

ORDER PAPER

FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Thursday, 26 August 2021

Time: 10.30 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Cr Nigel Belsham

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

For any enquiries regarding this agenda, please contact:

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

Contact:	0800 422 522 info@rangitikei.govt.nz www.rangitikei.govt.nz (06) 327 0099
Locations:	<div><div><u>Marton</u> Head Office 46 High Street, Marton</div><div><u>Taihape</u> Taihape Information Centre - Taihape Town hall 90 Hautapu Street (SH1), Taihape</div><div><u>Bulls</u> Bulls Information Centre- Te Matapihi 4 Criterion Street, Bulls</div></div>
Postal Address:	Private Bag 1102, Marton 4741
Fax:	(06) 327 6970

Notice is hereby given that a Finance/Performance Committee Meeting of the Rangitikei District Council will be held in the Council Chamber, Rangitikei District Council, 46 High Street, Marton on Thursday, 26 August 2021 at 10.30 am.

Order Of Business

1	Welcome.....	4
2	Apologies	4
3	Public Forum	4
4	Conflict of Interest Declarations.....	4
5	Confirmation of Order of Business	4
6	Confirmation of Minutes	5
6.1	Confirmation of Minutes	5
7	Follow-up Action Items from Previous Meetings	12
7.1	Follow-up Action Items from Finance/Performance Meetings	12
8	Chair's Report	15
8.1	Chair's Report - August 2021	15
9	Reports for Decision	16
9.1	Insurance	16
9.2	Budget Reduction - Rate Remission	21
10	Reports for Information.....	24
10.1	Financial Snapshot - June 2021 Draft Figures	24
10.2	QV Monthly Report- June 2021	37
10.3	Quarterly Property Sales	48
10.4	LGFA - General Information	52
11	Meeting Closed	71

AGENDA

1 Welcome

2 Apologies

3 Public Forum

4 Conflict of Interest Declarations

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

5 Confirmation of Order of Business

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

6 Confirmation of Minutes

6.1 Confirmation of Minutes

Author: Ash Garstang, Governance Administrator

1. Reason for Report

- 1.1 The minutes from the Finance/Performance Committee meeting held on 24 June 2021 are attached.

Attachments

1. Finance/Performance Committee Meeting - 24 June 2021

Recommendation

That the minutes of the Finance/Performance Committee meeting held on 24 June 2021 [as amended/without amendment] be taken as read and verified as an accurate and correct record of the meeting.

MINUTES

UNCONFIRMED: FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Thursday, 24 June 2021

Time: 9.30 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present: Cr Nigel Belsham
Cr Fi Dalgety
Cr Cath Ash
Cr Brian Carter
Cr Tracey Hiroa
Cr Waru Panapa
Cr Gill Duncan
Cr Dave Wilson
His Worship the Mayor, Andy Watson

In attendance: Mr Peter Beggs, Chief Executive
Mr Dave Tombs, Group Manager – Corporate Services
Ms Gaylene Prince, Group Manager – Community Services
Mrs Sharon Grant, Group Manager – People and Culture
Ms Katrina Gray – Senior Strategic Planner
Mr George Forster, Policy Advisor
Mr Graeme Pointon, Strategic Property Advisor
Mr Luke Doidge-Bailey (via Zoom)
Mr Ash Garstang, Governance Administrator

Order of Business

1	Welcome / Prayer	3
2	Apologies	3
3	Public Forum	3
4	Conflict of Interest Declarations.....	3
5	Confirmation of Order of Business	3
6	Confirmation of Minutes	3
7	Follow-up Action Items from Previous Meetings	3
7.1	Follow-up Action Items from Finance/Performance Meetings	3
8	Reports for Information.....	4
8.1	Financial Snapshot - May 2021.....	4
8.2	QV Monthly Report - May 2021	4
8.3	Chair's Report - June 2021.....	5
8.4	Statement of Service (SSP) Reporting	5

1 Welcome / Prayer

Cr Belsham opened the meeting at 9.32 am. Cr Panapa read the prayer.

2 Apologies

Resolved minute number 21/FPE/023

That the apologies for lateness, for Cr's Angus Gordon and Dave Wilson be received.

Cr Belsham/Cr Hiroa. Carried

3 Public Forum

4 Conflict of Interest Declarations

5 Confirmation of Order of Business

6 Confirmation of Minutes

Resolved minute number 21/FPE/024

That the minutes of Finance/Performance Committee meeting held on 27 May 2021 [with amendment: 'In attendance' Brian Lambert be corrected to Richard Lambert] be taken as read and verified as an accurate and correct record of the meeting.

Cr Duncan/Cr Hiroa. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Finance/Performance Meetings

The Mayor asked for clarification around the rating of new builds. Mr Tombs advised that new builds are not rated for or projected in advance. As a result, total rates income for Council is often slightly higher than projected, due to new builds.

Resolved minute number 21/FPE/025

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

Cr Dalgety/Cr Duncan. Carried

8 Reports for Information

8.1 Financial Snapshot - May 2021

Turakina Valley Road

The Mayor advised that this consent has now been granted. He also asked staff to include more information in future minutes for consent processes (e.g. when a consent was lodged).

Marton Playground

The Mayor noted that \$200 k was erroneously put into Council's infrastructure and consenting budget.

Ratana Wastewater

In response to a query, Mr Benadie advised that staff are in negotiations with land owners at present and are hoping to reach a solution shortly. August is the cut off for a decision on this.

Treasury and Debt

In response to a query, Mr Tombs advised that staff have not yet finalised when Council will begin paying down debt, as debt is expected to increase in the next few years and currently has a low cost.

Resolved minute number 21/FPE/026

That the report 'Financial Snapshot – May 2021' to the Finance and Performance Committee meeting be received.

HWTM Watson/Cr Hiroa. Carried

Cr Dave Wilson entered the room at 9.57 am.

8.2 QV Monthly Report - May 2021

The Committee noted that the work demands on Council's consenting team was reflective of the large increase in property values, especially in the southern part of the district.

Resolved minute number 21/FPE/027

That the 'QV Monthly Report – May 2021' be received.

Cr Dalgety/Cr Wilson. Carried

ITEM 6.1

8.3 Chair's Report - June 2021

Taken as read.

ATTACHMENT 1

Resolved minute number 21/FPE/028

That the 'Chair's Report – June 2021' be received.

Cr Belsham/Cr Carter. Carried

8.4 Statement of Service (SSP) Reporting

Road Maintenance

Cr Belsham queried if Council is going to achieve the 8% mark for road maintenance (resealing and road rehabilitation). Mr Benadie advised that the 8% goal was set in 2015 and is unachievable – 5% is more realistic.

The Mayor noted that reduced funding from Waka Kotahi was going to make road maintenance difficult for Council moving forwards. Cr Belsham agreed and re-iterated that he encourages staff and Council members to strongly advocate against the reduction in funding from Waka Kotahi.

Future Statement of Service Reporting

Mr Doidge-Bailey advised that upgrades to Magiq will allow staff to measure service performance more concurrently than is possible at present, which will allow for more up-to-date reporting to be completed. Additionally, staff have reviewed the mandatory measures and expanded the list of possible responses (e.g. responded, arrived on site, resolved). This will provide more accurate information on the status of service requests.

In response to a query, Mr Benadie noted that the service performance measures will be aligned with external key performance indicators (e.g. with roading contractors). Mr Beggs also noted the intention of this upgrade to service reporting was to provide more transparency. The new measures are in the 2021-31 Long Term Plan and will be implemented from 01 July 2021.

In response to a query, Mr Beggs advised that all measures within the Statement of Service Reporting have been reviewed. Some of these measures are mandatory (by the Department of Internal Affairs) and others are not. The measures were discussed in a Long Term Plan workshop and are included in the Long Term Plan for Council to adopt on 8 July 2021.

Cr Duncan queried if the reduction in funding from Waka Kotahi will impact on staff's ability to reach service performance goals for roading. Mr Benadie advised that if the reduction in funding is confirmed, this will almost certainly have an impact.

The Committee queried the measurement on daily water usage, as the provided figure for urban usage appears to be unreasonably high. Mr Benadie will investigate this figure and provide more advice to the Committee.

Cr Belsham asked if it was possible to attribute road injuries and fatalities to driver error or infrastructure. The Mayor advised that this information is not readily available – a breakdown of speed and alcohol factors are provided to the regional transport board, but not infrastructure factors.

Resolved minute number **21/FPE/029**

That the report 'Statement of Service (SSP) Reporting' be received.

Cr Carter/Cr Hiroa. Carried

Note: Cr Angus Gordon did not arrive to the meeting (refer to 2 - Apologies).

The meeting closed at 10.54 am.

The minutes of this meeting were confirmed at the Finance/Performance Committee held on 26 August 2021.

.....
Chairperson

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Finance/Performance Meetings

Author: Ash Garstang, Governance Administrator

1. Reason for Report

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

2. Decision Making Process

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

Attachments

1. Follow-up Actions Register

Recommendation

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

Current Follow-up Actions

From Meeting Date	Details	Person Assigned	Status Comments	Status
24-Jun-21	The Mayor asked that more information about the consenting process be included in future 'Financial Snapshot' reports, such as when a consent was lodged and what's causing any delays.	Arno Benadie	Included in Assets / Infrastructure reports.	Closed
24-Jun-21	Mr Tombs to consider at what point Council may want to look at paying down debt, and how this relates to our current level of CAPEX. Cr Belsham asked if staff would look at paying down roughly \$3 m of debt now, considering that we have more than this in the bank, although he acknowledged it may not be required. Mr Tombs to consider this suggestion and update the Committee at a future meeting.	Dave Tombs	Current CapEx program is expected to require us to take out extra debt in next few months. Current interest is around 2.5%. Using \$3m in bank to repay existing debt (which is at 3.1%, ie annual interest of \$95k) will cost \$140k fees. Assume we keep our term deposit & take out \$5m debt in Jan (at 2.5%): Interest cost will be an extra \$125k pa (total interest \$220k pa). However if we use the term deposit to repay current debt we'll need to borrow \$8m so pay \$200k interest pa. So interest will be \$20k pa lower but we'll have a \$140k 'associated cost'. With interest rates expected to rise there appears minimal beneficial (if any) in 'paying out' the debt. Mr Tombs emailed the Committee 05 Aug 21.	Closed
24-Jun-21	Regarding the Statement of Service Reporting: The Committee noted that the measurement of 600 litres per person, per day, seemed very high. Mr Benadie to look into this and provide clarity/more information.	Arno Benadie	More detailed analysis has been completed. An update will be presented to the October Asset & Infrastructure Committee	In progress
24-Jun-21	Regarding the Statement of Service Reporting: Cr Belsham asked if staff measure whether vehicle accidents are due to driver error or infrastructure. Mr Benadie to clarify whether it is possible to receive this data from NZ Police and/or Waka Kotahi, or whether it sits outside our sphere of influence.	Arno Benadie	SH1 accidents are recorded separate to the rest of the RDC district accidents, and not reflected in the RDC district numbers. Some accidents will have possible causes for the accident recorded. This is common in more serious accidents and less common for minor low speed accidents.	Closed

27-May-21	<p>From the Mayor in relation to Rates Remissions: Staff to identify whether the interim rates relief for the Ngā Wairiki Ngāti Apa training facility was ongoing or not.</p> <p>Update from 24 Jun 21 meeting: The Mayor asked staff to follow up on this and determine whether Ngāti Apa have been advised that this rebate has concluded, and whether there is any wish from them for it to remain on the table.</p>	Dave Tombs	<p>A rebate was agreed to by Council at their meeting on 29 March 2018, the rebate was granted from April 2018 for two years.</p> <p>Update: Email exchanges with CEO of Ngati Apa show we are providing support to them regarding this.</p>	Closed
25-Mar-21	Staff to advise what depreciation is being funded for Marton Park.	Dave Tombs	Emailed response 15 July. None in Year 1 of LTP.	Closed
25-Mar-21	List of each bridge that Assets are working on and its associated budgets.	Arno Benadie	To be included in Assets / Infrastructure agenda.	In progress
25-Feb-21	Staff to review Councils Forestry Holdings.	Dave Tombs	Report will be included on Agenda once work related to the LTP, financial year end, Councilmark etc allows.	In progress
25-Feb-21	Revaluation impact across the sector.	Dave Tombs	Report will be included on Agenda once work related to the LTP, financial year end, Councilmark etc allows.	In progress

8 Chair's Report

8.1 Chair's Report - August 2021

Author: Nigel Belsham, Chair

Welcome to the Finance and Performance Committee meeting for August 2021.

Today we see reporting in our meeting on the financials to June (end of financial year) and figures show Council to be on a sound footing financially. Full and final figures will be presented through the Annual Report when this is finalised. There are a number of variances that have some explanation provided in the report as to the reasons. This is your opportunity to query anything that raises any concerns for you as members of this committee.

The LGFA report in today's order papers provides a lot of detail that I'm sure Mr Tombs can provide some commentary on. In general though, it shows LGFA to be the major lender to almost all Councils in the country. I would think that a large proportion of this lending is around water and waste water plants. It will be interesting to see what impact the potential changing of 3 water control and ownership will have on LGFA's lendings. Still a lot of water to go under the bridge yet before we see any firm direction on the outcome.

Finally, the impact of the COVID 19 lockdown restrictions are impacting our whole district and Council operations are no exception. I would like to take this opportunity on behalf of the Finance and Performance Committee to thank all staff members at RDC for continuing to ensure the core services of our Council continue to happen under these very trying circumstances.

Nigel Belsham

Finance & Performance Committee Chair

Recommendation

That the Chair's Report – August 2021 be received.

9 Reports for Decision

9.1 Insurance

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To enable Finance/Performance Committee to consider certain aspects of Council's 2021/22 Insurance Programme, further to the Council Paper of 9 June 2020.

2. Context

- 2.1 The Chief Executive's report to Council on 9 June 2020 entitled "Identified Cost Savings for 2021/22" included four areas of potential cost saving related to Council's insurance programme.
- 2.2 Section 2.3 of the June Council report stated that "Elected members will be required to support corresponding future recommendations brought to them for approval" regarding these specific potential areas of cost savings.
- 2.3 These specific areas of potential cost savings are being presented to Finance/Performance Committee - the recommendation regarding these will be presented to Council.

3. Discussion and Options Considered

- 3.1 The four areas of potential cost savings relating to Council's insurance programme, with some key points and approximate cost savings, are as follows:
- 3.2 Increase deductible on Material Damage from \$10k to \$250k
 - \$20,000 possible premium saving
 - This increase in excess would apply to all losses other than Earthquake Natural Disaster which would remain as per the standard policy
 - Appetite for exposing Council's balance sheet to losses below \$250,000 (as excluded by increasing deductible) plus the first \$250,000 of any loss that exceeds the deductible needs to be understood. Remembering this is for each and every loss incurred (ie this is not 'an annual deductible' but is a 'per event' deductible)
 - Claims since January 2016 : nil claims
- 3.3 Pull out of Material Damage additional cover
 - \$73,000 possible premium saving
 - Generally relates to above ground assets.
 - This 'additional cover' is in addition to our Primary Layer Cover (MW LASS councils share up to \$150m per annum cover). Note that due to the shared limit arrangement of the Primary Layer policy, in a widespread event RDC may not get the total value of their loss, if primary limit is eroded by multiple councils suffering a loss from the one event

- This could be major flood or other Natural Disaster type event such as an earthquake
- Existing Primary limit of \$150M could in theory be eroded by multiple councils in a moderate to major event.
- Claims since January 2016 : nil claims

3.4 Infrastructure Programme - increase deductible from \$250k to \$2m (in 100% Terms)
(\$100,000 to \$800,000 in 40% terms)

- \$15,000 possible premium saving
- Premium reductions have to be confirmed with markets
- Once deductible level is increased it is unlikely that markets would allow for this to be reduced in the future
- This insurance provides us with 40% of cost of below ground damaged assets
- Central Government will pay the other 60% 'if we have sufficient funds and/or insurance' for the other 40%
- Current deductible level is \$25,000k (in 100% terms) which is \$100,000 in 40% terms.
- Appetite for exposing balance sheet to losses below \$250,000 (as excluded by increasing deductible) plus the first \$250,000 of any loss that exceeds the deductible needs to be understood. Remembering this is for each and every loss incurred (ie this is not 'an annual deductible' but is a 'per event' deductible)
- Is an increase of \$700,000 in 40% terms for a saving of approx. \$15,000 acceptable exposure?
- Claims since January 2016 : nil claims

3.5 Pull out of Motor Insurance cover

- \$14,500 possible saving (2020 premium was actually around \$30k)
- Total of 61 Units declared, therefore cost per unit is approx. \$500 per unit
- If cover not taken there is no cover for third party damage caused by the use or operation of vehicles/items declared under Motor Vehicle Schedule
- Council could be pursued by Third Parties for the potential losses caused
- By having Motor Insurance policy not only is the "vehicle covered" but also the third party exposure
- Current Insurer will not offer Third Party only losses
- Insurance could be a requirement of any lease/hire purchase arrangements that may be in place
- Claims history since January 2016 attached.

4. Financial Implications

- 4.1 As stated in S2.4 of the June Council report, Council had asked officers to see if annual savings of \$500,000 could be achieved.

ITEM 9.1

- 4.2 The list of potential cost savings presented to Council in June, which is attached to this report, totalled \$587,832. These savings are included in the budget that has been approved.

5. Decision Making Process

- 5.1 The Finance/Performance Committee recommendation regarding these budgeted cost savings will be presented to the next Council meeting for approval.

Attachments

1. **RDC Motor Vehicle Insurance Claims**
2. **Possible Cost Savings 2021/22**

Recommendation 1

That the report Insurance be received.

Recommendation 2

That the Finance/Performance Committee recommends / does not recommend [~~delete one~~] Council change to its insurance programme by increasing “deductible on Material Damage” from \$10k to \$250k.

Recommendation 3

That the Finance/Performance Committee recommends / does not recommend [~~delete one~~] Council change to its insurance programme and remove “Material Damage additional cover”.

Recommendation 4

That the Finance/Performance Committee recommends / does not recommend [~~delete one~~] Council change to its insurance programme by increasing “Infrastructure Programme deductible” from \$250,000 to \$2 Million (in 100% Terms).

Recommendation 5

That the Finance/Performance Committee recommends / does not recommend [~~delete one~~] Council change to its insurance programme by removing “Motor Insurance cover”, noting this includes related third party cover.

[illegible]

Item	Budget Area	Narrative	Anticipated Cost Saving (21/22)
1	Finance	Server Upgrade/Replacement	\$ 14,500.00
		Telephone line rental	\$ 2,000.00
		Decommission Magiq	\$ 4,000.00
		Insurance	
		Increase deductible on Material Damage to \$250k	\$ 20,000.00
		Pull out of Material Damage additional cover	\$ 73,000.00
		Infrastructure Program - increase deductible to \$2m	\$ 15,000.00
		Motor Insurance (net)	\$ 14,500.00
		Strategic Procurement - reduce contractors and professional services	\$ 50,165.00
		Reduce rate remissions	\$ 100,000.00
2	Community	Reduce library professional subs	\$ 29,000.00
		Commence installation on all high users in commercial/industrial areas and charge excessive use, consistent with Council policy and schedule of fees and charges	\$ 20,000.00
3	Assets and Infrastructure	Reduce electricity charges	\$ 20,000.00
		Capitlisation of related vehicle use to Capital Projects	\$ 10,000.00
		NZTA Subsidied Roding Reduction	\$ 35,000.00
		Centralised Water Lab Testing - Council approved a centralised water lab testing contract	\$ 85,667.00
4	People and Culture	Whole of Council Recruitment (4k); Staff Benefits (7k); External Contractors (2k)	\$ 13,000.00
		Small non capital purchases (2k); Staff Training (5k); EOC phones	\$ 7,000.00
5	Regulatory and Performance	Increase in user charges for regulatory areas (to recover portion of IANZ costs)	\$ 20,000.00
		Remove by-election costs in a year that election is not held	\$ 2,000.00
		Savings identified arising from the purchase of an in-house guillotine	\$ 3,000.00
		Change / removal of annual residents survey cost - now done as real-time user surveys	\$ 10,000.00
6	Other	Delete Festival Lighting	\$ 40,000.00
Total Identified Savings, subject to Council approval			\$ 587,832.00

9.2 Budget Reduction - Rate Remission**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To enable Finance/Performance Committee to consider a reduction to one of Council's 2021/22 Operating Expense budgets, further to the CEO's Council Paper of 9 June 2021.

