

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 25 NOVEMBER 2020** commencing at **9.30am**.

1.	<u>APOLOGIES AND LEAVE OF ABSENCE</u>	
2.	<u>CONFIRMATION OF STATUS OF AGENDA</u>	
3.	<u>DISCLOSURES OF INTEREST</u>	
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8. EXCLUSION OF THE PUBLIC

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GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	Cr Janet Gibb
Deputy Chairperson:	Cr Aksel Bech
Membership:	The Mayor, all Councillors and Mrs Maxine Moana-Tuwhangai (Maangai Maaori)
Meeting frequency:	Six-weekly
Quorum:	Majority of members (including vacancies)

Purpose:

The Strategy & Finance Committee is responsible for:

1. Monitoring of Council's strategy, and performance (both financial and non-financial) against the Long Term Plan and Annual Plan.
2. Setting the broad vision and direction of the District, determine specific outcomes that need to be met to deliver on that vision, and develop and monitor strategies to achieve those goals.
3. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
4. Guiding and monitoring Council's interests in Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

In addition to the common delegations on page 10, the Strategy & Finance Committee is delegated the following Terms of Reference and powers:

Terms of Reference - Strategy:

1. Develop and agree strategy and plans for the purposes of consultation.
2. Recommend to Council strategy and plans for adoption, including community plans (e.g Blueprints).
3. Monitor and review adopted strategies and plans.
4. To monitor and provide advice on the development and implementation of growth and development strategies, land use, and spatial plans in line with national policy requirements.
5. To enhance the District's economic position by promoting it as a business-friendly and business-enabled location and providing direction on strategic initiatives, plans, projects and potential major developments relating to economic and business development.
6. To monitor and provide direction on engagement with the District's communities in relation to the Council's strategies and plans.
7. To monitor and make decisions on environmental management and sustainability within the District.

8. To receive and consider presentations and reports from stakeholders, government departments, organisations and interest groups on development and wellbeing issues and opportunities within the District.

Terms of Reference – Finance:

9. To monitor Council's financial strategy, and performance against that strategy.
10. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
11. To receive six-monthly reports of Council's CCOs and COs, including on board performance.
12. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for full Council's approval.
13. To monitor Council's investments and Local Government Funding requirements in accordance with Council policy and applicable legislation.

The Committee is delegated the following powers to act:

- Approval of:
 - a. appointments to, and removals from, CCO and CO boards; and
 - b. a mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.
- Approval of proposed major transactions of CCOs and COs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Monitor work on Future Proof, Waikato Plan, Growth & Economic Development Strategy and cross-boundary issues.
- Approval of any process for making decisions where additional opex or capex funding, or deferred capex, is required.
- Review and make recommendations to Council in relation to Fees & Charges (after consultation with relevant community boards or committees).
- Review and recommend to Council the adoption of the Annual Report.
- Review and recommend to Council the approval of Development Agreements.
- Approval of transactions in relation to investments in accordance with Council policy.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which exceed the Chief Executive's delegations, but exclude contracts or arrangements that are reserved for the Council or another committee's approval.

- Approval of rating issues where these exceed the delegated authority of officers, or are an appeal against officer decisions. For clarity, this excludes decisions that are required, by law, to be made by the Council.
- Approval to write-off outstanding accounts that exceed officer delegations.
- Approval of funding applications for the Heritage Assistance Fund and Conservation Fund as recommended to the committee by officers or relevant assessment bodies.

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	4 November 2020
Prepared by	Grace Brady Democracy Advisor
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 Tuesday, 13 October 2020.

2. RECOMMENDATION

THAT the minutes of the meeting of the Strategy & Finance Committee held on Tuesday, 13 October 2020 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

S&F Committee Open Minutes – 13 October 2020

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 **TUESDAY 13 OCTOBER 2020** commencing at **9.32 am**.

Present:

Cr JM Gibb (Chairperson)
His Worship the Mayor, Mr AM Sanson
Cr AD Bech
Cr CA Eyre
Cr SL Henderson
Cr SD Lynch
Cr FM McInally
Cr RC McGuire
Mrs M Moana Tuwhangai (Maangai Maaori)
Cr JD Sedgwick
Cr NMD Smith
Cr LR Thomson
Cr CT Woolerton [*until 10.21am*]

Attending:

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Ms A Diaz (Chief Financial Officer)
Mr R MacCulloch (General Manager Service Delivery)
Mrs S O’Gorman (General Manager Customer Support)
Mr V Ramduny (Strategic Projects Manager)
Mr C Bailey (Finance Manager)
Mrs J Dolan (Economic and Community Development Manager)
Mr J Ebenhoh (Planning and Policy Manager)
Mr J Quinn (Communications, Marketing & Engagement Manager)
Ms S Bourke (Community Safety Manager)
Ms G Brady (Democracy Advisor)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Thomson/Sedgwick)

THAT an apology be received from Cr Church;

AND THAT an apology for early departure be received from Cr Woolerton.

CARRIED

S&F2010/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Patterson/Thomson)

THAT the agenda for a meeting of the **Strategy & Finance Committee** held on **Tuesday, 13 October 2020** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 8 which shall be considered with the public excluded;

AND THAT all reports be received.

CARRIED

S&F2010/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Sedgwick/Eyre)

THAT the minutes of a meeting of the **Strategy & Finance Committee** held on **Wednesday, 2 September 2020** be confirmed as a true and correct record of that meeting.

CARRIED

S&F2010/03

REPORTS

Action Register
Agenda Item 5.1

The report was received [*S&F2007/02 refers*]. The following matters were discussed:

- LTP feedback consultation - approximately 20 submissions received to date.
- LTP timeframes – staff confirmed that a report to include timeframes was upcoming.
- Non-financial performance reporting – some Committee members expressed concern over the level of staff communication with the public and suggested that public feedback would increase if there was greater engagement and feedback from Council on closing any requests.

Long Term Plan 2021-31 Update Agenda Item 6.1

The report was received [*S&F2007/02 refers*]. The Planning and Policy Manager spoke to the report and the following matters were discussed:

- Next set of key milestones of the plan would be largely internally focused.
- In response to queries relating to LTP deadlines and potential delays, staff stated that the LTP project team were operating in line with established timeframes.
- *Workshops*
 - A series of workshops would be held on scenario planning for LTP budgeting, with consideration of a possible recession as one of the options.
 - February 2021 workshops would present options to elected members on moving forward on key consultation items. Executive Leadership Team would review each scenario in December 2020 ahead of February 2021 workshops.
 - Final NZTA submission would be in December 2020, which would assist in planning.
 - Accurate data would be required ahead of February 2021 to enable Council to make an informed decision.
- Public consultation was scheduled for March/April 2021 with hearings in May 2021 and presentation for Council adoption in June 2021.
- Council would workshop the Revenue and Financing policy before the end of 2020.
- The Committee discussed the need for adequate time to deliberate and possibly reconsider the direction of the LTP. Staff were intent on providing accurate data to Councillors, which required time to compile.
- In response to Committee member queries on the value of feedback gleaned from LTP workshops, staff confirmed feedback had been positive and that workshops also served to keep Council informed and updated.

Waikato Plan Leadership Committee meeting - Update Agenda Item 6.2

The report was received [*S&F2007/02 refers*]. The Strategic Projects Manager spoke to the report and the following matters were discussed:

- An overview of the report was given.
- Role of Council in the Waikato Plan Leadership (WPL) Committee is one of advocacy. The Youth and Employment Initiative was central to that role.

- A need existed to remove the WPL Committee from Waikato Regional Council. The Mayoral Forum asked that a new home be found for the Waikato Plan Leadership Committee.

Te Waka Six-Monthly Report January to June 2020

Agenda Item 6.3

The report was received [*S&F2007/02 refers*]. The Economic and Community Development Manager spoke to the report and the following matters were discussed:

- Details of Te Waka's realignment were sought as the Te Waka Chief Executive had recently resigned and recruitment was underway.
- Te Waka's purpose required reassessment.

ACTION: Staff to report back at the November 2020 Strategy & Finance Committee meeting on the feedback received from the upcoming meeting with Te Waka.

Recent Blueprint Consultation Update

Agenda Item 6.4

The report was received [*S&F2007/02 refers*]. The General Manager Community Growth spoke to the report and the following matters were discussed:

- The background, current status and next steps of the Blueprint process.
- Consultation process had been designed to confirm public priorities. 11 public workshops across the district had been held, in person and by Zoom.
- There was an average turnout of 25-30 people at each public Blueprint hui, in addition to 136 online forum submissions. 17 of the 291 submissions stated their preference for a change in the Blueprint priorities.
- Submissions sought clarification from the public on priorities and leadership of district projects. New ideas had been generated based on the public feedback staff had received.
- Initiatives – There were proposed changes to 34 initiatives. No fixed number of initiatives had been set but the steering group were clear that a wide and even distribution across the district was required.
- Larger, district-wide programs required further detail and workshops.
- Committee members expressed concern that some respondents were not associated with a community board/committee.

Cr Woolerton retired from the meeting at 10.21am during discussion on the above item.

Review of Strategic Boundary Agreement between Waikato District Council and Hamilton City Council

Agenda Item 7.1

The report was received [*S&F2007/02 refers*]. The Chief Operating Officer spoke to the report and the following matters were discussed:

- This was a revision from the 2005 agreement. It gave certainty to discussions on future parcels of land. Future land changes would be undertaken in a collaborative way, underpinned by conversations to be had by joint governance between the two councils.
- High financial implications for Hamilton City existed. Collaboration and support between both councils was essential.
- The revised agreement fell in line with Council's planning framework and planning documents.
- A framework would be rolled out to inform ratepayers of the change, in line with specific Local Government Act processes.
- Staff confirmed that Hamilton City Council had unanimously supported the changes.
- In response to population increases and land development, staff advised that planning works had changed significantly since 2005; all councils were required to build capacity for growth and development, in line with property and land affordability.

Resolved: (Cr Smith/His Worship the Mayor)

THAT the report from the Chief Operating Officer be received;

AND THAT the Strategy & Finance Committee recommends that Council adopt the amended Strategic Boundary Agreement between Waikato District Council and Hamilton City Council as attached as Appendix I to the staff report;

AND FURTHER THAT the Strategy & Finance Committee recommends that Council delegates the Chief Executive to finalise the amended Strategic Boundary Agreement subject to any feedback from the Committee and Hamilton City Council;

AND FURTHER THAT the Strategy & Finance Committee recommends that Council delegates the Mayor and Chief Executive to sign the revised Strategic Boundary Agreement on behalf of Council.

CARRIED

S&F2010/04

Cr McGuire voted against the resolution and requested his dissenting vote be recorded.

EXCLUSION OF THE PUBLIC

Agenda Item 8

Resolved: (Crs Thomson/Eyre)

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 1.1 Confirmation of Public Excluded Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item 2.1 Minutes and Workshop Notes from the Future Proof Implementation Committee meeting of 10 September 2020		
Item 2.2 2018/19 and 2019/20 Unpaid Dog Registration Fees Write-off		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
Item 1.1		Refer to the previous Public Excluded reason in the agenda for this meeting.

- | | | |
|----------|-------------|--|
| Item 2.1 | 7(2)(c)(i) | To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied. To protect information where the making available of the information would disclose a trade secret. |
| | 7(2)(c)(ii) | To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest. |
| | 7(2)(j) | To prevent the disclosure or use of official information for improper gain or improper advantage. |
| 2.2 | 7(2)(g) | To maintain legal professional privilege. |

CARRIED

S&F2010/05

Resolutions S&F2006/06 – S&F2006/09 are contained in the public excluded section of these minutes.

REPORTS (CONTINUED)

Minutes and Workshop Notes from the Future Proof Implementation Committee meeting of 10 September 2020
PEX Agenda Item 2.1

Open Meeting

To	Strategy and Finance Committee
From	Clive Morgan General Manager Community Growth
Date	5 November 2020
Prepared by	Julie Dolan Economic and Community Development Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2941619
Report Title	Action Register – November 2020

1. EXECUTIVE SUMMARY

Purpose of this report is to provide the Strategy and Finance Committee with an update on Actions arising the previous meeting.

2. RECOMMENDATION

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

3. ATTACHMENT

Strategy and Finance Committee's Action Register – November 2020

Strategy and Finance Committee's Action Register – November 2020

Meeting Date	Action	Team / Person Responsible	Status Update
13 October 2020	<p>Agenda item 6.3 Te Waka Six-Monthly Report – January to June 2020</p> <p>Action:</p> <ul style="list-style-type: none"> • Staff to report back at the November 2020 Strategy and Finance Committee meeting on the feedback received from the upcoming meeting with Te Waka. 	Julie Dolan	Staff will provide an update at the November Strategy and Finance Committee meeting through the Economic and Community Development Update report.

Open Meeting

To	Strategy and Finance Committee
From	Clive Morgan General Manager Community Growth
Date	3 November 2020
Prepared by	Melissa Russo Corporate Planning Team Leader
Chief Executive Approved	Y
Reference #	GOV1318 / 2941684
Report Title	Long Term Plan 2021-31 Update

I. EXECUTIVE SUMMARY

Councils are required to adopt a long-term plan every three years. The next long-term plan will need to be adopted before 30 June 2021.

Staff have been working on the Long Term Plan 2021-31 (LTP) over the last 12 months. During that time staff have received input and decision making from Council and Chairs of Community Boards and Committees, largely through a series of workshops.

The purpose of this report is to recap the progress and decisions made to date on the LTP and to provide an update on where the project is at. The workshops and outcomes are detailed in the attachment.

The next set of key milestones are largely internally focused. Staff have drafted their capital and operational budgets, including proposed changes to Fees and Charges, projects and programmes over and above what was planned for year four of the current LTP and business cases for any requests for additional resourcing. This information needs to be modelled to establish an initial financial position. ELT review of the outputs is scheduled for mid-December. The reasonableness of the proposed rates increase and capital works schedule will be discussed with Council before Christmas, with detailed Councillor workshops diarised for February 2021.

Upcoming Key Milestones

Milestone	Date
Significance and Engagement Policy presented to Policy and Regulatory Committee for adoption by Council	23 November
ELT to discuss first cut of projects and budgets	14 December
Projects and budgets presented to Council	15 February
Consultation open	24 March – 23 April
Hearing	25/26 May
Adoption of LTP	21 June

2. RECOMMENDATION

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

3. ATTACHMENT

- LTP Progress and Outcomes – November 2020

Date	Workshop	Led By	Outcome
2 March	Strategic Direction Setting	Margaret Devlin	Feedback sought and received on issues and opportunities for WDC and the district. A Strategic Story was developed as a result of this workshop and circulated to Elected Members and staff.
17 April	Strategic Priority Setting and Community Outcomes	Jim Ebenhoh	Notes were provided on the information that was captured at the 2 March workshop. Community Outcomes were confirmed and feedback was sought and received on the linkage to the Sustainable Development Goals. Council supported these in general.
14 May	Approach to delivery of services	Roger MacCulloch	Roger provided information on the key issues and complexities Council is facing with the delivery of services to the community. No decision was sought. The purpose of this workshop was to provide Elected Members with an understanding of the current challenges we are facing around the delivery of services.
21 May	Communications and Engagement	Jake Quinn	The workshop focussed on the progress made on the draft Communications and Engagement Strategy, and responded to the communication related points raised at the 2 March workshop.
22 June	Approach to Levels of Service Review (Part 1)	Rob Ashley, Steve Browning (Morrison Low)	Feedback was sought on the proposed approach to reviewing Council's Levels of Service. Council supported the approach of each KPI linking back to a Community Outcome. Transport was used as a case study.
30 June	Significance and Engagement, and financial policies	Melissa Russo, Alison Diaz	Feedback sought and received on the proposed changes to the Significance and Engagement Policy. The proposed policy has since been presented to the Policy and Regulatory Committee for approval for consultation which was received. Consultation was scheduled to commence 12 August however has been delayed due to the changes to the national Covid-19 situation and staff believing that the level of feedback received could be compromised. Alison provided information on the financial policies.
28 July	Userpays Principles	Sue O'Gorman	Feedback was sought and received through an interactive exercise on the userpays principles and high level split of userpays vs. rates funded activities. The results of the feedback will be applied when the first draft of the Fees and Charges is developed.
28 July	Partnership Funding	Nick Johnston	An overview of the current outlook on partnership funding was provided and feedback was sought and received on high level thinking for how partnership funding could be most effectively utilised.

6 August	Population Projections and Capacity Modelling	Mark Davey	Support was sought and received on the Population & Household numbers and assumptions that are being used for the Long Term Plan, 30 Year Infrastructure Strategy and the Activity Management Plans.
6 August	Approach to Levels of Service Reviews (Part 2)	Rob Ashley, Steve Browning (Morrison Low)	This workshop was a continuation of the previous Levels of Service presentation held on 22 June. The difference between operational tactical and strategic LOS were defined, and how existing and proposed LOS statements and performance measures will be reflected in Councils AMP's LTP and Infrastructure Plan were discussed. Elected Members supported the approach of more Levels of Service developed at a Strategic and Tactical level. The coming workshops will be in response to the feedback received at this workshop.
31 August	Transport Levels of Service	Rob Ashley, Steve Browning (Morrison Low)	The purpose of the workshop was to discuss options around Levels of Service and their relationship with risk and cost. Feedback was sought and received via an interactive poll on the areas of the asset the Council is most interested in. The draft Performance Measures will be presented back to Council for consideration.
14 September	Open Spaces Levels of Service	Duncan MacDougall, Rob Ashley	The purpose of the workshop was to discuss options around Levels of Service and their relationship with risk and cost. Feedback was sought and received via an interactive poll on the areas of the asset the Council is most interested in. The draft Performance Measures will be presented back to Council for consideration.
15 September	Facilities Levels of Service	Rob Ashley, Megan May	The purpose of the workshop was to discuss options around Levels of Service and their relationship with risk and cost. Feedback was sought and received via an interactive poll on the areas of the asset the Council is most interested in. The draft Performance Measures will be presented back to Council for consideration.
15 September	Solid Waste Levels of Service	Rob Ashley, Jackie Bishop	The purpose of the workshop was to discuss options around Levels of Service and their relationship with risk and cost. Feedback was sought and received via an interactive poll on the areas of the asset the Council is most interested in. The draft Performance Measures will be presented back to Council for consideration.

28 October	Maaori Participation in Decision Making	Melissa Russo	<p>The purpose of this workshop was to seek feedback from Council on how best to represent what Council does to encourage Maaori participation in decision making. Council currently has a policy however an option was provided to include information throughout the LTP on what we do, in addition to the information contained in the policy. The aim of this approach is to be more reflective of Council's relationship with Maaori.</p> <p>Feedback from this discussion was to retain the policy and include information in the LTP on what we do.</p>
28 October	Significance and Engagement Policy	Melissa Russo	<p>Following a period of consultation, the purpose of this workshop was to present the consultation results as well as a proposed policy including amendments as a result of the feedback received. The amendments were discussed and a revised policy will be presented at the November Policy & Regulatory Committee meeting.</p>

Open Meeting

To	Strategy and Finance Committee
From	Clive Morgan General Manager Community Growth
Date	3 November 2020
Prepared by	Jim Ebenhoh Planning and Policy Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2939558
Report Title	Blueprint Feedback, Prioritisation and Next Steps

I. EXECUTIVE SUMMARY

This report summarises progress made this year on advancing the implementation of District-wide and Local Area Blueprints, which were adopted by Council in June 2019. In particular, it summarises results from recent community consultation on prioritisation and leadership of Blueprint initiatives and describes how these results are intended to be used in the preparation of the 2021-2031 Long Term Plan (LTP) and beyond. The report seeks the Committee's endorsement of the revised list of prioritised and ranked Blueprint initiatives, as an input to considerations for the 2021-2031 LTP.

2. RECOMMENDATION

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

AND THAT the **Strategy & Finance Committee** endorses the revised list of prioritised and ranked **Blueprint initiatives in Appendix I to the staff report, as an input to considerations for the 2021-2031 Long Term Plan.**

3. BACKGROUND

The Waikato Blueprint (a consolidated document containing a District-wide Blueprint and 15 Local Area Blueprints) was adopted by Council in June 2019, following several months of public workshops and consultation.

Significant progress has been made in the 11 months since Blueprint adoption, in terms of moving forward with implementation of Blueprint initiatives – either through direct implementation or planning for implementation through the 2021-2031 Long Term Plan (LTP).

A staff stocktake of progress on all 61 District-wide initiatives and 230 Local Area Blueprint initiatives was undertaken in January 2020 and updated in June. The stocktake includes staff comments on progress towards implementation, and it categorises progress as follows:

- Complete or in progress (Council-led from existing budgets)
- Not yet progressed – funding to be considered in 2021 LTP
- Not yet progressed – needs clarification
- Not yet progressed – potentially community-led.

This stocktake was used to inform a recent round of public consultation to confirm and/or revise the prioritisation of Blueprint initiatives, and to seek feedback on which entities should lead and/or work together on implementation of each initiative.

The rest of this report summarises this consultation process, which has led to the revised list of prioritised, ranked Blueprint initiatives in Appendix 1, and outlines next steps.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

4.1.1. Public consultation: June/July 2020

The Councillor Blueprint Steering Group (Councillors Bech, Gibb, Sedgwick and Smith) decided early this year that it was important to hold public discussions on (a) confirming or refining the priority levels of the various Blueprint initiatives; and (b) identifying entities to lead each initiative (Council, Community Boards / Committees, other community groups, other government agencies, etc). This check-in with communities was seen as important to maintain the visibility of the Blueprint within the community, and to capture any changes in community priorities as a result of COVID-19 or other factors in the past year or so since the original Blueprint workshops.

After being planned for March, but delayed by the nationwide COVID-19 lockdown, a series of 11 in-person public workshops on Local Area Blueprints and a District-wide Zoom hui were held between 23 June and 7 July, as follows:

- 23 June: Tamahere
- 25 June: District-wide Zoom hui
- 29 June: Taupiri + Ngaruawahia + Horotiu
- 29 June: Raglan
- 30 June: Matangi
- 30 June: Meremere
- 1 July: Huntly + Ohinewai
- 1 July: Te Kowhai +Whatawhata
- 2 July: Tuakau
- 2 July: Te Kauwhata/Rangiriri
- 7 July: Pokeno + Mercer.

The workshops generally began with a short video introduction by the Deputy Mayor, and introductions from local Ward Councillors and one or more of the Blueprint Steering Group Councillors. Aside from the District-wide 'Zhui (Zoom hui)', the workshops then broke into table-by-table groups for discussion, with staff and Councillors available to help answer questions. The progress stocktake table referred to above was made available at each group table, along with hard copy feedback forms.

Attendance at these workshops varied from approximately 15 to 40 participants, not counting Councillors or Council staff, with an average of about 25-30. Discussion was lively and the tone was generally positive and constructive. The Councillors successfully framed this exercise as one of (a) confirming or refining priorities; and (b) identifying which entities should lead each initiative.

4.1.2. Summary of feedback received

A total of 136 submissions were received by the closing date of 17 July 2020.

Generally, respondents followed the structure of the feedback form and indicated where they thought the existing priority for an initiative (which was determined by a similar online exercise in early 2019) should be changed. A smaller but significant number of respondents also gave feedback on which entities should lead each initiative. Most respondents also made use of the open-ended comments field, by either providing rationale for their re-prioritisation, clarifying or refining the scope of the initiative, or suggesting additional initiatives.

Re-prioritisation of existing Blueprint initiatives

Most of the 136 respondents provided commentary on this aspect of Blueprints, commenting on a total of 106 initiatives. A calculation was made of the proposed priority for each initiative, based on the scores used in the 2019 prioritisation exercise (Top=5, Very High=4, High=3, Medium=2, Low=1). In some cases, the average suggested no change to the previous ranking; but for 72 initiatives the results suggested a change.

Of these 72 initiatives where the results suggested a changed priority, only 17 were commented on by 3 or more submitters. These initiatives are listed below. A total of 10 initiatives were suggested by submitters to have a higher priority, and 7 initiatives were suggested to have a lower priority.

Initiative	Description	Average of New Priority Score	Current Priority	Priority Result of New Priority Average	Number of Submissions on Initiative
HO5.1	Explore the potential for leisure, accommodation and residential development between SH1 and the Waikato River	1.00	High	Low	4
HO7.3	Provide a walking and cycling route on the eastern side of the Waikato River between Horotiu and Ngaruawahia to create a loop with the Te Awa river ride	1.00	Top	Low	7
MA1.1	Build on the strong identify of Matangi based on the unique qualities of the local area. Consider the Matangi Factory history and current use.	3.33	Top	High	3
MA7.1	Provide traffic calming and improved parking opportunities along the central section of Tauwhare Road	4.33	Top	Very High	4
NG2.1	Undertake a pest control project in the Hakarimata Ranges. Consider this as an opportunity for a community-led conservation project.	5.00	Medium	Top	3
NG4.2	Produce a planting plan and social space at Te Mana o te Rangi reserve	5.00	Medium	Top	3
PO7.1	Investigate establishing wider transport links with employment	5.00	High	Top	4
PO7.3	Create a Park and Ride for public transport	5.00	High	Top	3
RA1.1	Build on the strong identify of Raglan based on the unique qualities of the local area. Consider nature, regeneration, environmental initiatives, the arts, and surfing.	3.00	Top	High	3
RA2.1	Support Raglan Naturally in their prioritised local initiatives such as local food production, energy self sufficiency, alternatives to weed spraying, GE free approaches and education regarding climate change	4.25	Top	Very High	4
RA2.2	Support community in Zero Waste initiatives, spread learning across the district	4.67	Very High	Top	3
RA3.1	Support a strong Maaori culture, including education on the Treaty of Waitangi, respecting tangata whenua, and creating Te Reo signage	4.50	High	Top	4
RA7.1	Extend walking and cycling network, including to Whale Bay	4.67	Very High	Top	3
TE6.1	Support the expansion or intensification of the airpark with commercial uses associated with aeronautical	1.00	Top	Low	3
TK7.1	Promote a cycling and walking strategy to develop local connections and paths, including around the lakes and the Whangamarino Wetland	5.00	Very High	Top	3
TU5.1	Consider areas for expansion, reconciling possible growth demand with high class soils and contours	3.67	Low	Very High	3
TU5.2	Address the interface between residential and industrial land. Consider sports field as a buffer.	5.00	High	Top	3

It is important to note that the existing prioritisation of Blueprint initiatives was based on a similar exercise in early 2019, in which approximately 439 people participated. Given developments such as COVID-19 in the past 18 months, the most recent feedback could be considered highly relevant, particularly if multiple respondents suggest this. But if there are only one or two suggestions to revise a priority, however, a change that essentially 'overturns' the 2019 prioritisation might not be seen as warranted. This issue was considered by the Councillor Steering Group in its recent workshops, described below.

