
Christchurch City Council AGENDA

Notice of Meeting:

An ordinary meeting of the Christchurch City Council will be held on:

Date: Thursday 28 May 2020

Time: 10am

Venue: Council Chambers, Civic Offices, 53 Hereford Street,
Christchurch and by Audio Visual Link

Due to Covid-19 requirements physical public access is restricted. The meeting is open to the public through access to the live streaming of the meeting, and a recording of the meeting will be available on the Council website: <https://councillive.ccc.govt.nz/live-stream>

Membership

Chairperson	Mayor Lianne Dalziel
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Councillor Jimmy Chen
	Councillor Catherine Chu
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor James Daniels
	Councillor Mike Davidson
	Councillor Anne Galloway
	Councillor James Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Sam MacDonald
	Councillor Phil Mauger
	Councillor Jake McLellan
	Councillor Tim Scandrett
	Councillor Sara Templeton

22 May 2020

Principal Advisor

Dawn Baxendale
Chief Executive
Tel: 941 6996

Jo Daly
Council Secretary
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www.ccc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

Watch Council meetings live on the web:
<http://councillive.ccc.govt.nz/live-stream>

Developing Resilience in the 21st Century

Strategic Framework



Whiria ngā whenu o ngā papa,
honoa ki te maurua tāuiki

Bind together the strands of each mat and join
together with the seams of respect and reciprocity

Ōtautahi-Christchurch is a city of opportunity for all

Open to new ideas, new people and new ways of doing things – a city where anything is possible

Principles

Being open,
transparent and
democratically
accountable

Promoting
equity, valuing
diversity and
fostering inclusion

Taking an inter-generational approach
to sustainable development,
prioritising the social, economic
and cultural wellbeing of
people and communities
and the quality of the
environment, now
and into the
future

Building on the
relationship with
Te Rūnanga o Ngāi Tahu
and the Te Hononga-Council
Papatipu Rūnanga partnership,
reflecting mutual understanding
and respect

Ensuring
the diversity
and interests of
our communities
across the city and the
district are reflected in
decision-making

Actively collaborating and
co-operating with other
local, regional
and national
organisations

Community Outcomes

Resilient communities

Strong sense of community
Active participation in civic life
Safe and healthy communities
Celebration of our identity
through arts, culture, heritage,
sport and recreation
Valuing the voices of all cultures
and ages (including children)

Liveable city

Vibrant and thriving city centre
Sustainable suburban and
rural centres
A well connected and accessible
city promoting active and
public transport
Sufficient supply of, and
access to, a range of housing
21st century garden city
we are proud to live in

Healthy environment

Healthy water bodies
High quality drinking water
Unique landscapes and
indigenous biodiversity are
valued and stewardship
exercised
Sustainable use of resources
and minimising waste

Prosperous economy

Great place for people, business
and investment
An inclusive, equitable economy
with broad-based prosperity
for all
A productive, adaptive and
resilient economic base
Modern and robust city
infrastructure and community
facilities

Strategic Priorities

Enabling active
and connected
communities
to own their future

Meeting the challenge
of climate change
through every means
available

Ensuring a high quality
drinking water supply
that is safe and
sustainable

Accelerating the
momentum
the city needs

Ensuring rates are
affordable and
sustainable

Ensuring we get core business done while delivering on our Strategic Priorities and achieving our Community Outcomes

Engagement with
the community and
partners

Strategies, Plans and
Partnerships

Long Term Plan
and Annual Plan

Our service delivery
approach

Monitoring and
reporting on our
progress

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Karakia Whakamutunga

Karakia Timatanga

1. Apologies / Ngā Whakapāha

At the close of the agenda no apologies had been received.

2. Declarations of Interest / Ngā Whakapuaki Aronga

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

3. Public Participation / Te Huīnga Tūmatanui

There will be no public forum at this meeting.

3.1 Deputations by Appointment / Ngā Huīnga Whakaritenga

Deputations may be given in writing or by audio-visual link on a matter or matters covered by a report on this agenda and approved by the Chairperson.

Requests for deputations and deputations in writing must be made to the Council Secretary by 23 May 2020.

There were no deputations by appointment at the time the agenda was prepared.

4. Presentation of Petitions / Ngā Pākikitanga

There were no Presentation of Petitions at the time the agenda was prepared.

5. Update by the COVID-19 Incident Management Team Lead

Reference / Te Tohutoro: 20/495042

Report of / Te Pou Matua: Mary Richardson, COVID-19 Incident Management Team Lead,
mary.richardson@ccc.govt.nz

General Manager / Pouwhakarae: Dawn Baxendale, Chief Executive, dawn.baxendale@ccc.govt.nz

1. Update

- 1.1 Mary Richardson, COVID-19 Incident Management Team Lead will give an update on matters relating to COVID-19 and the Council response.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Receive the update from the COVID-19 Incident Management Team Lead.

Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Mary Richardson - General Manager Citizens & Community
Approved By	Mary Richardson - General Manager Citizens & Community

6. Update on Residents Survey 2019/20

Reference / Te Tohutoro: 20/362607

Report of / Te Pou	Peter Ryan, Head of Performance Management,
Matua:	Peter.Ryan@ccc.govt.nz
General Manager /	Dawn Baxendale, Chief Executive Officer,
Pouwhakarae:	dawn.baxendale@ccc.govt.nz

1. Brief Summary

- 1.1 The purpose of this report is to inform Council of high level results from the Residents Survey 2019/20 prepared by the CCC Monitoring & Research team.
- 1.2 The Resident Survey is made up of two parts. The General Service Satisfaction survey seeks feedback on services used by the majority of residents – roads for example. The Point of Contact survey seeks feedback on specific services that not everybody in the community might use – for example libraries, or consents – so it obtains that feedback directly from users.
- 1.3 The surveys were carried out well in advance of the Covid-19 level 4 alert and lockdown.
- 1.4 The surveys provide statistically robust data to measure achievement of Long Term Plan (LTP) levels of service targets. Here they are provided in summary form, showing results against levels of service and trends over time.
- 1.5 Both surveys have been run for many years and provide extensive information on trends over time. They are among the largest and most rigorous surveys run in Christchurch.
- 1.6 Staff will be provided with this data for reporting on level of service results and to assist in development of the final Annual Plan 2020/21 and upcoming Long Term Plan 2021.
- 1.7 Feedback from the community is critical to the development of responsive plans and budgets.
- 1.8 Detailed reports are attached but in summary, overall satisfaction with the services CCC provides (over 2019/20) has declined from 62% to 50%.
- 1.9 Respondents were asked why they were satisfied, neutral or dissatisfied with overall Council service performance and some gave a mix of both positive and negative reasons for their answers.
- 1.10 Of those who said they were dissatisfied with Council performance, 39% said they were unhappy with services provided and 21% gave Council's lack of responsiveness to problems or concerns as a reason. Rates increases were mentioned in 2% of comments overall.
- 1.11 Respondents were asked which one area the Council performed best in over the last year and which one area required the most improvement. The top 6 performers (in order) were waste management (28%), libraries (16%), parks and reserves (8%), events/activities (7%), recreation and sport centres (6%), and water supply (5% - potentially reflecting areas where chlorine had been removed.)
- 1.12 Areas needing most improvement are roading (27%), water supply (14%), parking (8%), footpaths (5%), waste management (5%), and Council decision making / financial management (5%).
- 1.13 There are no immediate financial or legal implications. This information will inform the Annual and Long Term Plans and specific decisions will be driven by those processes.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Receives the high level results of the surveys.
2. That Council considers the feedback provided by the community as a key input into upcoming Annual and Long Term Plan deliberations.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	Residents Survey Results Summary 2019-2020	11
B ↓	Summary of General Service Satisfaction Survey Levels of Service Results	17
C ↓	Summary of Point of Contact Levels of Service Results	19

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
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Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

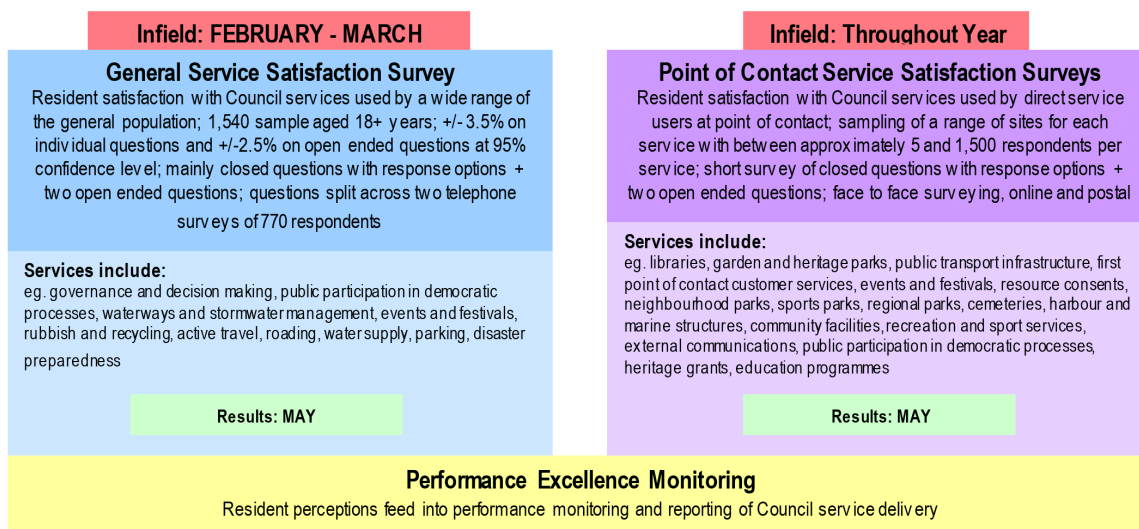
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Peter Ryan - Head of Performance Management
Approved By	Dawn Baxendale - Chief Executive

Interim 2019-2020 Residents Survey Results

The Residents Survey programme includes a two part framework to measure resident satisfaction with Council services:



Survey Methodology

In total, the 2019-2020 Residents Survey programme surveyed over 8,850 respondents¹.

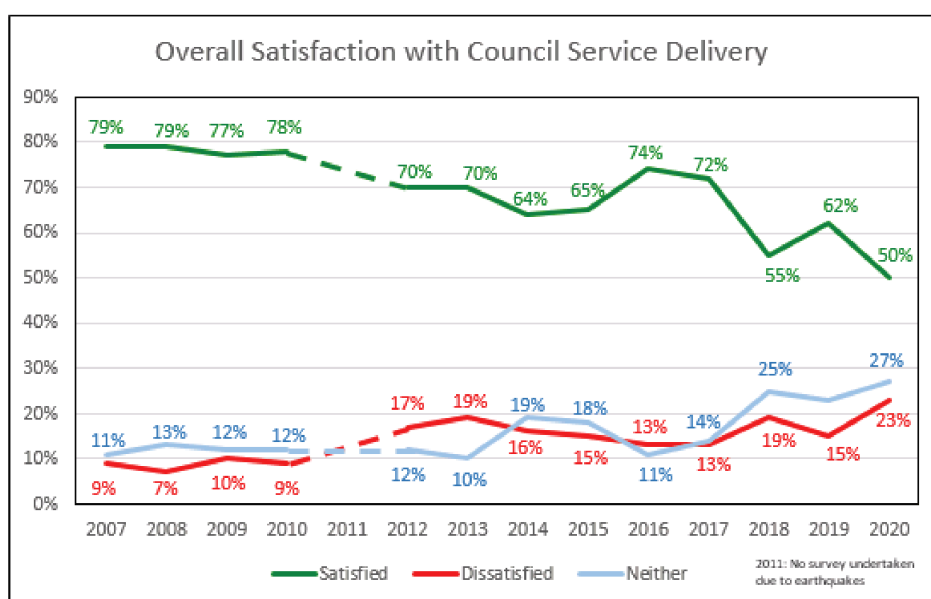
- General Service Satisfaction Survey:
 - Telephone survey: split across two surveys each with 771 respondents (**NB:** overall satisfaction and best / improvement aspect questions analysed below were asked in both surveys, giving a total sample for those questions of n=1,542)
 - Random, representative sample (ie. results are representative of the city as a whole)
- Point of Contact Surveys:
 - A range of face to face, email and telephone surveys across a wide range of Council services
 - Total sample of 7,308 respondents (individual survey samples ranged between approximately 20 to 1,500 depending on the service)

The results presented below for overall satisfaction with Council performance and the one area that is the best and the one needing the most improvement were only asked in the General Service Satisfaction Survey (sample of 1,542 Christchurch respondents).

Overall Satisfaction with Council Service Performance

- **Satisfied:** lowest result on record at 50% (425)
- **Dissatisfied:** highest result on record at 23% (345)
- **Neutral:** highest result on record at 27% (418)

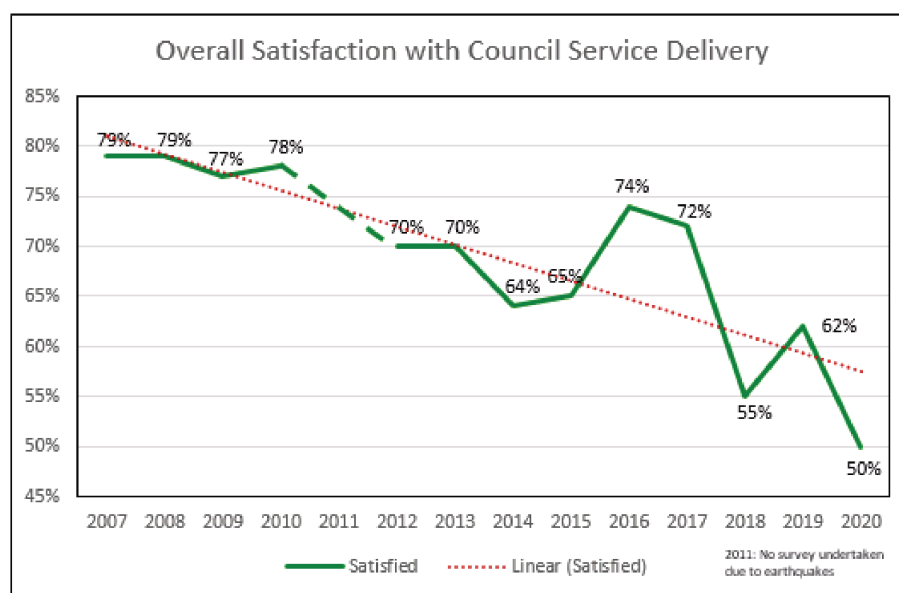
¹ Note some respondents may be double counted as they may have completed surveys on more than one Council service area.



Overall Satisfaction Trend

Overall satisfaction with CCC services has been trending down.

Prior to the earthquakes satisfaction remained reasonably constant between 77% and 79%. There was an improvement in 2016 and 2017, possibly associated with more visible signs of rebuild activity, but since that time results have been trending down to a record low.



Reasons Given

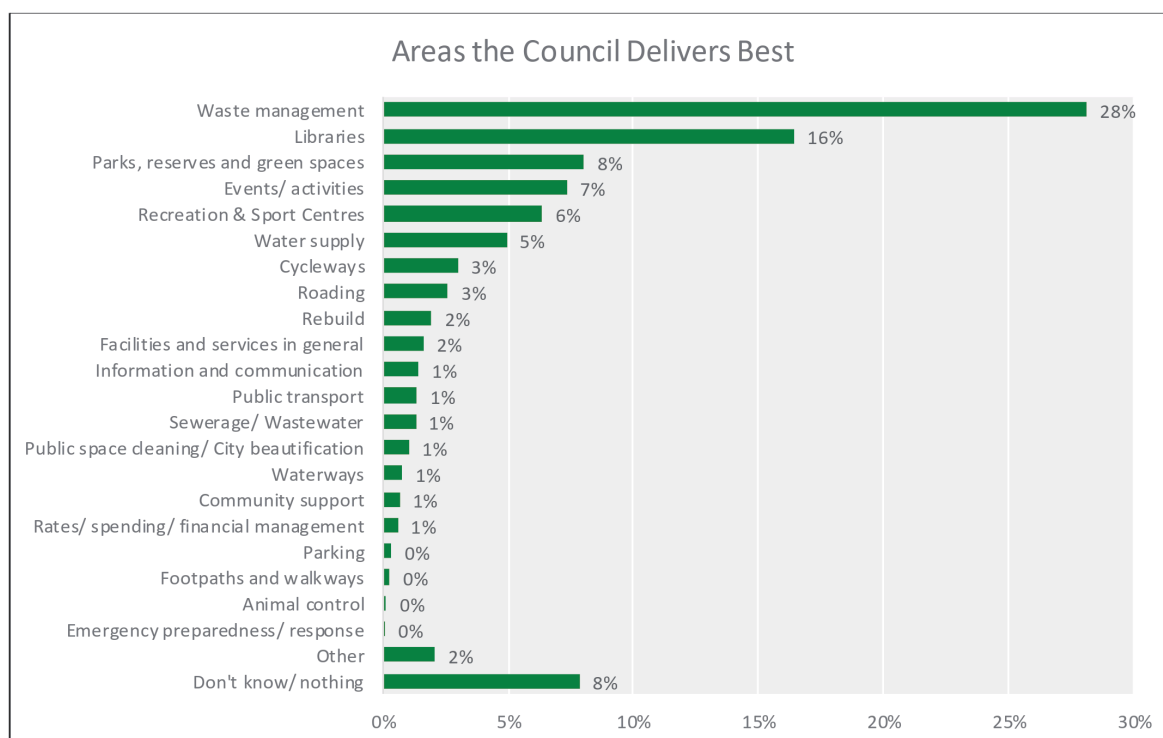
Respondents were asked why they were satisfied, neutral or dissatisfied with overall Council service performance and some gave a mix of both positive and negative reasons for their answers.

Those who said they were dissatisfied with Council performance (n=345), 39% (134) said they were unhappy with services provided and 21% (73) gave Council's lack of responsiveness to problems or concerns as a reason (this has increased significantly from 2019, when only 6% gave slowness to respond as a reason for their dissatisfaction). Rates increases were mentioned in 2% (35) of comments overall.

Best and Improvement Aspects

Respondents were asked which one area the Council performed best in over the last year and which one area required the most improvement. The data is clear that delivery of core services remains a key factor in assessing performance.

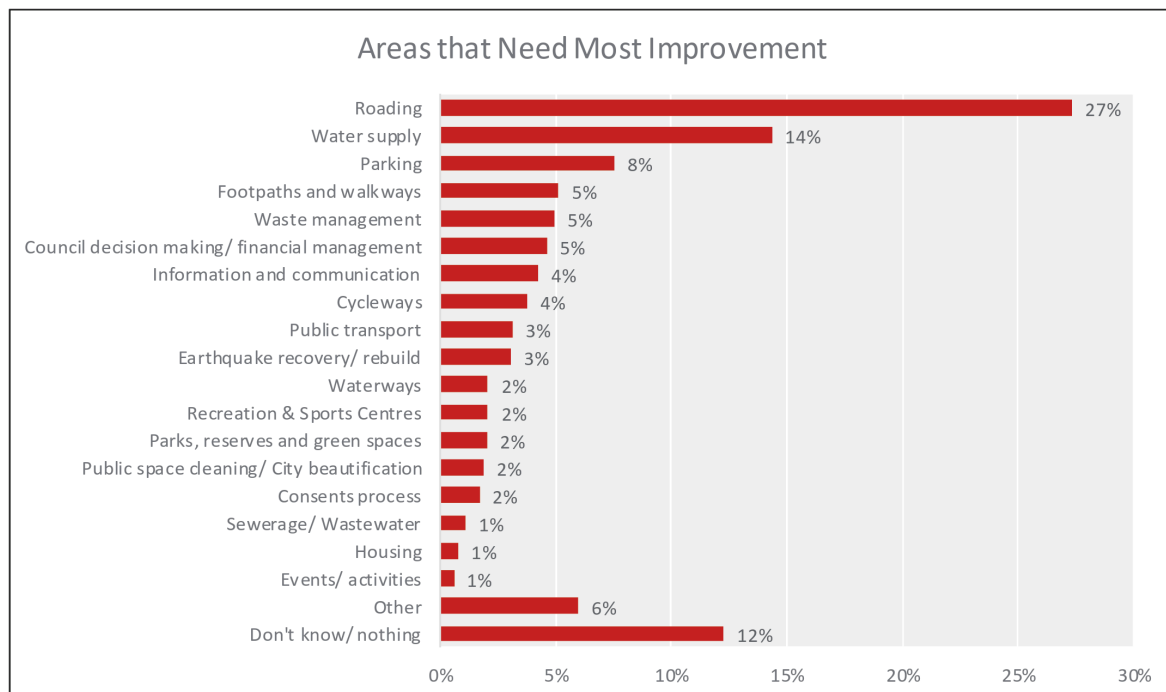
The key services respondents felt the Council best delivered were some of the most visible services (waste disposal and libraries). Likewise, the services that respondents said required the most improvement were also highly visible areas (roading and water supply). The result for roading is consistent with previous years.



One Area Council Delivers Best		
Service	Number	Percent
Waste management	433	28%
Libraries	253	16%
Parks, reserves and green spaces	124	8%
Events/ activities	113	7%
Recreation & Sport Centres	98	6%
Water supply	76	5%
Cycleways	46	3%
Roading	40	3%
Rebuild	30	2%
Facilities and services in general	25	2%
Information and communication	22	1%

Public transport	21	1%
Sewerage/Wastewater	20	1%
Public space cleaning/ City beautification	16	1%
Waterways	12	1%
Community support	10	1%
Rates/spending/ financial management	9	1%
Parking	5	0.3%
Footpaths and walkways	4	0.3%
Animal control	2	0.1%
Emergency preparedness/ response	1	0.1%
Other	32	2%
Don't know/ nothing	121	8%
n=1,542		

NB: A single respondent may have provided comments that have been coded to multiple themes; numbers have been de-duplicated to give an overall total for each area



One Area That Needs Most Improvement		
Service	Number	Percent
Rooding	421	27%
Water supply	221	14%
Parking	116	8%
Footpaths and walkways	79	5%
Waste management	76	5%
Council decision making/ financial management	71	5%
Information and communication	65	4%
Cycleways	58	4%
Public transport	48	3%
Earthquake recovery/ rebuild	47	3%

Waterways	32	2%
Recreation & Sports Centres	32	2%
Parks, reserves and green spaces	31	2%
Public space cleaning/ City beautification	29	2%
Consents process	26	2%
Sewerage/ Wastewater	17	1%
Housing	12	1%
Events/ activities	9	1%
Other	92	6%
Don't know/ nothing	189	12%
n=1,542		

NB: A single respondent may have provided comments that have been coded to multiple themes; numbers have been de-duplicated to give an overall total for each area

Why these Areas Need Improvement

The tables below provide a breakdown of themes in some of the key areas respondents said require improvement.

NB: A single respondent may have provided comments that have been coded to multiple themes and therefore the numbers below have not been de-duplicated (ie. they provide a count across multiple themes commented on). This allows us to see the breakdowns for each theme. However the numbers in these tables do not sum to the numbers in the tables above as those above are the de-duplicated results (ie. a single count for each area by respondent).

Roading

Reasons Why Roothing is the Area the Council Most Needs to Improve on	Number	Percent (n=1,542)
Roothing: Fix roads/ make smooth/ remove potholes	258	17%
Roothing: Better quality repair/ less frequent repair/ faster repair	86	6%
Roothing: Improve traffic control/ flow/ accessibility	54	4%
Roothing: Prioritise/ focus repairs where needed most	42	3%
Roothing: Other	39	3%
Roothing: Better communication/ consultation	11	1%
Roothing: Allocate resources correctly	11	1%

Water Supply

Reasons Why Water Supply is the Area the Council Most Needs to Improve on	Number	Percent (n=1,542)
Water supply: Remove chlorine/ other additives	158	10%
Water supply: Improve or retain quality/ smell/ taste/ appearance	57	4%
Water supply: Halt sale of water to commercial interests	15	1%
Water supply: Other	15	1%
Water supply: Fix leaks	9	1%
Water supply: Fix the wells/ bore/ aquifer/ pumping stations	6	0.4%
Water supply: Better communication/ consultation	4	0.3%
Water supply: Devote more resource to fixing issues/ Keep to timeline	4	0.3%

Parking

Reasons Why Parking is the Area the Council Most Needs to Improve on	Number	Percent (n=1,542)
Parking: More parking/better quality parking	93	6%
Parking: Lower the cost/make it free in some areas	23	1%
Parking: Increase the time limit	4	0.3%
Parking: Fair enforcement/better enforcement	1	0.1%

Council Decision Making / Financial Management

Note, Council decision making / financial management was only cited by 5% (71) of the sample as the one area that the Council needed to improve most.

