



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Thursday, 25 August 2022

Time: 9.30 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Cr Nigel Belsham

Deputy Chair: Cr Fi Dalgety

Membership: Cr Cath Ash
Cr Brian Carter
Cr Angus Gordon
Cr Tracey Hiroa
Cr Dave Wilson
Cr Gill Duncan
HWTM Andy Watson

For any enquiries regarding this agenda, please contact:

Ash Garstang, Governance Advisor, 0800 422 522 (ext. 848), or via email
ash.garstang@rangitikei.govt.nz

Contact:	0800 422 522 (06) 327 0099 info@rangitikei.govt.nz www.rangitikei.govt.nz				
Locations:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <u>Marton</u> Head Office 46 High Street Marton </td> <td style="width: 50%; vertical-align: top;"> <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls </td> </tr> <tr> <td style="vertical-align: top;"> <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape </td> <td></td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape	
<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls				
<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape					
Postal Address:	Private Bag 1102, Marton 4741				
Fax:	(06) 327 6970				

Notice is hereby given that a Finance/Performance Committee Meeting of the Rangitikei District Council will be held in the Council Chamber, Rangitikei District Council, 46 High Street, Marton on Thursday, 25 August 2022 at 9.30 am.

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AGENDA

1 Welcome / Prayer

2 Apologies

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of Order of Business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, [enter item number](#) be dealt with as a late item at this meeting.

6 Confirmation of Minutes

6.1 Confirmation of Minutes

Author: Ash Garstang, Governance Advisor

1. Reason for Report

- 1.1 The minutes from the Finance/Performance Committee Meeting held on 30 June 2022 are attached.

Attachments

1. Finance/Performance Committee Meeting - 30 June 2022

Recommendation

That the minutes of Finance/Performance Committee Meeting held on 30 June 2022 [**as amended/without amendment**] be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

MINUTES

ITEM 6.1

ATTACHMENT 1

UNCONFIRMED: FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Thursday, 30 June 2022
Time: 9.00 am
Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present

- Cr Nigel Belsham
- Cr Cath Ash [via Zoom]
- Cr Brian Carter
- Cr Angus Gordon
- Cr Tracey Hiroa
- Cr Dave Wilson
- Cr Gill Duncan [via Zoom]
- HWTM Andy Watson [via Zoom]

In attendance

- Mr Peter Beggs, Chief Executive
- Mr Arno Benadie, Chief Operating Officer
- Mrs Carol Gordon, Group Manager – Democracy and Planning
- Mr Dave Tombs, Group Manager – Corporate Services
- Ms Gaylene Prince, Group Manager – Community Services
- Mrs Sharon Grant, Group Manager – People and Culture
- Mr Sam Zhang, Manager – Financial Services
- Ms Hilary Walker, Management and System Accountant
- Mr Ash Garstang, Governance Advisor
- Ms Laurel Mauchline Campbell – Grants Assessor

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1 Welcome / Prayer

The meeting opened at 9.00 am. Cr Belsham read the Council prayer.

2 Apologies

Resolved minute number 22/FPE/061

That the apology for Cr Dalgety, and apologies for lateness from Cr Hiroa, Cr Duncan, and Cr Gordon, be received.

Cr D Wilson/Cr B Carter. Carried

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

Cr Dalgety declared a conflict of interest, prior to the meeting, in relation to item 9.1; specifically the application from Kiwiburn.

5 Confirmation of Order of Business

No changes to the order of business.

6 Confirmation of Minutes

Resolved minute number 22/FPE/062

That the minutes of Finance/Performance Committee Meeting held on 26 May 2022, without amendment, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

Cr D Wilson/Cr C Ash. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Finance/Performance Meetings

Taken as read.

Resolved minute number 22/FPE/063

That the report 'Follow-up Action Items from Finance/Performance Meetings' be received.

Cr B Carter/Cr D Wilson. Carried

8 Chair's Report

8.1 Chair's Report - June 2022

Taken as read.

Resolved minute number 22/FPE/064

That the tabled Chair's Report – June 2022 be received.

Cr N Belsham/Cr B Carter. Carried

9 Reports for Decision

9.1 Events Sponsorship Scheme - Consideration of Applications for Round 3 of 2021/22

Turakina Caledonian Society Inc.

The Committee agreed to support this event, noting that it was long-standing and had high recognition within the district.

Asia-Pacific Global Foundation

The Committee did not support funding this event.

Arohanui Hospice Foundation

There were mixed views from Committee members on this application. While all agreed that the hospice is a great service, several members commented on the cost of the tickets and the profitable outcome of the event (assuming full attendance). However, the Committee agreed to support it.

Kiwiburn

The Committee did not feel that this scheme was the right way to fund the event, although it was noted that the organisation has been in contact with staff and have been advised of alternative funding mechanisms (such as an application to the Chief Executive to waive consenting fees).

Resolved minute number 22/FPE/065

That the report 'Events Sponsorship Scheme – Consideration of Applications for Round 3 of 2021/22' be received.

Cr B Carter/Cr D Wilson. Carried

Resolved minute number 22/FPE/066

That the Finance/Performance Committee approve sponsorship to the applicants listed below:

- Turakina Caledonian Society Inc: \$6,900
- Arohanui Hospice Foundation: \$4,600

Cr B Carter/Cr G Duncan. Carried

Resolved minute number 22/FPE/067

That the remaining funds of the Events Sponsorship Scheme 2021/22 (totalling **\$28,455**), be allowed to expire.

Cr C Ash/Cr T Hiroa. Carried

10 Reports for Information

10.1 Financial Snapshot - May 2022

Mr Tombs noted that roughly \$1m under the subsidised roading maintenance programme will be carried forward to 2022/23. This is unusual as it is an operating budget (not capital expenditure). He also advised that \$950k has been spent, year to date, in relation to emergency works, but the funding is yet to be received from Waka Kotahi.

The Committee noted its concern with the delays in the availability of Council's regular contractor to complete emergency works.

In response to a query about staff's timeline for the expenditure on these emergency works prior to funding from Waka Kotahi, Mr Tombs advised that he is unable to provide this advice at this stage. He will look into this and email advice to Committee members.

Resolved minute number 22/FPE/068

That the report 'Financial Snapshot – May 2022' be received.

Cr C Ash/Cr A Gordon. Carried

10.2 Treasury and Debt - May 2022

The Committee discussed the potential impact of the Three Waters reform on Council's debt position and borrowing capacity. Mr Tombs advised that the removal of Council's water assets will not affect liquidity ratios with the Local Government Funding Agency (LGFA) under the current rules,

but that this issue is widespread. He believes that LGFA will need to address how they determine their funding ratios after the new water entities assume control of Council’s assets.

Committee members noted that it would be important to gain an understanding of Council’s likely debt position after the transfer of water assets in 2024.

In response to a query, the Mayor noted that Council’s “ownership” of water assets after the transfer to the new water entity is a technical concept, relating to Council’s role as a shareholder. The financial control of the assets and their related debts will sit with the new entity.

Resolved minute number 22/FPE/069

That the report ‘Treasury and Debt - May 2022’ be received.

Cr A Gordon/Cr B Carter. Carried

10.3 QV Monthly Report - May 2022

Taken as read.

Resolved minute number 22/FPE/070

That the QV Monthly Report – May 2022 be received.

Cr G Duncan/Cr D Wilson. Carried

10.4 HappyOrNot Report - May 2022

Mrs Gordon advised that the Feedback Forms are now live, but have not been communicated out to the public as staff are still organising the placement of QR codes within the district. Staff will discuss the reporting of this information with elected members at a future workshop.

Resolved minute number 22/FPE/071

That the HappyOrNot Report – May 2022 be received.

Cr T Hiroa/Cr B Carter. Carried

The meeting closed at 10.08 am.

The minutes of this meeting were confirmed at the Finance/Performance Committee held on 25 August 2022.

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Chairperson

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Finance/Performance Meetings

Author: Ash Garstang, Governance Advisor

1. Reason for Report

1.1 On the list attached items raised at previous Finance/Performance meetings. Items indicate who is responsible for follow up, and a brief status comment

2. Decision Making Process

2.1 Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Attachments:

1. **Follow-up Actions Register** [↓](#)

Recommendation

That the report 'Follow-up Action Items from Finance/Performance Meetings' be received.

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	30-Jun-22	As per Cr Duncan's query about staff's timeline for the expenditure on these emergency works prior to funding from Waka Kotahi: Mr Tombs advised that he is unable to provide this advice at this stage. He will look into this and email advice to Committee members.	Dave Tombs	Funding is received from Waka Kotahi once they have agreed the Scope of each claim. There are numerous variables in this process, including the complexity and size of the Recovery Work. It is not uncommon for a large proportion of the related work to have been completed before the Scope is confirmed.	Closed
2	31-Mar-22	Staff to investigate who owns the forestry trees surrounding the reservoir on the Putorino water scheme.	Dave Tombs	Email was forwarded to Committee members in May 2022: discussions with the key contact at Putorino Water Scheme revealed that any decision to remove these trees would not be enacted until summer. Other priorities are currently taking precedence over this item.	In progress / temporarily on hold

ITEM 8.1

8 Chair's Report

8.1 Chair's Report - August 2022

Author: Nigel Belsham, Chair

1. Reason for Report

1.1 The Chair's Report will be tabled during the meeting.

Recommendation

That the tabled Chair's Report – August 2022 be received.

9 Reports for Information

9.1 Financial Snapshot - June 2022

Author: Hilary Walker, Management and Systems Accountant

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide Committee Members with Council's latest management accounts and related commentary.

2. Activity Performance Reports

- 2.1 The attached Departmental Activity Performance Reports provide commentary on Departmental operational budget variances in excess of \$100k (excluding Depreciation).
- 2.2 Several of these variances have been included in the current Annual Plan and carried forward into 2022/23. Others will be recommended to be carried forward to 2022/23 in a subsequent Committee/Council report (once the 2021/22 figures have been finalised).
- 2.3 The most significant of these variances is in Subsidies and Grants where \$6m of budgeted income (associated with the Marton Rail Hub), \$2.1m of budgeted income (associated with the Subsidised Roding Low Cost Low Risk Capital Program) and \$384k of operating income (associated with the Subsidised Roding Maintenance Program) has been deferred until 2022/23. \$600k of operating expense related to the \$384k referred to above has been carried forward to 2022/23. The 2022/23 Annual Plan includes these amounts.
- 2.4 Unbudgeted income, associated with the emergency works caused by the weather events in December, February, May & June is being finalised.
- 2.5 These emergency works have resulted in \$1.1m YTD unbudgeted operating expenditure. These expenses are expected to continue into 2022/23 but they will be accrued into 2021/22.

3. Capital Expenditure

Year To Date Summary

- 3.1 Capital expenditure is \$22.3m compared to the full year budget of \$47.6m. The attached summary shows the budget variances split by cost centre with the larger budgets (>\$500k) being shown separately.
- 3.2 Around \$23.7m of the unspent 2021/22 capital program has been included in the 2022/23 Annual Plan and carried forward to 2022/23.
- 3.3 Once Year-end figures are finalised Officers will bring an updated Carry Forward Report to the Finance & Performance Committee Meeting which will also include a reduction of some capital carry forwards.

ITEM 9.1

Attachments:

1. **Financial snaphot June 2022** [↓](#)

Recommendation

That the report 'Financial Snapshot –June 2022' be received.

**Whole of Council
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(46,130)	(47,429)	(1,298)	-2.74%	(47,429)
Subsidies and Grants	(13,908)	(19,311)	(5,403)	-27.98%	(19,311)
Other Revenue	(3,565)	(3,532)	33	0.93%	(3,532)
Finance Revenue	(62)	(13)	50	397.23%	(13)
Other Comprehensive	(89)	(70)	19	27.81%	(70)
Rates	(24,664)	(24,503)	161	0.66%	(24,503)
Vested Assets	(3,841)	0	3,841	100.00%	0
Expense	42,131	41,064	(1,067)	-2.60%	41,064
Other Expenses	21,630	19,894	(1,735)	-8.72%	19,894
Personnel Costs	7,114	6,632	(483)	-7.28%	6,632
Finance Costs	293	496	203	40.96%	496
Depreciation and Amortisation	13,094	14,042	948	6.75%	14,042
Internal Charges and Recoveries	0	0	0	0.00%	0
Grand Total	(4,000)	(6,365)	(2,365)	-37.15%	(6,365)

Variances > \$100k: Comments

Please refer to group comments.

Business Units
Activity Performance Report
For the 12 months ended 30 June 2022

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(390)	685	1,076	156.93%	685
Subsidies and Grants	(205)	(184)	21	11.52%	(184)
Other Revenue	(27)	(35)	(9)	-24.51%	(35)
Finance Revenue	(62)	(13)	50	397.23%	(13)
Other Comprehensive	(120)	(70)	50	71.25%	(70)
Rates	23	986	(963)	-97.67%	986
Expense	(143)	(73)	70	96.62%	(73)
Other Expenses	3,184	3,268	84	2.56%	3,268
Personnel Costs	5,904	5,738	(166)	-2.89%	5,738
Finance Costs	(510)	(285)	225	79.20%	(285)
Depreciation and Amortisation	442	574	132	22.98%	574
Internal Charges and Recoveries	(9,164)	(9,369)	(205)	-2.18%	(9,369)
Grand Total	(534)	612	1,146		612

Variances > \$100k: Comments

Rates	The variance of \$963k is due to budget allocations; corresponding and offsetting variances exist in other group results.
Finance Costs	This figure includes internal interest that is charged to the other Groups and external interest that is paid to external lenders. The external interest is under budget due to actual levels of debt being lower than shown in the LTP (caused by shortfall in capital expenditure). As internal interest is greater than external interest, this figure is a credit for this Group.
Personnel Costs	Overspends in personnel costs are offset by budget savings in Other Expenses and Finance Costs

**Community & Leisure
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(5,258)	(5,313)	(55)	-1.04%	(5,313)
Subsidies and Grants	(236)	(119)	117	97.82%	(119)
Other Revenue	(760)	(785)	(25)	-3.24%	(785)
Other Comprehensive	30,408	0	(30)	-100.00%	0
Rates	(4,292)	(4,409)	(117)	-2.65%	(4,409)
Expense	5,043	5,472	430	7.85%	5,472
Other Expenses	2,527	2,473	(53)	-2.16%	2,473
Personnel Costs	87	85	(2)	-2.00%	85
Finance Costs	175	217	43	19.61%	217
Depreciation and Amortisation	1,414	1,876	463	24.65%	1,876
Internal Charges and Recoveries	840	820	(20)	-2.48%	820
Grand Total	(215)	159	375		159

Variances > \$100k: Comments

Subsidies & Grants

This relates to the final instalment of the unbudgeted PGF Capital Funding Grant relating to the Marton Memorial Hall (capital project).

**Community Leadership
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(991)	(1,221)	(230)	-18.82%	(1,221)
Other Revenue	(0)	0	0	0.00%	0
Rates	(991)	(1,221)	(230)	-18.82%	(1,221)
Expense	1,237	1,260	23	1.81%	1,260
Other Expenses	715	727	12	1.61%	727
Depreciation and Amortisation	0	2	2	100.00%	2
Internal Charges and Recoveries	522	532	10	1.80%	532
Grand Total	246	39	(207)		39

Variations > \$100k: Comments

No comments to make.

**Community Wellbeing
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(1,513)	(1,526)	(13)	-0.85%	(1,526)
Subsidies and Grants	(594)	(153)	441	289.40%	(153)
Other Revenue	(7)	(13)	(6)	-42.85%	(13)
Rates	(912)	(1,360)	(448)	-20.29%	(1,360)
Expense	1,706	1,373	(333)	-24.27%	1,373
Other Expenses	1,043	907	(137)	-15.06%	907
Personnel Costs	284	91	(193)	-212.82%	91
Finance Costs	0	0	0	0.00%	0
Depreciation and Amortisation	5	10	5	49.29%	10
Internal Charges and Recoveries	373	365	-8	-2.16%	365
Grand Total	193	(153)	(346)		(153)

Variances > \$100k: Comments

Subsidies and Grants An unbudgeted \$500k Community Recovery Grant was received from MSD in relation to 'Mayors Taskforce for Jobs' Programme. These funds will be offset by related unbudgeted expenditure. This 'Mayors Task Force for Jobs' Programme has enabled Council to employ a local contractor, who provides support for youth to be retained or placed in employment. 'Mayors Task Force for Jobs' unspent income in 2019/20 is to be recommend for carry forward into 2022/23.

Other Expenses/Personnel Costs There are two main causes of these adverse budget variances:

1. Unbudgeted Other Expenses of \$530k associated with the unbudgeted Grant Income noted above.
2. District Promotions Strategy that has a YTD Budget in Other Expenses of \$372k and associated expenditure of \$189k. This budget is being used to also fund the Personnel Costs related with this initiative which results in the apparent overspend of \$193k in Personnel Costs.

Minor unspent grants due to Covid related events will be recommend for carry forward into the 2022/23 financial year.

**Environmental & Regulatory
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(2,806)	(2,936)	(130)	-4.44%	(2,936)
Subsidies and Grants	0	0	(0)	0.00%	0
Other Revenue	(1,748)	(1,729)	19	1.09%	(1,729)
Rates	(1,059)	(1,207)	(149)	-12.32%	(1,207)
Expense	2,839	2,936	98	3.32%	2,936
Other Expenses	466	665	200	29.98%	665
Personnel Costs	838	717	(121)	-16.94%	717
Finance Costs	0	0	0	0.00%	
Internal Charges and Recoveries	1,534	1,554	20	1.26%	1,554
Grand Total	33	(0)	(33)		(0)

Variations > \$100k: Comments

Other Expenses

Expenses are below budget due to reduced need for the services of the resource consent external contractor. Additional unbudgeted staff appointments reduced the need for this external contractor.

Due to Covid related events, unspent budget associated with the Spatial Plan (\$47k) will be recommend for carry forward into the 2022/23 financial year.

Personnel Costs

See above.

**Roading & Footpaths
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(19,904)	(24,039)	(4,135)	-17.20%	(24,039)
Subsidies and Grants	(8,807)	(16,445)	(7,638)	-46.45%	(16,445)
Other Revenue	(138)	(147)	(9)	-6.34%	(147)
Rates	(7,467)	(7,447)	20	0.27%	(7,447)
Vested Assets	(3,492)	0	3,492	100.00%	0
Expense	19,127	19,428	301	1.55%	19,428
Other Expenses	6,862	7,029	167	2.38%	7,029
Finance Costs	104	93	(12)	-12.46%	93
Depreciation and Amortisation	8,126	8,176	50	0.61%	8,176
Internal Charges and Recoveries	4,034	4,130	96	2.32%	4,130
Grand Total	(778)	(4,611)	(3,834)		(4,611)

Variations > \$100k: Comments

Subsidies and Grant

Subsidies and Grants Revenue is \$7.6m below Budget due largely to a delay in the Marton Rail Hub and the Roothing Programme.

