

# COUNCIL AGENDA



**Time:** 9.00am  
**Date:** Monday 18 November 2019  
**Venue:** Council Chambers, Waipa District Council, 101 Bank Street,  
Te Awamutu

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**AGENDA ITEMS**

*Opening Prayer*

**1 MEMBERS**

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**Chairperson**

His Worship the Mayor JB Mylchreest

**Members**

EM Andree-Wiltens, EH Barnes, AW Brown, LE Brown, PTJ Coles, RDB Gordon, ML Gower, SC O’Regan, MJ Pettit, EM Stolwyk, CS St Pierre, BS Thomas, GRP Webber

**2 APOLOGIES**

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**3 MAKING AND ATTESTING OF DECLARATIONS BY COUNCILLORS**

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No Papers

Councillor Webber and Councillor Barnes were absent for the inaugural Council meeting held on 1 November 2019. It is necessary for their swearing in to be held at the next available Council meeting.

The Local Government Act 2002 (Schedule 7 Clause 14) states that a person cannot act as a member of a local authority until they have made an oral and written declaration in the form set out in the Act.

This declaration is as follows:

*“I, ....., declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Waipa District, the powers, authorities, and duties vested in, or imposed upon, me as a member of the Waipa District Council by virtue of the Local Government Act 2002, the Local Government Information and Meetings Act 1987, or any other Act.”*

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Declaration forms will be provided at the meeting.

## 4 DISCLOSURE OF MEMBERS' INTERESTS

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## 5 MINUTES OF PREVIOUS MEETING

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File: 10121898 / Pages: 27 – 32

The last meeting before the Triennial Election was held on 24 September 2019. His Worship the Mayor and the Chief Executive are responsible for the correctness of the Minutes of the last meeting before a triennial election.

### **Recommendation**

*That the open minutes of the inaugural Waipa District Council meeting held on 1 November 2019 having been circulated, be taken as read and confirmed as a true and correct record.*

## 6 LATE ITEMS

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## 7 CONFIRMATION OF ORDER OF MEETING

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### **Recommendation**

*That the order of the meeting be confirmed.*

## 8 COUNCILLORS UPDATE ON ATTENDANCES

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No Papers

Councillors who have attended a conference, seminar or meeting on behalf of Council may present a report.

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## 9 USE OF COUNCIL SEAL AND DELEGATED AUTHORITY DURING THE INTERIM PERIOD

No Papers

Council's Delegations Register provides for delegated authority to be exercised on behalf of Council in relation to certain statutory and discretionary functions. Where required, a report is made to Council after the exercise of such authority.

### Recommendation

*The following schedule of documents to which the Common Seal of the Waipa District Council has been applied under delegated authority be received:*

- a) *Declaration Plan Change 2: Protected Trees*
- b) *Warrants as set out below:*

Position for Warrant	Name of Staff
Manager District Plan and Growth	Tony Quickfall
Building Compliance Officer	Andy Golding
Planner	Dawn Pritchard
Reticulation Officer	John Connor
Consents Team Leader	Quentin Budd
Building Compliance Office - Processing	Shona Cooper
Enforcement Officer - Contractor	Brayden Manaia and Riaan Jonker
Environmental Health Officer	Mary Fernandez
Contracts and Projects Officer	Paul van der Hoek
Environmental Health Officer	Cindy Norris

### Documents Signed by Chief Executive during the Interim Period

- c) *Memo and Award letter for Tender Award Contract 27-19-04 District Wide Sewer Pipe Replacement 2019/2020*

## 10 COUNCIL COMMITTEES AND APPOINTMENTS

File: 10122124 / Pages: 33 - 50

At the end of a term, standing committees are discharged, unless Council resolves otherwise. The Committees of the previous Council are shown in Appendix 1 of the



staff report which were all discharged with the exception of the District Licensing Committee. The former Council resolved to keep this committee up until the Council appoints its new committees for the triennium to enable licensing hearings to be held if required. A Hearings Panel was established to deal with any Resource Management Act Hearings.

Section 41A of the Local Government Act 2002 (LGA) provides for the Mayor to establish committees of Council and to appoint the chairperson of each committee. The staff report is formal notification that Mayor Mylchreest has exercised his power. The Mayor discussed this with elected members prior to exercising this power.

The new committee structure is outlined in the Governance Structure in Appendix 2 of the staff report. The committee structure is consistent with the recommendations from the previous Council, which was for the committees of Council to continue with some changes proposed as to how the committees are structured and operate.

The governance structure is aligned with Council’s organisational structure and the delivery of services and activities in the 10-Year Plan. This approach has worked well and enabled committees to focus on particular aspects of Council’s business and make decisions.

The staff report also addresses joint committees and appointments to external organisations and delegations to community boards.

**Recommendation**

*That –*

- a) *The report of Jo Gread, Manager Governance, titled ‘Council Committees and Appointments’ (document number 10122124), be received;*
- b) *Council acknowledges that His Worship the Mayor has exercised his powers under section 41A(3)(b) and (c) of the Local Government Act 2002 to establish committees of Council and appoint committee chairpersons and members as set out below, and Council confirms those committees and appointments and makes the delegations set out as follows:*

<i>Committee</i>	<i>Appointments and Delegations</i>
<b><i>Strategic Planning and Policy</i></b>	<p><b><i>Membership:</i></b> Full Council and an appointed Iwi representative</p> <p><b><i>Chair:</i></b> Councillor O’Regan</p>

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	<p><b>Purpose:</b> To oversee the development and implementation of liveable spaces in our communities, with a focus on the promotion of the social, economic, environmental and cultural well-being of communities. To oversee the development and implementation of Council's community services, plans (including long term, annual plans and district plan), bylaws, strategies and policies and where appropriate, with the exception of the district plan, to act as Council's hearings committee for consultation submissions in relation to these.</p> <p><b>Delegations:</b> Exercise all the powers, functions and duties of Council with the exception of those powers as set out in Schedule 7 Clause 32(1) of the Local Government Act 2002, which are only for Council and which cannot be delegated by Council.</p>
<p><b>Finance and Corporate</b></p>	<p><b>Membership:</b> Full Council and an appointed Iwi representative</p> <p><b>Chair:</b> Councillor A Brown</p> <p><b>Purpose:</b> To undertake Council's corporate and governance functions specifically in relation to financial and non-financial reporting, financial and treasury policies and arrangements, insurance arrangements, property management and Council Controlled Organisations.</p> <p><b>Delegations:</b> Exercise all the powers, functions and duties of Council with the exception of those powers as set out in Schedule 7 Clause 32(1) of the Local Government Act 2002, which are only for Council and which cannot be delegated by Council.</p>
<p><b>Service Delivery</b></p>	<p><b>Membership:</b> Full Council and an appointed Iwi representative</p> <p><b>Chair:</b> Councillor Webber</p> <p><b>Purpose:</b> To have responsibility for overseeing Council's infrastructure work programme, asset management</p>

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	<p><i>planning and levels of service in relation to the service delivery areas of Transportation Management, Road Asset Technical Accord, and Water Services, including the consideration of regional integration of services.</i></p> <p><b>Delegations:</b> <i>Exercise all the powers, functions and duties of Council with the exception of those powers as set out in Schedule 7 Clause 32(1) of the Local Government Act 2002, which are only for Council and which cannot be delegated by Council.</i></p> <p><i>Pursuant to section 25(5) of the Civil Defence Emergency Management Act 2002, the Chairperson of the Service Delivery Committee is designated to act on behalf of the Mayor (in the absence of the Mayor or Deputy Mayor) to declare a state of local emergency that covers the Waipa District.</i></p>
<p><b>Regulatory Committee</b></p>	<p><b>Membership:</b> <i>Councillor Gower, Councillor St Pierre, Councillor Stolwyk and an appointed Iwi representative</i></p> <p><b>Chair:</b> <i>Councillor Gower</i></p> <p><b>Purpose:</b> <i>To manage the regulatory aspects of Council's business, in particular in relation to the Resource Management Act 1991.</i></p> <p><b>Delegation:</b></p> <ol style="list-style-type: none"> <li>1. <i>Exercise pursuant to Section 34(1) of the Resource Management Act 1991 Council's functions, powers and duties under the Act (subject to the requirements in relation to accreditation).</i></li> <li>2. <i>Exercise Council's functions, powers and duties under the Dog Control Act 1996, in particular:</i> <ol style="list-style-type: none"> <li>2.1 <i>hearing and determining an objection to a probationary owner classification under section 22:</i></li> </ol> </li> </ol>



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	<p>2.2 <i>terminating a probationary owner classification under section 23:</i></p> <p>2.3 <i>hearing and determining an objection to a disqualified owner classification under section 26:</i></p> <p>2.4 <i>hearing and determining an objection to a dangerous dog classification under section 31:</i></p> <p>2.5 <i>determining an objection to a menacing dog classification under sections 33B or 33D:</i></p> <p>2.6 <i>hearing and determining an objection to a barking dog notice under section 55:</i></p> <p>3. <i>Exercise, pursuant to Section 12 of the Fencing of Swimming Pools Act 1987, Council's functions, powers and duties under Section 6 of the Act and clause 11 of the Schedule to the Act, in particular:</i></p> <p>3.1 <i>granting exemptions under section 6; and</i></p> <p>3.2 <i>making determinations under clause 11 of the Schedule.</i></p> <p>4. <i>Exercise Council's functions, powers and duties under the Food Act 2014 and associated regulations (including to act as the registration authority).</i></p> <p>5. <i>The authority to hear any objection concerning any officer's decision or other objection in relation to any regulatory function and in particular, but not exclusively, in relation to the Building Act 2004, the Forest and Rural Fires Act 1977, Part II of the Health Act 1956, the Impounding Act 1955, the Land Drainage Act 1908, the Litter Act 1979 and the Local Government Act 2002.</i></p> <p>6. <i>The Chair of the Regulatory Committee has authority together with either the Group Manager District Growth and Regulatory Services or the Manager</i></p>
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	<p><i>District Plan and Growth, to make appointments of a commissioner or commissioners from Council's panel of commissioners for Resource Management hearings (contained in document number 15103091), as required.</i></p>
<p><b>Audit and Risk</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor A Brown, Councillor Gordon, Councillor O'Regan, Councillor St Pierre and Bruce Robertson</p> <p><b>Chair:</b> Bruce Robertson</p> <p><b>Purpose:</b> To provide independent assurance and assistance to the Waipa District Council on Council's risk, control and compliance framework, and its external accountability responsibilities.</p> <p><b>Delegation:</b></p> <ol style="list-style-type: none"> <li>1. Receive and consider external and internal audit reports.</li> <li>2. Receive and consider staff reports on audit, internal control and risk management related matters.</li> <li>3. Make recommendations to the Finance and Corporate Committee and/or Council on financial, internal control and risk management policy and procedure matters as appropriate.</li> <li>4. To recommend approval of the Auditors engagement and arrangements letters.</li> </ol>
<p><b>Te Ara Wai Governance</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor A Brown, Councillor O'Regan, Councillor Stolwyk, Lee-Ann Muntz, Paraone Gloyne, Puawai Cairns and Glenda Taituha</p> <p><b>Chair:</b> Lee-Ann Muntz</p> <p><b>Purpose:</b> To provide a governance and strategic overview for the establishment of Te Ara Wai.</p>

**Delegation:**

1. To receive the final design for review and recommend the final design to Council for adoption ensuring that the final design meets the functional specifications.
2. To receive reports on project risks and their mitigation from staff on a minimum of a quarterly basis and make recommendations to staff.
3. To receive reports from staff on progress of the project in terms of delivery of project milestones and costs on a minimum of a quarterly basis and make recommendations to staff.
4. To determine an appropriate name and branding for the discovery centre.
5. To receive reports from staff on the post establishment management and governance of the discovery centre and make recommendations to Council.
6. To receive reports and approve plans for the appropriate transfer of objects from the current museum to the discovery centre.
7. To maintain an overview of the development of sites of significance which are promoted in the discovery centre.
8. To ensure partners including iwi and key stakeholders remain supportive of the discovery centre.
9. To approve applications for funding from external sources.
10. To act as an advocate for the Te Awamutu Discovery centre and its value and importance to the future health and prosperity of the wider Community.

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	<p>11. To maintain an overview of Te Awamutu Hub streetscape projects, ensuring that these are complementary to the Museum and Discovery Centre.</p>
<p><b>District Licensing Committee</b></p>	<p><b>Membership &amp; Chair:</b></p> <p>Sara Grayson Commissioner (Chairperson)</p> <p>Alternate Commissioner – Tegan McIntyre</p> <p>Councillor Gower, Deputy Chairperson and Member</p> <p><b>Members:</b> Mr Ross Murphy (existing member), Ms Patsi Davies (existing member), Dr Michael Cameron (existing member), Mr Roy Johnstone (existing member), Mr John Gower (existing member)</p> <p><b>Purpose:</b> To consider and determine applications for licences, managers certificates, renewal of licences and managers certificates, temporary authorities and other matters pursuant to section 187 of the Sale and Supply of Alcohol Act 2012.</p>
<p><b>Pirongia Ward Committee</b></p>	<p><b>Membership:</b> Two Pirongia Ward Councillors – Councillor Thomas and Councillor St Pierre, and the Chairperson or their nominee of the Te Pahu, Pirongia and Ohaupo Resident and Ratepayers Associations, a representative from each of Te Kauhanganui o Waikato and the Purekireki Marae Committee and up to three community representatives as the Committee determines.</p> <p><b>Chair:</b> Councillor St Pierre</p> <p><b>Purpose:</b> To allocate funds, to consider the draft annual plan and to perform similar representative functions as the community boards, and to manage the three reserves known as Franklin Street, Rangimarie and Te Ngahere reserves.</p> <p><b>Delegation:</b></p>

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	<ol style="list-style-type: none"> <li>1. <i>Allocate funding within the approved budget, providing that any decision to allocate any of those funds must be made in accordance with the promotion of the social, economic, environmental and cultural well-being of communities in the present and for the future.</i></li> <li>2. <i>Manage on behalf of Council the Franklin Street, Rangimarie and Te Ngahere reserves and consider and recommend reserve development projects within the Pirongia Ward to the Service Delivery Committee.</i></li> <li>3. <i>Represent, and act as an advocate for, the interests of its community.</i></li> <li>4. <i>Consider and report on all matters referred to it by the Council, or any matter of interest or concern to the Committee.</i></li> <li>5. <i>Maintain an overview of services provided by the Council within the community.</i></li> <li>6. <i>Prepare an annual submission to the Council for expenditure within the community.</i></li> <li>7. <i>Communicate with community organisations and special interest groups within the community.</i></li> <li>8. <i>Undertake any other responsibilities that are delegated to it by the Council.</i></li> </ol>
<p><b>Chief Executive Performance Management Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor O'Regan, Councillor Stolwyk, Councillor Thomas</p> <p><b>Chair:</b> Mayor Mylchreest</p> <p><b>Purpose:</b> <i>To conduct the reviews of the performance of Council's Chief Executive and make recommendations to Council.</i></p>

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<p><b>Waipa Iwi Consultative Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor Stolwyk, Councillor O'Regan, Councillor Brown, Councillor Webber, Councillor Gower, Waikato Tainui Trust Board – representative to be advised, Raukawa Settlement Trust – representative to be advised, Maniapoto Trust Board – Barney Manaia, Ngā Iwi Toopu o Waipa Chairperson – Gaylene Roberts, Kaumatua – Jim Keremeta, Wharepuhunga – Kataraina Hodge, Ngāti Haua – Chris Riki, Purekireki – Haupai Puke, Puniu – Harold Maniapoto, Kakepuku – Waitiahoaho Te Ruki, Kaniwhaniwha – Rangiuia Riki, Maungatautari – Josephine Taute, Ngāti Ngawaero – Kate Searancke, Ngāti Hikairo – Hano Ormsby, Ngāti Apakura (Apakura Runanga Trust Board) – Bill Harris.</p> <p><b>Chair:</b> Mayor Mylchreest</p> <p><b>Purpose:</b> To facilitate communications between Council and Tangata Whenua. The Committee will consider any matter impacting on the interests of Tangata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and resource management. The Committee will advise Council and the various Iwi on Treaty of Waitangi implications for policies and activities of Council.</p>
<p><b>Maungatautari Reserve Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor Andree – Wiltens, Councillor Coles, Councillor Gordon, Councillor Webber, Ted Tauroa (Pohara Marae), Poto Davies (Pohara Marae/MEIT), Fred Haimona (Ngati Haua), Geoff Canham (Consultant), one representative from the Maungatautari Ecological Island Trust, one representative from the Department of Conservation and one representative from the Waikato Regional Council. [Landowners to be appointed once available]</p> <p><b>Chair:</b> Councillor Andree Wiltens</p> <p><b>Purpose:</b> To facilitate Council's role in relation to the administration and management, including co-governance and management of the Maungatautari</p>



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	<p><i>Reserve in accordance with the requirements of the Reserves Act 1977, reserve management issues as they relate to the reserve and to the ecological island project, and to oversee the services of MEIT for day-to day management of the enclosures and to oversee the Reserve Management Plan for the reserve.</i></p>
<p><b>District Promotions Sub-Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor Coles, Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Merv Gyde, Kevin Burgess</p> <p><b>Chair:</b> Mayor Mylchreest</p> <p><b>Purpose:</b> Make allocation decisions in respect of Council's District Promotions Fund and Community Event Fund</p> <p><b>Delegation:</b> Make allocation decisions in respect of Council's District Promotions Fund and the Community Event Fund carry out any other duties allocated to the sub-Committee by the Strategic Policy and Planning Committee.</p> <p><i>Review and approve funding for a District Promotions Fund or Community Event Fund event application that falls outside the date range of that current financial year, providing such funding exists in the current 10-Year Plan.</i></p> <p><i>The Strategic Planning and Policy Committee approves the carry-over of any unspent District Promotions Fund or Community Event Fund monies at the end of a financial year, in order to be available for use in the following financial year.</i></p>

- c) Council appoints the following members to these external organisations and Council Advisory Groups:

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<i>Representation on External Organisations and Delegations</i>	
<b>Organisation</b>	<b>Representative and any delegation</b>
<i>Waikato Regional Airport Limited</i>	<i>Mayor J Mylchreest</i>
<i>Waikato Civil Defence Emergency Management Group</i>	<i>Councillor Lou Brown</i> <i>Alternate: Mayor J Mylchreest</i>
<i>Waikato Regional Council Land Transport Committee</i>	<i>Councillor Webber</i> <i>Alternate – Councillor Stolwyk</i>
<i>Future Proof Implementation Committee</i>	<i>Mayor Mylchreest</i> <i>Councillor Stolwyk</i>
<i>Te Awamutu &amp; District Museum Trust Board</i>	<i>Councillor Barnes, and Councillor L Brown, Councillor O’Regan</i>
<i>Waikera Liaison Group</i>	<i>Councillor Barnes and Councillor Gower</i>
<i>Joint Management Agreement Committee – Waikato Tainui</i>	<i>Mayor Mylchreest, _____,</i> <i>_____, _____</i>
<i>Joint Management Agreement Committee – Raukawa</i>	<i>Mayor Mylchreest</i> <i>Alternate – Councillor Stolwyk</i>
<i>Joint Management Agreement Committee – Maniapoto</i>	<i>Mayor Mylchreest</i> <i>Alternate – Councillor Stolwyk</i>
<i>Airport Community Liaison Group</i>	<i>Councillor Thomas</i> <i>Alternate – Councillor Coles</i>
<i>Regional Catchment Committee – Central Waikato</i>	<i>Councillor Andree-Wiltens</i> <i>Alternate Councillor Coles</i>



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<i>Regional Catchment Committee - Waipa</i>	<i>Councillor Thomas</i> <i>Alternate Councillor Pettit</i>
<i>Heritage Advisory Sub-Group</i>	<i>Councillor Andree-Wiltens, Councillor Barnes, Councillor O'Regan</i>  <i>Delegation: Responsibility for assessing applications and allocating the Heritage Fund</i>

- d) *Cambridge Community Board be delegated authority to organise the annual Anzac and Armistice civic events in Cambridge; and*
- e) *The funding delegation for the Cambridge Community Board and Te Awamutu Community Board be amended to provide the authority to allocate funding within the approved budget, providing that any decision to allocate any of those funds must be made in accordance with the promotion of the social, economic, environmental and cultural well-being of communities in the present and for the future.*

## 11 COUNCIL AND COMMITTEES MEETING DATES FOR DECEMBER 2019

No Papers

It is now appropriate to set the Council and Council Committees meeting dates for December 2019.

### Recommendation

*That the following schedule for meetings in December 2019 be adopted;*

<i>Strategic Planning &amp; Policy Committee</i>	<i>9.00am</i>	<i>Tuesday - 03 December 2019</i>
<i>Cambridge Community Board</i>	<i>6.00pm</i>	<i>Wednesday - 04 December 2019</i>
<i>Audit and Risk Committee</i>	<i>10.00am</i>	<i>Monday - 09 December 2019</i>
<i>Service Delivery Committee</i>	<i>9.00am</i>	<i>Tuesday - 10 December 2019</i>

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<i>Finance and Corporate Committee</i>	<i>1.00pm</i>	<i>Tuesday - 10 December 2019</i>
<i>Te Awamutu Community Board</i>	<i>6.00pm</i>	<i>Tuesday - 10 December 2019</i>
<i>Iwi Consultative Committee</i>	<i>10.00am</i>	<i>Wednesday - 11 December 2019</i>
<i>Pirongia Ward Committee</i>	<i>4.00pm</i>	<i>Wednesday - 11 December 2019</i>
<i>Te Ara Wai Governance Committee</i>	<i>10.00am</i>	<i>Thursday - 12 December 2019</i>
<i>Council</i>	<i>9.00am</i>	<i>Tuesday - 17 December 2019.</i>

## 12 ELECTED MEMBER REMUNERATION 2019/20

File: 10122584 / Pages: 51 - 56

The Remuneration Authority ('the Authority') is the independent body responsible for setting Elected Member remuneration. From the period following the 2019 local government elections, each local authority is allocated a set Governance Pool (Pool) amount which determines and limits the total amount by which Councillors are to be remunerated. Individual councils are responsible for providing a recommendation on the allocation of their Pool for Remuneration Authority confirmation and determination.

Remuneration for the Mayor and Community Board members is set separately by the Authority.

The purpose of the staff report is for Council to confirm how the Governance Pool should be allocated to the 13 elected members.

### Recommendation

*That –*

- a) The report of Jo Gread, Manager Governance, titled 'Elected Member Remuneration 2019/20' (document number 10122584), be received; and*
- b) Council approves the distribution of the remuneration pool as set out in the following table for submission to the Remuneration Authority:*

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<b>Proposed position with additional responsibilities</b>	<b>Number of persons per position</b>	<b>Proposed ratio to Councillor base remuneration</b>	<b>Proposed annual total remuneration per councillor</b>
<i>Deputy Mayor: Councillor Stolwyk Role: To undertake the Mayor's role when the Mayor is not available</i>	1	1.3	\$43,335
<i>Chair Role: Provide leadership and preside over all meetings of the committee  Chair of Service Delivery Committee: Councillor Webber;  Chair of Finance &amp; Corporate Committee: Councillor A Brown;  Chair of Strategic Planning &amp; Policy Committee: Councillor O'Regan;  Chair of Regulatory Committee: Councillor Gower</i>	4	1.2	\$40,001
<i>Councillor</i>	8	0	\$33,334

## 13 FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

File: 10123569 / Pages: 57 - 65

The financial position for the period ended 30 September 2019 is detailed in Section 3 of the staff report.

### **Recommendation**

*That the information contained in the 'Financial Report for the Period Ended 30 September 2019' (document number 10123569), of Nada Milne, Financial Accountant, be received.*

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## 14 LOCAL GOVERNMENT FUNDING AGENCY APPOINTMENTS

File: 10118353 / Pages: 66 - 154

The LGFA is a Council-controlled organisation (CCO), owned 11.1% by the Government and 88.9% by 30 local authorities.

The LGFA was established to provide councils with improved access to cost-effective long term debt. It is a registered financial institution regulated by the Reserve Bank. Total loans made to local government total around \$10 billion. Together, Auckland Council and Christchurch City Council have approximately 47% of the LGFA's issued debt, with the remainder shared between the other councils.

The LGFA's Shareholder's Agreement (SHA) provides that the board may comprise between four and seven directors, a majority of whom must be independent. Since inception in 2011, aside from one very short period due to a time lag between the retirement of a director and the appointment of a replacement, the board has had six directors, one of which was non-independent. The SHA provides that in each year, the longest serving independent director, and the longest serving non-independent director must retire from the board but may offer themselves for re-election.

Current board members are Craig Stobo (Chair) who was initially appointed in 2011 and was re-appointed in 2017, Philip Cory-Wright (initially appointed in 2011 and re-appointed in 2016), Linda Robertson (appointed 2015), Anthony Quirk (appointed 2017) and John Avery (initially appointed in 2011 and re-appointed in 2018) and Mike Timmer (initially appointed in 2015 and re-appointed each subsequent year as the only Non-Independent Director).

Council oversight is provided through a Shareholders' Council. The members are Auckland Council, Christchurch City Council, Hamilton City Council, Bay of Plenty Regional Council, Greater Wellington Regional Council, Tasman District Council, Tauranga City Council, Wellington City Council, Western Bay of Plenty District Council and Whangarei District Council as well as the NZ Government (with oversight through the Ministers of Local Government and Finance).

The SHA provides that the role of the Shareholders' Council is to advise shareholders on certain matters, and that it shall (in relation to the matters for resolution at the AM):

- review and report to shareholders periodically on the performance of the company and the board;

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- make recommendations on the appointment, removal, re-election, replacement and remuneration of directors; and
- make recommendations to shareholders on, and endeavour to ensure that shareholders are fully informed on matters concerning the company.

Shareholders are entitled to attend and vote at the AM, with a proxy form for voting to be sent to LGFA at least 48 hours prior to the AM.

The following matters are being considered at the AM:

- To receive and consider the financial statements for the year ended 30 June 2019
- Election of Independent Directors
- Election of Non-Independent Directors
- Election of Nominating Local Authorities to Shareholders' Council
- Director Remuneration
- Changes to LGFA's Foundation Documents
- Changes to LGFA's Shareholders' Agreement

Attachment 1 of the staff report is the Local Government Agency Limited 'Notice of Annual Meeting', which includes Explanatory Notes. The associated 'Proxy Form' is attachment 2 of the staff report.

## **Recommendation**

*That –*

- The 'Local Government Funding Agency Appointments' report (document number 10118353) of Sarah Davies, Manager Finance, be received;*
- Council notes the Local Government Funding Agency has advised that its Annual Meeting will be held on 21 November 2019 in Wellington;*
- Council appoints a proxy to vote on its behalf at the Annual Meeting; and*
- Council agrees that the proxy or alternate votes in favour of the following proposals which require ordinary shareholder resolutions, that:*

# COUNCIL AGENDA



- a. *Linda Robertson is re-appointed to the Local Government Funding Agency's board as an independent director;*
- b. *Mike Timmer is re-appointed to the Local Government Funding Agency's board as a non-independent director;*
- c. *Auckland Council is re-elected to the Shareholders' Council;*
- d. *Western Bay of Plenty District Council is re-elected to the Shareholders' Council;*
- e. *The proposed increases to Directors' remuneration be approved;*
- f. *The proposed changes to the Local Government Funding Agency's foundation policies be approved; and*
- g. *The proposed changes to the Local Government Funding Agency's Shareholders' Agreement be approved.*

## 15 DELEGATIONS FOR REMITTING RESOURCE MANAGEMENT ACT ADMINISTRATIVE CHARGES

File: 19053563 / Pages: 155 - 158

Section 36AAB(1) of the Resource Management Act 1991 (RMA) authorises Council to remit part or all of RMA consent fees and charges. Council's Fees and Charges Policy provides for administrative changes (e.g. resource consent fees and charges) to be remitted (discounted) at the discretion of the department receiving the request.

Senior Council staff have been approving requests for fees and charges remissions under the delegated authority of the Fees and Charges Policy and the former Administration Manual. This delegation needs to be formalised in the Council's Delegations Manual.

### **Recommendation**

*That:*

- a) *The report titled 'Delegations for Remitting Resource Management Act Administrative Charges' (document number 10121252) of Wayne Allan, Group Manager District Growth and Regulatory Services be received;*

- b) Pursuant to Schedule 7 section 32 of the Local Government Act 2002, and Section 34A(2) of the Resource Management Act 1991, Council **DELEGATE** certain powers, functions and duties outlined in (b)(i) and (ii) with immediate effect;
- (i) Authority, under section 36AAB(1) of the Resource Management Act 1991, to remit the whole or any part of any change of a kind referred to in s36 of the RMA (administrative charges) that would otherwise be payable;
- (ii) This authority be delegated to the following roles:
- Group Manager District Growth and Regulatory Services
  - Manager District Plan and Growth
  - Team Leader, Resource Consents; and
- c) The Delegations Register be updated accordingly.

## 16 TE AWAMUTU ROTARY CHRISTMAS PARADE 2019 – REQUEST FOR APPROVAL OF TEMPORARY ROAD CLOSURES

File: 10102839 / Pages: 159 - 162

Rotary Te Awamutu has applied to Council for permission to temporarily close the following roads as required under the Local Government Act 1974, to enable it to run the Te Awamutu Christmas Parade.

The temporary road closures are for parts of:

- **Mahoe Street** – from Arawata Street to Selwyn Lane
- **Alexandra Street** – from Mutu/Rewi Street to Sloane Street
- **Churchill Street** – from Mahoe Street to Mutu/Mangapiko Street
- **Selwyn Lane** – the whole section
- **Gorst Avenue** – the whole section

from **7.00am to 2.00pm** on **Saturday, 14 December 2019** and:



## COUNCIL AGENDA



- **Mahoe Street** – from Churchill Street to Selwyn Lane
- **Arawata Street** – from Mahoe Street to Sloane Street/Alexandra Street
- **Sloane Street** – from Arawata Street/Alexandra Street to 35 Sloane Street

from **11.00am to 2.00pm** on **Saturday, 14 December 2019**.

The above sections of roads will be closed to traffic during the above times.

