

Finance and Performance Committee MINUTES ATTACHMENTS

Thursday 28 April 2022

Date:

A.

Tim Ven		9.30am Via Audio/Visual Link	
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5.2.	Michael Williams A. Michael William	ns presentation	3
5.6.	Don Gould	sentation	
7.		water Treatment Plant Recovery Update tion Waste Water Treatment Plant Update	23
16.		dings Ltd - Draft Statement of Intent for 2022/ church NZ	
17.	Local Government F Shareholder Presen	Funding Agency - Draft Statement of Intent 202 Itation	22/23 and

Local Government Funding Agency40





Greetings, my name is Michael Williams, I am a retired Locomotive Engineer and also a relatively new resident in Bromley. Approx. 2 years.

The Organics Composting plant must be relocated. We all understand that the current location is a mistake. Composting at an industrial scale combined with its location and the direction of the prevailing wind will continue to impact adversely on the residents of Bromley.

The odour issue has now been understood for what is safe to say years.

OPPs non-compliance with their resource consent and the indifference shown by Ecan to multiple clear breaches must stand as a bench mark case In regulatory failure.

Why has this situation been allowed to continue for so long.

I digress here.

At the last deputation in regard to this issue I was asked by a councillor why would I move into an area with known air quality issues.

At the time I was incredulous that I should be asked this question.

What I now believe is that in this question is what goes to the heart of the problem which has been for many years the total indifference by a majority of our elected councilers and Ecan.

Since moving into Bromley I have been subjected to what appears to be institutionalised form of snobbery were we in Bromley are treated as second class citizens not deemed worthy of the investment that would enable us to partake of what the citizens of Christchurch take for granted. The right to breath air uncontaminated by this pollution plague. As in many forms of institutionalised behaviour this is often subtle and not always a conscious behaviour.

How else can we explain the high tolerance for this on-going issue?

So what's in a name?

The very name of Bromley is synonymous with sewage. All too often the Christchurch Water Treatment plant is called the Bromley water treatment plant, what other suburb is known by its association to a sewage treatment station and an organics processing plant This I believe has created an inbuilt bias resulting in a level of indifference that would not be accepted any were else in our city.



Just take a minute and think have I been guilty of this, have I subconsciously been influenced by the long standing of association of Bromley as the sewerage suburb of Christchurch. Would I as an elected representative have tolerated this any were else in this city. Has my role in Ecan been affected by this bias. How else can we even begin to explain this total indifference over many years to the stench from the OPP operation?

So today when making the decision that will affect the residents of Bromley in so many ways please take into consideration that, it is very easy to be influenced by subconscious biases, in this case the name of our suburb, Bromley.

I see now that the council has accepted in principal that the OPP needs to be relocated, but in yesterday's Press the headline gives a possible time frame of 6 years. This now leads us to what steps can be taken to continue the work that has already been done to mitigate the odours and ensure the OPP operation meets its resource consents and operates as a good neighbour.

One step that could be taken is the removal of all food waste from the OPP operation. This would in my view significantly assist in this outcome. While food waste being placed in the red bin would come at a cost this would go a long way in reducing the odour from the plant.

With a possible time line of six years continued action is required now.

The residents of Bromley have the right that Ecan and the Christchurch city council will work together to take all possible steps to ensure that our quality of life does not continue to be impacted by the OPP plant.



TREATMENT PLANT REPORT FEEDBACK AND CONCERNS

DON GOULD 28 APRIL 2022



MY MAJOR CONCERNS WITH THE REPORT

- Lacks detail for good governance.
 - To high level.
 - Doesn't empower the community to support the council in dealing with the infrastructure disaster.
- We have seen Press articles and radio interviews with very frustrated elected members, as well as council meetings with members of the public in tears.
- Members should be considering if a bigger, dedicated team is required.



WILDLIFE

I OF 15

No environmental advisor.

Given the air born wildlife in the area.

Signatories / Ngā Kaiwaitohu

Authors	Michael Croucher - Senior Programme Manager	
	Adrian Seagar - Insurance & Asset Manager	
	Elizabeth Neazor - Manager Legal Service Delivery, Commercial & Property	
	Simon Makker - Senior Communications Advisor	
	Adam Twose - Manager Operations	
	Kurt Scoringe - Senior Health & Safety Advisor	
	Carolyn Gallagher - Programme Director Strategic Support	
Approved By	Jane Davis - General Manager Infrastructure, Planning & Regulatory Services	







COVER

2 OF 15

- Cover considerations seems like a rushed list in response to MP query, with some quite silly considerations.
- It lacks real thought.
 - It doesn't consider a scaffolded umbrella, set I meter off the top, to provide cover and ventilation.
- We have been told the key issue is keeping the damaged filter media dry





-	Description	Bendis		
1	Remove media from tricking filters	Searce of ideas is removed	Shely to cover additional advants media temporal conglit of time for each to begin	Environmental Management Flan required for dealing with ministral exercises from the bottom of the Shiking Filter Selfu.
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•	Spray filter media with an estigene solution for endura ganeration of solutions compounds.	From elections to device perhaps the generals often of the control	Product may not be suitable for open remail. Sales to load organ or application accord with what- supprise suitable sales. Sales all the suitable suitable suitable suitable Sales all the suitable suitable sales it be Lone it is handown minister and will require contide Tomas it is function minister and will require contide Tomas its function minister and will require contide and will requ	Again discriment oblige reach to be overload. Sincernment Management Review as to dealing with opplication and depend of hazantive metals and opplication and depend of hazantive metals.
3	Court filter media with HDPE membrane (or shellar)	Googs mode dry during wet weather reducing Steffhools of edisor.	Costics a "senfored quar" terreditioner with specific locals and addition equipments. Social distributor structure recels social removacionier to introduction. Social open-repoired map make full cover difficult and specificult in high winds.	Combraillien methodology to be developed

	Cover filter media with HOPE monterane for similar) and connect schools fam to treat other via buffilter	Keeps media dry during and exactive reducing Italihood of solare An is writted through is deliber to treat adopt	Creation a "sainfreed upasa" increasib cover with specific treatils and catery-requirements. Seed distributor structure receib to be removed prior to regulation.	Construction methodology to be developed
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,	Die sprayed committe bis immater kep of tracking filler	Keeps media dry during and exactive nationing likelihood of colour Stand distribution at society community in place	Weight of semantic may much the mode, placing pressure on the Sent and which is not designed to later the Sent demonstrates means fastificated of poording elementar, which would be a brooding provider moreovation. Moved using content and little provided and sent later and little places and little places and little places and little places.	Application find all allow methodology results to be developed.
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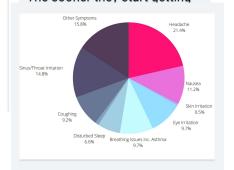
WORKER H&S

3 OF 15

- The health of staff working at the plant doesn't appear to have been given a lot of consideration
- The medial officer of health hasn't been back on site
- Family members of staff are on social media commenting about health concerns
- We know there are dozens of health concerns in the community.
- We know one tank will be untouched for about 5 months.
- We know winter rain is coming.
- We know that it will give off even more emissions while it's being worked on.
- Community health and worker OSH doesn't appear to have been considered.

Sheryl Elson Parkyn

Alica Jane Evans My husband has been getting headaches aswell as myself,. And the flys well My husband works in the control room at the treatment plant and he believes the flys are from the plant, like he said to me all that s--- composting, like all compost heaps attracts flys and they are two very large compost heaps ... go figure. The sooner they start getting





TIMELINE
COMMITMENTS /
PLEDGES

4 OF 15

- There is several issues that don't appear to have timelines.
- Reporting back to elected members is not defined.
- Reporting back to the public is not defined with dates.