Marton Rail Hub Subsidy Full Year Revenue Budget of \$6m has been deferred to 2022/2023.

The Roothing Subsidies income is also behind budget:

1. \$3.3m of this year's Low Cost Low Risk capital programme has been deferred to 2022/2023 as contractor resources were diverted to attending the weather related events in December, February, May & June. The resulting deferral in Low Cost Low Risk work has resulted in some of the Subsidies & Grants income budget for this year being deferred to 2022/23.

Vested Assets

This relates to the Hereford Heights development.

Other Expenses

Other Expenses is behind budget and is largely related to the above (delay in roading maintenance). \$600k of expenditure and associated revenue has been carried forward into 22/23. Unbudgeted expenditure of \$1.1m has been incurred in relation to weather events. Grant revenue related to these events will be accrued in the annual financial statements, once the figures are finalised.

**Rubbish & Recycling
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(1,880)	(1,723)	157	9.10%	(1,723)
Other Revenue	(790)	(649)	141	21.68%	(649)
Rates	(1,089)	(1,073)	16	1.49%	(1,073)
Expense	3,040	1,723	(1,317)	-76.46%	1,723
Other Expenses	2,824	1,463	(1,361)	-92.97%	1,463
Finance Costs	2	1	(1)	-78.92%	1
Depreciation and Amortisation	24	64	40	62.39%	64
Internal Charges and Recoveries	191	195	4	2.14%	195
Grand Total	1,160	20	(1,160)		0

Variances > \$100k: Comments

Other Revenue/Other Expense Solid Waste Disposal expenditure and income exceeds budget due to increasing volume of solid waste disposal and an increase in the governments waste levy from \$10 to \$20 per tonne on 1 July 2021

Expenses relating to Putorino Landfill are unbudgeted.

**Water, Sewerage & Stormwater
Activity Performance Report
For the 12 months ended 30 June 2022**

	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 YTD Variance June	2021/22 YTD Percentage Variance June	2021/22 Total Budget
	\$000	\$000	\$000		\$000
Revenue	(13,389)	(11,355)	2,034	17.91%	(11,355)
Subsidies and Grants	(4,067)	(2,410)	1,657	68.75%	(2,410)
Other Revenue	(95)	(173)	(78)	-45.09%	(173)
Rates	(8,878)	(8,772)	106	1.21%	(8,772)
Vested Assets	(349)	0	349	100.00%	0
Expense	9,283	8,945	(338)	-3.78%	8,945
Other Expenses	4,008	3,361	(647)	-19.24%	3,361
Finance Costs	522	469	(53)	-11.23%	469
Depreciation and Amortisation	3,082	3,340	258	7.72%	3,340
Internal Charges and Recoveries	1,670	1,774	104	5.84%	1,774
Grand Total	(4,106)	(2,410)	1,696		(2,410)

Variations > \$100k: Comments

Subsidies and Grants During 2020/21 Council received \$2.4m as part of a \$4.8m Three Waters Stimulus Grant. The other \$2.4m has been budgeted to be received in 2021/22. Due to accounting/audit requirements \$2.1m of the 2020/21 receipt has been recorded as 2021/22 revenue. \$1.9m of the 2021/22 receipt has been received and recorded in the above. The budget variance shown above is essentially an accounting adjustment.

Vested Assets This relates to the Hereford Heights development.

Other Expenses Variations are caused largely by:

- i) The combined impacts of the unpredictability of the Tutaenui dam quality, seasonal changes and the need to pretreat the dam have resulted in more chemicals and electricity being required and an increase in expenditure.
- ii) A range of operational costs associated with waste water activities.

For Period to 30 June 2022
Capital Expenditure +\$500k projects

Account	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 Total Revised Budget	Carried Over into 2022/2023	Comments
Grand Total	22,305,502	47,582,871	47,582,871	23,699,215	
Business Units	845,649	1,192,500	1,192,500	275,000	
Community & Leisure Assets	4,600,959	9,202,422	9,202,422	3,992,280	
Domains					
4410170611. Taihape Amenities Detailed Design Construction bf from 20/21	1,278,967	1,821,000	1,821,000	577,480	Detailed report provided separately to Council as part of PMO Reporting
4410174501. Taihape Amenities Detailed Design & Construction	0	1,700,000	1,700,000	1,700,000	Detailed report provided separately to Council as part of PMO Reporting
4410170630. Taihape Grandstand	119,081	1,000,000	1,000,000	800,000	Detailed report provided separately to Council as part of PMO Reporting
Halls					
4090170607. -84 Marton Memorial Hall	749,017	750,000	750,000	165,000	Detailed report provided separately to Council as part of PMO Reporting
4090174502. Bulls Bus Lane and Hub	823,755	760,000	760,000		Detailed report provided separately to Council as part of PMO Reporting
4090174503. Bulls Town Square	211	439,000	439,000	100,000	
4090174505. Marton Building Design & Construction	119,806	500,000	500,000	360,000	Detailed report provided separately to Council as part of PMO Reporting
Community Wellbeing	0	0	0	0	
Environmental & Regulatory	0	0	0	0	

Account	2021/22 YTD Actuals June	2021/22 YTD Budgets June	2021/22 Total Revised Budget	Carried Forward into 2022/2023	Comments
Roading & Footpaths	8,221,629	21,096,945	21,096,945	10,525,000	
Subsidised Roothing					
70100781. Sealed Road Pavement Rehabilitation	868,018	1,204,105	1,204,105		The renewals program for the 2021/22 financial year could not be completed due to resources diverted to weather events and Covid absenteeism
70100782. Drainage Renewals	603,952	735,000	735,000		The renewals program for the 2021/22 financial year could not be completed due to resources diverted to weather events and Covid absenteeism
70100787. Sealed Road Surfacing	1,370,963	1,359,821	1,359,821		50 km of reseals was programmed. The actual length sealed was 45km leaving sufficient budget to surface Main Street, Station Road, Matai Street intersection to be surfaced in hot mix. Current reseal programme has been completed.
70100795. Improvements- Low Cost Low Risk	986,708	5,007,000	5,007,000	3,300,000	Carry forward of \$3.3m to 22/23, this is year 1 of the 3-year block.
7010079601. Mangaweka Bridge Construction	1,487,440	2,430,000	2,430,000		Detailed report provided separately to Council as part of PMO Reporting
Marton Rail Hub					
70100745. Marton Rail Hub	1,212,893	7,800,000	7,800,000	6,700,000	Detailed report provided separately to Council as part of PMO Reporting
Rubbish & Recycling	0	0	0	0	
Water, Sewerage & Stormwater	8,636,684	16,091,004	16,091,004	8,906,935	
Waste Water - Sewerage					
6070176204. 52: Wastewater Reticulation - Renewals	321,831	500,004	500,004	440,000	This funding is being used for the wastewater line replacement at the back of Wellington Road. WSP were engaged to design a WW pipe bridge renewal but have suggested an alternative route. A feasibility study has been received. Findings from the study have been investigated further and a recommendation has been made to proceed with the detailed design of a small wastewater pump station that would remove the need for a pipe bridge across the Tutaenui Stream.
6070176205. 89: Wastewater Treatment - Renewals	62,191	500,004	500,004	437,813	Part of Ratana Wastewater upgrade. Detailed report provided separately to Council as part of PMO Reporting
6070176206. Marton to Bulls Pipeline	6,571,634	6,500,000	6,500,000	1,700,000	Detailed report provided separately to Council as part of PMO Reporting
6070176207. Land Purchase - Marton to Bulls Pipeline	0	1,200,000	1,200,000	1,200,000	Detailed report provided separately to Council as part of PMO Reporting
6070177109. Papakai Pump Station Replacement	131,260	1,200,000	1,200,000	1,112,255	The full detailed design package for the Papakai rising main and pump station project has been received and is with Fulton Hogan for pricing. The negotiated price for construction was due to be received by 17 June but is still outstanding. Recommendations to Council for construction of these two portions of work will be made following the conclusion of procurement negotiations.
6070177111. Ratana Complete Upgrade	164,308	1,915,000	1,915,000	1,767,191	Detailed report provided separately to Council as part of PMO Reporting
Water - District					
6060174501. 117.1: New Plant (Marton Water Treatment Plant)	114,952	900,000	900,000	500,000	Part of Marton Water Strategy, in detail design stage, due December 2022.
6060174503. Marton New Bore	113,681	999,996	999,996	900,000	Detailed report provided separately to Council as part of PMO Reporting

9.2 Treasury and Debt - July 2022**Author: Sam Zhang, Manager - Financial Services****Authoriser: Dave Tombs, Group Manager - Corporate Services****1. Reason for Report**

- 1.1 To provide the Finance and Performance Committee with an overview of Council's Treasury and Debt position.

2. Discussion

- 2.1 Note: the balances included in this report are only those that are relevant when considering Council's treasury and debt position: other (non-financial) assets and liabilities also exist.

Investments

- 2.2 Recent increases to interest rates have resulted in the interest we earn on our Current Account being greater than the rate we would achieve by placing the funds on deposit (unless the term was for 150 days minimum). Accordingly we have a Current Account balance (\$6.9m at end of July) that exceeds the limit recommended in our Treasury Management Policy (\$3m).

The \$3m Term Deposit we had at 31 July 2022 has since matured and the funds transferred into our Current Account.

Council has no other significant financial investments.

Liquidity

- 2.3 As at 31 July 2022 Council had a strong liquidity position, caused largely by a recent increase in borrowings, as shown below:

2.3.1 Treasury Assets

• Bank/Deposits	\$9.86 million
• Receivables (excl. Rates)	\$1.47 million
• Receivables (Rates)	\$6.57 million
• Other financial assets	\$0.18 million
• Total	\$18 million

2.3.2 Treasury Current Liabilities

• Payables	\$0.97 million
• GST payable	\$0.53 million
• Retentions	\$0.78 million

- Income in advance \$0.26 million
- **Total** **\$2.54 million**

2.3.3 Net Current Treasury Position **\$15.5 million**

Debt

2.4 Council currently has \$19m of long-term debt, as summarised below:

Amount	Maturity Date	Rate of Interest
3 million	15/4/2029	3.12%
5 million	14/4/2033	3.68%
11 million	15/4/2027	4.17%

2.5 Council's Long-Term Plan included a budgeted debt level at 30 June 2022 of \$34m.

Liquidity Ratios

2.6 At the April 2022 Finance/Performance Committee Meeting, Officers were asked to include Liquidity Ratios in future Treasury and Debt reports.

2.7 Council's Long Term Plan (pages 142 and 143) includes two Liquidity Ratio Benchmarks set by the Local Government Funding Agency. Based on Sections 2.2 to 2.3 above, the current performance in relation to these benchmarks is as follows (note these ratios are currently included in a more detailed report that is provided to each Audit & Risk Committee):

2.8 Net Debt/Total Revenue must not exceed 175%:

- Debt \$19m
- Bank/Deposits \$9.8m
- Net Debt \$9.2m
- Budgeted Full Year Revenue \$53m
- Net Debt/Total Revenue 17%

2.9 External Debt plus Committed Facilities plus Liquid Assets (Available Finance) divided by External Debt must be greater than 110%:

- External Debt \$19m
- Bank/Deposits \$9.8m
- Available Finance \$28.8m
- Available Finance divided by External Debt 152%

Recommendation

That the report 'Treasury and Debt - July 2022' be received.

9.3 QV Monthly Report - June and July 2022**Author:** Sam Zhang, Manager - Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Finance and Performance Committee with the June and July 2022 monthly reports provided by QV.

2. Analysis

- 2.1 June's report shows a high number of Subdivisions, a large increase in the number of Assessments and a high level of Sales.
- 2.2 The increase in Subdivisions reflects the 'finalisation' of the subdivisions associated with Hereford Heights and other developments (ie these blocks have valuations attached to them). This has resulted in very high numbers of reported subdivisions and increases in the numbers of Assessments.
- 2.3 The higher level of reported Sales for June results from the high number of 'title transfers' that were processed in June, in preparation for the new rating year. Such transfers are included in the Sales figure.
- 2.4 The above average number of completed building consents in June reflects the clearing of the backlog that had accumulated.

3. Explanations

- 3.1 QV have provided the following explanations for some terminology used in the Building Consents 'Outstanding' section of the attached report. These figures arise from the 'general practice' of QV visiting a property six months after the Building Consent application has been approved (actual timing of the visit is also based on logistical considerations):
 - 3.1.1 Under Construction: the visit reveals that construction has not been completed (QV will schedule a follow up visit); and
 - 3.1.2 Ready to Check: the 'six month waiting period' has lapsed and QV are in the process of scheduling/conducting the inspection visit. On inspection if the property is found to be not ready to value, QV would extend the date for re-inspection and the property will revert to "Under Construction" until the date is met and ready to value again.

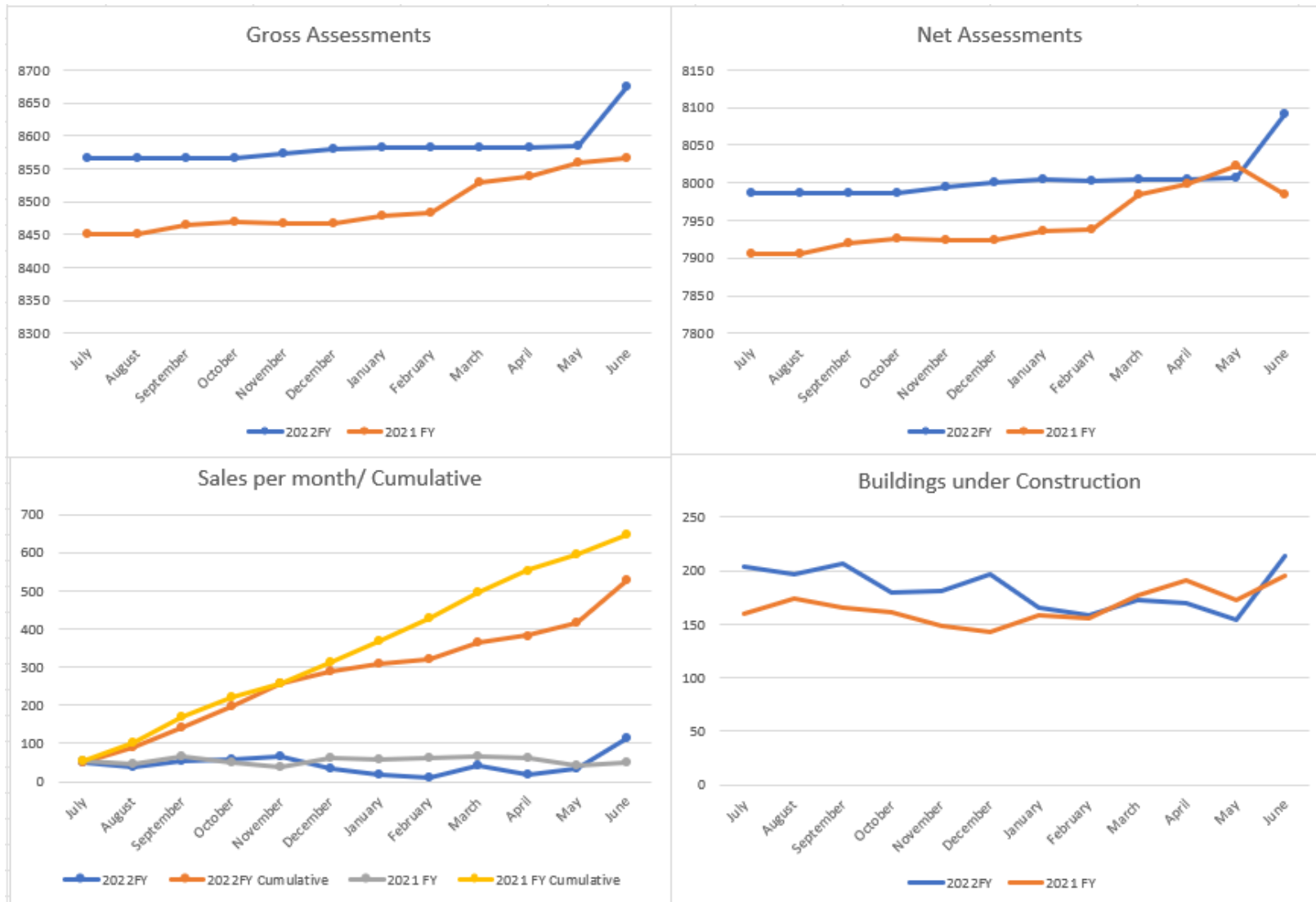
Attachments:

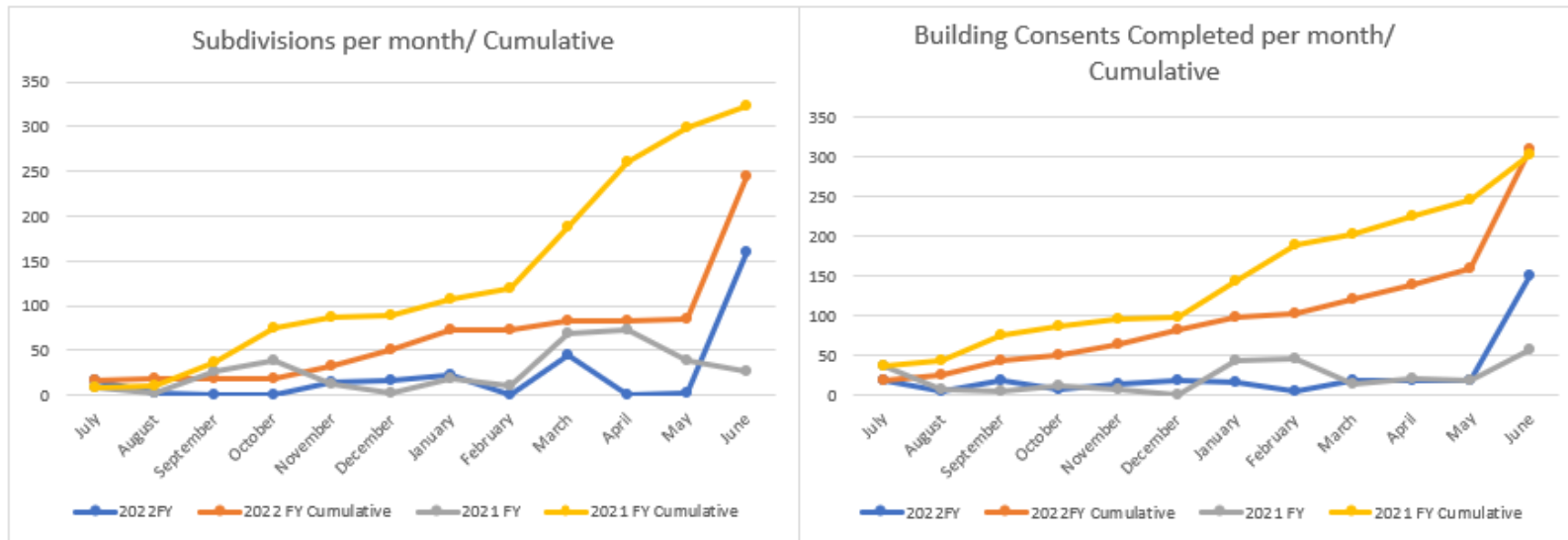
1. **QV Monthly Graph June 2022** [↓](#)
2. **QV Monthly Graph July 2022** [↓](#)
3. **QV Monthly Report June 2022** [↓](#)
4. **QV Monthly Report July 2022** [↓](#)

