

Finance Committee Agenda

Date: Wednesday, 3 April, 2024

Time: 9:00 am

Location: Civic Centre, Te Iwitahi, 9 Rust Avenue

Elected Members: Cr Paul Yovich (Chairperson)
Cr Phil Halse (Deputy Chairperson)
His Worship the Mayor Vince Cocurullo
Cr Ken Couper
Cr Deborah Harding
Cr Patrick Holmes
Cr Simon Reid

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

1. Declarations of Interest / Take Whaipānga	
2. Apologies / Kore Tae Mai	
3. Confirmation of Minutes of Previous Finance Committee Meeting / Whakatau Meneti	
3.1 Minutes Finance Committee Meeting held on 6 March 2024	7
4. Information Reports / Ngā Pūrongo Kōrero	
4.1 Local Government Funding Agency - Draft Statement of Intent 2024-27	9
4.2 Local Government Funding Agency – Half Yearly Report to 31 December 2023	27
4.3 Financial Report for the 8 months ending 29 February 2024	49
4.4 Capital Projects Report for the 8 months ending 29 February 2024	75
4.5 Operations Report - Corporate Group - March 2024	87
5. Public Excluded Business / Rāhui Tangata	
6. Closure of Meeting / Te katinga o te Hui	

Finance Committee – Terms of Reference

Membership

Chairperson	Councillor Paul Yovich
Deputy Chairperson	Councillor Phil Halse
Members	His Worship the Mayor Vince Cocurullo Councillors Ken Couper, Deborah Harding, Patrick Holmes and Simon Reid
Meetings	Monthly
Quorum	4

Purpose

To ensure than Council finances and other corporate support functions are well managed. Management of disposal and purchase of individual properties within Council's commercial property portfolio.

Key responsibilities

- Manage the budget process including the co-ordination and preparation of budgets and financial statements for the Annual Plan and Long-Term Plan.
- Preparation of the financial component of Council's Annual Report.
- Operational reporting for the Corporate Group within Council.
- Operational accountability of performance including:
 - Health and Safety
 - Regular reporting on service delivery
 - Compliance
 - Sustainability
 - Finance
- 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's commercial property portfolio, including:
 - The purchase and disposal of commercial properties specifically identified in the Long Term Plan
 - The purchase and disposal of commercial properties as authorised by Council, where these are not specifically identified in the Long Term Plan.
 - Recommendations to Council for the purchase and disposal of any other commercial properties.
- Council Controlled Organisations (CCOs) – monitoring the financial and non-financial performance of CCOs whose functions would otherwise fall under the scope of this committee. Includes trading CCOs (CCTOs) and those CCOs exempted under the LGA. Responsibilities include:
 - advising on the content of annual Statement of Expectations to CCOs
 - monitoring against the Statement of Intent
 - for exempted CCOs, monitoring and reporting as agreed between Council and the organisation
 - quarterly reporting on performance

CCO accountable to this committee:

- Local Government Funding Agency (LGFA)
**Statement of Intent agreement to council*

Delegations

- (i) All powers necessary to perform the committee's responsibilities, including:
 - (a) Approval of expenditure of less than \$5 million plus GST.
 - (b) Purchase and disposal of commercial properties as identified above and within the budget limits identified in the Long Term Plan.
 - (c) Establishment of working parties or steering groups.

The Committee does not have:

- I. The power to establish sub-committees.
- II. The powers Council is expressly prohibited from delegating as outlined in Clause 32(1)(a)-(h) of Schedule 7 of the Local Government Act 2002; being:
 - the power to make a rate
 - the power to make a bylaw
 - the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan

- the power to adopt a long-term plan, annual plan or annual report
- the power to appoint a chief executive the power to adopt policies required to be adopted and consulted on under the Local Government 2002 in association with the long-term plan or developed for the purpose of the local governance statement
- the power to adopt a remuneration and employment policy.

Finance Committee Meeting Minutes

Date: Wednesday, 6 March, 2024
Time: 9:00 a.m.
Location: Civic Centre, Te Iwitahi, 9 Rust Avenue

In Attendance

- Cr Paul Yovich (Chairperson)
- Cr Phil Halse (Deputy Chairperson)
- His Worship the Mayor Vince Cocurullo
- Cr Ken Couper
- Cr Deborah Harding
- Cr Patrick Holmes
- Cr Simon Reid

Also in Attendance

- Cr Marie Olsen
- Cr Nicholas Connop

Scribe N. Pestana (Team Leader, Democracy)

1. Declarations of Interest / Take Whaipānga

No interests were declared.

2. Apologies / Kore Tae Mai

There were no apologies.

3. Confirmation of Minutes of Previous Finance Committee Meeting / Whakatau Meneti

3.1 Minutes Finance Committee 7 February 2024

Moved By Cr Paul Yovich

Seconded By His Worship the Mayor

That the minutes of the Finance Committee meeting held on Wednesday 7 February 2024, including the confidential section, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Information Reports / Ngā Pūrongo Kōrero**4.1 Financial Report for the 7 months ending 31 January 2024**

Moved By Cr Patrick Holmes

Seconded By Cr Simon Reid

That the Finance Committee notes the operating results for the seven months ending 31 January 2024.

Carried

4.2 Capital Projects Report for the 7 months ending 31 January 2024

Moved By Cr Deborah Harding

Seconded By His Worship the Mayor

That the Finance Committee notes the Capital Projects Report for the period ending 31 January 2024.

Carried

4.3 Operations Report - Corporate Group - March 2023

Moved By Cr Ken Couper

Seconded By Cr Phil Halse

That the Finance Committee notes the Corporate Group operations report for March 2024.

Carried

5. Public Excluded Business / Rāhui Tangata

There was no business in public excluded.

6. Closure of Meeting / Te katinga o te Hui

The meeting concluded at 9.52am.

Confirmed this 3rd day of April 2024

Cr Paul Yovich (Chairperson)

4.1 Local Government Funding Agency – Draft Statement of Intent 2024-27

Meeting: Finance Committee
Date of meeting: 3 April 2024
Reporting officer: Delyse Henwood (Manager – Finance)

1 Purpose / Te Kaupapa

To note receipt of the Local Government Funding Agency (LGFA) Draft Statement of Intent 2024-27 and determine whether any feedback should be provided to the LGFA Board.

2 Recommendations / Whakataunga

That the Finance Committee:

1. Notes the Local Government Funding Agency Draft Statement of Intent 2024-27.
2. Authorises the Manager - Finance to provide feedback on behalf of Council.

3 Background / Horopaki

Section 64 of the Local Government Act (2002) advises that Council Controlled Organisations (CCOs) must have a Statement of Intent (SOI). Council can agree with the Statements of Intent or ask for modifications.

Prior to the preparation of the Draft Statement of Intent, a Statement of Expectation was sent to the LGFA Board by the Shareholders' Council. This is included as Attachment One.

The LGFA Draft Statement of Intent 2024-27, of which Council has a shareholding, is included as Attachment Two, and the cover letter as Attachment Three. This meets the obligations of Section 64 and Schedule 8 in the Local Government Act (2002).

Alan Adcock, General Manager Corporate / CFO has a governance relationship with LGFA as a Non-Independent Director on the LGFA Board.

Any potential conflicts of interest this causes are dealt with as circumstances dictate.

4 Discussion / Whakawhiti kōrero

Should Council wish to provide feedback to the Board on this draft report there are two avenues available:

- a) Directly to the Board as a shareholding council.
- b) Through the Shareholders' Council, who will aggregate and discuss all known views of shareholding councils and the Crown before preparing a response to the Board.

Option b) is recommended unless Council's views differ from those of the Shareholders' Council.

5 Significance and engagement / Te Hira me te Arawhiti

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 / Ngā Tāpiritanga

Attachment 1 – Shareholders' Council Statement of Expectation dated 24 November 2023

Attachment 2 – LGFA Draft Statement of Intent 2024-27

Attachment 3 – LGFA letter to Shareholders dated 28 February 2024 to accompany Draft Statement of Intent 2024-27



24 November 2023

Craig Stobo
Chair
New Zealand Local Government Funding Agency Ltd
P O Box 5704
Wellington 6145

Dear Craig,

Shareholder Expectations and the Statement of Intent 2024-2027

I am writing to set out the Shareholders' Council's (the Council's) expectations of the New Zealand Local Government Funding Agency Ltd (LGFA) for consideration in the LGFA's business planning for the upcoming year and the development of its 2024-2027 Statement of Intent (SOI).

The Council values its existing positive and open working relationship with LGFA, and the on-going success of your key role of providing certainty of market access, tenor, and pricing to the sector. We also appreciate your on-going communication efforts, particularly the annual Borrower's Day and stakeholder survey, and the quarterly LGFA and Economic Update webinars.

We would like you to consider the following topics in your SOI development:

Succession planning

The Council recognises the importance of deep financial expertise in LGFA's Board, and of ensuring that Board membership has sufficient strength in this area to maintain regular scheduled Director rotations without undermining Board effectiveness. We would like LGFA to make Board succession planning a priority for next year.

Advocacy

LGFA's specialist knowledge, political independence, and shareholding spanning both central and local government gives it a unique perspective from which to advise on the likely impacts of proposed legislation and reforms in the local government sector.

The Council would like LGFA to maintain productive relationships with central government representatives and keep abreast of legislative and regulatory changes, making formal and informal submissions where possible:

- For major policy changes that could affect LGFA, such as Future for Local Government reform, proactively analyse impacts and communicate them clearly to Local Authorities so they fully understand the issues.
- For less significant reform, such as Reserve Bank Liquidity regulations, focus on the potential financial impacts.

Potential lending to new Water entities

The Council recognises the potential risks and opportunities to LGFA's lending activity and Local Authorities' debt ratios as a result of water reform. We would like LGFA to continue its engagement with the sector and central government agencies, to enable analysis of these risks and opportunities to be developed as the legislative landscape becomes clearer. We support your current strategic focus to:

- Offer LGFA as a potential funding solution for the sector, through pro-active engagement with central government agencies; and
- Maintain an LGFA credit rating equal to the Crown.

In the event of a CCO/CCTO structure emerging, the Council would expect LGFA's current credit and security processes to be broadly unchanged, including the potential for Group-level financial ratio covenants. In any event, any changes to LGFA's business arising from water reforms should reflect Shareholders' relatively low risk appetite and would require shareholder agreement.

Innovative products and services

The Council acknowledges LGFA's leadership in providing climate-related lending products, and your inaugural Sustainability Bond offering in 2022/23.

We support your relatively narrow range of debt-related products (including climate-related loans), as this ensures that your finite resources remain focused on LGFA's areas of greatest competitive advantage.

Performance indicators

The Council is comfortable with LGFA's Dividend Policy and current Statement of Intent (SOI) performance indicators. We would like you to consider whether any enhancements and/or rationalisation of performance targets might be appropriate in your 2024-2027 SOI, and to continue to keep us up to date through our regular meetings with on-going developments in your risk management practices.

Delivery of draft 2024-2027 SOI

The Council would like to discuss the content of this letter and the LGFA's views on its priorities for 2024-2027. We look forward to receiving the company's draft SOI as early as possible, to allow us to engage effectively with shareholders. After that, the Council will respond with feedback as promptly as possible, and prior to the statutory deadline of 1 May 2024, so that the company can deliver its final SOI by 30 June 2024.

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

Yours sincerely,



Kumaren Perumal

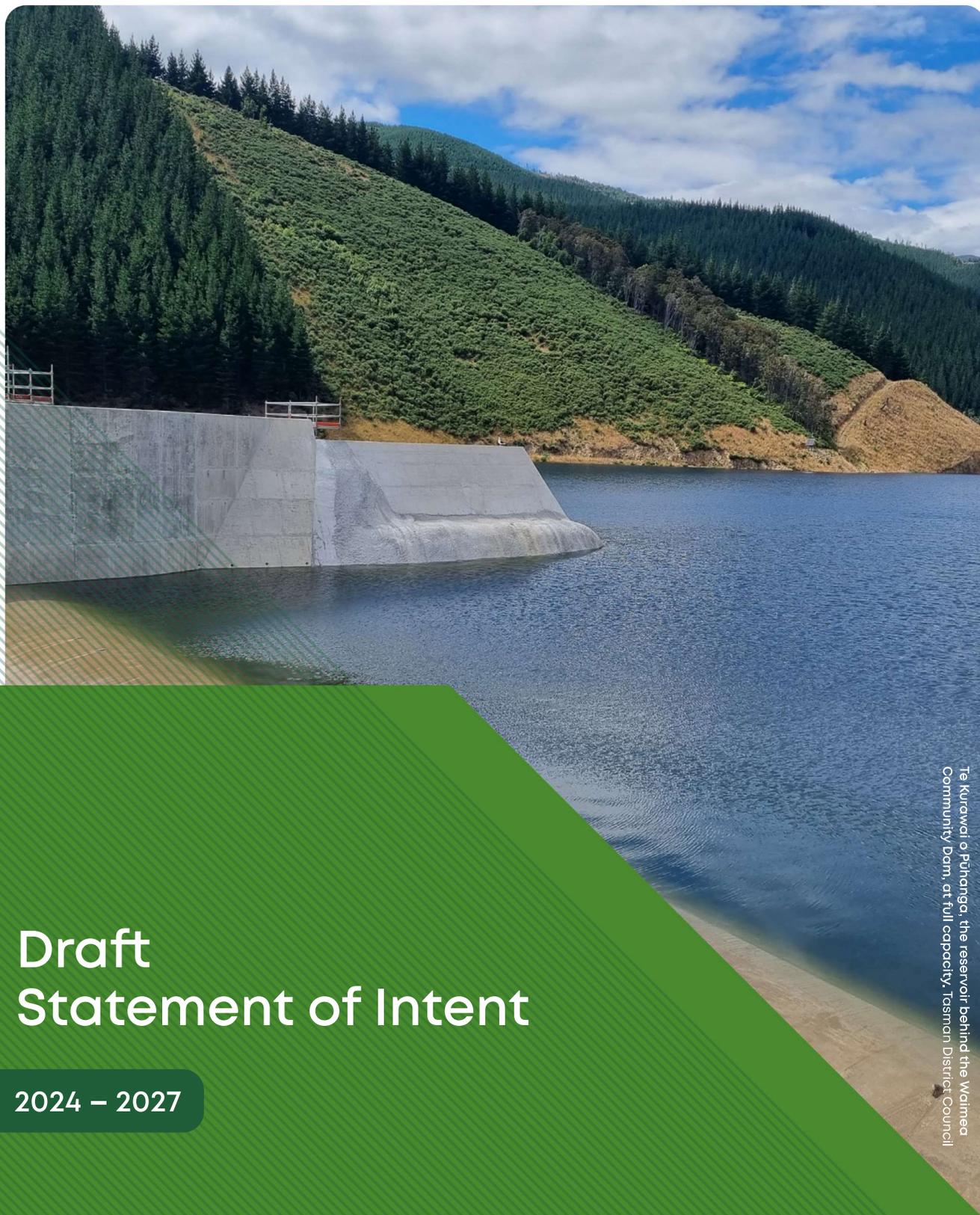
Chair

LGFA Shareholders' Council

cc. Mark Butcher, Chief Executive LGFA



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



Te Kuruwai o Puhanga, the reservoir behind the Waimaea Community Dam, at full capacity. Tasman District Council

Draft Statement of Intent

2024 – 2027

1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2024 to 30 June 2027. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

Note: This SOI, including financial forecasts, assumes that LGFA continues to lend to the water sector, either through councils as it does at present, or through any new structures under the Local Water Done Well reforms. We are awaiting further information relating to the establishment of the Water CCOs; how Water CCOs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and Water CCOs, and the impact on future council borrowing intentions.

2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding domestically or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidental to, or in connection with that business.

3. Our purpose Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

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

4. Our values Ō mātau uara

We act with integrity

E pono ana mātau

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

We are customer focused

E arotahi ana mātau ki te kiritaki

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

E whakapau kaha mātau kia hiranga te mahi

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

He kaiārahi mātau

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

He auaha mātau

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

5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

Governance, capability and business practice

LGFA is committed demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Industry leadership and engagement

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

7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2024-2027.

The financial performance targets are focused on the 2024-2025 year and, as applicable, are based on the financial forecasts outlined in section 8.

Governance, capability and business practice

Objectives	How we measure our performance
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The Shareholders' Council has requested a focus on succession planning for the Board.
Set and model high standards of ethical behaviour.	LGFA has adopted a 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.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual and Half Year Reports.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2024-2025 target
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
Succession plans be put in place for the Board and staff and be reviewed annually.	Plan established and shared.
LGFA's total operating income for the year to 30 June 2025.	>\$29.8 million.
LGFA's total operating expenses for the year to 30 June 2025.	<\$15.6 million.

Optimising financing services for local government

Objectives	How we measure our performance
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high-grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2024-2025 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$22,000 million.
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

Environmental and social responsibility

Objectives	How we measure our performance
Develop our sustainability strategy to include the estimated financial impacts of climate change.	LGFA sustainability strategy incorporates an assessment of the estimated financial impacts of climate change.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and maintaining formalised processes to measure our greenhouse gas (GHG) emissions.

Performance targets	2024-2025 target
Comply with the Health and Safety at Work Act 2015	No breaches.
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.
Increase our GSS lending book and Climate Action Loans	Two new GSS loans undertaken. Three new borrowers enter into CALs.
Ensure Annual Report is prepared in compliance with applicable GRI Standards	100%
Meet all mandatory climate reporting standards	100%

Effective management of loans

Objectives	How we measure our performance
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs 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.
Analyse finances at the Council group level where appropriate and report to shareholders.	Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Number of participating borrowers visited in a year.
Work with central government and local government to facilitate a sector-wide successful transition of debt under the Local Water Done Well Programme.	LGFA is an active participant in the Local Water Done Well Programme.

Performance targets	2024-2025 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

Industry leadership and engagement

Objectives	How we measure our performance
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.	Report on actions undertaken and progress made on sector issues.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government	Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions.
Maintain productive relationships with central government representatives.	Assist the local government sector to understand any legislative or Central Government policy changes that may impact LGFA.
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	Report on the alignment of LGFA and councils climate and emissions reporting requirements Report back in how we are helping smaller councils' understand future reporting requirements.

8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2027:

Comprehensive income \$m	Jun 25	Jun 26	Jun 27
Net Interest income	28.3	28.3	27.0
Other operating income	1.5	1.5	1.5
Total operating income	29.8	29.8	28.5
Approved Issuer Levy	4.2	5.8	7.2
Issuance & onlending costs	4.1	4.2	4.3
Operating overhead	6.3	6.6	6.9
Issuance and operating expenses	14.6	16.6	18.4
P&L	15.1	13.1	10.1
Financial position (nominals) \$m	Jun 25	Jun 26	Jun 27
Liquid assets portfolio	2,379	2,788	2,769
Loans to local government	22,086	24,456	26,053
Total Assets	24,465	27,244	28,823
Bonds on issue (ex Treasury stock)	22,332	25,017	26,486
Bills on issue	1,350	1,350	1,350
Borrower notes	508	573	623
Total Liabilities	24,190	26,940	28,459
Capital	25	25	25
Total Liabilities	19,308	20,509	21,577

Capital	25	25	25
Retained earnings	106	118	126
Dividend	(2)	(2)	(2)
Shareholder equity	130	141	149
Ratios	Jun 25	Jun 26	Jun 27
Liquid assets/funding liabilities	10.4%	10.9%	10.2%
Liquid assets / total assets	9.7%	10.2%	9.6%
Net interest margin	0.13%	0.12%	0.10%
Cost to income ratio	49.2%	55.9%	64.5%
Return on average assets	0.06%	0.05%	0.04%
Shareholder equity/total assets	0.5%	0.5%	0.5%
Shareholder equity + BN/total assets	2.6%	2.6%	2.7%
Asset growth	12.8%	11.4%	5.8%
Loan growth	11.3%	10.7%	6.5%
Return on equity	13.0%	10.1%	7.2%
Capital ratio	13.0%	13.1%	13.4%

The above forecasts assume a gross bond issuance programme of \$5.25 billion (FY25), \$5.04 billion (FY26) and \$4.72 billion (FY27) based upon term lending to councils of \$4.60 billion (FY25), \$4.86 billion (FY26) and \$5.08 billion (FY27).

Note there is a high level of uncertainty regarding the financial forecasts for both council borrowing and LGFA bond issuance due to the uncertainty relating to the impact on councils from the Local Water Done Well Reforms.

9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

10. Governance

Board

The 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 Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

11. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

12. Acquisition / divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's approved lending and investment policies.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

Statement of Accounting Policies

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

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

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

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

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

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

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, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

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.

28 February 2024

Dear Shareholder

Draft Statement of Intent 2024-2027

Please find attached a copy of our draft Statement of Intent (SOI) for 2024-2027.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Providing longer dated funding and
- Providing certainty of access to markets

For our shareholders we are focused on

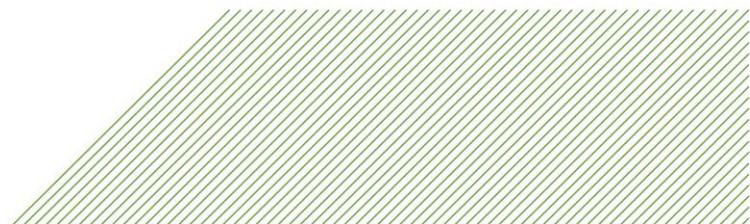
- Delivering a strong financial performance
- Monitoring asset quality
- Enhancing our approach to treasury and risk management, and
- Ensuring we have the correct governance framework and capital structure in place.

