

ORDER PAPER

FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Thursday, 24 February 2022

Time: 9.30 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Cr Nigel Belsham

Deputy Chair: Cr Fi Dalgety

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

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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, 24 February 2022 at 9.30 am.

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AGENDA

1 Welcome / Prayer

2 Apologies

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

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

5 Confirmation of Order of Business

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

6 Confirmation of Minutes

6.1 Confirmation of Minutes

Author: Ash Garstang, Governance Advisor

1. Reason for Report

- 1.1 The minutes from the Finance/Performance Committee meeting held on 27 January 2022 are attached.

Attachments

1. Finance/Performance Committee Meeting - 27 January 2022

Recommendation

That the minutes of the Finance/Performance Committee meeting held on 27 January 2022, **[as amended/without amendment]**, be taken as read and verified as an accurate and correct record of the meeting, and that the Chair's electronic signature be added to the official minutes document as a formal record.

MINUTES

UNCONFIRMED: FINANCE/PERFORMANCE COMMITTEE MEETING

Date: Thursday, 27 January 2022
Time: 1.00 pm
Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present

Cr Nigel Belsham
Cr Fi Dalgety [*via Zoom*]
Cr Cath Ash [*via Zoom*]
Cr Brian Carter
Cr Angus Gordon
Cr Tracey Hiroa [*via Zoom*]
Cr Waru Panapa
Cr Dave Wilson
Cr Gill Duncan [*via Zoom*]
HWTM Andy Watson

In attendance

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

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1 Welcome

Cr Belsham opened the meeting at 1.01 pm.

2 Apologies

No apologies.

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

No conflicts of interest were declared.

5 Confirmation of Order of Business

No changes to the order of business.

6 Confirmation of Minutes

Resolved minute number 22/FPE/001

That the minutes of the Finance/Performance Committee meeting held on 16 December 2021, as amended, be taken as read and verified as an accurate and correct record of the meeting, and that the Chair's electronic signature be added to the official minutes document as a formal record.

Amendment: Cr Gill Duncan attended the meeting in person, and Cr Cath Ash attended the meeting via Zoom.

Cr G Duncan/Cr B Carter. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Finance/Performance Meetings

In response to a query about the carry-over for the Hereford Heights Intersection, Mr Benadie advised that this carry-over was due to the invoicing being completed in this financial year. The final invoicing does not exceed the original allocated budget.

The Committee requested that staff provide an update on the item regarding what forestry holdings Council has. Mr Tombs will advise Committee members before the next meeting.

Resolved minute number 22/FPE/002

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

Cr A Gordon/Cr B Carter. Carried

8 Chair's Report

8.1 Chair's Report - January 2022

Cr Belsham noted that rainfall in late December 2021 had caused some damage in the district. Mr Benadie advised that he had met with Waka Kotahi regarding this, and that they will come back to staff with an approved work programme.

Resolved minute number 22/FPE/003

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

Cr N Belsham/HWTM A Watson. Carried

9 Reports for Decision

9.1 Guidelines on Postponed or Cancelled Events/Initiatives

In response to a query, Cr Belsham advised that the grant assessors fund against an applicant's budget in its entirety, and that it would impractical to approve funding for specific expenditure items.

Resolved minute number 22/FPE/004

That the report 'Guidelines on Postponed or Cancelled Events/Initiatives' be received.

Cr D Wilson/Cr B Carter. Carried

Resolved minute number 22/FPE/005

That the guideline documents for both the Events Sponsorship Scheme (ESS) and Community Initiatives Fund (CIF) be updated to reflect the below:

- a. An event/initiative will be deemed to be 'postponed' if the recipient of Council funds intends to hold a re-scheduled occurrence within six months of the original start date, and if there are not going to be any significant changes to the declared budget.
- b. Any event/initiative not meeting the above criteria will be deemed to be 'cancelled'.

Cr D Wilson/Cr W Panapa. Carried

Resolved minute number 22/FPE/006

That the guideline documents for both the Events Sponsorship Scheme (ESS) and Community Initiatives Fund (CIF) be updated to reflect the below:

- a. Any recipient of Council funds under the ESS and CIF grants that 'cancel' their event/initiative will be required to refund this money back to Council.
- b. Council funds that have already been spent prior to the cancellation will not need to be refunded, noting that evidence of expenditure will be required from the recipient.

Cr D Wilson/Cr B Carter. Carried

10 Reports for Information

10.1 Financial Snapshot - December 2021

Mr Tombs advised that staff will bring a more detailed mid-year report to the Committee's February meeting.

In response to a query about variances and anomalies in the report, Mr Tombs advised that these are due to timing delays and can be partly resolved by having a "full-year" column instead of a "year-to-date" column. However, some of the timing differences are due to contractors not invoicing Council immediately after completing work.

The Mayor noted that long-term projects, particularly those that extend beyond this financial year, could face high cost rises due to a large increase in the consumer price index.

Cr Hiroa left the meeting at 1.40 pm.

The Mayor noted that the loss of water assets to the Three Waters Reform may affect Council's ability to fund projects in the future. Staff acknowledged that there was a lot of uncertainty surrounding this and that it would continue to be a challenging issue.

In response to a query about the high variance for personnel costs, Mr Tombs advised that a particular area of work had originally been earmarked for contractors to complete and it was later decided that staff would undertake the work instead. Mr Tombs undertook to provide a more detailed explanation and he will update the Committee at a later date.

The Committee noted that the three budget items relating to the Taihape capital projects on page 25 was confusing. Mr Tombs advised that one of the items is a carry-over from the last financial year and he will re-name the items to make this clearer.

Cr Hiroa returned to the meeting at 1.49 pm.

Resolved minute number 22/FPE/007

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

Cr D Wilson/Cr T Hiroa. Carried

Resolved minute number 22/FPE/008

That the Finance/Performance Committee recommend to Council the removal of the \$1.97m 'New Marton Admin and Library – Construction' 2021/22 capital budget, noting that a separate capital budget (Marton Building and Construction), based on more current figures, also exists and is for the same Project.

Cr N Belsham/Cr D Wilson. Carried

10.2 QV Monthly Report - November 2021

In response to a query, Cr Dalgety confirmed that objections on QV valuations need to be raised during the valuation period – they cannot normally be raised on an ad hoc basis.

Resolved minute number 22/FPE/009

That the QV Monthly Report - November 2021 be received.

HWTM A Watson/Cr B Carter. Carried

10.3 Treasury and Debt - December 2021

Taken as read.

Resolved minute number 22/FPE/010

That the report 'Treasury and Debt - December 2021' be received.

Cr A Gordon/Cr B Carter. Carried

10.4 HappyOrNot Report - December 2021

In response to a query, Mrs Gordon undertook to investigate the high percentage of negative responses on 28 Dec 21 and to provide an explanation on this at a later date.

In response to a query about how staff are ascertaining the nature/content of specific complaints, staff advised that this information can be sourced from the Request for Service (RFS) system and

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ATTACHMENT 1

from Statement of Service Performance (SSP) reporting. Additionally, staff would raise any significant issues with elected members, as has been done previously.

In response to a query about the 'fix-it' process changes, Mrs Gordon advised that this work is pending as staff are waiting for a technical update to the programme to be applied by Magiq. There is also a slight delay to installing QR codes at sports grounds, due to an unexpected staff absence.

Resolved minute number 22/FPE/011

That the HappyOrNot Report – December 2021 be received.

Cr G Duncan/Cr T Hiroa. Carried

The meeting closed at 2.12 pm.

The minutes of this meeting were confirmed at the Finance/Performance Committee held on 24 February 2022.

.....
Chairperson

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Finance/Performance Meetings

Author: Ash Garstang, Governance Advisor

1. Reason for Report

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

2. Decision Making Process

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

Attachments

1. **Follow-up Actions Register**

Recommendation

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

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	27-Jan-22	Regarding the high percentage of negative responses within the HappyOrNot system on 28 Dec 21: Staff will investigate and provide some context around the cause of this.	Carol Gordon	An email was sent to elected members on 31 January 2022, with an explanation.	Closed
2	27-Jan-22	Regarding the three budget items for Taihape on p. 25 of the Order Paper: Staff will re-name these items to make it clearer that one of them is a carry-over from the last financial year.	Dave Tombs	Carry forward item now clearly identified.	Closed
3	27-Jan-22	Regarding the high variance in personnel costs: Cr Belsham requested that staff provide a more detailed explanation on the causes for these figures (p. 16 and p. 20 of the Order Paper).	Dave Tombs	Detailed explanation provided to the February Finance/Performance Committee meeting.	Closed
4	27-Jan-22	As per resolutions 22/FPE/005 and 22/FPE/006 : Staff to update the guidelines for the Events Sponsorship Scheme and Community Initiatives Fund to reflect the new changes regarding 'cancelled vs postponed' projects.	Ash Garstang	The guidelines are now updated and uploaded on their respective Council webpages.	Closed
5	27-Jan-22	Mr Benadie to bring a report to the Assets/Infrastructure Committee around funding to repair damage that was caused by the heavy rainfall in late December 2021.	Arno Benadie	This will be presented to the next Assets / Infrastructure Committee meeting in April 2022.	In progress
6	16-Dec-21	Mr Tombs will investigate and provide clarity around the operational savings (the removal of material damage additional cover and the increase in deductibles on material damage), and whether these savings have been accounted for in the new insurance premiums.	Dave Tombs	Summary provided in Insurance Costs Approval paper presented to Finance/Performance Committee February 2022.	Closed
7	16-Dec-21	The guidelines on cancelled or postponed events are to be reviewed by staff (for both the Community Initiatives Fund and Events Sponsorship Scheme).	Ash Garstang	A report is included within the Order Paper for the 27 January 2022 meeting.	In progress
8	28-Oct-21	Regarding the 'Total Sales by Rating Category Group' graph (pg 31 of Order Paper): Cr Gordon asked if it was possible to see more detailed information on this, such as the price per hectare. Staff will check if they have more detailed information on this.	Dave Tombs / Karin Cruywagen	Providing this extra information will require considerable configuration and testing to the current report. Staff will aim to look into this further in the new year.	In progress
9	30-Sep-21	Staff to upload future Statement of Service Performance dashboards to Council's website, once they have been received by the F/P Committee.	Carol Gordon	The dashboard and supporting information will be uploaded to Council's website once it has been sent to the Finance / Performance Committee as part of the February committee agenda.	In progress
10	26-Aug-21	Regarding 10.1 Rubbish & Recycling Activity Performance Report, page 34 - User fees & charges over budget by \$135k. Question - do we know what the split is of commercial users vs private users? Is this increase from commercial activities / commercial dumping?	Jess Mcilroy	This information needs to be provided by the operator, once the response has been received it will be emailed out to Committee Members.	In progress
11	25-Feb-21	Staff to review what forestry holdings Council has.	Dave Tombs	Forestry Report, as at June 2021, distributed by email 9 Feb 2022 and included in Finance/Performance Committee Feb 2022.	Closed
12	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 - February 2022

Author: Nigel Belsham, Chair

1. Reason for Report

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

Recommendation

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

9 Reports for Information

9.1 Financial Snapshot - January 2022

Author: Hilary Walker, Management and Systems Accountant

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide Committee Members with a summary of Council's Mid-Year Budget Review and with its latest management accounts and related commentary.

2. Mid-Year Budget Review – Capital Expenditure

- 2.1 Based on current predictions, and assuming 'normal business conditions' continue, Officers predict that:
 - 2.1.1 around \$31.4m of the 2021/22 Capital Budget will be spent prior to 30 June 2022; and
 - 2.1.2 \$16m will be carried forward into 2022/23.
- 2.2 A summary of these capital budgets is attached.

3. Mid-Year Budget Review - Revenue

- 3.1 Based on current predictions, and assuming 'normal business conditions' continue, Officers predict that:
 - 3.1.1 Up to \$1.5m of the 2021/22 Revenue Budget relating to Low Cost Low Risk work will likely be deferred to 2022/23 and 2023/24 (as will the related capital expenditure); and
 - 3.1.2 around \$200k of unbudgeted revenue was received from the sale of land that was not budgeted to be sold.

4. Mid-Year Budget Review – Operating Expenditure

- 4.1 Based on current predictions, and assuming 'normal business conditions' continue, Officers have identified the following items of unbudgeted operating expenditure for 2021/22:
 - 4.1.1 Survey on Earthquake Rating for Council owned buildings (\$150k); and
 - 4.1.2 Security Guards at Council owned buildings to help control visitors' compliance with COVID requirements (\$150k); and
 - 4.1.3 Insurance costs (\$150k) due to more up to date asset valuations being provided; this increase is after insurance deductions from other insurance related initiatives; and
 - 4.1.4 Up to \$200k related to Putorino Landfill costs – refer 27 January 2021 PX Council paper; and
 - 4.1.5 Up to \$100k in relation to Hunterville water treatment plant consenting costs (some of this will be capital) – refer Council paper 30 September 2021.

5. Mid-Year Budget Review – Personnel Costs

5.1 The following adverse YTD Personnel Cost budget variances (>5%) were reported at the end of January. Personnel Costs Budget savings elsewhere result in Council, overall, reporting an adverse variance of \$228k at the end of January 2022:

5.1.1 Asset Services \$137k (YTD Actual \$249k; YTB Budget \$122k)

- Only the first quarter's PMO wages have been capitalised; subsequent PMO wages to be capitalised will significantly reduce this variance

5.1.2 Information Services \$28k (YTD Actual \$358k; YTD Budget \$330k)

- \$22k wages to be capitalised which will significantly reduce this variance

5.1.3 Property \$27k (YTD Actual \$352k; YTD Budget \$325k)

- Combination of staff leaving and being paid out their leave and 'cashing in' some accumulated leave

5.1.4 District Promotions \$100k (YTD Actual \$152k; YTD Budget \$52k)

- District Promotions Strategy has a YTD \$217k Other Operating Expense budget and related expenditure of \$23k. The salaries that give rise to this variance are being funded from this budget.

5.1.5 Building \$78k (YTD Actual \$259k; YTD Budget \$181k)

- Offset by budget savings in Contractors and Professional Services (YTD Actual Costs \$74k; YTD Budget \$155k) – i.e. the budget was set based on acquiring these services via a Contractor; they have actually been sourced via an Employment arrangement.

6. Mid-Year Budget Review – Depreciation

6.1 From an accounting perspective, the unbudgeted Operating Expenditure costs are offset by Depreciation, which is expected to be around \$1m to \$1.2m under budget.

7. Activity Performance Reports

7.1 The attached Departmental Activity Performance Reports provide commentary on Departmental operational budget variances in excess of \$100k (excluding Depreciation).

7.2 Consistent with previous months, most YTD budget variances are timing differences which will correct themselves during the coming months.

7.3 Covid has made some of these timing differences larger than would otherwise have been the case (especially in the Roding and Footpath results).

8. Capital Expenditure**Year To Date Summary**

8.1 The attached summary shows the budget variances split by cost centre with the larger budgets (>\$500k) being shown separately.

8.2 The 2021/22 capital budgets incorporate the amended project budgets approved at Council Meeting 16 December 2021.

ITEM 9.1

Attachments

- 1. Financial Snapshot – January 2022**

Recommendation

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

Whole of Council
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(28,674)	(32,006)	(3,332)	-10.41%	(48,288)
Subsidies and Grants	(8,307)	(11,989)	(3,682)	-30.72%	(19,283)
Other Revenue	(2,075)	(2,169)	(95)	-4.36%	(4,419)
Finance Revenue	(12)	(7)	5	71.27%	(13)
Other Comprehensive	(201)	0	201	NA	(70)
Rates	(18,078)	(17,840)	238	1.34%	(24,503)
Expense	20,723	23,575	2,853	12.10%	41,043
Other Expenses	9,209	11,447	2,238	19.55%	19,873
Personnel Costs	4,043	3,815	(229)	-5.99%	6,632
Finance Costs	51	123	72	58.34%	496
Depreciation and Amortisation	7,419	8,191	772	9.42%	14,042
Internal Charges and Recoveries	0	0	0	NA	0
Grand Total	(7,951)	(8,431)	(480)	-5.69%	(7,246)

Variances > \$100k: Comments

Rates

Allocation differences of rate remissions and penalties have caused some temporary divisional variances in the following pages.

Business Units
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(115)	655	770	117.59%	685
Subsidies and Grants	(78)	(107)	(29)	-27.11%	(184)
Other Revenue	(10)	(21)	(11)	-53.11%	(35)
Finance Revenue	(12)	(7)	5	71.27%	(13)
Other Comprehensive	(0)	0	0	0.00%	(70)
Rates	(15)	790	805	101.90%	987
Expense	151	247	96	38.91%	(43)
Other Expenses	1,444	1,953	509	26.06%	3,298
Personnel Costs	3,340	3,301	(39)	-1.18%	5,739
Finance Costs	51	123	72	58.34%	(285)
Depreciation and Amortisation	217	335	118	35.26%	574
Internal Charges and Recoveries	(4,901)	(5,465)	(564)	-10.32%	(9,369)
Grand Total	35	901	866	96.07%	642

Variances > \$100k: Comments

Other Expenses

The main causes of this variance are timing differences arising from 2021/22 Audit Fees and Insurance Fees being budgeted in advance of the costs being incurred. These will be eliminated during the 2021/22 year.

There are also a number of smaller budget variances in different areas caused by budgets being phased in advanced of the activity. These are expected to reduce through the remainder of the financial year.

Internal Charges & Recoveries

The model used to allocate budget overheads for 2021/2022 has been used to allocate the actual overheads to avoid misleading budget variances.

Community & Leisure
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(3,925)	(3,853)	73	1.89%	(5,316)
Subsidies and Grants	(152)	(95)	57	59.23%	(119)
Other Revenue	(459)	(450)	9	1.96%	(787)
Other Comprehensive	(201)	0	201	NA	0
Rates	(3,113)	(3,307)	(194)	-5.86%	(4,409)
Expense	2,402	3,049	647	21.22%	5,315
Other Expenses	1,231	1,482	251	16.95%	2,413
Personnel Costs	0	0	0	0.00%	0
Finance Costs	0	0	0	0.00%	217
Depreciation and Amortisation	726	1,095	369	33.72%	1,876
Internal Charges and Recoveries	445	472	27	5.63%	809
Grand Total	(1,523)	(804)	720	89.55%	(0)

Variances > \$100k: Comments

Other Comprehensive Revenue This relates to the sale of Walton St land.

Other Expenses This YTD Budget variance relates mainly to the timing of grant payments and is expected to be utilised during 2021/22 e.g. Parks Upgrade Partnership Scheme.

