



AGENDA

Accountability, Performance & Finance Committee meeting Monday, 2 September 2024

**I hereby give notice that a Accountability, Performance & Finance
Committee meeting will be held on:**

Date: Monday, 2 September 2024

Time: 9.30am

**Location: Bay of Plenty Regional Council Chambers
1 Elizabeth Street
Tauranga**

*Please note that this meeting will be livestreamed and the recording will be publicly available on
Tauranga City Council's website: www.tauranga.govt.nz.*

**Marty Grenfell
Chief Executive**

Terms of reference – Accountability, Performance and Finance Committee

Common responsibility and delegations

The following common responsibilities and delegations apply to all standing committees.

Responsibilities of standing committees

- Establish priorities and guidance on programmes relevant to the Role and Scope of the committee.
- Provide guidance to staff on the development of investment options to inform the Long Term Plan and Annual Plans.
- Report to Council on matters of strategic importance.
- Recommend to Council investment priorities and lead Council considerations of relevant strategic and high significance decisions.
- Provide guidance to staff on levels of service relevant to the role and scope of the committee.
- Establish and participate in relevant taskforces and working groups.
- Engage in dialogue with strategic partners, such as SmartGrowth partners, to ensure alignment of objectives and implementation of agreed actions.
- Confirmation of committee minutes.

Delegations to standing committees

- To make recommendations to Council outside of the delegated responsibility as agreed by Council relevant to the role and scope of the Committee.
- To make all decisions necessary to fulfil the role and scope of the committee subject to the delegations/limitations imposed.
- To develop and consider, receive submissions on and adopt strategies, policies and plans relevant to the role and scope of the committee, except where these may only be legally adopted by Council.
- To consider, consult on, hear and make determinations on relevant strategies, policies and bylaws (including adoption of drafts), making recommendations to Council on adoption, rescinding and modification, where these must be legally adopted by Council.
- To approve relevant submissions to central government, its agencies and other bodies beyond any specific delegation to any particular committee.
- To appoint a non-voting Tangata Whenua representative to the Committee.
- Engage external parties as required.

Terms of reference – Accountability, Performance and Finance Committee

Membership

Chairperson	Deputy Mayor Jen Scoular
Deputy chairperson	Cr Mikaere Sydney (and during his leave of absence Mayor Mahé Drysdale)
Members	Cr Glen Crowther Cr Marten Rozeboom Cr Rick Curach <i>Mayor Mahé Drysdale (ex officio)</i>
Non-voting members	(if any)
Quorum	<u>Half</u> of the members present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members present, where the number of members (including vacancies) is <u>odd</u> .
Meeting frequency	Five weekly

Role

The role of the Accountability, Performance and Finance Committee is:

- To provide leadership and advice to Council with regard to Council's financial position and its prudent financial management practices.
- To provide leadership and advice with regard to significant strategic and financial opportunities including, but not limited to, potential city or regional deals with the government.
- To monitor the financial and non-financial performance of Council.
- To monitor the performance of the Chief Executive.

Scope

- Consider strategic financing and funding risks and opportunities and report to Council on such for final decision-making.
- Provide oversight on the preparation of the Annual Report and other external financial reporting required by legislation.
- Review and make appropriate recommendations to Council on the adoption of key accountability documents (including, but not limited to, the Long-term Plan, Annual Plan, and Annual Report).
- Oversee Council's investments, debt management, and funds and liaison with key advisors on these matters.
- Act on Council's behalf for all matters related to the Local Government Funding Agency, including all statutory duties as a result of that organisation being a council-controlled organisation.

- Develop and review Council's Treasury Strategy.
- Review regular financial and non-financial performance reporting, including reporting against strategic outcomes, the Long-term Plan, the Annual Plan, and other strategic and implementation documents (including, for instance, action and investment plans adopted as part of Council's strategic framework, Our Direction).
- Lead the Chief Executive's performance review process and report on such to Council.

Power to Act

- To make all decisions necessary to fulfil the role, scope and responsibilities of the Committee subject to the limitations imposed.
- To establish sub-committees, working parties and forums as required.

Power to Recommend

- To Council and/or any standing committee as it deems appropriate.

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- 1 OPENING KARAKIA**
- 2 APOLOGIES**
- 3 PUBLIC FORUM**
- 4 ACCEPTANCE OF LATE ITEMS**
- 5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN**
- 6 CHANGE TO ORDER OF BUSINESS**
- 7 DECLARATION OF CONFLICTS OF INTEREST**

8 BUSINESS

8.1 Outline Work Programme for Accountability, Performance and Finance Committee for the 2024/25 Financial Year

File Number: A16478421

Author: Paul Davidson, Chief Financial Officer

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. To present an outline work programme to the Accountability, Performance and Finance Committee for the financial year to 30 June 2025 for the Committees information and feedback.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Outline Work Programme for Accountability, Performance and Finance Committee for the 2024/25 Financial Year".
- (b) Notes the outline work programme for the Committee as per Attachment One of this report.

EXECUTIVE SUMMARY

2. Based on the scope of the Accountability, Performance and Finance Committee, a high-level work programme has been outline based on the key headings for the remainder of the year for this committee. This is for information of the committee and for feedback on the work programme.

BACKGROUND

3. A timeline has been developed based on the key areas outlined in the scope of the committee. This has been grouped into headings consistent with the scope of the committee. Attachment One shows the timing and outline of key items for the committee.
4. The committee also has oversight over city and regional deals. This has been reported to Council on the 26 August and further updates will be given to this committee as the work programme for this is further developed with government.
5. The Chief Executive's performance review programme will also be reported to later committee meetings.
6. The timing and information on the Annual Plan and Long Term Plan financials will be dependant and decisions on an Annual Plan or a Long Term Plan Amendment. The extent of any amendment may impact on timing.
7. This timeline has focused on the period up until Christmas.

STATUTORY CONTEXT

8. Many of the subjects on the outline work programme relate to key strategic and reporting documents and will provide input into the development of these documents.

STRATEGIC ALIGNMENT

9. This outline work programme provides input into key documents and processes which align to community outcomes.

CONSULTATION / ENGAGEMENT

10. This work programme provides input into other documents and process subject to consultation and engagement.

SIGNIFICANCE

11. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
12. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
 - (a) The current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) Any persons who are likely to be particularly affected by, or interested in, the matter.
 - (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
13. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

14. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

15. This work programme will continue to be updated based on committee feedback or other matters arising. Significant changes will be reported to the committee.

ATTACHMENTS

1. **Outline Work Programme for Accountability, Performance and Finance Committee - A16479032** [!\[\]\(11a0966cbb90b5c1d6ebfc666ec75f78_img.jpg\)](#) 

Outline work programme for Accountability, Performance and Finance Committee								
	2-Sep-24	8-Oct-24	5-Nov-24	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Financial								
Annual Plan / Long Term Plan								
			Action Tracker LTP: Update on action progress				Action Tracker LTP: Update on action progress	
			Revenue and Financing Policy - Overview for Annual Plan					
			Rating structure – Overview for Annual Plan					
			First draft of key financials – Update for Annual / Long Term Plan	Draft key financials – for Annual / Long Term Plan			Updated key financials for Annual / Long Term Plan	
Finance & Treasury								
		Finance - Year-end report including any funding resolutions (consistent with Annual Report)	Finance - Quarter One Monitoring Report	Quarter Two Monitoring Report			Quarter Three Monitoring Report	
	Treasury Strategy - overview	Treasury Strategy - 6 Monthly Review	Bancorp Treasury Advisors presentation TBC	Treasury Strategy - 6 Monthly Review				
			Treasury - Quarter One Monitoring Report	Treasury - Quarter Two Monitoring Report			Treasury Quarter Three Monitoring Report	
			Standard & Poors Credit Rating					

Outline work programme for Accountability, Performance and Finance Committee								
	2-Sep-24	8-Oct-24	5-Nov-24	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Performance								
		Organisational Operational Performance KPI review and setting including Levels of Service Workshop on performance KPI's and Levels of Service Measures including baseline measures	Updates to Organisational Operational Performance KPI review and setting including Levels of Service as well as relevant baseline measures			Review of Organisational Operational Performance KPIs, Levels of Service measures and relevant baseline measures		
			Reporting against Action and Investment Plans - 6 monthly update				Reporting against Action and Investment Plans - 6 monthly update	
	CCO reports / LGFA - Statement of Intent	CCO reports / LGFA Shareholder Council Voting Papers	LGFA Annual Report		LGFA Draft Statement of Intent			
		Review of CEO KPI's						Review of CEO Performance against KPI's – Timing TBC
Accountability								
Annual Report								
	First draft of unaudited available information for financial and groups of activities sections	Review draft 2023/24 Annual Report						
	Interim management report (future reports to go to Audit and Risk)							

8.2 Six Monthly Treasury Strategy Update

File Number: A16377546

Author: Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. This report provides an update on the performance and status of Council's treasury function and seeks approval for strategies for treasury risk management activities, debt issuances, investments, foreign exchange exposures and interest rate hedging.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Six Monthly Treasury Strategy Update".

EXECUTIVE SUMMARY

2. This report outlines all significant treasury operational activities in line with current Treasury Policy.
3. Treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks.

BACKGROUND

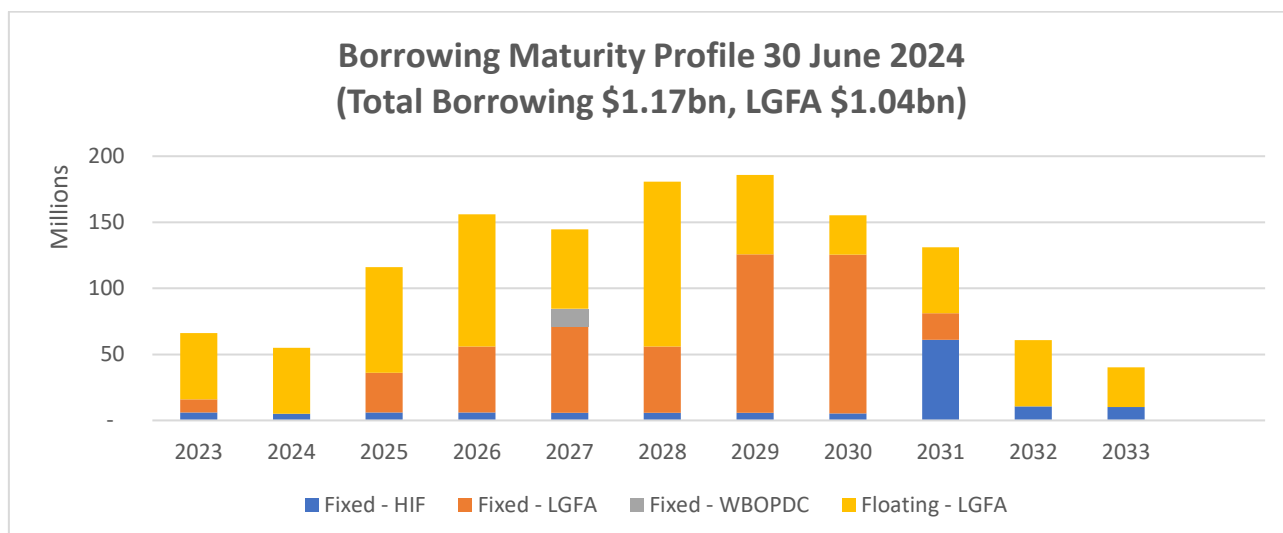
Treasury Policy

4. The treasury policy is reviewed every three years in line with the Long Term plan cycle. The most recent review was September 2023. The policy is attached for reference.

Debt Management

5. Council has a large investment in infrastructure assets which have long economic lives and long-term benefits. Debt is used to fund infrastructure and it is recognised as an efficient mechanism to allocate the costs of infrastructure to the community.
6. Core external debt and working capital requirements are managed by issuing a combination of long- and short-term debt. The maturity dates for any new debt issuance are assessed under the following criteria:
 - Borrowing margins for the short versus long term debt;
 - Local Government Funding Agency (LGFA) or other wholesale margins/maturities offered;
 - Compliance with LGFA covenants;
 - Housing Infrastructure Fund (HIF) drawdowns;
 - Existing maturity profile; and
 - Available undrawn bank facilities.

7. The graph below shows the current debt maturity profile as at 30 June 2024.



8. As at 30 June 2023 outstanding debt was \$1.17bn of which \$275m was issued during the 2023/24 financial year.
9. The 2023/24 Annual Plan was adopted on in April 2023 which had budgeted gross debt at \$1.12bn and an approved borrowing limit for the year was \$275m. The higher than budget debt position at year end is the result of a revised capital programme which was approved at various council meetings throughout the financial year. There was an additional \$50m of debt resolutions associated with revisions which were not required due to offsetting underspends in the business and funding changes.
10. There was a \$50m debt maturity in April 2024 and a further \$6m in June 2024 both of which were fully prefunded. The debt maturity for the 2024/25 financial year is \$116m of which \$80m has already been prefunded. Prefunding is used to minimise credit risk and mitigate refinance risk.

Sustainable Lending

11. Council currently have one green loan with LGFA for the Kopurereua river realignment project. The approved loan is \$10m of which \$6m has been drawn. The final \$4m is expected to be drawn in the 2024/25 financial year when the final planting on the project is completed. This loan has the benefit of a 5-basis point reduction in borrowing costs.
12. In April 2024 Council was approved for Climate Action Loan status with the LGFA. This provides a 2-basis point discount on any loans issued post 1 July 2023. This is linked to Council's emission reduction plan and targets.

Bank Facilities

13. Access to liquid funding by way of committed bank facilities and/or liquid investments is required in order to manage liquidity risk.
14. Both Council's Treasury Policy and LGFA financial covenants require a level of undrawn committed bank facilities or liquid investments or a combination of both. The key objective is to maintain adequate liquidity in the context of managing debt maturities and debt servicing on a 12-month rolling basis.
15. Bank facilities are currently \$200m. The ANZ \$100m facility will mature in October 2026 and the Westpac facility (also for \$100m) will mature in April 2029. Generally, the maturity date is extended by one year each year. It is planned to maintain the facilities within the two-to-five-year maturity band.
16. In general, bank facilities are available to be drawn down at short notice provided that if they are drawn, they are repaid on a quarterly basis.

17. It is important to note that any funds drawn from bank facilities would need to be managed within the existing debt to revenue ratio. The limit for the debt to revenue ratio for the 2023/24 financial year was 290% and the actual ratio was 218% based on draft unaudited financials.

Liquidity Risk

18. The Treasury policy outlines the management framework for funding, liquidity and credit risks. Liquidity risk primarily focuses on ensuring that there are sufficient funds available to meet obligations in an orderly manner.
19. The key liquidity risk management indicators are:
- (a) The primary debt maturity limit requires external debt committed bank facilities and cash/cash equivalents to be maintained above 100% above 12th month peak forecasted net external debt.
 - (b) No more than 25% of debt to be refinanced in any rolling 12-month period.

Local Government Funding Agency (LGFA)

20. The LGFA is an agency specialising in financing of the local government sector. LGFA was established to raise debt on behalf of councils on terms that are more favourable than if they raised the debt directly.
21. 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 (CCO) under the Local Government Act 2002.
22. LGFA's debt obligations are guaranteed by Council shareholders and any other Council's that borrow in excess of \$20m. The New Zealand Government does not guarantee LGFA. Any call under the guarantee will be allocated across all guarantors on a pro rata basis in relation to their rates revenue.
23. As at 30 June 2024, total LGFA bonds (long term) on issue was NZ\$19.2bn and A\$2.7bn of which \$1.04bn have been on lent to Tauranga City Council.
24. Fixed rate borrowing rates from LGFA for an A+ rated council are:

Term	LGFA rate (A+)*
2027	4.34%
2029	4.51%
2033	4.99%
2037	5.32%

*Rates are current at 19 August 2024

Security

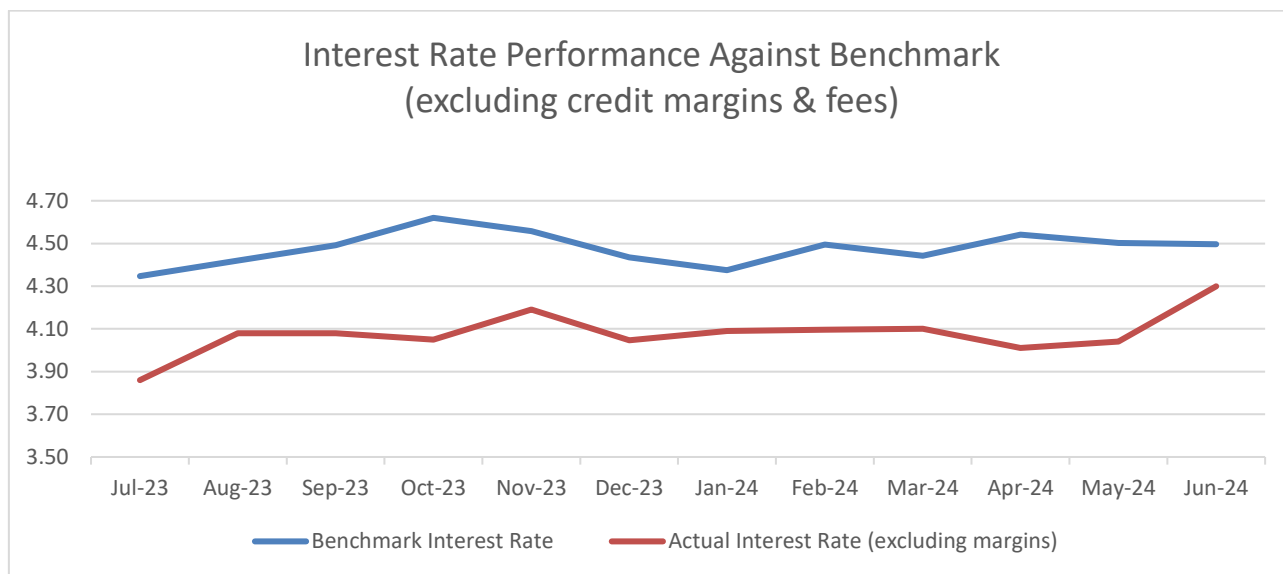
25. Generally, debt will be issued under existing Council Debenture Trust Deed (DTD) which offers rates revenue as security to attract lower borrowing margins. Councils Trustee appointed under DTD is Covenant Trustee Services Limited. All debt obligations are registered with Link Market Services Limited.