≥ 85%	82.6%	×
≥ 8596	82.6%	×
≥ 9096	88.2% ▼	×
≥ 8596	78.8%	*
≥9096	95.3% 🛦	*
≥90%	64.8%	ж
100%	100.0% **	✓
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	≥85% ≥90% ≥90%	≥ 9096 88.2% ▼ ≥ 8596 78.8% ▲ ≥ 9096 95.3% ▲ ≥ 9096 64.8% ▲



AIR QUALITY MONITORING

5 OF 15

- No consideration to the air born wildlife.
- Two sets of core samples were taken from the concrete, one for CCC one for the insurance company.
- Air quality isn't just ECAN's concern in the same way that concrete cores aren't just the insurance company's concern

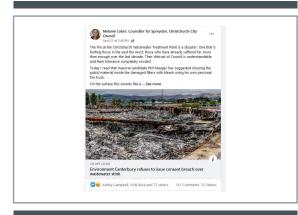
Concentration (ppm)	Symptoms/effects	
0.00011-0.00033	- Typical background concentrations	
0.01-1.5	- Odour threshold (rotten egg smell is noticeable)	
2-5	Odour becomes more offensive at 3-5 ppm. Prolonged exposure may cause nausea, tearing of the eyes, headaches or loss of sleep. Airway problems (bronchial constriction) in some asthma patients.	
20	Possible fatigue - Loss of appetite - Headache Irritability - Poor memory - Dizziness Above 30 ppm, odour described as sweet or sickeningly sweet.	
50-100	Slight conjunctivitis ("gas eye" or aka pink eye) and respiratory tract irritation after 1 hour. May cause digestive upset and loss of appetite.	
100	- Coughing, eye irritation, loss of smell after 2-15 minutes (olfactory fatigue) Altered breathing, drowsiness after 15-30 minutes - Throat irritation after 1 hour Gradual increase in severity of symptoms over several hours Death may cour after 48 hours.	
100-150 - Loss of smell (olfactory fatigue or paralysis)		
200-300	Marked conjunctivitis and respiratory tract irritation after 1 hour. Pulmonary oedema may occur from prolonged exposure.	
500-700	Staggering, collapse in S minutes. Serious damage to the eyes in 30 minutes. Death after 30-60 minutes.	
700-1,000	Rapid unconsciousness "Knockdown" or immediate collapse within 1 to 2 breaths Breathing stops	

Health effects on humans at various H2S concentrations



Trickling Filter 2 showing scaffold towers constructed for access to carry out assessments and concrete samples taken (outlined in red)









DISINFECTING

6 OF 15

- While the Press did quite a hash job of explaining Cr Mauger's concerns, a plan to clean up the filters, before they're handled, seems to have been overlooked.
- The level of engagement on Cr Coker's social media page shows the levels of public frustration



TANK EMPTYING

7 OF 15

- The proposal is to leave the tanks uncovered for the next 7 months.
- No mention of draining the tanks after rain has been made.
- Cr Mauger has commented to me there are meters of effluent in the tanks at present, there shouldn't be any.





WET FILTER
MANAGEMENT

8 OF 15

Given that the tanks will be uncovered, and an assumption that the filter stands are reusable, no consideration for managing wet media has been made.





MANAGEMENT TEAM

9 OF 16

- This team doesn't seem big enough.
- Resources seem split between dealing with the filters and keeping the plant operational (including establishment of new equipment and systems to manage sewerage).



Converted clarifier tanks with active aeration units

Signatories / Ngā Kaiwaitohu

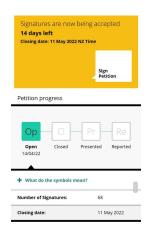
Authors	Michael Croucher - Senior Programme Manager
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Approved By	Jane Davis - General Manager Infrastructure, Planning & Regulatory Services



POOR COMMS

10 OF 15

- We have 3 petitions in the public. None of the concerns are addressed well.
- Assurances that government 3 waters policy has no bearing are not provided.
- An option for the elected members to simply instruct the CEO to cover part or all of the facility is not considered.
- The staff will have reviewed the petitions and given some consideration to the issues.







COVER THE SEWER TREATMENT PLANT

476 have signed. Let's get to 500!



More than 1000 people have signed petitions

The public health concerns are a consistent theme in the petition comments.



OPTIONS AND TIME FRAMES

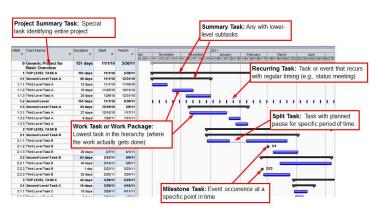
11 OF 16

- With respect to covering, no consideration appears to have been given to explaining to elected members what difference covering will make to time frames.
- The response seems to be "it's hard to do and will slow us down..." but doesn't address any evaluation of how much so members can consider choices.
- The approach seems to be "go hell for leather but don't worry about the community impact" rather than better management, slowing the process and creating an environment that will have less impact on the community.

Decision Time Frame

Key Message: Successful People Have a Much Longer Decision Time Frame Than Less Successful People

Action: Points: Make Conscious Effort to Make Decisions Based on a Longer Decision Eithe Frame





HOURS OF WORK

12 OF 15



 No information about the hours of work that will be needed is considered.





TRUCK MOVEMENTS AND ROAD IMPACT

13 OF 15

 Moving 26,000m³ of toxic waste, packaged, is going to require many truck traveling on suburban roads that wasn't planned for.





FILTER MEDIA INSTALLATION AND SHIPPING

14 OF 15

- A quick calculation suggests that dozens and dozens of 40' containers are going to have to move into the space and shipping capacity required.
- Given what we all understand about post covid shipping, good governance should have some understanding.





ECONOMIC IMPACT

15 OF 15

- \$17m for economic development and the economic impact of the issues don't appear to be considered.
- Business in adjacent suburbs are impacted
- "The Insurance Claim" isn't the only economic cost

Attachment A - Operational & Capital breakdown by Activities / Special Funds

Activity Operating Results Christchurch Art Gallery 7,779 8,259 480 11,036 11,321 Canterbury & Akaroa Museums 8,937 8,929 9,054 9,139 85 1,17 32,957 1,176 34,736 1,779 46,122 47,298 62 12,526 1.007 Community Development and Facilities 14,443 1,917 17,287 18,294 20,049 3,656 Recreation, Sports, Comm Arts & Events 23,910 3,861 28,998 32,654 1,106 1,702 Civil Defence Emergency Management 6,821 90,175 123,242 11,853 11,828 (25) 15,807 15,784 (23) 1.047 12.539 12,632 93 16,854 16,888 2,786 3,105 319 3,927 4,165 2,786 3,105 319 3,927 4,165 9,821 10,529 708 13,887 14,226 339 339 Office of Mayor & Chief Executive 1,529 1,747 2,211 2,275



TAKE IT SERIOUSLY, GIVE IT MORE RESOURCES

THANKS FOR YOUR CONSIDERATOIN







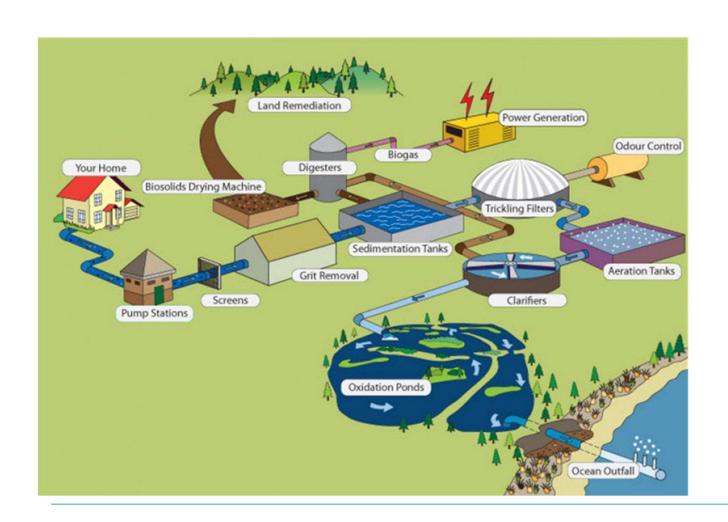
Overview of today's presentation

We want to find the best possible and fastest solution to the odours that are impacting residents.

- How the Wastewater Treatment Plant worked before the fire.
- The damage caused by the fire and how it has impacted on the plant.
- What we did immediately after the fire.
- How we've adapted the plant to keep it working.
- Assessing the damage to the trickling filters.
- Odour control options we've considered for the trickling filters.
- Removing the filter media.
- How we're keeping residents updated.
- Next steps.







How the treatment plant worked before the fire





Fire damage and implications











What we did immediately after the fire

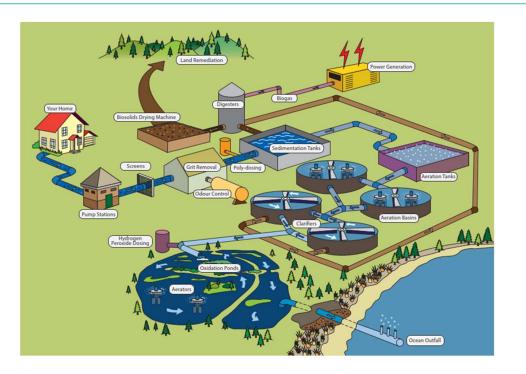








How we have adapted the plant







Assessing the damage to the trickling filters

- Initial visual damage assessments carried out immediately after the fire.
- Detailed investigations and damage assessments underway.
- Filter media and internal pipework are beyond repair.
- Samples have been taken at a number of locations around concrete tank structures to examine for fire / heat damage.