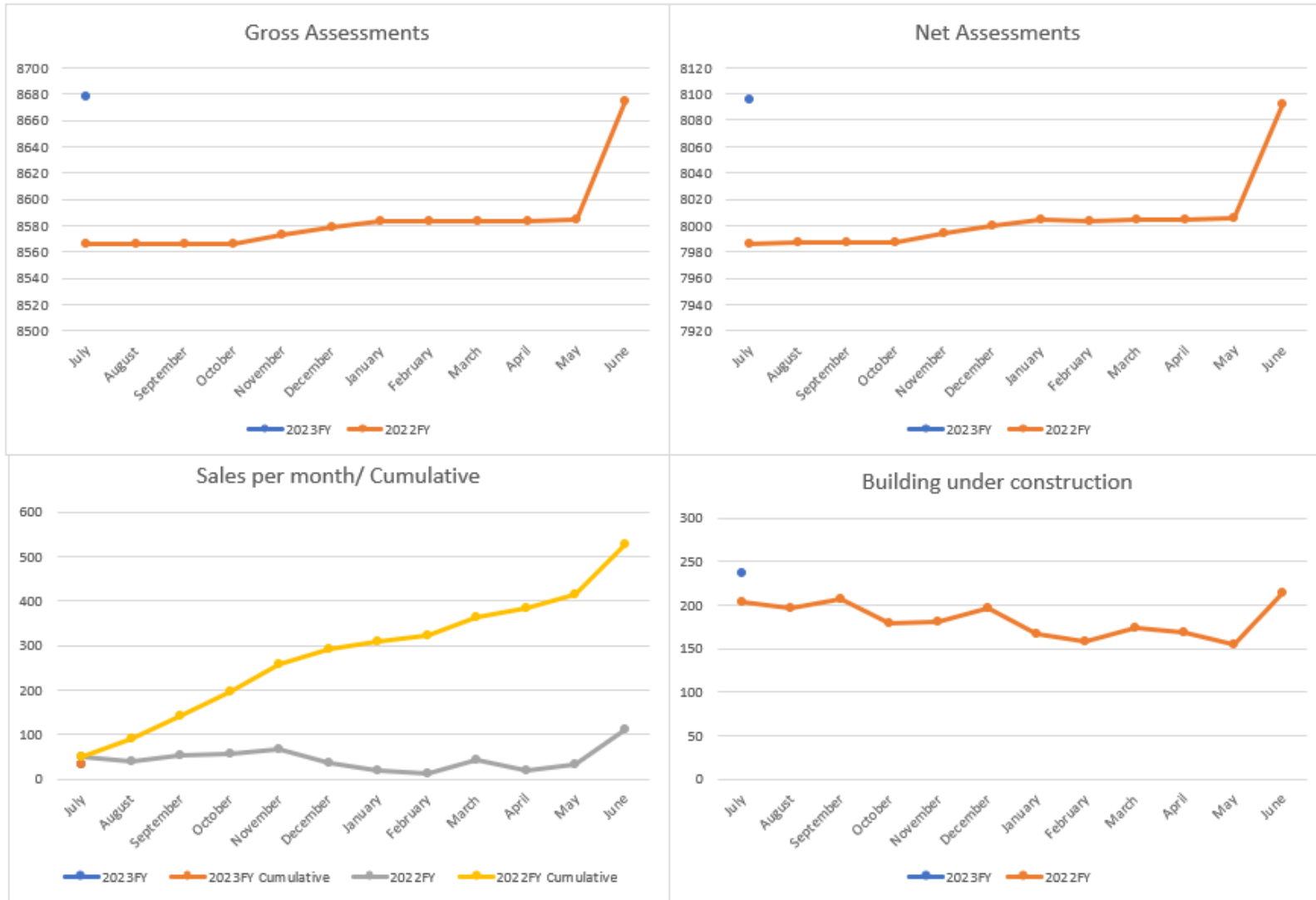
Recommendation

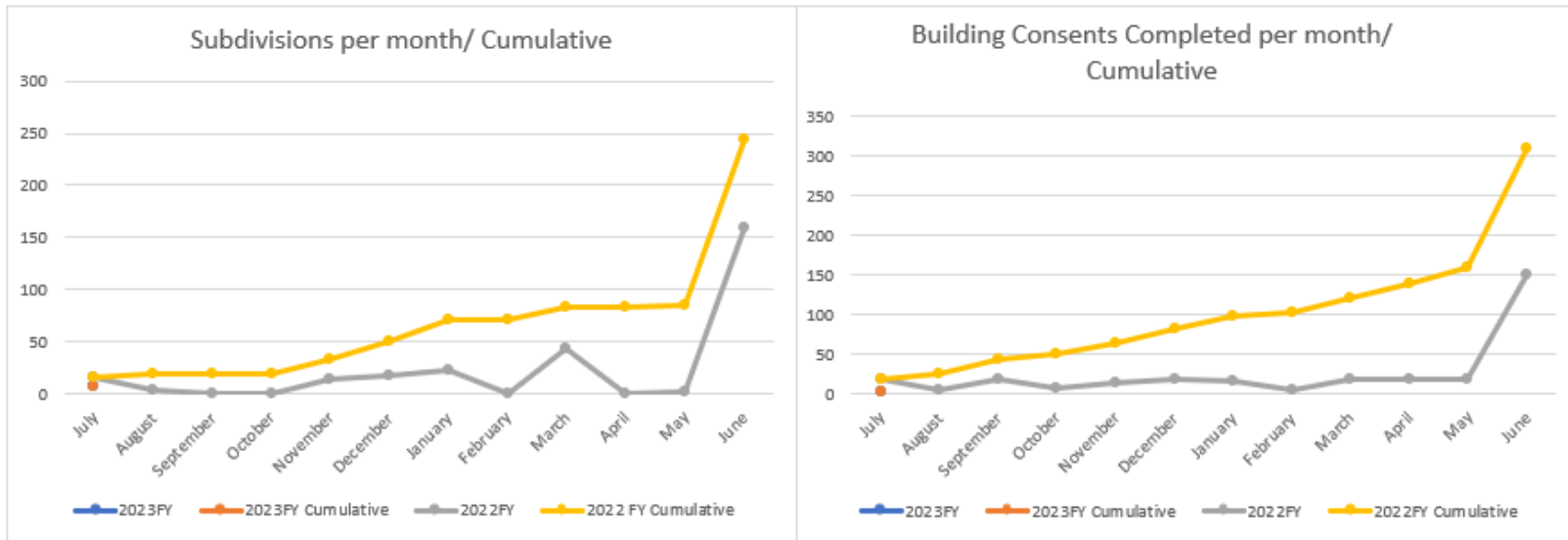
That the QV Monthly Report – June and July 2022 be received.

ITEM 9.3











**June 2022
Rangitikei District**

QV Quotable Quote

In real life, I assure you there is no such thing as Algebra - Fran Lebowitz

Assessment Numbers	Sales									
	COMPLETED	OUTSTANDING								
Net Assessments 8,092 50% Rateable: 3 8,674 Gross Assessments	112 This Month <hr/> 527 Since 1 July	<table border="1"> <thead> <tr> <th>Sale Notices < 3 Days</th> <th>Sale Notices > 3 Days</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Partial Sales</td> <td>Changes to Address</td> </tr> </tbody> </table>	Sale Notices < 3 Days	Sale Notices > 3 Days	0	0	0	0	Partial Sales	Changes to Address
Sale Notices < 3 Days	Sale Notices > 3 Days									
0	0									
0	0									
Partial Sales	Changes to Address									

Building Consents		Subdivisions	
COMPLETED	OUTSTANDING	COMPLETED	OUTSTANDING
151 This Month <hr/> 310 Since 1 July	Under Construction 214 0 Ready to Check	159 This Month <hr/> 244 Since 1 July	In Progress 0 0 Subs to Value



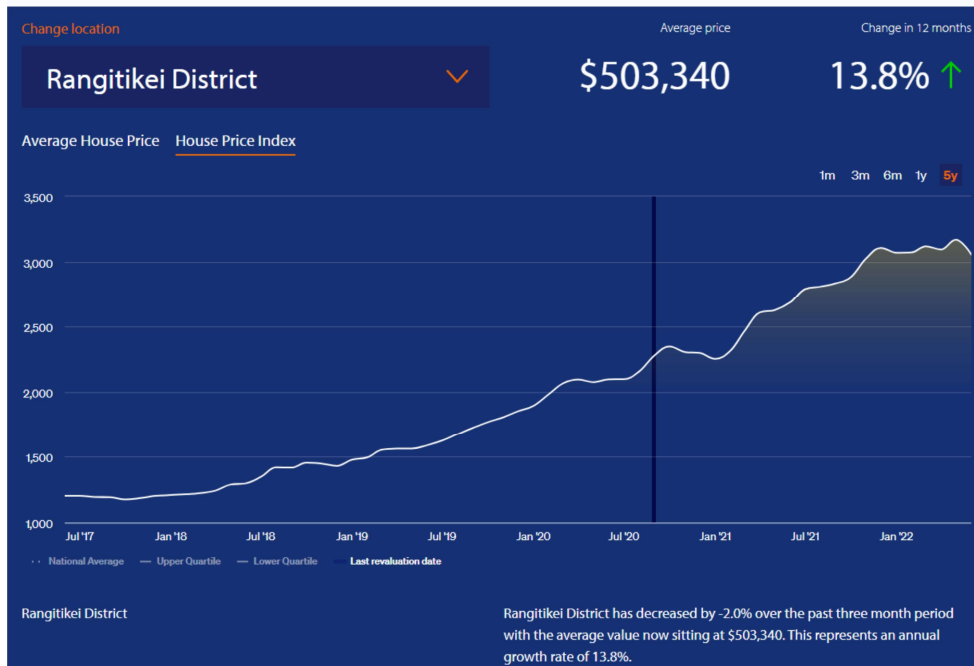
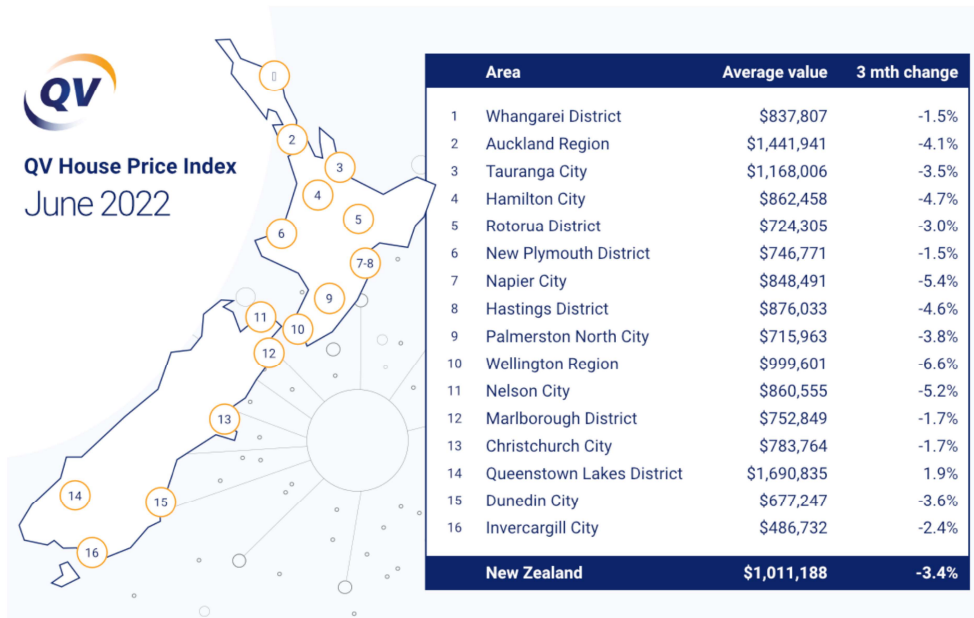
QV Trivia

A teaspoon of honey is the life's work of 12 bees.

Revision Objections

Maintenance Objections

Revision Objections		Maintenance Objections	
DECISIONS ISSUED	OUTSTANDING	DECISIONS ISSUED	OUTSTANDING
<p>0 This Month</p> <hr/> <p>0 Since 1 July</p>	<p>Being Processed</p> <p>0</p> <hr/> <p>0 Lodged with LVT</p>	<p>1 This Month</p> <hr/> <p>1 Since 1 July</p>	<p>Being Processed</p> <p>1</p> <hr/> <p>0 Lodged with LVT</p>





**July 2022
Rangitikei District**

QV Quotable Quote

Aspire to do anything, Start something and stop at nothing - Unknown

Assessment Numbers	Sales									
	COMPLETED	OUTSTANDING								
Net Assessments 8,095 50% Rateable: 3 8,678 Gross Assessments	31 This Month <hr/> 31 Since 1 July	<table border="1"> <tr> <td>Sale Notices < 3 Days</td> <td>Sale Notices > 3 Days</td> </tr> <tr> <td>0</td> <td>0</td> </tr> <tr> <td>0</td> <td>0</td> </tr> <tr> <td>Partial Sales</td> <td>Changes to Address</td> </tr> </table>	Sale Notices < 3 Days	Sale Notices > 3 Days	0	0	0	0	Partial Sales	Changes to Address
Sale Notices < 3 Days	Sale Notices > 3 Days									
0	0									
0	0									
Partial Sales	Changes to Address									

Building Consents		Subdivisions	
COMPLETED	OUTSTANDING	COMPLETED	OUTSTANDING
3 This Month <hr/> 3 Since 1 July	Under Construction 236 <hr/> 12 Ready to Check	8 This Month <hr/> 8 Since 1 July	In Progress 0 <hr/> 0 Subs to Value

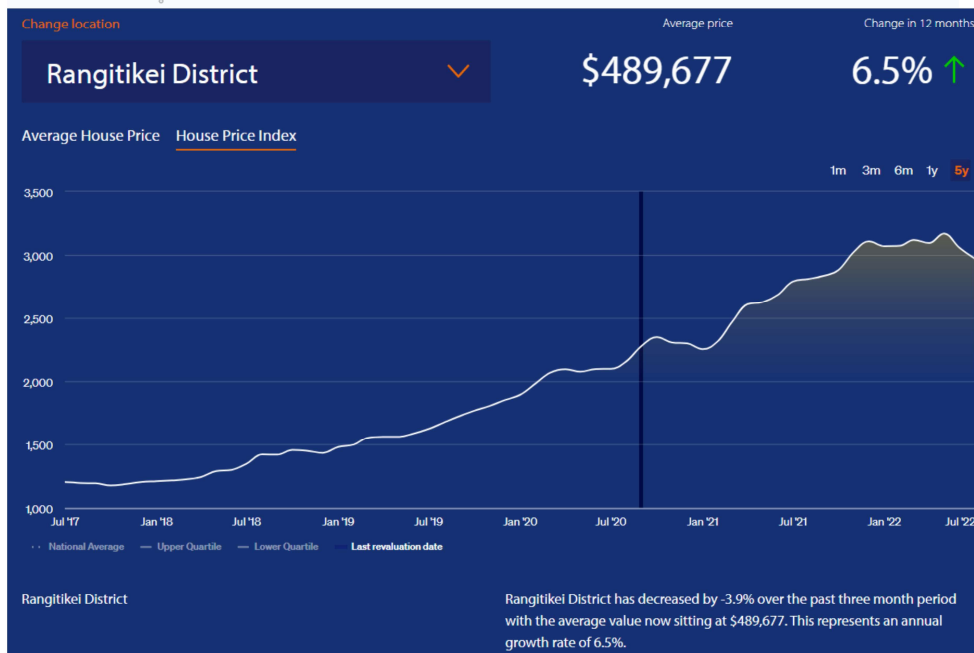


QV Trivia

The Longest english word is 189,819 letters long, I won't spell it out here, but the full name for the protein nicknamed Titin would take three and a half hours to say out loud.

Revision Objections

Revision Objections		Maintenance Objections	
DECISIONS ISSUED	OUTSTANDING	DECISIONS ISSUED	OUTSTANDING
<p>0 This Month</p> <hr style="border: 1px solid white;"/> <p>0 Since 1 July</p>	<p>Being Processed</p> <p>0</p> <hr style="border: 2px solid #007bff;"/> <p>0 Lodged with LVT</p>	<p>0 This Month</p> <hr style="border: 1px solid white;"/> <p>0 Since 1 July</p>	<p>Being Processed</p> <p>2</p> <hr style="border: 2px solid #007bff;"/> <p>0 Lodged with LVT</p>



9.4 Quarterly Property Sales

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 This report includes an overview of property sales within the District for the quarters ended March 2022 and June 2022.

2. Comments

- 2.1 As noted in the March 2022 Finance and Performance Committee report, some of the statistics included in this report are distorted by anomalies in the underlying calculations (Officers are evaluating alternative reporting systems).
- 2.2 For example, as noted in March 2022, should a ratepayer subdivide and sell a small part of their property to a neighbouring property, the data feeding into this report includes, as the 'capital value', the value of the (buying party's) new combined property that the subdivided block has become, thus significantly overstating the Capital Value figure.
- 2.3 Accordingly, the information in the attached report should be regarded as for general Information only and not used in any decision making.