Reasons Why Financial Management is the Area the Council Most Needs to Improve on	Number	Percent (n=1,542)
Council decision-making/financial management: Devise a better rates system	33	2%
Council decision-making/financial management: Avoid over expenditure/ expenditure on unnecessary projects	15	1%
Council decision-making/financial management: Focus more on infrastructure/services	7	0.5%
Council decision-making/financial management: Increase council transparency/ address corruption/ accountability	7	0.5%
Council decision-making/financial management: Reduce the level of bureaucracy/ less red tape	5	0.3%
Council decision-making/financial management: Developing clear plans and budgets/ long term/independent thinking	4	0.3%
Council decision-making/financial management: Improve communication and monitoring	3	0.2%
Council decision-making/financial management: Better quality staff	3	0.2%
Council decision-making/financial management: Reduce spending on Councillors	2	0.1%

Individual Service Results

See accompanying tables for a summary of the individual level of service target results.

Of the 36 levels of service that have a resident satisfaction component in their targets (and were therefore measured through the Residents Survey programme), less than half (42% [15] met their level of service targets (58% [21] failed their targets in 2019-2020.

For services measured via the General Service Satisfaction Survey (ie. services that most residents will have had exposure to using such as roading, water and waste disposal), all but one saw a decline in resident satisfaction since last year. The only service that saw an increase was quality of the water supply (LOS 12.0.2.19) however that result is at 48%.

Summary of Levels of Service Results: General Service Satisfaction Survey 2020

CAUTION: pre 2016 results have been provided for general information only. Trends cannot be implied due to significant question changes across many measures in 2015 to reflect a more detailed customer focus component in level of service measurement.

Activity Group	Activity	Performance Standard	LTP Performance Standard	2019-20 LOS Target	2019-20 LOS Target Met	Satisfaction Score Trend Since Last Year	Top and Under Performing Services in 2020	Survey Result 2020	Survey Result 2019	Survey Result 2018	Survey Result 2017	Survey Result 2016	Survey Result 2015	Survey Result 2014	Survey Result 2013	Survey Result 2012
Governance	Governance and Decision Making	4.1.18 Participation in and contribution to Council decision-making (understanding of decision making)	Yes	At least 41%				26%	32%	29%	41%	37%	44%	36%	40%	34%
Parks, Heritage and Coastal Environment	Heritage (parks assets)	6.9.1.5 To manage and maintain Public Monuments, Sculptures, Artworks and Parks Heritage Buildings of significance (presentation of public monuments, sculptures and artworks)	Yes	≥ 90%				64%	71%	NA	NA	NA	NA	NA	NA	NA
		6.1.9.6 To manage and maintain Public Monuments, Sculptures, Artworks and Parks Heritage Buildings of significance (parks heritage buildings)	Yes	≥ 70%				51%	63%	NA	NA	NA	NA	NA	NA	NA
		6.8.4.2 Overall customer satisfaction with the presentation of the City's Parks (inner city parks)	Yes	≥ 80%				80%	82%	NA	NA	NA	NA	NA	NA	NA
	Parks and Foreshore															
Refuse Disposal	Solid Waste	8.0.3 Customer satisfaction with kerbside collection service for recyclable materials	No	At least 90%				80%	88%	93%	94%	95%	95%	93%	94%	97%
		8.1.4 Customer satisfaction with kerbside collection service for residual waste	No	At least 90%				85%	88%	89%	93%	92%	92%	90%	93%	95%
		8.2.3 Customer satisfaction with kerbside collection service for organic material	No	At least 80%				81%	84%	83%	85%	82%	85%	82%	83%	82%
Roads and Footpaths	Roads and Footpaths	16.0.3 Improve resident satisfaction with road condition	Yes	≥ 39%				26%	27%	20%	34%	37%	30%	27%	45%	40%
		16.0.9 Improve resident satisfaction with footpath condition	Yes	≥ 53%				40%	41%	34%	48%	51%	51%	45%	43%	46%
Stormwater Drainage	Stormwater Drainage	14.0.3 Proportion of residents with the management of the Council's stormwater network	Yes	≥ 38%				43%	47%	35%	52%	50% ¹	45%	51%	56%	61%
Transportation	Active Travel	10.5.2 Improve perception that Christchurch is a cycling friendly city	Yes	≥ 54%				61%	64%	51%	56%	53%	37%	26%	38%	42%
		16.0.10 Improve the perception that Christchurch is a walking friendly city	Yes	≥ 84%				83%	85%	76%	81%	84%	82%	77%	75%	81%
	Parking	10.3.3 Improve customer perception of the ease of use of Council on-street parking facilities	Yes	≥ 52%				44%	49%	39%	48%	51% ²	54%	50%	62%	52%
		10.3.7 Improve customer perception of vehicle and personal security at Council off-street parking facilities	Yes	≥ 52%				51%	59%	48%	51%	47%	NA	NA	NA	NA
Wastewater	Wastewater Collection, Treatment and Disposal	11.0.1.16 Proportion of residents satisfied with the reliability and responsiveness of Council wastewater services	Yes	≥ 79%				66%	71%	79% ³	79%	80%	78%	74%	84%	82%
Water Supply	Water Supply	12.0.1.13 Proportion of residents satisfied with the reliability of Council water supplies	Yes	≥ 85%				72%	81%	NA	NA	NA	NA	NA	NA	NA

1

		12.0.1.14 Proportion of residents satisfied with the responsiveness of Council water supplies	Yes	≥ 85%				54%	60%	NA	NA	NA	NA	NA	NA	NA
		12.0.2.19 Proportion of residents satisfied with the quality of Council water supplies	Yes	≥ 70%				48%	37%	79% ⁴	90%	91%	88%	84%	88%	85%
Overall Satisfaction with Council Performance		NA						50%	62%	55%	72%	74%	65%	64%	70%	70%
Ease of Interaction with Council		NA						65%	74%	65%	67%	70%	NA	NA	NA	NA

1 From 2016 onward this LOS contained four measures aggregated into one score (waterways, margins and stormwater management). In previous years, it did not include a stormwater component
2 From 2016 onward this LOS contains four measures aggregated into one score (ease of use of parking meters, range of parking facilities available, information about parking options, ease of use of other aspects). In previous years, it only contained an ease of use of parking meters component
3 Results before 2018-2019 were collected using a single measure asking about satisfaction that health risk is minimised and issues are responded to promptly. These results are not directly comparable to results for 2018-2019 onward
4 Question wording used pre 2019: Overall how satisfied or dissatisfied are you with the quality of the water supply? *This includes things such as its taste, pressure and appearance* (there was also a minor question wording change in 2016)

	LOS target met		LOS target not met		Baseline result or target to be set
	Top performing services (85%+ satisfaction)		Moderate performing service (between 50% to 84% satisfaction)		Under performing services (less than 50% satisfaction)
	Increase in satisfaction score by 4% or more since last year		Satisfaction score remained same or within 3% of last year		Decrease in satisfaction score by 4% or more since last year
	Deleted level of service or not a level of service		Key performing services that other services could learn from (90%+ satisfaction) (exemplars)	NA	No information available

Additional Service Satisfaction Results

Service	Detail	2017-18 LOS Target	2017-18 LOS Target Met ³	Satisfaction Score Trend Since Last Year	Top and Under Performing Services in 2020	Survey Result 2020	Survey Result 2019	Survey Result 2018	Survey Result 2017	Survey Result 2016	Survey Result 2015	Survey Result 2014	Survey Result 2013	Survey Result 2012
Governance and Decision Making	Percentage of residents that have confidence the Council makes decisions in the best interests of the city	NA	NA			37%	45%	40%	55%	52%	52%	47%	46%	42%
	Percentage of residents that feel the public has some or a large influence on the decisions the Council makes	55%				30%	34%	33%	45%	42%	44%	39%	36%	39%
	Percentage of residents that feel they can participate in and contribute to Council decision making (opportunities to have a say and processes easy to engage with)	50%				26%	34%	28%	41%	38% ¹	45%	43%	36%	38%
Emergency Preparedness	Improve the level of community and business awareness and preparedness of risks from hazards and their consequence	NA	NA	NA	NA	NA	69%	71%	NA	NA	NA	NA	NA	NA
Events and Festivals	Lead the promotion and marketing of Christchurch events and the city as an events destination	90%				66%	73%	70%	80%	84%	86%	86%	90%	90%
City Promotions	Residents are satisfied with Council provision of information available to them about events, activities and attractions in Christchurch	85%				62%	67%	72% ²	79%	83%	83%	84%	83%	85%

1 From 2016 onward this LOS contains two measures aggregated into one score (opportunities to have a say and decision making processes easy to use and engage with). In previous years, it only contained an opportunities to have a say component
2 From 2018 onward, this measure focuses on information about events, activities and attractions, whereas prior to this, the measure focused on information about events and festivals only
3 If the 2017-18 level of service target was applied to the 2018-19 result, would the service have passed the 2017-18 target?

Summary of Levels of Service Results: Point of Contact Surveys 2019-2020

CAUTION: pre 2015-2016 results have been provided for general information only. Significant question changes were made across all measures in 2015-2016 to reflect a more detailed customer focus component in level of service measurement. Pre 2016-2017 data cannot be compared directly to later results.
NOTE: some pre 2018-2019 results have been adjusted to align with current LOS performance standards (footnotes below indicate which results this affects). To view unadjusted results, see previous years' results tables

Activity Group	Activity	Performance Standard	LTP Performance Standard	2019-20 LOS Target	2019-20 LOS Target Met	Satisfaction Score Trend Since Last Year	Top and Under Performing Services in 2019-20	Survey Result 2019- 20	Effort / Ease of Interaction or Use 2019-20	Survey Result 2018- 19	Effort / Ease of Interaction or Use 2018-19	Survey Result 2017- 18	Effort / Ease of Interaction or Use 2017-18	Survey Result 2016- 17	Effort / Ease of Interaction or Use 2016-17
Citizens and Communities	Citizen and Customer Services	2.6.7 Citizens and customers are satisfied or very satisfied with "first point of contact" across all service channels	Yes	At least 89%				89%	80%	86% ¹	76%	88% ¹	83%	90% ¹	85%
	Libraries	3.1.5 Library user satisfaction with library service at Metro, Suburban and Neighbourhood libraries	Yes	At least 90%				95%	97%	94%	96%	95%	96%	95%	97%
	Recreation, Sports, Community Arts and Events	2.8.3.2 Produce and deliver engaging programme of community events	Yes	At least 90%				79%	86%	81% ¹	75%	84% ¹	86%	92% ¹	90%
		2.8.6.2 Support community based organisations to develop, promote and deliver community events and arts in Christchurch	Yes	80%				88%	89%	90%	87%	79%	73%	80%	81%
		7.0.3.2 Support citizen and partner organisations to develop, promote and deliver recreation and sport in Christchurch	Yes	80%				87%	79%	76%	74%	NA	NA	NA	NA
		7.0.7 Deliver a high level of customer satisfaction with the range and quality of facilities	Yes	At least 80% 5.6 score (CERM Survey)				6.0	NA	6.0	NA	NA	NA	5.9	NA
Parks, Heritage and Coastal Environment	Parks and Foreshore	6.0.3 Overall customer satisfaction with the presentation of the City's Parks (community parks)	Yes	≥ 75%				57%	69%	67%	69%	59% ²	70%	61% ²	70%
		6.2.2 Overall customer satisfaction with the presentation of the City's Parks (Botanic Gardens and Mona Vale)	Yes	≥ 95%				97%	98%	96%	98%	96% ²	98% ²	97% ²	95% ²
		6.3.5 Overall customer satisfaction with the presentation of the City's Parks (regional parks)	Yes	≥ 75%				81%	90%	79%	85%	72% ²	78%	73% ²	75%
		6.4.3 Cemeteries administration services meet customer expectations (interment application response times)	Yes	100%				95%	100%	60% ³	60% ³	100% ^{2,3}	100% ³	100% ^{2,3}	100% ³
		6.4.5 Cemeteries administration services meet customer expectations (interment application process)	Yes	100%				100%	100%	80% ³	60% ³	100% ^{2,3}	100% ³	100% ^{2,3}	100% ³
		6.4.4 Overall customer satisfaction with the presentation of the City's Parks (cemeteries)	Yes	≥ 85%				65%	85%	78%	91%	80%	89%	88%	87%
		6.8.4.1 Overall customer satisfaction with the presentation of the City's Parks (Hagley Park)	Yes	≥ 90%				94%	93%	97%	98%	NA	NA	NA	NA
		6.8.5 Satisfaction with the range and quality of recreation opportunities within parks	Yes	≥ 85%				75%	NA	74%	NA	73% ²	NA	66% ²	NA
		10.8.1.1 Provision of a network of publicly available marine structures that facilitate recreational and commercial access to the marine environment for citizens and visitors (marine structure facilities)	Yes	90%				70%	81%	55%	80%	65%	77%	61%	70%
		10.8.1.5 Provision of a network of publicly available marine structures that facilitate recreational and commercial access to the marine environment for citizens and visitors (equitable access for recreational, commercial and transportation purposes)	Yes	≥ 50%				65%	81%	71%	80%	NA	NA	NA	NA

		19.1.6 Delivery of Environmental, Conservation, Water and Civil Defence education programmes	Yes	95%				100%	98%	100%	98%	99% ²	98% ²	99% ²	97% ²
Regulatory and Compliance	Resource Consenting	9.2.7 % satisfaction of applicant with resource consenting process	Yes	70%				69%	63%	74%	65%	70%	55%	64%	60%

1 Sample may include non-residents of Christchurch
2 This score has been adjusted to allow comparability with current LOS scoring (ie. the same aggregate measures have been used for both years) (NB: 6.4.3 and 6.4.5 2017-2018 scores are indicative only due to slight question wording changes between that year and current scores)
3 Caution must be taken in interpreting this result due to small sample size (n=5)

	LOS target met		LOS target not met		Data still being collected or analysed by business units
	Baseline result or target to be set		Effort / Ease of Interaction or Use consistent with LOS result (within 5%)	NA	Deleted Level of Service or no information available
	Top performing services (85%+ satisfaction)		Moderate performing service (between 50% to 84% satisfaction)		Under performing services (less than 50% satisfaction)
	Increase in satisfaction score by 4% or more since last year		Satisfaction score remained same or within 3% of last year		Decrease in satisfaction score by 4% or more since last year
	Key performing services that other services could learn from (90%+ satisfaction) (exemplars)				

Additional Service Satisfaction Results

Service	Detail	2017-18 LOS Target	2017-18 LOS Target Met ⁴	Satisfaction Score Trend Since Last Year	Top and Under Performing Services in 2019-20	Survey Result 2019-20	Effort / Ease of Interaction or Use 2019-20	Survey Result 2018-19	Effort / Ease of Interaction or Use 2018-19	Survey Result 2017-18	Effort / Ease of Interaction or Use 2017-18	Survey Result 2016-17	Effort / Ease of Interaction or Use 2016-17	Survey Result 2015-16	Effort / Ease of Interaction or Use 2015-16
Community Development and Capacity Building	Community development projects are provided, supported and promoted	90%				82%	73%	80%	73%	83%	72%	88%	72%	79%	68%
Community Facilities	Deliver a high level of customer satisfaction with the range and quality of Council operated community facilities	80%				82%	66%	76%	61%	77%	62%	81%	74%	80%	85%
External Communications	Provide external communications and marketing that are timely, relevant, accurate and cost effective	67%				61%	57%	59%	48%	66%	61%	54%	46%	56%	51%
Sports Parks	Deliver a high level of customer satisfaction with the range and quality of sports parks	90%				73% ¹	85%	73% ¹	84%	68%	83%	64%	79%	63%	70%
Governance and Decision Making	Percentage of residents that understand how Council makes decisions (users of governance services)	NA	NA			42% ²	36%	37% ²	36%	32% ²	31%	43% ²	33%	38% ²	27%
	Percentage of residents that feel the public has some or a large influence on the decisions the Council makes (users of governance services)	NA	NA			33%	36%	28%	36%	20%	31%	33%	33%	43%	27%
Public Transport Infrastructure	Ensure user satisfaction with the number and quality of bus shelters	≥ 70%				71%	83%	70%	88%	73%	82%	72%	76%	60%	57%
	Ensure user satisfaction with appearance, safety and ease of use of transport interchange(s) and suburban hubs	≥ 90%				91%	94%	93%	98%	89%	97%	90%	94%	83% ³	85%

1 This score is based on an average of range of sport support facilities, sports park condition and information provided for sports parks
2 This score is based on an aggregate measure of 'understanding of Council decision making' (a. understanding of how Council makes decisions, b. accuracy of information about Council decisions, and c. prompt and timely information about decisions). This aligns with the calculation of LOS 4.1.18 'understanding of Council decision making' measured through the General Service Satisfaction Survey (for residents generally). If the single 'understanding' question (a.) only is used for users of governance services, the satisfaction score would be: 57% in 2019-2020, 61% in 2018-2019, 51% in 2017-2018, 60% in 2016-2017 and 57% in 2015-2016
3 In 2015-2016, this measure did not include suburban hubs
4 If the 2017-18 level of service target was applied to the 2018-19 result, would the service have passed the 2017-18 target?

7. Christchurch Housing Initiative

Reference / Te Tohutoro: 20/240159

Report of / Te Pou
Matua: Paul Cottam, Principal Advisor Social Policy,
paul.cottam@ccc.govt.nz

General Manager /
Pouwhakarae: Brendan Anstiss, Strategy & Transformation,
brendan.anstiss@ccc.govt.nz

1. Executive Summary / Te Whakarāpopoto Matua

- 1.1 The purpose of this report is to seek Council's approval to amend the Christchurch Housing Initiative (the Initiative) from a shared equity loan model to an ownership model. This report has been written following dialogue with the Initiative's Provider, Habitat for Humanity (Habitat), over resolving unanticipated regulatory issues.
- 1.2 The decisions in this report are of medium significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by the potential reputational risks to the Council and the Initiative's Provider if the Initiative cannot be continued.
- 1.3 Amending the Initiative involves revising both the Funding Agreement with the Crown, and the Deed of Participation between the Council, the Provider, and the Custodian.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Approve that the Christchurch Housing Initiative Funding Agreement with the Crown be amended to a shared equity ownership model.
2. Direct staff to revise both the Funding Agreement and the Initiative's Deed of Participation, and report to Council once completed and provisionally agreed with the parties concerned.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 Regulatory issues associated with complying with the Credit Contracts and Consumer Finance Act (CCCFA) under the Initiative's current shared equity loan model have become of greater difficulty to resolve than was first anticipated. In particular, this relates to how equity gain for households is treated under the CCCFA as a reasonable interest charge or credit fee, under which the loan model is captured.
- 3.2 The most efficient way to address these issues in terms of process, time, cost and successful resolution is to amend the Council's Funding Agreement with the Crown for the Initiative to operate as a shared equity ownership model. This will take less time and cost, as well as providing a more certain outcome, than the other remedial options considered.
- 3.3 This adjustment to the design of the Initiative is relatively straightforward and low cost to make, but will require Council, Crown, Provider and Custodian agreement (Habitat are in support of doing so). The Crown, Provider and Custodian are willing to continue their involvement under this option.
- 3.4 The Funding Agreement requires that the Crown's contribution, received under the then Christchurch Housing Accord, be used for affordable home ownership purposes. Given the

desirability for the City to be as socially and economically resilient as possible in a post-Covid-19 environment, utilising the Initiative's funds for affordable housing contributes to this outcome.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 **Seeking an exemption to the CCCFA:** this would allow the Initiative to operate as it is currently structured as a loan model, and build on the work already done by the Provider in implementing the Initiative, e.g. bank loan documentation. The disadvantages are:
 - 4.1.1 Timing: In a Covid-19 context, the Council would be fortunate to get an exemption (if one was forthcoming) before the election assuming it was to get the necessary attention of the relevant senior officials and Ministers. The exemption process is effectively the passing of a separate Regulation, which would need to go via the Ministry of Building Innovation and Employment (MBIE), the relevant Minister and ultimately Cabinet.
 - 4.1.2 Cost: There could be costs of MBIE, and potentially their external legal advisers, to be met in relation to the exemption process. There would definitely be legal costs for Council associated with seeking an exemption, with an indication of at least \$10,000.
 - 4.1.3 Likelihood of success: advice to Council is that the equity share 'payment' to households upon resale does not sit comfortably within the definitions of 'credit fee' or 'interest charge' under the CCCFA, meaning MBIE would need to be convinced that an exemption is appropriate.
- 4.2 **The household equity share meets the CCCFA interest charge criteria:** This would allow the Initiative to operate as it is currently structured as a loan model, and build on the work already done by the Provider in implementing the Initiative. The disadvantages are:
 - 4.2.1 The Commerce Commission would not expressly endorse that approach as being compliant, and Council would need to get all parties (Council, the Provider and the Custodian) comfortable of compliance in those circumstances, which may be unlikely.
 - 4.2.2 The Initiative could lose funds in the long term if the interest charge were to be prescribed at a lower level than any proportionate equity gain payable to the Initiative.
- 4.3 **Winding up the Initiative:** this would save any further funds being spent on implementing the Initiative, along with the time taken to do so. The Council's funding contribution (of \$3.07m less costs) could be put towards other affordable housing measures. The disadvantages are:
 - 4.3.1 Reputational risk to both Council and Habitat as leaders and advocates in addressing affordable housing issues.
 - 4.3.2 Returning the Crown's contribution as required under the Funding Agreement, reducing the amount available for other affordable housing projects (unless we are otherwise able to hold the Crown funds for alternative housing use).
 - 4.3.3 If Council's contribution were to continue to be used for affordable housing, there is the time and cost involved in identifying, developing and implementing other projects which at this point have not been scoped.

5. Detail / Te Whakamahuki

Establishing the Christchurch Housing Initiative

- 5.1 In August 2017 the Council endorsed an Agreement for Funding between the Crown and the Council for the Initiative to establish an affordable home ownership initiative

(CNCL/2017/00219). A Provider/Custodian structure for its operation on an agreed services basis was adopted in July 2018 (CNCL/2018/00142).

- 5.2 The Council's matching funds of \$3.07 million with those of the Crown were approved as part of the 2018 Long Term Plan. If the Council did not match or fully match the Crown's contribution then their (unmatched) funding would need to have been returned.
- 5.3 On 22 August 2019 the Council granted approval for a Deed of Participation (the Deed) for the jointly Crown-Council funded Christchurch Housing Initiative between the Council, Habitat for Humanity (the Provider), and Covenant Trustee Services (the Custodian) (CNCL/2019/00001). The Deed supports the Initiative's aim to assist more modest income households into home ownership (via new or existing housing) who would not normally be able to do so.
- 5.4 The Deed commenced on 1 September 2019, with a two month lead-in period before expressions of interest from eligible households were taken from 1 November 2019. Since then 160 applications have been received, with a shortlist of thirty being identified before eight were given conditional approval for participation in the first tranche of the Initiative.

Compliance Issues

- 5.5 Staff have been working with the Provider to establish the scheme as soon as possible, noting all of the parties' desire to get it established. However, there has been an issue with respect to compliance with the Credit Contracts and Consumer Finance Act (CCCFA) Act that has prevented the lending of loan funding to applicants. It appears that the design of the Initiative, and in particular how household equity gain is treated, inadvertently triggers issues with the CCCFA (which is predominantly intended to better manage 'loan shark' situations).
- 5.6 The loan model under the Initiative operates on a no interest charge to households in exchange for a proportionate capital gain between the parties, typical of shared equity schemes. However, under a loan model if the proportionate equity share or 'payment' to the Initiative upon resale is considered to be a credit fee under the CCCFA, then it has to be justified as 'reasonable' – which in the context of the CCCFA, means that the fee or interest charge must only compensate the Initiative for its direct costs incurred in providing the Participant with their loan. This will likely be at the Initiative's cost of borrowing, i.e. not the level of capital gain over the lending period.
- 5.7 While it was always anticipated that the Initiative operating as a loan model would need to meet various regulatory requirements, the size and scale of those requirements was not completely foreseen by the parties. This has come to a head with the Provider having had to twice delay the formal acceptance and progression through the Initiative of the first tranche of qualifying households.
- 5.8 The Council and Habitat have explored several ways to comply with the CCCFA including seeking an exemption to its requirements, and if equity gains received by the Initiative could meet the interest charge criteria under the CCCFA. After some analysis neither of these were considered realistic in terms of time, cost or certainty of outcome.

