

Elected Member Briefing - 28 May 2019

Committee Room 1

Time	Topic	HCC Presenter(s)	Open / Closed	Time Req'd (mins)
10.30am	Local Government Funding Agency Presentation <i>(Council, Finance Committee)</i>	External – Mark Butcher (LGFA)	Open	30
11.00am	Encroachment Policy <i>(Growth & Infrastructure Committee)</i>	Robyn Denton	Open	30
11.30	Personal Vehicles for Hire Principles <i>(Growth & Infrastructure Committee)</i>	Sandra Murray	Open	30
12.00pm	LUNCH			45
12.45pm	Strategic Three Waters Servicing <i>(Growth & Infrastructure Committee)</i>	Jackie Collier / Maire Porter	Open	45
1.30pm	Waikato River Bridge <i>(Growth & Infrastructure Committee)</i>	Andrew Parsons / Tahl Lawrence	Open	60
2.30pm	MEETING ENDS			

UPDATE FOR HAMILTON CITY COUNCIL



SHAREHOLDERS

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

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

- ❑ 51 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)

LIQUIDITY

- ❑ NZ\$1 billion standby facility from NZ Government
- ❑ NZ\$340 million liquid assets portfolio
- ❑ NZ\$400 million of Treasury Stock for repo

BORROWERS

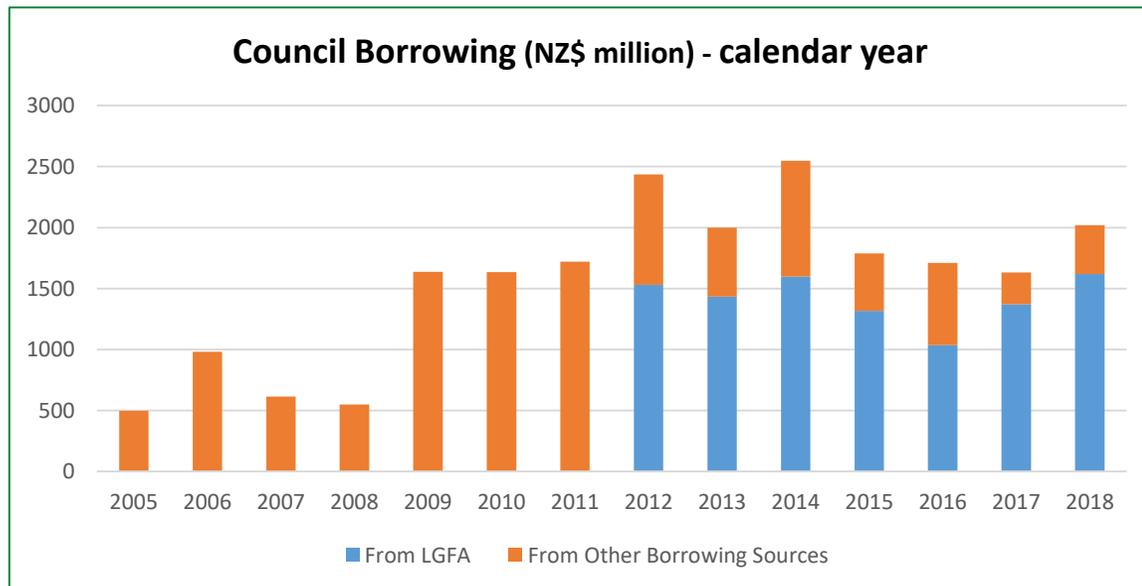
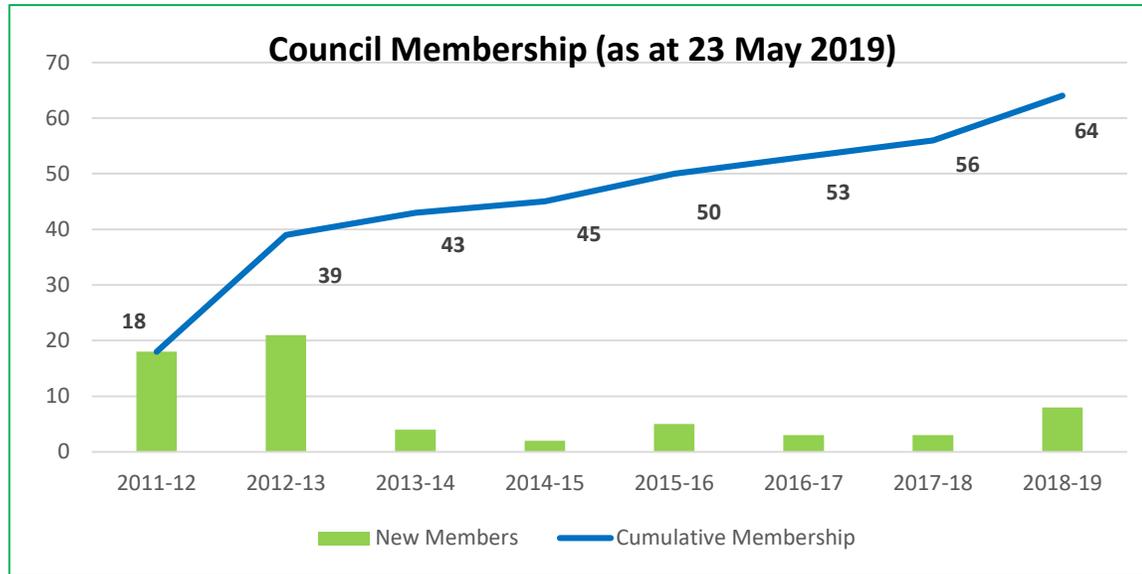
- ❑ 64 council members
- ❑ Approx. 80% market share
- ❑ Under Local Government Act 2002 councils must manage finances prudently – implies must run balanced operating surplus and only borrow for capital expenditure
- ❑ Councils borrow secured against rates
- ❑ Must meet LGFA financial covenants

CAPITAL STRUCTURE

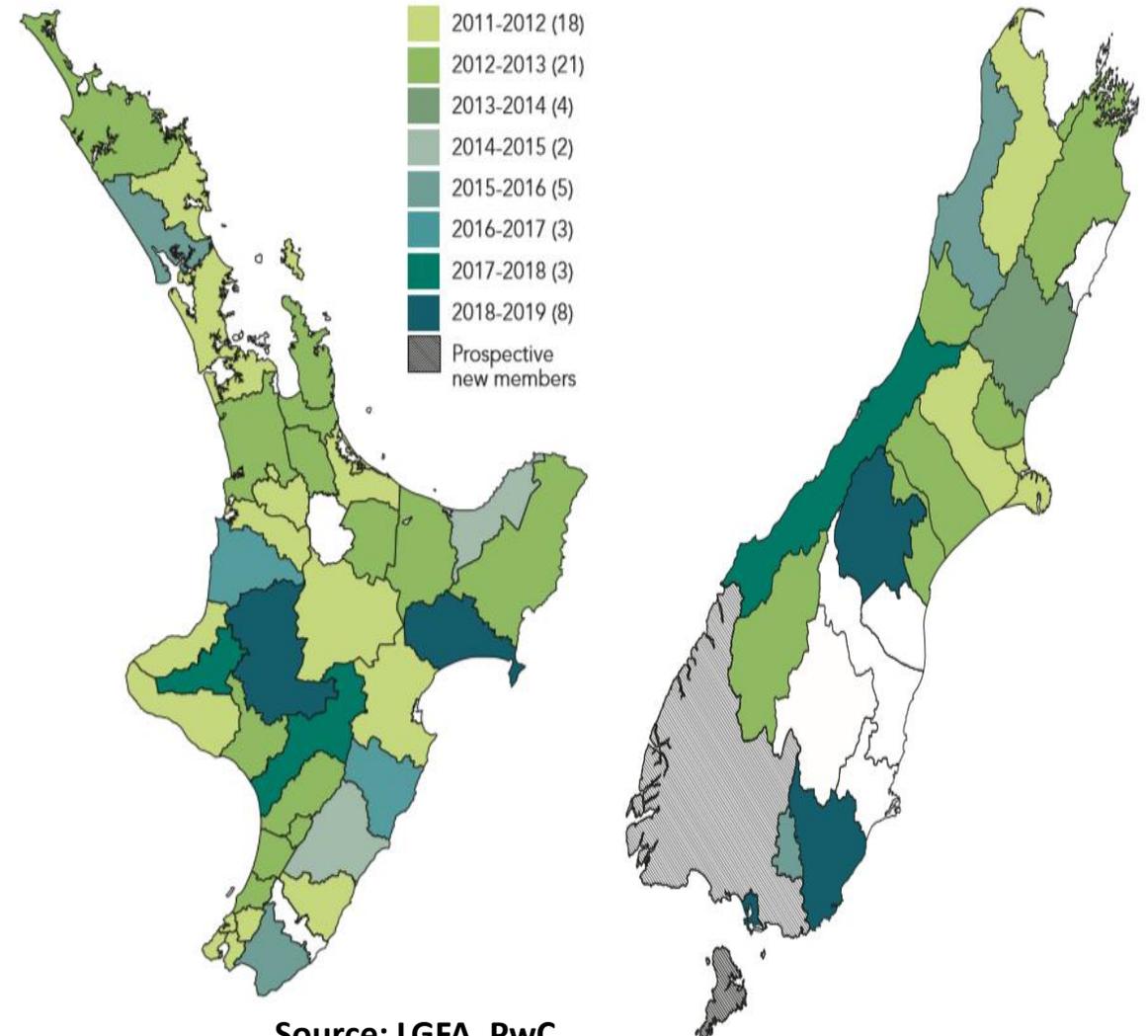
- ❑ NZ\$25 million paid in capital
- ❑ NZ\$20 million uncalled capital
- ❑ NZ\$28 million retained earnings
- ❑ NZ\$135 million Borrower Notes that can be converted to equity
- ❑ Current capital ratio of 2.25% with policy of 2% minimum and target of 3%

As at 15 May 2019

Source: LGFA



LGFA member councils highlighted with year of joining



Source: LGFA, PwC

WHO DOES LGFA LEND TO AND WHO GUARANTEES LGFA?

Council Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland	\$2,307	25.1%
Christchurch City	\$1,762	19.2%
Wellington City	\$531	5.8%
Tauranga City	\$430	4.7%
Wellington Regional	\$375	4.1%
Hamilton City	\$355	3.9%
Kapiti Coast District	\$210	2.3%
Hutt City	\$184	2.0%
Rotorua District	\$182	2.0%
Tasman District	\$152	1.7%
53 other member councils	\$2,686	29.3%

Council Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$475.2
Long Term	\$8,698.4
Total	\$9,173.6

Borrower Type	Number of councils	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Guarantors	51	\$9,049.3	98.5%
Non guarantors	12	\$124.3	1.3%
Total	64	\$9,173.6	100%

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

Council Guarantor	% share of Guarantee (based upon relative share of rates revenue)
Auckland	32.5%
Christchurch City	8.8%
Wellington City	5.7%
Hamilton City	3.1%
Tauranga City	3.0%
Wellington Regional	2.9%
Canterbury Regional	1.9%
Whangarei District	1.8%
Palmerston North City	1.7%
Far North District	1.6%
40 other council guarantors	37.0%

As at 15 May 2019

- Record amount of term council lending (NZ\$2.22 billion) and LGFA bond issuance (NZ\$2.34 billion) for 10 month period to May 2019
- Increase in short term lending to councils - NZ\$280 million to NZ\$451 million
- Eight new member councils
 - Clutha District, Hawkes Bay Regional, Invercargill City, Mackenzie District, Ruapehu District, Waikato Regional, Wairoa District and West Coast Regional Councils
- Council Long Term Plans (“LTP’s”) released in June 2018
 - significant increase in capex investment, forecast debt levels and rates revenue over next ten years
- Credit ratings
 - S&P Global Ratings
 - placed long term local (AA+) and foreign currency (AA) credit ratings of LGFA on positive outlook
 - placed long term credit ratings of seven councils with AA credit rating on positive outlook
 - released proposed methodology for rating local and regional governments outside of the U.S.
 - Fitch
 - introduced new ratings methodology for International local and regional governments - placed two councils on ratings watch negative
 - Expect greater dispersion of credit ratings to occur going forward between councils
- Outright borrowing yields at historic lows
- Borrowing spreads to swap near historic lows since LGFA established (2012)
- Change in investor base
 - Domestic banks and institutional investors increasing holdings while offshore investors unchanged to slightly lower
- Throughout 2018 a number of Central Government infrastructure initiatives announced
- LGFA working on introducing direct lending to CCOs (with consent of parent council)

