

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 5 FEBRUARY 2020** commencing at **9.30am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFIRMATION OF STATUS OF AGENDA**
3. **DISCLOSURES OF INTEREST**
4. **CONFIRMATION OF MINUTES**
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5. **STRATEGY REPORTS**
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6. **FINANCE REPORTS**
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7. **EXCLUSION OF THE PUBLIC** 134

GJ Ion
CHIEF EXECUTIVE

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	12 December 2019
Prepared by	Lynette Wainwright Committee Secretary
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Strategy & Finance Committee meeting held on Monday, 2 December 2019.

2. RECOMMENDATION

THAT the minutes of the meeting of the Strategy & Finance Committee held on Monday, 2 December 2019 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

S&F Committee Minutes – 2 December 2019

Minutes of a meeting of the Strategy & Finance Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY 2 DECEMBER 2019** commencing at **9.30am**.

Present:

Cr JM Gibb (Chairperson)
His Worship the Mayor, Mr AM Sanson
Cr JA Church
Cr CA Eyre
Cr SL Henderson
Cr SD Lynch
Cr RC McGuire
Cr FM McInally
Cr EM Patterson
Cr JD Sedgwick
Cr NMD Smith
Cr CT Woolerton

Attending:

Mr R MacLeod (Deputy Chairperson, Raglan Community Board)

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Mrs S O’Gorman (General Manager Customer Support)
Mr C Morgan (General Manager Community Growth)
Mr R MacCulloch (Acting General Manager Service Delivery)
Ms A Diaz (Chief Financial Officer)
Mr J Quinn (Communications, Engagement and Marketing Manager)
Ms J Dolan (Economic and Community Development Manager)
Mr N Johnston (Funding and Partnership Manager)
Ms D Dalbeth (Business Improvement Analyst)
Mrs RJ Gray (Senior Committee Secretary)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Smith)

THAT an apology be received from Councillor Bech and Councillor Thomson.

CARRIED

S&F1912/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Lynch/Church)

THAT the agenda for a meeting of the Strategy & Finance Committee held on Monday 2 December 2019 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 6 which shall be considered with the public excluded;

AND THAT all reports be received;

AND FURTHER THAT the Deputy Chair of the Raglan Community Board, Mr Bob MacLeod, be given speaking rights for the duration of the open section of this meeting.

CARRIED

S&F1912/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

REPORTS

Economic and Community Development Update – Work Programme
Agenda Item 4.1

The report was received [*S&F1912/02 refers*].

The report was taken as read. In speaking to the report, the Economic and Community Development Manager highlighted the following points:

- The report combined economic community and youth development work.
- Engagement with senior citizens – stakeholder conversations were being undertaken. A database would feed into the engagement and customer strategies and work was currently underway.
- Defined role in social development including cost benefit and scope were discussed. It was advised that a draft Social Development Strategy would be compiled by mid-January 2020 for Council's consideration.
- Tourism - Connecting Open Ngaruawahia with Franklin's tourist group.
- Creating business interaction with Council included small business setting up in the district, a 'one-shop model'.
- Inclusion of rural aspirations and needs to be considered in future reports.
- Hampton Downs – working to build up the cluster group to be more refined. A feasibility discussion was taking place noting that this was not promoting Hampton Downs as a business.

- Youth and Council engagement. Staff were looking to expand the programme initiated with Ngaruawahia primary school and would involve the relevant councillors.

Funding and Partnerships Update – Work Programme
Agenda Item 4.2

The report was received [*S&F1912/02 refers*].

The report was taken as read. The Funding and Partnership Manager highlighted, and responded to questions, on the following matters:

- \$370,000 was received from Responsible Camping Fund. This would enable more thorough enforcement and compliance from a monitoring perspective for responsible camping across the district. A new staff member, assisting the Monitoring Team, was being trained as a result of central government support.
- Whatawhata Community Hub - funding was over half way towards the target.
- Work had been developed on the local community funds concept to build strong enduring partnerships with the community.
- Glen Afton Community Centre – there had been discussions on the role of supporting the Centre’s services and how to apply for funding from external sources.
- Crime Prevention Technology Trust – installation of cameras in Huntly. It was clarified that a commitment was made by WEL to provide power, the work for which had yet to be done. The delay in installation was not due to funding.
- The steering group reviewing Council funding would explore projects to include scope for external philanthropic opportunities.

Waikato District Council/Hamilton City council Governance Meeting 30 September 2019
Agenda Item 4.3

The report was received [*S&F1912/02 refers*].

The Chief Operating Officer took the report as read and noted that Hamilton City Council would provide papers explaining the requirement for additional land in terms of their growth strategy at a meeting scheduled for the week commencing 9 December 2019.

Treasury Risk Management Policy – Compliance Report at 30 September 2019
Agenda Item 5.1

The report was received [*S&F1912/02 refers*] and discussion was held.

The Chief Financial Officer took the report as read and provided an overview of the report, noting, and responding to questions on, the following issues:

- Staff would review financial reporting to align with the new 6-weekly committee meetings;

- Multi party funding arrangements from a cash flow perspective;
- 2 policy limit breaches were explained; measures taken to remedy the variance for the current financial year;
- Staff were currently working on the carry forward trend for capital works programme for the 2019/20 year compared with the last financial year.

Resolved: (Crs Sedgwick/McInally)

THAT the Committee note two breaches against the Treasury Risk Management Policy for the quarter regarding actual to budgeted borrowing costs and fixed to floating interest rate controls being exceeded.

CARRIED

S&F1912/03

2019-2020 First Quarter Non-Financial Performance Report
Agenda Item 5.2

The report was received [*S&F1912/02 refers*] and discussion was held.

The Business Improvement Analyst, supported by the Communications, Engagement and Marketing Manager, gave a brief overview of the report and responded to questions on the following matters.

- The staff report provided tracking of performance of the LTP Key Performance Indicators and the Resident Satisfaction Survey.
- Concern expressed on trend of negative public satisfaction in relation to Council's basic core services. Teams now meet quarterly to analyse data, present to staff and ask what can be done to improve the data received. Staff believed investment in resources recently should result in improvements over time.
- Potable Water – can track satisfaction/dissatisfaction compared to other district councils.
- Unsealed roads – The challenge was to understand the key requirements of communities and why they continued to be dissatisfied despite increased investment and a positive review by NZTA. Staff would explore option of enquiring on reasons for dissatisfaction in the survey.

Civic Financial Services Limited – Half Yearly Accounts
Agenda Item 5.3

The report was received [*S&F1912/02 refers*].

The Chief Financial Officer took the report as read and provided a brief overview.

EXCLUSION OF THE PUBLIC

Agenda Item 6

Resolved: (Crs Patterson/Henderson)**THAT the public be excluded from the meeting to enable the Strategy & Finance Committee to deliberate and make decisions on the following item of business:****REPORTS****a. Raglan i-SITE Tender Review Subcommittee****This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:****Reason for passing this resolution to withhold exists under:** **Ground(s) under section 48(1) for the passing of this resolution is:****Section 7(2)(b)(ii), (j)****Section 48(1)(a)****CARRIED****S&F1912/04***Resolutions S&F1912/05 – S&F1912/06 are contained in the public excluded section of these minutes.*

Having resumed open meeting the following item was released into open meeting:

Raglan i-SITE Tender Review Subcommittee

Agenda Item PEX 1.1

It was resolved [S&F1912/05] during the public excluded section of the meeting that the following resolution be released into open meeting but the report remain confidential and unavailable to the public:

*Resolved: (Crs Sedgwick/Smith)**THAT pursuant to Schedule 7, clause 30 of the Local Government Act 2002, the Committee appoints the following Subcommittee – i-SITE Tender Review Subcommittee – to report directly to the Strategy & Finance Committee;**AND THAT the Committee appoints the following members as members of the Subcommittee:*

*His Worship the Mayor Sanson (Chair);
Councillor Gibb, as Chairperson of the Strategy & Finance Committee; and
Councillor Patterson, as Chairperson of the Infrastructure Committee;*

with a quorum required of two members;

AND FURTHER THAT the Committee delegates the following responsibilities, duties and powers to the i-SITE Tender Review Subcommittee:

- a. To award a contract in relation to the Raglan i-SITE, including an extension to the existing contract for the Raglan i-SITE;*
- b. To decide on any servicing or operational requirements for the Raglan i-SITE, including location, staffing and other resources;*
- c. To vary the scope of services offered at the Raglan i-SITE;*
- d. To close the Raglan i-SITE;*
- e. To agree any partnership arrangement for providing services at the Raglan i-SITE;*
- f. To decide on any other matters relating to the Raglan i-SITE that give effect to the above delegations;*

AND FURTHER THAT the Committee notes that the Governance Structure 2019-22 will be updated to reflect the re-establishment of the Subcommittee;

AND FURTHER THAT the resolution of Committee be recorded in the open meeting but that the staff report remain confidential and unavailable to the public.

CARRIED'

There being no further business the meeting was declared closed at 11.05am.

Minutes approved and confirmed this day of 2020.

Cr JM Gibb
CHAIRPERSON

Open Meeting

To	Strategy and Finance Committee
From	Jim Ebenhoh Acting General Manager Community Growth
Date	22 January 2020
Chief Executive Approved	Y
Reference #	GOV1318 / 2463077
Report Title	Climate Response Planning

I. EXECUTIVE SUMMARY

The world's climate is changing, and there is a strong impetus for the Council to respond. The response should include both mitigation (reducing contribution to climate change) and adaptation (reducing the impacts of climate change). Council staff have already initiated a number of projects and policies that will assist in this response, but more is required if Council is to show the climate leadership expected of it. A preliminary stocktake of Council's emissions profile is provided in this report, which can provide the starting point for an emissions reduction plan to assist with mitigation. Further work is required to identify adaptation actions to respond to likely climate-related impacts on the district. The development of a Climate Action Plan is the recommended next step.

2. RECOMMENDATION

THAT the report from the Acting General Manager Community Growth be received;

AND THAT the Strategy & Finance Committee direct staff to develop a Climate Action Plan, including both mitigation and adaptation for both Council and the District, that would demonstrate a commitment to climate leadership on behalf of its communities.

3. BACKGROUND

3.1 THE ISSUE

There is no doubt that the climate is changing. More frequent extreme weather events, rising sea levels and higher temperatures are occurring across the globe and within New Zealand. These effects significantly impact New Zealand, with higher temperatures (approximately 1 degree C in the past century) resulting in dry summers, limiting water supply and intensifying droughts.

Nearly all of the world's scientists agree that human activity is the main contributor to climate change. Even those who believe that human activities are not the primary contributor to climate change usually acknowledge the warming effect caused by gases such as carbon dioxide (CO₂) and methane (CH₄) in the atmosphere, and that, all else being equal, a reduction in emissions of those 'greenhouse gases' would by definition reduce climate change. The primary debates both nationally and internationally are therefore not about the science of climate change, but the policy response to it – for example, the role of developing nations to forego the relatively cheap source of energy that fossil fuels provide and which developed nations have used as the platform for their own development.

While the IPCC (Intergovernmental Panel on Climate Change) recommends that global warming be limited to 1.5 degC, and New Zealand has signed up to the Paris Agreement to commit to meeting this target, CO₂ emissions are continuing to increase in NZ and across the globe. Temperatures are therefore expected to warm by at least 2degC by the end of this century (including the 1degC warming already experienced in the past 100 years), and it is likely that warming will be even higher than that because of long-term carbon cycle feedback loops. The latest research predicts that we continue not making the changes we need, we will have up to 4 degC of increase, which would likely lead to substantial species extinction, large risks to global and regional food security, and the risk or irreversibly destabilising Greenland's massive ice sheet. Some analysts suggest that as one of the few habitable areas left on the planet, New Zealand would likely become overcrowded and under constant threat of flood and cyclones.

Most of us will not live to see catastrophic climate change effects take place, but there is a governance-level duty to ensure we protect the planet so our children and their children do not suffer this fate. The actions need to include both mitigation (reducing our contribution to climate change) and adaptation (reducing the impacts of climate change).

More background on the climate issue is in Appendix One.

3.2 INTERNATIONAL FRAMEWORK AND RESPONSES

3.2.1. Paris Agreement

The Paris Agreement is an agreement within the United Nations Framework Convention on Climate Change, signed in 2016, which aims to keep the increase in global average temperature to well below 2degC above pre-industrial levels, ideally to no more than 1.5degC. Under this Agreement, each country must determine, plan and regularly report on the contribution that it undertakes to mitigate global warming. There is no specific emissions target or specific date required. New Zealand has committed to a 30% reduction below 2005 gross emissions by 2030. Currently, the only significant emitters who have not become party to the Agreement are Iran and Turkey, although US President Trump has announced his intention to withdraw the USA from the agreement at the earliest opportunity, which is November 2020.

3.2.2. UN Sustainable Development Goals

A set of 17 United Nations Sustainable Development Goals were adopted in 2015 by all UN member states as part of the 2030 Agenda for Sustainable Development, which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The most directly applicable goal is Goal #13: Climate Action, but a number of other goals are relevant, as summarised in Appendix Two.

3.3. NATIONAL LEGISLATIVE REQUIREMENTS

3.3.1. Zero Carbon Act

The Climate Change Response (Zero Carbon) Amendment Bill was introduced in May 2019 and passed into law in November 2019. It aims to meet New Zealand's commitment under the Paris Agreement to reduce greenhouse gas emissions by 30 percent below 2005 levels by 2030, going further to set a target of 'net zero' carbon emissions by 2050. It also requires the government to set emissions budgets every five years that will act as 'stepping stones' towards the ultimate goal of 'net zero' emissions by 2050, and requiring the government to understand the risks presented by climate change (for example, rising sea levels) and produce plans to address these.

The Act also set up an independent, seven-person Climate Change Commission, building on the work of an interim commission established in April 2018, which has responsibility for providing advice to the Government on both adaptation and mitigation, holding the Government to account as it works towards its emissions targets and resilience goals, monitoring progress towards meeting emissions targets, carrying out regular risk assessments, preparing a National Adaptation Plan after every risk assessment, and monitoring and reporting on the National Adaptation Plan.

There are direct implications for local government and its council-controlled organisations. The Climate Change Minister will be able to request Council to provide information relating to climate change adaptation, including:

- a description of Council's governance in relation to the risks and opportunities arising from climate change;

- a description of the actual and potential effects of the risks and opportunities on the Council's business, strategy and financial planning;
- a description of the processes that the Council uses to identify, assess, and manage the risks;
- a description of the metrics and targets used to assess and manage the risks and opportunities, including time frames and progress where relevant; and
- any other matters specified in regulations.

Council will need to be prepared for this reporting and undertake the necessary preparatory work to ensure that we are in a good position to respond to any such request from the Minister.

3.3.2. Resource Management Act

The stated purpose of the Resource Management Act 1991 (RMA) is “to promote the sustainable management of natural and physical resources,” where ‘sustainable management’ means enabling “people and communities to provide for their social, economic and cultural well-being and for their health and safety while...safeguarding the life-supporting capacity of air, water soil and ecosystems.” This purpose is strongly supportive of a climate change response.

The RMA has a key role in adaptation through its strong focus on natural hazards. Section 6(h) of the Act lists the management of significant risks from natural hazards as a matter of national importance. Regional councils and territorial authorities have specific functions to manage natural hazards.

In addition, Section 7(i) requires all those exercising functions under the Act to have particular regard to the effects of climate change. This should therefore be an integral part of decision making on resource consent applications and notices of requirement for which the effects of climate change may be significant. It is also important for the assessment of RMA plans (e.g. NZ Coastal Policy Statement, Regional Policy Statements and Regional and District Plans) as they come up for review or changes are proposed, to ensure that consideration is given as to whether more explicit and/or up-to-date policies are needed to address the effects of climate change.

Other clauses in Section 7 of the RMA require particular regard to be had to the efficiency of the end use of energy, and the benefits to be derived from the use and development of renewable energy. Both these matters are strongly linked to a climate change response.

3.3.3. Civil Defence and Emergency Management Act

The Civil Defence and Emergency Management (CDEM) Act 2002 aims at the comprehensive management of hazards and risks, and emergency response and recovery, through coordinated and integrated policy, planning and decision-making processes at the national and local level.

3.3.4. Official Guidance

While not legislation, the Government has issued guidance for local government in relation to climate change, including most prominently “Coastal Hazards and Climate Change: Guidance for Local Government” (Ministry for the Environment, 2017).

3.4 EXPECTATIONS AND COMMITMENTS

There is a wide-ranging set of expectations from internal and external entities that the Council will develop a climate response, and the Council has also committed through national and regional forums to do so.

3.4.1. Audit and Risk Committee request for action plan

In response to the growing national and global attention to climate change related events, the Council’s Audit and Risk Committee has become increasingly interested in obtaining assurance that the associated risks are being appropriately identified and managed.

Discussions culminated at the September 2019 quarterly meeting when the Committee stipulated timeframes for the provision of information on Council’s proposed approach to climate change. They have since been advised that this report is coming to the Strategy and Finance Committee and that it recommends development of an initial plan for action.

3.4.2. Community expectations and efforts

Waikato District Council’s vision and commitment is to Liveable, Thriving, Connected Communities, and a response to climate change goes to the heart of this commitment. To ensure a community is liveable, thriving and connected, it needs to be able to cope with rising sea levels, increased extreme weather events and biodiversity loss. Without resilience to these pressures, not only are communities at risk of failing to live up to Council’s vision, but in some cases their very existence may be threatened.

Expectations and efforts with regard to climate change are as varied as our communities. These include the following events in 2019:

- During the Proposed District Plan consultation process, there has been widespread support of adaptation and mitigation strategies outlined in the proposed plan.

- Raglan hosted a Community Korero event entitled 'Climate Crisis, Time to take Action'. Speakers included iwi, the local Councillor, a climate scientist, youth leaders, Extinction Rebellion and Xtreme Zero Waste. Attendees included community board representation, council staff and community members who voted to declare a climate emergency and take action.
- Waikato Regional Council and youth leaders collaborated to present the Waikato CAN – Climate Action Now Summit in Hamilton to address the issue of climate change and its effect on the environment, humans and communities. Again speakers and attendees included youth leaders, scientists, Extinction Rebellion and Councils among others, and provided a forum to network and collaborate on work going forward.
- There have been a number of general 'strikes for the climate' locally, nationally and worldwide. Various groups have sprung up in New Zealand consisting of passionate people demanding action; Extinction Rebellion, Gen Less, NZ Climate Action Network, Generation Zero, 350 Aotearoa and groups addressing solar energy and local energy. Eco designers, for example, are addressing the housing stock and are looking at how climate change affects housing and how housing effects climate change.

In a general sense, the community's expectations are that communities can take action locally, but that the issue also needs to be picked up on a larger scale and strongly embedded into local and central government action.

3.4.3. Mayoral Forum commitment

The Waikato Mayoral Forum, in August 2019, communicated its unanimous support for the Waikato region's councils working together on climate change. Forum members also indicated support for contributing to the cost of having district carbon footprints calculated as part of the Waikato greenhouse gas inventory.

The Forum noted that the Waikato region is likely to experience increased incidents of extreme weather causing river and coastal flooding, increased periods of drought and severe coastal erosion as well as continued sea level rise.

A report to the Forum discussed the challenges councils face to effectively manage the risks climate change presents, including a need to need to factor climate change into their policies, regulatory, operational and corporate support areas.

Furthermore it was acknowledged that councils act as a key role in working with communities to reduce emissions, and will need to consider working with all sectors to adopt an agreed climate change action roadmap that delivers activities to support New Zealand's transition to net carbon zero by 2050.

3.4.4. Local Government Leaders' Climate Change Declaration

In 2017 our Mayor, along with other Mayors and Chairs of New Zealand, signed the Local Government Leaders' Climate Change Declaration to show his support for Waikato District Council to demonstrate responsive leadership and take a holistic approach to climate change. The document cites the importance and urgent need to address climate change for the benefit of current and future generations. Through the document our Mayor has committed to;

- Develop and implement ambitious action plans that reduce greenhouse gas emissions and support resilience within our own councils and our communities which;
 - Promote low carbon transport options;
 - Improve resource efficiency and health of the homes, business and infrastructure in our district; and
 - Support the use of renewable energy and the uptake of electric vehicles
- Work with our communities to understand, prepare for and respond to the physical impacts of climate change
- Work with central government to deliver on national emission reduction targets and support resilience in our communities

The document also includes seven guiding principles, based on legal and moral obligations, for decision making on climate change. These are:

- Precaution
- Stewardship / Kaitiakitanga
- Equity / Justice
- Anticipation (thinking and acting long-term)
- Understanding
- Co-operation
- Resilience

The declaration is attached as Appendix Three.

3.5 NEW ZEALAND LOCAL AUTHORITY RESPONSES

Councils in New Zealand are in various stages of addressing climate change, with some leaders and some laggards. In general, however, local government in New Zealand acknowledges that it is at the frontline of adaptation and also has a role to play in mitigation. Local authorities are well-positioned to be leaders in the community by looking at their own emissions and taking steps to reduce them.

Several New Zealand Councils have joined over 530 councils in ten countries in declaring a climate emergency to demonstrate that they take climate change seriously and intend to take urgent and meaningful action. In New Zealand these include: Kapiti Coast District, Wellington City, Wellington Region, Porirua City, Hutt City, Environment Canterbury,

Christchurch City, Dunedin, Auckland, Bay of Plenty, Nelson City, Whangarei District and Hawke's Bay Region. In contrast, Hamilton City Council voted in August 2019 for climate change to be treated with urgency rather than declaring an emergency. The Far North District Council recently voted against declaring an emergency and instead directed staff to establish a Council-wide working group to oversee the preparation of climate change strategies and ensure the Council meets the requirements of the Zero Carbon Act. Regardless of whether they declared an 'emergency' or not, all these Councils are responding to climate change with urgency.

Some Councils have dedicated staff and/or teams of staff to ensure climate change mitigation and adaptation is embedded in the organisation and in communities. Auckland Council have a team of people dealing with sustainability and climate change initiatives. Nelson City Council recently employed a Climate Change Specialist to help bring them up to speed.

In addition to having its sustainability division, Auckland Council's actions include adoption of a Low Carbon Auckland Plan in 2014, releasing a Climate Action Framework for consultation in 2019 which identifies 11 key action areas, encouraging public transport, building cycleways, and establishing five community recycling centres. As part of their Live Lightly initiative for residents, they offer \$5,000 loans to help residents retro-fit houses with climate friendly solutions.

Christchurch City Council have sustainable energy and climate-smart strategies going back to 2008; they were the first organisation in NZ to achieve Energy-Mark Gold certification for energy management, they achieved CEMARS certification, and they intend on becoming net carbon neutral by 2030. Additionally they have provided funding and support to renewable energy projects including electric vehicle and charging infrastructure.

Wellington City Council developed a Climate Change Action Plan in 2016 which identifies the range of Council services that directly or indirectly produce greenhouse gas emissions. The Plan includes methods for reducing emissions, increasing resilience, and incentivising energy efficient building, ride share initiatives, use of public transport, waste reduction, and the protection of biodiversity.

The Greater Wellington Regional Council adopted a strategy in 2015. They have established a corporate sustainability programme to measure their own emissions and implement measures to reduce them. The vehicle purchase policy was amended to prioritise the purchase of electric vehicles; internal combustion engine vehicles are only purchased where no EV option exists. Charging stations have been established and waste minimisation, energy efficiency and public transport has been promoted to staff. They have developed a Climate Change Consideration Process which requires all new initiatives and all council and committee decisions to include a climate change assessment.

There are a number of programmes and products available to assist Councils in developing, measuring and reporting on their climate strategies, including: the Communities for Climate Protection NZ (CCP-NZ) programme offered through ICLEI, as well as the CEMARS (Certified Emissions Measurement And Reduction Scheme), and CarboNZero certification programmes offered by Enviro-Mark Solutions, a subsidiary of Landcare Research.

Appendix Four, Local Government New Zealand's stocktake of emissions reduction actions, has more information on what various Councils around the country indicate there are doing with respect to climate change mitigation.

In terms of adaptation, numerous Councils are already addressing climate change impacts, especially those in coastal areas affected by erosion and flooding. Hawke's Bay, South Dunedin, Kaiaua on the Hauraki Gulf, and of course Waikato District's own Port Waikato are among the areas where this work is taking place.

4. DISCUSSION AND ANALYSIS OF OPTIONS

This section of the report provides a stocktake of Council's preliminary emissions profile and actions to date, and discusses options for immediate next steps. It recommends the development of a Climate Action Plan based on a complete emissions stocktake for the Council and the District, and discusses considerations for that Plan, on which the Council may want to provide guidance to staff.

4.1. Emissions Profile

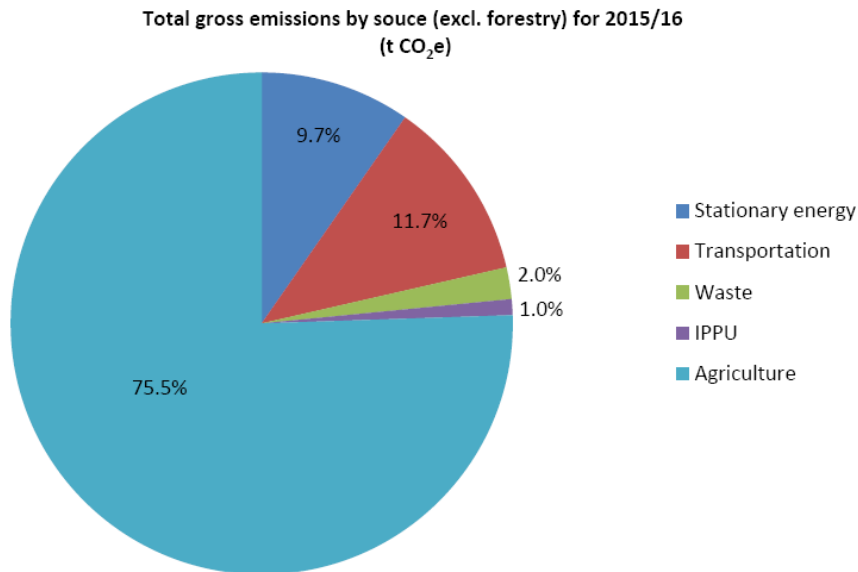
Before embarking on a wholesale climate response, it is important to know what the District's and Council's emissions profile is – in part to identify the biggest areas for improvement.

4.1.1 Emissions Profile: Waikato Region and Waikato District

The Waikato Regional Council commissioned a profile of the whole region's greenhouse gas emissions between July 2015 and June 2016 with a recommendation that it be updated in 3 years. As mentioned above, for efficiency and cost effectiveness the Waikato Mayoral Forum agreed to collaborate on this work.

From the initial report, activities gross emissions of 13,797,097 metric tonnes of carbon dioxide equivalent were generated from within the Waikato Region's boundaries, excluding forestry, in the 2015/16 financial year. When the offsetting impact of forestry was included, the total net emissions were 8,201,706 metric tonnes of carbon dioxide equivalent. This represents 14.5% of New Zealand's total net emissions.

The graph below shows total gross emissions for the Waikato Region by source.



Key facts highlighted in the report:

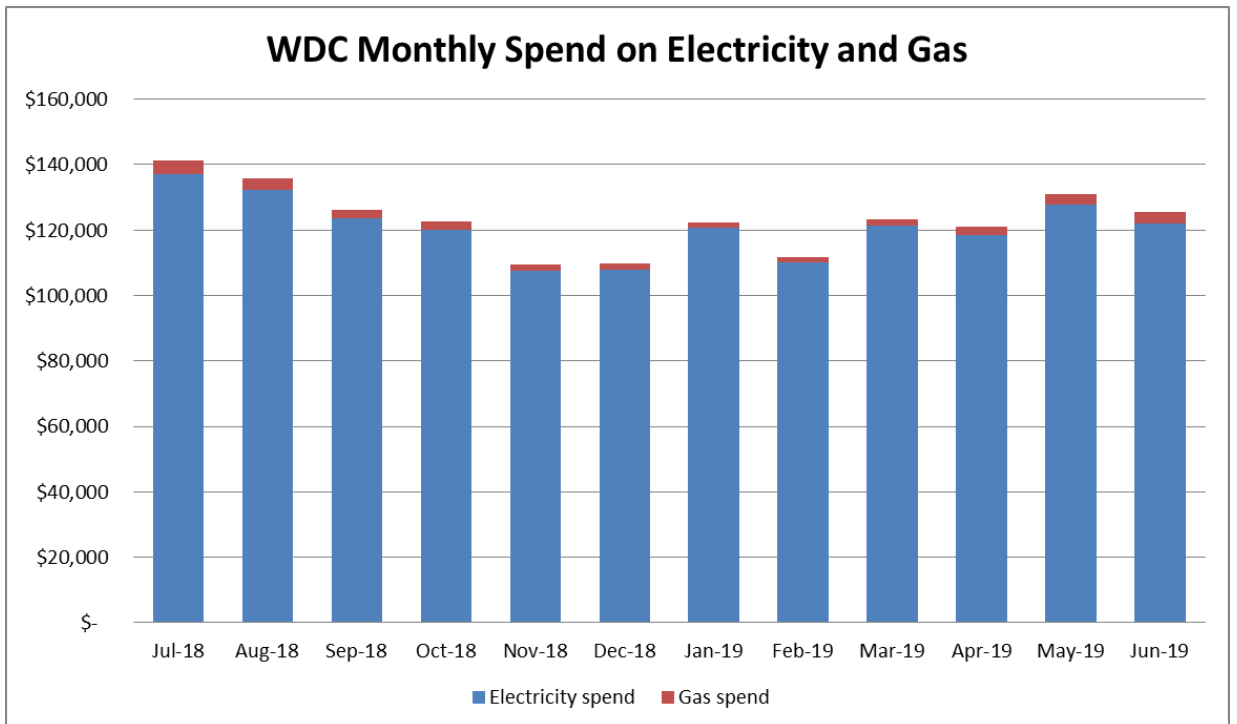
- Waikato Region's per capita net emissions are 50% higher than the national average.
- Agricultural activities generate 75.5% of all emissions. On a per capita basis, Waikato's agricultural emissions are almost three times higher than the national average.
- The forestry sector removes about 41% of the Waikato's total gross emissions, more than double the national average.

The 2015/16 report was not disaggregated by territorial authority within the region, but the updated report will be, so that it can be seen how the Waikato District compares to other territorial authorities within the region and New Zealand as a whole. The District's emissions profile will help inform the mitigation elements of a climate action plan, in terms of Council encouraging and assisting the wider community in reducing its emissions. This report is expected later this month (February 2020). It is likely that the district's profile will have higher net emissions per capita than the region as a whole, due to the lack of significant forestry compared to the southern part of the region.

