Rangitikei District Council
Telephone: 06 327-0099
Facsimile: 06 327-6970

Finance/Performance Committee Meeting

Order Paper

Thursday, 26 May 2016, 9.30 am

Council Chamber, Rangitikei District Council
46 High Street, Marton

Website: www.rangitikei.govt.nz **Email: info@rangitikei.govt.nz**

Chair
Cr Nigel Belsham

Deputy Chair
His Worship the Mayor, Andy Watson

Membership
Councillors Cath Ash, Tim Harris, Dean McManaway, Rebecca McNeil, Soraya Peke-Mason, Ruth Rainey and Lynne Sheridan

Please Note: Items in this agenda may be subject to amendments or withdrawal at the meeting. It is recommended therefore that items not be reported upon until after adoption by the Council. Reporters who do not attend the meeting are requested to seek confirmation of the agenda material or proceedings of the meeting from the Chief Executive prior to any media reports being filed.

Rangitikei District Council

Finance/Performance Committee Meeting

Order Paper – Thursday 26 May 2016 – 9:30 a.m.

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The quorum for the Finance/Performance Committee is 5.

At its meeting of 28 October 2010, Council resolved that "The quorum at any meeting of a standing committee or sub-committee of the Council (including Te Roopu Ahi Kaa, the Community Committees, the Reserve Management Committees and the Rural Water Supply Management Sub-committees) is that required for a meeting of the local authority in SO 2.4.3 and 3.4.3.

1 Welcome

2 Council Prayer

3 Apologies/leave of absence

4 Confirmation of Order of business

5 Confirmation of Minutes

Recommendation

That the Minutes of the Finance/Performance Committee meeting held on 28 April 2016 be taken as read and verified as an accurate and correct record of the meeting.

6 Chair's report

A report will be tabled.

File: 3-CT-14-1

Recommendation

That the Chair's report to the Finance/Performance Committee meeting of 16 May 2016 be received.

7 Financial results, July 2015 to April 2016

A memorandum is attached

File: 5-FR-4-1

Recommendation

That the memorandum 'Financial Highlights and Commentary to 30 April 2016' be received.

8 LGFA update

A memorandum is attached

File: 5-FM-8-3

Recommendation

That the memorandum 'LGFA Update' to Finance/Performance Committee's meeting of 26 May 2016 be received.

9 Standardising lease arrangements for sports club and other community facilities on Council land

A memorandum is attached

File: 6-CF-5-5

Recommendations

1. That the memorandum 'Standardising lease arrangements for sports club facilities on Council land' be received.
2. That the Finance/Performance Committee agrees that the maximum rental charge for an organisation with facilities on Council and (or Council administered land) be $1,500.00 (GST inclusive) with no additional charges being made for apportioned rates or Council services.

10 Late items

11 Future items on the Agenda

12 Next meeting

30 June 2016, 9.30 am

13 Meeting closed

Attachment 1

Rangitikei District Council

Finance/Performance Committee Meeting

Minutes – Thursday 28 April 2016 – 9:35 a.m.

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Unconfirmed

Present:
Cr Nigel Belsham (Chair)
Cr Dean McManaway (Acting Mayor)
Cr Cath Ash
Cr Tim Harris
Cr Rebecca McNeil
Cr Soraya Peke-Mason
Cr Ruth Rainey
Cr Lynne Sheridan

Also present:
Cr Angus Gordon
Cr Mike Jones

In attendance:
Mr Ross McNeil, Chief Executive
Mr George McIrvine, Finance & Business Support Group Manager
Mr Michael Hodder, Community & Regulatory Services Group Manager
Ms Samantha Whitcombe, Governance Administrator

Tabled documents:
Item 6 **Chair's Report** – Chair's Report
Item 7 **Financial Results, July 2015 to March 2016** – Page 11
Item 8 **Statement of Service Performance – nine months to 31 March 2016** – Roading and footpaths – additional information

1 Welcome

The Chair welcomed everyone to the meeting.

2 Council Prayer

Cr McManaway

3 Apologies/leave of absence

That the apologies for absence from His Worship the Mayor, and the apology for lateness from Cr Harris be received.

Cr Peke-Mason / Cr Rainey. Carried

4 Confirmation of order of business

The Chair informed the Committee that there were no changes to the order of business from that set out in the agenda.

5 Confirmation of Minutes

Resolved minute number **16/FPE/022** **File Ref**

That the Minutes of the Finance/Performance Committee meeting held on 31 March 2016 be taken as read and verified as an accurate and correct record of the meeting.

Cr Sheridan / Cr Rainey. Carried

6 Chair's report

The Chair spoke briefly to his report.

The Committee briefly discussed the delays around capital expenditure, especially within the Utilities area.

Resolved minute number **16/FPE/023** **File Ref** 3-CT-14-1

That the Chair's report to the Finance/Performance Committee meeting of 28 April 2016 be received.

Cr Belsham / Cr Peke-Mason. Carried

Unconfirmed

7 Financial results, July 2015 to March 2016

Mr McIrvine spoke briefly to the report, highlighting the major variances within the budgets.

The Committee requested a report to a future meeting on overdue rates showing a comparison on the outstanding amounts between years.

Resolved minute number **16/FPE/024** **File Ref** 5-FR-4-1

That the memorandum 'Financial Highlights and Commentary to 31 March 2016' be received.

Cr McManaway / Cr Ash. Carried

8 Statement of Service Performance – nine months to 31 March 2016

Mr Hodder spoke briefly to the Nine-month Statement of Service Performance, highlighting the first reporting of median times to respond to complaints (water and wastewater) and of the levels of service for footpaths (both measures being part of the mandatory performance framework). However, the Roading Operations Manager was reviewing the methodology adopted by the contractor surveying the District's footpaths as trip hazards were not being specifically documented, potentially distorting the reported result.

The Committee expressed concern around the potential water loss from the Rural Water Schemes and requested that work be done to identify what water loss, if any, there is on these Schemes. It was agreed that a report would be provided to the next meeting of the Assets/Infrastructure Committee on the water take for each Scheme vs. the amount of water charged for through the property meters on the schemes.

The need for more robust signage and better education around the need to clean recyclables before they are disposed of at Council's recycling sites was also discussed. Information about this, particularly on whether the cleanliness of recycled glass and plastics affected how they were recycled, would be provided to the next meeting of the Assets/Infrastructure Committee.

The Committee requested that the nature of the interaction between staff and the community should be captured within Council's next annual survey.

Resolved minute number **16/FPE/025** **File Ref** 5-FR-

That the report 'Statement of Service Performance – nine months to 31 March 2016' be received.

Cr Peke-Mason / Cr Sheridan. Carried

9 Late items

Nil

Unconfirmed

10 Future items on the Agenda

Interest on Reserves

Financial implications from altered timing of projects

11 Next meeting

26 May 2016, 9.30 am

12 Meeting closed – 10.41am

Confirmed/Chair: _____

Date: _____

Unconfirmed

Attachment 2

MEMORANDUM

TO:	Ross McNeil
COPIES:	Council
FROM:	George McIrvine
DATE:	20 May 2015
SUBJECT:	**Financial Highlights and Commentary**
FILE:	
Attachments:	Statement of Financial Position and Financial Performance, Strategic Perspective Operating Results, Group Activities accounts.

Operating Results

Revenue is up on budget by $3.5M as previously noted from the Roading revenues (3.706M) because of the June 2015 Flood as the work is completed for this financial year. Rates revenues are running ahead by $157K with a number of smaller +/- variance in other activities detailed later in the report.

Expenditure

As Council is, aware expenditure is well ahead of budget due to Flood repair work by a net amount of $3.434M.

Most other activities are running behind on expenditure except, as last month, for Community Leadership (CCO investigation), Waters and Public refuse (see details below). As noted last month that while expenditure in Roading, is over by $4.153M, net expenditure is under control with about $719k under-spend YTD in other activities. The attached graphs below emphasise this.

Statement of Financial Position

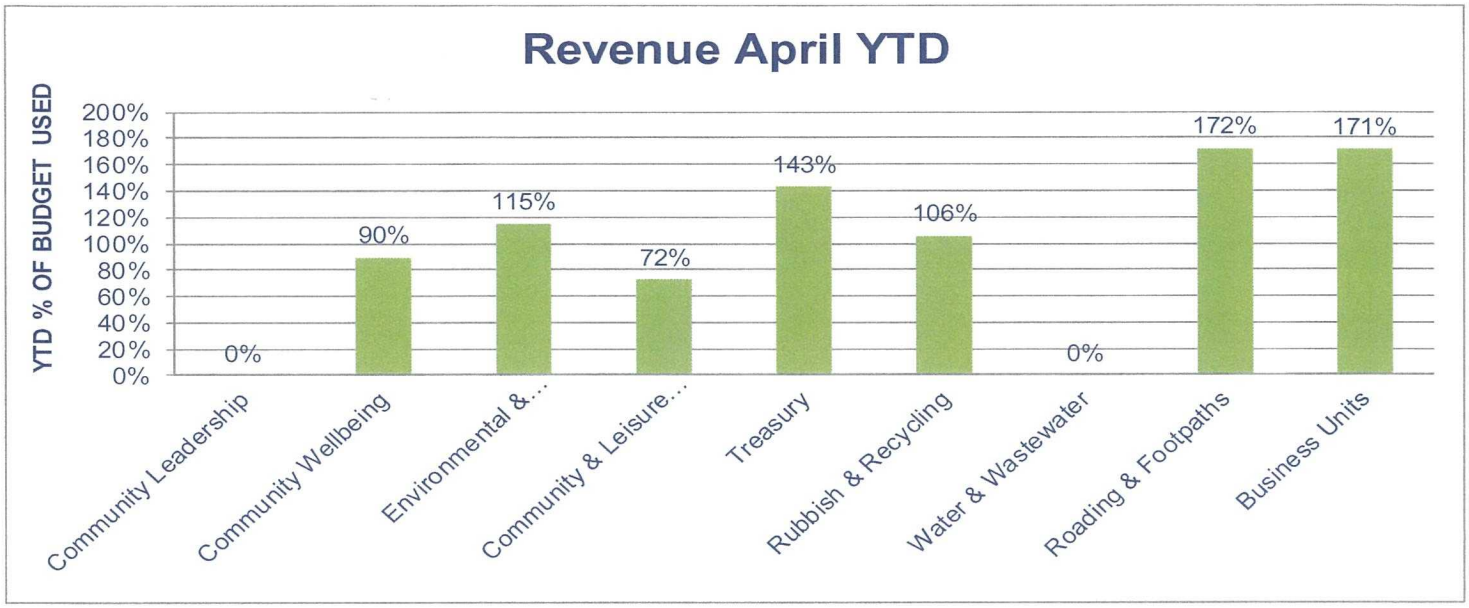
Council is maintaining a healthy working capital position with $10.1M of cash or cash equivalents and $5.6M of short-term assets. Interestingly current liabilities are down by some $647K on this time last year with the volume of work in roading I would have expected these to be higher.

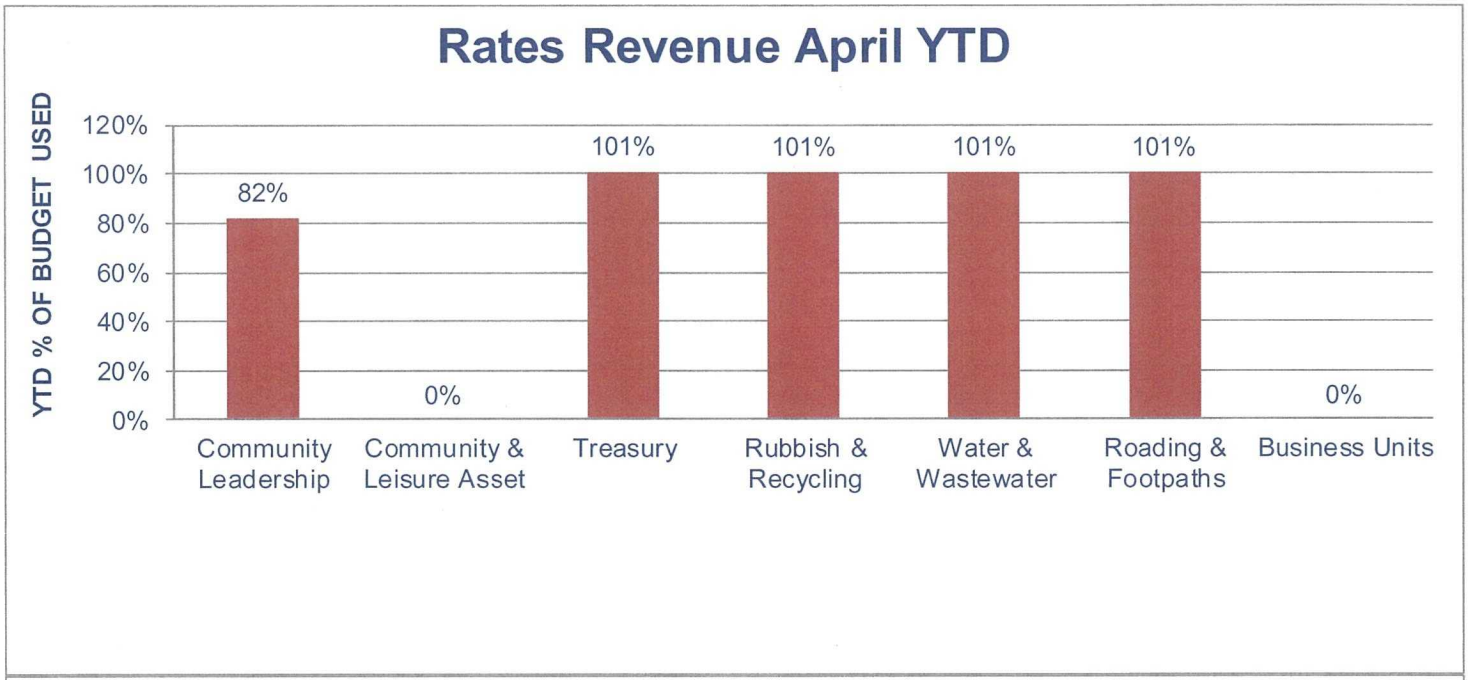
Rates Debtors

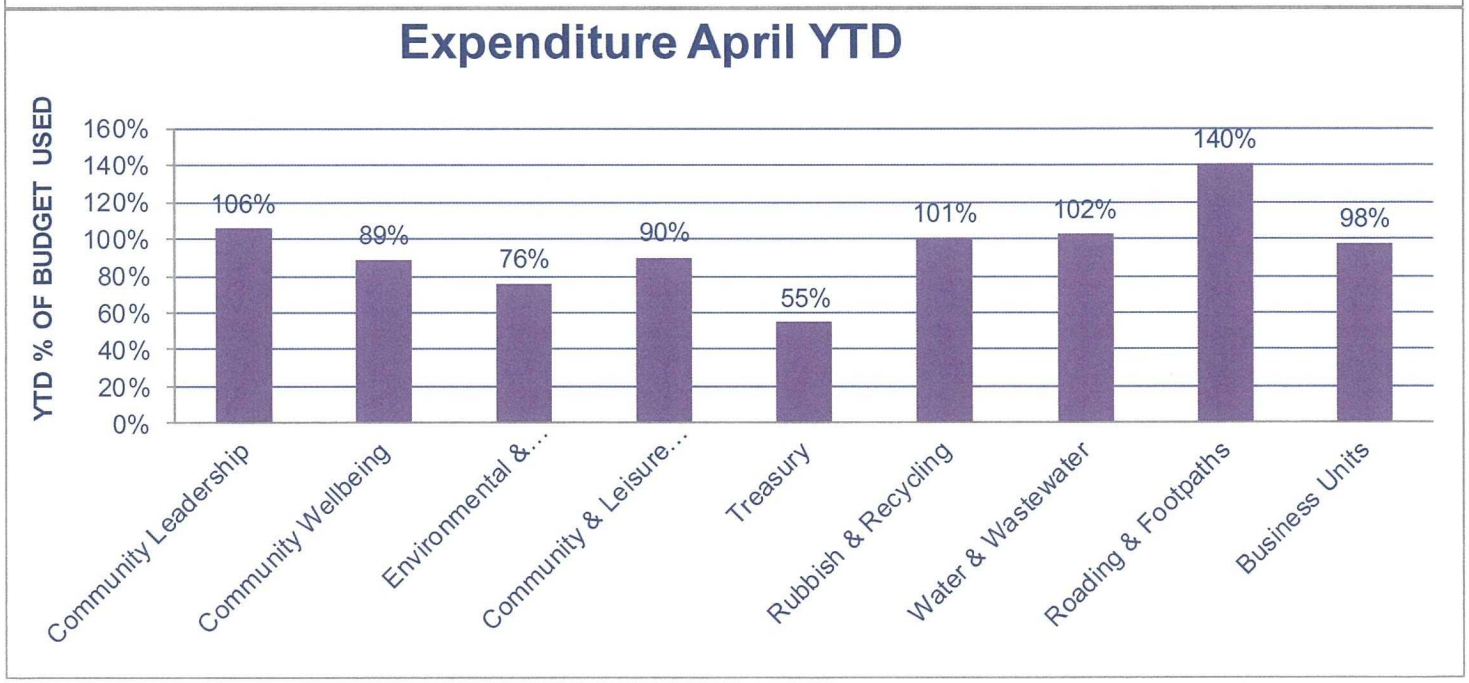
Outstanding rates debtors as below, rates have closed for the year with the 19th of May being the last day for payment without incurring penalties.

