

AGENDA

Council

Tuesday 19 May 2020 at 10.30am

Northland Regional Council Agenda

Meeting to be held remotely
on Tuesday 19 May 2020, commencing at 10.30am

Recommendations contained in the council agenda are NOT council decisions. Please refer to council minutes for resolutions.

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- 10.2** Human Resources Report
- 10.3** Acquisition Agreement for Properties
- 10.4** Reappointment of Northland Inc. Director

<p>ACC - Accident Compensation Corporation</p> <p>ALGIM - Association of Local Government Information Management</p> <p>AMA - Aquaculture Management Area</p> <p>AMP - Asset Management Plan/Activity Management Plan</p> <p>AP - Annual Plan</p> <p>BOI - Bay of Islands</p> <p>BOPRC - Bay of Plenty Regional Council</p> <p>CAPEX - Capital Expenditure (budget to purchase assets)</p> <p>CBEC - Community, Business and Environment Centre</p> <p>CCO - Council Controlled Organisation</p> <p>CCTO - Council Controlled Trading Organisation</p> <p>CDEM - Civil Defence Emergency Management</p> <p>CEEF - Chief Executives Environment Forum</p> <p>CEG - Co-ordinating Executive Group</p> <p>CEO - Chief Executive Officer</p> <p>CIMS - Co-ordinated Incident Management System (emergency management structure)</p> <p>CMA - Coastal Marine Area</p> <p>CPCA - Community Pest Control Areas</p> <p>CRI - Crown Research Institute</p> <p>DHB - District Health Board</p> <p>DOC - Department of Conservation</p> <p>DP - District Plan</p> <p>E350 - Extension 350 programme</p> <p>ECA - Environmental Curriculum Award</p> <p>ECAN - Environment Canterbury</p> <p>EECA - Energy Efficiency Conservation Authority</p> <p>EF - Environment Fund</p> <p>EMA - Employers and Manufacturers Association</p> <p>EOC - Emergency Operations Centre</p> <p>EPA - Environmental Protection Authority</p> <p>ETS - Emissions Trading Scheme</p> <p>FDE - Farm Dairy Effluent</p> <p>FNDC - Far North District Council</p> <p>FNHL - Far North Holdings Limited</p> <p>FPP - First Past the Post</p> <p>GE - Genetic Engineering</p> <p>GIS - Geographic Information System</p> <p>GMO - Genetically Modified Organism</p> <p>HBRC - Hawke's Bay Regional Council</p> <p>HEMP - Hapū Environmental Management Plan</p> <p>Horizons - Brand name of Manawatu-Wanganui Regional Council</p> <p>HR - Human Resources</p> <p>HSNO - Hazardous Substances & New Organisms Act</p> <p>HSWA - Health and Safety at Work Act 2015</p> <p>IEMP - Iwi Environmental Management Plan</p> <p>ILGACE - Iwi and Local Government Chief Executives Forum</p> <p>IPPC - Invited Private Plan Change</p> <p>IRIS - Integrated Regional Information System</p> <p>KDC - Kaipara District Council</p> <p>KPI - Key Performance Indicator</p> <p>LAWA - Land, Air, Water Aotearoa</p> <p>LEA - Local Electoral Act 2001</p> <p>LGA - Local Government Act 2002</p> <p>LGNZ - Local Government New Zealand</p> <p>LGOIMA - Local Government Official Information & Meetings Act 1987</p> <p>LIDAR - Light detection and ranging</p> <p>LTI - Long time injury</p> <p>LTP - Long Term Plan</p> <p>MBIE - Ministry of Business, Innovation & Employment</p> <p>MCDEM - Ministry of Civil Defence & Emergency Management</p> <p>MFE - Ministry for the Environment</p> <p>MFL - Māori Freehold Land</p> <p>MHWS - Mean High Water Springs</p> <p>MMH - Marsden Maritime Holdings Limited</p> <p>MNZ - Maritime New Zealand</p> <p>MOH - Ministry of Health</p>	<p>MOT - Ministry of Transport</p> <p>MPI - Ministry for Primary Industries</p> <p>MSD - Ministry of Social Development</p> <p>NCMC - National Crisis Management Centre</p> <p>NDHB - Northland District Health Board</p> <p>NES - National Environmental Standards</p> <p>NFT - Northland Forward Together</p> <p>NGO - Non-Governmental Organisation</p> <p>NIF - Northland Intersectoral Forum</p> <p>NINC - Northland Inc. Limited</p> <p>NIWA - National Institute of Water and Atmosphere</p> <p>NORTEG - Northland Technical Advisory Group</p> <p>NPS - National Policy Statement</p> <p>NZCPS - New Zealand Coastal Policy Statement</p> <p>NZRC - New Zealand Refining Company (Marsden Point)</p> <p>NZTA - New Zealand Transport Agency</p> <p>NZTE - New Zealand Trade and Enterprise</p> <p>NZWWA - New Zealand Water and Wastes Association</p> <p>OPI - Opportunity for Improvement\</p> <p>OPEX - Operating Expenditures</p> <p>OSH - Occupational Safety & Health</p> <p>OTS - Office of Treaty Settlements</p> <p>PCBU - Person Conducting Business or Undertaking</p> <p>PGF - Provincial Growth Fund</p> <p>PPE - Personal Protective Equipment</p> <p>RAP - Response Action Plan</p> <p>RBI - Regional Broadband Initiative</p> <p>RCP - Regional Coastal Plan</p> <p>RFI - Request for Information</p> <p>RFP - Request for Proposal</p> <p>RLTP - Regional Land Transport Plan</p> <p>RMA - Resource Management Act 1991</p> <p>RMG - Resource Managers Group (Regional Councils)</p> <p>RMZ - Riparian Management Zone</p> <p>ROI - Return on Investment</p> <p>RP - Regional Plan</p> <p>RPMP - Regional Pest Management Plan</p> <p>RPMS - Regional Pest Management Strategy</p> <p>RPS - Regional Policy Statement</p> <p>RPTP - Regional Public Transport Plan</p> <p>RRSAP - Regional Road Safety Action Plan</p> <p>RSG - Regional Sector Group</p> <p>RSHL - Regional Software Holdings Ltd</p> <p>RTC - Regional Transport Committee</p> <p>RTO - Regional Tourism Organisation</p> <p>SIPO - Statement of Investment Policy and Objectives</p> <p>SITREP - Situation Report</p> <p>SOE - State of Environment (or) State Owned Enterprise</p> <p>SOI - Statement of Intent</p> <p>SOLGM - Society of Local Government Managers</p> <p>STV - Single Transferable Vote</p> <p>TAG - Technical Advisory Group</p> <p>Tier 1 - Site level plan or response for an oil spill</p> <p>Tier 2 - Regional level plan or response to an oil spill</p> <p>Tier 3 - National level plan or response to an oil spill</p> <p>TLA - Territorial Local Authority - City & District Councils</p> <p>TON - Top of the North (regions)</p> <p>TTMAC - Te Taitokerau Māori and Council Working Party</p> <p>TTNEAP - Tai Tokerau Northland Economic Action Plan</p> <p>TMP - Treasury Management Plan</p> <p>TOR - Terms of Reference</p> <p>TPK - Te Puni Kōkiri (Ministry of Maori Development)</p> <p>TUANZ - Telecommunications Users Association of NZ</p> <p>UNISA - Upper North Island Strategic Alliance</p> <p>WDC - Whangarei District Council</p> <p>WHHIF - Whangarei Harbour Health Improvement Fund</p> <p>WRC - Waikato Regional Council</p> <p>WSMP - Workplace Safety Management Practices</p> <p>WWTP - Wastewater Treatment Plant</p>
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TITLE: Presentation - Emerging Leader of the Year Award

ID: A1314447

Executive summary/Whakarāpopototanga

There will be a presentation by the Group Manager - Environmental Services, and the Biosecurity Manager, on the Emerging Leader of the Year Award.

Recommendation

That the presentation 'Emerging Leader of the Year Award' be received.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Chris Taylor

Title: Governance Support Manager

Date: 11 May 2020

TITLE: Health and Safety Report

ID: A1311465

From: Beryl Steele, Human Resources Manager

Executive summary/Whakarāpopototanga

This report provides an overview of activity in health and safety for the month of April 2020. As with March, April has been a relatively quiet month in terms of incidents, near misses and hazards being reported. The lockdown has provided the opportunity to review some of our processes and documents.

Recommendation

That the report 'Health and Safety Report' by Beryl Steele, Human Resources Manager and dated 1 May 2020, be received.

Background/Tuhinga

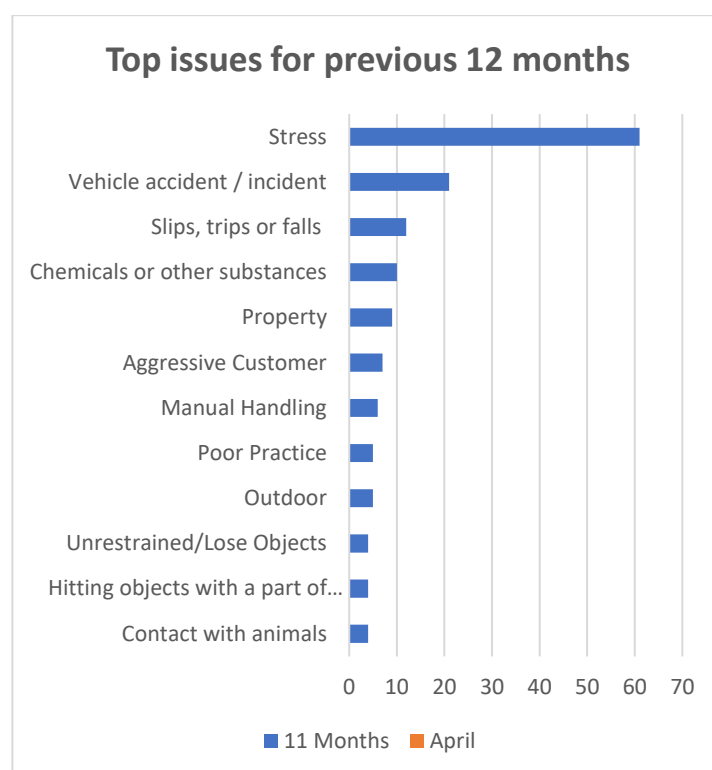
Period	Injury Related							Hazards			
	Loss time Injury (LTI)	Accident Work (ACC W)	Accident Not Work (ACC NW)	Discomfort, Pain, Injury (DPI)	Medical Treatment Incident (MTI)	First Aid Treatment Incident (FTI)	No Medical Treatment Incident (NMTI)	Near Miss	Hazard (HAZ)	Incident (INC)	Security (SEC)
2018	7	8	0	0	2	4	0	13	35	17	6
2019	1	20	1	0	0	2	1	18	15	8	1
2020	1	2	0	3	0	5	62	12	8	2	0
Mar	0	0	0	0	0	0	0	0	4	1	0
Apr	0	0	0	2	0	0	0	0	0	0	0

Reporting remains down for April and no new hazards have been reported. Having most of our people working from home is likely to be the reason for this.

Events of interest

- There is nothing significant to report in the above table.

Issues register



DPI incidents have not been significant enough to reach the top issues list, hence nothing added for April.

Legislative updates

Nil

Notifiable events

Nil

Wellbeing Committee

As with March, the Wellbeing Committee's focus has been on how to support our people during the COVID-19 outbreak and lockdown. The committee worked through their plan and met weekly to see if anything additional needed to be done to ensure they were supporting our people's wellbeing during this time.

COVID-19

We have been working with our essential services staff to make sure they have appropriate protocols and PPE in place to help ensure their safety when carrying out essential services work.

All staff have been provided with information to help ensure their safety while working at home.

Completed training

Training Completed April 2020	Pax
Chemical Handling and Storage	1
Fire Warden & Emergency Procedures	1
Behavioural Safety	3
Chainsaw Maintenance and Safety	2
Recognition, Evaluation and Control of Hazards	1
Total	8

- The first e-learning training went ahead via Zoom. This was for chemical handling training.
- Safety Hub training videos have been completed as a result of an email sent to field staff managers.

Forecasted training for May 2020 (Alert level and or mode dependent)

Training forecasted May 2020	Pax
First Aid	1
Health & Safety Rep Stage 1	1
Total	2

Several courses remain on hold until further advice from training providers is obtained and pandemic plan protocols allow people to attend training. Courses include:

- The Site Traffic Management Supervisor (STMS).
- Health & Safety Rep Stage 1 (seeing if it can be via e-learning).
- First aid refresher course.
- The Customer Service Manager and Chairperson for the Health and Safety Committee will attend Health and Safety Committee Member training and deliver in-house training to the Health and Safety Committee once we are able to.

Working priorities for May 2020

Working priorities for May 2020
Continue to work with the Wellbeing Committee as it relates to supporting our people as we progress through the COVID-19 Level 3 and Level 2.
Provide health and safety support and information on staying vigilant with the risks both COVID-19 and non-COVID-19 related.
Review the significant hazard register (SHR) operating documents as per the schedule in the Risk Register.
Re-book/ plan training which had been deferred due to COVID-19.
Work with relevant groups (fire wardens, reps, chemical handlers) to review Promapp processes.
Continue to work with the Health and Safety Committee on policy updates.

Update on April working priorities

- Promapp procedures are being reviewed against other training systems (Cognise) and records of information to ensure they all align. This will continuing during May.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 07 May 2020

TITLE: Confirmation of Minutes - 21 April 2020 and 6 May 2020

ID: A1311929

From: Chris Taylor, Governance Support Manager

Recommendation

That the minutes of the council meeting held on 21 April 2020, and the Annual Plan Deliberations held on 6 May 2020, be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Council Meeting Minutes 21 April 2020 [↓](#)

Attachment 2: Annual Plan Deliberations Minutes 6 May 2020 [↓](#)

Authorised by Group Manager

Name: Chris Taylor

Title: Governance Support Manager

Date: 11 May 2020

Council Meeting
21 April 2020

Northland Regional Council Minutes

Meeting held remotely via video conference
on Tuesday 21 April 2020, commencing at 10.30am

Present:

Chairperson, Penny Smart
Councillors:
John Bain
Justin Blaikie
Jack Craw
Colin Kitchen (*from 10.38am*)
Amy Macdonald
Marty Robinson
Rick Stolwerk
Joce Yeoman

In Attendance:

Full or Part Meeting
Chief Executive Officer
GM - Corporate Excellence
GM – Strategy, Governance and Engagement
GM – Regulatory Services
GM – Environmental Services
Finance Manager
Strategic Projects Manager
Financial Accountant
Economist
Governance Support Manager

The Chair declared the meeting open at 10.30am. Proceedings commenced with a karakia by Councillor Yeoman.

Apologies (Ngā whakapahā) (Item 1.0)

There were no apologies.

Secretarial Note: After the meeting the apologies from the Independent Financial Advisor were noted.

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

It was advised that councillors should make declarations item-by-item as the meeting progressed.

Council Meeting
21 April 2020

Receipt of Confidential Tabled Item: Rent Relief for Council's Investment Property Tenants (Item 2.0A)

ID: A1307177

Report from Phil Heatley, Strategic Projects Manager

Moved (Yeoman/Stolwerk)

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following confidential tabled report be received:

- Rent Relief for Council's Investment Property Tenants

Carried

Secretarial Note: The meeting adjourned at 10.35am to allow the technical issues preventing Councillor Kitchen joining the meeting to be resolved. The meeting reconvened at 10.38am.

Health and Safety Report (Item 3.0)

ID: A1300579

Report from Beryl Steele, Human Resources Manager

Moved (Stolwerk/Macdonald)

That the report 'Health and Safety Report' by Beryl Steele, Human Resources Manager and dated 30 March 2020, be received.

Carried

Confirmation of Minutes - 17 March 2020 and 25 March 2020 (Item 4.1)

ID: A1301228

Report from Chris Taylor, Governance Support Manager

Receipt of Action Sheet (Item 4.2)

ID: A1301058

Report from Chris Taylor, Governance Support Manager

Working Party Updates and Chairpersons' Briefings (Item 4.3)

ID: A1300044

Report from Sally Bowron, Strategy, Governance and Engagement Team Admin/PA

Moved (Craw/Bain)

1. That the minutes of the council meeting held on 17 March 2020, and the emergency council meeting held on 25 March 2020, be confirmed as a true and correct record.
2. That the action sheet be received.
3. That the report 'Working Party Updates and Chairpersons' Briefings' be received.

Carried

Matters arising from Items 4.1, 4.2 and 4.3

- Confirmation was provided that all but one of Te Taitokerau Māori and Council (TTMAC) Working Party members were capable of participating in zoom (videoconference) meetings. The remaining member would be able to participate via teleconference.

ID: A1307591

2

Council Meeting
21 April 2020

Hence TTMAC meetings and participation in working parties would be able to proceed as scheduled.

- Clarification was sought on the process going forward for hapū Mana Whakahono a Rohe agreements. It was advised that TTMAC's recommendations would be workshopped with council before a paper was prepared for formal consideration.

Financial Report to 31 March 2020 Update (Item 5.1)

ID: A1305549

Report from Simon Crabb, Finance Manager

Secretarial Note: The Finance Manager provided the presentation 'Financial Result March 2020 Update'. Key aspects included:

- In January 2020 council's externally managed fund portfolio made \$3.2m in gains. \$1.2m of this was used to fund operating expenses and \$2m was reinvested back into the portfolio.
- In February 2020 council's externally managed funds experienced \$1m in losses so accumulated gains went down to \$2.2m at the end of February.
- In February 2020 council de-risked \$2.1m by moving it out of the portfolio and into term deposits.
- In March 2020 council's externally managed funds experienced \$3.6m in losses. Therefore for the year ending March 2020 there was a capital loss of \$1.4m, which was \$3m unfavourable compared to budget.
- Potential compensating actions included using the Operating Reserve (established to provide certainty when markets were volatile), historical gains or processing an accounting entry. No losses had been crystallised at this time.
- Advice had been sought from EriksensGlobal Limited regarding forecast scenarios for the remainder of the financial year and it was estimated council's portfolio would make positive gains of \$1.5m; resulting in total annual gains of \$100k (which was \$2m less than budget).
- Historically council's managed funds had performed well (producing \$15.2m in gains prior to the current financial year) which significantly eased the financial burden on the community.
- It was stressed that council's strategy of reprofiling its investment portfolio and key decisions over the past financial year had put council in a 'much more favourable position'.
- Based on the advice of EriksensGlobal council was no longer making payments into the managed funds. Any new money was being invested in term deposits; which was deemed a prudent and conservative approach.
- Appreciation was extended to the Investment and Property Subcommittee and staff for navigating council through such challenging times.

Moved (Stolwerk/Bain)

That the Financial Report to 31 March 2020 by Finance Manager, Simon Crabb, be received.

Carried

ID: A1307591

3

Council Meeting
21 April 2020

Rivers Request for Approval of Unbudgeted Expenditure Panguru (Item 6.1)

ID: A1300982

Report from Joseph Camuso, Rivers & Natural Hazards Manager

Moved (Blaikie/Robinson)

1. That the report 'Rivers Request for Approval of Unbudgeted Expenditure Panguru' by Joseph Camuso, Rivers & Natural Hazards Manager and dated 31 March 2020, be received.
2. That council approve the unbudgeted expenditure of \$185,000 for the Panguru flood mitigation work funded from the Flood Infrastructure Rate Reserve.

Carried

Matters arising from Item 6.1

- The variation in the cost for the Panguru flood mitigation works was due to the fact that once bulk earthworks commenced, additional scour protection was required. Compensation was also provided to landowners where the works negatively impacted on their property. This increase in budget had been offset by savings on the Woods Road flood wall due to the negotiation of an easement.
- The overall result was 'pleasing' but concern was raised at the percentage increase in the cost of the Panguru project and it was stressed that council must ensure sufficient contingency was built into budgets for projects such as this.
- Appreciation was extended to the previous council for progressing the Panguru project and ultimately providing essential flood infrastructure for a community that could not afford it.
- It was advised that an application had been made to government (as a 'shovel ready project') to ensure the Far North District Council had sufficient funding to complete its portion of the Panguru works.

Northland Inc. Limited: Draft Statement of Intent 2020–2023 (Item 6.2)

ID: A1302349

Report from Darryl Jones, Economist

Moved (Robinson/Stolwerk)

1. That the report 'Northland Inc. Limited: Draft Statement of Intent 2020–2023' by Darryl Jones, Economist and dated 6 April 2020, be received.
2. That the 'Northland Inc. Limited Draft Statement of Intent 2020–2023' be received.
3. That the Chief Executive Officer, in consultation with council Chair and Deputy Chair, be delegated authority to provide feedback to Northland Inc. Limited by 30 April 2020 on its draft SOI 2020–2023, in line with the recommendation detailed in this report.

Carried

Matters arising from Item 6.2

- The March quarterly workshop with Northland Inc. Limited had been cancelled due to the COVID-19 response. As a result the next quarterly workshop had been brought forward to 2 June 2020 to allow both parties to clarify any points on the draft Statement of Intent.
- It was noted that new matters may emerge regarding Northland's post COVID-19 recovery that may need to be emphasised in the Statement of Intent.
- Concern was raised regarding the proposal to drop the Tai Tokerau Northland Economic Action Plan from Northland Inc. Limited's objectives and activities given the recent

ID: A1307591

4

Council Meeting
21 April 2020

comments by Managing Director at Cities and Regions Ltd, David Wilson, who emphasised the importance of regions having an action plan when attracting Crown investment.

- Attention was drawn to the significant impact COVID-19 was having on tourism. However, Northland was well positioned compared to other regions that relied on a higher proportion of international tourists.
- The letter of response to note the discrepancy in NZTE and Callaghan grant funding for 'Maori businesses assisted' compared to 'unique businesses assisted'.

Tai Tokerau Māori and Council Working Party Meeting Schedule and Amendment to Council's Appointed Members' Allowance Policy (Item 6.3)

ID: A1302783

Report from Sheila Taylor, Kaiarahi - Kaupapa Māori and Auriole Ruka, Kaiwhakahaere Hononga Māori

Moved (Craw/Yeoman)

1. That the report 'Tai Tokerau Māori and Council Working Party Meeting Schedule and Amendment to Council's Appointed Members' Allowance Policy' by Sheila Taylor, Kaiarahi - Kaupapa Māori and Auriole Ruka, Kaiwhakahaere Hononga Māori and dated 6 April 2020, be received.
2. That council approve the amendments to the Appointed Members' Allowance Policy, for the purpose of endorsing the payment of an allowance to non-elected TTMAC Māori members who attend regional marae-based workshops.
3. That council approve the bimonthly schedule of formal meetings and regional marae-based workshops as below:

Date	Venue
Thursday, 9 April	Regional marae-based workshops (cancelled)
Thursday, 14 May	Council Chambers
Thursday, 11 June	Regional marae-based workshops
Thursday, 9 July	Council Chambers
Thursday, 13 August	Regional marae-based workshops
Thursday, 10 September	Council Chambers
Thursday, 8 October	Regional marae-based workshops
Thursday, 12 November	Council Chambers
Thursday, 10 December	Regional marae-based hui

Carried

Matters arising from Item 6.3

- A correction was noted to the report that the attached Appointed Members' Allowance Policy did not correctly display the deletion of clause 4(c)(1).
- Clarification was provided that the remuneration for Tai Tokerau Māori and Council Working Party members to attend marae based workshops did not extend to proxy members.
- It was generally agreed that it would be beneficial to have as many members attend the marae based workshops as possible.

ID: A1307591

5

Council Meeting
21 April 2020

Te Taitokerau Māori and Council Working Party appointments (Item 6.4)

ID: A1302903

Report from Auriole Ruka, Kaiwhakahaere Hononga Māori and Sheila Taylor, Kaiarahi - Kaupapa Māori

Moved (Yeoman/Robinson)

1. That the report 'Te Taitokerau Māori and Council Working Party appointments' by Auriole Ruka, Kaiwhakahaere Hononga Māori and Sheila Taylor, Kaiarahi - Kaupapa Māori and dated 6 April 2020, be received.
2. That council approves the TTMAC Māori members' nomination of Rudy Taylor, Te Whakaminenga O Te Hikutu Hapu-Whanau as Co-Chair with Pita Tipene, Te Rūnanga o Ngāti Hine, as proxy Co-Chair, of TTMAC.
3. That council approves the following nominations of TTMAC non-elected Māori members onto working parties:

Water and Land Working Party:

- Victor Holloway, Ngāti Tara
- Georgina Connelly, Te Uri o Hau Settlement Trust
- Antony Thompson (proxy for Alan Riwaka), Te Rūnanga o Ngāti Whātua
- Janelle Beazley, Te Rūnanga-Ā-Iwi-O-Ngāpuhi
- Mira Norris, Te Parawhau Hapū Authority Charitable Trust.

Climate Change Working Party:

- Toa Faneva, Te Rūnanga o Whāingaroa
- Hadyn Edmonds, Ngātiwai Trust Board
- Thomas Hohaia, Te Roroa
- Rowan Tautari, Te Whakapiko Hapū.

Biosecurity and Biodiversity Working Party:

- Georgina Connelly, Te Uri o Hau Settlement Trust
- Julianne Chetham, Patuharakeke Te Iwi Trust Board
- Barb (Michelle) Elboz, Ngāti Kuta, Patukeha
- Nora Rameka, Te Rūnanga o Ngāti Rehia.

Planning and Regulatory Working Party:

- Mira Norris, Te Parawhau Hapū Authority Charitable Trust
- Pita Tipene, Te Rūnanga o Ngāti Hine
- Julianne Chetham, Patuharakeke Te Iwi Trust Board
- Rowan Tautari, Te Whakapiko Hapū.

4. That council confirms the nominations of TTMAC non-elected Māori members onto the following groups:

Māori Technical Advisory Group (MTAG):

- Rowan Tautari, Te Whakapiko Hapū
- Haydn Edmonds, Ngātiwai Trust Board
- Mira Norris, Te Parawhau Hapū Authority Charitable Trust
- Julianne Chetham, Patuharakeke Te Iwi Trust Board
- Georgina Connelly, Te Uri o Hau Settlement Trust
- Nora Rameka, Te Rūnanga o Ngāti Rehia

ID: A1307591

6

Council Meeting
21 April 2020

Joint Climate Change Adaptation Governance Committee:

- Toa Faneva, Te Rūnanga o Whāingaroa
- Thomas Hohaia, Te Roroa (proxy)

Tū i te Ora Scholarship Māori representative:

- Georgina Connelly, Te Uri o Hau Settlement Trust

Whakamānawa ā Taiao – Environmental Awards 2020:

- Janelle Beazley, Te Rūnanga-Ā-Iwi-O-Ngāpuhi.

Te Maruata (a sub-committee for Māori of the National Council of LGNZ):

- Rowan Tautari, Te Whakapiko Hapū
- Julianne Chetham, Patuharakeke Te Iwi Trust Board

Carried

Matters arising from Item 6.4

It was agreed that a letter be sent from the Chair to formally acknowledge that council had ratified the Tai Tokerau Māori and Council Working Party appointments. The Chairs of the respective working parties also to be provided the relevant contact details so that they could make contact via email.

Chair's Report to Council (Item 7.1)

ID: A1300961

Report from Penny Smart, Chair

Moved (Smart/Kitchen)

That the report 'Chair's Report to Council' by Penny Smart, Chair and dated 1 April 2020, be received.

Carried

Chief Executive's Report to Council (Item 7.2)

ID: A1277000

Report from Malcolm Nicolson, Chief Executive Officer

Moved (Yeoman/Macdonald)

That the report 'Chief Executive's Report to Council' by Malcolm Nicolson, Chief Executive Officer and dated 31 March 2020, be received.

Carried

Matters arising from Item 7.2

- Appreciation was extended to the Chief Executive for his leadership 'under trying conditions'.
- Attention was drawn to the 'good news story' that the Paihia wastewater treatment plant had been commissioned.
- Confirmation was provided that the Chief Executive had signed off three contractors as essential services to address incursions of wild deer.

ID: A1307591

7

Council Meeting
21 April 2020

- Concern was raised regarding the Resource Management Amendment Bill and the potential implications for council. Councillors were keen to understand how this process aligned with the Annual Plan and Long Term Plan processes given it could have a significant impact on resourcing.
- Confirmation was provided that the maps of marine ecology could be made public and the new methodology to undertake shellfish surveys could be shared with interested parties.
- There was general agreement that it would be beneficial if the ecological integrity threshold study (in relation to the drought) provided practical recommendations for going forward. It was advised that staff would have the opportunity to make comment before its release.
- Assurance was provided that despite the current pandemic event and social distancing the community groups and partnerships were well supported and continuing to progress their work.
- The council was working closely with the Department of Conservation to improve alignment post COVID-19 and looking at how to get 'green projects' off the ground.

Receipt of Committee Minutes (Item 8.0)

ID: A1301721

Report from Chris Taylor, Governance Support Manager

Moved (Bain/Stolwerk)

That the confirmed minutes of the Regional Transport Committee of 12 February 2020, and the unconfirmed minutes of the Regional Transport Committee of 8 April 2020, be received.

Carried

Matters arising from Item 8.0

Consideration was given to drafting a letter to the Crown regarding the acceleration of the four lane highway between Whangārei and the port and linking this to the Te Hana extension of the northern motorway. However it was agreed this matter required further discussion by council and that the Regional Transport Committee was the lead in this domain.

Business with Public Excluded (Item 9.0)

Moved (Stolwerk/Kitchen)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
9.1	Confirmation of Confidential Minutes - 17 March 2020	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
9.2	Human Resources Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).

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9.3	Leaseholder Surrender of Ground Lease	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
9.4	Independent Risk Advisor	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).
9.5 (tabled)	Rent Relief for Council's Investment Property Tenants	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

Carried

Open Meeting

Moved (Smart/Stolwerk)

That the council resumes in open meeting.

Carried

Secretarial Note: Council proceeded to confirm the resolutions pertaining to confidential item 9.4 in open meeting.

Independent Risk Advisor (Item 9.4)

ID: A1303922

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Kitchen/Yeoman)

1. That the report 'Independent Risk Advisor' by Dave Tams, Group Manager, Corporate Excellence and dated 8 April 2020, be received.
2. That Danny Tuato'o be appointed as the Independent Advisor to the Audit and Risk Subcommittee.

Carried

Conclusion

The meeting concluded at 12.40pm.

ID: A1307591

9

Annual Plan Deliberations
6 May 2020

Northland Regional Council Minutes

Annual Plan Deliberations held remotely
on Wednesday 6 May 2020, commencing at 9.30am

Present:

Chairperson, Penny Smart

Councillors:

John Bain
Justin Blaikie
Jack Craw
Colin Kitchen
Amy Macdonald
Marty Robinson
Rick Stolwerk
Joce Yeoman

In Attendance:

Full or Part Meeting

Independent Financial Advisor
Independent Risk Advisor
Chief Executive Officer
GM – Strategy, Governance and Engagement
GM – Environmental Services
GM – Regulatory Services
GM - Corporate Excellence
Deputy GM Customer Service/Community Resilience
Corporate Planning Manager
Finance Manager
Assistant Management Accountant (x2)
Governance Support Manager

The Chair declared the meeting open at 9.35am and welcomed attendees; including members of the public watching the livestreamed meeting. Proceedings commenced with a karakia provided by Councillor Robinson.

Apologies (Ngā whakapahā) (Item 1.0)

There were no apologies.

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

It was advised that councillors should make declarations item-by-item as the meeting progressed.

Secretarial Note:

- The Chair acknowledged the impact and hardship resulting from the current drought and pandemic event on the organisation and Northland as a whole. Appreciation was extended*

ID: A1311905

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Annual Plan Deliberations
6 May 2020

to the Chief Executive and staff for the huge undertaking to rework the budget. Appreciation was also extended to all of the NRC staff for the highly valued work they did; acknowledging they were NRC's most valued asset.

- The Independent Financial Advisor provided commentary on the current situation from a financial and procedural perspective. It was noted that the modelling undertaken by the financial team went a long way to provide both the council and community assurance that the current 'threats and opportunities had been identified'. However, it was noted that while the Annual Plan took a year long view the situation was dynamic and some of the risks faced by council occurred within weeks or even days. Appreciation was extended to the team for a 'good collaborative effort', however it was noted that council needed a more 'granular understanding' of cashflow and that measures were in place if the situation continued to deteriorate.*
- To provide context for the debate, the Chair read the Executive Summary pertaining to Item 3.1 and noted that the decision at hand was the appropriate rate strike to maintain a level of environmental services and economic stimulus that would be supported by the community. Many items of expenditure had been removed and it was suggested that councillors develop a priority list of those that should be reinstated if funding came available.*

Council deliberations on the Annual Plan 2020/21 (Item 3.1)

ID: A1302781

Report from Kyla Carlier, Corporate Planning Manager and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement

Moved (Yeoman/Macdonald)

1. That the report 'Council deliberations on the Annual Plan 2020/21' by Kyla Carlier, Corporate Planning Manager and Jonathan Gibbard, Group Manager - Strategy, Governance and Engagement and dated 6 April 2020, be received.
2. That the Chief Executive Officer be directed to prepare the final annual plan following the council's decisions below, for council adoption in June 2020.
3. That the council notes that the amounts set out in the report are based on best estimate forecasts at the time of writing, and that the Chief Executive Officer be given delegated authority to approve changes required to revise the financial statement and rating information within the final Annual Plan 2020/21 to give effect to the council's deliberations, with final amounts presented for council approval in June 2020.

Carried

Matters arising from Recommendations 1 – 3

Clarification was provided that the purpose of Recommendation 2 was to instruct the Chief Executive Officer to prepare the necessary reports, to give effect to the outcome of Annual Plan Deliberations, for formal approval by council in June 2020.

.

'Keeping up the pace'

It was further moved (Yeoman/Kitchen)

4. That council **does not support** provision of \$101,000 of ongoing operational expenditure, and \$4,700 of one-off capital expenditure for a Kaiarahi Mahere Māori – Māori technical advisor, as detailed the supporting information document.