2. Context

- 2.1 The CEO's report to Council on 9 June 2021 entitled "Identified Cost Savings for 2021/22" included a potential budget reduction of \$100,000 relating to Council's rates remission program.
- 2.2 Section 2.3 of the June Council report stated that "Elected members will be required to support corresponding future recommendations brought to them for approval" regarding this potential cost saving.
- 2.3 This potential cost saving is being presented to Finance/Performance Committee - the recommendation regarding this will be presented to Council.

3. Discussion and Options Considered

- 3.1 The potential cost saving relating to Council's rates remission program is considered largely achievable due to two main reasons:
 - 3.1.1 Council changed its Rate Resolution for 2021/22 to remove the 2.5% discount that was previously applied to annual rates amounts that were paid in full at the beginning of financial year. These discounts, which cost Council around \$65,000 in 2020/21, were previously recorded as a remission.
 - 3.1.2 Changes to the rating of Maori land, whereby properties that were previously rated and then subsequently remitted have become non rateable. This is expected to save Council at least \$25,000 per annum.
- 3.2 In addition to the above, Council officers will continue to conduct further analysis on its rate remissions throughout the remainder of the financial year.

4. Financial Implications

- 4.1 As stated in S2.4 of the June Council report, Council asked officers to see if annual cost savings of \$500,000 could be achieved.
- 4.2 The list of potential cost savings presented to Council in June, which is attached to this report, totalled \$587,832.

5. Decision Making Process

- 5.1 The Finance/Performance Committee recommendation regarding this potential cost savings will be presented to the next Council meeting for approval.

ITEM 9.2**Attachments****1. Possible Cost Savings 2021/22****Recommendation 1**

That the report Budget Reduction – Rate Remission be received

Recommendation 2

That the Finance/Performance Committee recommends / does not recommend [**delete one**] that Council approves the reduction to the rates remission budget of \$100,000.

Item	Budget Area	Narrative	Anticipated Cost Saving (21/22)
1	Finance	Server Upgrade/Replacement	\$ 14,500.00
		Telephone line rental	\$ 2,000.00
		Decommission Magiq	\$ 4,000.00
		Insurance	
		Increase deductible on Material Damage to \$250k	\$ 20,000.00
		Pull out of Material Damage additional cover	\$ 73,000.00
		Infrastructure Program - increase deductible to \$2m	\$ 15,000.00
		Motor Insurance (net)	\$ 14,500.00
		Strategic Procurement - reduce contractors and professional services	\$ 50,165.00
		Reduce rate remissions	\$ 100,000.00
2	Community	Reduce library professional subs	\$ 29,000.00
		Commence installation on all high users in commercial/industrial areas and charge excessive use, consistent with Council policy and schedule of fees and charges	\$ 20,000.00
3	Assets and Infrastructure	Reduce electricity charges	\$ 20,000.00
		Capitlisation of related vehicle use to Capital Projects	\$ 10,000.00
		NZTA Subsidied Roding Reduction	\$ 35,000.00
		Centralised Water Lab Testing - Council approved a centralised water lab testing contract	\$ 85,667.00
4	People and Culture	Whole of Council Recruitment (4k); Staff Benefits (7k); External Contractors (2k)	\$ 13,000.00
		Small non capital purchases (2k); Staff Training (5k); EOC phones	\$ 7,000.00
5	Regulatory and Performance	Increase in user charges for regulatory areas (to recover portion of IANZ costs)	\$ 20,000.00
		Remove by-election costs in a year that election is not held	\$ 2,000.00
		Savings identified arising from the purchase of an in-house guillotine	\$ 3,000.00
		Change / removal of annual residents survey cost - now done as real-time user surveys	\$ 10,000.00
6	Other	Delete Festival Lighting	\$ 40,000.00
Total Identified Savings, subject to Council approval			\$ 587,832.00

10 Reports for Information

10.1 Financial Snapshot - June 2021 Draft Figures

Author: Kathryn McDonald, Management and Systems Accountant

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide Committee Members with Council's latest management financial accounts and related commentary. As this report refers to the last month of the 2020-21 financial year, please note that these are draft figures. Work will continue to finalise the figures for the Annual Report.

2. Activity Performance Report

- 2.1 Rates Revenue is \$22.8 million for the year, which is 2% below the budget of \$23.3 million. The difference of \$0.5 million predominantly relates to the unbudgeted rates remissions, partially offset by an increase in rate penalty income.
- 2.2 The Subsidies and Grants revenue budget variance of \$2.9 million (favourable) is mainly caused by:
 - 2.2.1 Favourable budget variances: Receiving unbudgeted amounts for the Three Waters Reform (\$2.41m), Community Recovery Grant (\$750k), PGF Capital Funding (\$250k), Hunterville Bore Subsidy (\$350k), a Public Toilet Grant (\$78k), and Hautapu River Parks Project (\$70k).
 - 2.2.2 Unfavourable budget variances: A full year budget of \$200k for public fundraising in relation to the new Marton Playground. This was set in the previous financial year prior to the formation of the Project Management Office; recently the PMO has confirmed that this money has been put directly into the playground and will not be received by the Council.
 - 2.2.3 Other variances: There will be an accrual for Waka Kotahi subsidies of approximately \$1.4 million which were received in July but relate to the 2020-21 financial year. This will increase the favourable budget variance by that amount.
- 2.3 Other Revenue is above budget by \$655k. This is due to:
 - 2.3.1 Increase in demand for resource consents (year to date revenue is above budget by \$290k including one transaction of \$185k), and
 - 2.3.2 Increase in building consents resulting in revenue \$246k above budget.
 - 2.3.3 Increase in use of Waste Transfer Stations, with User Fees and Charges revenue being \$135k above budget.
- 2.4 Other Comprehensive Revenue has income of \$112k against a nil budget; this is from the sale of Council owned property in Walton Street, Bulls.

- 2.5 Personnel costs for the year are \$5.438 million against a budget of \$4.801 million, an unfavourable variance of \$0.64 million. This budget relates primarily to positions that had no budget in 20/21.
- 2.6 Other expenses at year to date are \$19.265 million, which is \$1.295 million (7.21%) over budget of \$17.970 million. This is mainly due to the Roothing repair work for Turakina Valley Road which is responsible for \$1 million of the overspend (refer S3.2b below). In addition to this, smaller amounts were overspent for:
 - 2.6.1 Reticulation Staff costs in Water – District;
 - 2.6.2 Grants, Property Services, External Contractors and General Expenses in Domains;
 - 2.6.3 External Contractors and Te Matapihi Opening Ceremony in Halls;
 - 2.6.4 Nicholls Fees in Swim Centres.

3. Capital Expenditure Report

- 3.1 Capital expenditure is \$17.643 million compared to the full year budget of \$37.159 million. The attached summary shows these variances split by cost centre with the larger budgets (>\$500k) being shown separately.
- 3.2 The areas with major budget variances are:
 - 3.2.1 Roothing and Footpaths have a variance of \$3.367 million under budget which predominantly relates to:
 - a) Mangaweka Bridge has a budget variance of \$2.198m (budget of \$4.490m, and \$2.292m spend). The Long Term Plan includes a budget carry over of \$2m in relation to this.
 - b) Expenditure on the Turakina Valley Road has totalled approximately \$1 million to date. As previously noted, the work has been classified as 'repairs' so is included in the Subsidised Roothing operating expenditure. The full year Capital Expenditure budget of \$1.069m for this project will remain unspent.
 - 3.2.2 Three Waters has a full year variance of \$9.386 million under budget largely caused by the following (note the LTP budgets include \$4.1m of Wastewater budget carry forward from 2020/21):
 - 1. Pipeline Marton to Bulls and associated Land Purchase: combined budget \$2.7m, expenditure \$143k.
 - 2. Papakai Pump Station: budget \$1.5m, expenditure \$101k.
 - 3. Wastewater Treatment – Renewals: budget \$1.053 million, expenditure \$12k. This is the Ratana disposal to land solution – work delayed due to negotiations with MfE.
 - 4. New Plant: budget \$600k, expenditure \$0k.
 - 3.2.3 Domains has a \$1.843 million below budget variance (expenditure \$499k against the full year budget \$2.342m) due mainly to delays on work at Taihape Memorial Park. The LTP includes budget carry over with respect to this.

ITEM 10.1

3.2.4 Libraries has a variance of \$2.012 million under budget which is largely due to timing of expenditure on the construction of the new Marton Admin and Library building. The LTP includes budget carry over with respect to this.

3.2.5 Swim Centres has a below budget variance of \$620k as the work related to this has only recently commenced (conducted during the winter closing months).

3.2.6 The Property Department has an over budget variance of \$115k relating to the King Street Depot and alternations to the High Street building, neither of which were allocated a budget for 2020/21.

4. Treasury and Debt

4.1 At 30 June 2021 the Council had \$7.087 million available for immediate needs, and \$0.181 million in Receivables.

4.2 Rangitikei District Council has not drawn down any debt in the 2020/21 financial year. The debt balance at 30 June remained at \$3 million.

Attachments

1. **Activity Performance Report June 2021**
2. **Capital Expenditure Report June 2021**

Recommendation

That the report 'Financial Snapshot – June 2021' be received.

Rangitikei District Council
Whole of Council
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	(14,025)	(11,125)	2,900	26.07%	(11,125)
Other Revenue	(3,603)	(2,947)	655	22.24%	(2,947)
Finance Revenue	(10)	(121)	(111)	-91.33%	(121)
Other Comprehensive	(112)	0	112	11173656.00%	0
Rates	(22,791)	(23,349)	(558)	-2.39%	(23,349)
Total	(40,541)	(37,542)	2,999	7.99%	(37,542)
Expense					
Other Expenses	19,265	17,970	(1,295)	-7.21%	17,970
Personnel Costs	5,438	4,801	(636)	-13.25%	4,801
Finance Costs	87	138	50	36.59%	138
Depreciation and Amortisation	12,169	12,430	261	2.10%	12,430
Internal Charges and Recoveries	0	48	48	100.00%	48
Total	36,958	35,386	(1,572)	-4.44%	35,386
Grand Total	(3,583)	(2,156)	1,427	66.20%	(2,156)

Commentary regarding these variances is included on the accompanying summaries.

Rangitikei District Council
Business Units
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	(66)	0	66	100.00%	0
Other Revenue	(26)	(24)	1	5.42%	(24)
Finance Revenue	(10)	(121)	(111)	-91.33%	(121)
Other Comprehensive	0	0	0	100.00%	0
Rates	1,576	984	(592)	-60.14%	984
Total	1,473	839	(634)	-75.66%	839
Expense					
Other Expenses	2,736	2,899	163	5.63%	2,899
Personnel Costs	4,579	4,061	(518)	-12.76%	4,061
Finance Costs	87	(923)	(1,010)	-109.46%	(923)
Depreciation and Amortisation	349	457	108	23.65%	457
Internal Charges and Recoveries	(7,583)	(7,208)	375	5.20%	(7,208)
Total	167	(715)	(882)	-123.40%	(715)
Grand Total	1,640	124	(1,517)	-1225.20%	124

Variances > \$100k : Comments

Finance Revenue	A dramatic decrease in interest rates for the entirety of the financial year.
Rates Revenue	Rate penalties revenue is \$234k over budget; while rate remissions given out have totalled \$821k to date with no budget.
Other Expenses	Variance is largely due to late invoicing of audit costs and a delay in bank fees.
Personnel Costs	Five positions (HR Manager, ISSP Manager, second Executive Assistant, Spatial Planner and Team Leader of Customer Services) were not budgeted for in 20/21.
Finance Costs	These will remain over budget for the year as Internal Interest Charges received from the Activity Cost Centres are not recorded until year end.

Rangitikei District Council
Community & Leisure Assets
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	(465)	(227)	237	104.44%	(227)
Other Revenue	(729)	(668)	61	9.09%	(668)
Other Comprehensive	(112)	0	112	100.00%	0
Rates	(4,168)	(4,191)	(23)	-0.55%	(4,191)
Total	(5,472)	(5,086)	387	7.60%	(5,086)
Expense					
Other Expenses	2,255	2,126	(129)	-6.07%	2,126
Personnel Costs	0	0	0	0.00%	0
Finance Costs	0	193	193	100.00%	193
Depreciation and Amortisation	960	1,054	94	8.96%	1,054
Internal Charges and Recoveries	1,929	1,791	(137)	-7.66%	1,791
Total	5,144	5,164	21	0.41%	5,164
Grand Total	(329)	79	408	517.12%	79

Variances > \$100k : Comments

Subsidies and Grants Revenue	Unbudgeted subsidies from PGF for \$250k received for Halls, \$70k for Hautapu River Parks Project and from MBIE \$78k for Public Toilets; however this is partially offset by a public fundraising budget set at the beginning of the financial year for Marton Playground which has now been confirmed we will not receive (the full year budget for that is \$200k).
Other Comprehensive	Income from the sale of the Walton Street, Bulls house.
Other Expenses	Domains were overspent (Grants \$29k, Property Services \$14k, External Contractors \$14k, General Expenses \$2k, and Small Non Capital Purchases \$2k); Forestry was overspent (External Contractors \$24k and Costs \$5k); Halls was overspent (General Expenses \$9k, Te Matapihi Opening Ceremony \$9k, Repairs and Maintenance \$6k, Electricity \$10k, External Contractor \$19k and Materials \$4k); and Swim Centres were overspent (Nicholls Fees \$50k).
Finance Costs	These will remain under budget for the year as Internal Interest Charges paid by the Activity Cost Centres are not recorded until year end.

Rangitikei District Council
Community Leadership
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Other Revenue	(1)	0	1	100.00%	0
Rates	(1,278)	(1,271)	7	0.57%	(1,271)
Total	(1,279)	(1,271)	8	0.66%	(1,271)
Expense					
Other Expenses	646	678	32	4.66%	678
Finance Costs	0	3	3	100.00%	3
Depreciation and Amortisation	1	2	0	8.31%	2
Internal Charges and Recoveries	601	589	(12)	-2.11%	589
Total	1,249	1,271	22	1.72%	1,271
Grand Total	(30)	0	30	100.00%	0

Variances > \$100k : Comments

Rangitikei District Council
Community Wellbeing
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	(840)	(62)	778	1255.47%	(62)
Other Revenue	(21)	(22)	(2)	-7.65%	(22)
Other Comprehensive	0	0	0	0.00%	0
Rates	(1,489)	(1,427)	63	4.39%	(1,427)
Total	(2,350)	(1,511)	839	55.53%	(1,511)
Expense					
Other Expenses	1,159	1,271	112	8.80%	1,271
Personnel Costs	200	115	(85)	-74.11%	115
Finance Costs	0	2	2	100.00%	2
Depreciation and Amortisation	4	5	1	17.62%	5
Internal Charges and Recoveries	584	582	(2)	-0.34%	582
Total	1,947	1,975	28	1.39%	1,975
Grand Total	(403)	464	867	186.75%	464

Variances > \$100k : Comments

Subsidies and Grants Revenue Unbudgeted grants totalling \$750k for Community Recovery.

Other Expenses Putorino Landfill Cleanup is under budget by \$293k as work continues; partially offset by distribution of unbudgeted Community Recovery grants.

**Rangitikei District Council
Environmental & Regulatory
Activity Performance Report
For the 12 months ended 30 June 2021**

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	1	0	(1)	-100.00%	0
Other Revenue	(1,826)	(1,259)	567	45.04%	(1,259)
Rates	(1,224)	(1,216)	8	0.67%	(1,216)
Total	(3,049)	(2,475)	574	23.21%	(2,475)
Expense					
Other Expenses	599	637	39	6.07%	637
Personnel Costs	659	626	(33)	-5.27%	626
Finance Costs	0	3	3	100.00%	3
Internal Charges and Recoveries	1,369	1,356	(13)	-0.97%	1,356
Total	2,627	2,622	(5)	-0.18%	2,622
Grand Total	(422)	148	570	385.75%	148

Variances > \$100k : Comments

Other Revenue

Resource Consents are over budget by \$294k (mainly influenced by one transaction worth \$185k) and Building Consents over budget by \$257k.

Rangitikei District Council
Roading & Footpaths
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	(9,895)	(10,836)	(941)	-8.68%	(10,836)
Other Revenue	(167)	(152)	15	9.84%	(152)
Other Comprehensive	0	0	0	0.00%	0
Rates	(6,932)	(6,970)	(38)	-0.55%	(6,970)
Total	(16,994)	(17,958)	(964)	-5.37%	(17,958)
Expense					
Other Expenses	6,908	5,836	(1,072)	-18.36%	5,836
Finance Costs	0	36	36	100.00%	36
Depreciation and Amortisation	7,777	7,777	0	0.00%	7,777
Internal Charges and Recoveries	1,036	973	(63)	-6.49%	973
Total	15,721	14,623	(1,098)	-7.51%	14,623
Grand Total	(1,272)	(3,335)	(2,062)	-61.84%	(3,335)

Variances > \$100k : Comments

Subsidies and Grants

Final amounts for the year yet to be received.

Other Expenses

Over budget due to Turakina Valley which was entered into the budget as Capital Expenditure, but has since been classified as repairs and maintenance in Operating Expenditure.

**Rangitikei District Council
Rubbish & Recycling
Activity Performance Report
For the 12 months ended 30 June 2021**

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Other Revenue	(697)	(566)	131	23.13%	(566)
Other Comprehensive	0	0	0	0.00%	0
Rates	(1,009)	(1,003)	6	0.63%	(1,003)
Total	(1,706)	(1,569)	137	8.75%	(1,569)
Expense					
Other Expenses	1,387	1,297	(89)	-6.89%	1,297
Finance Costs	0	5	5	100.00%	5
Depreciation and Amortisation	94	123	29	23.72%	123
Internal Charges and Recoveries	155	143	(12)	-8.31%	143
Total	1,636	1,569	(67)	-4.27%	1,569
Grand Total	(70)	0	70	100.00%	0

Variances > \$100k : Comments

Other Revenue	User fees and charges for Waste Transfer Stations are over budget by \$135k; while Waste Minimisation is under budget by \$4k.
---------------	--

Rangitikei District Council
Water, Sewerage & Stormwater
Activity Performance Report
For the 12 months ended 30 June 2021

	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 YTD Variance June	2020/21 YTD Percentage Variance June	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
Revenue					
Subsidies and Grants	(2,760)	0	2,760	276027376.00%	0
Other Revenue	(137)	(256)	(119)	-46.48%	(256)
Other Comprehensive	0	0	0	0.00%	0
Rates	(8,267)	(8,256)	11	0.13%	(8,256)
Total	(11,164)	(8,512)	2,652	31.16%	(8,512)
Expense					
Other Expenses	3,575	3,225	(351)	-10.88%	3,225
Finance Costs	0	819	819	100.00%	819
Depreciation and Amortisation	2,983	3,011	28	0.94%	3,011
Internal Charges and Recoveries	1,909	1,821	(87)	-4.78%	1,821
Total	8,467	8,877	410	4.62%	8,877
Grand Total	(2,697)	365	3,062	839.34%	365

Variances > \$100k : Comments

Subsidies and Grants Revenue	Three Waters reform subsidy of \$2.41m received but not budgeted for; and a grant of \$350k for Hunterville Bore also unbudgeted for.
Other Revenue	Waste Water user fees and charges are under budget.
Other Expenses	Reticulation Staff costs are over budget by \$430k; insurance costs are over budget by \$11k; and other operating expenses such as electricity and consumables are over budget by \$161k; but this has been offset by some under budget spending for External Contractors and MDC.
Finance Costs	Internal Interest Charges are not calculated until year end.

