wellington

Registered office

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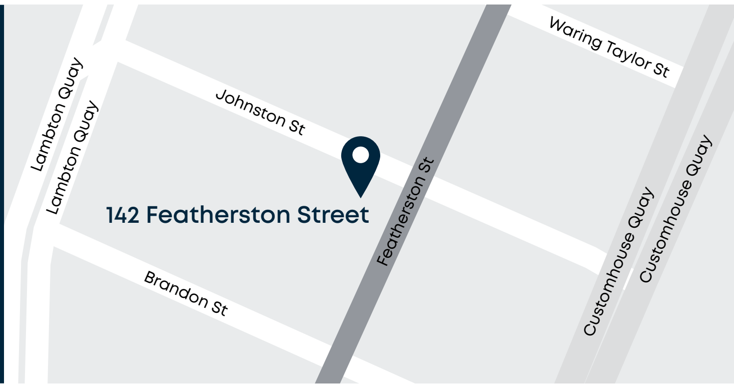


Auckland

Level 5
Walker Wayland Centre
53 Fort Street
Auckland 1010

LGFA

New Zealand Local Government Funding Agency

Te Pūtea Kāwanatanga ā-rohe

lgfa.co.nz

5.3 Operational Report – Corporate Group – September 2021

Meeting: Strategy, Planning and Development Committee

Date of meeting: 16 September 2021

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 2021.

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 2021

Operational Report – Corporate Group – September 2021

Procurement Reporting – Contracts Approved Under Delegated Authority

Business Support – Office Supplies and Cleaning Consumables Contract

MBIE recently finalised the new All of Government Office Supplies contract and released it to agencies. The timeframe required by MBIE to sign up to the new contract to ensure ongoing supply of these products did not allow Council enough time to do a tender process. The existing suppliers are providing a good service, so the contract was agreed to via a Variation to Procurement Process. The term is 3+2+2 with a final completion date of July 2028.

Value is estimated at $211,000 for stationery and $128,000 for cleaning consumables for LTP Y1.

Suppliers selected are OfficeMax for office supplies categories, and Alsco for cleaning categories.

Information Communications Technology (ICT)

ICT Operations

Security

ProMap has now been migrated to use the Single Sign On (SSO) certificate, adding additional security and reduced complexity for staff trying to access remotely.

Multi-Factor Authentication (MFA) was set up for service accounts, admin accounts and AlphaOne while a hard token solution was established for Civil Defence laptops, ensuring security without adding risk.

Improvements

Our ICT training facilitator invested significant time and effort as part of the Telephone as a Service (TaaS) project, designing and rolling out education videos for WDC staff to understand how to use Outlook calendars more effectively.

Work was undertaken following a review by our Microsoft licence partner, to review and improve the use of Microsoft Office licences. This has enabled us to initially save a significant amount of money and improve the rollout of licences to users.

Along with the continual proactive capacity management undertaken by the team, scripts have now been written, tested and are run to shrink database logs, thereby recovering space on a regular basis, and reducing call outs overnight.

Unplanned work

While the majority of ICT Operations work is, by its nature, handling unplanned work, larger items have delayed work on other initiatives.

This month the team has had to address:

- COVID-19 Level 4 lockdown took up a large amount of effort by the teams, ensuring that, along with the NorthCloud Service Desk, WDC staff could operate with as little disruption as possible. This was undertaken while the team members also sorted themselves out and handled their own pressures of home schooling and finding space to work at home.

- Assisting the CiA project with street data and issues around printing.
- Providing the Representation Review with GIS support.
- Providing Opteon with a web map and data.
- Working with LINZ to try and get conservation covenant data from them.

ICT Projects

Project	Description	Current Status	Comment
Technology One Ci to Ci Anywhere (CiA)	Next generation software upgrade of core Council system	Paused / Slowed down	• CiA Requests Online: Final testing complete. Creation of training materials and scheduling of training sessions are in progress. Dashboard configuration complete. 2021A version upgrade: Testing in progress.
Building Consent Application system	Portal for customers to lodge and track Building consents	Delivery Phase	Key staff have been trained. Go Live implementation steps have commenced, including changes to website and configuration in our Enterprise system, Tech One. Virtual meeting with industry scheduled for 31 August to demo the system. Go Live – 1 September.
Civic Centre	This project is about the logistics of moving ICT equipment from WP and FN to the new Civic Centre building. This also involves the coordination of contractors as well as ensuring the smooth transition of staff into the new building	On Track	The ICT infrastructure design is near finalised. Proof of Concept for equipment in the Trimmer meeting room was successful, but it has been requested to be rolled out wider – which needs additional networking equipment. PO raised and awaiting ETA on delivery of necessary equipment.
Digital Platform Phase 2	Migration of following websites onto the new web platform - WDC Library - WDC 'Love it Here' (business and visitor) - WDC Event portion of the 'Venues & Events' website.	Delivery phase	Library site is built. It will be released for review and edit by the library on time. Scope creep has been identified for the Destination site – LoveitHere. This is being evaluated and reviewed to see if we can accommodate within delivery timeframes.
SCATS (Traffic light Management system)	This project is to replace the SCATS server currently hosted on premise at Forum North.	On Track	Letter of engagement and short form agreement with ICT Partner has been signed. Awaiting PO to be raised by NTA - delayed due to lockdown. Resource is pencilled in for SCATS work week commencing 11 October.

SIGMA (Asset Management and GIS)		Delayed	We are in the process of completing configuration in preparation for UAT1. On target for UAT1 to commence at the end of September. Scope has been slightly altered with the inclusion of Field App and CiA Requests, to take advantage of online requests within the CiA project.
Telephony	Replacement of legacy Avaya telephony system with a modern system integrated with MS Teams and contact centre.	On Track	Contact Centre server built and being tested. End user training scheduled to commence 31 August. Staged cutover commencing 4 October. Covid Impact: Due to lockdown, we are planning an early go-live of 12 staff – scheduled for 2 September.
Symphony (Library System)	Upgrade of Library Management system	Planning	Variation to procurement has been signed-off. Negotiating delivery schedule with vendor.

Information Management (IM)

The Information Management team has joined ICT following the organisational reset and they have an existing workload and set of priorities. However, all work being undertaken by the team has hampered by the move to Level 4 lockdown. Having said that, lockdown has enabled the team to review and identify improvements in working practices and associated process and these are being prioritised for implementation.

Work is continuing planning the Archive Exit. This will be a critical piece of work going forward as we prepare to move into Whangarei’s new Civic Centre.

The team has been working with the Building department around digitisation of consents.

DigiHub

The scanner for the DigiHub has been purchased and the team is working with the vendor to get a greater understanding and improved use of the scanner and associated software.

Finance

Covid 19

With the sudden announcement to Level 4 restrictions, the team have adapted quickly to their ‘work from home’ environments. This does pose a bit of a challenge due to us being in the middle of the Annual Report and associated audit. It is anticipated that some efficiencies will be lost throughout the audit process while operating under Level 4, however we will do what we can to ensure this is kept to a minimum.

We are in the process of recruiting for two vacant roles and hope to fill these as soon as possible to enable us to continue to support the business and deliver on our legislatively driven compliance deadlines and BAU tasks.

In light of the Covid restrictions in place and the impacts this will have on our suppliers, Finance staff will increase the frequency of payment runs to assist local businesses with their cashflow.

2020-21 Annual Report

The preparation of the 2020-21 Annual Report, as well as the preparation of financial statements for Council Controlled Organisations (CCOs) is progressing well.

The final audit is currently underway with staff from Audit NZ working remotely. Audit NZ have introduced a new portal to manage the flow of information between Council staff and Audit NZ. This will be a very useful tool to help manage the process – particularly while we are working remotely.

The audit for the Hatea Art Precinct Trust (previously Whangarei Art Museum Trust) has been scheduled to begin on 20 September. The timely completion of this audit will determine Council’s ability to adopt to receive final audit clearance and adopt in October. Staff will continue to communicate and work with Audit New Zealand to achieve the best outcome we can.

2021-22 Budget

The revised budget is now out with the business for phasing. Phasing is the spreading of the budget in anticipation of when spending will occur throughout the year. The first round of forecasting will commence in September, allowing for the preparation of the full monthly financial reports for Council for the first quarter.

2021-31 Long Term Plan (LTP) Amendment

Planning and financial modelling is in progress in preparation for the impending Long Term Plan Amendment. Assumptions and options will be worked through once we have received confirmation of funding from Waka Kotahi.

SIGMA (Asset management and GIS)

The Finance team are continuing to work through financial integration and configuration with the project team.

Revenue

The Revenue team was busy in August with rates rebates, first instalment payments (third week of August sees the most payments during the year) and annual report audit queries in addition to normal workload. Customer queries resulting from the first instalment continued, however there seemed to be a higher level of dissatisfaction for the rates increase.