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Annual Plan Deliberations
6 May 2020

5. That council **does not support** provision of \$7000 of ongoing operational expenditure for Northland Māori representation on national committee 'Te Maruata' as detailed in the supporting information document.
6. That council **does not support** provision of \$30,000 of ongoing operational expenditure for Tangata whenua capability and capacity as detailed in the supporting information document.
7. That council **does not support** provision of \$40,000 of ongoing operational expenditure, and \$4,700 of one-off capital expenditure for a campaigns and engagement coordinator as detailed in the supporting information document.
8. That council **does not support** provision of \$110,000 of one-off operational expenditure for pest plant prevention as detailed in the supporting information document.
9. That council **does not support** provision of \$69,000 of ongoing operational expenditure and \$4,700 of one-off capital expenditure for a junior hydrology officer as detailed in the supporting information document.

Carried

Matters arising from Recommendations 4 – 9

- While council did not currently have the resource to support increasing Tangata whenua capability and capacity (Recommendation 6), it was stressed that council could have a facilitatory role by connecting Tangata whenua with other partners to access funding.
- There was general agreement that proactive work with Tangata whenua partners was important and should be included on council's priority list for reinstatement if funding was forthcoming.

'Keeping up the pace'

It was further moved (Stolwerk/Macdonald)

10. That council **does not support** provision of \$17,000 of ongoing and one-off operational expenditure for off-site storage of consent files as detailed in the supporting information document.
11. That council **does not support** provision of \$75,000 of one-off operational expenditure for data asset management as proposed in the supporting information document.
12. That council **support** provision of \$300,000 of operational expenditure ongoing for three years, for technology upgrades, to be funded by the Council Services Rate.

This recommendation represents a change from the \$500,000 proposed in the Annual Plan 2020/21 Consultation Document.

Carried

'Keeping up the pace'

It was further moved (Craw/Stolwerk)

13. That council **support** provision of \$35,000 of one-off capital expenditure for replacement engines for the vessel 'Ruawai' to be funded from retained earnings, with future depreciation of \$3,500 to be funded from the Council Services Rate.

Carried

Annual Plan Deliberations
6 May 2020

Matters arising from Recommendation 13

It was stressed that the maritime team could not operate without functional equipment and this was vital.

'Gearing up for change'

It was further moved (Bain/Yeoman)

14. That council **does not support** provision of \$7,000 of ongoing operational expenditure for water quality monitoring stations as detailed in the supporting information document.
15. That council **does not support** provision of \$100,000 of operational expenditure, ongoing for three years, for the modelling of highly allocated aquifers as detailed in the supporting information document.
16. That council **does not support** provision of \$20,000 of one-off operational expenditure for a national wells database as detailed in the supporting information document.
17. That council **support** provision of \$50,000 of one-off operational expenditure for a freshwater quality accounting system, to be funded by the Freshwater Management Rate.

This recommendation represents a change from the \$150,000 proposed in the Annual Plan 2020/21 Consultation Document.

Carried

Matters arising from Recommendations 14 – 17

It was stressed that due to the increasing pressure on water takes, the modelling of highly allocated aquifers was 'hugely important work' (Recommendation 15). However, staff had provided assurance that the existing information would be sufficient in the interim. This item also to be included on council's priority list for reinstatement if funding was forthcoming.

'Gearing up for change'

It was further moved (Stolwerk/Blaikie)

18. That council **support** provision of \$105,000 of one-off capital expenditure for water quality monitoring stations, to be funded by retained earnings with future depreciation of \$7,000 to be funded from the Council Services Rate.
19. That council **support** provision of \$20,000 of one-off operational expenditure for Aupōuri groundwater analysis, to be funded from the Freshwater Management Rate.
20. That council **support** provision of \$33,000 of one-off capital expenditure for lake level sensors, to be funded from retained earnings with future depreciation of \$3,300 to be funded from the Council Services Rate.
21. That council **support** provision of \$78,000 of one-off capital expenditure for expansion of the poplar and willow nursery, to be funded from retained earnings with future depreciation of \$7,800 funded from the Council Services Rate.
22. That council **support** provision of \$105,000 of one-off operational expenditure for a climate change adaptation strategy, to be funded from the Council Services Rate.

Carried

ID: A1311905

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Annual Plan Deliberations
6 May 2020

Matters arising from Recommendations 18 – 22

- Resolution 18 was amended from that included in the original agenda to include the quantum of future depreciation.
- It was highlighted that council's Flyger Road nursery generated poplar/willow poles that were important for erosion control and the expansion of the facility was based on projected growth in demand (Recommendation 21). Clarification was also provided that the capital expenditure for the nursery did not impact on rates. However, the depreciation over the life of the asset was rate funded.
- This suite of recommendations recognised that 'freshwater was important for our people' and critical to ensure that council had the necessary information to manage Northland's water ecosystems.
- Attention was also drawn to the climate change adaptation work (Recommendation 22) which was important work that 'would shape our future'.

Non-consulted topics

It was further moved (Stolwerk/Blaikie)

23. That council **does not** make any changes to the Annual Plan 2020/21 as a result of submissions on these topics: Regional sporting facilities rate, climate change, water shortages, Kauri die back, weeds on roadsides, monitoring staff, and Northland Inc.
24. That council **support** provision of \$72,273 of ongoing operational expenditure, and \$4,700 of one-off capital expenditure for a Monitoring Officer for Kaitiāia, to be funded from the Freshwater Management Rate on the basis that this is not a significant and/or material change from the LTP 2018-28 for the 2020/21 year.

Carried

Matters arising from Recommendations 23 – 24

- Clarification was provided that the new role for a Monitoring Officer based in Kaitiāia (Recommendation 24) was in response to an increase in monitoring required in the Far North. Furthermore, staff who had traditionally provided regulatory support from the Kaitiāia office were now dedicated to accelerating the Awanui flood scheme.
- As part of the Long Term Plan process, council would need to consider the recovery of monitoring costs and whether costs were fairly apportioned.
- Attention was drawn to council's support through the Regional Sporting Facilities Rate and the importance of sport to address mental health issues and assist recovery post COVID-19.

Long Term Plan – pre-approved year three spend

It was further moved (Stolwerk/Yeoman)

25. That council **support the removal of** \$70,322 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for a far north nursery manager.
26. That council **support the removal of** \$82,206 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for Eastern Bays Hill country staff.
27. That council **support the removal of** \$41,854 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for Project costs associated with Northern Wairoa and lakes project.

Annual Plan Deliberations
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28. That council **support the removal of** \$86,385 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for Enviroschools staff position and programme costs.
29. That council **support the removal of** \$68,880 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for sponsorship, intern and environmental awards funding.
30. That council **support the removal of** \$104,004 from the 2020/21 budget, previously approved in the Long Term Plan 2018-2028 for painting of the Water Street building and vehicle costs.
31. That council record that it considers it can make the changes described in recommendations 25 to 30 without consultation, on the basis that in relation to what the Long Term Plan 2018-28 provides for the 2020/21 year, none of them are a significant change, and that they are not a material change, either by them self, or in combination with others.

Carried

Matters arising from Recommendations 25 – 31

- There was unanimous support from council for the Enviroschools Programme and it was agreed that the Enviroschools staff position (Recommendation 28) be included on the council priority list to be reinstated if funding was forthcoming.
- Attention was drawn to the success and importance of the Environmental Awards for 'acknowledging and celebrating the efforts of our people' (Recommendation 29). Clarification was provided that the awards would proceed but in reduced capacity.

Alterations to 2020/21 budget

It was further moved (Blaikie/Craw)

32. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** a reduction in the business-as-usual budget by \$686,720.
33. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** a reduction in the recruitment budget by \$411,449.
34. That council record that it considers it can make the changes described in recommendations 32 and 33 without consultation on the basis that in relation to what the Long Term Plan 2018-28 provides for the 2020/21 year, none of them are a significant change, and that they are not a material change, either by them self, or in combination with others.

Carried

Matters arising from Recommendations 32 – 34

It was stressed that whilst council was proposing a rate increase it was making a major reduction in business as usual budgets and 'cutting our cloth to fit the current crisis'.

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Use of reserves and funds

It was further moved (Stolwerk/Blaikie)

35. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** the allocation of \$150,000 from the Equalisation Fund Reserve, to fund general operating activities.
36. That, in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** the allocation of \$1,700,000 from the Community Investment Fund, to fund the economic development activities.
37. That in consideration of the desired level of rate increase for the 2020/21 financial year, council **support** the allocation of \$696,838 from the Community Investment Fund, and \$250,000 from the Infrastructure Investment fund, to fund general operating activities (\$401,686) and council's Environment Fund (\$545,152).
38. That council record that the allocation of gains from the Community Investment Fund described in resolution 37 is inconsistent with the assumptions made in the Long Term Plan 2018-2028, and the use of the fund for purposes other than economic development, but that this is not considered to be a material departure from the Long Term Plan 2018-2028. The use of the gains to fund activities is broadly consistent with the Revenue and Financing Policy and the achievement of objectives set out council's financial strategy, and is required in response to the significant decrease in investment income experienced as a result of the economic downturn associated with Covid-19.
39. That in consideration of the desired level of rate increase for the 2020/21 year and the economic impacts of Covid-19 on council's property investments, council **support** the allocation of \$123,583 from the Property Reinvestment fund to fund general operating activities.
40. That council record that it considers it can make the allocation of funds described in recommendations 35 to 37 and 39, as the allocation is consistent with the purpose of the reserve (as applicable) or the use of investment returns to reduce targeted region-wide rates in council's Revenue and Financing Policy in the case of the use of money from other funds.

Carried

Matters arising from Recommendations 35 – 40

- Appreciation was extended to staff for the work developing a budget in the face of council losing substantial revenue across the breadth of its activities.
- Support was expressed for the retention of the full budget for the Environment Fund (Recommendation 37) given it was a 'grass roots fund' that incentivised land owners.
- The Independent Financial Advisor provided commentary on the use of reserves. It was advised that the proposal would not diminish reserves below their designated cap. The reserves were ratepayers' money, had accumulated as a result of prudent investment and the purpose of which was to take pressure off ratepayers. This was the appropriate time for council to 'review what it can afford and spend wisely'. Appreciation was extended to the team for developing models that provided assurance.
- Appreciation was also extended to the prudent approach of previous councillors and staff who had had the foresight to establish these funds for critical situations such as this.

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Secretarial Note: The meeting adjourned at 10.47am and reconvened at 11am. At this time the Chair clarified that Recommendation 41 summed up the rate increase as a result of the previous decisions.

Rates increase

Moved (Stolwerk/Yeoman)

41. That council **support** an overall rate increase of 4.5% for the 2020/21 year to fund the annual plan proposals in recommendations 12, 13, 17 - 22, and 24 above, and proposals that were approved for year three of the Long Term Plan 2018-2028 and aren't recommended for removal in 25 – 30 above, and to deliver a balanced budget.

This recommendation represents a change from what was proposed in the Annual Plan 2020/21 Consultation Document.

Matters arising from Recommendation 41

- It was stressed that council was taking a prudent approach by proposing a 4.5% rate increase compared to the 8.6% consulted on in the Draft Annual Plan.
- Council was in a unique position given the submission period had spanned into the rapidly developing situation with Covid-19 and the submissions that specifically related to this had been taken into consideration.
- It was stressed that any rate increase less than 4.5% and council 'would go backwards'.
- Councillor Craw proposed an amendment that council support an overall rate increase of 2.2% for the 2020/21 year and that staff investigate further savings to meet that rate strike. The amendment lapsed for lack of a seconder (as per Standing Order 23.1).
- It was stressed that this decision was 'not being made lightly'.
- It was suggested that council had a dual purpose; it needed to be in a position to leverage projects that were good for Northland while maintaining the important role as guardians and regulators for the environment. A 4.5% rate increase would keep the organisation functional and support the environment going forward.

An amendment was moved (Blaikie/Robinson)

- 41a. That council support an overall rate increase of 4.0% for the 2020/21 year and that staff investigate further savings to meet the rate strike.

Lost

Matters arising from the amendment to Recommendation 41

- It was stressed that council must be empathetic to the financial effects of COVID-19/the drought and the strong message for a zero rate increase emanating through the later submissions on the Draft Annual Plan. It was suggested that council would be able to capitalise on opportunities from central government which would allow the reduction in a rate increase by 0.5%.
- It was also noted that the way rates were structured, predominantly based on land value, the rating burden was greater for rural property owners.
- Clarification was provided that if council decided on a rate increase less than 4% it would need to re-consult with the community.
- It was stressed that if council decided on a rate increase less than 4.5% it may result in a large rate increase in the future to compensate.

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- It was further stressed that the current proposal for a 4.5% rate increase was appropriate given the substantial budget cuts that had been made and the fact that council's full loss of revenue was as yet unknown.

Secretarial Note: Given the amendment was lost the meeting resumed debate on the original motion (as per Standing Order 23.7).

Further matters arising from Recommendation 41

- It was stressed that this was a difficult decision, but council must bear in mind the legislative expectations and community expectations of council. It was acknowledged that any rate increase would be unwelcome, but a 4.5% rate increase was the 'balance we need to achieve at this difficult time'.
- It was important for council to demonstrate financial prudence but at the same time the role of the regional council was critical, and it would not be prudent for it to reduce its levels of service. It needed to look futuristically, it needed to hold the line environmentally and show leadership. Toitū te whenua, Toitū te moana, Toitū te tangata. If the land is well, if the sea is well, the people will thrive.

Secretarial Note: The Chair then put the original motion.

Moved (Stolwerk/Yeoman)

41. That council **support** an overall rate increase of 4.5% for the 2020/21 year to fund the annual plan proposals in recommendations 12, 13, 17 - 22, and 24 above, and proposals that were approved for year three of the Long Term Plan 2018-2028 and aren't recommended for removal in 25 – 30 above, and to deliver a balanced budget.

This recommendation represents a change from what was proposed in the Annual Plan 2020/21 Consultation Document.

Carried

Councillors Craw and Blaikie voted against the motion.

Council deliberations on the User Fees and Charges 2020/21 (Item 3.2)

ID: A1302962

Report from Robyn Broadhurst, Policy Specialist and Kyla Carlier, Corporate Planning Manager

Moved (Stolwerk/Yeoman)

1. That the report 'Council deliberations on the User Fees and Charges 2020/21' by Robyn Broadhurst, Policy Specialist and Kyla Carlier, Corporate Planning Manager and dated 7 April 2020, be received.
2. That Jonathan Gibbard, Group Manager – Strategy, Governance and Engagement be given delegated authority to approve any consequential amendments as a result of council decisions on submissions and any minor accuracy and grammatical amendments.
3. That council supports the inflationary increase in charges contained in the Draft User Fees and Charges 2020/21 by 2.2%, as set out in the schedule.

ID: A1311905

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Annual Plan Deliberations
6 May 2020

4. That council supports the Draft User Fees and Charges 2020/21 as notified, and direct staff to prepare the final user fees and charges for council adoption in June 2020.

Carried

Matters arising from Recommendations 1 - 4

- It was recommended that the proposed user fees and charges were the 'right balance' and that significant changes were not appropriate at this time.
- There was general agreement that as part of the Long Term Plan process council would need to examine user fees and charges to determine whether costs were fairly apportioned.

Secretarial Note: Before closing the meeting the Chair extended appreciation to councillors for their contribution to the Annual Plan Deliberations.

Conclusion

The meeting concluded at 11.42am.

TITLE: **Receipt of Action Sheet**

ID: A1312046

From: Chris Taylor, Governance Support Manager

Executive summary/Whakārapopototanga

The purpose of this report is to enable the meeting to receive the current action sheet.

Recommendation

That the action sheet be received.

Attachments/Ngā tapirihanga

Attachment 1: Council Action Sheet - May 2020 [↓](#)

Authorised by Manager

Name: Chris Taylor

Title: Governance Support Manager

Date: 11 May 2020

Outstanding Actions as at 11/05/2020

Id	Meeting	Target Date	Description	Request Details	Most Recent Comment
5536	Council 17/03/2020	31/03/20	Health and Safety Report February 2020	Consideration to be given as to how best acknowledge staff involved in the drought response.	Well-being cards are being actioned.
5548	Council 17/03/2020	31/03/20	LGNZ Remits	That the two remits (regarding a four year electoral cycle and video conferencing) be presented to the next Zone 1 and Regional Sector meetings and subsequently the LGNZ AGM.	The remits will be addressed at the next Zone 1 meeting on 25 May 2020 and will be submitted to LGNZ in time for the revised Friday 31 July 2020 deadline.
5612	Council 21/04/2020	5/05/20	Te Taitokerau Māori and Council Working Party appointments	A letter to be sent from the Chair to formally acknowledge that council had ratified the Tai Tokerau Māori and Council Working Party appointments. The Chairs of the respective working parties also to be provided the relevant contact details so that they could make contact via email.	Complete. Letters sent to members from the Chair and information sent to Working Party Chairs.

TITLE: Working Party Updates and Chairpersons' Briefings

ID: A1311973

Recommendation

That the report 'Working Party Updates and Chairpersons' Briefings' be received.

Water and Land Working Party

(Chair: Cr Justin Blaikie)

The Water and Land Working Party met on Wednesday 29 April. The topics for discussion included:

- Terms of Reference
- Overview of existing work programmes
- Physiographics and erosion in relation to NESPF erosion classification
- Non-Regulatory Land and Water Programmes – Future Thinking
- Taranaki Riparian Planting

Following discussion, the Water and Land Working Party provided advice on the following next steps:

- Approach NIWA and Land and Water Science to present an update on their water quality modelling.
- Create a strategic road map for erosion management. Provide update to Policy and Regulation Working Party.
- MPI/Government to advise that NESPF erosion classification is not a good reflection of erosion risk in Northland and asking that the NESPF be reviewed in this regard.

Planning and Regulatory Working Party

(Chair: Cr Joce Yeoman)

The Planning and Regulatory Working Party met on Wednesday 29 April. The topics for discussion included:

- Planning and Policy Work Programme
- Unconsented Grids
- Plan Change to implement the Water Quality Planning Requirements in the NPS for Freshwater Management 2017
- Climate Change Related Provisions within Regional Planning Documents
- New Regional Plan Implementation Plan
- Outstanding Marine Farm Bonds Protocol
- Drought Update
- Draft Compliance Monitoring and Enforcement Strategy

Following discussion, the Working Party provided advice on the following next steps:

- Provide a briefing on the NES Air Quality standards to the June meeting.
- Provide an update on the Marine Biosecurity team progress on drafting a policy on the phasing out of unconsented grids to the June meeting.
- Provide an update on the plan change to implement the water quality planning requirements in the NPS at each working party meeting.

Authorised by Group Manager

Name: Jonathan Gibbard

Title: Group Manager - Strategy, Governance and Engagement

Date: 13 May 2020

TITLE: Financial Report to 30 April 2020

ID: A1312923

From: Vincent McColl, Financial Accountant

Executive Summary / Whakarāpopototanga

This report is to inform council of the year to date (YTD) financial result to April 2020. Council has achieved a YTD surplus after transfers to and from reserves of \$827K, which is \$1.93M unfavourable to budget. \$2.1M of this unfavourable variance is attributable to the underperformance of the Managed fund portfolio amid the current dire economic climate. Gains for April have been estimated based on advice from Jonathan Eriksen provided on 6 May. Overall estimated gains for the month of April were \$1M.

Recommendation / Ngā mahi tūtohutia

That the report 'Financial Report to 30 April 2020' by Vincent McColl, Financial Accountant and dated 6 May 2020, be received.

Report

SUMMARY OPERATING RESULTS			
	000's ACTUAL YTD	000's BUDGET YTD	000's VARIANCE YTD
Revenue (including other gains)	\$ 40,652	\$ 42,938	\$ (2,286)
Expenditure	\$ 39,254	\$ 40,469	\$ 1,215
NET (COST)/SURPLUS BEFORE TRANSFERS FROM/(TO) RESERVES	\$ 1,398	\$ 2,469	\$ (1,071)
Transfer From (To) Special Reserves	\$ (571)	\$ 285	\$ (855)
NET (COST)/SURPLUS AFTER TRANSFERS FROM/(TO) RESERVES	\$ 827	\$ 2,754	\$ (1,927)

Revenue

Year to date revenue is \$40.65M, which is \$2.29M or 5.3% below budget.

YTD REVENUE VARIANCE INDICATORS BY REVENUE TYPE			
	FAV / (UNFAV)		Commentary
	\$	%	
Rates	\$67,887	0.3%	
User Fees and Sundry	\$347,340	8.7%	<ul style="list-style-type: none"> Higher than budgeted consent monitoring fees of \$247K Unbudgeted prosecution income of \$220K partially offset with higher than budgeted consultants and legal fees of \$158K More than budgeted biosecurity materials sales of \$64K Unbudget revenue for a mooring maintenance project of \$175K offset by higher than budgeted mooring maintenance costs of \$205K Partially offset by: <ul style="list-style-type: none"> Lower than budgeted bus fare box revenue of \$220K. Free fares during the COVID19 period will be recovered from the NZTA at a later date. Lower than budgeted consent application fees of \$132K Lower than budgeted pilotage fees of \$95K due to COVID 19 related cancelled cruise ship visits
Grants and Subsidies	(\$62,378)	(1.1%)	<ul style="list-style-type: none"> Lower than budgeted SHARP subsidies of \$426K offset with lower than budgeted expenditure of \$237K Lower than budgeted FIF project subsidies of \$146K offset with lower than budgeted expenditure of \$156K Offset by: <ul style="list-style-type: none"> Higher than budgeted Water Storage project subsidies of \$51K offset with higher than budgeted expenditure of \$100K Unbudgeted income for drought response of \$194K offset with unbudgeted expenditure of \$372K (including labour of \$119K) Higher than budgeted subsidies for GIS shared services of \$99K Higher than budgeted Civil defence subsidies of \$80K due to revenue received in 2018/19 being deferred until this 2019/20 to coincide with the expected expenditure. Unbudgeted fan worm response MPI subsidies of \$53K
Investment Interest Income	\$40,132	16.0%	
Investment Property Income	(\$83,391)	(3.4%)	
Dividend Income	(\$165,585)	(4.5%)	<ul style="list-style-type: none"> Marsden Maritime Holdings Limited's dividends totalled 16 cents per share compared with the budgeted 16.75 cents per share.
Short Term Fund Gains	\$18,348	44.1%	<ul style="list-style-type: none"> Actual October YTD returns as per Eriksens Global of 0.7% (2.1% annualised) are lower than the budgeted 1.58% (4.75% annualised). Gains here remain greater than budgeted because the Short Term Fund had a higher balance than budgeted.
Property Reinvestment Fund Gains	\$374,358	227.0%	<ul style="list-style-type: none"> Actual October YTD returns of 3.3% (9.9% annualised) are higher than the budgeted 1.73% (5.2% annualised).
Infrastructure Investment Fund Gains	\$281,865	80.1%	<ul style="list-style-type: none"> Actual October YTD returns of 3.0% (9.0% annualised) are higher than the budgeted 1.64% (4.92% annualised)
Community Investment Fund Gains	\$291,139	106.6%	<ul style="list-style-type: none"> Actual October YTD returns of 4.0% (12.0% annualised) are higher than the budgeted 1.78% (5.33% annualised).
Long Term Fund Gains (est. Nov 19)	(\$2,940,018)	(283.3%)	<ul style="list-style-type: none"> Actual March YTD returns of (3.3%) are lower than the budgeted 3.82% (5.09% annualised).
Short Term Fund Gains (est. Nov 19)	(\$455,541)	(166.1%)	<ul style="list-style-type: none"> Actual March YTD returns of (2.6%) are lower than the budgeted 3.73% (4.97% annualised).
Total	(\$2,285,842)	(5.3%)	

In November, council's externally managed funds transitioned from four funds to two funds. As such the above table shows historical gains for the four older funds and gains since November for the two newer funds. These accounts include an accrual for April as advised by Eriksens Global of 2.45% for the long term fund and 1.9% for the short term fund. The net impact on council's bottom line arising from the performance to date of its Managed Fund Portfolio is a loss of \$377K. Compared to the corresponding budget this represents an unfavourable variance of (\$2.1M).

Expenditure

Year to date expenditure is \$39.25M, which is \$1.21K or 3.0% below budget.

YTD EXPENDITURE VARIANCE INDICATORS BY COUNCIL ACTIVITY			
	FAV / (UNFAV)		Commentary
	\$	%	
Regulatory Services	\$147,286	2.7%	<ul style="list-style-type: none"> Lower than budgeted salary costs within this group and other accumulated small variances Offset by: <ul style="list-style-type: none"> Higher than budgeted consultants and legal fees of \$158K relating to prosecutions income.
Environmental Services	\$899,848	8.8%	<ul style="list-style-type: none"> Lower than budgeted Freshwater Improvement Fund project expenditure of \$156K partially offset by lower than budgeted income Lower than budgeted SHARP expenditure of \$237K offset by lower than budgeted income Lower than budgeted pest control materials and works of \$219K Lower than budgeted stop bank and river clearance works of \$106K offset by lower than budgeted transfers from river reserves.
Governance and Engagement	\$404,701	4.7%	<ul style="list-style-type: none"> Lower than budgeted economic development grants of \$214K offset with lower than budgeted transfers from the Investment and Growth Reserve. This relates to the twin coast cycleway and footprints of Manea projects Lower than budgeted regional promotions grants of \$100k offset with lower than budgeted transfers from the Investment and Growth Reserve. Lower than budgeted salary costs within this group Lower than budgeted Maori advisory committee costs of \$47K
Customer Service and Community Resilience	(\$293,019)	(4.2%)	<ul style="list-style-type: none"> Unbudgeted drought response expenditure of \$253K partially offset by unbudgeted recoveries More than budgeted mooring expenses relating to a mooring maintenance project of \$204K. Offset by: <ul style="list-style-type: none"> Lower than budgeted NTA costs of \$51K including a credit from prior year invoices. Lower than budgeted transport advertising and promotions expenditure of \$61K partially offset with lower NZTA subsidies. Lower than budgeted Hatea Channel dredging costs of \$134K offset by lower than budgeted reserve movements. The dredging was ready to go before the COVID 19 lockdown.
Corporate Excellence	(\$280,174)	(4.6%)	<ul style="list-style-type: none"> Higher than budgeted IT expenditure of \$149K partially offset by higher than budgeted GIS shared services recoveries of \$99K Unbudgeted IT expenditure of \$159K including ORBICA, Teams implementations, and extra Microsoft charges Higher than budgeted insurance of \$60K relating to increases in premiums for material damage, motor vehicles, professional indemnity, and public liability. Additionally we had a call on a historical mutual liability insurance arrangement of \$25K. Higher than budgeted internal interest expenses of \$63K relating to a higher balance of the sporting facilities rate reserve than budgeted. Note that a \$1.4M grant for the Te Hiku Sports hub was expected in May but this has been delayed. Offset by: <ul style="list-style-type: none"> Unbudgeted recoveries for admin and vehicle costs for projects of \$41K Lower than budgeted HR costs of \$57K
CEO Office	\$336,089	10.7%	<ul style="list-style-type: none"> Lower than budgeted operational expenditure on the Kensington Redevelopment project of \$116K. Lower labour charged via timesheeting to the CEO department than budgeted of \$255K
Total	\$1,214,731	3.0%	

Note that across council there is a \$442K favourable salaries variance predominantly due to delays in the recruitment of positions identified in the LTP and AP and the time to fill vacancies. Some of these have associated external funding. It is likely that this variance will increase for the remainder of the year as recruitment is postponed until sometime after the COVID-19 lockdown.

Transfers to reserves

For the year to date there has been a net transfer **to** reserves of \$571K compared to a budgeted net transfer **from** reserves of \$285K. This is predominantly due to:

- \$365K lower than budgeted transfers to externally managed fund reserves representing no reinvestment of gains.
- \$314K lower than budgeted transfers from the Investment and Growth Reserve predominantly due to economic development grants not occurring as budgeted.
- \$131K higher than budgeted transfers to the Whangārei and Far North bus reserves due to higher NZTA subsidies than budgeted.
- \$295K higher than budgeted transfers to river reserves predominantly due to lower than budgeted stop bank and river clearance works.
- \$145K lower than budgeted transfers from the Hātea River reserve due to the Hātea River dredging not occurring when budgeted.

Capital Expenditure

Actual capital expenditure year to date of \$3.26M is \$678K lower than budgeted capital expenditure of \$3.93M. Hydrology capex of \$150K has been identified as a carry forward and we expect additional carry forwards to be requested for the Awanui Flood Infrastructure, Water Street building reconfiguration, Far North nursery, and the Kaipara Service Centre capital projects, but the exact value of these are not yet known.

Year End

We are currently reviewing our forecast expenditure to year end. We will critically evaluate any proposed carried forward of operational expenditure to ensure that it aligns with the work plan.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 13 May 2020

TITLE: Local Government Funding Agency - Amendments to Borrowing Documentation

ID: A1313679

From: Simon Crabb, Finance Manager

Executive summary/Whakarāpopototanga The purpose of this report is to seek council resolution to approve the changes to the Local Government Funding Agency (LGFA) documentation as proposed by the LGFA Board.

The LGFA is an AA+ rated council-controlled organisation (CCO) that provides loan funding to the local government sector on terms that are more favourable than commercially available.

On 13 December 2016, council passed a resolution to join the LGFA scheme as a borrower and non-guarantor. At the time of writing, council has total borrowings of \$9.6M with the LGFA.

At their 2018 AGM, the LGFA proposed the following amendments to its borrowing programme:

- An increase to the amount of borrower notes that must be issued to a local authority when it borrows, from 1.6% to 2.5% of the amount borrowed;
- Enable Council Controlled Organisations (CCOs) to borrow directly from the LGFA scheme;
- Allow measurement of council compliance with LGFA covenants to be at group level; and
- Other minor technical improvements to the borrowing programme (including the provision of committed standby borrowing facilities).

These proposed amendments have been reviewed by Pricewaterhouse Coopers (PwC) and considered that they will have little impact on NRC.

To implement the proposed changes, certain LGFA documents need to be amended, and these amendments can only progress if they are officially approved by council resolution.

This report does **not** propose altering council's borrowing status or limits with the LGFA.

Recommendation(s)

1. That the report 'Local Government Funding Agency - Amendments to Borrowing Documentation' by Simon Crabb, Finance Manager and dated 7 May 2020, be received.
2. That the revised Multi-Issuer Deed and Noted Subscription Deed pertaining to Attachments 2 and 3 of Item 6.2 for the 19 May 2020 council agenda be approved.
3. That the CEO, and Councillor _____ and Councillor _____ be delegated authority to sign the amending documentation.

Background/Tuhinga

On 13 December 20016, council passed a resolution to join the New Zealand Local Government Funding Agency ("LGFA") scheme. To become a LGFA member council signed two key documents:

- (a) **the Multi-Issuer Deed;** and
- (b) **the Note Subscription Deed.**

The Multi-Issuer Deed is the document under which council borrows from the LGFA.

The Note Subscription Deed is a document under which councils subscribe for "Borrower Notes".

Borrower Notes are subordinated convertible debt instruments which are retained by the LGFA. The current price of Borrower Notes is 1.6% of the amount that is borrowed (e.g. on a \$1,000,000 loan the LGFA will retain \$16,000). Council earns interest on the Borrower Notes which remain with the LGFA until the associated borrowing is repaid.

Independent Assessment

Alex Wondergem, a partner at PwC, who specialises in Treasury Management and Debt Funding was engaged by council staff to prepare a summary of the proposed LGFA changes and their implication on NRC. This summary is attached as **Attachment 1**. Overall the proposed changes have been assessed as having very little impact on NRC.

The Documents

To implement the proposed changes, the Multi Issuer Deed and the Notes Subscription Agreement will need to be amended. These documents are attached with the proposed changes tracked for your information:

- Multi-Issuer Deed [**Attachment 2**]
- Notes Subscription Agreement [**Attachment 3**]

The amendments to these documents will need to be effected by Deeds of Amendment, and will require execution by two elected representatives. The Chief Executive will be required to sign the applicable Chief Executive Borrower Certificate.

Signing instructions:

COUNCIL	DEEDS OF AMENDMENT	DEED SIGNING INSTRUCTIONS	CHIEF EXECUTIVE CERTIFICATE	CHIEF EXECUTIVE CERTIFICATE SIGNING INSTRUCTIONS
Northland Regional Council	Amendment and Restatement Deed (Notes Subscription Agreement)	Two elected members to sign on page eleven and deed to be left undated	Borrower certificate	Chief Executive to: <ul style="list-style-type: none"> - add their name to the first line of page one of the certificate; - add the name of the Council to the second line of page one of the certificate; - sign the certificate; and - leave the certificate undated.
	Amendment and Restatement Deed (Multi-issuer Deed)	Two elected members to sign on page twelve and deed to be left undated		

Considerations

Options

No.	Option	Advantages	Disadvantages
1	Approve the proposed amendments to the Multi-Issuer Deed, and Noted Subscription Deed	Paves the way for council to use the proposed amendments in the future should it wish to do so.	Based on the information provided by the PwC none are noted.
2	Retaining the status quo – do not approve the proposed amendments	Based on the information provided by the PwC there is no material advantage by not approving the proposed amendments.	If council does not approve the proposed amendments, then our fellow councils who borrow through the LGFA may be precluded from enacting the proposals. Also, by not approving the proposed changes it

			may preclude council from using the proposed amendments in the future should it wish to do so.
--	--	--	--

The staff's recommended option is 1.

2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's Significance and Engagement Policy because it has previously been consulted on and is in accordance with the approved Treasury Management Policy.

3. Policy, risk management and legislative compliance

The activities detailed in this report are in accordance with council's Treasury Management Policy and the 2018–28 Long Term Plan.

4. Financial implications

The current level of Borrower Notes will increase from 1.6% of the amount that it is borrowed to 2.5%. Although Borrower Notes earn interest while they are retained by the LGFA, it should be noted that Borrower Notes may, in some circumstances, be converted into shares in the LGFA rather than being repaid.

Being a purely administrative matter, Community Views, Māori Impact Statement and Implementation Issues are not applicable.

Attachments/Ngā tapirihanga

Attachment 1: Pricewaterhouse Coopers Review of proposed changes to LGFA borrowing documentation [↓](#)

Attachment 2: Multi Issuer Deed - proposed changes tracked [↓](#)

Attachment 3: Notes Subscription Agreement - proposed changes tracked [↓](#)

Authorised by Group Manager

Name: Dave Tams

Title: Group Manager, Corporate Excellence

Date:



Northland Regional Council

To: Simon Crabb
From: Alex Wondergem
Date: 6 May 2020
Subject: LGFA Foundation policy changes

Background

The LGFA has proposed the following amendments to its borrowing programme. We have provided a summary of the proposed amendments and the impact of these amendments on Northland regional council (NRC). Overall, it is considered that the changes to the LGFA Foundation policies proposed will have little impact on NRC.