Odour control options we considered

- We considered 13 options that fall within four main treatment types:
 - Chemical treatment
 - Cover
 - Cap
 - Air extraction
- Chemical, cover, cap and air extraction options all come with high risks and, in many cases, very few if any real benefits.
- Removing the material remains the best, most effective option.

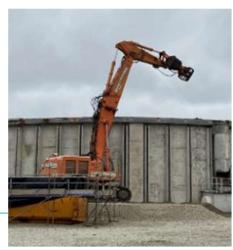




Removing the filter media

- Direct appointment of contractor approved to accelerate process.
- Contractor has developed methodology to undertake work as quickly and as safely possible.
- Actual start date to be confirmed, but site establishment planned and resources arranged.
- Filter media will be extracted, loaded into sealed bins and transported to Kate Valley.
- We are discussing with Transwaste Canterbury Ltd ways to maximise the number of loads we can dispose of weekly.
- Odour will increase while filter media is being extracted.







How we're keeping residents updated

Since 1 November:

- 16 Newsline stories (updates provided every 2-4 weeks)
- Regular social media updates on Council's pages and pages for surrounding communities.
- Dedicated website page set up and kept updated: ccc.govt.nz/wastewaterfire
- Two flyer drops to residents in immediate vicinity (December and February) with another planned very shortly.
- Two community meetings.
- Updates to mana whenua and community boards.
- Fortnightly updates/meetings with Environment Canterbury.
- Six e-newsletters sent out to date, and we have now moved to weekly updates.



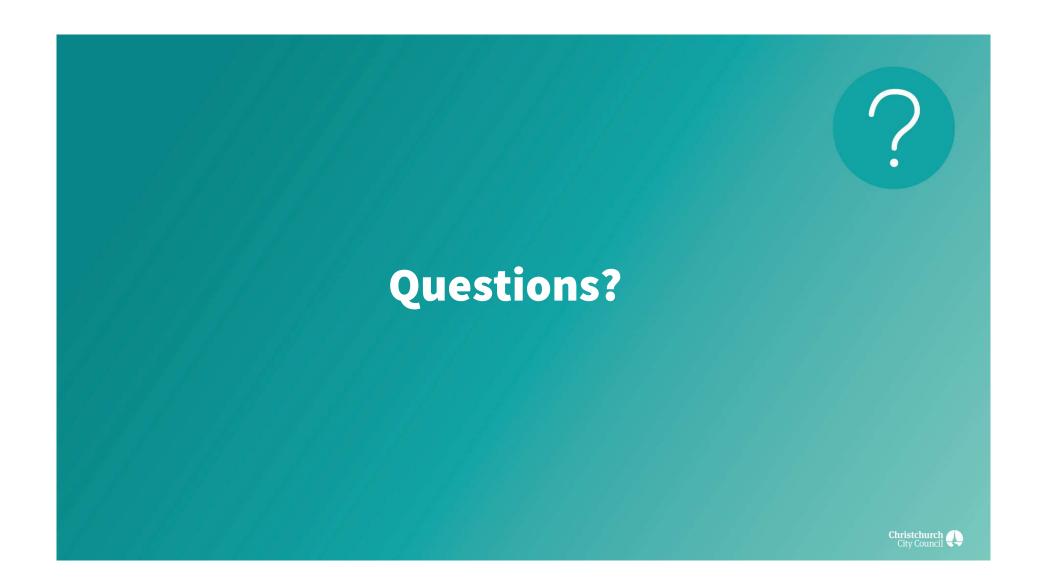


Next steps

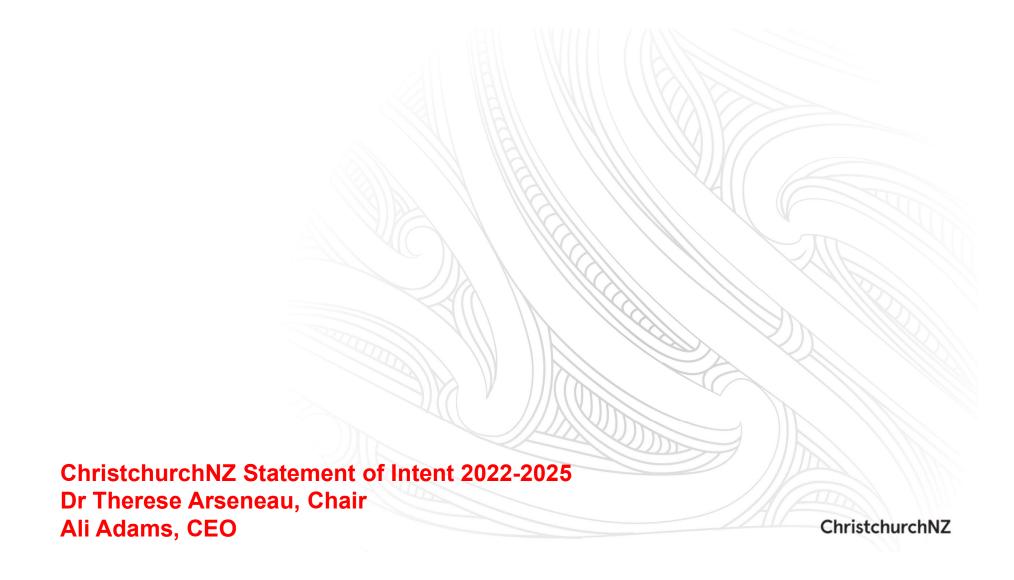
- Removing the material remains the best, most effective option.
- Direct appointment of contractor to remove media from trickling filters – work will be underway soon.
- Odour will increase but contractor will be taking steps to minimise as much as possible
- **Trickling filters:** we anticipate we can eliminate odour from the trickling filters in 4-7 months.
- Oxidation ponds: we are continuing to monitor the ponds, and anticipate it will be an improving situation as the changed configuration of the plant stabilises.













Draft ChristchurchNZ Statement of Intent - Our Why

Our mission and purpose

The mission of ChristchurchNZ Holdings and its operating subsidiary is to:

Ignite bold ambition for Ōtautahi Christchurch

Whakangiha te mura-hiango mō Ōtautahi

The purpose of ChristchurchNZ Ltd is:

To stimulate sustainable economic growth for a prosperous Ōtautahi Christchurch.

ChristchurchNZ



Draft ChristchurchNZ Statement of Intent - Our What & How



ChristchurchNZ



Draft ChristchurchNZ Statement of Intent – Final SOI inputs

Internal processes that will inform the content in the final Statement of Intent:

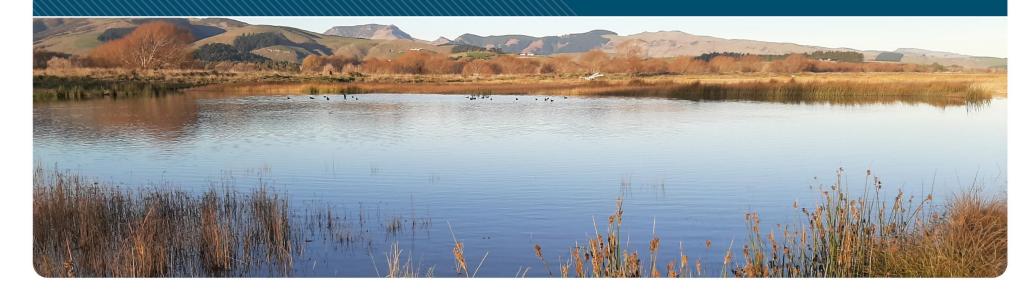
- Business planning FY22/23. Priorities given to strategic outcomes being reviewed. Will lead to adjustments in programme delivery and investment, which informs setting of KPI targets
- Review of performance management measures Likely minor changes to improve the performance management measures (KPIs)
- Establishment of the urban development pillar and programmes Changes will be needed to the SOI in response to Council decisions on scope of urban development and capitalisation
- Organisational Culture Strategy Development may lead to some minor changes