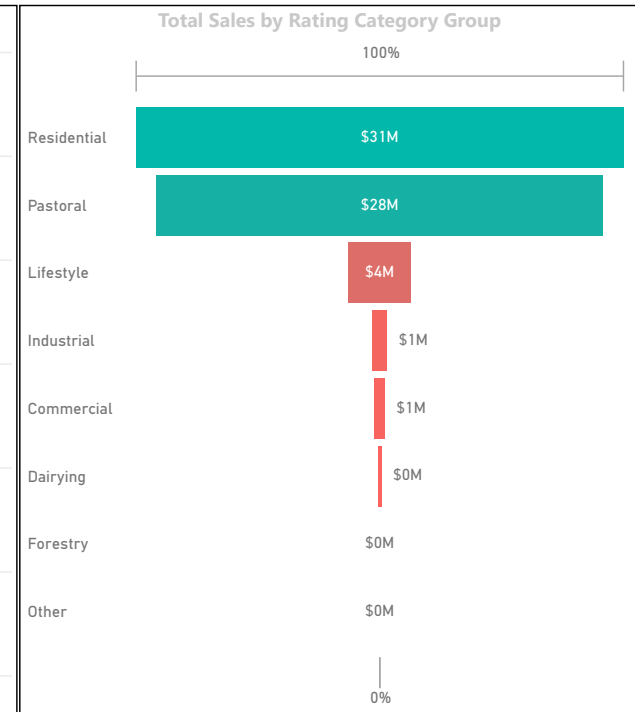
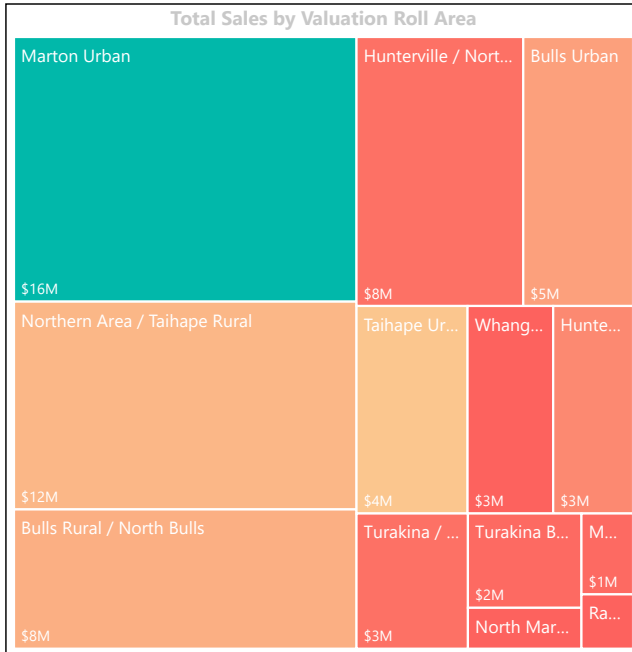
Attachments:

1. [Property Sales Q4 2021/22](#) ↓
2. [Property Sales Q3 2021/22](#) ↓

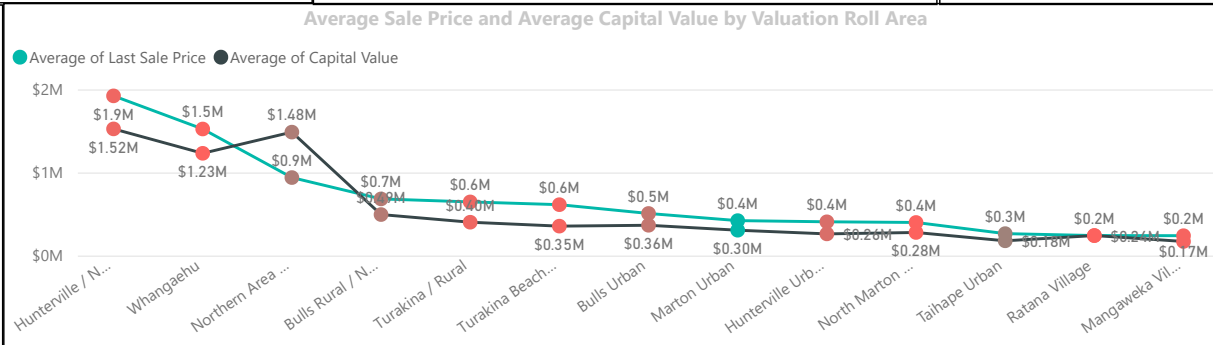
Recommendation

That the report 'Quarterly Property Sales' be received.

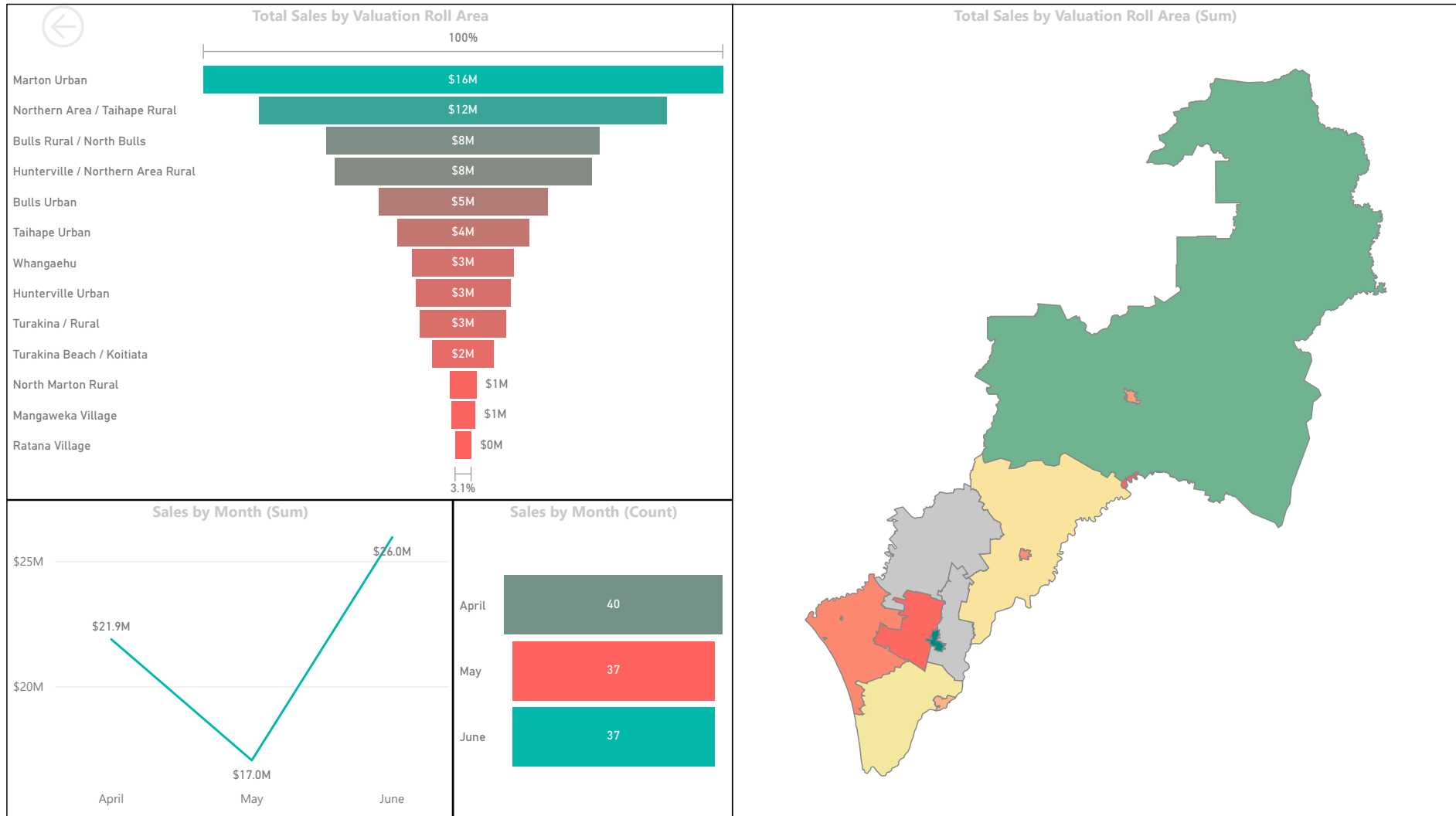
Quarter 4: 1 April 2022 - 31 June 2022



Total Sales
114



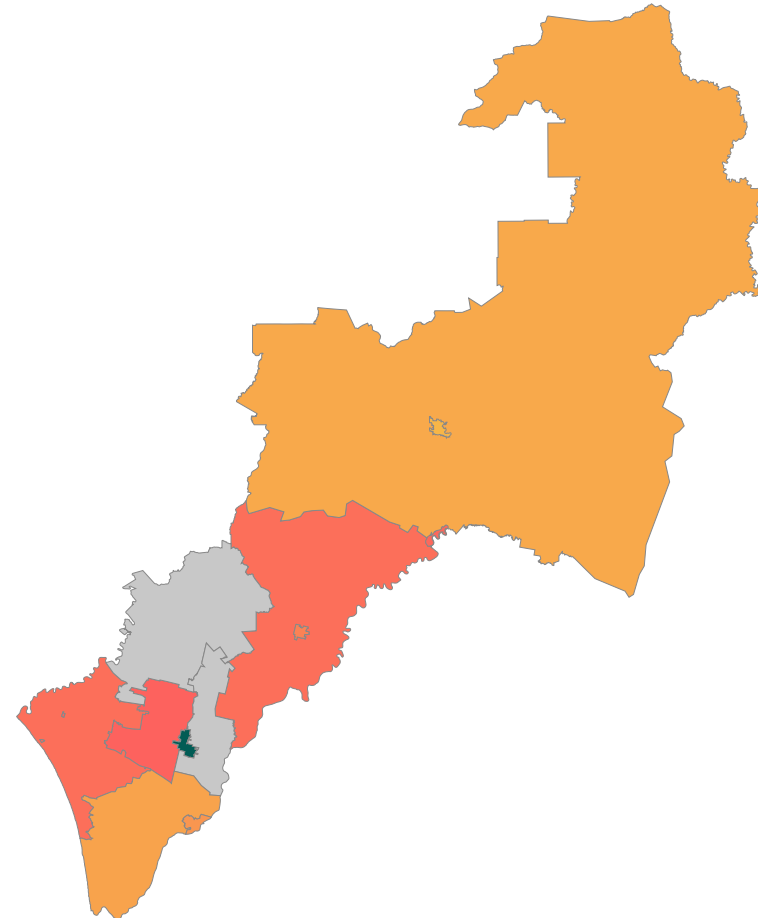
Total Sales
\$65M



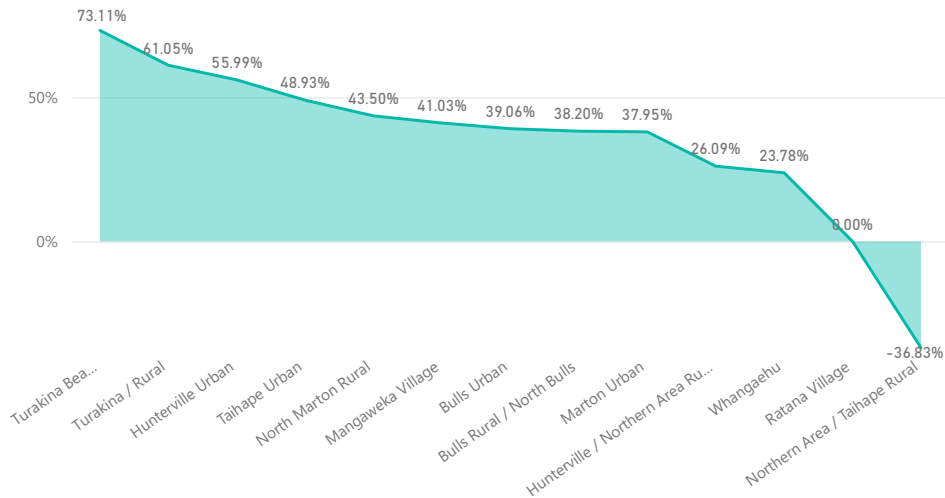
Quarterly Property Sales in the Rangitikei

Valuation Roll Area	Capital Value	Sale Price	Number Of Sales	Sale Price % difference from Capital Value
Northern Area / Taihape Rural	\$19,304,000	\$12,194,500	13	-36.83%
Ratana Village	\$480,000	\$480,000	2	0.00%
Whangaehu	\$2,460,000	\$3,045,000	2	23.78%
Hunterville / Northern Area Rural	\$6,095,000	\$7,685,000	4	26.09%
Marton Urban	\$11,258,000	\$15,530,372	37	37.95%
Bulls Rural / North Bulls	\$5,913,000	\$8,172,000	12	38.20%
Bulls Urban	\$3,638,000	\$5,059,000	10	39.06%
Mangaweka Village	\$507,000	\$715,000	3	41.03%
North Marton Rural	\$554,000	\$795,000	2	43.50%
Taihape Urban	\$2,651,000	\$3,948,250	15	48.93%
Hunterville Urban	\$1,820,000	\$2,839,000	7	55.99%
Turakina / Rural	\$1,602,000	\$2,580,000	4	61.05%
Turakina Beach / Koitiata	\$1,060,000	\$1,835,000	3	73.11%
Total	\$57,342,000	\$64,878,122	114	13.14%

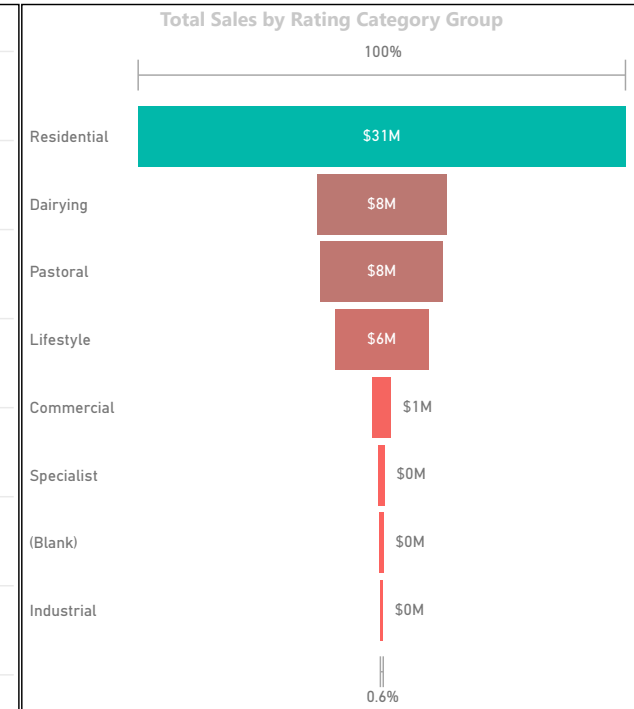
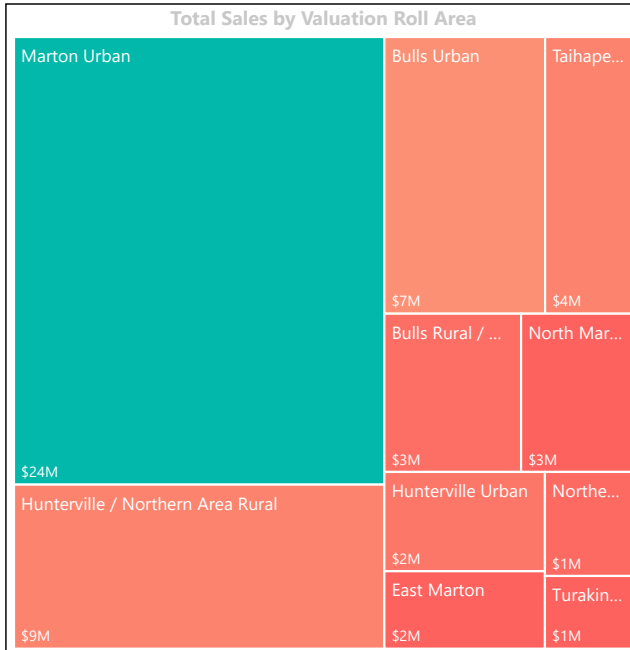
Sales by Valuation Roll Area (Count)



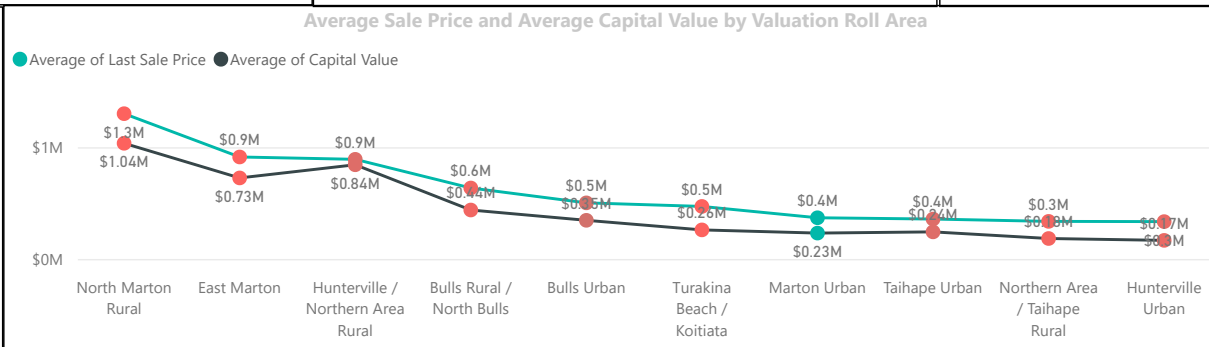
Sale Price % difference from Capital Value by Valuation Roll Area



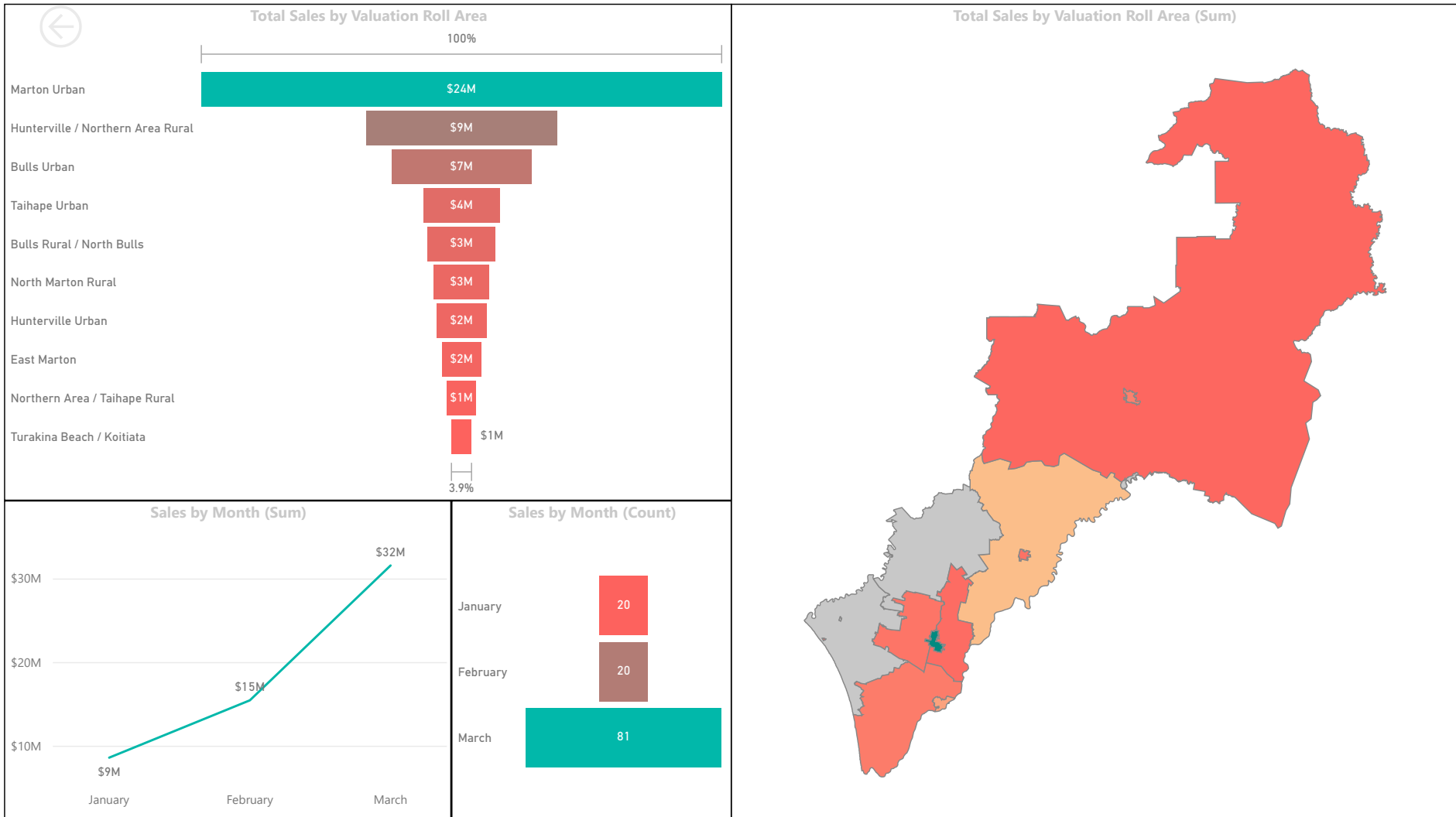
Quarter 3: 1 January 2022 - 31 March 2022