The purpose of the proposed amendments is to:

- as previously notified by LGFA, increase the amount of borrower notes that must be issued to a local authority when it is borrowing; and
- enable approved council-controlled organisations (CCO's/CCTO's) to borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and/or sufficient uncalled capital issued to the parent local authority);
- allow a local authority to apply to LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants;
- make certain other minor technical improvements to the borrowing programme (including to facilitate the provision of committed standby borrowing facilities).

These proposals will require updates to the following (via an Amendment and Restatement Deed):

- (i) Multi-issuer Deed; and
- (ii) Notes Subscription Agreement

A summary of the proposed changes is presented below.

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Changes to Borrower Notes

An increase to the Borrower Notes percentage from 1.6% to 2.5% has been proposed. This decision was made in light of:

- The LGFA's fast-growing balance sheet (over \$11bn currently) as councils increase their borrowing profiles and new member councils join the LGFA
- The LGFA is undercapitalised on a global comparative basis, with a capital ratio of 2.2% compared to Nordic that maintain capital ratios between 3% and 4%
- Desire for a degree of alignment with domestic banks who are increasing their capital at the direction of the RBNZ
- The LGFA wanting to retain the confidence of credit rating agencies and investors
- An increased capital base provides greater comfort to guarantor councils

Implications for NRC

- No change to holdings of existing Borrower Notes
- The requirement for council borrowers to subscribe for Borrower Notes at the higher percentage amount (2.5%) is only for new long term borrowing
- The increase of the required percentage of Borrower Notes will take effect once the amendment deed to the Notes Subscription Agreement is signed by a majority of member councils
- For a council borrower, the proposed change means subscribing for \$25,000 of Borrower Notes per \$1 million of new long-term borrowing compared to \$16,000 previously
- A council who borrows for a term less than one year is not required to subscribe for Borrower Notes either currently or as part of this change
- A council holder of Borrower Notes will continue to receive interest on the Borrower Notes at the LGFA cost of funds

As NRC's current status as a member council of the LGFA is as a non-guaranteeing council, the maximum aggregate borrowing is limited at \$20m. With councils' current borrowing level of \$9.6m, there remains only \$10.4m of additional borrowing headroom as a non-guarantor. Therefore, the maximum additional value Borrower Notes that NRC would be required to subscribe to under the proposed changes is \$93,600. Although there is a risk that these Borrower Notes could convert to equity, the risk of this is considered remote with LGFA's credit standing of AA+ (and recently reconfirmed by Standard and Poor's) implying a very low risk of default.



Direct LGFA lending to CCO's/CCTO's

The following changes were approved at the 2019 AGM by LGFA shareholders. Key points are included below:

- The change is not designed to increase LGFA's lending, it is designed to provide councils flexibility in the way they borrow
- It is a request driven by councils feedback rather than LGFA management
- Currently, councils borrow from LGFA and then on-lend to their CCO. Going forward, councils can continue to borrow directly and on-lend or the CCO can borrow directly (i.e. the lending is likely to already be in existence)
- It will remove the requirement for councils to complete paperwork on the loan(s) and also manage all the subsequent interest payments
- LGFA cannot lend to a CCO unless the council is a LGFA member and a guarantor
- The council must either guarantee the CCO, or in the case of a CCTO, provide uncalled capital
- LGFA cannot lend to a CCO unless it has the council permission to do so
- LGFA cannot lend to a CCO unless it is 100% owned by councils and or the government. For example, Queenstown Airport is 25% owned by Auckland Airport so LGFA could not lend to it.
- LGFA cannot lend to Port's as legally, they are not CCTO's
- LGFA will report quarterly on its CCO lending to the Shareholder Council

This proposed change will provide councils with greater flexibility in structuring their borrowing and on-lending activities should they wish to on-lend to their CCOs in the future. There is no impact on NRC, noting that presently, NRC has not undertaken any on-lending with any of its CCOs.

Group level LGFA covenant testing

The LGFA has proposed that councils may elect to have their compliance with borrowing covenants assessed on either a group basis or a parent level only basis. Currently all LGFA covenant testing is completed at a parent level basis only.

It is anticipated that only the Auckland Council would wish to have their covenants calculated at a group level. There is no impact as a result of this change on NRC.



Lending covenant testing

The LGFA is proposing a change to the key Net Debt / Total Revenue lending policy covenant for credit rated councils of 'A' or higher.

As NRC does not hold a credit rating, this change does not directly impact NRC. The cost of obtaining a credit rating (Standard & Poor's or Fitch Ratings) costs approximately \$55,000 per annum. Therefore, the point at which it becomes economically beneficial for NRC to consider obtaining a credit rating is at an accumulated borrowing level of approximately \$35m (due to the borrowing cost reduction provided to LGFA for credit rated councils). Note that this benefit is able to be procured on new and refinanced borrowing only and does not apply to existing borrowing through the LGFA.

It should be noted that there is a slight increase in the risk profile of the LGFA with this increased debt capacity being provided to councils (i.e. a number of the high growth councils will be able to achieve greater leverage of their Total Revenue levels). Standard and Poor's have however, released a statement in relation to this proposed change indicating that they see no material impact to the LGFA's credit rating as a result of this change. The risk to NRC is thus assessed as low.

Other minor changes to LGFA borrowing programme

The LGFA is considering offering standby facilities to councils and CCOs under a bilateral agreement arrangement.

This represents the implementation of another product offered by the LGFA following feedback from its member councils. The provision of committed standby borrowing facilities means that councils can borrow short term from the LGFA rather than waiting until the next bond tender which traditionally occurs every four to eight weeks.

This change makes a debt facility available to councils and thus has no disadvantages to NRC.



Disclaimer

This memo is subject to the engagement letter dated 12 December 2012 and the following restrictions. It is a memo addressed to you Northland Regional Council.

This memo should not be reproduced or supplied to any other party without first obtaining our (PwC New Zealand) written consent. We accept no responsibility for any reliance that may be placed on our memo should it be used for any purpose other than that set out below and in any event we will accept no liability to any party other than you in respect of its contents. In the course of our work we have not verified any of the information provided to us by you, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. The statements and opinions contained in this memo are based on data obtained from the financial markets and are so contained in good faith and in the belief that such statements, opinions and data are not false or misleading. In preparing this memo, we have relied upon information which we believe to be reliable and accurate. We reserve the right (but will be under no obligation) to review our assessment and if we consider it necessary, to revise our opinion in the light of any information existing at the date of this memo which becomes known to us after that date. This memo must be read in its entirety. Individual sections of this report could be misleading if considered in isolation from each other.



Multi-issuer Deed

PARTIES

The Local Authorities Listed in Schedule 1

Principal Shareholders

New Zealand Local Government Funding Agency Limited

Subscriber

|

3756085-v1

3756085 v11

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DEED dated 7 December 2011 (as amended [and restated](#) by the deed to which this deed is attached as an appendix)

PARTIES

The Local Authorities Listed in Schedule 1

("Principal Shareholders")

New Zealand Local Government Funding Agency Limited

("Subscriber")

INTRODUCTION

- A. The Principal Shareholders and the Subscriber wish to record the arrangements agreed between them in relation to the issue of Securities to the Subscriber from time to time by the Principal Shareholders, and other Local Authorities [or CCOs](#) that may accede to this deed, as Issuers.
- B. This deed records those arrangements.
- C. ~~The Subscriber's~~ [None of the](#) obligations under this deed [of the Subscriber nor any Issuer that is a Local Authority](#) are ~~not~~ guaranteed by the Crown.

COVENANTS

1. INTERPRETATION

1.1 Definitions: In this deed, unless the context otherwise requires:

"**Accession Deed**" means a deed in the form, or substantially in the form, of schedule 4.

"**Agency Agreement**" means, in relation to an Issuer, the issue and paying agency agreement between the Issuer and an agent or agents in relation to the issue of Securities by the Issuer.

"**Annual Rates Income**" means, in relation to an Issuer [that is a Local Authority and](#) for a financial year, an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by that



Issuer from other Local Authorities for services provided by that Issuer for which those other Local Authorities rate and in each case as shown in the Financial Statements of that Issuer for that financial year, provided that if such Financial Statements are with respect to a period of less than 12 months, then such amount shall be annualised (so as to reflect a period of 12 months), and the annualised amount shall be the Annual Rates Income.

"Authorised Signatory" means, in relation to an Issuer, a person nominated as the Issuer's authorised signatory for the purposes of this deed and notified as such to the Subscriber from time to time.

"Available Financial Accommodation" means, in relation to an Issuer on any Test Date, the aggregate as at that date of:

- (a) External Indebtedness;
- (b) committed but undrawn financial accommodation that is available to the Issuer, to the extent there is no legal, contractual or other restriction on the Issuer's ability to draw upon that financial accommodation; and
- (c) Liquid Investments — of the Issuer (and not its Consolidated Group).

"Borrowed Money Indebtedness" means any indebtedness of the Subscriber to a person (other than indebtedness owed to an Issuer in respect of Borrower Notes) in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, guarantee, interest or currency exchange hedge or other arrangement of any kind (calculated on a net and marked to market basis).

"Borrower Notes" has the meaning given to it in the Notes Subscription Agreement.

"Cash" means, in relation to an Issuer:

- (a) any credit balance on any deposit, savings, current or other account with a registered bank which has outstanding debt securities rated as referred to in paragraph (c) of the definition of "Liquid Investments" and which is freely withdrawable on demand by the Issuer;
- (b) any credit balance of any term deposit with a maturity of less than 180 days with a registered bank which has outstanding debt securities rated as referred to in paragraph (c) of the definition of "Liquid Investments"; and
- (c) any cash in hand.

"CCO Credit Support" means, in relation to a CCO Issuer, any combination of the following:

- (a) a CCO Security;
- (b) a CCO Negative Pledge and Covenant;
- (c) a CCO Guarantee;
- (d) where a LA Shareholder provides a CCO Guarantee, the Security Stock issued by the LA Shareholder in respect of its obligations under the CCO Guarantee; and/or
- (e) any other security arrangements.

as specified in the relevant Accession Deed or as otherwise subsequently specified (in writing) by the Subscriber.

"CCO Negative Pledge and Covenant" means the undertakings given by a CCO Issuer in favour of the Subscriber and the Holder and, set out in the relevant Accession Deed, relating to:

- (a) for so long as any Series issued by the Issuer is outstanding, the restrictions on the creation or subsistence of any security interest over the whole or any part of its assets, other than a permitted security interest (as specified in the relevant Accession Deed);
- (b) for so long as any Series issued by the Issuer is outstanding, the amount of its indebtedness relative to the aggregate amount uncalled and unpaid in respect of equity securities in the Issuer owned legally and beneficially by the CCO Shareholders; and
- (c) if applicable, calling up and/or demanding payment of, the whole or part (as specified in the request from the Subscriber or Holder) of the amount uncalled and/or unpaid in respect of the equity securities referred to in paragraph (b) on written request from the Subscriber or a Holder, provided that such request may only be made following the occurrence of an Event of Default that is continuing.

"CCO Support Document" means, in relation to a CCO Issuer, any document in relation to CCO Credit Support, as specified in the relevant Accession Deed.

"Compliance Certificate" means:

- (a) in the case of an Issuer that is a Local Authority, a certificate in the form, or substantially in the form, set out in schedule 7-; and



(b) in the case of a CCO Issuer, a certificate in the form specified by the Subscriber for that Issuer.

"Conditions" means the terms and conditions contained in schedule 2.

"Confirmation Email" means, in relation to an Issuer and Securities, an email (or other communication which is satisfactory to the Subscriber) from the Issuer to the Subscriber confirming that the Issuer is offering to issue a Series or Tranche of Securities on the terms set out in the applicable Indicative Terms Email. The Confirmation Email must specify:

- (a) the Principal Amount and Maturity Date of the Securities the Issuer is offering to issue; and
- (b) whether the Securities it is offering to issue are Fixed Rate Securities, Floating Rate Securities, Amortising Securities, Zero Coupon Securities or any other type of Security set out in the Indicative Terms Email.

"Consolidated Group" means, in relation to an Issuer, the group of persons (including the Issuer) against which the financial covenants in clause 7.5(a) may be tested (as required in accordance with clause 7.5(a)), such group must be agreed in writing by the Subscriber and that Issuer.

"Demand" has the meaning given in the Guarantee.

"Disclosure Information" has the meaning given to it in clause 7.4(a)(i).

"Distribution" means:

- (a) any dividend, charge, fee, payment, other distribution (whether cash or assets), redemption, repurchase, defeasance, retirement or repayment on or in respect of any equity securities or ownership interest of a CCO Issuer;
- (b) any interest payment, any repayment or prepayment of any amount of principal or any other payment in respect of any liability of a CCO Issuer to a CCO Shareholder; and

without limiting the above, a "distribution" as defined in the Companies Act.

"EC Securities" means Securities the proceeds of which are to be applied by the relevant Issuer in paying the Exercise Price for Commitment Shares to be subscribed by the Issuer on the Issue Date.

"Equity Commitment Deed" means the deed dated on or about the date of this deed between various Local Authorities and the Subscriber entitled "Equity Commitment Deed".

"Event of Review" means, in relation ~~an Issuer, a breach of any of the financial covenants in clause 7.5 to:~~

(a) an Issuer that is a Local Authority, a breach of any of the financial covenants in clause 7.5; and

(b) a CCO Issuer, a breach of any of the financial covenants in the Accession Deed.

"External Indebtedness" means, in relation to an Issuer on any Test Date, the aggregate amount of indebtedness of the Issuer to any person in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date, but excluding:

- (a) indebtedness that is classed as "internal indebtedness" of the Issuer in the Issuer's Financial Statements for the financial year ending on that Test Date;
- (b) indebtedness that is classified as a contingent liability of the Issuer in the Issuer's Financial Statements for the financial year ending on that Test Date; and
- (c) any indebtedness of the Issuer which is an unrealised loss on hedging instruments as shown in the Issuer's Financial Statements for the financial year ending on that Test Date.

"Financial Statements" means:

(a) in relation to a CCO Issuer, the audited financial statements the Issuer is required to produce pursuant to sections 67 to 69 of the Act; and

(b) in relation to an Issuer that is a Local Authority, the audited financial statements the Issuer is required to produce pursuant to sections 98 and 99 of the Act.

"Final Terms" means:

- (a) in relation to a Series or Tranche of EC Securities, final terms in the form, or substantially in the form, of schedule 3; and
- (b) in relation to a Series or Tranche of any other Securities, a term sheet in the form, or substantially in the form, of schedule 5.

"Further Principal Debt Release Request" has the meaning given to it in the Guarantee.

"GAAP" means "generally accepted accounting practice" as defined in the Act.



"Guarantee" means the deed of guarantee and indemnity made by various Local Authorities in respect of the indebtedness of the Subscriber.

"Guarantor" means a guarantor under the Guarantee.

"Indicative Terms Email" means an email from the Subscriber to an Issuer setting out the indicative terms of Securities (other than pricing) that the Issuer may offer to issue to the Subscriber.

"Insolvency Event" means, in relation to a CCO Issuer or CCO Shareholder, any "Insolvency Event" specified in the relevant Accession Deed in relation to such person.

"Issuer" means a Local Authority set out in schedule 1 or any other Local Authority or CCO which is or becomes an Issuer in accordance with ~~clause~~clauses 2.4; or 2A.4 (including a Local Authority that becomes an Issuer because it is a LA Shareholder (if applicable)).

"Liquid Investments" means, in relation to an Issuer on any Test Date:

- (a) Cash;
- (b) securities issued or fully guaranteed or fully insured by the New Zealand Government;
- (c) commercial paper or other debt securities which have a long-term rating of at least A- or a short-term rating of at least A-1 by Standard & Poor's ~~Ratings~~Rating Group or an equivalent rating from either Moody's Investors Service, Inc. or Fitch Ratings ~~Ltd~~Limited (or their respective related companies); and
- (d) certificates of deposit of any registered bank which has outstanding debt securities rated as referred to in paragraph (c) above,

in each case legally and beneficially held by the Issuer, ~~and/or the Consolidated Group (as required in accordance with clause 7.5(a)).~~ not subject to any security interest, and denominated and payable in NZ Dollars and as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date.

~~**"Local Authority"** means a Local Authority as defined in the Act.~~

"Maximum Additional Spread" means:

- (a) in relation to an issue of Floating Rate Securities which are not EC Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its



own issuance margin in order to determine the Margin for the relevant Tranche or Series;

- (b) in relation to an issue of Fixed Rate Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the "margin" component of the Interest Rate for the relevant Tranche or Series; and
- (c) in relation to an issue of Zero Coupon Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the annual yield for the relevant Tranche or Series,

in each case calculated in accordance with the methodology notified by the Subscriber to the Issuer on or prior to the date of the Indicative Terms Email which relates to that issue of Securities. In this definition, "**issuance margin**" has the meaning given to it in clause 4.6.

"Net Debt" means, in relation to an Issuer and any Test Date, the aggregate of all financing liabilities of the Issuer [and/or the Consolidated Group \(as required in accordance with clause 7.5\(a\)\)](#) as at that Test Date as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date less Liquid Investments as at that Test Date.

"Net Interest" means, in relation to an Issuer for a financial year, an amount equal to all interest and financing costs incurred by the Issuer [and/or the Consolidated Group \(as required in accordance with clause 7.5\(a\)\)](#) for that financial year as shown in Financial Statements of the Issuer less:

- (a) interest income of the Issuer [and/or the Consolidated Group \(as required in accordance with clause 7.5\(a\)\)](#) for that financial year as shown in Financial Statements of the Issuer for that financial year; and
- (b) any interest paid by the Issuer during that financial year as shown in the Financial Statements of the Issuer for that financial year on EC Securities held by the Subscriber.

"Notes Subscription Agreement" means the agreement dated on or about the date of this deed between the Subscriber and various Local Authorities entitled "Notes Subscription Agreement".

"Notice of Commitment" means:



- (a) in relation to a Series or Tranche of EC Securities, a notice in the form, or substantially in the form, of schedule 6; and
- (b) in relation to a Series or Tranche of any other Securities, a Confirmation Email.

"Offering Document" means, on any date, each prospectus, investment statement, product disclosure statement, information memorandum or other offer document (howsoever described) prepared by, or on behalf and with the approval of, the Subscriber under which the Subscriber is offering or is able to offer debt instruments.

"Policies" has the meaning given to it in the Shareholders' Agreement.

"Potential Event of Default" means any event which, with the passing of time, or the giving of notice, or both, would constitute an Event of Default.

"Redemption Notice" has the meaning given to it in clause ~~7.5 or 7.6~~, 7.6, 7.7, 7.8 or 7.9, as applicable.

"Security Trustee" has the meaning given in the Guarantee.

"Shareholders' Agreement" means the agreement dated on or about the date of this deed between the Principal Shareholders in relation to the Subscriber entitled "Shareholders' Agreement".

"Shareholder Transaction Documents" means, in relation to an Issuer that is a LA Shareholder:

- (a) the Guarantee;
- (b) the Equity Commitment Deed;
- (c) the accession deeds (if applicable) executed by the Issuer for the purposes of the Guarantee and the Equity Commitment Deed;
- (d) each Security Stock Certificate issued by it in respect of its obligations in respect of the Guarantee and the Equity Commitment Deed;
- (e) this deed, solely in its capacity as a LA Shareholder; and
- (f) each CCO Support Document

"Test Date" means 30 June of each year: ~~"~~ or, in the case of a CCO Issuer, the date specified in the relevant Accession Deed.



"Total Revenue" means, in relation to an Issuer that is a Local Authority and for a financial year, the total cash operating revenue of the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)) for that financial year as shown in Financial Statements of the Issuer for that financial year including cash earnings from rates, Government grants and subsidiaries, user charges, interest, dividends and financial and other revenue but not including non-Government capital contributions (such as developer contributions and vested assets).

"Transaction Documents" means:-

(a) in relation to an Issuer that is a Local Authority:

- (a) this deed;
- (b) the Notes Subscription Agreement;
- (c) each Security Stock Certificate issued by ~~that Issuer~~ in respect of its obligations in respect of the Securities and under this deed and each of the Guarantee (if applicable), and the Equity Commitment Deed (if applicable);
- (d) if the Issuer is a Guarantor, or is required by the Subscriber in accordance with this deed, the Policies and/or required by the Shareholders' Agreement to become a Guarantor, each of the Guarantee and Equity Commitment Deed;
- (e) the Accession Deed (if applicable);
- (f) any accession deed executed by the Issuer for the purposes of the Notes Subscription Agreement, the Guarantee (if applicable) and/or the Equity Commitment Deed; (if applicable); and
- (g) any other document agreed by the Subscriber and the Issuer to be a Transaction Document; and

(b) in relation to a CCO Issuer:

- (i) this deed;
- (ii) the Notes Subscription Agreement;
- (iii) the Guarantee;
- (iv) the Equity Commitment Deed;

- (v) each Security Stock Certificate issued by a LA Shareholder in respect of its obligations in respect of each of the Guarantee, the Equity Commitment Deed and any CCO Support Document;
- (vi) the Accession Deed;
- (vii) any accession deed executed by the CCO Issuer for the purposes of the Notes Subscription Agreement (if applicable);
- (viii) accession deeds (if applicable) to Guarantee and Equity Commitment Deed;
- (ix) each CCO Support Document; and
- (x) any other document agreed by the Subscriber and the CCO Issuer to be a Transaction Document.

"**Verified Statements**" has the meaning given to it in clause 7.4(a)(ii).

- 1.2 **Conditions:** Words and expressions defined in the Conditions and used in this deed shall have the same meanings in this deed, unless the context requires otherwise.
- 1.3 **Equity Commitment Deed:** Except to the extent the context requires otherwise, "Commitment Shares", "Exercise Notice", "Exercise Price" and "Settlement Date" have the meanings given to them in the Equity Commitment Deed.
- 1.4 **References:** Except to the extent that the context otherwise requires, any reference in this deed to:

an "**authorisation**" includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a "**clause**" or "**schedule**" is a reference to a clause of, or schedule to, this deed.

something having a "**material adverse effect**" on a person is a reference to it having a material adverse effect on the financial condition or operations of that person which

materially adversely affects the ability of that person to perform or comply with its obligations under any Transaction Document or any Security.

something being "remedied" means it is remedied to the satisfaction of the Subscriber.

1.5 **Miscellaneous:**

- (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. **ACCESSION OF LOCAL AUTHORITY AS AN ISSUER**

- 2.1 **Local Authority to sign Accession Deed:** Subject to clause 2.2, a Local Authority which is not a Principal Shareholder may become an Issuer under this deed by completing and signing an Accession Deed and delivering it to the Subscriber.
- 2.2 **Conditions precedent to accession and issue of Securities:** A Local Authority shall not be entitled to sign and deliver an Accession Deed or to issue Securities under this deed unless and until the following conditions have been, to the satisfaction of the Subscriber, met:



- (a) the Local Authority is a party to or has acceded to the Notes Subscription Agreement;
- (b) if required by the Subscriber in accordance with the Policies and/or required by the Shareholders' Agreement, the Local Authority has become a Guarantor and is a party to or has acceded to the Equity Commitment Deed;
- (c) the Subscriber has confirmed that the Agency Agreement to be used by the Local Authority in relation to the Securities issued by it pursuant to this deed, and the identity of the paying agent, calculation agent and registrar appointed pursuant to that agreement, are acceptable to it;
- (d) the Local Authority has delivered to the Subscriber a certificate of compliance for the purposes of ~~s148~~[section 118](#) of the Act in relation to ~~the~~[its](#) entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the Agency Agreement, the Guarantee (if applicable), the Equity Commitment Deed (if applicable) and the Security Stock Certificates [and Security Stock](#) issued in respect of this deed, the Guarantee (if applicable) and the Equity Commitment Deed (if applicable);
- (e) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the issuance of the Security Stock Certificates [and Security Stock](#) issued in respect of this deed and the Securities (if applicable) and the issuance of the Securities from time to time (if applicable) have been obtained and are current and satisfactory;
- (f) the Subscriber has received a first ranking Security Stock Certificate evidencing that the Issuer's obligations under this deed are secured pursuant to the Debenture Trust Deed;
- (g) any additional eligibility criteria required by the Subscriber in accordance with the Policies have been satisfied;
- (h) in respect of the first issuance by an Issuer, it has notified the Subscriber of the amount of its Annual Rates Income for its immediately preceding financial year and a breakdown of the components included in its calculation of that amount, provided that this clause 2.2(h) shall not apply where an Issuer has previously delivered Financial Statements to the Subscriber in accordance with clause 7.3 which comply with clause 7.5(c); ~~and~~

- (i) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the Issuer's entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the Guarantee (if applicable) and the Equity Commitment Deed (if applicable) and the issuance of the first ranking Security Stock and the first ranking Security Stock Certificate described at clause 2.2(f); and

(j) any additional conditions specified by the Subscriber in the Accession Deed or separately notified in writing to the Issuer have been satisfied.

2.3 **Subscriber to countersign Accession Deed:** Subject to clause 2.2, on receipt of the document described in clause 2.1 in form and substance satisfactory to the Subscriber, the Subscriber shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant Local Authority.

2.4 **Accession effective:** On an Accession Deed being countersigned by the Subscriber in accordance with clause 2.3, the Local Authority shall be bound by this deed as if it were a party hereto and named herein as an Issuer.

2A. ACCESSION OF CCO AS AN ISSUER

2A.1 CCO to sign Accession Deed: Subject to clause 2A.2, a CCO may become an Issuer under this deed by:

- (a) completing and signing; and
 - (b) procuring each CCO Shareholder to sign,
- an Accession Deed (in form and substance satisfactory to the Subscriber) and delivering it to the Subscriber.

2A.2 Conditions precedent to accession and issue of Securities: A CCO shall not be entitled to sign and deliver an Accession Deed or to issue Securities under this deed unless and until the following conditions have been, to the satisfaction of the Subscriber, met:

- (a) the CCO has acceded to the Notes Subscription Agreement;



- (b) each LA Shareholder is a party to or has acceded to this deed as an Issuer (in the manner contemplated by clauses 2.2 to 2.4 of this deed) and the Notes Subscription Agreement as a subscriber;
- (c) each LA Shareholder is or has become a Guarantor and is a party to or has acceded to the Equity Commitment Deed as a guarantor;
- (d) the Subscriber has confirmed that the Agency Agreement to be used by the CCO in relation to the Securities issued by it pursuant to this deed, and the identity of the paying agent, calculation agent and registrar appointed pursuant to that agreement, are acceptable to it;
- (e) the CCO has delivered to the Subscriber a director's certificate in relation to its entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, the CCO Credit Support and the CCO Support Documents;
- (f) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to the CCO's entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, the CCO Credit Support and the CCO Support Documents and the issuance of Securities from time to time (if applicable) have been obtained and are current and satisfactory;
- (g) each CCO Shareholder has delivered to the Subscriber a director's certificate, or in the case of a LA Shareholder, a certificate of compliance for the purposes of section 118 of the Act, in relation to its entry into the Accession Deed, the CCO Credit Support and the CCO Support Documents;
- (h) in the case of a LA Shareholder, evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into the CCO Credit Support and the CCO Support Documents have been obtained and are current and satisfactory;
- (i) any additional eligibility criteria required by the Subscriber in accordance with the Policies have been satisfied;
- (j) in respect of the first issuance by an Issuer, each LA Shareholder has notified the Subscriber of the amount of its Annual Rates Income for its immediately preceding financial year and a breakdown of the components included in its calculation of that amount, provided that this clause 2A.2(j) shall not apply where the LA Shareholder (as an Issuer) has previously delivered Financial Statements to the Subscriber in accordance with clause 7.3 which comply with clause 7.5(c);



- (k) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the CCO's entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, and any CCO Support Document (if applicable);
- (l) the Subscriber has received both the CCO Support Documents and the benefit of CCO Credit Support, in each case, in a form and substance satisfactory to the Subscriber (in its sole discretion);
- (m) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to each CCO Shareholder's entry into each relevant CCO Support Document (if applicable);
- (n) each LA Shareholder is in compliance with each of the financial covenants in, or referred to in, clause 7.5; and
- (o) any additional conditions specified by the Subscriber in the Accession Deed or separately notified in writing to the Issuer have been satisfied.

2A.3 **Subscriber to countersign Accession Deed:** Subject to clause 2A.2, on receipt of the document described in clause 2A.1 in form and substance satisfactory to the Subscriber, the Subscriber shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant CCO.

2A.4 **Accession effective:** On an Accession Deed being countersigned by the Subscriber in accordance with clause 2A.3, the CCO shall be bound by this deed as if it were a party hereto and named herein as an Issuer.

3. OFFERS AND SALES OF SECURITIES

- 3.1 **Agreement to issue:** Subject to the terms and conditions of this deed, each Issuer may from time to time agree with the Subscriber to issue, and the Subscriber may agree to subscribe for, Securities. If the relevant Issuer and the Subscriber agree on the terms upon which such Securities should be issued and subscribed then the relevant Issuer shall be obliged to issue and the Subscriber shall be obliged to subscribe the relevant Securities issued by the Issuer on the relevant Issue Date, on the basis of, and in reliance upon, the



representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of this deed, and otherwise on the terms so agreed.

- 3.2 **Offer and acceptance:** For the purposes of this deed (without limiting anything else in this deed), the issue of Securities under this deed shall (without more) be taken to be the result of an offer by the relevant Issuer to issue the Securities to the Subscriber, and an acceptance of that offer by the Subscriber.
- 3.3 **Several obligations:** The obligations of each Issuer under this deed are several. No Issuer shall be responsible for the obligations of any other Issuer under this deed. The rights of each Issuer under this deed are several.

4. ISSUANCE PROCESS

4.1 General procedure:

- (a) Except in the case of EC Securities or if the Subscriber and the relevant Issuer otherwise agree, an Issuer may not issue Securities pursuant to this deed unless:
- (i) at least eight Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Subscriber provides an Indicative Terms Email to the Issuer [and, in the case of a CCO Issuer, with a copy to each LA Shareholder;](#)
 - (ii) at least six Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Issuer provides a Notice of Commitment to the Subscriber; and
 - (iii) at least three Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Subscriber has agreed to subscribe for the Securities by signing and delivering the Final Terms for the Securities to the Issuer.
- (b) The Issuer shall counter-sign and deliver to the Subscriber a copy of the Final Terms no later than the proposed Issue Date, but failure to do so shall not affect the Issuer's obligation to issue the Securities on the proposed Issue Date and the terms set out in the Final Terms shall apply to the relevant Securities.

- 4.2 **Procedure for EC Securities:** An Issuer may not issue EC Securities under this deed unless:

- (a) the Issuer has received an offer to subscribe for the EC Securities under clause 3.1 of the Equity Commitment Deed; and
- (b) not less than six Business Days before the Settlement Date for the related Commitment Shares, the Issuer provides a Notice of Commitment to the Subscriber,

whereupon the Subscriber promptly (and in any case not less than four Business Days before the proposed Issue Date) shall agree to subscribe for the EC Securities specified in the Notice of Commitment by counter-signing and delivering to the Issuer a copy of the Notice of Commitment.

4.3 **[Not used]**

4.4 **Notice of Commitment:** A Notice of Commitment constitutes a binding, unconditional and irrevocable offer by the relevant Issuer to issue the Securities specified therein. Each Notice of Commitment in respect of EC Securities shall be accompanied by preliminary Final Terms for the proposed issuance of EC Securities, completed in all respects other than for pricing, and such Final Terms to be the same as the preliminary Final Terms that were sent to the Issuer by the Subscriber under clause 3.1 of the Equity Commitment Deed except that the Issuer may specify a lower aggregate Principal Amount and shorter Maturity Date.

4.5 **Acceptance by Subscriber:** Subject to clause 4.2, the Subscriber is not under any obligation whatsoever to accept an offer by an Issuer contained in a Notice of Commitment. The Subscriber signing and delivering the Final Terms to the relevant Issuer (in the case of Securities which are not EC Securities) or counter-signing and delivering to the relevant Issuer a copy of a Notice of Commitment (in the case of EC Securities) shall constitute a binding and irrevocable acceptance of the offer contained in the Notice of Commitment, subject only to the following conditions:

- (a) the Subscriber having received in a form and substance satisfactory to it:
 - (i) [where the Issuer is a Local Authority](#), a first ranking Security Stock Certificate evidencing that the Issuer's obligations in relation to the proposed Tranche or Series are secured pursuant to the relevant Debenture Trust Deed (which may, at the Subscriber's absolute discretion, be a Security Stock Certificate evidencing that the Issuer's obligations in relation to all Securities issued by it under this deed are secured pursuant to the relevant Debenture Trust Deed); and
 - (ii) [where the Issuer is a Local Authority](#), a certificate of compliance for the purposes of section 118 of the Act in relation to the proposed Tranche or

Series and the issue of the relevant Security Stock and related Security Stock Certificate (if applicable);

(iii) where the Issuer is a CCO Issuer, a certificate from an Authorised Signatory of the CCO addressing (among other things) the issue of the proposed Tranche or Series;

- (b) there is no impediment to the issue to the Issuer of the related Borrower Notes (if applicable) under the Notes Subscription Agreement (including, without limitation, due to the requirements of section 49 of the Companies Act 1993 and/or clause 15.4 of the Notes Subscription Agreement not being satisfied);
- (c) the Issuer has complied with the conditions specified in clause 2.2 or 2A.2 (as applicable) and any additional eligibility criteria required by the Subscriber in accordance with the Policies;
- (d) the representations and warranties set out in clause 6.1 (in the case of an Issuer that is a Local Authority) or 6.1A (in the case of a CCO Issuer) (as applicable) being true, accurate and correct in all material respects as of the Issue Date by reference to the facts and circumstances existing on that date;
- (e) no Event of Default, Potential Event of Default or Event of Review has occurred and is continuing in relation to the Issuer and no such event would occur on or after the Issue Date as a result of the Issuer issuing the Securities; ~~and~~
- (f) the Issuer, and (in the case of a CCO Issuer) each CCO Shareholder, is in compliance with this deed, the Notes Subscription Agreement, the Guarantee and (if applicable), the Equity Commitment Deed (if applicable) and any CCO Support Document (if applicable); and
- ~~(f)~~(g) the Local Government Borrowing Act 2011 has not been amended or repealed other than to the satisfaction of the Subscriber.