Rangitikei District Council
For the 12 months ended 30 June 2021

Capital Expenditure Report

Account	2020/21 YTD Actuals June	2020/21 YTD Budgets June	2020/21 Full Year Budget
Business Units	612,575	859,475	859,475
1700. Community and Leisure	8,666	0	0
3000. Fleet Management	55,806	135,000	135,000
3600. Information Services	431,227	724,475	724,475
4000. Policy and Democracy	2,349	0	0
4100. Property	114,527	0	0
Community & Leisure Assets	3,239,680	9,755,653	9,755,653
1300. Cemeteries	165,619	205,703	205,703
1900. Community Housing	60,684	168,192	168,192
2600. Domains	499,163	2,342,107	2,342,107
Key Projects (Budget > \$500k)			
4410170611. -60.1 Taihape Memorial Park	164,972	2,000,000	2,000,000
3100. Forestry	81,459	105,000	105,000
3200. Halls	2,081,509	3,858,254	3,858,254
Key Projects (Budget > \$500k)			
40901706. Bulls Community Centre-LTPid62	1,653,485	0	0
4090174501. Additional Funding for Capital on Bulls Centre	19,808	2,044,913	2,044,913
4090174502. Bulls Bus Lane and Hub	25,768	785,373	785,373
3700. Libraries	108,566	2,120,118	2,120,118
Key Projects (Budget > \$500k)			
4080170605. 68: New Marton Admin & Library - Construction	0	1,974,670	1,974,670
4300. Public Toilets	222,016	332,005	332,005
4500. Real Estate	16,000	0	0
5100. Swim Centres	4,664	624,274	624,274
Roading & Footpaths	9,183,980	12,550,887	12,550,887
3800. Non-Subsidised Roding	193,536	899,807	899,807
5000. Subsidised Roding	8,990,444	11,651,080	11,651,080
Key Projects (Budget > \$500k)			
70100781. Sealed Road Pavement Rehabilitation	1,048,597	1,026,648	1,026,648
70100782. Drainage Renewals	570,232	628,560	628,560
70100787. Sealed Road Surfacing	1,302,646	1,449,250	1,449,250
7010079403. Turakina Valley Road	0	1,068,646	1,068,646
70100795. Improvements- Low Cost Low Risk	1,350,472	843,567	843,567
7010079601. Mangaweka Bridge Contruction	2,291,714	4,489,686	4,489,686
Water, Sewerage & Stormwater	4,606,856	13,993,000	13,993,000
4900. Stormwater	523,454	1,455,270	1,455,270
5600. Waste Water - Sewerage	782,365	6,655,348	6,655,348
6070176204. 52: Wastewater Reticulation - Renewals	262,432	600,000	600,000
6070176205. 89: Wastewater Treatment - Renewals	11,836	1,052,700	1,052,700
6070176206. 54.1: Pipeline Marton to Bulls	142,856	1,500,000	1,500,000
6070176207. 54.2: Land Purchase	0	1,200,000	1,200,000
6070177109. Papakai Pump Station Replacement	100,855	1,500,000	1,500,000
5700. Water - District	2,967,406	5,197,370	5,197,370
6060174501. 117.1: New Plant	0	600,000	600,000
6060176316. Ren- Retic Bulls Reservoir -LTPid37.5	1,255,542	1,599,000	1,599,000
6060176322. 37.4: Marton WIP and Dam Renewals	42,071	970,000	970,000
6060176324. 37.1: Taihape falling main replacement	24,475	631,620	631,620
5800. Water - Hunterville Urban	9,226	345,000	345,000
5900. Water Supply Erehwon	278,923	286,324	286,324
6000. Water Supply Hunterville Rural	41,331	47,372	47,372
6100. Water Supply Omatane	0	6,316	6,316
6200. Water Supply Putorino	4,151	0	0
Grand Total	17,643,092	37,159,015	37,159,015

10.2 QV Monthly Report- June 2021**Author:** Danny Le Mar, Manager Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Finance and Performance Committee with the June 2021 Monthly report provided by QV.

2. Discussion and Options Considered

- 2.1 The June 2020 Monthly report has been provided as a reference.
- 2.2 Of interest comparing 2020 and 2021 financial years there have been:
 - 2.2.1 139 additional sales in the 2021 financial year an increase of 27.5%
 - 2.2.2 131 additional subdivisions since the prior year an increase of 67.9%
 - 2.2.3 Building consents completed are equal to prior year (note this includes all building consents not just new builds)
- 2.3 Graphs have been added from the last report to show trends over 2021 and 2020 financial years to gauge trends. These are a first draft and can be amended to what the Committee would like to see.

Attachments

1. QV Report June 2020
2. QV Report June 2021
3. QV Graphs June 2021

Recommendation

That the 'QV Monthly Report- June 2021' be received



June 2020 Rangitikei District

QV Quotable Quote

Sometimes we're tested not to show our weaknesses, But to discover our strengths.

Assessment Numbers

Net Assessments
7,906
50% Rateable: 5
8,451
Gross Assessments

Sales

COMPLETED	OUTSTANDING								
<div>38 This Month</div> <hr/> <div>506 Since 1 July</div>	<table> <tr> <td>Sale Notices < 3 Days</td><td>Sale Notices > 3 Days</td></tr> <tr> <td>0</td><td>0</td></tr> <tr> <td>0</td><td>0</td></tr> <tr> <td>Partial Sales</td><td>Changes to Address</td></tr> </table>	Sale Notices < 3 Days	Sale Notices > 3 Days	0	0	0	0	Partial Sales	Changes to Address
Sale Notices < 3 Days	Sale Notices > 3 Days								
0	0								
0	0								
Partial Sales	Changes to Address								

Building Consents

COMPLETED	OUTSTANDING
<div>62 This Month</div> <hr/> <div>301 Since 1 July</div>	<div>Under Construction</div> <div>157</div> <hr/> <div>0</div> <div>Ready to Check</div>

Subdivisions

COMPLETED	OUTSTANDING
<div>15 This Month</div> <hr/> <div>193 Since 1 July</div>	<div>In Progress</div> <div>0</div> <hr/> <div>0</div> <div>Subs to Value</div>



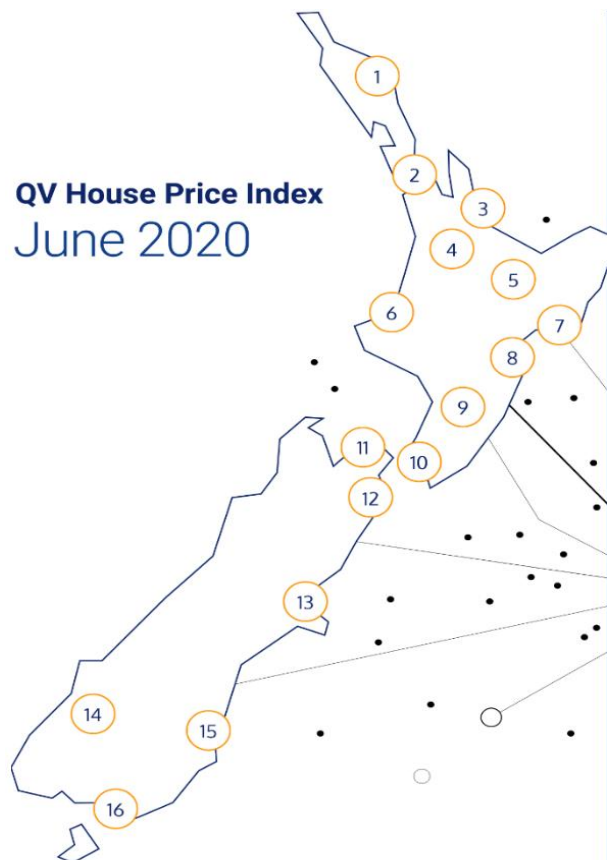
QV Trivia

President Richard Nixon was at Disney World in the Contemporary Resort when he infamously proclaimed, "I am not a crook" However one year later and 2km's away at the Polynesian resort John Lennon signed the paperwork to disband the beatles.

Revision Objections		Maintenance Objections	
DECISIONS ISSUED	OUTSTANDING	DECISIONS ISSUED	OUTSTANDING
<div><div>0</div><div>This Month</div></div> <div><div>0</div><div>Since 1 July</div></div>	<div><div>Being Processed</div><div>0</div></div> <div><div>Lodged with LVT</div><div>0</div></div>	<div><div>0</div><div>This Month</div></div> <div><div>2</div><div>Since 1 July</div></div>	<div><div>Being Processed</div><div>1</div></div> <div><div>Lodged with LVT</div><div>0</div></div>

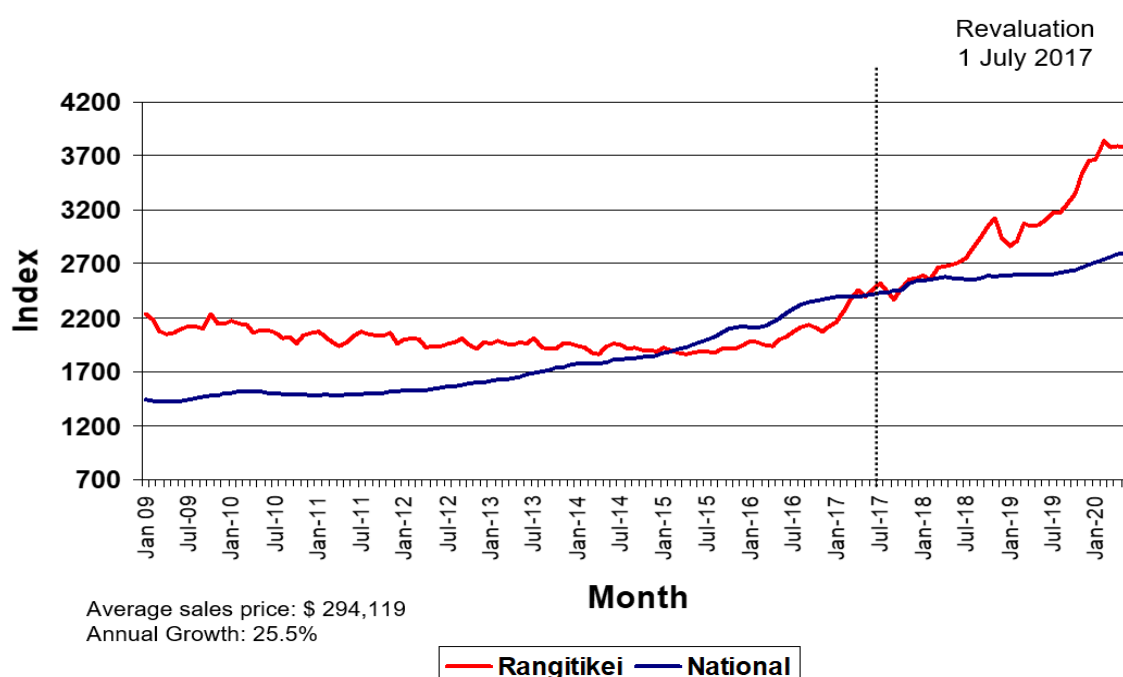


QV House Price Index June 2020



		Average value	3 mth change
1	Whangarei	\$579,632	2.5%
2	Auckland Area	\$1,082,541	1.5%
3	Tauranga	\$794,189	2.8%
4	Hamilton	\$627,777	0.7%
5	Rotorua	\$520,222	0.9%
6	New Plymouth	\$508,666	0.5%
7	Napier	\$614,322	2.6%
8	Hastings	\$587,931	2.0%
9	Palmerston North	\$508,716	0.9%
10	Wellington Area	\$783,655	0.4%
11	Nelson	\$661,345	0.6%
12	Marlborough	\$513,507	0.0%
13	Christchurch	\$518,369	0.8%
14	Queenstown Lakes	\$1,192,613	-1.5%
15	Dunedin	\$547,531	1.8%
16	Invercargill	\$355,952	2.6%
New Zealand		\$738,018	1.3%

Rangitikei Residential Property Values





Do you have questions or feedback about what data or news you would like included in future monthly reports? Then please send an email with your feedback to me.

Simon Willocks



June 2021 Rangitikei District

QV Quotable Quote

Even if you are on the right track, you'll get run over if you just sit there. - Will Rogers

Assessment Numbers

Net Assessments
7,985
50% Rateable: 3
8,565
Gross Assessments

Sales

COMPLETED		OUTSTANDING	
<div>51</div> <div>This Month</div> <div>645</div> <div>Since 1 July</div>	Sale Notices < 3 Days	Sale Notices > 3 Days	
	0	0	
	Partial Sales	Changes to Address	

Building Consents

COMPLETED	OUTSTANDING
57 This Month 302 Since 1 July	Under Construction 195 0 Ready to Check

Subdivisions

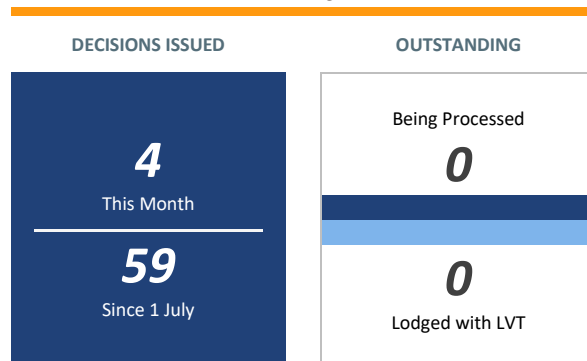
COMPLETED	OUTSTANDING
26 This Month 324 Since 1 July	In Progress 0 0 Subs to Value



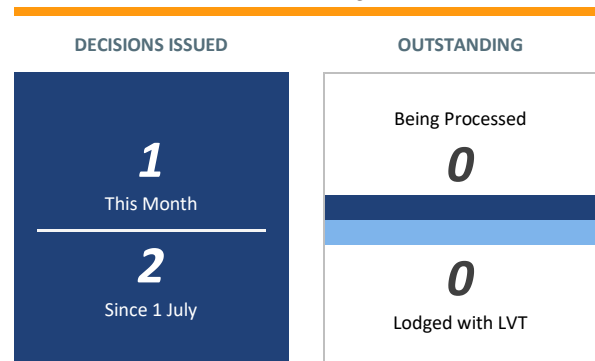
QV Trivia

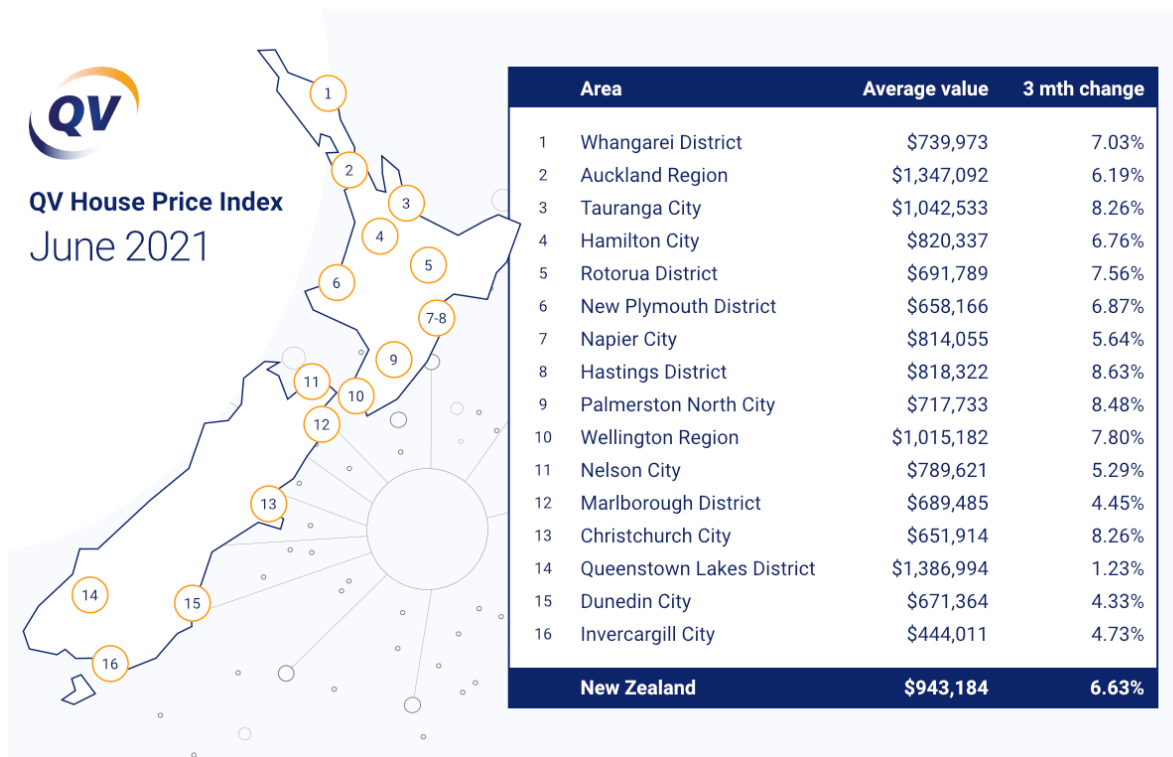
"E" is the most commonly used letter in the English language. In fact, as many as one in eight of all the letters written in English is "e".