Another issue considered by the Councillor Steering Group was whether a submission was made by a Community Board or Community Committee on behalf of an entire community or by an iwi association, as opposed to being an individual submission.

New suggested initiatives

The Councillor Steering Group was open to the possibility that new initiatives could emerge from this exercise, though they cautioned community members to only suggest new initiatives if they were urgent, as this recent consultation exercise was not a wholesale review of Blueprints.

Several respondents did suggest completely new initiatives, including the following (note: this is not an exhaustive list; the complete list is available in spreadsheet format):

Community	Suggested new initiatives
District-wide	All initiatives to reflect kaupapa Maori themes
Horotiu	<ul style="list-style-type: none"> • Need footpaths replaced all down Horotiu Road leading towards AFFCO • Upgrade the park to cater to the younger children who live here in the village (under 5s) • Proper train track crossing for school children and pedestrians • Drainage and stormwater issues need to be addressed
Huntly	<ul style="list-style-type: none"> • Huntly Community Board suggested removing HU6.1 and 6.2 (Puketirini / Kimihia Cluster), 6.6 and 6.7 (new office and retail land) and 7.3 (new pedestrian bridge) and suggested adding instead: <ul style="list-style-type: none"> ○ Resource Recovery Centre ○ Remove slumlords ○ Change culture re: wandering dogs ○ Increase Council level of service in less well-served areas of town ○ Improve feel of Te Araroa Walkway ○ Boost civic pride by cleaning up problem spots ○ Increase crime reporting ○ Increase industrial land supply
Matangi	<ul style="list-style-type: none"> • Replace some of the older cherry trees to create destination village • Fountain feature in the town square and modern art toilet and skatepark • Resurfacing of the reserve potholes - this is our safe space for drop off for Matangi School and needs to stay well maintained • Add a roundabout at intersection • Air quality control from burn-off and fireplaces • Wastewater issues • Traffic management outside school
Mercer	<ul style="list-style-type: none"> • Wharf and waterfront redevelopment
Te Kauwhata	<ul style="list-style-type: none"> • Te Kauwhata Domain - Enhance and expand public amenities for all domain users through signage, BBQ facilities, outdoor showers, separate shower block • Main street/town centre pedestrian and traffic safety measures required to address concerns regarding: <ul style="list-style-type: none"> i) HT vehicles parking on centre median ii) visibility of pedestrians - a relatively large population of elderly residents

	<ul style="list-style-type: none"> iii) access to the playground and public toilet facilities requiring the crossing of the junction of 2-3 relatively wide streets with high traffic movement, and no designated crossing point iv) potential heavy traffic bypass/alternate route through town
Ngaruawahia	<ul style="list-style-type: none"> • Protect Puke-i-aahua • Ban 1080
Raglan	<ul style="list-style-type: none"> • A pool that is big enough for lessons • Restrict the use of caravans for housing and no tiny homes added to properties in town without approval from neighbours • Good jobs not more low paid tourism and retail jobs
Te Kauwhata	<ul style="list-style-type: none"> • Public transport, especially rail • Remove wastewater from Lake Waikare
Te Kowhai	<ul style="list-style-type: none"> • Support commercial (retail) developments on Horotiu Road north of the village
Tamahere	<ul style="list-style-type: none"> • Support the re-vegetation and development of the Tamahere Reserve • 20 additional initiatives suggested by the Tamahere Community Committee, including adding an annual event to celebrate Wiremu Tamihana and expanding the village centre area
Tuakau	<ul style="list-style-type: none"> • Remove odour from processing plant

In considering how much weight to give to these suggestions, it was noted by the Councillor Steering Group that hundreds of people participated in the original Blueprint workshops in the second half of 2018 and did not raise these initiatives then. In many of the cases above the new initiatives were suggested by only one or two submitters. On the other hand, it was acknowledged that communities and their needs can change in two years. Accordingly, a few initiatives were added to the list for input into 2021 LTP considerations. Others were noted as potential initiatives for the next Blueprint review.

Clarification or refinement of initiatives

Many respondents provided helpful clarification as to what was intended by the original initiative, in the eyes of the community. Where the scope was vague or confusing, suggestions for refinement were offered. This clarification has been added as a column to the stocktake spreadsheet and made available to Council activity managers.

Suggestions for which initiatives could be community-led

Many of the respondents provided their views on which entities should lead the various initiatives. Not all the responses were 'Council', which suggests that Council's task of implementing Blueprints can be focused on less than the total number of 291 Blueprint initiatives. Of the 78 initiatives where suggestions were made on this aspect, only 23 were suggested to be solely Council-led, while 43 were suggested to be led by Council and other groups, and 12 were suggested to be led by an entity other than Council.

Initiative-by-initiative responses on this aspect have been added as a column to the master Blueprint spreadsheet and made available to Council staff. This will assist with understanding as to which initiatives Council expected to lead, which ones it may be asked to support through 'in-kind' assistance like staff time, and which ones it is able to stand back from and let the community and other entities implement. The Councillor Steering Group also discussed this aspect of the initiatives and provided guidance in many cases, which has also been captured in the master spreadsheet.

4.1.3. Councillor Steering Group Workshops

On 26 August and 4 September 2020, the Councillor Steering Group held workshop sessions with staff assistance, to review the consultation feedback in full and confirm any changes to priorities, or clarification of initiatives and the level of Council involvement.

The discussions were done one-at-a-time for each Local Area Blueprint, followed by the District-wide Blueprint. Each initiative for which submitters had suggested priorities could change was discussed, along with submitters' open-ended commentary explaining their rationale and their thoughts about clarification or addition of initiatives. Submitters feedback on which entities should deliver each initiative was also reviewed and discussed. Once the priorities on which feedback had been provided had been discussed and Councillor views noted, the entire list of initiatives for that area was reviewed in full to see whether Councillors had anything to add or clarify to the spreadsheet.

In total, the Councillor Steering Group proposed changes to the priorities of 34 initiatives; 27 to move up in priority and 7 to move down in priority. There is some alignment between these changes and those proposed by three or more submitters, as shown in the table earlier in this memo; 9 of the 27 changes proposed by the Councillor Steering Group come from the 17 changes suggested by three or more submitters.

The Steering Group suggested adding a few new initiatives and combining others or elevating them to District-wide status. In some cases, the wording of a 'working version' of an initiative has been amended for clarity. Because the focus of the recent consultation exercise was explicitly not to rewrite the current Blueprint, and participation was not as extensive as in the original Blueprint process, only the most urgent new initiatives or rewordings were added; the others have been noted and can be a reference for future Blueprint reviews or similar planning exercises.

4.1.4. Discussions with Ward Councillors

In September, Blueprint Steering Group members met with the local Ward Councillors to discuss the results of the consultation and the Steering Group's proposals with respect to the initiatives in each Local Area Blueprint (LAB).

To further assist with prioritisation, while the initiatives had already been grouped according to priority, the Steering Group Councillors worked with Ward Councillors to further prioritise within each category. For example, a LAB with 5 'Top' priorities were ranked 1-5, if the LAB had 3 'Very High' priorities these were ranked 6-8, and so on.

4.1.5. Master Spreadsheet and Analysis

A consolidated workbook has been created with spreadsheets for all 15 Local Area Blueprints and the District-wide Blueprint. For all initiatives it now contains the following data:

- Number and name
- Priority / Ranking levels:
 - Published 2019 priority
 - Draft 2020 priority (based on initial Steering Group consideration of public feedback)
 - Final 2020 priority and ranking (based on SG discussions with Ward Councillors)
- Delivery entities:
 - Proposed level of Council involvement (Council-led, Council plus others, no Council involvement)
 - July 2020 public suggestions for specific delivery organisation(s)
- Supporting commentary and feedback
 - Staff commentary (June 2020)
 - Progress category (June 2020): complete, underway, needs clarification, etc.
 - Public feedback (July 2020)
 - Councillor commentary and feedback (Aug-Sept 2020).

Excerpts from this master database are attached as Appendix I. Each list of initiatives has been sorted in two ways, to provide clear input into LTP considerations:

1. All 'no Council involvement' initiatives have been put at the bottom of the list, regardless of priority, as presumably no LTP resource will be needed for these.
2. The other initiatives (Council-led or Council plus others) have been sorted from Top to Low priority, with ranking within each priority category where available (1 being highest).

4.1.6. Next Steps

The 2021-203 Long Term Plan (LTP) is the foremost current opportunity to implement Blueprint initiatives that are not already being done as part of 'business as usual'. Based on its public profile and high participation levels, community expectations are that the Blueprint exercise will have an impact on what the Council delivers for its communities.

Accordingly, it is important that a significant number of the Blueprint initiatives are included for consideration in the 2021 LTP.

This does not mean that all 270 plus initiatives need to be funded in the LTP. Some have already been done, are in the process of being done or are being integrated into already-funded operational activities like strategy reviews or economic and community development. Others are clearly best led (and funded) by the community or other entities, and this is supported by the recent consultation feedback. Those that would need to be Council-funded and cannot be advanced within existing operational budgets are the ones that could be considered for the LTP.

There are challenges and limitations as to how many of the Blueprint initiatives that need LTP funding can actually be funded. These include the significant backlog of Council work still to be completed based on commitments in the current LTP, including over 200 capex projects. New projects have also been scoped and proposed, as part of the 'asset optimisation' exercise through the development of Asset Management Plans and will be forthcoming as part of the draft Climate Action Plan. The recently adopted Waikato 2070: District Growth and Economic Development Strategy signals the need for additional infrastructure development to service a variety of proposed growth cells over various timeframes. The challenge is meshing Council-led Blueprint initiatives with these other lists, so that (for example) a top-priority Blueprint initiative might be considered ahead of a stalled, low-priority project from the 2018 LTP backlog list, through the upcoming consultation round for the 2021 LTP.

An initial idea from the Councillor Steering Group was that each Local Area Blueprint might have its top two initiatives included in the first three-years of the next LTP, and several more (though possibly not all) of the remainder in the subsequent seven-years. Exactly where the line is drawn will depend on cost estimates and/or staff time requirements for each initiative, bearing in mind that some initiatives to be delivered by 'Council plus others' might have Council in a low-profile support role, while others (especially 'Council-led') might require significant Council capex or opex funding and/or considerable staff time commitment.

The recently completed prioritising and ranking exercise has assisted in the preparation of draft capex and opex budgets for the 2021-2031 LTP. At the time of the writing of this report, these budgets had recently been submitted by Council activity managers to the Finance Department and are being loaded into the budget model. These proposals will be discussed by the Council's Executive Management Team and then by Councillors in the new year. The budget model will flag which projects are linked to which Blueprint initiatives, so that Councillors can get a comprehensive picture of how many of the Blueprint initiatives are being proposed for funding within the LTP and in what years.

In terms of the District-wide initiatives, the Councillor Steering Group did not decide on a set number to include in the LTP, but will have further discussion and workshops with staff to try to include as many as possible through BAU or LTP proposals.

4.2 OPTIONS

The options in this report are:

- (1) Endorse the revised priority ranking of Blueprint initiatives (Appendix I) for input into considerations for the 2021-2031 Long Term Plan;
- (2) Further revise the revised priority ranking of Blueprint initiatives (Appendix I) for input into considerations for the 2021-2031 Long Term Plan; or
- (3) Make no decision, i.e. do not endorse any particular list of initiatives for input into considerations for the 2021-2031 Long Term Plan.

Option 1 is recommended, as it is based on a robust public consultation process and thorough review by the Councillor Steering Group and Ward Councillors. It has already been used as an input to capex and opex budgeting for the 2021 LTP.

Option 2 is not recommended, as an ad hoc approach to revising the priority ranking would not be as robust as the process that has been undertaken to date.

Option 3 is not recommended, as it would forego the opportunity to capitalise on the recent public consultation and staff / elected member effort, by providing clarity to the community and staff on the latest prioritisation of Blueprint initiatives for the 2021 LTP. Staff have already referred to this prioritised list in budget preparation, but the weight of that prioritisation would be less and the importance of the public engagement seen to be less, if the list were not formally endorsed.

5. CONSIDERATION

5.1 FINANCIAL

The financial implications of this report are minimal. There is no pre-determined budget recommended for Blueprint implementation. Endorsing the revised ranking and prioritisation of Blueprint initiatives would simply result in a better reflection of the community's views before the Council commits to funding any activities or projects in the 2021-2031 Long Term Plan.

5.2 LEGAL

There are no legislative requirements specifically relating to the development or implementation of the Blueprint. This report raises no legal issues.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The key alignment that this report deals with is integration of the Blueprint with the 2021-2031 Long Term Plan. The Blueprint has already influenced Waikato 2070 (District Growth and Economic Development Strategy), which in turn will be taken into account in hearings on the Proposed District Plan.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

The Significance and Engagement Policy has been used to decide on the level of engagement throughout the Blueprint project. The most recent consultation round has been to 'Consult' as indicated below, but over time the intent is to implement an increasing number of Blueprint initiatives through collaboration and potentially empowerment through community-led development.

Highest levels of engagement	Inform <input type="checkbox"/>	Consult <input checked="" type="checkbox"/>	Involve <input type="checkbox"/>	Collaborate <input type="checkbox"/>	Empower <input type="checkbox"/>
	The recent public consultation through public workshops and a Zoom hui, followed by online and written submissions, is described earlier in this report.				

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

Planned	In Progress	Complete	
		X	Internal
		X	Community Boards / Community Committees
		X [see note below]	Waikato-Tainui / Local iwi (provide evidence / description of engagement and response)
		X	Households
		X	Business
		X	Other Please Specify

Comment: Note that engagement with Waikato-Tainui and local iwi was earlier in the process (i.e. 2018/19), as part of the development of the published 2019 Blueprint; there was not a specific targeted effort as part of the most recent consultation round.

6. CONCLUSION

The recent round of public consultation has confirmed the ranking of most Blueprint initiatives, as per the prioritisation in the 2019 published Blueprint and suggested changes to others. The attached revised priorities are the result of this public consultation and thorough consideration by the Blueprint Steering Group Councillors, including discussion with Ward Councillors. They have informed initial capex and opex budgets for the 2021-2031 Long Term Plan and their endorsement is sought to give weight to this exercise.

7. ATTACHMENT

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

TUAKAU (TU)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	TU1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Tuakau, highlight heritage and historic sites, and consider Sir Edmund Hillary and the history of trade for passing waka.	Top	Districtwide: Identity	Council plus others
Communities	TU4.1	Support the local initiative to establish a community hub, which may be partially privately funded.	Top	Top 1=	Council plus others
	TU4.3	Develop a sports and recreation facility, including consideration of incorporation of the Council's pool facility.	Top	Top 1=	Council plus others
	TU4.4	Support and enhance library services	Top	Top 3	Council plus others
Infrastructure	TU8.1	Build public toilets.	Top	Top 2	Council-led
	TU6.7	Prepare a strategy for the promotion of Tuakau for living and visiting.	Very high	Very High 3	Council plus others
Transport	TU7.1	Provide advocacy for the widening of existing, and / or the construction of new, road connections to SH1.	High	Very high 1	Council plus others
	TU7.2	Create a Park and Ride for public transport.	High	Very high 2	Council plus others
	TU4.2	Support the community aspirations for an emergency services hub.	Low	High	Council plus others
Growth	TU5.1	Consider areas for expansion, reconciling possible growth demand with high class soils and contours.	Low	Districtwide: Identity	Council plus others
	TU5.2	Address the interface between residential and industrial land. Consider sports fields as a buffer (1).	High	High	Council-led
Economy	TU6.1	Prepare a town centre strategy considering character, provision of green spaces, streetscape upgrades, mix of uses, anchors etc. (2).	High	High 2	Council-led
	TU6.6	Ensure that the timing of job creation aligns with residential growth.	High	High	Council plus others
	TU6.8	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	TU6.9	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
	TU6.2	Consider employment uses south of town centre along River Road (see strategic diagram) (3).	Medium	Medium	Council-led
	TU6.3	Establish a Designers and Makers Cluster.	Medium	Medium	Council plus others
	TU6.4	Establish a Designer Food Cluster.	Medium	Medium	Council plus others
	TU6.5	Investigate opportunities for short-stay courses.	Medium	Medium	Council plus others
	TU4.5	Install lighting and CCTV for safety.	Low	Low	Council plus others

POKENO (PO)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation	
Identity	PO1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Pokeno, recognise the position as the gateway to the north and the Waikato, and consider the dairy industry, markets, ice cream, and bacon.	Top	Districtwide: Identity	Council plus others	
Communities	PO4.1	Consider the need for a sports park. Consider whether Munro Reserve can be improved for this or whether the park in the western growth area can be expanded (1).	Top		Top 1	Council-led
	PO4.2	Establish library, community and customer services and / or facilities.	Top		Top 2	Council-led

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Economy	PO6.1	Prepare a detailed retail needs calculation, preliminary transport and open space options (4), followed by the production of a town centre strategy that reconciles the current and future retail, employment, community facility, and open space needs.	Top	Top 3	Council-led
	PO4.3	Work with MOE to provide adequate schooling facilities for the current and future population.	Very high	Very High 5	Council-led
	PO5.2	Consider supporting the Village Zone expansion (3).	Very high	Very high 4	Council-led
Transport	PO7.1	Investigate establishing wider transport links with employment areas, Tuakau and SH1. Consider a new underpass and / or bypass.	High	Very high 2	
	PO7.2	Work with the truck stop owner to address community concerns.	High	Very high 3	Council-led
	PO7.3	Create a Park and Ride for public transport.	High	Very high 1	Council-led
	PO6.2	Establish an Advanced Food Processing Cluster.	High	High	Council plus others
	PO6.3	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
	PO6.4	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
Growth	PO5.1	Consider support residential expansion (2).	Medium	Medium	Council-led

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

MERCER (MC)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	MC1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Mercer, consider tourism, wine, cheese, and skydiving.	Top	Districtwide: Identity	Council plus others
	MC4.2	Consider the development of a community facility with a meeting place, possibly in the Fire Station (2). Consider incorporating public toilets.	Top	Top 1= toilets, Top 2= facilities	Council plus others
Transport	MC7.1	Increase parking and improve roading infrastructure. Consider a new overbridge and the relocation of the sliproad.	Top	Top 4	Council plus others
Communities	MC4.1	Reconfigure the existing playground and upgrade playing fields.	Very high	Very high	Council plus others
	MC6.2	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
	MC6.3	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
Economy	MC6.1	Produce a village centre plan, placing an emphasis on destination, specialty retail and tourism, recreation, visitor and environmental aspects. Consider incorporating the relevant strategic opportunities proposed in the Local Area Blueprint.	High	High 1	Council plus others
Infrastructure	MC8.1	Consider providing appropriate facilities to address impact of freedom campers.	High	High 2	Council plus others
Nature	MC2.1	Explore opportunities for wetland preservation and a park (1).	Medium	Medium	Council plus others

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Iwi	MC3.1	Identify and preserve Maaori landmarks. Restore and commemorate historical Marae.	Medium	Top 3	not Council

MEREMERE (MM)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	MM1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Meremere, consider the power station, motorsport, and Whangamarino wetlands.	Top	?	Council-led
	MM4.5	Develop youth engagement initiatives to address the issue of youth leaving school early.	Top	?	Council plus others
	MM6.4	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	?	Council plus others
	MM6.5	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	Districtwide: Identity	Council plus others
Transport	MM7.1	Support continued access off the Waikato Expressway (4).	High	High	Council plus others
	MM4.3	Prepare a community engagement framework describing how to enable new initiatives, and strengthening relationships between existing committees and the community.	Medium	Medium	Council-led
	MM6.2	Establish a Synergy Park / Clean Production cluster.	Medium	Medium	Council plus others
	MM6.3	Establish a High Performance Vehicle Cluster.	Medium	Medium	Council plus others
	MM7.2	Consider an overbridge that also allows access to the river and Te Araroa Trail.	Low	Low	Council plus others

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Iwi	MM3.1	Celebrate the Redoubt, linking it to a wider Maori heritage experience (Tuakau, Pokeno, to Rangiriri etc) (1). Add some associated commercial zoning.	Top	Top 1	not Council
Communities	MM4.1	Provide support to beautification initiatives, assisting with community pride in the place. Consider streetscape, entrance signs, house numbers etc.	Top	Top 2	not Council
	MM4.6	Consider ways to provide more recreational opportunities and facilities for children.	Top	Top 3	not Council
Economy	MM6.1	Prepare an employment strategy for rangitahi that supports TGH efforts (3).	High	High	not Council
	MM4.2	Leverage more activities off the Hall. Seek sponsorship, e.g. for heating (considering solar power) and equipment (2).	Medium	Medium	not Council
	MM4.4	Prepare a reputational strategy that builds on local pride.	Medium	Medium	not Council

TE KAUWHATA (TK)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	TK1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Te Kauwhata, consider viticultural history, Lake Waikare, and the Whangamarino wetlands. Develop a heritage trail highlighting the viticultural history of Te Kauwhata.	Top	Districtwide: Identity	Council plus others
	TK4.3	Consider the provision of facilities to accommodate community, and active and passive recreational activities.	High	Top 1	Council-led

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Economy	TK6.1	Consider rezoning the site of the existing primary school as commercial to allow for a central business hub (in conjunction with the initiative to identify additional educational facilities elsewhere, see TK4.1).	Top	Top	Council plus others
Transport	TK7.1	Produce a cycling and walking strategy to develop local connections and paths, including around the lakes and the Whangamarino Wetland.	Very high	Top 2= and link to Districtwide	Council plus others
	TK6.5	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	Very high	Very high	Council-led
	TK6.6	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	Very high	Very high	Council-led
Communities	TK4.1	Work with the Ministry of Education to agree an integrated approach to delivering additional educational capacity, especially where associated with new residential areas (1).	High	High	Council plus others
	TK5.2	Provide design guidance to ensure housing diversity for different family sizes.	High	High	Council-led
	TK6.2	Determine key town centre strategy and management needs.	High	High	Council plus others
	TK1.2	Promote Rangiriri, highlighting the area's history.	Medium	Medium	Council plus others
	TK4.2	Promote the provision of health services.	Medium	Medium	Council plus others
Growth	TK5.1	Consider measures to ensure high quality new residential environments.	Medium	Medium	Council-led
	TK6.3	Strengthen and emphasise linkages to the Waikato River and the Te Araroa Trail, and leverage for tourism.	Medium	Top 2=	Council plus others

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	TK6.4	Provide a covered facility to accommodate the markets.	Low	Low	Council plus others
	TK7.2	Consider alternatives to the bypass that achieves the aims of reducing trucks through the village (2).	Low	Low	Council-led
	TK7.3	Consider facilitating a grade-separated rail crossing, at existing or possible bypass location (3).	Low	Low	Council plus others

OHINEWAI (OH)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	OH1.1	Build a strong identity based on a village community, river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Ohinewai, consider the ferry landing.	Top	Districtwide: Identity Top 2 Top 1	Council plus others
Nature	OH2.1	Clarify the future of the reserve (1).	Top		Council-led
	OH5.2	If development application progresses, then ensure possible expansion addresses its own impacts (such as traffic, noise, and visual). Ensure it contributes positively to the local community, e.g. by offering more convenience retail, improving housing affordability, new walking and cycling connections, improving the viability of the school etc. (2)	Top		Council plus others
Growth	OH5.1	Investigate the potential for larger residential lots west of SH1, and a mix of larger and smaller lots (for affordability) east of SH1.	Very high	Very High 1	Council-led

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Transport	OH7.1	Create tracks on the stop bank along the Waikato River and around Lake Ohinewai (3).	Very high	Very High 1	Council plus others
	OH7.1a	Create tracks on the stop bank along the Waikato River		Very High 3	Council plus others
	OH7.1b	Crear tracks around Lake Ohinewai (3)		Very High 2	Council plus others
	OH4.2	Support community initiatives for an area tidy up, addressing rubbish and weeds.	Medium	Medium 4	Council plus others
	OH4.3	Extend the Council's fruit tree planting programme.	Medium	Medium 3	Council-led
	OH4.5	Assist with the set up of social media and website communications within the community.	Medium	Medium 1	Council plus others
	OH4.6	Provide Council support to local events.	Medium	Medium 5	Council plus others
	OH4.7	Support the expansion of the school and increase in childcare provision. Consider whether the hall can double.	Medium	Medium 2	Council plus others
	OH7.2	Add a pedestrian/cycling 'clip-on' onto the Tahuna Road bridge over the railway and over SH1 (4).	High	Medium	Council plus others
Communities	OH4.1	Review accessibility to / for emergency services.	High	High	not Council
	OH4.4	Undertake the paint initiative for 'Cowboys'.	Medium	Medium	not Council
Infrastructure	OH8.1	Insert fibre with other services.	Medium	Medium	not Council