Property, rating and receivable transactions

There were 249 property sales in August, sales are tracking 6% higher than last year.

Water billing for July was invoiced in the second week of August due to a technical issue. The August billing was processed without the last week's readings as the meter readers are unable to work at Level 4 lockdown. We are contacting solicitors to cancel or reschedule meter readings for property sales.

Collection and recovery

At the end of August, current year's arrears were $2.6 million which is significantly higher than August 2019's $2.0 million and September 2020's $1.5 million. This is due to going into Level 4 lockdown the week that the first rates instalment is payable as there are still some customers who pay by cash or card at our offices.

We added $165,000 instalment penalties on 3,162 properties. This is 35% increase in dollars and 15% increase in number of properties over 2019 (2020 was pandemic impacted – a month later).

During the third week of August (our busiest "counter week" for rates), in 2018 there were 2,265 counter payments, and in 2019 there were 2,214. While many more customers have paid by credit card or online, those who prefer to pay in person will not be able to pay until our offices are open. We will remit any penalties added as long as they pay prompltly once lockdown restrictions are lifted.

We have already been contacted by almost 300 ratepayers who have been unable to pay the 1st instalment online. Any penalty added has been remitted and we will verify payment is made after the counter payments are permitted.

We have processed 2,200 rates rebates ($1.3 million) and have approximately 100 waiting to be processed in the office. We are hoping to collect these once we are in Level 3. At 31 August last year we had processed 2,175 ($1.2 million).

Business Support

Procurement

Major work streams in procurement in August 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 procure-ment aspects	External procurement consultant engaged June 2018	All of Council	31 Oct 18	Ongoing involvement through design and construction phases
Travel	To consider options for travel policy and management	December 2020	Business Support	Te be determined	To be determined
Parks – multiple contracts Develop procurement strategy and approach market	Parks and Garden Maintenance Street Trees Maintenance Tracks and Walkways Maintenance Coastal Structures Maintenance Playgrounds and Skateparks Maintenance Sports Parks Maintenance Litter and Custodial Services	April 2021	Parks	To be determined	Multiple – between March 2022 and July 2023
CitySafe	To find a contractor to provide CitySafe services	April 2021	Community	To be determined	To be determined
Civic Centre Cafe	To find a suitable Café provider	May 2021	Business Support	13 July 2021	November 2021
Office Furniture and fittings	To find supplier/s of furniture and fittings for the Civic Centre	May 2021	Business Support	20 Aug 2021	October 2021
WAM – Art Museum renovations	To find suppliers to carry out required building renovations	July 2021	Economic Development	To be determined	December 2021
Instability and Mining Hazards	To find a consultant to provide technical expertise for District Plan changes	July 2021	District Plan	Quote pack issued to select suppliers	September 2021

Service/Good Being Procured	Detail	Procurement Commencement Date	Business Owner	Date Advertised on GETS	Expected End Date
8 and 10 Dent St	To find a Developer for Dent St properties	August 2021	District Development	To be determined	To be determined

Procurement staff have been assisting with the Regionally coordinated Civil Defence response to the Covid-19 lockdown in a Logistics Manager capacity.

Coordinating the ordering of diaries and calendars has commenced across the organisation for 2022. This is done at this time of year to ensure that we receive what we need. Staff are encouraged to use digital tools wherever appropriate.

Looking ahead, the following contracts managed by Business Support will be due to go to market in the next 12 months:

- Multi-function devices (photocopiers)
- Electricity Supply

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

Facilities Management

The conclusion of the restructure has meant reorganisation of seating arrangements in a number of office areas in Walton Plaza and Forum North. The Facilities Management team is helping to facilitate these moves organising labour and resources as well as overseeing some minor repairs and maintenance. Lockdown has put these moves on hold until we move down alert levels.

Some maintenance at Forum North has been completed including exterior cleaning of the internal garden and the Rose Garden end of the building.

The I-Site refurbishment also started before lockdown with the builders having removed a cupboard and built a new storeroom. New kitchen units are on order and work will recommence at alert Level 3. Painting can also begin while the site is closed to the public. We are working with the café owner to take advantage of the opportunity while he is closed to paint the front entrance and seating area on the café side as well.

Chambers

Twenty five events were booked in Chambers this month which would have been a busy month. However, with lockdown alert Level 4 beginning on 18 August this resulted in only ten days of the month being business as usual with the final ten days meetings either rescheduled or held virtually.

Fleet

The new fleet tracking system has been installed and is up and running. We are fine tuning the configuration to allow us to optimise reporting. Automatically generated reports will provide data on fleet use, kms travelled, estimated fuel use, overspeeds in all speed zones, FBT and a raft of other useful information.

Once we have more data we will be able to use this to inform vehicle purchasing, fleet deployment, update maintenance and servicing and monitor driver behaviours.

Staff support during Level 4 Lockdown

Numerous logistical issues were managed to ensure staff were able to transition to work remotely effectively. This included the delivery of essential IT equipment and in limited cases specialised furniture to make sure health and safety needs were met.

Communications

WDC website

Work has been completed this month to integrate the new AlphaOne building consent portal into the main content of the Council website.

The next phases of the Digital Platform project (including the libraries, and Whangarei NZ site) have commenced, with the Library site due for completion in the near future.

Media

- Covid-19 lockdown
- Three Waters
- Old Municipal Building repairs
- New bike track
- Stolen defibrillator on Loop

Communications projects

A summary of campaigns of note include:

Campaign	Comment
Covid-19	Information about Council services through alert level changes.
Civic Centre Project	Project comms re: Beacon Award under discussion, project page for Kete into second phase of development, design meeting 1 September.
LTP	Preparation and planning for proposed LTP Amendment.
Representation Review	Representation Review Final Proposal to be resolved 7 September. No further community consultation required other than public notice.
Placemaking Consultation	Printing draft plan documents, creating an online consultation survey and providing publicity for the consultation across newspaper, social media and the website, including the extended submission period.
Trade Waste Consultation	Preparing publicity and an online consultation survey.
Climate Change	Joint Climate Change Action Committee (JCCAC) met on 30 August, where the Draft Te Taitokerau Climate Adaptation Strategy was endorsed. Actions arose for the cross-councils comms team, including creation of foreword and executive summary and iwi liaison for future comms and engagement. Next JCCAC meeting date is 30 November.
Gen Z Youth Fund	Launch of new youth-targeted community fund.

Social media

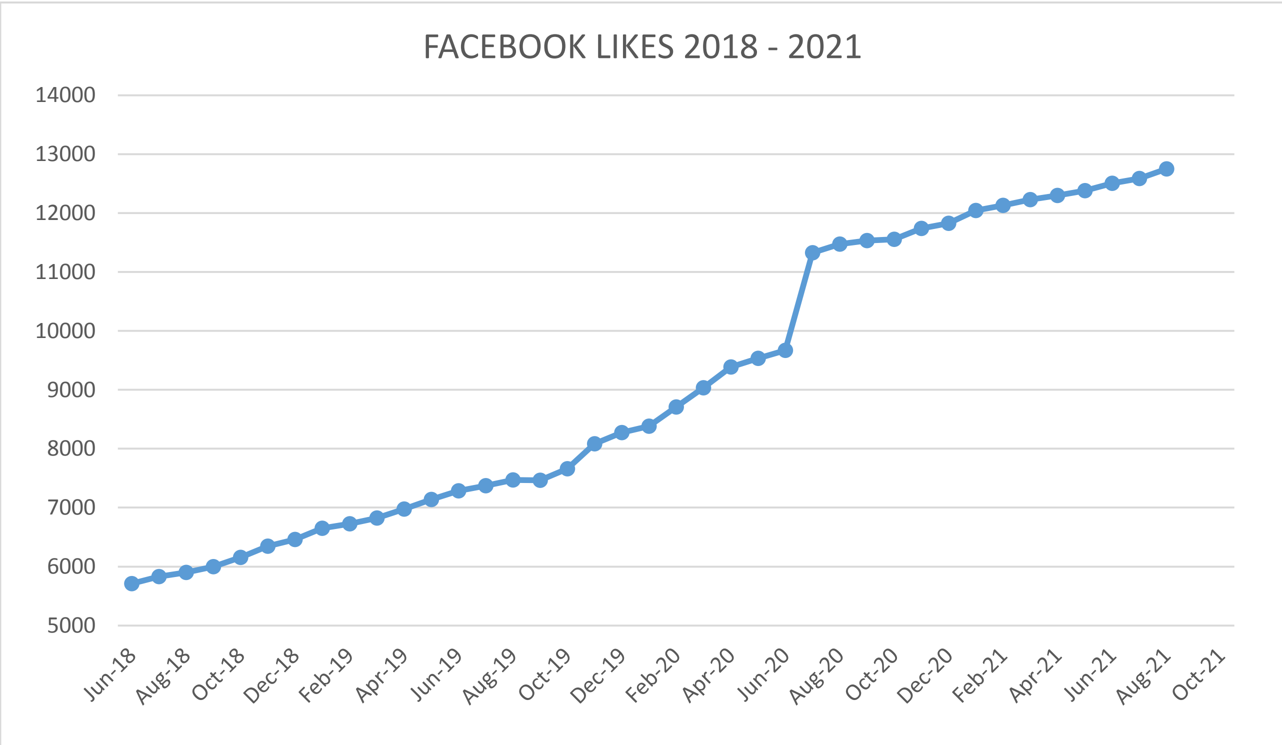
Although we are seeing our followership increase at a decreasing rate on Facebook, it remains an extremely high-performing communication channel with unmatched return-on-investment for reaching our audiences. Despite this we continue to participate on comparable other social channels such as Neighbourly, Instagram, and Youtube, and will continue to review and consider any emerging social media channels.