Total Sales
121



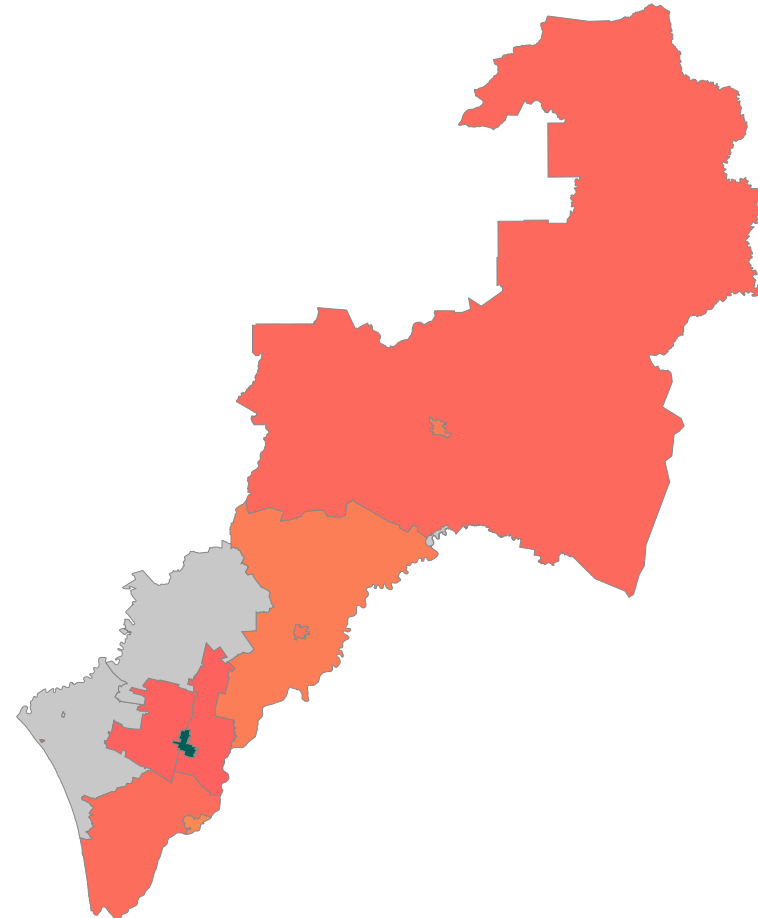
Total Sales
\$56M



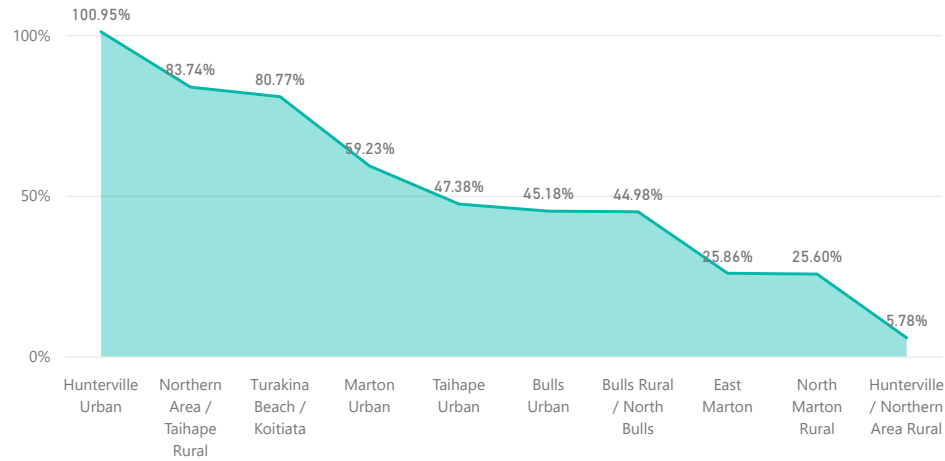
Quarterly Property Sales in the Rangitikei

Valuation Roll Area	Capital Value	Sale Price	Number Of Sales	Sale Price % difference from Capital Value
Hunterville / Northern Area Rural	\$8,428,000	\$8,915,500	10	5.78%
North Marton Rural	\$2,070,000	\$2,600,000	2	25.60%
East Marton	\$1,450,000	\$1,825,000	2	25.86%
Bulls Rural / North Bulls	\$2,190,000	\$3,175,000	5	44.98%
Bulls Urban	\$4,495,000	\$6,525,750	13	45.18%
Taihape Urban	\$2,423,000	\$3,571,000	10	47.38%
Marton Urban	\$15,277,000	\$24,325,058	66	59.23%
Turakina Beach / Koitiata	\$520,000	\$940,000	2	80.77%
Northern Area / Taihape Rural	\$732,000	\$1,345,000	4	83.74%
Hunterville Urban	\$1,164,000	\$2,339,000	7	100.95%
Total	\$38,749,000	\$55,561,308	121	43.39%

Sales by Valuation Roll Area (Count)



Sale Price % difference from Capital Value by Valuation Roll Area



9.5 LGFA - General Information

Author: Sam Zhang, Manager - Financial Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Finance and Performance Committee with LGFA's quarterly report to shareholders and list of LGFA guarantors.

2. Context

- 2.1 LGFA sends these reports to their members every three months. The Finance and Performance Committee has previously asked to receive these reports on a six-monthly basis.
- 2.2 This report is for general information purposes.
- 2.3 Council currently has a relatively low level of activity with LGFA. However, we expect to increase our borrowings from LGFA throughout the 2023 financial year. Council has therefore become a guaranteeing member of LGFA.

Attachments:

1. **List of LGFA Guarantors as at 31 July 2022** [↓](#)
2. **LGFA Quarterly Report to Shareholders June 2022** [↓](#)

Recommendation

That the report 'LGFA - General Information' be received.



LGFA Guarantors as at 31 July 2022 (alphabetical order)	Long Term Issuer Credit Rating		
	S&P Global Ratings	Fitch Ratings	Moodys
Ashburton District Council		AA+	
Auckland Council	AA		Aa2
Bay of Plenty Regional District Council	AA		
Canterbury Regional Council		AA+	
Carterton District Council			
Central Hawke's Bay District Council			
Central Otago District Council			
Christchurch City Council	AA- (positive)		
Clutha District Council			
Far North District Council			
Gisborne District Council			
Gore District Council			
Greater Wellington Regional Council	AA+		
Grey District Council			
Hamilton City Council	AA-		
Hastings District Council	AA (negative)		
Hauraki District Council			
Horizons Regional Council			
Hawkes Bay Regional Council			
Horowhenua District Council	AA-		
Hurunui District Council			
Hutt City Council	AA		
Invercargill City Council		AA+	
Kaipara District Council			
Kapiti Coast District Council	AA (negative)		
Mackenzie District Council			
Manawatu District Council			
Marlborough District Council	AA+ (negative)		
Masterton District Council			
Matamata-Piako District Council			
Napier City Council			
Nelson City Council	AA		
New Plymouth District Council	AA+		
Northland Regional Council			
Otago Regional Council			
Otorohanga District Council			
Palmerston North City Council	AA		
Porirua City Council	AA		
Queenstown Lakes District Council		AA-	
Rangitikei District Council			
Rotorua Lakes District Council		AA-	
Ruapehu District Council			
Selwyn District Council		AA+	
Southland District Council			
South Taranaki District Council	AA		
South Waikato District Council			
South Wairarapa District Council			
Stratford District Council			
Taranaki Regional Council			
Tararua District Council			
Tasman District Council	AA (negative)		
Taupo District Council	AA+		
Tauranga City Council	A+		
Thames-Coromandel District Council			
Timaru District Council		AA-	
Upper Hutt City Council	A+ (negative)		
Waikato District Council		AA+	
Waikato Regional Council			
Waimakariri District Council	AA		
Waimate District Council			
Waipa District Council		AA-	
Waitaki District Council			
Waitomo District Council			
Westland District Council			
Wellington City Council	AA+		
Western Bay of Plenty District Council	AA		
Whakatane District Council			
Whanganui District Council	AA		
Whangarei District Council	AA+ (negative)		



LGFA Quarterly Report to Shareholders



June Quarter 2022

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A. June Quarter highlights

Quarter	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	May 2028	April 2029	May 2031	April 2033	May 2035	April 2037
Bonds issued \$m	1,445	N/A	-	80	230	-	485	60	510	-	80	-	-	-
Term Loans to councils \$m	1,007.7	329.0	-	4.0	51.7	82.0	67.0	55.0	164.5	112.5	142.0	-	-	-
Term Loans to councils #	115	41	-	1	7	11	14	13	12	12	4	-	-	-

Year to date	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	May 2028	April 2029	May 2031	April 2033	May 2035	April 2037
Bonds issued \$m	3,900	N/A	-	170	470	150	635	265	1,270	190	200	120	400	30
Term Loans to councils \$m	3,325.9	1,396.7	-	21.7	200.8	219.0	179.3	178.0	247.3	366.6	463.1	5	48.4	-
Term Loans to councils #	299	106	-	4	22	22	30	32	27	33	20	1	2	-

Key points and highlights for the June quarter:

- The LGFA bond yield curve rose and flattened over the quarter as the RBNZ tightened monetary policy through two 50 bps hikes in the OCR to 2.00%. Markets are now pricing in a further 200 bps of hikes by February 2023. 2024 bond yields rose by 68 bps to 4.04% while 2037 bond yields rose by 80 bps.
- LGFA issued a record \$1.445 billion of bonds during the quarter through one syndication and two bond tenders in what remained a difficult environment for issuance. The average term of issuance during the quarter was a shorter than normal 4.53 years compared to 6.22 years for the financial year to June 2022. Annual issuance of \$3.9 billion was also a record.
- Despite the record issuance, LGFA borrowing margins to swap were unchanged (2037s) to 9 bps tighter (2026s) as investors and banks took advantage of the recent sharp rises in interest rates. LGFA spreads to New Zealand Government Bond (NZGB) widened modestly between 1 bps and 5 bps as swaps spreads to NZGB widened.
- Long dated lending to councils during the quarter of \$1,007.7 million was the second highest quarter on record. The average term of lending at 5.72 years was shorter than the 2021-22 financial year average of 6.22 years and the 2020-21 financial year average of 6.89 years.
- LGFA has an estimated market share of 80% of total council borrowing for the rolling twelve-month period to June 2022 compared to a historical average of 75% since 2012.
- Short-term lending to councils has increased by \$93 million to \$482.5 million of short-term loans outstanding on 31 June 2022 to thirty-one councils.
- LGFA Net Operating Gain (unaudited management estimate) for the twelve-month period to 30 June 2022 was \$10.673 million which was \$648k below budget, comprising total operating income at \$480k below budget and expenses at \$169k below budget.
- We have achieved eight out of our ten performance objectives over the financial year with only our financial position that was marginally below our target.
- Waimate District Council joined as a guarantor during the quarter while Carterton District and Rangitikei District Councils moved from being non guarantors to guarantors. We currently have seventy-five councils and one CCO as members and are expecting another two councils to join in the next six months.

B. LGFA bond issuance over quarter

We issued a record \$1.445 billion of bonds via two tenders (May and June) and one syndication (April) during the quarter with the large syndication timed to coincide with the LGFA April 2022 bond maturity. Issuance conditions were challenging with rising interest rates, significant intraday volatility and subdued investor sentiment. We responded to these uncertain times by issuing bonds with a shorter duration than normal.

4 April Syndication	15 Apr 2024	15 Apr 2026	15 May 2028
Total Amount Offered (\$million)	230	425	450
Total Amount Allocated (\$million)	230	425	425
Total Amount of Bids Received (\$million)	431	470	508
Weighted Average Accepted Yield (%)	3.499	3.794	3.909
NZGB Spread at Issue (bps)	52.00	61.00	69.00
Swap Spread at Issue (bps)	8.00	29.00	42.00
Swap Spread: AA council (bps)	23	43	56
Swap Spread: AA- council (bps)	28	48	61
Swap Spread: A+ council (bps)	33	53	66
Swap Spread: Unrated council (bps)	43	63	76

The April syndicated tap of three existing LGFA bond maturities was successful with a record amount of issuance undertaken by LGFA in a single transaction and tight pricing achieved. We used the proceeds to lend to councils and increase our Liquid Asset Portfolio to match increased take up of standby facilities by councils and for future council lending.

We issued three existing LGFA bond maturities to increase the amount of each maturity on issue to help improve secondary market liquidity, to issue into where the investor and bank demand was (less than six years) and to keep any pricing cost to a minimum.

The syndication coincided with our April 2022 bond maturity but unlike previous LGFA bond maturities, there was no corresponding NZ Government Bond maturity. Offshore investor participation in the syndication at 18% overall was less than the average holding of 29.5% with banks instead taking between 47% and 60% of each issue.

The average maturity of the LGFA bonds issued was relatively short at 4.47 years but we deliberately kept the tenor short to ensure we could issue the large amount of bonds required. While we issued \$1.105 billion of LGFA bonds we on lent \$394.2 million to twenty-seven councils with an average term of 5.9 years. The larger than normal on lending was due to the refinancing of councils loans maturing in April 2022.

Tender 89 / 11 May 2022	15 Apr 2023	15 Apr 2027	15 May 2031
Total Amount Offered (\$million)	80	60	40
Total Amount Allocated (\$million)	80	60	40
Total Number of Bids Received	10	22	22
Total Amount of Bids Received (\$million)	265	325	175
Total Number of Successful Bids	2	3	10
Highest Yield Accepted (%)	3.135	4.250	4.530
Lowest Yield Accepted (%)	3.080	4.245	4.515
Highest Yield Rejected (%)	3.245	4.320	4.590
Lowest Yield Rejected (%)	3.135	4.250	4.530
Weighted Average Accepted Yield (%)	3.101	4.250	4.523
Weighted Average Rejected Yield (%)	3.185	4.272	4.538
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	37.5	78.6	14.9
NZGB Spread at Issue (bps)	27.00	65.00	72.00
Swap Spread at Issue (bps)	-10.00	25.50	45.75
Swap Spread: AA council (bps)	7	43	58.25
Swap Spread: AA- council (bps)	12	48	63.25
Swap Spread: A+ council (bps)	17	53	68.25
Swap Spread: Unrated council (bps)	27	63	78.25
Coverage Ratio	3.31	5.42	4.38

The tender size of \$180 million was a good size tender following on from the \$1.105 billion syndication in April. We tendered three tranches with a high degree of confidence in the 2023s (they only had 11 months to run to maturity) and the 2027s where offshore, and domestic bank balance sheet demand was strong. Price support was very strong for all three maturities with the 2023s and 2027s issued at yields 4 bps below the prevailing market, and the 2031s 3 bps below market.

Overall bidding volume was very strong at 4.3x coverage and this was the highest ratio since November 2017 and was very favourable compared to the 2.3x average for the past two years. The successful bid tails ranged between 0.5 bps (2027s) out to 4.5 bp (2023s) and the number of successful bids ranged between two (2023s) and ten (2031s).

The average maturity of the LGFA bonds was a short 4.06 years compared to the average for the financial year to date of 6.30 years with the short tenor due to the 2023 issuance.

While we issued \$180 million of LGFA bonds we on-lent a modest \$100.5 million to nine councils with an average term of lending to councils at 6 years (73 months) which was in line with recent borrowing by councils.

Tender 90 / 8 June 2022	15 Apr 2025	15 May 2028	15 May 2031
Total Amount Offered (\$million)	60	60	40
Total Amount Allocated (\$million)	60	60	40
Total Number of Bids Received	13	24	27
Total Amount of Bids Received (\$million)	140	215	179
Total Number of Successful Bids	5	12	9
Highest Yield Accepted (%)	4.090	4.350	4.480
Lowest Yield Accepted (%)	4.080	4.310	4.460
Highest Yield Rejected (%)	4.140	4.395	4.550
Lowest Yield Rejected (%)	4.090	4.350	4.480
Weighted Average Accepted Yield (%)	4.088	4.339	4.475
Weighted Average Rejected Yield (%)	4.105	4.366	4.503
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	60	30.5	38.5
NZGB Spread at Issue (bps)	62.00	71.00	75.00
Swap Spread at Issue (bps)	7.75	31.25	41.50
Swap Spread: AA council (bps)	22.25	44.25	53
Swap Spread: AA- council (bps)	27.25	49.25	58
Swap Spread: A+ council (bps)	32.25	54.25	63
Swap Spread: Unrated council (bps)	42.25	64.25	73
Coverage Ratio	2.33	3.58	4.48

The tender outcome was a positive surprise with exceptionally strong demand and a pleasing pricing result for our ninth (and last) tender of the financial year. A combination of higher yields, wider spreads to swap and NZGB and competition amongst the banks drove a strong outcome.

We issued a mix of 2025s, 2028s and 2031s (for the second consecutive month) so was a mixed bag of tenors on slightly lower issuance volumes than normal. Pricing achieved was 2 bps to 3 bps below prevailing market mids rates and volume bid was also strong (but noting the smaller amount tendered). Overall bidding volume was also strong at 3.3x coverage and was favourable compared to the 2.3x average for the past two years.