Community Leadership
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(739)	(916)	(177)	-19.31%	(1,221)
Other Revenue	(0)	0	0	0.00%	0
Rates	(739)	(916)	(177)	-19.33%	(1,221)
Expense	662	709	48	6.71%	1,230
Other Expenses	384	398	14	3.50%	696
Finance Costs	0	0	0	0.00%	0
Depreciation and Amortisation	0	1	1	NA	2
Internal Charges and Recoveries	277	310	33	10.54%	532
Grand Total	(77)	(207)	(129)	-62.60%	9

Variances > \$100k: Comments

**Community Wellbeing
Activity Performance Report
For the 7 months ended 31 January 2022**

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(1,416)	(1,105)	311	28.18%	(1,509)
Subsidies and Grants	(578)	(77)	501	653.30%	(125)
Other Revenue	(7)	(8)	0	-3.67%	(24)
Other Comprehensive	0	0	0	0.00%	0
Rates	(831)	(1,020)	(189)	-18.57%	(1,360)
Expense	937	848	(89)	-10.50%	1,509
Other Expenses	530	522	(9)	-1.67%	946
Personnel Costs	202	101	(100)	-99.00%	176
Finance Costs	0	0	0	0.00%	0
Depreciation and Amortisation	3	6	3	49.29%	10
Internal Charges and Recoveries	202	220	17	7.86%	376
Grand Total	(479)	(256)	222	86.70%	(0)

Variances > \$100k: Comments

Subsidies and Grants	An unbudgeted \$500k Community Recovery Grant was received in relation to 'Mayors Taskforce for Jobs' grant from MSD. These funds will be offset by unbudgeted expenditure.
Personnel Costs	Unbudgeted expenditure see comment above.

**Environmental & Regulatory
Activity Performance Report
For the 7 months ended 31 January 2022**

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(1,800)	(2,022)	(223)	-11.01%	(2,936)
Subsidies and Grants	0	0	0	0.00%	0
Other Revenue	(995)	(1,117)	(121)	-10.86%	(1,729)
Rates	(804)	(906)	(101)	-11.19%	(1,207)
Expense	1,550	1,707	157	9.20%	2,936
Other Expenses	249	388	139	35.86%	665
Personnel Costs	502	412	(89)	-21.67%	717
Finance Costs	0	0	0	0.00%	0
Internal Charges and Recoveries	799	906	107	11.84%	1,554
Grand Total	(250)	(316)	(66)	-20.79%	(0)

Variances > \$100k: Comments

Other Revenue	Below budget due to reduced activity; offset by corresponding decrease in expenses e.g. external contractor.
Other Expenses	see above

Roadings & Footpaths
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(10,288)	(14,971)	(4,682)	-31.28%	(24,039)
Subsidies and Grants	(4,610)	(9,300)	(4,690)	-50.43%	(16,445)
Other Revenue	(73)	(86)	(13)	-14.60%	(147)
Other Comprehensive	0	0	0	0.00%	0
Rates	(5,605)	(5,585)	20	0.36%	(7,447)
Expense	9,319	11,064	1,744	15.77%	19,428
Other Expenses	2,472	3,886	1,413	36.38%	7,029
Finance Costs	0	0	0	0.00%	93
Depreciation and Amortisation	4,688	4,769	81	1.71%	8,176
Internal Charges and Recoveries	2,159	2,409	250	10.36%	4,130
Grand Total	(969)	(3,907)	(2,938)	-75.20%	(4,611)

Variances > \$100k: Comments

Subsidies and Grant

Subsidies and Grants Revenue is \$4.7m below Budget as the activity associated with Council receiving these Roadings Subsidies has been delayed. This variance is largely a timing difference that should catch up during coming months.

However up to \$1.5m of this year's Low Cost Low Risk capital programme may be deferred to 2022/2023 as contractor resources were diverted to attending the weather related events in November/December. This resulted in a deferral in Low Cost Low Risk work which could result in some of the Subsidies & Grants income budget for this year being received next year.

Other Expenses

Other Expenses is \$1.4m behind budget and is related to the above (delay in roadings maintenance). Officers expect to be able to make up this backlog during the rest of the financial year (in the absence of any unforeseen prolonged interruption).

Rubbish & Recycling
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(1,281)	(1,193)	89	7.42%	(1,723)
Other Revenue	(464)	(388)	76	19.55%	(649)
Other Comprehensive	0	0	0	0.00%	0
Rates	(818)	(805)	13	1.58%	(1,074)
Expense	956	1,012	56	5.53%	1,723
Other Expenses	844	861	17	1.93%	1,463
Finance Costs	0	0	0	0.00%	1
Depreciation and Amortisation	14	37	23	62.39%	64
Internal Charges and Recoveries	98	114	16	14.14%	195
Grand Total	(326)	(181)	144	79.71%	0

Variances > \$100k: Comments

Water, Sewerage & Stormwater
Activity Performance Report
For the 7 months ended 31 January 2022

	2021/22 YTD Actuals January	2021/22 YTD Budgets January	2021/22 YTD Variance January	2021/22 YTD Percentage Variance January	2021/22 Total Revised Budget
	\$000	\$000	\$000		\$000
Revenue	(9,109)	(8,602)	507	5.89%	(12,230)
Subsidies and Grants	(2,889)	(2,410)	479	19.87%	(2,410)
Other Revenue	(67)	(101)	(34)	-33.99%	(1,048)
Other Comprehensive	0	0	0	0.00%	0
Rates	(6,153)	(6,091)	62	1.02%	(8,772)
Expense	4,746	4,940	194	3.92%	8,945
Other Expenses	2,054	1,957	(97)	-4.96%	3,361
Finance Costs	0	0	0	0.00%	469
Depreciation and Amortisation	1,772	1,948	176	9.05%	3,340
Internal Charges and Recoveries	920	1,035	115	11.07%	1,774
Grand Total	(4,363)	(3,662)	701	19.13%	(3,285)

Variances > \$100k: Comments

Subsidies and Grant

During 2020/21 Council received \$2.4m as part of a \$4.8m the Three Waters Stimulus Grant. The other \$2.4m has been budgeted to be received in 2021/22. Due to accounting/audit requirements \$2.1m of the 2020/21 receipt has been recorded as 2021/22 revenue. The remaining \$2.4m is being invoiced from December 2021 to June 2022. This should result in unbudgeted Income of \$2.1m for 2021/22, which is essentially the result of an accounting adjustment.

Other Expenses

The combined impacts of the unpredictability of the Tuteanui dam quality, seasonal changes and the need to pretreat the dam have resulted in more chemicals being required and an increase in expenditure. The Ratana Water Treatment plant is a very expensive plant to run to meet the required outcomes, a lot of salt is used.

For Period to 31 January 2022
Capital Expenditure +\$500k projects

Account	2021/22 YTD Actuals January	2021/22 YTD Budgets January Revised Current Year	2021/22 Total Revised Current Year	Forecast Carry Over into 2022/2023	Comments
Grand Total	6,960,688	24,888,808	49,609,445	16,006,018	
Business Units	534,178	727,510	1,202,500	113,000	
Community & Leisure Assets	1,847,535	4,894,987	11,218,996	1,571,000	
Domains					
4410170611. Taihape Amenities Detailed Design Construction bf from 20/21	309,930	970,164	1,821,000	121,000	Detailed report provided separately to Council as part of PMO Reporting
4410170630. Taihape Grandstand	41,660	500,000	1,000,000	800,000	Detailed report provided separately to Council as part of PMO Reporting
4410174501. Taihape Amenities Detailed Design & Construction	0	850,000	1,700,000		Detailed report provided separately to Council as part of PMO Reporting
Halls					
4090170607. -84 Marton Memorial Hall	539,588	50,000	750,000	50,000	Detailed report provided separately to Council as part of PMO Reporting
4090174502. Bulls Bus Lane and Hub	258,209	217,142	760,000		Detailed report provided separately to Council as part of PMO Reporting
4090174505. Marton Building Design & Construction	43,454	291,662	500,000	350,000	Detailed report provided separately to Council as part of PMO Reporting
Libraries				0	
4080170605. 68: New Marton Admin & Library - Construction	4,237	1,151,892	1,974,672		Detailed report provided separately to Council as part of PMO Reporting
Community Wellbeing	0	0	0	0	
Environmental & Regulatory	0	0	0	0	

Roading & Footpaths	3,307,158	11,489,358	21,096,945	8,725,000	
Subsidised Roothing					
70100781. Sealed Road Pavement Rehabilitation	64,292	344,030	1,204,105		Due to weather event in November/December, and the flooding event early December has resulted in a backlog of work. This plus the work programme is expected to be cleared by end of March.
70100782. Drainage Renewals	271,190	388,570	735,000		Due to weather event in November/December, and the flooding event early December has resulted in a backlog of work. This plus the work programme is expected to be cleared by end of March.
70100787. Sealed Road Surfacing	0	388,520	1,359,821		Programmed to commence in Feb 2022
70100795. Improvements- Low Cost Low Risk	228,897	3,077,288	5,007,000	1,500,000	Due to weather event in November/December, and the flooding event early December, much of the contractor resources were diverted to attending the weather related events.
7010079601. Mangaweka Bridge Construction	1,449,557	1,289,525	2,430,000		Detailed report provided separately to Council as part of PMO Reporting
Marton Rail Hub					
70100745. Marton Rail Hub	575,405	4,700,000	7,800,000	6,700,000	Detailed report provided separately to Council as part of PMO Reporting
Rubbish & Recycling	0	0	0	0	
Water, Sewerage & Stormwater	1,290,675	7,776,953	16,091,004	5,597,018	
Waste Water - Sewerage					
6070176204. 52: Wastewater Reticulation - Renewals	42,743	291,669	500,004		Spend by 30/6/2022
6070176205. 89: Wastewater Treatment - Renewals	62,191	291,669	500,004		Part of Ratana Wastewater upgrade. Detailed report provided separately to Council as part of PMO Reporting
6070176206. Marton to Bulls Pipeline	492,105	2,670,000	6,500,000		Detailed report provided separately to Council as part of PMO Reporting
6070176207. Land Purchase - Marton to Bulls Pipeline	0	700,000	1,200,000	1,200,000	Detailed report provided separately to Council as part of PMO Reporting
6070177109. Papakai Pump Station Replacement	54,957	700,000	1,200,000	1,140,000	In detail design due 28 Feb 2022. Contractor appointed - Fulton Hogan. Weather permitting due to start April 2022
6070177111. Ratana Complete Upgrade	56,523	804,284	1,915,000	1,165,000	Detailed report provided separately to Council as part of PMO Reporting
Water - District					
6060174501. 117.1: New Plant	43,215	525,000	900,000		Part of Marton Water Strategy, in detail design stage, due for completion 30 June 2022
6060174503. Marton New Bore	27,533	583,331	999,996	900,000	Detailed report provided separately to Council as part of PMO Reporting

9.2 Treasury and Debt - January 2022**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 an overview of our treasury and debt position.

2. Discussion

- 2.1 As at 31 January we had \$5.3 million available for immediate needs, and \$6.7 million in receivables.
- 2.2 Council increased its Debt from \$3m to \$8m in February 2022.

Recommendation

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

9.3 QV Monthly Report - December 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 December 2021 monthly report provided by QV.

2. Analysis

- 2.1 Sales data is tracking on a similar trend as prior year. Prior year there appears to be a steady number of sales with no spikes in data and this trend appears to be continuing through this year.
- 2.2 Buildings under construction are higher than in the previous year which would indicate the net/ gross assessments starting to rise once they are completed and may then cause the building consents completed to overtake the previous year.
- 2.3 Subdivisions this year continue to trail the previous year. The 'Subdivisions' section of the attached QV Report shows that there are currently 20 subdivisions requiring valuations which will bring the number closer.