This month has seen several extremely well-performing posts which have improved the reach and engagement levels on other topics.

Top 3 posts over the last month – refer to Appendix 1

Topic	Engagement
Introducing the new Pohe Island (destination) playground	• 63,000 reach - extreme • Overall very positive engagement and interesting comments.
Kia ora to our rubbish collectors (during lockdown)	• 42,000 reach • "Good vibes" post successfully carried safety messages, e.g. what to double-bag.
Advice to vehicle dwellers during lockdown	• 32,000 reach – unexpectedly high • Posted on first day of lockdown, so many *shares* with people trying to help.

Facebook audience / followers



Website

Overall website visits

	Difference	1 Apr 21 – 30 Jun 21	1 Jan 21 – 31 Mar 21
Visits	-3.93%	118,251	123,082
A visit consists of a series of pageviews that a single visitor makes during a period of activity. A visit ends after the visitor either closes the browser or goes to another site.			
Page views	-6.70%	276,222	296,055
A page view is recorded every time a page is viewed.			
Pages per visit	-2.89%	2.34	2.41
Pageviews divided by visits. This metric shows the average number of pages viewed per visit.			
Users (New and returning)	-6.79%	71,705	76,929

*Updated every three months to show overall trends.

Top 5 pages visited (main website only)

July 2021	August 2021
• Rates database	• Rates & rates database
• Payments gateway	• Online payments
• Operative District Plan	• Operative District Plan
• Dog registrations	• Rubbish stations
• Water supply network	• Fees and charges
Notable: Contact us, rubbish stations, walks and trails, Port Road project, Matariki Festival.	Notable: Search function, Contact us, William Fraser Memorial Park development, dam levels.

People and Capability Group

Covid 14 – Level 4 Lockdown

With the arrival of the Delta variant and subsequent Level 4 lockdown on 18 August 2021 our transition to working remotely has been a lot easier this time around. People have reacquainted themselves with their new work environments and picked up the threads of their work very quickly.

While the significant majority of our organisation can continue their work remotely, we do have a small group of people who are unable to work from home.

We have had regular All Staff meetings (with at least 70% attendance via Teams) and are utilising a variety of channels to stay connected with our people. The lockdown photo competition has proven very popular!

Social media (top performing posts)

Post

Whangarei District Council is at Pohe Island, Whangarei.
Favourites · 11 August · Whangarei ·

This construction site in between the Hātea Loop walk and the new Pohe Island car-park is the start of work on an exciting new Pohe Island Destination Playground to open next year.

The playground will become a major attraction on the popular Hātea Loop, and it's a short walk to the Camera Obscura, the new Town Basin Park or the new Town Basin Playground. We're sure kids around the District will be pumped to see these artist renderings!

This location will be easy to access by car, by bike or on foot. More details in the Pohe Island Master Plan: https://www.wdc.govt.nz/…/P…/William-Fraser-Park-development

Get more likes, comments and shares
When you boost this post, you'll show it to more people.

63,686 People reached
21,557 Engagements
Boost post

Mandy Webb, Amie Connor and 754 others 344 Comments 175 shares

Performance for your post

63,686 People Reached

2,828 Reactions, comments & shares

1,189 Like	530 On post	659 On shares
408 Love	211 On post	197 On shares
5 Haha	0 On post	5 On shares
64 Wow	23 On post	41 On shares
1 Sad	0 On post	1 On shares
991 Comments	575 On Post	416 On Shares
175 Shares	175 On Post	0 On Shares

18,729 Post Clicks

10,508 Photo views	482 Link clicks	7,739 Other Clicks

NEGATIVE FEEDBACK

13 Hide post	**8** Hide all posts
0 Report as spam	**0** Unlike Page

Reported stats may be delayed from what appears on posts

Post

Whangarei District Council
Favourites · 1d

Kia ora to our rubbish collectors out performing this essential service! These workers have got some requests for you when you're putting out the rubbish:

😷 Please double-bag tissues or other potentially hazardous items.
🔪 Please wrap any sharp objects before putting them in the rubbish bag.
♻️ Please rinse plastic bottles and squash them flat, with their lids removed, when you recycle them.... See more

Get more likes, comments and shares
When you boost this post, you'll show it to more people.

42,200	1,926	
People reached	Engagements	Boost post

Mehar-Karamz Mumma, Roro De P and 619 others 43 Comments 40 shares

Performance for your post

42,200 People Reached

913 Reactions, comments & shares

698 Like	534 On post	164 On shares
95 Love	89 On post	6 On shares
1 Haha	1 On post	0 On shares
79 Comments	53 On Post	26 On Shares
40 Shares	40 On Post	0 On Shares

1,013 Post Clicks

122 Photo views	0 Link clicks	891 Other Clicks

NEGATIVE FEEDBACK

3 Hide post	0 Hide all posts
0 Report as spam	0 Unlike Page

Reported stats may be delayed from what appears on posts

Post

Post Details

Whangarei District Council
Favourites · 18 August ·

Notice to people dwelling in vehicles: Please remain where you are if possible.

Please DO NOT move to Pohe Island. The carpark here is being set up as a COVID-19 testing station and will not be available for camping.

If you cannot stay where you are and have nowhere else to go, please move to Otaika Sportsgrounds (Blue Goose). Toilets at this location will remain open during Alert Level 4.

Get more likes, comments and shares
When you boost this post, you'll show it to more people.

32,143 People reached	5,961 Engagements	Boost post

Kites Eah, Wiki Paikea and 167 others 13 Comments 69 shares

Like Comment Share

Performance for your post

32,143 People Reached

709 Reactions, comments & shares

446 Like	**143** On post	**303** On shares
22 Love	**3** On post	**19** On shares
1 Haha	**0** On post	**1** On shares
7 Wow	**5** On post	**2** On shares
49 Sad	**27** On post	**22** On shares
2 Angry	**1** On post	**1** On shares
113 Comments	**22** On Post	**91** On Shares
69 Shares	**69** On Post	**0** On Shares

5,252 Post Clicks

0 Photo views	**1** Link clicks	**5,251** Other Clicks

NEGATIVE FEEDBACK

9 Hide post	**0** Hide all posts
0 Report as spam	**0** Unlike Page

Reported stats may be delayed from what appears on posts

5.4 Operational Report – Strategy, Planning and Development – September 2021

Meeting:	Strategy, Planning and Development
Date of meeting:	16 September 2021
Reporting officer:	Dominic Kula - General Manager, Planning & Development
	Rāmari Jackson-Paniora – 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 2021

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 2021 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 2021

September 2021 Operational Report

Strategy, Planning and Development Operational Report (reporting on August 2021)

Procurement update - Summary of Contracts Approved Under Delegated Authority

Economic Development

The first half of August 2021 saw businesses operating in a buoyant and COVID-19 environment with many reporting strong levels of confidence as well strong demand. This was countered by disrupted supply chains and difficulty in accessing all forms of labour. The second half of August 2021 and the introduction of Level 4 restrictions impacted heavily on all businesses. Anecdotally businesses have found this term of lock down more challenging than last, simply because they have spent the last 12 months building back reserves only to see those reserves being eroded again. While government supports businesses through wage subsidies, most will still top up their workers' pay. This accompanied by loss of revenue, and continued requirements to meet fixed costs, will be very challenging for them. District development staff have offered support to Northland Inc during this period.

Alongside this the team have been proactive in working through rent relief options for our commercial tenants. In doing so we have taken a consistent approach to the March 2020 lockdown, with tenants being advised early in the lockdown that relief would be assessed based on the impact of COVID-19 level changes on their ability to operate. At the time of writing responses received had been very positive.

