



**I, Steven May, Tumu Whakarae Chief Executive Officer, hereby give notice that
an Ordinary Meeting of Council will be held on:**

Date: Tuesday, 5 May 2020
Time: 1.30pm
**Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa**

AGENDA

Ordinary Council Meeting

5 May 2020

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 24 March 2020

**MINUTES OF WAIROA DISTRICT COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON TUESDAY, 24 MARCH 2020 AT 1.30PM**

PRESENT: Cr Denise Eaglesome-Karekare, Cr Hine Flood (Deputy Mayor), Cr Danika Goldsack, Cr Jeremy Harker, Cr Melissa Kaimoana, Mr Kiwa Hammond

IN ATTENDANCE: S May (Tumu Whakarae Chief Executive Officer), Kitea Tipuna (Pouwhakarae – Hapori/Whakatūtaki Group Manager Community and Engagement), Kimberley Tuapawa (Pouwhakarae – Pārongo/Wheako Kiritaki Group Manager Information and Customer Experience), S Heath (Pouwhakarae – Hua Pūmau Hapori/Ratonga Group Manager Community Assets and Services) R McCracken (Kaihangarau Matua | Pārongo Wheako Kiritaki), A Heron (Mataaro Whakakaupapa/Projects Engineer), A King (Kaiurungi Whakawhanake Hapori), K Stevenson (Kaiurungi Hauora-Haumaru), D Meihana (Emergency Management Advisor Wairoa)

1 KARAKIA

Karakia was given by K Tipuna

2 APOLOGIES FOR ABSENCE

APOLOGIES

RESOLUTION 2020/11

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That the apologies received from His Worship the Mayor, C Little, Cr Chaans Tumataroa-Clarke and P Kelly be accepted and leave of absence granted.

CARRIED

The Chairperson declared His Worship the Mayor is using Zoom to video conference into Ordinary Council meeting.

3 DECLARATIONS OF CONFLICT OF INTEREST

Cr Jeremy Harker declared conflicted of interest to Items:

10.3 – Council endorsement for a QRS PGF application

10.5 – Procurement-Contract 19/10 Flood Damage Repairs, Mohaka/Waiau, Package 3.

10.6 - Procurement-Contract 19/11 Structural Bridge Repairs Package 1

4 CHAIRPERSON'S ANNOUNCEMENTS

The Chairperson commented on the pandemic and the alert level 3 announcement. Wairoa District Council will reduce its agenda and also have no public participation for health and safety and conduct the business very quickly.

The Chairperson also invited Denal Meihana, Emergency Management Advisor Wairoa. Mr Meihana Wairoa advised community leaders met in preparation with Covid to activate a Comms out to the community and other stakeholders.

With Prime Ministers alert level 3 and subsequently going into alert level 4 on Wednesday, 25 March 2020 at 11.59pm the local EOC activated and powers will be handed to local civil defence controller, Mr Kitea Tipuna.

Line of communication for elected members

5 LATE ITEMS OF URGENT BUSINESS

Update of Chief Executive Officer's report

6 PUBLIC PARTICIPATION

None.

7 MINUTES OF THE PREVIOUS MEETING**RESOLUTION 2020/12**

Moved: Cr Jeremy Harker

Seconded: Cr Melissa Kaimoana

That the minutes and confidential minutes of the Ordinary Meeting held on 11 February 2020 be confirmed.

CARRIED

8 GENERAL ITEMS**8.7 CEO REPORT AND UPDATED REPORT DATED 24 MARCH 2020****RESOLUTION 2020/13**

Moved: Cr Jeremy Harker

Seconded: Cr Danika Goldsack

That Council receive the Chief Executive Officer's report and also the Updated Report dated 24 March 2020.

CARRIED

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS**9.1 RECEIPT OF MĀORI STANDING COMMITTEE MEETING - 5 FEBRUARY 2020****RESOLUTION 2020/14**

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That the Minutes of the Māori Standing Committee Meeting held on Wednesday 5 February 2020 be received and the recommendations therein be adopted.

CARRIED

9.2 RECEIPT OF ECONOMIC DEVELOPMENT COMMITTEE MEETING - 18 FEBRUARY 2020**RESOLUTION 2020/15**

Moved: Cr Melissa Kaimoana

Seconded: Cr Hine Flood

That the Minutes of the Economic Development Committee Meeting held on Tuesday 18 February 2020 be received and the recommendations therein be adopted.

CARRIED

10 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2020/16**

Moved: Cr Jeremy Harker

Seconded: Cr Hine Flood

That the public be excluded from the following parts of the proceedings of this meeting at 1.42pm.

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
10.1 - Council endorsement for a QRS PGF application	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good

	<p>commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	reason for withholding would exist under section 6 or section 7
10.2 - Copier Replacement Contract	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.3 - Youth Services - Peer Reviewed Report	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.4 - Procurement - Contract 19/10 Flood Damage Repairs, Mohaka/Waiau, Package 3	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	
10.5 - Procurement Contract 19/11 Structural Bridge Repairs Package 1	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.6 - Receipt of Public Excluded Economic Development Committee Meeting - 18 February 2020	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
CARRIED		

RESOLUTION 2020/17

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That Council moves out of Closed Council into Open Council.

CARRIED

Closing karakia was given by K Tipuna

The Meeting closed at 2.03pm.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 5 May 2020.

.....
CHAIRPERSON

8 GENERAL ITEMS

8.1 GRANT TO HAWKE'S BAY RESCUE HELICOPTER TRUST

Author: Kitea Tipuna, Pouwhakarae – Hapori / Whakatūtaki Group Manager Community and Engagement

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: Nil

1. PURPOSE

- 1.1 The purpose of this report is to present to Council the review of the annual grant to the Hawke's Bay Rescue Helicopter Trust and to seek approval or not for the release of the 2019/2020 grant of \$5,000.

RECOMMENDATION

The Pouwhakarae – Hapori / Whakatūtaki Group Manager Community and Engagement RECOMMENDS that Council approves the payment of a grant of \$5,000 to the Hawke's Bay Rescue Helicopter Trust.

EXECUTIVE SUMMARY

2. BACKGROUND

- 2.1 In July 2018 the Hawke's Bay Rescue Helicopter Trust submitted to Council's Long-term Plan 2018-28 (LTP), requesting an annual grant of \$15,000.
- 2.2 In its deliberations towards adopting the LTP Council resolved that:
- 2.2.1. The Hawke's Bay Rescue Helicopter Trust be given \$5,000 per annum to be reviewed annually and the funding be allocated to the community support activity.
- 2.3 This sum was included in the budgets for the first 5 years of the LTP, but it was not included in the Annual Plan for the year ended 30 June 2020.

3. OPTIONS

- 3.1 The options identified are:
- a. Approve the payment
 - b. Do not approve the payment
- 3.2 Approving the payment would demonstrate Council's continuing support for the contribution the Trust makes to welfare in the region.
- 3.3 This would give rise to a \$5,000 adverse variance against budget. The operating result for the Community Grants activity is currently forecast to be close to budget, net cost \$465,000.

- 3.4 The preferred option is *a) Approve the payment*, this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
	4. Safe and accessible recreational facilities 5. Supportive, caring and valued communities 6. Strong district leadership and a sense of belonging	7. A safe and secure community 8. A lifetime of good health, education and well-being

4. CORPORATE CONSIDERATIONS

What is the change?

- 4.1 There is no change, other than a minor variance to budget.

Compliance with legislation and Council Policy

- 4.2 The payment would be consistent with Council's LTP 2018-28, but a variance to the Annual Plan 2019-20

What are the key benefits?

- 4.3 Support for a valued contributor to regional community welfare.

What is the cost?

- 4.4 The cost of \$5,000 would be expended from operating cash.

Service delivery review

- 4.5 There are no service implications.

Māori Standing Committee

- 4.6 This matter has not been referred to the Māori Standing Committee because it was considered during the LTP process.

5. SIGNIFICANCE

- 5.1 The Trust's original submission advised that $\frac{1}{3}$ of its annual average of 300 missions relate to patients from Wairoa.
- 5.2 The amount requested is a very small percentage of the trust's operating costs and minimal impact on Council's budget.
- 5.3 There are no implications for Council's assets or services.

- 5.4 In accordance with Council's Significance and Engagement Policy this matter is deemed to be of low significance.

6. RISK MANAGEMENT

- 6.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Low	Low
Operations	Employees	Image & Reputation
Low	Low	Low

Who has been consulted?

This matter originates from the Long-term Plan 2018-28 consultation.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
Author Kitea Tipuna	Approved by Steven May

8.2 QRS STATEMENT OF INTENT FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2023 AND SIX MONTHLY REPORT TO 31 DECEMBER 2019.

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager
Finance and Corporate Support

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices:

1. QRS Statement of Intent 2020-23 [↓](#)
2. QRS Statement of Intent 2019-22 [↓](#)
3. QRS Half Year Report 2019-20 [↓](#)

1. PURPOSE

- 1.1 To present the Draft QRS Statement of Intent 2020-23 and the company's 6 monthly performance report to 31 December 2019 for consideration by Council.

RECOMMENDATION

The Chief Financial Officer RECOMMENDS that Council

1. Receives the QRS proposed Statement of Intent 2020-23 subject to further comment, and the 6 monthly performance report to 31 December 2019, and
2. Instructs the Finance Audit and Risk Committee to discuss the company's financial forecasts and risks with the Board at the committee's meeting on 26 May 2020.

2. BACKGROUND

- 2.1 The Local Government Act 2002 (Schedule 8, paragraph 2) requires a Council Controlled Organisation (CCO) to deliver to its shareholders a Draft Statement of Intent (Sol) on or before 1 March each year.
- 2.2 Having received a Draft Sol, Council are required to comment, if it chooses to do so, within two months of 1 March. (LGA 2002 (Sch. 8, para.3))
- 2.3 The Draft Sol, attached as **Appendix 1**, was delivered to Council on 6 March 2020, having been slightly delayed as Council and the company continue to coordinate on strategic direction. It is complete in respect of the requirements of LGA 2002 Sch. 8, para.9.
- 2.4 Section 66 of the Act, and the company's current Sol, requires the Board to deliver to Council a half-yearly report on its operations within 2 months of the end of the first half of the financial year. This was delivered on 6 March 2020.
- 2.5 The directors will formally present the half-yearly report to Council at its Ordinary Meeting on 24 March 2020 and therefore it is attached as **Appendix 3**.

3. STATEMENT OF INTENT

- 3.1 The Draft Sol sets out the overall activities and intentions of QRS for the 3 years commencing 1 July 2020.
- 3.2 For ease of comparison the company's existing Sol for the period commencing 1 July 2019 is attached as **Appendix 2**.

4. OPTIONS

4.1 The options identified are:

- a. Receive the Draft Statement of Intent without amendment and the half-yearly report; or
- b. Receive the Draft Statement of Intent 2020-2023 subject to further comment and receive the half-yearly report.

4.2 Discussions with QRS regarding Council's expectations continue. Since Council has more than a month to comment, receiving the report will provide a formal and transparent record of this process.

4.3 The preferred option is *b*), this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong, prosperous and thriving economy. 2. A safe and integrated infrastructure.	6. Strong district leadership and a sense of belonging	

5. CORPORATE CONSIDERATIONS**What is the change?**

5.1 There are no changes to council operations resulting from this decision.

Compliance with legislation and Council Policy

5.2 Both documents comply with the requirements of the Local Government Act 2002 in terms of content. As noted, they were delivered after the statutory date of 1 March 2020.

What are the key benefits?

5.3 These documents provide an oversight of the company and provide Council with a health check on its main equity investment.

What is the cost?

5.4 There is no cost with this decision.

What is the saving?

5.5 No savings are generated with this decision.

Who has been consulted?

5.6 No consultation is required or has been undertaken on this report.

Service delivery review

5.7 This report does not trigger a need for a s17A review.

Māori Standing Committee

- 5.8 This has not been referred to the Māori Standing Committee because it is of equal interest to the whole community.

6. SIGNIFICANCE

- 6.1 The decision can be changed by using LGA 2002 Section 8 paragraph 5(1) which allows for shareholders by resolution to require the CCO Board to modify a statement of intent after due consultation with the Board.
- 6.2 Although there are strategic considerations this matter is largely administrative and is assessed as being of low significance.

7. RISK MANAGEMENT

- 7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Low	Low
Operations	Employees	Image & Reputation
Low	Low	Low

Further Information

Not Applicable.

Background Papers

Not Applicable.

References (to or from other Committees)



This matter is refreshed annually and considered by Council.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
Author Gary Borg	Approved by Steven May



Statement of Corporate Intent 2020-2023



Covering period 1 July 2020 to 30 June 2023

Foreword



Quality Roding and Services (Wairoa) Ltd (QRS) connects workers to their jobs, creates opportunities for the community, and protects it from an increasingly unpredictable natural environment.

QRS is incorporated and domiciled in New Zealand and wholly owned by Wairoa District Council. It is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

Our speciality is civil construction and road maintenance. We have quarry operations, a large-scale heavy diesel workshop, and offer civil engineering skills, experience and equipment.

The company believes strongly in the importance of people, performance, communities and partnerships (PPCP).

In 2019 QRS consolidated into a company of excellence successfully tendering for contracts of national significance and delivering fit-for-purpose road maintenance at a time of public demand and challenging conditions. Our **people** are the driving force behind our success. The culture at QRS rewards good **performance** and celebrates success. We actively connect with our **community** supporting everyone who visits, lives and works in the district. A key to success has been the revitalised relationship and **partnership** QRS has fostered with its sole shareholder (and client) WDC. Through improved communication both organisations are thinking in a similar way and focussed on what's 'best for Wairoa'

This Statement of Corporate Intent (SCI) sets out the overall activities and intentions of QRS for the financial year 1 July 2020 to 30 June 2021 and the two succeeding financial years. It also states the objectives to which those activities will contribute.

QRS looks forward to continuing its significant contribution to Wairoa District Council and the communities that it serves.

Nigel Pollock

Nigel Pollock
Quality Roding and Services chief executive
March 2020

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1. Nature and scope of company activities

QRS and its staff are an integral part of Wairoa and the wider district. Our speciality is civil construction and road maintenance and offer a full range of civil engineering skills, experience and equipment.

The principal activities of QRS are:

- Roading maintenance and associated construction
- Civil construction
- Quarrying
- Heavy transport



2. Mission and vision

WDC mission: The Wairoa District Council exists so that residents and visitors alike can enjoy the community in which they live and visit, supported by local decision-making to promote the social, economic, environmental and cultural well-being of the Wairoa District in the present and for the future.

WDC vision: Connected Communities, Desirable Lifestyles, Treasured Environments

QRS mission: To grow and sustain a profitable and locally valuable contracting business on a foundation of safety and quality.

QRS vision: Professional and growing.



3. Strategic Plan 2020-2021



4. Governance

The role of the board is to effectively represent WDC and not to act contrary to the interests of WDC whilst adding long term value to the company.

The board will regularly review and monitor the management of the company by:

Determining purpose and direction: establishing objectives which are appropriate to the environment and circumstances.

Developing an effective governance culture: Ensuring the company's objectives are understood and endorsed by management; consider policies that will strengthen the company's performance; and engage effectively with the chief executive and leadership team

Holding to account: satisfying itself that the company is achieving its objectives; agreeing with management a set of financial and non-financial key performance indicators relevant to the agreed objectives.

The board will hold quarterly governance meetings with WDC. Day-to-day management of the company will be delegated to the chief executive.

5. Ratio of shareholder funds to total assets

To provide the company with the capacity to grow whilst maintaining an efficient capital structure that minimizes risk, QRS will target the ratio of shareholder funds to total assets for each year at not less than 45%.

The shareholder funds and total assets are defined as disclosed in the audited statement of financial position as at 30 June.

6. Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

Details of the accounting policies and their application are contained in Appendix 2.

7. Procurement

WDC to engage with QRS at a governance level for non-subsidised work thereby giving both organisations the opportunity to strategically provide the best benefits for Wairoa. If in doubt, the shareholder, as the contracting entity may apply principles of transparency and non-discrimination.

8. Performance targets

The following performance targets are the measures by which the company's performance will be judged as published in the 2018-2028 Land Transport Activity Management Plan commonly referred to as the Long Term Plan.

	2020/21	2021/2022	2022/2023
Target revenue	\$17,000,000	\$18,000,000	\$19,000,000
Net profit after-tax	\$425,000	\$450,000	\$475,000
Dividend forecast	\$250,000	\$250,000	\$250,000
Net profit pre-tax of opening shareholder funds	6%	6%	6%
Ratio of Shareholders funds	>45%	>45%	>45%

9. Reports to the shareholder

9.1 General

The company will disclose information on its operations as is necessary to enable the shareholder to make an informed assessment of the performance of the company.

9.2 Draft Statement of Corporate Intent

The board will deliver to the shareholder a draft Statement of Corporate Intent on or before 1 March each year.

9.3 Completed Statement of Corporate Intent

The Board will:

(a) consider any comments on the draft Statement of Corporate Intent that are made to it within two months of March by the shareholder; and

(b) deliver the completed Statement of Corporate Intent to the shareholder on or before 30 June each year.

9.4 Quarterly update

The company will provide a quarterly update to a full general meeting of WDC.

9.5 Half year reporting

The Board will, by 28 February each year, deliver to the shareholder unaudited financial statements consisting of:

- Statement of financial position
- Statement of financial performance
- Cash flow statement for the six months to 31 December, together with statements of explanation and accounting policies upon which the financial statements are based.
- A written report on operations of the company during the period, and the amount of any interim dividend recommended, and the outlook for the next six months including any significant changes to previous forecasts or reports.

The company will make a formal presentation of the report at a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

9.6 Annual Report

The Company will make available to the Shareholder and the public, audited financial statements in accordance with Section 67 of the Local Government Act 2002 within three months after the end of each financial year, being 30 September.

The annual general meeting of the company will be held no later than 21 days after the delivery of the annual report to the shareholder.

The company will make a formal presentation of the report to a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

10. Consent for shareholding

Notwithstanding anything else contained in the constitution or the act, the board may not subscribe for, purchase, or otherwise acquire shares in any other company or other person without the prior written approval of the shareholder.

11. Estimate of commercial value of the shareholder's investments

The board will make an estimate of the commercial value of the company each year. An independent valuation will be performed once every three years. The shareholder will be advised of the value of their investment accordingly.

12. Profit distribution policy

Dividend Payments

The company will pay the shareholder a minimum annual dividend of \$250,000. This includes an interim dividend of \$50,000 after the six-monthly result, subject to the company passing the solvency test and board signing a solvency certificate.

In arriving at a recommendation in respect to a dividend the board will have regard to the company's:

- vision and objectives.
- financial performance for the past financial year taking regard for the future commercial environment.
- ability to meet financial commitments.
- investment proposals and profitability thereof
- ability to secure suitable financial arrangements
- requirements to reinvest in renewal of assets
- shareholder expectations with respect to overall performance of the company's commercial outcomes.

The Board may recommend the payment of dividends in addition to those contained within this statement of corporate intent.

12. Treasury policy

Corporate Objectives

Ensure the company is able to meet its future commitments as they fall due in both the short and long term through active treasury risk management. QRS will:

1. Reduce company cost of borrowing through effective control and management of its interest rate risk, and manage the company's exposure to interest rate risk within acceptable levels.
2. Manage funding risk by the selection of the best available methods for long term financing requirements.
3. Manage the company's return on funds invested through the effective control and management of its interest risk and maintain company exposure to interest risk within acceptable levels.
3. Maintain adequate internal controls to ensure that funds are invested and borrowed in accordance with company policy.
4. Know that company assets can be given as security. The use of long-term funds will be restricted to development and establishment of capital assets and the repayment of equity.

13. Investment policy

WDC believes it is important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective, sustainable competition and providing community support.

As those ratepayers do not have any direct involvement with how that investment is determined, the directors owe a special duty of care to how that investment is managed.

In addition, the company will supply WDC with all business cases for investments above \$500,000 for review prior to committing to the investment.

As an overall investment policy and in alignment with the WDC Investment Policy (item 4.3 dated 5 August 2015) and the WDC Long Term Plan 2018-2028, the company will endeavour to maximise the return on opening shareholder funds whilst acting within legislative parameters, maintaining investment risk within acceptable limits, and ensuring the company's funds are properly safeguarded.

The company will also operate as per Section 59 of the Local Government Act 2002 which states that the principle objective of a CCO (Council Controlled Organisation) is to:

- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Corporate Intent
- be a good employer
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so,
- and if the CCO is a CCTO (Council Controlled Trading Organisation), it will conduct its affairs in accordance with sound business practice.

While the company's ability to provide regular dividends is a strategic objective in the WDC investment policy, growth opportunities are also available with reinvestment in the business.

Using a collaborative approach to economic development WDC agree in principal that QRS future-proof its assets by building a fit-for-purpose operational hub at QRS acknowledging that in time this asset will maximise the company's profit thereby ensuring long term financial stability.

In addition, WDC and QRS will go beyond formal governance structures to encourage collaborative behaviour and or identify opportunities for collaborative solutions for the benefit of the community.

Meanwhile, QRS continues to balance its return on shareholder value by contributing to the community socially and financially. The company invests in organisations that have a core focus of assisting the environment, children, and causes that support social wellness for individuals and the community of Wairoa.

Appendix 1 Collaboration policy

Quality Roading and Services (QRS) has embraced working collaboratively as a key pillar for achieving its vision of professional and growing; and sustaining a profitable and locally valuable business on a foundation of safety and quality.

QRS believes that working collaboratively will also maximise employee satisfaction, minimise conflict and produce sustainable outcomes for the business and our clients.

To achieve these goals QRS will endeavour to develop, maintain and monitor a culture of collaboration, both internally and externally with clients and stakeholders, based on:

- building trust with each other
- looking forward, not back
- providing timely responses
- having open, honest and frank communication
- being respectful of each other
- no surprises approach
- being positive and constructive

QRS will support the ideal of continuous improvement in working collaboratively.

Nigel Pollock
Chief executive officer
March 2020

Appendix 2 Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been followed.

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

1. Revenue Recognition

QRS is in the business of providing road maintenance and construction and sale of aggregate. Revenue from contracts with customers is recognised when control of the physical work completed on the clients asset or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

2. Sale of aggregate

Revenue from sale of aggregate is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the aggregate. The normal credit term is 30 to 60 days upon delivery.

3. Variable consideration

QRS does not enter into variable consideration arrangements nor provide any volume rebates. In addition, there are no financing components or warranty obligations beyond normal retentions held by the customer for road construction projects.

4. Borrowing costs

Borrowing costs are recognised as an expense when incurred.

5. Goods and services tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

6. Employee benefits

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive income as incurred.

7. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past result. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

8. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

9. Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts. The Company assesses impairment losses by estimating the expected credit loss that may exist within its portfolio of accounts receivable based on its historical experience of credit loss arising from accounts receivable.

10. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

11. Inventories

Inventories are valued on the basis of the lower of cost, determined on a first-in, first-out basis, and net realisable value.

12. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

There are six classes of property, plant and equipment:

- Freehold land
- Quarries

- Freehold buildings
- Plant, equipment and vehicles
- Office equipment and furniture
- Computer hardware

The quarry asset class includes all development costs in relation to the Tangihanga Joint arrangement, accounted for by QRS in accordance with accounting policy(s).

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the statement of comprehensive Income in other operating expenses.

13. Depreciation

Depreciation is provided on a straight-line basis on freehold buildings and quarries. Freehold land is not depreciated.

Plant, equipment and motor vehicles, office equipment and furniture, and computer hardware are depreciated at rates calculated to allocate the assets cost less estimated residual value over their estimated useful lives. The rates for major classes of assets have been estimated as follows:

Quarries	3.3% Straight Line
Freehold Buildings	3.3% Straight Line
Plant, Equipment & Motor Vehicles	20% Diminishing Value
Office Equipment and Furniture	20% Diminishing Value
Computer Hardware	48% Diminishing Value

Depreciation is calculated on a monthly basis from the date of acquisition. The assets useful lives, residual values and depreciation method are reviewed at least every financial year.

14. Intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of all intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

The amortisation of the software class of intangible assets is estimated at 20%-48% diminishing value, depending on the nature of the software.

15. Statement of cash flows

Operating activities include cash received from all income sources of the company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the company.

16. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised and as well as through the amortisation process.

17. Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

18. Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

19. Joint arrangements

QRS have a joint arrangement with Wi Pere Trust at the Tangihanga Quarry. A joint arrangement is an arrangement over which two parties or more have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the

relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. QRS's joint arrangement is a joint operation.

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement.

In relation to its interest in the joint operation, the financial statement for QRS includes:

- Assets, including its share of any assets held jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to QRS's interest in the joint operation.

20. Tangihanga joint arrangement impairment test

QRS recognise \$366,087 as it's share of development costs of the Tangihanga joint arrangement as at 30 June 2019. As a separate cash generating unit this has been impairment tested giving assurance to the board's expectations around the following key areas:

- Revenue
- Costs
- Timing

The assumptions are based on known production capacity, market demand on published forestry information and market pricing based on current rates achieved by competitors in the market which ranged from \$21-\$49. Production costs are based upon a current model for a fully owned quarry site by QRS. Discounted cashflow over 5 years with a terminal value and growth rate of 2% has been completed.

21. Significant accounting judgements, estimates and assumptions – quarry aftercare

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare.

The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

22. Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the

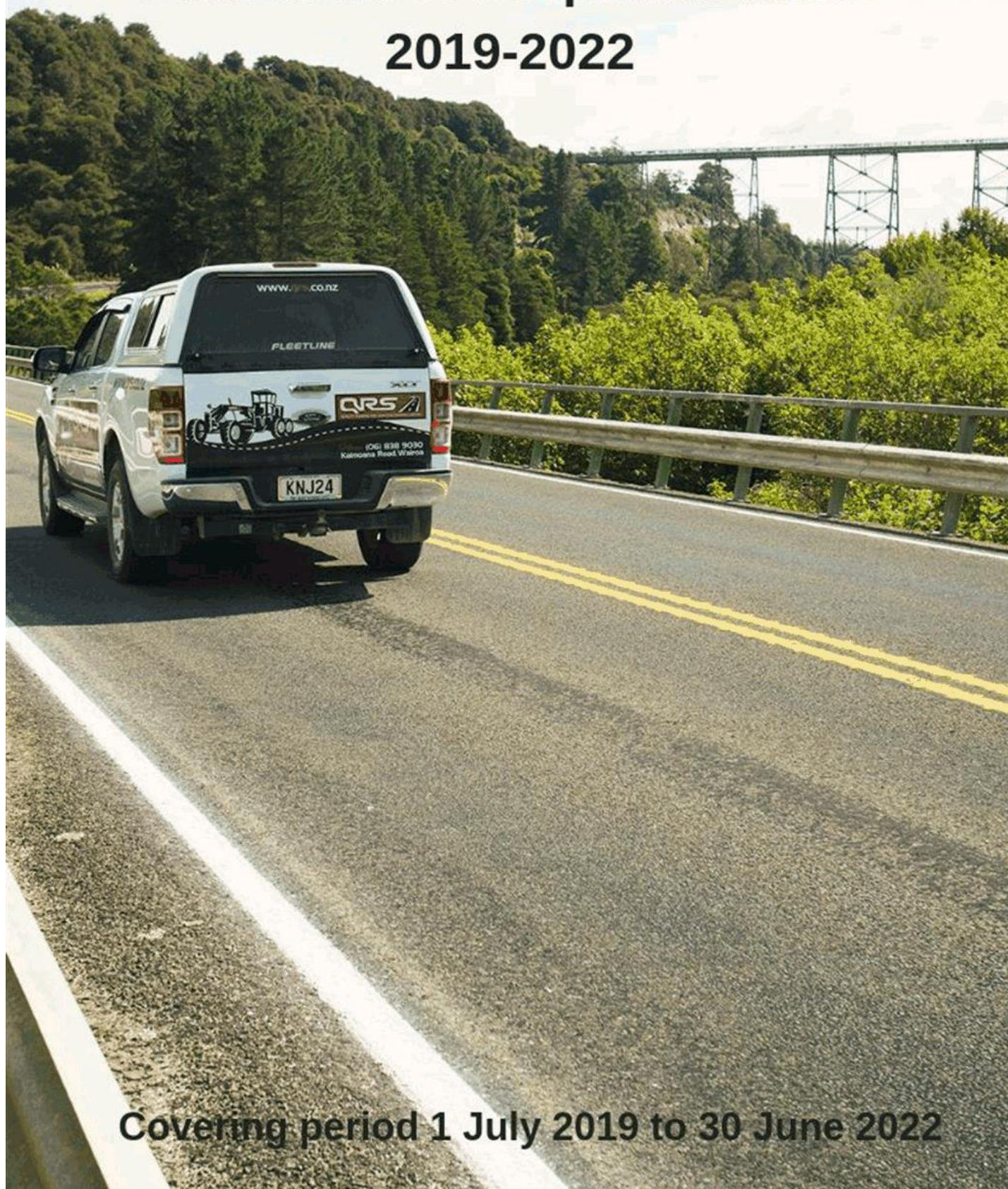
customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when company performs under the contract.



Statement of Corporate Intent 2019-2022



Covering period 1 July 2019 to 30 June 2022

Foreword



Quality Roding and Services (Wairoa) Ltd (QRS) connects workers to their jobs, creates opportunities for the community, and protects it from an increasingly unpredictable natural environment.

QRS is incorporated and domiciled in New Zealand and wholly owned by the Wairoa District Council. It is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

Our speciality is civil construction and road maintenance. We have quarry operations, a large-scale heavy diesel workshop, and offer civil engineering skills, experience and equipment.

This Statement of Corporate Intent (SCI) sets out the overall activities and intentions of QRS for the financial year 1 July 2019 to 30 June 2020 and the two succeeding financial years. It also states the objectives to which those activities will contribute.

QRS looks forward to continuing its significant contribution to Wairoa District Council and the communities that it serves.

Nigel Pollock

Nigel Pollock

Quality Roding and Services chief executive.

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1. Nature and scope of company activities

QRS and its staff are an integral part of Wairoa and the wider district. Our speciality is civil construction and road maintenance and offer a full range of civil engineering skills, experience and equipment.

The principal activities of QRS are:

- Roading maintenance and associated construction
- Civil construction
- Quarrying
- Heavy transport



2. Mission and vision

WDC mission: The Wairoa District Council exists so that residents and visitors alike can enjoy the community in which they live and visit, supported by local decision-making to promote the social, economic, environmental and cultural well-being of the Wairoa District in the present and for the future.

WDC vision: Connected Communities, Desirable Lifestyles, Treasured Environments

QRS mission: To grow and sustain a profitable and locally valuable contracting business on a foundation of safety and quality.

QRS vision: Professional and growing.



3. Objectives

To achieve its mission and vision QRS has objectives in five key focus areas: financial performance and position; people and leadership; stakeholder relationships; health and safety; and quality.

1. Financial performance and position

QRS will continue to manage the business to ensure its continued relevance to the Wairoa community.

Objective for the next three years

Strengthen and consolidate the resilience of the company

What would success look like?

Ratio of shareholder funds to total assets is not less than 45 percent.

How do we measure progress?

- Target revenue
- Net profit after-tax (4%)
- Dividend forecast
- Ratio of Shareholders funds



2. People and leadership

QRS will ensure it has the right people doing the right things all the time

Objective for the next three years

Be recognised as a good employer

Employ committed people with the right capabilities and attitude.

What would success look like?

The creation and adoption of a QRS-wide human resources strategy.

How do we measure progress?

Employee exits are no more than 6-8 percent per annum

Staff satisfaction surveys are used to understand employee attitudes and motivation, and as a result contribute to positive change.

Succession and talent identification reviews are carried out twice a year.

Performance and development plans are in place for all QRS staff



3. Stakeholder relationships

QRS will collaborate with stakeholders for the greater good of Wairoa.

Objectives for the next three years

Nurturing stakeholder relationships that add value

What would success look like?

Retention of good clients

Deliver on promises from the first contact right through to the completion of service delivery

Continued community engagement

Enduring productive strategic partnerships

How do we measure progress?

Gain a real-world view on how QRS is viewed and the things it could do or focus on to enhance its stakeholder relationships via interviews and surveys.

All Performance Assessment Contract Evaluation (PACE) report results for projects over \$500,000 are completed and received.

The community is supported within QRS's sponsorship requirements

The Collaboration Policy requirements are met

Active engagement at the governance, chief executive and leadership team levels via the monthly relationship health check



4. Health and safety

Health, safety, and wellness is embedded into QRS company culture and we operate with a zero-harm approach to health and safety and legislative compliance.

Objectives for the next three years

QRS operates with a culture that strives for zero harm in accordance with industry best practice
Enhance employee understanding and comprehension of risks, hazards and responsibilities
Effective reporting systems
Employee participation in all health and safety matters that has the potential to affect them in their work
Compliance with relevant legislation and company standards

What would success look like?

Zero harm ratios trend down
Everyone gets home safe and sound
Procedures and processes comply with the company compliance management system and the health and safety plans

How do we measure progress?

Subcontractor management inspections ensure the production of quality deliverables that meet or exceed QRS's requirements
The lost time injury frequency rate is zero
The medically treated injury frequency rate is zero
The total recordable injury frequency rate is zero
Regular audits of the health and safety plan and the company compliance management system
Measurement of repeat non-compliance of health and safety systems
Timely reporting of incidents
Employees are 100 percent drug and alcohol free while at work

No Worksafe New Zealand notices or prosecutions



5. Quality

Quality is what QRS is known for.

Objectives for the next three years

Delivering in full, on time, and in specification.

What would success look like?

Maintaining a working living company compliance management system

Adherence to the company compliance management system

Continuous system improvements

How do we measure progress?

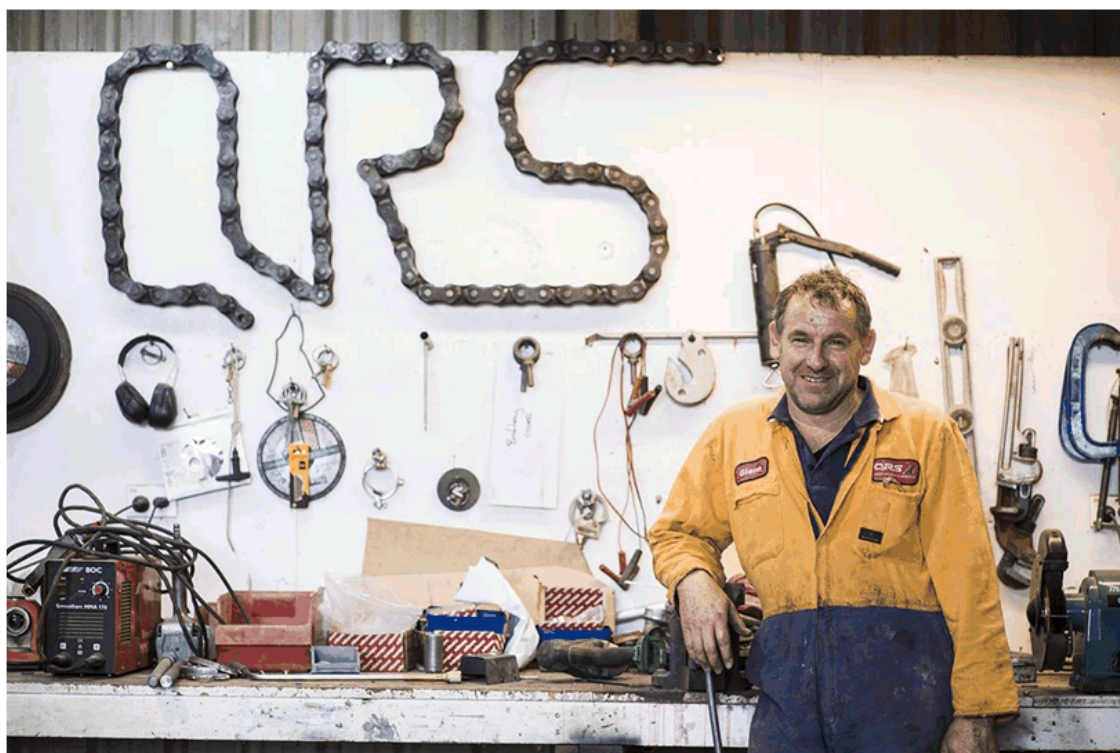
Audits of the company compliance management system to ensure adherence or improvements

Non-compliances are identified and corrective actions are then put in place and reported

Non-compliances are not repeated

Retention of industry standards organisation accreditations

Annual reviews and updates of the company compliance management system



4. Governance

The role of the board is to effectively represent WDC and not to act contrary to the interests of WDC whilst adding long term value to the company.

The board will regularly review and monitor the management of the company by:

Determining purpose and direction: establishing objectives which are appropriate to the environment and circumstances.

Developing an effective governance culture: Ensuring the company's objectives are understood and endorsed by management; consider policies that will strengthen the company's performance; and engage effectively with the chief executive and leadership team

Holding to account: satisfying itself that the company is achieving its objectives; agreeing with management a set of financial and non-financial key performance indicators relevant to the agreed objectives.

The board will hold quarterly governance meetings with WDC. Day-to-day management of the company will be delegated to the chief executive.

5. Ratio of shareholder funds to total assets

To provide the company with the capacity to grow whilst maintaining an efficient capital structure that minimizes risk, QRS will target the ratio of shareholder funds to total assets for each year at not less than 45%.

The shareholder funds and total assets are defined as disclosed in the audited statement of financial position as at 30 June.

6. Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

Details of the accounting policies and their application are contained in Appendix 2.

7. Performance targets

The following performance targets are the measures by which the company's performance will be judged:

	2019/20	2020/2021	2021/2022
Target revenue	\$16,000,000	\$17,000,000	\$18,000,000
Net profit after-tax (4%)	\$640,000	\$680,000	\$720,000
Dividend forecast	\$100,000	\$100,000	\$100,000
Ratio of Shareholders funds	>45%	>45%	>45%

7.1 The company will deliberate implementing a remuneration policy for employees.

8. Reports to the shareholder

8.1 General

The company will disclose information on its operations as is necessary to enable the shareholder to make an informed assessment of the performance of the company.

8.2 Draft Statement of Corporate Intent

The board will deliver to the shareholder a draft Statement of Corporate Intent on or before 1 March each year.

8.3 Completed Statement of Corporate Intent

The Board will:

(a) consider any comments on the draft Statement of Corporate Intent that are made to it within two months of March by the shareholder; and

(b) deliver the completed Statement of Corporate Intent to the shareholder on or before 30 June each year.

8.4 Half year report

The Board will, by 28 February each year, deliver to the shareholder unaudited financial statements consisting of:

- Statement of financial position
- Statement of financial performance
- Cash flow statement for the six months to 31 December, together with statements of explanation and accounting policies upon which the financial statements are based.
- A written report on operations of the company during the period, and the amount of any interim dividend recommended, and the outlook for the next six months including any significant changes to previous forecasts or reports.

The company will make a formal presentation of the report at a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

8.5 Annual Report

The Company will make available to the Shareholder and the public, audited financial statements in accordance with Section 67 of the Local Government Act 2002 within three months after the end of each financial year, being 30 September.

The annual general meeting of the company will be held no later than 21 days after the delivery of the annual report to the shareholder.

The company will make a formal presentation of the report to a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

9. Consent for shareholding

Notwithstanding anything else contained in the constitution or the act, the board may not subscribe for, purchase, or otherwise acquire shares in any other company or other person without the prior written approval of the shareholder.

10. Estimate of commercial value of the shareholder's investments

The board will make an estimate of the commercial value of the company each year. An independent valuation will be performed once every three years. The shareholder will be advised of the value of their investment accordingly.

11. Profit distribution policy

Dividend Payments

The company will pay the shareholder a minimum annual dividend of \$100,000 of the audited tax paid profit. This includes an interim dividend of \$50,000 after the six-monthly result, subject to the company passing the solvency test and board signing a solvency certificate.

In arriving at a recommendation in respect to a dividend the board will have regard to the company's:

- vision and objectives.
- financial performance for the past financial year taking regard for the future commercial environment.
- ability to meet financial commitments.
- investment proposals and profitability thereof
- ability to secure suitable financial arrangements
- requirements to reinvest in renewal of assets
- shareholder expectations with respect to overall performance of the company's commercial outcomes.

The Board may recommend the payment of dividends in addition to those contained within this statement of corporate intent.

12. Treasury policy

Corporate Objectives

Ensure the company is able to meet its future commitments as they fall due in both the short and long term through active treasury risk management. QRS will:

1. Reduce company cost of borrowing through effective control and management of its interest rate risk, and manage the company's exposure to interest rate risk within acceptable levels.
2. Manage funding risk by the selection of the best available methods for long term financing requirements.
3. Manage the company's return on funds invested through the effective control and management of its interest risk and maintain company exposure to interest risk within acceptable levels.
3. Maintain adequate internal controls to ensure that funds are invested and borrowed in accordance with company policy.
4. Know that company assets can be given as security. The use of long-term funds will be restricted to development and establishment of capital assets and the repayment of equity.

13. Investment policy

The directors acknowledge that QRS, as a Council Controlled Trading Organisation, differs from a private sector company in that the shareholding investment by WDC is on behalf of all its ratepayers.

Furthermore, as those ratepayers do not have any direct involvement with how that investment is determined, the directors owe a special duty of care to how that investment is managed.

As an overall investment policy and having regard to the special duty of care referred to, the company will endeavour to maximise the return on investments whilst acting within legislative parameters, maintaining investment risk within acceptable limits, and ensuring the company's funds are properly safeguarded.

In addition, the company will supply WDC with all business cases for investments above \$500,000 for review prior to committing to the investment.

Appendix 1 Collaboration policy

Quality Roading and Services (QRS) has embraced working collaboratively as a key pillar for achieving its vision of professional and growing; and sustaining a profitable and locally valuable business on a foundation of safety and quality.

QRS believes that working collaboratively will also maximise employee satisfaction, minimise conflict and produce sustainable outcomes for the business and our clients.

To achieve these goals QRS will endeavour to develop, maintain and monitor a culture of collaboration, both internally and externally with clients and stakeholders, based on:

- building trust with each other
- looking forward, not back
- providing timely responses
- having open, honest and frank communication
- being respectful of each other
- no surprises approach
- being positive and constructive

QRS will support the ideal of continuous improvement in working collaboratively.

Nigel P. Stock

Chief executive officer

April 2018

Appendix 2 Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been followed.

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

1. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Specifically, revenue on contracts is recognised progressively over the period of each contract.

The amount included in the statement of comprehensive income, and the value of the contract work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

2. Expenses

Expenses shown in the statement of comprehensive income comprise the amounts paid and payable by the company for completed contracts for the supply from suppliers of goods and services in the ordinary course of business.

Borrowing costs are recognised as an expense when incurred.

3. Goods and services tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

4. Employee benefits

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by

QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive income as incurred.

5. Differential reporting

QRS qualifies for differential reporting under New Zealand International Financial Reporting Standards (NZ IFRS) as it is not publicly accountable and not large.

All available differential reporting exemptions under the framework for differential reporting for entities applying NZ IFRS to reporting regime have been applied, except for NZ IAS 7 statement of cash flows and NZ IAS 12 income taxes.

6. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past result. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

7. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in

a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

This is the case except when the deferred income tax asset relating to the deductible temporary difference arisen from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

8. Accounts receivable

Accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when identified.

9. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

10. Inventories

Inventories are valued on the basis of the lower of cost, determined on a first-in, first-out basis, and net realisable value.

11. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

There are six classes of property, plant and equipment:

- Freehold land
- Quarries
- Freehold buildings
- Plant, equipment and vehicles
- Office equipment and furniture
- Computer hardware

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses are recognised in the statement of comprehensive Income in other operating expenses.

12. Depreciation

Depreciation is provided on a straight-line basis on freehold buildings and quarries. Freehold land is not depreciated.

Plant, equipment and motor vehicles, office equipment and furniture, and computer hardware are depreciated at rates calculated to allocate the assets cost less estimated residual value over their estimated useful lives. The rates for major classes of assets have been estimated as follows:

Quarries	3.3% Straight Line
Freehold Buildings	3.3% Straight Line
Plant, Equipment & Motor Vehicles	20% Diminishing Value
Office Equipment and Furniture	20% Diminishing Value
Computer Hardware	48% Diminishing Value

Depreciation is calculated on a monthly basis from the date of acquisition.

13. Intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of all intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

The amortisation of the software class of intangible assets is estimated at 20%-48% diminishing value, depending on the nature of the software.

14. Statement of cash flows

Operating activities include cash received from all income sources of the company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the company.

15. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised and as well as through the amortisation process.

16. Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

17. Financial instruments

Financial instruments are recognised in the balance sheet when the group becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables and term borrowings. All revenues and expenses in relation to the financial instruments are recognised in the statement of comprehensive income.

18. Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

19. Significant accounting judgements, estimates and assumptions – quarry aftercare

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare.

The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

20. New accounting standards and interpretations

The accounting policies adopted are consistent with those in the previous financial year. The company has elected not to early adopt any new standards or interpretations, which have been issued but are not yet effective, including the improvements to NZ IFRSs effective 1 July 2011 or 1 January 2012. There are no new or revised standards that had a material impact on the financial statements.



Six-monthly report for the period ended 31 December 2019





QUALITY ROADING AND SERVICES (WAIROA) LIMITED

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QUALITY ROADING AND SERVICES (WAIROA) LIMITED**DIRECTORY****Directors**

Guy Gaddum (Chairman)
Tony Gray
David Proctor
Fenton Wilson (Appointed 01/08/2019)

Registered Office

Kaimoana Road
Wairoa

Postal Address

P O Box 83
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Phone: (06) 838 9030
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Auditor

Stuart Mutch of Ernst & Young on behalf of the Office of the Auditor General

Bankers

Westpac
Wairoa

Solicitors

Mr Ian McDonald
Wairoa

Chairman's Six Month Report 2019

For the six-month period to December 2019

The QRS Directors declare a pre-tax profit of \$351,173. (2018: \$419,733).

The Company has reported revenue to 31 December 2019 of \$12,848,000 incurring expenses of \$12,497,000.

	31/12/17	31/12/18	31/12/19
REVENUE	7,300,000	9,047,000	12,848,000
EXPENSES	7,074,000	8,627,000	12,497,000
SURPLUS/(DEFICIT)	226,000	420,000	351,000

Report on Operations for the 6 months to December 31st 2019.

Financial Performance and Position

QRS has had a strong first 6 months of its 2020 financial year as shown above. Revenue at \$12.8 million is a new company record and has been driven in the main through central government funding in regional road safety initiatives and improvements. This result goes a long way to achieving our primary financial goal of *Strengthening and Improving the Resilience of the Company*.

This result includes a \$150,000 provision for impairment of an asset. Underlying profit from operations is strong.

As a result of this, the Directors have resolved to pay an interim dividend of \$50,000 (2018: \$50,000) for the six-month period.

People and Performance

QRSs' people continue to improve and excel. Our strategic objective is *Enhancing Committed People to Increase Internal and External Capabilities*. To this end the company has conducted staff surveys to benchmark such things as attitudes to Health and Safety, general feelings of wellbeing and job satisfaction. Investment in the Human capital at QRS remains an ongoing strategic imperative and this is a lead indicator of the company's performance across all other areas of strategic measurement. Current staff levels are 94 (2018: 106), with 90% on full time permanent contracts and wages of \$3 million for the 6 month period to 31 December 2019. All employees live locally in Wairoa and its surrounds.

Stakeholder Relationships

Our strategic achievement in this area is measured by *Delivery on Promises, Community Engagement, Productive Strategic Partnerships, Healthy Open Shareholder relationship*. We continue to enjoy a good open relationship with our 100% shareholder Wairoa District Council. This relationship is centered around quarterly liaison with a representative committee of 2 elected councilors, and a collaborative approach to the development of the companies Statement of Corporate Intent. QRS continues to be active in the local community with approximately \$17,000 allocated to various community groups in the Wairoa area for the 6 months to December 2019. Our focus for sponsorship continues to be around local community groups and youth.

Health and Safety

Zero Harm, Legislative Compliance, Health and Safety and personal wellness are embedded in the Companies Culture. The company has like many others, a Zero harm target, this means Zero harm to people, plant, the environment, whether it belongs to QRS or other stakeholders. While being an audacious goal, we continue to see gains in the right direction with all indicators around harm, damage, incidents etc., trending towards the Zero benchmark. Near hit and incident reporting continues to increase not due to

more incidents but due to a maturation in company culture where incidents are learning opportunities for the company and its staff.

Quality

QRSs' quality focus is summed up in one word-*Reputation*. We believe that by delivery in full, on time, and in specification, we will satisfy our quality goals and build a company reputation for doing what it says it will. Recent NZTA contracts have exposed the company to a new level of reporting and compliance and I commend staff and management on their ongoing high level of achievement in this area-even when things have not gone according to plan.

Forecast for the remaining Financial Year

There is a lot of uncertainty in the global economy at present due to fully unrealized threats around such things as the Chinese COVID-19 (Corona Virus), Brexit, Climate change, American politics etc. If anything, these issues are making Governments and communities more defensive and less bullish in their outlook for the 2020 year.

Recent announcements by the NZ Labour Government regarding increases in roading spending are being treated with caution by QRS management and the board as we await firming up on where in NZ this money is going to be spent.

Locally there is still development of infrastructure happening funded by both private and public entities and QRS continues to actively seek out these opportunities.

Based on current information the board and management of QRS are expecting a decline in company profitability as we head into the second half of our financial year. Despite this we are confident of meeting all other company milestones as stated in our Statement of Corporate Intent for the 2019-2020 year.

The directors and management of QRS are fully cognizant that in uncertain times there is no better risk management tool than having a financially strong business.

The Directors thank CEO Nigel Pollock and the QRS team for their dedication to the company and our clients.

Finally, I thank my fellow directors on the board of QRS, Tony Gray, David Proctor, and Fenton Wilson.



Guy Gaddum
Chairman
Quality Roothing and Services (Wairoa) Limited
17 February 2020

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	Notes	6 mths to 31/12/2019	6 mths to 31/12/2018	12 mths to 30/06/2019
Revenue		12,848,375	9,046,649	24,283,632
Cost of Sales		8,019,666	3,808,116	13,020,058
Gross Profit		4,828,709	5,238,533	11,263,574
Personnel Expenses	2	3,242,243	3,572,233	6,991,410
Depreciation Expense	13	512,351	535,996	1,075,478
Administrative Expenses		487,004	562,792	1,097,042
Other Operating Expenses	1	202,954	83,941	408,112
		4,444,552	4,754,962	9,572,042
Operating Profit Before Financing Costs		384,157	483,571	1,691,532
Financing Income		2,878	375	815
Financing Expenses		(35,862)	(64,213)	(118,804)
Net Financing Costs		(32,984)	(63,838)	(117,989)
Profit/(Loss) Before Tax		351,173	419,733	1,573,543
Income Tax Expense	9	(98,328)	(117,525)	(443,924)
Profit/(Loss) For The Period		252,845	302,208	1,129,619
Other Comprehensive Income		-	-	-
Total Comprehensive Income/(Loss) for the Period		252,845	302,208	1,129,619

The accompanying accounting policies and notes form part of these financial statements.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	Notes	6 mnths to 31/12/2019	6 mnths to 31/12/2018	12 mnths to 30/06/2019
EQUITY AT BEGINNING OF THE YEAR		6,961,660	5,942,042	5,942,041
Profit for the period		252,845	302,208	1,129,619
Total recognised revenues and expenses for the period		252,845	302,208	1,129,619
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Transactions with owners in their capacity as owners:		-	-	-
Dividends Paid	10	(300,000)	(60,000)	(110,000)
EQUITY AT THE END OF THE PERIOD		6,914,505	6,184,250	6,961,660

The accompanying accounting policies and notes form part of these financial statements.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	Notes	6 mths to 31/12/2019	6 mths to 31/12/2018	12 mths to 30/06/2019
ASSETS:				
Current Assets				
Bank		2,379,120	1,325,521	1,898,147
Trade and Other Receivables	5	2,927,513	2,676,948	4,487,239
Inventories	4	858,361	945,383	789,162
Contract Assets		325,122	-	71,008
Total Current Assets		6,490,116	4,947,852	7,245,556
Non Current Assets				
Deferred Tax		506,204	351,014	506,203
Intangible Assets	12	112,277	186,902	125,390
Property, Plant and Equipment	13	5,562,594	5,455,545	4,895,042
Total Non Current Assets		6,181,075	5,993,461	5,526,635
TOTAL ASSETS		12,671,191	10,941,313	12,772,191
EQUITY:				
Share Capital	10	1,250,000	1,250,000	1,250,000
Retained Earnings	10	5,664,505	4,632,042	5,711,660
TOTAL EQUITY		6,914,505	5,882,042	6,961,660
LIABILITIES:				
Current Liabilities				
Income in Advance		75,990	250,290	
GST Payable		214,963	283,916	401,512
Trade and Other Payables	6	2,267,956	1,327,193	2,497,078
Employee Benefits	8	609,472	645,056	714,110
Interest-Bearing Loans and Borrowings	7	576,141	709,060	463,382
Taxation Payable		57,422	52,577	464,036
Contract Liabilities		365,750		233,501
Total Current Liabilities		4,167,693	3,268,092	4,773,619
Non Current Liabilities				
Employee Benefits	8	33,424	55,239	34,973
Quarry Aftercare Provision	14	166,287	159,347	162,930
Interest-Bearing Loans and Borrowings	7	1,389,282	1,274,385	839,009
Total Non Current Liabilities		1,588,993	1,488,971	1,036,912
TOTAL LIABILITIES		5,756,686	4,757,063	5,810,531
TOTAL EQUITY AND LIABILITIES		12,671,191	10,639,105	12,772,191

For and on behalf of the Board, who authorised the issue of these financial statements on 17 February 2020

Director

Director

The accompanying accounting policies and notes form part of these financial statements.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	Notes	6 mths to 31/12/2019	6 mths to 31/12/2018	12 mths to 30/06/2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from Customers		14,153,988	8,704,558	22,060,242
Financing Income		2,878	374	815
		<u>14,156,866</u>	<u>8,704,932</u>	<u>22,061,057</u>
Cash was disbursed to:				
Payments to Suppliers		9,273,848	4,665,821	13,197,915
Payments to Employees		3,039,502	3,379,279	6,701,240
Taxes Paid		504,943	89,218	159,347
Financing Expense		35,862	64,213	118,804
		<u>12,854,155</u>	<u>8,198,531</u>	<u>20,177,306</u>
Net Cash Inflow/(Outflow) from Operating Activities	15	<u>1,302,711</u>	<u>506,401</u>	<u>1,883,751</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from Sale of Property, Plant and Equipment		23,748	446,381	518,387
		<u>23,748</u>	<u>446,381</u>	<u>518,387</u>
Cash was applied to:				
Purchase of Property, Plant and Equipment		1,208,518	1,308,610	1,454,286
Purchase of Intangibles		-	7,830	7,830
		<u>1,208,518</u>	<u>1,316,440</u>	<u>1,462,116</u>
Net cash Inflow/(Outflow) from Investing Activities		<u>(1,184,770)</u>	<u>(870,059)</u>	<u>(943,729)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Loans and Borrowings		1,480,727	513,700	513,700
		<u>1,480,727</u>	<u>513,700</u>	<u>513,700</u>
Cash was applied to:				
Payment of Dividends		300,000	60,000	110,000
Loans and Borrowings		817,695	481,007	1,162,061
		<u>1,117,695</u>	<u>541,007</u>	<u>1,272,061</u>
Net Cash Inflow/(Outflow) from Financing Activities		<u>363,032</u>	<u>(27,307)</u>	<u>(758,361)</u>
Net Increase / (Decrease) in Cash Held		<u>480,973</u>	<u>(390,965)</u>	<u>181,661</u>
Add Opening Cash and Cash Equivalents		1,898,147	1,716,486	1,716,486
Closing Cash and Cash Equivalents		<u>2,379,120</u>	<u>1,325,521</u>	<u>1,898,147</u>
Cash Balances in the Statement of Financial Position				
Cash / (Overdraft)		2,379,120	1,325,521	1,898,147
CLOSING CASH AND CASH EQUIVALENTS		<u>2,379,120</u>	<u>1,325,521</u>	<u>1,898,147</u>

The accompanying accounting policies and notes form part of these financial statements.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



Reporting Entity

Quality Roading and Services (Wairoa) Limited ("QRS") is incorporated and domiciled in NZ and is wholly owned by the Wairoa District Council. The Company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The principal activities for the company are Roading Maintenance and Construction, Reserves Maintenance, Quarrying, Heavy Transport, Civil Construction, Lime Production and Utility Services within the Wairoa District and wider East Coast Region.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993, Financial Reporting Act 2013 and the Local Government Act 2002. The financial statements have also been prepared on a historical cost basis except where specifically provided for within these financial statements. The financial statements are presented in New Zealand dollars.

Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to IFRSs and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities in Tier 2 (NZ IFRS RDR).

The company is eligible to report in accordance with Tier 2 for profit accounting standards on the basis that it does not have public accountability and is not a large for profit public sector entity.

Changes in Accounting Policies

NZ IFRS 15 supercedes NZ IAS 11 *Construction Contracts*, NZ IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. NZ IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

NZ IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted NZ IFRS 15 using the full retrospective method of adoption. There has been no impact of the transition on the current period other than the re-classification to use the terms contract assets and contract liabilities.

The adoption of NZ IFRS 9 Financial Instruments replaces NZ IAS 39 Financial Instrument: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of NZ IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing NZ IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. NZ IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at a fair value through profit or loss and contract assets.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



Accounting Policies

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

a1) Revenue Recognition

QRS is in the business of providing road maintenance and construction and sale of aggregate. Revenue from contracts with customers is recognised when control of the physical work completed on the clients asset or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

a2) Sale of Aggregate

Revenue from sale of aggregate is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the aggregate. The normal credit term is 30 to 60 days upon delivery.

a3) Variable consideration

QRS does not enter into variable consideration arrangements nor provide any volume rebates. In addition there are no financing components or warranty obligations beyond normal retentions held by the customer for road construction projects.

b) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

c) Goods and Services Tax

The Financial Statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

d) Employee Benefits

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined Contribution Pension Plan obligations are recognised as an expense in the Statement of Comprehensive Income as incurred.

e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

While discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

f) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

g) Accounts Receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts. The Company assesses impairment losses by estimating the expected credit loss that may exist within its portfolio of accounts receivable based on its historical experience of credit loss arising from accounts receivable.

h) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

i) Inventories

Inventories are valued on the basis of the lower of cost, determined on a first-in, first-out basis, and net realisable value.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018



j) Property, Plant and Equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. There are six classes of Property, Plant and Equipment:

- a.) Freehold Land
- b.) Quarries
- c.) Freehold Buildings
- d.) Plant, Equipment and Motor Vehicles
- e.) Office Equipment and Furniture
- f.) Computer Hardware

The quarry asset class includes all development costs in relation to the Tangihanga Joint arrangement, accounted for by QRS in accordance with accounting policy (s).

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the Income Statement in administration expenses.

k) Depreciation

Depreciation is calculated to allocate the cost less estimated residual value of property, plant and equipment over their estimated useful lives.

Depreciation is provided on a straight line basis on Freehold Buildings and Quarries. Freehold Land is not depreciated.

Plant, Equipment and Motor Vehicles, Office Equipment and Furniture, and Computer Hardware are depreciated using the diminishing value method

The rates for major classes of assets have been estimated as follows:

a.) Quarries	(3.3 % Straight Line)
b.) Freehold Buildings	(3.3 % Straight Line)
c.) Plant, Equipment & Motor Vehicles	(20 % Diminishing Value)
d.) Office Equipment and Furniture	(20 % Diminishing Value)
e.) Computer Hardware	(48 % Diminishing Value)

Depreciation is calculated on a monthly basis from the date of acquisition. The assets useful lives, residual values and depreciation method are reviewed at least every financial year.

l) Intangible Assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019



The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised. The amortisation of the software class of intangible assets has been estimated at 20%-48% diminishing value, depending on the nature of the software.

m) Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

n) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

o) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

p) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

q) Joint Arrangements

QRS have a joint arrangement with Wi Pere Trust at the Tangihanga Quarry. A joint arrangement is an arrangement over which two parties or more have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. QRS's joint arrangement is a joint operation.

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019



In relation to its interest in the joint operation, the financial statement for QRS includes:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to QRS's interest in the joint operation.

r) Significant Accounting Judgements, Estimates and Assumptions
Quarry Aftercare Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare. The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

s) Contract Assets and Contract Liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due)

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when company performs under the contract.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
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FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	6 mths to 31/12/2019	6 mths to 31/12/2018	12 mths to 30/06/2019
1 OTHER OPERATING EXPENSES			
Auditors remuneration	34,840	30,633	61,266
Directors fees	61,180	60,930	119,277
Impairment of trade receivables (bad and doubtful debts)	7,915	-	(2,514)
Loss on disposal of property plant and equipment	12,668	15,116	161,468
Gain on disposal of property plant and equipment	(7,800)	(141,382)	(193,046)
Loss on disposal of intangibles	-	-	39,567
Amortisation of intangibles	13,115	21,709	43,678
lease payments - operating lease	79,592	95,203	160,216
- rental costs	1,444	1,732	18,200
	<u>202,954</u>	<u>83,941</u>	<u>408,112</u>
2 PERSONNEL EXPENSES			
Wages and salaries	3,039,502	3,379,279	6,591,384
Liability for long-service leave	(948)	7,033	10,501
Liability for sick leave	114,006	87,118	203,839
Liability for gratuities	1,694	4,409	4,353
Contribution to defined contribution plans	87,990	94,394	181,333
	<u>3,242,243</u>	<u>3,572,233</u>	<u>6,991,410</u>
3 OPERATING LEASES			
Leases as lessee			
Non-cancellable operating lease rentals are payable as follows:			
Not later than one year	75,104	54,104	150,209
Later than one year and not later than five years	193,813	95,819	191,389
	<u>268,917</u>	<u>149,923</u>	<u>341,598</u>
4 INVENTORIES			
Metal Stocks	693,930	577,899	674,776
Other Supplies	98,519	93,969	102,237
Work in Progress	65,911	273,515	12,149
	<u>858,361</u>	<u>945,383</u>	<u>789,162</u>
Some inventories are subject to retention of title clauses. Work in progress is held at cost.			
5 TRADE AND OTHER RECEIVABLES			
Trade Debtors	1,764,693	1,662,843	2,621,033
Wairoa District Council	712,121	811,239	1,593,375
Provision for Doubtful Debts	(7,915)	(3,798)	-
Retentions	326,325	81,987	244,077
Prepayments	132,289	124,677	28,754
	<u>2,927,513</u>	<u>2,676,948</u>	<u>4,487,239</u>
6 TRADE AND OTHER PAYABLES			
Trade Creditors	1,517,675	1,104,259	2,026,316
Other	750,281	222,934	470,762
	<u>2,267,956</u>	<u>1,327,193</u>	<u>2,497,078</u>

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	6 mths to 31/12/2019	6 mths to 31/12/2018	12 mths to 30/06/2019
7 INTEREST BEARING LOANS AND BORROWINGS			
UDC Term Loan	1,024,939	919,199	505,108
Less Current portion	(320,356)	(377,806)	(182,528)
	<u>704,584</u>	<u>541,394</u>	<u>322,580</u>
Interest Rate	6.20%	6.20%	6.20%
UDC Current Account	-	786,430	696,430
Less Current Portion	-	(180,000)	(180,000)
	<u>-</u>	<u>606,430</u>	<u>516,430</u>
Interest Rate	6.20%	6.20%	6.20%
Porter Finance Limited	80,937	118,914	100,854
Less Current Portion	(80,937)	(37,977)	(100,854)
	<u>-</u>	<u>80,937</u>	<u>-</u>
Interest Rate	11.00%	11.00%	
Westpac Flexequip	859,546	-	-
Less Current portion	(174,848)	-	-
	<u>684,698</u>	<u>-</u>	<u>-</u>
Interest Rate	6.35%		
ANZ Term Loan	-	158,901	
Less Current portion	-	(113,277)	
	<u>-</u>	<u>45,624</u>	<u>-</u>
Interest Rate	6.25%	6.25%	
ANZ Term Loan			
Made up of:			
Current	576,141	709,060	463,382
Non-Current	1,389,282	1,274,385	839,010
	<u>1,965,422</u>	<u>1,983,445</u>	<u>1,302,392</u>
8 EMPLOYEE BENEFITS			
Long-service Leave	33,424	34,620	34,972
Annual Leave	339,058	392,211	383,810
Sick Leave	44,034	17,624	29,235
Gratuities	47,677	46,039	45,983
Time In Lieu	62,203	94,395	145,204
Accrued Pay	116,500	115,406	109,879
	<u>642,896</u>	<u>700,295</u>	<u>749,083</u>
Made up of:-			
Current	609,472	645,056	714,110
Non-current	33,424	55,239	34,973
	<u>642,896</u>	<u>700,295</u>	<u>749,083</u>

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	6 mnths to 31/12/2019	6 mnths to 31/12/2018	12 mnths to 30/06/2019
9 TAXATION			
Profit/(Deficit) before taxation	351,173	419,733	1,573,543
Prima facie taxation 28%	93,828	117,525	440,593
Plus taxation effect of permanent differences:			
- Non deductible expenses	-	-	3,331
	93,828	117,525	443,924
Income tax expense at effective tax rate of 28%			
Major components of taxation expense are:			
Current taxation	-	-	506,826
Deferred taxation			
Origination and reversal of temporary differences	-	-	(62,902)
Recognised tax losses	-	-	-
	-	-	443,924
Imputation Credit Account			
10 EQUITY			
(a) Share Capital			
Opening balance	1,250,000	1,250,000	1,250,000
Closing Balance	1,250,000	1,250,000	1,250,000
At 31 December the company had issued 1,250,000 shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up the company. None of the shares carry fixed dividend rights. The shares do not have a par value.			
(b) Retained Earnings			
Retained earnings at 1 July	5,711,660	4,692,042	4,692,041
Net operating surplus/deficit	252,845	-	1,129,619
Final Dividend	(300,000)	(60,000)	(50,000)
Interim Dividend	-	-	(60,000)
Retained earnings at 31 December	5,664,505	4,632,042	5,711,660
11 BANK FACILITY			
A bank facility is available at the Westpac Bank, and is secured by a fixed and floating charge over the company's assets. The facility available totals \$500,000 (2018: \$200,000). The current interest rate is 6.40% (2018: 6.95%).			
12 INTANGIBLE ASSETS			
Software			
Balance at 1 July	293,391	668,833	668,833
Additions	-	7,830	7,830
Disposals	-	(109,988)	(383,272)
Balance at 31 December	293,391	566,675	293,391
Amortisation and Impairment Losses			
Balance at 1 July	168,001	468,027	468,027
Amortisation for the year	13,113	21,709	43,679
Disposals	-	(109,963)	(343,705)
Balance at 31 December	181,114	379,773	168,001
Carrying Amounts			
At 1 July	125,390	200,806	200,806
At 31 December	112,277	186,902	125,390

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



13 PROPERTY, PLANT AND EQUIPMENT

6 mnths to 31/12/19

Cost	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Balance at 1 July	29,433	394,280	714,956	13,587,170	637,574	209,816	15,573,229
Additions	-	-	18,249	1,160,214	27,500	2,554	1,208,517
Disposals	-	-	-	(169,344)	-	-	(169,344)
Balance at 31 December	29,433	394,280	733,205	14,578,040	665,074	212,370	16,612,402
Depreciation and Impairment Losses							
Balance at 1 July	-	26,054	388,774	9,759,959	330,013	173,387	10,678,186
Depreciation for the year	-	4,028	20,812	447,152	32,352	8,005	512,349
Disposals	-	-	-	(140,728)	-	-	(140,728)
Balance at 31 December	-	30,082	409,585	10,066,383	362,365	181,392	11,049,808
Carrying Amounts							
At 1 July	29,433	368,226	326,182	3,827,211	307,561	36,429	4,895,042
At 31 December	29,433	364,198	323,619	4,511,657	302,709	30,978	5,562,594

6 mnths to 31/12/18

Cost	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Balance at 1 July	29,433	494,288	620,335	14,187,864	706,462	443,373	16,481,755
Additions	-	83,500	64,130	1,139,385	14,518	7,079	1,308,612
Disposals	-	-	-	(1,368,913)	(48,323)	216,891	(1,634,127)
Balance at 31 December	29,433	577,788	684,465	13,958,336	672,658	233,561	16,156,240
Depreciation and Impairment Losses							
Balance at 1 July	-	22,011	345,777	10,346,627	367,181	397,114	11,478,710
Depreciation for the year	-	3,791	21,066	465,701	34,638	10,801	535,996
Disposals	-	-	-	(1,049,621)	(48,084)	216,306	(1,314,011)
Balance at 31 December	-	25,802	366,843	9,762,707	353,735	191,609	10,700,695
Carrying Amounts							
At 1 July	29,433	472,277	274,558	3,841,237	339,281	46,259	5,003,045
At 31 December	29,433	551,985	317,622	4,195,629	318,923	41,952	5,455,545

12 mnths to 30/06/19

Cost	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Balance at 1 July	29,433	494,288	620,335	14,187,864	706,462	443,373	16,481,755
Additions	-	-	98,022	1,300,515	42,518	13,230	1,454,285
Disposals	-	100,008	3,401	(1,901,209)	(111,406)	(246,787)	(2,362,811)
Balance at 30 June	29,433	394,280	714,956	13,587,170	637,574	209,816	15,573,229
Depreciation and Impairment Losses							
Balance at 1 July	-	22,010	345,777	10,346,627	367,181	397,114	11,478,709
Depreciation for the year	-	10,044	44,272	928,389	70,393	22,380	1,075,478
Disposals	-	6,000	1,275	(1,515,057)	(107,561)	(246,107)	(1,876,001)
Balance at 30 June	-	26,054	388,774	9,759,959	330,013	173,387	10,678,186
Carrying Amounts							
At 1 July	29,433	472,278	274,558	3,841,237	339,281	46,259	5,003,046
At 30 June	29,433	368,226	326,182	3,827,211	307,561	36,429	4,895,042

QUALITY ROADING AND SERVICES (WAIROA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



	6 mnths to 31/12/2019	6 mnths to 31/12/2018	12 mnths to 30/06/2019
14 OTHER PROVISIONS			
QUARRY AFTERCARE PROVISION			
Balance at beginning of the year	162,930	155,886	155,886
Provided for during the year	3,357	3,461	7,045
Expenditure during the year	-	-	-
Balance at the end of the year	<u>166,287</u>	<u>159,347</u>	<u>162,930</u>
A provision is recognised for expected Quarry reinstatement costs based on past experience of the level of metal extraction.			
15 RECONCILIATION OF NET OPERATING PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES	6 mnths to 31/12/2019	6 mnths to 31/12/2018	12 mnths to 30/06/2019
Reported net operating profit after taxation	252,845	302,208	1,129,619
Add back non-cash items:			
Depreciation	512,346	535,996	1,075,478
Amortisation	13,115	21,709	43,678
(Increase)/Decrease in Deferred Taxation	(92,288)	-	(62,901)
Increase/(Decrease) in Employee Benefits	(1,549)	10,734	(9,532)
Increase/(Decrease) in Quarry Aftercare Provision	3,356	3,461	7,045
	<u>687,825</u>	<u>874,108</u>	<u>2,183,387</u>
Add back items classified as investment activities:			
Net loss on sale of Property, Plant and Equipment	12,668	15,140	161,468
Gain on sale of Property, Plant and Equipment	(7,800)	(141,382)	(193,045)
Net loss on sale of Intangibles	-	-	39,567
	<u>4,868</u>	<u>(126,242)</u>	<u>7,990</u>
Movements in Working Capital:			
(Increase)/Decrease in Receivables & Prepayments	1,305,613	(342,091)	(2,223,390)
(Increase)/Decrease in Inventories	(69,199)	(130,018)	26,203
Increase/(Decrease) in Trade and Other Payables and GST	(207,432)	299,582	1,570,274
Increase/(Decrease) in Employee Benefits	(104,637)	(97,245)	(28,194)
(Increase)/Decrease in Tax Payable/Receivable	(314,327)	28,308	347,481
	<u>610,018</u>	<u>(241,464)</u>	<u>(307,626)</u>
Net Cash (outflow)/inflow from Operating Activities	<u>1,302,711</u>	<u>506,402</u>	<u>1,883,751</u>

8.3 HAWKES BAY CAR CLUB RALLY - ROAD CLOSURE

Author: Chris McGregor, Mataaro Kirimana Huanui Contracts Engineer

Authoriser: Stephen Heath, Pouwhakarae – Hua Pūmau Hapori / Ratonga Group Manager Community Assets and Services

Appendices: 1. HB Car Club Rally - Road Closure [↓](#)

1. PURPOSE

- 1.1 To seek council approval for multiple road closures for the purpose of holding a car rally from Saturday 25th July 2020 to Sunday 26th July 2020.

RECOMMENDATION

The Mataaro Kirimana Huanui Contracts Engineer RECOMMENDS that Council approve multiple road closures for the purpose of the New Zealand Rally Champs (Hawkes Bay Car Club) from the 25th July 2020 to the 26th July 2020

2. BACKGROUND

- 2.1 An application has been made to the Council proposing road closures to hold multiple stages for round 4 of the NZ rally championships from Saturday 25th July 2020 to Sunday 26th July 2020, based on COVID 19 alert levels dropping. Hawkes Bay car club is a club that will be organising the rally.
- 2.2 The Wairoa District has many suitable roads for Rally.
- 2.3 Previous rallies organised by other clubs have not caused major roading problems and the roads are inspected prior to and after the rally. Previous rally organisers for previous events have covered costs associated to reinstatement of any road damage, including any affected fence lines etc, and the applicant will need to comply with this again. Upon Council approval for road closures the event organisers will be expected to provide a \$10,000 bond to cover this.
- 2.4 Rally teams complying with all road user rules will utilise the central business and available public parking areas at various times for refreshments etc between races, the event organisers are also asking to close Marine Parade from SH2 to Delhi Street. This will minimise risk to locals and maximise utilisation of local business. This will need specific planning or approvals.
- 2.5 Another requirement typically requested by Council is the applicant completes a letter drop/visits to notify all affected residents living long these routes, and seeking any objections. We expect the applicant to abide by these conditions. An agreement of signatures from all affected residents needs to be provided to WDC. Hawkes Bay Car Club will aim to get all affected parties approval, but want to proceed with a majority.

3. OPTIONS

- 3.1 The options identified are:

- a. Approve Road Closures.
 - b. Decline Road Closures.
- 3.2 Option a. This is to close roads outlined in the approved traffic management plan. A communication plan is in place to let all residents and road users know of the event occurring. Door knocking and letter drops are aimed to be completed two weeks before the events start date. Communication through the Wairoa Star and social media will also be done.
- 3.3 Option b. Decline outlined road closures and overall rally event
- 3.4 The preferred option is option a. to have road closures in place and hold the rally event in the Wairoa District. This is a great event for the community and the district as it will see 80 teams, as many as 1000 visitors plus organisers and rally staff utilising Wairoa's businesses and injecting funds into the community.
- 3.5 this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy	3. A community that values and promotes its culture and heritage	7. A safe and secure community
2. A safe and integrated infrastructure	4. Safe and accessible recreational facilities	8. An environment that is appreciated, protected and sustained for future generations
	5. Supportive, caring and valued communities	
	6. Strong district leadership and a sense of belonging	

4. CORPORATE CONSIDERATIONS

What is the change?

- 4.1 General public road access on specified roads as outline in approved traffic management plan.

Compliance with legislation and Council Policy

- 4.2 No impact on annual or long term plan
- 4.3 Land transport act, power to close roads

What are the key benefits?

- 4.4 The key benefits would be visitors to the Wairoa District, exposure on a regional and national level, and a reputational gain for the Wairoa District in working with organisations to achieve their goals.

What is the cost?

- 4.5 Hawkes Bay Car Club will cover all costs associated to the advertisements, traffic management plan permit approvals and any damages will be covered by the organisers.

Wairoa District Council will not be responsible for any costs. Road inspections before and after will be done on general routine inspections of WDC staff.

What is the saving?

4.6 N/A

Service delivery review

4.7 N/A

Maori Standing Committee

4.8 This has not been referred to the MSC

5. RISK MANAGEMENT

5.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
L	L	L
Operations	Employees	Image & Reputation
L	L	L



Who has been consulted?

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
Author Chris McGregor	Approved by Stephen Heath



HAWKES BAY RALLY 2020 Saturday 25 July

EXPLANATION FOR WAIROA DISTRICT COUNCIL

OVERVIEW OF CAR RALLYING

Car Rallying is a competition with specialist cars conducted over closed roads. The cars are timed to the 100th of a second. Competitors use public roads between closed sections during which they are subject to all normal road rules. Additionally a series of servicing opportunities for repairs and refuelling are put in place.

OUR EVENT

Rally Hawkes Bay has had a long association with the Wairoa Council and Community, with events held annually until 2009. Our event this year is Round 4 of NZ Rally Championship and as such will attract a very high quality level of competitors

The Rally will attract up to approximately 80 teams, with as many as 1000 people plus organisers, rally staff and spectators. Our intention is for Wairoa to benefit from the Rally, not to be inconvenienced by it.

We plan to base our servicing in Wairoa township and use some of the traditional roads that have closed previously.

ROADS INVOLVED

The roads involved are:

LOCATION	TIME	ROADS INVOLVED
SERVICE PARK	0630 - 1700	Marine Parade from Delhi St to Highway 2
SS 2 & 4 CRICKLEWOOD	0930 - 1700	Cricklewood Road from Putere Rd for approx 26km to approx 400m beyond Tutaekuri Rd. The closure on Cricklewood Road is longer because it is planned to use this twice. However we will be able to make arrangement of residents movement within a restricted time window between the competition runs. This will be clarified and procedures explained in their letters.
SS3 WAIHI	0830 - 1630	Waihi Road from start of gravel to Waireke Rd Waireke Road from Waihi Rd to Putere Rd
SS5 MOHAKA COACH	0940 - 1415	Mohaka Coard Road from Mohaka Coast Rd to Highway 2

The closure times are approximately only and will be firmed up prior to first resident visit.

Motorsport NZ has a Road Damage Bond available to Wairoa District Council on request. The Hawkes Bay Car Club would request any planned road maintenance be deferred until after the Rally.

ROAD CLOSURE ACTIONS

It is planned to visit all the residents on the roads prior to formal closure application and provide them with details of our plans. A record of visits will be kept and included with our closure application. A second visit with details of the closure and emergency contact procedures will occur two weeks prior to the event.

In the event that a resident has an emergency on the day such as fire, accident or illness, they will be provided with a phone number which is an emergency line direct to Rally Headquarters. In these situations the rally will be stopped immediately and necessary action taken. Details of this process is provided in the second letter.

St John will be providing medical services to the event and will be located at the start of all closed stages. These services can be deployed to assist with an emergency should one occur on any of the roads closed for the event.

Amateur Radio Emergency Communications (AREC) provides our communication network and uses our event as a practice for emergency / rescue work.

Traffic management plans will be completed for all roads be provided with our application.

We accept that we are liable to any road damage that occurs during the event and run cameras in both our opening and closing official cars to help with assessment.

SERVICE PARK

The Service Park is integral to our event and it is planned to be used twice during the day.

Marine Parade will be used in a single direction only, from Delhi St to Highway 2. This is for safety of movement. In addition to traffic management marshals there will be timing control officials at each end to ensure security.

Due to the number of service crew personnel involved it is important for us to have an area close to cafes and toilets. Marine Parade has been used for this previously and in our opinion is perfect. We expect the cafes to be very busy during the period of closure. This is an aspect that we will be advertising in our event documentation. Naturally while public cars will not be permitted on the street there is no restriction to public.

ENDORSEMENT IN PRINCIPLE

We are seeking endorsement in principle to our planned closures before we commence any resident visiting.

We are an amateur club and you can appreciate the work that will be entailed before any road closure application is made. Naturally we wish to be reasonably confident before we start our work that we will get a favourable response as long as all Council requirements are met.

We have been working with Mike Hardie, Acting Transport Asset Manager, and he had suggested that we prepare this overview paper for your Council meeting on 24 March.

If you have any additional questions please communicate with me.



Graeme Robertson
Chairman
Rally Hawkes Bay Organising Committee
Hawkes Bay Car Club
PO Box 323
HASTINGS 4120

Email: graeme.robertson@xtra.co.nz
Phone: 027 492 9271

8.4 SILVER FERN RALLY 2020 - ROAD CLOSURES

- Author:** Chris McGregor, Mataaro Kirimana Huanui Contracts Engineer
- Authoriser:** Stephen Heath, Pouwhakarae – Hua Pūmau Hapori / Ratonga Group Manager Community Assets and Services
- Appendices:**
1. Silver Fern Rally 2020 cover letter [↓](#)
 2. Silver Fern Rally 2020 Traffic Management [↓](#)
 3. Silver Fern Rally 2020 Extra information [↓](#)

1. PURPOSE

- 1.1 To seek council approval for multiple road closures for the purpose of holding a car rally on Wednesday 25th November 2020.

RECOMMENDATION

The Mataaro Kirimana Huanui Contracts Engineer RECOMMENDS that Council approve multiple road closures for the purpose of the Silver Fern Targa Rally on Wednesday 25th November 2020.

2. BACKGROUND

- 2.1 An application has been made to the council proposing road closures to hold multiple stages for the Silver fern Targa Rally 2020 on the 25th November 2020. This event will be organised by Club Targa Inc.
- 2.2 The Wairoa District has many suitable roads for Rally.
- 2.3 Previous rallies organised by this club have not caused major roading problems and the roads are inspected prior to and after the rally. This rally was last held by Club Targa in 2018. Club Targa organisers for previous events have covered costs associated to reinstatement of any road damage, including any affected fence lines etc, and the applicant will need to comply with this again. Upon Council approval for road closures the event organisers will be expected to provide a \$10,000 bond to cover this.
- 2.4 Rally teams complying with all road user rules will utilise the central business and available public parking areas at various times for refreshments etc between races. This will not need any additional planning or approval.

Another requirement typically requested by Council is the applicant completes a letter drop/visits to notify all affected residents living long these routes and seeking any objections. We expect the applicant to abide by these conditions. An agreement of signatures from all affected residents needs to be provided to WDC. Club Targa will undertake these visits and letter drops.

3. OPTIONS

- 3.1 The options identified are:
 - a. Approve Road Closures.
 - b. Decline Road Closures.

- 3.2 Option a. This is to close roads outlined in the approved traffic management plan. A communication plan is in place to let all residents and road users know of the event occurring. Door knocking and letter drops are aimed to be start as soon as possible. Upon Councils approval road closure signage will be erected no sooner than 21 days prior to the events start date. There will also be communication via the Wairoa Star.,
- 3.3 Option b. Decline outlined road closures and overall rally event
- 3.4 The preferred option is option a. to have road closures in place and hold the rally event in the Wairoa District. The event organisers are expecting 65 teams to compete in this event of which 35 being overseas competitors. The overseas participants will only be attending if aloud to following the Covid-19 Pandemic. The organisers will also approach groups for charity and fundraising to assist with aspects of the event.
- 3.5 This contributes to the following community outcomes:

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy 2. A safe and integrated infrastructure	3. A community that values and promotes its culture and heritage 4. Safe and accessible recreational facilities 5. Supportive, caring and valued communities 6. Strong district leadership and a sense of belonging	7. A safe and secure community 8. An environment that is appreciated, protected and sustained for future generations

4. CORPORATE CONSIDERATIONS

What is the change?

- 4.1 General public road access on specified roads as outline in approved traffic management plan.

Compliance with legislation and Council Policy

- 4.2 No impact on annual or long-term plan
- 4.3 Land transport act, power to close roads

What are the key benefits?

- 4.4 The key benefits would be visitors to the Wairoa District, using local business and experiencing our beautiful district. Having overseas competitors visiting Wairoa will help the district to be known on an international level.

What is the cost?

- 4.5 Club Targa inc will cover all costs associated to the advertisements, traffic management plan permit approvals and any damages will be covered by the organisers. Wairoa District Council will not be responsible for any costs. Road inspections before and after will be done on general routine inspections of WDC staff.

What is the saving?

4.6 N/A

Service delivery review

4.7 N/A

Maori Standing Committee

4.8 This has not been referred to MSC.

5. RISK MANAGEMENT

5.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:



Human	Financial	Regulatory
L	L	L
Operations	Employees	Image & Reputation
L	L	L

Who has been consulted?**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
Author Chris McGregor	Approved by Stephen Heath

November 12, 2019

Wairoa District Council
PO Box 54
Wairoa 4160



PO Box 499
Drury, Auckland 2247
Tel: 09 298 8322
Mb: 021 242 9495
Fax: 09 298 8266
E-mail: gm@urg.co.nz

Dear Wairoa District Council

REF: Application for Road Closure(s), for the New Zealand Silver Fern Rally 2020 Event.

Club Targa Incorporated proposes the attached closures under the Tenth Schedule, Paragraph 11 (e) of the Local Government Act 1974 066

Although Council may close roads under the Tenth Schedule without calling for objections, we would like the opportunity for public comment to remain in place. This system has worked well over many years and we feel that the good relationship Club Targa has established with the residents of the district could suffer if that right was withdrawn.

Club Targa's initial consultation will inform residents of the proposed time and date of the road closure application. We prefer to start this as soon as possible.

Club Targa wishes to be advised of any comments regarding the closure that Council may receive from residents or businesses, in order to re-consult with them to achieve a mutually satisfactory agreement.

Upon Council approving the Closure Applications, Road Closure Signage will be erected on the proposed roads no sooner than 21 days prior to the event date to advise users of the impending closure. Any new comments will be handled by Club Targa Inc, with Council being advised of the outcome.

A reminder letter will be dropped to residents on the affected roads reminding them of the closure 7 - 21 days before the Targa event. This final letter will detail Emergency Procedures should an emergency situation arise. **An emergency 0800 number** will be published enabling residents to contact the organisers during the road closure in the event of an emergency. The competition can then be stopped so that appropriate procedures can take place. Medical staff are located at the start of each 'stage' on the closed road and are there to render assistance if required. The letter will also advise of Club Targa's commitment to repairing any property damage that may occur.

In addition, written correspondence will be made to all transport operators, dairy companies, rural delivery, utilities, schools, bus operators and associated organization's that could be affected by the closure, including Police, Fire Service and St John. Every effort is made to enable local schools / community groups to benefit from our event by initiating them to hold fundraising activities.

With this in mind could we suggest the following timetable:

- ❖ Club Targa visits residents as soon as possible.
- ❖ "Proposal Public Notice" to be published no later than 60 days before event.
- ❖ Comments to be received within 14 days.
- ❖ Council decision finalised no later than 44 days before the event.
- ❖ Advise Club Targa of the decisions no later than 30 days before the event.
- ❖ The "Road Closure" public notice" is published no less than 14 days before the event.

- ❖ Club Targa to carry out resident mail drop advice and erect "Notice of Event" signs 7-21 days before event.

The New Zealand Silver Fern Rally Motoring Event takes the form of a timed trial event, with cars leaving at one minute intervals. Each car is timed from start to finish. The closed roads will be under the control of experienced officials at the start and finish venues. All side roads will be taped and marshaled to ensure all vehicles and or spectators remain off the closed stage.

The following safety measures for the event include:

- ❖ All area emergency services and their communication centres are informed of the Event.
- ❖ Full radio communications between start and finish points including medics, police and Targa Base.
- ❖ A St John Ambulance Officer and/or a MIV type vehicle will be located at the start of each 'stage' along with additional MIV vehicles in a roaming capacity.
- ❖ All closed roads will be cleared for safety purposes by official vehicles equipped with flashing lights and/or a siren before the 'stage' can commence.
- ❖ Closed roads re-open behind the official stage Safety Clearance Vehicle "SWEEP" vehicle who immediately follow the last competing vehicle.

Advertising Criteria:

- ❖ **Only local papers** are to be used. We have found that on rural roads these papers have the best coverage.
- ❖ If the cost of advertising exceeds \$500 collectively written confirmation must be sort from Club Targa Inc.
- ❖ We ask that each advertisement be kept to the minimum size possible (200mm by 2 columns) by the elimination of repetition, and use of abbreviation. This size we have found to be adequate for communicating up to 6 Road Stage Closure Applications. Smaller Closure Applications generally only require 1 column width.
- ❖ Club Targa can supply examples of past event advertisements if required.

Please confirm receipt of this application.

Thank you for your assistance and we look forward to your reply.

Kind Regards,



Trevor Carswell
Event Coordinator
Ultimate Rally Group
Tel: 09 298 8322
Mb: 021 242 9900

2020

Silver Fern New Zealand Traffic Management Plan

November 22nd – 28th



Targa New Zealand
Competed November 12th 2019

Copy: (Wairoa District Council)

NZ
SILVER FERN RALLY

RCA consent (eg CAR/WAP)
and/or RCA contract reference

TRAFFIC MANAGEMENT PLAN (TMP) – FULL FORM

Use this form for complex activities. Refer to the NZ Transport Agency's Traffic control devices manual, part 8 Code of practice for temporary traffic management (CoPTTM), section E, appendix A for a guide on how to complete each field.

Organisations /TMP reference	TMP reference: Silver Fern NZ 2020	Contractor (Working space): Club Targa Inc	Principal (Client): Club Targa Inc		
		Contractor (TTM): TBA	RCA: Wairoa District Council		
Location details and road characteristics	Road names and suburb		House no./RPs (from and to)	Road level	Permanent speed
	Stage: EREPETI / OHUKA ROAD Erepeti Road , 300mtr from its intersection with Papuni Road, to finish at its intersection with Ohuka Road. Ohuka Road , at its intersection with Erepeti Road to finish 300m from its intersection with Okare Road (no exit). Including its intersection at Painga Road (no exit), and Te Tiki Road (no exit).				100km
	Stage: WAIHI / RUAPAPA ROAD Waihi Road , 300mts from its intersection with SH38, to finish at its intersection with Waireka Road. Including its intersections with Mata Road (no exit) Panekiri Road (no exit) and Mangatoatoa Road (no exit). Waireka Road , at its intersection with Waihi Road, to finish at its intersection with Ruapapa Road. Including its intersection with Strip Road (no exit), and Otoi Road. Ruapapa Road , at its intersection with Waireka Road, to finish 300m from its intersection with Patunamu Road. Including its intersection with Otoi Pit Road (no exit), and Otoi Road.				100km
	Stage: CRICKLEWOOD ROAD Cricklewood Road , 1 kilometre from its intersection with SH2, to finish 300mts from its intersection with Putere Road. Including its intersections with Gaddum Road (no exit), Waikopiro Road (no exit), and Cricklewood Station Road (no exit).				100km
	Stage: MOHAKA COACH ROAD Mohaka Coach Road , at its intersection with Mohaka Twp Road, to finish 300mts from its intersection with SH2. Including its intersections with East Beach Road (no exit), West Beach Road (no exit), Mohaka Coast Road (no exit), and Ponui Road (no exit).				100km
Traffic details (main route)	AADT		Peak flows		
Description of work activity					
The Targa Motorsport Event is a closed road time trial on closed public roads with Motorsport NZ compliant Competition vehicles. These leave at 30sec or 1-minute intervals.					
Planned work programme					


RCA consent (eg CAR/WAP) and/or RCA contract reference								
• Stage	Erepeti / Ohuka Road							
Start date	Wed 25 th Nov 2020	Time	9:40am	End date	Wed 25 th Nov 2020	Time	2:10pm	
• Stage	Waihi / Ruapapa Road							
Start date	Wed 25 th Nov 2020	Time	10:40am	End date	Wed 25 th Nov 2020	Time	3:10pm	
• Stage	Cricklewood Road							
Start date	Wed 25 th Nov 2020	Time	1:00pm	End date	Wed 25 th Nov 2020	Time	5:30pm	
• Stage	Mohaka Coach Road							
Start date	Wed 25 th Nov 2020	Time	2:15pm	End date	Wed 25 th Nov 2020	Time	6:45pm	
Consider significant stages , for example:	<p>Timing teams arrive 30 minutes before road closure and prepare setup for road closure under guidance from the STMS.</p> <p>Block Marshals arrive 30 minutes before road closure. Then at road closure time, they secure the START/FINISH and all side roads. STMS travels the stage after road closure time to check or amend the road closure setups.</p> <p>Non-activity periods are used for escorting residents to and from properties.</p>							
Alternative dates if activity delayed	The event will proceed regardless of weather conditions.							
Road aspects affected (delete either Yes or No to show which aspects are affected)								
Pedestrians affected?	Yes	No	Property access affected?	Yes	No	Traffic lanes affected?	Yes	No
Cyclists affected?	Yes	No	Restricted parking affected?	Yes	No	Delays or queuing likely?	Yes	No
Proposed traffic management methods								
Installation (includes parking of plant and materials storage)	Competition / Official Vehicles are staged within the road closure area. All stages have a minimum of 0mts for staging from the road closure point.							
Attended (day)	<p>During closure times all stages are attended by Block Marshals and Officials.</p> <p>The STMS checks the stage setup prior to competition commencement.</p> <p>STMS will be within 30 minutes of all stages.</p>							
Attended (night)	n/a.							

RCA consent (eg CAR/WAP) and/or RCA contract reference				
Unattended (day)	n/a.			
Unattended (night)	n/a.			
Detour route	Road Closure information detailed on website of alternative routes.			
	Does detour route go into another RCA's roading network? No (delete either Yes or No) If Yes, has confirmation of acceptance been requested from that RCA? No (delete either Yes or No) Note: Confirmation of acceptance from affected RCA must be submitted prior to occupying the site.			
Removal	Take down of all signage will be complete within 120 minutes of the road re-opening.			
Proposed TSLs (see TSL decision matrix for guidance)				
	TSL details as required Approval of Temporary Speed Limits (TSL) are in terms of Section 6 of Land Transport Rule: Setting of Speed Limits 2017, Rule 54001/2017 (List speed, length and location)	Times (From and to)	Dates (Start and finish)	Diagram ref. no.s (Layout drawings or traffic management diagrams)
Attended day/night	A temporary maximum speed limit of km/h is hereby fixed for motor vehicles travelling over the length of m situated between (House no./RP) and (House no./RP) on (street or road name) n/a.			
Unattended day/night	A temporary maximum speed limit of km/h is hereby fixed for motor vehicles travelling over the length of m situated between (House no./RP) and (House no./RP) on (street or road name) n/a.			

RCA consent (eg CAR/WAP) and/or RCA contract reference		
TSL duration	Will the TSL be required for longer than 12 months? <i>If yes, attach the completed checklist from section I-18: Guidance on TMP Monitoring Processes for TSLs to this TMP.</i>	Yes No
Positive traffic management measures		
As per Targa Traffic Management Plan - including pre-race inspection by a Rally STMS Official who will be inspecting for compliance with this safety plan and other requirements for Rallies. It should be noted that the roads will be closed to all other traffic during the event.		
Contingency plans		
Generic contingencies for: <ul style="list-style-type: none"> major incidents incidents pre planned detours. <i>Remove any options which do not apply to your job</i>	Major Incident A major incident is described as: <ul style="list-style-type: none"> Fatality or notifiable injury - real or potential Significant property damage, or Emergency services (police, fire, etc) require access or control of the site. 	Actions The STMS must immediately conduct the following: <ul style="list-style-type: none"> stop all activity and traffic movement secure the site to prevent (further) injury or damage contact the appropriate emergency authorities render first aid if competent and able to do so notify the RCA representative and / or the engineer under the guidance of the officer in charge of the site, reduce effects of TTM on the road or remove the activity if safe to do so re-establish TTM and traffic movements when advised by emergency authorities that it is safe to do so Comply with any obligation to notify WorkSafe.
	Incident An incident is described as: <ul style="list-style-type: none"> excessive delays - real or potential minor or non-inquiry accident that has the potential to affect traffic flow structural failure of the road. 	Actions The STMS must immediately conduct the following: <ul style="list-style-type: none"> stop all activity and traffic movement if required secure the site to prevent the prospect of injury or further damage notify the RCA representative and / or the engineer STMS to implement a plan to safely remove TTM and to establish normal traffic flow if safe to do so re-establish TTM and traffic movements when it is safe to do so and when traffic volumes have reduced.

RCA consent (eg CAR/WAP) and/or RCA contract reference				
<p>Detour</p> <p>If because of the on-site activity it will not be possible to remove or reduce the effects of TTM once it is established a detour route must be designed. This is likely for:</p> <ul style="list-style-type: none"> excessive delays when using an alternating flow design for TTM redirecting one direction of flow and / or total road closure and redirection of traffic until such time that traffic volumes reduce and tailbacks have been cleared. <p>The risks in the type of work being undertaken, the risks inherent in the detour, the probable duration of closure and availability and suitability of detour routes need to be considered.</p> <p>The detour and route must be designed including:</p> <ul style="list-style-type: none"> pre- approval from the RCA's whose roads will be used or affected by the detour route ensure that TTM equipment for the detour - signs etc are on site and pre-installed. 	<p>Actions</p> <p>When it is necessary to implement the pre-planned detour the STMS must immediately undertake the following:</p> <ul style="list-style-type: none"> Notify the RCA and / or the engineer when the detour is to be established Drive through the detour in both directions to check that it is stable and safe Remove the detour as soon as it practicable and safe to do so and the traffic volumes have reduced, and tailbacks have cleared Notify the RCA and / or the engineer when the detour has been disestablished and normal traffic flows have resumed. 			
	<p>Note also the requirements for no interference at an accident scene:</p> <p>In the event of an accident involving serious harm the STMS/TARGA NZ must ensure that nothing, including TTM equipment, is removed or disturbed and any wreckage article or thing must not be disturbed or interfered with, except to:</p> <ul style="list-style-type: none"> save a life of, prevent harm to or relieve the suffering of any person, or make the site safe or to minimise the risk of a further accident; or maintain the access of the general public to an essential service or utility, or prevent serious damage to or serious loss of property, or follow the direction of a constable acting in his or her duties or act with the permission of an inspector. 			
<p>Other contingencies to be identified by the applicant (i.e. steel plates to quickly cover excavations)</p>	<ul style="list-style-type: none"> Emergency services will be notified prior to the event. Should an emergency occur within the closed road, provision will be made for Emergency personnel and vehicles access into the closed road stage, when and where safe to do so. This plan will be discussed and actioned between Emergency services and Targa Base. <p>If the safety of competitors, public and officials is at risk, the stage will be stopped, and the site dismantled.</p>			
Authorisations				
Parking restriction(s) alteration authority	Will controlled street parking be affected?	Yes No	Has approval been granted?	Yes No
Authorisation to work at permanent traffic signal sites	Will portable traffic signals be used, or permanent traffic signals be changed?	Yes No	Has approval been granted?	Yes No
Road closure authorisation(s)	Will full carriageway closure continue for more than 5 minutes (or other RCA stipulated time)?	Yes No	Has approval been granted?	Yes No
Bus stop	Will bus stop(s) be obstructed by the activity?	Yes No	Has approval been granted?	Yes No

RCA consent (eg CAR/WAP) and/or RCA contract reference			
relocation(s) – closure(s)			
Authorisation to use portable traffic signals	Make, model and description/number	n/a.	
	NZTA compliant?	Yes No (delete either Yes or No)	
EED			
Is an EED applicable?	No (delete either Yes or No)	EED attached?	Yes
Delay calculations/trial plan to determine potential extent of delays			
n/a.			
Public notification plan			
<p>Public notification: Road closed advertisements in the major and / or minor newspapers at the discretion of the controlling Authorities.</p> <p>Consultation visits to residents with a proposed closure letter 8-12 weeks prior, before objections close.</p> <p>Road closure advice letters to all 'in stage' residents and all side roads, and a second letter 7-14 days prior to the event.</p> <p>Strategic placement of road to be closed advice signs on all start / finish points and intersections within the closed road 7-14 days prior. Also, on intersecting through roads up to 2km before the intersecting road closure.</p> <p>Various media releases and website information.</p>			
Public notification plan attached?	No (delete either Yes or No)		
On-site monitoring plan			
Attended (day and/or night)	STMS Checks, Block Marshals, Assistant Clerk of Course, Timing Teams.		
Unattended (day and/or night)	n/a.		
Method for recording daily site TTM activity (eg CoPTTM on-site record)			
On-site record			
Site safety measures			

RCA consent (eg CAR/WAP) and/or RCA contract reference						
<p>All Block Marshals / Officials are required to attend training prior to event start.</p> <p>All CoPTTM approved Hi viz vests and closed footwear to be worn at all times.</p> <p>On the day all driveways / access ways onto the closed roads will be taped with motorsport warning tape. Then removed once the event concludes.</p> <p>Safety warning cars traverse the stage at 10-minute intervals, 1 hour prior to competition cars to confirm safety measures are in place and spectators are in safe positions.</p> <p>All Official vehicles are fitted with Fleetlink radios with direct contact with Targa Base and all other officials also the Clerk of Course.</p> <p>All vehicles (competitors and officials) are fitted with a GPS tracking device for "real time" tracking and accident notification.</p>						
Other information						
n/a.						
Site specific layout diagrams						
Number	Title					
n/a.	Generic / Specific Layouts included in Traffic Management Plan					
Contact details						
	Name	24/7 contact number	CoPTTM ID	Qualification	Expiry date	
Principal	Warren Watts	0274 304 212	40874	L1 STMS	12/05/20	
TMC						
Engineers' representative						
Contractor	Warren Watts	0274 304 212	40874	L1 STMS	12/05/20	
STMS	Warren Watts	0274 304 212	40874	L1 STMS	12/05/20	
TC						
Others as required						
TMP preparation						
Preparation	Trevor Carswell	12/11/19		110567	L1 STMS	29/08/21
	<i>Name (STMS qualified)</i>	<i>Date</i>	<i>Signature</i>	<i>ID no.</i>	<i>Qualification</i>	<i>Expiry date</i>
This TMP meets CoPTTM requirements			Number of diagrams attached			

RCA consent (eg CAR/WAP) and/or RCA contract reference						
TMP returned for correction (if required)						
	<i>Name</i>	<i>Date</i>	<i>Signature</i>	<i>ID no.</i>	<i>Qualification</i>	<i>Expiry date</i>
Engineer/TMC to complete following section when approval or acceptance required						
Approved by TMC/engineer (delete one)						
	<i>Name</i>	<i>Date</i>	<i>Signature</i>	<i>ID no.</i>	<i>Qualification</i>	<i>Expiry date</i>
Acceptance by TMC (only required if TMP approved by engineer)						
	<i>Name</i>	<i>Date</i>	<i>Signature</i>	<i>ID no.</i>	<i>Qualification</i>	<i>Expiry date</i>
Qualifier for engineer or TMC approval						
<p>Approval of this TMP authorises the use of any regulatory signs included in the TMP or attached traffic management diagrams.</p> <p>This TMP is approved on the following basis:</p> <ol style="list-style-type: none"> 1. To the best of the approving engineer's/TMC's judgment this TMP conforms to the requirements of CoPTTM. 2. This plan is approved on the basis that the activity, the location and the road environment have been correctly represented by the applicant. Any inaccuracy in the portrayal of this information is the responsibility of the applicant. 3. The TMP provides so far as is reasonably practicable, a safe and fit for purpose TTM system. 4. The STMS for the activity is reminded that it is the STMS's duty to postpone, cancel or modify operations due to the adverse traffic, weather or other conditions that affect the safety of this site. 						
Notification to TMC prior to occupying worksite/Notification completed						
Type of notification to TMC required		Notification completed	Date	<input type="text"/>		
			Time	<input type="text"/>		

ON-SITE RECORD On-site record must be retained with TMP for 12 months.			Today's date	
Location details	Road names(s):	House number/RPs:	Suburb:	

Working space	
Person responsible for working space	
Name	Signature
Where the STMS/TC is responsible for both the working space and TTM they sign above and in the appropriate TTM box below	

TTM					
STMS in charge of TTM					
Name	TTM ID Number	Warrant expiry date	Signature	Time	
Worksite handover accepted by replacement STMS					
Name	ID Number	Warrant expiry date	Signature	Time	
Tick to confirm handover briefing completed					

Delegation					
Worksite control accepted by TC/STMS-NP					
Name	ID Number	Warrant expiry date	Signature	Time	
Tick to confirm briefing completed					

Temporary speed limit						
Street/road name (RPs or street numbers):	TSL action	Date:	Time:	TSL speed:	Length of TSL (m):	
From: To:	TSL installed					
	TSL remains in place					
	TSL removed					
Street/road name (RPs or street numbers):	TSL action	Date:	Time:	TSL speed:	Length of TSL (m):	
From: To:	TSL installed					
	TSL remains in place					
	TSL removed					
Street/road name (RPs or street numbers):	TSL action	Date:	Time:	TSL speed:	Length of TSL (m):	
From: To:	TSL installed					
	TSL remains in place					
	TSL removed					
Street/road name (RPs or street numbers):	TSL action	Date:	Time:	TSL speed:	Length of TSL (m):	
From: To:	TSL installed					
	TSL remains in place					
	TSL removed					

Worksite monitoring

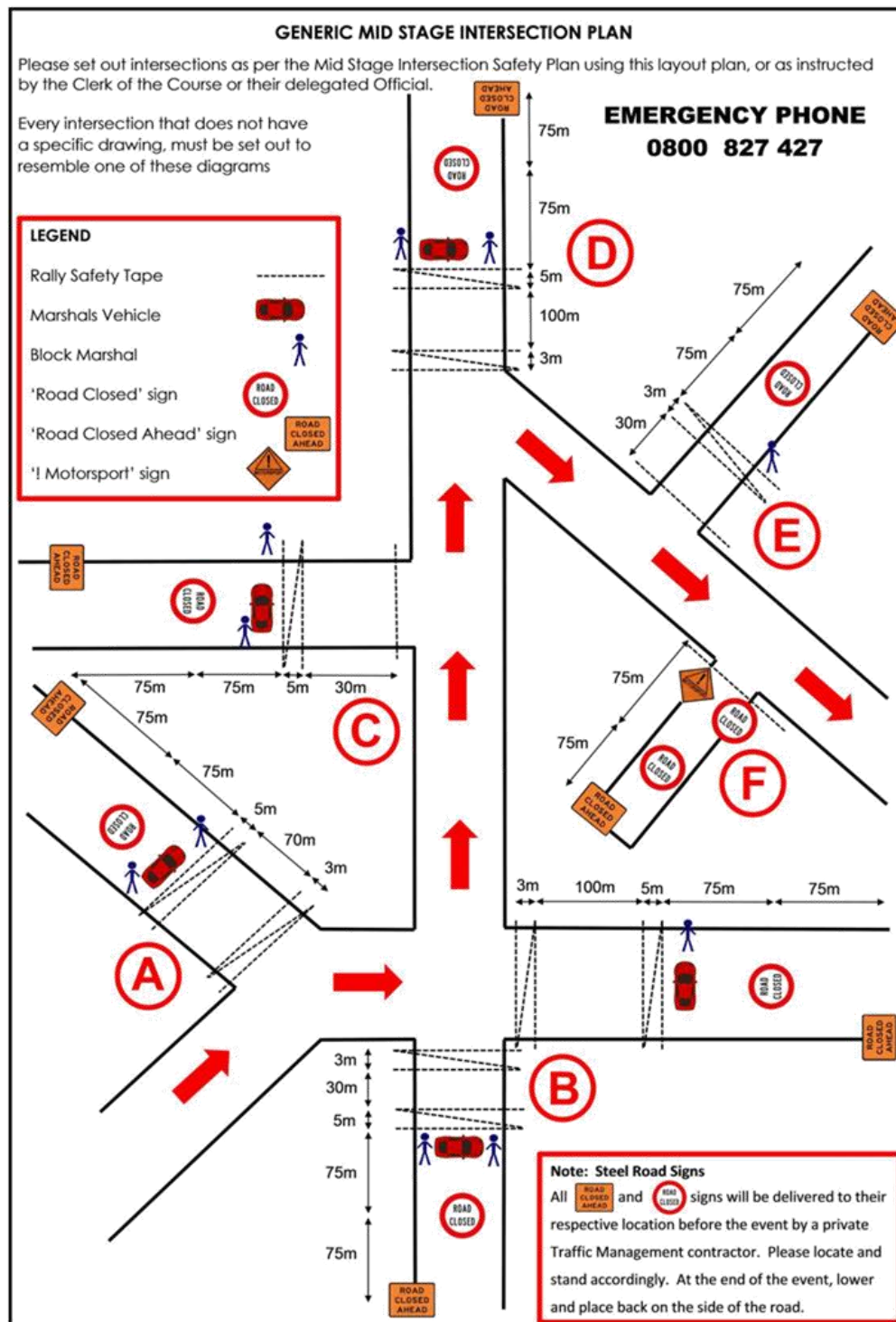
TTM to be monitored and 2 hourly inspections documented below.