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

HUNTLY (HU)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	HU1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Huntly, consider the lakes, power, mining, bricks, arts, and promote as a strong rugby league centre.	Top	Districtwide: Identity	Council plus others
Economy	HU6.1	Promote a Puketirini and Kimihia (east mine) Employment, Skills and Technology Cluster that builds on existing uses (1).	Top	Top 1=	Council plus others
	HU6.2	Promote a Puketirini and Kimihia (east mine) Building Fabrication Construction Cluster.	Top	Top 1=	Council plus others
Transport	HU7.1	Support the central interchange off the Waikato Expressway (3).	Top	Top 2	Council plus others
Nature	HU2.1	Prepare a strategy for the clean-up of the lakes and addressing any other environmental issues resulting from mining activity.	High	High	Council plus others
	HU6.3	Continue to support the youth strategy to tie in with the development of the abovementioned proposed clusters (refer to HU6.1 and HU6.2).	High	Top 1=	Council plus others
	HU6.5	Determine key town centre strategy and management needs (2).	High	High 1	Council plus others
	HU6.6	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
	HU6.7	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High 2	Council-led

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	HU7.2	Support the production of a cycle/walking strategy that links the lakes, river and town centre.	Medium	Medium 1	Council plus others
Communities	HU4.1	Prepare a reputational strategy that builds on local pride.	Low	High 3	not Council
	HU6.4	Support the Huntly Wearable Arts event. Consider increasing its frequency and creating more economic spin-off (e.g. skills development).	High	High	not Council
	HU4.2	Promote waka ama on the Waikato River and lakes.	Medium	Medium	not Council
	HU7.3	Promote a new pedestrian river bridge (4).	Medium	Medium	not Council

TAUPIRI (TP)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	TP1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Taupiri, consider Taupiri maunga, the 'village feel', and the historical sawmill and flaxmill.	Top	Districtwide: Identity	Council plus others
Growth	TP5.1	Investigate the opportunity for industrial land (refer to District-wide proposals).	Top	Top: link to districtwide	Council plus others
Economy	TP6.1	Support when appropriate the upgrade of the local dairy to a supermarket, as the population grows.	Very high	Top: DPR	Council plus others
	TP6.2	Develop a town centre plan to address fragmentation and services required to support employment and residential growth (2). Also consider the impact of a new service centre at the interchange and the new entrance into Taupiri from the Expressway (3).	Top	Top 2	Council plus others

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Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	TP7.3	Allow for the continuation of the Te Awa cycle trail (refer to District-wide proposals).	Top	Top 1	Council plus others
	TP6.3	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High 2=	Council-led
	TP6.4	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High 2=	Council-led
	TP7.4	Consider cycling and walking to and from the school as the town expands.	High	High 1	Council plus others
Communities	TP4.1	Redevelop the Bob Byrne Memorial Park. Consider extending it along road reserve and creating visitor activity and a local social node through the construction of a jetty (1).	Medium	Medium 4	Council plus others
	TP4.3	Support the creation of youth activities that are cultural and community based.	Medium	Medium 3	Council plus others
Transport	TP7.1	Ensure connectivity through the proposed Lovell development to the existing street network and the proposed service centre (4).	Medium	Medium 1	Council-led
	TP7.2	Investigate the possibility of constructing a bridge across the Waikato River to connect east and west.	Medium	Medium	Council plus others
Infrastructure	TP8.1	Public toilets required at reserve.	Medium	Medium 2	Council-led
	TP4.2	Facilitate boating / water recreation opportunities.	Medium	Medium	not Council

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NGARUAWAHIA (NG)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	NG1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Ngaruawahia, consider Te Kiingitanga, the confluence of the Waipa and Waikato Rivers, and the Hakarimata Ranges.	Top	Districtwide: Identity	Council plus others
Communities	NG4.1	Undertake strategic conversations around Council-owned land and halls for reinvigoration of community assets (1).	Top	Top 2	Council plus others
	NG4.2	Produce a planting plan and social space at Te Mana o te Rangi reserve (2).	Medium	Top 1	Council plus others
	NG4.3	Work with relevant entities to support the strategy for youth initiatives.	Top	Top	Council plus others
Economy	NG6.1	Undertake initiatives to ensure tidy commercial and industrial street frontages.	Top	Top 3	Council plus others
	NG7.3	Provide longer distance walking and cycling connections to Te Otamanui (7), Glen Massey (8), the eastern side of the Waikato River to Horotiu (9), and Taupiri (10) (also refer to DW1.3).	Top	Top 4	Council plus others
Growth	NG5.1	Consider extending the business zone (see strategic opportunities diagram) (3).	Very high	Very High	Council-led
	NG1.2	Erect signage at the six entry points into Ngaruawahia, refer to its unique local identity and to promote tourism (also refer to NG1.1).	High	High	Council plus others
	NG4.4	Address freedom camping issues.	High	High	Council-led
	NG6.4	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High 4=	Council-led

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Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	NG6.5	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High 4=	Council-led
	NG7.2	Investigate opportunities for traffic calming and speed reductions on Great South Road through the town centre and for improved east-west connectivity for pedestrians and cyclists (6).	Medium	High 1	Council plus others
Infrastructure	NG8.1	Install or upgrade toilet facilities (11)	High	High 3	Council plus others
Transport	NG7.1	Upgrade pedestrian connections in the town centre and to the Te Awa river ride.	High	Medium	Council plus others
Iwi	NG3.1	Promote local cultural tourism by local iwi (also refer to DW1.4).	High	Top	not Council
Nature	NG2.1	Undertake a pest control project in the Hakarimata Ranges. Consider this as an opportunity for a community-led conservation project (also refer to DW2.1).	Medium	High	not Council
	NG6.2	Promote water based recreation opportunities, including the development of a café (4).	Medium	Medium	not Council
	NG6.3	Promote the idea of recreational opportunities in and around the Hakarimata Ranges, consider a gondola or a waterslide (5).	Medium	Low	not Council

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HOROTIU (HO)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	HO1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Horotiu, consider the historic Maaori gardens and the business park.	Top	Districtwide: Identity	Council plus others
	HO5.2	Investigate the opportunity for additional industrial land (also refer to District-wide proposals) (2).	Top	Top: link to Districtwide	Council-led
	HO6.3	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High 2	Council-led
Growth	HO5.1	Explore the potential for leisure, accommodation, and residential development between SH1 and the Waikato River (1).	High	High 1	Council plus others
	HO6.2	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High 3	Council-led
Economy	HO6.1	Establish an Advanced Food Processing Cluster.	Medium	Medium	Council plus others
Transport	HO7.1	Form the paper road at the end of Sullivan Road and form a carpark to improve accessibility to the river (3).	Low	Medium 1=	Council-led
	HO7.2	Provide longer distance walking and cycling connections to Te Kowhai and Horsham Downs (4) (refer to DW1.3).	Top	Medium 1=	Council-led
	HO7.3	Provide a walking and cycling route on the eastern side of the Waikato River between Horotiu and Ngaruawahia to create a loop with the Te Awa river ride (5) (also refer to DW1.3).	Top	Medium 1=	Council-led

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	HO7.4	Investigate safety improvements and traffic calming along River Road as well as connections to the proposed route along the eastern side of the river (HO73) to create a loop for recreational cycling (6).	Low	Medium 1=	Council-led
	HO7.5	Extend routes around the peat lakes for recreation	Medium	Medium	Council-led
	HO7.6	Improve the carpark at the bridge on Horotiu Bridge Road. Consider sealing it and adding toilets and rubbish bins.	Medium	Medium	Council-led
Infrastructure	HO8.1	Fill in or improve the appearance of the open stormwater drains at the original AFFCO village in Park Road (7).	Low	Low	Council plus others

TE KOWHAI (TE)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation	
Identity	TE1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Te Kowhai, consider the airpark.	Top	Districtwide: Identity	Council plus others	
	TE4.2	Create a village green by expanding sports fields and include changing rooms and public toilets (2).	Top		Top 2	Council-led
Economy	TE6.1	Support the expansion or intensification of the airpark with commercial uses associated with aeronautical activities (3).	Top		Top 4	Council plus others
	TE7.3	Support the completion of the Te Otamanui walkway by the community.	Top		Top 1	Council plus others
	TE7.4	Provide longer distance walking and cycling connections from the Te Otamanui walkway along the Waipa River to Ngaruawahia (also refer to DW1.3).	Top		Top 3	Council plus others
Communities	TE4.1	Facilitate school expansion by shared use of the sportsfields or moving the fields to a new site (1).	High	High 2	Council plus others	
	TE6.3	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High		High 4	Council-led

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Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	TE6.4	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High 3	Council-led
	TE7.2	Support the expansion of the footpath network in new residential developments and connecting to the village centre.	High	High 1	Council-led
	TE6.2	Consider expanding commercial zone towards garage (4).	Medium	Medium 2	Council plus others
Transport	TE7.1	Support the development of a new inner relief road, connecting Horotiu Road and Te Kowhai Road (5).	Medium	Medium 1	Council-led

WHATAWHATA (WW)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	WW1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Whatawhata, consider the village as a service centre for the rural periphery and local marae.	Top	Districtwide: Identity	Council plus others
Nature	WW2.1	Address river bank weeds and erosion issues.	High	Top 5	Council plus others
Communities	WW4.1	Support the process to create a meeting space ('Our Place').	Top	Top 1	Council plus others
Transport	WW7.1	Support NZTA discussions to deliver the roundabout to resolve congestion and safety concerns (2).	Top	Top 2	Council plus others
	WW7.2	Extend local footpaths to connect new residential areas to the village centre.	Top	Top 4	Council-led
	WW4.3	Create public picnic areas with BBQ facilities.	High	Top 3	Council-led

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Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	WW6.2	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	Very high	Very High	Council-led
Economy	WW6.1	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High 2	Council-led
	WW7.4	Create public river access to the west of the village centre.	High	High 1	Council-led
Infrastructure	WW8.1	Consider constructing new facilities as part of the proposed sports fields expansion (WW4.3).	Medium	Medium 1	Council-led
	WW7.3	Investigate reinstating the Makarini Road bridge across the Waipa to improve connectivity between the village centre and residential expansion areas to the west.	Low	Low	Council-led
	WW4.2	Facilitate an investigation into the options for expanding the School. Consider expansion towards the east (1).	Medium	Remove	not Council

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RAGLAN (RA)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	RA1.1	Build on the strong identity of Raglan based on the unique qualities of the local area (refer to DW1.2 to 1.4). Consider nature, regeneration, environmental initiatives, the arts, and surfing.	Top	Districtwide: Identity	Council plus others
Nature	RA2.1	Support Raglan Naturally in their prioritised local initiatives such as local food production, energy self sufficiency, alternatives to weed spraying, GE free approaches and education regarding climate change.	Top	Top 1=	Council plus others
Iwi	RA3.1	Support a strong Maori culture, including education on the Treaty of Waitangi, respecting tangata whenua, and creating Te Reo signage (refer to DW3.3).	High	Top 2	Council plus others
	RA9.2	Partner with Raglan Naturally in respect to planning processes.	Top	Top 1=	Council plus others
	RA2.2	Support community in Zero Waste initiatives, spread learning across the district.	Very high	Very High 1 - link to Districtwide Zero Waste Strategy	Council plus others
Transport	RA7.1	Extend walking and cycling network, including to Whale Bay.	Very high	Very High 2 - link to Districtwide	Council plus others
	RA4.2	Support the Whaingaroa Raglan Affordability Project.	High	High	Council plus others
	RA4.3	Support entities undertaking youth social initiatives.	High	High	Council plus others
	RA6.5	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led
	RA6.6	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	High	High	Council-led

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	RA4.4	Support the development of a community hub for locals, youth skills, cultural, health and wellbeing and environmental exchange (OMG Tech). Consider the Wi Neera Street 'old surgery' building (1) as an option.	Medium	Medium 1	Council plus others
	RA4.5	Investigate the development of a recreation centre [and pool] and bringing sports together.	Medium	Medium 2	Council plus others
Economy	RA6.1	Support initiatives by the tech and visitor sectors to address youth unemployment.	Medium	Medium	Council plus others
	RA6.2	Promote the formation of a business hub for high tech promotion and exchange.	Medium	Medium	Council plus others
	RA6.3	Consider how to support the community in creating additional and sustaining existing local jobs in tourism. Consider a bed tax to compensate for increased waste and to support housing affordability initiatives.	Medium	Medium	Council plus others
	RA7.2	Improve traffic safety around the school.	Medium	Medium	Council-led
	RA7.3	Develop a parking strategy.	Medium	Medium 3	Council plus others
Governance	RA9.1	Investigate whether Harbour Board income is used locally (2).	Medium	Medium	Council-led
Communities	RA4.1	Extend free wi-fi around the library and i-site.	Medium	Medium	Council-led
	RA6.4	Investigate opportunities for short-stay courses.	Medium	Medium	not Council

TAMAHERE (TM)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
Identity	TM1.1	Build a strong identity based on the river corridor, and the unique qualities of the local area (refer to DW1.1 to 1.4). For Tamahere, consider the gully network, Wiremu Tamihana (celebrating heritage), and the markets.	Top		Council plus others
Nature	TM2.1	Support Mangaone Stream revegetation efforts and the construction of a walking and cycleway along this stream (1) (also refer to TM7.3).	Top	Top 2 with TM7.3	Council plus others
Transport	TM7.1	Advocate with NZTA to provide a pedestrian and cycle bridge across SH21 (5).	Top	see split into 7.1a and 7.1b below	Council plus others

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Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation
	TM7.1a	Access across SH21 at roundabout		Very high 1	
	TM7.1b	Pedestrian and cyclist access across Expressway on and off ramps at Airport interchange		Top 1	
	TM7.3	Support the community with the extension of shared paths (walking / cycling) through natural areas.	Top	Top 2 with 2.1	Council plus others
	NEW	Investigation of service centre, funded through LTP		Very high 1, combined with TM6.1	Council-led
Economy	TM6.1	Support activation of the Hub development (3).	High	Very high 1, combined with NEW above	Council plus others
	TM7.2	Work with public transport provider to ensure the Hamilton / Cambridge bus will loop past the new retirement village (6) and commercial hub.	Medium	High 1	Council plus others
Communities	TM4.1	Support the Zero Waste initiative at the Hub as a start of possible wider local initiative.	Medium	Medium 1	Council plus others
Growth	TM5.1	Investigate whether the land bounded by SH21, Tamahere Drive and the proposed southern links route should be rezoned from rural to Village (2).	Medium	Medium 3=	Council-led
	TM6.2	Support local employment initiatives. Consider the quarry (needs commercial rights), elderly housing, leveraging off cycle route, retail in the new commercial hub, Southern Fresh Foods, home-based employment etc.	Medium	Medium 2	Council plus others
	TM6.5	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	Low	Medium 3=	Council-led
	TM6.4	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	Low	Medium 3=	Council-led
	TM6.3	Facilitate a plan to rotate the location of the local markets between the current location at the church and the reserve in Matangi in order to increase frequency (4).	High		not Council

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MATANGI (MA)

Theme	NO.	Action	Published Priority June 2019	Final Ranking Sept 2020	Delivery Organisation	
Identity	MA1.1	Build on the strong identity of Matangi based on the unique qualities of the local area (refer to DW1.2 to 1.4). Consider the Matangi Factory history and current use.	Top	Districtwide: Identity	Council plus others	
Economy	MA6.1	Establish a Heritage, Cultural and New Economy Business Cluster.	Medium		Top 4	Council plus others
Transport	MA7.1	Provide traffic calming and improved parking opportunities along the central section of Tauwhare Road.	Top		Top 2	Council-led
	MA7.2	Construct a footpath along Matangi Road up to Fuchsia Lane (3), and create further connections to accommodate walking from the village centre to Hillcrest.	Top		Top 3	Council-led
	MA6.2	Produce a village centre plan (1).	Very high		Top 1	Council plus others
	MA7.3	Implement a loop bus service through Matangi and Newstead.	Very high		Very High	Council plus others
	MA6.3	Support landowners' initiatives to develop more mixed use and retail areas where deemed appropriate by the Council (2).	High		High	Council plus others
	MA6.4	Identify if, how much, and where, possible additional employment land for office development is needed beyond the zoning in the Proposed District Plan.	Medium		Medium 1	Council-led
	MA6.5	Identify if, how much, and where, possible additional employment land for retail development is needed beyond the zoning in the Proposed District Plan.	Medium		Medium 2	Council-led

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DISTRICT-WIDE (DW)

Theme	No.	Action	Published Priority 2019	Revised Priority 2020	Delivery Organisation (select one)
	DW3.2	Formulate a strategy to build engagement relationships with Hapuu and to build awareness of Council processes and practices within Hapuu.	Top	Top	
Identity	DW1.1	Build a strong river corridor identity.	Top	Top	Council plus others
	DW1.2	Build the identity of each town under the umbrella of the entire District.	Very high	Top	Council plus others
Nature	DW2.1	As a review of Waikato District Council's Conservation Strategy, investigate the development and implementation of a Local Indigenous Biodiversity Strategy for the District, jointly with Waikato Regional Council staff.	Top	Top	Council plus others
Iwi	DW3.1	Use the Joint Management Agreements (JMA) more effectively.	Top	Top	Council plus others
Communities	DW4.1	Continue the implementation of the strategy for the upgrade of sporting facilities and reserves.	Top	Top	Council-led
	DW4.2	Complete a strategy for the upgrade of arts facilities.	Top	Top	Council plus others
	DW4.3	Resolve access needs to Hamilton libraries.	High	Top	Council plus others
Growth	DW5.1	Review the District Development (Growth) Strategy based on revised population and household projections.	Top	Top	Council-led
	DW5.2	Assess the plan enabled and commercially feasible residential, business and industrial capacity against the new projections, followed by an exercise to determine future residential, business and industrial zoning opportunities beyond the PDP.	Top	Top	Council-led

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Theme	No.	Action	Published Priority 2019	Revised Priority 2020	Delivery Organisation (select one)
Economy	DW6.1	Determine additional industrial, commercial and retail land needs.	Top	Top	Council-led
	DW6.4	Investigate the industrial land opportunities as identified in the Blueprint project.	Top	Top	Council-led
	DW6.5	Investigate the clean production land opportunities as identified in the Blueprint project.	Top	Top	Council plus others
	DW6.6	Determine a youth into employment strategy, possibly in conjunction with existing entities in this space.	Top	Top	Council plus others
	DW6.7	Develop a visitor attraction strategy preferably focussed on 1.5-hour attractions.	Top	Top	Council plus others
	DW7.2	Secure an improved bus service for the entire Waikato District.	Top	Top	Council plus others
	DW7.3	Support the Waikato train stations within the Auckland to Hamilton Corridor project.	Top	Top	Council plus others
	DW7.5	Strengthen cycling and walking trails along the river corridor.	Top	Top	Council plus others
Infrastructure	DW8.1	Progress the contract arrangement with Watercare for the delivery of water operations within the district.	Top	Top	Council-led
Governance	DW9.1	Support non-Council external entities in their endeavours where their objectives align with the Council's objectives.	Top	Top	Council plus others
	DW9.3	Give the Blueprint status.	Top	Top	Council-led
	DW9.4	Enable the devolution of the management of limited projects to local committees, justified by a business case. First undertake a 'local provision' scoping study.	Top	Top	Council-led
	NEW	Civic pride via higher levels of service to less well-served areas of town, and targeting spots around town that bring the feel of the place down for clean up.		Top	Council plus others
	DW3.4	Create new staff positions related to Maori partnership.	Very high	Very high	Council-led

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Theme	No.	Action	Published Priority 2019	Revised Priority 2020	Delivery Organisation (select one)
	DW4.6	Implement the youth strategy.	Very high	Very high	Council plus others
	DW4.9	Support safer communities initiatives.	Very high	Very high	Council plus others
	DW4.11	Improve accessibility of the Council's website and social media.	Medium	Very high	Council-led
	DW5.3	Undertake preparatory work in advance of an affordable housing strategy.	Very high	Very high	Council plus others
	DW7.4	Continue to monitor the consequences of State Highway projects on the Waikato District and its local communities, and when possible fulfil an advocacy role to positively influence outcomes.	Very high	Very high	Council plus others
	DW8.2	North Waikato Pokeno-Tuakau wastewater network upgrade, and the Tuakau wastewater pump station capacity upgrade.	Very high	Very high	Council-led
	DW8.3	Raglan Raglan wastewater upgrade.	Very high	Very high	Council-led
	DW9.2	Determine ways of better utilising Geographic Information System (GIS) services.	Very high	Very high	Council-led
	DW2.2	Review solid waste services.	High	High	Council-led
	DW3.3	Formulate a strategy for increasing the use of Te Reo	High	High	Council-led
	DW4.5	Implement the public toilet strategy.	High	High	Council-led
	DW4.8	Undertake a social audit to determine which services are being funded and by whom, which gaps exist, and whether there is any duplication.	High	High	Council plus others
	DW4.10	Determine a strategy for the clean-up of building frontages and streetscape in town centres and other key areas.	High	High	Council plus others
	DW5.4	Implement design guidance.	High	High	Council plus others

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Theme	No.	Action	Published Priority 2019	Revised Priority 2020	Delivery Organisation (select one)
	DW8.4	Mid Waikato Te Kauwhata wastewater treatment plant (WWTP) (short and long term).	High	High	Council-led
	DW8.5	Central Waikato - Horotiu to Ngaruawahia wastewater network; - Huntly to Ngaruawahia water main upgrade; and - Ngaruawahia network capacity planning.	High	High	Council-led
	DW2.3	Complete the ongoing data capture and condition assessment of storm water assets.	Medium		Council-led
	DW2.4	Build a greater awareness of the Waikato Regional Council (WRC) storm water guidelines across WDC.	Medium	Medium	Council plus others
	DW2.5	Drive Low Impact Urban Design (LIUD) approaches through Catchment Management Plans and Integrated Catchment Management Plans.	Medium	Medium	Council plus others
	DW2.6	Lead by example by applying low impact storm water approaches in Council works.	Medium	Medium	Council-led
	DW2.7	Investigate options to promote LIUD, e.g. through a remission of Development Contributions or an eco-design advice service.	Medium	Medium	Council-led
	DW2.8	Develop a better understanding of the rural drainage asset base and roles and responsibilities (WDC and WRC).	Medium	Medium	Council plus others
	DW2.9	Confirm the Council's approach to drainage, and ensure it is reflected in the consenting process.	Medium	Medium	Council-led
	DW2.10	Ensure developers know rural drainage WRC requirements up front.	Medium	Medium	Council plus others

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	No.	Action	Published Priority 2019	Revised Priority 2020	Delivery Organisation (select one)
	DW4.12	Determine a strategy for facilitating local communities in their communications (website / social media).	Medium	Medium	Council plus others
	DW4.13	Support events organised by local communities.	Medium	Medium	Council plus others
	DW8.6	North Waikato Pokeno and Tuakau water main upgrades.	Medium	Medium	Council-led
	DW8.7	Mid Waikato Te Kauwhata water-take consent renewal.	Medium	Medium	Council-led
	DW8.8	Southern Waikato and Small Schemes - Tamahere/Matangangi water supply storage; - Onewhero (spring water) future services; and - Te Akau (bore water) end of water services.	Medium	Medium	Council-led
	DW8.9	Raglan Raglan WWTP Renewal.	Medium	Medium	Council-led
	DW8.10	Central Waikato Huntly and Ngaruawahia WWTP discharge consent renewals.	Low	Low	Council-led
	DW8.11	Southern Waikato and Small Schemes Potential for any Te Kowhai/Horotiu water and wastewater upgrades enabling sustainable growth using cross boundary solutions (Hamilton CC).	Low	Low	Council plus others
	DW6.2	Determine if, how much, and where possible future employment (land for office development) zoning opportunities beyond the Proposed District Plan lie.	Refer	Refer	Council-led
	DW6.3	Determine if, how much, and where possible future retail zoning opportunities beyond the Proposed District Plan lie.	Refer	Refer	Council-led
Transport	DW7.1	Refer to Identity for cycling and walking tracks.	Refer	Refer	Council plus others
	DW1.3	Promote cultural tourism in the river corridor.	Very high	Very high	not Council

Revised List of Prioritised and Ranked Blueprint Initiatives (October 2020)

Theme	No.	Action	Published Priority 2019	Revised Priority 2020	Delivery Organisation (select one)
	DW4.4	Address lack in medical services and isolation issues.	High	High	not Council
	DW4.7	Determine a strategy for addressing the lack in aged care facilities.	High	High	not Council

Open Meeting

To	Strategy and Finance Committee
From	Clive Morgan General Manager Community Growth
Date	6 November 2020
Prepared by	Julie Dolan Economic and Community Development Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2941714
Report Title	Update on Economic and Community Development Work Programme – November 2020

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 General Manager Community Growth be received.

3. ATTACHMENT

Table of Economic and Community Development activities, incorporating programmes from Build and Natural recovery programme that support Economic and Community activities.

APPENDIX I

Community Resilience Programme	
Activity	Partners and contributions
<p>Community-led development training</p> <p>The Huntly community-led development training programme completed on Wednesday 18 November. Over 40 different community groups and 80 individuals from Huntly took part in the training to support their capability for managing their group, projects and funding.</p>	<p>Community Waikato.</p> <p>Funding a full-time worker to deliver the community-led development programmes across our district.</p>
<p>Though the programme is currently being evaluated by Council and Community Waikato, the early indicators show a high participation rate and as a result Community Waikato are now looking to employ an additional trainer to support this Council rolling out the training to the rest of the district.</p>	<p>Creative Waikato now looking to join the training programme for those groups within the art sector.</p>
<p>Te Kauwhata, Tuakau and Pokeno will be the next communities to be offered the community-led development training programme in the new year.</p> <p>Community-led development support has also been delivered to three community groups in Meremere to support their management structure and operations for the Community Hall. A new youth initiative and ideas from the community's blueprints are starting to form.</p>	<p>Community Waikato.</p>
<p>The Economic and Community Development (ECD) team and Community Waikato are currently working with Huntly Museum to support a business plan and proposals for future state.</p>	<p>Community Waikato.</p>

Community Resilience Programme	
Activity	Partners and contributions
A Huntly business who is looking to donate a substantial amount of money to a community organisation, Huntly Friendship House, for a new kitchen and dining area, is working with ECD to support them through the Council process.	Huntly Friendship House.
<p>Youth engagement and employment</p> <p>As part of a regional youth network, the ECD team are a key member of the Waikato Plan Youth Initiatives and through local contracts are working across two senior schools, Raglan and Te Kauwhata, to trial a new way of linking youth to employers.</p>	Waikato Plan partners, Ministry of Education, Wintec and youth providers.
A Meremere youth group is currently being established through the ECD Youth Advisor as part of the Meremere Community-led Development Programme.	Service Delivery Team supporting some possible conversion of the Meremere gym into a youth art and craft facility.
As a result of Council's partnership with Ministry of Social Development, the ECD team have been successful in supporting additional funding for a local youth provider, Oho Mauri. Oho Mauri delivers specialised training programmes for youth to employment.	Ministry of Social Development has now funded Oho Mauri to deliver training and support to young people in school across our district to support.

