



Rangitikei District Council

Telephone: 06 327-0099

Facsimile: 06 327-6970

Rangitikei
UNSPOILT...

Finance/Performance Committee Meeting

Order Paper

**Thursday, 31 August 2017,
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
Cr Lynne Sheridan

Membership

Councillors Cath Ash, Dean McManaway, Soraya Peke-Mason, Graeme Platt, Ruth Rainey
and Dave Wilson

His Worship the Mayor, Andy Watson (ex-officio)

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 and Performance Committee Meeting

Order Paper – Thursday 31 August 2017 – 9:30 AM



Contents

1	Welcome	2	
2	Council Prayer	2	
3	Apologies/Leave of Absence	2	
4	Members' conflict of interest	2	<i>Agenda Note</i>
5	Confirmation of order of business	2	<i>Agenda Note</i>
6	Minutes of Previous Meeting	2	Attachment 1, pages 7-18
7	Chair's Report	2	<i>To be tabled</i>
8	Progress with strategic issues	2	<i>Agenda Note</i>
9	Borrowing arrangements	3	Attachment 2, pages 19-113
10	Draft 2016/17 Annual Report including Statement of Performance	4	Attachment 3, pages 114-188
11	Opportunities for subdivision in Marton and Bulls	4	<i>Verbal Update</i>
12	Late Items	5	
13	Future Items for the Agenda	5	
14	Next Meeting	5	
15	Meeting Closed	5	

1 Welcome

2 Council Prayer

3 Apologies/Leave of Absence

4 Members' conflict of interest

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

5 Confirmation of order of business

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

6 Minutes of Previous Meeting

Recommendation

That the Minutes of the Finance/Performance Committee meeting held on 27 July 2017 be taken as read and verified as an accurate and correct record of the meeting.

7 Chair's Report

A report is to be tabled at the meeting.

File ref: 3-CT-14-1

Recommendation

That the Chair's Report to the Finance/Performance Committee meeting on 27 July 2017 be received.

8 Progress with strategic issues

The Hunterville/Tutaenui rural water pre-feasibility study is progressing (for completion by the end of October 2017).

Consideration was given by the Policy/Planning Committee's meeting on 13 July 2017 to services provided by information centres (with a further report to Council's meeting on 27 July 2017).

Two workshop discussions have been held on economic development and District promotion.

1 Welcome

2 Council Prayer

3 Apologies/Leave of Absence

4 Members' conflict of interest

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

5 Confirmation of order of business

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

6 Minutes of Previous Meeting

The minutes are attached.

Recommendation

That the Minutes of the Finance/Performance Committee meeting held on 27 July 2017 be taken as read and verified as an accurate and correct record of the meeting.

7 Chair's Report

A report is to be tabled at the meeting.

File ref: 3-CT-14-1

Recommendation

That the Chair's Report to the Finance/Performance Committee meeting on 31 August July 2017 be received.

8 Progress with strategic issues

The Hunterville/Tutaenui rural water pre-feasibility study is progressing (for completion by the end of October 2017).

Consideration was given by the Policy/Planning Committee's meeting on 13 July 2017 to services provided by information centres (with a further report to Council's meeting on 27 July 2017).

Two workshop discussions have been held on economic development and District promotion.

MW LASS collaboration has been used to provide insurance cover for below-ground infrastructure assets from 1 July 2017

9 Borrowing arrangements

A memorandum is attached.

File ref: 5-FM-8-3

Recommendations:

1. That the report 'Local Government Funding Agency update' to the Finance/Performance Committee be received.
 2. That the Finance/Performance Committee recommends to Council that Council:

agrees to participate in the LGFA Scheme as a Borrower, which will include the following:
 - a. entry into the following documents:
 - i. Debenture Trust Deed between the Council and Trustees Executors Limited;
 - ii. Registry Customer Agreement between the Council and Link Market Services Limited;
 - iii. Security Transition Deed between the Council, Westpac New Zealand Limited, Westpac Banking Corporation and Covenant Trustee Services Limited;
 - iv. Accession Deed to Notes Subscription Agreement between the Council and the LGFA;
 - v. Accession Deed to Multi-Issuer Deed between the Council and LGFA;
 - vi. Security Stock Certificate in favour of LGFA;
 - vii. Security Stock Certificate in favour of Westpac New Zealand Limited and Westpac Banking Corporation;
 - b. subscribing for Borrower notes with LGFA;
 - c. issuing stock to lenders in accordance with the Debenture Trust Deed;
 - d. any other things which are contemplated in the attachments to this report that a Borrower will do; and
 - e. anything which is not specifically described in paragraphs (a) to (d) above, but which is ancillary to or not materially different from those.
- 1 That the Finance/Performance Committee recommends to Council that Council:

delegates authority to the Chief Executive to:

- a. Agree the terms on which Rangitikei District Council participates in the LGFA Scheme as a Borrower, including which of the arrangements described above are entered into and the terms of those arrangements;
- b. Determine how Rangitikei District Council exercises its rights under the arrangements entered into in connection with the LGFA Scheme.

- 2 That the Finance/Performance Committee recommends to Council that Council:

delegates authority to the Chief Executive to execute such documents and take such other steps on behalf of the Council as the Chief Executive considers it is necessary or desirable to execute or take in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.

- 3 That the Finance/Performance Committee recommends to Council that Council:

authority be delegated to and [two elected members] of the Council to execute the Debenture Trust Deed and such other deeds on behalf of the Council as the Chief Executive considers it is necessary or desirable for them to execute in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.

10 Draft 2016/17 Annual Report including Statement of Performance

The draft full-year financial results and statement of service performance are attached.

A full draft of the 2016/17 Annual Report (of which the two documents noted above form the major part) will be provided to the meeting. This draft, with any amendments from the meeting, will be provided to the Council's auditors on 1 September 2017. The on-site audit starts on 4 September 2017.

File ref: 5-FR-1-1

Recommendation

That the memorandum 'Annual Report progress – August 2017' to the Finance/Performance Committee on 31 August be received

11 Opportunities for subdivision in Marton and Bulls

The working party appointed by Council on 27 July 2017 may wish to update the Committee on its progress.

12 Late Items

13 Future Items for the Agenda

14 Next Meeting

Thursday 28 September 2017, 9.30am

15 Meeting Closed

Attachment 1

Rangitikei District Council

Finance and Performance Committee Meeting

Minutes – Thursday 27 July 2017 – 9:30 AM

Contents

1	Welcome	3
2	Council Prayer	3
3	Apologies/Leave of Absence	5
4	Members' conflict of interest.....	5
5	Confirmation of order of business	5
6	Minutes of Previous Meeting.....	5
7	Chair's Report.....	5
8	Progress with strategic issues	6
9	Interim financial results for 2016/17	6
10	Consideration of applications to Community Initiatives Fund.....	6
11	Consideration of applications to Event Sponsorship Scheme.....	8
12	Opportunities for subdivision in Marton and Bulls.....	10
13	Standardising lease arrangements for sports club facilities.....	10
14	Late Items.....	11
15	Future Items for the Agenda.....	11
16	Next Meeting	11
17	Meeting Closed	11

The quorum for the Finance and Performance Committee is 5.

Council's Standing Orders (adopted 3 November 2016) 10.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

Present:

- Cr Nigel Belsham
- Cr Cath Ash
- Cr David Wilson
- Cr Soraya Peke-Mason
- Cr Graeme Platt
- Cr Ruth Rainey
- Cr Lynne Sheridan
- His Worship the Mayor, Andy Watson

Also Present:

- Cr Jane Dunn
- Cr Angus Gordon

In attendance:

- Mr Ross McNeil, Chief Executive
- Mr Michael Hodder, Community & Regulatory Services Group Manager
- Mr George McIrvine, Finance & Business Support Group Manager
- Ms Nardia Gower, Governance Administrator
- Ms Linda Holman, Governance Administrator

1 Welcome

The Chair welcomed everyone to the meeting

2 Council Prayer

Cr Platt read the Council Prayer

Cr Sheridan arrived at 9:32

Cr Peke-Mason arrived at 9:40

3 Public Forum

Community Initiatives Fund – Speakers

Clifton School Kapahaka Group

Danelle Whakatihi of Clifton School spoke to the application made for new Kapa Haka uniforms. Ms Whakatihi informed the Committee that the current uniforms are 11 years old and not fit for purpose for the growing participation in Kapa Haka. The group now consists of 65 participants. For a full Kapa Haka kit including but limited to pui pui, poi and taiaha will exceed \$20,000. Due to the multi iwi whakapapa of the various participants targeting single iwi to financially contribute has been difficult. The school, parents and friends are committed to fundraising and will continue to assist in the construction of uniforms when fitting to do so.

Marton Community Garden – Bed Build II

Nardia Gower of the Marton Community Garden spoke to their application. Ms Gower stated the high usage of both the garden and the Marton #foodisfree Wagon where harvested produce is given freely to and appreciated by the community. Positive statements from donators on the Give a Little Page were read. The current bank balance of the Marton Community Garden of only \$670 approximately, falls short of the funds needed to buy soil and timber to construct the remaining beds. The Committee queried the higher cost of soil in comparison the previous funding applications, and asked if a cheaper medium such as straw and manure would be more suited and cheaper. Ms Gower replied that the soil supplier had reached their limit of discounted soil for the project and was now charging full price. Spray free baleage and manure has been used and is still used when available but the sources have been drained by the previous bed builds. Further discussions between Committee members and Ms Gower highlighted the following

- The beds are a large size at 6 x 2 metres
- More beds are needed as the number of people who require a free source of produce is high. The Marton Community Committee has agreed at this stage that a donations box will not be situated on the wagon.
- Marton Community Garden works with other service providers such as Get'n'Give and the Opportunity Shop by sharing information about the garden's location, wagon and workshops requesting in turn they share that with their clients. At this stage all harvested produce is given away via the wagon.

Project Marton – Festival for the Future Leaders Forum

Cr Cath Ash spoke to the Project Marton application for the Future for the Festival Youth conference. Cr Ash highlighted that, although surrounding councils and others throughout New Zealand fund their youth to attend the annual conference, the Rangitikei District Council has never done so. Project Marton has been able to significantly reduce the cost to \$400 per youth which includes accommodation, the event and transport. Discussions between Committee members and Cr Ash highlighted the following:

- Funding applications as a group have been sought as raising funds for each individual youth would have been difficult particularly given the short time period between Project Marton being made aware of the conference and the event date.
- Although numbers of attending Rangitikei youth have fluctuated the per youth cost remains at \$400
- Parent/Caregiver contributions have made up approximately \$2000 of the required funds.

Bulls & District Historical Society – Scotts Ferry Restoration

Cr Jane Dunn spoke to the application for the Scotts Ferry restoration and offered to answer any questions the Committee may have. Discussions between Committee members and Ms Dunn highlighted the following:

- The advice received by Heritage New Zealand is that Scotts Ferry can retain its Heritage One status by using materials that are as close as like to like as possible.
- Like the last restoration this new project will utilise a large portion of in-kind community labour.
- Poor maintenance has been attributed to the lack of a committee set up following the previous restoration.
- The community is fundraising with the descendants of Thomas Scott contributing.

Events Sponsorship Scheme- Speakers**Samoan Ministers' Association – four events**

Mr Farani Va'a spoke to the Samoan Ministers Association application for four events. Mr Va'a expressed the desire for the sports event to engage Samoan youth. Mr Va'a commented that all four events aim at building internal relations between the all Marton's Churches and the wider community.

Discussions between Committee members and Mr Va'a highlighted the following:

- The Samoan Ministers Association works with other non-Samoan Churches and with other community groups and organisations. The Samoan ministers work closely with other church ministers building the community as one.
- All the events are open to the wider community and districts
- The performance fee component of the application is to aid with purchasing performance uniforms
- No other funding has yet been applied for.

Hunternville Huntaway Festival – 2017 Shemozzle

Shane Ratima spoke to the application for the Hunternville Shemozzle. Mr Ratima informed the committee that this will be the 20 year anniversary of the event and for that reason the event organisers set about building their coffers from last year's event and are seeking

external funding to make this a memorable anniversary. The Shemozzle committee are increasing their expenses this year by \$20,000, increasing their participation numbers and upgrading the event. Mr Ratima stated that the event participation and buy-in stretches beyond the Rangitikei District as shown by current Shemozzle Committee members living in Feilding, Marton, and Whanganui along with Hunterville.

Discussions between Committee members and Mr Ratima highlighted the following:

- Various categories of sponsorship can allow for naming on radio advertising. The radio ads are set up to enable all qualified sponsors airtime.
- It would be logistically difficult to charge an entry fee to the Shemozzle due to the town's streets being incorporated into the event.
- The \$7000 expense for merchandise includes items such as shirts and hoodies in both adult and youth sizes, that will be sold and used for prizes.

4 Apologies/Leave of Absence

That the apologies for Cr McManaway be received

Cr Rainey / Cr Wilson. Carried

5 Members' conflict of interest

Members were reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda. The Chair advised that Councillors declare their conflict of interest pertaining to any application at the time of discussion.

The Committee agreed that Cr Dunn was able to sit in on deliberations and take part in discussions (other than the application the Cr Dunn is associated with) but will have no voting rights.

6 Confirmation of order of business

The Chair noted the Order of business was unchanged.

7 Minutes of Previous Meeting

Resolved minute number	17/FPE/127	File Ref
-------------------------------	-------------------	-----------------

That the Minutes of the Finance/Performance Committee meeting held on 29 June 2017 be taken as read and verified as an accurate and correct record of the meeting.

Cr Ash / Cr Wilson. Carried

8 Chair's Report

The Chair took his report as read.

Resolved minute number**17/FPE/128****File Ref****3-CT-14-1**

That the Chair's Report to the Finance/Performance Committee meeting on 27 July 2017 be received.

Cr Belsham / Cr Peke-Mason. Carried

9 Progress with strategic issues

The Committee noted the progress outlined in the meeting agenda.

10 Interim financial results for 2016/17

Mr McIrvine narrated his presentation highlighting:

Re-evaluations completed

- Roothing is down 8 million
- 3 Waters is up 15 million
- Council Buildings – up 1.827 million

Highlights

- 35.5 million of revenue
- Expenses currently 30.6 million
- Bank remains in good position
- Costs remain in check against budgets

\$5 million retained from working capital
Rates on LGFG better than banks

Resolved minute number**17/FPE/129****File Ref**

That the interim financial results for the year ending 30 June 2017 be received.

Cr Peke-Mason / Cr Rainey. Carried

11 Consideration of applications to Community Initiatives Fund

The Chief Executive spoke to the matter of Conflicts of Interest stating two components for consideration by the Committee:

- Pecuniary Interest
- Perception of bias by the public, for example a member of the Committee having connections to any of the applications.

The Committee discussed the potential perception of conflict and bias of interest towards all applications from any Committee member that has applied to either CIF or ESS funding application themselves, and whether that member should abstain from all discussions and voting.

In discussing the potential perception of bias the Committee agreed that, due to the Rangitikei District's size and population, Councillors are likely to have some association with one or more applications. Councillors are elected by the public on the understanding that they will make fair and just decisions. Committee members concluded that declaring a conflict of interest and abstaining from deliberation and voting from applications with which they have a direct involvement with the organisation and/or event, was an adequate course of action.

Resolved minute number **17/FPE/130** **File Ref**

Where Elected Members have declared a Conflict of Interest in considering an application for grant funding, they will remove themselves from voting on that application.

Cr Belsham / Cr Wilson. Carried

The Committee discussed the ranking system used when considering funding applications versus the monetary value placed on the initiative or event, and agreed to remove the ranking system in future funding rounds, requesting corresponding guidance questions as a replacement.

Members questioned whether the ICT Hubs could be considered for core Council funding. They suggested promotion of Council support for each funded initiative/event on the Council website and Facebook page.

The Committee discussed the merits of each application. A granted total was decided for each application by each Committee member providing a figure they would be happy providing the applicant and an average was taken of these figures.

The following Councillors abstained from the following funding applications

- Cr Peke-Mason Ratana Playground
- Cr Ash Festival for the Future and Marton Community Garden

Cr Peke-Mason noted that she had no conflict of interest with the Whangaehu Hall application.

Resolved minute number **17/FPE/131** **File Ref** **3-GF-8-3**

That the report 'Consideration of applications for the Community Initiative Fund 2017/2018 – Round One' be received.

Cr Peke-Mason / Cr Ash. Carried

Resolved minute number **17/FPE/132** **File Ref** **3-GF-8-3**

That the following Project Report Forms be received:

- Marton Community Garden – Garden Bed Build Part I
- Marton & Surrounds ICT Hub Charitable Trust
- Diabetes NZ – Support Group
- Koitiata Centenary Committee – celebrations
- Alzheimers Whanganui – The Group
- Rangitikei Heritage Group – Heritage Brochure
- Marton Junior Rugby Club – Rugby Jerseys

Cr Rainey / Cr Ash. Carried

Resolved minute number **17/FPE/133** **File Ref** **3-GF-8-3**

That the Finance / Performance Committee approve the applications, listed below, and disperse the Community Initiatives Fund as outlined to successful applicants.

- | | |
|---|---------|
| • Clifton School Kapahaka Group | \$ 1300 |
| • Marton & Surrounds ICT Hub | \$ 3000 |
| • Ratana Communal Board | \$ 1500 |
| • Royal NZ Plunket | \$ 1600 |
| • Bulls & District Historical Society | \$ 2000 |
| • Project Marton | \$ 1900 |
| • Marton Community Garden | \$ 2000 |
| • Majestic Theatre Trust | \$ 1200 |
| • Wanganui Area Neighbourhood Support Group | \$ 800 |
| • Whangaehu Hall Committee | \$ 2500 |
| • Rangitikei Heritage Group | \$ 2000 |
| • Alzheimers' Whanganui – The Group | \$ 600 |

Cr Rainey / His Worship the Mayor. Carried

12 Consideration of applications to Event Sponsorship Scheme

The Committee discussed the merits of each application. A granted total was decided for each application by each Committee member providing a figure they would be happy providing the applicant and an average was taken of these figures.

The following Councillors abstained from the corresponding funding applications

- His Worship the Mayor Rotary's Pedal for Pleasure
- Cr Belsham Rotary's Pedal for Pleasure

- Cr Wilson Rotary's Pedal for Pleasure
- Cr Sheridan Rangitikei Shearing Sports

Cr Peke-Mason noted that she had no conflict of interest with the Ratana Rugby application.

Resolved minute number **17/FPE/134** **File Ref** **3-GF-11-3**

That the report 'Consideration of applications for the Events Sponsorship Scheme 2017-2018 – Round One be received.

His Worship the Mayor / Cr Wilson. Carried

Resolved minute number **17/FPE/135** **File Ref** **3-GF-11-3**

That the following Project Report Forms be received:

- Ruapehu REAP – 11th Annual Whanau Sports event
- Marton Country Music Festival – 2017
- Hunterville Huntaway Festival – 2016 Shemozzle
- Mangaweka Community Committee – French Twilight Dinner
- Marton Jaycees – Marton Christmas Parade 2016
- Turakina Caledonian Society – 153rd Highland Games
- Parklee Bullride Club – Hunterville Bullride
- Rangitikei Tourism – The Mudder 2016
- Ratana Sports Club - 90 Years of Sports
- Rangitikei Shearing Sports – 2017 event
- Taihape Area Dressage Group

Cr Sheridan / Cr Rainey. Carried

Resolved minute number **17/FPE/136** **File Ref** **3-GF-11-3**

That the Finance / Performance Committee approve the sponsorship of events listed below, and disperse the Events Sponsorship Scheme as outlined to successful applicants:

- | | |
|---|---------|
| • Samoan Ministers' Association – four events | \$ 2200 |
| • Turakina Caledonian Society – Highland Games | \$ 2500 |
| • Hunterville Huntaway Festival – 2017 Shemozzle | \$ 2750 |
| • Rangitikei Shearing Sports – 2018 Shearing Sports event | \$ 1900 |
| • Marton Rotary – Pedal 4 Pleasure | \$ 650 |
| • Marton Country Music Festival – 2018 Country Music Festival | \$ 2750 |
| • Ratana Rugby - Jamie Berry Memorial Shield | \$ 800 |
| • Nga Iwi o Mokai Patea Services Trust - Whanau Sports Day | \$ 1600 |

Cr Ash / Cr Sheridan. Carried

Cr Ash left at 10:52 – 10:56
 Cr Gordon arrived at 11:46
 Cr Dunn left at 12:10-12:23
 Cr Peke-Mason left at 12:29-12:32

13 Opportunities for subdivision in Marton and Bulls

Ms Gray spoke to her presentation which was tabled.

The Committee discussed the merits of Council acting as developers or offering incentives for external developers. Benefit was seen in increasing rateable properties alongside potential profit on property sale.

The following incentive options were discussed

- Where subdivision development is on private land incentives could include rating as a parcel until property is sold versus individual rate of unsold subdivided land.
- Council could offer to put in the infrastructure against a lien on each property.

It was suggested that the Committee form a working group to with a view to facilitate new subdivisions.

Resolved minute number	17/FPE/137	File Ref
-------------------------------	-------------------	-----------------

That the Finance/Performance Committee recommends to Council that the Chair of Finance, Cr Wilson, Cr Platt and His Worship the Mayor forms a working group with a view to facilitate new subdivisions.

His Worship the Mayor / Cr Belsham. Carried

Resolved

That the Finance / Performance Committee adjourn the meeting at 12.43 and reconvene following the Council meeting.

Cr Belsham / Cr Rainey. Carried

Meeting adjourned at 12:43 pm and reconvened at 4:24 pm

14 Standardising lease arrangements for sports club facilities

Mr Hodder spoke to the report. During the discussion the following points were clarified:

- The area used by each facility will bear no weight in the lease figure.
- Variations of the different rental values to date has occurred through different contracts being drawn by past Boroughs, Counties and Councils.
- Parks are non-rateable, therefore these facilities pay no rates.
- The new lease agreements will include provisions for maintenance and general level of upkeep.

Resolved minute number **17/FPE/138** **File Ref** **6-CF-5-5**

That the report 'Standardising lease arrangements for facilities on Council land' be received.

Cr Rainey / Cr Sheridan. Carried

Resolved minute number **17/FPE/139** **File Ref** **6-CF-5-5**

That a rental of \$200.00 per annum be applied to an organisation with facilities on Council land (or Council administered land), with this rental to be considered annually as part of the Fees and Charges annual consultation, and that all utility fees are to be paid by the organisation, including a specific water charge if a meter is not installed.

Cr Wilson / Cr Sheridan. Carried

15 Late items

None

16 Future items for the agenda

None

17 Next Meeting

Thursday 31 August 2017, 9.30am

18 Meeting closed

4.36 pm.

Confirmed/Chair: _____

Date:

Attachment 2



MEMORANDUM

TO: Finance/Performance

FROM: George McIrvine

DATE: 24 August 2017

SUBJECT: **Local Government Funding Agency update**

FILE: 5-FM-8-3

Appendix

1. Debenture Trust Deed;
2. Agency Agreement;
3. Security Transition Deed;
4. Security Stock Certificate – LGFA;
5. Security Stock Certificate – Westpac;
6. Stock Issuance Certificate – LGFA;
7. Stock Issuance Certificate – Westpac;
8. Chief Executive Certificates;
9. Officer's Certificate;
10. Accession Deed to Notes Subscription Agreement; and
11. Accession Deed to Multi-Issuer Deed.

1 Background

- 1.1 The purpose of this paper is to consider the documentation required to formally join the Local Government Funding Agency (LGFA). If the documentation is considered to be in order then execution of this documentation will be the final step in the membership of LGFA.
- 1.2 In papers presented in 2015 and 2016 Council decided to explore becoming a member of the LGFA and subsequently decided to proceed with this membership after consultation. Council has adopted a new Treasury Policy to enable this to occur. This Policy contemplates borrowing funds from LGFA.
- 1.3 With the current level of carry forwards, Council is in a strong financial position with no long-term debt. However, as previously noted, the last 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. As noted and endorsed by Council previously even with its current financial

position, it is prudent that Council continue with the application process to join LGFA and now become a member as a “borrower only”.

1.4 As a reminder to Council on the membership and borrowing from LGFA the following points should be noted;

- There is no commitment or line fees associated with this membership and any facilities unlike trading banks.
- The guarantee structure involves all LGFA’s shareholders and non-shareholding councils borrowing more than \$20M. Currently Council as a joining LGFA as borrower only, i.e. non shareholder and non-guarantor so will effectively have a debt cap from LGFA. To borrow more than \$20M from LGFA, Council will need to become a minimum of a guarantor to enable this to occur. While the risk to Council may be minimal this would also be a key decision point in the future as Council reaches this debt level.
- LGFA performs monitoring including credit and covenant checks and any 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.

2 Documents to sign

2.1 All documents and resolutions have been prepared and reviewed by Simpson-Grierson. Russell-McVeagh act for LGFA as noted on some documents. As Council has borrowed previously and has an old debenture deed and security in place there are basically two main parts to the agreements to be signed.

2.2 One part of the agreements removes the debenture in favour of Westpac and Covenant Trustee Services (as Trustee) and the other set enact a similar security to LGFA and Trustees Executors Limited (as Trustee). This also includes the Link agency as the electronic security register. The main documents require signature by two councillors with certificates signed by the CE that Council has adopted resolutions and that the relevant legislation has been complied with. You will note \$100k security will remain to Westpac to cover credit cards and small agency and merchant fees. This was higher and is still generous in favour of the bank.

- 2.3 Once Council has adopted these resolutions authorising the CE and two Councillors to sign these the execution copies of these documents can be signed to give effect to these agreements provided all registered securities have been extinguished. The draft documents are attached and execution copies will be available to be signed after the Council has adopted the appropriate resolutions.

Recommendations

1. That the report 'Local Government Funding Agency update' to the Finance/Performance Committee be received.
2. That the Finance/Performance Committee recommends to Council that Council:

agrees to participate in the LGFA Scheme as a Borrower, which will include the following:
 - a. entry into the following documents:
 - i. Debenture Trust Deed between the Council and Trustees Executors Limited;
 - ii. Registry Customer Agreement between the Council and Link Market Services Limited;
 - iii. Security Transition Deed between the Council, Westpac New Zealand Limited, Westpac Banking Corporation and Covenant Trustee Services Limited;
 - iv. Accession Deed to Notes Subscription Agreement between the Council and the LGFA;
 - v. Accession Deed to Multi-Issuer Deed between the Council and LGFA;
 - vi. Security Stock Certificate in favour of LGFA;
 - vii. Security Stock Certificate in favour of Westpac New Zealand Limited and Westpac Banking Corporation;
 - b. subscribing for Borrower notes with LGFA;
 - c. issuing stock to lenders in accordance with the Debenture Trust Deed;
 - d. any other things which are contemplated in the attachments to this report that a Borrower will do; and
 - e. anything which is not specifically described in paragraphs (a) to (d) above, but which is ancillary to or not materially different from those.

- 3 That the Finance/Performance Committee recommends to Council that Council:
delegates authority to the Chief Executive to:
- a. Agree the terms on which Rangitikei District Council participates in the LGFA Scheme as a Borrower, including which of the arrangements described above are entered into and the terms of those arrangements;
 - b. Determine how Rangitikei District Council exercises its rights under the arrangements entered into in connection with the LGFA Scheme.
- 4 That the Finance/Performance Committee recommends to Council that Council:
delegates authority to the Chief Executive to execute such documents and take such other steps on behalf of the Council as the Chief Executive considers it is necessary or desirable to execute or take in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.
- 5 That the Finance/Performance Committee recommends to Council that Council:
delegates authority to and [two elected members] of the Council to execute the Debenture Trust Deed and such other deeds on behalf of the Council as the Chief Executive considers it is necessary or desirable for them to execute in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.

George McIrvine
Finance and Business Support Group Manager

Appendix 1

DEBENTURE TRUST DEED

between

RANGITIKEI DISTRICT COUNCIL

and

TRUSTEES EXECUTORS LIMITED



Simpson Grierson

Barristers & Solicitors
Auckland & Wellington, New Zealand
www.simpsongrierson.com

THIS DEED dated the

day of

2017

BETWEEN RANGITIKEI DISTRICT COUNCIL a Council duly constituted as a territorial authority under the Local Government Act 2002 (included in the term the **Council**)

AND TRUSTEES EXECUTORS LIMITED (the **Trustee**)

INTRODUCTION

- A.** The Council has the power, subject to the Act, to raise certain money or incur certain obligations from time to time in such amounts and upon such terms and conditions and for such of its lawful purposes as it considers appropriate by means of, or to be evidenced or secured by, stock to be constituted by this Deed.
- B.** The Trustee has agreed, at the request of the Council and for the consideration expressed or referred to in this Deed, to act as trustee under this Deed for the benefit of the Stockholders on the terms and conditions contained in this Deed.