Revision Objections

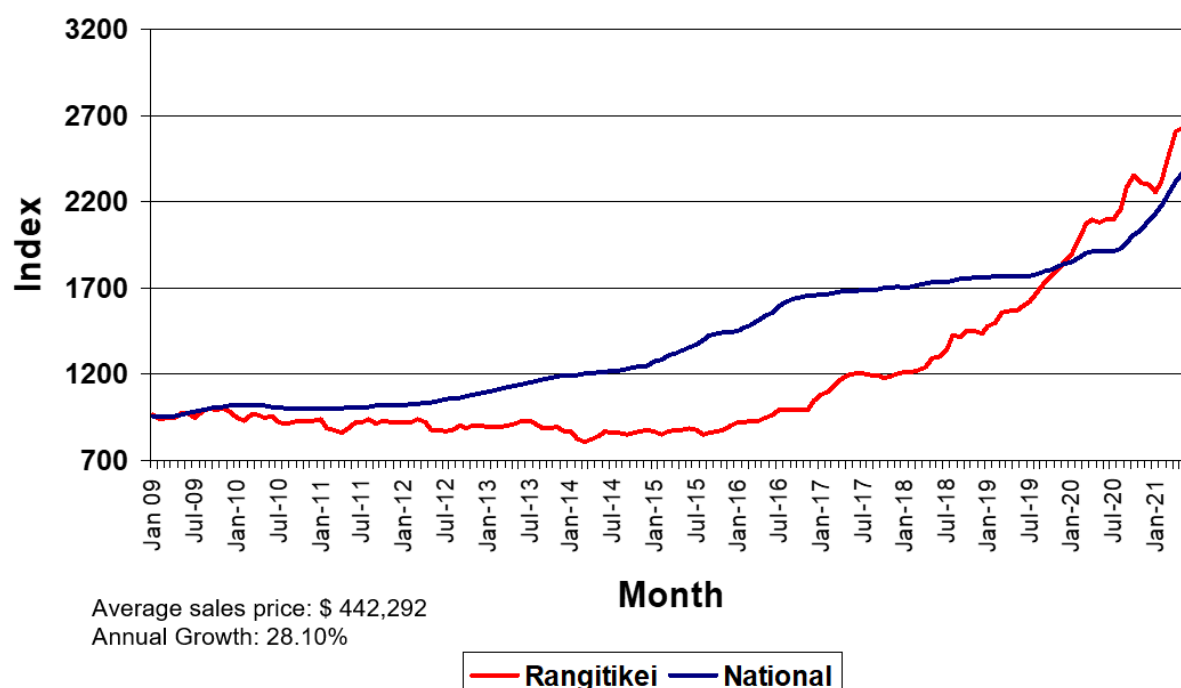


Maintenance Objections





Rangitikei Residential Property Values

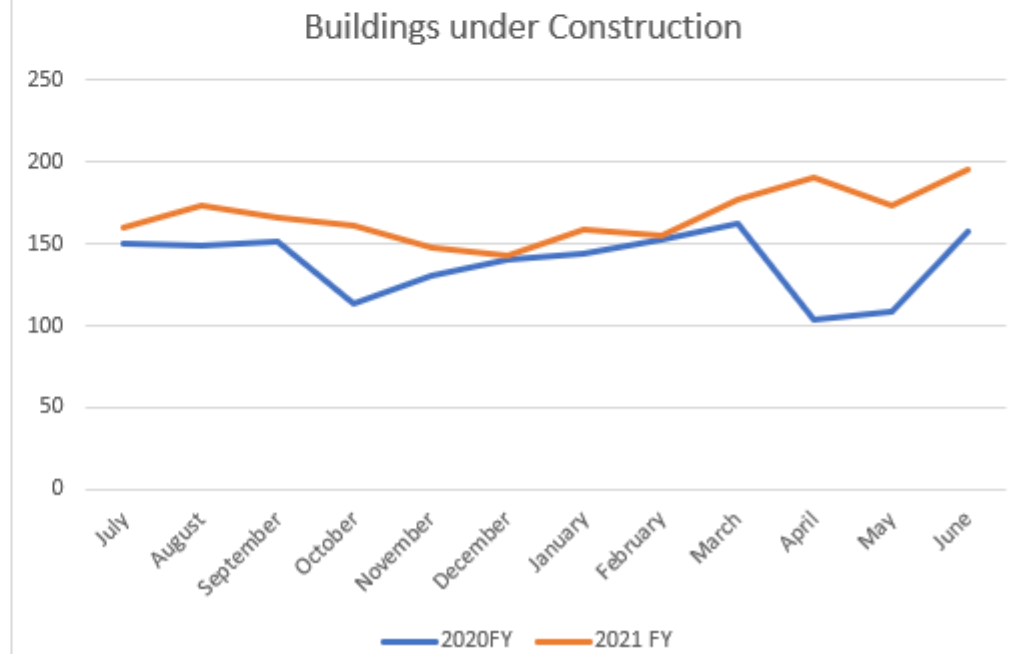
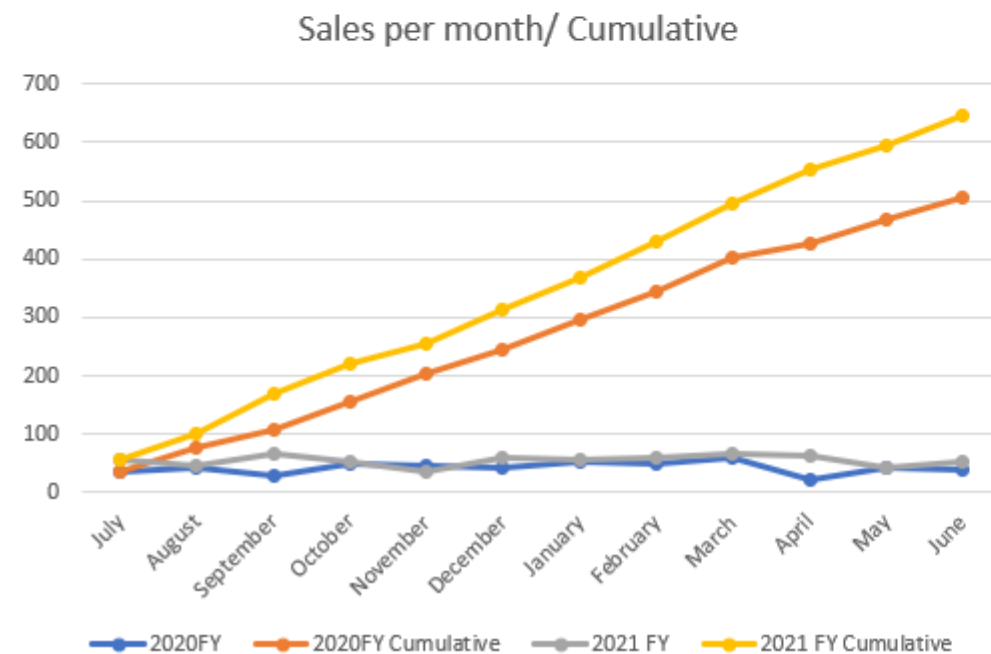
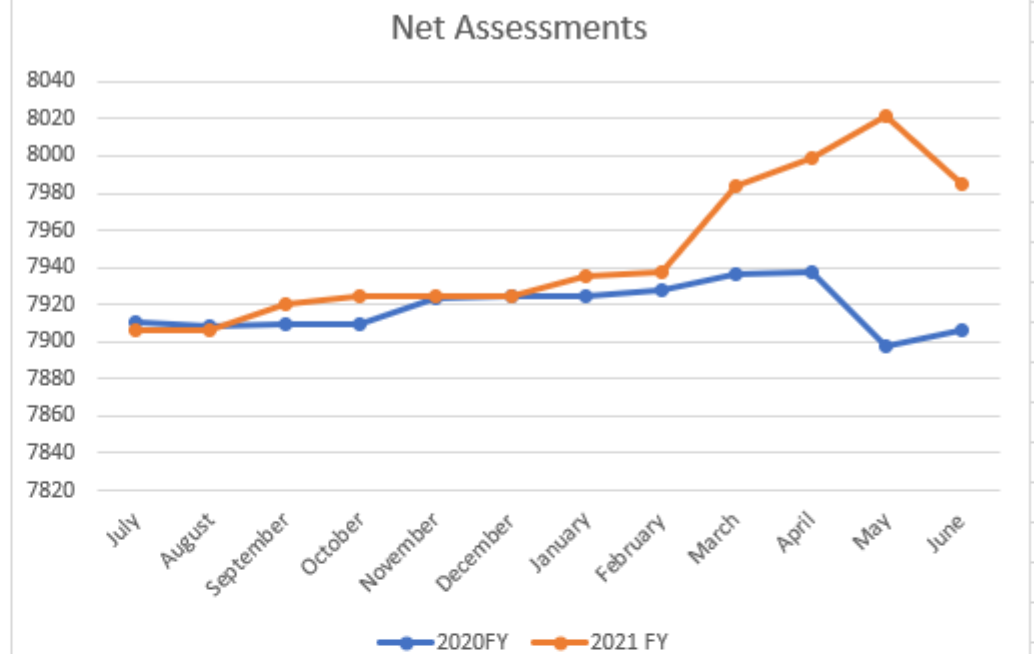
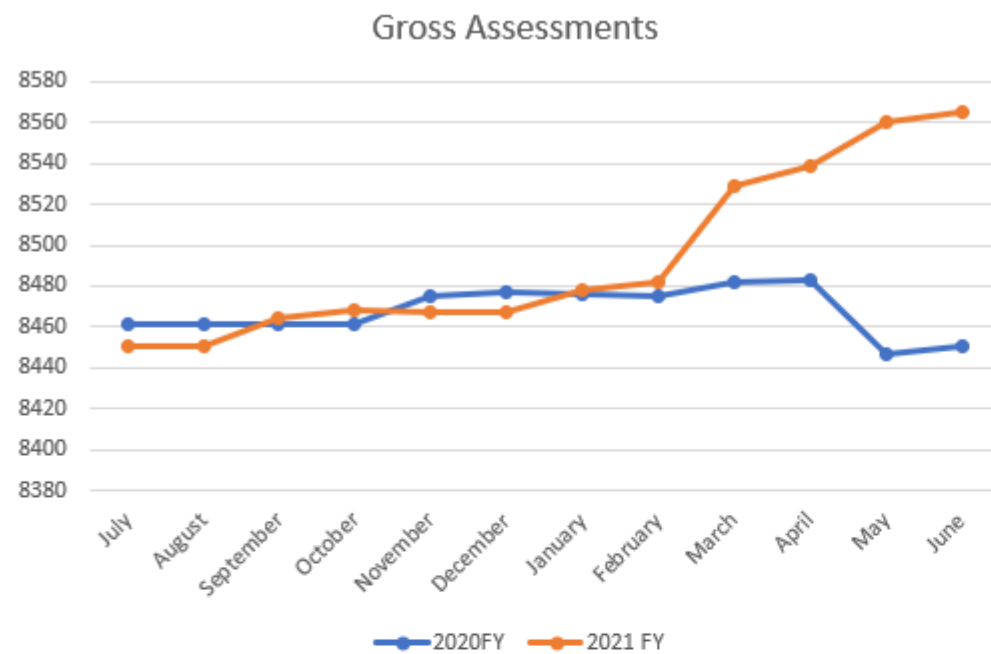


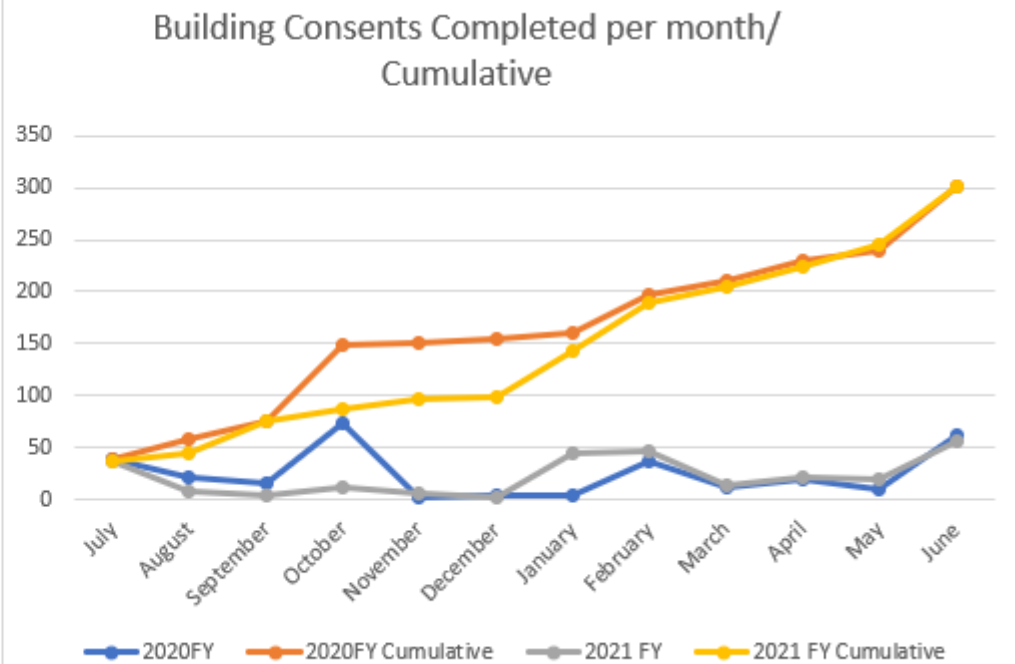
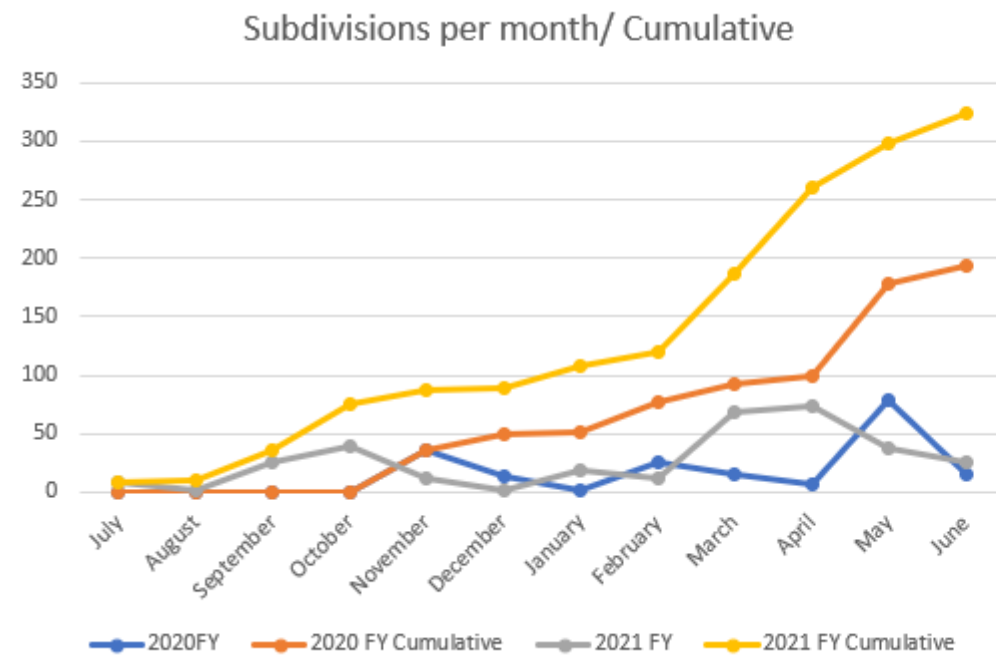


Please contact your account manager if you require any further assistance or information around these new requirements.

Do you have questions or feedback about what data or news you would like included in future monthly reports? Then please send an email with your feedback to me.

Simon Willocks





ITEM 10.3**10.3 Quarterly Property Sales**

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 This report includes an overview of property sales within the District for the quarter ended 30 June 2021.

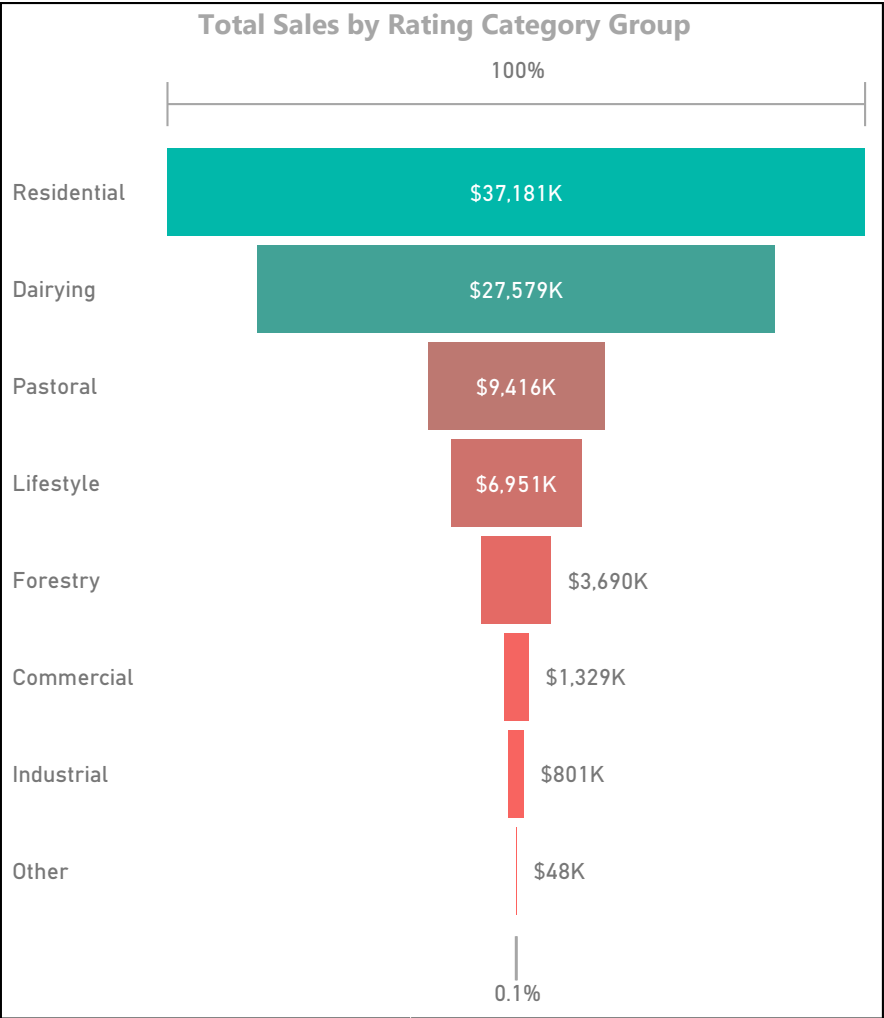
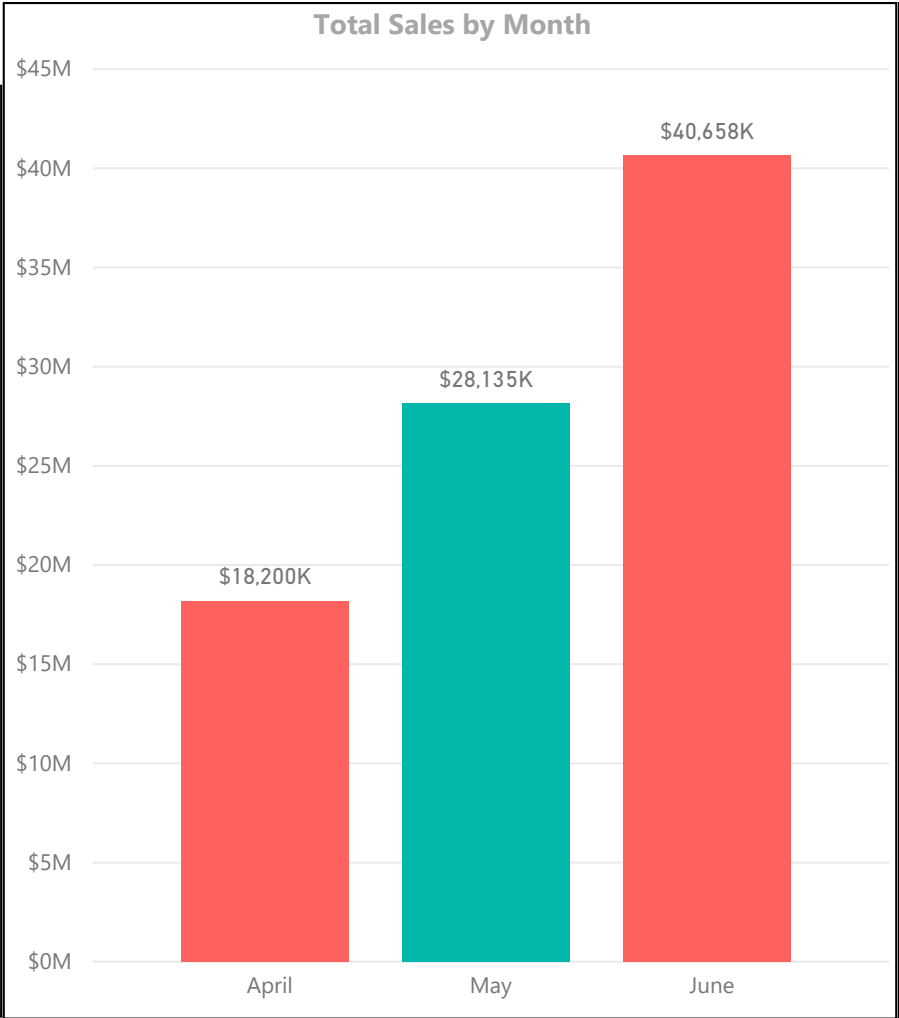
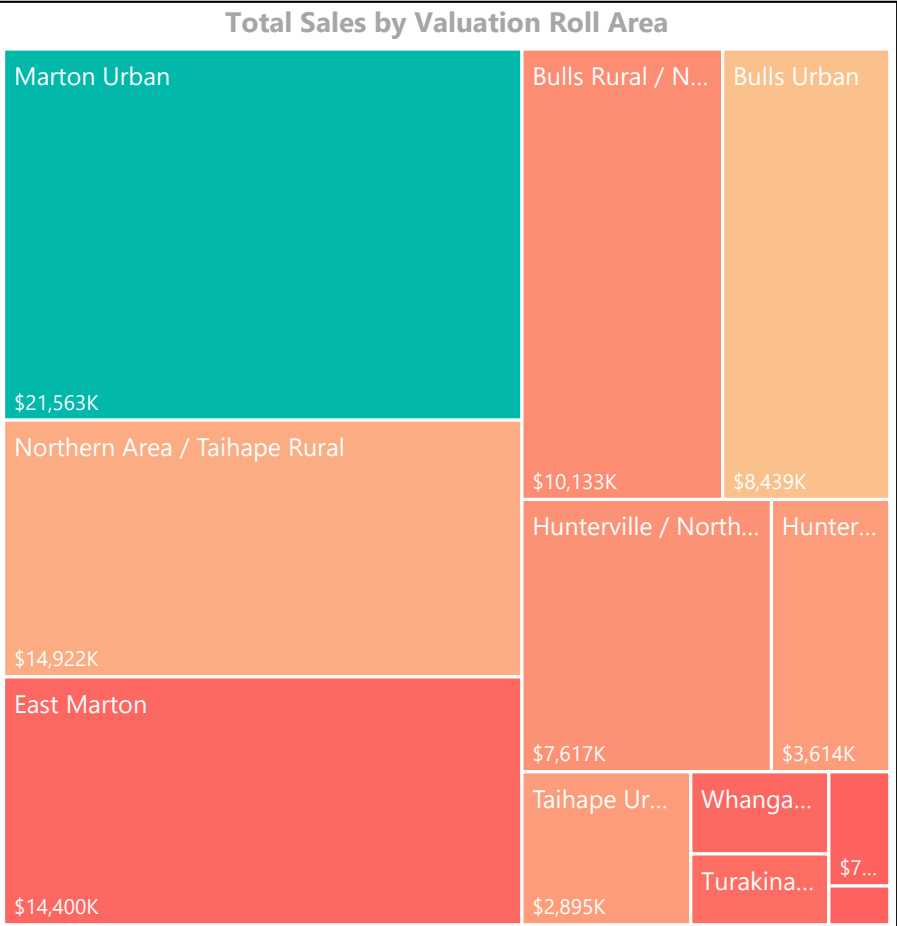
Attachments

1. Quarterly Property Sales - Apr to June 2021

Recommendation

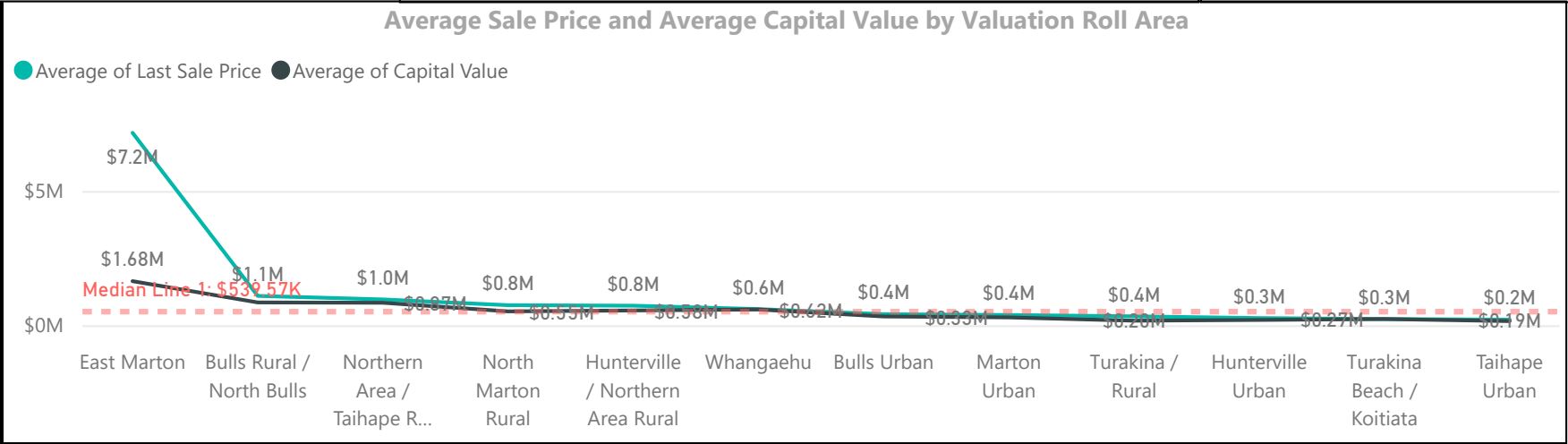
That the report 'Quarterly Property Sales' be received.