Strategic Overview

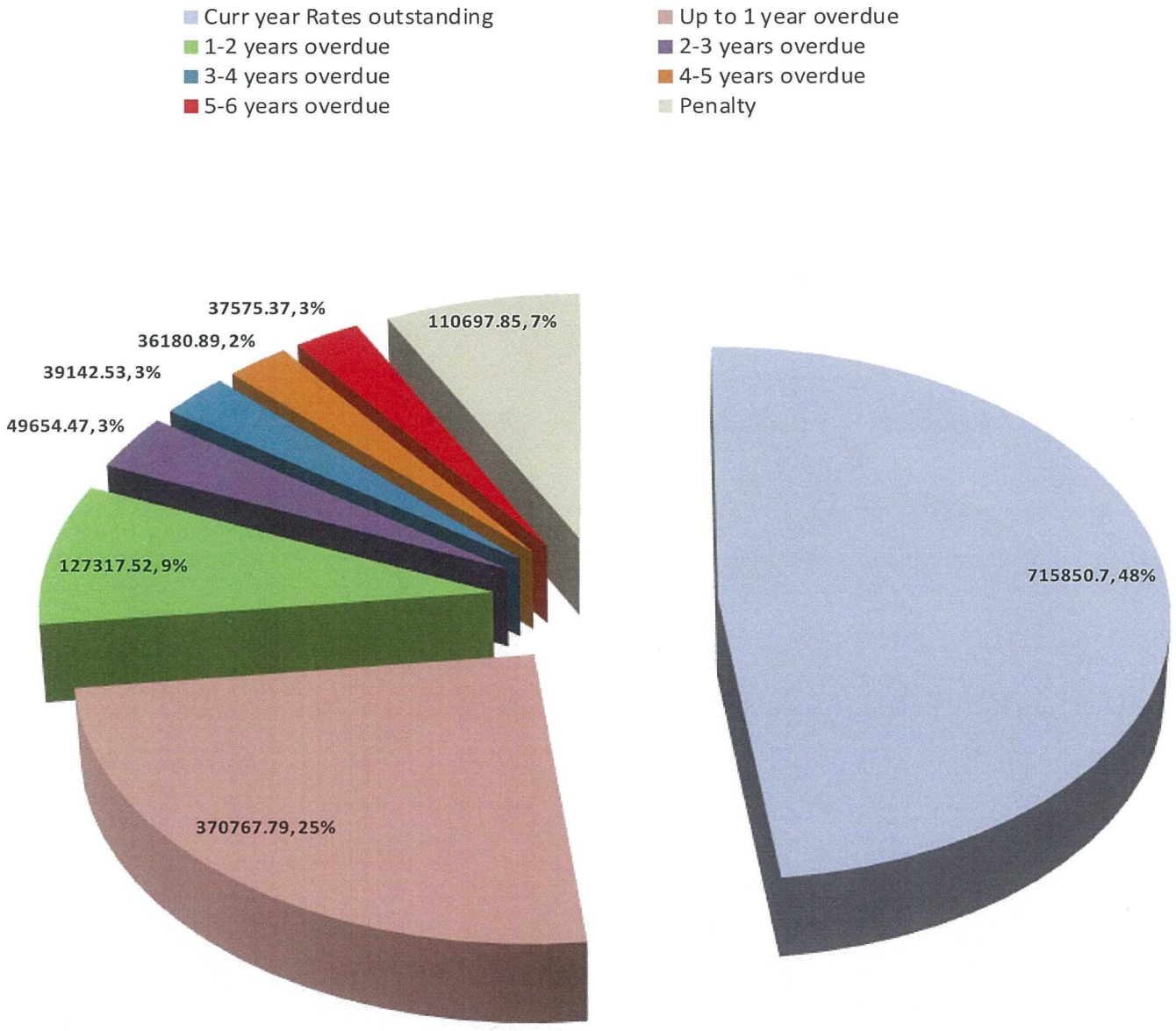
Councillors will note that the Civil defence has a $101k net negative impact this year as a result of the June flood for recovery cost which was not insured. My current calculation of the total cost to Council excluding roading was $334K with $232 claimed from Insurances, $230K, and MCDEM 2K.


Revenue April YTD
YTD % OF BUDGET USED
200%
180%
160%
140%
120%
100%
80%
60%
40%
20%
0%
0%
90%
115%
72%
143%
106%
0%
172%
171%
Community Leadership
Community Wellbeing
Environmental &...
Community & Leisure...
Treasury
Rubbish & Recycling
Water & Wastewater
Roading & Footpaths
Business Units


Rates Revenue April YTD
YTD % OF BUDGET USED
120%
100%
80%
60%
40%
20%
0%
82%
0%
101%
101%
101%
101%
0%
Community Leadership
Community & Leisure Asset
Treasury
Rubbish & Recycling
Water & Wastewater
Roading & Footpaths
Business Units

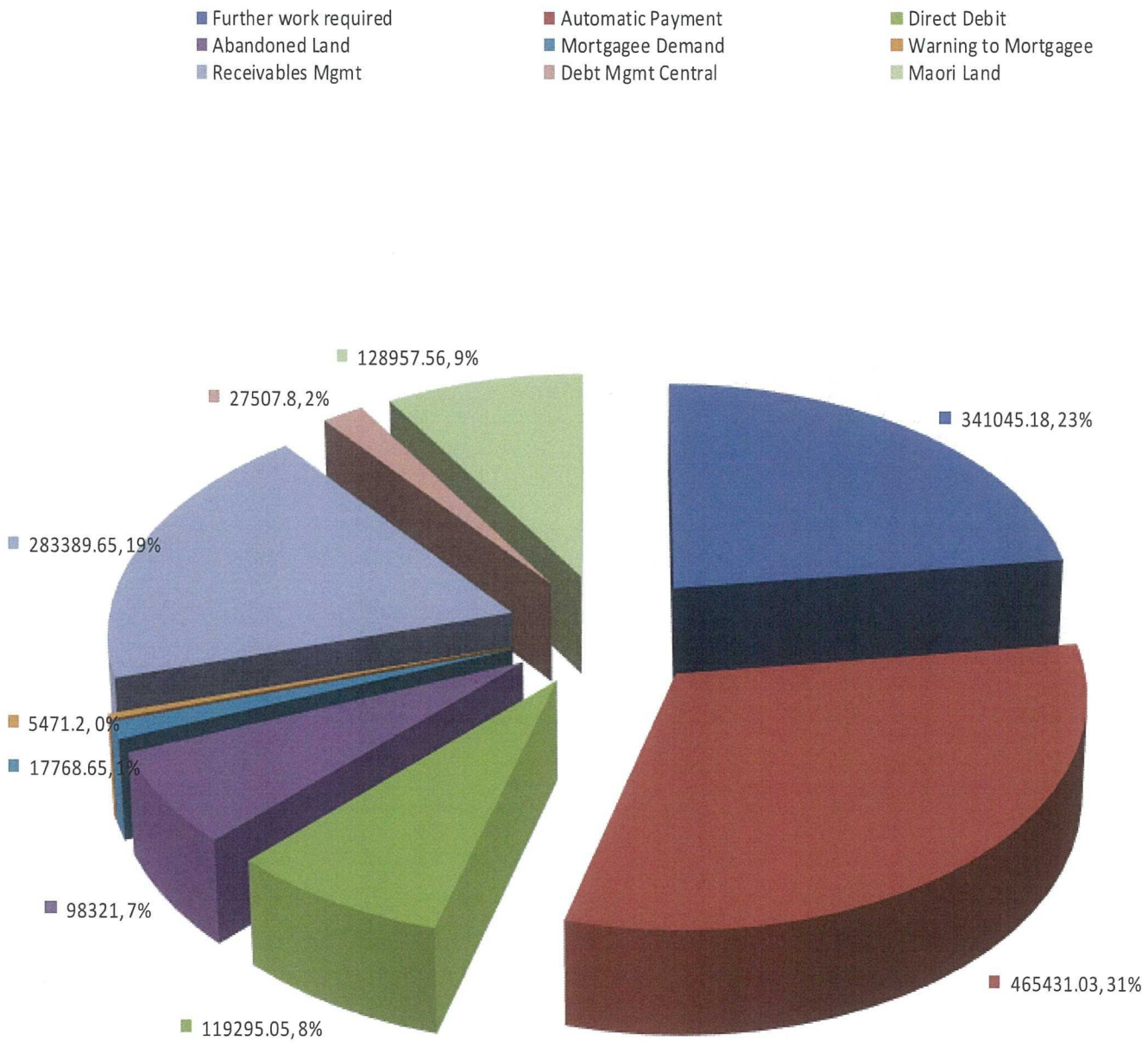

Expenditure April YTD
YTD % OF BUDGET USED
160%
140%
120%
100%
80%
60%
40%
20%
0%
106%
89%
76%
90%
55%
101%
102%
140%
98%
Community Leadership
Community Wellbeing
Environmental &...
Community & Leisure...
Treasury
Rubbish & Recycling
Water & Wastewater
Roading & Footpaths
Business Units

Analysis of Overdue Rates
Rangitikei DC
30/04/2016



Total Overdue
$1,487,187.12

Actions we are taking to collect Overdue Rates Rangitikei DC 30/04/2016



Total Overdue $1,487,187.12

Rangitikei District Council
Statement of Financial Performance
For the 10 Months ended 30th April 2016

	YTD Actual 2015/16	Ytd Budget 2015/16	FYR Budget 2015/16	FY Actual 2014/15
Income				
Community Leadership	2,273	0	0	2,150
Community Wellbeing	146,638	163,240	195,888	376,187
Environmental and Regulatory	886,883	769,800	884,849	1,033,009
Community & Leisure Assets	487,449	673,120	801,584	514,478
Investment	266,843	186,520	223,816	375,240
Public Refuse Collection - Litter Contro	377,093	355,530	417,230	372,966
Water and Wastewater	793,814	1,034,694	1,218,669	281,455
Subsidised Roading	8,827,309	5,120,630	6,144,766	7,677,623
Business Units	46,745	27,279	30,064	99,114
Total Revenue	**11,835,048**	**8,330,813**	**9,916,866**	**10,732,222**
Rates				
Community Leadership	48,937	59,473	59,473	54,111
Community & Leisure Assets	-375	0	0	714,471
Investment	6,683,851	6,616,195	6,681,775	6,143,648
Public Refuse Collection - Litter Contro	446,341	442,899	442,899	435,297
Water and Wastewater	7,048,147	6,988,657	7,231,031	6,973,346
Subsidised Roading	6,148,155	6,110,122	6,114,822	6,339,118
Total Rates	**20,375,055**	**20,217,346**	**20,530,000**	**20,659,990**
Total Apportioned Rates Revenue	**-10**	**-6**	**-529,159**	**-231,058**
Total Internal Charges	**5,891,323**	**6,187,090**	**7,424,411**	**7,007,629**
Total Internal Recoveries	**5,891,345**	**6,187,020**	**7,424,409**	**7,007,629**
Expenditure				
Community Leadership	635,656	601,324	721526	710,170
Community Wellbeing	680,761	767,091	920422	1,201,721
Environmental and Regulatory	116,453	153,380	181843	283,144
Community & Leisure Assets	2,383,128	2,639,650	3117616	2,637,670
Investment	449,698	823,530	988236	718,200
Public Refuse Collection - Litter Contro	792,722	788,333	918070	791,297
Water and Wastewater	4,398,142	4,296,767	5106221	5,524,152
Subsidised Roading	14,432,325	10,278,640	12333666	12,259,847
Business Units	4,276,268	4,382,305	5251006	5,379,303
Total Expenditure	**28,165,151**	**24,731,020**	**29,538,606**	**29,505,503**
Net Surplus	**4,044,964**	**3,817,063**	**379,099**	**2,117,767**

Rangitikei District Council
Statement of Financial Position
For the 10 Months ended 30th April 2016

	YTD Actual 2015/16	FY Actual 2014/15
Equity		
Revaluation Reserves	31,529,342	31,529,342
Equity	449,589,279	447,924,990
Net Surplus	4,044,964	1,655,651
Total Equity	**485,163,459**	**481,109,982**
Current Assets		
Total Current Assets	**10,052,425**	**3,918,711**
Current Liabilities		
Provisions	344,536	344,536
Current Liabilities	3,076,609	3,723,681
Agency Liabilities	471,387	467,014
Total Current Liabilities	**3,892,532**	**4,535,230**
Working Capital	**6,159,893**	**-616,519**
Non Current Assets		
Other Financial Assets	5,572,473	6,072,473
Forestry	252,465	252,465
Fixed Assets	13,101,238	20,816,930
Infrastructural Assets	454,760,714	454,776,888
Net Projects	5,508,931	0
Total Non Current Assets	**479,195,821**	**481,918,756**
Non Current Liabilities		
Loans External	192,254	192,254
Internal Loans		
Total Non Current Liabilities	**192,254**	**192,254**
Net Assets	**485,163,459**	**481,109,982**

Strategic Perspective

For the 10 Months ended 30th April 2016

Strategic Activities - Operating Results

	Actual YTD	Budget YTD	Variance YTD	Full Year Budget
Community Leadership				
Council	92,497	123,776	-31279.49	(33,166)
Council Committees	31,122	15,231	15,891	(10,841)
Taihape Community Board	939	4,307	(3,368)	(3,404)
Ratana Community Board	3,938	1,296	2,642	(1,735)
Elections	3,519	2,434	1,085	-
Net Surplus (Deficit) of activities	132,015	147,044	(15,029)	(49,146)
Community Wellbeing				
Community Awards	(2,004)	452	-2455.52	(1)
Information Centres	110,189	70,951	39238.13	9,539
District Promotions & Dev	241,622	105,231	136391.09	6,621
Civil Defence	(89,940)	11,375	-101315.34	(7,442)
Rural Fire	49,466	21,103	28363.11	(9,676)
Net Surplus (Deficit) of activities	309,333	209,112	100,221	(959)
Environment & Regulatory				
Building	158,028	122,318	35,710	74,965
District Planning	109,476	126,810	(17,334)	94,790
Dog Control	87,284	37,970	49,314	(22,675)
Health	5,704	2,128	3,576	(5,255)
Resource Consents	31,263	(1,796)	33,059	(1)
Stock Control	16,206	5,172	11,034	(1,106)
Net Surplus (Deficit) of activities	407,961	292,602	115,359	140,718
Community & Leisure Assets				
Libraries	185,416	129,176	56,240	883
Domains	59,461	164,542	(105,081)	177,258
Cemeteries	132,192	67,785	64,407	51,526
Real Estate	40,678	45,297	(4,619)	12,714
Swim Centres	169,166	251,594	(82,428)	30,821
Community Housing	(203,994)	(226,323)	22,329	(243,269)
Public Toilets	86,666	42,440	44,226	(9,200)
Halls	240,344	251,163	(10,819)	198,757

Investment	(317,017)	(838,331)	521,314	1
Rubbish & Recycling				
Public Refuse and Bin Collection	(10,348)	(2,158)	(8,190)	(12,918)
Landfills and Waste Transfer Stns	39,852	17,146	22,706	(16,899)
Waste Minimisation	19,141	2,570	16,571	(6,321)
Net Surplus (Deficit) of activities	48,645	17,558	31,087	(36,138)
Waters				
Stormwater	370,291	170,479	199,812	85,339
Water	1,553,945	1,757,778	(203,833)	904,649
Wastewater	914,543	904,170	10,373	435,690
Rural Water	(207,188)	(30,504)	(176,684)	27,684
Net Surplus (Deficit) of activities	2,631,591	2,801,923	(170,332)	1,453,362
Roading				
Roading	(166,156)	173,973	(340,129)	(1,426,848)
Non Subsidised Roading	227,284	233,919	(6,635)	25,964
Net Surplus (Deficit) of activities	61,127	407,892	(346,765)	(1,400,884)
Business Units	0	115,870	(115,870)	127,225
TOTAL OPERATING SURPLUS (DEFICIT) ACTIV	**4,044,964**	**3,817,065**	**227,900**	**379,099**
Tsf to Flood Reserves				
Variance	0.00			
Per Balance Sheet	**4,044,964**			
Strategic Activities - Capital Expenditure	**Actual YTD**	**Full Yr Budge**	**Variance**	
Community Wellbeing	81861.21	69,500	(12,361)	
Community & Leisure Assets	452905	1,672,290	1,219,385	
Environment & Reg Services	0	-	-	
Rubbish & Recycling	6789.59	2,000	(4,790)	
Waters	2827529.61	12,300,548	9,473,018	
Roading	2493365.44	4,671,914	2,178,549	
TOTAL CAPITAL EXPENDITURE & RENEWALS	**5,862,450.42**	**18,716,252**	**12,853,802**	

