



KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI | POLICY, FINANCE AND STRATEGY COMMITTEE

30 April 2024

Order Paper for the meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Tuesday 7 May 2024 commencing at 2:00 pm

Membership

	Cr A Mitchell (Chair)
	Deputy Mayor T Lewis (Deputy Chair)
Mayor C Barry	Cr K Brown
Cr B Dyer	Cr S Edwards
Cr K Morgan	Cr C Parkin
Cr T Stallinger	

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

Have your say

You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing DemocraticServicesTeam@huttcity.govt.nz or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI | POLICY FINANCE AND STRATEGY COMMITTEE

Chair:	Cr Andy Mitchell
Deputy Chair:	Deputy Mayor Tui Lewis
Membership:	<p>Mayor Campbell Barry Cr Keri Brown Cr Brady Dyer Cr Simon Edwards Cr Karen Morgan Cr Chris Parkin Cr Tony Stallinger</p> <p>Refer to Council's Standing Orders (SO 31 Provisions for Mana Whenua)</p>
Quorum:	Half of the membership
Meeting Cycle:	Meets on an eight-weekly basis or at the requisition of the Chair
Reports to:	Council
Membership RMA Hearings	An independent Commissioner plus a minimum of either three or four elected members (including the Chair) and alternates who have current certification under the Making Good Decisions Training Assessment and Certification programme for RMA Decision Makers

OVERVIEW:

This committee assists Council in setting the broad direction of the city, discharging statutory functions and overseeing organisational performance. The committee is aligned with the Office of the Chief Executive and Strategy and Engagement Directorate.

Its areas of focus are:

- Long term/high-level strategic focus
- Long Term Plan/ Annual Plan oversight
- Treaty partnerships
- Economic development
- Financial and non-financial performance reporting
- Oversight of the Property Working Group
- Oversight and general co-ordination (including community engagement) of strategies and policies
- Bylaw development
- Oversight of Council Controlled Organisations/Statements of Expectation/Statements of Intent
- Strategic oversight of current community engagement

PURPOSE:

To assist the Council in setting the broad vision and direction of the city to promote the social, economic, environmental and cultural well-being of the city's communities in the present and for the future.

This involves determining specific outcomes that need to be met to deliver on the vision for the city, and overseeing the development of strategies, policies, bylaws and work programmes to achieve those goals. This committee is also responsible for monitoring the overall financial management and performance of the Council Group.

DELEGATIONS FOR THE COMMITTEE'S AREAS OF FOCUS:

- All powers necessary to perform the committee's responsibilities including the activities outlined below.
- Develop required strategies and policies. **Recommend draft and final versions to Council** for adoption where they have a city-wide or strategic focus.
- Implement, monitor and review strategies and policies to ensure policies and strategies are consistent, effective and current.
- Identify the need for any new strategies and policies.
- Oversee the implementation of major projects provided for in the Long Term Plan or Annual Plan.
- Oversee budgetary decisions provided for in the Long Term Plan or Annual Plan.
- **Recommend to Council** the approval of any financial decisions required outside of the annual budgeting process.
- Advocate for strong relationships with Council's Mana Whenua partners as outlined in the Tākai Here agreements ensuring the outcomes of the committee are in line with the aspirations of the partners.
- Advocate for the best interests of Māori communities in Lower Hutt having regard to the committee's goals.
- Ensure the committee is operating in a way that is consistent with various pieces of legislation that provide for Te Tiriti o Waitangi.
- Maintain an overview of work programmes carried out by Council's Office of the Chief Executive and Strategy and Engagement, Directorate.
- Oversee any consultation/engagement processes required on issues before the committee.
- Approve and forward submissions (other than those delegated to the District Plan Review Committee).
- Any other matters delegated to the committee by Council in accordance with approved policies and bylaws.
- The committee has the powers to perform the responsibilities of another committee where it is necessary to make a decision before the next meeting of that other committee. When exercised, the report/minutes of the meeting require a resolution noting that the committee has performed the responsibilities of another committee and the reason/s.
- If a policy or project relates primarily to the responsibilities of the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee, but aspects require additional decisions by the Komiti Hapori Ahurea me ngā Rangapū | Communities, Culture and Partnerships Committee, Komiti Hanganga | Infrastructure and Regulatory Committee and/or Komiti Kaupapa Taiao | Climate Change and Sustainability Committee, then the Komiti Ratonga

Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee has the powers to make associated decisions on behalf of those other committees. For the avoidance of doubt, this means that matters do not need to be taken to more than one of those committees for decisions.

Bylaw Delegations:

- Develop and agree the Statement of Proposal for new or amended bylaws for consultation/engagement.
- **Recommend to Council** the approval of draft bylaws before consultation.
- The Chair of the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee, in conjunction with the Chief Executive, is authorised to appoint a subcommittee of suitably qualified persons to conduct hearings on draft bylaws on behalf of the committee.
- **Recommend to Council** new or amended bylaws for adoption.

Financial, Project and Performance Reporting Delegations:

- **Recommend to Council** the budgetary parameters for the preparation of Council's Long Term Plans and Annual Plans.
- Monitor progress towards achievement of budgets and objectives for the Council Group as set out in the Long Term Plan and Annual Plans, including associated matters around the scope, funding, prioritising and timing of projects.
- Monitoring and oversight of significant city-wide or strategic projects including operational contracts, agreements, grants and funding, except where these are the responsibility of another standing committee.
- Monitor progress towards achievement of the Council's outcomes as set out in its overarching strategies for the city and their associated plans.
- Oversee the activities of the Property Working Group in its implementation of the Purchase and Sale of Property for Advancing Strategic Projects Policy.
- Oversee the acquisition and disposal of property in accordance with the Long Term Plan.
- Monitor the integrity of reported performance information at the completion of Council's Annual Report process.
- **Review and recommend to Council** the adoption of the Annual Report.
- **Recommend to Council** the approval of annual Statements of Intent and annual Statements of Expectation for Council Controlled Organisations and Council Controlled Trading Organisations and granting shareholder approval of major transactions.
- Monitor progress against the Council Controlled Organisations and Council Controlled Trading Organisations Statements of Intent and **make recommendations to Council** in the exercising of Council powers, as the shareholder, about Council Controlled Organisations/Council Controlled Trading Organisations under sections 65 to 72 of the Local Government Act.
- Oversee compliance with Council's Treasury Risk Management Policy.
- Consider and determine requests for rate remissions.
- Consider and determine requests for loan guarantees from qualifying community organisations where the applications are within the approved guidelines and policy limits.

HUTT CITY COUNCIL

KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI POLICY, FINANCE AND STRATEGY COMMITTEE

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt

on

Tuesday 7 May 2024 commencing at 2:00 pm.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru
Whakataka te hau ki te
tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tio, he huka, he hau hū
Tihei mauri ora.

*Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with a
sharpened air.
A touch of frost, a promise of a glorious
day.*

2. APOLOGIES

No apologies have been received.

3. PUBLIC COMMENT

Generally, up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

5. RECOMMENDATION TO COUNCIL

Te Kaunihera o Te Awa Kairangi | Hutt City Council 28 May 2024

Hearing Subcommittee Recommendations 25 March 2024 on the Proposed Changes within the Dog Control Bylaw

6. **NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY -
DRAFT STATEMENT OF INTENT 2023-2027 AND HALF YEAR
PERFORMANCE RESULTS**

Report No. PFSC2024/2/55 by the Treasury Officer

CHAIR'S RECOMMENDATIONS:

"That the recommendations contained in the report be endorsed."

22

7. **PUBLIC CONSULTATION ON THE CONTROL OF ALCOHOL IN
PUBLIC PLACES BYLAW**

Report No. PFSC2024/2/102 by the Senior Policy Advisor

CHAIR'S RECOMMENDATIONS:

"That the recommendations contained in the report be endorsed."

59

8. **STRATEGY AND POLICY WORK PROGRAMME UPDATE**

Report No. PFSC2024/2/103 by the Head of Strategy and Policy

CHAIR'S RECOMMENDATIONS:

"That the recommendations contained in the report be endorsed."

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9. **QUARTERLY PERFORMANCE REPORT 1 JANUARY TO 31 MARCH
2024**

Report to be separately circulated.

10. **INFORMATION ITEM**

**Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy
Committee Forward Programme**

Memorandum dated 20 March 2024 by the Democracy Advisor

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the memorandum be endorsed."

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11. **QUESTIONS**

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

12. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!
Unuhia!
Unuhia i te uru-tapu-nui
Kia wātea, kia māmā
Te ngākau, te tinana, te wairua i te
ara takatū
Koia rā e Rongo whakairihia ake ki
runga
Kia wātea, kia wātea!
Ae rā, kua wātea!
Hau, pai mārire.

*Release us from the supreme
sacredness of our tasks
To be clear and free
in heart, body and soul in our
continuing journey
Oh Rongo, raise these words up
high
so that we be cleansed and be
free,
Yes indeed, we are free!
Good and peaceful*

Jack Kilty
Democratic Advisor

22 April 2024

Report no: PFSC2024/2/2

Hearing Subcommittee Recommendations 25 March 2024 on the Proposed Changes within the Dog Control Bylaw

Appendices

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Author: Kathryn Stannard
Head of Democratic Services

HUTT CITY COUNCIL
HEARINGS SUBCOMMITTEE

Minutes of a hearing held in the Council Chambers, 2nd Floor, 30 Laings Road,
 Lower Hutt on

Monday 25 March 2024 commencing at 10:00 am

PRESENT

Cr S Edwards (Chair)

Cr C Parkin

PANEL MEMBERS:

Cr N Shaw

IN ATTENDANCE:

B Cato, Chief Legal Officer (part hearing)

R Hardie, Head of Strategy and Policy (part hearing)

R Lemalu, Project Delivery Manager, Transport (part hearing)

S White, Policy Advisor (part hearing)

H Clegg, Minute Taker

PUBLIC BUSINESS

The start of the hearing was opened by the Director Strategy and Engagement (acting under delegated authority from the Chief Executive), until the appointment of the Chair.