Commercial Property

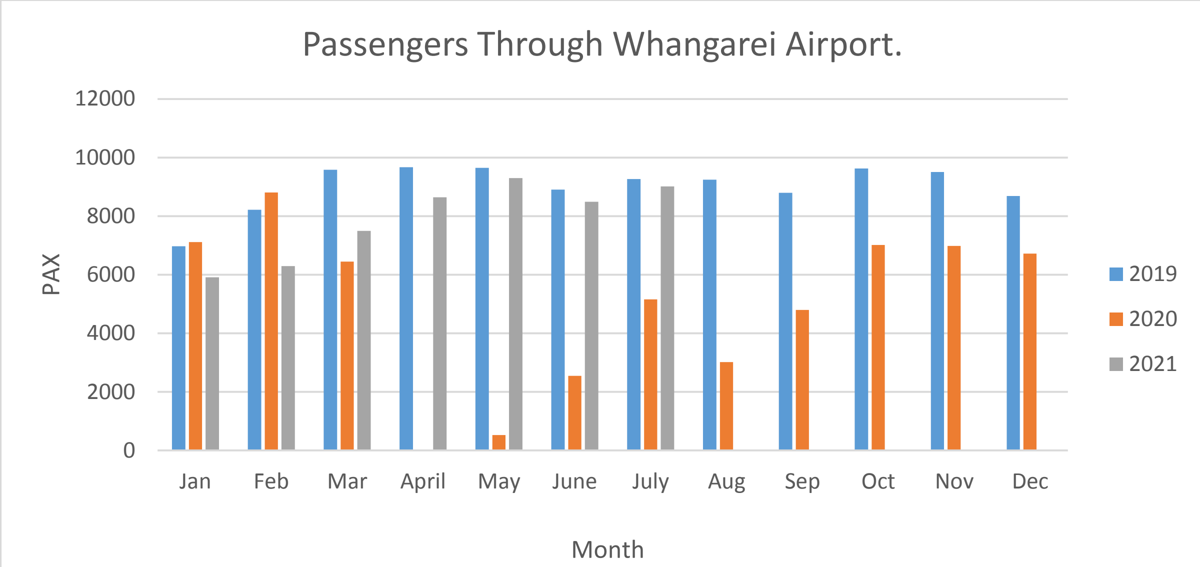
While the absence of a Commercial Property Advisor is presenting some challenges it has provided an opportunity to assess several internal organisational roles that impact on administering these assets. Work has continued developing a Commercial Property Strategy to accompany the Draft Commercial Property Portfolio and the Property Policy (which is currently under review). A work plan has been developed to ensure this work does not slip during the time a replacement officer is sought.

Whangarei District Airport

The Airport is compliant in all operations. Inspections and compliance reports are continuing throughout Level 4 lock-down. The Airport will always remain operational for emergency services. All scheduled flights ceased on 20 August 2021 and are not likely to start again until there are changes in COVID-19 levels.

Runway and Apron seal repairs scheduled for 20 August 2021 has been postponed until Level 3 when materials will be available.

To follow are the passenger numbers up until end July 2021. They have been tracking extremely well. However, we expect COVID-19 Level 4, and potentially Level 3, to significantly impact on this.



District Promotions

Guest Nights and Tourism Electronic Card Transactions (TECTs) continue to indicate strong travel and spending by domestic travellers in June 2021 and July 2021. A fall in Far North Guest Nights comparing July 2020 to July 2021 will, at least in part, reflect the drop in their international visitors in those months (i.e. from 20,200 in July 2020 to 2,700 in July 2021).

Tourism NZ's *Domestic Travel View Report, July 2021* finds that appetite for domestic holidays remains high with those planning holidays in the next 12 months up across all segments. *Weekend, Long Weekend* and *Short Trips* along with *Short Breaks within the same island* are the most desired holiday type.

After Lockdowns, domestic demand returns to normal levels very quickly along with a spending surge driven by pent up demand so while we paused all paid digital (Facebook) advertising once it become clear that Northland would not be moving out of Level 4 in the short term, we are well positioned to respond quickly as appropriate with Level changes.

We will continue to focus on marketing to key audiences in Auckland along with increasing activity in Rest of the North Island.

VISITOR ORIGIN

JULY	Whangārei	Far North	Kaipara	Northland
Domestic	29,700	61,500	10,400	101,600
International	952	2,700	245	3,900
TOTAL	**30,600**	**64,300**	**10,600**	**105,500**

Source, Accommodation Data Programme

GUEST NIGHTS

JULY	Whangārei	Far North	Kaipara	Northland
2020	29,800	83,800	10,400	124,000
2021	**30,600**	**64,300**	**10,600**	**105,500**
% change	4%	-23%	2%	-15%

Source, Accommodation Data Programme

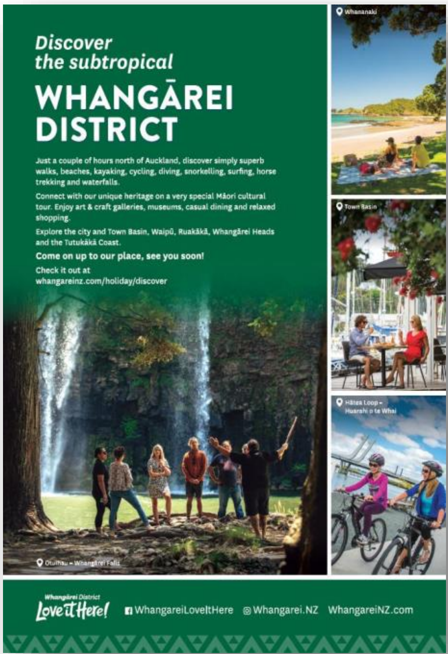
TOURISM ELECTRONIC CARD TRANSACTIONS (TECTs)

JUNE	Whangārei	Far North	Kaipara	Northland
2020	257m	188m	54m	498m
2021	305m	225m	66m	596m
% change	19%	20%	22%	20%

Source, Tourism Electronic Cards Transactions

Print Advertising

Advertisements have been taken in four AA Traveller Visitor Guides (in market for twelve months), and banners in two electronic AA Newsletters (free of charge). The printed Guides have a combined print run of 225,000 and are widely distributed throughout New Zealand. AA Newsletters are emailed to their database of 185,000+.



Northland & Auckland, North Island

Cycling Guide

Walking Guide

Content Creation
With refurbishment of the Whangarei i-SITE, Tarewa Park underway, we are taking the opportunity to work with the i-SITE team to review and refresh all wall and window displays. Content is likely to focus on storytelling and experiences rather than geographical areas.

Whangārei District Love It Here! Facebook page
As at 31 August 2021 the Whangārei District Love It Here! Facebook page achieved:
- Likes 19,009
- Total Reach 264,803 (combined Organic and Paid)

District Plan

Urban and Services Plan Change Package
Staff continue to work solidly on the Urban and Services appeals, having completed several formal Environment Court mediations and numerous informal discussions with parties.

In the last month the following appeals were settled through mediation and consent orders have been issued:
- ENV-2020-AKL-125 Robinson (appeal settled in full)
- ENV-2020-AKL-118 Quality Developments Limited (appeal settled in full)
- ENV-2020-AKL-107 Advanced Developments Limited (appeal settled in full)
- ENV-2020-AKL-112 Ruakaka Economic Development Group (appeal settled in part)
- ENV-2020-AKL-133 Kāinga Ora - Homes and Communities (appeal settled in full)

The most significant of these is the Kāinga Ora appeal which was across several chapters and included zone mapping. The mediated resolution for this appeal gives greater clarity and consistency both within zones and across zone chapters. This makes the chapters more understandable and workable.

The mediated resolution also creates a more enabling rule framework for development, in part because of greater clarity, but also due to amendments to some of the activity statuses and rules. For example, where building height is infringed the proposed rules previously required consent as a discretionary activity (meaning a consent planner could have declined the application for any reason); whereas now the rules will require consent as a restricted discretionary activity (meaning a consent planner could only decline the consent based on specified matters relating to building height such as shading, privacy and viewshafts).

This mediated resolution for the Kāinga Ora appeal has also resulted in “up-zoning” in Tikipunga and Raumanga to increase the extent of the Medium Density Residential Zone, which enables more development and infill than the General Residential Zone.

While the resolution has created more enabling rules overall, the Kāinga Ora appeal originally sought much more permissive and widespread amendments to the rules and maps. The agreement reached through mediation has maintained the integrity of the District Plan and retained appropriate resource consent triggers and requirements.