Items to be inspected	TTM set-up	2 hourly check	2 hourly check	2 hourly check	2 hourly check	2 hourly check	TTM removal
High-visibility garment worn by all?							
Signs positioned as per TMP?							
Conflicting signs covered?							
Correct delineation as per TMP?							
Lane widths appropriate?							
Appropriate positive TTM used?							
Footpath standards met?							
Cycle lane standards met?							
Traffic flows OK?							
Adequate property access?							
<i>Add others as required</i>							
Time inspection completed:							
Signature:							
Comments:							
Time	Adjustment made and reason for change						

SCHEDULE 1

Mid Stage Intersection Safety Plan (MSISP)

- Listed below are the stage intersections. The setup of the intersections **must conform** to plans in the following order, Specific Plans, Generic Plans, and finally the Safety Pamphlet.
- The MID STAGE INTERSECTION SAFETY PLAN, must be used in conjunction with the SAFETY PAMPHLET.
- Note some intersections may be listed as a B (depicted in the MID STAGE INTERSECTION SAFETY PLAN as a crossroads), but are actually a T intersection. Ignore any arms that do not exist but **ensure the applicable measurements for the straight ahead and side arms are as per the plan.**



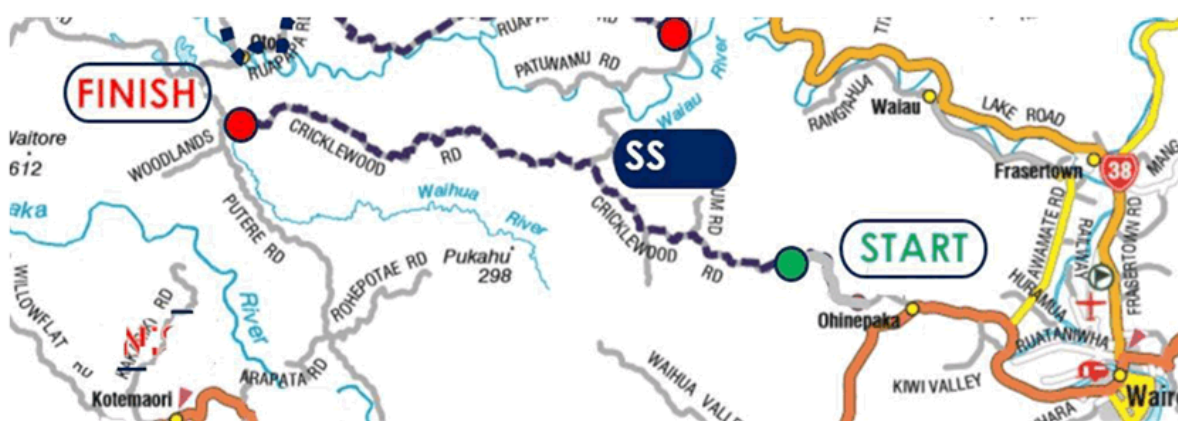
Stage	EREPETI / OHUKA ROAD	Intersection Plan	Road Closed Sign	Marshal Numbers
Road Closure:	9:40am – 2:10pm Wednesday 25 th November 2020			
RCA:	Wairoa District Council			
Start:	Erepeti Road, 300m from its intersection with Papuni Road	Plan 1	1	2
	Past Ohuka Road		1	
	Straight into Ohuka Road		2	
	Past Painga Road (no exit)		1	
	Past Te Tiki Road (no exit)		1	
Finish:	Ohuka Road, 300m from its intersection with Okare Road (no exit)	Plan 1	1	
Total Number of Arrows/Signs & Marshals			6	2



Stage	WAIHI / RUAPAPA ROAD	Intersection Plan	Road Closed Sign	Marshal Numbers
Road Closure:	10:40am – 3:10pm Wednesday 25 th November 2020			
RCA:	Wairoa District Council			
Start:	Waihi Road, 300m from its intersection with SH38	Plan 1	1	2
	Past Mata Road (no exit)		1	
	Past Panekiri Road (no exit)		1	
	Past Mangatoatoa Road (no exit)		1	
	Left into Waireka Road		2	
	Past Strip Road (no exit)			
	Past Otoi Road		1	1
	Left into Ruapapa Road		2	2
	Past Otoi Pit Road (no exit)		1	
	Past Otoi Road		1	1
	Past Trig 90 Road		1	
	Past Mangakahu Road		1	
Finish:	Ruapapa Road, 300m from its intersection with Patunamu Road	Plan 1	1	2
Total Number of Arrows/Signs & Marshals				



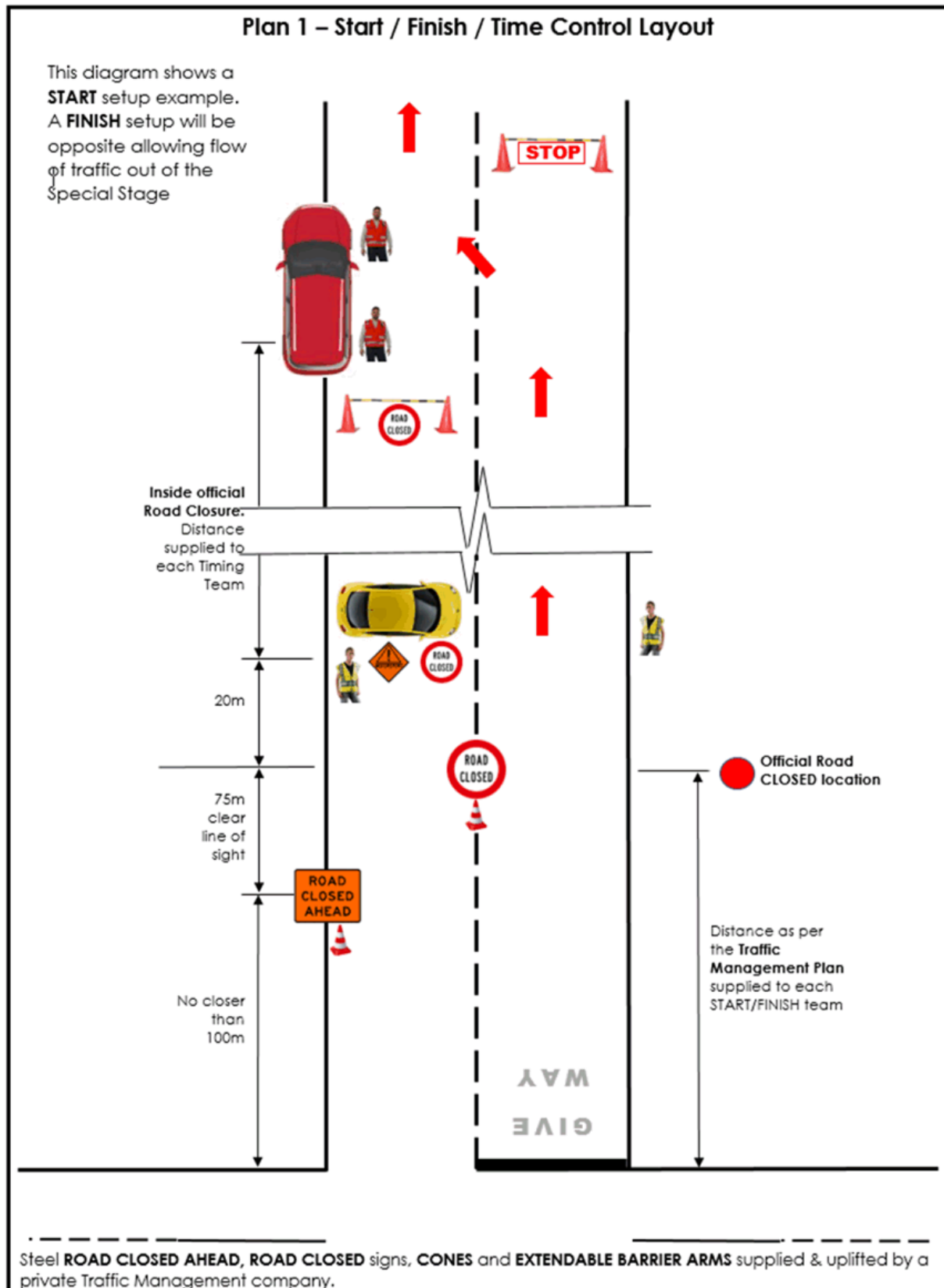
Stage	CRICKLEWOOD ROAD	Intersection Plan	Road Closed Sign	Marshal Numbers
Road Closure:	1:00pm – 5:30pm Wednesday 25th November 2020			
RCA:	Wairoa District Council			
Start:	Cricklewood Road, 1km from its intersection with SH2	Plan 1	1	2
	Past Gaddum Road (no exit)		1	1
	Past Waikopiro Road (no exit)		1	
	Past Cricklewood Station Road (no exit)		1	1
Finish:	Cricklewood Road, 300m from its intersection Putere Road	Plan 1	1	2
Total Number of Arrows/Signs & Marshals				6



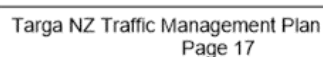
Stage	MOHAKA COACH ROAD	Intersection Plan	Road Closed Sign	Marshal Numbers
Road Closure:	2:15pm – 6:45pm Wednesday 25th November 2020			
RCA:	Wairoa District Council			
Start:	Mohaka Coach Road, at its intersection with Mohaka Twp Road	Plan 1	1	2
	Past East Beach Road (no exit)		1	
	Past West Beach Road (no exit)		1	
	Past Mohaka Coast Road (no exit)		1	1
	Past Levendale Road (no exit)		1	
	Past Ponui Road (no exit)		1	
Finish:	Mohaka Coach Road, 300m from its intersection with SH2	Plan 1	1	2
Total Number of Arrows/Signs & Marshals				5



Schedule 2



Note some intersections may be listed as a B (depicted in the MID STAGE INTERSECTION SAFETY PLAN as a crossroads), but are actually a T intersection. Ignore any arms that do not exist but ensure the applicable measurements for the straight ahead and side arms are as per the plan.



Spectator Safety Pamphlet



Heed the safety tape.
Expect the unexpected.
Listen for approaching cars.
Remain alert.

Keep dogs on leads.
Leave yourself room to move away quickly.
Try to stay behind something solid.
Keep children under supervision.

DO AS THE MARSHALS ASK.

Assist the marshals to run a safe stage

NEVER

Stand on the road.

Endanger the drivers or your safety.

Stand or sit on walls, fences, or stock piles.

Stand in prohibited areas.

Sit close to the edge of the road.

Block escape routes.

Remove signs or arrows.

Be the one to stop the stage.

IN THE EVENT OF AN EMERGENCY PLEASE PHONE

0800 827 427

WARNING TO THE PUBLIC – Motorsport can be dangerous. It is a condition of admission that all persons having any connection with the promotion and/or organisation and/or conduct of the meeting, including the owners of the vehicles, are absolved from all liability arising out of accidents causing damage or personal injury (whether fatal or otherwise however caused to spectators or ticket holders).

STAND SOMEWHERE SAFE

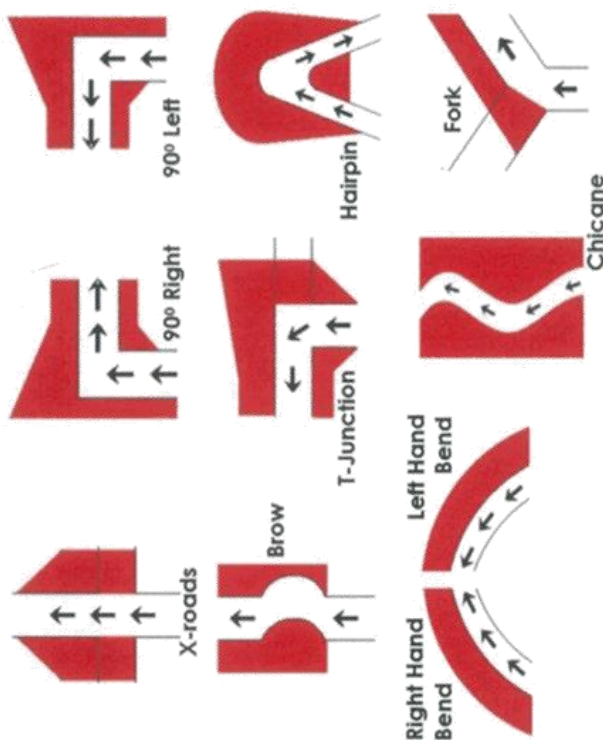
RALLYING CAN BE DANGEROUS

Spectators are there at their own risk

Study the diagram – the shaded areas are

‘No – Go’

Being there could cause delays or the cancellation of a stage



DO NOT TRESPASS ON OR DAMAGE PRIVATE PROPERTY

Signage Schedule

Static signs to be erected 7-14 days prior to the event, at the START and FINISH of the route and all intersections between.

Standard
600mm x 450mm



Large
900mm x 600mm



Extra Large
600 x 1200mm



Removal of all static signs after each stage is completed.

From: [URG Office](#)
 To: [Chris McFarlane](#)
 Subject: Re: Silver Fern rally Waeroa district
 Date: Thursday, 23 April 2020 10:59:27 a.m.
 Attachments: [URG007.docx](#)
[URG010.docx](#)
[URG012.docx](#)

Good morning Chris

Thanks for your email. Hope this information is helpful.

Silver Fern 2020 is an endurance 7-day event covering much of the Central North Island across 16 RCA's. The cars are older classic cars (eg. Escorts) rather than newer high powered vehicles.

The demographics of our competitors are of an older age group, with a disposable income to compete and holiday this far from their overseas base. The overseas competitors have been drawn back to NZ after the last event in 2018, enjoying the wonderful roads, scenery, and local hospitality at charity stops, lunch venues and overnight locations. The competitors from 2018 have been very instrumental in raising the awareness of the event and New Zealand to northern Hemisphere competitors for the 2020 event, hence the increase in competitor numbers from overseas.

We are expecting approx 65 teams to compete in this event of which 35 will be overseas competitors.

Overseas teams consist of Driver/Co-Driver and a number of support staff from 2-8 people. Most will ship their service vehicle and car/s to New Zealand for the event. Family members quite often join the team for support and an unofficial holiday. Team members will arrive beforehand to set up the car and some will stay on after the event (including family), travelling around areas of the event they found most interesting.

Those that don't ship cars or bring teams will hire local cars and teams to assist.

New Zealand competitors come from most corners of NZ, and tend to have a smaller support team or may share in some cases.

While in the Waeroa District, Silver Fern will engage with many groups for charity and fundraising opportunities. Four community/School groups will assist with Marshaling of stages for a donation. Waeroa College has been approached to assist again as the lunch venue provider, providing teams, service crews, and Silver Ferns officials with lunches.

A further 3 charity/community groups will be approached for fundraising stops along the touring leg of the event. Cars are instructed to stop at a safe location close to a stage and support a local charity or fundraiser through a gold coin donation. Most drivers offer much more as appreciation of being allowed on the roads in the area.

Local businesses are also approached to support the event. I contract local Towing and Salvage companies and well as local Fencing contractors to assist us should their services be required. Other local businesses such as Petrol stations, cafes, supermarkets, etc will also see visits from Silver Fern while in the area.

We also have a group of up to 100 officials that travel with the event. Through the nature of the event, some are slightly 'independent' of the event in that they will stay close to the event stages rather than at the official overnight stop. I suspect many of the timing teams will be overnighing in Waeroa and will shop locally while there.

Silver Fern New 2020

(figures approximate - across the 7 days)

• Competitors	130	
• Service Crews	250	
• Officials	100	
• Volunteers (local community groups)	43 groups	approx 344 individuals
• Charity Stops (local community groups)	26 groups	
• Lunches (local community groups)	5 groups	
• Car washes (local community groups)	4 groups	
• Security (local community groups)	5 groups	

Through an affluent group of individuals, regional New Zealand is showcased in an unusual way, and it has been proven through the 2018 event, these individuals do return to their home countries and 'sell' New Zealand to the world.

Please don't hesitate to call or email should you have further questions.

Kind Regards

Trevor Carswell | Event Coordinator

T: 09 298 8322
 M: 021 242 9900
 E: office@urg.co.nz
 A: 363 Great South Road, Papakura 2113
 P: PO Box 499, Druy 2247



Proudly supporting
RACE4LIFE
 Targa Hawkes Bay 2020 | July 4th - 6th
 Targa New Zealand 2020 | October 14th - 18th
 Silver Fern 2020 | November 22nd to 28th

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8.5 PAYMENT OF EMISSIONS TRADING SCHEME (ETS)

Author: Luke Knight, Kaiwhakahaere Rawa Property Manager

Authoriser: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager
Finance and Corporate Support

Appendices: Nil

1. PURPOSE

- 1.1 To receive resolution to pay ETS surrender.

RECOMMENDATION

The Kaiwhakahaere Rawa Property Manager RECOMMENDS that Council resolves to pay the Emissions Trading Scheme fixed price surrender.

2. BACKGROUND

- 2.1 Through its waste management activities, Wairoa District Council is a participant in the New Zealand Emissions Trading Scheme (ETS).
- 2.2 One emission unit, the New Zealand Unit, represents one metric tonne of carbon dioxide or carbon dioxide equivalent (i.e., the amount of another greenhouse gas that does as much damage as one tonne of carbon dioxide).
- 2.3 There has been increased volume of waste to landfill in the preceding reporting period from the following projects:
- 2.3.1. Desludging of Wairoa Waste Water Treatment Ponds – 4305.45 tonnes
- 2.3.2. Import and placement of cover material on landfill cell – 17320.30 tonnes
- 2.4 The increased volume of waste results in increased units to surrender through the ETS.
- 2.5 These costs have been covered through internal recover from project costs for the desludging and charging of tonnage rate for import of material.
- 2.6 Total costs of this reporting period's fixed price surrender is \$286,950. This is above the CEO's delegation for purchasing and therefore requires a Council resolution to pay.

3. OPTIONS

- 3.1 The options identified are:
- a. Resolve to pay the Emissions Trading Scheme surrender
- 3.2 The preferred option is option a, this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy	3. A community that values and promotes its culture and heritage	7. A safe and secure community
2. A safe and integrated infrastructure	4. Safe and accessible	8. A lifetime of good health, education and well-being

	recreational facilities 5. Supportive, caring and valued communities 6. Strong district leadership and a sense of belonging	9. An environment that is appreciated, protected and sustained for future generations
--	---	---

4. CORPORATE CONSIDERATIONS

What is the change?

- 4.1 Increased costs due to one-off projects in waste management system, resulting in costs above Council officer's delegation.

What are the key benefits?

- 4.2 Compliance with ETS.

What is the cost?

- 4.3 \$286,950. This is funded through normal Annual Plan budgets, internal transfer from project costs for de-sludging ponds project and weighbridge tonnage rate for imported cover material.

What is the saving?

- 4.4 N/A

Service delivery review

- 4.5 N/A

Maori Standing Committee

- 4.6 This matter has not been referred to the committee at this stage.

5. SIGNIFICANCE

- 5.1 Whilst this does represent a variation in costs, the payment is an obligation.

6. RISK MANAGEMENT

- 6.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Medium	Medium
Operations	Employees	Image & Reputation
Low	Low	Medium

Who has been consulted?

N/A

Further Information

<https://www.mfe.govt.nz/climate-change/new-zealand-emissions-trading-scheme/about-nz-ets>

References (to or from other Committees)

N/A

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
Author Luke Knight	Approved by Gary Borg

8.6 UPDATE ON DISTRICT PLAN

Author: Simon Mutohori, Kaiwhakahaere Ratonga Kiritaki - Waeture I Customer Service Manager - Regulatory

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: Nil

1. PURPOSE

- 1.1 This report provides information for Council on District Plan Review. No decisions are required by Council at this stage.
- 1.2 This report is to update Council on the progress of the District Plan Review. This report covers information on progress to date, staff capacity to progress this work, timeframes and the availability of adequate funding for this work. The last time this matter was tabled by Council was in 2018 at which a detailed proposal and timetable was presented.

RECOMMENDATION

The Kaiwhakahaere Ratonga Kiritaki - Waeture I Customer Service Manager - Regulatory RECOMMENDS that Council receive the report.

2. BACKGROUND

- 2.1 At the 10th anniversary of the current District Plan in 2015 Council committed to review the District Plan in accordance with the mandatory statutory requirement to review the District Plan every ten years. A report was presented to Council on 15 February 2016 outlining the project proposal and seeking Council commitment on the budget. The District Plan Review was initially allocated a budget in the 2015/25 LTP and in the subsequent LTPs. The current LTP budget allocated for the District Plan is \$1.573Million.
- 2.2 Some work has commenced on the review of the District Plan but the main driver was ensuring that Government firstly create NPS in order for any preliminary work not to be misaligned. During this period there was also an organisation restructure. With the recent appointment of the Customer Service Manager- Regulatory, staff have greater capacity to progress this work under the supervision of the new manager.
- 2.3 Council resolved to undertake the District Plan review in 2015 and since that time the budget has always been set aside in each subsequent LTP. Out of that budget only about \$14,000 has been spent mainly for staff salaries working on the initial project proposal.
- 2.4 The District Plan Review will contribute towards the vision and outcomes of Council by providing for socio-economic development of the community in sustainable way which protect the environment. The District Plan provides an opportunity for the community to set out priorities in resource allocation in a communal and holistic way, taking into consideration competing demands of sustainable development.

3. PROPOSED DISTRICT PLAN REVIEW

- 3.1 Since the last update to Council a lot has changed in terms of staff complement and national direction on resource management legislation (NPS). A new Customer Service

Manager-Regulatory role has been created and filled and staff are now able to progress and project manage this very important work. Staff have been researching on the use of consultants to assist in the writing of the District Plan. The District Plan review is a highly specialised job that requires a certain level of expertise and experience

- 3.2 To facilitate the standardisation of planning standards in the country, government has developed Planning National Standards template to be used by all territorial authorities. The National Planning Standards has a template for the structure of the District Plan and the chronological order of issues to be addressed in the plan. The National Planning Standards went as far as providing standardised definitions of common terminologies used in planning To some extent the District Plan review has been simplified in that we have a template to follow and all we need to do is to review resources in our district and work out the provisions and rules applicable to our district.
- 3.3 The availability of the national template also create a possibility of working with other similar districts and share costs by sharing information and skill transfer, e.g a coastal hazard assessment report of a similar district like Gisborne or Hastings can be adapted to our district without having to reinvent the wheel.
- 3.4 The introduction of National Planning Standards means that all territorial authorities have to complete their District Plan review the deadline of 2024. This means that all territorial authorities will be doing reviews at the same time this presents opportunities for synergies and cost savings by working together.

4. PROJECT PLAN AND MANAGEMENT

- 4.1 It is proposed to commence the District Plan review beginning with calling for expression of interests and quotations. from planning consultancy firms
- 4.2 The District Plan development will be structured as follow:
- 4.3 Development of issues paper This will be developed through general and key stakeholder consultation. This community consultation will give the community an opportunity to raise land use and conservation matters needing to be addressed in the District Plan The community will be prompted to raise issues on different land uses, conservation values, significant landscapes, cultural landscapes and sites of significance they want to protect in their neighbourhoods. This feedback from the community will be used to draft more details issues paper for further consultation.
- 4.4 To assist the community to comprehend the District's resources, Council will commission a detailed Landscape Assessment report detailing various landscapes and their value across the district. This report will assist Council in delineating different landscapes into land use zones in accordance with the identified values of those various landscapes to the community.
- 4.5 Working with the community, council will also commission a comprehensive study of sites of significance in the District. This is important to map out all those sites so that land use around these sites can be decided by the community balancing the need to protect these sites with development.
- 4.6 With the information obtained from the community feedback, landscape and cultural reports, the District Plan provisions are drafted with appropriate land use activities being allocated to various land use zones of the District.

- 4.7 The complete draft of the Plan will be used to consult with the community for further feedback before the proposed Plan is officially notified under the RMA
- 4.8 From there on the process will follow the statutory requirement of public notification and receipt of submissions and assessing them through a formal hearing process.

Further Information



Not applicable

References (to or from other Committees)

Council: 15/02/2016 District Plan Review proposal

Council: November 2018 Update of the District Plan Review

Signatories

	
Author Simon Mutohori	Approved by Steven May

8.7 DEBENTURE TRUST DEED DOCUMENT AMENDMENTS AND RESTATEMENTS

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: 1. Amendments-Multi-issuer Deed [↓](#)
2. Amendments-Notes Subscription Agreement [↓](#)

1. PURPOSE

- 1.1 The purpose of this report is to seek Council approval for its subscribed Debenture Trust Deed documentation to be updated to enable its Council Controlled Organisation (CCO) to borrow from the Local Government Funding Agency (LGFA)

RECOMMENDATION

The Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support RECOMMENDS that Council

- I. Approves the transition from borrower status to guarantor status with the LGFA
- II. Approves the amendment and restatement of the Multi-issuer Deed and Notes Subscription Agreement
- III. Delegates authority to the Chief Executive and the Group Manager: Finance and Corporate Support to arrange the execution of the necessary documentation to give effect to (I) and (II)
- IV. Delegates authority to His Worship and one other elected member to sign on Council's behalf
- V. Approves the use of electronic signatures, subject to individual consent
- VI. Instructs the Finance Audit and Risk Committee to assess the risks and opportunities of this proposal for the Group with the Board of Quality Roading and Services (Wairoa) Ltd at the committee's meeting on 26 May 2020.

2. BACKGROUND

- 2.1 Council acceded to LGFA in September 2018 and subscribed its first borrowings through the agency the following month when its existing term loan matured.
- 2.2 Council currently has \$9 million of borrowing via LGFA and this is forecast to continue to grow to fund key infrastructure projects contained in the Long-term Plan 2018-28.
- 2.3 Membership of LGFA provides Council with borrowing facilities at more competitive borrowing rates than it has been able to obtain on its own in the commercial market. The current average cost of borrowing to Council is half of that incurred with the term loan referred to in 2.1. The facility also enables Council to spread risk by providing an alternative source of funds.
- 2.4 In December 2018 the LGFA Shareholder Council voted in favour of amending its foundation policies so that it can lend to CCOs.

- 2.5 Council's CCO, Quality Roding and Services (Wairoa) Ltd (QRS) has approximately \$2 million in external borrowings.

3. CURRENT SITUATION

- 3.1 In April 2020 LGFA completed the preparation of the documents required to give effect to this change and presented these to member councils. The ones pertinent to this decision are attached under separate cover as Annexures.
- 3.2 To enable QRS to participate in LGFA
- 3.2.1. these documents must be executed by Council.
 - 3.2.2. Council must transition from borrower status to guarantor status
 - 3.2.3. QRS must then accede to LGFA
- 3.3 This report initiates phase 3.2.1.

4. OPTIONS

- 4.1 The options identified are:
- a. Proceed with execution of the documents
 - b. Do not proceed
- 4.2 Should Council decide to proceed under Option (a) borrowing costs for both entities would be reduced with LGFA. Council and QRS would be assessed as a group for the purposes of loan covenants and borrowing thresholds. There may be a perception of risk. This is considered in section 7 below.
- 4.3 Options (b) is status quo.
- 4.4 The preferred option is *a. Proceed with execution of the documents*, this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy 2. A safe and integrated infrastructure	6. Strong district leadership and a sense of belonging	

5. CORPORATE CONSIDERATIONS

What is the change?

- 5.1 Council and its CCO will share in the benefits of an improved borrowing facility, but will also, to some degree, become more interdependent in this regard.

Compliance with legislation and Council Policy

- 5.2 The proposal is consistent with the provisions of s63 of the Local Government Act 2002 and has no direct implications for any of Council's current policies or plans.

What are the key benefits?

5.3 Lower financing costs for Council and its CCO.

What is the cost?

5.4 None

What is the saving?

5.5 As guarantor Council would typically expect to borrow from LGFA at 10 basis points lower than as a non-guarantor borrower. This equates to a modest savings of about \$10,000 per annum.

5.6 QRS would be expected to realise savings of up to \$55,000.

Service delivery review

5.7 There are no service delivery implications

Māori Standing Committee

5.8 This has not been referred to the Māori Standing Committee because there are no cultural implications.

6. SIGNIFICANCE

6.1 Assessment: This decision is assessed as being of low significance.

6.2 There is no direct impact on individuals or sectors of the community.

6.3 There is moderate community interest in the financial capacity of Council and its CCO.

6.4 The proposal would enable QRS to be more profitable.

6.5 It is unlikely, in practice, that this decision could be reversed.

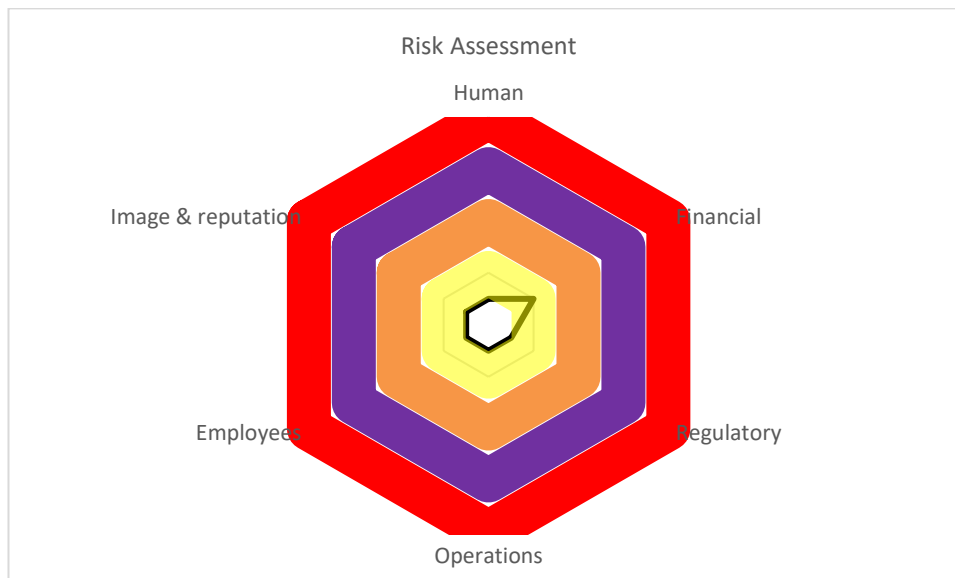
6.6 No alteration to service levels is anticipated.

6.7 No impact on Council's strategic assets is anticipated.

6.8 This would not change the way in which a significant activity is delivered.

7. RISK MANAGEMENT

7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:



- 7.2 By becoming a guarantor Council would become part of the group that would be liable should any member fail to meet its commitments. In practice this is very unlikely due to LGFA covenants. Furthermore, any liability would be proportionate to total borrowings in the membership, of which Wairoa is about 0.4%.
- 7.3 Council would to some extent have an extended shared borrowing threshold with its CCO. This would be best managed through the company's Statement of Intent process. It would be advisable that some debt metrics are considered in this, and the reports to Council.

Who has been consulted?

Due to the low level of significance and low inherent risk, consultation is not considered necessary.

Further Information

Information about LGFA is available at www.lgfa.co.nz

References (to or from other Committees)



Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
Author Gary Borg	Approved by Steven May



Multi-issuer Deed

PARTIES

The Local Authorities Listed in Schedule 1

Principal Shareholders

New Zealand Local Government Funding Agency Limited

Subscriber

|

3756985 v1

3756985 v11

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DEED dated 7 December 2011 (as amended [and restated](#) by the deed to which this deed is attached as an appendix)

PARTIES

The Local Authorities Listed in Schedule 1

("Principal Shareholders")

New Zealand Local Government Funding Agency Limited

("Subscriber")

INTRODUCTION

- A. The Principal Shareholders and the Subscriber wish to record the arrangements agreed between them in relation to the issue of Securities to the Subscriber from time to time by the Principal Shareholders, and other Local Authorities [or CCOs](#) that may accede to this deed, as Issuers.
- B. This deed records those arrangements.
- C. ~~The Subscriber's~~ [None of the](#) obligations under this deed [of the Subscriber nor any Issuer that is a Local Authority](#) are ~~not~~ guaranteed by the Crown.

COVENANTS

1. INTERPRETATION

1.1 Definitions: In this deed, unless the context otherwise requires:

"**Accession Deed**" means a deed in the form, or substantially in the form, of schedule 4.

"**Agency Agreement**" means, in relation to an Issuer, the issue and paying agency agreement between the Issuer and an agent or agents in relation to the issue of Securities by the Issuer.

"**Annual Rates Income**" means, in relation to an Issuer [that is a Local Authority and](#) for a financial year, an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by that

Issuer from other Local Authorities for services provided by that Issuer for which those other Local Authorities rate and in each case as shown in the Financial Statements of that Issuer for that financial year, provided that if such Financial Statements are with respect to a period of less than 12 months, then such amount shall be annualised (so as to reflect a period of 12 months), and the annualised amount shall be the Annual Rates Income.

"Authorised Signatory" means, in relation to an Issuer, a person nominated as the Issuer's authorised signatory for the purposes of this deed and notified as such to the Subscriber from time to time.

"Available Financial Accommodation" means, in relation to an Issuer on any Test Date, the aggregate as at that date of:

- (a) External Indebtedness;
- (b) committed but undrawn financial accommodation that is available to the Issuer, to the extent there is no legal, contractual or other restriction on the Issuer's ability to draw upon that financial accommodation; and
- (c) Liquid Investments ~~—~~ [of the Issuer \(and not its Consolidated Group\)](#).

"Borrowed Money Indebtedness" means any indebtedness of the Subscriber to a person (other than indebtedness owed to an Issuer in respect of Borrower Notes) in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, guarantee, interest or currency exchange hedge or other arrangement of any kind (calculated on a net and marked to market basis).

"Borrower Notes" has the meaning given to it in the Notes Subscription Agreement.

"Cash" means, in relation to an Issuer:

- (a) any credit balance on any deposit, savings, current or other account with a registered bank which has outstanding debt securities rated as referred to in paragraph (c) of the definition of "Liquid Investments" and which is freely withdrawable on demand by the Issuer;
- (b) any credit balance of any term deposit with a maturity of less than 180 days with a registered bank which has outstanding debt securities rated as referred to in paragraph (c) of the definition of "Liquid Investments"; and
- (c) any cash in hand.

"CCO Credit Support" means, in relation to a CCO Issuer, any combination of the following:

- (a) a CCO Security;
- (b) a CCO Negative Pledge and Covenant;
- (c) a CCO Guarantee;
- (d) where a LA Shareholder provides a CCO Guarantee, the Security Stock issued by the LA Shareholder in respect of its obligations under the CCO Guarantee; and/or
- (e) any other security arrangements,

as specified in the relevant Accession Deed or as otherwise subsequently specified (in writing) by the Subscriber.

"CCO Negative Pledge and Covenant" means the undertakings given by a CCO Issuer in favour of the Subscriber and the Holder and, set out in the relevant Accession Deed, relating to:

- (a) for so long as any Series issued by the Issuer is outstanding, the restrictions on the creation or subsistence of any security interest over the whole or any part of its assets, other than a permitted security interest (as specified in the relevant Accession Deed);
- (b) for so long as any Series issued by the Issuer is outstanding, the amount of its indebtedness relative to the aggregate amount uncalled and unpaid in respect of equity securities in the Issuer owned legally and beneficially by the CCO Shareholders; and
- (c) if applicable, calling up and/or demanding payment of, the whole or part (as specified in the request from the Subscriber or Holder) of the amount uncalled and/or unpaid in respect of the equity securities referred to in paragraph (b) on written request from the Subscriber or a Holder, provided that such request may only be made following the occurrence of an Event of Default that is continuing.

"CCO Support Document" means, in relation to a CCO Issuer, any document in relation to CCO Credit Support, as specified in the relevant Accession Deed.

"Compliance Certificate" means:

- (a) in the case of an Issuer that is a Local Authority, a certificate in the form, or substantially in the form, set out in schedule 7-; and

(b) in the case of a CCO Issuer, a certificate in the form specified by the Subscriber for that Issuer.

"Conditions" means the terms and conditions contained in schedule 2.

"Confirmation Email" means, in relation to an Issuer and Securities, an email (or other communication which is satisfactory to the Subscriber) from the Issuer to the Subscriber confirming that the Issuer is offering to issue a Series or Tranche of Securities on the terms set out in the applicable Indicative Terms Email. The Confirmation Email must specify:

- (a) the Principal Amount and Maturity Date of the Securities the Issuer is offering to issue; and
- (b) whether the Securities it is offering to issue are Fixed Rate Securities, Floating Rate Securities, Amortising Securities, Zero Coupon Securities or any other type of Security set out in the Indicative Terms Email.

"Consolidated Group" means, in relation to an Issuer, the group of persons (including the Issuer) against which the financial covenants in clause 7.5(a) may be tested (as required in accordance with clause 7.5(a)), such group must be agreed in writing by the Subscriber and that Issuer.

"Demand" has the meaning given in the Guarantee.

"Disclosure Information" has the meaning given to it in clause 7.4(a)(i).

"Distribution" means:

- (a) any dividend, charge, fee, payment, other distribution (whether cash or assets), redemption, repurchase, defeasance, retirement or repayment on or in respect of any equity securities or ownership interest of a CCO Issuer;
- (b) any interest payment, any repayment or prepayment of any amount of principal or any other payment in respect of any liability of a CCO Issuer to a CCO Shareholder; and

without limiting the above, a "distribution" as defined in the Companies Act.

"EC Securities" means Securities the proceeds of which are to be applied by the relevant Issuer in paying the Exercise Price for Commitment Shares to be subscribed by the Issuer on the Issue Date.

"Equity Commitment Deed" means the deed dated on or about the date of this deed between various Local Authorities and the Subscriber entitled "Equity Commitment Deed".

"Event of Review" means, in relation ~~an Issuer, a breach of any of the financial covenants in clause 7.5 to:~~

(a) an Issuer that is a Local Authority, a breach of any of the financial covenants in clause 7.5; and

(b) a CCO Issuer, a breach of any of the financial covenants in the Accession Deed.

"External Indebtedness" means, in relation to an Issuer on any Test Date, the aggregate amount of indebtedness of the Issuer to any person in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date, but excluding:

- (a) indebtedness that is classed as "internal indebtedness" of the Issuer in the Issuer's Financial Statements for the financial year ending on that Test Date;
- (b) indebtedness that is classified as a contingent liability of the Issuer in the Issuer's Financial Statements for the financial year ending on that Test Date; and
- (c) any indebtedness of the Issuer which is an unrealised loss on hedging instruments as shown in the Issuer's Financial Statements for the financial year ending on that Test Date.

"Financial Statements" means ~~:-~~

(a) in relation to a CCO Issuer, the audited financial statements the Issuer is required to produce pursuant to sections 67 to 69 of the Act; and

(b) in relation to an Issuer that is a Local Authority, the audited financial statements the Issuer is required to produce pursuant to sections 98 and 99 of the Act.

"Final Terms" means:

- (a) in relation to a Series or Tranche of EC Securities, final terms in the form, or substantially in the form, of schedule 3; and
- (b) in relation to a Series or Tranche of any other Securities, a term sheet in the form, or substantially in the form, of schedule 5.

"Further Principal Debt Release Request" has the meaning given to it in the Guarantee.

"GAAP" means "generally accepted accounting practice" as defined in the Act.

"Guarantee" means the deed of guarantee and indemnity made by various Local Authorities in respect of the indebtedness of the Subscriber.

"Guarantor" means a guarantor under the Guarantee.

"Indicative Terms Email" means an email from the Subscriber to an Issuer setting out the indicative terms of Securities (other than pricing) that the Issuer may offer to issue to the Subscriber.

"Insolvency Event" means, in relation to a CCO Issuer or CCO Shareholder, any "Insolvency Event" specified in the relevant Accession Deed in relation to such person.

"Issuer" means a Local Authority set out in schedule 1 or any other Local Authority or CCO which is or becomes an Issuer in accordance with ~~clause~~clauses 2.4~~+~~ or 2A.4 (including a Local Authority that becomes an Issuer because it is a LA Shareholder (if applicable)).

"Liquid Investments" means, in relation to an Issuer on any Test Date:

- (a) Cash;
- (b) securities issued or fully guaranteed or fully insured by the New Zealand Government;
- (c) commercial paper or other debt securities which have a long-term rating of at least A- or a short-term rating of at least A-1 by Standard & Poor's ~~Ratings~~Rating Group or an equivalent rating from either Moody's Investors Service, Inc. or Fitch Ratings ~~Ltd~~Limited (or their respective related companies); and
- (d) certificates of deposit of any registered bank which has outstanding debt securities rated as referred to in paragraph (c) above,

in each case legally and beneficially held by the Issuer, ~~and/or the Consolidated Group (as required in accordance with clause 7.5(a)).~~ not subject to any security interest, and denominated and payable in NZ Dollars and as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date.

~~**"Local Authority"** means a Local Authority as defined in the Act.~~

"Maximum Additional Spread" means:

- (a) in relation to an issue of Floating Rate Securities which are not EC Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its

own issuance margin in order to determine the Margin for the relevant Tranche or Series;

- (b) in relation to an issue of Fixed Rate Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the "margin" component of the Interest Rate for the relevant Tranche or Series; and
- (c) in relation to an issue of Zero Coupon Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the annual yield for the relevant Tranche or Series,

in each case calculated in accordance with the methodology notified by the Subscriber to the Issuer on or prior to the date of the Indicative Terms Email which relates to that issue of Securities. In this definition, "**issuance margin**" has the meaning given to it in clause 4.6.

"Net Debt" means, in relation to an Issuer and any Test Date, the aggregate of all financing liabilities of the Issuer [and/or the Consolidated Group \(as required in accordance with clause 7.5\(a\)\)](#) as at that Test Date as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date less Liquid Investments as at that Test Date.

"Net Interest" means, in relation to an Issuer for a financial year, an amount equal to all interest and financing costs incurred by the Issuer [and/or the Consolidated Group \(as required in accordance with clause 7.5\(a\)\)](#) for that financial year as shown in Financial Statements of the Issuer less:

- (a) interest income of the Issuer [and/or the Consolidated Group \(as required in accordance with clause 7.5\(a\)\)](#) for that financial year as shown in Financial Statements of the Issuer for that financial year; and
- (b) any interest paid by the Issuer during that financial year as shown in the Financial Statements of the Issuer for that financial year on EC Securities held by the Subscriber.

"Notes Subscription Agreement" means the agreement dated on or about the date of this deed between the Subscriber and various Local Authorities entitled "Notes Subscription Agreement".

"Notice of Commitment" means:

- (a) in relation to a Series or Tranche of EC Securities, a notice in the form, or substantially in the form, of schedule 6; and
- (b) in relation to a Series or Tranche of any other Securities, a Confirmation Email.

"Offering Document" means, on any date, each prospectus, investment statement, product disclosure statement, information memorandum or other offer document (howsoever described) prepared by, or on behalf and with the approval of, the Subscriber under which the Subscriber is offering or is able to offer debt instruments.

"Policies" has the meaning given to it in the Shareholders' Agreement.

"Potential Event of Default" means any event which, with the passing of time, or the giving of notice, or both, would constitute an Event of Default.

"Redemption Notice" has the meaning given to it in clause ~~7.5 or 7.6~~, 7.6, 7.7, 7.8 or 7.9, as applicable.

"Security Trustee" has the meaning given in the Guarantee.

"Shareholders' Agreement" means the agreement dated on or about the date of this deed between the Principal Shareholders in relation to the Subscriber entitled "Shareholders' Agreement".

"Shareholder Transaction Documents" means, in relation to an Issuer that is a LA Shareholder:

- (a) the Guarantee;
- (b) the Equity Commitment Deed;
- (c) the accession deeds (if applicable) executed by the Issuer for the purposes of the Guarantee and the Equity Commitment Deed;
- (d) each Security Stock Certificate issued by it in respect of its obligations in respect of the Guarantee and the Equity Commitment Deed;
- (e) this deed, solely in its capacity as a LA Shareholder; and
- (f) each CCO Support Document.

"Test Date" means 30 June of each year ~~or~~, or, in the case of a CCO Issuer, the date specified in the relevant Accession Deed.

"Total Revenue" means, in relation to an Issuer that is a Local Authority and for a financial year, the total cash operating revenue of the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)) for that financial year as shown in Financial Statements of the Issuer for that financial year including cash earnings from rates, Government grants and subsidiaries, user charges, interest, dividends and financial and other revenue but not including non-Government capital contributions (such as developer contributions and vested assets).

"Transaction Documents" means ~~:-~~

(a) in relation to an Issuer that is a Local Authority:

- ~~(a)~~ (i) this deed;
- ~~(b)~~ (ii) the Notes Subscription Agreement;
- ~~(c)~~ (iii) each Security Stock Certificate issued by ~~that Issuer~~ it in respect of its obligations in respect of the Securities and under this deed and each of the Guarantee (if applicable), and the Equity Commitment Deed (if applicable);
- ~~(d)~~ (iv) if the Issuer is a Guarantor, or is required by the Subscriber in accordance with this deed, the Policies and/or required by the Shareholders' Agreement to become a Guarantor, each of the Guarantee and Equity Commitment Deed;
- ~~(e)~~ (v) the Accession Deed (if applicable);
- ~~(f)~~ (vi) any accession deed executed by the Issuer for the purposes of the Notes Subscription Agreement, the Guarantee (if applicable) and/or the Equity Commitment Deed; (if applicable); and
- ~~(g)~~ (vii) any other document agreed by the Subscriber and the Issuer to be a Transaction Document; ~~:-~~ and

(b) in relation to a CCO Issuer:

- (i) this deed;
- (ii) the Notes Subscription Agreement;
- (iii) the Guarantee;
- (iv) the Equity Commitment Deed;

- (v) each Security Stock Certificate issued by a LA Shareholder in respect of its obligations in respect of each of the Guarantee, the Equity Commitment Deed and any CCO Support Document;
- (vi) the Accession Deed;
- (vii) any accession deed executed by the CCO Issuer for the purposes of the Notes Subscription Agreement (if applicable);
- (viii) accession deeds (if applicable) to Guarantee and Equity Commitment Deed;
- (ix) each CCO Support Document; and
- (x) any other document agreed by the Subscriber and the CCO Issuer to be a Transaction Document.

"**Verified Statements**" has the meaning given to it in clause 7.4(a)(ii).

- 1.2 **Conditions:** Words and expressions defined in the Conditions and used in this deed shall have the same meanings in this deed, unless the context requires otherwise.
- 1.3 **Equity Commitment Deed:** Except to the extent the context requires otherwise, "Commitment Shares", "Exercise Notice", "Exercise Price" and "Settlement Date" have the meanings given to them in the Equity Commitment Deed.
- 1.4 **References:** Except to the extent that the context otherwise requires, any reference in this deed to:

an "**authorisation**" includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a "**clause**" or "**schedule**" is a reference to a clause of, or schedule to, this deed.

something having a "**material adverse effect**" on a person is a reference to it having a material adverse effect on the financial condition or operations of that person which

materially adversely affects the ability of that person to perform or comply with its obligations under any Transaction Document or any Security.

something being "remedied" means it is remedied to the satisfaction of the Subscriber.

1.5 **Miscellaneous:**

- (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. **ACCESSION OF LOCAL AUTHORITY AS AN ISSUER**

2.1 **Local Authority to sign Accession Deed:** Subject to clause 2.2, a Local Authority which is not a Principal Shareholder may become an Issuer under this deed by completing and signing an Accession Deed and delivering it to the Subscriber.

2.2 **Conditions precedent to accession and issue of Securities:** A Local Authority shall not be entitled to sign and deliver an Accession Deed or to issue Securities under this deed unless and until the following conditions have been, to the satisfaction of the Subscriber, met:

- (a) the Local Authority is a party to or has acceded to the Notes Subscription Agreement;
- (b) if required by the Subscriber in accordance with the Policies and/or required by the Shareholders' Agreement, the Local Authority has become a Guarantor and is a party to or has acceded to the Equity Commitment Deed;
- (c) the Subscriber has confirmed that the Agency Agreement to be used by the Local Authority in relation to the Securities issued by it pursuant to this deed, and the identity of the paying agent, calculation agent and registrar appointed pursuant to that agreement, are acceptable to it;
- (d) the Local Authority has delivered to the Subscriber a certificate of compliance for the purposes of ~~s118~~ [section 118](#) of the Act in relation to ~~the~~ [its](#) entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the Agency Agreement, the Guarantee (if applicable), the Equity Commitment Deed (if applicable) and the Security Stock Certificates [and Security Stock](#) issued in respect of this deed, the Guarantee (if applicable) and the Equity Commitment Deed (if applicable);
- (e) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the issuance of the Security Stock Certificates [and Security Stock](#) issued in respect of this deed and the Securities (if applicable) and the issuance of the Securities from time to time (if applicable) have been obtained and are current and satisfactory;
- (f) the Subscriber has received a first ranking Security Stock Certificate evidencing that the Issuer's obligations under this deed are secured pursuant to the Debenture Trust Deed;
- (g) any additional eligibility criteria required by the Subscriber in accordance with the Policies have been satisfied;
- (h) in respect of the first issuance by an Issuer, it has notified the Subscriber of the amount of its Annual Rates Income for its immediately preceding financial year and a breakdown of the components included in its calculation of that amount, provided that this clause 2.2(h) shall not apply where an Issuer has previously delivered Financial Statements to the Subscriber in accordance with clause 7.3 which comply with clause 7.5(c); ~~and~~

- (i) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the Issuer's entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the Guarantee (if applicable) and the Equity Commitment Deed (if applicable) and the issuance of the first ranking Security Stock and the first ranking Security Stock Certificate described at clause 2.2(f); and

- (j) any additional conditions specified by the Subscriber in the Accession Deed or separately notified in writing to the Issuer have been satisfied.

2.3 Subscriber to countersign Accession Deed: Subject to clause 2.2, on receipt of the document described in clause 2.1 in form and substance satisfactory to the Subscriber, the Subscriber shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant Local Authority.

2.4 Accession effective: On an Accession Deed being countersigned by the Subscriber in accordance with clause 2.3, the Local Authority shall be bound by this deed as if it were a party hereto and named herein as an Issuer.

2A. ACCESSION OF CCO AS AN ISSUER

2A.1 CCO to sign Accession Deed: Subject to clause 2A.2, a CCO may become an Issuer under this deed by:

- (a) completing and signing; and
- (b) procuring each CCO Shareholder to sign.

an Accession Deed (in form and substance satisfactory to the Subscriber) and delivering it to the Subscriber.

2A.2 Conditions precedent to accession and issue of Securities: A CCO shall not be entitled to sign and deliver an Accession Deed or to issue Securities under this deed unless and until the following conditions have been, to the satisfaction of the Subscriber, met:

- (a) the CCO has acceded to the Notes Subscription Agreement;

- (b) each LA Shareholder is a party to or has acceded to this deed as an Issuer (in the manner contemplated by clauses 2.2 to 2.4 of this deed) and the Notes Subscription Agreement as a subscriber;
- (c) each LA Shareholder is or has become a Guarantor and is a party to or has acceded to the Equity Commitment Deed as a guarantor;
- (d) the Subscriber has confirmed that the Agency Agreement to be used by the CCO in relation to the Securities issued by it pursuant to this deed, and the identity of the paying agent, calculation agent and registrar appointed pursuant to that agreement, are acceptable to it;
- (e) the CCO has delivered to the Subscriber a director's certificate in relation to its entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, the CCO Credit Support and the CCO Support Documents;
- (f) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to the CCO's entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, the CCO Credit Support and the CCO Support Documents and the issuance of Securities from time to time (if applicable) have been obtained and are current and satisfactory;
- (g) each CCO Shareholder has delivered to the Subscriber a director's certificate, or in the case of a LA Shareholder, a certificate of compliance for the purposes of section 118 of the Act, in relation to its entry into the Accession Deed, the CCO Credit Support and the CCO Support Documents;
- (h) in the case of a LA Shareholder, evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into the CCO Credit Support and the CCO Support Documents have been obtained and are current and satisfactory;
- (i) any additional eligibility criteria required by the Subscriber in accordance with the Policies have been satisfied;
- (j) in respect of the first issuance by an Issuer, each LA Shareholder has notified the Subscriber of the amount of its Annual Rates Income for its immediately preceding financial year and a breakdown of the components included in its calculation of that amount, provided that this clause 2A.2(j) shall not apply where the LA Shareholder (as an Issuer) has previously delivered Financial Statements to the Subscriber in accordance with clause 7.3 which comply with clause 7.5(c);

- (k) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the CCO's entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, and any CCO Support Document (if applicable);
- (l) the Subscriber has received both the CCO Support Documents and the benefit of CCO Credit Support, in each case, in a form and substance satisfactory to the Subscriber (in its sole discretion);
- (m) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to each CCO Shareholder's entry into each relevant CCO Support Document (if applicable);
- (n) each LA Shareholder is in compliance with each of the financial covenants in, or referred to in, clause 7.5; and
- (o) any additional conditions specified by the Subscriber in the Accession Deed or separately notified in writing to the Issuer have been satisfied.

2A.3 Subscriber to countersign Accession Deed: Subject to clause 2A.2, on receipt of the document described in clause 2A.1 in form and substance satisfactory to the Subscriber, the Subscriber shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant CCO.

2A.4 Accession effective: On an Accession Deed being countersigned by the Subscriber in accordance with clause 2A.3, the CCO shall be bound by this deed as if it were a party hereto and named herein as an Issuer.

3. OFFERS AND SALES OF SECURITIES

- 3.1 Agreement to issue:** Subject to the terms and conditions of this deed, each Issuer may from time to time agree with the Subscriber to issue, and the Subscriber may agree to subscribe for, Securities. If the relevant Issuer and the Subscriber agree on the terms upon which such Securities should be issued and subscribed then the relevant Issuer shall be obliged to issue and the Subscriber shall be obliged to subscribe the relevant Securities issued by the Issuer on the relevant Issue Date, on the basis of, and in reliance upon, the

representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of this deed, and otherwise on the terms so agreed.

3.2 **Offer and acceptance:** For the purposes of this deed (without limiting anything else in this deed), the issue of Securities under this deed shall (without more) be taken to be the result of an offer by the relevant Issuer to issue the Securities to the Subscriber, and an acceptance of that offer by the Subscriber.

3.3 **Several obligations:** The obligations of each Issuer under this deed are several. No Issuer shall be responsible for the obligations of any other Issuer under this deed. The rights of each Issuer under this deed are several.

4. ISSUANCE PROCESS

4.1 General procedure:

(a) Except in the case of EC Securities or if the Subscriber and the relevant Issuer otherwise agree, an Issuer may not issue Securities pursuant to this deed unless:

- (i) at least eight Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Subscriber provides an Indicative Terms Email to the Issuer and, in the case of a CCO Issuer, with a copy to each LA Shareholder;
- (ii) at least six Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Issuer provides a Notice of Commitment to the Subscriber; and
- (iii) at least three Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Subscriber has agreed to subscribe for the Securities by signing and delivering the Final Terms for the Securities to the Issuer.

(b) The Issuer shall counter-sign and deliver to the Subscriber a copy of the Final Terms no later than the proposed Issue Date, but failure to do so shall not affect the Issuer's obligation to issue the Securities on the proposed Issue Date and the terms set out in the Final Terms shall apply to the relevant Securities.

4.2 **Procedure for EC Securities:** An Issuer may not issue EC Securities under this deed unless:

- (a) the Issuer has received an offer to subscribe for the EC Securities under clause 3.1 of the Equity Commitment Deed; and
- (b) not less than six Business Days before the Settlement Date for the related Commitment Shares, the Issuer provides a Notice of Commitment to the Subscriber,

whereupon the Subscriber promptly (and in any case not less than four Business Days before the proposed Issue Date) shall agree to subscribe for the EC Securities specified in the Notice of Commitment by counter-signing and delivering to the Issuer a copy of the Notice of Commitment.

4.3 [Not used]

4.4 **Notice of Commitment:** A Notice of Commitment constitutes a binding, unconditional and irrevocable offer by the relevant Issuer to issue the Securities specified therein. Each Notice of Commitment in respect of EC Securities shall be accompanied by preliminary Final Terms for the proposed issuance of EC Securities, completed in all respects other than for pricing, and such Final Terms to be the same as the preliminary Final Terms that were sent to the Issuer by the Subscriber under clause 3.1 of the Equity Commitment Deed except that the Issuer may specify a lower aggregate Principal Amount and shorter Maturity Date.

4.5 **Acceptance by Subscriber:** Subject to clause 4.2, the Subscriber is not under any obligation whatsoever to accept an offer by an Issuer contained in a Notice of Commitment. The Subscriber signing and delivering the Final Terms to the relevant Issuer (in the case of Securities which are not EC Securities) or counter-signing and delivering to the relevant Issuer a copy of a Notice of Commitment (in the case of EC Securities) shall constitute a binding and irrevocable acceptance of the offer contained in the Notice of Commitment, subject only to the following conditions:

- (a) the Subscriber having received in a form and substance satisfactory to it:
 - (i) [where the Issuer is a Local Authority](#), a first ranking Security Stock Certificate evidencing that the Issuer's obligations in relation to the proposed Tranche or Series are secured pursuant to the relevant Debenture Trust Deed (which may, at the Subscriber's absolute discretion, be a Security Stock Certificate evidencing that the Issuer's obligations in relation to all Securities issued by it under this deed are secured pursuant to the relevant Debenture Trust Deed); and
 - (ii) [where the Issuer is a Local Authority](#), a certificate of compliance for the purposes of section 118 of the Act in relation to the proposed Tranche or

Series and the issue of the relevant Security Stock and related Security Stock Certificate (if applicable);

(iii) where the Issuer is a CCO Issuer, a certificate from an Authorised Signatory of the CCO addressing (among other things) the issue of the proposed Tranche or Series;

- (b) there is no impediment to the issue to the Issuer of the related Borrower Notes (if applicable) under the Notes Subscription Agreement (including, without limitation, due to the requirements of section 49 of the Companies Act 1993 and/or clause 15.4 of the Notes Subscription Agreement not being satisfied);
- (c) the Issuer has complied with the conditions specified in clause 2.2 or 2A.2 (as applicable) and any additional eligibility criteria required by the Subscriber in accordance with the Policies;
- (d) the representations and warranties set out in clause 6.1 (in the case of an Issuer that is a Local Authority) or 6.1A (in the case of a CCO Issuer) (as applicable) being true, accurate and correct in all material respects as of the Issue Date by reference to the facts and circumstances existing on that date;
- (e) no Event of Default, Potential Event of Default or Event of Review has occurred and is continuing in relation to the Issuer and no such event would occur on or after the Issue Date as a result of the Issuer issuing the Securities; ~~and~~
- (f) the Issuer, and (in the case of a CCO Issuer) each CCO Shareholder, is in compliance with this deed, the Notes Subscription Agreement, the Guarantee and (if applicable), the Equity Commitment Deed (if applicable) and any CCO Support Document (if applicable); and
- ~~(f)~~(g) the Local Government Borrowing Act 2011 has not been amended or repealed other than to the satisfaction of the Subscriber.