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru
 Whakataka te hau ki te tonga
 Kia mākinakina ki uta
 Kia mātaratara ki tai
 E hī ake ana te atakura
 He tio, he huka, he hau hū
 Tihei mauri ora

Cease the winds from the west
 Cease the winds from the south
 Let the breeze blow over the land
 Let the breeze blow over the ocean
 Let the red-tipped dawn come with a
 sharpened air.
 A touch of frost, a promise of a glorious
 day.

2. APOLOGIES

There were no apologies.

3. ELECTION OF CHAIR

The Director, Strategy and Engagement called for nominations for the position of Chair. Cr Parkin nominated Cr Edwards for the position, and Cr Shaw seconded the motion. The Director, Strategy and Engagement then asked if there were any other nominations, and as there were none, he put the motion to a vote.

RESOLVED: (Cr Parkin/Cr Shaw)

Minute No. HSC 24101

"That Cr S Edwards be elected as chair of the Hearings Subcommittee."

Cr Edwards assumed the chair.

4. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

Cr Edwards advised that legal advice had been received that if members owned a dog, that did not constitute a conflict of interest. Cr Shaw and Cr Edwards advised that they both owned dogs.

5. **HEARING OF SUBMISSIONS - PROPOSED CHANGES WITHIN THE DOG CONTROL BYLAW**

Report No. HSC2024/1/32 by the Head of Strategy and Policy

The Head of Strategy and Policy elaborated on the report.

In response to questions from the panel, the Head of Strategy and Policy stated that submissions had been received from various locations in the Wellington region. The Head of Strategy and Policy also suggested alternative places for dog walkers to visit near the Eastern Bays.

The Head of Strategy and Policy agreed to provide the panel with the number of registered dog owners in the Eastern Bays area. The Head of Strategy and Policy noted that the report stated that dog owners from outside the Eastern Bays area did walk their dogs within this area.

The Chair informed the panel and submitters that the Bird Protection Areas (BPAs) location could not be changed due to the constraints of resource consent and shared pathway conditions. The Chair highlighted that if the location were to be changed, the entire construction project would have to halt and go through a new resource consent process. However, the Chair added that alternative fencing methods could be examined for these areas without requiring a new resource consent.

6. **Hearing of Submissions**

The panel was presented with some submissions, and the submitters were asked questions about their submissions.

Amelia Geary, representing Forest & Bird, presented Forest & Bird's submission.

In response to questions from the panel, the submitter advised that the exact numbers of kororā in the area were undetermined, as nest surveys had only concentrated on the seaward side of the road. The submitter added that with the shared pathway construction, 10 nests had been destroyed and that once CL Bishop Park had been planted, bird and other wildlife habitats would be created. The submitter confirmed that as a condition of the resource consent, the mitigation measures must be completed before construction began on the shared pathway because if nests were discovered during construction, wildlife could be relocated to safe, newly created habitats. However, if that did not occur, wildlife would die. The submitter further advised that dog prohibition areas were required, as dogs near wildlife (kororā especially) could cause the wildlife to die of stress.

In response to further questions from the panel, the submitter clarified that specialist bird ecologists designed all BPAs and that providing many new habitats would encourage wildlife to use the newly created areas. The submitter pointed out that HW Shortt Park was unattractive for wildlife because dogs were allowed in the reserve area. The submitter confirmed that kororā travelled long distances to find a suitable nesting site and often had to cross busy roads.

The submitter confirmed that the birds would begin to live there once Whiorau Reserve was converted into a BPA.

Matthew Mallett withdrew from attending the hearing to present the submission.

Belinda Moss, representing the Eastbourne Community Board (ECB), presented the ECB's submission.

In response to questions from the panel, the submitter confirmed that not all ECB members agreed with the objection to the proposed changes to the Dog Control Bylaw. Nonetheless, all members agreed that drafting the changes was flawed. The submitter further confirmed that if more people had known about the extent and location of the BPAs, dog-prohibited and dog-restricted areas, more individuals would have objected to the proposed changes.

Belinda Moss, speaking as an individual, presented the submission.

Kave Crosson-Elturan (via audio-visual link) presented the submission.

George Klingbeil withdrew from attending the hearing to present the submission.

Erin Murphy presented the submission.

In response to a question from a member, the submitter confirmed she resided in the Eastern Bays area. She also stated that penguins did not nest in the area near her residence because it was not safe for them.

Pauline Innes presented the submission.

In response to questions from the panel, the submitter expressed support for proposed changes to the Dog Control Baylow but believed they needed to go further.

Cr Parkin advised that he would contact the submitter to discuss feral cat issues.

Peter Smith presented the submission.

In response to questions from the panel, the submitter confirmed that Greater Wellington Regional Council accepted that it was wrong to set up a BPA in CL Bishop Park. The submitter also noted that it would be unsafe for birds to continue to nest in the area because of the presence of dogs, cats and other animals. The submitter mentioned that they walked their dog every day and saw no issues and that about 30 to 40 dog walkers also frequented the area without any problems.

Margaret Murphy presented the submission.

Suzanne Willis presented the submission.

In response to questions from the panel, the submitter stated that HW Shortt Park, the coastline, and the shared pathway during high tide should continue to be a park where dogs can be taken for walks.

The submitter explained that establishing a dog-free BPA in the middle of a bustling human and dog area would be nonsensical and might generate conflict between the animals.

Kevin Biggins presented the submission.

Johnny Fletcher (via audio-visual link) presented the submission.

In response to questions from the panel, the submitter explained that at Sorrento Bay, dogs were only walked in a small beach area and not taken to the rocky areas. The submitter also mentioned that Sorrento Bay was mostly a rocky area until the Point Howard area, where dogs were restricted for six months of the year (during daylight saving times) and required to be on a leash at all other times. The submitter added that prohibiting dogs altogether was an excessive step. The submitter said that the construction of the shared pathway was limiting areas for oystercatchers.

In response to further questions from the panel, the submitter clarified that the island where many birds safely nest was opposite the red shed at 143 Marine Drive. The submitter advised that it was primarily separated from the mainland by a small amount of water, except during low tide. The submitter recommended that the island be designated as a BPA.

Wal Loudon presented the submission.

In response to questions from the panel, the submitter agreed to meet with Cr Parkin and suggested that an appropriate fenced habitat for the kororā was already present at the southern end of Windy Point. The submitter believed that the majority of dog owners were responsible. The submitter mentioned that they had witnessed several cats carrying various bird species in their mouths.

Phil Della Barca (via audio-visual link) presented the submission.

In response to a panel's question, the submitter stated that penguins did not nest in the dunes.

Justin Travers, representing the Muritai Yacht Club, presented a submission along with a PowerPoint presentation attached to the hearing minutes on pages 10 and 11.

In response to a member's question, the submitter advised that the Muritai Yacht Club had no formal view of dogs.

Arthur Jacobson presented the submission.

Nicola Talbot presented the submission.

In response to a panel's question, the submitter agreed that walking dogs south of the Rona Bay Wharf was acceptable. However, the submitter mentioned that it may only be feasible for some residents as it was a lengthy walk.

The submitter noted that the area could be challenging to access due to its steep and shady terrain and might not be accessible during high tide.

The Chair thanked all submitters for presenting their submissions.

The panel moved into private to deliberate.

PANEL'S DISCUSSION, DECISION AND REASONS

The panel noted that the mitigation measures for all wildlife were required to be in place before the construction of the shared pathway and that further delays could not be made (ie installing the dog prohibition areas after the shared pathway was fully operational). They acknowledged that until the shared pathway was fully operational (noting that dogs would be permitted on the shared pathway), this may result in people having to drive their dogs to a suitable dog walking area. The panel also considered the criteria listed in Clause 8A.4 of the Dog Control Bylaw when assessing any proposed changes to the dog prohibition areas.

The panel discussed the proposed dog prohibition area for Whiorau Reserve. They noted that some submitters had raised concerns regarding the restriction on dogs in the reserve during daylight saving hours. After researching the matter on Council's website, the panel accepted that the report had made an error. They acknowledged that the current environment was not suitable for kororā nesting. Still, if suitable habitats were introduced, the location could be ideal for these birds and other wildlife. They noted a proposed timber fence alongside the roadside and a roped fence along the seaward side was to be erected. They said that with these measures in place, dogs would be allowed to be on lead at all times in all reserve areas, except for the BPAs, where they would be prohibited. With the proposed dog ban in most of Sorrento Bay, they noted that Whiorau Reserve might experience more usage as a dog walking area. They further said that dogs were allowed outside of daylight saving hours on the rest of Lowry Bay beach area and on leash at all times.