Investment Programme	
Activity	Partners and contributions
<p>Promoting Waikato for investment</p> <p>Preparing work programmes for any future developments in the Waikato district that will enable a more streamlined customer experience for investors. The purpose of this is to prepare Council to deliver an improved quality service from the organisation and partners to support and expediate new business investors into our district.</p>	<p>All of organisation team programme, led by ECD.</p> <p>The ECD partnership with MSD, Wintec and Training providers.</p>
<p>Re-launch of Open Waikato</p> <p>Open Waikato has been completed for approval and will be working towards a go live date in the new year. Open Waikato has created a new Facebook page to promote economic and social activities in the district.</p>	<p>Regional and National Economic Development Agencies.</p> <p>Working with the ECD team to promote Open Waikato.</p>
<p>Business investment</p> <p>The ECD team are currently working with a potential investor who has expressed an interest in Northgate. Though conversations have taken place, not until the borders are open can we progress this any further. Once borders are opened, this investor has expressed an interest in Northgate, with the potential for up to 170 new jobs.</p>	<p>Te Waka, Hamilton City Council.</p>

Labour market transition and sustainability	
Activity	Partners and contributions
<p>Business sustainability and skills investment Genesis have commenced an apprenticeship programme and will be recruiting youth from Huntly in the first instance. This programme is a pilot and if successful will be rolled out further to other employers across the district.</p> <p>ECD team and Kainga Ora are working in partnership to promote to local businesses new opportunities for tendering on Kainga Ora projects. The first promotion will take place in the New Year in Te Kauwhata and then rolled out to the wider district.</p>	<p>The Ministry of Social Development (MSD) and Te Puni Kokiri.</p> <p>Two full-time staff working alongside the ECD team and now starting to form local relationships.</p>
<p>Skills investment growth The ECD team have been working with partners on a Huntly Youth Employment Programme with Te Whangai Trust and Kimihia Lake Project.</p>	<p>The ECD team, Wintec and MSD.</p>
<p>Further work is being designed on a career pathway programme for a potential investor and their partners into the district.</p> <p>ECD continues to lobby for increased skills and training placements across the district and will look at designing bespoke training.</p>	<p>MSD, Wintec, Te Waka.</p>

Business leadership and development	
Activity	Partners and contributions
<p>Business Leadership</p> <p>The ECD team have been leading a discussion on hosting a North Waikato business event on 24 November. This network is being held in partnership with Genesis and local businesses who want to be a part of something new that could support business sustainability and growth. This will be the first meeting, with a view to holding them more regularly to grow district networks and connections.</p>	<p>Waikato Chamber of Commerce.</p> <p>Co-funding with ECD to hold small business events across the district.</p> <p>MSD Providing resources to support these events.</p>
<p>Business Development</p> <p>A pop-up business training programme has been designed in partnership with ECD and will be on offer in March 2021 to potential and new businesses start-ups. The purpose is to grow business leadership and capability across the district. As a result of COVID-19 MBIE is expecting there to be an increase in business start-ups from people who may have recently lost their own employment. Promotion for this event will commence in the New Year and be available to any residents in the district who are wanting to or thinking of starting their own business.</p>	<p>Pop-up Business School and ECD.</p>
Build projects	
Activity	Partners and contributions
<p>Following the prioritisation workshops on Build projects from the Long Term Plan, ECD and MSD brokers have been meeting with contractors to promote local skills training and employment support. These meetings will continue and a focus on employing locally will form part of the contract discussions between Council and contractors.</p>	<p>MSD.</p> <p>Providing resources to support these meetings and to pull on national funding.</p>

Natural projects	
Activity	Partners and contributions
Working in partnership with Service Delivery, community-led projects are being devised as part of the regeneration/placemaking in Taupiri, Meremere and Ngaruawahia.	Service Delivery and ECD in partnership to support community-led development activities.
Partners working together for the Waikato district	
Activity	Partners and contributions
<p>ECD team continue to grow partnerships across the district and still hold desk spaces for MSD, Kainga Ora and Te Puni Kokiri to work on and to join in employer and community visits.</p> <p>On 30 November, The Regional Commissioner from MSD, Te Rehia Papesch and the Regional Manager from Kainga Ora Roxanne Cribb are coming to present to Council the value of partnership.</p>	External central and regional partners delivery directly into our communities and businesses with leadership from ECD.

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Officer
Date	10 November 2020
Prepared by	Debra Dalbeth Business Improvement Analyst
Chief Executive Approved	Y
Document Set #	GOV1318
Report Title	2020-2021 First Quarter Non-Financial Performance Report

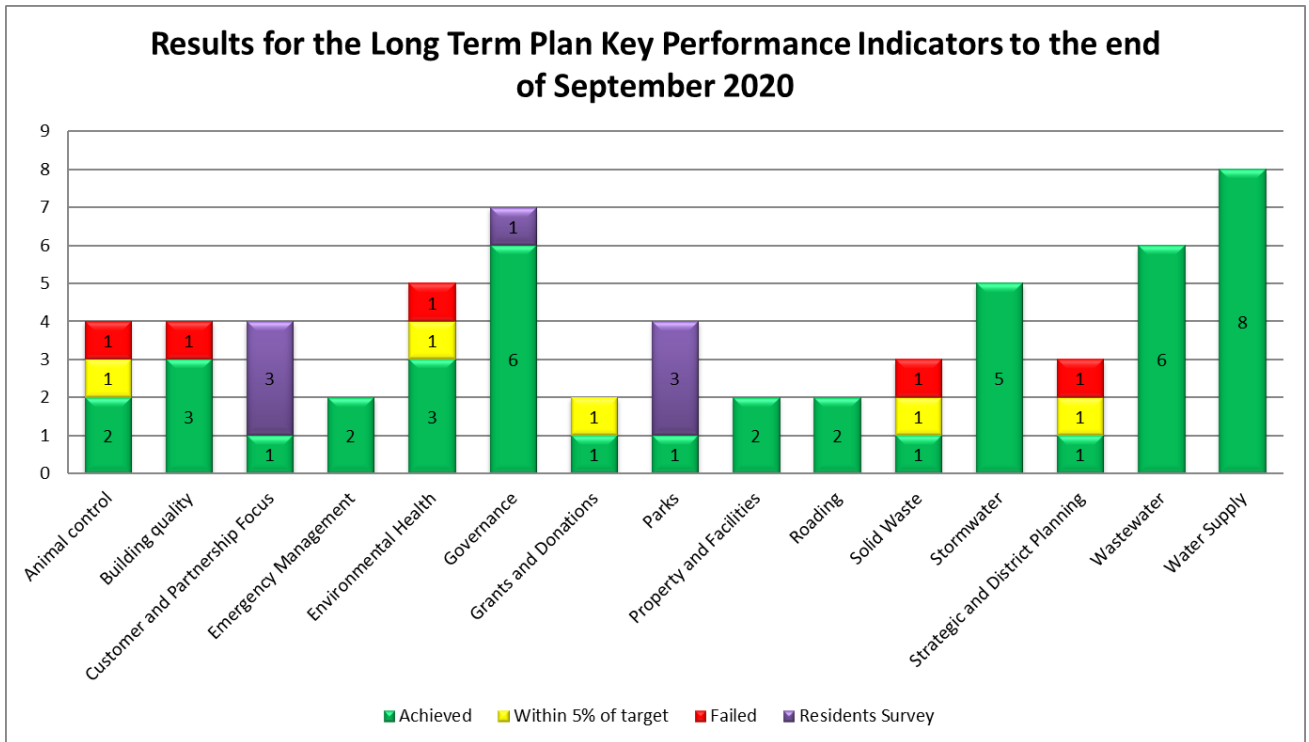
I. EXECUTIVE SUMMARY

The purpose of this report is to provide the Committee with the first quarter non-financial performance results. This includes the 2020/21 Long Term Plan (“LTP”) Key Performance Indicators (“KPIs”).

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. LTP KPIs



Achieved	Within 5% of target	Failed	Residents Survey
72%	8%	8%	11%

There are 79 KPIs that are reported in the Annual Report. Currently 21 are measured monthly, 40 quarterly, seven half yearly and 11 annually.

The above graph shows the number of KPIs that were achieved, came close or did not achieve, grouped by category.

This is the final year of this LTP. The below chart shows the results from the first year of this LTP were better than the results from the last LTP, however the end of year results highlighted issues with measuring some KPIs.

While results improved considerably in the first year of this LTP, performance has dropped largely due to the impact of the Covid-19 lockdown. Staff were not able to carry out duties in line with their performance targets, for example building inspections, education visits, monitoring of consents and audits.

Results have picked up in the first quarter with staff better able to fulfil their responsibilities. However, due to delays at the research company, the residents satisfaction survey has only just begun so results are not expected until later this year.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021 1st quarter
Achieved	67 (68%)	65 (66%)	57 (58%)	62 (78%)	53 (67%)	44 (72%)
On track	8 (8%)	4 (4%)	6 (6%)	5 (6%)	10 (13%)	5 (8%)
Not achieved	23 (24%)	29 (30%)	35 (36%)	11 (14%)	16 (20%)	5 (8%)
Unknown				1 (1%)		7 (11%)
TOTAL MEASURES	98	98	98	79	79	61

Attached to this report is *Appendix 1: 2019-20 First Quarter LTP KPI Report*.

4. RESIDENTS SATISFACTION SURVEY

There are seven questions from the Resident Satisfaction Survey that feed into the LTP but the majority of questions are to give us an indication of how residents view services and the performance across Council. These results also allow us to compare performance against other Councils and to track trends in our performance over several years.

The National Research Bureau (“NRB”) survey Waikato District Council residents at approximately 10 residents per week. Unfortunately due to delays at NRB they have only just begun surveying residents so results are not available. The half year results will be presented early in the new year.

5. CONCLUSION

These first quarter results are an early indication on how we have begun the year. The profile of these results is increasing through the organisation with work being done to improve them.

6. ATTACHMENTS

Appendix 1: 2019-20 First Quarter LTP KPI Report



Waikato District Council

Scorecard Report

Period: Jul-20 - Sep-20

LINKED ITEMS	UNIT	TARGET	ACTUAL	INDICATOR
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2019-21 LTP Governance

Satisfaction of residents that they were able to contact their Councillor as and when required

%

90.00

0.00

COMMENTS: Results from the residents survey will not be available until January 2021

Iwi ki te Haapori - Number of joint committee meetings held per annum

#

1.00

1.00



COMMENTS: Joint Waikato-Tainui- Waikato Councils Hui and Waikato Tainui-WDC JMA Co-Governance Hui held 16 July 2020

Iwi ki te Haapori - Number of identified or notified breaches/ objections under Joint Management Agreements, MOU's and MOA's

#

0.00

0.00



COMMENTS: NIL

Iwi ki te Haapori - Number of formal governance hui held between council and iwi / hapu groups

#

1.00

2.00



COMMENTS: Joint Waikato-Tainui- Waikato Councils Hui and Waikato Tainui-WDC JMA Co-Governance Hui held 16 July 2020.
Mayor - Waikato Tainui Waka Iwi Chairs & Mayors Forum - 6 Oct 2020
Mayor - Tainui Waka Strategic partners Hui (fortnightly)
A number of other meetings have also been held on various topics which are not governance but engagement and working together. eg Zoom hui with Waikato Tainui, iwi groups Re: Auckland City Wanting Water take from Awa / Watercare matters / Port Waikato iwi concerns on the Awa; H2A hui with Waikato Tainui and iwi groups from Kirikiriroa to Raahui Pookeka; Winton Kainga Ora Waikato Tainui hui; Several hui with Raglan Te Kopua 2B3 Incorporation; Several hui with Ngaa Muka Development Trust – Re: Lake Waikare and Lakeside Development @ Te Kauwhata; Several hui with Ngati Tamainupo; Hui with Ngaati Tamaoho (Aklid); Hui with iwi rep Manihera Forbes discussing proposed Star Beacon @ Wainui Reserve; Hui with Waingaro Marae Rep Re: Tamainupo Blueprint Submission; Nga Muka / Waahi Whaanui / Matahuru hui with WDC; Attended Waahi Paa whanau hui re representative for H2A; Ngaa Marae Toopu hui; Koroneihana Zoom hui; Turangawaewae Marae Re: Maaori Forum; ort Waikato. Met with Port Waikato iwi discussing Maori Wards; Turangawaewae with Kaumaatua; Waahi paa Re: Projects in Huntly and Maaori Wards; Hui with Chair of Marae in the north – Ngaa Taniwha o te Waka Re: meet to discuss Maaori Wards; Pukeiahua huiwith developers , Iwi, Minister Mahuta; Turangawaewae kuia discussing marae events and hui; Ngaati Mahanga kaumaatua discussed Rotokauri project & Maaori Wards; Visit to Bernard Fergusson Kura Kaupapa to hear their concerns; Met with Ngati Naho / Waikato Tainui / DOC / WDC Property rep - discussion Mercer Domain; Ngaa Marae Toopu meeting Re :Maaori Wards; Papakainga Hui with iwi Re: Tamahere, Mercer and Meremere;

Percentage of minutes of all open meetings that are made publicly available via the Council's website

%

100.00

100.00



COMMENTS: All confirmed minutes available online for September 2020

Percentage of Council decisions that comply with statutory requirements

%

100.00

100.00



COMMENTS: N/A

Percentage of district plan changes that are undertaken as per the RMA statutory process

%

100.00

100.00



COMMENTS: The Resource Management Policy team of Council is focusing on a full review of the District Plan. This process, known as the District Plan Review, is being conducted in accordance with the required RMA processes. The District Plan Review has been split into two stages. Stage 1 covers all aspects of the District Plan apart from issues relating to natural hazard risk and climate change which form part of Stage 2. For Stage 1, Public Hearings started on 30 September 2019 - as of September 2020 about 2/3rds of the hearings had been held. Submissions on Stage 2 (Natural Hazards) closed on 23 September 2020 - the summary will be prepared and released for further submissions before Christmas. One integrated decision on Stage 1 and 2 is due before mid September 2021.

2019-21 LTP Animal Control - LTP

LTP - The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour	%	95.00	94.44	
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COMMENTS: One job not attended within the hour as ACO was dealing with another case of serious aggression at the time. Job attended 90 minutes after call logged and dog seized.

LTP - The percentage of complaints regarding stray stock that have council personnel on site within 1 hour	%	95.00	100.00	
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COMMENTS: All current wandering stock jobs attended within an hour.

LTP - The number of reported serious dog attacks on people in public places (where medical attention is required) that occur in our district does not exceed 10 per year	#	2.50	1.00	
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COMMENTS: This attack took place on the footpath outside the dogs house. The dog rushed out, made contact and the victim required medical attention. Appropriate enforcement action was taken.

LTP - Complete Engagement and Education Visits throughout the district	#	30.00	6.00	
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COMMENTS: No engagement visits were recorded in September. The Education Officer has been contacting all schools to arrange visits in the 4th School Term. There has been an enthusiastic response to this contact and a number of schools booked in. Dogs in Libraries sessions are due to commence in October. These visits can only be executed at Level 1 or lower due to the social distancing rules. Animal Control eagerly anticipates the return to normal engagement levels going forward.

2019-21 LTP Building Quality

LTP - The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually - YTD	%	8.25	11.00	
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COMMENTS: Audits completed and on track for KPI.

The percentage of buildings that provide sleeping care or paid accommodation which are audited for compliance annually - YTD	%	0.00	27.00	
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COMMENTS: Audits of Buildings for sleeping completed and on track for KPI.

The percentage of swimming pools that are inspected for compliance annually - YTD	%	8.25	6.02	
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COMMENTS: Because of the risk to our ratepayers, the general public and our communities especially young children this is another Not Negotiable KPI. There were 37 first inspections carried out in September on Pool Fencing. Total of Pools and re-inspections carried out for September was 53. YTD there has been 131 pool inspections carried out. Target per calendar year is 660.

The percentage of building consent applications which are processed within 20 working days - YTD	%	100.00	100.00	
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COMMENTS: YTD - Currently we are processing 100% of all building consents within the statutory timeframe. Currently we are processing 96.10% of Amendments within the statutory timeframe.

2019-21 LTP Strategic and District Planning

Percentage of resource consent applications which are processed within the statutory time frames % 100.00 99.55

COMMENTS: In September we issued 67 consents. All but one was issued within statutory timeframes. This equates to 99.55% consents issued within timeframes for the year to date.

LTP - The percentage of current land use consents that are older than 2 years which have been monitored in the past 2 years % 80.00 75.00

COMMENTS: Reflection of current activity continues to be impacted by COVID restrictions in the first half of the year. Monitoring activity will be affected by almost 2 months of restrictions plus further reduction of capacity in the north of our district for the 2020 and 2021 calendar years. The team is focussed on catching up with this workload over time.

LTP - The number parking patrols that are carried out in communities that have parking controls under the bylaw. # 12.50 33.00

COMMENTS: Parking activity set to increase in line with seasonal changes.

2019-21 LTP Solid Waste

The percentage of schools in the district that receive solid waste education % 10.00 12.00

COMMENTS: YTD 53 classrooms in 7 schools have received the solid waste education during the reporting period

The percentage of kerbside collection complaints that are resolved within agreed timeframes. % 97.00 96.55

COMMENTS: Slight drop over previous months due to high number of service requests related to the inorganic collection

LTP - The % of time a contractor was engaged within 5 days from receiving the service request to to remove rubbish to resolution % 95.00 65.00

COMMENTS: Changes made to our process and the inclusion of initial triage of reported illegal dumping of rubbish has affected the timeframe and incidence of engaging a contractor. Reporting of illegal dumping of rubbish is now screened before a contractor is engaged. If the Compliance Officer is able to resolve the issue then this is carried out by the Officer. If an investigation is required for enforcement purposes then this is now carried out before a contractor is engaged. This KPI will be revised in due course to better reflect current practice.

2019-21 LTP Environmental Health - LTP

LTP - The percentage of licensed food premises that are verified/inspected annually % 100.00 100.00

COMMENTS: All licensed food premises have been inspected as required within this year.

LTP - The percentage of medium risk or higher fee category licensed premises that are inspected annually % 100.00 100.00

COMMENTS: This target has been achieved. All medium risk and high risk licensed premises were inspected during this financial year.

LTP - Percentage of excessive noise complaints responded to within agreed timeframes. (Due to geographical characteristics of the district response times will vary in different parts of the district) % 85.00 81.00

COMMENTS: We are working with our contractors to improve this KPI figure. The contractor has shown more consistent and improved results during over last year under new management so we are confident that the target will be met

LTP - The percentage of hazardous land use information (Hail) reports that will be completed within 10 working days.	% ⁷⁵	90.00	100.00	
<i>COMMENTS:</i> All reports were completed within the required timeframe and achievement against the target remains consistently high during the year.				

LTP - Percentage of environmental health complaints where the customer has been contacted within 3 working days	%	90.00	80.00	
<i>COMMENTS:</i> This KPI is a team operational response target. Several cases have required reassignment which is impacting on these figures. The team has achieved compliance with the Council 5 day KPI target. Continued improvement remains a focus in this area.				

2019-21 LTP Grants and Donations

LTP - Number of discretionary grant funding rounds undertaken per year	#	1.00	1.00	
<i>COMMENTS:</i> Complete				

LTP - The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports	%	100.00	95.00	
<i>COMMENTS:</i> Accountability forms are due within two months of completing a project. Reminders are sent out for overdue projects quarterly				

2019-21 LTP Parks

Percentage of Customers who are satisfied with Parks And Reserves, including sports fields and playgrounds overall	%	90.00	0.00	
<i>COMMENTS:</i> Results from the residents survey will not be available until January 2021				

Percentage of customers who are satisfied with Public toilets in the residents satisfaction survey	%	75.00	0.00	
<i>COMMENTS:</i> Results from the residents survey will not be available until January 2021				

Percentage of customers who are satisfied with the presentation of WDC cemeteries	%	95.00	0.00	
<i>COMMENTS:</i> Results from the residents survey will not be available until January 2021				

Percentage of new playgrounds built to New Zealand Standard - Playground Equipment and Surfacing (NZS 5828:2015)	%	100.00	100.00	
<i>COMMENTS:</i> All playgrounds are built to New Zealand safety standard.				

2019-21 LTP Property and Facilities

LTP - Percentage of customers who are satisfied with the service provided at the Raglan campground	%	90.00	92.00	
<i>COMMENTS:</i> Raglan Holiday Park has seen an increase in visitors based on last years visitor data. Kiwi's have been keen to see their own backyard and Raglan Holiday Park Papahua has been a very popular spot for kiwi's exploring their own backyard.				

LTP - Percentage of customers who are satisfied with the service provided at the Huntly campground	%	90.00	100.00	
<i>COMMENTS:</i> Hakanoa Camp Ground continues to provide exceptional customer service and a welcoming stay for visitors. Managers have received great feedback about their hospitality and the cleanliness of the shared facilities.				

2019-21 LTP Emergency Management

Council maintains a minimum number of trained staff to foundation level, to fulfil core Emergency Operations Centre roles	#	100.00	100.00	
<i>COMMENTS:</i> We are on track and meeting our target. We continue to offer these courses in-house for staff and have a steady uptake.				

Council maintains a minimum number of trained staff to Intermediate level, to fulfil core Emergency Operations Centre roles.	#	30.00	30.00	
<i>COMMENTS:</i> We are on track and meeting our target. We continue to offer these courses in-house for staff and have a steady uptake.				

2019-21 LTP Customer and Partnership Focus

Level of Customer effort	#	3.00	0.00	
<i>COMMENTS:</i> Results from the residents survey will not be available until January 2021				

Percentage of time that access to a free internet service is available in libraries	%	100.00	100.00	
<i>COMMENTS:</i> There have been no problems with this service during the first quarter. This free Internet service is something that is very popular across all six sites. Many of our customers do not have these facilities available and really appreciate this service.				
Staff have noticed a large amount of our customers using this service to update CVs.				

Percentage of customers satisfied that council consults with the community regarding the right issues	%	60.00	0.00	
<i>COMMENTS:</i> Results from the residents survey will not be available until January 2021				

Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues	%	60.00	0.00	
<i>COMMENTS:</i> Results from the residents survey will not be available until January 2021				

2019-21 LTP Roading

The percentage of customer service requests relating to roads to which we respond within the timeframes specified.	%	80.00	95.98	
<i>COMMENTS:</i> YTD 95.98% (547 service requests) of customer service requests were responded to within the timeframe specified in the LTP				

The percentage of customer service requests relating to footpaths responded to within the timeframe specified in LTP	%	80.00	95.35	
<i>COMMENTS:</i> YTD 95.35% (43 service requests) of customer service requests were responded to within the timeframe specified in the LTP				

2019-21 LTP Stormwater

The number of flooding events that occurred throughout the district	#	5.00	0.00	
<i>COMMENTS:</i> Target met				

The number of habitable floors affected in a stormwater flooding event expressed per 1000 properties connected to the councils stormwater system per event	#	0.30	0.00	
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COMMENTS: Target met

The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	m	120.00	0.00	
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COMMENTS: Target met

The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system	#	4.00	0.73	
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COMMENTS: Target met

Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and convictions received in relation those resource consents.	#	0.00	0.00	
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COMMENTS: No Abatement Notices were issued during the July to September 2020 quarter. As at 30 September 2020, there is one active Abatement Notice for Raglan urban area and work to resolve the non-compliances is underway.

2019-21 LTP Wastewater

The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system	#	3.00	0.00	
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COMMENTS: Target met

Target met

The median attendance time where Council attends to sewerage overflows resulting from a blockage or other fault in its sewerage system, from the time that Council receives notification to the time that service personnel reach the site.	m	60.00	33.00	
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COMMENTS: Target met

The median resolution time where Council attends to sewerage overflows resulting from a blockage or other fault in its sewerage system, from the time Council receives notification to the time personnel confirm resolution of the blockage or other fault.	m	240.00	143.00	
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COMMENTS: Target met

The total number of complaints received by Council about odour, system faults, blockages, response to issues with its sewerage system.(expressed per 1000 connections to the sewerage system):	#	10.00	0.40	
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COMMENTS: Target met

Council's level of Compliance with resource consents for discharge from its wastewater system, measured by the number of abatement notices, infringement notices and enforcement orders	#	2.00	0.00	
---	---	------	------	--

COMMENTS: No Abatement Notices were issued during the July to September 2020 quarter. As at 30 September 2020, there are two active Abatement Notices (Meremere and Te Kauwhata). Meremere Wastewater Treatment Plant is being upgraded to a Membrane Bioreactor plant; this work is expected to be completed by July 2021 and will improve operating compliance. A mid Waikato Servicing Strategy has been completed and solutions for Te Kauwhata identified; consultation with stakeholders is occurring and this process will finalise the solution

Council's level of Compliance with resource consents, measured by the number of Convictions for discharge from its wastewater system,	#	0.00	0.00	
---	---	------	------	--

COMMENTS: Target met

2019-21 LTP Water Supply

The extent to which Councils drinking water supply (zones) complies with part 4 of the drinking water standards (bacteria compliance criteria)	#	18.00	18.00	
--	---	-------	-------	--

COMMENTS: Target met

The extent to which Councils drinking water supply (plants) complies with part 4 of the drinking water standards (bacteria compliance criteria)	#	4.00	4.00	
---	---	------	------	--

COMMENTS: Updated results to come (annual assessment)

The extent to which Councils drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	#	4.00	15.00	
---	---	------	-------	--

COMMENTS: Target met

The median on site attendance time for an urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	m	60.00	50.00	
--	---	-------	-------	--

COMMENTS: Target met

The median resolution time for an urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	m	240.00	111.00	
--	---	--------	--------	--

COMMENTS: Target met

The median on site attendance time for a non-urgent call out, where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	Days	5.00	1.00	
--	------	------	------	--

COMMENTS: Target met

The median resolution time for a non-urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	Days	5.00	1.00	
---	------	------	------	--

COMMENTS: Target met

The total number of complaints received by Council about drinking water clarity, taste, odour, water pressure or flow, continuity of supply and response to any of these issues (expressed per 1000 connections to the water system)	# ⁷⁹	25.00	1.12	
<i>COMMENTS:</i> Target met				

Overall Performance	%	0.00	0.00	
----------------------------	---	-------------	-------------	--

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	16 November 2020
Prepared by	Colin Bailey
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Treasury Risk Management Policy –Compliance Report at 30 September 2020

I. EXECUTIVE SUMMARY

The purpose of this report is to inform the Strategy & Finance Committee of compliance with Treasury Risk Management Policy and is based on the Compliance Report at 30 September 2020.