Amending the Initiative

- 5.9 Discussions have taken place through Council's legal team with the Commerce Commission, as well as ongoing dialogue with the Provider. A position has been reached whereby the Initiative can be amended to a shared equity ownership model as a way of not triggering the above CCCFA issue.
- 5.10 This adjustment to the design of the Initiative is relatively straightforward to make, but will require Council, Crown, Provider and Custodian agreement. The Ministry of Housing and Urban Development understands the issue and proposed solution as the Crown's monitoring

arm of the Funding Agreement, as well as in the light of its own work on developing the Government's Progressive Home Ownership Fund. The Provider is amenable to the change if it can be done as promptly as possible. The Custodian is understood to be comfortable with its new role as a registered property title interest via the Initiative given that this is its normal business.

- 5.11 Given the direction that will be provided by the revised Funding Agreement, initial work has started on revising the Deed. Staff will report to Council as soon as provisional agreement between the parties has been reached on both the Funding Agreement and the Deed.
- 5.12 Habitat's strong desire is to continue with the shared equity model if this can be done quickly and efficiently, so as to not delay implementation any longer than can be helped, particularly given that there is now a shortlist of applicants identified. Of equal concern to Habitat is the ending of the Initiative resulting in reputational damage to all parties and the impact of not meeting the expectations of those who have applied for the scheme.

Other Matters

- 5.13 The Council's Investment Policy will need to be updated as investing in residential properties via the Initiative is outside its normal activities and current property investment purposes. Staff do not consider that public consultation is required, although recommend that the required change be noted in the final Annual Plan 2020-21.
- 5.14 There is wider interest in the Initiative and how it may be applied elsewhere to achieve affordable housing outcomes. Relevant work that could benefit from the implementation of the Initiative includes the Central City Residential Programme, the redevelopment of Council's social housing, and the Greater Christchurch Partnership Future Settlement Update.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 Continuing the Initiative aligns to the Community Outcome "Liveable City – Sufficient supply of, and access to, a range of housing".
- 6.2 This report supports the Council's Long Term Plan (2018 - 2028):
 - 6.2.1 Activity: Strategic Planning and Policy
 - Level of Service: 17.0.1.2 Advice to Council on high priority policy and planning issues that affect the City. Advice is aligned with and delivers on the governance expectations as evidenced through the Council Strategic Framework. - Annual strategy and policy work program

Policy Consistency / Te Whai Kaupapa here

- 6.3 The decision is consistent with Council's Plans and Policies:
 - 6.3.1 The Initiative supports the Council's Housing Policy goal of "Mixed Housing - Promote and support mixed housing developments that utilise land and amenity value to include a range of housing types and tenures".

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.4 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.5 The Initiative aims to provide secure, affordable housing for those on modest incomes, thereby reducing the number of times they may need to move around in the rental market.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.6 There are no specific accessibility considerations.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement – costs associated with amending the Initiative are estimated to be \$3,500 for the Council, \$13,000-\$17,000 for the Provider, and \$4,000 for the Custodian.
- 7.2 Funding Source – as they relate to operational matters these costs are recoverable from the Initiative's funds.
- 7.3 Maintenance/Ongoing costs – none.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 None at this point, noting that a Council resolution will be required to changes to both the Funding Agreement and the Deed.

Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

- 8.1 The key legal consideration is if the CCCFA can reasonably be complied with under the loan model or whether a model with fewer CCCFA compliance issues should be utilised. Staff advice is that it cannot be in the timeframes conducive to the operating of the Initiative, especially for the Provider.
- 8.2 This report has been reviewed and approved by the Legal Services Unit.

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 The main risk to amending the Initiative is if revising the Funding Agreement and the Deed takes longer than anticipated for the Initiative to continue operating without substantive delays. This is being mitigated by the priority being given to it by the parties.

Attachments / Ngā Tāpirihanga

There are no appendices to this report.

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
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Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Paul Cottam - Principal Advisor Social Policy
Approved By	Emma Davis - Head of Strategic Policy Brendan Anstiss - General Manager Strategy and Transformation

8. Local Government Funding Agency - Special General Meeting of Shareholders

Reference / Te Tohutoro: 20/614500

Report of / Te Pou
Matua:

Linda Gibb, Performance Advisor, linda.gibb@ccc.govt.nz

General Manager /
Pouwhakarae:

Carol Bellette, General Manager, Finance and Commercial,
carol.bellette@ccc.govt.nz

1. Executive Summary / Te Whakarāpopoto Matua

- 1.1 The Local Government Funding Agency (LGFA) provides debt funding to local authorities. The Council has an equity stake of 8.3% in the LGFA, is a borrower with long-term loans of \$1.9 billion and is a guarantor of losses incurred by the LGFA from borrower defaults.
- 1.2 A Shareholders' Agreement establishes a Shareholders' Council to advise shareholders on relevant matters that require shareholder resolutions. The Shareholders' Agreement also contains foundation policies for LGFA lending. The Council's appointee is Carol Bellette, General Manager Finance and Commercial.
- 1.3 There are 54 Council guarantors of the LGFA's total lending, of which the Council has an 8.7% share (based on a proportionate share of rates income). Total debt issued by the LGFA is \$10.8 billion, making the contingent liability the Council is exposed to \$774 million¹. However, before council guarantees are called, the LGFA has access to liquid assets of \$1.56 billion.
- 1.4 Staff consider the risk of the Council being called on its guarantee to be relatively low due to the policies, systems and risk control processes that LGFA has in place, the credit-worthiness of its borrowers and its access to liquid assets.
- 1.5 This report proposes the following:
 - appointment of Carol Bellette, General Manager Finance and Commercial as proxy to vote at the Local Government Funding Agency's (LGFA's) Special General Meeting (SGM) on 30 June 2020 and the Chair of Local Government Funding Agency board as alternate; and
 - to vote in favour of the LGFA increasing its foundation policy financial covenant 'Net Debt / Total Revenue' from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher.
- 1.6 The following documents are attached to this report – Notice of Special General Meeting (**Attachment A**), Agenda (**Attachment B**), Amendments to Foundation Policies (**Attachment C**), Proxy Form (**Attachment D**) and Investor Presentation on proposed changes to foundation policy and performance update (**Attachment E**).

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Appoints Carol Bellette, General Manager Finance and Commercial as proxy to vote on behalf of the Council at the Local Government Funding Agency's Special General Meeting on 30 June 2020, and the Chair of the Local Government Funding Agency board as alternate;

¹ Total LGFA loans of \$10.8 billion less Christchurch City Council borrowing of \$1.9 billion @ 8.7%.

2. Agrees that the proxy or alternate votes in favour of the Local Government Funding Agency's proposal as follows:
 - a. To increase the foundation policy financial covenant Net Debt / Total Revenue from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher from financial year 2025/26; and
 - b. That until 2025/26, local authorities with a long-term credit rating of 'A' equivalent or higher must comply with the "Alternative Net Debt / Total Revenue covenant" as below.

Alternative Net Debt / Total Revenue Covenant	
Financial Year (Test Date)	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

3. Notes that Council staff will update the Council on the Local Government Funding Agency's Shareholder Council's recommendations on the proposed shareholder resolution at the Council meeting; and
4. Agrees to amend the Council's Treasury Policy to reflect the decisions approved by shareholders, if any at the Local Government Funding Agency's Special General Meeting.

3. Reason for Report Recommendations / Ngā Take mō te Whakataua

- 3.1 The report has been written in response to receiving the Special General Meeting (SGM) agenda and voting documents on 13 May 2020.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 The only other option is for the Council to oppose the LGFA's proposed shareholder resolution. The reason the Council might do so is if it considered its risk, as guarantor of debt repayments from other council borrowers exceeds the expected benefits of additional borrowing headroom to itself under the LGFA's financial covenants.
- 4.2 This issue is discussed in the Details section, with the conclusion that the benefits of the increased borrowing capacity for the Council outweighs the risk of being called on its guarantee.

5. Detail / Te Whakamahuki

Appointment of proxy

- 5.1 In accordance with practice in prior years, it is proposed that Carol Bellette, General Manager Finance and Commercial be appointed as the Council's proxy to vote at the LGFA's SGM, and the Chair of the LGFA board be appointed as the alternate.
- 5.2 The Notice of Proxy form must be received by the LGFA not later than 48 hours before the start of the meeting (i.e. by 28 June).

Foundation policy financial covenants

- 5.3 When lending to local authorities, the LGFA sets covenants which local authority borrowers must meet to avoid recovery action being taken. The covenants are shown in the table below:

Covenant	Ratio Current	Ratio Proposed
Net Debt / Total Revenue	250%	280%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<30%	<30%
Liquidity	>110%	>110%

- 5.4 Currently, borrowers are able to apply for bespoke financial covenants that exceed the above targets. Loan agreements reached on bespoke terms require the approval of the LGFA board only.
- 5.5 The LGFA has two classes of local authority borrowers – those with long-term credit ratings of ‘A’ equivalent or higher of which there are around 30 borrowing councils, and the remaining 37 without. Of total loans on issue, 90.1% are to councils with credit ratings.

Proposal due to Covid-19

- 5.6 The LGFA recognises that many local authorities will face Covid-19 impacts of reduced revenue and increased capital demands for infrastructure over the next six years. It has therefore sought to assist the local government sector by seeking to implement the following measures for local authority borrowers as follows:
- (a) Increasing the foundation policy financial covenant Net Debt / Total Revenue from the current 250% to 280% for local authorities with a long-term credit rating of ‘A’ equivalent or higher from financial year 2025/26; and
 - (b) That until 2025/26, local authorities with a long-term credit rating of ‘A’ equivalent or higher must comply with the “Alternative Net Debt / Total Revenue covenant as described below.

Alternative Net Debt / Total Revenue Covenant	
Financial Year (Test Date)	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

- 5.7 The Net Debt / Total Revenue financial covenant for the 37 council-borrowers that do not have long-term credit ratings of ‘A’ equivalent or higher the net debt / total revenue covenant remains unchanged at 175%.

Impact of the proposal

5.8 The following table notes the benefits and risks that the proposed change to the covenant will make to various parties:

Party	Impact of increase in borrowing capacity
LGFA	Will be able to lend an additional \$2.6 billion to the 30 councils with long-term credit rating of 'A' equivalent or higher.
Christchurch City Council	At June 2019 Net Debt / Total Revenue was 105.9%, which means headroom remaining to reach the 250% covenant was \$1.3 billion. Lifting the covenant to 280% would enable additional borrowings of circa. \$280 million.
Other councils with long-term credit ratings of 'A' equivalent or higher <i>Source: LGFA presentation 4 May 2020</i>	Of the 30 relevant local authority borrowers, the highest ratio is 180.3%. Therefore, most have significant headroom to manage the potential financial pressures over the next few years. Auckland Council is the largest borrower with a current ratio of 173%, and for which the increase in the covenant will create the ability for it to borrow an additional \$1.1 billion.
Guarantors of local authority borrowings and LGFA shareholders <i>Source: LGFA presentation 4 May 2020 Page 37</i>	The LGFA expects a maximum of five councils are likely to exceed the 250% covenant, based on LTP expectations. These include growth councils – Auckland, Tauranga and Hamilton which together could borrow up to an additional \$1.27 billion to reach the 280% ceiling by 2026. With a guarantee of 8.7%, the Council would be exposed to additional risk of \$110 million. However, as noted above the LGFA has liquidity of \$1.56 billion and other sources of capital that it could call upon prior to reverting to guarantors. The LGFA has discussed the proposal with credit rating agencies who have advised that it will not change the LGFA's overall rating of AA+ (and therefore its price of borrowing for on-lending to local authorities will not increase as a result of the increased financial covenant).

Shareholders' Council

5.9 The LGFA's Shareholders' Council has not yet formally provided its recommendations on the LGFA's proposed shareholder resolution. Council staff will inform of Councillors of the Shareholder Council's views at the Council meeting.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

6.1 This report is not relevant to the [Council's Long Term Plan \(2018 - 2028\)](#).

Policy Consistency / Te Whai Kaupapa here

6.2 The decision is consistent with the Council's Plans and Policies.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

6.3 Not applicable.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

6.4 Not relevant.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

6.5 Not relevant.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

7.1 There is no cost implication for the Council other than the cost of financing loans.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	Local Government Funding Agency - Notice of Special General Meeting	34
B ↓	Local Government Funding Agency - Agenda for Special General Meeting	39
C ↓	Local Government Funding Agency - Proposed Amendments to Foundation Policies	40
D ↓	Local Government Funding Agency - Proxy Form for Special General Meeting	44
E ↓	Local Government Funding Agency - Investor Presentation May 2020	46

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
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Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor
Approved By	Len Van Hout - Manager External Reporting & Governance Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO)



NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED
NOTICE OF SPECIAL GENERAL MEETING

Notice is given that a special meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**" or "**LGFA**") will be held virtually on **30 June 2020** commencing at **2:00pm**. The board of the Company has called this special meeting in accordance with clause 15.2(a) of the Company's constitution.

BUSINESS

1. **CHANGES TO FOUNDATION POLICIES**

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

2. **GENERAL BUSINESS**

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

Please refer to the explanatory note that accompanies this notice of meeting.

VIRTUAL MEETING

With measures to contain the spread of COVID-19 expected to remain in place for some time, the board of the Company has made the decision to hold this meeting as a virtual meeting, in accordance with clause 14.1(b) of the Company's constitution.

All shareholders will be able to participate in the meeting via an internet connection (using a computer, laptop, tablet or smartphone). In order to participate remotely you will need to join via Zoom:

Zoom Meeting ID: 957 7175 6899
Meeting Password: 843766

If you have any questions, or need assistance with the online process, please contact Jane Phelan.

Shareholders will be able to vote on the resolution and ask questions by using their own computer or mobile devices.

Shareholders will still be able to appoint a proxy to vote for them, as they otherwise would, by following the instructions on the proxy form.

By order of the board:

A handwritten signature in blue ink, appearing to read 'Craig Stobo', with a horizontal line drawn underneath it.

Craig Stobo, Chairman
12 May 2020

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

2

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE: Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the special general meeting, those registered shareholders of the Company as at 9.00am on Tuesday 30 June 2020 shall be entitled to exercise the right to vote at the meeting.

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

EXPLANATORY NOTE

CHANGES TO FOUNDATION POLICIES

This resolution seeks shareholders' approval for amendments to the Foundation Policies of the Company.

The Foundation Policies of the Company are set out in schedule 1 to the SHA. In summary, as relevant for the proposed resolution, clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Foundation Policies unless it is approved by Ordinary Resolution of the Company's shareholders.

The proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution relate to a change to the Net Debt / Total Revenue foundation policy financial covenant.

Proposed Change

The proposed change is to increase the Net Debt / Total Revenue foundation policy financial covenant from the current 250% to 280%, which applies to Local Authorities with a long-term credit rating of 'A' equivalent or higher.

However, such Local Authorities will not be required to comply with the revised Net Debt / Total Revenue foundation policy financial covenant until the financial year ending 30 June 2026. Until that date, such Local Authorities must comply with the Net Debt / Total Revenue foundation policy financial covenants set out in the table below:

Alternative Net Debt / Total Revenue Covenant	
Financial Year ending	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

Then from the Financial Year ending 30 June 2026 the Net Debt/Total Revenue foundation policy financial covenant will be 280% for such Local Authorities with a long-term credit rating of 'A' equivalent or higher.

The proposed change is to provide greater financial flexibility and borrowing capacity for such Local Authorities as a result of the short-term impacts of COVID-19 and the medium-term structural changes to the local government sector to meet additional demand for infrastructure investment.

Local Authorities are faced with short-term revenue uncertainties as a result of the impact of COVID-19 on the New Zealand economy. This will impact both rates revenue and non-rates revenue for many Local Authorities and a recent Department of Internal Affairs Report projects revenue shortfalls of between 2.3% and 11% in the 2020-21 financial year.¹

The foundation policy and lending policy financial covenants were incorporated into the Foundation Policies in 2011 and have not subsequently been amended. Since 2011, Local Authorities have faced increased borrowing requirements to finance additional infrastructure to meet population growth, climate change and water quality issues. Central Government has also called upon Local Authorities to assist with additional infrastructure investment in the near term as part of the economic relief package post COVID-19.

The proposed changes only apply to Local Authorities with a long-term credit rating of 'A' equivalent or higher. As at 12 May 2020 thirty Local Authorities were required to meet the foundation policy financial

¹ DIA Local Government Sector COVID-19 Financial Implications Report 2 –4 May 2020

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covenants. The other thirty-seven Local Authorities are required to meet the more restrictive lending policy financial covenants.

LGFA has undertaken scenario testing to determine the potential additional borrowing as a result of the proposed change to the foundation policy financial covenants and has concluded that the proposed changes do not incur significant additional risk for shareholders or guarantors of LGFA. This is because the probability of a default by a Local Authority remains low and if a default did occur then the probability of recovery of loans owing to LGFA remains high.

LGFA has discussed the proposed changes with both S&P Global Ratings Australia Pty Limited and Fitch Australia Pty Limited who provide a credit rating on LGFA. Both agencies were supportive verbally of the proposed change and S&P Global Ratings Australia Pty Limited provided their support in writing.²

² S&P Global Ratings Bulletin "New Zealand Local Government Funding Agency Ltd Ratings Can Tolerate Higher Council Leverage Limits. 5 May 2020

APPENDIX: FORM OF AMENDED FOUNDATION POLICIES



Agenda Special General Meeting

30 June 2020

Via Zoom

Meeting ID: 957 7175 6899

Meeting Password: 843766

2:00pm – 3:00pm

	Agenda Item	Leading Discussion
1	Introduction from Chairman	Craig Stobo
2	Quorum	Craig Stobo
3	Changes to LGFA Foundation Policies	Mark Butcher
4	General Business	Craig Stobo

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED
AUCKLAND Level 5, Walker Wayland Centre, 53 Fort Street
WELLINGTON Level 8, City Chambers, 142 Featherston Street
PO Box 5704, Lambton Quay, Wellington 6145 | PH +64 4 974 6530 | www.lgfa.co.nz

Foundation Policies

(Clause 5.1 of the Shareholders' Agreement)

All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of Shareholders. Any alteration requires approval pursuant to clause 5.1.

Credit Risk

Lending Policy

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company and/or enter into facility arrangements with the Company.
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
 - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
 - Lending policy covenants outlined in the following table with the approval of the Board;
 - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
 - Local Authorities with a long-term credit rating of 'A' equivalent or higher:
 - will not be required to comply with the lending policy covenants in the following table; and
 - can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution; and in any event, will not be required to comply with the Net Debt / Total Revenue foundation policy covenant outlined in the following table until the financial year ending 30 June 2026. Until that date, such Local Authority must comply with the Net Debt / Total Revenue covenant set out in the table entitled "Alternative Net Debt / Total Revenue Covenant" below.
 - Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.
- If the principal amount of a Local Authority's borrowings, or the Company's commitment under a facility agreement with a Local Authority, is at any time greater than NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

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Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250% 280%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

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Alternative Net Debt / Total Revenue Covenant	
Financial Year ending	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

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

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

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

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

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

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

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

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

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

- The CCO is a "council-controlled organisation" as defined in section 6 of the Local Government Act 2002, where the CCO is a company in which equity securities carrying at least 51% or more of the voting rights at a meeting of the shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities (respectively, a "CCO" and each such Local Authority being a "CCO Shareholder");
- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient uncalled capital in respect of the CCO to meet the financial obligations of the CCO;
- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company's creditors, and provides debenture

security for its equity commitments to the Company and guarantee liabilities to the security trustee;

- Each CCO Shareholder complies with Lending policy financial covenants, Foundation policy financial covenants or other financial covenants required by the Board (if any); and, in the case of a CCO Shareholder with a long-term credit rating of 'A' equivalent or higher, until the financial year ending 30 June 2026, the Net Debt / Total Revenue covenant in the table entitled "Alternative Net Debt / Total Revenue Covenant" above.
- The CCO complies with any covenants required by the Board; and
- If required by the Board, the CCO will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

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

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

Cash and Liquid Investment Policy

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

New Zealand Local Authority and CCO securities are excluded from the Company's cash and liquidity portfolio.

Counterparty ¹	S & P Credit Rating or equivalent (Short-term / long-term) ²	Maximum % Limit (Total Cash + Liquid Assets)	Minimum % Limit (Total Cash + Liquid Assets)	Maximum New Zealand Dollar counterparty Limit (millions) ³	Maximum term (years) ⁴
Category 1: NZ Government or RBNZ ⁵	N/A	100%	20%	Unlimited	No longer than the longest dated LGFA maturity on issue
Category 2	A1+ / AAA	80%	N/A	300	3
Category 3	A1+: A1 / AA+	80%	N/A	200	3
	A1+: A1 / AA	80%	N/A	200	3
	A1+: A1 / AA-	80%	N/A	200	3

¹ Category 2, 3, 4 and 5 counterparties do not include the RBNZ or the NZ Government.

² Short term rating applies for all securities with a maturity date of 365 days or less.

³ If the counterparty credit rating is downgraded below the allowed limit, LGFA has 30 days to sell the security.

⁴ Maximum term applies from the date of settlement.

⁵ At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.

Category 4	A1: /A+, NZ Registered Bank	60%	N/A	200	3
Category 5	A1: /A+ Other Issuers	10%	N/A	50	1

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

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Derivative Policy

Unless explicitly approved otherwise by the Board, all derivative transactions must be transacted with New Zealand Debt Management as counterparty.

Market Risk

The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is \$100,000⁶.

The Company's total portfolio Value at Risk (VaR) daily limit is \$1,000,000⁷.

Foreign exchange risk policy

The Company will take no foreign exchange risk.

Operational Risk

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

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

Dividend policy

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

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

⁶ PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example a PDH of \$100,000 means that the portfolio value will fall by \$100,000 for a one basis point fall in interest rates.

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

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

PROXY FORM



I/We _____

of _____

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

of _____ or failing him/her _____

of _____ as my/our proxy to vote for me/us at the special general meeting of the
Company to be held on 30 June 2020 and at any adjournment thereof.

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

	For	Against
1. To approve the changes to the foundation policies of the Company	<input type="checkbox"/>	<input type="checkbox"/>

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

Signature of Shareholder

Dated: 2020

Notes:

1. In light of recent public health announcements relating to COVID-19, the Company's board has made the decision to hold the special general meeting as a virtual meeting. You may attend the virtual meeting and vote or you may appoint a proxy to attend and vote in your place.
2. If you wish you may appoint as your proxy the chairperson of the meeting. The chairperson intends to vote all discretionary proxies, for which they have authority to vote, in favour of the resolution.
3. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate's express or implied authority.
4. For this proxy form to be valid, you must complete it and produce it to the Company at least 48 hours before the time for holding the meeting. You can produce it to the Company by delivering it to **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** or via email to jane.phelan@lgfa.co.nz. It must be received at least 48 hours before the time for holding the meeting.
5. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this proxy form.
6. If you return this form without directing the proxy how to vote on the resolution, the proxy can vote how he or she thinks fit if authorised by you in this proxy form by ticking the appropriate box. Otherwise, the proxy will be deemed to have abstained from voting on that matter.
7. Capitalised terms in this proxy form have the meanings given to them in the shareholders' agreement dated 7 December 2011 (as amended from time to time) between the Company and its shareholders.