The panel considered the matters under Clause 8A.4 of the Dog Control Bylaw. They concluded that allowing dogs on leashes at all times outside of the BPA in Whiorau Park would help minimise the danger, distress, and nuisance to the community. They noted that permitting dogs on leash would ensure they were not uncontrolled in an area frequented by children. They said that families and the public could use the facilities offered by the reserve without fear of being attacked or intimidated by dogs. The panel recommended designating Whiorau Reserve as a dog on leash area outside of the BPA at all times, with a dog prohibition area to be established over the BPA.

The panel discussed the proposed Sorrento Bay dog prohibition area. The panel understood that the extent of the actual BPA could not be altered despite evidence being submitted that the BPA may have been incorrectly shown on the maps. They acknowledged the advice from the Project Delivery Manager regarding extending the fenceline to include the rockery to the south of the Bay. The panel agreed to leave that matter with the project team, noting that the community favoured protecting the existing nesting site on the rockery.

The panel debated the merits of changing the dog prohibition requirement for the area depicted in red in the report to a “dogs on leash at all times” requirement. However, they were cognisant of the advice received from the Forest & Bird representative that dogs near wildlife could cause undue stress, even if the dogs were on leash. The panel noted it was proposed that the area south of Sorrento Bay (Whiorau Bay) be designated a dog on-leash area at all times (excluding the BPA).

The panel discussed the proposed CL Bishop Park dog prohibition area. The panel noted that the resource consent provided a compromise in allowing dogs in the park area (off the sports fields) but not along the beach. The panel believed that the resource consent balanced the needs of wildlife and dog owners. They acknowledged that dogs were allowed on the beach south of Rata Street (south of the Rona Bay wharf), but only outside daylight saving hours. The panel also considered the concerns raised by some submitters that this area may be suitable for all dog walkers. It was noted that this beach area was adjacent to the dog exercise area of Robinson Bay.

The panel considered the representative’s comments from the Muritai Yacht Club about using the lawned area behind the Eastbourne Pool. The representative was concerned that public access to the area might be curtailed if it were completely fenced off. The panel reviewed the matters outlined in Clause 8A.4 of the Dog Control Bylaw. After careful consideration, it was agreed that allowing public access to the lawn area behind the Eastbourne Pool (next to the Muritai Yacht Club) would minimise danger, distress, and nuisance to the community, but dogs are not allowed. By doing so, uncontrolled dogs would not be present in an area frequently visited by children, and families could use the facilities offered by this portion of the reserve without fear of attack or intimidation by dogs. Moreover, dogs could be exercised elsewhere in Rona Bay, while the BPA was designed to protect wildlife, and dogs on leash could not wander freely into the BPA. Finally, the panel took note of the public consultation that had already taken place (as detailed in the report) regarding the proposed dog prohibition area.

The panel agreed to recommend that the area of CL Bishop Park, marked in red in the report, be declared a dog prohibition area. Additionally, a dog prohibition area was recommended over the BPA. The panel also agreed that it may be suitable for the public to access the lawned area behind the Eastbourne Pool, and the BPA fenceline may need to be altered to allow for this.

The panel discussed the proposed HW Shortt Park dog prohibition area. The panel considered the proposal prohibiting dogs from the northern end of Rona Bay (north of the Rona Wharf) but decided against it. Instead, the panel suggested having a dog area where dogs could be off leash outside the BPA to provide a compromise. Although the panel considered the comments from the representative of Forest & Bird, they believed that creating a dog prohibition area over the BPA would be enough to protect wildlife in the areas. Therefore, they recommended establishing a dog prohibition area over the BPA at HW Shortt Park.

In conclusion, the panel agreed that the proposed recommendations adequately balance the needs of wildlife with the requirements of dog owners. They acknowledged that the proposed recommendations would introduce changes.

RESOLVED: (Cr Edwards/Cr Parkin)**Minute No. HSC 24102**

"That the Subcommittee:

- (1) notes the resource consent conditions for Tupua Horo Nuku to protect kororā and other birds attached at Appendix 1 to the report;*
- (2) notes that if Council does not meet the primary consent conditions by making changes within the Dog Control Bylaw 2015, further physical bird protection measures will be required;*
- (3) notes that public consultation took place from 1 February to 1 March 2024;*
- (4) notes that the Kōrero mai/Have Your Say page content is attached at Appendix 2 to the report;*
- (5) notes that the maps used during public consultation are attached at Appendix 3 to the report;*
- (6) notes the criteria for making amendments to dog prohibition areas in clause 8A.4 of the Dog Control Bylaw (as set out in paragraph 8 in the report);*
- (7) notes 275 survey submissions and six email submissions were received and were provided to the Subcommittee panel members on 11 March 2024;*
- (8) notes the high-level analysis of submissions included in Table 1 in the report;*
- (9) notes the hearings schedule attached at Appendix 4 to the report;*
- (10) notes that the written submissions in order of the hearings schedule are attached in Appendix 5; and*
- (11) notes that the Policy, Finance and Strategy Committee will consider its recommendations on 7 May 2024."*

RECOMMENDED: (Cr Edwards/Cr Parkin) (UNANIMOUS) **Minute No. HSC 24103**

"That the Subcommittee recommends to the Policy Finance and Strategy Committee and Council:

- (1) that a dog prohibition area be established over the Bird Protection Area at Whiorau Reserve, and that for the avoidance of any doubt, any daylight saving prohibition regarding dog walking be removed from the rest of Whiorau Reserve;*
- (2) that a dog prohibition area be established over the Bird Protection Area at Sorrento Bay and also over the area shown in red on the map attached on page 12 to the hearing minutes;*
- (3) that a dog prohibition area be established over the Bird Protection Area at CL Bishop Park, and also over the area shown in red on the map attached on page 13 to the hearing minutes;*
- (4) instructs officers to explore with Greater Wellington Regional Council the potential to leave public access to the small area of lawn outside Muritai Yacht Club; and*
- (5) that a dog prohibition area be established over the Bird Protection Area at HW Shortt Park."*

RESOLVED: (Cr Edwards/Cr Shaw)

Minute No. HSC 24104

"That the hearing moves into public to allow for the delivery of the recommendations to the Policy Finance and Strategy Committee and Council."

7. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!	Release us from the supreme sacredness
Unuhia!	of our tasks
Unuhia i te uru-tapu-nui	To be clear and free
Kia wātea, kia māmā	in heart, body and soul in our
Te ngākau, te tinana,	continuing journey
te wairua i te ara takatū	Oh Rongo, raise these words up high so
Koia rā e Rongo	that we be cleansed and be free,
whakairihia ake ki runga	Yes indeed, we are free!
Kia wātea, kia wātea!	Good and peaceful
Ae rā, kua wātea!	
Hau, pai mārire.	

There being no further business, the Chair declared the hearing closed at 1.42pm.

S Edwards
CHAIR

CONFIRMED as a true and correct record
Dated this 7th day of May 2024

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25 March 2024









29 March 2024**Report no: PFSC2024/2/55**

New Zealand Local Government Funding Agency - draft Statement of Intent 2023-2027 and half year performance results

Purpose of Report

1. The purpose of this report is to provide the draft 2024/25 – 2026/27 Statement of Intent (SOI) for the Local Government Funding Agency (LGFA) for Council to review. The half year performance results of LGFA for the period ending 31 December 2023 are also presented in this report.

Recommendations

That the Committee:

- (1) notes the Local Government Funding Agency (LGFA) board has submitted their draft Statement of Intent (SOI) for the three years 2024/25 to 2026/27 as attached as Appendix 2 to the report, in accordance with the Local Government Act 2002;
- (2) notes that officers do not have any suggested changes to the draft SOI; and
- (3) notes and receives the LGFA half year report to 31 December 2023, attached as Appendix 4 to the report.

Background

2. The LGFA was incorporated on 1 December 2011 with the primary objective of optimising the debt funding terms and conditions for participating local authorities. This includes providing savings in annual interest costs, making longer-term borrowings available and enhancing the certainty of access to debt markets.
3. The LGFA meets the Local Government Act 2002 (LGA) definition of a Council Controlled Organisation (CCO) and as a shareholder in a CCO (ownership of 200,000 ordinary shares or 0.4%), Council must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of Council's outcomes.

4. As a CCO, the LGFA must deliver to its shareholders a draft SOI on or before 1 March each year. The LGFA Board must consider any comments from its shareholders in relation to the draft SOI and deliver a final SOI to its shareholders on or before 30 June.
5. As a shareholder, Council is statutorily required to review the draft SOI and, as soon as is practicable after receiving it, to either agree to it or, if it does not agree, to provide feedback about any changes it wishes to be made. Feedback can be provided either directly to the LGFA Board or through the Shareholders Council before 1 May 2024.
6. The Shareholders Council comprises five to ten appointees from council shareholders (including an appointee from the Crown). As part of its role, it is required to make recommendations to the shareholders in relation to the draft SOI.7. For shareholder councils, the LGFA is focused on:
 - a. delivering a strong financial performance;
 - b. monitoring asset quality;
 - c. enhancing their approach to treasury and risk management; and
 - d. ensuring it has the correct governance framework and capital structure in place.
8. For borrowing Councils, LGFA seeks to optimise funding terms and conditions by achieving savings in borrowing costs, providing longer-dated funding options, and providing certainty of access to markets.