ChristchurchNZ



Christchurch City Council Update

28 April 2022





PRESENTATION OUTLINE



LGFA OVERVIEW AND RECENT DEVELOPMENTS

SIX MONTH FINANCIAL STATEMENTS

2022-25 DRAFT SOI

APPROACH TO SUSTAINABLITY

THREE WATERS REFORM

LGFA LENDING TO COUNCILS

LGFA BORROWING FROM INVESTORS



LGFA OVERVIEW

SHAREHOLDERS

- NZ Government largest shareholder at 20%
- ☐ 30 councils hold 80% shareholding
- ☐ Can only sell shares to NZ Government or councils

GOVERNANCE

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

As at 28 March 2022

GUARANTORS

- ☐ 65 guarantors of LGFA
- ☐ Guarantors comprise:
 - All shareholders except the NZ Government
 - Any non shareholder who may borrow more than NZ\$20 million
 - Any council shareholder of a councilcontrolled organisation ("CCO") that is approved for borrowing by LGFA
- ☐ Security granted by each of the guarantors is over their rates revenue
- ☐ Guarantors cannot exit guarantee until
 - Repaid all their, and any of its CCO's, borrowings
 - Wait for longest outstanding LGFA bond to mature (currently 2037)

LIQUIDITY

- NZ\$1.5 billion liquidity facility from NZ Government
- NZ\$2.036 billion liquid assets portfolio¹
- NZ\$1.108 billion of Treasury Stock currently available for repo



BORROWERS

- ☐ 74 member councils
- ☐ 1 council-controlled organisation
- ☐ Approx. 90% market share
- ☐ Under Local Government Act 2002 councils must manage finances prudently implies must run balanced operating surplus
- ☐ Councils borrowing secured against rates
- ☐ Must meet LGFA financial covenants

CAPITAL STRUCTURE

- NZ\$25 million paid in capital
- NZ\$20 million uncalled capital
- NZ\$77 million retained earnings
- NZ\$267 million Borrower Notes that can be converted to equity
- ☐ Current capital ratio of 2.20% with policy of 2% minimum and target of 3%

Source: LGFA

¹ Excludes liquid assets held to support council standby facilities



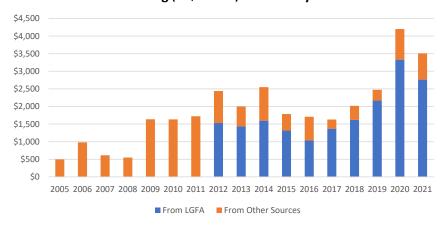
COUNCIL MEMBERSHIP AND BORROWING



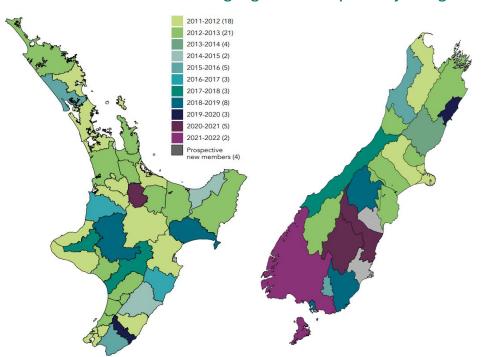




Council Borrowing (NZ\$ million) - calendar year



LGFA member councils highlighted with year of joining



Note there are 4 councils not currently members of LGFA. Some of these (notably Regional Councils) may overlap on this map. There is one Council Controlled Organisation that is a member

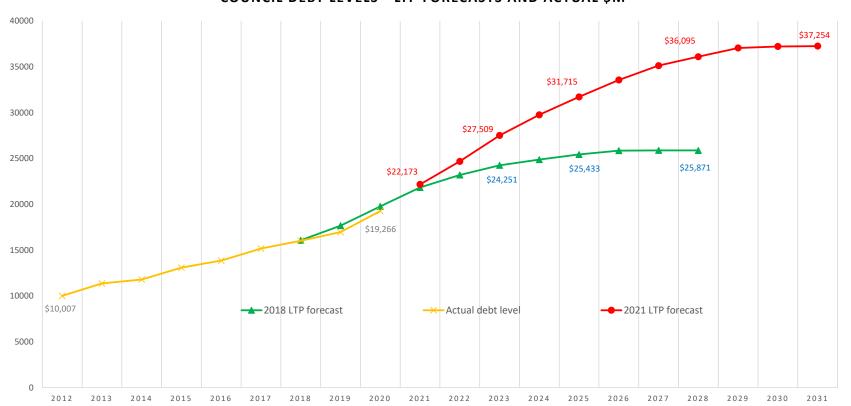
Source: LGFA, PwC Quarterly Local Government Debt Report



COUNCIL BORROWING



COUNCIL DEBT LEVELS - LTP FORECASTS AND ACTUAL \$M



Source: LGFA, Council LTPs



OUR VALUES AND STRATEGIC PRIORITIES



OUR VALUES

We act with integrity

We are customer focussed

We strive for excellence

We provide leadership

We are innovative

STRATEGIC PRIORITIES

Governance, Capability and Business Practice

Optimising Financing Services for Local Government

Environmental and social responsibility

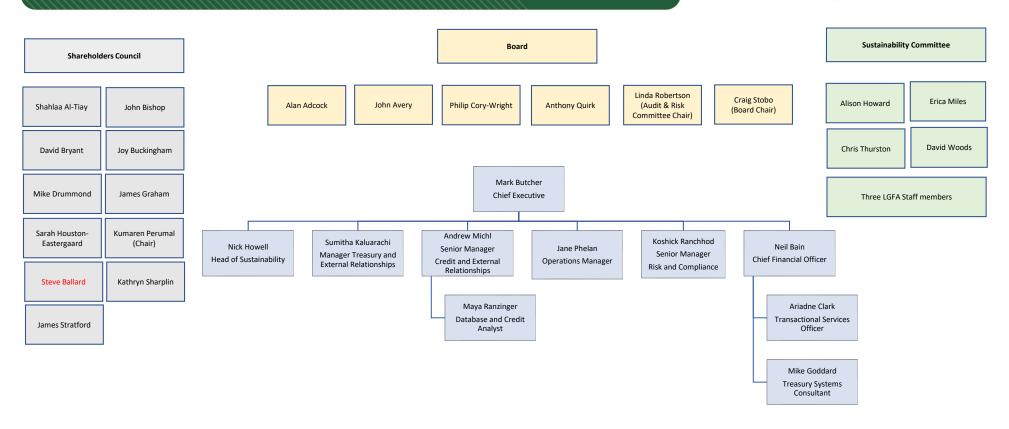
Effective management of loans

Industry leadership and engagement



ORGANISATION STRUCTURE CHART







LGFA – RECENT DEVELOPMENTS 2020-2022



☐ Credit ratings		
S&P Global Ratings	Long term local credit rating increased to AAA and foreign currency long term credit rating to AA+ on 22 Fe	bruary 2021
Fitch currency IDR of AA+	Foreign currency issuer default rating ("IDR") of AA placed on positive outlook (January 2020) – no change	to domestic
☐ Record amount of long-te	rm lending to councils	
☐ Membership		
Eight new member councils	s and one CCO between 1 January 2020 and 28 March 2022	
Three councils and three Co	COs in the process of joining as of 28 March 2022	
☐ Sustainability focus across	the organisation and lending activities	
☐ New product initiatives		
CCO lending – 1 CCO		
Standby facilities - NZ\$522	million to nine councils as at 28 March 2022 – Christchurch City Council has \$100 million	
Green, Social and Sustainal	bility Lending Programme launched 1 October 2021 – first GSS loans made to councils in December 2021	
☐ Changes to Foundation Po	olicies, Borrower Notes percentage, CCO lending, on-lending margins.	
☐ NZ Government Liquidity	Facility increased to NZ\$1.5 billion and term extended to December 2031.	
☐ Future director programm	ne established	
☐ Refresh of the LGFA board	l and Shareholder Council commenced late 2021	
☐ Rising interest rates		8



RISING INTEREST RATE ENVIRONMENT







COVID-19 – IMPACT ON THE SECTOR



- □ Analysis by the Department of Internal Affairs ("**DIA**") in May 2020 forecast that council funding revenue would fall between 2.3% and 11% in the 2020/21 financial year. This was in response to NZ moving to level 4 lockdown on 25 March 2020.
- ☐ Impact on sector was significantly less than anticipated:
 - > Actual revenue in 2020/21 financial year increased 3.2% from 2019/20 financial year;
 - > Impact on rural councils was minimal;
 - > Some metro councils are experiencing some ongoing loss of revenue. This is mainly due to loss of dividend revenue, major events income and public transport revenue.
 - > Some council CCO's are asking their parent council for financial support (due to loss in underlying revenue).
 - ➤ Government has provided financial support for businesses. To date there is no evidence of an increase in rate arrears.
- □ Council sector was a significant beneficiary of Central Government grant funding over past two years, including COVID-19 assistance:
 - ➤ Three Water grant funding of NZ\$761 million;
 - ➤ NZ\$2.6 billion of funding for council and community projects;
 - ➤ NZ\$3.0 billion of Provincial Growth Fund grants from 2019 to 2021 for investment in regional economic development.