INVESTOR UPDATE AND PROPOSED CHANGES TO FOUNDATION POLICY

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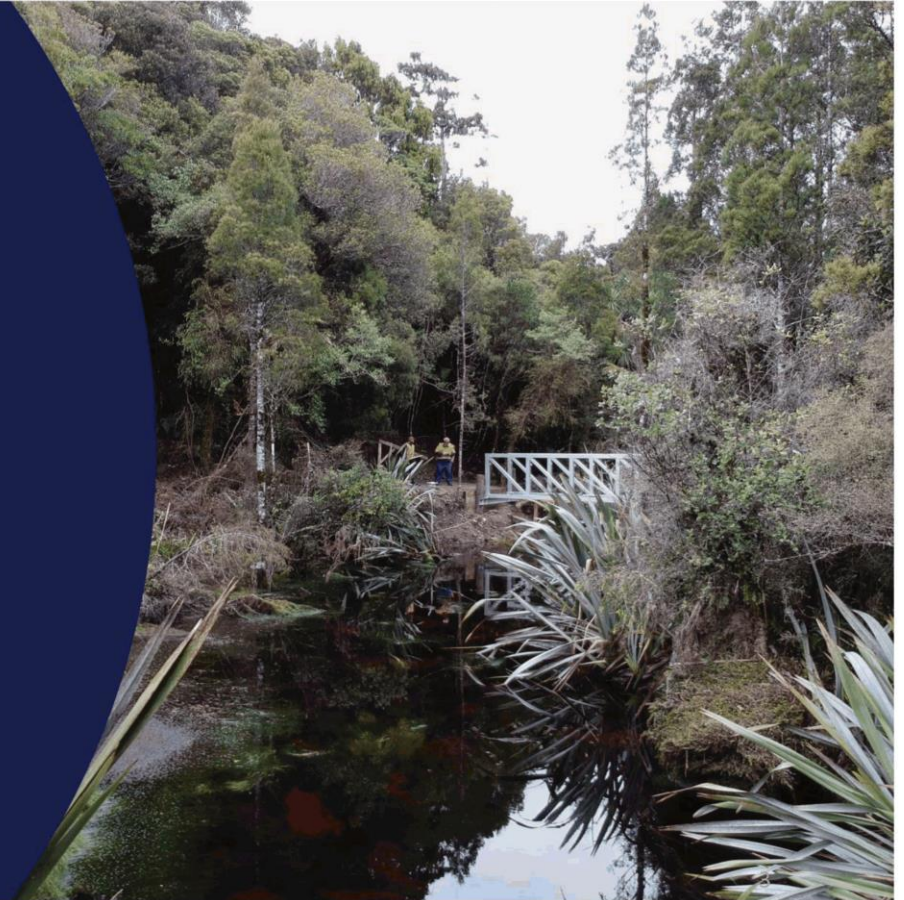
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- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



COVID 19 – IMPACT ON COUNCIL 2020/21 REVENUE



- Council funding revenue is forecast to fall between 2.3 and 11 percent in the 2020/21 financial year relative to a 20% forecast decline in the DIA's Local Government Sector COVID-19 Financial Report 1 (14 April 2020)
- In dollar terms this equates to a loss of revenue to the sector of between \$355 million and \$1.5 billion
- Core scenario is based upon remaining in Level 2 until March 2021 and then back to Level Zero in June 2021
- Reduced level of funding will come from:
 - Rates Income (primarily from zero or lower than forecast rate increases for the 2020/21 financial year)
 - Fee Income (less parking revenue, revenue from community facilities, regulatory services income)
 - Investment income (lower dividends and / or lower returns from investment funds)
 - Development contributions
- Lost fee income from public transport is currently being reimbursed by the NZ Transport Agency (NZTA)
- Subsidies and grants likely to be as forecast although the funding level from NZTA is still yet to be confirmed

Source: DIA Local Government Sector COVID-19 Financial Implications Report 2

COVID 19 – IMPACT ON COUNCIL 2020/21 RATES INCOME



- The sector's rates income for 2020/21 is expected to be between 2 and 4 percent lower than originally forecast.
- The sector's non-collection assumption for rates is forecast to be between 2 and 6 percent for 2020/21.
- It is forecast that this will need to be debt financed until such time as the rates are collected.
- Some councils may offer rates postponement schemes.
- As an example Christchurch City Council will offer businesses with an actual 30 percent decline in revenue an up to six month extension on rates payments.
- In addition, penalty fees for late payment of rates are likely to be waived.
- Councils are also likely to offer rent or lease holidays for some tenants of council facilities. Many of these will be community groups.

Source: DIA Local Government Sector COVID-19 Financial Implications Report 2 and Christchurch City Council's website ccc.govt.nz/services/rates-and-valuations/ratesextension/

5

COVID 19 – Council Balance Sheet Response



- Councils are currently re-evaluating their 2020/21 capital expenditure programmes.
- Some councils are forecasting that their capital expenditure programmes will be unchanged. Others are reprioritising non-essential capital expenditure.
- Councils expect to make some reductions in operational expenditure.
- Cuts in operational expenditure will be easiest for councils that outsource contracts for some of their services (for example on April 7 Auckland Council announced that it was immediately cutting 1100 jobs for staff it has been employing as temps, or on contracts).
- Limited savings will be made on community facilities that are not open (less maintenance, less power, less cleaning).
- While councils currently intend to maintain service levels, staffing levels will adjust over time depending on demand.

Source: DIA Local Government Sector COVID-19 Financial Implications Reports 1 and 2

COVID 19 – Impact on the 2019/20 Financial Year



- Level 4 restrictions were imposed on 26 March.
- Councils are forecasting that there will be some loss in 4th quarter revenue.
- The average forecast loss in revenue from fees and charges is 12 percent.
- Construction work stopped during level 4 restrictions on all but essential projects.
- Councils now expect to spend 73 percent of planned 2019/20 capital expenditure budgets. This compares to an actual spend of 81 percent for the year ended June 2019 compared to budget.
- While some councils were expecting to borrow for the reduction in revenue, on average it was expected to be largely offset by a reduction in borrowing required for capital expenditure.
- On LGFA modelling, it is expected that all member councils will be compliant with the LGFA financial covenants as at 30 June 2020.

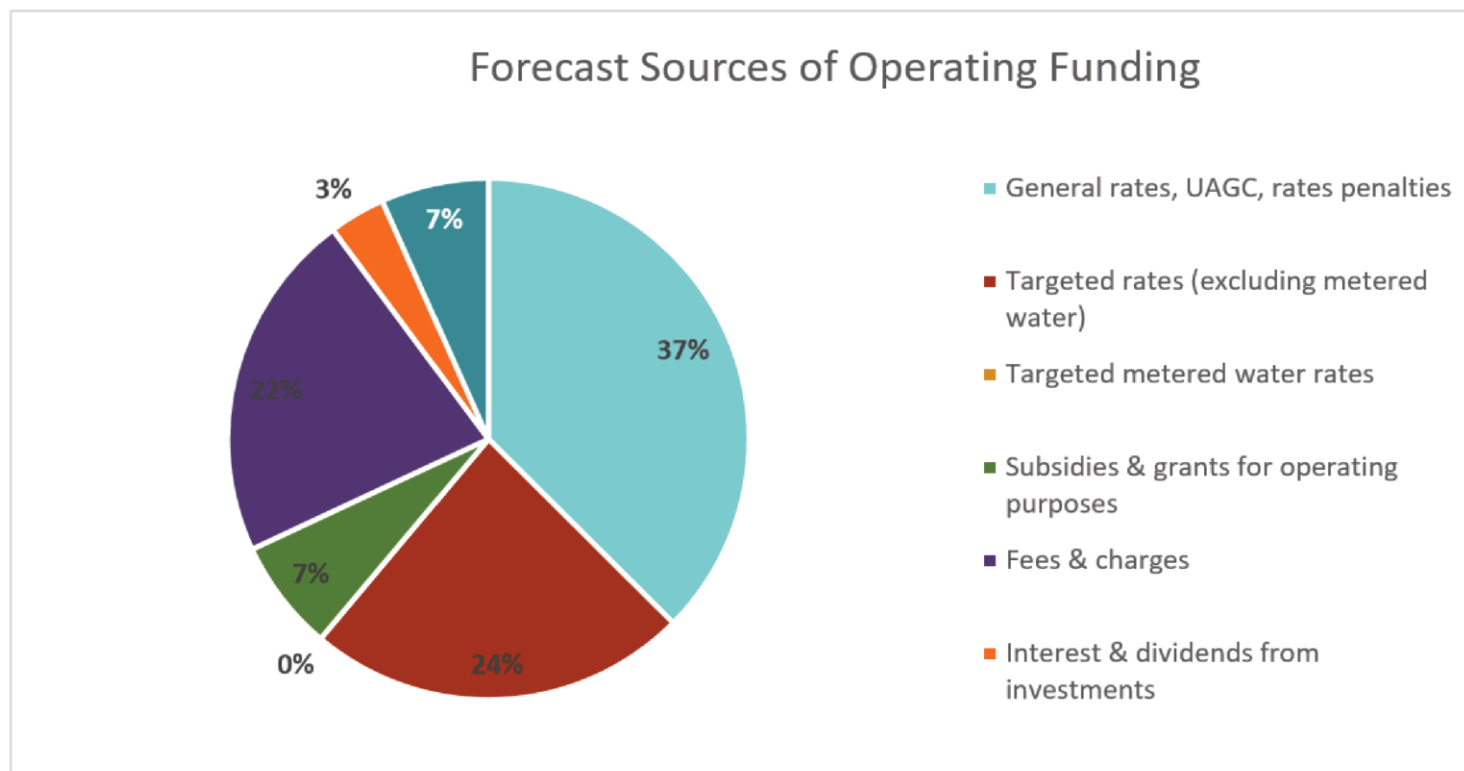
Source: DIA Local Government Sector COVID-19 Financial Implications Report 2

7

SECTOR REVENUE



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
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Source: DIA analysis of council LTPs for the 2019/20 financial year from the DIA Local Government Sector COVID-19 Financial Implications Report 2

COVID 19 – GOVERNMENT INFRASTRUCTURE PLANS



- The Government has asked councils to identify “shovel ready projects” that are ready to start as soon as the construction industry returns to normal.
- The Infrastructure Industry Reference Group will put forward to Ministers projects from the public and private sector that will be ready to start within the next six months.
- These projects will be in addition to the Government’s \$12 billion New Zealand Upgrade Programme and existing Provincial Growth Fund Infrastructure investments.
- “Infrastructure projects designated crucial to the country’s economic recovery will be fast-tracked through the planning process to ensure they start as soon as possible” (Environment Minister - David Parker, 3rd May 2020 National Business Review).
- Nearly all councils have submitted “shovel ready projects” for consideration. For example on April 14 Auckland Council announced they had submitted 73 key projects.
- Provincial Growth Fund projects are continuing. On 30 April, the Minister announced a further \$48 million of funding for nine new initiatives.

COVID-19 IMPACT ON LGFA BONDS IN SECONDARY MARKET



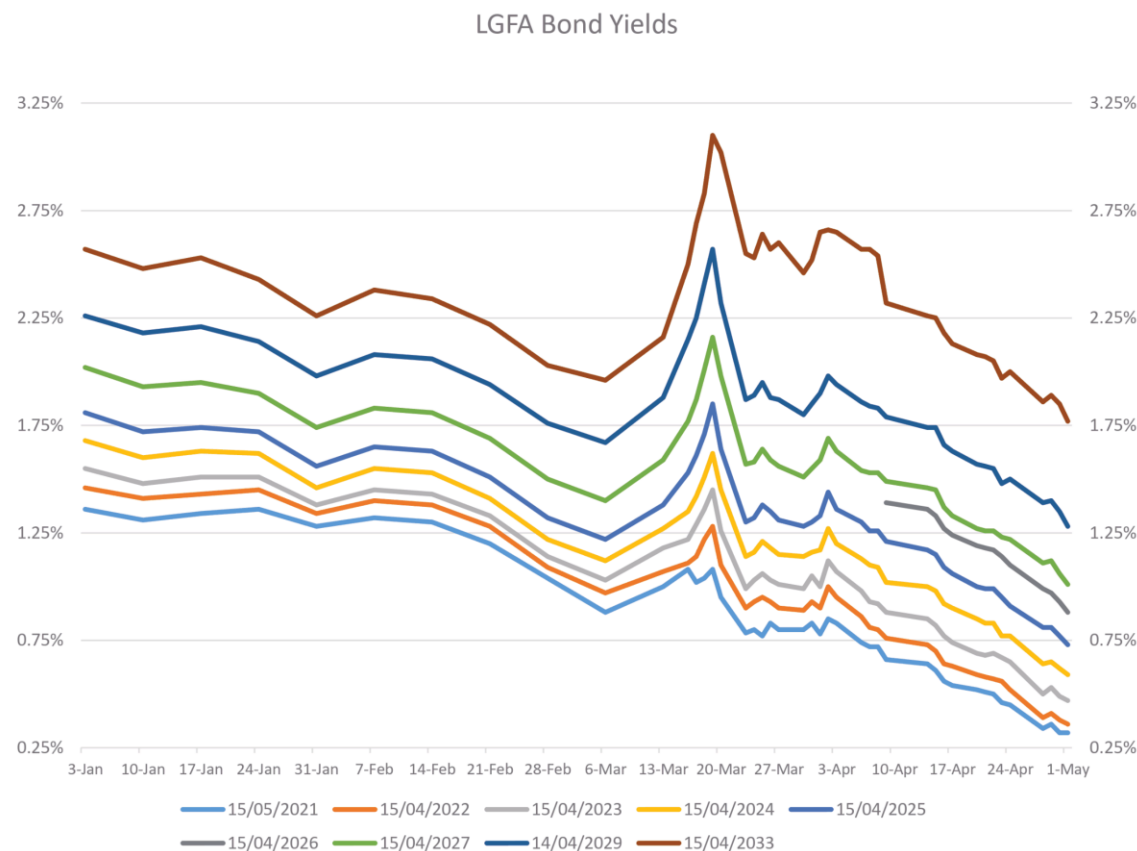
Initially

- Higher outright yields, steeper yield curve and wider spreads to NZGB and Swap
- Wider bid ask spreads in secondary market
- Secondary market turnover in line with 12 month average

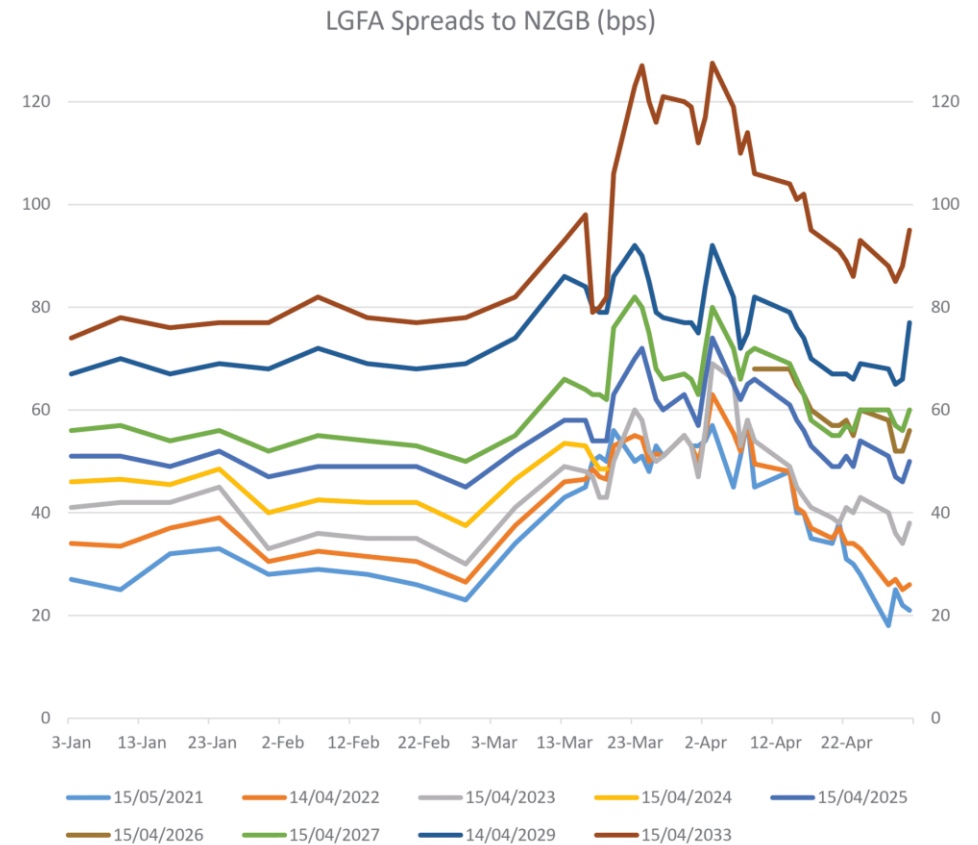
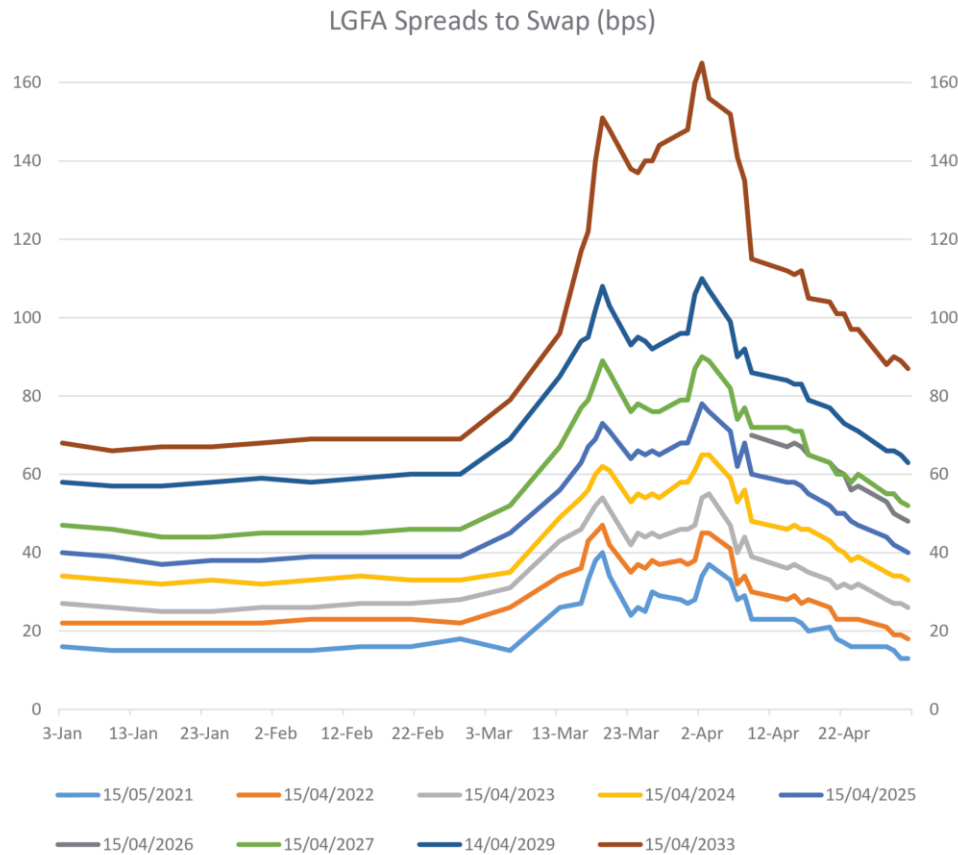
Following RBNZ Large Scale Asset Purchase Programme

- Downward decline in yields continued
- Spreads to Swap and NZGB tighter
- Tighter bid ask spreads
- Record secondary market volume in April
- Positive flow on impact to other high grade issuers

Source: LGFA secondary market end of day yields sourced from BNZ and Bloomberg



COVID-19 IMPACT ON LGFA BONDS IN SECONDARY MARKET



Source: LGFA calculated secondary market end of day spreads sourced from BNZ and Bloomberg

LGFA COVID-19 RESPONSE



Seamless transition to remote working environment
Placed rollout of standby facility to Councils on hold pending increase in Liquid Assets Portfolio
Increased soft cap on LGFA bond maturities from NZ\$1.5 billion to NZ\$1.75 billion
Issued 2.5 year Floating Rate Note by private placement
Increased on-lending margin to councils by 10 bps
Increase Treasury Stock holding per LGFA bond maturity by NZ\$50 million (to NZ\$100 million per series) at next issuance opportunity
Seeking Councils' approval to increase Borrower Notes percentage from 1.6% to 2.5%
Councils providing best estimate of future borrowing requirement on monthly basis for next six months
Worked with Department of Internal Affairs, Treasury and Office of Auditor General on implications for councils including stress testing the financial impact
[Proposed changes to Foundation Policy regarding Net Debt / Total Revenue covenant for councils with a long-term credit rating of 'A' equivalent or higher.](#)

Source: LGFA

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- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



PRUDENT APPROACH TO RISK MANAGEMENT



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
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LGFA's policy to minimise financial risks and carefully identify, manage and control all risk.

Market Risk

PDH limit of NZ\$100,000 – current exposure (as at 1 May 2020) is -\$1,400
VAR limit of NZ\$1,000,000 – current exposure (as at 1 May 2020) is \$299,000

Credit Risk

All Councils that borrow from LGFA are obliged to:

- Provide security in relation to their borrowing from LGFA and related obligations.
- Issue securities (bonds/FRNs/CP) to LGFA.
- Comply with their own internal borrowing policies.

Comply with the LGFA financial covenants within either the Lending Policy or Foundation Policy

Auckland Council is limited to a maximum of 40% of LGFA's total Local Authority assets.

No more than the greater of NZ\$100 million or 33% of a Council's borrowings from LGFA will mature in any 12 month period.

Liquidity and Funding Risk

Cash and Investments

LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due.

Only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within strict counterparty limits.

NZ Government liquidity facility

The New Zealand Government provides a committed liquidity facility up to NZ\$1 billion in size that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall.

Facility size is set by LGFA at NZ\$700 million (as at 1 May 2020)

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

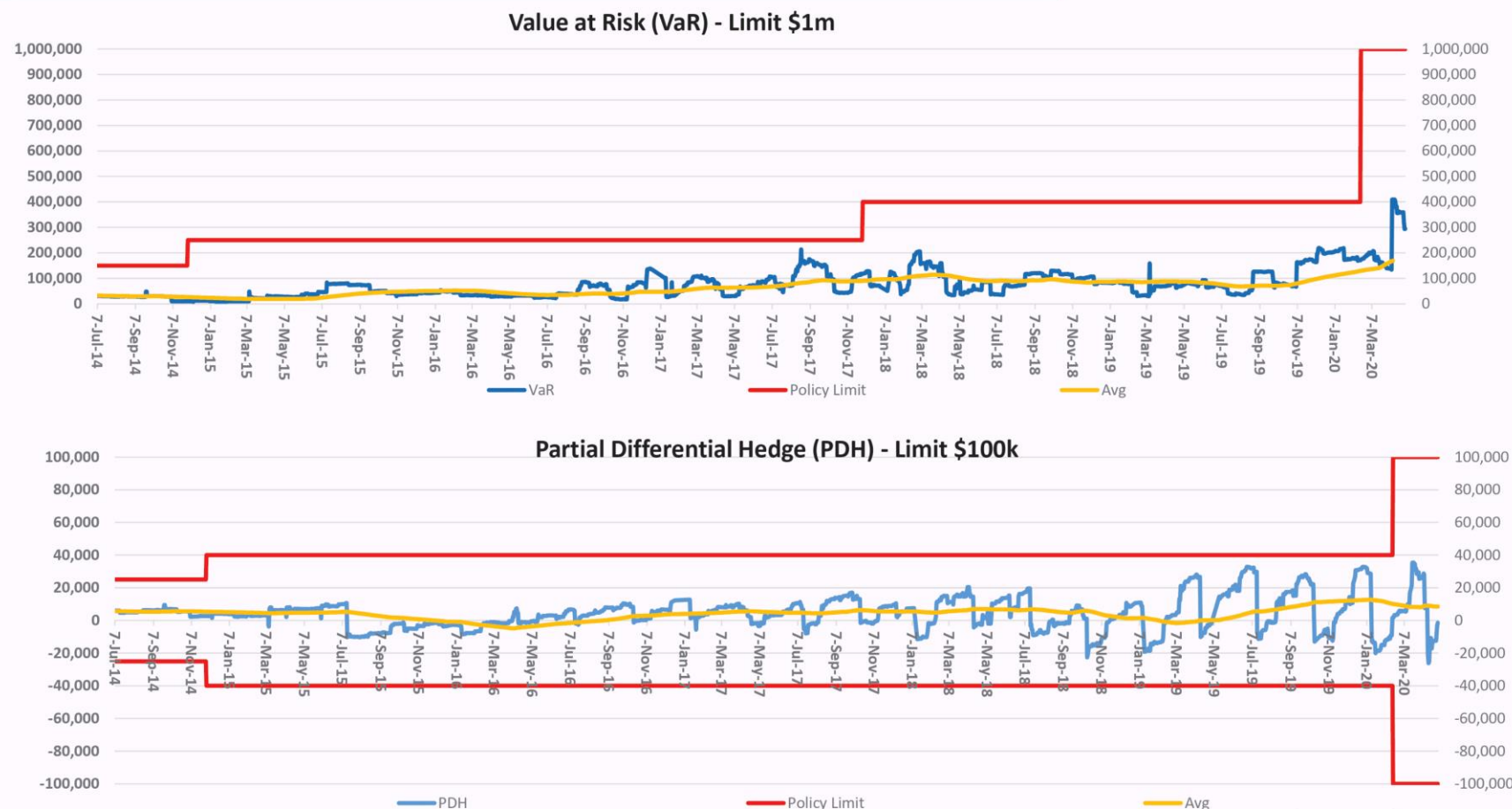
Liquidity position as at 1 May 2020	NZ\$ million
Cash and cash equivalents	\$88.1
Deposits and Marketable Securities	\$772.7
NZ Government Liquidity Facility (amount available)	\$700.0
Total	\$1,560.8