Overall, it is anticipated that the resolution will enable slightly more intensification within Whangārei’s urban area. This outcome gives effect to the National Policy Statement on Urban Development 2020 by ensuring that we are enabling sufficient business and housing development capacity to meet our projected growth. The zoning is also is consistent with the draft Whangārei Growth Strategy and reduces pressures on infrastructure to otherwise service sprawling suburbs. There is sufficient capacity to service the enable development and there are district plan rules in place to assess impacts on transport and three waters networks to ensure that larger scale development or unanticipated development can be appropriately serviced.

With the Kainga Ora appeal resolved a majority of the plan can now be “treated as operative” under section 86F of the Resource Management Act 1991. This means that development will no longer have to be assessed against the old Living and Business Environment rules. This will allow for a simpler and more efficient consenting process going forward.

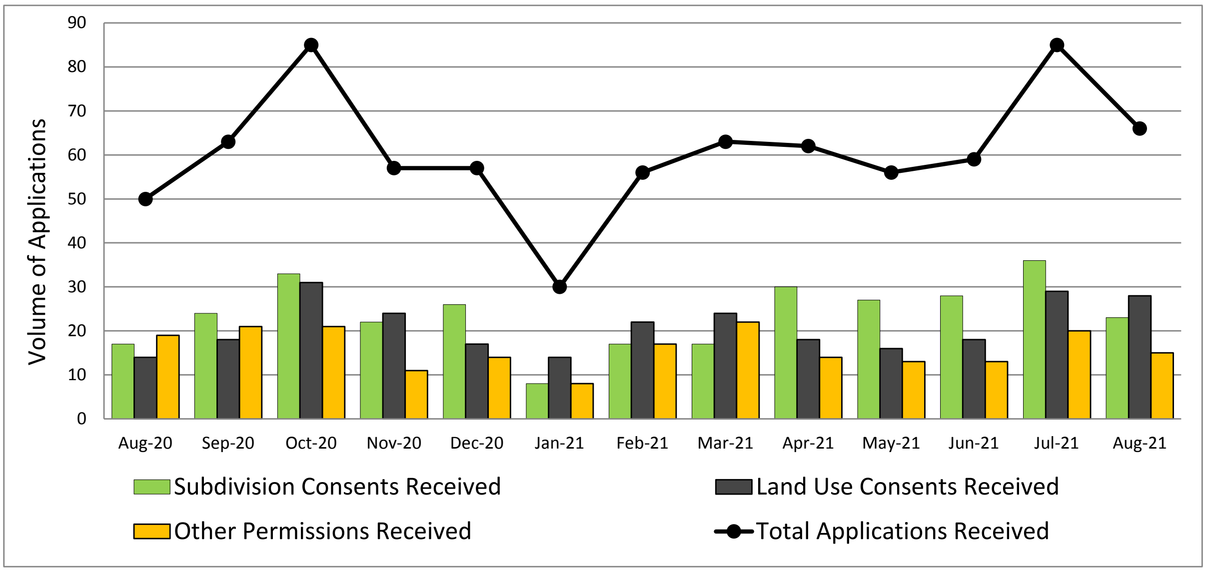
Marsden City Private Plan Change

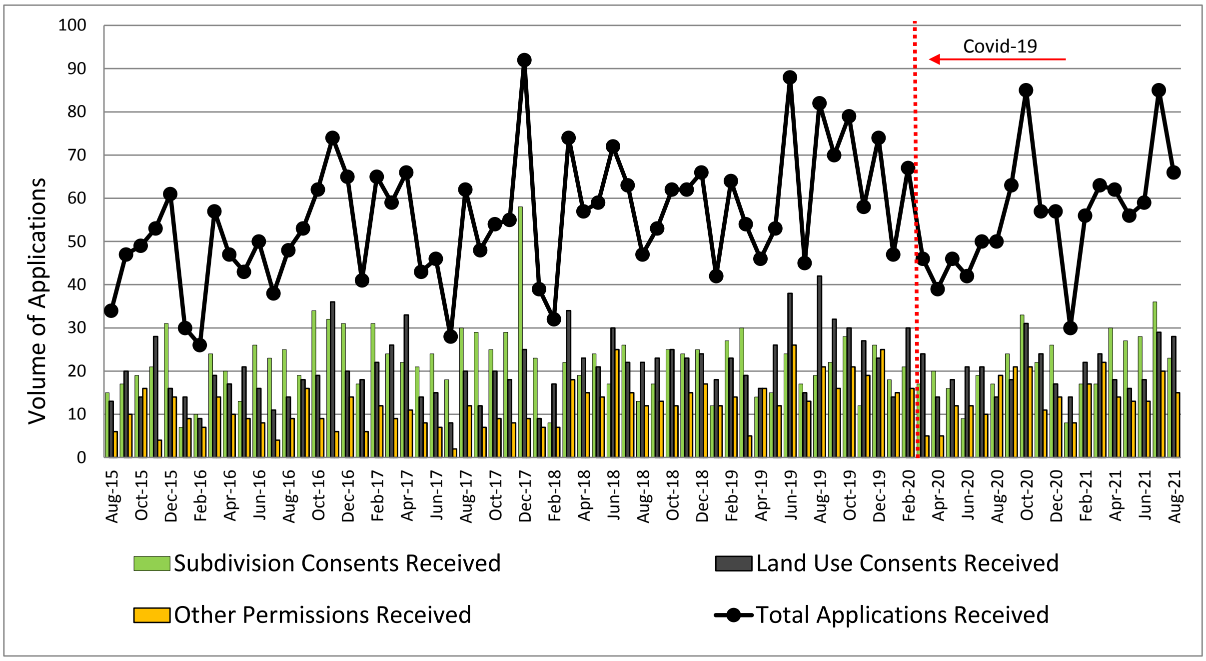
The hearing for the Marsden City Private Plan Change was scheduled for 18-20 August 2021. It has been postponed until 27 – 29 October due to lockdown restrictions.

Resource Consents

Resource Consent Processing

During August 2021 66 applications were received. This is less than the bumper month of July (85 applications) but is still higher than any other month of 2021 so far. This is a strong number particularly as the COVID-19 lockdown over the last 2 weeks of the month may have adversely impacted on applications being lodged. Applications are made up of 23 subdivisions, 28 land use applications and other 15 permissions.



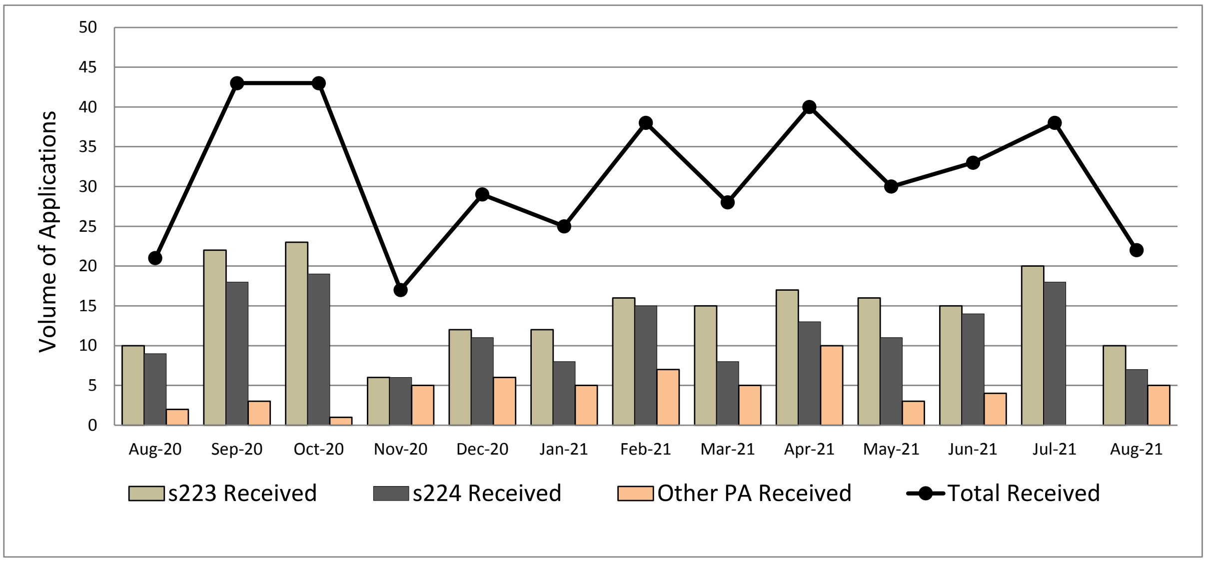


Resource Consents
Significant applications received during August 2021 include a 45 lot large lot residential subdivision at Austin Road and a 20 lot rural subdivision at Vinegar Hill Road. Kainga Ora has lodged 4 applications for small scale residential developments across Whangarei on sites contained within their existing portfolio.

Hearings
No Hearings were held during August 2021.

Appeals
There are no current appeals.