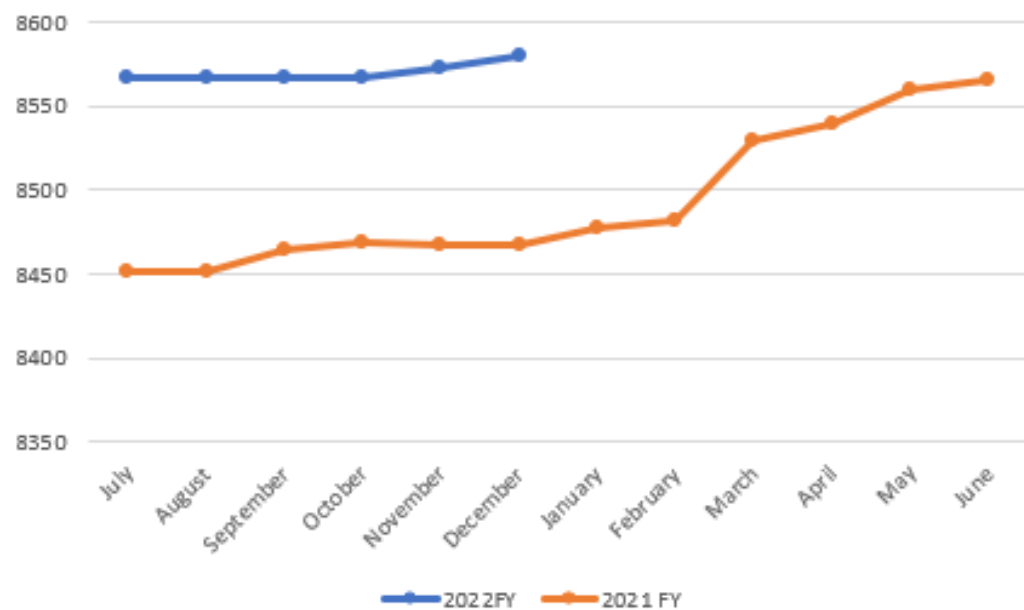
Attachments

1. QV Monthly Graph - Decmber 2021
2. QV Monthly Report - December 2021

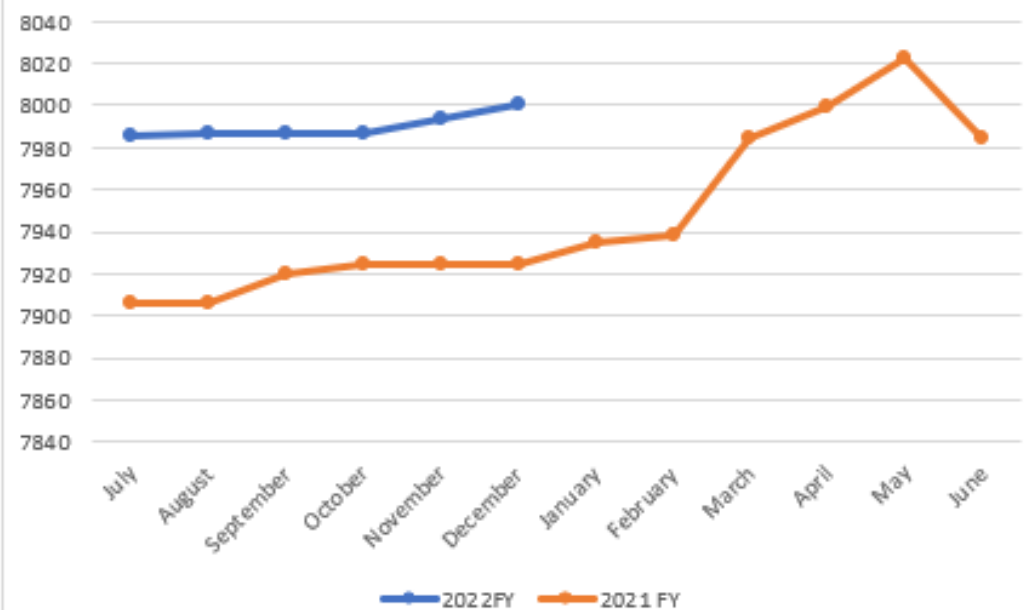
Recommendation

That the QV Monthly Report - December 2021 be received

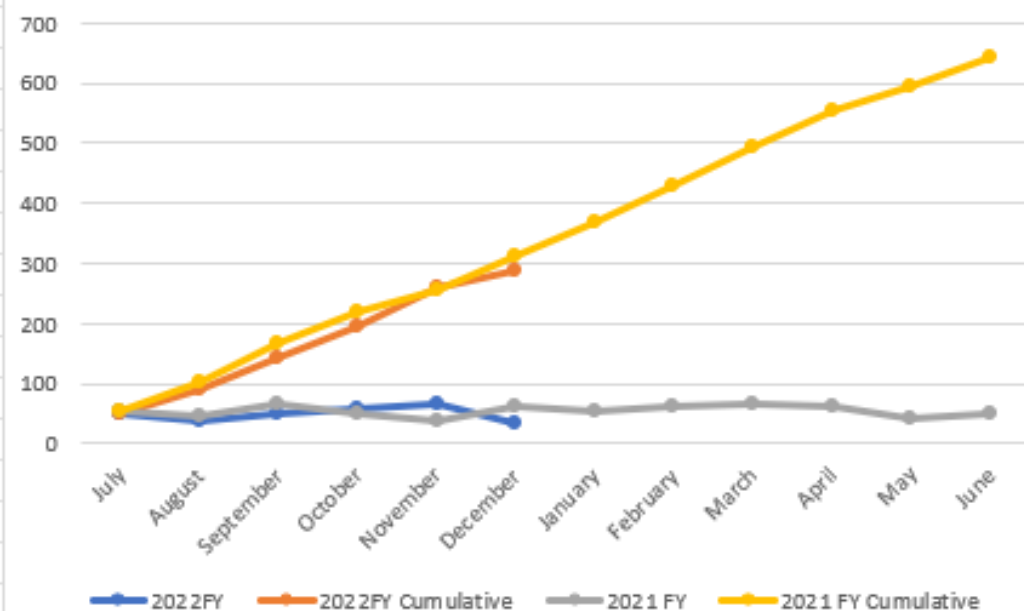
Gross Assessments



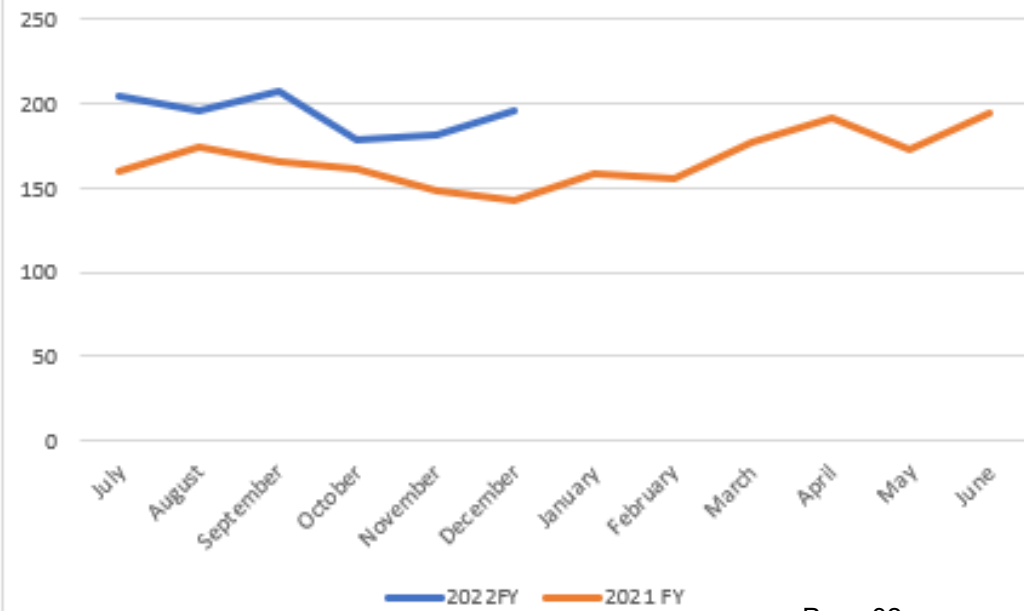
Net Assessments



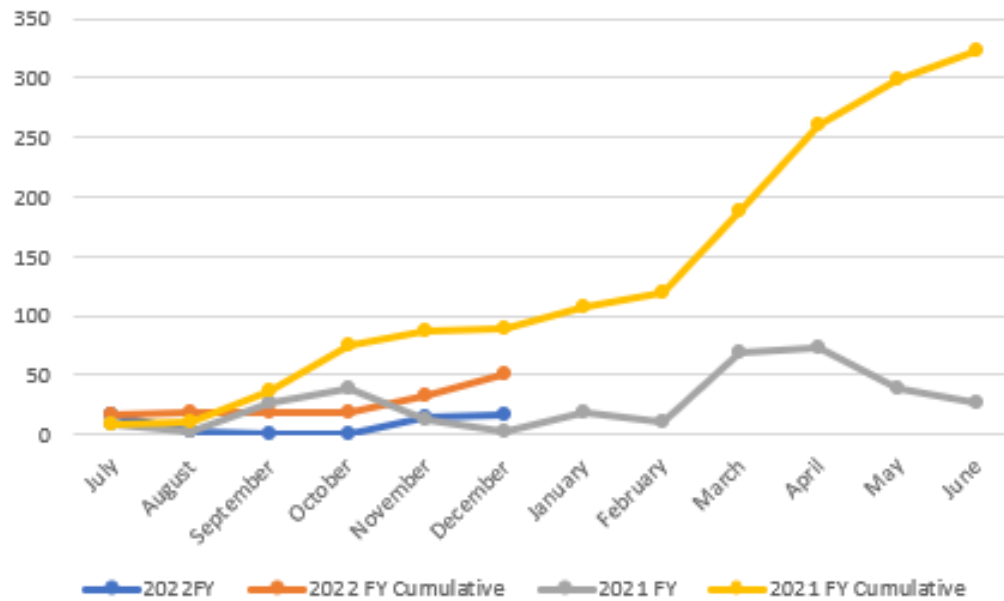
Sales per month/ Cumulative



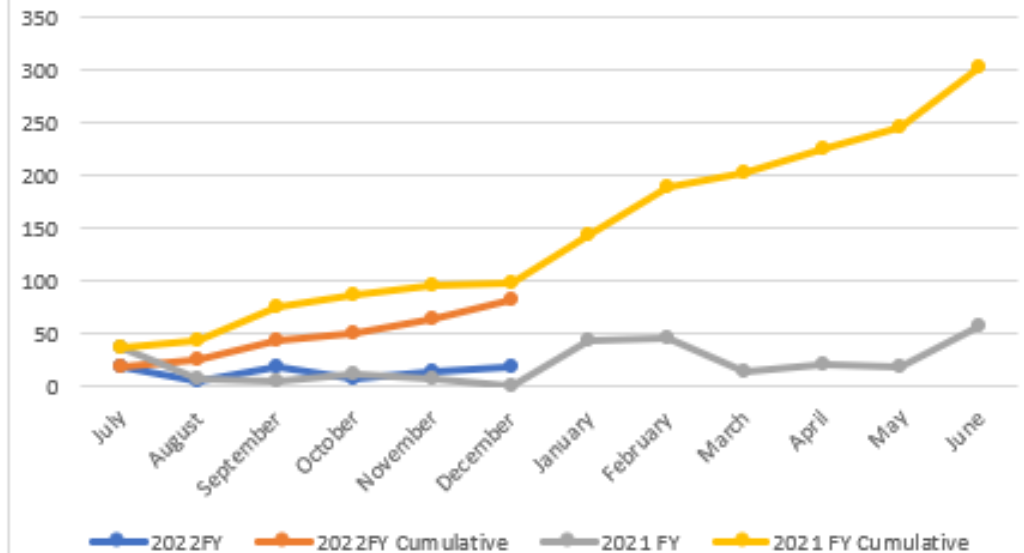
Buildings under Construction



Subdivisions per month/ Cumulative



Building Consents Completed per month/ Cumulative





December 2021 Rangitikei District

QV Quotable Quote

Life is like a camera, Focus on what is important, Capture the good times, Develop from the negative and if things don't work out, Take another shot.

Assessment Numbers

Sales

	COMPLETED	OUTSTANDING
Net		
8,000	35	
50% Rateable: 3		
8,579	290	
Assessments		
		Sale Notices
		0
		0
		0
		0
		Sales
		Address

Building Consents

Subdivisions

COMPLETED	OUTSTANDING	COMPLETED	OUTSTANDING
	Under		
18	196	17	0
83	105	50	20



QV Trivia

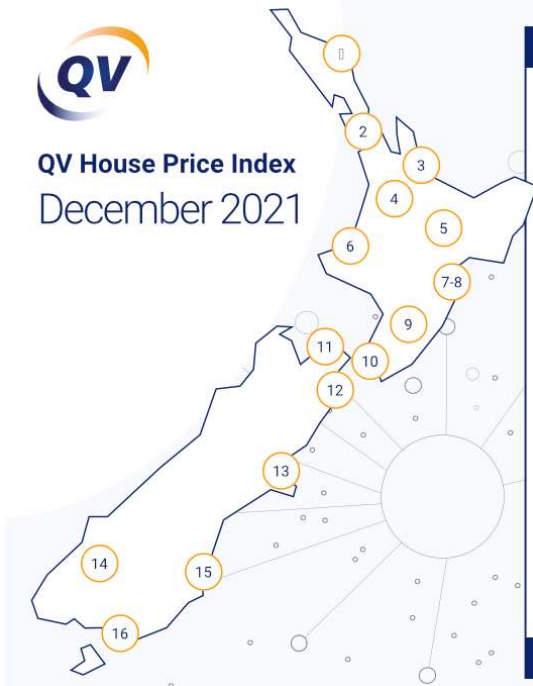
Pope Gregory XIII chose January 1'st as the first day of the New Year in 1582

Revision Objections		Maintenance Objections	
DECISIONS ISSUED	OUTSTANDING	DECISIONS ISSUED	OUTSTANDING
<div><div>0</div><div></div><div>0</div></div>	<div><div>0</div><div></div><div>0</div></div>	<div><div>0</div><div></div><div>0</div></div>	<div><div>1</div><div></div><div>0</div></div>

Monthly Report



QV House Price Index December 2021



Area	Average value	3 mth change
1 Whangarei District	\$827,836	8.6%
2 Auckland Region	\$1,527,092	9.7%
3 Tauranga City	\$1,173,369	7.7%
4 Hamilton City	\$921,233	6.9%
5 Rotorua District	\$747,500	7.2%
6 New Plymouth District	\$747,745	8.4%
7 Napier City	\$894,019	4.4%
8 Hastings District	\$922,287	8.1%
9 Palmerston North City	\$769,007	2.7%
10 Wellington Region	\$1,086,421	3.2%
11 Nelson City	\$886,179	7.2%
12 Marlborough District	\$734,161	5.2%
13 Christchurch City	\$783,528	11.6%
14 Queenstown Lakes District	\$1,621,082	6.8%
15 Dunedin City	\$725,853	5.3%
16 Invercargill City	\$486,715	5.7%
New Zealand	\$1,053,315	7.8%

Rangitikei District

\$511,653

35.2% ↑

Average House Price House Price Index



Rangitikei District

Rangitikei District has increased by 9.6% over the past three month period with the average value now sitting at \$511,653. This represents an annual growth rate of 35.2%.

9.4 LGFA - General Information

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 LGFA's quarterly report to shareholders, list of LGFA guarantors and all Councils' compliance with LGFA covenants for the previous financial year.

2. Context

- 2.1 LGFA sends these reports to their members every three months. The Finance and Performance Committee has previously asked to receive these reports on a six-monthly basis.
- 2.2 This report is for general information purposes.
- 2.3 Council currently has a low level of activity with LGFA. However, we expect to increase our borrowings from LGFA throughout 2022 which will necessitate us becoming a guaranteeing member of LGFA.

Attachments

1. LGFA December 2021 Quarterly Report
2. LGFA Guarantors
3. LGFA June 2021 Compliance with Covenants

Recommendation

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

LGFA Quarterly Report to Shareholders

December Quarter 2021

Contents

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B. LGFA bond issuance during the quarter	03
C. Summary financial information (provisional and unaudited).....	07
D. Key performance indicators.....	07
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Primary Objectives.....	08
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A. December quarter highlights

Quarter	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	May 2028	April 2029	May 2031	April 2033	May 2035	April 2037
Bonds issued \$m	1,400	N/A	-	-	70	50	50	100	700	-	-	-	400	30
Term Loans to councils \$m	809.2	442.1	10	10	56.1	84	88	36.5	4	45.1	25	-	8.4	-
Term Loans to councils #	57	24	1	1	5	4	8	3	1	5	4	-	1	-
Year to date	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	May 2028	April 2029	May 2031	April 2033	May 2035	April 2037
Bonds issued \$m	2,055	N/A	-	90	120	150	150	145	700	100	80	90	400	30
Term Loans to councils \$m	1642.3	719.7	10	17.7	135.1	111	98.3	98	43	235.1	166	-	8.4	-
Term Loans to councils #	125	48	1	3	11	6	12	12	6	16	9	-	1	-

Key points and highlights for the December quarter:

- The LGFA bond yield curve rose and flattened over the quarter as markets reacted to the RBNZ commencing the tightening of monetary policy through increasing the OCR by 0.50 bps to 0.75%. LGFA 2024 bond yields rose 66 bps while the 2037 yields rose 32 bps.
- LGFA issued a near record \$1.4 billion of bonds during the quarter through two tenders and a syndication of new May 2028 and May 2035 bonds in a testing issuance environment. The average term of issuance during the quarter was a shorter than normal 5.18 years.
- LGFA borrowing margins were mixed with spreads to swap narrower by 7 bps on maturities out to 2027 but wider by 2 bps to 12 bps on the longer dated bond maturities during the quarter. LGFA spreads to NZGB also narrowed on the front-end maturities but widened on the longer dated bonds.
- Long dated lending to councils during the quarter of \$809.2 million was in line with the previous quarter but higher than the long run averages. The average term of lending at 4.88 years was very short compared to the prior financial year average of 6.65 years. We think this reflects higher interest rates and council borrowing into the expected transition date of June 2024 for the Three Waters Reform programme.
- LGFA has an estimated market share of 78.8% of total council borrowing for the rolling twelve-month period to December 2021 compared to a historical average of 75% since 2012.
- Short-term lending to councils has decreased by \$30 million to \$384 million of loans outstanding on 31 December 2021 to thirty councils and one CCO.
- LGFA Net Operating Gain (unaudited management estimate) for the six-month period to 31 December 2021 was \$5.94 million which was \$381k above budget, comprising total operating income at \$293k above budget and expenses at \$88k below budget.
- We have achieved or on track to achieve eight out of our ten performance objectives over the financial year with our market share and the number of council visits tracking below our target.
- There were no new council members during the quarter. We currently have seventy-four councils and one CCO as members and are expecting another two councils to join in the next six months.
- We made our first green, social and sustainable loans to Wellington City and Greater Wellington Regional Councils in December 2021 at a discounted borrowing margin.

B. LGFA bond issuance over quarter

Syndication – 13 October 2021	15 May 2028	15 May 2035
Total Amount Allocated (\$million)	700	400
Weighted Average Accepted Yield (%)	2.359	2.929
NZGB Spread at Issue (bps)	49.00	57.00
Swap Spread at Issue (bps)	25.00	46.00
Swap Spread: AA council (bps)	40.5	63.7
Swap Spread: AA- council (bps)	45.5	68.7
Swap Spread: A+ council (bps)	50.5	73.7
Swap Spread: Unrated council (bps)	60.5	83.7

Given our large borrowing requirement for the 2021-22 financial year of \$2.9 billion we are forecast to undertake a combination of monthly tenders of \$150 million to \$200 million each and then one if not two syndications per year. A syndication is a placement to investors arranged by banks and is typically for a new LGFA bond maturity and achieves a larger amount offered than in a tender. We seek to achieve a wider distribution of investors than in a tender and aim to get as much volume issued so that the new LGFA bond has sufficient liquidity in the secondary market.

We issued two new maturities via BNZ, ANZ, CBA and Westpac. The May 2028 bond filled the gap between the existing 2027 and 2029 LGFA bond maturities while the May 2035 bond is the midpoint between the 2033 and 2037 bond maturities. The May 2028 bond also reduced our council borrowing mismatch in the 2027 to 2029 part of the curve.

Offshore investors were supportive of the two issues and took 28% of the 2028s and 39% of the 2035s.

While we issued \$1.1 billion of LGFA bonds we on-lent \$292 million to fourteen councils with the balance of proceeds being held in our Liquid Assets Portfolio ahead of the April 2022 bond refinancing. The average term of lending to councils was 5.25 years compared to our average issuance term of 9.14 years so our issuance term continued to be longer than the term of our lending.

Tender 85 – 10 November 2021	15 Apr 2024	15 Apr 2027	15 Apr 2037
Total Amount Offered (\$million)	70	50	30
Total Amount Allocated (\$million)	70	50	30
Total Number of Bids Received	16	14	9
Total Amount of Bids Received (\$million)	194.28	150	53
Total Number of Successful Bids	1	6	6
Highest Yield Accepted (%)	2.350	2.805	3.410
Lowest Yield Accepted (%)	2.350	2.790	3.355
Highest Yield Rejected (%)	2.410	2.865	3.470
Lowest Yield Rejected (%)	2.355	2.805	3.410
Weighted Average Accepted Yield (%)	2.350	2.798	3.388
Weighted Average Rejected Yield (%)	2.375	2.816	3.425
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	100	30	20
Coverage Ratio	2.78	3.00	1.77
NZGB Spread at Issue (bps)	36.00	49.00	63.00
Swap Spread at Issue (bps)	4.90	21.00	66.00
Swap Spread: AA council (bps)	20.25	39	76.25
Swap Spread: AA- council (bps)	25.25	44	81.25
Swap Spread: A+ council (bps)	30.25	49	86.25
Swap Spread: Unrated council (bps)	40.25	59	96.25

Issuance conditions had deteriorated going into the tender as the RBNZ had commenced increasing the OCR and there had been a substantial amount of borrowing by corporates and other high-grade borrowers in the two-month period leading up to the tender.

The tender size of \$150 million was the smallest amount tendered since June 2018 and we have typically tendered \$200 million per tender over recent years. We tendered three tranches with a high degree of confidence in demand for the shorter dated bonds following the recent sharp rise in front end yields. Price support was strong for the 2024s (2 bps through market mid rates) and the 2027s (3 bps through mid-market rates) but the 2037s were 10 bps above mid-market rates despite tendering only \$30 million.

Overall bidding volume was good at 2.65x coverage but should have been reasonable given the smaller amount on offer. The coverage ratio compared favourably to the 2.3x average for the past two year while the number of successful bids ranged between one (2024s) and six (2027s and 2037s).

The average maturity of the LGFA bonds issued was 6.0 years compared to the average for the previous 2020-21 financial year of 8.67 years and this financial year to date of 7.84 years (including the syndication of 2028s and 2035s)

We issued \$150 million of LGFA bonds and on-lent \$170.6 million to nine councils. The average term of lending to councils was an incredibly short 3 years. This was the shortest average loan term of any tender since we commenced tendering with the next shortest term of 4.4 years in November 2013 and an average lending term across the past 85 tenders of 7.2 years. This probably reflects that some councils are borrowing to 2024 to align with the expected transition date for three water assets.

Tender 86 – 15 December 2021	15 Apr 2025	15 Apr 2026	15 Apr 2027
Total Amount Offered (\$million)	50	50	50
Total Amount Allocated (\$million)	50	50	50
Total Number of Bids Received	12	15	14
Total Amount of Bids Received (\$million)	154.788	111.38	190
Total Number of Successful Bids	2	5	2
Highest Yield Accepted (%)	2.485	2.615	2.645
Lowest Yield Accepted (%)	2.480	2.595	2.640
Highest Yield Rejected (%)	2.550	2.665	2.710
Lowest Yield Rejected (%)	2.495	2.615	2.650
Weighted Average Accepted Yield (%)	2.483	2.610	2.643
Weighted Average Rejected Yield (%)	2.507	2.632	2.656
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	100	63.6	100
Coverage Ratio	3.10	2.23	3.80
NZGB Spread at Issue (bps)	37.00	41.50	47.00
Swap Spread at Issue (bps)	2.00	9.00	12.00
Swap Spread: AA council (bps)	17	24	28.5
Swap Spread: AA- council (bps)	22	29	33.5
Swap Spread: A+ council (bps)	27	34	38.5
Swap Spread: Unrated council (bps)	37	44	48.5

This was a strong tender result to finish the calendar year with tighter spreads, high coverage ratio and improved pricing relative to previous tenders.

We issued a smaller tender size of \$150 million across tranches of 2025s, 2026s and 2027s and expected strong demand for all three tranches given the shorter dated maturity profile, recent offshore buying of these maturities that had left the trader market short and attractive running yield. Price support was strong for all maturities with yields between 3 bps (2026s) and 5 bps (2025s) below prevailing market mid rates at the time of the tender.

Issuance spreads on an implied basis to NZGB and swap compared to the November tender tightened by 8 bps and outright yields were approximately 15 bps lower so on all metrics a much-improved outcome. The number of successful bids ranged between two (2025s and 2027s) and five (2026s).