WITNESSES AS FOLLOWS:

1. INTERPRETATION

In this Deed (including the introduction to this Deed) unless the context indicates otherwise the following provisions apply:

1.1 General:

1.1.1 Trust: This Deed shall be construed and shall take effect as a contract and declaration of trust made in New Zealand.

1.1.2 Conversion: Where, for any purpose under this Deed and where consistent with the Act, it is necessary or desirable to determine the equivalent in one currency of an amount in another currency, such equivalent shall be determined in such manner as the Council adopts and is acceptable to the Auditors having regard to prevailing commercial practices and to the policies in such regard adopted in the latest audited financial statements of the Council.

1.1.3 Calculation of foreign currency amounts: Notwithstanding clause 1.1.2, where all or any part of the nominal amount of Stock held by, or all or any part of the Secured Money owing to, a Stockholder is not denominated in New Zealand dollars:

- (a) For the purpose of the Second Schedule or calculating any person's share of any sum payable under this Deed, as the case may be, the Trustee shall be entitled to notionally convert the relevant part of the nominal amount or the Secured Money owed to or by any person, as the case may be, into New Zealand dollars, that notional conversion to be made at the spot rate, as quoted to the Trustee by a Reference Bank, at which the Trustee is able to purchase New Zealand dollars with the actual currency of the

defined in the PPSA) arising directly from the collection of those rates, special rates or rates revenues,

but, for the avoidance of doubt, excludes any rates (or the Proceeds thereof) which may be collected by the Council on behalf of any other local authority;

"Chief Executive" means the Chief Executive of the Council appointed under section 42 of the Act from time to time, and includes a reference to any person to whom any right or obligation of such Chief Executive has lawfully been delegated;

"Class of Stock" means any category of Stock having substantially the same rights, privileges, limitations and conditions which, at any particular time for any particular purpose, constitute a separate class of Stock within the Stock, as determined by the Council;

"Class of Stockholders" means the Stockholders of a particular Class of Stock;

"Companies Act" means the Companies Act 1993, or in respect of a company not registered under that Act means the equivalent legislation applicable to that company;

"Date of Enforcement" means the date on which the security created by this Deed is enforced by the Trustee;

"Debenture Stock" means all Stock which is not Security Stock;

"Enforcement Event" means any of the events listed in clause 12.1;

"Extraordinary Resolution" has the meaning contained in the Second Schedule;

"Facility" means any loan, advance, accommodation, bill, stock or note issuance, acceptance, endorsement or discount, guarantee, indemnity, letter of credit, bond, note, stock, bill, exchange, swap, rate, or other financial facility, agreement, liability, obligation or arrangement which is lawfully entered into by the Council and in respect of which the money or other liabilities or obligations owing or which may become owing thereunder are, or are proposed to be, secured by Stock;

"financing statement" has the same meaning as in the PPSA;

"FMC Act" means the Financial Markets Conduct Act 2013;

"FMC Regulations" means the Financial Markets Conduct Regulations 2014;

"Financial Markets Supervisors Act" means the Financial Markets Supervisors Act 2011;

"Information and Meetings Act" means the Local Government Official Information and Meetings Act 1987;

"Lapsing Security" means any security interest in, or charge over, some or all of the Charged Assets existing prior to the date of this Deed:

"Reference Bank" means any one of ANZ National Bank Limited, Bank of New Zealand, ASB Bank Limited and Westpac New Zealand Limited;

"Register" means the register of Stock, or each such register, to be kept by the Registrar pursuant to clause 4;

"Registrar and Paying Agency Agreement" means the registrar and paying agency agreement dated on or about the date of this Deed between the Council, the Registrar and the Paying Agent, and includes a reference to such as may be amended, or to any other registrar and paying agency agreement entered into, to provide for more than one Register, and more than one Registrar or Paying Agent;

"Registered Address" means, in respect of a Stockholder, the address in New Zealand for the time being recorded in the Register;

"Registered Facsimile Number" means the facsimile number for the time being recorded in the Register;

"Registered Stock" means all Stock other than Bearer Stock;

"Registrar" means Link Market Services Limited, or such other or additional person who from time to time fulfils the role of registrar for the purposes of the Registrar and Paying Agency Agreement and this Deed;

"Reporting Certificate" means a certificate substantially in the form as appears in the Fourth Schedule or in such other form as the Council and the Trustee may agree;

"Secured Money" means the principal and interest payable on, or in respect of, the Stock and, to the extent that such is lawfully entered into by the Council, all other money owing or payable to or at the direction of the Trustee or any Receiver or any Stockholder under this Deed or the terms of issue of any Stock;

"Secured Obligations" means the obligations of the Council under this Deed and any Stock, but excludes any obligation to pay or deliver any Secured Money;

"Security Stock" means Stock issued pursuant to and in accordance with clause 6.1.1;

"Security Stock Certificate" means a Stock Certificate in respect of Security Stock;

"Stock" means Security Stock, Bearer Stock or any secured indebtedness by whatever name called which in any case is lawfully entered into by the Council and is constituted and issued by the Council under, and in accordance with, this Deed and for the time being outstanding and uncanceled, or a specified portion thereof as the case may require;

"Stock Certificate" or "Certificate" means a certificate or other written acknowledgement in respect of Stock issued by the Council under clauses 3.3, 3.8, or 3.10, or clause 7 evidencing (subject to the Register, in the case of Registered Stock, and the provisions of this Deed, including the conditions applicable to that Stock) that the person named

"interest" includes discounts and other payments in the nature of interest;

"month" means calendar month;

"nominal amount" in respect of Stock, has the meaning set out or referred to in the relevant Stock Certificate;

"owing" includes unpaid;

"payment" includes a reference to repayment;

"person" means an individual, company, body corporate, corporation, local authority, an association of persons whether corporate or not, a trust or a state or agency of a state whether of central government or local government (in any case, whether or not having separate legal personality);

"right" includes right, benefit, entitlement, authority, discretion, remedy or power;

"supervisor" has the meaning set out in the FMC Act;

"tax(es)" includes a present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature regardless of where or by whom imposed, levied, collected, withheld or assessed and includes interest, penalties, fines, costs, charges or expenses or other amounts relating to or arising in connection therewith;

"the security created by this Deed" means the security in favour of the Trustee created by or pursuant to this Deed or any deed or other agreement collateral or supplemental to or varying this Deed;

"in writing" and **"written"** include words written, printed, typewritten, lithographed or otherwise represented or reproduced in permanent visible form by any other means;

the sign **"\$"** and the word **"Dollars"** means New Zealand dollars;

a gender includes each other gender;

the singular includes the plural, and vice versa;

any legislation includes a modification or re-enactment of, legislation enacted in substitution for, or a regulation, order-in-council or other instrument from time to time issued or made under, that legislation;

something being done, includes a reference to it being done from time to time;

an example or an inclusion does not limit what else may be included;

a party to this Deed or any other agreement includes its successors or its permitted assignees or transferees; and

time means a reference to New Zealand time.

(including Stock) ranking subordinate to the indebtedness and obligations of the Council in respect of the Stock.

2.1.4 Modification: If any modification to this Deed, or any other documentation, consent or acknowledgement, is in the opinion of the Council necessary or desirable to permit, facilitate or give effect to any right referred to in clause 2.1.3 the Trustee is, subject to it being reasonably satisfied with the relevant documentation, authorised to concur with the Council in executing the same and any such concurrence shall be on behalf of, and shall bind, the Stockholders.

2.2 Ranking: To the fullest extent permitted by law, the Stock and the Secured Money secured pursuant thereto shall, subject to the provisions of clause 6, as to the security created by this Deed rank *pari passu* as between themselves as to payment of Secured Money even though it and/or the indebtedness forming part of the Secured Money is or was, created or issued at different dates or at par or at a premium or at a discount and carries interest at different rates and matures or is payable or redeemable at different times or on demand or in different currencies or with, or without the knowledge of any other Stockholder.

2.3 Payment of Brokerage or Commission: The Council shall be at liberty to pay a commission, a procuration, application or subscription fee or brokerage to any person for subscribing, underwriting the subscription of, or obtaining subscriptions for, any Stock.

2.4 Redemption of Stock:

2.4.1 Redemption: The Council may at any time, and from time to time, redeem any Stock by purchase either on the market or by private treaty.

2.4.2 Related Persons: No person in, or in respect of, which the Council has an interest shall be precluded from at any time purchasing, re-purchasing, subscribing for, acquiring, holding, selling or otherwise disposing of, any Stock.

2.4.3 Surrender: Security Stock may at any time be surrendered in whole or in part by the holder thereof, and upon surrender the Council shall cancel such Security Stock.

2.4.4 Required Surrender: The Council may require any Stockholder to surrender its Security Stock if the Council has no indebtedness (actual or contingent) to the Stockholder which is secured by that Security Stock, and no obligation to allow the Council to incur any indebtedness to it which would be secured by that Security Stock at any future time.

3. ISSUE OF STOCK

3.1 Stock Issuance Certificate:

3.1.1 Precondition: The Council shall not at any time issue any Stock until a copy of a Stock Issuance Certificate in respect of the issue of that Stock has been delivered to the Trustee.

- (a) those terms entered in the Register in respect of such Stock; and
- (b) those terms set out in any Stock Certificate issued in respect of such Stock, except to the extent that they:
 - (i) conflict with the terms entered in the Register; or
 - (ii) conflict with the form of Stock Certificate set out in Part I, II or III (as applicable) of the First Schedule (including the conditions attached to those forms and the further conditions set out in Part IV of the First Schedule) (**Stock Certificate Form**), unless such conflict has been agreed to by the Stockholder and the Council; and
- (c) those terms set out in the relevant Stock Certificate Form, as amended by agreement with the Stockholder (and, for the avoidance of doubt, if a Stock Certificate is issued in a form agreed with the Stockholder, that Stock Certificate shall amend the relevant Stock Certificate Form for that Stock); and
- (d) any further terms (including those stipulated in any application form or other issuing or offer documentation in respect of the Stock) as may be required by the Council and approved by the Trustee,

provided that:

- (e) notwithstanding any agreement between the Council and the relevant Stockholder contemplated by the provisions of paragraphs (b)(ii) and (c) above, no term of any Stock which conflicts with an express term of this Deed shall be effective unless agreed to by the Trustee or paragraph (f) applies; and
- (f) any change to a Stock Certificate Form agreed to by the Council and/or the relevant Stockholder but not the Trustee will only be effective to the extent that it is, in the Council's reasonable opinion:
 - (i) required to correct a manifest error or omission, or is of a minor, formal or technical nature; or
 - (ii) required to comply with, or as a result of the coming into effect of, any legislation.

Those provisions and terms, or such of them as are applicable to the respective Stock, shall be binding on the Council, the Trustee and, by their acceptance of the Stock, the relevant Stockholders and all persons claiming through them respectively, each of whom shall be deemed to have notice thereof.

- 3.8.3 Substitution:** several Stock Certificates in substitution for one Stock Certificate, or vice versa;
- 3.8.4 Replacement:** a Stock Certificate in replacement for a Stock Certificate cancelled in error where the Stock evidenced thereby has not been purchased or redeemed;
- 3.8.5 Changed Indebtedness:** where the indebtedness or other obligation evidenced or secured by a Security Stock Certificate has been repaid or otherwise discharged in part, a replacement Stock Certificate for a lesser nominal amount than the original Stock Certificate; and
- 3.8.6 Change of Name:** (subject to provision to the Council of proper proof of the relevant change of name) a Stock Certificate to record the change of name of any Stockholder,

but, except for the purposes of correcting an error, nothing contained in this clause shall permit the Council to alter the terms of issue upon which the Stock evidenced by the original Stock Certificate was issued or to increase the amount of Stock on issue or authorise an alteration to the identity of the Stockholder.

- 3.9 Alteration:** The Council may at any time with the prior written approval of the Trustee (and subject to any conditions which the Trustee may impose) and (subject to clause 16) the Stockholder concerned, alter any of the terms and conditions of any Stock which has been issued, including:

- 3.9.1 Redemptions:** accelerate the redemption or extend the redemption date of any Stock; or
- 3.9.2 Interest:** alter the rate of interest payable on any Stock; or
- 3.9.3 Premium:** agree to the payment of a premium on the redemption of any Stock; or
- 3.9.4 Alteration:** alter (by addition, deletion or amendment) any of the other terms or conditions applicable to any Stock,

but so that no such acceleration, extension, alteration, agreement or payment or any other alteration is inconsistent with the provisions of this Deed or the Act.

- 3.10 Register:** Any acceleration, extension, alteration, agreement or payment or any other alteration of any terms and conditions of any Stock shall be recorded in the Register in respect of the Stock affected and the Council may issue one or more replacement Stock Certificates in respect of such Stock embodying the terms and conditions of any such acceleration, extension, alteration, agreement or payment or any other alteration.

- 3.11 Payment of Instalments:**

- 3.11.1 Non-Payment:** The terms of issue of any Stock may provide such Stock is to be paid for by instalments. If the amount of any instalment is not duly paid to the Council, the Council at any time thereafter before such instalment is paid but only after

- (g) (except for Bearer Stock) all subsequent transfers or changes of ownership of Stock;
- (h) (except for Bearer Stock) the names and addresses of the Stockholders and the date at which such names are entered on the Register;
- (i) where Stock is no longer outstanding, particulars of its redemption, purchase, cancellation or forfeiture by the Council;
- (j) any other additional matters to be entered in the Register in accordance with conditions required by the terms of any particular issue of Stock or by law; and
- (k) any other particulars as may be required by the Council, the Registrar or the Paying Agent as agreed to by the Council and the Registrar;

4.2.2 Security Stock: any Security Stock shall be identified as such in the Register and the details set out in paragraphs 4.2.1(b), 4.2.1(c), 4.2.1(d) and 4.2.1(e) will not be required;

4.2.3 Change of Details: except in the case of Bearer Stock, any change of name or address of any Stockholder or any change in any other information required to be inserted in the Register in respect of any Stockholder shall forthwith be notified to the Registrar in writing by the Holder, or if a joint holding by all the joint Holders, and the Register shall then be altered accordingly;

4.2.4 Replacement/Exchanges: there shall be entered in the Register details of any replacement Stock Certificates issued pursuant to clause 3.8;

4.2.5 Inspection: provided the Register is not closed, the Trustee, any Receiver and any Stockholder (or any person authorised in writing by any of such persons or any other person entitled by law) shall be at liberty at all reasonable times and upon giving reasonable notice during office hours to inspect the Register (but in the case of a Stockholder or any person authorised by a Stockholder, only to inspect the entries in the Register relating to that Stockholder) and (where required by the Registrar, except in the case of the Trustee or a Receiver, upon payment of a reasonable fee) to take copies of and extracts from such entries in the Register as that person is entitled to inspect;

4.2.6 Closure: subject to any applicable laws, the Council or the Registrar may from time to time, subject to the conditions relating to any particular issue of Stock, close the Register for any period or periods not exceeding 30 days in any one year;

4.2.7 Statutory Requirements: the Council shall use all reasonable endeavours to ensure that the Registrar complies with all statutory requirements relating to the keeping of the Register and the details to be entered therein;

5.2 Recovery of Sums Paid: Any money paid, or losses, damages, costs, fines or claims incurred, by the Council and/or, as the case may be, the Trustee in respect of any liability described in clause 5.1 may be recovered by action from the Holder of such Stock or such Holder's personal representatives or successors or estate or out of relevant assets as a debt due to the Council and/or, as the case may be, the Trustee.

5.3 No Prejudice to Rights: Nothing in this clause 5 shall prejudice or affect any right which any law may confer or purport to confer on the Council and/or, as the case may be, the Trustee, and as between the Council and/or, as the case may be, the Trustee and every Stockholder or the personal representatives, successors, estate or assets of any Stockholder (wherever constituted or situated) any right which such law confers on the Council and/or, as the case may be, the Trustee shall be enforceable by the Council and/or, as the case may be, the Trustee.

6. SECURITY STOCK PROVISIONS

6.1 Issue:

6.1.1 Terms: Stock issued in accordance with this Deed may be issued as Security Stock which shall be issued as a continuing security for the payment on demand or otherwise of any present or future debts, liabilities, advances and other accommodation or obligations of whatever nature, and whether or not pursuant to any one or more Facilities, of or to or for or on behalf of or at the request of the Council (whether by way of indemnity, guarantee or otherwise) generally or as mentioned in the relevant Security Stock Certificate (if one is issued), but in any case, only to the extent that such is lawfully entered into by the Council.

6.1.2 Nominal Amount: Any Security Stock Certificate which is issued shall state a nominal amount, which will not limit the amount secured, but will be relevant for the purposes of determining priority in accordance with clause 6.3.

6.1.3 Transferability: Security Stock shall be transferable to the same extent as the debts, liabilities, advances or other accommodation or obligations to which it relates.

6.2 Validity of Security Stock: Security Stock issued pursuant to clause 6.1.1 shall for all purposes and on all occasions be deemed to be validly issued to each Holder thereof as security for the payment of the accommodation or obligations referred to in clause 6.1.1 (but subject to clause 6.3), provided that if the amount of such accommodation or obligations is less than the nominal amount of such Security Stock held then such Holder shall not be liable solely by virtue of that fact to make any payment to the Council or the Trustee in respect of the Security Stock held by it or be obliged to make any further advance or afford any further accommodation to the Council.

6.3 Priority of Security Stock: Stock issued as Security Stock pursuant to clause 6.1.1 shall at all times, except where otherwise agreed between the Council and the Trustee (including by agreeing wording in the relevant Stock Certificate), be held upon and subject to the following conditions (which shall, or shall be deemed to, be mentioned,

any amounts payable under this clause 6.3.1(c) in respect of other Stockholders.

6.4 Selection of Priority Principal Amount: If the amount referred to in clause 6.3.1(a)(i) exceeds the amount referred to in clause 6.3.1(a)(ii), the Stockholder may, in its sole discretion, determine which of the liabilities, advances, accommodation and obligations secured by the Security Stock shall be included as the Priority Principal Amount, and the interest referred to in clause 6.3.1(b) will be calculated on this basis.

6.5 Issue of Second Ranking Stock: Stock may be issued on a second-ranking basis. At the request of the Council the Trustee may, without the consent of the Stockholders, concur with the Council in making any variation or addition to this Deed, the conditions or the form of the Stock Certificates (including, if desirable, approving a new form of Stock Certificate and new conditions applicable to second-ranking Stock) as the Trustee and the Council may agree in order to facilitate the issuing of second-ranking Stock or make provision for outstanding Stock to be in second-ranking form.

7. BEARER STOCK

7.1 Issue: Stock may be issued in bearer form. At the request of the Council the Trustee may, without the consent of the Stockholders, concur with the Council in making any variation or addition to this Deed, the conditions or the form of the Stock Certificates (including, if desirable, approving a new form of Stock Certificate and new conditions applicable to Bearer Stock) as the Trustee and the Council may agree in order to facilitate the issuing of Bearer Stock or make provision for outstanding Stock to be in bearer form.

7.2 Trustee's Entitlements re Bearer Stock:

7.2.1 Bearer as Holder: Whenever in this Deed the Trustee is required or entitled to exercise a trust, duty or right by reference to the interests of Stockholders, the Trustee shall be entitled to assume that in relation to Bearer Stock the bearer of the Stock Certificate in respect of the Bearer Stock is the Holder of such Bearer Stock and that each Holder thereof is also the holder of all coupons or other instruments relating to interest pertaining to such Bearer Stock.

7.2.2 No Liability: The Trustee shall not be liable to the Council or any Stockholder or any holder of any such coupons or other instruments by reason of having accepted as valid or not having rejected any Stock Certificate in respect of the Bearer Stock or coupon or other such instrument purporting to be such and subsequently found to be not authentic.

8. ACKNOWLEDGEMENT OF INDEBTEDNESS AND COVENANT TO PAY

8.1 Acknowledgement of Indebtedness and Covenant to Pay:

8.1.1 Acknowledgement: The Council acknowledges its indebtedness to the Trustee, on behalf of the Stockholders, in respect of the Principal Money outstanding from time to time in respect of the Stock and interest owing thereon and any other sums forming part of the Secured Money represented by such

evidence satisfactory to the Council that such Stockholder is entitled to the benefit of any exemption therefrom) deduct from any amount payable to, or for the benefit of, a Stockholder (including a Stockholder of Bearer Stock) the amount of any withholding, or other, tax required to be deducted in respect of that amount under the laws of New Zealand. Where any deduction has been made and the amount of it accounted for by the Council, or the Paying Agent on behalf of the Council, to the Commissioner of Inland Revenue or other appropriate authority and the balance of the amount payable has been paid to, or for the benefit of, the Stockholder concerned, the full amount payable to such Stockholder shall be deemed to have been duly paid and satisfied by the Council.

- 8.3.2 Approved Issuer Levy:** Stockholders to whom such is relevant may in writing request the Council, or the Paying Agent on behalf of the Council, to advise the basis (if any), or may otherwise respond to any indication by the Council, or the Paying Agent on behalf of the Council, from time to time of the basis upon which, the Council, at no cost to itself, is prepared from time to time to deduct and pay an approved issuer levy (within the meaning of section 86F of the Stamp and Cheque Duties Act 1971) as an alternative to the exercise by the Council of its rights as referred to in clause 8.3.1.

9. CHARGES BY COUNCIL

9.1 Charge:

- 9.1.1 Charged Assets:** To secure the due payment of the Secured Money and its performance of and compliance with the Secured Obligations, the Council charges, and grants a security interest (within the meaning, and for the purposes, of the PPSA), in favour of the Trustee on behalf of the Stockholders, all its right, title and interest (present and future, legal and equitable) in and to its Charged Assets with the intent that the Charged Assets shall, to the fullest extent permitted by law, be security for the due payment of all of the Secured Money and the performance of and compliance with the Secured Obligations.

- 9.1.2 Continuing Security:** Each such charge and security interest by the Council is and shall be a continuing security for the payment of the Secured Money and the performance of and compliance with the Secured Obligations, in each case as provided for in clause 9.1.1.

- 9.2 Floating Charge:** Each charge by the Council pursuant to clause 9.1 as regards its Charged Assets (to the extent that it is not a security interest under the PPSA) is a floating charge, and in either case until the Date of Enforcement (upon which date such charge shall become fixed in respect of such of the Charged Assets as are subject to action by the Trustee pursuant to clauses 13.1.2, 13.1.3 or 14.1) the Council shall be in no way hindered or prevented from dealing with (whether or not in the ordinary course of its activities) all or any part of its Charged Assets and the Trustee shall, at the request of the Council, execute and deliver all documents which may reasonably be necessary or desirable to permit such dealing by the Council.

9.5.3 Execution: Without limiting the generality of clause 9.5.1, the Council shall, to the extent permitted by law following the Date of Enforcement, execute all mortgages, transfers, conveyances, assignments and assurances of the Charged Assets whether to the Trustee or its nominees and shall, to the extent permitted by law, perform or cause to be performed all acts and things requisite or reasonably desirable according to law for the purpose of giving effect to the carrying out or exercise of any of the said trusts and rights and shall, to the extent permitted by law, give all notices, orders and directions which the Trustee may reasonably consider expedient.

9.6 Attachment not Delayed: Any security interest created by this Deed to which the PPSA applies shall attach, in the case of:

9.6.1 Present: any present Charged Assets, from when the Council first signs or assents to this Deed in one of the ways specified in section 36(1)(b) of the PPSA; or

9.6.2 After-Acquired: any after-acquired Charged Assets, from when the Council acquires any rights in those assets.

The Council acknowledges and agrees that there has been no agreement between the Council and the Trustee that the attachment of any security interest to which the PPSA applies shall be at a time other than that provided in this clause.

9.7 Quiet Enjoyment: Subject to the provisions of this Deed and to the charges upon the Charged Assets contained in this Deed, the Trustee and the Stockholders shall until the Date of Enforcement permit the Council to hold and enjoy the Charged Assets and all other assets and to receive and apply as it thinks fit all income and Proceeds arising from the Charged Assets and to carry on with the Charged Assets any of its activities.

10. COVENANTS BY COUNCIL

10.1 Continuing Covenants: The Council covenants with the Trustee that it shall, subject to the Act and to its rights to withhold information pursuant to the Information and Meetings Act, at all times at which any Stock is outstanding, except as otherwise permitted by the Trustee:

10.1.1 Comply with Act: duly comply with all the requirements of the Act with respect to the keeping and filing of reports, accounts and statements and registration of charges (including this Deed);

10.1.2 Records: procure that the financial statements (within the meaning of clause 29 of Schedule 10 of the Act) and other records of the Council are audited in accordance with any statutory requirements and are (subject to section 40D(4) of the Receiverships Act) at all reasonable times (whether kept at its principal office or any other place or places in New Zealand) open for inspection by the Trustee and any Receiver, or any person properly appointed by the Trustee or the Receiver and that where the FMC Act applies those records will be retained by the Council for a period of at least seven years after the date

month of each such adoption, deliver to the Trustee a copy of each of the Annual Plan and the Annual Report for the forthcoming, and previous, financial years respectively and (where not already delivered to the Trustee) the most recent Long Term Plan and the Liability Management Policy (within the meaning of those sections);

10.2.2 Interim Financial Information: promptly after such is prepared in each year, provide to the Trustee a copy of such financial information as the Council may have prepared for external dissemination as to its financial position as at the end of the first six months of each of its financial years;

10.2.3 Amendments: as soon as the Council has approved and adopted any material amendment to any such Long Term Plan or Liability Management Policy, provide details of that amendment to the Trustee;

10.2.4 Reporting Certificate: as soon as reasonably practicable, but in any event no later than 4 months after the end of each of the Council's financial years and no later than 2 months after the end of each of the Council's financial half-years, and, if required by the Trustee, each other financial quarter, and within 21 days of receipt of a written request by the Trustee (which request may only be made where the Trustee certifies that it has reasonable grounds to believe that the Council is not complying with its obligations under this Deed), deliver to the Trustee a completed and signed Reporting Certificate;

10.2.5 Information on Request: on request by the Trustee, provide to the Trustee, any agent of the Trustee or a Receiver, any information which the Trustee reasonably requires with respect to matters relating to the financial statements (within the meaning of clause 29 of Schedule 10 to the Act) of the Council, other records of the Council, the Charged Assets and to the financial position of the Council;

10.2.6 Auditors' Reports:

- (a) at the same time as it furnishes its Annual Report under clause 10.2.1, provide a separate report by the Auditors addressed to the Trustee stating:
 - (i) whether or not in the performance of their duties as auditors they have become aware of any matter which in their opinion is relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee and if so, giving particulars thereof;
 - (ii) whether or not their audit has disclosed any matter (and if so, particulars thereof) calling in their opinion for further investigation by the Trustee in the interests of the Stockholders;
 - (iii) that they have perused the certificates (if any) given on behalf of the Council pursuant to clause 10.2.4 since their last report and

11. POWERS OF AND OTHER PROVISIONS RELATING TO TRUSTEE

11.1 Enforcement of Holders' rights

11.1.1 The Trustee holds its rights and benefits under this Deed (including the right to enforce the Council's duty to repay or pay interest under the terms of any Stock, the benefit of the security created under clause 9 and the right to enforce the Council's obligations and duties under the terms of the Stock, this Deed and, where applicable, the FMC Act) in trust for, and for the benefit of, the Holders.

11.2 Trustee's Remuneration:

11.2.1 General: The Council shall pay to the Trustee by way of remuneration for its services as trustee such remuneration as shall from time to time be agreed between the Council and the Trustee.

11.2.2 Expenses: Without limiting the generality of the other provisions of this Deed, the Council shall also, to the extent permitted by law, pay on demand all expenses (including travelling expenses and expenses incurred in the taking of any expert advice deemed necessary or expedient by the Trustee) reasonably incurred by or on behalf of the Trustee in connection with:

- (a) the exercise by the Trustee of any right or duty conferred by this Deed on the Trustee;
- (b) any breach or default in the observance or performance by the Council of any provision of this Deed or the PPSA (and not excluded by this Deed);
- (c) any application under the trusts and provisions of this Deed for its consent to, or approval or execution of, any act, document or matter;
- (d) any action taken by or required of the Trustee under this Deed;
- (e) the convening and holding, and carrying out of any directions or resolutions, of any meeting of the Stockholders; and
- (f) any other expenses agreed by the Council from time to time.