Interest Rate Management

26. The overall objective of the interest rate risk management strategy is to:
- (a) Minimise the average net cost of borrowings over the long term;
 - (b) Minimise large concentrations of interest rate risk;

- (c) Increase duration of the interest rate re pricing profile; and
- (d) Maintain an appropriate mix of floating and fixed rate exposures.

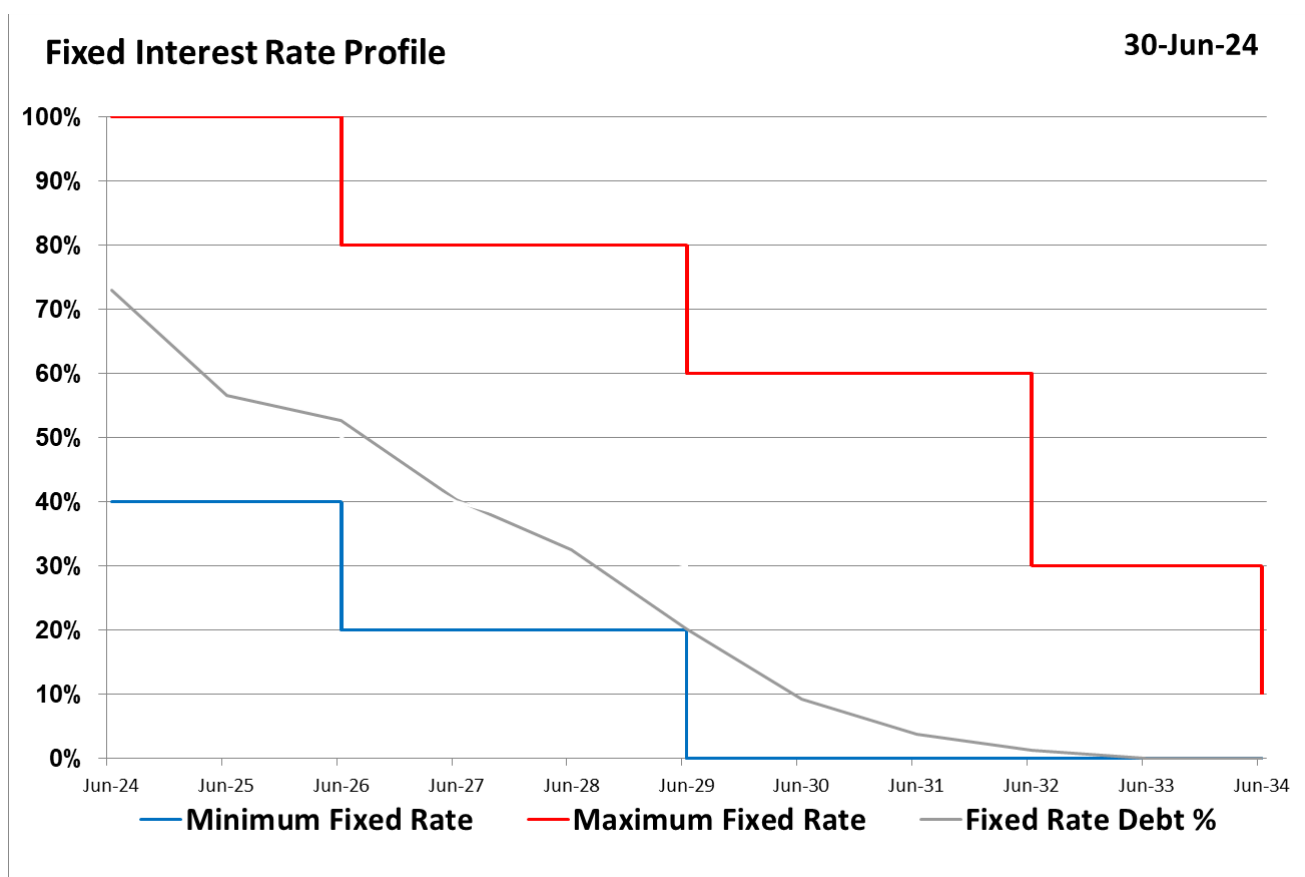
27. Council is exposed to interest rate fluctuations on existing and future borrowings. Interest rate risk is minimised by managing floating and fixed exposures within the Treasury Policy limits framework. The overall outcome of interest rate risk management is reflected in the average interest rate on borrowings which is 4.82% (including margins) at 30 June 2024. The below graph shows TCC's average cost of borrowing, including and excluding margins against the treasury policy benchmark which reflects an averaging of 90 day to 15-year swap rates.



28. As at 31 June 2024 the total amount of debt on fixed interest rates (including hedging) was \$853.5m which was 73% of total debt. This includes \$116m of Housing Infrastructure Funding (HIF) loans which have a 0% interest rate.

Fixed Debt Profile

29. The treasury policy outlines the framework for interest rate management activities. Interest rate risk is managed with minimum and maximum fixed debt percentages by time bands. These minimum and maximum levels by time bands are designed to minimise interest rate re-price risks.
30. The chart below shows the fixed interest rate positions relative to forecast debt over time. This is based on the 2024/2034 LTP debt forecasts and the current actual fixed debt and interest rate swaps in place at 30 June 2024.



31. During the 2023/24 financial year \$115m of forward start swaps have been executed to continue to move the fixed rate debt position closer to the middle of the policy bands. A further \$80m of swaps have been entered into since 1 July 2024. Analysis of debt levels and associated interest rate hedging positions are reviewed on a monthly rolling basis.

Investments

32. From a short-term working capital management perspective, it is proposed to maintain a minimum liquid investment balance of \$10-\$15m on which investment rates aligning to OCR have been negotiated with our two of our transactional bankers (ANZ and Westpac). This level of working capital is sufficient to manage the net cashflows during an average month.
33. As at 30 June 2023 there was \$33m in cash and \$70m on deposit. The funds on deposit are on short terms which align with our cashflow forecast and debt maturity profile in the coming months.

Foreign Exchange

34. Under the treasury policy upon approval of expenditure, all significant commitments for foreign exchange are hedged. Generally foreign exchange exposure above \$100,000 is regarded as significant.
35. Currently there are no outstanding foreign exchange contracts. The last foreign exchange contract was in 2020. In the past council use foreign exchange hedging for purchase of plant and equipment for projects such as Southern Pipeline, the travel lift at marine precinct, and some playground equipment.

Retentions

36. New legislation requires council to hold any retention monies on contracts entered into or amended after 5 October 2023 in a separate bank account or retention instrument. The amount of retentions held under this new legislation at 30 June 2024 is \$1m.

Upcoming matters

37. While the Treasury Strategy review is six monthly report which focuses on past performance, there are certain announcements from central government that should be noted by this committee as they will have a significant impact on Council going forward.

Waters Entities:

38. Waters entities will be able to borrow from LGFA. The borrowing limit for these entities is likely to 500% of revenue subject to further covenants and conditions which will be advised in due course. Borrowing costs will be closely aligned to Council's own credit rating margins.

Growth Council Debt Limits

39. LGFA shareholders will vote at the November 2024 AGM to increase the borrowing limit for growth councils from 280% of revenue to up to 350%. Tauranga City Council is considered a growth council under the DIA definitions and LGFA have confirmed the same. It is expected that Tauranga City Council will be able to apply for this increase to borrowing limits if the change is voted in.
40. Both of these changes to borrowing limits will likely have impacts on credit rating and borrowing costs which are currently being considered by staff.
41. While the information from the relevant stakeholders is still to be finalised, Council is supportive of these changes and will provide further information and options in due course.

STATUTORY CONTEXT

42. The treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks. These strategies ensure compliance with Treasury Policy limits.

STRATEGIC ALIGNMENT

43. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

The treasury policy and strategy provides financial means for all of Council's projects and initiatives.

OPTIONS ANALYSIS

44. There are no options presented in this report.

SIGNIFICANCE

45. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
46. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) The current and future social, economic, environmental, or cultural well-being of the district or region.
 - (b) Any persons who are likely to be particularly affected by, or interested in, the decision.
 - (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
47. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

48. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

49. Implementation of Treasury Strategy within the Treasury Policy framework.

ATTACHMENTS

1. TCC Treasury Policy - September 2023 - A16483181 [!\[\]\(661ad2fdbe8fa1392f2b194cfa45d124_img.jpg\)](#) 



TREASURY POLICY

Policy type	Council		
Authorised by	Finance, Audit and Risk Committee		
First adopted	13 March 2012	Minute reference	M12/10.6
Revisions/amendments	25 February 2015 19 December 2017 3 November 2020 18 September 2023	Minute reference	M15/5.11 M17/120.8 CO11/20/4
Review date	September 2026		

1. POLICY OBJECTIVES

To ensure investments and liabilities are managed in a prudent, effective and efficient manner that supports the social, economic, environmental and cultural well-being of the Tauranga community. As a net borrower, within the stated statutory and general objectives, to achieve the lowest possible net interest costs obtainable within the policy parameters by proactively managing funding and interest rate exposures.

1.1 Statutory Objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.

1.2 General Objectives

- Minimise Council's costs and risks in the management of its external borrowings.
- Minimise Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect Council's financial assets and manage costs.
- Recognise that investment decisions should be consistent with financial strategy and support the purpose of local government to promote the social, economic, environmental, and cultural well-being of communities.
- Arrange and structure external long term funding for Council at an acceptable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.

Objective ID:

- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Monitor Council's return on investments.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- Ensure that all statutory requirements of a financial nature are adhered to.

2. PRINCIPLES

Council's management of treasury activities is primarily a risk management function focused on managing financial risks, protecting the Council's budgeted interest costs and stabilising the Council's cash flows.

Council's management of treasury activities will also ensure that Council's investment decisions have regard to Council's role in promoting the social, economic, environmental, and cultural well-being of the Tauranga community.

3. BACKGROUND

This policy provides the policy framework for all of the Council's treasury activities and defines the operating framework within which borrowing, investment and risk management activities are to be carried out.

It specifically covers financial risks such as funding, interest rate, liquidity risk and credit risk arising from investment and liability management, including forecasting future debt through the LTP process. All other relevant operating procedures and associated internal controls are included in the Treasury Procedures document.

4. RESPONSIBILITIES

An effective policy requires a clear understanding and definition of the structure of the treasury function and the responsibilities of all personnel involved in treasury management.

Appendix 2 details the staff roles primarily responsible for the management of the treasury activities of the Council.

5. POLICY STATEMENT

5.1 Liability Management (Section 104 LGA 2002)

Council has a large number of infrastructural assets which have a long economic life and long term benefits. Council also has a significant strategic investment holding.

Objective ID:

Council sees the use of debt as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers by aligning long-term assets with long-term funding sources (in relation to Council's assets and liabilities) to ensure that the costs are met by those future ratepayers benefiting from the investment.

5.1.1 Interest Rate Exposure (Section 104 (a))

Council is exposed to interest rate fluctuations on existing and future borrowings.

Council will minimise interest rate risk by managing its floating and fixed interest rate exposures as per the following control limits:

Fixed Interest Rate Hedging Profile Limits		
Period	Minimum Fixed Rate	Maximum Fixed Rate
0 to 2 years	40%	100%
2 to 5 years	20%	80%
5 to 8 years	0%	60%
8 to 10 years	0%	30%
10 to 15 years	0%	10%

Approved interest rate risk management instruments are detailed in Appendix 1.

5.1.2 Liquidity (Section 104 (b))

Liquidity risk arises when there are insufficient funds to meet obligations in an orderly manner when they fall due resulting from differences in the timing of cash receipts and disbursements. Liquidity risk increases when unanticipated obligations arise and when anticipated receipts do not eventuate.

Cash management (cash receipts and disbursements) activities will be undertaken to ensure that:

- Net cash surpluses will be invested to:
 - optimise investment returns on surpluses; and
 - Ensure Council's overdraft is only utilised in exceptional circumstances.

Debt management activities are undertaken to ensure that:

- External term debt plus committed bank debt facilities and cash or cash equivalent investments must be maintained at an amount of 100% above 12-month peak forecast net external debt.
- Council has the ability to pre-fund up to 12 months ahead of forecast debt requirements including re-financings.
- No more than 25% of debt shall be subject to refinancing in any rolling 12 month period.
- A debt maturity schedule outside these limits requires specific Council approval.

Objective ID:

- Disaster recovery requirements will be met through the liquidity ratio and debt headroom (i.e relative Treasury Policy covenants).

5.1.3 Credit Exposure (Sections 104 (c))

Council will manage its credit exposure to borrowing margins by ensuring that a Strong Issuer Credit Rating is maintained. Council is also exposed to counterparty credit risk which is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party.

Credit exposure will be managed by:

- Compliance with the borrowing limits outlined in 5.1.5 of this policy.
- Compliance with the limits and matrix guide in Appendix 6 of this policy.
- Limits and exposures being spread amongst a number of counterparties to avoid concentrations of credit exposure.

5.1.4 Debt Repayment (Sections 104 (d))

Council will repay borrowings from general funds, proceeds from the sale of investments and assets unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a net portfolio basis and will only borrow externally when it is commercially prudent to do so.

5.1.5 Borrowing Limits (Sections 101A(3)(b)(1))

In managing debt, Council will adhere to the following limits:

- Net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual operating revenue will not exceed 20%; and
- Net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual rates revenue will not exceed 25%; and
- Net external debt as a percentage of annual operating revenue (including Bay Venues Limited):

Financial Year	Debt to Revenue Ratio
2023/24	290%
2024/25	285%
2025/26	280%

Objective ID:

5.1.6 Security (Sections 101A(3)(c))

Council will generally offer security for its general borrowing and interest rate risk management activities by way of a floating charge over rates revenue. Council recognises that utilising rates revenue as security lowers the risk involved for lenders and, therefore, will lower the cost of borrowing to the Council.

Council offers security through a Debenture Trust Deed which allows Council to provide security over rates revenue from time to time made by Council under the Local Government (Rating) Act 2002.

There may be occasions where the Council will borrow without offering security.

In the normal course, Council will not offer security over any assets other than rates revenue. However, where doing so would help further the Council's community goals and objectives, Council may offer such security on a case by case basis.

Council may offer security for both long and short term borrowing and for appropriate incidental arrangements (including approved interest rate risk management instruments).

5.1.7 Guarantees

Specific council decision would be required for Council to act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Unit. This should only occur when the purposes of the loan are in line with Council's strategic objectives and prudence requirements are satisfied.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate.

Guarantees provided to the Local Government Funding Agency Limited ("LGFA") are expressly excluded from the maximum guarantee limit above.

Guarantees are reported on a quarterly basis.

5.1.8 Internal borrowing

Council uses its reserves and external borrowing to internally fund both operating and capital expenditure. The Council approves overall borrowing by resolution during the annual planning and/or LTP process.

The following operational parameters apply in relation to the management of Council's internal loan portfolio:

- All internal borrowing activities are consistent with the principles and parameters, outlined throughout this policy.
- Council seeks to firstly utilise reserve funds and if insufficient reserves are available, utilises external borrowing.
- Interest is charged on the month-end loan balances and interest is also allocated to the specific reserve accounts for funds provided.

Objective ID:

- Interest rates are set annually as part of the annual planning and/or LTP process.
- Internal loan repayment amounts are undertaken on the following basis:
 - Rate Funded Activities:
 - i. general loan repayment percentages range from 2.00% to 20.00% taking into account each activity's fixed assets portfolio and expected asset lives;
 - ii. generally loan repayments are funded from the Depreciation Reserves; and
 - iii. any specific loan repayments rates are approved by Council.
 - Self Funded Activities:
 - i. general loan repayment percentages range from 4.00% to 20.00% depending on each activity's fixed assets portfolio and expected asset lives;
 - ii. generally loan repayments are funded from the Depreciation Reserves;
 - iii. apply any surplus/deficit against the loan balance on an annual basis; and
 - iv. any specific loan repayments rates are approved by Council.
 - Loans Funding Growth:
 - i. Apply both Development Contributions and Financial Contributions revenue to repay loans.