Draft 2024-2027 SOI key points summary

9. The cover letter from LGFA and draft SOI are attached as Appendices 1 and 2 to this report.
10. This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Three Waters Reform Programme. LGFA is awaiting further information relating to the enabling legislation which is introduced in June and December 2024. The final SOI in June 2024 will be updated from this draft to incorporate any future announcements/legislation relating to the Three Waters Reform Programme and will include a statement if there have been any material changes to our forecast assumptions.
11. The draft SOI contains the financial forecasts for LGFA for the three-year period commencing 1 July 2024:
 - a) profitability is forecast to remain strong from the 2022/23 levels with projections for Net Operating Gain of \$15.1M, \$13.1M and \$10.1M for the next three years. LGFA is cautious about placing too much emphasis on the year 2 and year 3 forecast given that over the next three years \$7.1B of LGFA Bonds and \$7.5B of council and CCO loans mature.
 - b) LGFA forecasts for local government loans (short and long term) outstanding as of June 2025 of \$22.08B and \$24.45B as at June 2026 are an

increase from the forecast in last year's SOI, with a forecast of \$26.0B as at June 2027 in this draft SOI.

- c) the Total Shareholder Equity of LGFA is estimated to be \$130M at 30 June 2025, \$141M at 30 June 2026, and \$149M at 30 June 2027.
12. The draft SOI was received by Council officers before the 1 March 2024 deadline. Officers do not have any suggested changes to the draft SOI.

LGFA half year report to 31 December 2023

13. CCOs are required to provide a six-monthly performance report to their shareholders. The LGFA six monthly report is attached as Appendix 4 to this report.
14. During the six-month period to 31 December 2023:
- a. Standard & Poor's reaffirmed the credit ratings for LGFA as 'AAA', the same as the New Zealand Government, whilst Fitch reaffirmed their credit rating for LGFA as 'AA+.'
 - b. Total interest income for the six-month period of \$578.1M was an 84.7% increase over the 2021/22 comparable period result of \$312.9M, while net operating profit of \$5.2M for the six-month period was a 370.0% increase on the 2021/22 comparable period result of \$1.1M. This is mainly due to the sharp rise in interest rates combined with increased holdings of liquid assets.
 - c. Total operating income was above budget by \$152k, however expenses were \$428k above the SOI budget, with net operating profit \$277k below budget. Higher expenses were due to increased legal and NZX costs arising from a record level of sector borrowings and the establishment costs of a Euro Commercial Paper programme.
 - d. LGFA issued \$2.63B in bonds over the past six months with outstandings now totalling \$18.8B.
 - e. LGFA launched Green, Social and Sustainable (GSS) lending to councils in October 2021, and Climate Action Loans (CAL) in December 2022. As of December 2023, LGFA have undertaken \$377.2M of GSS Loans and \$1.2B of CALs to 4 councils.
 - f. Over the past six-month period since June 2023, Infrastructure Holdings Limited and Whanganui District Council Holdings Limited joined as CCO members. West Coast Regional Council moved from non-guarantor to guarantor status. Total membership remained at 77 out of the 78 councils in New Zealand and five CCOs.
15. Council borrowing from the LGFA increased by \$105.0M over the six-month period from \$370.7M on 30 June 2023 to \$475.7M as at 31 December 2023 (including accrued interest). This borrowing was to enable repayment of debt maturing (\$50M of pre-funding) and to fund the capital investment programme underway as approved by Council in the Annual Plan 2023-2024.

16. LGFA Borrowings include those on behalf of Council's CCOs, and all borrowings are in accordance with approved limits contained in Council's Treasury Risk Management Policy.

Consultation

17. Public consultation is not required.

Climate Change Impact and Considerations

18. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Legal Considerations

19. The LGFA Board must consider any comments on the draft SOI that are made within two months of 1 March by its shareholders or the Shareholders Council. The LGFA Board must deliver a completed SOI to its shareholders on or before 30 June 2024.
20. Within two months of the end of the first half of each financial year, the board of a CCO must deliver to the shareholders a report on the organisation's operations during that half year. The LGFA half year report for the six months ending 31 December 2023 was provided to Council officers within the statutory deadline.

Financial Considerations

21. There are no further financial considerations apart from those noted in the report.

Appendices

No.	Title	Page
1	LGFA SOI Cover Letter	26
2	Draft LGFA SOI 2024/27	28
3	Cover Letter for LGFA Half Year Report	39
4	LGFA Half Year Report to 31 December 2023	41

Author: Glenn Usoalii-Phillips
Treasury Officer

Reviewed By: Darrin Newth
Financial Accounting Manager

Approved By: Jenny Livschitz
Group Chief Financial Officer



28 February 2024

Dear Shareholder

Draft Statement of Intent 2024-2027

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

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

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

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

For our shareholders we are focused on

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

For our guarantors we are focused on

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

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

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

New Zealand Local Government Funding Agency Limited

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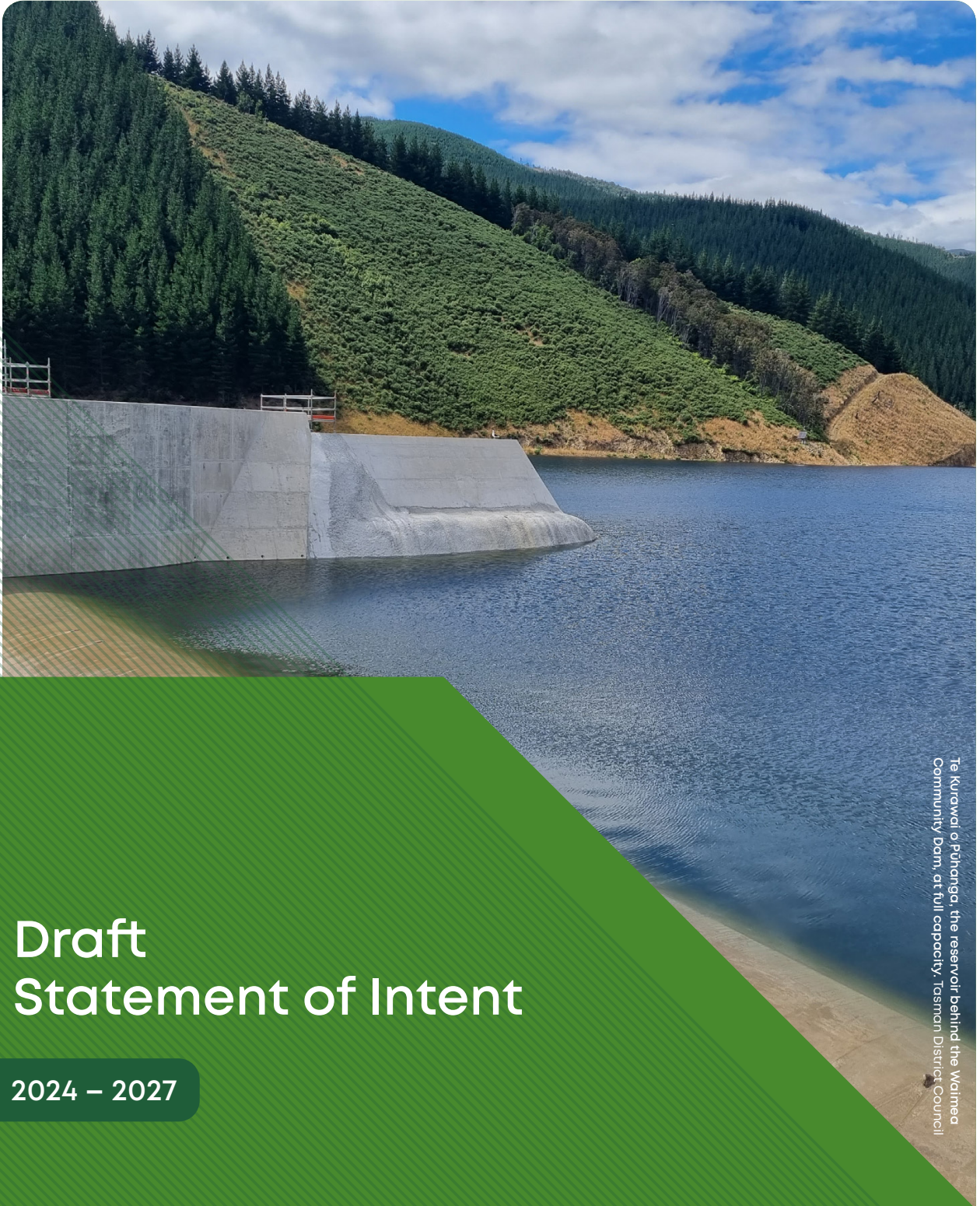
- We have increased our forecast for council loans (short and long term) outstanding as at June 2025 to \$22.08 billion and to \$24.45 billion as at June 2026 (from \$20.03 billion and \$21.50 billion in the previous SOI). This increase reflects a higher starting position as at 30 June 2024 and councils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

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

Yours sincerely



Mark Butcher
Chief Executive



1. Introduction

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

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

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

2. Nature and scope of activities

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

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

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

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

3. Our purpose Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

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

4. Our values Ō mātau uara

We act with integrity E pono ana mātau	We are customer focused E arotahi ana mātau ki te kiritaki	We strive for excellence E whakapau kaha mātau kia hiranga te mahi	We provide leadership He kaiārahi mātau	We are innovative He auaha mātau
<p>We are honest, transparent and are committed to doing what is best for our customers and our company.</p>	<p>Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.</p>	<p>We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.</p>	<p>We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.</p>	<p>To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.</p>

5. Foundation objectives

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

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

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

6. Strategic priorities

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

Governance, capability and business practice

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

Optimising financing services for local government

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

Environmental and social responsibility

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

Effective management of loans

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

Industry leadership and engagement

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

7. Objectives and performance targets

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

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

Governance, capability and business practice

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

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

Optimising financing services for local government

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

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

Environmental and social responsibility

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

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

Effective management of loans

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

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

Industry leadership and engagement

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

8. Financial forecasts

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

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

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

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

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

9. Dividend policy

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

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

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

10. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

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

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

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

All directors are required to comply with a formal Charter.