LGFA FINANCIAL STATEMENTS: 6 MONTHS TO DECEMBER 2021



Performance measure	Result for the six month period to 31 December 2021	Outcome
LGFA net interest income for the period to June 2022 will be greater than \$19.1 million	\$9.7m	4
Annual issuance and operating expenses (excluding AIL) will be less than \$7.2 million	\$3.4m	4
Total nominal lending (short and long term) to participating councils to be at least \$13,294 million	\$13.513 million	1
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	August 2021 survey outcome of 99.2%	1
Meet all lending requests from PLAs	100%	1
Achieve 80% market share of all council borrowing in New Zealand	79%	×
Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually	Council meetings to total 74 over year. Financial position and headroom review completed.	×
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015	No breaches	1
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due	100%	1
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	AA+/AAA	1

Source: LGFA's Half Year Report to December 2021



2022-25 DRAFT STATEMENT OF INTENT – PERFORMANCE TARGETS



Governance, Capability and Business Practice Performance Targets:

- Comply with the Foundation Policies and Board approved Treasury Policy at all times.
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency
- LGFA's total operating income for the period to June 2023 to exceed \$18.3 million.
- LGFA's total Operating expenses for the period to June 2023 to be less than \$8.3 million.

Optimising Financing Services for Local Government Performance Targets:

- Share of aggregate long-term debt funding to the Local Government sector to exceed 80%.
- Total lending to Participating Borrowers to exceed \$14,558 million.
- Conduct an annual survey of Participating Borrowers who borrow from LGFA. Achieve a satisfaction rate greater than 85%.
- Successfully refinance 100% of existing loans to councils and LGFA bond maturities as they fall due.
- Meet all lending requests from Participating Borrowers where those requests meet LGFA operational and covenant requirements.



2022-25 DRAFT STATEMENT OF INTENT – PERFORMANCE TARGETS



Environment and Social Responsibility Performance Targets:

- Comply with the Health and Safety Act Works Act.
- Maintain Toitū Carbon Zero certification.
- Meet reduction targets outlined in our carbon reduction management plan.
- Increase our green, social, sustainable (GSS) lending book (at least two new GSS borrowers)
- Ensure Annual Report is prepared in compliance with applicable GRI standards.
- Meet all mandatory climate reporting standards.

Effective Management of Loans Performance Targets:

- Review each Participating Borrower's financial position and its headroom under LGFA policies.
- Arrange to meet each Participating Borrower at least annually.

Industry Leadership and Engagement:

- Take a proactive role to enhance the financial strength and depth of the local government debt market.
- Assist the local government sector with significant matters such as Covid-19 response and proposed Three Water Reforms.
- Support councils and CCO's in the development of reporting disclosures on the impacts of sector activity on climate change.



2022-25 DRAFT STATEMENT OF INTENT – FINANCIAL FORECASTS



LGFA's financial forecasts for the three years to 30 June 2025 are:

Comprehensive income \$m	Jun 23	Jun 24	Jun 25
Net Interest income	16.8	18.4	17.2
Other operating income	1.5	1.5	1.5
Total operating income	18.3	19.9	18.7
Approved Issuer Levy	0.8	0.3	0.3
Issuance & onlending costs	2.9	3.0	3.1
Operating overhead	4.7	4.9	5.2
Issuance and operating expenses	8.4	8.3	8.6
Net profit	9.9	11.7	10.0
Financial position (nominals) \$m	Jun 23	Jun 24	Jun 25
Liquid assets portfolio	1,912	2,033	2,230
Loans to local government	14,558	15,567	16,270
Other assets	-	-	-
Total assets	16,470	17,599	18,500
Bonds on issue (ex Treasury stock)	15,335	16,407	17,258
Bills on issue	500	500	500
Borrower notes	303	339	369
Other liabilities	-	-	-
Total liabilities	16,138	17,246	18,127
Capital	25	25	25
Retained earnings	92	103	113
Shareholder equity	117	128	138



CCO LENDING



LGFA Shareholder approved lending to CCOs and CCTOs at November 2019 AGM

Why?

- ➤ Waikato Water and proposed Three Water entities
- Dunedin City Council
- > Reduce administration for councils if frequent and large amount of on-lending to CCOs (CCHL)

No additional risk to LGFA

- Uncalled capital or guarantee
- > Council or Central Government shareholders of CCOs
- > Council shareholders in CCO required to be LGFA guarantors
- LGFA board approval
- Bespoke financial covenants
- > No other lender can have preferred treatment

Parent council approval required

Loan pricing the same as parent council

CCOs can access LGFA product suite

Estimated minimum size of approx. \$40 million debt

- > Additional legal costs associated with documentation
- > CCOs tend to be bespoke

More difficult to onboard the longer the CCO has been in existence

One CCO onboarded and two CCOs in the pipeline – some work previously undertaken with CCHL

FUTURE DIRECTOR PROGRAMME



- ☐ LGFA committed to diversity
- ☐ Providing opportunities for local government staff to develop governance experience
- ☐ Key terms
 - One Future Director position opportunity
 - > 18 month term of programme
 - Attend board meetings, audit and risk committee, board strategy day, AGM, stakeholder events
 - Mentoring by a director
 - No remuneration but professional development opportunity through courses
 - > Open to Council or CCO staff only
 - Applications close 14 April 2022





OUR APPROACH TO SUSTAINABILITY



Objective within the 2021-22 Statement of Intent (SOI)

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

- ☐ LGFA committed to reducing its carbon footprint.
 - Achieved Toitū carbonzero certification in June 2021
 - > Target of reducing own greenhouse gas emissions by at least 30% by 2030 (relative to 2018/19)
 - ► 60% reduction in paper usage in three years to June 2021
 - > Annual donation to Kauri 2000 Trust in excess of value of our calculated carbon footprint.
- ☐ Appointment of Head of Sustainability in April 2021.
- ☐ Sustainability Committee established in October 2021
- ☐ Establishment of a GSS lending program to Borrowers.
 - Financial incentive for Borrowers to borrow against sustainable projects
 - SSS loans of NZ\$407 million pre approved with two councils having borrowed NZ\$43 million under the GSS loan programme as at 28 March 2022
 - Wellington City Council for Takina, Wellington Convention and Events Centre
 - > Wellington Regional Council for flood protection work on RiverLink project
 - > Once Borrowers have borrowed under the GSS lending program, LGFA may then consider issuing GSS bonds against the pool of those assets
- ☐ Responsible Investment Policy applies to investments within our Liquid Asset Portfolio.