INTERIM FINANCIAL STATEMENTS

6 months to December 2018

Highlights:

- Record six month period for council lending
- Record six month period for profitability and ahead of SOI forecast
- All objectives on track to be achieved
- Most performance measures on track to be achieved

In \$ million	31 December 2018 Actual	31 December 2018 SOI Forecast
Net interest revenue	9.77	9.60
Issuance and operating expenses excluding Approved Issuer Levy (AIL)	2.81	2.79
Approved Issuer Levy (AIL)	0.89	1.04
Net Operating Gain	6.08	5.77

2018-19 performance targets	Target	Result for six-month period to 31 December 2018	Outcome
Average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period	<= 0.10%	0.095%	✓ On track to be met
Annualised annual issuance and operating expenses (excluding AIL)	<= \$5.67 million	\$2.81 million	✓ On track to be met
Lending to Participating Local Authorities	>= \$8.105 billion (full year target)	\$9.268 billion as at December 2018	✓ On track to be met noting that \$1.195 billion of loans due to be repaid in March 2019
Savings on borrowing costs for council borrowers relative to other sources of financing and compared to previous years	Improvement since prior year end relative to borrowing by councils directly.	As at June 2018: 2019s 11 bps, 2021s 19 bps and 2025s 10 bps	As at December 2018: 2019s 2 bps, 2021s 17 bps and 2025s 15 bps
			✗ Not met due to lack of single name issuance by councils and shortening of comparable maturity dates. This reduced supply has tightened comparable spreads for Auckland Council and Dunedin City Council bonds

Primary Objectives:

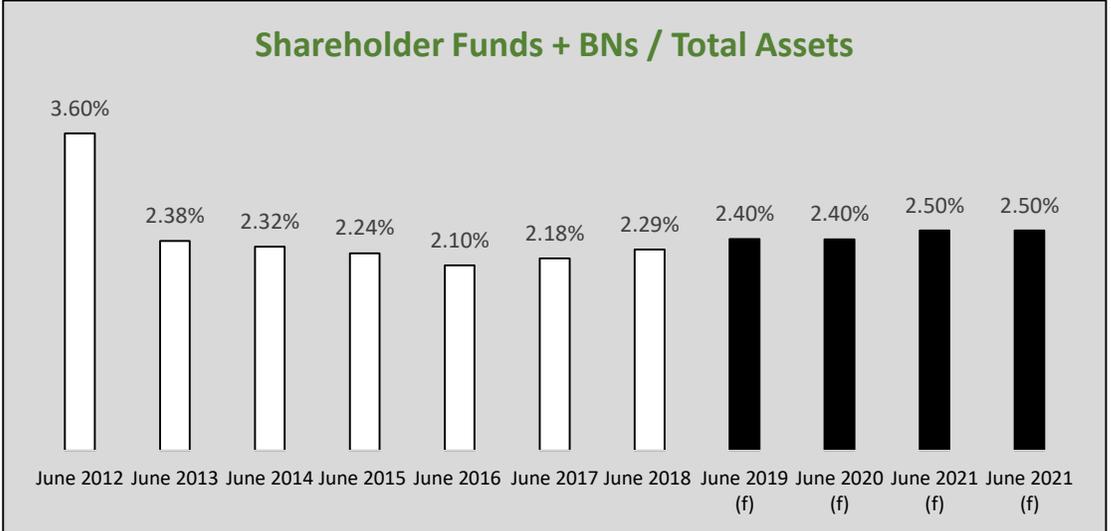
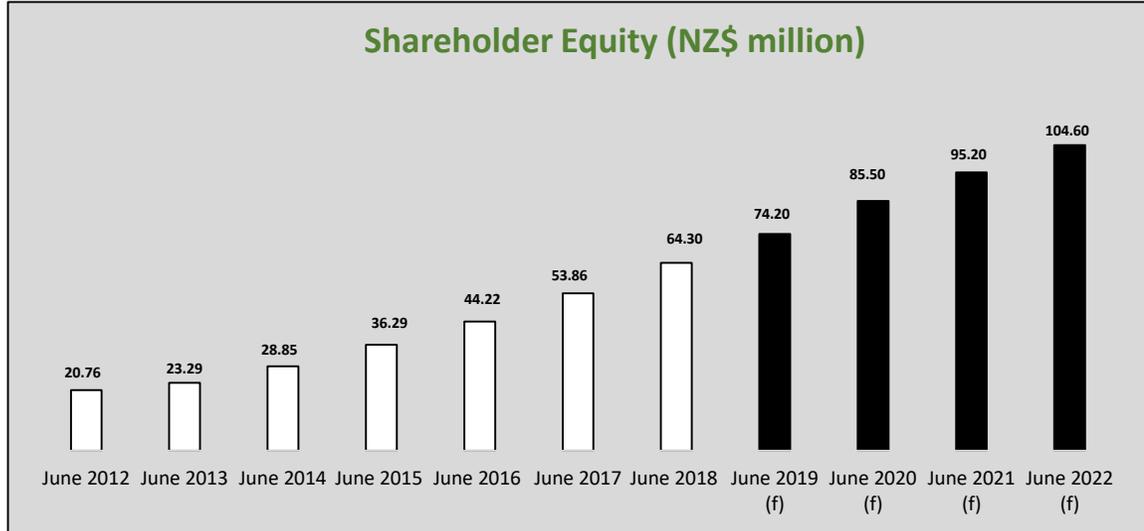
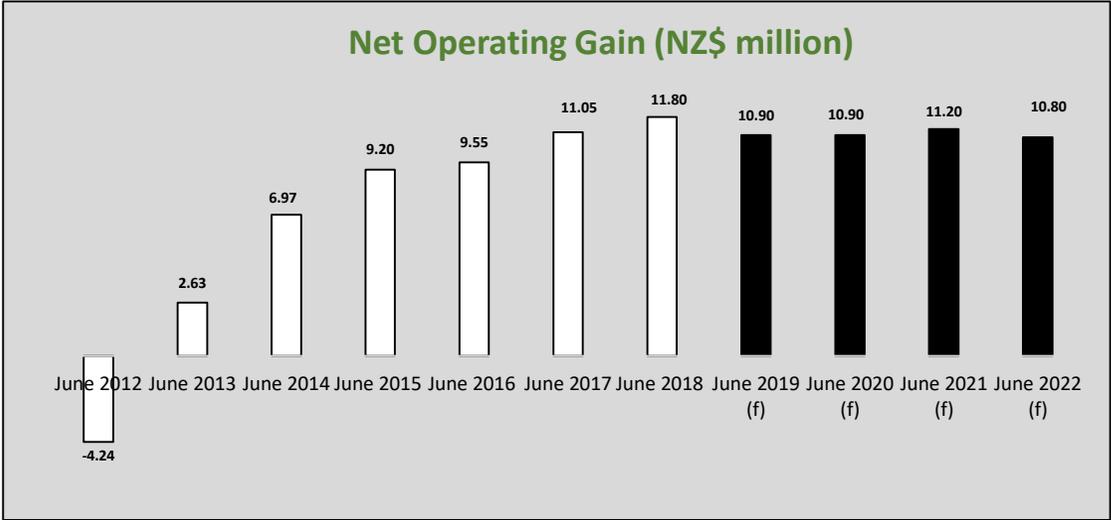
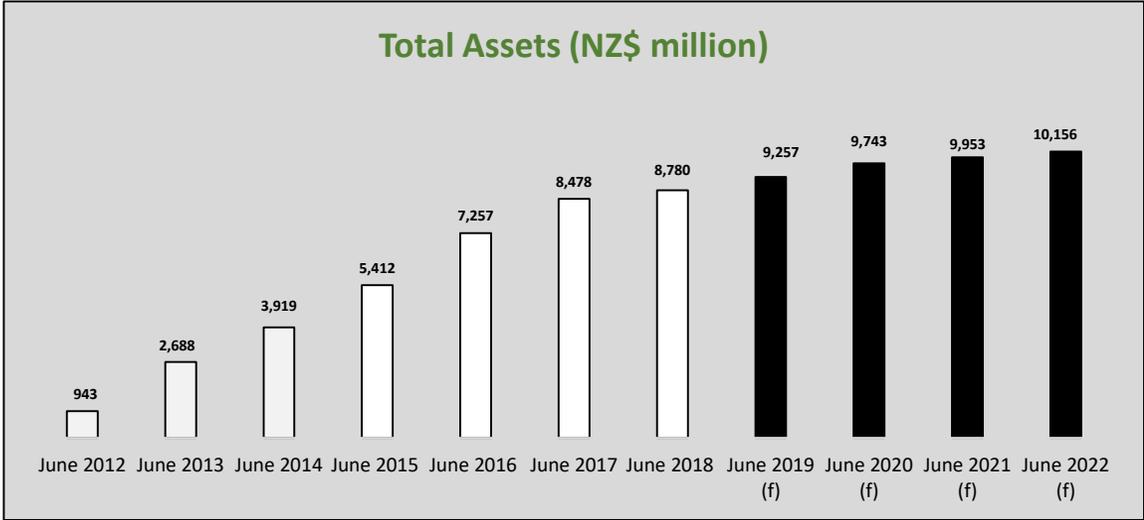
- Optimise the debt funding terms and conditions for Participating Local Authorities.
- Monitor the quality of the asset book so that it remains of a high standard
- Enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues

Secondary Objectives:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy
- Provide at least 75% of aggregate long term debt funding for Participating Local Authorities
- Achieve the Financial Forecasts (excluding the impact of AIL)
- Ensure its products and services are delivered at a cost below forecast
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating
- Introduce CCO lending by December 2019
- Comply with its Treasury Policy, as approved by the Board.