### **Recommendation**

*That Council:*

- a) ***Receives the Te Awamutu Rotary Christmas Parade 2019 – Request for Approval of Temporary Road Closures*** report (document number 10102839) of Julie Taylor, Transportation Safety Officer.
- b) *Approves, in accordance with sections 319(h) and 342, and section 11 of Schedule 10 of the Local Government Act 1974:*

*The temporary road closures as detailed in the map below.*

*Authorises the proposed road closures to be publicly notified in accordance with the provisions of the Local Government Act 1974.*

## **17 RESOLUTION TO EXCLUDE THE PUBLIC**

No papers

(Section 48, Local Government Official Information and Meetings Act 1987)

### **Recommendation**

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

*The general subject of the matter to be considered while the public is excluded, the reason for this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*



# COUNCIL AGENDA



<i>Item No.</i>	<i>Minutes/ Report of:</i>	<i>General subject of each matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
18	<i>Manager – Project Delivery (Major Capital Works) Lorraine Kendrick</i>	<i>Cambridge Pool Redevelopment – Budget For Remedial Works On Existing 50m Pool</i>	<i>Good reason to withhold exists under section 7</i>	<i>Section 48(1)</i>
19	<i>Community Facilities Team Leader Brad Ward</i>	<i>Consideration of Tenders for Contract 27-18-39 Rural Open Spaces Contract</i>	<i>Good reason to withhold exists under section 7</i>	<i>Section 48(1)</i>

*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:*

<i>18,19</i>	<i>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</i>	<i>Section 7(2)(i)</i>
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## **18 CAMBRIDGE POOL REDEVELOPMENT – BUDGET FOR REMEDIAL WORKS ON EXISTING 50 METRE POOL**

Circulated separately

This item will be taken within the public excluded section of the meeting.

# COUNCIL AGENDA



## **19 CONSIDERATION OF TENDERS FOR CONTRACT 27-18-39 RURAL OPEN SPACES CONTRACT**

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Circulated separately

This item will be taken within the public excluded section of the meeting.

*Closing Prayer*

# COUNCIL MINUTES



## INAUGURAL COUNCIL MEETING

**Time:** 9.00am Powhiri  
10.30am Meeting Start

**Date:** Friday 1 November 2019

**Venue:** Council Chambers, Waipa District Council, 101 Bank Street,  
Te Awamutu

*Karakia Timatanga*

### 1 PRESENT

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#### Chairperson

His Worship the Mayor JB Mylchreest

#### Members

EM Andree-Wiltens, AW Brown, LE Brown, PTJ Coles, RDB Gordon, ML Gower, SC O'Regan, MJ Pettit, EM Stolwyk, CS St Pierre, BS Thomas.

#### Public

50

### 2 APOLOGIES

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The Chief Executive provided apologies from Councillor Barnes and Councillor Webber for non-attendance.

### 3 MAKING AND ATTESTING OF DECLARATIONS BY MAYOR AND COUNCILLORS

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The Chief Executive took the declaration from the Mayor who then assumed the Chair. Council members were called in alphabetical order and made the following declaration.

# COUNCIL MINUTES



*“I, ....., declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Waipa District, the powers, authorities, and duties vested in, or imposed upon, me as Mayor/a member of the Waipa District Council by virtue of the Local Government Act 2002, the Local Government Information and Meetings Act 1987, or any other Act.”*

## 4 CONFIRMATION OF APPOINTMENT OF DEPUTY MAYOR

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The election of the Deputy Mayor is an item of business that is required to be conducted following a triennial election of members of the local authority under clause 21(5)(e) of Schedule 7 of the Local Government Act 2002 (LGA).

The provisions of the LGA provide for a Mayor to appoint the Deputy Mayor. If the Mayor declines to exercise this power, then the position is elected by Council.

Mayor Mylchreest acknowledged the long service and tremendous support of Councillor Grahame Webber who had chosen to retire from the Deputy Mayor position after two terms.

Mayor Mylchreest advised that he has exercised his Mayoral powers and had asked Councillor Stolwyk to be Deputy Mayor. He advised that Councillor Stolwyk had accepted the position.

Councillor Stolwyk thanked everyone for their support and congratulated the re-elected Councillors and welcomed the new Councillors. She said it was an honour to be Deputy Mayor and looked forward to working with everybody over the next three years.

Mayor Mylchreest signalled his intentions for the Chairpersons of the Standing Committees of Council as follows: Councillor Webber for Chair of Service Delivery, Councillor AW Brown for Chair of Finance and Corporate, Councillor O'Regan for Chair of Strategic Planning and Policy and Councillor Gower for Chair of the Regulatory Committee, with RMA Hearings alternating the Chair position between Councillor Gower and Councillor St Pierre. It is intended that the Audit and Risk Committee have an independent chair.

## COUNCIL MINUTES



In response to the question of deputy chairs, it was advised that we have provisions in standing orders to appoint a Chairperson in the absence of the appointed Chairperson.

### RESOLVED

1/19/96

*That the Council receives the appointment by Mayor Mylchreest of Councillor Stolwyk as Deputy Mayor.*

Councillor L Brown/ Councillor A Brown

## 5 GENERAL EXPLANATION BY THE CHIEF EXECUTIVE OF KEY LEGISLATION

Helen Atkins, Director Atkins, Holm, Majurey Law, provided a general explanation of key legislation by way of a power point presentation. Ms Atkins advised the Local Government Act 2002 (Schedule 7 Clause 21(5)(c)) required the Chief Executive to provide or to arrange a general explanation of:

- The Local Government Official Information and Meetings Act 1987
- The appropriate provisions of the Local Authorities (Members' Interests) Act 1968
- The Financial Markets Conduct Act 2013
- The Secret Commissions Act 1910
- The Crimes Act 1961 – Sections 99, 105 and 105A

### RESOLVED

1/19/97

*That the information provided by Helen Atkins, Director - Atkins Holm Majurey Limited, be received.*

Councillor O'Regan/ Councillor Stolwyk

## 6 APPOINTMENT OF COUNCILLORS TO COMMUNITY BOARDS

In accordance with Council's representation arrangements adopted on 25 September 2018, Council must appoint two Councillors to each Community Board. The Te Awamutu Community Board is made up of four elected members from the Te

## COUNCIL MINUTES



Awamutu Ward and one from the Kakepuku Ward and one Councillor appointed from the Te Awamutu Ward and one Councillor appointed from the Kakepuku Ward.

The Cambridge Community Board is made up of five elected members from the Cambridge Ward, one from the Maungatautari Ward and one Councillor appointed from the Cambridge Ward and one Councillor appointed from the Maungatautari Ward.

There is only one Councillor representative for both the Maungatautari and Kakepuku Wards so they will be appointed by default. Council will need to determine the Councillor Board appointments for the Cambridge Ward and the Te Awamutu Ward.

The Community Boards are meeting later in the afternoon and it would be appropriate for the two Council appointments to be present. The required notice of meeting cannot be given to the Councillors appointed to the Community Boards, as they are yet to be appointed, but a member could waive their right if they wished.

### **RESOLVED**

1/19/98

*That Councillor Andree-Wiltens be appointed to the Cambridge Community Board as the representative for the Maungatautari Ward and Councillor O'Regan be appointed to the Te Awamutu Community Board as the representative for the Kakepuku Ward, and as appointed members, record in the minutes, their waiver of any requirements regarding the giving of notice of the first meeting of the Community Board to which they have been appointed.*

Councillor Gordon/ Councillor Gower

Nominations were called for the appointment of representative to the Te Awamutu Community Board. Councillor Lou Brown was nominated by Councillor Andrew Brown and seconded by Councillor Thomas. There were no further nominations and Councillor Lou Brown was declared the appointed member.

### **RESOLVED**

1/19/99

*That Councillor Lou Brown be appointed to the Te Awamutu Community Board and as an appointed member, record in the minutes, his waiver of any requirements regarding the giving of notice of the first meeting of the Community Board to which he has been appointed.*

Councillor A Brown/ Councillor Thomas

## COUNCIL MINUTES



Nominations were called for the appointment of representative to the Cambridge Community Board. Councillor Coles was nominated by Councillor Pettit and seconded by Councillor Gordon. Councillor Webber was nominated by Councillor Thomas and seconded by Councillor Andree-Wiltens.

A division was called, with 8 voting in favour of Councillor Webber and 3 voting in favour of Councillor Coles:

*Cr Andree-Wiltens – in favour of Cr Webber*

*Cr A Brown – in favour of Cr Webber*

*Cr L Brown – in favour of Cr Webber*

*Cr Coles – in favour of Cr Coles*

*Cr Gordon – in favour of Cr Coles*

*Cr Gower – in favour of Cr Webber*

*Cr O'Regan – in favour of Cr Webber*

*Cr Pettit – in favour of Cr Coles*

*Cr Stolwyk – in favour of Cr Webber*

*Cr St Pierre – in favour of Cr Webber*

*Cr Thomas – in favour of Cr Webber*

**CARRIED on a Division      RESOLVED 1/19/100**

Mayor Mylchreest duly declared Councillor Webber as appointed member to the Cambridge Community Board.

## 7      **FIXING A DATE AND TIME OF THE FIRST MEETING**

The Local Government Act 2002 (Schedule 7 Clause 21(5)(d)) requires Council, at its first meeting after a triennial election, to fix the date and time of the first meeting of the local authority for the new term.

**RESOLVED**

1/19/101

*That the first meeting of the Waipa District Council be held on Monday 18 November 2019 commencing at 9.00am.*

Councillor Stolwyk/ Councillor Pettit



There being no further business the meeting closed at 11.18am.

*Karakia Whakamutunga*

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**CONFIRMED AS A TRUE AND CORRECT RECORD**

**CHAIRPERSON:**

.....

**DATE:**

.....



# COUNCIL REPORT



**To:** His Worship the Mayor and Councillors  
**From:** Manager Governance  
**Subject:** **Council Committees and Appointments**  
**Meeting Date:** 18 November 2019

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## 1 EXECUTIVE SUMMARY

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At the end of a term, standing committees are discharged, unless Council resolves otherwise. The Committees of the previous Council are shown in Appendix 1 which were all discharged with the exception of the District Licensing Committee. The former Council resolved to keep this committee up until the Council appoints its new committees for the triennium to enable licensing hearings to be held if required. A Hearings Panel was established to deal with any Resource Management Act Hearings.

Section 41A of the Local Government Act 2002 (LGA) provides for the Mayor to establish committees of Council and to appoint the chairperson of each committee. This report is formal notification that Mayor Mylchreest has exercised his power. The Mayor discussed this with elected members prior to exercising this power.

The new committee structure is outlined in the Governance Structure in Appendix 2. The committee structure is consistent with the recommendations from the previous Council, which was for the committees of Council to continue with some changes proposed as to how the committees are structured and operate.

The governance structure is aligned with Council's organisational structure and the delivery of services and activities in the 10-Year Plan. This approach has worked well and enabled committees to focus on particular aspects of Council's business and make decisions.

This report also addresses joint committees and appointments to external organisations and delegations to community boards.

## 2 RECOMMENDATION

That –

- a) *The report of Jo Gread, Manager Governance, titled ‘Council Committees and Appointments’ (document number 10122124), be received;*
- b) *Council acknowledges that His Worship the Mayor has exercised his powers under section 41A(3)(b) and (c) of the Local Government Act 2002 to establish committees of Council and appoint committee chairpersons and members as set out below, and Council confirms those committees and appointments and makes the delegations set out as follows:*

<b>Committee</b>	<b>Appointments and Delegations</b>
<b>Strategic Planning and Policy</b>	<p><b>Membership:</b> Full Council and an appointed Iwi representative</p> <p><b>Chair:</b> Councillor O’Regan</p> <p><b>Purpose:</b> To oversee the development and implementation of liveable spaces in our communities, with a focus on the promotion of the social, economic, environmental and cultural well-being of communities. To oversee the development and implementation of Council’s community services, plans (including long term, annual plans and district plan), bylaws, strategies and policies and where appropriate, with the exception of the district plan, to act as Council’s hearings committee for consultation submissions in relation to these.</p> <p><b>Delegations:</b> Exercise all the powers, functions and duties of Council with the exception of those powers as set out in Schedule 7 Clause 32(1) of the Local Government Act 2002, which are only for Council and which cannot be delegated by Council.</p>
<b>Finance and Corporate</b>	<p><b>Membership:</b> Full Council and an appointed Iwi representative</p> <p><b>Chair:</b> Councillor A Brown</p> <p><b>Purpose:</b> To undertake Council’s corporate and governance functions specifically in relation to financial and non-financial reporting, financial and treasury policies</p>

	<p><i>and arrangements, insurance arrangements, property management and Council Controlled Organisations.</i></p> <p><b>Delegations:</b> <i>Exercise all the powers, functions and duties of Council with the exception of those powers as set out in Schedule 7 Clause 32(1) of the Local Government Act 2002, which are only for Council and which cannot be delegated by Council.</i></p>
<p><b>Service Delivery</b></p>	<p><b>Membership:</b> <i>Full Council and an appointed Iwi representative</i></p> <p><b>Chair:</b> <i>Councillor Webber</i></p> <p><b>Purpose:</b> <i>To have responsibility for overseeing Council’s infrastructure work programme, asset management planning and levels of service in relation to the service delivery areas of Transportation Management, Road Asset Technical Accord, and Water Services, including the consideration of regional integration of services.</i></p> <p><b>Delegations:</b> <i>Exercise all the powers, functions and duties of Council with the exception of those powers as set out in Schedule 7 Clause 32(1) of the Local Government Act 2002, which are only for Council and which cannot be delegated by Council.</i></p> <p><i>Pursuant to section 25(5) of the Civil Defence Emergency Management Act 2002, the Chairperson of the Service Delivery Committee is designated to act on behalf of the Mayor (in the absence of the Mayor or Deputy Mayor) to declare a state of local emergency that covers the Waipa District.</i></p>
<p><b>Regulatory Committee</b></p>	<p><b>Membership:</b> <i>Councillor Gower, Councillor St Pierre, Councillor Stolwyk and an appointed Iwi representative</i></p> <p><b>Chair:</b> <i>Councillor Gower</i></p> <p><b>Purpose:</b> <i>To manage the regulatory aspects of Council’s business, in particular in relation to the Resource Management Act 1991.</i></p> <p><b>Delegation:</b></p> <ol style="list-style-type: none"> <li><i>Exercise pursuant to Section 34(1) of the Resource Management Act 1991 Council’s functions, powers</i></li> </ol>

	<p><i>and duties under the Act (subject to the requirements in relation to accreditation).</i></p> <p>2. <i>Exercise Council’s functions, powers and duties under the Dog Control Act 1996, in particular:</i></p> <p>2.1 <i>hearing and determining an objection to a probationary owner classification under section 22:</i></p> <p>2.2 <i>terminating a probationary owner classification under section 23:</i></p> <p>2.3 <i>hearing and determining an objection to a disqualified owner classification under section 26:</i></p> <p>2.4 <i>hearing and determining an objection to a dangerous dog classification under section 31:</i></p> <p>2.5 <i>determining an objection to a menacing dog classification under sections 33B or 33D:</i></p> <p>2.6 <i>hearing and determining an objection to a barking dog notice under section 55:</i></p> <p>3. <i>Exercise, pursuant to Section 12 of the Fencing of Swimming Pools Act 1987, Council’s functions, powers and duties under Section 6 of the Act and clause 11 of the Schedule to the Act, in particular:</i></p> <p>3.1 <i>granting exemptions under section 6; and</i></p> <p>3.2 <i>making determinations under clause 11 of the Schedule.</i></p> <p>4. <i>Exercise Council’s functions, powers and duties under the Food Act 2014 and associated regulations (including to act as the registration authority).</i></p> <p>5. <i>The authority to hear any objection concerning any officer’s decision or other objection in relation to any regulatory function and in particular, but not exclusively, in relation to the Building Act 2004, the Forest and Rural Fires Act 1977, Part II of the Health Act 1956, the Impounding Act 1955, the Land Drainage Act 1908, the Litter Act 1979 and the Local Government Act 2002.</i></p>
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	<p>6. <i>The Chair of the Regulatory Committee has authority together with either the Group Manager District Growth and Regulatory Services or the Manager District Plan and Growth, to make appointments of a commissioner or commissioners from Council’s panel of commissioners for Resource Management hearings (contained in document number 15103091), as required.</i></p>
<p><b>Audit and Risk</b></p>	<p><b>Membership:</b> <i>Mayor Mylchreest, Councillor A Brown, Councillor Gordon, Councillor O’Regan, Councillor St Pierre and Bruce Robertson</i></p> <p><b>Chair:</b> <i>Bruce Robertson</i></p> <p><b>Purpose:</b> <i>To provide independent assurance and assistance to the Waipa District Council on Council’s risk, control and compliance framework, and its external accountability responsibilities.</i></p> <p><b>Delegation:</b></p> <ol style="list-style-type: none"> <li>1. <i>Receive and consider external and internal audit reports.</i></li> <li>2. <i>Receive and consider staff reports on audit, internal control and risk management related matters.</i></li> <li>3. <i>Make recommendations to the Finance and Corporate Committee and/or Council on financial, internal control and risk management policy and procedure matters as appropriate.</i></li> <li>4. <i>To recommend approval of the Auditors engagement and arrangements letters.</i></li> </ol>
<p><b>Te Ara Wai Governance</b></p>	<p><b>Membership:</b> <i>Mayor Mylchreest, Councillor A Brown, Councillor O’Regan, Councillor Stolwyk, Lee-Ann Muntz, Paraone Gloyne, Puawai Cairns and Glenda Taituha</i></p> <p><b>Chair:</b> <i>Lee-Ann Muntz</i></p> <p><b>Purpose:</b> <i>To provide a governance and strategic overview for the establishment of Te Ara Wai.</i></p> <p><b>Delegation:</b></p>

	<ol style="list-style-type: none"> <li>1. To receive the final design for review and recommend the final design to Council for adoption ensuring that the final design meets the functional specifications.</li> <li>2. To receive reports on project risks and their mitigation from staff on a minimum of a quarterly basis and make recommendations to staff.</li> <li>3. To receive reports from staff on progress of the project in terms of delivery of project milestones and costs on a minimum of a quarterly basis and make recommendations to staff.</li> <li>4. To determine an appropriate name and branding for the discovery centre.</li> <li>5. To receive reports from staff on the post establishment management and governance of the discovery centre and make recommendations to Council.</li> <li>6. To receive reports and approve plans for the appropriate transfer of objects from the current museum to the discovery centre.</li> <li>7. To maintain an overview of the development of sites of significance which are promoted in the discovery centre.</li> <li>8. To ensure partners including iwi and key stakeholders remain supportive of the discovery centre.</li> <li>9. To approve applications for funding from external sources.</li> <li>10. To act as an advocate for the Te Awamutu Discovery centre and its value and importance to the future health and prosperity of the wider Community.</li> <li>11. To maintain an overview of Te Awamutu Hub streetscape projects, ensuring that these are complementary to the Museum and Discovery Centre.</li> </ol>
<b>District Licensing Committee</b>	<b>Membership &amp; Chair:</b>  Sara Grayson Commissioner (Chairperson)

	<p><i>Alternate Commissioner – Tegan McIntyre</i></p> <p><i>Councillor Gower, Deputy Chairperson and Member</i></p> <p><b>Members:</b> <i>Mr Ross Murphy (existing member), Ms Patsi Davies (existing member), Dr Michael Cameron (existing member), Mr Roy Johnstone (existing member), Mr John Gower (existing member)</i></p> <p><b>Purpose:</b> <i>To consider and determine applications for licences, managers certificates, renewal of licences and managers certificates, temporary authorities and other matters pursuant to section 187 of the Sale and Supply of Alcohol Act 2012.</i></p>
<p><b>Pirongia Ward Committee</b></p>	<p><b>Membership:</b> <i>Two Pirongia Ward Councillors – Councillor Thomas and Councillor St Pierre, and the Chairperson or their nominee of the Te Pahu, Pirongia and Ohaupo Resident and Ratepayers Associations, a representative from each of Te Kauhanganui o Waikato and the Purekireki Marae Committee and up to three community representatives as the Committee determines.</i></p> <p><b>Chair:</b> <i>Councillor St Pierre</i></p> <p><b>Purpose:</b> <i>To allocate funds, to consider the draft annual plan and to perform similar representative functions as the community boards, and to manage the three reserves known as Franklin Street, Rangimarie and Te Ngahere reserves.</i></p> <p><b>Delegation:</b></p> <ol style="list-style-type: none"> <li><i>1. Allocate funding within the approved budget, providing that any decision to allocate any of those funds must be made in accordance with the promotion of the social, economic, environmental and cultural well-being of communities in the present and for the future.</i></li> <li><i>2. Manage on behalf of Council the Franklin Street, Rangimarie and Te Ngahere reserves and consider and recommend reserve development projects within the Pirongia Ward to the Service Delivery Committee.</i></li> </ol>

	<ol style="list-style-type: none"> <li>3. <i>Represent, and act as an advocate for, the interests of its community.</i></li> <li>4. <i>Consider and report on all matters referred to it by the Council, or any matter of interest or concern to the Committee.</i></li> <li>5. <i>Maintain an overview of services provided by the Council within the community.</i></li> <li>6. <i>Prepare an annual submission to the Council for expenditure within the community.</i></li> <li>7. <i>Communicate with community organisations and special interest groups within the community.</i></li> <li>8. <i>Undertake any other responsibilities that are delegated to it by the Council.</i></li> </ol>
<p><b>Chief Executive Performance Management Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor O’Regan, Councillor Stolwyk, Councillor Thomas</p> <p><b>Chair:</b> Mayor Mylchreest</p> <p><b>Purpose:</b> To conduct the reviews of the performance of Council’s Chief Executive and make recommendations to Council.</p>
<p><b>Waipa Iwi Consultative Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor Stolwyk, Councillor O’Regan, Councillor Brown, Councillor Webber, Councillor Gower, Waikato Tainui Trust Board – representative to be advised, Raukawa Settlement Trust – representative to be advised, Maniapoto Trust Board – Barney Manaia, Ngā Iwi Toopu o Waipa Chairperson – Gaylene Roberts, Kaumatua – Jim Keremeta, Wharepuhunga – Kataraina Hodge, Ngāti Haua – Chris Riki, Purekireki – Haupai Puke, Puniu – Harold Maniapoto, Kakepuku – Waitiahoaho Te Ruki, Kaniwhaniwha – Rangiuia Riki, Maungatautari – Josephine Taute, Ngāti Ngawaero – Kate Searancke, Ngāti Hikairo – Hano Ormsby, Ngāti Apakura (Apakura Runanga Trust Board) – Bill Harris.</p> <p><b>Chair:</b> Mayor Mylchreest</p>



	<p><b>Purpose:</b> To facilitate communications between Council and Tangata Whenua. The Committee will consider any matter impacting on the interests of Tangata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and resource management. The Committee will advise Council and the various Iwi on Treaty of Waitangi implications for policies and activities of Council.</p>
<p><b>Maungatautari Reserve Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor Andree – Wiltens, Councillor Coles, Councillor Gordon, Councillor Webber, Ted Tauroa (Pohara Marae), Poto Davies (Pohara Marae/MEIT), Fred Haimona (Ngati Haua), Geoff Canham (Consultant), one representative from the Maungatautari Ecological Island Trust, one representative from the Department of Conservation and one representative from the Waikato Regional Council. [Landowners to be appointed once available]</p> <p><b>Chair:</b> Councillor Andree Wiltens</p> <p><b>Purpose:</b> To facilitate Council's role in relation to the administration and management, including co-governance and management of the Maungatautari Reserve in accordance with the requirements of the Reserves Act 1977, reserve management issues as they relate to the reserve and to the ecological island project, and to oversee the services of MEIT for day-to day management of the enclosures and to oversee the Reserve Management Plan for the reserve.</p>
<p><b>District Promotions Sub-Committee</b></p>	<p><b>Membership:</b> Mayor Mylchreest, Councillor Coles, Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Merv Gyde, Kevin Burgess</p> <p><b>Chair:</b> Mayor Mylchreest</p> <p><b>Purpose:</b> Make allocation decisions in respect of Council's District Promotions Fund and Community Event Fund</p> <p><b>Delegation:</b> Make allocation decisions in respect of Council's District Promotions Fund and the Community Event Fund carry out any other duties allocated to the sub-Committee by the Strategic Policy and Planning Committee.</p>

	<p><i>Review and approve funding for a District Promotions Fund or Community Event Fund event application that falls outside the date range of that current financial year, providing such funding exists in the current 10-Year Plan.</i></p> <p><i>The Strategic Planning and Policy Committee approves the carry-over of any unspent District Promotions Fund or Community Event Fund monies at the end of a financial year, in order to be available for use in the following financial year.</i></p>
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- c) Council appoints the following members to these external organisations and Council Advisory Groups:

<b>Representation on External Organisations and Delegations</b>	
<b>Organisation</b>	<b>Representative and any delegation</b>
<i>Waikato Regional Airport Limited</i>	<i>Mayor J Mylchreest</i>
<i>Waikato Civil Defence Emergency Management Group</i>	<i>Councillor Lou Brown</i> <i>Alternate: Mayor J Mylchreest</i>
<i>Waikato Regional Council Land Transport Committee</i>	<i>Councillor Webber</i> <i>Alternate – Councillor Stolwyk</i>
<i>Future Proof Implementation Committee</i>	<i>Mayor Mylchreest</i> <i>Councillor Stolwyk</i>
<i>Te Awamutu &amp; District Museum Trust Board</i>	<i>Councillor Barnes, and Councillor L Brown,</i> <i>Councillor O’Regan</i>
<i>Waikera Liaison Group</i>	<i>Councillor Barnes and Councillor Gower</i>
<i>Joint Management Agreement Committee – Waikato Tainui</i>	<i>Mayor Mylchreest, _____,</i> <i>_____, _____</i>
<i>Joint Management Agreement Committee – Raukawa</i>	<i>Mayor Mylchreest</i> <i>Alternate – Councillor Stolwyk</i>

<i>Joint Management Agreement Committee – Maniapoto</i>	<i>Mayor Mylchreest</i> <i>Alternate – Councillor Stolwyk</i>
<i>Airport Community Liaison Group</i>	<i>Councillor Thomas</i> <i>Alternate – Councillor Coles</i>
<i>Regional Catchment Committee – Central Waikato</i>	<i>Councillor Andree-Wiltens</i> <i>Alternate Councillor Coles</i>
<i>Regional Catchment Committee - Waipa</i>	<i>Councillor Thomas</i> <i>Alternate Councillor Pettit</i>
<i>Heritage Advisory Sub-Group</i>	<i>Councillor Andree-Wiltens, Councillor Barnes, Councillor O’Regan</i>  <i>Delegation: Responsibility for assessing applications and allocating the Heritage Fund</i>

- d) *Cambridge Community Board be delegated authority to organise the annual Anzac and Armistice civic events in Cambridge; and*
- e) *The funding delegation for the Cambridge Community Board and Te Awamutu Community Board be amended to provide the authority to allocate funding within the approved budget, providing that any decision to allocate any of those funds must be made in accordance with the promotion of the social, economic, environmental and cultural well-being of communities in the present and for the future.*

### 3 OPTIONS AND ASSESSMENT

Section 41A of the Local Government Act 2002 (LGA) allows the Mayor to establish committees of Council, and to appoint the chairperson of each committee. This report is formal notification that Mayor Mylchreest has exercised his power. The Mayor discussed this with elected members prior to exercising this power and the committee structure is consistent with the recommendations from the previous Council.

The governance structure is aligned with Council’s organisational structure and the delivery of services and activities in the 10-Year Plan.

In accordance with the LGA, a committee includes:

- a. a committee comprising all the members of that local authority,
- b. a standing committee or special committee appointed by that local authority,
- c. a joint committee appointed under clause 30 of Schedule 7, and
- d. any subcommittee of a committee.

The new committee structure is outlined in Appendix 2. The new standing committees for 2019-2021 include:

- Strategic Planning and Policy
- Finance and Corporate
- Service Delivery
- Regulatory
- Te Ara Wai Governance
- Audit and Risk
- Chief Executive Performance
- Iwi Consultative
- Maungatautari Reserve
- Pirongia Ward

There will be one sub-committee, called District Promotions, reporting into Strategic Planning and Policy Committee and the Heritage Advisory Sub-Group will also report into Strategic Planning and Policy Committee.

The District Licensing Committee which continued in place over the election period, will continue. The establishment of the District Licensing Committee is in accordance with clause 30(1)(a) of Schedule 7 of the LGA and section 186 of the Sale and Supply of Alcohol Act 2012. This committee is responsible for approving applications under the Sale and Supply of Alcohol Act 2012

The Mayor can establish committees and appoint chairpersons, however any terms of reference and delegations need to be made by Council. Therefore, it is recommended that Council endorses the standing committees being established and the chairpersons and adopts the terms of reference and makes delegations outlined in Appendix 2.

This report also addresses joint committees and appointments to external organisations in the recommendations.

## Community Boards and the Pirongia Ward Committee

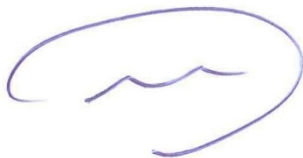
There are only two changes proposed to the delegations to the Community Boards/ Pirongia Ward Committee this triennium. It is proposed to amend the financial delegation for both Community Boards and the Pirongia Ward Committee as proposed below to bring this in line with the re-introduction of the four well-beings into local government.

*Allocate funding within the approved budget, providing that any decision to allocate any of those funds must be made in accordance with the ~~requirements of the Local Government Act 2002 to~~ ~~meet the current and future needs for communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost effective for~~ ~~households and businesses.~~ **promotion of the social, economic, environmental and cultural well-being of communities in the present and for the future.***

The Cambridge Community Board currently undertake the Anzac and Armistice civic events in Cambridge via the ANZAC & Armistice Day Organising Committee. Activities of the Board are required to fall within either their role and function set under the Local Government Act 2002 or a specific delegation of Council. Therefore, in order to establish the appropriate authorities for the Board to undertake these activities, it is proposed to delegate the Cambridge Community Board the authority to “organise the annual Anzac and Armistice civic events in Cambridge”.



Jo Gread  
**MANAGER GOVERNANCE**



Ken Morris  
**GROUP MANAGER BUSINESS SUPPORT**

## 1 Statutory and policy requirements

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### Local Government Act 2002

#### 32 Delegations

- (1) Unless expressly provided otherwise in this Act, or in any other Act, for the purposes of efficiency and effectiveness in the conduct of a local authority's business, a local authority may delegate to a committee or other subordinate decision-making body, community board, or member or officer of the local authority any of its responsibilities, duties, or powers except—
  - (a) the power to make a rate; or
  - (b) the power to make a bylaw; or
  - (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
  - (d) the power to adopt a long-term plan, annual plan, or annual report; or
  - (e) the power to appoint a chief executive; or
  - (f) the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
  - (g) [Repealed]
  - (h) the power to adopt a remuneration and employment policy.
- (2) Nothing in this clause restricts the power of a local authority to delegate to a committee or other subordinate decision-making body, community board, or member or officer of the local authority the power to do anything precedent to the exercise by the local authority (after consultation with the committee or body or person) of any power or duty specified in subclause (1).
- (3) A committee or other subordinate decision-making body, community board, or member or officer of the local authority may delegate any of its responsibilities, duties, or powers to a subcommittee or person, subject to any conditions, limitations, or prohibitions imposed by the local authority or by the committee or body or person that makes the original delegation.
- (4) A committee, subcommittee, other subordinate decision-making body, community board, or member or officer of the local authority to which or to whom any responsibilities, powers, or duties are delegated may, without confirmation by the local authority or committee or body or person that made the delegation, exercise or perform them in the like manner and with the same effect as the local authority could itself have exercised or performed them.
- (5) A local authority may delegate to any other local authority, organisation, or person the enforcement, inspection, licensing, and administration related to bylaws and other regulatory matters.