Source: LGFA

MINIMAL VaR AND PDH EXPOSURES



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

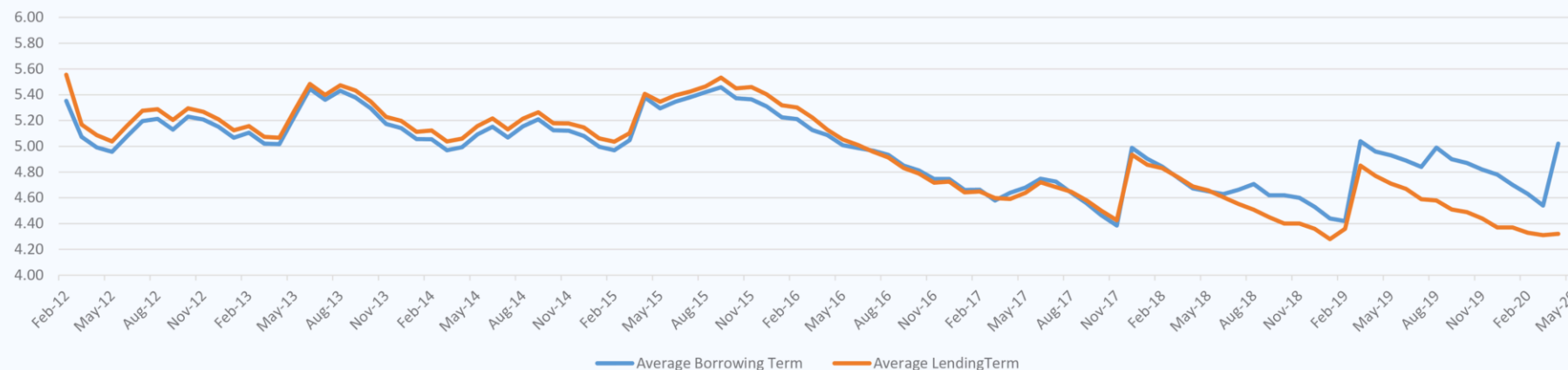


MISMATCH BETWEEN LGFA BONDS AND LOANS

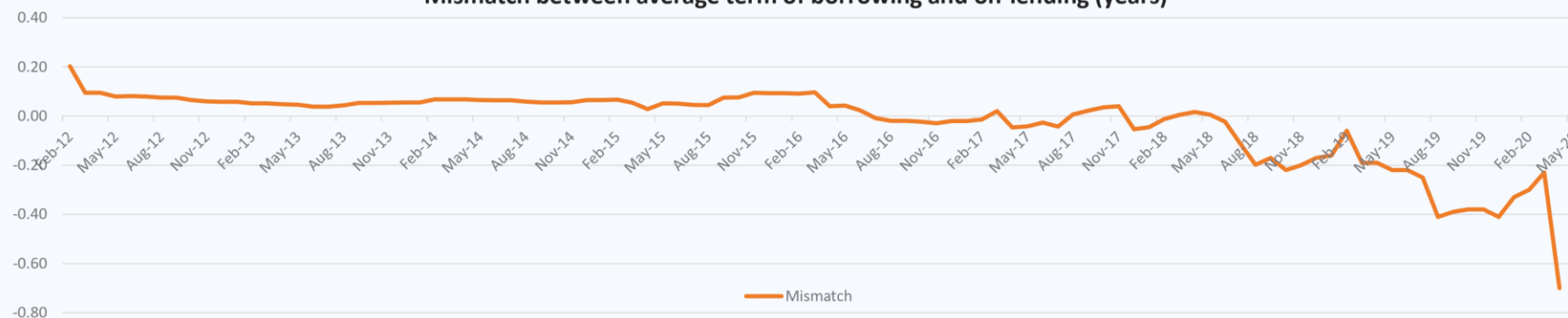


NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

Average term of LGFA bonds outstanding and on-lending (years)



Mismatch between average term of borrowing and on-lending (years)



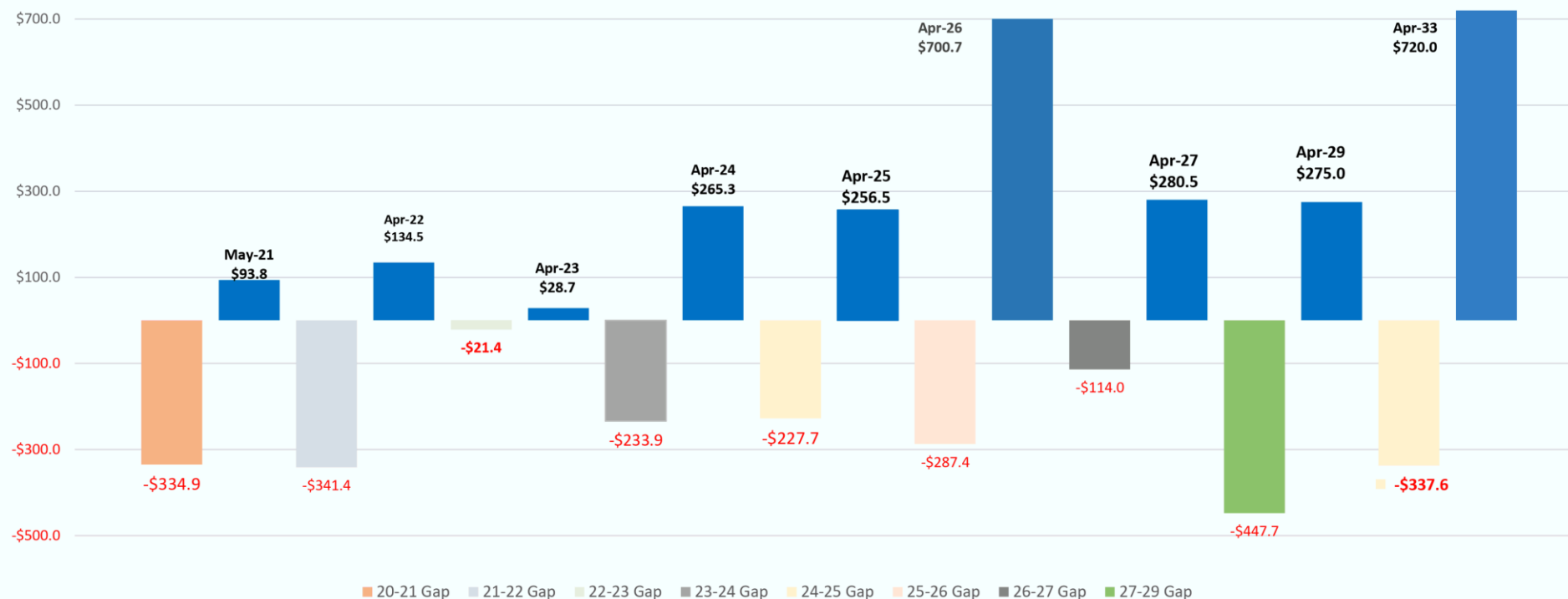
Negative = longer term of bond issuance than on-lending

Source: LGFA

ASSET LIABILITY MISMATCHES



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE



The asset liability mismatch is the difference between LGFA bonds issued and loans to Councils for each date or period. The positive outcomes show more LGFA bonds have been issued than loans made to Councils for that date or period. The negative outcomes show loans made to Councils with maturity dates between LGFA bond maturities.

As at 1 May 2020

Source: LGFA

LGFA LENDING AND GUARANTEE BREAKDOWN



Council Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland Council	\$2,757	25.5%
Christchurch City Council	\$1,920	17.7%
Wellington City Council	\$635	5.9%
Tauranga City Council	\$515	4.8%
Hamilton City Council	\$480	4.4%
Wellington Regional Council	\$400	3.7%
Rotorua District Council	\$217	2.0%
Hutt City Council	\$216	2.0%
Kapiti Coast District Council	\$200	1.8%
Bay of Plenty Regional Council	\$191	1.8%
57 other member councils	\$3,290	30.4%

Council Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$420
Long Term	\$10,399
Total	\$10,820

Borrower Type	Number of councils	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Guarantors	54	\$10,687	98.8%
Non guarantors	13	\$132	1.2%
Total	67	\$10,820	100%

Note:
Auckland Council borrowing is capped at 40% of total LGFA lending
Three member councils have yet to borrow from LGFA

Guarantee contains provisions apportioning share to each council based upon their relative share of total rates revenue of all guarantors. A council's obligation under the guarantee is secured against rates revenue.

Council Guarantor	% share of Guarantee
Auckland	31.6%
Christchurch City	8.7%
Wellington City	5.4%
Hamilton City	3.2%
Tauranga City	2.9%
Wellington Regional	2.9%
Hutt City	1.9%
Canterbury Regional	1.8%
Whangarei District	1.7%
Palmerston North City	1.7%
44 other council guarantors	38.1%

As at 1 May 2020
Source: LGFA

CREDIT QUALITY OF THE LENDING BOOK



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

- ☐ 90.1% of LGFA loans to councils with credit ratings
- ☐ 89.1% of LGFA loans to AA- rated councils or better
- ☐ Average credit quality is above AA-
- ☐ Improving trend in underlying credit quality of local government sector over the past seven years
 - ☐ 9 councils on positive outlook (NZ\$1.77 billion or 17.5% loan book)
 - ☐ no councils on negative outlook
- ☐ Not all councils have credit ratings due to cost of obtaining a rating vs benefits
 - ☐ Average total lending to unrated councils is NZ\$29 million per council
 - ☐ NZ\$45 million of debt is approximate breakeven for a borrower to obtain a credit rating
- ☐ LGFA undertakes detailed credit analysis of all member councils separate to the external credit rating process performed by S&P, Fitch and Moody's
- ☐ Unrated councils are assessed by LGFA as having in general, better credit quality than those councils with credit rating

External Credit Rating (S&P, Fitch)	Lending (NZ\$ millions)	Lending (%)	Number of Councils
AA+	\$170	1.6%	3
AA	\$5,929	54.8%	18
AA-	\$3,494	32.3%	8
A+	\$106	1.0%	1
Unrated	\$1,121	10.4%	37
Total	\$10,820	100%	67

As at 1 May 2020

Source: LGFA

Note: Three member councils have yet to borrow from LGFA (includes long and short term lending)

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LGFA MEMBERS (As at 1 May 2020)



Shareholders	Total Shares (NZ\$)	Shareholding (%)	Amount borrowed (NZ\$ million)	Borrowing (%)	Share Guarantee (%)
New Zealand Government	5,000,000	11.1%			
Auckland Council	3,731,960	8.3%	2,757.0	25.5	31.6
Christchurch City Council	3,731,960	8.3%	1,919.5	17.7	8.7
Wellington City Council	3,731,958	8.3%	634.5	5.9	5.4
Tauranga City Council	3,731,958	8.3%	515.0	4.8	2.9
Hamilton City Council	3,731,960	8.3%	480.0	4.4	3.2
Wellington Regional Council	3,731,958	8.3%	400.0	3.7	2.9
Kapiti Coast District Council	200,000	0.4%	200.0	1.8	1.1
Hutt City Council	200,000	0.4%	216.0	2.0	1.9
Bay of Plenty Regional Council	3,731,958	8.3%	191.4	1.8	0.9
Tasman District Council	3,731,958	8.3%	182.8	1.7	1.3
Waimakariri District Council	200,000	0.4%	160.1	1.5	1.0
Hastings District Council	746,392	1.7%	150.0	1.4	1.4
Whangarei District Council	1,492,784	3.3%	152.0	1.4	1.7
Palmerston North City Council	200,000	0.4%	142.0	1.3	1.7
New Plymouth District Council	200,000	0.4%	139.5	1.3	1.5
Horowhenua District Council	200,000	0.4%	106.1	1.0	0.7
Taupo District Council	200,000	0.4%	115.0	1.1	1.2
South Taranaki District Council	200,000	0.4%	101.0	0.9	0.7
Marlborough District Council	400,000	0.9%	100.3	0.9	1.2
Whanganui District Council	200,000	0.4%	101.5	0.9	1.1
Western Bay of Plenty District Council	3,731,958	8.3%	90.0	0.8	1.2
Manawatu District Council	200,000	0.4%	77.0	0.7	0.6
Whakatane District Council	200,000	0.4%	67.0	0.6	0.8
Waipa District Council	200,000	0.4%	57.6	0.5	1.0
Gisborne District Council	200,000	0.4%	58.6	0.5	1.1
Thames-Coromandel District Council	200,000	0.4%	61.0	0.6	1.1
Masterton District Council	200,000	0.4%	50.0	0.5	0.5
Hauraki District Council	200,000	0.4%	44.0	0.4	0.5
Selwyn District Council	373,196	0.8%	35.0	0.3	1.0
Otorohanga District Council	200,000	0.4%	3.0	0.0	0.2
Total	45,000,000		9,307.0	86.0	80.2

As at 1 May 2020

Source: LGFA

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LGFA MEMBERS continued (As at 1 May 2020)



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	42.0	0.4	0.6
Canterbury Regional Council	54.0	0.5	1.8
Far North District Council	76.7	0.7	1.6
Gore District Council	22.5	0.2	0.3
Hawke's Bay Regional Council	2.5	0.0	0.4
Hurunui District Council	35.0	0.3	0.3
Manawatu-Wanganui Regional Council	44.0	0.4	0.8
Invercargill City Council	92.7	0.9	0.9
Kaipara District Council	44.0	0.4	0.6
Matamata-Piako District Council	26.5	0.2	0.6
Nelson City Council	65.0	0.6	1.3
Porirua City Council	131.5	1.2	1.1
Queenstown-Lakes District Council	115.1	1.1	1.3
Rotorua District Council	216.6	2.0	1.6
Ruapehu District Council	25.0	0.2	0.4
Taranaki Regional Council	4.0	0.0	0.2
Tararua District Council	35.0	0.3	0.4
Taranaki Regional Council	4.0	0.0	0.2
Timaru District Council	89.6	0.8	0.9
South Wairarapa District Council	21.9	0.2	0.2
Stratford District Council	15.5	0.1	0.2
Upper Hutt City Council	51.0	0.5	0.7
Waikato District Council	100.0	0.9	1.5
Waikato Regional Council	32.0	0.3	1.6
Waitomo District Council	38.1	0.4	0.4
Total	1380.3	12.8	19.8

As at 1 May 2020

Source: LGFA

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LGFA MEMBERS continued (As at 1 May 2020)



Borrowers Only	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Buller District Council	20.0	0.2	Nil
Central Hawkes Bay District Council	20.0	0.2	Nil
Carterton District Council	0.0	0.0	Nil
Clutha District Council	9.0	0.1	Nil
Grey District Council	19.0	0.2	Nil
Kaikoura District Council	7.0	0.1	Nil
Northland Regional Council	9.6	0.1	Nil
Mackenzie District Council	0.0	0.0	Nil
Opotiki District Council	8.5	0.1	Nil
Rangitikei District Council	3.0	0.0	Nil
Wairoa District Council	9.0	0.1	Nil
Westland District Council	19.6	0.2	Nil
West Coast Regional Council	7.6	0.1	Nil
Total	132.3	1.2	Nil
Total Borrowing from LGFA	10,819.6	100.0	100.0

As at 1 May 2020

Source: LGFA

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LGFA INTERNAL CREDIT RATINGS



LGFA undertakes its own internal credit assessment and rating process for all member councils using most recent annual reports (June 2019)

Primary Criteria

- Debt levels relative to population – affordability
- Debt levels relative to asset base
- Ability to repay debt
- Ability to service debt – interest cover
- Population trend

Secondary Criteria

- 30 Year Infrastructure Strategy
 - Quality of Assets
 - Capital Expenditure Plan
- Risk Management
 - Insurance
- Governance
- Financial flexibility
- Cashflow
- Budget performance (balanced budget)
- Affordability of rates / Deprivation Index
- Natural hazards
- Group activities (CCO's)

LGFA member councils by internal rating category

LGFA Internal Ratings	2012	2013	2014	2015	2016	2017	2018	2019
AA+	1	2	2	4	4	6	7	8
AA	12	12	12	10	12	13	19	17
AA-	13	13	16	15	19	17	19	23
A+	8	6	3	11	10	12	13	10
A	6	10	11	6	6	3	4	4
A-	5	2	1	1	0	2	2	2

Source: LGFA internal models

As at 30 June each year

LGFA FINANCIAL COVENANTS – MEMBER COUNCIL OUTCOMES FOR JUNE 2019 YEAR



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
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LGFA Financial Covenants – Councils as at 30 June 2019 with an external credit rating (29)

Foundation Policy Covenant	Net Debt / Total Revenue <250%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of Councils' compliance	-149.8% to 180.3%	-5.9% to 9.4%	-9.6% to 19.4%

LGFA Financial Covenants – Councils as at 30 June 2019 without an external credit rating (35)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of Councils' compliance	-92.6% to 121.0%	-1.0% to 5.0%	-1.9% to 8.3%

Source: LGFA using data from individual council annual reports

Source: LGFA

- Note some negative outcomes due to some councils having negative Net Debt i.e. financial assets and investments > borrowings
- LGFA Councils operating within financial covenants
- Ranges highlight the differences between Councils
- Sufficient financial headroom for most Councils
- Improvement from 2013 for most Councils
 - Revenue increased
 - Interest rates lower
 - Capex and debt constrained

PERFORMANCE UNDER LGFA COVENANTS



LGFA Councils with an external credit rating (29 in 2019, 26 in 2018, 23 in 2017, 22 in 2016, 20 in 2015 and 17 in both 2014 and 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Total Revenue	68.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Total Revenue	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Annual Rates Income	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

LGFA unrated Councils (35 in 2019, 29 in 2018, 29 in 2017, 28 in 2016, 25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Total Revenue	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Total Revenue	1.7%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Annual Rates Income	2.8%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

Calculated by simple average of Councils in each group

Source: LGFA using data from individual Council annual reports

LGFA CREDIT RATINGS



❑ Fitch Ratings - November 2019 / January 2020

Local Currency AA+ / Stable/ F1+ Foreign currency rating AA / Positive / F1+

Fitch notes:

- strong links to the sovereign – classified as a credit linked Public Sector Entity;
- deemed to be of strategic importance;
- sound underlying asset quality of its shareholders, local councils;
- long-term rating is capped by the ratings of the sovereign;
- support of a joint and several liability guarantee.

Long-term foreign-currency Issuer Default Rating placed on positive outlook on 27th January 2020

S&P Global Rating's – February 2020

Local Currency AA+ / Positive / A-1+ Foreign Currency AA / Positive / A-1+

Both long-term ratings placed on “positive outlook” on 4th February 2019

Strengths:

- dominant market position as source of funding for New Zealand local government;
- high credit quality of underlying lending;
- extremely strong likelihood of support from the New Zealand Government in a stress scenario;
- robust and experienced management and governance.

Weaknesses:

- highly concentrated loan portfolio;
- modest risk adjusted capital ratio;
- reliance upon domestic market funding.

Rating Agency	Domestic Currency	Foreign Currency	Date of Report
STANDARD & POOR'S	AA+ (positive outlook)	AA (positive outlook)	27 February 2020
FitchRatings KNOW YOUR RISK	AA+ (stable outlook)	AA (positive outlook)	27 January 2020

Source: S&P, Fitch, LGFA

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- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



FOUNDATION POLICY



Clause 5.1 of the LGFA Shareholders' Agreement and comprises various policies

Any changes to Foundation Policies requires shareholder approval

Lending policy

Local authorities when borrowing from LGFA must

- provide security when borrowing
- comply with own internal borrowing policies
- comply with LGFA financial covenants
- be a party to the Deed of Guarantee and Equity Commitment Deed if borrowings or entered into facility agreement with LGFA with commitments exceeding NZ\$20 million

Auckland Council exposure limited to no more than 40% of LGFA total local authority assets

Limit on a local authority or CCO borrowing no more than the greater of NZ\$ 100 million or 33% of its borrowing from LGFA maturing in any 12 month period

Outlines requirements for a CCO to borrow from LGFA. Process for allowing CCOs to borrow from LGFA underway but not yet completed.

Other policies within the Foundation Policies

Cash and liquid investment

Derivatives

Market risk (PDH and VaR limits)

Foreign exchange risk

Operational risk

Dividend

A copy of the current Foundation Policies is available here
lgfa.co.nz/about-lgfa/governance

Source: LGFA

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FOUNDATION POLICY – FINANCIAL COVENANTS



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

Current Financial Covenants

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

Proposed Financial Covenants

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<280%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

Alternative Net Debt / Total Revenue Covenant	
Financial Year ending	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

Proposed change to Foundation Policy covenant

These apply to councils with a long-term credit rating of 'A' equivalent or higher

- Increase Net Debt / Total Revenue to 300% for financial year to June 2021 and June 2022
- Taper back to 280% by financial year ending June 2026

Note there are no proposed changes to

- Lending policy covenants (for councils without a credit rating or with a long-term credit rating lower than 'A' equivalent)
- Net Interest / Total Revenue covenants
- Net Interest / Annual Rates Income covenants
- Liquidity covenants

Source: LGFA

RATIONALE FOR PROPOSED CHANGES



- ☐ Only applies to current 30 council borrowers who have a long-term credit rating of 'A' equivalent or higher
- ☐ All council borrowers have headroom under current Foundation policy covenants so starting position is strong
- ☐ Increase covenant limit then a taper to a level higher than the current level is a conservative approach to allowing greater borrowing capacity to sector
 - ☐ Recognises short term COVID-19 impact
 - ☐ Recognises structural changes to local government sector since 2011 with regard to
 - ☐ Council requirements to meet additional growth infrastructure due to increased population growth
 - ☐ Council response to climate change
 - ☐ Council response to water quality issues
- ☐ Provide flexibility for councils to co-invest alongside Central Government in infrastructure going forward
- ☐ Provide short term comfort to councils with short term revenue declines
- ☐ LGFA has undertaken analysis on impact on additional council borrowing headroom under a revenue shortfall scenario
- ☐ Higher Net Debt / Total Revenue limit of 280% does not add significant additional risk to council borrowers, guarantors or LGFA
 - Sufficient mitigants to ensure probability of default is low
 - Council lending backed by security of rates
 - Even if a default occurred the probability of recovery is high so becomes a timing issue for LGFA
 - Central Government and Local Government have become closer to COVID-19 situation
 - LGFA obligations backed by security of guarantee from guarantors
- ☐ S&P Global Ratings and Fitch Ratings have been consulted on these proposed changes