Post-Approval
August 2021 was a slower month, but on par with the same period last year with 22 post-approval applications. There were 10 survey plan approvals, 7 completion certificates and 5 other post-approval permissions over this period.

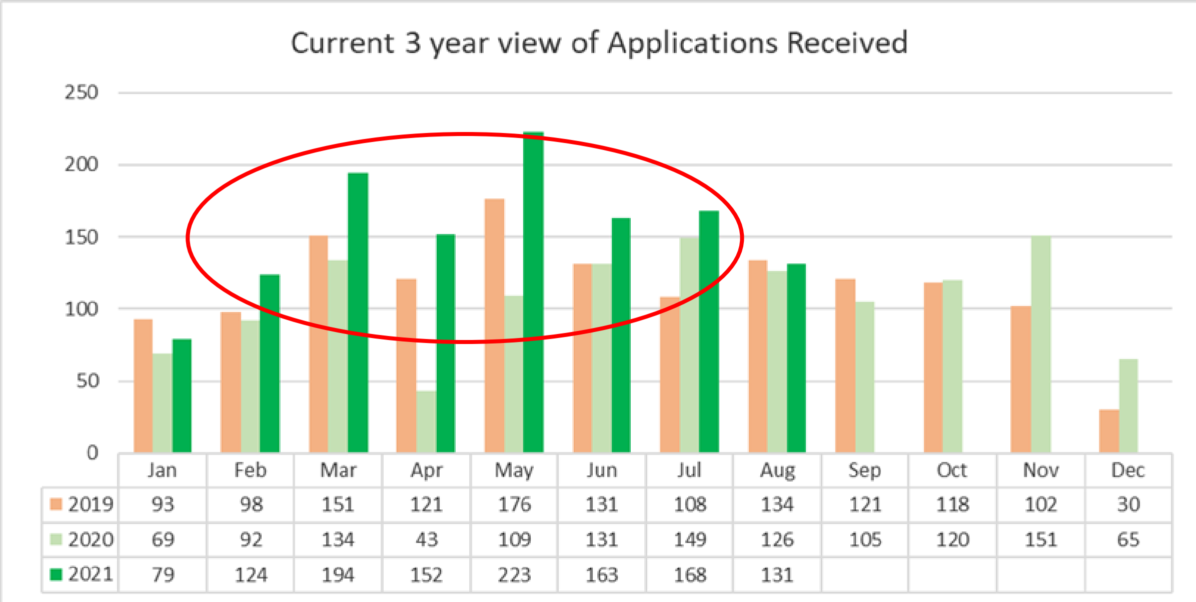


Building Department

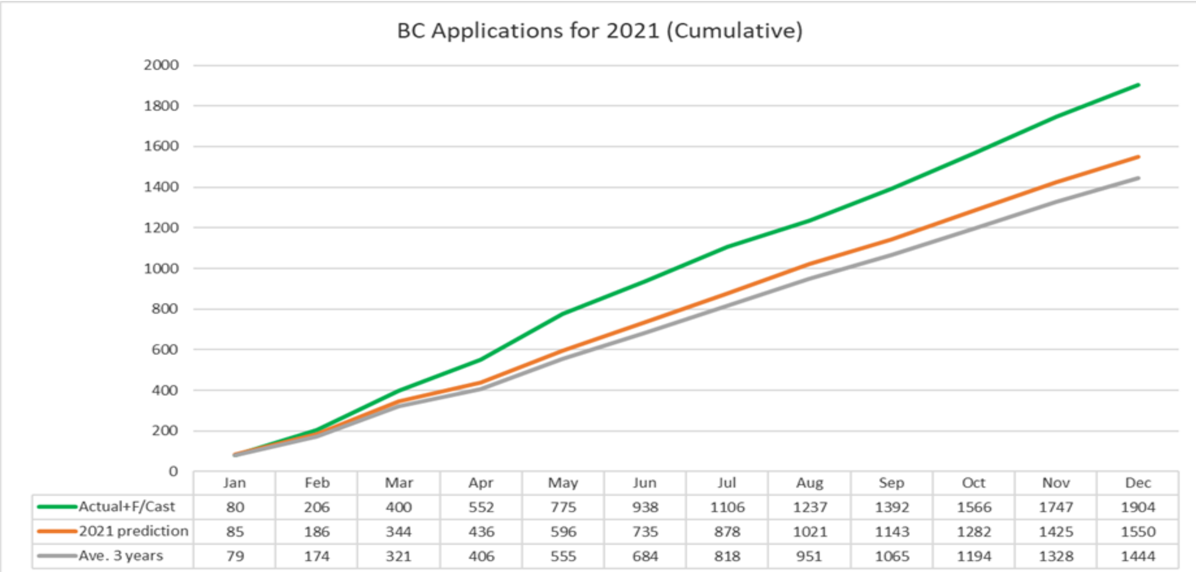
Activity has remained high across the building industry with this playing out in our compliance to the 20 working day timeframe for consents granted.

Performance Indicators				
Function	**Measure**	**Indicators**	**August**	**Year to date average**
Building consents granted	20 days	Statutory	32%	40%
Inspections completed within 48hrs	48hrs	Annual plan (95%)	99%	99%
LIMs	10 days	Statutory	100%	100%

This was expected as the backlog of consents created by volumes received in the first half of this year (notably from February – June, as indicated in the trend graphs below) flowed through for processing.

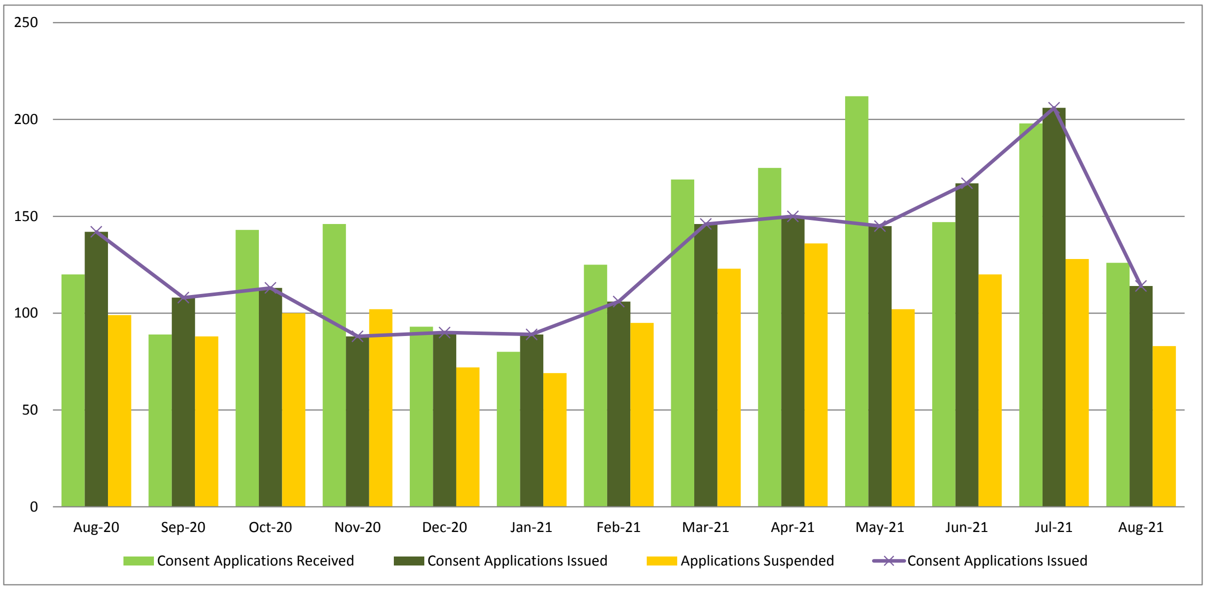


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	93	98	151	121	176	131	108	134	121	118	102	30
2020	69	92	134	43	109	131	149	126	105	120	151	65
2021	79	124	194	152	223	163	168	131				