- (6) A territorial authority must consider whether or not to delegate to a community board if the delegation would enable the community board to best achieve its role.
- (7) To avoid doubt, no delegation relieves the local authority, member, or officer of the liability or legal responsibility to perform or ensure performance of any function or duty.
- (8) The delegation powers in this clause are in addition to any power of delegation a local authority has under any other enactment.

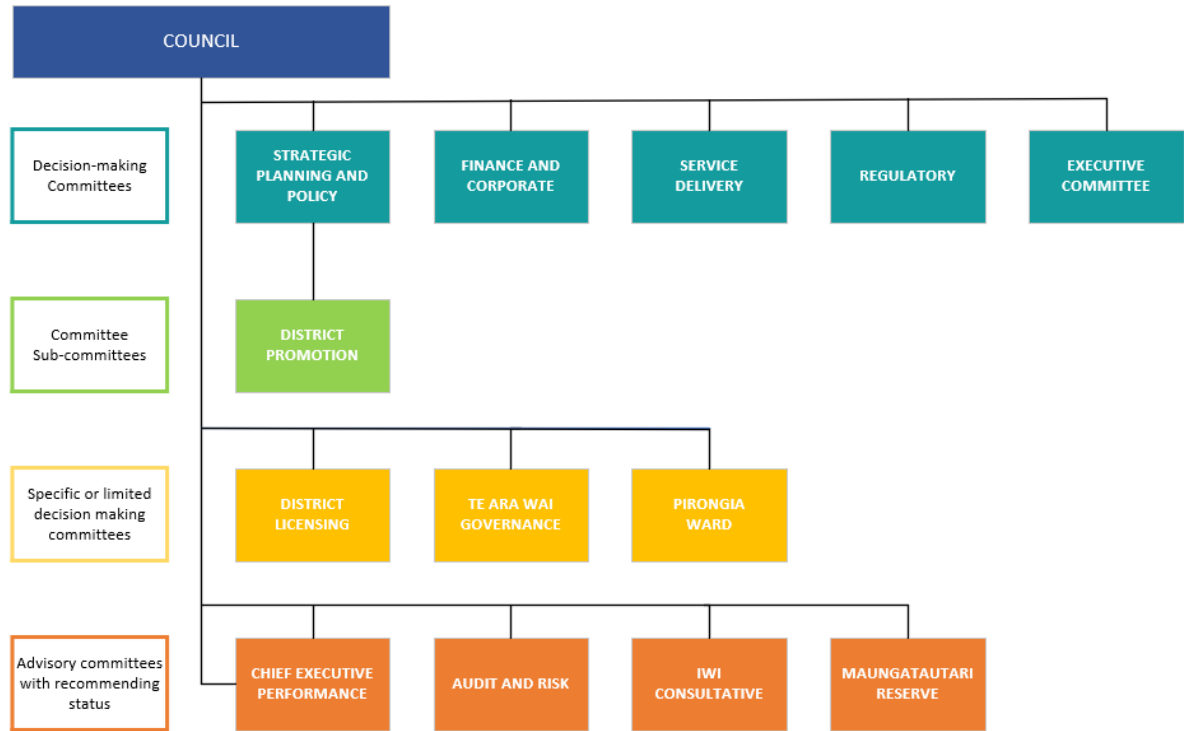
#### **41A Role and powers of mayors**

- (1) The role of a mayor is to provide leadership to—
  - (a) the other members of the territorial authority; and
  - (b) the people in the district of the territorial authority.
- (2) Without limiting subsection (1), it is the role of a mayor to lead the development of the territorial authority's plans (including the long-term plan and the annual plan), policies, and budgets for consideration by the members of the territorial authority.
- (3) For the purposes of subsections (1) and (2), a mayor has the following powers:
  - (a) to appoint the deputy mayor;
  - (b) to establish committees of the territorial authority;
  - (c) to appoint the chairperson of each committee established under paragraph (b), and, for that purpose, a mayor—
    - (i) may make the appointment before the other members of the committee are determined; and
    - (ii) may appoint himself or herself.
- (4) However, nothing in subsection (3) limits or prevents a territorial authority from—
  - (a) removing, in accordance with clause 18 of Schedule 7, a deputy mayor appointed by the mayor under subsection (3)(a); or
  - (b) discharging or reconstituting, in accordance with clause 30 of Schedule 7, a committee established by the mayor under subsection (3)(b); or
  - (c) appointing, in accordance with clause 30 of Schedule 7, 1 or more committees in addition to any established by the mayor under subsection (3)(b); or
  - (d) discharging, in accordance with clause 31 of Schedule 7, a chairperson appointed by the mayor under subsection (3)(c).
- (5) A mayor is a member of each committee of a territorial authority.
- (6) To avoid doubt, a mayor must not delegate any of his or her powers under subsection (3).

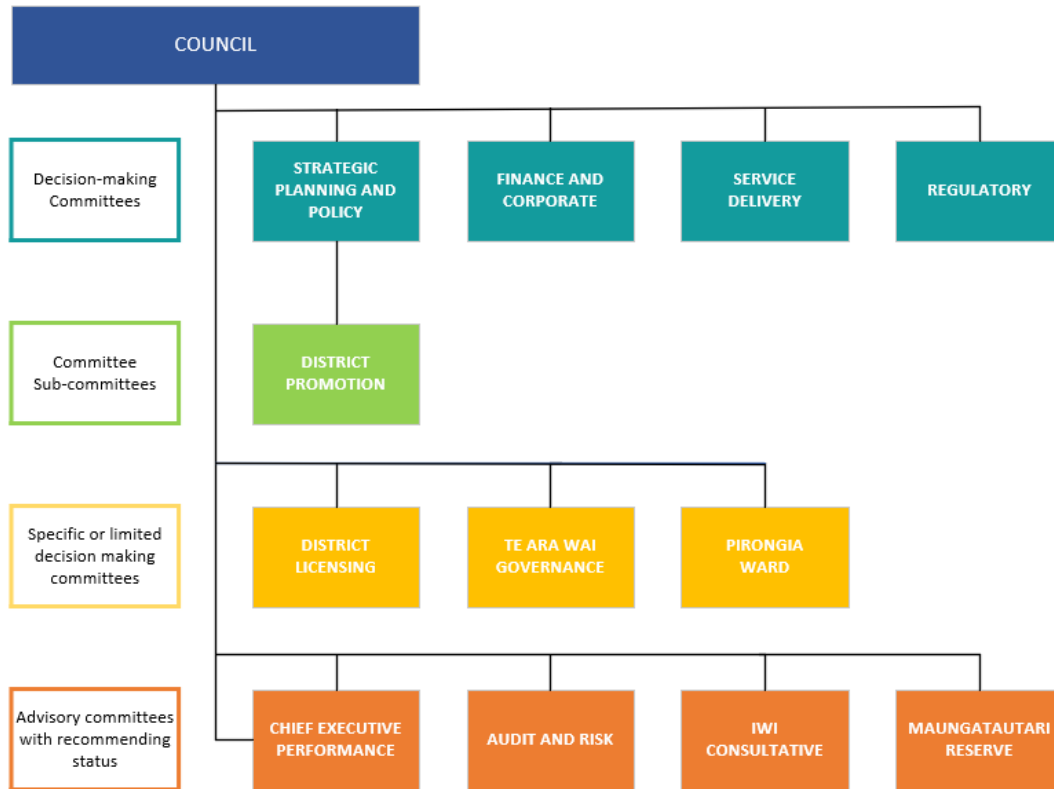
- (7) To avoid doubt,—
- (a) clause 17(1) of Schedule 7 does not apply to the election of a deputy mayor of a territorial authority unless the mayor of the territorial authority declines to exercise the power in subsection (3)(a):
  - (b) clauses 25 and 26(3) of Schedule 7 do not apply to the appointment of the chairperson of a committee of a territorial authority established under subsection (3)(b) unless the mayor of the territorial authority declines to exercise the power in subsection (3)(c) in respect of that committee.



## Appendix 1 Previous Committee Structure



## Appendix 2 Governance Structure – Committees



# COUNCIL REPORT



**To:** His Worship the Mayor and Councillors  
**From:** Manager Governance  
**Subject:** **Elected Member Remuneration 2019/20**  
**Meeting Date:** 18 November 2019

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## 1 EXECUTIVE SUMMARY

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The Remuneration Authority ('the Authority') is the independent body responsible for setting Elected Member remuneration. From the period following the 2019 local government elections, each local authority is allocated a set Governance Pool (Pool) amount which determines and limits the total amount by which Councillors are to be remunerated. Individual councils are responsible for providing a recommendation on the allocation of their Pool for Remuneration Authority confirmation and determination.

Remuneration for the Mayor and Community Board members is set separately by the Authority.

The purpose of this report is for Council to confirm how the Governance Pool should be allocated to the 13 elected members.

## 2 RECOMMENDATION

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*That –*

- a) The report of Jo Gread, Manager Governance, titled 'Elected Member Remuneration 2019/20' (document number 10122584), be received; and*
- b) Council approves the distribution of the remuneration pool as set out in the following table for submission to the Remuneration Authority:*

<b>Proposed position with additional responsibilities</b>	<b>Number of persons per position</b>	<b>Proposed ratio to Councillor base remuneration</b>	<b>Proposed annual total remuneration per councillor</b>
<i>Deputy Mayor: Councillor Stolwyk</i> <i>Role: To undertake the Mayor's role when the Mayor is not available</i>	1	1.3	\$43,335
<i>Chair Role: Provide leadership and preside over all meetings of the committee</i> <i>Chair of Service Delivery Committee: Councillor Webber;</i> <i>Chair of Finance &amp; Corporate Committee: Councillor A Brown;</i> <i>Chair of Strategic Planning &amp; Policy Committee: Councillor O'Regan;</i> <i>Chair of Regulatory Committee: Councillor Gower</i>	4	1.2	\$40,001
<i>Councillor</i>	8	0	\$33,334

### 3 OPTIONS AND ASSESSMENT

The Authority sets remuneration for elected positions in individual local authorities. It also sets the rules for allowances and reimbursement of costs met by members in undertaking their duties.

Following the 2019 local elections, councils will be implementing their new "governance remuneration pools" allocated to them by the Remuneration Authority. Each council's governance pool is aligned with the ranking of the council on the relevant size index and within the framework of the new local government pay scale. The governance pool provides the total amount available for allocation to councillors' remuneration in each individual council (aside from the mayor or regional council chair or community board members).

In addition to the set remuneration, there is also provision for elected members to be paid for their involvement in hearings and related meetings for resource consent and district plan changes under the Resource Management Act 1991. Those fees are not drawn from Council's Pool, and are not covered by this report.

The remuneration for the Mayor and Community Board members is set individually by the Authority, and is not part of the Pool.

Council needs to decide how it wants to allocate its Pool according to its own priorities and circumstances. Roles to which additional differential remuneration can be attached may include not just “internal” council roles such as deputy mayor, committee chair or portfolio holder, but also other responsibilities representing Council on external groups.

There are four requirements for allocating the Pool:

- The whole Pool must be used.
- Council will need to decide a “base remuneration” for councillors who have no additional responsibilities. This could be higher than the minimum allowable remuneration set by the Authority.
- For any roles which attract additional remuneration above the base rate, Council is required to have a formal vote, which must include the following:
  - A title and short description of each role (i.e. what are the requirements for the councillor who undertakes it),
  - The proposed annual dollar value of remuneration attached to the role and
  - The name of the councillor elected to fill that role.
- Following its formal decision-making, the council will need to forward their proposal for additional remuneration to the Authority for consideration and inclusion in the determination.

The total amount allowed for the Deputy Mayor and Councillors pre and post-election, and as part of the 2019/2020 determination, are set out below:

	Full 2018/19 Year	2019/20 up to declaration of official results	2019/20 effective from day after date of official results <b>Governance Pool</b>
Deputy Mayor & Councillors	\$449,169	\$453,100	\$470,016

Pre-election Council were required to recommend ratios for roles of additional responsibility to the Remuneration Authority, which if accepted, would then be gazetted in the annual Determination Order. The ratios that were in place for additional responsibilities were, Deputy Mayor (also Chair of Service Delivery Committee), 1.65x the Councillor rate, and Chairs of Council’s other core committees, 1.25x the Councillor rate.

The increase in the total amount allowed post-election 2019 is small, given the money allocated will need to accommodate payment for the additional Cambridge Councillor. The minimum rate per Councillor for Waipa has been set by the Remuneration Authority at \$31,534, which is below the amount previously paid. (The rate from 1 July until declaration of official election result was set at \$33,194 p.a.). With 13 Councillors \$409,942 will be required to pay each councillor the minimum rate, leaving \$60,074 in the governance pool to allocate remuneration for additional responsibilities.

With the Pool that has been allocated there is tension between preserving the current extra responsibility premiums for Deputy Mayors and Chairs and providing Councillors with even a relatively small increase in remuneration. With a change in the rules, Council could have rewarded Community Board appointments and other roles of additional responsibility not currently recognised, however in reality there is no additional capacity in the Pool to do so.

The Committee structure determined by the Mayor consists of a Deputy Mayor and four key Chair roles for the following Committees; Service Delivery, Strategic Planning and Policy, Finance and Corporate and Regulatory. This differs from what existed pre-election as the Deputy Mayor was also a Chair. Pre-election, Audit and Risk was chaired by a Councillor, however, in the new term there will be an independent Chair of this Committee.

In respect of the above Committee Structure and areas of responsibility, the following three key options were discussed with Councillors during workshop/briefings.

<b>Options - All options assume ARC chair independent</b>	<b>Councillor</b>	<b>Chair</b>	<b>Deputy Mayor</b>
<u>Option 1</u> 1.3% increase for Councillors (on 18/19) Deputy Mayor and 4 Chairs Deputy Mayor (x1.22) and Chair (1.22)	\$33,334	\$40,668 (\$7,334)	\$40,668 (\$7,334)
<u>Option 2</u> <b>Recommended</b> 1.3% increase for Councillors (on 18/19) Deputy Mayor and 4 Chairs Deputy Mayor (x1.3) and Chair (x1.2)	\$33,334	\$40,001 (\$6,667)	\$43,335 (\$10,000)
<u>Option 3</u> 1.3% increase for Councillors (on 18/19) Deputy Mayor and 4 Chairs Deputy Mayor (x1.4) and Chair (x1.17)	\$33,382	\$39,057 (\$5,675)	\$46,735 (\$13,353)

The recommended option is option 2. This option provides a 1.3% increase for Councillors on the 18/19 rate of \$32,906 and provides for a relatively minimal reduction to the Chair ratio from the previous 1.25 to 1.2.

The Deputy Mayor ratio decreases from 1.4 to 1.3, noting the 1.65 premium paid previously was a combination of a 1.4 premium for Deputy Mayor, and 1.25 for the responsibility of a Chair.

Under the new committee structure, the Deputy Mayor will no longer also be a Chair. Under the previous system this would have resulted in a drop in ratio from 1.65 to 1.4. The proposal under option 2, reduces this ratio from 1.4 to 1.3.

Elected members will be paid the minimum allowable remuneration from the date of taking office being 22 October 2019.

The new remuneration will be backdated to the date of which the decision was made. Council must submit its proposal for allocation of the Governance Pool to the Remuneration Authority by 20 November 2019 in order for the Authority to consider it as part of the first amending determination due to be gazetted 19 December 2019.

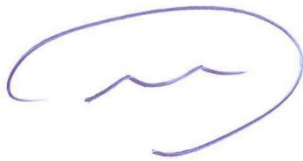
The below table outlines the Authority's timeline for implementation of the Determination:

Action	By Whom	Date
Familiarisation by elected members and staff with the new regime and process	Councils	Up till remuneration proposals submitted
<b>Incoming councils formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 1)</b>	<b>Councils</b>	<b>Proposals submitted by Wednesday 20 November 2019 to meet deadline for the first amending determination</b>
Remuneration Authority consider councils' proposals	Remuneration Authority	From 13 October to 22 November 2019
Drafting of first amending determination	Parliamentary Counsel Office	From 24 November to 11 December 2019
First amending determination is gazetted	Remuneration Authority	Thursday 19 December 2019

Action	By Whom	Date
Incoming councils formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 2)	Councils	Proposals submitted by Friday 24 January 2020 to meet deadline for second amending determination
Remuneration Authority consider councils' proposals	Remuneration Authority	From 13 January to 29 January 2020
Drafting of second amending determination	Parliamentary Counsel Office	From 3 February to 21 February 2020
Second amending determination is gazetted	Remuneration Authority	Late February/early March 2020



Jo Gread  
**MANAGER GOVERNANCE**



Ken Morris  
**GROUP MANAGER BUSINESS SUPPORT**



# COUNCIL REPORT



## INFORMATION ONLY

**To:** His Worship the Mayor and Councillors  
**From:** Financial Accountant  
**Subject:** **Financial Report for the Period Ended 30 September 2019**  
**Meeting Date:** 18 November 2019  
**File Reference:** 68.10

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### 1 EXECUTIVE SUMMARY

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The financial position for the period ended 30 September 2019 is detailed in Section 3 and the attached report.

### 2 RECOMMENDATION

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*That the information contained in the 'Financial Report for the Period Ended 30 September 2019' (document number 10123569), of Nada Milne, Financial Accountant, be received.*

### 3 STAFF COMMENT

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#### FINANCIAL RESULTS FOR SEPTEMBER

Total Operating Income is currently at 21% of the forecast and total Operating Expenditure is at 26% of the forecast.

Vested Assets of \$1.8 million have been recognised to date, which is 14% of the forecast. These assets are mainly from Pukekura Development, Waikeria Road and Robertson Place.

Development and reserve contributions of \$1.4 million have been received to date, which is 11% of the forecast. This budget will be reviewed as part of the October forecast changes.

Finance income is currently at 110% of the forecast budget due to current arbitrage arrangements (detailed in the Financial Report for the Period ended 31 August 2019). This budget will be reviewed as part of the October forecast changes.

Subsidies and Grants are at 16 per cent of current budget due to delayed timing of roading capital works and subsequently the NZTA subsidy.

## STATEMENT OF COST OF SERVICES

The Cost of Service Statement shows the breakdown of revenue for each significant activity and the breakdown of expenditure for each activity.

The table below summarises the operating revenue and expenditure for each significant activity.

Significant Activity	Operating Revenue			Operating Expenditure		
	Actuals	Forecast	Forecast %	Actuals	Forecast	Forecast %
Year to Date	'000	'000		'000	'000	%
Governance	32	108	30%	2,334	9,828	24%
Planning & Regulatory	1,863	5,675	33%	2,026	8,456	24%
Community Services & Facilities	1,189	3,969	30%	6,160	25,118	25%
Roads & Footpaths	1,266	8,511	15%	4,984	21,309	23%
Stormwater	5	17	29%	1,000	3,922	25%
Wastewater Treatment & Disposal	74	711	10%	3,255	10,677	30%
Water Treatment & Supply	1,631	11,455	14%	4,105	13,316	31%
Support Services	3,486	13,955	25%	4,348	14,694	30%

Overall the gross revenue from Significant Activities is at 21% of the forecast with slight variances due to timing of revenue and higher than anticipated Cemeteries revenue and Building and Planning Consents revenue. These will be reviewed as part of the October forecast changes.

Overall the gross expenditure from Significant Activities is 25%. Most of the activity expenditure results are generally just below or above the anticipated 24% of the forecast with slight variances in Wastewater, Water Treatment and Supply, and Support Services due to timing of expenditure.

## CAPITAL EXPENDITURE

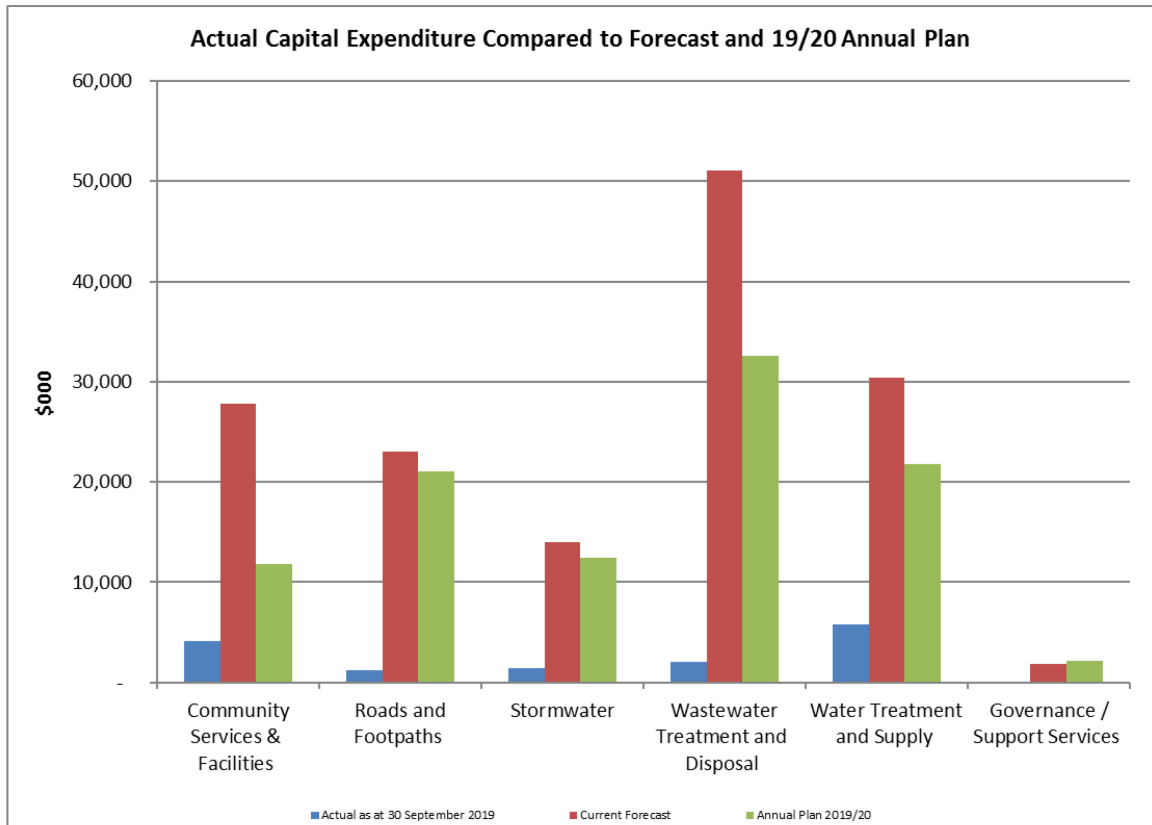
Capital expenditure to date is \$14.7 million which is 10% of the forecast.

A total of \$16.9 million was carried forward from the 2018/19 year to the current year to complete the 2018/19 contracts. There have also been other capital adjustments made totalling \$1.2 million which were detailed in reports presented to the Finance and Corporate Committee in September 2019.

The following material capital budget reforecasts have been made this period:

- Wastewater – budget decrease of \$1.7 million for Te Awamutu Wastewater Treatment Plant due to budget being previously brought forward to 2018/19.

The capital forecast budget totals \$148.2 million. The graph below summarises the capital expenditure for each significant activity.



## BUDGET CHANGES REQUIRING APPROVAL

There are no budget changes requiring approval this month.

## ARBITRAGE ARRANGEMENTS

The Committee is also formally advised of a series of arbitrage arrangements transacted on 19 September 2019.

The arrangements utilised \$35 million of fixed rate short term borrowing from the Local Government Funding Agency and re-invested these funds on a matched terms basis into term deposits with ANZ, ASB and BNZ which are maturing in various tranches between December 2019 and March 2020. These arrangements will yield \$133,000 of net interest for Council.

The arbitrage arrangements were put in place utilising the enablement provided in the delegations register and in the Treasury Management Policy.

## RATES STATUS

Rates of \$62.1 million (GST inclusive) have been set for the year. The attached report summarises the position in relation to the collection of rates.

The amount outstanding from prior years is \$172,000. There is a balance outstanding of \$410,000 for the current year, of a total of \$62.1 million due for the year. The first instalment was due for payment on 21 August 2019.

## WATER RATES STATUS

Water Rates of \$2.72 million have been invoiced for the year. The attached report summarises the position in relation to the collection of water rates.

The amount outstanding is \$886,000. There have been prepayments of \$83,000, leaving a total amount owing of \$803,000. The amount outstanding includes \$651,000 not due until 31 October 2019.

The entire district has three quarters left to be invoiced.

## RATES REBATES 30 SEPTEMBER

	Number Received	Number Approved	Amount Credited to Rate Accounts
2019	409	384	\$230,825.08
2018	470	354	\$214,268.40



Nada Milne  
**FINANCIAL ACCOUNTANT**



Reviewed by Sarah Davies  
**MANAGER FINANCE**



Approved by Ken Morris  
**GROUP MANAGER BUSINESS SUPPORT**

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 September 2019

	2019/20	2019/20		2019/20	Budget	Budget	Budget	2018/19	
	Notes	Actual	Forecast	Forecast	Budget	Variance	Variance	Variance	YTD
		\$000	\$000	%	\$000	from 18/19	Previously Reported	This Period	Last Year
						\$000	\$000	\$000	\$000
<b>OPERATING INCOME</b>									
Rates, excluding targeted water supply rates		13,204	52,479	25%	52,479	-	-	-	12,474
Fees, charges, and targeted rates for water supply		4,618	22,372	21%	22,372	-	-	-	3,955
Reserve contributions		109	578	19%	578	-	-	-	186
Development contributions		1,281	11,534	11%	11,534	-	-	-	2,321
Gain on revaluation of investment properties & forestry		-	421	0%	421	-	-	-	-
Vested assets		1,757	12,504	14%	12,504	-	-	-	3,915
Discovered assets		63	-	-	-	-	-	-	975
Dividends		5	40	13%	40	-	-	-	5
Finance income		209	190	110%	190	-	-	-	138
Subsidies and Grants		1,350	8,461	16%	8,461	-	-	-	1,174
Other revenue		96	403	24%	403	-	-	-	98
<b>Total Operating Income</b>		<b>22,692</b>	<b>108,982</b>	<b>21%</b>	<b>108,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,241</b>
<b>OPERATING EXPENDITURE</b>									
Employee benefit expenses		6,184	24,754	25%	24,754	-	-	-	5,278
Depreciation & amortisation		6,210	23,724	26%	23,724	-	-	-	5,481
Other expenses	1	11,523	41,534	28%	36,646	3,358	159	1,348	4,510
Finance costs		307	1,552	20%	1,552	-	-	-	200
<b>Total Operating Expenditure</b>		<b>24,224</b>	<b>91,564</b>	<b>26%</b>	<b>86,676</b>	<b>3,358</b>	<b>159</b>	<b>1,348</b>	<b>15,469</b>
<b>OPERATING SURPLUS</b>		<b>(1,532)</b>	<b>17,418</b>	<b>-9%</b>	<b>22,306</b>	<b>(3,358)</b>	<b>(159)</b>	<b>(1,348)</b>	<b>9,772</b>
<b>Other Comprehensive Income recognised directly in Equity</b>									
Property Plant and Equipment									
Revaluation gains/(losses) taken to equity		(142)	47,234	0%	47,234	-	-	-	-
Cash flow hedges		-	219	0%	219	-	-	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>(142)</b>	<b>47,453</b>	<b>0%</b>	<b>47,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>(1,674)</b>	<b>64,871</b>	<b>-3%</b>	<b>69,759</b>	<b>(3,358)</b>	<b>(159)</b>	<b>(1,348)</b>	<b>9,772</b>

\* Any Operating surpluses generally come from non-cash items. Council budgets for a general funds cash breakeven position.

All variances between the Forecast and the 2019/20 Annual Budget have been summarised below:

1. Increase in other expenses of \$4.9 million, due to unspent balances carried forward for the de-sludge of Cambridge Sewer Treatment Plant, the Hicks Rd Water Mains Installation, Community Board Grants, Community Arts, Heritage Fund, Parks and Reserves, External Funding Balances, and Structure Plans. A further increase in other expenses of \$1.5 million including; Increase in budget of \$1.1 million for Desludge Cambridge Sewer Treatment Plant, Increase in budget of \$148,600 for TechnologyOne Budget Module implementation, Increase in budget \$125,000 for improving the lease database, Increase in budget \$44,000 for Pirongia Town Hall which has been held in special funds for completion of the town concept plan, increase in budget of \$40,000 for Te Ara Wai marketing plan, increase in budget of \$36,000 for the closed landfill operating budget, increase in budget of \$15,000 for payment gateway cost increases, increase in budget of \$15,000 for redecoration of Cambridge Town Hall, and increase in budget of \$10,000 for Lake Arapuni vehicle removal.