Community Leadership

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Consolidated					
	Revenue	2,273	0	2,273	0
	Rates Revenue	1,117,772	1,128,318	-10,546	59,473
	Internal Charges	349,904	379,950	28,478	1,068,845
	Expenditure	635,656	601,324	-34,332	455,938
	Net Surplus	134,485	147,044	-14,127	-49,146
Council					
	Revenue	1,230.0	0	1,230	
	Rates Revenue	908,640.2	908,650	-10	908,650
	Internal Charges	253,982.3	273,770	19,788	328,529
	Expenditure	563,391.4	511,104	-52,287	613,287
Council	Net Surplus	92,497	123,776	-31,279	-33,166
Council Committees					
	Rates Revenue	145,551	145,551	0	145,551
	Internal Charges	77,955	83,900	5,945	100,685
	Expenditure	36,474	46,420	9,946	55,707
Council Committees	Net Surplus	31,122	15,231	15,891	-10,841
Taihape Community Board					
	Revenue	1,043	0	1,043	
	Rates Revenue	32,424	42,967	-10,543	42,967
	Internal Charges	13,854	15,050	1,196	18,064
	Expenditure	18,674	23,610	4,936	28,307
Taihape Community Board	Net Surplus	939	4,307	-3,368	-3,404
Ratana Community Board					
	Rates Revenue	16,513	16,506	7	16,506
	Internal Charges	4,113	4,560	447	5,459
	Expenditure	8,461	10,650	2,189	12,782
Ratana Community Board	Net Surplus	3,938	1,296	2,643	-1,735

Elections

	Revenue	0	0	0	0
	Rates Revenue	14,644	14,644	0	14,644
	Internal Charges	2,470	2,670	200	3,201
	Expenditure	8,655	9,540	885	11,443
Elections	Net Surplus	3,519	2,434	1,085	0

Community Wellbeing

For the 10 Months ended 30th April 2016

Consolidated

		Actual YTD	Budget YTD	Var +/-	FY Budget
	Revenue	146,638	163,240	-16,602	195,888
	Rates Revenue	1,255,397	1,255,393	4	1,254,488
	Internal Charges	411,157	442,430	31,273	530,913
	Expenditure	680,761	767,091	86,330	920,422
	Net Surplus	310,117	209,112	101,005	-959

Community Awards

	Revenue	26,288	24,720	1,568	29,668
	Rates Revenue	2,792	2,792	0	2,792
	Internal Charges	4,214	4,680	466	5,613
	Expenditure	26,869	22,380	-4,489	26,848
Community Awards	Net Surplus	-2,004	452	-2,455	-1

Information Centres

	Revenue	20,326	19,170	1,156	23,000
	Rates Revenue	378,192	378,192	0	378,192
	Internal Charges	228,359	245,190	16,831	294,223
	Expenditure	59,970	81,221	21,251	97,430
Information Centres	Net Surplus	110,189	70,951	39,238	9,539

District Promotions & Dev

	Revenue	77,615	119,350	-41,735	143,220
	Rates Revenue	598,458	598,454	4	598,454
	Internal Charges	128,412	139,770	11,358	167,715
	Expenditure	306,038	472,803	166,765	567,338
District Promotions & Dev	Net Surplus	241,622	105,231	136,392	6,621

Civil Defence

	Rates Revenue	101,022	101,022	0	100,117
	Internal Charges	13,105	13,680	575	16,420
	Expenditure	177,858	75,967	-101,891	91,139
Civil Defence	Net Surplus	-89,940	11,375	-101,316	-7,442

Rural Fire

	Revenue	22,409	0	22,409	
	Apportioned Rates Revenue	174,933	174,933	0	174,933
	Internal Charges	37,851	39,110	1,259	46,942
	Expenditure	110,025	114,720	4,695	137,667
Rural Fire	Net Surplus	49,466	21,103	28,363	-9,676

Environment & Regulatory Services

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Consolidated					
	Revenue	886,883	769,800	117,083	884,849
	Rates Revenue	850,682	850,682	0	847,089
	Internal Charges	1,211,494	1,174,500	-36,994	1,409,377
	Expenditure	116,453	153,380	36,927	181,843
	Net Surplus	409,618	292,602	117,016	140,718
Building					
	Revenue	257,155	227,630	29,525	273,141
	Rates Revenue	331,598	331,598	0	324,101
	Internal Charges	377,124	359,330	-17,794	431,190
	Expenditure	53,601	77,580	23,979	91,087
Building	Net Surplus	158,028	122,318	35,710	74,965
District Planning					
	Revenue	191	0	191	0
	Rates Revenue	215,900	215,900	0	201,682
	Internal Charges	73,277	78,300	5,023	93,960
	Expenditure	33,338	10,790	-22,548	12,932
District Planning	Net Surplus	109,476	126,810	-17,334	94,790
Dog Control					
	Revenue	507,973	432,220	75,753	479,787
	Rates Revenue	186,380	186,380	0	194,115
	Internal Charges	592,093	559,690	-32,403	671,631
	Expenditure	14,976	20,940	5,964	24,946
Dog Control	Net Surplus	87,284	37,970	49,314	-22,675
Health					
	Revenue	67,909	63,080	4,829	75,702
	Rates Revenue	43,078	43,078	0	43,866
	Internal Charges	88,967	95,080	6,113	114,081
	Expenditure	16,317	8,950	-7,367	10,742
Health	Net Surplus	5,704	2,128	3,575	-5,255
Resource Consents					
	Revenue	41,511	45,200	-3,689	54,219
	Rates Revenue	34,984	34,984	0	44,141
	Internal Charges	47,033	49,420	2,387	59,295
	Expenditure	-1,801	32,560	34,361	39,066
Resource Consents	Net Surplus	31,263	-1,796	33,059	-1

Environment & Regulatory Services Ctd ...

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Stock Control					
	Revenue	12,143	1,670	10,473	2,000
	Rates Revenue	38,742	38,742	0	39,184
	Internal Charges	34,658	32,680	-1,978	39,220
	Expenditure	22	2,560	2,538	3,070
Stock Control	Net Surplus	16,206	5,172	11,033	-1,106

Community & Leisure Assets

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Consolidated					
	Revenue	487,449	673,120	-185,671	801,584
	Rates Revenue	3,390,820	3,391,195	-375	3,374,428
	Internal Charges	989,505	761,270	-228,235	913,476
	Internal Recoveries	267,204	0	267,204	0
	Expenditure	2,383,128	2,639,650	256,522	3,117,616
	Net Surplus	772,840	663,395	109,445	144,920
Libraries					
	Revenue	40,919	37,080	3,839	38,363
	Rates Revenue	743,975	744,350	-375	744,350
	Internal Charges	404,764	434,320	29,556	521,179
	Expenditure	194,714	217,934	23,220	260,651
Libraries	Net Surplus	185,416	129,176	56,240	883
Domains					
	Revenue	105,671	65,360	40,311	78,426
	Rates Revenue	770,805	770,805	0	895,137
	Internal Charges	359,018	118,310	-240,708	141,977
	Internal Recoveries	267,204	0	267,204	0
	Expenditure	725,200	553,313	-171,887	654,328
Domains	Net Surplus	59,461	164,542	-105,080	177,258
Cemeteries					
	Revenue	71,950	46,150	25,800	55,380
	Rates Revenue	146,691	146,691	0	146,195
	Internal Charges	56,955	27,430	-29,525	32,909
	Expenditure	29,493	97,626	68,133	117,140
Cemeteries	Net Surplus	132,192	67,785	64,408	51,526
Real Estate					
	Revenue	23,862	27,570	-3,708	33,079
	Rates Revenue	79,233	79,233	0	47,881
	Internal Charges	13,734	15,270	1,536	18,310
	Expenditure	48,683	46,236	-2,447	49,936
Real Estate	Net Surplus	40,678	45,297	-4,619	12,714

Environment & Regulatory Services Ctd ...

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Stock Control					
	Revenue	12,143	1,670	10,473	2,000
	Rates Revenue	38,742	38,742	0	39,184
	Internal Charges	34,658	32,680	-1,978	39,220
	Expenditure	22	2,560	2,538	3,070
Stock Control	Net Surplus	16,206	5,172	11,033	-1,106

Community & Leisure Assets

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Consolidated					
	Revenue	487,449	673,120	-185,671	801,584
	Rates Revenue	3,390,820	3,391,195	-375	3,374,428
	Internal Charges	989,505	761,270	-228,235	913,476
	Internal Recoveries	267,204	0	267,204	0
	Expenditure	2,383,128	2,639,650	256,522	3,117,616
	Net Surplus	772,840	663,395	109,445	144,920
Libraries					
	Revenue	40,919	37,080	3,839	38,363
	Rates Revenue	743,975	744,350	-375	744,350
	Internal Charges	404,764	434,320	29,556	521,179
	Expenditure	194,714	217,934	23,220	260,651
Libraries	Net Surplus	185,416	129,176	56,240	883
Domains					
	Revenue	105,671	65,360	40,311	78,426
	Rates Revenue	770,805	770,805	0	895,137
	Internal Charges	359,018	118,310	-240,708	141,977
	Internal Recoveries	267,204	0	267,204	0
	Expenditure	725,200	553,313	-171,887	654,328
Domains	Net Surplus	59,461	164,542	-105,080	177,258
Cemeteries					
	Revenue	71,950	46,150	25,800	55,380
	Rates Revenue	146,691	146,691	0	146,195
	Internal Charges	56,955	27,430	-29,525	32,909
	Expenditure	29,493	97,626	68,133	117,140
Cemeteries	Net Surplus	132,192	67,785	64,408	51,526
Real Estate					
	Revenue	23,862	27,570	-3,708	33,079
	Rates Revenue	79,233	79,233	0	47,881
	Internal Charges	13,734	15,270	1,536	18,310
	Expenditure	48,683	46,236	-2,447	49,936
Real Estate	Net Surplus	40,678	45,297	-4,619	12,714

Community & Leisure Assets Cont ...

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
Swim Centres					
	Revenue	0	95,850	-95,850	115,021
	Rates Revenue	880,137	880,137	0	783,500
	Internal Charges	47,968	51,330	3,363	61,600
	Expenditure	663,003	673,063	10,060	806,100
Swim Centres	Net Surplus	169,166	251,594	-82,427	30,821
Community Housing					
	Revenue	232,992	208,390	24,602	250,065
	Internal Charges	48,083	46,770	-1,313	56,115
	Expenditure	388,903	387,943	-960	437,219
Community Housing	Net Surplus	-203,994	-226,323	22,329	-243,269
Public Toilets					
	Rates Revenue	241,690	241,690	0	229,076
	Internal Charges	24,367	26,840	2,473	32,203
	Expenditure	130,656	172,410	41,754	206,073
Public Toilets	Net Surplus	86,666	42,440	44,227	-9,200
Halls					
	Revenue	12,056	60,910	-48,854	73,084
	Rates Revenue	528,289	528,289	0	528,289
	Internal Charges	33,586	38,190	4,604	45,820
	Expenditure	266,415	299,846	33,431	356,796
Halls	Net Surplus	240,344	251,163	-10,819	198,757
Forestry Investments					
	Revenue	0	131,810	-131,810	158,166
	Internal Charges	2,562	2,810	248	3,363
	Expenditure	-63,940	191,279	255,219	229,373
Forestry Investments	Net Surplus	61,378	-62,279	123,657	-74,570

Treasury

For the 10 Months ended 30th April 2016

Consolidated

		Actual YTD	Budget YTD	Var +/-	FY Budget
	Revenue	266,843	186,520	80,323	223,816
	Rates Revenue	6,683,851	6,616,195	67,656	6,681,775
	Apportioned Rates	-6,818,013	-6,817,516	-497	-5,917,354
	Expenditure	449,698	823,530	373,832	988,236
Investment	Net Surplus	-317,017	-838,331	521,314	1

Rubbish & Recycling

For the 10 Months ended 30th April 2016

		Actual YTD	Budget YTD	Var +/-	FY Budget
	Revenue	377,093	355,530	21,563	417,230
	Rates Revenue	532,743	529,301	3,442	559,425
	Internal Charges	68,293	78,940	10,647	94,723
	Expenditure	792,722	788,333	-4,389	918,070
	Net Surplus	48,821	17,558	31,263	-36,138

Public Refuse and Bin Collection

	Rates Revenue	86,402	86,402	0	93,353
	Internal Charges	9,848	11,220	1,372	13,467
	Expenditure	86,901	77,340	-9,561	92,804
Public Refuse and Bin Collection	Net Surplus	-10,348	-2,158	-8,189	-12,918

Landfills and Waste Transfer Stns

	Revenue	321,107	300,000	21,107	360,000
	Rates Revenue	446,341	442,899	3,442	466,072
	Internal Charges	50,991	59,060	8,069	70,863
	Expenditure	676,604	666,693	-9,911	772,108
Landfills and Waste Transfer Stns	Net Surplus	39,852	17,146	22,707	-16,899

Waste Minimisation

	Revenue	55,987	55,530	457	57,230
	Rates Revenue	0	0	0	0
	Internal Charges	7,629	8,660	1,031	10,393
	Expenditure	29,217	44,300	15,083	53,158
Waste Minimisation	Net Surplus	19,141	2,570	16,571	-6,321

Waters

For the 10 Months ended 30th April 2016

Consolidated

		Actual YTD	Budget YTD	Var +/-	FY Budget
	Revenue	793,814	1,034,694	-240,880	1,218,669
	Rates Revenue	7,144,393	7,084,406	59,987	8,449,700
	Internal Charges	905,889	1,020,410	114,521	-665,624
	Expenditure	4,398,142	4,296,767	-101,375	1,224,493
	Net Surplus	2,634,176	2,801,923	-167,747	1,453,362

Stormwater

	Revenue	12,715	1,840	10,875	2,209
	Rates	730,731	728,588	2,143	745,209
	Internal Charges	67,704	76,690	8,986	92,030
	Expenditure	305,451	483,259	177,808	570,049
Stormwater	Net Surplus	370,291	170,479	199,812	85,339

Water

	Revenue	564,873	831,224	-266,351	974,500
	Rates	3,528,526	3,552,942	-24,416	3,063,156
	Internal Charges	542,402	607,870	65,468	729,442
	Expenditure	1,997,052	2,018,518	21,466	2,403,565
Water	Net Surplus	1,553,945	1,757,778	-203,833	904,649

Wastewater

	Revenue	216,100	201,630	14,470	241,960
	Rates	2,537,206	2,305,569	231,637	2,103,023
	Internal Charges	227,289	256,060	28,771	307,272
	Expenditure	1,611,474	1,346,969	-264,505	1,602,021
Wastewater	Net Surplus	914,543	904,170	10,373	435,690

Rural Water

	Revenue	127	0	127	0
	Rates	347,929	497,307	-149,377	654,019
	Internal Charges	71,079	79,790	8,711	95,749
	Expenditure	484,165	448,021	-36,144	530,586
Rural Water	Net Surplus	-207,188	-30,504	-176,683	27,684

Roading & Footpaths

For the 10 Months ended 30th April 2016

Consolidated

	Actual YTD	Budget YTD	Var +/-	FY Budget
Revenue	8,827,309	5,120,630	3,706,679	6,144,766
Rates Revenue	6,148,155	6,110,122	38,033	5,441,060
Internal Charges	480,688	544,220	63,532	653,044
Expenditure	14,432,325	10,278,640	-4,153,685	12,333,666
Net Surplus	62,451	407,892	-345,441	-1,400,884

Roading

	Revenue	8,826,568	5,120,630	3,705,938	6,144,766
	Rates Revenue	5,414,948	5,109,013	305,935	4,495,167
	Internal Charges	422,056	476,340	54,284	571,597
	Expenditure	13,985,616	9,579,330	-4,406,286	11,495,184
Roading	Net Surplus	-166,156	173,973	-340,129	-1,426,848

Non Subsidised Roading

	Revenue	742	0	742	0
	Rates Revenue	733,207	1,001,109	-267,902	945,893
	Internal Charges	59,957	67,880	7,923	81,447
	Expenditure	446,709	699,310	252,601	838,482
Non Subsidised Roading	Net Surplus	227,283	233,919	-6,636	25,964

Business Units

For the 10 Months ended 30th April 2016

Consolidated

	Actual YTD	Budget YTD	Var +/-	FY Budget
Revenue	46,745	27,279	19,466	30,064
Rates Revenue	69,246	69,246	0	66,205
Internal Charges	1,463,865	1,785,370	328,904	2,142,447
Internal Recoveries	5,624,142	6,187,020	-579,237	7,424,409
Expenditure	4,276,268	4,382,305	106,037	5,251,006
Business Units Net Surplus	0	115,870	-124,830	127,225

CEO Business Unit

Revenue	16,528	0	16,528	0
Internal Charges	71,592	89,860	18,268	107,842
Internal Recoveries	409,317	406,310	3,007	487,569
Expenditure	354,253	311,311	-42,942	372,830
Net Surplus	0	5,139	-5,139	6,897

Human Resources Business Unit

Internal Charges	2,404	2,400	-4	2,880
Internal Recoveries	62,232	119,940	-57,708	143,925
Expenditure	59,828	117,501	57,673	140,900
Net Surplus	0	39	-39	145