All areas of treasury risk management are within policy limits with the exception of:

- Fixed to floating interest rate controls (item 10): low level of capital expenditure spend against forecast. An unintended consequence of inaccurate capital forecasts is that interest rate management tools will be ineffective.

Debt at 30 September 2020 is \$95 million compared to budgeted debt of \$115 million.

Further debt will not be required until the first half of the 2021 calendar year, subject to rates receipts at similar levels to 2021 and capital expenditure not exceeding Annual Plan levels.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

3. ATTACHMENTS

Treasury Risk Management Policy - Compliance Report at 30 September 2020.

Treasury risk management policy - Compliance report

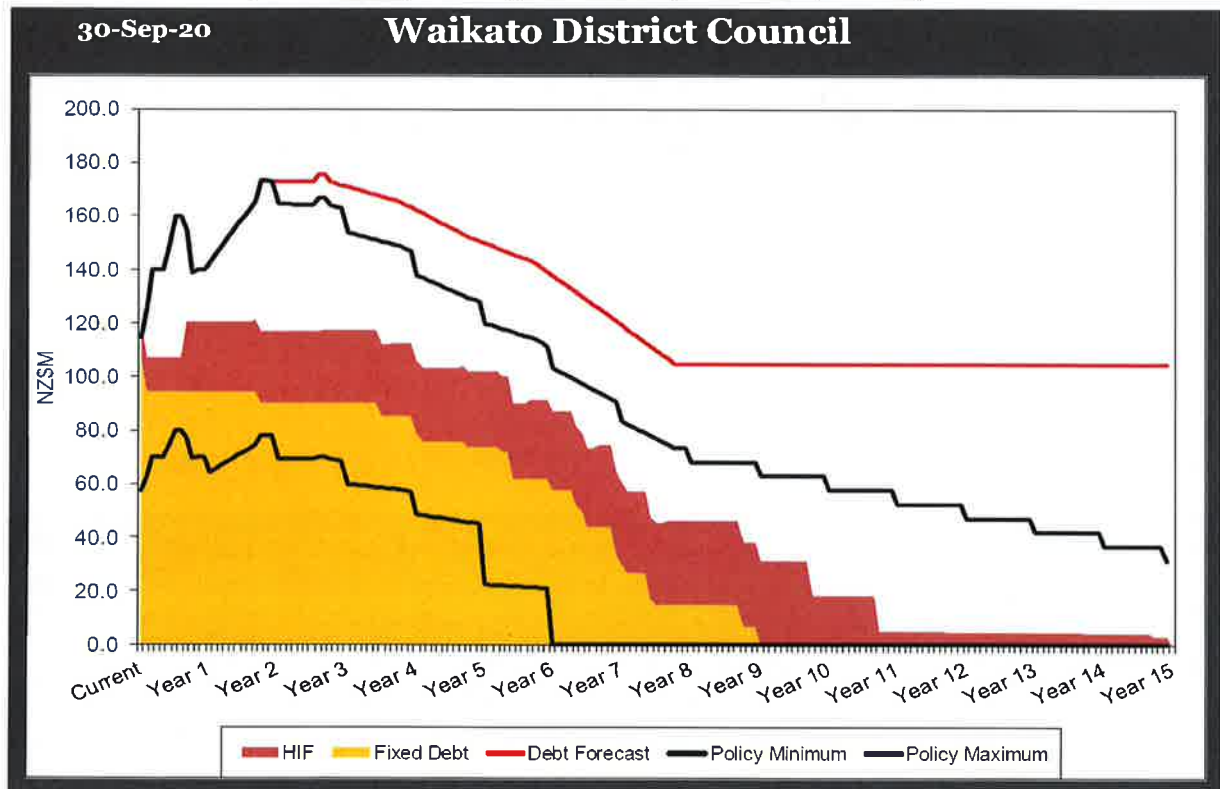
As at 30 September 2020

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>45.4%</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>3.5%</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>111%</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>Sep-18</td><td>4.25</td><td>4.50</td><td>4.15</td></tr> <tr><td>Dec-18</td><td>4.30</td><td>4.50</td><td>4.15</td></tr> <tr><td>Mar-19</td><td>4.20</td><td>4.50</td><td>4.45</td></tr> <tr><td>Jun-19</td><td>3.85</td><td>4.50</td><td>4.35</td></tr> <tr><td>Sep-19</td><td>3.95</td><td>4.30</td><td>4.40</td></tr> <tr><td>Dec-19</td><td>3.95</td><td>4.30</td><td>4.15</td></tr> <tr><td>Mar-20</td><td>3.40</td><td>4.30</td><td>4.55</td></tr> <tr><td>Jun-20</td><td>2.95</td><td>4.30</td><td>4.75</td></tr> <tr><td>Sep-20</td><td>2.95</td><td>4.30</td><td>4.70</td></tr> </tbody> </table>				Month	Benchmark (%)	Budget (%)	Actual (%)	Sep-18	4.25	4.50	4.15	Dec-18	4.30	4.50	4.15	Mar-19	4.20	4.50	4.45	Jun-19	3.85	4.50	4.35	Sep-19	3.95	4.30	4.40	Dec-19	3.95	4.30	4.15	Mar-20	3.40	4.30	4.55	Jun-20	2.95	4.30	4.75	Sep-20	2.95	4.30	4.70
Month	Benchmark (%)	Budget (%)	Actual (%)																																								
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<p>6 Actual borrowing costs are <= budgeted borrowing costs</p> <p>Current month</p> <p>Year to date</p>	<table border="1"> <thead> <tr> <th></th> <th>Budget</th> </tr> </thead> <tbody> <tr> <td>Current month</td> <td>\$457,750</td> </tr> <tr> <td>Year to date</td> <td>\$1,373,250</td> </tr> </tbody> </table>		Budget	Current month	\$457,750	Year to date	\$1,373,250	<table border="1"> <thead> <tr> <th></th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Current month</td> <td>\$347,387</td> </tr> <tr> <td>Year to date</td> <td>\$1,216,941</td> </tr> </tbody> </table>		Actual	Current month	\$347,387	Year to date	\$1,216,941	<p>✓</p> <p>✓</p>																												
	Budget																																										
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Year to date	\$1,373,250																																										
	Actual																																										
Current month	\$347,387																																										
Year to date	\$1,216,941																																										

7	Current interest rate swaps (including forward starts)	Amount	Effective date	Termination date	Fixed rate (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%
		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	4.75%
		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	4.85%
		3,000,000	20-Oct-20	21-Oct-24	
		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	3.63%
		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%
		125,500,000	Total swaps		
		101,500,000	Total "live" swaps		
			Average interest rate of live swaps		3.91%
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			\$20.91m	✓
	- HSBC			\$0m	✓
	- Westpac			\$0m	✓

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

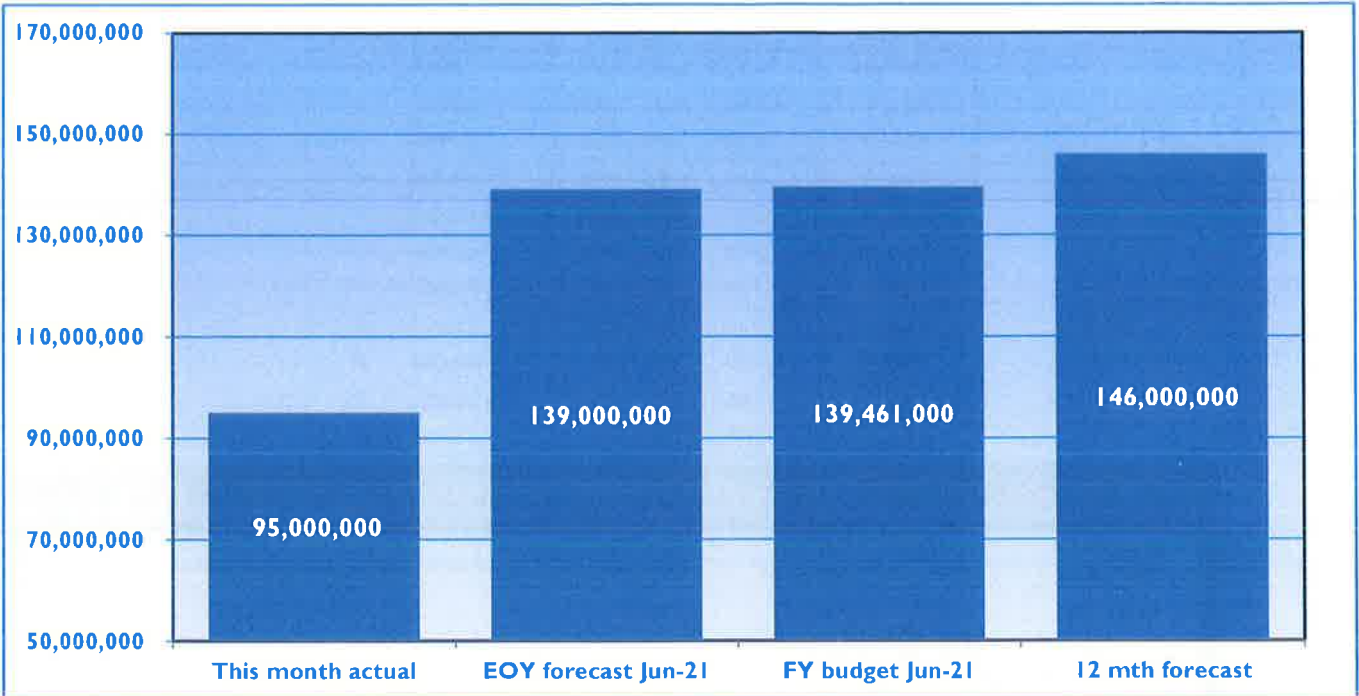
Debt period ending	\$m	Policy criteria	Actual	Within policy
Current	115	50% - 100%	105%	*
Year 1	143	45% - 100%	84.0%	✓
Year 2	173	40% - 95%	68.0%	✓
Year 3	171	35% - 90%	69.0%	✓
Year 4	162	30% - 85%	65.0%	✓
Year 5	150	15% - 80%	68.0%	✓
Year 6	138	0% - 75%	63.0%	✓
Year 7	119	0% - 70%	51.0%	✓
Year 8	105	0% - 65%	44.0%	✓
Year 9	105	0% - 60%	27.0%	✓
Year 10	105	0% - 55%	15.0%	✓



	Policy criteria	Policy limit	Actual	Within policy?
11	Debt affordability benchmark - limit on debt (actual debt <= limit on debt)	<= \$196.5m	\$95m	✓
12	Balanced budget benchmark (revenue / expenses)	>=100%	106%	✓
13	Essential services benchmark (CAPEX / dep'n - infrastructure)	>=100%	418%	✓
14	Debt servicing benchmark (borrowing costs / revenue) borrowing costs =	<15%	3.3%	✓
		finance expenses per statement of comprehensive revenue and expense		

15 Borrowing at September 2020

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



16	Actual monthly (gross) borrowing is within end-of-year budget	\$139,461,000	\$95,000,000	✓
17	The maturity profile of the total committed funding in respect of all loans and committed facilities			
	0 to 3 years	15% - 60%	57%	✓
	3 to 5 years	15% - 60%	29%	✓
	5 years plus	10% - 40%	14%	✓

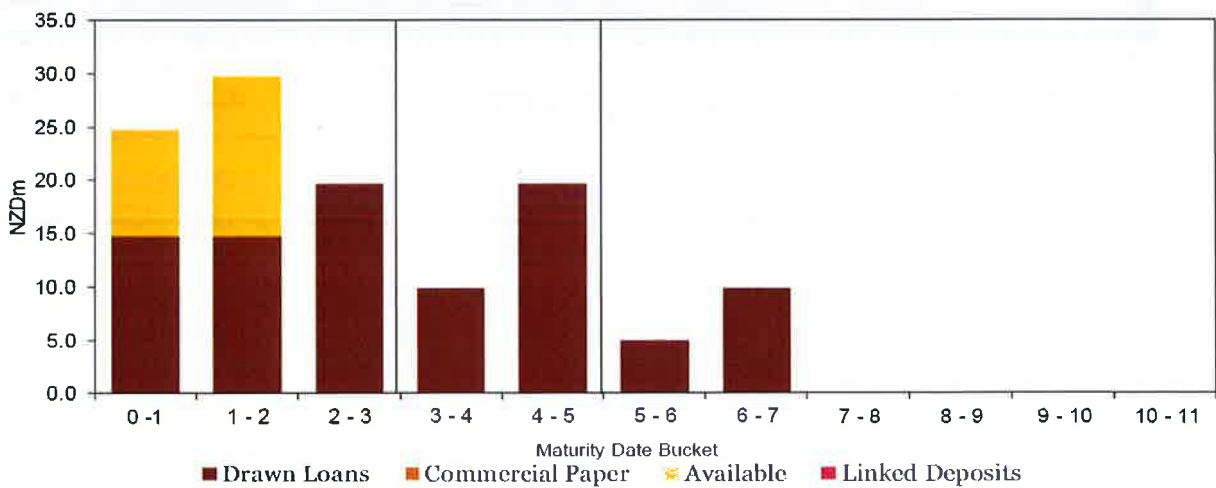
30-Sep-20

Waikato District Council

Committed Loan/Stock/Facilities/Investments \$103.5m
 Current External Debt \$93.5m
 Current Net Debt (ex pre-funding) \$93.5m

Policy Liquidity Ratio >= 110%
 Current Liquidity Ratio 111%
 12 month Peak Net \$142.9m

0 - 3 years	3 - 5 years	5 years plus
15% - 60%	15% - 60%	10% - 40%
57%	29%	14%



18	Financial assets			\$'000
	<i>Share investments held for strategic purposes</i>			
	Local Authority Shared Services Limited			220
	Waikato Regional Airport Limited			16,743
	Strada Corporation Limited			700
	Civic Financial Services Limited			38
	<i>Investments held to reduce the current ratepayer burden</i>			
	Community loans as below			90
	<i>Short-term investments held for liquidity & working capital requirements</i>			
	Bank & cash balances			416
	Short-term bank deposits			32,200
	Total investments			\$18,207
	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	78,123	Jun-22	both at 5.32%
	Te Kowhai Hall Committee	10,584	Jun-22	
	Opuatia Community Centre (ex Franklin loan)	1,400	Dec-20	0%
		\$90,107		
	Policy criteria	Policy limit	Actual	Within policy?
20	Counterparty credit risk - investments			
	NZ Government	unlimited	\$0m	✓
	NZD resistered supranationals	\$20m	\$0m	✓
	LGFA	\$20m	\$0m	✓
	NZ registered banks (each)	\$20m		
	- ANZ / National		\$8.05m	✓
	- ASB		\$8.05m	✓
	- BNZ		\$8.05m	✓
	- HSBC		\$0m	✓
	- Westpac		\$8.05m	✓
21	Counterparty credit risk - total			
	NZ registered banks (each)	\$50m		
	- ANZ / National		\$8.05m	✓
	- ASB		\$8.05m	✓
	- BNZ		\$28.96m	✓
	- HSBC		\$0m	✓
	- Westpac		\$8.05m	✓

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Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	12 November 2020
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 2941170
Report Title	Civic Financial Services Limited Half Yearly Accounts

1. EXECUTIVE SUMMARY

Civil Financial Services Limited is owned by Local Government and supplies a range of financial services. Council's investment in Civic Financial Services Limited is \$38,000 as at 30 June 2020. Pre-tax profit for the first six months of 2020 was approximately \$314,000, which is tracking above expected levels.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Civic Financial Services limited Half Yearly Accounts to 30 June 2020
(with introductory letter from the Chief Executive)

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

24 September 2020

Dear Gavin,

Civic Financial Services Half-Yearly Accounts – 30 June 2020

Please find enclosed your copy of the half-yearly accounts for Civic Financial Services Limited ("Civic") to 30 June 2020. You will be pleased to see that the company is tracking above budget and has returned an (unaudited) pre-tax profit of \$0.314 million for the first half of 2020 with the company maintaining a strong financial position as at 30 June 2020. The company's income has reduced due to the sale of Civic Assurance House in August of last year and lower superannuation fees introduced from 1 April 2020.

As reflected in the accounts Civic's income is derived from administration services and investment income. In addition to administering Riskpool, Civic Liability Pool and the LAPP Fund, Civic administers the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes which are offered to local government on an exclusive basis. Civic (through its SuperEasy and/or SuperEasy KiwiSaver Scheme) provides superannuation services to 76 councils, has over 11,000 members and funds under management of over \$450 million. Of the councils that have a preferred provider for KiwiSaver, 70 out of 74 (94%) have appointed Civic.

Yours sincerely

Ian Brown
Chief Executive



CIVIC FINANCIAL SERVICES LTD**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Six Months		Full Year	
	Note	2020 \$M	2019 \$M	2019 \$M
REVENUE				
Administration Fees		1,469	1,434	2,948
Income from Investments		75	222	330
Property Income		-	459	572
Gain on sale of Building		-	-	1,210
TOTAL REVENUE		<u>1,543</u>	<u>2,115</u>	<u>5,059</u>
EXPENDITURE				
Property Operating Expenses		-	369	396
Depreciation & Amortisation		9	21	35
Employee Remuneration		348	384	751
Other Expenses		872	836	1,626
TOTAL EXPENDITURE		<u>1,229</u>	<u>1,610</u>	<u>2,808</u>
NET SURPLUS BEFORE TAXATION		<u>314</u>	<u>505</u>	<u>2,251</u>
Less Taxation Expense	6	88	141	301
NET SURPLUS AFTER TAXATION		<u><u>226</u></u>	<u><u>364</u></u>	<u><u>1,950</u></u>

**STATEMENT OF MOVEMENTS IN EQUITY (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Six Months		Full Year
	2020 \$M	2019 \$M	2019 \$M
Equity as at 1 January	10,477	17,945	17,945
Net Surplus After Taxation	226	364	1,950
Dividend Payment	-	-	(9,418)
EQUITY AS AT 30 JUNE	<u><u>10,703</u></u>	<u><u>18,309</u></u>	<u><u>10,477</u></u>

**STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT 30 JUNE 2020**

	2020 \$M	2019 \$M	2019 \$M
EQUITY			
Capital	10,764	10,764	10,764
Retained Earnings	(60)	7,545	(286)
TOTAL EQUITY	<u><u>10,703</u></u>	<u><u>18,309</u></u>	<u><u>10,477</u></u>
Represented By:			
Current Assets			
Bank & Cash Equivalents	124	548	274
Term Deposits	4,935	4,100	5,290
Receivables	457	940	555
Loans	7	2,877	5,755
TOTAL CURRENT ASSETS	<u><u>8,393</u></u>	<u><u>11,343</u></u>	<u><u>8,116</u></u>
Non-Current Assets			
Property, Plant & Equipment & Intangible Assets	155	248	123
Deferred Tax Asset	2,398	2,646	2,486
TOTAL NON CURRENT ASSETS	<u><u>2,553</u></u>	<u><u>2,894</u></u>	<u><u>2,610</u></u>
Investments			
Investment Property	-	8,535	-
TOTAL INVESTMENTS	<u><u>-</u></u>	<u><u>8,535</u></u>	<u><u>-</u></u>
TOTAL ASSETS	<u><u>10,946</u></u>	<u><u>22,772</u></u>	<u><u>10,725</u></u>
Current Liabilities			
Sundry Creditors & Accrued Charges	226	4,376	203
TOTAL CURRENT LIABILITIES	<u><u>226</u></u>	<u><u>4,376</u></u>	<u><u>203</u></u>
Non Current Liabilities			
CLP/ Riskpool Admin Fee Reserve	16	87	45
TOTAL NON-CURRENT LIABILITIES	<u><u>16</u></u>	<u><u>87</u></u>	<u><u>45</u></u>
TOTAL LIABILITIES	<u><u>242</u></u>	<u><u>4,463</u></u>	<u><u>248</u></u>
EXCESS OF ASSETS OVER LIABILITIES	<u><u>10,703</u></u>	<u><u>18,309</u></u>	<u><u>10,477</u></u>

The notes to the accounts on page 3 form part of and are to be read in conjunction with these Statements.

CIVIC FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six Months		FULL YEAR	
	Notes	2020 \$M	2019 \$M	2019 \$M
Cash Flows from Operating Activities				
Cash from operating activities:		1,525	1,865	3,406
Cash applied to operating activities:		1,185	1,517	2,606
Net Cashflow from Operating Activities	5	341	349	800
Cash Flows from Investing Activities				
Cash provided from investing activities:		409	385	14,532
Cash applied to investing activities:		921	3,672	5,106
Net Cashflow from Investing Activities		(512)	(3,287)	9,426
Cash Flows from Financing Activities				
Cash was provided from financing activities:		21	168	184
Cash applied to financing activities:		-	95	13,549
Net Cashflow from Financing Activities		21	73	(13,365)
Net Decrease in Cash Held		(150)	(2,865)	(3,140)
Opening Cash Balance as at 1 January		274	3,414	3,414
Closing Cash Balance as at 30 June		124	548	274
Being:				
Bank & Cash Equivalents		124	548	274

The notes to the accounts on page 3 form part of and are to be read in conjunction with this statement.

CIVIC FINANCIAL SERVICES LTD
FOR THE SIX MONTHS ENDED 30 JUNE 2020

Notes to the Financial Statements

1 Statement of Compliance

The Group is a Tier 1 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 1 Public Sector Public Benefit Entity (PBE) Standards.

2 Accounting policies

The accounting policies applied in the preparation of the half year financial statements are consistent with those disclosed in the 2019 annual report except that the investment property has not been revalued.

3 Basis of Preparation

These interim financial statements have been prepared in accordance with PBE IAS 34 - Interim Financial Reporting, and should be read in conjunction with the Company's annual financial report for the year ended 31 December 2019. Disclosures in these interim financial statements are less extensive than those in the annual financial report.

4 Comparative figures.

The comparative figures are for the six months ended 30 June 2019 and the year ended 31 December 2019.

5 Reconciliation of net surplus after tax with cash flow from operating activity.

	Six Months		Full Year
	2020 \$M	2019 \$M	2019 \$M
Reported Surplus After Taxation	226	364	1,950
Add/(less) non cash items			
Loan Interest	(20)	333	(31)
Depreciation	10	22	35
Deferred Tax Liability	88	141	301
Movement in CLP/ Riskpool Admin Fee Reserve	(10)	(10)	(19)
	<u>68</u>	<u>486</u>	<u>286</u>
Add/(less) movements in other working capital items			
Accounts Receivable	96	(153)	40
Accounts Payable	4	107	(99)
Tax Refund Due	-	4	4
	<u>100</u>	<u>(43)</u>	<u>(55)</u>
Less Items Classified as investing activity	(54)	(385)	(1,512)
Less Items Classified as financing activity	-	(73)	130
	<u> </u>	<u> </u>	<u> </u>
Net Cash Outflow from Operating Activities	<u>341</u>	<u>349</u>	<u>800</u>

6 Income Tax

The income tax liability for June 2020 is nil as the Company has unused tax credits with which it will use to offset any income tax expense .

- 7 Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of New Zealand Mutual Liability Riskpool ("Riskpool") were entered into in February 2017 and August 2017 for \$2,250,0000 each to assist with Riskpool's cashflow. Both loans are arm's length and on commercial terms. Any loan may be repaid by Riskpool at any time without penalty and the agreement terminated by either party with six months' notice.

8 Contingent liabilities.

The contingent liabilities are:

- i) 100,000 uncalled shares in the wholly owned subsidiary, Local Government Superannuation Trustee Limited.
- ii) 1,000 uncalled shares in the wholly owned subsidiary, Local Government Mutual Funds Trustee Limited.
- iii) 100 uncalled shares in the wholly owned subsidiary, SuperEasy Limited.
- iv) 100 uncalled shares in the wholly owned subsidiary, Local Government Finance Corporation Limited.

9 Events occurring after reporting date

- ii) There have been no significant events since the reporting date that affect the results disclosed in the half year financial statements.

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	12 November 2020
Chief Executive Approved	Y
Reference #	GOV1318 / 2941165
Report Title	Financial performance summary for the period ending 30 September 2020

I. EXECUTIVE SUMMARY

This report presents year-to-date financial performance against the 2020/21 Annual Plan and those budgets carried forward from the 2019/20 financial year. It should be noted that reserve balance information and related finance expense/revenue (interest) is 'draft' until such time the audit of Council's Annual Report is complete.