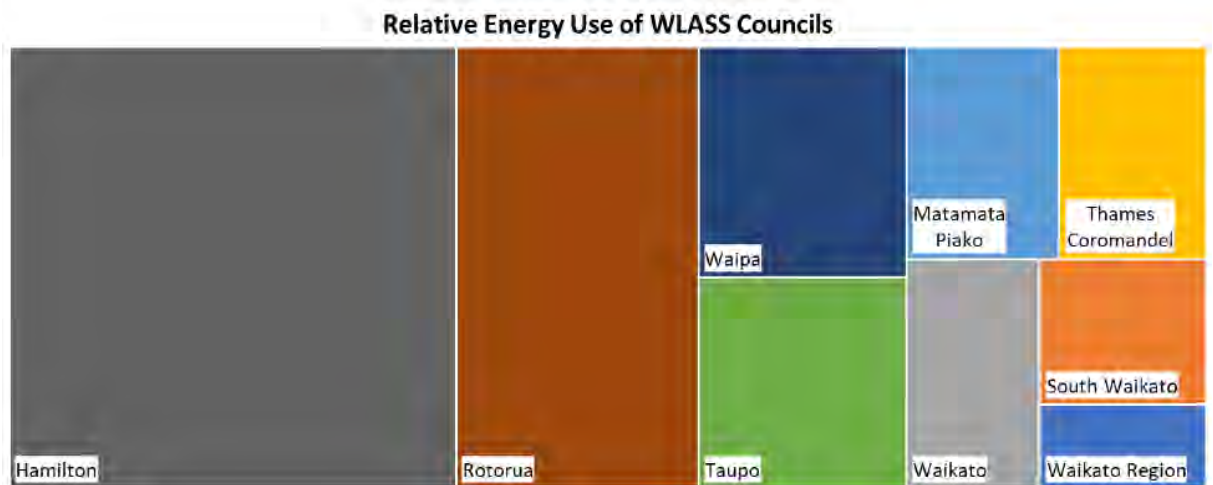
4.1.2 Emissions Profile: Waikato District Council

Through its participation in the WLASS (Waikato Local Authority Shared Services) energy management programme, WDC has been able to access data on electricity and fuel consumption at no additional cost.

In the 2018/19 financial year, council spent \$6.735 million on electricity and \$823,164 on natural gas. The graph below shows how this spending was distributed throughout the year. It is likely that the higher costs in winter are related to the need for additional heating and lighting compared to summer months, as well as increased electricity costs for stormwater pumps resulting from higher winter rainfall.

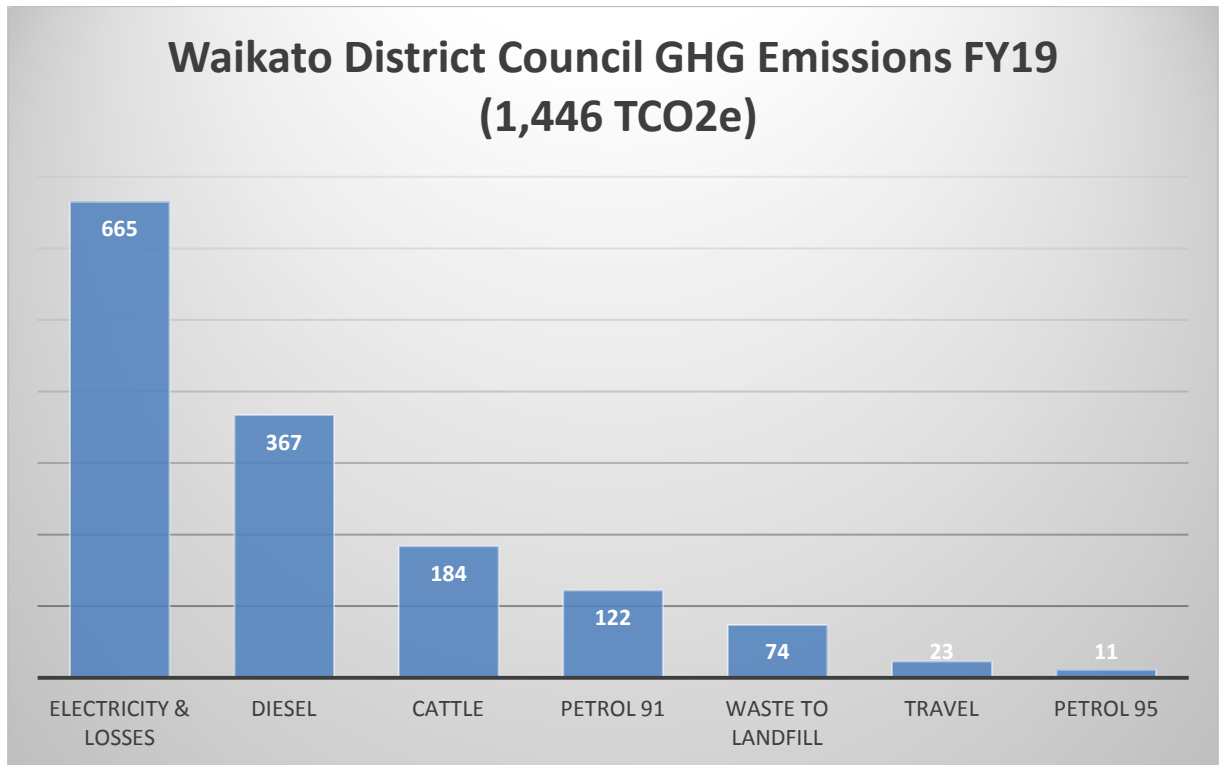


How WDC stacks up against other participating WLASS Councils is demonstrated in the below Treemap graph.



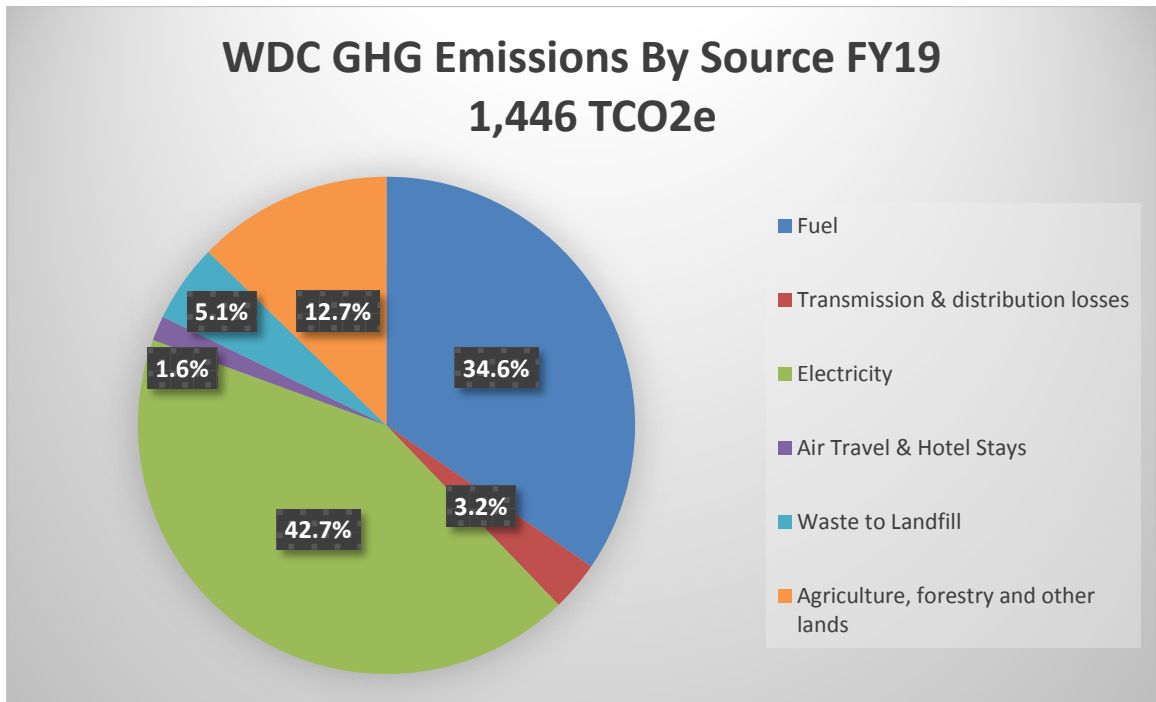
For a small additional cost (no more than \$5400), funded by operational budgets, a complete emissions inventory for the 2018/19 financial year has been commissioned. The rest of this section presents preliminary results, with notes as to missing data and resulting disclaimers. Once fully complete (hopefully within the next month), this emissions profile will help inform the mitigation elements of a climate action plan, in terms of Council reducing its own emissions.

The following two graphs show the Council’s greenhouse gas emissions, by source / activity, for FY 2018/19.

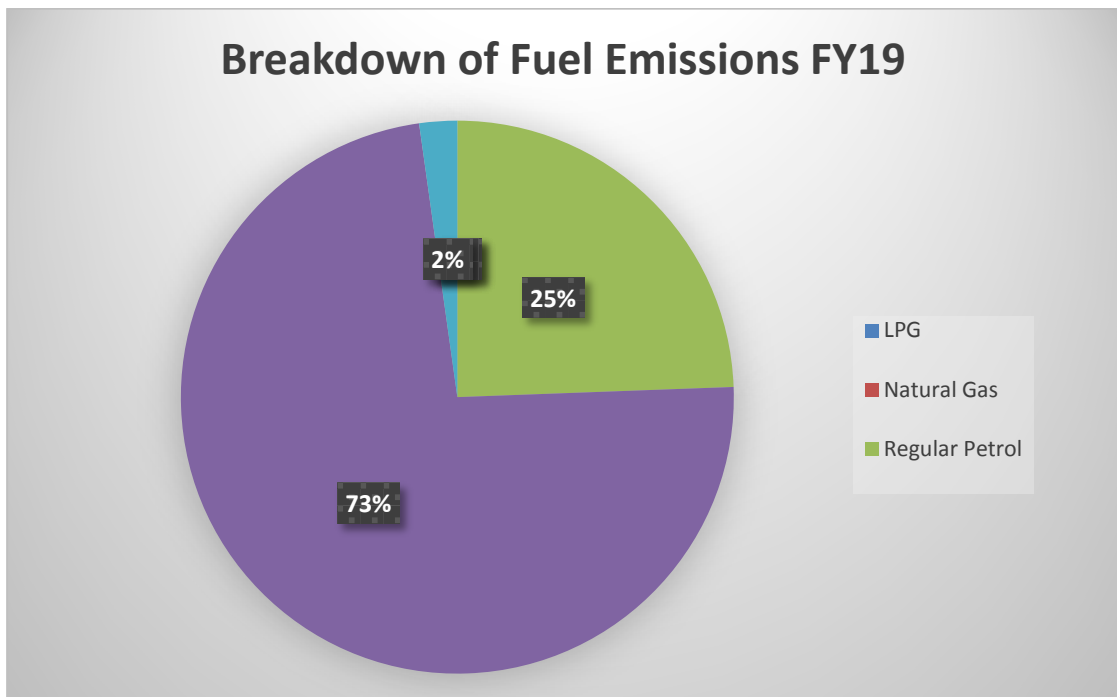


Notes to Graph Above:

1. Natural gas is used at the Huntly Aquatic Centre and its emissions are 179 TCO₂e. It is not included, as Belgravia Leisure manages the facility and pays for the natural gas directly.
2. LPG is used at the Raglan Holiday Park and its emissions are 60 TCO₂e. It is not included as the park operators run the facility and pay for LPG directly.
3. For similar reasons, electricity use at Huntly Aquatic Centre and Raglan Holiday Park has also been excluded.
4. Emissions calculated from cattle are based on the 101 head of stock at Wainui Reserve.
5. Fuel has been provided by Fleetsmart, there may also be bulk fuel which has not been included.
6. Waste is from Head Office (Ngaaruawahia), The Alliance, Pound and Water Plants. Actual volumes of waste are not recorded, so the data has been based on the size of bins and the number of collections.
7. As Watercare have taken over the operation and payment for Council's water sites in Oct 2019, Council's carbon inventory for FY20 with regard to electricity will be at least halved (i.e. from 665 TCO₂e to < 330TCO₂e).

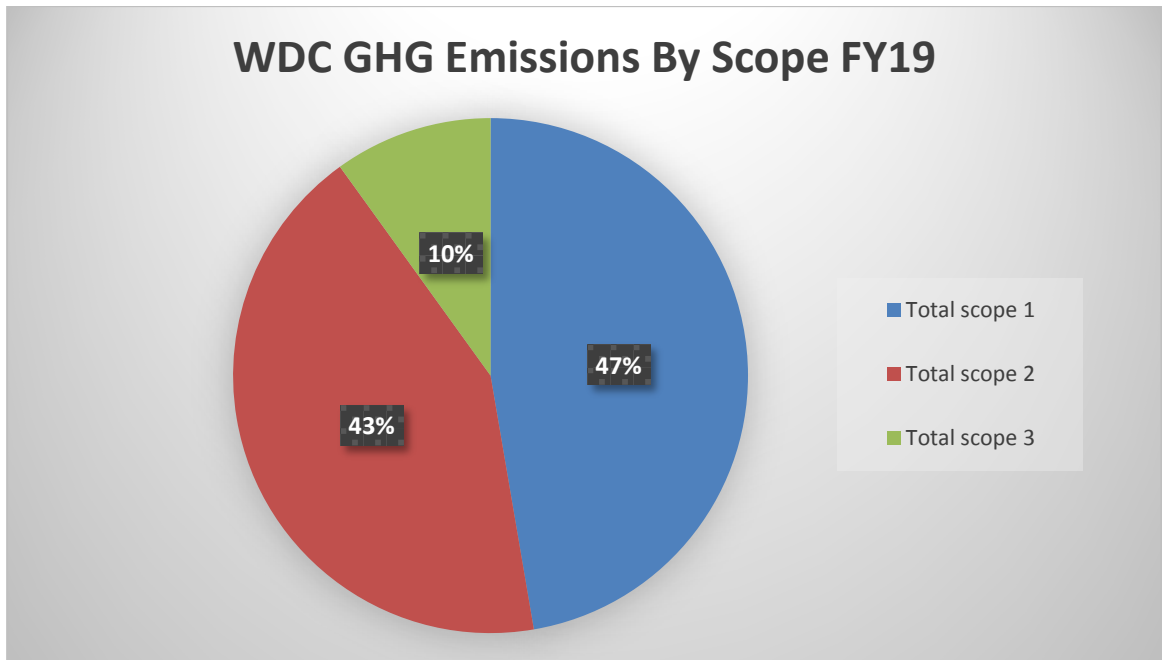


Source: Martin Lynch, WCLASS Energy Management Advisor, based on WDC data, January 2020



Source: Martin Lynch, WCLASS Energy Management Advisor, based on WDC data, January 2020

Note: Purple colour is Natural Gas



Source: Martin Lynch, WLASS Energy Management Advisor, based on WDC data, January 2020

Note:

Scope 1 = direct emissions from sources owned or controlled by the Council

Scope 2 = indirect emissions from the generation of purchased electricity, heat and steam consumed by the Council

Scope 3 = indirect emissions that occur as a consequence of the company's activities from from sources not owned or controlled by the company.

Excluded from inventory at present: Raglan Holiday Park's LPG and electricity, Huntly Aquatic Centre's natural gas and electricity.

Key findings based on the above data, according to WLASS Energy Management Advisor Martin Lynch, are as follows:

- The main items have been captured, providing as sense of the relative magnitude of each emissions source. We are using the Ministry for the Environment's workbook for voluntary reporting, which is mainly focused on Scope 1 and Scope 2 where the organisation has direct control.
- Electricity and natural gas should be very accurate as it is based on all invoices.
- Fuel is based on fleet data records but would be missing any bulk fuel at depots, though this would be small in relation to fleet data so would not greatly affect overall numbers.
- Waste data could be improved if it were based on actual weights by type, rather than simply the number of bins collected and frequency of collection. However, the current data looks to be at the correct order of magnitude compared to other local government inventories.
- Travel data is probably at the right order of magnitude, but could be improved by splitting into national vs international travel.

- Agricultural emissions may appear surprisingly high, but this is because different types of livestock produce different emissions; for example, if the 101 steers were replaced with 300 sheep, this would reduce agricultural emissions by over 40%, from 184 TCO₂e to 110 TCO₂e.

What has not been included in the emissions profile is:

- Materials – the embodied carbon emissions from construction materials used in new Council facilities and infrastructure.
- Planted Forest – no information was made available on forests that the Council may own, when they were planted, etc., and this could be significant in terms of offsetting carbon ‘sinks’.

4.2. Council actions to date

In conjunction with its corporate emissions profile, a stocktake of Council actions to date can also help identify logical next steps based on successes and learnings to date. Actions to date may not have necessarily been undertaken for climate response reasons – possibly the reasons have included cost savings, natural hazard mitigation or other community goals (e.g. growth management and land use planning). This in no way decreases their value as part of a climate response; it simply indicates the co-benefits of a climate response, and how responding to climate change makes good business sense.

In the 2018 LGNZ report ‘*Councils’ climate change mitigation work*’, the Waikato District Council reported that there are ‘*No initiatives adopted or proposed to be adopted that focus specifically on climate change*’ but that there will be some provisions in the proposed district plan and the 30 year infrastructure strategy.

Since then, things have changed. In response to growing public demand occurring across New Zealand for all of government to be more proactive in their response to climate change, Waikato District Council recently established a working group (composed of internal subject matter experts) with the purpose of exploring how our district may be affected by climate change; to evaluate our existing situation; and to determine if the current approach is appropriate for the organisation and our communities in light of imminent statutory requirements under the Zero Carbon Act. The group is sponsored by the Communications, Marketing and Engagement Manager and the Chief Operations Officer, reports monthly to the Executive Leadership Team, and aims to prepare an approach for our Council based on expert advice, existing commitments, community expectations and relevant legislation. That group has had significant input into this report, among other things.

A staff survey in October 2019 identified areas where Council staff have incorporated a climate response as part of their usual work. This includes:

- District Plan Review (Stage 2): natural hazards and climate change
 - Review regulatory framework for natural hazard risk and climate change risk
 - Provisions for development on land at risk of sea level rise
 - Hazard modelling and assessment to incorporate climate change projections
- Proposed District Plan (Stage 1)

- Urban design guides to orient lots/buildings for optimal solar access
- Identify significant natural areas and provision to protect them
- Restrict the removal of indigenous vegetation and provide incentives for protection
- Stormwater infrastructure design with climate change consideration
- Recommended conservation strategy
- Growth and economic development strategy
 - Consideration of climate change when assessing areas for future land use
- Hazard mapping on spatial plans as part of the Hamilton to Auckland Corridor
- Establishing a team, including external organisations, to scope a project to collaborate with Councils, Iwi and the Crown on solutions to build resilience to flood risk.
- Encouraging online engagement as opposed to paper based methods.
- Creation of a WDC climate change action group, rallying Council to acknowledge climate change as an emerging risk and proactively take action to address impacts within the district
- Internal energy savings initiatives:
 - Encouraging staff to turn off lights, computers and screens daily
 - Setting up Climate Action cost reports showing savings/benefits
 - Encouraging the use of paper recycling bins
 - Assessment of energy use in WDC offices
 - Evaluating hybrid vehicle use
 - Investigating sustainable energy supply options
- Changing all street lights in the district to LED lighting
- Provision for climate impact within the next round of Asset Management Plans and Long Term Plan
- Reviewing roading assets affected by sea level rise
- Revising roading standards in response to the need for resilience to weather events
- Waste minimisation plan and review that promotes reduction of waste to landfill, waste avoidance, community partnerships, composting, regional initiatives, alternative technologies
- Long-term adaptive management planning process for Port Waikato
- Environmental work
 - Habitat restoration
 - Biocontrol of pests
 - Protection of notable trees

The above actions show that Council is far from a ‘do-nothing’ Council in terms of climate response, however the actions are largely uncoordinated and uninformed by the recent corporate emissions inventory. There is an opportunity to build on the great work already being done by Council staff, with a strategic, coordinated climate action plan including mitigation and adaptation for Council activities and assets, and the District’s communities.

4.3 OPTIONS

4.3.1. *Immediate next steps:*

Options for immediate next steps are quite simple, as follows.

- Option 1: Status Quo. This would involve nothing additional to what is already being done by Council in relation to climate change. Ad hoc activities may assist in emission reduction and adaptation, but it is likely that the response would remain scattershot and potentially inefficient.
- Option 2: Develop Climate Action Plan. This would use the preliminary corporate emissions register, and subsequent revisions, along with the soon-to-be-released District emissions profile, to identify the best opportunities to reduce carbon emissions (mitigation) for the Council and the district. It would also follow best practice guidance on adaptation in relation to Council assets and the District's communities as a whole. The Plan would include principles, policies and targets towards which these actions would contribute.
- Option 3: Defer Climate Action Plan and focus initially only on framework. This would involve Council staff initially researching and providing draft principles, policies and targets for Council (or Committee) signoff prior to development of a full Climate Action Plan.

4.3.2. *Analysis of options:*

- Option 1 is not recommended; this 'do nothing additional' option does not meet the Council's commitments or the expectations of its communities and stakeholders.
- Option 2 is recommended; with a preliminary corporate emissions profile, an upcoming District emissions profile, and central government guidance and legislation regarding adaptation, there will be a variety of action items that can be identified as priorities, representing 'easy wins' and value for money, etc. The Climate Action Plan can include principles, policies and targets, but rather than lingering on the high-level framework, the Council will be showing that it is interested in pursuing urgent actions. too early; start with stocktake to identify priorities, value for money, 'low-hanging fruit,' etc.
- Option 3 is preferable to Option 1 but is not recommended in relation to Option 2; it is a logical step forward but runs the risk of moving too slowly by focusing on high-level goals before considering potential actions.

4.3.3. *Considerations for Climate Action Plan:*

There are numerous considerations for development of a Climate Action Plan, on which the Committee may wish to provide guidance to staff. These include:

- Should the Plan cover adaptation, mitigation, or both? Both are recommended. Some impacts are unavoidable so adaptation is required, and

while Waikato District is small on the global scale, every part of the world has to do its part in order to mitigate the risk of catastrophic climate change.

- Should the Plan be Council-focused, community-focused, or both? Both are recommended; while the Council needs to ‘walk the talk,’ it also has important leadership role in encouraging and assisting the District’s communities to make the necessary changes.
- Does the Council want to be a leader, a ‘fast follower’ or a laggard within NZ local government? It is recommended that Council attempt to be a ‘fast follower’ at this stage, recognising that many other Councils, particularly larger metropolitan ones, have placed themselves at the head of the pack in terms of climate response.
- How much resource does Council want to invest in the Plan’s development and implementation? The Council has no staff or funding dedicated solely to a climate response, so using available internal resources will mean the Plan will be developed over a period of months rather than weeks. Implementation will almost certainly require additional resources, which could be programmed into the 2021 Long Term Plan.
- What sort of approach does the Council want to take in terms of partnerships? It is recommended that the Plan be developed in consultation with key stakeholders, particularly in terms of community-wide mitigation and adaptation, rather than positioning Council as solely responsible for these action areas.
- What type of measurement and reporting framework does the Council think would be useful – intensive and frequent, or light-touch and occasional? It is recommended that the Plan be backed by a robust measurement and reporting framework, so that its integrity and usefulness can be maintained and demonstrated.

4.4 POTENTIAL MITIGATION ACTIONS TO CONSIDER IN DEVELOPMENT OF CLIMATE ACTION PLAN FOR COUNCIL EMISSIONS

The WLASS Energy Management Advisor suggests allowing adequate time to develop a Climate Action Plan for Council emissions, as it needs to include key internal stakeholders. However has offered some immediate thoughts for short-term action, including:

- Monthly monitoring and reporting of l/100km across the fleet
- Set a fuel economy target and develop a set of actions to achieve this (faster fleet turnover, inclusion of hybrid cars, possibly some electric)
- Set up weight measurement of waste at facilities and establish the status of recycling activities with a view to increase to at least 30% at each site.
- Put a system in place to measure emissions from materials used in construction
- New facilities to include sustainability and energy efficient design assessments.

- Watercare to report on energy and carbon performance of water and wastewater sites, likewise Belgravia and Raglan Holiday Park (would be good to phase out LPG use here).
- Set targets for carbon reduction, e.g. 50% by 2030, net zero by 2050, consistent with national direction. Base year needs to be carefully considered and FY20 may need to be used, due to the shift of plant to Watercare sites; i.e Council's emissions reductions might look good if you FY19 were used as the base year, but this could be negatively viewed by the public and community as "shifting the problem to someone else".

5. CONSIDERATION

5.1 FINANCIAL

As mentioned above, Waikato Regional Council is updating the greenhouse gas inventory produced 3 years ago. To map it at district level across the region costs an additional \$82,000. Based on population, the Waikato District Council's portion is \$7,000. This has not been budgeted for but has been approved.

The WLASS work on Council's emissions profile, and preliminary recommendations on how to reduce emissions, has been provided at a rate of \$135 per hour + gst, with an estimated cost of up to 40 hours or \$5,400 + gst. This has not been budgeted for but has been approved from operational budgets and is likely to be repaid through electricity and fuel savings arising from an action plan. For example, turning lights off in meeting rooms should result in a savings of up to \$300 per month. The WLASS energy management service also recently identified an error in network charges, resulting in a \$31,000 refund to Council, which pays for its currently commissioned work many times over.

Additional resources to develop a Climate Action Plan faster than current Council staff can manage, and/or to implement the Climate Action Plan, is likely to require additional funding. Given current financial constraints, it is recommended that the Climate Action Plan be developed by current Council staff, with the goal of identifying investments to be made in the Long Term Plan, many of which will pay for themselves over time, as part of Climate Action Plan implementation.

5.2 LEGAL

The Council's legal obligations are as summarised above in relation to its responsibilities under the Resource Management Act 1991, Civil Defence and Emergency Management Act 2002, and Zero Carbon Act 2019. Under this framework, the Council is expected to have a strong focus on adaptation and to consider climate change in its resource management decisions.

The legal liability, if any, that Council may face in relation to private property damage resulting from natural hazards arising from climate change (e.g. coastal erosion) is unknown, but a prudent approach is to have a proactive climate response in terms of both mitigation and adaptation.

5.3 ASSESSMENT AGAINST STRATEGIC RISK REGISTER

Council has identified twelve key strategic risks that could prevent the achievement of its vision. These risks are reviewed at least annually and assessed bi-annually. Through the development of this report, and with consideration of accepted scientific data, it is anticipated that the effects of climate change (either directly e.g. physical effects or indirectly e.g. legislative impact, economic impact) will increase the inherent risk of six of the twelve strategic risks. These risks are examined fully in a table in Appendix Five.

The scope of the impact of climate change extends across a diverse range of existing services, policies, plans and business functions. With consideration to the potential effects, it is feasible to accept that climate change will have a significant impact on our business function and the communities that we support.

The risk of the described impacts of climate change eventuating are as follows (as per descriptions in the corporate risk matrix):

Probability: Likely

- *Strong probability of occurrence in the foreseeable future*

Consequence: Major – Catastrophic

- *Essential services unavailable (>1 day);*
- *Financial exposure per annum ≥ \$1.5M;*
- *Sustained high profile adverse national or local media campaign or irreversible loss of community confidence;*
- *Breach of policy, process or legislation requiring external investigation and resulting in significant tangible loss;*
- *Significant environmental disaster/natural hazard/unplanned population growth causing wide spread environmental degradation/damage and/or irreversible pollution or affecting future generations;*
- *Significant and prolonged political attention with non-achievement of LTP objectives across multiple years*

Inherent Risk Assessment: Extreme.

Increased inherent risk most likely requires additional mitigation actions to ensure residual risk levels are managed to within organisational appetites. This piece of work in itself is likely to involve a significant review of existing operations and contributes to the inherent assessment (specifically from a cost and resourcing perspective).

Climate change should become one of critical elements of our decision-making processes. Monitoring climate change associated risks and the effectiveness of planned risk treatment is necessary to ensure that we are cognisant of changes to the circumstances, e.g. incorporating new information or improved accuracy of estimated predictions into strategy. The monitoring process therefore will ensure that risk mitigations remain relevant.

To maintain adequate visibility of this work it is recommended that a risk associated with the impact of climate change is added to the Strategic Risk Register. Mitigations can then be monitored as a programme of work against this risk.

5.4 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

As stated earlier in this report, the development of a Climate Action Plan is strongly supportive of the Council's vision of Liveable, Thriving and Connected Communities. It also strongly supports the District's Community Outcomes and many of the themes of the recently completed District Blueprint. It is consistent with the Proposed District Plan's Stage 2 content on Natural Hazards, and with the current thinking on the 30-Year Infrastructure Strategy, Asset and Activity Management Plans, and other inputs to the next Long Term Plan. As outlined above, it is also consistent with national legislation and guidance, and international commitments.

5.5 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

The Significance and Engagement Policy is not triggered by this report. If a Climate Action Plan is developed that involves the District's communities (not just Council operations), the level of engagement is expected to be "involve" or "collaborate", i.e. partnering with key stakeholders and communities to co-design the Climate Action Plan for Waikato District and Waikato District Council.

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	Communities and key stakeholders will be approached to be involved in collaborating on developing the Climate Action Plan for Waikato District and Waikato District Council.				

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
	X		Internal
X			Community Boards/Community Committees
X			Waikato-Tainui/Local iwi (provide evidence / description of engagement and response)
X			Households
X			Business
	X		Other (other Waikato territorial authorities and the Regional Council)

6. CONCLUSION

The world's climate is changing, and there is a strong impetus for the Council to respond. The response should include both mitigation (reducing contribution to climate change) and adaptation (reducing the impacts of climate change). Council staff have already initiated a number of projects and policies that will assist in this response, but more is required if Council is to show the climate leadership expected of it. The development of a Climate Action Plan, as recommended by this report, would be a logical next step for Council to exercise leadership on behalf of its communities.

7. ATTACHMENTS

- A Summary of Climate Issue
- B UN Sustainable Development Goals
- C Local Government Leaders Climate Change Declaration
- D LGNZ Stocktake of Councils Emissions Reduction Activities Sept 2018
- E Assessment Against Strategic Risk Register

APPENDIX 1: A SUMMARY OF THE CLIMATE ISSUE

By Ben Wolf, Ecological Planner, October 2019

The context: global population and economic growth and consumption

All governments try to gain votes through a promise of economic growth. Unlimited economic growth is based on the perception of living in an unlimited world, where resource and pollution problems in one area are solved by exporting those problems to other areas. The problem is the planet has limits – limits to the amount of population it can support, limits to pollution, industrialization, food production and resources – all of which have grown exponentially since the industrial revolution.

We are fast running out of room to push our problems somewhere else, and we are fast running out of resources the planet can offer. We are talking about fundamental resources like access to fresh water and basic food supplies to feed the 7 billion plus people on earth.