Quarter 4: 1 April 2021 - 30 June 2021



Total Sales

138

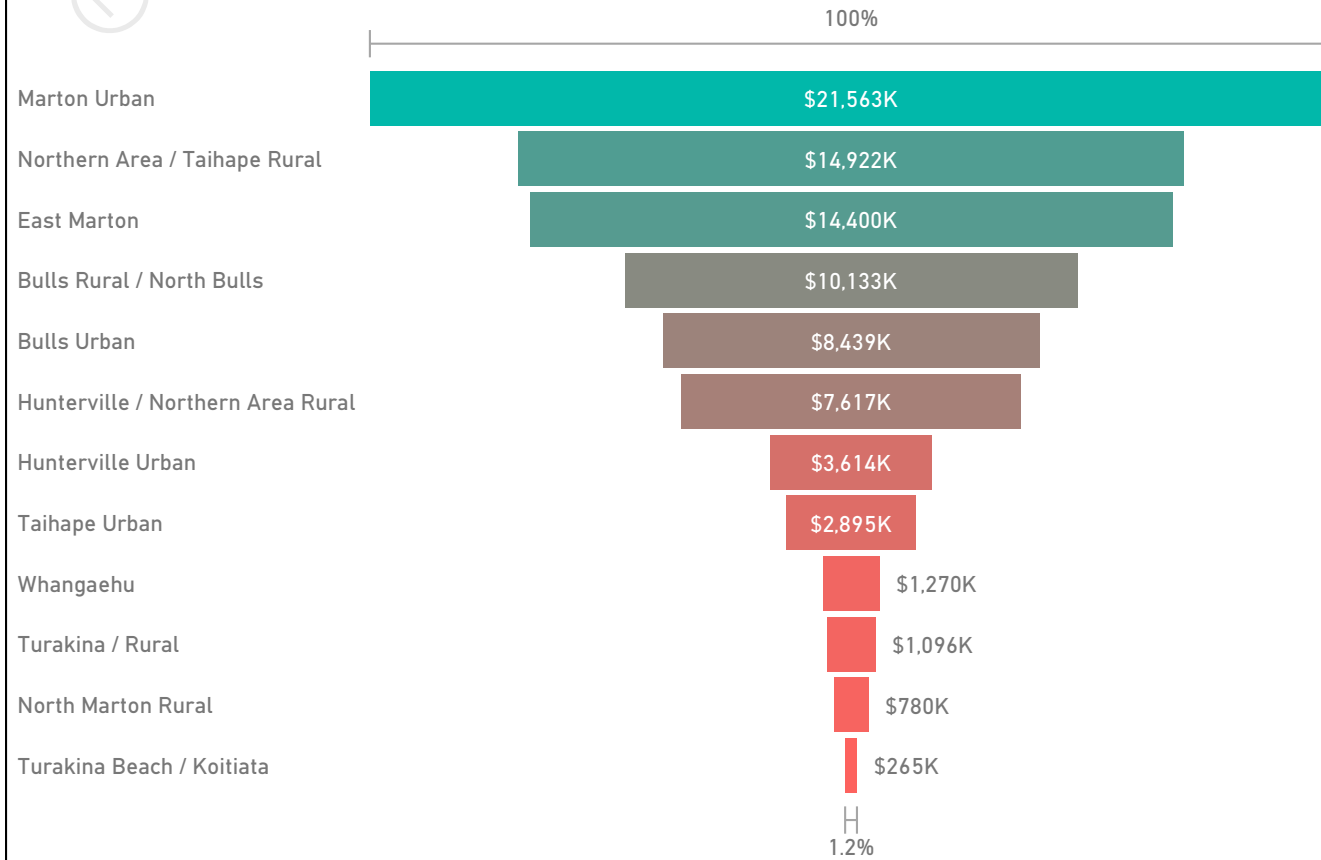


Total Sales

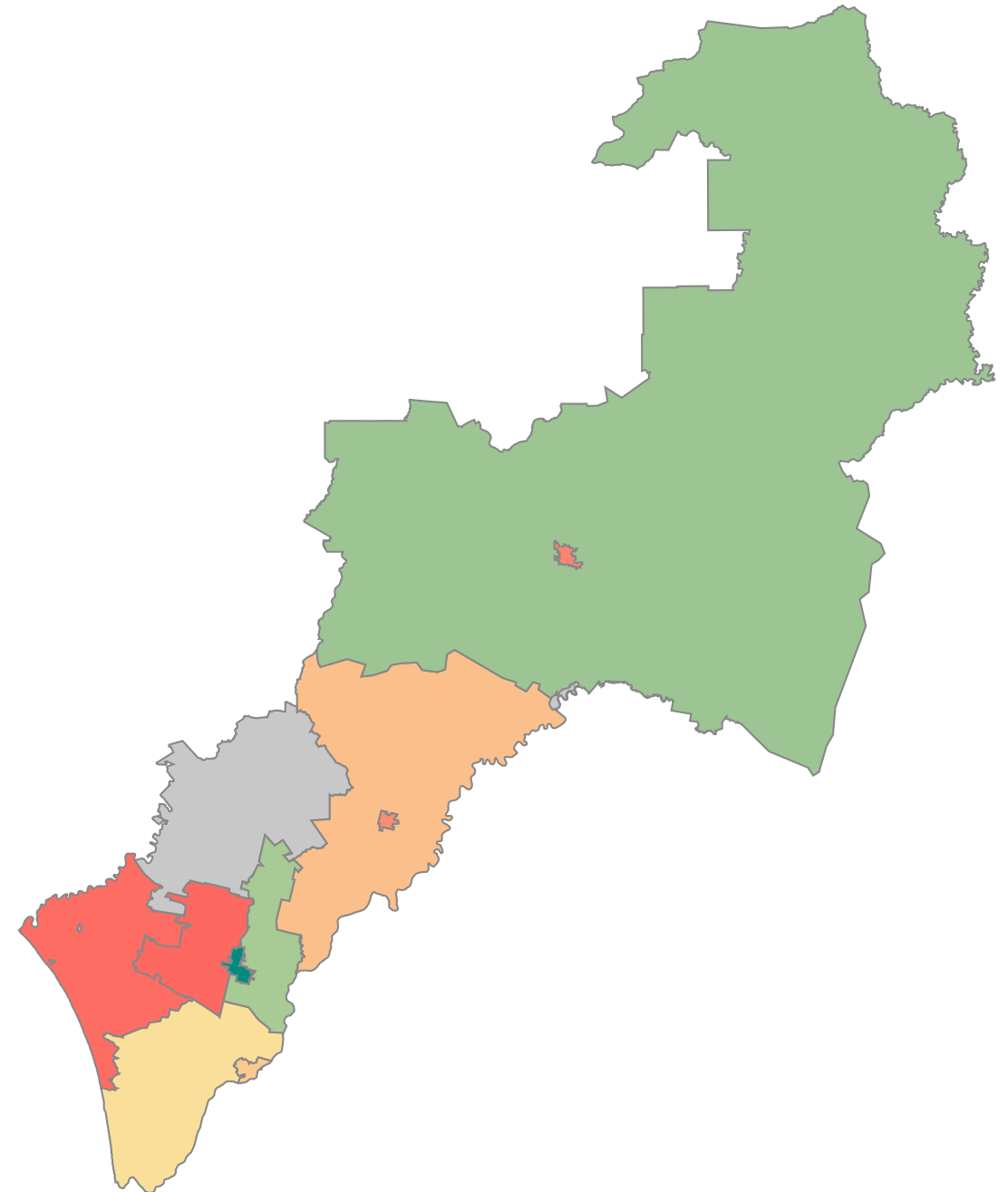
\$87M



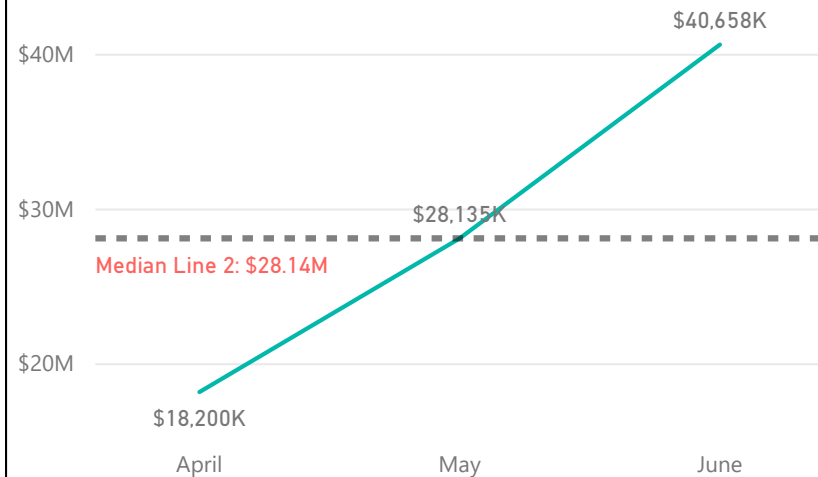
Total Sales by Valuation Roll Area



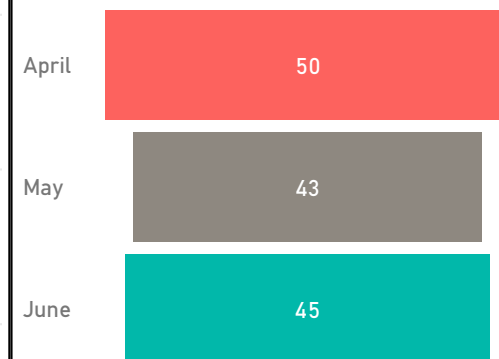
Total Sales by Valuation Roll Area (Sum)



Sales by Month (Sum)



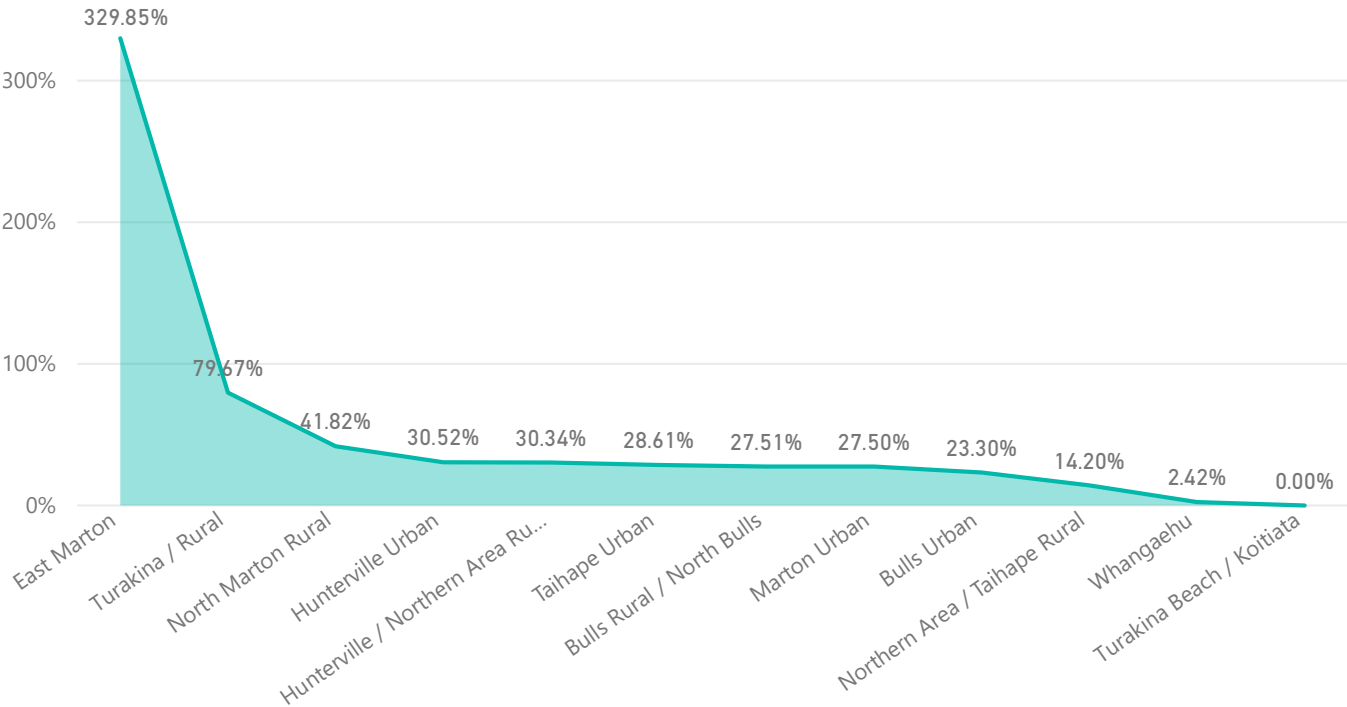
Sales by Month (Count)



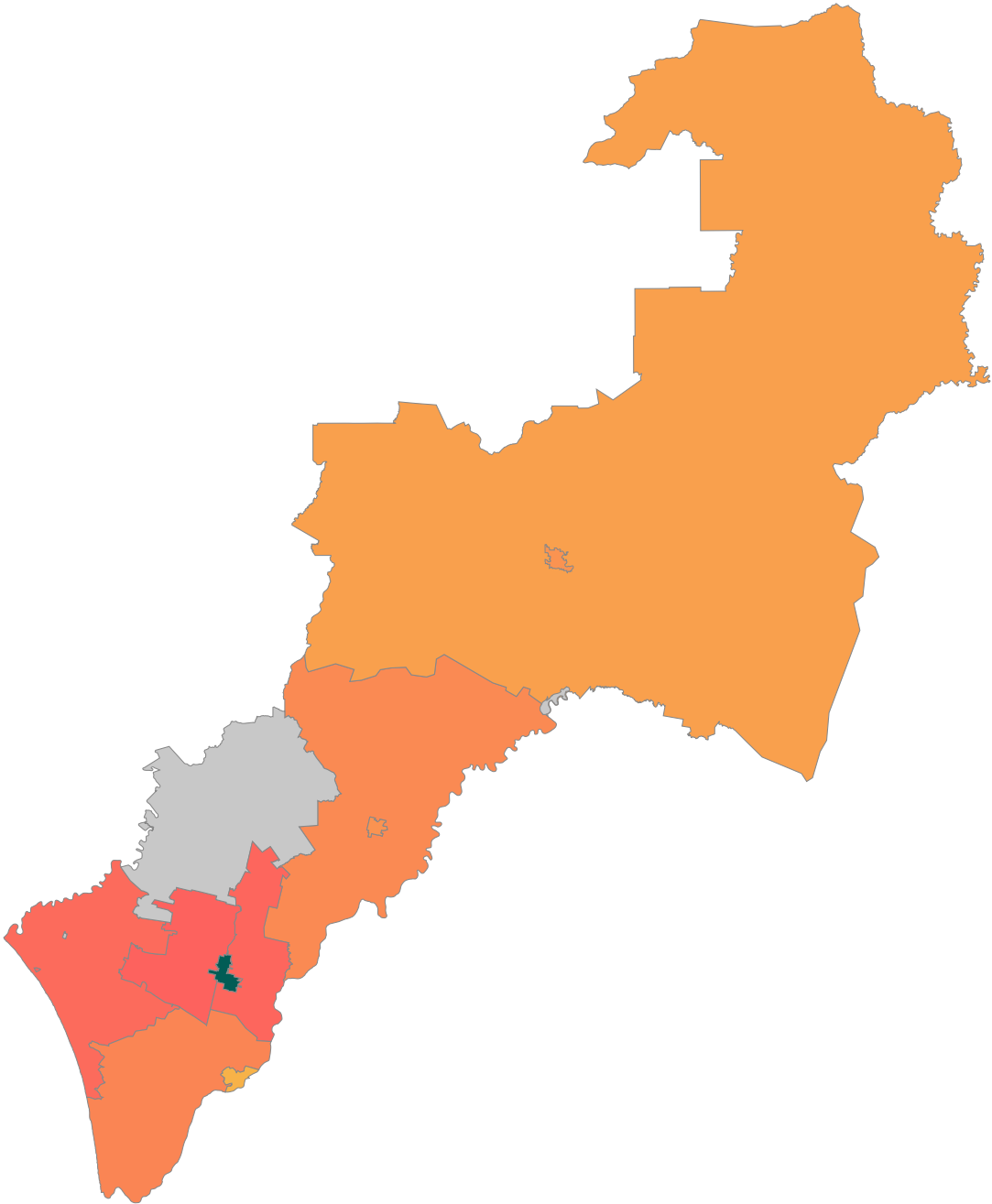
Quarterly Property Sales in the Rangitikei

Valuation Roll Area	Capital Value	Sale Price	Number Of Sales	Sale Price % difference from Capital Value
East Marton	\$3,350,000	\$14,400,000	2	329.85%
Turakina / Rural	\$610,000	\$1,096,000	3	79.67%
North Marton Rural	\$550,000	\$780,000	1	41.82%
Hunternville Urban	\$2,769,000	\$3,614,000	12	30.52%
Hunternville / Northern Area Rural	\$5,844,000	\$7,617,000	10	30.34%
Taihape Urban	\$2,251,000	\$2,895,010	12	28.61%
Bulls Rural / North Bulls	\$7,947,000	\$10,133,150	9	27.51%
Marton Urban	\$16,912,000	\$21,562,939	52	27.50%
Bulls Urban	\$6,844,000	\$8,438,500	19	23.30%
Northern Area / Taihape Rural	\$13,066,000	\$14,921,600	15	14.20%
Whangaehu	\$1,240,000	\$1,270,000	2	2.42%
Turakina Beach / Koitiata	\$265,000	\$265,000	1	0.00%
Total	\$61,648,000	\$86,993,199	138	41.11%

Sale Price % difference from Capital Value by Valuation Roll Area



Sales by Valuation Roll Area (Count)



10.4 LGFA - General Information

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report**1.1 This Report:**

1.1.1 provides members of the Finance/Performance Committee with the latest *LGFA Quarterly Report to Shareholders*; and

1.1.2 is provided mainly for 'general information' purposes. Council currently has minimal activity with LGFA but, as this is expected to change throughout the new Long Term Plan, Officers thought that Committee members may find certain aspects of the attached of interest.