The average maturity of the LGFA bonds issued was a very short 4.33 years compared to the average for this financial year to date of 7.66 years (including the syndication of 2028s and 2035s). We deliberately kept issuance volume light and tenor short to avoid a failed tender.

While we issued \$150 million of LGFA bonds we on-lent \$213.8 million to ten councils. The average term of lending to councils was twice that of loans made in the November tender at 6.42 years.

Of note was the first two Green Social and Sustainable loans were made to Wellington City Council and Greater Wellington Regional Councils with proceeds from the tender.

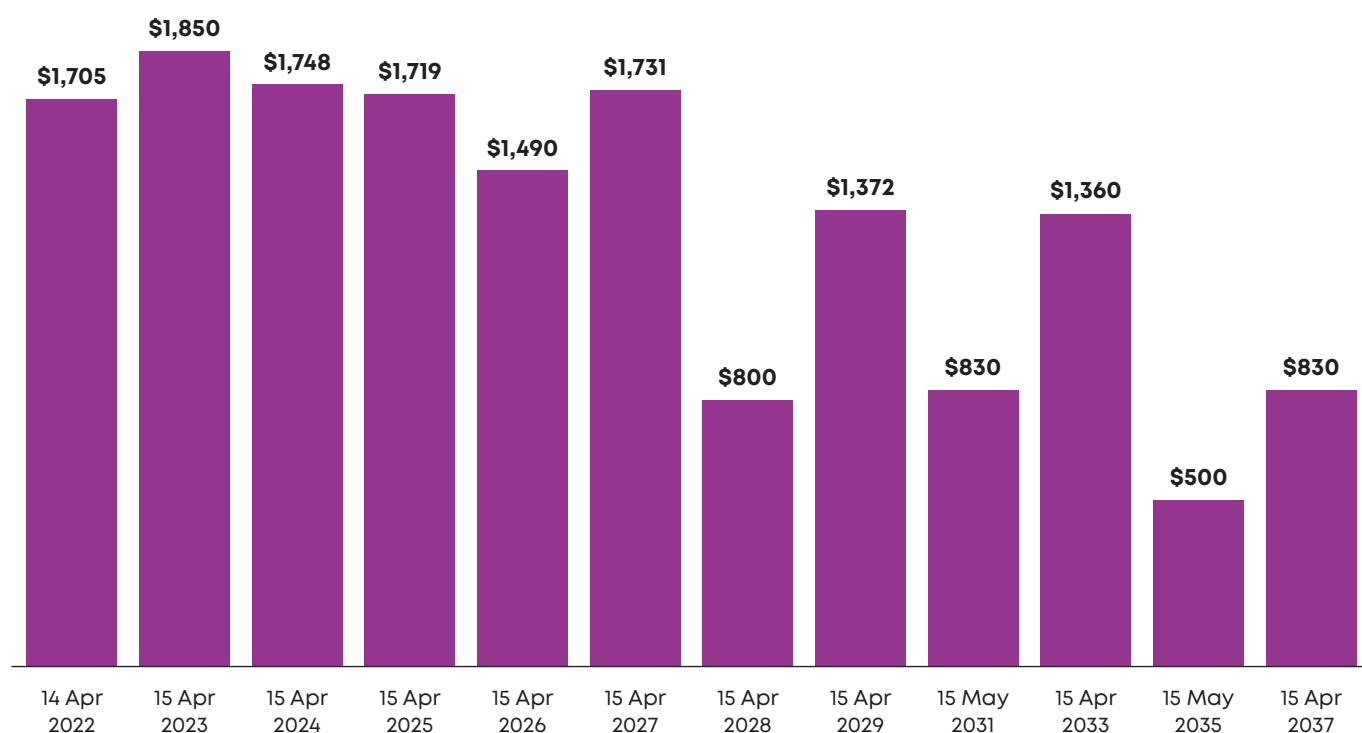


Photo: Takina, the Wellington Convention and Exhibition Centre, Wellington City Council

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

As at 31 December 2021: NZ\$ 15,935 million

Includes NZ\$1,200 million treasury stock



Our issuance volume on a rolling 12-month basis of \$3.405 billion is just below the record \$3.7 billion in the year to December 2020. The large May 2028 and May 2035 syndications has led to a recovery from the \$2.37 billion low in the rolling annual volume in the year to July 2021.

Rolling 12 month Issuance (\$ millions)



C. Summary financial information (provisional and unaudited)

The following results are management estimates only and are unaudited.

Financial Year (\$m)	YTD as at Q1	YTD as at Q2
Comprehensive income	30 Sep 2021	31 Dec 2021
Interest income	88.98	185.89
Interest expense	83.83	176.71
Net interest revenue	5.15	9.18
Other operating Income	0.26	0.53
Total operating income	5.41	9.70
Issuance and On-lending costs	0.58	1.31
Approved issuer levy	Nil	0.33
Operating expenses	1.05	2.14
Issuance and operating expenses	1.62	3.77
Net Profit	3.79	5.94
Financial position (\$m)	30 Sep 2021	31 Dec 2021
Retained earnings + comprehensive income	72.68	74.82
Total assets (nominal)	14,635.29	15,854.9
Total LG loans (nominal)	12,960.37	13,496.1
Total LGFA bills (nominal)	600	535.0
Total LGFA bonds (nominal)	13,465.00	14,865.0
Total borrower notes (nominal)	233.8	250.0
Total equity	97.68	99.8

D. Key performance indicators (Section 5 of SOI)

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

We are currently meeting or on track to meet eight out of our ten performance targets with our council visit and market share targets the only objectives we are currently tracking behind. The COVID related lockdowns has impacted our ability to travel although we did undertake some council meetings by Zoom over the quarter. While we undertook 88 council and CCO visits during the fifteen-month period to December 2021, many will roll off by June 2022 if we are unable to travel.

Measure		Q1 30 Sept 2021	Q2 31 Dec 2021	Q3 31 Mar 2022	Q4 30 June 2022
LGFA total operating income for the period to June 2022 will be greater than \$19.1 million	Target (\$)	\$4.8 m	\$9.4 m	\$14.8 m	\$19.1 m
	Actual (\$)	\$5.2 m ✓	\$9.7 m ✓		
Annual issuance and operating expenses (excluding AIL) will be less than \$7.2 million	Target (\$)	\$1.7 m	\$3.5 m	\$5.3 m	\$7.2 m
	Actual (\$)	\$1.6 m ✓	\$3.4 m ✓		
Total nominal lending (short and long term) to participating councils to be at least \$13.294 billion	Target (\$)	\$12.6 b	\$13.2 b	\$13.8 b	\$13.29 b
	Actual (\$)	\$12.96 b ✓	\$13.5 b ✓		
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	Target (\$)	August 2021 survey outcome 99.2%			
	Actual (%)	✓	✓		
Meet all lending requests from PLAs	Target (%)	100%	100%	100%	100%
	Actual (%)	✓	✓		
Achieve 80% market share of all council borrowing in New Zealand	Target (%)	>80%	>80%	>80%	>80%
	Rolling annual average				
	Actual (%)	91% ✓	78.8% ✗		
Review each PLA financial position, its headroom under LGFA policies and arrange to meet each PLA at least annually	Council visits to total 74 over year				
	Financial Position + Headroom Review completed in Dec Quarter				
	Not on track to meet due to COVID related travel disruption with 63 council and CCO visits over 2021 ✗				
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	Target	Nil	Nil	Nil	Nil
	Actual	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% ✓		
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	Target	AAA/AA+			
	Actual	AAA/AA+ ✓			

E. Performance against SOI objectives

We have two primary and eight secondary objectives outlined in our Statement of Intent (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 reduced the base lending margin by 5 bps from 1 July 2021 to 15 bps for all borrowing terms. 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. There is a negative impact on Net Operating Income from a lower base lending margin but we are comfortable with the current levels of profitability.

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.

31 Dec 2021	Comparison to other high-grade issuers - secondary market spread to swap (bps)													
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2033	2035	2037	
LGFA (AAA)	-4	-1	-1	3	10	13	23	25	28	31	42	51	59	
Kainga Ora (AAA)		5		11	16		25		33			47		
Asian Development Bank (AAA)		1	2	7	13		23			33				
IADB (AAA)		0	1	10	15		27							
International Finance Corp (AAA)		1	5	10	14	18								
KBN (AAA)		3	8	14					39					
Rentenbank (AAA)	0	1	6	12										
World Bank (AAA)	2	1	1	8	12	18	23		33					
Nordic Investment Bank (AAA)		1		10										
ANZ (AA-)		25	31											
BNZ (AA-)		17		39	55									
Westpac Bank (AA-)	11	23	40	43	53									
SSA Average	1	1	4	10	14	18	24	31	36	33				
Bank Average	11	22	36	41	54									

During the quarter LGFA issued across seven bond maturities from 2024 to 2037 to capture as much investor demand as possible in the short to mid dated part of the yield curve. We successfully launched by syndication, two new bond maturities of May 2028 and May 2035 to plug the gap between existing LGFA bond maturities.

Standby facilities outstanding to councils and CCOs were \$522 million as at 31 December 2021 and there was no change in this amount over the quarter.

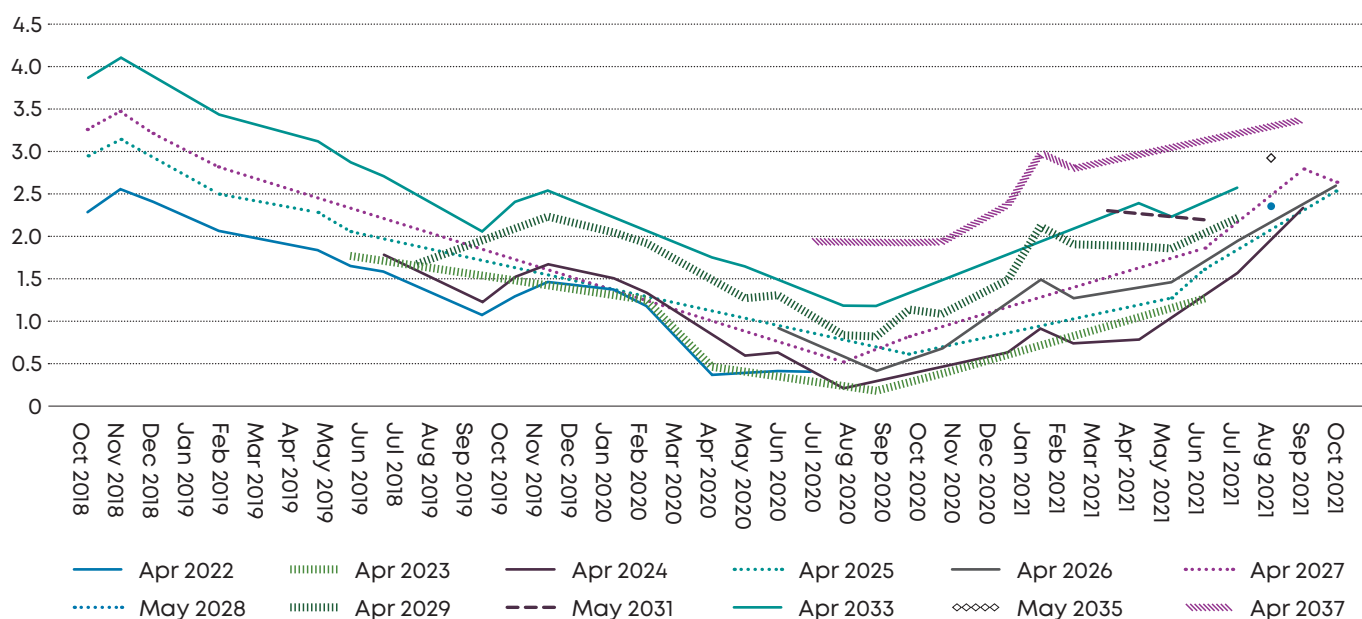
The LGFA bond yield curve rose and flattened for the second consecutive quarter. Front end yields (2024s) rose by 66 bps while long dated yields (2037s) rose by 32 bps. The front end of the curve rose aggressively as the RBNZ commenced increasing the OCR by 25 bps in both October and November as the domestic economy remains strong despite the COVID lockdown. The rise in yields and curve flattening trend is common across global bond markets as central banks begin tapering Quantitative Easing and markets begin pricing in future rate hikes by central banks. Over the past six months the 2024 LGFA bond yield has risen 1.27% (to 2.25%) while the 2037 LGFA bond yield has risen 0.53% (to 3.25%).

LGFA borrowing margins to swap were mixed with spreads on the 2023 through 2027 maturities narrowing by 6 bps to 7 bps but the spread to swap on the longer dated maturities (2029s to 2037s) widening by 2 bps to 12 bps over the quarter. Our large amount of issuance over the quarter contributed to the long end underperformance while strong offshore demand for short to mid dated LGFA bonds supported front end spreads. LGFA spread performance to NZGB was varied with a 9 bps tightening on the 2024s and a 11 bps widening on the 2031s. This was driven by the offshore investor support for front end LGFA bonds and a strong fiscal performance by the NZ Government assisting NZGB demand in the back end of the curve.

We closely monitor the Kauri market for ongoing supply and price action as high-grade issuance by “AAA” rated Supranational issuers such as the International Finance Corporation (IFC), Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) influences LGFA demand and pricing. These borrowers are our peer issuers in the NZD market and have the most influence on our pricing. The December quarter was reasonably quiet for Kauri bond issuance with only two issues totalling \$1.575 billion. However the issuance was dominated by the World Bank issuing \$1.5 billion of a five-year (November 2026) bond. This was a record for a single-issue tranche by an issuer other than the New Zealand Government.

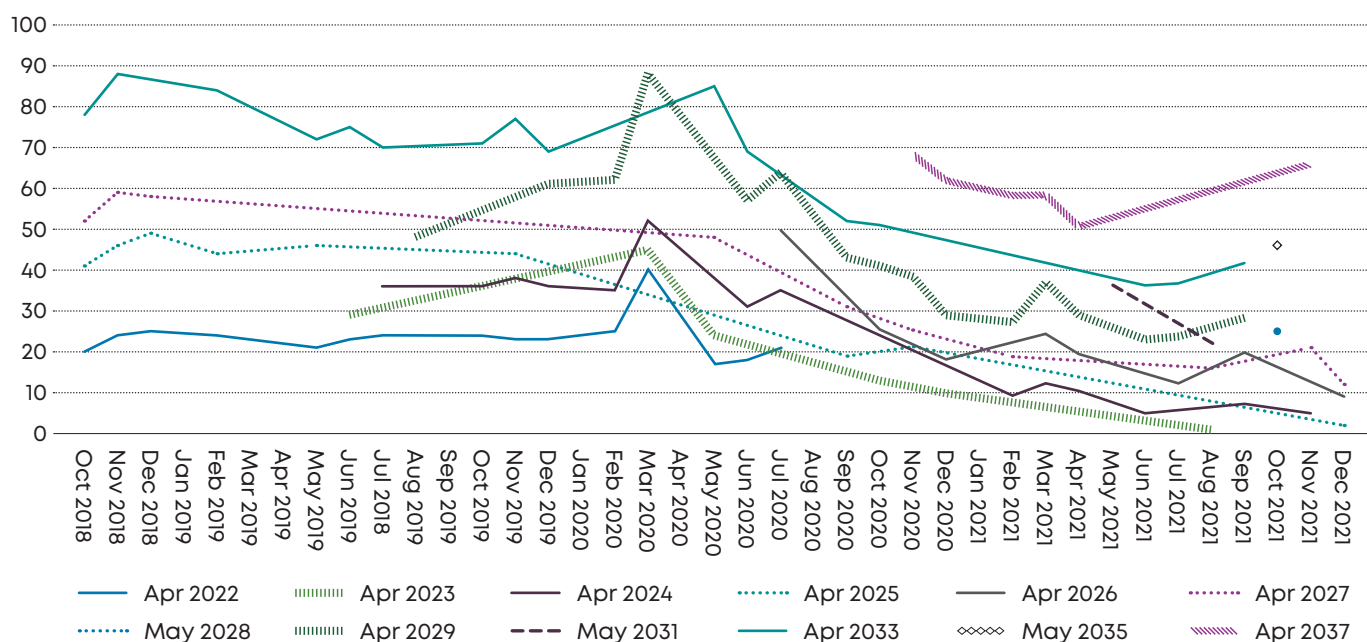
LGFA Bond Issuance Yields (%)

Last 30 tenders



Spread to swap

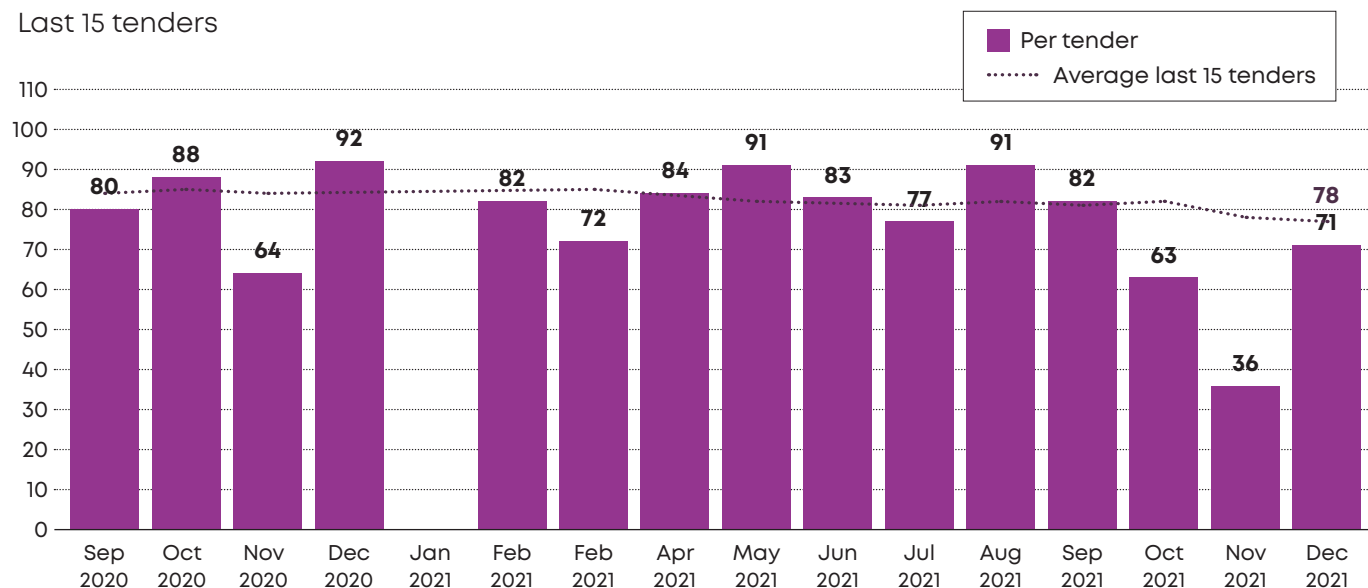
Last 30 tenders



The average borrowing term (excluding short-dated borrowing) for the December quarter by council members was a very short 4.88 years compared to the average term of 6.89 years for council borrowing for the year to June 2021. For the six-month period to 31 December 2021 the average term of borrowing was 5.78 years and we think this general shortening is due to the recent sharp rise in interest rates and councils borrowing for terms to coincide with the June 2024 expected transition date for the Three Waters Reform Programme.