**STATEMENT OF COST OF SERVICES  
FOR THE PERIOD ENDED 30 September 2019**

	2019/20	2019/20		2019/20	Budget	Budget	Budget	2018/19
		Full Year		Full Year	Variance	Variance	Variance	YTD
	Actual	Forecast	Forecast	Budget	Carryforward	Previously	This Period	Last Year
	\$000	\$000	%	\$000	from 18/19	Reported	\$000	\$000
<b>Revenue</b>								
Governance & Strategic Direction	32	108	30%	108	-	-	-	19
Planning and Regulatory	1,863	5,675	33%	5,675	-	-	-	1,786
Community Services and Facilities	884	2,834	31%	2,834	-	-	-	545
Pensioner Housing & Own Your Own Housing	305	1,135	27%	1,135	-	-	-	315
Roads and Footpaths	1,266	8,511	15%	8,511	-	-	-	904
Stormwater	5	17	29%	17	-	-	-	12
Wastewater Treatment and Disposal	74	711	10%	711	-	-	-	105
Water Treatment and Supply	1,631	11,455	14%	11,455	-	-	-	1,251
Support Services	3,486	13,955	25%	13,955	-	-	-	2,974
<b>GROSS REVENUE</b>	<b>9,546</b>	<b>44,401</b>	<b>21%</b>	<b>44,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,911</b>
Less Internal Charges	(3,472)	(13,887)	25%	(13,887)	-	-	-	(2,969)
<b>NET INCOME</b>	<b>6,074</b>	<b>30,514</b>	<b>20%</b>	<b>30,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,942</b>
<b>Expenditure</b>								
Council & Committees	670	2,649	25%	2,649	-	-	-	706
Cambridge Community Board	46	201	23%	201	-	-	-	46
Te Awamutu Community Board	45	185	24%	185	-	-	-	45
Elections	108	231	47%	231	-	-	-	1
Community Grants	200	1,443	14%	1,270	173	-	-	119
Strategic Planning	597	3,167	19%	2,460	711	-	(4)	539
Community Relationships	668	1,952	34%	1,913	-	40	(1)	620
Resource Management	638	3,031	21%	3,032	-	-	(1)	646
Building Control	720	2,752	26%	2,757	-	-	(5)	575
Environmental Health	263	1,106	24%	1,106	-	-	(1)	251
Animal Control	193	848	23%	848	-	-	-	203
Development Engineering	212	719	29%	719	-	-	-	203
Parks and Reserves	1,628	7,615	21%	7,355	260	-	-	1,304
Karapiro Domain	383	1,595	24%	1,595	-	-	-	355
District Museums	363	2,136	17%	1,970	84	-	-	839
District Libraries	552	2,147	26%	2,149	-	-	(2)	484
District Pool Te Awamutu / Events Centre	484	1,909	25%	1,909	-	-	-	607
District Pool Cambridge	62	801	8%	801	-	-	-	54
Halls	75	540	14%	482	-	59	-	78
Heritage	104	471	22%	496	57	-	-	80
Cemeteries	73	370	20%	370	-	-	-	61
Public Toilets	101	643	16%	643	-	-	-	125
Properties	938	2,963	32%	2,807	-	10	124	554
Pensioner Housing & Own Your Own Housing	316	1,371	23%	1,371	-	-	-	302
Forestry	13	134	10%	134	-	-	-	17
Rural Fire/Civil Defence	68	339	20%	339	-	-	-	72
Waste Management	1,000	2,084	48%	2,023	25	36	-	298
Roads & Footpaths	4,984	21,309	23%	21,211	98	-	-	4,356
Stormwater	1,000	3,922	25%	3,922	-	-	-	914
Wastewater Treatment and Disposal	3,255	10,677	30%	8,366	1,210	-	1,100	1,876
Water Treatment and Supply	4,105	13,316	31%	12,656	660	-	(1)	2,459
Support Services	4,348	14,694	30%	14,460	80	15	138	3,344
<b>GROSS EXPENDITURE</b>	<b>28,212</b>	<b>107,320</b>	<b>26%</b>	<b>102,430</b>	<b>3,358</b>	<b>160</b>	<b>1,347</b>	<b>22,133</b>
Less Internal Charges	(3,472)	(13,887)	25%	(13,887)	-	-	-	(2,969)
Less rates charged to Council properties	(273)	(1,103)	25%	(1,103)	-	-	-	(270)
<b>NET EXPENDITURE</b>	<b>24,467</b>	<b>92,330</b>	<b>26%</b>	<b>87,440</b>	<b>3,358</b>	<b>160</b>	<b>1,347</b>	<b>18,894</b>

**STATEMENT OF CAPITAL EXPENDITURE  
FOR THE PERIOD ENDING 30 September 2019**

	Actual	Full Year Forecast	Forecast	Full Year Budget	Budget Variance Carryforward from 18/19	Budget Variance Previously Reported	Budget Variance This Period	YTD Last Year
	\$000	\$000	%	\$000	\$000	\$000	\$000	\$000
Water treatment and supply	5,819	30,373	19%	25,307	7,846	(2,780)	-	1,905
Waste water	2,025	51,111	4%	42,799	1,193	8,819	(1,700)	4,548
Roads and Footpaths	1,251	22,995	5%	23,581	1,699	(2,285)	-	1,325
Stormwater	1,402	14,004	10%	11,279	3,635	(910)	-	1,971
Community Services & Facilities	4,111	27,813	15%	22,177	2,093	(533)	22	1,245
Governance	9	-	0%	-	-	-	-	44
Support services	36	1,859	2%	2,585	400	(1,151)	25	439
	<b>14,653</b>	<b>148,155</b>	<b>10%</b>	<b>127,728</b>	<b>16,866</b>	<b>1,160</b>	<b>(1,653)</b>	<b>11,477</b>
<b>Vested Assets (included above)</b>								
Water treatment and supply	833	1,593	52%	1,593	-	-	-	1,063
Waste water	231	2,557	9%	2,557	-	-	-	868
Roads and Footpaths	-	5,408	0%	5,408	-	-	-	678
Stormwater	693	2,946	24%	2,946	-	-	-	1,306
	<b>1,757</b>	<b>12,504</b>	<b>14%</b>	<b>12,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,915</b>
<b>Totals excluding Vested</b>								
Water treatment and supply	4,986	28,780	17%	23,714	7,846	(2,780)	-	842
Waste water	1,794	48,554	4%	40,242	1,193	8,819	(1,700)	3,680
Roads and Footpaths	1,251	17,587	7%	18,173	1,699	(2,285)	-	647
Stormwater	709	11,058	6%	8,333	3,635	(910)	-	665
Community Services & Facilities	4,111	27,813	15%	22,177	2,093	(533)	22	1,245
Governance	9	-	0%	-	-	-	-	44
Support services	36	1,859	2%	2,585	400	(1,151)	25	439
	<b>12,896</b>	<b>135,651</b>	<b>10%</b>	<b>115,224</b>	<b>16,866</b>	<b>1,160</b>	<b>(1,653)</b>	<b>7,562</b>

<b>RATES STATUS REPORT</b>			
	<b>Notes</b>	<b>September 2019 \$000</b>	<b>September 2018 \$000</b>
<b>Arrears from prior years</b>			
Opening balance		401	343
Add penalties		23	17
Less receipts	1	(252)	(201)
<b>Total owing from prior years</b>		<b>172</b>	<b>159</b>
Percentage collected		59%	56%
<b>Rates for 2019/20</b>			
Rates instalment	2	15,525	14,582
Add penalties		89	99
Less remissions		(242)	(452)
Less receipts	1	(14,962)	(13,969)
<b>Total owing from current year</b>		<b>410</b>	<b>260</b>
Percentage collected		97%	98%
<b>Summary of rates for the year</b>			
Arrears from prior years		173	159
Rates for 2019/20		409	259
Prepayments for future rating periods	1	(4,583)	(3,916)
Instalments not yet due	2	46,573	43,746
<b>Total</b>		<b>42,572</b>	<b>40,248</b>
Notes:			
1) Receipts have been split across the different rating years			
2) 1 instalment charged			



<b>WATER RATES STATUS REPORT</b>		
	<b>Notes</b>	<b>September 2019 \$000</b>
<b>Water Rates for 2019/20</b>		
Opening Balance		604
Total Invoiced	1	2,716
Add penalties		21
Less remissions & adjustments		(63)
Less receipts		(2,392)
<b>Total owing</b>	<b>2</b>	<b>886</b>
Percentage collected		90%
<b>Summary of rates owing</b>		
Water Rates for 2019/20		886
Prepayments	1	(83)
<b>Total Owing</b>		<b>803</b>
Notes:		
1) Number of quarters invoiced are as follows:		
Te Awamutu, Kihikihi, & Pirongia - 1 Quarter Invoiced		
Pukerimu/Ohaupo - 1 Quarter Invoiced		
Cambridge - 1 Quarter Invoiced		
2) Current owing includes \$651,239.54 due 31 October 2019		

# COUNCIL REPORT



**To:** His Worship the Mayor and Councillors  
**From:** Manager Finance  
**Subject:** **Local Government Funding Agency Appointments**  
**Meeting Date:** 18 November 2019  
**File Reference:** 72.2

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## 1 EXECUTIVE SUMMARY

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The LGFA is a Council-controlled organisation (CCO), owned 11.1% by the Government and 88.9% by 30 local authorities.

The LGFA was established to provide councils with improved access to cost-effective long term debt. It is a registered financial institution regulated by the Reserve Bank. Total loans made to local government total around \$10 billion. Together, Auckland Council and Christchurch City Council have approximately 47% of the LGFA's issued debt, with the remainder shared between the other councils.

The LGFA's Shareholder's Agreement (SHA) provides that the board may comprise between four and seven directors, a majority of whom must be independent. Since inception in 2011, aside from one very short period due to a time lag between the retirement of a director and the appointment of a replacement, the board has had six directors, one of which was non-independent. The SHA provides that in each year, the longest serving independent director, and the longest serving non-independent director must retire from the board but may offer themselves for re-election.

Current board members are Craig Stobo (Chair) who was initially appointed in 2011 and was re-appointed in 2017, Philip Cory-Wright (initially appointed in 2011 and re-appointed in 2016), Linda Robertson (appointed 2015), Anthony Quirk (appointed 2017) and John Avery (initially appointed in 2011 and re-appointed in 2018) and Mike Timmer (initially appointed in 2015 and re-appointed each subsequent year as the only Non-Independent Director).

Council oversight is provided through a Shareholders' Council. The members are Auckland Council, Christchurch City Council, Hamilton City Council, Bay of Plenty Regional Council, Greater Wellington Regional Council, Tasman District Council, Tauranga City Council, Wellington City Council, Western Bay of Plenty District Council and Whangarei District Council as well as the NZ Government (with oversight through the Ministers of Local Government and Finance).

The SHA provides that the role of the Shareholders' Council is to advise shareholders on certain matters, and that it shall (in relation to the matters for resolution at the AM):

- review and report to shareholders periodically on the performance of the company and the board;
- make recommendations on the appointment, removal, re-election, replacement and remuneration of directors; and
- make recommendations to shareholders on, and endeavour to ensure that shareholders are fully informed on matters concerning the company.

Shareholders are entitled to attend and vote at the AM, with a proxy form for voting to be sent to LGFA at least 48 hours prior to the AM.

The following matters are being considered at the AM:

- To receive and consider the financial statements for the year ended 30 June 2019
- Election of Independent Directors
- Election of Non-Independent Directors
- Election of Nominating Local Authorities to Shareholders' Council
- Director Remuneration
- Changes to LGFA's Foundation Documents
- Changes to LGFA's Shareholders' Agreement

Attachment 1 is the Local Government Agency Limited 'Notice of Annual Meeting', which includes Explanatory Notes. The associated 'Proxy Form' is at Attachment 2.

## 2 RECOMMENDATION

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*That –*

- a) *The 'Local Government Funding Agency Appointments' report (document number 10118353) of Sarah Davies, Manager Finance, be received;*
- b) *Council notes the Local Government Funding Agency has advised that its Annual Meeting will be held on 21 November 2019 in Wellington;*
- c) *Council appoints a proxy to vote on its behalf at the Annual Meeting; and*

- d) *Council agrees that the proxy or alternate votes in favour of the following proposals which require ordinary shareholder resolutions, that:*
- a. *Linda Robertson is re-appointed to the Local Government Funding Agency's board as an independent director;*
  - b. *Mike Timmer is re-appointed to the Local Government Funding Agency's board as a non-independent director;*
  - c. *Auckland Council is re-elected to the Shareholders' Council;*
  - d. *Western Bay of Plenty District Council is re-elected to the Shareholders' Council;*
  - e. *The proposed increases to Directors' remuneration be approved;*
  - f. *The proposed changes to the Local Government Funding Agency's foundation policies be approved; and*
  - g. *The proposed changes to the Local Government Funding Agency's Shareholders' Agreement be approved.*

### 3 STAFF COMMENT

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The LGFA Shareholders' Council (SC) has considered the matters listed above and has provided its advice to Shareholders (Attachment 3).

The SC's role (as per the Shareholders' Agreement) includes requirements to:

- make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors
- make recommendations to Shareholders as to any matters which require the approval of Shareholders.

It is recommended that Council follows the recommendations of the SC on all matters, noting the information in their letter and the additional information presented below and in the attachments.

#### **Director's Remuneration**

Recommendations regarding Directors' remuneration are based on market analysis conducted by Board Dynamics. Their report is included at Attachment 4.

## Changes to Foundation Documents and the Shareholders' Agreement

At the last Annual Meeting (in November 2018) it was agreed to extend LGFA's operations to include direct lending to Council Controlled Organisations and to allow financial covenants to be measured on a Group (rather than Council parent) basis in certain circumstances.

The Shareholders' Council supports these changes as being consistent with LGFA's primary objective; to optimise the debt funding terms and conditions for participating local authorities.

Since then a considerable amount of work has been undertaken to make the necessary arrangements to implement this decision.

The Shareholders' Council has played an integral part in this process, taking expert legal advice to ensure that the changes did not compromise our conditional support for this change, which was that there would be no additional risk to guaranteeing councils.

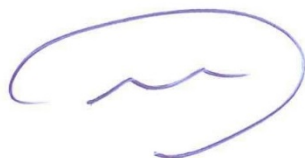
Due to growth in LGFA's balance sheet, adjustments are also needed to various elements of the Foundation Policies to keep them aligned to current and project lending volumes, so they remain fit for purpose.

A paper explaining LGFA's evolution since inception and the proposed changes is included at Attachment 5.

Marked up documents outlining the changes to the Shareholders' Agreement and Foundation Policies are also included at Attachment 6.



Sarah Davies  
**Manager Finance**



Approved by Ken Morris  
**GROUP MANAGER BUSINESS SUPPORT**

## SUPPORTING INFORMATION: ASSESSMENT OF PROPOSAL

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### 1 Statutory and policy requirements

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#### **Legal and regulatory considerations**

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

# Appendix 1

LGFA – Notice of Annual Meeting



**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED  
NOTICE OF ANNUAL MEETING**

Notice is given that the 2019 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**" or "**LGFA**") will be held at the **Bolton Hotel, 12 Bolton Street, Wellington** on **21 November 2019** commencing at **2:00pm**.

**BUSINESS**

1. **FINANCIAL STATEMENTS AND REPORTS:** To receive and consider the financial statements of the Company for the year ended 30 June 2019 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF DIRECTORS**

In accordance with clause 3.3 of the SHA, **Linda Robertson** retires by rotation and, being eligible, offers herself for re-election as an Independent Director.

In accordance with clause 3.3 of the SHA, **Michael Timmer** retires by rotation and, being eligible, offers himself for re-election as a non-Independent Director.

Accordingly, to:

- (a) Re-elect **Linda Robertson** as an Independent Director of the Company, by way of Ordinary Resolution;
- (b) Re-elect **Michael Timmer** as a non-Independent Director of the Company, by way of Ordinary Resolution.

(See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES**

In accordance with clause 4.6 of the SHA, **Auckland Council** and **Western Bay of Plenty District Council** retire by rotation. **Auckland Council** and **Western Bay of Plenty District Council** being eligible, offer themselves for re-election.

Accordingly, to:

Re-elect **Auckland Council**

as a Nominating Local Authority, by way of Ordinary Resolution.

Accordingly, to:

Re-elect **Western Bay of Plenty District Council**

as a Nominating Local Authority, by way of Ordinary Resolution.

(See Explanatory Note 3)

4. **DIRECTORS' REMUNERATION**

In accordance with clause 3.6 of the SHA, to approve, by way of Ordinary Resolution, an increase in the Directors' fees payable to:

- (a) With effect from 1 July 2019, the Director acting as chairman of the Board, an increase of \$5,000 per annum, from \$97,000 per annum to \$102,000 per annum.

- (b) With effect from 1 July 2019, each of the other Directors acting as members of the audit and risk committee, an increase of \$4,000 per annum, from \$55,000 per annum to \$59,000 per annum.
- (c) With effect from 1 July 2019, the Director acting as chairman of the audit and risk committee, an increase of \$3,000 per annum, from \$60,000 per annum to \$63,000 per annum.
- (d) With effect from 1 July 2019, each of the other Directors, an increase of \$2,000 per annum, from \$55,000 per annum to \$57,000 per annum

(See Explanatory Note 4)

#### 5. **CHANGES TO FOUNDATION POLICIES**

In accordance with clause 5.1(c) of the SHA, to approve, by way of Ordinary Resolution, the amendments to the foundation policies of the Company ("**Foundation Policies**") as explained in Explanatory Note 5.

#### 6. **CHANGES TO SHA**

In accordance with clauses 5.1(b) and 18.7 of the SHA, to approve, by way of Ordinary Resolution, the amendment and restatement of the SHA as explained in Explanatory Note 5, a copy of which is attached as an appendix to this notice of meeting.

The proposed amendment and restatement of the SHA is approved and will take effect on the date the Company notifies the shareholders that the "effective date" for the deed amending and restating the Shareholder's Agreement has occurred.

7. **GENERAL BUSINESS**

To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



**Craig Stobo, Chairman**  
26 September 2019

**ORDINARY RESOLUTIONS:** *Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.*

**SHAREHOLDERS ENTITLED TO ATTEND AND VOTE:** *Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Thursday 21 November 2019 shall be entitled to exercise the right to vote at the meeting.*

**CAPITALISED TERMS:** *Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the Shareholders' Agreement dated 7 December 2011 (as amended and restated on 4 June 2015) ("SHA").*

## EXPLANATORY NOTES

### EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

### EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

The SHA provides that, beginning at, and including, the annual meeting for 2013, two Directors comprising one Director who is an Independent Director and one Director who is not an Independent Director shall retire from office at the annual meeting of the Company in each year. The Directors to retire shall be that Independent Director, and that director who is not an Independent Director, who have been longest in office since their last election. If two or more relevant Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election.

In this case, **Linda Robertson** (being an Independent Director) who has been longest in office since being elected on 24 November 2015 ( Philip Cory-Wright having been re-elected on 24 November 2016, Craig Stobo having been re-elected on 21 November 2017, Anthony Quirk having been elected on 21 November 2017 and John Avery having been re-elected on 21 November 2018) and **Michael Timmer** (being the only Director who is not an Independent Director) shall retire by rotation at this annual meeting. **Linda Robertson** and **Michael Timmer**, being eligible, offer themselves for re-election.

**The following biographies have been provided by the candidates:**

#### **Linda Robertson Biography**

Linda is a professional non-executive director with over 30 years' experience in the NZ finance sector having worked in both banking and the corporate environment. In the corporate environment she has worked predominately in the energy sector and has held various senior management roles encompassing: treasury, credit management, audit, risk management, procurement and insurance.

Linda has been a fulltime company director since 2015 and is an experienced director, chair and committee chair. Her governance experience includes: listed, council controlled, government owned, co-operative and private companies, having held board positions since 1999. Former directorships include New Zealand Post, Kiwi Bank, Speirs Group, Earthquake Commission, King Country Energy, Auckland Council Investments and NZPM Group.

Linda is currently Chair of Pacific Radiology Group Ltd, Crown Irrigation Investments Ltd and Central Lakes Trust. She is currently a director of Dunedin City Holdings Ltd and related subsidiaries Dunedin Stadium Property Limited and Dunedin City Treasury Limited. Linda is also a member of the Risk & Audit Committee and the Capital Markets Advisory Committee for The Treasury and Chairs the Audit and Risk Committee for Central Otago District Council.

Linda has been a director of LGFA since November 2015 and she chairs the Audit & Risk Committee.

She is a Certified Treasury Professional, a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Fellow of Governance New Zealand; a Chartered Fellow of the New Zealand Institute of Directors and a Graduate Member of the Australian Institute of Company Directors. Linda has a Bachelor of Commerce Degree and a Diploma in Banking.

### Michael Timmer Biography

Mike has over 10 years' experience in senior finance roles in Local Government, having joined Wellington Regional Council as Treasurer in January 2007.

He holds Bachelor of Agricultural Science and Bachelor of Business Studies degrees from Massey University and is a certified Chartered Accountant and an INFINZ (cert) professional.

As Treasurer, his responsibilities include Treasury activities involving commercial paper issuance, bond placement, standby facilities, interest rate risk management, balance sheet structure, security documentation, funding and optimising subsidiary company borrowings. Other responsibilities have included risk management, insurance, business assurance (internal audit), and managing the Council's WRC Holdings board.

He has also been acting Chief Financial Officer for the Council for around two years in total. Previous roles have involved Treasury and Accounting activities and working in the dealing room at Citibank for 5 years.

He has been active with local and sector CFO groups, has served on the initial Local Government Risk Agency establishment group and the LGFA establishment committee. Mike was involved with the establishment of the LGFA initiating the idea and was one of the nine representatives involved in setting up the LGFA documentation. He has been on the Shareholders' Council since its inception where he was vice chairman prior to taking up the LGFA directorship role.

Mike is a member of the Institute of Directors. He is Chairman of the Finance Committee of Physiotherapy New Zealand Incorporated and has been a director of LGFA since 2015.

### EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES

The SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating Local Authority, and the New Zealand Government (for so long as it is a shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

The SHA provides that, beginning at, and including, the annual meeting for 2013, the shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Western Bay of Plenty District Council, which was re-elected as a Nominating Local Authority on 25 November 2014, and Auckland Council, having been re-elected as a Nominating Local Authority on 24 November 2015, are the Nominating Local Authorities who have been longest in office since their last election (Tasman District Council having been re-elected as a Nominating Local Authority on 24 November 2015, Wellington City Council having been re-elected as a Nominating Local Authority on 24 November 2016, Christchurch City Council having been elected as a Nominating Local Authority on 24 November 2016, Whangarei District Council having been re-elected as a Nominating Local Authority on 21 November 2017, Bay of Plenty Regional Council having been re-elected as a Nominating Local Authority on 21 November 2017, Hamilton City Council having been re-elected as a Nominating Local Authority on 21 November 2018 and Tauranga City Council having been re-elected as a Nominating Local Authority on 21 November 2018). Accordingly, being the longest in office since their last election, **Auckland Council** and **Western Bay of Plenty District Council** shall retire by rotation at this annual meeting.

The Shareholders' Council is comprised of between five and ten members. The New Zealand Government can appoint a member and the remaining members are nominated by up to nine Nominating Local Authorities. Following the retirement of **Auckland Council** and **Western Bay of Plenty District Council** there are currently two positions available.

**Auckland Council** offer themselves for re-election as a Nominating Local Authority.

**Western Bay of Plenty District Council** offer themselves for re-election as a Nominating Local Authority.

#### **EXPLANATORY NOTE 4 – DIRECTORS’ REMUNERATION**

This resolution seeks shareholders’ approval for an increase in Directors’ remuneration with effect from 1 July 2019. The proposed fee increases for Directors (as set out in the notice of meeting) have been calculated based on a 7.3% increase for Directors who are on the risk and audit committee, a 5.2% increase for the chairman of the Board, a 5.0% increase for the chair of the Audit and Risk Committee and a 3.6% increase for other Directors for the 2019-2020 year. The fee increases have been set following an independent external review.

The Shareholders’ Council have provided to shareholders a background document outlining the proposed fee increases.

#### **EXPLANATORY NOTE 5 – CHANGES TO FOUNDATION POLICIES AND SHA**

This resolution seeks shareholders’ approval for amendments to the Foundation Policies of the Company and the SHA.

The Foundation Policies of the Company are set out in schedule 1 to the SHA. Clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Company’s Foundation Policies unless it is approved by Ordinary Resolution of the Company’s shareholders (or, if required by law, a Special Resolution).

Clauses 5.1(b) and 18.7 of the SHA provides that the SHA may be amended in accordance with the terms of any Ordinary Resolution. If any such Ordinary Resolution is passed, the amendment in that Ordinary Resolution shall take effect in accordance with their terms and the Company shall prepare a deed recording such amendments and may execute that deed on behalf of each Shareholder.

The proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution relate to:

1. an increase in the size of the Company’s balance sheet, requiring greater Treasury Policy limits; and
2. putting in place lending to council-controlled organisations (“CCOs”).

#### **Adjustments required to recognise growth in balance sheet**

There are several Foundation Policy limits that are incorporated into the LGFA Treasury Policy. While the Treasury Policy is approved by the LGFA Board, any changes to the Foundation Policy limits contained within the Treasury Policy require Shareholder approval. The LGFA Board notes that the Company’s business has both grown and changed significantly since the Foundation Policy limits were drafted in 2011 and changes last approved by Shareholders at the 2017 AGM. Primarily, there is a requirement for a larger portfolio of liquid assets because of:

- (a) The significant growth in the Company’s assets over the past five years as outlined in the following table:

	<b>Actual June 2014</b>	<b>Actual June 2015</b>	<b>Actual June 2016</b>	<b>Actual June 2017</b>	<b>Actual June 2018</b>	<b>Actual June 2019</b>
<b>Total Assets</b>	\$3.92 billion	\$5.41 billion	\$7.26 billion	\$8.49 billion	\$8.84 billion	\$10.38 billion
<b>Total Liabilities</b>	\$3.89 billion	\$5.38 billion	\$7.21 billion	\$8.44 billion	\$8.77 billion	\$10.31 billion
<b>Liquid Assets Portfolio (LAP)</b>	\$101.7 million	\$108.0 million	\$266.3 million	\$327.5 million	\$302.8 million	\$448.1 million
<b>LAP as % of Total Assets</b>	2.6%	2.0%	3.7%	3.9%	3.4%	4.3%
<b>Net Profit</b>	\$7.0 million	\$9.2 million	\$9.5 million	\$11.0 million	\$11.8 million	\$11.2 million

The proportion of liquid assets to total assets (4.3%) is low compared to our Nordic peer agencies (13% to 25%) and it is prudent to increase the amount of liquid assets over time.

- (b) Bespoke lending continues to gain in popularity with 45% of council borrowing in the 2018-19 financial year being of non-LGFA maturities. LGFA must ensure it holds enough liquid assets to meet the repayment at maturity of any LGFA bonds that are not backed with council loans or have been refinanced prior to maturity. Furthermore, LGFA must hold liquid assets in the periods between LGFA tender dates to meet any council borrowing demand.
- (c) Short dated lending to councils, matched where possible with the issuance of LGFA Bills, has been successful with short term loans outstanding at \$430 million to thirty-one councils as at 31 August 2019. LGFA Bills on issue total \$450 million as at 31 August 2019 and any difference between LGFA Bills issued and short dated loans to councils is invested as part of the Liquid Asset Portfolio.
- (d) Cash collateral received as security from the lending of LGFA Bonds to banks (who provide market pricing and liquidity in LGFA Bonds) is required to be invested for the term of the LGFA Bond loan.
- (e) LGFA is considering the provision of standby facilities for councils and these will be backed by liquid assets.

The proposed changes to the Foundation Policy and the rationale for those proposed changes are set out in the table below.

Current	Proposed change	Rationale for change
<b>Category 2 Assets</b> Maximum individual counterparty limit of \$200 million. Maximum of 80% of assets. Maximum term of 3 years.	<b>Category 2 Assets</b> Maximum individual counterparty limit of \$300 million. Maximum 80% of assets. Maximum term of 3 years.	The increase in the LGFA balance sheet, the amount of bespoke lending outside of the regular tender schedule and increased short term lending requires a larger Liquid Asset Portfolio. Individual category volume limits need to be increased to reflect the increasing size of the Liquid Asset Portfolio.
<b>Category 3 Assets</b> Maximum individual counterparty limits of \$125 million (AA-) and \$150 million (AA and AA+). Maximum of 80% of assets rated "AA-" or better. Maximum term of 3 years.	<b>Category 3 Assets</b> Maximum individual counterparty limits increased to \$200 million for AA-, AA and AA+. Maximum of 80% allocation to assets rated "AA-" or better. Maximum term of 3 years.	The increase in the LGFA balance sheet, the amount of bespoke lending outside of the regular tender schedule and increased short term lending requires a larger Liquid Asset Portfolio. Individual category volume limits need to be increased to reflect the increasing size of the Liquid Asset Portfolio. The four major NZ banks are rated AA- so counterparty limits need to be adjusted to reflect their relative size.
<b>Category 4 Assets</b> Maximum individual counterparty limit of \$125 million for a NZ Registered Bank.  Maximum individual counterparty limit of \$30 million for other issuers.	<b>Category 4 Assets</b> NZ Registered Bank  Maximum individual counterparty limit of \$200 million for a NZ Registered Bank.	The addition of limits for NZ Registered Banks allows for the possibility that the credit ratings of the Australasian parents of the NZ Registered Banks could be downgraded. If this should occur, then the credit ratings of

<p>Minimum credit rating for assets of "A1" short term rating and "A" long term rating.</p> <p>Maximum term of 1 year.</p>	<p>Maximum of 60% allocation to NZ Registered Bank assets rated "A+ ".</p> <p>Maximum term of 3 years.</p>	<p>the NZ subsidiaries would also be downgraded. Given the systemic importance of the NZ Registered Banks and RBNZ supervision we are comfortable holding their assets in the Liquid Asset Portfolio. The maximum term is to be extended to 3 years to ensure consistency with the maximum term for NZ Registered Banks with a credit rating of AA- or better.</p>
	<p><b>Category 5 Assets</b> Other Issuers</p> <p>Maximum individual counterparty limit of \$50 million for other issuers.</p> <p>Maximum of 10% allocation to Non-NZ Registered Bank assets rated "A+ ".</p> <p>Maximum term of 1 year.</p>	<p>It is preferred to distinguish between NZ Registered Banks and non-bank issuers. Non-bank issuers are not supervised and therefore a lower individual counterparty limit, maximum allocation limit and shorter maximum term are preferred.</p>
<p><b>Derivative Policy</b> The Company will only enter into derivative transactions with New Zealand Debt Management Office as counterparty.</p>	<p>Unless explicitly approved otherwise by the Board, all derivative transactions must be transacted with New Zealand Debt Management as counterparty.</p>	<p>LGFA has ISDAs in place with three NZ Registered Banks, in case New Zealand Debt Management cannot provide derivatives to LGFA. This is for BCP.</p>
<p><b>Market Risk</b> The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is \$40,000.</p> <p>The Company's total portfolio VAR daily limit is \$400,000.</p>	<p>The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is \$100,000.</p> <p>The Company's total portfolio VAR daily limit is \$1,000,000.</p>	<p>The current size of LGFA's balance sheet exceeds the original forecast and is projected to grow further in the next three years. Hence the need for a larger PDH limit. The larger balance sheet impacts on the size of the 3-month bank bill rate sets. Market volatility has also increased, resulting in an increase in VaR, holding all other variables constant.</p> <p>The LGFA Board will manage the exposure by having a lower limit threshold in the Treasury Policy.</p>

#### **Adjustments to allow lending to CCOs:**

Currently, LGFA can only lend to a council. However, several councils borrow and on-lend to their CCO subsidiaries and LGFA has been asked to change so that it can lend directly to CCOs (with the consent of the parent council).

There are several reasons for LGFA to lend to CCOs:

- LGFA estimates that forty-seven of its sixty-four member councils have CCOs and a few councils currently borrow and on-lend to their CCO subsidiaries;



- CCOs are an important part of the Local Government sector and LGFA cannot currently lend directly to CCOs;
- It is difficult for multiple owned CCOs to access financing from LGFA and with potential reform of the water sector signalled by Central Government, LGFA needs to consider what this might mean for sector borrowing; and
- Dunedin City Council is one of the few councils not to borrow through LGFA and part of the reason is that they undertake their borrowing through a CCO subsidiary.

LGFA received shareholder approval at the November 2018 AGM to proceed with establishing the framework and process to lend directly to CCOs. Russell McVeagh and LGFA management have been working on the structure, process and drafting changes to the LGFA legal documents. Simpson Grierson have acted on behalf the Shareholders' Council to provide feedback on the proposal. Minor amendments are proposed in the Foundation Policies to reflect the final CCO lending structure.