11.2.3 Continuation: The remuneration and other payments payable under this clause 11.2 shall continue to be payable until the trusts contained in this Deed are finally wound up and whether or not a Receiver has been appointed or the trusts contained in this Deed are in the course of administration by or under the direction of a court.

11.2.4 Payment: All expenses incurred and payments made by the Trustee or any Receiver in the lawful exercise of the rights conferred by this Deed and all remuneration payable to the

- (b) a certificate signed by the Chief Executive on behalf of the Council as to any fact or matter prima facie within the knowledge of such person or that any particular dealing, transaction, step or thing is expedient or commercially desirable and not detrimental to the interests of the Stockholders as sufficient evidence of such fact or matter or the expediency of such dealing, transaction, step or thing; or
- (c) the statements contained in any certificate, resolution or report given under this Deed as conclusive evidence of the facts stated therein;

11.6.2 Reference on Record: the Trustee shall not be responsible for acting or relying upon any resolution purporting to have been passed at any meeting of the Stockholders, or any class thereof, in respect of which a proper record has been made and which the Trustee believes to have been properly passed even though it afterwards appears that such resolution is not binding or valid by reason of a defect in the convening of the meeting or the proceedings of the meeting;

11.6.3 Application: the Trustee shall not be responsible for, or be bound to see to the application of, the money subscribed by applicants for, or subscribers of, the Stock;

11.6.4 Title: the Trustee shall not be bound or concerned to examine or enquire into, or be liable for any defects or failure in, the title of the Council to the Charged Assets, whether such defects or failure might have been discovered upon an examination or enquiry and remedied or not;

11.6.5 Discretion: except as otherwise expressly provided in this Deed, the Trustee shall have sole discretion as to the exercise of all trusts and rights vested in it by this Deed and as to the commencement, prosecution, variation, discontinuance or compromise of any action, proceeding or claim and, provided it has acted with reasonable care and diligence, it shall not be responsible for any loss or cost that may result from the exercise or non-exercise thereof;

11.6.6 Delegation: subject to clause 11.6.7, the Trustee, whenever it thinks it expedient in the interests of the Stockholders to do so, may:

- (a) delegate (with the prior written approval of the Council, except where the security created by this Deed has become enforceable) at any time, to any person, any of the trusts or rights vested in the Trustee by this Deed which cannot conveniently be exercised by it or through its employees, upon such terms and conditions and under such regulations (including power to sub-delegate) as the Trustee may think fit;
- (b) authorise (with the prior written approval of the Council, except where the security created by this Deed has become enforceable) any person it thinks fit

for in this Deed, and the Trustee shall, to the extent permitted by law, have a charge on the Charged Assets for all money payable to it under this clause 11.7 or otherwise however properly arising out of or in connection with this Deed or the issue of the Stock.

11.8 **Fiduciary Relationship:**

11.8.1 Stockholder: Nothing in this Deed shall be deemed to prohibit the Trustee or any related company of the Trustee (all of whom in this clause 11.8 where the context permits are included in the expression **the Trustee**), or its directors, or officers, from being a Stockholder or the holder of any other security (including any Stock issued under this Deed) issued by the Council or from acting in any representative capacity for a Stockholder, or other such holder.

11.8.2 Own Account: Without limiting the generality of clause 11.8.1, it is expressly declared that the Trustee may so act on its own account or as executor, administrator, trustee, receiver, committee, attorney or agent or in any other fiduciary, vicarious or professional capacity and the acting in such capacity shall not be deemed a breach of any of the obligations under, or arising in respect of, this Deed or otherwise imposed or implied by law arising out of the fiduciary relationship between the Trustee and the Council, or between the Trustee and the Stockholders as the case may be.

11.8.3 Other Transactions: The Trustee shall not by reason of its fiduciary capacity be precluded from making any contracts or entering into any transactions with the Council or with itself as trustee in the ordinary course of the business of the Trustee or from undertaking any insurance, financial or agency service with the Council or for itself as trustee, and the Trustee shall not be accountable either to the Council or the Stockholders for any profits arising from such contracts, transactions or services.

11.9 Represent Stockholders: The Trustee may at any time, either of the Trustee's own volition or pursuant to any direction or in accordance with any policy given or indicated by any meeting of Stockholders, represent Stockholders in any investigation, negotiation, action, transaction or proceedings concerning the interests of the Stockholders generally in the affairs of the Council or in the enforcement of the rights of the Stockholders or any of them, and in particular in obtaining legal, accountancy or other professional advice as to the rights of the Stockholders or the Trustee, the duties of the Trustee and the liabilities of the Council and in enforcing the rights of the Stockholders or the Trustee under any demand, action or proceeding.

11.10 Retirement: Subject to applicable law, the Trustee may without assigning any reason therefor, and shall if requested to do so pursuant to an Extraordinary Resolution or if requested by the Council, retire at any time by giving 90 days (or such shorter period as the Council may agree) notice in writing to the Council of its intention to do so, subject to the due appointment of a new Trustee previously approved in writing by the Council and the transfer to such new Trustee of the money, records and investments held by the Trustee under this Deed.

to the contrary, whether in the form of the information and reports provided to the Trustee pursuant to clause 10.2 or otherwise.

- 11.16 Trustee's Indemnity by Stockholders:** If the Trustee receives a direction or request pursuant to an Extraordinary Resolution, in accordance with the provisions of this Deed the Trustee shall not be bound to comply with it unless the Trustee has first been indemnified (subject to section 105 of the FMC Act if applicable) to its satisfaction against any actions, proceedings, claims and demands to which the Trustee may be rendered liable and all costs, charges, damages and expenses which it may incur by doing so.
- 11.17 Not Bound to Give Notice:** The Trustee shall not be bound to give notice to any person of the execution of this Deed.
- 11.18 Disclosure and Confidentiality:** Except where the Trustee, in its reasonable opinion, considers it necessary for the purposes of this Deed to disclose such to Stockholders, or to any person referred to in clause 11.6.1(a), the Trustee shall treat, and maintain, as confidential all information which it receives from, or in respect of, the Council pursuant to this Deed.

12. ENFORCEMENT OF SECURITY ON DEFAULT

- 12.1 Enforcement Events:** Subject to clause 11.5 and clause 13, the security created by this Deed shall become enforceable following the occurrence of any one or more of the following events, and while such is continuing unremedied or unwaived:

12.1.1 Non-Payment:

- (a) default is made by the Council in the payment on due date or, where payable on demand, promptly following proper demand therefor (or on the expiration of any applicable grace period) of any Principal Money of the Stock, or on any earlier date that the Principal Money shall become payable to a Stockholder, and such default continues unremedied for two business days; or
- (b) default is made by the Council for a period of seven business days in the payment of any interest on or secured by the Stock; or
- (c) default is made by the Council for a period of 30 days after final demand in writing in the payment of any other material amount due and payable by the Council pursuant to this Deed;

- 12.1.2 Receivership:** if a receiver, or receiver and manager, is appointed of (or the Council requests any such appointment), or an encumbrancer takes possession of or exercises its powers of sale in respect of, all or any material part of the Charged Assets unless the Council demonstrates to the satisfaction of the Trustee that such appointment or taking of possession or exercising of power will not have a material adverse effect on

- 12.4 Security Trust Deed:** The Council agrees that this Deed is a security trust deed for the purposes of the PPSA, and consents to any registration of a financing statement in respect of the security interest created pursuant to this Deed disclosing that this Deed is a security trust deed.

13. TRUSTEE'S POWERS OF ENFORCEMENT OF SECURITY

- 13.1 Trustee's Powers to Act:** At any time after the security created by this Deed has become enforceable (but subject to clauses 13.3, 13.5 and to the Act), and while it remains enforceable, the Trustee may, and shall forthwith upon being directed to do so by an Extraordinary Resolution, take one or more of the following steps:
- 13.1.1 Accelerate:** subject to the conditions or limitations applicable to any particular Stock, declare the whole or any affected part of the Stock and Secured Money to have become immediately due and payable, whereupon such money shall forthwith become due and payable;
 - 13.1.2 Take Possession:** enter into or take possession of all or any part of the Charged Assets;
 - 13.1.3 Realise:** either with or without taking possession sell, call in, collect and convert into money all or any part of the Charged Assets in such manner and for such consideration as the Trustee thinks fit;
 - 13.1.4 Apply:** apply in accordance with section 108 of the PPSA, Charged Assets in the form of Accounts Receivable, Money (as the term "Money" is defined in the PPSA) or Negotiable Instruments in or towards satisfaction of the Secured Money; and
 - 13.1.5 Meeting:** call a meeting of Stockholders for determining what action (if any) the Trustee should take in the circumstances.
- 13.2 Decrystallisation:** At any time after the floating charge created by this Deed has taken effect as a fixed charge in respect of any part of the Charged Assets, it shall resume the status of a floating charge in respect of that part of the Charged Assets which the Trustee identifies in a notice to that effect to the Council.
- 13.3 Notice of Exercise of Powers:** The powers conferred by clause 13.1 shall be exercisable by the Trustee without further notice to the Council. However, before exercising any of the powers contained in clauses 13.1.1 to 13.1.4 (the **powers of conversion**) the Trustee shall, except where it certifies in writing to the Council that, in its opinion, delay would imperil the interests of Stockholders or except upon the happening of any one or more of the events referred to in clauses 12.1.1(a), 12.1.1(b), 12.1.2 or 12.1.3, give written notice of its intention to the Council and shall not enforce the security created by this Deed or exercise the powers of conversion until the expiration of 14 days after the giving of such notice or if within such period the breach or event so specified is remedied to the reasonable satisfaction of the Trustee or the Trustee notifies the Council in writing that the particular breach or event relied upon no longer in the reasonable opinion of the Trustee detrimentally

the Act and the Receiverships Act the Trustee may in its discretion and shall upon being directed to do so by an Extraordinary Resolution, (and in any such case without any further notice to or consent on the part of the Council) appoint in writing one or more Receivers (whether severally, jointly or both) of all or any part of the Charged Assets with power from time to time to remove any Receiver so appointed and in case of removal, retirement or death to appoint another in his or her place. Any such Receiver may be appointed either before or after the Trustee has entered into or taken possession of all or any part of the Charged Assets.

14.2 Rights of Receiver: Following an appointment of a Receiver, the Receiver shall (subject to the provisions of the Act, and the Receiverships Act and except where precluded or limited by law) have power to do all or any of the following which are not specifically excluded by his or her appointment:

14.2.1 Take Possession: take possession of, demand, collect, or get in all or any part of the Charged Assets and exercise the rights conferred on Receivers by the Act (and, in particular, section 115 of the Act), and the Receiverships Act, in respect of the Charged Assets;

14.2.2 Deal with Charged Assets: deal with and exploit all or any part of the Charged Assets in any manner;

14.2.3 Dispose of Charged Assets: dispose of or concur in the disposal of all or any part of the Charged Assets and any interest in the Charged Assets generally upon such terms and conditions as the Receiver may consider necessary or expedient;

14.2.4 Acquire Property: acquire an asset or an interest in an asset for inclusion in the Charged Assets;

14.2.5 Appoint Agents: appoint and employ officers, managers, employees, advisers, contractors or agents for any purpose and on the terms which the Receiver may consider necessary or expedient;

14.2.6 Borrow Money: advance money to, or borrow or raise money from, any person with or without a charge or other security interest over or affecting the Charged Assets;

14.2.7 Settle Disputes: bring, defend, submit to arbitration, negotiate, compromise, abandon or settle a claim or a proceeding, or make an arrangement or compromise, in relation to the Charged Assets;

14.2.8 Execute Documents: (subject to the Receiverships Act) execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Council or otherwise and under the common seal of the Council or otherwise, all agreements, acts or things which the Receiver may reasonably consider necessary or expedient in relation to the Charged Assets;

14.2.9 Give Receipts: give a receipt for money paid to or an asset received by the Trustee or Receiver (which receipt shall

- 14.6.5 Borrow:** may, for the purpose of defraying any costs, losses, charges or expenses (including his or her remuneration) which shall be incurred by him or her in the exercise of rights vested in him or her, and for all or any other purposes of this Deed raise and borrow money by way of any transaction which is lawfully entered into by the Council on the security of all or any part of the Charged Assets either in priority to the Secured Money and the security created by this Deed as may be permitted by the Act or otherwise, at such rate or rates of interest and generally on such terms and conditions as he or she thinks fit (and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power or to see to the application of any money so raised or borrowed) and for those purposes may execute and do all such assurances and things as he or she thinks fit **PROVIDED ALWAYS THAT** a Receiver shall not exercise any such power without first obtaining the written consent of the Trustee thereto but the Trustee shall incur no responsibility or liability to the lender or otherwise by reason of its giving or refusing such consent whether absolutely or subject to any limitation or condition.
- 14.7 Trustee's Right to Sell Concurrently:** The Trustee may, upon such terms as it thinks proper, join in exercising its rights under this Deed with any other secured creditor of the Council and in particular may on such terms as it thinks proper join in appointing a common Receiver of all or any part of the Charged Assets, subject to the Trustee retaining such priority as is enjoyed by it in respect of the Charged Assets but with liberty for the Trustee to make any arrangement it thinks proper for the purpose of ensuring the respective priorities.
- 14.8 No Liability as Mortgagee in Possession:** The Trustee or any Receiver shall not be liable, by reason of an entry into possession of all or any part of the Charged Assets, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on reallocation or for any default or omission for which a mortgagee in possession might be liable.
- 14.9 Protection of Third Parties:** No person dealing with the Trustee or any Receiver, or their respective agents, shall be concerned to enquire:
- 14.9.1 Enforceability:** whether the security created by this Deed has become enforceable; or
 - 14.9.2 Right Exercisable:** whether any right exercised or purported to be exercised pursuant to this Deed has become exercisable; or
 - 14.9.3 Money Due:** whether any money remains due upon the security of this Deed; or
 - 14.9.4 Conditions:** as to the necessity or expediency of the conditions subject to which any sale shall be made; or
 - 14.9.5 Property:** otherwise as to the propriety or regularity of any exercise of the powers of conversion; or
 - 14.9.6 Application:** as to the application of any money paid to the Trustee or to any Receiver.

Amount) and interest thereon, as in any case entitled thereto
PROVIDED ALWAYS that:

- (a) the interest payable to each Holder of Security Stock shall be limited to the Priority Interest Amount;
- (b) before making any payment referred to in paragraph (a) above, the Trustee shall, in the case of each Holder of Security Stock but subject to the following provisions, set aside an amount (or the proper proportion thereof in the event of the amount available for distribution and application in accordance with this clause in respect of the abovementioned amounts owing to the Stockholders respectively being less than one hundred cents in the dollar) equal to the aggregate of the contingent liabilities (if any) which are determinate or limited in amount forming part of the Priority Principal Amount in the case of that Security Stock, but so that the amount set aside under this paragraph (b) in respect of any Stockholder shall not, when aggregated with money paid by the Trustee to the Stockholder on account of principal, exceed the Priority Principal Amount for the relevant Stock;
- (c) in the event of all or part of a contingent liability being indeterminate or unlimited in amount, the Trustee shall, subject to the following provisions, set aside as referred to above such amount as shall be nominated by the Holder of the relevant Security Stock as its reasonable estimate of that contingent liability or the proper proportion thereof (in the event of the amount available for distribution and application in accordance with this clause in respect of the abovementioned amounts owing to the Stockholders respectively being less than one hundred cents in the dollar) as the case may be but so that the amount set aside under this paragraph (c) in respect of any Stockholder shall not, when aggregated with money paid by the Trustee to the Stockholder on account of principal, exceed the Priority Principal Amount for the relevant Stock; and
- (d) any amount set aside in accordance with these provisos shall be held by the Trustee and applied in the following manner:
 - (i) each time all or part of a contingent liability becomes an absolute ascertained liability the Trustee shall pay to the Holder of the relevant Security Stock the amount or a proportionate part of such absolute and ascertained liability as referred to above as if the same had been a debt presently payable to such Holder at the Date of Enforcement;
 - (ii) each time any portion of the amount set aside pursuant to these provisos is no longer required for the purposes of paragraph (i) above then it shall become

other information prove to have been incorrect, or for failing to request or obtain such a certificate or other information.

15.5 Notice of Distribution: The Trustee shall give not less than 14 days' notice to the Stockholders of the day, place and time fixed for any payment to them under clauses 15.1 or 15.2 and after the day so fixed the Stockholders shall be entitled to interest on the balance only (if any) of the Principal Money owing on the Stock held by them (or in the case of the Security Stock on the actual balance secured thereby) after deducting the amount (if any) payable in respect thereof on the day so fixed.

15.6 Postponement of Distribution: If the amount of the money at any time available under clause 15.1 for payment of the Principal Money owing on the Stock is less than ten percent of the amount of such Stock, the Trustee may at its discretion invest that money upon any of the investments authorised in this Deed with power from time to time to vary such investments, and such investments (with the resulting income) may be accumulated until the accumulations together with any other funds for the time being under the control of the Trustee and applicable for the purpose amount to a sum sufficient to pay at least ten percent of the amount of such Stock.

15.7 Certificates of Indebtedness:

15.7.1 Determinations: For the purposes of determining the appropriate payment to be made to any Stockholder pursuant to clause 15.1, or the voting entitlement of any Stockholder under this Deed, the Trustee may (but need not) require any Stockholder to provide it with a certificate giving details of all amounts of any particular kind due or alleged to be due in respect of the Stockholder's Stock as at any date. The Trustee shall be entitled to rely upon the accuracy and correctness of any such certificate.

15.7.2 Information: Each Stockholder shall also provide the Trustee with whatever information it may require for the purpose of this clause 15.7. The Trustee shall incur no liability in so acting or for the consequences of so acting should any such certificate or information prove to have been incorrect, or for failing to request or obtain any such certificate or information.

16. ALTERATIONS

16.1 Trustee May Consent to Certain Alterations: Subject to the FMC Act and Financial Markets Supervisors Act (if applicable), the provisions of this Deed or the terms of any Stock may be added to or varied by deed executed by the Council and the Trustee:

16.1.1 Without Consent: without the consent of the Stockholders, if in the opinion of the Trustee it is necessary or desirable:

- (a) to correct a manifest error or omission, or it is of a minor, formal or technical nature; or

having a Registered Facsimile Number, its Registered Facsimile Number;

- (b) the Council, shall be given or made to the Council's address or facsimile number stipulated or otherwise advised in accordance with clause 17.1.2; and
- (c) the Trustee, shall be given or made to the Trustee's address or facsimile number stipulated or otherwise advised in accordance with clause 17.1.2.

17.1.2 Deemed Notice: Subject to written advice being given as to an alteration of the address and facsimile number for the Council or for the Trustee appearing below their respective signatures to this Deed, a notice shall be deemed to have been given or made (in the case of a notice given or made by facsimile) when transmitted to such facsimile number (as to which a transmission confirmation report showing the transmission of the relevant facsimile in its entirety produced by the transmitting facsimile machine shall be prima facie evidence) and (in the case of a notice given or sent by post) two business days after being placed in the post, properly addressed to such address and postage prepaid. Any notice received or deemed to have been received after 5 pm on a business day, or at any time on a day which is not a business day, shall be deemed not to have been received until 9 am on the next business day.

17.1.3 Joint Holders: In the case of joint Holders of Stock, a notice given to any Stockholder in the Register in respect of such holding shall be sufficient notice to all the joint Holders.

17.1.4 Council: Any notice to be given by the Council may, where authorised by the Council, be given on its behalf by the Trustee, the Registrar or the Paying Agent.

17.2 Authenticity of Notices: The recipient of a notice shall be entitled to rely on, without the need to carry out any investigation or make further inquiry, any notice which purports to have been given by any person pursuant to clause 17.1 and shall not be liable to that person or any other person in any way should any such notice subsequently be proved not to have been authorised by that person or to have been made, given or signed by someone other than an officer, employee, agent or attorney of that person or any solicitor.

17.3 Registration of Deed: The Trustee may at the Council's cost, or may require the Council at its own cost to, register or procure the registration and recording of this Deed as may be required by law or as may be necessary to perfect the security interest created by this Deed to give it full legal effect.

17.4 Release of Trust Deed: Upon proof being given to the reasonable satisfaction of the Trustee that all Stockholders have been paid or satisfied in respect of both Principal and interest, or that provision for such payment or satisfaction has been made in accordance with the provisions of this Deed and the requirements of any Stock and upon payment or retention of all costs, charges and expenses incurred by or payable to the Trustee or any Receiver in relation to this Deed, and the remuneration of the Trustee and of any Receiver and all other Secured

IN WITNESS OF WHICH this Deed has been executed and delivered.

SIGNED for and on behalf of **RANGITIKEI DISTRICT COUNCIL** by:

Elected Member/Councillor

Elected Member/Councillor

Address:
Rangitikei District Council
46 High Street
MARTON 4741

Facsimile: (06) 327 6970
For: George McIrvine

SIGNED by
TRUSTEES EXECUTORS LIMITED
under its common seal by

Sign **Authorised Signatory**

Print name in full

Sign **Authorised Signatory**

Print name in full

Witness to Authorised Signatory's signature:

Witness to Authorised Signatory's signature:

Signature: _____
Print name in full

Signature: _____
Print name in full

Occupation: _____

Occupation: _____

Address: _____

Address: _____

Address: Level 5, 10 Customhouse Quay, PO Box 3222, Wellington 6140

Name and Address of Stockholder: []

Principal Amount of Stock: [words] [figures]

Interest Rate: [] per cent per annum

Issue Date: []

Redemption Date: []

GIVEN by or on behalf of the Council this [] day of []

[Execution Block]

NOTES:

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered, and prior to redemption of the whole or any part of the Stock.
- (3) All sums specified in this Certificate relate to New Zealand currency.
- (4) No interest coupons are issued in respect of the Stock.
- (5) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

Registrar will register the transfer in accordance with the Registrar and Paying Agency Agreement (as defined in the Trust Deed) and will recognise the transferee as the Holder entitled to the amount of Stock comprised in the transfer;

- (c) all instruments of transfer which are registered will be retained by the Council or the Registrar, but any instrument of transfer which the Registrar may decline (on reasonable grounds) to register shall be returned to the person who has delivered the same together with the reasons for non-registration;
- (d) the Registrar shall not be obliged to, but may, register any transfer of Stock during the period between the Registrar's close of business on the Record Date immediately preceding the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest and the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest, or the period between the Registrar's close of business on the date 14 days before any meeting (inclusive of the date on which such meeting is held) of Stockholders is convened in accordance with the Trust Deed and the date of such meeting. For the purposes of these Conditions, **Record Date** means the tenth day before the relevant date for payment of any Principal and/or interest in respect of any Stock or, if such day is not a business day then such day as determined by the Paying Agent in accordance with its usual practice;
- (e) no fee shall be charged by the Council for the registration of a transfer;
- (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holder or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

re-exchanges, legal expenses and other usual and proper banking and/or commercial charges];

*[*The words in the above brackets may be varied to suit the particular circumstances for which Security Stock is issued.]*

*[**This bracketed wording to be used where the security is only for obligations under one or more specified agreements.]*

3. **THE** Stock is issued on the special condition that at any date (**Relevant Date**) the Stock shall secure as the Priority Total Amount not more than:

(a) as principal the lesser of:

(i) the aggregate amount (as finally determined) of all the liabilities, advances and other accommodation or obligations referred to in clause 2 of this Certificate at the Relevant Date, including capitalised interest owing at the Relevant Date but excluding any uncapitalised interest owing at the Relevant Date; and

(ii) the nominal amount of the Stock,

(such lesser amount being referred to in this Certificate as the **Priority Principal Amount**); and

(b) as interest, all interest payable to the Holder on the principal referred to in paragraph (a)(i) above (up to the Priority Principal Amount) but excluding any interest (except to the extent that it is capitalised into the Priority Principal Amount) which has been due and owing since a date more than six months prior to the Date of Enforcement, and if the amount referred to in paragraph (a)(i) above exceeds the amount referred to in paragraph (a)(ii) above, the Holder may, in its sole discretion, determine which of the liabilities, advances, accommodation and obligations secured by the Stock the Priority Principal Amount is applied to the payment of, and the interest referred to in this paragraph will be calculated on that basis,

AND upon any distribution of the money available to Stockholders pursuant to the provisions of clause 15 of the Trust Deed the Stock shall entitle the Holder to payment pari passu with the other Stockholders in respect only of their Priority Principal Amount together with interest calculated pursuant to the provisions of paragraph (b) above **PROVIDED ALWAYS** in the event of the amount referred to in paragraph (a)(i) above exceeding the Priority Principal Amount then the aggregate of the following amounts:

(i) such excess (if any);

(ii) the interest owing in respect of such excess; and

(iii) any other interest as Secured Money but excluded pursuant to paragraph (b) above,

shall rank for payment subsequent to the Priority Total Amounts of the other Stockholders but pari passu with any amounts as referred to in the equivalent to this proviso in Security Stock Certificates held by other Stockholders (and as consistent with clause 6.3.1(c) of the Trust Deed);

all in accordance with the Trust Deed (including the Conditions).

CONDITIONS

1. **SUBJECT** as herein provided, the Holder of the Stock is entitled *pari passu* and rateably with the holders of all other Stock constituted by the Trust Deed to the benefit of, and is subject to, the provisions of the Trust Deed (including the Conditions).
2. **EVERY** Holder shall, as a condition precedent to receiving payment of the amount of Stock comprised in the Holder's Stock Certificate produce, in the case of part payment, and surrender, in the case of payment in full, such Stock Certificate to the Council or the Registrar or, in case of contemplated payment by the Trustee or the Paying Agent on behalf of the Council, to the Trustee or the Paying Agent as the case may require **PROVIDED ALWAYS** that this Condition shall not preclude payment by the Council, the Trustee or the Paying Agent, on behalf of the Council with the consent of the Council, without production of such Certificate if the Council or the Trustee so elects. Upon payment in part, the Certificate shall be, or be deemed to be, endorsed accordingly and returned to the Holder, and upon payment in full, the Certificate shall be deemed to have been cancelled and surrendered to the Council. This Condition shall not apply if the Trustee requires payment to it of the Principal Money in respect of any Stock in accordance with the provisions of the Trust Deed.
3. **INTEREST** payable shall, where it has not earlier ceased to accrue, cease to accrue on the money secured by any Stock from the date fixed for payment of the Principal Money unless upon production of this Certificate the Council wrongfully fails to make payment in which case interest shall run until actual redemption or payment. This condition shall not apply if the Trustee requires payment to it of the Principal Money or interest in respect of any Stock in accordance with the provisions of the Trust Deed.
4. **EVERY** Holder will be recognised by the Council, the Paying Agent and the Registrar as entitled to its Stock and to the Principal Money and interest payable thereon free from any equity, security interest, set-off or cross-claim or counter-claim between the Council and the original or any intermediate holder of the Stock (not being the Holder).
5. **THE** Stock may, to the same extent as the debts, liabilities, advances or other accommodation or obligations to which it relates, be transferred in accordance with the Trust Deed by an instrument in writing in the usual or common form, and the following provisions shall apply:
 - (a) every instrument of transfer must be executed by the transferor in the manner required by the Council or the Registrar or as required by the FMC Act and the transferor shall be deemed to remain the owner of the Stock until the name of the transferee is entered in the Register (as defined in the Trust Deed) in respect thereof;
 - (b) every instrument of transfer must be left at the registered office of the Registrar for registration accompanied by any Certificate in respect of the Stock to be transferred and such other evidence as the Council or the Registrar may require to prove the title of the transferor or its right to transfer the Stock. Upon being satisfied as to the due execution of the transfer, and the due compliance with the provisions of any Act relating to stamp duties, the Registrar will register the transfer in accordance with the Registrar and Paying Agency Agreement (as defined in the Trust Deed) and will recognise the transferee as the Holder entitled to the amount of Stock comprised in the transfer;

FIRST SCHEDULE

PART III

Stock Certificate No: []

RANGITIKEI DISTRICT COUNCIL
(the Council)

Principal Office: Rangitikei District Council
46 High Street
MARTON 4741

Stock Transfer Office: Link Market Services Limited
Level 11
Deloitte Centre
80 Queen Street
AUCKLAND 1010
(the Registrar and Paying Agent)

[Description of Stock Issue]

Security Stock Certificate

The Security Stock referred to in this Certificate is Security Stock constituted and secured by a debenture trust deed (**Trust Deed**) dated on or about [] between the Council and Trustees Executors Limited and is issued with the benefit and subject to the provisions of the Trust Deed, the conditions endorsed on and/or otherwise applicable to such Stock and this Certificate, including the further conditions (included in the term **Conditions**).