4.6 Pricing:

- (a) The Subscriber shall determine the pricing for each Tranche or Series of:
 - (i) EC Securities, on the Issue Date and shall notify the relevant Issuer of the pricing for the Tranche or Series on the Issue Date, following which the Final Terms for the Tranche or Series shall be updated to include the pricing information notified pursuant to this clause and each of the Issuer and the Subscriber shall sign the updated Final Terms; and

- (ii) Securities which are not EC Securities, on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii) and such pricing shall be set out in the Final Terms for that Tranche or Series.

The pricing decisions of the Subscriber shall be final and binding on the relevant Issuer.

- (b) When determining the pricing for each Tranche or Series of Securities for the purposes of clause 4.6(a), the Subscriber must not, unless the relevant Issuer agrees otherwise, add an additional spread to ~~it~~ its own issuance margin which exceeds:
 - (i) in the case of EC Securities, the maximum additional spread notified in accordance with clause 3.1 of the Equity Commitment Deed; and
 - (ii) in the case of Securities which are not EC Securities, the Maximum Additional Spread.

In this clause 4.6, "**issuance margin**" means the percentage rate (p.a.) (as determined by the Subscriber) over the applicable reference rate which is payable by the Subscriber in respect of the Borrowed Money Indebtedness it incurs to subscribe for the relevant Securities and includes all of the Subscriber's costs and expenses relating to that Borrowed Money Indebtedness (including, without limitation, dealer fees, commissions, listing fees and any Approved Issuer Levy which is or may be payable by the Subscriber under the terms of that Borrowed Money Indebtedness). In this clause 4.6, "**Approved Issuer Levy**" has the meaning given to it in the Conditions as if references to the "Issuer" were to the "Subscriber" and "any Security" were to the Subscriber's "Borrowed Money Indebtedness". Without limiting the Subscriber's right to make a determination as to the "issuance margin", the Subscriber may for the purposes of determining the Approved Issuer Levy component of the issuance margin estimate its likely costs in respect of any Approved Issuer Levy.

4.7 Notices of Commitment after release: Where an Issuer is (or was previously) a Guarantor and it has delivered a valid Further Principal Debt Release Request in accordance with clause 15 of the Guarantee:

- (a) it must immediately provide a copy of the Further Principal Debt Release Request to the Subscriber; and
- (b) [neither it nor any CCO Issuer for which that Issuer is a LA Shareholder](#) may ~~not~~, on and from the date of such Further Principal Debt Release Request, provide any Notice of Commitment under this deed.

4.8 **Settlement delay:** Other than where the conditions set out in clause 4.5 are not satisfied, in the event that the Subscriber pays the Issue Price for the Securities other than on the Issue Date ("**settlement delay**"):

- (a) unless the Subscriber agrees otherwise (in writing), each of the Issuer and the Subscriber shall issue the Securities and the Borrower Notes (if applicable) respectively on the Issue Date; and
- (b) the maximum amount payable by the Subscriber to the Issuer in respect of such settlement delay will be interest on the unpaid Issue Price of the Securities, such interest to accrue on a daily basis from the Issue Date until the unpaid Issue Price is paid at a rate per annum equal to the Reserve Bank of New Zealand official cash rate on the Issue Date. Accrued interest shall not be compounded and shall be paid by the Subscriber on the date the unpaid Issue Price is paid in full and final settlement of such settlement delay.

5. ISSUE AND CREATION

5.1 Securities are issued and created by the relevant Registrar entering in the Register the particulars of the Securities.

6. REPRESENTATIONS AND WARRANTIES

6.1 **Representations and warranties:** (in relation to Issuers that are Local Authorities):

Each Issuer that is a Local Authority represents and warrants to the Subscriber in relation to itself (as an Issuer) that:

- (a) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;
- (b) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents and to issue the Securities;
- (c) **Authorisations:** it has taken all necessary action required on its part to authorise the entry into, execution and delivery of this deed and the other Transaction Documents and the issue of Securities and the performance of all obligations expressed to be binding on it;
- (d) **Obligations legally binding:** its obligations under this deed, the other Transaction Documents and the Debenture Trust Deed and the Securities (when issued)

constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);

- (e) **No conflict:** neither the entry by it into, nor the performance by it of this deed and the other Transaction Documents or the issue of the Securities by it will:
 - (i) conflict with or result in a breach of, any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or
 - (ii) violate or contravene any law to which it is subject;
- (f) **Accounts:** its accounts have been prepared in accordance with the Act and any other applicable legislation or guidelines and are audited in accordance with any statutory requirements;
- (g) **No default:** except to the extent it has notified the Subscriber otherwise in writing, no Event of Default or Event of Review [in relation to it](#) has occurred and remains unremedied;
- (h) **Certificate of exemption:** it holds a valid certificate of exemption from resident withholding tax issued pursuant to section RE 27 of the Income Tax Act 2007 and sections 32E to 32I of the Tax Administration Act 1994; [\(or, on or after 1 April 2020, it has RWT-Exempt Status\);](#)
- (i) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the Issuer into, and the performance by the Issuer of, this deed and the other Transaction Documents and the issue of Securities:
 - (i) is in compliance with the Act;
 - (ii) is not contrary to any provision of the Act;
 - (iii) is within the capacity, rights and powers of the Issuer; and
 - [\(iv\)](#) is for a purpose authorised by either the Act or another Act;
- (j) **Ranking of obligations:** its obligations under this deed and in respect of the Securities are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;

- (k) **Offering material:** except to the extent it has advised the Subscriber otherwise in writing, all information it has provided to the Subscriber for the purposes of or, it has approved (in writing) for the inclusion in, any Offering Document is true, accurate and complete in all material respects and not misleading (including by omission) in any material respect; and
- (l) **Notes Subscription Agreement:** the warranties given by it at clause 4.5 of the Notes Subscription Agreement are true and accurate.

6.1A Representations and warranties (in relation to CCO Issuers): Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed:

(a) CCO Issuer: each CCO Issuer represents and warrants to the Subscriber in relation to itself (as a CCO Issuer) that:

(i) Status:

(aa) it is a company duly incorporated and validly existing under the laws of New Zealand; and

(bb) it has the power to own its assets and carry on its business as it is being conducted;

(ii) Power: it has the power to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents and to issue the Securities;

(iii) Authorisations: it has taken all necessary action required on its part:

(aa) to authorise the entry into, execution, delivery and performance of this deed and the other Transaction Documents, the transactions contemplated by those documents, the issue of Securities and the performance of all obligations expressed to be binding on it; and

(bb) for the validity and enforceability of the Transaction Documents and the effectiveness or priority of any security interest under any Transaction Document;

(iv) Obligations legally binding: its obligations under this deed, the other Transaction Documents and the Securities (when issued) constitute its legal, valid and binding obligations, enforceable in accordance with their

respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);

(v) **No conflict:** neither the entry by it into, nor the performance by it of this deed and the other Transaction Documents or the issue of the Securities by it will:

(aa) conflict with or result in a breach of:

(A) any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound;
or

(B) its constitutional documents; or

(bb) violate or contravene any law to which it is subject;

(vi) **Accounts:** its accounts have been prepared in accordance with the Act and any other applicable legislation or guidelines and are audited in accordance with any statutory requirements;

(vii) **No default:** except to the extent it has notified the Subscriber otherwise in writing, no Event of Default or Event of Review in relation to it or each relevant LA Shareholder has occurred and remains unremedied;

(viii) **Certificate of exemption:** it holds a valid certificate of exemption from resident withholding tax issued pursuant to section RE 27 of the Income Tax Act 2007 and sections 32E to 32I of the Tax Administration Act 1994 (or, on or after 1 April 2020, it has RWT-Exempt Status);

(ix) **Offering material:** except to the extent it has advised the Subscriber otherwise in writing, all information it has provided to the Subscriber for the purposes of or, it has approved (in writing) for the inclusion in, any Offering Document is true, accurate and complete in all material respects and not misleading (including by omission) in any material respect;

(x) **Notes Subscription Agreement:** the warranties given by it at clause 4.5 of the Notes Subscription Agreement are true and accurate;

(xi) **Solvency:** no Insolvency Event has occurred in relation to it or any CCO Shareholder;

- (xii) **No proceedings pending or threatened:** no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a material adverse effect has or have (to the best of its knowledge and belief) been started or threatened against it;
- (xiii) **Immunity from suit:** it does not have, nor do any of its assets have, immunity from suit;
- (xiv) **Good title to assets:** it is the sole legal and beneficial owner of the property subject to the security interests created by any CCO Security, free from security interests other than a permitted security interest (as specified in the relevant Accession Deed);
- (xv) **Ranking of Security:** each CCO Security (if applicable) creates the security which it is expressed to create over the property to which it is expressed to apply, subject only to a permitted security interest (as specified in the relevant Accession Deed);
- (xvi) **Trustee:** it does not enter into any Transaction Document or hold any property as trustee;
- (xvii) **No misleading information:** to the best of its information, knowledge, and belief after having made due inquiry (but subject to the qualifications made when the relevant information is made available):
 - (aa) any factual information provided by or on behalf of it in writing in connection with the Transaction Documents and the transactions they contemplate was true and accurate in all material respects and not misleading in any material respect as at the date it was provided or as at the date (if any) at which it is stated;
 - (bb) any financial projections provided by it or on its behalf have been prepared on the basis of recent historical information and on the basis of reasonable assumptions; and
 - (cc) all copies of documents (including its latest Financial Statements and all authorisations) given by it or on its behalf to the Subscriber are true and complete copies as at the date they were given unless expressly specified otherwise; and

(xviii) **Additional representations:** it makes any additional representations specified in the Accession Deed;

(b) **LA Shareholders:** each LA Shareholder represents and warrants to the Subscriber that:

(i) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;

(ii) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under the Shareholder Transaction Documents;

(iii) **Authorisations:** it has taken all necessary action required on its part:

(aa) to authorise the entry into, execution, delivery and performance of the Shareholder Transaction Documents, the transactions contemplated by those documents and the performance of all obligations expressed to be binding on it under those documents; and

(bb) for the validity and enforceability of the Shareholder Transaction Documents and the effectiveness or priority of any security interest under any Shareholder Transaction Document;

(iv) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the LA Shareholder into, and the performance by the LA Shareholder of, the Shareholder Transaction Documents:

(aa) is in compliance with the Act;

(bb) is not contrary to any provision of the Act;

(cc) is within the capacity, rights and powers of the LA Shareholder; and

(dd) is for a purpose authorised by either the Act or another Act;

provided that the Subscriber acknowledges that section 117 of the Act does not apply to any CCO Guarantee given by a LA Shareholder in respect of a CCO Issuer;

(v) **Ranking of obligations:** its obligations in respect of any CCO Guarantee it has given in relation to the CCO Issuer are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at

least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;

(vi) **Obligations legally binding:** its obligations under the Shareholder Transaction Documents and the Debenture Trust Deed constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);

(vii) **No conflict:** neither the entry by it into, nor the performance by it of the Shareholder Transaction Documents will:

(aa) conflict with or result in a breach of any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or

(bb) violate or contravene any law to which it is subject; and

(viii) **Additional representations:** it makes any additional representations in relation to an LA Shareholder specified in the Accession Deed.

6.2 **Repetition:** The representations and warranties contained in ~~clause~~clauses 6.1 and 6.1A shall be deemed to be repeated by each Issuer and, where the Issuer is a CCO Issuer, each relevant LA Shareholder for the benefit of the Subscriber on each Issue Date in respect of each Series or Tranche issued by the Issuer.

7. UNDERTAKINGS

7.1 **General undertakings in respect of Local Authority Issuers:** Each Issuer that is a Local Authority undertakes to the Subscriber that it will, for so long as any Series issued by ~~the~~ Issuer ~~it~~ is outstanding:-

(a) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:

(i) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to it and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that except as previously notified to the Subscriber no Event of Default, Potential Event of Default or Event of Review has occurred in relation to it;

- (ii) each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Subscriber of the authority of each new Authorised Signatory;
 - (iii) each actual or potential invalidity or unenforceability of this deed, the other Transaction Documents or the Debenture Trust Deed, or any provision hereof or thereof;
 - (iv) subject to the Act and the Local Government Official Information and Meetings Act 1987:
 - (aa) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the Issuer or its ability to perform its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities; and
 - (bb) any change to the Act which may adversely affect the rights of a party lending to the Issuer or any receiver appointed by that party;
- (b) **Register:** cause the Registrar for that Series to keep the Register for the Series pursuant to the Agency Agreement;
- (c) **Agency Agreement:** comply with and perform all obligations under the Agency Agreement and not:
 - (i) terminate or enter into a new Agency Agreement;
 - (ii) ~~materially~~ modify any terms within an Agency Agreement; or
 - (iii) appoint, terminate or replace or consent to any replacement of a registrar, calculation agent or paying agent under an Agency Agreement,

without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);
- (d) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under this deed, the other Transaction Documents ~~or~~ the Debenture Trust Deed or the Securities or required on its part for the validity or enforceability of this deed, the other Transaction Documents, the Debenture Trust Deed and the Securities;

- (e) **Compliance with law:** duly comply with all laws except to the extent that, in its reasonable opinion, it determines that non-compliance is not material to the business or financial condition of the Issuer;
- (f) **Information on request:** subject to the Act and the Local Government Official Information and Meetings Act 1987, on request by the Subscriber, [promptly](#) provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to the Financial Statements, other records of the Issuer and the financial position of the Issuer;
- (g) **Other information:** provide the Subscriber with copies of all information provided to the Trustee under the reporting covenants provisions in the Debenture Trust Deed;
- (h) **Ranking of obligations:** ensure that its obligations under this deed and in respect of the Securities are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed; ~~and~~
- (i) **New Security Stock Certificates:** where the Subscriber has sold some or all of the Securities held by it, at the Subscriber's request and subject to the Subscriber delivering to the Issuer for cancellation the existing Security Stock Certificate for the relevant Securities, issue and deliver to each of the Subscriber and the new Holder (as applicable) a new first ranking Security Stock Certificate (in a form acceptable to the Subscriber or the Holder (as applicable) acting reasonably) evidencing that the Issuer's obligations in relation to the Securities held by each of the Subscriber and Holder (as applicable) are secured pursuant to its Debenture Trust Deed. In the case of Securities lodged in NZClear, the references in this clause 7.1(i) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear). Where the Issuer delivers any such new Security Stock Certificate it shall also deliver a certificate of compliance for the purposes of section 118 of the Act in relation to each new Security Stock Certificate. Subject to the relevant Debenture Trust Deed, where the Subscriber is holding a Security Stock Certificate evidencing that the Issuer's obligations in relation to all Securities issued by it under this deed are secured pursuant to the relevant Debenture Trust Deed, the Issuer's obligation under this clause 7.1(i) to deliver a new first ranking Security Stock Certificate to the new Holder shall not be subject to the Subscriber delivering that Security Stock Certificate to the Issuer for cancellation. ~~;~~ [and](#)

- (j) ~~Financial records:~~ ~~The~~ **Debenture Trust Deed**: not terminate or enter into a new Debenture Trust Deed, or modify any terms within the Debenture Trust Deed, without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);

7.1A General undertakings in respect of CCO Issuers: Except to the extent that the Subscriber and the relevant Issuer agree otherwise in the relevant Accession Deed:

- (a) **CCO Issuers:** each CCO Issuer undertakes to the Subscriber that it will, for so long as any Series issued by it is outstanding:

- (i) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:

- (aa) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to it or its LA Shareholder and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that except as previously notified to the Subscriber no Event of Default, Potential Event of Default or Event of Review has occurred in relation to it or its LA Shareholder;
- (bb) each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Subscriber of the authority of each new Authorised Signatory;
- (cc) each actual or potential invalidity or unenforceability of this deed, the other Transaction Documents, or any provision hereof or thereof;
- (dd) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the Issuer or any CCO Shareholder or its or any CCO Shareholder's ability to perform its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities;
- (ee) any change to the Act, its constitution or any applicable law which may adversely affect the rights of a party lending to the Issuer or any receiver appointed by that party;
- (ff) any proposed change to a CCO Shareholder;

- (gg) any change or potential change to whether the Issuer is a CCO or a council-controlled trading organisation (as defined in the Act);
- (ii) **Register:** cause the Registrar for that Series to keep the Register for the Series pursuant to the Agency Agreement;
- (iii) **Agency Agreement:** comply with and perform all obligations under the Agency Agreement and not:
- (aa) terminate or enter into a new Agency Agreement;
- (bb) modify any terms within an Agency Agreement; or
- (cc) appoint, terminate or replace or consent to any replacement of a registrar, calculation agent or paying agent under an Agency Agreement,
- without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);
- (iv) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under this deed, the other Transaction Documents or the Securities or required on its part for the validity or enforceability of this deed, the other Transaction Documents and the Securities;
- (v) **Compliance with law:** duly comply with all laws except to the extent that non-compliance is not material to the business or financial condition of the Issuer;
- (vi) **Information on request:** on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to the Financial Statements, other records of the Issuer and the financial position of the Issuer;
- (vii) **Authorisations:** promptly:
- (aa) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (bb) supply certified copies to the Subscriber of,

any authorisation required to perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document and any material authorisation required for it to carry on its business;

- (viii) **Disposals:** not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset other than a permitted disposal (as specified in the relevant Accession Deed);
- (ix) **Merger:** not enter into any amalgamation, demerger, merger or corporate reconstruction other than a permitted merger (as specified in the relevant Accession Deed) or as permitted by the exceptions in clause 10.1A(h) of the Conditions;
- (x) **Change of business:** procure that no material change is made to the general nature of its business from that carried on when it acceded to this deed;
- (xi) **Insurance:** take out and maintain insurances with a reputable insurer in the manner and to the extent which is in accordance with prudent business practice having regard to the nature of its business and its assets (including all insurance required by applicable law), and ensure that the security interest created under any CCO Security is noted and maintained on each such policy (in accordance with usual market practice and excluding policies relating to employer's liability, workers compensation, public liability, product liability, directors and officers insurance, or any other insurance policy taken out for the benefit of a third party payee);
- (xii) **Restrictions on Distributions and other transactions:** not:
 - (aa) pay or make any Distribution, other than a permitted Distribution (as specified in the relevant Accession Deed);
 - (bb) reduce or pass a resolution to reduce its capital;
 - (cc) acquire any of its own equity securities (unless it is required to do so by law);

- (dd) redeem any of its own equity securities which are redeemable at its option (whether or not they are also redeemable at the option of their holder);
- (ee) alter or allow to be altered any term attaching to any of its own equity securities, in a manner which would cancel or reduce the liability of any shareholder in relation to an equity security held prior to that alteration;
- (ff) amend its constitutional documents or allow them to be amended in any manner which would be likely to have a prejudicial effect on the Subscriber; or
- (gg) move any of its property outside New Zealand other than in the ordinary course of ordinary business;
- (xiii) **Financial accommodation:** not provide financial accommodation, give a guarantee or indemnity or incur or permit to remain outstanding obligations to support any third party except permitted financial accommodation (as specified in the relevant Accession Deed);
- (xiv) **Pay taxes:** file all tax returns as required by law, and pay and discharge all taxes, assessments and governmental charges payable by it or on its assets prior to the date upon which penalties become payable, except only to the extent that those taxes, assessments or governmental charges are being contested in good faith by appropriate proceedings and adequate reserves and/or credit lines are set aside for their payment;
- (xv) **Acquisitions:** not:
 - (aa) acquire any assets or make any other investment other than in the ordinary course of business; or
 - (bb) acquire any equity securities or business,other than a permitted acquisition (as specified in the relevant Accession Deed);
- (xvi) **Corporate existence:** maintain its corporate existence (except as permitted by the exceptions in clause 10.1A(h) of the Conditions);

- (xvii) **Maintenance of assets:** maintain the property subject to any CCO Security in the manner that would be expected by a prudent person carrying on the Issuer's business;
- (xviii) **Arm's length dealings:** not enter into any transaction of any nature with, or for the benefit of, any person except on arm's length commercial terms;
- (xix) **Access:** if an Event of Default is continuing, permit the Subscriber and/or accountants or other professional advisers and contractors of the Subscriber free access at all reasonable times and on reasonable notice at the risk and cost of the Issuer to (i) its premises, assets, books, accounts and records and/or (ii) meet and discuss matters with its senior management for the purposes of monitoring compliance with the Transaction Documents;
- (xx) **Amendments to CCO Support Documents:** where the Subscriber intends to sell or has sold some or all of the Securities held by it, at the Subscriber's request:
- (aa) agree to and execute amendments (and procure the agreement and execution of any other party) to any CCO Support Document such that the Subscriber and the new Holder (as applicable) both receive the benefit of the CCO Support Documents and the CCO Credit Support as received by the Subscriber under clause 2A; and
- (bb) deliver a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the Issuer and each CCO Shareholder's entry into each relevant CCO Support Document (including as amended pursuant to clauses 7.1A(a)(xx) or 7.1A(b)(ii)).
- In the case of Securities lodged in NZClear, the references in this clause 7.1(a)(xx) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear); and
- (xxi) **Accession Deed:** comply with any other undertakings given by it set out in the relevant Accession Deed; and

(a) **LA Shareholder:** each LA Shareholder undertakes to the Subscriber that it will, for so long as any Series issued by a relevant CCO Issuer is outstanding:

(i) **Ranking of obligations:** ensure that its obligations under any CCO Guarantee it has given in relation to a CCO Issuer are secured by the relevant Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under that Debenture Trust Deed;

(ii) **Amendments to CCO Support Documents:** where the Subscriber intends to sell or has sold some or all of the Securities issued by the relevant CCO Issuer held by the Subscriber, at the Subscriber's request, agree to and execute amendments to any CCO Support Documents such that the Subscriber and the new Holder (as applicable) both receive the benefit of the CCO Support Documents and the CCO Credit Support as received by the Subscriber under clause 2A. In the case of Securities issued by the relevant CCO Issuer and lodged in NZClear, the references in this clause 7.1A(b)(ii) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear);

(iii) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:

(aa) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to a relevant CCO Issuer and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that, except as previously notified to the Subscriber, no Event of Default, Potential Event of Default or Event of Review has occurred in relation to a relevant CCO Issuer;

(bb) each actual or potential invalidity or unenforceability of the Shareholder Transaction Documents, the Debenture Trust Deed or any provision thereof;

(cc) subject to the Act and the Local Government Official Information and Meetings Act 1987:

(A) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the LA Shareholder

or its ability to perform its obligations under the Shareholder Transaction Documents or the Debenture Trust Deed;

(B) any change to the Act which may adversely affect the rights of a party lending to the relevant CCO Issuer or any receiver appointed by that party; and

(C) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the relevant CCO Issuer or its ability to perform its obligations under this deed, the other Transaction Documents (in relation to that CCO Issuer) or the Securities (issued by that CCO Issuer);

(dd) any change or potential change to whether a CCO Issuer is a CCO or a council-controlled trading organisation (as defined in the Act);

(iv) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under the Shareholder Transaction Documents or required on its part for the validity or enforceability of the Shareholder Transaction Documents;

(v) **Compliance with law:** duly comply with all laws except to the extent that, in its reasonable opinion, it determines that non-compliance is not material to its business or financial condition;

(vi) **Information on request:** subject to the Act and the Local Government Official Information and Meetings Act 1987, on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to records of the relevant CCO Issuer and the financial position of the relevant CCO Issuer;

(vii) **Other information:** provide the Subscriber with copies of all information provided to the Trustee under the reporting covenants provisions in the Debenture Trust Deed;

(viii) **Debenture Trust Deed:** not terminate or enter into a new Debenture Trust Deed, or modify any terms within the Debenture Trust Deed,

without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed); and

(ix) **Accession Deed:**

(aa) comply with all undertakings given by it in the relevant Accession Deed; and

(bb) use its reasonable endeavours to procure each relevant CCO Issuer complies with all undertakings given by it under this deed and the relevant Accession Deed.

7.2 **Financial records:** Each Issuer undertakes to the Subscriber to keep proper books of account as required pursuant to the Act and to have such accounts audited, in each case in accordance with all applicable legislation, and (subject to the Act and the Local Government Official Information and Meetings Act 1987) (if applicable) permit the Subscriber to have access to such accounts (and any other information relating to the financial position of the Issuer) on the provision of reasonable prior notice.

7.3 **Financial Statements:** ~~The~~Each Issuer undertakes to the Subscriber that it will deliver to the Subscriber:

- (a) not later than five months after the end of each of its financial years a copy of the latest Financial Statements for the preceding financial year; and
- (b) if it produces financial statements for a financial half-year, not later than three months after the end of each of its financial half-years, a copy of the latest financial statements for the preceding half-year, such financial statements not required to be audited.

7.4 **Offer documents:** Each Issuer undertakes to the Subscriber that:

- (a) it will promptly:
 - (i) and in any event within 15 Business Days following receipt of a request from the Subscriber, provide the Subscriber with all information in relation to itself which the Subscriber reasonably requests for the purposes of preparing an offering document. The information provided by the Issuer under this clause 7.4(a)(i) and clause 7.4(b) being, "**Disclosure Information**"; and
 - (ii) ~~and~~ in any event within 10 Business Days following receipt of a draft offering document from the Subscriber, (acting reasonably and in writing)

approve, or provide suggested amendments to, statements in the draft offering document relating to the Issuer, as identified in writing by the Subscriber when providing the draft offering document to the Issuer ("**Verified Statements**"). Nothing in this clause 7.4 entitles the Issuer to suggest amendments to any statement in a draft offering document other than those which relate to itself; and

- (b) if it becomes aware of any event having occurred as a result of which any Verified Statement or Disclosure Information would:
- (i) be false or misleading, or likely to mislead;
 - (ii) not be true and accurate in all material respects; or
 - (iii) omit any fact in relation to the Issuer the omission of which would make misleading in any material respect any Verified Statement or Disclosure Information,

it will promptly notify the Subscriber and provide the Subscriber with any information required by the Subscriber in order to amend or supplement the relevant Offering Document within 10 Business Days of receipt of a request from the Subscriber. The provisions of clause 7.4(a)(ii) shall apply to any draft amendment or supplement to any Offering Document as if such document was a "draft offering document", provided that the timeframe in clause 7.4(a)(ii) shall be deemed to be 5 Business Days.

7.5 Financial Covenants: Each Issuer shall:

- (a) [in the case of an Issuer that is a Local Authority](#), procure that as at each Test Date for the financial year ending on that Test Date:
- (i) the ratio that Net Debt bears to Total Revenue expressed as a percentage does not exceed 175%;
 - (ii) the ratio that Net Interest bears to Total Revenue expressed as a percentage does not exceed 20%;
 - (iii) the ratio that Net Interest bears to Annual Rates Income expressed as a percentage does not exceed 25%; and
 - (iv) the ratio that Available Financial Accommodation bears to External Indebtedness expressed as a percentage is not less than 110%,

or such other percentages applicable to the Issuer (including percentages contemplated by the foundation policies of the Subscriber) as agreed in writing by the Issuer and the Subscriber from time to time; The financial covenants in this clause 7.5(a) must be tested on the Issuer only, provided that:

- (A) where the Issuer is also a LA Shareholder, the financial covenants must be tested on both the Issuer and Consolidated Group basis, however in such circumstance there is no consequence to the Issuer for any breach of the financial covenants when tested on a Consolidated Group basis; and
- (B) subject to clause 7.5(a)(iv), where agreed in writing by the Subscriber and the Issuer, the financial covenants must be tested on a Consolidated Group basis only;

(ab) in the case of a CCO Issuer, comply with the financial covenants (if any) specified in the relevant Accession Deed as at each Test Date for the financial year ending on that Test Date or such other covenants applicable to the Issuer as agreed in writing by the Issuer and the Subscriber from time to time;

(b) on the same date as it delivers its Financial Statements to the Subscriber pursuant to clause 7.3(a) deliver to the Subscriber a completed Compliance Certificate signed by an Authorised Signatory of the Issuer in respect of the relevant Test Date. Each such Compliance Certificate shall certify as to the Issuer's compliance with the financial covenants in or referred to in, this clause 7.5 as at the relevant Test Date and contain reasonably detailed calculations detailing compliance with the financial covenants ~~in this clause 7.5.~~ Where the Subscriber and the Issuer agree alternative percentages in accordance with clause 7.5(a), or 7.5(ab), they may also agree alternative and/or additional reporting requirements from those provided for by this clause 7.5(b); and

(c) in the case of an Issuer that is a Local Authority, include within its Financial Statements (which may include the notes thereto) its Annual Rates Income as a separate identifiable amount.

7.6 Redemption following breach of Financial Covenants: If an Issuer breaches any of the financial covenants in or referred to in, clause 7.5, the Subscriber may by notice to the Issuer require that the Subscriber and the Issuer enter into negotiations in good faith with a view to agreeing terms on which the Subscriber is prepared to continue to subscribe for, or hold, Securities issued by the Issuer under this deed. If after 30 days from the date of the notice the Subscriber and the Issuer have not agreed upon such terms, the Subscriber may,

by giving written notice ("**Redemption Notice**") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

- 7.7 **Redemption of EC Securities:** If the board of directors of the Subscriber determines there is a risk of imminent default by the Subscriber under the terms of any of its Borrowed Money Indebtedness, the Subscriber may, by giving written notice to each Issuer with outstanding EC Securities ("**Redemption Notice**"), require each Issuer to redeem such number of EC Securities (as is determined by the Subscriber) issued by that Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 10 Business Days after the date of the notice). If a Redemption Notice is given in accordance with this clause 7.7, the redemption shall be required proportionately across all EC Securities so that the proportionate amount of EC Securities held by the Subscriber from each Issuer remains unchanged following the redemption (unless all EC Securities are redeemed). A failure by an Issuer to comply with the Redemption Notice shall constitute an Event of Default in respect of such Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions.

PAYMENT FOR EC SECURITIES

- 7.8 **Redemption in relation to CCO Issuer:** Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed, if, whether or not within the control of the CCO Issuer, any one or more of the following occurs:

- (a) **Change of control:** in the opinion of the Subscriber, due to a change in law or otherwise (including a change in CCO Shareholder) the creditworthiness of a party to a CCO Support Document (including any CCO Shareholder) is materially weaker immediately after such change; or
- (b) **Breach of representation:** any representation or warranty made or deemed to be made by the Issuer or a CCO Shareholder in or pursuant to any Transaction Document or Shareholder Transaction Document or in any notice, certificate, statement or other document contemplated by or made or delivered pursuant to any Transaction Document or Shareholder Transaction Document is or was untrue or incorrect in any material respect when made, deemed to be repeated or delivered, and if capable of being remedied in the opinion of the Subscriber, has not been remedied within 30 days after receipt by the Issuer of a notice in writing

from the Subscriber specifying the relevant representation or warranty and requiring it to be remedied; or

- (c) **Breach of undertakings:** the Issuer or CCO Shareholder commits any breach of, or omits to observe, any of its undertakings or obligations under any Transaction Document or a Shareholder Transaction Document (but in each case excluding any CCO Support Document, which is addressed at clause 10.1A(b) of the Conditions) and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the Subscriber specifying the breach or omission and requiring it to be remedied; or
- (d) **Additional termination event:** an additional termination event specified by the Subscriber in a relevant Accession Deed occurs in respect of that Issuer or the relevant LA Shareholder,

then the Subscriber may, by giving written notice ("Redemption Notice") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

7.9 Redemption in relation to cross-default: Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed or as otherwise agreed in writing with the Subscriber, if, whether or not within the control of the Issuer, any one or more of the following occurs:

- (a) any financial indebtedness of the Issuer owed to the Subscriber is not paid when due nor within any originally applicable grace period; or
- (b) any financial indebtedness of the Issuer owed to the Subscriber is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default or review event (however described),

then the Subscriber may, by giving written notice ("Redemption Notice") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of

Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

8. PAYMENT FOR EC SECURITIES

~~7.88.1~~ On the Issue Date for each Tranche of EC Securities, unless the Subscriber and the relevant Issuer agree otherwise, the Subscriber's obligation to pay the aggregate Issue Price for the Tranche of EC Securities automatically shall be set-off against the Issuer's obligation to pay the Exercise Price for the related Commitment Shares under the Equity Commitment Deed.

8.9. REBATES

~~8.19.1~~ The Subscriber may, at its discretion, in accordance with the rebate policy (if any) contained in the Policies, rebate to an Issuer all or part of the interest received by the Subscriber from the Issuer in relation to Securities issued by the Issuer under this deed. The Subscriber shall be under no obligation whatsoever to make any such rebate.

9.10. ISSUER INDEMNITY

~~9.110.1~~ **Indemnities:** Each Issuer indemnifies the Subscriber against any expense, damage, liability or loss arising from, and any costs incurred (as to which a certificate of the Subscriber shall in the absence of manifest or proven error be conclusive) in connection with (including any loss incurred by the Subscriber in terminating arrangements it has made with others to fund (or maintain its funding of) its subscription of the Securities):

- (a) the Issuer failing to issue Securities by reason of non-fulfilment of any of the conditions in clause 4.5; or
- (b) any amount payable by the Issuer under this deed not being paid when due; or
- (c) the occurrence or continuance of any other Event of Default in respect of the Issuer; or
- (d) the receipt or recovery by the Subscriber of all or any part of any amount payable by the Issuer hereunder (by prepayment or acceleration or otherwise) otherwise than on the due date relating to such amount; or
- (e) any actual or alleged breach by the Issuer of any representation, warranty or undertaking set out in this deed.

~~9.2~~10.2 **Payment of indemnity:** Each Issuer agrees to pay all amounts due under this indemnity on demand from the Subscriber.

~~9.3~~10.3 **Separate Obligations:** The indemnities in this clause 10 shall respectively:

- (a) constitute obligations separate and independent from each other and the other obligations under this deed;
- (b) give rise to separate and independent causes of action; and
- (c) continue in full force and effect despite any judgment, order, claim or proof for any liquidated amount under this deed or any judgment or order.

~~9.4~~10.4 **No prejudice:** Save as expressly agreed by the Subscriber, no release, delay, forbearance, compromise or any other indulgence given by the Subscriber to the Issuer or any amendment, alteration or other variation of any provisions of this deed shall discharge, release, prejudice or affect the liability of the Issuer under this clause 10.

~~9.5~~10.5 **Irrevocability:** This clause 10 is unconditional and irrevocable and, save as expressly agreed in writing by the Subscriber, is not to be discharged or impaired by any act, omission, matter or thing that might discharge or impair it, but for this clause.

~~10.11.~~ **NOTICES**

~~10.4~~11.1 **Writing:** Each notice or other communication to be given or made under this deed to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer or signatory of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this deed;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
 - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or

- (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

~~10.2~~11.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of this deed, are set out below:

- (a) **The Issuers:** those details set out under the heading "Details for notices" for the relevant Issuer in schedule 1 or otherwise provided in the relevant Accession Deed.

- (b) **The Subscriber:**
City Chambers
Level 8
142 Featherston Street
PO Box 5704
Wellington 6145

Email: lgfa@lgfa.co.nz
Attention: Chief Executive

~~11.12.~~11.2. AMENDMENTS

~~11.1~~12.1 This deed shall not be amended except with the written agreement of the Subscriber and all of the Issuers.

~~12.13.~~12.2. MISCELLANEOUS

~~12.1~~13.1 **Waivers and remedies:** Time shall be of the essence in this deed but no delay in acting, or failure to act, by the Subscriber or the Issuer is a waiver of any of the Subscriber's or the Issuer's rights. The rights provided in this deed do not exclude any rights provided by law.

~~12.2~~13.2 **Partial invalidity:** An invalid provision in this deed shall not affect the enforceability of the remaining provisions of this deed.

~~12.3~~13.3 **Survival:** The indemnities given in this deed will survive the repayment of all the Securities and the termination of this deed.

~~12.4~~13.4 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

~~12.5~~13.5 **Debenture Trust Deed Notifications:** The Subscriber shall:

(a) within one Business Day of receipt of a written request from ~~the~~an Issuer ~~that is a~~Local Authority or ~~the~~that Issuer's Trustee, notify ~~the~~that Issuer and ~~the~~that Issuer's Trustee (in writing) of the "nominal amount" of the Security Stock:

- (i) held by the Subscriber in respect of ~~the~~that Issuer's obligations under each of this deed, the Securities and, where ~~the~~that Issuer is a Guarantor, ~~the~~the Equity Commitment Deed; and
- (ii) where ~~the~~that Issuer is a Guarantor, held by the Security Trustee in respect of ~~the~~that Issuer's obligations under the Guarantee,

in each case as at the date of the Subscriber's notification;

(b) to the extent known by the Subscriber, notify each Issuer (in writing) of any Event of Default affecting any other Issuer as soon as practicable after its occurrence and of the steps taken or proposed to be taken by the Subscriber in relation to such Event of Default, provided that:

- (i) the Subscriber's obligation under this clause 13.5(b) only applies in respect of Securities of which it is the Holder; and
- (ii) the Subscriber shall not be liable for:
 - (aa) any failure to provide such notification to an Issuer; and
 - (bb) any inaccuracy or incomplete information given in a notification, provided the notification is given by the Subscriber in good faith; and

(c) promptly notify each Issuer (in writing) if the board of directors of the Subscriber determines that there is a risk of imminent default by the Subscriber under the terms of any of its Borrowed Money Indebtedness.

~~12.6~~13.6 **Consent to notification:** Each Issuer consents to the Subscriber providing each other Issuer the information set out in clause 13.5.

~~13.~~14. GOVERNING LAW

~~13.~~14.1 This deed shall be governed by New Zealand law.

~~14.~~15. NO CROWN GUARANTEE

~~14.~~15.1 The parties acknowledge that the obligations and liabilities of the Subscriber [and any Issuer that is a Local Authority](#) under this deed are not guaranteed by the Crown.

SIGNED AS A DEED

[Original execution blocks intentionally deleted]

SCHEDULE 1

Principal Shareholders

Local Authority name:	Debenture Trust Deed details:	Details for notices:
Auckland Council	Debenture Trust Deed between Auckland Council and Trustees Executors Limited dated 2 December 2010, as amended from time to time (including the amendment dated on or about 30 November 2011) <u>and most recently on 25 May 2016.</u>	<p>Delivery Address:</p> <p>1 Greys Avenue <u>135 Albert Street</u> Auckland Central <u>1010</u></p> <p>Postal Address:</p> <p>Private Bag 92300 <u>Victoria Street West</u> Auckland 1142</p> <p>Fax: (09) 368 5964</p> <p><u>Email:</u> <u>john.bishop@aucklandcouncil.govt.nz</u></p> <p>Attention: Mark Butcher <u>John Bishop</u>, <u>Group Treasurer</u></p>
Bay Of Plenty Regional Council	Debenture Trust Deed between Bay of Plenty Regional Council and Trustees Executors Limited dated on or about 30 November -2011.	<p>Delivery Address:</p> <p>5 Quay Street Whakatāne</p> <p>Postal Address:</p> <p>P O Box 364 Whakatāne 3158</p> <p>Fax: 0800 884 882</p> <p><u>Email: mat.taylor@boprc.govt.nz</u></p> <p>Attention: Brian Trott <u>Mat Taylor</u></p>

Christchurch City
Council

Debenture Trust Deed
between Christchurch City
Council and Trustees
Executors Limited dated 26
March 2007, as amended
from time to time ~~(including
the amendment dated and
most recently on or about 30
November 2011)~~

Delivery Address:
Civic Offices
53 Hereford Street
Christchurch

Postal Address:
P O Box 73016
Christchurch 8154

~~Fax: 03-941-8811~~

[Email: Treasury@ccc.govt.nz](mailto:Treasury@ccc.govt.nz)

Attention: ~~Paul Anderson~~ [Andrew
Jefferies](#)

Hamilton City Council

Debenture Trust Deed
between Hamilton City
Council and Trustees
Executors Limited dated 19
June 2001, as amended
from time to time ~~(including
the amendment dated and
most recently on or about 30
November 2011)~~

Delivery Address:
[260 Anglesea Street](#)
Council Building
Garden Place
Hamilton
[3240](#)

Postal Address:
Private Bag 3010
Hamilton 3240

~~Fax: 07-838-6616~~

[Email: david.bryant@hcc.govt.nz](mailto:david.bryant@hcc.govt.nz)

Attention: ~~Matthew Walker~~ [David Bryant](#)

Hastings District Council

Debenture Trust Deed
between Hastings District
Council and Perpetual Trust
Limited ~~(and now between
the Council and Covenant
Trustee Services Limited)~~

Delivery Address:
207 Lyndon Road East
Hastings 4122

Postal Address:
Private Bag 9002



dated 16 March 2007, as
amended from time to time
(including the amendment
dated and most recently on ~~or~~
~~about~~ 30 November 2011).

Hastings 4156

~~Fax: 06 871 5101~~

Email: brucea@hdc.govt.nz

Attention: ~~Tony Gray~~ Bruce Allan

Masterton District
Council

Debenture Trust Deed
between Masterton District
Council and Trustees
Executors Limited dated 26
June 2007, as amended
from time to time (including
the amendment dated and
most recently on ~~or about~~ 30
November 2011).

Delivery Address:

~~64 Chapel Street~~

27 Lincoln Road

Masterton ~~5840~~ 5810

Postal Address:

PO Box 444

Masterton 5840

~~Fax: 06 378 8400~~

Email: davidp@mstn.govt.nz

Attention: ~~David Paris~~ Manager Finance

New Plymouth District Council	<p>Debenture Trust Deed between New Plymouth District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 21 May 2009, as amended from time to time (including the amendment dated and most recently on or about 30 November 2011).</p>	<p>Delivery Address: Liardet St New Plymouth</p> <p>Postal Address: Private Bag 2025 New Plymouth 4342</p> <p>Fax: 06 759 6072</p> <p>Email: alison.trustrumrainey@npdc.govt.nz / carla.freeman@npdc.govt.nz</p> <p>Attention: Philip Armstrong Alison TrustrumRainey / Carla Freeman</p>
Otorohanga Ōtorohanga District Council	<p>Debenture Trust Deed between Otorohanga Ōtorohanga District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated on or about 30 November 2011.</p>	<p>Delivery Address: 17 Maniapoto Street Otorohanga Ōtorohanga 3940</p> <p>Postal Address PO Box 11 Otorohanga Ōtorohanga 3940</p> <p>Fax: 07 873 4300</p> <p>Email: grahamb@otodc.govt.nz</p> <p>Attention: Graham Bunn</p>
Selwyn District Council	<p>Debenture Trust Deed between Selwyn District Council and Trustees Executors Limited dated 17 July 2009, as amended from time to time (including the amendment dated and most recently on or about 30 November 2011).</p>	<p>Delivery Address: 2 Norman Kirk Drive Rolleston</p> <p>Postal Address: P O Box 90 Rolleston 7643</p> <p>Fax: 03 347 2799</p>

Email:Treasury.management@selwyn.govt.nzAttention: ~~Douglas Marshall~~Greg BellSouth Taranaki District
Council

Debenture Trust Deed
between South Taranaki
District Council and Trustees
Executors Limited dated 21
December 2007, as
amended from time to time
(including the amendment
dated and most recently on or
~~about~~ 30 November 2011).

Delivery Address:

105-111 Albion Street
Hawera 4610

Postal Address:

Private Bag 902
Hawera 4640

~~Fax: 06-278-8757~~Email: vipul.mehta@stdc.govt.nz

Attention: Vipul Mehta

Tasman District Council

Debenture Trust Deed
between Tasman District
Council and Perpetual Trust
Limited (and now between
the Council and Covenant
Trustee Services Limited)
dated 7 July 2010, as
amended from time to time
(including the amendment
dated and most recently on or
~~about~~ 30 November 2011).

Delivery Address:

189 Queen Street,
Richmond, Nelson 7050

Postal Address

Private Bag 4
Richmond, Nelson 7050

~~Fax: 03-543-9524~~Email: treasury@tasman.govt.nz

Attention: ~~Murray Stait~~Corporate
Services Manager

Taupo District Council

Debenture Trust Deed
between Taupo District
Council and Trustees
Executors Limited dated 19
October 2009, as amended
from time to time ~~(including
the amendment dated and
most recently on or about 30
November 2011)~~

Delivery Address:

72 Lake Terrace
Taupo 3330

Postal Address:

Private Bag 2005
Taupo 3352

~~Fax: 07-377-2985~~~~Email: nward@taupo.govt.nz~~~~Attention: Rob Williams~~ [Neil Ward](#)

Tauranga City Council

Debenture Trust Deed
between Tauranga District
Council and Perpetual Trust
Limited ~~(and now between
the Council and Covenant
Trustee Services Limited)~~
dated 11 August 1998, as
amended from time to time
~~(including the amendment
dated and most recently on or
about 30 November 2011)~~ 7
September 2012

Delivery Address:

91 Willow Street
Tauranga 3143

Postal Address:

Private Bag 12022
Tauranga 3143

~~Fax: 07-577-7056~~~~Email:~~~~treasury.settlements@tauranga.govt.nz~~

Attention: Mohan De Mel

Waipa District Council

Debenture Trust Deed
between Waipa District
Council and Trustees
Executors Limited dated 16
May 2007, as amended from
time to time ~~(including the
amendment dated and most
recently on or about 30
November 2011).~~

Delivery Address:

101 Bank Street
Te Awamutu

Postal Address:

Private Bag 2402
Te Awamutu 3800

~~Fax: 07-872-0033~~

Email:

Farrah.Templeton@waipadc.govt.nzSarah.Davies@waipadc.govt.nzKen.Morris@waipadc.govt.nz

Attention: Ken Morris

Wellington City Council

Debenture Trust Deed
between Wellington City
Council and Trustees
Executors Limited dated 11
May 2005, as amended from
time to time ~~(including the
amendment dated and most
recently on or about 5
December 2011).~~

Delivery Address:

~~101 Wakefield Street~~
[Wellington City Council](#)
[113 The Terrace](#)
Wellington

Postal Address:

PO Box 2199
Wellington 6140

~~Fax: 04-801-3090~~Email: martin.read@wcc.govt.nzAttention: ~~Danny McComb~~ [Martin Read](#)Wellington Regional
Council

Debenture Trust Deed
between Wellington Regional
Council and Trustees
Executors Limited dated 23
November 2011.

Delivery Address:

~~142 Wakefield Street~~
[Shed 39, 2 Fryatt Quay, Pipitea](#)
Wellington [6011](#)

Postal Address:



P O Box 11646
Manners Street
Wellington 6142

~~Fax: 04-385-3973~~

Email: mike.timmer@gw.govt.nz

matthias.zuschlag@gw.govt.nz

Attention: Mike Timmer

Western Bay Of Plenty
District Council

Debenture Trust Deed
between Western Bay of
Plenty District Council and
Trustees Executors Limited
dated 8 October 1999, as
amended from time to time
(including the amendment
dated [and most recently](#) on ~~or~~
~~about~~ 30 November 2011).

Delivery Address:

Barkes Corner
Greerton
Tauranga

Postal Address:

Private Bag 12803
Tauranga 3143

~~Fax: 07-577-9280~~

Email:

kumaren@perumal@westernbay.govt.nz

Attention: ~~Matthew Polton~~ [Kumaren](#)

[Perumal](#)

Whangarei District
Council

Debenture Trust Deed
between Whangarei District
Council and [Trustees](#)
[Executors Limited \(formerly](#)
[Tower Trust Limited\)](#) dated
10 June 2002, as amended
from time to time (including
the amendment dated [and](#)
[most recently](#) on ~~or about~~ 30
November 2011).

Delivery Address:

Forum North
Rust Avenue
Whangarei

Postal Address:

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Whangarei 0148

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Attention: Alan Adcock

SCHEDULE 2

Conditions

The following are the Conditions which will apply to each Tranche issued by an Issuer under the Multi-issuer Deed. The applicable Final Terms in relation to a Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions applicable to the Tranche. References in these Conditions to the "Issuer" means the Issuer specified in the applicable Final Terms.

1. INTERPRETATION

1.1 **Definitions:** In these Conditions, unless the context otherwise requires:

"Act" means the Local Government Act 2002.

"Agency Agreement" means, in relation to the Issuer and a Series, the agency agreement between the Issuer and the person appointed as Registrar for the Series, as specified in the applicable Final Terms.

"Amortisation Date" means, in respect of an Amortising Security, each date (other than the Maturity Date) for the repayment of part of the Principal Amount of that Amortising Security, being the dates specified as such in the applicable Final Terms.

"Amortising Security" means a Security (whether a Fixed Rate Security or a Floating Rate Security) the Principal Amount or part of the Principal Amount of which is repayable on the scheduled Amortisation Dates for that Security.

"Approved Issuer Levy" means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Security, the levy payable by the Issuer in accordance with section 86J of the Stamp and Cheque Duties Act 1971.

"Base Rate" means, in relation to an Interest Period:

(a) **Bill rate:**

- (i) if the Interest Period is 1, 2, 3, 4, 5, or 6 months, the mid rate (rounded upwards, if necessary, to the nearest four decimal places) as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen page BKBM (or its successor page) ("**Reuters Monitor Screen**") for bank bills having a term approximately equal to that Interest Period; or

- (ii) if the Interest Period is longer than 1 month but shorter than 6 months, and not 2, 3, 4, or 5 months, the rate resulting from straight line interpolation (rounded upwards, if necessary, to the nearest four decimal places) between the mid rates as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen for bank bills having a term:

- (aa) shorter than, but closest to, that Interest Period; and

- (bb) longer than, but closest to, that Interest Period; or

- (iii) (in either case) if there are no such rates displayed for bank bills having the relevant term, then the average (rounded upwards if necessary to the nearest four decimal places) of the rates quoted to the Registrar for the relevant Series by each of the Reference Banks (or such one or more of them as are quoting) as being its buy rate for bank bills at or about that time on that date; or

(iv) if the rate cannot be determined pursuant to paragraphs (i) to (iii) above, the rate determined by the Registrar (following consultation with the Holder).

- (b) **Swap Rate:** a rate equal to the floating rate that would be determined by the Registrar or other person specified in the applicable Final Terms under an interest rate swap transaction if the Registrar or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the Securities and under which:

- (i) the floating rate option is as specified in the applicable Final Terms;

- (ii) the designated maturity is the period specified in the applicable Final Terms; and

- (iii) unless otherwise stated in the applicable Final Terms, the relevant reset date is the first day of that Interest Period.

- (c) **Other specified rate:** any other reference rate as may be specified in the Final Terms for a Tranche,

in each case as set out in the applicable Final Terms.

"Business Day" means a day (other than a Saturday, Sunday or public holiday) on which registered banks are generally open for business in Christchurch, Wellington and Auckland.

"CCO" means a "council-controlled organisation" as defined in the Act, but excludes:

- (a) a council-controlled organisation that is not a company; and
- (b) a council-controlled organisation in which the equity securities held or controlled, directly or indirectly, by one or more Local Authorities carry less than (in aggregate) 51% of the voting rights at a meeting of the shareholders of that council-controlled organisation.

"CCO Credit Support" means, in relation to a CCO Issuer, any combination of the following:

- (a) a CCO Security;
- (b) a CCO Negative Pledge and Covenant;
- (c) a CCO Guarantee;
- (d) where a LA Shareholder provides a CCO Guarantee, the Security Stock issued by the LA Shareholder in respect of its obligations under the CCO Guarantee; and/or
- (e) any other security arrangements.

as specified in the applicable Final Terms.

"CCO Guarantee" means, in relation to a CCO Issuer, a guarantee and indemnity made by one or more CCO Shareholders (subject to any applicable laws) in favour of (amongst others) the Holder in respect of the indebtedness of that CCO Issuer.

"CCO Issuer" means an Issuer that is a CCO.

"CCO Negative Pledge and Covenant" means the undertakings given by a CCO Issuer in favour of the Holder and, set out in the applicable Final Terms, relating to:

- (a) for so long as any Series issued by the Issuer is outstanding, the restrictions on the creation or subsistence of any security interest over the whole or any part of its assets, other than a permitted security interest (as specified in the applicable Final Terms);
- (b) for so long as any Series issued by the Issuer is outstanding, the amount of its indebtedness relative to the aggregate amount uncalled and unpaid in respect of

equity securities in the Issuer owned legally and beneficially by the CCO Shareholders; and

(c) if applicable, calling up and/or demanding payment of, the whole or part (as specified in the request from the Holder) of the amount uncalled and/or unpaid in respect of the equity securities referred to in paragraph (b) on written request from a Holder, provided that such request may only be made following the occurrence of an Event of Default that is continuing.

"CCO Security" means, in relation to a CCO Issuer, a first ranking security interest in all of the CCO Issuer's property (including any rights of the CCO in respect of any amounts uncalled and/or unpaid in respect of equity securities owned legally and/or beneficially by the CCO Shareholders).

"CCO Shareholder" means a LA Shareholder or an Other Shareholder.

"CCO Support Document" means, in relation to a CCO Issuer, any document in relation to CCO Credit Support, as specified in the applicable Final Terms.

"Class" means a category of Securities which in the reasonable opinion of the Issuer -at any particular time, for any particular purpose, constitutes a separate class of Securities and

"Class of Holders" means the Holders of those Securities.

"Companies Act" means the Companies Act 1993.

"Debenture Trust Deed" means, in relation to ~~the Issuer~~ a Local Authority, the debenture trust deed made by ~~the Issuer~~ that Local Authority, under which certain of the ~~Issuer's~~ Local Authority's indebtedness may, from time to time, be secured by the issuing of Security Stock.

"Default Interest" has the meaning given in clause 6.6.

"Enforcement Event" has the meaning given to it in the Debenture Trust Deed.

"Event of Default" means any of the events specified in clause ~~10.1~~ 10.1 or 10.1A (as applicable).

"Extraordinary Resolution" has the meaning set out in the schedule to these Conditions.

"Final Terms" means:

(a) in relation to a Series or Tranche of EC Securities (as defined in the Multi-issuer Deed), the document entitled **"Final Terms"** signed by the Issuer and the original subscriber; and

(b) in relation to a Series or Tranche of any other Securities, the document entitled "**NZ Local Government Funding Agency Term Sheet**" signed by an authorised signatory of the original subscriber,

in either case, that supplements these Conditions and may specify other terms and conditions which shall, to the extent inconsistent with these Conditions, replace or modify these Conditions with respect to the Tranche.

"Fixed Rate Security" means a Security bearing a fixed rate of interest.

"Floating Rate Security" means a Security bearing interest at a margin over the Base Rate.

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

"Holder" means, in relation to the Issuer at any time, the person whose name is recorded in the Register as the holder of a Security issued by the Issuer at that time.

"Insolvency Event" means, in relation to a CCO Issuer or any CCO Shareholder, any ["Insolvency Event" specified in the applicable Final Terms.](#)

"Interest Payment Date" means:

- (a) in relation to a Floating Rate Security, the last day of each Interest Period for that Floating Rate Security; and
- (b) in relation to a Fixed Rate Security, the quarterly, semi-annual or annual dates fixed at the time of issue of that Security for the payment of interest in respect of that Security as specified in the Final Terms and recorded as such in the Register.