For our guarantors we are focused on

- Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate and funding risk.

The following points regarding the draft SOI 2024-27 are worth noting:

- This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Local Waters Done Well Programme. We are awaiting further information as the enabling legislation is introduced in June and December 2024 but will assume in the meantime a business-as-usual approach to council and CCO borrowing. The final SOI in June 2024 will be updated from this draft to incorporate any future announcements and will include a statement if there have been any material changes to our forecast assumptions.
- Profitability is forecast to remain strong with projections for Net Operating Gain of \$15.1 million, \$13.1 million, and \$10.1 million for the next three years. However, we remain cautious in placing too much emphasis on the year two (2025-26) and three (2026-27) forecasts given we have \$7.1 billion of LGFA bonds and \$7.5 billion of council and CCO loans maturing over the three-year SOI forecast period. This is because assumptions regarding the amount and timing of refinancing and interest rates have a material impact on financial projections.



- We have increased our forecast for council loans (short and long term) outstanding as at June 2025 to \$22.08 billion and to \$24.45 billion as at June 2026 (from \$20.03 billion and \$21.50 billion in the previous SOI). This increase reflects a higher starting position as at 30 June 2024 and councils undertaking further capex and continued high utilisation of short-term borrowing from LGFA.
- We are assuming gross bond issuance of \$5.25 billion (2024-25), \$5.04 billion (2025-26) and \$4.72 billion (2026-27) based on council gross lending of \$4.60 billion (2024-25), \$4.86 billion (2025-26) and \$5.08 billion (2026-27).
- Net interest income is expected to gradually reduce over the forecast period as the balance sheet grows from increased council lending but is offset by a larger holding of liquid assets and slightly lower forecast interest rates.
- We have assumed a modest narrowing in lending margins as more councils and CCOs take up our Climate Action Loan (CAL) product and we undertake more Green, Social and Sustainability (GSS) lending to councils and CCOs. Given the recent announcement from S&P Global Ratings regarding the lowering of the trend within the local government sector institutional framework, we have assumed no further improvement in the credit quality of the sector.
- Compared to the previous SOI, issuance and operating expenses, excluding Approved Issuer Levy are forecast to be approximately \$700k higher in the 2024-25 and \$600k in 2025-26 financial years. This is due to forecast higher IT, HR and legal costs associated with increased foreign currency issuance, water reforms and increased staffing.
- The proposed SOI performance targets are similar to the previous SOI. The focus remains on sustainability, assisting councils with greenhouse gas (GHG) emission reporting, monitoring the credit quality of the sector, and assisting with the implementation of Local Water Done Well Programme.
- As noted above, there is some timing uncertainty within the SOI forecast relating to council loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the council loans that are due to mature in April 2025, April 2026 and April 2027. Decisions made by our council members regarding early refinancing will have a phasing impact across all three years in the SOI forecast.

If you have any questions or wish to provide comments by 1 May 2024 then please feel free to contact myself or any member of the Shareholders Council. The LGFA board will consider any feedback received and provide a final version of the SOI to shareholders by 30 June 2024.

Yours sincerely



Mark Butcher
Chief Executive

4.2 Local Government Funding Agency – Half Yearly Report to 31 December 2023

Meeting: Finance Committee
Date of meeting: 3 April 2024
Reporting officer: Delyse Henwood (Manager Finance)

1 Purpose / Te Kaupapa

To provide the half yearly report for the Local Government Funding Agency (LGFA) to 31 December 2023.

2 Recommendation / Whakataunga

That the Finance Committee notes the Local Government Funding Agency half yearly report to 31 December 2023.

3 Background / Horopaki

Section 66 of the Local Government Act (2002) advises that Council Controlled Organisations (CCOs) must deliver a report to council on their half yearly operations. To that end, the half yearly report for the 2023-24 financial year for the LGFA, of which Council has a shareholding, is included as Attachment 2.

Alan Adcock, General Manager Corporate / CFO has a governance relationship with LGFA as a Non-Independent Director on the LGFA Board.

Any potential conflicts of interest this causes are dealt with as circumstances dictate.

4 Significance and engagement / Te Hira me te Arawhiti

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 Attachments / Ngā Tāpiritanga

Attachment 1 – LGFA letter to Shareholders dated 28 February 2024 to accompany Half Yearly Report to 31 December 2023

Attachment 2 – LGFA Half Yearly Report to 31 December 2023

28 February 2024

Dear LGFA Stakeholder

LGFA 2023-24 Half Year Report

The following is a link to our Half Year Report for the six-month period to December 2023.

[LGFA Half Year Report – 31 December 2023](#)

We are pleased to highlight a positive six-month period for LGFA including the following:

1. Increased lending to council and CCO borrowers

At 31 December 2023, LGFA had a market value of loans outstanding of \$18.8 billion which followed record lending of \$2.63 billion over the six-month period. We added two new CCOs as members over the six months, bringing the number of members to 72 councils and 5 CCOs.

2. A focus on sustainability.

We launched our Climate Action Loan (CAL) product for council and CCO members in December 2022 to incentivise borrowers through a lower loan margin if they have an approved greenhouse gas (GHG) emission reduction plan in place and are meeting their reduction targets. At December, CALs total \$1.2 billion across four councils.

Our Green, Social and Sustainable (GSS) loans provide a discounted borrowing margin to councils and CCOs for eligible projects. Over the six-month period we approved a further project as eligible for GSS lending, bringing the number of eligible projects to six across six councils.

We also published our first Annual Impact Review report for our NZX listed Sustainable Financing Bond. We are having ongoing dialogue with councils relating to GHG emission reporting and reduction and are currently preparing for our first report under Climate Related Disclosure requirements for the 2024 Annual Report.

3. A financial position tracking to forecast.

Net Operating Profit for the six-month period was \$5.2 million, which is slightly below our SOI forecast due to higher costs from increased issuance, and the establishment and issuance under foreign currency programmes. However, we expect to meet the full year SOI forecast by June 2024. LGFA has assets of \$21.77 billion and Shareholder Equity of \$109.4 million as at 31 December 2023.



4. Working with our stakeholders.

We have been assisting Central and Local Government with the implementation of the water reform programme and with councils and CCO members on promoting sustainability.

A further highlight was LGFA being voted by market participants for an unprecedented five awards at the KangaNews Awards including New Zealand Debt Issuer of the Year award for the second consecutive year.

Our focus remains on adding value to the local government sector through:

- Providing cheaper loans.
- Enabling easier access to markets.
- Providing reliable financing.
- Underpinning confidence.
- Encouraging sustainability.
- Enhancing capital markets.
- Being a centre of expertise.

To achieve the above, we require the support of all our stakeholders and thank you for your contribution and assistance over the past six months.

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

Kind regards



Mark Butcher
Chief Executive

Benefiting communities through
delivering efficient financing
for local government.

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

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



Cover photo: Kopurererua River realignment project, Tauranga City Council
Contents photo: Water flows down the spillway and beneath the Nick Patterson bridge, Waimea Dam, Tasman District Council

Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

Lending to the sector

LGFA was established in 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 and our membership has grown to 77 council and 5 CCO's.

Over the six months, Infrastructure Holdings Limited and Whanganui District Council Holdings Limited joined as CCO members. We currently have 72 guarantors with West Coast Regional Council moving from non-guarantor to guarantor status during the past six months.

Lending to members over the six month period was a record \$2.63 billion of long-term loans to 56 members, with an average tenor of 5.2 years which was shorter than prior periods. Short-dated lending for terms less than 12 months continues to be supported by councils, with \$617 million outstanding to 36 members at December 2023.

Our estimated market share of total council borrowing of 89% was above our forecast and the long-term average. As at the end of December, outstanding loans totalled \$18.79 billion, as well as \$747 million of standby facilities.

Financial and Operational Performance

LGFA's total interest income for the six months of \$578.1 million was an 85% increase over the 2022 comparable period (\$312.9 million), while net operating

profit of \$5.2 million was a 370% increase (\$1.1 million).

Although net operating profit was significantly higher than the comparable 2022 period, it was in line with historical outturns. The low comparable 2022 period outcome was negatively influenced by the rapid rise in interest rates, mismatches between the Bank Bill Reference Rate and the Official Cash Rate, combined with a planned increased holding of liquid assets.

Total operating income was above budget by \$152k, however expenses were \$428k above the SOI budget, with net operating profit \$277k below budget. Our higher expenses were due to increased legal and NZX costs arising from the record levels of member borrowing and associated bond issuance, as well as establishment costs for our Euro Commercial Paper programme, \$A bond issuance and higher Approved Issuer Levy (AIL) payments.

The financial strength of LGFA was affirmed by Fitch Ratings who maintained our domestic currency credit rating at AA+ in October 2023. Our AAA rating from S&P Global Ratings was affirmed in March 2023 and remains the same as the New Zealand Government.

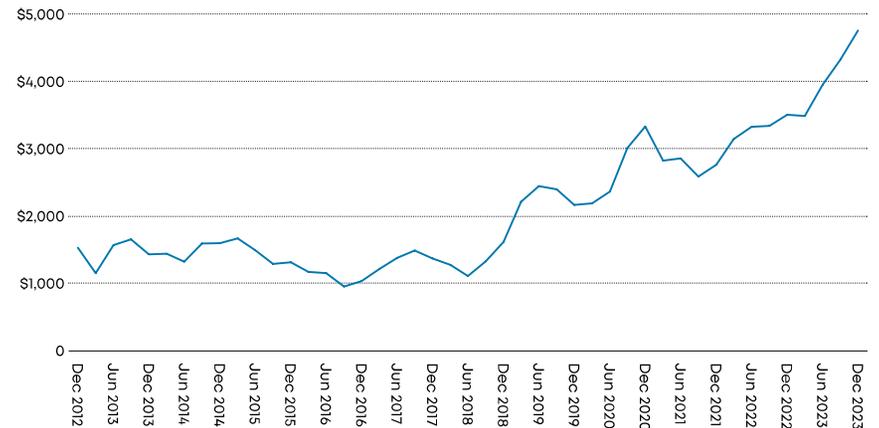
Our borrowing activity

LGFA issued \$1.63 billion of NZD bonds over the past six months, with outstanding bonds totalling \$18.92 billion (including \$1.0 billion of treasury stock) across 11 maturities ranging between 2024 to 2037. The average term of our NZD bond issuance during the six months at 5.7 years was significantly longer than the prior year period.

For the six-months ended 31 December 2023

The six months to December 2023 presented a challenging period for bond issuance as markets remained volatile and an increased supply of high-grade bonds impacted sentiment. Over this period, council and council-controlled organisations (CCO) borrowing and LGFA bond issuance increased to record levels and, despite the difficult conditions, LGFA continued to deliver value to members and our investor base. Highlights over the period included our successful debut issuance in the Australian Dollar (A\$) bond market and LGFA receiving an unprecedented five awards in the annual KangaNews Awards, including New Zealand Issuer of the year for the second consecutive year.

LGFA Annual Council and CCO Borrowing (NZ\$ millions)



LGFA established an Australian Medium Term Note programme in 2017 to diversify our funding sources but had no reason to utilise the programme until 2023. Given our increased borrowing requirement we successfully debuted issue a A\$1 billion 5-year bond in August 2023 and followed up with an A\$650 million 7-year bond in November 2023.

LGFA has the largest amount of New Zealand dollar (NZD) bonds on issue after the New Zealand

Government and our individual bond tranches are amongst the largest and most liquid NZD debt instruments available for investors. Secondary market activity in our bonds continues to rise, assisting investors' access to our bonds throughout the year.

Increased high grade bond supply from ourselves and the NZ Government has pushed LGFA spreads wider to swap, but we have outperformed on a spread to NZGBs. The performance of LGFA bonds over the past six

months has been mixed with the spread between LGFA bonds and New Zealand Government Bonds (NZGBs) narrower by between 3 bps (2033s) and 12 bps (2027s) but wider on a spread to swap between 3 bps (2035s) to 13 bps (2026s). Outright yields on LGFA bonds declined between 28 bps (2037s) and 55 bps (2027s) over the six-month period, but it was a volatile period with the 2037 yield trading a 146-bps range between 6.58% and 5.12% and closed on 31 December 2023 at the low of 5.12%.

KangaNews award winner

We are pleased to advise that LGFA scooped an unprecedented five awards at the 2023 KangaNews Awards with the awards being determined by market participant votes. We received awards for the New Zealand Issuer of the Year (for the second consecutive year), NZD Rates Bond Deal, NZ Sustainability Deal, NZ Offshore Deal, and NZ innovative Deal. We want to acknowledge the support from our stakeholders and those who voted for us.

Our role in assisting Local and Central Government

The local government sector continues to face a period of change and uncertainty having to deal with climate-related events, rising cost pressures and managing their three waters assets during the reform process.

LGFA is assisting both Central Government and our council members under the previous government's Affordable Waters Programme and the new government's Local Water Done Well Programme.

LGFA continues to assist as required, the Ratepayer Assistance Scheme project managed by a group of councils with advice from Cameron Partners. If successful, the scheme could offer temporary financial relief to ratepayers via rates postponement. LGFA is not contributing financially to this project but providing intellectual capital and assistance.

New products and initiatives

We launched Green, Social and Sustainable (GSS) lending in October 2021 and Climate Action Loans

(CALs) for council and CCOs in December 2022. Both lending products offer discounted loan margins to councils and CCOs.

As at December 2023, we have undertaken \$377.2 million of GSS Loans to six members and CALs of \$1.20 billion to four members.

LGFA established a world first Sustainable Financing Bond (SFB) Framework in March 2023 and issued our first SFB under the Framework in April 2023. We subsequently issued a further \$500 million of the May 2030 SFB in October 2023. The SFBs are notionally backed by our GSS loans and CALs to councils and CCOs.

Increasing focus on sustainability

Sustainability plays an important part within the local government sector and at LGFA. We have undertaken several initiatives over the past year, including maintenance of CarbonZero certification from Toitū Envirocare, actively marketing our GSS loan product and establishing CALs and the launch of the SFB. We published our first Annual Impact Report and have been preparing for our first report under Climate Related Disclosure requirements for the 2024 Annual Report.

Acknowledgments

Our work cannot be implemented without the support of our staff, fellow directors, Shareholders Council, New Zealand Debt Management and Central Government, all whose efforts should be acknowledged.

Anthony Quirk who has been a director since 2017, retired from the Board in November 2023, and we would like to take this opportunity to thank Anthony for his invaluable contribution to LGFA over the past six years. Kumaren Perumal from Bay of Plenty Regional Council also stepped down as Chair of the Shareholders Council and we wish to acknowledge his contribution over the past two years. Anita Furnis our inaugural Future Director also stepped down in December 2023 after an 18-month term and we appreciated her involvement and engagement that in ensures the success of the Future Director programme. We welcome David Rae to the board as an Independent Director, Kathryn Sharplin as the new Chair of the Shareholders Council and Sarah Matthews as the new Future Director.

We believe LGFA's future remains positive and look forward to working with all stakeholders in the next six months.



Craig Stobo
Chair



Mark Butcher
Chief Executive

How we add value to the local government sector

By working together with LGFA, member councils and Council-controlled organisations (CCO's) can access cheaper, easier, and more reliable funding.

At the same time, LGFA helps underpin confidence in the local government sector, helps councils and CCOs with their sustainability goals, boosts capital markets in New Zealand, and acts as a centre of expertise that the local government sector can draw on.

Cheaper loans. By borrowing collectively through LGFA, our members get cheaper funding than if they all borrowed individually. There are also major savings in upfront transaction costs.

Easier access to markets. LGFA deals with the complexities of accessing debt capital markets, which simplifies and streamlines the process of raising loans for our members. At the same time, we provide a wide range of financing options, including short-term loans and standby facilities, long-term loans up to 13 years, with either fixed or floating interest rates, and sustainable lending products.

Reliable financing. LGFA has a wider range of financing sources than most councils could access on their own. These include domestic retail and institutional investors, banks, and offshore investors. This makes financing more resilient and reliable, especially in times of stressed markets. LGFA has also provided a vital role by maintaining liquidity to members during difficult market conditions. LGFA has issued under our Australian dollar bond programme and has established a Euro Commercial Paper (ECP) programme to access foreign currency debt capital markets in order to diversify our financing sources.

Underpinning confidence. LGFA monitor and provide oversight for the local government sector, ensuring a higher degree of confidence in council finances. Our financial covenants help ensure prudent financial management by councils. We help maintain the support of investors and the confidence of the credit rating agencies by maintaining a credit rating that is equal to the New Zealand Government. It is important to maintain parity with the New Zealand Government credit rating to protect our operating model and manage borrowing costs.

Encouraging sustainability. LGFA provide Climate Action Loans and Green Social and Sustainable Loans to councils and CCOs to help them make progress on their sustainability goals. On the financing side, we issue Sustainable Financing Bonds to help broaden the 'sustainable bond' market in New Zealand. We are currently working with sustainability experts and councils to measure and report on our financed emissions for all our council borrowers in our upcoming 2024 Annual Report.

Enhancing capital markets. LGFA are the largest issuer of NZ Dollar bonds after the New Zealand Government. Our bonds add to market liquidity and provide more options for investors, including retail investors, to support the local government sector. Our bonds act as a stable benchmark that is used for pricing other corporate bonds in the New Zealand market.

A centre of expertise. The LGFA team acts like a centralised Treasury for councils, providing a significant amount of experience and expertise in capital markets and debt raising.

KANGANEWS
AWARDS
2023

**New Zealand
Issuer of the Year
for 2023**

Thank you to our investors,
intermediaries and market
participants for their support.

Performance against objectives

Ko ngā whakatutukinga ki ngā whāinga

The statement of service performance provides a summary of LGFA's performance against the objectives and performance targets set out in the LGFA Statement of Intent 2023-26 (SOI)

2023-24 Objectives and performance targets

LGFA objectives and performance targets for 2023-24 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the LGFA Board and management in determining our strategy:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the two quarters' ended December 2023 are available on the LGFA website.

Governance, capability and business practice

LGFA is committed to demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Objectives	Our performance to 31 December 2023
Demonstrate best practice corporate governance.	LGFA report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The 2023 Annual Report is the most recent report with commentary on our compliance with the NZX Code.
Set and model high standards of ethical behaviour.	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.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Our performance against our financial performance targets for the six months ended 31 December 2023 is summarised below under our performance targets.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	LGFA is committed to being a good employer and we report our employment practices annually in our Annual Report. The 2023 Annual Report is our most recent report outlining our health and safety and wellbeing practices and policies, including compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2023-2024 target	Our performance to 31 December 2023
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	✓ No breaches.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	✓ Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings. Fitch Ratings affirmed our foreign and domestic currency ratings at AA+ with a Stable Outlook on 19 October 2023. S&P Global Ratings affirmed our domestic currency credit rating at AAA and our foreign currency rating at AA+ in March 2023.
LGFA's total operating income for the period to 31 December 2023.	> \$20.6 million.	✓ \$10.6 million for six months to 31 December 2023. Expect to exceed SOI by year end.
LGFA's total operating expenses for the period to 31 December 2023.	< \$10.0 million.	✗ \$5.4 million for six months to 31 December 2023. Year-end operating expenses will exceed SOI due to higher Approved Issuer Levy than budgeted, as well as additional costs from (1) higher levels of issuance and onlending than budgeted; (2) legal and associated costs for inaugural foreign currency issuance, and (3) preparation for potential role in 'Local Water Done Well' and the proposed Ratepayer assistance programme.

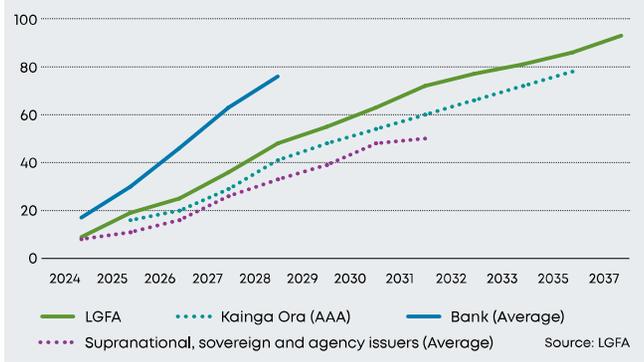
Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Objectives	How we measure our performance
------------	--------------------------------

Provide interest cost savings relative to alternative sources of financing.

Comparison to other high-grade issuers - secondary market spread to swap (bps)
 LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.



Supranational, sovereign and agency issuers

- Kainga Ora (AAA)
- Asian Development Bank (AAA)
- IADB (AAA)
- International Finance Corp (AAA)
- KBN (AAA)
- Rentenbank (AAA)
- World Bank (AAA)
- Nordic Investment Bank (AAA)

Banks

- ANZ (AA-)
- ASB (AA-)
- BNZ (AA-)
- Westpac Bank (AA-)

Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.