Average total months to maturity – on lending to councils

Last 15 tenders

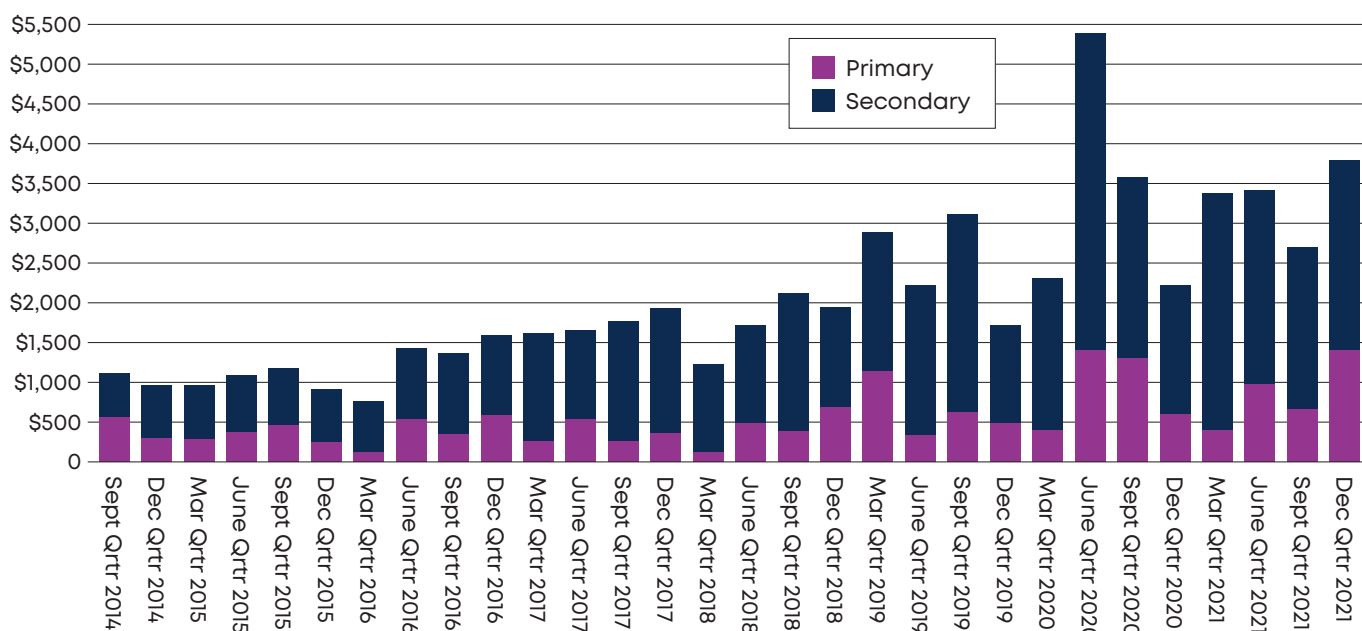


Short-term borrowing by councils with loan terms of between one month and 12 months remains well supported with \$384 million outstanding as of 31 December 2021 to thirty-one councils and CCOs. The number of councils and CCOs using this product increased by four over the quarter while the total amount outstanding decreased by \$30 million.

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

Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the quarter remained buoyant. There was a record equalling \$1.4 billion of primary issuance and third largest quarterly secondary market turnover of \$2.4 billion in LGFA bonds during the quarter. Total activity was second highest on record after the June 2020 quarter.

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



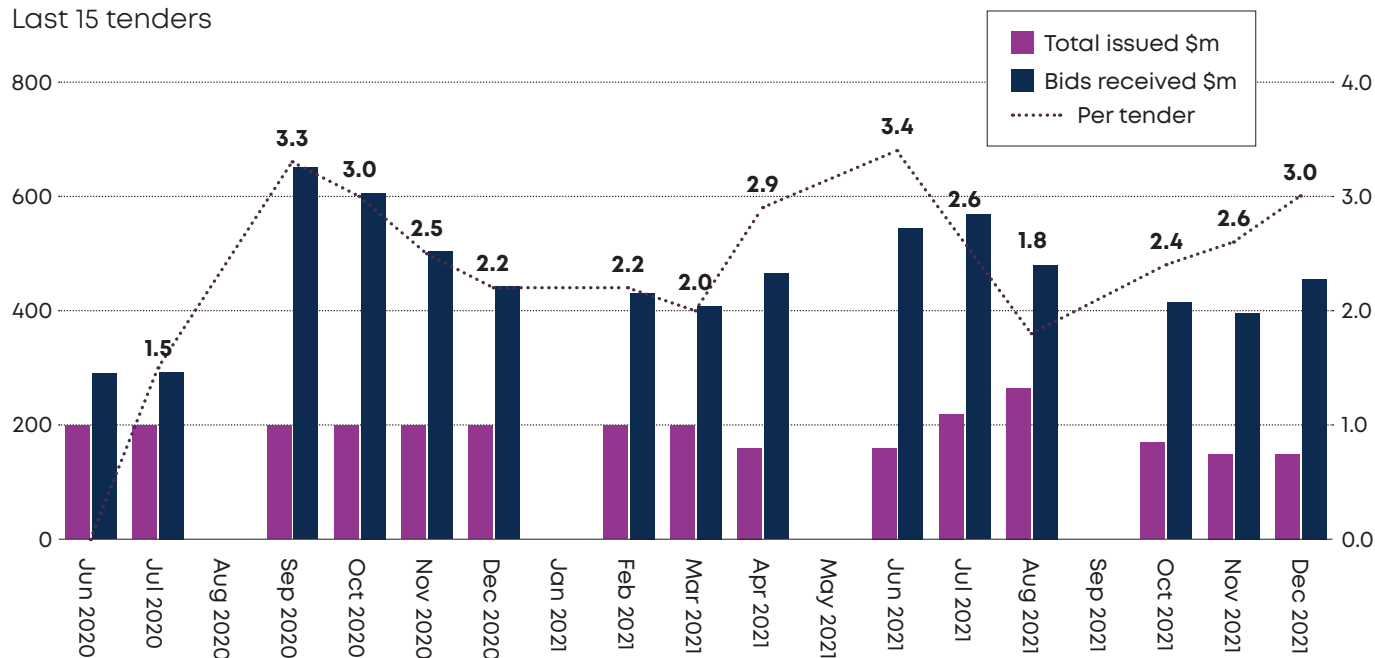
LGFA commenced issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at 31 December 2021 there were \$535 million of LGFA Bills on issue. We use proceeds from LGFA bills to fund short term lending to councils and invest the balance in our liquid asset portfolio.

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 support for our bond tenders in line with historical bid coverage ratios despite a larger amount of issuance than normal.

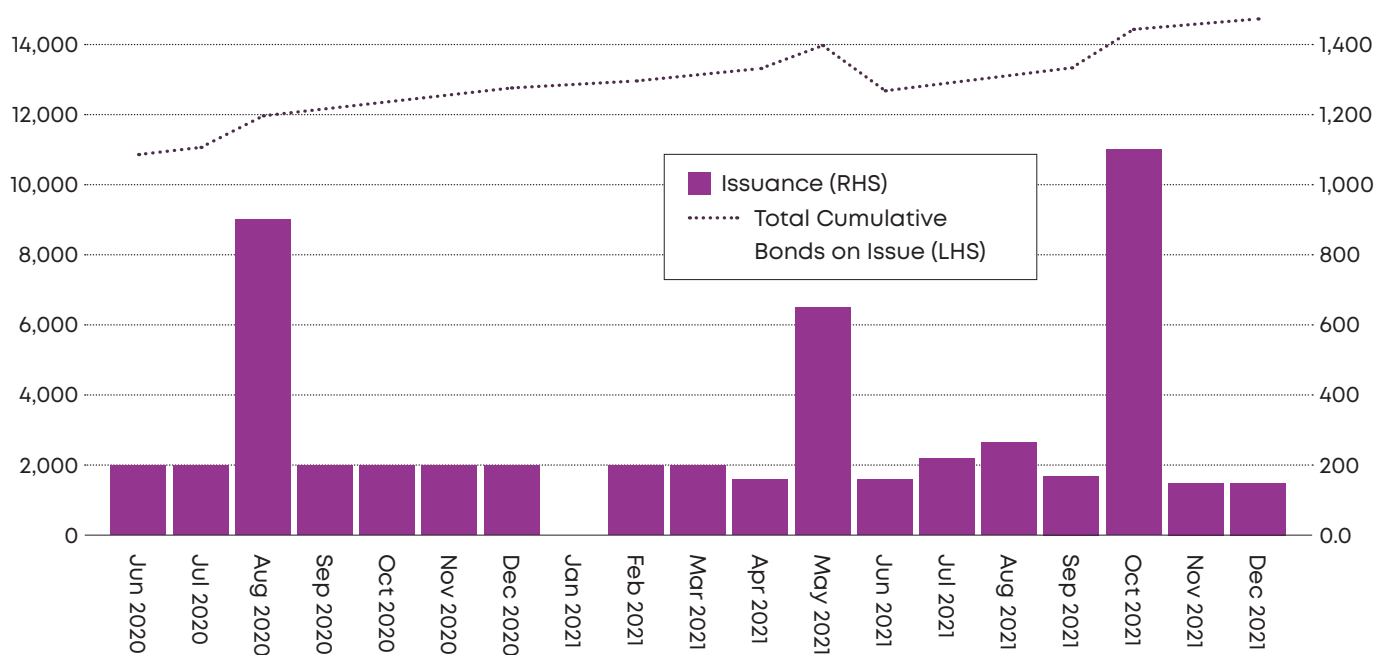
Tender bid coverage ratio

Last 15 tenders



LGFA bond issuance (\$ million)

Last 15 tenders and syndications. Excludes issuance of treasury stock (\$1,200m)



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

Primary Objective:

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

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

We had seventy-five meetings with sixty-three councils and CCOs over the past twelve months to December 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 Final Long-Term Plans and publish their 2020-21 Annual Reports if we had any concerns with them.

No council has requested that they be measured on a group basis.

We met with representatives from Central Government on the proposed Three Waters reforms and provided feedback regarding financing of the proposed entities.

We sponsored the Taituara Funding and Rating Forum and presented on “Financial Risks in the Local Government Environment” to a forum of Council Audit and Risk Committee Chairs organised by OAG.

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 S&P Global Ratings (“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.

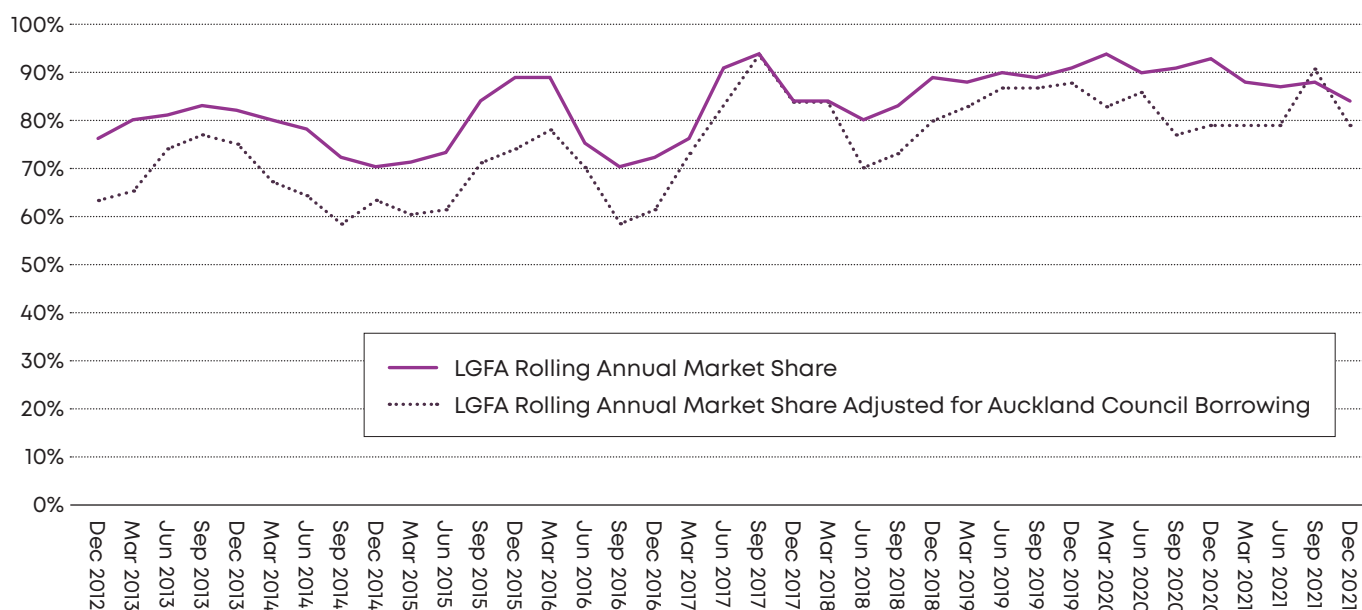
On 1 November 2021 Fitch affirmed both our local currency credit rating of AA+ (stable) and foreign currency credit rating of AA (positive outlook).

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

We use the PwC Local Government Debt Report as our source of market share. Our estimated market share for the rolling twelve-month period to 31 December 2021 was 78.8%. If we adjust for Auckland Council borrowing, then it increases to 83.8%. This compares to a historical average of 75.0% and our market share remains high compared to our global peers.

Our market share has reduced over the past quarter as there was issuance during the December quarter by Auckland Council, Christchurch City Holdings and Dunedin City Treasury of \$550 million. The councils did not borrow in their own name during the prior quarter.

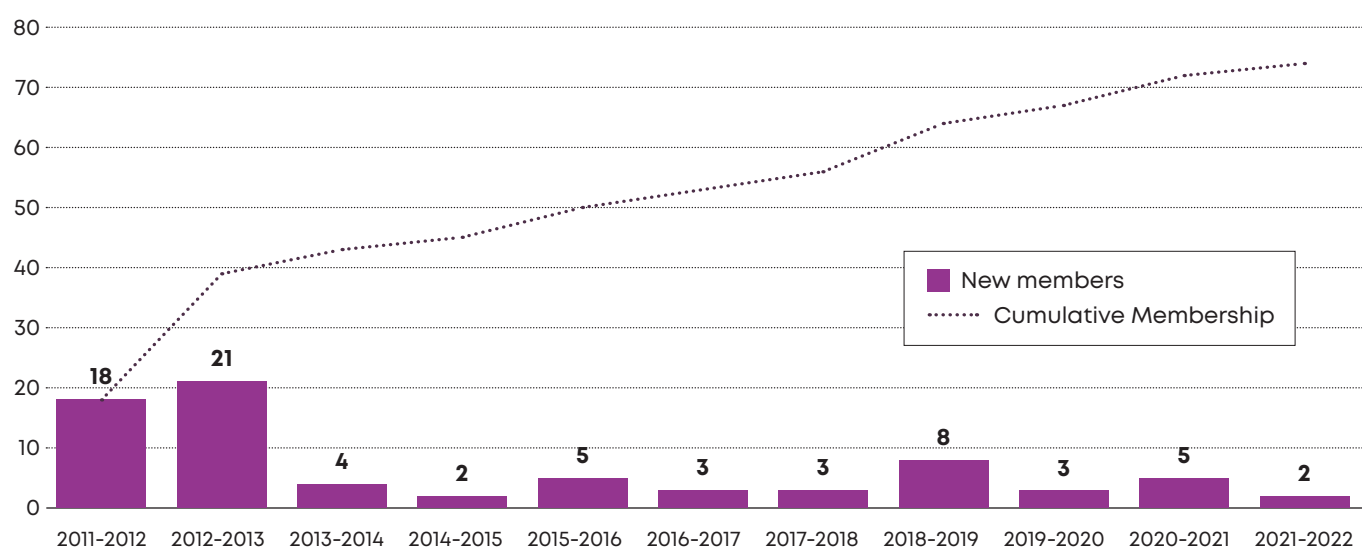
LGFA Market Share – rolling one year average



As at 31 December 2021, there are seventy-four councils and one CCO as members of LGFA. There were no new council or CCO members during the quarter and the number of guarantors was unchanged at sixty-five.

Invercargill City Holdings joined as a member in July 2021. As at 31 December 2021 they have borrowings outstanding of \$90.3 million.

Council membership (as at 31 December 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 six-month period to 31 December 2021, Net Interest Income (“NII”) was estimated by management on an unaudited basis to be \$267k above budget while expenses are \$88k below budget. Net Operating Gain of \$5.935 million was \$381k 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 2021, the year-to-date revaluation is a profit of \$1.03 million.

Expenses for the six-month period forecast by management and on an unaudited basis were \$3.77 million which is \$88k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$1.309 million were \$46k below budget. A lower NZ Government Liquidity Facility fee was offset by higher legal expenses and NZX fees due to the additional amount of bond issuance.
- Operating costs at \$2.135 million was \$48k below budget due to lower operating overhead, travel and IT costs offset by higher personnel costs relative to budget.
- Approved Issuer Levy (AIL) payments of \$325k were in line with our budget of \$319k for the period. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment for a small number of LGFA bond maturities.

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

See Section D on page 8 of this report.

For the first half period of the financial year ended 30 June 2022 we are on track to achieve eight out of the ten performance targets.

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

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

Both the Auckland and Wellington based staff were working from home at times during the lockdown period and we have adopted safety protocols to keep our staff safe during COVID upon returning to the offices. All staff, directors and visitors are required to be double vaccinated before entering LGFA offices.

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

There were no compliance breaches during the three-month period ending 31 December 2021.

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

Over the 2021 calendar year, LGFA has

- Been contributing expertise to the Ratepayer Financing Scheme project that if successful could offer temporary financial relief to ratepayers via rates postponement.
- 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 \$522 million of standbys written with nine councils.
- Responded to a request from the Shareholders Council to outline its views on the proposed Three Waters Reform. The Shareholders Council distributed this response to all council members.