FINANCIAL YEAR (\$M)	SOI		
	Jun-20	Jun-21	Jun-22
Comprehensive income			
Interest income	272.1	293.2	294.0
Interest expense	253.6	274.2	275.1
Net Interest income	18.4	19.0	18.9
Issuance and on-lending costs	2.3	2.4	2.4
Approved Issuer Levy	1.5	1.6	1.6
Operating expenses	3.7	3.9	4.0
Issuance and operating expenses	7.6	7.8	8.0
P&L	10.9	11.2	10.9
Financial position (\$m)	Jun-20	Jun-21	Jun-22
Capital	25.0	25.0	25.0
Retained earnings	60.5	70.2	79.6
Total equity	85.5	95.2	104.6
Shareholder funds + borrower notes / Total assets	2.4%	2.5%	2.5%
Dividend provision	1.5	1.5	1.5
Total assets (nominal)	9,743.9	9,953.8	10,164.3
Total LG loans - short term (nominal)	460.0	460.0	460.0
Total LG loans (nominal)	9,100.2	9,346.0	9,418.7
Total bills (nominal)	425.0	425.0	425.0
Total bonds (nominal) ex treasury stock	9,064.0	9,264.0	9,454.0
Total borrower notes (nominal)	145.6	149.5	150.7

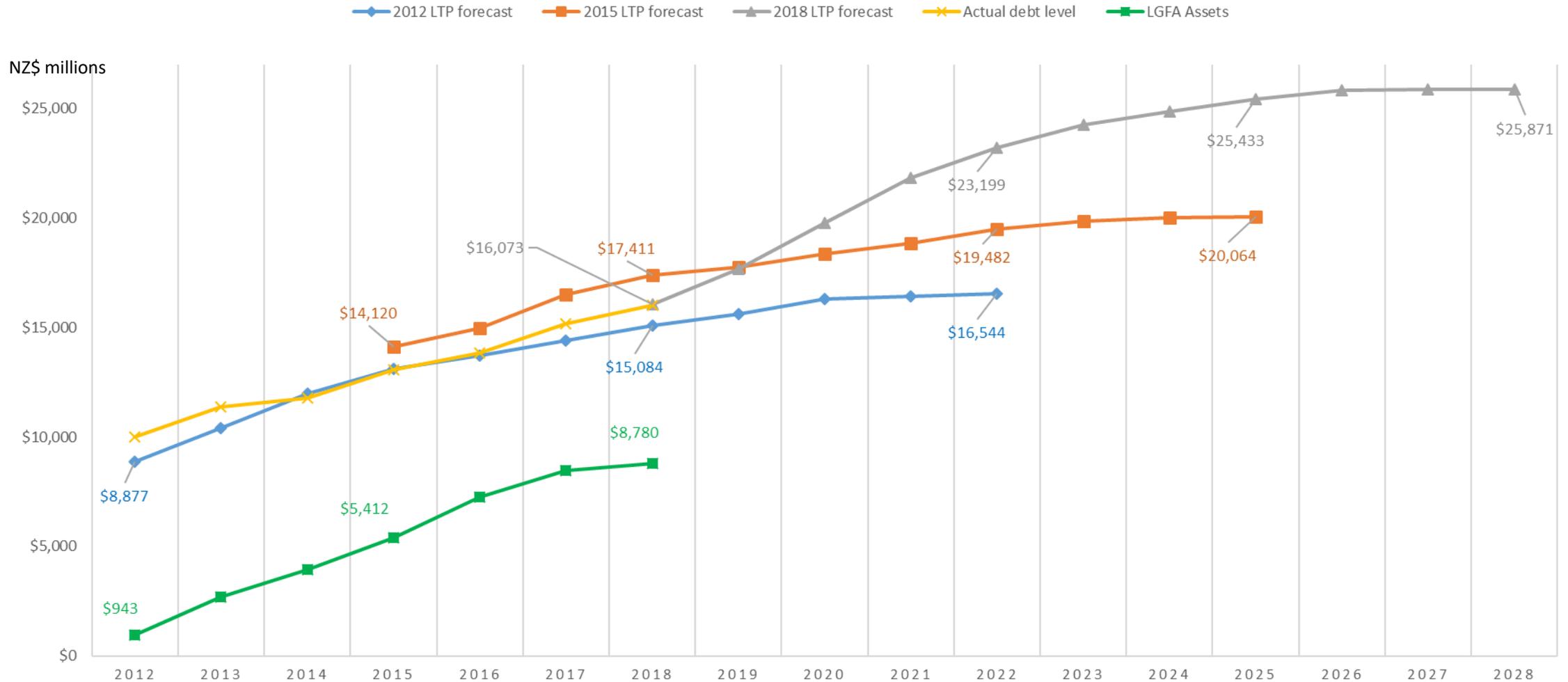
HISTORIC AND FORECAST FINANCIAL PERFORMANCE



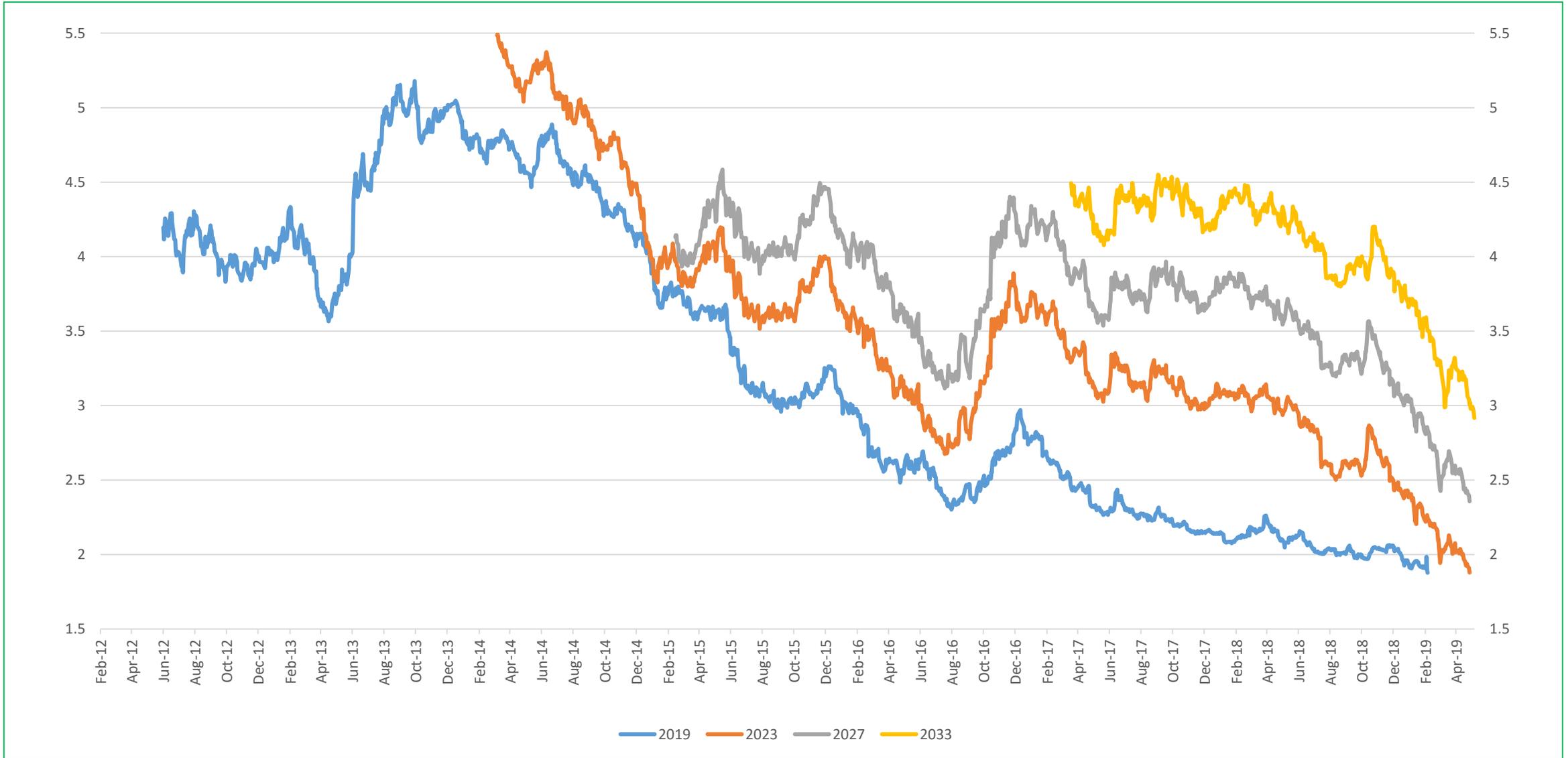
Forecast performance based upon assumptions outlined in LGFA Draft SOI 2019-20 available at www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent

Source: LGFA Annual Reports and SOI

COUNCIL DEBT LEVELS - LTP FORECASTS AND ACTUAL

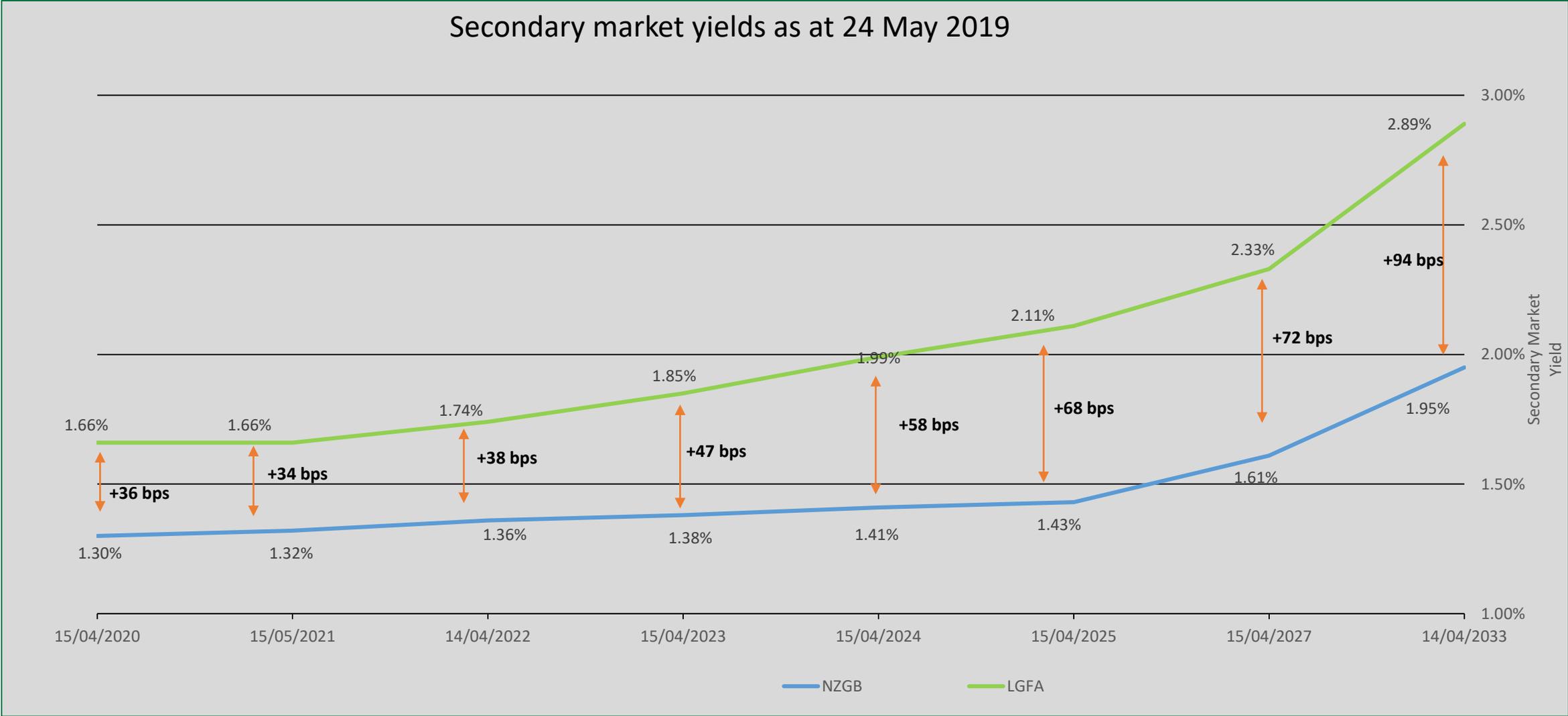


LGFA BOND YIELDS – 2019s, 2023s, 2027s, 2033s



LGFA AND NZ GOVERNMENT BORROWING CURVES

Secondary market yields as at 24 May 2019



Source: LGFA

HISTORICAL COMPLIANCE

Measure	Limit	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net debt as a percentage of total revenue*	<250%	139.9%	143.4%	149.4%	164.1%	190.6%	203.5%	185.3%	190.8%	182.7%	150.5%
Net interest as a percentage of total revenue*	<20%	7.2%	8.2%	9.2%	10.5%	11.6%	12.0%	10.6%	10.8%	10.8%	10.1%
Net interest as a percentage of annual rates income	<30%	10.4%	11.7%	13.1%	15.1%	16.4%	17.4%	17.3%	18.0%	16.5%	16.3%
Liquidity	>110%	130.6%	135.0%	137.5%	138.1%	118.8%	122.1%	120.5%	130.3%	120.0%	131.0%