4.6 Pricing:

- (a) The Subscriber shall determine the pricing for each Tranche or Series of:
 - (i) EC Securities, on the Issue Date and shall notify the relevant Issuer of the pricing for the Tranche or Series on the Issue Date, following which the Final Terms for the Tranche or Series shall be updated to include the pricing information notified pursuant to this clause and each of the Issuer and the Subscriber shall sign the updated Final Terms; and



- (ii) Securities which are not EC Securities, on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii) and such pricing shall be set out in the Final Terms for that Tranche or Series.

The pricing decisions of the Subscriber shall be final and binding on the relevant Issuer.

- (b) When determining the pricing for each Tranche or Series of Securities for the purposes of clause 4.6(a), the Subscriber must not, unless the relevant Issuer agrees otherwise, add an additional spread to ~~it~~ its own issuance margin which exceeds:
 - (i) in the case of EC Securities, the maximum additional spread notified in accordance with clause 3.1 of the Equity Commitment Deed; and
 - (ii) in the case of Securities which are not EC Securities, the Maximum Additional Spread.

In this clause 4.6, "**issuance margin**" means the percentage rate (p.a.) (as determined by the Subscriber) over the applicable reference rate which is payable by the Subscriber in respect of the Borrowed Money Indebtedness it incurs to subscribe for the relevant Securities and includes all of the Subscriber's costs and expenses relating to that Borrowed Money Indebtedness (including, without limitation, dealer fees, commissions, listing fees and any Approved Issuer Levy which is or may be payable by the Subscriber under the terms of that Borrowed Money Indebtedness). In this clause 4.6, "**Approved Issuer Levy**" has the meaning given to it in the Conditions as if references to the "Issuer" were to the "Subscriber" and "any Security" were to the Subscriber's "Borrowed Money Indebtedness". Without limiting the Subscriber's right to make a determination as to the "issuance margin", the Subscriber may for the purposes of determining the Approved Issuer Levy component of the issuance margin estimate its likely costs in respect of any Approved Issuer Levy.

4.7 **Notices of Commitment after release:** Where an Issuer is (or was previously) a Guarantor and it has delivered a valid Further Principal Debt Release Request in accordance with clause 15 of the Guarantee:

- (a) it must immediately provide a copy of the Further Principal Debt Release Request to the Subscriber; and
- (b) neither it nor any CCO Issuer for which that Issuer is a LA Shareholder may ~~not~~, on and from the date of such Further Principal Debt Release Request, provide any Notice of Commitment under this deed.

4.8 **Settlement delay:** Other than where the conditions set out in clause 4.5 are not satisfied, in the event that the Subscriber pays the Issue Price for the Securities other than on the Issue Date ("**settlement delay**"):

- (a) unless the Subscriber agrees otherwise (in writing), each of the Issuer and the Subscriber shall issue the Securities and the Borrower Notes (if applicable) respectively on the Issue Date; and
- (b) the maximum amount payable by the Subscriber to the Issuer in respect of such settlement delay will be interest on the unpaid Issue Price of the Securities, such interest to accrue on a daily basis from the Issue Date until the unpaid Issue Price is paid at a rate per annum equal to the Reserve Bank of New Zealand official cash rate on the Issue Date. Accrued interest shall not be compounded and shall be paid by the Subscriber on the date the unpaid Issue Price is paid in full and final settlement of such settlement delay.

5. ISSUE AND CREATION

5.1 Securities are issued and created by the relevant Registrar entering in the Register the particulars of the Securities.

6. REPRESENTATIONS AND WARRANTIES

6.1 **Representations and warranties:** (in relation to Issuers that are Local Authorities):
Each Issuer that is a Local Authority represents and warrants to the Subscriber in relation to itself (as an Issuer) that:

- (a) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;
- (b) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents and to issue the Securities;
- (c) **Authorisations:** it has taken all necessary action required on its part to authorise the entry into, execution and delivery of this deed and the other Transaction Documents and the issue of Securities and the performance of all obligations expressed to be binding on it;
- (d) **Obligations legally binding:** its obligations under this deed, the other Transaction Documents and the Debenture Trust Deed and the Securities (when issued)



constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);

- (e) **No conflict:** neither the entry by it into, nor the performance by it of this deed and the other Transaction Documents or the issue of the Securities by it will:
 - (i) conflict with or result in a breach of, any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or
 - (ii) violate or contravene any law to which it is subject;
- (f) **Accounts:** its accounts have been prepared in accordance with the Act and any other applicable legislation or guidelines and are audited in accordance with any statutory requirements;
- (g) **No default:** except to the extent it has notified the Subscriber otherwise in writing, no Event of Default or Event of Review [in relation to it](#) has occurred and remains unremedied;
- (h) **Certificate of exemption:** it holds a valid certificate of exemption from resident withholding tax issued pursuant to section RE 27 of the Income Tax Act 2007 and sections 32E to 32I of the Tax Administration Act 1994; [\(or, on or after 1 April 2020, it has RWT-Exempt Status\)](#);
- (i) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the Issuer into, and the performance by the Issuer of, this deed and the other Transaction Documents and the issue of Securities:
 - (i) is in compliance with the Act;
 - (ii) is not contrary to any provision of the Act;
 - (iii) is within the capacity, rights and powers of the Issuer; and
 - [\(iv\)](#) is for a purpose authorised by either the Act or another Act;
- (j) **Ranking of obligations:** its obligations under this deed and in respect of the Securities are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;

- (k) **Offering material:** except to the extent it has advised the Subscriber otherwise in writing, all information it has provided to the Subscriber for the purposes of or, it has approved (in writing) for the inclusion in, any Offering Document is true, accurate and complete in all material respects and not misleading (including by omission) in any material respect; and
- (l) **Notes Subscription Agreement:** the warranties given by it at clause 4.5 of the Notes Subscription Agreement are true and accurate.

6.1A Representations and warranties (in relation to CCO Issuers): Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed:

- (a) **CCO Issuer:** each CCO Issuer represents and warrants to the Subscriber in relation to itself (as a CCO Issuer) that:
- (i) **Status:**
- (aa) it is a company duly incorporated and validly existing under the laws of New Zealand; and
- (bb) it has the power to own its assets and carry on its business as it is being conducted;
- (ii) **Power:** it has the power to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents and to issue the Securities;
- (iii) **Authorisations:** it has taken all necessary action required on its part:
- (aa) to authorise the entry into, execution, delivery and performance of this deed and the other Transaction Documents, the transactions contemplated by those documents, the issue of Securities and the performance of all obligations expressed to be binding on it; and
- (bb) for the validity and enforceability of the Transaction Documents and the effectiveness or priority of any security interest under any Transaction Document;
- (iv) **Obligations legally binding:** its obligations under this deed, the other Transaction Documents and the Securities (when issued) constitute its legal, valid and binding obligations, enforceable in accordance with their



respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);

(v) **No conflict:** neither the entry by it into, nor the performance by it of this deed and the other Transaction Documents or the issue of the Securities by it will:

(aa) conflict with or result in a breach of:

(A) any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound;
or

(B) its constitutional documents; or

(bb) violate or contravene any law to which it is subject;

(vi) **Accounts:** its accounts have been prepared in accordance with the Act and any other applicable legislation or guidelines and are audited in accordance with any statutory requirements;

(vii) **No default:** except to the extent it has notified the Subscriber otherwise in writing, no Event of Default or Event of Review in relation to it or each relevant LA Shareholder has occurred and remains unremedied;

(viii) **Certificate of exemption:** it holds a valid certificate of exemption from resident withholding tax issued pursuant to section RE 27 of the Income Tax Act 2007 and sections 32E to 32I of the Tax Administration Act 1994 (or, on or after 1 April 2020, it has RWT-Exempt Status);

(ix) **Offering material:** except to the extent it has advised the Subscriber otherwise in writing, all information it has provided to the Subscriber for the purposes of or, it has approved (in writing) for the inclusion in, any Offering Document is true, accurate and complete in all material respects and not misleading (including by omission) in any material respect;

(x) **Notes Subscription Agreement:** the warranties given by it at clause 4.5 of the Notes Subscription Agreement are true and accurate;

(xi) **Solvency:** no Insolvency Event has occurred in relation to it or any CCO Shareholder;

- (xii) **No proceedings pending or threatened:** no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a material adverse effect has or have (to the best of its knowledge and belief) been started or threatened against it;
- (xiii) **Immunity from suit:** it does not have, nor do any of its assets have, immunity from suit;
- (xiv) **Good title to assets:** it is the sole legal and beneficial owner of the property subject to the security interests created by any CCO Security, free from security interests other than a permitted security interest (as specified in the relevant Accession Deed);
- (xv) **Ranking of Security:** each CCO Security (if applicable) creates the security which it is expressed to create over the property to which it is expressed to apply, subject only to a permitted security interest (as specified in the relevant Accession Deed);
- (xvi) **Trustee:** it does not enter into any Transaction Document or hold any property as trustee;
- (xvii) **No misleading information:** to the best of its information, knowledge, and belief after having made due inquiry (but subject to the qualifications made when the relevant information is made available):
 - (aa) any factual information provided by or on behalf of it in writing in connection with the Transaction Documents and the transactions they contemplate was true and accurate in all material respects and not misleading in any material respect as at the date it was provided or as at the date (if any) at which it is stated;
 - (bb) any financial projections provided by it or on its behalf have been prepared on the basis of recent historical information and on the basis of reasonable assumptions; and
 - (cc) all copies of documents (including its latest Financial Statements and all authorisations) given by it or on its behalf to the Subscriber are true and complete copies as at the date they were given unless expressly specified otherwise; and

- (xviii) **Additional representations:** it makes any additional representations specified in the Accession Deed;
- (b) **LA Shareholders:** each LA Shareholder represents and warrants to the Subscriber that:
- (i) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;
 - (ii) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under the Shareholder Transaction Documents;
 - (iii) **Authorisations:** it has taken all necessary action required on its part:
 - (aa) to authorise the entry into, execution, delivery and performance of the Shareholder Transaction Documents, the transactions contemplated by those documents and the performance of all obligations expressed to be binding on it under those documents; and
 - (bb) for the validity and enforceability of the Shareholder Transaction Documents and the effectiveness or priority of any security interest under any Shareholder Transaction Document;
 - (iv) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the LA Shareholder into, and the performance by the LA Shareholder of, the Shareholder Transaction Documents:
 - (aa) is in compliance with the Act;
 - (bb) is not contrary to any provision of the Act;
 - (cc) is within the capacity, rights and powers of the LA Shareholder; and
 - (dd) is for a purpose authorised by either the Act or another Act;provided that the Subscriber acknowledges that section 117 of the Act does not apply to any CCO Guarantee given by a LA Shareholder in respect of a CCO Issuer;
 - (v) **Ranking of obligations:** its obligations in respect of any CCO Guarantee it has given in relation to the CCO Issuer are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at

least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;

- (vi) **Obligations legally binding:** its obligations under the Shareholder Transaction Documents and the Debenture Trust Deed constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);
- (vii) **No conflict:** neither the entry by it into, nor the performance by it of the Shareholder Transaction Documents will:
 - (aa) conflict with or result in a breach of any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or
 - (bb) violate or contravene any law to which it is subject; and
- (viii) **Additional representations:** it makes any additional representations in relation to an LA Shareholder specified in the Accession Deed.

6.2 **Repetition:** The representations and warranties contained in ~~clause~~ clauses 6.1 and 6.1A shall be deemed to be repeated by each Issuer and, where the Issuer is a CCO Issuer, each relevant LA Shareholder for the benefit of the Subscriber on each Issue Date in respect of each Series or Tranche issued by the Issuer.

7. UNDERTAKINGS

7.1 **General undertakings in respect of Local Authority Issuers:** Each Issuer that is a Local Authority undertakes to the Subscriber that it will, for so long as any Series issued by ~~the Issuer~~ it is outstanding:-

- (a) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:
 - (i) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to it and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that except as previously notified to the Subscriber no Event of Default, Potential Event of Default or Event of Review has occurred in relation to it;

- (ii) each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Subscriber of the authority of each new Authorised Signatory;
- (iii) each actual or potential invalidity or unenforceability of this deed, the other Transaction Documents or the Debenture Trust Deed, or any provision hereof or thereof;
- (iv) subject to the Act and the Local Government Official Information and Meetings Act 1987:
 - (aa) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the Issuer or its ability to perform its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities; and
 - (bb) any change to the Act which may adversely affect the rights of a party lending to the Issuer or any receiver appointed by that party;
- (b) **Register:** cause the Registrar for that Series to keep the Register for the Series pursuant to the Agency Agreement;
- (c) **Agency Agreement:** comply with and perform all obligations under the Agency Agreement and not:
 - (i) terminate or enter into a new Agency Agreement;
 - (ii) ~~materially~~ modify any terms within an Agency Agreement; or
 - (iii) appoint, terminate or replace or consent to any replacement of a registrar, calculation agent or paying agent under an Agency Agreement,without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);
- (d) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under this deed, the other Transaction Documents ~~of~~ the Debenture Trust Deed or the Securities or required on its part for the validity or enforceability of this deed, the other Transaction Documents, the Debenture Trust Deed and the Securities;

- (e) **Compliance with law:** duly comply with all laws except to the extent that, in its reasonable opinion, it determines that non-compliance is not material to the business or financial condition of the Issuer;
- (f) **Information on request:** subject to the Act and the Local Government Official Information and Meetings Act 1987, on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to the Financial Statements, other records of the Issuer and the financial position of the Issuer;
- (g) **Other information:** provide the Subscriber with copies of all information provided to the Trustee under the reporting covenants provisions in the Debenture Trust Deed;
- (h) **Ranking of obligations:** ensure that its obligations under this deed and in respect of the Securities are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed; ~~and~~
- (i) **New Security Stock Certificates:** where the Subscriber has sold some or all of the Securities held by it, at the Subscriber's request and subject to the Subscriber delivering to the Issuer for cancellation the existing Security Stock Certificate for the relevant Securities, issue and deliver to each of the Subscriber and the new Holder (as applicable) a new first ranking Security Stock Certificate (in a form acceptable to the Subscriber or the Holder (as applicable) acting reasonably) evidencing that the Issuer's obligations in relation to the Securities held by each of the Subscriber and Holder (as applicable) are secured pursuant to its Debenture Trust Deed. In the case of Securities lodged in NZClear, the references in this clause 7.1(i) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear). Where the Issuer delivers any such new Security Stock Certificate it shall also deliver a certificate of compliance for the purposes of section 118 of the Act in relation to each new Security Stock Certificate. Subject to the relevant Debenture Trust Deed, where the Subscriber is holding a Security Stock Certificate evidencing that the Issuer's obligations in relation to all Securities issued by it under this deed are secured pursuant to the relevant Debenture Trust Deed, the Issuer's obligation under this clause 7.1(i) to deliver a new first ranking Security Stock Certificate to the new Holder shall not be subject to the Subscriber delivering that Security Stock Certificate to the Issuer for cancellation. ~~and~~ and

- (i) ~~Financial records: The~~ **Debenture Trust Deed**: not terminate or enter into a new Debenture Trust Deed, or modify any terms within the Debenture Trust Deed, without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);

7.1A General undertakings in respect of CCO Issuers: Except to the extent that the Subscriber and the relevant Issuer agree otherwise in the relevant Accession Deed:

- (a) **CCO Issuers**: each CCO Issuer undertakes to the Subscriber that it will, for so long as any Series issued by it is outstanding:
- (i) **Notify the Subscriber**: after having actual notice, promptly notify the Subscriber of:
- (aa) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to it or its LA Shareholder and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that except as previously notified to the Subscriber no Event of Default, Potential Event of Default or Event of Review has occurred in relation to it or its LA Shareholder;
- (bb) each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Subscriber of the authority of each new Authorised Signatory;
- (cc) each actual or potential invalidity or unenforceability of this deed, the other Transaction Documents, or any provision hereof or thereof;
- (dd) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the Issuer or any CCO Shareholder or its or any CCO Shareholder's ability to perform its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities;
- (ee) any change to the Act, its constitution or any applicable law which may adversely affect the rights of a party lending to the Issuer or any receiver appointed by that party;
- (ff) any proposed change to a CCO Shareholder;

- (gg) any change or potential change to whether the Issuer is a CCO or a council-controlled trading organisation (as defined in the Act);
- (ii) **Register:** cause the Registrar for that Series to keep the Register for the Series pursuant to the Agency Agreement;
- (iii) **Agency Agreement:** comply with and perform all obligations under the Agency Agreement and not:
- (aa) terminate or enter into a new Agency Agreement;
- (bb) modify any terms within an Agency Agreement; or
- (cc) appoint, terminate or replace or consent to any replacement of a registrar, calculation agent or paying agent under an Agency Agreement,
- without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);
- (iv) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under this deed, the other Transaction Documents or the Securities or required on its part for the validity or enforceability of this deed, the other Transaction Documents and the Securities;
- (v) **Compliance with law:** duly comply with all laws except to the extent that non-compliance is not material to the business or financial condition of the Issuer;
- (vi) **Information on request:** on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to the Financial Statements, other records of the Issuer and the financial position of the Issuer;
- (vii) **Authorisations:** promptly:
- (aa) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (bb) supply certified copies to the Subscriber of,

any authorisation required to perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document and any material authorisation required for it to carry on its business;

(viii) **Disposals:** not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset other than a permitted disposal (as specified in the relevant Accession Deed);

(ix) **Merger:** not enter into any amalgamation, demerger, merger or corporate reconstruction other than a permitted merger (as specified in the relevant Accession Deed) or as permitted by the exceptions in clause 10.1A(h) of the Conditions;

(x) **Change of business:** procure that no material change is made to the general nature of its business from that carried on when it acceded to this deed;

(xi) **Insurance:** take out and maintain insurances with a reputable insurer in the manner and to the extent which is in accordance with prudent business practice having regard to the nature of its business and its assets (including all insurance required by applicable law), and ensure that the security interest created under any CCO Security is noted and maintained on each such policy (in accordance with usual market practice and excluding policies relating to employer's liability, workers compensation, public liability, product liability, directors and officers insurance, or any other insurance policy taken out for the benefit of a third party payee);

(xii) **Restrictions on Distributions and other transactions:** not:

(aa) pay or make any Distribution, other than a permitted Distribution (as specified in the relevant Accession Deed);

(bb) reduce or pass a resolution to reduce its capital;

(cc) acquire any of its own equity securities (unless it is required to do so by law);

- (dd) redeem any of its own equity securities which are redeemable at its option (whether or not they are also redeemable at the option of their holder);
- (ee) alter or allow to be altered any term attaching to any of its own equity securities, in a manner which would cancel or reduce the liability of any shareholder in relation to an equity security held prior to that alteration;
- (ff) amend its constitutional documents or allow them to be amended in any manner which would be likely to have a prejudicial effect on the Subscriber; or
- (gg) move any of its property outside New Zealand other than in the ordinary course of ordinary business;
- (xiii) **Financial accommodation:** not provide financial accommodation, give a guarantee or indemnity or incur or permit to remain outstanding obligations to support any third party except permitted financial accommodation (as specified in the relevant Accession Deed);
- (xiv) **Pay taxes:** file all tax returns as required by law, and pay and discharge all taxes, assessments and governmental charges payable by it or on its assets prior to the date upon which penalties become payable, except only to the extent that those taxes, assessments or governmental charges are being contested in good faith by appropriate proceedings and adequate reserves and/or credit lines are set aside for their payment;
- (xv) **Acquisitions: not:**
 - (aa) acquire any assets or make any other investment other than in the ordinary course of business; or
 - (bb) acquire any equity securities or business,other than a permitted acquisition (as specified in the relevant Accession Deed);
- (xvi) **Corporate existence:** maintain its corporate existence (except as permitted by the exceptions in clause 10.1A(h) of the Conditions);

- (xvii) **Maintenance of assets:** maintain the property subject to any CCO Security in the manner that would be expected by a prudent person carrying on the Issuer's business;
- (xviii) **Arm's length dealings:** not enter into any transaction of any nature with, or for the benefit of, any person except on arm's length commercial terms;
- (xix) **Access:** if an Event of Default is continuing, permit the Subscriber and/or accountants or other professional advisers and contractors of the Subscriber free access at all reasonable times and on reasonable notice at the risk and cost of the Issuer to (i) its premises, assets, books, accounts and records and/or (ii) meet and discuss matters with its senior management for the purposes of monitoring compliance with the Transaction Documents;
- (xx) **Amendments to CCO Support Documents:** where the Subscriber intends to sell or has sold some or all of the Securities held by it, at the Subscriber's request:
- (aa) agree to and execute amendments (and procure the agreement and execution of any other party) to any CCO Support Document such that the Subscriber and the new Holder (as applicable) both receive the benefit of the CCO Support Documents and the CCO Credit Support as received by the Subscriber under clause 2A; and
- (bb) deliver a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the Issuer and each CCO Shareholder's entry into each relevant CCO Support Document (including as amended pursuant to clauses 7.1A(a)(xx) or 7.1A(b)(ii)).
- In the case of Securities lodged in NZClear, the references in this clause 7.1(a)(xx) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear); and
- (xxi) **Accession Deed:** comply with any other undertakings given by it set out in the relevant Accession Deed; and

(a) **LA Shareholder:** each LA Shareholder undertakes to the Subscriber that it will, for so long as any Series issued by a relevant CCO Issuer is outstanding:

(i) **Ranking of obligations:** ensure that its obligations under any CCO Guarantee it has given in relation to a CCO Issuer are secured by the relevant Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under that Debenture Trust Deed;

(ii) **Amendments to CCO Support Documents:** where the Subscriber intends to sell or has sold some or all of the Securities issued by the relevant CCO Issuer held by the Subscriber, at the Subscriber's request, agree to and execute amendments to any CCO Support Documents such that the Subscriber and the new Holder (as applicable) both receive the benefit of the CCO Support Documents and the CCO Credit Support as received by the Subscriber under clause 2A. In the case of Securities issued by the relevant CCO Issuer and lodged in NZClear, the references in this clause 7.1A(b)(ii) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear);

(iii) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:

(aa) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to a relevant CCO Issuer and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that, except as previously notified to the Subscriber, no Event of Default, Potential Event of Default or Event of Review has occurred in relation to a relevant CCO Issuer;

(bb) each actual or potential invalidity or unenforceability of the Shareholder Transaction Documents, the Debenture Trust Deed or any provision thereof;

(cc) subject to the Act and the Local Government Official Information and Meetings Act 1987:

(A) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the LA Shareholder

or its ability to perform its obligations under the Shareholder Transaction Documents or the Debenture Trust Deed;

(B) any change to the Act which may adversely affect the rights of a party lending to the relevant CCO Issuer or any receiver appointed by that party; and

(C) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the relevant CCO Issuer or its ability to perform its obligations under this deed, the other Transaction Documents (in relation to that CCO Issuer) or the Securities (issued by that CCO Issuer);

(dd) any change or potential change to whether a CCO Issuer is a CCO or a council-controlled trading organisation (as defined in the Act);

(iv) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under the Shareholder Transaction Documents or required on its part for the validity or enforceability of the Shareholder Transaction Documents;

(v) **Compliance with law:** duly comply with all laws except to the extent that, in its reasonable opinion, it determines that non-compliance is not material to its business or financial condition;

(vi) **Information on request:** subject to the Act and the Local Government Official Information and Meetings Act 1987, on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to records of the relevant CCO Issuer and the financial position of the relevant CCO Issuer;

(vii) **Other information:** provide the Subscriber with copies of all information provided to the Trustee under the reporting covenants provisions in the Debenture Trust Deed;

(viii) **Debenture Trust Deed:** not terminate or enter into a new Debenture Trust Deed, or modify any terms within the Debenture Trust Deed,

without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed); and

(ix) **Accession Deed:**

(aa) comply with all undertakings given by it in the relevant Accession Deed; and

(bb) use its reasonable endeavours to procure each relevant CCO Issuer complies with all undertakings given by it under this deed and the relevant Accession Deed.

7.2 **Financial records:** Each Issuer undertakes to the Subscriber to keep proper books of account as required pursuant to the Act and to have such accounts audited, in each case in accordance with all applicable legislation, and (subject to the Act and the Local Government Official Information and Meetings Act 1987) (if applicable) permit the Subscriber to have access to such accounts (and any other information relating to the financial position of the Issuer) on the provision of reasonable prior notice.

7.3 **Financial Statements:** ~~The~~ Each Issuer undertakes to the Subscriber that it will deliver to the Subscriber:

- (a) not later than five months after the end of each of its financial years a copy of the latest Financial Statements for the preceding financial year; and
- (b) if it produces financial statements for a financial half-year, not later than three months after the end of each of its financial half-years, a copy of the latest financial statements for the preceding half-year, such financial statements not required to be audited.

7.4 **Offer documents:** Each Issuer undertakes to the Subscriber that:

- (a) it will promptly:
 - (i) and in any event within 15 Business Days following receipt of a request from the Subscriber, provide the Subscriber with all information in relation to itself which the Subscriber reasonably requests for the purposes of preparing an offering document. The information provided by the Issuer under this clause 7.4(a)(i) and clause 7.4(b) being, "**Disclosure Information**"; and
 - (ii) ~~and~~ in any event within 10 Business Days following receipt of a draft offering document from the Subscriber, (acting reasonably and in writing)



approve, or provide suggested amendments to, statements in the draft offering document relating to the Issuer, as identified in writing by the Subscriber when providing the draft offering document to the Issuer ("**Verified Statements**"). Nothing in this clause 7.4 entitles the Issuer to suggest amendments to any statement in a draft offering document other than those which relate to itself; and

- (b) if it becomes aware of any event having occurred as a result of which any Verified Statement or Disclosure Information would:
 - (i) be false or misleading, or likely to mislead;
 - (ii) not be true and accurate in all material respects; or
 - (iii) omit any fact in relation to the Issuer the omission of which would make misleading in any material respect any Verified Statement or Disclosure Information,

it will promptly notify the Subscriber and provide the Subscriber with any information required by the Subscriber in order to amend or supplement the relevant Offering Document within 10 Business Days of receipt of a request from the Subscriber. The provisions of clause 7.4(a)(ii) shall apply to any draft amendment or supplement to any Offering Document as if such document was a "draft offering document", provided that the timeframe in clause 7.4(a)(ii) shall be deemed to be 5 Business Days.

7.5 Financial Covenants: Each Issuer shall:

- (a) [in the case of an Issuer that is a Local Authority](#), procure that as at each Test Date for the financial year ending on that Test Date:
 - (i) the ratio that Net Debt bears to Total Revenue expressed as a percentage does not exceed 175%;
 - (ii) the ratio that Net Interest bears to Total Revenue expressed as a percentage does not exceed 20%;
 - (iii) the ratio that Net Interest bears to Annual Rates Income expressed as a percentage does not exceed 25%; and
 - (iv) the ratio that Available Financial Accommodation bears to External Indebtedness expressed as a percentage is not less than 110%,

or such other percentages applicable to the Issuer (including percentages contemplated by the foundation policies of the Subscriber) as agreed in writing by the Issuer and the Subscriber from time to time; The financial covenants in this clause 7.5(a) must be tested on the Issuer only, provided that:

- (A) where the Issuer is also a LA Shareholder, the financial covenants must be tested on both the Issuer and Consolidated Group basis, however in such circumstance there is no consequence to the Issuer for any breach of the financial covenants when tested on a Consolidated Group basis; and
- (B) subject to clause 7.5(a)(iv), where agreed in writing by the Subscriber and the Issuer, the financial covenants must be tested on a Consolidated Group basis only;

(ab) in the case of a CCO Issuer, comply with the financial covenants (if any) specified in the relevant Accession Deed as at each Test Date for the financial year ending on that Test Date or such other covenants applicable to the Issuer as agreed in writing by the Issuer and the Subscriber from time to time;

- (b) on the same date as it delivers its Financial Statements to the Subscriber pursuant to clause 7.3(a) deliver to the Subscriber a completed Compliance Certificate signed by an Authorised Signatory of the Issuer in respect of the relevant Test Date. Each such Compliance Certificate shall certify as to the Issuer's compliance with the financial covenants in or referred to in this clause 7.5 as at the relevant Test Date and contain reasonably detailed calculations detailing compliance with the financial covenants ~~in this clause 7.5;~~ Where the Subscriber and the Issuer agree alternative percentages in accordance with clause 7.5(a) or 7.5(ab), they may also agree alternative and/or additional reporting requirements from those provided for by this clause 7.5(b); and
- (c) in the case of an Issuer that is a Local Authority, include within its Financial Statements (which may include the notes thereto) its Annual Rates Income as a separate identifiable amount.

7.6 **Redemption following breach of Financial Covenants:** If an Issuer breaches any of the financial covenants in or referred to in clause 7.5, the Subscriber may by notice to the Issuer require that the Subscriber and the Issuer enter into negotiations in good faith with a view to agreeing terms on which the Subscriber is prepared to continue to subscribe for, or hold, Securities issued by the Issuer under this deed. If after 30 days from the date of the notice the Subscriber and the Issuer have not agreed upon such terms, the Subscriber may,

by giving written notice ("**Redemption Notice**") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

- 7.7 **Redemption of EC Securities:** If the board of directors of the Subscriber determines there is a risk of imminent default by the Subscriber under the terms of any of its Borrowed Money Indebtedness, the Subscriber may, by giving written notice to each Issuer with outstanding EC Securities ("**Redemption Notice**"), require each Issuer to redeem such number of EC Securities (as is determined by the Subscriber) issued by that Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 10 Business Days after the date of the notice). If a Redemption Notice is given in accordance with this clause 7.7, the redemption shall be required proportionately across all EC Securities so that the proportionate amount of EC Securities held by the Subscriber from each Issuer remains unchanged following the redemption (unless all EC Securities are redeemed). A failure by an Issuer to comply with the Redemption Notice shall constitute an Event of Default in respect of such Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions.

~~PAYMENT FOR EC SECURITIES~~

- 7.8 **Redemption in relation to CCO Issuer:** Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed, if, whether or not within the control of the CCO Issuer, any one or more of the following occurs:

- (a) **Change of control:** in the opinion of the Subscriber, due to a change in law or otherwise (including a change in CCO Shareholder) the creditworthiness of a party to a CCO Support Document (including any CCO Shareholder) is materially weaker immediately after such change; or
- (b) **Breach of representation:** any representation or warranty made or deemed to be made by the Issuer or a CCO Shareholder in or pursuant to any Transaction Document or Shareholder Transaction Document or in any notice, certificate, statement or other document contemplated by or made or delivered pursuant to any Transaction Document or Shareholder Transaction Document is or was untrue or incorrect in any material respect when made, deemed to be repeated or delivered, and if capable of being remedied in the opinion of the Subscriber, has not been remedied within 30 days after receipt by the Issuer of a notice in writing

from the Subscriber specifying the relevant representation or warranty and requiring it to be remedied; or

(c) **Breach of undertakings:** the Issuer or CCO Shareholder commits any breach of, or omits to observe, any of its undertakings or obligations under any Transaction Document or a Shareholder Transaction Document (but in each case excluding any CCO Support Document, which is addressed at clause 10.1A(b) of the Conditions) and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the Subscriber specifying the breach or omission and requiring it to be remedied; or

(d) **Additional termination event:** an additional termination event specified by the Subscriber in a relevant Accession Deed occurs in respect of that Issuer or the relevant LA Shareholder.

then the Subscriber may, by giving written notice ("Redemption Notice") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

7.9 Redemption in relation to cross-default: Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed or as otherwise agreed in writing with the Subscriber, if, whether or not within the control of the Issuer, any one or more of the following occurs:

(a) any financial indebtedness of the Issuer owed to the Subscriber is not paid when due nor within any originally applicable grace period; or

(b) any financial indebtedness of the Issuer owed to the Subscriber is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default or review event (however described),

then the Subscriber may, by giving written notice ("Redemption Notice") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of



[Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.](#)

8. PAYMENT FOR EC SECURITIES

7.88.1 On the Issue Date for each Tranche of EC Securities, unless the Subscriber and the relevant Issuer agree otherwise, the Subscriber's obligation to pay the aggregate Issue Price for the Tranche of EC Securities automatically shall be set-off against the Issuer's obligation to pay the Exercise Price for the related Commitment Shares under the Equity Commitment Deed.

8.9. REBATES

8.19.1 The Subscriber may, at its discretion, in accordance with the rebate policy (if any) contained in the Policies, rebate to an Issuer all or part of the interest received by the Subscriber from the Issuer in relation to Securities issued by the Issuer under this deed. The Subscriber shall be under no obligation whatsoever to make any such rebate.

9.10. ISSUER INDEMNITY

9.110.1 Indemnities: Each Issuer indemnifies the Subscriber against any expense, damage, liability or loss arising from, and any costs incurred (as to which a certificate of the Subscriber shall in the absence of manifest or proven error be conclusive) in connection with (including any loss incurred by the Subscriber in terminating arrangements it has made with others to fund (or maintain its funding of) its subscription of the Securities):

- (a) the Issuer failing to issue Securities by reason of non-fulfilment of any of the conditions in clause 4.5; or
- (b) any amount payable by the Issuer under this deed not being paid when due; or
- (c) the occurrence or continuance of any other Event of Default in respect of the Issuer; or
- (d) the receipt or recovery by the Subscriber of all or any part of any amount payable by the Issuer hereunder (by prepayment or acceleration or otherwise) otherwise than on the due date relating to such amount; or
- (e) any actual or alleged breach by the Issuer of any representation, warranty or undertaking set out in this deed.

9-210.2 Payment of indemnity: Each Issuer agrees to pay all amounts due under this indemnity on demand from the Subscriber.

9-310.3 Separate Obligations: The indemnities in this clause 10 shall respectively:

- (a) constitute obligations separate and independent from each other and the other obligations under this deed;
- (b) give rise to separate and independent causes of action; and
- (c) continue in full force and effect despite any judgment, order, claim or proof for any liquidated amount under this deed or any judgment or order.