Source: LGFA

ADDITIONAL BORROWING CAPACITY IF COVENANT INCREASED



Externally Rated Councils Subject to Foundation Policy Covenant (ranked highest to lowest indebted)	No Change to Revenue (all amounts NZ\$000)							Impact of 10% revenue decline (all amounts NZ\$000)			
	Credit Rating as at 1 May 2020	Net Debt / Revenue at June 2019 <250% limit	Adjusted Revenue at June 2019	Actual Net Borrowing at June 2019	Maximum Borrowing at 250%	Existing Headroom at June 2019	Additional Headroom between 250% and 280%	-10% Revenue Shock	Max Borrowing at 250%	Headroom at June 2019	Additional Headroom between 250% and 280%
Kapiti Coast District Council	AA	180.3%	\$81,851	\$147,554	\$204,628	\$57,074	\$24,555	\$73,666	\$184,165	\$36,611	\$22,100
Auckland Council	AA	173.0%	\$3,701,696	\$6,405,489	\$9,254,240	\$2,848,751	\$1,110,509	\$3,331,526	\$8,328,816	\$1,923,327	\$999,458
Tauranga City Council	AA-	166.7%	\$260,082	\$433,685	\$650,205	\$216,520	\$78,025	\$234,074	\$585,185	\$151,500	\$70,222
Horowhenua District Council	A+	164.1%	\$53,385	\$87,619	\$133,463	\$45,844	\$16,016	\$48,047	\$120,116	\$32,497	\$14,414
Rotorua District Council	AA-	144.4%	\$136,394	\$196,924	\$340,985	\$144,061	\$40,918	\$122,755	\$306,887	\$109,963	\$36,826
Waimakariri District Council	AA	140.6%	\$87,485	\$122,984	\$218,713	\$95,729	\$26,246	\$78,737	\$196,841	\$73,857	\$23,621
Hamilton City Council	AA-	124.3%	\$272,428	\$338,575	\$681,070	\$342,495	\$81,728	\$245,185	\$612,963	\$274,388	\$73,556
Christchurch City Council	AA-	105.9%	\$935,009	\$990,016	\$2,337,523	\$1,347,507	\$280,503	\$841,508	\$2,103,770	\$1,113,754	\$252,452
Wellington City Council	AA-	102.1%	\$525,135	\$536,214	\$1,312,838	\$776,624	\$157,541	\$472,622	\$1,181,554	\$645,340	\$141,786
Hutt City Council	AA	101.3%	\$169,677	\$171,918	\$424,193	\$252,275	\$50,903	\$152,709	\$381,773	\$209,855	\$45,813
Tasman District Council	AA	100.1%	\$135,446	\$135,544	\$338,615	\$203,071	\$40,634	\$121,901	\$304,754	\$169,210	\$36,570
Whanganui District Council	AA	99.9%	\$89,081	\$88,992	\$222,703	\$133,711	\$26,724	\$80,173	\$200,432	\$111,440	\$24,052
Wellington Regional Council	AA	92.9%	\$388,641	\$360,983	\$971,603	\$610,620	\$116,592	\$349,777	\$874,442	\$513,459	\$104,933
Porirua City Council	AA	92.5%	\$98,663	\$91,291	\$246,658	\$155,367	\$29,599	\$88,797	\$221,992	\$130,701	\$26,639
Palmerston North City Council	AA	84.1%	\$138,774	\$116,737	\$346,935	\$230,198	\$41,632	\$124,897	\$312,242	\$195,505	\$37,469
Western Bay of Plenty District Council	AA	81.8%	\$96,538	\$78,938	\$241,345	\$162,407	\$28,961	\$86,884	\$217,211	\$138,273	\$26,065
Hastings District Council	AA	80.9%	\$125,574	\$101,614	\$313,935	\$212,321	\$37,672	\$113,017	\$282,542	\$180,928	\$33,905
Nelson City Council	AA	74.8%	\$113,046	\$84,569	\$282,615	\$198,046	\$33,914	\$101,741	\$254,354	\$169,785	\$30,522
Whangarei District Council	AA	67.3%	\$149,801	\$100,818	\$374,503	\$273,685	\$44,940	\$134,821	\$337,052	\$236,234	\$40,446
Queenstown-Lakes District Council	AA-	58.4%	\$143,841	\$84,050	\$359,603	\$275,553	\$43,152	\$129,457	\$323,642	\$239,592	\$38,837
Ashburton District Council	AA+	38.4%	\$62,818	\$24,129	\$157,045	\$132,916	\$18,845	\$56,536	\$141,341	\$117,212	\$16,961
Timaru District Council	AA-	31.9%	\$117,203	\$37,428	\$293,008	\$255,580	\$35,161	\$105,483	\$263,707	\$226,279	\$31,645
Invercargill City Council	AA+	17.1%	\$101,847	\$17,375	\$254,618	\$237,243	\$30,554	\$91,662	\$229,156	\$211,781	\$27,499
Taupo District Council	AA	16.7%	\$92,075	\$15,406	\$230,188	\$214,782	\$27,623	\$82,868	\$207,169	\$191,763	\$24,860
Waipa District Council	AA-	16.2%	\$84,161	\$13,618	\$210,403	\$196,785	\$25,248	\$75,745	\$189,362	\$175,744	\$22,723
Marlborough District Council	AA	8.0%	\$136,024	\$10,908	\$340,060	\$329,152	\$40,807	\$122,422	\$306,054	\$295,146	\$36,726
South Taranaki District Council	AA-	-47.5%	\$68,318	-\$32,429	\$170,795	\$203,224	\$20,495	\$61,486	\$153,716	\$186,145	\$18,446
Bay of Plenty Regional Council	AA	-57.5%	\$131,995	-\$75,864	\$329,988	\$405,852	\$39,599	\$118,796	\$296,989	\$372,853	\$35,639
Selwyn District Council	AA+	-61.7%	\$101,772	-\$62,811	\$254,430	\$317,241	\$30,532	\$91,595	\$228,987	\$291,798	\$27,478
New Plymouth District Council	AA	-176.2%	\$113,615	-\$200,187	\$284,038	\$484,225	\$34,085	\$102,254	\$255,634	\$455,821	\$30,676
Total			\$8,712,375	\$10,422,087	\$21,780,938	\$11,358,851	\$2,613,713	\$7,841,138	\$19,602,844	\$9,180,757	\$2,352,341
Ten Highest Indebted Councils			\$6,223,142	\$9,430,978	\$15,557,855	\$6,126,877	\$1,866,943	\$5,600,828	\$14,002,070	\$4,571,092	\$1,680,248

Source: LGFA

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- ☐ Important Notice and Disclaimer
- ☐ COVID-19 Update
- ☐ LGFA Risks
- ☐ Proposed Changes to Foundation Policy
- ☐ Appendices



LGFA OVERVIEW

SHAREHOLDERS

- ❑ Central Government largest shareholder at 20%
- ❑ 30 councils hold 80% shareholding
- ❑ Can only sell shares to Central Government or local authorities

GOVERNANCE

- ❑ Board of six directors with 5 Independent and 1 Non Independent
- ❑ Bonds listed on NZX so under listing rules
- ❑ Independent Trustee
- ❑ Issue of securities under the Financial Markets Conduct Act
- ❑ Audited by Audit NZ

GUARANTORS

- ❑ 54 guarantors of LGFA
- ❑ Guarantors comprise:
 - All shareholders except the NZ Government
 - Any non shareholder who may borrow more than NZ\$20 million
- ❑ Security granted by each of the guarantors is over their rates income (property taxes)
- ❑ Guarantors cannot exit guarantee until
 - Repaid all their borrowings
 - Wait for longest outstanding LGFA bond to mature (currently 2033)
- ❑ Changes will be made requiring other councils to join guarantee when LGFA implements lending to CCOs

LIQUIDITY

- ❑ NZ\$1 billion liquidity facility from NZ Government
- ❑ NZ\$857 million liquid assets portfolio
- ❑ NZ\$277 million of Treasury Stock currently available for repo



BORROWERS

- ❑ 67 member councils
- ❑ Approx. 90% market share
- ❑ Under Local Government Act 2002 councils must manage finances prudently – implies must run balanced operating surplus and only borrow for capital expenditure
- ❑ Councils borrow secured against rates
- ❑ Must meet LGFA financial covenants

CAPITAL STRUCTURE

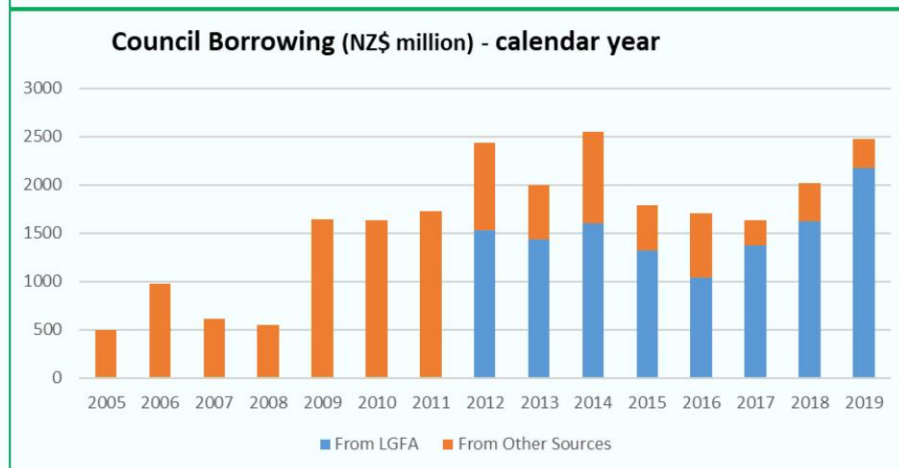
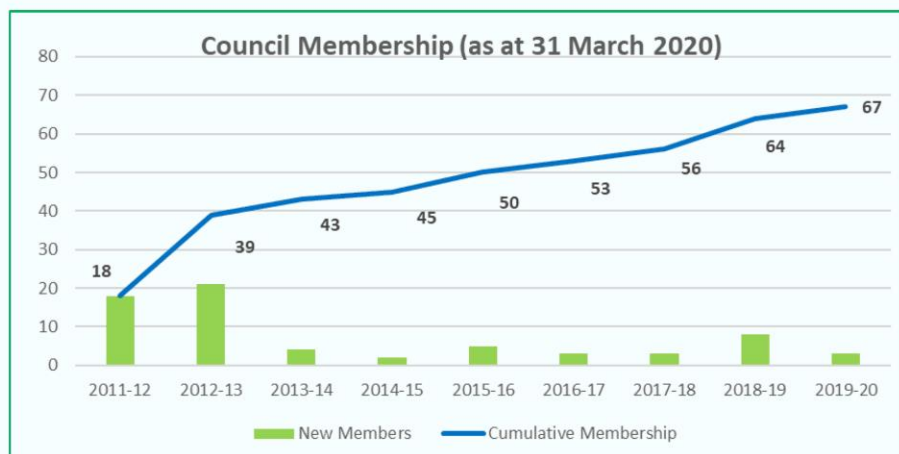
- ❑ NZ\$25 million paid in capital
- ❑ NZ\$20 million uncalled capital
- ❑ NZ\$55 million retained earnings
- ❑ NZ\$166 million Borrower Notes that can be converted to equity
- ❑ Current capital ratio of 2.20% with policy of 2% minimum and target of 3%

As at 1 May 2020

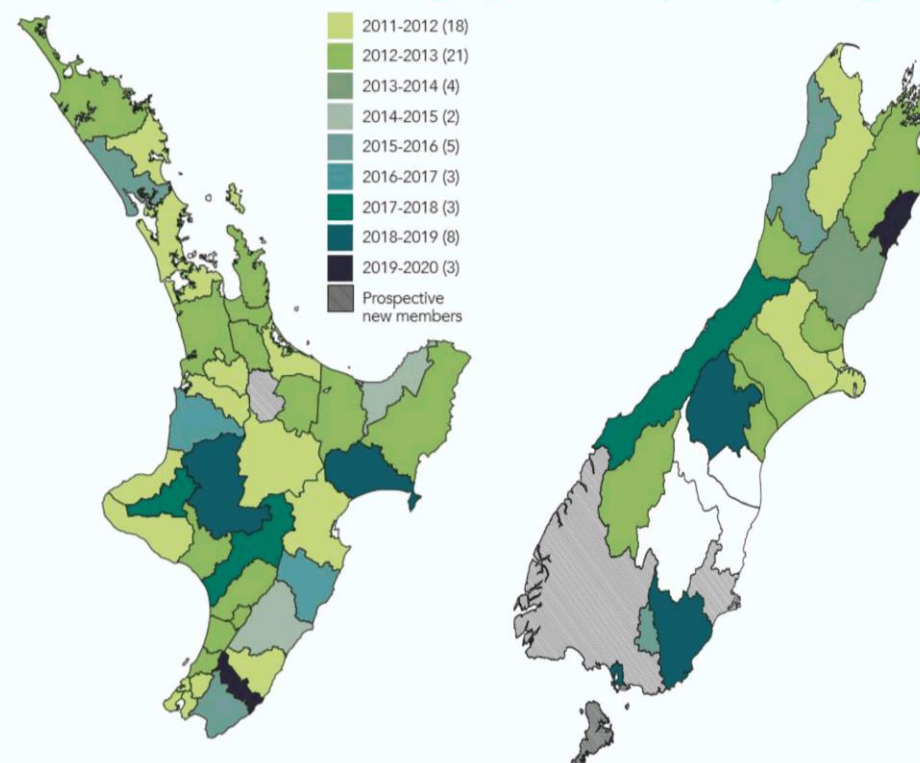
Source: LGFA

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COUNCIL MEMBERSHIP AND BORROWING



LGFA member councils highlighted with year of joining



Note there are 11 councils not currently members of LGFA.
Some of these (notably Regional Councils) may overlap on this map.

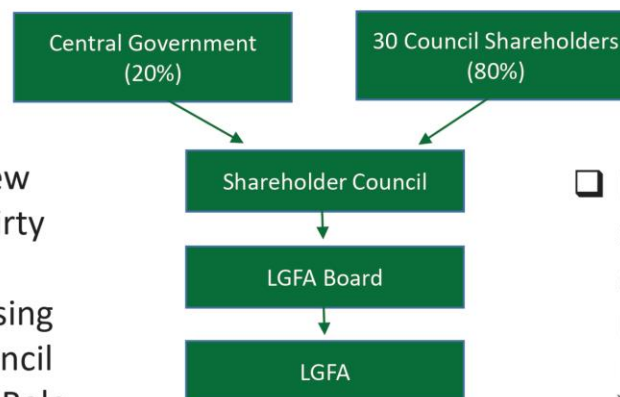
Source: LGFA, PwC Quarterly Local Government Debt Report 34

GOVERNANCE STRUCTURE



- ❑ **31 Shareholders**, comprising the New Zealand Government (20%)¹ and thirty councils (80%).
- ❑ **LGFA Shareholders Council**, comprising five to ten appointees from the Council Shareholders and the Government. Role of the Shareholders' Council is to:
 - Review and report performance of LGFA and the Board;
 - Recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors;
 - Recommendations to Shareholders as to any changes to policies, or the Statement of Intent, requiring their approval;
 - Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions.

¹ NZ Government shareholding reduces to 11.1% if a call is made on uncalled capital of the 30 council shareholders



- ❑ **LGFA 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:

- Local Government Act 2002;
- Local Government Borrowing Act 2011;
- Companies Act 1993;
- Financial Markets Conduct Act 2013;
- LGFA's Constitution;
- LGFA Shareholder Agreement;
- LGFA annual Statement of Intent.

The Board will comprise between four and seven directors with a majority of independent directors appointed by Shareholders.

Source: LGFA

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COUNCIL FINANCIAL DISTRESS – MITIGANTS



- Local Government Framework reduces risk of financial distress – no historical default by a council
- Council have own Treasury Management and borrowing policies – most have independent advice
- Council financial oversight by Office of Auditor General (OAG), Audit NZ and Department of Internal Affairs
- Councils under Local Government (Financial Reporting and Prudence) Regulations 2014 required to report annually on performance against benchmarks including

Rates
Affordability

Debt
Affordability

Essential
Services

Debt
Servicing

Debt Control

Operations
Control

Six step intervention process possible by Central Government



- Council required to comply with LGFA lending covenants

Annual attestation by council

LGFA credit analysis and monitoring performed through the year

LGFA credit watch-list in place

LGFA not obligated to lend to council members

- Covenant breach is an Event of Review – after 30 days LGFA can seek repayment of loans

Source: LGFA

COUNCIL FINANCIAL DISTRESS – LGFA IMPACT



- 30 LGFA member councils have credit ratings (A+ to AA+ range)
- LGFA undertakes detailed credit analysis of each Council if they apply to join LGFA (and ongoing) - not every Council has been accepted as a member
- A Council default becomes a timing issue for LGFA
 - LGFA lending secured against rates revenue under Debenture Trust Deed
 - Unlikely to be other material claimants on rates revenue given LGFA is the dominant lender to Councils
 - Council's Debenture Trustee appoints receiver and a special rate (property tax) levied on all properties in the council region to meet secured obligations when due
 - Property taxes unavoidable and first ranking security over property
- Sources of LGFA liquidity and additional capital
 - \$1 billion liquidity facility from NZ Government
 - Liquid Assets Portfolio
 - Issuance of additional LGFA Bills and Bonds
 - Conversion of Borrower Notes into equity
 - Uncalled capital of \$20 million
- Beneficiaries of the Council guarantee (including LGFA bondholders) can also call upon the guarantee from councils
- **Central Government does not guarantee obligations of either LGFA or council members**

Source: LGFA

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LGFA HISTORIC FINANCIAL PERFORMANCE



Financials (NZ\$ million)	2012	2013	2014	2015	2016	2017	2018	2019
Interest Income	\$10.9	\$73.7	\$149.1	\$222.8	\$278.2	\$320.7	\$342.8	\$361.1
Interest Expense	\$9.9	\$68.1	\$138.9	\$208.9	\$262.6	\$303.2	\$323.9	\$342.3
Net Interest Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8
Total Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8
Operating Expenses	(\$5.2)	(\$3.0)	(\$3.2)	(\$4.7)	(\$6.0)	(\$6.5)	(\$7.1)	(\$7.6)
Net Profit	(\$4.2)	\$2.6	\$7.0	\$9.2	\$9.5	\$11.0	\$11.8	\$11.2
Liquid Assets Portfolio	\$52.8	\$66.3	\$101.7	\$107.9	\$266.3	\$327.5	\$482.8	\$448.1
Loans to Local Government	\$832.7	\$2,514.9	\$3,742.5	\$5,031.9	\$6,451.3	\$7,783.9	\$7,975.7	\$9,310.6
Other Assets	\$57.5	\$107.0	\$74.0	\$271.9	\$539.7	\$380.0	\$321.1	\$610.1
Total Assets	\$943.0	\$2,688.2	\$3,918.2	\$5,411.8	\$7,257.3	\$8,491.4	\$8,779.6	\$10,382.3
Bonds on Issue	\$908.9	\$2,623.6	\$3,825.3	\$5,247.3	\$6,819.7	\$7,865.4	\$8,101.0	\$9,612.4
Bills on Issue	\$ nil	\$ nil	\$ nil	\$ nil	\$223.9	\$348.2	\$473.4	\$503.2
Borrower Notes	\$13.2	\$40.7	\$61.9	\$85.1	\$108.4	\$131.6	\$135.1	\$154.2
Other Liabilities	\$0.2	\$0.6	\$2.1	\$16.1	\$61.0	\$92.3	\$5.8	\$38.5
Total Liabilities	\$922.3	\$2,664.8	\$3,889.3	\$5,375.6	\$7,213.0	\$8,437.5	\$8,715.3	\$10,382.3
Shareholder Equity	\$20.8	\$23.4	\$28.8	\$36.3	\$44.2	\$53.9	\$64.3	\$74.1

Note: As at 30 June each year or for the twelve month period ending 30 June each year. Source: LGFA Annual Reports

LGFA HISTORIC FINANCIAL RATIOS



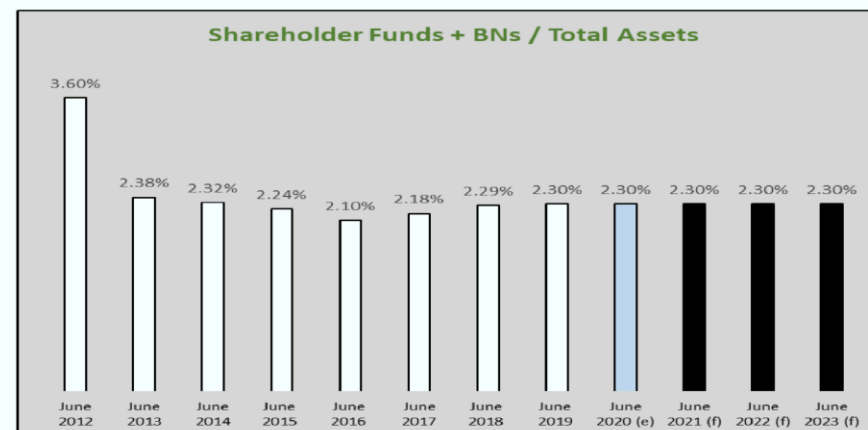
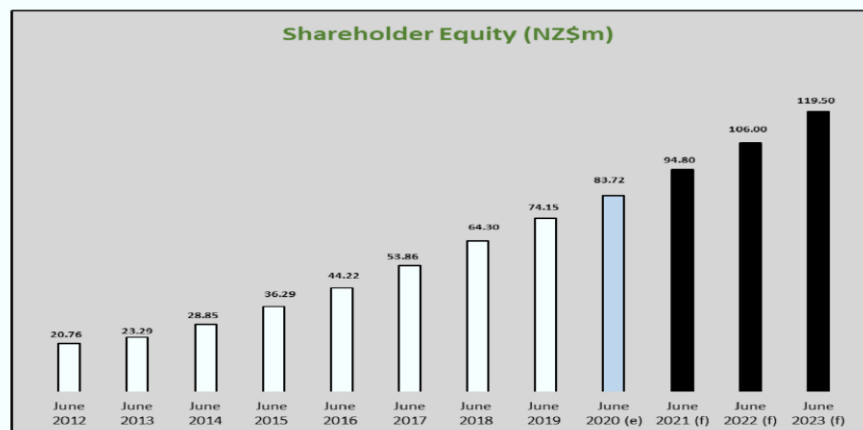
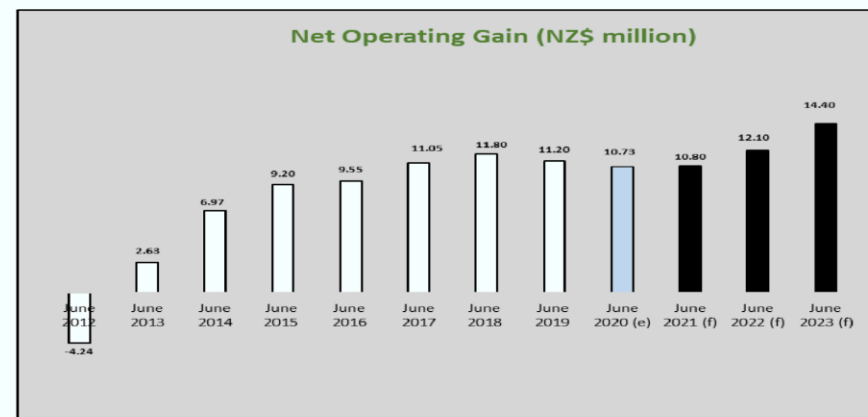
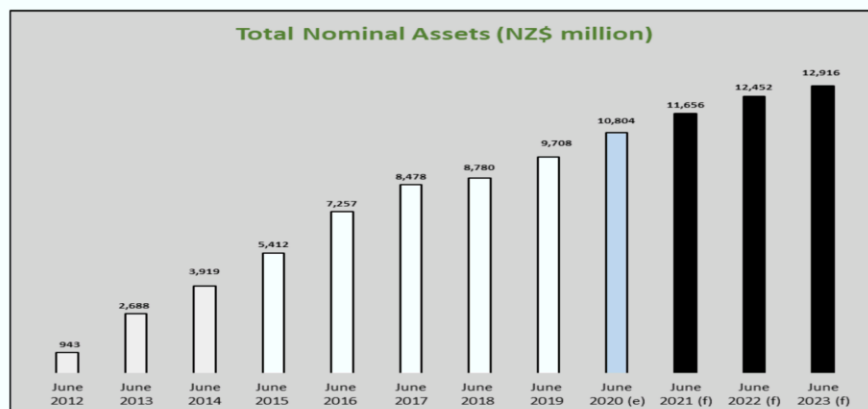
Ratios as at 30 June each year	2012	2013	2014	2015	2016	2017	2018	2019
Liquid Assets / Funding Liabilities	5.7%	2.5%	2.6%	2.0%	3.8%	4.1%	5.6%	4.4%
Liquid Assets / Total Assets	5.6%	2.5%	2.6%	2.0%	3.7%	3.9%	5.5%	4.3%
Net Interest Margin	0.12%	0.23%	0.27%	0.28%	0.24%	0.23%	0.22%	0.18%
Cost to Income Ratio	531.2%	53.6%	31.8%	33.8%	38.7%	37.1%	37.6%	40.4%
Return on Average Assets	-0.45%	0.10%	0.18%	0.17%	0.13%	0.13%	0.13%	0.11%
Shareholder Equity / Total Assets	2.2%	0.9%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%
Shareholder Equity + Borrower Notes / Total Assets	3.6%	2.4%	2.3%	2.2%	2.1%	2.2%	2.3%	2.2%
Asset Growth	n/a	185.1%	45.8%	38.1%	34.1%	17.0%	13.4%	18.3%
Loan Growth	n/a	202%	48.8%	34.5%	28.2%	20.7%	2.4%	16.7%
Return on Equity	n/a	12.7%	29.8%	31.9%	26.3%	25.0%	21.9%	15.1%
Capital Ratio	18.0%	11.9%	11.6%	11.2%	10.5%	10.9%	10.9%	10.9%

Note: As at 30 June each year or for the twelve month period ending 30 June each year. Source: LGFA Annual Reports

HISTORIC & FORECAST FINANCIAL PERFORMANCE



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE



Forecast performance based upon assumptions outlined in LGFA Draft SOI 2020-21 available at www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent

Note: Based upon nominal values and Draft SOI published 27 February 2020

Source: LGFA Annual Reports and Draft SOI

CONTACTS



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9. Miscellaneous amendments to delegations

Reference / Te Tohutoro: 20/394644

Report of / Te Pou
Matua: Vivienne Wilson, Associate General Counsel, Legal Services Unit,
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General Manager /
Pouwhakarae: Leonie Rae, General Manager Corporate Services,
leonie.rae@ccc.govt.nz

1. Executive Summary / Te Whakarāpopoto Matua

- 1.1 The purpose of this report is to provide for some amendments to delegations from the Council to staff. This report has been written because only the Council can resolve to provide for these delegation changes.
- 1.2 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering and assessing the criteria in the Significance and Engagement Policy.
- 1.3 The amendments proposed relate to three specific areas:
 - 1.3.1 The removal of delegations relating to Facilities Rebuild Plan (social housing units) so that the usual financial delegations may apply:
 - 1.3.2 A correction in the insurance delegation so that staff report back to the Finance and Performance Committee of the Whole
 - 1.3.3 An additional delegation under section 114 of the Public Works Act 1981 relating to the vesting of local roads.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Relying on clause 32 of Schedule 7 of the Local Government Act 2002 and for the purposes of the efficiency and effectiveness in the conduct of the Council's business, and any other applicable statutory authority,
 - a. Revoke the delegations in relation to the Facilities Rebuild Plan – Social Housing Units, as set out in Part B, Sub-part 3 of the Delegations Register (as shown and highlighted in Attachment A)
 - b. Amend the delegation relating to insurance as set out in Attachment A (as so shown and highlighted); and
 - c. Revoke the delegation to the Chief Executive in relation to section 114 of the Public Works Act 1981 for point strip agreements, and delegate to the Chief Executive the power to apply to the Minister of Lands for land to be declared as road under section 114 of the Public Works Act 1981, and to give written consent of the Council under section 114(2)(h) of the Public Works Act 1981 (as so shown and highlighted); and that the Chief Executive may sub-delegate this power.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 Part A, Subpart 1 of the Delegations Register sets out the delegations from the Council to the Chief Executive. It includes broad and specific delegations and limitations and restrictions on the exercise of those delegations.
- 3.2 Part B, Subpart 3 of the Council's Delegations Register provides for delegations directly to staff and other persons. It covers a variety of matters where the Council has determined that particular positions in the organisation should hold the delegation.
- 3.3 Staff have identified that a number of changes should be made to delegations concerning –
 - 3.3.1 The removal of delegations relating to the Facilities Rebuild Plan (social housing units).
 - 3.3.2 The insurance delegation, and to which Committee of the Whole staff should report back to.
 - 3.3.3 A new delegation under section 114 of the Public Works Act 1981 relating to the vesting of local roads.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 The other alternative option that was considered but not selected as the preferred option is not making any changes to the delegations. This is not considered to be a reasonably practicable option because
 - 4.1.1 The social housing repairs and rebuild programme is now largely complete and, relying on the current financial delegations to the Chief Executive (and sub-delegated to staff) provides an efficient and effective decision-making process for decisions on the social housing portfolio.
 - 4.1.2 The insurance delegation needs to be updated to reflect the 2019-2022 committee structure.
 - 4.1.3 Seeking a specific Council decision to consent to the vesting of roads where the Council has, in most circumstances, considered the project leads to inefficiencies.