5.1.9 NZ Local Government Funding Agency Limited

Council borrows from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- a) contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- b) provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- c) commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- d) subscribe for shares and uncalled capital in the LGFA; and
- e) secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

5.2 Investment (Section 105)

5.2.1 Objectives (Section 101A(3)(d))

Council will seek to:

- Protect the capital amounts invested;
- Optimise returns in the long-term while balancing risk and return considerations;
- Ensure investments are liquid;
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

Objective ID:

- Make investment decisions that support the purpose of local government to promote the social, economic, environmental, and cultural well-being of communities.

Council recognises that:

- As a responsible public authority any investment that it holds should be low risk;
- Lower risk generally means lower returns.

5.2.2 Investment Mix and Associated Specific Objectives (Section 105 (b))

Council has a significant portfolio of investments including:

Property:

- Council's overall objective is only to own property that is necessary to achieve its strategic objectives and where it relates to a primary output of Council.
- Investment property may be retained to achieve diversification of investments and to provide flexibility to manage strategic property initiatives.

Forestry:

- Forestry assets are held to protect water catchment areas. These are regarded as long term investments for the benefit of the Water Activity.

Financial:

- The primary objective of financial investing is the protection of its investment. Council maintains financial investments primarily to allow:
 - investment of surplus cash; and
 - investment of amounts allocated to special funds and trust funds.

Council may also hold small investments of other types from time to time for the short or medium term, where such investments are convenient for the achievement of Council's other goals (e.g. holdings of co-operative company shares while Council owns land temporarily supporting an activity which requires the holding of such shares).

Council will not hold financial investments other than those involving special funds, trust funds and cash management balances.

Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in Appendix 6.

5.2.3 Acquisition of New Investments (Section 105 (c))

All acquisitions and disposals of property and forestry assets are as per the Annual Plan / Long Term Plan and or approved by Council on a case by case basis. All property activities are managed by the council team designated with strategic property investment.

All financial investments and interest rate risk management instruments are to be undertaken with institutions that are of high quality credit to ensure amounts owing to the Council are paid in full and on due date.

Objective ID:

All new financial investment acquisitions are:

- Required to comply with counterparty exposure and credit rating requirements criteria outlined Appendix 6.
- Council may only invest in financial instruments as details in Appendix 3.

All bank deposits, registered certificates of deposits, treasury bills and commercial paper investments are limited to a term no greater than six months unless linked to a debt pre-funding strategy.

5.2.4 NZ Local Government Funding Agency Limited (LGFA)

Council may invest in shares of the LGFA and may borrow to fund that investment.

Council's objective in making any such investment will be to:

- a) obtain a return on the investment; and
- b) ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required with the investment, Council may also subscribe for uncalled capital in the LGFA.

5.2.5 Management and Reporting Procedure for Investments and Borrowing (Section 105 (d))

Reporting on property and forestry assets generally on a quarterly or on a case by case basis as appropriate.

Council will, on a quarterly basis, discuss the activity for the previous quarter together with likely activity for the coming months. Council is responsible for approving investment and liability management strategies on at least a semi-annual basis.

5.3 Assessment and Management of risks associated with Financial Investments (Section 105 (e))

Assessment and management of risks associated with property and forestry assets will be reported to Council as required and will be monitored through the Risk Register reported to Strategy, Finance & Risk Committee (SFRC)

Council's primary objective when making financial investments is the protection of its investment. Accordingly, only credit worthy counterparties are selected on the basis of their current long term S&P credit rating ratings (or equivalent Fitch or Moody's rating) being A- and above and/or short term rating of A-1 or above. A table detailing exposure limits can be found in Appendix 6.

Council will minimise its credit exposure by:

- Ensuring all investments, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities that comply to the credit ratings below;

Objective ID:

- Limiting total exposure by spreading investments and limiting to prescribed amounts; and
- Regular monitoring of compliance against set limits.

Note electricity hedging contracts may be with parties rated lower than this level on approval of the Chief Financial Officer.

Exposures to each counterparty are computed and reported as follows:

- Total amounts invested with that counterparty (i.e. the principal or face value).
- Interest rate contracts - determined by adding 3% of the notional 'face' value of the contract to its mark-to-market valuation. If this sum is negative (i.e. the instrument is substantially 'out of the money'), there is no counterparty credit exposure on the contract.
- Foreign exchange contracts - determined by multiplying the notional value of outstanding transactions by 10%.
- Electricity price hedging contracts - determined by multiplying the notional value of outstanding transactions by 15%.

Credit ratings are monitored regularly although they may be reviewed more frequently especially if the Council becomes aware of a change to a counterparty's credit rating. If any counterparty's credit rating falls below the minimum specified level in the above table then all practical steps will be taken to reduce the credit exposure to that counterparty to zero as soon as possible.

Counterparty exposures exceeding limits will be reported to Council and approved as a policy exception.

5.4 Foreign Exchange (Section 112)

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Any confirmed commitments for foreign exchange above \$250,000 is to be hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council.

Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency. Council will not engage in speculative foreign currency transactions.

Council does not hold investments denominated in foreign currency.

5.5 Electricity hedging

Council is exposed to price volatility of the electricity spot market through its electricity supply contracts. Council manages this risk through transacting electricity hedge contracts and Contracts For Differences (CFD) with the following conditions:

- An electricity hedge contract will be in place for at least the term of any spot physical supply agreement.

Objective ID:

- The price exposure can be hedged via an over the counter electricity swaps contract, a contract for difference.
- The face value of the hedge contract will be in New Zealand dollars.
- The hedge contract will be for a maximum term of no more than three years, and will be signed no earlier than 6 months prior to contract commencement.
- For any given reporting year, the volume will be hedged to a fixed price for at least 90 percent of forecast volume consumption. The hedge ratio will be monitored and reported quarterly.

The credit rating of the hedge counterparty for electricity hedging will be at least investment grade from S&P (or equivalent) at the time of entering into the contract (i.e., a long-term rating of not less than BBB). In the event of the rating falling below the minimum credit rating Council would be advised on a recommended course of action for approval.

If the preferred hedge counterparty does not have an external credit rating, or that rating is below BBB, then the Chief Financial Officer must independently review the financial and credit position of the counterparty and provide a recommendation for approval by the Chief Executive.

6. RETENTIONS

Consistent with the Construction Contracts (Retention Money) Amendment Act 2023, retentions on commercial construction contracts entered into or renewed after 5 October 2023 are held in a separate trust account used solely for holding retentions with Council's transactional banker. Any interest earned on retentions is retained by Council and netted into our operational interest inflows

7. REPORTING

The following reports will also be produced and any exceptions are reported to Council:

Daily
Cashflow monitoring
Monthly Exec Update – reported via SFRC
Gross and Net Debt Position including forecasts
Current Fixed Debt Levels
Interest Revenue & Expenditure
Borrowing Limit Compliance
Performance against benchmarks
Six Monthly Treasury Strategy Update – reported via SFRC
Debt maturity profile
Performance against benchmarks and budgets
Fixed & Floating Debt profile
Liquidity Risk
LGFA - Total debt and TCC debt

Objective ID:

8. MEASURING TREASURY PERFORMANCE

In order to determine the success of Council's treasury management function, performance benchmark measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are used

In order to determine the success of the Council's treasury management function, the following benchmark has been prescribed.

The actual funding cost for the Council taking into consideration the entering into of interest rate risk management transactions should be below the budgeted interest cost. When budgeting forecast interest costs, the actual physical position of existing loans and swaps must be incorporated together with all fees.

Management is granted discretion by the Council to manage debt and interest rate risk within specified limits of this policy, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within existing policy. In this respect, a risk neutral position is always precisely at the mid-point of the minimum and maximum percentage control limits specified within the policy.

Given current fixed/floating risk control limits and fixed rate maturity profile limits as defined in this policy, the market benchmark (composite) indicator rate will be calculated as follows:

- | | |
|-------|---|
| • 30% | Average 90 day bill rate for reporting month. |
| • 10% | 2 year swap rate at end of reporting month. |
| • 10% | 2 year swap rate, 2 year ago. |
| • 10% | 5 year swap rate at end of reporting month. |
| • 10% | 5 year swap rate, 5 years ago. |
| • 5% | 7 year swap rate at end of reporting month. |
| • 5% | 7 year swap rate, 7 years ago. |
| • 10% | 10 year swap rate at end of reporting month. |
| • 10% | 10 year swap rate, 10 years ago. |

The actual reporting benchmark is the 12 month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

9. POLICY REVIEW

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes.

The CFO has the responsibility to prepare the annual review report that is presented to the Council. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

Objective ID:

10. REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105.

Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.

Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.

Objective ID:

APPENDIX 1 - INSTRUMENTS

The following interest rate risk management instruments may be utilised to protect interest costs and to manage the interest rate profile:

- Fixed rate borrowing such as: loan stock, LGFA bonds, debentures, medium term notes, bank term loan.
- Borrowing on a floating basis, for example: short term revolving stock, LGFA bonds, bank borrowing, and short-term borrowing programme. Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Forward rate agreements.
- Interest rate swaps and fixed rate debt. Any interest rate swap or fixed rate debt with a maturity beyond 15 years must be approved by Council.
- Forward start swaps and collar options
- Purchase of interest rate option products including caps, floors, bond options and swaptions. Interest rate options will not be sold outright. Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months, that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, will not be counted as part of the fixed rate cover percentage calculation.
- Interest rate collar type option strategies. 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, the sold side of the collar may be closed out by itself, effectively leaving the bought side of the collar. The sold option leg of the collar structure must not have a strike rate "in-the-money" (i.e. the strike rate cannot be more favourable to the Council than the relevant forward rate)
- Any other financial instrument will be separately approved by Council on a case-by-case basis.

Objective ID:

APPENDIX 2

- Full Council (of elected members).
- Strategy Finance and Risk committee (SFRC)
- Chief Executive ("CE") or
- Chief Financial Officer ("CFO")
- Chief Financial Officer ("CFO")
- Treasury Manager
- Treasury Support Team
- Finance Manager ("FM")

The respective responsibilities of those personnel involved in the treasury function are detailed below.

Council – or approved committee of council

- Approves total borrowing through the borrowing resolution
- Approves the treasury policy.
- Approves any risk management strategies proposed from time to time outside the delegated authorities outlined in this policy.
- Approves any amendments to the policy as recommended by the executive.
- Approves amendments to existing LGFA agreements
- Approves any new borrowing or financing arrangements outside normal general borrowing as approved under the borrowing resolution including allowable financial instruments.

Strategy, Finance and Risk Committee (SFRC)

- The council committee in charge of strategy, financial and risk monitoring considers on a semi-annual basis the implementation of the Council's treasury management strategies.
- Monitors and reviews the management of the treasury function to ensure that it is effective and Council's strategic objectives are being met.
- six monthly financial reporting to committee also includes Core Treasury management indicators.

Responsibilities include:

- Recommending the Treasury Policy (or changes to existing policy) to the Council.
- Receiving recommendations from the CFO/Treasury Manager and making submissions to the Council on all treasury matters requiring Council approval.
- Recommending performance measurement criteria for all treasury activities.
- Monitoring semi-annually performance against benchmarks.
- Recommend to Council new financial instruments.

Executive (CE and CFO)

- Approves any amendments to the Treasury Policy recommended by the treasury manager/ finance manager
- Approves funding from bank facilities and the capital markets including the Local Government Funding Agency ("LGFA").
- Recommends the borrowing resolution to council based on relevant approved annual plan and LTP.

Treasury Manager

- Organises all new or amended borrowing facilities which shall then be submitted to the CE for approval or GM as appropriate per delegation

Objective ID:

- Undertake borrowing and investment consistent with Treasury Policy
- Undertake interest rate risk management in accordance with the Treasury Policy.
- Reports quarterly and semi annually to the SFRC on treasury risk management activities.
- Manages the funding and liquidity activities of the Council.
- Maintains lender relationships with the banks and the capital markets including the LGFA.
- Monitors and reviews the ongoing treasury risk management performance of the Council to ensure compliance with the policy parameters.
- Responsible for preparation of all treasury reports.
- Determines in consultation with the Finance Manager the level of future core debt to be used for interest rate risk management purposes.

Treasury Support Team

- Undertakes all treasury transactions which will include but not be limited to the following:
 - Funding from bank facilities and the capital markets including the LGFA.
 - Interest rate derivative transactions relating to the hedging of the Council's debt.
 - Placing of deposits in the short term money market or fixed interest market.
 - Investing in bonds in the fixed interest market.
 - Interest rate derivative transactions relating to the hedging of the Council's debt.
 - Undertakes short term borrowing transactions with the bank or from the LGFA.
 - Invests surplus cash for terms generally not exceeding 90 days.
 - Checks external counterparty advices on treasury transactions to records generated internally by other staff.

Finance Manager

- Provides support and review to Treasury function
- Ensures borrowing resolution and Treasury activities consistent with annual plan/LTP and current business issues and operations
- Maintains lender relationships with the banks and the capital markets including the LGFA.
- Monitors and reviews the ongoing treasury risk management performance to ensure compliance with the policy parameters.
- Reviews performance of Treasury function and overall strategy

Objective ID:

APPENDIX 3

The Council's financial investment acquisitions are restricted to the following instruments:

- Government Issued or Government Guaranteed Investments;
- Registered Bank Investments;
- LGFA issued borrower notes and commercial paper;
- Local authority issued commercial paper;

Approved investment instruments:

- Call bank deposits;
- Short term bank deposits;
- Bank registered certificates of deposit;
- Treasury bills;
- Government bonds;
- Commercial paper.

Objective ID:

APPENDIX 4 – RELEVANT DELEGATIONS

Activity	Delegated to:	Limit
Approve policy document	Council (or appropriate Committee)	Unlimited
Alter policy document	Council (or appropriate Committee)	Unlimited
Acquisition and disposition of investments other than financial investments	Council (or appropriate Committee)	Unlimited
Approving new and reviewing re-financed bank facilities.	Chief Financial Officer or CE	Subject to Policy
Approval of borrowing programme for the year	Council (or appropriate Committee)	Unlimited (subject to legislative and other regulatory limitations)
Approval for charging assets as security over borrowing	Council (or appropriate Committee)	Unlimited
Approve interest rate, foreign currency and electricity price risk management instruments	Council (or appropriate Committee) (outside policy as otherwise delegated to Treasurer through this policy)	Subject to Policy
Open/close bank accounts	Chief Financial Officer	Unlimited
Loan and legal derivative documentation	Chief Financial Officer	N/A
Approve authorised cheque/electronic signatories	Treasurer/ Finance Manager or other authorised signatories two required	Unlimited
Maximum daily transaction amount (borrowing, investing, interest rate, foreign currency, electricity price risk management and cash management) excludes roll-overs on existing debt and interest rate swaps.	Council (or appropriate committee) Chief Executive Officer or Chief Financial Officer	Unlimited \$120m
Approve Treasury Strategy	Council (or appropriate committee)	N/A
Amend counterparty limit exposures	Council (or appropriate committee)	Unlimited
Implement Policy	Chief Executive and sub delegated to Chief Financial Officer	Per policy risk control limits
Ensuring compliance with Policy	Chief Financial Officer	N/A
Approving transactions outside Policy	Council (or appropriate committee)	Unlimited
Triennial review of Policy	Chief Financial Officer	N/A

Objective ID:

APPENDIX 5 - DEFINITIONS

Annual Operating Revenue includes earnings from rates revenue, government grants and subsidies, user charges, interest, dividends, financial and other revenue (excluding vested assets and development contributions).

Net External Debt is defined as total external debt less available liquid financial assets/investments (i.e. Cash and Cash Equivalents).

Commercial Paper, is issued by borrowers who usually have a credit rating and standing in the market that is sufficient to enable the paper to be issued without endorsement or acceptance by a bank. The paper is usually supported by financial institutions to ensure that the borrower obtains the desired amount of funds. CP is generally issued with maturities of around 90 days. The face value of the paper is repaid in full to the holder on maturity. CP is negotiable and can be bought and sold in the secondary market.

Bond Options is an agreement between two counterparties whereby the buyer (Call) has the right but not the obligation to buy a specified government bond maturity on an agreed date and time and at an agreed rate.

Cap A series or string of interest rate put options whereby a borrower can have protection against rising short term interest rates, but participate in the lower rates if market rates remain below the "capped rate." A cap is normally for more than one 90-day funding period.

Collars Two option contracts linked together into the one transaction or contract. A borrower's collar is always a "**cap**" above current market rates and a "**floor**" below current rates. Over the term of the collar contract, if rates go above the cap the borrower is protected and pays an interest cost no more than the cap rate. Likewise, if market rates fall below the floor, the borrower pays the floor rate and does not participate in the lower market rates.

Counterparty. The contracting party to a financial transaction or financial instrument.

Credit Risk is the risk that an organisation will suffer a financial loss due to the unwillingness or inability of a counterparty to meet its obligations as they fall due.

Fixed Rate Debt is defined as debt with interest rate repricing beyond 3 months forward on a continuous rolling basis.

Floating Rate Debt is defined as debt with interest rate repricing within 3 months.

Floating Rate The interest rate on a loan, debt or investment instrument is re-set at the ruling market interest rates on the maturity date of the stipulated funding period (usually 90-days).