9-410.4 No prejudice: Save as expressly agreed by the Subscriber, no release, delay, forbearance, compromise or any other indulgence given by the Subscriber to the Issuer or any amendment, alteration or other variation of any provisions of this deed shall discharge, release, prejudice or affect the liability of the Issuer under this clause 10.

9-510.5 Irrevocability: This clause 10 is unconditional and irrevocable and, save as expressly agreed in writing by the Subscriber, is not to be discharged or impaired by any act, omission, matter or thing that might discharge or impair it, but for this clause.

10.11. NOTICES

10-111.1 Writing: Each notice or other communication to be given or made under this deed to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer or signatory of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this deed;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
 - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or

- (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

40.211.2 Initial address and numbers: The initial address, email address and person (if any) designated for the purposes of this deed, are set out below:

- (a) **The Issuers:** those details set out under the heading "Details for notices" for the relevant Issuer in schedule 1 or otherwise provided in the relevant Accession Deed.
- (b) **The Subscriber:**
City Chambers
Level 8
142 Featherston Street
PO Box 5704
Wellington 6145
- Email: lgfa@lgfa.co.nz
Attention: Chief Executive

41.12. AMENDMENTS

41.412.1 This deed shall not be amended except with the written agreement of the Subscriber and all of the Issuers.

42.13. MISCELLANEOUS

42.413.1 Waivers and remedies: Time shall be of the essence in this deed but no delay in acting, or failure to act, by the Subscriber or the Issuer is a waiver of any of the Subscriber's or the Issuer's rights. The rights provided in this deed do not exclude any rights provided by law.

42.213.2 Partial invalidity: An invalid provision in this deed shall not affect the enforceability of the remaining provisions of this deed.



~~42.3~~13.3 **Survival:** The indemnities given in this deed will survive the repayment of all the Securities and the termination of this deed.

~~42.4~~13.4 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

~~42.5~~13.5 **Debenture Trust Deed Notifications:** The Subscriber shall:

- (a) within one Business Day of receipt of a written request from ~~the~~an Issuer that is a Local Authority or ~~the~~that Issuer's Trustee, notify ~~the~~that Issuer and ~~the~~that Issuer's Trustee (in writing) of the "nominal amount" of the Security Stock:
 - (i) held by the Subscriber in respect of ~~the~~that Issuer's obligations under each of this deed, the Securities and, where ~~the~~that Issuer is a Guarantor, ~~the~~ Equity Commitment Deed; and
 - (ii) where ~~the~~that Issuer is a Guarantor, held by the Security Trustee in respect of ~~the~~that Issuer's obligations under the Guarantee,

in each case as at the date of the Subscriber's notification;

- (b) to the extent known by the Subscriber, notify each Issuer (in writing) of any Event of Default affecting any other Issuer as soon as practicable after its occurrence and of the steps taken or proposed to be taken by the Subscriber in relation to such Event of Default, provided that:
 - (i) the Subscriber's obligation under this clause 13.5(b) only applies in respect of Securities of which it is the Holder; and
 - (ii) the Subscriber shall not be liable for:
 - (aa) any failure to provide such notification to an Issuer; and
 - (bb) any inaccuracy or incomplete information given in a notification, provided the notification is given by the Subscriber in good faith; and
- (c) promptly notify each Issuer (in writing) if the board of directors of the Subscriber determines that there is a risk of imminent default by the Subscriber under the terms of any of its Borrowed Money Indebtedness.

~~42.6~~13.6 **Consent to notification:** Each Issuer consents to the Subscriber providing each other Issuer the information set out in clause 13.5.

Russell
McAugh

~~13.~~14. GOVERNING LAW

~~13.1~~14.1 This deed shall be governed by New Zealand law.

~~14.~~15. NO CROWN GUARANTEE

~~14.1~~15.1 The parties acknowledge that the obligations and liabilities of the Subscriber and any Issuer that is a Local Authority under this deed are not guaranteed by the Crown.

SIGNED AS A DEED

[Original execution blocks intentionally deleted]

Russell
McAugh

SCHEDULE 1

Principal Shareholders

Local Authority name:	Debenture Trust Deed details:	Details for notices:
Auckland Council	Debenture Trust Deed between Auckland Council and Trustees Executors Limited dated 2 December 2010, as amended from time to time (including the amendment dated on or about 30 November 2011) and most recently on 25 May 2016 .	<p>Delivery Address: 4 Greys Avenue 135 Albert Street Auckland Central 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Fax: (09) 368 5964</p> <p>Email: john.bishop@aucklandcouncil.govt.nz</p> <p>Attention: Mark Butcher John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	Debenture Trust Deed between Bay of Plenty Regional Council and Trustees Executors Limited dated on or about 30 November 2011.	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Fax: 0800 884 882</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Brian Trott Mat Taylor</p>

Russell
McAugh

Christchurch City
Council

Debenture Trust Deed
between Christchurch City
Council and Trustees
Executors Limited dated 26
March 2007, as amended
from time to time ~~(including
the amendment dated and
most recently on or about 30
November 2011).~~

Delivery Address:
Civic Offices
53 Hereford Street
Christchurch

Postal Address:
P O Box 73016
Christchurch 8154

~~Fax: 03-941-8811~~

~~Email: Treasury@ccc.govt.nz~~

Attention: ~~Paul Anderson~~ [Andrew
Jefferies](#)

Hamilton City Council

Debenture Trust Deed
between Hamilton City
Council and Trustees
Executors Limited dated 19
June 2001, as amended
from time to time ~~(including
the amendment dated and
most recently on or about 30
November 2011).~~

Delivery Address:
[260 Anglesea Street](#)
Council Building
Garden Place
Hamilton
[3240](#)

Postal Address:
Private Bag 3010
Hamilton 3240

~~Fax: 07-838-6616~~

~~Email: david.bryant@hcc.govt.nz~~

Attention: ~~Matthew Walker~~ [David Bryant](#)

Hastings District Council

Debenture Trust Deed
between Hastings District
Council and Perpetual Trust
Limited ~~(and now between
the Council and Covenant
Trustee Services Limited)~~

Delivery Address:
207 Lyndon Road East
Hastings 4122

Postal Address:
Private Bag 9002

Russell
McAugh

Masterton District
Council

dated 16 March 2007, as
amended from time to time
(including the amendment
dated and most recently on or
about 30 November 2011);

Hastings 4156

Fax: 06-871 5101

Email: brucea@hdc.govt.nz

Attention: ~~Tony Gray~~ [Bruce Allan](#)

Debenture Trust Deed
between Masterton District
Council and Trustees
Executors Limited dated 26
June 2007, as amended
from time to time (including
the amendment dated and
most recently on or about 30
November 2011);

Delivery Address:

~~64 Chapel Street~~

[27 Lincoln Road](#)

Masterton ~~5840~~ [5810](#)

Postal Address:

PO Box 444

Masterton 5840

Fax: 06-378 8400

Email: davidp@mstn.govt.nz

Attention: ~~David Paris~~ [Manager Finance](#)

Russell
McAugh

New Plymouth District
Council

Debenture Trust Deed
between New Plymouth
District Council and
Perpetual Trust Limited ([and
now between the Council
and Covenant Trustee
Services Limited](#)) dated 21
May 2009, as amended from
time to time (~~including the
amendment dated~~ [and most
recently](#) on ~~or about~~ 30
November 2011).

Delivery Address:

Liardet St
New Plymouth

Postal Address:

Private Bag 2025
New Plymouth 4342

~~Fax: 06-759-6072~~

Email:

alison.trustrumrainey@npdc.govt.nz /
carla.freeman@npdc.govt.nz

Attention: ~~Philip Armstrong~~ [Alison
TrustrumRainey / Carla Freeman](#)

~~Otorohanga~~ [Otorohanga](#)
District Council

Debenture Trust Deed
between
~~Otorohanga~~ [Otorohanga](#)
District Council and
Perpetual Trust Limited ([and
now between the Council
and Covenant Trustee
Services Limited](#)) dated ~~on
or about~~ 30 November 2011.

Delivery Address:

17 Maniapoto Street
~~Otorohanga~~ [Otorohanga](#) 3940

Postal Address

PO Box 11
~~Otorohanga~~ [Otorohanga](#) 3940

~~Fax: 07-873-4300~~

Email: grahamb@otodc.govt.nz

Attention: Graham Bunn

Selwyn District Council

Debenture Trust Deed
between Selwyn District
Council and Trustees
Executors Limited dated 17
July 2009, as amended from
time to time (~~including the
amendment dated~~ [and most
recently](#) on ~~or about~~ 30
November 2011).

Delivery Address:

2 Norman Kirk Drive
Rolleston

Postal Address:

P O Box 90
Rolleston 7643

~~Fax: 03-347-2799~~

Russell
McAugh

		<p>Email: Treasury.management@selwyn.govt.nz</p> <p>Attention: Douglas MarshallGreg Bell</p>
South Taranaki District Council	Debenture Trust Deed between South Taranaki District Council and Trustees Executors Limited dated 21 December 2007, as amended from time to time (including the amendment dated and most recently on or about 30 November 2011) dated and most recently on or about 30 November 2011);	<p>Delivery Address: 105-111 Albion Street Hawera 4610</p> <p>Postal Address: Private Bag 902 Hawera 4640</p> <p>Fax: 06-278-8757</p> <p>Email: vipul.mehta@stdc.govt.nz</p> <p>Attention: Vipul Mehta</p>
Tasman District Council	Debenture Trust Deed between Tasman District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 7 July 2010, as amended from time to time (including the amendment dated and most recently on or about 30 November 2011) dated and most recently on or about 30 November 2011);	<p>Delivery Address: 189 Queen Street, Richmond, Nelson 7050</p> <p>Postal Address Private Bag 4 Richmond, Nelson 7050</p> <p>Fax: 03-543-9524</p> <p>Email: treasury@tasman.govt.nz</p> <p>Attention: Murray StaitCorporate Services Manager</p>

Russell
McAugh

Taupo District Council

Debenture Trust Deed
between Taupo District
Council and Trustees
Executors Limited dated 19
October 2009, as amended
from time to time ~~(including
the amendment dated and
most recently on or about 30
November 2011).~~

Delivery Address:
72 Lake Terrace
Taupo 3330

Postal Address:
Private Bag 2005
Taupo 3352

~~Fax: 07-377-2985~~

~~Email: nward@taupo.govt.nz~~

Attention: ~~Rob Williams~~ [Neil Ward](#)

Tauranga City Council

Debenture Trust Deed
between Tauranga District
Council and Perpetual Trust
Limited ~~(and now between
the Council and Covenant
Trustee Services Limited)~~
dated 11 August 1998, as
amended from time to time
~~(including the amendment
dated and most recently on or
about 30 November 2011).~~ [7
September 2012.](#)

Delivery Address:
91 Willow Street
Tauranga 3143

Postal Address:
Private Bag 12022
Tauranga 3143

~~Fax: 07-577-7056~~

~~Email: treasury.settlements@tauranga.govt.nz~~

Attention: Mohan De Mel

Russell
McAugh

Waipa District Council

Debenture Trust Deed
between Waipa District
Council and Trustees
Executors Limited dated 16
May 2007, as amended from
time to time ~~(including the
amendment dated and most
recently on or about 30
November 2011).~~

Delivery Address:

101 Bank Street
Te Awamutu

Postal Address:

Private Bag 2402
Te Awamutu 3800

~~Fax: 07-872-0033~~

~~Email:~~

~~Farrah.Templeton@waipadc.govt.nz~~

~~Sarah.Davies@waipadc.govt.nz~~

~~Ken.Morris@waipadc.govt.nz~~

Attention: Ken Morris

Wellington City Council

Debenture Trust Deed
between Wellington City
Council and Trustees
Executors Limited dated 11
May 2005, as amended from
time to time ~~(including the
amendment dated and most
recently on or about 5
December 2011).~~

Delivery Address:

~~101 Wakefield Street~~

~~[Wellington City Council](#)~~

~~[113 The Terrace](#)~~

Wellington

Postal Address:

PO Box 2199
Wellington 6140

~~Fax: 04-804-3090~~

~~Email: martin.read@wcc.govt.nz~~

Attention: ~~Danny McComb~~ [Martin Read](#)

Wellington Regional
Council

Debenture Trust Deed
between Wellington Regional
Council and Trustees
Executors Limited dated 23
November 2011.

Delivery Address:

~~142 Wakefield Street~~

~~[Shed 39, 2 Fryatt Quay, Pipitea](#)~~

Wellington ~~6011~~

Postal Address:

Russell
McAugh

P O Box 11646
Manners Street
Wellington 6142

Fax: 04-385-3973

Email: mike.timmer@gw.govt.nz

matthias.zuschlag@gw.govt.nz

Attention: Mike Timmer

Delivery Address:

Barkes Comer
Greerton
Tauranga

Postal Address:

Private Bag 12803
Tauranga 3143

Fax: 07-577-9280

Email:

kumaren@perumal@westernbay.govt.nz

Attention: ~~Matthew Potton~~ [Kumaren](#)

[Perumal](#)

Delivery Address:

Forum North
Rust Avenue
Whangarei

Postal Address:

Private Bag 9023
Whangarei 0148

Fax: 09-438-7632

Email: alan.adcock@wdc.govt.nz

Western Bay Of Plenty
District Council

Debenture Trust Deed
between Western Bay of
Plenty District Council and
Trustees Executors Limited
dated 8 October 1999, as
amended from time to time
(including the amendment
dated ~~and most recently~~ on ~~or~~
~~about~~ 30 November 2011);

Whangarei District
Council

Debenture Trust Deed
between Whangarei District
Council and [Trustees
Executors Limited \(formerly
Tower Trust Limited\)](#) dated
10 June 2002, as amended
from time to time (including
the amendment dated ~~and~~
~~most recently~~ on ~~or about~~ 30
November 2011);

Russell
McAugh

Attention: Alan Adcock

SCHEDULE 2

Conditions

The following are the Conditions which will apply to each Tranche issued by an Issuer under the Multi-issuer Deed. The applicable Final Terms in relation to a Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions applicable to the Tranche. References in these Conditions to the "Issuer" means the Issuer specified in the applicable Final Terms.

1. INTERPRETATION

1.1 **Definitions:** In these Conditions, unless the context otherwise requires:

"Act" means the Local Government Act 2002.

"Agency Agreement" means, in relation to the Issuer and a Series, the agency agreement between the Issuer and the person appointed as Registrar for the Series, as specified in the applicable Final Terms.

"Amortisation Date" means, in respect of an Amortising Security, each date (other than the Maturity Date) for the repayment of part of the Principal Amount of that Amortising Security, being the dates specified as such in the applicable Final Terms.

"Amortising Security" means a Security (whether a Fixed Rate Security or a Floating Rate Security) the Principal Amount or part of the Principal Amount of which is repayable on the scheduled Amortisation Dates for that Security.

"Approved Issuer Levy" means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Security, the levy payable by the Issuer in accordance with section 86J of the Stamp and Cheque Duties Act 1971.

"Base Rate" means, in relation to an Interest Period:

(a) **Bill rate:**

- (i) if the Interest Period is 1, 2, 3, 4, 5, or 6 months, the mid rate (rounded upwards, if necessary, to the nearest four decimal places) as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen page BKBM (or its successor page) ("**Reuters Monitor Screen**") for bank bills having a term approximately equal to that Interest Period; or



- (ii) if the Interest Period is longer than 1 month but shorter than 6 months, and not 2, 3, 4, or 5 months, the rate resulting from straight line interpolation (rounded upwards, if necessary, to the nearest four decimal places) between the mid rates as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen for bank bills having a term:
 - (aa) shorter than, but closest to, that Interest Period; and
 - (bb) longer than, but closest to, that Interest Period; or
- (iii) (in either case) if there are no such rates displayed for bank bills having the relevant term, then the average (rounded upwards if necessary to the nearest four decimal places) of the rates quoted to the Registrar for the relevant Series by each of the Reference Banks (or such one or more of them as are quoting) as being its buy rate for bank bills at or about that time on that date; or
- (iv) if the rate cannot be determined pursuant to paragraphs (i) to (iii) above, the rate determined by the Registrar (following consultation with the Holder).

(b) **Swap Rate:** a rate equal to the floating rate that would be determined by the Registrar or other person specified in the applicable Final Terms under an interest rate swap transaction if the Registrar or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the Securities and under which:

- (i) the floating rate option is as specified in the applicable Final Terms;
- (ii) the designated maturity is the period specified in the applicable Final Terms; and
- (iii) unless otherwise stated in the applicable Final Terms, the relevant reset date is the first day of that Interest Period.

(c) **Other specified rate:** any other reference rate as may be specified in the Final Terms for a Tranche,

in each case as set out in the applicable Final Terms.



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

"CCO" means a "council-controlled organisation" as defined in the Act, but excludes:

- (a) a council-controlled organisation that is not a company; and
- (b) a council-controlled organisation in which the equity securities held or controlled, directly or indirectly, by one or more Local Authorities carry less than (in aggregate) 51% of the voting rights at a meeting of the shareholders of that council-controlled organisation.

"CCO Credit Support" means, in relation to a CCO Issuer, any combination of the following:

- (a) a CCO Security;
- (b) a CCO Negative Pledge and Covenant;
- (c) a CCO Guarantee;
- (d) where a LA Shareholder provides a CCO Guarantee, the Security Stock issued by the LA Shareholder in respect of its obligations under the CCO Guarantee; and/or
- (e) any other security arrangements.

as specified in the applicable Final Terms.

"CCO Guarantee" means, in relation to a CCO Issuer, a guarantee and indemnity made by one or more CCO Shareholders (subject to any applicable laws) in favour of (amongst others) the Holder in respect of the indebtedness of that CCO Issuer.

"CCO Issuer" means an Issuer that is a CCO.

"CCO Negative Pledge and Covenant" means the undertakings given by a CCO Issuer in favour of the Holder and, set out in the applicable Final Terms, relating to:

- (a) for so long as any Series issued by the Issuer is outstanding, the restrictions on the creation or subsistence of any security interest over the whole or any part of its assets, other than a permitted security interest (as specified in the applicable Final Terms);
- (b) for so long as any Series issued by the Issuer is outstanding, the amount of its indebtedness relative to the aggregate amount uncalled and unpaid in respect of

equity securities in the Issuer owned legally and beneficially by the CCO Shareholders; and

(c) if applicable, calling up and/or demanding payment of, the whole or part (as specified in the request from the Holder) of the amount uncalled and/or unpaid in respect of the equity securities referred to in paragraph (b) on written request from a Holder, provided that such request may only be made following the occurrence of an Event of Default that is continuing.

"CCO Security" means, in relation to a CCO Issuer, a first ranking security interest in all of the CCO Issuer's property (including any rights of the CCO in respect of any amounts uncalled and/or unpaid in respect of equity securities owned legally and/or beneficially by the CCO Shareholders).

"CCO Shareholder" means a LA Shareholder or an Other Shareholder.

"CCO Support Document" means, in relation to a CCO Issuer, any document in relation to CCO Credit Support, as specified in the applicable Final Terms.

"Class" means a category of Securities which in the reasonable opinion of the Issuer -at any particular time, for any particular purpose, constitutes a separate class of Securities and

"Class of Holders" means the Holders of those Securities.

"Companies Act" means the Companies Act 1993.

"Debenture Trust Deed" means, in relation to ~~the Issuer~~ a Local Authority, the debenture trust deed made by ~~the Issuer~~ that Local Authority, under which certain of the ~~Issuer's~~ Local Authority's indebtedness may, from time to time, be secured by the issuing of Security Stock.

"Default Interest" has the meaning given in clause 6.6.

"Enforcement Event" has the meaning given to it in the Debenture Trust Deed.

"Event of Default" means any of the events specified in clause ~~10.1~~ 10.1 or 10.1A (as applicable).

"Extraordinary Resolution" has the meaning set out in the schedule to these Conditions.

"Final Terms" means:

(a) in relation to a Series or Tranche of EC Securities (as defined in the Multi-issuer Deed), the document entitled **"Final Terms"** signed by the Issuer and the original subscriber; and



(b) in relation to a Series or Tranche of any other Securities, the document entitled "**NZ Local Government Funding Agency Term Sheet**" signed by an authorised signatory of the original subscriber,

in either case, that supplements these Conditions and may specify other terms and conditions which shall, to the extent inconsistent with these Conditions, replace or modify these Conditions with respect to the Tranche.

"Fixed Rate Security" means a Security bearing a fixed rate of interest.

"Floating Rate Security" means a Security bearing interest at a margin over the Base Rate.

"FMC Act" means the Financial Markets Conduct Act 2013.

"Holder" means, in relation to the Issuer at any time, the person whose name is recorded in the Register as the holder of a Security issued by the Issuer at that time.

"Insolvency Event" means, in relation to a CCO Issuer or any CCO Shareholder, any ["Insolvency Event" specified in the applicable Final Terms.](#)

"Interest Payment Date" means:

- (a) in relation to a Floating Rate Security, the last day of each Interest Period for that Floating Rate Security; and
- (b) in relation to a Fixed Rate Security, the quarterly, semi-annual or annual dates fixed at the time of issue of that Security for the payment of interest in respect of that Security as specified in the Final Terms and recorded as such in the Register.

"Interest Period" means, in relation to a Floating Rate Security, a period determined in accordance with clause ~~7.1(a)~~ [7.1\(a\)](#) in respect of that Security.

"Interest Rate" means, in relation to a Security, the rate of interest (if any) payable in respect of that Security (which may be a fixed rate or a margin over the Base Rate) specified in the applicable Final Terms and recorded as such in the Register.

"Issue Date" means, in relation to a Security, the date on which that Security is issued, being the date specified as such in the applicable Final Terms and recorded as such in the Register.

"Issue Price" means, in relation to a Tranche, the Issue Price specified in the applicable Final Terms.



"LA Shareholder" means, in relation to a CCO Issuer, each Local Authority that holds or controls (directly or indirectly) any equity securities of that CCO Issuer.

"Local Authority" means a local authority as defined in the Act.

"Margin" means, in relation to a Floating Rate Security, the margin specified in the applicable Final Terms and recorded as such in the Register.

"Maturity Date" means, in relation to a Security, the date for the repayment of the Security, being the date specified in the applicable Final Terms and recorded as such in the Register.

"Minimum Subscription Amount" means, in relation to a Tranche, the minimum subscription amount of the Tranche, being the amount specified as such in the applicable Final Terms and recorded as such in the Register.

"Multi-issuer Deed" means the deed dated on or about 7 December 2011 [\(as amended and restated from time to time\)](#) between New Zealand Local Government Funding Agency Limited and various Local Authorities entitled **"Multi-issuer Deed"**.

"NZClear" means the securities clearing and settlement facility known as the NZClear ~~System~~ [New Zealand System or any other securities clearing and/or settlement facility which replaces or supersedes it from time to time](#).

"NZ Dollars" or **"\$"** means the lawful currency of New Zealand.

"Other Shareholder" means, in relation to a CCO Issuer, a person that is not a Local Authority that holds or controls (directly or indirectly) any equity securities of that CCO Issuer.

"Principal Amount" means, in relation to a Security, the amount (other than interest) payable on redemption or repayment of the Security, being the amount specified as such in the applicable Final Terms and recorded as such in the Register or, as the context may require, in relation to an Amortising Security, the principal amount thereof for the time being outstanding, as reduced in accordance with clause 6.3 of these Conditions.

"Record Date" means, in relation to a payment due on a Security, 5.00pm on the tenth day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day.

"Reference Banks" means ANZ Bank New Zealand Limited, Bank of New Zealand, ASB Bank Limited and Westpac New Zealand Limited.

"Register" means, in relation to a Series issued by the Issuer, the register of Securities maintained by the Registrar for the Series in accordance with these Conditions and the Agency Agreement.

"Registrar" means, in relation to a Series issued by the Issuer, the person named in the Agency Agreement and specified in the applicable Final Terms as the registrar, calculation agent and paying agent for the Series, or any successor agent appointed under the Agency Agreement in relation to the Series.

"RWT-Exempt Status" means ["RWT-exempt status" as defined in the Taxation \(Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters\) Act 2018.](#)

"Security" means a security issued under the Multi-issuer Deed and constituted by, and subject to the terms and conditions set out in, these Conditions, and includes an Amortising Security, a Fixed Rate Security, a Floating Rate Security, a Zero Coupon Security or any other type of security agreed from time to time by the Issuer and the initial subscriber for the security.

"Security Stock" means Security Stock as defined in the Debenture Trust Deed.

"Security Stock Certificate" means a Security Stock Certificate as defined in the Debenture Trust Deed.

"Series" means a Tranche of Securities together with any further Tranche or Tranches of Securities which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects except for their respective Issue Dates, first Interest Payment Dates and/or Issue Prices.

"Stock" has the meaning given to it in the Debenture Trust Deed.

"Tranche" means Securities of the same Series in respect of which all terms are identical.

"Trustee" means the trustee or supervisor as defined in the relevant Debenture Trust Deed.

"Zero Coupon Security" means a Security in respect of which no interest is payable, issued or to be issued by the Issuer at a discount to its Principal Amount.

1.2 **References:** Except to the extent that the context otherwise requires, any reference in these Conditions to:

a **"clause"** or **"schedule"** is a reference to a clause of, or schedule to, these Conditions.

any **"governmental agency"** includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body



charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

"indebtedness" includes an obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

a **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and **"lawful"** shall be construed accordingly.

something having a **"material adverse effect"** on a person is a reference to it having a material adverse effect on the financial condition or operations of that person which materially adversely affects the ability of that person to perform or comply with its payment obligations under these Conditions ~~or any Security~~, [any Security or any CCO Credit Support or CCO Support Documents \(if applicable\)](#).

["non-tax resident" means a Holder that is not a tax resident.](#)

"outstanding" means, in relation to Securities, all Securities other than those which have been:

- (a) redeemed or repaid in full in accordance with these Conditions; or
- (b) purchased and cancelled in accordance with these Conditions.

"payment" includes satisfaction of a monetary obligation.

"person" includes an individual, firm, company, corporation or unincorporated body of persons, organisation or trust, and any state, government or governmental agency, in each case whether or not having a separate legal personality.

"registered bank" has the meaning in section 2 of the Reserve Bank of New Zealand Act 1989.

[something being "remedied" means it is remedied to the satisfaction of the Holder.](#)

a **"security interest"** includes a security interest (as construed and defined in the Personal Property Securities Act 1999), mortgage, lien, pledge, any interest in land of a security nature, any other security arrangement creating in effect security for the payment of a monetary obligation or the observance of any other obligation, and any other arrangement having like economic effect over any property, assets or revenues, and **"unsecured"** means not subject to a security interest.

"**tax**" includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called (including, for the avoidance of doubt, Approved Issuer Levy), imposed or levied by any governmental agency, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of any of the foregoing.

"**tax resident**" means a Holder that:

(a) is resident in New Zealand for tax purposes; ~~or engaged in~~

(b) carries on business in New Zealand through a fixed establishment ~~in New Zealand,~~
~~and "non-tax resident" and either:~~

(i) is a registered bank and is not associated with the Issuer; or

(ii) holds the Security for the purposes of the business it carries on in New Zealand through that fixed establishment.

provided that for the purposes of this definition, the terms "associated", "fixed establishment" and "registered bank" shall ~~be construed accordingly~~ have the meanings given in the Income Tax Act 2007.

"**written**" and "**in writing**" includes all means of reproducing words in a tangible and permanently visible form.

1.3 **Miscellaneous:**

- (a) The headings in the Conditions are inserted for convenience only and shall be ignored in construing these Conditions.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.



- (e) References to any party to these Conditions or any other document or any Holder shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. ISSUE AND FORM OF SECURITIES

2.1 **Form of Securities:** Securities may be issued on terms such that the Principal Amount is a fixed amount or a reducing amount and/or that interest (if the Security is interest-bearing) will be calculated by reference to a specific interest rate (which may be a fixed rate or a margin over the Base Rate) or as otherwise specified in the applicable Final Terms. Each Security shall:

- (a) be in uncertificated book entry form;
- (b) be denominated in NZ Dollars; and
- (c) have a Minimum Subscription Amount for holdings of the Security of at least \$750,000 and also may have a minimum multiple of that amount for such holdings, in each case as specified in the applicable Final Terms.

2.2 **Final Terms:** Securities shall be constituted and issued in Tranches. Each Tranche shall be subject to the terms and conditions set out in the Final Terms for the Tranche and (as modified by those Final Terms) these Conditions. To the extent that the Final Terms for a Tranche modifies these Conditions, or in the event of any conflict between the provisions of the Final Terms and those of these Conditions, the Final Terms shall prevail over these Conditions in relation to the Tranche.

3. STATUS OF SECURITIES

3.1 **Status of Securities:**

- (a) The Securities are and will at all times be direct, secured and unconditional indebtedness of the Issuer.
- (b) Securities issued by the Issuer rank and will at all times rank equally without any preference or priority among themselves.

3.2 **Security:** (Local Authority): All Securities issued by ~~the~~an Issuer that is a Local Authority shall have the benefit of the security interest given, and shall be subject to any security arrangements provided for, in the Debenture Trust Deed.

3.2A **Security (CCO):** All Securities issued by a CCO Issuer shall have the benefit of any security interest given, and shall be subject to any security arrangements provided for, in the CCO Support Documents.

- 3.3 **Provisions applicable to Securities:** Each Tranche shall be issued and held with the benefit of and subject to these Conditions and the applicable Final Terms, all of which are binding upon the Issuer and the Holders. The Holders shall be deemed to have notice of these Conditions and the applicable Final Terms.
- 3.4 **Enforcement of Holders' rights:** Holders may enforce any of their rights or remedies under these Conditions and the applicable Final Terms directly against the Issuer.

4. TITLE AND TRANSFER

- 4.1 **Certificates:** At the request of a Holder, or otherwise as required by the FMC Act or any other applicable law, the Issuer shall procure the Registrar to issue to the Holder a certificate or notice of registration in relation to the Securities held by the Holder, such certificate or notice to be in the form agreed between the Issuer and the Registrar. A certificate or notice of registration issued in respect of a Security will not constitute a document of title. Subject to clause ~~4.6~~4.6, entitlement will be determined solely by entry in the Register and, in the case of the beneficial interest in Securities lodged in NZClear, the records of NZClear.
- 4.2 **Transfer:** Title to a Security may be transferred by a transfer in any commonly used form signed by the transferor and the transferee and produced to the Registrar.
- 4.3 **Partial transfers:** A Holder may transfer part only of its interest in a Security. However, no transfer of any part of its interest may be effected if such transfer would result in the transferor or the transferee holding or continuing to hold Securities with an aggregate Principal Amount of less than the applicable Minimum Subscription Amount (or minimum multiple thereof).
- 4.4 **Fees:** The Issuer and the Registrar shall make no service charge to the Holders for:
- (a) the registration of any holding of Securities; or
 - (b) the transfer of registered title to any Securities.

The Issuer and the Registrar may, however, require the payment of any taxes and other governmental charges payable as a result of any transfer.

- 4.5 **Selling restrictions:**



- (a) Each Holder shall only offer for sale or sell, directly or indirectly, or transfer any Security in conformity with all applicable laws ~~and regulations~~ in any jurisdiction in which it is offered, sold or delivered.
- (b) Without limitation to the generality of clause ~~4.5(a);~~ 4.5(a), Securities shall not be offered, sold or delivered, nor may any information memorandum, advertisement or other offering materials in relation to any offer of such Securities be distributed in New Zealand other than to "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMC Act, being a person who is:
 - (i) an "investment business";
 - (ii) "large"; or
 - (iii) a "government agency",in each case as defined in Schedule 1 to the FMC Act. For the avoidance of doubt, such Securities may not be offered or transferred to, among others, "eligible investors" (as defined in the FMC Act).
- (c) No information memorandum or any advertisement, prospectus or other offering material in respect of any Security may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws ~~and regulations~~.

4.6 **Debenture Trust Deed:** In the case of any Security lodged in NZClear and:

- (a) issued by a Local Authority, for the purposes of the Debenture Trust Deed and any Security Stock issued under that Debenture Trust Deed for that Security and evidenced by a Security Stock Certificate, ~~or~~ or
- (b) issued by a CCO, for the purposes of any CCO Support Document (if applicable).

all amounts payable (present or future, actual or contingent) under these Conditions in respect of that Security shall be deemed to be owed to the holder of the beneficial interest in the Security (as shown in the records of NZClear). This clause applies notwithstanding anything to the contrary in these Conditions.

5. REGISTER

- 5.1 **Register:** The Issuer shall at all times while any Series is outstanding cause the Registrar for each Series to maintain the Register, which must record in respect of each Security the information specified in the applicable Final Terms plus the following information:

- (a) the name, address and (where known) tax residency of the Holder;
- (b) details of the account to which payments in respect of the Securities are to be made;
- (c) transfers of the Security;
- (d) details of any resident withholding tax exemption certificates held by the Holder; and
- (e) any other information required by law.

5.2 **Disclosure and Inspection:** The Registrar of the relevant Series must disclose to a Holder who so requests, any information held on the Register which relates to the Security(s) registered in the name of the Holder. The Holders may at any time during normal office hours upon reasonable notice to the Registrar inspect and take extracts from each Register without payment of any fee.

5.3 **Register conclusive:** Except as ordered by a court of competent jurisdiction and subject to clause [4.6](#), [4.6](#), the Issuer and the Registrar are each entitled to recognise the Holder of a Security as the absolute owner of the Security and shall not be bound by any actual or constructive notice of any trust (express, implied or constructive), encumbrance, security or other adverse interest to which any Security may be subject. No recognition of any trust (express, implied or constructive), encumbrance, security or other adverse interest shall be entered on the Register. In the event of any conflict between any certificate or notice of registration issued in respect of a Security and the Register, the Register shall prevail.

5.4 **Correction of errors:** Each Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

5.5 **Co-ownership Securities:**

- (a) Where two or more persons are registered as Holders of the same Security(s) by virtue of any application for Securities, memorandum of transfer or other instrument, then, unless the contrary is expressed in the application, memorandum, or other instrument, the persons will be deemed to hold the Security(s) as joint tenants with right of survivorship.
- (b) If two or more persons apply by memorandum of transfer, to be registered as Holders as tenants in common, the Registrar for the relevant Series may, after notifying the persons of its intention to do so, divide the Securities into parcels which represent each such person's share. If the Securities cannot be divided into shares which would enable each such person to hold Securities with an aggregate



Principal Amount of at least the applicable Minimum Subscription Amounts (and any minimum multiples thereof), the Registrar of the relevant Series may refuse to accept the memorandum of transfer.