And this number goes up fast! 7.7 billion and counting! More than one person is born every second! Yes – true fact.

Since the 1970s, when global ecological overshoot became a reality, we have been consuming resources faster than the planet can regenerate them.

To support our demands on nature, we have been liquidating resource stocks and allowing carbon dioxide to accumulate in the atmosphere. If we continue with business as usual, by 2050 it will take two years for the planet to regenerate what we use in one year.

That is based on average global consumption rates. If everyone lived like the average New Zealander, we would need 3 earths to replenish the resources we use and to absorb the waste we produce.

This ecological deficit spending not only leads to loss of biodiversity but also depletes assets on which our economy depends – for example, depleting groundwater, causing deforestation, collapsing fisheries and allowing CO₂ to accumulate in the atmosphere.

Resources are already depleting. Over 90% of the supply of rare earth metals required for important technology like mobile devices, wind turbines and medical equipment is controlled by one country. The phosphorus so loved by our farmers is becoming harder to find and by 2025, 1.8 billion people will be living in regions with absolute water scarcity. Air pollution is so bad that schools are closed and people told to stay inside in cities around the globe. Even as close to home as Sydney now.

The climate change issue

This report focusses on only one aspect of this problem – climate change.

As far back as 1972 the Club of Rome warned the world that the quest for unlimited growth will eventually result in the collapse of its economic and environmental systems. Today, increasing climate chaos is a reality affecting the lives of millions of humans.

New Zealand has reliable air temperature records going back to the early 1900s. Between 1909 to 2018 the air around New Zealand has warmed 1.09°C.^[9]

The combined [effects of climate change](#) are already leading to impacts on New Zealand. New Zealand is already experiencing more frequent extreme weather events, rising sea levels and higher temperatures.^[75] These effects significantly impact New Zealand, with higher temperatures resulting in dry summers, consequently limiting New Zealand's water supply and intensifying droughts.^[75]

Temperatures are expected to warm by at least 2°C by the end of the century^[10] and it is likely that warming will be even higher than that because of long-term carbon cycle feedback loops.^[11]

Prospects for change

The IPCC (Intergovernmental Panel on Climate Change) recommends we limit global warming to 1.5 degrees centigrade. New Zealand has signed up to the Paris Agreement to commit to meeting this target. Sadly carbon dioxide emissions are still increasing, not decreasing so we are not going to meet the 1.5 degree target.

Latest research predicts that if we continue not making the changes we need, we will have up to 4 degrees of increase. This will result not only in many more extreme weather events, but also loss of much more coastal land to sea level rise, radical changes in the geographical ranges for plants, animals and humans.

Climate change may also alter the conveyor belt of oceanic currents that help regulate the climates and seasons across the continents as we know them today. This may result in even more major changes to climates in the northern and southern hemisphere.

4°C of global warming would likely lead to "substantial species extinctions," "large risks to global and regional food security," and the risk of irreversibly destabilizing Greenland's massive ice sheet.

One analysis suggests that as one of the few habitable areas left on the planet, New Zealand "would likely become overcrowded and under constant threat of flood and cyclones."^[12]

New Zealand's emissions profile and trends

Most of us will be dead before any catastrophic climate change effects take place, but we have a duty from a governance level to ensure we protect the planet so our children and their children do not suffer this fate.

So what are the major issues in NZ, and what can we do to help reduce the level of climate change – and thereby reduce the level and intensity of problems coming our way?

New Zealand has a relatively unique emissions profile. In 2017, agriculture contributed around 49% of total emissions; energy (including transport), 41%; industry, 6%; waste, 5%.^[6] In other countries, agriculture typically contributes about 11% of total emissions.^[12]

Every New Zealander contributes about 6,000 kg of carbon dioxide to the atmosphere every year.^[52]

CO₂ (and CO₂-equivalent) levels are on a steady rise in NZ, same as all over the planet. The agriculture industry is responsible for half of all emissions in New Zealand, but contributes less than 7 per cent of the national Gross Domestic Product (GDP). Emissions from dairy have risen 27% over the decade, such that this industry is now responsible for more emissions than the manufacturing and electricity and gas supply industries combined.^[53] And the government has been subsidising the most polluting industries for years through the Emissions Trading Scheme.

On a per capita basis, New Zealand has the largest methane emission rate in the world. More than 80 percent of methane emissions in New Zealand come from ruminant livestock – with sheep the greatest single source.^[26] As a greenhouse gas, methane is 28 times more powerful than carbon dioxide.^[27]

In New Zealand, N₂O (nitrous oxide) emissions have increased 48 percent mainly due to nitrogen fertiliser and now makes up 21 percent of all agricultural emissions.^[33] Nitrous oxide is almost 300 times more effective at trapping heat than CO₂.

The [Huntly Power Station](#) consumes about 300,000 tonnes of coal every year^[56] and is one of the biggest carbon dioxide generators in the country, contributing over half of New Zealand's emissions of greenhouse gases from electricity generation.^[57] In February 2018 Genesis Energy said it may keep burning fossil fuels until 2030.^[59]

[Fonterra](#) is responsible for 20 percent of New Zealand's entire greenhouse gas emissions.^[54] This is largely due to Fonterra's use of coal-powered boilers to dry milk into milk powder. Fonterra may actually use more coal than Huntly power station. It burns about 500,000 tonnes a year.

The call to action

In March 2019, inspired by [Greta Thunberg](#), tens of thousands of school students took to the streets across NZ calling for action on climate change. For many young people, it was the first time they felt compelled to become politically active.^[86] With the headline, *We need to listen to young people about climate change*, an editorial on Stuff in March 2019 noted that "Many decision-makers in the governments, businesses, community organisations and churches of the world won't be alive to experience the impact of climate change. But today's school students will be."^[87] Indeed, some teenagers are wondering "whether or not they will have a planet on which to live out their lives". Some young people in New Zealand are so concerned they don't want to have children of their own because of the uncertainty the climate crisis poses to their future.^[91]

So what can we do?

NZ needs to make the transition to a low-emissions economy, as outlined in the Climate Change Response (Zero Carbon) Act by Hon James Shaw - Minister for Climate Change. Key areas for transition actions include:

- **Diet change:** A diet rich in plant-based foods and with fewer animal source foods confers both improved health and environmental benefits. Overall, the literature indicates that such diets are “win-win” in that they are good for both people and planet.

- **Food production - sustainably intensify food production to increase high-quality output:** The current global food system requires a new agricultural revolution that is based on sustainable intensification and driven by sustainability and system innovation. This would entail at least a 75% reduction of yield gaps on current cropland, radical improvements in fertilizer and water use efficiency, recycling of phosphorus, redistribution of global use of nitrogen and phosphorus, implementing climate mitigation options including changes in crop and feed management, and enhancing biodiversity within agricultural systems. In addition, to achieve negative emissions globally as per the Paris Agreement, the global food system must become a net carbon sink from 2040 and onward.
- **Transport:** In 2019, there were less than 10,000 electric vehicles on New Zealand roads, leading the [New Zealand Productivity Commission](#) to recommend a rapid and comprehensive switch from petrol cars to EVs.
- **Population growth:** A recent study in *Environmental Research Letters* has found the greatest impact individuals can have in reducing their carbon footprint is to have one fewer child, saving 58.6 tonnes each year.^[90] Empowering women is essential for global sustainability.
- **Cities:** Eighty percent of the world population is expected to live in cities by 2050. City planning and urban development strategies are instrumental to balancing the supply of natural capital and population's demand. Councils must promote and encourage sustainable approaches to development and climate change risk management, which take into account and contributes to cultural, social, environmental and economic well-being.
- **Energy:** Decarbonising the economy is our best possible chance to address climate change, and would improve the balance between our Ecological Footprint and the planet's renewable natural resources. This includes unplugging electronic devices, washing clothes with cold water, and changing to energy efficient lightbulbs.
- **Environment:** Humanity's quality of life is dependent on the health of our planet's biological resources including fertile soil, clean water, and clean air necessary for humanity to thrive. The reinstatement and protection of natural floodplains can be achieved through land use planning processes and through the retirement of land for natural habitat restoration.
- **Natural processes:** Allow natural processes to take place, including consideration of 'do nothing' or retreat options resulting in the loss of land to the sea. Forward planning in areas subject to climate change effects should be based on 100 year forecasts for climate change/erosion effects on the area as determined by suitably qualified experts.

- **Planning for climate change impacts**, including: lower annual rainfall and increased incidence of drought, through best practice water use, water saving and rainfall retention schemes; more days of temperatures exceeding 25 degrees C, which can affect energy usage, cropping and seasonal cycles; and more extreme weather events including heavy rainfall and strong winds, which can affect emergency planning, civil defence, work days lost and building design.

Role of Waikato District Council

There are a number of things Council can do to help improve our chances of dealing with climate change, and a climate change policy is a good start. A carbon footprint calculator tool for our customers might also be a useful tool. There is a lot of information already available, we are already doing some things right, but there is a massive amount of change that we need to do at an individual level, on a district level, on a national level and globally. Waikato District Council sits in a major agricultural catchment, it is a focus for industrial and housing growth, and carries major polluting transport links north and south. Waikato District Council is uniquely placed to show the way of how to deal with these issues and be the catalyst for positive change.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

By Joe Wilson, Youth Engagement Advisor, October 2019

A set of 17 United Nations Sustainable Development Goals were adopted in 2015 by all UN member states as part of the 2030 Agenda for Sustainable Development, which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The following goals can be directly applicable to the climate-related work we do within Waikato District Council and externally.

Information taken from “He Waka Eke Noa- Towards a Better Future, Together” – New Zealand’s progress towards the SDG’s – 2019. <https://www.mfat.govt.nz/en/peace-rights-and-security/work-with-the-un-and-other-partners/new-zealand-and-the-sustainable-development-goals-sdgs/nzunvnr2019/>

GOAL 7: ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

- Improving the sustainability of New Zealand’s energy supply and meeting our international commitments under the Paris Agreement go hand-in-hand. We intend to introduce and pass the legislation, which will include a goal to achieve net-zero greenhouse gas emissions by 2050. This will strengthen New Zealand’s overall domestic policy alignment with Goal 7
- In 2017, only 11 percent of New Zealand’s total final energy consumption came from renewable sources, and our overall energy intensity is high (almost 20 percent higher than the OECD average).
- The majority of industry, manufacturing and agriculture continue to rely on fossil fuels such as natural gas and coal for process heat applications. This is our second largest source of energy related greenhouse gas emissions behind transport. Recent analysis shows that some process heat users are not making decisions that maximise energy efficiency.
- The transportation sector is still dominated by fossil fuel use and contributes the most greenhouse gas emissions across New Zealand’s energy sector. This stems from a heavy dependence on road vehicles across our sparsely populated country. There are 792.5 light vehicles per 1,000 people in New Zealand, which is among the highest levels of light vehicle ownership per capita worldwide. In addition, public transport use is low and the vehicle fleet is old with poor fuel economy when compared to other countries.
- New Zealand’s transport-related greenhouse gas emissions are higher than many other OECD countries, and over half of process heat demand is met by burning coal, natural gas, and liquid fossil fuels (e.g. diesel).
- The NZ ETS plays a very limited role in encouraging emissions reductions as the emission price only comprises a small component of fuel prices. Historically, this has skewed land transport investment decisions in favour of roading, instead of public transport infrastructure investments.

GOAL 11: MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

- Goal 11 seeks inclusive and sustainable urbanisation through participatory urban planning and management. This approach is strongly aligned with Council’s vision (liveable, thriving and connected communities) with the Resource Management Act requiring the sustainable management of resources as well as regulating urban planning. As such, all cities and local government areas have robust direct public participation in urban planning processes.
- The Strategy takes a whole-of-society approach, promoting a strong message that ‘everyone has a role in a disaster resilient nation’. It describes a model of a resilient nation, as a blend of bottom-up, grassroots, community initiatives, and an enabling, empowering, and supportive policy environment at a local and central government level.
- Perhaps the biggest obstacle for New Zealand to make cities and towns inclusive, safe, resilient and sustainable (liveable, thriving and connected communities) are the competing challenges that these

goals can present, such as accommodating population growth, managing urban expansion, and preserving the natural environment. New Zealand's legislative framework seeks to balance these competing priorities, with the UGA (Urban Growth Agenda) pursuing improvements to how both local and central government plan long-term and how they work together to achieve the right balance.

- New Zealand also faces a range of hazards and risks from natural disasters, including earthquakes. Many of these risks can be readily identified, and planning to manage them and ensure effective response and recovery from emergencies can mitigate their impact.

GOAL 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

- New Zealand's ambition is to lead the world in environmental guardianship. Sustainable production and consumption is a key element for this ambition. Our credentials as a significant net food producer and major international tourism destination are both heavily dependent on sustainable production and consumption.
- New Zealand's clean green image is a key attractor of international visitors and the foundation of our tourism sector. A key challenge is to ensure that tourism activity is carried out in harmony with our sustainable development objectives. Genuine sustainable development outcomes are key to ensuring the long-term success of the tourism industry.
- We are a small, trading nation whose economy is driven predominantly by pasture-based livestock agriculture and the efficient production of high quality, nutritious food including dairy, sheep meat, beef, horticulture, and seafood. This means that almost 50 percent of our greenhouse gas emissions come from the agricultural sector with our contribution to global emissions of less than 0.2 percent. One of the challenges for agricultural nations, including New Zealand, is how to continue to produce food efficiently for a growing global population, reduce emissions and, as the climate continues to change, how to enable rural communities to adapt.
- We aim to transform how we manage resources, significantly reducing waste and greenhouse gas emissions, and laying the groundwork to accelerate the transition to a circular economy. This will take a coordinated national effort of central government, local government, the business sector, and the public.
- The amount of waste disposed to levied landfills per capita rose by 20 percent in the three years between 2014 and 2017, and the upward trend is set to continue. We appear to be among the highest generators of household waste per capita in the OECD.

GOAL 13: TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

- New Zealand has ratified the Paris Agreement and committed to reduce our emissions to 30 percent below 2005 levels by 2030. We have also announced an intention to become a net-zero carbon economy by 2050.
- New Zealand Emissions Trading Scheme (ETS) and a set of supporting policies will be used to drive emissions down. Reforms will also see the establishment of an independent Climate Change Committee and the adoption of the Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Amendment Bill), to ensure that mitigating and adapting to climate change remains at the forefront of New Zealand's policy.
- On 8 May 2019, the Government announced the introduction of the Climate Change Response (Zero Carbon) Amendment Bill into Parliament. The Bill provides a framework for reducing emissions by 2050, and achieving a climate resilient future. It establishes an independent Climate Change Commission to provide advice and hold the government to account on both of these goals, which supports the pursuit of Goal 13.
- Māori enjoy a special relationship with the environment and exercise kaitiakitanga, or stewardship, over the natural environment. As with many indigenous groups globally, the effects of climate change will exacerbate the difficulties already faced by vulnerable Māori communities. The country has made significant gains in legislative reform that better facilitate Māori interests in the environment more widely, such as reform to Te Ture Whenua Māori Act 1991. Adequately safeguarding Māori cultural interests in land and natural resources as we move into an era defined by climate change presents a challenge when allocating finite resources. Difficulties will include creating a system that is more reflective and representative of Māori interests to help preserve and mitigate the impacts felt by Māori.

Other SDG's very relevant to us as a Council but not specifically about climate change:

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10: Reduce inequality within and among countries – very specific to ‘within our district’

Closing thoughts...

The Council can have an impact on the achievement of the above goals. For example, in relation to Goal 7 (Energy), we could reduce our reliance on non-renewables through our vehicle fleet, lighting, energy efficient buildings, changing to renewable energy providers, and using Council-owned land for renewable energy provision where appropriate.

As local government we have the opportunity to fully support and incorporate our commitment to the UN SDG's to reflect our central government's commitment and pledge on the international stage and champion a bottom up demonstration of the SDGs being implemented in all aspects of WDC's BAU. This can both ensure we can be held accountable to our communities' sustainable futures, and to hold the businesses and industries we attract to the district accountable to play their part in creating sustainable futures for both the natural environment and the people of our district. It is an opportunity to be progressive leaders and to be proud about promoting the value and need for the SDG's to be embedded across our organisation's operations and strategies. It has a youth perspective by its very nature as it supports the needs and aspirations of our future communities, and it is also the major concern shared by many youth within our district. What work are we really doing to ensure the conditions we leave to our children are better than those we received...?

Local Government Leaders' Climate Change Declaration

In 2015, Mayors and Chairs of New Zealand declared an urgent need for responsive leadership and a holistic approach to climate change. We, the Mayors and Chairs of 2017, wholeheartedly support that call for action.

Climate change presents significant opportunities, challenges and risks to communities throughout the world and in New Zealand. Local and regional government undertakes a wide range of activities that will be impacted by climate change and provides infrastructure and services useful in reducing greenhouse gas emissions and enhancing resilience.

We have come together, as a group of Mayors and Chairs representing local government from across New Zealand to:

1. acknowledge the importance and urgent need to address climate change for the benefit of current and future generations;
2. give our support to the New Zealand Government for developing and implementing, in collaboration with councils, communities and businesses, an ambitious transition plan toward a low carbon and resilient New Zealand;
3. encourage Government to be more ambitious with climate change mitigation measures;
4. outline key commitments our councils will take in responding to the opportunities and risks posed by climate change; and
5. recommend important guiding principles for responding to climate change.

We ask that the New Zealand Government make it a priority to develop and implement an ambitious transition plan for a low carbon and resilient New Zealand. We stress the benefits of early action to moderate the costs of adaptation to our communities. We are all too aware of challenges we face shoring up infrastructure and managing insurance costs. These are serious financial considerations for councils and their communities.

To underpin this plan, we ask that a holistic economic assessment is undertaken of New Zealand's vulnerability to the impacts of climate change and of the opportunities and benefits for responding. We believe that New Zealand has much at stake and much to gain by adopting strong leadership on climate change emission reduction targets.

We know that New Zealanders are highly inventive, capable and passionate about the environment. New Zealanders are proud of our green landscapes, healthy environment and our unique kiwi identity and way of life. Central and local government, working together with communities and business, can develop and implement ambitious strategies based on sound science, to protect our national inheritance and security.

Council Commitments

For our part we commit to:

1. Develop and implement ambitious action plans that reduce greenhouse gas emissions and support resilience within our own councils and for our local communities. These plans will:
 - a. promote walking, cycling, public transport and other low carbon transport options;
 - b. work to improve the resource efficiency and health of homes, businesses and infrastructure in our district; and
 - c. support the use of renewable energy and uptake of electric vehicles.
2. Work with our communities to understand, prepare for and respond to the physical impacts of climate change.
3. Work with central government to deliver on national emission reduction targets and support resilience in our communities.

We believe these actions will result in widespread and substantial benefits for our communities such as; creating new jobs and business opportunities, creating a more competitive and future-proof economy, more efficient delivery of council services, improved public health, creating stronger more connected communities, supporting life-long learning, reducing air pollution and supporting local biodiversity. In short, it will help to make our communities great places to live, work, learn and visit for generations to come.

Guiding Principles

The following principles provide guidance for decision making on climate change. These principles are based on established legal¹ and moral obligations placed on Government when considering the current and future social, economic and environmental well-being of the communities they represent.

1. Precaution

There is clear and compelling evidence for the need to act now on climate change and to adopt a precautionary approach because of the irreversible nature and scale of risks involved. Together with the global community, we must eliminate the possibility of planetary warming beyond two degrees from pre-industrial levels. This could potentially threaten life on Earth (Article 2 of the UNFCCC). Actions need to be based on sound scientific evidence and resourced to deliver the necessary advances. Acting now will reduce future risks and costs associated with climate change.

2. Stewardship/Kaitiakitanga

Each person and organisation has a duty of care to safeguard the life-supporting capacity of our environment on which we all depend and to care for each other. Broad-based climate policies should enable all organisations and individuals to do all they feasibly can to reduce emissions and enhance resilience. Policies should be flexible to allow for locally and culturally appropriate responses.

¹ These Guiding Principles are established within the: Treaty of Waitangi, Resource Management Act 1991, Local Government Act 2002, Civil Defence and Emergency Management Act 2002, Oslo Principles 2014, Principles of Fundamental Justice and Human Rights.

3. Equity/Justice

It is a fundamental human right to inherit a habitable planet and live in a just society. The most vulnerable in our community are often disproportionately affected by change and natural hazards. Approaches need to consider those most affected and without a voice, including vulnerable members in our community, our Pacific neighbours and future generations.

4. Anticipation (thinking and acting long-term)

Long-term thinking, policies and actions are needed to ensure the reasonably foreseeable needs of current and future generations are met. A clear and consistent pathway toward a low carbon and resilient future needs to provide certainty for successive governments, businesses and communities to enable transformative decisions and investments to be made over time.

5. Understanding

Sound knowledge is the basis of informed decision making and participatory democracy. Using the best available information in education, community consultation, planning and decision making is vital. Growing understanding about the potential impacts of climate change, and the need for, and ways to respond, along with understanding the costs and benefits for acting, will be crucial to gain community support for the transformational approaches needed.

6. Co-operation

The nature and scale of climate change requires a global response and human solidarity. We have a shared responsibility and can not effectively respond alone. Building strong relationships between countries and across communities, organisations and scientific disciplines will be vital to share knowledge, drive innovation, and support social and economic progress in addressing climate change.

7. Resilience

Some of the impacts of climate change are now unavoidable. Enhancing the resilience and readiness of communities and businesses is needed so they can thrive in the face of changes. Protecting the safety of people and property is supported by sound planning and a good understanding of the risks and potential responses to avoid and mitigate risk.

THE FOLLOWING MAYORS AND CHAIRS SUPPORT THIS DECLARATION



Mayor Dave Cull
Dunedin City Council



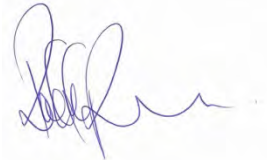
Mayor Lianne Dalziel
Christchurch City Council



Mayor Grant Smith
Palmerston North City Council



Mayor Ray Wallace
Hutt City Council



Mayor Rachel Reese
Nelson City Council



Mayor Steve Chadwick
Rotorua Lakes Council



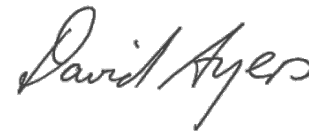
Mayor Wayne Guppy
Upper Hutt City Council



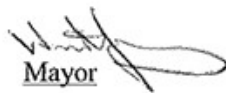
Mayor Don Cameron
Ruapehu District Council



Chris Laidlaw, Chair
Greater Wellington Regional Council



Mayor David Ayers
Waimakariri District Council



Mayor

Mayor Winston Gray
Kaikoura District Council



Mayor Bill Dalton
Napier City Council



Mayor Gary Tong, JP
Southland District Council



Mayor Lyn Patterson
Masterton District Council



Mayor Andy Watson
Rangitikei District Council



Stephen Woodhead, Chair
Otago Regional Council



Mayor Allan Sanson
Waikato District Council



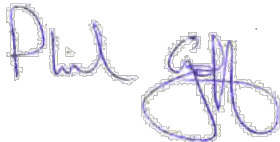
Mayor Tony Bonne
Whakatane District Council



Mayor Justin Lester
Wellington City Council



Mayor K (Guru) Gurunathan
Kāpiti Coast District Council



Mayor Phil Goff
Auckland Council



Mayor Bryan Cadogan
Clutha District Council



Mayor Sam Broughton
Selwyn District Council



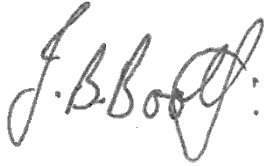
Mayor John Tregidga
Hauraki District Council



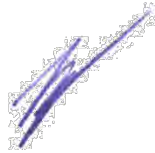
Rex Graham, Chair
Hawke's Bay Regional Council



Mayor Neil Holdom
New Plymouth District Council



Mayor John Booth
Carterton District Council



Mayor Viv Napier
South Wairarapa District Council



Mayor Alex Walker
Central Hawke's Bay District Council



David MacLeod, Chair
Taranaki Regional Council



Bill Shepherd, Chair
Northland Regional Council



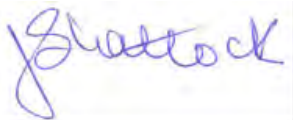
Mayor Tim Cadogan
Central Otago District Council



Mayor Tracy Hicks
Gore District Council



Mayor John Leggett
Marlborough District Council



Mayor Jenny Shattock
South Waikato District Council



Mayor Hamish McDouall
Whanganui District Council



Mayor Tim Shadbolt
Invercargill City Council




Mayor Sandra Hazlehurst
Hastings District Council



Mayor Brian Hanna
Waitomo District Council



Steve Lowndes, Acting Chair
Environment Canterbury



Doug Leeder, Chair
Bay of Plenty Regional Council



Mayor Jan Barnes
Matamata-Piako District Council



Alan Livingston, Chair
Waikato Regional Council



Mayor Garry Webber
Western Bay of Plenty District Council



Mayor Greg Brownless
Tauranga City Council



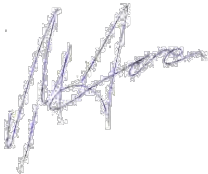
Bruce Gordon, Chair
Horizons Regional Council



Mayor Meng Foon
Gisborne District Council



Nicol Horrell, Chair
Environment Southland



Mayor Mike Tana
Porirua City Council



Mayor Richard Kempthorne
Tasman District Council



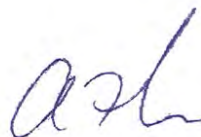
Mayor Alfred Preece
Chatham Islands Council



Mayor Malcolm Campbell
Kawerau District Council



Mayor Jim Mylchreest
Waipa District Council



Mayor Tony Kokshoorn
Grey District Council



Mayor Donna Favel
Ashburton District Council



Mayor Jim Boulton
Queenstown-Lakes District Council



Mayor John Carter
Far North District Council



Mayor Michael Feyen
Horowhenua District Council



Mayor Max Baxter
Otorohanga District Council



Mayor Ross Dunlop
South Taranaki District Council



Mayor Damon Odey
Timaru District Council



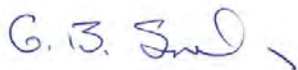
Mayor Dr Jason Smith
Kaipara District Council



Mayor Sheryl Mai
Whangarei District Council



Mayor Garry Howard
Buller District Council



Mayor Graham Smith
Mackenzie District Council



Mayor Neil Volzke
Stratford District Council

Councils' climate change mitigation work

A stocktake of emissions reduction activities

September 2018



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Foreword

Foreword



Adapting to and mitigating the impacts of climate change is a priority focus for councils across New Zealand. This stocktake of mitigation work underway in councils across New Zealand highlights the contributions local government is already making to emissions reductions, and is underpinned by the sector's recognition that we can and must do more.

Kia ora koutou

Adapting to and mitigating the impacts of climate change is a priority focus for councils across New Zealand. That's why LGNZ is leading a flagship Climate Change project focused on both adaptation and mitigation. This Stocktake of councils' climate change mitigation work is one of our Climate Change project deliverables.

Local government acknowledges that it has a role to play in reducing emissions, along with central government and every other individual, community, sector and business in New Zealand.

The need for climate change mitigation is urgent. We need to reduce emissions now, in order to lessen the significant adaptation costs and challenges that councils and our communities are already dealing with.

Although New Zealand has for a long time lacked a coherent plan for transitioning to a net zero emissions economy, territorial and regional authorities have for a number of years now demonstrated commitment to reducing emissions in their organisations and communities. The introduction of the Zero Carbon Bill to Parliament later this year will mean it is even more critical that councils take steps to contribute to emissions reductions.

This stocktake of mitigation work underway in councils across New Zealand highlights the contributions local government is already making to emissions reductions, and is underpinned by the sector's recognition that we can and must do more. This stocktake is designed to support councils to do more. The range of actions and strategies outlined provide practical examples of things that councils could do to contribute to emissions reductions.

I implore all councils to take stock of their existing efforts on climate change mitigation, and to use this resource as the impetus to take even greater action. We all must do our bit to address climate change, and must demonstrate to our communities our commitment to ensuring that New Zealand achieves its climate change mitigation goals.

Ngā mihi nui

A handwritten signature in black ink, which appears to read 'Dave Cull'. The signature is fluid and cursive, written over a light grey circular background.

Dave Cull

President
LGNZ

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Introduction

Introduction

Local government acknowledges that as well as being at the frontline of adaptation, councils have a role to play in climate change mitigation. City, district and regional authorities are well-positioned to be leaders within their communities through taking steps to reduce their own emissions. Local authorities can also coordinate and support community efforts to reduce emissions.

In late 2018, the New Zealand Government will introduce its proposed Zero Carbon Bill to Parliament. This Bill will likely set an ambitious emissions reduction target for New Zealand. Notwithstanding that Bill, New Zealand has already committed to reducing greenhouse gas emissions by 11 percent below 1990 levels by 2030 under the Paris Agreement.

If New Zealand is to meet its emissions reduction targets, all levels of government, communities, industry and businesses need to do their bit.

Local government is already contributing to the reduction of emissions. That is demonstrated by the stocktake of actions and strategies underway in councils across the country to reduce emissions within their organisations and communities, which is set out in this document.

Despite councils' leadership on emissions reductions to date, the local government sector can and must do more. This stocktake is designed to provide councils with guidance on the additional things that they could do, in collaboration with their communities and other stakeholders, to contribute to the reduction of domestic emissions.

< This stocktake is designed to provide councils with guidance on the additional things that they could do, in collaboration with their communities and other stakeholders, to contribute to the reduction of domestic emissions. >

Emissions in New Zealand

In New Zealand, from 1990 – 2015, gross emissions have increased by 24 percent, with most of the emissions increase coming from transport and agricultural production. Net greenhouse gas emissions have risen 64 percent, because of increasing gross emissions and higher logging rates in production forests (ie deforestation).

While New Zealand's contribution to global greenhouse gas emissions is small (0.17 percent), it has the fifth-highest level of emissions per person of the 35 countries in the OECD.

New Zealand is already experiencing the impacts of past global emissions. The full extent of future climate change and the impacts of this on New Zealand's communities depends on the emissions trajectory that New Zealand gets locked into from this point forward.

Councils' emission reduction activities – the current state of play

Councils across New Zealand have been demonstrating leadership on emissions reduction commitments and actions for some time. Councils are aware of the risks that climate change presents to infrastructure and community resilience, and so have been and are adopting strategies and actions to minimise those risks, in addition to adapting to them.

< Councils across New Zealand have been demonstrating leadership on emissions reduction commitments and actions for some time. >

In 2017, LGNZ undertook a survey to understand the range of actions and strategies that councils across the country have adopted to reduce emissions, both within their organisations and communities.

LGNZ received survey responses from 44 city, district and regional authorities. Those responses are summarised in Section 3 of this document.