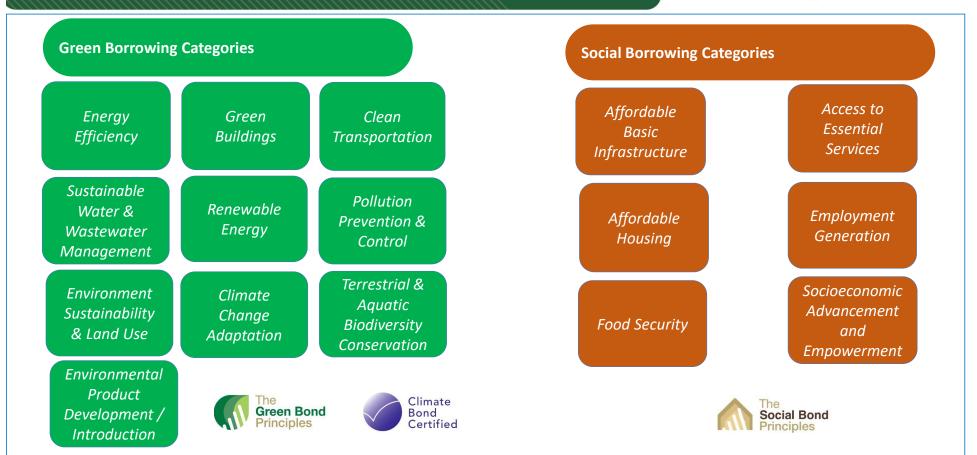






LGFA GSS LENDING FRAMEWORK



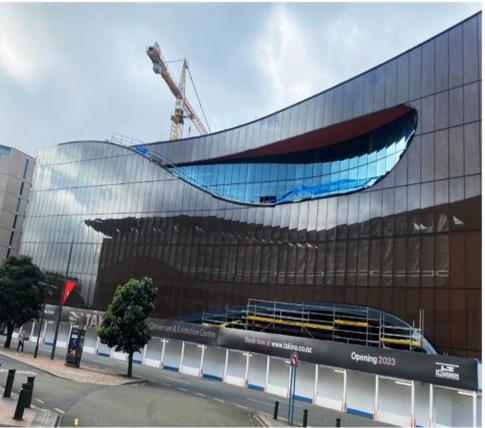




ELIGIBLE PROJECT EXAMPLES – RIVERLINK AND TAKINA







THREE WATER REFORMS – LGFA INVOLVEMENT

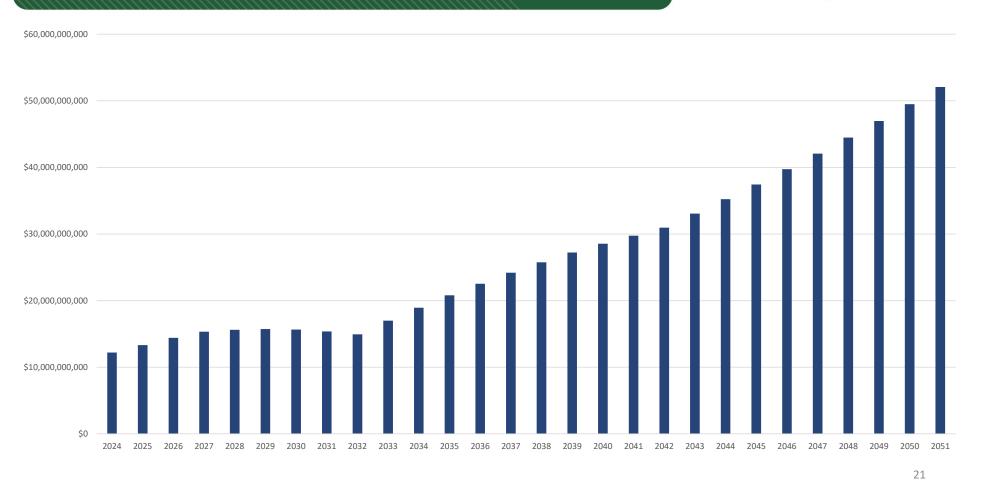


- ☐ LGFA committed to assisting Central Government and councils with Three Waters Reform Programme
- ☐ Awaiting further technical details on proposed water entities
 - > Establishment debt
 - > How to manage transition of existing three waters related debt from councils to new water entities
 - > Current debt in councils assigned to three water assets
 - > New three water related borrowings by councils from 2021 to 2024
 - > How will new water entities borrow
 - > Individual borrowers or
 - Collective borrowing vehicle
- ☐ Cabinet Papers (14 June see www.dia.govt.nz/Three-Waters-Reform-Programme)
 - ➤ Entities will have wide range of potential debt funding solutions
 - > NZ domestic retail and wholesale capital markets
 - ➤ LGFA
 - Offshore capital markets
- ☐ Shadow credit rating for new water entities highlights importance of entities within public sector
- ☐ LGFA estimated loans to councils against three water assets
 - > June 2021 \$4.2 billion estimate assuming 35% of loans are three waters related
 - > June 2024 \$5.5 billion forecast assuming 35% of loans are three waters related
- ☐ Average term of councils loans from LGFA currently 4.3 years (December 2025)



PROJECTED DEBT OF THE THREE WATERS ENTITIES (combined)







WHO DOES LGFA LEND TO AND WHO GUARANTEES LGFA?



Council and CCO Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland	\$3,372	24.4%
Christchurch City	\$2,080	15.0%
Wellington City	\$1,007	7.3%
Hamilton City	\$690	5.0%
Tauranga City	\$655	4.7%
Wellington Regional	\$569	4.1%
Queenstown-Lakes District	\$280	2.0%
Rotorua District	\$278	2.0%
Kapiti Coast District	\$265	1.9%
Hutt City	\$261	1.9%
65 other councils and CCOs	\$4,388	31.7%

Council and CCO Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$399
Long Term	\$13,445
Total	\$13,844

Borrower Type	Number of councils/CCOs	Borrowed			
Guarantors	65	\$13,677	98.8%		
Non-guarantors	9	\$76	0.5%		
CCOs	1	\$90	0.7%		
Total	75	\$13,844	100.0%		

Note:

Auckland Council borrowing is capped at 40% of total LGFA lending

Five 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. CCOs are not guarantors of LGFA but any council shareholder of a CCO must be a guarantor of LGFA.

Christchurch City 8.4% Wellington City 5.1% Hamilton City 3.0% Tauranga City 2.8% Wellington Regional 2.7% Canterbury Regional 1.8% Hutt City 1.8% Whangarei District 1.6% Palmerston North 1.6%		
Christchurch City 8.4% Wellington City 5.1% Hamilton City 3.0% Tauranga City 2.8% Wellington Regional 2.7% Canterbury Regional 1.8% Hutt City 1.8% Whangarei District 1.6% Palmerston North 1.6%	Council Guarantor	
Wellington City Hamilton City 3.0% Tauranga City Wellington Regional Canterbury Regional Hutt City Whangarei District Palmerston North 5.1% 3.0% 1.8% 1.8% 1.8% 1.8% 1.6%	Auckland	29.6%
Hamilton City 3.0% Tauranga City 2.8% Wellington Regional 2.7% Canterbury Regional 1.8% Hutt City 1.8% Whangarei District 1.6% Palmerston North 1.6%	Christchurch City	8.4%
Tauranga City 2.8% Wellington Regional Canterbury Regional Hutt City 1.8% Whangarei District Palmerston North 1.6%	Wellington City	5.1%
Wellington Regional 2.7% Canterbury Regional 1.8% Hutt City 1.8% Whangarei District 1.6% Palmerston North 1.6%	Hamilton City	3.0%
Canterbury Regional 1.8% Hutt City 1.8% Whangarei District 1.6% Palmerston North 1.6%	Tauranga City	2.8%
Hutt City 1.8% Whangarei District 1.6% Palmerston North 1.6%	Wellington Regional	2.7%
Whangarei District 1.6% Palmerston North 1.6%	Canterbury Regional	1.8%
Palmerston North 1.6%	Hutt City	1.8%
	Whangarei District	1.6%
55 other council guarantors 41.6%	Palmerston North	1.6%
	55 other council guarantors	41.6%

As at 28 March 2022

Source: LGFA



WHAT IS THE CREDIT QUALITY OF THE LENDING BOOK?



- 89.7% of LGFA loans to councils and CCOs with credit ratings.
- 83.3% of LGFA loans to AA- rated (or better) councils and CCOs.
- ☐ Average credit quality is slightly below AA.
- ☐ Improving trend in underlying credit quality of council sector over the past seven years.

6 councils recently upgraded to AA+ and 1 council downgraded to A+ 1 councils on positive outlook = NZ\$135 million (1.0% loan book) 4 councils on negative outlook = NZ\$863 million (6.7% loan book)

- Not all councils and CCOs have credit ratings due to cost of obtaining a rating vs benefits.
 - > Average total lending to unrated councils and CCOs is NZ\$30 million per council
 - > NZ\$50 million of debt is approximate breakeven for a council to obtain a credit rating
- ☐ LGFA undertakes detailed credit analysis of all member councils and CCOs 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 ratings. Note: Five member councils have yet to borrow from LGFA (includes long and short term lending)

External Credit Rating (S&P, Fitch)	Lending (NZ\$ millions)	Lending (%)	Number of Councils and CCOs
AA+	\$2,478	17.9%	10
AA	\$5,455	39.4%	13
AA-	\$3,597	26.0%	6
A+	\$885	6.4%	3
Unrated	nrated \$1,429 10.3%		43
Total	\$13,844	100%	75

As at 28 March 2022

Source: LGFA



LGFA FINANCIAL COVENANTS – MEMBER COUNCIL OUTCOMES FOR JUNE 2021 YEAR



LGFA Financial Covenants – Councils as at 30 June 2021 with an external credit rating (31)

Foundation Policy Covenant	Net Debt / Total Revenue <300% ¹	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of councils' compliance	-155.6% to 206.0% Christchurch City Council 135.7%	-15.9% to 7.8% Christchurch City Council 7.4%	-35.7% to 12.7% Christchurch City Council 11.4%

¹Reflects the then current alternative Net Debt/Total Revenue covenant that applied for councils with a long-term credit rating of 'A' equivalent or higher.