- 5.6 **Acquisition of Securities by operation of law:** When the right to a Security is acquired by any person in any manner other than by way of a transfer under these Conditions (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar of the relevant Series, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of the Security, will enter that person's name in the Register as the Holder of the Security accordingly.
- 5.7 **Notification by Holders:** Any change of name or address of any Holder or any change in any other information required to be inserted in the Register in respect of any Holder shall immediately be notified to the Registrar of the relevant Series in writing by the Holder, or if a joint holding by all the joint Holders.
- 5.8 **Compliance with law:** The Issuer shall comply with, and shall use its best endeavours to ensure that each Registrar complies with, all statutory requirements and the requirements of these Conditions relating to the keeping of the Register and the details entered in the Register.
- 6. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST**
- 6.1 **Determination of Principal Amount:** The Principal Amount of each Security shall be the amount recorded as such in the Register in respect of the Security, which may be the par or face value.
- 6.2 **Principal Amount of Securities:** The Issuer shall, on the Maturity Date of each Security, unconditionally pay or cause to be paid to, or to the order of, the relevant Holder the Principal Amount of the Security. Unless the applicable Final Terms provide otherwise, and except to the extent provided in these Conditions, a Security shall not be redeemed prior to its Maturity Date.
- 6.3 **Principal Amount of Amortising Securities:** The Issuer shall, on each Amortisation Date of each Amortising Security, unconditionally pay, or cause to be paid to, or to the order of, the relevant Holder, the portion of the Principal Amount of the Amortising Security as set out in respect of the Amortisation Date in the applicable Final Terms and recorded in the Register.
- 6.4 **Interest:** The Issuer shall pay interest on each Interest Payment Date:



- (a) on each Floating Rate Security for each Interest Period, at the rate per annum equal to the aggregate of the Base Rate for the Interest Period (as determined by the Registrar for the relevant Series) and the Margin for the Floating Rate Security; and
- (b) on each Fixed Rate Security, at the Interest Rate for the Fixed Rate Security.

6.5 **Non-payment:** Each Security will cease to bear interest from its Maturity Date unless payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, any judgment) up to but excluding the date on which payment in full of the Principal Amount is made.

6.6 **Default interest:** If any amount payable by the Issuer in respect of a Security or any other amount due to any person from the Issuer under these Conditions is not paid on its due date, interest ("Default Interest") shall accrue on the unpaid amount (net of any interim or progress payments made) (after, as well as before, any judgment) at the rate determined by the Registrar for the relevant Series to be the aggregate of 2% and the Base Rate which on the due date would apply to an interest period of one month, shall be determined at monthly intervals thereafter until the unpaid amount (net of any interim or progress payments) is paid and shall be compounded monthly until paid. For the avoidance of doubt, this clause 6.6 shall not apply in respect of payments suspended in accordance with these Conditions.

7. CALCULATION OF INTEREST

7.1 Floating Rate Securities:

- (a) **Interest Periods:** Each Interest Period in relation to a Floating Rate Security shall be a period of one, two, three, four, five or six months' duration (as specified in the applicable Final Terms) and:
 - (i) the first Interest Period will commence on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date (as specified in the applicable Final Terms) and each subsequent Interest Period will commence on (and include) the Interest Payment Date of the previous Interest Period and end on (but exclude) the next Interest Payment Date;
 - (ii) if an Interest Period would otherwise end on a day which is not a Business Day, it will be extended to the next Business Day; and
 - (iii) if the final Interest Period would otherwise extend beyond the Maturity Date, it will end on the Maturity Date.



(b) **Basis for calculation:** Interest shall be calculated on the Principal Amount of the Floating Rate Security, on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest shall accrue from day to day and shall be paid to the Holder in ~~arrears~~ arrear on the Interest Payment Date for the Interest Period.

7.2 **Fixed Rate Securities:** Interest shall be calculated on the Principal Amount of each Fixed Rate Security and shall be payable in ~~arrears~~ arrear in equal quarterly, semi-annual or annual instalments (as specified in the applicable Final Terms) on each Interest Payment Date for the Fixed Rate Security.

8. PAYMENTS

8.1 **Payment to Holder:** Payment of the Principal Amount of, and interest (if any) on, a Security (less any amount required to be deducted in accordance with clause ~~9)9)~~ shall be made to the person whose name appears in the Register as the Holder of the Security on the Record Date in respect of the relevant payment. If more than one person is so named in the Register, payment will be made to the first person so named.

8.2 **Method of payment:** A Holder may, by notice to the Registrar for the Series, request the Registrar to make payments in respect of any Security held by it to a specified bank account and may at any time cancel or amend any notice so given. No such notice, or cancellation or amendment of a notice, will have effect in respect of any payment unless received by the Registrar on or before the Record Date for the payment. In the absence of any such notice, payments in respect of each Security will be made by posting a cheque to the address of the relevant Holder appearing in the Register. Any notice given under this clause will be deemed to be automatically cancelled upon transfer of all or part of a Security. A notice from one of several Holders of the same Securities shall be deemed to be given by all such Holders.

8.3 **Business Day:** If any Interest Payment Date or the Maturity Date of a Security is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and all other provisions of these Conditions and the Agency Agreement will be read and construed accordingly.

8.4 **Unclaimed payments:** In respect of any Securities, if any payment made by the Issuer to any Holder at its address last entered in the Register is returned unclaimed the amount concerned must (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be returned to the Issuer. The Issuer shall be entitled to retain for its own benefit, and will have no liability in respect of, the amount concerned if it remains unclaimed six years after the original date of payment.



- 8.5 **Reinstatement:** If any payment made to a Holder by, or on behalf of, the Issuer is subsequently rescinded, avoided or otherwise restored to the Issuer, that payment will be deemed not to have discharged or affected the liability of the Issuer in respect of which that payment was made. In that event the relevant Holder and the Issuer will be restored to the position in which each would have been, and be entitled to exercise all the rights which each would have had, if such payment had not been made.

9. TAXES

- 9.1 **Deductions or withholdings:** All sums payable under a Security or under these Conditions must be paid:

- (a) free of any restriction or condition;
- (b) free and clear of, and (except to the extent required by law or as provided in this clause ~~9)~~9) without any deduction or withholding on account of, any taxes; and
- (c) without deduction or withholding on account of any other amount whether by way of set-off or otherwise (except as provided in clauses 9.2 and 9.3).

- 9.2 **Non-resident Withholding Tax:** New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to non-tax resident Holders. Unless the relevant non-tax resident Holder notifies the Issuer that it elects that non-resident withholding tax be deducted from payments to it instead of Approved Issuer Levy, if the Issuer is lawfully able to register for and pay Approved Issuer Levy in respect of any payment of interest (or deemed interest) to non-tax resident Holders, the Issuer shall register itself as an approved issuer and shall register the Series as registered securities, and the Issuer, or the Registrar for the relevant Series on its behalf, shall pay the Approved Issuer Levy to the appropriate authority and shall deduct the amount paid from the interest (or deemed interest) payable to those Holders in lieu of deducting New Zealand non-resident withholding tax from that payment at the rate otherwise applicable.

- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Holders who are tax resident unless an appropriate exemption certificate ([or, on or after 1 April 2020, confirmation of RWT-Exempt Status](#)) is produced to the Registrar for the Series on or before the Record Date for the relevant payment.

- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Securities under clause 9.2 or 9.3. If, in respect of any Security, the Registrar for the Series or the Issuer becomes liable to make any payment of,

or on account of, tax payable by any Holder, then the Registrar for the relevant Series and the Issuer shall be indemnified by the relevant Holder in respect of such liability. Any moneys paid by the Registrar for the relevant Series or the Issuer in respect of such liability may be recovered from the Holder as a debt due to the Registrar for the relevant Series or the Issuer and may be withheld from any further payments to that Holder. Nothing in this clause will prejudice or affect any other right or remedy of the Registrar for the relevant Series or the Issuer.

9.5 **Maximum rate:** Deductions of non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence to the Issuer or the Registrar for the relevant Series (acceptable to it) that a lesser rate is applicable.

9.6 **Tax status:** The Issuer and the Registrar for the relevant Series shall be entitled for the purposes of this clause 9.6 to rely, without further enquiry, upon any statement made by or on behalf of a Holder in relation to that Holder's tax status or tax residency.

10. DEFAULT

10.1 **Events of Default: (Local Authority):** Any one or more of the following, whether or not within the control of the Issuer, constitutes an Event of Default for an Issuer that is a Local Authority:

(a) **Non-payment:** payment of:

- (i) the Principal Amount of the Securities is not made on the due date and such non-payment continues unremedied for two Business Days after its due date; or
- (ii) interest on the Securities is not made on the due date and such non-payment continues unremedied for seven Business Days after its due date; or

(b) **Other breach:** the Issuer commits any breach of, or omits to observe, any of its undertakings or obligations under the Securities and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the ~~Subscriber~~Holder specifying the breach or omission and requiring it to be remedied; or

(c) **Receivership, Statutory management:**

- (i) a receiver, or receiver and manager is appointed (or the Issuer requests such appointment) or an encumbrancer takes possession or exercises its

powers of sale in respect of, all or any material part of the assets of the Issuer unless the Issuer demonstrates to the ~~Subscriber~~[Holder](#) that such appointment or taking of possession or exercising of power will not have a material adverse effect on the ability of the Issuer to pay any amounts owing in relation to the Securities when it is due and payable; or

- (ii) a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or the Issuer or any associated person (as that term is defined in that Act) of the Issuer is declared at risk pursuant to the provisions of that Act; or
- (d) **Enforcement Event:** an Enforcement Event occurs; or
- (e) **Invalidity:** any provision of the Securities, the Security Stock Certificate issued in respect of the Securities or the Debenture Trust Deed:
 - (i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms; or
 - (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,or the Issuer or any person on its behalf, makes any allegation or claim to that effect; or
- (f) **Change in law:** either the Act or the Local Government (Rating) Act 2002 is amended or repealed in a manner or to an extent which, in the reasonable opinion of the Holder, results in a material and adverse change in:
 - (i) the ability of the Issuer to perform its payment obligations when due under the Securities, the Security Stock issued in respect of the Securities or the Debenture Trust Deed;
 - (ii) the effect of the charge created by the Debenture Trust Deed for the purposes of section 115 of the Act; and/or
 - (iii) the ability of any receiver which is or may be appointed over all or any part of the assets of the Issuer charged by the Debenture Trust Deed to exercise its rights under the Act to the same extent it is able to exercise those rights as at the date of the Multi-issuer Deed;

- (g) **CCO Credit Support:** payment of any amount that is due under any CCO Support Document is not made on the due date (including any demand for uncalled capital made by, or on behalf of, a CCO Issuer) and such non-payment continues unremedied for two Business Days after its due date; or
- (h) **Additional Event of Default:** the occurrence of any additional event of default specified in the Final Terms.

10.1A Events of Default (CCO): Any one or more of the following, whether or not within the control of the CCO Issuer, constitutes an Event of Default for a CCO Issuer:

- (a) **Non-payment:** payment of:
 - (i) the Principal Amount of the Securities is not made on the due date and such non-payment continues unremedied for two Business Days after its due date; or
 - (ii) interest on the Securities is not made on the due date and such non-payment continues unremedied for seven Business Days after its due date; or
 - (iii) any amount due under any CCO Support Document is not made on the due date; or
- (b) **Other breach:** the Issuer, any CCO Shareholder or any other party commits any breach of, or omits to observe, any of its undertakings or obligations under the Securities or a CCO Support Document and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the Holder specifying the breach or omission and requiring it to be remedied; or
- (c) **Insolvency:** an Insolvency Event occurs in relation to the Issuer, any of its LA Shareholders and any other CCO Shareholder that has entered into a document with, or granted any CCO Support Document in favour of, the Holder (including the original Holder) in respect of the Issuer; or
- (d) **Enforcement Event:** an enforcement event, event of default, acceleration event or similar event (howsoever described) occurs under a CCO Support Document; or
- (e) **Invalidity:** any provision of the Securities or a CCO Support Document:
 - (i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms; or

- (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,
- or the Issuer, the relevant CCO Shareholder or any person on the Issuer's or CCO Shareholder's behalf, makes any allegation or claim to that effect; or
- (g) **Status as a CCO:** the Issuer ceases to be a CCO; or
- (h) **Cessation of business or dissolution:** the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, or an application or an order is made, or a resolution is passed or proposed, for the dissolution of the Issuer except, in each case, for the purpose of, and followed by, an amalgamation or solvent reconstruction on terms previously approved in writing by the Holder; or
- (i) **Litigation:** the Issuer is or becomes party to any litigation, tax claim or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, or governmental agency, or to any dispute with any government, governmental agency, that has or would if adversely determined have a material adverse effect; or
- (j) **Material adverse effect:** any event or circumstance, or series of events or circumstances (whether related or not) occurs that has or is reasonably likely to have a:
- (i) material adverse effect on the Issuer or any CCO Shareholder; or;
- (ii) material adverse change in the effect of any CCO Credit Support or CCO Support Document; or
- (k) **CCO Support Document:** a CCO Support Document does not provide a security interest to the relevant secured party having the priority which it purported to have; or
- (l) **Change in law:** either the Act or the Local Government (Rating) Act 2002 is amended or repealed in a manner or to an extent which, in the reasonable opinion of the Holder, results in a material and adverse change in:
- (i) the ability of the relevant CCO Shareholder to perform its payment obligations when due under any CCO Support Document or any Security Stock issued in respect of any CCO Support Document;

- (ii) the effect of the charge created by the Debenture Trust Deed for the purposes of section 115 of the Act; and/or
- (iii) the ability of any receiver which is or may be appointed over all or any part of the assets of the relevant CCO Shareholder charged by the Debenture Trust Deed to exercise its rights under the Act to the same extent it is able to exercise those rights as at the date of the Multi-issuer Deed; or
- (m) **Additional Event of Default:** the occurrence of any additional event of default specified in the Final Terms.

10.2 **Acceleration:** Any time after the occurrence of an Event of Default, and while such is continuing unremediated or unwaived, a Holder may, by notice in writing to the Issuer declare all or any of the Securities held by the Holder to be immediately due and payable. If such a declaration is made, then the Issuer shall immediately pay to the relevant Holder:

- (a) in the case of a Fixed Rate Security or a Floating Rate Security, the Principal Amount of the Security together with accrued interest thereon at the applicable Interest Rate calculated on a daily basis from the last Interest Payment Date on which interest was actually paid in respect of the Security, or if no interest has been paid in respect of the Security, from the Issue Date to the date of payment; and
- (b) in the case of a Zero Coupon Security, the net present value, as at the date of declaration, of the Principal Amount of the Security determined by the Registrar by discounting the Principal Amount at the discount rate used to determine the purchase price for the Security at the time of its issue.

The Holder's rights under this clause 10.2 are without prejudice, and in addition, to any other rights the Holder may have (whether by law, contract or otherwise).

11. AMENDMENTS

11.1 **Limited right to amend:** Except as provided in clause ~~11.2~~ 11.2 and 11.3 the Issuer may not cancel, vary or amend any of these Conditions or the applicable Final Terms while any Securities are outstanding. Any amendment to these Conditions or any Final Terms must be in writing signed by the Issuer and all Holders of the relevant Securities.

11.2 **Amendment without consent:**



(a) The provisions of these Conditions and any Final Terms may be amended without the consent of the relevant Holders where such amendment (in the opinion of the Issuer):

- (i) is of a minor or technical nature;
- (ii) is to correct a manifest error; or
- (iii) is to comply with the requirements or a modification of the requirements of any applicable law,

and, in any such case, 2 authorised officers of the Issuer have certified for the benefit of the relevant Holders that such amendment will not be materially prejudicial to the interests of relevant Holders.

(b) Notice of any such amendment shall be provided to the relevant Holders within 30 days of the amendment being made.

11.3 **Amendment approved by Extraordinary Resolution:** Without limiting clause ~~11.2~~11.2 but subject to clause 11.4, the provisions of these Conditions and any Final Terms may be amended by the Issuer if the amendment has been approved by an Extraordinary Resolution of the Holders or relevant Class of Holders and notified in accordance with these Conditions.

11.4 **Meetings:** Meetings of Holders shall be held in accordance with the schedule to these Conditions.

11.5 **Notice:** Notice of any proposed variation under clause ~~11.2~~11.2 shall be given by the Issuer to each Holder or each affected Class of Holders not less than 14 days before the date on which it is intended that such variation take effect, but the non-receipt of notice by any such Holder shall not affect the validity of any such variation.

12. NOTICES

12.1 **Writing:** Each notice or other communication to be given or made under these Conditions to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of these Conditions;



- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
- (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
 - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

- 12.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of these Conditions for each Holder will be specified in the Register.

13. GOVERNING LAW

- 13.1 These Conditions and the applicable Final Terms shall be governed by New Zealand law.

SCHEDULE

Meeting of Holders

1. DEFINITIONS

1.1 In these provisions:

"Appointed Time" means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

"Class of Securities" means each category of Securities which in the reasonable opinion of the Issuer at any particular time, for any particular purpose, constitutes a separate class of Securities.

"Conditions" means the Conditions to which this schedule is attached and **"Final Terms"** has the meaning given in the Conditions.

"Extraordinary Resolution" means a resolution passed at a meeting of Holders, properly convened and held in accordance with the provisions of this schedule, at which not less than three fourths of the persons voting upon a show of hands or, if a poll is properly demanded, not less than three fourths of the votes given on such a poll voted in favour of the resolution.

"Proxy Closing Time" means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

"regulation" means a clause of this schedule.

"Representative" means:

- (a) in the case of an individual Holder, a person appointed by an instrument of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder; and
- (b) in the case of a Holder which is a corporation or corporation sole either:
 - (i) a person appointed by an instrument of proxy or by power of attorney; or
 - (ii) a person authorised by the directors of the corporation, or in the case of a corporation sole, a person authorised pursuant to its constitution.

2. CONVENING

- 2.1 **Meeting required by law:** The Issuer shall, whenever required to do so pursuant to the Companies Act ~~4993~~ or the FMC Act or any other applicable law, convene a meeting of the Holders.



- 2.2 **By Holders:** The Issuer shall, at the request in writing of Holders holding not less than 10% of the aggregate Principal Amount of the Securities, convene a meeting of the Holders. The request must state the nature of the business proposed to be dealt with at the meeting concerned.
- 2.3 **By Issuer:** The Issuer may at any time of its own volition convene a meeting of the Holders.
- 2.4 **Place of meeting:** Each meeting will be held in the city or town in which the Issuer is situated at a place designated in the relevant notice of meeting.
- 2.5 **Regulations:** Meetings of Holders shall be convened and held in accordance with the provisions of this schedule.

3. CLASSES OF SECURITIES

- 3.1 If, at any time, in the opinion of the Issuer, a matter is required to be determined by the Holders of a Class of Securities, a meeting may be called in respect of Holders of that Class of Securities, in which case the provisions of this schedule shall, with all necessary modifications, apply and be construed as if references to Securities were references to the relevant Class of Securities and references to Holders were references to the Holders of that Class of Securities.

4. NOTICE OF MEETINGS

- 4.1 **Persons to be notified:** Notice of every meeting shall be given in the manner provided in clause ~~42~~¹² of the Conditions to:
- (a) every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice;
 - (b) the Issuer, if the meeting is convened by the Holders; and
 - (c) if the relevant Securities are listed, any stock exchange on which those Securities are listed.
- 4.2 **Time for notification:** At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.
- 4.3 **Contents of notice:** The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted. It will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution

proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.

4.4 **Short or informal notice:** Notwithstanding any other provision of this regulation 4, a meeting may be called by shorter notice than that specified in regulation 4.2, or without any formal notice, and without compliance with regulation 4.3, and shall be deemed to have been duly called if it is so agreed by all Holders before, at or after that meeting.

4.5 **Accidental omission:** The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

5. QUORUM

5.1 **Quorum required:** No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business.

5.2 **Quorum for Extraordinary Resolution:** The quorum for passing an Extraordinary Resolution will be one or more Holders (present in person or by Representative) holding or representing a majority in Principal Amount of the Securities.

5.3 **Quorum for other business:** The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be one or more Holders (present in person or by Representative) of at least 10% in Principal Amount of the Securities.

5.4 **Quorum not present:** If, within 15 minutes (or any longer time not exceeding 45 minutes as the chairman of the meeting may decide) after the Appointed Time, a quorum is not present the meeting, if convened at the request of Holders, will be dissolved. In any other case it will be adjourned to a day and time (not being less than 14 days later) and to a place as may be appointed by the chairman. At such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

5.5 **Notice of adjourned meeting:** Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only seven clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting will form a quorum whatever the Principal Amount of Securities held by them.

6. CHAIRMAN

6.1 At a meeting of Holders a person appointed, by a resolution of Holders, from the Holders or



any Representatives present will preside as chairman at a meeting.

7. RIGHT TO ATTEND AND SPEAK

- 7.1 Any elected member, officer or solicitor of the Issuer, or any person appropriately authorised by the Issuer, may attend any meeting and all such persons will have the right to speak at the meeting.

8. ADJOURNMENT

- 8.1 **Chairman may adjourn:** The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- 8.2 **Business at adjourned meeting:** No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

9. ONLY PERSONS ON REGISTER RECOGNISED ~~BY COMPANY~~

- 9.1 The persons named as Holders in the Register will be recognised and treated as the legal owners of the Securities whether those persons are or are not in fact the owners of those Securities.

10. AUTHORITY TO VOTE

- 10.1 **Voting:** An individual Holder may vote personally or by his Representative and a Holder which is a corporation may vote by its Representative. A Holder may appoint more than one Representative, each such Representative being authorised to act on behalf of the Holder in respect of a specified Principal Amount of Securities.
- 10.2 **Entitlement:** The persons named in the Register as Holders at the Proxy Closing Time will be exclusively entitled to vote in person or by Representative in respect of the Securities recorded as owned by them.

11. PROXIES

- 11.1 **In writing:** The instrument appointing a proxy must be in writing signed by the appointer or his attorney or, if the appointer is a corporation, either by an authorised officer or attorney or

by any director, general manager, investment manager or other person who appears to have authority to appoint a proxy on behalf of the corporation.

- 11.2 **Proxy need not be Holder:** A person appointed to act as a proxy need not be a Holder. A holder of a proxy will have the right to speak at the meeting.
- 11.3 **Deposit of proxy:** The instrument appointing a proxy, and, if applicable, the power of attorney or other authority under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer, must be deposited at the place appointed by the Issuer in the notice convening the meeting (or, if no such place is appointed, then at the registered office of the Issuer) not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that that instrument, or any power of attorney or other authority, is received or produced at a place other than that specified above or out of time.
- 11.4 **Form of proxy:** An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 11.5 **Proxy valid for meeting:** An instrument of proxy, whether in a usual or common form or not, will, unless the contrary is stated thereon, not need to be witnessed and will be valid for the meeting to which it relates and for any adjournment of that meeting. Notwithstanding any provisions contained in an instrument of proxy, no instrument of proxy will be valid after the expiration of 12 months from the date of its execution notwithstanding any provision to the contrary in the instrument, but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 11.6 **Proxy in favour of chairman:** An instrument of proxy in favour of:
- (a) the chairman of the Issuer; or
 - (b) the chairman of the meeting,
- (however expressed) will be valid and effectual as though it were in favour of a named person and will, in the case of paragraph (a) above, constitute the person holding the office of the chairman of the Issuer or, in the case of paragraph (b) above, the person who chairs the meeting for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

12. **HOLDER MAY APPOINT ATTORNEY**

- 12.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on that Holder's behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney who is so empowered may exercise the Holder's right to appoint a proxy.

13. **CORPORATE REPRESENTATIVES**

- 13.1 **Authority:** A Representative of a Holder which is a corporation or a corporation sole will, until that authority is revoked, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of his authority to act at any time before the Appointed Time of, or at, the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.
- 13.2 **Right to act:** A Representative will have the right to demand or join in demanding a poll and will (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting for the Holder concerned.

14. **VOTING PROCEDURE AND POLLS**

- 14.1 **Show of hands:** A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands) by:
- (a) the chairman; or
 - (b) the Issuer or any representative of the Issuer; or
 - (c) one or more Holders holding or representing not less than 5% in aggregate Principal Amount of the Securities.
- A declaration by the chairman that a resolution has been carried by the requisite majority or lost will be conclusive evidence of that fact unless a poll is demanded.
- 14.2 **Number of votes:** On a show of hands each person present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1 of Principal Amount of the Securities of which he is the Holder, provided that where a Holder holds Zero Coupon Securities, for the purposes of calculating that Holder's voting entitlement in this clause, the Principal Amount of those Zero Coupon Securities is to be construed as a



reference to the net present value of those Zero Coupon Securities (as calculated by the Registrar for the relevant Series by adjusting, on a straight line basis, the Principal Amount of the relevant Security by a proportion of any discount to that Principal Amount applicable to such Security on its Issue Date) as at the date of the meeting. On a poll, votes may be given either personally or by Representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

- 14.3 **Poll:** If a poll is demanded it will be taken in the manner directed by the chairman and the result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 14.4 **Chairman has casting vote:** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.
- 14.5 **Election of chairman:** A poll demanded on the election of a chairman or on a question of adjournment will be taken immediately. A poll demanded on any other question will be taken either immediately or at a time within 30 days from the date of the meeting and in a place appointed by the chairman. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 14.6 **No disturbance:** The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question in relation to which the poll has been demanded.
- 14.7 **Joint Holders:** In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 14.8 **Disqualification:** A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney or authority or the transfer of the Securities in respect of which the vote is given, provided that no written notice of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

15. EXTRAORDINARY RESOLUTIONS

15.1 **Powers:** A meeting of Holders will, in addition to all other powers which by these Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely power to:

- (a) sanction either unconditionally or upon any conditions the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Securities;
- (b) sanction any request from the Issuer for the exchange of the Securities for, or the conversion of the Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other ~~company~~entity formed or to be formed;
- (c) postpone or, with the concurrence of the Issuer, to accelerate the day when the Principal Amount of any Securities becomes payable and to suspend or postpone for a time the payment of interest on any Securities;
- (d) sanction any alteration, release, modification, waiver, variation, or compromise or any arrangement relating to the rights of the Holders against the Issuer or its assets however those rights arise;
- (e) assent to any amendment to the terms of these Conditions or the relevant Final Terms proposed or agreed to by the Issuer and to authorise the Issuer to execute any document embodying any such amendment;
- (f) give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of these Conditions or the relevant Final Terms;
- (g) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other corporation where such sanction is necessary; and
- (h) authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

15.2 **Binding on Holders:** An Extraordinary Resolution passed at a meeting of Holders properly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect to that resolution. The passing of any such resolution will, as between the Issuer and the Holders, be conclusive evidence that the circumstances justify the passing thereof the intention being that the meeting is entitled to determine without appeal whether or not the circumstances justify the

passing of any such resolution. Notwithstanding the foregoing a resolution which affects a particular Holder or Holders holding a Class of Securities only (as opposed to the rights of the Holders generally) will not be binding on such Holder or Holders unless the Holder or Holders agree to be bound by the terms of such resolution or unless the Holders of that Class have so agreed by virtue of an Extraordinary Resolution of the Holders of that Class of Securities. Whenever there are Securities outstanding which do not form a single Class then the provisions of this schedule shall have effect subject to the following:

- (a) a resolution which affects one Class only of Securities is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that Class (or pursuant to regulation 17);
- (b) a resolution which affects more than one class of Securities, but does not give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all Classes so affected (or pursuant to regulation 17);
- (c) a resolution which affects more than one Class of Securities and gives or may give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each Class so affected (or pursuant to regulation 17); and
- (d) in respect of each meeting referred to in paragraphs (a), (b) and (c) of this regulation 15.2, the provisions of this schedule apply with the necessary modifications as though references in them to Securities and Holders were references to the relevant Class or Classes and to the Holders of the Securities comprised in such Class or Classes, respectively.

15.3 **Reliance on advice:** The Issuer may rely on, and the Holders and the Registrar for the relevant Series shall be bound by, a legal opinion from a leading law firm in New Zealand to the effect that a resolution affects one Class only or, if it affects more than one Class of Securities, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of regulation 15.2.

16. MINUTES TO BE KEPT

16.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at the meeting, by a person appointed by the chairman of the meeting. Minutes must be entered in books from time to time provided for that purpose by

the Issuer. Any such minutes, if signed or apparently signed by the chairman of the meeting at which a resolution was passed or proceedings had or by the chairman of the next meeting of Holders, will be prima facie evidence of the matters recorded in those minutes. Until the contrary is proved every meeting in respect of which minutes have been made will be deemed to have been properly held and convened and all resolutions passed or proceedings had at that meeting to have been properly passed and had.

17. RESOLUTIONS IN WRITING

- 17.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate the Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution if a poll was demanded.
- 17.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 17.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an authorised signatory or attorney so authorised by the company.

SCHEDULE 3

Form of Final Terms for EC Securities

The Final Terms in respect of each Tranche of EC Securities will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the EC Securities and their issue. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for their completion.

Final Terms dated [•]

[Name of Issuer]

Issue of *[Aggregate nominal amount of Tranche]* *[Title of EC Securities]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions ("Conditions") contained in the multi-issuer deed dated [•] 7 December 2011 made by New Zealand Local Government Funding Agency Limited and various Local Authorities. These Final Terms contain the final terms of the EC Securities and must be read in conjunction with the Conditions.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

1. (i) Issuer: [•]
2. [(i) Series Number:] [•]
[(ii) Tranche Number:] [•]
[If fungible with an existing Series, details of that Series, including the date on which the Series becomes fungible]
3. Type of Securities: *[Fixed Rate Securities/Floating Rate Securities/Zero Coupon Securities/Amortising Security]*.
4. Aggregate Principal Amount: [•].
5. Issue Price: [•]% of the aggregate Principal Amount.
6. Minimum Subscription Amount: \$[750,000] and integral multiples of \$[•].
7. Issue Date: [•].
8. First Interest Payment Date: [•].
9. Maturity Date: [•].
10. Redemption restrictions: *[Securities cannot be redeemed prior to Maturity Date]*.
[Amortising Securities].
11. Security: Debenture Trust Deed dated [•] between Issuer and *[specify Trustee]*.

Provisions relating to interest (if any) payable

12. Floating Rate Security provisions:
- (i) Base Rate (if applicable): [Bill Rate / Swap Rate / Other Specified Rate].
 - (ii) Margin: [•] % per annum
 - (iii) Interest Periods: [One, two, three, four, five or six months].
 - (iv) Interest Payment Dates: [•] in each year.
13. Fixed Rate Security provisions:
- (i) Interest Rate: [•] per cent per annum [payable annually/semi-annually/quarterly in arrears].
 - (ii) Interest Payment Dates: [•] in each year.
14. Zero Coupon Security Provisions:
- (i) Annual yield: [•] per cent per annum.

Provisions relating to redemption

15. Redemption/Payment Basis: [Redemption at par].
16. Circumstances where Early Redemption Permitted: [N/A/Specify].
17. Early Redemption Amount: [Par].
18. Amortising Security provisions: [Applicable/~~NA~~~~N/A~~]
- (i) Amortisation Dates: [•]
 - (ii) Principal Amount repayable on each Amortisation Date: \$[•]

General provisions applicable to the Securities

19. Governing Law: New Zealand.
20. Additional Selling Restrictions: [Specify] [N/A]
21. Additional conditions: [Specify] [N/A]
22. Registrar: [•].

Ratings

23. Ratings: [Specify] [N/A].

Operational Information

[insert as appropriate]

[Insert execution block for local authority]

**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED** by [insert
Execution method]:

SCHEDULE 4

Form of Accession Deed

~~ACCESSION DEED~~ dated [•].

~~BETWEEN [—] PARTIES~~



("Acceding Party"), and ("

New Zealand Local Government Funding Agency Limited

("Subscriber")

pursuant to the Multi-~~Issuer~~issuer Deed defined below.

INTRODUCTION

- A. The Subscriber has agreed that the Acceding Party may accede to the Multi-issuer Deed as an "Issuer".
- B. This deed records the accession.

AGREEMENT:

1. INTERPRETATION

1.1 Interpretation: In this deed:

"Local Authority" has the meaning given to it in the Local Government Act 2002.

"Multi-issuer Deed" means the deed dated [•] 7 December 2011 (as amended and restated on [•]) between the Subscriber and various Local Authorities entitled "Multi-issuer Deed".

1.2 Multi-issuer Deed: Terms defined in the Multi-issuer Deed have the same meaning in this deed unless the context requires otherwise.

1.3 Inconsistency: In the event of any inconsistency between the terms of this deed and those of the Multi-issuer Deed, the terms of this deed will prevail in respect of the Acceding Party.

2. ACCESSION

2.1 Accession: The Acceding Party hereby:

- (a) agrees with the Subscriber that with effect on and from the date of this deed, it will be bound by the Multi-issuer Deed as an Issuer as if it had been an original party thereto and named therein as an Issuer, and agrees to be bound by the terms of, and perform its obligations under, the Multi-issuer Deed; and
- (b) agrees that it will be bound by the special conditions (if any) set out in the annexure to this deed as if those were terms of the Multi-issuer Deed.



- 2.2 **Acknowledgement:** The Subscriber acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Multi-issuer Deed.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Multi-issuer Deed are:
[specify]

4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

5. NO CROWN GUARANTEE

The obligations and liabilities of the [Acceding Party and] [Delete bracketed text if Acceding Party is a CCO] Subscriber under this deed and the Multi-~~Issuer~~issuer Deed are not guaranteed by the Crown.