Floor means Interest Rate Floor. The opposite of a "cap." An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards. The buyer pays a fee (premium) for the arrangement.

Foreign Exchange Contracts is an agreement to buy or sell one currency for another for specified future delivery at a specified rate.

Foreign Exchange Risk (also referred to as Currency Risk) is a risk that an organisation may suffer financial loss due to a movement in foreign exchange rates relative to its functional currency (New Zealand dollar for Council).

Objective ID:

Forward Rate Agreements ("FRA") is an obligation to buy or sell a given asset on a specified date at a price agreed at the time of transaction. Generally, the buyer of a FRA is attempting to protect against a rise in interest rates and the seller is protecting against a fall in rates.

Interest Rate Options is an interest rate option (i.e. cap or floor) where the buyer has the right, but not the obligation, to either borrow or invest an amount at an agreed interest rate.

Interest Rate Risk is the risk that profitability in current or future periods can be adversely affected by interest rate movements.

Interest Rate Swaps is an agreement between two counterparties to exchange interest rate obligations from a fixed or floating rate basis. The interest payments and receipts under the interest rate swap contract offset the underlying physical debt to generate the desired final fixed or floating rate position.

Investment is money or capital that Council has committed to achieve an expected return or further the needs of the community.

Liquidity is the ability to access funds at short notice.

Liquidity Risk is the risk that a business will find itself short of funds and unable to meet obligations in an orderly manner when they fall due, resulting from differences in the timing of cash receipts and disbursements. Liquidity risk increases when unanticipated obligations arise and when anticipated receipts do not eventuate.

Stock and Debentures are the debt issued to third parties by an organisation.

Strong Issuer Credit Rating is credit rating issued by S&P Global Ratings (S&P) or equivalent of:

- Short-term A-1 or better.
- Long-term A+ or better.

Swaption is an agreement between two counterparties whereby the buyer has the right, but not the obligation to enter into a predetermined interest rate swap. The buyer pays a premium amount for the contract.

Yield, interest rate, always expressed as a percentage.

Yield Curve is the plotting of market interest rate levels from short term (90-days) to long term 10 year rates on a graph i.e. the difference in market interest rates from one term (maturity) to another.

Objective ID:

APPENDIX 6

<i>Institution</i>	<i>Minimum S&P or equivalent Long Term / Short Term Credit Rating</i>	<i>Investments Maximum Per Counterparty (\$m)</i>	<i>Electricity Price Risk Management Instrument (CFD) Maximum Per Counterparty (\$m)</i>	<i>Interest Rate Risk Management Exposure Maximum Per Counterparty (\$m)</i>	<i>Total Exposure Limit for each counterparty</i>
<i>Government</i>	<i>N/A</i>	<i>Unlimited</i>	<i>N/A</i>	<i>None</i>	<i>Unlimited</i>
<i>Local Government Funding Agency (LGFA) (on balance sheet exposures only)</i>	<i>AA-/A-1</i>	<i>\$50 million</i>	<i>N/A</i>	<i>None</i>	<i>\$50 million</i>
<i>NZ Registered Bank</i> - <i>On balance sheet exposures</i> - <i>Off balance sheet exposures</i>	<i>A+ / A-1*</i> <i>A+ / A-1*</i>	<i>\$120 million</i>	<i>\$10 million</i>	<i>\$50 million</i>	<i>Total \$180 million</i>
<i>Local authority</i>	<i>A+/A-1</i>	<i>\$10 million</i>	<i>N/A</i>	<i>None</i>	<i>\$10 million</i>
<i>Electricity generators e.g. MRP</i>	<i>BBB/A-2</i>	<i>N/A</i>	<i>\$5 million</i>	<i>N/A</i>	<i>\$5 million</i>

Objective ID:

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor's (or Moody's or Fitch equivalents)	Limit for each issuer
New Zealand Government	100%	Government Stock/ Treasury Bills	Not Applicable	Unlimited
Supranationals	50%	Bonds/MTNs/FRNs	AAA	Maximum of \$10 million
New Zealand Registered Banks	100%	Call/Deposits/Bank Bills/Commercial Paper Bonds/MTNs/FRNs	Short term S&P rating of A-1+ Short term S&P rating of A-1 Long term rating of A+ or better	Maximum of \$120million Maximum of \$20 million Maximum of \$20 million
Rated Local Authorities ("RLA")	50%	Commercial Paper/ Bonds/MTNs/FRNs	Minimum short term S&P rating of A-1 or minimum long term S&P rating of A+	Maximum of \$10 million
State Owned Enterprises ("SoE")	50%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of \$10 million Maximum of \$5 million
Corporates	30%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of \$7 million Maximum of \$3 million
Financials	30%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of \$5 million Maximum of \$2 million

The combined holdings of entities rated BBB to A shall not exceed \$10 million
The combined holdings of corporates and financials shall not exceed \$10 million

Objective ID:

8.3 2023/2024 Interim Audit Report from Audit NZ

File Number: A16454681

Author: Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. This report presents Audit New Zealand's report to Council following the interim phase of the annual audit of Council for 2023/2024.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "2023/2024 Interim Audit Report from Audit NZ".
- (b) Notes the recommendations contained within the report to Council by Audit New Zealand including recommendations from previous audits.
- (c) Notes the management responses and supports the on-going implementation of improvements as required.

EXECUTIVE SUMMARY

2. This report presents Audit New Zealand's report to Council following the interim phase of the annual audit for 2023/24.
3. The interim audit phase was focused on the assessment of Council's control environment, risk management processes and monitoring of controls relevant to financial and service performance reporting. The audit also included a review of a number of prior year audit recommendations.
4. There are two new recommendations and six resolved recommendations. The attached report includes management responses to the recommendations.

BACKGROUND

5. Prior to the interim audit there were 13 open recommendations for council to address. Audit New Zealand focused on these outstanding matters during the interim audit. Six items have been closed and two new items have been added. Six of the seven remaining items were either not reviewed during the interim audit or testing will be completed during the final audit in September 2024.

All outstanding matters are detailed as follows:

Monitoring Bee Cards

6. This item relates to the monitoring of Council staff's use of public transport cards. This item was not able to be cleared as the monitoring period was not over when the interim audit was undertaken.

Property Plant & Equipment (PP&E) Assets

7. This item requires a process to ensure assets are correctly classified and assigned useful lives when capitalised. Staff undertook an exercise to review asset classification during the 2023/24 financial year and audit commenced testing on this during the interim audit with no misclassifications identified. Audit will complete testing at the final audit.

Deposits Held

8. This item requires a process to track deposits or bonds held by Council. Staff established a process during the 2023/24 financial year and now complete monthly reconciliations. This item was not reviewed during the interim audit.

Classification of Property Plant & Equipment Assets

9. This item is similar in nature to the PP&E item above. The classification of some assets was highlighted as not aligning to the purpose assigned and where they were disclosed (ie buildings in the water plant disclosed as water assets but revalued as buildings). Staff have undertaken an exercise to reclassify where appropriate. This item was not reviewed during the interim audit.

Assets in use with no book value

10. This item relates to assets that remain in use and on the PP&E register with no book value as they are still in commission past their original useful life. Staff have undertaken a review in 2024 of all assets with a book value of zero and assessed the materiality on asset values and depreciation. This item was not reviewed during the interim audit.

Performance Measures

11. This item relates to the disclosure of non-financial performance measures. Staff undertook significant work in this area in the 2022/23 Annual Report and will seek further clarification on this matter. This item was not reviewed during the interim audit.

Information Systems (process for ensuring application access is appropriate)

12. This item relates to provision and review of access to various systems. Council has installed a new HR system which provides better visibility of staff and contractors moving roles and/or leaving.

Strengthening network login passwords to current acceptable practises

13. This is a new item raised during the interim audit. There is already a planned initiative to address password complexity within the next six months.

Review and improve the process for removing all users access to IT systems

14. This is a new item raised during the interim audit and is similar to the IT one above.
15. Audit New Zealand is scheduled to commence the final audit on 2 September 2024. Council staff will continue to work closely with audit to clear as many of the above matters as possible. A final report will be brought to the Audit committee once available.

STATUTORY CONTEXT

16. The audit process helps build trust in Council's systems and processes for service provision, management control and financial accountability. The audit of Council's systems and Annual Report is a key element of Council's accountability to the community.

OPTIONS ANALYSIS

17. This report is for information purposes. There are no options presented in this report.

FINANCIAL CONSIDERATIONS

18. The recommendations of the audit report include recommendations regarding asset accounting and other internal controls and reporting requirements which will be addressed by the staff going forward.

LEGAL IMPLICATIONS / RISKS

19. There are no specific legal implications or risks directly as a result of this report.

CONSULTATION / ENGAGEMENT

20. This report relates to the previous financial year and no consultation or engagement is required.

SIGNIFICANCE

21. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
22. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
23. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

24. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

25. Council will continue to work through recommendations for improvement in our processes and reporting.

ATTACHMENTS

1. TCC 24J - Interim Management Report - A16452936 [↓](#) 

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the Commissioners on the interim audit of

Tauranga City Council

For the year ended 30 June 2024

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Key messages

We have completed our interim audit for the year ended 30 June 2024. This report sets out our findings from the interim audit.

We performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting.

There are two new issues raised for your attention regarding access to information systems. These are raised as an area for improvement.

We also note the upcoming election of councillors on 20 July 2024. We discussed with staff the need to inform the incoming councillors about Tauranga's current state of operation and were pleased to be provided with the 'Briefing to Incoming Council' document. This document had been prepared by the Commissioners and highlighted the key challenges facing council at the current time, as well as the steps taken to address those issues to date. We commend both staff and the Commissioners for these initiatives.

Thank you

We would like to thank management and staff for their preparedness for the audit visit. A large amount of information had been provided on Dashboard ahead of the audit visit. This allowed the audit to proceed efficiently and reduced the level of interruption of Council staff.



Leon Pieterse
Appointed Auditor
29 July 2024

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommendations.

Priority	Explanation
Urgent	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the Tauranga City Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the Tauranga City Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Strengthen network login passwords to current acceptable practices.	2.2.1	Necessary
Review and improve the process for removing all users access to IT systems.	2.2.2	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous year's recommendations in detail. Management has advised us that a number of these items have been resolved. We will update the table as part of the final report to the Council once we have confirmed the status of the previous recommendations at the final audit.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations at the end of the prior period	-	12	1	13
New recommendations in the current period	-	2	-	2
Recommendations closed during 2024	-	5	1	6
Total current open recommendations	-	9	0	9

For clarity, the open recommendations aged are:

Year of origin	Priority			
	Urgent	Necessary	Beneficial	Total
2024 (in section two of this report)	-	2	-	2
2023	-	2	-	2
2022	-	2	-	2
2021	-	1	-	1
2020	-	1	-	1
2019	-	1	-	1
Total current open recommendations	-	9	-	9

2 Assessment of internal control



The Commissioners, with support from management, are responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information.

We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness, and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy, in the context in which the accounting system and control procedures operate. Management, with the oversight of the Commissioners, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures, and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting for the purpose of planning our audit work.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented, and maintained by the Commissioners and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

We identified two new issues to bring to your attention relating to controls over access to information systems and one new one on reconciling your infrastructure asset systems to the SAP system. Prior year issues have been updated in appendix one.

2.2.1 Network password strengths below currently acceptable practice

Our review of information systems noted that network passwords are below current acceptable standards.

Council is using a minimum password length of eight characters with mandatory complexity requirements. The NZ Information Security Manual and other international best practice standards recommend a minimum of ten characters with complexity requirements or a minimum of 16 characters without complexity requirements.

We understand that a project is underway to improve password settings.

Recommendation

Strengthen network login passwords to current acceptable practices.

Management comment

As part of Digital's Security programme, an initiative is planned to address password complexity over the next approximate 6 months.

2.2.2 Improve removal of network access when staff and contractors leave

Our testing regarding the removal of access to the SAP system noted that when contractors cease, their network access is not always being removed. We also noted that if a manager does not advise Digital Services when a staff member leaves, the staff member's access may not be removed. Whilst our sample testing did not note any issues with SAP access, network access had not been removed for some contractors.

Recommendation

Review and improve the process for removing all users access to IT systems (staff and contractors).

Management comment

All contractors who are given access to TCC systems are recorded in our new HR system Success Factors. Success Factors is used to notify Digital that a contractor has finished and their access is then revoked.

3 Quality and timeliness of information provided for audit



Management is required to provide information for audit. Since 2021, Audit New Zealand has been using AuditDashboard, a new client portal. AuditDashboard is an online tool that allows for easier collaboration and file sharing between our teams and for easy tracking of audit document requests.

AuditDashboard was used during the interim audit.

The finance team provided us with the documents and information requested on a timely basis and generally by the due dates set. This allowed the resourced phase of the audit to proceed more efficiently and reduced the level of interruption for Council staff.

4 Up-coming elections for council



The Commissioners' appointments come to an end the day after the date on which members of the Council are declared elected. All local government elections are by postal vote, with postal voting opening on 29 June 2024 and closing on 20 July 2024.

Given the Commissioners have been operating in place of elected members since February 2021, there will be no councillors with recent experience on the new council.

Elected councillors will come from a wide range of backgrounds and bring a variety of skills and experiences to the table. However, there are specific legislative requirements that councillors may not be aware of when elected.

Council staff will need to have an effective induction and training programme available for the incoming councillors. We understand a programme of induction and education on local government legislative requirements and constraints is being planned. We were also provided with the 'Briefing to Incoming Council' document. This document had been prepared by the Commissioners and highlighted the key challenges and initiatives facing council at the current time.

We commend both staff and the Commissioners for these initiatives.

5 Useful publications



Based on our knowledge of the Tauranga City Council, we have included some publications that the Commissioners and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand oag.parliament.nz
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders
Setting and administering fees and levies for cost recovery	
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.	On the Office of the Auditor-General's website under publications. Link: Setting and administering fees and levies for cost recovery: Good practice guide

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Monitoring of Bee card usage. Include the issuing, cancelling and use of the Bee card in the sensitive expenditure policy. Establish a monitoring system to confirm the cards are only used for their intended purpose.	2022/23	In progress The Sensitive Expenditure policy was updated on 11 April 2024 and now includes appropriate guidance on the use of the Bee card. A system has been established with quarterly monitoring of Bee Card transactions. The first review is due over the transactions for the April 2024 to June 2024 period. We will follow up on this issue at the final audit visit.
Useful lives of property, plant, and equipment. Establish a process to ensure assets are accurately classified and assigned appropriate useful lives when capitalised.	2022/23	In progress We have started testing capital additions during the interim audit and have not identified any misclassified assets or inappropriate useful lives. We will complete our testing at the final audit and update this issue at that time.
Deposits held. Appropriate processes are established to track deposits held, including reconciliations and lists of all deposits held.	2021/22	To be followed up at our final audit visit
Classification of property plant and equipment assets Assign assets to classes of similar nature, rather than on a functional basis unless the intention is to revalue all the assets in the class at the same time.	2021/22	To be followed up at our final audit visit
Assets in use with no book value. Review the useful lives of all assets that remain in use beyond their recorded useful lives.	2020/21	To be followed up at our final audit visit

Recommendation	First raised	Status
<p>Performance measures</p> <p>We recommended:</p> <ul style="list-style-type: none"> • sufficient details and clearer descriptions are provided in the report for each event to help the data processor and reviewer make informed judgments on whether the event has met the criteria of the performance measure per DIA guidance; • regularly review the event report and adjust types of events accordingly. This is to ensure three-waters issues have been correctly differentiated and classified; and • regularly review the event report and ensure all private nature related events are removed from year-end population. 	2019/20	<p>To be followed up at our final audit visit</p>
<p>Information systems – process for ensuring application access is appropriate.</p> <p>Improve the process for adding and amending user access to all council applications.</p>	2018/9	<p>In progress</p> <p>The process for adding users has been improved. However, a full review of users and their access levels is not occurring.</p>

Implemented or closed recommendations

Recommendation	First raised	Status
Generic log on accounts for Digital Services' IT support partner. Reconsider the practice of issuing generic log-on accounts and instead issue named accounts.	2021/22	Closed We confirmed this is a service account for Delta SHM and not used by staff to log-in. We access there is no risk of inappropriate access.
Payroll users with privileged access. Review the list of 'Master' and 'TCC Master' users in the payroll system and ensure only staff who require such access are given privileged access rights.	2021/22	Closed Management advised the segregation of duties risk is minimal and that no other changes to the system are possible. Management accepts the current position as providing an acceptable level of risk.
Reconciliation is not prepared and/or reviewed in a timely manner. All reconciliations are reviewed within one month of month-end and ensure reconciling items are cleared in a timely manner, ideally within one month.	2020/21	Closed Preparation and review of reconciliations are delayed for July to November each year due to the general ledger not being rolled forward until the audit is completed. All other reconciliations are completed in a timely manner. Management accepts this delay will occur every year.
Revaluation of infrastructure assets and marine assets. Implement an action plan to address the recommendations made by the valuer	2018/19	Closed Management have reviewed the valuers' recommendations and implemented the recommendations they consider appropriate. Others will not be implemented due to the cost of doing so.
P-Card policy – cancellation or destroying cards. Document the process for cancelling and destroying P-Cards to align with the OAGs guidelines for sensitive expenditure.	2017/18	Implemented A revised Sensitive Expenditure policy was approved on 11 April 2024 which explicitly provides for the return of a P-Card when an employee leaves council. Other P-Card matters such as the intended use, approval process, and cash advances are stated. The policy aligns with the OAG guidelines for sensitive expenditure.
Information systems – contractor compliance with council policies. Contractors be required to attend security briefings and training. To ensure they are aware of ICT practices.	2017/18	Implemented Contractors are now attending training with Digital Services staff prior to receiving their network password.