The survey responses demonstrate the range of actions and strategies that have been adopted by councils. Some councils have focused on developing and implementing climate change action plans that require broad commitment to achieving an emissions reduction target through action across all facets of the organisation. Other councils have identified particular areas or functions where they can make changes to make targeted, but not insignificant, contributions to cutting down emissions. In many cases, emissions reductions are an indirect consequence of councils taking a more sustainable or environmentally friendly approach to the way that they do things.

Evidently councils recognise that there are a range of areas in which they can contribute to emissions reductions: via procurement decisions, by the way in which infrastructure is designed and operated, through land use planning, by engagement and collaboration with the community, through partnerships with external organisations, through internal decision-making processes, via policy decisions and frameworks or strategies designed to promote organisation-wide behavioural change, to name but a few.

Why we've produced this stocktake

LGNZ has collated the information about what councils are doing to reduce emissions for a number of reasons:

- The information illustrates that councils are already doing their bit to contribute to emissions reductions. We want to highlight local government's leadership and show the progress that councils are making.
- We want to highlight local government's recognition, in response to community expectations, that it can and must do more to reduce emissions.
- A key issue for councils is how managed and affordable growth can occur without increasing risks to resilience from spiralling energy use and emissions. The case studies will provide useful insights into how councils are both thinking about and finding creative ways to address that challenge and reduce emissions.
- We want to provide councils with tangible examples of initiatives that they could adopt in their organisations and communities to reduce emissions. We want to provide councils with guidance on how they could partner with their communities and other stakeholders to deliver actions and strategies for reducing emissions.
- We want to make sure that the sector is prepared for the new requirements that the Zero Carbon Act will place on all New Zealanders to do their bit to contribute to emissions reductions.

Key themes

Although the actions that councils are taking to reduce emissions differ by size of council and the resources that councils have available to them, the range of actions contained in the stocktake reveal a number of common themes:

Realising co-benefits

Councils should maximise opportunities to reduce emissions and achieve other co-benefits. Emissions reduction actions and strategies can result in a range of additional benefits including reduced costs, reduced congestion, improved health outcomes, waste minimisation, improved amenity and creation of new jobs and skills.

Long-term agenda

Achieving emissions reductions now will ensure long-term benefits for communities. Actions or strategies to reduce emissions should take a long-term view, and should result in long-lasting change. When making decisions, councils should adopt the option that will result in long-term benefits.

Holistic and systems approaches

Councils should take a holistic approach to emissions reduction activities. This means thinking about how the goal of achieving emissions reductions can be embedded across councils' systems, functions and operations.

Resilience is interwoven

When looking at options for emissions reductions, councils should also give thought to whether the action or strategy will enhance community resilience. Emissions reduction initiatives can have complementary benefits of enabling the community to withstand and be prepared for sudden or more long-term changes brought about by climate change.

Community buy-in is critical

For emissions reduction actions and strategies to be effective, they need to be long-lasting and an ingrained part of the way a council does its business. To ensure that happens, it is critical that there is community support for a council's emissions reduction activity. That can be achieved by calling on the community to help with the emissions reduction action, or supporting the community in its own efforts to reduce emissions.

Councils can lead behavioural change

Communities also have a part to play in reducing emissions. If a community sees its council demonstrating tangible commitment to reducing emissions, members of that community are likely to willingly make positive changes to their own carbon footprint.

What your council can do

We encourage your council to review the stocktake of emissions reduction activities and give thought to which actions undertaken in other councils could be replicated in your own council and community.

< Every small change that your council makes to the way in which it operates will ultimately help to reduce emissions. >

Every small change that your council makes to the way in which it operates will ultimately help to reduce emissions. While the changes that your council can make might seem minor in the big scheme of things, if wholesale reductions in emissions are to result, all New Zealanders need to make changes to their behaviour. By changing the way that your council does things, your council can role model the changes in behaviour that are needed to your community, and can demonstrate its commitment to leading and coordinating communities to reduce emissions

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Stocktake of emissions reduction survey responses

Stocktake of emissions reduction survey responses

In late 2017, councils were asked to outline the activities that they have underway, or intend to undertake, to reduce emissions within their organisations and/or communities. The table below sets out a stocktake of the responses which were received from participating councils. These responses were received in late 2017.

< The survey responses demonstrate that significant work is underway in councils across the country to contribute to emissions reductions. >

The survey responses demonstrate that significant work is underway in councils across the country to contribute to emissions reductions. The range of actions and strategies that councils have adopted to contribute to emissions reductions is broad and varied. Some of the actions and strategies have a strong sustainability focus as opposed to having climate change mitigation at their core, but will likely contribute directly or indirectly to emissions reductions.

Councils are encouraged to review the range of actions and strategies underway in councils across the country and think about which of the actions or strategies they could adopt or consider.

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Ashburton District Council	
Exploring and implementing more efficient alternatives as part of day to day activities (eg reducing waste to landfill, replacing sodium streetlights with LEDs etc) but not through an explicit emission reduction policy.	Participant in Canterbury Regional Climate Change Working Group.
Auckland Council	
<ul style="list-style-type: none"> • Adopted Low Carbon Auckland Plan in 2014, which sets a 30-year minimum pathway and 10-year plan for Auckland as a region. Set an emissions reduction target of 40 percent by 2040. • A review and refresh of the Plan is underway – updated plan is likely to combine both mitigation and adaptation measures. • Auckland has signed the C40 Paris Pledge for Action to raise ambition before the Paris Agreement takes effect in 2020. • Involved in a number of climate change mitigation initiatives through the Low Carbon Auckland, reported on each year through an Annual Update Report. <p>Highlights from the 2017 report include:</p> <ul style="list-style-type: none"> • Record number of passengers used Auckland’s public transport network last year – 20 million train trips and 90 million public transport trips in total. • Construction of 14.2km of cycle ways has improved the safety and appeal of cycling as a transport choice. • Auckland Transport has purchased 15 new electric trains to meet growing demand and to prepare for the electrification of the railway line between Papakura and Pukekohe. • Five community recycling centres have been established since 2014, each diverting around 70 percent of the waste they receive from landfill. These, and other initiatives, have helped to reduce per capita waste from 160kg (2010) to 144kg (2017). • The re-fit of the Council’s head office at 135 Albert Street achieved a world-leading six Green Star Rating for the office interior’s sustainability. • The Mayor’s Million Trees programme has already planted 170,000 primarily native trees. • In 2017 the council launched the ‘Live Lightly’ initiative, making it easier for Aucklanders to live low carbon lifestyles by highlighting the everyday lifestyle choices people can make to save money, have a healthier life and care for Papatuanuku. • Panuku Development Auckland announced that it will require new homes in its ‘Transform and Unlock’ locations to achieve at least a 6 Homestar rating. • Over 40 percent of Auckland’s 21 Local Boards are working with communities on low carbon projects to mitigate emissions. Three Local Boards have adopted their own Low Carbon Plans and others are in development. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Bay of Plenty Regional Council	
<ul style="list-style-type: none"> • BOP Waste and Resource Efficiency Strategy (2013 - 2023). • Council land management advisers provide forestry opportunity advice - upon enquiries, staff provide government contracts for ETS or PFSI packages and information that is publically available (2008 - 2012). • Providing feedback on energy policies (2005 - 2007) and support district councils with cleaner production focuses on reducing waste linked to reducing GHG from landfills. • SmartGrowth recognising the linkage between urban form and energy use. • Public transport is linked through a more efficient transport system with reduced use of fossil fuels. • Regional GHG inventory/community carbon footprint (2006 by Landcare Research, 2017 by Aecom). • Planting permanent trees in regional parks. • BOPRC and Grow Rotorua in association with Lake Rotorua Stakeholder Advisory Hroup, Lake Rotorua Primary Producers Collective, Dairy NZ, Beef + Lamb NZ and Scion hosted the Land Use Opportunities Symposium in 2015 - provided information and opportunities on/for afforestation. • Lake Rotorua Incentive Scheme encourages converting pastoral land to forest - outcomes will reduce emissions from agriculture activities and increase carbon sinks. Council's effort in reducing nitrogen inputs into Lake Rotorua likely to result in reduced stock numbers, which will result in reductions of GHG from animals and amount of fertiliser needed to support larger animal numbers. • Council building upgrade design incorporated features which will halve the energy consumption and save 50 tonnes of Co2 emissions. On-site EV charging stations provisioned in the upgrade project. • Actively seeks suppliers with environmental sustainability considerations and gives preference to goods and services that use renewable energy sources, recycled and/or non-toxic materials, reusable goods, efficient and equitable. • Council's sustainable fleet management principles - combination of cleaner vehicles, fuel-efficient operation and driving and reducing amount of road traffic generation. Has EVs in the fleet and planning to transition all light fleet vehicles to EVs. In house recycling and onsite waste audits. • Member and part of Sustainable Business Network initiatives. • Planted 345 trees to offset 51.75 tonnes of carbon 2009 and later planted 345 native trees to offset another 51.75 tonnes in 2013 (Carbon4Good). 215,000 plants planted by Council in 2017 winter. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Central Hawke's Bay District Council	
Developing an Environmental and Sustainability Strategy. Always consider best environmental alternative whenever designing or redeveloping assets and facilities.	
Central Otago District Council	
Sustainability Strategy includes climate change initiatives.	Council has engaged Bodeker Scientific to produce a climate change report for the Central Otago District.
Christchurch City Council	
<ul style="list-style-type: none"> • Sustainable Energy Strategy for Christchurch 2008 - 2018 (due to be reviewed). • Christchurch Energy Action Plan 2015 (due to be reviewed). Climate Smart Strategy 2010 - 2025 (due to be reviewed). • Two of the Council's strategic priorities include climate change leadership and informed and proactive approaches to natural hazard risks. • Internal council programme of work - Resource Efficiency and GHG Emission Policy signed by CEO in May 2017 - guides management of energy use, GHG emission generation, solid waste generation and water use. • CCC was the first organisation in NZ to achieve Energy-Mark Gold certification for energy management and achieved CEMARS certification. • Council set itself a target of becoming net carbon neutral by 2030. • Council has established an Innovation and Sustainability fund to support projects that support Council's strategic priorities. • Christchurch Agency for Energy has provided funding towards a range of Christchurch renewable energy projects. • Christchurch Energy Action Plan includes six programme areas of work focusing on energy efficiency, renewable energy and encouraging uptake of battery electric vehicles and charging infrastructure. • Provides resource efficiency support to businesses through the Target Sustainability Service. • A range of sustainability focused community projects - sustainable homes, Build Back Smarter home advice service, food resilience and community gardens programme and delivery of Future Living Skills courses in collaboration with Sustainable Living Education Trust. • Developed and implemented fully battery-electric car sharing initiative with Yoogo. 	Participant in the Canterbury Climate Change Working Group

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Clutha District Council	
<ul style="list-style-type: none"> • Funding support for home heating efficiency scheme. • Hybrid vehicles for vehicle fleet. 	
Dunedin City Council	
<ul style="list-style-type: none"> • Te Ao Turoa (environment strategy for the city) has a carbon target. • Several national/international CC declarations including the Compact of Mayors that DCC is working through its commitments to. Key actions include organisational carbon footprinting through the Enviromark CEMARS scheme; shift to LED street lighting; EV fleet changes; gas recovery at the DCC landfill. 	
Environment Canterbury	
<ul style="list-style-type: none"> • Within the organisation: printing efficiency group; Resource Efficiency Group assessing ECan's carbon footprint and feasibility of obtaining 'Zero Carbon' or similar certification and progressing various emissions reduction initiatives such as an EV shared fleet scheme. • Underway is developing a process to ensure that climate change is robustly and consistently factored into relevant Council decisions across portfolios. • In the future, will develop the case to transition our transport fleet to EV and/or mobility as a service model. • Within the community: public transport provision, biodiversity projects that involve tree planting and wetland rejuvenation, study underway on freight mode shift from road to rail and shipping, air plan and clean burning rules. 	
Environment Southland	
<ul style="list-style-type: none"> • Environment Southland replaced its coal fired boiler with a wood chip fired boiler. However, this was before Council notified rules restricting the use of domestic heating appliances in response to the NES – Air Quality rather than climate change mitigation. • The use of electric/hybrid vehicles for Council activities has been discussed. 	
Gore District Council	
<ul style="list-style-type: none"> • Facilitating the roll out of EV chargers in Gore. • Clean air loan scheme introduced to meet regional air shed requirements, which will by default reduce CO₂ emissions. • A tree planting programmes in the Council's parks and reserves. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Greater Wellington Regional Council	
<ul style="list-style-type: none"> • GWRC Climate Change Strategy - along with an implementation plan, adopted October 2015. Strategy designed to align and coordinate CC actions across GWRC's responsibilities and operations. • Establishment of a Corporate Sustainability Programme - committing resource to measuring GWRC's own emissions and implementing measures to reduce them. • Amendments in 2016 to vehicle purchase policy to prioritise the purchase of EVs - internal combustion engine vehicles are now only purchased when no suitable EV option exists. Fleet now contains 8 EVs. • Network of EV chargers established across all GWRC offices and depots across the region; mostly for GWRC use but some for visitors, will expand overtime. • In addition, waste minimisation, energy efficiency, provision of facilities and services that encourage active and public transport use amongst staff, encouraging car pooling etc. • Significant involvement in enabling forests in the region to draw CO₂ down from the atmosphere. Has 440ha of regenerating native forest covenanted under the Permanent Forest Sink Initiative. • Involvement with active travel and ride sharing initiatives and promoting these. • Management of the Metlink public transport network. • Development of a Climate Change Consideration Process, which requires all new initiatives and all council and committee decisions to include a climate change assessment. Ensures GWRC has a consistent, organisation wide system in place that enables officers to assess the emissions associated with an activity. 	<p>Convenes the Regional Electric Vehicle Working Group which is comprised of officers from councils across the region. Group operates as a coordinating mechanism for the promotion of EVs and in relation to the development of charging infrastructure. Produces a coordination update every six months which summarises the current state of play and short term outlook. Officials from NZTA, Ministry of Transport and EECA as well as staff from local lines companies and relevant businesses participate.</p> <p>Has worked with all councils in the region to establish a Regional Climate Change Working Group, comprised of one main and one alternate elected member from each council. The purpose of the group is to provide a forum via which councils can network, discuss issues, share information and where appropriate, achieve a consistent approach across all jurisdictions on climate change mitigation and adaptation. Recommendations generated by the group are for consideration by each council. It is expected that an officer level Low Carbon Transition Steering Group will be established to support the mitigation objectives set out by the Working Group.</p> <p>Councils across the region collaborated to commission the 2014 Wellington Greenhouse Gas Inventory, which provides a breakdown of emissions by territorial authority boundary. Data for the region and Wellington was updated in 2016 but for other councils not practical to update on anything on more than a 4-5 year basis. It is expected all councils will participate in a full update in the 2018/19 financial year. Inventory is instrumental to climate change mitigation efforts in the region as it enables councils to understand emissions sources and opportunities for reduction.</p>

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Hamilton City Council	
<p>In July 2016 HCC resolved to adopt a set of 11 Sustainability Principles that underpin how sustainability is considered in Council's decision making and operations. Principles focusing on emissions are:</p> <p>Principle 4: Council works with central government to deliver on national GHG emission reduction targets and supports resilience to CC in our communities.</p> <p>Principle 5: Council promotes walking, cycling, public transport and other low carbon transport options.</p> <p>Principle 6: Council works to improve the resource efficiency and health of homes, businesses and infrastructure in our city.</p> <p>Principle 7: Council supports the use of renewable energy and uptake of EVs.</p> <p>Council undertakes an annual stocktake of sustainability actions it is undertaking.</p>	
Horizons Regional Council	
<ul style="list-style-type: none"> • Internal energy efficiency review conducted in 2016. • Initiatives to reduce emissions have begun, including changes to vehicle fleet and purchase of an EV. • Corporate Assets team is assessing a number of options to improve energy efficiency and reduce emissions identified in the review, which showed Horizons can save 18,740kg of carbon emissions in energy consumption p/annum. • Recycling is a key initiative and contractors are requested to utilise eco-friendly products. • Regional Public Transport Plan provides for public transport in the Horizons Region within constraints of central government funding and management model. It has a range of objectives, policies and actions to improve and increase services and their uptake. 	N/A.
Hurunui District Council	
<p>Proposed DP has clear rural and settlement zones and has subdivision sizes in the settlement areas that allow for high density housing. This means that developments in settlements are located close to existing population centres and facilities, and reduce sprawl outside the settlements.</p>	Participant in the Canterbury Regional Climate Change Working Group
Hutt City Council	
<ul style="list-style-type: none"> • EV charging stations. • Changing council fleet to EVs. • Completing survey for Carbon Disclosure Project. • Reporting HCC energy consumption and carbon emissions monitoring. • Urban Forest Plan. 	Participant in Wellington Region Climate Change Working Group

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Kāpiti Coast District Council	
<ul style="list-style-type: none"> • Council participates in CEMARS. • Has an environmental sustainability programme of works which includes community-based initiatives. • Has an eco-design advisory service. • Has a range of energy management initiatives. • Recently partnered with Spark NZ to install electric vehicle charging infrastructure in the district. • Provides support to Enviroschools programme. • Has a Waste Minimisation Officer. 	Participant in Wellington Region Climate Change Working Group
Mackenzie District Council	
<ul style="list-style-type: none"> • Carbon trading, however the decision to do so was less focused on emissions and more focused on a revenue stream. 	Participant in the Canterbury Regional Climate Change Working Group
Manawatu District Council	
<ul style="list-style-type: none"> • Solid waste minimisation strategy. • Upgrade of waste water treatment plan. • Switch to LED street lighting. • Proposed solar panels for new recycling centre. 	
Masterton District Council	
<ul style="list-style-type: none"> • MYMasterton: Our People, Our Land strategy. Climate change actions in that strategy include reducing our impact on climate change (mitigation) by improving energy efficiency/conservation; minimising waste; enabling and promoting cleaner transport; working towards a more circular vs linear economy; working towards low carbon economy/achieving government target of 50 percent reduction in GHG emissions from 1990 levels by 2050. Preparing for future changes (adaptation) by planning ahead to build resilience; keeping informed and sharing information; being open to economic opportunities generated by a 'low carbon economy'. Strategy currently at the targeted engagement stage. 	Participant in Wellington Region Climate Change Working Group
Matamata-Piako District Council	
Council has given consideration to developing an environmentally friendly approach as part of LTP discussions.	
Napier City Council	
<ul style="list-style-type: none"> • Recently purchased some electric cars and facilitated the instalment of electric car recharge stations in the city. • Have developed strategies such as the City Vision and Coastal Edge Master Plan that aim to encourage new ways of getting around the city, ie cycling and walking. 	Participants in the Hawke's Bay Biodiversity Strategy.

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Nelson City Council	
<p>We are very much in the early stages of work in this space. We have recently received approval for a waste minimisation role who will also be tasked with carbon reduction initiatives.</p>	
New Plymouth District Council	
<ul style="list-style-type: none"> • NPDC has an Energy Management Officer with the purpose of driving down energy use within Council’s assets and this is being achieved. • NPDC’s Let’s Go (Transportation) team has made significant progress in terms of working with schools and businesses to increase active travel. • Currently constructing a new refuse station with functionality built in to divert as much waste from landfill as possible through working with local community groups to manage the recycling/upcycling process. • Currently working with landowners to protect areas of bush/forest with significant biodiversity value. • NPDC has no central overarching strategy or policy guiding a coordinated response to climate change. NPDC does have a GHG reduction target for its own asset base. • Currently evaluating options for the upgrade of our (sludge) thermal drier associated with our wastewater treatment plant. The fuel source for this asset will greatly influence or emissions profile. 	
Northland Regional Council	
<ul style="list-style-type: none"> • Current fleet of 10 electric vehicles - 7 fully electric and 3 plug in hybrid vehicles. • 80 solar panels atop main HQ which help to charge electric vehicles - 20kW rooftop ‘solar array’ currently generates enough power to drive about 500 EV kilometres per day. • Bike racks at work and encourage staff to bike to work; two bikes within work vehicle fleet. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Palmerston North City Council	
<ul style="list-style-type: none"> • Rooftop solar PV and solar hot water facilities. • Micro-hydro facility at Turitea Dam. • Gas capture at Awapuni Landfill & Co-gen plant at WWTP. • Eco-design advisor service providing energy efficiency advice to community. • Council in the process of replacing existing light fittings with LEDs, including street lights and buildings. • E-bikes for staff to use to move about town. • Recently procured 2 extended range electric vehicles for building officers. Currently procuring 2 fully electric rubbish trucks. • Implementing a sustainable practices/behaviour change approach to waste minimisation (including moving to zero-waste events) and active transport. • Encouraging energy efficiency and compact city provisions through the District Plan. • Investigating use of waste heat from wastewater pipes to heat community pools. • Tree plantings. 	
Queenstown Lakes District Council	
<ul style="list-style-type: none"> • Funding in the 2018 LTP to capture and flare gas from Victoria Flats landfill. • Electric vehicle charging stations being installed within the district. • Significant district-wide transport initiatives underway - \$2 bus fares, improved frequency of public transport, establishment of Frankton-CBD cycleway. • Energy efficiency audits of pools facilities underway (part-funded by EECA) to reduce natural gas usage. • Investigating waste heat capture from WW flows to heat pools. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Rotorua Lakes Council	
<ul style="list-style-type: none"> • Sustainable Living Strategy developed 2016. Objective 6 relates specifically to carbon and energy. In relation to this Council has committed to the Global Covenant of Mayors for Climate and Energy; has participated in developing a Community Carbon Footprint, and is currently completing organisation footprint; planning vulnerability assessment and adaptation and mitigation plan to follow including targets set. <p>Range of community sustainability projects</p> <ul style="list-style-type: none"> • Independent home performance advisory service contracted to improve household affordability, energy efficiency and quality. • Community gardens, Food Network. • Leading City in UN Global Compact Cities Programme. • Exploring conversion of street lighting to LED. • Extension of recycling collection into the rural areas. • Energy- Council main buildings moved from gas to geothermal energy for heating in 2016/17; and closely manage internal electricity energy efficiency. • Vermicomposting of co-blended biosolids and pulp fibre in place of landfilling and then incorporated into soil. This reduces pulp and bio-solids waste, emissions, inorganic fertiliser use and cost to ratepayers, and at the same time improves soil carbon, productivity of fodder crops, and crop resilience to drought. • Significant funding in the LTP to reduce inflow and infiltration into the sewerage network to reduce pumping and defer capacity upgrades and co-benefit will reduce the load of nitrogen leaving the treatment plant. • Looking to close an old landfill that does not use the landfill gas and has environment issues and dispose of waste in a landfill with a lower carbon footprint. • In the early stages of considering food waste processing. • Spatial Plan supports walkable neighbourhoods. • Partner in the Rotorua Lakes Programme to reduce the load of nitrogen to Lake Rotorua which will have the co-benefit of reducing agricultural emissions. • 2015 – 2019 build of an Urban Cycle Network, 26km of shared off road path. • Cycle skills training programme delivered in schools and community to support improved user capability on bikes and wheeled devices. • Purchase of a fleet of bikes for RLC staff to use for transport in and around the City. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Selwyn District Council	
<p>Selwyn 2031 District Development Strategy - outcomes sought seek to reinforce consolidated towns and urban forms and create a hierarchy of centres which provide goods and services to their local communities. Adopting a centres-based framework and consolidated urban forms help contribute to reduce road transport and provides transport choice within towns such as walking and cycling. These outcomes will be implemented in the DP including by urban design requirements in town centres and a zoning pattern for employment areas/town centres which support the Selwyn 2031 township and activity centre networks, as well as provisions for medium density housing. In addition, the DP will need to give effect to the NPS on renewable energy and so provide for local, community and regional scale renewable energy activities. The DP is currently being reviewed and will be released for consultation in 2020.</p>	<p>Participant in Canterbury Region Climate Change Working Group</p>
South Waikato District Council	
<p>Air quality and home heating initiatives within our community. Include offering subsidies and loan options for converting inefficient fire places with more efficient forms of heating such as heat pumps and modern log burners. Council's Burnwise Scheme endorses wood suppliers who commit to providing good wood in the community.</p>	
Southland District Council	
<ul style="list-style-type: none"> • Lower emission vehicles. • Wind energy generation (Rakiura) - Stewart Island's power generation authority. 	<p>Not at this stage but liaising on development of a climate change workstream at a regional level currently</p>
Tasman District Council	
<p>Council-owned production forests, has a policy on the ETS. Tasman District Council Forests - Forest Management Plan 2014 - 2019 in place.</p>	
Taupo District Council	
<ul style="list-style-type: none"> • In the initial stages of starting the review of the Taupo District Plan and will consider how emissions could be reduced via the District Plan. • Have done some work around looking at the potential for electric vehicles in our fleet - will be investigated further once recruit a Fleet Manager in the short term future. Current challenge for uptake of EVs is that the council is in temporary accommodation spread between six different sites - however, it is very likely that our new building will have the infrastructure installed for EVs. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Tauranga City Council	
<ul style="list-style-type: none"> • Citywide community carbon footprint prepared for 2015/2016 (in draft). Purpose to understand local emissions profile, enable informed decision making and policy development, develop opportunities to work with key emission sectors and stakeholders in the community. • As part of a collaboration agreement with EECA to reduce energy use, currently working on a number of opportunities for energy management and savings with several key teams. • Implemented EnergyPro software to help us gain insights and data which will help support energy management goals. Waste Management and Minimisation Plan 2016 - Action Plan. • Community Wellbeing Strategic Plan 2018 - 2021 adopted and going into LTP community consultation. • Commitment to increase community resilience and preparedness. • Tauranga Transport Strategy and Cycleways Action Plan. • Development of a citywide environment strategy underway. 	<p>The Tauranga Carbon Reduction Group (local advocacy group) coordinates an informal forum, including Bay of Plenty Regional Council, Tauranga City Council and Western Bay of Plenty District Council.</p>
Thames-Coromandel District Council	
<ul style="list-style-type: none"> • Thames public transport trial. • Planting the memorial forests offsets emissions. • Using regional landfill and not having own separate new ones. • Supporting installation of electric vehicle charging units. 	
Timaru District Council	
<ul style="list-style-type: none"> • Have adopted and implemented and a 3 bin kerbside Waste Minimisation collection level of service. This minimises waste to landfill which has reduced the Timaru community's carbon footprint significantly. • The new Aquatic Centre uses wood fuel and heat pumps for heating the four pools and thus has avoided using coal with its high emission regime. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Upper Hutt City Council	
<ul style="list-style-type: none"> • Sustainability Strategy (2012 - 2022) to be reviewed next year. • Land Use Strategy 2016 - 2043. • Riparian planting along Mangaroa River. • Eco-design advice. • Energy monitoring (using E-bench). • Sponsor Evolocity (regional schools programme). • LED street light upgrades. • Trialling water sensitive urban design through use of roadside drainage swales. • Encourage park and ride. • Investigating sustainable energy options for council projects including solar and other options for possible upgrade of the pool. • Love Food Hate Waste/waste-free parenting. • Supported EV charging stations (some funding and providing car space/signage). • Urban cycleway project (commuter cycling). • Promote sustainable business (SBN networking). • Trial 'Be the Change' project at local intermediate school - learning about sustainability/climate change to promote community-led initiatives and leaders. • Internal council recycling and food waste collection (composting/worm bins). • Free home energy assessment (Fund Sustainability Trust to complete). • Funds for community gardens and zero waste. • Sustainable living courses. • Reusable bag campaign - reusable cloth bags distributed to community and retail. 	Participant in Wellington Region Climate Change Working Group
Waikato District Council	
<p>No initiatives adopted or proposed to be adopted that focus specifically on climate change. There will be provision for the identification of hazard areas, low impact design and energy efficiency through allotment building orientation and walkable neighbourhoods to be included in the proposed district plan when notified and some mitigation measure for climate change impacts on infrastructure in the current 30 year infrastructure strategy.</p>	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Waikato Regional Council	
<ul style="list-style-type: none"> • Established emissions evidence base by: <ul style="list-style-type: none"> • Updating the assessment of climate impacts for the Waikato region using CMIP5 data; • Completing region-wide greenhouse gas inventory with regional emissions for 2015-16 Financial Year of 13.8 million tonnes CO_{2e} (gross) and 8.2million tonnes CO_{2e} (net); and • Five years continuous reporting of corporate emissions, with 2016-17 Financial Year as the first certified by CEMARs with emissions of 1,672 tonnes CO_{2e} • Developing Sustainable Business Network, Science Based emission reduction Targets (SBTs) for ongoing reductions and management • Completed a stocktake of all corporate and operational regional activities to determine description and current management inclusion of climate change matters, exposure of each activity to a changing climate, and opportunities for emissions reductions. • Regional Waste and Resource Efficiency Strategy targets greenhouse gas emissions from landfills through reductions by following the waste management hierarchy. Strategy currently being reviewed. • Regional Energy Strategy recommendations for use of low emissions renewable energy has been fully incorporated into RPS, including opportunities for bio-energy and biofuel substitutions. • Full implementation of NPS renewable electricity from geothermal and hydro energy in RPS and in regional plan and from wind in RPS (as related to landscape effects, there being no regional consenting role for air pressure – turbines are managed via district plans through effects of the use of land). • 2017-18 Corporate trialling of Electric Vehicles • RPS policy directs peat management to reduce rate of peat subsidence and carbon loss (Waikato farmed peat loss of greenhouse gases estimated at 6.9t CO_{2e}/ha/yr) • RPS policy directs regional plans to reduce exposure of soils for soil conservation (50 percent increase in carbon loss with cultivation) • Completed a regional soils strategy identifying a programme of actions with co-benefits of reducing greenhouse gas emissions. • Planted 290 hectares (494,000 wetland, dune and riparian and forest plants) during the 2016 – 2017 Financial Year with the potential (depends upon survivability) to sequester 15,806 tonnes CO₂ after 10 years. • Developed, commissioned, and using a Waikato region carbon calculation tool capable of determining carbon sequestration from mixed native forest species (tree and shrub) plantings. • Biosecurity programmes targeting herbivores (primarily possums and goats) reduce soil conservation damage that affects release of soil carbon and promotes successful establishment of biodiversity / soil conservation and riparian protection plantings. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Waimakariri District Council	
Considering options for transitioning vehicle fleet to EV fleet and evaluating costs/benefits of vehicle ownership versus transport as a service.	Participant in the Canterbury Region Climate Change Working Group.
Waipa District Council	
<ul style="list-style-type: none"> • Biggest initiative is promoting a more walkable urban environment by ensuring that new greenfield developments are planned and developed to be integrated into the existing urban environment in a manner that promotes walking and cycling as a key form of accessibility. Moving away from car based urban form/design (curvilinear cul-de-sac types) and promoting more connected grid like road forms. Getting engineers to accept that roads are for people not just cars. Moving to more compact forms of residential development that support walking neighbourhoods and towns. • The district has a walking and cycling strategy and is developing a more linked up walking and cycling network across the district. • Recent structure plans for growth cells are pertinent in promoting a more sustainable resilient urban form. 	
Waitaki District Council	
Assisted in the installation of four EV charging stations throughout the district.	
Wellington City Council	
WCC has adopted the Low Carbon Capital Plan, which enshrines a variety of actions to reduce emissions in the city under three central themes: Greening Wellington's growth, Changing the way we move, and Leading by example. Sets a target of reducing both Council and citywide emissions by 80 percent before 2050. This key document is complemented by other strategies like the Wellington Resilience Strategy and Wellington 2040.	<ul style="list-style-type: none"> • Participant in the Wellington Region Climate Change Working Group. • Participant in the Regional Electric Vehicle Working Group to promote and coordinate EVs in the region.
Whakatāne District Council	
<ul style="list-style-type: none"> • The Council has adopted a Sustainability Strategy (2010) and developed accompanying Action Plans to look at mitigating the Council's environmental impact. • The Council is also commencing a climate change project which will include a review of the Sustainability Strategy and wider consideration of mitigation and adaptation in response to climate change. 	