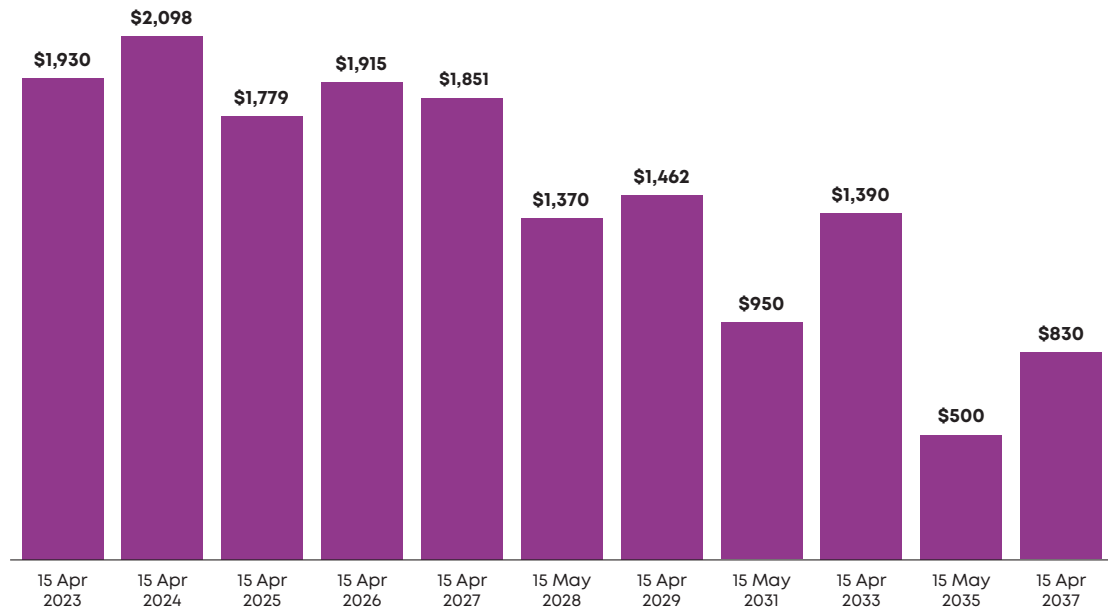
The successful bid ranges were between 1 bps (2025s) out to 4 bp (2025s) and the number of successful bids ranged between five (2025s) and twelve (2028s). The average maturity of the LGFA bonds issued was a short 5.53 years but we wanted to keep both the tenor short and volumes low given the underlying market volatility and sentiment changing daily.

While we issued \$160 million of LGFA bonds we on-lent a larger than normal \$263.5 million to sixteen councils with an average term of lending at 6.8 years (82 months).

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

As at 30 June 2022 NZ\$ 16,075 million

Includes NZ\$1,100 million treasury stock



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

Our issuance volume on a rolling 12-month basis to June 2022 of \$3.9 billion was just below the record of \$4.35 billion set during the quarter for the 12-month period to April 2022 (which included the May 2021 syndication as well as the April 2022 syndication).

Rolling 12 month Issuance (\$ millions)



C. Summary financial information (provisional and unaudited)

The following results are management estimates only and are unaudited.

Financial Year (\$m) – cumulative	YTD as at Q1	YTD as at Q2	YTD as at Q3	Full Year to 30 June 2022
Comprehensive income	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Interest income	88.98	185.89	285.91	393.51
Interest expense	83.83	176.71	272.26	375.99
Net interest revenue	5.15	9.18	13.65	17.52
Other operating income	0.26	0.53	0.79	1.09
Total operating income	5.41	9.70	14.44	18.61
Issuance and On-lending costs	0.58	1.31	1.90	2.83
Approved issuer levy	Nil	0.33	0.33	0.70
Operating expenses	1.05	2.14	3.16	4.40
Issuance and operating expenses	1.62	3.77	5.39	7.93
Net Profit	3.79	5.94	9.05	10.67
Financial position (\$m) – as at	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Retained earnings + comprehensive income	72.68	74.82	77.94	79.5
Total assets (nominal)	14,635.29	15,854.9	16,441.3	16,227.0
Total LG loans (nominal)	12,960.37	13,496.1	13,825.0	14,019.8
Total LGFA bills (nominal)	600	535.0	533.0	565
Total LGFA bonds (nominal)	13,465.00	14,865.0	15,265.0	14,975
Total borrower notes (nominal)	233.8	250.0	260.6	271.1
Total equity	97.68	99.8	102.9	104.5

D. Key performance indicators (Section 5 of SOI)

Section 5 of the SOI sets out the ten key performance targets for LGFA.

We met eight out of our ten performance targets with our operating income and expenses the only objectives that we did not meet. The rise in interest rates and volatile market conditions have impacted net interest income relating to the large amount of liquid assets that we hold. The COVID-related lockdowns have impacted our ability to travel and while we did not meet with every council, we did undertake seventy-seven meetings with 66 council and CCO visits during the twelve-month period to June 2022. The remaining council visits were concluded in July.

Measure		Q1 Sep 2021	Q2 Dec 2021	Q3 Mar 2022	Q4 Jun 2022
LGFA total operating income for the period to June 2022 will be greater than \$19.1 million	Target (\$)	\$4.8 m	\$9.4 m	\$14.8 m	\$19.1 m
	Actual (\$)	\$5.2 m ✓	\$9.7 m ✓	\$14.4 m ✗	\$18.6 m ✗
Annual issuance and operating expenses (excluding AIL) will be less than \$7.2 million	Target (\$)	\$1.7 m	\$3.5 m	\$5.3 m	\$7.16 m
	Actual (\$)	\$1.6 m ✓	\$3.4 m ✓	\$5.06 m ✓	\$7.23 m ✗
Total nominal lending (short and long term) to participating councils to be at least \$13.294 billion	Target (\$)	\$12.6 b	\$13.2 b	\$13.8 b	\$13.29 b
	Actual (\$)	\$12.96 b ✓	\$13.5 b ✓	\$13.8 b ✓	\$14.02 b ✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	Target (\$)	August 2021 survey outcome 99.2%			
	Actual (%)	✓	✓	✓	✓
Meet all lending requests from PLAs	Target (%)	100%	100%	100%	100%
	Actual (%)	100% ✓	100% ✓	100% ✓	100% ✓
Achieve 80% market share of all council borrowing in New Zealand	Target (%)	>80%			
	Rolling annual average				
	Actual (%)	91% ✓	79% ✗	79% ✗	80% ✓
Review each PLA financial position, its headroom under LGFA policies and arrange to meet each PLA at least annually	Target (number)	Council visits to total 74 over one year Financial Position + Headroom Review completed in December Quarter			
	Actual	77 visits to 66 individual council and CCO visits over past 12 months with the remaining 8 councils visits completed during July ✓			
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	Target	Nil			
	Actual	Nil ✓	Nil ✓	Nil ✓	Nil ✓
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due	Target (%)	100%			
	Actual (%)	100% ✓	100% ✓	100% ✓	100% ✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	Target	AAA/AA+			
	Actual	AAA/AA+ ✓	AAA/AA+ ✓	AAA/AA+ ✓	AAA/AA+ ✓

E. Performance against SOI objectives

We have two primary and eight secondary objectives outlined in our Statement of Intent (SOI)

Primary objectives (Section 3 of SOI)

Primary Objective:

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

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

LGFA adjusts its borrowing margin from time to time for council and CCO lending. The borrowing margin comprises a base lending margin and a credit margin. The base lending margin covers our operating costs and provides for capital to grow in line with the growth in our balance sheet. There is an additional credit margin added to the base margin depending upon whether a council has a credit rating or is a guarantor or non-guarantor of LGFA.

On 1 July 2021 LGFA reduced the base lending margin by 5 bps to 15 bps but subsequently increased the margin back to 20 bps effective 1 July 2022.

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

Comparison to other high-grade issuers – secondary market spread to swap (bps)

30 Jun 2022	Comparison to other high-grade issuers – secondary market spread to swap (bps)											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2033	2035	2037
LGFA (AAA)	-10	-1	5	16	19	28	33	37	40	49	62	70
Kainga Ora (AAA)	-2		9	17	24	27		38			64	
Asian Development Bank (AAA)	0	4	11	18	22	29			43			
IADB (AAA)	3	11	17	20	23	38						
International Finance Corp (AAA)	7	9	15	18	23							
KBN (AAA)	7	14	20		29			52				
Rentenbank (AAA)	4	7	17		21		34					
World Bank (AAA)	0	5	11	19	23	28		39				
Nordic Investment Bank (AAA)	2		17									
ANZ (AA-)	39	45										
BNZ (AA-)	30	51	58	80	91							
Westpac Bank (AA-)	28	51	60	74	88							
SSA Average	3	8	15	19	24	32	31	46	43			
Bank Average	32	49	59	77	90							

During the quarter LGFA issued across six bond maturities from 2023 to 2031 to capture as much investor demand as possible in the short to mid part of the yield curve and to reduce our overall funding cost. There was greater demand for the shorter maturities as investors were defensive in a rising interest rate environment and it was difficult to issue bonds beyond 2029 e.g. we issued \$1.365 billion of bonds with a maturity of 2028 or shorter and only \$80 million of 2031 bonds.

Standby facilities outstanding to councils and CCOs increased by \$140 million over the quarter to \$662 million outstanding as at 30 June 2022 to twelve councils. We are expecting one additional council to enter into this product over the next six months.

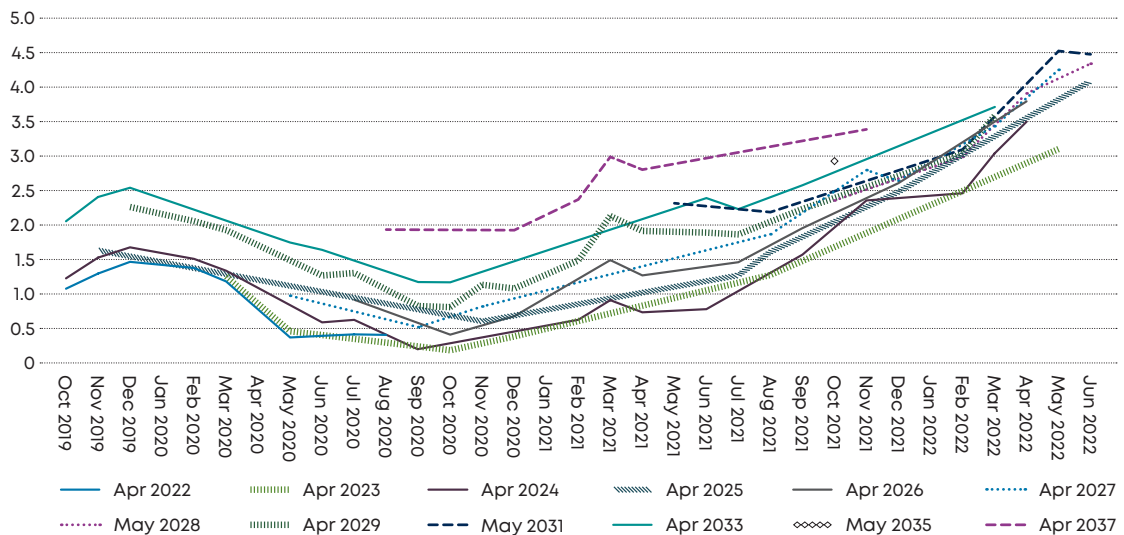
The LGFA bond yield curve moved in line with global bond markets with yields rising and the curve steepening over the quarter. Front end yields (2024s) rose by 68 bps to 4.04% (or 306 bps since June 2021) while long dated yields (2037s) rose by 80 bps to 4.85% (or by 213 bps since June 2021). The front end of the curve rose as the RBNZ continued to increase the OCR by 50 bps in both April and May as inflationary pressures surged on both supply side and demand side pressures. The RBNZ is ahead of global central banks in tightening monetary policy and financial markets are currently pricing in further increases in the OCR from the current 2% to a peak of 3.8% in February 2023.

LGFA borrowing margins to swap narrowed by 3 bps to 9 bps except the 2037s where spreads were unchanged over the quarter. This was a positive outcome given the record amount of issuance undertaken over the quarter and was in part due to the strong bank and investor interest in our short to mid dated bond maturities. LGFA spread performance to New Zealand Government Bonds (NZGB) was less positive with spreads widening between 1 bps and 5 bps. This was primarily driven by swap spreads to NZGB widening on corporate and mortgage book fixed rate paying in the swaps market and the announced inclusion of NZGBs in the FTSE Russell World Government Bond Index from November 2022.

We closely monitor the Kauri market for ongoing supply and price action as high-grade issuance by "AAA" rated Supranational issuers such as the International Finance Corporation (IFC), Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) influenced LGFA demand and pricing. These borrowers are our peer issuers in the NZD market and have the most influence on our pricing. The June quarter period was reasonably quiet for Kauri bond issuance with only two issues totalling \$1.15 billion. This compares to the March quarter where there was \$2.8 billion of issuance and \$3 billion of issuance in the June 2021 quarter.

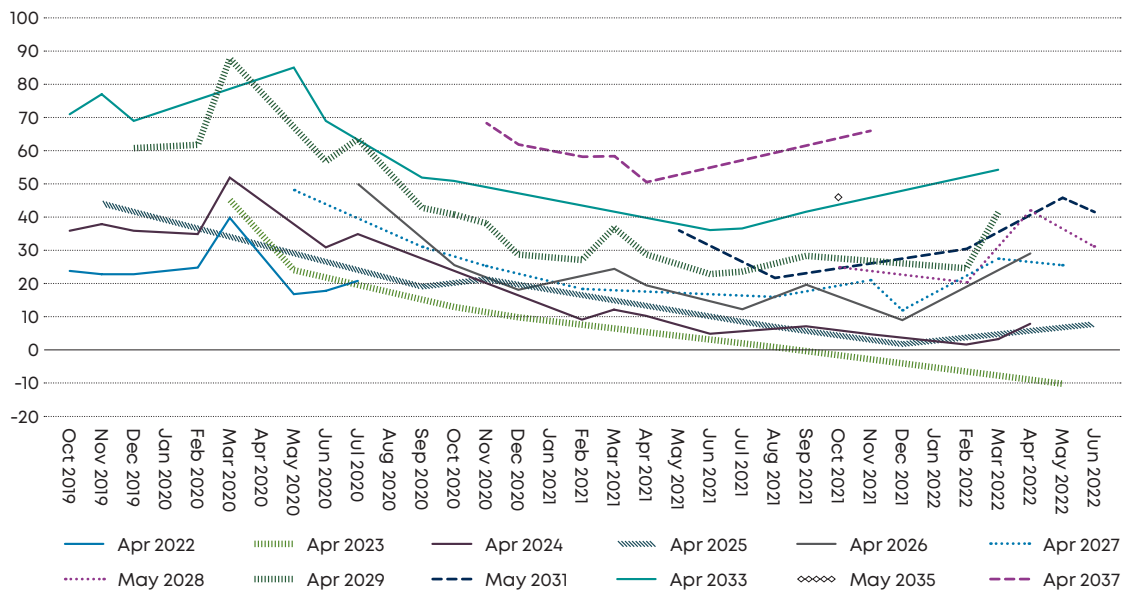
LGFA Bond Issuance Yields (%)

Last 30 tenders



Spread to swap

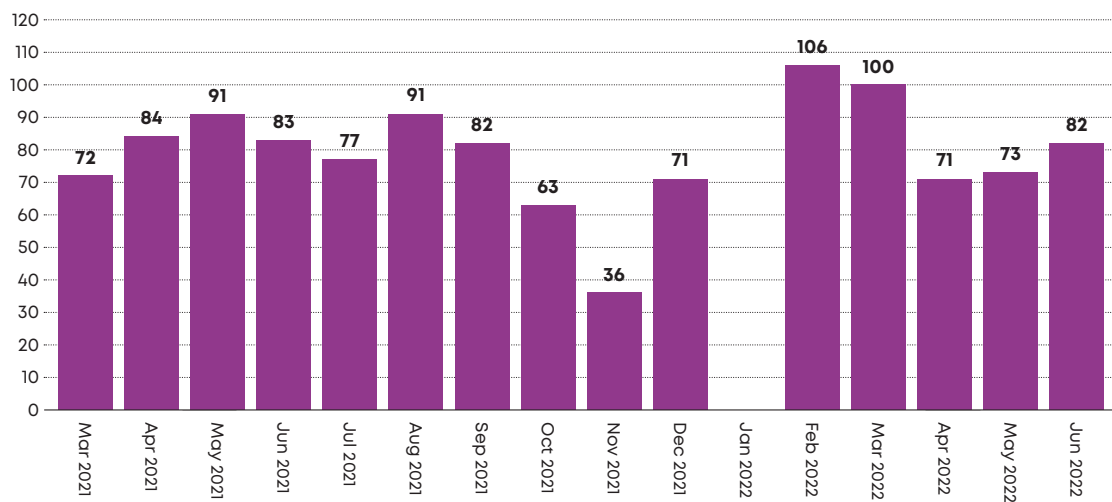
Last 30 tenders



The average borrowing term (excluding short-dated borrowing) for the June quarter by council members was a shorter than normal 5.72 years compared to the average term of 6.22 years for the year to June 2022 and 6.89 years for the year to June 2021. The shortening trend is due to the recent sharp rise in interest rates and councils borrowing for terms to coincide with the proposed July 2024 transition date for the Three Waters Reform Programme.

Average total months to maturity – on lending to councils

Last 15 tenders

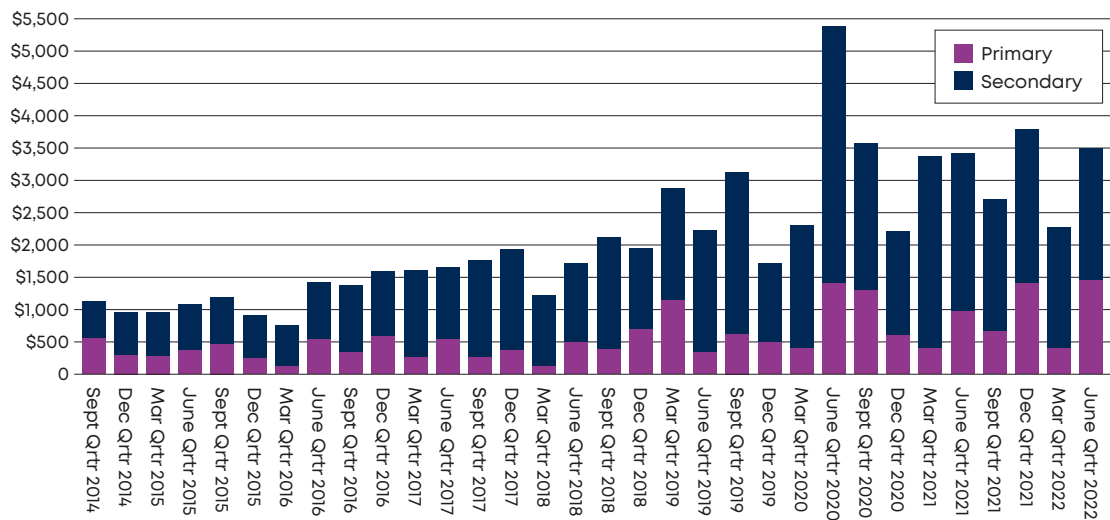


Short-term borrowing by councils and CCOs with loan terms of between one month and 12 months remains well supported with \$482.5 million outstanding as of 30 June 2022 to a record thirty-one councils. The number of councils and CCOs using this product increased by three over the quarter while the total amount outstanding increased by \$93 million.