Attachments

- 1. LGFA Quarterly Report**
- 2. LGFA Guarantors**

Recommendation

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

LGFA Quarterly Report to Shareholders

June Quarter 2021

Contents	Page
A. June quarter highlights	2
B. LGFA bond issuance during the quarter	3
C. Summary financial information (provisional and unaudited)	6
D. Key performance indicators	7
E. Performance against SOI objectives	8
Primary Objectives	8
Additional Objectives	14
F. Investor relations	16

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

A. June quarter highlights

Quarter	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	April 2029	May 2031	April 2033	April 2037
Bonds issued \$m	970	N/A	-	-	80	-	40	-	120	650	40	40
Term Loans to councils \$m	829.5	264.6	-	10.7	40.0	26.0	80.5	40.5	240.5	126.7	-	-
Term Loans to councils #.	86	36	-	1	6	5	11	7	17	3	-	-

Financial Year to Date	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	April 2029	May 2031	April 2033	April 2037
Bonds issued \$m	3,270	N/A	450	110	280	60	240	160	480	650	140	700
Term Loans to councils \$m	2,858	1022.2	6.0	59.7	90.8	138.2	409.5	224.5	723.5	126.7	4.4	50.0
Term Loans to councils #.	240	97	2	6	17	23	34	25	30	3	1	1

Key points and highlights for the June quarter:

- The LGFA bond yield curve flattened significantly over the quarter as markets brought forward estimates of the first tightening in monetary policy. LGFA 2037 bond yields fell 20 bps while the 2024 yields rose 20 bps.
- LGFA issued \$970 million of bonds during the quarter across two tenders of \$160 million each and a \$650 million syndication of a new May 2031 bond. The average term of issuance during the quarter was 9.28 years.
- LGFA borrowing margins were mixed with spreads to swap narrower by 9 bps (2024s through 2026s) and wider by 1 bps (2033s) during the quarter. LGFA spreads to NZGB narrowed between 3 bps (2024s) and 13 bps (2037s) as net issuance of NZGBs began to increase following the RBNZ tapering purchases of NZGBs under the LSAP.
- Long dated lending to councils during the quarter of \$829.5 million was more than twice the amount in the previous quarter, while the average term of lending at 6.65 years was longer than the previous quarter's 5.97 years. For the 202-21 financial year LGFA lent \$2.858 billion with an average term of 6.65 years.
- LGFA has estimated market share of 81.6% of total council borrowing for the rolling twelve-month period to June 2021 (compared to a historical average since 2012 of 74%).
- Short-term lending to councils has remained unchanged at \$287.6 million of loans outstanding on 30 June 2021 to twenty-five councils.
- LGFA Net Operating Gain (unaudited management estimate) for the twelve-month period to 30 June 2021 was \$12.007 million which was \$1.146 million above budget, comprising total operating income at \$892k above budget and expenses at \$255k below budget.
- We achieved nine out of our ten performance objectives over the financial year with only our market share outcome below our target.
- After a busy first nine months (where five councils joined) we had no new councils join during the June quarter. We signed the accession documents for our first CCO, but they were delayed at their end unfortunately, so we expect them to accede in July 2021. We are expecting another three councils to join in the 2021-22 year.
- Nick Howell was appointed Head of Sustainability and is in the process of rolling out several sustainability initiatives across the organisation. LGFA received carbonzero certification from Toitu Envirocare on 30 June 2021.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

B. LGFA bond issuance during quarter

LGFA held two bond tenders and one syndication during the quarter amounting to \$970 million of issuance.

Tender 80: 15 April 2021

\$160 million

Tender 80 - 15 April 2021	15-Apr-24	15-Apr-26	20-Apr-29	15-Apr-37
Total Amount Offered (\$million)	40	40	40	40
Total Amount Allocated (\$million)	40	40	40	40
Total Number of Bids Received	7	12	18	16
Total Amount of Bids Received (\$million)	75	145	168	78
Total Number of Successful Bids	3	3	8	11
Highest Yield Accepted (%)	0.740	1.275	1.925	2.835
Lowest Yield Accepted (%)	0.735	1.265	1.905	2.770
Highest Yield Rejected (%)	0.765	1.310	1.970	2.860
Lowest Yield Rejected (%)	0.740	1.275	1.930	2.835
Weighted Average Accepted Yield (%)	0.739	1.274	1.918	2.805
Weighted Average Rejected Yield (%)	0.749	1.293	1.957	2.845
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	77.8	77.8	100	40
Coverage Ratio	1.88	3.63	4.20	1.95
NZGB Spread at Issue (bps)	31.00	41.00	51.00	55.00
Swap Spread at Issue (bps)	10.50	19.50	29.00	50.75
Swap Spread: AA council (bps)	32.75	41.5	49.25	68
Swap Spread: AA- council (bps)	37.75	46.5	54.25	73
Swap Spread: A+ council (bps)	42.75	51.5	59.25	78
Swap Spread: Unrated council (bps)	52.75	61.5	69.25	88
Coverage Ratio	1.88	3.63	4.20	1.95

The smaller than normal bond tender of \$160 million achieved a good outcome with all four tranches well supported and tight pricing achieved. We had held \$200 million bond tenders for the previous eleven tenders, so a smaller tender size was welcomed by the market and achieved a higher than usual volume of bids and improved price tension from recent tenders.

We had delayed the tender by a day to avoid the RBNZ Monetary Policy Review but the downside to this deferral was that it coincided with a NZGB tender of \$300 million. However the large coupon payments being made on 15th April to investors and lack of high-grade bond supply helped sentiment and ensured a good outcome.

LGFA issuance spreads to swap were 8 bps tighter (2029s and 2037s) and 5 bps tighter on the 2026s compared to the previous March 2021 tender so it was a very strong result for our council borrowers. Outright borrowing yields were also 20 bps lower than the previous tender.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021



Bidding volume was good with a coverage ratio of 2.91x compared to the 2.3x average for the previous two years despite the average maturity of the LGFA bonds issued being a lengthy 8.01 years.

While we issued \$160 million of LGFA bonds we on-lent \$218.7 million to nine councils with an average term of lending to councils of 6.7 years

Syndication of May 2031 LGFA Bond: 13 May 2021 \$650 million

LGFA successfully issued \$650 million (and a further \$100 million of treasury stock) of a new 15 May 2031 bond via syndication. Syndication is where we use a group of banks to place bonds with investors rather than use a tender. Market conditions were ideal for the launch of a new long dated maturity with a steep curve and coinciding with the maturity of LGFA and NZGBs on 15 May 2021.

This was the largest ten-year bond issue by a borrower other than the New Zealand Government and was well supported by offshore investors, banks and domestic investors.

We lent \$326 million of the proceeds to twenty councils who were refinancing their May 2021 loan maturities although their borrowing term was 7.41 years compared to our issuance term of 10 years.

Tender 81: 9 June 2021 \$160 million

Tender 81 - 9 June 2021	15-Apr-24	20-Apr-29	15-Apr-33
Total Amount Offered (\$million)	40	80	40
Total Amount Allocated (\$million)	40	80	40
Total Number of Bids Received	15	22	24
Total Amount of Bids Received (\$million)	165	195	185
Total Number of Successful Bids	5	8	6
Highest Yield Accepted (%)	0.795	1.905	2.395
Lowest Yield Accepted (%)	0.775	1.875	2.390
Highest Yield Rejected (%)	0.850	1.955	2.430
Lowest Yield Rejected (%)	0.795	1.905	2.395
Weighted Average Accepted Yield (%)	0.785	1.893	2.294
Weighted Average Rejected Yield (%)	0.806	1.920	2.404
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	25	12.5	31.8
Coverage Ratio	4.13	2.44	4.63
NZGB Spread at Issue (bps)	28.50	42.00	45.50
Swap Spread at Issue (bps)	5.00	23.00	36.25
Swap Spread: AA council (bps)	26.5	43.25	63.75
Swap Spread: AA- council (bps)	31.5	48.25	68.75
Swap Spread: A+ council (bps)	36.5	53.25	73.75
Swap Spread: Unrated council (bps)	46.5	63.25	83.75
Coverage Ratio	4.13	2.44	4.63

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

Given the small size of the bond tender we only issued three tranches, and all tranches were well received. Pricing was tight despite a large amount of competing issuance (more than \$6 billion of high-grade bonds) over the previous six weeks.

We tendered three tranches to spread the offerings across the curve but also to meet recent demand for 2029s and 2033s from offshore investors.

Price support was strong for all maturities with successful yields 1 bps to 1.5 bps below prevailing mid rates at the time of the tender. Bidding volume was also strong with a coverage ratio of 3.41x which was the second highest coverage over the previous two years and the bid coverage ratios varied between 2.44x (for the larger amount of 2029s) to 4.63x (2033s).

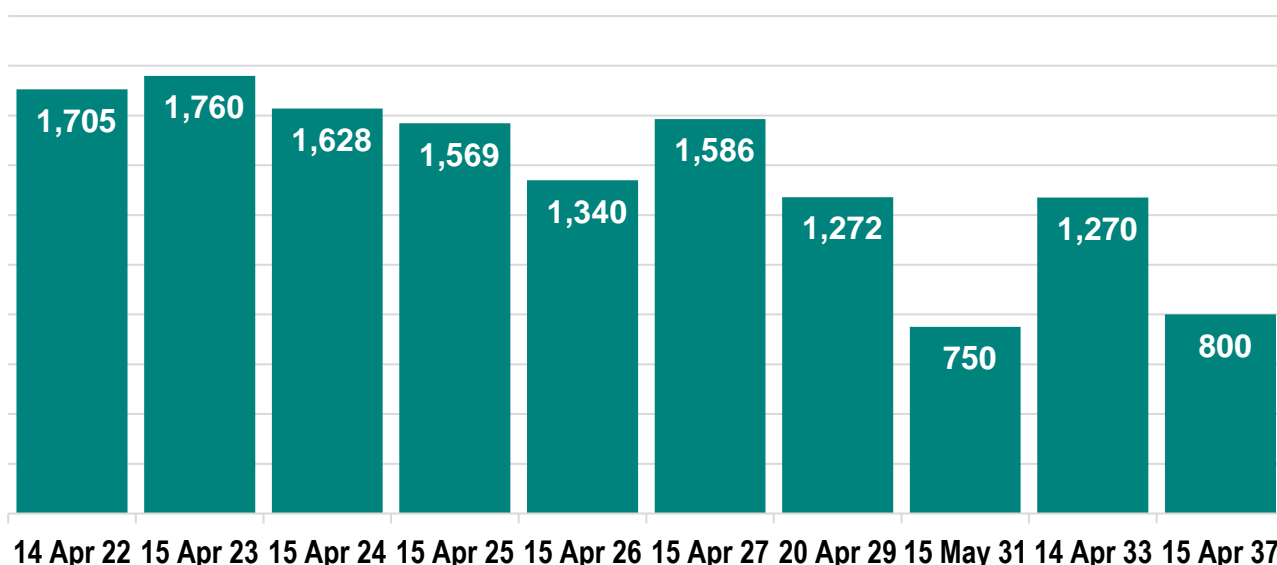
LGFA issuance spreads to swap were 5 bps to 6 bps tighter than the previous April 2021 tender and set new historic lows. Outright yields had been relatively stable over the past two months and were almost unchanged from the April tender.

The average maturity of the LGFA bonds issued was a moderate 7.61 years compared to the average for the 2020-21 financial year of 8.67 years, but this was still longer than the 6.74 years in the prior 2019-20 financial year.

While we issued \$160 million of LGFA bonds we on-lent \$149.6 million to twelve councils with an average term of lending to councils of 6.72 years (81 months), so our issuance term was again longer than the term of our lending.

LGFA retail bonds on issue (NZ\$ million)

As at 30 June 2021: NZ\$ 13,680 million
Includes NZ\$1,000 million treasury stock

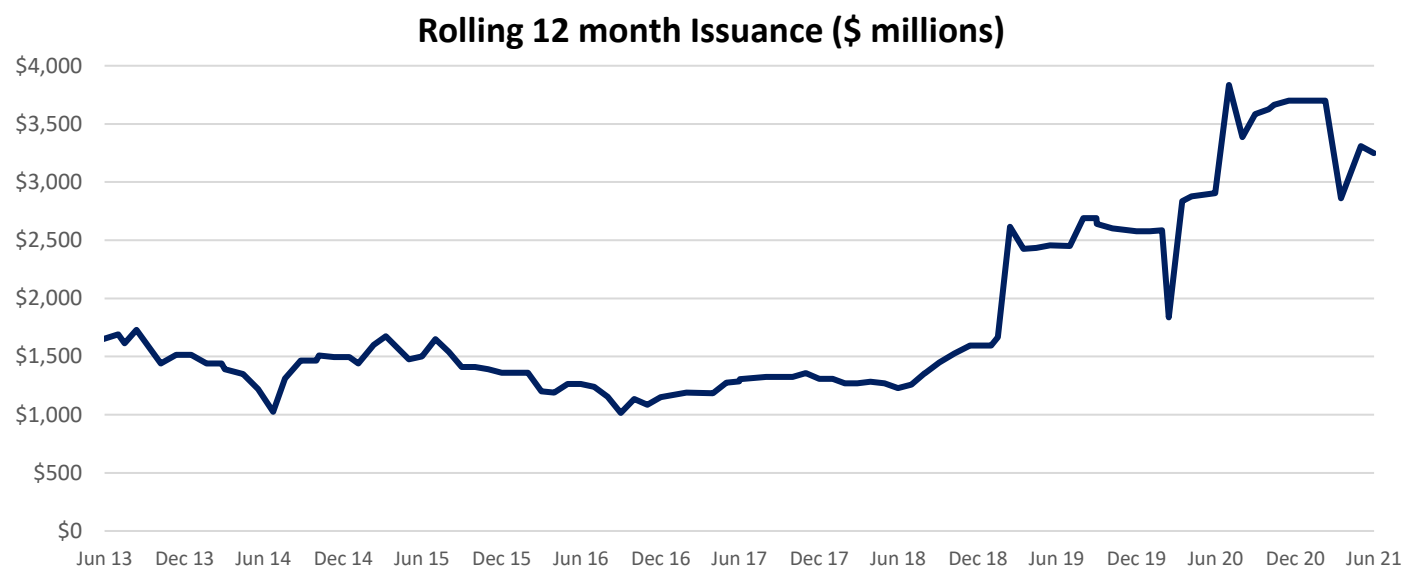


In addition to the retail bonds listed on the NZX, LGFA has NZ\$130 million of wholesale floating rate notes on issue

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

Our issuance volume on a rolling 12-month basis of \$3.25 billion remains just below historic high levels and over twice the long-term average.



C. Summary financial information (provisional and unaudited)

The following results are management estimates only and are unaudited.

Financial Year (\$m)	YTD as at Q1	YTD as at Q2	YTD as at Q3	YTD as at Q4
Comprehensive income	30-Sep-20	31-Dec-20	31-Mar-21	30-June-21
Interest income	93.38	190.41	287.12	377.22
Interest expense	82.22	180.52	271.24	357.69
Net interest revenue	4.16	9.89	15.88	19.54
Other operating Income			0.07	0.18
Total operating income	4.16	9.89	15.96	19.72
Issuance and On-lending costs	0.73	1.40	1.95	2.62
Approved issuer levy	Nil	0.59	0.59	1.055
Operating expenses	0.93	1.95	2.84	4.04
Issuance and operating expenses	1.66	3.94	5.38	7.71
Net Profit	2.51	5.95	10.58	12.01

Financial position (\$m)	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Retained earnings + comprehensive income	60.25	63.69	68.32	69.75
Total assets (nominal)	13,317.68	13,852.05	14,285.22	13,841.21
Total LG loans (nominal)	11,906.65	12,289.67	12,349.38	12,029.28
Total LGFA bills (nominal)	594.50	612.50	620.00	610.00
Total LGFA bonds (nominal)	12,290.00	12,890.00	13,290.00	12,810.00
Total borrower notes (nominal)	195.92	207.10	210.91	221.75
Total equity	85.24	88.69	93.32	94.76

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

D. Key performance indicators (Section 5 of SOI)

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

We met nine out of our ten performance targets with our market share target the only target we missed. Our market share is slightly lower than expected due to Auckland Council, Christchurch City Holdings and Dunedin City Treasury issuing bonds over the past twelve-month period. It should be noted that we increased this target in this year's SOI and we would have exceeded the previous year's lower target.

Measure		Prior full year to June 2020	Q1 30 Sept 2020	Q2 31 Dec 2020	Q3 31 Mar 2021	Q4 30 June 2021
LGFA net interest income for the period to June 2021 will be greater than \$18.8 million	Target (\$)		\$4.6 m (YTD as at Q1)	\$9.2 m (YTD as at Q2)	\$14.4 m (YTD as at Q3)	\$18.8 m (FULL YEAR)
	Actual (\$)	\$18.28 m	\$4.2 m ✗	\$9.9 m ✓	\$15.89 m ✓	\$19.72 m ✓
Annual issuance and operating expenses (excluding AIL) will be less than \$6.30 million	Target (\$)		\$1.63 m (YTD as at Q1)	\$3.4 m (YTD as at Q2)	\$5.0 m (YTD as at Q3)	\$6.8 m (FULL YEAR)
	Actual (\$)	\$6.28 m	\$1.65 m On track	\$3.35 m ✓	\$4.79 m ✓	\$6.66 m ✓
Total nominal lending (short and long term) to participating councils to be at least \$11.66 billion	Target (\$)		\$11.45 b (YTD as at Q1)	\$12.19 b (YTD as at Q2)	\$12.62 b (YTD as at Q3)	\$11.66 b (FULL YEAR)
	Actual (\$)	\$10.899 b	\$11.91 b ✓	\$12.33 b ✓	\$12.35 b On track	\$12.04 b ✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	Target (%)		Annual Survey in August each year			
	Actual (%)	100%	August 2020 survey outcome of 98.8% ✓			
Meet all lending requests from PLAs	Target (%)		100%	100%	100%	100%
	Actual (%)	100%	100% ✓	100% ✓	100% ✓	100% ✓
Achieve 85% market share of all council borrowing in New Zealand	Target (%)		>85%	>85%	>85%	>85%
	Rolling annual average					
	Actual (%)	85.7%	76.5% ✗	81.8% ✗	81.8% ✗	81.6% ✗
Review each PLA financial position, its headroom under LGFA policies and arrange to	Target (number)		Council visits to total 67 over one year Financial Position + Headroom Review Undertaken in December Quarter			

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

meet each PLA at least annually	Actual	31	no council visits due to COVID travel difficulties 	22 council visits but behind plan due to COVID travel difficulties 	35 council visits but behind plan due to COVID travel difficulties 	All council visited
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	Target (zero breaches)		nil	nil	nil	nil
	Actual	Two	Nil 	Nil 	Nil 	Nil
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due	Target (%)		100%	100%	100%	100%
	Actual (%)	100%	100% 	100% 	100% 	100%
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	Target (equivalence)		AA+/AA+			
	Actual	AA+/AA+	AA+/AA+ 	AA+/AA+ 	AAA/AA+ 	AAA/AA+

E. Performance against SOI objectives

Primary objectives (Section 3 of SOI)

Primary Objective:

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

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

LGFA lending base margins are 20 bps for all borrowing terms¹. The base margin covers our operating costs and provides for capital to grow in line with the growth in our balance sheet. There is an additional credit margin added to the base margin depending upon whether a council has a credit rating or is a guarantor or non-guarantor of LGFA.