THIS IS TO CERTIFY THAT

1. [name of holder] (**Holder**) will, upon registration of the Stock pursuant to the Trust Deed, be the registered Holder of Security Stock (**Stock**) in a nominal amount equal to the aggregate amount, from time to time, of the liabilities, advances and other accommodation or obligations referred to in clause 2 of this Certificate;
2. **SUBJECT** to the provisions of clause 3 of this Certificate, the Stock is issued by way of continuing security for **[the due payment and satisfaction to the Holder of all liabilities of the Council to the Holder **[in respect of [insert details of specific agreement(s)] (Agreement(s))]* whether incurred before or after the issue of the Stock and whether matured or not and whether incurred by the Council alone or jointly with others and whether as principal or surety and whether absolute or contingent and whether incurred within or outside the scope of the relationship of banker and customer and shall include, but not by way of limitation, liabilities in respect of advances and in respect of cheques, bills, notes and other negotiable or non-negotiable instruments drawn, accepted, endorsed or guaranteed and in respect of interest (whether capitalised or otherwise compounded or current) and as regards current interest including interest on capitalised interest or on interest otherwise

NOTES:

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered.
- [(3) All sums specified in this Certificate relate to New Zealand currency.]
- (4) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

- (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holders or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or to the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

by direct credit or other payment means as notified in writing to the Paying Agent by the Council or the Stockholder. Any such notice shall be deemed to be automatically cancelled on transfer of the Stock.

7. **IF** several persons are entered in the Register as joint Holders of any Stock then without prejudice to condition 6 above the receipt, or compliance with the payment directions, of any one of such persons for any Principal Money (or any part of the Principal Money) or interest or other sums from time to time payable on or in respect of such Stock shall be as effective a discharge to the Council, the Registrar, the Paying Agent and the Trustee as if the person signing such receipt or giving such payment directions were the sole registered Holder of such Stock.
8. **IF** the date for any payment in respect of the Stock is not a business day, payment shall be made on the next succeeding business day and no additional interest or other sum shall be paid in respect of any period during which payment is so delayed.
9. **THE** Stockholder must at all times comply with, and not expose the Council or the Trustee to any immediate or possible liability under or in respect of, the FMC Act or any other law applicable to the advertising, offering, sale or transferring of Stock.
10. **THE** obligations of the Council in respect of the Stock may only be enforced in the circumstances provided for, and in accordance with the terms of, the Trust Deed.

Words and expressions in these further conditions shall have the same meaning as in the Trust Deed unless otherwise defined or the context otherwise requires.

wishes to make in relation to the meeting and the matters to be considered thereat.

- 4.2** (a) Notice of every meeting of Stockholders shall be given in the manner provided herein and in clause 17 of the Trust Deed to:
- (i) every Holder of Stock who is entered on the Register on the day two working days before the notice is sent; and
 - (ii) every legal personal representative or an assignee in bankruptcy or liquidator of a deceased or bankrupt Stockholder or Stockholder in liquidation who, but for the Stockholder's death or bankruptcy or liquidation would have been entitled to receive notice of the meeting.
- (b) Notice of every meeting shall be given to:
- (i) each Holder of Registered Stock whose Registered Address is in New Zealand, by ordinary post;
 - (ii) each Holder of Registered Stock whose Registered Address is outside New Zealand, by airmail post;
 - (iii) each Holder of Bearer Stock in such manner as may be provided in the Trust Deed or the conditions of such Bearer Stock;
 - (iv) every councillor of the Council;
 - (v) each other person required to be given notice by law.
- 4.3** In the case of any Extraordinary Resolution to be proposed at a meeting, the Council shall, at least 10 working days (or any lesser period approved by the Trustee) before Council gives notice of the meeting, provide to the Trustee a draft of the proposed notice of the meeting.
- 4.4** At least fifteen working days' notice (or such shorter period as the Trustee and Council shall otherwise agree) of every meeting shall be given to the Stockholders entitled to receive notice of the meeting. The notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given. The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted (in sufficient detail to enable a Holder to form a reasoned judgment in relation to it) thereat but it shall not be necessary to specify in the notice the terms of any resolution to be proposed at the meeting except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case (except in respect of any notice to Holders of Bearer Stock) the text of the proposed resolution shall be set out (together with any of the Trustee's comments on the Extraordinary Resolution). The notice must also set out the right of a Holder to appoint a proxy and any authorised person with respect to voting under clause 14.10.

6. **Right to Speak:** Any director, officer of or solicitor for, the Trustee or any other person authorised in that behalf by the Trustee and any officer of, or solicitor for, the Council or any other person authorised in that behalf by the Council, may attend any meeting and all such persons shall have the right to speak at the meeting.
7. **Chairman:** A person nominated in writing by the Trustee shall preside at every meeting and if no such person is appointed, or if at any meeting the person nominated is not present within fifteen minutes after the time appointed for holding the meeting, the Stockholders present shall choose one of their number to be chairman.
8. **Adjournment:**
 - 8.1 The chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place.
 - 8.2 No business shall be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.
9. **Authority to Vote:** The person registered as a Stockholder in the Register shall be exclusively entitled to vote in respect of the Stock recorded as owned by that person provided however that a Stockholder who is an individual may vote personally or by his or her representative (being, for the purposes of this Schedule, a person either appointed by way of proxy or by power of attorney) and a Stockholder which is a company may vote by its representative (being, for the purposes of this Schedule, a person appointed either by way of proxy or by power of attorney or being a person authorised by the relevant provisions of the Companies Act).
10. **Proxies:**
 - 10.1 The instrument appointing a proxy shall be in writing signed by or, in the case of an electronic notice, sent by the appointor or by the appointor's attorney duly authorised in writing or, if the appointor is a company, either under its seal or signed by an officer or attorney so authorised or by any director, secretary, general manager, investment manager or other person who has actual authority to appoint a proxy on behalf of such company.
 - 10.2 A person appointed to act as a proxy need not be a Stockholder and has the right to speak at a meeting of Stockholders.
 - 10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or Notary Public or in such other manner as the Trustee shall approve, shall be either deposited at such place as the Trustee, or the Council with the approval of the Trustee, may in the notice convening the meeting direct or (if no such place is appointed) then at the principal office of the Council not less than forty-eight hours (or such shorter period as the Council may nominate in the notice convening the meeting) before the time appointed for holding the meeting or adjourned meeting at which the person named in the

powers on behalf of the company as that company could exercise if it were an individual Stockholder and shall be entitled to produce evidence of that person's authority to act at any time before the time appointed for the holding of, or at the meeting or adjourned meeting or for the taking of a poll at which that person proposes to vote.

13. Rights of Representatives:

13.1 A representative shall have the right to speak at the meeting and to demand or join in demanding a poll and shall (except when and to the extent to which the representative is specially directed to vote for or against any proposal) have power generally to act at the meeting (or adjourned meeting) for the Stockholder concerned.

13.2 The Trustee and any officer of the Trustee may be appointed a representative.

14. Voting Procedure:

14.1 A resolution put to the vote at a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Council or by the Trustee or any person acting on behalf of the Trustee or by any Stockholder. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The chairman must take account of votes made pursuant to clause 14.10 in compliance with clause 11(6) of Schedule 11 of the FMC Regulations (if applicable).

14.2 If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

14.3 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other votes to which the chairman may be entitled.

14.4 A poll demanded on the election of a chairman other than the nominee of the Trustee or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time (not being more than thirty days after the date of the meeting) and place as the chairman may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.

14.5 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

14.6 On a poll votes may be given either personally or by representative. On a poll a person entitled to more than one vote need not use all its votes or cast all the votes it uses in the same way.

- (c) sign a certificate that it has carried out the duties set out in paragraphs 14.11(a) and (b) above and that sets out the results of the counts required by paragraph 14.11(b); and
 - (d) ensure that the certificate required by paragraph 14.11(c) above is presented to the chairman.
- 15. **Disqualification:** No Stockholder shall be entitled to be present or to vote on any question, either personally or by representative, and no person shall be entitled to be present or to vote by representative for any Stockholder at any meeting or upon a poll or be reckoned in a quorum in respect of any Stock held by such Stockholder, whether alone or jointly, whilst any call or other sum shall be due and payable to the Council in respect of any such Stock.
- 16. **Powers Exercisable by Extraordinary Resolution:** Without limiting the rights conferred on the Trustee by the Trust Deed, and subject to the proviso to this paragraph 16, a meeting of the Stockholders shall, in addition to all other rights which by the Trust Deed are specified as exercisable by Extraordinary Resolution, have the following rights exercisable by Extraordinary Resolution, namely right to:
 - (a) sanction either unconditionally or upon any conditions:
 - (i) the release of the Council from the payment of all or any part of the money secured by the Trust Deed; or
 - (ii) the surrender or release of the whole or any part of the Charged Assets;
 - (b) sanction the exchange of Stock for, or the conversion of Stock into shares, stock, debentures, debenture stock or other obligations or securities of the Council or any company or entity formed or to be formed;
 - (c) postpone, or with the concurrence of the Council accelerate, the day when the Principal Money of the Stock shall become payable and suspend or postpone for a time the payment of interest on the Stock;
 - (d) sanction any variation, release, waiver or compromise or any arrangement in respect of the rights of the Stockholders against the Council or against its assets howsoever such rights shall arise;
 - (e) assent to any variation or addition to or waiver of the provisions contained in the Trust Deed or any deed or other instrument collateral or supplemental thereto, or the conditions attaching to the Stock, proposed or agreed to by the Council;
 - (f) give any sanction, assent, release or waiver of any breach or default by the Council under any of the provisions of the Trust Deed;
 - (g) authorise the Trustee or any Receiver, where it shall have entered into possession of the Charged Assets or any part thereof, to give up possession of the same to the Council either unconditionally or upon any condition;

20. **Only Persons on Register Recognised by Council:** The persons registered as Stockholders in the Register, and no other person or persons, shall be recognised and treated as the legal holders of the Stock therein mentioned whether such persons are or are not in fact the owners thereof. For the purpose of establishing voting entitlements at a meeting the Register shall be closed as of close of business one day prior to the final date proxies may be received pursuant to paragraph 10.3.
21. **Classes of Stock:**
- 21.1 In addition to meetings of Stockholders in general, meetings of Classes of Stockholders may be held, and the provisions of this Second Schedule shall apply to any meeting of a Class of Stockholders as if references to "Stockholders" were references to Stockholders in that Class of Stockholders only and references to "Stock" were references to the relevant Class of Stock only.
- 21.2 A power which may be exercised by Stockholders by Extraordinary Resolution may only be exercised by an Extraordinary Resolution of a Class of Stockholders if the Trustee agrees, acting reasonably, that the exercise of that power only affects that Class of Stockholders, unless each affected Class of Stockholders passes the same, or substantially the same, Extraordinary Resolution.
- 21.3 The references to Extraordinary Resolution in clauses 11.10, 11.12.1, 11.12.2, 13.1 and 14.1 shall be read as references to an Extraordinary Resolution passed by Stockholders generally and not by one or more Classes of Stockholders only.

Unless otherwise defined or the context otherwise requires, terms with a defined meaning in the Trust Deed shall have the same meaning where used in this Certificate.

Dated:

Chief Executive
Rangitikei District Council

5. [For the purposes of paragraph [4] of this Certificate, I have considered in particular:

- (a) the liability of the Council under the Security Stock Certificate(s) issued with a floating nominal amount;
- (b) the likelihood of the liabilities secured by those Security Stock Certificates being called on; and
- (c) the ability of the Council to recover or recoup from other parties in relation to any payments that the Council would be required to make in respect of those Security Stock Certificates.]

[delete this paragraph if no Security Stock Certificate has been issued with a floating nominal amount]

*6. Since the date on which the last Reporting Certificate containing this certification was given [or on the case of the first Reporting Certificate, since the date of the Trust Deed] the Council has complied in all material respects with all the material provisions, covenants and obligations under the Trust Deed, and I am not aware of any reason [am aware of the following reasons/of reasons which have already been advised to the Trustee] why in the period of twelve months from the date of this Certificate the Council will not so comply with such provisions, covenants and obligations.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

Dated:

Chief Executive
Rangitikei District Council

[These paragraphs are not required in a Reporting Certificate provided to the Trustee in respect of the end of the first and third quarters of the Council's financial year. Paragraph numbering should be updated accordingly.]*

Appendix 2



Dated:

REGISTRY CUSTOMER AGREEMENT

between

RANGITIKEI DISTRICT COUNCIL

and

LINK MARKET SERVICES LIMITED

REGISTRY CUSTOMER AGREEMENT

AGREEMENT dated

RANGITIKEI DISTRICT COUNCIL LIMITED ('Rangitikei District Council' or 'the Council') of 46 High Street, Marton 4741

AND

LINK MARKET SERVICES LIMITED ('LINK' or 'Registrar') of Level 11, Deloitte Centre, 80 Queen Street, Auckland

RECITALS

The Council has requested that Link provide, and Link has agreed to provide, the Services to the Council on the terms and conditions of this agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this agreement, the following words and phrases have the meanings as set out below unless a contrary intention appears:

'Amounts Payable' means, on any date, the amount of interest (if any), principal or any other amount due to be paid to Holders of the Securities on that date under the Issue Documentation.

'Approved Issuer Levy' means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Security, the levy payable by the Issuer in accordance with section 86J of the Stamp and Cheque Duties Act 1971 to enable the payment of that interest to be made to any non-resident for tax purposes with a deduction for New Zealand non-resident withholding tax at the rate of zero percent pursuant to section RF 12 of the Income Tax Act 2007 (or its successor provisions).

'Authorised Signatory' means, subject to clause 14, a person appointed by the Council and specified in Schedule B.

'Business Day' means a day (other than a Saturday or Sunday) that the NZX are open for trading.

'Computer Systems' means the computer systems required by clause 9.1.

'Conditions' means the terms and conditions applicable to any Securities as set out in the relevant Issue Documentation.

'Confidential Information' means the databases, computer programs, screen formats, screen designs, report formats, interactive design techniques, and other related information furnished to

'Holder' means a person or, as the case may be, persons in whose name Securities are or were inscribed in the Register and **'Holding'** has a corresponding meaning.

'Issue Documentation' means:

- (a) the Debenture Trust Deed;
- (b) the Multi-Issuer Deed (from the date on which the Council accedes to it);
- (c) the Issue Notices for any securities; and
- (d) any other agreement entered into by the Council pursuant to which Securities are able to be constituted and issued by the Council and which the Council and Link agree to be **'Issue Documentation'**. **'Issue Notice'** means a notice in the form set out in Schedule D or any other substantially similar form or any other form agreed between the parties.

'Liabilities' means Link Liabilities and/or the Council Liabilities as the case may be.

'Link' includes, where the context permits, any delegate or agent that Link appoints in accordance with this agreement.

'Link Liabilities' includes:

- (a) Taxes, costs, expenses, liabilities, fees or any other amount incurred or payable by Link under this agreement;
- (b) the disbursements set out in the Fee Schedule;
- (c) Link's fees payable pursuant to clause 6;
- (d) any sum or amount in respect of which Link is entitled to be indemnified for under clause 11; and
- (e) any amount Link is entitled to be paid or reimbursed under clause 11.

'Link Liability Limit' means the greater of:

- (a) \$200,000; or
- (b) the amount of fees paid by the Council to Link under this agreement during the past 12 month period.

'Multi-Issuer Deed' means the multi-issuer deed the New Zealand Local Government Funding Agency Limited and various local authorities dated 7 December 2011 (as amended, supplemented or restated from time to time).

'Non-standard Services' means the services not specified in Schedule A, including corporate actions (such as takeovers or buy-backs) and additional projects.

'Security' means those securities issued by the Council under the Issue Documentation, including:

- (a) "Stock" as defined in the Debenture Trust Deed; and
- (b) "Securities" as defined in the Multi-Issuer Deed.

'Services' means the Standard Services and the Non-standard Services.

'Standard Services' means the services set out in clause 2.3 and more specifically set out in Schedule A.

'Taxes' includes any present or future tax, levy, impost, rate, duty, charge, fee, deduction or withholding of any nature and whatever called (including for the avoidance of doubt Approved Issuer Levy), imposed or levied by any governmental agency and any interest, penalty, charge, fee, or other amount imposed or made on or in respect of any of the foregoing.

1.2 Interpretation

In this agreement unless the context otherwise requires:

- (a) headings have been inserted only for convenience and do not affect the interpretation of this agreement;
- (b) a reference to any document includes reference to that document's attachments and schedules, the whole as amended from time to time;
- (c) a reference to a statute, ordinance, code or other law includes reference to the corresponding regulations, instruments, class orders and policy statements in all instances as amended, consolidated, re-enacted, replaced or re-written;
- (d) a reference to the parties, where relevant, includes their respective successors or permitted assigns;
- (e) the singular includes the plural and vice-versa;
- (f) words and expressions importing one gender include all other genders;
- (g) 'include' and any variation of it means including without limitation and does not exclude a reference to other items, whether of the same class or genus or not;
- (h) 'month' and any variation of it means a calendar month (whether or not beginning on the first day of the month);
- (i) 'person' includes a natural person, a firm, a body corporate, an unincorporated association or an authority and vice versa;
- (j) where a word or phrase is given a defined meaning in this agreement, any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning; and

- (h) holding RWT Exemption Certificates (or copies thereof) and similar documents received from Holders.

2.4 Other services

The Registrar shall also perform such other services for the Council, whether or not of a similar nature to those referred to in clause 2.3 or Schedule A, as the Registrar may agree to perform from time to time, on such terms and conditions as the Registrar may agree.

3. THE REGISTER

3.1 Establish Register

From the Effective Date, Link establishes and maintains the Register on behalf of the Council.

3.2 Location of Register

Link must keep the Register at its principal place of business in Auckland or at such other place in New Zealand as may be agreed by the Council and Link (such agreement not to be unreasonably withheld).

4. USE OF EXTERNAL SERVICE PROVIDERS

4.1 Use of Service Providers

- (a) In performing the Services, Link may in its discretion appoint and use the services of external service providers where Link considers the appointment to be necessary or expedient to assist Link in carrying out its obligations under this agreement.
- (b) the Council's consent is not required in relation to Link's use of any services provided by a holding company or subsidiary of Link, as defined in the Companies Act 1993.
- (c) Link will be responsible to the Council for the acts, omission or defaults of any external service provider appointed by Link, unless directed to use a particular service provider by the Council.

5. CORRECT INFORMATION

- (a) The Council must use its best endeavours to supply Link with accurate and complete information to enable Link to perform the Services.
- (b) Link has no obligation to question or confirm the accuracy or completeness of any information provided to it by the Council or any other person including but not limited to Holders.

8. PAYMENTS ON BEHALF OF ISSUER

8.1 Payment of Amounts Payable

The Registrar shall pay, or cause to be paid, (subject to the provisions of clause 18 (taxes)) on behalf of the Council all payments of Amounts Payable on Securities on the relevant Payment Date in New Zealand and otherwise in accordance with the written instructions of the Holders appearing in the Register at the relevant Record Date.

8.2 Notice of Amounts Payable

Not less than five days before a Payment Date for any Securities, the Registrar shall give the Council written notice of the Amounts Payable on that Payment Date.

8.3 Issuer Payment

By no later than 12.00 noon (New Zealand time) on a Payment Date for any Security, the Council shall arrange for payment to be made, or make payment of, the Amounts Payable in respect of that Security to the NZClear Account. The Registrar acknowledges that any payments from the Council of the Amounts Payable shall not constitute the property of the Registrar for any purpose other than the payment to the Holders as herein contemplated, shall at all times be held on trust for that purpose, and, in the event of frustration of that purpose for any reason, shall be returned immediately and in full to the Council.

8.4 No Set-Off

The Registrar shall not exercise any lien, or right of set-off over any moneys received by it pursuant to clause 8.3, or combine or consolidate those moneys with any other money or account.

8.5 Notice of Payment Date

In setting the corporate financial calendar, the Council will ensure that there is a minimum of 10 calendar days between the Record Date for a payment and the date that payment is required to be made by Link under clause 8.1.

9. RECORDS AND INFORMATION

9.1 Computer Systems

Link agrees to formulate, install, implement, maintain and keep on-line computerised systems recording the transactions and matters contemplated by this agreement.

9.2 Full details of transactions

The Records, including those maintained on the Computer Systems, must include details of any transaction or matter to be recorded in the Register by Link and must show each payment or

9.5 Inspection of Register

Link shall, at all reasonable times during office hours, subject to any applicable laws or regulations, make the Register available to the Council and the Holders and any person authorised by the Council, in each case for inspection and for taking copies. Link shall deliver to the Council or any person authorised by the Council on request, any list of Holders, their addresses and holdings, as may be requested. Without limitation, Link must disclose to a Holder, as soon as practicable following any request by that Holder, such particulars on the Register relating to Securities registered in the name of that Holder as the Holder has requested.

10. TERM AND TERMINATION

10.1 Initial Term

This agreement commences on the Effective Date for a period to and including a date 7 years from that date ('Initial Term').

10.2 Renewal

At the expiry of the Initial Term and each succeeding year, the agreement is automatically renewed for a further year ('Renewal Term') unless terminated in accordance with clause 10.3.

10.3 Time of Termination

Either party may terminate this agreement at any time by giving at least 60 days' notice (or such other period as the parties agree) in writing. No such termination may take effect within 15 days of any Payment Date.

10.4 Events on Termination

Upon any termination of this agreement for any reason (including default of either party), Link must provide to the new registrar all Records (other than copies of this agreement) and use its reasonable endeavours to assist the new registrar promptly to take over all the functions of Link under this agreement in an orderly manner. Further, Link must provide to the new registrar all files, records, ledgers and documentation and all stationery or office materials particular to the Council or the operation of the Register, and all other material of any kind which are the property of the Council. Upon or prior to any termination of the Registrar becoming effective, the Council must pay all Link Liabilities due but unpaid and all reasonable "out of pocket" fees (including legal fees) incurred by Link in transferring the Records and other materials as contemplated by this clause.

10.5 Obligations surviving Termination

Notwithstanding any other provision of this agreement clauses 10.4, 11, 12 and 13 shall survive the termination of this agreement for any cause whatsoever.

11.4.2 Any liability of Link arising as a result of its misapplication of the Issuer's funds, whether deliberate or accidental, shall not be subject to the limitations contained in clause 11.4.1.

11.5 No liability to agents

Neither party is liable to an agent of the other party in any circumstances.

11.6 No liability to holders of securities

Link is not liable in any way to the Holder of any Security or any person who holds a lien, charge or any other legal or equitable interest over such Security.

12. KEEPING RECORDS

12.1 Link will retain all Records for completed transactions:

- (a) for a period of 7 years after the completion of the transactions to which the Records relate unless otherwise agreed between the parties; or
- (b) until the later of the date of termination of this agreement and the date on which it has complied with its obligations under clause 10.4,

whichever is the sooner.

12.2 Link may destroy hard copies of Records held by it after 6 years (or such lesser period as agreed between the parties) if it has produced legible microfilm records of those Records or other records in such other form as may be agreed by the Council.

12.3 Link must comply with all statutory obligations imposed upon it in relation to the retention of the Records and, to the extent that those obligations are inconsistent with the provisions of this agreement, it will comply with the statutory obligations.

12.4 Link must maintain data storage facilities for the Records.

13. DISCLOSURE AND CONFIDENTIALITY

13.1 Disclosure

The Registrar must disclose to a Holder, as soon as practicable following any request by that Holder, such particulars on the Register relating to the Securities registered in the name of that Holder as the Holder has requested.

13.2 Confidential Information

Subject to clause 13.1, each of the Council and Link:

- (a) agrees that it will treat as confidential the terms and conditions of this agreement and acknowledges the Confidential Information is passed to and received by it in the strictest confidence;

14.2 Link entitled to rely

Link is entitled to rely on the authenticity of the signatures and instructions given or purported to be given by the Council's Authorised Signatories and Link is not liable for any claim, damage, cost, expense, loss liability or demand arising from that reliance.

14.3 Additions and deletions to list

The Council must advise Link of any addition to, or deletion from, Schedule B by written notice signed by two Authorised Signatories who are not the subject of the variation or signed in such other manner as is satisfactory to Link in its reasonable discretion.

14.4 Date variation takes effect

Any variation of Schedule B takes effect on the date that Link provides written acknowledgment of receipt of the variation notice, which it must promptly provide.

15. LINK'S SERVICES NON EXCLUSIVE

The services and appointment of Link under this agreement are not exclusive. Link is free to provide similar services to others, and is not obliged to disclose to the Council anything which comes to its notice in the course of providing services to others, in its general business operations or otherwise than in the performance of this agreement. The Council is free to obtain from others, services similar to the services provided by Link under this agreement.

16. LINK'S REPRESENTATIONS AND WARRANTIES

Link represents and warrants to the Council as at the date of this agreement and during the term of this agreement that:

- (a) it will perform the Services in accordance with the Performance Standards;
- (b) it has the power, skill, facilities, financial ability and staff to enter into and perform its obligations under this agreement, and has duly executed this agreement so as to constitute the valid and binding obligations of Link;
- (c) it has all the power to enter into and perform this agreement and has obtained all necessary consents and corporate authorisations to enable it to do so;
- (d) it holds such licences and authorities as are necessary to lawfully perform its obligations under this agreement;
- (e) in the ordinary course of provision of the Services, it will comply with all applicable requirements specified by NZX; and
- (f) it will have in place from the date of signing by the parties of this agreement, and maintain at all times during the term of this agreement, policies of fidelity insurance and

- (b) is not carrying on business in New Zealand through a fixed establishment (as defined in the Income Tax Act 2007) in New Zealand;
- (c) is not an associated person (as defined in the Income Tax Act 2007) in respect of the Issuer; and
- (d) is not (or, where the Holder is not the beneficial holder of the Securities, no person who beneficially derives interest under the Securities is) deriving interest under the Securities jointly with one or more persons, where, in either case, one or more of whom are resident in New Zealand for tax purposes (as defined in the Income Tax Act 2007) or carrying on business in New Zealand through a fixed establishment in New Zealand (as defined in the Income Tax Act 2007),

and the Holder has not otherwise agreed with Rangitikei District Council (or the Registrar on its behalf), the Registrar shall deduct Approved Issuer Levy from the part of each payment made to that Holder which comprises interest and will pay the net amount to the Holder. For the avoidance of doubt, if Rangitikei District Council (or the Registrar on its behalf) is not entitled to deduct Approved Issuer Levy from any payment of interest to a Holder, clause 18.1 will apply.

18.4 Statement

The Registrar shall send to a Holder at the same time as it makes payment of any Amounts Payable to that Holder, a statement advising the gross amount paid and the amount of any deduction or withholding made from that amount for, or on account of, New Zealand resident or non-resident withholding tax or Approved Issuer Levy. In the case of a deduction of New Zealand resident withholding tax, the statement shall be prepared so as to constitute a resident withholding tax deduction certificate in terms of the Income Tax Act 2007 and the Tax Administration Act 1994 and shall include (without limitation) the information set out in section 25(6) of the Tax Administration Act 1994. The Registrar shall provide to Rangitikei District Council a summary and reconciliation of all amounts paid and withheld.

19. AMENDMENT

This agreement cannot be amended except in writing executed by each party.

20. DISPUTE RESOLUTION

- 20.1** In the event of any dispute arising between the parties in relation to this agreement, no party may commence any proceedings (except where the party seeks urgent interlocutory relief from a court of competent jurisdiction) unless the parties have first made genuine efforts to resolve the dispute in accordance with this clause 20.
- 20.2** A party will give the other party a notice of dispute arising in connection with this agreement. The parties acknowledge and agree to make the best and genuine efforts to resolve all disputes promptly.

- (c) facsimile transmission, and will be deemed to be given at the time specified in the facsimile transmission report of the facsimile from which the transmission was made which evidences full transmission free of errors, to the facsimile number of the party given notice; or
- (d) electronic messaging system, and will be deemed to be given at the time the recipient of the notice has confirmed receipt of the notice by way of a telephone call or voice message, to the addresses specified in Schedule C or if a written notice of change of address is given then to the new address,

except in the case of notice given under clause 10, which must be given in the manner specified in paragraphs (a) or (b) above.