The documentation, structure and process has been influenced by the following:

- LGFA will only lend to CCOs or council-controlled trading organisations ("CCTOs") if:
  - in the case of CCOs, its obligations are guaranteed by its council parent; or
  - in the case of CCTOs, it is supported by uncalled capital within the CCTO;
- All parent council shareholders must be guarantors of LGFA;
- Any CCO/CCTO borrower must be wholly owned, directly or indirectly, by one or more councils and Central Government (if applicable);
- Council shareholder(s) must agree to their CCO/CCTO joining LGFA. All shareholders of the CCO/CCTO must countersign the relevant accession deeds to the Notes Subscription Agreement and the Multi-Issuer Deed;
- CCO/CCTO holds the Borrower Notes, but prior to conversion the Borrower Notes are transferred to the relevant council shareholder(s);
- LGFA Board to approve each CCO/CCTO to join. LGFA to undertake financial and credit analysis of each CCO /CCTO before its accession, with ongoing surveillance. Russell McVeagh to review each CCO/CCTO's council shareholders' Debenture Trust Deed and CCO/CCTO security structure as part of the acceptance process by the LGFA Board;
- Bespoke covenants are to be negotiated between LGFA and each CCO/CCTO. LGFA may allow no covenants if LGFA is sufficiently comfortable with the guarantee/uncalled capital structure and the credit quality of the council shareholder(s);
- Annual testing of the CCO/CCTO compliance with financial covenants (if relevant) and reporting as per council membership;
- Credit analysis of the council shareholders and ongoing compliance with LGFA covenants will be undertaken on a parent basis and reported on a parent and consolidated group basis;
- Borrowing process to be as close as possible to the borrowing process for council lending;
- Pricing on CCO/CCTO loans in line with council shareholder borrowing, but set by LGFA;
- Lending to CCO/CCTO by LGFA is expected to be on the same (or better) security terms than their existing banking security;
- Redemption of LGFA loans to CCO/CCTO if the CCO ceases to be a CCO; and
- Reporting to LGFA shareholders on a quarterly basis as to breakdown of CCO/CCTO lending.

#### **Adjustments to allow other types of lending:**

To date, the Foundation Policies have only contemplated lending by securities. To allow LGFA greater flexibility in its lending, the proposed amendments to the Foundation Policies would permit LGFA to enter into facility arrangements with borrowers.

#### **Amendments to the SHA:**

In addition to the changes to the Foundation Policies, minor amendments are proposed in respect of the SHA to reflect the potential lending to CCOs. The changes to the SHA will take effect on the date LGFA notifies the Shareholders that the "effective date" of the deed amending and restating the SHA has occurred.



# Appendix 2

LGFA – AM Proxy Form

**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED**



**PROXY FORM**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a shareholder of New Zealand Local Government Funding Agency Limited ("**Company**") appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us at the annual meeting of the Company to be held on 21 November 2019 and at any adjournment thereof.

If you wish to direct the proxy how to vote, please indicate with a  in the appropriate box below. If the proxy can vote as he or she thinks fit, please indicate with a  in the following box:

	<b>For</b>	<b>Against</b>
1(a) To re-elect <b>Linda Robertson</b> as an Independent Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
1(b) To re-elect <b>Michael Timmer</b> as a non-Independent Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect <b>Auckland Council</b> as a Nominating Local Authority	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect <b>Western Bay of Plenty District Council</b> as a Nominating Local Authority	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the following increases in director fees payable		
(a) With effect from 1 July 2019 the director acting as chairman of the board of directors of \$5,000 per annum, from \$97,000 per annum to \$102,000 per annum	<input type="checkbox"/>	<input type="checkbox"/>
(b) With effect from 1 July 2019, each of the other directors acting as members of the audit and risk committee, an increase of \$4,000 per annum, from \$55,000 per annum to \$59,000 per annum	<input type="checkbox"/>	<input type="checkbox"/>
(c) With effect from 1 July 2019, the director acting as chairman of the audit and risk committee of \$3,000 per annum, from \$60,000 per annum to \$63,000 per annum.	<input type="checkbox"/>	<input type="checkbox"/>
(d) With effect from 1 July 2019, each of the other directors an increase of \$2000 per annum, from \$55,000 per annum to \$57,000 per annum	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the changes to the foundation policies of the Company	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the changes to the Shareholders Agreement	<input type="checkbox"/>	<input type="checkbox"/>

(Please refer to the notice of meeting for details of the resolutions)

\_\_\_\_\_  
**Signature of Shareholder**

**Dated:**                      2019

**Notes:**

1. If you wish you may appoint as your proxy the chairperson of the meeting.
2. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate's express or implied authority.
3. For this proxy form to be valid, you must complete it and produce it to the Company at least 48 hours before the time for holding the meeting. You can produce it to the Company by delivering it to **Level 8, City Chambers, 142 Featherston Street, Wellington 6145. It must be received at least 48 hours before the time for holding the meeting.**
4. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this proxy form.
5. If you return this form without directing the proxy how to vote on any particular matter, the proxy can vote how he or she thinks fit if authorised by you in this proxy form by ticking the appropriate box. Otherwise, the proxy will be deemed to have abstained from voting on that matter.
6. Capitalised terms in this proxy form have the meanings given to them in the shareholders' agreement dated 7 December 2011 (as amended from time to time) between the Company and its shareholders.

# Appendix 3

Letter – Shareholders’ Council AM Recommendations

27 September 2019

The Shareholders  
NZ Local Government Funding Agency

Dear Shareholder

You have recently received papers from the LGFA for its Annual General Meeting (AGM) on 21 November 2019. The Shareholders' Council (SC) has considered this material and wishes to make recommendations to help with your decision making prior to the AGM.

Our role (as per the Shareholders' Agreement) includes requirements to:

- make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors.
- make recommendations to Shareholders as to any matters which require the approval of Shareholders

Our recommendations on the different AGM resolutions are as follows:

### **Resolution 1 – Financial Statements and Reports**

*The Shareholders' Council recommends approval is given for this resolution.*

### **Resolution 2 - Election of Directors**

Linda Robertson and Mike Timmer have both proven themselves to be effective and competent directors and they have the support of the SC.

There have been no other nominations.

*The Shareholders' Council recommends approval is given for this resolution.*

### **Resolution 3 - Election of Nominating Local Authorities**

- Auckland Council is represented by John Bishop.
- Western Bay of Plenty Council is represented by Kumaren Perumal.

Both are actively involved in LGFA matters and wish to continue their association.

We are not aware of any other Councils that wish to have direct representation on the SC at this time and no other nominations have been received. However, some interest has been expressed from potential new members next year.

*The Shareholders' Council recommends approval is given for this resolution.*

## Resolution 4 – Directors’ Remuneration

The Shareholder’s Council commissioned Board Dynamics to undertake an LGFA director remuneration review. This review was to provide an update to the Board Dynamics review undertaken in 2017.

### Board Dynamics Review

The Shareholder’s Council met in August to review the report on your behalf. The outcome of our meeting was to make the following recommendations to shareholders, based on our review of the report.

That Annual Fees are set from 2019 as follows:

- |   |           |
|---|-----------|
| • Independent Chair                                 | \$102,000 |
| • Director with Audit and Risk Chair role           | \$63,000  |
| • Director  | \$57,000  |
| • Director with Audit and Risk Committee membership | \$2,000*  |

*\*this additional fee is at the lower end of the recommended range*

The report also provides some useful background and information relating to the LGFA, the Board, and remunerations levels at other comparable Boards. You may find this information useful should you need to take a report and recommendations through your governance approval processes.

If you have any questions or queries relating to the report please feel free to contact either myself or Mat Taylor ([mat.taylor@boprc.govt.nz](mailto:mat.taylor@boprc.govt.nz)), at Bay of Plenty Regional Council who was part of the sub- group of the Shareholder’s Council who oversaw the preparation of the report.

***There is very strong (although not quite unanimous) support for the remuneration changes and the Shareholders’ Council recommend that approval is given for this resolution.***

### Lending directly to CCOs

- **Resolution 5 - Changes to Foundation Documents**
- **Resolution 6 - Changes to the Shareholders’ Agreement**

At the November 2018 AGM LGFA received shareholder approval to proceed with establishing the framework and process to lend directly to CCOs. LGFA management subsequently commissioned Russell McVeagh to help develop the structure, process and drafting changes to the LGFA legal documents to implement the required changes.

The Shareholders Council received draft documentation to review and provide feedback. We in turn commissioned Simpson Grierson to give independent advice on the overall approach and documentation.

As you will be aware the LGFA documentation (Shareholders’ Agreement, Multi-Issuer Deed, Notes Issuer Agreement and Guarantee & Indemnity) is complex and detailed. It has gone through numerous iterations as feedback from LGFA, two legal firms and the Shareholders’ Council (comprising nine council and two central government appointees) has been reviewed and incorporated. We have now reached agreement that the proposed changes to the documentation are appropriate and will allow LGFA to lend directly to CCOs without exposing guarantors to additional risk, which was a fundamental aspect of the 2018 AGM decision.

The Notice of Meeting from LGFA includes some information about the proposed changes, so I will not include that in this letter. However, we have worked with LGFA management to prepare two discussion papers that



provide 'plain English' explanations. Councils may wish to include one or both of these in agendas if any Elected Member approvals are required.

However, I would like to point out that during this process the SC facilitated considerable discussion about:

- ensuring that the proposed arrangements did not add any additional risk to guarantors
- the way financial covenants should be calculated where there are lending arrangements at both Parent and Group level for a council; particularly those relating to the Debt to Revenue ratio. We will be working with LGFA to review this going forward.
- limiting direct lending to CCO's that are 100% in the ownership of one or more councils (with the sole exception being those with a Central Government shareholding)
- incorporating the ability to lend to CCOs with less than 100% council ownership **in the future**. A minimum of 51% ownership would be required, with this facility only being 'switched on' following a Special Resolution of shareholders at a later date. This high approval threshold (which requires at least 75% approval) has been set at the SC's request as lending to entities (even though they would be minority shareholders) outside our sector is seen as a fundamental change in LGFA's operating model.
- ensuring any agreements embedded in the foundation documents are not compromised by the proposed changes
- having all documents drafted so that they meet all requirements for this change, but are not so prescriptive that they hinder the practical application of the underlying principles as LGFA conduct their business.

This has been a complex and time-consuming process with some robust discussion between the parties involved. Much of the complexity has arisen because we have had to accommodate the wide (and often subtle) variations in the way councils and their CCOs are structured across our sector as we have contemplated both current and potential future scenarios (such as the formation of jointly-owned water service providers).

During our deliberations the SC members recognised that we have separate interests as shareholders, guarantors and borrowers. However, given the cooperative structure of LGFA, we felt that these interests did not give rise to any specific conflicts that precluded any members from participation in the process.

We also note there are also some minor amendments required to reflect the lending growth of LGFA and these changes are supported.

***We have now reached a point where there is very strong (although not quite unanimous) support for all the proposed changes, and the Shareholders' Council recommend that approvals are given for both these resolutions.***

I trust you find this information helpful. Please contact me or your Shareholders' Council liaison should you wish to discuss any matter relating to this letter or any other aspects of LGFA operations.

Yours sincerely



Alan Adcock  
Chair, LGFA Shareholders' Council

cc. Mark Butcher, Chief Executive LGFA

# Appendix 4

## Director's Remuneration Report – Board Dynamics



# LGFA CHAIR AND DIRECTOR FEE REPORT (AUGUST 2019)

confidential

BOARD DYNAMICS LIMITED 34 Shortland Street Level 9 Auckland



## Introduction

Board Dynamics has been engaged by the Shareholder Council to provide a report on the current director remuneration at Local Government Funding Agency (LGFA) and make recommended changes (if any) in the current fees based on current market data since our last review in 2017.

In benchmarking the LGFA board remuneration we have used the financial services industry as the sector of reference (excluded State-Owned Enterprises (SOEs), the largest trading banks in NZ and overseas banks involved in unrelated activities). This is because LGFA is operating in a specialised technical financial services space aligned with the practices and disciplines of the financial services industry, despite operating as an agency for Local Government funding.

LGFA board remuneration has been benchmarked against similar sized organisations in New Zealand, based on assets under management and shareholder funds. We have referenced the current remuneration of Chairs and Directors on boards of organisations ranging from a small bank, private equity firm and asset management firms.

As of 30 June 2019, the average board remuneration in the financial services industry in New Zealand for a **Chair is (range) \$90,000-\$185,000** and for a **Director is (range) \$70,000-\$110,000**. The range depends on breakdown – assets, revenue or industry. Average Fee increases were 2.4% across all industries surveyed and for financial services the average was 3.0%.

The current LGFA board comprises of 1 Independent Chair, 1 Director and 4 Independent Directors. The remuneration fees per annum are set as follows:

Role	Remuneration
Independent Chair	\$97K
Director with Audit and Risk Chair role	\$60K
Director	\$55K

We have taken into consideration the complexity of the industry, size of portfolio and technical skills required of each director or Chair. **Note: we have excluded director fees of the largest trading banks in New Zealand to prevent skewing the results.**



## Recommendations

Our recommendation is based on several factors including the Financial Industry, Assets under Management and Shareholder Funds of the market data referenced in this report for both Chair and Director fees.

LGFA is an organisation where the board operates in an industry most similar to Financial Services, with Assets Under Management of \$10.4 Billion (as of June 30, 2019). Note: up from \$7.76 Billion (as of March 31, 2017).

LGFA has market share of 90.0% of total council borrowing for the rolling twelve-month period to June 2019. This is a sizeable increase since our last full review in 2017.

To summarise relevant Chair and Director fee reference data that is highlighted in the tables:

### 1. Average relevant Chair Fees and Workload 2019

	Annual Average Fee	Annual Average Hours
Industry – Financial Services	\$95,564	228
Assets Under Management >1000M	\$185,572	380
Shareholder Funds 50M-100M	\$98,120*	
<b>AVERAGE</b>	<b>\$126,419</b>	<b>304 Hrs</b> <b>= 28 Hrs per Month</b>

\*Upper Quartile value used as representative in the case of LGFA

### 2. Average relevant Director Fees and Workload 2019

	Annual Average Fee	Annual Average Hours
Industry – Financial Services	\$79,761*	147
Assets Under Management >1000M	\$110,433	243
Shareholder Funds 50M-100M	\$70,000	
<b>AVERAGE</b>	<b>\$86,731</b>	<b>195 Hrs</b> <b>= 16 Hrs per Month</b>

\*Upper Quartile value used as representative in the case of LGFA



## Recommended LGFA Chair and Director Fee Increase:

Accordingly, we suggest the current Chair and Director fees at LGFA are at industry average if we understand the workload to be in the range suggested of 29 hours per month for the Chair and 19 hours per month for a Director.

The current pool of future directors as part of succession planning is limited in New Zealand with the level of experience required as a LGFA director. The greater risk that directors take in a regulated environment also has an impact on market rates for the financial services industry.

We would initially recommend the following small fee increases:

- Annual Director fees at LGFA be increased from the current of \$55,000 - \$60,000 into a range **between \$60,000 and \$65,000.**
- Annual Chair fees at LGFA be increased from the current \$97,000 into a range between **\$100,000 and \$105,000.**

These fee increases are the represented average fee increases for Industry, Assets Under Management and Shareholder Funds.

This small fee increase recognises the increasing financial services sector knowledge requirements for an LGFA director role, and the workload expectations on directors. In addition, the size of the organisation in respect to market share over 90% and the increased risks to manage as a result. Greater workload and increased demand of directors' time and knowledge/experience.

### Factors to be aware of when interpreting and applying market data

We recommend that this information is considered in the context of the following factors which outline the key determinants of director remuneration decisions:

#### 1. Technical skillset

The skill set required is limited based on current director pool available without conflict and availability in New Zealand. We estimate this number to range from 30 to 40 individuals. LGFA may decide to pay a premium in order to attract or retain directors.

#### 2. Risks

Directors take on considerable financial and reputational risks as a director within a number of sectors including financial services.

#### 3. Performance of the organisation

The director's performance and value has also been taken into consideration where LGFA has performed consistently well since inception. Assets under management are now at \$10.4 Billion. The organisation is also planning to offer additional products and services in the near future and the directors will have wider governance activities as a result.



<b>LGFA Board Role</b>	<b>Current Fee</b>	<b>Recommended Fee</b>	<b>Corresponding Workload</b>
Independent Chair	\$97K	\$102K	28 hrs per month
Director with Audit and Risk Chair role	\$60K	\$63K	16.5 hrs per month
Director	\$55K	\$57K	14 hrs per month
Director with Audit & Risk committee membership only (not Chair)	\$0K	\$2K to \$3K	2 hrs per month

While this recommendation may not precisely reflect the standard market 2.0:1X ratio between Chair and Director fees, we believe it is more important to follow actual market practice than simply to apply a ratio.

Consistent with the past, the Board chooses to pay a separate committee fee for Audi & Risk Chair only. We would recommend that the shareholder council consider an additional fee for members of this committee. This is standard practice and recognises additional workload.

Recommended range: \$2K to \$3K per annum.



In our view, the recommended ranges represent appropriate and competitive levels for a successful, large in respects to market share/funds for a New Zealand financial services company.

These fee increases may represent, depending on final decisions, the annual governance pool rising from \$377K (approximate) to \$393K. This is a rise of \$16K per annum for the board total REM. Slightly higher if A&R director committee fee approved.

Finally, this document represents the objective recommendation of Board Dynamics regarding board fees at LGFA. However, any board fee discussion involves a variety of factors of which the information in this document is just one. We suggest using this information as a starting point in a review that should serve to further develop the relationship between the LGFA Board and the Shareholder Council.



## Appendix (1)

### **Role of the Board**

The board is responsible for the overall governance, management and strategic direction of the organisation and for delivering accountable corporate performance in accordance with the organisation's goals and objectives. This responsibility is usually set out in the organisation's constitution or in the enabling legislation under which the organisation is registered or incorporated.

In performing its role, specific responsibilities commonly reserved to the board either in its constitution, its board or governance charter or by cultural practice include:

- Providing strategic direction to the organisation and deciding upon the organisation's strategies and objectives in conjunction with the CEO;
- Monitoring the strategic direction of the organisation and the attainment of its strategies and objectives in conjunction with the executive;
- Monitoring the operational and financial position and performance of the organisation generally;
- Driving organisational performance so as to deliver member value or benefit;
- Assuring a prudential and ethical base to the organisation's conduct and activities having regard to the relevant interests of its stakeholders;
- Assuring the principal risks faced by the organisation are identified and overseeing that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Reviewing and approving the organisation's internal compliance and control systems and codes of conduct;
- Assuring that the organisation's financial and other reporting mechanisms are designed to result in adequate, accurate and timely information being provided to the board;
- Appointing and, where appropriate, removing the CEO, monitoring other key executive appointments, and planning for executive succession;
- Overseeing and evaluating the performance of the CEO, and through the CEO, receiving reports on the performance of other senior executives in the context of the organisation's strategies and objectives and their attainment;
- Reviewing and approving the CEO's and, in conjunction with the CEO, other senior executive remuneration;

- Approving the organisation's budgets and business plans and monitoring major capital expenditures, acquisitions and divestitures, and capital management generally;
- Ensuring that the organisation's financial results are appropriately and accurately reported on in a timely manner in accordance with constitutional and regulatory requirements;
- Ensuring that the organisation's affairs are conducted with transparency and accountability;
- Overseeing the design, implementation and periodic review of appropriate and effective policies, processes and codes for the organisation, which depending on the organisation, may include with respect to ethics, values, conduct, securities trading, disclosure of securities' price sensitive information, employment, remuneration, diversity and otherwise;
- Ensuring sound board succession planning including strategies to assure the Board is comprised of individuals who are able to meet the responsibilities of directors of the organisation;
- Overseeing member and stakeholder engagement, reporting and information flows.

In practice, the role of the board including governing, directing and monitoring an organisation's business, affairs and operations in two broad areas.

#### Overall organisational performance:

Ensuring the organisation develops and implements strategies and supporting policies to enable it to fulfil the objectives set out in the organisation's constitution. Commonly the board delegates the day to day operations of the organisation to the management team via the CEO but remains accountable to the members and shareholders for the organisation's performance. The board monitors and supports management in an on-going way.

#### Overall compliance:

Ensuring the organisation develops and implements systems, processes and procedures to enable it to comply with its legal, regulatory and industry obligations (complying with the law and adhering to accounting and other industry standards) and ensure the organisation's assets and operations are not exposed to undue risks through appropriate risk management.

## Appendix (2)

## Chair and Director Fees in NZ

## Non-Executive Chair Fees 2019 – Breakdown\*

\* LGFA relevant data highlighted in yellow

## Breakdown By Industry:

Industry	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
Banking, Financial and Insurance Services	Annual fee (\$)	30	7%	52,992	<b>80,000</b>	129,862	<b>95,564</b>
	Hourly rate (\$)	24	6%	232	<b>298</b>	817	1,321
	Total hours	32	8%	128	<b>179</b>	295	228

## Breakdown By Total Assets:

				Lower quartile	Median	Upper quartile	Average
		No.	%				
0-5M	Annual fee (\$)	61	15%	20,000	<b>30,000</b>	40,000	37,352
	Hourly rate (\$)	61	15%	113	<b>194</b>	317	266
	Total hours	137	33%	82	<b>127</b>	200	168
5.1-10M	Annual fee (\$)	27	6%	24,500	<b>40,000</b>	57,000	43,278
	Hourly rate (\$)	27	6%	130	<b>189</b>	289	229
	Total hours	41	10%	100	<b>190</b>	312	236
10.1-20M	Annual fee (\$)	25	6%	30,000	<b>40,000</b>	60,000	48,850
	Hourly rate (\$)	25	6%	145	<b>197</b>	286	217
	Total hours	32	8%	148	<b>211</b>	357	276

20.1-50M	Annual fee (\$)	31	7%	34,000	<b>48,000</b>	56,500	48,791
	Hourly rate (\$)	30	7%	164	<b>266</b>	336	308
	Total hours	34	8%	151	<b>193</b>	288	231
50.1-100M	Annual fee (\$)	25	6%	42,500	<b>50,000</b>	75,000	57,992
	Hourly rate (\$)	22	5%	127	<b>232</b>	312	266
	Total hours	26	6%	144	<b>258</b>	426	445
100.1-200M	Annual fee (\$)	19	5%	45,460	<b>70,320</b>	100,000	77,077
	Hourly rate (\$)	8	2%	162	<b>256</b>	405	306
	Total hours	10	2%	145	<b>222</b>	481	325
200.1-500M	Annual fee (\$)	37	9%	67,000	<b>78,000</b>	100,000	94,235
	Hourly rate (\$)	15	4%	193	<b>404</b>	559	630
	Total hours	19	5%	136	<b>248</b>	395	287
500.1-1000M	Annual fee (\$)	20	5%	62,769	<b>97,045</b>	160,000	117,085
	Hourly rate (\$)	14	3%	339	<b>598</b>	2,518	1,563
	Total hours	14	3%	57	<b>180</b>	297	193
>1000M	Annual fee (\$)	<b>42</b>	<b>10%</b>	<b>81,094</b>	<b>143,258</b>	<b>205,250</b>	<b>185,572</b>
	Hourly rate (\$)	<b>18</b>	<b>4%</b>	<b>245</b>	<b>504</b>	<b>982</b>	<b>1,597</b>
	Total hours	<b>19</b>	<b>5%</b>	<b>96</b>	<b>324</b>	<b>455</b>	<b>379</b>

### Non-Executive Director Fees 2019 – Breakdown\*

\* LGFA relevant data highlighted in yellow

#### Breakdown By Industry:

Industry	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
Banking, Financial and Insurance Services	Annual fee (\$)	88	8%	33,312	<b>59,801</b>	97,917	<b>79,761</b>
	Hourly rate (\$)	61	5%	224	<b>407</b>	839	931
	Total hours	81	7%	40	<b>100</b>	187	127

## Breakdown By Total Assets:

		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	79	7%	12,000	<b>19,000</b>	25,000	19,225
	Hourly rate (\$)	79	7%	89	<b>161</b>	278	225
	Total hours	262	23%	50	<b>91</b>	138	110
5.1-10M	Annual fee (\$)	35	3%	15,750	<b>21,500</b>	30,000	23,643
	Hourly rate (\$)	34	3%	83	<b>152</b>	244	187
	Total hours	73	6%	72	<b>131</b>	193	163
10.1-20M	Annual fee (\$)	40	4%	18,075	<b>28,000</b>	31,875	26,197
	Hourly rate (\$)	40	4%	113	<b>195</b>	314	249
	Total hours	64	6%	77	<b>125</b>	216	159
20.1-50M	Annual fee (\$)	45	4%	20,800	<b>30,000</b>	35,000	29,352
	Hourly rate (\$)	41	4%	149	<b>214</b>	313	257
	Total hours	65	6%	85	<b>129</b>	180	163
50.1-100M	Annual fee (\$)	70	6%	20,750	<b>25,000</b>	36,000	29,108
	Hourly rate (\$)	44	4%	84	<b>130</b>	232	188
	Total hours	54	5%	116	<b>177</b>	262	253
100.1-200M	Annual fee (\$)	60	5%	27,875	<b>39,360</b>	59,478	44,843
	Hourly rate (\$)	32	3%	129	<b>202</b>	326	506
	Total hours	43	4%	133	<b>195</b>	274	207
200.1-500M	Annual fee (\$)	137	12%	37,500	<b>47,000</b>	62,000	50,541
	Hourly rate (\$)	43	4%	171	<b>278</b>	839	509
	Total hours	59	5%	56	<b>179</b>	269	205
500.1-1000M	Annual fee (\$)	83	7%	55,918	<b>69,500</b>	90,000	80,159
	Hourly rate (\$)	45	4%	377	<b>1,227</b>	1,591	1,307
	Total hours	52	5%	40	<b>44</b>	202	140
>1000M	Annual fee (\$)	183	16%	69,022	<b>87,590</b>	120,400	<b>110,433</b>
	Hourly rate (\$)	57	5%	187	<b>419</b>	1,563	921
	Total hours	68	6%	96	<b>187</b>	288	279

## Understanding data measures

<b>Lower Quartile</b>	This represents the point at which, when ranked from the lowest value to the highest value, 25 per cent of the sample is lower and 75 per cent of the sample is higher. The lower quartile is also known as the 25 <sup>th</sup> percentile.
<b>Median</b>	When data is ranked from the lowest value to the highest value, the median represents the middle point of the data. At the median, 50 per cent of the sample is lower and 50 per cent of the sample is higher. The median is also known as the 50 <sup>th</sup> percentile.
<b>Upper Quartile</b>	This represents the point at which, when ranked from the lowest value to the highest value, 75 per cent of the sample is lower and 25 per cent of the sample is higher. The upper quartile is also known as the 75 <sup>th</sup> percentile.
<b>Average</b>	Indicates the average value of remuneration or benefit in any given sample. The average is calculated by adding the numbers in a sample and then dividing by the count of the sample.

### Source Data

Our market data (Chair and Director Fees) has been sourced from the EY IoD Director Fee Survey and our own Board Dynamics director survey.

Prepared by Henri Eliot

August 20, 2019

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Henri Eliot  
CEO  
Board Dynamics

## Appendix 5

LGFA Background Information paper



## Background information and an update on CCO lending

The New Zealand Local Government Funding Agency (LGFA) is an agency specialised in financing the New Zealand local government sector. LGFA was established to raise debt on behalf of councils on terms that are more favourable to them than if they raised the debt directly. LGFA was incorporated as a limited liability company under the Companies Act 1993 on 1 December 2011, following the enactment of the Local Government Borrowing Act 2011. As LGFA is majority owned by councils, it constitutes a “council-controlled organisation” under the Local Government Act 2002.

### Capital structure and shareholding

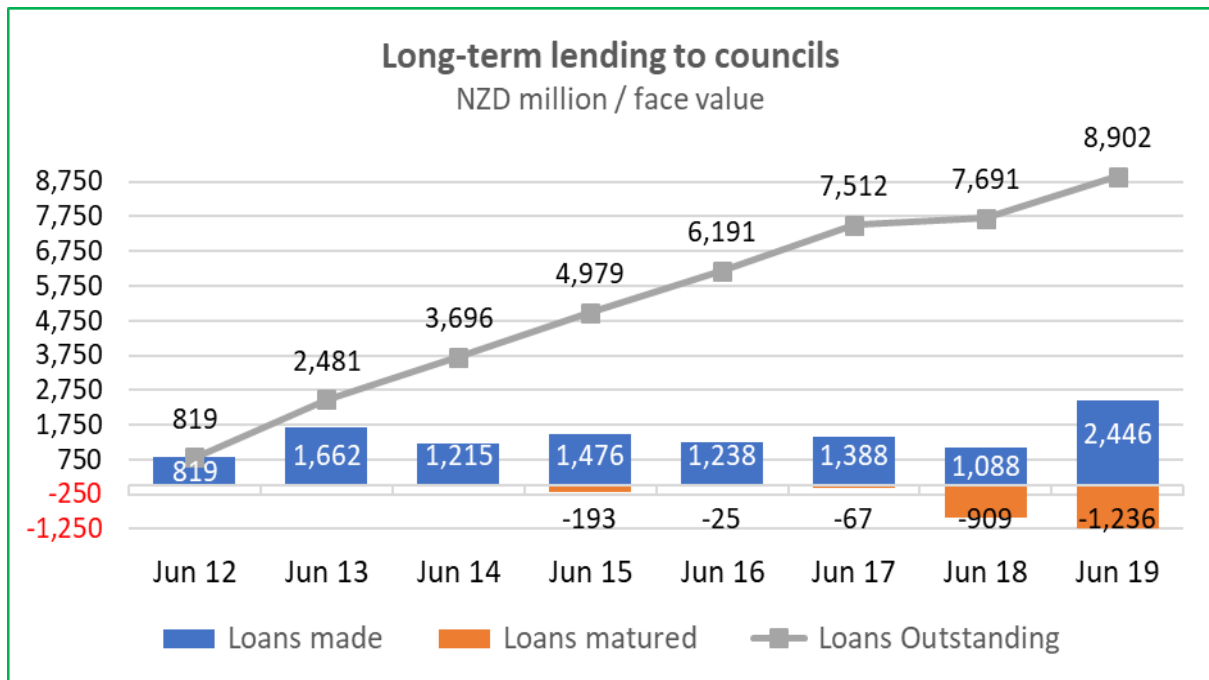
As at 2 September 2019, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. There are currently 31 shareholders, comprising the New Zealand Government at 20% and 30 councils at 80%. Any councils wanting to become new shareholders are required to purchase shares from existing council shareholders. The capital structure of LGFA comprises fully paid shares, unpaid shares, retained earnings and borrower notes. Borrower notes are subordinated convertible debt instruments which each council that borrows from LGFA must subscribe for (in an amount equal to 1.6% of the long term borrowing from LGFA by that council). LGFA will redeem borrower notes when the council’s related borrowings are repaid or no longer owed to LGFA. Currently there are NZ\$147 million of borrower notes on issue.