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

Over the 2021 calendar year, LGFA has

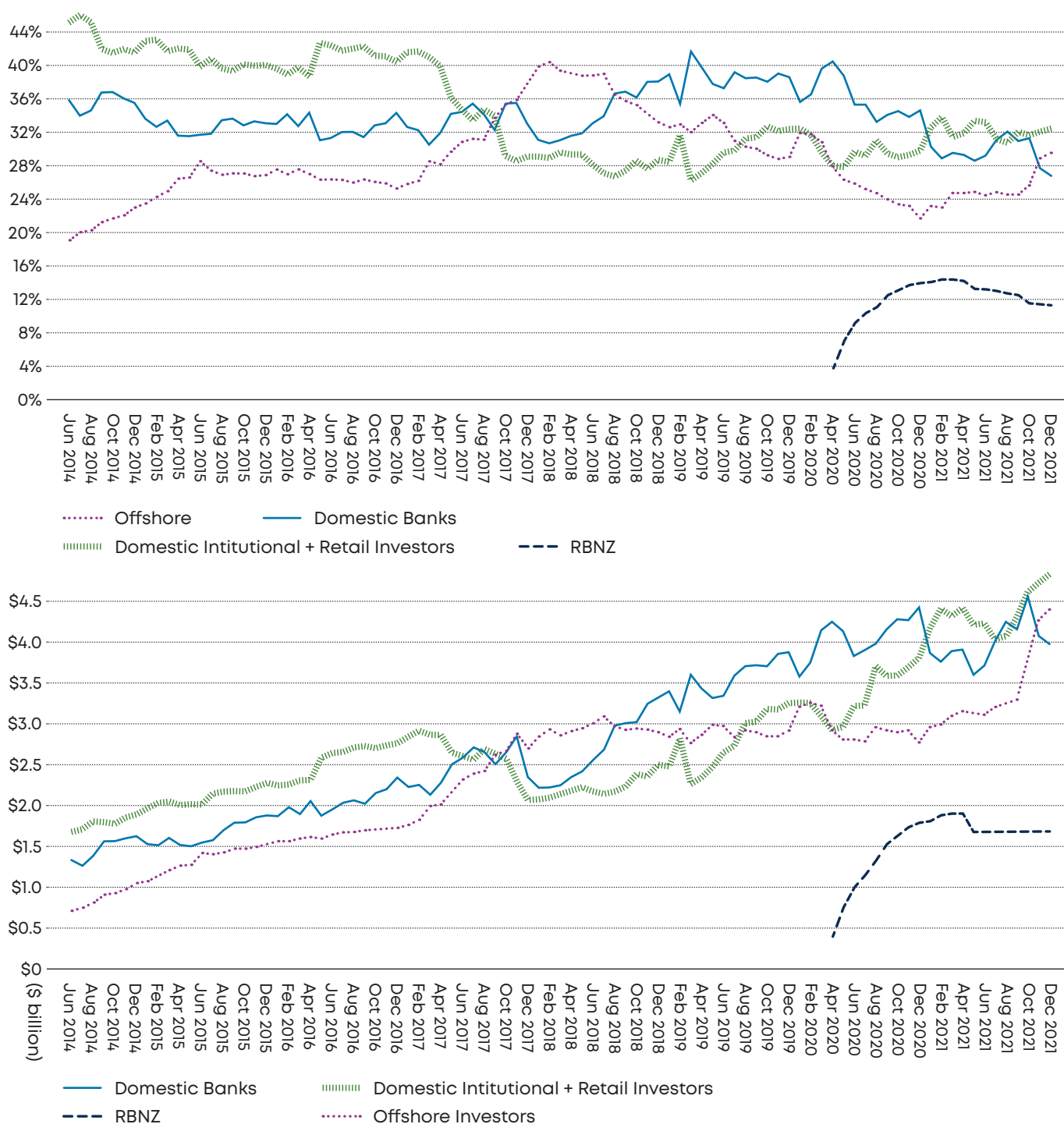
- Appointed a Head of Sustainability
- Achieved Carbon zero certification from Toitu Envirocare
- Established a Sustainability committee comprising
 - Three LGFA staff members and
 - Four external members – Alison Howard, Chris Thurston, David Woods and Erica Miles
- In October 2021 we launched a Green, Social and Sustainable Lending Programme for council and CCO members. Projects that meet one of the sixteen green or social lending categories will now be eligible for a discounted loan margin. During the quarter, Wellington City (WCC) and Greater Wellington Regional (GWRC) Councils have borrowed under this programme
 - WCC have borrowed to finance the construction of the Takina, the Wellington Convention and Exhibition Centre.
 - GWRC have borrowed to finance the council's flood protection work on the RiverLink project in the Hutt Valley.
- We are more than willing to work with other councils to identify eligible projects for the programme.

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 31 December 2021 we issued \$1.4 billion of LGFA bonds. The change in holdings amongst our investor groups during the quarter was

- Offshore investor holdings increased by \$1.1 billion (and increased by \$1.64 billion from 31 December 2020) with holdings estimated to be \$4.41 billion on 31 December 2021.
- Domestic bank holdings decreased by \$179 million (and down \$446 million from 31 December 2020), with holdings estimated to be \$3.98 billion on 31 December 2021.
- Domestic investor (retail and institutional) holdings increased by \$522 million (and up \$1.02 billion from 31 December 2020), with holdings estimated to be \$4.83 billion as of 31 December 2021.
- The Reserve Bank of New Zealand (RBNZ) holdings were unchanged over the quarter and totalled \$1.69 billion as of 31 December 2021.





*Riverlink Project (image is indicative),
Greater Wellington Regional Council*



LGFA Guarantors as at 31 December 2021 (alphabetical order)	Long Term Issuer Credit Rating		
	S&P Global Ratings	Fitch Ratings	Moody's
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- (positive)		
Clutha District Council			
Far North District Council			
Gisborne District Council			
Gore District Council			
Greater Wellington Regional Council	AA+		
Grey District Council			
Hamilton City Council	AA-		
Hastings District Council	AA (negative)		
Hauraki District Council			
Horizons Regional Council			
Hawkes Bay Regional Council			
Horowhenua District Council	A+		
Hurunui District Council			
Hutt City Council	AA		
Invercargill City Council		AA+	
Kaipara District Council			
Kapiti Coast District Council	AA (negative)		
Manawatu District Council			
Marlborough District Council	AA+ (negative)		
Masterton District Council			
Matamata-Piako District Council			
Napier City Council			
Nelson City Council	AA		
New Plymouth District Council	AA+		
Northland Regional Council			
Otago Regional Council			
Otorohanga District Council			
Palmerston North City Council	AA		
Porirua City Council	AA		
Queenstown Lakes District Council		AA-	
Rotorua Lakes District Council		AA-	
Ruapehu District Council			
Selwyn District Council		AA+	
Southland District Council			
South Taranaki District Council	AA		
South Waikato District Council			
South Wairarapa District Council			
Stratford District Council			
Taranaki Regional Council			
Tararua District Council			
Tasman District Council	AA (negative)		
Taupo District Council	AA+		
Tauranga City Council	A+		
Thames-Coromandel District Council			
Timaru District Council		AA-	
Upper Hutt City Council	A+ (negative)		
Waikato District Council			
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		
Whakatane District Council			
Whanganui District Council	AA		
Whangarei District Council	AA+ (negative)		

Financial Covenants - as at June 2021

Councils with a credit rating	Credit Rating	Net Debt / Total Revenue <300%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%	Liquidity >110%
Ashburton District Council	AA+	59.7%	1.5%	2.9%	134.9%
Auckland Council	AA	193.2%	6.7%	12.7%	115.0%
Bay of Plenty Regional Council	AA	8.8%	0.1%	0.2%	191.3%
Christchurch City Council	AA-	136.3%	7.4%	11.4%	126.9%
Environment Canterbury Regional Council	AA+	8.6%	0.3%	0.5%	168.3%
Greater Wellington Regional Council	AA+	96.1%	4.4%	10.5%	143.0%
Hamilton City Council	AA-	138.5%	3.5%	5.9%	118.0%
Hastings District Council	AA	102.3%	2.9%	5.3%	126.1%
Horowhenua District Council	A+	142.4%	3.6%	6.3%	127.7%
Hutt City Council	AA	103.1%	3.4%	5.5%	124.7%
Invercargill City Council	AA+	33.3%	1.2%	2.2%	169.5%
Kapiti Coast District Council	AA	167.4%	7.8%	10.3%	139.6%
Marlborough District Council	AA+	24.4%	-1.2%	-2.5%	164.6%
Nelson City Council	AA	71.9%	2.8%	4.3%	152.3%
New Plymouth District Council	AA+	-155.6%	3.6%	5.4%	320.7%
Palmerston North City Council	AA	108.0%	3.1%	4.7%	121.3%
Porirua City Council	AA	106.8%	4.1%	5.9%	132.3%
Queenstown Lakes District Council	AA-	100.3%	2.6%	4.5%	152.1%
Rotorua District Council	AA-	162.4%	4.4%	6.2%	115.4%
Selwyn District Council	AA+	2.2%	0.3%	0.5%	210.1%
South Taranaki District Council	AA	-32.4%	-15.9%	-35.7%	252.4%
Tasman District Council	AA	102.7%	4.7%	9.5%	141.1%
Taupo District Council	AA+	16.5%	5.7%	9.0%	218.1%
Tauranga City Council	A+	206.0%	6.9%	10.1%	118.9%
Timaru District Council	AA-	70.0%	2.0%	3.0%	105.0%
Waimakariri District Council	AA	139.4%	5.6%	8.3%	122.9%
Waipa District Council	AA-	61.1%	1.3%	2.1%	141.0%
Whanganui District Council	AA	85.3%	4.2%	6.5%	117.0%
Wellington City Council	AA+	138.9%	4.3%	6.8%	130.6%
Western Bay of Plenty District Council	AA	57.5%	3.4%	5.0%	161.9%
Whangarei District Council	AA+	74.2%	2.5%	4.3%	139.5%
Average		81.6%	2.8%	4.2%	151.7%

Unrated Councils	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%	Liquidity >110%
Buller District Council	18.2%	0.0%	0.0%	175.1%
Central Hawkes Bay District Council	5.4%	0.5%	1.2%	195.7%
Clutha District Council	-34.1%	0.0%	0.0%	312.3%
Far North District Council	36.1%	0.9%	1.6%	124.3%
Gisborne District Council	28.4%	1.2%	3.0%	166.9%
Gore District Council	86.1%	3.0%	4.6%	134.6%
Grey District Council	44.2%	0.9%	1.8%	164.7%
Hauraki District Council	57.5%	2.6%	4.1%	145.5%
Hawkes Bay Regional Council	-122.4%	1.0%	2.6%	372.4%
Horizons Regional Council	63.9%	0.9%	1.5%	120.6%
Hurunui District Council	56.2%	0.0%	0.0%	136.7%
Kaikoura District Council	-2.3%	0.3%	0.8%	248.7%
Kaipara District Council	41.1%	2.9%	5.5%	150.9%
Manawatu District Council	123.0%	2.4%	3.7%	125.2%
Masterton District Council	37.7%	3.3%	5.4%	177.4%
Matamata Piako District Council	29.7%	1.6%	2.5%	155.0%
Northland Regional Council	-88.5%	0.4%	0.7%	552.5%
Opotiki District Council	-3.2%	0.9%	2.0%	213.1%
Otorohunga District Council	-32.8%	0.6%	0.9%	1770.5%
Rangitikei District Council	-10.5%	0.1%	0.1%	328.3%
Ruapehu District Council	60.5%	1.3%	2.3%	127.7%
South Waikato District Council	-18.6%	-0.3%	-0.4%	228.4%
South Wairarapa District Council	52.9%	2.0%	3.1%	145.3%
Stratford District Council	39.6%	1.0%	2.3%	149.3%
Taranaki Regional Council	-41.8%	-0.5%	-2.0%	620.4%
Tararua District Council	68.1%	1.7%	3.8%	128.1%
Thames Coromandel District Council	54.8%	1.7%	2.3%	123.3%
Upper Hutt City Council	73.0%	2.5%	3.5%	148.1%
Waikato District Council	42.1%	3.3%	4.8%	144.2%
Waikato Regional Council	-73.0%	0.4%	0.5%	552.0%
Waitomo District Council	80.5%	3.3%	5.7%	142.6%
Wairoa District Council	-0.5%	-0.1%	-0.3%	201.2%
Waitaki District Council	-30.0%	-1.1%	-1.9%	390.3%
West Coast Regional Council	-36.3%	1.3%	3.3%	284.0%
Westland District Council	30.8%	1.7%	3.5%	152.4%
Whakatane District Council	73.9%	2.4%	4.6%	112.6%
Average	19.7%	1.2%	2.1%	261.7%

Gearing <70%	Shareholder fund >80m
2021	2021
Invercargill Holdings Ltd.	47%
	152.8

Note: 12 Councils have yet to adopt their Financial Statements so preliminary data has been used instead

9.5 Council's Forestry Holdings**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Finance/Performance Committee with a copy of the most recent independent valuation of Council's forestry holdings (30 June 2021).

Attachments

1. RDC Forestry Valuation June 2021

Recommendation

That the report 'Council's Forestry Holdings' be received.

Rangitikei District Council Forests

Tree Crop Valuation



As at 30 June 2021

On Behalf Of:
Rangitikei District Council
Private Bag 1102
Marton 4741

*Alan Bell & Associates, 24 Harbourview Road, Lower Hutt 5010, New Zealand
Tel 64 4 5700232 Email: bellac@xtra.co.nz
13 July 2021*

To : Mr Danny LeMar
 Property Manager
 Rangitikei District Council
 Private Bag 1102
 Marton 4741

Valuation of Rangitikei District Council Forests as at 30 June 2021

Summary

Rangitikei District Council Forests (RDC Forests) has commissioned a valuation of its plantations as at 30 June 2021 for accounting purposes. The forests valued comprise 9.8 hectares of radiata pine. There has been no change in stocked area since 30 June 2020.

Full legal descriptions of the land are available from the Rangitikei District Council.

Information from recent and past harvesting operations has been used in the valuation including predicted yields, harvest costs, potential markets and log prices.

The resource comprises several young second rotation woodlots at Mangaweka, ToeToe Road and Bulls.

Statement of Valuation for Rangitikei DC Forests as at 30 June 2021.

Table 1 – Statement of Valuation	
Forest	Rangitikei District Council Forests
Date of Valuation	30 June 2021
Purpose of Valuation	For Accounting Purposes
Entity Commissioning the Valuation	Rangitikei District Council
Stocked Area in Valuation (ha)	9.8 hectares
Basis for Value	Stand-based schedules using discounted future cashflows and, where applicable, compound costs
Discount Rate	8.5% applied to pre-tax cashflows
Compound Rate	3.0%
Tax Treatment	Cashflows are pre tax
Basis of Log Prices	Log prices used in the valuation are based on 12 quarter average log prices in Southern NI.
Estimated Value	\$69,054 + GST (if any)

The table below tracks the changes in market value since 30 June 2020.

Table 2 - Change In Value - Rangitikei DC Forests YE 30 June 2021		
	Value \$	Change In Value \$
Tree Crop Value As At 30 June 2020	\$ 67,208	
Grow to 30/6/2021, update areas, tending	\$ 69,439	\$ 2,231
Update harvest costs	\$ 68,153	-\$ 1,286
Log Prices as at 30 June 2021	\$ 69,054	\$ 901
Overall Change for YE 30 June 2021	\$ 1,846	\$ 1,846

The following report includes relevant inputs and assumptions made in the valuation.

Valuation of Rangitikei District Council Forests as at 30 June 2021.

Table of Contents		
No	Subject	Page No
1	Land Details	5
2	Access and Location	5
3	Stocked Area of Forest	5
4	Silviculture History	5
5	Forest Health	5
6	Forest Assessment	5
7	Predicted Harvest Yields	5
8	Harvesting Costs	6
9	Other Costs and Overheads	6
10	Log Prices and Harvest Revenue	6
11	Valuation Method and Discount Rate	7
12	Treatment of Land	7
13	Valuation Results and Sensitivity Analysis	8
14	Regulatory and Statutory Environment	8
15	Critical Factors in the Valuation	8
	Disclaimer	8
	Appendices	9-10

1. Land Details.

The forests are spread throughout the Rangitikei District Council (RDC).

Legal descriptions and associated details are held at the RDC offices in Marton. Rangitikei District Council owns the forests and land beneath the trees for the forests that are included in the 2021 valuation.

The land beneath the trees has not been valued for the purposes of this forest valuation. In order to separate the tree value from the land value, an annual land rental of \$90/ha/year has been incorporated.

2. Access and Location.

In general access is available to all forests via Council roads.

Not all forests have road frontages, but experience to date has shown that with good management and planning, this is not necessarily problematic but does impact on logging costs.

3. Stocked Area of Forest.

Table 3 below shows stocked areas by age and forest for the RDC estate.

Table 3 - Stocked Areas as at 30 June 2021			
Stand / Block	Nsa (ha)	Avg Age	Estabyr
Mangaweka	2.2	8.0	2013
Bulls	5.5	16.0	2005
Toe Toe Road	2.1	10.0	2011
Total Area (hectares)	9.8		

4. Silviculture History.

Bulls was high pruned and first thinned during 2012/13 and has yet to have its final yield thin. Toe Toe Road and Mangaweka have had their second prune but it is now too late for high pruning. They will require thinning to waste in the coming years.

5. Forest Health.

The forests are healthy with no apparent disease issues. However, there has been no specific inspection completed for the valuation. Some spray damage has occurred along the edge of the Bulls stand.

6. Forest Assessment.

The remaining stands are relatively young and it is too early for mid-rotation inventory. Yields are based on previous regimes and experience.

7. Predicted Harvest Yields.

Table 4 below shows yields by stand/crop type at harvest age used in the 2021 valuation.

Table 4 – Yields in m3/ha used in the valuation.

TRV	550	Expected
Log Type	% of TRV	Yield m3/ha
PS	20.0%	110
S300	25.0%	138
S220	10.0%	55
A GRADE	10.0%	55
K GRADE	20.0%	110
KI GRADE	5.0%	28
Pulplogs	10.0%	55
Total	100.0%	550

8. Harvesting Costs used in the Valuation.

Harvesting costs used in the valuation are based on current actual levels experienced in the region over a variety of terrain and forest types. With respect to cartage costs, it is noted that a number of factors influence market destinations such as price and supplier demand which this means that the closest potential market point does not necessarily yield the highest net revenue to the forest owner.