LGFA Financial Covenants – Councils as at 30 June 2021 without an external credit rating (36)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of councils' compliance	-122.4% to 123.0%	-1.1% to 3.3%	-2.0% to 5.7%

Source: LGFA using data from individual council annual reports for the financial year ending 30 June 2021

- 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 all councils.□ Improvement from 2013 for
- ☐ Improvement from 2013 for most councils
 - Revenue increased
 - Interest rates lower
 - Capex and debt constrained



LGFA MEMBER COUNCIL FINANCIAL RATIOS - AVERAGE







LGFA BOND ISSUANCE - FUNDING STRATEGY



Issuance Strategy

- ☐ Match NZ Government Bond where possible
 - Maturities, Tenders, AIL paid on behalf of offshore holders
- ☐ Issuance of non NZGB maturity where no NZGB maturity in calendar year (April 2022 and May 2035).
- ☐ Recent move to syndication of new lines
- ☐ Liquidity important objective of more than NZ\$1 billion per series and soft cap of NZ\$2.0 billion per series (excluding Treasury Stock).
- NZD issuance only to date.
- ☐ All LGFA bonds listed on NZX.
- Objective to target tender issuance every five weeks of NZ\$150 million to NZ\$200 million in size and at least three maturities tendered.

	Forecast Gross Council and CCO Borrowing	Forecast Net Council and CCO Borrowing	Forecast Gross LGFA Bond Issuance	Forecast Net LGFA Bond Issuance
2021-22	NZ\$3.10 billion	NZ\$1.63 billion	NZ\$3.10 billion	NZ\$1.34 billion
2022-23	NZ\$2.95 billion	NZ\$1.22 billion	NZ\$2.88 billion	NZ\$1.22 billion
2023-24	NZ\$2.68 billion	NZ\$1.11 billion	NZ\$2.85 billion	NZ\$1.17 billion

Source: LGFA forecasts as at 28 March 2022





LGFA RETAIL BOND ISSUANCE – HISTORY BY JUNE FINANCIAL YEAR (NZ\$ millions)



Maturity	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 ytd
15-Apr-15	155	10	75								
15-Dec-17	605	245	110	55							
15-Mar-19	75	900	95	40	70	20	40				
15-Apr-20				365	200	190	225				
15-May-21		445	625	100	150	30	70	30			
14-Apr-22							270	440	445	450	
15-Apr-23			355	655	275	65	79	21	100	110	90
15-Apr-24								950	298	280	240
15-Apr-25					100	560	309	410	30	60	150
15-Apr-26									1,000	240	150
15-Apr-27				285	470	205	96	220	50	160	205
15-May-28											760
20-Apr-29									692	480	190
15-May-31										650	120
14-Apr-33						215	140	385	290	140	120
15-May-35											400
15-Apr-37										700	30
Total Volume (NZ\$ million)	835	1600	1260	1500	1265	1285	1229	2456	2905	3270	2455
Average Bond Tender Size (NZ\$ million)	209	182	153	188	141	143	137	188	191	195	194
Average Issuance Term (years)	5.34	6.57	7.04	7.92	8.10	8.28	6.07	6.62	6.74	8.67	7.28

- ☐ Typically a new bond maturity each year.
- Historically, annual issuance volume NZ\$1.2 billion to NZ\$1.6 billion from 2011-12 until 2017-18.
- ☐ Increased issuance from 2018-19.
- ☐ Longer duration of issuance.
- ☐ Average tender size increasing.

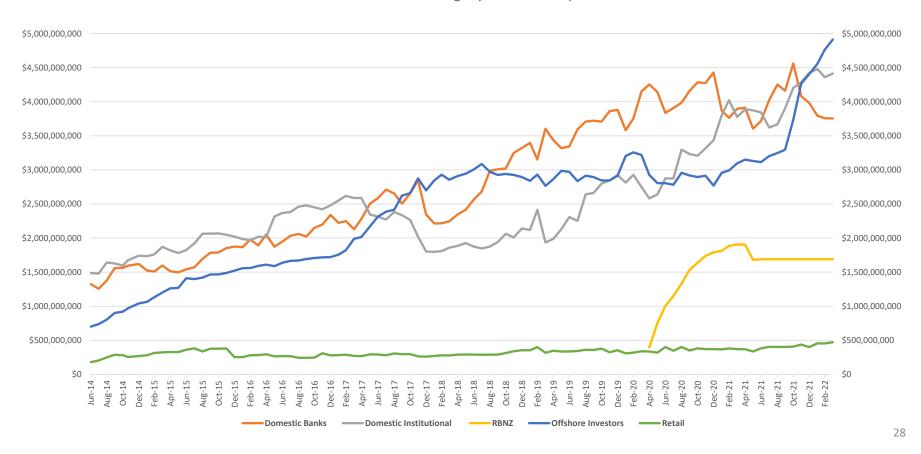
Note: in addition to the retail bonds listed on the NZX, LGFA has NZ\$130 million of wholesale floating rate notes on issue not included in this table



LGFA INVESTOR HOLDINGS OVER TIME (NZ\$ AMOUNTS)



LGFA Bond Holdings by Investor Group







Questions



LGFA MEMBERS AS AT 28 MARCH 2022



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%	3,372.0	24.4	29.6
Christchurch City Council	3,731,960	8.3%	2,079.6	15.0	8.4
Wellington City Council	3,731,958	8.3%	1,007.0	7.3	5.1
Tauranga City Council	3,731,958	8.3%	655.0	4.7	2.8
Hamilton City Council	3,731,960	8.3%	690.0	5.0	3.0
Wellington Regional Council	3,731,958	8.3%	569.0	4.1	2.7
Kapiti Coast District Council	200,000	0.4%	265.0	1.9	1.1
Hutt City Council	200,000	0.4%	260.7	1.9	1.8
Bay of Plenty Regional Council	3,731,958	8.3%	186.4	1.3	0.9
Tasman District Council	3,731,958	8.3%	199.8	1.4	0.2
Waimakariri District Council	200,000	0.4%	170.0	1.2	1.0
Hastings District Council	746,392	1.7%	228.0	1.6	1.2
Whangarei District Council	1,492,784	3.3%	172.0	1.2	1.6
Palmerston North City Council	200,000	0.4%	197.0	1.4	1.6
New Plymouth District Council	200,000	0.4%	180.5	1.3	1.5
Horowhenua District Council	200,000	0.4%	141.0	1.0	0.6
Taupo District Council	200,000	0.4%	135.0	1.0	1.1
South Taranaki District Council	200,000	0.4%	112.0	0.8	0.7
Marlborough District Council	400,000	0.9%	129.3	0.9	1.1
Whanganui District Council	200,000	0.4%	107.5	0.8	0.9
Western Bay of Plenty District Council	3,731,958	8.3%	70.0	0.5	1.2
Manawatu District Council	200,000	0.4%	88.5	0.6	0.6
Whakatane District Council	200,000	0.4%	82.0	0.6	0.7
Waipa District Council	200,000	0.4%	129.7	0.9	1.0
Gisborne District Council	200,000	0.4%	92.8	0.7	1.0
Thames-Coromandel District Council	200,000	0.4%	73.0	0.5	1.1
Masterton District Council	200,000	0.4%	56.5	0.4	0.5
Hauraki District Council	200,000	0.4%	48.0	0.3	0.5
Selwyn District Council	373,196	0.8%	80.0	0.6	1.0
Otorohanga District Council	200,000	0.4%	0.0	0.0	0.2
Total	45,000,000		11,577.3	83.6	74.7