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Commissioners of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Tauranga City Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements. The Commissioners and management are responsible for implementing and maintaining systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Tauranga City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>To date, in addition to the audit we have carried out engagements in the area of the 2024-34 Long Term Plan, which are compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the Tauranga City Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$385,781, as detailed in our Audit Proposal Letter.</p> <p>To date, other fees charged in the period are \$143,200, for the 2024-34 Long Term Plan.</p>
Other relationships	<p>To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Tauranga City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the Tauranga City Council or its subsidiaries during or since the end of the financial year.</p>



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8.4 Tauranga City Council - Draft Annual Report

File Number: A16445698

Author: Josh Logan, Team Leader: Corporate Planning
Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. The purpose of this report is to provide the committee with an update of Council's non-financial performance end of year results and the proposed presentation of the Groups of Activities Section of the Draft Annual Report 2023/24.
2. The secondary purpose of this report is to provide draft financial information for the year. This information shows the financial results to budget and draft notes to the accounts. At this stage the draft is incomplete, with tax and consolidated accounts not included. It is still subject to final review and audit.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Tauranga City Council - Draft Annual Report".
- (b) Notes that the attachments provided are subject to changes as a result of review and audit and further inclusions of taxation and consolidated accounts.
- (c) Notes that the full year financial performance will be reported to the Accountability Performance and Finance Committee on 8 October 2024.
- (d) Notes that a full, designed version of the annual report will also be presented to the 8 October 2024 Accountability, Performance and Finance Committee meeting for further review.

EXECUTIVE SUMMARY

3. This report and accompanying attachments are presented to the Accountability Performance and Finance Committee for review and feedback on the attached sections of the draft annual report.
4. The annual report performance measure chapters, financial statements and notes to accounts are still progressing through the preparation and pre-audit process. The financial information contained within this report is an indicative draft with changes likely as a result of internal review, tax inclusions, consolidation and audit.
5. The draft will be presented to Audit New Zealand on 2 September 2024 to commence their final audit. A final version of the draft annual report will be presented to this committee on 8 October 2024 and the final documents will be presented to Council for final consideration and adoption on 29 October 2024, along with the audit opinion. This is within the requirements to have the Annual Report audited within four months of year end.
6. The draft performance measures reporting shows results consistent with those reported in the six-monthly report in February this year. The overall result of the non-financial performance measures for the full financial year shows out of a total of 100 measures, 66

measures were achieved (66%), 31 were not achieved (31%), and three were not able to be measured (3%).

BACKGROUND

Purpose and Presentation of the Annual Report

7. The Tauranga City Council (Group) Annual Report is prepared consistent with requirements of the Local Government Act 2002 (LGA).
8. The purpose of the annual report is to report back to the community on the performance of the Council against its levels of service, budgets and capital programme agreed in year three of the LTP. It also promotes accountability to the community for the decisions made during the year.
9. The front sections of the document provide a review of the year and aim to tell the story of the Council's operations and other key events in a way that is readable by the community. It is an opportunity to discuss the highlights, opportunities and challenges of the year and provide a bridge to the future including the issues and investments included in the LTP.
10. The detailed financial accounts and notes to the accounts are presented at the back of the document.

Financial Results

11. Full financial results will be reported to the Accountability Performance and Finance Committee on 8 October 2024, that report will provide detailed information on operational and capital performance against budget for both TCC as a whole and by business area.
12. The following table provides a high-level comparison to budget of key financials. Overall debt is close to budget. Most of the operational expenditure variances are explained by non-funded expenses and reclassification of project expenditure from capital to operational. Budgeted amounts reflect what was budgeted in the annual plan while actual expenditure includes expenditure on items budgeted and funded in the previous year. A full breakdown of these variances will be included in the 8 October report to this committee.

Key Financials (\$m)	2024 Draft Actuals	2024 Annual Plan	Variance
Capital Programme	418	397	21
Net Debt	1,067	1,050	17
Operational Revenue	407	396	11
Operational Expenditure	492	447	45
Debt to revenue ratio**(funding adjusted)	218%	223%	-5%
Financial Limit on Borrowing (debt to revenue ratio)	290%	290%	0%
Total Rates ***	295	291	4
Total Assets	7,765	7,462	303

13. Attached to this report is the draft of section seven of the annual report which is the financials section of the annual report as legislatively required. Council's accounts are modelled on the Public Benefit Entity Model published by Audit NZ.

Changes to Financial Disclosures

14. The following additional disclosures have been requested and have been addressed as follows included:

- **Breakdown of rates by rating category**

The split of residential, commercial and industry in rating revenue generated will be added to note 2 and presented to this committee in the next version on 8 October

2024. Note 2 has also been updated to breakdown rates further including uniform charges, water by meter and general.

- **Breakdown of other operating expenditure**

Note 6 breaks down other operating expenditure of \$238m into 17 expense types.

- **Inclusion of Full Time Equivalent (FTE) and number of employees**

This information will be added to note 4 and presented to this committee in the next version on 8 October 2024.

- **Breakdown of payments to staff and suppliers across the document**

This expenditure is combined in the Funding Impact Statement which is required under the Local Government Act to make all councils disclosures comparable. The Statement of Cash Flows and Statement of Comprehensive Revenue and Expenditure discloses this expenditure separately and is broken down further in notes four and six.

- **Community Grants Table**

Attachment 3 (Community Grants Table) Will be included in the 'Year in review' section of the Annual Report document presented to this committee on 8 October.

Key Performance Measures

15. Within the LTP, the level of service that the council will deliver is agreed upon by the council in consultation with the public. The Local Government Act 2002 stipulates that local authorities are required to report on how well they are performing in delivering these levels of service to their communities as measured by the performance measures. In the LTP there were 100 performance measures that were agreed upon, of which 23 are mandatory per regulations supporting section 261B of the Local Government Act 2002.
16. The draft annual report presents the position of how the council achieved the non-financial performance measures and ultimately the levels of service during the financial year. The result of the full financial year is that of the total 100 performance measures, 66 have been achieved (66%) and 31 were not achieved (31%) with three not able to be measured (3%)
17. The following high-level observations can be made for the activity areas:
 - Six out of nine satisfaction measures sourced from our annual residents' survey results were below target with many trending downward.
 - Seven out of 23 timeliness measures were not met showing delays experienced in providing our services.
 - Drilling down further, of the 66 KPIs which met their target, 37 of these have improved performance over last year's result. With eight of those measures moving from being not achieved to achieved.
 - Of the 31 KPIs which did not meet their targets, 11 had improved results compared to last year. Also, of the 31 measures not met, eight measures were within 5% of meeting their target.
 - 3% (3) of our targets were not able to be assessed:
 - Community Services – Following a review of the Project Tauranga city partners' programme, the decision was made to wind up Project Tauranga in November 2021.
 - Economic Development (Airport) – No Surveys were carried out; due to possible disruption of the car park area currently being extended and remodelled it was decided not to conduct the survey.
 - Marine Precinct – Was not measured due to the wharf being replaced.

18. The following table provides a summary of performance measures results by groups of activity area.

Group of Activities	Achieved	Not Achieved	Not Measured	Total
Transportation	4	5	-	9
Water Supply	10	1	-	1
Wastewater	5	0	-	5
Stormwater	6	0	-	6
Sustainability and Waste	3	1	-	4
City and Infrastructure Planning	2	1	-	3
Community Services	13	6	1	20
Community, People and Relationships	3	3	-	6
Economic Development	6	1	1	8
Emergency Management	2	1	-	3
Marine Precinct	1	1	1	3
Regulatory and Compliance	7	10	-	17
Spaces and Places	4	1	-	5
Total	66	31	3	100

STATUTORY CONTEXT

19. The annual report is a public document that reports to the community on the Council's performance and achievements against what was planned, for both financial and non-financial performance. The annual report must be prepared each year in accordance with generally accepted accounting practice in New Zealand and compliant with the requirements of the Local Government Act 2002.

STRATEGIC ALIGNMENT

20. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

21. While approval of this recommendation itself does not go towards achieving the outcomes, within **Attachment 1** it describes how Council contributes to achieving the strategic community outcomes. All outcomes are covered in this respect.

OPTIONS ANALYSIS

22. There are no options presented in this report. The committee is able to provide feedback on the presentation of the annual report at this meeting.

FINANCIAL CONSIDERATIONS

23. The financial statements and information presented is for the financial year ended 30 June 2024. The presentation of the financials section is guided by the requirements of the Local Government Act 2002, accounting standards (International Public Sector Accounting Standards (IPSAS)) and generally agreed accounting policies. It is audited by Audit New Zealand. The financial statements and note to accounts are prepared on a going concern basis and any incidence or allegations of fraud, non-compliance or misstatement should be disclosed.

LEGAL IMPLICATIONS / RISKS

24. The audited annual report must be adopted by 30 October 2024, under the Local Government Act 2002.

TE AO MĀORI APPROACH

25. While in the final draft of the annual report in section two - year in review there will be information disclosed under the heading “partnership with tangata whenua.” This will be presented to this committee on 8 October 2024 and will refer to elements reflecting Council’s approach to Te Ao Māori. However, the information covered by this report is not directly impacted by that approach.

CLIMATE IMPACT

26. Similarly, the information that will be covered on the 8 October 2024 in the year in review section under the heading “sustainability approach - Te Ahunga Toitū” will refer to but is not directly impacted by Council’s approach to climate impact. Again, the information covered by this report is not directly impacted by that approach.

CONSULTATION / ENGAGEMENT

27. The annual report will be made publicly available after adoption. The 2021-31 Long-term Plan which the years results are measured against was consulted on before being adopted. There is no consultation on the annual report itself.

SIGNIFICANCE

28. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council’s Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
29. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) The current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) Any persons who are likely to be particularly affected by, or interested in, the matter.
 - (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
30. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of medium significance.

ENGAGEMENT

31. Taking into consideration the above assessment, that the matter is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

32. Any feedback provided by the committee on 2 September 2024 to staff will be incorporated into the document.
33. Audit New Zealand will start its audit of the annual report on 2 September 2024 working with staff to ensure all requirements are met.
34. The draft annual report will be presented again to Accountability, Performance and Finance Committee for consideration on 8 October 2024.
35. The final audited annual report will be presented to Council for adoption on 29 October 2024.

ATTACHMENTS

1. **TCC Annual Report 2023-24 - 07 Financials - DRAFT - A16478740 (Separate Attachments 1)** 
2. **TCC Annual Report 2023/24 - Groups of Activities - A16480661 (Separate Attachments 1)** 
3. **Community Grants Table Section 02 - A16483422** [↓](#) 

YEAR IN REVIEW

Supporting Community Groups and Initiatives	Actual 2023/24 (\$'000)	Actual 2022/23 (\$'000)
Support to Council Controlled organisations		
Bay Venues Limited	13,120	13,248
Tourism Bay of Plenty	2,228	2,478
Tauranga Art Gallery Trust (TGAT)	1,255	1,515
Bay of Plenty Local Authority Shared Services (BOPLASS)	63	60
Te Manawataki o Te Papa Limited	779	-
Rates collected to fund mainstreet organisations		
Tauranga Mainstreet	375	436
Mount Mainstreet	189	189
Greerton Mainstreet	148	141
Pāpāmoa Mainstreet	60	50
Grants and investments to organisations		
Bay of Plenty Housing Equity Fund	300	-
Priority One	1,653	1,838
Surf Lifesaving New Zealand	335	314
Sport Bay of Plenty	484	443
Creative Bay of Plenty	221	160
The Elms Foundation	248	241
The Incubator Growing Art & Culture Charitable Trust	470	431
Citizens Advice Bureau	65	65
Chamber of Commerce	67	85
Bay Oval Trust	1,427	414
Font Public Art Trust	-	135
Education NZ*	12	9
Film BOP	-	100
Screen Media	100	-
Otaiti GP Limited	38	-
Tauranga Māori Business Association		20
Other community initiatives receiving Council funding		
Recycling/waste minimisations initiatives	97	85
Community development partnership agreements	350	457
Community Development Match Fund	183	146
Community Development Grants *	1,008	1,132
Community Housing Fund	369	137
Papakāinga Grant	99	124

Footnote: This table has been reconfigured so comparatives won't match least year's annual report.

*Reflects community grants less than \$50k per organisation. Details of successful grants are available on TCC's website.

<https://www.tauranga.govt.nz/community/grants-and-funding/community-grant-fund>

8.5 Final Statement of Intent 2024/25 to 2026/27 for the Local Government Funding Agency

File Number: A16211150

Author: Caroline Lim, CCO Specialist
Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Gareth Wallis, General Manager: City Development & Partnerships

PURPOSE OF THE REPORT

1. The purpose of this report is to provide the Final Statement of Intent 2024/25 to 2026/27 for one of Tauranga City Council's seven Council-Controlled Organisations, the Local Government Funding Agency, as required by the Local Government Act (2002).

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Final Statement of Intent 2024/25 to 2026/27 for the Local Government Funding Agency".
- (b) Receives the Local Government Funding Agency's Final Statement of Intent 2024/25 to 2026/27 (Attachment 1) and the Letter to Shareholders (Attachment 2).

EXECUTIVE SUMMARY

2. The Local Government Funding Agency (LGFA) is a Council-Controlled Organisation (CCO) and as such, is required to prepare a Statement of Intent (SOI) and provide a final copy to its shareholder, Tauranga City Council (TCC), by 30 June each year.
3. As TCC is one of several shareholder members of LGFA, it is not expected that we provide LGFA with letters of expectation, nor feedback to this CCO's draft SOIs, unless there are areas of significant concern.
4. LGFA has provided both its draft SOI to cover the next three financial years to its shareholders by the standard 1 March deadline, and its final SOI by the standard 30 June deadline.
5. Overall, LGFA has met the statutory requirements as outlined in Schedule 8, Section 9 of the Local Government Act (2002).
6. It should be noted that five of the seven Tauranga City Council CCOs provided their SOIs in May 2024 due to the out of cycle election timing. LGFA and BOPLASS were not asked to do the same, as TCC is one of many shareholders and this is the first suitable Council committee meeting for the final SOI to be formally received.

BACKGROUND

General comments – Final LGFA SOI 2024/25 to 2026/27 (provided as Attachment 1)

7. The following points regarding LGFA's final SOI 2024/25 to 2026/27 are worth noting in the LGFA letter to stakeholders (provided as Attachment 2):
 - LGFA is needing to strengthen its financial and capital position given the weakening credit outlook for the sector, and the additional borrowing by councils and CCOs that has led to increase borrowing costs incurred by LGFA e.g. the cost of offshore issuance, Approved Issuer Levy, legal and issuance expenses, a larger amount of liquid assets to ensure liquidity, and NZX listing fees.

- LGFA proposes to do this by increasing the base on-lending margin by 5 basis points (0.05%) and to increase the Borrower Notes percentage from 2.5% to 5% on debt issued from 1 July 2024. This will allow the LGFA to continue to deliver low cost, long dated financing and preserve its high level of creditworthiness.
 - As with previous years, there remains uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding, as this depends upon the magnitude and timing of council borrowing. The actual amount of borrowing will be influenced by the ability of councils to deliver on the capex projections in their long-term plans (LTPs), any cost increases as well as the amount of Central Government assistance in funded capex delivery.
 - The Local Water Done Well reform programme (LWDW) is progressing with the second (of three) Bills currently passing through Parliament. There remains uncertainty for the sector (and LGFA) as to the amount, timing and transition of assets, debt and revenue to the new water organisations. LGFA has assumed that any impact from LWDW is unlikely to occur until the 2025/26 year. For council borrowing and bond issuance forecasting purposes, LGFA has used the latest Draft 2024/34 LTPs from councils (that incorporate water related activities). The only adjustment made is that LGFA has assumed that it won't be lending to financially independent Water CCOs such as Watercare.
 - The SOI performance targets are the same as the targets in the prior year's SOI except LGFA has strengthened its focus on achieving sustainability outcomes and added performance targets to its Industry Leadership and Engagement Objectives.
8. The changes made to the final SOI, compared to the draft SOI that Council received in February 2024 for comment, have been:
- LGFA has increased its forecasts for council borrowing in the 2024/25, 2025/26 and 2026/27 financial years by \$1.2 billion, \$340 million, and \$1.1 billion respectively. LGFA has increased its forecasts for LGFA bond issuance in the 2024/25, 2025/26 and 2026/27 financial years by \$150 million, \$460 million, and \$1.12 billion respectively. LGFA has increased its forecast for LGFA Bills on issue by \$500 million.
 - Net Interest Income is forecast to increase in the 2024/25, 2025/26 and 2026/27 financial years by \$1.6 million, \$1.3 million, and \$14.5 million respectively.
 - Expenses are forecast to increase by \$2.2 million in 2024/25, \$2.9 million in 2025/26 and \$3.4 million in 2026/27 with over half of the increase in expenses coming from increased Approved Issuer Levy payments to Central Government from LGFA's offshore bond issuance.
 - Forecast Net Operating Profit is forecast to decrease by \$600,000 (2024/25) but increase by \$8.4 million (2025/26) and \$11.1 million (2026/27).
9. The LGFA Shareholders Council was satisfied with the changes made and approved the LGFA's final SOI on 25 June 2024, and it is provided as Attachment 1.
10. It should be noted that five of the seven Tauranga City Council CCOs provided their SOIs in May 2024 due to the out of cycle election timing. LGFA and BOPLASS were not asked to do the same, as TCC is one of many shareholders and this is the first suitable Council committee meeting for the final SOI to be formally received.
11. Performance against KPI's are presented in the LGFA Annual Report, which is scheduled for presentation to this committee on 5 November 2024. Prior to that, visibility of performance against KPIs will be available in the CCO section of TCC's 2024 Annual Report, which will be presented to this committee on 8 October 2024. The LGFA audited annual report is expected to be released on 29 August 2024.