Summary of emissions reduction activities/initiatives	Regional mitigation initiatives
Whangarei District Council	
<ul style="list-style-type: none"> • Under development is a 2 part CC Strategy. Part 1 is a Corporate Sustainability Strategy - internally facing, guides how the organisation can create a more sustainable workplace and deliver our services to the community in a more sustainable way. Intention is to get own house in order before looking outward, although there is alignment with Whangarei Waste Minimisation Plan 2017. P1 in first draft and going through staff review. P2 is a district CC adaptation strategy acknowledging that the organisation needs to adapt to CC - addressing the changes that we are already seeing and will continue to encounter even if there is a reduction in future emissions. Work on P2 has not yet begun. • Action Plan supporting P1 complements existing initiatives to promote sustainability within Council including, introduction of EVs to the fleet. • Councillors have informally given direction to review the fleet vehicle purchasing policy and look seriously at integrating more EVs. • One district water treatment plant for potable drinking water is going to be demolished and replaced with a new plant; design brief for the new building requires sustainability principles and methods (including reducing emissions) to be integrated into the design and operational aspects of the building. Part of the feasibility study includes investigating how renewable energy infrastructure can be incorporated within the design and used by the plant. WDC Water Services team have some records of the carbon footprint from the operation of plants across the District. This complements the approach to make the operating system as efficient as currently possible. • Carbon footprint has also been informally assessed against the off-setting credits provided by forestry on Council owned land in the water catchments. • Consultant is assisting Council with energy management consulting, energy auditing, contract procurement, power factor analysis, tariff reviews and carbon emission reporting. • Biogas generator was recently installed at main wastewater treatment plant, which is fuelled by methane produced by microbes that digest the organic waste. Gas is able to be captured from the Landfill and used for energy. Council and Northland Waste are assessing options to sell the gas for energy or to use it for Council operations. • Under consideration at the moment is the initiative to accept food waste at the main wastewater treatment plant. A digester solely for food waste could be established to generate more methane gas for energy and at the same time reduce the waste currently going to the landfill - initiative at the early stages of discussion. 	<p>The Northland Sustainability Network is comprised of representatives from organisations across the region such as the Northland DHB, Northland RC and industry. It supports the sharing of sustainability learnings with each other and helps build regional momentum.</p>

4

Case studies

Case study: Auckland's new approach to reducing emissions: an integrated plan for climate action

In early 2018, the Auckland Council resolved to revisit and update its existing Low Carbon Auckland plan (adopted in 2014) and the associated target of reducing Auckland's greenhouse gas emissions by 40 per cent by 2040 (based on 1990 levels). This resolution was driven by the significant increase in global climate action ambition and urgency that has emerged since the adoption of Low Carbon Auckland, as well as the recognition that multiple co-benefits could result from addressing Auckland's emissions trajectory hand-in-hand with increasing its resilience to climate change. The update to Low Carbon Auckland also comes on the back of the release of the refreshed Auckland Plan 2050, which sets out key outcomes for the region, each of which has an impact on, and will be affected by the region's climate response.

An updated climate action plan is currently in development that will simultaneously set a path to rapidly reduce greenhouse gas emissions and help prepare Auckland for the impacts of climate change. In taking an integrated approach, the climate action plan will better consider and address the interrelated climate issues between areas like transport, energy, housing, waste and water so that one solution delivers greater efficiencies and multiple benefits across Auckland.

Understanding the challenge ahead

Low Carbon Auckland acknowledged the key role that the region needed to play in the reducing New Zealand's greenhouse gas emissions and the actions detailed within the plan put Auckland on the right path. However, more urgent action is needed over and above this plan in order to respond to the Paris Agreement targets to keep temperature increases below dangerous levels (ie 1.5°C) and the Government's intention to achieve net zero emissions by 2050. Whilst some progress has been made to reduce Auckland's per capita emissions, Auckland's ongoing growth has meant that net emissions still rose by 2.1 per cent between 2009 and 2015.

In addition to the growing emissions reduction imperative, the past few years has seen a range of climate-related weather events affecting the region. From increasingly frequent and severe storms, tidal surges and flooding events, through to disrupted water and power supplies, the region's preparedness and response to climate change has been the subject of growing public attention.

In order to escalate Auckland's ambition in a way that delivers real change and prepares the region for more frequent climate-related weather events, an evidence-informed approach is being taken to develop the updated climate action plan. This includes updated emissions modelling, localised Auckland-specific climate

NIWA projections, and research into Auckland's climate risks and vulnerabilities. This work provides Auckland with the best, most detailed information on future projected changes for the region, both for decision making and to increase the understanding of risks, vulnerabilities and opportunities.

Taking action now and raising the level of ambition in addressing climate change is critical to ensure that future generations have a place to live, survive, and thrive. It will also provide major additional opportunities and benefits to Auckland. Addressing emissions hand in hand with increasing resilience will include opportunities to improve air and water quality, deliver improved health and equity outcomes and to ensure that Auckland is in step with the global transition to a low carbon economy.

A plan for all of Auckland means working together

From its inception, the Low Carbon Auckland plan was conceived as a 'plan for Auckland', not an 'Auckland Council plan'. The updated climate action plan will take the same approach.

A review of Low Carbon Auckland's implementation found that stronger accountability against actions would be needed for any updated plan. Collaboration and a long-term commitment to climate action across the region was identified as crucial to achieving a rapid and fair transition to a low-emissions climate-resilient future. With this in mind, the initial phases in the development of the updated climate action plan have focussed on enhancing collaboration with central government, mana whenua, Local Boards, businesses and communities across the region.

Early engagement and awareness-raising around Auckland's specific climate change issues has been a key focus for these activities. This approach involves the launch of an online platform to crowdsource ideas from interested Aucklanders at www.climateakl.co.nz. This platform encourages people to share their ideas, but also raises awareness around the challenging questions and decisions that the region may have to make in relation to climate change.

Another priority for the updated climate action plan is to embed action within existing processes. Auckland Council intends to give greater focus to how that plan will link up with other existing plans, such as its Waste Minimisation Plan or Coastal Compartmental Management Plans. The plan will seek to add a climate change lens to existing plans that do not already have an explicit climate mitigation or adaptation focus.

Case study: Christchurch's 100 percent Battery Electric Car Sharing Scheme

The context

In 2015, Christchurch City Council (CCC) set a clear vision to promote the use of electric vehicles through the Christchurch Energy Action Plan. Key areas for action identified in that Plan include:

- The uptake of electric vehicle charging infrastructure by organisations in Christchurch;
- The uptake of electric vehicles by organisations and residents in Christchurch;
- Electrification of the Council's vehicle fleet; and
- Electrification of the Council's holding companies' vehicle fleets.

Christchurch's battery electric car sharing scheme

The Energy Action Plan provided the direction for CCC to facilitate the provision of the first 100 percent battery electric car sharing service in New Zealand. The service was officially launched on 15 February 2018.

The 100 percent battery electric car sharing scheme for organisations and the public was initiated, researched and developed by CCC staff, and is run by a third party service provider, Yoogo Share.

CCC's role in researching and developing the scheme

CCC initiated, researched and developed the 100 percent battery electric car sharing scheme which involved consideration of suitable battery electric zero exhaust emission vehicles, recruiting landlords of hubs throughout Christchurch to house the electric vehicles and charging infrastructure, adequate power supply for the charging infrastructure and the recruiting of foundation business members to use the scheme.

Following extensive research and development and recruitment of a sufficient number of foundation business members, CCC then went to market in 2016, through an Expression of Interest and Request for Proposal procurement process, to seek a service provider for a 100 percent battery electric car sharing service. CCC undertook the procurement process to seek a service provider on behalf of the recruited foundation business members. Yoogo Share was chosen to provide the service.

How does the scheme work?

One hundred battery electric vehicles, which are owned and maintained by Yoogo Share, will be available in at least 9 hubs across the city for Christchurch businesses and for the public to use. Hubs include the Christchurch Art Gallery Te Puna o Waiwhetu car park, the West End car park, The Crossing car park, Christchurch International Airport, Ara Institute, University of Canterbury, Papanui and Fendalton libraries, and Lyttelton Community Centre. CCC staff worked with the owners of these premises to secure designated parking spaces for the scheme's battery electric vehicles and their related charging infrastructure. Additional hubs are under consideration for development.

The first stage of the scheme uses Hyundai Ioniq and BMWi3 battery electric vehicles.

Businesses and the public are able to book the Yoogo Share vehicles via an online booking system that is maintained and administered by Yoogo Share. At present the service operates an "A to A" model, meaning that users of vehicles pick up a battery electric vehicle from one hub and return it to that same hub once their trip is completed. Trips in the battery electric vehicles cost the public about \$15 per hour, and special rates have been negotiated for business users. The cost to use the vehicles is based on the length of time the vehicle is used for.

As at July 2018 there are already over 2,500 registered business and private members. This includes more than 800 private users and 25 organisations registered to use the service.

In the first month that Yoogo Share started officially operating in February 2018 there were about 1,000 bookings. Bookings have steadily grown to more than 1,700 per month in July 2018.



Kirsten Corson (Yoogo Share GM), Kevin Crutchley (Council's Resource Efficiency Manager), Mayor Lianne Dalziel

Foundation business members

CCC staff recruited and brokered the involvement of foundation business members to use the scheme's vehicles. These foundation business members are local organisations that use the scheme's vehicles for business related travel. Foundation business members of the scheme include Christchurch City Council, Ara Institute, Aurecon, Beca, the Canterbury District Health Board, Chapman Tripp, Christchurch International Airport, Environment Canterbury, Jacobs, Meridian Energy, Tonkin and Taylor and Warren Mahoney.

During the CCC led recruitment process a number of businesses indicated their desire to be part of the battery electric car sharing service, but faced the issue of needing to wait until their leases on business vehicles ended. Once these leases end there is the opportunity for these businesses to consider using the service.

CCC's use of the service

CCC staff are using the new battery electric car sharing service. That involves CCC selling 54 of its existing compact pool cars. The modelled costs for the Council to use the scheme's vehicles show that the costs are potentially similar costs to those associated with the CCC's previous use of compact pool cars. There are initial costs for transitioning from the old system to using the new service, including staff time assisting with the internal system transition.

The Council's shift away from the compact internal combustion pool cars to the battery electric service is expected to result in CCC reducing its greenhouse gas emissions by an estimated 45 tonnes of carbon dioxide equivalent per year.

Benefits of the scheme

The scheme aligns with global ambitions to reduce greenhouse gas emissions, as set out in the December 2015 Paris Agreement (COP21).

The car sharing model that the CCC has developed breaks down the barrier of the cost of battery electric vehicles and charging infrastructure, making battery electric vehicles more affordable and accessible for businesses and communities. There is the potential for the scheme to contribute to a reduction in the number of vehicles required in Christchurch through having an extensive car sharing scheme in the city.

The scheme makes battery electric vehicles available for use by a range of Christchurch organisations and the public, which will expose more people to battery electric vehicle use, help overcome myths and negative perceptions and encourage greater uptake of battery electric vehicles in Christchurch.

The scheme will have significant benefits for the environment and will contribute to a reduction in transport generated emissions in Christchurch. To date the scheme has reduced greenhouse gas emissions by an estimated 50 tonnes of carbon dioxide equivalent per year.

CCC's Resource Efficiency Manager and the architect and project manager for the scheme, Kevin Crutchley, says, "This is an exciting new transport service powered by electricity that is largely generated from renewable energy. The result is a service with zero exhaust emissions that will both reduce our city's greenhouse gas emissions and improve air quality, which will have positive health benefits for the residents of Christchurch."

Christchurch Mayor Lianne Dalziel says, "This service will deliver improved environmental and health outcomes and help the Council achieve its goal of becoming net carbon neutral by 2030. It's a smart and sustainable way for businesses and for local residents to get around town and I'm excited to see the service grow. This is the way of the future."



Challenges associated with implementing the scheme

The battery electric car sharing model that CCC has developed is the first of its kind in New Zealand, and is one of only a handful of such schemes worldwide. Car sharing schemes in New Zealand and internationally have tended to involve predominantly petrol vehicles, and not 100 percent battery electric vehicles. The lack of similar 100 percent battery electric car sharing schemes meant that the Council had limited models or best practice examples to draw on when developing its scheme.

CCC faced and managed a number of challenges when developing its battery electric car sharing scheme. CCC's Resource Efficiency Manager undertook extensive research into identifying suitable vehicles that would meet the requirements of a 100 percent battery

electric car sharing fleet. CCC opted for battery electric vehicles, as opposed to plug-in hybrid vehicles or a mixed fleet, for a number of reasons including given that plug-in hybrid vehicles come with higher maintenance costs and present logistical difficulties around refuelling. CCC concluded that there were better environmental and air quality benefits from using a zero exhaust emission 100 percent battery electric fleet.

CCC's Resource Efficiency Manager also had to undertake a significant amount of strategic work into selecting where the scheme's hubs would be located throughout the city, which included securing landlords for hub sites and working with Orion to ensure that there was sufficient availability of power supply to the hubs, and to understand the costs of accessing and installing that power supply, before CCC could go to market for the service.

Another challenge that CCC faced was ensuring that it got enough foundation business members on board with enough combined vehicle utilisation requirements and scale for the Christchurch car sharing service. This was successfully overcome in order to be able to go to market and have a genuine prospect of attracting a third party service provider to invest in and implement an affordable service for Christchurch organisations and for the public.

Recruitment of the foundation business members by CCC's Resource Efficiency Manager involved one-on-one meetings with senior management of organisations to discuss the opportunity and benefits of a 100 percent battery electric car sharing scheme for their organisation. If an organisation was interested then the Resource Efficiency Manager worked with staff from each of the foundation business members on their business vehicle utilisation requirements.

Costs associated with implementing and running the scheme

Notwithstanding the significant amount of staff time invested into research, development and recruitment for the scheme, CCC has not made any financial investment into the scheme. Funding towards the scheme was sought externally, with the Christchurch Agency for Energy providing a grant of \$365,000 towards the electric vehicle charging infrastructure and related electrical installation for the hub rollout. The Christchurch Agency for Energy was the foundation funding supporter for the service. The Energy Efficiency and Conservation Authority (EECA) provided \$500,000 of funding towards stage two of the service through its Low Emission Vehicles Contestable Fund.

Yoogo Share is responsible for all the costs associated with providing the service to businesses and to the public including providing and maintaining the vehicles, charging infrastructure, booking system and leasing hub car parking. Those costs are covered by the revenue gathered from the car hire fees.

Scheme delivery time

Initial research and development of the 100 percent battery electric car sharing scheme concept by CCC started in 2016. The procurement process was completed in 2017 and the official launch of the Yoogo Share service for organisations and for the public was on 15 February 2018.

Next steps

The scheme that was developed initially starts with an "A to A" model (users picking up and dropping off a vehicle at the same hub) but the intention has always been to move to an "A to B" model which will allow users of the service to return a vehicle to a different hub from the one it was picked up from. This will give users greater flexibility and choice about their travel arrangements. Yoogo Share have this planned for the future.

There are other potential premises in the city that are being investigated as future additional hubs.

Case Study: Kāpiti Coast District Council

Kāpiti Coast District Council (KCDC) has led a number of initiatives with its communities to change hearts and minds, and contribute to emissions reductions.

EV charging initiatives

Electra, ChargeNet, Horowhenua District Council and Kāpiti Coast District Council formed a partnership and submitted the '*Horowhenua and Kāpiti Electric Roads*' joint proposal to the Energy Efficiency and Conservation Authority's (EECA) Low Emission Vehicle Contestable Fund. The proposal was successful and match funding is now available to install nine Fast Chargers (50 kW DC) in five towns in Kāpiti and Horowhenua with cost shared across organisations.

The project aims to support a transition to Low Emission transport options by establishing a nationwide recharging network and encourage the uptake of Electric Vehicles within Horowhenua and Kāpiti districts and supporting business, private drivers and passengers of Electric Vehicles to easily reach destinations in Horowhenua and Kāpiti.

The project also supports the government to reach its target of 64,000 electric vehicles in 2021, by:

- Strengthening State Highway 1 and 57, enabling higher vehicle capacity, reduced queues and wait times.
- Enhancing visibility of charging facilities within the Kāpiti and Horowhenua districts themselves, leading to increased local electric vehicle purchases by businesses and residents.

The total value of this project is \$545,000; this includes a \$40,000 contribution by the Kāpiti Coast District Council, contributions from organisations and co-funding from EECA.

Waste minimisation grants

Waste levy fees, paid by waste disposal operators, are redistributed by KCDC to community groups, businesses, iwi and Māori organisations, education providers, neighbourhood groups and other community-based organisations in the form of Waste Minimisation Grants. The Waste Minimisation Fund offers a total of \$20,000 for practical projects which lead to long-term waste minimisation action and offer additional benefits such as community participation and education.

Eco Design Service

KCDC's Eco-Design Advisor is responsible for building awareness and knowledge across the District of sustainable building practices and available grants. Although KCDC covers the costs of employing the Eco-Design Advisor, the programme is a BRANZ initiative, with BRANZ providing the Advisor with technical and peer support. The service is offered to homeowners, renters, community groups, designers, architects and tradespeople, and seeks to encourage sustainable design ideas, and upgrading of existing homes to improve heat, health outcomes and reduce energy costs. While the focus of this initiative is on sustainability more generally, it is designed to encourage residents to think about ways in which energy consumption, and therefore emissions, can be reduced at home.

Case study: Palmerston North City Council emissions reduction initiatives

Palmerston North City Council (PNCC) has strived to find large and small opportunities at the city-scale to reduce energy and emissions. Through various activities, PNCC has modelled opportunities for emissions reductions to its communities.

Micro Hydro at Turitea Dam

In 2001 PNCC installed four mini hydro generators at the Turitea Upper Dam as a way of utilising renewable energy. In 2009 a turbine was added to increase energy recovery opportunities from the four micro water turbines. The scheme provides PNCC with opportunities to generate energy from waste. In winter, when there are considerable amounts of water stored in the Dam, all four hydro generators are operated and PNCC sells the surplus energy generated to the national grid.

Procuring two fully electric rubbish trucks

In 2017, PNCC made a successful application to the Energy Efficiency and Conservation Authority's (EECA) Low Emission Vehicle Contestable Fund for \$350,000 for two new electric rubbish trucks, to replace diesel trucks. Half of the funding was used towards the cost of buying two electric trucks, and additional funding was used to halve the installation costs for a charging station. These trucks began operation on 20 August 2018.

Solar heating initiatives

PNCC has installed solar hot water heaters on Council buildings, including the Library, Albert Street Depot and public toilet facilities in The Square. PNCC has also installed solar panels at its Lido Aquatic Centre and Freyburg Swimming Pool to make significant cuts to energy consumption.

In 2008, the Lido Aquatic Centre was identified as being one of the largest contributors to PNCC's carbon footprint. It was using more than \$300,000 a year in electricity, and \$65,000 in natural gas. An audit demonstrated that there were significant opportunities to reduce those costs, and associated greenhouse gas emissions.

The first phase, supported by EECA, involved installing variable speed drives on 15 of the Lido's pool and water feature pumps. Within one year of installation, electricity used by the whole complex had dropped by 19 per cent. The second phase involved installation of solar water heating panels to heat water for the complex's showers. Extra heat from the solar panels can also be used to boost the temperature of the swimming pool water. Although gas heating has been retained for days when there is not enough sun, the installation has resulted in gas consumption dropping by an average of 30 per cent a month, with potential savings of up to \$20,000 a year.



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Buller.	Grey.	Kawerau.	Porirua.	Tararua.	Waitaki.
Canterbury.	Hamilton.	Mackenzie.	Queenstown- Lakes.	Tasman.	Waitomo.
Carterton.	Hastings.	Manawatu.	Rangitikei.	Taupō.	Wellington.
Central	Hauraki.	Marlborough.	Rotorua Lakes.	Tauranga.	West Coast.
Hawke's Bay.	Hawke's Bay Region.	Masterton.	Ruapehu.	Thames- Coromandel.	Western Bay of Plenty.
Central Otago.	Horizons.	Matamata-Piako.	Selwyn.	Timaru.	Westland.
Chatham Islands.	Horowhenua.	Napier.	South Taranaki.	Upper Hutt.	Whakatāne.
Christchurch.	Hurunui.	Nelson.	South Waikato.	Waikato District.	Whanganui.
Clutha.	Hutt City.	New Plymouth.	South Wairarapa.	Waikato Region.	Whangarei.
Dunedin.	Invercargill.	Northland.	Southland District.	Waimakariri.	
Far North.		Ōpōtiki.			

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APPENDIX 5: ASSESSMENT OF CLIMATE CHANGE RISK AGAINST COUNCIL'S STRATEGIC RISK REGISTER

By Katja Jenkins, Risk Advisor, October 2019

As illustrated in other sections of this report climate change describes significant long-term changes in the expected weather patterns of a region over a significant period of time. For Waikato District these are likely to include;

- Condensed rainfall leading to increased risk of flooding and erosion
- Increased incidence of storms and storm surge activity
- Increased periods of drought
- Increased annual temperatures

Climate change brings significant challenges to all local Councils because of its effects on both the natural and built environments. Council's responsibilities for regulating resource use, promoting the well-being of communities, providing critical and social services and managing critical and social assets and infrastructure mean that planning for climate change will demand prioritization. Furthermore, where Councils were previously accountable for adaptation; the reemergence of the community well-beings and the pending Climate Change Response (Zero Carbon) Amendment Bill introduces mitigation action into Councils spectrum of obligation.

Climate change effects are likely to be seen for Waikato District Council in the following areas;

- Increased insurance cost
- Legal challenges and litigation
- Compromised coastal infrastructure caused by storm surges and sea level rise
- Compromised river infrastructure caused by flooding
- Loss of biodiversity caused by natural responses to temperature increase
- Severe weather disruption
- Drought impacts on industry
- Coastal and soil erosion
- Economic growth and industry impact
- Increased demand for Civil Defence/Emergency Management to provide community support

Waikato District Council's vision is to work together as a district to build liveable, thriving and connected communities as our district grows. Council operates to deliver the vision through the Corporate Plan (Our Plan) and the Long Term Plan. The associated objectives include (but are not limited to);

- Community objectives;
 - Supporting our Communities

- Building the economy
- Sustaining our environment
- Working together with you
- Providing value for money
- Corporate objectives;
 - Understanding our customers and aligning with their wants
 - Engaging and Partnering with our communities
 - Developing as a high performing and learning organisation
 - Focusing on people rather than profit
 - Prioritizing our investments and making financially sustainable decisions
 - Being innovative and looking for solutions (including partnering) to add value for our communities

Council has identified twelve key strategic risks that could prevent us from achieving this vision. These risks are reviewed at least annually and assessed bi-annually. Through the development of this report, and with consideration to accepted scientific data, it is anticipated that the effects of climate change (either directly e.g. physical effects or indirectly e.g. legislative impact, economic impact) will increase the inherent risk of six of the twelve strategic risks. These risks are examined in the table below.

Note: The Waikato District Council risk matrix has been used as guidance for the purpose of this high level risk assessment. (Appendix #)

RISK	IMPACT DESCRIPTIONS	ASSESSMENT
<p>Business Resilience Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.</p>	<ul style="list-style-type: none"> • Physical effects of increased severe weather events impacting delivery of core services and functionality of existing infrastructure • Physical effects of increased severe weather events impacting communities (CDEM and community welfare demands) • Financial increases within the infrastructure insurance market • Increased internal workloads (response and recovery) • Physical effects of increased severe weather events on transport, communications and resource availability (including non-council owned assets) • Financial impacts on future infrastructure requirements (renewal and maintenance) <p>COMMENT: Resilience is described as the capacity to recover quickly from difficulties. Without considering the significant cross organisational impacts of climate change we are not able to effectively future proof the delivery of our business function which could ultimately result in failure to meet our organizational goals.</p>	<p>Probability: Likely</p> <p>Consequence: Major - Catastrophic</p> <p>Risk: Extreme</p>
<p>Asset Management Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.</p>	<ul style="list-style-type: none"> • Physical effects of increased severe weather events impacting delivery of core services and functionality of existing infrastructure e.g. <ul style="list-style-type: none"> ○ Waters infrastructure malfunction (contamination, public health risk) ○ Roothing damage (slips, degradation, flooding). • Financial increases of infrastructure insurance market • Cost of infrastructure maintenance and replacement (including likelihood of relocation requirement) <p>COMMENT: Council assets include buildings, structures (e.g. marine facilities, bridges, walkways, aviation), community facilities, roads, water pipes, pump stations, sewage and storm-water treatment plants, parks & reserves, beaches, waterways. The combined value of assets covered by insurance amounts to \$597,285,430, with a maximum insurance amount of \$253,980,613. The existing annual cost of maintaining them is approximately \$44,712,000. Climate change has tangible potential to significantly increase these costs within a relatively short timeframe.</p> <p>Consideration needs to be given to how incorporate climate change adaptation and mitigation into future infrastructure planning and decision-making.</p>	<p>Probability: Likely</p> <p>Consequence: Major - Catastrophic</p> <p>Risk: Extreme</p>

RISK	IMPACT DESCRIPTIONS	ASSESSMENT
<p>Growth Council experiences significant business and community disruption caused by district growth.</p>	<ul style="list-style-type: none"> • Availability of safe and suitable development land (residential, recreational, commercial) • Financial impacts of climate change on existing and potential industry markets e.g. farming • Increased cost of severe weather events and other climate related events on existing communities • Physical effects of increased severe weather events on existing industry e.g. tourism; fuel consumption, travel costs, annual weather patterns or farming; vulnerability to increased and decreased periods of rainfall <p>COMMENT: The growth sector will be exposed to some of the biggest challenges of climate change through their need to balance growth and sustainability. Legislation will likely have a significant impact on this area and as a Council we need to be forward thinking to ensure the viability of growth predications. Key industry elements of the district are connected to the natural environment e.g. farmland, coast, river. It is anticipated that Climate change will, within this generation, have a significant impact on these environments.</p>	<p>Probability: Likely</p> <p>Consequence: Major</p> <p>Risk: Extreme</p>
<p>Economic & Social Development Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.</p>	<ul style="list-style-type: none"> • Lack of engagement with collaborative climate change opportunities • Decreased ability to partner with industry and community organisations due to climate related policy misalignment • Economic impacts due to decreased opportunity for new or loss of existing industry due to reputational impact associated with climate policy e.g. Tourism <p>COMMENT: As climate change becomes an increasing focus, industry leaders and communities are likely to demand policy which supports sustainability and improved environmental outcomes. If our Council has not planned for or does not align with these changes there is potential for lost economic opportunity.</p>	<p>Probability: Possible</p> <p>Consequence: Moderate</p> <p>Risk: Moderate</p>

RISK	IMPACT DESCRIPTIONS	ASSESSMENT
<p>Compliance Management Council is exposed to significant financial loss or business disruption caused by non-compliance with legislative, regulatory or policy requirements.</p>	<ul style="list-style-type: none"> Increasing potential for case law directly related to climate change effects Financial impact resulting from decreased life expectancy of existing infrastructure and assets (from a compliance perspective) <p>COMMENT: With consideration to predictions for the effects of climate change over the next 30-50 years, the implications need to become a consideration during decision-making now. Legal exposure could extend to our decisions (actions or failure to act) based on inaccurate data and information e.g. consenting developments in areas where risk associated with climate change effects are high, untimely depreciation of infrastructure resulting in rates increase, failure to maintain essential services. It is however possible, using the most reliable climate change information available, to take into account the duration of the decision being made. With this in mind, existing case law could be used to support a case for why Council needs to;</p> <ul style="list-style-type: none"> Recognise climate change as a reality Clarify our role and responsibilities as a council in the context of climate change effects on our communities Understanding the potential risk of litigation associated with new and existing climate related hazards. 	<p>Probability: Possible</p> <p>Consequence: Major</p> <p>Risk: High</p>
<p>Regional & National Strategic Planning & Legislative Reform Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.</p>	<ul style="list-style-type: none"> Impacts of the Zero Carbon Bill on industry, operations, services and service functions Financial impacts of legislative changes on communities e.g. Clean waterways plan <p>COMMENT: The Climate Change Response (Zero Carbon) Amendment Bill has set a target of net zero greenhouse gases by 2050. Through this legislation the Government will also create a Climate Change Commission to perform risk assessments and monitor the Government's work on adaption and reducing greenhouse gas emissions. We have already agreed to make some significant changes to how we deliver our business services but taken little action to progress these commitments. The bill will dictate specific work within this area but forward planning may also help to minimize the impact from a financial and resourcing perspective.</p>	<p>Probability: Almost Certain</p> <p>Consequence: Major - Catastrophic</p> <p>Risk: Extreme</p>

The scope of the impact of climate change extends across a diverse range of existing services, policies, plans and business functions. With consideration to the potential effects it is feasible to accept that climate change will have a significant impact on our business function and the communities that we support.

The risk of the described impacts of climate change eventuating are as follows (a per descriptions in the corporate risk matrix):

Probability: Likely

- *Strong probability of occurrence in the foreseeable future*

Consequence: Major – Catastrophic

- *Essential services unavailable (> 1 day);*
- *Financial exposure per annum \geq \$1.5M;*
- *Sustained high profile adverse national or local media campaign or irreversible loss of community confidence;*
- *Breach of policy, process or legislation requiring external investigation and resulting in significant tangible loss;*
- *Significant environmental disaster/natural hazard/unplanned population growth causing wide spread environmental degradation/damage and/or irreversible pollution or affecting future generations;*
- *Significant and prolonged political attention with non-achievement of LTP objectives across multiple years*

Inherent Risk Assessment: Extreme.