Policy & Governance Business Unit

Internal Charges	93,757	115,870	22,113	139,038
Internal Recoveries	427,628	462,520	-34,892	555,026
Expenditure	333,870	346,987	13,117	415,876
Net Surplus	0	-337	338	112

Finance Business Unit

Revenue	3,930	13,299	-9,369	13,299
Internal Charges	174,616	224,820	50,204	269,779
Internal Recoveries	885,709	962,420	-76,711	1,154,904
Expenditure	715,023	743,401	28,378	891,353
Net Surplus	0	7,498	-7,498	7,071

Statutory Planning & Reporting Business Unit

Internal Charges	211,893	229,970	18,077	275,973
Internal Recoveries	246,470	345,070	-98,600	414,078
Expenditure	34,577	115,090	80,513	138,105
Net Surplus	0	10	-10	0

Information Services Business Unit

Revenue	657	430	227	512
Internal Charges	34,337	41,490	7,153	49,782
Internal Recoveries	779,472	961,320	-181,848	1,153,583
Expenditure	745,793	920,410	174,617	1,104,223
Net Surplus	0	-150	149	90

Customer & Community Services Business Unit

Revenue	703	850	-147	1,023
Internal Charges	178,042	230,960	52,918	277,151
Internal Recoveries	648,239	692,850	-44,611	831,417
Expenditure	470,900	462,885	-8,015	554,996
Net Surplus	0	-145	145	293

Assets Business Unit

Revenue	7,397	8,530	-1,133	10,230
Internal Charges	470,247	563,380	93,133	676,052
Internal Recoveries	834,120	946,610	-112,490	1,135,935
Expenditure	371,270	377,270	6,000	451,488
Net Surplus	0	14,490	-14,490	18,625

Property Management Business Unit

Revenue	6,619	4,170	2,449	5,000
Rates Revenue	0	0	0	-127
Internal Recoveries	156,104	155,820	284	186,985
Expenditure	162,723	155,257	-7,466	184,668
Net Surplus	0	4,733	-4,733	7,190

Fleet Management Business Unit

Revenue	10,911	0	10,911	0
Rates Revenue	69,246	69,246	0	66,332
Internal Recoveries	247,679	275,840	-28,161	331,002
Expenditure	327,836	266,172	-61,664	318,780
Net Surplus	0	78,914	-78,914	78,554

Regulatory Business Unit

Revenue				
Internal Charges	226,977	286,620	59,643	343,950
Internal Recoveries	927,173	858,320	68,853	1,029,985
Expenditure	700,195	566,021	-134,174	677,787
Net Surplus	0	5,679	-5,678	8,248

TREASURY REPORT 30/04/16

Investments

Bank Deposits	Maturity Date	Int Rate	Term	% of Portfolio	Amount	Comment
Westpac Current Account	Call	0.0300	Call	1%	72606.34	Immediate Needs
Westpac Call Account	Call	0.0325	Call	22%	1657421	Immediate Needs
Westpac Term Deposit 0683 0195600.81 - 0015	19/05/2016	0.252	35 days	13%	1000000	Immediate Needs
Westpac Term Deposit 0683 0195600.81 - 0016	19/05/2016	0.252	35 days	13%	1000000	Immediate Needs
ASB Term Deposit 12-3211-00010480-0075	22/05/2016	0.312	90 Days	13%	1000000	Immediate Needs
					4730028	63% Of total pool Investment policy allow s up to 100%

The Investment Policy requires that maximum any one bank of $5m

And maturity mix as follow s	Actual	Policy
0-3 months	100%	15%-40%
3-6 months		10%-60%
6 month to 2 years		10%-60%

Equity Investments

	Number	Cost	Value 2015	@	
Local Government Insurance Corporation	23338	23338	39039	1	
		23338	39039		0.5% Of total pool Investment policy allow s up to 10%

Corporate Bonds

Date of Purchase		Effective	Coupon Rate	Face value		Fair Value 2015	S &P Rating	
Purchased 16/02/06								
Fonterra Perpetual Cap Note	none	5.73%	8.74%	191,963.00	201,735.76			
Purchased 21/02/06								
Fonterra Perpetual Cap Note	none	5.73%	8.74%	280,000.00	294,072.88			
Notes Redeemed 10/07/06				-443,645.00	-465,086.38			
loss on Redemption					-981.01			
Balance as at 30 June 2014		5.44%		28,318.00	29,741.25	28884.36	A	
Purchased 24/03/06								
Spark 10 Year Bonds	24/03/2016	7.04%	7.04%		Matured	22450	A-	
Purchased 20/09/07								
RABOBANK Bonds Perpetual		3.708%	3.708%	1,000,000.00	1,000,000.00	940000	A+	
Purchased 11/03/09								
Fonterra Bonds 2015	10/03/2015	7.60%	7.75%	500,000.00	0.00	0	AA	MATURED
Purchased 22/09/10								
Manukau City Council Bonds	29/09/2017	6.52%	6.52%	1,500,000.00	1,500,000.00	1541100	AA	
Total					2,529,741.25	2,532,434.36	33.62%	Of total pool Investment policy allow s up to 50%
Forestry					222,141.00		2.95%	Of total pool Investment policy allow s up to 20%
Total Investments and Cash					**7,523,641.90**			

Finance/Performance Committee 30th April 2016

Significant Variances in the Financial Highlights and Commentary to 30th April 2016
10% and greater than $2,500.

Community Leadership			
Council	**Council Committees**	**Taihape Community Board**	**Ratana Community Board**
Expenditure up by $52,887	Expenditure down $9,946	Expenditure down by $4,936; Rating Revenue is down by $10,543	No significant variance
This mainly reflects unbudgeted costs for CCO Investigation.	This mainly reflects the timing for using the small project funds allocated to each Community Committee.	Reduction in expenditure of $4,936; mainly reflects the small use (to date) made of the Small Project Fund and of the training budget. Community Bd Rate Rates Revenue is down against budget by $10,543, $2500 of this can be attributed to including Taihape Community Service Rate in the budget on all property rather than on properties that include UAGC only, per rating period.	

Elections
No significant variance

Community Wellbeing			
Community Awards	**Information Centres**	**District Promotions & Development**	**Civil Defence**
Expenditure is up $4,489	Expenditure is down $21,251	Revenue is down $41,735; expenditure is down $166,763	Expenditure is up $101,892
The creative NZ Grant is $3,120 greater than budgeted and the Rural Travel fund is $1,571 greater than budgeted. This is mainly due to timing difference.	This is mainly due to lower costs incurred with cleaning and maintenance contractors, there is also a significant reduction in materials purchased to date.	Reduced expenditure is a reflection of reduction in spend to date in Rangitikei Pathway Theme Group, Town Planning & Rangitikei Heritage. Reduction in Revenue is due to Timing difference in Grants.	The main reason for this is the reinstatement of four community housing units in Marton $74,430 for which an insurance claim has been made and the repair to the surface of Centennial Park Netball Court due to flood damage $6901 of Equipment Repairs are up due to repairs to the Repeater CD Network $6107, and reinstate power supply at the Hunterville
Rural Fire **Expenditure** is down $4,695 & **Revenue** is up $22,409.			
Revenue increased due to the recovery of Fire Fighting Service Costs of Personnel, Equipment and Vehicle Expenses provided to Juken Ltd at the Whareama Fire in Masterton. In addition Grant Assistance for a new Rural Fire Water Tanker was received $15000. The reduction in budgeted expenditure is mainly due to the reduction in spend for Vehicle Repairs and Maintenance YTD and no Legal expenses have been received to date.			

Environmental & Regulatory Services			
Building Revenue is up by $29,525; Expenditure is down by $23,979	**District Planning** Expenditure is up $22,548 against budget	**Dog Control** Revenue is up by $75,753; expenditure is down by $5,954	**Health** Revenue is up $4,829 Expenditure is up $7,367.
Earnings from building consents is up $6,382 against projection, and miscellaneous fees (e.g. building warrants of fitness) are $23,068 ahead of the projected earnings for this period. The lower expenditure is a reflection on lower costs from Manawatu's input into the consenting process and not requiring legal advice during this time.	This can mainly be attributed to advice received on policy options against programme and review of documentation for the District plan change process.	Increased revenue reflects the timing for receiving dog registration fees and a significant increase in Infringement income. The lower expenditure is a reflection of reduction in purchases to date of Pound Food, Dog Collars and Tags and Protective clothing	Liquor Licence Fees are up a$1,445 & Reg Premises Fees are up $3397. Expenditure is up $7,367 against budget due to Environmental Services charges from Whanganui District Council.
Resource Consents Expenditure is down by $34,361	**Stock Control** Revenue is up $10,473 Expenditure is down $2,538		
There was an accrual from last year which gave a credit to this budget line other reductions are due to timing differences and reduced spending on Professional Services, External Consultants and Legal Fees YTD. Revenue is down against forecast in Sundry Infringements $9,160, Lim Fees are ahead of Budget by $3,286 & Consent Fees are ahead of Budget by $3,128.	Income is higher than budgeted due to the receipt of funds from NZTA for Stock Call Outs on State Highways. Total expenditure YTD is only $22.		

Community & Leisure Assets			
Libraries	**Domains**	**Cemeteries**	**Real Estate**
Revenue up $ 3,838 Expenditure down $23,221	Revenue up $40,311 Expenditure is down $95,315	Revenue up $25,799 Expenditure down $68,133	Revenue is down $3,708 Expenditure is up $2,446
Revenue is up Mainly due to user charges & contributions, which includes book sales & printing. Expenditure is down in professional subscriptions $13,498 and library magazines $8,591 against YTD budget.	Revenue is Higher than Budget due to the Carry Forward of the unexpended portion of the Lotteries Grant from last year for the refurbishment of Shelton Pavilion (Centennial Park). There is a decreased spend in Principal Contractor. The budget included $50,000 to find a water source for Taihape Memorial Park. Tenders will be called in May for the installation of tanks.	Revenue up due to larger than budgeted Plot Sales YTD. Contractor expenditure is reduced due to mowing done by the Council's Parks Team.	YTD Land Rental is responsible for the shortfall in income against budget. The expenditure increase is mainly depreciation and insurance which are up against the budgeted YTD figure & a small advertising expense which has no budget.
Swim Centre	**Community Housing**	**Public Toilets**	**Halls**
Revenue is down by $95,850 Expenditure is down $10,060	Revenue is up $24,602 Expenditure is up $960	Expenditure is down $41,753	Revenue is down $48,854 Expenditure is down $33432
No revenue shows. While the Marton Swim centre opened in September, the sharing of revenue is associated with monthly invoicing: revenue is issued as a credit note and deducted from the invoice. Electricity & Insurance are higher than the budgeted figure YTD. Marton Pool is due to close on the 1st May for the season & Taihape closed for the season at the end of March.	There has been a slightly higher occupancy rate in Marton than projected & an insurance claim paid $1,737 . Increased Expenditure reflects the early full payment of rates for all Units.	Contractor costs are less than projected less vandalism, new cleaning contract, and less cost for maintaining the Wallace Development Toilets compared to the closed High St toilets.	The projected grant from the Duddings Trust (for Rural Halls) has yet to be received. Principal Contractor costs are lower than projected.
Forestry Investments			
Revenue Down $131,810 Expenditure Down $255,219	No logging has been done this year and no costs incurred with the forestry contractor. There is a credit balance of $65220 for deforestation liabilities not needed.		

Rubbish and recycling			
Public Refuse & Bin Collection	**Landfills & Waste Transfer Stations**	**Waste Minimisation**	
Expenditure is up $9,561	Income is up $21,107 Expenditure is up $9911	Expenditure is down by $15,083	
The additional spend is for the Contractor costs for the Ratana Community Contract.	Income is up in User charges & contributions. Principal Contractor expenses & Solid Waste Disposals are down against budget YTD.	Reduction in expenditure is due to Contractors costs and Project Expenditure to date being less than forecast.	

Water			
Storm water	**Water**	**Wastewater**	**Rural Water**
Revenue is up by $10,874; expenditure is down by $177,807.	Revenue is down $266,351; expenditure is up $18,044	Revenue is up by $14,470 Expenditure is up $264,505	Rates Revenue down $149,377 Expenditure is up $36,144
The increased revenue is due to invoices for connections near the Kiwi Rail yard. The lower than budgeted expenditure is due to the much lower amount of repairs to the network than expected and minimal expenditure related to the investigations associated with Council's Water-related Services Bylaw. Recovery costs after the June 2015 rainfall event totalled $1,760.	The reduction of revenue is a timing difference after claiming a Milestone payment from Ministry of Health for pipeline works at Ratana. Utility expenditure & Insurance are higher pro-rata than projected.	Revenue includes charges for accepting leachate from the Bonny Glen landfill at the Marton WWTP. These charges were increased from 1 July 2015. Expenditure includes the rates remissions for pan charges ($269,494). The amount is not budgeted for, as it would increase the rates levied.	Rates income is down due to timing difference. Water readings are usually charged 6mthly or Annually. The increase in expenditure is mainly due to property expenses being higher than budgeted YTD.

Roading & footpaths		
Roading	**Non-Subsidised Roading**	
Revenue is up by $305,935 Expenditure is up by $4,406,286	Rates Revenue is down by $267902 Expenditure is down by $252,601	
The increased revenue and expenditure is due to the June 2015 rainfall event.	Decreased Revenue is due to Timing differences. Decreased expenditure is due to fewer projects (particularly footpaths) being progressed while staff focus on flood repairs. Some tree maintenance & spraying has been taken care of by the Parks and Reserves team reducing maintenance costs.	

Business Units			
CEO	**Human Resources**	**Policy & Governance**	**Finance**
Revenue is up by $16,528; expenditure is up $42,942.	Expenditure is down by $57,673	Expenditure is down by $13,117	Revenue is down $9369 Expenditure is down by $28,278
Note: Revenue in the CEO business unit is Work and Income subsidy for short-term placements. Expenditure is affected by the full-year industry good contribution to SOLGM, the one-off cost for participating in the NSW benchmarking project, consultancy charges for training sessions for staff on the Continuous Improvement programme and a higher Personnel expenditure YTD.	External Contractors & Staff Training & Staff Recruitment expenses are lower than budgeted YTD.	Wages & Salaries and Staff Training account for most of this variance.	Reduced Revenue is due to the timing difference for 2015/16 share of QV fees to be invoiced to Horizons which will be invoiced at year end. The reduced expenditure is due to the reduction in collection fees, Printing & Stationery & Legal fees YTD.

Strategic Planning and Reporting	Information Services	Customer & Community	Property Management
Expenditure is down by $80,513	Expenditure is down by $174,616	Expenditure is up by $8,014	Expenditure is up by $7467
This drop in expenditure is the result of timing difference on 2015/16 Audit Fees down $72,324 YTD, expenditure to date for External Contractors is $4,288 & Outcomes Monitoring $11,591 down against budget YTD.	Software maintenance costs are down by $23,716 & Hardware maintenance costs are down $11770 on a pro rata basis. Staff costs are down by $62,844, photocopier lease $56318, Internet costs are down $15112 & External Contractors $16,637.	The majority of this is in wages & salaries.	A Structural Engineering Assessment of both 31 & 46 High St $9110.05, increased the external contractors cost significantly higher than budgeted.
Assets	**Fleet Management**	**Regulatory**	
Expenditure is down by $6001	Revenue $10,910 Expenditure is up by $61,664	Expenditure is up by $134,176	
This is due to timing differences in MDC wages on charging.	Revenue is made up of user charges $4615 and $6295 profit on sale of a vehicle. The expenditure increase is due to Road User licences, Depreciation, Repairs & Maintenance & Insurance all being higher than forecast.	Higher expenditure is caused by additional animal control staffing related to shared services arrangements with Manawatu (not reflected in the budget) $67230 up, Revenue from this arrangement is shown under the activity budget.) Property Expenses are $15,576 higher than budgeted, External Contractor Costs are $45691 higher than budgeted, Depreciation & Insurance are $16500 higher and animal control $4,650 .	

Attachment 3

MEMORANDUM

TO:	Ross McNeil
COPIES:	Finance/Performance Committee
FROM:	George McIrvine
DATE:	19 May 2016
SUBJECT:	**LGFA update**
FILE:	5-FM-8-3
Attachments:	LGFA Update presentation.

Introduction and background

The purpose of this paper is to provide an update on the Local Government Funding Agency (LGFA).

Last year Council decided to explore becoming a member of the LGFA. Council has adopted a new Treasury policy to enable this to occur. This policy contemplates borrowing funds from LGFA.

With the current level of carry forwards, Council is in a strong financial position with no long-term debt. However, as previously noted, the LTP contemplates a net debt position by 2025 of some $32M, so Council needs a cost-effective source of funds to enable this borrowing to occur and manage its liquidity risk.

Even with its current financial position, it is prudent that Council continue with the application process to join LGFA and in due course to become a member as a "borrower only".