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

Shareholders' Council

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

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

11. Information to be provided to Shareholders

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

Annual Report

The LGFA's balance date is 30 June.

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

Half Yearly Report

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

Quarterly Report

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

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

Statement of Intent

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

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

Shareholder Meetings

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

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

12. Acquisition / divestment policy

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

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

13. Activities for which compensation is sought from Shareholders

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

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

14. Commercial value of Shareholder's investment

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

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

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

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

15. Accounting policies

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

Statement of Accounting Policies

1. Reporting entity

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

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

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

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

2. Statement of compliance

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

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

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

3. Basis of preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

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

Financial instruments

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

Other assets

Property, plant and equipment

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

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

Intangible assets

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

Other liabilities

Employee entitlements

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

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Segment reporting

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

Judgements and estimations

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

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



28 February 2024

Dear LGFA Stakeholder

LGFA 2023-24 Half Year Report

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

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

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

1. Increased lending to council and CCO borrowers

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

2. A focus on sustainability.

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

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

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

3. A financial position tracking to forecast.

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

New Zealand Local Government Funding Agency Limited

Auckland Level 5, Walker Wayland Centre, 53 Fort Street

Wellington Level 8, City Chambers, 142 Featherston Street

PO Box 5704, Lambton Quay, Wellington 6145 | Phone +64 4 974 6530

lafa.co.nz



4. Working with our stakeholders.

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

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

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

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

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

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

Kind regards



Mark Butcher
Chief Executive

31 December 2023
HALF-YEAR REPORT

Benefiting communities through
delivering efficient financing
for local government.

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

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



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

Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

For the six-months ended 31 December 2023

The six months to December 2023 presented a challenging period for bond issuance as markets remained volatile and an increased supply of high-grade bonds impacted sentiment. Over this period, council and council-controlled organisations (CCO) borrowing and LGFA bond issuance increased to record levels and, despite the difficult conditions, LGFA continued to deliver value to members and our investor base.

Highlights over the period included our successful debut issuance in the Australian Dollar (A\$) bond market and LGFA receiving an unprecedented five awards in the annual KangaNews Awards, including New Zealand Issuer of the year for the second consecutive year.

Lending to the sector

LGFA was established in 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. The original 31 shareholders including the Crown remain as shareholders and our membership has grown to 77 council and 5 CCO's.

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

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

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

Financial and Operational Performance

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

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

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

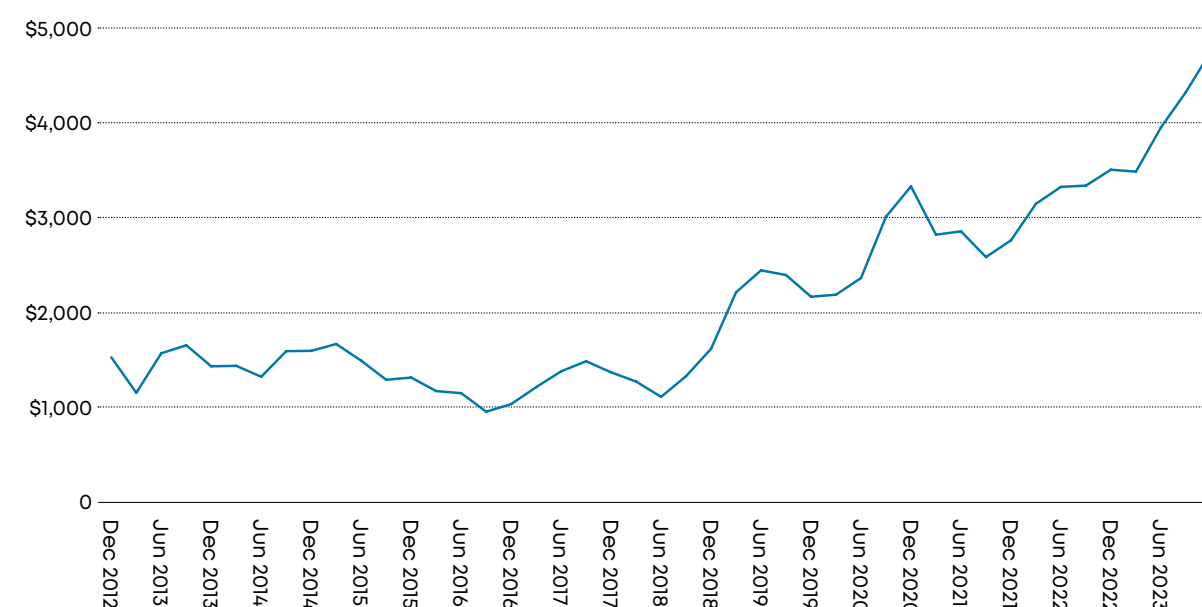
Total operating income was above budget by \$152k, however expenses were \$428k above the SOI budget, with net operating profit \$277k below budget. Our higher expenses were due to increased legal and NZX costs arising from the record levels of member borrowing and associated bond issuance, as well as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

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

Our borrowing activity

LGFA issued \$1.63 billion of NZD bonds over the past six months, with outstandings bonds totalling \$18.92 billion (including \$1.10 billion of treasury stock) across 11 maturities ranging between 2024 to 2037. The average term of our NZD bond issuance during the six months at 5.7 years was significantly longer than the prior year period.

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



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

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

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

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

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

KangaNews award winner

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

Our role in assisting Local and Central Government

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

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

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

New products and initiatives

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

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

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

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

Increasing focus on sustainability

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

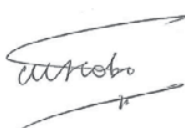
Acknowledgments

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

Anthony Quirk who has been a director since 2017, retired from the Board in November 2023, and we would like to take this opportunity to thank Anthony for his invaluable contribution to LGFA over the past six years. Kumaren Perumal from Bay of Plenty Regional Council also stepped down as Chair of the Shareholders Council and we wish to acknowledge his contribution over the past two years.

Anita Furnis our inaugural Future Director also stepped down in December 2023 after an 18-month term and we appreciated her involvement and engagement that in ensures the success of the Future Director programme. We welcome David Rae to the board as an Independent Director, Kathryn Sharplin as the new Chair of the Shareholders Council and Sarah Matthews as the new Future Director.

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



Craig Stobo
Chair



Mark Butcher
Chief Executive

How we add value to the local government sector

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

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

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

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

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

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

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

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

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

KANGANEWS
AWARDS
2023

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

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

Performance against objectives

Ko ngā whakatutukinga ki ngā whāinga

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

2023-24 Objectives and performance targets

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

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

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

Governance, capability and business practice

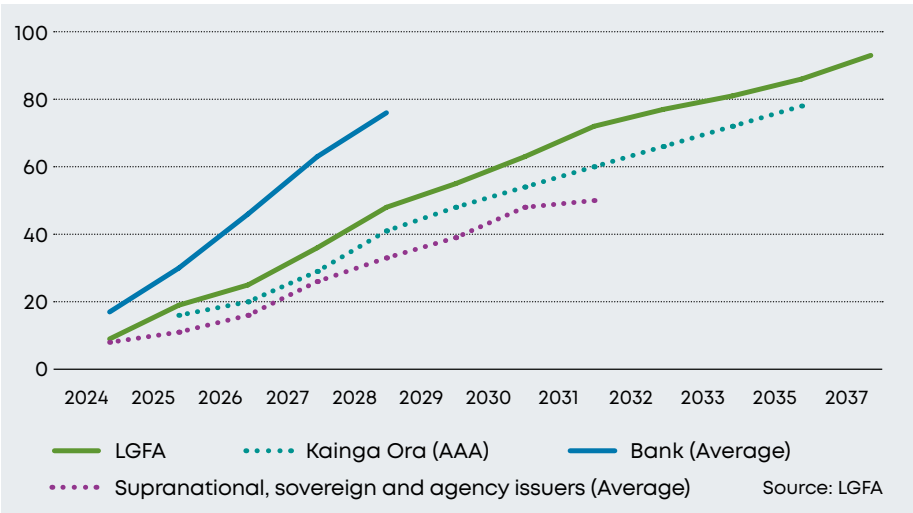
LGFA is committed to demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