Increased inherent risk most likely requires additional mitigation actions to ensure residual risk levels are managed to within organisational appetites. This piece of work in itself is likely to involve a significant review of existing operations and contributes to the inherent assessment (specifically from a cost and resourcing perspective).

Climate change should become one of critical elements of our decision-making processes. Monitoring climate change associated risks and the effectiveness of planned risk treatment is necessary to ensure that we are cognisant of changes to the circumstances e.g. incorporating new information or accuracy of estimated predictions into strategy. The monitoring process therefore will ensure that risk mitigations remain relevant.

To maintain adequate visibility of this work it is recommended that a risk associated with the impact of climate change is added to the Strategic Risk Register. Mitigations can then be monitored as a programme of work against this risk.

Open Meeting

To	Strategy & Finance Committee
From	Jim Ebenhoh Acting General Manager Community Growth
Date	21 January 2020
Prepared by	Julie Dolan Economic and Community Development Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2465234
Report Title	Economic and Community Development Update

1. EXECUTIVE SUMMARY

The Economic and Community Development Manager will be in attendance to give a verbal update on the work programme attached.

2. RECOMMENDATION

THAT the report from the Acting General Manager Community Growth be received.

3. ATTACHMENT

Economic and Community Development - Work Programme Update – January 2020

Economic and Community Development – Work Programme Update – January 2020

Strategic Fit	Programme	Project	2020 Target	January Status	Status
Grow our Communities	Growth and Economic Development Strategy	Complete Growth and Economic Development Strategy.	Apr	<ul style="list-style-type: none"> Economic team attended public meetings on strategy around the district. Consultation deadline extended to 24th of January. 	Ongoing till Jan 24 th 2020
	Social Development Strategy	Complete Social Development Strategy.	Jan	<ul style="list-style-type: none"> Strategy being compiled at present. Present a draft strategy to Council 24 February. 	All in progress
Build our Businesses	Attract new business investors to the district	3 new businesses supported into the district.	June	<ol style="list-style-type: none"> Nutritional Foods – Pokeno. Tata Valley – Mercer. Rocket Lab – Maramarua. <ul style="list-style-type: none"> V8 Super Cars at Hampton Downs – working with consents and regulatory team to understand constraints and support the customer. Working with Funding and Partnerships Manager on potential suitability and stakeholder alignment with funding opportunity in Raglan. 	All in progress
	Support businesses into regional partnership groups	3 new businesses supported through regional partnerships.	June	<ul style="list-style-type: none"> Guiding businesses into Te Waka business growth advisors in Huntly, Raglan and Tuakau. Initiated relationships with training providers in the district (Wintec, Kershaw training, Waikato training) to explore education/training to employment pathways. 	<p>Ongoing</p> <p>Ongoing</p> <p>Now complete:</p> <ul style="list-style-type: none"> Connecting NZTE, ATEED to Hampton Downs.

Strategic Fit	Programme	Project	2020 Target	January Status	Status
Build our Businesses	Regional Economic Representation	Working with Te Waka and partner agencies.	Ongoing	Formal signing and media communications to be planned for February between General Manager Community Growth and ATEED (Auckland Tourism, Events and Economic Development) General Manager Economic Development.	In progress Now complete: <ul style="list-style-type: none"> • Final Draft copy for sign off of MOU between ATEED and WDC. • Establishing pathways for Regional focus on training and skills development - a particular focus on training design for our district in relation to new employers.
	Cluster Development to support sustainable businesses	Tourism Cluster Hampton Downs Construction Cluster	June	<ul style="list-style-type: none"> • Ongoing work with Franklin Tourist Group and Ngaruawahia Tourism Group for the purpose of commencing a tourism cluster. • Hampton Downs facilitated stakeholder workshop day scheduled for 31 January - Project is co-funded with ATEED - Major regional stakeholders to attend. • Delays due to difficulty getting appointment with Built Smart, the largest employer in the sector in Huntly. 	All in progress
	Creating an end to end flow for business interaction with Council	Developing a council framework.	June	Ongoing development of a flow map to improve our performance for customer interactions from an Economic Development overview.	In progress

Strategic Fit	Programme	Project	2020 Target	January Status	Status
Embrace our Identities	Open Waikato - Promoting our district as a place to invest, live and work	Review of business pages to increase interactions.	March	<ul style="list-style-type: none"> Copy writing underway. 	In progress Now complete: <ul style="list-style-type: none"> Image Library compiled. New Open Waikato Draft design template. Site map.
	Open Waikato - Our places	Promoting local towns and rural identities across the district.	March	<ul style="list-style-type: none"> Copy writing underway. 	In progress Now complete: <ul style="list-style-type: none"> Image Library compiled. New Open Waikato Draft design template. Site map.
	Open Waikato Celebrating our culture through Tourism	Creating and supporting tourism opportunities with communities to celebrate their identity.	March	<ul style="list-style-type: none"> Copy writing underway. 	In progress Now complete: <ul style="list-style-type: none"> Image Library compiled. New Open Waikato Draft design template. Site map.
	Discretionary Grants Funds	Manage discretionary grants funding for all community boards / community committees and the Discretionary & Funding Committee (D&F).	On going	<ul style="list-style-type: none"> Grants funding programme as per normal process. A review of funding is due to commence in new year (2020). Round one closes in February 2020 - ANZAC applications will form part of this round. 	All in progress

Strategic Fit	Programme	Project	2020 Target	January Status	Status
Embrace our Identities	Placemaking across our district	Leading placemaking activities across the district.		<ul style="list-style-type: none"> Placemaking activity is underway in Tuakau. Onewhero – Tuakau Community Board are leading the re-generation of the Tuakau CBD. The Board has identified Vern Reeves as placemaking Champion going forward. Projects in Tuakau include new mural art works and a recycled bus shelter for the new bus stop area. Huntly Community Board has set aside funds for placemaking projects in Huntly main centre areas. The Board is working alongside community groups to activate the projects. 	All in progress
	Empower our People	Agency Development Programme	Ensuring that all Government and Social agencies are connecting with WDC communities to establish strong networks and to maximise opportunities for our communities.	Ongoing	Building relationships with regional funders and utilising their skills and funding to support capacity and capability programmes in Huntly and Tuakau as a pilot programme.
10 Community Groups engaged and trained in Capacity and Capability		Building a district wide Capacity and Capability Building Programme.	June	Preparation for Community Group training is being piloted in Huntly and Tuakau with a view to the pilots being completed in 2020 and a review being undertaken before rolling out across district.	In progress

Strategic Fit	Programme	Project	2020 Target	January Status	Status
Empower our People	10 Community Groups engaged and trained in Capacity and Capability			<ul style="list-style-type: none"> Community Waikato, Sport Waikato and Department of Internal Affairs have been engaged to design and deliver the Huntly Community Lead (CLD) programme commencing April – May 2020. The Community Development Advisor is working with Community Waikato and the Department of Internal affairs to take delivery of the programme for other communities in Tuakau, Meremere, Mercer and Pokeno. 	All in progress
	Placemaking across our district	Leading placemaking activities across the district.	Ongoing	<ul style="list-style-type: none"> Placemaking continues to be promoted with a view to identifying blueprint aspirations that can progress through projects. Communities are expressing an interest in taking a lead in placemaking activity. Meremere wants to undertake large mural projects and revitalise the old areas such as the tennis court building and grounds. 	All in progress
	Blueprint initiatives	Supporting any activities or initiatives from blueprints.	June	<ul style="list-style-type: none"> Working within Council to identify blueprint activities that could commence through external funding. Community groups who are charities registered have more options to apply for grants. <ul style="list-style-type: none"> Community Boards / Committees have limited access and often compete with Council's other priorities. 	All in progress

Strategic Fit	Programme	Project	2020 Target	January Status	Status
<p>Empower our People</p>	<p>Youth Leadership and Innovation</p>	<p>Developing and implementing school based programmes in collaboration with funders and external agencies to deliver youth specific and innovative / leadership projects.</p>	<p>Ongoing</p>	<ul style="list-style-type: none"> Relationship development with Trust Waikato to design a school based project and innovation concept to go across the district. Strong relationship made with Molly Allen from Trust Waikato to scope out potential opportunities for youth governance and funding training. Developing a partnership with OMG Tech for youth innovative and social / environmental justice programme. This will be followed up on to discover a way to develop and host a 'youth summit' for leadership across the district. 	<p>All in progress</p> <p>Now complete:</p> <ul style="list-style-type: none"> Raglan youth project – The sound system project. Funding and Council operational support to allow project to get approval for funding. This will run early 2020 and the model can be looked at to use in other parts of the district to promote the music industry to youth.

Strategic Fit	Programme	Project	2020 Target	January Status	Status
<p>Empower our People</p>	<p>Youth programme Trust</p>	<p>Supporting and facilitating community youth leaders to engage with youth to provide sustainable and economically viable governance to develop and maintain youth programmes and projects to empower youth and provide.</p>	<p>June</p>	<ul style="list-style-type: none"> Working with youth leaders to provide effective and sustainable governance to enable community led holiday programmes. Meremere youth governance and facilities developments. 	<p>In progress</p> <p>In progress</p> <p>Now complete:</p> <ul style="list-style-type: none"> Governance and funding to support Tuakau Youth Centre to access better funding streams to meet the needs of the strong and growing youth scene. Huntly 828 Youth Holiday Programme – community led collaboration with multi stakeholders. Backed by Genesis, WDC, Kershaw, Kainga Ora, Oranga Tamariki, Rangatahi and community leaders implemented January 2020. Aim to develop this into a committee and incorporated society with youth leadership to expand the programme for future holidays.

Strategic Fit	Programme	Project	2020 Target	January Status	Status
<p>Empower our People</p>	<p>Pokeno Sports and Recreation</p>	<p>Engaging with Pokeno community to bring a youth perspective and youth leader's perspective to the discussions on the future sports facilities across the town of Pokeno.</p>	<p>May</p>	<ul style="list-style-type: none"> Linking the committee with Paul McPherson's, Project Management Team at WDC, to begin the process and partnership for community and council operations. Engage with Tuakau College to find a youth voice to be included with the Pokeno Munro Steering Group and educate how they can work together for effective youth engagement. 	<p>In progress</p> <p>In progress</p> <p>Now complete:</p> <ul style="list-style-type: none"> Pokeno Steering Group initiated and identified through the Steering Group Committee and relationships developed with schools and local professionals with expertise in project management. Preparing to set up Community Group Forum for Pokeno sports and recreation - Building an engagement plan in partnership with Sport Waikato and internal departments in Council.

Strategic Fit	Programme	Project	2020 Target	January Status	Status
Empower our People	School based project	Linking youth with the Growth and Economic Development Strategy consultation as part of the NCEA credits in projects that link to current issues that affect them and their communities.			<p>Now complete:</p> <ul style="list-style-type: none"> Working with Strategic Planning team to prep them for potential youth feedback and involvement. Working with schools to link in to consultation...timeline to implement this was far too short – could be a project with a much longer run in for next year where youth are finding ways to create solutions for Project Based Learning (PBL) modules at school to gain credits and build networks for future employment.
	Youth and Council engagement and governance	Develop links with schools and others agencies to encourage students in year 11/12 to meet staff and Councilors to strengthen council and community links.	Ongoing	<ul style="list-style-type: none"> Waikato Plan – ‘Youth to Employment Programme’ – currently at funding and strategic / project design stage linking with youth, employers and brokerage. Amanda Hema leading the strategy with Regional Council. SMART Waikato SSEP (Secondary School Employer Partnerships) teacher’s introduction to Council careers to become a link employer to Huntly College’s new career based curriculum and youth to employment programme. 	<p>In progress</p> <p>In progress</p> <p>Now complete</p> <ul style="list-style-type: none"> Graeme Dingle Foundation pilot.

Strategic Fit	Programme	Project	2020 Target	January Status	Status
<p>Empower our People</p>	<p>Creative Waikato and Community Development. An Arts Strategy for the Region, incorporating the Waikato District to be developed and work programme will be established</p>	<p>An Arts Strategy for the Region, incorporating the Waikato district to be developed and work programme will be established.</p>	<p>Ongoing</p>	<p>Stage one is completed and will be presented to Council in due course.</p>	<p>In progress</p> <p>Now complete:</p> <ul style="list-style-type: none"> • Stage one implementation is underway. Arts groups, artists and local art champions are being asked to input into the profile of art strengths in the Waikato district. • Two workshops have been held in Raglan and Onewhero. A third workshop will be held in Ngaruawahia late November.

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	23 January 2020
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Financial performance summary for the period ending 31 December 2019

I. EXECUTIVE SUMMARY

This report presents year-to-date financial performance against the 2019/20 Annual Plan and those budgets carried forward from the 2018/19 financial year.

The report provides a summary of revenue and expenses, capital expenditure and key reserves balances and covers the half year to 31 December 2019.

Appended to the report for the half year is the Statement of Comprehensive Revenue and Expense (P&L) and Statement of Financial Position (Balance Sheet). These statements, rather than comparing actuals to budget, show actuals against the prior year's actuals. Key items to note are:

- **Statement of Comprehensive Revenue and Expense:**
 - Finance income is lower than prior year due to higher deposits in place during the prior year period.
 - Personnel Costs are higher than prior year due to recruitment in the current year for Gearing for Growth and Greatness initiatives.
- **Statement of Financial Position:**
 - Cash and Cash Equivalents are lower than prior year due to less funds on short term deposit.
 - Debtors and Other Receivables are higher than prior year due to higher Rates receivable, in turn due to growth in the district and agreed LTP increases.
 - Investments in other entities are lower than prior year due to no pre-funding of debt repayments this year. In the prior year the rate of return on the pre-funding exceeded the cost of debt.
 - Creditors and Other Payables are more than prior year due to differences in timing of capital expenditure.

- Other Liabilities are greater than prior year due to the June 2019 revaluation of derivative financial instruments (an Accounting Standards requirement).

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

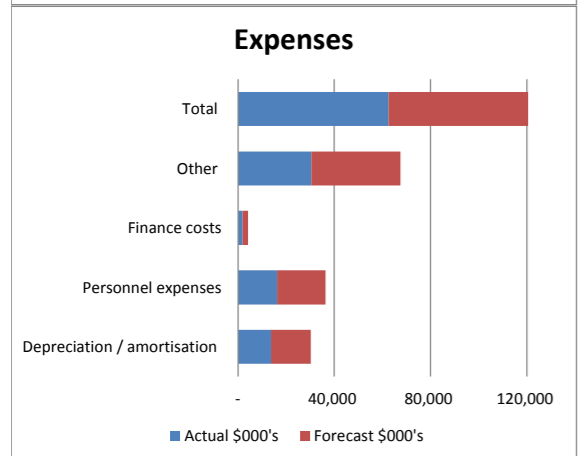
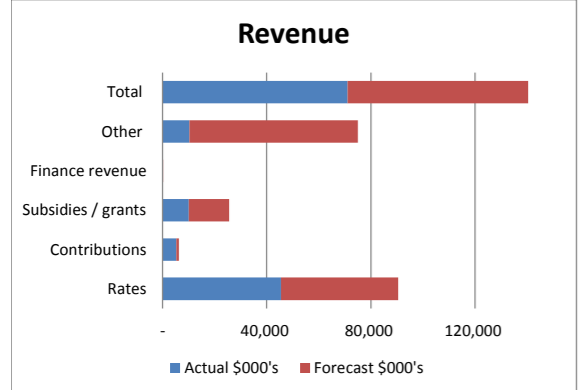
- A Financial Performance Summary for the period ending 31 December 2019
- B Statement of Comprehensive Revenue and Expense as at 31 December 2019
- C Notes - Statement of Comprehensive Revenue and Expense as at 31 December 2019
- D Statement of Financial Position as at 31 December 2019

AT A GLANCE

Performance to date is as expected, with operating and capital expenditure relatively low awaiting the construction season. Income is tracking below budget largely due to the timing of vesting of roading assets, \$38 million of which relates to State Highway revocation. General rate income, including Uniform Annual General Charges, is above forecasted levels by a total of \$573,000.

	Dec-19	Open Bal
	\$000's	\$000's
Reserve Balances Summary		
Restricted reserves	198	194
Council reserves	24,876	30,521
Development contributions	(43,606)	(44,602)
Replacement funds	21,642	19,115
Targeted rate reserves	(7,353)	(6,833)
Total	(4,243)	(1,605)

	Dec-19	Open Bal
	\$000's	\$000's
Key reserves (included in balances above)		
Disaster recovery	541	535
Hamilton East Property proceeds	2,308	2,308
Structure plan non-growth reserve	939	921
Northgate development area	(4,238)	(4,276)
Pokeno Structure plan	(13,159)	(13,692)
Tamahere Structure plan	(1,932)	(2,020)
DW water targeted rate	(7,519)	(6,513)
DW wastewater targeted rate	(3,319)	(3,395)
Total	(26,379)	(26,132)



FINANCIAL PERFORMANCE SUMMARY

For the period ending 31 December 2019

	Actual \$000's	FY Forecast \$000's	% usage	YTD Variance \$000's	Ref.
Revenue					
Rates	45,536	90,475	50%	(299)	1
Development and financial contributions	5,184	6,283	83%	(2,043)	2
Subsidies and grants	10,069	25,523	39%	2,693	3
Finance revenue	43	130	33%	22	
Other revenue	10,228	74,956	14%	27,250	4
Total revenue	71,059	197,366	36%	27,624	
Expense					
Depreciation and amortisation expense	13,820	30,301	46%	1,331	5
Personnel expenses	16,294	36,401	45%	1,906	6
Finance costs	1,886	4,195	45%	212	
Other expenses	30,541	67,406	45%	3,162	7
Total operating expenses	62,542	138,305	45%	6,611	
Surplus (deficit) before tax	8,517	59,061	14%	21,013	

Year-to-date net operating surplus of \$8.5 million is \$21.0 million behind year to date expectations in overall terms.

Items to note are as follows:

Income

- Favourable - Rating income is above long term plan budget expectations for the year.
- Favourable - Contribution income is above year to date expectations. Approximately \$158,000 relates to older consents with financial contributions, with the remainder continuing to come from development contributions (DCs).
- Unfavourable -Subsidies are linked to progress of physical work programmes.
- Unfavourable - The budget allows for \$54 million of roading assets to be vested with Council. \$38 million of this relates to State Highway revocation. The exact timing of transfer is not yet known.

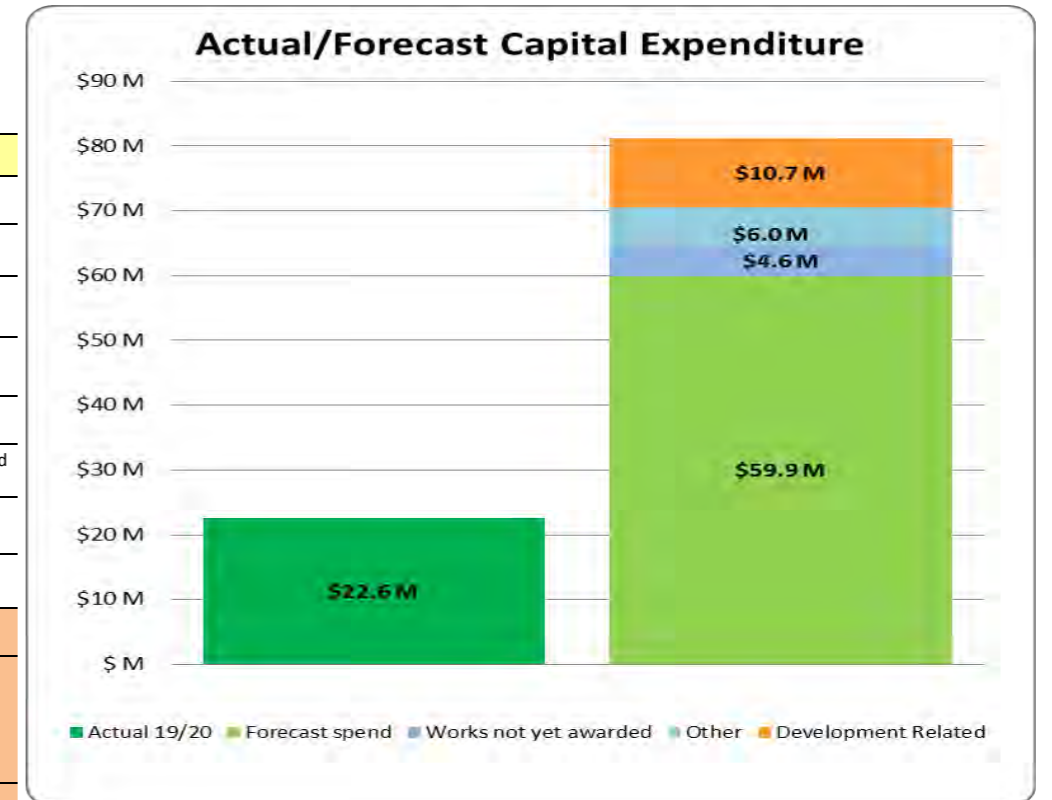
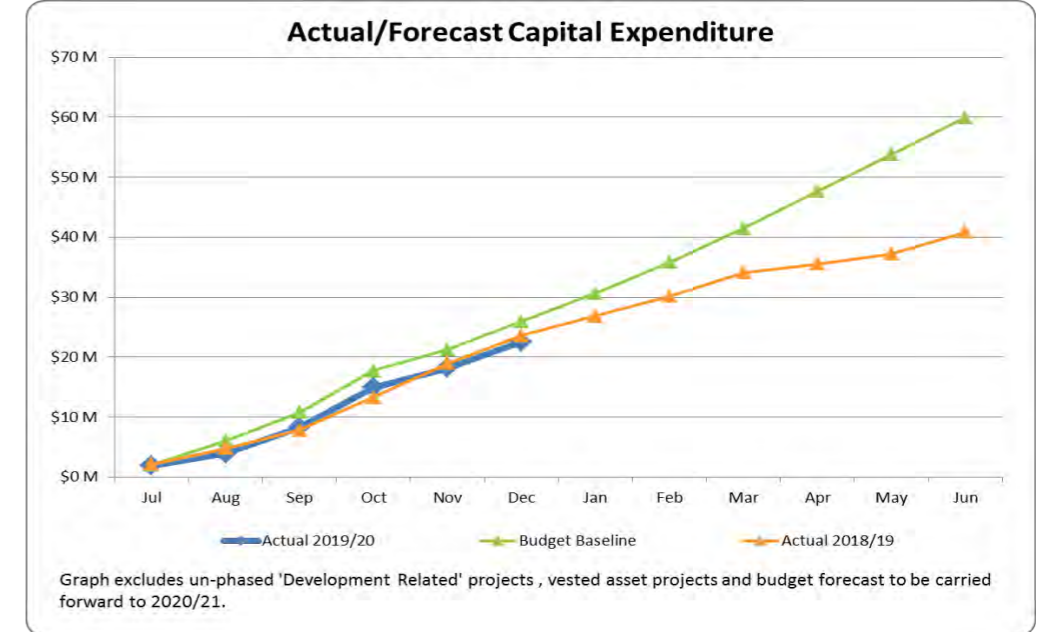
Expense

- Favourable - linked to progress of physical work programmes and capitalisation of fixed assets
- Favourable - impact from vacancies.
- Favourable - Relative to timing of work programmes.

Net Operating Surplus (Deficit) Breakdown	Actual \$000's	FY Forecast \$000's	YTD Variance \$000's	Favourable / Unfavourable
Roading	4,850	65,106	27,703	U - Timing of vested asset revenue
Water	1,035	(690)	(1,380)	F - Major portion of Watercare transition budget yet to be expended
Wastewater	1,292	328	(1,128)	F - Major portion of Watercare transition budget yet to be expended
Stormwater	185	(1,253)	(812)	F - Major portion of Watercare transition budget yet to be expended
Sustainable Communities	566	2,056	462	U - Timing of grant payments
Sustainable Environment	175	598	124	U - Lower income levels not fully matched by lower expenditure
Governance	119	(352)	(295)	F - Timing of grant payments
Organisational Support	(650)	(6,732)	(2,716)	F - Low levels of activity expenditure
Total Group of Activities	7,572	59,061	21,959	
General rate usage	945	-	(945)	F - The general rate income recognised currently exceeds the amount of general rate used. This number adjusts throughout the year relative to activity expenditure
Surplus (deficit)	8,517	59,061	21,013	

Capital expenditure	Actual \$000's	FY Budget \$000's	% usage
Community Connections	2.9	22.1	13%
Community Projects	-	0.4	0%
Contracts & Partnering	10.6	47.4	22%
Customer Delivery	0.2	0.7	25%
Information Management	0.8	4.3	20%
Strategic Property	2.2	5.5	40%
Waters	5.8	71.6	0%
Total Group of Activities	22.6	151.9	15%

The "FY Forecast" relates to the second year of the LTP, including vested assets plus any carry forward works from 2018/19. The work programme has not yet been resized to reflect an achievable work programme of \$81.2 million including development related projects. This is not reflected in the budget yet.



Waikato District Council
Statement of comprehensive revenue and expense
As at 31 December 2019

Note	31 Dec 2019	31 Dec 2018
Revenue		
1 Rates, including targeted water supply rates	45,535,925	41,502,873
Development and financial contributions	5,183,840	5,789,588
Subsidies and grants	10,068,586	9,002,420
Finance income	42,928	236,804
Other income	10,227,556	9,514,284
Total income	71,058,835	66,045,969
Expense		
Depreciation and amortisation expense	13,820,113	13,631,082
2 Personnel costs	16,294,367	14,117,856
3 Finance expenses	1,886,084	1,888,664
4 Other expenses	30,541,097	26,314,197
Total expenditure	62,541,661	55,951,799
Operating surplus (deficit) before tax	8,517,173	10,094,170

Waikato District Council
Notes - Statement of comprehensive revenue and expense
As at 31 December 2019

Note	31 Dec 2019	31 Dec 2018
1		
<u>Rates, including targeted water supply rates</u>		
General rate	26,240,439	24,454,296
Uniform annual general charge	4,870,308	4,522,348
<i>Total general rates income</i>	<u>31,110,748</u>	<u>28,976,644</u>
Community centres & facilities	395,860	360,175
Wastewater	5,548,036	5,416,588
Refuse & waste management	2,325,615	1,728,101
Metered water supply rates	2,852,446	2,131,819
Other water rates	1,732,031	1,564,897
Stormwater	915,124	866,470
Community boards	121,909	109,596
<i>Total targeted rates income</i>	<u>13,891,021</u>	<u>12,177,647</u>
plus: Penalties revenue	867,697	726,423
Total rates revenue	<u>45,869,466</u>	<u>41,880,714</u>
less: Rate remissions	(333,540)	(377,841)
Net rates revenue	<u>45,535,925</u>	<u>41,502,873</u>
2		
<u>Personnel costs</u>		
Salaries & wages	15,767,789	13,648,591
Kiwisaver contributions	367,998	315,250
ACC levies	71,461	73,657
Fringe benefit tax	39,034	32,405
Mileage reimbursements	30,660	36,087
Other personnel costs	17,424	11,865
Total personnel costs	<u>16,294,367</u>	<u>14,117,856</u>
3		
<u>Finance expenditure</u>		
External interest expense	1,885,520	1,888,086
Interest on reserves	564	578
Total finance expenditure	<u>1,886,084</u>	<u>1,888,664</u>
4		
<u>Other expenses</u>		
Audit fees	10,014	-
Activity expenditure	30,454,972	25,914,054
Debt write-off	3,656	940
Penalties written-off	208,354	227,659
Treasury administration	20,641	37,010
Asset adjustments	(156,540)	134,534
Total other expenses	<u>30,541,097</u>	<u>26,314,197</u>

Waikato District Council
Statement of financial position
As at 31 December 2019

	31 Dec 2019	31 Dec 2018
ASSETS		
Current assets		
Cash & cash equivalents	5,351,812	7,734,954
Debtors & other receivables	65,181,806	57,367,218
Prepayments	595,591	542,130
Other current assets	93,731	101,088
Total current assets	71,222,941	65,745,390
Non-current assets		
Investments in other entities	18,368,544	26,490,921
Investment property	560,000	545,000
Intangible assets	4,822,963	5,189,475
Property plant & equipment	1,838,915,744	1,809,406,913
Total non-current assets	1,862,667,250	1,841,632,308
TOTAL ASSETS	1,933,890,191	1,907,377,699
LIABILITIES		
Creditors & other payables	57,287,676	52,762,184
Other liabilities	21,498,965	13,320,132
Borrowing	85,000,000	90,000,000
TOTAL LIABILITIES	163,786,641	156,082,316
NET ASSETS	1,770,103,550	1,751,295,382
EQUITY		
Accumulated funds	1,062,038,181	1,062,597,894
Year to date surplus (deficit)	8,517,173	10,094,170
Year to date reserve transfers	2,792,153	4,261,618
Council reserves	24,875,613	24,404,201
Restricted reserves	197,719	190,931
Replacement funds	21,641,794	17,834,597
Targeted rate reserves	(7,352,832)	(5,992,469)
Development contributions	(43,606,204)	(40,024,107)
Revaluation reserves	688,412,498	667,253,671
Fair value through other comprehensive revenue & expense	12,587,455	10,674,878
TOTAL EQUITY	1,770,103,550	1,751,295,382

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	24 January 2020
Prepared by	M Davis, Financial Accountant
Chief Executive Approved	Y
Reference #	GOV1318 / 2471396
Report Title	Treasury Risk Management Policy - Compliance Report at 31 December 2019

I. EXECUTIVE SUMMARY

The purpose of this report is to inform the Strategy & Finance Committee of compliance with Treasury Risk Management Policy.

The policy breaches from the September quarter have continued into December. Item 6, actual to budgeted borrowing costs, is in excess of year to date expectations mainly due to a classification error in 2018/19 between local government funding agency (LGFA) borrower notes and interest expense. This will be a permanent variance for 2019/20.

The fixed to floating interest rate control (item 10) is also in breach of policy limits. Based on previous cash flows projections (18 month rolling forecast) Council has interest rate cover in place that exceeds the underlying debt position (\$101.5 million nominal value SWAPs, vs external borrowings of \$85 million) as a result of cashflow inaccuracies. This breach will correct once the level of borrowing matches the nominal SWAP value.

This breach has not self-corrected within the 90 day compliance window due to lower levels of capital expenditure than forecast. Both policy breaches have been acknowledged previously by Council, and the recommendation is to continue to note these breaches for transparency.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT the Committee note the two breaches against the Treasury Risk Management Policy for the December quarter regarding actual to budgeted borrowing costs and fixed to floating interest rate controls being exceeded.