LGFA provides members with short term loans (less than one year), long term loans on either a floating or fixed rate basis (between one year and April 2037), Green Social and Sustainable Loans and standby facilities.

- Over the six months ended December 2023, our members borrowed \$2.656 billion in 222 long term loans across maturity dates ranging between 2024 and 2033.
- As at December 2023 there was \$617 million short-term loans outstanding to 36 members.
- As at December 2023, standby facilities totalled \$747 million across 16 members.

Deliver operational best practice and efficiency for lending services.

Over the six months ended December 2023, LGFA operations staff successfully:

- settled 1,150 new trades with a gross value of \$14.3 billion,
- processed 7,454 cash flows with a gross value of \$21.9 billion, and
- rate set 5,733 existing trades.

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

There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the six months ended December 2023, we issued NZ\$1.63 billion and A\$1.65 billion of primary bonds and secondary market turnover totalled \$6.25 billion.

Performance targets	2023-2024 target	Our performance to 31 December 2023
---------------------	------------------	-------------------------------------

Share of aggregate long-term debt funding to the Local Government sector.	> 80%	✓ Met – 89% as at 31 December 2023
Total lending to Participating Borrowers.	> \$17,870 million	✓ Met – \$18,789 million as at 31 December 2023
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score	✓ 100% satisfaction score in August 2023 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	✓ Met
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	✓ Met



Te Kurawai o Pūhanga, the reservoir behind the Waimea Community Dam, at full capacity. Tasman District Council

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will prioritise social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Objectives	Our performance to 31 December 2023
Assist the local government sector in achieving their sustainability and climate change objectives.	<p>Over the six months to 31 December 2023, we approved a new Green, Social and Sustainability Loan (GSS loan) to Tauranga City Council.</p> <p>At 31 December 2023, we have approved six GSS loans with a combined approved value of \$572 million, of which \$377 million has been advanced.</p> <p>On 1 December 2022, we launched Climate Action Loans (CALs) which a discounted loan margin for members who have implemented a Greenhouse Gas Emission Reduction Plan and meet their emission reduction targets.</p> <p>Over the six months to 31 December 2023, we approved a CAL loan status to Kapiti Coast District Council.</p> <p>At 31 December 2023, we have approved four councils with a CAL loan status: Total loans issued to CAL approved councils total \$1,221 million.</p>
Improve sustainability outcomes within LGFA.	<p>In 2021, LGFA directors committed to reducing our per employee emissions by 30% by 2030, compared with a 2018/19 base year.</p> <p>We are on track to meet our reduction target for the 2023-24 year.</p>

Performance targets	2023-2024 target	Our performance to 31 December 2023
Comply with the Health and Safety at Work Act 2015.	No breaches	✓ No breaches.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	✓ Toitū Net Carbon-zero recertification approved August 2023.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	✓ On track to meet target
Increase our GSS lending book.	Two new GSS loans undertaken. Three new borrowers enter into CALs	✓ On track to meet target
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%	✓ 2023 Annual Report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option).
Meet all mandatory climate reporting standards.	100%	✓ On track to meet target

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to 31 December 2023
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	<p>Over the six months, we reviewed council agendas and management reports on an ongoing basis for all members on the LGFA borrower watch-list.</p> <p>We have received compliance certificates for LGFA covenants from 78 (75 councils and 3 Council-controlled organisations) of our members with debt outstanding at June 2023 and no council has requested that they be measured on a group basis.</p>
Analyse finances at the Council group level where appropriate and report to shareholders.	
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	We met with 33 borrowers over the six months and are on target to meet with all members by 30 June 2024.

Performance targets	2023-2024 target	Our performance to 31 December 2023
Review each Participating Borrower's financial position.	100%	✓ On target to meet by 30 June 2024.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	✓ On target to meet by 30 June 2024.

Industry leadership and engagement

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

Objectives	Our performance to 31 December 2023
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.	LGFA continues to assist as required, the Ratepayer Assistance Scheme project managed by a group of councils with advice from Cameron Partners. If successful, the scheme could offer temporary financial relief to ratepayers via rates postponement. LGFA is not contributing financially to this project but providing intellectual capital and assistance.
Assist the local government sector with significant matters such as the Affordable Water Reforms.	Throughout the early part of the six-month period, we have had meetings with Treasury and the National Transition Unit team at DIA and their advisers regarding Affordable Waters Reform and the establishment of a collective funding vehicle, similar to LGFA structure, for the Water Services Entities. Following the change in Government, we have met with the Minister of Local Government and Treasury and DIA staff, offering to help with the implementation of the 'Local Water Done Well' programme
Maintain productive relationships with central government representatives.	We met regularly with OAG, Department of Internal Affairs and Treasury over the six month period.
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	We continue to roll out the GSS and CALs to councils and CCOs and approved a new GSS loan project and on boarded a new council for CALs. The LGFA Head of Sustainability continues to meet with his counterparts at various councils.



Financial statements

Nga taukī pūtea

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Statement of comprehensive income

For the six months ended 31 December 2023 in \$000s

	Note	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Interest income		578,134	312,883
Interest expense		568,323	307,904
Net interest income	4	9,811	4,979
Other operating income	5	753	671
Total operating income		10,564	5,651
Operating expenses	6	5,355	4,542
Net operating profit		5,209	1,108
Total comprehensive income		5,209	1,108

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

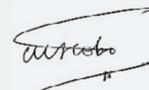
Due to rounding, numbers presented in the financial statements and associated notes may not add up precisely to the reported totals.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 28 February 2024.

Statement of changes in equity

For the six months ended 31 December 2023 in \$000s

	Note	Share capital	Retained earnings	Total equity
Equity as at 1 July 2022		25,000	79,560	104,560
Net operating profit			2,505	2,505
Total comprehensive income for the year			2,505	2,505
Transactions with owners			-	-
Dividend paid on 2 September 2022			(1,218)	(1,218)
Equity as at 1 July 2023		25,000	80,847	105,847
Net operating profit			5,209	5,209
Total comprehensive income for the year			5,209	5,209
Transactions with owners			-	-
Dividend paid on 1 September 2023			(1,713)	(1,713)
Unaudited closing balance as at 31 December 2023		25,000	84,343	109,343



Craig Stobo, Director
Board Chair



Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of financial position

As at 31 December 2023 in \$000s

	Note	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Assets			
Financial assets			
Receivables		1,086	492
Cash and bank balances		359,688	226,222
Cash pledged as collateral		85,389	93,175
Marketable securities		1,613,984	1,127,879
Deposits		822,148	348,492
Derivatives in gain		101,535	63,845
Loans	8	18,788,758	16,313,562
Non-financial assets			
Prepayments		1,228	919
Other assets	9	26	58
Total assets		21,773,843	18,174,644
Equity			
Share capital	16	25,000	25,000
Retained earnings		79,135	80,847
Total comprehensive income for the period		5,209	-
Total equity		109,343	105,847
Liabilities			
Financial liabilities			
Payables and provisions	10	29,850	6,132
Bills	11	856,894	782,630
Bond repurchases	12	129,987	130,043
Derivatives in loss		1,291,310	1,628,316
Bonds	13	18,924,712	15,160,432
Borrower notes	14	430,751	360,348
Non-financial liabilities			
Other liabilities	15	995	896
Total liabilities		21,664,499	18,068,797
Total equity and liabilities		21,773,843	18,174,644

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

Statement of cash flows

For the six months ended 31 December 2023 in \$000s

	Note	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Cash flows from operating activities			
Cash applied to loans	8	(2,407,840)	(1,639,024)
Interest paid on bonds issued		(243,566)	(228,725)
Interest paid on bills issued		(26,733)	(10,088)
Interest paid on borrower notes		(558)	(131)
Interest paid on bond repurchases		(5,303)	(1,738)
Interest received from loans		475,616	224,165
Interest received from cash & cash equivalents		12,273	2,396
Interest received from marketable securities		19,511	13,570
Interest received from deposits		16,943	5,897
Net interest on derivatives		(247,902)	2,276
Cash proceeds from provision of standby facilities		753	671
Payments to suppliers and employees		(6,011)	(5,317)
Net cash flows from operating activities	18	(2,412,818)	(1,636,047)
Cash flows from investing activities			
Purchase of marketable securities		(458,717)	206,657
(Purchase)/maturity of deposits		(458,062)	(462,937)
Net cash flows from investing activities		(916,778)	(256,280)
Cash flows from financing activities			
Cash proceeds from bonds issued	13	1,485,329	1,477,890
Cash proceeds (outflows) from bills issued		74,264	74,146
Cash proceeds (outflows) from bond repurchases		(168)	76,195
Cash proceeds from borrower notes		59,984	41,598
Dividends paid		(1,712)	(1,218)
Cash applied to derivatives		1,845,365	130,604
Net cash flows from financing activities		3,463,063	1,799,215
Net (decrease) / increase in cash		133,467	(93,112)
Cash, cash equivalents at beginning of year		226,222	158,033
Cash, cash equivalents at end of year		359,688	64,921

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

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

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

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

These financial statements were authorised for issue by the Directors on 28 February 2024.

2. Statement of compliance

The interim financial statements are for the six months ended 31 December 2023 and are to be read in conjunction with the annual report for the year ended 30 June 2023.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

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

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

LGFA does not consider any issued standards or interpretations 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, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents

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.

Revenue and expenditure

4. Net interest income

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Interest income		
Cash and cash equivalents	16,804	4,098
Marketable securities	33,313	18,342
Lease liability	-	16
Deposits	20,237	9,668
Derivatives	-	-
Loans	507,780	280,759
Fair value hedge ineffectiveness	-	-
Total interest income	578,134	312,883
Interest expense		
Bills	26,733	10,088
Bond repurchase transactions	5,415	1,949
Lease liability	17	-
Derivatives	227,217	66,245
Bonds	298,564	224,425
Borrower notes	10,377	5,196
Total interest expense	568,323	307,904
Net interest income	9,811	4,979

5. Other operating income

As at 31 December 2023, LGFA had provided credit standby facilities totalling \$747 million (2022: \$662 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Standby facilities fee income	753	671
Total other operating income	753	671

6. Operating expenses

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

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Issuance and on-lending expenses		
Approved issuer levy ¹	541	343
Rating agency fees	343	333
NZDMO facility fee	750	652
Legal fees – issuance	502	205
NZX	402	367
Trustee fees	56	55
Regulatory, registry, other fees	184	106
	2,779	2,062
Other operating expenses		
Information technology	360	341
Consultants	131	127
Directors fees	249	213
Insurance	49	47
Legal fees	23	156
Other expenses	204	230
Auditors' remuneration		
Statutory audit	60	55
Advisory services	-	-
Personnel	1,500	1,312
	2,577	2,481
Total operating expenses	5,355	4,542

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

7. Hedge accounting

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

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.

in \$000s	Unaudited gain/(loss) for the six months ended	
	31 December 2023	31 December 2022
Hedged items attributable to the hedged risk	(357,392)	329,876
Hedging instruments – interest rate swaps	357,392	(329,876)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

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

8. Loans

in \$000s	Unaudited as at 31 December 2023		Audited as at 30 June 2023	
	Short-term loans ¹	Loans	Short-term loans	Loans
Ashburton District Council	12,089	104,554	12,110	74,243
Auckland Council	-	3,631,775	-	3,225,659
Bay of Plenty Regional Council	57,991	176,577	57,428	161,353
Buller District Council	-	20,036	-	20,030
Canterbury Regional Council	5,013	77,336	10,116	65,272
Carterton District Council	-	20,552	-	17,523
Central Hawkes Bay District Council	-	38,324	4,072	38,314
Central Otago District Council	5,020	20,288	20,117	5,072
Christchurch City Council	-	2,331,650	-	2,200,409
Clutha District Council	11,583	88,191	7,554	62,905
Dunedin City Treasury	-	252,736	-	126,119
Far North District Council	10,079	92,000	-	91,984
Gisborne District Council	-	149,330	-	126,028
Gore District Council	8,554	44,478	8,556	41,915
Greater Wellington Regional Council	-	804,623	-	678,358
Grey District Council	3,971	26,801	3,990	26,799
Hamilton City Council	-	804,733	-	803,843
Hastings District Council	-	385,854	-	294,992

1. As at 31 December 2023, \$2,757 million of loans are due to mature within 12 months. This comprises all short-term loans and \$2,140 million of loans.

in \$000s	Unaudited as at 31 December 2023		Audited as at 30 June 2023	
	Short-term loans ¹	Loans	Short-term loans	Loans
Hauraki District Council	-	88,971	-	62,620
Hawkes Bay Regional Council	25,193	74,856	25,313	55,262
Horizons Regional Council	9,906	54,923	9,936	51,871
Horowhenua District Council	23,218	159,390	15,175	151,192
Hurunui District Council	9,060	49,571	8,092	38,435
Hutt City Council	-	479,870	-	373,239
Infrastructure Holdings Ltd	9,852	104,503	-	-
Invercargill City Council	61,774	73,889	55,448	68,788
Invercargill City Holdings Ltd	39,236	48,411	12,323	78,514
Kaikoura District Council	-	7,365	-	5,346
Kaipara District Council	-	44,572	-	44,545
Kapiti Coast District Council	-	308,407	-	277,935
Kawerau District Council	-	4,048	-	2,024
Mackenzie District Council	3,007	11,205	3,001	8,086
Manawatu District Council	15,241	79,598	15,136	79,502
Marlborough District Council	14,694	184,017	21,241	131,594
Masterton District Council	-	62,462	-	52,336
Matamata-Piako District Council	-	52,637	-	45,520
Napier City Council	-	10,095	-	10,014
Nelson City Council	-	247,217	-	186,666
New Plymouth District Council	20,136	237,018	10,114	221,668
Northland Regional Council	-	18,578	-	18,565
Opotiki District Council	-	11,584	-	9,557
Otago Regional Council	49,336	109,419	46,665	104,177
Otorohanga District Council	9,194	-	6,052	-
Palmerston North City Council	-	273,375	-	214,483
Porirua City Council	-	239,409	-	198,906
Queenstown Lakes District Council	56,097	524,697	56,007	454,003
Rangitikei District Council	-	31,238	-	31,207
Rotorua District Council	1,889	391,976	1,889	351,358
Ruapehu District Council	8,049	45,161	8,050	42,130
Selwyn District Council	-	126,430	-	116,198
South Taranaki District Council	3,072	117,496	-	117,428
South Waikato District Council	-	44,474	-	44,457

in \$000s	Unaudited as at 31 December 2023		Audited as at 30 June 2023	
	Short-term loans ¹	Loans	Short-term loans	Loans
Southland District Council	-	22,020	-	21,960
South Wairarapa District Council	-	29,174	-	29,148
Stratford District Council	-	34,885	2,030	31,858
Taranaki Regional Council	-	23,687	-	19,652
Tararua District Council	4,050	52,839	4,047	53,778
Tasman District Council	26,863	263,664	25,515	246,751
Taupo District Council	-	146,315	-	146,271
Tauranga City Council	-	930,197	-	823,933
Thames-Coromandel District Council	-	80,006	-	67,813
Timaru District Council	19,343	187,700	19,456	187,561
Upper Hutt City Council	-	182,803	-	113,212
Waikato District Council	-	156,572	9,975	111,225
Waikato Regional Council	-	30,298	5,120	25,276
Waimakariri District Council	-	182,028	-	181,960
Waimate District Council	-	3,541	-	3,540
Waipa District Council	51,618	200,515	20,010	207,374
Wairoa District Council	8,259	11,110	8,015	11,109
Waitaki District Council	8,852	52,501	8,978	33,280
Waitomo District Council	4,077	24,209	4,071	24,204
Wellington City Council	-	1,552,273	-	1,178,503
West Coast Regional Council	2,986	13,310	3,243	9,991
Western Bay Of Plenty District Council	-	86,106	-	80,992
Westland District Council	-	30,130	-	27,078
Westland Holdings Ltd	625	5,457	1,618	5,456
Whakatane District Council	-	145,172	-	114,768
Whanganui District Council	7,559	136,527	7,557	110,179
Whangarei District Council	9,921	228,466	9,927	228,151
Fair value hedge adjustment	-	(26,855)	-	(37,850)
	617,406	18,171,352	547,944	15,765,618

9. Other assets

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Right-of-use lease asset	26	58
Total other assets	26	58

10. Payables and provisions

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Loans/purchases to be advanced	29,000	5,000
Trade creditors	323	804
Credit provision	320	123
Other provisions	204	205
Total receivables	29,847	6,132

11. Bills

Unaudited as at 31 December 2023 in \$000s	Face value	Unamortised premium	Accrued interest	Total
12 January 2024	190,000	(266)	-	189,734
17 January 2024	75,000	(178)	-	74,822
1 February 2024	25,000	(120)	-	24,880
7 February 2024	50,000	(282)	-	49,718
16 February 2024	50,000	(336)	-	49,664
28 February 2024	50,000	(441)	-	49,559
8 March 2024	70,000	(700)	-	69,300
15 March 2024	95,000	(1,063)	-	93,937
21 March 2024	46,000	(555)	-	45,445
5 April 2024	25,000	(369)	-	24,631
10 April 2024	25,000	(385)	-	24,615
16 April 2024	15,000	(246)	-	14,754
8 May 2024	25,000	(486)	-	24,514
5 June 2024	25,000	(591)	-	24,409
19 July 2024	100,000	(3,088)	-	96,912
	866,000	(9,106)	-	856,894

Audited as at 30 June 2023 in \$000s	Face value	Unamortised premium	Accrued interest	Total
7 July 2023	45,000	(32)	-	44,968
12 July 2023	100,000	(142)	-	99,858
19 July 2023	35,000	(87)	-	34,913
2 August 2023	25,000	(112)	-	24,888
11 August 2023	75,000	(442)	-	74,558
17 August 2023	20,000	(144)	-	19,856
8 September 2023	70,000	(713)	-	69,287
15 September 2023	55,000	(630)	-	54,370
22 September 2023	102,000	(1,277)	-	100,723
28 September 2023	40,000	(549)	-	39,451
11 October 2023	25,000	(381)	-	24,619
17 October 2023	5,000	(81)	-	4,919
8 November 2023	20,000	(397)	-	19,603
28 November 2023	50,000	(1,166)	-	48,834
6 December 2023	25,000	(609)	-	24,391
14 December 2023	50,000	(1,282)	-	48,718
20 December 2023	50,000	(1,325)	-	48,675
	792,000	(9,370)	-	782,630

12. 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 31 December 2023, \$1,100 million of LGFA bonds had been subscribed as treasury stock.

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

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
15 April 2024	37,803	
15 April 2025	-	16,619
15 April 2026	-	1,920
15 April 2027	-	52,513
20 April 2029	3,412	19,437
15 May 2030	17,736	-
15 May 2031	37,957	3,287
14 April 2033	4,487	1,750
15 May 2035	-	34,518
15 April 2037	28,593	-
	129,987	130,043

13. Bonds

Bonds on issue do not include \$1,100 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 12: Treasury stock and bond repurchase transactions.

Unaudited as at 31 December 2023 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2024	2,218,000	(801)	10,635		2,227,834
15 April 2025	2,719,000	(37,783)	15,935		2,697,152
15 April 2026	2,155,000	(45,072)	6,889		2,116,817
15 April 2027	2,211,000	54,970	21,204		2,287,174
15 May 2028	1,553,000	(70,223)	4,512		1,487,289
20 April 2029	1,882,000	(105,057)	5,631		1,782,574
15 May 2030	1,500,000	(44,075)	8,716		1,464,640
15 May 2031	1,245,000	(81,469)	3,617		1,167,148
14 April 2033	1,515,000	5,936	11,445		1,532,381
15 May 2035	450,000	(7,496)	1,743		444,248
15 April 2037	860,000	(53,559)	3,666		810,107
AUD Fixed interest bonds					
1 August 2028	1,077,426	(2,784)	21,054		1,095,696
28 November 2030	700,327	(2,598)	3,336		701,065
Fair value hedge adjustment				(889,414)	(889,414)
	20,085,754	(390,010)	118,382	(889,414)	18,924,712

Audited as at 30 June 2023 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2024	2,218,000	(2,151)	10,499		2,226,348
15 April 2025	2,409,000	(36,176)	13,937		2,386,761
15 April 2026	2,155,000	(54,361)	6,801		2,107,440
15 April 2027	2,011,000	68,977	19,039		2,099,016
15 May 2028	1,423,000	(60,216)	4,089		1,366,873
20 April 2029	1,722,000	(83,580)	5,081		1,643,501
15 May 2030	1,000,000	(17,002)	5,747		988,745
15 May 2031	1,120,000	(60,338)	3,218		1,062,880
14 April 2033	1,350,000	33,003	10,070		1,393,073
15 May 2035	450,000	(7,728)	1,724		443,997
15 April 2037	820,000	(41,281)	3,450		782,170
Fair value hedge adjustment				(1,340,372)	(1,340,372)
	16,678,000	(260,853)	83,656	(1,340,372)	15,160,432

14. 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.