"Interest Period" means, in relation to a Floating Rate Security, a period determined in accordance with clause ~~7.1(a)~~[7.1\(a\)](#) in respect of that Security.

"Interest Rate" means, in relation to a Security, the rate of interest (if any) payable in respect of that Security (which may be a fixed rate or a margin over the Base Rate) specified in the applicable Final Terms and recorded as such in the Register.

"Issue Date" means, in relation to a Security, the date on which that Security is issued, being the date specified as such in the applicable Final Terms and recorded as such in the Register.

"Issue Price" means, in relation to a Tranche, the Issue Price specified in the applicable Final Terms.

"LA Shareholder" means, in relation to a CCO Issuer, [each Local Authority that holds or controls \(directly or indirectly\) any equity securities of that CCO Issuer.](#)

"Local Authority" means [a local authority as defined in the Act.](#)

"Margin" means, in relation to a Floating Rate Security, the margin specified in the applicable Final Terms and recorded as such in the Register.

"Maturity Date" means, in relation to a Security, the date for the repayment of the Security, being the date specified in the applicable Final Terms and recorded as such in the Register.

"Minimum Subscription Amount" means, in relation to a Tranche, the minimum subscription amount of the Tranche, being the amount specified as such in the applicable Final Terms and recorded as such in the Register.

"Multi-issuer Deed" means the deed dated on or about 7 December 2011 [\(as amended and restated from time to time\)](#) between New Zealand Local Government Funding Agency Limited and various Local Authorities entitled **"Multi-issuer Deed"**.

"NZClear" means the securities clearing and settlement facility known as the NZClear ~~System~~ [New Zealand System or any other securities clearing and/or settlement facility which replaces or supersedes it from time to time.](#)

"NZ Dollars" or **"\$"** means the lawful currency of New Zealand.

"Other Shareholder" means, in relation to a CCO Issuer, [a person that is not a Local Authority that holds or controls \(directly or indirectly\) any equity securities of that CCO Issuer.](#)

"Principal Amount" means, in relation to a Security, the amount (other than interest) payable on redemption or repayment of the Security, being the amount specified as such in the applicable Final Terms and recorded as such in the Register or, as the context may require, in relation to an Amortising Security, the principal amount thereof for the time being outstanding, as reduced in accordance with clause 6.3 of these Conditions.

"Record Date" means, in relation to a payment due on a Security, 5.00pm on the tenth day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day.

"Reference Banks" means ANZ Bank New Zealand Limited, Bank of New Zealand, ASB Bank Limited and Westpac New Zealand Limited.

"Register" means, in relation to a Series issued by the Issuer, the register of Securities maintained by the Registrar for the Series in accordance with these Conditions and the Agency Agreement.

"Registrar" means, in relation to a Series issued by the Issuer, the person named in the Agency Agreement and specified in the applicable Final Terms as the registrar, calculation agent and paying agent for the Series, or any successor agent appointed under the Agency Agreement in relation to the Series.

"RWT-Exempt Status" means ["RWT-exempt status" as defined in the Taxation \(Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters\) Act 2018.](#)

"Security" means a security issued under the Multi-issuer Deed and constituted by, and subject to the terms and conditions set out in, these Conditions, and includes an Amortising Security, a Fixed Rate Security, a Floating Rate Security, a Zero Coupon Security or any other type of security agreed from time to time by the Issuer and the initial subscriber for the security.

"Security Stock" means Security Stock as defined in the Debenture Trust Deed.

"Security Stock Certificate" means a Security Stock Certificate as defined in the Debenture Trust Deed.

"Series" means a Tranche of Securities together with any further Tranche or Tranches of Securities which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects except for their respective Issue Dates, first Interest Payment Dates and/or Issue Prices.

"Stock" has the meaning given to it in the Debenture Trust Deed.

"Tranche" means Securities of the same Series in respect of which all terms are identical.

"Trustee" means the trustee or supervisor as defined in the relevant Debenture Trust Deed.

"Zero Coupon Security" means a Security in respect of which no interest is payable, issued or to be issued by the Issuer at a discount to its Principal Amount.

1.2 **References:** Except to the extent that the context otherwise requires, any reference in these Conditions to:

a **"clause"** or **"schedule"** is a reference to a clause of, or schedule to, these Conditions.

any **"governmental agency"** includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body

charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

"indebtedness" includes an obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

a **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and **"lawful"** shall be construed accordingly.

something having a **"material adverse effect"** on a person is a reference to it having a material adverse effect on the financial condition or operations of that person which materially adversely affects the ability of that person to perform or comply with its payment obligations under these Conditions ~~or any Security~~, [any Security or any CCO Credit Support or CCO Support Documents \(if applicable\)](#).

["non-tax resident" means a Holder that is not a tax resident.](#)

"outstanding" means, in relation to Securities, all Securities other than those which have been:

- (a) redeemed or repaid in full in accordance with these Conditions; or
- (b) purchased and cancelled in accordance with these Conditions.

"payment" includes satisfaction of a monetary obligation.

"person" includes an individual, firm, company, corporation or unincorporated body of persons, organisation or trust, and any state, government or governmental agency, in each case whether or not having a separate legal personality.

"registered bank" has the meaning in section 2 of the Reserve Bank of New Zealand Act 1989.

[something being "remedied" means it is remedied to the satisfaction of the Holder.](#)

a **"security interest"** includes a security interest (as construed and defined in the Personal Property Securities Act 1999), mortgage, lien, pledge, any interest in land of a security nature, any other security arrangement creating in effect security for the payment of a monetary obligation or the observance of any other obligation, and any other arrangement having like economic effect over any property, assets or revenues, and **"unsecured"** means not subject to a security interest.

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

"**tax resident**" means a Holder that:

(a) is resident in New Zealand for tax purposes, ~~or engaged in~~

(b) carries on business in New Zealand through a fixed establishment ~~in New Zealand,~~
~~and "non-tax resident" and either:~~

(i) is a registered bank and is not associated with the Issuer; or

(ii) holds the Security for the purposes of the business it carries on in New Zealand through that fixed establishment.

provided that for the purposes of this definition, the terms "associated", "fixed establishment" and "registered bank" shall ~~be construed accordingly~~ have the meanings given in the Income Tax Act 2007.

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

1.3 **Miscellaneous:**

- (a) The headings in the Conditions are inserted for convenience only and shall be ignored in construing these Conditions.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.

- (e) References to any party to these Conditions or any other document or any Holder shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. ISSUE AND FORM OF SECURITIES

2.1 **Form of Securities:** Securities may be issued on terms such that the Principal Amount is a fixed amount or a reducing amount and/or that interest (if the Security is interest-bearing) will be calculated by reference to a specific interest rate (which may be a fixed rate or a margin over the Base Rate) or as otherwise specified in the applicable Final Terms. Each Security shall:

- (a) be in uncertificated book entry form;
- (b) be denominated in NZ Dollars; and
- (c) have a Minimum Subscription Amount for holdings of the Security of at least \$750,000 and also may have a minimum multiple of that amount for such holdings, in each case as specified in the applicable Final Terms.

2.2 **Final Terms:** Securities shall be constituted and issued in Tranches. Each Tranche shall be subject to the terms and conditions set out in the Final Terms for the Tranche and (as modified by those Final Terms) these Conditions. To the extent that the Final Terms for a Tranche modifies these Conditions, or in the event of any conflict between the provisions of the Final Terms and those of these Conditions, the Final Terms shall prevail over these Conditions in relation to the Tranche.

3. STATUS OF SECURITIES

3.1 **Status of Securities:**

- (a) The Securities are and will at all times be direct, secured and unconditional indebtedness of the Issuer.
- (b) Securities issued by the Issuer rank and will at all times rank equally without any preference or priority among themselves.

3.2 **Security:** (Local Authority): All Securities issued by ~~the~~an Issuer that is a Local Authority shall have the benefit of the security interest given, and shall be subject to any security arrangements provided for, in the Debenture Trust Deed.

3.2A **Security (CCO):** All Securities issued by a CCO Issuer shall have the benefit of any security interest given, and shall be subject to any security arrangements provided for, in the CCO Support Documents.

3.3 **Provisions applicable to Securities:** Each Tranche shall be issued and held with the benefit of and subject to these Conditions and the applicable Final Terms, all of which are binding upon the Issuer and the Holders. The Holders shall be deemed to have notice of these Conditions and the applicable Final Terms.

3.4 **Enforcement of Holders' rights:** Holders may enforce any of their rights or remedies under these Conditions and the applicable Final Terms directly against the Issuer.

4. TITLE AND TRANSFER

4.1 **Certificates:** At the request of a Holder, or otherwise as required by the FMC Act or any other applicable law, the Issuer shall procure the Registrar to issue to the Holder a certificate or notice of registration in relation to the Securities held by the Holder, such certificate or notice to be in the form agreed between the Issuer and the Registrar. A certificate or notice of registration issued in respect of a Security will not constitute a document of title. Subject to clause ~~4.6~~4.6, entitlement will be determined solely by entry in the Register and, in the case of the beneficial interest in Securities lodged in NZClear, the records of NZClear.

4.2 **Transfer:** Title to a Security may be transferred by a transfer in any commonly used form signed by the transferor and the transferee and produced to the Registrar.

4.3 **Partial transfers:** A Holder may transfer part only of its interest in a Security. However, no transfer of any part of its interest may be effected if such transfer would result in the transferor or the transferee holding or continuing to hold Securities with an aggregate Principal Amount of less than the applicable Minimum Subscription Amount (or minimum multiple thereof).

4.4 **Fees:** The Issuer and the Registrar shall make no service charge to the Holders for:

- (a) the registration of any holding of Securities; or
- (b) the transfer of registered title to any Securities.

The Issuer and the Registrar may, however, require the payment of any taxes and other governmental charges payable as a result of any transfer.

4.5 **Selling restrictions:**

- (a) Each Holder shall only offer for sale or sell, directly or indirectly, or transfer any Security in conformity with all applicable laws ~~and regulations~~ in any jurisdiction in which it is offered, sold or delivered.
- (b) Without limitation to the generality of clause ~~4.5(a)~~, 4.5(a), Securities shall not be offered, sold or delivered, nor may any information memorandum, advertisement or other offering materials in relation to any offer of such Securities be distributed in New Zealand other than to "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMC Act, being a person who is:
 - (i) an "investment business";
 - (ii) "large"; or
 - (iii) a "government agency",
 in each case as defined in Schedule 1 to the FMC Act. For the avoidance of doubt, such Securities may not be offered or transferred to, among others, "eligible investors" (as defined in the FMC Act).
- (c) No information memorandum or any advertisement, prospectus or other offering material in respect of any Security may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws ~~and regulations~~.

4.6 **Debenture Trust Deed:** In the case of any Security lodged in NZClear and:

(a) issued by a Local Authority, for the purposes of the Debenture Trust Deed and any Security Stock issued under that Debenture Trust Deed for that Security and evidenced by a Security Stock Certificate, ~~or~~ or

(b) issued by a CCO, for the purposes of any CCO Support Document (if applicable).

all amounts payable (present or future, actual or contingent) under these Conditions in respect of that Security shall be deemed to be owed to the holder of the beneficial interest in the Security (as shown in the records of NZClear). This clause applies notwithstanding anything to the contrary in these Conditions.

5. REGISTER

5.1 **Register:** The Issuer shall at all times while any Series is outstanding cause the Registrar for each Series to maintain the Register, which must record in respect of each Security the information specified in the applicable Final Terms plus the following information:

- (a) the name, address and (where known) tax residency of the Holder;
- (b) details of the account to which payments in respect of the Securities are to be made;
- (c) transfers of the Security;
- (d) details of any resident withholding tax exemption certificates held by the Holder; and
- (e) any other information required by law.

5.2 **Disclosure and Inspection:** The Registrar of the relevant Series must disclose to a Holder who so requests, any information held on the Register which relates to the Security(s) registered in the name of the Holder. The Holders may at any time during normal office hours upon reasonable notice to the Registrar inspect and take extracts from each Register without payment of any fee.

5.3 **Register conclusive:** Except as ordered by a court of competent jurisdiction and subject to clause ~~4.6~~, 4.6, the Issuer and the Registrar are each entitled to recognise the Holder of a Security as the absolute owner of the Security and shall not be bound by any actual or constructive notice of any trust (express, implied or constructive), encumbrance, security or other adverse interest to which any Security may be subject. No recognition of any trust (express, implied or constructive), encumbrance, security or other adverse interest shall be entered on the Register. In the event of any conflict between any certificate or notice of registration issued in respect of a Security and the Register, the Register shall prevail.

5.4 **Correction of errors:** Each Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

5.5 **Co-ownership Securities:**

- (a) Where two or more persons are registered as Holders of the same Security(s) by virtue of any application for Securities, memorandum of transfer or other instrument, then, unless the contrary is expressed in the application, memorandum, or other instrument, the persons will be deemed to hold the Security(s) as joint tenants with right of survivorship.
- (b) If two or more persons apply by memorandum of transfer, to be registered as Holders as tenants in common, the Registrar for the relevant Series may, after notifying the persons of its intention to do so, divide the Securities into parcels which represent each such person's share. If the Securities cannot be divided into shares which would enable each such person to hold Securities with an aggregate

Principal Amount of at least the applicable Minimum Subscription Amounts (and any minimum multiples thereof), the Registrar of the relevant Series may refuse to accept the memorandum of transfer.

- 5.6 **Acquisition of Securities by operation of law:** When the right to a Security is acquired by any person in any manner other than by way of a transfer under these Conditions (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar of the relevant Series, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of the Security, will enter that person's name in the Register as the Holder of the Security accordingly.
- 5.7 **Notification by Holders:** Any change of name or address of any Holder or any change in any other information required to be inserted in the Register in respect of any Holder shall immediately be notified to the Registrar of the relevant Series in writing by the Holder, or if a joint holding by all the joint Holders.
- 5.8 **Compliance with law:** The Issuer shall comply with, and shall use its best endeavours to ensure that each Registrar complies with, all statutory requirements and the requirements of these Conditions relating to the keeping of the Register and the details entered in the Register.
6. **PAYMENT OF PRINCIPAL AMOUNT AND INTEREST**
- 6.1 **Determination of Principal Amount:** The Principal Amount of each Security shall be the amount recorded as such in the Register in respect of the Security, which may be the par or face value.
- 6.2 **Principal Amount of Securities:** The Issuer shall, on the Maturity Date of each Security, unconditionally pay or cause to be paid to, or to the order of, the relevant Holder the Principal Amount of the Security. Unless the applicable Final Terms provide otherwise, and except to the extent provided in these Conditions, a Security shall not be redeemed prior to its Maturity Date.
- 6.3 **Principal Amount of Amortising Securities:** The Issuer shall, on each Amortisation Date of each Amortising Security, unconditionally pay, or cause to be paid to, or to the order of, the relevant Holder, the portion of the Principal Amount of the Amortising Security as set out in respect of the Amortisation Date in the applicable Final Terms and recorded in the Register.
- 6.4 **Interest:** The Issuer shall pay interest on each Interest Payment Date:

- (a) on each Floating Rate Security for each Interest Period, at the rate per annum equal to the aggregate of the Base Rate for the Interest Period (as determined by the Registrar for the relevant Series) and the Margin for the Floating Rate Security; and
- (b) on each Fixed Rate Security, at the Interest Rate for the Fixed Rate Security.

6.5 **Non-payment:** Each Security will cease to bear interest from its Maturity Date unless payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, any judgment) up to but excluding the date on which payment in full of the Principal Amount is made.

6.6 **Default interest:** If any amount payable by the Issuer in respect of a Security or any other amount due to any person from the Issuer under these Conditions is not paid on its due date, interest ("**Default Interest**") shall accrue on the unpaid amount (net of any interim or progress payments made) (after, as well as before, any judgment) at the rate determined by the Registrar for the relevant Series to be the aggregate of 2% and the Base Rate which on the due date would apply to an interest period of one month, shall be determined at monthly intervals thereafter until the unpaid amount (net of any interim or progress payments) is paid and shall be compounded monthly until paid. For the avoidance of doubt, this clause 6.6 shall not apply in respect of payments suspended in accordance with these Conditions.

7. CALCULATION OF INTEREST

7.1 Floating Rate Securities:

- (a) **Interest Periods:** Each Interest Period in relation to a Floating Rate Security shall be a period of one, two, three, four, five or six months' duration (as specified in the applicable Final Terms) and:
 - (i) the first Interest Period will commence on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date (as specified in the applicable Final Terms) and each subsequent Interest Period will commence on (and include) the Interest Payment Date of the previous Interest Period and end on (but exclude) the next Interest Payment Date;
 - (ii) if an Interest Period would otherwise end on a day which is not a Business Day, it will be extended to the next Business Day; and
 - (iii) if the final Interest Period would otherwise extend beyond the Maturity Date, it will end on the Maturity Date.

(b) **Basis for calculation:** Interest shall be calculated on the Principal Amount of the Floating Rate Security, on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest shall accrue from day to day and shall be paid to the Holder in ~~arrears~~ arrear on the Interest Payment Date for the Interest Period.

7.2 **Fixed Rate Securities:** Interest shall be calculated on the Principal Amount of each Fixed Rate Security and shall be payable in ~~arrears~~ arrear in equal quarterly, semi-annual or annual instalments (as specified in the applicable Final Terms) on each Interest Payment Date for the Fixed Rate Security.

8. PAYMENTS

8.1 **Payment to Holder:** Payment of the Principal Amount of, and interest (if any) on, a Security (less any amount required to be deducted in accordance with clause ~~9.9~~) shall be made to the person whose name appears in the Register as the Holder of the Security on the Record Date in respect of the relevant payment. If more than one person is so named in the Register, payment will be made to the first person so named.

8.2 **Method of payment:** A Holder may, by notice to the Registrar for the Series, request the Registrar to make payments in respect of any Security held by it to a specified bank account and may at any time cancel or amend any notice so given. No such notice, or cancellation or amendment of a notice, will have effect in respect of any payment unless received by the Registrar on or before the Record Date for the payment. In the absence of any such notice, payments in respect of each Security will be made by posting a cheque to the address of the relevant Holder appearing in the Register. Any notice given under this clause will be deemed to be automatically cancelled upon transfer of all or part of a Security. A notice from one of several Holders of the same Securities shall be deemed to be given by all such Holders.

8.3 **Business Day:** If any Interest Payment Date or the Maturity Date of a Security is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and all other provisions of these Conditions and the Agency Agreement will be read and construed accordingly.

8.4 **Unclaimed payments:** In respect of any Securities, if any payment made by the Issuer to any Holder at its address last entered in the Register is returned unclaimed the amount concerned must (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be returned to the Issuer. The Issuer shall be entitled to retain for its own benefit, and will have no liability in respect of, the amount concerned if it remains unclaimed six years after the original date of payment.

- 8.5 **Reinstatement:** If any payment made to a Holder by, or on behalf of, the Issuer is subsequently rescinded, avoided or otherwise restored to the Issuer, that payment will be deemed not to have discharged or affected the liability of the Issuer in respect of which that payment was made. In that event the relevant Holder and the Issuer will be restored to the position in which each would have been, and be entitled to exercise all the rights which each would have had, if such payment had not been made.

9. TAXES

- 9.1 **Deductions or withholdings:** All sums payable under a Security or under these Conditions must be paid:

- (a) free of any restriction or condition;
- (b) free and clear of, and (except to the extent required by law or as provided in this clause ~~9.9~~) without any deduction or withholding on account of, any taxes; and
- (c) without deduction or withholding on account of any other amount whether by way of set-off or otherwise (except as provided in clauses 9.2 and 9.3).

- 9.2 **Non-resident Withholding Tax:** New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to non-tax resident Holders. Unless the relevant non-tax resident Holder notifies the Issuer that it elects that non-resident withholding tax be deducted from payments to it instead of Approved Issuer Levy, if the Issuer is lawfully able to register for and pay Approved Issuer Levy in respect of any payment of interest (or deemed interest) to non-tax resident Holders, the Issuer shall register itself as an approved issuer and shall register the Series as registered securities, and the Issuer, or the Registrar for the relevant Series on its behalf, shall pay the Approved Issuer Levy to the appropriate authority and shall deduct the amount paid from the interest (or deemed interest) payable to those Holders in lieu of deducting New Zealand non-resident withholding tax from that payment at the rate otherwise applicable.

- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Holders who are tax resident unless an appropriate exemption certificate ([or, on or after 1 April 2020, confirmation of RWT-Exempt Status](#)) is produced to the Registrar for the Series on or before the Record Date for the relevant payment.

- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Securities under clause 9.2 or 9.3. If, in respect of any Security, the Registrar for the Series or the Issuer becomes liable to make any payment of,

or on account of, tax payable by any Holder, then the Registrar for the relevant Series and the Issuer shall be indemnified by the relevant Holder in respect of such liability. Any moneys paid by the Registrar for the relevant Series or the Issuer in respect of such liability may be recovered from the Holder as a debt due to the Registrar for the relevant Series or the Issuer and may be withheld from any further payments to that Holder. Nothing in this clause will prejudice or affect any other right or remedy of the Registrar for the relevant Series or the Issuer.

9.5 **Maximum rate:** Deductions of non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence to the Issuer or the Registrar for the relevant Series (acceptable to it) that a lesser rate is applicable.

9.6 **Tax status:** The Issuer and the Registrar for the relevant Series shall be entitled for the purposes of this clause ~~9.9~~ to rely, without further enquiry, upon any statement made by or on behalf of a Holder in relation to that Holder's tax status or tax residency.

10. DEFAULT

10.1 **Events of Default:** (Local Authority): Any one or more of the following, whether or not within the control of the Issuer, constitutes an Event of Default for an Issuer that is a Local Authority:

(a) **Non-payment:** payment of:

- (i) the Principal Amount of the Securities is not made on the due date and such non-payment continues unremedied for two Business Days after its due date; or
- (ii) interest on the Securities is not made on the due date and such non-payment continues unremedied for seven Business Days after its due date; or

(b) **Other breach:** the Issuer commits any breach of, or omits to observe, any of its undertakings or obligations under the Securities and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the ~~Subscriber~~Holder specifying the breach or omission and requiring it to be remedied; or

(c) **Receivership, Statutory management:**

- (i) a receiver, or receiver and manager is appointed (or the Issuer requests such appointment) or an encumbrancer takes possession or exercises its

powers of sale in respect of, all or any material part of the assets of the Issuer unless the Issuer demonstrates to the [SubscriberHolder](#) that such appointment or taking of possession or exercising of power will not have a material adverse effect on the ability of the Issuer to pay any amounts owing in relation to the Securities when it is due and payable; or

- (ii) a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or the Issuer or any associated person (as that term is defined in that Act) of the Issuer is declared at risk pursuant to the provisions of that Act; or

(d) **Enforcement Event:** an Enforcement Event occurs; or

(e) **Invalidity:** any provision of the Securities, the Security Stock Certificate issued in respect of the Securities or the Debenture Trust Deed:

- (i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms; or
- (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,

or the Issuer or any person on its behalf, makes any allegation or claim to that effect; or

(f) **Change in law:** either the Act or the Local Government (Rating) Act 2002 is amended or repealed in a manner or to an extent which, in the reasonable opinion of the Holder, results in a material and adverse change in:

- (i) the ability of the Issuer to perform its payment obligations when due under the Securities, [the Security Stock issued in respect of the Securities](#) or the Debenture Trust Deed;
- (ii) the effect of the charge created by the Debenture Trust Deed for the purposes of section 115 of the Act; and/or
- (iii) the ability of any receiver which is or may be appointed over all or any part of the assets of the Issuer charged by the Debenture Trust Deed to exercise its rights under the Act to the same extent it is able to exercise those rights as at the date of the Multi-issuer Deed.

(g) **CCO Credit Support:** payment of any amount that is due under any CCO Support Document is not made on the due date (including any demand for uncalled capital made by, or on behalf of, a CCO Issuer) and such non-payment continues unremedied for two Business Days after its due date; or

(h) **Additional Event of Default:** the occurrence of any additional event of default specified in the Final Terms.

10.1A **Events of Default (CCO):** Any one or more of the following, whether or not within the control of the CCO Issuer, constitutes an Event of Default for a CCO Issuer:

(a) **Non-payment:** payment of:

(i) the Principal Amount of the Securities is not made on the due date and such non-payment continues unremedied for two Business Days after its due date; or

(ii) interest on the Securities is not made on the due date and such non-payment continues unremedied for seven Business Days after its due date; or

(iii) any amount due under any CCO Support Document is not made on the due date; or

(b) **Other breach:** the Issuer, any CCO Shareholder or any other party commits any breach of, or omits to observe, any of its undertakings or obligations under the Securities or a CCO Support Document and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the Holder specifying the breach or omission and requiring it to be remedied; or

(c) **Insolvency:** an Insolvency Event occurs in relation to the Issuer, any of its LA Shareholders and any other CCO Shareholder that has entered into a document with, or granted any CCO Support Document in favour of, the Holder (including the original Holder) in respect of the Issuer; or

(d) **Enforcement Event:** an enforcement event, event of default, acceleration event or similar event (howsoever described) occurs under a CCO Support Document; or

(e) **Invalidity:** any provision of the Securities or a CCO Support Document:

(i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms; or

(ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,

or the Issuer, the relevant CCO Shareholder or any person on the Issuer's or CCO Shareholder's behalf, makes any allegation or claim to that effect; or

(g) **Status as a CCO:** the Issuer ceases to be a CCO; or

(h) **Cessation of business or dissolution:** the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, or an application or an order is made, or a resolution is passed or proposed, for the dissolution of the Issuer except, in each case, for the purpose of, and followed by, an amalgamation or solvent reconstruction on terms previously approved in writing by the Holder; or

(i) **Litigation:** the Issuer is or becomes party to any litigation, tax claim or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, or governmental agency, or to any dispute with any government, governmental agency, that has or would if adversely determined have a material adverse effect; or

(j) **Material adverse effect:** any event or circumstance, or series of events or circumstances (whether related or not) occurs that has or is reasonably likely to have a:

(i) material adverse effect on the Issuer or any CCO Shareholder; or

(ii) material adverse change in the effect of any CCO Credit Support or CCO Support Document; or

(k) **CCO Support Document:** a CCO Support Document does not provide a security interest to the relevant secured party having the priority which it purported to have; or

(l) **Change in law:** either the Act or the Local Government (Rating) Act 2002 is amended or repealed in a manner or to an extent which, in the reasonable opinion of the Holder, results in a material and adverse change in:

(i) the ability of the relevant CCO Shareholder to perform its payment obligations when due under any CCO Support Document or any Security Stock issued in respect of any CCO Support Document;

- (ii) the effect of the charge created by the Debenture Trust Deed for the purposes of section 115 of the Act; and/or
- (iii) the ability of any receiver which is or may be appointed over all or any part of the assets of the relevant CCO Shareholder charged by the Debenture Trust Deed to exercise its rights under the Act to the same extent it is able to exercise those rights as at the date of the Multi-issuer Deed; or
- (m) **Additional Event of Default:** the occurrence of any additional event of default specified in the Final Terms.

10.2 **Acceleration:** Any time after the occurrence of an Event of Default, and while such is continuing unremediated or unwaived, a Holder may, by notice in writing to the Issuer declare all or any of the Securities held by the Holder to be immediately due and payable. If such a declaration is made, then the Issuer shall immediately pay to the relevant Holder:

- (a) in the case of a Fixed Rate Security or a Floating Rate Security, the Principal Amount of the Security together with accrued interest thereon at the applicable Interest Rate calculated on a daily basis from the last Interest Payment Date on which interest was actually paid in respect of the Security, or if no interest has been paid in respect of the Security, from the Issue Date to the date of payment; and
- (b) in the case of a Zero Coupon Security, the net present value, as at the date of declaration, of the Principal Amount of the Security determined by the Registrar by discounting the Principal Amount at the discount rate used to determine the purchase price for the Security at the time of its issue.

The Holder's rights under this clause 10.2 are without prejudice, and in addition, to any other rights the Holder may have (whether by law, contract or otherwise).

11. AMENDMENTS

11.1 **Limited right to amend:** Except as provided in clause ~~11.2~~ 11.2 and 11.3 the Issuer may not cancel, vary or amend any of these Conditions or the applicable Final Terms while any Securities are outstanding. Any amendment to these Conditions or any Final Terms must be in writing signed by the Issuer and all Holders of the relevant Securities.

11.2 **Amendment without consent:**

(a) The provisions of these Conditions and any Final Terms may be amended without the consent of the relevant Holders where such amendment (in the opinion of the Issuer):

- (i) is of a minor or technical nature;
- (ii) is to correct a manifest error; or
- (iii) is to comply with the requirements or a modification of the requirements of any applicable law,

and, in any such case, 2 authorised officers of the Issuer have certified for the benefit of the relevant Holders that such amendment will not be materially prejudicial to the interests of relevant Holders.

(b) Notice of any such amendment shall be provided to the relevant Holders within 30 days of the amendment being made.

11.3 **Amendment approved by Extraordinary Resolution:** Without limiting clause ~~11.2~~11.2 but subject to clause 11.4, the provisions of these Conditions and any Final Terms may be amended by the Issuer if the amendment has been approved by an Extraordinary Resolution of the Holders or relevant Class of Holders and notified in accordance with these Conditions.

11.4 **Meetings:** Meetings of Holders shall be held in accordance with the schedule to these Conditions.

11.5 **Notice:** Notice of any proposed variation under clause ~~11.2~~11.2 shall be given by the Issuer to each Holder or each affected Class of Holders not less than 14 days before the date on which it is intended that such variation take effect, but the non-receipt of notice by any such Holder shall not affect the validity of any such variation.

12. NOTICES

12.1 **Writing:** Each notice or other communication to be given or made under these Conditions to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of these Conditions;

- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
- (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
 - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

- 12.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of these Conditions for each Holder will be specified in the Register.

13. GOVERNING LAW

- 13.1 These Conditions and the applicable Final Terms shall be governed by New Zealand law.

SCHEDULE

Meeting of Holders

1. DEFINITIONS

1.1 In these provisions:

"Appointed Time" means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

"Class of Securities" means each category of Securities which in the reasonable opinion of the Issuer at any particular time, for any particular purpose, constitutes a separate class of Securities.

"Conditions" means the Conditions to which this schedule is attached and **"Final Terms"** has the meaning given in the Conditions.

"Extraordinary Resolution" means a resolution passed at a meeting of Holders, properly convened and held in accordance with the provisions of this schedule, at which not less than three fourths of the persons voting upon a show of hands or, if a poll is properly demanded, not less than three fourths of the votes given on such a poll voted in favour of the resolution.

"Proxy Closing Time" means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

"regulation" means a clause of this schedule.

"Representative" means:

- (a) in the case of an individual Holder, a person appointed by an instrument of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder; and
- (b) in the case of a Holder which is a corporation or corporation sole either:
 - (i) a person appointed by an instrument of proxy or by power of attorney; or
 - (ii) a person authorised by the directors of the corporation, or in the case of a corporation sole, a person authorised pursuant to its constitution.

2. CONVENING

- 2.1 **Meeting required by law:** The Issuer shall, whenever required to do so pursuant to the Companies Act 1993 or the FMC Act or any other applicable law, convene a meeting of the Holders.

- 2.2 **By Holders:** The Issuer shall, at the request in writing of Holders holding not less than 10% of the aggregate Principal Amount of the Securities, convene a meeting of the Holders. The request must state the nature of the business proposed to be dealt with at the meeting concerned.
- 2.3 **By Issuer:** The Issuer may at any time of its own volition convene a meeting of the Holders.
- 2.4 **Place of meeting:** Each meeting will be held in the city or town in which the Issuer is situated at a place designated in the relevant notice of meeting.
- 2.5 **Regulations:** Meetings of Holders shall be convened and held in accordance with the provisions of this schedule.

3. CLASSES OF SECURITIES

- 3.1 If, at any time, in the opinion of the Issuer, a matter is required to be determined by the Holders of a Class of Securities, a meeting may be called in respect of Holders of that Class of Securities, in which case the provisions of this schedule shall, with all necessary modifications, apply and be construed as if references to Securities were references to the relevant Class of Securities and references to Holders were references to the Holders of that Class of Securities.

4. NOTICE OF MEETINGS

- 4.1 **Persons to be notified:** Notice of every meeting shall be given in the manner provided in clause ~~4.2~~¹² of the Conditions to:
- (a) every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice;
 - (b) the Issuer, if the meeting is convened by the Holders; and
 - (c) if the relevant Securities are listed, any stock exchange on which those Securities are listed.
- 4.2 **Time for notification:** At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.
- 4.3 **Contents of notice:** The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted. It will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution

proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.

4.4 **Short or informal notice:** Notwithstanding any other provision of this regulation 4, a meeting may be called by shorter notice than that specified in regulation 4.2, or without any formal notice, and without compliance with regulation 4.3, and shall be deemed to have been duly called if it is so agreed by all Holders before, at or after that meeting.

4.5 **Accidental omission:** The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

5. QUORUM

5.1 **Quorum required:** No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business.

5.2 **Quorum for Extraordinary Resolution:** The quorum for passing an Extraordinary Resolution will be one or more Holders (present in person or by Representative) holding or representing a majority in Principal Amount of the Securities.

5.3 **Quorum for other business:** The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be one or more Holders (present in person or by Representative) of at least 10% in Principal Amount of the Securities.

5.4 **Quorum not present:** If, within 15 minutes (or any longer time not exceeding 45 minutes as the chairman of the meeting may decide) after the Appointed Time, a quorum is not present the meeting, if convened at the request of Holders, will be dissolved. In any other case it will be adjourned to a day and time (not being less than 14 days later) and to a place as may be appointed by the chairman. At such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

5.5 **Notice of adjourned meeting:** Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only seven clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting will form a quorum whatever the Principal Amount of Securities held by them.

6. CHAIRMAN

6.1 At a meeting of Holders a person appointed, by a resolution of Holders, from the Holders or

any Representatives present will preside as chairman at a meeting.

7. RIGHT TO ATTEND AND SPEAK

- 7.1 Any elected member, officer or solicitor of the Issuer, or any person appropriately authorised by the Issuer, may attend any meeting and all such persons will have the right to speak at the meeting.

8. ADJOURNMENT

- 8.1 **Chairman may adjourn:** The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- 8.2 **Business at adjourned meeting:** No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

9. ONLY PERSONS ON REGISTER RECOGNISED ~~BY COMPANY~~

- 9.1 The persons named as Holders in the Register will be recognised and treated as the legal owners of the Securities whether those persons are or are not in fact the owners of those Securities.

10. AUTHORITY TO VOTE

- 10.1 **Voting:** An individual Holder may vote personally or by his Representative and a Holder which is a corporation may vote by its Representative. A Holder may appoint more than one Representative, each such Representative being authorised to act on behalf of the Holder in respect of a specified Principal Amount of Securities.
- 10.2 **Entitlement:** The persons named in the Register as Holders at the Proxy Closing Time will be exclusively entitled to vote in person or by Representative in respect of the Securities recorded as owned by them.

11. PROXIES

- 11.1 **In writing:** The instrument appointing a proxy must be in writing signed by the appointer or his attorney or, if the appointer is a corporation, either by an authorised officer or attorney or

by any director, general manager, investment manager or other person who appears to have authority to appoint a proxy on behalf of the corporation.

- 11.2 **Proxy need not be Holder:** A person appointed to act as a proxy need not be a Holder. A holder of a proxy will have the right to speak at the meeting.
- 11.3 **Deposit of proxy:** The instrument appointing a proxy, and, if applicable, the power of attorney or other authority under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer, must be deposited at the place appointed by the Issuer in the notice convening the meeting (or, if no such place is appointed, then at the registered office of the Issuer) not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that that instrument, or any power of attorney or other authority, is received or produced at a place other than that specified above or out of time.
- 11.4 **Form of proxy:** An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 11.5 **Proxy valid for meeting:** An instrument of proxy, whether in a usual or common form or not, will, unless the contrary is stated thereon, not need to be witnessed and will be valid for the meeting to which it relates and for any adjournment of that meeting. Notwithstanding any provisions contained in an instrument of proxy, no instrument of proxy will be valid after the expiration of 12 months from the date of its execution notwithstanding any provision to the contrary in the instrument, but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 11.6 **Proxy in favour of chairman:** An instrument of proxy in favour of:
- (a) the chairman of the Issuer; or
 - (b) the chairman of the meeting,
- (however expressed) will be valid and effectual as though it were in favour of a named person and will, in the case of paragraph (a) above, constitute the person holding the office of the chairman of the Issuer or, in the case of paragraph (b) above, the person who chairs the meeting for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

12. HOLDER MAY APPOINT ATTORNEY

- 12.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on that Holder's behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney who is so empowered may exercise the Holder's right to appoint a proxy.

13. CORPORATE REPRESENTATIVES

- 13.1 **Authority:** A Representative of a Holder which is a corporation or a corporation sole will, until that authority is revoked, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of his authority to act at any time before the Appointed Time of, or at, the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.
- 13.2 **Right to act:** A Representative will have the right to demand or join in demanding a poll and will (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting for the Holder concerned.

14. VOTING PROCEDURE AND POLLS

- 14.1 **Show of hands:** A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands) by:

- (a) the chairman; or
- (b) the Issuer or any representative of the Issuer; or
- (c) one or more Holders holding or representing not less than 5% in aggregate Principal Amount of the Securities.

A declaration by the chairman that a resolution has been carried by the requisite majority or lost will be conclusive evidence of that fact unless a poll is demanded.

- 14.2 **Number of votes:** On a show of hands each person present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1 of Principal Amount of the Securities of which he is the Holder, provided that where a Holder holds Zero Coupon Securities, for the purposes of calculating that Holder's voting entitlement in this clause, the Principal Amount of those Zero Coupon Securities is to be construed as a

reference to the net present value of those Zero Coupon Securities (as calculated by the Registrar for the relevant Series by adjusting, on a straight line basis, the Principal Amount of the relevant Security by a proportion of any discount to that Principal Amount applicable to such Security on its Issue Date) as at the date of the meeting. On a poll, votes may be given either personally or by Representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

- 14.3 **Poll:** If a poll is demanded it will be taken in the manner directed by the chairman and the result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 14.4 **Chairman has casting vote:** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.
- 14.5 **Election of chairman:** A poll demanded on the election of a chairman or on a question of adjournment will be taken immediately. A poll demanded on any other question will be taken either immediately or at a time within 30 days from the date of the meeting and in a place appointed by the chairman. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 14.6 **No disturbance:** The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question in relation to which the poll has been demanded.
- 14.7 **Joint Holders:** In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 14.8 **Disqualification:** A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney or authority or the transfer of the Securities in respect of which the vote is given, provided that no written notice of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

15. EXTRAORDINARY RESOLUTIONS

15.1 Powers: A meeting of Holders will, in addition to all other powers which by these Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely power to:

- (a) sanction either unconditionally or upon any conditions the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Securities;
- (b) sanction any request from the Issuer for the exchange of the Securities for, or the conversion of the Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other **company**entity formed or to be formed;
- (c) postpone or, with the concurrence of the Issuer, to accelerate the day when the Principal Amount of any Securities becomes payable and to suspend or postpone for a time the payment of interest on any Securities;
- (d) sanction any alteration, release, modification, waiver, variation, or compromise or any arrangement relating to the rights of the Holders against the Issuer or its assets however those rights arise;
- (e) assent to any amendment to the terms of these Conditions or the relevant Final Terms proposed or agreed to by the Issuer and to authorise the Issuer to execute any document embodying any such amendment;
- (f) give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of these Conditions or the relevant Final Terms;
- (g) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other corporation where such sanction is necessary; and
- (h) authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

15.2 Binding on Holders: An Extraordinary Resolution passed at a meeting of Holders properly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect to that resolution. The passing of any such resolution will, as between the Issuer and the Holders, be conclusive evidence that the circumstances justify the passing thereof the intention being that the meeting is entitled to determine without appeal whether or not the circumstances justify the

passing of any such resolution. Notwithstanding the foregoing a resolution which affects a particular Holder or Holders holding a Class of Securities only (as opposed to the rights of the Holders generally) will not be binding on such Holder or Holders unless the Holder or Holders agree to be bound by the terms of such resolution or unless the Holders of that Class have so agreed by virtue of an Extraordinary Resolution of the Holders of that Class of Securities. Whenever there are Securities outstanding which do not form a single Class then the provisions of this schedule shall have effect subject to the following:

- (a) a resolution which affects one Class only of Securities is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that Class (or pursuant to regulation 17);
- (b) a resolution which affects more than one class of Securities, but does not give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all Classes so affected (or pursuant to regulation 17);
- (c) a resolution which affects more than one Class of Securities and gives or may give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each Class so affected (or pursuant to regulation 17); and
- (d) in respect of each meeting referred to in paragraphs (a), (b) and (c) of this regulation 15.2, the provisions of this schedule apply with the necessary modifications as though references in them to Securities and Holders were references to the relevant Class or Classes and to the Holders of the Securities comprised in such Class or Classes, respectively.

15.3 **Reliance on advice:** The Issuer may rely on, and the Holders and the Registrar for the relevant Series shall be bound by, a legal opinion from a leading law firm in New Zealand to the effect that a resolution affects one Class only or, if it affects more than one Class of Securities, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of regulation 15.2.

16. MINUTES TO BE KEPT

16.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at the meeting, by a person appointed by the chairman of the meeting. Minutes must be entered in books from time to time provided for that purpose by

the Issuer. Any such minutes, if signed or apparently signed by the chairman of the meeting at which a resolution was passed or proceedings had or by the chairman of the next meeting of Holders, will be prima facie evidence of the matters recorded in those minutes. Until the contrary is proved every meeting in respect of which minutes have been made will be deemed to have been properly held and convened and all resolutions passed or proceedings had at that meeting to have been properly passed and had.

17. RESOLUTIONS IN WRITING

- 17.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate the Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution if a poll was demanded.
- 17.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 17.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an authorised signatory or attorney so authorised by the company.

SCHEDULE 3

Form of Final Terms for EC Securities

The Final Terms in respect of each Tranche of EC Securities will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the EC Securities and their issue. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for their completion.

Final Terms dated [•]

[Name of Issuer]

Issue of *[Aggregate nominal amount of Tranche]* *[Title of EC Securities]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions ("Conditions") contained in the multi-issuer deed dated [•] 7 December 2011 made by New Zealand Local Government Funding Agency Limited and various Local Authorities. These Final Terms contain the final terms of the EC Securities and must be read in conjunction with the Conditions.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

- | | | | |
|-----|--------|------------------------------|---|
| 1. | (i) | Issuer: | [•] |
| 2. | [(i)] | Series Number: | [•] |
| | [(ii)] | Tranche Number: | [•] |
| | | | <i>[If fungible with an existing Series, details of that Series, including the date on which the Series becomes fungible]</i> |
| 3. | | Type of Securities: | <i>[Fixed Rate Securities/Floating Rate Securities/Zero Coupon Securities/Amortising Security].</i> |
| 4. | | Aggregate Principal Amount: | [•]. |
| 5. | | Issue Price: | [•]% of the aggregate Principal Amount. |
| 6. | | Minimum Subscription Amount: | [\$[750,000]] and integral multiples of \$[•]. |
| 7. | | Issue Date: | [•]. |
| 8. | | First Interest Payment Date: | [•]. |
| 9. | | Maturity Date: | [•]. |
| 10. | | Redemption restrictions: | <i>[Securities cannot be redeemed prior to Maturity Date].</i>
<i>[Amortising Securities].</i> |
| 11. | | Security: | Debenture Trust Deed dated [•] between Issuer and <i>[specify Trustee].</i> |

Provisions relating to interest (if any) payable

12. Floating Rate Security provisions:

- (i) Base Rate (if applicable): [Bill Rate / Swap Rate / Other Specified Rate].
- (ii) Margin: [•] % per annum
- (iii) Interest Periods: [One, two, three, four, five or six months].
- (iv) Interest Payment Dates: [•] in each year.

13. Fixed Rate Security provisions:

- (i) Interest Rate: [•] per cent per annum [payable annually/semi-annually/quarterly in arrears].
- (ii) Interest Payment Dates: [•] in each year.

14. Zero Coupon Security Provisions:

- (i) Annual yield: [•] per cent per annum.

Provisions relating to redemption

- 15. Redemption/Payment Basis: [Redemption at par].
- 16. Circumstances where Early Redemption Permitted: [N/A/Specify].
- 17. Early Redemption Amount: [Par].
- 18. Amortising Security provisions: [Applicable/~~NA~~/~~NA~~]
- (i) Amortisation Dates: [•]
- (ii) Principal Amount repayable on each Amortisation Date: \$[•]

General provisions applicable to the Securities

- 19. Governing Law: New Zealand.
- 20. Additional Selling Restrictions: [Specify] [N/A]
- 21. Additional conditions: [Specify] [N/A]
- 22. Registrar: [•].

Ratings

- 23. Ratings: [Specify] [N/A].

Operational Information

[insert as appropriate]

[Insert execution block for local authority]

**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED** by [insert
Execution method]:

SCHEDULE 4

Form of Accession Deed

ACCESSION DEED dated [●].

BETWEEN [—] PARTIES

[●]

("Acceding Party"), and

New Zealand Local Government Funding Agency Limited

("Subscriber")

pursuant to the Multi-~~Issuer~~ issuer Deed defined below.

INTRODUCTION

- A. The Subscriber has agreed that the Acceding Party may accede to the Multi-issuer Deed as an "Issuer".
- B. This deed records the accession.

AGREEMENT:

1. INTERPRETATION

- 1.1 **Interpretation:** In this deed:

"Local Authority" has the meaning given to it in the Local Government Act 2002.

"Multi-issuer Deed" means the deed dated [●] 7 December 2011 (as amended and restated on [●]) between the Subscriber and various Local Authorities entitled "Multi-issuer Deed".

- 1.2 **Multi-issuer Deed:** Terms defined in the Multi-issuer Deed have the same meaning in this deed unless the context requires otherwise.

1.3 **Inconsistency:** In the event of any inconsistency between the terms of this deed and those of the Multi-issuer Deed, the terms of this deed will prevail in respect of the Acceding Party.

2. ACCESSION

- 2.1 **Accession:** The Acceding Party hereby:

- (a) agrees with the Subscriber that with effect on and from the date of this deed, it will be bound by the Multi-issuer Deed as an Issuer as if it had been an original party thereto and named therein as an Issuer, and agrees to be bound by the terms of, and perform its obligations under, the Multi-issuer Deed; and
- (b) agrees that it will be bound by the special conditions (if any) set out in the annexure to this deed as if those were terms of the Multi-issuer Deed.

- 2.2 **Acknowledgement:** The Subscriber acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Multi-issuer Deed.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Multi-issuer Deed are: *[specify]*

4. GOVERNING LAW

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

5. NO CROWN GUARANTEE

The obligations and liabilities of the *[Acceding Party and]* *[Delete bracketed text if Acceding Party is a CCO]* Subscriber under this deed and the Multi-~~Issuer~~ *issuer* Deed are not guaranteed by the Crown.

6. COUNTERPARTS

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

EXECUTED AS A DEED

Acceding Party

[LOCAL AUTHORITY/CCO] by:

Signature of ~~officer~~ *[Elected Member/Director]*

Signature of ~~officer~~ *[Elected Member/Director]*

Name of ~~officer~~ *[Elected Member/Director]*

Name of ~~officer~~ *[Elected Member/Director]*

Subscriber

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED by:

Signature of ~~director~~ *Director*

Signature of ~~director~~ *Director*

Name of ~~director~~ *Director*

Name of ~~director~~ *Director*

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "CCO Shareholder":

- (a) _____ acknowledges the terms of this deed and the Multi-Issuer Deed;
- (b) _____ agrees to enter into any CCO Support Document to which it is expressed to be a party (as set out in the annexure to this deed); and
- (c) _____ where it is identified in the annexure to this deed as a "LA Shareholder", agrees to the additional representations, undertakings and termination events specified to apply to it pursuant to the annexure to this deed.

ACKNOWLEDGED BY:

[CCO SHAREHOLDER] by:

Signature of [Elected Member/Director]

Signature of [Elected Member/Director]

Name of [Elected Member/Director]

Name of [Elected Member/Director]

ANNEX TO THE ACCESSION DEED

~~[Additional]~~ [Exemptions and any additional conditions relating to the Acceding Party to be included here.]

[Include text below if Acceding Party is a CCO]

1. **CCO Shareholder:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Shareholder[s] in respect of the Acceding Party is: [specify, including each CCO Shareholder's holding and whether each is a LA Shareholder or Other Shareholder].
2. **CCO Credit Support:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Credit Support is: [specify, noting whether it reflects a "protected transaction" for any LA Shareholder].
3. **CCO Support Document:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Support Document is: [specify, including the Debenture Trust Deed and Security Stock Certificate where a LA shareholder is giving a CCO Guarantee].
4. **[CCO Negative Pledge and Covenant: [specify].]**
5. **Financial covenants:** [For the purposes of clause 7.5 of the Multi-issuer Deed, the Acceding Party shall procure that [as at each Test Date for the financial year ending on that Test Date]: [specify financial covenants]]/[specify that no financial covenants apply]
6. **Insolvency Event:** means the occurrence of any of the following events in relation to the Acceding Party or any CCO Shareholder, without the prior written consent of the Subscriber:
 - (a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;
 - (b) it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;
 - (c) a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;
 - (d) an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and such application is not withdrawn or dismissed within [●] Business Days;

(e) any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;

(f) it:

(i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;

(ii) proposes or is subject to a moratorium of its debts; or

(iii) takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;

(g) it seeks or obtains protection from its creditors under any statute or any other law;

(h) any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$[●] (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within [●] Business Days; or

(i) an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect. *[Can be amended to reflect a CCO Shareholder's status].*

7. Permitted security interest (cl 6.1A(a)(xiv), (xv)): *[specify]/[None]*.

8. Permitted disposal (cl 7.1A(a)(viii)): *[specify]/[None]*.

9. Permitted Distribution (cl 7.1A(a)(xii)(aa)): *[specify]/[None]*.

10. Permitted financial accommodation (cl 7.1A(a)(xiii)): *[specify]/[None]*.

11. Permitted acquisition (cl 7.1A(a)(xv)): *[specify]/[None]*.

12. Permitted merger (cl 7.1A(a)(ix)): *[specify]/[None]*.

13. Additional representations by the Acceding Party (cl 6.1A(a)(xviii)): *[specify, including representations as to ranking obligations under the Multi-issuer Deed]/[None]*.

14. Additional representations by each LA Shareholder (cl 6.1A(b)(viii)): *[specify]/[None]*.

15. Additional undertakings by the Acceding Party (cl 7.1A(a)(xxi)): [specify, including undertakings as to ranking of obligations under the Multi-issuer Deed]/[None].
16. Additional undertakings by each LA Shareholder (cl 7.1A(b)(ix)(aa)): [specify]/[None].
17. Additional termination event in respect of the Acceding Party (cl 7.8(d)):
[specify]/[None].
18. Additional termination event in respect of each LA Shareholder (cl 7.8(d)):
[specify]/[None].
19. Additional Events of Default in respect of the Acceding Party:
- (a) Cross default:
- (i) any indebtedness of the Acceding Party is not paid when due nor within any originally applicable grace period;
- (ii) any indebtedness of the Acceding Party is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);
- (iii) any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described),
- provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$[●] (or its equivalent in any other currency or currencies);
- [specify each additional Event of Default (if any)].
20. Test Date: For the purposes of the Multi-issuer Deed, the Test Date for the Acceding Party is: [specify] of each year.
21. Exceptions: For the purposes of the Multi-issuer Deed, the following amendments are made to clauses 6.1A, 7.1A, 7.8 and 7.9: [specify]/[None].

SCHEDULE 5

Form of Term Sheet

The term sheet in respect of each Tranche of Securities (other than EC Securities) will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the Securities and their issue. Text in this section appearing in italics does not form part of the term sheet but denotes directions for their completion.

New Zealand Local Government Funding Agency Limited – Term Sheet

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

SETTLEMENTS CONTACT


EMAIL LGFA.tenderoperations@lgfa.co.nz

PH 04 974 6530

NZ LOCAL GOVERNMENT FUNDING AGENCY LIMITED TERM SHEET

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions ("Conditions") contained in the multi-issuer deed dated [•] 7 December 2011 made by New Zealand Local Government Funding Agency Limited and various Local Authorities. This term sheet contains the final terms of the Securities and must be read in conjunction with the Conditions.

[Include whichever of the following apply or specify as "Not Applicable" (N/A).]

	
LOCAL AUTHORITY LENDING SECURITY	
LGFA Term Sheet Security Reference	[•]
Subscriber	New Zealand Local Government Funding Agency Limited
Issuer	[•]
Series Number	[•]
Tranche Number	[•]
Type of Securities	<i>[Fixed Rate Securities/Floating Rate Securities/Zero Coupon Securities/Amortising Security]</i>
Security Identifier	[•]
Aggregate Principal Amount	[•]
Issue Price	[•]% of the aggregate Principal Amount
Maturity Date	[•]
Fixed Interest Rate (if Fixed Rate Securities)	[•]

Trade Yield (if Fixed Rate Securities)	[•]
Base Rate + Margin (if Floating Rate Securities)	[•]
Pricing Date (if Fixed Rate Securities) / Interest Rate Set Date (if Floating Rate Securities)	[•]
Issue Date	[•]
Interest Accrual Start Date	[•]
First Interest Payment Date	[•]
Interest Payment Dates	[•]
Interest Periods	[•]
Date Roll (Interest Payment Date and Maturity Date)	[•]
Annual Yield (if Zero Coupon Securities)	[•]
Daycount Convention	Modified Following
Holidays (Business Day)	Christchurch, Wellington, Auckland
Minimum Subscription Amount/multiples	[•]
Governing Law	New Zealand
Additional conditions	[Specify] [N/A]
Registrar	[•]
Agency Agreement	[•]
CCO Support Documents	[specify each security and guarantee document] or [N/A if not a CCO Issuer]
CCO Credit Support	[specify each security and guarantee] or [N/A if not a CCO Issuer]
CCO Negative Pledge and Covenant	[specify full negative pledge (if applicable) and any permitted security interest. See definition of "CCO Negative Pledge and Covenant" in clause 1.1 of the Conditions] or [N/A if not a CCO Issuer]
Insolvency Event	<p>[The occurrence of any of the following events in relation to the Issuer or any CCO Shareholder, without the prior written consent of the Holders:</p> <p>(a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;</p>

	<p>(b) <u>it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;</u></p> <p>(c) <u>a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;</u></p> <p>(d) <u>an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and such application is not withdrawn or dismissed within [●] Business Days;</u></p> <p>(e) <u>any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;</u></p> <p>(f) <u>it:</u></p> <p style="padding-left: 40px;">(i) <u>resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;</u></p> <p style="padding-left: 40px;">(ii) <u>proposes or is subject to a moratorium of its debts; or</u></p> <p style="padding-left: 40px;">(iii) <u>takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;</u></p> <p>(g) <u>it seeks or obtains protection from its creditors under any statute or any other law;</u></p>
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	<p>(h) <u>any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$[•] (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within [•] Business Days; or</u></p> <p>(i) <u>an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect. [Can be amended to reflect a CCO Shareholder's status] or [N/A if not a CCO Issuer]</u></p>
<u>Additional Event of Default</u>	<p>(a) <u>Cross default:</u></p> <p>(i) <u>any indebtedness of the Issuer is not paid when due nor within any originally applicable grace period;</u></p> <p>(ii) <u>any indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);</u></p> <p>(iii) <u>any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described).</u></p> <p><u>provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$[•] (or its equivalent in any other currency or currencies).</u></p> <p><u>[specify each additional Event of Default (if any)]</u></p>

**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED** by *[insert
Execution method]*:

[Insert execution block for local authority]

[For the avoidance of doubt, term sheets may include the terms of the corresponding Borrower Notes at the Subscriber's sole discretion and such inclusion shall not invalidate the relevant term sheet]

|

|

SCHEDULE 6

Form of Notice of Commitment for EC Securities

To: New Zealand Local Government Funding Agency Limited ("**Subscriber**")
Attention: { }

Email: { }
Date: { }

Re: Multi-issuer Deed dated [•] 7 December 2011 ("**Deed**")

Terms defined in the Deed have the same meaning in this Notice of Commitment unless the context requires otherwise.