The report provides a summary of revenue and expenses, capital expenditure, current working capital, debt limit information and key reserve balances.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

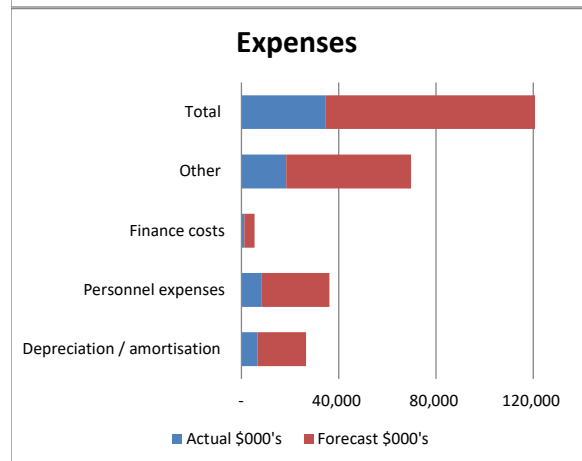
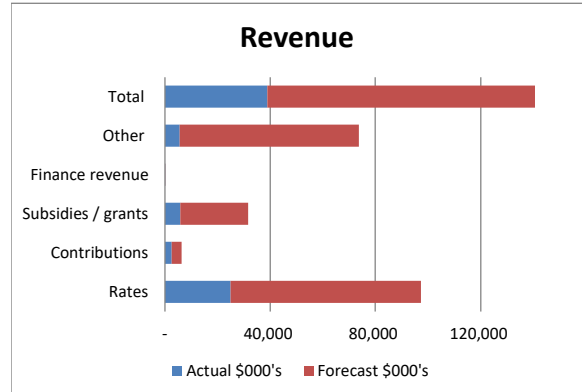
3. ATTACHMENTS

Financial Performance Summary

AT A GLANCE

Contributions income is tracking above year-to-date budget expectations reflecting the amount of development activity underway to release land and/or housing. Due to the timing of vesting of roading and three waters assets, at \$55 million and \$424,000 respectively, the overall income position is slightly below target. Staff are working hard to get capital works out to the market and spend should increase as we reach the construction season. General rate income, including Uniform Annual General Charges, is below forecasted levels by a total of \$614,000.

	Sep-20	Open Bal
	\$000's	\$000's
Reserve Balances Summary		
Restricted reserves	202	201
Council reserves	20,402	23,536
Development contributions	(32,749)	(34,483)
Replacement funds	27,321	24,884
Targeted rate reserves	(11,678)	(12,398)
Total	3,498	1,740
Key reserves (included in balances above)		
	Sep-20	Open Bal
	\$000's	\$000's
Disaster recovery	792	788
Hamilton East Property proceeds	2,308	2,308
Structure plan non-growth reserve	937	927
Northgate development area	(4,687)	(4,662)
Pokeno Structure plan	(8,256)	(9,260)
Tamahere Structure plan	(1,953)	(1,959)
DW water targeted rate	(8,132)	(8,584)
DW wastewater targeted rate	(7,239)	(7,386)
Total	(26,230)	(27,828)



FINANCIAL PERFORMANCE SUMMARY

For the period ending 30 September 2020

	Actual \$000's	FY Forecast \$000's	% usage	YTD Variance \$000's	Ref.
Revenue					
Rates	25,020	97,284	26%	(699)	1
Development and financial contributions	2,535	6,393	40%	(937)	2
Subsidies and grants	5,865	31,608	19%	2,037	3
Finance revenue	13	130	10%	20	
Other revenue	5,579	73,766	8%	12,862	4
Total revenue	39,012	209,181	19%	13,283	
Expense					
Depreciation and amortisation expense	6,678	26,702	25%	(3)	
Personnel expenses	8,172	36,192	23%	876	5
Finance costs	1,218	5,494	22%	156	6
Other expenses	18,451	69,827	26%	(995)	7
Total operating expenses	34,519	138,216	25%	35	
Surplus (deficit) before tax	4,493	70,964	6%	13,249	

Year-to-date net operating surplus of \$4.5 million is \$13.2 million behind year to date expectations in overall terms.

Items to note are as follows:

Income

- 1 Favourable - The rates strike generated lower levels of income than budgeted. This favourable variance is arrears penalties.
- 2 Favourable - Contribution income is above year to date expectations. Approximately \$63,000 relates to older consents with financial contributions, with the remainder continuing to come from development contributions (DCs).
- 3 Unfavourable -Subsidies are linked to progress of physical work programmes. The construction season generally commences towards the end of the second quarter.
- 4 Unfavourable - The budget allows for \$55 million of roading assets to be vested with Council. The timing of this is largely outside of council control.

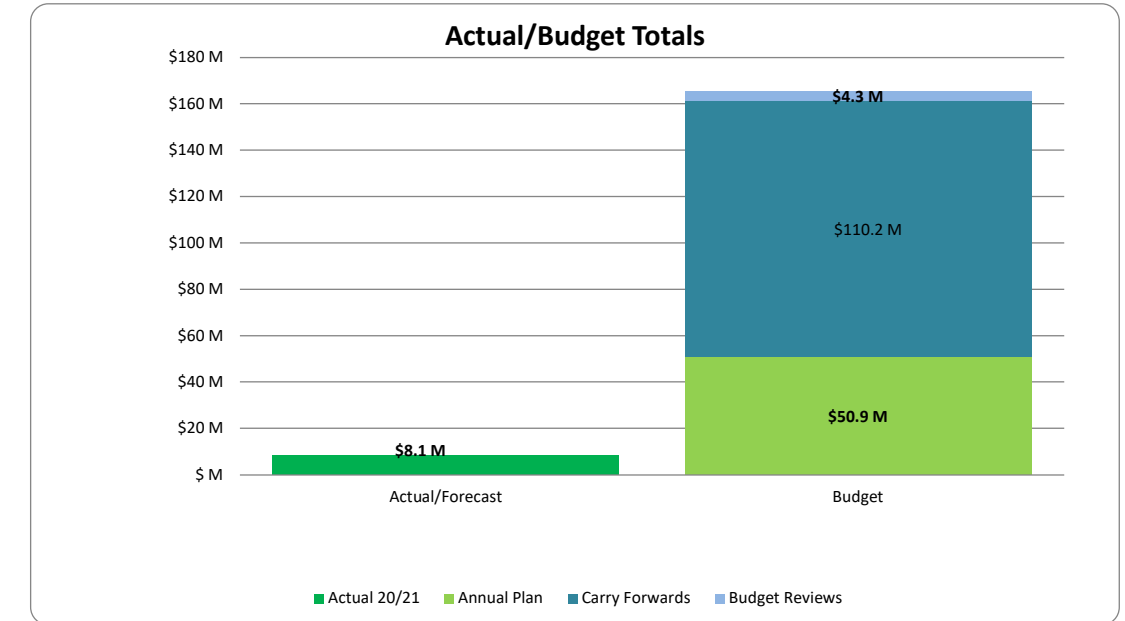
Expense

- 5 Favourable - Impact of vacancies and current salary freeze
- 6 Favourable - lower interest costs associated with timing of capital programme and related borrowing
- 7 Unfavourable - Relative timing of work programmes.

Net Operating Surplus (Deficit) Breakdown	Actual \$000's	FY Forecast \$000's	YTD Variance \$000's	Favourable / Unfavourable
Roadings	1,544	68,241	15,516	U - Timing of vested asset revenue
Water	1,009	457	(895)	F - Income received is above expected levels for DC's and targeted rates
Wastewater	926	2,031	(418)	F - Income received is above expected levels for DC's and targeted rates
Stormwater	246	(832)	(454)	F - Low levels of activity expenditure
Sustainable Communities	1,026	3,570	(134)	F - Timing of grant payments
Sustainable Environment	(174)	(357)	85	U - High levels of activity expenditure
Governance	(16)	(749)	(171)	F - Timing of grant payments
Organisational Support	(336)	(1,395)	(13)	F - Low levels of activity expenditure
Total Group of Activities	4,225	70,966	13,517	
General rate usage	269	-	(269)	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)	4,494	70,966	13,248	

Capital expenditure	Actual \$000's	FY Budget \$000's	% usage
Organisational Support	0.3	13.1	2%
Roadings	3.8	101.2	4%
Stormwater	0.1	8.5	1%
Sustainable Communities	3.4	31.7	11%
Sustainable Environment	-	0.3	0%
Wastewater	0.3	44.9	1%
Water Supply	0.2	21.0	1%
Total Group of Activities	8.1	220.7	4%

The "FY Forecast" above relates to the third year of the LTP, including projects undertaken by developers on behalf of council plus any carry forward works from 2019/20. Detailed/up-to-date capital work programme reporting is provided to the Infrastructure Committee.



Current Working Capital

Current Assets \$115,232,095

Cash & cash equivalents	\$29,343,108
Debtors & other receivables	\$83,990,609
Prepayments	\$539,654
Other current assets	\$1,358,723

Current Liabilities \$87,435,255

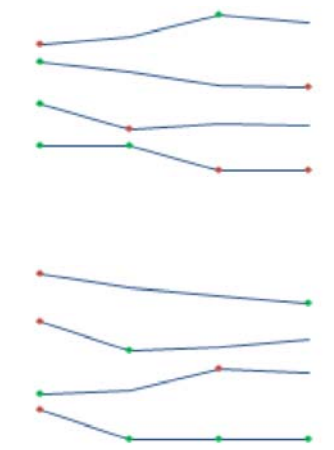
Accounts Payable	\$75,807,473
Deposits & Bonds	\$260,401
Accrued expenses	\$11,367,381
Rates in advance	\$0

Working capital \$27,796,840

Current ratio 1.32

Limit on Total Debt \$207,400,000

Current Borrowing	\$95,000,000
Anticipated Debt 20/21	\$137,410,000



46% of limit
\$42 M ↑, 66% of limit

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	12 November 2020
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 2941174
Report Title	Local Government Funding Agency Annual Report 2020

1. EXECUTIVE SUMMARY

The attached Annual Report for the Local Government Funding Agency provides detail on the agencies performance for the 2019/20 financial year and outlines the key achievements.

2. RECOMMENDATION

THAT the report from the **Chief Financial Officer** be received.

3. ATTACHMENTS

- Cover letter to LGFA Guarantors
- LGFA Annual Report 2020

28 August 2020

Dear Guarantor

LGFA 2020 Annual Report

I have attached our Annual Report for 2020 as we thought it might be of interest to you as a guarantor. We are pleased to highlight another strong year for LGFA that included several achievements.

- 1. We have made longer dated borrowing options available to an increased number of council borrowers**
By 30 June 2020, LGFA had loans outstanding of \$10.90 billion. This is an increase over the past year of \$1.59 billion and we added three new council members to bring the number of member councils to sixty-seven.
- 2. Provide certainty of access to markets through a difficult financing environment**
It was pleasing that LGFA was able to deliver on its objective of ensuring councils could access financing during the very difficult COVID-19 period where capital markets were essentially locked down.
- 3. Significant market share of sector borrowing for the year.**
For the 12-month period to 30 June 2020, LGFA provided 85.7% of the sector borrowing and we are appreciative of the support from our borrowing councils.
- 4. A strong financial position to provide comfort to guarantors.**
The financial strength of LGFA has been enhanced with a Net Operating Profit of \$10.6 million for the 2019/20 year and Shareholder Equity of \$83.62 million as at 30 June 2020.

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

We intend holding our Annual General Meeting (AGM) on Thursday 19th November 2020 in Wellington and for information purposes for our guarantors, we will send you a Notice of AGM by Friday 18th September 2020.

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

Kind regards



Mark Butcher
Chief Executive

Financing New Zealand councils' infrastructure investment

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

Annual report
30 June 2020



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

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

Its wider meaning is that 'investment is needed for success'.

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Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

For the year ended 30 June 2020

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

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

Strong Financial and Operational Performance

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



Craig Stobo, Board Chair



Mark Butcher, Chief Executive

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

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

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

Borrowing activity

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

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

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

Lending to the sector

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

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

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

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

The changing world and sector outlook

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

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

The impact from COVID-19 on the sector and LGFA

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

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

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

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

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

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

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

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

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

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

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

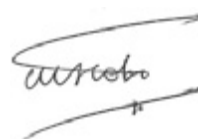
Global Reporting Initiative

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

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

Acknowledgments

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



Craig Stobo
Chair, LGFA Board



Chief Executive



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



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

Performance highlights

Ko ngā tino hua

Bonds issued over the financial year
(excluding treasury stock)

\$2,905
million

Lending to councils over the financial year

\$2,328
million

Total interest income

\$370.2
million

▲ 2.5%
increase over the 2018-19
financial year

Net operating profit

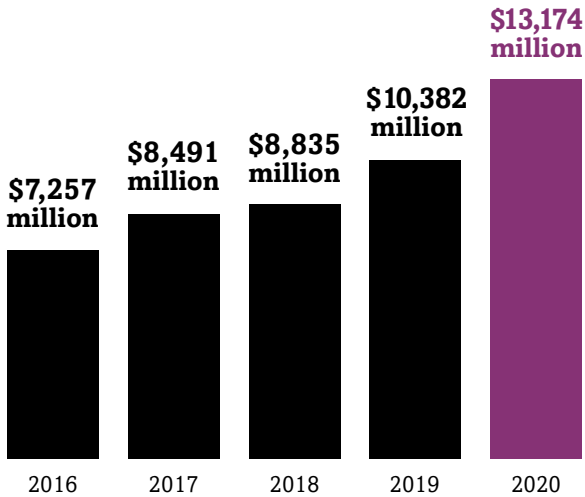
\$10.6
million

▼ 5.2%
decrease over the 2018-19
financial year

Total assets

30 June 2020

\$13,174
million



Liquidity

30 June 2020

\$166
million Cash

\$589
million Marketable securities

\$500
million Bank and term deposits

\$800
million Treasury Stock for repo

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

Shareholder funds

30 June 2020

\$83.6
million

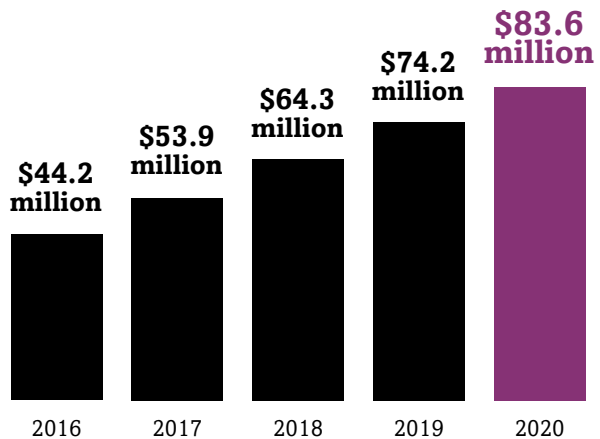
Fully paid shares

\$25
million

Retained earnings

\$58.6
million

Shareholder equity



Borrower notes

\$182
million

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

Performance against objectives

Ko ngā whakatutukinga ki ngā whāinga

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

2019-20 performance objectives.

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

Primary Objectives

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

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

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

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

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

Additional objectives

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

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

Performance against primary objectives

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

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

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

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

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

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

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

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

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

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

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

Over the 12-months ended 30 June 2020:

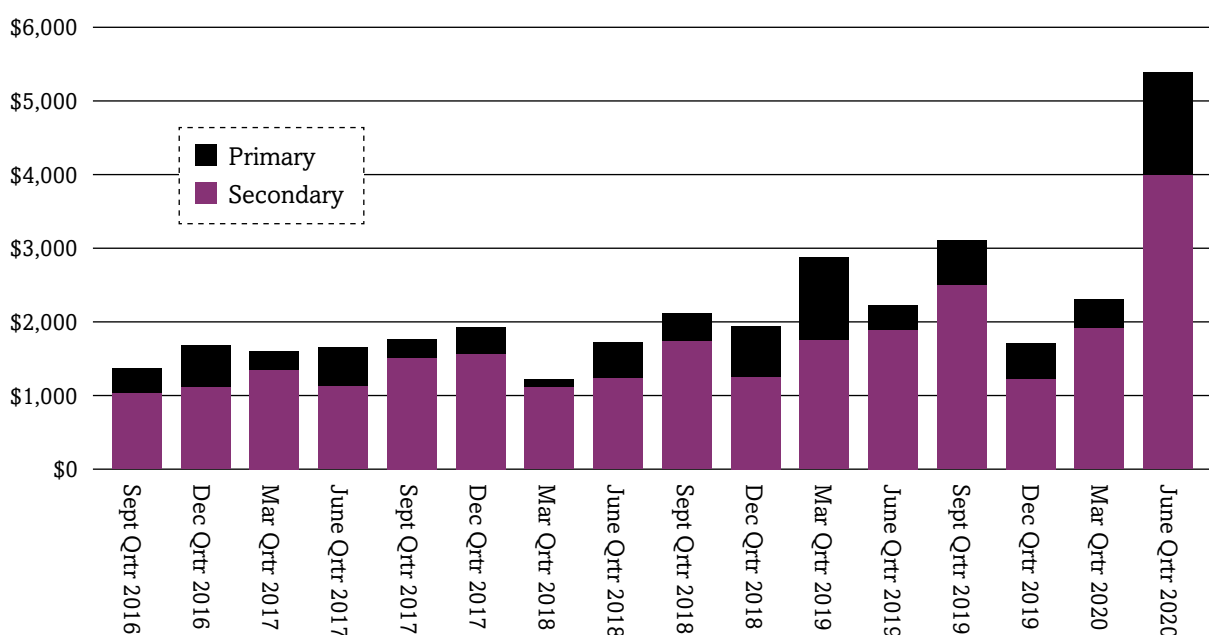
- 53 councils borrowed a total of \$2.33 billion over 205 individual loans (excluding short-dated borrowing).
- The average borrowing term for the year was 5.4 years, compared with 6.0 for the previous 2018-19 year.
- 78% of term loans were issued on a floating rate basis, with the remaining 22% issued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

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

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

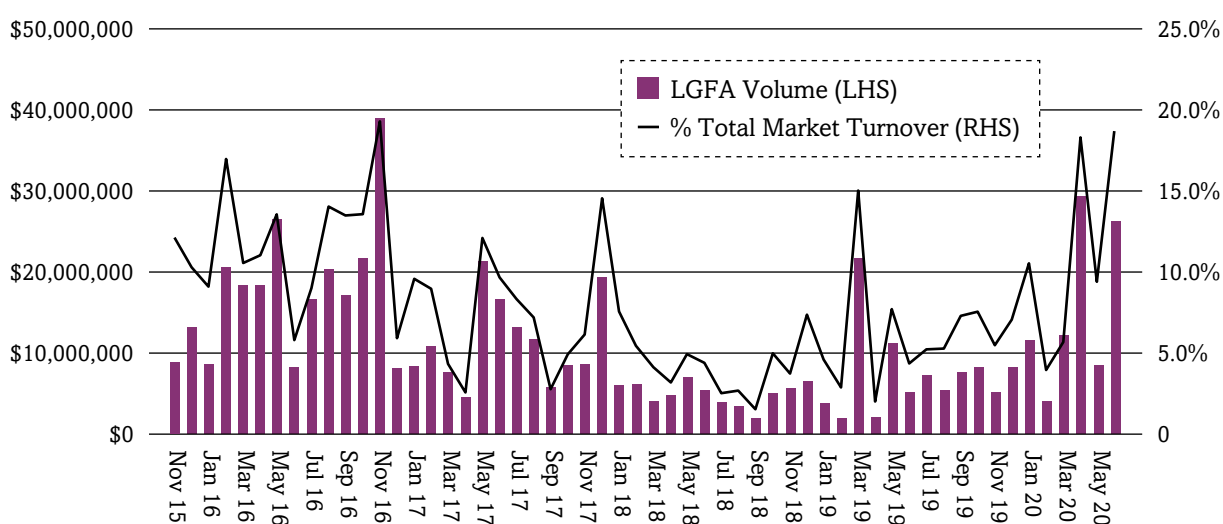
Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the year totalled \$12.54 billion, compared with \$8.73 billion for the 2018-19 year. There was \$2.91 billion of primary issuance and an estimated \$9.63 billion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

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



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

LGFA Turnover on NZX (monthly)

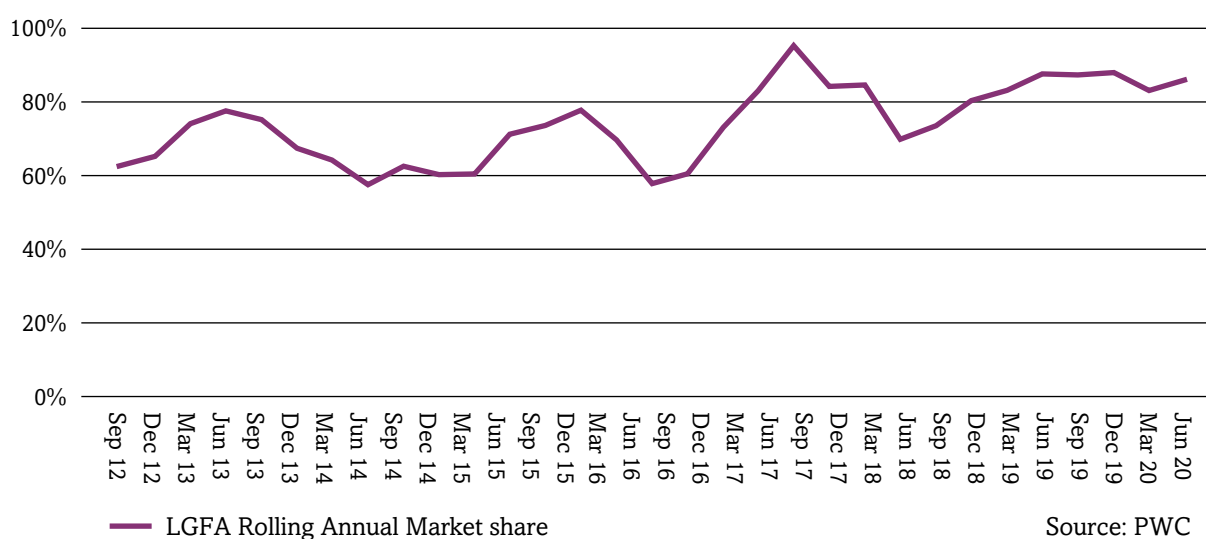


LGFA documented an Australian Medium-Term Notes Programme in November 2017 and refreshed the programme documents in March 2020. There is no immediate intention to use this programme, but it provides flexibility if there is a significant market disrupting event in the future.

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

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

LGFA Market Share – rolling one year average



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance against additional objectives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance targets

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

About us

Mō mātou

Establishment

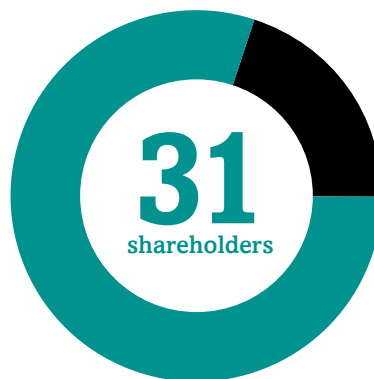
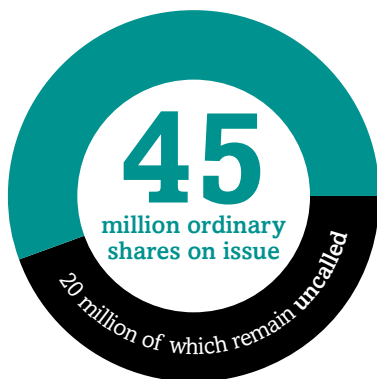
The New Zealand Local Government Funding Agency Ltd (LGFA) specialises in funding the New Zealand local government sector, the primary purpose being to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. LGFA was established to raise debt on behalf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

Incorporated
on 1 December
2011 under the
Companies
Act 1993

Enabled
by Local
Government
Borrowing
Act 2011

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

Ownership



20%
New Zealand
Government

80%
30 councils

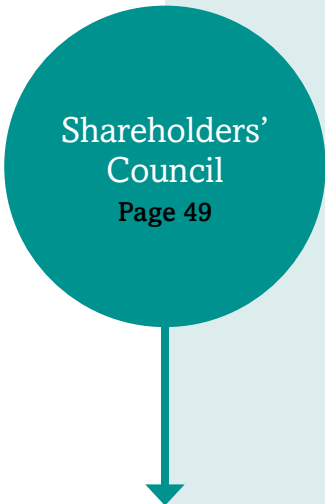
Share ownership is restricted
to New Zealand Government
or councils.

Governance overview



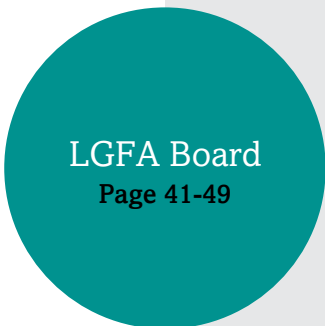
31 Shareholders

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



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

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



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

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

The Board comprises **five independent** and **one non-independent** directors appointed by shareholders.



Guarantee structure



LGFA is not guaranteed by the New Zealand Government.