15. Other liabilities

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Lease liability		58
Accruals	995	838
Total receivables	995	896

16. Share capital

As at 31 December 2023, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. The 20 million of uncalled shares are held by the 30 council shareholders in proportion to the paid-up shares. The Minister of Finance and Minister for Local Government do not hold any uncalled shares.

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

17. Shareholder information

The holdings outlined in this table include the 25 million of paid-up ordinary shares and 20 million of uncalled ordinary shares. The uncalled ordinary shares are held by the 30 council shareholders.

Registered holders of equity securities	As at 31 December 2023		As at 30 June 2023	
Minister of Finance and Minister for Local 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%

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

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Net profit/(loss) for the period	5,209	1,108
Cash applied to loans	(2,407,840)	(1,639,024)
Non-cash adjustments		
Amortisation and depreciation	(9,728)	2,643
Working capital movements		
Net change in trade debtors and receivables	(476)	(378)
Net change in prepayments	(309)	(298)
Net change in accruals	126	(98)
Net Cash From Operating Activities	(2,412,818)	(1,636,047)

19. Related parties

Identity of related parties

LGFA is related to the local authorities set out in the Shareholder Information in note 17.

LGFA operates under an annual Statement of Intent 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 5, 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 14.

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

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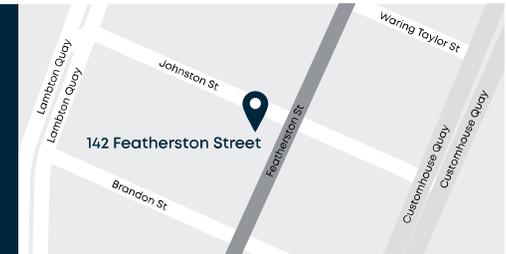
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4.3 Financial Report for the 8 months ending 29 February 2024

Meeting: Finance Committee
Date of meeting: 3 April 2024
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose / Te Kaupapa

To provide the operating results for the eight months ending 29 February 2024.

2 Recommendation / Whakataunga

That the Finance Committee notes the operating results for the eight months ending 29 February 2024.

3 Background / Horopaki

Year to date

The year-to-date position is a surplus of \$12.8 million, compared to a budgeted surplus of \$28.5 million, resulting in an unfavourable variance of \$15.7 million.

The key contributor to this variance is significantly less subsidies and grants received YTD compared to budget resulting in a \$8.3 million shortfall in subsidies and grants. This is mainly due to delays in completing Transportation projects and is direct consequence of having such a large capital program that is part funded by external funding.

The other key contributor is \$4.8 higher other expenditure YTD to compared to the phased budget. Further details are provided in the full year forecast variance explanations.

Full year forecast

The forecast net surplus for the financial year ending 30 June 2023 is \$11.5 million compared to the budgeted surplus of \$29.6 million resulting in an unfavourable variance of \$18.1 million. These results are based on forecast figures provided by budget managers in February 2024. The next forecast will be completed by budget managers in March 2024. The March 2024 forecast results will be used to determine our opening position for the final Long Term Plan.

While budget managers have updated their full year forecast, Finance staff have not had sufficient time to thoroughly analyse the results yet due to LTP pressures. At the time of preparing this agenda, various expense lines have been identified as requiring further review and analysis with the business. These will be addressed and reconsidered as part of the March forecast. An updated forecast of Personnel costs will also be performed as part of the March forecast.

An unfavourable variance against budget has been forecast since the first quarter report. The Financial Report for the three months ending September made specific reference to the contributing factors:

“We are starting to see the impact of the 2023-24 Annual Plan budget being insufficient compared to cost escalations being experienced. Several of Council’s Activities are forecasting higher spend than budget. This is likely due to several factors including:

- *the additional allocation to Roothing in the Annual Plan, which resulted in lower increases for all other areas.*
- *high depreciation costs which lead to no inflationary increases being added to the budgets for the rest of the business.*
- *continued price escalations and budget pressures.*

These results are not unexpected considering the restrained budgets set as part of the Annual Plan. This needs to be considered during the development of the Long Term Plan. If this gap continues to widen without further operational efficiencies, changes to levels of service and/or sufficient rates increases we are likely to see very adverse results against budget going forward or cuts to service delivery. A prudent balanced budget still needs to be set at a level sufficient to fund operations. Additional unbudgeted spend approved throughout the year will continue to add to this adverse variance. Large variances in capital revenue streams also emphasize the importance of setting an LTP budget that begins to address the everyday funding issue by reducing Councils ever increasing reliance of capital funding to ‘balance the books’.

The current shortfall in the funding of everyday operating expenses has been recognised by Council, with the adoption of the Consultation Document for the 2024-34 Long Term Plan including a significant increase in General rates funding. As part of the development of the Financial Strategy, Council has also introduced a new financial parameter referred to as the Everyday Funding Benchmark. This benchmark is not expected to be achieved until years 3-4 of the Long Term Plan, once everyday funding reaches a level that means Council is not relying on capital funding to cover operating costs. Once operating budgets are truly balanced, operating surpluses can be used to retire debt, meaning overall debt levels will reduce over the longer-term. It is important to note that increased rates funding does not replace the need to keep a relentless focus on finding operating efficiencies so costs can be reduced or avoided without compromising service delivery wherever possible.

Management is currently reviewing our monthly financial process and reporting to determine whether this benchmark is able to be calculated throughout the year (according to the methodology contained within the financial strategy) and reported each month as part of this financial report. If so it will be incorporated from the start of the financial year, once the Long Term Plan and Financial Strategy have been adopted. To ensure consistency with the calculation proposed within the draft Financial Strategy the reporting of this measure has been removed from this report while this is worked through.

Key full year forecast variances by activity include:

Details	Variance to budget	Explanation
Other Expenses (including loss on disposal and opex on projects) - \$6.3m unfavourable. Key variances as follows:		
Community Facilities and Services \$847k		
Parks and Recreation	\$763k	Various cost centres
Parks and Recreation	\$388k	Loss on disposal of assets
Community Development	(\$529k)	Opex on projects
Community Development	\$546k	Loss on disposal of assets
Support Services \$853k		
Business Support	\$312k	Cleaning, security and maintenance
CE Overheads	\$155k	Unbudgeted Riskpool call
ICT	\$816k	Payments to external contractors, computer software expenses, capex recoveries not yet charged to WIP
ICT	(\$644k)	Opex on projects
Infrastructure Development	\$215k	Professional fees
Transportation \$782k		
Northland Transport Alliance	\$269k	Various
Sealed pavements	\$731k	Maintenance contracts
Road Environment	\$379k	Maintenance contracts
Traffic Services	\$1.2m	Maintenance contracts
Network & Asset Management	\$2.6m	Engineering & Other professional fees
Private Works	\$384k	Various
Unsubsidised Works	(\$1.7m)	Reduced spending on unsubsidised works
Emergency works	(\$2.3m)	Maintenance contracts – Further emergency spend for the year will be CAPEX only
Roading projects	(\$677k)	Opex on projects
Routine drainage	\$137k	Maintenance contracts

Water \$1.3m		
3 Waters transition expenses	\$691k	Fully funded – offset by revenue
Loss on disposal of assets	\$319k	Non-cash loss on assets disposed
Solid Waste (\$964k) favourable		
Recycling & Collection	(\$903k)	Favourable to budget
Wastewater \$2.7m		
Plant Operation	\$919k	R&M, landfill fees, external contractors
Other cost centres	\$748k	Various
Wastes and Drainage	(\$370k)	Opex on projects
Loss on disposal (non-cash)	\$1.4m	Relating to Marsden Bay to Ruakaka wastewater treatment plan rising main upgrade
Governance & Strategy \$155k unfavourable		
Strategy	\$375k	Professional Fees
District Development	\$429k	Commercial leases and Airport expenses
Strategy	(\$695k)	Opex on projects
Capital Income - \$12.7m unfavourable		
Other capital contributions	\$7.2m	Revenue recognition of capital contributions is dependent on milestones in the various funding agreements being achieved. Any delays in capital programme delivery will impact the timing of the associated revenue.
Development Contributions	\$0.6m	Year-to-date development contribution income received is tracking below budget. Future stages of some developments are on hold we may see this income stream to continue to be lower than budget.
Vested asset income	\$1.6m	Similarly to Development Contributions, year to date is currently tracking below budget. Note that vested asset income is a non-cash adjustment used to recognize the value of assets vested to Council therefore does not directly impact funding or debt.
Waka Kotahi NZTA capital subsidies	\$3.2m	Revenue recognition of capital subsidies is dependent on milestones in the various funding agreements being achieved. Any delays in the capital programme delivery will impact the timing of the associated revenue.

3.1 External Net Debt and Treasury

Total net external debt at the end of February 2024 was \$188.0 million compared to year-to-date budgeted net debt of \$202.0 million, resulting in net debt being \$14.0 million under budget.

As at 29 February 2024 cash and term deposits held of \$48.0 million was comprised of:

- \$10.0 million of term deposits relating to short term borrowings not yet required.
- \$18.0 million of term deposits relating to excess cash not currently required.
- \$3.2 million of term deposits and cash on hand relating to the Whangarei Harbour Marina Management Trust loan not yet advanced.
- \$16.8 million of cash on hand.

4 Accounts Receivable and Arrears

Total arrears as at 29 February 2024 were \$10.1 million, \$2.7 million more than February last year, and \$1.8 million more than last month.

Land rates arrears increased by \$1.9 million from last month and are \$1.5 million more than February last year (\$1.6 million current year and \$0.3 million prior year). Water rates are \$0.1 million less than February last year. Other debtors are \$1.3 million more than last year, \$1.4 million being one debtor 90 days overdue.

5 Significance and engagement / Te Hira me te Arawhiti

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 / Ngā Tāpiritanga

- Attachment 1 – Monthly key indicators
- Attachment 2 – Monthly activity summary
- Attachment 3 – Monthly income statement
- Attachment 4 – Monthly income statements by activity
- Attachment 5 – Treasury report

MONTHLY KEY INDICATORS
FEBRUARY 2024



	YTD to February 2024					Full Year Forecast			
	Actual	Revised Budget	Variance	YTD	YTD Trend	Full Year Forecast	Revised Budget	Variance	YTD
	YTD \$ m	YTD \$ m	YTD \$ m	Indicator	Current / previous month	2023-24 \$ m	2023-24 \$ m	2023-24 \$ m	Indicator
OPERATING									
Total Rates	82.9	84.3	(1.4)	●		128.1	128.4	(0.3)	●
Subsidies and Grants	10.5	11.1	(0.6)	●		15.7	17.4	(1.7)	●
User Fees	12.0	12.2	(0.2)	●		17.3	18.1	(0.8)	●
Total Operating Income	114.9	114.9	0.0	●	⇒	176.5	177.1	(0.6)	●
Personnel Costs	24.2	23.6	(0.6)	●		35.3	36.0	0.7	●
Other Operating Expenditure	53.7	48.7	(5.0)	●		97.5	90.4	(7.1)	●
Total Operating Expenditure	124.3	119.5	(4.8)	●	↓	203.1	197.5	(5.6)	●
Surplus/(Deficit) from Operations	(9.4)	(4.6)	(4.8)	●	↓	(26.6)	(20.4)	(6.2)	●
Total Capital Income	24.0	32.9	(8.9)	●		39.7	50.7	(11.0)	●
Total Surplus/(Deficit)	12.8	28.5	(15.7)	●	↓	11.5	29.6	(18.1)	●
EXTERNAL DEBT FUNDING									
External Net Debt	188.0	202.0	14.0	●					
Net Interest on debt	4.7	5.9	1.2	●		7.3	8.8	1.5	●

KEY	
●	Favourable to budget
●	Unfavourable, but within 5% of budget
●	Unfavourable, over 5% of budget
↑	Favourable to previous month
↓	Unfavourable to previous month

Note: The above information includes excerpts taken from the Monthly Income Statement. The shaded lines above represent key totals from the Monthly Income Statement but are not totals of the lines above.

**MONTHLY ACTIVITY SUMMARY
FEBRUARY 2024**



	YTD to February 2024					Full Year Forecast			
	Actual Surplus/ (Deficit)	Revised Budget Surplus/ (Deficit)	Variance Surplus/ (Deficit)	YTD Indicator	YTD Trend Current / previous	Full Year Forecast Surplus/ (Deficit)	Revised Budget Surplus/ (Deficit)	Variance Surplus/ (Deficit)	Full Year Indicator
Transportation	(5.0)	6.1	(11.1)	●	↓	(12.1)	0.8	(12.9)	●
Water	1.9	3.4	(1.5)	●	↑	2.0	2.5	(0.5)	●
Solid Waste	(2.4)	(2.8)	0.4	●	↓	(5.8)	(7.0)	1.2	●
Waste Water	9.9	9.7	0.2	●	↑	10.3	11.7	(1.4)	●
Storm Water	(3.2)	(2.4)	(0.8)	●	↓	(6.2)	(5.0)	(1.2)	●
Flood Protection	0.4	0.3	0.1	●	↑	0.1	0.2	(0.1)	●
Community Facilities	(21.4)	(20.7)	(0.7)	●	↓	(46.3)	(45.2)	(1.1)	●
Governance & Strategy	(1.6)	(1.7)	0.1	●	↓	(3.9)	(3.5)	(0.4)	●
Planning & Regulatory	(0.6)	(1.5)	0.9	●	↓	(10.8)	(10.7)	(0.1)	●
Support Services	36.6	38.0	(1.4)	●	↓	85.9	86.4	(0.5)	●

KEY:

Favourable to budget



Unfavourable, but within 5% of budget



Unfavourable, over 5% of budget



Favourable to previous month



Unfavourable to previous month



No change to previous month

Note: The above information is at Council Operations level and excludes non-cash adjustments

MONTHLY INCOME STATEMENT

29 FEBRUARY 2024

Council Summary	Actual	Revised Budget	Forecast	Revised Budget	Variance*
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	82,887	84,283	128,083	128,449	(366)
Subsidies and grants	10,496	11,132	15,690	17,440	(1,751)
Fees and charges	12,004	12,170	17,337	18,085	(748)
Interest revenue	1,866	1,018	2,966	1,835	1,131
Other revenue	7,696	6,295	12,470	11,275	1,195
Total operating income	114,949	114,897	176,545	177,084	(539)
Operating expenditure					
Other expenditure	53,659	48,699	97,453	90,370	(7,084)
Depreciation and amortisation	39,807	40,291	60,161	60,437	276
Finance costs	6,628	6,917	10,259	10,631	372
Personnel costs	24,210	23,567	35,262	36,029	767
Total operating expenditure	124,305	119,475	203,135	197,466	(5,668)
Surplus/(deficit) from operations	(9,356)	(4,577)	(26,590)	(20,382)	(6,207)
Plus capital income					
Development and other contributions	4,212	5,432	6,479	7,078	(598)
Other capital contributions	4,408	11,638	12,508	19,732	(7,224)
Waka Kotahi NZTA capital subsidies	15,390	15,835	20,742	23,934	(3,192)
Total capital income	24,009	32,906	39,729	50,743	(11,014)
Surplus/(deficit) including capital income	14,654	28,328	13,140	30,361	(17,222)
Plus non-cash income adjustments					
Vested assets income	3,442	5,603	6,759	8,405	(1,646)
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	3,442	5,603	6,759	8,405	(1,646)
Less non-cash expenditure adjustments					
OPEX on capital projects**	2,891	5,425	5,635	9,122	3,487
Loss on disposal of assets	2,379	-	2,715	-	(2,715)
Total non-cash expenditure adjustments	5,270	5,425	8,350	9,122	772
Total non-cash adjustment	(1,829)	179	(1,591)	(717)	(874)
Total surplus/(deficit)	12,825	28,507	11,549	29,644	(18,096)

* Favourable variances are recorded as positive amounts (unfavourable variances as negative amounts)

** This expenditure is included within the Capital Projects Report

Summary Financial Performance By Activity

Activity	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Transportation					
Revenue	10,248	10,064	15,058	15,327	(269)
Capital Income	20,088	28,321	32,353	43,901	(11,548)
Expenditure	35,315	32,327	59,554	58,407	(1,147)
Surplus/(deficit) including capital income	(4,978)	6,058	(12,143)	821	(12,964)
Water					
Revenue	11,565	12,164	19,280	19,267	13
Capital Income	2,115	2,202	4,172	3,481	691
Expenditure	11,765	10,956	21,451	20,204	(1,247)
Surplus/(deficit) including capital income	1,916	3,410	2,002	2,545	(543)
Solid Waste					
Revenue	2,592	2,740	4,481	4,452	29
Capital Income	-	-	-	-	-
Expenditure	5,040	5,562	10,289	11,429	1,139
Surplus/(deficit) including capital income	(2,449)	(2,822)	(5,809)	(6,977)	1,169
Wastewater					
Revenue	18,364	17,979	27,566	27,197	369
Capital Income	1,138	1,072	1,280	1,491	(211)
Expenditure	9,571	9,332	18,549	16,978	(1,571)
Surplus/(deficit) including capital income	9,931	9,719	10,297	11,710	(1,413)
Stormwater					
Revenue	321	929	975	1,559	(584)
Capital Income	53	-	61	-	61
Expenditure	3,543	3,340	7,271	6,549	(722)
Surplus/(deficit) including capital income	(3,168)	(2,411)	(6,235)	(4,990)	(1,244)
Flood Protection					
Revenue	833	822	1,243	1,235	8
Capital Income	-	-	-	-	-
Expenditure	429	569	1,110	1,062	(48)
Surplus/(deficit) including capital income	404	253	133	173	(40)
Community Facilities and Services					
Revenue	3,543	3,810	9,200	9,931	(731)
Capital Income	609	1,311	1,857	1,870	(14)
Expenditure	25,594	25,829	57,337	56,973	(364)
Surplus/(deficit) including capital income	(21,442)	(20,708)	(46,280)	(45,172)	(1,108)
Governance and Strategy					
Revenue	3,362	2,932	7,213	6,968	245
Capital Income	-	-	-	-	-
Expenditure	4,934	4,661	11,139	10,500	(639)
Surplus/(deficit) including capital income	(1,572)	(1,729)	(3,927)	(3,532)	(394)
Planning and Regulatory Services					
Revenue	8,716	8,433	14,029	14,481	(451)
Capital Income	-	-	-	-	-
Expenditure	9,334	9,905	24,861	25,134	274
Surplus/(deficit) including capital income	(619)	(1,473)	(10,832)	(10,654)	(178)
Support Services					
Revenue	60,563	59,827	116,976	115,909	1,067
Capital Income	6	-	6	-	6
Expenditure	23,937	21,796	31,049	29,472	(1,577)
Surplus/(deficit) including capital income	36,632	38,031	85,933	86,437	(504)

MONTHLY INCOME STATEMENT

Transportation	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	74	56	101	85	17
Subsidies and grants	8,390	8,387	11,804	12,239	(435)
Fees and charges	1,319	1,179	1,912	1,790	122
Interest revenue	-	-	548	548	-
Other revenue	465	442	693	666	27
Overheads recovered	-	-	-	-	-
Total operating income	10,248	10,064	15,058	15,327	(269)
Operating expenditure					
Other expenditure	14,767	11,502	23,635	22,176	(1,459)
Depreciation and amortisation	16,903	17,388	25,658	26,082	424
Finance costs	1,456	1,307	4,716	4,595	(121)
Personnel costs	2,188	2,129	3,247	3,256	9
Overheads charged	-	-	2,298	2,298	-
Total operating expenditure	35,315	32,327	59,554	58,407	(1,147)
Surplus/(deficit) from operations	(25,066)	(22,263)	(44,496)	(43,080)	(1,416)
Plus capital income					
Development and other contributions	1,722	2,396	2,734	2,973	(238)
Other capital contributions	2,976	10,090	8,877	16,995	(8,118)
Waka Kotahi NZTA capital subsidies	15,390	15,835	20,742	23,934	(3,192)
Total capital income	20,088	28,321	32,353	43,901	(11,548)
Surplus/(deficit) including capital income	(4,978)	6,058	(12,143)	821	(12,964)
Plus non-cash income adjustments					
Vested assets income	-	770	482	1,156	(674)
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	-	770	482	1,156	(674)
Less non-cash expenditure adjustments					
OPEX on capital projects**	218	667	323	1,000	677
Loss on disposal of assets	-	-	-	-	-
Total non-cash expenditure adjustments	218	667	323	1,000	677
Total non-cash adjustment	(218)	104	158	156	3
Total surplus/(deficit)	(5,197)	6,162	(11,985)	977	(12,962)