22. SEVERABILITY

Each part of this agreement is severable from the balance of this agreement and if any part of this agreement is illegal, void, invalid or unenforceable, then that will not affect the legality, effectiveness, validity or enforceability of the balance of this agreement.

23. GOVERNING LAW

This agreement is governed by and must be construed in accordance with the laws of New Zealand. The parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New Zealand.

24. ENTIRE AGREEMENT AND COUNTERPARTS

The agreement and the Fee Schedule constitute the complete and exclusive agreement between the parties. This agreement may be signed in two counterparts both of which when taken together shall constitute one and the same instrument.

SCHEDULE A

STANDARD SERVICES FOR ALL REGISTERS UNDER MANAGEMENT

The service elements of LINK's services are summarised below for your convenience.

Debt registry issuance and paying agency services – new issues

- Input on planning of issue and Tender Notice if applicable
- Receipt of tender instructions and term sheet for matching of trades on settlement day.
- Set-up of Security Stock Certificate (as defined in the Debenture Trust Deed) details on Link's systems
- Set up of new issuer/ security codes on LINK registry system and on-going maintenance of data such as: – security code, minimum & multiples, coupon payment date, maturity date etc.
- Liaison with Reserve Bank (NZClear) on new issuance, set up of the security, ISIN, initial lodgement and trades.
- Acceptance, validation and processing of all application forms (where applicable) from market participants, Institutions, others.
- Creation of investors on register, including all relevant personal data
- Facilitate settlement of the new issue via NZClear where required
- Payment of funds to issuer once settlement has occurred
- Confirmation register lists to legal advisers
- Processing & banking all cheques (if required)
- Reconciliation of applications and payments as received (if applicable)
- Facilitate uplifts via NZClear once security is down-sold to other investors if required

Ongoing registry services

Ongoing registry service will include the maintenance of debt register(s) and would cover aspects of day-to-day activities such as:

- Updating and maintaining all investor records;
- Attending to all investor inquiries via phone, correspondence, in person or, email;
- NZClear Uplifts and lodges;
- Off-market transfers and estates;
- Statement & FIN mailings and maintenance (where applicable);
- IRD number & tax elections;
- Annual tax statements;
- Calculations and payment of coupons and maturities – via banking system and NZClear;

SCHEDULE B
AUTHORISED SIGNATORIES

The Council confirms that the persons specified below are authorised signatories on behalf of the Council for the purposes of this agreement.

Full Name	Responsibility (position)	Signature

SCHEDULE D
FORM OF ISSUE NOTICE
ISSUE NOTICE

To: Link Market Services Limited
Attention:

Facsimile:

Re: Security Issuance – Rangitikei District Council

We confirm our instructions to you as Registrar to enter Securities on the Register as at the specified Issue Date with the details set out below:

Details of Notes:

Issue Date: [DATE]
Maturity Date: [DATE]
Interest Dates: [] ([Modified Following Business Day Convention])
Record Date: [10 Calendar Days]
Interest Rate: []% per annum
First Interest Period: [Full coupon payable to Holder as at Record Date]
Face Value: \$[]
Minimum/Multiple: \$500,000 & \$100,000

Details of first registered Holder

Name: [NAME]
[ADDRESS]

Yours sincerely
RANGITIKEI DISTRICT COUNCIL

By:

.....
Authorised Officer

SCHEDULE D

FEES

SET-UP OF SECURITY STOCK CERTIFICATE (OR REGISTERED CERTIFICATE OF DEPOSIT) ONLY

Wholesale Issuance	Item/ Fee	Based on	Total fee per annum
Issuance of new Security Stock certificate/ RCD reflecting debt issuance (where required, includes set-up of security details, allotment of Security Stock Certificate details, and provision of confirmation/ reporting to Rangitikei District Council and LGFA legal advisers where applicable)	\$250.00 Set up fee	Per Security Stock Certificate	\$250.00
Amendment to Security Stock Certificate (adjustment of amount/	\$75 per notification of adjustment	Per instruction	If required
Confirmation letter for audit purposes	\$75 per confirmation	Per instruction	If required
Maturity of Security Stock Certificate	\$250.00	Per Security Stock Certificate	\$250.00
Total fee (issue & maturity) for each Security Stock Certificate issued			\$500.00

1. Excluded – NZClear (Reserve Bank) recovery fees – this will be charged on as a disbursement (to a maximum of \$30 per trade)
2. Excludes 3rd party print, mail house, stationery, postage, photocopying and other external disbursements

Disbursements

All out-of-pocket expenses are charged to clients. The following are examples of disbursements that will be charged to you separately:

- printing costs, stationery
- mailing house services,
- NZClear recovery fee charge (if applicable)
- postage and/or courier charges
- facsimiles, copying, or telephone calls related to maintenance of the register
- external storage costs.

Invoicing Method & Information

Invoices will be submitted monthly in arrears and must be paid by the 20th of the month in which the invoice is received.

Goods and Services Tax

The fees above are exclusive of GST. LINK will charge an additional amount in respect of GST payable on supply of its services when rendering invoices in accordance with this proposal. LINK reserves the right to apply to the fees, any charge in the rate of GST or any amendment to the GST law.

Appendix 3

SECURITY TRANSITION DEED

between

RANGITIKEI DISTRICT COUNCIL

and

COVENANT TRUSTEE SERVICES LIMITED

Facilities means all agreements between Westpac and the Council under which the Council has indebtedness (including contingent indebtedness) to Westpac, Westpac has agreed to advance funds to the Council, or the Council and Westpac have entered into derivatives transactions (in each case, as amended from time to time), and which have the benefit of the Covenant Deed and each of them is a **Facility**;

PPSA means the Personal Property Securities Act 1999;

PPSR means the Personal Property Securities Register;

Trustee means Trustees Executors Limited in its capacity as trustee under the Debenture Trust Deed;

Trustee Financing Statement is defined in clause 5.3(b);

Westpac means WNZL and WBC or either of them as the context requires; and

Working Day means any day which is not a Saturday, Sunday or public holiday (as defined in section 44(1) of the Holidays Act 2003) in Marton or Wellington.

1.2 PPSA: In this deed, unless the context otherwise requires, the terms **account receivable, collateral, financing statement, money, negotiable instrument** and **proceeds** have the meaning given to them in the PPSA.

1.3 Debenture Trust Deed: In this deed, **Charged Assets, Register, Security Stock, Security Stock Certificate, Stock** and **Stock Issuance Certificate** have the same meanings as in the Debenture Trust Deed;

1.4 References: Except to the extent that the context otherwise requires, any reference in this deed to:

the **Council** includes any delegate of the Council as referred to in clause 1.5;

a **clause** or **Schedule** is a reference to a clause of, or a Schedule to, this deed;

a **person** includes an individual, company, corporation, local authority, an association of persons whether corporate or not, a trust or a state or agency of a state whether of central government or local government (in each case, whether or not having separate legal personality); and

written and **in writing** include all means of reproducing words in a tangible and permanently visible form.

1.5 Miscellaneous:

(a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.

(b) Unless the context otherwise requires, words denoting the singular number also include the plural and vice versa.

5. CONDITIONS PRECEDENT

Covenant agrees to send a CP Confirmation to the Council within five Working Days of receiving (by email to Covenant or its solicitors) all of the following documents and other evidence, in a form and substance satisfactory to it:

- 5.1 a duly executed copy of this deed;
- 5.2 confirmation of payment, or retention, of all costs, charges and expenses incurred by or payable to Covenant (or any receiver in relation to the Covenant Deed), and the remuneration of Covenant (or any receiver in relation to the Covenant Deed);
- 5.3 confirmation from WNZL that:
 - (a) its Security Certificate (as that term is defined in the Covenant Deed) has been surrendered for cancellation in accordance with clause 2.14 of the Covenant Deed;
 - (b) it has received the results of a search of the PPSR on the name "Rangitikei District Council" which shows that:
 - (i) the Trustee has registered a financing statement on the PPSR (**Trustee Financing Statement**) in relation to the Charged Assets; and
 - (ii) the only financing statement which is registered on the PPSR before the Trustee Financing Statement and which describe collateral which includes some or all of the Charged Assets is the Covenant Financing Statements; and
 - (c) it has received a copy of a duly executed certificate from the chief executive of the Council substantially in the form set out in Schedule 1, a copy of the duly executed Debenture Trust Deed, a copy of the duly executed Security Stock Certificate in respect of all the Council's obligations to Westpac showing a nominal amount of \$100,000 together with an extract from the Register showing that the Security Stock evidenced by the relevant Security Stock certificate has been registered.

6. DISCHARGE OF EXISTING FINANCING STATEMENTS

- 6.1 Covenant undertakes to, within ten Working Days of the Effective Date discharge the Covenant Financing Statements.
- 6.2 For the purposes of the Contracts (Privity) Act 1982, this deed is for the benefit of, and is intended to be enforceable by, any person entitled to give written demand to Covenant in respect of the Covenant Financing Statements under section 162(b) of the PPSA.

7. TRUSTEE

The parties may not vary this deed without the consent of the Trustee. This clause is intended to create, for the purposes of the Contracts (Privity) Act 1982, an obligation enforceable at the suit of the Trustee.

EXECUTED AND DELIVERED AS A DEED

SIGNED for and on behalf of **RANGITIKEI**
DISTRICT COUNCIL by:

Elected Member

Elected Member

SIGNED for and on behalf of **WESTPAC
BANKING CORPORATION**
by its attorneys:

in the presence of:

Witness' signature

Witness' name

Witness' occupation

Witness' address

SCHEDULE
"Documents"

1. Debenture Trust Deed dated on or about the date of this certificate between the Council and Trustees Executors Limited.
2. Security Transition Deed dated on or about the date of this certificate between the Council, Westpac New Zealand Limited, Westpac Banking Corporation and Covenant Trustee Services Limited.
3. Security Stock Certificate in favour of Westpac New Zealand Limited and Westpac Banking Corporation for a nominal amount of \$100,000.
4. Stock Issuance Certificate in respect of the issue of Security Stock evidenced by the Security Stock Certificate described in 3. above.

Appendix 4

SECURITY STOCK CERTIFICATE

Stock Certificate No: 1

RANGITIKEI DISTRICT COUNCIL (the **Council**)

Principal Office: Rangitikei District Council
46 High Street
MARTON 4741

Stock Transfer Office: Link Market Services Limited
Level 11
Deloitte Centre
80 Queen Street
AUCKLAND 1010
(the **Registrar** and **Paying Agent**)

Security Stock Certificate

The Security Stock referred to in this Certificate is Security Stock constituted and secured by a debenture trust deed (**Trust Deed**) dated on or about [August] 2017 between the Council and Trustees Executors Limited and is issued with the benefit and subject to the provisions of the Trust Deed, the conditions endorsed on and/or otherwise applicable to such Stock and this Certificate, including the further conditions (included in the term **Conditions**).

THIS IS TO CERTIFY THAT

1. New Zealand Local Government Funding Agency Limited (**Holder**) will, upon registration of the Stock pursuant to the Trust Deed, be the registered Holder of Security Stock (**Stock**) in a nominal amount equal to the aggregate amount, from time to time, of the liabilities, advances and other accommodation or obligations referred to in clause 2 of this Certificate;
2. **SUBJECT** to the provisions of clause 3 of this Certificate, the Stock is issued by way of continuing security for the due payment and satisfaction to the Holder of all liabilities of the Council to the Holder in respect of:
 - (a) the Accession Deed – Multi-Issuer Deed between the Council and the Holder dated on or about the date of this Certificate; and
 - (b) the Multi-Issuer Deed between various local authorities and the Holder dated 7 December 2011 (as amended and restated on 4 June 2015),

GIVEN by or on behalf of the Council this day of 2017

SIGNED for and on behalf of
RANGITIKEI DISTRICT COUNCIL

Chief Executive

Witness:

Signature of witness

Full name of witness

Occupation of witness

Address of witness

NOTES:

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered.
- (3) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

- (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holders or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or to the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

Appendix 5

Stock Certificate No: 2

RANGITIKEI DISTRICT COUNCIL
(the Council)

Principal Office: Rangitikei District Council
46 High Street
MARTON 4741

Stock Transfer Office: Link Market Services Limited
Level 11
Deloitte Centre
80 Queen Street
AUCKLAND 1010
(the **Registrar** and **Paying Agent**)

Security Stock Certificate

The Security Stock referred to in this Certificate is Security Stock constituted and secured by a debenture trust deed (**Trust Deed**) dated on or about the date of this certificate between the Council and Trustees Executors Limited and is issued with the benefit and subject to the provisions of the Trust Deed, the conditions endorsed on and/or otherwise applicable to such Stock and this Certificate, including the further conditions (included in the term **Conditions**).

THIS IS TO CERTIFY THAT

1. Westpac New Zealand Limited and Westpac Banking Corporation (together the **Holder**) will, upon registration of the Stock pursuant to the Trust Deed, be the registered Holder of \$100,000 in nominal amount of Security Stock (**Stock**);
2. **SUBJECT** to the provisions of clause 3 of this Certificate, the Stock is issued by way of continuing security for the due payment and satisfaction to the Holder of all liabilities of the Council to the Holder whether incurred before or after the issue of the Stock and whether matured or not and whether incurred by the Council alone or jointly with others and whether as principal or surety and whether absolute or contingent and whether incurred within or outside the scope of the relationship of banker and customer and shall include, but not by way of limitation, liabilities in respect of advances and in respect of cheques, bills, notes and other negotiable or non-negotiable instruments drawn, accepted, endorsed or guaranteed and in respect of interest (whether capitalised or otherwise compounded or current) and as regards current interest including interest on capitalised interest or on interest otherwise compounded to accrue from day to day at the rate or respective rates from time to time without prior or other notice to the Council determined upon by the Holder or otherwise agreed with the Holder and in respect of fees, commissions, exchanges, re-exchanges, legal expenses and other usual and proper banking and/or commercial charges;
3. **THE** Stock is issued on the special condition that at any date (**Relevant Date**) the Stock shall secure as the Priority Total Amount not more than:
 - (a) as principal the lesser of:

SIGNED for and on behalf of
RANGITIKEI DISTRICT COUNCIL

CHIEF EXECUTIVE

Witness:

Signature of witness

Full name of witness

Occupation of witness

Address of witness

NOTES:

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered.
- (3) All sums specified in this Certificate relate to New Zealand currency.
- (4) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

-
- (c) all instruments of transfer which shall be registered will be retained by the Council or the Registrar, but any instrument of transfer which the Registrar may decline (on reasonable grounds) to register shall be returned to the person who has delivered the same together with the reasons for such non-registration;
 - (d) the Registrar shall not be obliged to, but may, register any transfer of Stock during the period between the Registrar's close of business on the Record Date immediately preceding the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest and the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest, or the period between the Registrar's close of business on the date 14 days before any meeting (inclusive of the date on which such meeting is held) of Holders is convened in accordance with the Trust Deed and the date of such meeting. For the purposes of these Conditions, **Record Date** means the tenth day before the relevant date for payment of any Principal and/or interest in respect of any Stock or, if such day is not a business day then such day as determined by the Paying Agent in accordance with its usual practice;
 - (e) no fee shall be charged by the Council for the registration of a transfer;
 - (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holders or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or to the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

Appendix 6

STOCK ISSUANCE CERTIFICATE

I, **Ross McNeil**, the Chief Executive of Rangitikei District Council (the **Council**) hereby certify that:

1. the issue of Security Stock with a nominal amount equal to the aggregate amount, from time to time, of the liabilities, advances and other accommodation or obligations referred to in the Stock Certificate for that Stock (the **New Stock**) under the terms of the Debenture Trust Deed dated on or about **the date of this certificate** (the **Trust Deed**) has been duly authorised by the Council, or has been authorised by a person or persons within the delegated authorities approved by the Council;
2. as at the date of this certificate (but prior to the issuance of the New Stock if it is to be issued on the date of this certificate) the total nominal amount of Stock issued and outstanding under the Trust Deed (showing separately the respective total nominal amounts) is as follows:

(i)	Debenture Stock of:	\$0.00
(ii)	Security Stock (issued with a fixed nominal amount) of:	\$0.00
(iii)	Bearer Stock of:	\$0.00

together with:

(iv)	Security Stock (issued with a floating nominal amount), which as at August 2017 amounted to:	\$0.00
------	--	--------
3. no Enforcement Event has occurred and remains unremedied;
4. for the purposes of section 115(3) of the Act, the loans or obligations secured by the New Stock have been raised for the benefit of all of the Council's district;
5. for the purposes of section 118 of the Act, the Council has complied with the Act in entering into and the performance of its obligations under the Trust Deed, the Registrar and Paying Agency Agreement and all other obligations entered into by the Council in connection with the Council's borrowing and granting security under the Trust Deed, including in respect of the New Stock.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

Unless otherwise defined or the context otherwise requires, terms with a defined meaning in the Trust Deed shall have the same meaning where used in this Certificate.

Dated: **2017**

Chief Executive
Rangitikei District Council

Appendix 7

STOCK ISSUANCE CERTIFICATE

I, **Ross McNeil**, the Chief Executive of Rangitikei District Council (the **Council**) hereby certify that:

1. the issue of Security Stock with a maximum aggregate nominal amount of \$100,000 (the **New Stock**) under the terms of the Debenture Trust Deed dated on or about the date of this certificate (the **Trust Deed**) has been duly authorised by the Council, or has been authorised by a person or persons within the delegated authorities approved by the Council;
2. as at the date of this certificate (but prior to the issuance of the New Stock if it is to be issued on the date of this certificate) the total nominal amount of Stock issued and outstanding under the Trust Deed (showing separately the respective total nominal amounts) is as follows:

(i)	Debenture Stock of:	\$0
(ii)	Security Stock (issued with a fixed nominal amount) of:	\$0
(iii)	Bearer Stock of:	\$0

together with:

(iv)	Security Stock (issued with a floating nominal amount), which as at August 2017 amounted to:	\$0
------	--	-----
3. no Enforcement Event has occurred and remains unremedied;
4. for the purposes of section 115(3) of the Act, the loans or obligations secured by the New Stock have been raised for the benefit of all of the Council's district;
5. for the purposes of section 118 of the Act, the Council has complied with the Act in entering into and the performance of its obligations under the Trust Deed, the Registrar and Paying Agency Agreement and all other obligations entered into by the Council in connection with the Council's borrowing and granting security under the Trust Deed, including in respect of the New Stock.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

Unless otherwise defined or the context otherwise requires, terms with a defined meaning in the Trust Deed shall have the same meaning where used in this Certificate.

Dated: **2017**

Chief Executive
Rangitikei District Council

Appendix 8

CHIEF EXECUTIVE CERTIFICATE

I, Ross McNeil, the Chief Executive of Rangitikei District Council (**Council**) certify as follows:

1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed (**Resolutions**):

- (a) approved the transactions contemplated by the documents referred to in the schedule to this certificate (**Documents**), or delegated sufficient authority to the person(s) who has approved those transactions to give that approval; and
- (b) authorised execution of the Documents by the Council, or delegated sufficient authority to the person(s) who authorised execution of the Documents to give that authorisation.

1.2 The Resolutions remain in full force and effect.

2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (**Act**), in entering into the Documents and performing its obligations under the Documents, and all other documentation contemplated by or entered into in connection with the Documents, the Council has complied with the Act.

3. DUE EXECUTION

The Documents have been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this certificate.

Dated:

2017

Ross McNeil
Chief Executive

CHIEF EXECUTIVE CERTIFICATE

I, _____, the Chief Executive of Rangitikei District Council
(Council) certify as follows:

1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed (**Resolutions**):

- (a) approved the transactions contemplated by the documents referred to in the schedule to this certificate (**Documents**), or delegated sufficient authority to the person(s) who has approved those transactions to give that approval; and
- (b) authorised execution of the Documents by the Council, or delegated sufficient authority to the person(s) who authorised execution of the Documents to give that authorisation.

1.2 The Resolutions remain in full force and effect.

2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (**Act**), in entering into the Documents and performing its obligations under the Documents, and all other documentation contemplated by or entered into in connection with the Documents, the Council has complied with the Act.

3. DUE EXECUTION

The Documents have been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this certificate.

Dated: 2017

Chief Executive

CHIEF EXECUTIVE CERTIFICATE

I, Ross McNeil, the Chief Executive of Rangitikei District Council (**Council**) certify as follows:

1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed (**Resolutions**):

- (a) approved the transactions contemplated by the documents referred to in the schedule to this certificate (**Documents**), or delegated sufficient authority to the person(s) who has approved those transactions to give that approval; and
- (b) authorised execution of the Documents by the Council, or delegated sufficient authority to the person(s) who authorised execution of the Documents to give that authorisation.

1.2 The Resolutions remain in full force and effect.

2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (**Act**), in entering into the Documents and performing its obligations under the Documents, and all other documentation contemplated by or entered into in connection with the Documents, the Council has complied with the Act.

3. DUE EXECUTION

The Documents have been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this certificate.

Dated:

2017

Ross McNeil
Chief Executive

Appendix 9

Officer's Certificate

TO: **New Zealand Local Government Funding Agency Limited**

I, _____, a duly authorised officer of Rangitikei District Council (**Council**), hereby certify that all necessary regulatory or statutory authorisations, consents, approvals and licenses in relation to:

- a) the Council's entry into the Accession Deed – Multi-Issuer Deed (**MID Accession Deed**) dated on or about the date of this certificate between the Council and New Zealand Local Government Funding Agency Limited (**LGFA**) and the Multi-Issuer Deed dated 7 December 2011 (as amended and restated on 4 June 2015) between LGFA and various local authorities (**Multi-Issuer Deed**);
- b) the Council's entry into the Accession Deed – Notes Subscription Agreement dated on or about the date of this certificate between the Council and LGFA and the Notes Subscription Agreement; and
- c) the issuance of Security Stock and Security Stock Certificates in respect of the Council's obligations under the MID Accession Deed and the Multi-Issuer Deed,

have been obtained and are current and satisfactory.

Words and expressions defined in the Multi-Issuer Deed have the same meanings in this certificate.

DATED: 2017

SIGNED:

Chief Executive
Rangitikei District Council

Appendix 10

Accession Deed to Notes Subscription Agreement

PARTIES

Rangitikei District Council

Acceding Party

New Zealand Local Government Funding Agency Limited

Issuer

- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Notes Subscription Agreement.

3. NOTICE

- 3.1 The details for notices for the Acceding Party for the purposes of the Notes Subscription Agreement are:

Delivery Address: Rangitikei District Council
46 High Street
Marton 4741

Attention: George McIrvine

Email: [•]

Postal Address: PO Box 1102
Marton 4741

4. GOVERNING LAW

- 4.1 This deed shall be governed by the laws of New Zealand.

5. NO CROWN GUARANTEE

- 5.1 The obligations and liabilities of the Acceding Party and Issuer under this deed and the Notes Subscription Agreement are not guaranteed by the Crown.

6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

EXECUTED AS A DEED

Acceding Party

RANGITIKEI DISTRICT COUNCIL by:

Signature of Elected Member

Signature of Elected Member

Name of Elected Member

Name of Elected Member

Appendix 11

Accession Deed to Multi-Issuer Deed

PARTIES

Rangitikei District Council

Acceding Party

New Zealand Local Government Funding Agency Limited

Subscriber

- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Multi-Issuer Deed.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Multi-Issuer Deed are:

Delivery Address: Rangitikei District Council
46 High Street
Marton 4741

Attention: George McIrvine

Email: [•]

Postal Address: PO Box 1102
Martin 4741

4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

5. NO CROWN GUARANTEE

The obligations and liabilities of the Acceding Party and Subscriber under this deed and the Multi-Issuer Deed are not guaranteed by the Crown.

6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

EXECUTED AS A DEED

Acceding Party

RANGITIKEI DISTRICT COUNCIL by:

Signature of Elected Member

Signature of Elected Member

Name of Elected Member

Name of Elected Member

ANNEX TO THE ACCESSION DEED

1. The Acceding Party will not make any alteration to its Debenture Trust Deed without the prior written consent of the Subscriber.

Attachment 3



Memorandum

To: Finance/Performance Committee
From: George Mclrvine
Date: 25 August 2017
Subject: Annual Report progress – August 2017.
File Ref 5-FR-1-1

1 Introduction

1.1 The purpose of this paper is to provide progress report on the draft annual report as it currently stands as at 25 August 2017 11.30am for Council to review on the 31 August prior to release to the auditors. It is intended the finalised version will be tabled for Council on the 31 August 2017.

1.2 In the attached Annual Report Financial pack as at 25th August 2017 you will find;

- The Statement of Comprehensive Revenue and Expenses,
- The statement of Changes in Net Assets and Equity
- Statement of Financial Position
- Statement of CashFlows (Still TBC)
- Whole of Council Funding Impact Statement
- Individual Funding Impact Statements for the main council Activities.
- Notes to that accounts that are completed as shown. Some of these are yet to be completed and will be complete by 31st and will be tabled.
- These are still subject to Audit and there will be some small changes to presentation on the face of the accounts.

2 Time frame

2.1 The accounts are on schedule at this point and still require the completion of the commentary on variances, notes and items like benchmarks which will be completed before the report itself is finalised for release to audit on the due date of the 4 September 2017.

Recommendation:

That the memorandum 'Annual Report progress – August 2017' to the Finance/Performance Committee on 31 August be received

George Mclrvine
Finance and Business Support Group Manager

Appendix 1

Rangitikei District Council

Statement of Service Performance

1 July 2016 – 30 June 2017

The measures and targets are those presented in the 2015/25 Long Term Plan. Mandatory performance measures – in roading and footpaths, water supply, sewerage and the treatment and disposal of sewage, and stormwater drainage – are denoted by an asterisk.

The full-year Statement of Service Performance will form part of the 2016/17 Annual Report, and is subject to scrutiny by the Council's auditors.