### Borrowing and lending

LGFA operates with the primary objective of optimising the debt funding terms and conditions for participating councils. LGFA borrows by issuing LGFA bonds (greater than one-year maturity) and LGFA Bills (less than one-year maturity) to investors and banks and then on-lends the proceeds to councils. As at 2 September 2019, there are NZ\$10.005 billion of LGFA bonds listed on the NZX across nine maturities from 2020 to 2033. These bonds include \$450 million of treasury stock issued to LGFA for liquidity purposes. As at 2 September 2019, there are \$463 million of LGFA Bills on issue.

LGFA has experienced strong growth in lending to the sector and has approximately 92% market share of all council borrowing. As at 30 June 2019, LGFA had lent \$362 million on a short-term basis to councils and \$8.902 billion on a long-term basis.





As at 2 September 2019, there are 64 Participating Local Authorities (“PLAs”) who are members of LGFA. There are 63 borrowers amongst the PLAs with MacKenzie District the only non-Borrower to date. The PLAs cover 98% of the local government sector debt. Auckland Council is restricted to borrowing no more than 40% of LGFA lending and is currently at 25%.

The ten largest council borrowers from LGFA as at 2 September 2019 are

Council Borrower	\$ millions	%
Auckland	\$2,407	24.8%
Christchurch City	\$1,802	18.6%
Wellington City	\$585	6.0%
Tauranga City	\$500	5.1%
Greater Wellington Regional	\$400	4.1%
Hamilton City	\$385	4.0%
Kapiti Coast District	\$215	2.2%
Bay of Plenty Regional	\$192	2.0%
Rotorua District	\$187	1.9%
Hutt City	\$179	1.8%
53 others	\$2,861	29.5%
	<b>\$9,713</b>	<b>100%</b>

### Guarantee structure

LGFA’s obligations in relation to its securities issued are guaranteed by the councils that are guarantors under the Guarantee and Indemnity Deed. Other than the New Zealand Government, each shareholder in LGFA must be a guarantor. In addition, any council that borrows in aggregate

NZ\$20 million or more from LGFA must be a guarantor. The guarantee will be in favour of the obligations of LGFA. Any call under the guarantee will be allocated across all the guarantors on a pro rata basis in relation to their rates revenue.

There are 52 Guarantors of LGFA. The only non-Guarantors (due to their small amount of borrowing) are Northland and West Coast Regional Councils and Grey, Central Hawkes Bay, Opotiki, Buller, Rangitikei, Stratford, Wairoa, MacKenzie, Clutha and Westland District Councils.

The New Zealand Government does not guarantee LGFA.

### **Governance and oversight**

The LGFA Board is responsible for the strategic direction and control of LGFA's activities and comprises five independent and one non-independent directors. The Board guides and monitors the business and affairs of LGFA, in accordance with the

- Local Government Act 2002
- Local Government Borrowing Act 2011
- Companies Act 1993
- LGFA's Constitution
- LGFA Shareholder Agreement
- LGFA Annual Statement of Intent

The LGFA Shareholders' Council comprises five to ten appointees from the council shareholders and the New Zealand Government. The role of the Shareholders' Council is to

- Review and report performance of LGFA and the board
- Recommend to shareholders as to the appointment, removal, replacement and remuneration of directors
- Recommend to shareholders as to any changes to policies, or the SOI, requiring their approval
- Update shareholders on LGFA matters and
- Co-ordinate shareholders on governance decisions.

LGFA is audited by Audit NZ.

### **Risk management**

The LGFA risk management framework follows industry best practice principles and the three lines of defence model to identify, assess and mitigate the risks faced by the business, as a part of its daily business operations.

The LGFA board and the audit and risk committee are responsible for the governance oversight of LGFA's risk management, compliance and internal audit functions. The CEO and the Manager, Risk and Compliance are responsible for the daily operational controls and processes that are in place to mitigate the business risks of the organisation.

The Risk and Compliance Manager also undertakes the board approved internal audit operations of LGFA and KPMG (appointed by Audit NZ) are the LGFAs external auditors.

The major risks and mitigants faced by LGFA are:

- Interest Rate Risk is where LGFA is subject to adverse movements in interest rates or borrowing spreads. This is mitigated by very tight treasury policy and board-imposed limits and compliance reporting requirements to the LGFA board.
- Funding Risk is where LGFA incurs a mismatch between its borrowing and lending activities and either cannot borrow to match its maturities or incurs a financial loss in doing so. LGFA can issue short dated and long dated instruments, borrows for long terms than it on-lends to councils and has a Liquid Assets Portfolio (LAP) and a standby facility from the New Zealand Government
- Credit Risk is where a loan to a council cannot be repaid or an investment in the LAP incurs a loss due to a credit event. This is mitigated through LGFA lending to councils on a secured basis (against rates revenue) and each council borrower must comply with LGFA imposed financial covenants. LGFA has strict limits on what investments can be held in the LAP in terms of type, term, amounts and credit ratings of investments in individual securities and issuers.

LGFA also has a defined compliance framework in place, to ensure that all legal, regulatory and treasury compliance requirements are actively managed and reported to the LGFA board.

### **Credit rating**

LGFA has credit ratings from both S&P Global Ratings and Fitch Ratings Services. The credit rating of AA+ is the same as the rating of the New Zealand Government and is on positive outlook by S&P.

### **LGFA history**

Since establishment in 2012, LGFA has sought to continuously improve to meet the requirements of its council members. A brief timeline is as follows

February 2012	Commenced issuing bonds and on-lending to councils. Councils could only borrow at times that LGFA was issuing bonds and only borrow into maturity dates that LGFA was issuing bonds into. LGFA bond maturity dates matched the New Zealand Government Bond (NZGB) maturity dates and all LGFA bond issuance via a tender was held approximately every 6 weeks.
March 2015	Commenced bespoke lending where a council could borrow at anytime and into any maturity date between the end points of the LGFA bond curve (currently between 2020 and 2033).
June 2015	Transitioned the front, middle and back office from New Zealand Treasury to an in-house model incorporating a new treasury system.
October 2015	Commenced short term lending where a council can borrow for terms of between 30 days and 365 days. LGFA commenced issuing LGFA bills with maturity dates of less than 1 year.
November 2015	LGFA bonds listed on the NZX debt market.

June 2016	LGFA established bond lending facility where banks can borrow LGFA bonds to assist with trading and market liquidity.
November 2017	Shareholders approved changes to Foundation Policy at AGM regarding LGFA investment portfolio to accommodate growth in LGFA balance sheet.
April 2018	April 2022 LGFA bond issued – this was the first LGFA bond that did not match a NZGB maturity.
November 2018	Shareholders approved changes to Foundation Policy at AGM to allow lending to Council Controlled Organisations (CCOs).
March 2019	First LGFA bond issued via syndication rather than by tender with a maturity date of April 2024.
November 2019	LGFA will be approaching shareholders to approve documents to progress CCO lending (see below).

### **CCO lending – for shareholder approval at November 2019 AGM**

Currently LGFA can only lend to a council. However, a number of councils borrow and on-lend to their CCO subsidiaries and LGFA has been asked to change so that it can lend direct to CCOs (with the consent of the parent council).

There are several reasons for LGFA to lend to CCOs.

- LGFA estimates that forty-seven of its sixty-four member councils have CCOs and a number of councils currently borrow and on-lend to their CCO subsidiaries.
- CCOs are an important part of the Local Government sector and LGFA cannot currently lend directly to CCOs.
- It is difficult for multiple owned CCOs to access financing from LGFA and with potential reform of the water sector signalled by Central Government, LGFA needs to consider what this might mean for sector borrowing.
- Dunedin City Council is one of the few councils not to borrow through LGFA and part of the reason is that they undertake their borrowing through a CCO subsidiary.

LGFA needs to continuously evolve to meet changes in the operating environment and stakeholder demands and in 2018 we started to look at whether LGFA could lend to CCOs.

LGFA received shareholder approval at the November 2018 AGM to proceed with establishing the framework and process to lend directly to CCOs. Russell McVeagh and LGFA management have been working on the structure, process and drafting changes to the LGFA legal documents. Simpson Grierson have acted on behalf of LGFA member councils to provide feedback on the proposal.

There is no additional risk for LGFA guarantors as a result of lending to CCOs because

- The existing four financial covenant requirements at council parent level remain the key metrics for LGFA lending decisions. Given that any LGFA lending to CCOs must have a parent guarantee or uncalled capital availability, these annually tested parent covenants must remain inviolate, thus providing no less security for LGFA member guarantors than exists now;

- The LGFA board will make the decisions to lend to CCOs following extensive credit analysis of the CCO;
- LGFA will lend only to CCOs that are 100% owned by a council, a group of councils or a mix of councils and Central Government
- LGFA will report to shareholders on direct lending to CCOs which will provide more transparency for members than the current mechanism where parent councils borrow and on-lend to their CCO subsidiaries;
- LGFA member councils have the right to apply for LGFA to monitor their covenants at a Group level. So far, no council has yet applied to the LGFA.

Russell McVeagh have drafted changes to the following documents

- Multi Issuer Deed
- Notes Subscription Agreement
- Guarantee and Indemnity
- Shareholder Agreement

Approvals for these changes will be sought at the AGM in November 2019.



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The documentation, structure and process has been influenced by the following

- No substantial increase in liability for guarantors
- LGFA will only lend to CCOs or CCTOs if:
  - in the case of CCOs, its obligations are guaranteed by its council parent; or
  - in the case of CCTOs, it is supported by uncalled capital within the CCTO
- All parent council shareholders must be guarantors of LGFA
- Any CCO/CCTO borrower must be owned 100% by a council or group of council or Central Government shareholders
- Council shareholder(s) must agree to their CCO/CCTO joining LGFA. All shareholders of the CCO/CCTO must countersign the relevant accession deeds to the Notes Subscription Agreement and the Multi-Issuer Deed
- CCO/CCTO holds the Borrower Notes but prior to conversion, the Borrower Notes are transferred to the relevant council shareholder(s)
- LGFA board to approve each CCO/CCTO to join. LGFA to undertake financial and credit analysis of each CCO /CCTO before joining and ongoing surveillance. Russell McVeagh to review each CCO/CCTO's council shareholders' Debenture Trust Deed and CCO/CCTO security structure as part of the acceptance process by LGFA board

- Bespoke covenants are to be negotiated between LGFA and each CCO/CCTO. LGFA may allow no covenants if LGFA is sufficiently comfortable with the guarantee/uncalled capital structure and the credit quality of the council shareholder(s)
- Annual testing of the CCO/CCTO compliance with financial covenants (if relevant) and reporting as per council membership
- Credit analysis of the council shareholders and ongoing compliance with LGFA covenants will be undertaken on a parent basis unless agreed to by the LGFA board
- Borrowing process to be as close as possible to the borrowing process for council lending
- Pricing on CCO/CCTO loans in line with council shareholder borrowing but set by LGFA
- Lending to CCO/CCTO by LGFA will be on the same (or better) security terms than their existing banking security
- Redemption of LGFA loans to CCO/CCTO if the CCO ceases to be a CCO
- Reporting to LGFA shareholders on a quarterly basis as to breakdown of CCO/CCTO lending

Russell McVeagh have drafted changes to the following documents

- Multi Issuer Deed
- Notes Subscription Agreement
- Guarantee and Indemnity
- Shareholder Agreement

The Equity Commitment Deed does not require changes for LGFA to lend to CCOs, but the other documents require support from shareholders, guarantors and borrowers for the relevant changes to be made. These approvals will be sought at the AGM in November 2019.

## Appendix 6

Marked up LGFA documents



[Amended SHA, as at 25.09.19](#)

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# Shareholders' Agreement

## PARTIES

Auckland Council, Bay of Plenty Regional Council, Christchurch City Council, Gisborne District Council, Hamilton City Council, Hastings District Council, Hauraki District Council, Horowhenua District Council, Hutt City Council, Kāpiti Coast District Council, Manawatu District Council, Marlborough District Council, Masterton District Council, New Plymouth District Council, Otorohanga District Council, Palmerston North City Council, Selwyn District Council, South Taranaki District Council, Tasman District Council, Taupo District Council, Tauranga City Council, Thames-Coromandel District Council, Wanganui District Council, Waimakariri District Council, Waipa District Council, Wellington City Council, Wellington Regional Council, Western Bay of Plenty District Council, Whakatane District Council, Whangarei District Council and Her Majesty The Queen in Right of New Zealand acting by and through the Minister of Local Government and the Minister Of Finance

each a **Shareholder**

New Zealand Local Government Funding Agency Limited  
**Company**

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**AGREEMENT** dated 7 December 2011 (as amended on 16 November 2012 and 19 November 2013 and amended and restated on 4 June 2015 [and \[●\] 2019](#))

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(each a "**Shareholder**")

New Zealand Local Government Funding Agency Limited

("Company")

## INTRODUCTION

- A. The Shareholders are shareholders in the Company.
- B. The Shareholders and Company have agreed to enter into this agreement.

## AGREEMENT

### 1. INTERPRETATION

- 1.1 **Definitions:** In this agreement, unless the context otherwise requires:

"**Acceptance Date**" has the meaning in clause 10.3.

"**Accession Deed**" means a deed in the form set out in schedule 4, or such other form as is approved by the Board.

"**Auditor**" means the Auditor-General (or any nominee of the Auditor-General).

"**Authorisation**" means an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described.

"**Bill Rate**" means:

(a) \_\_\_\_\_ in respect of any rate of interest to be calculated pursuant to this agreement the mid or "FRA" rate for 90 day bank accepted bills (expressed as a percentage) as quoted on Reuters page BKBM (or any successor page) at or about 10.45 am on the first Business Day of the period in respect of which such rate of interest is to be calculated, and thereafter at intervals of 90 days from that Business Day; or

(b) if the rate cannot be determined pursuant to paragraph (a) above, the rate determined by the Board in its absolute discretion as a reasonable estimate of the Company's cost of funds on that date.

"Board" means the board of directors of the Company.

"Borrowed Money Indebtedness" has the meaning given in the Multi-~~Issuer~~ issuer Deed.

"Borrower Notes" means notes issued by the Company to Participating ~~Local Authorities~~ Borrowers pursuant to a notes subscription agreement dated on or about the date of this agreement.

"Business Day" means a day (other than a Saturday, Sunday or public holiday) on which registered banks are open for business in Christchurch, Wellington and Auckland.

"Buyer" has the meaning in clause 10.4.

"CCO" means a council-controlled organisation as defined in section 6 of the Local Government Act.

"CCO Shareholder" means, in relation to a Participating CCO, a person that holds or controls (directly or indirectly) any equity securities of that CCO.

"Companies Act" means the Companies Act 1993.

"Constitution" means the constitution of the Company.

"Defaulting Shareholder" has the meaning given in clause 13.1.

"Director" means a director of the Company.

~~"EC Securities" has the meaning given in the Multi-Issuer Deed.~~

"Event of Default" in respect of a Shareholder means an event specified in schedule 5.

"Event of Review" has the meaning given in the Multi-~~Issuer~~ issuer Deed.

"Fair Value" in respect of Shares means the fair market value of those Shares determined in accordance with clause 1.3.

"First Opening" means the initial subscription for, and issue of, Shares in the Company, other than any Shares issued on incorporation of the Company, which shall occur on or about the date of this agreement.

"Guarantor" means a guarantor of the obligations of the Company pursuant to a deed of guarantee and indemnity dated on or about the date of this agreement.

"Guarantor's Equity Commitment" means the agreement of a Guarantor to subscribe for Redeemable Shares in certain circumstances and being in, or substantially in, the same form for each Guarantor.

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"**Incoming Principal Shareholder**" means a Local Authority which is to acquire Ordinary Shares as part of the Second Opening.

"**Independent Director**" means a Director who is not an employee of any Shareholder, employee of a CCO owned (in whole or in part) by any Shareholder, or a councillor of any Local Authority which is a Shareholder, and was not such an employee or councillor at any time in the five years prior to the time of that person's appointment as a Director. For the avoidance of doubt, a director (or former director) of a CCO (that is not a Participating CCO) shall not, by virtue of this reason alone, be precluded from being an Independent Director.

"**Local Authority**" has the meaning in section 5 of the Local Government Act.

"**Local Government Act**" means the Local Government Act 2002.

"**Multi-Issuer Deed**" means the deed entered into on or about the date of this agreement between the Company and the Local Authorities named therein.

"**New Zealand Debt Management Office**" means Her Majesty the Queen in right of New Zealand acting by and through the New Zealand Debt Management Office.

"**New Zealand Government**" means Her Majesty the Queen in right of New Zealand acting by and through the Minister of Local Government and the Minister of Finance, as (and for so long as it is) a Principal Shareholder.

"Nominating Local Authority" has the meaning given at clause 4.3.

"**Non-Pro Rata Sell-Down Shareholder**" has the meaning given in clause 8.3.

"**Ordinary Resolution**" means a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question (and which shall include any resolution signed in accordance with section 122 of the Companies Act).

"**Ordinary Share**" means an ordinary share in the Company.

"Participating Borrower" means a Participating Local Authority ~~means a Local Authority which is or a Participating CCO.~~

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"Participating CCO" means a CCO that has entered into one or more arrangements to be provided debt funding by the Company.

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"Participating Local Authority" means a Local Authority that has entered into one or more arrangements to be provided debt funding by the Company.

"**Policies**" means the policies of the Company relating to the following matters, as the same may be amended or updated by the Board or, where relevant, in accordance with clause 5.1:

- (a) dividends;
- (b) liquidity;
- (c) pricing;
- (d) lending;
- (e) investing;
- (f) borrowing; and

(g) treasury.

For the avoidance of doubt, the dividend policy shall be set out in the Statement of Intent, and the other policies may be set out in such individual documents, or composite documents, as the Board may determine.

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**"Principal Shareholders"** means those Shareholders who hold Ordinary Shares (and not just Redeemable Shares).

**"Redeemable Share"** means a redeemable share in the Company having the rights and obligations set out in clause 3.4 of the Constitution.

**"Retained Share Number"** has the meaning given in clause 8.3.

**"Sale Interest"** has the meaning given in clause 10.2.

**"Sale Notice"** has the meaning given in clause 10.2.

**"Second Opening"** means the introduction of Incoming Principal Shareholders, to be effected by way of a transfer of Ordinary Shares held by the then current Principal Shareholders (other than the New Zealand Government), in accordance with clause [8.8](#).

**"Securities"** has the meaning given in the Multi-~~Issuer~~ Deed.

**"Sell-Down Shareholder"** has the meaning given in clause 8.2.

**"Seller"** has the meaning given in clause 10.2.

**"Share"** means an Ordinary Share or a Redeemable Share.

**"Shareholder"** means:

- (a) any of the parties to this agreement (other than the Company); and
- (b) any person which acquires Shares and which has executed an Accession Deed or is deemed to have agreed to be bound by this agreement.

**"Shareholders' Council"** means the members constituting the shareholders' council established pursuant to clause 4.

**"Special Resolution"** means a resolution approved by a majority of 75% or more of the votes of those Shareholders entitled to vote and voting on the question (and which shall include any resolution signed in accordance with section 122 of the Companies Act).

**"Specified Sale Number"** has the meaning given in clause 8.2.

**"Statement of Intent"** means a statement of intent for the Company as contemplated by section 64(1) of the Local Government Act initially in the form adopted by the Board on or prior to the date of this agreement, and as the same may be amended or replaced by the Board or, where relevant, in accordance with clause 5.1.

1.2 **Interpretation:** Unless the context otherwise requires or specifically otherwise stated:

- (a) headings are to be ignored;
- (b) "including" and similar words do not imply any limitation;

- (c) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether before or after the date of this agreement);
- (d) any covenant or agreement on the part of two or more persons binds those persons jointly and severally;
- (e) reference to a party, person or entity includes:
  - (i) an individual, partnership, firm, company, body corporate, corporation, association, trust, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
  - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person or entity;
- (f) a right or power may be exercised from time to time and at any time;
- (g) the singular includes plural and vice versa;
- (h) one gender includes the other genders;
- (i) references to money are to New Zealand dollars;
- (j) references to times of day or dates are to New Zealand times and dates;
- (k) definitions in the Companies Act have the same meaning in this agreement;
- (l) any word or expression cognate with a definition in this agreement has a meaning corresponding or construed to the definition;
- (m) reference to a clause, sub-clause, schedule or a party is a reference to that clause, sub-clause, schedule or party in this agreement;
- (n) reference to any document includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented, or replaced from time to time;
- (o) each schedule and any other attachment forms part of this agreement;
- (p) if there is any conflict between this agreement and the Constitution, this agreement shall prevail;
- (q) "**security interest**" means:
  - (i) in respect of any personal property, a security interest (as defined in the Personal Property Securities Act 1999 ("**PPSA**"));
  - (ii) in respect of any other property or any rights in any other property (in each case to which the PPSA does not apply), any interest which, were the PPSA to apply to that property or those rights, would constitute such a security interest;

- (r) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (s) a reference to anything of a particular nature following upon a general statement shall not in any way derogate from, or limit the application of the general statement, unless the particular context requires such derogation or limitation;
- (t) reference to "month" or "monthly" means calendar month or calendar monthly; and
- (u) a reference to "year" or "yearly" is a reference to a calendar year.

1.3 **Fair Value:** If it is necessary for any purpose of this agreement to determine the fair market value of Shares:

- (a) the Company and the relevant Shareholder shall, for a period of five Business Days after one of them gives notice to the other, endeavour to agree on the fair market value of those Shares;
- (b) if the Company and the relevant Shareholder do not agree on the fair market value of those Shares within the period of five Business Days referred to in clause 1.3(a), the fair market value shall be determined by an independent valuer agreed upon by the Company and the relevant Shareholder, or failing agreement within five Business Days after the end of that period, appointed on the application of either of them by the president for the time being of the New Zealand Institute of Chartered Accountants or his or her nominee;
- (c) the person appointed as valuer under clause 1.3(b) shall:
  - (i) act as a expert and not as arbitrator;
  - (ii) determine the fair market value of the Shares as soon as possible, which valuation shall be conclusive;
- (d) in determining the fair market value of the Shares, the valuer shall determine the fair market value of all of the Shares in the Company, and shall then determine the fair market value of the Shares in question as the appropriate percentage of the value of all Shares, so that no regard shall be had to the control of the Company, or to any premium for control or discount for lack of control;
- (e) the Company and the relevant Shareholder shall promptly and openly make available to the valuer all information in their possession or under their control relating to the Company to enable the valuer to proceed with the valuation on an informed basis as to the financial position, affairs, performance, and prospects of the Company; and
- (f) the fees and expenses of the valuer shall be paid by the Company and the relevant Shareholder in equal amounts, or in such other manner as the valuer may determine.



## 2. BUSINESS OF COMPANY

- 2.1 **Business:** The Company shall carry on the business of raising debt funding (both domestically and internationally), and providing debt funding to Local Authorities ~~and CCOs~~ [\(as defined in the Multi-issuer Deed\)](#).
- 2.2 **No other activity:** The Company shall not engage in any business or activity which is not the business or activity specified in clause 2.1, or considered by the Board to be reasonably related or incidental to or in connection with that business or activity.
- 2.3 **CCO:** The Company shall at all times be a CCO.
- 2.4 **Objectives:** In accordance with the Local Government Act, in carrying on its business, the objectives of the Company will be to:
- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. ~~The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;~~
  - (b) be a good employer;
  - (c) 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
  - (d) conduct its affairs in accordance with sound business practice.
- 2.5 **Policies:** The business of the Company shall be carried on in accordance with the Policies and Statement of Intent, except as approved under clauses 3.9 and 5.1.

## 3. BOARD

- 3.1 **Number of Directors:** The Principal Shareholders shall ensure that:
- (a) the number of Directors shall not at any time be more than seven nor less than four; and
  - (b) no less than a majority of Directors shall be Independent Directors.
- 3.2 **Appointment by Shareholders:** A person may be appointed or removed as a Director at any time by an Ordinary Resolution. The Directors at the date of this agreement are Paul Joseph Anderson, John Richard Avery, Mark Alan Butcher, Philip Wade Cory-Wright, Abigail Kate Foote and Craig Hamilton Stobo who, subject to the previous sentence and to clause 3.3 below, continue in office and are deemed to have been appointed pursuant to this agreement.
- 3.3 **Rotation of Directors:** Beginning at, and including, the annual meeting for 2013, two Directors comprising one Director who is an Independent Director and one Director who is not an Independent Director (unless there are only Independent Directors, in which case both shall be Independent Directors) shall retire from office at the annual meeting of the

Company in each year. The Directors to retire shall be that Independent Director, and that non-Independent Director, who have been longest in office since their last election (or if there are only Independent Directors, those Independent Directors who have been longest in office since their last election). If two or more relevant Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

- 3.4 **Re-election of retiring Director:** A Director retiring by rotation at a meeting shall, if standing for re-election, be deemed to have been re-elected unless:
- (a) some other person is elected to fill the vacated office; or
  - (b) it is resolved not to fill the vacated office; or
  - (c) a resolution for the re-election of that Director is put to the meeting and lost.
- 3.5 **Nomination of Directors:** No person may be elected as a Director at a meeting (other than a Director retiring at the meeting) unless, not more than three months nor less than two months before the meeting, that person has been nominated by a Principal Shareholder entitled to attend and vote at the meeting by written notice to the Company and Shareholders' Council accompanied by the consent in writing of that person to the nomination. Notice of every valid nomination of a Director received by the Company before the closing date for nominations shall be sent by the Company to all persons entitled to attend the meeting together with, or as part of, the notice of meeting.
- 3.6 **Remuneration:** No remuneration or compensation for loss of office may be paid to a Director, and no other benefit may be provided to a Director, unless approved by Ordinary Resolution, provided that from the date of this agreement (unless and until altered with the approval of an Ordinary Resolution) the following fees shall be paid to Directors:
- (a) a fee of \$75,000 per annum to the Director acting as chairman of the Board, if that Director is an Independent Director;
  - (b) a fee of \$35,000 per annum to each other Director;
  - (c) a fee of \$10,000 per annum to the Director acting as chairman of the audit and risk committee; and
  - (d) a fee of \$7,500 per annum to each other Director appointed as a member of the audit and risk committee.
- 3.7 **Payment of expenses:** Notwithstanding the provisions of clause 3.6, Directors are entitled to be paid for all reasonable travel, accommodation and other expenses properly incurred by them in attending meetings of the Board, or any committee of the Board, or meetings of Shareholders, or otherwise in connection with the business of the Company.
- 3.8 **Board meetings:** Board meetings shall be held not less than once in each quarter in each year.
- 3.9 **Board decisions:** The following decisions of the Company shall be made by a resolution of the Board, and may not be delegated to any other person:

- (a) whether to take, and the nature of, any legal, enforcement or other action following the occurrence of an Event of Review;
- (b) whether to take, and the nature of, any legal, enforcement or other action (including declaring any Securities to be immediately due and payable) following an "Event of Default" (as defined in the Multi-Issuer Deed) or a default under clauses 7.6, 7.7, 7.8 or clause 7.9 of the Multi-Issuer Deed;
- (c) without limiting clause 5.1, the preparation of a Statement of Intent as and when required by the Local Government Act; and
- (d) without limiting clause 5.1, any amendment of, or departure from, the Policies or Statement of Intent.

3.10 **Conflict of Interest:** No Director shall vote on a matter relating to any of the following:

- (a) a matter as described in clause 3.9(a) as concerns a Participating Local Authority, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of the relevant Participating Local Authority or an employee (which term does not include acting only as a director) of a Participating CCO owned (in whole or in part) by the Participating Local Authority;
- (b) a matter as described in clause 3.9(b) as concerns a Participating Local Authority, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of the relevant Participating Local Authority or an employee (which term does not include acting only as a director) of a Participating CCO owned (in whole or in part) by the Participating Local Authority; ~~and~~
- (c) ~~any amendment of, or departure from, the pricing Policy,~~ if a Director is (or was at any time in the five years prior to the matter being put to vote) ~~);~~
  - (i) ~~an employee or councillor of a Participating Local Authority;~~ or
  - (ii) ~~an employee (which term does not include acting only as a director) of a CCO owned (in whole or in part) by the Participating Local Authority, any amendment of, or departure from, the pricing Policy;~~ CCO; or
  - (iii) ~~an employee or councillor of a CCO Shareholder;~~
- (d) ~~a matter as described in clause 3.9(a) as concerns a Participating CCO, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of a CCO Shareholder of the relevant Participating CCO or an employee (which term does not include acting only as a director) of the Participating CCO; and~~
- (e) ~~a matter as described in clause 3.9(b) as concerns a Participating CCO, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of a CCO Shareholder of the relevant Participating CCO or an employee (which term does not include acting only as a director) of the Participating CCO,~~

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#### 4. SHAREHOLDERS' COUNCIL

- 4.1 **Establishment:** The Shareholders shall ensure that a Shareholders' Council is established, maintained and operated in accordance with this agreement. The Shareholders' Council shall have no more than ten, and no less than five, members. The initial members of the Shareholders' Council shall be Alan Adcock, Mohan De Mel, Douglas Marshall, Matt Potton, Murray Staite, Mike Timmer, Brian Trott, Matthew Walker and Warwick Hayes (together with any person appointed by the New Zealand Government in accordance with clause ~~4.4~~4.4).
- 4.2 **Role:** The role of the Shareholders' Council shall be to advise Shareholders on certain matters (with Shareholders, and not the Shareholders' Council, to make decisions with respect to those matters). The Shareholders' Council shall:
- (a) review the performance of the Company and the Board, and report to Shareholders on these matters on a periodic basis, being no less frequently than every six months;
  - (b) make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors. For this purpose, the Shareholders' Council may request information from, and meet with, Directors (or persons nominated for election as Directors);
  - (c) make recommendations to Shareholders as to any matters which require the approval of Shareholders pursuant to clause ~~5.4~~5.1; and
  - (d) endeavour to ensure that Shareholders are fully informed on matters concerning the Company, and endeavour to co-ordinate Shareholders on decisions required of Shareholders with respect to governance of the Company.
- 4.3 **Appointment of Nominating Local Authority by Shareholders:** A Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed.
- 4.4 **Appointment of members of the Shareholders' Council:** Each Nominating Local Authority may appoint one member of the Shareholders' Council, and remove and replace any member so appointed by it, in each case, by notice to the Company. Each member appointed by a ~~Nominated~~Nominating Local Authority must be an employee or councillor of that Nominating Local Authority. In addition, the New Zealand Government (for so long as it is a Shareholder) may appoint one other member of the Shareholders' Council, and remove and replace such other member so appointed by it, in each case, by notice to the Company.
- 4.5 **Notification and consent:** Each member of the Shareholders' Council appointed by a Nominating Local Authority must give consent in writing to the appointment (which consent shall confirm that the person shall comply with the terms of this agreement as they apply to members of the Shareholders' Council). Notice by a Nominating Local Authority of the appointment of a member and consent from that person to the appointment must be received by the Company before any member may attend a meeting of the Shareholders' Council.
- 4.6 **Rotation of Nominating Local Authorities:** Beginning at, and including, the annual meeting for 2013, the Shareholders shall ensure that two Nominating Local Authorities shall retire from office at the annual meeting of the Company in each year. The Nominating Local

Authorities to retire shall be those who have been longest in office since their last election. If two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority shall be eligible for re-election.