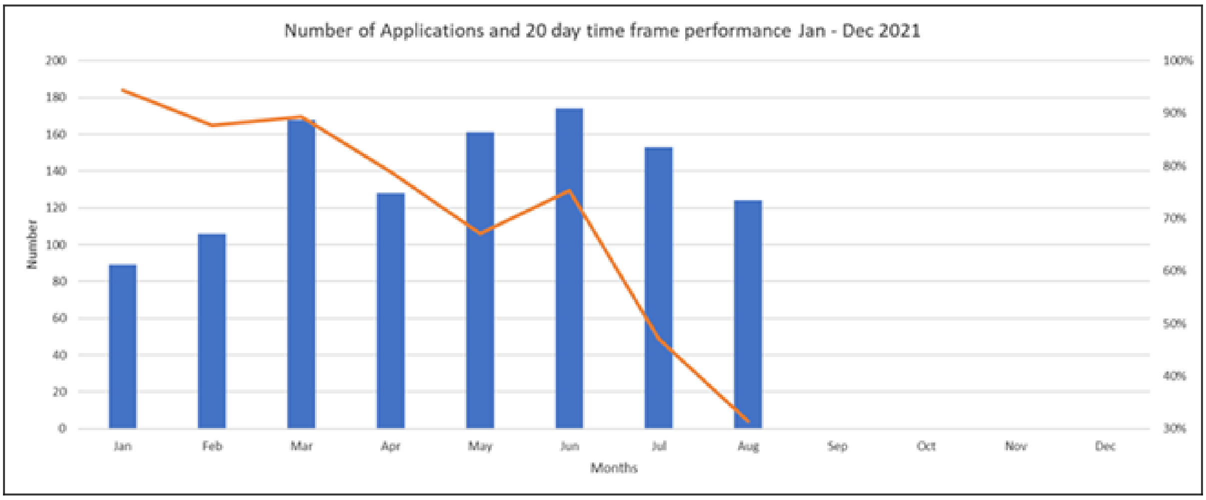


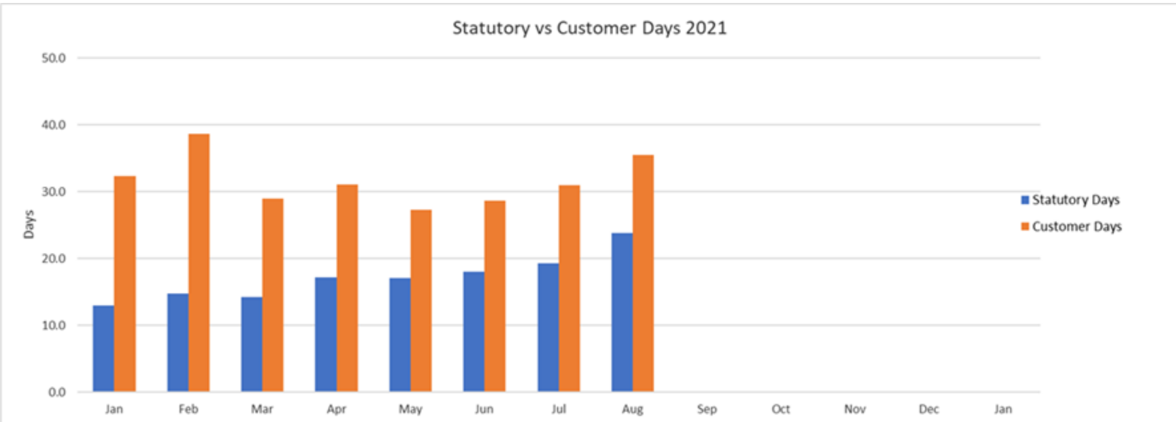
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual+F/Cast	80	206	400	552	775	938	1106	1237	1392	1566	1747	1904
2021 prediction	85	186	344	436	596	735	878	1021	1143	1282	1425	1550
Ave. 3 years	79	174	321	406	555	684	818	951	1065	1194	1328	1444

As can be seen from the graph below processing across these months did not keep pace with applications received (particularly from February – May), resulting in a backlog of applications in the system.



While measures have been taken to reduce the backlog (as previously reported) in July 136 applications were yet to be allocated, with a large proportion of those having 10 days or less left on the statutory clock. The impact of applications nearing or at statutory timeframes can be seen in the graph below which shows compliance dropping markedly over July and August. Customer days are also starting to increase.





At the beginning of September 2021 we have started to see the backlog of consents in Tech1 decline as increases to internal and contractor capacity allowed for greater allocations. This has been offset by an increase in applications in the new AlphaOne system (refer below), up from 5 to 10 per day on average.

Throughout this period we have regularly communicated with the industry via updates/emails, articles in the Advocate and live online demonstrations for our new consenting software.

AlphaOne

August 2021 saw the rollout of AlphaOne, our new online building consent system. While this has impacted on productivity (as staff focussed on the roll out and training) it will bear fruit going forward.

The system went live on 1 September 2021, which was during L4 lockdown. All consents lodged after 1 September 2021 will be processed in AlphaOne, whilst the existing consents stay in Tech1 for their lifecycle.

Having two consenting systems running concurrently poses allocation challenges, but our main contractor will continue to process Tech1 consents and our new contractors will work in AlphaOne (which they are already proficient in). This is necessary to ensure that we don't have down time training a new contractor in a redundant system.

Inspections and CCC issuing

On a positive note, the inspectors have used the lockdown time to catch up with CCC paperwork and consequently output increased significantly over August 2021.

Inspections on new builds and uninhabited properties can start again in Level 3, providing all the COVID-19 protocols are adhered to. With the arrival of Level 2 all inspections are now back on stream.

Staffing updates

Other good news for the month included the recruitment of Alex Disher to the Team Leader processing role, and Murray McDonald to the Department Managers role on a long term secondment (of up to one year, with Roger Quinton stepping into the Acting role for RMA consents).

Alex has previously worked for Council as a Building Control Officer and brings a wealth of experience to the role, as well as a strong understanding of Council. Similarly Murray's technical expertise, ability to integrate systems and processes across Council and leadership experience will be of huge benefit to the team. We are extremely excited to have Murray and Alex on board.

Huge thanks also goes out to Lesley Ashcroft for taking on the Acting role and leading the Department over the last five months. Lesley has made a huge contribution in guiding the team through a very difficult time.

Health and Bylaws

Environmental Health

Some time ago, the Ministry for Primary Industries (MPI), contacted Council's Environmental Health team seeking support from WDC Food Act Verifiers (auditors) to verify (on behalf of MPI) those schools who participate in the government's rollout of "Ka Ora, Ka Ako (Healthy School Lunches)" programme.

Within our district, this programme seeks to provide free lunches to at least 13 schools. The Food Act 2014 requires MPI to ensure these lunches (the food) is safe and suitable and that the risk of illness (from it) is minimised.

MPI's request for WDC's Food Act Auditors to provide these verification services on its behalf is seen as MPI having confidence in our staff's competence to provide these services. Since then our Verifiers have undergone further upskilling through MPI. It is anticipated these services by WDC verifiers will commence shortly.

Bylaws

Armourguard Enforcement Statistics – these are now reported quarterly and compared with the same quarter last year. The next quarterly report in not due until October 2021, at the earliest.

Strategy

Corporate Planning
Amendment to the LTP 2021 – 2031:

- **Oruku Conference & Events Centre:**
  Oruku Project Team and the Corporate Planning Steering Group (CPSG) are working together to understand the financial implications of the project on the Long-term Plan Ten-Year programme, revenue, and balanced budget.

- **Waka Kotahi NZTA:**
  WDC expect notification from NZTA that the NLTP budget for each council will be announced second week September 2021. The potential impact / severity of the drop in subsidy could trigger the Significance & Engagement criteria for public consultation.

- **The plan:**
  A revised timeline of critical tasks to complete across the business is now being revised to include the NZTA announcement date and the Oruku CEC deadline funding date. This will assist in giving a more realistic timeframe for the LTP Amendment and combined public consultation.

- **LTP 2021 – 2031 Debriefs**
  Due to the COVID-19 Lockdown the main CPSG debrief session has been delayed. The scheduled date for the debrief is now 10 September 2021, however, this will be subject to review should Northland continue at Alert Level Four.

- **Residents Survey**
  A meeting is scheduled with Versus for the second week of September 2021 to review the work so far for the next quarterly Residents Survey, which will commence 2021 – 2022. Results from the Residents Survey 2020 – 2021 have been received and will be distributed to Council for review in September 2021.

- **Annual Report 2020 – 2021**
  The non-financial work and reporting on performance measures required for the AR is currently underway. Capacity issues had prevented its completion in time for audit. At the time of writing, these issues had been resolved.

Placemaking Programme
At the time of writing the third and final round of community engagement for the Tikipunga and Hikurangi Placemaking Plans is underway. The third round of engagement was extended at the request of the community. The engagement round is due to end on 15 September 2021. Staff will present the feedback received from the final round of engagement at a Council briefing on 6 October 2021.

Initial contact with key community groups in the next two Placemaking Plan locations, Parua Bay and Waipu, has been made. The preliminary process of the Parua Bay and Waipu Placemaking Plans including initial meetings with the community groups and key contacts will begin in October 2021.

Waterfront Precinct Plan
Staff will present the feedback received from the second round of engagement from the community/stakeholders at a Council briefing on 1 September 2021.