Credit rating as at 30 June 2020

Standard & Poor's Domestic Currency

AA+
(Positive Outlook)

Foreign Currency AA
(Positive Outlook)

Fitch Ratings Domestic Currency

AA+
(Stable Outlook)

Foreign Currency AA
(Positive Outlook)

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



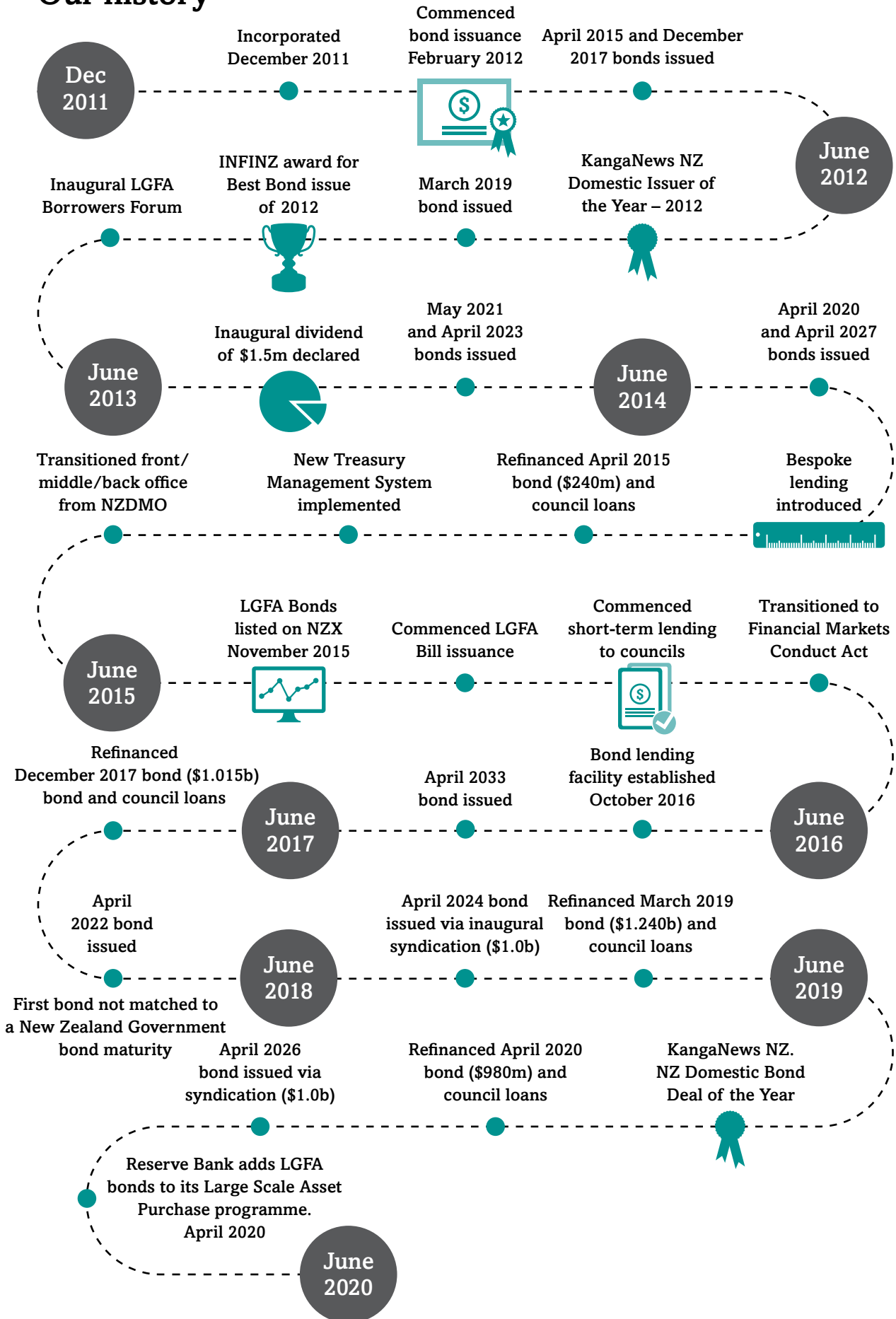
New Zealand Domestic Bond Deal of the Year

New Zealand Local Government Funding Agency

NZ\$1 billion 2.25% April 2024

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

Our history



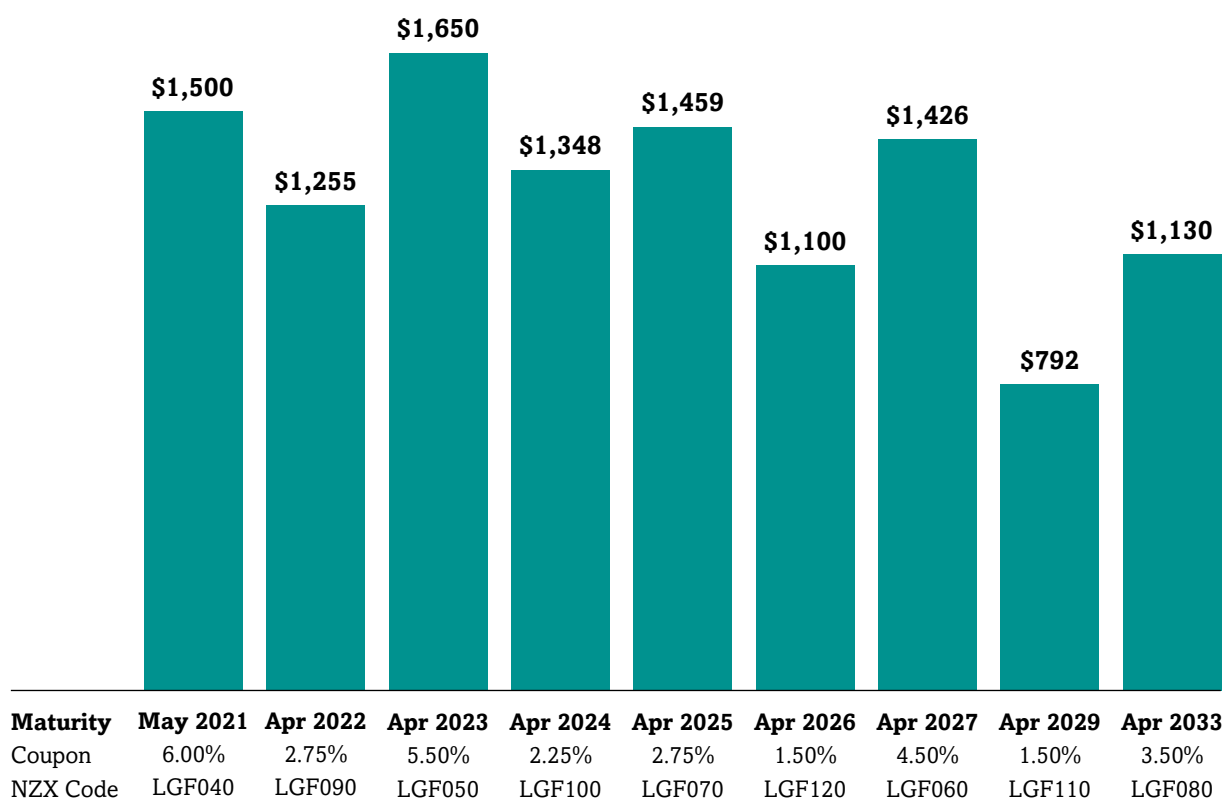
LGFA bonds on issue

Ko ngā pūtea taurewa pūmau kua tukuna e te LGFA

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

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

Includes NZ\$800 million treasury stock



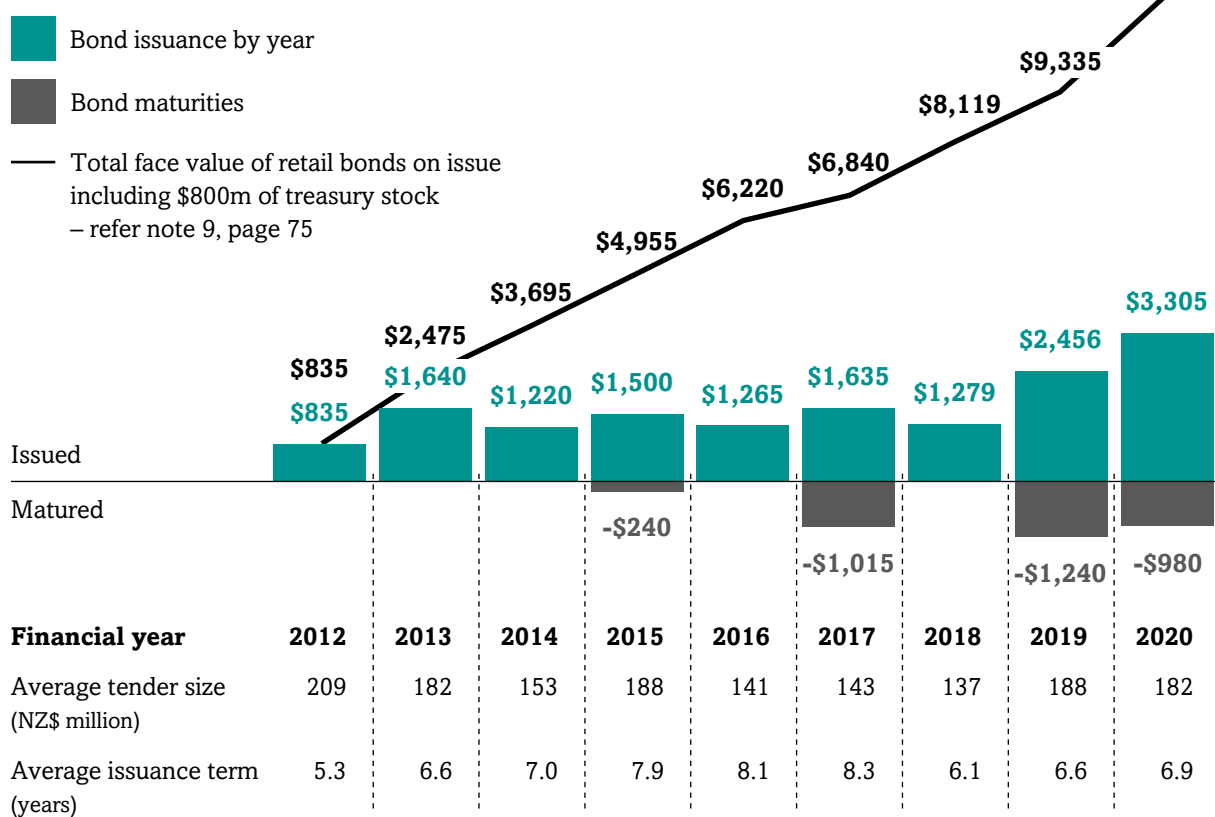
In addition to the retail bonds listed on the NZDX, LGFA have \$130 million of Wholesale Floating Rate Notes on issue.

LGFA bond issuance

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

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

Issuance history (NZ\$ million, face value)



LGFA typically issues a new bond maturity each year

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

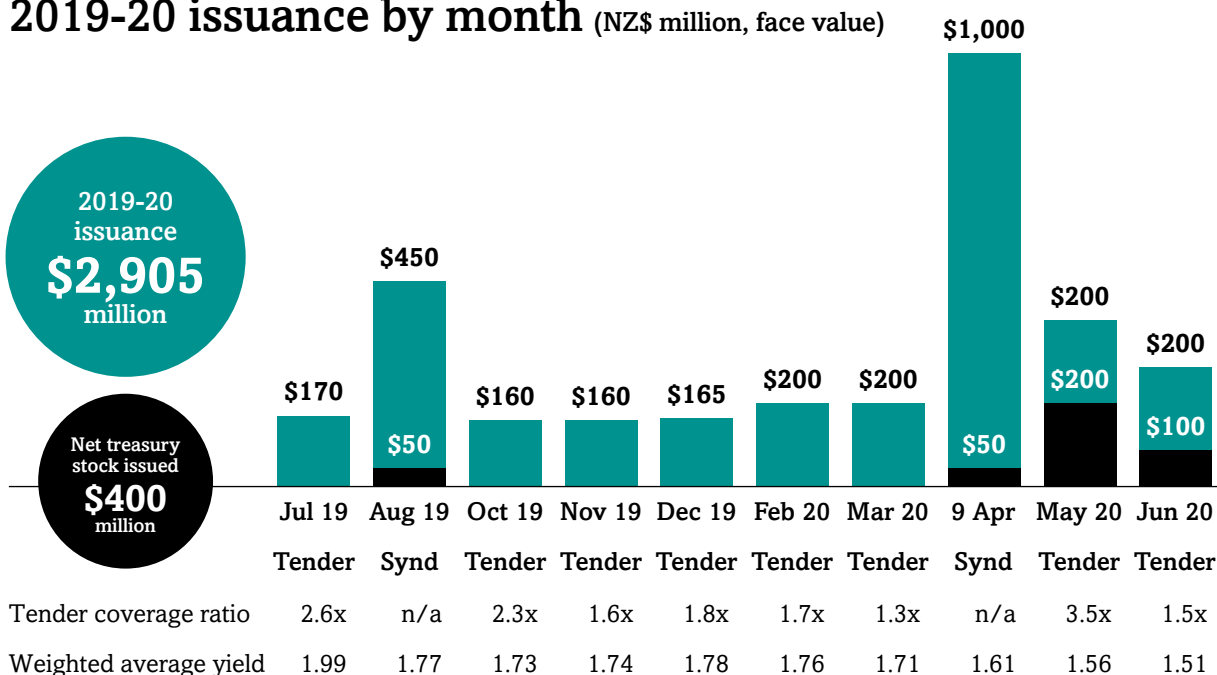
LGFA is the largest issuer of debt listed on the NZDX

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

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

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

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



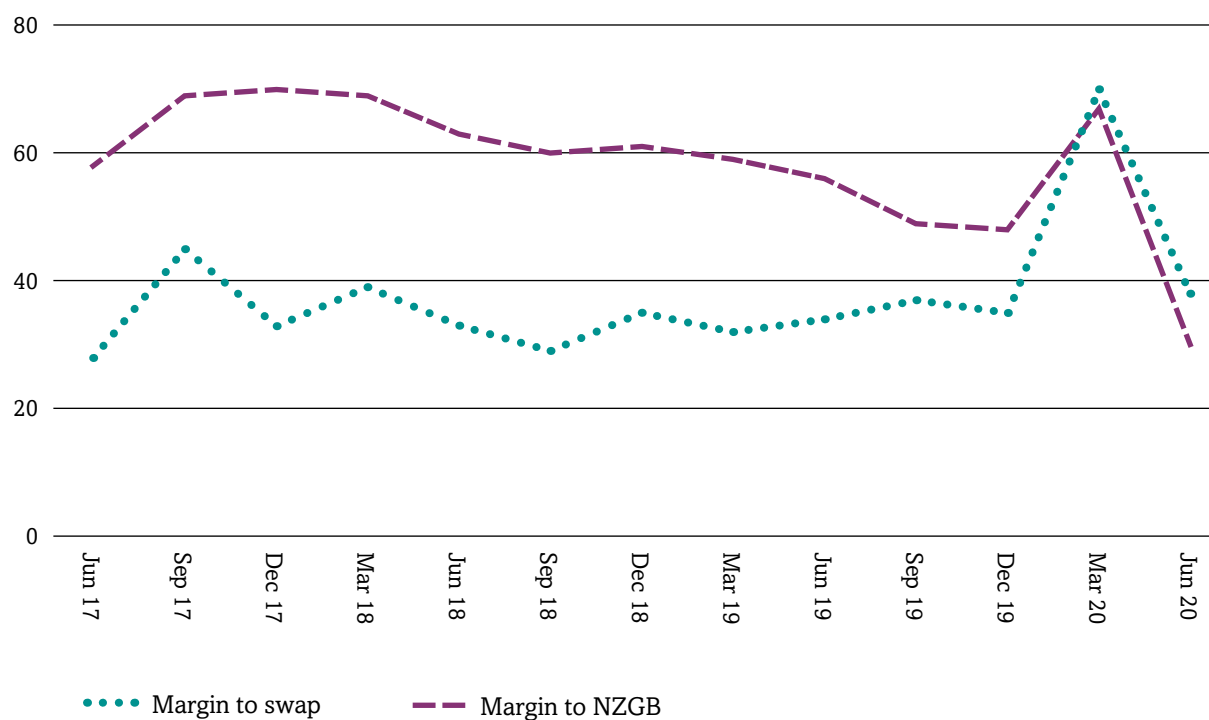
LGFA bond margins (basis points)

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

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

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

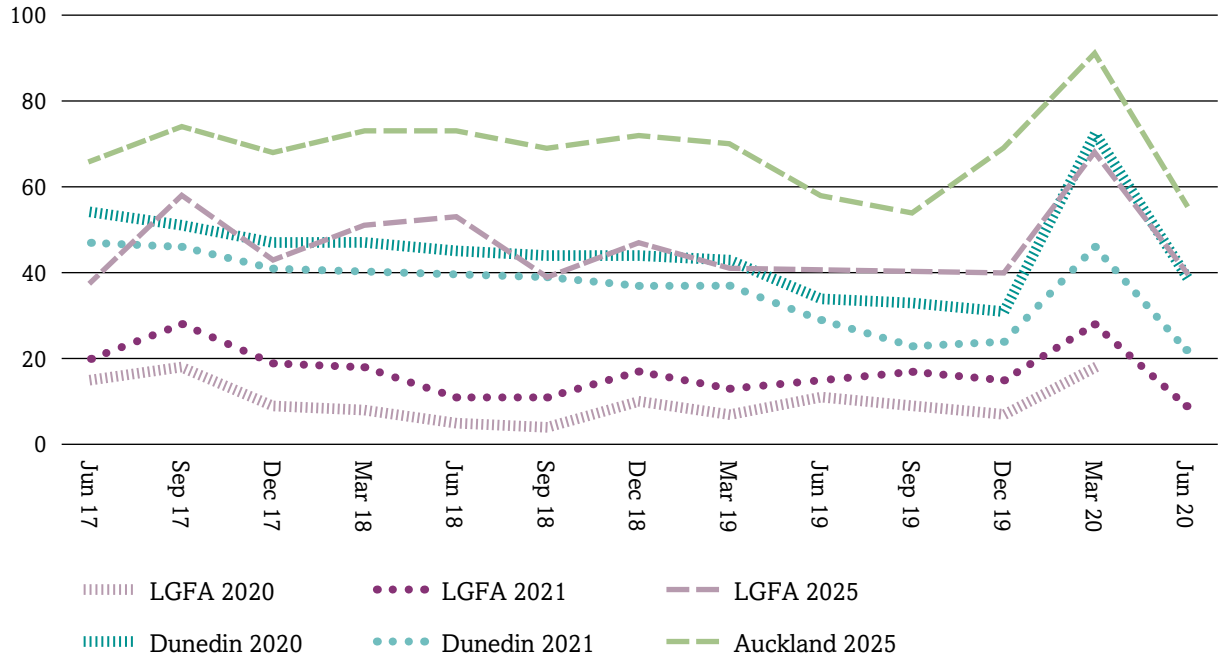
LGFA bond margins to swap over NZGB over the 36 months to 30 June 2020 (basis points)



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

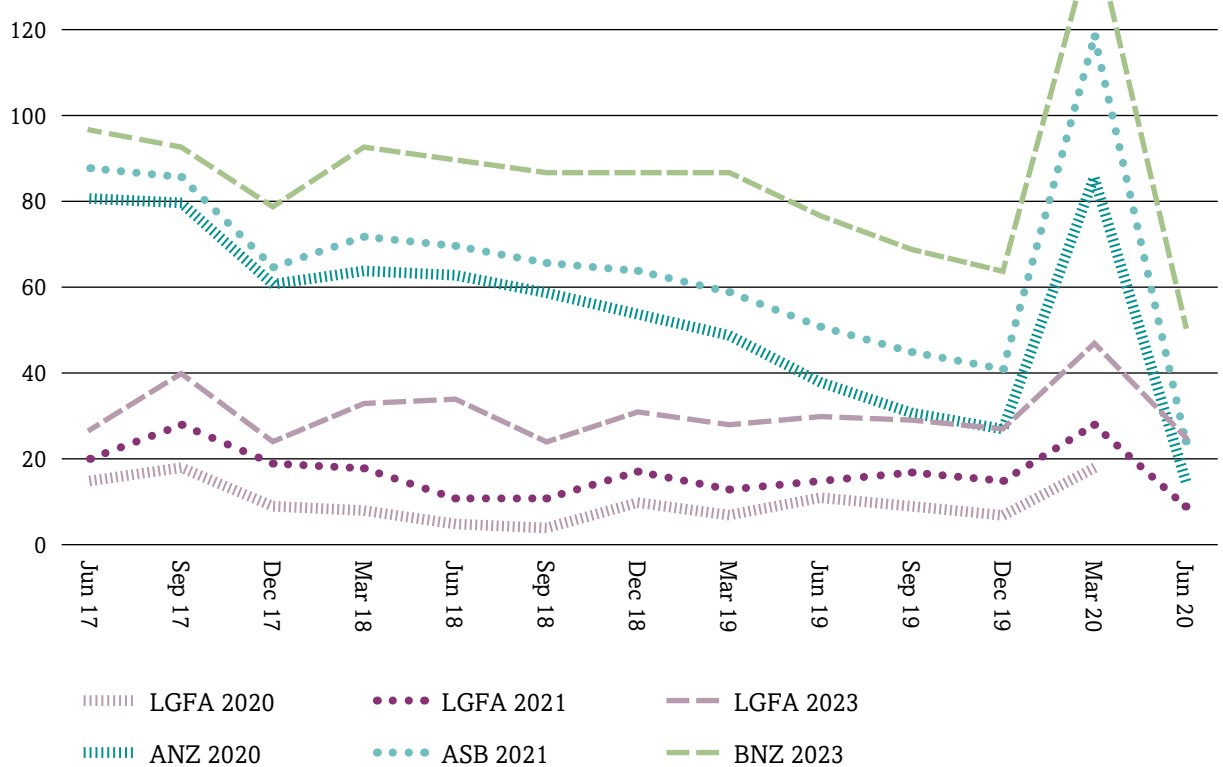
Secondary market credit spread to swap for LGFA and council bonds (basis points)

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

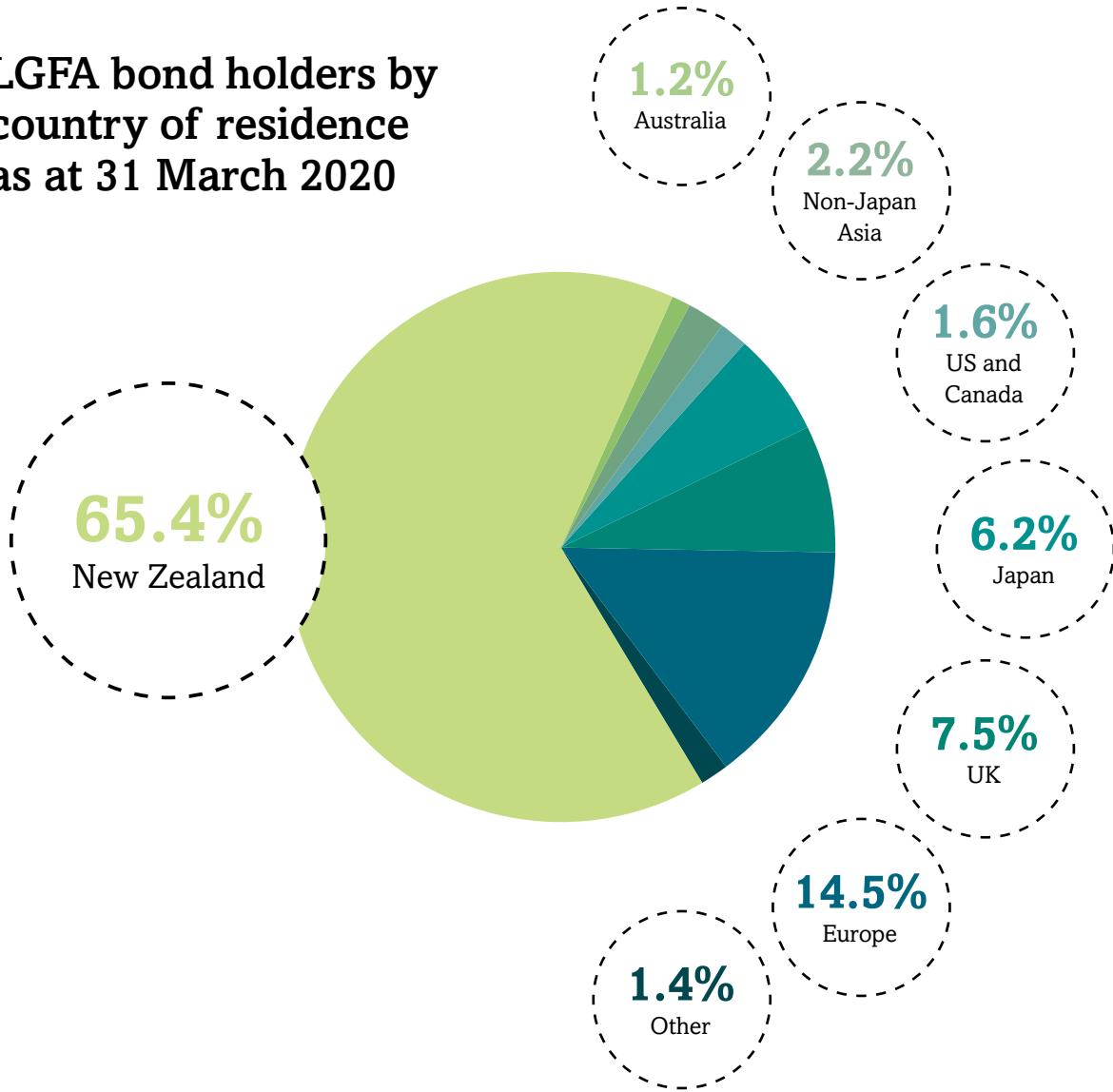


Secondary market credit spread to swap for LGFA and bank bonds (basis points)

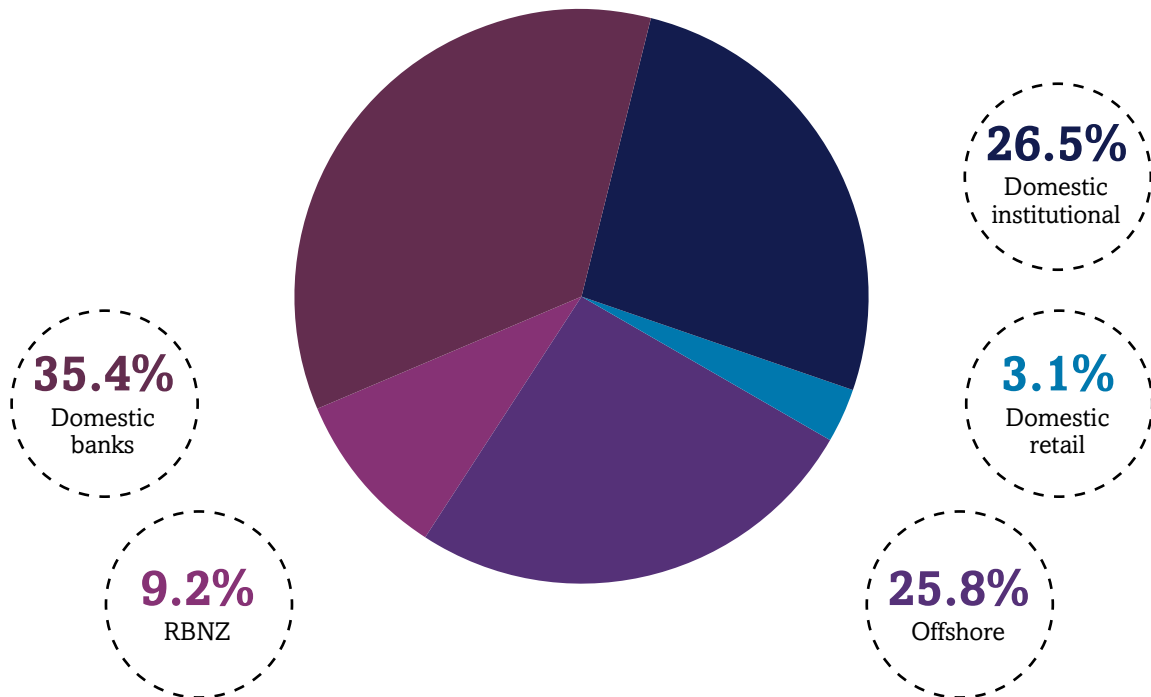
Secondary market credit spread for LGFA against New Zealand bank bonds over the 36 months to 30 June 2020.