4.7 **Re-election of retiring Nominating Local Authority:** A Nominating Local Authority retiring by rotation at a meeting shall, if standing for re-election, be deemed to have been re-elected unless:

- (a) some other Principal Shareholder is elected to fill the vacated office; or
- (b) it is resolved not to fill the vacated office; or
- (c) a resolution for the re-election of that Nominating Local Authority is put to the meeting and lost.

4.8 **Nomination of Nominating Local Authority:** No Principal Shareholder may be elected as a Nominating Local Authority at a meeting (other than a member retiring at the meeting) unless, not less than one week prior to the notice of that meeting being sent to Shareholders, that Principal Shareholder has notified the Company in writing that it wishes to seek that election. The Company shall give notice that the Principal Shareholder is seeking that election to all persons entitled to attend the meeting together with, or as part of, the notice of meeting.

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4.9 **Meetings:** Meetings of the Shareholders' Council shall be held not less than once in each quarter in each year.

4.10 **Quorum:** A quorum for a meeting of the Shareholders' Council shall be a majority of members. No business shall be transacted at a meeting of the Shareholders' Council if a quorum is not present.

4.11 **No remuneration:** No remuneration will be paid to the members of the Shareholders' Council for carrying out their functions as members of the Shareholders' Council.

4.12 **Expenses:** The Company will reimburse the members of the ~~Shareholders~~Shareholders' Council for any reasonable expenses incurred in carrying out their functions as members of the Shareholders' Council, including the reasonable fees and expenses of professional advisers engaged by the Shareholders' Council.

4.13 **Information, assistance etc:** The Company and the Shareholders agree that:

- (a) the Company, each Director and each Principal Shareholder shall provide the Shareholders' Council with such reasonable information and assistance as is required by the Shareholders' Council to carry out the role set out in clause ~~4.2~~4.2;
- (b) without limiting clause ~~4.13(a)~~(a), the Company shall provide the Shareholders' Council with such information and reports as are required by the Statement of Intent;
- (c) the Shareholders' Council shall provide to the Company, for distribution to Shareholders, a report of its recommendations concerning any of the matters referred to in clause ~~4.2(b) and 4.2(c)~~4.2(b) and 4.2(c) to be considered by a meeting of Shareholders, and the Company shall distribute that report with the

notice of meeting for that meeting (or the written resolution to be signed by Shareholders, as the case may be); and

- (d) if requested by the Shareholders' Council, the Company shall distribute a report for the Shareholders' Council as to the matters referred to in clause ~~4.2(a)~~4.2(a) and ~~4.2(d)~~4.2(d) to Shareholders with reports delivered to Shareholders under clause ~~12.3(a)~~12.3(a) or clause ~~12.3(b)~~12.3(b).

4.14 **Resignation of a member:** A member of the Shareholders' Council:

- (a) may resign by notice in writing to the Company; and
- (b) shall be deemed to resign if:
  - (i) that person is no longer an employee or councillor of the Nominating Local Authority of which the person was an employee or councillor at the time of appointment to the Shareholders' Council; or
  - (ii) the Principal Shareholder who appointed that member is no longer a Nominating Local Authority.

Where a member of the Shareholders' Council resigns or is deemed to resign under this clause, the Nominating Local Authority of whom that member was an employee or councillor, may appoint a replacement member to the Shareholders' Council in accordance with clause ~~4.4~~4.4.

4.15 **Resignation of a Nominating Local Authority:** A Nominating Local Authority:

- (a) may resign by notice in writing to the Company; and
- (b) shall be deemed to resign if that Nominating Local Authority is no longer a Principal Shareholder.
- (c) Where a Nominating Local Authority resigns or is deemed to resign, the member of the Shareholders' Council appointed by that Nominating Local Authority shall be deemed to resign also.

4.16 **Deemed Nominating Local Authorities:** The Principal Shareholders, of whom the members of the Shareholders' Council as at 7 December 2011 were employees or councillors, are each deemed to be a Nominating Local Authority as at the date of the amendment to this agreement to provide for Nominating Local Authorities, and each such Nominating Local Authority is deemed to have an election date of 7 December 2011 for the purposes of clause ~~4.6~~4.6. All members of the Shareholders' Council as at the date of the amendment to this agreement to provide for Nominating Local Authorities are deemed to have been appointed in accordance with clauses ~~4.4 and 4.5~~4.4 and 4.5 by the Nominating Local Authority of which they are an employee or councillor, or the New Zealand Government (as applicable), at that time.

4.17 **Other:** Except as provided in this agreement, the Shareholders' Council may regulate its own procedure.

## 5. SHAREHOLDER APPROVAL

- 5.1 **Restrictions:** Neither the Board nor any Shareholder shall take or permit any action to cause any of the following to occur in respect of the Company unless it is approved by an Ordinary Resolution or, if required by law, or in relation to clause 5.1(k), a Special Resolution:
- (a) any alteration to, or revocation of, the Constitution;
  - (b) any alteration or amendment to this agreement;
  - (c) subject to clause 5.1(k), any alteration to, or departure by the Company from any of the policies set out in schedule 1, whether such an alteration or departure will occur by way of amendment to, or departure from, a Policy or the Statement of Intent, or by way of the adoption of a new Statement of Intent or a new Policy;
  - (d) the payment of dividends other than in cash;
  - (e) **[not used]**
  - (f) any issue of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares except:
    - (i) pursuant to the First Opening;
    - (ii) the issue of Borrower Notes, or the issue of Redeemable Shares on the conversion of any Borrower Notes; and
    - (iii) the issue of any Redeemable Shares pursuant to a Guarantor's Equity Commitment;
  - (g) any purchase or other acquisition by the Company of its own Shares and any redemption of Shares (other than of Redeemable Shares in accordance with clause 6.4);
  - (h) any consolidation, division, or subdivision of Shares;
  - (i) the giving of any financial assistance for the purpose of, or in connection with, the purchase of Shares, except any financial assistance given for the purpose of, or in connection with:
    - (i) a Guarantor's Equity Commitment; and
    - (ii) Borrower Notes, or the conversion of any Borrower Notes; or
  - (j) the acquisition or subscription of any shares in a body corporate, except as is consistent with the Policy concerning investing by the Company, and except for the formation of a wholly-owned subsidiary of the Company (and any subsequent subscription of shares in such a subsidiary-); or
  - (k) any alteration to, or departure by the Company from, the following policy set out in schedule 1 whether such an alteration or departure will occur by way of amendment to, or departure from, a Policy, or by way of the adoption of a new Policy:

[the Board may not approve a CCO to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities and the Crown \(if applicable\).](#)

## 6. SHARES

6.1 **Classes:** The Company may issue the following classes of Shares only:

- (a) Ordinary Shares;
- (b) Redeemable Shares, pursuant to a Guarantor's Equity Commitment or the conversion of the Borrower Notes; and
- (c) any other class of Shares approved by Shareholders under clause 5.1(f).

6.2 **Shareholders:** Only a Local Authority or the New Zealand Government may be a Shareholder, and no person may become a Shareholder without entering into an Accession Deed (so as to be bound by this agreement) or being deemed to have agreed to be bound by this agreement. No person may become the holder of any Ordinary Shares (other than the New Zealand Government) unless that person is a Guarantor and has entered into a Guarantor's Equity Commitment.

6.3 **Calls:** Calls on any Ordinary Shares which are not fully paid up shall be made at such times, and in such amounts, as determined by the Board, provided that the Board has determined that there is a risk of imminent default by the Company under its Borrowed Money Indebtedness. Any call on Ordinary Shares shall be made proportionately across all Ordinary Shares which are not fully paid up on issue at the time the call is made. Payment of a call shall be made within 10 Business Days of notice of the call being provided to a Shareholder.

6.4 **Redemption:** In the event the Company determines to redeem any Redeemable Shares, any redemption must be effected, if the redemption is required by a Guarantor's Equity Commitment, in accordance with the Guarantor's Equity Commitment and otherwise:

- (a) such that the Redeemable Shares are redeemed in the order in which they were issued; and
- (b) if Redeemable Shares were issued at the same time, proportionately across the holders of such Redeemable Shares (in accordance with the number of Redeemable Shares held).

6.5 **Additional funding:** A Shareholder shall not have any obligation to contribute any funding to the Company except as expressly set out in this agreement or in any other legally binding documentation entered into between the Company and that Shareholder.

## 7. FIRST OPENING

7.1 **Initial shareholdings:** Immediately following the First Opening (which shall take place on or about the date of this agreement), each Principal Shareholder as at the date of this



agreement (in this clause 7 an "**Original Principal Shareholder**") will hold the number of Shares as set out in schedule 2.

- 7.2 **Reimbursement:** From the proceeds received pursuant to the First Opening, the Company shall pay to each Local Authority listed in schedule 3 the amount listed alongside its name in that schedule, in reimbursement of payments made by such Original Principal Shareholder to New Zealand Local Government Association Inc. ("**NZLGA**") to fund the establishment costs of the Company.
- 7.3 **Repayment:** The parties acknowledge that the New Zealand Government has made an advance to NZLGA to assist with the funding of the establishment costs of the Company. The Company shall pay to the New Zealand Government an amount of \$950,000.00 by way of set off from the amount to be paid by the New Zealand Government to the Company pursuant to the First Opening. Following such payment and notwithstanding the terms of any facility or other agreement between NZLGA and the New Zealand Government, the New Zealand Government shall forgive (in writing) the advance made by it to NZLGA.
- 7.4 **NZLGA funds:** Following completion of the payments referred to in clauses 7.2 and 7.3, each Original Principal Shareholder shall direct NZLGA (in writing) to pay to the Company all moneys which remain held by NZLGA from payments made to it by that Original Principal Shareholder as referred to in clauses 7.2 and 7.3 (to the extent not required by NZLGA to pay establishment costs).

## 8. SECOND OPENING

- 8.1 **Board to determine:** The Board shall determine when, and if, the Second Opening is to occur, and shall provide the then current Shareholders with not less than 25 Business Days' notice of the Second Opening in accordance with clause 8.2.
- 8.2 **Pro rata sell down:** In the Second Opening, each Principal Shareholder (other than the New Zealand Government) ("**Sell-Down Shareholder**") shall, subject to the following provisions of this clause 8, be required to transfer a number set by the Company of the Ordinary Shares held by the Sell-Down Shareholder to Incoming Principal Shareholders (as directed by the Company) (which number may comprise a number of paid up Ordinary Shares, and a number of Ordinary Shares which are not fully paid up, as set by the Company). The Company shall, subject to the following provisions of this clause 8, set that number for each Sell-Down Shareholder such that:
- (a) if the Sell-Down Shareholder holds Ordinary Shares which are not fully paid up, the Ordinary Shares to be transferred are such that, following the transfer, the Sell-Down Shareholder would hold paid up Ordinary Shares, and Ordinary Shares which are not fully paid up, in the same proportion as prior to the transfer;
  - (b) the proportion of Ordinary Shares to be transferred by each Sell-Down Shareholder shall be the same, other than:
    - (i) where a Sell-Down Shareholder would, as a result of such a transfer, hold less than 100,000 fully paid Ordinary Shares, in which case the Company shall set the number of Shares for that Sell-Down Shareholder as the maximum number which could be transferred by that Sell-Down Shareholder without the Sell-Down Shareholder thereafter holding less than 100,000 fully paid Ordinary Shares; and

- (ii) as considered reasonable by the Company to allow for rounding; and
- (c) Auckland Council, Christchurch City Council, Hamilton City Council, Tasman District Council, Tauranga City Council, Wellington City Council, Wellington Regional Council, Western Bay of Plenty District Council and Whangarei District Council shall, following that transfer, retain (in aggregate) 51% of all Ordinary Shares, provided that this clause 8.2(c) shall have no application if such Local Authorities did not hold (in aggregate) 51% of all Ordinary Shares immediately prior to the Second Opening.

The Company shall provide each Sell-Down Shareholder with written notice of the number of Ordinary Shares which it (subject to the following provisions of this clause 8) is required to transfer as part of the Second Opening ("**Specified Sale Number**"), and the numbers of paid up Ordinary Shares and Ordinary Shares which are not fully paid up comprised in the Specified Sale Number, not less than 25 Business Days before the date of the Second Opening.

- 8.3 **Non-pro rata sell down:** If a Sell-Down Shareholder ("**Non-Pro Rata Sell-Down Shareholder**") wishes to sell less than the Specified Sale Number, within five Business Days of receipt of the notice under clause 8.2, the Non-Pro Rata Sell-Down Shareholder shall provide the Company with written notice of the number of Ordinary Shares of the Specified Sale Number that it wishes to retain ("**Retained Share Number**"). Any such notice shall also set out the number of paid up Ordinary Shares, and Ordinary Shares which are not fully paid up, comprised in the Retained Share Number, which numbers must be in the same proportion as they are comprised in the Specified Sale Number (and if they are not, the notice shall be disregarded). If no such written notice is given by a Sell-Down Shareholder, then (subject to the following provisions of this clause 8) such Sell-Down Shareholder shall be obliged to transfer the Specified Sale Number of Ordinary Shares (comprised of such numbers of paid up Ordinary Shares, and Ordinary Shares which are not paid up, as were specified in the notice of the Company under clause 8.2) as part of the Second Opening.
- 8.4 **Other Shareholders:** If one or more Non-Pro Rata Sell-Down Shareholders serves a notice in accordance with clause 8.3, the Company shall, within three Business Days of the expiry of the five Business Day period specified in clause 8.3, issue a written notice offering the other Sell-Down Shareholders the opportunity to transfer additional Ordinary Shares pursuant to the Second Opening, by providing them with written notice of the total number of Retained Share Numbers of all Non-Pro Rata Sell-Down Shareholders (which shall include notice of the aggregate paid up Ordinary Shares, and aggregate Ordinary Shares which are not paid up, comprised in the total Retained Share Numbers). Each other Sell-Down Shareholder shall, if it so wishes, provide written notice to the Company of any additional Ordinary Shares (which may not exceed as concerns paid up Ordinary Shares, and Ordinary Shares which are not paid up, the aggregate numbers set out in the notice of the Company) that such Sell-Down Shareholder wishes to transfer as part of the Second Opening within five Business Days of receipt of such notice from the Company, provided that any such notice must be such that, if a transfer were made of the Ordinary Shares referred to in that notice (together with a transfer of the Specified Sale Number), the Sell-Down Shareholder would continue to hold no less than 100,000 fully paid Ordinary Shares and the same proportions of paid up, and not paid up, Ordinary Shares, and any notice which does not satisfy those requirements shall be disregarded.
- 8.5 **Consequences:** If:

- (a) no notice is received from Sell-Down Shareholders in accordance with clause 8.4, each Non-Pro Rata Sell-Down Shareholder shall be obliged to transfer the Specified Sale Number of Ordinary Shares (comprised of such numbers of paid up Ordinary Shares, and Ordinary Shares which are not paid up, as were specified in the notice of the Company under clause 8.2) in the Second Opening;
- (b) notices are received from Sell-Down Shareholders in accordance with clause 8.4, the Company shall determine:
  - (i) for each Non-Pro Rata Sell-Down Shareholder, the number of paid up Ordinary Shares, and Ordinary Shares which are not paid up, by which the Specified Sale Number of the Non-Pro Rata Sell-Down Shareholder shall be reduced (which may not exceed the numbers set out in the notice given by the Non-Pro Rata Sell-Down Shareholder under clause 8.3); and
  - (ii) for each Sell-Down Shareholder which gave notice under clause 8.4, the number of paid up Ordinary Shares, and Ordinary Shares which are not paid up, by which the Specified Sale Number of the Non-Pro Rata Sell-down Shareholder shall be increased (which may not exceed the numbers set out in the notice given by the Sell-Down Shareholder under clause 8.4).

In making that determination the Company shall act fairly and equitably as between Shareholders. The determination of the Company shall be final and binding on all parties, and each Sell-Down Shareholder shall be obliged to transfer the Specified Sale Number of Ordinary Shares as so reduced or increased by the Company (comprised of such numbers of paid up Ordinary Shares, and Ordinary Shares which are not paid up, as so determined by the Company) as part of the Second Opening.

- 8.6 **Notice:** The Company shall give notice to all Sell-Down Shareholders of the number of Ordinary Shares which it is required to transfer as part of the Second Opening, and the number of paid up Ordinary Shares and Ordinary Shares which are not paid up comprised in that number, in accordance with clauses 8.2 to 8.5, within three Business Days of the expiry of the five Business Days referred to in clause 8.4, if clause 8.5(a) is applicable, and otherwise within three Business Days of its determination under clause 8.5(b).
- 8.7 **Price:** Any Ordinary Shares to be transferred as part of the Second Opening shall be transferred at a price per share equal to the amount paid up on that share at the time of the Second Opening.
- 8.8 **Terms of sale:** The purchase of any Ordinary Shares as part of the Second Opening shall be effected on the following terms:
- (a) each Sell-Down Shareholder shall transfer the Ordinary Shares which it is obliged to transfer as part of the Second Opening to such Incoming Principal Shareholder as notified to such Sell-Down Shareholder by the Company pursuant to clause 8.6;
  - (b) the purchase of the Ordinary Shares shall be settled on the date of the Second Opening;

- (c) each Sell-Down Shareholder shall transfer to each Incoming Principal Shareholder good title to the Ordinary Shares free of any security interest; and
- (d) on settlement of the purchase of the Ordinary Shares, each Incoming Principal Shareholder shall pay the purchase price to the relevant Sell-Down Shareholder in cleared funds, the Sell-Down Shareholder shall deliver to the relevant Incoming Principal Shareholder a transfer of the Ordinary Shares in a form reasonably acceptable to that Incoming Principal Shareholder, and each Incoming Principal Shareholder and Sell-down Shareholder shall enter into and deliver to the Company an Accession Deed in accordance with clause 10.11. If any Shareholder fails to enter into that Accession Deed, it shall nevertheless be conclusively deemed to have done so. The Board shall take all necessary steps to cause the Incoming Principal Shareholder to be registered as holder of the relevant Ordinary Shares.

8.9 **Clause 10:** Nothing in clause 10 (except clause 10.11) applies to a transfer of Ordinary Shares in the Second Opening.

## 9. SECTION 107 CONSENTS

9.1 **Consent:** Each Shareholder hereby consents:

- (a) for the purposes of section 107(d) of the Companies Act, to any redemption from time to time, in accordance with this agreement and the Constitution, of any of the Redeemable Shares by the Company, being otherwise than in accordance with sections 69 to 72 of the Companies Act;
- (b) for the purposes of section 107(e) of the Companies Act, to financial assistance (if any) being given by the Company from time to time for the purpose of, or in connection with, the purchase of any Shares, otherwise than in accordance with sections 76 to 80 of the Companies Act, where such assistance is in the form of:
  - (i) any loan, advance or other financial accommodation given by the Company which funds (directly or indirectly) the subscription by a Participating [Local Authority Borrower](#) of Borrower Notes, or of the Redeemable Shares issued on conversion of Borrower Notes, and any incidental assistance; or
  - (ii) any loan, advance or other financial accommodation given by the Company which funds (directly or indirectly) the subscription by a Guarantor of Redeemable Shares pursuant to the Guarantor's Equity Commitment, and any incidental assistance; and
- (c) for the purposes of section 107(2) of the Companies Act, to any issue of Redeemable Shares from time to time pursuant to conversion of Borrower Notes, or pursuant to a Guarantor's Equity Commitment, being otherwise than in accordance with sections 42, 44 or 45 of the Companies Act.

9.2 **No withdrawal:** Each Shareholder covenants that it shall not withdraw any consent provided under clause 9.1. If any Shareholder does withdraw any such consent, this shall constitute a breach of this agreement which shall be an Event of Default.

9.3 **Not exhaustive:** For the avoidance of doubt, nothing in this clause 9 prohibits or restricts the Board or the Company from redeeming any Shares, providing financial assistance for the purpose of, or in connection with, the purchase of any Shares or issuing any Shares without consent under section 107 of the Companies Act, where permitted under the Companies Act, and subject to the other terms of this agreement.

## 10. PRE-EMPTIVE RIGHTS

10.1 **No sale:** No Principal Shareholder shall directly or indirectly sell, transfer, or dispose of the legal or beneficial ownership of, or the control of, any of its Ordinary Shares otherwise than in compliance with clause 8, this clause 10 or clause 13. No interest in, or control of, any Ordinary Share may be sold, transferred or disposed of except the full legal and beneficial ownership of an Ordinary Share.

10.2 **Sale notice:** If any Principal Shareholder ("**Seller**") wishes to sell, transfer or otherwise dispose of the legal or beneficial ownership of, or the control of, any of its Ordinary Shares ("**Sale Interest**"), that Shareholder shall give notice (a "**Sale Notice**") to the other Principal Shareholders specifying:

- (a) the precise nature of the Sale Interest (including the number of Shares involved, which must be an equal proportion of any paid up, and unpaid, Ordinary Shares held by the Seller),
- (b) the price which the Seller wishes to receive for the Sale Interest; and
- (c) any other terms and conditions of sale of the Sale Interest (which shall be described sufficiently precisely to enable an acceptance of the offer in the Sale Notice to constitute a binding contract).

10.3 **Acceptance of Sale Notice:** Each Principal Shareholder other than the Seller may, not later than the date ("**Acceptance Date**") 10 Business Days after the giving of the Sale Notice, give notice to the Seller that that Principal Shareholder wishes to acquire the Sale Interest on the terms specified in the Sale Notice.

10.4 **Terms of sale:** A Principal Shareholder which gives notice to the Seller in accordance with clause 10.3 that it wishes to acquire the Sale Interest (a "**Buyer**") shall be entitled and bound (subject to clause 10.5) to acquire the Sale Interest. If more than one Principal Shareholder gives notice to the Seller that it wishes to acquire the Sale Interest, those Principal Shareholders shall be entitled and bound to acquire the Sale Interest in proportion to their respective holdings of Ordinary Shares. The purchase of the Sale Interest shall be effected at the price, and on the terms and conditions, specified in the Sale Notice, and, subject to anything to the contrary in the Sale Notice, on the following terms:

- (a) the purchase of the Sale Interest shall be settled on the date 10 Business Days after the Acceptance Date, or if clause 10.5 applies, 10 Business Days after the last of the consents referred to in clause 10.5 is obtained;
- (b) if there is more than one Buyer, the purchase of the Sale Interest by all Buyers shall be settled simultaneously;
- (c) the Seller shall transfer to each Buyer good title to its relevant part of the Sale Interest free of any security interest; and

- (d) on settlement of the purchase of the Sale Interest each Buyer shall pay the relevant purchase price to the Seller in cleared funds, and the Seller shall deliver to each Buyer a transfer of its relevant part in the Sale Interest in a form reasonably acceptable to that Buyer. All Shareholders and the Board shall take all necessary steps to cause the Buyer to be registered as holder of the relevant Shares.

10.5 **Consents:** Each Buyer and the Seller shall use their reasonable endeavours, with all due speed and diligence, to obtain all necessary consents to the sale and purchase of the Sale Interest, including any consent required from any governmental or regulatory agency or authority. If any necessary consent is:

- (a) not granted within 20 Business Days after the Acceptance Date; or
- (b) granted on terms and conditions that are not reasonably acceptable to the party affected thereby,

the Seller or any Buyer may, by notice to all Principal Shareholders, terminate the obligation to buy and sell the Sale Interest created by clause 10.4.

10.6 **Sale to other Local Authorities:** If:

- (a) no notice is given to the Seller pursuant to, and within the time specified in, clause 10.3; or
- (b) the obligation to buy and sell the Sale Interest is terminated pursuant to clause 10.5 by reason of a consent required on the part of any Buyer not being granted, or being granted on terms and conditions not reasonably acceptable to any Buyer,

the Seller may, subject to clauses 10.8 and 10.11 within 60 Business Days of the date of the Sale Notice, transfer the Sale Interest to a Local Authority or the New Zealand Government for a price not less than, and on terms and conditions no more favourable than, specified in the Sale Notice. For this purpose, terms and conditions offered to another Local Authority or the New Zealand Government shall not be considered to be more favourable to a buyer than those specified in the Sale Notice by reason only:

- (c) that the terms offered to that person include normal and reasonable warranties; or
- (d) of inclusion in the terms offered to that person of terms which give no material value to a buyer.

10.7 **Assistance:** For the purpose of clause 10.6, each Shareholder shall provide such assistance as may reasonably be required by the Seller for the purposes of enabling the Seller to solicit offers for, and sell, the Sale Interest including:

- (a) allowing prospective purchasers and their advisers to carry out reasonable due diligence enquiries (subject to those persons entering into appropriate confidentiality arrangements); and
- (b) enabling completion of any such sale to take place.

10.8 **Approval of purchaser:** The Seller shall not transfer a Sale Interest to any person unless the Seller has obtained the prior written approval of the Board to registration pursuant to clause 12.5 of the Constitution (which approval may be granted or not in accordance with clause 12.5 of the Constitution).

10.9 **Clause to apply again:** If:

- (a) notice is given to the Seller pursuant to clause 10.3, but the obligation to buy and sell the Sale Interest is terminated pursuant to clause 10.5 (other than for the reason specified in clause 10.6(b));
- (b) the Seller proposes to sell, transfer, or otherwise dispose of the Sale Interest outside the period referred to in clause 10.6, or at a price, or on terms and conditions more favourable to a buyer than, specified in the Sale Notice; or
- (c) the Seller does not obtain the approval referred to in clause 10.8,

clauses 10.1 to 10.9 shall again apply.

10.10 **Redeemable Shares:** Clauses 10.1 to 10.9 shall not apply to Redeemable Shares. No Shareholder shall directly or indirectly sell, transfer, or dispose of the legal beneficial ownership of, or control of, any of its Redeemable Shares except with the prior written approval of the Board (which approval may be granted or not, at the discretion of the Board).

10.11 **Accession Deed:** Whenever a Shareholder transfers the legal or beneficial ownership of any Shares to a person who is not a party to this agreement, that person and that Shareholder shall enter into and deliver to each other an Accession Deed. Each person entering into an Accession Deed shall also deliver to the Company such evidence as it reasonably requires in order to be satisfied that that Accession Deed is valid, binding, and enforceable as against that person. The Company is irrevocably authorised to execute each Accession Deed on behalf of all Shareholders (other than the transferring Shareholder).

10.12 **Security:** Notwithstanding the other provisions of this clause 10, a Shareholder shall, subject to obtaining the prior written consent of the Board (which approval may be granted or not, at the discretion of the Board), be permitted to grant a security interest over its Shares subject to the holder of the security interest agreeing, in a form reasonably acceptable to the Company, to be bound by this agreement.

10.13 **Amalgamation:** Nothing in clauses 10.1 to 10.11 shall apply to a Local Authority succeeding, by process of law, to the Shares of another Local Authority, pursuant to an amalgamation of Local Authorities.

## 11. PROTECTED TRANSACTION

11.1 **[Not used]**

11.2 **[Not used]**

11.3 **Protected transaction:** Each Principal Shareholder (other than the New Zealand Government) warrants that, for the purposes of section 117 of the Local Government Act, the entry by it into, and the performance by it of, this agreement, is:

- (a) in compliance with the Local Government Act;
- (b) not contrary to any provision of the Local Government Act;
- (c) within the capacity, rights and powers of the relevant Principal Shareholder; and

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- (d) for the purpose authorised by the Local Government Act or any other statute.

## 12. FINANCIAL

- 12.1 **Records:** The Board shall ensure that proper accounting and other records of the Company are maintained in accordance with generally accepted accounting practice (as defined in section 5 of the Local Government Act) and all relevant legal requirements.
- 12.2 **Audit:** The Board shall ensure that the financial statements of the Company are audited by the Auditor as at the end of each financial year (as defined in section 5 of the Local Government Act).
- 12.3 **Reporting:** The Company must provide reports to Shareholders in accordance with the requirements of the Local Government Act, including:
- (a) by the end of February in each year, the Board must deliver to Shareholders a report on the Company's operations during the six month period ending on 31 December in the previous year in accordance with section 66 of the Local Government Act; and
  - (b) by the end of September in each year, the Board must deliver to Shareholders, and make available to the public, a report on the Company's operations during the year ending on the preceding 30 June in accordance with section 67 of the Local Government Act.

The Company must provide to Shareholders a copy of its unaudited financial statements for the six month period ending on 31 December in the previous year together with the half-yearly report to be delivered pursuant to clause 12.3(a).

## 12.4 **Debenture Trust Deed Notifications:** The Company shall:

- (a) to the extent known by the Company, notify each Shareholder (in writing) of any Event of Default affecting any other Shareholder or Guarantor as soon as reasonably practicable after its occurrence, and of the steps taken or proposed to be taken in relation to such Event of Default, provided that:
  - (i) the Company's obligation under this clause 12.4(a) only applies in respect of Securities of which it is the Holder; and
  - (ii) the Company shall not be liable for:
    - (aa) any failure to provide such notification to a Shareholder; or
    - (bb) any inaccurate, incomplete or incorrect information given in such a notification, provided the notification is given by the Company in good faith; and
- (b) promptly notify each Shareholder (in writing) if the Board determines that there is a risk of imminent default under any Borrowed Money Indebtedness;

(ba) to the extent known by the Company, promptly notify each Shareholder (in writing):



- (i) if any Event of Default (as defined in the Multi-issuer Deed) occurs in relation to a Participating CCO; or
  - (ii) where there is a risk that the CCO Shareholder will not be able to meet an obligation to pay any amount uncalled and/or unpaid in respect of its Participating CCO;
- (c) within one Business Day of receipt of a written request from a Shareholder or the Shareholder's Trustee, notify the Shareholder and the Shareholder's Trustee (in writing) of the "nominal amount" of the Security Stock:
- (i) held by the Company in respect of the Shareholder's obligations under each of the Multi-~~Issuer~~ Issuer Deed and, where the Shareholder is a Guarantor, the Equity Commitment Deed; and
  - (ii) where the Shareholder is a Guarantor, held by the Security Trustee in respect of the Shareholder's obligations under the Guarantee,
- in each case, as at the date of the Company's notification.

In this clause 12.4, "Holder", "Security Trustee", "Trustee", "Security Stock", "Equity Commitment Deed" and "Guarantee" each have the meaning given in the Multi-~~Issuer~~ Issuer Deed.