6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

EXECUTED AS A DEED

Acceding Party
[LOCAL AUTHORITY/CCO] by:

Signature of ~~officer~~[Elected Member/Director]

Signature of ~~officer~~[Elected Member/Director]

Name of ~~officer~~[Elected Member/Director]

Name of ~~officer~~[Elected Member/Director]

Subscriber
NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED by:

Signature of ~~director~~Director

Signature of ~~director~~Director

Name of ~~director~~Director

Name of ~~director~~Director



By signing the acknowledgement below, each entity identified in the annexure to this deed as a "CCO Shareholder":

- (a) acknowledges the terms of this deed and the Multi-Issuer Deed;
- (b) agrees to enter into any CCO Support Document to which it is expressed to be a party (as set out in the annexure to this deed); and
- (c) where it is identified in the annexure to this deed as a "LA Shareholder", agrees to the additional representations, undertakings and termination events specified to apply to it pursuant to the annexure to this deed.

ACKNOWLEDGED BY:
[CCO SHAREHOLDER] by:

Signature of [Elected Member/Director]

Signature of [Elected Member/Director]

Name of [Elected Member/Director]

Name of [Elected Member/Director]

ANNEX TO THE ACCESSION DEED

~~[Additional]~~ [Exemptions and any additional] conditions relating to the Acceding Party to be included here.]

[Include text below if Acceding Party is a CCO]

1. CCO Shareholder: As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Shareholder[s] in respect of the Acceding Party is: [specify, including each CCO Shareholder's holding and whether each is a LA Shareholder or Other Shareholder].
2. CCO Credit Support: As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Credit Support is: [specify, noting whether it reflects a "protected transaction" for any LA Shareholder].
3. CCO Support Document: As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Support Document is: [specify, including the Debenture Trust Deed and Security Stock Certificate where a LA shareholder is giving a CCO Guarantee].
4. [CCO Negative Pledge and Covenant: [specify]]
5. Financial covenants: [For the purposes of clause 7.5 of the Multi-issuer Deed, the Acceding Party shall procure that [as at each Test Date for the financial year ending on that Test Date]: [specify financial covenants]]/[specify that no financial covenants apply]
6. Insolvency Event: means the occurrence of any of the following events in relation to the Acceding Party or any CCO Shareholder, without the prior written consent of the Subscriber:
 - (a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;
 - (b) it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;
 - (c) a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;
 - (d) an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and such application is not withdrawn or dismissed within [●] Business Days;

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(e) any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;

(f) it:

(i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;

(ii) proposes or is subject to a moratorium of its debts; or

(iii) takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;

(g) it seeks or obtains protection from its creditors under any statute or any other law;

(h) any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$[●] (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within [●] Business Days; or

(i) an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect. *[Can be amended to reflect a CCO Shareholder's status]*

7. Permitted security interest (cl 6.1A(a)(xiv), (xv)) *[specify]/[None]*

8. Permitted disposal (cl 7.1A(a)(viii)): *[specify]/[None]*

9. Permitted Distribution (cl 7.1A(a)(xii)(aa)): *[specify]/[None]*

10. Permitted financial accommodation (cl 7.1A(a)(xiii)): *[specify]/[None]*

11. Permitted acquisition (cl 7.1A(a)(xv)): *[specify]/[None]*

12. Permitted merger (cl 7.1A(a)(ix)): *[specify]/[None]*

13. Additional representations by the Acceding Party (cl 6.1A(a)(xviii)): *[specify, including representations as to ranking obligations under the Multi-issuer Deed]/[None]*

14. Additional representations by each LA Shareholder (cl 6.1A(b)(viii)): *[specify]/[None]*

15. Additional undertakings by the Acceding Party (cl 7.1A(a)(xxi)): [specify, including undertakings as to ranking of obligations under the Multi-issuer Deed]/[None].
16. Additional undertakings by each LA Shareholder (cl 7.1A(b)(ix)(aa)): [specify]/[None].
17. Additional termination event in respect of the Acceding Party (cl 7.8(d)): [specify]/[None].
18. Additional termination event in respect of each LA Shareholder (cl 7.8(d)): [specify]/[None].
19. Additional Events of Default in respect of the Acceding Party:
- (a) Cross default:
- (i) any indebtedness of the Acceding Party is not paid when due nor within any originally applicable grace period;
- (ii) any indebtedness of the Acceding Party is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);
- (iii) any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described),
- provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$[●] (or its equivalent in any other currency or currencies);
- [specify each additional Event of Default (if any)].
20. Test Date: For the purposes of the Multi-issuer Deed, the Test Date for the Acceding Party is: [specify] of each year.
21. Exceptions: For the purposes of the Multi-issuer Deed, the following amendments are made to clauses 6.1A, 7.1A, 7.8 and 7.9: [specify]/[None].

SCHEDULE 5

Form of Term Sheet

The term sheet in respect of each Tranche of Securities (other than EC Securities) will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the Securities and their issue. Text in this section appearing in italics does not form part of the term sheet but denotes directions for their completion.

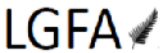
New Zealand Local Government Funding Agency Limited – Term Sheet



NZ LOCAL GOVERNMENT FUNDING AGENCY LIMITED TERM SHEET

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions ("Conditions") contained in the multi-issuer deed dated [\[•\] 7 December 2011](#) made by New Zealand Local Government Funding Agency Limited and various Local Authorities. This term sheet contains the final terms of the Securities and must be read in conjunction with the Conditions.

[Include whichever of the following apply or specify as "Not Applicable" (N/A).]

<div>  <div>LOCAL AUTHORITY LENDING SECURITY</div> </div>	
LGFA Term Sheet Security Reference	[•]
Subscriber	New Zealand Local Government Funding Agency Limited
Issuer	[•]
Series Number	[•]
Tranche Number	[•]
Type of Securities	<i>[Fixed Rate Securities/Floating Rate Securities/Zero Coupon Securities/Amortising Security]</i>
Security Identifier	[•]
Aggregate Principal Amount	[•]
Issue Price	[•]% of the aggregate Principal Amount
Maturity Date	[•]
Fixed Interest Rate (if Fixed Rate Securities)	[•]

Trade Yield (if Fixed Rate Securities)	[•]
Base Rate + Margin (if Floating Rate Securities)	[•]
Pricing Date (if Fixed Rate Securities) / Interest Rate Set Date (if Floating Rate Securities)	[•]
Issue Date	[•]
Interest Accrual Start Date	[•]
First Interest Payment Date	[•]
Interest Payment Dates	[•]
Interest Periods	[•]
Date Roll (Interest Payment Date and Maturity Date)	[•]
Annual Yield (if Zero Coupon Securities)	[•]
Daycount Convention	Modified Following
Holidays (Business Day)	Christchurch, Wellington, Auckland
Minimum Subscription Amount/multiples	[•]
Governing Law	New Zealand
Additional conditions	[Specify] [N/A]
Registrar	[•]
Agency Agreement	[•]
CCO Support Documents	[specify each security and guarantee document] or [N/A if not a CCO Issuer]
CCO Credit Support	[specify each security and guarantee] or [N/A if not a CCO Issuer]
CCO Negative Pledge and Covenant	[specify full negative pledge (if applicable) and any permitted security interest. See definition of "CCO Negative Pledge and Covenant" in clause 1.1 of the Conditions] or [N/A if not a CCO Issuer]
Insolvency Event	[The occurrence of any of the following events in relation to the Issuer or any CCO Shareholder, without the prior written consent of the Holders: (a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;

	<p>(b) <u>it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;</u></p> <p>(c) <u>a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;</u></p> <p>(d) <u>an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and such application is not withdrawn or dismissed within [●] Business Days;</u></p> <p>(e) <u>any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;</u></p> <p>(f) <u>it:</u></p> <p class="margin-left: 40px;">(i) <u>resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;</u></p> <p class="margin-left: 40px;">(ii) <u>proposes or is subject to a moratorium of its debts; or</u></p> <p class="margin-left: 40px;">(iii) <u>takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;</u></p> <p>(g) <u>it seeks or obtains protection from its creditors under any statute or any other law;</u></p>
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	<p>(h) <u>any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$[●] (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within [●] Business Days; or</u></p> <p>(i) <u>an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect. <i>[Can be amended to reflect a CCO Shareholder's status] or [N/A if not a CCO Issuer]</i></u></p>
<u>Additional Event of Default</u>	<p>(a) Cross default</p> <p>(i) <u>any indebtedness of the Issuer is not paid when due nor within any originally applicable grace period;</u></p> <p>(ii) <u>any indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);</u></p> <p>(iii) <u>any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described).</u></p> <p><u>provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$[●] (or its equivalent in any other currency or currencies).</u></p> <p><u><i>[specify each additional Event of Default (if any)]</i></u></p>

**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED** by *[insert
Execution method]*:

[Insert execution block for local authority]

[For the avoidance of doubt, term sheets may include the terms of the corresponding Borrower Notes at the Subscriber's sole discretion and such inclusion shall not invalidate the relevant term sheet]

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SCHEDULE 6

Form of Notice of Commitment for EC Securities

To: New Zealand Local Government Funding Agency Limited ("**Subscriber**")
Attention: { }

Email: { }
Date: { }

Re: Multi-issuer Deed dated {•} 7 December 2011 ("**Deed**")

Terms defined in the Deed have the same meaning in this Notice of Commitment unless the context requires otherwise.

1. For the purpose of clause 4.2(b) of the Deed, the Issuer hereby irrevocably and unconditionally offers to issue the EC Securities on the terms contained in the preliminary Final Terms enclosed with this notice.
2. The Issuer requests that the Subscriber accepts the above offer for the purposes of clause 4.2 of the Deed by counter-signing and returning to the Issuer a duplicate copy of this Notice of Commitment.

Yours faithfully
[Local Authority]

Signature of officer

The Subscriber hereby accepts the offer of the issuance of the EC Securities described in this notice, such acceptance subject to the conditions specified in clause 4.54 of the Deed.

**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED** by:

Signature of director

Signature of director

Name of director

Name of director

Date: {•}

[Attach preliminary Final Terms]

SCHEDULE 7

Form of Compliance Certificate

To: New Zealand Local Government Funding Agency Limited

Attention: { }

Email: { }

Date: { }

Re: Multi-issuer Deed dated [●] 7 December 2011 ("Deed")

Terms defined in the Deed have the same meanings in this Compliance Certificate unless the context requires otherwise.

1. This certificate is given to you pursuant to clause 7.5 of the Deed.
2. For the purposes of this certificate the Test Date is [insert date].
3. I, [name] the [insert position of Authorised Signatory] of [Council name] Council ("Issuer") certify that to the best of my knowledge and belief, having made due enquiry the covenants and ratios detailed in appendix A (comparing actual performance to the financial covenant) were true and correct in all respects as at the Test Date.
- [4. The Issuer provides the following details relating to breaches of the covenants and ratios detailed in appendix A (if any) as at the Test Date: [insert details]].

Dated: [●]

[name of Local Authority Issuer] by:

[Authorised Signatory]

APPENDIX A TO COMPLIANCE CERTIFICATE

Financial Covenant (clause 7.5)	Required Performance (%)	Actual Performance (%)
Net Debt: Total Revenue	[insert]	[insert]
Net Interest: Total Revenue	[insert]	[insert]
Net Interest: Annual Rates Income	[insert]	[insert]
Available Financial Accommodation: External Indebtedness	[insert]	[insert]

Financial Covenant Components

Net Debt	[insert]
Total Revenue	[insert]
Net Interest	[insert]
Annual Rates Income	[insert]
Available Financial Accommodation	[insert]
External indebtedness	[insert]

[insert/attach supporting information used to determine relevant financial covenant components, including providing details of various amounts at Issuer and/or Consolidated Group depending on parameters that apply under the Deed]



Notes Subscription Agreement

PARTIES

New Zealand Local Government Funding Agency Limited

Issuer

The Local Authorities Listed in Schedule 1

Principal Shareholders

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AGREEMENT dated 7 December 2011 (as amended [and restated](#) by the ~~agreement~~[deed](#) to which this agreement is attached as an appendix)

PARTIES

New Zealand Local Government Funding Agency Limited
("Issuer")

The Local Authorities Listed in Schedule 1
("Principal Shareholders")

INTRODUCTION

- A. The Issuer and the Principal Shareholders wish to record the arrangements agreed between them in relation to the issue of Borrower Notes by the Issuer from time to time to the Principal Shareholders, and other Local Authorities [or CCOs](#) that may accede to this agreement, as Subscribers.
- B. This agreement records those arrangements.

AGREEMENT

1. INTERPRETATION

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

"Accession Deed" means a deed in the form, or substantially in the form, of schedule 2.

"Amortising Security" has the meaning given to it in the Conditions.

"Amortised Redemption Amount" means, in relation to an Amortising Security, as at any date, the aggregate LG Redemption Amount that the relevant Subscriber (in its capacity as issuer of that LG Security) has repaid to the Issuer in respect of that LG Security in accordance with its terms.

"Borrowed Money Indebtedness" means any indebtedness of the Issuer to a person (other than indebtedness owed to a Subscriber in respect of Borrower Notes) in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, guarantee, interest or currency exchange hedge or other arrangement of any kind (calculated on a net and marked to market basis).

"Borrower Note" means each note issued by the Issuer under this agreement.

"BN Percentage" means, in respect of a date:

(a) [from 7 December 2011 until \(and excluding\) the Initial BN Change Date, 1.6%; and](#)

(b) from (and including) the Initial BN Change Date, 2.5% or such other percentage approved by the board of the Issuer and notified (in writing) by the Issuer to all Subscribers from time to time as being applicable from (and including) the date specified in such notification.

"BN Percentage Period" means, in relation to a BN Percentage, the period during which that BN Percentage applies (in respect of the then current BN Percentage) or was applicable (in respect of any historic BN Percentage).

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

"CCO Subscriber" means a Subscriber that is a CCO.

"Commercial Paper" means in relation to a Subscriber, any securities issued by the Subscriber under the Multi-~~Issuer~~issuer Deed which have a maturity date falling no more than 364 days after the issue date of those securities.

"Companies Act" means the Companies Act 1993.

"Constitution" means the Issuer's constitution.

"Conversion" means the conversion of Borrower Notes into Redeemable Shares in accordance with this agreement and **"Convert"**, **"Convertible"** and **"Converted"** shall be construed accordingly.

"Conversion Date" means the date specified as such in a Conversion Notice, which may be a day on or following the date of the Conversion Notice.

"Conversion Notice" has the meaning given to it in clause 8.1.

"Early Redemption Date" has the meaning given to it in clause 7.1(c).

"Extension Notice" has the meaning given to it in clause 8.6.

"FMC Act" means the Financial Markets Conduct Act 2013.

"Initial BN Change Date" means, and includes, the date of the deed to which this agreement is attached as an appendix.

"Issue Date" means, in relation a Borrower Note, the date on which the Borrower Note is issued, as recorded as such in the Register. The Issue Date of a Borrower Note shall be the same as the "Issue Date" of the related LG Securities issued by the Subscriber under the Multi-~~Issuer~~issuer Deed.

"Issue Price" means:

- (a) in relation to Borrower Notes issued to a Subscriber on a particular date under clause 4.1, an amount equal to the aggregate Principal Amount of those Borrower Notes determined in accordance with clause 4.1(a); and
- (b) in relation to Borrower Notes issued to a Subscriber following the giving of a Top-up Notice, an amount equal to the aggregate Principal Amount of the Borrower Notes to be issued to the Subscriber as specified in the Top-up Notice.

"Interest Rate" means the interest rate applicable to a Borrower Note from time to time as determined by the Issuer, which interest rate shall be a percentage rate (p.a.) and shall be determined by the Issuer by reference to the applicable interest rate which is (or would be) payable by the Issuer in respect of the Borrowed Money Indebtedness it incurs to subscribe for the LG Securities to which the Borrower Note relates, and includes the Issuer's "issuance margin", being all of the Issuer's costs and expenses relating to that Borrowed Money Indebtedness (including, without limitation, dealer fees, commissions, listing fees and any Approved Issuer Levy which is or may be payable by the Issuer under the terms of that Borrowed Money Indebtedness). The interest rate determined by the Issuer must not include any additional spread to its issuance margin which it applies in determining the interest rate for the applicable LG Security.

"LG Interest Rate" means:

- (a) in relation to an LG Security which is a Floating Rate Security or Fixed Rate Security, the "Interest Rate" for that LG Security; and
- (b) in relation to an LG Security which is a Zero Coupon Security, the "annual yield" for the LG Security.

"LG Issue Price" means, in relation to a Tranche of LG Securities, the "Issue Price" as specified in the applicable Final Terms, expressed as a dollar amount.

"LG Redemption Amount" means, in relation to a LG Security, the "Principal Amount" as specified in the applicable Final Terms.

"LG Securities" means, in relation to a Subscriber, the securities issued by the Subscriber under the Multi-~~Issuer~~[issuer](#) Deed, but excluding any Commercial Paper.

"Local Authority" means a ~~Local Authority~~[local authority](#) as defined in the Local Government Act 2002.

"Maturity Date" means, in relation to any Borrower Notes issued to a Subscriber, the date specified as such in the Register. Subject to clause 8.6, the Maturity Date of a Borrower Note shall be the same as the "Maturity Date" of the related LG Securities issued by the Subscriber under the Multi-~~Issuer~~[issuer](#) Deed.

"Multi-~~Issuer~~[issuer](#) Deed" means the deed dated on or about the date of this agreement between New Zealand Local Government Funding Agency Limited and various Local Authorities entitled "Multi-~~Issuer~~[issuer](#) Deed".

"Principal Amount" means, for each Borrower Note, \$1.00.

"Redeemable Share" has the meaning given to it in the Constitution.

"Redemption Amount" means, in relation to a Borrower Note, an amount equal to:

- (a) the Principal Amount or, in the case of a Borrower Note that is issued in relation to a LG Security that is an Amortising Security, the amount of the Principal Amount that remains outstanding as at the Maturity Date, Early Redemption Date, Sale Redemption Date or Conversion Date (as applicable); and

- (b) the aggregate of interest accrued and unpaid on the Borrower Note from (and including) the Issue Date to (but excluding) the Maturity Date, Early Redemption Date, Sale Redemption Date or -Conversion Date (as applicable).

"Registrar" means the Issuer or such other person appointed by the Issuer to maintain the Register on the Issuer's behalf.

"Register" means the register of Borrower Notes established and maintained by the Issuer in accordance with this agreement.

"Repo Arrangement" has the meaning given to it in clause 7.1(b).

"RWT-Exempt Status" has the meaning given to it in the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018.

"Sale Redemption Date" has the meaning given to it in clause 7.1(b).

"Securities Act" means the Securities Act 1978.

"Senior Creditors" means all creditors (present and future) of the Issuer:

- (a) whose claims are or would be admitted in the Winding-Up of the Issuer; and
- (b) who are not the holders of indebtedness, the right to payment of which by its terms is, or is expressed to be, subordinated in the event of the Winding-Up of the Issuer to the claims of all unsubordinated creditors of the Issuer.

"Shareholders' Agreement" has the meaning given to it in the Constitution.

"Subscriber" means a Local Authority set out in schedule 1 or any other Local Authority or CCO which is or becomes a Subscriber in accordance with clause 2.3- or 2A.3 (as applicable).

"Subscription Price" means, in relation to a Subscriber, an amount equal to the Redemption Amount of the Borrower Notes held by that Subscriber that are required to be Converted as determined under clauses 8.1 and 8.2.

"Top-up Notice" has the meaning given to it in clause 4.3(a).

"Winding Up" means any procedure, brought or instigated by any person, for the dissolution of the Issuer otherwise than for the purposes of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by the Subscribers, and **"Wound Up"** shall have a corresponding meaning.

- 1.2 **Multi-Issuer~~issuer~~ Deed:** Words and expressions defined in the Multi-Issuer~~issuer~~ Deed and used in this agreement shall have the same meanings in this agreement, unless the context requires otherwise.

- 1.3 **References:** Except to the extent that the context otherwise requires, any reference in this agreement to:

an **"authorisation"** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a "**clause**" or "**schedule**" is a reference to a clause of, or schedule to, this agreement.

"**dollars**" and "\$" means the lawful currency of New Zealand.

the "**dissolution**" of any person includes the bankruptcy, winding up or liquidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

"**indebtedness**" means any obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

1.4 **Miscellaneous:**

- (a) The introduction to and headings in this agreement are inserted for convenience only and shall be ignored in construing this agreement.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this agreement or any other document shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. **ACCESSION OF LOCAL AUTHORITY AS A SUBSCRIBER**

2.1 **Local Authority to sign Accession Deed:** A Local Authority may become a Subscriber under this agreement by:

- (a) completing and signing an Accession Deed and delivering it to the Issuer;

- (b) delivering to the Issuer a legal opinion from counsel acceptable to the Issuer in a form satisfactory to the Issuer;
- (c) providing the Issuer with evidence (in a form satisfactory to the Issuer) that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this agreement and the Accession Deed have been obtained and are current and satisfactory; and
- (d) providing the Issuer with such evidence or documentation as the Issuer may require so as to be satisfied that the Subscriber is permitted to be a party to this agreement and subscribe for Borrower Notes in accordance with clause 15.4(a).

2.2 **Subscriber to countersign Accession Deed:** On receipt of the documents described in clause 2.1 in form and substance satisfactory to the Issuer, the Issuer shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant Local Authority.

2.3 **Accession effective:** On an Accession Deed being countersigned by the Issuer in accordance with clause 2.2, the Local Authority shall be bound by this deed as if it were a party hereto and named herein as a Subscriber.

2A. ACCESSION OF CCO AS A SUBSCRIBER

2A.1 CCO to sign Accession Deed: A CCO may become a Subscriber under this agreement by:

- (a) completing and signing and procuring each LA shareholder to sign an Accession Deed and delivering it to the Issuer;
- (b) delivering to the Issuer a legal opinion from counsel acceptable to the Issuer in a form satisfactory to the Issuer;
- (c) providing the Issuer with evidence (in a form satisfactory to the Issuer) that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its and each LA Shareholder's entry into this agreement and the Accession Deed have been obtained and are current and satisfactory; and
- (d) providing the Issuer with such evidence or documentation as the Issuer may require so as to be satisfied that the Subscriber is permitted to be a party to this agreement and subscribe for Borrower Notes in accordance with clause 15.4(a).

2A.2 Subscriber to countersign Accession Deed: On receipt of the documents described in clause 2A.1 in form and substance satisfactory to the Issuer, the Issuer shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and

(c) retain one counterpart and deliver the other to the relevant CCO.

2A.3 Accession effective: On an Accession Deed being countersigned by the Issuer in accordance with clause 2A.2, the CCO shall be bound by this deed as if it were a party hereto and named herein as a Subscriber.

3. OBLIGATIONS SEVERAL

3.1 The obligations of each Subscriber under this agreement are several. No Subscriber shall be responsible for the obligations of any other Subscriber under this agreement. The failure of a Subscriber to perform its obligations under this agreement shall not release any other Subscriber from its obligations under this agreement.

4. ISSUE AND SUBSCRIPTION

4.1 **Issue and subscription relating to issue of LG Securities:** Subject to clause ~~15.4~~, 15.4, on each date on which a Subscriber issues LG Securities to the Issuer under the Multi-~~Issuer~~issuer Deed:

(a) the Issuer shall issue to the Subscriber Borrower Notes in an aggregate Principal Amount (rounded to the nearest dollar, with \$0.50 being rounded up) equal to ~~4.6 percent~~the BN Percentage on that date of the ~~aggregate~~ LG Issue Price of the related LG Securities; and

(b) the Subscriber shall subscribe for those Borrower Notes and pay to the Issuer the Issue Price for those Borrower Notes.

4.2 **Set-off:** On each Issue Date, unless the Issuer and the relevant Subscriber agree otherwise, the Subscriber's obligation to pay the Issue Price to the Issuer automatically shall be set-off against the Issuer's obligation to pay the LG Issue Price to the Subscriber for the related Tranche of LG Securities.

4.3 **Issue and subscription following Conversion:**

(a) If, following the Conversion of Borrower Notes in accordance with clause 8.1, in respect of each BN Percentage Period and a Subscriber:

(i) the aggregate Principal Amount of Borrower Notes (in respect of related LG Securities issued by the Subscriber during that BN Percentage Period) held by a the Subscriber;

is less than ~~4.6% of the aggregate~~;

(ii) the BN Percentage for that BN Percentage Period of the LG Issue Price of the related LG Securities issued by the Subscriber during that BN Percentage Period and then held by the Issuer (less, where the related LG Securities are Amortising Securities, the aggregate Amortised Redemption Amount of such Amortising Securities on the date of the Top-up Notice),

(such a BN Percentage Period a "Relevant BN Percentage Period") the Issuer may, by giving written notice to the Subscriber ("**Top-up Notice**") require the

Subscriber on the date specified in the Top-up Notice (which must be a date not less than 3 months after the date of the Top-up Notice) to subscribe for such number of additional Borrower Notes as are required to be issued to the Subscriber so that:

(iii) the aggregate Principal Amount of Borrower Notes (in respect of related LG Securities issued by the Subscriber during that BN Percentage Period) held by the Subscriber;

will be equal to ~~1.6% of the aggregate~~.

~~(a)(iv)~~ the BN Percentage for that BN Percentage Period of the LG Issue Price of those related LG Securities (issued by the Subscriber during that BN Percentage Period) and then held by the Issuer (less, where the related LG Securities are Amortising Securities, the aggregate Amortised Redemption Amount of such Amortising Securities on the date of the Top-up Notice).

(b) If a Subscriber receives a Top-up Notice in accordance with clause 4.3(a), on the date specified in the Top-up Notice as the date on which the additional Borrower Notes are to be issued:

(i) the Issuer shall, subject to the board of directors of the Issuer complying with section 49 of the Companies Act, issue to the Subscriber the amount of Borrower Notes as is specified in the Top-up Notice; and

(ii) the Subscriber shall subscribe for those Borrower Notes and pay to the Issuer the Issue Price for those Borrower Notes.

(c) The Issuer shall not give a Top-up Notice to a Subscriber in accordance with clause 4.3(a) unless it gives a Top-up Notice in respect of all Relevant BN Percentage Periods of that Subscriber and at the same time to all other Subscribers who meet the criteria set out in clause ~~4.3(a); (a) in respect of all Relevant BN Percentage Periods of those other Subscribers,~~ with the intent that the requirement to subscribe for additional Borrower Notes is made to all applicable Subscribers, provided that the Issuer is not obliged to deliver a Top-up Notice to a Subscriber that does not meet the criteria set out in clause ~~15.4(a); 15.4(a)~~ as at the date of the Top-Up Notice.

(d) For the purposes of this clause 4.3, LG Securities which have been sold by the Issuer pursuant to a Repo Arrangement shall be treated as being held by the Issuer.

(e) Where the Issuer proposes to give Top-up Notice(s) under clause ~~4.3(a); (a)~~ it may require a Subscriber to provide evidence or documentation in accordance with clause ~~15.4(b); 15.4(b)~~.

4.4 **Creation and issue:** Borrower Notes are issued and created by the Registrar entering into the Register the particulars of the Borrower Notes.

4.5 **Warranty:** Each Subscriber warrants:

- (a) as at the date it becomes a Subscriber, that it is permitted to be a party to this agreement in accordance with clause ~~15.4(a)~~15.4(a); and
- (b) as at the date it subscribes for any Borrower Notes, it met the criteria set out in clause ~~15.4(a)~~15.4(a) as at the date the offer of the Borrower Notes was made to it by the Issuer and continues to meet the criteria as at the date it subscribes for the Borrower Notes.

5. LIMITED RIGHTS FOR SUBSCRIBERS

- 5.1 **No voting rights:** The Borrower Notes do not confer on a Subscriber any right to attend and/or vote at any meeting of the Issuer.
- 5.2 **Corporate events:** The Borrower Notes do not confer on any Subscriber the right to participate in any rights issue or bonus issues of the Issuer.
- 5.3 **Transfer:** The Borrower Notes are not transferrable by a Subscriber, except with the prior written approval of the Issuer ~~- or in accordance with clause 8.5(ia)~~.

6. INTEREST

- 6.1 Interest shall accrue on the Principal Amount of each Borrower Note at the applicable Interest Rate. Interest shall accrue daily, shall not compound and, subject to clause 8.3, shall be paid to the relevant Subscriber on the Maturity Date.

7. REDEMPTION

- 7.1 **Redemption:** The Issuer shall redeem each Borrower Note (in full) on the earliest of:
 - (a) its Maturity Date;
 - (b) the date the Issuer ceases to be the holder of the related LG Security (other than pursuant to a repurchase arrangement with the Reserve Bank of New Zealand ("**Repo Arrangement**") ("**Sale Redemption Date**"); and
 - (c) the date the Subscriber redeems the related LG Security (in full), other than on the "Maturity Date" of that LG Security, in accordance with the terms and conditions applicable to that LG Security ("**Early Redemption Date**").

Such redemption is to be made in accordance with this clause 7, provided however that, clause ~~7.1(c)~~7.1(c) shall not apply to any Borrower Note to which clause ~~8-68.6~~ applies.

- 7.2 **Redemption by set-off.** Where a Borrower Note is being redeemed on its Maturity Date or Early Redemption Date, unless:

- (a) the Issuer and the relevant Subscriber agree otherwise; or
- (b) ~~-~~clause 8.6 applies to the Borrower Note,

(in which case clause 7.4 shall apply), and subject to clause 12.1, the Issuer's obligation to pay the Redemption Amount to the Subscriber automatically shall be set-off against the

Subscriber's obligation to pay the LG Redemption Amount (or portion thereof) for the related LG Securities and accrued and unpaid interest thereon (if any).

7.3 **Payment in instalments:** If a Borrower Note is issued in relation to a LG Security that is an Amortising Security:

- (a) the Principal Amount of the Borrower Note shall be repayable in instalments on each of the same dates (each an "**instalment date**") that a portion of the LG Redemption Amount of the related LG Security is repayable;
- (b) the amount of the Principal Amount of the Borrower Note that is repayable on each instalment date shall be an amount that bears the same proportion to the Principal Amount as the amount of the LG Redemption Amount repayable on the instalment date bears to the LG Redemption Amount of the related LG Security; and
- (c) unless the Issuer and the relevant Subscriber agree otherwise or the Issuer has ceased to be the holder of the corresponding LG Security and subject to clause 12.1, the Issuer's obligation to repay a portion of the Principal Amount of the Borrower Note on an instalment date automatically shall be set-off against the Subscriber's obligation to repay the portion of the LG Redemption Amount of the related LG Security on the instalment date.

7.4 **Redemption other than by set-off:** Where a Borrower Note is being redeemed on its Sale Redemption Date or, if in accordance with clause 7.2, this clause 7.4 applies to the redemption of a Borrower Note, on the applicable redemption date the Issuer shall, subject to clause 12.1, redeem the Borrower Note by paying the Redemption Amount to the Subscriber.

8. CONVERSION

8.1 **Right to Convert:** If, following the Issuer having made calls for all unpaid capital of the Issuer to be paid in full, the board of directors of the Issuer has determined that there is a risk of imminent default by the Issuer under the terms of any of its Borrowed Money Indebtedness the Issuer may, by giving written notice to each Subscriber ("**Conversion Notice**") elect to Convert such number of the Borrower Notes as the Issuer determines.

8.2 **Pro rata Conversion:** If a Conversion Notice is given in accordance with clause 8.1, the Conversion shall be made proportionally across all Borrower Notes so that the proportionate holdings of Borrower Notes by each Subscriber remains unchanged [\(subject, in the case of a CCO Subscriber, to the transfers of Borrower Notes required to its LA Shareholders under clause 8.5\)](#) following the Conversion (unless all Borrower Notes are Converted).

8.3 **Conversion:** If a Conversion Notice is given in accordance with clause 8.1, on the Conversion Date, the number of Redeemable Shares to be issued to each Subscriber [that is a Local Authority \(including, in respect of a CCO Subscriber, each LA Shareholder, as contemplated by clause 8.5\(a\)\)](#) on Conversion of the relevant Borrower Notes shall be determined by the Issuer in accordance with the following formula:

$$N = RA \div IP$$

Where:



N = the number of Redeemable Shares to be issued to the Subscriber (rounded to the nearest whole unit, with 0.5 being rounded up);

RA = the aggregate Redemption Amount of the Borrower Notes held by the Subscriber that are to be Converted on the Conversion Date; and

IP = \$1.00, being the issue price per Redeemable Share.

8.4 **Selection by Issuer:** The Issuer shall select the Borrower Notes held by each Subscriber that are to be Converted on a Conversion Date in accordance with clause 8.2 and, if it is not also the Registrar, shall notify the Registrar of the selection.

8.5 **Settlement:** On the relevant Conversion Date without the need for any further act or step by the Issuer, any Subscriber or any other person:

(ia) first, each Borrower Note held by a CCO Subscriber (that is to be Converted on the Conversion Date) shall be automatically and immediately transferred to each LA Shareholder in the number determined by the following formula:

$$N = \text{TBN} \times (\text{SH} / \text{TSH})$$

Where:

N = the number of Borrower Notes to be transferred to the LA Shareholder (rounded up or down to the nearest whole unit at the Issuer's discretion);

TBN = the total number of Borrower Notes held by the CCO Subscriber that are to be Converted on the Conversion Date;

SH = the number of equity securities in the CCO Subscriber held by the LA Shareholder; and

TSH = the aggregate number of equity securities in the CCO Subscriber held by the LA Shareholders.

The consideration for such transfer shall be as agreed between the CCO Subscriber and relevant LA Shareholder.

(a) second:

(i) each Borrower Note to be Converted will immediately be required to be redeemed for its Redemption Amount;

(ii) each Subscriber holding such Borrower Note that is to be Converted agrees to subscribe for the number of Redeemable Shares to be issued to it (calculated in accordance with clause 8.3);

(iii) each Subscriber agrees to pay the Subscription Price to the Issuer on the Conversion Date in consideration for the Issuer issuing Redeemable Shares to it on the Conversion Date;

(iv) the Issuer will immediately and irrevocably apply, on the Subscriber's behalf, the Redemption Amount of the Borrower Notes required to be Converted in satisfaction of the Subscription Price for the Redeemable Shares to be issued to that Subscriber (calculated in accordance with clause 8.3); and

(v) the Issuer shall (in respect of each Subscriber) issue to that Subscriber the number of Redeemable Shares to be issued to it (calculated in accordance with clause 8.3), enter the name of that Subscriber in the share register of the Issuer as the holder of such Redeemable Shares, and issue to that Subscriber a share certificate for such Redeemable Shares; and

- (b) if requested by the Issuer, each Subscriber shall (if that Subscriber is not an existing shareholder of the Issuer) deliver a signed deed of accession to the Shareholders' Agreement. The Subscriber shall (upon entry of its name in the share register in accordance with clause ~~8.5(a)~~(a)) be deemed to have agreed to be bound by the terms of the Shareholders' Agreement in the event it does not sign such a deed of accession.