STATUTORY CONTEXT

12. The Local Government Act (2002) requires council-controlled organisations to provide statements of intent to their shareholders.

13. The SOI is a key governance and planning document. Engaging with each council-controlled organisation throughout the development of the annual SOI is one of the ways Council can influence the entity across its work programme.
14. The SOI development and feedback process is a key mechanism for Council to ensure alignment with its strategic community outcomes and to ensure CCO accountability.

STRATEGIC ALIGNMENT

15. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

16. Being part of the 31 LGFA Shareholders Council ensures that TCC can continue to leverage optimal financing conditions, which will enable Council to better plan and invest in the future infrastructure of the city.

OPTIONS ANALYSIS

17. There are no options as Council is only receiving the final SOI from LGFA.

FINANCIAL CONSIDERATIONS

18. Budget for LGFA, including Tauranga City Council's contributions, are included in its final Statement of Intent.

LEGAL IMPLICATIONS / RISKS

19. The council-controlled organisation has met the legislative requirements outlined in Schedule 8, Section 9 of the Local Government Act (2002).
20. Staff believe that there is no strong justification for Council to require additional changes to the SOI that has been signed off by the LGFA Board as its final document.

TE AO MĀORI APPROACH

21. The matters addressed in this report are of a legislative nature and there is no need to consider the Te Ao Māori Approach.

CLIMATE IMPACT

22. The matters addressed in this report are of a legislative nature and there is no need to consider the climate change impacts.

SIGNIFICANCE

23. The Local Government Act (2002) requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
24. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) The current and future social, economic, environmental, or cultural well-being of the district or region;
 - (b) Any persons who are likely to be particularly affected by, or interested in, the matter; and
 - (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
25. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

CONSULTATION / ENGAGEMENT

26. It is not required or appropriate to consult on a statement of intent under the Local Government Act.

ENGAGEMENT



27. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

Click here to view the [TCC Significance and Engagement Policy](#)

NEXT STEPS

28. LGFA's Final Statement of Intent 2024/25 to 2026/27 will be made public via TCC's website.

ATTACHMENTS

1. **LGFA Final Statement Of Intent 2024-2027 - A16265203** [↓](#) 
2. **LGFA Letter to Shareholders to accompany Final SOI 2024-27 - A16265204** [↓](#) 



Statement of Intent

2024 – 2027

Greater Wellington Regional Council
Wairākei Wetlands, South Wairarapa

1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2024 to 30 June 2027. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

Note: This SOI, including financial forecasts, assumes that there are no implications for LGFA from the Local Water Done Well Reforms and council borrowing forecasts are based on Draft LTPs. We are awaiting further information relating to the establishment of the Water CCOs; how Water CCOs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and Water CCOs, and the impact on future council borrowing intentions.

2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required relevant legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

3. Our purpose Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

4. Our values Ō mātau uara

We act with integrity

E pono ana mātau

We are honest, transparent and are committed to doing what is best for our customers and our company.

We are customer focused

E arotahi ana mātau ki te kiritaki

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.

We strive for excellence

E whakapau kaha mātau kia hiranga te mahi

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

We provide leadership

He kaiārahi mātau

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

We are innovative

He auaha mātau

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.

5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, 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.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

Governance, capability and business practice

LGFA is committed demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will 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.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

7.Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2024-2027.

The financial performance targets are focused on the 2024-2025 year and, as applicable, are based on the financial forecasts outlined in section 8.

Governance, capability and business practice

Objectives	How we measure our performance
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The Shareholders' Council has requested a focus on succession planning for the Board.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual and Half Year Reports.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2024-2025 target
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
A succession plan be put in place for the Board and staff and be reviewed annually.	Plan established. Staff plan shared with board and Board Plan shared with Shareholders' Council
LGFA's total operating income for the period to 30 June 2025.	> \$31.4 million
LGFA's total operating expenses (excluding AIL) for the period to 30 June 2025.	< \$11.5 million

Optimising financing services for local government

Objectives	How we measure our performance
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high-grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2024-2025 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$23,957 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

Environmental and social responsibility

Objectives	How we measure our performance
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assist borrowers financing of projects that promote environmental and social wellbeing in New Zealand and to encourage a reduction in greenhouse gas emissions amongst borrowers. Green, Social & Sustainability (GSS) loan and Climate Action Loan applications from councils are appraised by the LGFA Sustainability Committee, with approved loans monitored for ongoing compliance.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and formalised processes to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions.

Performance targets	2024-2025 target
Comply with the Health and Safety at Work Act 2015	No breaches.
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.
Increase our GSS lending book and Climate Action Loans	Two new GSS loans undertaken. Three new borrowers enter into CALs.
Meet all mandatory climate reporting standards	100%
Provide annual seminar for councils updating them on latest sustainability developments, climate change impact and LGFA reporting requirements	One seminar for councils and CCOs

Effective management of loans

Objectives	How we measure our performance
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list.
Analyse finances at the Council group level where appropriate and report to shareholders.	Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested	Number of participating borrowers visited in a year
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA will be able to ensure the successful transition of existing council water-related loans to the Water CCOs (if requested by a council)

Performance targets	2024-2025 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

Industry leadership and engagement

Objectives	How we measure our performance
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues. Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government	Assist the local government sector with understanding any legislative or Central Government policy changes that may impact LGFA.
Maintain productive relationships with central government representatives.	Report back on the alignment of LGFA and councils climate and emissions reporting requirements
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	Report back in how we are helping smaller council's understand future reporting requirements.

Performance targets	2024-2025 target
Provide input into Local Water Done Well Legislation	Provide feedback to DIA and Treasury during legislation drafting
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA	Four quarterly updates to councils and CCOs
Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders

8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2027:

Comprehensive income \$m	Jun 25	Jun 26	Jun 27
Net Interest income	29.9	39.6	41.5
Other operating income	1.5	1.5	1.5
Total operating income	31.4	41.1	43.0
Approved Issuer Levy	5.3	7.3	9.1
Issuance & onlending costs	4.3	4.6	4.7
Operating overhead	7.2	7.6	8.0
Issuance and operating expenses	16.8	19.6	21.8
P&L	14.5	21.5	21.2

Financial position (nominals) \$m	Jun 25	Jun 26	Jun 27
Liquid assets portfolio	2,597	2,876	3,866
Loans to local government	23,957	26,509	29,043
Total Assets	26,555	29,385	32,909
Bonds on issue (ex Treasury stock)	23,702	26,277	29,485
Bills on issue	1,850	1,850	1,850
Borrower notes	707	905	1,114
Total Liabilities	26,259	29,032	32,449
Capital	25	25	25
Retained earnings	106	126	145
Dividend	(2)	(2)	(2)
Shareholder equity	129	149	169
Ratios	Jun 25	Jun 26	Jun 27
Liquid assets/funding liabilities	10.6%	10.6%	12.6%
Liquid assets/total assets	9.8%	9.8%	11.7%
Net interest margin	0.12%	0.15%	0.14%
Cost to income ratio	53.7%	47.6%	50.6%
Return on average assets	0.05%	0.07%	0.06%
Shareholder equity/total assets	0.5%	0.5%	0.5%
Shareholder equity + BN/total assets	3.2%	3.6%	3.9%
Asset growth	13.3%	10.7%	12.0%
Loan growth	16.5%	10.7%	9.6%
Return on equity	12.5%	16.6%	14.2%
Capital ratio	15.8%	17.9%	19.5%

The above forecasts assume a gross bond issuance programme of \$5.4 billion (FY25), \$5.5 billion (FY26) and \$5.9 billion (FY27) based upon term lending to councils of \$5.8 billion (FY25), \$5.2 billion (FY26) and \$6.2 billion (FY27).

Note there is a high level of uncertainty regarding the financial forecasts for both council borrowing and LGFA bond issuance due to the uncertainty relating to the Local Water Done Well Reforms and the impact on councils.

Our council lending and LGFA bond issuance forecasts are based on the assumption that LGFA will be lending to the proposed Water CCOs if they meet the qualifying criteria for LGFA membership as a CCO. We have assumed we will not be lending to financially independent Water CCOs such as Watercare as they are unlikely to meet the qualifying criteria. There have been no final decisions regarding the transfer mechanism for assets, liabilities and revenue from councils to the proposed Water CCOs. We will update stakeholders on implications for LGFA as further information becomes available, but this is not expected until late 2024.

The above forecasts assume a 5 bps increase in base lending margins to councils and CCOs and an increase in the Borrower Notes as a percentage of loans to 5%. These changes will take place from 1 July 2024. These changes have been carefully considered by the LGFA board and are necessary to increase the capital strength of LGFA and to meet the additional costs incurred by LGFA in financing the larger borrowing requirement of the sector.

9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

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

10. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board can comprise up to seven directors. Currently the board size is six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

11. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Unaudited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrowers (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Climate Related Disclosures Reporting

LGFA will publish a Climate Related Disclosure Report by 30 September each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

12. Acquisition / divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares – \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

Statement of Accounting Policies

1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

3. Basis of preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

Other assets

Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

Other liabilities

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Segment reporting

LGFA operates in one segment being funding of participating borrowers in New Zealand.

Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.



25 June 2024

Dear LGFA stakeholder

Statement of Intent 2024-2027

Please find attached the Statement of Intent (SOI) for the 2024-27 period.

LGFA remains focused on delivering strong results for our council borrowers and shareholders.

For our borrowing councils and CCOs we seek to optimise funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

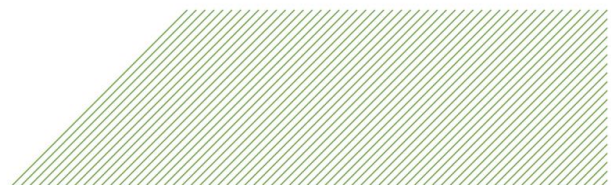
The following points regarding the 2024-27 SOI are worth noting:

- We are needing to strengthen the financial and capital position of LGFA given
 - the weakening credit outlook for the sector¹
 - the additional borrowing by councils and CCOs that has led to increase borrowing costs incurred by LGFA e.g. the cost of offshore issuance, Approved Issuer Levy, legal and issuance expenses, a larger amount of liquid assets to ensure liquidity and NZX listing fees.We propose to do this by increasing the base on-lending margin by 5 bps (0.05%) and to increase the Borrower Notes percentage to 5%. This will improve our profitability, retained earnings, capital base and preserve our high level of creditworthiness.
- As with previous years, there remains uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding as this depends upon the magnitude and timing of council borrowing. The actual amount of borrowing will be influenced by the ability of councils to deliver on the capex projections in their Long Term Plans ("LTPs"), any cost increases as we well as the amount of Central Government assistance in funded capex delivery.
- The Local Water Done Well reform programme ("LWDW") is progressing with the second (of three) Bills currently passing through Parliament. There remains uncertainty for the sector

¹ S&P Global Ratings have placed twenty-one councils and two CCO on negative outlook, and they comprise 39% of the LGFA loan book.

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lgfa.co.nz



(and LGFA) as to the amount, timing and transition of assets, debt and revenue to the new water organisations. We have assumed that any impact from LWDW is unlikely to occur until the 2025-26 year. For our council borrowing and bond issuance forecasting purposes we have used the latest Draft 2024-34 LTPs from councils (that incorporate water related activities). The only adjustment made is that we have assumed that LGFA won't be lending to financially independent Water CCOs such as Watercare.

- The SOI performance targets are the same as the targets in the prior year SOI except we have strengthened our focus on achieving sustainability outcomes and added performance targets to our Industry Leadership and Engagement Objectives.

The changes made to the Final SOI compared to the Draft SOI that you received in February 2024 for comment have been:

- We have increased our forecasts for council borrowing in the 2024-25, 2025-26 and 2026-27 financial years by \$1.2 billion, \$340 million, and \$1.1 billion. We have increased our forecasts for LGFA bond issuance by 2024-25, 2025-26 and 2026-27 financial years by \$150 million, \$460 million, and \$1.12 billion. We have increased our forecast for LGFA Bills on issue by \$500 million.
- Net Interest Income is forecast to increase in the 2024-25, 2025-26 and 2026-27 financial years by \$1.6 million, \$1.3 million, and \$14.5 million.
- Expenses are forecast to increase by \$2.2 million in 2024-25, \$2.9 million in 2025-26 and \$3.4 million in 2026-27 with over half of the increase in expenses coming from increased Approved Issuer Levy payments to Central Government from our offshore bond issuance.
- Forecast Net Operating Profit is forecast to decrease by \$600k (2024-25) but increase by \$8.4 million (2025-26) and \$11.1 million (2026-27).

We remain committed to delivering the lowest possible borrowing cost to the sector, providing certainty of access to funding and long dated tenors to councils while at the same time protecting the interests of our guarantors and shareholders.

We thank you for your support of LGFA and please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely



Mark Butcher
Chief Executive

8.6 Election 2024

File Number: A16459736

Author: Coral Hair, Manager: Democracy and Governance Services
Ceilidh Dunphy, Community Relations Manager

Authoriser: Christine Jones, General Manager: Strategy, Growth & Governance

PURPOSE OF THE REPORT

1. The purpose of the report is to outline the campaign undertaken for the July 2024 elections, the outcomes achieved, the costs of the election, and the voter turnout.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Election 2024 ".

EXECUTIVE SUMMARY

2. This report summarises the key elements and actions taken in the 2024 Tauranga City Council (TCC) election campaign. The campaign focused on two phases – attracting quality candidates and encouraging voter participation.
3. This election was conducted with a set of unique circumstances. This included moving from an appointed Council to a democratically elected Council, no Electoral Commission enrolment advertising, no incumbent elected members and a changing media landscape. The common local electoral difficulties including postal voting and political apathy in local government elections also meant there was a need to create as engaging a campaign as possible and use a variety of techniques and channels to try and reach as many people as possible.
4. The TCC electoral campaign had two phases:
 - Attracting quality candidates; and
 - Encouraging voter participation.
5. We had an aspirational objective to reach 50% overall voter turnout and the campaign included new or expanded initiatives to reach this, including video opportunity for each candidate with a standard set of questions, orange voting bins in 45 locations (including supermarkets), and translation of the electoral information into nine languages.
6. 85 nominations were received with 75 candidates standing for 10 positions, with 15 candidates also standing for the mayoralty. Voter turnout was 38.77%. The total cost of the election was \$912,977.

BACKGROUND

7. Prior to the 2023 General Elections, the then Minister of Local Government Kieran McAnulty announced that the next local government election in Tauranga would be held on Saturday, 20 July 2024 and a decision was also made to postpone the 2025 Tauranga City triennial election until 2028.
8. The voters of Tauranga had not had an opportunity to vote in an election since October 2019 and faced a new representation arrangement that they were not familiar with, consisting of

nine single member wards plus a mayor. There was a reduction in the number of councillors from 10 to nine.