1. For the purpose of clause 4.2(b) of the Deed, the Issuer hereby irrevocably and unconditionally offers to issue the EC Securities on the terms contained in the preliminary Final Terms enclosed with this notice.
2. The Issuer requests that the Subscriber accepts the above offer for the purposes of clause 4.2 of the Deed by counter-signing and returning to the Issuer a duplicate copy of this Notice of Commitment.

Yours faithfully
[Local Authority]

Signature of officer

The Subscriber hereby accepts the offer of the issuance of the EC Securities described in this notice, such acceptance subject to the conditions specified in clause 4.54 of the Deed.

**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED** by:

Signature of director

Signature of director

Name of director

Name of director

Date: [•]

[Attach preliminary Final Terms]

SCHEDULE 7

Form of Compliance Certificate

To: New Zealand Local Government Funding Agency Limited

Attention: { }

Email: { }

Date: { }

Re: Multi-issuer Deed dated [●] 7 December 2011 ("Deed")

Terms defined in the Deed have the same meanings in this Compliance Certificate unless the context requires otherwise.

1. This certificate is given to you pursuant to clause 7.5 of the Deed.
2. For the purposes of this certificate the Test Date is [insert date].
3. I, [name] the [insert position of Authorised Signatory] of [Council name] Council ("Issuer") certify that to the best of my knowledge and belief, having made due enquiry the covenants and ratios detailed in appendix A (comparing actual performance to the financial covenant) were true and correct in all respects as at the Test Date.
- [4. The Issuer provides the following details relating to breaches of the covenants and ratios detailed in appendix A (if any) as at the Test Date: [insert details]].

Dated: [●]

[name of Local Authority Issuer] by:

[Authorised Signatory]

APPENDIX A TO COMPLIANCE CERTIFICATE

Financial Covenant (clause 7.5)	Required Performance (%)	Actual Performance (%)
Net Debt: Total Revenue	<i>[insert]</i>	<i>[insert]</i>
Net Interest: Total Revenue	<i>[insert]</i>	<i>[insert]</i>
Net Interest: Annual Rates Income	<i>[insert]</i>	<i>[insert]</i>
Available Financial Accommodation: External Indebtedness	<i>[insert]</i>	<i>[insert]</i>

Financial Covenant Components

Net Debt	<i>[insert]</i>
Total Revenue	<i>[insert]</i>
Net Interest	<i>[insert]</i>
Annual Rates Income	<i>[insert]</i>
Available Financial Accommodation	<i>[insert]</i>
External indebtedness	<i>[insert]</i>

[insert/attach supporting information used to determine relevant financial covenant components, including providing details of various amounts at Issuer and/or Consolidated Group depending on parameters that apply under the Deed]



Notes Subscription Agreement

PARTIES

New Zealand Local Government Funding Agency Limited

Issuer

The Local Authorities Listed in Schedule 1

Principal Shareholders

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AGREEMENT dated 7 December 2011 (as amended [and restated](#) by the ~~agreement~~[deed](#) to which this agreement is attached as an appendix)

PARTIES

New Zealand Local Government Funding Agency Limited

("Issuer")

The Local Authorities Listed in Schedule 1

("Principal Shareholders")

INTRODUCTION

- A. The Issuer and the Principal Shareholders wish to record the arrangements agreed between them in relation to the issue of Borrower Notes by the Issuer from time to time to the Principal Shareholders, and other Local Authorities [or CCOs](#) that may accede to this agreement, as Subscribers.
- B. This agreement records those arrangements.

AGREEMENT

1. INTERPRETATION

- 1.1 **Definitions:** In this agreement, unless the context otherwise requires:

"Accession Deed" means a deed in the form, or substantially in the form, of schedule 2.

"Amortising Security" has the meaning given to it in the Conditions.

"Amortised Redemption Amount" means, in relation to an Amortising Security, as at any date, the aggregate LG Redemption Amount that the relevant Subscriber (in its capacity as issuer of that LG Security) has repaid to the Issuer in respect of that LG Security in accordance with its terms.

"Borrowed Money Indebtedness" means any indebtedness of the Issuer to a person (other than indebtedness owed to a Subscriber in respect of Borrower Notes) in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, guarantee, interest or currency exchange hedge or other arrangement of any kind (calculated on a net and marked to market basis).

"Borrower Note" means each note issued by the Issuer under this agreement.

"BN Percentage" means, in respect of a date:

(a) [from 7 December 2011 until \(and excluding\) the Initial BN Change Date, 1.6%; and](#)

(b) from (and including) the Initial BN Change Date, 2.5% or such other percentage approved by the board of the Issuer and notified (in writing) by the Issuer to all Subscribers from time to time as being applicable from (and including) the date specified in such notification.

"BN Percentage Period" means, in relation to a BN Percentage, the period during which that BN Percentage applies (in respect of the then current BN Percentage) or was applicable (in respect of any historic BN Percentage).

"Business Day" means a day (other than a Saturday, Sunday or public holiday) on which registered banks are generally open for business in Christchurch, Wellington and Auckland.

"CCO Subscriber" means a Subscriber that is a CCO.

"Commercial Paper" means in relation to a Subscriber, any securities issued by the Subscriber under the Multi-~~Issuer~~ issuer Deed which have a maturity date falling no more than 364 days after the issue date of those securities.

"Companies Act" means the Companies Act 1993.

"Constitution" means the Issuer's constitution.

"Conversion" means the conversion of Borrower Notes into Redeemable Shares in accordance with this agreement and **"Convert"**, **"Convertible"** and **"Converted"** shall be construed accordingly.

"Conversion Date" means the date specified as such in a Conversion Notice, which may be a day on or following the date of the Conversion Notice.

"Conversion Notice" has the meaning given to it in clause 8.1.

"Early Redemption Date" has the meaning given to it in clause 7.1(c).

"Extension Notice" has the meaning given to it in clause 8.6.

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

"Initial BN Change Date" means, and includes, the date of the deed to which this agreement is attached as an appendix.

"Issue Date" means, in relation a Borrower Note, the date on which the Borrower Note is issued, as recorded as such in the Register. The Issue Date of a Borrower Note shall be the same as the "Issue Date" of the related LG Securities issued by the Subscriber under the Multi-~~Issuer~~ issuer Deed.

"Issue Price" means:

- (a) in relation to Borrower Notes issued to a Subscriber on a particular date under clause 4.1, an amount equal to the aggregate Principal Amount of those Borrower Notes determined in accordance with clause 4.1(a); and
- (b) in relation to Borrower Notes issued to a Subscriber following the giving of a Top-up Notice, an amount equal to the aggregate Principal Amount of the Borrower Notes to be issued to the Subscriber as specified in the Top-up Notice.

"Interest Rate" means the interest rate applicable to a Borrower Note from time to time as determined by the Issuer, which interest rate shall be a percentage rate (p.a.) and shall be determined by the Issuer by reference to the applicable interest rate which is (or would be) payable by the Issuer in respect of the Borrowed Money Indebtedness it incurs to subscribe for the LG Securities to which the Borrower Note relates, and includes the Issuer's "issuance margin", being all of the Issuer's costs and expenses relating to that Borrowed Money Indebtedness (including, without limitation, dealer fees, commissions, listing fees and any Approved Issuer Levy which is or may be payable by the Issuer under the terms of that Borrowed Money Indebtedness). The interest rate determined by the Issuer must not include any additional spread to its issuance margin which it applies in determining the interest rate for the applicable LG Security.

"LG Interest Rate" means:

- (a) in relation to an LG Security which is a Floating Rate Security or Fixed Rate Security, the "Interest Rate" for that LG Security; and
- (b) in relation to an LG Security which is a Zero Coupon Security, the "annual yield" for the LG Security.

"LG Issue Price" means, in relation to a Tranche of LG Securities, the "Issue Price" as specified in the applicable Final Terms, expressed as a dollar amount.

"LG Redemption Amount" means, in relation to a LG Security, the "Principal Amount" as specified in the applicable Final Terms.

"LG Securities" means, in relation to a Subscriber, the securities issued by the Subscriber under the Multi-~~Issuer~~issuer Deed, but excluding any Commercial Paper.

"Local Authority" means a ~~Local Authority~~local authority as defined in the Local Government Act 2002.

"Maturity Date" means, in relation to any Borrower Notes issued to a Subscriber, the date specified as such in the Register. Subject to clause 8.6, the Maturity Date of a Borrower Note shall be the same as the "Maturity Date" of the related LG Securities issued by the Subscriber under the Multi-~~Issuer~~issuer Deed.

"Multi-~~Issuer~~issuer Deed" means the deed dated on or about the date of this agreement between New Zealand Local Government Funding Agency Limited and various Local Authorities entitled "Multi-~~Issuer~~issuer Deed".

"Principal Amount" means, for each Borrower Note, \$1.00.

"Redeemable Share" has the meaning given to it in the Constitution.

"Redemption Amount" means, in relation to a Borrower Note, an amount equal to:

- (a) the Principal Amount or, in the case of a Borrower Note that is issued in relation to a LG Security that is an Amortising Security, the amount of the Principal Amount that remains outstanding as at the Maturity Date, Early Redemption Date, Sale Redemption Date or Conversion Date (as applicable); and

- (b) the aggregate of interest accrued and unpaid on the Borrower Note from (and including) the Issue Date to (but excluding) the Maturity Date, Early Redemption Date, Sale Redemption Date or Conversion Date (as applicable).

"Registrar" means the Issuer or such other person appointed by the Issuer to maintain the Register on the Issuer's behalf.

"Register" means the register of Borrower Notes established and maintained by the Issuer in accordance with this agreement.

"Repo Arrangement" has the meaning given to it in clause 7.1(b).

"RWT-Exempt Status" has the meaning given to it in the [Taxation \(Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters\) Act 2018](#).

"Sale Redemption Date" has the meaning given to it in clause 7.1(b).

"Securities Act" means the Securities Act 1978.

"Senior Creditors" means all creditors (present and future) of the Issuer:

- (a) whose claims are or would be admitted in the Winding-Up of the Issuer; and
- (b) who are not the holders of indebtedness, the right to payment of which by its terms is, or is expressed to be, subordinated in the event of the Winding-Up of the Issuer to the claims of all unsubordinated creditors of the Issuer.

"Shareholders' Agreement" has the meaning given to it in the Constitution.

"Subscriber" means a Local Authority set out in schedule 1 or any other Local Authority [or CCO](#) which is or becomes a Subscriber in accordance with clause 2.3 [or 2A.3 \(as applicable\)](#).

"Subscription Price" means, in relation to a Subscriber, an amount equal to the [Redemption Amount of the Borrower Notes held by that Subscriber that are required to be Converted as determined under clauses 8.1 and 8.2](#).

"Top-up Notice" has the meaning given to it in clause 4.3(a).

"Winding Up" means any procedure, brought or instigated by any person, for the dissolution of the Issuer otherwise than for the purposes of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by the Subscribers, and **"Wound Up"** shall have a corresponding meaning.

- 1.2 **Multi-Issuer ~~Issuer~~ Deed:** Words and expressions defined in the Multi-Issuer ~~Issuer~~ Deed and used in this agreement shall have the same meanings in this agreement, unless the context requires otherwise.

- 1.3 **References:** Except to the extent that the context otherwise requires, any reference in this agreement to:

an **"authorisation"** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a "**clause**" or "**schedule**" is a reference to a clause of, or schedule to, this agreement.

"**dollars**" and "\$" means the lawful currency of New Zealand.

the "**dissolution**" of any person includes the bankruptcy, winding up or liquidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

"**indebtedness**" means any obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

1.4

Miscellaneous:

- (a) The introduction to and headings in this agreement are inserted for convenience only and shall be ignored in construing this agreement.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this agreement or any other document shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. ACCESSION OF LOCAL AUTHORITY AS A SUBSCRIBER

2.1 Local Authority to sign Accession Deed: A Local Authority may become a Subscriber under this agreement by:

- (a) completing and signing an Accession Deed and delivering it to the Issuer;

- (b) delivering to the Issuer a legal opinion from counsel acceptable to the Issuer in a form satisfactory to the Issuer;
 - (c) providing the Issuer with evidence (in a form satisfactory to the Issuer) that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this agreement and the Accession Deed have been obtained and are current and satisfactory; and
 - (d) providing the Issuer with such evidence or documentation as the Issuer may require so as to be satisfied that the Subscriber is permitted to be a party to this agreement and subscribe for Borrower Notes in accordance with clause 15.4(a).
- 2.2 **Subscriber to countersign Accession Deed:** On receipt of the documents described in clause 2.1 in form and substance satisfactory to the Issuer, the Issuer shall:
- (a) countersign the counterpart of the Accession Deed;
 - (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
 - (c) retain one counterpart and deliver the other to the relevant Local Authority.
- 2.3 **Accession effective:** On an Accession Deed being countersigned by the Issuer in accordance with clause 2.2, the Local Authority shall be bound by this deed as if it were a party hereto and named herein as a Subscriber.

2A. ACCESSION OF CCO AS A SUBSCRIBER

2A.1 CCO to sign Accession Deed: A CCO may become a Subscriber under this agreement by:

- (a) completing and signing and procuring each LA shareholder to sign an Accession Deed and delivering it to the Issuer;
- (b) delivering to the Issuer a legal opinion from counsel acceptable to the Issuer in a form satisfactory to the Issuer;
- (c) providing the Issuer with evidence (in a form satisfactory to the Issuer) that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its and each LA Shareholder's entry into this agreement and the Accession Deed have been obtained and are current and satisfactory; and
- (d) providing the Issuer with such evidence or documentation as the Issuer may require so as to be satisfied that the Subscriber is permitted to be a party to this agreement and subscribe for Borrower Notes in accordance with clause 15.4(a).

2A.2 Subscriber to countersign Accession Deed: On receipt of the documents described in clause 2A.1 in form and substance satisfactory to the Issuer, the Issuer shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and

(c) retain one counterpart and deliver the other to the relevant CCO.

2A.3 Accession effective: On an Accession Deed being countersigned by the Issuer in accordance with clause 2A.2, the CCO shall be bound by this deed as if it were a party hereto and named herein as a Subscriber.

3. OBLIGATIONS SEVERAL

3.1 The obligations of each Subscriber under this agreement are several. No Subscriber shall be responsible for the obligations of any other Subscriber under this agreement. The failure of a Subscriber to perform its obligations under this agreement shall not release any other Subscriber from its obligations under this agreement.

4. ISSUE AND SUBSCRIPTION

4.1 **Issue and subscription relating to issue of LG Securities:** Subject to clause ~~15.4~~, 15.4, on each date on which a Subscriber issues LG Securities to the Issuer under the Multi-Issuer ~~Issuer~~ Issuer Deed:

- (a) the Issuer shall issue to the Subscriber Borrower Notes in an aggregate Principal Amount (rounded to the nearest dollar, with \$0.50 being rounded up) equal to ~~1.6 percent~~ the BN Percentage on that date of the ~~aggregate~~ LG Issue Price of the related LG Securities; and
- (b) the Subscriber shall subscribe for those Borrower Notes and pay to the Issuer the Issue Price for those Borrower Notes.

4.2 **Set-off:** On each Issue Date, unless the Issuer and the relevant Subscriber agree otherwise, the Subscriber's obligation to pay the Issue Price to the Issuer automatically shall be set-off against the Issuer's obligation to pay the LG Issue Price to the Subscriber for the related Tranche of LG Securities.

4.3 **Issue and subscription following Conversion:**

(a) If, following the Conversion of Borrower Notes in accordance with clause 8.1, in respect of each BN Percentage Period and a Subscriber:

- (i) the aggregate Principal Amount of Borrower Notes (in respect of related LG Securities issued by the Subscriber during that BN Percentage Period) held by a ~~the~~ Subscriber;

is less than ~~1.6% of the aggregate;~~

- (ii) the BN Percentage for that BN Percentage Period of the LG Issue Price of the related LG Securities (issued by the Subscriber during that BN Percentage Period) and then held by the Issuer (less, where the related LG Securities are Amortising Securities, the aggregate Amortised Redemption Amount of such Amortising Securities on the date of the Top-up Notice),

(such a BN Percentage Period a "Relevant BN Percentage Period") the Issuer may, by giving written notice to the Subscriber ("**Top-up Notice**") require the

Subscriber on the date specified in the Top-up Notice (which must be a date not less than 3 months after the date of the Top-up Notice) to subscribe for such number of additional Borrower Notes as are required to be issued to the Subscriber so that:

(iii) the aggregate Principal Amount of Borrower Notes (in respect of related LG Securities issued by the Subscriber during that BN Percentage Period) held by the Subscriber;

will be equal to ~~1.6% of the aggregate~~.

~~(a)(iv)~~ the BN Percentage for that BN Percentage Period of the LG Issue Price of those related LG Securities (issued by the Subscriber during that BN Percentage Period) and then held by the Issuer (less, where the related LG Securities are Amortising Securities, the aggregate Amortised Redemption Amount of such Amortising Securities on the date of the Top-up Notice).

- (b) If a Subscriber receives a Top-up Notice in accordance with clause 4.3(a), on the date specified in the Top-up Notice as the date on which the additional Borrower Notes are to be issued:
- (i) the Issuer shall, subject to the board of directors of the Issuer complying with section 49 of the Companies Act, issue to the Subscriber the amount of Borrower Notes as is specified in the Top-up Notice; and
 - (ii) the Subscriber shall subscribe for those Borrower Notes and pay to the Issuer the Issue Price for those Borrower Notes.
- (c) The Issuer shall not give a Top-up Notice to a Subscriber in accordance with clause 4.3(a) unless it gives a Top-up Notice in respect of all Relevant BN Percentage Periods of that Subscriber and at the same time to all other Subscribers who meet the criteria set out in clause ~~4.3(a), (a) in respect of all Relevant BN Percentage Periods of those other Subscribers,~~ with the intent that the requirement to subscribe for additional Borrower Notes is made to all applicable Subscribers, provided that the Issuer is not obliged to deliver a Top-up Notice to a Subscriber that does not meet the criteria set out in clause ~~15.4(a)~~ 15.4(a) as at the date of the Top-Up Notice.
- (d) For the purposes of this clause 4.3, LG Securities which have been sold by the Issuer pursuant to a Repo Arrangement shall be treated as being held by the Issuer.
- (e) Where the Issuer proposes to give Top-up Notice(s) under clause ~~4.3(a)~~ (a) it may require a Subscriber to provide evidence or documentation in accordance with clause ~~15.4(b)~~ 15.4(b).

4.4 **Creation and issue:** Borrower Notes are issued and created by the Registrar entering into the Register the particulars of the Borrower Notes.

4.5 **Warranty:** Each Subscriber warrants:

- (a) as at the date it becomes a Subscriber, that it is permitted to be a party to this agreement in accordance with clause ~~15.4(a)~~15.4(a); and
- (b) as at the date it subscribes for any Borrower Notes, it met the criteria set out in clause ~~15.4(a)~~15.4(a) as at the date the offer of the Borrower Notes was made to it by the Issuer and continues to meet the criteria as at the date it subscribes for the Borrower Notes.

5. LIMITED RIGHTS FOR SUBSCRIBERS

- 5.1 **No voting rights:** The Borrower Notes do not confer on a Subscriber any right to attend and/or vote at any meeting of the Issuer.
- 5.2 **Corporate events:** The Borrower Notes do not confer on any Subscriber the right to participate in any rights issue or bonus issues of the Issuer.
- 5.3 **Transfer:** The Borrower Notes are not transferrable by a Subscriber, except with the prior written approval of the Issuer ~~- or in accordance with clause 8.5(ia).~~

6. INTEREST

- 6.1 Interest shall accrue on the Principal Amount of each Borrower Note at the applicable Interest Rate. Interest shall accrue daily, shall not compound and, subject to clause 8.3, shall be paid to the relevant Subscriber on the Maturity Date.

7. REDEMPTION

- 7.1 **Redemption:** The Issuer shall redeem each Borrower Note (in full) on the earliest of:
 - (a) its Maturity Date;
 - (b) the date the Issuer ceases to be the holder of the related LG Security (other than pursuant to a repurchase arrangement with the Reserve Bank of New Zealand ("**Repo Arrangement**")) ("**Sale Redemption Date**"); and
 - (c) the date the Subscriber redeems the related LG Security (in full), other than on the "Maturity Date" of that LG Security, in accordance with the terms and conditions applicable to that LG Security ("**Early Redemption Date**").

Such redemption is to be made in accordance with this clause 7, provided however that, clause ~~7.4(e)~~7.1(c) shall not apply to any Borrower Note to which clause ~~8.6~~8.6 applies.

- 7.2 **Redemption by set-off:** Where a Borrower Note is being redeemed on its Maturity Date or Early Redemption Date, unless:

- (a) the Issuer and the relevant Subscriber agree otherwise; or
- (b) ~~-~~clause 8.6 applies to the Borrower Note,

(in which case clause 7.4 shall apply), and subject to clause 12.1, the Issuer's obligation to pay the Redemption Amount to the Subscriber automatically shall be set-off against the

Subscriber's obligation to pay the LG Redemption Amount (or portion thereof) for the related LG Securities and accrued and unpaid interest thereon (if any).

7.3 **Payment in instalments:** If a Borrower Note is issued in relation to a LG Security that is an Amortising Security:

- (a) the Principal Amount of the Borrower Note shall be repayable in instalments on each of the same dates (each an "**instalment date**") that a portion of the LG Redemption Amount of the related LG Security is repayable;
- (b) the amount of the Principal Amount of the Borrower Note that is repayable on each instalment date shall be an amount that bears the same proportion to the Principal Amount as the amount of the LG Redemption Amount repayable on the instalment date bears to the LG Redemption Amount of the related LG Security; and
- (c) unless the Issuer and the relevant Subscriber agree otherwise or the Issuer has ceased to be the holder of the corresponding LG Security and subject to clause 12.1, the Issuer's obligation to repay a portion of the Principal Amount of the Borrower Note on an instalment date automatically shall be set-off against the Subscriber's obligation to repay the portion of the LG Redemption Amount of the related LG Security on the instalment date.

7.4 **Redemption other than by set-off:** Where a Borrower Note is being redeemed on its Sale Redemption Date or, if in accordance with clause 7.2, this clause 7.4 applies to the redemption of a Borrower Note, on the applicable redemption date the Issuer shall, subject to clause 12.1, redeem the Borrower Note by paying the Redemption Amount to the Subscriber.

8. CONVERSION

8.1 **Right to Convert:** If, following the Issuer having made calls for all unpaid capital of the Issuer to be paid in full, the board of directors of the Issuer has determined that there is a risk of imminent default by the Issuer under the terms of any of its Borrowed Money Indebtedness the Issuer may, by giving written notice to each Subscriber ("**Conversion Notice**") elect to Convert such number of the Borrower Notes as the Issuer determines.

8.2 **Pro rata Conversion:** If a Conversion Notice is given in accordance with clause 8.1, the Conversion shall be made proportionally across all Borrower Notes so that the proportionate holdings of Borrower Notes by each Subscriber remains unchanged [\(subject, in the case of a CCO Subscriber, to the transfers of Borrower Notes required to its LA Shareholders under clause 8.5\)](#) following the Conversion (unless all Borrower Notes are Converted).

8.3 **Conversion:** If a Conversion Notice is given in accordance with clause 8.1, on the Conversion Date, the number of Redeemable Shares to be issued to each Subscriber [that is a Local Authority \(including, in respect of a CCO Subscriber, each LA Shareholder, as contemplated by clause 8.5\(ia\)\)](#) on Conversion of the relevant Borrower Notes shall be determined by the Issuer in accordance with the following formula:

$$N = RA \div IP$$

Where:

N = the number of Redeemable Shares to be issued to the Subscriber (rounded to the nearest whole unit, with 0.5 being rounded up);

RA = the aggregate Redemption Amount of the Borrower Notes held by the Subscriber that are to be Converted on the Conversion Date; and

IP = \$1.00, being the issue price per Redeemable Share.

8.4 **Selection by Issuer:** The Issuer shall select the Borrower Notes held by each Subscriber that are to be Converted on a Conversion Date in accordance with clause 8.2 and, if it is not also the Registrar, shall notify the Registrar of the selection.

8.5 **Settlement:** On the relevant Conversion Date without the need for any further act or step by the Issuer, any Subscriber or any other person:

(ia) first, each Borrower Note held by a CCO Subscriber (that is to be Converted on the Conversion Date) shall be automatically and immediately transferred to each LA Shareholder in the number determined by the following formula:

$$N = \text{TBN} \times (\text{SH} / \text{TSH})$$

Where:

N = the number of Borrower Notes to be transferred to the LA Shareholder (rounded up or down to the nearest whole unit at the Issuer's discretion);

TBN = the total number of Borrower Notes held by the CCO Subscriber that are to be Converted on the Conversion Date;

SH = the number of equity securities in the CCO Subscriber held by the LA Shareholder; and

TSH = the aggregate number of equity securities in the CCO Subscriber held by the LA Shareholders.

The consideration for such transfer shall be as agreed between the CCO Subscriber and relevant LA Shareholder;

(a) second:

(i) each Borrower Note to be Converted will immediately be required to be redeemed for its Redemption Amount;

(ii) each Subscriber holding such Borrower Note that is to be Converted agrees to subscribe for the number of Redeemable Shares to be issued to it (calculated in accordance with clause 8.3);

(iii) each Subscriber agrees to pay the Subscription Price to the Issuer on the Conversion Date in consideration for the Issuer issuing Redeemable Shares to it on the Conversion Date;

(iv) the Issuer will immediately and irrevocably apply, on the Subscriber's behalf, the Redemption Amount of the Borrower Notes required to be Converted in satisfaction of the Subscription Price for the Redeemable Shares to be issued to that Subscriber (calculated in accordance with clause 8.3); and

~~(i)~~(v) the Issuer shall (in respect of each Subscriber) issue to that Subscriber the number of Redeemable Shares to be issued to it (calculated in accordance with clause 8.3), enter the name of that Subscriber in the share register of the Issuer as the holder of such Redeemable Shares, and issue to that Subscriber a share certificate for such Redeemable Shares; and

- (b) if requested by the Issuer, each Subscriber shall (if that Subscriber is not an existing shareholder of the Issuer) deliver a signed deed of accession to the Shareholders' Agreement. The Subscriber shall (upon entry of its name in the share register in accordance with clause ~~8.5(a)~~(a)) be deemed to have agreed to be bound by the terms of the Shareholders' Agreement in the event it does not sign such a deed of accession.

8.6 **Exception:** If the board of directors of the Issuer determines:

- (a) having taken legal advice, that the Issuer cannot, with sufficient certainty, determine that it is able to (in compliance with all laws) Convert Borrower Notes; or
- (b) that the Issuer cannot, with sufficient certainty, determine that it is able to (in compliance with all laws) Convert Borrower Notes on or before a date it considers appropriate having regard to the risk of default referred to in clause 8.1,

then the Issuer may, in lieu of Converting Borrower Notes under clause 8.1, by giving written notice to each Subscriber ("**Extension Notice**"), elect to extend the Maturity Date (for such period as the Issuer determines) of such number of Borrower Notes as the Issuer determines. If an Extension Notice is given under this clause 8.6, the extension shall be made in respect of the Borrower Notes that would otherwise have been Converted in accordance with clause 8.2.

8.7 **Effect of Conversion:** Notwithstanding anything to the contrary in any Transaction Document:

(a) if a Borrower Note is transferred to a LA Shareholder in accordance with clause 8.5(ia), then with effect from the Conversion Date:

(i) the LA Shareholder will be the holder of the Borrower Note; and

(ii) the Borrower Note will immediately be required to be Converted in accordance with clause 8.5(a); and

(b) if a Borrower Note is required to be Converted in accordance with clause 8.5(a):

- (i) all of the Issuer's obligations to pay, and the relevant Subscriber's rights to receive, interest on the Borrower Note (including any accrued but unpaid interest) are immediately and irrevocably terminated, and interest will cease to accrue on the Borrower Note; and
- (ii) clause 7 will cease to apply to the Borrower Note.

9. PAYMENTS

- 9.1 **Payments:** Unless otherwise agreed in writing between the parties and subject to clauses 4.2, 7.2-~~and~~, 7.3(c), 8.5(a) and 9.4, all amounts payable under this agreement shall be paid in dollars in immediately available funds to the respective bank account each party may nominate from time to time.
- 9.2 **Payments to be free and clear:** All amounts payable under this agreement shall be paid:
- (a) on an irrevocable basis free and clear of any restriction or condition;
 - (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax. If any such deduction or withholding is required, the Issuer shall not be required to pay any additional amounts in respect of the amounts deducted or withheld; and
 - (c) unless otherwise agreed in writing and subject to clauses 4.2, 7.2-~~and~~, 7.3(c), 8.5(a) and 9.4, without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.
- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Subscribers who are tax resident unless an appropriate exemption certificate is produced to the Issuer (or, on or after 1 April 2020, the Issuer is satisfied that the relevant Subscriber has RWT-Exempt Status) on or before the date 10 days before the date of the relevant payment.
- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Borrower Notes under clause 9.3. If, in respect of any Borrower Note, the Issuer becomes liable to make any payment of, or on account of, tax payable by any Subscriber, then the Issuer shall be indemnified by the relevant Subscriber in respect of such liability. Any moneys paid by the Issuer in respect of such liability may be recovered from the Subscriber as a debt due to the Issuer and may be withheld from any further payments to that Subscriber. Nothing in this clause will prejudice or affect any other right or remedy of the Issuer.
- 9.5 **Maximum rate:** Deductions of resident withholding tax will be made at the maximum rates from time to time applicable unless a Subscriber provides evidence to the Issuer (acceptable to it) that a lesser rate is applicable.
- 9.6 **Tax status:** The Issuer shall be entitled for the purposes of this clause 9 to rely, without further enquiry, upon any statement made by or on behalf of a Subscriber in relation to that Subscriber's tax status or tax residency.

9.7 **Refund of payments:** If any payment received or recovered by a Subscriber or any other person on behalf of the Subscriber is or may be avoided, whether by law or otherwise, then:

- (a) such payment shall be deemed not to have affected or discharged the liability of the Issuer under this agreement and the Subscriber shall, to the maximum extent permitted by law, be restored to the position in which it would have been if such payment had not been received or recovered; and
- (b) the Subscriber shall be entitled to exercise all rights which the Subscriber would have been entitled to exercise if such payment had not been received or recovered.

9.8 **Business Days:** Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

10. REGISTER

10.1 **Register:** The Issuer agrees to establish and maintain the Register in which the Issuer will record such details as it considers fit, including:

- (a) the name and address of each Subscriber;
- (b) the Issue Date and Maturity Date (and any extension made under clause 8.6) of the Borrower Notes;
- (c) the related LG Securities; and
- (d) each redemption or Conversion of the Borrower Notes.

10.2 **Register conclusive:** Each Subscriber and the Issuer is:

- (a) entitled to rely upon the entries in the Register as constituting the sole and conclusive record of each Borrower Note and as to the person entitled to the Borrower Notes; and
- (b) to have the power, in its absolute discretion, to correct (or, in the case of the Subscriber and in respect of its Borrower Notes only, require correction of) the Register if the Register is incorrect.

10.3 **Inspection:** The Issuer shall make that part of the Register that relates to a Subscriber available for inspection by a Subscriber at the Issuer's principal place of business during normal office hours upon receiving reasonable notice from the Subscriber.

10.4 **Appointment of Registrar:** The Issuer shall be entitled to appoint an appropriately qualified person to maintain the Register in accordance with clause 10.1 on its behalf.

11. RANKING OF NOTES

11.1 The Borrower Notes are unsecured debt securities issued by the Issuer, subordinated in accordance with clause 12, and an unsecured liability of the Issuer. The Borrower Notes

rank pari passu without any preference among themselves. The Issuer may issue securities ranking equally with or in priority to the Borrower Notes.

12. SUBORDINATION

12.1 **Subordination:** The rights and claims of Subscribers are, in a Winding Up of the Issuer, subordinated to the claims of the Senior Creditors (with the intent that all claims of Senior Creditors shall be paid in full before any claims of the Subscribers are paid), and prior to the commencement of a Winding Up of the Issuer:

- (a) the obligation of the Issuer to make any payment in respect of the Borrower Notes is conditional upon the Issuer being solvent at the time the relevant payment falls due; and
- (b) no payment shall be made in respect of the Borrower Notes except to the extent that the Issuer may make such payment and still be solvent immediately thereafter.

12.2 Solvency:

- (a) For the purposes of clause 12.1, the Issuer shall be considered to be solvent at any time if at that time it is able to meet the solvency test in section 4 of the Companies Act.
- (b) A certificate as to whether the Issuer is solvent signed by two authorised signatories of the Issuer shall be prima facie evidence of the information contained therein.

12.3 **Contingent debt:** On a Winding Up of the Issuer, the Subscribers shall only be entitled to prove for any sum payable in respect of the Borrower Notes as a debt which is subject to and contingent upon prior payment in full of the Senior Creditors. Each Subscriber agrees, and by subscribing for a Borrower Note each Subscriber of the Borrower Note will be deemed to agree, that:

- (a) in accordance with section 313(3) of the Companies Act, it is accepting a lower priority in respect of the debt represented by the Borrower Note than that which it would otherwise have under section 313; and
- (b) nothing in section 313 will prevent this agreement from having effect in accordance with its terms.

12.4 **No set-off:** No Subscriber shall be entitled to set-off against any amounts due in respect of the Borrower Notes held by that Subscriber any amount held by the Subscriber to the credit of the Issuer or otherwise to reduce the amount due to such Subscriber in respect of a Borrower Note by merger of accounts or lien or the exercise of any other rights of like effect, except to the extent permitted by clause 7.2 or 7.3(c). To the extent any set-off (other than a set-off permitted by clause 7.2 or 7.3(c)), merger, lien or other right is required by law to be exercised that exercise shall be subject to clause 12.5.

12.5 **Trust:** Any payment, whether voluntarily or in any other circumstances, received by a Subscriber from or on account of the Issuer (including by way of credit, set-off or otherwise) or from any liquidator, receiver, manager or statutory manager of the Issuer in breach of this clause 12 will be held by the relevant Subscriber in trust for and to the order of the Senior

Creditors. The trust hereby created shall be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full or eighty years [\(or such longer period as permitted by law\)](#) from the date of this agreement. No Subscriber shall have any obligation under this clause 12 in respect of any payment received by anyone other than itself.

- 12.6 ~~Contracts Privity~~[Contract and Commercial Law](#) Act: For the purposes of the ~~Contracts~~[\(Privity\) Contract and Commercial Law](#) Act ~~1982~~[2017](#) the provisions of this clause 12 are intended to confer a benefit upon the Senior Creditors and to be enforceable by the Senior Creditors directly, but no consent of the Senior Creditors shall be required to any modification or amendment to this clause 12 in accordance with clause 14.

13. NOTICES

- 13.1 **Writing:** Each notice or other communication to be given or made under this agreement to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this agreement;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
 - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or
 - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

- 13.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of this agreement, are set out below:

- (a) **The Subscribers:** those details set out under the heading "Details for notices" for the relevant Subscriber in schedule 1 or otherwise provided in the relevant Accession Deed.

- (b) **The Issuer:**

City Chambers
Level 8, 142 Featherston Street
PO Box 5704, Wellington, 6145

Email: lgfa@lgfa.co.nz
Attention: Chief Executive

14. AMENDMENTS

- 14.1 This agreement shall not be amended except with the written agreement of the Issuer and all of the Subscribers, provided that the Issuer may, by notice to all parties to this agreement, vary clause ~~15.4~~15.4 to permit persons to become parties to this agreement and Subscribers to subscribe for Borrower Notes (as applicable) if they satisfy the terms of any exemption obtained by the Issuer from the requirements of the FMC Act with respect to this agreement, but any such variation shall not affect the status of any existing Subscriber as a Subscriber under this agreement.

15. MISCELLANEOUS

- 15.1 **Waivers and remedies:** Time shall be of the essence of this agreement but no delay in acting, or failure to act, by the Issuer is a waiver of any of the Issuer's rights. The rights provided in this agreement do not exclude any rights provided by law.
- 15.2 **Partial invalidity:** An invalid provision in this agreement shall not affect the enforceability of the remaining provisions of this agreement.
- 15.3 **Sections 40 and 49 of the Companies Act:** This agreement is subject to the board of directors of the Issuer complying with section 49 of Companies Act.
- 15.4 **Securities Act and FMC Act:**
- (a) The only persons which are permitted to become parties to this agreement and/or subscribe for Borrower Notes are:
 - (i) prior to 1 June 2015:
 - (aa) "eligible persons" for the purposes of sections 5(2CB) and 5(2CBA) of the Securities Act, as defined in section 5(2CC) of the Securities Act; and
 - (bb) persons who fall within 1 or more of the categories set out in subparagraphs (i) to (iii) of section 3(2)(a) of the Securities Act, and
 - (ii) on and from 1 June 2015, "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) and (in the case of a CCO Subscriber only) clause 3(3)(a) of Schedule 1 to the FMC Act, being a person who is:
 - (aa) an "investment business";
 - (bb) "large"; ~~or~~
 - (cc) a "government agency" ~~or~~ or
 - (dd) an "eligible investor" (in the case of a CCO Subscriber only).

in each case as defined in Schedule 1 to the FMC Act. ~~For the avoidance of doubt, "eligible investors" (as defined in (each a "wholesale investor"), or an entity controlled by a wholesale investor where "control" has the FMC Act), among others, may not become parties to this agreement and/or subscribe for Borrower Notes meaning given in clause 48 of Schedule 1.~~

- (b) Prior to the Issuer offering to issue Borrower Notes to a Subscriber and/or a Subscriber subscribing for any Borrower Notes in each case in accordance with clauses ~~4.1 or 4.3~~, 4.1 or 4.3, the Subscriber must promptly (if requested by the Issuer) provide the Issuer with evidence or documentation (in a form satisfactory to the Issuer) which satisfies the Issuer that the Subscriber meets the criteria set out in sub-clauses ~~15.4(a)(i) or (ii)~~ (a)(i) or (a)(ii) as at the date of the offer by the Issuer and subscription by the Subscriber.

- 15.5 **Counterparts:** This agreement may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this agreement by signing any such counterpart.

16. GOVERNING LAW

- 16.1 This agreement shall be governed by New Zealand law.

17. NO CROWN GUARANTEE

- 17.1 The parties acknowledge that the obligations and liabilities of the Issuer under this agreement are not guaranteed by the Crown.



SIGNATURES

[ORIGINAL EXECUTION BLOCKS INTENTIONALLY DELETED]

SCHEDULE 1 - PRINCIPAL SHAREHOLDERS

Local Authority name:

Details for notices:

Auckland Council	<p>Delivery Address: 1 Greys Avenue 135 Albert Street Auckland Central 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Fax: (09) 368 5964</p> <p>Email: john.bishop@aucklandcouncil.govt.nz</p> <p>Attention: Mark Butcher John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>0800 884 882</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Brian Trott Mat Taylor</p>
Christchurch City Council	<p>Delivery Address: Civic Offices 53 Hereford Street Christchurch</p> <p>Postal Address: P O Box 73016 Christchurch 8154</p> <p>Fax: 03 941 8811</p> <p>Email: Treasury@ccc.govt.nz</p> <p>Attention: Paul Anderson Andrew Jefferies</p>
Hamilton City Council	<p>Delivery Address: 260 Anglesea Street Council Building Garden Place Hamilton 3240</p>

	<p>Postal Address: Private Bag 3010 Hamilton 3240</p> <p>Fax: 07-838-6616</p> <p>Email: david.bryant@hcc.govt.nz</p> <p>Attention: Matthew Walker David Bryant</p>
Hastings District Council	<p>Delivery Address: 207 Lyndon Road East Hastings 4122</p> <p>Postal Address: Private Bag 9002 Hastings 4156</p> <p>Fax: 06-871-5101</p> <p>Email: brucea@hdc.govt.nz</p> <p>Attention: Tony Gray Bruce Allan</p>
Masterton District Council	<p>Delivery Address: 64 Chapel Street 27 Lincoln Road Masterton 5840 5810</p> <p>Postal Address: PO Box 444 Masterton 5840</p> <p>Fax: 06-378-8400</p> <p>Email: davidp@mstn.govt.nz</p> <p>Attention: David Paris Manager Finance</p>
New Plymouth District Council	<p>Delivery Address: Liardet St New Plymouth</p> <p>Postal Address: Private Bag 2025 New Plymouth 4342</p> <p>Fax: 06-759-6072</p> <p>Email: alison.trustrumrainey@npdc.govt.nz / carla.freeman@npdc.govt.nz</p> <p>Attention: Philip Armstrong Alison TrustrumRainey / Carla Freeman</p>

<p>OtorohangaŌtorohanga District Council</p>	<p>Delivery Address: 17 Maniapoto Street OtorohangaŌtorohanga 3940</p> <p>Postal Address PO Box 11 OtorohangaŌtorohanga 3940 Fax: 07-873-4300 Email: <u>grahamb@otodc.govt.nz</u></p> <p>Attention: Graham Bunn</p>
<p>Selwyn District Council</p>	<p>Delivery Address: 2 Norman Kirk Drive Rolleston</p> <p>Postal Address: P O Box 90 Rolleston 7643 Fax: 03-347-2799</p> <p>Email: <u>Treasury.management@selwyn.govt.nz</u></p> <p>Attention: Douglas MarshallGreg Bell</p>
<p>South Taranaki District Council</p>	<p>Delivery Address: 105-111 Albion Street Hawera 4610</p> <p>Postal Address: Private Bag 902 Hawera 4640</p> <p>Fax: 06-278-8757 Email: <u>Vipul.mehta@stdc.govt.nz</u></p> <p>Attention: Vipul Mehta</p>
<p>Tasman District Council</p>	<p>Delivery Address: 189 Queen Street, Richmond, Nelson 7050</p> <p>Postal Address Private Bag 4 Richmond, Nelson 7050</p> <p>Fax: 03-543-9524</p> <p>Email: <u>treasury@tasman.govt.nz</u></p> <p>Attention: Murray StaiteCorporate Services Manager</p>
<p>Taupo District Council</p>	<p>Delivery Address: 72 Lake Terrace Taupo 3330</p>

	<p>Postal Address: Private Bag 2005 Taupo 3352</p> <p>Fax: 07 377 2985</p> <p>Email: nward@taupo.govt.nz</p> <p>Attention: Rob Williams Neil Ward</p>
Tauranga City Council	<p>Delivery Address: 91 Willow Street Tauranga 3143</p> <p>Postal Address: Private Bag 12022 Tauranga 3143</p> <p>Fax: 07 577 7056</p> <p>Email: treasury.settlements@tauranga.govt.nz</p> <p>Attention: Mohan De Mel</p>
Waipa District Council	<p>Delivery Address: 101 Bank Street Te Awamutu</p> <p>Postal Address: Private Bag 2402 Te Awamutu 3800</p> <p>Fax: 07 872 0033</p> <p>Email: Farrah.Templeton@waipadc.govt.nz Sarah.Davies@waipadc.govt.nz Ken.Morris@waipadc.govt.nz</p> <p>Attention: Ken Morris</p>
Wellington City Council	<p>Delivery Address: 101 Wakefield Street Wellington City Council 113 The Terrace Wellington</p> <p>Postal Address: PO Box 2199 Wellington 6140</p> <p>Fax: 04 801 3090</p> <p>Email: martin.read@wcc.govt.nz</p> <p>Attention: Danny McComb Martin Read</p>
Wellington Regional Council	<p>Delivery Address: 142 Wakefield Street</p>

	<p>Shed 39, 2 Fryatt Quay, Pipitea Wellington 6011</p> <p>Postal Address: P O Box 11646 Manners Street Wellington 6142</p> <p>Fax: 04 385 3973 Email: mike.timmer@gw.govt.nz matthias.zuschlag@gw.govt.nz</p> <p>Attention: Mike Timmer</p>
Western Bay Of Plenty District Council	<p>Delivery Address: Barkes Corner Greerton Tauranga</p> <p>Postal Address: Private Bag 12803 Tauranga 3143</p> <p>Fax: 07 577 9280 Email: kumaren.perumal@westernbay.govt.nz</p> <p>Attention: Matthew Potton Kumaren Perumal</p>
Whangarei District Council	<p>Delivery Address: Forum North Rust Avenue Whangarei</p> <p>Postal Address: Private Bag 9023 Whangarei 0148</p> <p>Fax: 09 438 7632 Email: alan.adcock@wdc.govt.nz</p> <p>Attention: Alan Adcock</p>

SCHEDULE 2 - FORM OF ACCESSION DEED

ACCESSION DEED dated [•].

BETWEEN [•] PARTIES



("Acceding Party", and-)

New Zealand Local Government Funding Agency Limited

("Issuer")

pursuant to the Notes Subscription Agreement defined below.

INTRODUCTION

- A. The Issuer has agreed that the Acceding Party may accede to the Notes Subscription Agreement as a "Subscriber".
- B. This deed records the accession.

AGREEMENT:

1. INTERPRETATION

- 1.1 **Interpretation:** In this deed:

"Local Authority" means has the meaning given to it in the Local Government Act 2002.

"Notes Subscription Agreement" means the notes subscription agreement dated [•] 2011 7 December 2011 (as amended from time to time) between the Issuer and various Local Authorities.

- 1.2 **Notes Subscription Agreement:** Terms defined in the Notes Subscription Agreement have the same meaning in this deed unless the context requires otherwise.

2. ACCESSION

- 2.1 **Accession:** The Acceding Party hereby agrees with the Issuer that with effect on and from the date this deed is counter-signed by the Issuer, it will be bound by the Notes Subscription Agreement as a Subscriber as if it had been an original party thereto and named therein as a Subscriber, and agrees to be bound by the terms of, and perform its obligations under, the Notes Subscription Agreement.
- 2.2 **Acknowledgement:** The Issuer acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Notes Subscription Agreement.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Notes Subscription Agreement are: *[specify]*

4. GOVERNING LAW

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

5. NO CROWN GUARANTEE

The obligations and liabilities of the *[Acceding Party and]* Issuer under this deed and the Notes Subscription Agreement are not guaranteed by the Crown. *[Note: Delete reference to Acceding Party if CCO is acceding as no equivalent to section 122 of the Act for CCO.]*

6. COUNTERPARTS

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

EXECUTED AS A DEED**Acceding Party****[Local Authority/CCO]** by:_____
Signature of [Elected Member/Director]_____
Signature of [Elected Member/Director]_____
Name of [Elected Member/Director]_____
Name of [Elected Member/Director]**Issuer****NEW ZEALAND Local Government Funding****AGENCY LIMITED** by:_____
Signature of ~~director~~Director_____
Signature of ~~director~~Director_____
Name of ~~director~~Director_____
Name of ~~director~~Director

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "LA Shareholder":

- (a) _____ acknowledges the terms of this deed and the Notes Subscription Agreement; and
 (b) _____ agrees to the automatic and immediate transfer to it of any Borrower Notes held by the
Acceding Party in the manner contemplated by clause 8 of the Notes Subscription
Agreement.

ACKNOWLEDGED BY:**[LA SHAREHOLDER]** by:_____
Signature of Elected Member_____
Signature of Elected Member_____
Name of Elected Member_____
Name of Elected Member

ANNEX TO THE ACCESSION DEED

1. LA Shareholder: As at the date of this deed, for the purposes of the Notes Subscription Agreement, the LA Shareholder[s] in respect of the Acceding Party is: [specify].

8.8 CEO REPORT

Author: Steven May, Tumu Whakarae Chief Executive Officer

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: Nil



1. PURPOSE

- 1.1. This report from the CEO provides an update to Council , No decisions are required by Council at this stage. A verbal report will be delivered in this instance. This is due to the rapidly changing landscape under Pandemic lock down 4 and transition to level 3.

RECOMMENDATION

The Tumu Whakarae Chief Executive Officer RECOMMENDS that Council receive the report.

Signatories

	
Author Steven May	Approved by Steven May

8.9 COUNCIL PERFORMANCE FOR THE 9 MONTHS TO 31 MARCH 2020

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: 1. Third Quarter Report [↓](#)

1. PURPOSE

- 1.1 This report provides information on Council's performance for the 9 months ended 31 March 2020. No decisions are required by Council at this stage.
- 1.2 This is an information report-only report because it provides an update on Council's progress against objectives established and decisions previously made in the Annual Plan 2019-20 and Long-term Plan 2018-28.

RECOMMENDATION

The Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support RECOMMENDS that Council receive the report.



2. BACKGROUND

- 2.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002.
- 2.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial stability; and its delivery of service and value contributing to community outcomes.
- 2.3 In addition, reporting during the year provides an indication of full year outcomes and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.
- 2.4 The report, attached as **Appendix 1**, sets out the financial and non-financial performance results against estimated phased budgets and service KPI for each Group of Activities and the whole of council. These schedules are supplemented by commentary and performance stories that explain the results.

References (to or from other Committees)

Council -11 February 2020 - Half Year Performance 2019/20

Signatories

	
Author Gary Borg	Approved by Steven May

THIRD QUARTER REPORT

TO 31 MARCH 2020



TE WAIROA
WAIROA DISTRICT

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MESSAGE FROM THE CHIEF EXECUTIVE

This 3rd quarter has been focussed by further submission to central Government funding streams to pay for essential infrastructure projects and Tourism initiatives which will stimulate economic development within the Wairoa District.

As the Council's major source of funding is derived from our rate payers, the increasing costs for legal compliance and replacing aging infrastructure is extremely challenging but unavoidable.

Over previous years the a portion of the full costs of operating to legal compliance and providing safe and effective infrastructure has been offset by Council reserves being utilised to reduce rating increases. This has resulted in income from interest on these funds being reduced and then unable to be directed to subsidize rating increases.

With the emerging identification of Covid 19 and the economic impact globally and nationally the effects for Wairoa are yet to be fully identified . Council will need to continue to balance its considerations for desired levels of services with the true costs of these services being rated for, in order to provide fiscal responsibility for the intergenerational community.



Steven May
Tumu Whakarae | Chief Executive Officer

ABOUT THIS DOCUMENT

This third quarter report covers the period 1 July 2019 to 31 March 2020. The report highlights our progress against the goals we have set ourselves. It gives particular focus to the statement of service performance (SSP) measures and performance stories for each activity.

The SSP measures and their targets are how we track and assess delivery of Council services. Our Long-term Plan 2018-2028 included a comprehensive update of the Council's suite of performance indicators and measures. These measures were implemented during 2018/19 and measured for the first time in the 2019 Annual Report. This third quarter check-in allows us to identify any areas of focus before the formal reporting at year end.

A number of SSP measures are measured through the Customer Service Request (CSR) system. This system is integrated into the Council's software package MagiQ, and the Customer Services team has undertaken a project to redesign the internal reporting methodology in order to facilitate easier and more accurate reporting of these through the year. The finalisation of the necessary reports, and associated training for staff was delivered by MagiQ in late February 2020.

The third quarter report includes summarised SSP achievement year to date (YTD) as compared to budget adherence. This highlights areas of mismatch between service delivery and departmental budgets, and will allow informed discussions on ways to improve our service delivery while ensuring value for money for ratepayers. This also highlights that a number of measures are only evaluated in the 4th quarter, which does not allow for any responsiveness to targets not being met. This analysis is useful for informing the setting of measures in the next LTP.

FINANCIAL COMMENTARY

The interim financial statements can be found at Appendix 1, along with analysis of key variances identified.

The third quarter financial results reflect the Council's ongoing commitment to managing its finances prudently while delivering community services and critical infrastructure to support the district's growth. At the end of March 2020, Wairoa District Council had a net surplus on operations of \$3,539K against a YTD budget of \$3,734K.

The lower than budgeted surplus is primarily a result of wastewater costs spend of \$458k on desludging of the oxidation ponds. The cost of this project is budgeted as a carry forward of a capital expense, however has been reported as an operating expenses at half year in line with financial reporting standards. It is proposed that the desludging process will occur approximately every 10 years for removal of non-biological solids, such as silts and is budgeted for in the Long-term Plan - Finance and Community Assets and Services staff are working together to ensure the classification of projects are consistent in both budget and reporting, and that appropriate provisions are made where required for large but infrequent operating costs in the future.

Some unbudgeted increases in activity spend have been unavoidable, for example solid waste costs relating to government levies are higher due to an increase in the levies charged. Others relate to unpredictable phasing of activities throughout the period, such as maintenance on water treatment operations.

HIGHLIGHTS OF THE YEAR TO DATE



\$20 MILLION
PGF FUNDING SECURED



24,273
LIBRARY VISITS
(TO 29/2/2020)



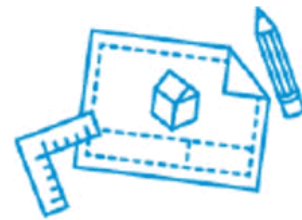
100 LGOIMA
REQUESTS RECEIVED



62.9 TONNES OF WASTE
DIVERTED FROM LANDFILL



23KM
SEALED ROADS
RESURFACED



\$14.47 MILLION
VALUE OF BUILDING
CONSENTS ISSUED



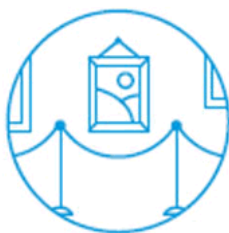
70 ARCHIVE ENQUIRIES
161 FILES DIGITISED



12
OPEN SEWER
PIPES CAPPED



13,000M3
MAINTENANCY METAL
APPLIED TO ROADS



2,346
MUSEUM VISITS
(TO 31/12/2019)



77
BUILDING CONSENTS
ISSUED



8 MARAE
REGISTERED WITH
PARA KORE (ZERO WASTE)

The above infographics are primarily taken from the annual report of Wellington City Council. These have been used for the purposes of exploring presentation options. Future reports will include development of our own infographics for these highlights.

OUR FINANCES

For the financial year to date, Council has achieved an underlying surplus of XXX. Our financial position remains healthy. Council debt is within Council's borrowing policy and we have investments that provide returns exceeding debt servicing costs.

\$21 MILLION COST OF RUNNING THE DISTRICT

Our total operating expenses for the YTD were \$21 million which represents the cost of running the district during the year.

\$8.81 OPERATIONAL COST OF DELIVERING ALL COUNCIL SERVICES PER RATING UNIT PER DAY

Our services include managing and maintaining facilities like libraries, sports fields and parks, as well as keeping our roads and footpaths at a high standard, making sure we all have safe water to drink, and supporting community events.

\$9 MILLION BORROWING POSITION

This is an increase of \$5.5 million from last year which equates to \$1,036.87 per person in the district. We use borrowing to spread the cost of new facilities or infrastructure over multiple generations that will benefit from the projects. We believe this is the fairest way to do things.

\$11.9 MILLION CAPITAL SPEND

In the 9 months YTD we have spent \$11.9 million on building new assets for the district. This was \$709k less than our planned \$12.9 million YTD. This underspend is as a result of the re-phasing of some projects.

\$1:\$7.57 DEBT SERVICING COSTS TO INVESTMENT RETURNS

For every \$1 the Council incurs on paying interest on debt, it receives \$7.57 from its investments. In the 9 months YTD Council received \$248k interest income from investments, \$274k other investment income and paid \$69k in loan interest.