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

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

Optimising financing services for local government

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

Objectives	How we measure our performance												
Provide interest cost savings relative to alternative sources of financing.	<div>Comparison to other high-grade issuers - secondary market spread to swap (bps) LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.</div> <div><table><tr><td>—</td><td>LGFA</td><td>.....</td><td>Kainga Ora (AAA)</td><td>—</td><td>Bank (Average)</td></tr><tr><td>.....</td><td>Supranational, sovereign and agency issuers (Average)</td><td colspan="4">Source: LGFA</td></tr></table></div> <div>Supranational, sovereign and agency issuers Kainga Ora (AAA) KBN (AAA) Asian Development Bank (AAA) Rentenbank (AAA) IADB (AAA) World Bank (AAA) International Finance Corp (AAA) Nordic Investment Bank (AAA)</div> <div>Banks ANZ (AA-) ASB (AA-) BNZ (AA-) Westpac Bank (AA-)</div>	—	LGFA	Kainga Ora (AAA)	—	Bank (Average)	Supranational, sovereign and agency issuers (Average)	Source: LGFA			
—	LGFA	Kainga Ora (AAA)	—	Bank (Average)								
.....	Supranational, sovereign and agency issuers (Average)	Source: LGFA											
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	<div>LGFA provides members with short term loans (less than one year), long term loans on either a floating or fixed rate basis (between one year and April 2037), Green Social and Sustainable Loans and standby facilities.</div> <ul style="list-style-type: none">Over the six months ended December 2023, our members borrowed \$2.656 billion in 222 long term loans across maturity dates ranging between 2024 and 2033.As at December 2023 there was \$617 million short-term loans outstanding to 36 members.As at December 2023, standby facilities totalled \$747 million across 16 members.												
Deliver operational best practice and efficiency for lending services.	<div>Over the six months ended December 2023, LGFA operations staff successfully:</div> <ul style="list-style-type: none">settled 1,150 new trades with a gross value of \$14.3 billion,processed 7,454 cash flows with a gross value of \$21.9 billion, andrate set 5,733 existing trades.												
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	<div>There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the six months ended December 2023, we issued NZ\$1.63 billion and A\$1.65 billion of primary bonds and secondary market turnover totalled \$6.25 billion.</div>												

Performance targets	2023-2024 target	Our performance to 31 December 2023
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	✓ Met – 89% as at 31 December 2023
Total lending to Participating Borrowers.	> \$17,870 million	✓ Met – \$18,789 million as at 31 December 2023
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score	✓ 100% satisfaction score in August 2023 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	✓ Met
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	✓ Met



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

Environmental and social responsibility

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

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

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

Effective management of loans

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

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

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

Industry leadership and engagement

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

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



Financial statements

Nga taukī pūtea

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Statement of comprehensive income

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

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

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

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

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

Statement of changes in equity

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

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



Craig Stobo, Director
Board Chair



Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of financial position

As at 31 December 2023 in \$000s

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

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

Statement of cash flows

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

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

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

Notes to the financial statements

1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002. LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

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

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

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

2. Statement of compliance

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

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

3. Basis of preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

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

Financial instruments

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

Other assets

Property, plant and equipment

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

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

Intangible assets

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

Other liabilities

Employee entitlements

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

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Segment reporting

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

Judgements and estimations

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

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

Revenue and expenditure

4. Net interest income

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

5. Other operating income

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

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

6. Operating expenses

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

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

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

7. Hedge accounting

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

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

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

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

8. Loans

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

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

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

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

9. Other assets

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

10. Payables and provisions

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

11. Bills

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

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

12. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 31 December 2023, \$1,100 million of LGFA bonds had been subscribed as treasury stock.

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

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

13. Bonds

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

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

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

14. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 2.5% for loans issued from 1 July 2020. Prior to this date, the fixed percentage was 1.6%.

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

15. Other liabilities

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

16. Share capital

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

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

17. Shareholder information

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

Registered holders of equity securities	As at 31 December 2023		As at 30 June 2023	
Minister of Finance and Minister for Local Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

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

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

19. Related parties

Identity of related parties

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

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

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

Related party transactions

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

The purchase of LGFA borrower notes by participating borrowers. Refer note 14.

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

Directory

Rārangi tauwaea

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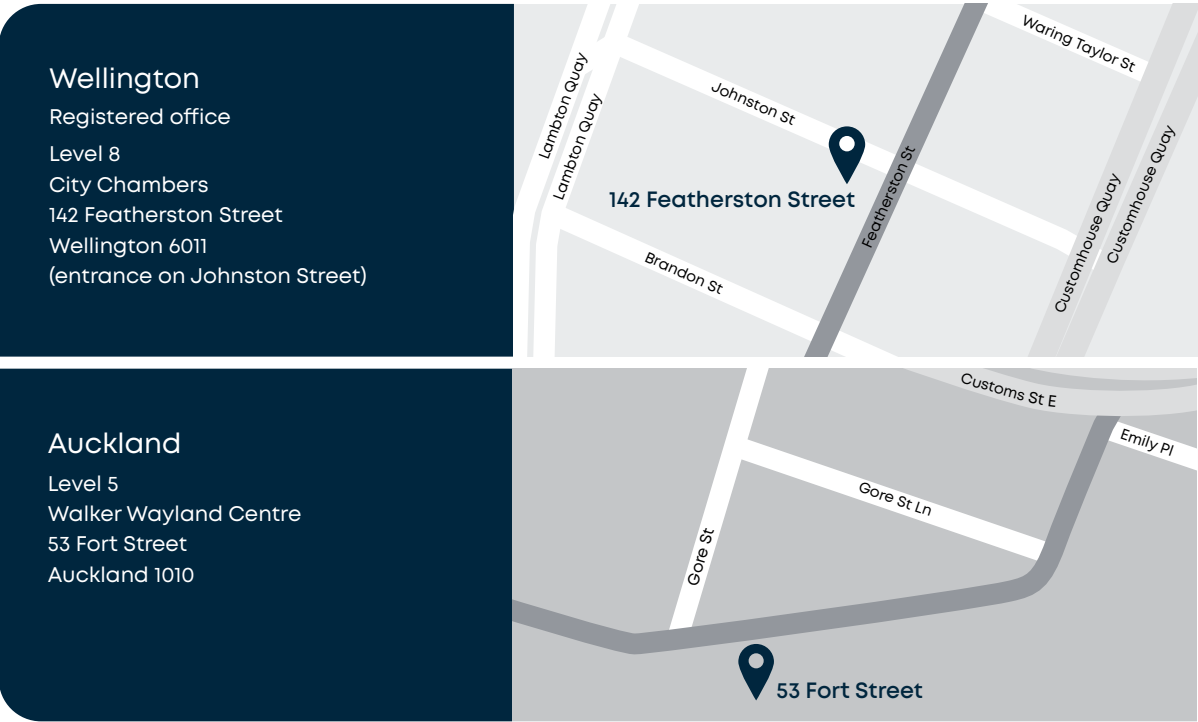
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04 April 2024

Report no: PFSC2024/2/102

Public Consultation on the Control of Alcohol in Public Places Bylaw

Purpose of Report

1. To seek agreement from the Policy, Finance and Strategy Committee (the Committee) to undertake public consultation during August 2024 on the proposed Control of Alcohol in Public Places Bylaw (the proposed bylaw).

Recommendations

That the Committee:

- (1) notes the Control of Alcohol in Public Places Bylaw was revoked in December 2023 and consultation is required for the development of a new bylaw;
- (2) notes that the proposed Control of Alcohol in Public Places Bylaw (proposed bylaw) will likely require the Special Consultative Procedure to be used;
- (3) agrees in principle to, if required, run the Special Consultative Procedure in August 2024 for the proposed bylaw;
- (4) notes the Local Alcohol Policy and the Alcohol Fees Bylaw are also due for review this year;
- (5) notes that the Infrastructure and Regulatory Committee is responsible for reviewing the Alcohol Fees Bylaw and the Local Alcohol Policy;
- (6) agrees to run the consultation on the bylaw concurrently with consultation on the Alcohol Fees Bylaw and the Local Alcohol Policy;
- (7) notes that this will ensure a coordinated and efficient public consultation process;
- (8) notes that the Policy, Finance and Strategy Committee meeting on 10 September 2024 will hear public submissions on the proposed bylaw;
- (9) notes the work programme timeline at Appendix 1 to the report; and
- (10) notes this timeline will allow Council to adopt the proposed bylaw on 1 October 2024.

For the reason that the Policy, Finance and Strategy Committee has delegated decision-making authority in relation to the Control of Alcohol in Public Places Bylaw.

Background

2. The Control of Alcohol in Public Places Bylaw outlines alcohol-free zones throughout Te Awa Kairangi ki Tai Lower Hutt and is enforced by the Police. The bylaw should have been reviewed in 2021 and has now lapsed.
3. The Local Alcohol Policy and the Alcohol Fees Bylaw are due for review this year. The Infrastructure and Regulatory Committee has delegated decision-making authority for issues related to the Local Alcohol Policy and the Alcohol Fees Bylaw.
4. The Local Alcohol Policy covers licensing rules for on and off-license venues such as:
 - a. trading hours;
 - b. location of licensed premises;
 - c. discretionary conditions for issuing licenses or types of licenses;
 - d. off-license caps for some areas in the city; and
 - e. one-way door restrictions.
5. The Alcohol Fees Bylaw covers fees for venues that sell alcohol.
6. As both bylaws and the policy require consultation, the intention is to consult on all three at once for efficiency.

Discussion

7. The Police enforce the bylaw by either moving people on or issuing infringement notices when people:
 - a. consume or possess alcohol in an alcohol-free zone;
 - b. bring alcohol into an alcohol-free zone; or
 - c. have or use a vehicle in an alcohol-free zone in conjunction with activities noted in a and b above.
8. Because the bylaw lapsed in December 2023, the Police currently do not have the ability to issue infringement notices for breaches of the bylaw. This gives the Police fewer tools to manage alcohol related incidents.
9. To replace the bylaw as quickly as possible, rather than establishing a separate hearings subcommittee, the Committee Chair has agreed that the Policy, Finance and Strategy Committee meeting on 10 September 2024 will hear public submissions. This will enable Council to adopt the new bylaw on 1 October 2024, and it will come into effect the following day.
10. Officers note that measures are now in place through an automated internal bylaw register to ensure that we are tracking and factoring review timeframes into the Strategy and Policy work programme. A three-year programme of bylaw reviews will be considered by the Committee in a separate report at this meeting.