9. Eight general wards were based on geographic areas of the city for those enrolled on the general roll and for the first time a Māori ward, Te Awanui, was introduced which covered the city for voters enrolled on the Māori roll. The eight general wards are: Mauao/Mount Maunganui, Arataki, Pāpāmoa, Welcome Bay, Matua-Otūmoetai, Bethlehem, Tauriko and Te Papa. Voters could vote for their ward councillor and the mayor.
10. Previously voters could vote for up to six councillors plus the mayor as there had been four councillors elected “at large” (by all voters) and three multi-member wards (two councillors per ward) based on geographic areas.
11. In their terms of reference, the Commissioners were asked by the Minister of Local Government ‘to work with the Council to encourage quality candidates to stand for election.’ The Commissioners defined the attributes that they believed reflected a quality candidate and spoke about this at various meetings prior to Christmas 2023 and these attributes were included on the candidate election webpage. We worked with the Commissioners who approved the look and feel of the stand campaign.
12. The Electoral Commission, who run national enrolment campaigns for triennial local government elections, did not run one specifically for Tauranga City Council (TCC). These campaigns involve advertising encouraging voter registration and sending letters to each elector advising of the date of the local election and asking them to check their details. In practice this meant that TCC was responsible for all advertising encouraging voter registration. However as there had been a national general election in October 2023, the enrolment was sitting at 89.37% at 31 January 2024, with 110,707 enrolled out of an estimated eligible voter of 123,071.
13. The Electoral Commission did have a [dedicated website page](#) for the Tauranga City Council election that also linked back to the Council’s election website. The Electoral Commission notified people on the electoral roll who identified as being of Māori descent that there will be an exclusion period for changing rolls from 20 April – 20 July 2024. Māori electors were not able to change roll types (from general to Māori roll or Māori to general roll) during this three-month period. Letters were sent to Māori electors from 19-25 March 2024 and the Electoral Commission undertook public communication to coincide with the mailout.
14. While we received national media coverage of the election, changes to the local media landscape, including a reduction in the number of senior print journalists, occurring at the time of the election meant that local media only covered mayoral candidates.
15. Warwick Lampp, electionz.com, is the Electoral Officer for TCC. Warwick will be attending the Committee meeting and providing his verbal summary of the way the 2024 election was conducted. Warwick has commented that this was an unusually “quiet” election and was different from previous elections in that there were no incumbent councillors acting in the role of governors standing for re-election.
16. Current local electoral legislation, set up by central government, provides only for postal voting and does not allow online or electronic voting, any forms of early voting outside of the voting period, or any voting on behalf of someone else. Completed voting papers can only be returned by post or courier or dropped in orange voting bins, which creates challenges for electors travelling overseas.
17. The level of service provided by the postal system has deteriorated over time while the postage costs have increased substantially since 2019. The Council contracted DX Mail as, in the view of staff, they guaranteed an excellent level of service at a competitive price. They delivered 109,364 voter packs between 28 June 2024 to 2 July 2024, working over the Matariki public holiday to achieve this service. DX Mail was also contracted to collect voting envelopes from the orange voting bins and post boxes. An exchange agreement with NZ Post meant that any voting envelopes dropped into the NZ Post mailboxes was exchanged on a daily basis and NZ Post was compensated for this.

CAMPAIGN PHASES

18. Our campaign objectives included:
- i) To design a campaign to help drive voter turnout among all eligible Tauranga residents - Tauranga City Council's objective is to reach an aspirational 50 percent.
 - ii) To raise awareness of voting in an STV system, so voters know how their choices play a part in electing Tauranga's new Council.
 - iii) To authentically engage with Māori, youth, the disabled community, and Tauranga's ethnic communities.
 - iv) To help people understand the election process and returning to an elected council.
 - v) To create and use accessible and relatable collateral.
 - vi) To present candidate information in a way that's easy for voters to understand.
 - vii) To share more about what the Council does and manages in Tauranga.
 - viii) To communicate some of the attributes and experience that could make for a strong quality candidate as described by the Commissioners.
 - ix) To bring people along on the election journey by sharing good news stories (like ease of voting, voting for the first time) to get people interested in voting.
19. Attachment 1 shows the main elements of the campaign and key measurements.
20. There were two main phases of the election – attracting quality candidates and encouraging voter participation. A summary of the two phases is set out below.

Stand For Council

21. The "Stand for Council" campaign was launched with a Candidate Information Evening on 19 February 2024 with over 120 people attending. A Candidate Information session with the Electoral Officer was held on 30 April 2024 with over 40 people attending.
22. A Candidates Information webpage was available from November 2023 with the Candidate Handbook, FAQ's and helpful information for candidates. This page was updated with key documents as they became available, like the Long-term Plan and the Pre-Election report.
23. The Commissioners invited potential candidates to book into one of their regular clinics for a 20-minute discussion about standing in the election.
24. Videos of Dr Jim Mather on "What is Great Governance?", Andrew Turner (ex-Deputy Mayor of Christchurch City Council), Pauline Cotter (Deputy Mayor Christchurch City Council), Moko Tepania (Mayor Far North District Council) and Tania Tapsell (Mayor Rotorua District Council) on why they stood for office were available on our YouTube channel and election website.
25. We booked widespread advertising across all channels for this phase, to attract candidates as well as to raise general awareness of the election.
26. 85 nominations were received from 75 candidates for 10 positions with 15 candidates also standing for the mayoralty. A diverse range of candidates was achieved in most wards. The table below shows the comparison to 2019 elections (Note: we do not obtain data on people's ethnicity when they stand for office).

Item	2019	2024
Number of mayoral candidates	10	15
Number of women mayoral candidates	1	4
Number of candidates for other positions	43	70
Number of women candidates for other positions	11	21

Vote for Council

27. As the TCC election was out of cycle with the rest of the country, TCC was responsible for all election awareness-raising communications. To support this, a variety of new tactics were used to encourage as many people to vote as possible, including our harder to reach communities.
28. Widespread advertising was booked across all channels for this phase. An election-focused Instagram account (@Letstalktauranga) was also launched to help inform voters about the election, share information about where to vote and how to cast your vote in an STV system.
29. All candidates were offered the opportunity to film a 90 second video to sit alongside the candidate's statement on the TCC webpage and the majority took up this opportunity. Each candidate answered the same set questions and the videos had sub-titles. The videos generated nearly 50,000 views and helped voters learn about their candidates.
30. Another first for Council was the translation of all material into Te Reo, Punjabi, Korean, Hindi, Spanish, Portuguese, Chinese Mandarin, Samoan and Tongan. TCC distributed collateral around the city in conjunction with our community development team working in partnership with 27 community groups and organisations to promote the election to eligible voters in our harder to reach communities and those with low enrolment, including year 13 students across the city.
31. One of the most visible additions this election was placing 45 orange voting bins across the city, including all supermarkets, to make it easy for voters to drop off their voting papers. After advertising this across all channels, 86 percent of all votes came through the orange bins showing this approach worked. We are grateful to the supermarkets and other organisations who hosted the orange bins.
32. Four special voting locations were available seven days a week for the three-week voting period. A mobile special voting unit was deployed around the city for two weeks. We issued more than double the number of special votes (1,628) than in 2019 (764) as a result of increasing the number of voting locations and opening hours.
33. Meet the candidate events were publicised and held in the community on our election website.

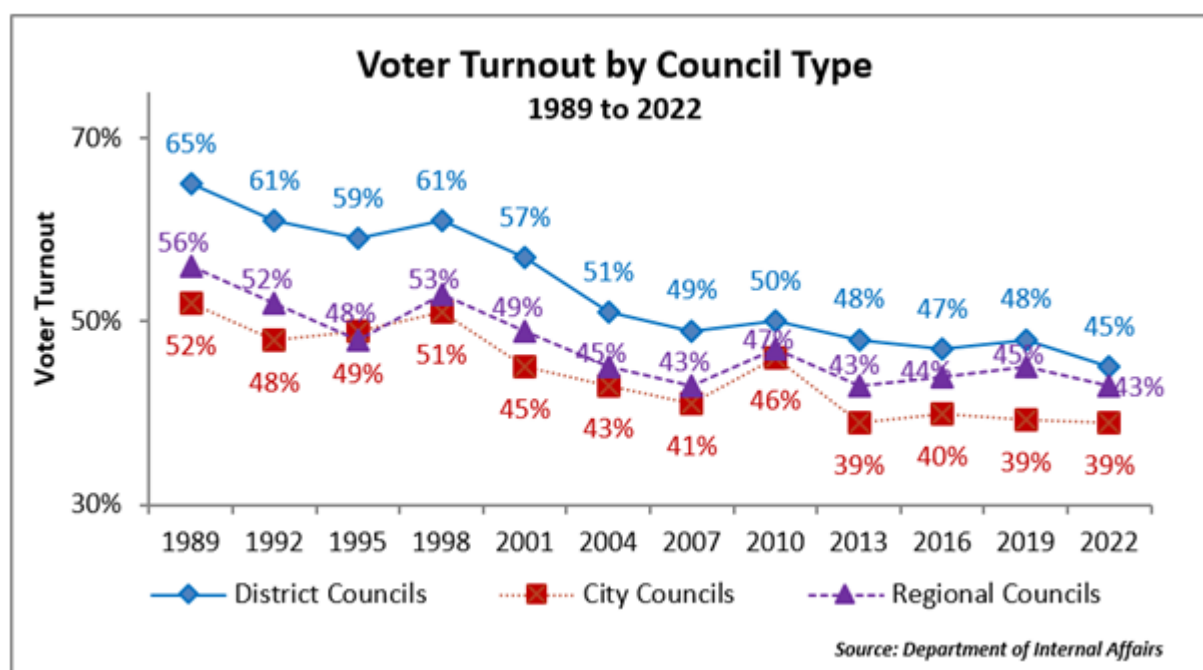
Voter Turnout

34. The voter turnout at 38.77% is lower than 2019 (40.28%) but on a par with 2016 (38.07%) and slightly higher than 2013 (37.78%).

35. A comparison with five other city council's voter turnout in 2022 is set out below:

Council	Voter turnout 2019	Voter turnout 2022
Auckland Council	34.7%	35.4%
Hamilton City Council	38.78%	29.2 %
Wellington City Council	40.12%	45.41%
Christchurch City Council	41.13%	43.31%
Dunedin City Council	45.6%	48.21%
Tauranga City Council	40.28%	38.77% (2024)

36. The issue of low voter turnout affects city councils in New Zealand. The Department of Internal Affairs tracks the trend in local authority voter turnout by council type on their [website](#). The graph below shows the general decline in voter turnout, with 2010 higher turnout partly attributed to increased local voting for the first Auckland 'super city' election and in Christchurch following the 2010 Canterbury earthquake.



37. Changes to the legislation to provide for online voting would assist with increasing voter turnout but is not the silver bullet to increase voter turnout.
38. We are undertaking research on the 2024 election to help us understand what we did well and what changes we may need to make to be more effective in future elections. It will also provide a basis for ongoing research that will help us determine trends over time.
39. The Electoral Commission has granted TCC access to their electoral roll data for this purpose. The data will be matched by the Electoral Officer with their records of whether people cast a vote or not. All personal details are stripped from the data and an anonymised dataset will be provided to the Council to calculate the voter turnout for different demographic groups (in age range and Māori and non-Māori voters) and geographic ward areas.
40. The result will be a report similar to that produced by [Auckland Council](#) and [Wellington City Council](#) after their elections regarding voter turnout.

FINANCIAL CONSIDERATIONS

41. Budget provision of \$1,189,517 was provided for the election expenses over two financial years. The cost of the election was \$912,977.
42. Unspent budgets in the democracy services budget in the 2022/23 year were carried forward to the 2023/24 year to provide a total of \$514,321 for the 2023/24 year for election expenses. A budget of \$675,196 was included in the 2024/25 year.

Budget carried forward from 2022/23	Budget 2023/24 (excluding carry forwards)	Budget 2024/25	Total election budget available
\$382,655	\$131,666	\$675,196	\$1,189,517

43. The table below shows the comparison of costs for election expenses from 2024 to 2019 and explains the reason for the increase.

Election expense	2024 election \$	2019 election \$ & reason for increase	Difference \$
Candidate evenings	15,134	Extended levels of service	15,134
Orange bins	37,684	New activity	37,684
Electoral Officer's costs	246,732	225,689	21,043
Voting packs (printing)	196,053	186,691	9,362
Postage	173,985	94,001	79,984
Media and marketing	173,674	137,948	35,726
Other - translations	2,487	New activity	2,487
Voting materials	20,505	Included in media	20,505
Community initiatives	17,274	New activity	17,274
Special voting	29,449	Extended levels of service	29,449
Total	\$912,977	\$644,329	\$268,648

STATUTORY CONTEXT

44. Under section 42(2) (da) of the Local Government Act 2002, the Chief Executive is responsible for "facilitating and fostering representative and substantial elector participation in elections and polls under the Local Electoral Act 2001".
45. The Electoral Officer appointed by TCC under Section 12 of the Local Electoral Act 2001 is solely responsible for the conduct of the election and is not subject to the directions of the council, elected members or the Chief Executive.

STRATEGIC ALIGNMENT

46. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	□

- We are a well-planned city ☐
- We can move around our city easily ☐
- We are a city that supports business and education ☐

LEGAL IMPLICATIONS / RISKS

47. There are no legal implications from this report.

TE AO MĀORI APPROACH

48. The introduction of a Māori ward in Tauranga was supported by Te Rangapū Mana Whenua o Tauranga Moana.

CLIMATE IMPACT

49. Carrying out an election is a legislative requirement. There has been no work undertaken to determine the impact on the emissions profile of the Council in conducting postal elections.

SIGNIFICANCE

50. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
51. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) The current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) Any persons who are likely to be particularly affected by, or interested in, the issue.
 - (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
52. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of low significance.

ENGAGEMENT

53. Taking into consideration the above assessment, that the issue is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

54. Undertake research on the 2024 election and report back findings.

ATTACHMENTS

1. Election 2024 Campaign Presentation - A16476978  

**August
2024**

Election campaign overview

ME PŌTI

'24

**TAURANGA
CITY COUNCIL
ELECTION**

Our process

- **Phased approach** – stand, learn about your candidates, voter awareness and vote, which all consisted of a range of different collateral and messaging from April – July
- Recruitment theme
- Achieved a **diverse range of candidates, in most wards**
- **Candidate videos** - a first for local govt
- **Data-led** campaign which gave valuable insight on our community and what channels to use to reach our target audiences
- Geo-targeted and **multicultural** digital and social ads
- All campaign **creative done in-house**

Digital overview

2,747,957

Impressions

5,492

Clicks

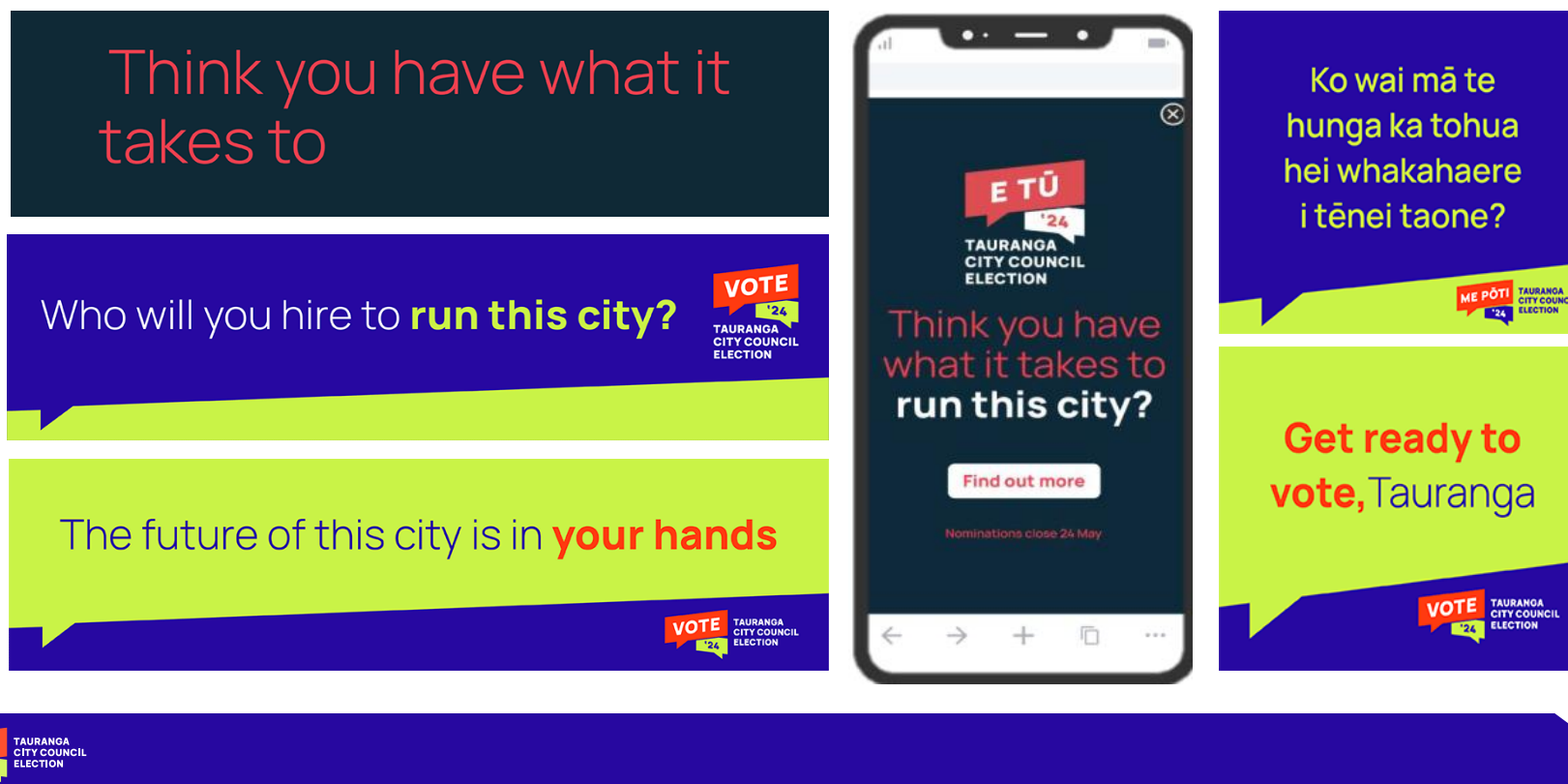
0.20%

CTR (click through rate)