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

¹ On 30 June 2021 LGFA announced a 5-bps reduction in its base margin for all short and long-term maturities to take effect from 1 July 2021.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

As at 30 June 2021	Comparison to other high- grade issuers - secondary market spread to swap (bps)													
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2035	2037
LGFA (AA+)	0	-1	2	7	13	15	20	25	29	32	36	39	47	51
Kainga Ora (AA+)		1		10	18		23		30				47	
Asian Development Bank (AAA)		1	4	10	15		23			33				
IADB (AAA)		0	5	11			30							
International Finance Corp (AAA)		2	5	12		20								
KBN (AAA)		2	8	15					39					
Rentenbank (AAA)	1	1	5	13										
World Bank (AAA)	0	1	3	10	16	21	24		32					
Nordic Investment Bank (AAA)		1		11										
ANZ (AA-)		21	26											
BNZ (AA-)		16		22										
Westpac Bank (AA-)	11	17	32	37	52									
SSA Average	1	1	5	12	16	21	26		36					
Bank Average	11	18	29	30										

During the quarter LGFA issued a new May 2031 bond maturity by syndication that now bridges the gap between the 2029 and 2033 bonds and provides councils with a new benchmark bond maturity to borrow into. We continued to issue long dated bonds (April 2033s and 2037s) providing councils with the opportunity to extend their borrowing if desired. Both bond tenders were successful.

LGFA entered into standby facility agreements of \$420 million during the quarter, bringing total standby facilities outstanding to \$520 million.

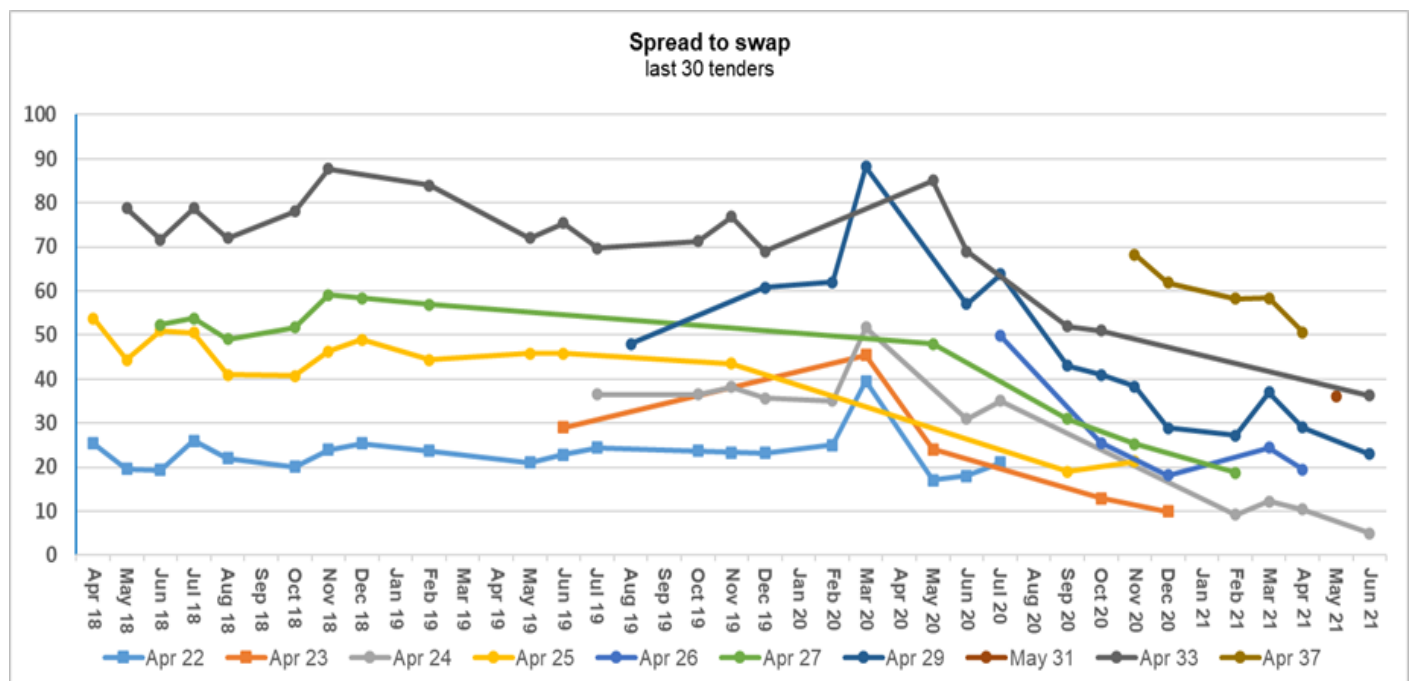
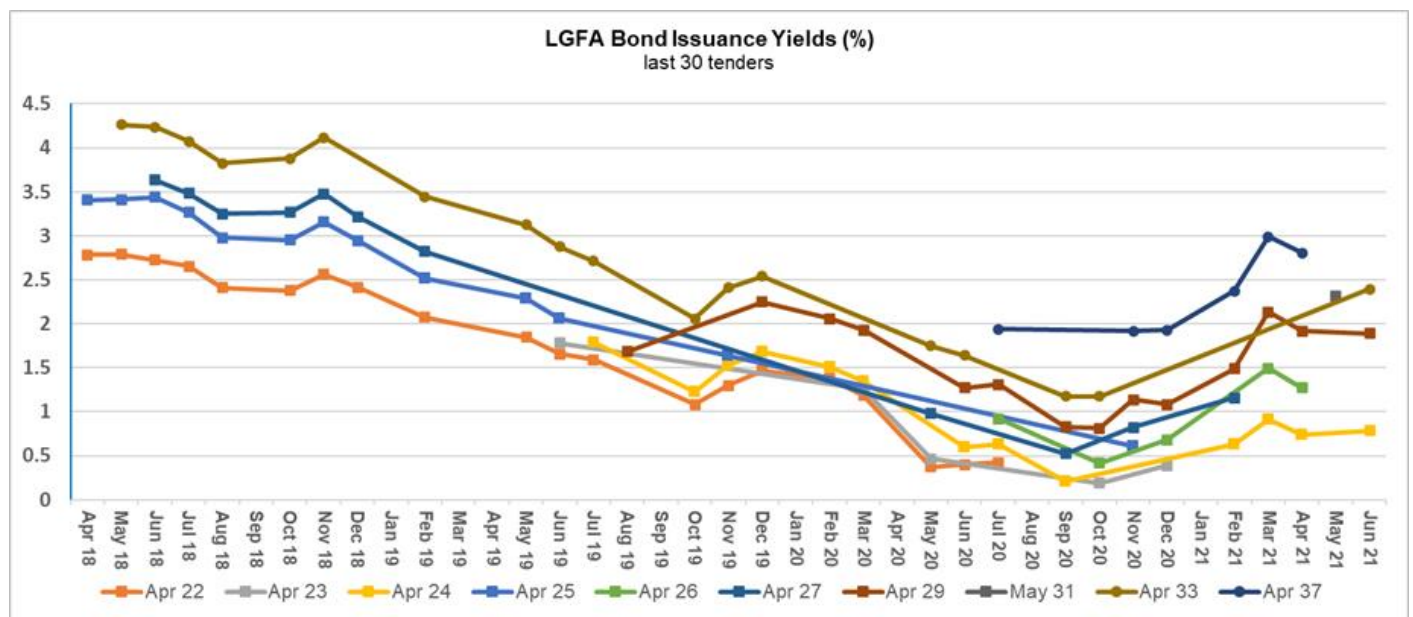
The LGFA bond yield curve flattened over the quarter, reversing the steepening that had occurred over the previous six months. Front end yields (2024s) rose by 20 bps while long dated yields (2037s) fell by 20 bps with the curve pivoting near the 2027s. The curve flattening led by a fall in long end rates was the same movements for global bond markets as most central banks began considering tapering Quantitative Easing and markets began pricing in rate hikes by Central Banks.

LGFA borrowing margins to swap were mixed with spreads on the 20204 through 2026 maturities narrowing by 9 bps but the spread to swap on the 2037s widened by 1 bps over the quarter. LGFA spreads to NZGB narrowed over the quarter as the RBNZ reduced its weekly purchases of NZGBs bonds through the Large-Scale Asset Purchase (LSAP) programme resulting in net issuance of NZGBs for the first time in over a year.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

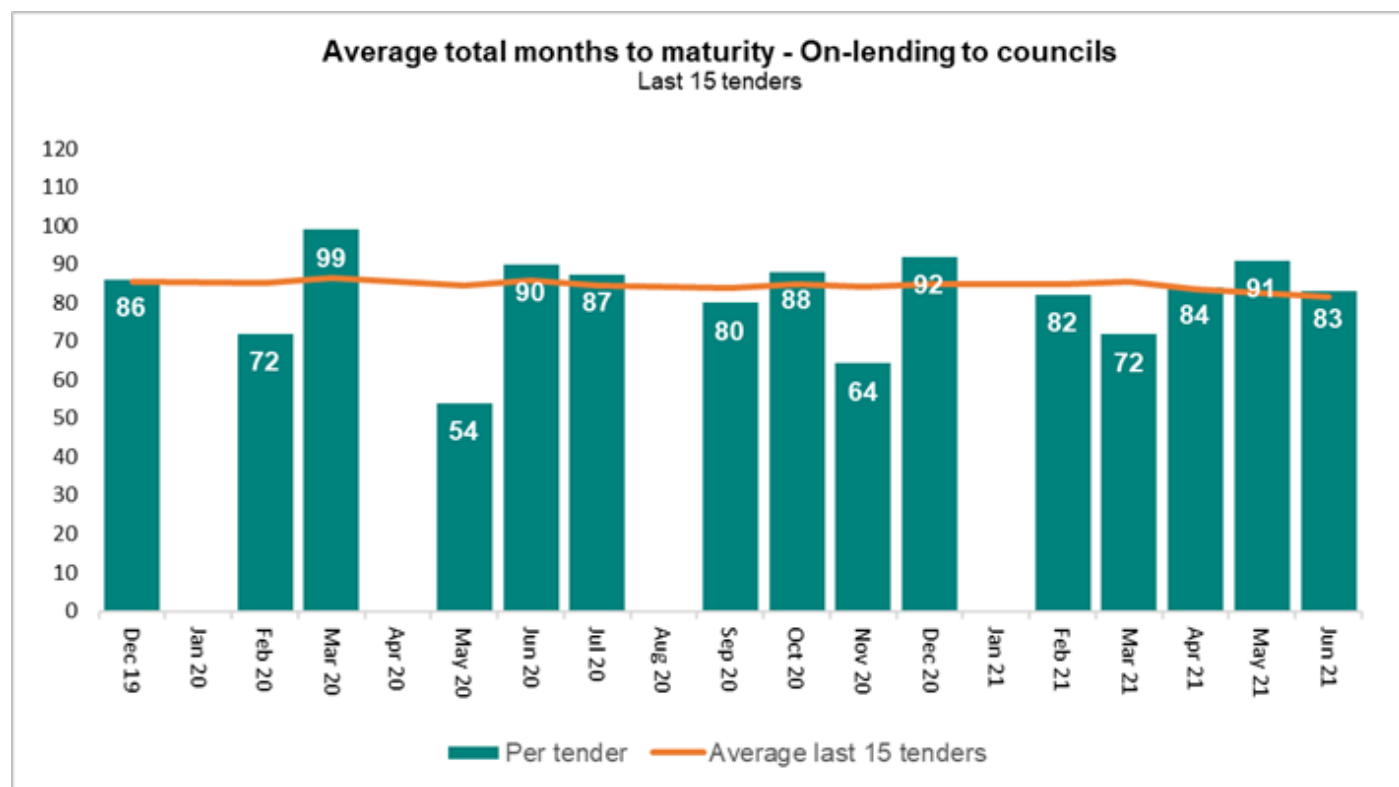
We closely monitor the Kauri market for ongoing supply and price action as this other high-grade issuance by “AAA” rated Supranational issuers such as the International Finance Corporation (IFC), Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) influences LGFA demand and pricing. These borrowers are our peer issuers in the NZD market and have the most influence on our pricing. The June quarter was a busy period for Kauri bond issuance with \$3.025 billion of issuance with maturities ranging from 2 years to 10 years. Both the World Bank and our Norwegian peer agency (KBN) issued \$1 billion of bonds each during the quarter. Issuance activity improved on the previous quarters as there were a large amount of maturing Kauri bond issues during the quarter and there had been a smaller than normal amount of issuance the previous quarter.



Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

The average borrowing term (excluding short-dated borrowing) for the March quarter by council members was 5.97 years which was longer than the average term of 5.42 years for the year to June 2020 but shorter than the prior two quarters. Councils for several reasons remain reluctant to borrow beyond ten years despite tight credit spreads.



Short-term borrowing by councils with loan terms of between one month and 12 months remains well supported with \$287.6 million outstanding as of 30 June 2021 to twenty-five councils. The number of councils using this product declined by one over the quarter while the total amount outstanding decreased by \$10 million.

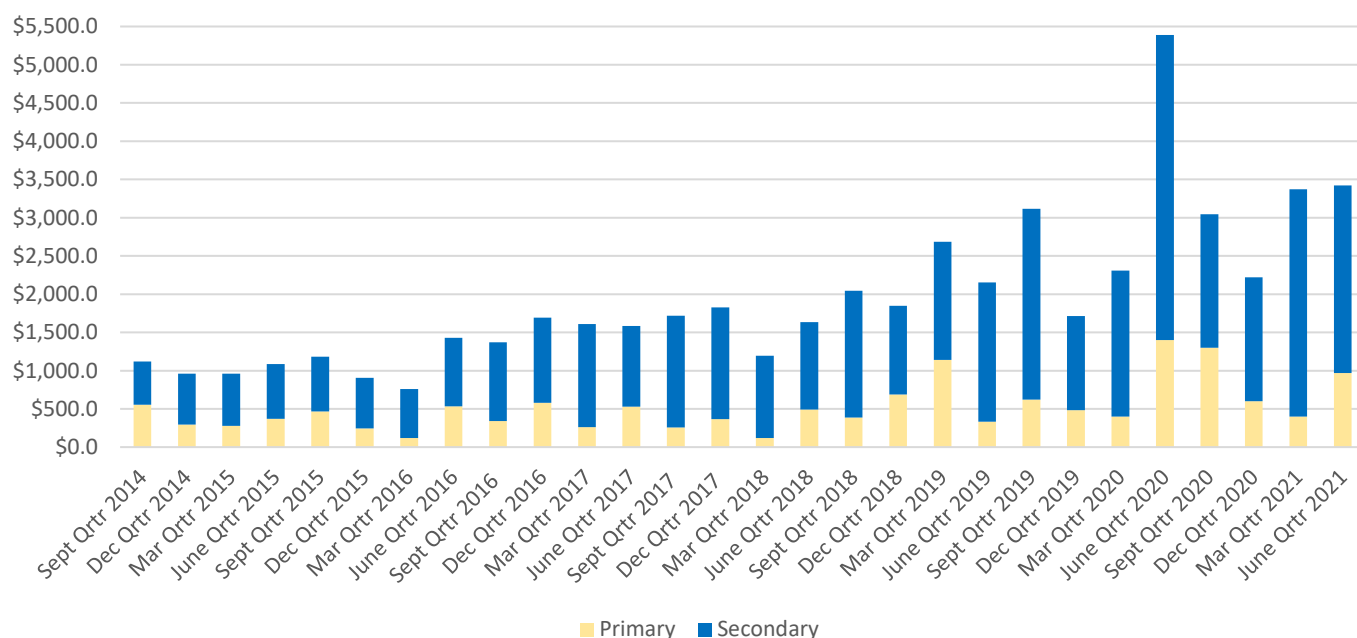
For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in LGFA bonds. The primary market is the new issuance market, and we measure strength with participation by investors at our tenders through bid-coverage ratios and successful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

Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the quarter was the second highest on record and just ahead of the March 2021 quarter. There was \$970 million of primary issuance and \$2.45 billion of secondary market activity in LGFA bonds during the quarter.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

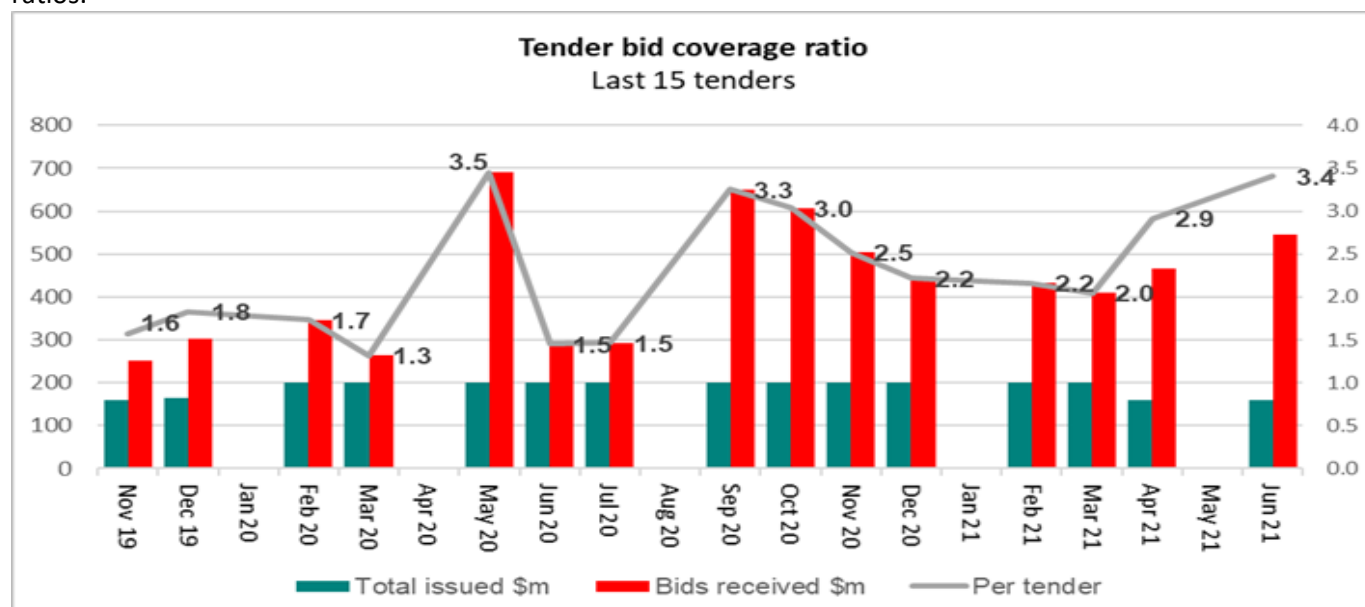
LGFA Primary and Secondary Market Activity - Quarterly (NZ\$ million)



LGFA commenced issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at 30 June 2021 there were \$610 million of LGFA Bills on issue. We use proceeds from LGFA bills to fund short term lending to councils and invest the balance in our liquid asset portfolio.