Market destinations used for the 2021 valuation of the RDC forests are Masterton for S300 and S220; Karioi for pulplogs and the Port of Wellington for export grades including pruned. However, it is acknowledged that depending on market prices and demand at any point in time, the wood from the RDC forests may go to a variety of markets.

Harvesting and marketing fees are included at 4.0% of gross revenue. Roading costs are expected to be minor and have assumed to be included in the logging cost. Harvest costs used in the valuation are shown in the Appendices.

9. Other Costs and Overheads.

Overheads in \$/ha/yr for all stocked areas have been included at \$70.00. This includes costs of administration, maintenance, insurance, animal control and forest health as well as an allowance for management fees.

Table 5 - Components of Annual Forest Overheads \$/ha/year	
Rates	\$15.00
Fire, Wind Insurance	\$20.00
Administration	\$10.00
Forest Management Fee	\$15.00
Wild Animal Control/ Forest Health	\$6.00
Maintenance of Roads/Fences	\$4.00
Total \$/ha/year	\$70.00

10. Log Prices and Harvest Revenue.

Log prices used for the valuation are based on 12-quarter rolling averages as at June 2021 for the Southern North Island region and are shown in Table 6 below.

Table 6 – Log Prices used in the 2021 valuation (Delivered \$/m3).

Log Prices	\$/m3
Grade	2021
P35	\$ 178.00
PS	\$ 178.00
S1S2	\$ 120.00
S220	\$ 110.00
A GRADE	\$ 132.50
K GRADE	\$ 119.00
KI GRADE	\$ 99.00
Pulplogs	\$ 53.00

11. Valuation Method and Discount Rate.

All cashflows are real and are assumed to be neutral of inflation. It is assumed that costs and prices will rise equally in line with inflation over time. The discount rate used is real and does not include any inflation component (as opposed to a “nominal (bank)” rate).

The valuation is based on discounted future cashflows and compound costs. Cashflows used are pre-tax. All costs and revenues are incorporated into a cashflow stream. The value is equal to the net present value of this cashflow stream.

Discount rates used in forest valuations are normally within the range 6.0% to 9.0% based on post tax cashflows and 7.0% to 10.0% based on pre-tax cashflows. The 2021 valuation uses 8.5% discount rate and pre-tax cashflows (same as for 2020).

The valuation method incorporates a schedule of compounded costs and discounted future revenue. Trees under age 6 are valued using a compound cost calculation only. Trees aged 14 and over are valued solely on discounted future revenue. Between ages 6 and 13, the value is based on a mixture of both methods and the ratio moves by 10% each year. So that age 6 the value is based on 90% compounded costs and 10% discounted future revenue but at age 7 the ratio is 80% and 20%. At age 13, the value is based on 10% compounded costs and 90% discounted future revenue.

In the RDC valuation, Bulls, Mangaweka and Toe Toe Rd woodlots have a compound cost component in the value. Costs have been compounded at 3%. This compound rate recognises the relatively low returns from alternative investments and the lack of risk associated with a value based on cost.

The forest cycle is assumed to begin on 1 July and finish on 30 June.

12. Treatment of Land.

Land is excluded from the value by applying a notional land rental of \$90/ha year.

13. Valuation Results and Sensitivity Analysis.

Results of the sensitivity analysis for Rangitikei DC Forests as at 30 June 2019 are shown in Table 7 below.

Table 7 - Sensitivity Analysis	
Scenario	Value \$
Base Case 8.5% Discount Rate	\$ 69,054
As above but 8.0% Discount Rate	\$ 72,967
As above but 9.0% Discount Rate	\$ 65,397
Base Case but Delivered Log Prices Up 5%	\$ 77,026
Base Case but Delivered Log Prices Down 5%	\$ 61,081
Base Case but No Land Holding Cost	\$ 72,138

14. Regulatory and Statutory Environment.

All RDC forests are within the Horizons MW Regional Council. Logging is a permitted activity within this region. Operations are required to adhere to the National Environmental Standards for Plantation Forestry.

There are no known Wahi Tapu sites within the forests.

15. Critical Factors in the Valuation.

Risk has not been specifically allowed for in the valuation but the inputs used have been selected to ensure future expectations are realistic. This applies to the discount rate, yields and log prices.

There has been no specific modelling of potential damage from wind, fire, pests and diseases.

Disclaimer.

Alan Bell & Associates (ABA) accepts no liability for use of this valuation or any of the information contained herein for any purpose other than that stated above. Whilst ABA has endeavoured to present realistic data there is no guarantee that the actual yields, costs and revenues will be the same as those shown in this valuation.

Forest yields are based on experience from other forests in the region and no specific forest inventory has been carried out in the RDC forests.

Ongoing tending, forest inventory and mapping updates should be incorporated into future valuations.



Alan C Bell

Registered Forestry Consultant (RMNZIF)

13 July 2021

This report: RDC2021.docx
Valuation Schedule: RDC2021.xlsx

Appendix 1 – Stumpage Calculation for each block.

Mangaweka

Harvesting Template		Rotation Age			28	years	4.0%	of Gross	Mangaweka	
TRV	550	Expected	Delivered	Logging	Cartage	Temp	Sales		Net	Net
Log Type	% of TRV	Yield m3/ha	Price \$/m3	Cost \$/m3	Cost \$/m3	Roading \$/m3	Admin \$/m3	Other \$/m3	Stumpage \$/m3	Stumpage \$/ha
P35	0.0%	0	\$178.00	\$33.50	\$30.08	\$2.00	\$7.12	\$1.80	\$103.50	\$0
PS	20.0%	110	\$178.00	\$33.50	\$37.07	\$2.00	\$7.12	\$1.80	\$96.51	\$10,616
S300	25.0%	138	\$120.00	\$33.50	\$40.39	\$2.00	\$4.80	\$1.80	\$37.51	\$5,158
S220	10.0%	55	\$110.00	\$33.50	\$40.39	\$2.00	\$4.40	\$1.80	\$27.91	\$1,535
L350	0.0%	0	n/a	\$33.50	na	\$2.00	\$0.00	\$1.80	(\$37.30)	\$0
A GRADE	10.0%	55	\$132.50	\$33.50	\$37.07	\$2.00	\$5.30	\$1.80	\$52.83	\$2,906
K GRADE	20.0%	110	\$119.00	\$33.50	\$37.07	\$2.00	\$4.76	\$1.80	\$39.87	\$4,386
KI GRADE	5.0%	28	\$99.00	\$33.50	\$37.07	\$2.00	\$3.96	\$1.80	\$20.67	\$569
Pulplogs	10.0%	55	\$53.00	\$19.00	\$16.86	\$2.00	\$2.12	\$1.80	\$11.22	\$617
Total	100.0%	550	\$123.90	\$32.05	\$36.21	\$2.00	\$4.96		\$46.89	\$25,787

Toe Toe Road

Harvesting Template		Rotation Age			28	years	4.0%	of Gross	Toe Toe Road	
TRV	550	Expected	Delivered	Logging	Cartage	Temp	Sales		Net	Net
Log Type	% of TRV	Yield m3/ha	Price \$/m3	Cost \$/m3	Cost \$/m3	Roading \$/m3	Admin \$/m3	Other \$/m3	Stumpage \$/m3	Stumpage \$/ha
P35	0.0%	0	\$178.00	\$34.00	\$31.29	\$2.00	\$7.12	\$1.80	\$101.79	\$0
PS	20.0%	110	\$178.00	\$34.00	\$35.50	\$2.00	\$7.12	\$1.80	\$97.58	\$10,734
S300	25.0%	138	\$120.00	\$34.00	\$41.07	\$2.00	\$4.80	\$1.80	\$36.33	\$4,995
S220	10.0%	55	\$110.00	\$34.00	\$41.07	\$2.00	\$4.40	\$1.80	\$26.73	\$1,470
L350	0.0%	0	n/a	\$34.00	na	\$2.00	\$0.00	\$1.80	(\$37.80)	\$0
A GRADE	10.0%	55	\$132.50	\$34.00	\$35.50	\$2.00	\$5.30	\$1.80	\$53.90	\$2,965
K GRADE	20.0%	110	\$119.00	\$34.00	\$35.50	\$2.00	\$4.76	\$1.80	\$40.94	\$4,504
KI GRADE	5.0%	28	\$99.00	\$34.00	\$35.50	\$2.00	\$3.96	\$1.80	\$21.74	\$598
Pulplogs	10.0%	55	\$53.00	\$19.00	\$16.86	\$2.00	\$2.12	\$1.80	\$11.22	\$617
Total	100.0%	550	\$123.90	\$32.50	\$35.59	\$2.00	\$4.96		\$47.06	\$25,882

Bulls

Harvesting Template		Rotation Age			28	years	4.0%	of Gross	Bulls	
TRV	550	Expected	Delivered	Logging	Cartage	Temp	Sales		Net	Net
Log Type	% of TRV	Yield m3/ha	Price \$/m3	Cost \$/m3	Cost \$/m3	Roading \$/m3	Admin \$/m3	Other \$/m3	Stumpage \$/m3	Stumpage \$/ha
P35	0.0%	0	\$178.00	\$34.00	\$21.95	\$2.00	\$7.12	\$1.80	\$111.13	\$0
PS	20.0%	110	\$178.00	\$34.00	\$33.05	\$2.00	\$7.12	\$1.80	\$100.03	\$11,003
S300	25.0%	138	\$120.00	\$34.00	\$29.73	\$2.00	\$4.80	\$1.80	\$47.67	\$6,555
S220	10.0%	55	\$110.00	\$34.00	\$29.73	\$2.00	\$4.40	\$1.80	\$38.07	\$2,094
L350	0.0%	0	n/a	\$34.00	na	\$2.00	\$0.00	\$1.80	(\$37.80)	\$0
A GRADE	10.0%	55	\$132.50	\$34.00	\$33.05	\$2.00	\$5.30	\$1.80	\$56.35	\$3,099
K GRADE	20.0%	110	\$119.00	\$34.00	\$33.05	\$2.00	\$4.76	\$1.80	\$43.39	\$4,772
KI GRADE	5.0%	28	\$99.00	\$34.00	\$33.05	\$2.00	\$3.96	\$1.80	\$24.19	\$665
Pulplogs	10.0%	55	\$53.00	\$19.00	\$29.04	\$2.00	\$2.12	\$1.80	(\$0.96)	(\$53)
Total	100.0%	550	\$123.90	\$32.50	\$31.49	\$2.00	\$4.96		\$51.16	\$28,136

Appendix 2 – Valuation Summary for Rangitikei DC Forests as at 30 June 2021.

C:\SHEETS\[RDC2021.xlsx]Summary				As at 30 June 2021		2021	Rangitikei District Council			13-Jul-21
Tree Crop Value Based on Pre-Tax Cashflows excluding Land										
Discount Rate (Pre-Tax)				8.5%	Accounting Purposes		Trans1\Sheets			
Compound Rate				3.0%	Overheads		\$70.00	Indirect Costs %	15.0%	
		Total Forest Value excl Lan		\$ 69,054	\$ 7,046	CC OK?		Y		
Total Forest Area (Nsa) Ha			9.8			Land Rental \$/ha/yr		\$ 90.00		
Stand / Block	Specie	Nsa (ha)	Avg Age	\$Value	Estab	TRV m3/h	\$Value/	Stumpage \$/ha	CF A	
Bulls	P.radiata	5.5	16.0	\$ 50,795	2005	550	\$ 9,235	\$ 28,136	28.0	
Toe Toe Road	P.radiata	2.1	10.0	\$ 9,280	2011	550	\$ 4,419	\$ 25,882	28.0	
Mangaweka	P.radiata	2.2	8.0	\$ 8,978	2013	550	\$ 4,081	\$ 25,787	28.0	

9.6 Funding for Consenting Works**Author:** Danny Le Mar, Manager Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 The following action was noted at the Assets and Infrastructure Committee Meeting in December 2021:

“HWTM requested that staff analyse consenting works on three waters assets and to what degree it is debt funded and over what period of time. Staff to respond to the Finance/Performance Committee.”

- 1.2 Officers accordingly provide the summary as per below.

2. Context

- 2.1 When compiling the annual report at year end, essentially anything that is not rated for or reserve funded ends up being debt funded.
- 2.2 There is a line in the Funding Impact Statement for each group of activities that shows “increase/(decrease) in debt”. This is where the unfunded consenting work would flow to and be reported.
- 2.3 It is important to note the majority of the 3 waters shortfall/CAPEX is debt funded.

Recommendation

That the report ‘Funding for Consenting Works’ be received.

9.7 HappyOrNot Report - January 2022

Author: Carol Gordon, Group Manager - Democracy & Planning

Authoriser: Carol Gordon, Group Manager - Democracy & Planning

1. Reason for Report

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

2. Context

- 1.2 The report for the month of January 2022, showing results from over the four locations, is attached (Attachment 1). 205 responses were received during the month and some of the responders also included extra comment, which is also included in the attachment, 80% of the feedback was very positive. The number of responses is lower than previous months, which is likely to be due to the January close-down period.