3. ATTACHMENTS

Treasury Risk Management Policy - Compliance Report at 31 December 2019

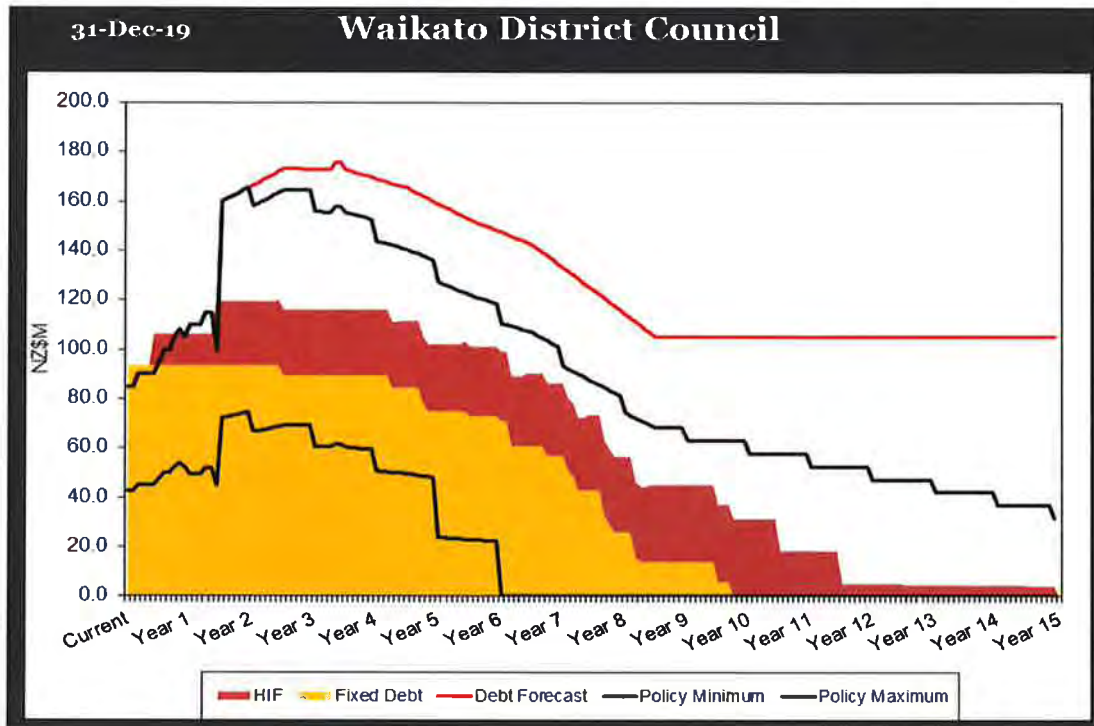
Waikato District Council
Treasury risk management policy - Compliance report
As at 31 December 2019

Policy criteria	Policy limit	Actual	Within policy?																																																																																																								
<p>1 The percentage of net external debt to annual revenue</p> <p>Net external debt =</p> <p>Total annual revenue =</p>	<p><150%</p> <p>total external debt (net of related borrower notes) less term deposits and available cash / cash equivalents</p> <p>earnings from rates, government grants & subsidies, user charges, interest, dividends, financial and other revenue excluding non-government capital contributions (eg developer contributions and vested assets)</p>	<p>61.2%</p>	<p>✓</p>																																																																																																								
<p>2 Net interest expense on net external debt as a percentage of total annual revenue</p> <p>Net interest expense =</p>	<p><20%</p> <p>total interest and financing costs less interest income</p>	<p>3.4%</p>	<p>✓</p>																																																																																																								
<p>3 Net interest expense on net external debt as a percentage of planned annual rates</p>	<p><25%</p>	<p>4.9%</p>	<p>✓</p>																																																																																																								
<p>4 Liquidity ratio</p> <p>Liquidity =</p>	<p>>110%</p> <p>external term debt plus committed bank facilities plus available liquid investments as a percentage of external term debt</p>	<p>112%</p>	<p>✓</p>																																																																																																								
<p>5 <u>Interest rate benchmark chart</u></p> <p>Comparison of actual monthly and year-to-date accrued returns vs investing the entire treasury portfolio at the combined average of the 90-day bill rate and the five-year investor swap rate over the last two years.</p> <table border="1"> <caption>Interest Rate Benchmark Chart Data (Estimated)</caption> <thead> <tr> <th>Month</th> <th>Benchmark (%)</th> <th>Budget (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr><td>Dec-17</td><td>4.60</td><td>5.25</td><td>4.90</td></tr> <tr><td>Jan-18</td><td>4.50</td><td>5.25</td><td>5.00</td></tr> <tr><td>Feb-18</td><td>4.10</td><td>5.25</td><td>4.95</td></tr> <tr><td>Mar-18</td><td>4.45</td><td>5.25</td><td>4.70</td></tr> <tr><td>Apr-18</td><td>4.40</td><td>5.25</td><td>4.65</td></tr> <tr><td>May-18</td><td>4.35</td><td>5.25</td><td>4.85</td></tr> <tr><td>Jun-18</td><td>4.35</td><td>4.50</td><td>4.85</td></tr> <tr><td>Jul-18</td><td>4.30</td><td>4.50</td><td>4.20</td></tr> <tr><td>Aug-18</td><td>4.20</td><td>4.50</td><td>3.95</td></tr> <tr><td>Sep-18</td><td>4.20</td><td>4.50</td><td>4.15</td></tr> <tr><td>Oct-18</td><td>4.25</td><td>4.50</td><td>4.10</td></tr> <tr><td>Nov-18</td><td>4.30</td><td>4.50</td><td>4.15</td></tr> <tr><td>Dec-18</td><td>4.30</td><td>4.50</td><td>4.10</td></tr> <tr><td>Jan-19</td><td>4.25</td><td>4.50</td><td>4.05</td></tr> <tr><td>Feb-19</td><td>4.25</td><td>4.50</td><td>4.20</td></tr> <tr><td>Mar-19</td><td>4.20</td><td>4.50</td><td>4.45</td></tr> <tr><td>Apr-19</td><td>4.10</td><td>4.50</td><td>4.35</td></tr> <tr><td>May-19</td><td>3.90</td><td>4.50</td><td>4.35</td></tr> <tr><td>Jun-19</td><td>3.85</td><td>4.25</td><td>4.40</td></tr> <tr><td>Jul-19</td><td>3.95</td><td>4.25</td><td>4.35</td></tr> <tr><td>Aug-19</td><td>3.95</td><td>4.25</td><td>4.35</td></tr> <tr><td>Sep-19</td><td>3.90</td><td>4.25</td><td>4.40</td></tr> <tr><td>Oct-19</td><td>3.75</td><td>4.25</td><td>4.35</td></tr> <tr><td>Nov-19</td><td>3.90</td><td>4.25</td><td>4.15</td></tr> <tr><td>Dec-19</td><td>3.95</td><td>4.25</td><td>4.15</td></tr> </tbody> </table>				Month	Benchmark (%)	Budget (%)	Actual (%)	Dec-17	4.60	5.25	4.90	Jan-18	4.50	5.25	5.00	Feb-18	4.10	5.25	4.95	Mar-18	4.45	5.25	4.70	Apr-18	4.40	5.25	4.65	May-18	4.35	5.25	4.85	Jun-18	4.35	4.50	4.85	Jul-18	4.30	4.50	4.20	Aug-18	4.20	4.50	3.95	Sep-18	4.20	4.50	4.15	Oct-18	4.25	4.50	4.10	Nov-18	4.30	4.50	4.15	Dec-18	4.30	4.50	4.10	Jan-19	4.25	4.50	4.05	Feb-19	4.25	4.50	4.20	Mar-19	4.20	4.50	4.45	Apr-19	4.10	4.50	4.35	May-19	3.90	4.50	4.35	Jun-19	3.85	4.25	4.40	Jul-19	3.95	4.25	4.35	Aug-19	3.95	4.25	4.35	Sep-19	3.90	4.25	4.40	Oct-19	3.75	4.25	4.35	Nov-19	3.90	4.25	4.15	Dec-19	3.95	4.25	4.15
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<p>6 Actual borrowing costs are <= budgeted borrowing costs</p> <p>Current month</p> <p>Year to date</p>	<p><u>Budget</u></p> <p>\$349,583</p> <p>\$2,097,500.00</p>	<p><u>Actual</u></p> <p>\$357,493</p> <p>\$2,261,908</p>	<p>✗</p> <p>✗</p>																																																																																																								

7 Current interest rate swaps (including forward starts)				
	<u>Amount</u>	<u>Effective date</u>	<u>Termination date</u>	<u>Fixed rate</u> (if effective)
	\$			
	3,000,000	20-Jul-12	20-Oct-20	5.59%
	3,000,000	22-Jun-13	22-Mar-23	4.00%
	4,000,000	22-Jun-13	22-Jun-22	3.83%
	4,000,000	22-Jun-13	23-Mar-20	3.64%
	2,000,000	21-Mar-16	21-Mar-24	4.94%
	3,000,000	23-Mar-15	23-Mar-24	4.64%
	4,000,000	23-Mar-20	25-Mar-24	
	3,000,000	23-Mar-15	23-Sep-24	4.53%
	4,500,000	23-Dec-15	23-Sep-24	4.59%
	4,000,000	22-Jun-16	23-Sep-24	4.62%
	3,000,000	20-Oct-20	21-Oct-24	
	3,000,000	22-Sep-17	23-Sep-24	4.78%
	4,000,000	23-Mar-20	25-Mar-24	
	3,000,000	20-Oct-20	21-Oct-24	
	4,000,000	23-Sep-19	23-Mar-20	3.58%
	5,000,000	15-Mar-18	30-Jun-20	4.06%
	3,000,000	15-Mar-18	20-Oct-20	4.22%
	6,000,000	31-Oct-17	31-Jan-27	3.67%
	2,000,000	1-Mar-19	1-Dec-25	3.85%
	2,000,000	25-Sep-17	25-Feb-27	3.67%
	2,000,000	22-Jun-17	23-Jun-25	3.52%
	3,000,000	22-Mar-23	22-Jun-29	
	4,000,000	25-Mar-24	25-Sep-26	
	4,000,000	25-Mar-24	25-Mar-27	
	4,000,000	23-Sep-24	23-Sep-27	
	3,000,000	21-Oct-24	21-Oct-27	
	10,000,000	30-Sep-19	28-Sep-29	3.55%
	5,000,000	30-Jun-20	29-Jun-29	
	10,000,000	28-Feb-19	27-Feb-26	3.33%
	10,000,000	28-Aug-18	30-Aug-27	3.37%
	10,000,000	28-Feb-18	28-Feb-28	3.33%
	2,000,000	19-Jun-19	19-Mar-28	3.10%
	2,000,000	19-Jun-19	19-Mar-27	3.28%
	138,500,000	Total swaps		
	101,500,000	Total "live" swaps		
		Average interest rate of live swaps		3.84%
8	Forward start period to be no more than 24 months <u>unless</u> there is a match with the expiry date of an existing swap of the same notional amount		5 swaps with start periods > 24 months forward all are matched with existing swaps	
9	<u>Counterparty credit risk - swaps</u>			
	NZ registered banks (each)	\$30m		
	- ANZ / National		\$0m	✓
	- ASB		\$0m	✓
	- BNZ		\$23.87m	✓
	- HSBC		\$0m	✓
	- Westpac		\$0m	✓

10 Council's net external debt should be within the following fixed/floating interest rate risk control limits.:

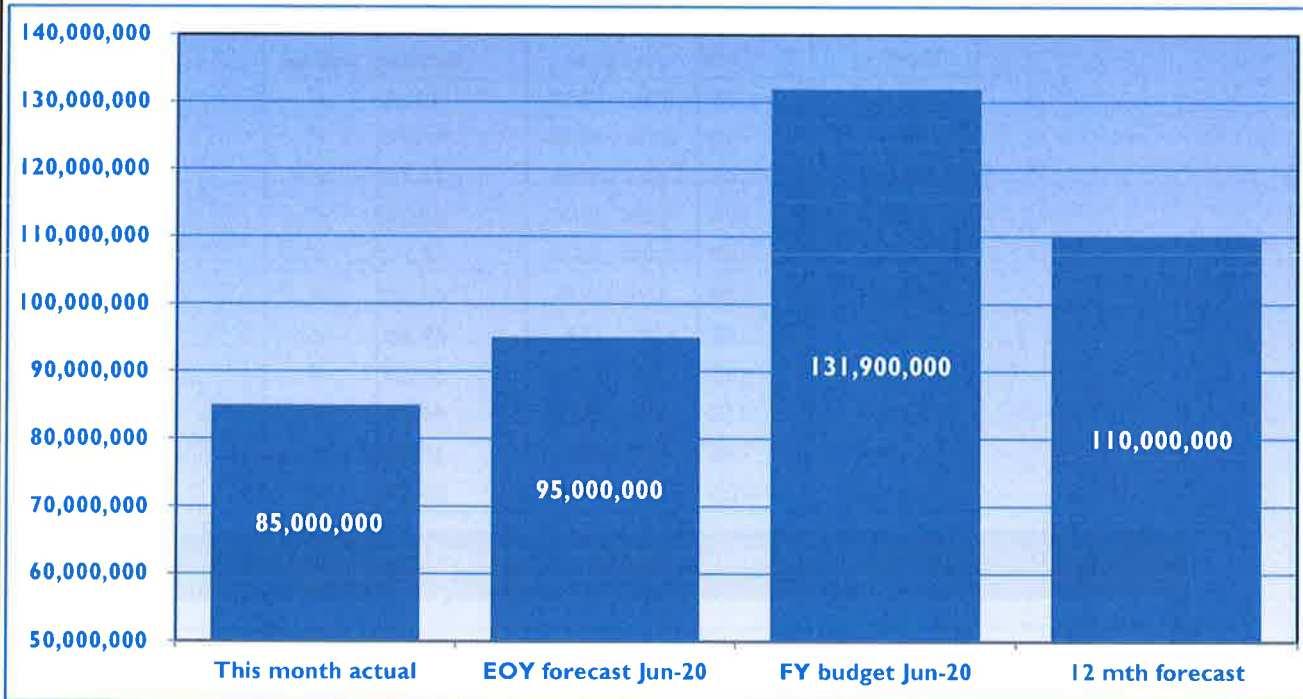
Debt period ending	\$m	Policy criteria	Actual	Within policy
Current	85	50% - 100%	110%	✘
Year 1	110	45% - 100%	96.6%	✓
Year 2	167	40% - 95%	71.7%	✓
Year 3	173	35% - 90%	67.1%	✓
Year 4	169	30% - 85%	68.7%	✓
Year 5	159	15% - 80%	64.2%	✓
Year 6	147	0% - 75%	67.3%	✓
Year 7	133	0% - 70%	64.8%	✓
Year 8	115	0% - 65%	49.3%	✓
Year 9	105	0% - 60%	43.0%	✓
Year 10	105	0% - 55%	25.9%	✓



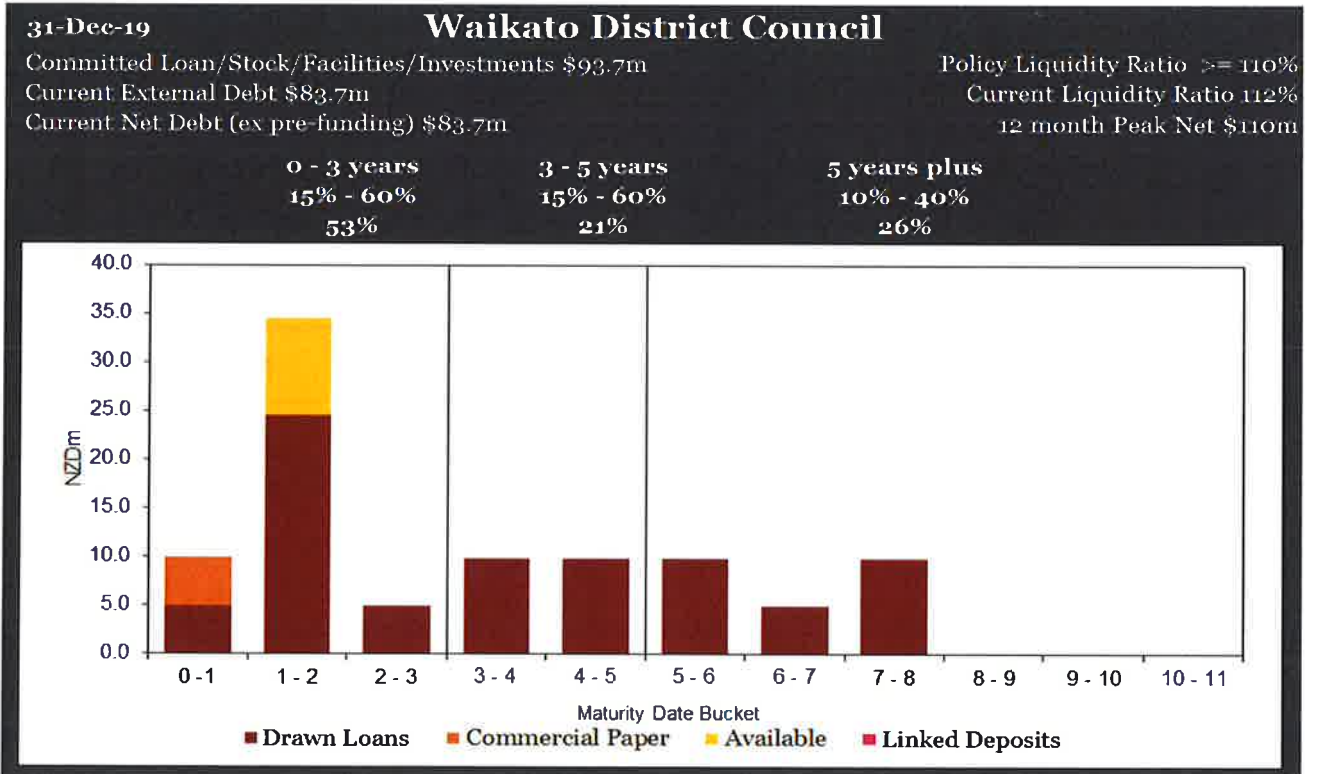
	Policy criteria	Policy limit	Actual	Within policy?
11	Debt affordability benchmark - limit on debt (actual debt <= limit on debt)	<= \$196.5m	\$85m	✓
12	Balanced budget benchmark (revenue / expenses)	>= 100%	105%	✓
13	Essential services benchmark (CAPEX / dep'n - infrastructure)	>= 100%	152%	✓
14	Debt servicing benchmark (borrowing costs / revenue) borrowing costs =	< 15%	1.7%	✓
		finance expenses per statement of comprehensive revenue and expense		

15 **Borrowing at December 2019**

This graph depicts actual borrowing - LGFA plus bank (BNZ).



16	Actual monthly (gross) borrowing is within end-of-year budget	\$131,900,000	\$85,000,000	✓
17	<u>The maturity profile of the total committed funding in respect of all loans and committed facilities</u>			
	0 to 3 years	15% - 60%	53%	✓
	3 to 5 years	15% - 60%	21%	✓
	5 years plus	10% - 40%	26%	✓



18	Financial assets			\$'000
	<i>Share investments held for strategic purposes</i>			
	Local Authority Shared Services Limited			179
	Waikato Regional Airport Limited			66
	Strada Corporation Limited			0
	Civic Financial Services Limited			700
	<i>Investments held to reduce the current ratepayer burden</i>			
	Community loans as below			122
	<i>Short-term investments held for liquidity & working capital requirements</i>			
	Bank & cash balances			1,478
	Short-term bank deposits			4,400
	Total investments			\$2,545
	For treasury purposes, LGFA borrower notes are netted off against related borrowing			
19	Community loans			
	Borrower	Current balance \$\$	Maturity date	Interest rate
	Tamahere Hall Committee	102,399	Jun-22	} all at 5.28%
	Te Kowhai Hall Committee	13,873	Jun-22	
	Woodlands #2	-	Oct-19	
	Tauhei Hall Committee	3,361	Jun-20	
	Opuatia Community Centre (ex Franklin loan)	2,800	Dec-20	
		<u>\$122,432</u>		
	Policy criteria	Policy limit	Actual	Within policy?
20	Counterparty credit risk - investments			
	NZ Government	unlimited	\$0m	✓
	NZD registered supranationals	\$20m	\$0m	✓
	LGFA	\$20m	\$1.28m	✓
	NZ registered banks (each)	\$20m		
	- ANZ / National		\$1.1m	✓
	- ASB		\$1.1m	✓
	- BNZ		\$1.1m	✓
	- HSBC		\$0m	✓
	- Westpac		\$1.1m	✓
21	Counterparty credit risk - total			
	NZ registered banks (each)	\$50m		
	- ANZ / National		\$1.1m	✓
	- ASB		\$1.1m	✓
	- BNZ		\$24.97m	✓
	- HSBC		\$0m	✓
	- Westpac		\$1.1m	✓

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	23 January 2020
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Council Credit Rating

I. EXECUTIVE SUMMARY

The report provides information regarding the progress towards achieving a formal Credit Rating that will result in reducing the overall cost of borrowing. This report is presented for information only, noting that the delegation for credit rating considerations sits with the Chief Operating Officer.

Fitch and Standard & Poors were asked to provide proposals in regards to providing the Credit Rating. While the content and likely outcome from both proposals is similar the cost from Fitch of A\$50,000 for the first year and A\$45,000 per year thereafter is significantly below that quoted by Standard & Poors. A copy of the proposed Letter of Appointment from Fitch is attached.

Council retains PricewaterhouseCoopers (“PwC”) to advise on funding strategies. PwC were asked to advise on the economic benefit of obtaining a Credit Rating and provided a report to staff in November 2019. The report indicates on the basis of Council’s expected funding requirements, the benefit from lower borrowing costs exceed the cost of obtaining a Credit Rating.

Subject to confirming cash-flow forecasts for capital work programmes it is expected the credit rating will be in place before 30 June 2020.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

- A Waikato DC Credit Rating and Funding Strategy – November 2019
- B Waikato District Council Credit Rating – unsigned



Waikato District Council

To: Alison Diaz, Mairi Davis, Sherice Walker and Colin Bailey

From: Alex Wondergem and Matt Stewart

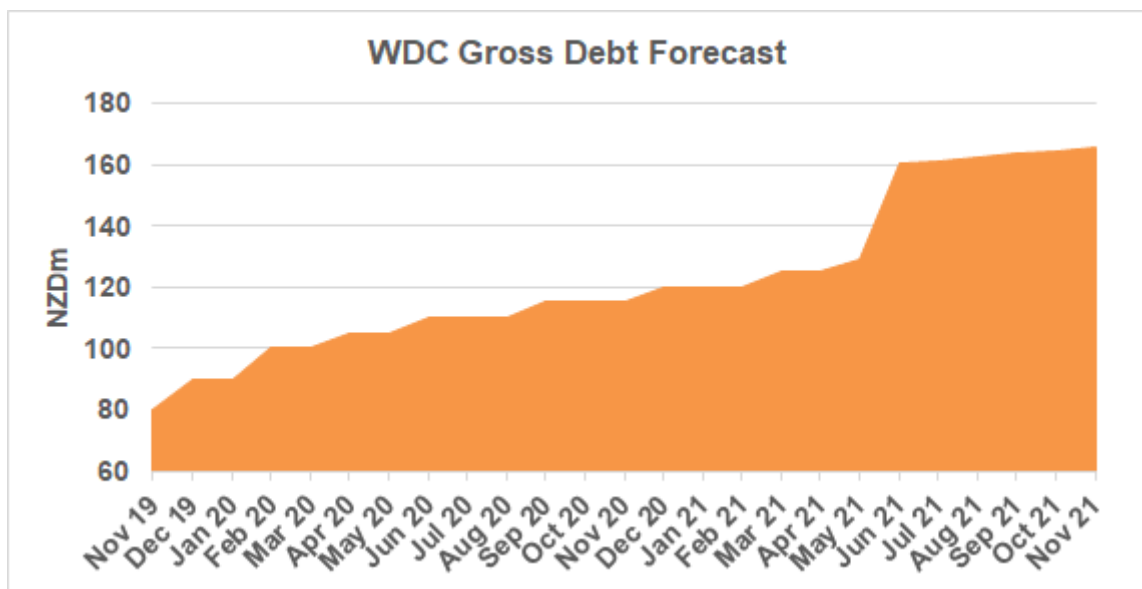
Date: 21 November 2019

Subject: Credit Rating Analysis and Funding Strategy

Background

Further to our recent treasury meeting, please find below a funding strategy recommendation as well as analysis supporting the timing for Council to obtain a formal credit rating.

As per debt forecasts provided, we understand Council's gross debt forecast over the next 24 months to be as follows:



Based on the figures above, Council is expected to reach an external debt figure of \$110 million as at 30 June 2020 and \$160 million as at 30 June 2021.

Credit Rating

The analysis examines the appropriate timing for Council to obtain a formal credit rating. We understand that Council is considering obtaining a credit rating from Fitch Ratings at an annual cost of NZD45,000 per year. Council's primary motivation in seeking a credit rating is for a reduced cost of funding through borrowing from the LGFA. It is important however, that the cost of the credit rating is offset by the benefit procured through lower LGFA funding margins.

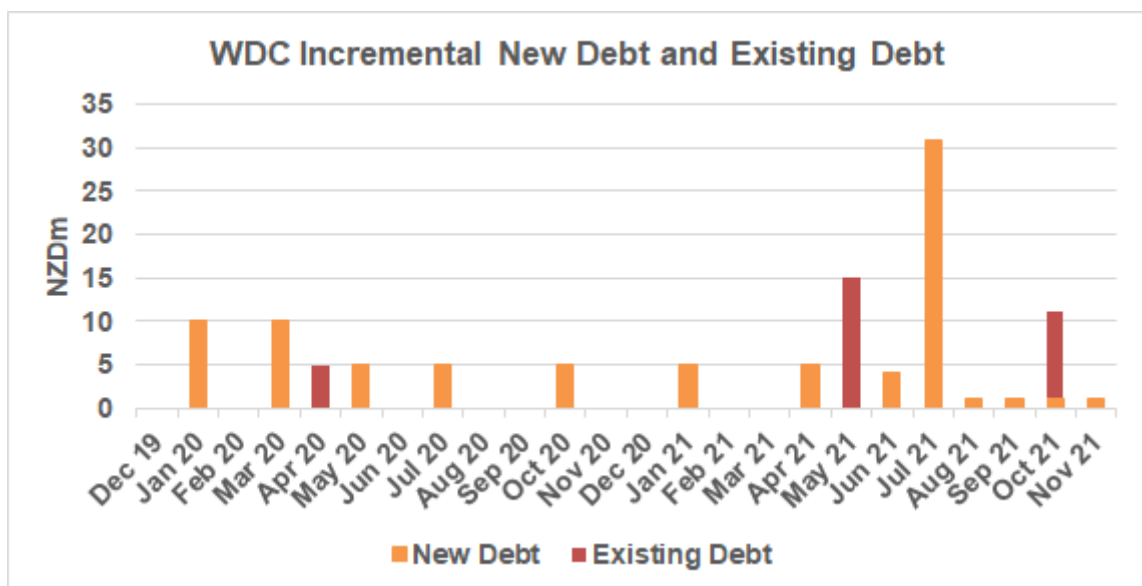
In undertaking this exercise, the following assumptions were made:



- The external debt forecasts provided by Council have been used for the scenario period.
- All existing debt is assumed to be refinanced at maturity.
- All borrowing is assumed to be conducted through the LGFA.
- Where Council achieves a 'AA' credit rating, the LGFA borrowing cost benefit is 0.20% p.a. Where Council achieves a credit rating of 'AA-', the LGFA borrowing cost benefit is 0.15% p.a. It is expected that Council will achieve a credit rating outcome of at least 'AA-'.
- The Cost of acquiring a credit rating is estimated to be NZD45,000 pa.

Based on these assumptions, the interest cost benefit of obtaining a credit rating of 'AA' (i.e. the highest available rating) outweighs costs where Council will be borrowing new/refinancing current LGFA funding of \$22.5 million within a 12 month period. Where an 'AA-' rating is received, Council would need \$30 million of new borrowing / refinancing of LGFA funding for interest cost benefits to outweigh costs.

The chart below shows Council's expected debt requirements over the next 24 months, including debt to be refinanced. Per the above credit analysis, assuming Council receives an 'AA-' credit rating (assumed for prudence relative to a 'AA' rating), the \$30 million threshold in order to receive the full interest cost benefit is expected to be achieved by 31 May 2020 (\$25 million in new debt and \$5 million in existing LGFA debt to be refinanced).



It is therefore recommended that the credit rating process with Fitch Ratings is started in early 2020, with the intention of completing the process (approximately six weeks) prior to 31 May 2020.

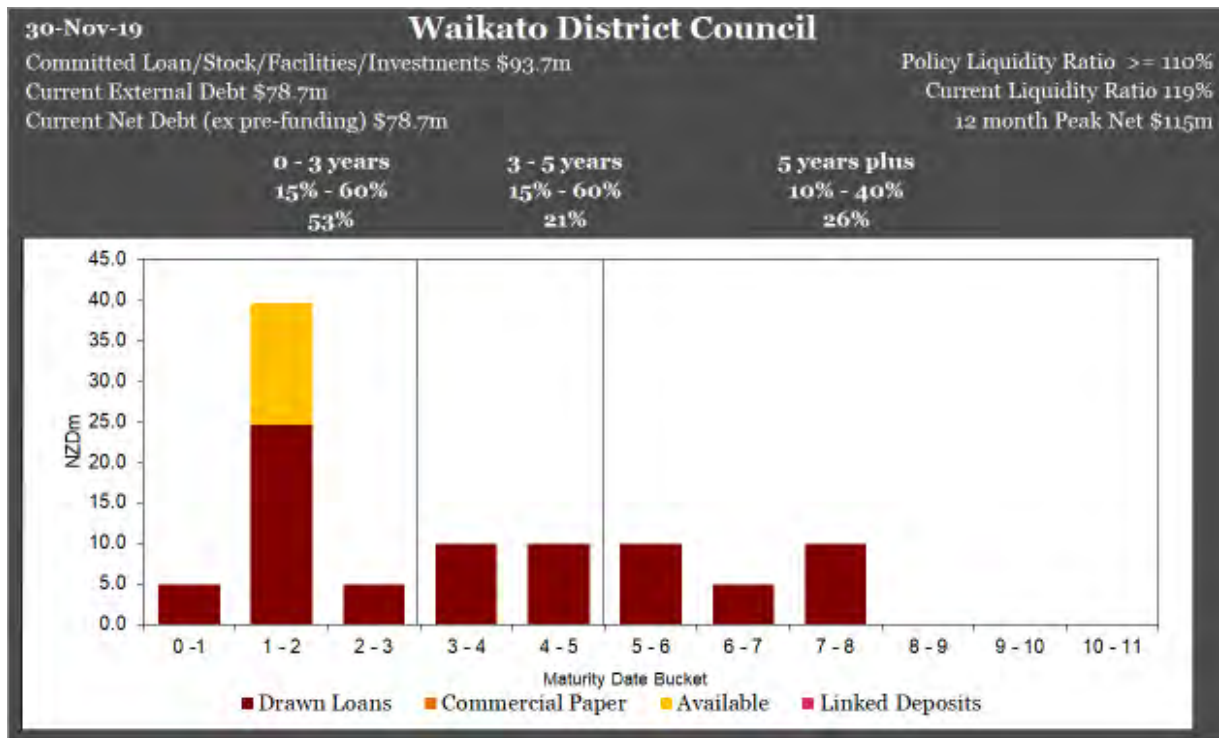
Funding Strategy

Based on the information provided, we understand Council's funding and liquidity position



as at 30 November 2019 to be as follows:

Please note we have assumed no reinvestment of any maturing term deposits.