Options

11. There are two options available to the Committee:

Option 1: To ensure efficiency, agrees that officers will conduct consultations for all three simultaneously.

Option 2: agrees that separate consultations will be conducted for all three.

Officers recommend option 1 above to ensure efficiency.

Public Consultation

12. The proposed timeline for the combined consultation is attached as Appendix 1 to the report.
13. To ensure a coordinated and efficient public engagement process, officers recommend running the Special Consultative Procedures (if required) on the bylaw concurrently with consultation on the Alcohol Fees Bylaw and the Local Alcohol Policy.
14. Officers note that the consultation process will provide an opportunity for the community to submit ideas on further controlled areas.
15. If the Committee agrees to a concurrent consultation, the three reviews will hear verbal submissions separately:
- a. the Policy, Finance and Strategy Committee will hear submissions on the Control of Alcohol in Public Places Bylaw in September 2024; and
 - b. a hearings subcommittee of the Infrastructure and Regulatory Committee will hear submissions on the Alcohol Fees Bylaw, if required, and separately on the Local Alcohol Policy.

Next Steps

16. Officers will undertake the development of a draft bylaw and report back to the Committee in July 2024 for consideration.

Climate Change Impact and Considerations

17. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

18. The Policy team will work closely with the Communication and Engagement teams to develop an effective public consultation process.

Legal Considerations

19. Council's Legal team will be consulted throughout the review processes to ensure that the processes of the bylaw development meet legislative requirements.

Financial Considerations

20. There are no financial considerations.

Appendices

No.	Title	Page
1 ↓	Control of Alcohol in Public Places work timeline	63

Author: Angela Gordon
Senior Policy Advisor

Reviewed By: Richard Hardie
Head of Strategy and Policy

Reviewed By: Bradley Cato
Chief Legal Officer

Approved By: Jarred Griffiths
Director Strategy and Engagement

Timelines for alcohol-related bylaws and policy

	Control of Alcohol in Public Places Bylaw (Policy, Finance and Strategy Committee)	Local Alcohol Policy (Infrastructure and Regulatory Committee)	Alcohol Fees Bylaw (Infrastructure and Regulatory Committee)
March	End of March – evidence from Police and Public Health received	End of March – evidence from Police and Public Health received	
April	Research and Evaluation to begin analysis	Research and Evaluation to begin analysis	Scope/plan
May/June	Draft Bylaw	Draft Policy amendments	Draft Bylaw amendments
July	9 July – PFS 25 July – Council meeting	11 July – IRC meeting (does not go to Council)	11 July – IRC meeting 25 July – Council meeting
August	26 July – start consultation 25 August – end consultation		
	26 August – analysis of submissions		
September	10 Sep – PFS (to hear public submissions)	IRC sub-committee (separate but same day as AF Bylaw hearings)	If required, IRC sub-committee (separate but same day as LAP hearings)
October	1 October – Council to adopt CAPP Bylaw		
November		IRC to approve sub-committee recommendations	IRC to approve sub-committee recommendations
December		10 Dec Council approve LAP	10 Dec Council adopt Bylaw
January 2025		Public Notice (30 days prior to Feb Council meeting)	
February 2025		Council adopt final LAP	
After LAP in force		Written notice to licensees of policies and their effect. New LAP to ALRA	

Policy, Finance and Strategy Committee

11 April 2024

Report no: PFSC2024/2/103

Strategy and Policy work programme update

Purpose of Report

1. The purpose of this report is to provide the Policy, Finance and Strategy subcommittee (the Committee) with an update on the Strategy and Policy teamwork programme through to 31 December 2024, and a three-year view of anticipated policy work to assist the Committee with forward planning.

Recommendations

That the Committee:

- (1) notes the programme of work that the Strategy and Policy business unit has delivered through to 1 May 2024 attached at Appendix 1 to the report;
- (2) notes the Strategy and Policy forward work programme for the period through to December 2024 attached at Appendix 2 to the report;
- (3) agrees with the priority projects outlined in Table 1 contained within the report; and
- (4) notes the three-year view of the strategy and policy work programme attached at Appendix 3 to the report and provides any feedback to officers.

For the reason that the Committee is delegated the responsibility to review and approve policies and strategies.

Background

2. On 9 May 2023, the Committee agreed to receive an annual update on the Strategy and Policy work programme and noted that the team was developing a three-year view of upcoming policy work.
3. Since the Committee meeting, Strategy and Policy has delivered its proposed work programme largely as planned (attached at Appendix 1).
4. 2023 saw a marked improvement in both the quantity and quality of work produced by the Strategy and Policy business unit. The team has met expectations by delivering a high volume of work, progressing several long-standing items (eg the Animal Control Bylaw) and initiating the review and improvement of systems and processes to lift performance further.

5. The team has also responded to a number of projects which were not anticipated, including:
 - a. advice on the Petone name change proposal;
 - b. Dog Control Bylaw rule changes for the shared path; and
 - c. developing Te Herenga Kairangi/the Māori strategy.

Discussion

6. The Strategy and Policy forward work programme for 2024 is provided at Appendix 2. This includes key items from each sub-team within the business unit (ie Policy, Research and Evaluation and Corporate Planning) that will come to elected members for consideration.
7. The Strategy and Policy business unit will continue to prioritise projects by considering relevant factors, including:
 - a. legislative drivers;
 - b. public interest in the project or issue; and
 - c. reputational risk to the organisation.
8. Given resource and timing constraints, it is not possible to prioritise all requests. Where additional items are added to the work programme, or something is moved up the priority list for earlier delivery, this needs to be done in a resource neutral way. This may mean de-prioritising other items and factoring them into the longer-term work programme or shifting the team's role from a lead to a support role within Council.
9. Given the considerations above, officers recommend that the Committee agrees on the priority projects outlined in Table 1 for the period through to 31 December 2024. We will progress on other items identified in the work programme as time and resources permit.

Table 1: Proposed priority projects to 31 December 2024

Activity	Timing	Priority
Shared path – support changes under Dog Control Bylaw	to June 2024	High
All LTP-related work	to July 2024	High
Complete and report on the Residents' Satisfaction Survey	to July 2024	High
Review Class 4 Gambling policy	to Sept 2024	High
Complete and report on the biennial Quality of Life Survey	to September 2024	High
Develop a Parking Strategy	to Oct 2024	High
Complete Annual Report 2023-2024	May to Oct 2024	High
Representation Review: Secretariat support; and advice on consultation process	to October 2024	High
Begin Annual Plan 2025-2026	from Oct 2024	High
Begin review of the Dog Control Bylaw	from Oct 2024	Med
Homelessness Action Plan implementation	to November 2024	High
Develop the Control of Alcohol in Public Places Bylaw, review Alcohol Fees Bylaw, and review the associated Local Alcohol Policy	to November 2024	High
Develop the City Strategy	to March 2025	High
Te Herenga Kairangi – Rautaki Māori reporting	Biannual	High
Support the Quarterly Report	on-going	High

10. As a result of statutory requirements (such as bylaw review timelines) and implementation responsibilities (such as the delivery of the Homelessness Strategy Action Plan), other items could be delayed. This includes:

- a. investigating further changes to the Control of Animals bylaw;
- b. additional changes under the Dog Control Bylaw;
- c. Heritage Policy review of conservation incentives;
- d. Pencarrow Coast Road Access Policy review;
- e. Naming Policy guidance update;
- f. Smokefree Outdoor Public Places Policy review; and
- g. Accessibility and Inclusion Policy development.

Three-year forward work programme

11. As noted above, the Policy team has developed a three-year view of the policy work programme (at Appendix 3).
12. The work programme includes bylaw reviews driven by statutory timeframes, strategy, and policy work delivered based on strategic priorities and available resources. Officers note that the timeframes indicated in the Appendix are provisional and could change depending on Council priorities.
13. Officers welcome any feedback from the Committee on the three-year policy work programme.

Options

14. Not applicable.

Climate Change Impact and Considerations

15. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

16. Not applicable.

Legal Considerations

17. Statutory timeframes and requirements drive some Strategy and Policy work programme items. Legal advice is sought where appropriate to ensure the work complies with relevant legislation.