- NZME and Bay of Plenty Times
- Sunlive
- Stuff
- Programmatic (this included ethnic targeted ads)
- Mobile bespoke (this included Te Reo targeted ads)
- Spotify

*Further channel
breakdowns can be
provided if required

Digital creative



Digital creative

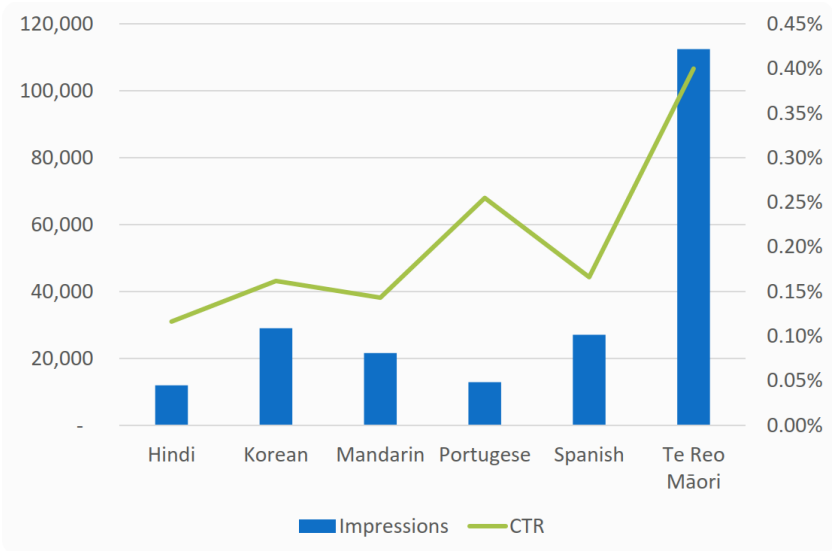


Multicultural

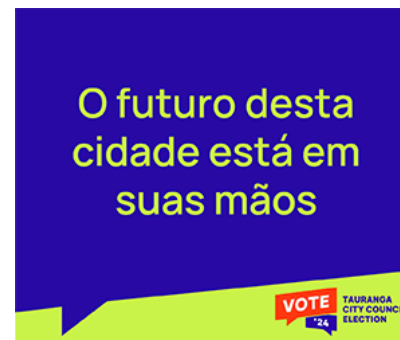
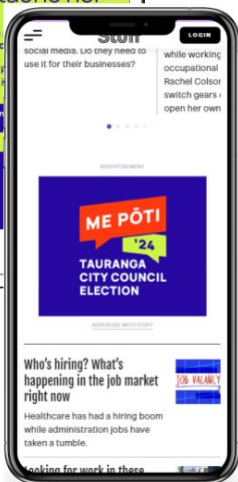
215,214
Impressions

621
Clicks

0.29%
CTR (click through rate)



Multicultural



Social media overview

163,504

Reach

1,280,598

Impressions

3,799

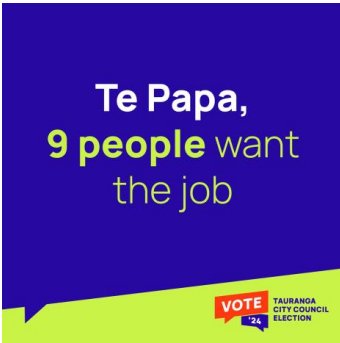
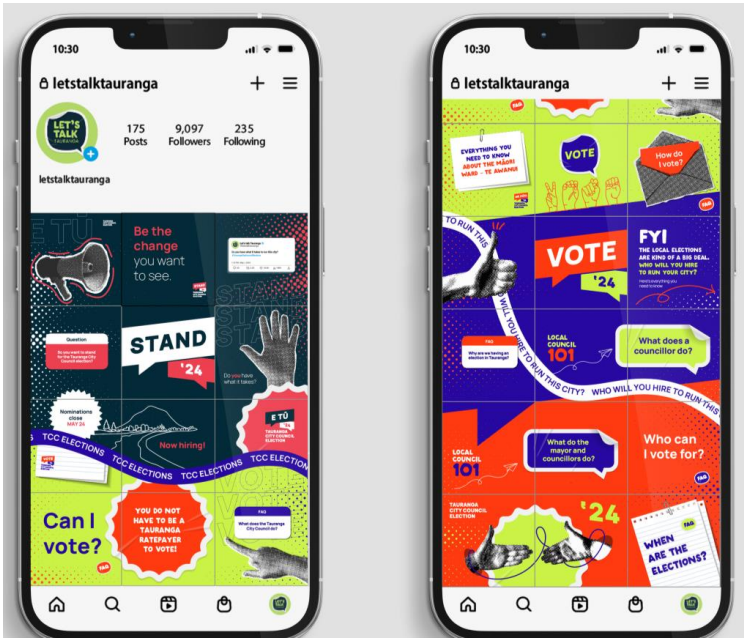
Clicks

***Further stats on
specific creatives
and channels
available**

Facebook, Instagram and LinkedIn were utilised for this campaign – both organically and through ads.

The launch of the Let's Talk Tauranga Instagram page was a first for TCC and provided a one stop shop for all things election, a depository of information targeted at the younger demographic.

Social media creative



Social media creative



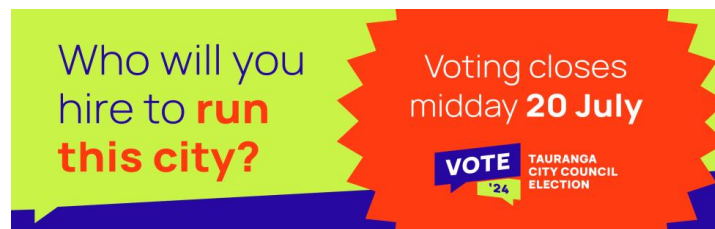
Out of home overview

This included a wide range of billboards (static and digital) as well as busbacks around the city, across all phases.

We had **9 different digital billboard** sites delivering **98,682 plays in total**. We also utilised the free Owens Place digital billboard which also helped spread our key messages.

We had **4 static billboards and 3 busbacks**.

Out of home creative



Print overview

For print advertising, we utilised Bay of Plenty Times, Weekend Sun and BOP Business News.

There were regular print ads (half pages, quarter pages, DPS and full pages) in newspaper issues throughout all phases of the campaign.

- Bay of Plenty times **circulation average – 10k**
- Weekend Sun **readership – 66k**

Print creative

This is what it takes to run a city: is that you?

The future of our city could be in your hands. In July this year, Tauranga votes for new city leaders for the first time in nearly five years.

We're accepting applications for the city's top 10 jobs – mayor, eight general ward councillors, and a councillor to represent our new Māori ward, Te Awanui.

If you're passionate about our city and its growth, for now and for future generations, please apply.

To succeed in this role, local government experience is not essential. However, you'll need to be a strategic thinker, capable of making decisions that will help define the future for Tauranga and its key role in the Bay of Plenty region. You'll be passionate and caring, and a good communicator who brings people together and connects Tauranga's diverse communities.

We live in one of the fastest growing regions in the country, and it's no secret that our growth has brought us challenges in the past, but with the right leadership we can make sure that we manage that growth and change.

Local government is a crucial part of our democracy, and it has a big impact on the daily lives of people and communities. And it's so, so much more than rates and rubbish.



The elected council members will have governance responsibility for managing close to \$7 billion worth of assets and investing \$4.9 billion into the city over the next ten years. You'll be making decisions for the social, economic, environmental and cultural wellbeing of Tauranga's communities, both now and in the future.

No one person will have every attribute needed to succeed in these roles, but we do need a team of elected members who have what it takes to oversee the delivery of the capital programme and services delivered by Council.

You won't be left on your own, elected members are supported by the Chief Executive and the Executive team, who will be there to provide advice and guidance, and implement Council's plan.

To be nominated, candidates need to be New Zealand citizens, over 18 years old, and on the New Zealand Parliamentary electoral roll.

Nominations are now open and close on 24 May ahead of the election on 20 July.

If you're keen to find out more about the roles, and what's involved in standing for council, visit www.tauranga.govt.nz/elections for more information.

The future of this city is in your hands

Join us this weekend to cast your special vote:

Saturday 13 July:
Historic Village Hall, 9am-1pm

Sunday 14 July:
Tauranga Crossing, L1, 10am-2pm

Voting closes midday 20 July
For more info visit tauranga.govt.nz/elections

VOTE '24
TAURANGA CITY COUNCIL ELECTION

The future of our city is in your hands, make your vote count.

On July 20, Tauranga votes for the city's leadership for the first time in nearly five years.

Who we choose to run this city matters, but most of us haven't bothered to vote in past local government elections. This time let's change that.

There are ten roles up for grabs – one mayor, eight general ward councillors, and a councillor to represent our new Māori ward, Te Awanui.

If you've chosen Tauranga to live, work, play or raise your children, then make sure the people picked for the top jobs are committed to shaping the city you want to see. The decisions they make can have a huge impact on our daily lives and communities. And it's so, so much more than rates and rubbish.

How to vote
Everyone gets to vote in two contests. One for the mayor and one for your local area (ward) representative, or Māori ward representative if you're on the Māori roll.

There are 75 people vying for the 10 elected member roles, and you get to decide. To learn more about who wants to represent you, visit tauranga.govt.nz/elections and check out some short videos from some of the candidates.

Or meet your candidates at a local event near you. And when it comes time to vote, you'll need to rank your candidate choices on your voting form 1, 2, 3, 4.

You can rank as many of the candidates as you like. Make sure you don't put a tick in the box by mistake as it won't be counted. If your first pick doesn't get the numbers and is eliminated from the first round, then your vote goes to your second pick, and so on until there is a winner. To learn more about the voting system, visit tauranga.govt.nz/elections.

Check your mailbox
Voting packs with your voting form and a candidate information booklet will start arriving in mailboxes from 29 June. If you don't receive a voting pack, don't worry, you can still vote this election. Go to our website for information.

Voting made easy
Then just post your voting paper any time before Wednesday 17 July or drop it off at one of 45 orange voting bins across the city, including at any Tauranga supermarket, Tauranga City Council library, and the Mount Hub before midday on Saturday 20 July.

Visit tauranga.govt.nz/elections for a list of locations near you.

The future of our city is in your hands, make your vote count. Vote!

For more information visit tauranga.govt.nz/elections.

Now hiring: Intelligent, passionate and caring people to run this city.

STAND '24
TAURANGA CITY COUNCIL ELECTION

tauranga.govt.nz/elections | Nominations close 24 May

10 Roles available

85 Applications

120,000+ Hiring managers

They all want the job. But **who will you hire?**

Who we choose to run this city matters, but most of us haven't bothered to vote in local government elections in the past. This time let's change that.

There will be 10 people elected to Tauranga City Council on July 20, including a mayor. If you've chosen Tauranga to live, work, play or raise your children, then make sure these decision makers will be committed to shaping the city you want to see.

Everyone gets to vote in two contests. One for the mayor and one for your local ward representative, or Māori ward representative if you're on the Māori roll.

There are 85 applications - to help with your reference checks head to tauranga.govt.nz/elections to learn more about your candidates.

The future of our city is in your hands, don't throw it away. Vote!

For more information, visit tauranga.govt.nz/elections

VOTE '24
TAURANGA CITY COUNCIL ELECTION

Who will you hire to run this city?

VOTE '24
TAURANGA CITY COUNCIL ELECTION

Voting opens from 29 June | tauranga.govt.nz/elections

Sponsored Story

Print creative

Who will you hire to run our city?

Voting is now open in the Tauranga City Council elections for the ten most important roles in the city.

Check your mailbox for your voting packs.

Post your voting paper by **Wednesday 17 July** or drop it in an orange voting bin at Tauranga supermarkets, Tauranga City Council libraries, or the Mount Hub by midday, **Saturday 20 July**.

Find out who wants to represent you, and much more at tauranga.govt.nz/elections

This July, you decide.
Voting closes midday 20 July.

How to vote

Are you enrolled?
Don't know? Check at vote.nz

YES
NO

Find your ward
Do you know which ward you are voting in? Check our handy address finder now tauranga.govt.nz/your-ward

Learn about your candidates
Visit tauranga.govt.nz/elections to watch their videos and read their bios.

Time to vote!
Check your mailbox for your voting papers.

Rank your candidates
On your voting form you'll need to rank your candidate choices 1, 2, 3, 4... **do not put a tick in the box**. You can rank as many or as few of the candidates as you like.

Drop your vote!
Post your voting paper before **Wednesday 17 July** or drop it off at one of orange voting bins before midday on **Saturday 20 July**. Find out where at tauranga.govt.nz/orange-bins

SCAN HERE
to watch the candidates videos and read their bios

Join us this weekend to **cast your special vote**:

Saturday 13 July:
Historic Village Hall, 9am-1pm

Sunday 14 July:
Tauranga Crossing, L1, 10am-2pm

You can still vote!
You do need to be enrolled with the Electoral Commission and then you just need to cast a special vote

Special vote
Cast a special vote at one of our four handy locations - check here for locations and times: tauranga.govt.nz/special-voting

Learn about your candidates

Rank your candidates

VOTE

'24

TAURANGA CITY COUNCIL ELECTION

The future of this city is in your hands

Post your voting pack by **17 July** or drop it off at an **orange voting bin** at any supermarket before midday **20 July**.

VOTE

'24

TAURANGA CITY COUNCIL ELECTION

tauranga.govt.nz/elections

Radio overview

- **Newstalk ZB & ZM** delivered messaging to 56.4% at least once with an avg freq of 8.5 times
- **Rock & The Sound** 52.7% had the opportunity to hear the advertising at least once with an avg freq of 11.6 times
- **Spotify** audio targeted at the youth audience of Tauranga (under 30) in the vote phase

Spotify example -



Earned media

Coverage across:

- Bay of Plenty Times
- Radio NZ
- Newstalk ZB
- 1News
- The Spinoff



Notable coverage secured in the Bay of Plenty Times with a first-time voter and electoral officer Warwick Lampp. The article also covered the success of the orange voting bins and council's 90 second videos.

Website overview

Between April 26 (nominations opening) and the final results being announced (July 23) the election pages on the TCC website totalled:

- **155,249 page views**
- **77,628 sessions**
- **43,647 users**

The elections home page was the single most viewed page on the TCC website between voting papers being delivered (June 29) and the final results being announced (July 23). **This beat the home page views which meant people were going directly to the page as a result of advertising and search.**

Engagement overview

28 community-led events/activities were also delivered to approx. 4,410 people

This included the likes of secondary schools, cultural groups, rainbow youth sessions, kaumatua olympics and more.

- **6x** local election meet the candidate's events
- **6x** general local election info sessions/workshops
- **9x** community events with TCC stall
- **7x** community-led forums where TCC spoke or distributed fliers

Engagement overview

- Partnered with **27 community groups/organisations** to promote the local election to eligible voters from our target groups
- Facilitated **training of 12 housing/meal providers** to support homeless community to get enrolled and cast special votes
- Funded sign language interpreters and video recording of candidate events to support accessibility
- Collateral designed, distributed and displayed in **9 different languages**, including social media tiles for community groups to use

Engagement overview



우리 도시의 미래가 당신의 손에 달려 있습니다.

타우랑가 선거 날은 7월20일 토요일 입니다.

아래 자격 조건을 확인해보세요.

해당 하신다면 투표 대상자입니다.

- 만 18 세 이상
- 뉴질랜드 시민권자 혹은 영구 영주권자, 또는 유효 거주 비자 소지자 이거나 지정 기간 거주 가능한 비자 소지자
- 일년 이상 연속으로 뉴질랜드 거주하고 있는 자
- 한달 이상 타우랑가 거주하고 있는 자

투표 등록하기

- 투표 대상자인지 확인하세요 : visit vote.nz

투표 자료

- 우편함을 확인하세요 : 6 월29 일부터 투표 자료가 도착 할 것 입니다.
- 만약 투표 자료를 수령하지 못하셨더라도, 아래 링크를 통해 투표에 참여하실 수 있습니다. tauranga.govt.nz/elections

선거 후보자들 확인하기

- 당선은 2 개의 투표를 하게 됩니다: 시장 투표와 구역 대표 투표 입니다.
- 후보자 리스트: visit tauranga.govt.nz/elections

투표 마감 안내

- 우편으로 참여시에는 7 월 17 일 전 까지 보내 주세요.
- 타우랑가에 있는 슈퍼마켓의 오프라인 상자에 투표 양지를 7 월 20 일 까지 제출해 주세요.



For more information visit tauranga.govt.nz/elections



Who will you hire to **run** this city?



Learnings/things we'd do differently

- We will be back into triennial election cycle in 2028 with benefits of nation wide advertising by Electoral Commission and cost sharing with BOP Regional Council
- More focus in the 'stand phase' to promote awareness of what council does, how it impacts on people more than central government, why people should vote
- Use research findings to develop campaigns targeted at hard to reach voters
- More face to face engagement
- More of a focus on voting system and how STV works



What we'd do again

- Candidate information evenings
- Simple and easily accessible information
- In-house creative
- Identifying audiences and barriers to voting
- Candidate videos
- Orange voting bins in supermarkets
- Special voting - more accessible hours and locations
- School and community engagement events

9 DISCUSSION OF LATE ITEMS

10 CLOSING KARAKIA