3. Decision Making Process

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

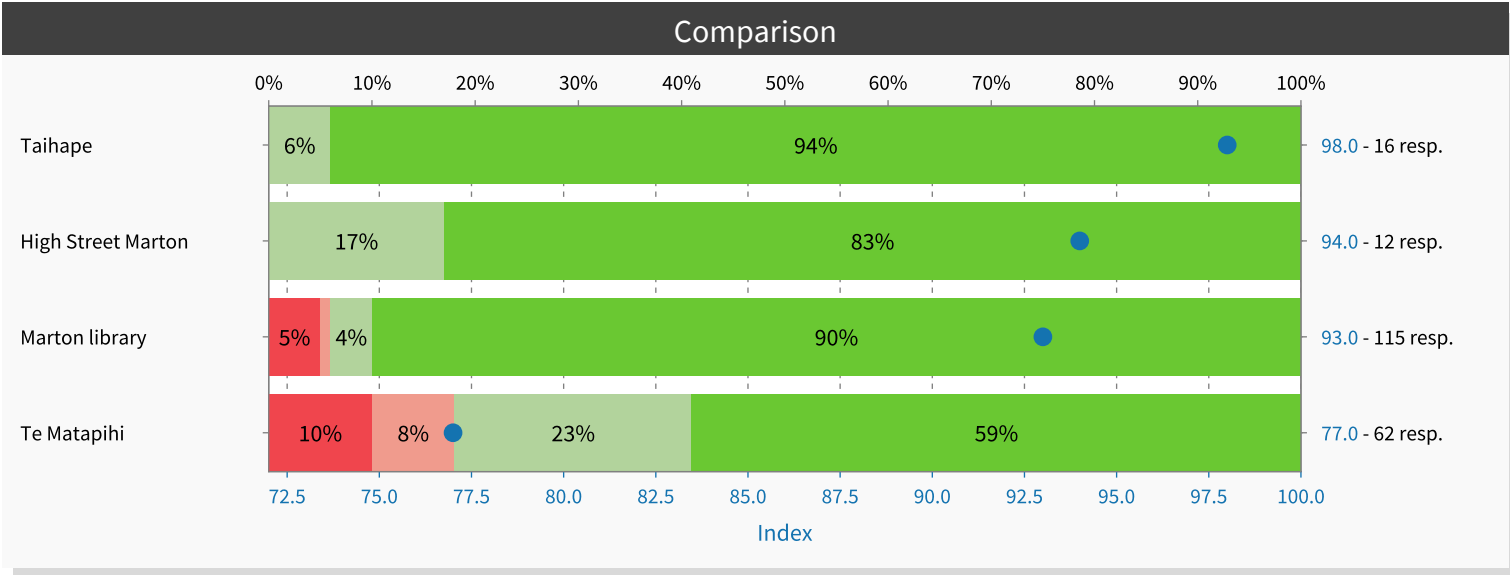
Attachments

1. **HappyOrNot Report - January 2022**

Recommendation

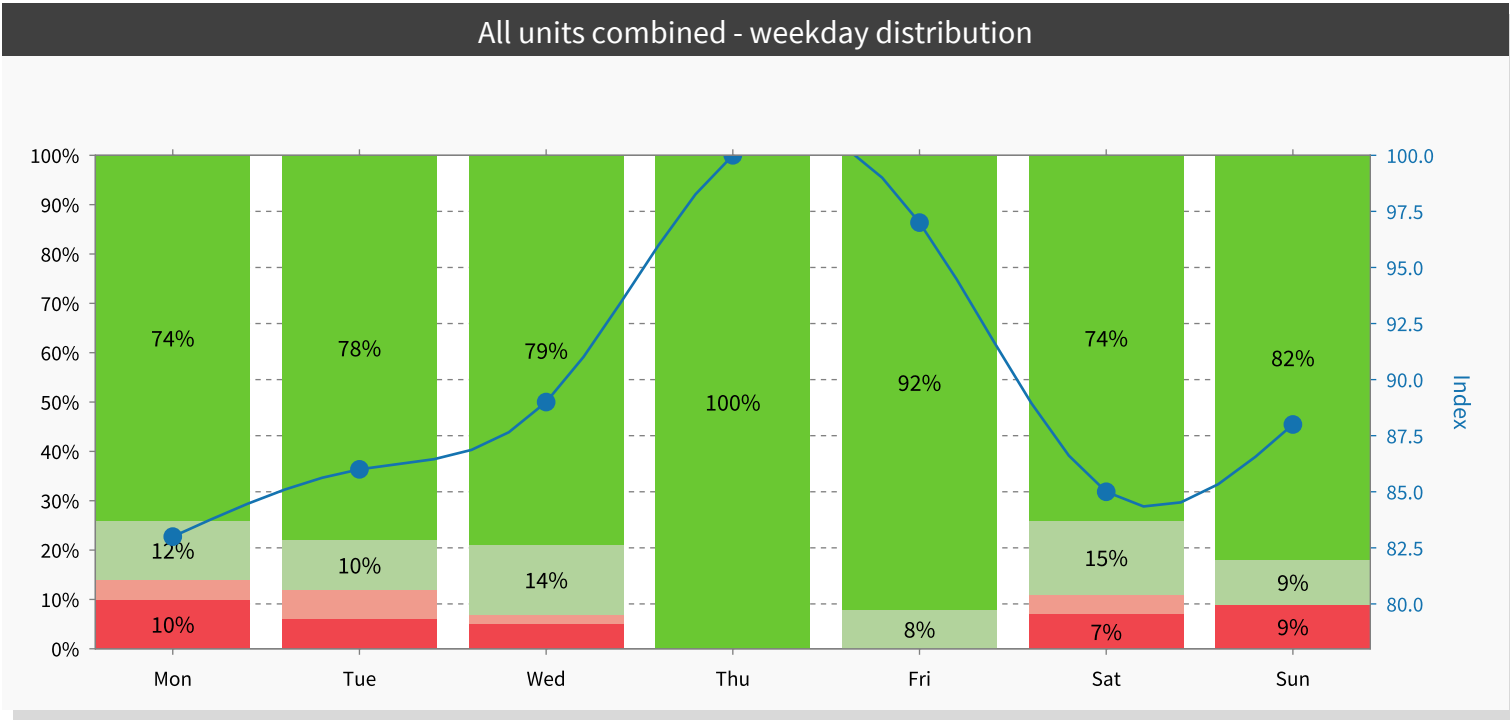
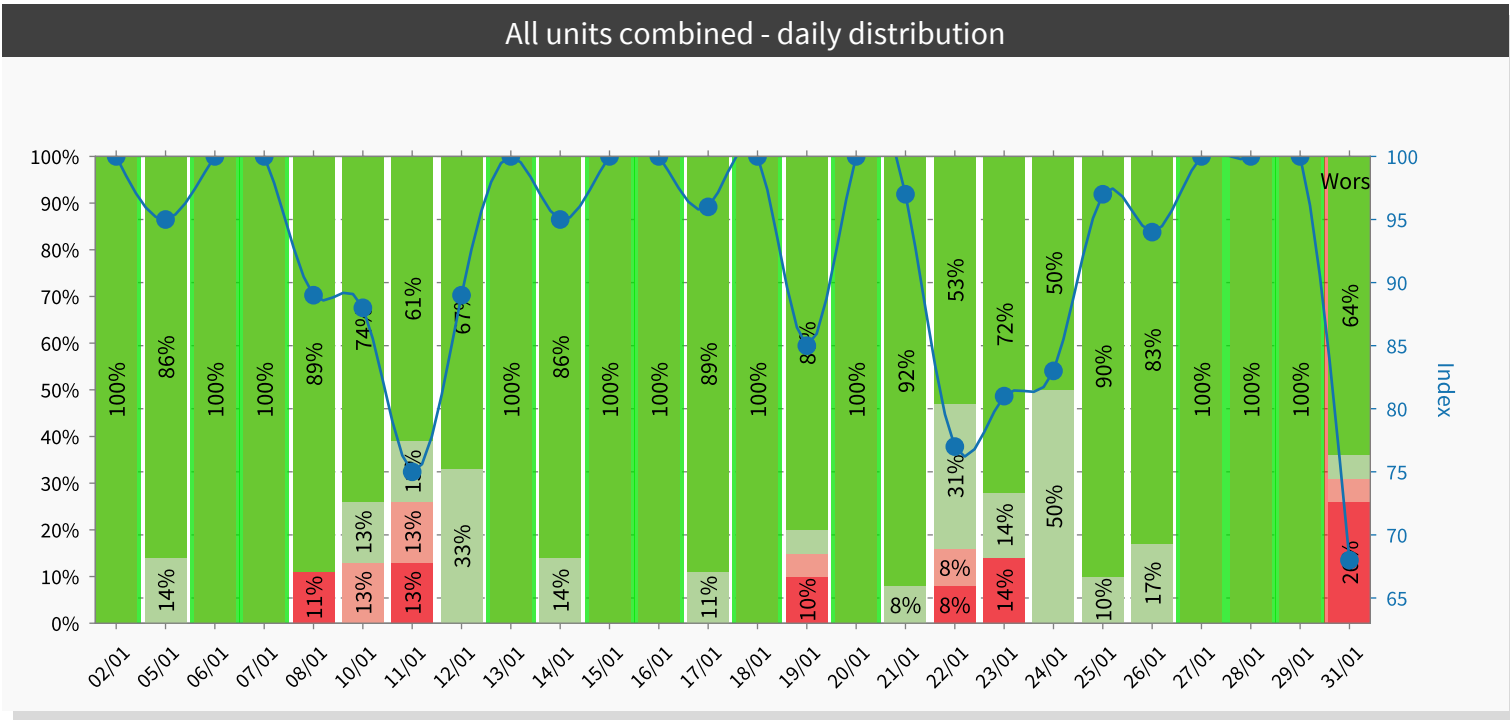
That the HappyOrNot Report – January 2022 be received.

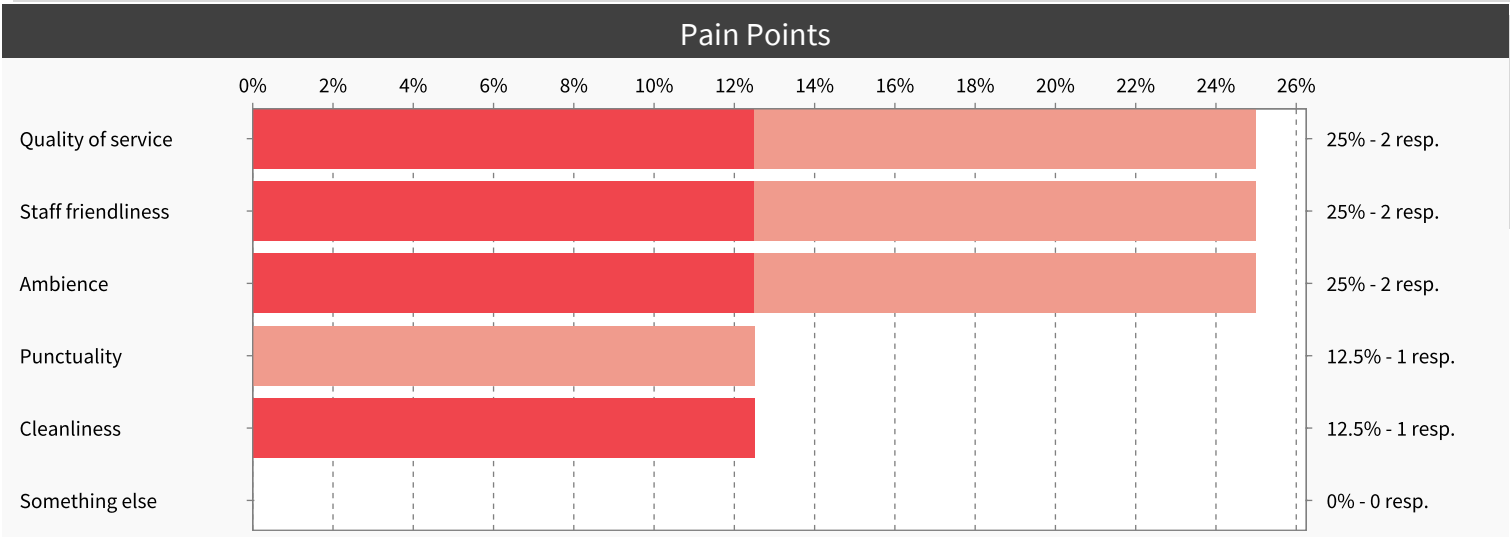
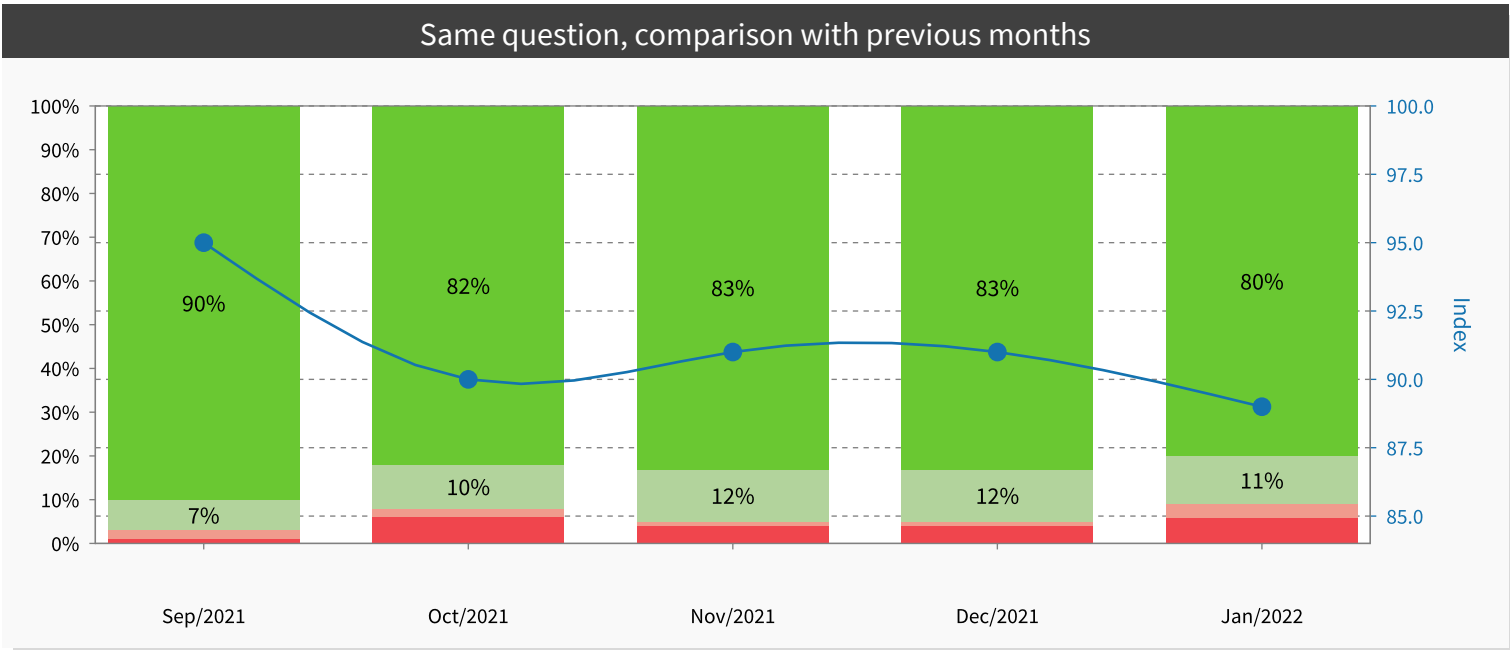
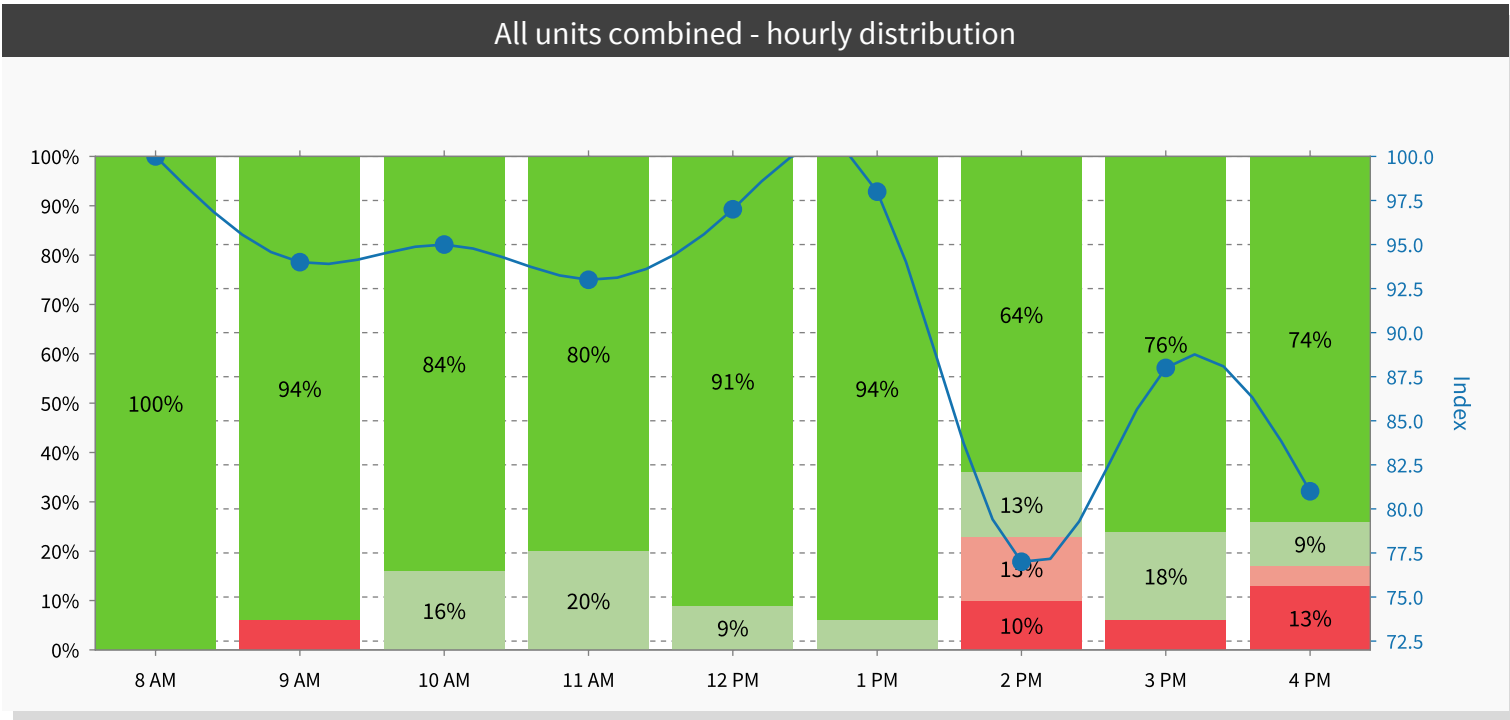
Please rate our service today

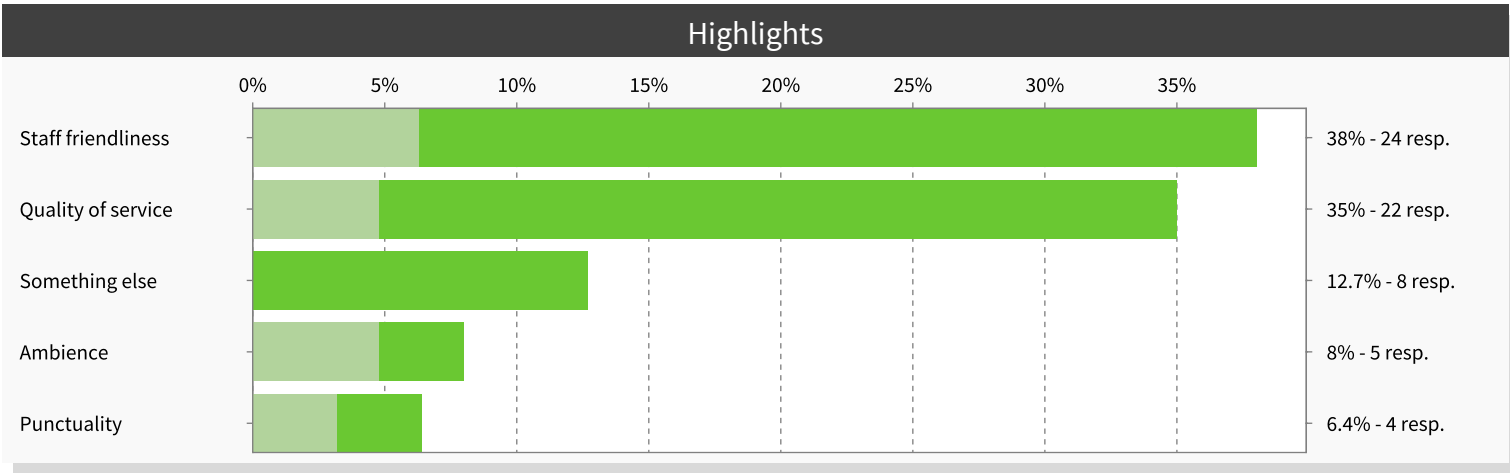


Risers		
Survey	Index	Change
High Street Marton	94	3% ↑
Marton library	93	1% ↑
Taihape	98	0% ↑

Fallers		
Survey	Index	Change
Te Matapihi	77	-5% ↓







Please rate our service today

Te Matapihi



2022-01-29 11:20 AM

Staff friendliness

they are very nice and thoughtful



2022-01-25 3:17 PM

Staff friendliness

they are very lovely and kind



2022-01-18 12:13 PM

Staff friendliness

Great, helpful team



2022-01-16 1:28 PM

Quality of service

it was pretty good



2022-01-14 10:57 AM

Staff friendliness

lovely place to read and use computers



2022-01-02 4:49 PM

Something else

thank you for your help and exploring with us and the hoverboards



2022-01-02 4:48 PM

Something else

letting them ride our hover board in hallway thank you for letting us explore

Taihape



2022-01-23 10:24 AM

Quality of service

very awesome

High Street Marton



2022-01-14 1:59 PM

Staff friendliness

love all the awesome boys and girls at the front counter.

9.8 Statement of Service Performance: July - December 2021**Author:** Katrina Gray, Senior Strategic Planner**Authoriser:** Carol Gordon, Group Manager - Democracy & Planning**1. Reason for Report**

The purpose of this report is to present the six-month Statement of Service Performance to Elected Members. The reporting period is from 1 July 2021 to 31 December 2021.

2. Comment

2.1 Two documents will be provided for the Statement of Service Reporting:

2.1.1 A Dashboard which contains an overview of the results from Council's request for service system.

2.1.2 Reporting against the agreed performance measures for each Group of Activities, that are contained within Council's 2021-31 Long Term Plan.

2.2 The reporting for this period has been simplified. Reporting against the agreed performance measures is now split into three categories; achieved, not achieved and not measured. Actions may be identified as 'not measured' where reporting is unavailable during this period, for example where there is an annual measurement only.

2.3 A concern raised last financial year was the number of requests for service/callouts for roading, water supply and wastewater that were not achieved. There has been great improvement in these areas with 12 of the 14 measures achieving (when separated out to each specific measure) compared to 5 of the 14 measures for the previous financial year. This has been achieved by aligning the way Council manages its service requests. The Information Services Team have worked collaboratively with teams across Council to achieve this work.

Recommendation

That the report 'Statement of Service Performance: July – December 2021' be received.

10 Public Excluded

Resolution to Exclude the Public

The meeting went into public excluded session [enter time](#)

Recommendation

That the public be excluded from the following parts of the proceedings of this meeting.

1. Insurance Costs Approval

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the *Local Government Official Information and Meetings Act 1987* for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.2 - Insurance Costs Approval	s7(2)(h) - commercial activities	s48(1)(a)(i)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding or the whole or the relevant part of the proceedings of the meeting in public as specified above.

11 Open Meeting

12 Next Meeting

The next Finance/Performance Committee meeting is scheduled for 31 March 2022 at 9.00 am.

13 Meeting Closed