MONTHLY INCOME STATEMENT

Water	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	9,963	11,360	16,922	17,585	(663)
Subsidies and grants	530	-	970	477	493
Fees and charges	134	132	172	198	(26)
Interest revenue	910	663	1,203	995	208
Other revenue	28	8	13	12	1
Overheads recovered	-	-	-	-	-
Total operating income	11,565	12,164	19,280	19,267	13
Operating expenditure					
Other expenditure	4,948	4,491	8,758	7,820	(938)
Depreciation and amortisation	5,586	5,182	8,177	7,773	(404)
Finance costs	-	-	-	-	-
Personnel costs	1,230	1,284	1,866	1,961	95
Overheads charged	-	-	2,650	2,650	-
Total operating expenditure	11,765	10,956	21,451	20,204	(1,247)
Surplus/(deficit) from operations	(199)	1,208	(2,171)	(936)	(1,234)
Plus capital income					
Development and other contributions	876	1,243	1,467	1,564	(97)
Other capital contributions	1,239	959	2,705	1,917	788
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	2,115	2,202	4,172	3,481	691
Surplus/(deficit) including capital income	1,916	3,410	2,002	2,545	(543)
Plus non-cash income adjustments					
Vested assets income	951	1,016	1,505	1,523	(19)
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	951	1,016	1,505	1,523	(19)
Less non-cash expenditure adjustments					
OPEX on capital projects**	29	-	29	-	(29)
Loss on disposal of assets	396	-	319	-	(319)
Total non-cash expenditure adjustments	426	-	348	-	(348)
Total non-cash adjustment	526	1,016	1,156	1,523	(367)
Total surplus/(deficit)	2,442	4,425	3,158	4,068	(910)

MONTHLY INCOME STATEMENT

Solid Waste	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	(0)	-	(0)	-	(0)
Subsidies and grants	-	-	-	-	-
Fees and charges	1,492	1,838	2,917	3,150	(233)
Interest revenue	-	-	-	-	-
Other revenue	1,100	902	1,564	1,302	263
Overheads recovered	-	-	-	-	-
Total operating income	2,592	2,740	4,481	4,452	29
Operating expenditure					
Other expenditure	4,711	5,152	9,494	10,458	964
Depreciation and amortisation	180	156	253	234	(19)
Finance costs	-	15	25	25	-
Personnel costs	149	239	172	366	195
Overheads charged	-	-	345	345	-
Total operating expenditure	5,040	5,562	10,289	11,429	1,139
Surplus/(deficit) from operations	(2,449)	(2,822)	(5,809)	(6,977)	1,169
Plus capital income					
Development and other contributions	-	-	-	-	-
Other capital contributions	-	-	-	-	-
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	-	-	-	-	-
Surplus/(deficit) including capital income	(2,449)	(2,822)	(5,809)	(6,977)	1,169
Plus non-cash income adjustments					
Vested assets income	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	-	-	-	-	-
Less non-cash expenditure adjustments					
OPEX on capital projects**	-	-	-	-	-
Loss on disposal of assets	5	-	-	-	-
Total non-cash expenditure adjustments	5	-	-	-	-
Total non-cash adjustment	(5)	-	-	-	-
Total surplus/(deficit)	(2,454)	(2,822)	(5,809)	(6,977)	1,169

MONTHLY INCOME STATEMENT

Wastewater	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	16,330	16,159	24,764	24,507	257
Subsidies and grants	-	51	-	51	(51)
Fees and charges	1,003	770	1,287	1,140	146
Interest revenue	1,011	998	1,494	1,496	(2)
Other revenue	20	1	21	2	19
Overheads recovered	-	-	-	-	-
Total operating income	18,364	17,979	27,566	27,197	369
Operating expenditure					
Other expenditure	2,533	2,178	5,717	4,044	(1,674)
Depreciation and amortisation	5,977	6,049	9,050	9,073	23
Finance costs	-	-	-	-	-
Personnel costs	1,060	1,105	1,596	1,676	80
Overheads charged	-	-	2,185	2,185	-
Total operating expenditure	9,571	9,332	18,549	16,978	(1,571)
Surplus/(deficit) from operations	8,794	8,647	9,017	10,220	(1,203)
Plus capital income					
Development and other contributions	1,138	1,072	1,280	1,491	(211)
Other capital contributions	-	-	-	-	-
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	1,138	1,072	1,280	1,491	(211)
Surplus/(deficit) including capital income	9,931	9,719	10,297	11,710	(1,413)
Plus non-cash income adjustments					
Vested assets income	1,149	1,156	1,777	1,734	43
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	1,149	1,156	1,777	1,734	43
Less non-cash expenditure adjustments					
OPEX on capital projects**	147	442	287	657	370
Loss on disposal of assets	1,374	-	1,423	-	(1,423)
Total non-cash expenditure adjustments	1,521	442	1,710	657	(1,053)
Total non-cash adjustment	(372)	714	67	1,076	(1,009)
Total surplus/(deficit)	9,559	10,433	10,364	12,786	(2,423)

MONTHLY INCOME STATEMENT

Stormwater	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	-	-	-	-	-
Subsidies and grants	282	929	975	1,559	(584)
Fees and charges	-	-	-	-	-
Interest revenue	-	-	-	-	-
Other revenue	39	-	-	-	-
Overheads recovered	-	-	-	-	-
Total operating income	321	929	975	1,559	(584)
Operating expenditure					
Other expenditure	494	267	1,449	702	(746)
Depreciation and amortisation	2,737	2,695	4,091	4,042	(49)
Finance costs	-	-	-	-	-
Personnel costs	312	379	505	579	74
Overheads charged	-	-	1,226	1,226	-
Total operating expenditure	3,543	3,340	7,271	6,549	(722)
Surplus/(deficit) from operations	(3,221)	(2,411)	(6,296)	(4,990)	(1,306)
Plus capital income					
Development and other contributions	-	-	-	-	-
Other capital contributions	53	-	61	-	61
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	53	-	61	-	61
Surplus/(deficit) including capital income	(3,168)	(2,411)	(6,235)	(4,990)	(1,244)
Plus non-cash income adjustments					
Vested assets income	1,080	2,662	2,735	3,992	(1,258)
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	1,080	2,662	2,735	3,992	(1,258)
Less non-cash expenditure adjustments					
OPEX on capital projects**	559	1,139	1,367	1,725	358
Loss on disposal of assets	41	-	21	-	(21)
Total non-cash expenditure adjustments	601	1,139	1,388	1,725	337
Total non-cash adjustment	479	1,523	1,347	2,267	(921)
Total surplus/(deficit)	(2,689)	(888)	(4,888)	(2,723)	(2,165)

MONTHLY INCOME STATEMENT

Flood Protection	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	811	812	1,218	1,219	(1)
Subsidies and grants	-	-	-	-	-
Fees and charges	-	-	-	-	-
Interest revenue	22	10	25	16	9
Other revenue	-	-	-	-	-
Overheads recovered	-	-	-	-	-
Total operating income	833	822	1,243	1,235	8
Operating expenditure					
Other expenditure	185	318	737	684	(53)
Depreciation and amortisation	244	252	373	377	5
Finance costs	-	-	-	-	-
Personnel costs	-	-	-	-	-
Overheads charged	-	-	-	-	-
Total operating expenditure	429	569	1,110	1,062	(48)
Surplus/(deficit) from operations	404	253	133	173	(40)
Plus capital income					
Development and other contributions	-	-	-	-	-
Other capital contributions	-	-	-	-	-
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	-	-	-	-	-
Surplus/(deficit) including capital income	404	253	133	173	(40)
Plus non-cash income adjustments					
Vested assets income	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	-	-	-	-	-
Less non-cash expenditure adjustments					
OPEX on capital projects**	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-
Total non-cash expenditure adjustments	-	-	-	-	-
Total non-cash adjustment	-	-	-	-	-
Total surplus/(deficit)	404	253	133	173	(40)

MONTHLY INCOME STATEMENT

Community Facilities and Services	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	-	-	-	-	-
Subsidies and grants	1,073	1,504	1,613	2,466	(853)
Fees and charges	567	550	819	793	27
Interest revenue	321	338	1,501	1,514	(13)
Other revenue	1,582	1,418	2,167	2,058	109
Overheads recovered	-	-	3,100	3,100	-
Total operating income	3,543	3,810	9,200	9,931	(731)
Operating expenditure					
Other expenditure	14,356	14,367	26,352	25,760	(592)
Depreciation and amortisation	5,528	5,812	8,507	8,718	210
Finance costs	1,456	1,307	6,923	6,802	(121)
Personnel costs	4,254	4,343	6,503	6,641	138
Overheads charged	-	-	9,052	9,052	-
Total operating expenditure	25,594	25,829	57,337	56,973	(364)
Surplus/(deficit) from operations	(22,052)	(22,019)	(48,137)	(47,042)	(1,095)
Plus capital income					
Development and other contributions	476	721	998	1,050	(52)
Other capital contributions	133	590	858	820	38
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	609	1,311	1,857	1,870	(14)
Surplus/(deficit) including capital income	(21,442)	(20,708)	(46,280)	(45,172)	(1,108)
Plus non-cash income adjustments					
Vested assets income	261	-	261	-	261
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	261	-	261	-	261
Less non-cash expenditure adjustments					
OPEX on capital projects**	1,513	1,903	2,564	3,243	679
Loss on disposal of assets	554	-	934	-	(934)
Total non-cash expenditure adjustments	2,067	1,903	3,498	3,243	(255)
Total non-cash adjustment	(1,806)	(1,903)	(3,237)	(3,243)	6
Total surplus/(deficit)	(23,249)	(22,611)	(49,517)	(48,415)	(1,103)

MONTHLY INCOME STATEMENT

Governance and Strategy	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	-	-	-	-	-
Subsidies and grants	-	75	70	150	(80)
Fees and charges	-	-	-	-	-
Interest revenue	813	611	1,398	1,224	173
Other revenue	2,549	2,246	5,178	5,026	151
Overheads recovered	-	-	567	567	-
Total operating income	3,362	2,932	7,213	6,968	245
Operating expenditure					
Other expenditure	2,785	2,432	4,786	3,935	(850)
Depreciation and amortisation	53	52	79	77	(2)
Finance costs	223	83	496	376	(120)
Personnel costs	1,873	2,095	2,871	3,204	333
Overheads charged	-	-	2,908	2,908	-
Total operating expenditure	4,934	4,661	11,139	10,500	(639)
Surplus/(deficit) from operations	(1,572)	(1,729)	(3,927)	(3,532)	(394)
Plus capital income					
Development and other contributions	-	-	-	-	-
Other capital contributions	-	-	-	-	-
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	-	-	-	-	-
Surplus/(deficit) including capital income	(1,572)	(1,729)	(3,927)	(3,532)	(394)
Plus non-cash income adjustments					
Vested assets income	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	-	-	-	-	-
Less non-cash expenditure adjustments					
OPEX on capital projects**	311	710	931	1,626	695
Loss on disposal of assets	9	-	17	-	(17)
Total non-cash expenditure adjustments	319	710	948	1,626	678
Total non-cash adjustment	(319)	(710)	(948)	(1,626)	678
Total surplus/(deficit)	(1,891)	(2,439)	(4,874)	(5,158)	284

MONTHLY INCOME STATEMENT

Planning and Regulatory Services	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	-	-	-	-	-
Subsidies and grants	150	100	175	273	(98)
Fees and charges	6,955	7,133	9,433	10,214	(781)
Interest revenue	-	-	-	-	-
Other revenue	1,610	1,199	2,226	1,799	427
Overheads recovered	-	-	2,195	2,195	-
Total operating income	8,716	8,433	14,029	14,481	(451)
Operating expenditure					
Other expenditure	4,463	4,690	7,380	7,241	(138)
Depreciation and amortisation	46	48	71	72	2
Finance costs	-	-	266	266	-
Personnel costs	4,825	5,167	7,491	7,901	410
Overheads charged	-	-	9,654	9,654	-
Total operating expenditure	9,334	9,905	24,861	25,134	274
Surplus/(deficit) from operations	(619)	(1,473)	(10,832)	(10,654)	(178)
Plus capital income					
Development and other contributions	-	-	-	-	-
Other capital contributions	-	-	-	-	-
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	-	-	-	-	-
Surplus/(deficit) including capital income	(619)	(1,473)	(10,832)	(10,654)	(178)
Plus non-cash income adjustments					
Vested assets income	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	-	-	-	-	-
Less non-cash expenditure adjustments					
OPEX on capital projects**	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-
Total non-cash expenditure adjustments	-	-	-	-	-
Total non-cash adjustment	-	-	-	-	-
Total surplus/(deficit)	(619)	(1,473)	(10,832)	(10,654)	(178)

MONTHLY INCOME STATEMENT

Support Services	2023-2024 YTD		Full Year		
	Actual	Revised Budget	Forecast	Revised Budget	Variance
	YTD \$000	YTD \$000	2023-24 \$000	2023-24 \$000	2023-24 \$000
Operating income					
Rates	57,954	58,083	87,460	87,444	17
Subsidies and grants	72	86	84	226	(143)
Fees and charges	534	567	797	800	(3)
Interest revenue	1,701	1,013	963	(36)	999
Other revenue	302	77	607	410	197
Overheads recovered	-	-	27,065	27,065	-
Total operating income	60,563	59,827	116,976	115,909	1,067
Operating expenditure					
Other expenditure	6,662	5,490	11,529	9,939	(1,590)
Depreciation and amortisation	2,551	2,659	3,902	3,989	87
Finance costs	6,405	6,820	1,998	2,489	491
Personnel costs	8,319	6,827	11,011	10,445	(566)
Overheads charged	-	-	2,609	2,609	-
Total operating expenditure	23,937	21,796	31,049	29,472	(1,577)
Surplus/(deficit) from operations	36,626	38,031	85,927	86,437	(510)
Plus capital income					
Development and other contributions	-	-	-	-	-
Other capital contributions	6	-	6	-	6
Waka Kotahi NZTA capital subsidies	-	-	-	-	-
Total capital income	6	-	6	-	6
Surplus/(deficit) including capital income	36,632	38,031	85,933	86,437	(504)
Plus non-cash income adjustments					
Vested assets income	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	-	-	-	-	-
Less non-cash expenditure adjustments					
OPEX on capital projects**	113	564	134	871	737
Loss on disposal of assets	-	-	-	-	-
Total non-cash expenditure adjustments	113	564	134	871	737
Total non-cash adjustment	(113)	(564)	(134)	(871)	737
Total surplus/(deficit)	36,519	37,466	85,799	85,566	232

TREASURY REPORT
29 FEBRUARY 2024



S&P GLOBAL RATINGS CREDIT RATING: **AA** Outlook: Stable

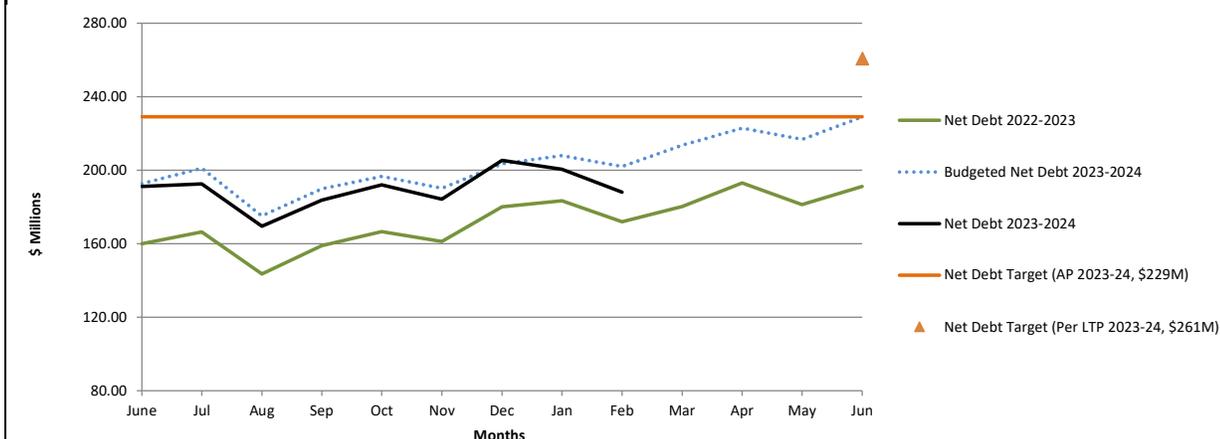
DEBT SUMMARY:**As at 29 February 2024**

External Debt		
Opening public debt as at 1 February 2024		236,000,000
Plus loans raised during month	-	
Less loan repayments made during month (Note: Facility movement has been netted)	-	
Net movement in external debt		-
Total External Debt		236,000,000
Less: Cash balances (excluding funds held on behalf)	18,182,117	
Term deposits (Funds held on deposit until required for project funding)	29,800,000	
Total cash and term deposits		47,982,117
Total Net External Debt		188,017,883

Note: Council also holds \$4.94m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.

External debt is represented by:

Less than 1 Year	28,000,000
1-3 Years	38,000,000
3-5 Years	74,000,000
Greater than 5 Years	96,000,000
Total	236,000,000

NET EXTERNAL DEBT COMPARED TO BUDGET:**Internal Funding***

Community Development Funds	11,306,738
Property Reinvestment Reserve - Committed	-
Property Reinvestment Reserve - Available for Investment	21,514,630
	21,514,630
Hiikurangi Swamp	889,098
Waste Minimisation Reserve	1,084,134
Water Reserve	32,109,250
Wastewater Reserve	37,701,709
Total	104,605,559

*Note: Reserves Funding is disclosed to ensure transparency of Council's use of cashflow management to fund capital works.

Where funds are raised through property sales or targeted rates for Water, but they are not required for immediate investment in that asset category, Council's Revenue and Financing policy allows them to be used for other purposes, rather than being held on deposit.

To ensure total transparency of this we create Reserve Accounts so that the appropriate funding can be made available and transferred back when it is required. The timing of projects requiring these funds is set out in our Long Term Plan (LTP) and/or Annual Plan (AP).

These Reserves are not a liability to an external party, and are not part of Council's debt obligations.

The Property Reinvestment Reserve is split to record funds that have been already been committed to land purchases, and the remaining uncommitted balance that is available for other future investment purchases.

The only situation where our Net Debt would increase as a result of these Reserves is if major expenditure on Water Assets or property purchases is brought forward from the dates set out in the LTP/AP.

4.4 Capital Projects Report for the 8 months ending 29 February 2024

Meeting: Finance Committee
Date of meeting: 3 April 2024
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose / Te Kaupapa

To provide the Capital Projects Report for the period ending 29 February 2024.

2 Recommendation / Whakataunga

That the Finance Committee notes the Capital Projects Report for the period ending 29 February 2024.

3 Background / Horopaki

This report provides an update on the Capital Projects expenditure to date compared with budget, including full year forecast and anticipated carry forwards.

4 Discussion / Whakawhiti kōrero

The Capital Projects expenditure as at 29 February 2024 is \$26 million less than year to date budget. As advised last month the business has updated the full year forecast and estimated carry forwards into year 1 of the Long Term Plan.

Since October's forecast Budget Managers have revised their estimate of forecast full year expenditure from \$136.7 million to \$128.6 million against the \$160.8million revised budget, with net carryforwards increasing from \$28.4 million to \$50.2 million. Expenditure trends to date suggest that a forecast of \$128.6 million is optimistic.

The table below illustrates the average monthly spend year to date (\$7.4m), compared to what would need to be spent in each of the months remaining (\$17.2m) to achieve the forecast that has been provided by the business. For financial purposes this information is difficult to rely on as experience tells us this level of capital spend is unlikely to be achieved by year end.

Activity	Actual YTD to Feb 2024 \$000	Full Year Forecast Expenditure \$000	Average Monthly Expenditure YTD \$000	Average Monthly Expenditure Required to Achieve Forecast \$000
Transportation	33,708	68,278	4,213	8,642
Water	3,672	10,262	459	1,648
Solid Waste	-	54	-	13
Wastewater	6,595	13,830	824	1,809
Stormwater	861	3,931	824	767
Flood Protection	186	717	108	133
Community Facilities	10,238	21,751	1,280	2,878
Governance & Strategy	441	2,382	55	485
Planning & Regulatory	1,749	2,949	219	300
Support Services	2,288	4,452	286	541
Total	59,738	128,606	7,467	17,217

The impacts of this include:

- Adjustments need to be made to our estimated cashflow and debt requirements. While the forecast provides an indication, historical spend and debt trends generally provide a more accurate position to base our treasury management decisions on. This allows us to adjust our borrowing needs to better reflect what we anticipate will be required to avoid paying interest on debt we are unlikely to need.
- Unfinished projects are generally carried forward and included in the following years capital programme. The carry forwards indicated in the March forecast will be included in year one of the final Long Term Plan budget. As previously indicated, the addition of these projects has a 'snowball' effect across the first three years of the Long Term Plan if the capital programme (including carry forwards) is not set a level that is achievable.

As part of the March forecast, management will be asked to review all carry forwards to determine whether all projects should be carried forward and included within the Long Term Plan, or whether they should be reflected as an underspend in this financial year and not carried forward for future use.

- An optimistic capital programme with additional carry forwards added into year one makes the debt forecast difficult to determine. Further adjustments are made to more accurately determine our anticipated debt forecast within the Long Term Plan creating an inconsistency between the capital programme and the prospective financial statements.
- Within the Long Term Plan, Depreciation is modeled on the budgeted capital programme across the ten years. In the event that the capital programme is not achieved, this creates a risk that the depreciation is likely be to overstated placing unnecessary pressure on our balanced budget benchmark and everyday funding benchmark. While this is usually addressed with each Annual Plan cycle it can be difficult to budget the Long Term Plan with any certainty.