FORWARD LOOKING COMPLIANCE – BASED ON 2018-28 LTP

Covenant	Limit	Annual Plan	Long-term Plan 2018-2028									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net debt as a percentage of total revenue*	<250%	180.3%	162.5%	182.8%	218.5%	217.7%	218.3%	223.2%	215.7%	202.0%	196.5%	192.7%
Net interest as a percentage of total revenue*	<20%	9.2%	7.0%	7.8%	9.7%	10.0%	10.2%	10.6%	10.1%	9.4%	9.0%	8.9%
Net interest as a percentage of annual rates income	<30%	12.3%	10.9%	13.1%	14.9%	15.6%	15.6%	14.9%	13.7%	12.8%	12.2%	11.7%
Liquidity	>110%	119.1%	119.0%	115.1%	113.1%	112.3%	111.8%	111.9%	112.0%	112.0%	111.7%	111.7%

Appendix and Contacts



LGFA MEMBERS (As at 15 May 2019)

New Zealand Government	5,000,000	11.10%			
Auckland Council	3,731,960	8.30%	2,307.0	25.1	32.0
Christchurch City Council	3,731,960	8.30%	1,761.9	19.2	8.6
Hamilton City Council	3,731,960	8.30%	355.0	3.9	3.0
Bay of Plenty Regional Council	3,731,958	8.30%	141.7	1.5	0.7
Greater Wellington Regional Council	3,731,958	8.30%	375.0	4.1	2.9
Tasman District Council	3,731,958	8.30%	152.0	1.7	1.3
Tauranga City Council	3,731,958	8.30%	430.0	4.7	2.9
Wellington City Council	3,731,958	8.30%	531.0	5.8	5.6
Western Bay of Plenty District Council	3,731,958	8.30%	90.0	1.0	1.2
Whangarei District Council	1,492,784	3.30%	132.0	1.4	1.8
Hastings District Council	746,392	1.70%	103.5	1.1	1.4
Marlborough District Council	400,000	0.90%	99.6	1.1	1.2
Selwyn District Council	373,196	0.80%	15.1	0.2	1.0
Gisborne District Council	200,000	0.40%	48.6	0.5	1.1
Hauraki District Council	200,000	0.40%	38.0	0.4	0.5
Horowhenua District Council	200,000	0.40%	96.1	1.0	0.7
Hutt City Council	200,000	0.40%	184.0	2.0	2.0
Kapiti Coast District Council	200,000	0.40%	209.5	2.3	1.1
Manawatu District Council	200,000	0.40%	68.0	0.7	0.6
Masterton District Council	200,000	0.40%	50.0	0.5	0.5
New Plymouth District Council	200,000	0.40%	99.0	1.1	1.6
Otorohanga District Council	200,000	0.40%	3.0	0.0	0.2
Palmerston North City Council	200,000	0.40%	107.0	1.2	1.7
South Taranaki District Council	200,000	0.40%	80.0	0.9	0.8
Taupo District Council	200,000	0.40%	115.0	1.3	1.2
Thames-Coromandel District Council	200,000	0.40%	61.2	0.7	1.2
Waimakariri District Council	200,000	0.40%	145.1	1.6	1.0
Waipa District Council	200,000	0.40%	35.6	0.4	1.1
Whanganui District Council	200,000	0.40%	73.0	0.8	1.1
Whakatane District Council	200,000	0.40%	62.0	0.7	0.8
Total	45,000,000		7,969.0	86.9	80.7

Note: Total shares includes called and uncalled shares

LGFA MEMBERS CONTINUED (As at 15 May 2019)

Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	47.2	0.5	0.6
Canterbury Regional Council	38.0	0.4	1.8
Far North District Council	60.1	0.7	1.6
Gore District Council	17.0	0.2	0.3
Hawkes Bay Regional Council	2.5	0.0	0.4
Hurunui District Council	30.0	0.3	0.3
Horizons Regional Council	32.0	0.3	0.8
Invercargill City Council	55.3	0.6	1.0
Kaipara District Council	45.0	0.5	0.7
Matamata-Piako District Council	24.1	0.3	0.6
Nelson City Council	65.0	0.7	1.3
Porirua City Council	86.5	0.9	1.1
Queenstown Lakes District Council	85.2	0.9	1.2
Rotorua District Council	181.5	2.0	1.6
Ruapehu District Council	16.0	0.2	0.4
Tararua District Council	25.0	0.3	0.4
Timaru District Council	84.6	0.9	0.9
Upper Hutt City Council	43.0	0.5	0.7
Waikato District Council	80.0	0.9	1.5
Waikato Regional Council	22.0	0.2	1.6
Waitomo District Council	40.1	0.4	0.4
Total	1080.2	11.8	19.3
Borrowers Only			
Buller District Council	20.0	0.2	
Central Hawkes Bay District Council	2.0	0.0	
Clutha District Council	5.0	0.1	
Grey District Council	20.0	0.2	
Mackenzie District Council	0.0	0.0	
Northland Regional Council	9.6	0.1	
Opotiki District Council	5.0	0.1	
Rangitikei District Council	3.0	0.0	
South Wairarapa District Council	19.9	0.2	
Stratford District Council	17.5	0.2	
Wairoa District Council	5.0	0.1	
Westland District Council	17.3	0.2	
Total	124.3	1.3	
Total Borrowing from LGFA	9,173.6	100.0	

Council	S&P	Fitch	Moody's
Auckland Council	AA		Aa2
Bay of Plenty Regional Council	AA		
Dunedin City Council	AA		
Greater Wellington Regional Council	AA Positive		
Hastings District Council	AA		
Hutt City Council	AA		
Invercargill City Council		AA	
Marlborough District Council	AA		
Nelson City Council	AA		
New Plymouth District Council	AA Positive		
Palmerston North City Council	AA Positive		
Porirua City Council	AA		
Tasman District Council	AA		
Taupo District Council	AA Positive		
Waimakariri District Council	AA Negative		
Wellington City Council	AA Positive		
Western Bay of Plenty District Council	AA		
Whanganui District Council	AA Positive		
Whangarei District Council	AA Positive		
Hamilton City Council		AA- Negative	
Queenstown Lakes District Council		AA- Negative	
Rotorua Lakes District Council		AA-	
South Taranaki District Council	AA- Positive		
Tauranga City Council	AA-		
Timaru District Council		AA-	
Christchurch City Council	A+ Positive		
Horowhenua District Council	A+		
Kapiti Coast District Council	A+ Positive		

28 councils in New Zealand have credit ratings – 26 are members of LGFA

Over 2014, 2015, 2016, 2017, 2018

- Nelson, South Taranaki, Tauranga, Tasman, Taupo, Western Bay of Plenty (twice), Whanganui and Whangarei District Councils were upgraded
- No council ratings were downgraded

Seven councils with “AA” credit rating placed on positive outlook in February 2019

Two councils placed on negative outlook by Fitch in April 2019

As at 23 May 2019

Source: S&P, Fitch, Moody's, LGFA

COUNCIL RATING CHANGES OVER THE PAST THREE YEARS

Council	Action	Date
Whangarei District Council	Upgraded from AA- to AA	May 19, 2016
Western Bay of Plenty District Council	Outlook Revised from Stable to Positive	Sep 26, 2016
Tasman District Council	Outlook Revised from Stable to Positive	Oct 27, 2016
Invercargill Council	Outlook Revised from Stable to Negative	Dec 02, 2016
South Taranaki District Council	Upgraded from A+ to AA-	May 19, 2017
Whanganui District Council	Outlook revised from Stable to Positive	June 28, 2017
Western Bay of Plenty District Council	Upgraded from AA- to AA	Sep 22, 2017
Invercargill Council	Outlook Revised from Negative to Stable	Dec 05, 2017
Waimakariri District Council	Outlook Revised from Stable to Negative	April 11, 2018
Whanganui District Council	Upgraded from AA- to AA	June 7, 2018
Kapiti Coast District Council	Outlook revised from Stable to Positive	Sep 25, 2018
Tasman District Council	Upgraded from AA- to AA	Oct 30, 2018
Tauranga City Council	Upgraded from A+ to AA-	Oct 30, 2018
Greater Wellington Regional, Wellington City, Taupo District, Marlborough District, New Plymouth District, Whangarei District , Palmerston North City Councils	Outlook revised from Stable to Positive	Feb 4, 2019
Queenstown Lakes District Council	Revised from Stable to Rating Watch Negative	Jan 25, 2019
Hamilton City Council	Revised from Stable to Rating Watch Negative	April 10, 2019
South Taranaki District Council	Outlook revised from Stable to Positive	April 30, 2019

LGFA Financial Covenants – member councils as at 30 June 2018 with an external credit rating (26)

Foundation Policy Covenant	Net Debt / Total Revenue <250%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of councils compliance	-160.5% to 190.3%	-7.5% to 9.6%	-17.1% to 16.6%

LGFA Financial Covenants – member councils as at 30 June 2018 without an external credit rating (29)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of councils compliance	-52.8% to 127.4%	-1.5% to 5.4%	-3.1% to 8.6%

- 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 highlights the differences between councils
- Sufficient financial headroom for most councils
- Improvement from 2013 for most councils
 - Revenue increased
 - Interest rates lower
 - Capex and debt restrained

Source: LGFA using data from individual council annual reports

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

Financial Covenant	2018	2017	2016	2015	2014	2013
Net Debt to Revenue <250%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Revenue <20%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Rates <30%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

LGFA unrated member councils (30 in 2018, 30 in 2017, 28 in 2016, 25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2018	2017	2016	2015	2014	2013
Net Debt to Revenue <175%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Revenue <20%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Rates <25%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

Calculated by simple average of member councils in each group Source: LGFA using data from individual council annual reports

❑ Fitch Ratings - November 2018

Local Currency AA+ / Stable/ F1+

Foreign currency rating AA / Stable / 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.

❑ S&P Global Rating's – February 2019

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 a lender to 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.

Source: S&P, Fitch, LGFA

LGFA PARTICIPATING COUNCILS BY REGION



	Gross Debt LGFA Lending June 2017 \$m	June 2018 \$m	Population	Sector Debt 2017 (%)	Borrowing from LGFA 2018 (%)	Share of Population	Share of LGFA Guarantee (%)
Northland	\$287.6	\$235.5	175,500	1.9%	3.0%	3.7%	4.1%
Auckland	\$8,306.0	\$2,082.0	1,657,200	54.8%	26.1%	34.6%	33.0%
Waikato	\$841.3	\$737.6	460,100	5.5%	9.3%	9.6%	10.1%
Bay of Plenty	\$726.7	\$672.8	299,900	4.8%	8.4%	6.3%	8.8%
Taranaki	\$232.5	\$140.5	118,000	1.5%	1.8%	2.5%	2.4%
Manawatu-Wanganui	\$385.2	\$352.1	234,500	2.5%	4.4%	4.9%	5.4%
Gisborne	\$37.7	\$37.1	48,500	0.2%	0.5%	1.0%	1.1%
Hawkes Bay	\$91.4	\$79.0	164,000	0.6%	1.0%	3.4%	1.4%
Wellington	\$1,354.4	\$1,255.9	513,900	8.9%	15.8%	10.7%	14.1%
Nelson	\$92.4	\$60.0	51,400	0.6%	0.8%	1.1%	1.3%
Tasman	\$126.2	\$118.5	51,100	0.8%	1.5%	1.1%	1.4%
Malborough	\$82.9	\$80.3	46,200	0.5%	1.0%	1.0%	1.3%
West Coast	\$76.4	\$57.3	32,400	0.5%	0.7%	0.7%	0.0%
Canterbury	\$2,125.8	\$1,963.0	612,000	14.0%	24.6%	12.8%	14.3%
Otago	\$295.1	\$85.1	224,200	1.9%	1.1%	4.7%	1.2%
Southland	\$105.5	\$17.0	98,300	0.7%	0.2%	2.1%	0.00%
Total	\$15,167.1	\$7,973.7	4,787,200				



The screenshot shows the LGFA website homepage. At the top left is the LGFA logo and name. Navigation links include ABOUT LGFA, INVESTORS, BONDS, BILLS, CONTACT, and a Council Login link. The main banner features the headline "Providing diversified funding sources for NZ local authorities" and a sub-headline: "The LGFA provides more efficient funding costs and diversified funding sources for New Zealand local authorities. We provide investors with a new source of securities rated at AA+ by international credit ratings agencies Standard and Poor's and Fitch Ratings." Below this are two buttons: "More about what we do" and "About Investing in LGFA". A secondary banner for "August 2017 LGFA An Overview" is visible, with links for "Overview", "DIE LGFA im Überblick (DE)", and "LGFA 概説 (JP)". A large image of a city street (Victoria Street, Wellington) is shown with a caption: "Victoria Street, Wellington. Upgraded lanes, parking and pedestrian area on Victoria Street. Wellington City Council".