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

Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) increased during the quarter despite the volatile market conditions. We issued a record \$1.455 billion of bonds and secondary market turnover of \$2.01 billion during the quarter was also strong.

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



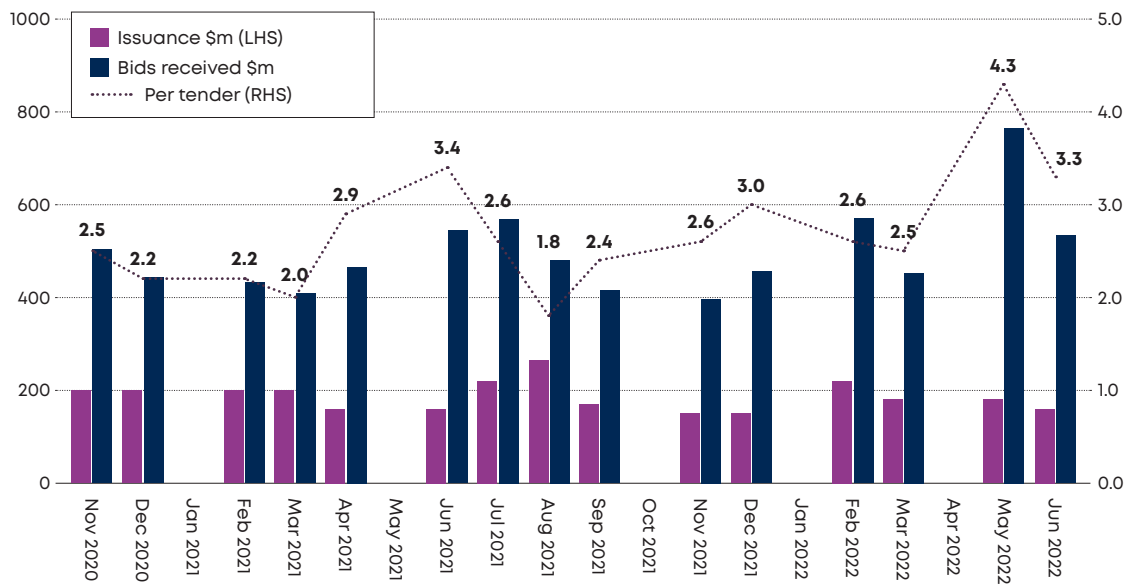
LGFA commenced issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at 30 June 2022 there were \$565 million of LGFA Bills on issue and the amount on issue has been relatively constant between \$500 million and \$600 million for the past eighteen months. We use proceeds from LGFA bills to fund short term lending to councils and invest the balance in our Liquid Asset Portfolio.

LGFA documented an Australian Medium-Term Notes Programme in November 2017. We have no immediate intention to use this programme, but it provides flexibility if there is a market disrupting event in the future.

Over the past quarter we have seen good support for our bond tenders with strong bidding, tight spreads and solid bid coverage ratios. However we have deliberately skewed issuance towards the shorter dated bond maturities where there is strong investor and bank demand.

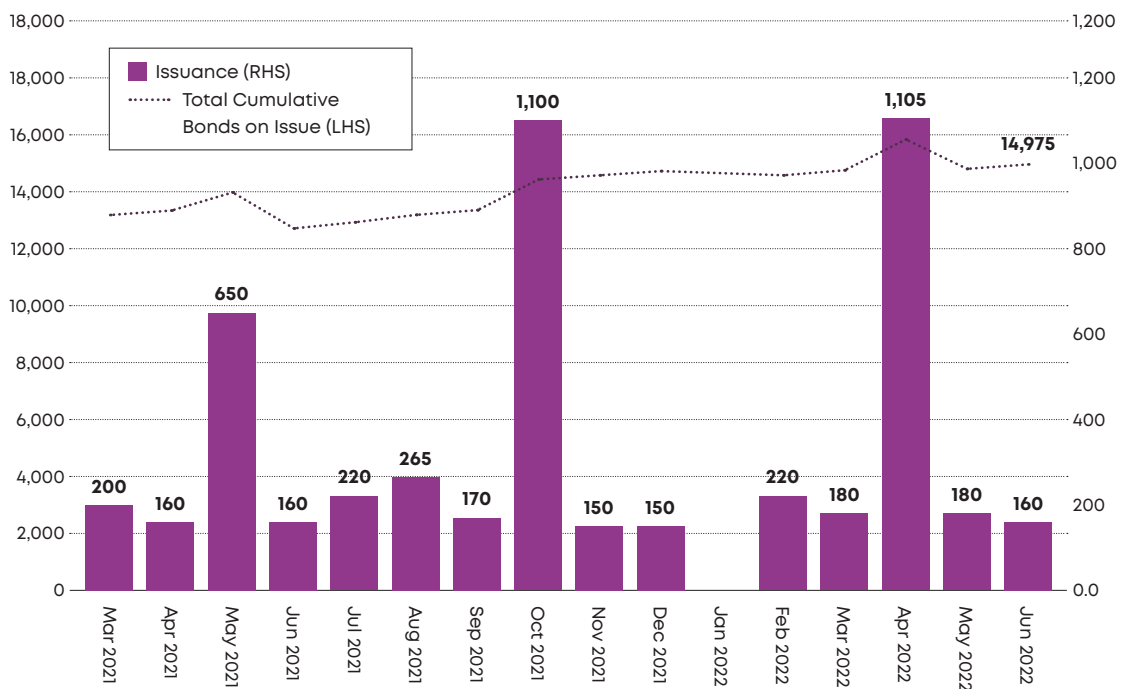
Tender bid coverage ratio

Last 15 tenders



LGFA bond issuance (\$ million)

Last 15 tenders and syndications. (Excludes issuance of treasury stock (\$1,100m))



We survey our council members each year on their satisfaction with LGFA and the latest stakeholder survey result in August 2021 was a 99% result to the question "How would you rate LGFA in adding value to your borrowing requirements?". We also received a 98% result to the question "How satisfied are you with the pricing that LGFA has provided to your Council?" Both outcomes are slightly better than last year.

Primary Objective:

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

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;
- Analyse finances at the Council group level where appropriate and report to shareholders;
- Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and
- Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

We undertook seventy-seven meetings with sixty-six councils and CCOs over the twelve-month period to 30 June 2022. LGFA continues to review council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list.

All councils and CCO borrowers provided compliance certificates for LGFA covenants and no council has requested that they be measured on a group basis.

We continue to have dialogue with Central Government on the proposed Three Waters reforms and provided feedback regarding financing of the proposed entities during and beyond the transition period. We are waiting for clarification from Central Government as to the role that LGFA could play, if any in providing financing.

In June we appointed Anita Furniss of Auckland Council as our inaugural Future Director. The LGFA Future Directors Programme offers a council or CCO staff member the opportunity to work alongside the LGFA board for an 18-month period starting in July 2022.

We continue to assist the sector and their advisers in finding ways for LGFA to play a supporting role in providing solutions to off balance sheet financing for councils. LGFA continues to provide technical expertise to the proposed Ratepayer Financing Scheme (RFS).

LGFA for the second consecutive year was the headline sponsor for the LGFA-Taituara Local Government Excellence Awards. We have supported these awards for the past eight years to recognise the work undertaken by Taituara in promoting excellence across the sector and to highlight what councils are doing within their communities. The winner of the Supreme Award for 2022 was the **Te Hiku o te Ika Revitalisation Project**, a highly successful collaboration between **Far North District Council**, the Kaitiaki Business Association, the five iwi of Far North's Te Hiku region and the wider community.

Additional objectives (Section 3 of SOI)

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

LGFA has an annual review process regarding our credit ratings from Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") and meets with both agencies at least annually.

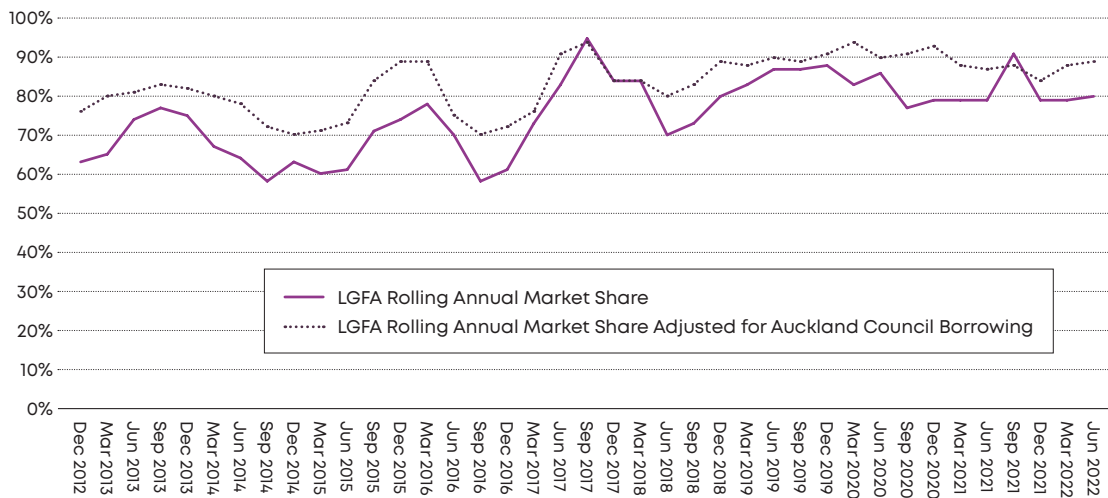
On 2 March 2022, S&P affirmed our long-term local currency credit rating of AAA and our long-term foreign currency credit rating of AA+. Both ratings are the same as the New Zealand Government.

On 1 November 2021 Fitch affirmed both our local currency credit rating of AA+ (stable) and foreign currency credit rating of AA (positive outlook).

2. Provide at least 80% of aggregate long-term debt funding to the Local Government sector.

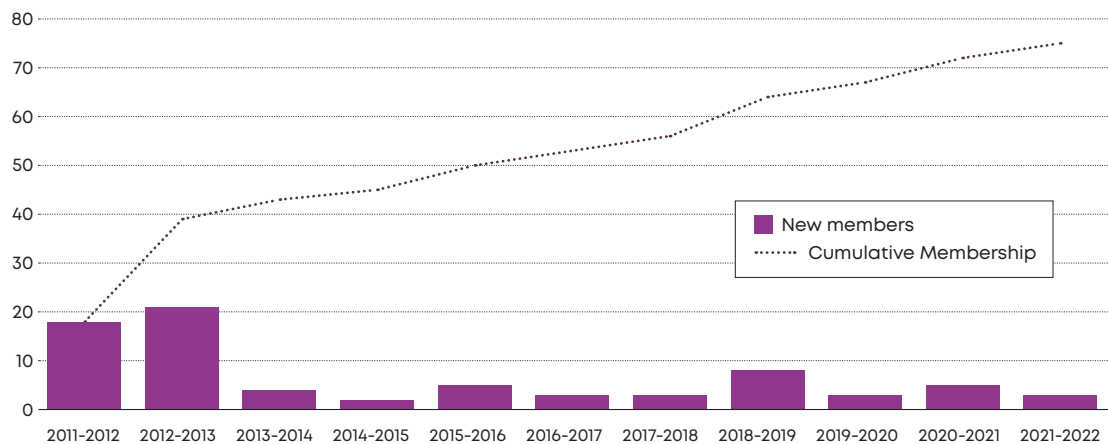
We use the PwC Local Government Debt Report as our source of market share. Our estimated market share for the rolling twelve-month period to 30 June 2022 was 80%. If we adjust for Auckland Council borrowing of \$500 million over the past year in the domestic market, then our market share increases to 89.1%. This compares to a historical average of 75% and our market share remains high compared to our global peers.

LGFA Market Share – rolling one year average



As at 30 June 2022, there are seventy-five councils and one CCO as members of LGFA. Waimate District Council joined as a guarantor during the quarter. Rangitikei District and Carterton District Councils moved from being non-guarantors to guarantors during the quarter and the number of guarantors is now sixty-eight. Invercargill City Holdings joined as a member in July 2021. As at 30 June 2022 they have borrowings outstanding of \$90.5 million.

Council Membership (as at 30 June 2022)



3. Achieve the financial forecasts outlined in section 4 for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.

For the twelve-month period to 30 June 2022, Net Interest Income (“NII”) was estimated by management on an unaudited basis to be \$569k under budget while expenses are \$169k below budget. Net Operating Gain of \$10.673 million was \$648k below 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 borrowing and on-lending terms in our balance sheet. The unrealised loss increases as interest rates fall but turns to a profit if interest rates rise. Due to a rise in interest rates since June 2021, the year-to-date revaluation is a profit of \$2.3 million.

Expenses for the twelve-month period forecast by management and on an unaudited basis were \$7.933 million which is \$169k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$2.83 million were \$92k above budget. Higher NZX and legal fees due to the additional amount of bond issuance were the primary contributors to budget being exceeded.
- Operating costs at \$4.40 million were \$14k above budget due to higher personnel and legal costs offset by lower travel costs relative to budget.
- Approved Issuer Levy (AIL) payments of \$701k were \$63k above budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment for a small number of LGFA bond maturities. Offshore investor holdings have increased over the past year above what we projected.

4. Meet or exceed the Performance Targets outlined in section 5.

See Section D on page 8 of this report.

For the financial year ended 30 June 2022 we achieved eight out of the ten performance targets.

5. Comply with the Health and Safety at Work Act 2015

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the quarter.

Both the Auckland and Wellington-based staff were working from home during the lockdown period and we have adopted safety protocols to keep our staff safe during COVID upon returning to the offices.

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

There were no compliance breaches during the three-month period ending 30 June 2022.

7. Assist the local government sector with significant matters such as COVID -19 response and the proposed Three Waters Reform Programme.

Over the 2021-22 financial year, LGFA has

- Been contributing expertise to the Ratepayer Financing Scheme project that if successful could offer temporary financial relief to ratepayers via rates postponement.
- Offer the Standby Facility product to provide greater certainty of access to emergency funding for councils at a lower cost than going to the traditional bank provider. This has been well supported by councils with \$662 million of standbys written with twelve councils.
- Responded to a request from the Shareholders Council to outline its views on the proposed Three Waters Reform. The Shareholders Council distributed this response to all council members.

8. Improve sustainability outcomes within LGFA and assist the local government sector in achieving their sustainability and climate change objectives.

Over the 2021-22 financial year, LGFA has

- Established a Sustainability Committee that advises the board and management comprising
 - Three LGFA staff members and
 - Four external members - Alison Howard, Chris Thurston, David Woods and Erica Miles
- In October 2021 we launched a Green, Social and Sustainable Lending Programme for council and CCO members. Projects that meet one of the sixteen green or social lending categories will now be eligible for a discounted loan margin. Wellington City (WCC) and Greater Wellington Regional (GWRC) Councils have borrowed under this programme
 - WCC have borrowed to finance the construction of the Takina, the Wellington Convention and Exhibition Centre. To date we have lent \$50 million for the project.
 - GWRC have borrowed to finance the council's flood protection work on the RiverLink project in the Hutt Valley. To date we have lent \$13 million for the project.
- Paul Matthews, an Intern from Massey University researched the councils that had declared a climate change emergency and what the implications were for additional related capex and borrowing. Paul has finished the report and we will publish it shortly.

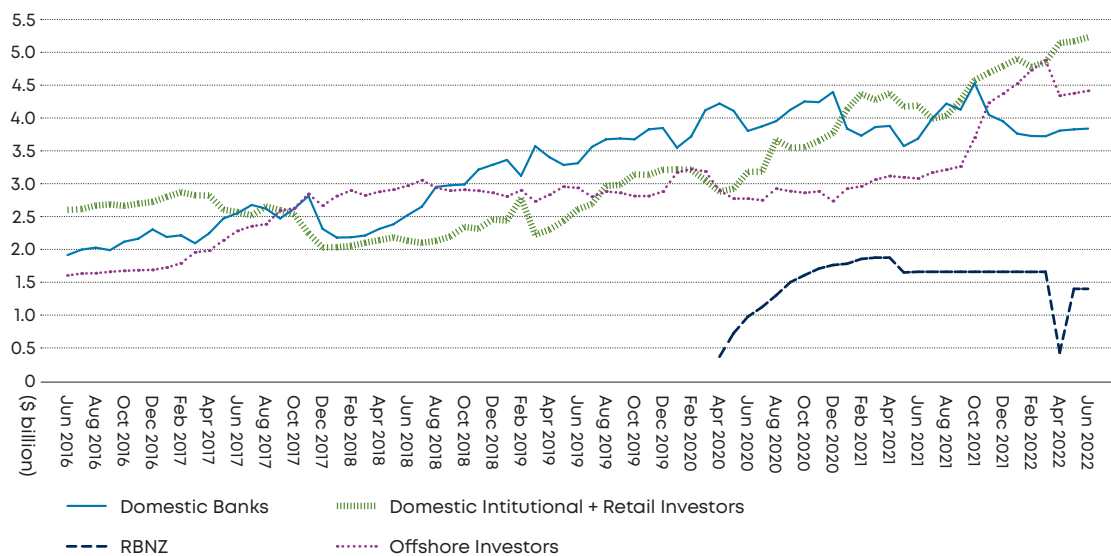
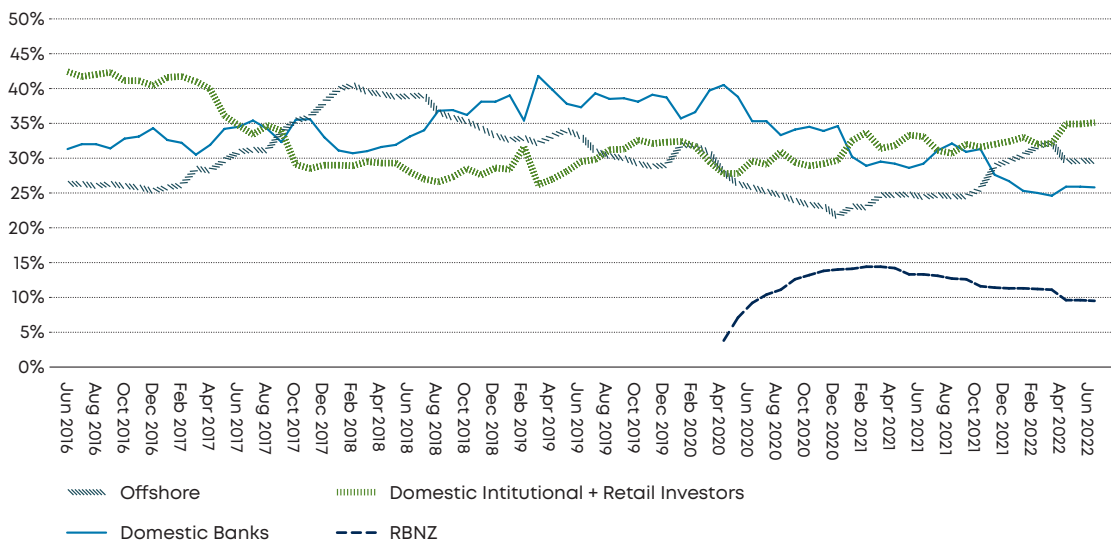
F. Investor relations

Managing relations with our investor base is very important as the amount of LGFA bonds on issue has yet to peak and we require investors and banks to support our ongoing tender issuance.