More discipline and accuracy in capital forecasting is required before that information can be used for treasury management and budget preparation. Until this is achieved, historical spend and debt trends are the most suitable alternative. This does however create additional risk and uncertainty with Councils financial management due to the judgement and assumptions required.

While the level of capital programme has been partly addressed in the preparation of the 2024-34 Long Term Plan, the impact of any carry forwards from this year and any impacts on delivery of the capital programme may jeopardize any gains made.

The forecasts from the business (based on the information provided) as at February 2024 indicate a carryforward amount of \$50 million, which includes:

Water Treatment Plant Upgrades	\$4.3 m
Community Buildings and Renewals	\$3.4 m
Kamo Reservoir Additional Capacity	\$3.4 m
Low Carbon Transport WHG- Raumanga Shared Path connection	\$2.8 m
Whangarei City Centre Plan Implementation	\$2.7 m
Cyclone Gabrielle (Transportation)	\$2.5 m
Low Carbon Transport WHG- Kamo Shared path connection	\$2.4 m
Three Mile Bush Reservoir Additional Capacity	\$2.0 m
Low Carbon Transport WHG- CBD bike and public transport facilities	\$2.0 m
Tsunami Siren Renewals	\$1.9 m
Dog Pound Renewals	\$1.8 m
Cloud Strategy/ICT	\$1.6 m
Blue/Green Network	\$1.4 m
Coastal Structures Renewal	\$1.4 m
Seal Extensions – House Frontage Sealing	\$1.3 m
NEC Building Renewals	\$1.3 m
Portal and Online Services	\$1.1 m
Sports and Recreation Renewals	\$1.0 m
Commercial Property Renewals and Improvements	\$1.0 m

However, after considering the information in the table on the second page of this report, a more realistic amount appears to be in the region of \$80-90 million. This position will be revisited next month to determine (as best as is possible) the forecast opening Debt position for the 2024-34 Long Term Plan.

Depending on the difference between the carryforward figure used for the draft LTP and the latest forecasts, the timing of projects in the early years of the LTP may be adjusted so that a realistic delivery program can be established that is backed by the required funding.

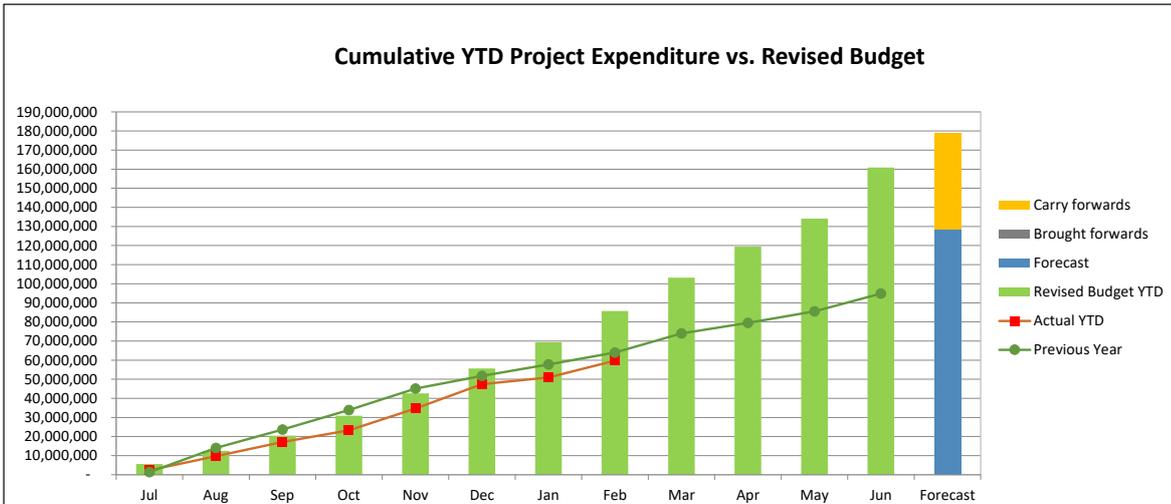
5 Significance and engagement / Te Hira me te Arawhiti

The 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.

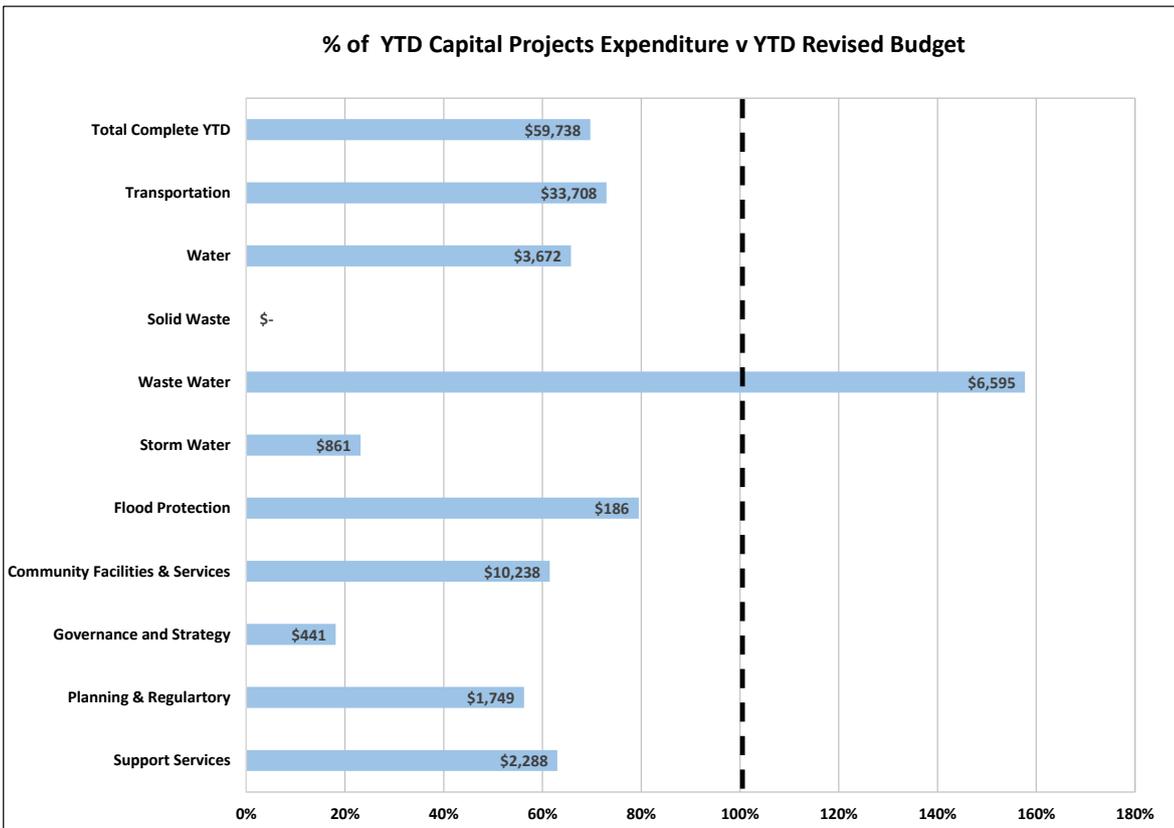
6 Attachments / Ngā Tāpiritanga

Attachment 1: Capital Projects Graphs February 2024
Attachment 2: Capital Projects Report February 2024

**CAPITAL PROJECT EXPENDITURE
AS AT 29 FEBRUARY 2024**



The above graph illustrates Councils actual spend year-to-date compared to the prior year actuals, and the budget set as part of the Annual Plan/Long Term Plan. The green bars indicate the estimated timing of the budgeted spend as we progress through the year. This budget phasing occurs at the start of the financial year based on the information known at that time. The timing of the actual spend may differ to this phasing. The blue column indicates the level of capital spend expected by the end of the financial year. The yellow bar indicates project spend that is not expected to be completed this financial year, of which the budget will be carried forward to future years for completion. This forecast is updated periodically throughout the year.



The above graph shows what percentage of the phased budgeted capital programme has been achieved year to date. This can be useful in determining a snapshot view of the year to date progress as well as to highlight timing differences between the actual spend and timing of the phased budget.

CAPITAL PROJECTS REPORT

AS AT 29 February 24

(Project figures include both Operating and Capital Expenditure)

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000	Capital Income Actual YTD \$000	Full Year Capital Income Forecast \$000	Capital Income Budget YTD \$000	Capital Income Full Year Budget \$000
Transportation											
Amenity Lighting	85	165	80	182	247	0	65	0	0	0	0
Bridge and Structural Renewals	663	2,171	1,508	3,254	3,256	0	3	0	(575)	(1,151)	(1,726)
Bus Shelters	161	86	(75)	180	129	0	(51)	0	(23)	(46)	(68)
Bus Terminal Development/Relocation	190	0	(190)	190	0	0	(190)	0	0	0	0
Coastal Protection Structures - Roading	7	61	54	92	92	0	(0)	0	0	0	0
Cycleways - Additional government fundin	2	0	(2)	2	0	0	(2)	0	0	0	0
Cycleways - Subsidised	3,984	3,291	(693)	6,784	4,557	0	(2,227)	0	(671)	(1,744)	(2,415)
Cycleways - Unsubsidised Programmed Work	53	215	162	355	323	0	(32)	0	0	0	0
Cyclone Gabrielle	0	2,000	2,000	500	3,000	2,500	0	0	(730)	(1,460)	(2,190)
Drainage Renewals	978	1,887	909	3,840	2,831	0	(1,009)	0	(500)	(1,000)	(1,500)
Footpaths Renewals	654	565	(89)	848	848	0	0	0	(150)	(300)	(449)
Land for Roads	(42)	0	42	(42)	0	0	42	0	0	0	0
LCLR Major Bridge Repairs	194	709	515	194	1,063	0	870	0	(188)	(376)	(564)
LCLR Minor Improvement Projects	2,079	952	(1,127)	5,758	1,335	0	(4,422)	0	(203)	(505)	(708)
LCLR Lighting Improvements	0	165	165	0	248	0	248	0	(44)	(88)	(131)
LCLR New Footpaths	1,231	548	(683)	1,231	1,096	0	(134)	0	(291)	(291)	(581)
LCLR PT Infrastructure	0	154	154	0	231	0	231	0	(41)	(82)	(122)
LCLR Resilience Projects	1,007	2,210	1,203	1,007	3,180	0	2,173	0	(514)	(1,171)	(1,686)
LCLR Safety Improvements	2,255	3,075	820	3,878	4,257	0	379	0	(627)	(1,630)	(2,256)
LCLR Subsidised Seal Extensions	0	230	230	0	345	0	345	0	(61)	(122)	(183)
LED Streetlight Upgrades	(41)	0	41	0	0	0	0	0	0	0	0
Low Carbon Transport WHG- CBD bike and public tran	674	2,258	1,584	2,703	4,600	2,038	(141)	(480)	(2,703)	(2,258)	(4,600)
Low Carbon Transport WHG- Kamo Shared path conn	783	3,463	2,680	2,365	4,795	2,365	65	(475)	(2,365)	(3,463)	(4,795)
Low Carbon Transport WHG- Raumanga Shared Path	272	2,568	2,297	1,795	4,600	2,805	0	(757)	(1,795)	(2,568)	(4,600)
MBIE Projects	779	0	(779)	811	0	0	(811)	(1,250)	(1,500)	(1,500)	(1,500)
Parking Renewals	(13)	464	477	200	696	496	0	0	0	0	0
Seal Extensions - House Frontage Sealing	730	0	(730)	2,653	0	1,310	(3,963)	0	0	0	0
Seal Extensions - Unsubsidised	32	2,868	2,836	32	3,995	0	3,963	0	0	0	0
Sealed Road Pavement Rehabilitation	1,015	2,059	1,044	4,118	4,118	0	(0)	0	(1,091)	(1,091)	(2,183)
Sealed Road Resurfacing	3,179	4,060	881	6,114	6,090	0	(24)	0	(1,076)	(2,152)	(3,228)
Springs Flat Roundabout	3,000	496	(2,503)	4,372	2,482	0	(1,890)	(100)	(600)	(300)	(1,500)
Structures Component Replacement	1,013	1,423	410	2,134	2,134	0	0	0	(377)	(754)	(1,131)
Subdivision Works Contribution	23	39	17	59	59	0	(0)	0	0	0	0
Traffic Sign & Signal Renewals	399	974	575	915	1,460	0	545	0	(258)	(516)	(774)
Transport Planning Studies & Strategies	0	0	0	36	0	0	(36)	0	0	0	0
Unsealed Road Metalling	2,405	2,533	128	4,300	3,800	0	(500)	0	(671)	(1,343)	(2,014)
Urban Intersection Upgrades	5,853	3,266	(2,587)	6,758	4,900	0	(1,858)	0	(8)	(17)	(25)
Whangarei City Centre Plan Implementation	104	1,244	1,140	661	3,364	2,703	0	0	0	0	0
Waka Kotahi Subsidy								(15,390)			
Transportation Total	33,708	46,201	12,493	68,278	74,131	14,216	(8,363)	(18,452)	(17,061)	(25,925)	(40,929)
Water											
Capital Projects (3 Waters)	(3)	0	3	(3)	0	0	3	0	0	0	0
Cyclone Gabrielle	15	0	(15)	15	0	0	(15)	0	0	0	0
Fairway Drive Pump Station Upgrade	0	70	70	20	236	216	0	0	0	0	0
Kamo Reservoir Additional Capacity	69	1,430	1,361	737	4,129	3,392	(0)	0	0	0	0
Maungakaramea Reservoir Additional Capacity	0	20	20	30	205	155	20	0	0	0	0

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000	Capital Income Actual YTD \$000	Full Year Capital Income Forecast \$000	Capital Income Budget YTD \$000	Capital Income Full Year Budget \$000
Minor Projects - Emergency Works	137	40	(97)	523	426	0	(97)	0	0	0	0
Reservoir Rehabilitation - Programmed Work	6	0	(6)	6	0	0	(6)	0	0	0	0
Reticulation - Programmed Work	2,071	1,960	(111)	3,847	3,674	478	(651)	(237)	(237)	0	0
Three Mile Bush Reservoir Additional Capacity	88	630	542	658	2,671	2,013	(0)	0	0	0	0
Treatment Plant Upgrades	738	889	151	3,160	6,030	4,279	(1,409)	(1,002)	(2,468)	(959)	(1,917)
Waipu Water Reticulation	0	15	15	0	108	98	10	0	0	0	0
Water Meter Renewals	50	170	120	518	628	0	110	0	0	0	0
Water Treatment Plant & Equipment Replacement	502	359	(143)	751	538	0	(213)	0	0	0	0
Water Total	3,672	5,583	1,911	10,262	18,645	10,630	(2,247)	(1,239)	(2,705)	(959)	(1,917)
Solid Waste											
Transfer Station Renewals	0	0	0	54	54	0	0	0	0	0	0
Solid Waste Total	0	0	0	54	54	0	0	0	0	0	0
Wastewater											
Capital Projects (3 Waters)	1	0	(1)	1	0	0	(1)	0	0	0	0
Laboratory Equipment Renewals & Upgrades	24	11	(12)	24	17	0	(7)	0	0	0	0
Sewer Network Renewal	3,428	1,003	(2,426)	7,178	1,504	0	(5,675)	0	0	0	0
Sewer Network Upgrades	615	1,174	558	662	2,758	0	2,096	0	0	0	0
Wastewater Assessment	76	35	(42)	140	52	0	(88)	0	0	0	0
Wastewater Pump Station Remote Monitoring	178	436	258	623	1,007	415	(32)	0	0	0	0
Wastewater Pump Station Renewals	201	179	(22)	291	269	0	(22)	0	0	0	0
Wastewater Reticulation Upgrade	0	14	14	0	22	0	22	0	0	0	0
Wastewater Treatment Plant Renewals	472	583	111	850	874	0	25	0	0	0	0
Wastewater Treatment Plant Upgrades	1,599	746	(852)	4,061	3,240	225	(1,046)	0	0	0	0
Wastewater Total	6,595	4,181	(2,413)	13,830	9,743	640	(4,728)	0	0	0	0
Stormwater											
Blue/Green Network	27	837	809	456	1,139	683	(0)	0	0	0	0
Improve Community Wellbeing & Placemaking (Storm)	61	169	108	100	366	266	0	(53)	(100)	(169)	(366)
Stormwater Catchment Management Plans & Assessm	172	203	31	288	340	0	52	0	0	0	0
Stormwater Renewals	223	1,111	888	1,531	1,897	0	366	0	0	0	0
Stormwater Upgrades	0	641	641	620	908	267	21	0	0	0	0
Transition to Sustainable Economy	377	760	383	936	1,193	260	(3)	(282)	(936)	(760)	(1,193)
Stormwater Total	861	3,720	2,859	3,931	5,842	1,476	435	(335)	(1,036)	(929)	(1,559)
Flood Protection											
Gravity Drainage Gates	0	0	0	180	316	0	136	0	0	0	0
Level Sensor Renewals	0	0	0	35	35	0	0	0	0	0	0
Pump Upgrades/Renewals	109	144	34	330	215	0	(115)	0	0	0	0
Stop/Control Bank Renewals	77	90	13	172	285	113	0	0	0	0	0
Flood Protection Total	186	234	47	717	851	113	22	0	0	0	0
Community Facilities & Services											
<i>Civil Defence</i>											
Civil Defence Emergency Management Equipment Ren	0	30	30	0	30	30	0	0	0	0	0
Civil Defence Emergency Management New Equipmen	0	6	6	0	6	6	0	0	0	0	0
Emergency Operations Centre - New Equipment	0	32	32	0	159	159	0	0	0	0	0
Tsunami Signage	0	29	29	0	29	29	0	0	0	0	0
Tsunami Sirens Renewals	0	400	400	800	1,929	1,129	0	0	0	0	0
Civil Defence Total	0	498	498	800	2,154	1,354	0	0	0	0	0
<i>Community Development</i>											

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000	Capital Income Actual YTD \$000	Full Year Capital Income Forecast \$000	Capital Income Budget YTD \$000	Capital Income Full Year Budget \$000
CCTV Upgrades & Improvements	249	199	(50)	308	297	0	(10)	(115)	(120)	(120)	(120)
Community Buildings Renewals & Improvements	57	103	46	92	132	0	41	0	0	0	0
Community Led Development	9	442	433	181	734	539	15	0	0	0	0
Pensioner Housing Renewals & Improvements	203	470	268	448	762	277	37	0	0	0	0
Community Development Total	517	1,214	697	1,028	1,925	816	81	(115)	(120)	(120)	(120)
Infrastructure Planning & Capital Works											
Blue/Green Network	18	919	901	718	2,093	1,376	0	0	0	0	0
Coastal Structures Renewal	299	535	236	1,669	1,712	1,371	(1,328)	0	0	0	0
Community Buildings Renewals & Improvements	3,119	3,796	677	4,519	7,997	3,443	35	0	0	0	0
Cyclone Gabrielle	231	169	(63)	353	353	0	0	0	0	0	0
Emerald Necklace - Sense of Place	163	0	(163)	163	0	0	(163)	0	0	0	0
Enable Housing Development & Growth	0	100	100	60	200	140	0	0	(60)	(100)	(200)
Improve Community Wellbeing & Placemaking (Comse)	922	1,334	411	1,491	2,196	712	(7)	(899)	(1,484)	(1,334)	(2,196)
NEC Building Renewals	0	320	320	120	1,310	1,270	(80)	0	0	0	0
Neighbourhood & Public Gardens Renewals	861	1,241	380	961	1,241	280	(0)	0	0	0	0
Playgrounds & Skateparks Level of Service	37	227	190	52	481	432	(4)	0	0	0	0
Playgrounds & Skateparks Renewals	53	50	(3)	53	382	329	0	0	0	0	0
Pohe Island Development	63	0	(63)	63	0	0	(63)	0	0	0	0
Sport & Recreation Growth	296	145	(151)	323	232	0	(91)	0	0	0	0
Sport & Recreation Level of Service	75	202	127	155	267	112	0	0	0	0	0
Sport & Recreation Renewals	216	431	215	506	1,528	1,022	0	0	0	0	0
Town Basin - Conversion of Carpark to Park	1	0	(1)	1	0	0	(1)	0	0	0	0
Visitor Destination Upgrades	68	82	14	95	237	345	(203)	0	(230)	0	(230)
Waterfront Programme	1,272	175	(1,096)	1,492	175	0	(1,316)	0	(470)	(470)	(470)
Infrastructure Planning & Capital Works Total	7,694	9,725	2,031	12,794	20,403	10,831	(3,221)	(899)	(2,244)	(1,904)	(3,096)
Libraries											
Book Purchases	346	804	458	749	1,207	440	18	0	0	0	0
Library Improvements	13	0	(13)	38	503	503	(38)	0	0	0	0
Library IT Equipment	74	96	23	122	145	0	23	0	0	0	0
Library Renewals	1	4	3	5	5	0	0	0	0	0	0
Libraries Total	433	904	471	914	1,859	943	3	0	0	0	0
Parks & Recreation											
Cemeteries Level of Service	93	6	(87)	120	120	0	1	0	0	0	0
Cemeteries Renewals	29	28	(1)	39	39	0	(0)	0	0	0	0
Cemetery Land Purchases	2	100	98	52	468	416	(0)	0	0	0	0
Coastal Structures Level of Service	10	47	37	37	130	0	93	0	0	0	0
Coastal Structures Renewal	237	0	(237)	237	32	0	(205)	0	0	0	0
Cyclone Gabrielle	469	648	180	813	1,048	0	235	0	0	0	0
Neighbourhood & Public Gardens Level of Service	38	951	914	1,070	1,427	0	357	0	0	0	0
Neighbourhood & Public Gardens Renewals	321	138	(184)	757	548	0	(209)	0	0	0	0
Neighbourhood Parks and Reserves	0	0	0	359	359	0	0	0	0	0	0
Parks Interpretation Information	45	30	(16)	89	89	0	(0)	0	0	0	0
Playgrounds & Skateparks Level of Service	0	0	0	80	80	0	0	0	0	0	0
Playgrounds & Skateparks Renewals	(37)	214	251	178	214	0	36	0	0	0	0
Pohe Island Development	0	14	14	75	89	0	14	0	0	0	0
Public Art	1	0	(1)	55	54	0	(1)	0	0	0	0
Public Toilets	287	165	(122)	287	273	0	(15)	0	0	0	0
Sport & Recreation Growth	0	880	880	1,077	1,077	0	0	0	0	0	0
Sport & Recreation Level of Service	1	341	341	1	430	429	0	0	0	0	0
Sport & Recreation Renewals	(158)	310	468	381	1,039	303	354	0	0	0	0
Walkway & Track Renewals	76	17	(58)	126	53	0	(73)	0	0	0	0