Attached is an update from the LGFA and the following points should be noted;

- They have increased their membership to 50 councils including two that are borrowers who have not borrowed, i.e., South Wairarapa and Bay of Plenty Regional Council. There is no commitment or line fees associated with this membership unlike trading banks.
- These 50 councils have 95% of the sector debt. (The bulk of non-LGFA council debt is owed by Dunedin City, which has core Council debt of $255M total with $565M of total group debt at the end of 2015 and was 83% of the debt not with LGFA).
- The guarantee structure involves all LGFA's shareholders and non-shareholding councils borrowing more than $20M
- The mitigants against financial distress in councils includes benchmark monitoring and credit and covenant checks performed by LGFA. Lending is secured against rates revenue by the

debenture deed, minimising the risk to other councils of the default of one council. Borrowing councils must comply with LGFA Lending Policy Covenants.

- The standby liquidity facility from Central Government (up to $1 billion) and the guarantees from other councils in case of another global financial crisis.
- There are differences between councils in their financial position and performance.
- Sector debt forecasts are based on the current LTPs for all councils.

Short term facility funding

Not included in the presentation is the potential opportunity for Council to reduce the cost of short term funding for projects during the build phase. With the possibility that Council will need to fund both the Bulls and Marton Civic/Community Centres in close succession, having ready access to a short-term facility could be important.

While the trading banks are keen to lend to Council, this comes at a cost with commitment fees of 30 basis points, line fees and other establishment fees and costs from providing the required legal documentation. These one off costs are significant when compared to the total project costs.

The LGFA has suggested that one option is for Council to borrow from LGFA with a new short term lending facility they have which lends from 30 to 364 days with minimum amounts of $1.0M. A number of councils are already doing this and LGFA have over $100M lent to councils through this scheme.

The cost to an unrated council (such as Rangitikei) for borrowing on a three-month term is 17 basis points over the three month Bank Bill Reference Rate (BKBM) rate. This three-month rate is currently around 2.34% which means that the all-up cost to Council would be 2.51%. Council's one month deposit rate is currently around 2.52% although this is dropping in line with the LGFA rates. This offers Council the opportunity to borrow money to fund short-term cashflow for these projects at little or no establishment or line costs to Council (or the project) and the money that is not needed is placed with a trading bank until required to pay for the project costs. This option can be explored further when it is appropriate to do so for Council's projects

Recommendation

That the memorandum 'LGFA Update' to Finance/Performance Committee's meeting of 26 May 2016 be received.

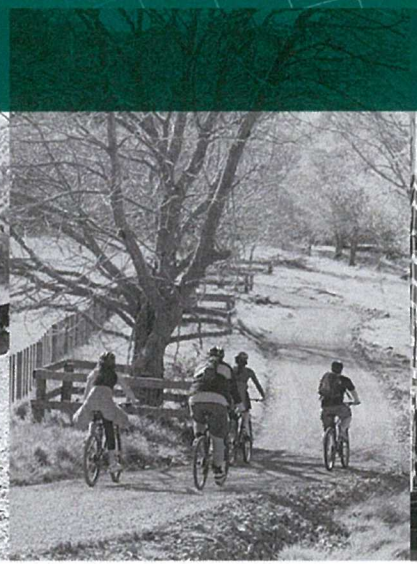
George McIrvine
Finance and Business Support Group Manager

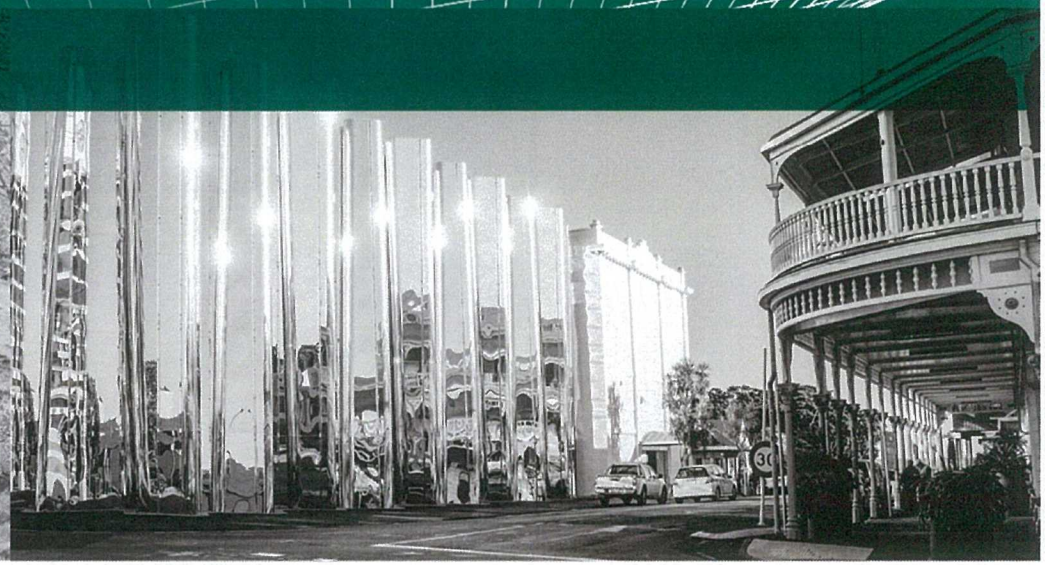
Update on LGFA

LGFA

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

LGFA UPDATE FOR COUNCILS





May 2016

LGFA OBJECTIVES

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

- Primary Objective – to optimise the debt funding terms and conditions for participating local authorities:
  - Savings in interest costs;
  - Availability of longer term borrowings;
  - Enhance certainty of access to debt markets.

- Additional Objectives
  - Operate with a view to make a profit sufficient to pay a dividend;
  - Provide at least 50% of aggregate long term funding for participating local authorities;
  - Ensure products and services are delivered at a cost in line with budget;
  - Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating;
  - Achieve financial forecasts;
  - Meet or exceed performance targets;
  - Comply with Treasury policy.

Source: LGFA SOI 2015-16

SEPTEMBER 2015 TO APRIL 2016 UPDATE AND PRIORITIES

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

- LGFA Ratings
  - Fitch and S&P reaffirm ratings at AA+ in November 2015
  - Fitch lower rating outlook from positive to stable in February 2016
- Council ratings
  - Christchurch City Council – outlook changed from negative to stable
  - Nelson City Council upgraded to "AA"
  - Rotorua District Council assigned "AA-"
- Five new council members join taking total membership to 50 councils
- Commenced short term lending to councils
- Council lending over past seven months
  - Long term $590 million to 18 councils
  - Short term $144 million to 11 councils
- LGFA market share of council lending
  - 73.5% for December 2015 year (89% if exclude Auckland Council)
- Governance change – 2 new directors , one retirement

- LGFA Bonds listed on NZX – November 2015
  - Approximately 11% of NZX Debt Market turnover since listing
- Commenced LGFA Bill issuance – October 2015
  - $225 million of 3 month and 6 month bills
- Bond issuance over past seven months
  - $545 million
  - Average issuance term of 8 years
- Margin movement (30 Sept 2015 to 22 April 2016)
  - To NZGB: 4bps wider (2017s) to 20 bps wider (2027s)
  - To Swap: 6 bps wider (2017s) to 37 bps wider (2027s)
- Outright yield movement (30 Sept 2015 to 22 April 2016)
  - 22 bps lower (2027s) to 46 bps lower (2017s)

2016 LGFA PRIORITIES

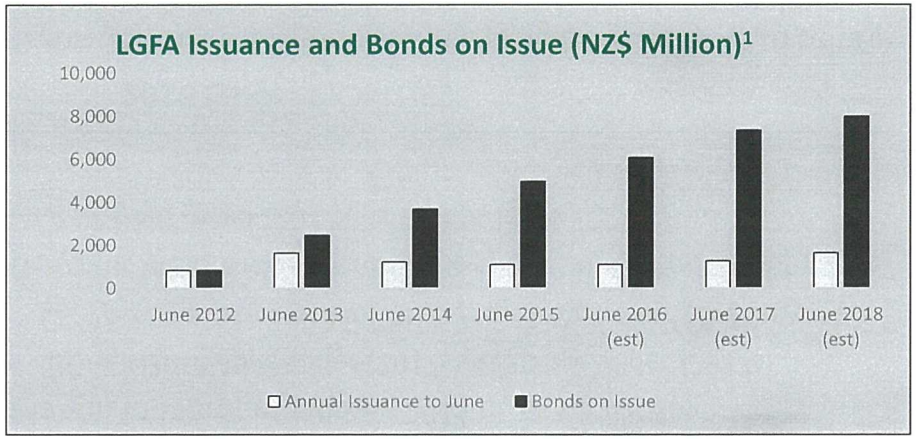
- Transition to FMCA for issuance process at May 2016 tender
- Stock Lending of LGFA Bonds / Repo facility for banks
- 2025 or 2033 LGFA Bond
- Focus on growth in offshore and domestic retail investor base
- Focus on growing market share of council borrowing

NEW ZEALAND DOLLAR DOMESTIC BENCHMARK PROGRAMME

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

LGFA SECURITIES OUTSTANDING

Maturity	Coupon	Amount on Issue (NZ $ million)	Date of initial Issuance
15-Dec-2017	6.00%	1,015	15/02/2012
15-Mar-2019	5.00%	1,140	6/06/2012
15-Apr-2020	3.00%	565	13/08/2014
15-May-2021	6.00%	1,320	15/05/2013
15-Apr-2023	5.50%	1,245	2/04/2014
15-April-2027	4.50%	755	16/03/2015
	Total (as at 6 April 2016)	6,040	



[1] From LGFA Statement of Intent (SOI) 2015-16 and assumes $1 billion of net issuance per year in each of 2015-16, 2016-17 and 2017-18 financial years

Average tender sizes – calendar years

2012: $171 million 2013: $189 million 2014: $187 million
2015: $150 million

Average tender bid cover ratio : 3.3 times

The LGFA securities constitute unsecured debt obligations of LGFA

LGFA BOND ISSUANCE

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

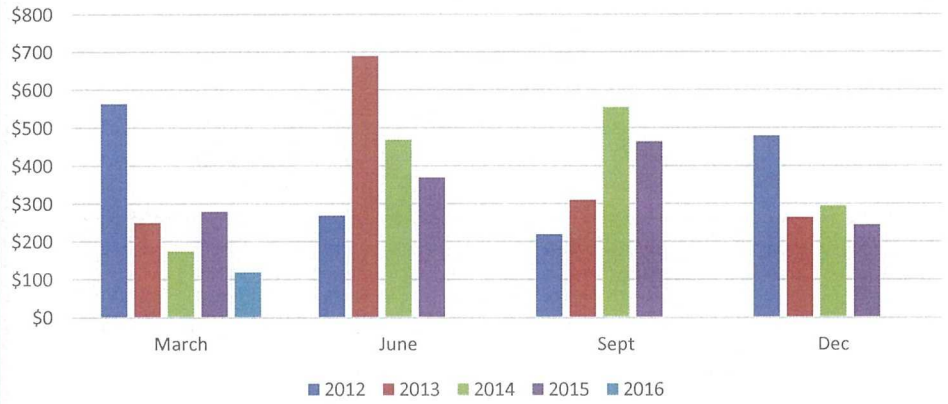
LGFA Bonds Issued by Financial Year (NZ$ millions)

Maturity	2011-12 (4 months)	2012-13	2013-14	2014-15	2015-16 (As at 13 May 2016)
15-Apr-2015	155	10	75		
15-Dec-2017	605	245	110	55	
15-Mar-2019	75	900	95	40	30
15-Apr-2020				365	200
15-May-2021		445	625	100	150
15-Apr-2023			355	655	235
15-April-2027				285	470
	835	1,600	1,260	1,500	1,085

Average term to maturity of issuance

2011-12: 5.34 years
2012-13: 6.57 years
2013-14: 7.04 years
2014-15: 7.92 years
2015-16 year to date: 8.47 years

LGFA issuance by quarter ($ millions)



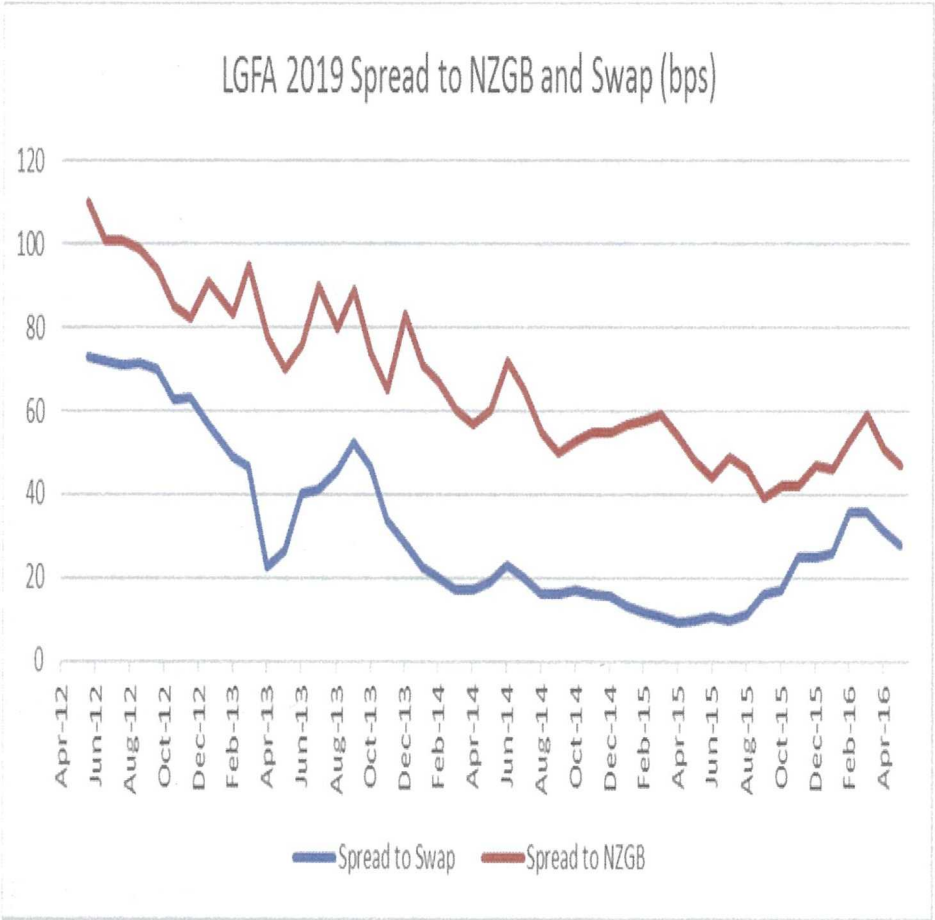
Average issuance by quarter

March: NZ$278 million
June: NZ$450 million
September: NZ$388 million
December: NZ$321 million

2019 LGFA BOND YIELD AND SPREADS

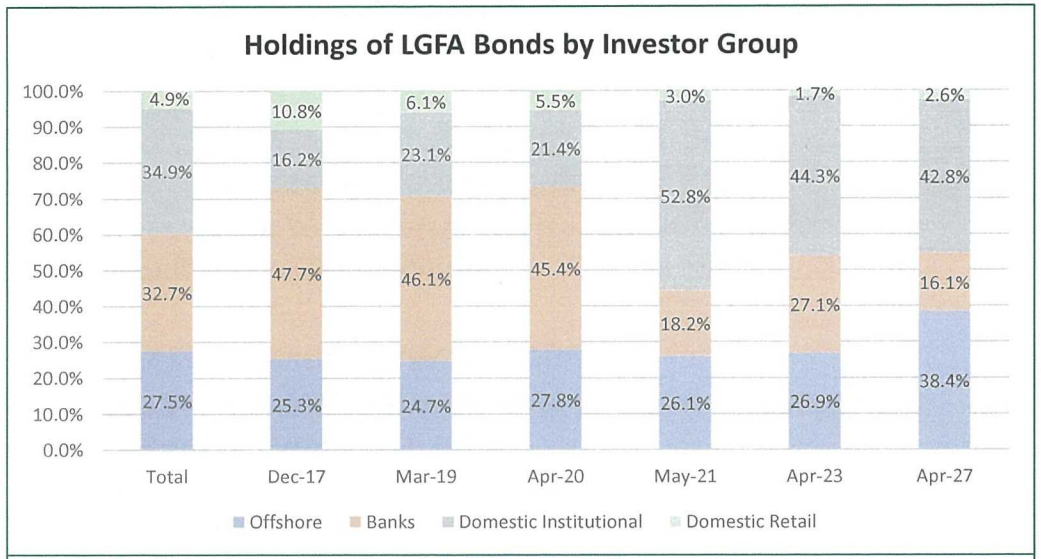
LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