5. Detail / Te Whakamahuki

- 5.1 From time to time, staff identify various changes or improvements that could be made to the Delegations Register.
- 5.2 This report sets out three areas where staff have identified that improvements or amendments can be made – facilities rebuild–social housing units, the insurance placement delegation, and a Public Works Act 1981 delegation. Each of these are explained below.
- 5.3 There are two discrete delegations from the Council to staff in respect of the Facilities Rebuild Plan specifically the Social Housing Repair and Rebuild Programme. The delegations provide that
 - 5.3.1 The Manager Social Housing has a delegation to approve vacant social housing unit repairs up to \$30,000 for each individual unit.
 - 5.3.2 The Manager Social Housing, the General Manager Consenting and Compliance, the General Manager Corporate Services, and the Chief Financial Officer have specific financial delegations in relation to the Social Housing Repair and Rebuild Programme and completing essential repairs to open units. The limit on these delegations is \$1 million.

- 5.4 The Head of Facilities, Property and Planning has requested that these delegations be revoked as the formal earthquake Social Housing Repair and Rebuild Programme is now complete. With completion of the formal programme, these delegations are now redundant. If any further financial transactions are required in relation to earthquake repairs to the housing portfolio, these can be entered into using the Council's usual financial delegations and limits. The usual delegations require prior approval for a project or programme of work and its budget through the Long Term Plan (eg Renewal budgets) or Council decisions (eg Warm and Dry acceleration funding).
- 5.5 The insurance placement delegation currently provides that the Chief Financial Officer jointly with 1 other authorised person (being the Chief Executive, the General Manager Corporate Services, the General Manager Citizens and Community, the General Manager Consenting and Compliance, the General Manager City Services, the General Manager Strategy and Transformation), may enter into arrangements for the placement of all the Council's insurance policies, subject to the exercise of such delegated power being reported back to the Council in each case (if there is no time for a full report to be presented to the Strategy and Finance Committee for recommendation to Council).
- 5.6 Staff recommend that this delegation should be amended to provide that the exercise of the delegated power is reported back to the Finance and Performance Committee of the Whole. Staff note that usually the Council's insurance policies are renewed in the last week of June, so a report to the Finance and Performance Committee will likely be in August.
- 5.7 The delegation in relation to the Public Works Act 1981 concerns land vesting as road. Section 114 provides that the Minister of Lands may, by notice in the Gazette, declare any land, whether owned by the Crown or not, to be road. Before such a declaration is made, the Minister of Lands seeks consent from various parties. The Minister of Lands will seek the consent of the Council where the road is to be a local road (ie one defined in section 315 of the Local Government Act 1974), and will therefore vest in the Council.
- 5.8 In 2017, the Council put in place one delegation to staff to apply to the Minister of Lands, and subsequently consent to land to be declared road where that land relates to a point strip agreement. This is a very narrow delegation.
- 5.9 The Property Consultancy Unit has requested that this delegation be broadened so that the matter of section 114 consents are delegated to the Chief Executive in their entirety. For the most part, these consents are required in relation to situations where new local roads or local road alignments are a result of major road works i.e. Government Roads of National Significance (RONS). However, it can also occur from time to time for minor one off projects i.e. road widening or intersection improvements. The Council will have invariably considered the project and approved the concepts and alignments in reports but seldom have specifically consented to the roads vesting.
- 5.10 These requests are increasing as major road projects such as Government RONS that are under construction near completion. The Council invariably approves local road projects that are either a result of the RONS or other projects, but it is not until these projects are near completion that the final road layout (both state highway and local roads) can be confirmed and consents under section 114 of the Public Works Act 1981 are required. For the purposes of efficiency and effectiveness, it is desirable to delegate this final step, which may require an application to the Minister of Lands in the first instance and then consent under subsection (2), to the Chief Executive, and she may subsequently sub-delegate this as appropriate.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 Changes to delegations will enable the Council to give effect to the Council's strategic direction in an efficient and effective manner.
- 6.2 This report supports the [Council's Long Term Plan \(2018 - 2028\)](#):
 - 6.2.1 Activity: Facilities, Property & Planning
 - Level of Service: 13.4.10 Property advice and services that support the delivery of other Council Services. - At least 90% projects delivered to agreed timeframes per annum.

Policy Consistency / Te Whai Kaupapa here

- 6.3 The decision is consistent with Council's Plans and Policies. The Council's Delegations Policy provides that the Council supports the principle of delegating decision-making to the lowest competent level.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.4 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.5 The decision does not create implications for climate change.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.6 The decision does not have accessibility considerations.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement – The changes to the delegations will be entered in the Delegations Register by the Legal Services Unit
- 7.2 Maintenance/Ongoing costs – There are no ongoing costs from making these changes to delegations. There are also anticipated savings in staff time in having delegations sit at the appropriate level in the organisation.
- 7.3 Funding Source – Staff time in implementing the changes to the Delegations Register is met out of the Legal Services Unit's budget.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 Clause 32 of Schedule 7 of the Local Government Act 2002 provides that

Unless expressly provided otherwise in this Act, or in any other Act, for the purposes of efficiency and effectiveness in the conduct of a local authority's business, a local authority may delegate to a committee or other subordinate decision-making body, community board, or member or officer of the local authority any of its responsibilities, duties, or powers except—

- (a) the power to make a rate; or
- (b) the power to make a bylaw; or

- (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- (d) the power to adopt a long-term plan, annual plan, or annual report; or
- (e) the power to appoint a chief executive; or
- (f) the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- (g) [Repealed]
- (h) the power to adopt a remuneration and employment policy.

8.2 The proposed changes to the delegations also do not infringe the restrictions in the Local Government Act 2002.

8.3 This report has been prepared by the Legal Services Unit.

9. Risk Management Implications / Ngā Hīraunga Tūraru

9.1 There are no identified risks caused by the proposed changes in delegations.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	Attachment A - Amendments to Delegations	92

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
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Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Vivienne Wilson - Associate General Counsel
Approved By	Adela Kardos - Head of Legal Services Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO) Leonie Rae - Acting General Manager Corporate Services

ATTACHMENT A

AMENDMENTS TO DELEGATIONS AS SET OUT BELOW

Page 16, Part A, Sub-part 1

41. Public Works Act 1981

Delegation	Date Amended
Where there is a Point Strip Agreement, and the terms and conditions of the Agreement have been fulfilled, the power to apply to the Minister of Lands for land (which is the subject of the Agreement) to be declared as road under section 114 of the Public Works Act 1981, and to give the written consent of the Council under section 114(2)(h) of that Act.	28 September 2017
The power to apply to the Minister of Lands for land to be declared as road under section 114 of the Public Works Act 1981, and to give written consent of the Council under section 114(2)(h) of the Public Works Act 1981.	

Page 72, Part B, Sub-part 3

14. Facilities Rebuild Plan — social housing units

Delegation	MSH
To approve vacant social housing unit earthquake repairs up to \$30,000 for each individual unit.	✓

15. Facilities Rebuild Plan — social housing units

Delegation	CFO	GMCP	GMCS	MSH
Each project within the programme of work to increase the Housing portfolio by 133 units and / or complete essential repairs to open units, would be subject to the following financial delegations to enter into contracts for the purchase of materials, works and services explicit to the Social Housing Repair and Rebuild Programme: ▪ Not exceeding \$100,000.				✓
Each project within the programme of work to increase the Housing portfolio by 133 units and / or complete essential repairs to open units, would be subject to the following financial delegations to enter into contracts for the purchase of materials, works and services explicit to the Social Housing Repair and Rebuild Programme: ▪ Not exceeding \$500,000.	✓	✓	✓	
Each project within the programme of work to increase the Housing portfolio by 133 units and / or complete essential repairs to open units, would be subject to the following financial delegations to enter into contracts for the purchase of materials, works and services explicit to the Social Housing Repair and Rebuild Programme: ▪ Not exceeding \$1,000,000. *To be exercised by the Chief Financial Officer jointly with either one of the General Manager Corporate Services or the General Manager City Services.	✓*	✓*	✓*	

16. Insurance Policies

Delegation	CEO	CFO	GMCC	GMCS	GMCN	GMST	GMCP
The Chief Financial Officer jointly with 1 other authorised person as indicated in the adjacent columns to enter into arrangements for the placement of all the Council's insurance policies, subject to the exercise of such delegated power being reported back to the Finance and Performance Committee of the Whole Council in each case (if there is no time for a full report to be presented to the Strategy and Finance Committee for recommendation to Council).	✓	✓	✓	✓	✓	✓	✓
To accept progress payments and partial insurance payments on behalf of the Council on the condition that they are not full and final, nor commit the Council to a settlement. This power may be sub-delegated. This power may be exercised severally.	✓	✓					
To accept insurance payouts for facilities which the Council insures but does not own, subject to the approval of the building owner and distribute the payout to the appropriate party(s). This power may be sub-delegated. This power may be exercised severally.	✓	✓					
To settle claims less than \$5,000 that are to be settled globally based on the estimated cost to repair ie "category 1" claims. Refer to original Council report. This power may be sub-delegated. This power may be exercised severally.	✓	✓					

10. Heritage Incentive Grant Application for 2 Cunningham Terrace, Lyttelton

Reference / Te Tohutoro: 20/323828

Report of / Te Pou Judith Cheyne, Associate General Counsel,
Matua: judith.cheyne@ccc.govt.nz

General Manager / Dawn Baxendale, Chief Executive
Pouwhakarae:

1. Executive Summary / Te Whakarāpopoto Matua

- 1.1 The purpose of this report is for the Council to consider a Heritage Incentive Grant application for repainting work on the building at 2 Cunningham Terrace, Lyttelton.
- 1.2 The decision in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by the heritage classification of the building and the amount of funding requested being less than \$500,000.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Receive the April 2020 report from Resource Management Group Limited (David McMahon)
2. Adopt the recommendation in the report, to approve a grant of \$13,549 (excluding GST), representing 50% of the value of the proposed works.
3. Note that the existing conservation covenant arising from the previous grant remains on the title, and will protect Council's past and current grant investment in the property.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 Please see the attached report from David McMahon. He recommends that a grant of \$13,549 (excluding GST) and representing 50% of the value of the proposed works, is made, for the following reasons:
 - a. it would reflect the significance of the property in heritage terms, particularly in light of the loss of heritage in Lyttelton following the Canterbury earthquakes;
 - b. it would protect and reflect the particular attributes of the property in heritage terms, not least its prominent, elevated position and landmark role in Lyttelton; and
 - c. it may most effectively protect the Council's previous investment in the property, which involved more significant restoration works.
- 3.2 Mr McMahon's report suggested Council may wish to seek some assurance from the applicant/owner that the temporary scaffolding erected for the purpose of the repainting works is compliant with the relevant Christchurch District Plan permitted activity condition. We have received confirmation that the scaffolding was erected in a manner compliant with the Plan, and photos are being supplied to also provide verification.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 The report from Mr McMahon discussed two other options to the recommended 50% grant. The other main option considered was a grant of \$8,129 (30% of the total cost of the proposed works). There is an analysis of the advantages and disadvantages of the 30% and 50% grant options at paragraph 5.6 of his report.
- 4.2 The third option, which he did not investigate further was a 'no grant' option. He discounted this option given the property's significance in heritage terms (discussed at paragraphs 3.7 and 3.8 of his report), the positive heritage outcomes for the property if the maintenance works are undertaken, and his assessment that the proposed works will meet with the relevant criteria for assessing such applications (refer paragraphs 4.1 to 4.3 of his report).

5. Detail / Te Whakamahuki

- 5.1 Please see the attached report from David McMahon. Mr McMahon is an external advisor engaged to prepare this report due to a conflict in the heritage team, which is discussed in further detail in the legal section below.
- 5.2 Community engagement was carried out on Our Heritage, Our Taonga Heritage Strategy 2019-2029. Community input was key to the outcomes, and one of the requirements noted in the strategy is:
'This strategy recognises the need to provide:
 - *Increased opportunities for collaboration and partnership in heritage identification, protection and celebration.*
 - *More support through increased access to information, advice and funding...'*²
- 5.3 The Heritage Incentive Grant Fund is one way in which Council is undertaking this support. The amount in the fund is consulted on each year, as part of the Council's Annual/Long Term Plan consultation.
- 5.4 The community has indicated that the retention of heritage has social, cultural, educational, recreational and economic benefits, and contributes to their community wellbeing. It also celebrates diversity in the community through respecting and promoting the stories of all our cultures.
- 5.5 The decision to be made relates to the Te Pātaka o Rākaihautū/Banks Peninsula Community Board area.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 This report supports the [Council's Long Term Plan \(2018 - 2028\)](#):
 - 6.1.1 Activity: Community Development and Facilities
 - Level of Service: 2.3.1.1 Effectively administer the grants schemes for Council - 95% of reports demonstrate benefits that align to Council outcomes and priorities.

Policy Consistency / Te Whai Kaupapa here

- 6.2 The decision is consistent with Council's Plans and Policies. In particular, 'Our Heritage Our Taonga, Heritage Strategy 2019-2029' and the Heritage Incentive Grants Operational Policy Guidelines (**Policy**). The Policy provides for applications to be made to the fund, including by

² Our Heritage, Our Taonga Heritage Strategy 2019-2029, Pg. 16

family members of Council staff (see legal implications section below for further discussion). Decisions on whether or not to approve grant applications was delegated to one of Council's Committee, but at present, now rests with Council.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.4 There are no climate change impact considerations.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.5 There are no accessibility considerations as this is a private dwelling.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement: the amount of the grant approved
- 7.2 Maintenance/Ongoing costs: Nil
- 7.3 Funding Source: LTP Heritage Incentive Grants Fund – there are sufficient funds remaining as at the date of this report. (Around \$50,000)

Other / He mea anō

- 7.4 The Heritage Incentive Grant fund is an annual fund provided for in the 2018-28 Long Term Plan. This established funding source requires staff to present applications to the relevant Committee or Council for approval.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 The definition of 'activity' in the Local Government Act 2002, includes the making of grants. The Council provides for heritage and other grants as part of its general powers of competence in section 12 of the Local Government Act 2002.

Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

Conflict of interest

- 8.2 The primary legal consideration with this particular application concerns a conflict of interest. The Heritage Incentive Grant application has been made by the parents of a staff member in the heritage team of Council. The heritage team member and her partner (also in the heritage team) live at the property.
- 8.3 The Policy recognises and allows for staff or their family members to make applications, as follows:

7 Potential Conflicts of Interest

Where grant applications are made by members of Council staff, then this interest shall be stated in the grant application for consideration by the Committee or the Council. Where Council staff who would otherwise be involved in the assessment and grant approval process have a personal or family interest in the receipt of a grant, then that member of staff shall take no part in the grant assessment and approval process and shall declare the nature of their interest to the Committee.

- 8.4 Although the Policy/Guidelines say the relevant member of staff should take not part in the assessment and reporting, there is no alternative management process expressly provided for in the Policy. To manage the conflict of interest it was determined that the assessment of the application against the criteria in the Guidelines/Policy and recommendation to Council would be completed by a person with suitable experience, external to Council. The report to Council would be completed by a lawyer in Council's legal services unit.

Conservation covenant

- 8.5 The other legal consideration arising from this report concerns the conservation covenant requirement under the Policy. A limited covenant is required for properties or items that receive Heritage Incentive Grants of \$15,000 - \$149,999. A full covenant is required for grants of \$150,000 or more.
- 8.6 Covenants are a comprehensive form of protection because they are registered against the property title, ensuring that the Council's investment is protected. In this case there is an existing conservation covenant on the title from the previous grant of \$26, 228.00 approved for this property. This grant, made in 2009, contributed to works on the property to replace the roof, carry out exterior painting, and replace guttering, spouting, downpipes, boards, structural frames and other external elements, as well as replication of a window on the principal façade. The existing covenant conditions have been met, and this covenant will now also apply to and protect this grant.
- 8.7 This report has been approved by the Legal Services Unit.

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 The grant scheme only allows funds to be paid out upon completion of the works; certification by Council staff that the works have been undertaken in alignment with the ICOMOS NZ Charter 2010; presentation of receipts and confirmation of the conservation covenant (if required) having been registered against the property title or on the Personal Properties Securities Register. This ensures that the grant scheme is effective and that funds are not diverted or lost.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	David McMahon report	100

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Statement of Significance	https://districtplan.ccc.govt.nz/Images/DistrictPlanImages/Statement%20of%20Significance/Banks%20Peninsula/HID%201132.pdf
Heritage Incentive Grants Operational Policy Guidelines	https://ccc.govt.nz/assets/Documents/Culture-Community/Heritage/Heritage-Incentive-Grants-Operational-Guidelines-updated-August-2019.pdf

Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Judith Cheyne - Associate General Counsel
Approved By	Adela Kardos - Head of Legal Services Dawn Baxendale - Chief Executive

CHRISTCHURCH CITY COUNCIL

ASSESSMENT OF APPLICATION FOR HERITAGE INCENTIVE GRANT 2 Cunningham Terrace, Lyttleton

Resource Management Group Ltd

April 2020

Christchurch City Council

Assessment of Application for Heritage Incentive Grant: 2 Cunningham Terrace, Lyttleton

Prepared for Christchurch City Council by:
Resource Management Group Ltd

Urban Hub, Level 2
318 Lambton Quay
PO Box 10170, The Terrace
Wellington 6011

Date: April 2020
Reference: CC184
Status: Final for issue



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Christchurch City Council

Assessment of Application for Heritage Incentive Grant: 2 Cunningham Terrace, Lyttleton

1. Purpose of Report

- 1.1 I have been asked by Christchurch City Council to undertake an assessment of an application for Heritage Incentive Grant funding relating to a property at 2 Cunningham Terrace, Lyttleton. This report sets out my assessment, conclusion and recommendation with respect to the application. My report is for Council's consideration of the heritage grant application.
- 1.2 In undertaking this assessment, I have reviewed the following sources of material as supplied by Christchurch City Council (CCC):
 - a. the application and certificate of title,
 - b. the previous grant history for the property,
 - c. the *Heritage Assessment – Statement of Significance* report for the property (produced by CCC and dated 25 February 2015),
 - d. relevant Christchurch District Plan (CDP) provisions,
 - e. *Heritage Incentive Grants Policy – Operational Guidelines* (2019); and
 - f. contemporaneous reports relating to similar applications.
- 1.3 I was unable to visit the site due to the Covid-19 related lockdown, but have been able to view a series of historical and contemporary photos supplied by the applicant. Google maps has also been of assistance in understanding the property and the surrounding context.
- 1.4 My qualifications include a Bachelor of Arts (majoring in economics and geography) and a Masters in Regional and Resource Planning. I am also an accredited RMA Commissioner in terms of the MFE Making Good Decisions Programme. I am on the CCC register of approved RMA Independent Commissioners. On the above basis I have expertise in a number of resource management and local government fields including historic heritage and application decision-making. I can confirm that I have no conflict of interest where the applicant, property or application is concerned.

2. Structure of Report

- 2.1 This report is structured under the following headings:
 - a. **Context for Proposed Works and Significance of Property:** summarises the nature of the proposed works, previous grant history, significance of property in heritage terms, and the CDP provisions that are relevant to the proposed works.
 - b. **Assessment of the Proposed Works under the Heritage Incentive Grant Policy:** assesses the application against the grant criteria, and also reviews the application against the terms and conditions relating to grant eligibility.

- c. **Options for Grant Quantum:** outlines the options for grant quantum, assesses the application against these options (including their relative advantages, disadvantages and risks), and recommends a grant quantum on that basis.
- d. **Overall Conclusion and Recommendation:** sets out my overall conclusion and recommendation with respect to the application for grant funding.

3. Context for Proposed Works and Significance of Property

Nature of Proposed Works

- 3.1 The owners of the property (David and Vanda Bliss) have applied for Heritage Incentive Grant funding to repaint the exterior of the dwelling at 2 Cunningham Terrace, Lyttleton. An illustrative photo of the dwelling (taken in 2013) is shown in **Figure 1**. The applicants have provided quotations for the costs of repainting, inclusive of the temporary erection of scaffolding, amounting to \$27,097 in total (excluding GST). It is understood that scaffolding has been erected around the dwelling but that further work has ceased while the application for grant funding is considered. Work has also ceased due to COVID-19 requirements that currently prevail.



Figure 1: Illustrative view of 2 Cunningham Terrace, 2013 (source: applicants)

- 3.2 The applicants have also provided current photos of the condition of the paint surfaces. An illustration of that condition, showing the level of deterioration as a result of weathering, is shown in **Figure 2**.



Figure 2: Illustrative condition of paint surface (source: applicants)

Previous Grant History

- 3.3 In June 2009, the current applicants obtained Heritage Incentive Grant funding towards the replacement of the roof, guttering, spouting, downpipes, boards, structural frames and external elements, the replication and reinstatement of a window on the principal façade, and exterior repainting. Funding of up to \$26,228 excluding GST was approved at that time (representing a 30% contribution towards the overall cost of the works).
- 3.4 To secure the Council's investment, a full heritage conservation covenant was placed on the property title on 1 March 2010. My understanding is that the works (including the exterior repainting) were completed in accordance with the grant application and covenant, and that this covenant, which in part obliged the applicant / owner to maintain the property, remains in force, and certainly features on the certificate of title.
- 3.5 According to the 2015 *Heritage Assessment – Statement of Significance* report for the property, the dwelling underwent a major restoration in the 'late 2000s' when it was fully reclad and reroofed, but then sustained substantial damage in the 2010-11 Canterbury earthquakes. According to the heritage assessment, repair involved partial re-piling, new flooring, partial re-lining, the removal of both chimneys, the replication of the large chimney on the western elevation in brick slips, and the replacement of the original stone and brick retaining wall along the Cunningham Terrace frontage.
- 3.6 This repair work was presumably funded via insurance claims, and does not appear to have involved substantial repainting of the exterior, which dates from the time of the 2010 grant-funded upgrade, and which is now ten years old.