Note: Total shares includes called and uncalled shares

Source: LGFA



LGFA MEMBERS (CONTINUED) AS AT 28 MARCH 2022



Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	(NZ\$ Million) 70.6	0,5	0.6
Canterbury Regional Council	66.0	0.5	1.8
Central Otago District Council	0.0	0.0	0.5
Central Hawke's Bay District Council	22.0	0.2	0.3
Clutha District Council	27.0	0.2	0.4
Far North District Council	76.5	0.6	1.5
Gore District Council	32.5	0.2	0.3
Grey District Council	30.6	0.2	0.3
Hawke's Bay Regional Council	33.8	0.2	0.4
Hurunui District Council	38.0	0.3	0.3
Invercargill City Council	68.5	0.5	0.9
Kaipara District Council	44.0	0.3	0.6
Manawatu-Whanganui Regional Council	60.0	0.4	0.7
Matamata-Piako District Council	34.0	0.2	0.6
Napier City Council	0.0	0.0	1.0
Nelson City Council	115.0	0.8	1.2
Northland Regional Council	14.0	0.1	0.5
Otago Regional Council	0.0	0.0	0.4
Porirua City Council	171.5	1.2	1.1
Queenstown-Lakes District Council	280.3	2.0	1.3
Rotorua District Council	277.7	2.0	1.5
Ruapehu District Council	32.5	0.2	0.4
South Wairarapa District Council	24.4	0.2	0.5
Southland District Council	16.8	0.1	0.8
South Waikato District Council	34.0	0.2	0.2
Stratford District Council	22.2	0.2	0.2
Taranaki Regional Council	13.5	0.1	0.4
Tararua District Council	46.0	0.3	1.2
Timaru District Council	139.8	1.0	0.9
Upper Hutt City Council	89.0	0.6	0.7
Waitaki District Council	20.0	0.1	0.5
Waikato District Council	115.0	0.8	1.4
Waikato Regional Council	32.0	0.2	1.5
Waitomo District Council	28.0	0.2	0.3
Westland District Council	24.8	0.2	0.3
Total	2,100.2	15.2	25.3

Source: LGFA



LGFA MEMBERS (CONTINUED) AS AT 28 MARCH 2022



Borrowers Only	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Buller District Council	20.0	0.1	Nil
Carterton District Council	14.7	0.1	Nil
Kaikoura District Council	8.3	0.1	Nil
Kawerau District Council	0.0	0.0	Nil
Mackenzie District Council	0.0	0.0	Nil
Opotiki District Council	8.5	0.1	Nil
Rangitikei District Council	8.0	0.1	Nil
Wairoa District Council	8.0	0.1	Nil
West Coast Regional Council	8.6	0.1	Nil
Total	76.1	0.5	Nil

Council Controlled Organisations	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Invercargill City Holdings Ltd	90.3	0.7	Nil
Total	90.3	0.7	
Total Borrowing from LGFA	13,843.9	100.0	100

Source: LGFA 32



LGFA MEMBERS (CONTINUED) AS AT 28 MARCH 2022



LGFA councils with an external credit rating (31 in 2021, 30 in 2020, 29 in 2019, 26 in 2018, 23 in 2017, 22 in 2016, 20 in 2015 and 17 in both 2014 and 2013)

Note Christchurch City Council in red

Financial Covenant	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Debt to	81.7%	77.0%	68.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Revenue	135.7%	120.8%	105.9%	99.3%	90.1%	76.1%	114.2%	84.0%	76.54%
Net Interest	2.8%	3.8%	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
to Revenue	7.4%	7.5%	6.6%	6.1%	5.2%	5.4%	5.7%	3.6%	2.3%
Net Interest	4.2%	6.0%	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%
to Rates	11.4%	12.5%	12.5%	12.2%	11.5%	3.3%	10.9%	7.8%	6.7%

LGFA unrated councils (36 in 2021, 35 in 2020, 34 in 2019, 29 in 2018, 29 in 2017, 28 in 2016, 25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Debt to Revenue	19.5%	27.5%	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Revenue	1.2%	1.6%	1.7%	1.9%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Rates	2.1%	2.7%	2.8%	2.9%	8.1%	9.1%	10.0%	9.6%	11.1%

Calculated by simple average of councils in each group that have borrowed from LGFA as at 30 June for each of the years

Source: LGFA using data from individual council annual reports as at 30 June for each of the years



LGFA HISTORIC FINANCIAL PERFORMANCE



Financials (NZ\$ million)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest Income	\$10.9	\$73.7	\$149.1	\$222.8	\$278.2	\$320.7	\$342.8	\$361.1	\$370.2	\$377.2
Interest Expense	\$9.9	\$68.1	\$138.9	\$208.9	\$262.6	\$303.2	\$323.9	\$342.3	\$351.9	\$357.7
Net Interest Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8	\$18.3	\$19.5
Total Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8	\$18.3	\$19.7
Operating Expenses	(\$5.2)	(\$3.0)	(\$3.2)	(\$4.7)	(\$6.0)	(\$6.5)	(\$7.1)	(\$7.6)	(\$7.7)	(\$7.7)
Net Profit	(\$4.2)	\$2.6	\$7.0	\$9.2	\$9.5	\$11.0	\$11.8	\$11.2	\$10.6	\$12.0
Liquid Assets Portfolio	\$52.8	\$66.3	\$101.7	\$107.9	\$266.3	\$327.5	\$482.8	\$448.1	\$1,254.8	\$1,815.2
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	\$10,899.8	\$12,029.0
Other Assets	\$57.5	\$107.0	\$74.0	\$271.9	\$539.7	\$380.0	\$321.1	\$610.1	\$1.0	-\$1.5
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	\$13,174.4	\$13,843.0
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	\$12,038	\$13,226
Bills on Issue	\$ nil	\$ nil	\$ nil	\$ nil	\$223.9	\$348.2	\$473.4	\$503.2	\$647.0	\$610.0
Borrower Notes	\$13.2	\$40.7	\$61.9	\$85.1	\$108.4	\$131.6	\$135.1	\$154.2	\$182.3	\$223.3
Other Liabilities	\$0.2	\$0.6	\$2.1	\$16.1	\$61.0	\$92.3	\$5.8	\$38.5	\$38.5	-\$303.5
Total Liabilities	\$922.3	\$2,664.8	\$3,889.3	\$5,375.6	\$7,213.0	\$8,437.5	\$8,715.3	\$10,308.2	\$13,090.1	\$13,755.2
Shareholder Equity	\$20.8	\$23.4	\$28.8	\$36.3	\$44.2	\$53.9	\$64.3	\$74.1	\$83.6	\$94.8

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	2020	2021
Liquid Assets / Funding Liabilities	5.7%	2.5%	2.6%	2.0%	3.8%	4.1%	5.6%	4.4%	9.9%	13.5%
Liquid Assets / Total Assets	5.6%	2.5%	2.6%	2.0%	3.7%	3.9%	5.5%	4.3%	9.5%	13.1%
Net Interest Margin	0.12%	0.23%	0.27%	0.28%	0.24%	0.23%	0.22%	0.18%	0.15%	0.16%
Cost to Income Ratio	531.2%	53.6%	31.8%	33.8%	38.7%	37.1%	37.6%	40.4%	42.0%	39.1%
Return on Average Assets	-0.45%	0.10%	0.18%	0.17%	0.13%	0.13%	0.13%	0.11%	0.09%	0.09%
Shareholder Equity / Total Assets	2.2%	0.9%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%	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%	2.0%	2.3%
Asset Growth	n/a	185.1%	45.8%	38.1%	34.1%	17.0%	13.4%	18.3%	26.9%	5.1%
Loan Growth	n/a	202%	48.8%	34.5%	28.2%	20.7%	2.4%	16.7%	17.1%	10.4%
Return on Equity	n/a	12.7%	29.8%	31.9%	26.3%	25.0%	21.9%	15.1%	12.7%	14.3%
Capital Ratio	18.0%	11.9%	11.6%	11.2%	10.5%	10.9%	10.9%	10.9%	11.4%	11.5%

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

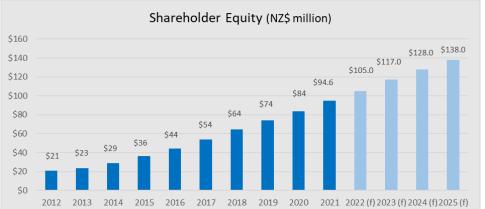
Source: LGFA Annual Reports

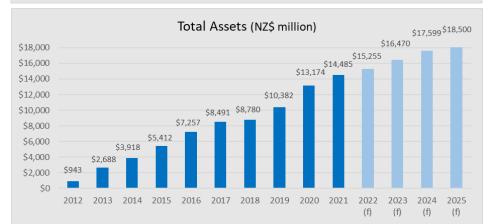


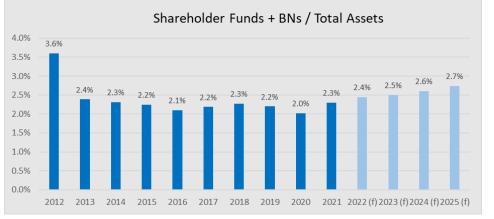
LGFA FINANCIAL RATIOS











Note: Based upon nominal values

Source: LGFA Annual Reports and SOI

Forecast performance based upon assumptions outlined in LGFA Draft SOI 2022-25 available at www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent



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