For Finance/Performance Committee, 31 August 2017

Performance Reporting

In the Activities that follow, performance reporting against the **Target (or Intended Level of Service)** will be detailed as follows:

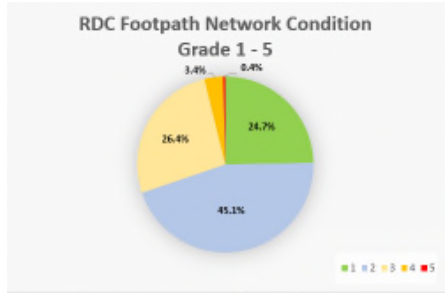
Achieved	<p>Required actions have been completed and the intended level of service has been achieved</p> <p>Or where a long-term level of service is targeted, the results for the year are in keeping with the required trend to achieve the intended level of service</p>
Partly achieved	<p>Some outputs contributing to the intended level of service have been achieved (e.g. 3 workshops held of the 4 initially proposed)</p> <p>Or the result for the year is between 60% and 75% of the intended level of service</p>
Achieved/ongoing	<p>A particular level of service has been achieved. But it is multi-faceted and not totally time related in that there are constant actions continuously adding to it</p>
In progress	<p>No actual output has been achieved but pre-requisite processes have commenced</p>
Not commenced	<p>No actions to achieve the stated level of service have begun</p>
Not achieved	<p>None of the required actions have been undertaken</p> <p>Or the result for the year is less than half of the intended level of service</p> <p>Or where a long-term level of service is targeted, the results for the year are contrary to the required trend to achieve the intended level of service</p>
Not yet available	<p>Timing of the relevant data set occurs later in the year.</p>

Community Leadership

Level of Service		
Make decisions that are robust, fair, timely, legally compliant and address critical issues, and that are communicated to the community and followed through		
Measure	Target for 2016/17	Actual July 2016 - June 2017
Completion of annual plan actions on time	<p>85% of Annual Plan actions substantially undertaken or completed. All groups of activities achieved at least 77% of identified actions.</p> <p><i>In 2015/16, of 81 actions identified in the Annual Plan, 70% were either substantially or fully completed.</i></p>	<p>Not achieved: 80%</p> <p>Of 165 actions identified in the Annual Plan, 120 are fully complete, 13 are mostly complete and a further 10 have been started. 22 actions will not be achieved.</p> <p>Groups of activities achieved the following completion rates:</p> <ul style="list-style-type: none"> Community Leadership 77% Roading 95% Water Supply 45% Wastewater 38% Stormwater 61% Community and Leisure Assets 61% Rubbish and Recycling 94% Environmental and Regulatory 100% Community Well-Being 91% <p>Some actions are on hold until further information is available:</p> <ul style="list-style-type: none"> a) Wastewater treatment plant upgrades at Bulls, Ratana and Marton (where consents are required before work is commenced) b) Demolish Conference Hall in Taihape c) Re-Roof Marton Plunket Rooms d) Marton: WTP Upgrades or changes to treatment system to improve effluent quality, solids removal etc. pending removal of landfill leachate from the waste stream <p>Some actions have been deferred/ carried forward to next year:</p> <ul style="list-style-type: none"> a) Construct new Amenity Block on Taihape Memorial Park b) Re-paint Jubilee Pavilion at Marton Park c) Re-paint Marton Memorial Hall d) Rates Policy e) Delivering the Māori Community Development Programme f) Footpath Renewals Taihape: Robin Street g) Marton: Complete replacement of line from Calico Line bore and commence design for replacement of Tutaenui Road falling main from

		<p>Jeffersons Line to Town</p> <p>h) Bulls: Renewals to reservoirs and lift pumps. Improved treatment storage, filtration, backwash and river pump station</p> <p>i) Marton: Broadway water supply duplication</p> <p>j) Taihape: Water Treatment Plant structural renewals and various reticulation renewals including design and preparation work for renewals of 1.2km of trunk main</p> <p>Some actions will not be achieved because they are no longer considered necessary and/or beneficial:</p> <p>a) Fitting solar heating in the swimming pools in Marton</p> <p>b) Install space heating at Taihape Pool</p> <p>c) Appointment of Directors Policy</p> <p>d) Contaminated land review (overtaken by the District Plan)</p> <p>e) Noxious weeds(overtaken by Horizons' programmes)</p>
Completion of capital programme	<p>80% of planned capital programme expended; all network utilities groups of activities to achieve at least 65% of planned capital expenditure.</p> <p>Note: This table <u>excludes</u> expenditure on the emergency repairs to the roading network following the June 2015 rainfall event.</p> <p><i>In 2015/16, 59% of the planned capital programme was expended. Roading achieved 78%; water achieved 52%, sewerage and the treatment and disposal of sewage achieved 27% and stormwater achieved 44%; community and leisure assets achieved 31%. .</i></p>	<p><i>Not yet available</i></p> <p><i>Final 2016/17 figures to be inserted</i></p>

Roading and footpaths

Level of Service		
Provide a sustainable network which is maintained in accordance with each road's significance for local communications and the local economy, taking into account the One Roding Network Classification and funding subsidies.		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<p><i>*Road condition</i></p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure</p>	<p>96.5%</p> <p><i>When the measurement was last undertaken, in June 2014, the result was 98%.</i></p>	<p>In progress</p> <p>The assessment started in May 2017.</p>
<p><i>*Road maintenance</i></p> <p>The percentage of the sealed road network that is resurfaced</p>	<p>8% (i.e. 55km of resealing and 8.8 km of road rehabilitation). The network has 796 km of sealed road.</p> <p>In 2015/16, 56.275 km of road resealing; this is 7% of the sealed network.</p>	<p>Achieved</p> <p>The resealing programme is complete - a total of 57.16 km (of which 25.8 km were done in March).</p> <p>Rehabilitation is complete on Wanganui Road (from Pukepapa Road to 80km/h sign), Wanganui Road/Skerman Street, Bond Street/Skerman Street (Marton), Franklin Road, Okirae Road, Te Moehau Road and Griffins Road (3.0km). Work in progress on Taihape-Napier Road (880m)</p> <p>There were isolated patches of resealing in response to the severe rainfall during 20-21 June 2015.</p>
<p>The percentage if the unsealed road network which is resealed during the year</p>	<p>At least 75% of [the unsealed] network resealed each year – 12,000m³.</p>	<p>Not achieved</p> <p>8.832 m³ was placed on the network during the reporting period. .</p>
<p><i>*Footpaths</i></p> <p>The percentage of footpaths within the District that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or long term plan)</p>	<p>At least 80% of footpath lengths in CBD areas in Bulls, Marton, Hunterville and Taihape are at grade 3 or higher</p> <p>At least 70% of sampled footpaths lengths outside CBD areas are at grade 3 or higher</p> <p>At least 90% of sampled footpaths assessed at grade 5 are included in upgrade programme during the following two years.</p> <p>Note:</p> <p>A five point grading system to rate footpath condition based on visual inspections</p> <p>1 Excellent 2 Good 3 Fair 4 Poor</p>	<p>Achieved</p> <p>100% of CBD areas are grade 3 or higher.</p> <p>96.2% of all footpaths are grade 3 or higher.</p> <p>The three grade 5 footpaths have been programmed for repair.</p> 

	<p>5 Very Poor</p> <p>Footpaths will be assessed in approximately 100-metre lengths. The sample of non-CBD footpaths will include ten lengths in each of Bulls, Marton and Taihape, and four lengths in Mangaweka, Hunterville and Ratana.</p> <p>The assessments will normally be conducted in November and May.</p>	
<p>*Road safety</p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number</p>	<p>No change or a reduction from the previous year.</p> <p><i>In 2015/16 there were no fatal crashes on the Council's roads and three serious injury accidents.¹</i></p>	<p>Achieved</p> <ul style="list-style-type: none"> no fatal crashes in the reporting period no serious injury accidents in the reporting period.

Level of Service		
Be responsive to community expectations over the roading network and requests for service		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<p>Adequacy of provision and maintenance of footpaths, street-lighting and local roads (annual survey).</p> <p>Report card" qualitative statements.</p> <p>Groups targeted for consultation:</p> <ul style="list-style-type: none"> Residents where programmed renewal has taken place, Community Boards/ Committees, Community group database, Business sector database. 	<p>A greater proportion (than in the benchmark) or more than 10% of the sample believe that Council's service is getting better</p> <p><i>In 2014/15 (the benchmark), 13% believed it was better than last year, 65% about the same, 21% worse than last year (2% didn't know).</i></p>	<p>Achieved</p> <p>In 2016/17, 22% believed it was better than last year (13% in 2015/16), 65% about the same (68% in 2015/16), 10% worse than last year (13.5% in 2015/16) and 3% did not know (6% in 2015/16)</p>
<p>*Responses to service requests</p> <p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan</p> <p><i>Note: Council measures resolution as well as initial attendance in response to such requests.</i></p>	<ul style="list-style-type: none"> 95% callouts during working hours responded to within 6 hours and 95% callouts during after-hours within 12 hours. 85% of all callouts resolved (i.e. completed) within one month of the request.² <p>Specific reference to callouts relating to potholes</p>	<p>Partly Achieved</p> <ul style="list-style-type: none"> There were 407 footpath and road requests during working hours of which 72% were responded to within time There were 59 footpath and road requests outside working hours, of which 85% were responded to within time. <p>70% of footpath and road requests were resolved within one month.</p> <p>Note: These requests included 38 concerned with potholes: 82% of these were responded to in time and 84% were resolved within one month.</p>

¹ 'Serious injury' is not defined in the Rules or associated guidance from the Department of Internal Affairs. At a minimum it is likely to cover all injuries requiring admission to hospital for treatment.

² There is a wide range of requests meaning resolution times will range from hours to several weeks or months, depending on urgency and work programming.

Water supply

Level of Service		
Provide a safe and compliant supply of drinking water		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<p><i>*Safety of drinking water</i> The extent to which the Council's drinking water supply complies with</p> <p>(a) part 4 of the drinking water standards (bacteria compliance criteria)³</p>	<p>No incidents of non-compliance</p> <p><i>There were no incidents in 2015/16</i></p>	<p>Not yet available</p> <p>An apparent transgression was recorded at Calico Line bore, Marton on 19 May 2017 (three follow-up samples all clear, and bore not in use). The Drinking Water Assessor's report (and decision on this transgression) has yet to be received.</p> <p>Sampling frequency at some plants has been insufficient. From 1 July 2017 sampling was increased at Marton, Bulls and Taihape to meet DWSNZ criteria.</p>
<p>(b) part 5 of the drinking water standards (protozoa compliance criteria)⁴</p>	<p>No incidents of non-compliance</p> <p><i>In 2015/16 UV treatment was been installed at Bulls, Marton, Hunterville, Mangaweka and Hunterville, but has not been fully operational. The Drinking Water Assessor will be providing details and a plan to get all plants compliant as soon as possible in 2016/17 is being developed.</i></p>	<p>Not achieved</p> <p>Throughout December 2016 some plants were unable to demonstrate protozoa compliance due purely to issues establishing the correct UV treatment monitoring regime. This regime was reviewed to ensure ongoing monitoring during 2017/18.</p>
Compliance with resource consents	<p>No more than one incident of non-compliance with resource consents</p> <p><i>In 2015/16, non-compliance was reported at Hunterville (excessive abstraction)</i></p>	<p>Achieved</p> <p>Backwash and aluminum sludge discharge to settling ponds exceeded consent limits at the Marton Water Treatment Plant. A new consent application was filed in August 2016 and will in-part address the aluminum sludge discharge issue.</p> <p>All other supplies were assessed as compliant.</p>

Level of Service		
Provide reliable and efficient urban water supplies		
Measure	Target for 2016/17	Actual July 2016 – June 2017
Number of unplanned water supply disruptions affecting multiple	Fewer unplanned water supply disruptions affecting multiple properties than in the previous year	<p>Not achieved</p> <p>There were 5 unplanned water interruptions during the reporting period</p>

³ Currently measured by weekly sampling and testing through Environmental Laboratory Services in Gracefield.

⁴ Measured through Water Outlook.

properties	<i>In 2015/16, there were no unplanned water supply interruptions.</i>	(two in Marton, two in Taihape and one in Mangaweka) affecting 64 properties.
<i>*Maintenance of the reticulation network</i> The percentage of real water loss from the Council's networked reticulation system ⁵	Less than 40%.	Not yet available/Not achieved Estimated water flow for the year-to-date, using Minimum Night Flow calculations, was 44%. However the actual end of year bench loss figures is expected be lower due to the more accurate nature of the calculations.
<i>*Demand management</i> The average consumption of drinking water per day per resident within the District Note: This includes all water released from the urban treatment plants, <u>irrespective of whether it is used for residential, agricultural, commercial or industrial purposes.</u>	600 litres per person per day <i>In 2015/16, the average daily consumption of drinking water per day per resident was 542L.</i>	Achieved Using the method specified by the Department of Internal Affairs, consumption across urban schemes averaged 542 litres/person/day. Note that this includes industrial and commercial use. <i>An analysis is being undertaken to separate out these larger uses of water (as was done last year.</i>

Level of Service		
Be responsive to reported faults and complaints		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<i>*Fault response time</i> Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following <i>median times</i> are measured (a) attendance time: from the time that the Council receives notification to the time that service personnel reach the site, and (b) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption (c) attendance for non-urgent call-outs: from the time that the Council receives notification to the time	Less than previous year (a) 21 minutes (b) 1 hour 5 minutes (c) 2 hours 11 minutes (d) 16 hours 28 minutes (when recalculated as median times) The target attendance times are within 30 minutes for urgent callouts, within 24 hours for non-urgent callouts. The target resolution times are within 24 hours for urgent callouts and within 96 hours for non-urgent callouts. <i>Urgent callouts are where supply is interrupted.</i>	Achieved The median times for the reporting period are: (a) 10 minutes (b) 1 hour 17 minutes (c) 19 minutes (d) 1 hour 7 minutes (a) 75% urgent callouts attended to within 30 minutes (b) 50% of urgent callouts resolved within 24 hours (c) 80% of non-urgent callouts attended to within 24 hours (d) 86% of non-urgent callouts resolved within 96 hours.

⁵ A description of the methodology used to calculate this must be included as part of the report.

that service personnel reach the site, and (d) resolution of non-urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption		
--	--	--

<p><i>*Customer satisfaction</i></p> <p>The total number of complaints (expressed per 1000 connections to the reticulated networks) received by the Council about</p> <p>(a) drinking water clarity (b) drinking water taste (c) drinking water pressure or flow (d) continuity of supply, and (e) The Council's response to any of these issues</p> <p>There are 4,268 connections</p>	<p>Total number of complaints is less than 45/1000</p> <p><i>In 2015/16 total complaints were 17 per 1,000 connections.</i></p> <p><i>In addition, there were 102 complaints about water leaks throughout the network, 48 about water leaks at the meter or toby, 85 requests to replace a toby or meter, and 17 requests to locate a meter, toby or other utility.</i></p>	<p>Achieved (pro rata)</p> <p>(a) 6.79/1000 (b) 3.5/1000 (c) 1.66/1000 (d) 0.94/1000</p>
---	---	---

Level of Service		
Maintain compliant, reliable and efficient rural water supplies		
Measure	Target for 2016/17	Actual July 2016 – June 2017
Compliance with resource consents	<p>No incidents of non-compliance with resource consents</p> <p><i>In 2015/16, there were no incidents of non-compliance</i></p>	<p>Achieved</p> <p>Operations at Erewhon, Omatane and Hunterville all complied with conditions of consent</p>
<p><i>Maintenance of the reticulation network</i></p> <p>The percentage of real water loss from the Council's networked reticulation system⁶</p>	<p>Less than 40%</p> <p>No formal assessment has yet been undertaken of water loss in the rural (non-potable) schemes: the benchmark adopted is that used for urban (potable) water supplies.</p>	<p>Not yet available</p> <p>Cannot be completed as there is no industry methodology to assess the rural unmetered water supply</p>
<p><i>Fault response time</i></p> <p>Where the Council attends a call-out in response to a fault or unplanned</p>	<p>Less than previous year</p> <p>(when recalculated as median times)</p>	<p>Not yet available</p> <p>Information from Hunterville scheme</p>

⁶ A description of the methodology used to calculate this must be included as part of the report.

<p>interruption to its networked reticulation system, the following median times are measured</p> <p>(a) attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution of urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p>	<p>Specified standard:</p> <p>(a) 24 hours</p> <p>(b) 96 hours</p>	<p>only</p> <p>(a) 3 call-outs for no water were responded to in time 16 requests for maintenance of which all were responded to in time</p> <p>(b) 3 call-outs for no water were responded to in time 15 requests for maintenance of which all were resolved in time</p>
---	--	---

Level of Service		
Ensure fire-fighting capacity in urban areas		
Measure	Target for 2016/17	Actual July 2016 – June 2017
Random flow checks at the different supplies	99% of checked fire hydrant installations are in compliance	<i>In progress</i> Programme of hydrant checks is ongoing

Sewerage and the treatment and disposal of sewage

Level of Service		
Provide a reliable reticulated disposal system that does not cause harm or create pollution within existing urban areas.		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<p><i>*Discharge compliance</i></p> <p>Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p> <p>received by the Council in relation to those resource consents</p>	<p>No abatement or infringement notices, no enforcement orders and no convictions</p>	<p>Achieved</p> <p>No abatement or infringement notices, no enforcement orders and no convictions received during the reporting period.</p>
<p>Routine compliance monitoring of discharge consents</p>	<p>6 out of 7 systems comply</p> <p><i>In 2015/16, Bulls was identified as being significantly non-compliant because of the quantity being discharges to the Rangitikei River.</i></p>	<p>Not yet available</p> <p>Formal assessments from Horizons have yet to be received.</p> <p>However, monitoring during the year recorded the following non-compliances: Hunterville non-compliant for ammonia downstream; Marton non-compliant for ammonia, BOD and turbidity; Taihape non-compliant for flow, plus toxic shock syndrome, aluminum, zinc and chromium in downstream samples.</p>
<p>Number of overflows from each network (response/ resolution time)</p>	<p>No single network to experience more than 3 overflows during a 12 month period.</p> <p>Response/ resolution time monitored and compared with benchmark]</p> <p><i>In 2015/16, there were 4 overflows in Marton, 3 overflows in Taihape and one in Turakina. 6 were responded to in time and 6 were resolved in time.</i></p>	<p>Achieved</p> <p>There were two recorded dry-weather overflows from the network in Taihape and Marton. Both were responded to in time. One was resolved in time.</p>
<p><i>*System and adequacy</i></p> <p>The number of dry weather sewerage overflows from the Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>	<p>Not more than one per 1,000 connections</p> <p>There are 4,226 sewerage connections in the District.</p>	<p>Achieved</p> <p>There were 2 reported dry weather overflow (i.e. 0.4/1000)</p>

Sewerage and the treatment and disposal of sewage – continued

Level of Service		
Be responsive to reported faults and complaints.		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<p>*Fault response time Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following <i>median times</i> are measured</p> <p>(a) attendance time: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p>	<p>Improved timeliness compared with the previous year</p> <p>a) 18 minutes b) 2 hours 44 minutes</p> <p>The target attendance times are within 30 minutes for urgent callouts, within 24 hours for non-urgent callouts.</p> <p>The target resolution times are within 24 hours for urgent callouts and within 96 hours for non-urgent callouts.</p> <p><i>Urgent callouts are where sewage is evident</i></p> <p>Note: this mandatory measure does not distinguish between urgent and non-urgent callouts.</p>	<p>Partly achieved The median times for the reporting period are:</p> <p>a) 22 minutes b) 2 hours 34 minutes</p>
<p>*Customer satisfaction The total number of complaints received by the Council about any of the following:</p> <p>(a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the Council's response to issues with its sewerage systems⁷</p> <p>expressed per 1,000 connections to the Council's sewerage system.</p>	<p>Total number of complaints is less than 18/1000</p> <p><i>In 2015/16 total complaints were 6.6 per 1,000 connections.</i></p>	<p>Achieved (pro rata) The request for service system does not show all complaints for any one incident, so there is potential under-reporting. With that qualification, the year-to-date results are:</p> <p>(a) 0.47/1000 (b) 1.89/1000 (c) 2.13/1000 (d) not yet available</p> <p>i.e. a total of 4.49/1000.</p>

⁷ These are matters relating to the Council's wastewater systems recorded in the request for service system *other than* in (a), (b) or (c) such as complaints about wastewater overflows.

Stormwater drainage

Level of Service		
Provide a reliable collection and disposal system to each property during normal rainfall		
Measure	Target for 2016/17	Actual July 2016 – June 2017
<p><i>*System adequacy</i></p> <p>(a) The number of flooding events⁸ that occurred in the District</p> <p>(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)</p>	<p>Less than 1/1000</p> <p>There are 4,122 properties in the District that pay the stormwater rate.</p>	<p><i>Not applicable</i></p> <p>One flooding event in May 2017. No reports of any flooding affecting properties.</p>
<p><i>*Discharge compliance</i></p> <p>Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p> <p>received by the Council in relation to those resource consents</p>		<p><i>Not applicable</i></p> <p>The Council has not been required to have resource consents for any of its stormwater discharges.</p>

Level of Service		
Be responsive to reported faults and complaints		
Measure	Target for 2015/16	Actual July 2016 – June 2017
<p><i>*Response time</i></p> <p>The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.</p>	1 hour	<p><i>Not applicable</i></p>
<p><i>*Customer satisfaction</i></p> <p>The number of complaints received by the Council about the performance of its stormwater system, expressed per 1,000</p>	Less than 15/1000	<p><i>Achieved</i></p> <p>There were 17 call-outs during this time period, of which 14 were resolved in time.</p> <p>4.12/1000</p>

⁸ The rules for the mandatory measures define a 'flooding event' as an overflow from a territorial authority's stormwater system that enters a habitable floor

properties connected to the Council's stormwater system. 4,122 connections		
---	--	--

Community and leisure assets

Level of Service		
Provide a "good enough" range of community and leisure assets at an appropriate proximity to centres of population		
Measure	Target for 2016/17	Actual July 2016 – June 2017
"Report card" produced during April/May each year from a postal survey of residents. ⁹	<p>A greater proportion (than in the previous year) or more than 10% of the sample believes that Council's service is getting better.</p> <p>NOTE 1: Changes in the methodology of sampling has increased the total response rate and provided a more representative sample of residents. This may have affected the comparability of results. Further analysis will be done before the 12 month SSP.</p> <p>NOTE 2: The question relating to Community Housing was dropped from the survey in 2017. This is because the number of residents with any knowledge or opinion about community housing meant that the sample size was too small to be meaningful. More feedback has been sought from tenants themselves to provide information on satisfaction with the services.</p>	<p>Public Libraries - Achieved In 2016/17, 11% believed it was better than last year (10% in 2015/16), 70% about the same (78% in 2015/16), 2% worse than last year (3% in 2015/16) and 14% did not know (9% in 2015/16)</p> <p>Swimming Pools – Achieved In 2016/17, 16% believed it was better than last year (23% in 2015/16), 54% about the same (59% in 2015/16), 6% worse than last year (5% in 2015/16) and 23% did not know (13% in 2015/16)</p> <p>Sports Fields, Parks and Reserves - Achieved In 2016/17, 18% believed it was better than last year (12% in 2015/16), 63% about the same (66% in 2015/16), 2% worse than last year (6% in 2015/16) and 16% did not know (16% in 2015/16)</p> <p>Public Toilets – Partly Achieved In 2016/17, 7% believed it was better than last year (10% in 2015/16), 66% about the same (51% in 2015/16), 11% worse than last year (10% in 2015/16) and 17% did not know (30% in 2015/16)</p> <p>Community Buildings – Achieved In 2016/17, 4% believed it was better than last year (3% in 2015/16), 74% about the same (65% in 2015/16), 6% worse than last year (6% in 2015/16) and 16% did not know (26% in 2015/16)</p>

⁹ It is intended to take the sample from the electoral roll for residents. During the previous three years the sample was taken from Council's ratepayer database.

Community and leisure assets - continued

Secure high use of staffed facilities		
Measure	Target for 2016/17	Actual July 2016 – June 2017
Number of users of libraries	An increase in use compared with the previous year <i>In 2015/16 to software providing this information was not functioning properly for most of the reporting period.</i>	Not available <i>(no comparable data for last year)</i> Bulls – 8,901 (21 days unrecorded) Marton – 18,198 (8 days unrecorded) Taihape – 23,819 (13 days unrecorded)
Number of users of pools	An increase in use compared with the previous year: <i>2014/15 season totals Marton.....20,123 Taihape.....11,323</i>	Achieved Marton – 28,271 ¹⁰ Taihape – 11,177

Rubbish and recycling

Level of Service		
Make recycling facilities available at waste transfer stations for glass, paper, metal, plastics, textiles and greenwaste. Special occasions for electronics (e-waste).		
Measure	Target for 2016/17	Actual July 2016 – June 2017
Waste to landfill (tonnage) ¹¹	4,250 tonnes to landfill <i>In 2015/16, 4,242 tonnes went to the landfill.</i>	Not achieved (pro rata) 5,123 tonnes went to the landfill, equating (on a pro rata basis) to 21% increase of the target volume
Waste diverted from landfill (tonnage and (percentage of total waste) ¹²	Percentage of waste diverted from landfill 14% <i>In 2014/15, a total of 598 tonnes (or 14.3%) of waste was diverted.</i>	Achieved: 16.9% of waste was diverted during the year.

¹⁰ Includes schools, swim school and lane hire.

¹¹ Calibrated records maintained at Bonny Glen landfill.

¹² Records maintained at waste transfer stations

Environmental and regulatory services

Level of Service		
Provide a legally compliant service		
Measure	Target for 2016/17	Actual July 2016 - June 2017
Timeliness of processing the paperwork (building control, consent processes, licence applications) ¹³	<p>At least 93% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times</p> <p><i>In 2015/16, 100% of building consents and 95% of resource consents were issued within the prescribed time</i></p> <p><i>There were 324 building consents and 43 resource consents.</i></p>	<p>Achieved:</p> <p>998.8% (99% last year) of building consents and 100% (100% last year) of resource consents were issued within the prescribed times.</p> <p>There were 170 205 building consents (205 last year) and 38 resource consents. (35 last year)</p> <p>157 Code of Compliance Certificates were issues and 19 Notices to Fix.</p> <p>There were 136 applications for licences under the Sale and Supply of Alcohol Act 2012. There are no statutory timeframes for Council to comply with. There were 175 last year.</p>
Possession of relevant authorisations from central government ¹⁴	<p>Accreditation as a building consent authority maintained</p> <p>Functions of a registration authority and role of a recognised agency under the Food Act not subject to Ministerial Review.¹⁵</p>	<p>Achieved:</p> <p>Council's accreditation was confirmed for two years from February 2017. This follows an assessment visit by IANZ, 8-10 February 2017 and completion of the required corrective actions.</p> <p>Functions undertaken by Whanganui District Council on behalf of Rangitikei District Council.</p>
Level of Service		
Provide regulatory compliance officers		
Timeliness of response to requests for service for enforcement call-outs (animal control and environmental health) within prescribed response and resolution times.	<p>Improvement in timeliness reported in 2013/14.</p> <p><i>In 2013/14, 84% were responded to in time and 61% were completed in time. The relevant figures for 2014/15 were 87% and 81%. The relevant figures for 2015/16 were 86% and 81%.</i></p> <p>For animal control, priority 1 (urgent) callouts (dog attack, threatening dog or stock on road) require response within 30 minutes and resolution within 24 hours; priority 2 (i.e. non-urgent) callouts require</p>	<p>Partly achieved:</p> <p>84% of callouts responded to in time; 75% were resolved in time.</p> <p>There were 196 urgent call-outs for animal control of which 140 were responded to in time</p> <p>There were 721 non-urgent call-outs for animal control of which 865 were responded to in time</p> <p>There were 384 urgent call-outs for environmental health of which 346 were responded to in time</p> <p>There were 187 non-urgent call-outs for</p>

¹³ This includes any prescribed monitoring, such as of resource consents

¹⁴ Excluding general authorisation through legislation where no further formal accreditation is specified

¹⁵ Food Act 2014, s. 185. This added since the measure is an annual review of relevant documents.