Financial Considerations

18. Not applicable.

Appendices

No.	Title	Page
1 ↓	Strategy and Policy work programme update to May 2024	68
2 ↓	Strategy and Policy team work programme to December 2024	69
3 ↓	Strategy and Policy team draft work schedule 2024 to 2027	71

Author: Richard Hardie
Head of Strategy and Policy

Approved By: Jarred Griffiths
Director Strategy and Engagement

Attachment 1: Strategy and Policy work programme to May 2024

Topic	Council / Committee	Briefing	Other
Planned work			
Control of Animals Bylaw (Cats)	✓	✓	
Significance and Engagement Policy	✓	✓	
Representation Review update	✓	✓	
Māori Wards	✓	✓	
Long Term Plan (LTP) - LTP and consultation documents content development	✓	✓	
Infrastructure Strategy	✓	✓	
Te Herenga Kairangi/Māori Strategy	✓	✓	
Annual Report	✓	✓	
Key Performance Indicators (KPIs) Review	✓	✓	
Residents Satisfaction Survey analysis and reporting	✓		
Research Ethics Policy	✓		
Mana Whenua hui – papers			✓
Homelessness Strategy Action Plan review	✓	✓	
Policy process review and implementation			✓
Quality of Life Survey snapshots			✓
Regional Climate Impact Assessment			✓
Dogs Control bylaw rules change for shared path	✓	✓	✓
Secretariat support for the Representation Review Panel			✓
Petone name change letter of support	✓		✓

Attachment 2: Strategy and Policy Group Work Programme to December 2024

Key for resources	Abbreviations for teams			Abbreviations for committees							
Low: <.5FTE Medium: .5-9FTE High: 1.0FTE	S&P (Strategy and Policy); TTM (Te Tira Māori); N&C (Neighbourhoods and Communities); C&SW (Climate and Solid Waste); UD (Urban Design); P&R (Parks and Reserves); IS (Information Services); EM (Emergency Management)			Abbreviations: CCP (Communities, Culture and Partnerships Committee); LTP/AP (Long-Term Plan and Annual Plan sub-committee); CB (Council Briefing); FC (full Council); CC&S (Climate Change and Sustainability); AR (Audit and Risk); PFS (Policy, Finance and Strategy); IR (Infrastructure and Regulatory); QMW (Quarterly Mana Whenua Hui); KMW (Kahui Mana Whenua);							
Workstream		Priority	Resource	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Policy											
City Strategy	H	Med	Project plan				Community hui				
Homelessness Strategy Action Plan	H	High	1 May (CCP)					9 Sep (CCP)			
Te Herenga Kairangi – Rautaki Māori	H	Med	13/21 May (QMW)							13 Nov (CCP)	
Representation Review	H	Med		3 June (CLT) 12 June (CB) 27 June (FC)	Consultation		Hearings		1 Oct (FC)	By 30 Nov (Appeals if any)	
Control of Animals Bylaw amendment (cats)	H	High									
Dog Control Bylaw (shared path)	H	High	7 May (PFS)	5 June (FC)							
Dog Control Bylaw (next review)	M	High							Initiate review		
Petone reserve management plan (may require Dog Control Bylaw changes)	M	Low									
Parking Policy	M	High	7 May (PFS) 17 May (FC)	Possible engagement							
Control of Alcohol in Public Places Bylaw renewal	H	High	Draft Bylaw		11 July (IR) 25 July (FC)	Consultation	10 Sept (PFS hold hearings)	1 Oct (FC)			
Local Alcohol Policy review	M	Med	Draft policy changes		9 July (PFS) 25 July (FC)	Consultation	Hearing sub-cmntt (TBC)	21 Nov (IR)	10 Dec (FC)		
Class 4 Gaming Policy review	H	Med				26 Aug CLT	10 Sep PFS	1 Oct FC			
Pencarrow Coast Access Policy review	L	Low									
Naming Policy guidance	L	Low									
Heritage Policy – conservation incentives appendix	L	Low			9 Jul (PFS) 25 Jul (FC)	Engagement		21 Oct (CLT)	6 Nov (CB) 19 Nov (PFS) 25 Nov (FC)		
Arts and culture framework	L	Low	13/21 May (QMW)								
Accessibility and inclusion policy update	L	Low									
Policy systems and processes	M	Low									

Corporate Planning										
Long Term Plan	H	High	Hearings	5 Jun (LTP/AP&FC) 27 Jun (LTP/AP&FC)		26 Jul (LTP/AP)				
Quarterly Report	H	Med			Q4 Report. End financial year			Q1 Report		
Annual Report	H	High					10 Sep (PFS)			
Annual Plan	H	High					Project initiation		25 Nov (LTP/AP)	
Research and Evaluation										
Long Term Plan survey	H	High	13 May (CLT) 15 May (CB)							
Resident Satisfaction Survey	H	High	Insights reporting.	7 Jun (LTP/AP)				2025 RSS project kick-off.		
Quality of Life Survey	L	Med	Quality of Life Survey goes live				Initial insights			
Research Ethics Panel	L	Low								

	Year	2023-2024		2024-2025				2025-2026				2026-2027				2027	
	Month	Jan-March	April-June	July-Sep	Oct-Dec	Jan-March	April-June	July-Sep	Oct-Dec	Jan-March	April-June	July-Sep	Oct-Dec	Jan-March	April-June	July-Sep	Oct-Dec
	Quarter	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Type	Title																
Bylaws	Control of Animals Bylaw (amendment, cats)	Control of Animals Bylaw															
	Dog Control Bylaw (amendment, BPAs)	Dog Control Bylaw															
	Alcohol Fees Bylaw (review)	Alcohol Fees Bylaw															
	Control of Alcohol in Public Places (review)	Control of Alcohol in Public Places															
	Dog Control Bylaw Review					Dog Control Bylaw Review											
	Appearance Industries Bylaw (review)					Appearance Industries Bylaw											
	Solid Waste Management and Minimisation Bylaw (review)								Solid Waste Management and Minimisation Bylaw								
	Hutt Valley Trade Wastes Bylaw (review)									Hutt Valley Trade Wastes Bylaw							
	Public Places Bylaw (review)									Public Places Bylaw							
	Cemeteries Bylaw (review)													Cemeteries Bylaw			
Strategies	Te Herenga Kairangi - Rautaki Māori Strategy (new)	Rautaki Maori															
	Homelessness Strategy - Action Plan/review	Homelessness															
	Parking Strategy (new)	Parking Strategy															
	City Strategy		City Strategy														
Policies	Heritage Policy (appendix review)	Heritage Policy															
	Local Alcohol Policy (review)	Local Alcohol Policy															
	Class 4 Gambling Venue and Board Venue Policy (review)	Class 4 Gambling Venue and Board Venue Policy															
	Pencarrow Coast Road Policy (review)	Pencarrow Coast Road Policy															
	Dog Control Policy (review)					Dog Control Policy											
	Research Ethics Policy (review)								Research Ethics Policy								
Unscheduled Policies	Koha Policy (review)					Koha Policy											
	Naming Policy (review)					Naming Policy											
	The Dowse Art Museum Collection Policy (review)					The Dowse Art Museum Collection Policy											
	Venue Hire Policy (review)									Venue Hire Policy							
	Elected Member Code of Conduct (review)									Elected Member Code of Conduct							
Other	Representation Review	Representation Review															
	* note that the timeframes indicated in the Appendix are provisional and could change depending on Council priorities.																



TO: CHAIR AND MEMBERS
KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI
POLICY, FINANCE AND STRATEGY COMMITTEE

FROM: Judy Randall

DATE: 20 March 2024

SUBJECT: KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI
POLICY, FINANCE AND STRATEGY COMMITTEE
FORWARD PROGRAMME

Purpose of Memorandum

1. The memorandum aims to provide the Committee with a draft forward programme of work planned for the Committee for 2024.

Recommendation

That the Committee receives and notes the draft forward programme for 2024 attached as Appendix 1 to the memorandum.

Background

2. The Committee assists Council in setting the broad vision and direction of the city to promote the social, economic, environmental, and cultural well-being of the city's communities in the present and for the future.
3. This involves determining specific outcomes that need to be met to deliver on the vision for the city, and overseeing the development of strategies, policies, bylaws, and work programmes to achieve those goals. This committee is also responsible for monitoring the overall financial management and performance of the Council Group.
4. The forward programme for 2024 provides a planning tool for both members and officers to coordinate programmes of work for the year. The programme is attached as Appendix 1 to the memorandum.

Executive Summary

5. The forward programme is a working document and is subject to change.

Appendices

No.	Title	Page
1	Appendix 1: Policy, Finance and Strategy Committee work programme	73

Author: Judy Randall, Democracy Advisor

Approved By: Kathryn Stannard, Head of Democratic Services

KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI | POLICY, FINANCE AND STRATEGY COMMITTEE FORWARD PROGRAMME 2024

Description	Business Unit	Cycle 3 9 July	Cycle 4 10 Sept	Cycle 4 14 Oct draft Annual Report	Cycle 4 29 Oct Annual Report	Cycle 5 19 Nov	Pending
Forward Programme	Democratic Services	✓	✓			✓	
Council performance overview quarterly report	EPMO	Quarter 3 ✓	Quarter 4 ✓			Quarter 1 ✓	
Control of Alcohol in Public Places Bylaw proposed (CAPP) Bylaw	Strategy and Policy	✓					
Parking Policy Review	Transport	✓				✓	
Heritage Policy Options	Strategy and Policy	✓					
Control of Alcohol in Public Places Bylaw – Hearing of submissions	Strategy and Policy		✓				
2023 Standard and Poor's Credit Rating	Finance		✓				
Class Four Gambling Venue and Board Venue Policy	Strategy and Policy		✓				
Hutt Valley Chamber of Commerce 12 month report	Business and Economy			✓			

Description	Business Unit	Cycle 3 9 July	Cycle 4 10 Sept	Cycle 4 14 Oct draft Annual Report	Cycle 4 29 Oct Annual Report	Cycle 5 19 Nov	Pending
Seaview Business Assoc.12-month report	Business and Economy			✓			
Jackson Street programme 12 month report	Business and Economy			✓			
Love Wainuiomata 12 month report	Business and Economy			✓			
UPL Annual Report (year end June 2023)	Finance			✓			
SML Annual Report (year end June 2023)	Finance			✓			
Wellington Water Ltd Annual Report	Strategic Advisor			✓			
NZLGFA Annual Report	Finance			✓			
Draft and final Annual Report	Finance			✓	✓		
Speed Management Bylaw	Transport						✓
Illegal Street Racing Bylaw	Transport						✓
Freedom Camping Bylaw	Strategy and Policy						✓