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000	Capital Income Actual YTD \$000	Full Year Capital Income Forecast \$000	Capital Income Budget YTD \$000	Capital Income Full Year Budget \$000
Parks & Recreation Total	1,415	3,890	2,475	5,834	7,569	1,148	587	0	0	0	0
<i>Venue and Events Whangarei</i>											
Flags & Decorations	48	88	39	61	101	40	(0)	0	0	0	0
FN Venue - Entrance/ Lighting Enhancements	0	21	21	37	37	0	0	0	0	0	0
FN Venue - Furniture Upgrades	0	40	40	17	47	30	0	0	0	0	0
Forum North Venue Renewals	34	57	22	60	57	0	(3)	0	0	0	0
Forum North Venue Upgrades	73	96	23	121	110	25	(36)	0	0	0	0
NEC Building Renewals	11	124	113	74	161	75	12	0	0	0	0
NEC Field Renewals	12	0	(12)	12	0	0	(12)	0	0	0	0
Venue and Events Whangarei Total	179	424	246	381	512	170	(39)	0	0	0	0
Community Facilities & Services Total	10,238	16,655	6,418	21,751	34,423	15,261	(2,589)	(1,014)	(2,364)	(2,024)	(3,216)
Governance and Strategy											
Airport Renewals & Improvements	0	637	637	637	637	0	0	0	0	0	0
Central City Carpark Upgrades & Improvements	71	84	13	71	84	0	13	0	0	0	0
Commercial Property Renewals & Improvements	10	510	500	448	1,450	1,000	2	0	0	0	0
Enable Housing Development & Growth	0	115	115	130	250	120	0	0	0	0	0
Improve Community Wellbeing & Placemaking (Strat)	0	75	75	70	150	80	0	0	(70)	(75)	(150)
New Airport Evaluation	305	520	215	725	1,226	501	(0)	0	0	0	0
Parihaka Transmission Mast Upgrade	55	175	120	300	872	572	(0)	0	0	0	0
WAMT Air Conditioning Upgrade	0	319	319	0	319	319	0	0	0	0	0
Governance and Strategy Total	441	2,436	1,994	2,382	4,989	2,592	15	0	(70)	(75)	(150)
Planning & Regulatory											
Dog Pound Renewals	1,749	3,108	1,359	2,949	4,777	1,828	(0)	0	0	0	0
Planning & Regulatory Total	1,749	3,108	1,359	2,949	4,777	1,828	(0)	0	0	0	0
Support Services											
<i>Business Support</i>											
Civic Centre	778	0	(778)	778	0	0	(778)	(4)	(4)	0	0
Council Vehicle Replacements	213	317	104	372	475	0	104	(54)	(64)	(20)	(30)
Forum North Venue Renewals - Bus Support	0	170	170	85	255	0	170	0	0	0	0
Furniture Renewals	0	14	14	7	22	0	14	0	0	0	0
Information Centre Upgrade	0	15	15	7	22	0	15	0	0	0	0
Business Support Total	991	516	(475)	1,249	774	0	(475)	(58)	(68)	(20)	(30)
<i>ICT</i>											
Application and System Upgrades	207	239	32	624	699	134	(59)	0	0	0	0
Cloud Strategy / ICT	157	979	822	711	2,417	1,627	80	0	0	0	0
Cyber Security	0	407	407	203	610	397	10	0	0	0	0
IT Equipment New	159	247	89	315	404	112	(23)	0	0	0	0
Portal and Online Services	690	1,135	445	1,223	2,205	1,078	(96)	0	0	0	0
ICT Total	1,213	3,008	1,795	3,076	6,335	3,349	(89)	0	0	0	0
<i>Infrastructure Planning & Capital Works</i>											
BOF Programme Delivery	80	86	6	92	226	134	(0)	(77)	(89)	(86)	(226)
Infrastructure Planning & Capital Works Total	80	86	6	92	226	134	(0)	(77)	(89)	(86)	(226)
<i>People & Capability</i>											
Office Furniture	3	21	18	34	35	0	0	0	0	0	0
People & Capability Total	3	21	18	34	35	0	0	0	0	0	0

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000	Capital Income Actual YTD \$000	Full Year Capital Income Forecast \$000	Capital Income Budget YTD \$000	Capital Income Full Year Budget \$000
Support Services Total	2,288	3,631	1,343	4,452	7,370	3,483	(564)	(135)	(157)	(106)	(256)
Total	59,738	85,749	26,011	128,606	160,825	50,239	(18,020)	(21,174)	(23,394)	(30,018)	(48,027)

4.5 Operations Report – Corporate Group – March 2024

Meeting: Finance Committee
Date of meeting: 3 April 2024
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose / Te Kaupapa

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

2 Recommendation / Whakataunga

That the Finance Committee notes the Corporate Group operations report for March 2024.

3 Background / Horopaki

The Finance Committee terms of reference list key responsibilities which include provision of an operations 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 / Te Hira me te Arawhiti

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 / Ngā Tāpiritanga

Attachment 1 – Corporate Group Operations Report – March 2024

Operations Report Corporate Group

March 2024

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1. Management Update

This report contains statistics up to 29 February 2024 and other narrative is provided as a general update.

1.1 Procurement Reporting – Contracts Approved Under Delegated Authority

Contracts have been reviewed and there are none to report for this period.

1.2 Current Priorities and Challenges

The challenges and priorities for the Corporate Group are outlined in the report under each department. In summary, the main issues are:

- ongoing work related to the 2024-34 Long Term Plan to incorporate the impacts of the impending repeal of Affordable Waters, including enhancements to the submission process
- progressing actions across the organisation arising from the audit of the 2022/23 Annual Report
- working with ratepayers to minimise rates arrears, and
- managing ongoing operational cost pressures.

1.3 Civic Precinct Landscaping

Work is progressing well (with the long run of good weather a welcome change), with completion of the Rust Avenue street frontage the immediate priority so safety and traffic management measures can be removed, allowing full pedestrian access to the footpath and Old Library.

- Work underway includes:
 - Paving
 - Lighting (including uplighting to highlight the Old Library at night)
 - New gardens around the building
 - Removal of trees that had become too large given their proximity to the building



2. Information Communications Technology (ICT)

2.1 Current Priorities and Challenges

Our current priority continues to managing the high workloads across support, project and engineering teams to maintain a secure environment, complete project implementations and manage information. The team is also progressing work on Artificial Intelligence (AI) planning for implementation and use by Council.

2.2 Operational Activities

ICT End User Support

Business as usual support

The number of tickets this month rose by 26%, with WDC Infrastructure closing 245 tickets. We are currently having issues with the workflow for Mobile devices, specifically new starters and are working towards a resolution for these.

We are in the process of making Multifactor Authentication (MFA) compulsory and have completed working around Induction process and Initial password strengths. We are working through onboarding process and are looking to consolidate NorthCloud services to simplify and create a big picture overview of activities.

We had 6 new staff join Council during February and have provided induction and co-ordinated training as needed.

Security

One urgent (Zero day) update was required to mitigate a security risk on the network that could be exploited.

ICT Systems Engineering

Managed Events/P1 Incidents for the month

There were no P1 incidents during the month of February.

Availability Management

No unplanned outages were experienced within the month of February.

Business as usual

Apart from support for in flight projects, focus was on Auto-patching, Windows 11 planning, Whangarei Art Museum and Claphams Clock Building cabling and wi-fi work.

Information Management

Business as Usual

- Ongoing Sentencing of files.
- Business Engagement with Armourguard.
- Over 300 physical files have been digitised and have been destroyed.
- Corporate library cataloguing to add appropriate functions to the files so that they can be more easily found is in progress.
- Ongoing reporting out of Kete on adoption, deletions, and monitoring.

ICT Projects

<u>Eplan</u> (District Plan online)	Government gazetted the National Planning Standards and a requirement for an electronic process for the public to make submissions on proposed changes to the plan.	Initiation	<ul style="list-style-type: none"> • Sprint 11 and 12 – developers are focusing on: <ul style="list-style-type: none"> ○ Ingesting tables and images that are provided with the Operative Plan. ○ Displaying zoning, precinct, development area overlay and district wide provisions relating to a property search. ○ Provisions displayed in ePlan to meet WDC brand and accessibility requirements. • Communication plan is established to inform managers, staff and public.
<u>HRIS</u>	Implementation of Technology One HRIS Modules	Execution	<ul style="list-style-type: none"> • The reporting and dashboard requirements for People & Capability and Health & Safety are now established. • Configuration of categories and standardising of terminologies across the module is required to get the optimal functionality from TechOne Training. Discussion is set for mid-March to review the configuration and set the next steps. • Change management and communications discussion started including ICT Training.
<u>Health & Safety</u>	Implementation of a H&S Application	Execution	<ul style="list-style-type: none"> • Scope and phases confirmed. • Configuration commenced. • Backend Admin training planned. • Communication to business planned.
<u>Multi-Function Device Contract</u>	Printer Fleet Replacement	Planning	<ul style="list-style-type: none"> • Testing in progress. • Engagement with business functions has commenced to ensure smooth transfer over to the new machines.
<u>PLM</u>	Project Lifecycle Management module in TechOne	Execution	<ul style="list-style-type: none"> • Weekly Showcases with KBUs have commenced. • Change Management Plan complete; Business Case being reviewed. • Scope review has highlighted that changes in the set-up and processes within Enterprise Budgeting need to be made in conjunction with this project to improve financial reporting on projects • Configuration commenced.
<u>IAAS</u>	IaaS contract structure review	Execution	<ul style="list-style-type: none"> • IaaS contract structure was reviewed by ICT Team. The workshop established the optimal option how the contract is structured:

			<ul style="list-style-type: none"> - one contract – simple to manage, with build-in flexibilities - better price – cost saving for the business. • Weekly meetings with NorthCloud to work together with ICT team on the desirable outcome from the new contract structure are continuing. • Draft new contract to be agreed by both parties WDC and NorthCloud by end-March. • Draft of new contract to be presented to Council in April.
<u>Digital Transformation</u>			<p>Is The Game On?</p> <ul style="list-style-type: none"> • Is The Game On Proof of Concept (POC) is ready for final presentation to the communications team and wider users. • Communication & Training Plans are being compiled to deploy to Website and for training field officers to update the App. <p>Teams/ Project Folder Wizard</p> <ul style="list-style-type: none"> • Requirements workshop completed. • Final review of templates and checking permissions planned mid-March. <p>Submissions</p> <ul style="list-style-type: none"> • A POC to integrate Open Forms from the website to SharePoint online has been completed. • Final details for the submission form have been loaded into Open Forms and remaining configuration is underway. • Creating views and User Acceptance Testing (UAT) of the submission workspace to follow. • Testing of Adobe integrations and Trapeze to combine data into the submission reports is taking place.
<u>Objective Build Upgrade</u>	Upgrade to front end interface	Planning	<ul style="list-style-type: none"> • Cost neutral project to upgrade Alpha One to Build. Objectives new customer facing interface. • Project is in early stages of planning.
<u>Tech One – 2024A Release</u>	Upgrade to 2024A Release		<ul style="list-style-type: none"> • 2024A upgraded on test platform. • Project Team to commence UAT with Business Groups.

3. Finance

3.1 Current Priorities and Challenges

Key priorities this month include:

- Finalising full financial statements and supporting documents, including the Revenue and Financing Policy and Financial Strategy for the consultation of the 2024-34 Long Term Plan.
- Finalise 2024-25 Fees and Charges including Statement of Proposal for fees that are required to be consulted on, for concurrent consultation with the 2024-34 Long Term Plan.
- Changes to current Retentions process to align with Construction Contracts (Retention Money) Amendment Act 2023.
- Discussion and active participation with Project Lifecycle Management (PLM) project, including investigating implications of multi-year forecasting.
- Assisting the business with update of full year forecast.

Key challenges this month include:

- Condensed timeline for the Long Term Plan.
- Increased workload and multiple priorities with Long Term Plan and 'business as usual' tasks.

3.2 Operational Activities

2023-24 Financial Year

A full year forecast was completed by budget holders in the month of February. This result will be reported to the Finance Committee in the Financial Report for the 8 months ending 29 February 2024.

2024-2034 Long Term Plan (LTP)

The Long Term Plan is scheduled to be adopted for Consultation on 21 March. Staff have had a significant amount of work to do within a condensed timeframe due to incorporating the Waters activities back into the Plan.

The focus has been on finalising full financial statements and supporting documents, including the Revenue and Financing Policy, Financial Strategy and Fees and Charges for the consultation of the 2024-34 Long Term Plan. Staff have also been responding to audit queries and spending time familiarising the Deloitte audit team with the financial model and forecasting assumptions.

2022-23 Annual Report and Audit

The audit of the 2022-23 Annual Report has raised various actions and audit recommendations. With the focus on the preparation of the Long Term Plan it will be challenging to address these recommendations before the 2024 end of financial year. It is envisaged that staff will commence working through these recommendations after adoption of the Long Term Plan for consultation.

Due to the consequences of the Affordable Waters repeal, new legislation provides an extension of time to adopt the Annual Report. Management is currently working through the timeline for discussion with Deloitte.

Council Controlled Organisations do not qualify for the extension of time so the legislative deadline of 30 September (three months after the end of the financial year) remains.

4. Revenue

4.1 Current Priorities and Challenges

Priorities:

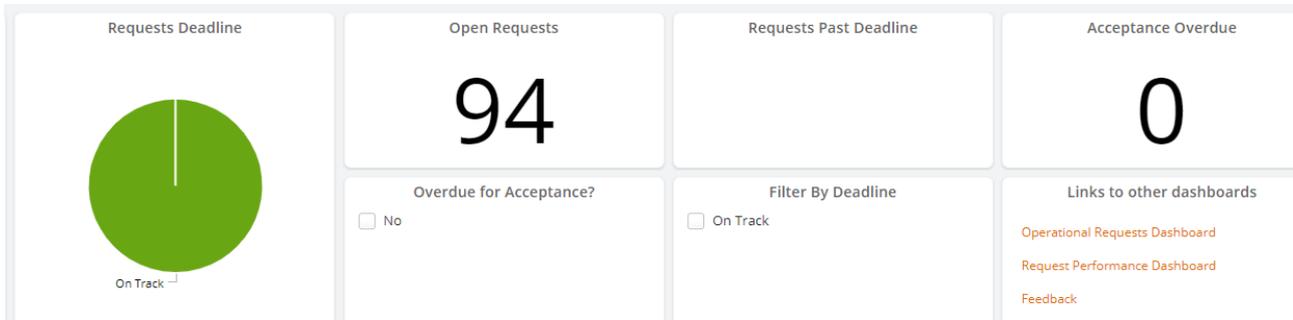
- 2024-34 Long Term Plan and concurrent consultation on rating policy.
- 2023-24 year end and 2024-25 year start.

Challenges:

- Meeting customer expectations, despite high number of queries, unscheduled leave and team vacancy
- High amount of customer debt.

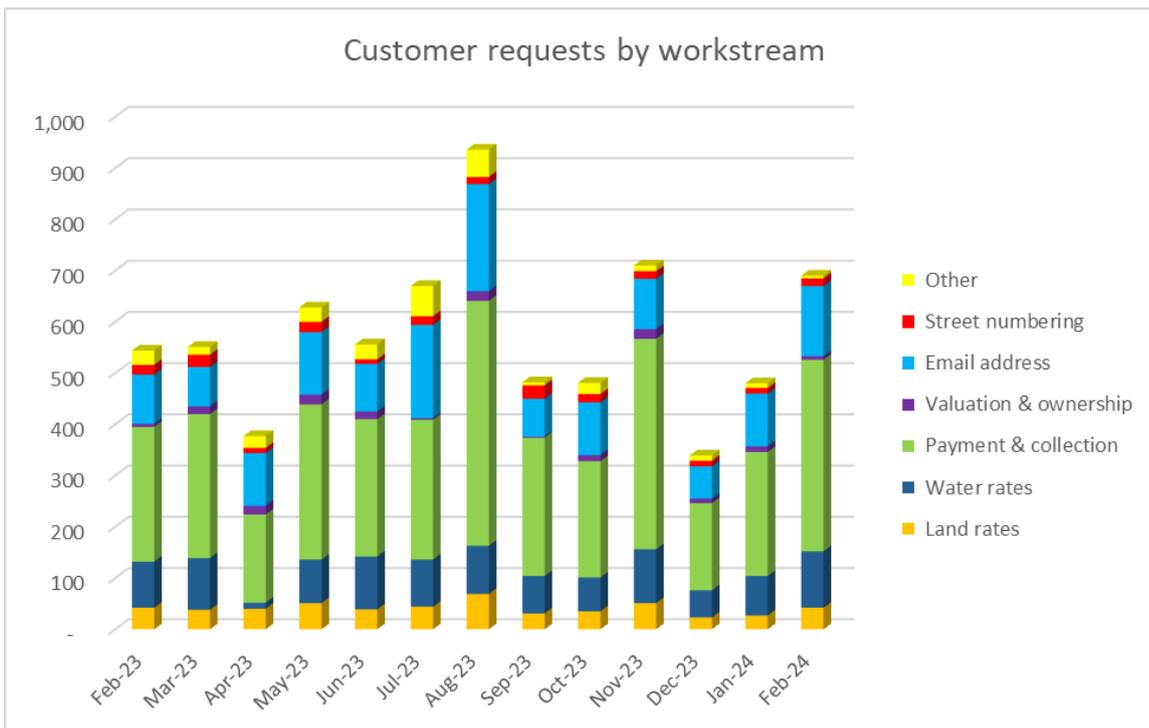
4.2 Request System Dashboard

At 4 March 2024



There were 690 online customer service requests received in February 2024 (26%) more than February last year. This is a large increase from last year and not just due to the leap year! Those unresolved are: 9 from March, 60 from February, 8 from January and 17 from 2023.

The requests received processed by workstream over the last year:



4.3 Operational Activities

Projects

In February the focus was:

- 2024-34 Long Term Plan.

Operations

- There were 125 property sales in February. Sales are tracking 87% of 2022-23.
- The water meter readers are on track.
- Penalties of \$185,000 (2,251 properties) were added on the unpaid 3rd land rates instalment, and the ratepayers were sent letters or emails letting them know. In the following week, 554 paid the outstanding amount and 285 properties' penalties were remitted (180 of these were payments with inadequate references so mis-allocated).

Collections

At 29 February, total land rates due are \$6.1 million including prior arrears of \$2.0 million (\$1.3 million Māori freehold land). Current year's arrears of \$2.1 million continue to be higher than last year. Debt collection will be prioritised, as the collections team is fully staffed.

Land Rates Arrears 29 February 2024					
	\$			Number of Properties	
	Current	Prior Years	Total	Current	Prior Years
By Recovery Group					
No Mortgage	1,995,000	351,000	2,345,000	1,847	81
Mortgage	603,000	129,000	732,000	208	33
Arrangement	1,094,000	204,000	1,298,000	3,274	100
Arrangement MFL	74,000	215,000	290,000	52	39
Maori Freehold Land	303,000	1,105,000	1,408,000	134	117
Total	4,069,000	2,004,000	6,073,000	5,515	370
By Amount Outstanding					
>\$10000	1,176,000	1,286,000	2,462,000	26	65
\$1000-\$10000	1,864,000	657,000	2,521,000	1,063	174
<\$1000	1,029,000	61,000	1,090,000	4,426	131
Total	4,069,000	2,004,000	6,073,000	5,515	370

5. Business Support

5.1 Current Priorities and Challenges

Current priorities include:

- Managing defect remediation and blind installation in Civic Centre
- Forum North clean
- Cleaning contract procurement.