	<p>response within 24 hours and resolution within 96 hours.</p> <p>For environmental health, there are varying times – for noise complaints, a response is required within one hour, for food issues, it is within 24 hours.</p>	<p>environmental health of which 142 were responded to in time</p> <p>Of the 1,271 call-outs for animal control, 934 were resolved in time</p> <p>Of the 570 call-outs for environmental health, 445 were resolved in time.</p>
--	--	---

Community well-being

Level of Service		
Provide opportunities to be actively involved in partnerships that provide community and ratepayer wins		
Measure	Target for 2016/17	Actual July 2016 - June 2017
<p>Partners' view of how useful Council's initiatives and support has been (annual survey)¹⁶</p> <p>The focus for the survey is those community groups within the District with whom the Council has worked. So, this excludes shared services or other contractual arrangements with other councils. It also excludes direct collaboration with central government agencies although, where these are also involved with community organisations and groups within the Rangitikei, they are invited to participate in the annual survey.</p>	<p>A greater proportion (than in the benchmark) or more than 10% of the sample believes that Council's service is getting better.</p> <p><i>In 2015/16, from the 88 responses to the survey, 19% thought Council's service is getting better, 57% thought it about the same, 1.5% thought it worse and 22% did not know how to rate this..</i></p>	<p>Achieved:</p> <p>Of 70 responses to the survey, 23% thought Council's service is getting better, 53% thought it about the same, 2% thought it worse and 23% did not know how to rate this.</p>

Level of Service		
Identify and promote opportunities for economic growth in the District		
Measure	Target for 2016/17	Actual July 2016-June 2017
<p>The three key indicators of success in the Council's adopted Rangitikei Growth Strategy- i.e.</p> <ul style="list-style-type: none"> *The District's GDP growth *A greater proportion of young people living in the District are attending local schools *More people living in the District (than is currently projected by Statistics New Zealand)¹⁷ 	<p>Turning the curve (in comparison with the benchmark) is evident in at least two of the key indicators</p>	<p>Achieved</p> <p>GDP growth: Not achieved</p> <p>Annual GDP growth in 2016 for Rangitikei District was 2.2% compared to a New Zealand GDP growth rate of 2.5%.</p> <p>School rolls – Achieved</p> <p>School enrolments years 9-13 are slightly down (716 in 2015 and 653 in 2016). However, the closure of Turakina Maori Girls College has impacted on this figure (loss of 63 students). Rangitikei College's roll has risen from 263 in 2015 to 306 in 2016 whereas Nga Tawa's roll has dropped from 232 to 211. Provisional population figures indicate that the total number of high school age children in the District has dropped slightly (from 1068 to 1054).</p>

¹⁶ Groups which are targeted for consultation:

- Participants in Path to Well-being Theme Groups
- Public sector agency database
- Participants in other partnership programmes that involve Council

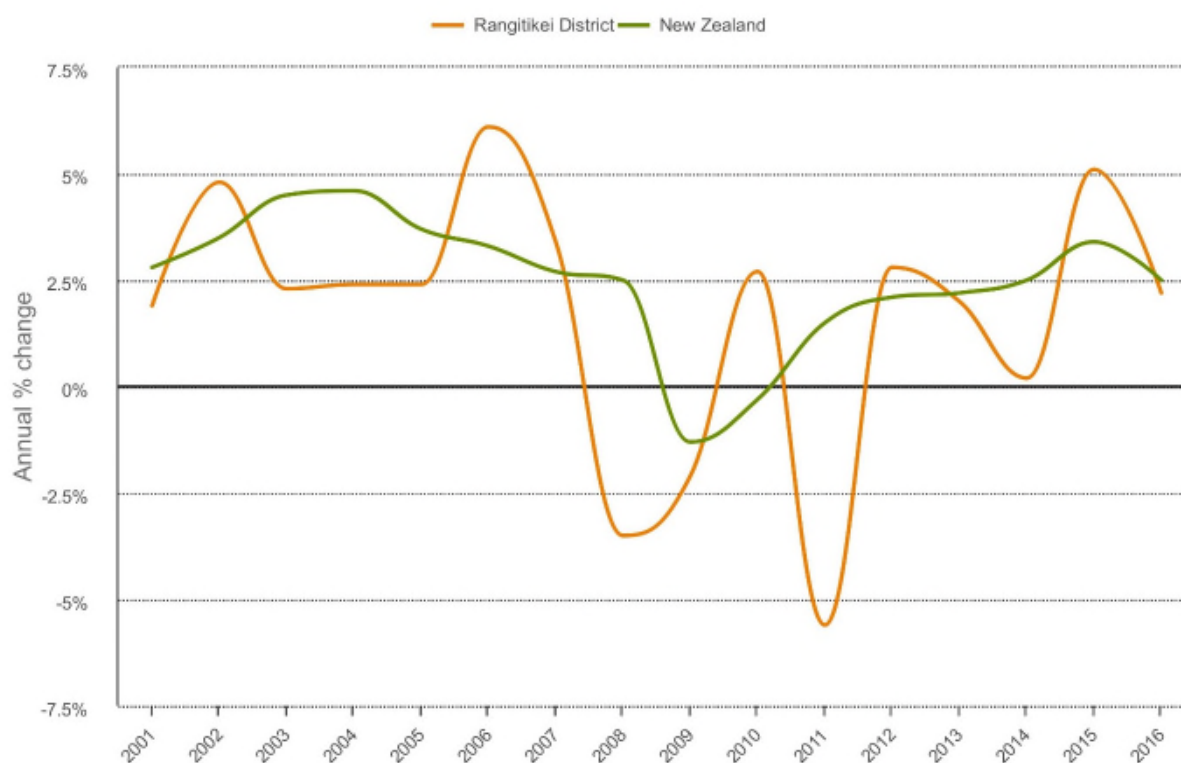
¹⁷ (a) In 2013, Rangitikei's GDP growth was -0.8% and trending downwards with an increasing divergence from the national trend.

(b) Based on latest available Statistics New Zealand population estimates (June 2013) and school enrolments for 2014 (TKI), 56% of residents of high school age were enrolled in local schools and trending upwards.

(c) Based on population projections from Statistics New Zealand (medium projection based on 2013 Census), the resident population is projected to decline from 14,450 in June 2013 to 13,900 in June 2028.

		<p>The indicator of resident children being schooled locally is 46% and has risen consistently since 2012.</p> <p><i>Population change: Achieved</i></p> <p>Population estimates released at a TA level in December 2016 indicate a slight increase in the population compared to the Census 2013 and an increase in the projections that have been released in recent times.</p>
--	--	---

GDP Growth (Rangitikei District cf. New Zealand)



Population projections (Statistics New Zealand December 2016)

Population projections released by Statistics New Zealand in December 2016 were released with a comparison of the projections released in February 2015. The latest projections show the impact of stronger gains from migration in the region but assume that migration in the region will revert quite quickly back to historic levels. There have been progressive increases in the projected population for the region with upwards revisions to the projections since 2005. The table below shows previous projections for 2026 and more recently for 2028 (the two year delay in the Census to 2013 resulted in a movement in the projection dates).

	Actual or Estimated Population					Population Projections for 2026				Projected 2028 population	
	1996	2001	2006	2011	2016	2005 projections	2010 projections	2012 projections [†]	Change between 2005 and 2012 projections	2015 projection	2016 projection
Ruapehu District	17,300	15,000	14,050	12,950	12,500	11,100	11,800	11,150	50	10,750	11,500
Whanganui District	45,000	44,400	43,800	43,800	43,800	40,900	41,500	42,700	1,800	42,900	44,400
Rangitikei District	16,750	15,500	15,150	14,700	14,800	12,300	13,500	13,450	1,150	13,900	14,750
Manawātū District	26,700	26,300	26,800	28,000	29,800	29,300	32,200	29,600	900	30,800	32,900
Palmerston North City	77,100	77,100	80,800	82,800	86,300	87,700	91,500	94,900	7,200	92,300	94,200
Manawatu District plus Palmerston North	103,800	103,400	107,600	110,800	116,100	117,000	123,700	124,500	7,500	123,100	127,100
Taranaki District	19,500	18,350	18,050	17,750	17,600	15,600	16,900	17,300	1,700	16,700	17,000
Horowhenua District	30,800	30,600	30,600	31,000	31,900	28,600	30,200	30,000	1,400	30,900	32,600
Manawātū-Whanganui Region	234,150	227,250	229,400	231,300	236,900	225,800	237,800	239,200	13,400	236,500	247,350
New Zealand	3,732,000	3,880,500	4,184,600	4,384,000	4,693,000	4,251,000	4,728,200	4,870,100	619,100	5,152,900	5,390,000

[†] The boundary was changed between Manawātū District and Palmerston North on 1 July 2012, moving around 2,400 people into Palmerston North. The data for the actual and estimated population has been adjusted for the boundary change but the projections in 2005 and 2010 are based on the old boundary.

Appendix 2

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2017

	Notes	2016 Actual (\$000)	2017 Budget (\$000)	2017 Actual (\$000)
Revenue				
Rates	3	19,248	20,461	19,484
Subsidies and grants	5	11,193	14,715	11,359
Other revenue	5	3,150	2,750	3,372
Finance revenue	4	331	228	253
Vested and discovered assets		0	0	0
Gains	6	89	0	29
Total operating revenue		34,011	38,154	34,498
Expenditure				
Depreciation and amortisation expense	14,15	10,151	10,235	10,710
Personnel costs	7	2,999	3,138	3,433
Finance costs	4	0	379	0
Losses	6	387	0	0
Other expenses	8	18,921	17,898	16,130
Total operating expenditure		32,458	31,650	30,272
Operating surplus (deficit) before revaluation losses and derecognition		1,553	6,504	4,226
Property Plan & Equipment Revaluation Losses		0	17,898	8,052
Operating surplus (deficit) before tax		1,553	6,504	(3,826)
Income tax expense	9	0	0	0
Operating surplus (deficit) after tax		1,553	6,504	(3,826)
Other comprehensive revenue and expense				
<i>Items that could be reclassified to surplus(deficit)</i>				
Financial assets at fair value through other comprehensive revenue and expense	6	83	0	(5)
<i>Items that will not be reclassified to surplus(deficit)</i>				
Gain on revaluation of property, plant and equipment	6	0	14,679	15,069
Total other comprehensive revenue and expense		83	14,679	15,065
Total comprehensive revenue and expense		1,636	21,183	11,239

Explanations of major variances against budget are provided in Note 31.

The comparative figures for 2015 have been altered to reflect the changed treatment in rates remissions of \$743,000 which has been deducted from both rates revenue and other expenses. This change is also reflected in notes 2, 3, and 8.

This statement complies with the Local Government (Financial Reporting and Prudence) Regulations 2014.

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2017

	Notes	2016 Actual (\$000)	2017 Budget (\$000)	2017 Actual (\$000)
Assets				
Current Assets				
Cash and cash equivalents	10	6,605	2,312	6,940
Debtors and Other Receivables	11	3,533	3,845	3,091
Prepayments		115	11	65
Other financial assets	12	0	522	0
Non-current assets held for sale	13	0	0	0
Total current assets		10,253	6,690	10,096
Non-current assets				
Plant, property and equipment	14	464,482	507,605	474,468
Intangible assets	15	129	0	80
Forestry assets	16	304	64	244
Other financial assets		0		
Corporate bonds	12	2,553	3,510	2,546
Investment in CCOs and other similar entities	12	67	29	70
Total non-current assets		467,535	511,208	477,409
Total assets		477,789	517,898	487,504
Liabilities				
Current Liabilities				
Creditors and other payables	17	5,618	4,274	4,090
Employee entitlements	19	363	259	454
Income in advance		532	538	522
Borrowings	18	16	1,532	0
Total current liabilities		6,529	6,603	5,067
Non-current liabilities				
Employee entitlements	19	13	14	0
Provisions	20	322	292	297
Borrowings	18	160	14,601	160
Total non-current liabilities		495	14,907	457
Total liabilities		7,024	21,510	5,523
Net Assets		470,765	496,388	481,981
Equity				
Accumulated funds	21	434,024	444,961	430,488
Special and restricted reserves	21	5,147	5,219	4,850
Other reserves	21	31,594	46,208	46,643
Total equity		470,765	496,388	481,981

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these financial statements

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2017

	Notes	2016 Actual (\$000)	2017 Budget (\$000)	2017 Actual (\$000)
Balance as at 1 July		469,129	475,206	470,765
Total comprehensive revenue and expense for the year		1,636	21,183	11,218
Balance as at 30 June		470,765	496,389	481,983

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these financial statements

Whole of Council

Funding Impact Statement

For the year ended 30 June 2017

	2016 Annual plan (\$000)	2016 Annual report (\$000)	2017 Annual Plan (\$000)	2017 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	6,682	6,639	6,633	7,043
Targeted rates	13,820	13,879	14,274	14,231
Subsidies and grants for operating purposes	3,560	6,728	3,429	7,253
Fees and charges	2,154	2,426	2,086	1,725
Interest and dividends from investments	224	331	246	253
Local authorities fuel tax, fines, infringement fees, and other receipts	130	135	131	1,100
Total operating funding (A)	26,570	30,138	26,799	31,605
Applications of operating funding				
Payment to staff and suppliers	19,372	21,790	19,249	20,854
Finance costs	402	0	843	-
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	19,774	21,790	20,092	20,854
Surplus (deficit) of operating funding (A - B)	6,796	8,348	6,707	10,752
Sources of capital funding				
Subsidies and grants for capital expenditure	3,847	4,465	4,981	4,106
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	9,696 -	16	5,758 -	16
Gross proceeds from sale of assets	-	111	565	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	13,543	4,560	11,304	4,090
Application of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	9,308	2,415	4,837	2,521
- to replace existing assets	9,684	9,102	13,873	11,080
Increase (decrease) in reserves	347	1,832 -	698	1,311
Increase (decrease) in investments	1,000 -	441	- -	71
Total applications of capital funding (D)	20,339	12,907	18,012	14,842
Surplus (deficit) of capital funding (C - D)	- 6,796 -	8,348 -	6,708 -	10,752
Funding balance ((A - B) + (C - D))	- -	0 -	1	-
Note: Depreciation expense not included above	9,798	10,151	10,187	10,710

Community and Leisure Assets

Funding Impact Statement

For the year ended 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	3,391	3,229	3,360
Targeted rates	0	0	0
Subsidies and grants for operating purposes	108	34	72
Fees and charges	588	441	103
Internal charges and overheads recovered	0	0	492
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	585
Total operating funding (A)	4,087	3,704	4,611
Applications of operating funding			
Payment to staff and suppliers	2,773	2,670	2,213
Finance costs	31	36	54
Internal charges and overheads applied	349	364	1,500
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,153	3,070	3,767
Surplus (deficit) of operating funding (A - B)	934	634	844
Sources of capital funding			
Subsidies and grants for capital expenditure	106	1,501	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-8	643	98
Gross proceeds from sale of assets	0	565	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	98	2,709	98
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,123	3,092	0
- to replace existing assets	549	587	749
Increase (decrease) in reserves	-640	-337	259
Increase (decrease) in investments	0	0	-67
Total applications of capital funding (D)	1,032	3,342	941
Surplus (deficit) of capital funding (C - D)	-934	-634	-844
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	811	828	1,090

Community and Leisure Assets

Capital Works

For the year ended 30 June 2017

		2016	2017	2017
Category	Designated projects for 2015/16	Long-term plan (\$000)	Long-term plan (\$000)	Actual (\$000)
RENEWALS				
Swimming pools	Building and plant	115	23	10
Libraries	Furniture, books and computers	108	181	263
Community housing	Flat refurbishment	100	100	112
Cemeteries	Paving and fences	23	24	56
Parks and reserves	Landscaping and playgrounds	68	75	53
	Bulls courthouse refurbishment	30	0	1
Toilets	Building refurbishment	7	0	0
Halls	Refurbishment	98	158	160
Total renewals		549	561	655

CAPITAL

Swimming pools	Capital improvements to plant	150	113	4
Libraries		0	0	20
Community housing		0	0	0
Cemeteries	Berms	8	16	13
	Land purchase Ratana	20	0	0
Parks and reserves	Mangaweka campground wastewater	95	0	15
	Parks upgrades	100	103	22
Property		0	0	21
Toilets		0	0	0
Halls	Bulls town centre	750	2,861	0
Total capital		1,123	3,093	95

Borrowing

For the year ended 30 June 2017

Balance of borrowing at start of year	1,528	1,176	1,085
Funds borrowed during the year	75	1,590	0
Funds repaid during the year	83	56	56
Balance of borrowing at end of year	1,520	2,710	1,029

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds. However, an exception has been permitted to allow community and leisure assets (swimming pools) to enter into an external loan with the Marton Aquatic Leisure Trust. Included in funds repaid is an amount of \$16,020 repaid to that organisation.

Proportion of internal borrowing to all borrowing at 30 June	41%	6%	87%
Portion of finance costs attributable to internal borrowing	31	58	54

Community Leadership

Funding Impact Statement

For the year ended 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,069	1,134	1,170
Targeted rates	59	61	60
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	34	37
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	1
Total operating funding (A)	1,128	1,229	1,268
Applications of operating funding			
Payment to staff and suppliers	997	1,099	729
Finance costs	0	0	0
Internal charges and overheads applied	178	186	497
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,175	1,285	1,226
Surplus (deficit) of operating funding (A - B)	-47	-56	42
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	-47	-56	42
Increase (decrease) in investments	0	0	
Total applications of capital funding (D)	-47	-56	42
Surplus (deficit) of capital funding (C - D)	47	56	-42
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	2	2	2

Community Well-being

Funding Impact Statement

For the year ended 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,255	1,278	1,354
Targeted rates	0	0	0
Subsidies and grants for operating purposes	142	120	87
Fees and charges	54	55	37
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	15
Total operating funding (A)	1,451	1,453	1,493
Applications of operating funding			
Payment to staff and suppliers	1,211	1,211	755
Finance costs	1	1	1
Internal charges and overheads applied	200	208	560
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,412	1,420	1,316
Surplus (deficit) of operating funding (A - B)	39	33	177
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-2	-2	-2
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	-2	-2	-2
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	69	5	0
Increase (decrease) in reserves	-32	26	175
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	37	31	175
Surplus (deficit) of capital funding (C - D)	-39	-33	-177
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	40	41	39

Environmental and Regulatory Services

Funding Impact Statement

For the year ended 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	851	875	912
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	6
Fees and charges	870	891	758
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	15	16	305
Total operating funding (A)	1,736	1,782	1,981
Applications of operating funding			
Payment to staff and suppliers	1,101	1,128	253
Finance costs	4	-3	-24
Internal charges and overheads applied	491	517	1,546
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,596	1,642	1,775
Surplus (deficit) of operating funding (A - B)	141	141	206
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	140	141	206
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	140	141	206
Surplus (deficit) of capital funding (C - D)	-141	-141	-206
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	0	0	0

Roading and Footpaths

Funding Impact Statement

For the year ended 30 June 2016

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	6,087	6,000	6,204
Subsidies and grants for operating purposes	3,263	3,229	7,084
Fees and charges	28	29	7
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	115	115	125
Total operating funding (A)	9,493	9,373	13,420
Applications of operating funding			
Payment to staff and suppliers	6,104	5,901	6,855
Finance costs	124	116	116
Internal charges and overheads applied	461	478	690
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,689	6,495	7,660
Surplus (deficit) of operating funding (A - B)	2,804	2,878	5,760
Sources of capital funding			
Subsidies and grants for capital expenditure	2,766	3,480	4,106
Development and financial contributions	0	0	0
Increase (decrease) in debt	-165	-165	-165
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	2,601	3,315	3,941
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	591	592	1,694
- to replace existing assets	4,080	5,147	8,251
Increase (decrease) in reserves	734	454	-244
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	5,405	6,193	9,701
Surplus (deficit) of capital funding (C - D)	-2,804	-2,878	-5,760
Funding balance ((A - B) + (C - D))	0	0	0

Note: Depreciation expense not included above 6,422 6,754 6,689

The Council does not fully fund depreciation on roading. This is because a subsidy is received on capital renewals from New Zealand Transport Agency which is used to reduce the cost to the Council.

Roading and Footpaths

Capital Works

For the year ended 30 June 2017

		2016	2017
Category	Designated projects for 2015/16	Long-term plan (\$000)	Long-term plan (\$000)
RENEWALS			
Unsealed road metalling	Programmed renewals	460	460
Pavement rehabilitation	Programmed renewals	684	1,627
Drainage	Programmed renewals	337	337
Structure components	Programmed renewals	189	189
Traffic services	Programmed renewals	225	225
Sealed road surfacing	Programmed renewals	2,040	2,159
Footpaths	Programmed renewals	145	149
Flood Damage	Reinstatement of damage	0	0
LED Lighting	Programmed renewals	0	0
Total renewals		4,080	5,147
CAPITAL			
Roading	Minor safety projects	526	526
	Wylies Bridge	0	0
	Napier Taihape Road	0	0
	Ratana traffic calmers	0	0
Footpaths	New footpath construction	65	67
Total capital		591	592

Borrowing

For the year ended 30 June 2017

Balance of borrowing at start of year	2,475	2,235
Funds borrowed during the year	0	0
Funds repaid during the year	165	90
Balance of borrowing at end of year	2,310	2,145

All borrowing is managed through the Council's treasury function which borrows externally to m

Proportion of internal borrowing to all borrowing at 30 June	41%	11%
--	-----	-----

Portion of finance costs attributable to internal borrowing	31	116
---	----	-----

Stormwater Drainage

Funding Impact Statement

For the year ended 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	729	765	637
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2	2	3
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	1
Total operating funding (A)	731	767	641
Applications of operating funding			
Payment to staff and suppliers	350	262	65
Finance costs	-17	4	-62
Internal charges and overheads applied	59	61	100
Other operating funding applications	0	0	0
Total applications of operating funding (B)	392	328	103
Surplus (deficit) of operating funding (A - B)	339	440	538
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-44	-44	-44
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	-44	-44	-44
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	430	270	1
- to replace existing assets	329	381	159
Increase (decrease) in reserves	-464	-255	334
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	295	395	494
Surplus (deficit) of capital funding (C - D)	-339	-440	-538
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	259	289	293

Stormwater Drainage

Capital Works

For the year ended 30 June 2017

Category	Designated projects for 2015/16	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
RENEWALS				
Marton	Reticulation	309	358	148
Taihape	Reticulation	20	22	1
Rural	Reticulation	0	0	0
Bulls	Reticulation	0	0	7
Mangaweka	Reticulation	0	0	0
Hunternville	Reticulation	0	0	1
Ratana	Reticulation	0	0	0
Total renewals		329	380	157

CAPITAL

Marton	Culverts, drains and inlet protection	230	0	2
Taihape	Culverts, drains and inlet protection	100	119	0
Rural	Culverts, drains and inlet protection	0	0	0
Bulls	Culverts, drains and inlet protection	50	67	0
Mangaweka	Culverts, drains and inlet protection	0	16	0
Hunternville	Culverts, drains and inlet protection	50	67	1
Ratana	Culverts, drains and inlet protection	0	0	0
Total capital		430	269	0

Borrowing

For the year ended 30 June 2017

Balance of borrowing at start of year	622	578	578
Funds borrowed during the year	0	0	0
Funds repaid during the year	44	44	44
Balance of borrowing at end of year	578	534	533

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

Proportion of internal borrowing to all borrowing at 30 June	41%	3%	100%
Portion of finance costs attributable to internal borrowing	31	29	29

Sewerage and Treatment and Disposal of Sewage

Funding Impact Statement

For the year ended 30 June 2016

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	2,306	2,401	2,202
Subsidies and grants for operating purposes	0	0	0
Fees and charges	242	251	249
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,548	2,652	2,451
Applications of operating funding			
Payment to staff and suppliers	1,056	1,084	1,125
Finance costs	201	489	152
Internal charges and overheads applied	218	226	327
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,475	1,800	1,603
Surplus (deficit) of operating funding (A - B)	1,073	852	848
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,816	256	-282
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	4,816	256	-282
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	5,167	779	240
- to replace existing assets	1,667	1,530	659
Increase (decrease) in reserves	-945	-1,200	-332
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	5,889	1,108	566
Surplus (deficit) of capital funding (C - D)	-1,073	-853	-848
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	672	851	717

Sewerage and the Treatment and Disposal of Sewage

Capital Works

For the year ended 30 June 2017

Category	Designated projects for 2015/16	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
RENEWALS				
Marton	Treatment and reticulation	941	78	256
Taihape	Treatment and reticulation	205	493	177
Bulls	Treatment and reticulation	268	137	82
Mangaweka	Treatment and reticulation	25	0	2
Hunternville	Treatment and reticulation	220	284	119
Ratana	Treatment and reticulation	5	526	17
Koitiata	Treatment and reticulation	3	12	5
Total renewals		1,667	1,530	658

CAPITAL

Marton	Treatment plant upgrade	1,387	779	10
Taihape	Treatment plant upgrade	450	0	191
Bulls	Treatment plant upgrade	1,500	0	1
Hunternville	Treatment plant upgrade	200	0	25
Ratana	Treatment plant upgrade	1,500	0	1
Koitiata	Treatment plant upgrade	130	0	12
Total capital		5,167	779	0

Borrowing

For the year ended 30 June 2017

Balance of borrowing at start of year	6,277	5,065	3,924
Funds borrowed during the year	5,167	5,060	0
Funds repaid during the year	351	450	282
Balance of borrowing at end of year	11,093	9,675	3,643

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

Proportion of internal borrowing to all borrowing at 30 June	41%	24%	100%
Portion of finance costs attributable to internal borrowing	31	253	196

Water Supply

Funding Impact Statement

For the year ended 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	96	99	103
Targeted rates	4,197	4,606	4,641
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	24
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	31
Total operating funding (A)	4,293	4,705	4,799
Applications of operating funding			
Payment to staff and suppliers	1,953	1,946	1,844
Finance costs	583	714	595
Internal charges and overheads applied	639	663	870
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,175	3,323	3,309
Surplus (deficit) of operating funding (A - B)	1,118	1,382	1,490
Sources of capital funding			
Subsidies and grants for capital expenditure	975	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,623	4,584	62
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,598	4,584	62
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,998	104	586
- to replace existing assets	2,710	5,983	1,042
Increase (decrease) in reserves	8	-120	-76
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	4,716	5,967	1,553
Surplus (deficit) of capital funding (C - D)	-1,118	-1,383	-1,490
Funding balance ((A - B) + (C - D))	0	-1	0
Note: Depreciation expense not included above	1,201	1,390	1,385

Note 3: Rates revenue	Actual 2016 (\$000)	Actual 2,017 (\$000)
General rates	2,182	2,233
Uniform annual general charge	4,069	4,263
Targeted rates attributable to activities		0
roading	6,148	6,204
community services	48	60
libraries	0	0
solid waste disposal	446	487
wastewater	2,537	2,202
water	3,121	3,417
stormwater drainage	731	637
Targeted rates for water supply (water by volume)	1,112	1,224
Total rates	20,394	20,727
Less rates charged on Council properties	397	0
Less rates remissions	749	771
	19,248	19,956

Rates remissions

The Council's rates remission policy allows rates to be remitted on: development; community sporting and other not-for-profit organisations; contiguous rating units owned or leased by a single ratepayer; multiple toilet pans; penalties; land affected by natural calamity; and, land protected for natural conservation purposes.

Multiple toilet pans	271	271
Penalties and other remissions	478	478
Total remissions	749	749

Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general

Note: Because of the difficulty in obtaining detailed analysis of remissions by category, they have been amalgamated into the two categories above. The comparative has been also altered to reflect this.

Note 4: Finance revenue and finance costs	Actual 2016 (\$000)	Actual 2,017 (\$000)
Finance revenue		
Interest revenue		
bank deposits	168	122
local authority and government bonds	163	131
Total finance income	331	253
Finance costs		
Interest expense		
interest on borrowings	0	0
Total finance costs	0	0
Net finance costs	331	253

Note 5: Other non-exchange revenue and subsidies	Actual 2016 (\$000)	Actual 2,017 (\$000)
<i>Non-exchange revenue</i>		
Rates penalties	522	547
Residential rents (community housing)	295	445
Regulatory revenue	803	1,063
Petrol tax	114	125
Other	1,178	1,192
Total other revenue	2,912	3,372
<i>Subsidies</i>		
New Zealand Transport Agency - Operational Subsidy	6,490	6,997
New Zealand Transport Agency - Capital Subsidy	3,875	4,106
Non-government grants	0	0
Other operating expenses	828	256
	11,193	11,359

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised in the statement of comprehensive income.

Note 6: Gains and losses	Actual 2016 (\$000)	Actual 2,017 (\$000)
Operating revenue and expense		
Gains		
Non-financial instruments		
Property, plant and equipment gains on disposal	7	18
Investment Property revaluation gain	0	15,069
Forestry asset revaluation gain (note 16)	82	7
Total gains	89	15,094
Losses		
Non-financial instruments		
Property, plant and equipment loss on disposal	387	3
Property, plant and equipment loss on revaluation	0	8,052
Total losses non-financial instruments	387	8,055
Other comprehensive revenue and expense		
Other gains (losses)		
Financial instruments		
Fair value through other comprehensive revenue and expense gain on revaluation	105	0
Fair value through other comprehensive revenue and expense loss on disposal	(22)	0
Fair value through other comprehensive revenue and expense loss on revaluation	0	0
Total gains (losses) financial instruments	83	0
Other gains (losses)		
Non-financial instruments		
Property, plant and equipment gain on revaluation	0	0
Total gains on non-financial instruments	0	0

Note 10: Cash and cash equivalents	Actual 2016 (\$000)	Actual 2,017 (\$000)
Cash at bank and on hand	3,105	5,940
Term deposits with maturities less than three months at acquisition	3,500	1,000
Total cash and cash equivalents	6,605	6,940

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value

The Council holds unspent funds, included in cash at bank and investments, of \$922,597 (2016 \$783,445) that are subject to restrictions. These unspent funds relate to funds received from various sources but to be used for specific purposes. They include the Council's restricted reserves, and grants from agencies that have been unspent at balance date.

Note 11: Receivables	Actual 2016 (\$000)	Actual 2,017 (\$000)
Non-exchange receivables		
Rates receivables	1,713	1,328
Related party receivables	0	0
Other receivables	1,874	2,146
Gross debtors and other receivables	3,587	3,474
Less provision for impairment	(321)	(416)
Total non-exchange receivables	3,266	3,058
Exchange receivables		
Other receivables	268	33
Less provision for impairment	0	0
Total exchange receivables	268	33

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their value.

Impairment

The Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can, in most cases, apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Accordingly, the Council only provides for impairment of rates in those circumstances where an enforced sale or lease is not possible. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. Repayment plans do not alter the ageing profile of the debt in the Council's records.