Two whakaaro sharing hui for hapū/hapori Maori took place in August 2021. The first hui was held at Hīhīaua Cultural Centre on 17 August 2021 and the second hui held online on 24 August 2021 due to Level 4 COVID-19 restrictions. Work to refine, integrate and finalise the Waterfront Precinct Plan is ongoing. The final draft Waterfront Precinct Plan will be presented to Elected Members, prior to adoption.

Housing Strategy
Through the Long Term Plan, $150,000 was set aside for the development of a Housing Strategy. Staff presented Elected Members options for how the Strategy could be developed. Elected Members gave support for a community-based approach for the Strategy. Staff will be putting together a project plan and begin contacting those key stakeholders to signal any interest in the development of the Strategy.

Housing and Business Land Capacity Assessment
In response to Central Government requirements of the National Policy Statement on Urban Development (NPS-UD), Whangarei District Council have developed a Housing Capacity and Feasibility Tool and a Business Capacity Tool to assess the capacity for housing and business development in Whangārei.

The NPS-UD competitiveness margin brings the total demand to 23,000 residential dwellings. The housing sufficiency and capacity models show that the feasible housing supply in Whangārei is estimated to be around 19,600 new dwellings over the next 30 years. There are also some specific areas within Whangārei that may have less feasible capacity than expected demand. The assessment illustrates Whangārei has enough housing land supply to meet demand in the short and medium term (by 2024 and 2031 respectively,) but is currently short of feasible housing capacity in the long term. This shortfall relates to standalone dwellings and apartment typologies. However, this shortfall can be accommodated by new zoning, which has been excluded from the modelling, which is likely to result in more than 5,000 additional feasible dwellings.

Inner city living
Working with The Property Group, Council are undertaking two streams of work to better understand the development economics within our City Core and how to streamline the development process. This has been developing an inner-city living toolkit and undertaking a Business Case, which gives an understanding of the feasibility of inner-city development. Both the Business Case and the Toolkit are being finalised and will be presented back to Elected Members.

Growth Strategy
Council has received a revised Maori outcomes report prepared by Puawai Kake with the support of Te Huinga. Final changes are being made to the draft Growth Strategy. Due to COVID-19 restrictions, staff were unable to present the finalised Growth Strategy to Te Karearea. At the time of writing options were being worked through to circulate an update for Te Karearea. It is intended the Growth Strategy will be brought to Elected Members on 23 September 2021 for adoption.

Climate Adaptation Te Taitokerau (CATT)
The delivery of a climate change adaptation Strategy for the region is one of the key actions outlined in the terms of reference for CATT. On 9 August 2021 CATT staff presented a working draft of the Strategy alongside recommended Priority Actions and the Climate Risk Overview technical report in a workshop with the Joint Committee. At the 30 August 2021 formal meeting of the Joint Committee and the Committee endorsed the draft Te Taitokerau Climate Adaptation Strategy to be further developed by staff through workshops with individual councils and tangata whenua representatives, with the final version of the Strategy presented to the Joint Committee for endorsement at the 30 November 2021 Joint Committee meeting.

Staff will seek dates to workshop the draft Strategy with Elected Members and hapu. Alongside this work, a staff joint communication working group on climate change adaptation has been established, including staff from each of the four Northland councils. The group is developing a communications plan to assist the public release of the Strategy once adopted by all councils.

Draft Climate Action Plan
Progress on summarising submissions and revising the working draft has been limited due to conflicting operational demands and a short-term reduced capacity within the Strategy & Democracy Group. The deliberate alignment with the Priority Actions of the draft Te Taitokerau Climate Adaptation Strategy has been beneficial meaning only minor refinement is needed to be consistent with other key climate change project Council is committed to. Some priority actions included in the draft CAP are already underway and these are progressing well including the Te Ao Maori Decision-Making Framework to be addressed

later in the report. Below is the cycle of workshopping and refinement that staff intend to take moving forward with hapu, WDC staff and then Elected Members. The approach has slightly shifted acknowledging the delay there has been in connecting back with internal staff. The timeframes for achieving these steps will be dependent on the capacity of staff to backfill work where there are staff vacancies.

Cycle 1: Hapu

Cycle 2: WDC Staff

Cycle 3: Elected Members

Te Ao Maori Decision-Making Framework
Whangarei District Council, on behalf of the Climate Adaptation Te Taitokerau, is investigating the development of a Te Ao Māori Decision-Making Framework.
The Framework will assist Council staff on how to consider Te Ao Māori principles and values when responding to climate change, infrastructure strategy, 3 waters planning, policies and plans that respond to development and growth. Importantly, the project will seek to understand what Climate Change means from a Te Ao Maori World-View.
The decision-making framework will be guided by a Te Ao Maori approach, Korero Tuku Iho and Kaupapa Maori Methodology and co-designed with iwi and hapū representatives across Te Taitokerau.

The project group are currently seeking guidance from within the tangata whenua forums that the Councils engage with on a potential approach to engaging specifically with Maori communities. The latest engagement with Te Huinga offered very detailed feedback for the project team to further build on.

Whenua Maori Expo
Staff have been collaborating with Te Puni Kokiri, the Maori Land Court and the other Northern councils to run a series of events to:

- To improve landowner and local government engagement around Whenua Māori development; and
- To support owners of Maori Land to have access to local government information and staff that affect their land.

COVID-19 has impacted on our planned events. At this stage, staff are considering other ways to undertake this engagement.

Wananga – Te Karearea
Wananga tuatahi (the first wananga) in August was very successful. It was held at Pehiaweri Marae and involved a noho marae (marae overnight stay). The purpose of the wananga was to support a level of understanding of Te Ao Maori within our Elected Members and encourage whanaungatanga between Te Karearea members.

By-law Development
A Council briefing covering the Animals Bylaw was held on 10 August 2021. Feedback received from this briefing included direction to develop a draft Statement of Proposal. The draft will need to be formally adopted by council before consultation.

Consultation on the Trade Waste Bylaw will begin on 4 August 2021 and will close on 11 October 2021. A hearing is scheduled for 19 October 2021.

Work has begun together with the Water Services department on the review of the Water Supply Bylaw.

Māori Relationships

Te Mau Tohe ki Pataua
The 99 day land occupation at Pataua south camping ground was closed by Ngati Korora Hapu supported by Hapu and iwi across the district.

Hapu and iwi Covid-19 response efforts, testing and vaccine promotion
Daily hapu and iwi zoom hui have been held to coordinate district and region wide welfare response efforts and promote vaccinations.

All Marae are closed
Due to the recent COVID-19 outbreak all marae have been closed until a return to Alert Level 2 or less. Some Marae have been identified as welfare distribution sites.

Marae development
A number of Marae in the district are in the process of development and refurbishment resourced by the PGF Marae development fund. Work has been paused on marae projects due to lockdown.

Democracy & Assurance

Democracy Team
The Democracy team supported three Council and four Committee meetings, four Council Briefings and five Council Workshops in August 2021. In addition, forty-eight alcohol licence applications were put through to the District Licensing Committee for consideration and processing.

Representation Review 2021
The final proposal for representation arrangements for the Whangarei District to apply for the 20211 triennial local elections was adopted on 7 September 2021 and publicly notified on 7 September 2021. There is a one-month objection / appeal period running from 10 September to 11 October 2021.

Assurance Team
Staff are working with CCO's on annual reports and reporting timelines, these have been extended due to the current COVID-19 pandemic notice.

Insurance renewals for the majority of our insurance schedules is due in November 2021, work is currently underway to gather data to ensure timely placement for all schedules. These schedules include our material damage, business interruption, motor vehicle and trustee liability insurances as well as others.

A new risk management advisor has been appointed and has started during the level 4 lockdown. She is getting to understand the risk management portfolio and will help to support the Risk and Audit committee meeting on 22 September 2021.

Mayor's Office
The COVID-19 lockdown has impacted a significant portion of the work carried out in the Mayor's Office. All events have been postponed or cancelled, creating increased correspondence with all stakeholders involved.

There has been an increase in enquiries about COVID-19 lockdown rules and concerns. The Mayor's Office is seen as the best point of contact for people who have issues with decisions made by the Government.

There has also been an increase in complaints about complex matters that may have been ongoing for a number of months or years, as people have more time to think about them and send through their concerns.

The Mayor is very busy with online meetings and there is a lot of juggling schedules due to the uncertainty of this current COVID-19 outbreak.

LGOIMA Requests

24 requests were received in August 2021, and 197 have been received during 2021 to date. The August requests related to the following topics:

- Complaints (dog complaints, noise complaints etc)
- Property information such as building consent files and resource consent files
- The Hundertwasser Art Centre
- Alcohol licences
- Infringements issued
- Road maintenance work
- Copies of old photographs
- Freedom camping
- Gold kiwifruit orchards
- Human resource strategies and policies
- Disposal dockets for waste
- Payments made by Council to external suppliers.

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. {Section7(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.