Current challenges include:

- Commencement of landscaping to complete Civic Precinct
- Recruitment of new Sustainability Adviser.

5.2 Operational Activities

Procurement

Internal

- General advice and assistance to staff working on procurement related projects.
- Developing refresher training to enable staff to continue upskilling in procurement.

Strategic

- Working with ICT to understand Council's requirements for managing the Procurement, Supplier and Contract Management Processes within Council, with the aim being to determine the best way forward.

Major work streams in procurement in February have included:

Service/Good Being Procured	Detail	Procurement Commencement Date	Business Owner	Date Advertised on GETS	Expected End Date
Cleaning	Civic buildings cleaning contract	January 2023	Business Support	February 2024	July 2024
After Hours Call Services	Provision of telephone answering services after core business hours	August 2023	Customer Services	April 2024	July 2024
Library Books	Supply of library books	To be determined	Library	To be determined	To be determined
Veterinary Services	Services required at Animal Control facility	To be determined	Health and Bylaws	To be determined	To be determined

Sustainability

Staff Commute

February is Aotearoa Bike Challenge month! The Sustainability Adviser did a lot of internal communications and engagement, and this year, WDC beat NRC, NTA and FNDC combined! We had the highest percentage of riders; the bike cage was full, and we had four new riders. This was great to see staff getting involved and opting to choose two wheels over four.

Emissions Reduction Plan (ERP)

Work has been progressing to get the last documentation required to get our Climate Action Loan application approved by LGFA. The key issues they noted were regarding the assurance statement, how we could prove we can meet our targets with the ERP and staff succession planning.

Networking

The Sustainability Adviser attended a 'Low Emissions Future' workshop run by Perrin Ag. There were four scenarios discussed; diversity is a new specialty, the world's food basket of choice, feeding the world and green shoots. These were developed through collaboration of rural and urban communities to help us all move into a low emissions economy.

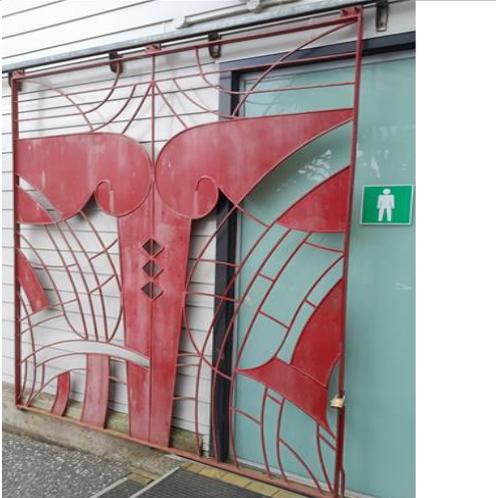
Facilities Maintenance

The team is continuing to work on requests and defects at Te Iwitahi. Open service requests for all Council premises have increased from 43 to 45. 32 of these related to Te Iwitahi. These are a mix of minor requests, minor repairs and building defects. The remaining 13 are for repairs at the Town Basin, Library and other Commercial Assets.

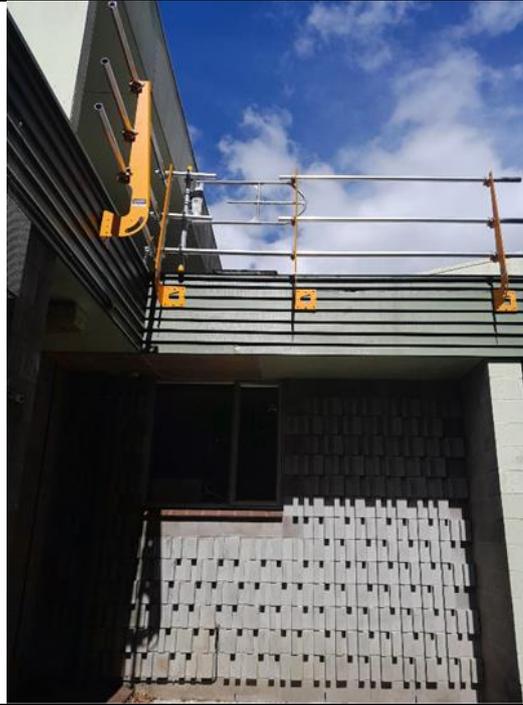
In progress:

- Addressing HVAC issues
- Completing some outstanding security system items
- Blinds have been ordered to mitigate glare issues.

Completed requests this month include:

Notes	Before	After
<p>Epoxy flooring over the existing tiles has reduced significantly odour in the shower and 24hr toilets.</p>		
<p>Security gates have been repainted, with more painting to come in late March.</p>		

Edge protection has been erected at Forum North, where gutters require regular cleaning.



The Services Pit of Forum North has had a new membrane roof applied to stop last winter's leaks.



Service Contracts

The Facilities Cleaning Contract for all Civic Buildings is going through procurement with consultations with all stakeholders completed. Registration of Interest is to be advertised on 16 February 2024.

Our Security Contract management this month focused on a review of alarm and duress responses across all sites. Feedback regarding the Te Iwitahi concierge has been good. Incidents reported by our static guards at the Town Basin, Forum North precinct, Library and i-SITE are being monitored and actions taken as required.

Compliance checks of systems in Te Iwitahi (Building Warrant of Fitness) are carried out as scheduled. The 12-month warranty/service period will end for many of these systems and new Service Agreements are currently being negotiated.

Leases and Licences

Many perpetual ground leases on Dent Street are due to expire and new leases are to be drafted. Currently waiting for new ground valuations from CBRE Limited.

The property team relies on the support from other departments as well as our solicitor and valuers to be able to complete the lease and or licence processes. We have many pending leases and licences waiting for further information.

Parks leases are now legally required to be an “Incorporated Society” before we draft new leases, (although it doesn’t affect many), some will take a little more time to prepare and process. There are lots of renewal and rent reviews of outstanding Parks Leases which will be concentrated on over the next few months.

There are currently 44 leases and licences in progress, they are made up of 25 new leases, 1 surrender/new lease, 7 rent reviews/renewals, 2 variation/renewal/rent reviews, 1 rent review/assignment, 1 assignment, 4 rent reviews and 2 variations, 1 debt recovery – summary judgement. 9 were completed in February.

Contract Management

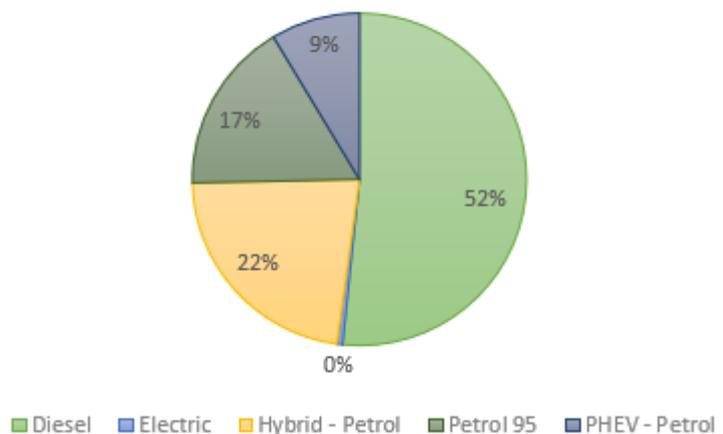
- Working through the register in a view of finding current high value/risk contracts with KPI’s that will require tracking.
- Changes to Contracts Register functionality to be finalised.
- Contracts register tidy up and completing missing information ongoing. There are many contracts missing dates, business owner etc.

Fleet

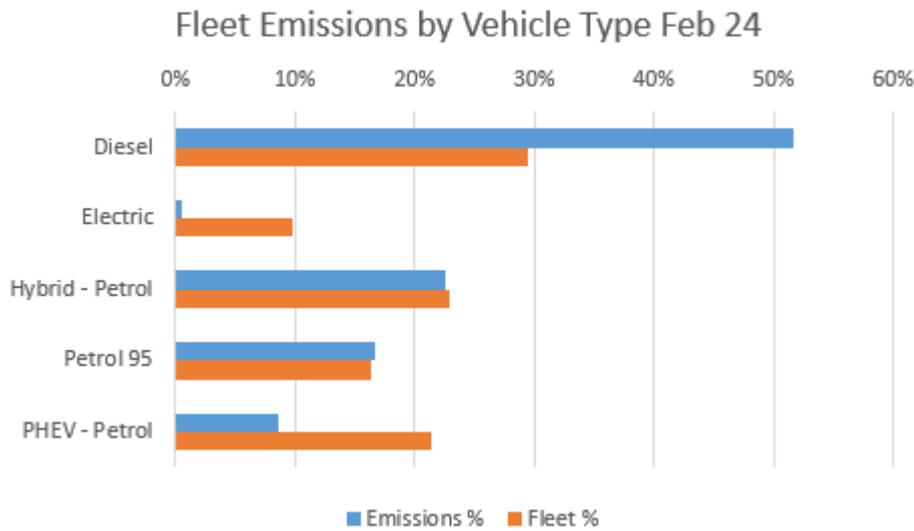
The total fleet emissions for February 2024 were 15,210kg of carbon dioxide equivalents (CO₂-e). The highest proportion of emissions comes from our diesel vehicles (52%). February emissions were 18% higher than January 2024.

We will continue to make efforts around improving our carbon footprint with our fleet while ensuring that business needs and health and safety standards are maintained.

Fleet Emissions February 2024



The chart below shows the emission percentage by vehicle type.



Road User Charges (RUCS) will be required for all electric vehicles from 1 April 2024. This will affect our Electric and Plug in Hybrid vehicles. We are working on the budgeting and implementation for these additional charges. Last year we travelled approximately 200,000 kms in our 21 EVs and PHEVs. This would equal \$11,895 in additional RUC charges.

The total fleet number is currently 61 Vehicles:

- 6 fully electric vehicles
- 14 Hybrids
- 13 Plug In Hybrids (PHEV)
- 10 Petrol
- 18 Diesel.

6. Communications

6.1 Current Priorities and Challenges

Finalising the Long Term Plan consultation document, campaign and events has been a key focus this month. Work is also underway in socialising the Future Development Strategy.

It has also been a busy time for engagement activity across multiple infrastructure projects and programmes.

6.2 Operational activities

Media coverage

- Whangārei ratepayers facing huge 17.2 per cent rates hike
- New extension to CityLink Tikipunga via Te Kamo route
- Up to 3000 houses unlocked in Whangārei with Springs Flat roundabout project
- Future of Onoke Heights subdivision in Whangārei at risk, developer says
- Northland's noisiest suburbs include Dargaville and Tikipunga
- Water reforms: Northland's Three Waters future under spotlight amid Government repeal
- Whangārei Heads to review slower speed limits amid community backlash
- Signs on Papanui-Oakleigh Rd Brynderwyn detour believed to have been vandalised
- Bid to force 14 councils to fluoridate heads back to court.

Communications projects

A summary of campaigns of note include:

Campaign	Comment
Future Development Strategy	Early education campaign on social media and in Council News
Long Term Plan	Communications and graphics support for LTP
Cruise	Communication planning and implementation in conjunction with Northland Inc and Northport
Climate Resilience	Communications support for Climate Adaptation Pilot Programme and emissions reduction
Youth Week fund	Communications support for to promote fund

District pride campaign

We are increasing the focus on celebrating our place, showcasing more positive stories about our District, celebrating some of our local attractions and highlights, and encouraging the community to get behind well-known waste minimisation campaigns like Keep New Zealand Beautiful.

Activity over this period included:

- Walk2Work Day
- Youth Week fund
- Future Development Strategy early engagement – sharing ideas on our future
- Movies in the Park promo
- Parks week promo
- Pasifika
- Children's Day
- Lovers Lane bridge timelapse

- Art Beat
- Kamo Shared Path progress
- Blues Game
- Bike skills video with Mayor
- Welcoming Communities survey.

Social media

Alongside our public posts on the main Facebook timeline, we are also making increasing use of local Facebook Groups. These are useful for non-essential information which is only relevant to a part of the total community, e.g. Raumanga local Group or Whangarei Parents.

We have also seen encouraging results on Instagram in the last month, but the platform is not quite as well suited to our messaging, e.g. does not support links in timeline posts.

Top 3 performing posts in February 2024 refer to Appendix 1 for screenshots

Topic	Reach & engagement notes
Te Kamo Shared Path stage 5a recycled bridge installation	39k reach, 5k engagement. Picture gallery and history explanation.
Future Development Fund: initial thoughts sought from public	30k reach, 7k engagement. 700 comments (including those on the 33 shares) with discussion about future of District 20-30 years from now.
Road-repair season ramps up	26k reach, 1.7k engagement. 266 link-clicks for more info is higher than expected, and went to the website's 'My Area' map.

Website and digital channels

Email newsletters

The new look Venues and Events e-newsletter and new Council News focused e-newsletter are being tested by Advisory Group members.

Digital transformations*

We are building website capacity to allow for more customer interactions online. Work is underway to adapt the following processes so they can be started and completed through our website:

- online Land Information Memorandum application
- online Event Development Fund application.

We are also investigating trialling the automatic saving of online submissions from online forms.

** Updated every three months – next update May 2024.*

Top 5 pages visited (main website only, *Monsido* report)

January	February
Rubbish & Recycling collection	Rubbish & Recycling collection
Freedom camping	Rates database
Otuhau Whangarei Falls	Contact us
Dogs on beaches	District Plan operative in Part 2022
Rates database	Freedom camping
Notable: Waipu coastal walkway, A-Z recycling guide, 10 free things to do with kids	Notable: Online maps, Otuhau Whangarei Falls, recycling changes, Māori Wellbeing Fund, A-Z disposal guide, Dogs on Beaches, Plan Change 1 (Natural Hazards)

Appendix 1 - Social media (top performing posts)



Whangarei District Council

Published by Craig Neilson · 20 February at 14:11 · 🌐

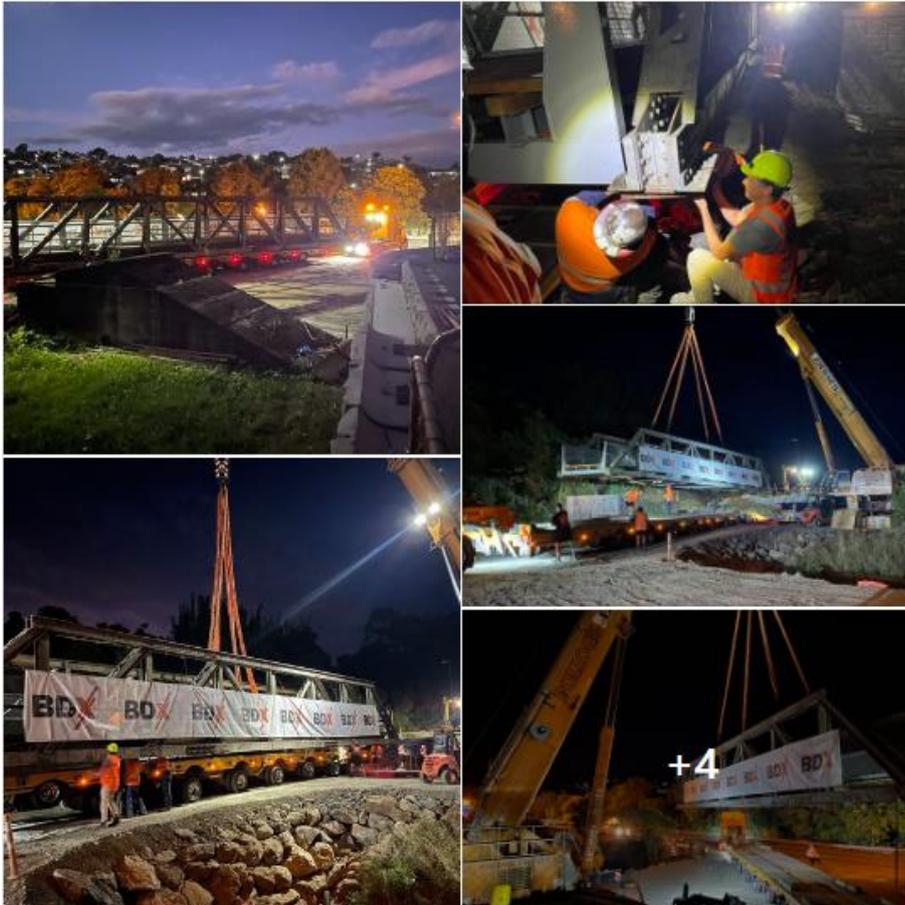


The extension of Te Kamo Shared Path hit a major milestone last night with the installation of this re-used railway bridge. The pre-fabricated Shared Path bridge was delivered to the site, lifted into place and secured. Well done to all involved!

Te Kamo Shared Path stage 5a is expected to be finished around mid-year 2024. For now, you can walk or cycle to Te Kamo via the connection at Fisher Terrace. More about the project:

<https://www.wdc.govt.nz/.../Proj.../Kamo-Shared-Path-Stage-5>

📸: Thanks JAS Civil for these very impressive construction photos.



See insights and ads

Boost post

👍👍 Northland Road Safety and 357 others

101 comments 28 shares



Whangarei District Council

Published by Craig Neilson · 1 February ·

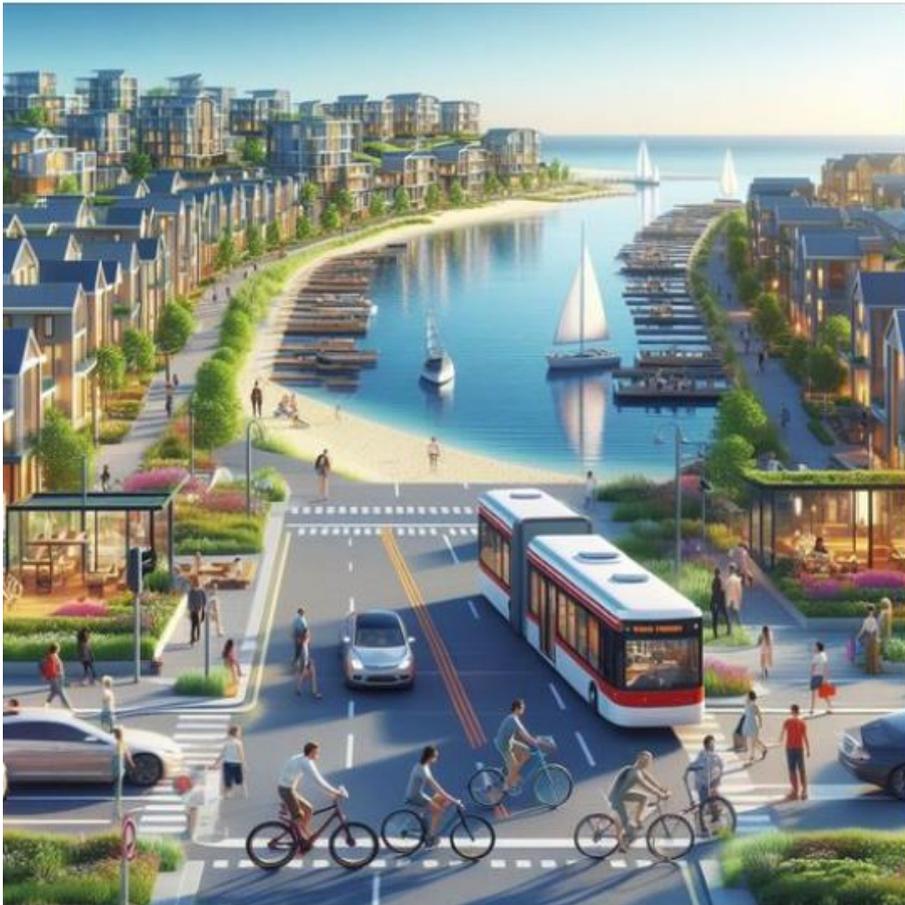
We have a big question for you and your children: What should Whangārei look like in 20-30 years? Answer in the comments before Friday 9 February 2024 and you could win one of two \$50 Prezzy Cards 😊

Your answers will help to create our first 'Future Development Strategy' with Northland Regional Council, a 30-year vision for our infrastructure, housing supply and transport. We'll be publishing a draft and consulting on it in more detail, in the coming few months.

Learn more about the process and the Future Development Strategy:

<https://www.wdc.govt.nz/.../Future-Development-Strategy...>

(Comment by 9 February 2024 to be in to win)



See insights and ads

Boost post

114

338 comments 33 shares



Whangarei District Council

Published by Craig Neilson · 12 February at 15:52 · 🌐



Road-repair season is in full swing. We're making the most of the dry weather and have our contractors working flat out, day-works and night works all over Whangārei District. 🚧 🧑‍🔧 🧑‍🔧

Check out this impressive map of current projects:
<https://www.wdc.govt.nz/My-area>

You can expect to come across a lot of road repair projects if you travel often. We'll also advertise some of the major closures, and address some of the smaller ones in community-run Facebook Groups.

Please allow ample time for your journeys and take it slow through work sites. 🙏 Enjoy your summer and keep our workers safe!

🚧: Milling and filling on Porowini Avenue, 2023



See insights and ads

Boost post

👤 Vince Cocurullo Mayor of Whangarei and 112 others

81 comments · 2 shares

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.