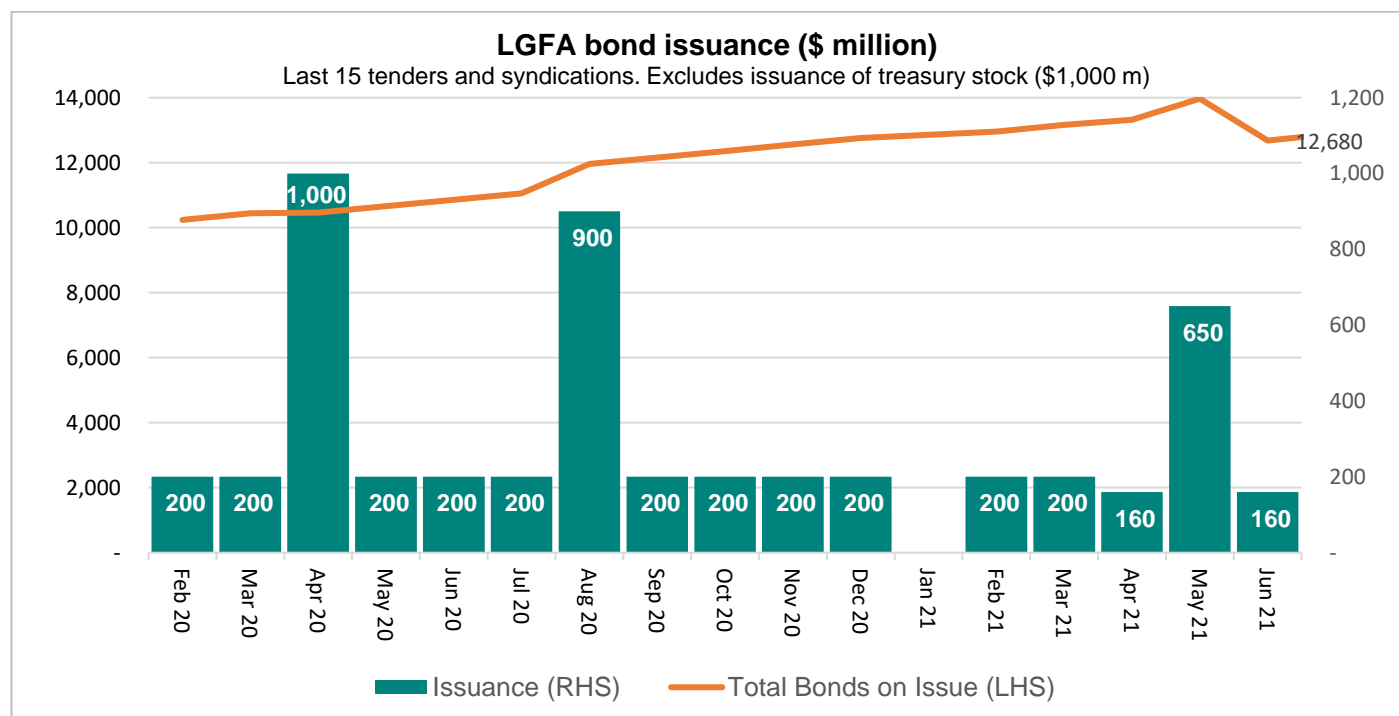
LGFA documented an Australian Medium-Term Notes Programme in November 2017. We have no immediate intention to use this programme, but it provides flexibility if there is a market disrupting event in the future.

Over the past quarter we have seen strong support for our bond tenders with higher-than-normal bid coverage ratios.



Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021



We survey our council members each year on their satisfaction with LGFA and the latest stakeholder survey result in August 2020 was a 99% result to the question “How would you rate LGFA in adding value to your borrowing requirements?”. We also received a 97% result to the question “How satisfied are you with the pricing that LGFA has provided to your Council?”

Primary Objective:

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

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

We have met with all seventy-two councils over the past fifteen months to June 2021. LGFA continues to review council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list. We have been engaging with councils as they released their Draft and Final Long-Term Plans if we had any concerns with them.

No council has yet to request to LGFA that they be measured on a group basis.

During the quarter, we continued to focus on exploring opportunities in the Green, Social and Sustainable (“GSS”) lending to councils. We appointed Nick Howell to a newly created position as Head of Sustainability and Nick is

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

working on introducing a GSS lending programme for councils and establishing a Sustainability Committee within LGFA. LGFA was also certified as carbonzero by Toitu Envirocare on 30 June 2021.

The Board and management met with representatives from Central Government on the proposed water reforms and provided feedback. We held investor conference calls for investors and banks relating to bond issuance and provided updates on the impact on the local government sector from COVID-19. We met with NZTA and NZ Green Investment Finance during the quarter to share ideas on local government sector funding and financing.

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

Additional objectives (Section 3 of SOI)

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

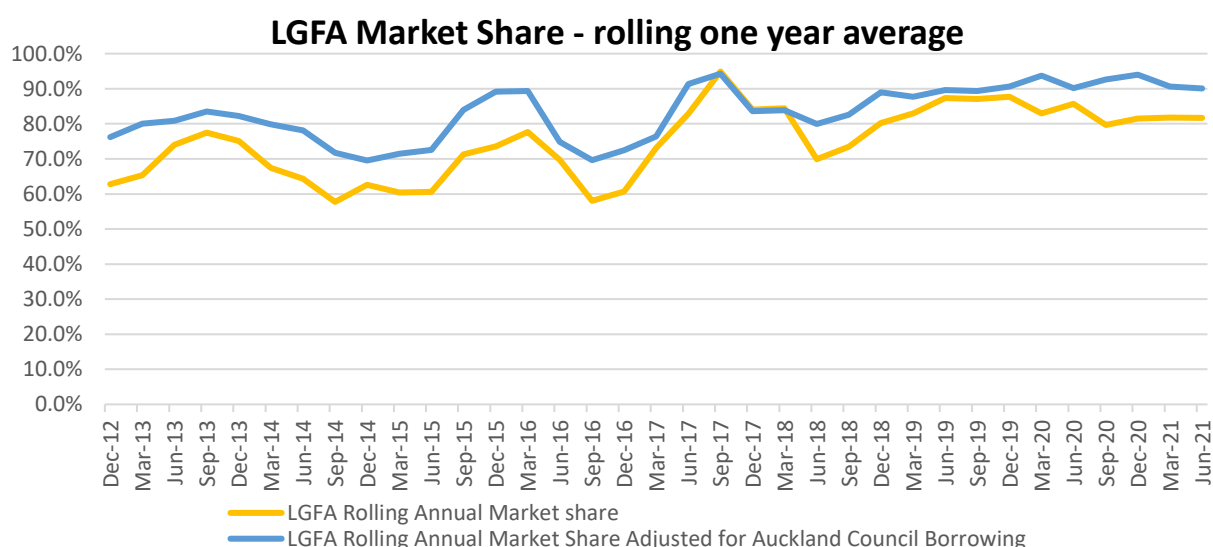
LGFA has an annual review process regarding our credit ratings from Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") and meets with both agencies at least annually.

On 22 February 2021, S&P upgraded our long-term local currency credit rating to AAA and our long-term foreign currency credit rating to AA+. Both ratings are the same as the New Zealand Government.

On 28 January 2020 Fitch placed our foreign currency credit rating of AA on positive outlook but left the local currency credit rating unchanged at AA+ with a stable outlook.

- 2. Provide at least 85% of aggregate long-term debt funding to the Local Government sector.**

We use the PwC Local Government Debt Report as our source of market share. Our estimated market share for the rolling twelve-month period to 30 June 2021 was 81.6%. If we adjust for Auckland Council borrowing, then it increases to 90.1%. This compares to a historical average of 73.7% and our market share remains high compared to our global peers.

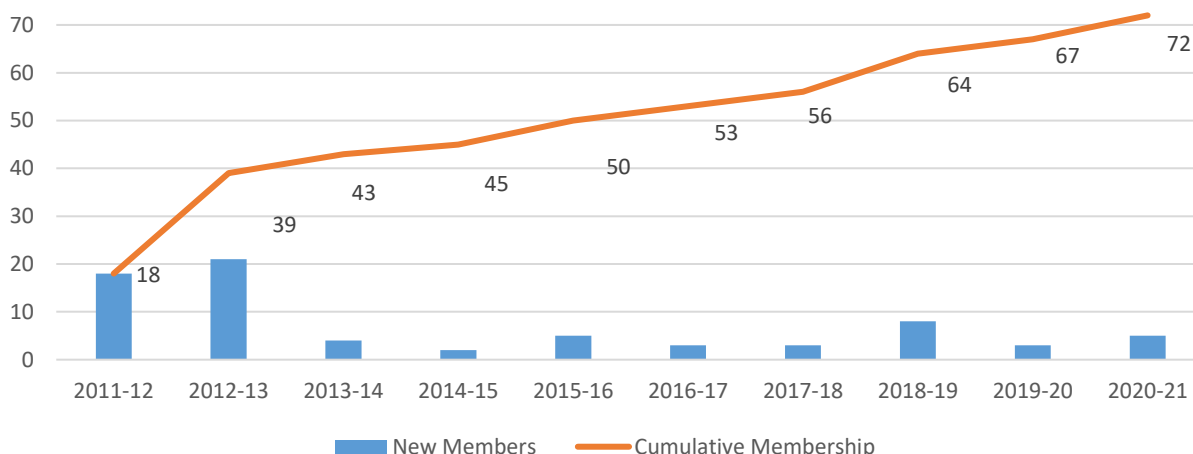


Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

As at 30 June 2021, there are seventy-two participating local authority members of LGFA. No councils joined LGFA during the quarter, but we expect a further three councils to become members in the next twelve months. The number of guarantors remained unchanged at sixty-three.

Council Membership (as at 30 June 2021)



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

For the twelve-month period to 30 June 2021, Net Interest Income (“NII”) was estimated by management on an unaudited basis to be \$708k above budget while expenses are \$255k below budget. Net Operating Gain of \$12.01 million was \$1.15 million above budget.

Included in the NII is the unrealised mark to market movement in fixed rate swaps that are not designated effective for hedge accounting purposes. We have used these swaps to reduce exposure to fixed rate loans made outside of the normal tender process and to reduce mismatches between borrowing and on-lending terms in our balance sheet. The unrealised loss increases as interest rates fall but turns to a profit if interest rates rise. Due to a rise in interest rates since June 2020, the year-to-date revaluation is a profit of \$1.19 million.

Expenses for the twelve-month period forecast by management and on an unaudited basis were \$7.714 million which is \$255k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$2.62 million were \$90k below budget. A larger amount of bond issuance and short-term lending increased these costs relative to budget, primarily in relation to higher NZX, registry and legal costs. These were offset from lower fees than budgeted relating to the NZ Government Liquidity Facility.
- Operating costs at \$4.04 million were \$13k below budget due to lower travel and IT consulting costs offset by higher legal and personnel costs relative to budget. We have added two part time staff positions in the past year that were not budgeted for.
- Approved Issuer Levy (AIL) payments of \$1.055 million were \$152k below budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment for a small number of LGFA bond maturities and offshore investor holdings are slightly below our SOI forecasts.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021



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

See Section D on page 6 of this report.

For the financial year ended 30 June 2021 we achieved nine out of the ten performance targets.

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

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

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

There were no compliance breaches during the twelve-month period ending 30 June 2021.

7. Assist the local government sector with their COVID-19 response.

Shareholders on 30 June 2020 approved a change to the Foundation Policy covenants. For the financial year ending 30 June 2021 the net debt/total revenue covenant for council borrowers with an external credit rating of at least 'A+' has been increased from 250% to 300%. This is to provide short term relief from a temporary reduction in revenue and allows councils to coinvest alongside central Government in infrastructure projects in response to COVID-19

As mentioned previously, LGFA has been contributing expertise to the Ratepayer Financing Scheme project that if successful could offer temporary financial relief to ratepayers via rates postponement.

LGFA has introduced a new lending Standby Facility product that will provide greater certainty of access to emergency funding for councils at a lower cost than going to the traditional bank provider. This has been well supported by councils with \$515 million of standbys written with eight councils.

LGFA has extended the longest dated lending maturity for councils from 2033 to 2037 to enable councils to be better match assets with liabilities and to benefit from record lows in interest rates and borrowings spreads.

F. Investor relations

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

Over the three-month period to 30 June 2021 we issued \$970 million of LGFA bonds while the May 2021 LGFA bond maturity of \$1.45 billion was repaid. The change in holdings amongst our investor groups during the quarter was

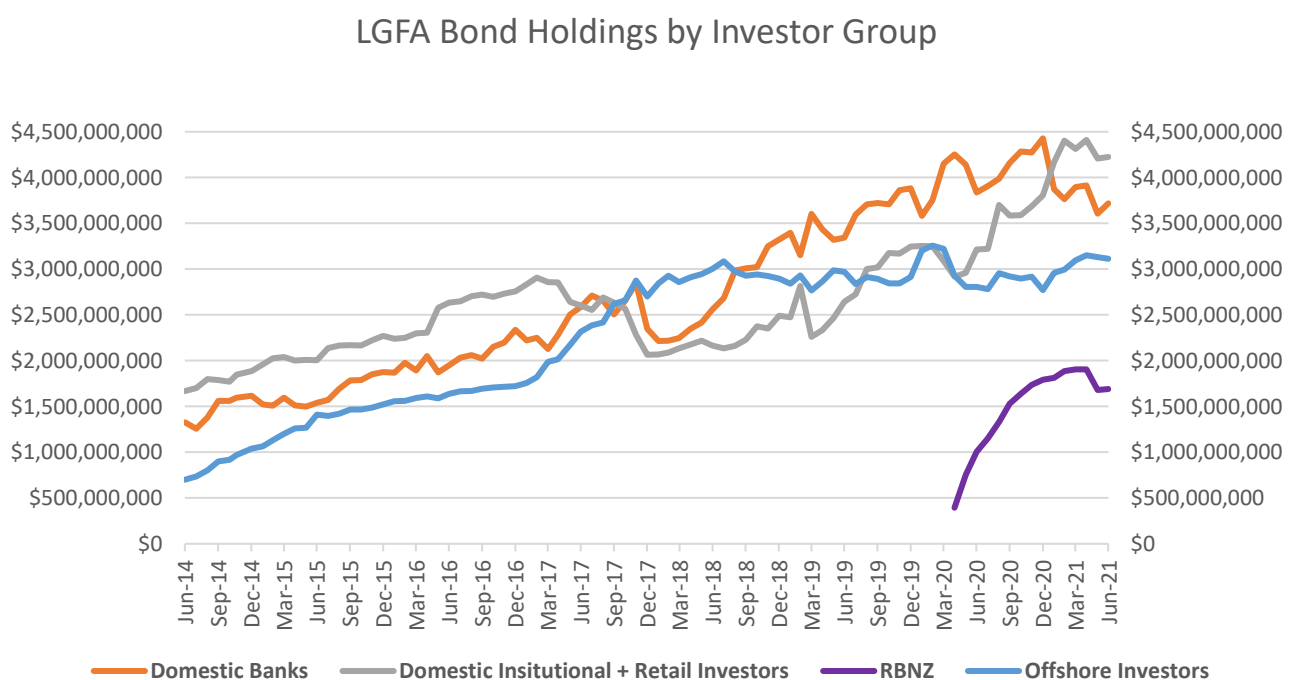
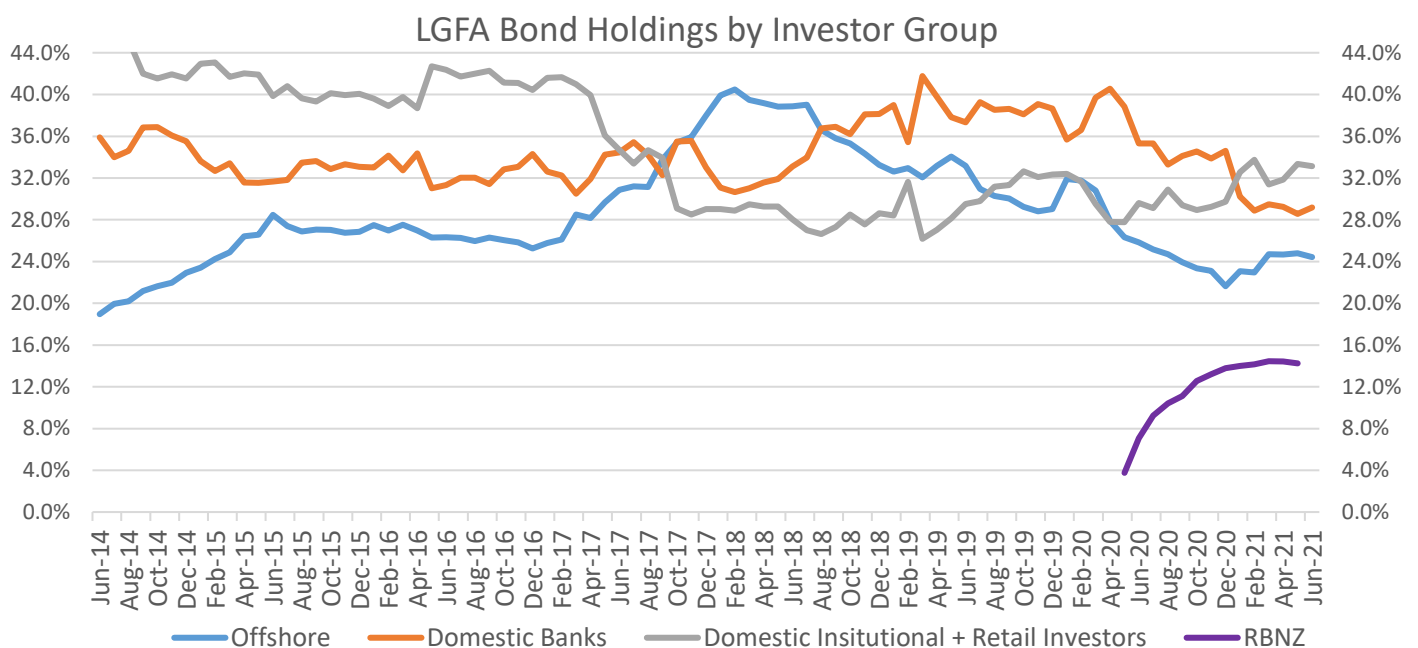
- Offshore investor holdings decreased by \$147 million (but increased by \$308 million from 30 June 2020) and holdings are estimated to be \$3.11 billion on 30 June 2021.
- Domestic bank holdings decreased by \$178 million (and down \$118 million from 30 June 2020), and holdings are estimated to be \$3.72 billion on 30 June 2021.
- Domestic investor (retail and institutional) holdings increased by \$78 million (and up \$947 million from 30 June 2020), and holdings are estimated to be \$4.22 billion as of 30 June 2021.

Quarterly Report

Quarter 4: 2020 - 2021
Period ended: 30 June 2021

- The Reserve Bank of New Zealand (RBNZ) reduced their holdings by \$216 million over the quarter as the May 2021 bonds matured and held \$1.69 billion as of 30 June 2021.

The change in holdings data is distorted by the May 2021 bond maturity with offshore and domestic bank holding a large proportion of this maturity and they did not reinvest all the maturity proceeds into the new ten-year bond (May 2031) on the maturity date. The additional supply of Kauri bonds did however reduce investor demand for LGFA bonds, but LGFA had been the beneficiary of very little Kauri bond issuance in the previous two quarters.



LGFA Guarantors as at 26 July 2021 (alphabetical order)	Long Term Issuer Credit Rating		
	S&P Global Ratings	Fitch Ratings	Moodys
Ashburton District Council		AA+	
Auckland Council	AA		Aa2
Bay of Plenty Regional District Council	AA		
Canterbury Regional Council		AA+	
Central Hawke's Bay District Council			
Central Otago District Council			
Christchurch City Council	AA-		
Clutha District Council			
Far North District Council			
Gisborne District Council			
Gore District Council			
Greater Wellington Regional Council	AA+		
Grey District Council			
Hamilton City Council	AA-		
Hastings District Council	AA (negative)		
Hauraki District Council			
Horizons Regional Council			
Hawkes Bay Regional Council			
Horowhenua District Council	A+		
Hurunui District Council			
Hutt City Council	AA		
Invercargill City Council		AA+	
Kaipara District Council			
Kapiti Coast District Council	AA		
Manawatu District Council			
Marlborough District Council	AA+		
Masterton District Council			
Matamata-Piako District Council			
Napier City Council			
Nelson City Council	AA		
New Plymouth District Council	AA+		
Northland Regional Council			
Otorohanga District Council			
Palmerston North City Council	AA		
Porirua City Council	AA		
Queenstown Lakes District Council		AA-	
Rotorua Lakes District Council		AA-	
Ruapehu District Council			
Selwyn District Council		AA+	
Southland District Council			
South Taranaki District Council	AA		
South Waikato District Council			
South Wairarapa District Council			
Stratford District Council			
Taranaki Regional Council			
Tararua District Council			
Tasman District Council	AA (negative)		
Taupo District Council	AA+		
Tauranga City Council	A+		
Thames-Coromandel District Council			
Timaru District Council		AA-	
Upper Hutt City Council			
Waikato District Council			
Waikato Regional Council			
Waimakariri District Council	AA		
Waipa District Council		AA-	
Waitaki District Council			
Waitomo District Council			
Westland District Council			
Wellington City Council	AA+		
Western Bay of Plenty District Council	AA (positive)		
Whakatane District Council			
Whanganui District Council	AA		
Whangarei District Council	AA+		

11 Meeting Closed