Features

Press Release: The 2017 LGFA Annual Report has been released »	31 Aug 2017
Notice of Repo Outstandings as at 31 July 2017 »	1 Aug 2017
Press Release: The LGFA Quarterly Report to Shareholders for June 2017 has been released »	1 Aug 2017
Notice of Repo Outstandings as at 30 June 2017 »	3 Jul 2017
Press Release: The LGFA Statement of Intent 2017/18 has been released »	27 Jun 2017

Securities Issuance

Next tender date
4 Oct 2017

LGFA Bonds
Results of Tender 49 have been published [View Here >>](#)

[View full bond tender schedule >](#) [View tender results >](#)

Next tender date
13 Sep 2017

LGFA Bills
Results of Tender 23 have been published [View Here >>](#)

[View full bill tender schedule >](#) [View tender results >](#)

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Management of Encroachments

Elected Member Briefing 28 May 2019



Purpose of briefing

To gain Councillor input on;

- a. the draft Encroachment Policy principles, and
- b. provide guidance on how the Policy should define “Public Benefit”

for the development of an internal Management Policy.

What is an encroachment?

An encroachment is where a structure, or part of a structure, sits outside the legally drawn boundary and is on or above Council owned land.

Encroachments may be;

- Structures on or below the road;
- Structures in the airspace above the road; or
- Structures on Council reserve land.

Power to grant encroachments

The power to grant an encroachment is set out within legislation.

Under the *Delegations to Positions* policy the power to grant an encroachment has been delegated to the Chief Executive (NOTE: For reserves the power is delegated to the General Manager – Community)

The powers delegated relate to the below legislation;

- Local Government Act 1974
- Reserves Act 1977

Draft policy principles

Delivers greater public than private benefit

1. an encroachment request should not reduce the ability of the public to enjoy public spaces (e.g. it cannot allow only private or commercial uses).
2. encroachments with greater public benefits than detriments should generally be accepted; those with greater public detriments than benefits generally should not.
3. people who are materially affected by a proposed encroachment should be consulted and their views considered when decisions are made.
4. the structure over the road or encroaching should not cause any safety issues to other road or reserve users.

Draft policy principles

Prioritises maintenance and future development

5. encroachment does not interfere with the maintenance or utility carrying needs of the road reserve.
6. the encroachment does not restrict Council's ability to make decisions in respect of the likely use of the affected public land, including air space, in the future.

Draft policy principles

Enables economic solutions

7. the encroachment enables for an optimal economic outcome where an existing building is required to meet reasonable modern or **legislative** standards (e.g. recladding an existing building, **earthquake strengthening**).
8. multiple encroachment's affecting the same site must be considered in their entirety, however, where an aspect of the encroachment is to meet reasonable modern or **legislative** standards as outlined in principle 7, further encroachments **should** be allowed where they do not materially change the impact of the **proposed** encroachment to meet reasonable modern or legislative standards.

Draft policy principles

Complies with legislation

9. encroachments should protect and preserve open space values in accordance with the Reserves Act 1977, reserve management plans and Council policies and strategies.

Draft policy principles

Reworded from Draft Principles

10. Where an encroachment and air space licence application does not meet the principles outlined in 1 to 9, the licence application is to be considered by Council.

Where an encroachment and air space licence application has significant public interest or encroaches in a significant way, the licence application is to be considered by Council

Public benefit

Bridge St Police Station



Public benefit

Meteor Theatre – Victoria St



Public benefit

Frankton Village – Rawhiti St



Public benefit

Public benefit considerations as defined by staff;

- Improves safety within the public space
- Provides / enhances access to public areas
- Allows public enhanced use of the space for its intended purpose

Public benefit

Guidance from Councillors

- Are there other factors should be considered as providing a public benefit?
 - What weight should be given to these benefits?



Next steps

- Finalise Report to Growth and Infrastructure Committee which will include the principles agreed during the discussion today.
- Develop and implement a Management Policy based on the approved principles

Personal Hire Devices Code of Practice and Permitting Processes 28 May 2019



Personal Hire Devices (PHDs)

Personal Hire Devices (PHD's)

Non-vehicular devices intended to be used to transport 1-2 people short distances; which are located in public spaces and available for hire, usually for periods of short duration.

Exclusions

- Personal devices owned and used by individuals
- Mobility devices.

Personal Hire Devices (PHDs)



Permit to Trade

- Permit can be granted with conditions under the Public Places Bylaw
- Provide a Code of Practice as the rulebook on how operators should operate
- Operators will need to abide by the Code to retain their permit.

Permitting process

Propose to:

- Initially provide one year permits to 2-3 operators via a RFP process
- Permits will have 3 monthly reviews which will allow Council to:
 - Assess whether the fees and charges amount to full cost recovery
 - Assess public safety issues and enforcement levels
 - Assess whether restrictions should be applied to any locations (speed, bans, parking bans).

Code of Practice - Principles

- Safety remains our primary objective. It is our duty to protect the rights of the public to use and enjoy Hamilton's roads and walkways
- PHD hire schemes must work for everyone without impacting or causing a danger or nuisance to other road users
- We aim to ensure that PHD's are well-designed and complement Hamilton's bicycle network development and public transport network.

Code of Practice - Principles

- Permitting will require an approved Operation Plan setting out how they will ensure their operation is safe for users and others
- Operators will be required to provide various forms of data and information to assist Council to monitor, enforce and assess Operators and PHD's in Hamilton
- The Code is likely to be amended regularly through the initial one year permit process as we identify issues or new requirements.

Device numbers

Initially, we propose to cap the number of devices as we assess the impact on other road corridor users, particularly pedestrians

A cap of 500 is proposed

This was arrived at by comparing Auckland and Hamilton device numbers, the size of the area they are able to operate in and assessing a comparable number for Hamilton's size and population.

Fees and Charges

Aim for full cost recovery (enforcement, education and administration).

Proposed fees and charges for the initial pilot are:

- a \$300 annual permit fee
- \$50 per device per annum (for enforcement and management)
- a \$10,000 education program fund per operator, with an understanding that there will be future ongoing funding shared among all operators for user education
- liability insurance of \$2,000,000 will also be required
- assess ability to charge a per ride fee for ongoing user education and enforcement.

Strategic Three Waters Servicing



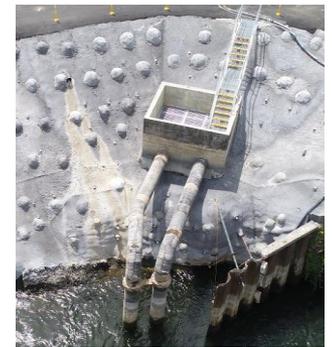
Why are we here?

- Massive challenges in 3-waters servicing
 - Growth Pressures – Wet industry, Out of district Servicing
 - Water Allocation, discharge constraints
 - Te Ture Whaimana – Waikato River Vision & Strategy
- Immediate & Medium Term Responses needed
- Seeking feedback on 3-month Programme to address current critical challenges

Three Waters Servicing – What is it?



Three Waters Servicing – How we do it?



Three Waters Servicing – Why do we do it?

Legislation requires Councils to deliver water supply services that are safe, healthy and sustainable

- Local Government Act 2002 requires Councils to continue to provide water services to meet current and future needs of the their community in an efficient and effective way.
- The Health (Drinking Water) Amendment Act 2007 requires Councils to improve, promote and protect public health
- The Resource Management Act 1991 requires Councils to protect and minimise the effect on the environment

Challenges

Hamilton City

Network Operations Plans

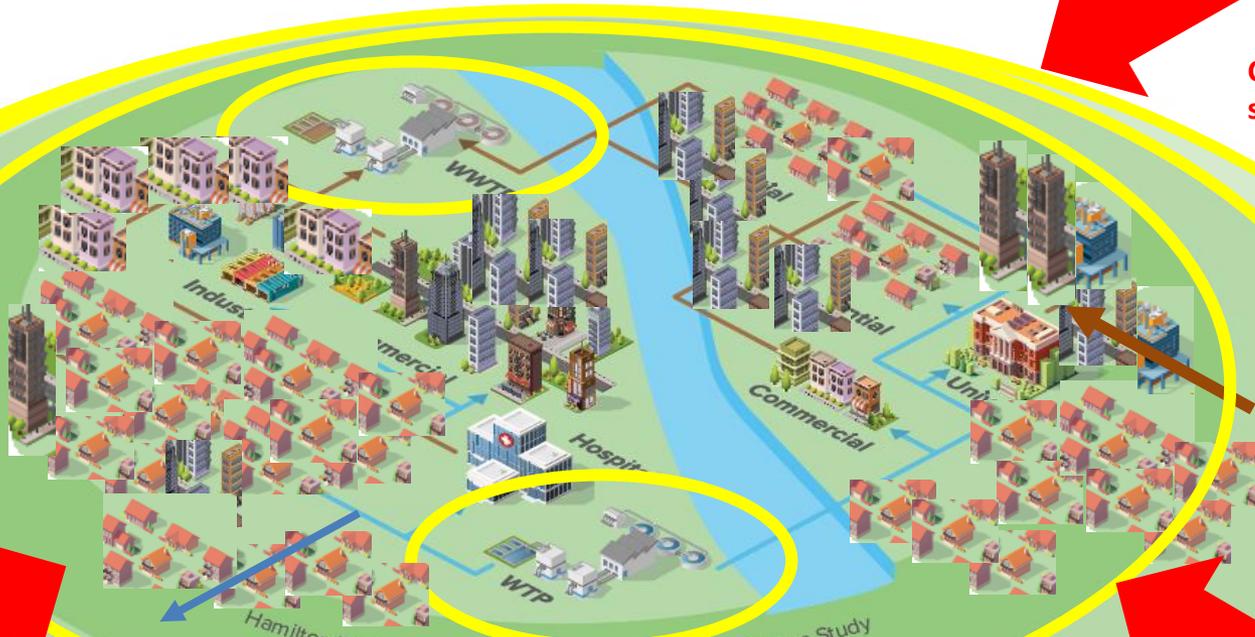
Reviews: Consent renewals, Water Supply, Trade Waste & Wastewater Bylaw, Stormwater Bylaw, 3 waters Connections and Charging Policy

Policy gaps: Wet industry; Bulk water supply; Pressure sewer

Operational challenges: Water allocation basis and limits; Wastewater discharge limits; No network overflow consent

Growth challenges: Capacity constraints; DC assessments and resourcing; Servicing future development areas; Out of district servicing – Southern water supply agreement; Te Kowhai, Whatawhata.