Significance of Property

- 3.7 The property at 2 Cunningham Terrace is scheduled as 'Significant' in the CDP, albeit it is not listed by Heritage New Zealand Pouhere Taonga. Although the property is not listed by HNZ, this is not a necessary prerequisite for an application under, or a determination on, the Grants policy. Rather, the focus of the Grants assessment is on the actual historic significance of the property; which I now address below.

- 3.8 The 2015 *Heritage Assessment – Statement of Significance* report for the property post-dates the Canterbury earthquakes. The report finds that the property has high overall heritage significance to the Christchurch district, including Banks Peninsula. This overall rating is part due to high ratings for the following criteria:
- a. **Historical and social significance:** Given its association with prominent Canterbury businessmen and civic figures John Thomas Peacock and Peter Cunningham, its role as a boarding house and its long period of ownership and occupation by the Robson-Merrifield family.
 - b. **Contextual significance:** Given its high profile, elevated setting, tall narrow form and landmark contribution to the colonial landscape of Lyttleton.
- 3.9 The report also finds the property to be significant in cultural, architectural, aesthetic, and technological terms, and also archaeological terms, inclusive of both the dwelling and its setting. The 1876 dwelling was designed by noted Canterbury architect Frederick Strouts and is considered to have particular craftsmanship significance given its elaborate Carpenter Gothic detailing, and especially its bargeboards and finials.

Relevant District Plan Provisions

- 3.10 As indicated in paragraph 3.7 above, the property is identified as a 'Significant' heritage item in the CDP (reference 1132), inclusive of its setting (reference 117). It is also located within a 'character area overlay' in the CDP, but the provisions of that overlay are not relevant where the proposed works are concerned.
- 3.11 Under the CDP, 'repainting' falls within the definition for 'maintenance' and as such is excluded from the definition for 'alteration', which would otherwise require a resource consent, where it involves identified heritage items. 'Maintenance' of identified heritage items, on the other hand, is a permitted activity in accordance with Rule 9.3.4.1.1 P1, subject to compliance with a condition requiring that:
- a. *any temporary scaffolding must be erected without fixing to the heritage item (except where this would breach health and safety requirements) and protective material must be used to prevent damaging the heritage fabric.*
- 3.12 There is another condition in the CDP requiring heritage professional involvement in design and supervision but this is only relevant where structural changes are proposed (none are in this instance). I note that while the applicant has not specified what colour palette they propose to use, there are no conditions relating to this in the CDP.

4. Assessment of the Proposed Works under the Heritage Incentive Grant Policy

Assessment Against Grant Criteria

- 4.1 I have assessed the proposed works against the relevant criteria for assessing heritage incentive grant applications in section 2 of the *Heritage Incentive Grants Policy – Operational Guidelines* (2019).
- 4.2 My analysis is set out in Table 1 below.

Table 1: Assessment of proposed works against criteria for assessing heritage incentive grant applications

Criteria	Comment	Conclusion
The heritage values of the building, place or object in the post 2010/11 earthquake environment of Christchurch and Banks Peninsula.	The property is identified as a 'significant' heritage item in the CDP and enjoys a high overall rating for heritage significance, due in part to its high profile, elevated setting and landmark contribution. Much of Lyttleton's heritage has been lost as a result of the Canterbury earthquakes and the building and its setting represent an important part of the remaining heritage fabric.	Criterion met.
The contribution the proposed work will make to the retention of the building, place or object.	The current paint surfaces are deteriorating as a result of normal weathering which, if left unchecked, will eventually adversely affect the heritage fabric of the dwelling. The repainting represents good preventative maintenance and will assist in ensuring the retention of the dwelling.	Criterion met.
The contribution that the proposed work will make to the wider heritage values of the area.	The repainting of the dwelling will ensure that it will continue to contribute to the wider heritage values of the Lyttleton area, given the building's prominent and elevated location. Whilst the applicant has not specified what colour palette they propose to use, there are no conditions relating to this in the CDP.	Criterion met.
The degree to which the proposed works are consistent with the conservation principles and practice of the ICOMOS (NZ) Charter and other relevant international ICOMOS Charters.	The proposed works are not inconsistent with the conservation principles and practices of the ICOMOS (NZ) Charter, particularly as they do not involve any structural alterations or changes to the dwelling's heritage fabric. As a maintenance activity, repainting is at the lower end of the intervention scale as set out in ICOMOS conservation process and practice principles 17 and 18.	Criterion met.
The urgency of the work required relating to the risk of damage if the work is not done in a timely manner.	The current paint surfaces are deteriorating and, based on my assessment of the photos supplied, suggest that repainting now would ensure that any significant damage to the heritage fabric is avoided.	Criterion met.
The availability of grant funds.	This is a matter for assessment by Council staff as part of their reporting on this application.	N/A.
The amount of any previous Council grants for the property; noting that in general only one grant will be made for the work on a property unless the circumstances demand otherwise in terms of paragraph 3 of the terms and conditions associated with grants.	Under the terms and conditions multiple grants are discouraged and in general, a minimum of five cumulative years must elapse between approved funding and a further application. In this instance, ten years have elapsed since the previous funding application was approved and utilised.	Criterion met.
The amount of insurance funds and Earthquake Commission funding for the building following an event which triggers such funding including but not limited to earthquakes and flooding damage.	The heritage conservation covenant that remains on the certificate of title requires the owner to maintain appropriate insurance for the property. Presumably this was employed to facilitate repairs following the 2010-11 Canterbury earthquakes, and remains in place.	Criterion met.
The contribution the building or item could make to Heritage Week activities.	I do not know whether the owners / applicants have made the dwelling available in some way during previous heritage weeks, although I do note that it is a private residence.	Unknown.

Other Considerations

- 4.2 I have checked and can confirm that none of the exclusions with respect to heritage incentive grants set out in paragraph 1 of the terms and conditions apply.

Overall Alignment with Criteria

- 4.3 Overall, then, and to the extent that I have access to relevant information for the purposes of my assessment, I consider that the proposed works meet the relevant criteria under the *Heritage Incentive Grants Policy – Operational Guidelines (2019)* for assessing such applications.

5. Options for Grant Quantum

Options Considered

- 5.1 In determining what funding options to consider, I have reviewed reports on relatively recent comparative applications provided to me by the Council. These are set out in **Table 2**.

Table 2: Examples of relative recent funding approvals

<i>Date</i>	<i>Location and nature of grant</i>	<i>Options considered (approved proportion of total cost of works in bold)</i>
3 October 2018	9A Aubrey Street, Akaroa – new roof and verandah	30% and 50%
3 October 2018	53 Oxford Street, Lyttleton – new roof and windows, repainting	20% and 30%
3 October 2018	23 Mandeville Street, Christchurch – new roof	30% and 50%
3 July 2019	117 Rue Jolie, Akaroa – new roof, windows, doors, boards, chimney, repainting	30% and 40%
28 November 2019	9 Brice Terrace, Akaroa - repainting	30% and 50%

- 5.2 On the basis that the most recent reports have canvassed both 30% and 50% grant funding options, I have decided to assess the application against the following:
- Option 1:** a grant of \$8,129 (30% of the total cost of the proposed works); and
 - Option 2:** a grant of \$13,549 (50% of the total cost of the proposed works).
- 5.3 I have also considered a 'no grant' option, but have discounted this, given the property's significance in heritage terms (refer paragraphs 3.7 and 3.8 in this report), the positive heritage outcomes for the property if the maintenance works are undertaken, and my assessment that the proposed works will meet with the relevant criteria for assessing such applications (refer paragraphs 4.1 to 4.3 in this report). I have assumed there are sufficient funds remaining in the 2019/20 Heritage Incentive Fund budget to provide either level of grant.
- 5.4 My assessment of the two options is set out in **Table 3**. I have based my assessment on the *Heritage Incentive Grants Policy – Operational Guidelines*, which state (in part, **my emphasis**):

*The primary purpose of the grant scheme is to assist owners of heritage buildings and significant moveable heritage to achieve positive heritage outcomes when they are undertaking **maintenance**, conservation, repairs and code compliance works to these buildings and objects. **Positive heritage outcomes will be***

achieved through the appropriate and timely practice of conservation and maintenance of heritage fabric, the retention of the overall form and appearance of the heritage item and the protection of its heritage values.

- 5.5 I also note that examples of in scope works referred to in the guidelines include “appropriate maintenance” and “appropriate exterior painting and weatherproofing”. When determining the proposed amount of grant, the following is applicable (again, *my emphasis*):

When determining the amount of a proposed grant consideration will be given to the criteria in Paragraph 2 above which includes the heritage significance of the place. The increased significance of heritage buildings, places and objects in the city and on Banks Peninsula following the earthquakes of 2010 and 2011 is recognised. A grant approval of 0-50% of the total value of the agreed scope of works scheduled in the Christchurch District Plan will be considered. This reflects and recognises the significant loss of heritage following the earthquakes, and the increased heritage value and significance to the people of Christchurch of the listed items which remain.

- 5.6 On the above basis my assessment of the two grant funding options is as follows:

Table 3: Assessment of grant funding options

Options	Option 1: Grant of \$8,129 (30%)	Option 2: Grant of \$13,549 (50%)
Advantages	<ul style="list-style-type: none"> A lower level of grant would provide some support to the applicant / owner while leaving more funds for other applications. A grant of 30% equates to the previous level of grant for more significant works approved in 2010. 	<ul style="list-style-type: none"> A higher level of grant would reflect the significance of the property in heritage terms, particularly in light of the loss of heritage in Lyttleton following the Canterbury earthquakes. A higher level of grant would protect and reflect the particular attributes of the property in heritage terms, not least its prominent, elevated position and landmark role in Lyttleton. A higher level of grant might more effectively protect the Council's previous investment in the property, which involved more significant restoration works.
Disadvantages	<ul style="list-style-type: none"> A grant of 30% equivalent to the previous level of grant does not account for the fact that much of Lyttleton's heritage fabric has been lost in the intervening period, thereby effectively enhancing the significance of remaining properties. 	<ul style="list-style-type: none"> The higher level of grant would leave less funds for other applications. A grant of 50% does not equate to the previous level of grant for the property.
Risks	<p>There is little to distinguish the options in terms of relative risk. It might be that there is a slightly elevated risk that the works would not be carried out if a lower grant level was approved, but in practice, preventative maintenance is an important means of reinforcing the dwelling's longevity and the property's value, and there is therefore a reasonable motivation for the owners to carry the works out in any case. A heritage conservation covenant remains in place to protect the Council's long-term investment.</p>	
Overall conclusion	Overall, the less preferred option.	Overall, the recommended option , particularly in light of the heightened significance of Lyttleton's remaining heritage fabric, inclusive of the property, following the Canterbury earthquakes.

Recommendation Relating to Grant Quantum

- 5.7 I recommend that a grant of \$13,549 (excluding GST) and representing 50% of the value of the proposed works, is made.
- 5.8 I note that a grant of this value may fall below the threshold for the imposition of a heritage conservation covenant, as specified in the *Heritage Incentive Grants Policy – Operational Guidelines*, but that, in any case, such a covenant remains on the certificate of title and protects both the Council's previous and anticipated investment in the property.

6 Overall Conclusion and Recommendation

- 6.1 I consider that the application for Heritage Incentive Grant funding to repaint the dwelling at 2 Cunningham Terrace, Lyttleton meets the relevant funding criteria, to the extent that I have had access to relevant information for the purposes of my assessment.
- 6.2 As indicated above, I recommend that a grant of \$13,549 (excluding GST) and representing 50% of the value of the proposed works, is made, for the following reasons:
- a. it would reflect the significance of the property in heritage terms, particularly in light of the loss of heritage in Lyttleton following the Canterbury earthquakes;
 - b. it would protect and reflect the particular attributes of the property in heritage terms, not least its prominent, elevated position and landmark role in Lyttleton; and
 - c. it may most effectively protect the Council's previous investment in the property, which involved more significant restoration works.
- 6.3 I note that the Council may wish to seek some assurance from the applicant /owner that the temporary scaffolding has been erected in a manner compliant with the relevant CDP permitted activity condition.

Resource Management Group Ltd.



David McMahon
Practice Manager/Director
3 April 2020

11. Heritage Incentive Grant Approval for Akaroa Lighthouse

Reference / Te Tohutoro: 20/111444

Report of:

Victoria Bliss, Heritage Conservation Projects Planner,
victoria.bliss@ccc.govt.nz

General Manager:

Brendan Anstiss, Brendan.anstiss@ccc.govt.nz

1. Executive Summary / Te Whakarāpopoto Matua

- 1.1 The purpose of this report is for the Sustainability and Community Resilience Committee to approve a Heritage Incentive Grant for the 'Highly Significant' scheduled Lighthouse at 145 Beach Road, Akaroa.
- 1.2 This report responds to an application for grant funding from the Akaroa Lighthouse Preservation Society. The works seeking grant funding include maintenance, conservation, and display of the original clockwork mechanism and machinery of the Lighthouse.
- 1.3 The grant application aligns with the Heritage Incentive Grants Policy Operational Guidelines 2019. Council staff recommend a grant of up to \$4,872 (50% of the works). This percentage reflects the significance of the building and the positive heritage outcomes achieved by the works.
- 1.4 The heritage outcomes include the retention and enhancement of the heritage fabric and values of the Lighthouse. The grant will also support the Lighthouse Preservation Society to provide ongoing public access and sustainable use of the building, and maintain this iconic landmark as part of the wider community heritage of Akaroa.
- 1.5 The decision in this report is low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance is determined by the heritage classification of the building, the amount of funding requested, and the fact that Council has approved Heritage Incentive Grant funds for allocation in the 2018-2028 Long Term Plan. There are no engagement requirements in the Operational Guidelines or policy for this grant scheme.

2. Officer Recommendations / Ngā Tūtohu

That the Sustainability and Community Resilience Committee:

1. Approve a Heritage Incentive Grant of up to \$4,872 for maintenance and conservation works to the Lighthouse at 145 Beach Road, Akaroa.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 The Council aims to maintain and protect built, cultural, natural, and significant moveable heritage items, areas, and values, which contribute to a unique city, community identity, character and sense of place and which provide links to the past.
- 3.2 The Council promotes heritage as a valuable educational and interpretation resource, which also contributes to the visitor experience and provides an economic benefit for the district. It recognises heritage as contributing to the identity and wellbeing of our communities and the district.

- 3.3 As well as being a scheduled heritage item, the Lighthouse is unique as New Zealand's only operating decommissioned lighthouse and one of a very limited number of lighthouses in the world which is regularly open to the public. It has high historical, social, technological and craftsmanship significance, and is a landmark in Akaroa.
- 3.4 The Lighthouse is run entirely by the community volunteers of the Lighthouse Preservation Society (LPS). They are reliant on donations and grants to support their work, maintain the structure and open it to the public.
- 3.5 LPS is seeking a grant for maintenance and conservation works. The works will achieve positive heritage outcomes, including conserving the heritage fabric and values of the Lighthouse, supporting and enhancing ongoing public access and sustainable use, and maintaining this iconic landmark as part of the wider community heritage of Akaroa.



Photograph: Brendan Smyth, 2019

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 Two other options have been considered: a lower level of grant funding and declining grant support. These options were discounted because:
 - The proposed works will comply with the Operational Guidelines and Policy for the Heritage Incentive Grant scheme, see:
<https://ccc.govt.nz/assets/Documents/Culture-Community/Heritage/Heritage-Incentive-Grants-Operational-Guidelines-updated-August-2019.pdf>
 - The grant will support the community volunteers of the LPS to conserve and maintain their heritage for future generations. If the grant is declined or a lower amount approved, the LPS will have to source the shortfall elsewhere. This could cause delays to the works, or prevent them from being completed.
 - There are sufficient funds remaining in the HIG Fund to cover this grant at the 50% higher level.

5. Detail / Te Whakamahuki

- 5.1 The decision affects the following wards/Community Board areas:

5.1.2 Banks Peninsula

History and heritage significance

- 5.2 Constructed in 1878, the Lighthouse originally stood on the eastern head of Akaroa harbour. In 1977 it was closed and replaced with an automated tower.
- 5.3 The predecessor organisation to Maritime New Zealand at the time planned to dispose of the redundant structure by pushing it over the cliff. The community formed the Lighthouse Preservation Society (LPS) in 1977 to save the building and relocate it, purchasing it for \$1. They spent three years negotiating a site, engaging engineers and raising funds for the new foundations and transportation costs. In October 1980 the Lighthouse was moved to its current site at 145 Beach Road. Eighteen months later it was opened to the public, restored and conserved by the LPS and community volunteers.
- 5.4 The LPS have relocated, restored and retained in full working order the original mechanisms and machinery of the Lighthouse. With permission from the Maritime New Zealand, it can be lit on special occasions.
- 5.5 The LPS have maintained and cared for the building since 1977. They open the Lighthouse to the public regularly, making it a rare example of a publically accessible lighthouse. They have limited funding, relying on donations and grants.
- 5.6 The Akaroa Lighthouse is scheduled as “Highly Significant” in the Christchurch District Plan. For further details see the [Statement of Significance](#).

The grant application

- 5.7 The Heritage Incentive Grant scheme is intended to assist owners of scheduled heritage places and significant moveable heritage items to achieve positive heritage outcomes when they undertake maintenance, conservation, repairs and code compliance works.
- 5.8 The LPS are seeking to undertake maintenance and conservation works to the Lighthouse. These include repainting the interior and installing non-slip surfaces for improved safe access. The LPS also wish to improve access to and visibility of the original lighthouse machinery, including the winding and clockwork mechanism that rotate the lens and prisms. This requires the installation of lighting and protective glazing to enable the original machinery, including the winding pit, to be uncovered for safe display. The total cost for these works is \$9,744 exclusive of GST.
- 5.9 There are no comparable grants. This is the first application seeking funding to conserve and enhance the machinery and mechanisms integral to the structure and function of a lighthouse. This is the only scheduled lighthouse in the Christchurch District Plan.



The lenses



The winding mechanism



Winding mechanism including the weight pit. These are to be glazed and lit for public viewing.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 The Heritage Incentive Grant Scheme aligns to the Community Outcome “Resilient Communities” – ‘celebration of our identity through arts, culture, heritage, sport and recreation’ and ‘strong sense of community’. It also supports “Liveable City” – ‘21st century garden city we are proud to live in’ and “Prosperous Economy” – ‘great place for people, business and investment’.
- 6.2 By supporting the community volunteers of the Lighthouse Preservation Society, a grant would align to the strategic priority “Enabling active and connected communities to own their future”.
- 6.3 The Heritage Incentive Grant Scheme supports delivery of the overarching strategic principle of “Taking an intergenerational approach to sustainable development, prioritising the social, economic and cultural wellbeing of people and communities and the quality of the environment, now and into the future.” This is because heritage is an intergenerational equity. It contributes to our personal and community sense of identity and belonging, and enhances high levels of social connectedness and cohesion.
- 6.4 This report supports the [Council's Long Term Plan \(2018 - 2028\)](#):
 - 6.4.1 Activity: Strategic Planning and Policy
 - Level of Service: 1.4.2 Support the conservation and enhancement of the city’s heritage places. - 100% of approved grant applications are allocated in accordance with the policy.

Policy Consistency / Te Whai Kaupapa here

- 6.5 The recommendation is consistent with Council’s Plans and Policies as listed below:
 - 6.5.1 Our Heritage, Our Taonga Heritage Strategy 2019-2029
 - 6.5.2 Heritage Incentive Grants Policy – Operational Guidelines 2019
 - 6.5.3 International Council on Monument and Sites (ICOMOS) New Zealand Charter 2010
 - 6.5.4 Heritage Conservation Policy
- 6.6 The recommended grant aligns with the Our Heritage, Our Taonga Heritage Strategy 2019-2029 as it:
 - 6.6.1 Supports communities to protect and celebrate their local heritage places; builds strong relationships with communities; ensures community voices have a central role in identifying and celebrating their local heritage and strengthens community identity and sense of place (Whāinga 3, Mahinga 2. a-d)
 - 6.6.2 Supports owners of heritage buildings through the ongoing provision of Heritage Incentive grant funding (Whāinga 4, Mahinga 4)

- 6.7 The grant is in alignment with the Heritage Incentive Grants Policy – Operational Guidelines 2019. The works are within scope of grant consideration, and the application and grant amount meet the Criteria for ‘Assessing Heritage Incentive Grant Applications’, particularly in terms of:
- 6.7.1 The heritage values of the Lighthouse
 - 6.7.2 The contribution the proposed work will make to the wider heritage values of the area
 - 6.7.3 The extent to which the building is publically accessible
 - 6.7.4 The degree of consistency with the ICOMOS NZ Charter, 2010
 - 6.7.5 The availability of grant funds
- 6.8 The grant is in alignment with the ICOMOS NZ Charter, 2010 as it supports the continued original use of the building, its maintenance and conservation. The grant aligns with the Heritage Conservation Policy in terms of the re-use of the heritage building.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.9 It is noted that Onuku Rūnanga hold mana whenua rights and interests in the area where the Lighthouse is located.
- 6.10 This proposal does not involve a significant decision in relation to land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Māori, their culture and traditions.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.11 The grant will support the retention of a heritage building and the embodied energy within it. Retention and reuse of heritage buildings can contribute to emissions reduction and mitigate the effects of climate change. Retaining and reusing existing built stock reduces our carbon footprint and extends the economic life of buildings.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.12 The historic mechanisms and machinery of the Lighthouse will become accessible for public display through the works. The Lighthouse is opened by the LPS for public access every Sunday, on cruise ship days and by appointment.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to implement – the recommendation is for a grant of up to \$4,872 (50% of the works).
- 7.2 Maintenance/Ongoing costs – none.
- 7.3 Funding Source - The Heritage Incentive Grant budget is an annual fund provided for in the 2018-28 Long Term Plan. This established funding source requires staff to present applications to the relevant Committee or Council for their approval.
- 7.4 The cost of implementation of this grant application:

Annual Budget for the Heritage Incentive Grant (HIG) fund	\$697,700
Commitment from the 2018/19 financial year for 26 Canterbury St. Lyttelton	\$100,000
Commitment from the 2018/19 financial year for 158 High Street	\$70,000
Commitment from the 2018/19 financial year for 544 Tuam Street	\$128,491
Approved grant to 159/161 High Street (22%)	\$90,668
Approved grant to 117 Rue Jolie, Akaroa (40%)	\$35,642
Approved grant to 1 Ticehurst Road, Lyttelton (12%)	\$50,888

Approved grant to 58 Rue Lavaud, Akaroa (20%)	\$39,535
Approved grant to 141 High Street (11%)	\$45,334
Approved grant to St David's Church, Belfast (30%)	\$37,000
Approved grant to the tug 'Lyttelton' (50%)	\$41,620
Approved grant to 9 Bruce Terrace, Akaroa (50%)	\$3,600
Proposed grant to Akaroa Lighthouse (50%)	\$4,872
Total Available Funds 2019/2020	\$50,050

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

8.1 The delegated authority for Heritage Incentive Grant decisions sits with this Committee.

Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

8.1 There is no legal context, issue or implication relevant to this decision.

8.2 This report has not been reviewed and approved by the Legal Services Unit

9. Risk Management Implications / Ngā Hīraunga Tūraru

9.1 The grant scheme only allows funds to be paid out upon completion of the works; certification by Council staff that the works have been undertaken in alignment with the ICOMOS NZ Charter 2010; presentation of receipts and confirmation of the conservation covenant (if required) having been registered against the property title or on the Personal Properties Securities Register. This ensures that the grant scheme is effective and that funds are not diverted or lost. Once approval has been gained the applicant will have a period of eighteen months to complete the agreed work to the building.

Attachments / Ngā Tāpirihanga

There are no appendices to this report.

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	

Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

12. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”

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

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
13	DEVELOPMENT CHRISTCHURCH LTD	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	TO PROTECT DEVELOPMENT CHRISTCHURCH LTD'S COMMERCIAL POSITION.	AFTER RELEVANT MATTERS HAVE BEEN DECIDED AND WITH THE APPROVAL OF THE CHIEF EXECUTIVES OF THE COUNCIL AND CHRISTCHURCH CITY HOLDINGS LTD.