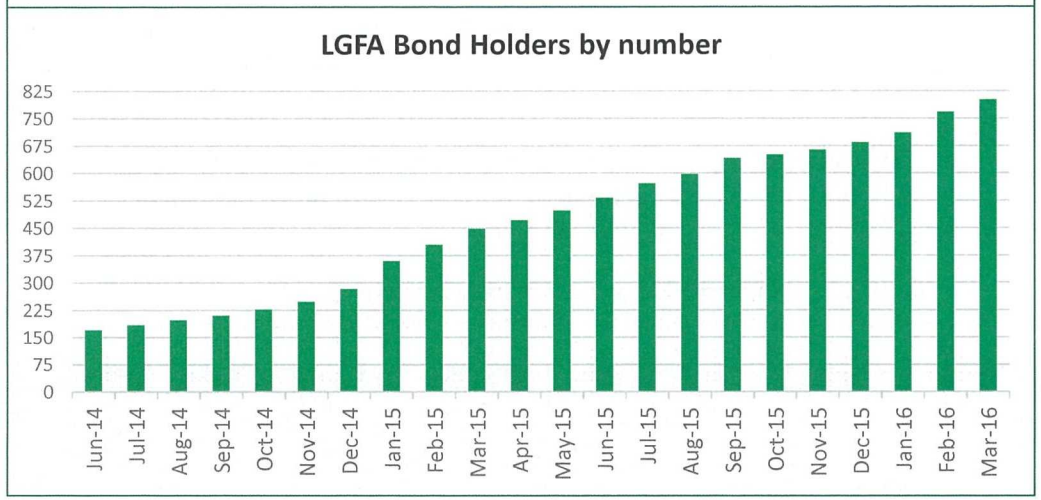
LGFA 2019 yield

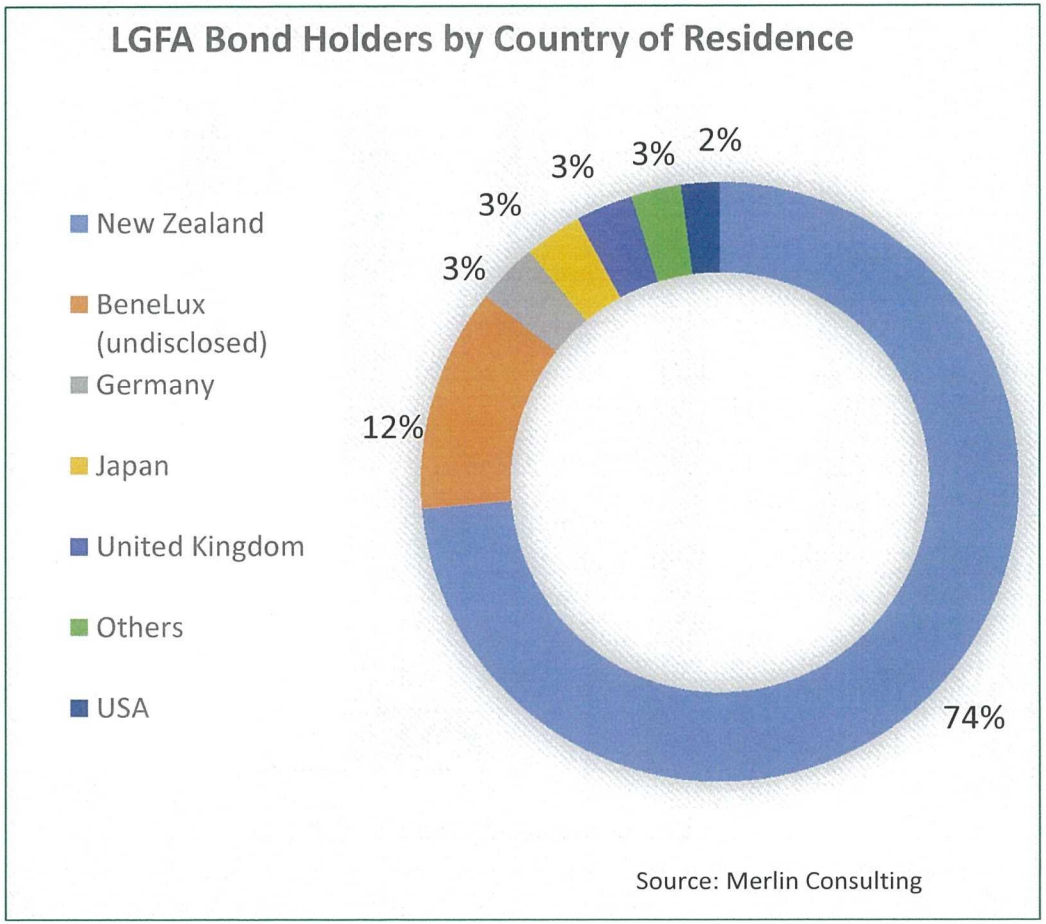


LGFA INVESTORS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY







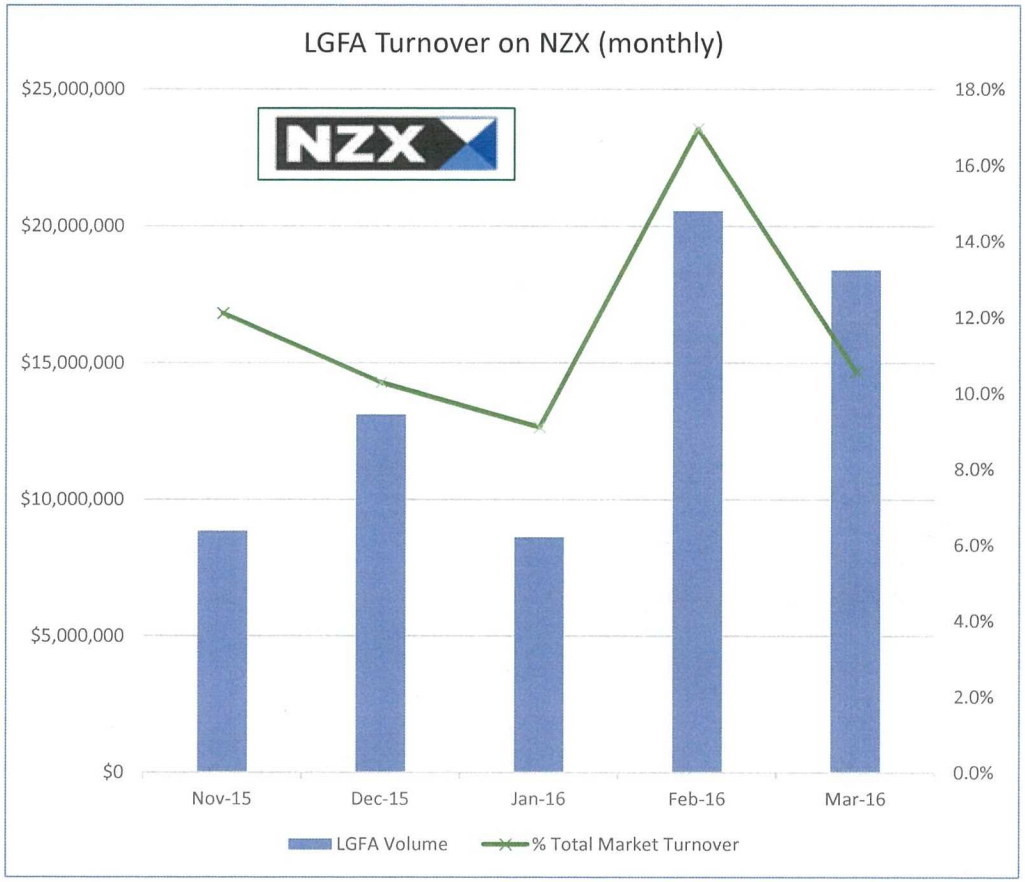
As at 31 March 2016

NZX LISTING AND RETAIL INVESTORS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

- Listing on NZX Debt Market on 16th November 2016 for LGFA Bonds
- Compliance listing of NZ$5.56 billion
- All six LGFA Bond maturities listed and LGFA's current intention is to seek quotation of any future new LGFA Bond maturities [1]
- No intention to list LGFA Bills
- NZX Limited is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013
- 2027s (at 29% of LGFA turnover on NZX) and 2020s (at 27%) most active LGFA maturities

- Listing Objectives include:
  - Increase domestic retail investor holdings
  - Increase offshore holdings
  - Increase liquidity of LGFA curve
  - Best practice from a corporate governance perspective
  - Easier access for ratepayers to invest in sector debt

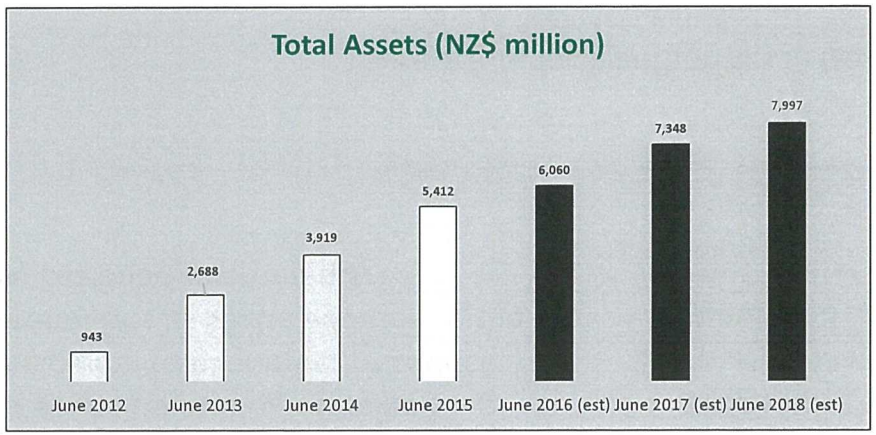


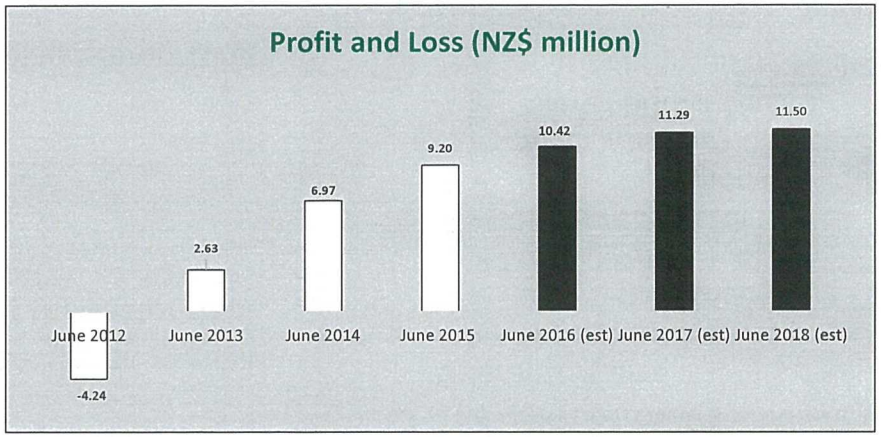
Source: NZX, LGFA

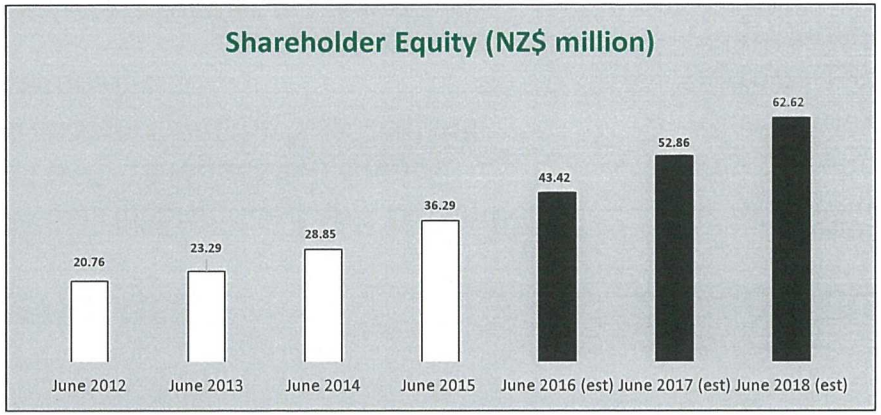
1 No application has been made to NZX Limited for permission to quote future LGFA Bonds on the NZX Debt Market and such LGFA Bonds have not been approved for trading

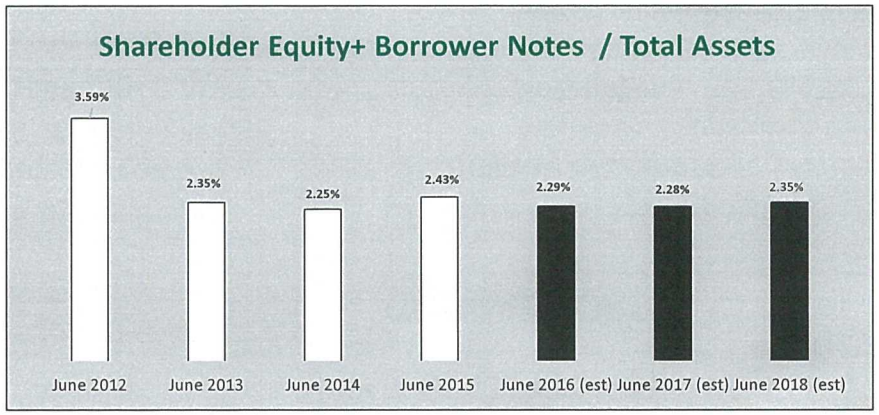
HISTORIC AND FORECAST FINANCIAL PERFORMANCE

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY









Forecast performance based upon assumptions outlined in LGFA SOI 2015-16. The principal assumption is approx. $1 billion of net issuance per year in each of 2015-16, 2016-17 and 2017-18 financial years. The SOI is available at www.lgfa.co.nz.

LGFA MEMBERSHIP

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

SHAREHOLDERS

- LGFA was incorporated on 1 December 2011 with 18 foundation council shareholders and the New Zealand Government.
- On 30 November 2012 a further 12 new council shareholders joined bringing the total number of council shareholders to 30. (In addition to the New Zealand Government).

BORROWERS

- As of 13 May 2016 there are 50 councils who eligible borrowers.
- As at 13 May 2016, 48 councils had borrowed from LGFA with Bay of Plenty Regional Council and South Wairarapa DC the only non-Borrowers.
- As at 13 May 2016, the 50 councils comprised 95% of the sector debt.

GUARANTORS

- There are 43 Guarantors of LGFA.
- Guarantors comprise:
  - All shareholders except the NZ Government
  - Any non shareholder who may borrow more than NZ$20 million
- The only borrowers who are non-Guarantors are:
  - Buller District Council
  - Gore District Council
  - Grey District Council
  - Horizons Regional Council
  - Opotiki District Council
  - South Wairarapa District Council
  - Tararua District Council
- The security granted by each of the Guarantors under their respective Debenture Trust Deeds secures their obligations under the Guarantee.

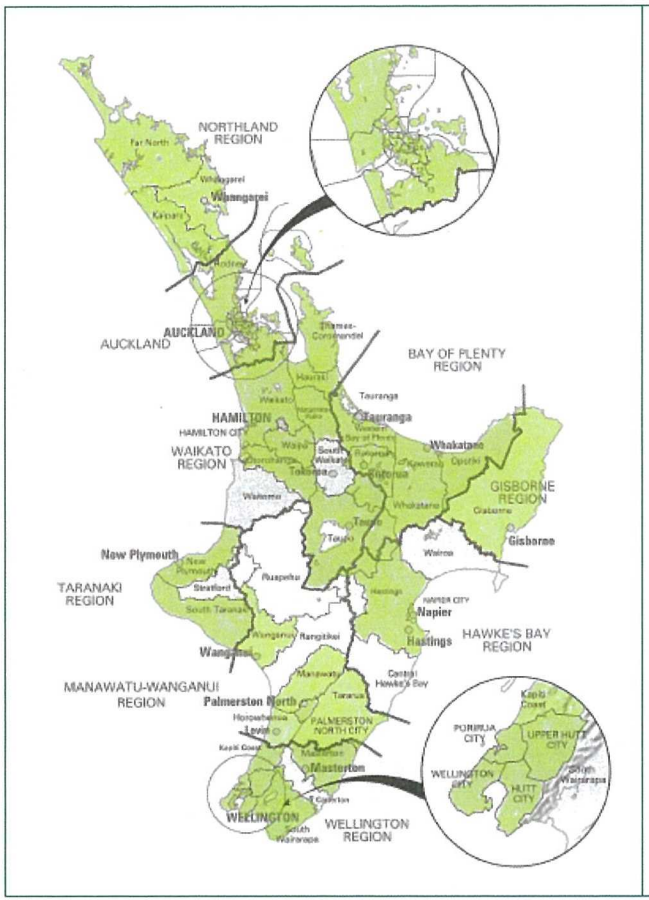
There are 78 local authorities in New Zealand comprising:

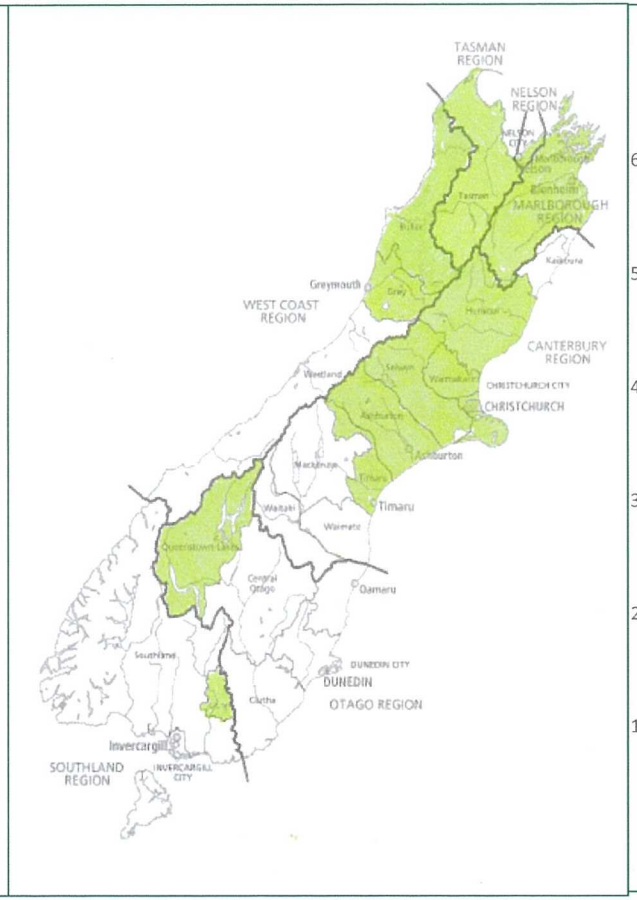
- 11 Regional Councils
- 12 City Councils
- 54 District Councils
- 1 Unitary Territorial Authority

LGFA COUNCIL MEMBERSHIP

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

LGFA council members highlighted





LGFA MEMBERS (As at 13 May 2016)

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

Shareholders	Total Shares (NZ$)	Shareholding (%)	Amount borrowed (NZ$ million)	Borrowing (%)	Share of Guarantee (%)
New Zealand Government	5,000,000	11.1%			
Auckland Council	3,731,960	8.3%	2,082.0	34.0	33.9
Christchurch City Council	3,731,960	8.3%	1,114.5	18.2	8.4
Hamilton City Council	3,731,960	8.3%	225.0	3.7	3.3
Bay of Plenty Regional Council	3,731,958	8.3%	-	0.0	0.7
Wellington Regional Council	3,731,958	8.3%	230.0	3.8	2.9
Tasman District Council	3,731,958	8.3%	90.0	1.5	1.5
Tauranga City Council	3,731,958	8.3%	275.0	4.5	3.0
Wellington City Council	3,731,958	8.3%	233.0	3.8	5.9
Western Bay of Plenty District Council	3,731,958	8.3%	70.0	1.1	1.4
Whangarei District Council	1,492,784	3.3%	132.0	2.2	1.8
Hastings District Council	746,392	1.7%	50.0	0.8	1.6
Marlborough District Council	400,000	0.9%	28.0	0.5	1.4
Selwyn District Council	373,196	0.8%	35.0	0.6	0.9
Gisborne District Council	200,000	0.4%	22.0	0.4	1.2
Hauraki District Council	200,000	0.4%	34.0	0.6	0.6
Horowhenua District Council	200,000	0.4%	47.0	0.8	0.7
Hutt City Council	200,000	0.4%	79.0	1.3	2.2
Kapiti Coast District Council	200,000	0.4%	150.0	2.4	1.2
Manawatu District Council	200,000	0.4%	41.0	0.7	0.6
Masterton District Council	200,000	0.4%	47.0	0.8	0.6
New Plymouth District Council	200,000	0.4%	83.1	1.4	1.7
Otorohanga District Council	200,000	0.4%	9.0	0.1	0.3
Palmerston North City Council	200,000	0.4%	77.0	1.3	1.9
South Taranaki District Council	200,000	0.4%	72.0	1.2	0.8
Taupo District Council	200,000	0.4%	125.0	2.0	1.4
Thames-Coromandel District Council	200,000	0.4%	35.0	0.6	1.3
Waimakariri District Council	200,000	0.4%	75.0	1.2	1.1
Waipa District Council	200,000	0.4%	13.0	0.2	1.2
Whanganui District Council	200,000	0.4%	41.0	0.7	1.2
Whakatane District Council	200,000	0.4%	31.0	0.5	0.9
Total	45,000,000		5,545.6	90.8	85.5

Note: Total shares includes called and uncalled shares

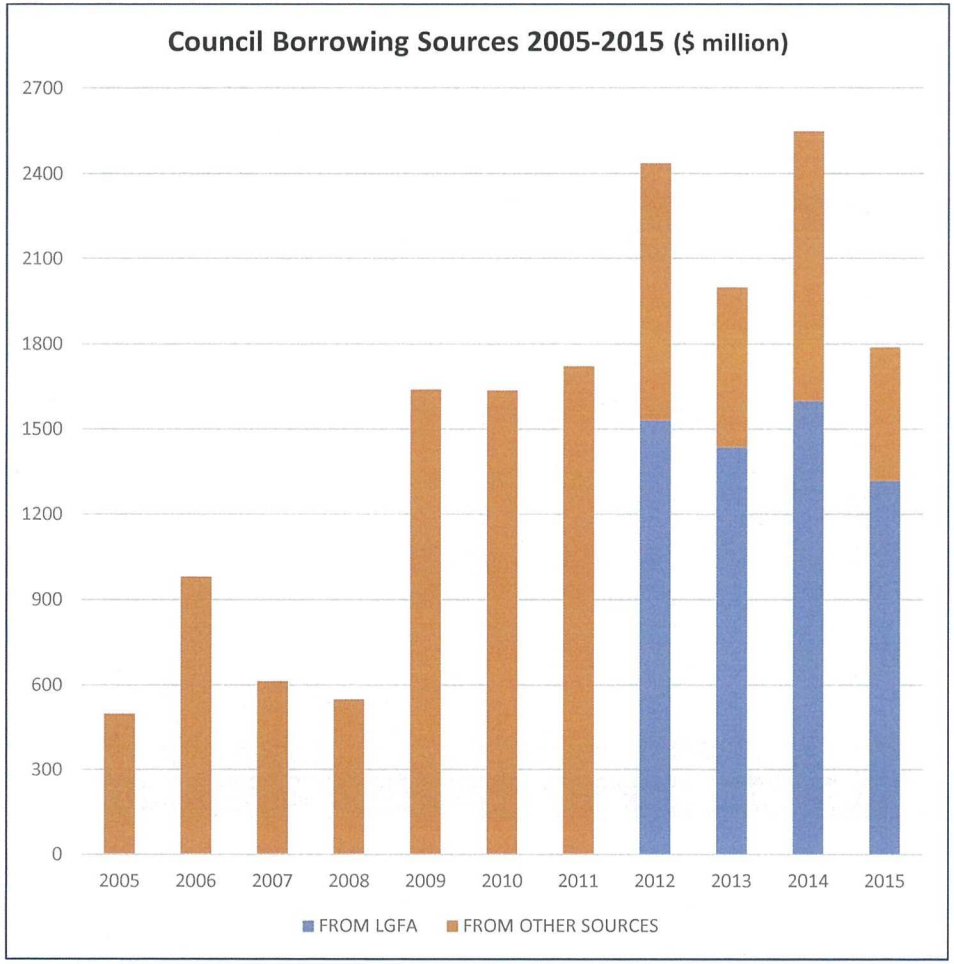
LGFA MEMBERS CONTINUED (As at 13 May 2016)

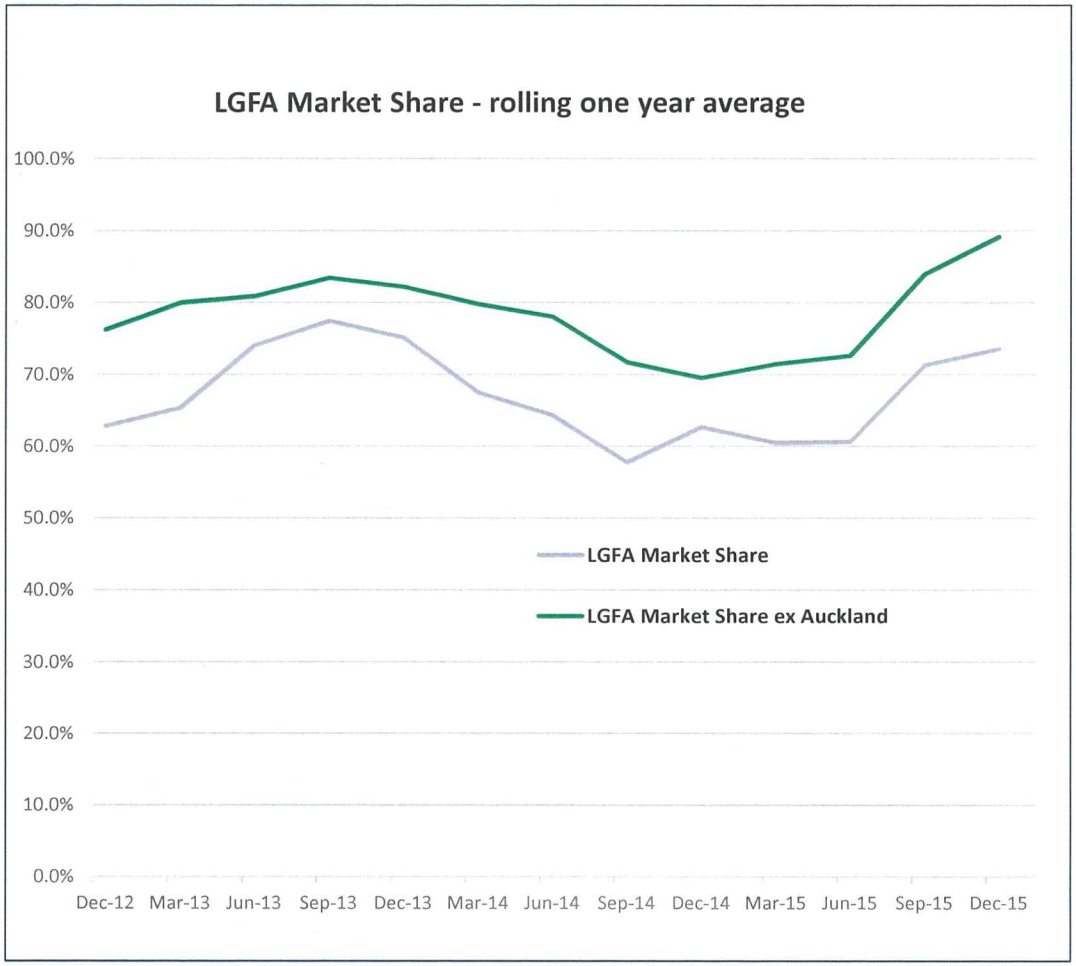
LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

Borrowers and Guarantors	Amount borrowed (NZ$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	15.0	0.2	0.7
Canterbury Regional Council	15.0	0.2	2.0
Far North District Council	10.0	0.2	1.7
Hurunui District Council	15.0	0.2	0.4
Kaipara District Council	35.0	0.6	0.6
Matamata-Piako District Council	24.5	0.4	0.8
Nelson City Council	44.0	0.7	1.4
Porirua City Council	33.5	0.5	1.2
Queenstown-Lakes District Council	75.0	1.2	1.3
Rotorua District Council	98.7	1.6	1.7
Timaru District Council	56.1	0.9	1.0
Upper Hutt City Council	22.5	0.4	0.8
Waikato District Council	60.0	1.0	1.5
Total	504.3	8.0	14.5
Borrowers Only			
Grey District Council	20.0	0.3	
Gore District Council	12.0	0.2	
Horizons Regional Council	10.0	0.2	
Buller District Council	20.0	0.3	
Opotiki District Council	5.0	0.1	
South Waiarapa District Council	0.0	0.0	
Tararua District Council	9.0	0.1	
Total	76.0	1.2	
Total Borrowing from LGFA	6,125.9	100.0	

LGFA MEMBERSHIP AND MARKET SHARE

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

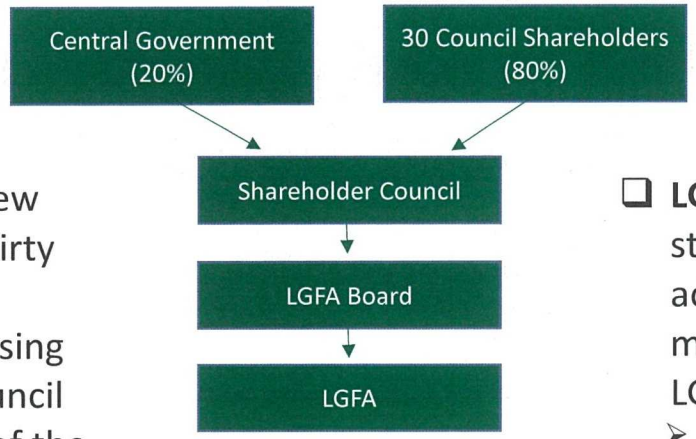




Source: PwC and LGFA

GOVERNANCE STRUCTURE

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY



- **31 Shareholders**, comprising the New Zealand Government (20%)[1] and thirty councils (80%).
- **LGFA Shareholders Council**, comprising five to ten appointees from the Council Shareholders and the Crown. Role of the Shareholders' Council is to:
  - Review and report performance of LGFA and the Board;
  - Recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors;
  - Recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval;
  - Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions.

- **LGFA Board,** is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with:
  - Local Government Act 2002;
  - Local Government Borrowing Act 2011;
  - Companies Act 1993;
  - LGFA's Constitution;
  - LGFA Shareholder Agreement;
  - LGFA Annual Statement of Intent.

  The Board will comprise between four and seven directors with a majority of independent directors appointed by shareholders.

[1] NZ Government shareholding reduces to 11.1% if a call is made on uncalled capital of the 30 council shareholders

CAPITAL STRUCTURE

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

	Establishment Shares	Borrower Notes
Subscription Date:	At establishment of the LGFA	At time of borrowing
Subscribers:	Central Government 20% ; Councils 80%	Councils in relation to borrowings
Nature:	Ordinary share (paid and uncalled)	Sub debt convertible (ranks behind other lenders/creditors to LGFA)
Control:	Voting rights (one vote per paid in share)	Non-voting
Paid up Amount:	NZ$25 million in total	1.6% of Council borrowing
Uncalled Amount:	1 paid up : 1 uncalled for Council shareholders - $20 million in total	-
Return:	Discretionary dividend payment LGFA cost of funds (long-run rolling average) + 200bps	Paid on maturity LGFA cost of funds
Term / Exit:	Permanent capital Exit must be to other Councils or Central Government	Temporary capital – repaid at maturity of associated Council loan In certain circumstances can be converted by LGFA into permanent capital

NZ$ million	as at 30 June 2012	as at 30 June 2013	as at 30 June 2014	as at 30 June 2015	Est. as at 31 Dec 2015
Paid up share capital:	25.0	25.0	25.0	25.0	25.0
Retained Earnings:	-4.2	-1.6	3.8	9.75	14.45
Unpaid shares:	20.0	20.0	20.0	20.0	20.0
Borrower Notes:	13.2	40.7	61.9	85.12	90.86
Total:	54.0	87.3	110.7	139.9	150.3
Equity / Total Assets	3.6%	2.4%	2.3%	2.6%	2.5%

GUARANTEE STRUCTURE

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

- LGFA's obligations in relation to the Securities are guaranteed by the councils that are Guarantors under the Guarantee.
  - Other than the New Zealand Government, each shareholder in LGFA must be a Guarantor.
  - In addition any non-shareholder council that borrows in aggregate NZ$20 million or more from LGFA must be a Guarantor.
- The guarantee will be in favour of the Security Trustee in relation to the obligations of LGFA.
- Any call under the guarantee will be allocated across all the guarantors on a pro rata basis in relation to their rates (property tax) revenue.
- In addition to the guarantee, if there is a 'risk of imminent default' the LGFA Board can decide to make a call on guarantors equal in value to their potential liability under the guarantee (and therefore avoid any default).
- Parties to the guarantee will be able to exit the arrangement but only after:
  - All the exiting council's borrowings are repaid.
  - All the LGFA's borrowings, current at the time the council notifies of its withdrawal from the guarantee, are repaid.