\$274 MILLION OF ASSETS

The Council provides services to the city through a range of infrastructure networks and facilities (Council assets). These have been built up over many generations and equate to around \$31,584 net worth of value for every person in the district.

OVERVIEW OF PERFORMANCE MEASURES AGAINST 2019/20 TARGETS

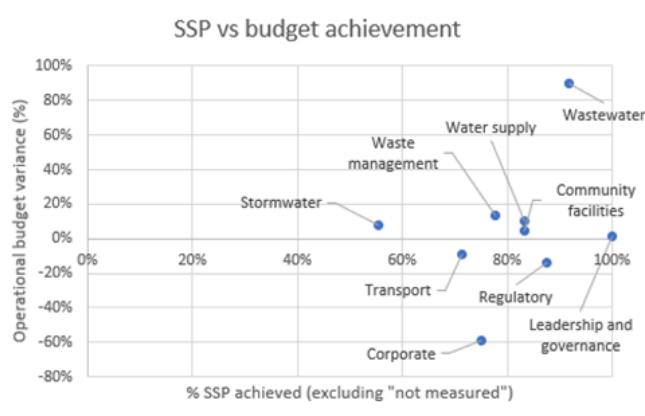
Our key performance measures and their targets are how we track and assess the delivery of Council services. Our 10-year plan 2018-2028 included a comprehensive update of the Council's suite of performance indicators and measures. These measures were implemented during 2018/19.

The Council undertakes a customer satisfaction survey which informs a number of these metrics in quarter 4. This is why there are a number of items showing as "not measured." We can compare these to budget variance to demonstrate how economically each department is performing against their targets.

Further details of our performance measures and results are detailed in each activity area report.

⊗	Not met	13
✓	Met	56
⊖	Not measured	34
Grand total		103

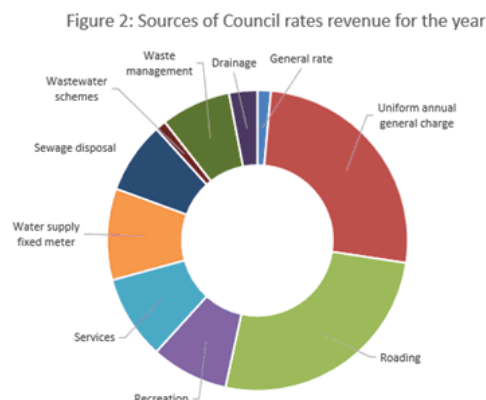
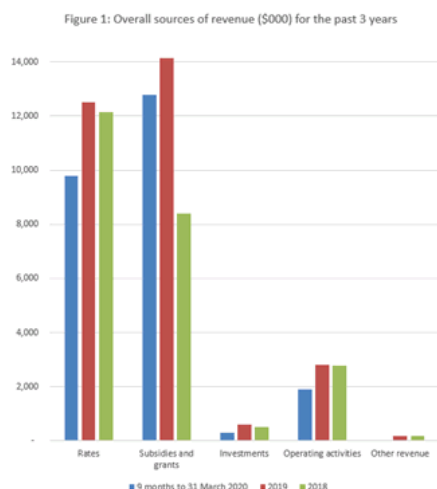
The total measures reported here include individual components of measures with multiple targets.



WHERE OUR MONEY COMES FROM

Figure 1 shows that subsidies and grants are our main source of funding (52%) YTD, with revenue from rates the next largest source (40%). We also receive revenue operating activities (including user fees) and investments.

Figure 2 shows the sources of Council's rates revenue for the year (based on the annual plan) is mainly made up of the uniform general charge. Other key sources are roading, water supply and sewerage targeted rates.



WHERE THE MONEY GOES

Figure 3 summarises the difference between the actual and budgeted operating expenditure for each Group of Activities. It shows how the Council has prioritised its spending to support the operational and strategic direction that has been set during the Annual Plan process. Details of the financial performance against budget for each activity can be found in the funding impact statements for each activity, and in the financial statements in Appendix I.

Figure 3: Difference between actual and budgeted operating expenditure (\$000)

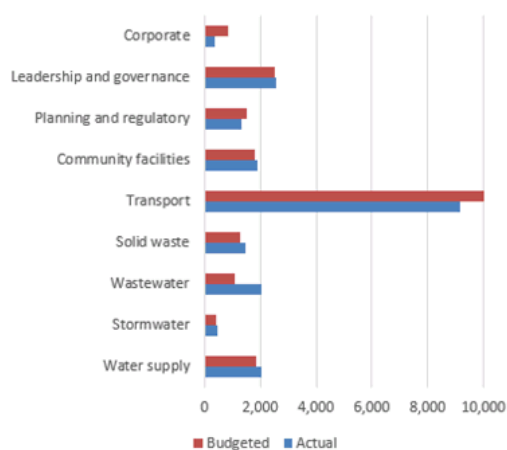


Figure 4: Difference between actual and budgeted capital expenditure (\$000)

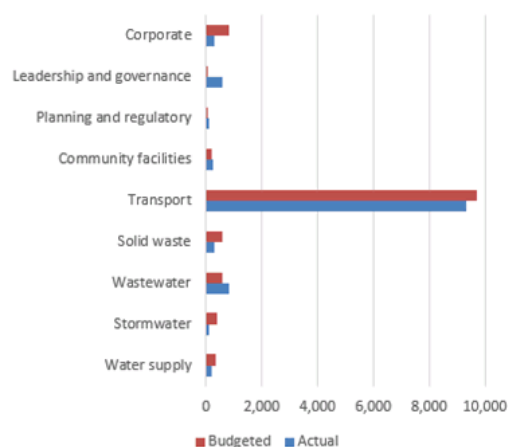


Figure 4 shows a summary of capital expenditure by activity. We have a comprehensive renewal and upgrade programme for our assets and have completed \$11.9 million of capital expenditure during the 9 months ended 31 March 2020. This equates to 94% percent of the budget for the same period. Delays in a number of projects occurred during the year due to changes in design, negotiations or consultation and consents requirements. Some projects that could not be started have been deferred to the Draft Annual Plan 2020/21.

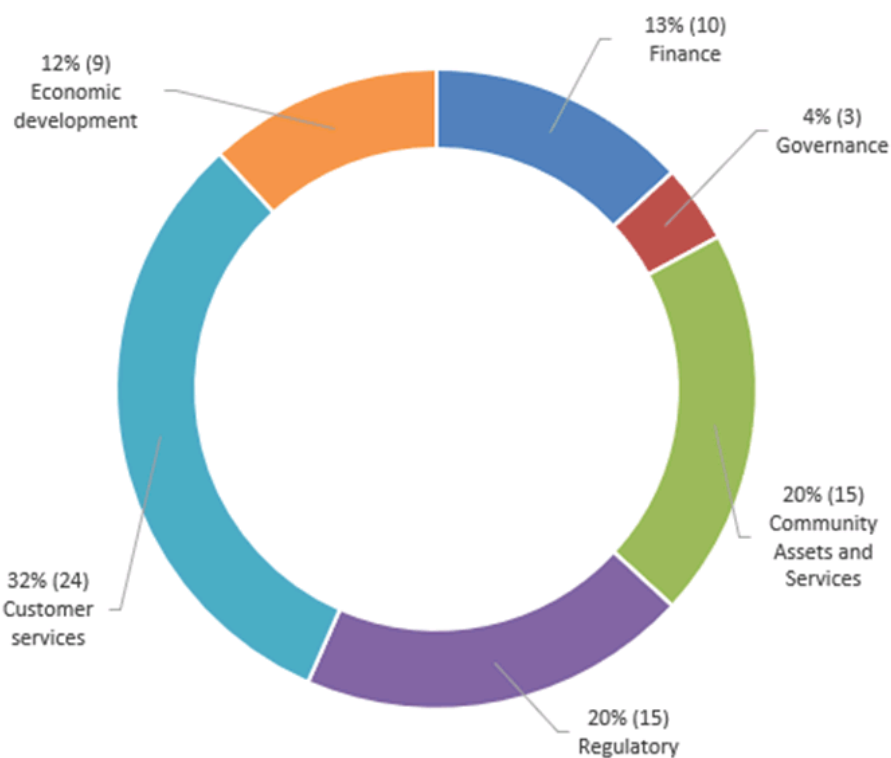
OUR STAFF

We work to ensure that the Council is an attractive place to work in order to attract and retain skilled and qualified people. In 2019 we undertook an organisation development programme focusing on building a constructive culture. This involved workshops for all staff.

The graphs and tables in this section show which areas our staff work in, their gender and type of employment

Women make up 51 percent of our workforce, 93 percent of our staff are permanent employees. 18 percent of our employees work on a part-time or casual basis. The rich mix of people who work at the Council has a positive impact on our work culture and productivity.

Staff members by activity area



Employee type	Number	% of total
Full-time	62	82%
Part-time	12	16%
Casual	2	3%
WDC headcount*	76	100%

**excludes contractors*

Employee class	Number	% of total
Permanent	71	93%
Fixed Term	3	4%
Casual	2	3%
WDC headcount*	76	100%

SUMMARY OF WHAT WE DO

Most of the work we do and the services we provide are in nine activity areas.

This report outlines each activity area, including an overview of the groups of activities, highlights, challenges, performance information and what it costs. The 2019/20 reporting year is year two of our Long-term Plan.

WATER SUPPLY



We own and operate water supply systems in Wairoa, Frasertown, Tuai, Blue Bay (non-operational) and Māhanga (pending upgrade).

TRANSPORT



We provide and maintain roads, bridges, retaining structure, footpaths and streetlights to ensure the safe and efficient flow of traffic. We provide signs and traffic signals, carparking and other road related amenities. We fund the airport activity to maintain an operational facility in the district to serve the needs of the community.

We manage resource planning and design, control building activity and land use and assess risks from earthquake prone buildings. We provide environmental health and liquor control services, dog control livestock control and general bylaw enforcement.

LEADERSHIP & GOVERNANCE



We inform residents and engage with them about the district and the issues it faces, manage local elections and work with Māori to make decision in the best interests of the district and its people. We also work to attract and support business activity, tourism and operate the information centre and the Gaiety Theatre.

WASTE WATER



We own and operate wastewater systems in Wairoa, Tuai, Mahia and Opoutama.

COMMUNITY FACILITIES



We provide community and social facilities throughout the district, which includes public cemeteries, the library, sports fields, parks, playgrounds and reserves. We support community events, initiatives and facilities including the community centre and pool and the Wairoa museum.

CORPORATE FUNCTIONS



We hold investments in order to offset expenditure associated with day-to-day operations, and fund projects that will provide sustainable infrastructure and services in the future. Our investment management involves equity and treasury investments, loan advances and property investments.

STORM WATER



We provide stormwater services which consist of a network of pipes, open drains and outlets in the Wairoa urban area, Tuai village and Mahia.

WASTE MANAGEMENT












We look after waste reduction and disposal by providing waste management facilities and ensuring refuse can be disposed of in a controlled manner.

PLANNING & REGULATORY



OUR PRIORITY AREAS

		1	2	3	4	5	6	7	8	9	Significant Initiatives
	WATER SUPPLY	★				★		★	★	★	Works on water supply intake, Māhanga water supply, Blue Bay water supply
	WASTE WATER	★		★		★		★	★	★	Wastewater discharge consent, Modification of existing wastewater facilities, Transitioning to a land-based discharge, Network renewals commitment, River health partnership strategy
	STORM WATER	★	★		★	★		★	★	★	Piping open drains
	WASTE MANAGEMENT	★	★	★	★	★		★		★	Wairoa Landfill services Mahia greenwaste and recycling centre
	TRANSPORT	★	★	★	★	★	★	★	★	★	Bridge strengthening programme Roding: Maintaining State Highway 38 Roding: Reducing dust impact Roding: Emergency works and reinstatement
	COMMUNITY FACILITIES		★	★	★	★		★	★	★	CBD enhancement Works on Tuai Hall
	PLANNING & REGULATORY	★		★	★	★		★	★	★	
	LEADERSHIP & GOVERNANCE	★	★	★	★	★	★	★	★	★	
	CORPORATE FUNCTIONS	★	★	★		★		★	★	★	

ECONOMIC WELLBEING

- 1 A strong, prosperous and thriving economy
- 2 A safe and integrated infrastructure

SOCIAL & CULTURAL WELLBEING

- 3 A community that values and promotes its culture & heritage
- 4 A safe and integrated infrastructure
- 5 Supportive, caring and valued communities
- 6 Strong district leadership and a sense of belonging

ENVIRONMENTAL WELLBEING

- 7 A safe and secure community
- 8 A safe and integrated infrastructure
- 9 Supportive, caring and valued communities

QUALITY ROADING AND SERVICES (WAIROA) LIMITED

Quality Roading and Services (Wairoa) Limited (QRS) is a Council-controlled organisation that is 100% owned by the Wairoa District Council.

QRS is a specialist construction and maintenance provider of all types of civil construction, infrastructure and roading. The principal activities of the company are:

- roading maintenance and construction
- civil construction
- quarrying
- utility services
- reserves maintenance
- heavy transport
- other activities associated with any of the above.

Further information on QRS is available from their website www.qrs.co.nz.

Council's objectives for QRS are:

- To ensure the company is profitable, and all financial targets are met.
- To ensure the company has a positive cash flow.
- To ensure the governance of the company is effective.

QRS reports to the Council 6 monthly.

The company has reported **revenue of \$12.8 million** in the 6 months ended 31 December 2019. This is a new company record and has been driven in the main through central government funding in regional road safety initiatives and improvements. Underlying **profit from operations of \$351,000** is strong. As a result, the Directors resolved to pay an interim dividend of \$50,000 to the Council.

The forecast for the remaining year highlights uncertainties with COVID-19, Brexit, climate change and American politics. Recent announcements by the NZ Government regarding increases in road spending are being treated with caution as QRS management awaits decisions on where in NZ this money is to be spent.

Based on current information a decline in profitability is expected in the second half of the financial year. However the Company is confident of meeting all company milestones as stated in the Statement of Intent 2019-22.

The following performance targets, as set out in the company's Statement of Intent 2019-22, are the measures by which the company's performance will be judged.

	6 months to 31 December 2019 Actual	12 months to 30 June 2019 Actual	Plan
Net profit before tax as a percentage of opening shareholder funds	5%	26.5%	6%
Total cost of public debt servicing not to exceed 20% of operating revenue	0.28%	-0.5%	<20%
Ratio of shareholder funds to total assets – not less than 45%	54.6%	54.5%	>45%
Working Capital Ratio	1.6	1.5	>1

ACTIVITY GROUP ONE - WATER SUPPLY

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
2	10	8	20

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	2,047	1,852	195
Capital expenditure	190	326	(136)

OUR PERFORMANCE STORY

Network renewals

The installation of *smart meters* is underway. There is currently a high percentage of water loss and non-revenue water, smart meters enable us to better understand water consumption and water loss and also provide alerts such as leakage, tampering and backflow.

Critical valve replacements have taken place providing a more reliable supply.

Investigations and modelling

Intake pipeline relocation – The design of this is progressing. The physical work is planned for July 2020.

Bridge hangers – Design work for the securing of the bridge hangers and creating flexible joints where the pipes protrude through the concrete abutments is in progress.

Watermains – The replacement of the Achilles Street watermain is in progress. Unfortunately NZTA turned down our proposal to co-fund the watermain replacement. However design work has been completed and the physical work is planned for the year 2021/2022 unless funding can be secured through the Crown Infrastructure Fund (an application for this funding has been submitted and we are waiting to see if we are successful). The River Parade pipeline realignment work is ongoing and we have a methodology in place to relocate the section of pumping main in River Parade away from the eroding riverbank. Funding for this has been applied for under the Crown Infrastructure Fund. In the event of the pipe failing, we will be able to blank the pipe off, with the other pumping main down Bridge Street still able to supply the town. The relocation, if funding is not secured, would have to come out of council reserves or should the line fail a possible insurance claim.

Major projects

Intake works – This work was carried out by QRS under a flood damage contract. This work was completed in September 2019. The final cost of the job was \$16k over the tendered price. This was a result of the new sheet pile conflicting with old sheet piles buried in the riverbank, requiring that the position of the wall be shifted 4m further into the bank.

Frasertown Water Treatment Plant – A \$150k Switchboard replacement is planned for mid-April when water demand reduces. The new switchboard is now onsite awaiting installation. Due to COVID-19 the completion of this works has been postponed.

Tuai Water Treatment Plant – The Tuai potable water supply is to be chlorinated in line with current compliance standards. We are awaiting for feedback from a public consultation meeting (date to be determined).

WATER SUPPLY PERFORMANCE DATA

The following section outlines Council performance measures for our Water Supply. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Residents (%) satisfied with the water supply	81%	81%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) - Wairoa / Frasertown and Tuai	Compliant	Compliant	Annual measure which is undertaken by MOH	Compliant	⊖
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) - Māhanga	Not Compliant	Not Compliant	Annual measure which is undertaken by MOH	Compliant	⊖
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria) - Wairoa / Frasertown and Tuai	Compliant	Compliant	Annual measure which is undertaken by MOH	Compliant	⊖
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria) - Māhanga	Not Compliant	Not Compliant	Annual measure which is undertaken by MOH	Compliant	⊖
Percentage of real water loss from the local authority's networked reticulation system (calculated using minimum night flow)	50%	35.33%	Difficult to gauge at third quarter. Seasonal fluctuations in actual water consumption could skew annual results	46% (2019)	⊖
Average drinking water consumption (resident/day*litres)	535 litres	Not achieved	Difficult to gauge at third quarter without understanding water loss	550 litres / day (2019)	⊖
Number of complaints about water supply per 1000 connections:					
drinking water clarity	1 per 1000	0 per 1000	0	20 per 1000	✓
drinking water taste	0 per 1000	1 per 1000	0	20 per 1000	✓
drinking water odour	0 per 1000	0 per 1000	0	20 per 1000	✓
drinking water pressure/flow	10 per 1000	8 per 1000	3	40 per 1000	✓
continuity of supply	16 per 1000	11 per 1000	2	40 per 1000	✓
responsive to issues	7 per 1000	0 per 1000	Not measured	20 per 1000	⊖
Median response time for urgent callouts - Wairoa / Frasertown (attendance time in hours)	Not measured	Not measured	0	1 hour	✓
Median response time for urgent callouts - other areas (attendance time in hours)	Not measured	Not measured	Request not closed	2 hours	✗
Median response time for urgent callouts - Wairoa / Frasertown (resolution time in hours)	3.52 hours	24.75 hours	0	4 hours	✓
Median response time for urgent callouts - other areas (resolution time in hours)	3.52 hours	24.75 hours	Request not closed	5 hours	✗
Median response time for non-urgent callouts (attendance time in days)	3 hours	4.23 hours	0.1 days	2 days	✓
Median response time for non-urgent callouts (resolution time in working days)	3 hours	4.23 hours	0.1 days	3 working days	✓
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to civil defence team meeting each year)	Compliant	Compliant	Presented to FENZ 17/12/19	Compliant	✓

FUNDING IMPACT STATEMENT - WATER SUPPLY



For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,002	1,002	1,289
Subsidies and grants for operating purposes	-	-	-
Fees and charges	221	237	309
Internal charges and overheads recovered	408	320	427
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,630	1,559	2,026
Applications of operating funding			
Payments to staff and suppliers	847	774	1,039
Finance costs	-	-	-
Internal charges and overheads applied	681	626	833
Internal interest charged	140	(49)	(65)
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,667	1,350	1,807
Surplus (deficit) of operating funding (A - B)	(37)	208	219
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	16	3	3
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	16	3	3
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	54	66	66
- to replace existing assets	136	260	324
Increase (decrease) in reserves	(211)	(114)	(168)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(21)	211	222
Surplus (deficit) of capital funding (C-D)	37	(208)	(219)
Funding balance ((A-B) + (C-D))	-	-	-

ACTIVITY GROUP TWO – STORMWATER

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
4	5	2	11

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	438	405	33
Capital expenditure	86	370	(284)

OUR PERFORMANCE STORY

Network renewals

Kitchener Street - we piped from Robbie's dairy to SH2, this has made the stretch of road safer and will improve the aesthetic of the stretch of road. The swale drains have been contoured and we have good grass strike. This project was done through NZTA assistance, so the impact to ratepayers was just 25% of the total project cost.

The design work for all of Kitchener St has been completed, so other sections of the project can be completed in the future.

Investigations and modelling

Piping of open drains at Mahia Beach is to be investigated. With growth and new development, the impact on stormwater infrastructure needs to be better understood.

STORMWATER PERFORMANCE DATA

The following section outlines Council performance measures for our stormwater. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Compliance with the resource consents for discharge from the stormwater system measured by the number of:					
Abatement notices	No consent	Not achieved, no consent	No consent - consent application underway	0	⊗
Infringement notices	No consent	Not achieved, no consent	No consent - consent application underway	0	⊗
Enforcement orders	No consent	Not achieved, no consent	No consent - consent application underway	0	⊗
Convictions	No consent	Not achieved, no consent	No consent - consent application underway	0	⊗
Number of flooding events in the district	14	Not measured	5	≤10	✓
Number of habitable floors per 1000 connected properties affected by a flooding event	3	Not measured	0	≤50	✓
Median response time for an emergency flooding event (attendance time in hours)	New	23.87 hours	0	1 hour	✓
Median response time for an urgent flooding event (attendance time in hours)	New	23.87 hours	0	2 hours	✓
Residents (%) "very satisfied" or "fairly satisfied" with the stormwater system	61%	71%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Number of complaints about stormwater system performance per 1000 connections	40		10	≤50	✓
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to civil defence team meeting each year)	Compliant	Compliant	Scheduled for 31 March 2020 but put on hold due to COVID-19 - will reschedule after lockdown ends.	Compliant	⊖

FUNDING IMPACT STATEMENT - STORMWATER

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	322	322	415
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2	-	-
Internal charges and overheads recovered	-	-	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	324	323	416
Applications of operating funding			
Payments to staff and suppliers	107	91	118
Finance costs	-	-	-
Internal charges and overheads applied	108	119	159
Internal interest charged	99	12	16
Other operating funding applications	-	-	-
Total applications of operating funding (B)	314	223	294
Surplus (deficit) of operating funding (A - B)	10	100	122
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	66	173	231
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	66	173	231
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	66	173	231
- to replace existing assets	20	197	262
Increase (decrease) in reserves	(10)	(97)	(140)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	76	273	353
Surplus (deficit) of capital funding (C-D)	(10)	(100)	(122)
Funding balance ((A-B) + (C-D))	-	-	-

Total costs exceed budget by \$89k, which consists of an overspend in internal charges and interest on internal loans of \$73K and increased operational costs of \$16k.

ACTIVITY GROUP THREE – WASTEWATER

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
0	8	2	10

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	2,025	1,065	960
Capital expenditure	818	599	219

OUR PERFORMANCE STORY

Pump Station improvements

Pump Station improvements have included Health and Safety upgrades with the installation of new stairwells, wet well handrails and safety grills.

The installation of dedicated generators is ongoing, we are currently in the consent process phase. The delivery of the generators out of Australia has also been delayed due to COVID-19 and border restrictions.

Investigations and modelling

CCTV investigations and analysis have been carried out.

Inflow and Infiltration investigations Ōpoutama/Mahia Beach – Investigations in Opoutama have been completed and along with two low gully traps a missing cap on a rodding eye was not in place. The missing cap would have resulted in high inflow during heavy rain events. These issues have been resolved and this work will minimise the impact on the wastewater plant.

Blue Bay Wastewater Expansion

Currently the Blue Bay wastewater scheme is discharging effluent outside of consent conditions.

After thorough investigations by parklink it was found that the Bluebay wastewater system does not have the ability to reduce nitrogen to the discharge requirements stipulated by the Resource Consent and under shock loading fails on all consent determinants. Parklink have given a budget estimation of 250k, however this price does not include the design, installation and commissioning of the plant. An application has been made to fund these upgrades and other funding streams are being explored.

Major projects

The *pipe relining project* is complete for the year. This year saw 1km of pipe relined and further re-lining work planned for October 2020. This method of renewal is less intrusive with minimal setup and reinstatement costs. Pipe relining is Councils preferred method of replacement with the majority of our wastewater reticulation located within private property boundaries and in some instances located under garages and fences. To use traditional open trench methods would have been impossible in some instances and reinstatement costs e.g. fence and building replacements made open trench replacements less feasible.

Wastewater Discharge Reconsenting: The consent application has been submitted late 2018 to the HBRC (Hawke's Bay Regional Council) which was effectively 6 months prior to consent expiry of May 2019, thus allowing Wairoa District Council to continue discharge. WDC have agreed with all key stake holders (Ministry of Health, Iwi, HBRC, community submitter)s that the best way forward is to have pre hearings before going to environmental court to try and reach agreement on any contentious issues. To date there has been two prehearing meetings, late 2019 and February 2020. It was agreed that the consent conditions would be circulated, and an email has been sent to all submitters involved in the Wairoa wastewater consent process. It follows the discussion at the pre-hearing meetings where it was agreed that submitters could provide further comment on possible conditions (effectively being the rules by which the District Council will operate by).

The conditions have been updated to reflect greater participation and acknowledgement on the need to restore the mauri of the Wairoa River. They are draft conditions and put forward by the District Council. They are not final conditions and are yet to be confirmed/endorsed by the Regional Council. However, the District Council want to hear the views on what further modifications are needed and have requested that a response be provided back by late April 2020. In the meantime WDC have been doing preparation work in the background such as new outfall pipe design, budget adjustments, and employing a new 3 waters staff member as the new consent has significantly more operating conditions to meet; this will also help achieve key milestones when the new consent is approved. An end date is hard to predict as the 3 waters review is also adding complexity; however, it was assumed that consent approval will be achieved within the 2020 calendar year, however due to COVID-19 this may change.

Inflow project – The inflow project is 99% completed. We have properties where there are broken or ground openings into sewer pipes as a result of the smoke testing and also 3 sewer manholes needing repairs. This work is programmed to be carried out. We will also do a check to ensure all the down pipes discharging into the sewer network have been picked up. We have diverted down pipes on 123 properties to date. 194 Gully Traps have been either replaced, repaired or raised, 13 sumps disconnected from the sewer pipe work and 12 open sewer pipes capped.

WASTEWATER PERFORMANCE DATA

The following section outlines Council performance measures for our wastewater. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Compliance with the resource consents for discharge from the stormwater system measured by the number of:					
Abatement notices	0	2	0	0	✓
Infringement notices	0	0	1	0	✗
Enforcement orders	0	0	0	0	✓
Convictions	0	0	0	0	✓
<i>The infringement notice was issued due to a communications error which caused wastewater to discharge outside of consented hours. The fault was rectified and improvements have been made to make communications more robust.</i>					
Dry weather wastewater overflows per 1000 connections	1	Achieved	0	16/1000	✓
Median response time for wastewater overflows - Wairoa / Frasertown (attendance time)	20 hours	Not assessed	0	1 hour	✓
Median response time for wastewater overflows - other areas (attendance time in hours)	20 hours	Not assessed	0	2 hours	✓
Median response time for wastewater overflows - Wairoa / Frasertown (resolution time)	20 hours	3.87 hours	0	4 hours	✓
Median response time for wastewater overflows - other areas (resolution time in hours)	20 hours	3.87 hours	0	5 hours	✓
Number of complaints about water supply per 1000 connections:					
sewerage odour	1 per 1000	0 per 1000	0	20 per 1000	✓
sewerage system faults	20 per 1000	16 per 1000	1	20 per 1000	✓
sewerage system blockages	31 per 1000	13 per 1000	2	20 per 1000	✓
responses to issues with sewerage system	2 per 1000	0 per 1000	Not measured	20 per 1000	–
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to civil defence team meeting each year)	Compliant	Compliant	Scheduled for 31 March 2020 but put on hold due to COVID-19 - will reschedule after lockdown ends.	Compliant	–

FUNDING IMPACT STATEMENT - WASTEWATER

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	904	904	1,163
Subsidies and grants for operating purposes	-	-	-
Fees and charges	31	97	130
Internal charges and overheads recovered	1	222	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	936	1,224	1,294
Applications of operating funding			
Payments to staff and suppliers	1,527	624	815
Finance costs	-	-	-
Internal charges and overheads applied	205	231	307
Internal interest charged	100	(7)	(10)
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,832	848	1,114
Surplus (deficit) of operating funding (A - B)	(897)	375	180
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	277	46	62
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	277	46	62
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	251	46	62
- to replace existing assets	568	553	737
Increase (decrease) in reserves	(1,439)	(399)	(556)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(620)	199	242
Surplus (deficit) of capital funding (C-D)	897	(153)	(180)
Funding balance ((A-B) + (C-D))	-	-	-

Payments to suppliers are \$904k higher than budgeted, primarily due to the cost of desludging the oxidation ponds and increases in waste levy charges. Capital expenditure to improve the level of service is \$205k higher than budgeted. This is due to compliance changes in the 3 waters which has resulted in projects being brought forward, therefore budget phasing was underestimated, resulting in the total 10 year budget being brought forward. The two key projects impacting this are the Wairoa wastewater discharge resource consent application and the Inflow and Infiltration project, to separate storm water and wastewater networks. The above statement shows how these variances have been funded by both an increase in debt of \$277k and a decrease in reserves of \$1.4m.

ACTIVITY GROUP FOUR - WASTE MANAGEMENT

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
2	7	0	9

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	1,449	1,282	167
Capital expenditure	308	570	(262)

OUR PERFORMANCE STORY

We were successful in acquiring funding from the Responsible Tourism Fund (RTF), this meant that we were able to fund additional servicing and clean up operations at Mahia over the busy summer holiday period. We also extended the opening hours of the Wairoa Landfill and Recycling centre for this period. We are working on establishing an expanded recycling service in the Mahia area. A suitable site has been identified and possible designs for the proposed Mahia recycling centre are being developed.

We were awarded a grant of \$25,000 from the Glass Packaging Forum. This was used to fund the construction of three new glass bunkers at the recycling centre. The bunkers are three times the capacity of the previous ones, meaning that a larger volume of glass material can be recovered and stored prior to transporting for recycling.

We supported Para Kore in the Wairoa District, meaning the district's marae are being supported to increase the reuse, recycling and composting of materials. This reduces waste coming to landfill.

We have been working with our waste management contractor to improve diversion of waste from landfill. We have seen improvements and will be making further operational changes to further increase diversion and waste recovery **62.9 tonnes was diverted from landfill from July 2019 to March 2020.**

We have continued remediation work to bring our landfill in line with best practice, this has included placing cover on the open landfill cell which helps manage windblown waste and improve stability.

WASTE MANAGEMENT PERFORMANCE DATA

The following section outlines Council performance measures for our waste management. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public at least: · 6 hours per day · 4 days per week <i>These hours changed from 1st April 2019 following community consultation.</i>	100%	100%	100%	100%	✓
Council shall provide for the community-run waste disposal and recycling service in Waikaremoana and Raupunga	100%	100%	100%	100%	✓
Missed household refuse service requests responded to by 12 pm the next day (on validation) <i>This relates to CSR closure time not aligning with actual resolution time by contractor. Manual override to be explored.</i>	New	100%	66.60%	100%	✗
Minimum frequency of kerbside refuse and recycling service in Wairoa & Frasertown - fortnightly	100%	100%	100%	100%	✓
Minimum frequency of collection from specified drop-off points from Mahia, Nuhaka and Mohaka – twice a month <i>There was one service failure from contractor for Mahia/Nuhaka recycling due to vehicle faults. Remedial actions have been put in place and standby options with the contractor.</i>	100%	100%	99%	100%	✗
No health and safety breaches by waste services contractors	0	0	0	0	✓
Total significant non-compliance events with the resource consent conditions for the Wairoa Landfill	New	0	0	0	✓
Total significant non-compliance events with the resource consent conditions for the closed landfill sites	New	0	0	0	✓
The amount of material diverted from landfill by the Wairoa community (excluding green waste) <i>Due to changes in contract, diversion was not prioritised in 2019. New waste contract has re-prioritised this. Waste diversion has improved following operational changes, further changes will be made in 2020 to increase diversion and waste recovery.</i>	New	Not achieved	62.9 tonnes diverted year to date	>75 tonnes (>56 at 3 rd quarter)	✓

FUNDING IMPACT STATEMENT – WASTE MANAGEMENT

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	765	765	984
Subsidies and grants for operating purposes	150	-	-
Fees and charges	504	481	641
Internal charges and overheads recovered	-	-	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,419	1,247	1,627
Applications of operating funding			
Payments to staff and suppliers	1,190	974	1,299
Finance costs	-	17	23
Internal charges and overheads applied	150	169	224
Internal interest charged	39	27	36
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,379	1,187	1,583
Surplus (deficit) of operating funding (A - B)	39	59	44
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	308	570	570
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	308	570	570
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	308	570	570
- to replace existing assets	-	-	-
Increase (decrease) in reserves	39	59	44
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	348	629	614
Surplus (deficit) of capital funding (C-D)	(39)	(59)	(44)
Funding balance ((A-B) + (C-D))	-	-	-

Payments to suppliers are \$216k higher than budgeted. This is due to government levies being higher than those budgeted \$174k. Furthermore, landfill operations and monitoring costs are also higher than budgeted, as signing of the new waste management agreement coincided with the 19/20 annual plan preparation. The above statement demonstrates how this variance has been funded by an increase in debt.

ACTIVITY GROUP FIVE – TRANSPORT

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
2	5	3	10

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	9,160	10,065	(905)
Capital expenditure	9,316	9,692	(376)

OUR PERFORMANCE STORY

1. LAND TRANSPORT

LED street lighting

We have undertaken significant work to assess and update our streetlight database. Procurement of LED light fittings has been completed. Procurement of the maintenance and renewal works contract is ongoing.

Network maintenance/renewal

Two new Network Maintenance contracts were implemented in late 2018 and early 2019, with the majority of work performed in the 6 months ended 31 December 2019. A major focus of each contract has been implementing Maintenance Intervention Strategies (MIS) bringing a focus on how and when we need to intervene with maintenance. These have made steady progress but require continued development over the life of the contracts.

Major successes with the implementation of RAMM and Pocket RAMM programming have streamlined processes for both contractors and Wairoa District Council. General maintenance has trended as expected, however a concern in the near future will be the impact that a lot of forestry is having on the roading network. We are monitoring this impact closely and basing our forward work programme around this.

We have:

- Replaced/Repaired 27 culverts and 93 signs
- Resurfaced 23km of sealed road (8% of network; exceeded goal of 7.5% for the full financial year)
- Completed a Heavy Metal Build Up on 7km of road (1/3 of planned HMBU spend for the full financial year). 2 more sites programmed for completion before June.
- Carried out 30km unsealed road drainage renewals as per contract requirement (100% completion)
- Applied 13,000m³ of maintenance metal (13,000m³ planned for the full financial year; 100% achieved)

One intervention has been carried on sealed roads which involves stabilising pavement failures, edge break, drainage and culvert clearing. 2nd intervention is partially completed.

Network operations

A wide range of network operation work has been carried out:

- 62 Corridor Access Requests approved to work on our roading network. This is steadily on the increase, and there is a large amount of contractors now using the Global CAR option, which is preferred by WDC.
- Supported such events such as Ross Shield traffic management, Christmas parade traffic management, and provided advice to many organisations to bring knowledge of traffic management requirements.
- Overweight permits have increased, and WDC are in process of moving this process to the NZTA O-Permit system which streamlines and makes this more user friendly. Application for this has been made to NZTA.

Bridges

The majority of the Structural Bridge Repair 2018/2019 contract is completed, with a few minor items to finish off. Structural Bridge Repair contract for 2019/20 has been awarded to Downer. 5 bridges have been identified in this contract. Routine Bridge inspections are carried out in conjunction with WSP and WDC inspectors. This is led to a good package of work for routine maintenance which will be released following the COVID-19 lockdown (see also PGF Bridge Strengthening under 'Major Projects' for more information.)

Retaining walls

Flood Damage repairs which consist mainly of retaining walls and retreats have been undertaken. The completion of Tuai Main Road dropout was a big achievement which involved a lot of cooperation between different organisations to ensure this was done successfully. Approximately 21 other sites in the Mohaka-Waiu and Waikaremoana-Ruakituri areas have been tendered and are either underway, near completion, or completed. A package of work was awarded to Siteworx in March 2020, which is a new contractor to town. This is all the work from the 2017 – 2018 weather events. The Mahia East Coast Road dropout, which currently has a Bailey Bridge in place, is being designed and tendered out in the coming months.

Pedestrian and cycle networks

Work is underway to implement the Walking and Cycling Strategy that has been on the cards for a number of years. This will be going to council in 2020.

Vehicle network

The transport sector of WDC Community Assets and Services department is responsible for 875km of pavement (560km unsealed, 315km sealed), 346 retaining structures, 3000 signs, 23130m² of carparks & a large amount of guardrails/sight rails. We maintain the drains and culverts, vegetation control including roadside spraying, and any emergency events such as tree fell and slips.

Reactive maintenance

Reactive maintenance is a common occurrence. There was no significant rain event the year to 31 March 2020, however isolated weather 'bombs' which have caused \$50-100k a piece worth of damage. Our contractors worked hard to open the roads and keep them safe for the road user.

Outstanding Issues*Patangata Bridge replacement*

This has been brought to the Council table with affected parties given the opportunity to speak to the elected members. Currently, design options, funding, and a partnering model are being worked through with relevant parties. This extremely complex issue has progressed steadily, and a solution is within sight.

Nuhaka-River Road earth movement

This has been brought to the Council table with affected parties given the opportunity to speak to elected members. An option report to be tabled at the next Council meeting. 8 years of neglect, now on the table to decide a way forward one way or another.

Asset Management Plan Development

Work has started on the next Land Transport Asset Management Plan which needs to be submitted to NZTA in August 2020 in order to secure funding for the next 3 years roading activities. WSP has been brought in for expert advice and guidance to ensure we put our best foot forward in achieving the maximum funding available.

NZTA Investment Audit

A 3 yearly investment audit was carried out by NZTA, to ensure WDC are using NZTA's money correctly. The results are yet to be published.

Major projects*PGF HPMV Bridge Strengthening*

WDC have secured \$2.2m dollars to carry out bridge assessment and then bridge strengthening work to ensure the bridge network is up to standard for key routes, mainly focused around forestry routes. Big achievements this half year was getting this agreement signed and project plans in place to carry out this work which aligns to the Provincial Development Unit's key principles. We have progressed through the assessments of many of the identified bridges, with a lot already meeting the standards required for HPMV. A variation has been submitted to PDU to try and extend the amount of bridges we want to assess and potentially strengthen. Expenditure to date \$300k.

PGF Mahia East Coast Traction Sealing

WDC have also secured \$7m dollars to carry out 12.5km of traction sealing and associated improvements on Mahia East Coast Road. This financial aid is based around rocket lab and the positive impact that they have on the provincial area. An agreement has been signed, procurement plan approved, and the project plan is well underway. The contract document took a bit of working through, but eventually signed up QRS as lead contractor with Fulton Hogan Wairoa being their major sub-contractor for pavement works. The job started well before the lockdown, with expenditure approx. \$2m. Plenty of work to do following lockdown.

PGF Nuhaka-Ōpoutama Alternative Route Investigation

Coastal erosion is driving the need to look at different options to get from Nuhaka to Ōpoutama. PGF have granted WDC \$300k to investigate different options and provide a case to apply for further funding. Project planning is underway with an expectation that options will be delivered by June 2020. Rural Strategic Infrastructure Solutions have been engaged as lead consultant on this project. Estimated spend to date \$20k.

2. AIRPORT

Investigations

Upgrading the Airport Instrument Procedures has commenced.

Resurfacing

The airport runway, taxiway, and aprons have been resealed. A major undertaking to coordinate and work in with users of the airport was completed successfully without a hitch and resulted in a great asset improvement.

TRANSPORT PERFORMANCE DATA

The following section outlines Council performance measures for transport. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available) in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Land Transport					
Sealed local road network that is resurfaced	3%	0%	8%	7.5% between 1 June 2018 and 31 July 2021	✓
<i>In accordance with its activity management plan, Council has determined that between 1 June 2018 and 31 July 2021 that 7.5% (22.7km of 301.2km) of the sealed local road network will be resurfaced. It is more cost effective to bundle this work, so in 2018/19 we concentrated on pavement rehabilitation. The resurfacing work will be undertaken in 2019/20 and 2020/21. 23.8km were completed in the first half of year.</i>					
Number bridges not meeting HCV class 1 requirements	11	6	6	Improvement from previous year	✓
<i>Ultimate goal is for all bridges on key industry transport routes meet HCV class 1 requirements to ensure the network is accessible to the industries for the efficient movement of freight.</i>					
Road users (% survey respondents) that consider the land transport service to be "fairly good, very good or better" - urban respondents	64%	75%	This will be measured in our customer satisfaction survey Q4	≥75%	⊖
Road users (% survey respondents) that consider the land transport service to be "fairly good, very good or better" - rural respondents	64%	56%	This will be measured in our customer satisfaction survey Q4	≥75%	⊖
Requests for service (%) relating to roads and footpaths responded to within 5 days	79%	Not measured	70%	90%	✗
Average sealed roads which meet smooth road standards for 'fair' ride quality	95	88	94	Average NAASRA of the sealed road network <110	✓
Footpaths (%) in average condition or better (measured against WDC condition standards)	Not measured	Not measured	93%	95%	✗
<i>Full network inspection being undertaken to inform works programme for 20-21, due for completion in February 2020.</i>					
The change from the previous financial year in the number of fatalities and serious injury crashes on the local network	-6	0	-7	Change is less than or equal to 0	✓
Number fatal crashes	1	1	0		
Number serious injury crashes	6	6	0		
Reported result fatal and serious crashes	7	7	0		
Airport					
Maintenance, capital and renewal works carried out in accordance with the airport plan	New	Not achieved	Achieved	Achieve measure	✓
<i>Runway resurfacing complete. Building maintenance and upgrade completed. Power supply remediation approved to be completed in 2019/20. Fuel farm project reviewed – no demand.</i>					
https://www.wairoadc.govt.nz/assets/Document-Library/Plans/Asset-Management-Plans/Airport-Asset-Management-Plan.pdf					
Respondents (%) "very satisfied" or "fairly satisfied" with the airport service	Not measured	89%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖

FUNDING IMPACT STATEMENT – TRANSPORT

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	49	49	62
Targeted rates (other than a targeted rate for water supply)	2,680	2,680	3,449
Subsidies and grants for operating purposes	4,545	5,058	6,744
Fees and charges	44	23	49
Internal charges and overheads recovered	-	-	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	7,318	7,809	10,306
Applications of operating funding			
Payments to staff and suppliers	5,673	6,563	8,747
Finance costs	-	2	3
Internal charges and overheads applied	1,077	1,231	1,635
Internal interest charged	67	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,817	7,796	10,385
Surplus (deficit) of operating funding (A - B)	501	13	(79)
Sources of capital funding			
Subsidies and grants for capital expenditure	7,518	7,522	10,029
Development and financial contributions	-	-	-
Increase (decrease) in debt	14	360	426
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	7,532	7,881	10,455
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,113	781	1,105
- to replace existing assets	7,202	8,911	11,671
Increase (decrease) in reserves	(1,283)	(1,797)	(2,401)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	8,033	7,895	10,375
Surplus (deficit) of capital funding (C-D)	(501)	(13)	79
Funding balance ((A-B) + (C-D))	-	-	-

ACTIVITY GROUP SIX - COMMUNITY FACILITIES

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
1	5	12	18

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	1,887	1,799	88
Capital expenditure	225	197	28

OUR PERFORMANCE STORY

1. CEMETERIES

We went to market for the Wairoa and Frasertown cemeteries maintenance contracts, tenders closed in January 2020 and were awarded.

We completed design and procurement for new headstone beams, which were installed in Wairoa lawn cemetery in early 2020. This will provide some additional capacity for burials in Wairoa.

WDC staff, contractors and Pickering's Funeral Directors have been working closely together to manage changes in the light of COVID-19 lockdown.

2. PARKS & RESERVES

We completed the sealing and marking of the Marine Parade playground car park. The Mahia reserves maintenance contract was awarded.

3. LIBRARY

Winter warmers program July 2019 – The 7-week “Winter Warmers” programme received excellent support, with over 150 children involved. Two exciting finale parties were held to celebrate the programme’s completion, with one taking place at the Library and the other at Mohaka School, where all students had completed the programme. Participants had been required to complete 5 report-ins to attend the finale party, and over the 6-week period library staff listened to over 1057 reports. The aim of the programme was to help children develop an enjoyment for reading, and a love for our Library.

Lego table – The CEO fund, which was used to sponsor the purchase of LEGO, meant that the Library could set up a child-height LEGO table. This proved to be popular with families, and it was noted that children would come into the library specifically to play with the set. This activity increased the popularity of LEGO books which in turn encouraged more reading activity.

Glass cabinets – Donated by a member of the community, these cabinets were set up with antique local history books owned by the library. These valuable books, which had been inaccessible were now a popular viewing option for patrons, with some spending many hours reading these through the glass.

Partnership with schools – During terms three and four, a partnership arrangement was trialled with Nuhaka and Ohuka schools, to deliver educational experiences and stories. Schools would visit two or three times per term, and positive feedback was received. One teacher commented “this was amazing, I wish we had done it sooner ... the kids begged me to bring them back in.”

Other projects underway include:

- Efforts to enhance **local district history and reference material** and ease of access and engagement with these resources.
- Upgrade of Aotearoa People’s Network computers.
- Creation of a **classic book area** for both adults and children.

Summer reading program 2019/20 “The Great Reading Carnival” – Participation on this programme increased significantly from the year before, with 115 children registering and 80 completing all required check-in’s (2018: 70 enrolled, 33 completed). Overall, staff listened to 424 book reports.

Library staff designed and ran activities, and these were well attended with 60-70 children at each session. At the finale, one of the grandparents commented “the library has come on leaps and bounds in the last year. The programmes and the facility were amazing, the building decorations were gorgeous and we should be very proud of what we had achieved.”

Activity highlights for the junior reading programme included:

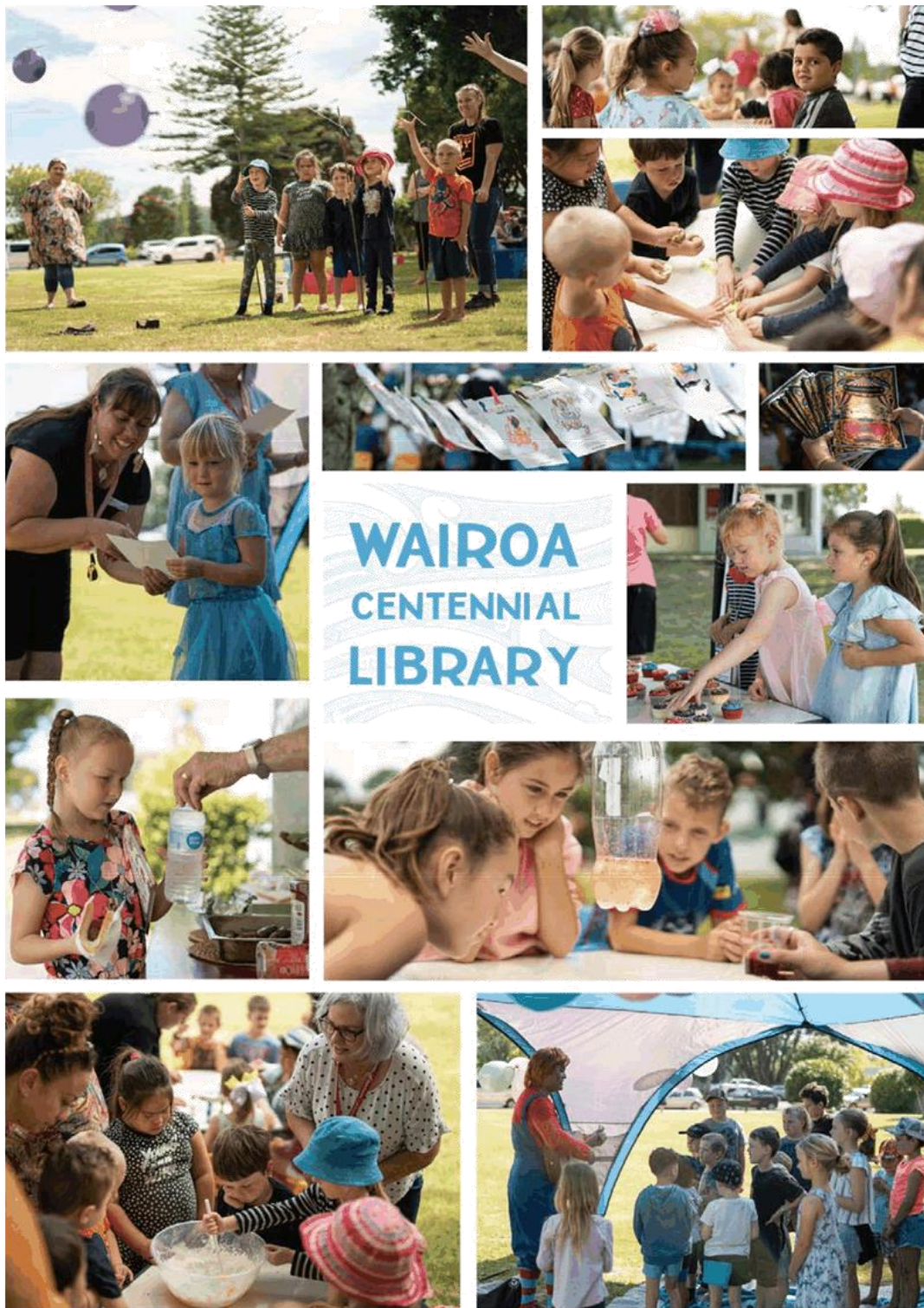
- Mad Science, making eatable slime, making lava lamps, balloon rockets, marshmallow catapults.
- Magnet Exploration Workshop, making and playing with robots.
- Making turtles, penguins, sock puppets, pencil holders, wind chimes, and movies
- Entertainers included Rowan Dawson, Zappo the Clown, and Silly Winkie

Activity highlights for the teenage programme included:

- Movie and pizza lunch, drone workshop, and exercise session.
- Nail and hair art from beauty therapists
- Car maintenance – changing a tyre and checking fluids

STEAM highlights - Library staff launched a STEAM (Science, Technology, Engineering, Art, Maths) programme for children aged 8-12 years. This was a school term trial which ran three days per week and comprised 10 children per session. It ran successfully, and parents requested that further sessions be held in the future.

Adult reading programme “Blind date with a book” – This programme was popular with patrons taking up all of the ‘blind date’ book packages within the first week. This programme was different to previous ones in that it encouraged patrons to select genres/authors that they might not normally read. Positive feedback was received.



4. COMMUNITY SUPPORT

WAIROA MUSEUM

Exhibitions - temporary

Tama Tu Tama Ora - Sculptures – Dan Couper

An exhibition of five sculptures by local artist Daniel Couper, complemented by some large format images.

Waikawa – Portland Island

A social history exhibition focused on Waikawa Portland Island. The exhibition featured taonga loaned from the MTG in Napier from the time the whare wananga operated on the island several hundred years ago

The Mount Felix Tapestry

An exhibition of tapestries touring from the UK featuring stories of Mt Felix Hospital used as a convalescent hospital for NZ soldiers during WW1. This proved one of the most popular exhibitions ever displayed at the museum. We had a number of groups visiting - Wairoa Rotary, Lighthouse Lions, Gisborne Women's Institute, a number of Red Cross members from HB, a HB Tour Group, Wairoa Kaumatua Group, Caravan Club from Gisborne and CMT group from HB. Our advertising in the HB Today and Gisborne Herald created a lot of interest.

A Stranger Point of View – Photographs by John Bannister

A series of black and white photographs of local people and scenes – many with interesting anecdotes attached.

Pumanawa touchtable project

We have installed a fully interactive touch table in the museum. We received \$15K from the First Light Foundation, \$15K from Eastland Port and with \$12K from our own funds we had a budget of \$42K for the project. The Table is available to visitors to the museum in our main exhibition space. Users can access the collection and link objects with people, maps, videos, stories, photos, archives and much more. Several people can use the 65" Table simultaneously. We are continually digitizing our collections and adding additional features to the Table

Collections acquisitions – some highlights

Map of Whakaki Estate; Preserved octopi and paper nautilus shells; Copies of three whakapapa books; Collection of woven potae and kete; NZ Railways Crockery

Building issues

We have been dealing with a number of issues regarding building maintenance. We recently completed work on the roof, replacing flashings and spouting above the office area and at the back of the building, which had been leaking.

Repatriation project

We have recently begun working on, and fundraising for, this exciting project. The focus is on the repatriation of taonga/artifacts with provenance to Wairoa but located in museums across the country. We already have some idea of the extent of these collections and the report will be a major undertaking. It will include an inventory of taonga, their provenance, history, probability of successful repatriation and importantly their relationship to local whanau and hapu. This report would also conclude with a set of recommendations. The repatriation exercise will see the museum partner and work alongside both individuals and agencies across the region– our role will be one of facilitation. We have had the project endorsed by both the Wairoa Taiwhenua and Tatau o Te Wairoa

Jenny Roper

The museum is heavily reliant on the Friends in a number of ways, the most significant being the hours they give operating front of house. This year one of our most valued, Jenny Roper, left with husband Mike for the South Island. Jenny's contribution to the museum was immeasurable – as a volunteer, curator, fundraiser, organiser, receptionist and so much more.

COMMUNITY CENTRE

Access to sand filter hatches were made inaccessible with the recent LTS pool upgrade due to poor design. The large stainless air duct was shifted about a metre to the side. The top 150-200mm of sand was replaced in each filter.

New ultrasonic level transducers mounted above both LTS Pools used to maintain and control the two pool filling and level management- current system had failed on a number of occasions including power outages where the top pool would drain back into the bottom allowing the introduction of air to the suction side of the LTS pool circulating pump causing it to lose its prime and flow. This has a follow-on effect of the pool water losing its heat due to no-flow through the heat exchanger. These ultrasonic sensors along with a 24 vdc actuated spring return valve will also help eliminate future problems surrounding and maintaining LTS pool water levels during power outages.

New chlorine liquid storage facility

The heavy 200 litre (200kg) chlorine drum handling and storage have been an ongoing issue for both staff and contractors. Emergency exit access in and out of the pump room is very limited so a new outside bulk chemical storage facility that holds 2,000 litres has been installed. Once fully commissioned planned for mid-April will alleviate those issues mentioned.

New proposed storage facility

A fire engineering report received several years back highlighting that several large items were blocking the main stadium fire exit doors i.e. rolls of carpet on stands, large portable hydraulic basketball hoops and a 6 x 10m performers stage. WDC were encouraged to make good asap.

Due to the fact there is no useable storage available anywhere in the complex, two reasonably new twenty-foot shipping containers were acquired to temporary house the above. A feasibility study was undertaken to determine the best option as to where a new storage facility could be built considering all the options available that would provide enough storage room with both internal and external easy access as well as maintaining the aesthetics of community centre complex. Mr Dan King of Architect 44 has been given a brief to produce a concept design with rough costings, with the report to be finalised and presented to council.

Water safety

Successfully applied for the Water Safety NZ Drowning Prevention Investment Programme 2018-2019 which enabled us to offer personal survival skills & water safety to Years 1-8 with extra Safe Boating to Years 5-8, free of charge, including travel to and from pools. 870 pupils were upskilled over a 10 week period. **The Centre Swim School** offers pre-school and after school classes, along with hosting swimming club, aqua and water walking, inter-school swimming events and a 5 week aqua programme for KE mental health group.