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



LGFA bond holders by investor group as at 30 June 2020



Member councils

Ko ngā kaunihera e noho mema ana

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

Among other things this includes:

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

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

As at 30 June 2020

30

member councils are shareholders

67

member councils were eligible to borrow from LGFA

54

member councils were guarantors of LGFA's securities obligations

Total member council borrowings at 30 June 2020

(NZ\$ million)

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

86%

LGFA's estimated market share of local government debt

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

Loans to Auckland Council are limited to a maximum of

40%
of total loans

Over the 12 months to 30 June 2020

53

member councils borrowed a total of

\$2,328 million

Comprising **205** individual term loans

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

At 30 June 2020

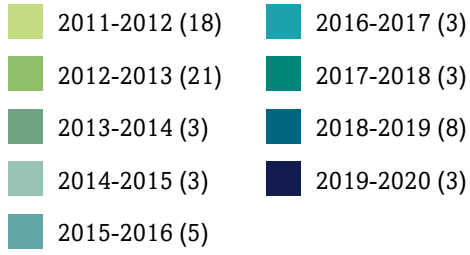
\$316 million

of short term loans were outstanding to

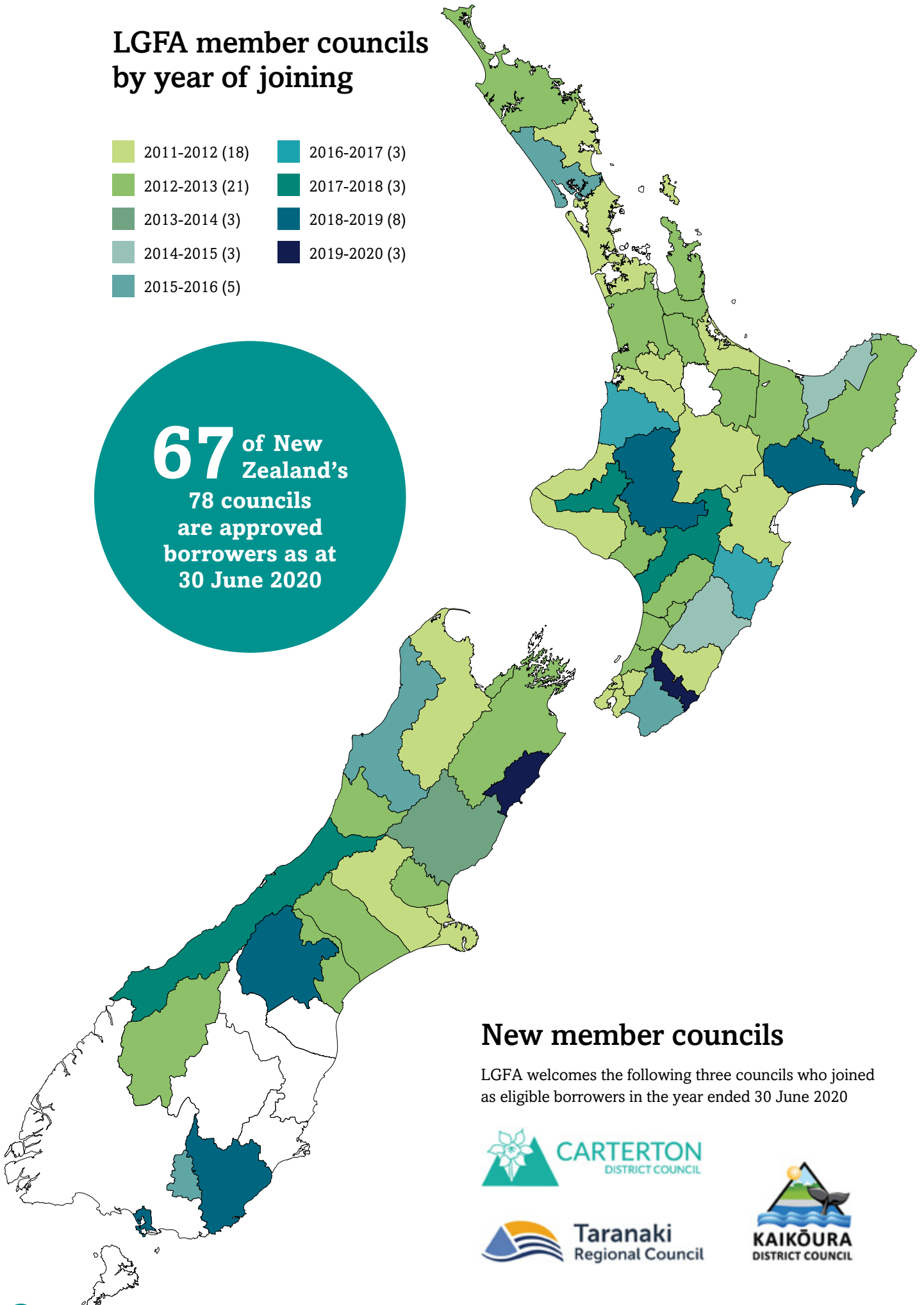
27 member councils

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

LGFA member councils by year of joining



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



New member councils

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



Member councils by year of joining

North Island

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

South Island

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

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

AA-

or better as at
30 June 2020

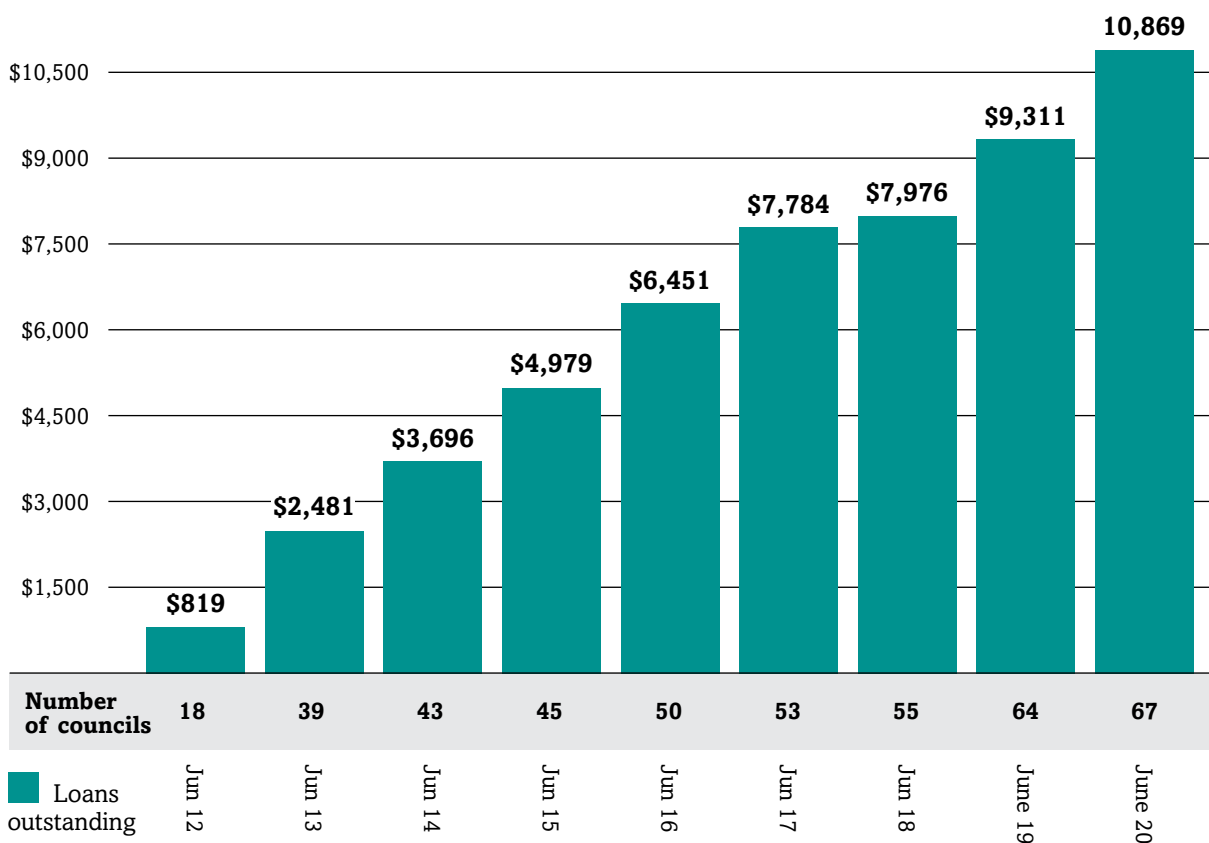
30

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

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

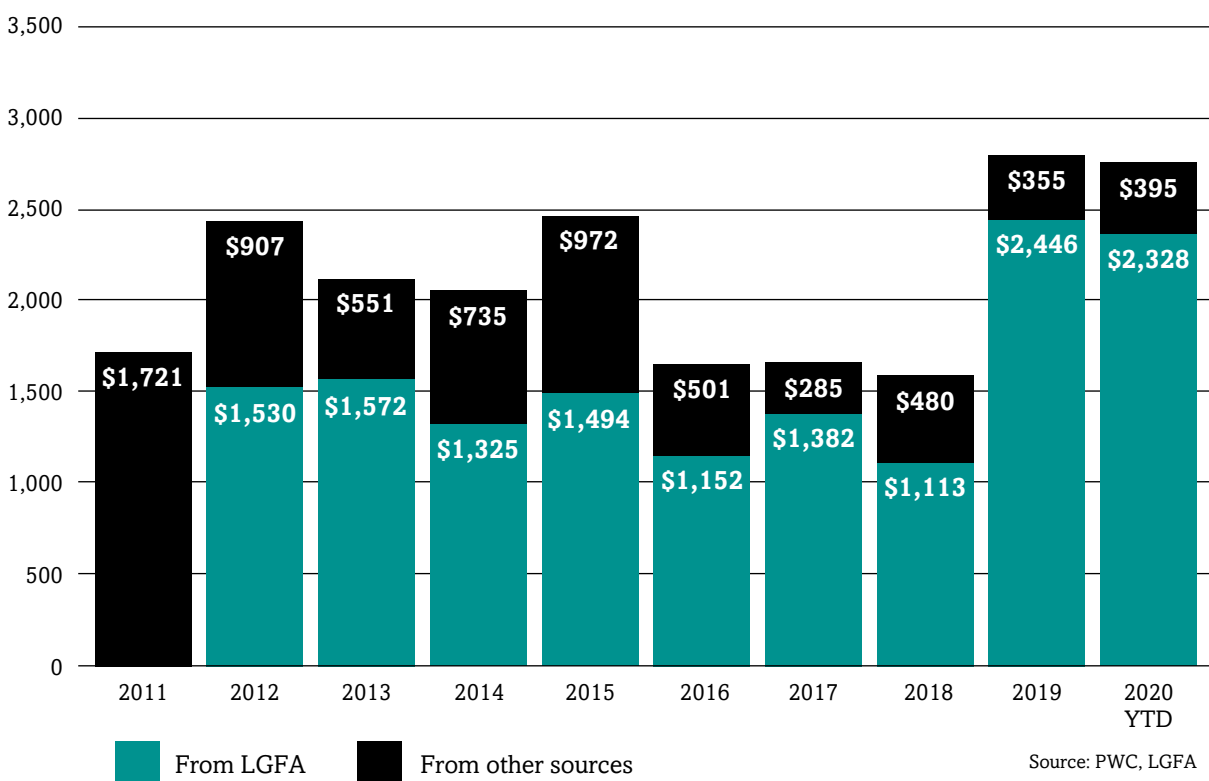
LGFA council members and nominal loans outstanding

(NZ\$ million)



Councils' borrowing

All councils (NZ\$ million) calendar year



Source: PWC, LGFA



Sustainability at LGFA

Toitūtanga ki te LGFA

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

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

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

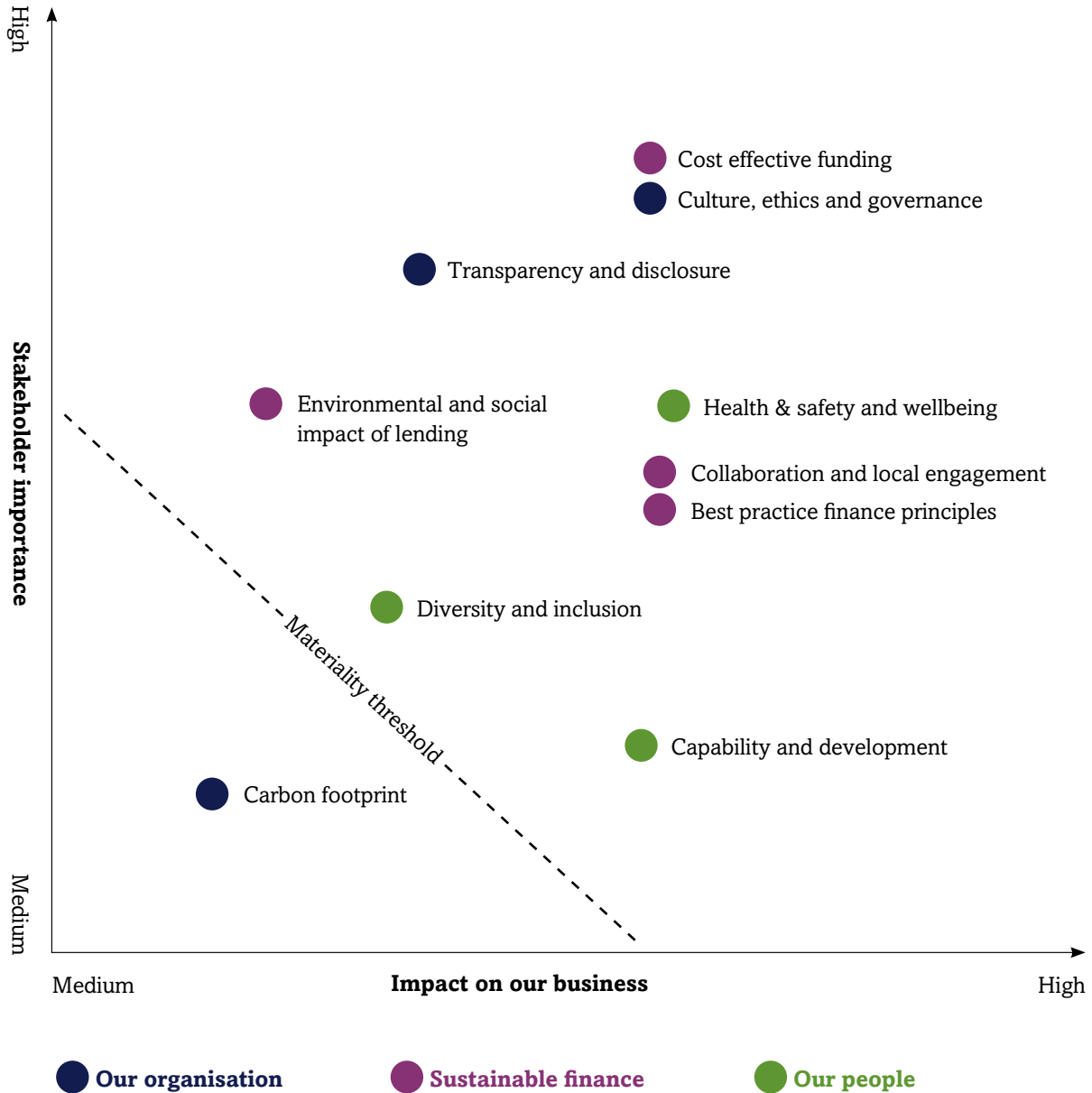
LGFA's ten material topics are grouped under three overarching principles.

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

LGFA's materiality matrix

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

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



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

LGFA's material topics

In order of priority

Our organisation

Cost effective funding

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

Transparency and disclosure

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

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

Health & safety and wellbeing

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

Best practice finance principles

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

Carbon footprint

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

Sustainable finance

Our people

Culture, ethics and governance

High ethical standards required and codified through:

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

Environmental and social impact of lending

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

Collaboration and local engagement

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

Diversity and inclusion

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

Capability and development

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

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



Green, social and sustainability lending

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

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

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

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

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

Green, social and sustainability loans

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

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



Pipe replacement
on Queens Drive,
Invercargill.
Invercargill City
Council

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

Green Categories

Renewable Energy

Energy Efficiency

Pollution Prevention and Control

Environmentally Sustainable Management of Living Natural Resources and Land Use

Terrestrial and Aquatic Biodiversity Conservation

Clean Transport

Sustainable Water and Wastewater Management

Climate Change Adaptation

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

Green Buildings

Social Categories

Affordable Basic Infrastructure

Access to Essential Services

Affordable Housing

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

Food Security

Socioeconomic Advancement and Empowerment

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

Corporate governance Ārahitanga ā-rangatōpū

NZX Corporate Governance Best Practice Code

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

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

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

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

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

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

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

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

Principle 1

Code of ethical behaviour

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

Code of Ethics

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

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

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

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

Protected Disclosures and Whistle Blowing

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

Financial Products Trading Policy

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

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

Principle 2

Board composition and performance

LGFA Board Charter

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

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

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

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

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

Board composition

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

The directors of LGFA as at 30 June 2020:



Craig Stobo
Independent Chair

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

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



John Avery
Independent Director

LLB, C.F.Inst.D

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



Philip Cory-Wright Independent Director

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

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



Linda Robertson Independent Director

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

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



Mike Timmer Non-Independent Director

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

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



Anthony Quirk Independent Director

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

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

Directors and staff interests as at 30 June 2020

Craig Stobo (Chair)

Director

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

John Avery

Director

Strategic Pay Limited

General disclosure

Royal New Zealand Ballet (Trustee)

Philip Cory-Wright

Director

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

Anthony Quirk

Director

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

Linda Robertson

Director

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

General disclosure

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

Mike Timmer

General disclosure

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

Mark Butcher – Chief Executive

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

Neil Bain – Chief Financial Officer

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

Nomination of Directors

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

Retirement and re-election of Directors

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

Director tenure

As at 30 June 2020

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

Board performance review

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

Director and staff capability

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

Diversity

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

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

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

Gender diversity of directors



2020
Female 1, Male 5



2019
Female 1, Male 5

Gender diversity of employees



2020
Female 2, Male 5



2019
Female 2, Male 5

Indemnities and insurance

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

Principle 3 Board committees

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

Audit and Risk Committee

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

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

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

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

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

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

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

Principle 4 Reporting and disclosure

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

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

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

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

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

Principle 5 Remuneration

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

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

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

Director annual fee breakdown

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

Director remuneration

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

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

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

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

Chief Executive remuneration

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

Staff remuneration

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

Principle 6 Risk management

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

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

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

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

Internal audit

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

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

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

Health and safety

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

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

Principle 7 Auditors

External audit

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

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

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

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

Principle 8 Shareholder rights and relations

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

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

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

Foundation documents

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

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

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

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

LGFA Shareholders' Council

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

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

Members of the Shareholders' Council as at 30 June 2020

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

Managing risk

Ko te whakahaere tūraru

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

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

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

- The LGFA Board oversees the risk appetite of the organisation and ensures that it is consistent with the constitution and shareholders' agreement.
- The risk appetite is reflected in policies that are approved by the LGFA Board and Audit and Risk Committee, as defined by the LGFA register of policies.
- LGFA management ensures that policies and controls are implemented and maintained to ensure that all relevant risks are identified, monitored, measured and managed.
- The Internal Audit (IA) and risk and compliance function provide assurance to both the Board and the Audit and Risk Committee on the performance of internal controls and risk management systems that are in place.

The LGFA adopts the three lines of defence model to ensure that essential risk management functions are completed using a systematic approach that reflects industry best practice. The three lines of defence model can be summarised as:

- The 1st line of defence establishes risk ownership within the business and is represented by the operational risk and control processes within the business. Business managers are responsible for identifying controls, maintaining effective controls and mitigating risks.
- The 2nd line of defence establishes risk control within the organisation by ensuring that risks are actively and appropriately managed by processes such as the regular review of risk reports and compliance monitoring against the risk management framework.
- The 3rd line of defence establishes independent assurance on the risk governance framework provided by both the internal and external audit functions which review and highlight control weaknesses and inefficiencies to management and the Board.

LGFA risk register

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

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

The risk register:

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

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

Treasury risk management

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

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

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

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

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

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

Liquidity risk

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

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

Interest rate risk / market risk

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

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

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

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

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

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

Counterparty credit risk

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

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

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

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

Foreign currency risk

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

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

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

Operational risk

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

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

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

Lending risk

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

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

All Local Authorities that borrow from LGFA:

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

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

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

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

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

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

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

Financial statements

Nga taukī pūtea

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

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

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

For and on behalf of the Board of Directors



Craig Stobo
Chair, LGFA Board
28 August 2020



Linda Robertson
Chair, Audit and Risk Committee
28 August 2020

Statement of comprehensive income

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

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

Statement of changes in equity

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

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

Statement of financial position

As at 30 June 2020 in \$000s

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

Statement of cash flows

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

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

1 Statement of accounting policies

a. Reporting entity

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

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

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

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

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

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

b. Statement of compliance

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

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

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

c. Basis of preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

NZ IFRS 16 Leases

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

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

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

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

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

There have been no other changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

New standards adopted

NZ IFRS 16 Leases became effective from 1 July 2019.

Standards not yet adopted

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

d. Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

e. Other assets

Property, plant and equipment (PPE)

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

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

Intangible Assets

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

f. Other liabilities

Employee entitlements

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

g. Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

h. Segment reporting

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

i. Judgements and estimations

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

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

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

2 Analysis of financial assets and financial liabilities

a. Categories of financial instruments

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

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

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

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

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

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

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

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

Marketable securities and bonds

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

Deposits

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

Loans

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

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

Borrower notes

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

Fair value of financial assets and financial liabilities

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

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

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

b. Financial risk management

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

Market risk

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

Interest rate risk

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

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

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

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

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

Interest rate sensitivity

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

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

Credit risk

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

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

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

Exposure to credit risk

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

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

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

Collateral and credit enhancements

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

Credit quality of financial assets

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

Liquidity risk

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

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

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

Contractual cash flows of financial instruments.

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

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

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

c. Hedge accounting

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

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

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

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

d. Offsetting

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

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

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

3 Issuance and on-lending expenses

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

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

1. The amount of Approved Issuer Levy is a function of the number of the offshore holders of certain LGFA bond maturities.
2. From 1 July 2019, information services costs are reported under Information Technology in Operating Expenses (Note 4)

4 Operating expenses

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

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

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

5 Loans

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

5 Loans (cont)

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

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

6 Bills on issue

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

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

7 Bonds on issue

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

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

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

8 Borrower notes

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

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

9 Treasury stock and bond repurchase transactions

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

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

As at 30 June 2020, bond repurchase transactions comprised:

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

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

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

11 Share Capital

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

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

Shareholder information

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

Capital management

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

Dividend

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

12 Other assets

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

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

13 Capital commitments

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

14 Contingencies

There are no contingent liabilities at balance date.

15 Related parties

Identity of related parties

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

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

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

Related party transactions

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

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

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

Transactions with key management personnel:

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

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

16 Subsequent events

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

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

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

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



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

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

Opinion

We have audited:

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

In our opinion:

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

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

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

Basis for our opinion

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

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

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

Materiality

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

Key Audit Matters

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



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

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

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

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

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

Independence

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

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

Brent Manning

KPMG

On behalf of the Auditor-General

Wellington, New Zealand



Other disclosures

He whākitanga anō

Donations

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

Net Tangible Assets

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

Earnings per security

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

Amount per security of final dividends

Not applicable

Spread of Quoted Security holders

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



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

GRI Index

Tāpiritanga GRI

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

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

The following index is based on the GRI core option.

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

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

Directory

Rārangi tauwaea



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AUCKLAND

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Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	16 November 2020
Prepared by	Grace Brady Democracy Advisor
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Exclusion of the Public

I. RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 1.1 Confirmation of Public Excluded Minutes	Good reason to withhold exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item 2.1 Actions Register		
Item 2.2 Te Awa Cycleway Partner Funding Agreement		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
Item 1.1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 2.1 Actions Register		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 2.2 Te Awa Cycleway Partner Funding Agreement	7(2)(i)	To enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.