The ageing profile of receivables at year end is detailed below:

	2017		
	Gross (\$000)	Impairment (\$000)	Net (\$000)
Not past due	1,943	0	1,943
Past due 1-60 days	457	(1)	456
Past due > 60 days	1,107	(415)	692
Total	3,507	(416)	3,091

	2016		
	Gross (\$000)	Impairment (\$000)	Net (\$000)
Not past due	1,940	0	1,940
Past due 1-60 days	487	(1)	486
Past due > 60 days	1,428	(320)	1,108
Total	3,855	(321)	3,534

The impairment provision has been calculated based on a review of overdue receivables and an analysis of the Council's past collection history and debt write-offs. All receivables greater than 30 days in age are considered past due.

Receivables (continued)	Actual 2016 (\$000)	Actual 2,017 (\$000)
-------------------------	---------------------------	----------------------------

The impairment provision has been calculated based on a review of overdue receivables and an analysis of the Council's past collection history and debt write-offs. All receivables greater than 30 days in age are considered past due.

Movements in the provision for impairment of receivables are as follows:

At 1 July	275	321
Additional provisions made during the year		
Provision increased (reversed) during the year	83	121
Receivables written off during the period	(37)	(25)
As at 30 June	321	417

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 12 :Other financial assets	Actual 2,016 (\$000)	Actual 2,017 (\$000)
Current Portion		
Term deposits with original maturities of 4-12 months	0	0
Corporate bonds	0	0
Total current portion	0	0
Non-current portion		
Corporate bonds	2,553	2,546
<i>Investments in CCOs and similar entities</i>		
Unlisted shares in New Zealand Local Government Insurance Corporation Limited	51	54
Unlisted shares in Manawatu Wanganui LASS Limited	16	16
Total investments in CCOs and similar identities	67	70
Total non-current portion	2,620	2,616
Total other financial assets	2,620	2,616

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Corporate bonds

The fair value of corporate bonds has been determined by reference to published price quotations in an active market.

Unlisted shares

The fair value of unlisted shares in New Zealand Local Government Insurance Corporation Limited was determined by using the net asset backing of shares at 31 December 2016. The fair value of the unlisted share in Manawatu Wanganui LASS Limited was determined to be the nominal amount paid for the shares (\$16,000).

Manawatu Wanganui LASS Limited is a Council Controlled Organisation under the Local Government Act 2002 but the Council has resolved that it is exempt for the purposes of section 6(4)(i) of that Act.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets was either past due or impaired.

Note 13: Non-current assets held for sale

The Council has a number of properties, most of which are of low value, that it wishes to dispose of. None of these is included as non-current assets held for sale because they are not being actively marketed and do not fall within the criteria set out in PBE IFRS 5 Non-current Assets Held for Sale.

Note 14: Property, Plant and equipment

2017	Balances at 1 July 2016			Additional assets re-cognised \$'000	Current year additions \$'000	Current year disposals \$'000	Revaluation surp(def) \$'000	Current year depn \$'000	Balances at 30 June 2017		
	Cost/valuation \$'000	Accum depn \$'000	Carrying amount \$'000						Cost/valuation \$'000	Accum depn \$'000	Carrying amount \$'000
Movements for each class of property, plant and equipment are as follows:											
Operational assets											
Land	3,339	0	3,339	0	105	0	558	0	4,003	0	4,003
Buildings	11,009	(2,064)	8,944	0	422	0	3,438	(878)	13,265	(1,339)	11,926
Plant and vehicles	2,610	(1,435)	1,175	0	269	(202)	0	(324)	2,675	(1,641)	1,034
Office equipment	737	(615)	123	0	24	0	0	(24)	761	(638)	123
Computer hardware	651	(500)	151	0	37	0	0	(97)	689	(598)	91
Library books	2,177	(1,658)	519	0	93	0	0	(85)	2,271	(1,743)	528
Total operational assets	20,523	(6,272)	14,251	0	950	(202)	3,996	(1,408)	23,664	(5,959)	17,705
Infrastructural assets											
Roading network	332,357	(19,322)	313,035	0	9,942	0	(8,082)	(6,688)	314,893	(6,687)	308,206
Land under roads	42,438	0	42,438	0	0	0	0	0	42,438	0	42,438
Water systems											
treatment plants and facilities	21,796	(1,211)	20,585	0	931	0	(2,888)	(430)	17,931	(430)	17,501
other assets	27,071	(2,253)	24,818	0	699	0	10,077	(955)	36,290	(955)	35,335
Wastewater systems											
treatment plants and facilities	11,327	(835)	10,492	0	328	0	(883)	(287)	9,927	(287)	9,640
other assets	17,912	(1,031)	16,881	0	570	0	2,331	(430)	19,793	(431)	19,362
Stormwater network	15,572	(760)	14,812	0	160	0	1,482	(293)	16,455	(293)	16,162
Waste transfer stations	1,258	(70)	1,189	0	0	0	(25)	(27)	1,209	(72)	1,137
Total infrastructural assets	469,731	(25,482)	444,249	0	12,630	0	2,012	(9,110)	458,936	(9,155)	449,781
Restricted assets											
Land	4,215	0	4,215	0	89	0	417	0	4,722	0	4,722
Buildings	2,073	(306)	1,767	0	39	0	598	168	2,631	(395)	2,236
Total restricted assets	6,288	(306)	5,982	0	128	0	1,015	168	7,353	(395)	6,958

Total property, plant and equipment	496,542	(32,060)	464,482	0	13,708	(202)	7,023	(10,350)	489,953	(15,509)	474,444
--	----------------	-----------------	----------------	----------	---------------	--------------	--------------	-----------------	----------------	-----------------	----------------

Work in progress at year end included in property, plant and equipment above comprises: buildings \$132,460 (2016 \$52,821) wastewater Nil (2016 \$2,981,962), water Nil (2016 \$1,326,130), storm water Nil (2016 \$383,667), roading Nil (2016 \$180,521)

Note 14: Property, Plant and equipment

2016	Balances at 1 July 2015			Additional assets re-cognised \$000	Current year additions \$000	Current year disposals \$000	Reversed depn on disposals \$000	Current year depn \$000	Balances at 30 June 2016			
	Cost/valuation \$000	Accum depn \$000	Carrying amount \$000						Cost/valuation \$000	Accum depn \$000	Carrying amount \$000	
Movements for each class of property, plant and equipment are as follows:												
Operational assets												
Land	3,407	0	3,407	0	0	(68)	0	0	3,339	0	3,339	3,339
Buildings	10,855	(1,370)	9,485	0	154	0	0	(694)	11,009	(2,064)	8,945	8,945
Plant and vehicles	2,225	(1,165)	1,060	0	455	(70)	41	(311)	2,610	(1,435)	1,175	1,175
Office equipment	699	(594)	105	0	39	(1)	0	(21)	737	(615)	122	122
Computer hardware	602	(399)	203	0	49	0	0	(101)	651	(500)	151	151
Library books	2,082	(1,572)	510	0	95	0	0	(86)	2,177	(1,658)	519	519
Total operational assets	19,870	(5,100)	14,770	0	792	(139)	41	(1,213)	20,523	(6,272)	14,251	14,251
Infrastructural assets												
Roading network	326,634	(12,651)	313,983	0	5,723	0	0	(6,671)	332,357	(19,322)	313,035	313,035
Land under roads	42,438	0	42,438	0	0	0	0	0	42,438	0	42,438	42,438
Water systems	0								0			
treatment plants and facilities	20,285	(775)	19,510	0	1,616	(105)	9	(445)	21,796	(1,211)	20,585	20,585
other assets	26,167	(1,549)	24,618	0	1,058	(154)	24	(728)	27,071	(2,253)	24,818	24,818
Wastewater systems	0		0						0			
treatment plants and facilities	10,486	(552)	9,934	0	841	0	0	(283)	11,327	(835)	10,492	10,492
other assets	16,999	(678)	16,321	0	1,026	(113)	0	(353)	17,912	(1,031)	16,881	16,881
Stormwater network	15,288	(505)	14,783	0	330	(46)	0	(255)	15,572	(760)	14,812	14,812
Waste transfer stations	1,252	(43)	1,209	0	6	0	0	(27)	1,258	(70)	1,188	1,188
Total infrastructural assets	459,549	(16,753)	442,796	0	10,600	(418)	33	(8,762)	469,731	(25,482)	444,249	444,249
Restricted assets												
Land	4,210	0	4,210	0	5	0	0	0	4,215	0	4,215	4,215
Buildings	1,932	(193)	1,739	0	141	0	0	(113)	2,073	(306)	1,767	1,767
Total restricted assets	6,142	(193)	5,949	0	146	0	0	(113)	6,288	(306)	5,982	5,982

Total property, plant and equipment	485,561	(22,046)	463,515	0	11,538	(557)	74	(10,088)	(10,088)	496,542	(32,060)	464,482
--	----------------	-----------------	----------------	----------	---------------	--------------	-----------	-----------------	-----------------	----------------	-----------------	----------------

Work in progress at year end included in property, plant and equipment above comprises: buildings \$52,821 (2015 nil) wastewater \$2,981,962 (2015 \$1,928,328), water \$1,326,130 (2015 \$1,793,870), storm water \$383,667 (2015 \$263,864), roading \$180,521 (2015 Nil)

Note 14: Property, plant and equipment (continued)

Valuation

Land and buildings (operational, restricted and infrastructural)

The valuation of land and buildings was performed by independent registered valuers, Andrew Parkyn (BCom (VPM), PG Dip Com, SPINZ, ANZIV) and Chelsea Mudge (BCom (VPM)MPINZ), of Quotable Value Asset and Advisory. The valuation is effective at 1 July 2016. The total fair value of land and buildings valued was \$21,676,550 at that date.

Land and buildings are valued at fair value using market-based evidence where available. Where not available, depreciated replacement value has been used. All major buildings were also inspected and underwent a review of their condition rating when taking their fair value into consideration.

Infrastructural assets

Roading network

The valuation of the roading network was performed independently by Pauline True (BB Marketing and Economics), Kerry Whitehead (Dip Eng Tech Highways) of MWH Stantec. The valuation is effective at 1 July 2016. The total fair value of the roading network was \$356,641,544. The roading network is valued at fair value based on the application of appropriate replacement costs and effective lives, and MWH Stantec experience of other local authorities' transport asset components. They are within the ranges specified in the New Zealand Infrastructural Valuation and Depreciation Guidelines. Land under roads, a component of the roading network, was not revalued.

Water, wastewater and stormwater systems

The valuation of the water, wastewater and stormwater assets was performed by James Torrie (BE) of Rangitikei District Council. The valuation was reviewed by Elias Gandashanga (BS/BSc (Civil)) of MWH Stantec. The valuation is effective at 1 July 2016. The total fair value of water, wastewater and stormwater was \$97,703,667 at that date.

Water, wastewater and stormwater assets are valued at fair value using a brown fields approach that assumes the surface above underground components will need to be removed and then replaced. Current contract costs have been used to determine the value of materials.

Estimated replacement cost of major infrastructure	2,016 (\$000)	2,017 (\$000)
Water supply		
treatment plant and facilities	33,927	35,571
other assets	54,105	55,940
Sewerage		
treatment plant and facilities	19,825	17,507
other assets	36,554	37,424
Stormwater drainage	25,479	26,173
Flood protection and control works	0	
Roads and footpaths	548,726	566,350
Total estimated replacement cost	718,616	738,965

Note 15: Intangible assets	Computer software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July 2016	785	81	866
Increase due to revaluation	0	(1)	(1)
Additions	0	0	0
Disposals	0	0	0
Balance at 30 June 2017	785	80	865
Balance at 1 July 2015	775	30	805
Increase due to revaluation	0	51	51
Additions	18	0	18
Disposals	(8)	0	(8)
Balance at 30 June 2016	785	81	866
Accumulated amortisation and impairment			
Balance at 1 July 2016	737	0	737
Amortisation charge	23	0	23
Disposals	0	0	0
Balance at 30 June 2017	760	0	760
Balance at 1 July 2015	677	0	677
Amortisation charge	60	0	60
Disposals	0	0	0
Balance at 30 June 2016	737	0	737
Carrying Amounts			
Balance at 1 July 2015	48	81	129
Balance at 30 June and 1 July 2016	48	81	129
Balance at 30 June 2016	25	80	105

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Carbon credits

The Council holds carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its forestry operations. The Council is required to forfeit carbon credits for emissions for any forests not replanted four years after deforestation. The carbon credits were revalued at 30 June 2016 using the spot market price for NZUs on the open market.

Impairment

There were no impairment expenses or provisions for intangible assets. At balance date, none of these intangible assets was impaired. Carbon credits are not impaired but recorded at current market value because the Council still has forests to be harvested in which case the credits may well be used to satisfy non-replanting requirements.

Note 16: Forestry assets	Actual 2016 (\$000)	Actual 2,017 (\$000)
Balance at 1 July	222	304
Gains (losses) arising from changes in fair values	82	7
Decreases due to sales	0	(67)
Balance at 30 June	304	244

The Council owns 18.5 hectares of forest in 7 stands at varying stages of maturity.

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Valuation assumptions

Independent valuers, Allan Bell & Associates, have valued forestry assets at 30 June 2017. Information from recent and past harvesting operations has been used in the valuation including predicted yield, harvest costs, potential markets, and log prices. The following significant valuation assumptions have been adopted in determining fair value of forestry assets:

Basis for value - stand-based schedules using discounted future cashflows and, where applicable, compound costs.

Discount rate - 10% pre-tax

Compound rate - 3%

Basis of log prices - current prices from southern North Island prices. Trend prices are from 12 quarter average log prices in the southern North Island.

Financial risk management

The Council is exposed to financial risks arising from fluctuations in the price of timber. As a long-term forestry investor, the Council does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risk associated with a decline in timber prices. The Council regularly reviews timber prices in considering the need for active financial risk management.

Note 17: Creditors and other payables	Actual 2016 (\$000)	Actual 217 (\$000)
<i>Payables under exchange transactions</i>		
Trade payables	4,883	3,673
Deposits	480	165
Accrued expenses	253	251
Total	5,616	4,089
<i>Payables under non-exchange transactions</i>		
Income tax payable	0	0
Other taxes (e.g. GST and FBT)	1	1
Total	1	1
Total creditors and other payables	5,617	4,090

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

Note 18: Borrowings	Actual 2016 (\$000)	Actual 2,017 (\$000)
Current portion		
Secured bank loans	0	0
Community loan	16	16
Total current portion	16	16
Non-current portion		
Secured bank loans	0	0
Community loan	160	144
Total non-current portion	160	144
Total borrowings	176	160

Secured loans

The Council had no secured debt at balance date.

Community loan

The Council purchased property, plant and equipment from the Marton Aquatic Leisure Trust for the Marton swim centre. The purchase was financed by way of a loan from the Trust which is interest free. The Council has signed a lease agreement for 15 years with the Trust. The annual lease rental will be applied to repaying the loan so that it is extinguished at the end of the lease term.

Security

The Council's bank loans, if any, are secured over the Council's rates.

The community loan is unsecured.

Fair value

The carrying amounts of borrowings approximates their fair value as discounting is not considered significant.

Internal borrowing

Information about internal borrowing is provided under each group of activities in the annual report. Interest charged on internal borrowing for the year was 5%. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Note 19: Employee entitlements	Actual 2016 (\$000)	Actual 2,017 (\$000)
Current Portion		
Accrued pay	88	157
Annual leave	250	272
Long service leave	25	8
Superannuation	0	0
Total current portion	363	437
Non-current portion		
Accrued pay	0	0
Annual leave	0	0
Long service leave	13	17
Superannuation	0	0
Total non-current portion	13	17
Total employee entitlements	376	454

Long service leave

Long-term employee entitlements consist of long service leave that is payable beyond 12 months and have been calculated on the likely future entitlements accruing to staff, based on the years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and current salary. As there are few staff members that are actually entitled to long service leave, the total accrual is not considered to be material and no actuarial basis has been used

Sick leave

No provision is made for sick leave because absences in the coming years are expected to exceed the annual entitlement of staff, and calculations show any amounts involved are likely to be immaterial.

Note 20: Provisions	Actual 2016 (\$000)	Actual 2,017 (\$000)
Landfill aftercare		
Balance at 1 July	345	322
Additional(reduction) in provisions made	0	0
Amounts used	(26)	(25)
Unused amount reversed	(14)	(15)
Discount unwind	17	15
Balance at 30 June	322	297

The Council has responsibility to provide ongoing maintenance and monitoring of its 17 closed landfill sites.

The management of the landfills will influence the timing of recognition of some liabilities. The cash outflows for landfill post-closure costs are expected to occur over the next 19 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and legal requirements.

A discount rate of 5.5% (2016 5.5%) has been used in discounting the cash outflows.

Note 21: Equity (continued)						
Special and restricted reserves 2017						
Name (* denotes restricted)	Associated activity	Purpose	Balance 1 Jul 16	Deposits	With- drawals	Balance 30 Jun 17
Aquatic	Swimming pools	Capital works	225	75		300
Bulls courthouse*	Property	Maintenance of courthouse building	41	12	1	52
Flood damage	Roading	Road maintenance due to flooding	1,138		410	728
General purpose	Capital works	Capital works	2,402			2,402
Haylock park*	Parks and reserves	Additional reserve area at park	26	1		27
Hunterville rural water	Water	Future loop line	181	9		190
Keep Taihape beautiful*	Property	Enhancement of Taihape	20			20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	388	19		407
Marton marae*	Property	Marton marae project	4			4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	22	12	15	19
Putorino rural water	Water	Maintenance of scheme dam	19	1		20
Ratana sewer	Sewerage	Capital works	23	1		24
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238			238
Rural housing loan	Property	No longer required	150			150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	187	9	15	181
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	83	4		87
Total special and restricted reserves			5,147	143	441	4,849
Special and restricted reserves 2016						
Name (* denotes restricted)	Associated activity	Purpose	Balance 1 Jul 15	Deposits	With- drawals	Balance 30 Jun 16
Aquatic	Swimming pools	Capital works	150	75		225
Bulls courthouse*	Property	Maintenance of courthouse building	51	13	23	41
Flood damage	Roading	Road maintenance due to flooding	1,200	0	62	1,138
General purpose	Capital works	Capital works	2,402	0		2,402
Haylock park*	Parks and reserves	Additional reserve area at park	25	1		26
Hunterville rural water	Water	Future loop line	172	9		181
Keep Taihape beautiful*	Property	Enhancement of Taihape	20	0		20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	369	19		388
Marton marae*	Property	Marton marae project	4	0		4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	21	1		22
Putorino rural water	Water	Maintenance of scheme dam	18	1		19
Ratana sewer	Sewerage	Capital works	22	1		23
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238	0		238
Rural housing loan	Property	No longer required	150	0		150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	178	9		187
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	79	4		83
Total special and restricted reserves			5,099	133	85	5,147

Note 24: Contingencies	Actual 2,016 (\$000)	Actual 2,017 (\$000)
Contingent Liabilities		
Emissions Trading Scheme	0	0
Building Act claims	0	0
Miscellaneous claims	0	0
Total contingent liabilities	0	0

Contingent Assets

Private facilities

The Council has identified four facilities (for example, club rooms) on its reserves land owned by third parties that are not specified to be removed under the terms of their leases. The Council will gain control of these assets only if the various clubs vacate the facilities. Until this event occurs, the assets are not recognised as assets in the statement of financial position. As at 30 June 2017 these four facilities have an approximate value of \$350,000.

Contingent Liabilities

In April 2013, The Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently in December 2016, CHH commenced third party proceedings against 48 Councils, including Auckland Council alleging a breach of duty in the processing of building consents, undertaking building inspections setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings 2 of which are located within Rangitikei District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

2016 Nil

Note 25: Related party transactions	Actual 2016 (\$)	Actual 2,017 (\$)
Key management personnel compensation		
<i>Councillors</i>		
Remuneration	343,367	369,865
Full-time equivalent members	12	15
<i>Senior management team, including the chief executive</i>		
Remuneration	517,421	535,137
Full-time equivalent members	3	3
Total key management personnel remuneration	860,788	905,002
Total full-time equivalent personnel	15	18

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

The Council is a one-seventh shareholder in Manawatu Wanganui LASS Limited. Transactions between the Council and the company are disclosed below:

Regional archives project costs paid to the company by the Council	56,559	60,775
Other projects costs paid to the company by the Council	59,016	113,800
Purchase of additional shares in the company	15,000	0

The following transactions have all been supplied on normal commercial terms

During the year, the Council paid for a service contract to the Ratana Communal Board of Trustees, of which Councillor Soraya Peke-Mason is a member. This service cost \$80,280 (2016 \$87,748). Councillor Peke-Mason also has interests in the Aorangi Awarua Trust. During the year the Council paid the Trust \$ 5,875 (2016 \$2,922)

During the year, the Council provided Rangitikei Tourism Incorporated with funding amounting to \$18,975 (2016 \$19,714). Councillor Rebecca McNeil is an employee of this organisation.

During the year, the Council provided Project Marton with funding amounting to \$38,587(2016 \$38,660). Councillor Cathryn Ash is an employee of Project Marton.

Councillor Nigel Belsham is a director of BJW Motors Ltd, Marton. During the year the Council made payments of \$4,343 (2016 \$3,958) to BJW Motors Ltd for the servicing of motor vehicles.

Councillor David Wilson is a director of McVerry Crawford Motors, Marton. During the year the Council made payments of \$18,283 to McVerry Crawford Motors Ltd for the servicing of motor vehicles and associated utility parts.

During the year, the Council gave grants to several entities on which Councillors served as board members or board chairs.

During the year, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as the payment of rates etc).

Note 26: Remuneration	Actual 2016 \$	Actual 2017 \$
Chief Executive		
Ross McNeil		
Gross salary	219,232	230,845
Vehicle (market value plus FBT)	10,588	11,289
Superannuation contribution	6,577	6,925
Total remuneration	236,397	249,059
Other Council employees		
Number of full-time employees	35	40
Number of full-time equivalents of part-time employees	11	15
A full-time employee is determined on the basis of a 40-hour working week		
Total annual remuneration by band for employees as at 30 June		
less than \$60,000 per annum	42	39
\$60,001 to \$80,000	7	10
\$80,001 to \$220,000	7	6
Total employees	56	55
Total remuneration includes the value of any non-financial benefit paid to an employee.		

Note 26: Remuneration (continued)	Actual 2016 \$	Actual 2,017 \$
Elected representatives		
Council		
<i>Mayor</i>		
A Watson	92,659	92,207
<i>Councillors</i>		
C Ash	19,500	21,395
R Aslett	27,610	26,746
N Belsham	24,803	35,325
A Gordon	26,706	30,013
T Harris	19,121	6,098
M Jones	22,592	7,222
D McManaway	26,980	29,175
R McNeil	19,500	6,236
S Peke-Mason	19,793	22,235
R Rainey	20,478	24,018
L Sheridan	23,625	23,993
D Wilson	0	15,190
G Platt	0	15,174
J Dunn	0	14,897
Total Council members remuneration	343,367	369,924
Community Boards		
<i>Taihape</i>		
M Fannin	7,873	8,882
A Abernathy	0	2,965
G Larsen	3,500	4,081
P Oliver	3,500	1,115
Y.Sicily	3,500	4,081
<i>Ratana</i>		
B Barlein	2,000	637
T Biddle	2,000	637
C Mete	0	2,813
N Rawhiti	2,000	637
C Rourangi	0	1,483
T Tataurangi	0	1,483
M Thompson	4,400	3,155
Total Community Board members remuneration	28,773	31,969
Total elected representatives remuneration	372,140	401,893
The total remuneration for each elected member is made up of annual salary, non-salary benefits and mileage		

Note 27: Severance payments

For the year ended 30 June 2017, the Council made no severance payments to employees (2016 none).

Note 28: Events after balance date

Council has not become aware of any events after balance date that require disclosure.

Note 29A: Financial instrument categories	Actual 2016 (\$000)	Actual 2,017 (\$000)
Financial instrument categories		
<i>Financial assets</i>		
<i>Loans and receivables</i>		
Cash and cash equivalents	6,605	6,940
Debtors and other receivables	3,534	3,570
Other financial assets		
term deposits	0	0
Total loans and receivables	10,139	10,510
<i>Fair value through other comprehensive revenue and expense</i>		
Other financial assets		
corporate bonds	2,553	2,546
unlisted shares	67	70
Total fair value through other comprehensive revenue and expense	2,620	2,616
<i>Financial liabilities</i>		
Financial liabilities at cost		
creditors and other payables	5,617	4,090
secured loans	0	0
community loan	176	160
Total financial liabilities	5,793	4,250

Note 29B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- * Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- * Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- * Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Valuation technique			
		Quoted	Observable	Significant
	Total	market	inputs	non-
	(\$000)	price		observable
		(\$000)	(\$000)	inputs
				(\$000)
2017				
Financial assets				
Unlisted shares				
New Zealand Local Government Insurance Corporation Limited	54	0	0	54
Manawatu Wanganui LASS Limited	16	0	0	16
Corporate bonds	2546	2546	0	0
2016				
Financial assets				
Unlisted shares				
New Zealand Local Government Insurance Corporation Limited	51	0	0	51
Manawatu Wanganui LASS Limited	16	0	0	16
Corporate bonds	2553	2553	0	0

There were no transfers between the different levels of the fair value hierarchy.

The table below provides a reconciliation from the opening balance to the closing balance for level 3 fair value measurements:

	2,016	2,017
Balance at 1 July	29	67
Gains (losses) recognised in the surplus or deficit		
Gains (losses) recognised in other comprehensive income	11	(5)
Purchases	27	
Balance at 30 June	67	62

Note 29C: Financial instrument risks

The Council has policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. It has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through other comprehensive income. Equity security price risk is not managed as the only share investments are unlisted shares in New Zealand Local Government Insurance Corporation Limited, and, Manawatu Wanganui LASS Limited.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has no financial instruments with foreign currency components and is therefore not exposed to currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Council currently has no fixed interest rate debt or investments.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk. The Council currently has no variable interest rate debt or investments.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and corporate bonds, which gives rise to credit risk. The Council only invests in deposits with registered banks and in high grade corporate bonds, and limits the amount of credit exposure to any one institution. Investments are made only in banks and companies with specified credit ratings.

Note 29C: Financial instrument risks (continued)**Contractual maturity analysis of financial liabilities**

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Further interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1 to 5 years \$000	More than 5 years \$000
2017					
Creditors and other payables	5,617	5,617	5,617	0	0
Secured loans	0	0	0	0	0
Community loan	160	160	16	80	80
Total	5,777	5,777	5,633	80	80

2016

Creditors and other payables	5,617	5,617	5,617	0	0
Secured loans	0	0	0	0	0
Community loan	176	176	16	80	80
Total	5,793	5,793	5,633	80	80

Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1 to 5 years \$000	More than 5 years \$000
2017					
Cash and cash equivalents	6,605	6,605	6,605	0	0
Debtors and other receivables	3,534	3,534	3,534	0	0
Other financial assets					
term deposits	0	0	0	0	0
corporate bonds	2,553	2,553	0	1,597	956
Total	12,692	12,692	10,139	1,597	956
2016					
Cash and cash equivalents	6,605	6,605	6,605	0	0
Debtors and other receivables	3,534	3,534	3,534	0	0
Other financial assets					
term deposits	0	0	0	0	0
corporate bonds	2,553	2,553	0	1,597	956
Total	12,692	12,692	10,139	1,597	956

Note 29C: Financial instrument risks (continued)

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

Interest rate risk

		-100bps		+100bps	
	Note	Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
2017					
<i>Financial Assets</i>					
Cash and cash equivalents		(69)	0	69	0
Corporate bonds		(25)	0	25	0
Total sensitivity to interest rate risk		(94)	0	94	0
2016					
<i>Financial Assets</i>					
Cash and cash equivalents		(66)	0	66	0
Corporate bonds		(25)	0	0	25
Total sensitivity to interest rate risk		(91)	0	66	25

Explanation of interest rate sensitivity risk

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis point (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

Note 30: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act (2002) (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its long-term plan (LTP) and in its annual plans (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council-created reserves:

Special Reserves

Special reserve funds are reserves created by the Council for special purposes. The Council may alter them without reference to any third party or the Courts, and transfers to and from these reserves are at the discretion of the Council.

Restricted Reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which it may not revise without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Note 32: Rating base information	Actual 2016	Actual 2,017
Number of rating units preceeding year	9,203	9,268
	(\$000)	(\$000)
Total capital value of rating units preceeding year	4,052,643	4,275,762
Total land value of rating units preceeding year	2,581,542	2,837,065

Note: "preceeding year" for 2017 is as at 30 June 2016 and "preceeding year" for 2016 is as at 30 June 2015