Te Ture Whaimana Waikato River Vision & Strategy



Cross boundary servicing pressure

Cross boundary servicing

Hamilton-Waikato Metro Spatial Plan, Subregional Waters Study
Challenges: Water source allocation; wastewater discharges

Te Ture Whaimana o Te Awa o Waikato; Waikato Regional Plan; Healthy Environments Regional Plan Review; Healthy Rivers

Hamilton-Auckland Corridor Plan

National Policy Statement on Urban Development Capacity; National Policy Statement for Freshwater Management

Three Waters Review; Freshwater Programme; Productivity Commission Inquiries

Solutions & responses

Immediate

- Policy guidance (Connections & Charging Policy Review; Large Water users Policy)
- Review of Large Water user requests & agreements (Southern Districts Bulk Water Agreement, NZFIW)

Medium Term

- Integrated holistic 3-waters management i.e. Sub regional Three Waters Study
- Integrated spatial planning i.e. Metro spatial plan
- Consenting strategies i.e. water take, discharges (e.g. WW Network, WWTP, SW)

Proposed 3-month programme

18 June 2019 – G & I Committee

- Consideration of recent large water user requests
- Consideration of large water user policy principles
- Updates on Metro spatial plan
- Updates on Sub-regional three waters study

27 June 2019 – Council Meeting

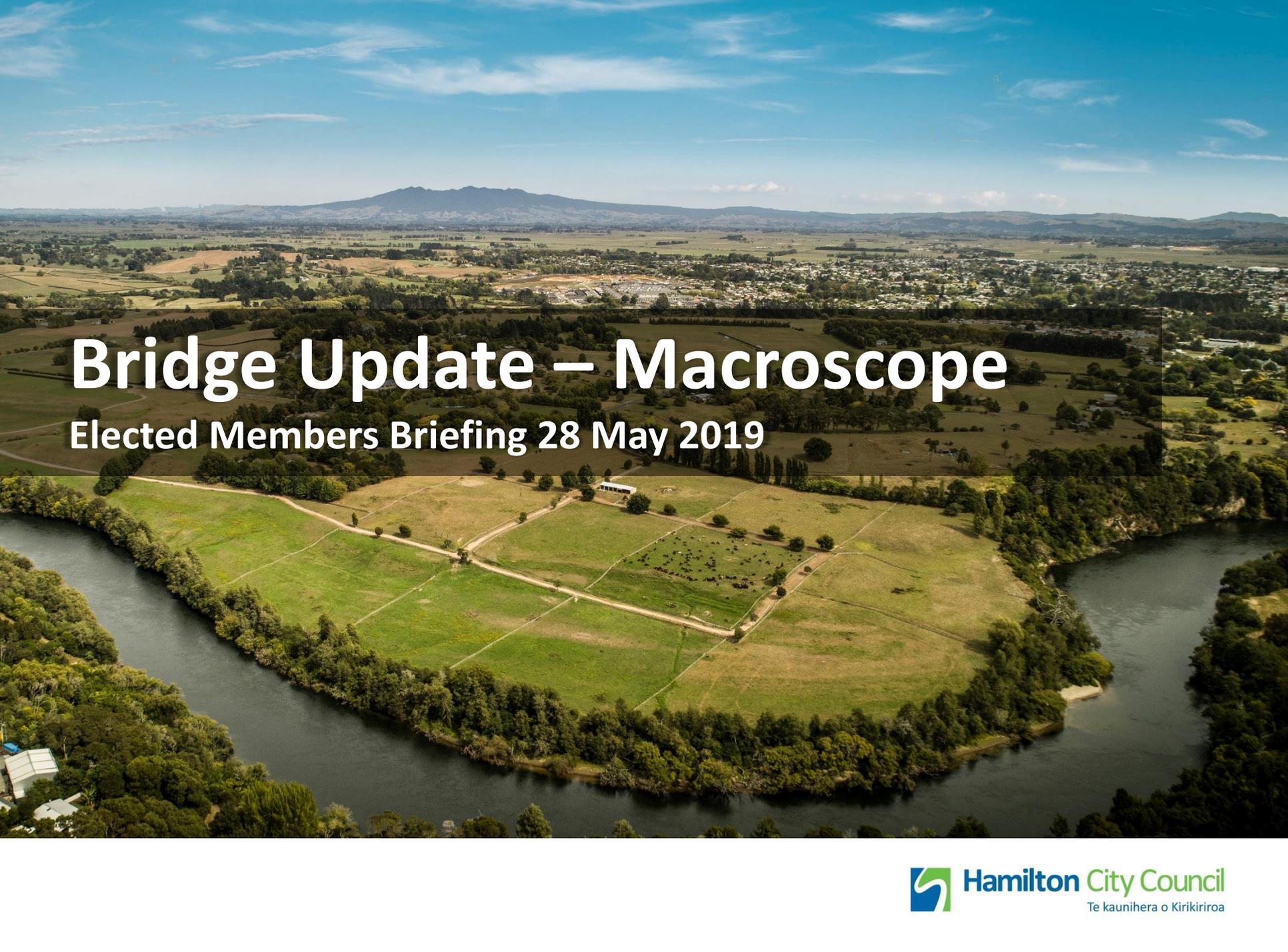
- Update on cross boundary servicing agreements (i.e. WDC bulk water supply agreement)

13 August 2019 – Elected Member Briefing

- Three Waters Connection and Charging Policy Review

17 September 2019 – Council Meeting

- Three Waters Connection and Charging Policy Review

An aerial photograph of a wide river valley. In the foreground, a large green field is divided into sections by dirt paths, with a herd of black cattle grazing in one of the sections. A white building is visible in the middle ground. The river flows through the valley, bordered by dense green trees. In the background, a town is visible, followed by rolling hills and mountains under a blue sky with light clouds.

Bridge Update – Macroscope

Elected Members Briefing 28 May 2019

Purpose of briefing

1. Provide update on concept development
2. Seek feedback
3. Confirm next steps:
 - Macroscope approval at 18 June G&I
 - Proceed to detailed design and physical works procurement
 - Technical and aesthetics to be managed by the experts

Background

Previously, Growth and Infrastructure committee have:

- Opted for a governance roll in the bridge form and aesthetics process
- Instructed the process be led by technical experts to best manage risks
- Approved structural Option A (flat bridge deck with Y shaped pier)
- Instructed staff to further develop aesthetic concept and technical assessments in consultation with key stakeholders, Iwi and technical experts
- Requested staff report back to the next Growth & Infrastructure committee in June with the preferred bridge concept for macroscope approval.

Option Development & Evaluation Process – We are here

Process stages:

- ✓ Multi stage approach – hear from wide range of interested parties to begin with
- ✓ Use a range of technical experts to listen and rationalise inputs into list of bridge options
- ✓ Assess options using set criteria as well as existing project constraints to identify trade-offs/preferences
- **Seek Council endorsement / approval (macroscope)**
- Feed back through stakeholders at each stage.

Macroscopic – Concept Design

- Key Takeaway: **This is a concept** to illustrate an aesthetic direction on which to progress detailed design – it still has a long journey ahead
- It needs to satisfy challenging technical requirements as well as meet project and stakeholder objectives
- Functional and aesthetic expectations will need to balance to ensure construction still meets time and budget.

Stakeholders and Objectives

The challenges

- Different user experiences – significance of area beneath structure
- Multi-modal – differing needs & speeds
- Flexibility of structure - future modes/needs
- Ecology – Bats (critical), Lizards & Birds
- Cultural significance - kaitiaki / guardianship
- Linkage & connectivity – transport / river / community
- Memorable - captures essence of location & the time
- Safety – all phases & all users



Design Principles

DESIGN PRINCIPLES



Experience



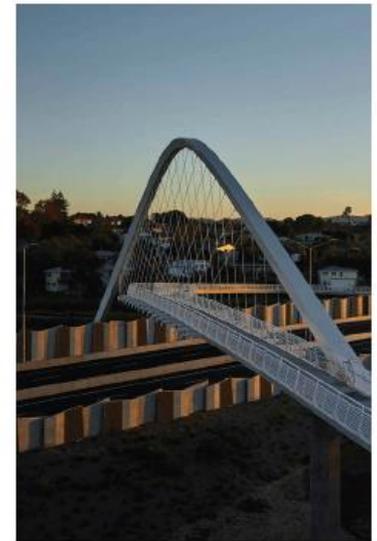
Flexibility / Versatility



Kaitiaki

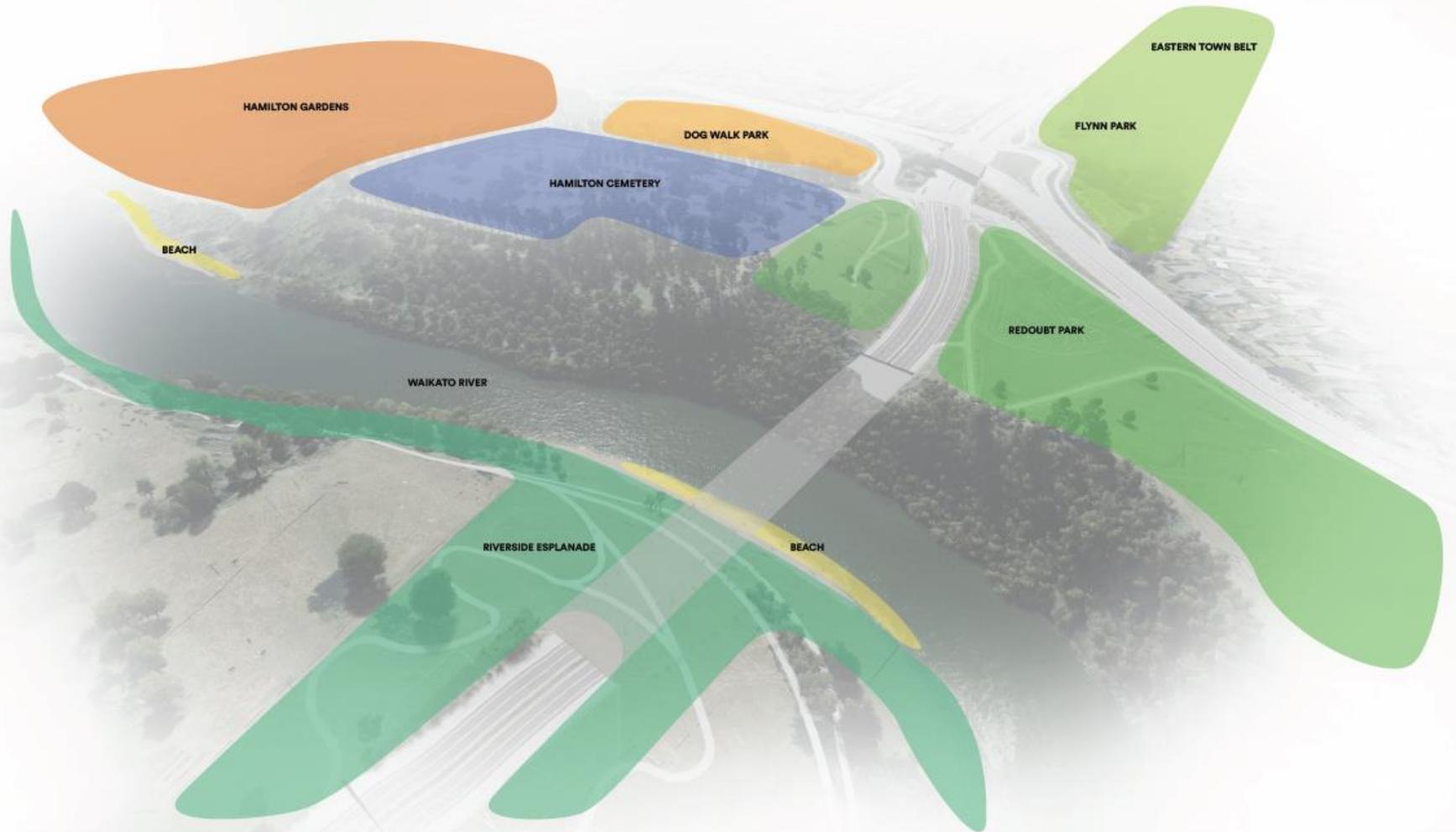


Connection



Landmark / Memorable

Site context and features



Cultural narrative

Key points

- Iwi are our partners who are integrally involved and will continue to be throughout the project
- Location signifies gateway to Kirikiriroa as well as geographic demarcation of Pa on either side of te awa (the river)
- Many known and potential waahi tapu sites both sides of te awa inform historic activities including trade, growing produce, social
- Te awa is significant to Maori, and crossing it comes with responsibilities