Over the three-month period to 30 June 2022 we issued \$1.445 billion of LGFA bonds and there were \$1.505 billion of April 2022 LGFA bonds that matured. The changes in holdings among our investor groups during the quarter was

- Offshore investor holdings decreased by \$466 million (but increased by \$1.3 billion from 30 June 2021) with holdings estimated to be \$4.45 billion on 30 June 2022.
- Domestic bank holdings increased by \$377.7 million (and up \$153 million from 30 June 2021), with holdings estimated to be \$3.87 billion on 30 June 2022.
- Domestic investor (retail and institutional) holdings increased by \$37 million (and up \$1.04 million from 30 June 2021), with holdings estimated to be \$5.26 billion as of 30 June 2022.
- The Reserve Bank of New Zealand (RBNZ) holdings reduced by \$260 million over the quarter as their April 2002 LGFA bond holding matured and totalled \$1.43 billion as of 30 June 2022.

LGFA Bond Holdings by Investor Group



Quarterly Report to Shareholders // Quarter 4: 2021 – 2022 // Period ended: 30 June 2022

9.6 HappyOrNot Report - July 2022**Author:** Carol Gordon, Group Manager - Democracy & Planning**Authoriser:** Carol Gordon, Group Manager - Democracy & Planning**1. Reason for Report**

- 1.1 To provide the Finance/Performance Committee with the regular monthly report from Council's HappyOrNot system.

2. Context

- 2.1 The report for the month of July 2022, showing results from over the four locations, is attached (Attachment 1).
- 2.2 A total of 209 responses were received during the month from Te Matapihi, Marton Library and Taihape Library / Information Centre, the number of responses is slightly down again this month due to some locations having to have periodic shutdowns due to staff illness. 85% of the feedback was very positive.

3. Decision Making Process

- 3.1 This item is not considered to be a significant decision according to the Council's Policy on Significance and Engagement.

Attachments:

1. **HappyorNot Report - July 2022** [↓](#)

Recommendation

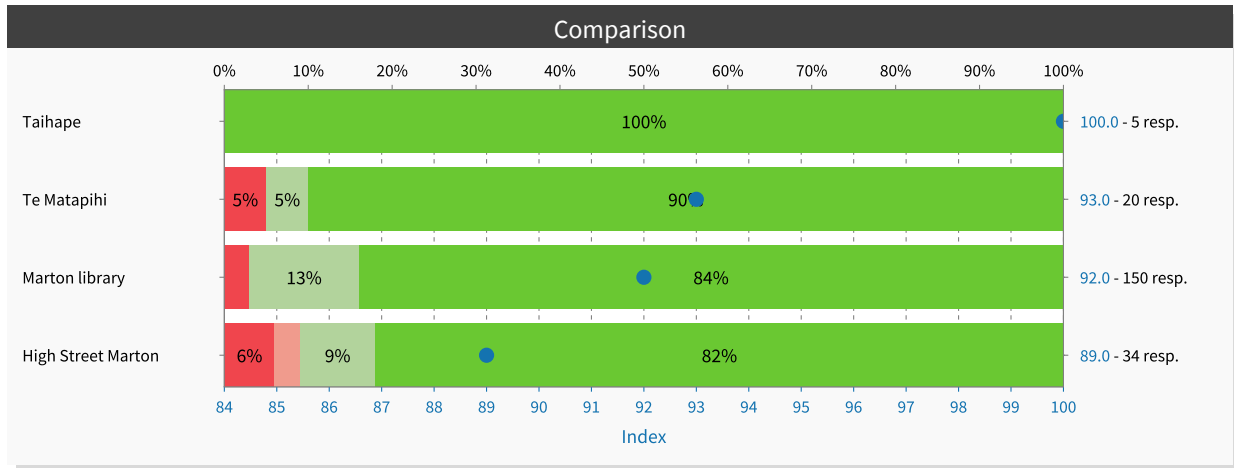
That the HappyOrNot Report – July 2022 be received.

Monthly report July 2022	Management report RDC Offices (4 units)
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Please rate our service today



Index: 92.0
Responses: 209



Risers		
Survey	Index	Change
Taihape	100	14% ↑
Te Matapihi	93	6% ↑
Marton library	92	0% ↑

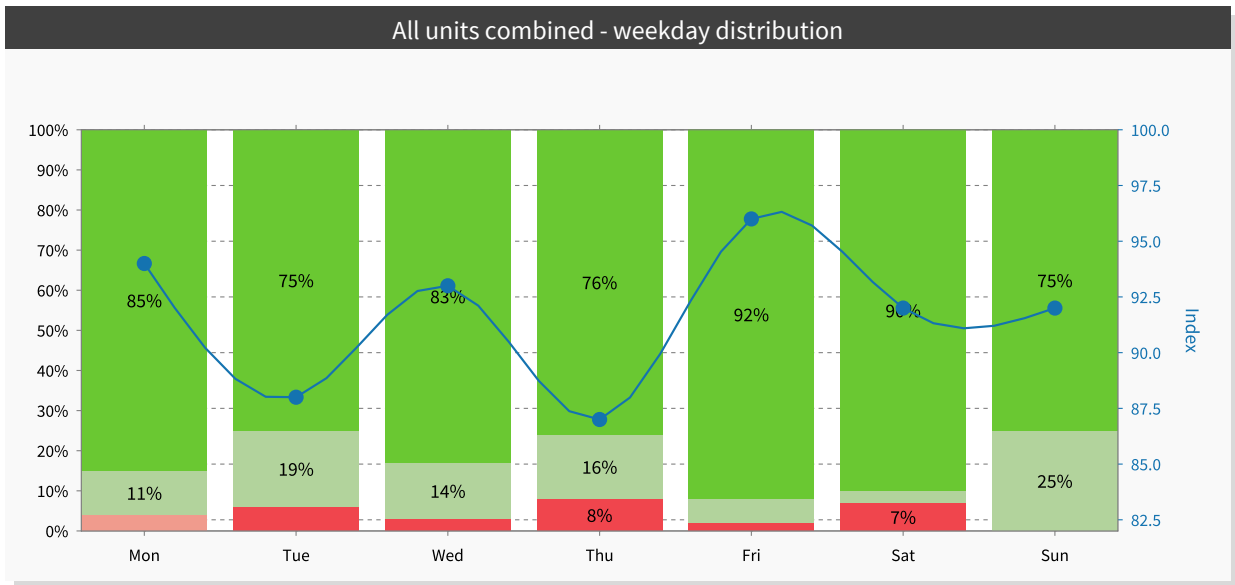
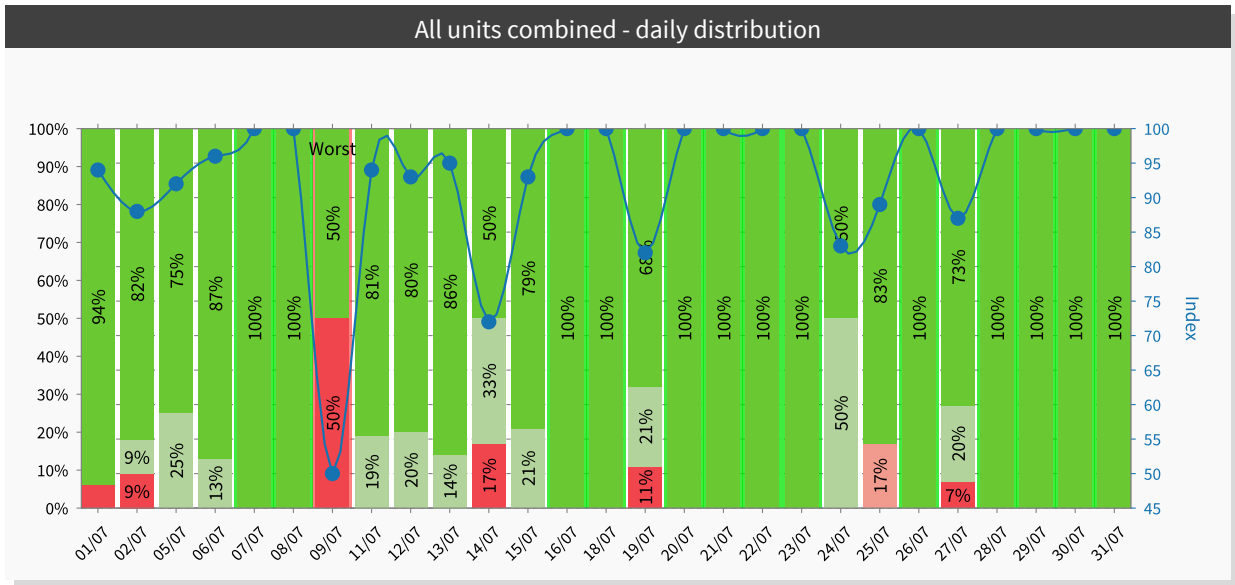
Fallers		
Survey	Index	Change
High Street Marton	89	-5% ↓



ITEM 9.6 ATTACHMENT 1

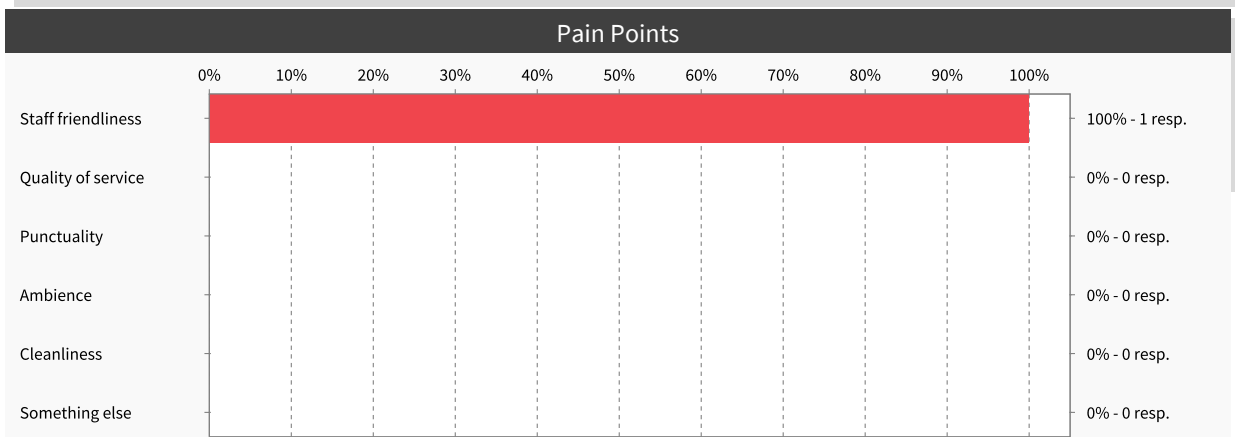
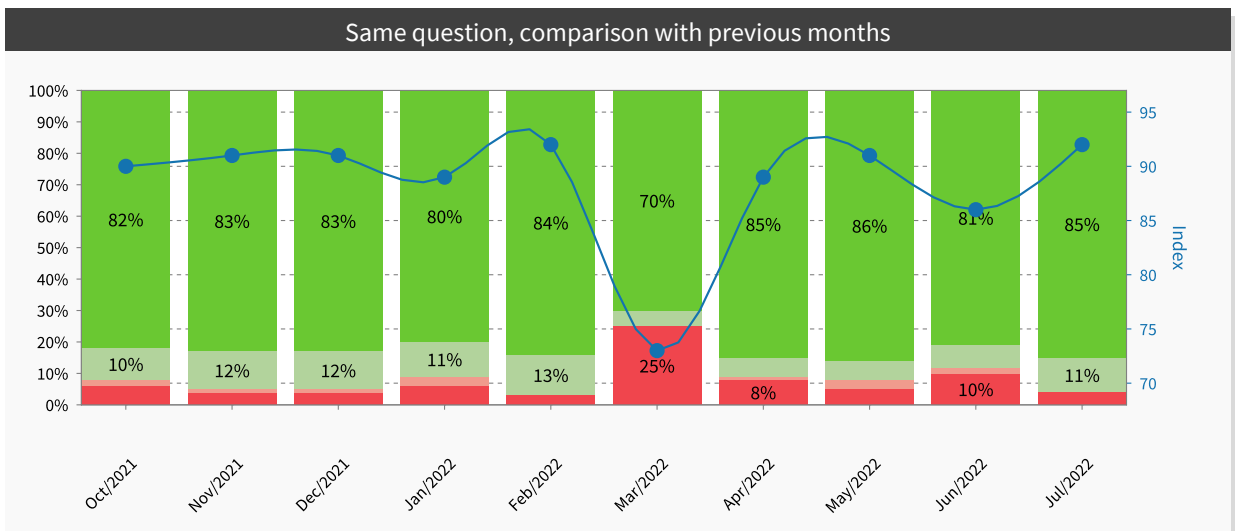
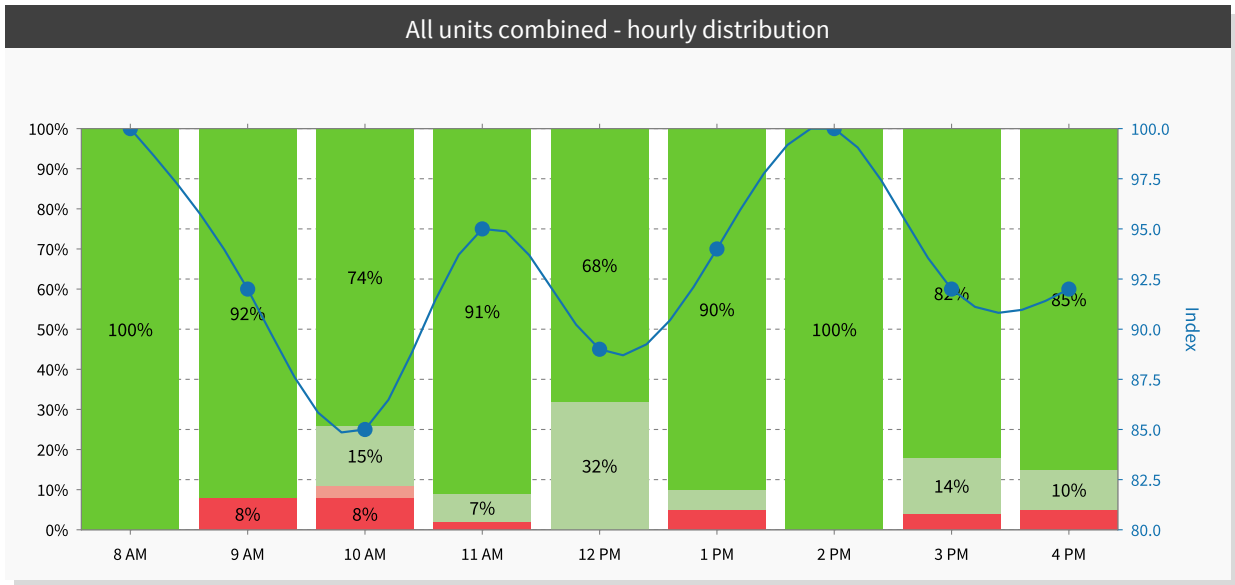
Monthly report
July 2022

Management report
RDC Offices (4 units)



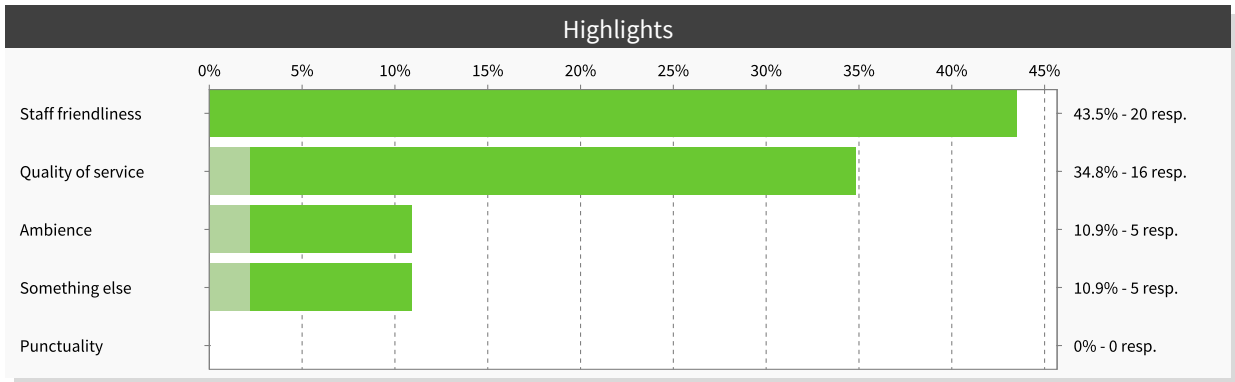
Monthly report
July 2022

Management report
RDC Offices (4 units)



ITEM 9.6 ATTACHMENT 1

Monthly report July 2022	Management report RDC Offices (4 units)
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Monthly report
July 2022

Management report
RDC Offices (4 units)

ITEM 9.6
ATTACHMENT 1

Please rate our service today

Te Matapihi



2022-07-30 2:53 PM

Quality of service

great time here loved it



2022-07-28 3:14 PM

Staff friendliness

staff were really nice when i asked for a spar mask



2022-07-15 4:39 PM

Staff friendliness

Fantastic welcome



2022-07-11 3:15 PM

Staff friendliness

thank you for the funess

High Street Marton



2022-07-29 4:51 PM

Quality of service

excellent



2022-07-27 11:55 AM

Staff friendliness

Tama



2022-07-27 11:49 AM

Something else

Tama



2022-07-21 4:13 PM

Staff friendliness

all good



2022-07-01 11:17 AM

Something else

sarah and thai have always been very friendly and helpful which is nice in these times

Taihape



2022-07-29 3:21 PM

Quality of service

staff are knowledgable and efficient

HAPPYNOT

10 Next Meeting

The next Committee meeting is scheduled for Thursday, 29 September 2022.

11 Meeting Closed