- 12.5 **SOI reporting:** The Company must provide quarterly reports to the Shareholders' Council in accordance with any requirements of the Statement of Intent (which shall include, without limitation, to the extent known by the Company, details of any Event of Review occurring in any quarter, and the steps taken (or proposed to be taken) by the Company in relation to that Event of Review, and provided that clause 12.4(a)(ii) shall also apply to any such notification (or failure to provide any such notification) concerning an Event of Review).

### 13. DEFAULT

- 13.1 **Consequences:** If an Event of Default occurs in respect of a Shareholder (the "**Defaulting Shareholder**"):
- (a) the Company may, while that Event of Default continues, by notice in writing to the Defaulting Shareholder require that the Defaulting Shareholder transfer all of its Shares to a Local Authority, the New Zealand Government or the Company, as the Board may determine, at Fair Value. Clauses 11.2 to 11.4 of the Constitution shall apply to any such required transfer as if it were the sale of a forfeited Share under those provisions. Clause 10 (other than clause 10.11) of this agreement shall not apply to any such transfer;
  - (b) while that Event of Default continues, the Defaulting Shareholder shall not be entitled to exercise any votes attaching to its Shares; and/or
  - (c) while that Event of Default continues, the Defaulting Shareholder shall not be entitled to receive any dividends or other distributions which may become payable in respect of any of its Shares, provided that, if the Event of Default is remedied, the amount of any accrued but unpaid dividends or other distributions will be paid to the Defaulting Shareholder as soon as reasonably practicable following such

Event of Default becoming remedied (after deduction of any amounts owing to the Company by such Defaulting Shareholder).

13.2 **Default interest:** If any party does not pay any amount payable under this agreement on the due date for payment ("**Due Date**") that party shall pay to the other party interest (both before and after judgment) on that amount. That interest:

- (a) shall be paid at the Bill Rate plus five per cent. per annum;
- (b) shall be paid by instalments at intervals of ten Business Days from the Due Date; and
- (c) shall be calculated on a daily basis from and including the Due Date until the unpaid amount is paid in full.

The right of a party to require payment of interest under this clause does not limit any other right or remedy of that party.

13.3 **Other remedies:** Clauses 13.1, and 13.2 are without prejudice to any other right, power or remedy under this agreement, at law, or otherwise, that any person has in respect of a default by any party. The parties agree that no sale of a Share under clause 11.1 of the Constitution may be made except at a price which is equal to or greater than Fair Value, and that nothing in clause 10 (except clause 10.11) shall apply to any such sale.

#### 14. CONFIDENTIALITY

14.1 **Confidentiality Obligation:** Subject to clause 14.2, each Shareholder and, in respect of (a) and (b) below only, the Company, shall keep confidential, and make no disclosure of:

- (a) the existence and contents of this agreement;
- (b) all information obtained from the Shareholders under this agreement or in the course of negotiations in respect of this agreement; and
- (c) all information obtained from the Company, or developed or held for the purposes of the Company,

(together "**Information**").

14.2 **Exceptions:** Information may be disclosed by a Shareholder or the Company if:

- (a) written consent to the disclosure is given by the party to which the Information relates;
- (b) disclosure is required by law, is necessary to comply with the listing rules of any recognised stock exchange, or if the Company determines disclosure in any prospectus, investment statement, product disclosure statement, offering memorandum or offer or disclosure document of the Company is necessary or desirable; or
- (c) disclosure is necessary to obtain the benefits of, and fulfil obligations under, this agreement or as necessary for the enforcement of, or any proceedings or claims

with respect to, this agreement (or any other agreements or deeds which concern the Company);

- (d) that Information already is, or becomes, public knowledge other than as a result of a breach of clause 14.1 by that Shareholder or the Company (as the case may be); or
- (e) disclosure is made to a lawyer, accountant or other professional adviser of that Shareholder or the Company.

## 15. NOTICES

15.1 **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.

15.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purpose of this agreement, are set out in schedule 6.

## 16. DISPUTES

16.1 **Arbitration:** Any dispute, difference or claim arising out of or in connection with this agreement, or the subject matter of this agreement, including any dispute as to its existence or validity ("**Dispute**") will be referred to arbitration by a single arbitrator. The arbitration will be commenced by a party giving notice to the other parties stating the subject matter and details of the Dispute and requiring the Dispute to be referred to arbitration. The arbitrator will be appointed by the parties, or failing agreement within 10 Business Days after, and exclusive of, the date of giving the notice, will be appointed at the request of a party by the president or vice-president for the time being of the New Zealand Law Society or the nominee of such president or vice-president. The place of arbitration will be Auckland.

- 16.2 **Appeals on points of law:** The parties waive any right to seek a determination by the court of a preliminary point of law (pursuant to section 4, Second Schedule to the Arbitration Act 1996) and to appeal on a question of law (pursuant to section 5, Second Schedule to the Arbitration Act 1996).
- 16.3 **Costs:** The parties will bear their own costs (including legal costs) and an equal share of the costs of the award in relation to the arbitration, unless the arbitrator determines that a party shall bear some proportion of, or all of, the costs of any other party because of impropriety, lack of cooperation or unreasonable conduct by that party.
- 16.4 **Binding:** The determination of an arbitrator appointed pursuant to clause 16.1 shall be binding on the parties.

## 17. WARRANTIES

- 17.1 **Warranties:** Each party represents and warrants that:
- (a) **Power:** it has full legal capacity and power to enter into this agreement and to carry out the transactions that it contemplates;
  - (b) **Authorisations:** it holds each Authorisation that is necessary or desirable to:
    - (i) execute this agreement and to carry out the transactions that it contemplates;
    - (ii) ensure that this agreement is legal, valid, binding and admissible in evidence; or
    - (iii) enable it to properly carry on its business, and it is complying with any conditions to which any of these Authorisations is subject;
  - (c) **Documents effective:** this agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally); and
  - (d) **No contravention:** neither its execution of this agreement nor the carrying out by it of the transactions that it contemplates, does or will:
    - (i) contravene any law to which it or any of its property is subject or any order that is binding on it or any of its property;
    - (ii) contravene any Authorisation;
    - (iii) contravene any undertaking or instrument binding on it or any of its property; or
    - (iv) require it to make any payment or delivery in respect of any financial accommodation or financial instrument before it would otherwise be obliged to do so.
- 17.2 **Consultation:** Without limiting clause 17.1, each Shareholder which is a Local Authority represents and warrants to each other party that it has complied with section 56 of the Local

Government Act in connection with its subscription for and/or acquisition of Shares in the Company.

## 18. GENERAL

18.1 **Term:** This agreement shall terminate on the earlier of:

- (a) the date on which the liquidation of the Company is completed; and
- (b) the date on which one person owns all of the Shares.

18.2 **No partnership, joint venture:** Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the Shareholders, and a Shareholder may not make, or allow to be made, any representation that any such relationship exists between any of the Shareholders. A Shareholder shall not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement. No Shareholder has any obligation of good faith or similar obligation to any other Shareholder.

18.3 **Counterparts:** This agreement is deemed to be signed by a party if that party has signed or attached that party's signature to any of the following formats of this agreement:

- (a) an original; or
- (b) a facsimile copy; or
- (c) a photocopy; or
- (d) a PDF or email image copy;

and if every party has signed or attached that party's signature to any such format and delivered it in any such format to the other parties, the executed formats shall together constitute a binding agreement between the parties.

18.4 **Entire agreement:** This agreement constitutes the entire agreement between the parties relating to the subject matter of this agreement and supersedes and cancels any previous agreement, understanding or arrangement whether written or oral.

18.5 **Severance:** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.

18.6 **Further assurance:** Each party shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.

18.7 **Amendment:** This agreement may be amended in accordance with the terms of any Ordinary Resolution. If any such Ordinary Resolution is passed, the amendment recorded in that resolution shall take effect in accordance with their terms, and the Company shall prepare a deed recording such amendments, and may execute that deed on behalf of each Shareholder. Each Shareholder irrevocably appoints the Company as its attorney to execute such a deed on its behalf.

Russell  
McAugh

- 18.8 **Governing law:** This agreement is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this agreement.
- 18.9 **No guarantee:** The parties acknowledge that the obligations and liabilities of the Company under this agreement are not guaranteed by the Crown.

#### SIGNATURES

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**SCHEDULE 1**  
**Foundation Policies**  
(Clause 5.1)

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All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of Shareholders. Any alteration requires approval pursuant to clause [5.4.5.1](#).

**Credit Risk**

***Lending Policy***

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company ~~to~~ and/or enter into facility arrangements ~~;~~ with the Company.
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
  - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
    - Lending policy covenants outlined in the following table with the approval of the Board;
    - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Local Authorities with a long-term credit rating of 'A' equivalent or higher will not be required to comply with the lending policy covenants in the following table, and can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.
- If the principal amount of a Local Authority's borrowings or the Company's commitment under a facility agreement with a Local Authority is at any time ~~equal to, or~~ greater than, NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

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

*Total Revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. developer contributions and vested assets).*

*Net debt is defined as total debt less liquid financial assets and investments.*

*Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.*

*Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.*

*Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).*

*Financial covenants are measured on Council only basis and not consolidated group basis, unless requested by a Local Authority and approved by the Board.*

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During the initial three years of operation the Auckland Council will be limited to a maximum of 60% of the Company's total Local Authority (including CCOs (as defined below)) assets. After three years Auckland Council will be limited to a maximum of 40% of the Company's total Local Authority (including CCO) assets.

No more than the greater of NZD 100 million or 33% of a Local Authority's or CCO's (as defined below) borrowings from the Company will mature in any 12 month period.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCO (as defined below)(which may be a Council-Controlled Trading Organisation), an approved CCO may borrow from the Company provided that:

- The CCO is a "council-controlled organisation" as defined in section 6 of the Local Government Act 2002, where the CCO is a company in which equity securities carrying at least 51% or more of the voting rights at a meeting of the shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities (respectively, a "CCO" and each such Local Authority being a "CCO Shareholder");
- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient uncalled capital in respect of the CCO to meet the financial obligations of the CCO;
- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company's creditors, and provides debenture security for its equity commitments to the Company and guarantee liabilities to the security trustee;
- Each CCO Shareholder complies with Lending policy financial covenants, Foundation policy financial covenants or other financial covenants required by the Board (if any);
- The CCO complies with any covenants required by the Board; and
- If required by the Board, the CCO will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

Where the Company agrees to provide funding to the CCO, it must within 90 days of receiving annual financial covenant reporting from a CCO Shareholder (in its capacity as a borrower) report to the Shareholders' Council, holders of ordinary shares in the Company and any Local Authority guarantors of the Company's liabilities as to whether that CCO Shareholder has complied with its financial covenants on an individual and consolidated group basis.

Notwithstanding the definition of "CCO" set out above, the Board may not approve a CCO to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of



[shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities and the Crown \(if applicable\).](#)

**Cash and Liquid Investment Policy**

The Company will only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within the counterparty limits outlined in the following table.

New Zealand Local Authority [and CCO](#) securities are excluded from the Company's cash and liquidity portfolio.

Counterparty <sup>1</sup>	S & P Credit Rating or equivalent (Short-term / long-term) <sup>2</sup>	Maximum % Limit (Total Cash + Liquid Assets)	Minimum % Limit (Total Cash + Liquid Assets)	Maximum New Zealand Dollar counterparty Limit (millions) <sup>3</sup>	Maximum term (years)
<a href="#">Category 1:</a> NZ Government or RBNZ <sup>5</sup>	N/A	100%	20%	Unlimited	40 - No longer than the longest date LGFA maturity on issue
<a href="#">Category 2</a>	A1+ / AAA	80%	N/A	300	3
<a href="#">Category 3</a>	A1+/-: A1 / AA+	80%	10	200	3
	A1+/-: A1 / AA	80%	10	200	3
	A1+/-: A1 / AA-	80%	N/A	200	3
<a href="#">Category 4</a>	A1+/-: A1+/-: A+, <a href="#">NZ Registered Bank</a>	60%	10	200	3
<a href="#">Category 5</a>	A1: /A+ <a href="#">Other Issuers</a>	10%	N/A	50	1

The maximum individual counterparty limit (excluding the NZ Government) cannot be greater than 100% of Accessible Capital. Accessible Capital is defined as issued and paid capital plus retained earnings plus issued and unpaid capital plus outstanding borrower notes.

**Derivative Policy**

[The Company will only enter into](#) **Unless explicitly approved otherwise by the Board, all** derivative transactions **must be transacted** with the New Zealand Debt Management Office as counterparty **or such other counterparty approved by the Board from time to time.**

<sup>1</sup> Category 2, 3, 4 and 5 counterparties do not include the RBNZ or the NZ Government.  
<sup>2</sup> Short term rating applies for all securities with a maturity date of 365 days or less.  
<sup>3</sup> If the counterparty credit rating is downgraded below the allowed limit, LGFA has 30 days to sell the security.  
<sup>4</sup> Maximum term applies from the date of settlement.  
<sup>5</sup> At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.

**Market Risk**

The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is \$40100,000<sup>6</sup>.

The Company's total portfolio Value at Risk (VaR) daily limit is \$2501,000,000<sup>7</sup>.

**Foreign exchange risk policy**

The Company will take no foreign exchange risk.

**Operational Risk**

Unless explicitly approved otherwise by the Board, the Company will outsource the following functions to New Zealand Debt Management as follows:

- Hedging – New Zealand Debt Management is the LGFA interest rate swap counterparty.

**Dividend policy**

The policy is to pay a dividend that provides an annual rate of return to Shareholders equal to the Company's cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the part period to 30 June 2012, and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2014 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend return is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

<sup>6</sup> PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example a PDH of \$40100,000 means that the portfolio value will fall by \$40100,000 for a one basis point fall in interest rates. The PDH limit will be set at 0.025% of the 12 month forecast portfolio amount until this forecast reaches \$1 billion, following which this \$40,000 limit applies.

<sup>7</sup> VaR measures expected loss for a given period with a given confidence. For example, 95% confidence, daily VaR of \$2501,000,000 means that it is expected that the portfolio will lose \$2501,000,000 on 5% of days. i.e. 1 day in 20 the portfolio value will decrease by \$2501,000,000.

**SCHEDULE 2**  
**First Opening**  
(Clause 7.1)

SHAREHOLDER	NO. OF PAID UP ORDINARY SHARES	NO. OF UNPAID ORDINARY SHARES
Auckland Council	2,000,000	2,000,000
Bay of Plenty Regional Council	2,000,000	2,000,000
Christchurch City Council	1,999,999	2,000,000
Hamilton City Council	2,000,000	2,000,000
Hastings District Council	400,000	400,000
Masterton District Council	100,000	100,000
New Plymouth District Council	100,000	100,000
Otorohanga District Council	100,000	100,000
Selwyn District Council	200,000	200,000
South Taranaki District Council	100,000	100,000
Tasman District Council	2,000,000	2,000,000
Taupo District Council	100,000	100,000
Tauranga City Council	2,000,000	2,000,000
Waipa District Council	100,000	100,000
Wellington City Council	2,000,000	2,000,000
Wellington Regional Council	2,000,000	2,000,000
Western Bay of Plenty District Council	2,000,000	2,000,000
Whangarei District Council	800,000	800,000
New Zealand Government	5,000,000	0
<b>Total</b>	<b>24,999,999</b>	<b>20,000,000</b>

**SCHEDULE 3**  
**Reimbursement**  
(Clause 7.2)

LOCAL AUTHORITY	AMOUNT
Auckland Council	\$250,000.00
Christchurch City Council	\$200,000.00
Hamilton City Council	\$200,000.00
Tasman District Council	\$200,000.00
Tauranga City Council	\$200,000.00
Wellington City Council	\$200,000.00
Wellington Regional Council	\$200,000.00
Western Bay of Plenty District Council	\$150,000.00
Whangarei District Council	\$200,000.00

**SCHEDULE 4**  
**Form of Accession Deed**  
(Clause 10.11)

DEED dated [            ]

PARTIES            [            ] ("Remaining Shareholder(s)")  
                          [            ] ("Transferor")  
                          [            ] ("Transferee")

**INTRODUCTION**

- A.        The Remaining Shareholder(s) and the Transferor are the parties to a shareholders' agreement dated [            ] 2011 ("**Agreement**") relating to New Zealand Local Government Funding Agency Limited (the "**Company**").
- B.        The Transferor wishes to transfer to the Transferee [**Number**] shares in the Company.
- C.        Under the Agreement the parties are required to execute this deed.

**OPERATIVE PROVISIONS**

1.        With effect from the [date of this deed]:
  - (a)        The Transferee becomes a party to the Agreement as if it had been named as a party to the Agreement and had executed it.
  - (b)        The Transferor ceases to be a Shareholder. *[Include only if applicable]*
2.        The Transferor is not released from any liability to the Remaining Shareholders existing as at [the date of this deed]. *[Include only if applicable]*
3.        New Zealand law governs. New Zealand courts have non-exclusive jurisdiction.

**SIGNED AS A DEED**

**SCHEDULE 5**  
**Events of Default**  
(Clause 13.1)

An Event of Default occurs in respect of a Shareholder if:

- (a) without limiting paragraphs (b), (c) and (e), that Shareholder commits any breach of or fails to observe any of the obligations under this agreement or the Constitution or the Guarantor's Equity Commitment of that Shareholder and (if that breach or failure is capable of remedy) does not remedy that breach or failure within 10 Business Days of notice from any other Shareholder or the Company specifying the breach or failure and requiring remedy or (if that breach or failure is not capable of remedy) that breach or failure is material in the context of the obligations of that Shareholder under this agreement, the Constitution or the Guarantor's Equity Commitment (as the case may be);
- (b) that a Shareholder fails to pay any calls on any Ordinary Shares within the prescribed time frame following a call being made by the Board;
- (c) that Shareholder fails to subscribe for any Redeemable Shares in accordance with the Guarantor's Equity Commitment of that Shareholder;
- (d) an "Event of Default", as defined in the Multi-~~Issuer~~ Issuer Deed, or a default under clause 7.6 or clause 7.7 of the Multi-~~Issuer~~ Issuer Deed, occurs with respect to that Shareholder; ~~or~~
- (e) an Event of Default occurs under clause 9.2 with respect to that Shareholder; ~~or~~
- (f) an "Event of Default" as defined in any other arrangements for the Shareholder to be provided debt funding by the Company.

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**SCHEDULE 6**  
**Addresses for Notice**  
(Clause 15.2)

PARTY	ADDRESS FOR NOTICES
The Company	Address: Russell McVeagh, Vero Centre, 48 Shortland Street PO Box 8, Auckland 1140  Fax: 09 367 8163  Attention: Grant Kemble
Auckland Council	Delivery Address: 1 Greys Avenue Auckland Central  Postal Address: Private Bag 92300 Auckland 1142  Fax: (09) 368 5964  Attention: Mark Butcher
Bay Of Plenty Regional Council	Delivery Address: 5 Quay Street Whakatāne  Postal Address: P O Box 364 Whakatāne 3158  Fax: 0800 884 882  Attention: Brian Trott
Christchurch City Council	Delivery Address: Civic Offices 53 Hereford Street Christchurch  Postal Address: P O Box 73016 Christchurch 8154  Fax: 03 941 8811  Attention: Paul Anderson
Hamilton City Council	Delivery Address: Council Building Garden Place Hamilton

PARTY	ADDRESS FOR NOTICES
	Postal Address: Private Bag 3010 Hamilton 3240  Fax: 07 838 6616  Attention: Matthew Walker
Hastings District Council	Delivery Address: 207 Lyndon Road East Hastings 4122  Postal Address: Private Bag 9002 Hastings 4156  Fax: 06 871 5101  Attention: Tony Gray
Masterton District Council	Delivery Address: 64 Chapel Street Masterton 5840  Postal Address: PO Box 444 Masterton 5840  Fax: 06 378 8400  Attention: David Paris
New Plymouth District Council	Delivery Address: Liardet St New Plymouth  Postal Address: Private Bag 2025 New Plymouth 4342  Fax: 06 759 6072  Attention: Philip Armstrong
Otorohanga District Council	Delivery Address: 17 Maniapoto Street Otorohanga 3940  Postal Address PO Box 11 Otorohanga 3940 Fax: 07 873 4300  Attention: Graham Bunn



PARTY	ADDRESS FOR NOTICES
Selwyn District Council	<p>Delivery Address: 2 Norman Kirk Drive Rolleston</p> <p>Postal Address: P O Box 90 Rolleston 7643 Fax: 03 347 2799</p> <p>Attention: Douglas Marshall</p>
South Taranaki District Council	<p>Delivery Address: 105-111 Albion Street Hawera 4610</p> <p>Postal Address: Private Bag 902 Hawera 4640</p> <p>Fax: 06 278 8757</p> <p>Attention: Vipul Mehta</p>
Tasman District Council	<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>Attention: Murray Staite</p>
Taupo District Council	<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>Attention: Rob Williams</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>

PARTY	ADDRESS FOR NOTICES
	Attention: Mohan De Mel
Waipa District Council	Delivery Address: 101 Bank Street Te Awamutu  Postal Address: Private Bag 2402 Te Awamutu 3800  Fax: 07 872 0033  Attention: Ken Morris
Wellington City Council	Delivery Address: 101 Wakefield Street Wellington  Postal Address: PO Box 2199 Wellington 6140  Fax: 04 801 3090  Attention: Danny McComb
Wellington Regional Council	Delivery Address: 142 Wakefield Street Wellington  Postal Address: P O Box 11646 Manners Street Wellington 6142  Fax: 04 385 3973  Attention: Mike Timmer
Western Bay Of Plenty District Council	Delivery Address: Barkes Corner Greerton Tauranga  Postal Address: Private Bag 12803 Tauranga 3143  Fax: 07 577 9280  Attention: Matthew Potton
Whangarei District Council	Delivery Address: Forum North Rust Avenue

PARTY	ADDRESS FOR NOTICES
	<p>Whangarei</p> <p>Postal Address: Private Bag 9023 Whangarei 0148</p> <p>Fax: 09 438 7632</p> <p>Attention: Alan Adcock</p>
New Zealand Government	<p>Delivery Address: Minister of Finance Parliament Buildings, Wellington</p> <p>And to: Minister of Local Government Parliament Buildings, Wellington</p> <p>With a copy to: William More, The Treasury, No 1 The Terrace Wellington 6011</p> <p>Postal Address: The Treasury, No 1 The Terrace Wellington 6011 Attention: William More</p> <p>Fax: 04 472 3792</p>

# COUNCIL REPORT



**To:** His Worship the Mayor and Councillors  
**From:** Group Manager District Growth and Regulatory Services  
**Subject:** **DELEGATIONS FOR REMITTING RESOURCE MANAGEMENT ACT  
ADMINISTRATIVE CHARGES**  
**Meeting Date:** 18 November 2019

## 1 EXECUTIVE SUMMARY

Section 36AAB(1) of the Resource Management Act 1991 (RMA) authorises Council to remit part or all of RMA consent fees and charges. Council's Fees and Charges Policy provides for administrative changes (e.g. resource consent fees and charges) to be remitted (discounted) at the discretion of the department receiving the request.

Senior Council staff have been approving requests for fees and charges remissions under the delegated authority of the Fees and Charges Policy and the former Administration Manual. This delegation needs to be formalised in the Council's Delegations Manual.

## 2 RECOMMENDATION

*That:*

- a) *The report titled 'Delegations for Remitting Resource Management Act Administrative Charges' (document number 10121252) of Wayne Allan, Group Manager District Growth and Regulatory Services be received;*
- b) *Pursuant to Schedule 7 section 32 of the Local Government Act 2002, and Section 34A(2) of the Resource Management Act 1991, Council **DELEGATE** certain powers, functions and duties outlined in (b)(i) and (ii) with immediate effect;*
  - (i) *Authority, under section 36AAB(1) of the Resource Management Act 1991, to remit the whole or any part of any charge of a kind referred to in s36 of the RMA (administrative charges) that would otherwise be payable;*

- (ii) *This authority be delegated to the following roles:*
- *Group Manager District Growth and Regulatory Services*
  - *Manager District Plan and Growth*
  - *Team Leader, Resource Consents; and*
- c) *The Delegations Register be updated accordingly.*

### 3 OPTIONS AND ASSESSMENT

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Council's executive and senior staff (Group Manager District Growth and Regulatory Services, Manager District Plan and Growth, and Resource Consents Team Leader) have delegation to approve remissions for RMA fees and charges in accordance with Council's Fees and Charges Policy. This is described in the Policy (page 20) as follows:

***Remission of charges***

*The liability to pay any charge may be modified or waived at the discretion of the department or organisation receiving the request.*

The policy sets out a process for considering requests for remission.

Consent holders, applicants or their agents may also lodge a formal objection to fees and charges under section 357 of the RMA. These objections are heard and considered by the Regulatory Committee.

The approval has generally worked well and has been well received by customers. Staff assessment has enhanced customer relationships and provides a cost effective and pragmatic process for reviewing fees and charges that might be challenged by applicants. This process is administrationally efficient, and has minimised or avoided the need for consent holders and applicants to lodge formal objections. The formal objection process remains an option if consent holders or applicants remain dissatisfied.

While staff have been operating under the authority conferred on them by the Fees and Charges Policy, this authority is not expressly authorised by Council's Delegations Manual. This report seeks to simply update the existing Delegations Manual to reflect current practice.

**Costs**

This proposed option will result in no additional costs to the ratepayer. It does not introduce any new fees discounting, and simply reflects current practice and the Fees and Charges Remissions Policy.



Wayne Allan

**GROUP MANAGER DISTRICT GROWTH AND REGULATORY SERVICES**

## SUPPORTING INFORMATION: ASSESSMENT OF PROPOSAL

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### 1 Statutory and policy requirements

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#### Legal and regulatory considerations

##### Local Government Act 2002

Schedule 7 section 32 of the Local Government Act 2002 authorises delegations to Council staff.

##### Resource Management Act 1991

Section 34A(2) of the Resource Management Act 1991 authorises delegations to Council staff.

Section 36AAB(1) authorises “a local authority” (or staff delegated under s34A(2)) to:

*“...in any particular case, and in its absolute discretion, remit the whole or any part of any charge of any kind referred to in section 36 that would otherwise be payable”.*

Section 36 of the Resource Management Act 1991 relates to administrative charges for RMA processes, including but not limited to: plan changes; resource consent processing; designations, heritage protection; costs of hearing objections; resource consent administration, monitoring, reviews; providing requested information or documents.

#### Council policy or strategy

Council’s Fees and Charges Policy includes a remission process, and confers delegation to the department or organisation receiving the request to remit fees and charges.

# COUNCIL REPORT



**To:** His Worship the Mayor and Councillors  
**From:** Transportation Safety Officer  
**Subject:** **Te Awamutu Rotary Christmas Parade 2019 – Request for Approval of Temporary Road Closures**  
**Meeting Date:** 18 November 2019  
**File Reference:** 10102839

## 1 EXECUTIVE SUMMARY

Rotary Te Awamutu has applied to Council for permission to temporarily close the following roads as required under the Local Government Act 1974, to enable it to run the Te Awamutu Christmas Parade.

The temporary road closures are for parts of:

- **Mahoe Street** – from Arawata Street to Selwyn Lane
- **Alexandra Street** – from Mutu/Rewi Street to Sloane Street
- **Churchill Street** – from Mahoe Street to Mutu/Mangapiko Street
- **Selwyn Lane** – the whole section
- **Gorst Avenue** – the whole section

from **7.00am to 2.00pm** on **Saturday, 14 December 2019** and:

- **Mahoe Street** – from Churchill Street to Selwyn Lane
- **Arawata Street** – from Mahoe Street to Sloane Street/Alexandra Street
- **Sloane Street** – from Arawata Street/Alexandra Street to 35 Sloane Street

from **11.00am to 2.00pm** on **Saturday, 14 December 2019**.

The above sections of roads will be closed to traffic during the above times.



## 2 RECOMMENDATION

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*That Council:*

- a) ***Receives the Te Awamutu Rotary Christmas Parade 2019 – Request for Approval of Temporary Road Closures*** report (document number 10102839) of Julie Taylor, Transportation Safety Officer.
- b) *Approves, in accordance with sections 319(h) and 342, and section 11 of Schedule 10 of the Local Government Act 1974:*

*The temporary road closures as detailed in the map below.*

*Authorises the proposed road closures to be publicly notified in accordance with the provisions of the Local Government Act 1974.*

## 3 OPTIONS AND ASSESSMENT

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The content of Rotary Te Awamutu’s application has been reviewed against the criteria set out in the Local Government Act 1974 and the Code of Practice for Temporary Traffic Management.

We are satisfied that the application meets the necessary standards and provides the level of detail required and can proceed to the Approval stage.

The proposed temporary road closures were publicly notified on Thursday, 3 October 2019, in the Te Awamutu Courier to allow reasonable time to seek the approval of all affected parties. Any objections to the closure were required by 4.00pm on Friday, 25 October 2019, however Council did not receive any objections.

Notice of the temporary road closure was also given to the Police, Ministry of Transport, and Emergency Services, who did not advise Council of any concerns.

Police and Emergency Services will have priority access to all areas of the closed road at all times.

The location of the proposed temporary road closure is shown in the map below.




KEY	
	Roads closed from 7.00am to 2.00pm
	Roads closed from 11.00am to 2.00pm

This Christmas parade is an annual event. Previous approved road closures for this event have not caused any notified problems or unreasonable inconvenience to traffic.

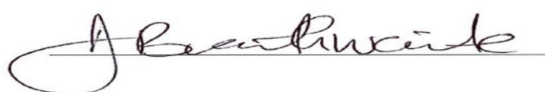
Again, we anticipate this temporary road closure will cause limited disruption to the public. However, the event organisers will be instructed to provide timely notification of the date and time of the road closure to all affected properties within the road closure to ensure minimal inconvenience.

If the temporary road closure is granted by Council, the following actions will be undertaken by Council officers:

- Provide a letter to the organisers giving approval to close parts of Mahoe Street, Alexandra Street, Churchill Street, Selwyn Lane, Gorst Avenue, Arawata Street and Sloane Street
- Approve a compliant Traffic Management Plan
- Publicly notify the Christmas Parade and proposed temporary road closure in the Te Awamutu Courier before the date of the closure.



Julie Taylor  
**TRANSPORTATION SAFETY OFFICER**



Reviewed by Jennifer Braithwaite  
**OPERATIONS TEAM LEADER – TRANSPORTATION**



Approved by Barry Bergin  
**GROUP MANAGER – SERVICE DELIVERY**

## **SUPPORTING INFORMATION: ASSESSMENT OF PROPOSAL**

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### **1 Statutory and policy requirements**

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Council's powers in relation to the temporary closure of roads are set out in Sections 319(h), 342 and Section 11 of Schedule 10 of the Local Government Act 1974. Under the Local Government Act 2002, Council has delegated powers to the Committee in relation to approving temporary road closures where it is provided for in the legislation.