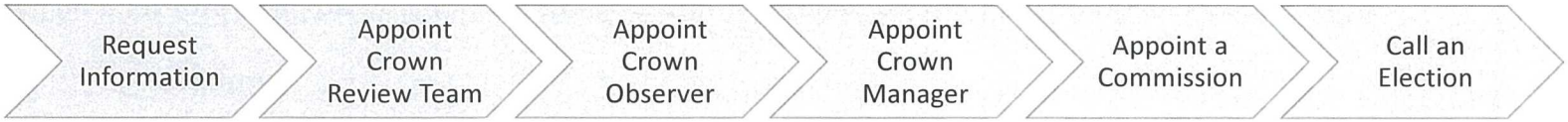
COUNCIL FINANCIAL DISTRESS - MITIGANTS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

- Local Government Framework reduces risk of financial distress – no historical default by a council
- Council have own Treasury Management and borrowing policies – most have independent advice
- Council financial oversight by Office of Auditor General (OAG), Audit NZ and Department of Internal Affairs
- Councils under Local Government (Financial Reporting and Prudence) Regulations 2014 Act required to report annually on performance against six benchmarks

Rates Affordability | Debt Affordability | Essential Services | Debt Servicing | Debt Control | Operations Control

Six step intervention process possible by Central Government



- Council required to comply with LGFA lending covenants

Annual attestation by council	LGFA credit analysis and monitoring performed through the year
LGFA credit watch-list in place	LGFA not obligated to lend to council members

- Covenant breach is an Event of Review – after 30 days LGFA can seek repayment of loans

COUNCIL FINANCIAL DISTRESS – LGFA IMPACT

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

- 21 LGFA member councils have credit ratings (A+ to AA range)
- LGFA undertakes detailed credit analysis of each council if they apply to join LGFA (and ongoing) - not every council has been accepted as a member
- A council default becomes a timing issue for LGFA
  - LGFA lends secured against rates revenue under Debenture Trust Deed
  - Unlikely to be other claimants on rates revenue given LGFA is the dominant lender to councils
  - Trustee appoints receiver and a special rate (property tax) levied on all properties in the council region to meet obligations (interest + principal) when due
  - Property taxes unavoidable and first ranking security over property
  - If council in financial difficulty you would expect some degree of Central Government intervention
- Sources of LGFA liquidity and additional capital

  $1 billion standby facility from NZ Government

  Issuance of additional LGFA Bills and Bonds

  Uncalled capital of $20 million

  Liquid Assets Portfolio

  Conversion of Borrower Notes into equity
- LGFA Board can call upon the guarantee from councils
- **Central Government does not guarantee obligations of either LGFA or council members**

PRUDENT APPROACH TO RISK MANAGEMENT

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

LGFA's policy to minimise financial risks and carefully identify, manage and control all risk.

❑ Market Risk

- PDH limit of NZ$40,000
- VAR limit of NZ$250,000

❑ Credit Risk

All Councils that borrow from LGFA are obliged to:

- Provide security in relation to their borrowing from LGFA and related obligations.
- Issue securities (bonds/FRNs/CP) to LGFA.
- Comply with their own internal borrowing policies.
- Comply with the LGFA financial covenants within either the Lending Policy or Foundation Policy

Auckland Council is limited to a maximum of 40% of LGFA's total Local Authority assets.

No more than the greater of NZ$100 million or 33% of a Local Authority's borrowings from LGFA will mature in any 12 month period.

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250%
Net Interest / Total Revenue	<20%	<20%
Net interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

❑ Liquidity and Funding Risk

Cash and Investments

- LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due.
- Only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within strict counterparty limits.

DMO standby facility

- The New Zealand Debt Management Office provides a committed liquidity facility up to NZ$1 billion in size that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall.
- Currently the facility size is set by LGFA at NZ$400 million.

Liquidity position as at 31 December 2015	NZ$ million
Cash and cash equivalents	$42.4
Deposits and Marketable Securities	$200.9
NZDMO Liquidity Facility	$400.0
Total	**$643.3**

BESPOKE LENDING

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

Why?

- ❑ More flexible borrowing option for councils
- ❑ Councils not wanting to be restricted to borrowing to LGFA Bond maturity dates (2015s,17s,19s,21s,23s)
- ❑ Councils having borrowing requirements between the LGFA scheduled tender dates
- ❑ Councils concerned over concentration risk of borrowing alongside other councils i.e. significant amount of sector borrowing maturing on common dates
- ❑ LGFA desire to increase market share
- ❑ LGFA balance sheet of sufficient size and change in approach to risk management and investments

	Standard LGFA Tender Settlement Date	Bespoke Settlement Date
Standard LGFA Bond Maturity Date	Fixed	Fixed
	Floating	Floating
Bespoke Maturity Date	Fixed	Fixed
	Floating	Floating

Bespoke Pricing Fundamentals

- ❑ Bespoke lending only out to longest dated LGFA Bond maturity (2027)
- ❑ Base margin from tender levels or prevailing secondary market levels (interpolated if required)
- ❑ Standard margins (interpolated if required)
  - ❑ On-lending margin
  - ❑ Any additional credit margin
- ❑ Two basis point intra tender margin if not priced at time of a LGFA tender

LGFA LENDING MARGINS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

LGFA	Yield	ASW Spread to swap	Base On lending Margin
15/12/2017	**2.41%**	**20.0**	**9**
15/06/2018	2.49%	25.0	9.0
15/03/2019	**2.60%**	**32.0**	**9**
15/12/2019	2.72%	36.0	9.5
15/04/2020	**2.77%**	**38.0**	**10**
15/12/2020	2.89%	42.5	11.0
15/05/2021	**2.96%**	**45.0**	**10**
15/06/2022	3.12%	**50.5**	**10.5**
15/04/2023	**3.25%**	**55.0**	**11**
15/06/2025	3.55%	67.5	11.0
15/04/2027	**3.80%**	**78.0**	**11**

To be added to base margin	
Credit Margins	
AA	0
AA-	5
A+ and below	10
Unrated Guarantor	**20**
Non Guarantor	30

Example: "unrated" rated council wanting to borrow floating to 15/06/22

+50.5 bps spread to swap for interpolated 15/06/22 bond
+10.5 bps base on lending margin
+20.0 bps credit margin
+81.0 bps all up borrowing margin

Or 3.425% on a fixed rate basis (3.12% plus base and credit margin)

NEW ZEALAND COUNCILS WITH CREDIT RATINGS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

Council	S&P	Fitch	Moodys
Auckland Council	AA		Aa2
Dunedin City Council	AA		
Greater Wellington Regional Council	AA		
Hutt City Council	AA		
Invercargill City Council		AA	
Nelson City Council	AA		
New Plymouth District Council	AA		
Palmerston North City Council	AA		
Porirua City Council	AA		
Taupo District Council	AA		
Waimakariri District Council	AA		
Wellington City Council	AA		
Hamilton City Council		AA-	
Whangarei District Council	AA- Positive		
Rotorua Lakes District Council		AA-	
Tasman District Council	AA-		
Wanganui District Council	AA-		
Western Bay of Plenty District Council	AA-		
South Taranaki District Council	A+ Positive		
Horowhenua District Council	A+		
Kapiti Coast District Council	A+		
Tauranga City Council	A+		
Christchurch City Council	A+		

23 councils in New Zealand have credit ratings – 21 are members of LGFA

In 2014-15

- **Taupo, Nelson and Western Bay of Plenty District Councils were upgraded**
- **Whangarei and South Taranaki District Councils were placed on positive outlook**
- **Christchurch removed from negative outlook**
- **No Council ratings were downgraded**

LOCAL AND REGIONAL GOVERNMENT CREDIT RATINGS - A GLOBAL COMPARISON

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

S&P Rating	Definition
AAA	Australia Capital Territory, New South Wales, State of Victoria, British Columbia, Oslo, Malmo, Stockholm, Zurich, Seattle
AA+	Queensland, Western Australia, Tasmania, Calgary, Edmonton, Ottawa, Vienna, Paris, Basel, Birmingham, Greater London Authority, Transport for London, Dallas
AA	South Australia, Province of Manitoba, Vancouver, Toronto, Winnipeg, Brussels, Cannes, Lyon, New York City, Los Angeles, Hawaii, San Francisco
AA-	Tokyo, Yokohama, Province of Ontario, Geneva, Miami, California State, Kansas State, Illinois State
A+	Seoul, Montreal, Province of New Brunswick, Nova Scotia, Quebec, Prague
A	New Orleans, State of New Jersey
A-	State of Sarawak
BBB+	Buenos Aires, Chicago
BBB	Milan, Rome, Turin, Sofia, Moscow
BBB-	Barcelona, Madrid
BB+	Buenos Aires
BB	
BB-	Valencia

New Zealand Councils all sit within the AA to A+ band

LGFA LONG TERM LENDING TO MEMBERS BY EXTERNAL CREDIT RATING

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

External Credit Rating (S&P, Fitch)	Lending (NZ$ million)	Lending (%)	Number of Councils
AA	$3,020.5	50.2%	10
AA-	$646.7	10.7%	6
A+	$1,625.5	27.0%	5
Unrated	$727.0	12.1%	27
Total	**$6,019.7**	**100%**	**48**

As at 22 April 2016

Note: Two unrated council members have yet to borrow from LGFA

LGFA FINANCIAL COVENANTS – RANGE OF OUTCOMES

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

LGFA Financial Covenants – member councils as at June 2015 without a credit rating (25)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of councils compliance	-236.2% to 159.5%	-13.0% to 8.9%	-33.0% to 12.2%

LGFA Financial Covenants – member councils as at June 2015 with a credit rating (20)

Foundation Policy Covenant	Net Debt / Total Revenue <250%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of councils compliance	-142.3% to 217.4%	-15.0% to 11.7%	-23.3% to 16.3%

- LGFA councils operating within financial covenants
- Ranges highlights the differences between councils
- Sufficient financial headroom for most councils
- Improvement from 2014 for most councils
    - Revenue increased
    - Interest rates lower
    - Capex and debt restrained

PERFORMANCE UNDER LGFA COVENANTS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

LGFA Member Councils with an external credit rating (20 in 2015 and 17 in both 2014 and 2013)

Financial Covenant	2015	2014	2013
Net Debt to Revenue	96.1%	104.7%	111.8%
Net Interest to Revenue	5.6%	6.6%	7.3%
Net Interest to Rates	8.1%	9.6%	11.1%

LGFA Member Unrated Councils (25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2015	2014	2013
Net Debt to Revenue	38.2%	42.6%	52.5%
Net Interest to Revenue	2.4%	2.9%	3.2%
Net Interest to Rates	3.1%	4.0%	4.1%

2012-22 AND 2015-25 LTP GROSS DEBT FORECASTS FOR LOCAL GOVERNMENT SECTOR

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

NZ$ millions

2012-22 LTP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross Debt	10,073	11,755	13,584	14,967	15,659	16,641	17,499	18,266	19,240	19,653	20,135
% Change		16.7%	15.6%	10.2%	4.6%	6.3%	5.2%	4.4%	5.3%	2.2%	2.5%

2015-25 LTP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Debt	14,119	14,941	16,527	17,440	17,821	18,445	18,943	19,554	19,913	20,031	20,036
% Change		5.8%	10.6%	5.5%	2.2%	3.5%	2.7%	3.2%	1.8%	0.6%	0.0%

Note: 2016-2022 numbers adjusted to incorporate Christchurch which only produced a 3 year plan

Source: LGFA using data from individual council LTPs

2015-2025 LTP SECTOR GROSS DEBT FORECAST BY COUNCIL GROUP

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

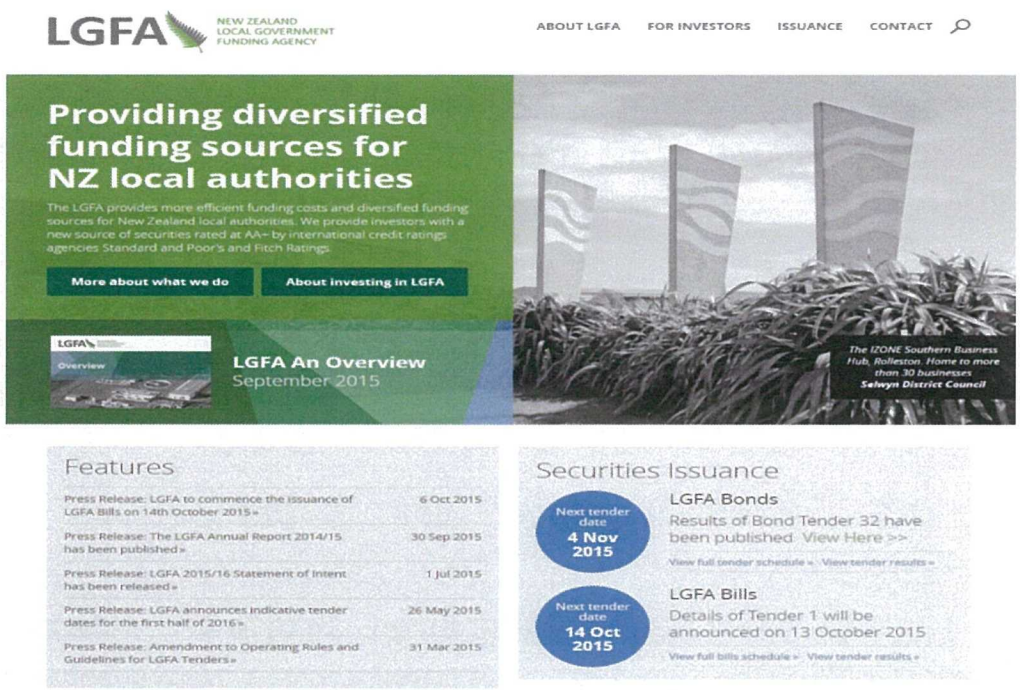
NZ$ millions

Group	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
All Councils	**14,119**	**14,941**	**16,527**	**17,440**	**17,821**	**18,445**	**18,943**	**19,554**	**19,913**	**20,031**	**20,036**
Rural	420	446	485	511	520	523	503	489	472	459	457
Provincial	2,267	2,227	2,436	2,595	2,671	2,731	2,741	2,703	2,630	2,540	2,454
Metro	10,755	11,444	12,719	13,343	13,568	14,066	14,543	15,207	15,683	15,941	16,075
Regional	302	428	450	514	553	603	641	643	640	632	624
Unitary	373	395	434	476	507	520	513	511	485	456	423

Source: LGFA using data from individual council LTPs

WEBSITE AND CONTACTS

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY



Website: **www.lgfa.co.nz**

Bloomberg Ticker: NZLGFA

Bloomberg : LGFA

Postal Address	**Street Address Wellington**	**Street Address Auckland**
P.O. Box 5704	Level 8	Level 12
Lambton Quay	142 Featherston Street	1-3 Albert Street
Wellington 6145	Wellington 6011	Auckland

Mark Butcher – Chief Executive
Tel: +64 (04) 974 6744
Email: mark.butcher@lgfa.co.nz

Andrew Michl – Manager, Credit & Client
Tel: +64 (04) 974 6743
Email: andrew.michl@lgfa.co.nz

Neil Bain – Chief Financial Officer
Tel: +64 (04) 974 6742
Email: neil.bain@lgfa.co.nz

Jane Phelan – Operations Manager
Tel: +64 (04) 974 6530
Email: lgfa@lgfa.co.nz

Attachment 4

Memorandum

To: Finance/Performance Committee

From: Michael Hodder

Date: 20 May 2016

Subject: **Standardising lease arrangements for sports club and other community facilities on Council land**

File: 6-CF-5-5

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1 Background

1.1 There are currently 18 community organisations who own facilities on Council land (or Council-administered reserves):

Bulls Domain – Bulls Rugby & Sports Club, Bulls Tennis Club, Bulls Dog Obedience;

Sir James Wilson Park, Marton – Rangitikei Car Club, Marton Amateur Wrestling and Gymnastic Club

Marton Park – Old Boys Rugby Football Club, Follett Street Kindergarten

Centennial Park, Marton – Rangitikei Netball Association

Hunterville Domain – Hunterville Rugby, Hunterville Squash, Hunterville Scout Hall

Mt Stewart , Taihape – Taihape Kindergarten

Memorial Park, Taihape – Utiku & Old Boys Rugby Football Club Inc., Taihape Squash, Taihape Outdoor Bowls, Taihape A&P Show and Taihape Area Equestrian, Taihape Tennis & Netball Club, Te Kohanga Reo O Mokai Patea.

1.2 The leases are for varying terms and conditions, probably because they are rollover of leases entered into with the Taihape Borough Council, the Marton Borough Council or the Rangitikei County Council, prior to the establishment of the Rangitikei District Council in 1989.

1.3 The Bulls Rugby & Sports Club has questioned the level of payment required. They have a 33 year lease which expires in 2025.

2 Comment

2.1 An analysis of the various agreements and most recent payments has been undertaken. Rugby clubs are paying the highest amounts - $2,144.40 annually from Bulls, $1,612.44 from Hunterville and $1354.20 from Marton. By contrast Utiku & Old Boys Rugby Football Inc is paying $345.00. This variation is primarily due to the different way in which rates and water meter costs have been factored into the lease agreements. Some organisations pay a nominal amount (e.g. $50 from the Follett Street Kindergarten, $20 from Hunterville Squash) or no rental at all Taihape Kindergarten, Hunterville Scout Hall).

2.2 Positioning such facilities on Council land has advantages for community organisations, particularly sports clubs. In addition, having such facilities on Council land is cost-effective for Council as it has not had to fund their construction or ongoing maintenance. An appropriate level of rental is potentially arbitrary.

2.3 The immediate issue is to provide greater parity between the rugby clubs, particularly Bulls and Marton. One obvious way of achieving this is to set a maximum annual rental and remove any requirement to pay for rates or other Council services. If this agreed to, lease agreement would need amendment to reflect this maximum where applicable.

3 Recommendations

3.1 That the memorandum 'Standardising lease arrangements for sports club and other community facilities on Council land' be received.

3.2 That the Finance/Performance Committee agrees that the maximum rental charge for an organisation with facilities on Council land (or Council administered land) be $1,500.00 (GST inclusive) with no additional charges being made for apportioned rates or Council services.

Michael Hodder
Community & Regulatory Services Group Manager