On January 31 the Wairoa Community Centre staff advised Council the main pool water pump had stopped operating. Investigations revealed the 3-phase electric motor had burnt out and repair work would not be justifiable. While the pump was being monitored/maintained and had been working effectively, due to its age and the fact the manufacturer had stopped producing parts for this model the Council had been investigating a suitable replacement pump. The installation of a replacement pump had been scheduled to take place over Easter weekend with the breakdown prompting the replacement to be fast tracked as a priority. The installation of the new purpose-built pump began on Wednesday February 5th 2020 and was operational by Friday. The pool was re-opened to the public on the afternoon of Monday February 10th with the water quality at the required standard and clarity expected to improve over the next few days. The shutdown also created an opportunity for community centre staff to carry out maintenance and cleaning of the pool area.

The fitness centre has had 25 new member appointments, 69 programs written, 85 assessments and 96 personal training sessions. New classes commencing in July 2019 were Beginners Pilates, Kids Swiss Ball and KE Pilates. The Fun, Fit, Fab Challenge had 12 participants leading to 4 new members. There have been 67 Bliss classes year to date with 352 participants

The three 25-year-old large fitness centre air conditioning units have recently started to give issues and require replacement. Sport Hawkes Bay is trying to sort funding for the \$20k project.

The **function room** and **gymnasium** are well utilised by the community with both regular and one off bookings including the Ross Shield weigh in, Marae Fit presentation, correspondence school, mum's coffee morning, after school programme, P.L.A.Y., holiday programmes, indoor netball, Kiwi seniors, and the Wairoa school's music festival.



We completed the upgrade of the Wairoa CBD CCTV system, renewing the power supplies, cameras and server. This delivers a more reliable and accessible system to assist the police and other organisations.

COMMUNITY FACILITIES PERFORMANCE DATA

The following section outlines Council performance measures for our community facilities. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Cemeteries					
Users (%) "very satisfied" or "fairly satisfied" - cemeteries	70%	75%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Parks and Reserves					
Users (%) "very satisfied" or "fairly satisfied" - parks and reserves	89%	89%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Playground assets complying with safety standards (%)	Equivalent measure achieved	Not measured	Not measured	≥85%	⊖
<i>Assessments not yet undertaken. Playgrounds are inspected daily by contractor for safety issues and these are rectified when identified.</i>					
Public toilets inspected and cleaned twice daily in all areas (%)	New	100%	100% until COVID 19 – refer comment	≥95%	✓
<i>Carried out by contractors, good feedback has been received about cleanliness over the summer period. Cleaning levels have been adjusted for remaining open toilets at end of March.</i>					
Percentage of parks assets in satisfactory condition (condition grades 1, 2 or 3)	New	Not measured	Not measured	≥95%	⊖
<i>Not measured. No framework established, intention to modify this SSP</i>					
Playgrounds (%) maintained in a safe and clean condition	New	100%	100% until COVID 19 - playgrounds closed at level 4	≥85%	✓
Open space requests responded to within 24 hours (%)	New	Not measured	54.76%	≥85%	✗
<i>Single response performance measure covering cemetery internment requests, public toilet, playground and parks related urgent customer enquiries.</i>					
Library					
Implement new initiatives in response to community needs for library services	New	Achieved	Complete	1 new initiative per annum	✓
<i>The library is currently trailing an outreach programme to rural schools. This is designed to be a reciprocal agreement where the schools will also come in and be educated about what the library has on offer for them.</i>					
Users (%) "very satisfied" or "fairly satisfied" - library	95%	95%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖

COMMUNITY FACILITIES PERFORMANCE DATA (CONTINUED)

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Community Facilities					
Total visits to the Wairoa Community Centre	New	76,119	41,789 to 31 March 2020 ; data not available for 3 rd quarter due to COVID-19	Visitor numbers ≥ previous year	⊖
Total visits to the Wairoa Museum	New	5,322	2,346 to 31 March 2020 ; data not available for 3 rd quarter due to COVID-19	Visitor numbers ≥ previous year	⊖
Overall user satisfaction (%) of community facilities	Achieved	Achieved	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
User (%) "very satisfied" or "fairly satisfied" - Wairoa Community Centre	90%	81%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Users (%) "very satisfied" or "fairly satisfied" - Wairoa Museum	92%	78%	This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Council grants to funded organisations are paid in accordance with funding contracts/agreements.	Compliant	Compliant	Compliant	Compliant	✓
<i>Council administers SPARC and Creative NZ grants to provide funding for schools, clubs, individuals and organisations for rural travel to sport competitions and art related projects. The grants are distributed within the financial year according to contracts/agreements.</i>					
Resident (%) satisfaction with value for money through rates on supporting community facilities and organisations	55%		This will be measured in our customer satisfaction survey Q4	≥80%	⊖
Funded organisations achieve/exceed agreed service provision targets as specified in funding contracts/agreements	Achieved	Achieved	Under review	Achieved	✓
<i>Grants and relationship agreements with the Community Centre and Museum are currently being reviewed in order to reset and clarify service provision targets.</i>					
Funding contract/agreements are reviewed annually/triennially in accordance with existing funding contract specifications	Achieved	Achieved	Achieved	Achieved	✓

FUNDING IMPACT STATEMENT – COMMUNITY FACILITIES

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	596	596	767
Targeted rates (other than a targeted rate for water supply)	1,128	1,128	1,452
Subsidies and grants for operating purposes	118	55	60
Fees and charges	52	32	48
Internal charges and overheads recovered	-	-	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,893	1,812	2,328
Applications of operating funding			
Payments to staff and suppliers	1,405	1,351	1,737
Finance costs	-	17	23
Internal charges and overheads applied	204	225	299
Internal interest charged	106	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,715	1,593	2,061
Surplus (deficit) of operating funding (A - B)	178	218	267
Sources of capital funding			
Subsidies and grants for capital expenditure	7	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	107	82	127
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	113	82	127
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	162	103	112
- to replace existing assets	64	94	239
Increase (decrease) in reserves	66	103	44
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	291	300	395
Surplus (deficit) of capital funding (C-D)	(178)	(218)	(267)
Funding balance ((A-B) + (C-D))	-	-	-

Subsidy revenue is \$63k higher than budgeted, this is due to the unpredictability in budget phasing. Some grants are not received evenly throughout the year and the timing of grant receipts can be difficult to predict. Capital expenditure is \$29k higher than budgeted. This increased expenditure has been funded through an increase in debt of \$25k.

ACTIVITY GROUP SEVEN - PLANNING & REGULATORY

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
1	7	1	9

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	1,324	1,535	(211)
Capital expenditure	117	47	70

1. RESOURCE PLANNING

There was a significant increase in resource consent numbers in 2019 compared to recent years and this trend has continued to the period ending March 2020. This increase reflects growth in subdivision and development in the district. Staffing levels were a challenge in the first 6 months of the year, particularly with the increasing development and associated consenting and other planning work. Consultant support was integral to ensuring that council could process resource consents within statutory timeframes. Vital improvements in the planning administration system were also made during this period to increase efficiency and effectiveness. The appointment of the new Customer Service Manager- Regulatory in early 2020 has provided the Planning Department with more capacity. Therefore, consultants will only be used if there is an overflow of resource consents otherwise they will all be processed inhouse. Planning for the District Plan Review will continue in 2020.

2. ENVIRONMENTAL HEALTH

Food businesses

The deadline for all food businesses to be signed up to the Food Act was the end of March 2019 with the final businesses registering in late 2019. We are working with food businesses to promote understanding of the new Act's requirements. The department has taken a proactive approach to ensuring compliance, by monitoring posts on Wairoa Buy and Sell and other websites, to ensure those selling food have appropriate certification.

Training

Craig Sproule has undertaken on-line training, as required by the Ministry for Primary Industries (MPI) to enable him to be approved for the verification of risk-based food safety plans and has attended face-to-face continued professional development training courses. Both Craig and Victor have been assessed by an independent auditor (JAS ANZ) which confirmed their ability to carry out food verification including NP1, NP2 and NP3. Both Craig and Victor have attended further face-to-face training to enable them both to be warranted as Food Safety Officers under MPI.

Improvements

MPI now requires that the verification of food premises be carried out under a quality management system. The Council has developed a quality manual for that purpose and that document was reviewed during the 3rd quarter by JAS-ANZ during their audit. The outcome of the review was successful.

3. BUILDING CONTROL

Building consents

During the 9 months July 2019 to March 2020, the number of building consents issued has increased by 5% compared to the same period the previous year. The value of the building work however has increased by 86% and was valued at \$14.47M for this nine month period in 2019/20.

Improvements

Improving the consenting system is an on-going process which involves the continual changing of the quality management system to keep up to date with all relevant regulatory changes. This has involved considerable development of our business processes.

The online consenting platform has been further adapted by multiple councils as part of a wider initiative to simplify the delivery of Council services. During this 9 months period there has been three new staffing additions to the Council's building control authority (BCA): a new regulatory officer, a new building control officer (BCO) and a new manager. This is to help cope with the increased workloads.

Challenges

Over this period there has been a noticeable increase in the complexity of the building consent applications that have been submitted. With this increase in complexity there is a greater need for skilled processors. New earthquake prone building and swimming pool legislation has led to an increase in compliance and monitoring requirements placing further strain on already limited resources.

Retaining skilled staff is essential for effective implementation of the consent processing system improvements, meeting consent processing performance targets, dealing with an increased workload from regulation changes, and the increasing complexity of consents being lodged. Nationwide the competition for skilled workers has increased during the year, this continues to be a challenge to retain competent staff.

During March 2020, the country went into level 4 lockdown due to COVID-19 which saw the construction industry unable to continue in the usual manner. Our staff adapted their working practices to enable continued work from home, including using Zoom teleconferencing to hold pre-application meetings and discussions with those wishing to undertake building work. The average processing timeframe during the lockdown period has been 12 days.

Up-skilling staff

Two of the BCO's have been enrolled in diplomas to enable them to achieve Reg18 qualifications. One is starting their first year and one is completing their second year.

During the year a training plan has been developed and implemented. The training includes having two of our officers obtaining qualifications which have been approved as compliant with industry regulations. All of our officers, and those requiring technical competencies, have either improved or maintained their level of competency within the national BCA competency assessment system. This provides us with the capacity to handle increasingly advanced residential and commercial consenting and inspections.

Inspections and requests for information

The first 9 months of the 2019/20 year saw an 8% increase in the number of inspections conducted compared to the prior year. This increase is mainly due to the more complex consent applications during this period.

Requests for further information (RFI) have increased by 12% compared to the same period the previous year. This is likely due to the increase in the complexity of the building consents.

To proactively manage these RFIs, and respond to the increasing complexity of consents, we have developed a recurring newsletter which is sent to our known trades people, noting the common RFI areas. This has contributed to a reduction in RFIs per consent. This in turn has enabled staff capacity to be used in the actual processing of consents. As a result we have improved our performance against targets.

Meeting our required targets

Staffing levels have been increased to allow the BCA to cope with the increased workloads. This year our consenting units have met their performance measures for issuing building consents within 20 working days and LIMs within 10 working days and sit at 100%. 98% of code of compliance certificates (CCCs) were issued within the 20 day statutory timeframe. 1 CCC was issued outside the statutory timeframe due to a change in when IANZ considered the statutory clock should start.

For the past six months we have placed an increased focus and emphasis on new pre-application meetings and discussions with those who are looking to undertake building work. This has helped improve the quality of consents received and therefore improve processing timeframes.

4. LIQUOR CONTROL

Alcohol licensing

Our District Licensing Committee consists of 3 members. In the year to date we have granted 3 new on-licences and 1 on-license renewal. We granted 2 new off-licences and 4 off-license renewals. There was 1 new club licence and 1 club license renewal. We also issued 10 new managers certificates, 18 manager certificate renewals and 18 special licences.

Training

Craig Sproule has undergone training to carry out duties under the Sale and Supply of Alcohol Act 2012. Craig is now writing reports on Liquor Licence applications to advise the District Licensing Committee on applications to enable the committee to decide on all applications received. Applications for licences usually spike around holiday periods during the summer, requiring more time to be devoted to processing applications than during other times of the year.

5. BYLAW COMPLIANCE

Dog control

In the 2019/20 year to date there have been more severe attacks from wandering dogs on both humans and stock than in previous years. In response, the compliance team has been promoting community responsibility for dogs, for owners to keep their dogs controlled and confined at all times (as if contained on a property the dog cannot bite or cause injury). This proactive focus over the past 9 months focused initially on education, however if owners refuse or do not comply the dogs are either impounded or the owners issued with infringement notices. The third quarter from January to March 2020 saw improvements with fewer serious reported dog attacks on people and other dogs along with prosecution of 3 dog owners.

Monthly articles have been published in the Star to further educate owners on parts of the Act, and to increase public awareness of their responsibilities as dog owners. These articles also highlight work the compliance team has been doing.

The increase in proactive property inspections has resulted in more on time dog registrations and more legal cases to get dogs off the streets.

Violet has developed a farm information pack for registering working dogs. This was sent out to farmers with registration forms, and there has been a significant improvement in on-time working dog registrations.

Livestock control

Better paddock security, based on recommendations from staff, has resulted in less wandering stock over the 6 month period. There have been less reported stock on highways and callouts are down. Repeat offenders, of which there are a few, are now having to pay fees and charges. This has helped in bringing numbers down.

General bylaw enforcement

Freedom camping breaches have been lower compared to previous years. As a result, there have been less infringements issued in the 9 months ending 31 March 2020. New signage promoting the change in freedom camping rules has assisted in clarifying areas where freedom camping is prohibited. The Council website, iSite and a

concerted effort from our Customer Service team ensured the right information was available and that Council staff were able to respond to questions from campers. Furthermore, the compliance team has been assisted by local ambassadors, funded by MBIE. These ambassadors performed 2 patrols a day in Mahia and one in Wairoa, commencing December 5th and finished (due to lockdown) 21st March 2020. They went to all freedom camping sites, offering assistance and guiding those in incorrect places to move on.

COVID-19

During Level 4 lockdown we only attended stock on roads and serious dog attacks, of which there were only a few in number. Roaming dogs, as people were at home, the number of reported cases took a significant decrease. We still conducted stock checks of the area (safely) to maintain and show a presence to the community.

6. EMERGENCY MANAGEMENT

Civil Defence

The Council is a member of the Hawke's Bay Civil Defence Emergency Management Group, which administers civil defence emergency functions in Hawke's Bay. The group is administered and funded by the Hawke's Bay Regional Council. The Hawke's Bay Regional Council's Long-term Plan contains information on the cost and implementation of civil defence in the district.

- Mahia tsunami signage - The HBCDEM positioned tsunami evacuation signage at Mahia, Nukaha and Whakaki, and Iwitea.
- Community brochure - As part of the completion of the Iwitea Community Resilience plan, HBCDEM developed a community brochure, which was approved by the Iwitea community champions group and hand-delivered to each household in Iwitea. An electronic copy is also attached to the marae booking form.
- Wairoa Community Resilience Plan - HBCDEM has started planning for the Wairoa Township Community Resilience Plan. The initial role of the stakeholder group is to develop a strategy to share information with the community about how to prepare for emergencies. The initial plan explored the various tsunami evacuation routes, which was practiced by a number of early childhood centres and also Wairoa Primary. The plan looked at the greatest effect from natural hazards on the Wairoa District and in particular the Wairoa township, the vulnerability of Wairoa being isolated, and how best to prepare the community to look after itself (potentially for up to 7 days).
- Two public education evenings were held. A presentation in early August (from GNS, GEONET and ECLAB scientists working on the Hikurangi subduction Zone) and one in October (looking at the local hazards and promoting household preparedness and Community connectivity) were led by the community representatives that have been part of the planning, supported by WDC, HBCDEM, and Wairoa Emergency Services. These presentations were well attended by the community.
- The Council has been heavily involved in the Civil Defence response to COVID-19 in conjunction with Hawke's Bay Civil Defence. Staff have assisted with the operation and management of the CDEM headquarters in Wairoa, ensuring that our community are protected and supported. Staff not involved in the Civil Defence response have been working from home. As the response was continuing at the time of publishing this report, this will be highlighted in the subsequent report.

PLANNING AND REGULATORY PERFORMANCE DATA

The following section outlines Council performance measures for our performance and regulatory departments. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Resource Planning					
All applications processed within statutory timeframe set under the Resource Management Act	100%	100%	96%	100%	⊗
<i>In 2019 historical issues with x2 consents delayed processing. In 2020 January to March, all consents have been processed within statutory timeframes.</i>					
Environmental Health					
Premises registrations required under legislation completed (%)	100%	100%	100%	100%	✓
Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy.	100%	100%	100%	100%	✓
Building Control					
Building consents (%) processed within statutory time frames	97%	100%	100%	100%	✓
Certificates of acceptance (%) processed within statutory time frames	100%	100%	100%	100%	✓
Liquor Control					
Management licenses (%) processed within 30 days	New	100%	100%	100%	✓
Renewal and new licences (%) processed within statutory time frames	New	100%	100%	100%	✓
Bylaw compliance					
Known dogs (%) registered by 30 June each year	Achieved	Achieved	This will be measured in Q4	≥75%	⊖
Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Achieved	Achieved	Achieved	✓

FUNDING IMPACT STATEMENT – PLANNING AND REGULATORY

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	87	87	112
Targeted rates (other than a targeted rate for water supply)	842	842	1,084
Subsidies and grants for operating purposes	28	-	-
Fees and charges	424	389	452
Internal charges and overheads recovered	-	-	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,381	1,319	1,649
Applications of operating funding			
Payments to staff and suppliers	981	1,170	1,560
Finance costs	20	14	18
Internal charges and overheads applied	261	253	336
Internal interest charged	8	4	5
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,271	1,440	1,920
Surplus (deficit) of operating funding (A - B)	110	(123)	(271)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	6	13	17
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6	13	17
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	79	47	62
- to replace existing assets	38	-	-
Increase (decrease) in reserves	(1)	(156)	(316)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	116	(110)	(254)
Surplus (deficit) of capital funding (C-D)	(110)	123	271
Funding balance ((A-B) + (C-D))	-	-	-

The unbudgeted subsidy revenue relates to a grant received for additional freedom camping signage in the district. This grant has not been fully spent as at 31 March 2020.

ACTIVITY GROUP EIGHT - LEADERSHIP & GOVERNANCE

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

 Not met	 Met	 Not measured	Total measures
0	6	3	9

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	2,560	2,517	43
Capital expenditure	568	22	547

1. COMMUNITY REPRESENTATION

Council implemented Māori Wards during the 2019 elections. This has resulted in a highly diverse Council being elected. 71% of Councillors are Māori (5/7) 57% of Councillors are female (4/7) and there are more younger elected members.

Council has asked members participating in the Te Kawau Maro Youth Governance programme to develop an implementation plan for the YROA YNOT review. This plan will be made available by March 2020 and implementation will be undertaken through to June 2020.

2. MĀORI RELATIONSHIPS

The relationship between the Council and the Māori community has been intrinsic in the success of many projects throughout the Wairoa district. The Council has strived to fully appreciate and value the cultural complexities of ensuring that the Māori worldview is a priority when it comes to decision-making processes. The Māori world view is not to be understated and any engagement with Māori can be described as positive, over-arching and influential. These important components form the foundation of any successful relationship between the Council and the Māori community. Any Council achievements involving the Māori community can be attributed to a collaborative effort with all departments within Council.

Professional Development

In 2017 the Council adopted the Te Reo Māori Policy, this confirmed a high level of certainty that the Council is committed to recognising and promoting te reo Māori as the indigenous language of Aotearoa. The Council acknowledges that te reo Māori is a taonga of iwi and Māori and pro-actively encourages its use in communications, hui and day to day operations of the organisation.

The Council has provided positive opportunities for staff to upskill their cultural awareness by way of te reo Māori programmes and qualifications. Staff were given the opportunity to learn basic te reo Māori sentence structures. This resource is for those individuals with limited or no previous background in te reo Māori. Participants learnt basic formal and formal greetings, introductory songs and vocabulary, how to introduce themselves, express family relationships and converse about basic day-to-day events.

Fourteen Council staff, including His Worship the Mayor and the Chief Executive Officer, graduated with a National Certificate in Māori Management in October 2019. This qualification was offered by Skills Active, an industry training organisation (ITO) that supports workplaces to get staff on-job qualifications. The modules included te reo Māori in the Workplace, the Treaty of Waitangi, Building Relationships, History of our Ancestors and Māori Protocols.



Tuia 250

This commemoration was launched in 2019 to acknowledge 250 years since the first encounters between Māori and Pākehā. This included a flotilla of traditional waka sailing around Aotearoa starting in Gisborne and concluding in Mahia on 15-17 December 2019. This national event provided an opportunity for robust discussions around the past, the present and the future of New Zealand history. The Council played an integral part of this celebration by working closing with local iwi, Rongomaiwahine, from the very outset in 2017. The Council was part of the Working Committee and oversaw the Mahia event, which included the welcoming ceremony of the waka hourua (double-hulled canoe) to Mahia and the official closing of Tuia 250 which was presided by the Right Honourable Jacinda Ardern, Prime Minister of New Zealand.



Māori Ward

The Local Government elections for 2019 saw the introduction of a Māori ward to the Wairoa district. This fundamentally changed the process of how the public voted during the Local Government elections. The Council was pro-active in engaging with the Māori community to give clarity to the process and how this will change the voting structure. The Council explained the differences in being enrolled on the General roll or the Māori roll and in particular their voting rights. As a result of this, three new Councillors were elected to Council through the Māori ward system.

3. ECONOMIC DEVELOPMENT

Gaiety Theatre

The Gaiety is projecting an increase in revenue generated compared to this time last year. Additional opportunities for revenue generating activities are being actively investigated.

Business growth

There has been steady growth with new businesses relocating to Wairoa, but more can be done in this space. The focus has been for Council to be involved in regional strategies, but this needs to be balanced against more focused deliberate localised strategies.

Wairoa promotion and events

Council has established an online calendar of events for the local community to actively participate in populating. This calendar will be located on the Visit Wairoa website. Council is also actively seeking to host regional and national events. The National Canoe Slalom Championships will be hosted on the Waikaretaheke River near Tuai in April. Council will seek to continue to be an active supporter of encouraging regional and national events to be hosted in Wairoa.

Strategic and partnership projects

Council continues to be an active participant in the following:

- The Hawke's Bay's Matariki Regional Economic Development Strategy
- Wairoa Community Partnerships Group (Both Governance and Implementation)
- Te Wairoa Kakapa Project

These projects ensure that the Wairoa District Council is actively participating at a regional level, particularly Hawke's Bay. Strengthening strategic relationships with Tairāwhiti Gisborne will be a focus for the remainder of the 2020 reporting year. Council will continue to champion its new relationship with Central Government with the approach taken with the Community Partnerships Group and Kakapa, the focus being locally led solutions that are supported and enabled by Central Government.

Provincial Growth Fund (PGF)

The Wairoa District Council has been successful in a number of PGF applications including the following;

- \$4.8M for the Wairoa CBD Enhancement Project
- \$7.3M for the Mahia Resilient Roads Project
- \$400,000 for a Regional Digital Hub to be established at the Wairoa Library

The Wairoa District Council will continue to actively apply to the PGF and to also support others in the community to make applications to the fund.

Additional grants

The Wairoa District Council has been successful in securing external government funding from the following sources:

- \$200,000 from the Responsible Camping Fund for the purposes of establishing the following over the 2019/2020 summer period
 - \$100,000 for Freedom Camping Ambassadors – feedback suggests a highly successful programme
 - \$50,000 for additional Freedom Camping Signage and collateral
 - \$50,000 for increased service provision for clearing rubbish and recycling from the Mahia Peninsula and services public toilets at the Mahia Peninsula.
- \$530,000 from the Tourism Infrastructure Fund for the following;
 - Upgrade to the Clyde Court Toilets
 - Installation of a Public Toilet Facility near Pilot Hill
 - Installation of Big Belly Bins across the district

Council will continue to apply to the Tourism Infrastructure Fund and the Responsible Camping Fund to support tourism related activities across the district.

LEADERSHIP & GOVERNANCE PERFORMANCE DATA

The following section outlines Council performance measures for our leadership and governance. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Community Representation					
Respondents know how to make contact with elected members	New	82%	This will be measured in our customer satisfaction survey Q4	≥85%	⊖
Satisfaction rating for Mayor and Councillors (%) 'not very good or poor' is less than 10%.	17%	7%	This will be measured in our customer satisfaction survey Q4	<10%	⊖
Māori Relationships					
The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee - Vacancies filled - 2 councillors appointed as representatives to Māori Standing Committee <i>*As of early 2020, a new selection process is yet to be completed. We are awaiting confirmation from Council to approve the appointment of the Māori Standing Committee.</i>	Achieved	Achieved	Not Achieved*	Achieved	✓
No less than bi-monthly meetings of the Māori Standing Committee are scheduled, advertised, and conducted on the advertised day. <i>Meetings are on a six weekly cycle in 2020.</i>	Achieved	Achieved	Achieved	Achieved	✓
Māori Standing Committee meetings, public meetings and special consultation meetings provide opportunities for Māori to contribute to the decision-making process.	Achieved	Achieved	Achieved	Achieved	✓
Agreed levels of service are achieved within budget. Budgets clearly defined and accounted for.	Achieved	Achieved	Achieved	Achieved	✓
Economic Development					
Actions in the Economic Development Plan and Action Plan completed (% of actions completed)	New measure	55%	75% of actions complete or in progress 13% of actions to be reviewed 11% of actions yet to start	40% 2019 60% 2020 80% 2021	✓
The cost related to this activity did not exceed the approved budget	Achieved	Achieved	Achieved	Achieved	✓

FUNDING IMPACT STATEMENT – LEADERSHIP & GOVERNANCE

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,102	2,102	2,705
Targeted rates (other than a targeted rate for water supply)	509	509	655
Subsidies and grants for operating purposes	356	-	-
Fees and charges	210	234	312
Internal charges and overheads recovered	-	-	-
Internal interest income	-	-	-
Interest and dividends from Investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	3,176	2,846	3,673
Applications of operating funding			
Payments to staff and suppliers	1,430	1,353	1,814
Finance costs	10	3	4
Internal charges and overheads applied	1,181	1,229	1,630
Internal interest charged	9	2	3
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,630	2,587	3,451
Surplus (deficit) of operating funding (A - B)	547	258	222
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	522	6	6
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	522	6	6
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	532	11	11
- to replace existing assets	37	11	11
Increase (decrease) in reserves	500	243	207
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,069	264	228
Surplus (deficit) of capital funding (C-D)	(547)	(258)	(222)
Funding balance ((A-B) + (C-D))	-	-	-

Operational revenue increased by \$355k – this relates to a grant from the Regional Development Fund. This helped fund the purchase of buildings for the Council's proposed Regional Hub, which cost \$522k.

ACTIVITY GROUP NINE - CORPORATE FUNCTIONS

PERFORMANCE SUMMARY

The following table is a summary of how well we performed against our agreed key performance measures for this activity area.

			Total
Not met	Met	Not measured	measures
1	3	3	7

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	343	841	(498)
Capital expenditure	282	797	(515)

OUR PERFORMANCE STORY

1. PROPERTY

Pensioner housing

We undertook the rebuild and renovation of two fire damaged flats, which were completed in early 2020. These are ready to rent out but Level 4 requirements mean that tenants have not yet moved in.

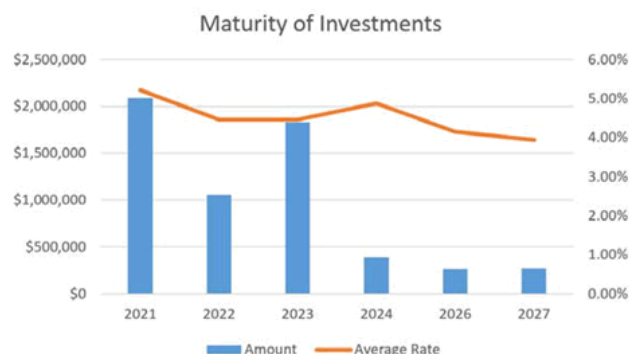
We have adapted the funding model for pensioner flats by reviewing rental rates for the first time in 15 years, this means that the units are closer to being self-funding.

2. CORPORATE & FUNDS MANAGEMENT

Investments

As at 31 March 2020 Council held a bonds portfolio with a market value of \$6 million. Due to phasing of major capital projects this is \$2 million lower than anticipated in the LTP.

However, the average rate of return on these investments is 4.7%, which is higher than the rate of 4.4% forecast in the LTP. The maturity profile by financial year of Council's investments is shown in the graph opposite.



In December 2019 Council received \$4 million of funding from the Provincial Growth Fund, being the initial payment towards the Mahia East Coast Road traction sealing agreement. Through careful planning of the early stages of this work Council was able to place this money on a short-term deposit that will generate an additional \$30,000 of interest revenue.

Council has received \$350,000 in dividend YTD from its CCTO.

An automated funds sweep was implemented with Council's bank, which has reduced transaction costs and secured interest revenue.

Borrowing

Due to the acceleration of capital works Council's external borrowing now stands at \$9 million, which is \$1.5 million higher than anticipated in the LTP. However, through its membership with LGFA Council has achieved average borrowing rates of 2.4%, which is far lower than the 4% forecast in the LTP.

Since joining LGFA in 2018, Council has been structuring its borrowings to align more closely with its liability management policy and it's anticipated future cash flows. This work will continue as terms beyond 5 years have only recently become available.

The table below illustrates Council's current debt maturity compared to the policy thresholds:

Maturity of Borrowings

	0 to 3 years	3 to 5 years	5 years plus
Minimum	15%	15%	10%
Actual	39%	61%	0%
Maximum	60%	60%	40%

3. SUPPORT SERVICES

Support Services are the costs of operating Council's administrative and support functions and other costs not directly attributable to any activity. These costs are allocated, except those that are attributed to a special reserves, via the overhead allocation process to the significant activities so that the net rated cost of support services is nil.

This group of activities includes finance, records and archives, administration and customer service, information services and GIS.

FINANCE AND ADMINISTRATION

Living wage The Living Wage provides workers and their families with the necessities of life and allows them to participate actively in the community. In 2019/20 the Council paid at least the Living Wage Aotearoa rate to all its staff.

Strategic Pay review

A review of the Council's pay rates was undertaken. This project was led by the Human Resource department with financial data analysed by Finance. Job descriptions for all positions at Council were sized by the third-party provider Strategic Pay. The sized jobs were compared to national sector-specific pay data compiled by Strategic Pay through their annual remuneration survey. It is identified the 85% is an entry level pay rate, with 100% being paid to a person performing satisfactorily in the role. It was identified that, on average (across all positions) Wairoa District Council pays staff 93% of the average salary. 12 staff were identified as being paid under 85%. In August 2019, all staff were aligned to being paid at least 85% of their roles' benchmarked salary.

RECORDS AND ARCHIVES

Major archival projects undertaken during the past nine months have been the boxing and listing of Engineering bridge files and the processing of the council's agenda papers from 2006 to 2018. Priority was placed on processing the bridge files due to the need to digitise the series. Digitisation of these records is being undertaken by Desktop Imaging in Wellington and should be completed by the end of January. The archivist is currently undertaking quality checking of the digital files completed so far.

The appointment of a part-time Archives Assistant has allowed the archivist to focus on more conservation aspects of the collection and in-house documentation and procedures.

A significant percentage of researchers accessing the archival collection have been family historians; which is normal for archives. Other researchers have included an author, local history enthusiasts and professional researchers; one being a central government representative.

CUSTOMER SERVICES

The Wairoa District Council was recognised with two awards at the 2019 ALGIM Spring Conference. The first award for **"Best Digital Project"** recognised Council's creative talent and ability to work collaboratively with other Hawke's Bay Councils to deliver a great website experience for the Wairoa ratepayers and community.

The Wairoa District Council also received the **"2019 Most Improved Best Customer Service Experience"** award, which recognised Council's significant improvement in the delivery of quality customer service to its community. Although their previous ranking for "Customer Experience" was very low at number 67 out of 80 Councils, within only one year Wairoa District Council jumped 52 places to take out the number 15 spot in New Zealand.

Council's success was testament to the hard work carried out by Council's Customer Services team to deliver a high level of service to their community. While frontline service was often challenging, the award recognised the team's commitment to doing the best they could to support their people. It recognised their focus on customer care and on building a great experience for ratepayers and the wider community.

The value of the judging process was clear in that it was "Mystery Shopper" customers that had determined that the Wairoa District Council of any other Council in the country had delivered the most improved and best customer experience.

The Wairoa District Council received the Most Improved Best Customer Service Experience Award this year



The Customer Services team have also championed the implementation of a Knowledge Base, a system that enables increased consistency in the delivery of information to ratepayers and the community. In addition to this, the team have implemented a number of functional improvements to the Service Request system, making the input and maintenance of customer service request data more efficient and streamlined.

4.3 Rankings 1 to 80 New Zealand Councils and Council Controlled Organisations

2019 ALGIM Council Customer Experience Rankings

Rank 2019	Council
1	Western Bay of Plenty District Council
2	Great Lake Taupō
3	Northland Regional Council
4	Porirua City Council
5	Napier City Council
6	Ashburton District Council
7	Thames-Coromandel District Council
8	Hutt City Council
9	Timaru District Council
10	Waipā District Council
11	Invercargill City Council
12	Kāpiti Coast District Council
13	Central Hawke's Bay District Council
14	Gore District Council
15*	Wairoa District Council
16	Whangarei District Council
17	Upper Hutt City Council
18	Waitaki District Council
19	Horowhenua District Council
20	Southland District Council
21	Hauraki District Council
22	Queenstown Lakes District Council
23	Marlborough District Council
24	Environment Canterbury
25	Tauranga City Council
26	Central Otago District Council
27	Nelson City Council
28	Hastings District Council
29	Gisborne District Council
30	Waitomo District Council

* - did not have Facebook Messenger

* - most improved since 2018

Rank 2019	Council
31	Manawatu District Council
32	Christchurch City Council
33	Ruaupohu District Council
34	Wellington Water
35	Auckland Transport
36	Far North District Council
37	Taranaki District Council
38	Matamata-Piako District Council
39	Waimakariri District Council
40	Tasman District Council
41	Dunedin City Council
42	Whakatāne District Council
43	South Waikato District Council
44	Whanganui District Council
45	Palmerston North City Council
46	New Plymouth District Council
47	Waikato Regional Council
48	Selwyn District Council
49	South Wairarapa District Council
50	Horizons Regional Council
51	South Taranaki District Council
52	Otago Regional Council
53	West Coast Regional Council
54	Taranaki Regional Council
55	Greater Wellington Regional Council
56	Opoitiki District Council
57	Rotorua Lakes Council
58	Kaipara District Council
59	Grey District Council
60	Westland District Council

Rank 2019	Council
61	Waimate District Council
62	Bay of Plenty Regional Council
63*	Stratford District Council
64	Wellington City Council
65	Hurunui District Council
66	Masterton District Council
67	Buller District Council
68	Environment Southland
69	Auckland Council
70	Clutha District Council
71	Kaikoura District Council
72	Waikato District Council
73	Rangitikei District Council
74	Mackenzie District Council
75	Hamilton City Council
76	Otorohanga District Council
77	Kawerau District Council
78	Carterton District Council
79	Chatham Islands Council
80	Hawke's Bay Regional Council

Weightings for Ranking

70% Call Enquiries
20% Email Enquiries
10% Facebook Enquiry



ASSOCIATION OF LOCAL GOVERNMENT INFORMATION MANAGERS

ALGIM: <http://www.algim.org.nz/>
Facebook: <https://www.facebook.com/ALGIMinc/>
Telephone: 06 351 6330
Email: admin@algim.org.nz

INFORMATION SERVICES AND GIS

A number of exciting projects have rolled out in the IT department. These include the development and rollout of a **public Geographical Information System (GIS), a first in NZ Local Government**, and Wairoa District Council is leading the way in this space. The work Council is doing in **developing its Internal GIS is also a first for NZ Local Government**.

In addition to this, the IT team has developed Wairoa District Council's first Information Services Strategy. This sets the vision and long term direction for the delivery of quality information technology services for the benefit of the organisation and the community.

A thorough assessment of Council's IT systems has also been undertaken with the team coordinating the rollout of a full and inclusive ALGIM Cyber Security Audit. The aim of this was to understand the Council's vulnerability to attack and infiltration, and find solutions that address these while improving operational efficiencies and risk management practice.

Other projects the team have delivered include:

- The identification, removal and repurposing of all expired hardware to the Digital Wings Trust.
- The purchase and use of a "test and tag" power auditing system that tests all IT equipment for safety against NZ Standards.
- The upgrade of all Windows operating systems to ensure operational efficiencies for all staff.
- Updating and maintaining the main production and backup servers to maintain operational effectiveness.
- The replacement of computers within time and budget.



Further initiatives being investigated by the IT team include the replacement of Council's aged phone system with a modern calling solution. In their work towards renewing Council's copier contract, the team are also considering provider options for new print technology, and meanwhile have made considerable financial savings to the benefit of ratepayers.

In addition to this, they are investigating options for moving the organisation to a new Microsoft Office platform. They are also considering options for migrating their main regulatory and administrative system to the 'Cloud', and are investigating the options for a new Electronic Digital Records Management System (EDRMS). Meanwhile, the team are developing a register which records the Council's IT and digital assets.

The IT team are pleased to now have full staff resourcing, enabling them to operate at full capacity and provide full project support.

During March, the team successfully ran a remote testing access exercise in support of Council's Business Continuity Plan (BCP). Council IT Infrastructure performed well during the test period, indicating that the systems were well placed to handle full remote access by all staff. The Fibre Bandwidth Plan has been upgraded to further increase Council's internet access capabilities.

Leading up to CO-VID Level 3 alert, 90% of Council staff were set up with hardware to enable them to work from home. At Level 4, the team were successfully fielding more than 150 remote support per day, having implemented a new online helpdesk system to support staff.

Other projects the team have delivered include:

- Rollout of Microsoft OneDrive to provide online storage to staff. This will replace old software and reduce costs.
- Rollout of Microsoft Teams as a more effective platform for online collaboration.
- Upgrade of Council's Zoom licensing to provide better coverage for online conferencing.
- Supporting technology procurement for the Regional Digital Hub.
- Supporting redeployment of Salute Wairoa Touch Table to the Information Centre prior to Library upgrade.
- Purchase of higher grade conferencing equipment for Council Chambers to enable additional communications.

HEALTH AND SAFETY

The Health and Safety for the Wairoa District Council is managed by a Safety Committee comprising, Health and Safety Officer /Zero Harm Officer, six staff elected committee members and senior management as required. The purpose of the committee is to provide governance and oversight of the Health and Safety and Wellbeing of the staff of the Council.

The Committee convenes every six weeks (or as circumstances require) and discuss an agenda that is made up of staff requests, operational incidents, and introduction of new practices and management requests that involves the safe operation of the Councils workforce. The committee also discuss investigations and incidents that have occurred during the six week period and make recommendations to senior management on their findings.

The Health and Safety Officer provides a monthly report of activities, inspections and investigations carried out with recommendations for his approval. This is presented to the Finance Audit and Risk Committee of the Wairoa District Council when they meet.

During the 9 months ended 31 March 2020, a new three tier Health and Safety Policy has been introduced, along with an electronic reporting system that will simplify the way the staff report incidents. This makes the reporting of statistical data much more accurate and provides a quicker way of identifying trends that affect the Health and Safety of the staff at Wairoa District Council. This will be helpful in planning training and providing resources in the most needed areas. During this reporting period we have noticed a greater uptake in reporting of incidents, and the types of incidents reported has changed due to the easier and more user-friendly system.

With the arrival of the Covert 19 pandemic this has delayed the programmed annual staff medical checks and flu vaccination. This will be completed when the situation changes. Training is also on hold and will be rescheduled at a later date.

Staff welfare is being checked at regular intervals and assistance given if and when required. The majority of staff have business as usual to carry on with from home and the rest are involved in some type of Civil Defence work.

CORPORATE FUNCTIONS PERFORMANCE DATA

The following section outlines Council performance measures for our corporate functions. It includes data for the last two full year reports, along with half year metrics to 31 March 2020 (where available), in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the long term and annual plans. This also provides information on trends that may influence our performance, including those outside of our control. The council undertakes a community survey on an annual basis which forms the basis of some of these metrics. This data is not available until year end.

Performance Measure	2017/18 Actual	2018/19 Actual	2019/20 Third Quarter Actuals	2019/20 Target	
Full compliance with legislative requirements through annual building warrant of fitness (BWOF)	Compliant*	Compliant	Compliant	Compliant	✓
Full compliance with legislative requirements when undertaking repairs, refurbishment or demolition of buildings including asbestos material	Compliant*	Compliant	Compliant	Compliant	✓
<i>All works undertaken by sitewise approved contractors, asbestos inspections being undertaken on all council property assets.</i>					
Safety defect requests (%) attended and made safe at building within 4 hours	100%*	100%	100%	100%	✓
Other requests (%) responded to within 3 days	80%	Not measured	Not measured	80%	–
Pensioner housing units (%) inspected six monthly	100%*	100%	Refer comment**	100%	–
<i>* Equivalent measure achieved</i>					
<i>**Inspections due March 2020, delayed due to lockdown, will resume when practical and safe</i>					
Compliance with ACC pool safe accreditation	Compliant	Compliant	Not Compliant*	Compliant	✗
<i>* Compliant in everything except that during the hours of 6am to 8am and 5.30pm and 9pm we only have one lifeguard in the whole facility but pool safe accreditation requires two. With our pool numbers during this time it is not feasible.</i>					
Council buildings (%) in satisfactory condition (condition grades 1, 2 or 3).	80%	Not measured	Not measured	80%	–
<i>Not measured. No framework established, intention to modify this SSP</i>					

FUNDING IMPACT STATEMENT – CORPORATE FUNCTIONS

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(44)	(44)	(56)
Targeted rates (other than a targeted rate for water supply)	(1,141)	(1,141)	(1,469)
Subsidies and grants for operating purposes	-	-	-
Fees and charges	109	88	117
Internal charges and overheads recovered	3,548	3,854	5,119
Internal interest income	597	(5)	(6)
Interest and dividends from Investments	523	675	959
Local authorities fuel tax, fines, infringement fees, and other receipts	53	65	87
Total operating funding (A)	3,646	3,494	4,752
Applications of operating funding			
Payments to staff and suppliers	3,773	3,837	5,059
Finance costs	109	191	466
Internal charges and overheads applied	91	92	122
Internal interest charged	30	8	10
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,002	4,127	5,658
Surplus (deficit) of operating funding (A - B)	(356)	(634)	(906)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	38	330	437
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	38	330	437
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	107	233	241
- to replace existing assets	176	565	712
Increase (decrease) in reserves	(601)	(1,102)	(1,422)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(318)	(305)	(469)
Surplus (deficit) of capital funding (C-D)	356	634	906
Funding balance ((A-B) + (C-D))	-	-	-

PROJECT SUMMARY

The below table shows project completion year to date within each department. This table shows aggregated data for all projects in each department.

Activity	Actual to Date Spend (\$)	Full Year Budget Spend (\$)	Full Year Forecast Spend (\$)	Full Year Forecast Variance (\$)	Comment
Administration	22,116	429,220	22,116	22,116	Archives building project \$419k not commenced, carried forward into 20/21 Annual Plan
Building Inspection	72,710	47,000	72,710	(407,104)	
Infrastructural Business Unit	44,952	46,020	44,951	25,710	
Community Centre	24,123	91,100	31,413	(1,069)	
Council	46,119	10,500	46,119	(59,687)	
Civil Defence	5,790	0	5,790	35,619	
Cemeteries	17,199	0	17,199	5,790	
Camping Ground	8,872	35,000	10,000	17,199	Design work underway, project requires carry forward.
Information Systems	36,832	194,500	44,679	(25,000)	
Chief Executive	36,483	0	36,483	(149,821)	
Economic Development	522,059	0	522,059	36,483	Te Wairoa e Whanake - Buildings
Community Assets & Services Management	45,969	0	45,969	522,059	
Health Inspection	0	15,300	0	45,969	
Pensioner Housing	236,085	10,000	82,036	(15,300)	
Bylaw Compliance	38,183	0	38,183	72,036	
Library	51,684	59,700	68,536	38,183	
Memorial Hall	2,267	80,000	60,000	8,836	
Māori Whanaungatanga	0	6,000	0	(20,000)	
Parking	0	5,000	5,000	(6,000)	
Council Offices	12,861	113,000	27,861	-	
Parks & Reserves	154,869	281,352	132,739	(85,139)	
Non-Subsidised Roothing	26,849	18,176	26,849	(148,613)	
Subsidised Roothing	8,575,458	11,818,860	10,648,971	8,673	
Stormwater	85,581	493,440	359,100	(1,169,889)	
Wastewater	820,491	798,480	894,130	(134,340)	
Visitor Information	0	5,000	0	95,650	
Airport	668,514	887,241	628,514	(5,000)	\$150k Runway Lights/Cabling Repairs not commenced, carried forward into 20/21 Annual Plan
Waste Management	308,458	570,000	308,458	(258,727)	
Water Reticulation	74,482	277,560	204,089	(261,542)	
Water Treatment	105,397	112,690	107,959	(73,471)	

APPENDIX 1: FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 31 March 2020

	Actual 9 months to 31 March 2020 \$000	Annual Plan 9 months to 31 March 2020 \$000	Variance			Annual Report 12 months to 30 June 2019 \$000
			\$000	%		
Revenue						
Rates	9,798	9,800	(2)	0%		12,517
Subsidies and grants	12,723	12,635	88	1%	A	14,070
Petrol tax	53	65	(12)	-18%		88
Fees and charges	1,482	1,475	7	0%		2,811
Investment income	523	674	(151)	-22%		609
Miscellaneous income	-	-				194
Total revenue	24,579	24,649				30,289
Expense						
Water supply	1,293	1,226	67	5%		2,535
Stormwater	267	245	22	9%		600
Wastewater	1,756	792	964	122%	B	1,903
Solid waste	1,268	1,085	183	17%		1,838
Transport	8,071	8,837	(766)	-9%	A	13,560
Community facilities	1,582	1,574	8	1%		2,462
Planning and regulatory	1,056	1,276	(220)	-17%	C	1,558
Leadership and governance	1,371	1,287	84	7%		3,372
Corporate expense	4,376	4,593	(217)	-5%	D	614
Total expense	21,040	20,915				28,442
Net surplus (deficit) on operations	3,539	3,734				1,847
Taxation	-	-				-
Net surplus (deficit) after taxation	3,539	3,734				1,847
Other comprehensive income						
Increase (decrease) in revaluation reserve	-	-				-
Increase (decrease) in AFS reserve	17					-
Total comprehensive revenue and expense	3,556	3,734				1,847

Variance explanations (31 March 2020 actual compared to YTD budget in annual plan)

- A** Subsidies and grants are \$88k less than budgeted. This relates to lower than budgeted NZTA subsidies for emergency works and renewals. As NZTA subsidy revenue relates to expenditure, this explains why transport expenditure is 9% (\$766k) lower than budgeted. Over transport has received a higher recovery compared to prior year as more of the work has been subsidised compared to unsubsidised projects.
- B** Wastewater costs are 122% (\$964k) higher than budget. This is due to the \$458k spent YTD on desludging of the oxidation ponds. The cost of this project is budgeted as a capital expenditure in the Long-term Plan, however, has been reported as an operating expenses in line with financial reporting standards. There is also higher than budgeted costs associated with Wairoa Wastewater treatment operations and maintenance - along with greater costs at Mahia and Opoutama operations.
- C** The planning and regulatory budget in the annual plan includes \$170k for plan management (District Plan review and e-plan maintenance) of which the spend YTD is nil. These savings have been slightly offset by higher than budgeted consulting costs. District Plan review work has been side-lined YTD due to staff shortages and high consent workload. It is expected that the District Plan review will have commenced by year end, therefore increasing costs in line with budget. It is also anticipated that recent new staff appointments will reduce reliance on contractors and the associated costs.
- D** Corporate expense is 5% (217k) under budget. This is primarily due to lower than budgeted interest on loans.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Actual As at 31 March 2020 \$000	Annual Plan As at 31 March 2020 \$000	Annual Report As at 30 June 2019 \$000	Variance		
				\$000	%	
Current Assets						
Cash and cash equivalents	5,857	3,552	2,473	3,384	137%	A
Inventories	-	59	55	(55)	-100%	
Trade and other receivables	6,651	3,009	5,908	743	13%	
Financial assets at fair value	-	-	509	(509)	-100%	
Total current assets	12,508	6,620	8,945			
Current liabilities						
Trade and other payables	8,179	10,308	5,973	2,206	37%	B
Advance funding - PGF	2,157	-	-	2,157	100%	C
Borrowings	-	-	1,500	(1,500)	-100%	D
Total current liabilities	10,336	10,308	7,473			
Working Capital	2,172	(3,688)	1,472			
Non-current assets						
Property, plant and equipment	253,913	265,461	258,054	7,792	3%	E
Work in progress	20,102	12,622	8,169			
Investment in subsidiary	1,250	1,250	1,250	-	0%	
Investment property	405	-	405	-	0%	
Biological asset - forestry	260	260	260	-	0%	
Available for sale financial assets	37	23	37	-	0%	
Intangible assets	34	240	69	(35)	-51%	
Financial assets held to maturity	144	-	56	88	157%	
Financial assets at fair value	5,872	9,255	5,408	464	9%	
Total non-current assets	282,017	289,111	273,708			
Non-current liabilities						
Employee entitlements	75	114	121	(46)	-38%	
Landfill aftercare	1,054	730	1,055	(1)	0%	
Borrowings	9,000	8,183	3,500	5,500	157%	D
Total non-current liabilities	10,129	9,027	4,676			
Net assets	274,060	276,396	270,504			
Represented by						
Equity	274,060	276,396	270,504			

Variance explanations (31 March 2020 compared to 30 June 2019)

- A** Cash reserves (including short term deposits) are 137% (\$3.4m) higher than at year end. This is due to an increase in WDC's short term deposits as a result of PGF funds received to allow cash for the Mahia East Coast Road project to commence.
- B** Trade and other payables are 37% (\$2.2m) higher than at year end. This is mostly due to the timing of creditor claims at the end of the period.
- C** The \$2.1m in advance funding received relates to funds from the PGF for roading projects (Alternative Route Nuhaka-Ōpoutama Road Investigation and Mahia East Coast Road Traction Sealing). These funds are held as a prepayment, as the they are available for clawback unless spent in accordance with the grant. These funds will therefore be released to match expenditure.
- D** The total spend year to date on capital WIP, less the depreciation charge on existing assets, is higher than budgeted. This variance has been funded by increased borrowings and the release of investments. The variance would be more significant if the desludging (which is provided for in historical reserve accumulation) was included as capital expenditure rather than operating costs.

E Total borrowings have increased by \$4m due to additional drawdowns to fund capital works. The current portion at year end was refinanced and so all borrowings are now long term liabilities. The financial assets held to maturity represent notes issued in conjunction with the LGFA borrowing. The additional borrowing particularly supports the Wairoa Wastewater Reconsenting programme.

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2020

	Actual As at 31 March 2020 \$000	Annual Plan As at 31 March 2020 \$000	Annual Report As at 30 June 2019 \$000
Total equity - opening balance	270,504	272,662	268,657
Net surplus (deficit) for period	3,539	3,734	1,847
Other comprehensive income	17	-	-
Total comprehensive income	3,556	3,734	1,847
Total equity - closing balance	274,060	276,396	270,504
Components of equity			
Ratepayers equity - opening balance	135,156	143,575	132,248
Net surplus/(deficit) for period	3,539	3,734	1,847
Transfers from restricted reserves	782	3,002	6,030
Transfers to restricted reserves	(8)	(2,879)	(5,231)
Transfer from revaluation reserve on disposal	2,610	-	262
Ratepayers equity - closing balance	142,079	147,432	135,156
Special funds - opening balance	22,076	17,173	22,875
Transfer from ratepayer's equity	8	2,879	5,231
Transfer to ratepayer's equity	(782)	(3,002)	(6,030)
Special funds - closing balance	21,302	17,050	22,076
Revaluation reserves - opening balance	113,272	111,914	113,534
Net transfer from revaluation reserve on disposal	(2,610)	-	(262)
Transfer to revaluation	17	-	-
Revaluation reserves - closing balance	110,679	111,914	113,272
Total equity - closing balance	274,060	276,396	270,504

STATEMENT OF CASHFLOWS
For the period ended 31 March 2020

		Actual	Annual
		9 months to	Report
		31 March 2020	12 months to
		\$000	30 June 2019
			\$000
Cash flows from operating activities			
<i>Cash was provided from:</i>	Rates received	5,877	12,552
	Other revenue	19,610	14,630
	Dividends received	369	110
	Finance income	154	500
		26,010	27,792
<i>Cash was applied to:</i>	Payments to suppliers and employees	14,581	21,883
	Taxation	-	-
	Interest paid	69	189
		14,650	22,072
Net cash flows from operating activities		11,360	11,360
Cash flows from investing activities			
<i>Cash was provided from:</i>	Sale of property, plant and equipment	-	285
	Repayment of advances	-	-
	Sale of financial assets	509	4,438
		509	4,723
<i>Cash was applied to:</i>	Purchase of intangibles	-	-
	Purchase of financial assets	552	-
	Purchase of property, plant and equipment	11,933	11,390
		12,485	11,390
Net cash flows from investing activities		(11,976)	(11,976)
Cash flows from financing activities			
<i>Cash was provided from:</i>	Loans raised	5,500	6,500
		5,500	6,500
<i>Cash was applied to:</i>	Borrowings repaid	1,500	6,512
		1,500	6,512
Net cash flows from financing activities		4,000	4,000
Net increase/(decrease) in cash and cash equivalents		3,384	3,384
Cash and cash equivalents at beginning of year		2,473	2,473
Cash and cash equivalents at end of year		5,857	5,857
Made up of:			
	Cash	(26)	22
	Short Term Deposits	5,883	2,451
	Bank Overdraft	-	-
Cash and cash equivalents at end of year		5,857	5,857

The Council's operating activities have resulted in a net cash inflow of \$11.3m. This has been applied to investment activities, - the purchase of property, plant and equipment (\$11.9m). The funding shortfall in investment activities has been met by loans raised. Overall there is a healthy cash balance to meet our operational funding requirements.

FUNDING IMPACT STATEMENT - WHOLE OF COUNCIL

For the period ended 31 March 2020

	Actual 31 March 2020 \$000	Annual Plan 31 March 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,789	2,789	3,590
Targeted rates (other than a targeted rate for water supply)	7,011	7,011	9,023
Subsidies and grants for operating purposes	5,197	5,113	6,804
Fees and charges	1,595	1,581	2,060
Interest and dividends from Investments	523	675	959
Local authorities fuel tax, fines, infringement fees, and other receipts	53	65	87
Total operating funding (A)	17,169	17,234	22,522
Applications of operating funding			
Payments to staff and suppliers	16,965	16,739	22,191
Finance costs	110	242	533
Other operating funding applications	-	-	-
Total applications of operating funding (B)	17,075	16,981	22,725
Surplus (deficit) of operating funding (A - B)	94	253	(203)
Sources of capital funding			
Subsidies and grants for capital expenditure	7,525	7,522	10,029
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,353	1,583	1,880
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,878	9,105	11,909
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	3,671	2,030	2,460
- to replace existing assets	8,239	10,590	13,955
Increase (decrease) in reserves	(2,939)	(3,262)	(4,709)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	8,972	9,358	11,707
Surplus (deficit) of capital funding (C-D)	(94)	(253)	203
Funding balance ((A-B) + (C-D))	-	-	-

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil

10 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

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
10.1 - Patangata Bridge - Project Update	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.2 - Statute Barred Rate Arrears Write-off 2012-2013	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.3 - Chief Executive Performance End of Term Review	s6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7