Funding maturity terms for upcoming new debt and debt refinancing requirements should be cognisant of the credit ratings analysis which suggests that full interest cost benefit will be able to be derived once a credit rating is obtained by May 2020.

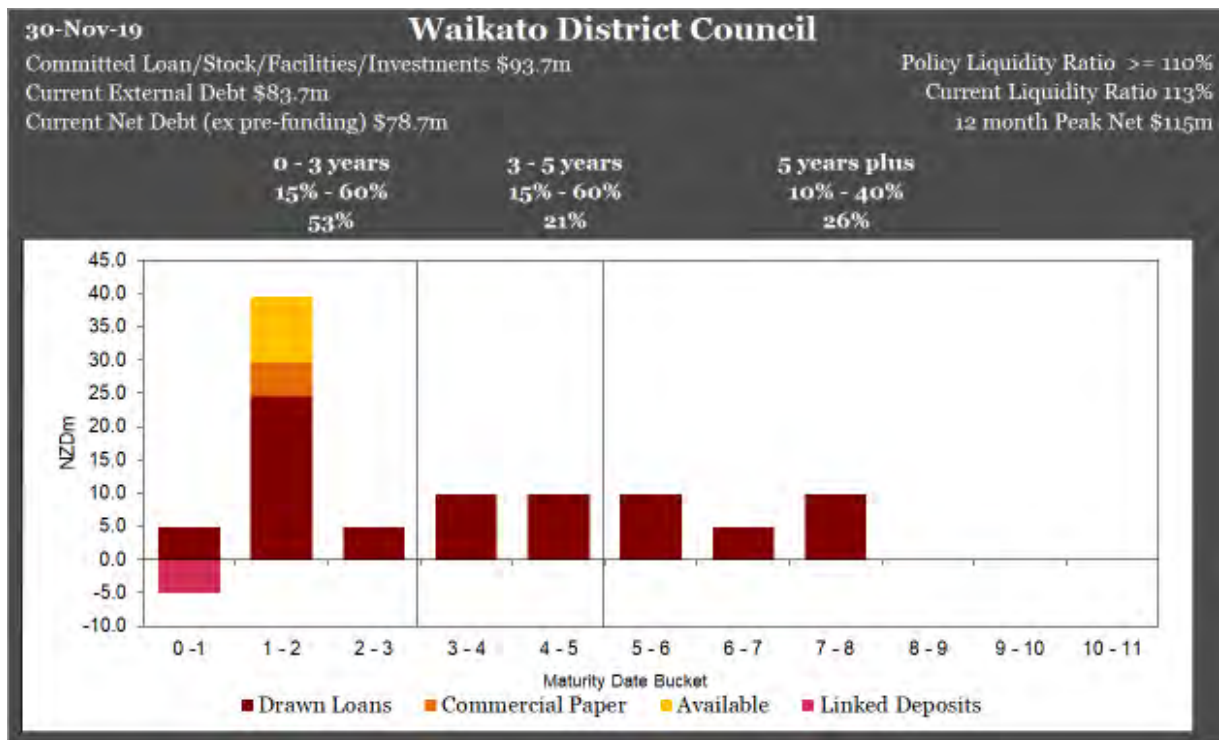
We therefore recommend that all funding requirements prior to 31 May 2020 (\$25 million) is raised as Commercial Paper (CP) with maturity dates of approximately 30 June 2020. Once Council has received its credit rating CP issued can be refinanced into term debt through the LGFA. All debt funding requirements post 31 May 2020 will be recommended to be raised as term debt through the LGFA, procuring the full benefit of the credit rating and lowered funding margins through the LGFA. Maturity dates for the refinancing of CP and new debt funding requirements can be determined in future funding strategies.

With respect to the upcoming \$5 million 15 April 2020 LGFA debt maturity, we recommend the following actions be taken before 30 November 2019 in order to prefund and mitigate the associated refinancing risk:

- New \$5 million LGFA CP with a maturity date of 15 June 2020 at an indicative rate of 0.23% over BKBM per annum.

The proceeds of the borrowing activity can be placed on term deposit with a maturity date a few days prior to the 15 April 2020 LGFA debt maturity to ensure the funds are available for repayment.

Below is Council's funding and liquidity position as at 30 November 2019 following implementation of the prefunding strategy.



If you have any questions relating to the above strategy please get in touch.



Disclaimer

This memo is subject to the engagement letter dated 29 October 2012 and the following restrictions. It is a memo addressed to you Waikato District Council . This memo should not be reproduced or supplied to any other party without first obtaining our (PwC New Zealand) written consent. We accept no responsibility for any reliance that may be placed on our memo should it be used for any purpose other than that set out below and in any event we will accept no liability to any party other than you in respect of its contents. In the course of our work we have not verified any of the information provided to us by you, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. The statements and opinions contained in this memo are based on data obtained from the financial markets and are so contained in good faith and in the belief that such statements, opinions and data are not false or misleading. In preparing this memo, we have relied upon information which we believe to be reliable and accurate. We reserve the right (but will be under no obligation) to review our assessment and if we consider it necessary, to revise our opinion in the light of any information existing at the date of this memo which becomes known to us after that date. This memo must be read in its entirety. Individual sections of this report could be misleading if considered in isolation from each other.



Agreement ID #: 00051713.0

13 January 2020

Alison Diaz
 Chief Financial Officer
 Waikato District Council
 15 Galileo Street
 Ngaruawahia 3742
 New Zealand

Fitch Ratings' analysts are independent from its sales and marketing functions. Analysts may not participate in negotiations, discussions or communications regarding fees or payments. Please do not discuss or share this Fee Agreement or its contents with any analyst.

Re: Initial/Indicative Rating+Monitored Rating of Waikato District Council (the "Fitch Product")

Dear Alison,

Thank you for requesting the above-referenced Fitch Product. In this letter, "Fitch" means Fitch Australia Pty Ltd and any successor in interest to any such person.

Fees and Expenses: The fee arrangement relating to the requested Fitch Product is set forth in the fee table. Details regarding payment of expenses are also set forth in the fee table. You agree to pay such fees and expenses for the analysis undertaken in connection with the requested Fitch Product for the term set forth below. You acknowledge that payment of these fees is not contingent on the issuance or sale of the rated securities, your use of the Fitch Product, Fitch's issuance of any particular rating or any other work performed.

Taxes: All fees and charges quoted are net of all sales tax, VAT and other taxes which may be due by reason of Fitch providing its analysis. Unless required by law to withhold or deduct any part of the fee payable to Fitch, you will ensure that Fitch receives the fees in full, in the amounts stated in this letter. If any part of the fee payable to Fitch is required by law to be withheld or deducted, you will prepare and file with the relevant authority all documents as may be necessary to enable Fitch to claim the amount so withheld or deducted from the relevant authority.

Payment: Fees are due and payable as set forth on the fee table. If not so specified, then fees are due and payable within 30 days of your receipt of an invoice from Fitch.

Applicable Terms; Incorporation by Reference: The Fitch Product will be provided by Fitch subject to the terms of this fee letter and the fee table, the Fitch Ratings Fee Letter Terms and Conditions (the "Terms and Conditions"), as well as any applicable addendum listed below, each of which is hereby incorporated by reference herein (collectively, the "Fee Agreement").

Applicable Addendum: None.



Term: The initial term of this Fee Agreement commences on the date you execute the Fee Agreement and return it to Fitch, and ends on the earlier of (i) the date on which it is decided that the rating will not be monitored or (ii) the three-year anniversary of the date that you notify us you wish to convert to a monitored rating (the "Initial Term"). Thereafter, with respect to the preceding clause (ii), this Fee Agreement will automatically renew for successive 12 month periods (each, a "Renewal Term") unless either party provides written notice of termination. Such notice must be provided not less than 30 days before the expiration date of the Initial Term or the then current Renewal Term

Modifications to Fee Table: At the end of the Initial Term or any subsequent Renewal Term and in the event the issuer acquires another entity or there is any other material event, Fitch reserves the right to modify the fee table upon prior written notice to you. Any modification of the fee table will be applicable from the moment of such material change or at the next Renewal Term, as applicable. Fitch may notify you of such modification by email or any other written means. In the event of a renewal, you will have 30 days to consider such modification. If, within 30 days of receiving such notice, you do not provide Fitch with written notice of non-acceptance, then the modification of the fee table as notified to you shall be deemed accepted by you as of the first day of the Renewal Term. Notwithstanding the foregoing, no fees for a structured finance transaction, other than annual fees, shall be modified with respect to any transaction after the closing of that transaction. Notice of changes to annual fees for a structured finance or public finance rating does not need to be provided in advance and may be provided in the form of an invoice. All other terms of the Fee Agreement may be modified as provided in the Terms and Conditions.

Validity of Ratings: Private Ratings, Credit Opinions, and Rating Assessments assigned by Fitch shall be valid and effective only if the rating letter contains a "Fitch Ratings" digital watermark and, if available, the Agreement ID number referenced in this letter. In the case of a public rating, the rating shall be valid and effective when the rating is published on Fitch's website.

Please acknowledge your acceptance and agreement to the provisions of this Fee Agreement by signing in the space below where indicated. Please return a copy of the signed agreement to me.

Sincerely,

Fitch Australia Pty Ltd

By: David Brooks

David Brooks
David Brooks (Jan 13, 2020)

Title : Director

Date : Jan 13, 2020

Agreed and accepted:

Waikato District Council

By:

Date :



Billing Details

Please tick the box if the billing contact information is the same as the addressee, if not please provide alternative details below:

Contact Name:

Phone:

Email:

Address:

Additional Comments:



Fee Table

Date: 13 January 2020

Arrangement Details

Name of Issuer:	Waikato District Council including all securities issued by applicable subsidiaries, subsidiary trusts and material affiliates used to issue Securities
Sector:	Public Sector
Product Line:	International Public Finance
Sub-Product Line:	Local and Regional Governments
Product Type:	Credit Rating
Rating Scale:	International
Currency:	NZD

Fitch expects to rate all currently outstanding public and private securities and such securities issued during the term. Such obligations include but are not limited to medium and long-term public debt securities, hybrid and convertible securities, medium-term note programs and notes, syndicated bank loans, debt or preferred stock draw-downs under shelf registrations, PIK notes, third-party guaranteed debt, syndicated loan ratings, certificates of deposit, commercial paper, extendable commercial notes, private placements. The ratings of structured finance transactions, and covered bonds are not covered under this agreement.

Fee Details

Initial Rating Fee*: \$ 50,000.00

Annual Fees:

Year	Fee
1	\$ 50,000.00
2	\$ 45,000.00
3	\$ 45,000.00

Year 1 Annual Fee is covered by the Initial Rating Fee.



Other Fee Details

Break-up Fees: Should i) the issuance or sale of the Securities not occur, or ii) you terminate the fee agreement after analysis has commenced, or iii) Fitch has commenced its analysis and believes, acting in good faith, that the transaction has been postponed, for any reason, or iv) the rating process is terminated prior to the issuance of a rating letter, reasonable fees will be billed by Fitch.

Fee Adjustments: Additional fees may be charged in the event of significant amendments or changes to the information being provided to Fitch in support of the rating process ahead of the rating being published. Fees relating to these amendments will be negotiable on a case by case basis and will depend on the extent of the additional work required.

Expenses: In addition to above fees, you agree to reimburse Fitch for all out of pocket expenses incurred in connection with its analysis including reasonable travel and lodging expenses, fees and disbursements of its external legal counsel and translation expenses.

Payment: All fees are due and payable upon the issuance of an invoice by Fitch.

* The analysis is being undertaken at your request. After communication to you of the Initial Rating, you should notify Fitch within 10 business days by email if you wish Fitch to publish the rating. Fitch will then publicly disseminate the resulting rating and the rating will be monitored. Should you not request that the rating be made public, the rating will be point-in-time only or, in limited circumstances, and subject to Fitch approval, monitored on a non-public basis.



Fitch Ratings
 Fee Agreement
 Terms and Conditions

1. As used in the fee agreement with Fitch, the following terms have the following meanings:
 - “addendum” means the addendum specified in the fee letter, if any;
 - “fee agreement” means the fee letter, including the applicable fee table(s), all applicable addendum, if any, and these terms and conditions, collectively;
 - “fee letter” means the fee letter agreed signed by Fitch and you;
 - “monitored rating” means any rating that is not specified as a point-in-time rating in the fee agreement or a rating letter;
 - “rating” means any and all Fitch ratings and opinions provided pursuant to a fee agreement, including without limitation credit ratings, credit opinions, rating assessments, servicer ratings, fund asset manager ratings, gradings, scales and research, and any and all action, modifier, withdrawal or amendment with respect thereto.

2. (a) In issuing and maintaining its ratings, Fitch relies on factual information it receives from you and from other sources Fitch believes to be credible. You agree to use good faith efforts to cooperate, in any manner reasonably requested, with any verification procedures performed by Fitch or at its request. You warrant that all information you or your agents provide to Fitch, as of the date such information is provided, (i) contains no untrue statement of material fact and does not omit a material fact necessary in order to make such information, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party.

(b) You recognize the need to supply Fitch with all information relevant to evaluating the ratings, including without limitation any information identified by Fitch in any questionnaire that may be forwarded to you periodically. You further recognize the importance to monitored ratings of keeping Fitch informed on a timely basis of all material changes in the information provided to Fitch, potential material events and the overall financial condition of the rated entity and, if material in a structured finance transaction, you and your affiliates. This may require communication of non-public information to Fitch. You recognize that Fitch reserves the right in its sole discretion to raise, lower, place on Rating Watch or withdraw any rating at any time for any reason it deems sufficient. Under such circumstances, no fees paid to Fitch will be returned.

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5. Nothing in this fee agreement, or the rating when issued, is intended to create rights in third parties, including any users or recipients of ratings. Except as otherwise provided in this fee agreement, no person is intended as a third party beneficiary of this fee agreement or the rating when issued.
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7. This fee agreement, together with any confidentiality undertaking of Fitch relating to the ratings, encompasses the entire agreement of the parties with respect to the subject matter hereof. Other terms and conditions will not become a part of this fee agreement, even if Fitch does not expressly object to them. Without limiting the foregoing, the terms and conditions of this fee agreement, together with any such confidentiality undertaking, supersede the terms and conditions found on, or applicable to, websites or other means through which you or your agents make information available to Fitch during the term of this agreement, regardless if such terms and conditions are provided before or after the date of this fee agreement.
8. In the event of a conflict or inconsistency between the provisions of the fee letter, on the one hand, and the provisions of any addendum or these terms and conditions on the other hand, the provisions of the fee letter shall control. In the event of a conflict or inconsistency between the provisions of any addendum, on the one hand, and these terms and conditions on the other hand, the provisions of the addendum shall control.



9. Any modification of the fee table will be effected as provided in the applicable fee letter. All other provisions of the fee agreement may be modified or amended as provided in this section. Fitch reserves the right to modify or amend any such provision of the fee agreement upon prior written notice to you. You will have at least 30 days to consider such modification or amendment. If, within 30 days of receiving such notice, or, if later, prior to the stated effective date of such modification or amendment, you do not provide Fitch with written notice of non-acceptance, then with respect to modifications or amendments made because of changes in law or regulation, the modification or amendment of the fee agreement as notified to you shall be deemed accepted by you as of the date of notification or other stated effective date. Notwithstanding the foregoing, no amendment or modification of the fee agreement that would affect you in any materially adverse way shall be effective against you without your written consent. After such consent is given, such amendment or modification will be effective as of the date of notification of the modification or amendment or another stated effective date unless otherwise agreed. If you and Fitch cannot agree on such material amendment or modification, then either party may terminate the fee agreement. All notifications and consents given by either party pursuant to this section may be given by email or any other written means.
10. If any provision, or part thereof, of the fee agreement becomes or is declared invalid, illegal or unenforceable in any respect under any law, then such provision, or part thereof, shall be null and void, and deemed deleted from the fee agreement. The validity, legality and enforceability of the remaining provisions of the fee agreement shall not in any way be affected or impaired.
11. Your obligation to pay any due and unpaid fees shall survive the expiration or termination of the fee agreement. In addition, the terms and conditions of the following sections of the fee agreement shall survive its expiration or termination for any reason: Sections 1, 2, 3, 4, 5, 6, 7, 8 and 10 through the final section of these terms and conditions; and all provisions of any addendum.
12. You agree that each of Fitch's affiliates and subsidiaries is an intended third party beneficiary of the fee agreement.
13. If all or any portion of the fee agreement is provided to you in both English and another language, then, in the event of any conflict between the English version and the translated version, the English version shall govern, and the English version shall control with respect to all matters relating to the interpretation of either version of any portion of the fee agreement.
14. You acknowledge that Fitch is prohibited from engaging in activities or transactions with certain countries, territories, entities and individuals pursuant to laws and regulations imposing trade or economic sanctions, including US and UK sanctions laws and regulations. You warrant that, to the best of your knowledge, after due inquiry, neither you nor any of your affiliates is subject to sanctions pursuant to any such law or regulation. You agree to notify Fitch if you or any of your affiliates becomes subject to such sanctions during the term of this fee agreement and acknowledge that if such event occurs then Fitch may terminate this fee agreement immediately and withdraw any rating issued pursuant hereto.
15. This section applies only to initial and indicative ratings. With respect to any initial or indicative rating analysis conducted by a Fitch entity established in a European Union member country (or a branch of such an entity), the fact that Fitch has conducted initial or indicative rating analysis, whether or not you contract with Fitch for analysis related to a final rating, must and will be disclosed on Fitch's website and to the regulatory authorities, in accordance with applicable law and regulation. The outcome of the rating analysis will be excluded from this disclosure.
16. This section applies only to the private monitored credit ratings herein described. With respect to any private monitored credit rating issued by a Fitch entity established in a European Union member country (or a branch of such an entity), a record of the credit rating will be made in Fitch's permanent file. However, you recognize that the credit rating is not intended for disclosure and you will not disclose the credit rating (other



than, if and as necessary, to your affiliates, your and their officers, directors, employees, attorneys, agents, advisers, auditors, consultants and regulators) except to the extent permitted by applicable law (including, without limitation, Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended from time to time)). If you do disclose the credit rating in accordance with applicable law, you are responsible for communicating the contents of the letter to be delivered to you by Fitch notifying you of the credit rating, and any changes with respect to the credit rating, to any such person as well. Fitch will not disclose the credit rating, provided, however, that Fitch shall be able to disclose the credit rating upon the occurrence of any of the following: (i) in response to a valid request for information in a subpoena, court order or as otherwise required by applicable law or by any judicial, legislative or regulatory authority (including any national, federal or state regulator or association of regulators) or (ii) if the credit rating or any portion of the credit rating analysis becomes publicly known. Fitch reserves the right to issue a credit rating with respect to the subject matter of a private monitored credit rating on an unsolicited basis if at least 12 months has passed from the date of termination of the fee agreement with respect to such credit rating. For the avoidance of doubt, nothing in the fee agreement shall prevent Fitch from including comments on you in any relevant sector or general research reports and commentaries, provided that in so doing, Fitch shall not disclose any non-public information.

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sector or general research reports and commentaries, provided that in so doing, Fitch shall not disclose any non-public information.

19. This section applies only to structured finance securities issued by non-US entities in transactions that such entities elect not to subject to the requirements applicable to issuers, sponsors or underwriters specified in Rule 17g-5(a)(3)(iii) under the U.S. Securities Exchange Act of 1934, as amended, as interpreted by the U.S. Securities and Exchange Commission from time to time. You represent and agree that (i) the issuer of the securities is not a U.S. person (as that term is defined under Rule 902(k) under the U.S. Securities Act of 1933, as amended); and (ii) the securities will be offered and sold upon issuance, and any issuer, sponsor, underwriter or arranger linked to the securities will effect transactions in the securities after issuance, only in transactions that occur outside the United States.

20. This section relates to securities offered in Australia. Australia credit ratings are available to wholesale investors only as herein described. You understand that, effective 1 January 2010, Fitch's credit ratings in Australia are assigned, maintained and distributed in accordance with the conditions of an Australian Financial Services License, which authorizes Fitch Australia Pty Ltd to assign and distribute credit ratings information only to wholesale clients (as defined in section 761G of the Corporations Act (Cth) (the "Act")) in Australia. You acknowledge that credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Act ("Retail Clients") in Australia. You agree that you shall not distribute, disclose or make reference to any credit ratings information in a manner which is intended to (or could reasonably be regarded as being intended to) influence a Retail Client in making a decision in relation to a particular financial product (as defined in the Act) or class of financial products, unless you are required to do so by law to meet continuous disclosure obligations. Furthermore, you may disclose such credit ratings information (i) in an Annual Report, (ii) at an Annual General Meeting, or (iii) in standard shareholder communications such as quarterly reports and updates (when the disclosure in such standard shareholder communications could not be reasonably regarded as being intended to influence a Retail Client). Accordingly, you agree that you shall not make reference to any credit ratings information in any publication, promotional material, disclosure document, correspondence, website, or any other venue that may be accessed by clients and investors who are Retail Clients in Australia (except in the circumstances stated above).

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	23 January 2020
Chief Executive Approved	Y
Reference #	GOV1318/ 2470040
Report Title	Civic Financial Services – Statement of Intent for 2020

1. EXECUTIVE SUMMARY

Pursuant to section 64 of the Local Government Act 2002, councils are required to approve the Statement of Intent for Council Controlled Organisations. Civic Financial Services while not technically a Council Controlled Organisation prepares a Statement of Intent as it is indirectly controlled by a number of Local Authorities across New Zealand.

The Statement of Intent with cover letter is attached for information.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Civic Financial Services Limited – Statement of Intent for 2020 (with cover letter)

16 DEC 2019

Gavin Ion
Chief Executive
Waikato District Council
Private Bag 544
NGARUAWAHIA 3742

Waikato District Council



13 December 2019

Dear Gavin

Civic Financial Services - Statement of Intent for 2020

Please find enclosed your copy of Civic's Statement of Intent for 2020.

Sale of Civic Assurance House: As communicated to you in our 2019 Statement of Intent, the strengthening work to prepare Civic Assurance House would be completed by 31 March 2019; at which time the building would be taken to market. This work was completed on time. A satisfactory price was subsequently received, and the building sold with a settlement date of 15 August 2019. On 19 August Civic paid a Special Dividend to its shareholders, totalling an amount of \$9,418,480 plus accompanying imputation credits of \$3,662,742.22; representing the sale price of \$10,115,000 less selling costs of \$696,520.

Sources of Income: Our income now comes from two sources; providing administration services and investment income. The main income source from our administration services comes from supporting our two superannuation schemes (SuperEasy and SuperEasy KiwiSaver Superannuation Scheme) and additionally supported by administration services to LAPP, Riskpool, Civic Liability Pool and Civic Property Pool.

Where Our Superannuation Business Stands Today: Our superannuation business has now become the prime financial driver of the company. Civic introduced the SuperEasy employer scheme in June 2005 and then the SuperEasy KiwiSaver Superannuation Scheme in July 2007, both on an exclusive basis to the NZ local government sector. Our ongoing promotion, and support from the sector has now established our superannuation business where we have a superannuation arrangement with 76 councils and are preferred provider for 70 of the 75 councils that have selected an employer chosen scheme for KiwiSaver. We are represented throughout the length and breadth of the country including district, regional and all metro councils in New Zealand.

Support From The Sector: With the support and buy-in from the sector throughout this time for both our Schemes we are now currently closing in on 11,000 members and have funds under management of over \$420,000,000.

What We Have Collectively Created: With your support we have created an exclusive retirement savings club for our local government family that can be enjoyed in perpetuity. This is a great achievement. Members can retain their membership of both Schemes for as long as they choose, even after they have left council, or are in their retirement, and on the same low wholesale charging basis that applies to local government employees.

And It's Just Got Better: To support and enhance this primary source of income from providing administration services to its SuperEasy and SuperEasy KiwiSaver Superannuation Schemes, for the period of this Statement Of Intent (2020 – 2022) Civic will not be paying a dividend to its shareholders. We will be using the funds that would otherwise be provided as dividends by way of applying this as a reduction to the management fees for the members of these schemes. The effective date of introducing this fee reduction is 1 April 2020.

What Are Our New Fees: We currently have the same low base investment management fee (0.5% per annum) for all our members irrespective of what fund or combination of funds they are invested in. From 1 April 2020 our base investment management fee will be reducing from 0.5% per annum to 0.44% per annum. This will be a permanent reduction and will have a significant financial impact for all our member's account balances.

Thank You. Our schemes provide a great retirement savings package that not only can be used to build up savings for retirement but have been designed to manage your savings throughout your retirement. This latest announcement has reinforced this message. It demonstrates how serious we are to exclusively serving our local government family.

We could not have achieved this without the sectors support and for that I thank you.

Yours sincerely



Ian Brown
Chief Executive
Email: ian.brown@civicfs.co.nz

CIVIC FINANCIAL SERVICES LIMITED
STATEMENT OF INTENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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1.0 Mission Statement

Mission Statement of Civic Financial Services Ltd
To provide superannuation and risk-financing solutions to the local government sector

2.0 Corporate Goals

The specific goals of the Company are:

- 2.1 To operate as a sound and successful business.
- 2.2 To be the primary supplier of superannuation and risk-financing services to the local government sector.
- 2.3 To investigate and facilitate, as appropriate, new products and markets in superannuation and risk-financing and such other markets that it believes could prove beneficial to its shareholders and the local government sector.

3.0 Nature and Scope of Activities

- 3.1 The Company administers superannuation services for local government and local government staff via SuperEasy and the SuperEasy KiwiSaver Superannuation Scheme.
- 3.2 The Company provides administration, accounting, and a range of other services to LAPP, Riskpool, CLP (Civic Liability Pool) and CPP (Civic Property Pool).
- 3.3 The Company investigates and facilitates as appropriate such new superannuation and risk-financing services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- 3.4 In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

4.0 Financial Projections

Civic's projected profit outlook over the next three years is shown in the tables below.

Civic's main revenue streams will come from the two following sources: fees from providing administration services and investment income.

Profits from providing administration services: Civic's source of income in 2020 will primarily come from providing administration services as described in section 3.1. (superannuation services for local government and local government staff via the SuperEasy and the SuperEasy KiwiSaver Superannuation Schemes) and additionally supported by services described in 3.2. (administration, accounting, and a range of other services to LAPP, Riskpool, Civic Liability Pool and Civic Property Pool).

Profits from investment income: Civic's income in 2020 other than from providing administration services will come solely from investment income. As communicated to you in the 2019 Statement of Intent, the strengthening work to prepare Civic Assurance House would be completed by 31 March 2019; at which time the building would be taken to market. A satisfactory price was subsequently received, and the building sold with a settlement date of 15 August 2019. On 19 August Civic paid a Special Dividend to its shareholders, totalling an amount of \$9,418,480 plus accompanying imputation credits of \$3,662,742.22; representing the sale price of \$10,115,000 less selling costs of \$696,520. The sale of Civic Assurance House and subsequent removal of rental income has been taken into consideration in the projections below.

Paying future dividends: To support and enhance Civic's primary source of income from providing administration services to its SuperEasy and SuperEasy KiwiSaver Superannuation Schemes, for the period of this Statement Of Intent (2020 – 2022) Civic will not be paying a dividend to its shareholders. We will be using the funds that would otherwise be provided as dividends by way of applying this as a reduction to the management fees for the members of these schemes. The effective date of introducing this fee reduction is 1 April 2020 at which time the schemes' base management fee will be reducing from 0.5% per annum to 0.44% per annum. This reduced fee structure has been taken into consideration and is reflected in the projections below.

Financial projections for 2020 to 2022 are:

	2020	2021	2022
Administration Income	\$2,130,746	\$2,157,238	\$2,242,406
Investment Income	\$152,513	\$158,000	\$163,000
Revenue	\$2,283,258	\$2,315,238	\$2,405,406
Expenses	\$2,024,486	\$2,114,520	\$2,139,963
Surplus before tax	\$ 258,772	\$200,718	\$265,443

Please note that these are projections, not firm predictions.

5.0 Performance Targets and Measures

- 5.1 To provide superannuation services to at least 90% of local authorities.
- 5.2 To continue to be an efficient and effective administration manager for LAPP, Riskpool, CLP and CPP.

6.0 Reporting to Shareholders

- 6.1 An audited annual report for 2019 by 30 April 2020.
- 6.2 A report on the first half of 2020 by 30 September 2020 containing a review of the Company's operations during the half year and unaudited half-yearly accounts.

7.0 Acquisitions/Disposals

Any acquisition or disposal that is equivalent to 50% or more of the Company's assets will constitute a "major transaction" under the Company's constitution and approval of the shareholders will be sought in accordance with the constitution. Any acquisition that is equivalent to 25% or more but less than half of the Company's assets will constitute a "minor transaction" under the Company's constitution and consultation with shareholders will take place.

8.0 Transactions with Related Parties

The Company has 72 local authority shareholder members plus TrustPower (holding 1.22%). Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company. Because it is sharing management resources, the Local Authority Protection Programme (LAPP), Riskpool, CLP and CPP are also considered to be related parties. Transactions with shareholder members include risk-financing services and superannuation related financial services.

Charges to and from shareholder members will be made for services provided as part of the normal trading activities of the Company and its subsidiaries. Transactions with shareholder members are on a wholly commercial basis.

***** END *****

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	29 January 2020
Prepared by	Lynette Wainwright Committee Secretary
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Exclusion of the Public

I. EXECUTIVE SUMMARY

To exclude the public from the whole or part of the proceedings of the meeting to enable to the Strategy & Finance Committee to deliberate and made decisions in private on public excluded items.

2. RECOMMENDATION

THAT the report from the Chief Executive be received;

AND THAT the public be excluded from the meeting to enable the Strategy & Finance Committee to deliberate and make decisions on the following items of business:

Confirmation of Minutes dated Monday, 2 December 2019