Design Outcomes

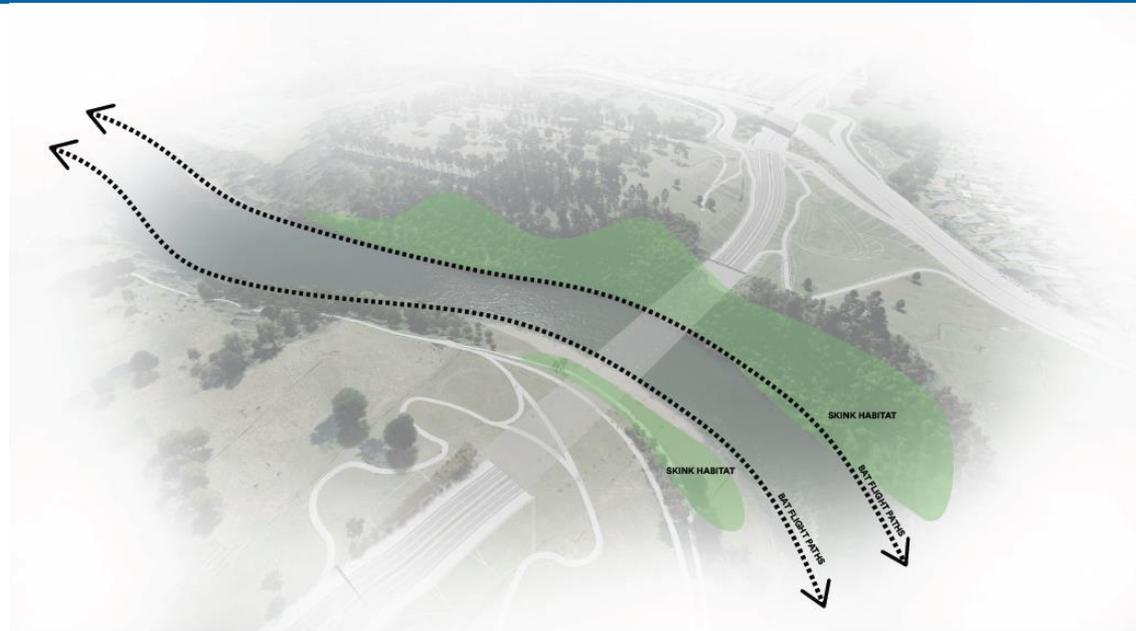
- Embed essence of kaitiaki (guardianship) throughout project
- No piers in the permanent waterway
- Pursue cultural narrative through design aspects
- Connection and access to te awa
- Environmental and ecological protection and enhancement



Ecology & Environmental

Design requirements

- Minimise impacts of construction on environment and ecology
- Minimise vegetation removal
- Minimise effects on bat flight paths
- Create bat 'hop overs' over bridge on northern bank and under bridge on southern bank
- Utilise planting to frame bridge gateway and strengthen ecological linkages with existing habitat and wildlife corridors into the project where possible
- Manage lighting to minimise effects on bats (likely no underlighting of bridge)
- Stormwater runoff treatment and erosion protection



Bat habitat



Open space character

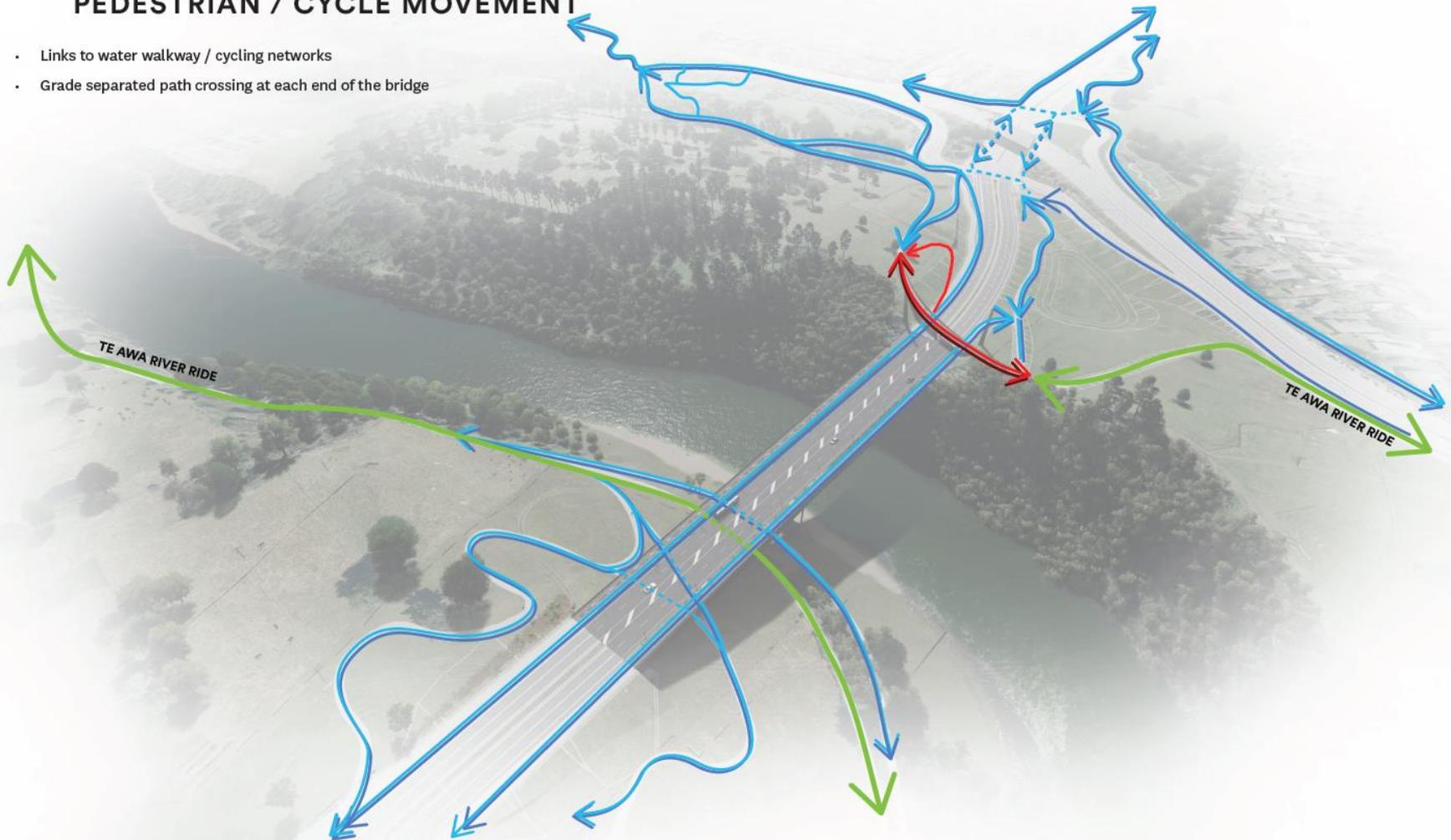


River Character

Connectivity – Peds & Cycles

PEDESTRIAN / CYCLE MOVEMENT

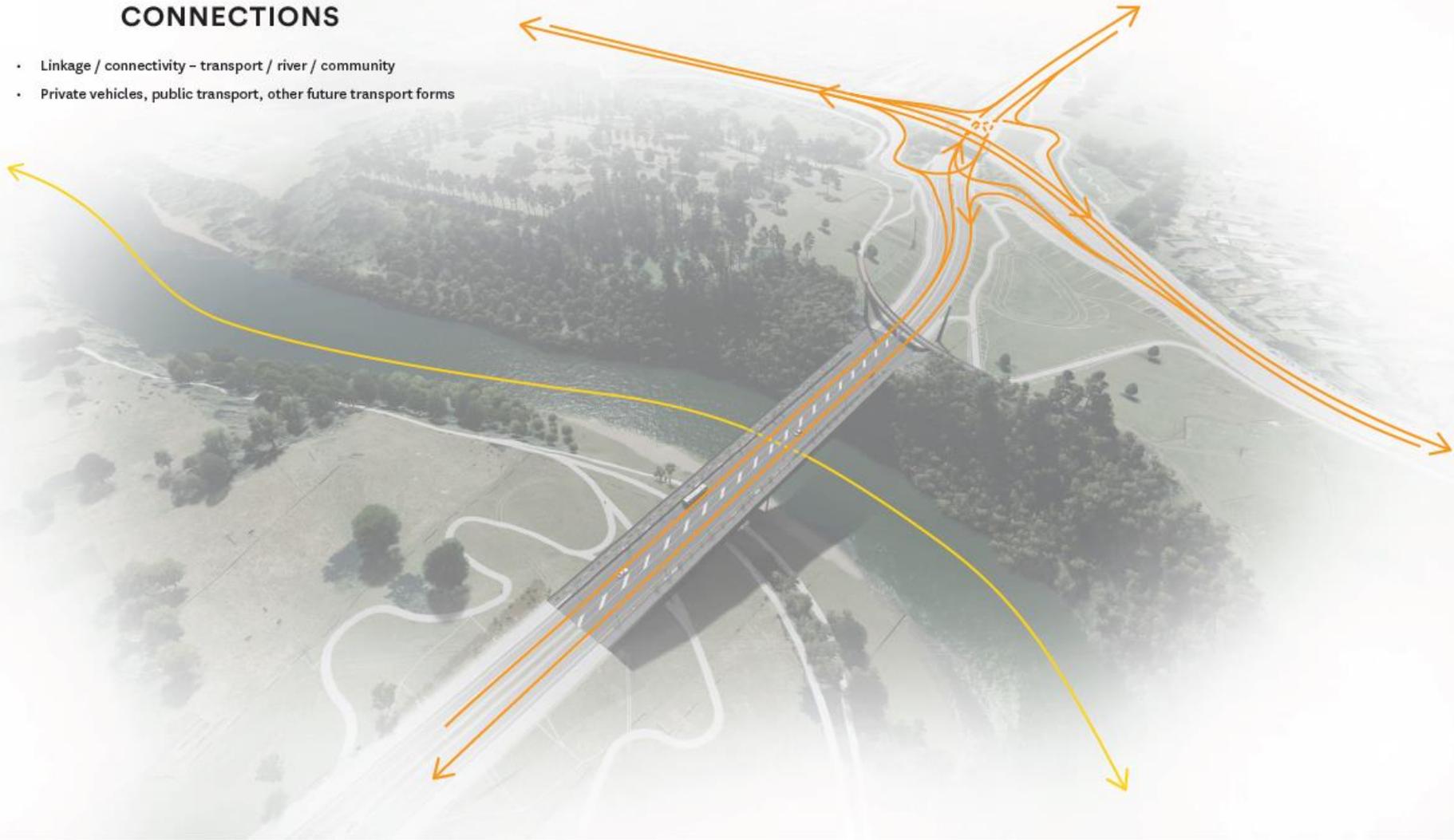
- Links to water walkway / cycling networks
- Grade separated path crossing at each end of the bridge



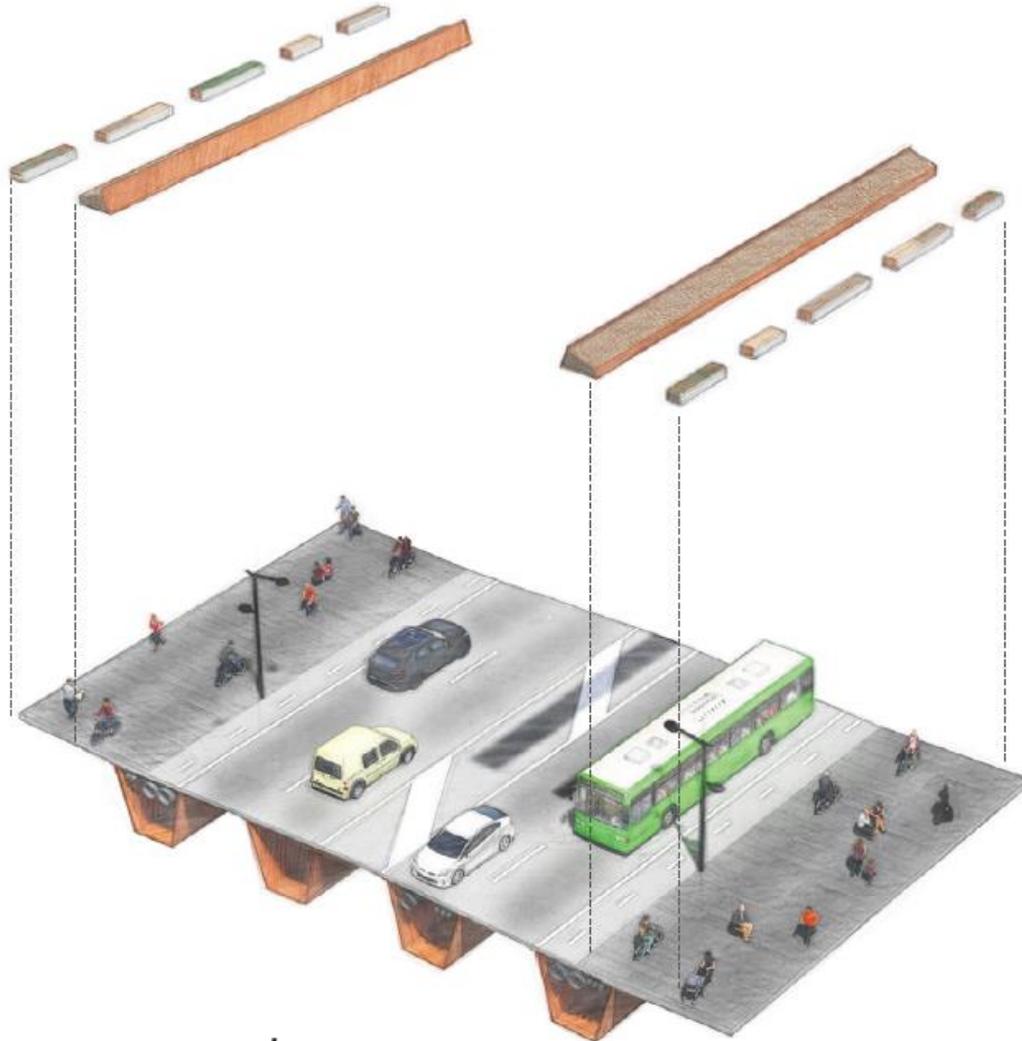
Connectivity - Motorised

CONNECTIONS

- Linkage / connectivity - transport / river / community
- Private vehicles, public transport, other future transport forms



Flexible space allocation



illustrative purposes only

Video

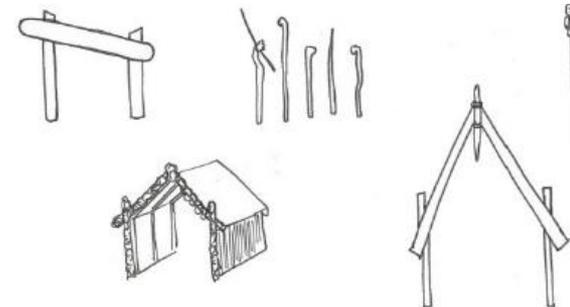
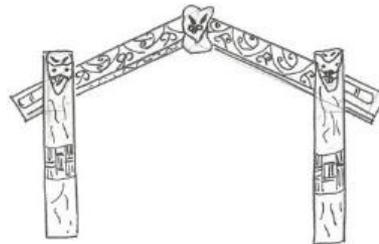
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Gateway Bridge Opportunity

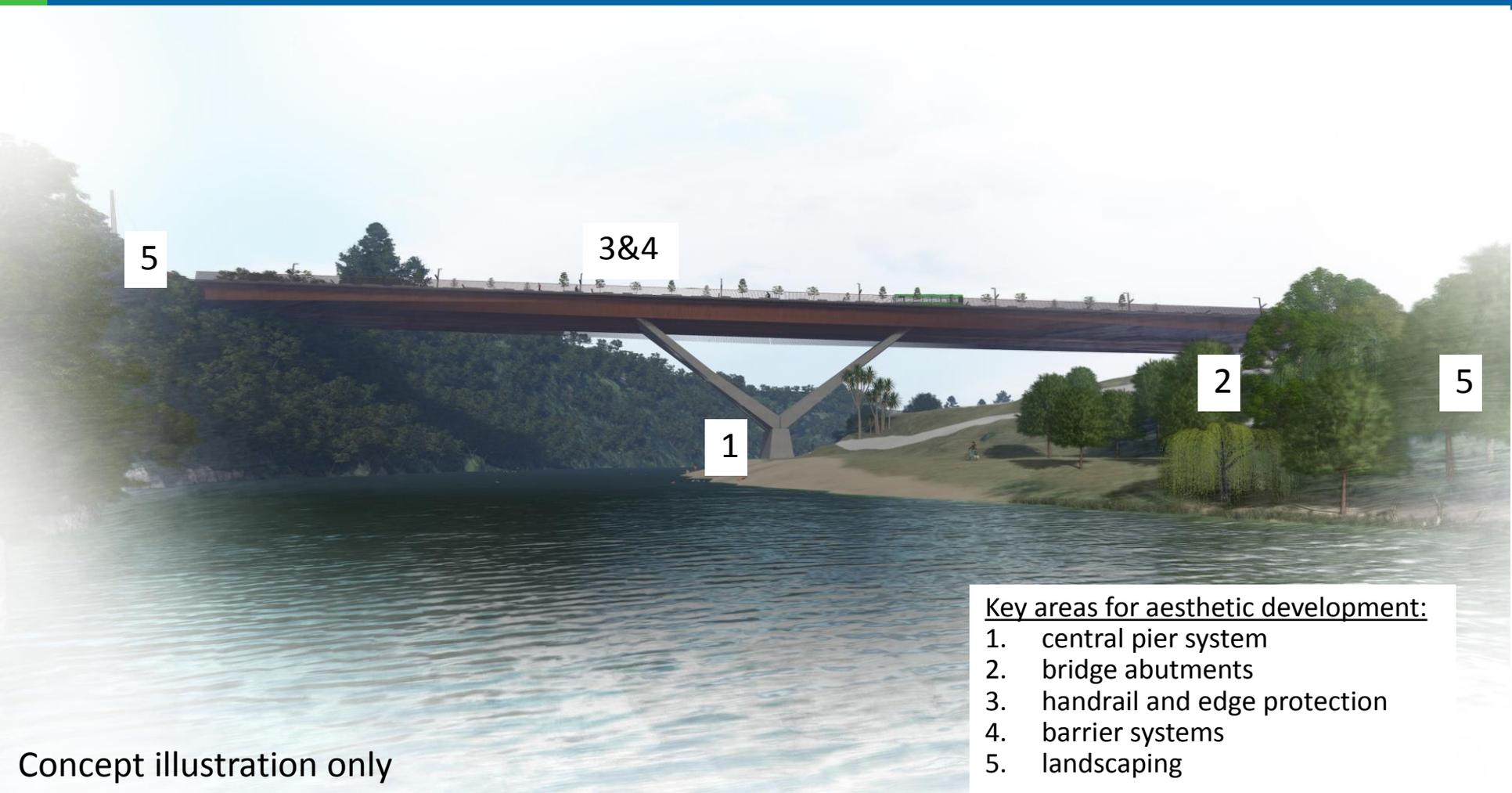
(Currently out of scope/unfunded)

Pedestrian overbridge,
opportunity to:

- Grade separation of peds/cycles
- Connect Te Awa River Ride
- Potential gateway between Wairere and Nukuhau (Peacocke)



Concept Design Illustration



Key areas for aesthetic development:

1. central pier system
2. bridge abutments
3. handrail and edge protection
4. barrier systems
5. landscaping

Concept illustration only

Concept Design Illustration



Concept illustration only

Concept Design Illustration



Concept illustration only

What will be confirmed?

To be confirmed on 18 June 2019 at G&I	To be resolved through detailed design
<ul style="list-style-type: none">• Structural Y shaped pier bridge form with pier outside permanent waterway• Incorporates walking and cycling• Four lane deck designed for flexibility for future space reallocation• Connects to existing walking and cycling networks• Incorporates cultural narrative in designs• Minimises ecological and environmental impacts• Lighting to minimise effects on bats• Enables access to river on southern side• Incorporates strategic services• Design development will be led by technical experts to best manage time and cost risk• Aesthetic consideration given in design detail of: central pier system, bridge abutments, handrail and edge protection, barrier systems and landscaping• Grade separation of walking and cycling at both ends of bridge if can be accommodated within budget	<ul style="list-style-type: none">• Cross section space allocation for user groups on opening• Road speed limit• Ultimate deck width required to be built• Materials selection vs whole of life maintenance requirements• Colour and coating materials• Extent of aesthetic refinement and balance of aesthetic development across the various aspects to achieve best overall value. Led by technical experts• Pedestrian networks to build for now, including consideration of budget allowance for pedestrian bridge• Cultural narrative refinement and integration into design• Landscaping and ecological mitigation specific to construction methodology• Southern bank river concept plan and funding source• Detailed cost estimating and affordability within HIF budgets

Are there some risks? Yes.

	Risk description	Key mitigation actions
1	Geotechnical risks remain, particularly in relation to meeting seismic requirements for structures.	<ul style="list-style-type: none"> • Macroscopic approval to allow more specific geotechnical design work to progress • Independent peer reviews
2	Changes in legislation and standards since Business Case and funding approval	<ul style="list-style-type: none"> • Communicate changes to stakeholders • Update cost estimates and understand budget implications • Communicate time or cost implications to Council
3	Ecological impacts (particularly bats)	<ul style="list-style-type: none"> • Environmental Monitoring and Management Plan detailing comprehensive (and extensive) mitigations. • Begin mitigation plans early
4	Scope vs budgets. Comprehensive stakeholder consultation, as well as increases to design standards throughout the country have led to increases in scope (Stormwater, walking and cycling, safety, geotechnical), and which could impact current budgets	<ul style="list-style-type: none"> • Understand and confirm all requirements early • Engage with stakeholders and Council to understand and prioritise outcomes where necessary • Robust cost estimates at every project stage • Full independent professional cost estimate reviews
5	Risks relating to how the construction industry currently prices for risk can lead to higher tender prices.	<ul style="list-style-type: none"> • Engage early with construction industry to get feedback • Engage construction methodology reviews • Proceed to tender early to give contractors maximum timeframes within which to complete construction, best utilising their skills and resources
6	Timing of land purchase necessary to deliver HIF infrastructure	<ul style="list-style-type: none"> • Engaged reputable experts to lead Council through process • Early, open and regular land owner engagement

Timeframes

- 18 June 2019 – Recommend & Confirm macroscope
- June 2019 to Early 2020 – Detailed Design & Value Engineering
- Late 2019 – Engage with construction industry and begin procurement process; Critical to get to market in late 2019, early 2020 to align with contractor availability
- Mid/late 2020 – Construction contract award and begin construction
- **Mid 2023 - Bridge complete and open**

These timeframes are extremely tight – any delay will impact HIF agreement deadlines.

Next steps

- Proceed to detailed design
- Develop aesthetics in conjunction with continued value engineering and stakeholder involvement to ensure best balance between risk and aesthetic outcome (consider opportunity for additional investment in greater visual outcomes?)
- Progress deck space allocation opportunities and connectivity through Access Hamilton Task Force
- Commence physical works procurement process
- Refine and review construction costs and risks (ongoing)