8.6 **Exception:** If the board of directors of the Issuer determines:

- (a) having taken legal advice, that the Issuer cannot, with sufficient certainty, determine that it is able to (in compliance with all laws) Convert Borrower Notes; or
- (b) that the Issuer cannot, with sufficient certainty, determine that it is able to (in compliance with all laws) Convert Borrower Notes on or before a date it considers appropriate having regard to the risk of default referred to in clause 8.1,

then the Issuer may, in lieu of Converting Borrower Notes under clause 8.1, by giving written notice to each Subscriber ("**Extension Notice**"), elect to extend the Maturity Date (for such period as the Issuer determines) of such number of Borrower Notes as the Issuer determines. If an Extension Notice is given under this clause 8.6, the extension shall be made in respect of the Borrower Notes that would otherwise have been Converted in accordance with clause 8.2.

8.7 **Effect of Conversion:** Notwithstanding anything to the contrary in any Transaction Document:

(a) if a Borrower Note is transferred to a LA Shareholder in accordance with clause 8.5(ia), then with effect from the Conversion Date:

(i) the LA Shareholder will be the holder of the Borrower Note; and

(ii) the Borrower Note will immediately be required to be Converted in accordance with clause 8.5(a); and

(b) if a Borrower Note is required to be Converted in accordance with clause 8.5(a):

- (i) all of the Issuer's obligations to pay, and the relevant Subscriber's rights to receive, interest on the Borrower Note (including any accrued but unpaid interest) are immediately and irrevocably terminated, and interest will cease to accrue on the Borrower Note; and
- (ii) clause 7 will cease to apply to the Borrower Note.

9. PAYMENTS

- 9.1 **Payments:** Unless otherwise agreed in writing between the parties and subject to clauses 4.2, 7.2 ~~and~~ 7.3(c), 8.5(a) and 9.4, all amounts payable under this agreement shall be paid in dollars in immediately available funds to the respective bank account each party may nominate from time to time.
- 9.2 **Payments to be free and clear:** All amounts payable under this agreement shall be paid:
- (a) on an irrevocable basis free and clear of any restriction or condition;
 - (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax. If any such deduction or withholding is required, the Issuer shall not be required to pay any additional amounts in respect of the amounts deducted or withheld; and
 - (c) unless otherwise agreed in writing and subject to clauses 4.2, 7.2 ~~and~~ 7.3(c), 8.5(a) and 9.4, without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.
- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Subscribers who are tax resident unless an appropriate exemption certificate is produced to the Issuer (or, on or after 1 April 2020, the Issuer is satisfied that the relevant Subscriber has RWT-Exempt Status) on or before the date 10 days before the date of the relevant payment.
- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Borrower Notes under clause 9.3. If, in respect of any Borrower Note, the Issuer becomes liable to make any payment of, or on account of, tax payable by any Subscriber, then the Issuer shall be indemnified by the relevant Subscriber in respect of such liability. Any moneys paid by the Issuer in respect of such liability may be recovered from the Subscriber as a debt due to the Issuer and may be withheld from any further payments to that Subscriber. Nothing in this clause will prejudice or affect any other right or remedy of the Issuer.
- 9.5 **Maximum rate:** Deductions of resident withholding tax will be made at the maximum rates from time to time applicable unless a Subscriber provides evidence to the Issuer (acceptable to it) that a lesser rate is applicable.
- 9.6 **Tax status:** The Issuer shall be entitled for the purposes of this clause 9 to rely, without further enquiry, upon any statement made by or on behalf of a Subscriber in relation to that Subscriber's tax status or tax residency.



- 9.7 **Refund of payments:** If any payment received or recovered by a Subscriber or any other person on behalf of the Subscriber is or may be avoided, whether by law or otherwise, then:
- (a) such payment shall be deemed not to have affected or discharged the liability of the Issuer under this agreement and the Subscriber shall, to the maximum extent permitted by law, be restored to the position in which it would have been if such payment had not been received or recovered; and
 - (b) the Subscriber shall be entitled to exercise all rights which the Subscriber would have been entitled to exercise if such payment had not been received or recovered.
- 9.8 **Business Days:** Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- 10. REGISTER**
- 10.1 **Register:** The Issuer agrees to establish and maintain the Register in which the Issuer will record such details as it considers fit, including:
- (a) the name and address of each Subscriber;
 - (b) the Issue Date and Maturity Date (and any extension made under clause 8.6) of the Borrower Notes;
 - (c) the related LG Securities; and
 - (d) each redemption or Conversion of the Borrower Notes.
- 10.2 **Register conclusive:** Each Subscriber and the Issuer is:
- (a) entitled to rely upon the entries in the Register as constituting the sole and conclusive record of each Borrower Note and as to the person entitled to the Borrower Notes; and
 - (b) to have the power, in its absolute discretion, to correct (or, in the case of the Subscriber and in respect of its Borrower Notes only, require correction of) the Register if the Register is incorrect.
- 10.3 **Inspection:** The Issuer shall make that part of the Register that relates to a Subscriber available for inspection by a Subscriber at the Issuer's principal place of business during normal office hours upon receiving reasonable notice from the Subscriber.
- 10.4 **Appointment of Registrar:** The Issuer shall be entitled to appoint an appropriately qualified person to maintain the Register in accordance with clause 10.1 on its behalf.
- 11. RANKING OF NOTES**
- 11.1 The Borrower Notes are unsecured debt securities issued by the Issuer, subordinated in accordance with clause 12, and an unsecured liability of the Issuer. The Borrower Notes

rank pari passu without any preference among themselves. The Issuer may issue securities ranking equally with or in priority to the Borrower Notes.

12. SUBORDINATION

12.1 **Subordination:** The rights and claims of Subscribers are, in a Winding Up of the Issuer, subordinated to the claims of the Senior Creditors (with the intent that all claims of Senior Creditors shall be paid in full before any claims of the Subscribers are paid), and prior to the commencement of a Winding Up of the Issuer:

- (a) the obligation of the Issuer to make any payment in respect of the Borrower Notes is conditional upon the Issuer being solvent at the time the relevant payment falls due; and
- (b) no payment shall be made in respect of the Borrower Notes except to the extent that the Issuer may make such payment and still be solvent immediately thereafter.

12.2 Solvency:

- (a) For the purposes of clause 12.1, the Issuer shall be considered to be solvent at any time if at that time it is able to meet the solvency test in section 4 of the Companies Act.
- (b) A certificate as to whether the Issuer is solvent signed by two authorised signatories of the Issuer shall be prima facie evidence of the information contained therein.

12.3 **Contingent debt:** On a Winding Up of the Issuer, the Subscribers shall only be entitled to prove for any sum payable in respect of the Borrower Notes as a debt which is subject to and contingent upon prior payment in full of the Senior Creditors. Each Subscriber agrees, and by subscribing for a Borrower Note each Subscriber of the Borrower Note will be deemed to agree, that:

- (a) in accordance with section 313(3) of the Companies Act, it is accepting a lower priority in respect of the debt represented by the Borrower Note than that which it would otherwise have under section 313; and
- (b) nothing in section 313 will prevent this agreement from having effect in accordance with its terms.

12.4 **No set-off:** No Subscriber shall be entitled to set-off against any amounts due in respect of the Borrower Notes held by that Subscriber any amount held by the Subscriber to the credit of the Issuer or otherwise to reduce the amount due to such Subscriber in respect of a Borrower Note by merger of accounts or lien or the exercise of any other rights of like effect, except to the extent permitted by clause 7.2 or 7.3(c). To the extent any set-off (other than a set-off permitted by clause 7.2 or 7.3(c)), merger, lien or other right is required by law to be exercised that exercise shall be subject to clause 12.5.

12.5 **Trust:** Any payment, whether voluntarily or in any other circumstances, received by a Subscriber from or on account of the Issuer (including by way of credit, set-off or otherwise) or from any liquidator, receiver, manager or statutory manager of the Issuer in breach of this clause 12 will be held by the relevant Subscriber in trust for and to the order of the Senior

Creditors. The trust hereby created shall be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full or eighty years [\(or such longer period as permitted by law\)](#) from the date of this agreement. No Subscriber shall have any obligation under this clause 12 in respect of any payment received by anyone other than itself.

- 12.6 ~~Contracts-Privacy~~[Contract and Commercial Law](#) Act: For the purposes of the ~~Contracts (Privacy)~~[Contract and Commercial Law](#) Act ~~1982~~[2017](#) the provisions of this clause 12 are intended to confer a benefit upon the Senior Creditors and to be enforceable by the Senior Creditors directly, but no consent of the Senior Creditors shall be required to any modification or amendment to this clause 12 in accordance with clause 14.

13. NOTICES

- 13.1 **Writing:** Each notice or other communication to be given or made under this agreement to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this agreement;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
 - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or
 - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

- 13.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of this agreement, are set out below:

- (a) **The Subscribers:** those details set out under the heading "Details for notices" for the relevant Subscriber in schedule 1 or otherwise provided in the relevant Accession Deed.
- (b) **The Issuer:**

City Chambers
Level 8, 142 Featherston Street
PO Box 5704, Wellington, 6145



Email: lgfa@lgfa.co.nz
Attention: Chief Executive

14. AMENDMENTS

- 14.1 This agreement shall not be amended except with the written agreement of the Issuer and all of the Subscribers, provided that the Issuer may, by notice to all parties to this agreement, vary clause ~~15.4~~ 15.4 to permit persons to become parties to this agreement and Subscribers to subscribe for Borrower Notes (as applicable) if they satisfy the terms of any exemption obtained by the Issuer from the requirements of the FMC Act with respect to this agreement, but any such variation shall not affect the status of any existing Subscriber as a Subscriber under this agreement.

15. MISCELLANEOUS

- 15.1 **Waivers and remedies:** Time shall be of the essence of this agreement but no delay in acting, or failure to act, by the Issuer is a waiver of any of the Issuer's rights. The rights provided in this agreement do not exclude any rights provided by law.
- 15.2 **Partial invalidity:** An invalid provision in this agreement shall not affect the enforceability of the remaining provisions of this agreement.
- 15.3 **Sections 40 and 49 of the Companies Act:** This agreement is subject to the board of directors of the Issuer complying with section 49 of Companies Act.
- 15.4 **Securities Act and FMC Act:**
- (a) The only persons which are permitted to become parties to this agreement and/or subscribe for Borrower Notes are:
 - (i) prior to 1 June 2015:
 - (aa) "eligible persons" for the purposes of sections 5(2CB) and 5(2CBA) of the Securities Act, as defined in section 5(2CC) of the Securities Act; and
 - (bb) persons who fall within 1 or more of the categories set out in subparagraphs (i) to (iii) of section 3(2)(a) of the Securities Act, and
 - (ii) on and from 1 June 2015, "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) and (in the case of a CCO Subscriber only) clause 3(3)(a) of Schedule 1 to the FMC Act, being a person who is:
 - (aa) an "investment business";
 - (bb) "large"; ~~or~~
 - (cc) a "government agency"; ~~or~~ or
 - (dd) an "eligible investor" (in the case of a CCO Subscriber only).

in each case as defined in Schedule 1 to the FMC Act. ~~For the avoidance of doubt, "eligible investors" (as defined in each a "wholesale investor"), or an entity controlled by a wholesale investor where "control" has the FMC Act), among others, may not become parties to this agreement and/or subscribe for Borrower Notes meaning given in clause 48 of Schedule 1.~~

- (b) Prior to the Issuer offering to issue Borrower Notes to a Subscriber and/or a Subscriber subscribing for any Borrower Notes in each case in accordance with clauses ~~4.1 or 4.3~~, 4.1 or 4.3, the Subscriber must promptly (if requested by the Issuer) provide the Issuer with evidence or documentation (in a form satisfactory to the Issuer) which satisfies the Issuer that the Subscriber meets the criteria set out in sub-clauses ~~15.4(a)(i) or (ii)~~ (a)(i) or (a)(ii) as at the date of the offer by the Issuer and subscription by the Subscriber.

- 15.5 **Counterparts:** This agreement may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this agreement by signing any such counterpart.

16. GOVERNING LAW

- 16.1 This agreement shall be governed by New Zealand law.

17. NO CROWN GUARANTEE

- 17.1 The parties acknowledge that the obligations and liabilities of the Issuer under this agreement are not guaranteed by the Crown.



SIGNATURES
[ORIGINAL EXECUTION BLOCKS INTENTIONALLY DELETED]

Russell
McAugh

SCHEDULE 1 - PRINCIPAL SHAREHOLDERS

Local Authority name:

Details for notices:

Auckland Council	<p>Delivery Address: 1 Greys Avenue 135 Albert Street Auckland Central 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Fax: (09) 368 5964</p> <p>Email: john.bishop@aucklandcouncil.govt.nz</p> <p>Attention: Mark Butcher John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>0800 884 882</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Brian Trott Mat Taylor</p>
Christchurch City Council	<p>Delivery Address: Civic Offices 53 Hereford Street Christchurch</p> <p>Postal Address: P O Box 73016 Christchurch 8154</p> <p>Fax: 03 941 8811</p> <p>Email: Treasury@ccc.govt.nz</p> <p>Attention: Paul Anderson Andrew Jefferies</p>
Hamilton City Council	<p>Delivery Address: 260 Anglesea Street Council Building Garden Place Hamilton 3240</p>

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	<p>Postal Address: Private Bag 3010 Hamilton 3240</p> <p>Fax: 07-838-6616</p> <p>Email: david.bryant@hcc.govt.nz</p> <p>Attention: Matthew Walker David Bryant</p>
Hastings District Council	<p>Delivery Address: 207 Lyndon Road East Hastings 4122</p> <p>Postal Address: Private Bag 9002 Hastings 4156</p> <p>Fax: 06-871-5101</p> <p>Email: brucea@hdc.govt.nz</p> <p>Attention: Tony Gray Bruce Allan</p>
Masterton District Council	<p>Delivery Address: 64 Chapel Street 27 Lincoln Road Masterton 5840 5810</p> <p>Postal Address: PO Box 444 Masterton 5840</p> <p>Fax: 06-378-8400</p> <p>Email: davidp@mstn.govt.nz</p> <p>Attention: David Paris Manager Finance</p>
New Plymouth District Council	<p>Delivery Address: Liardet St New Plymouth</p> <p>Postal Address: Private Bag 2025 New Plymouth 4342</p> <p>Fax: 06-759-6072</p> <p>Email: alison.trustrumrainey@npdc.govt.nz / carla.freeman@npdc.govt.nz</p> <p>Attention: Philip Armstrong Alison TrustrumRainey / Carla Freeman</p>

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Otorohanga District Council	<p>Delivery Address: 17 Maniapoto Street Otorohanga Otorohanga 3940</p> <p>Postal Address PO Box 11 Otorohanga Otorohanga 3940 Fax: 07-873-4300 Email: grahamb@otodc.govt.nz</p> <p>Attention: Graham Bunn</p>
Selwyn District Council	<p>Delivery Address: 2 Norman Kirk Drive Rolleston</p> <p>Postal Address: P O Box 90 Rolleston 7643 Fax: 03-347-2799 Email: Treasury.management@selwyn.govt.nz</p> <p>Attention: Douglas Marshall Greg Bell</p>
South Taranaki District Council	<p>Delivery Address: 105-111 Albion Street Hawera 4610</p> <p>Postal Address: Private Bag 902 Hawera 4640 Fax: 06-278-8757 Email: Vipul.mehta@stdc.govt.nz</p> <p>Attention: Vipul Mehta</p>
Tasman District Council	<p>Delivery Address: 189 Queen Street, Richmond, Nelson 7050</p> <p>Postal Address Private Bag 4 Richmond, Nelson 7050 Fax: 03-543-9524 Email: treasury@tasman.govt.nz</p> <p>Attention: Murray Staite Corporate Services Manager</p>
Taupo District Council	<p>Delivery Address: 72 Lake Terrace Taupo 3330</p>

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	<p>Postal Address: Private Bag 2005 Taupo 3352</p> <p>Fax: 07-377-2985</p> <p>Email: nward@taupo.govt.nz</p> <p>Attention: Rob Williams Neil Ward</p>
Tauranga City Council	<p>Delivery Address: 91 Willow Street Tauranga 3143</p> <p>Postal Address: Private Bag 12022 Tauranga 3143</p> <p>Fax: 07-577-7056</p> <p>Email: treasury.settlements@tauranga.govt.nz</p> <p>Attention: Mohan De Mel</p>
Waipa District Council	<p>Delivery Address: 101 Bank Street Te Awamutu</p> <p>Postal Address: Private Bag 2402 Te Awamutu 3800</p> <p>Fax: 07-872-0033</p> <p>Email: Farrah.Templeton@waipadc.govt.nz Sarah.Davies@waipadc.govt.nz Ken.Morris@waipadc.govt.nz</p> <p>Attention: Ken Morris</p>
Wellington City Council	<p>Delivery Address: 101 Wakefield Street Wellington City Council 113 The Terrace Wellington</p> <p>Postal Address: PO Box 2199 Wellington 6140</p> <p>Fax: 04-801-3090</p> <p>Email: martin.read@wcc.govt.nz</p> <p>Attention: Danny McComb Martin Read</p>
Wellington Regional Council	<p>Delivery Address: 142 Wakefield Street</p>

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	<p>Shed 39, 2 Fryatt Quay, Pipitea Wellington 6011</p> <p>Postal Address: P O Box 11646 Manners Street Wellington 6142</p> <p>Fax: 04-385-3973 Email: mike.timmer@gw.govt.nz matthias.zuschlag@gw.govt.nz</p> <p>Attention: Mike Timmer</p>
Western Bay Of Plenty District Council	<p>Delivery Address: Barkes Comer Greerton Tauranga</p> <p>Postal Address: Private Bag 12803 Tauranga 3143</p> <p>Fax: 07-577-9280 Email: kumaren.perumal@westembay.govt.nz</p> <p>Attention: Matthew Potton Kumaren Perumal</p>
Whangarei District Council	<p>Delivery Address: Forum North Rust Avenue Whangarei</p> <p>Postal Address: Private Bag 9023 Whangarei 0148</p> <p>Fax: 09-438-7632 Email: alan.adcock@wdc.govt.nz</p> <p>Attention: Alan Adcock</p>

SCHEDULE 2 - FORM OF ACCESSION DEED

ACCESSION DEED dated [●].

BETWEEN [—] **PARTIES**



("Acceding Party", and-)

New Zealand Local Government Funding Agency Limited

("Issuer")

pursuant to the Notes Subscription Agreement defined below.

INTRODUCTION

- A. The Issuer has agreed that the Acceding Party may accede to the Notes Subscription Agreement as a "Subscriber".
- B. This deed records the accession.

AGREEMENT:

1. INTERPRETATION

1.1 Interpretation: In this deed:

"Local Authority" means has the meaning given to it in the Local Government Act 2002.

"Notes Subscription Agreement" means the notes subscription agreement dated [●] 2014 7 December 2011 (as amended from time to time) between the Issuer and various Local Authorities.

- 1.2 **Notes Subscription Agreement:** Terms defined in the Notes Subscription Agreement have the same meaning in this deed unless the context requires otherwise.

2. ACCESSION

- 2.1 **Accession:** The Acceding Party hereby agrees with the Issuer that with effect on and from the date this deed is counter-signed by the Issuer, it will be bound by the Notes Subscription Agreement as a Subscriber as if it had been an original party thereto and named therein as a Subscriber, and agrees to be bound by the terms of, and perform its obligations under, the Notes Subscription Agreement.
- 2.2 **Acknowledgement:** The Issuer acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Notes Subscription Agreement.

3. NOTICE

The details for notices for the Acceding Party for the purposes of the Notes Subscription Agreement are: *[specify]*

4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

5. NO CROWN GUARANTEE

The obligations and liabilities of the *[Acceding Party and]* Issuer under this deed and the Notes Subscription Agreement are not guaranteed by the Crown. *[Note: Delete reference to Acceding Party if CCO is acceding as no equivalent to section 122 of the Act for CCO.]*

6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

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McAugh

EXECUTED AS A DEED

Acceding Party

[Local Authority/CCO] by:

Signature of [Elected Member/Director]

Signature of [Elected Member/Director]

Name of [Elected Member/Director]

Name of [Elected Member/Director]

Issuer

**NEW ZEALAND Local Government Funding
AGENCY LIMITED** by:

Signature of ~~director~~Director

Signature of ~~director~~Director

Name of ~~director~~Director

Name of ~~director~~Director

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "LA Shareholder":

- (a) acknowledges the terms of this deed and the Notes Subscription Agreement; and
(b) agrees to the automatic and immediate transfer to it of any Borrower Notes held by the
Acceding Party in the manner contemplated by clause 8 of the Notes Subscription
Agreement.

ACKNOWLEDGED BY:
[LA SHAREHOLDER] by:

Signature of Elected Member

Signature of Elected Member

Name of Elected Member

Name of Elected Member

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ANNEX TO THE ACCESSION DEED

1. LA Shareholder: As at the date of this deed, for the purposes of the Notes Subscription Agreement, the LA Shareholder[s] in respect of the Acceding Party is: [specify].

TITLE: Triennial Resolution to Re-form the Māori Technical Advisory Group

ID: A1312091

From: Auriole Ruka, Kaiwhakahaere Hononga Māori

Executive summary/Whakarāpopototanga

This report seeks council's endorsement to re-establish the Māori Technical Advisory Group (MTAG) for the 2019 – 2022 triennium, for the purposes of providing Māori technical advice and input for TTMAC into the development and implementation of council's plans and processes; capped with an allocation of 10 meetings per annum.

Recommendation(s)

1. That the report 'Triennial Resolution to Re-form the Māori Technical Advisory Group' by Auriole Ruka, Kaiwhakahaere Hononga Māori and dated 4 May 2020, be received.
2. That council endorse the request to re-establish the Māori Technical Advisory Group (MTAG) for the 2019 – 2022 triennium, for the purposes of providing Māori technical advice and input for TTMAC into the development and implementation of council's plans and processes with an allocation cap of 10 meetings per annum.

Background/Tuhinga

The Māori Technical Advisory Group (MTAG) was first established by council resolution in March 2016, at TTMAC's recommendation, as a means of gaining Māori technical advice and input during the preparatory stages of plan and policy development. MTAG meetings were convened by recommendation from TTMAC, to council, in order to comply with council's Appointed Members' Allowances Policy, which allows for members to be reimbursed for their time provided the meeting has prior approval from council.

At the March 2020 meeting of TTMAC, members endorsed the re-establishment of MTAG consisting of seven members and appointed members Chetham, Connelly, Edmonds, Norris, Rameka and Tautari. The seventh member is to be confirmed once full TTMAC membership has been achieved.

It is envisaged that the scope of MTAG's work would be to advise and inform TTMAC on strategic topics facing council and TTMAC including:

1. Input and advice into implementing the NPS Freshwater – specifically developing the water quality plan change to the Regional Plan for Northland.
2. Input and advice into developing the Inter Regional Marine Pest Pathways Plan.
3. Development of Mātauranga Māori Monitoring Guidelines.
4. Development of Cultural Impact Assessment guidelines / template.
5. Input and advice into the five-year efficiency and effectiveness review of the Regional Policy Statement.
6. Input and advice into the Long Term Plan 2021/31 and subsequent Annual Plans.
7. Input and advice into the development of an overarching council Water Strategy.
8. Input and advice into a potential Coastal Occupation Charging regime.
9. Input and advice for development of climate change strategy.
10. Input and advice into the implementation of Mana Whakahono ā Rohe.

11. Input and advice into the economic development programme of Northland Inc.
Staff recommend that a maximum of 10 MTAG meetings be approved per calendar year to enable timely MTAG advice and ensure compliance with council's Appointed Members' Allowances Policy. Any meetings exceeding this number will require further council approval.

While TTMAC representation on council's other working parties has now increased to 50%, and some topics that were previously considered by MTAG are now considered by those working party TTMAC members, it is still envisaged that there will be a role for MTAG for either a deep dive into issues or for matters not otherwise considered by other council working parties.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Council resolve to re-form MTAG and allow a quota of meetings per calendar year capped at 10 for MTAG to be convened	<p>Council's advice on projects and policy from central government has the benefit of receiving Māori technical input.</p> <p>This process is consistent with the Terms of Reference of TTMAC and with the agreed process (previously resolved) of receiving Māori advice to aid council's decision-making processes.</p> <p>The process would be consistent with council's Appointed Members' Allowances Policy, therefore allowing members to be reimbursed for their time.</p>	No specific disadvantages are envisaged.
2	That council declines to re-form MTAG and to resolve to allow for an annual allocation of MTAG meetings	Council would not have to pay meeting fees for MTAG member participation.	Council would not be able to seek Māori technical input for strategic policies and programmes where this expertise is required.

The staff's recommended option is Option 1, that council re-form MTAG and allow a quota of 10 meetings per annum to inform and advise the strategic programme of work for TTMAC.

2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's Significance and Engagement Policy because it has previously been consulted on and provided for in council's Long Term Plan and/or is part of council's day to day activities. This does not mean that this matter is not of significance to

tāngata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement.

3. Policy, risk management and legislative compliance

This is an administrative matter and as such there are no risks or legislative compliance issues.

The decision would be consistent with council's Appointed Members' Allowance Policy.

Further considerations

4. Community views

No specific community views have been received on MTAG.

5. Māori impact statement

This agenda item comes as a recommendation from TTMAC as they support and inform TTMAC decision making and recommendations for matters of significance to hapū and iwi.

It is anticipated that Māori would support this decision as it will allow for input into the decision making of council.

6. Financial implications

The provision of 10 annual MTAG meetings can be accommodated within existing budgets.

7. Implementation issues

It is envisaged that this decision will help streamline existing council processes. There are no envisaged implementation issues.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 06 May 2020

TITLE: Te Taitokerau Māori and Council Working Party - Nomination of New Member

ID: A1312992

From: Auriole Ruka, Kaiwhakahaere Hononga Māori

Executive summary/Whakarāpopototanga

The purpose of this report is to advise and seek endorsement from council of new membership for the hapū Ngāti Hau on Te Taitokerau Māori and Council Working Party (TTMAC).

Recommendation(s)

1. That the report 'Te Taitokerau Māori and Council Working Party - Nomination of New Member' by Auriole Ruka, Kaiwhakahaere Hononga Māori and dated 6 May 2020, be received.
 2. That council confirms Ngāti Hau hapū membership and their representatives Mike Kake and proxy Paul Strongman, as non-elected representatives on TTMAC working party.
-

Background/Tuhinga

In line with the Terms of Reference for TTMAC, nominations received from hapū not currently represented on the working party will be presented to council for ratification following consultation with the working party co-chairs. Such nominations must be accompanied with documentation, to the satisfaction of the co-chairs, that the nominee has formally been mandated by hapū to represent them on the working party.

In consultation with the co-chairs at the preview agenda meeting held on May 5, 2020 it was confirmed that documentation had been received of formal notification from the Ngāti Hau Trust Board on 23 March 2020. This correspondence confirmed Mike Kake as their representative and Paul Strongman as proxy for the hapū Ngāti Hau.

For TTMAC non-elected members this will result in 17 of 21 positions being filled, leaving four vacant seats; three of these are iwi seats that will remain available for Ngāti Kahu, Ngāti Kuri and Ngāi Takoto and one hapū seat in Ngāpuhi.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Council endorse the recommendations	Follows the process outlined in the Terms of Reference. Membership is mandated by a hapū that is well established and has shown ongoing	TTMAC seats reduce and council unable to accommodate other requests for new membership.

		commitment to engaging with council.	
2	Council does not endorse recommendations	Time to consider other options or information.	Decision is inconsistent with the Terms of Reference for TTMAC.

The staff's recommended option is Option 1 to endorse the recommendations for new membership.

2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's significance and engagement policy because it has previously been consulted on and provided for in council's Long-Term Plan and/or is part of council's day to day activities. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement. Tangata whenua engagement and consultation is ongoing with TTMAC in regards to iwi and hapū membership and representation.

3. Policy, risk management and legislative compliance

This report and recommendations are consistent with the TTMAC Terms of Reference and Appointed Members' Policy.

Further considerations

4. Community views

No community views have been sought on this decision.

5. Māori impact statement

The recommendations of this decision have taken into account the implications that directly impact Māori and reflect an approach that is consistent with TTMAC purpose and Terms of Reference.

6. Financial implications

There are no financial implications as full TTMAC membership has been accounted for in existing budgets for the non-elected members of TTMAC.

7. Implementation issues

There are no known implementation issues associated with this decision.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard

Title: Group Manager - Strategy, Governance and Engagement

Date: 06 May 2020

TITLE: Chair's Report to Council

ID: A1311319

From: Penny Smart, Chair

Purpose of Report

This report is to receive information from the Chair on strategic issues, meetings/events attended, and correspondence sent for the month of April 2020.

Recommendation

That the report 'Chair's Report to Council' by Penny Smart, Chair and dated 1 May 2020, be received.

Strategic issues

I would like to acknowledge the great work and effort of all Northlanders in our fight against COVID-19. As a council we know that this pandemic will take some recovering from and we will continue to work hard to support our Civil Defence Emergency, other agencies and Northland Inc. teams to assist those in need. While it will be a relief to move into lower alert levels it is important that we continue to adhere to any rules or restrictions and see this elimination through. I would also encourage everyone to shop locally where possible.

Councillors' deliberations and recommendations on its first Annual Plan of the triennium were reached with Northland's four well beings top of mind. We will all be aware that urgent work on water quality, pests, flood resilience and climate change will not wait for us to emerge from COVID-19 or any other emergency in the future. We firmly believe that if the land is well, if the sea is well, the people will thrive.

While normally the ability of NRC's investments to subsidise rates works in Northland ratepayers' favour, this is not currently the case due to the global and national economic effects of the virus. Indications are that returns on this front may not improve until mid-2021.

Now more than ever we need Northlanders to continue to pay their rates when due or make alternative arrangements for payment through their local councils.

NRC staff and councillors are all looking forward to the new 'working normal'. This will entail some of us having a spilt of working remotely and in the NRC office.

Councillors will continue to be optimistic for the future of Northland and are looking forward to being able to play our part in the roll out of the economic and environmental stimulus packages that central government are progressing.

Meetings/events attended

During this period, I attended the following meetings/events/functions:

- Meetings attended with the council's CEO, Malcolm Nicolson:
 - Mayors, Chair and CEOs catch up meetings.
 - Geoff Henley – NRC strategic session planning.
- Regular Mayors and Chair catch up meetings.
- COVID-19 Update to Local Government/CDEMS – Sarah Stuart-Black, Director CDEM and National Controller, and Professor Ian Town, Ministry of Health Chief Science Advisor/Chair COVID-19 Technical Advisory Group.
- Sarah Petersen, Northland Inc. – catch up.
- NEMA and Local Government Response Unit – COVID-19.
- Regional Sector Chairs/Mayors – catch up.

Correspondence

During April I sent out the following correspondence:

Date	Addressed To	Subject
23.04.20	Courtney Sanson Huia Webby Katherine Tautahi Zane Williams	Tū i te ora Scholarships
28.04.20	Alan Riwaka Te Rūnanga o Ngāti	TTMAC appointment on to Water and Land Working Party
28.04.20	Barb Elboz Ngāti Kuta Patukeha	TTMAC appointment on to Biosecurity and Biodiversity Working Party
28.04.20	Georgina Connelly Te Uri O Hau	TTMAC appointment on to Water and Land Working Party, Biosecurity and Biodiversity Working Party, and appointment on to the Māori Technical Advisory Group
28.04.20	Hadyn Edmonds Ngatiwai Trust Board	TTMAC appointment on to Climate Change Working Party and appointment on to the Māori Technical Advisory Group
28.04.20	Janelle Beazley Te Rūnanga-A-Iwi-O-Ngāpuhi	TTMAC appointment on to Water and Land Working Party
28.04.20	Juliane Chetham Patuharakeke Te Iwi Trust Board	TTMAC appointment on to Planning and Regulatory Working Party, Biosecurity and Biodiversity Working Party, and appointment on to the Māori Technical Advisory Group

28.04.20	Mira Norris Te Parawhau Hapū Authority Charitable Trust	TTMAC appointment on to Water and Land Working Party, Planning and Regulatory Working Party, and appointment on to the Māori Technical Advisory Group
28.04.20	Nora Rameka Ngāti Rehia	TTMAC appointment on to Biosecurity and Biodiversity Working Party, and appointment on to the Māori Technical Advisory Group
28.04.20	Pita Tipene Te Rūnanga o Ngāti Hine	TTMAC appointment on to Planning and Regulatory Working Party
28.04.20	Rowan Tautari Te Whakapiko Hapu	TTMAC appointment on to Climate Change Working Party, Planning and Regulatory Working Party, and appointment on to the Māori Technical Advisory Group
28.04.20	Thomas Hohaia Te Roroa	TTMAC appointment on to Climate Change Working Party
28.04.20	Toa Faneva Te Rūnanga O Whāingaroa	TTMAC appointment on to Climate Change Working Party
28.04.20	Victor Holloway Ngāti Tara	TTMAC appointment on to Water and Land Working Party
30.04.20	Sarah Petersen and Murray Reade Northland Inc.	Northland Inc. Ltd Statement of Intent 2020-2023 – Council response to draft

Attachments/Ngā tapirihanga

Nil

TITLE: Chief Executive's Report to Council

ID: A1311514

From: Malcolm Nicolson, Chief Executive Officer

Recommendation

That the report 'Chief Executive's Report to Council' by Malcolm Nicolson, Chief Executive Officer and dated 1 May 2020, be received.

8.2.1 HIGHLIGHTS

COVID-19 PANDEMIC RESPONSE

Council staff have continued to work mostly remotely since the Level 4 declaration was made. Since Level 3, a limited number of field staff whose work was unable to be undertaken remotely were approved by ELT to work away from home on environmental work. Strict pandemic operating procedures were applied. ELT adopted a cautious approach and approved new staff to work away from home weekly – on the agreement that only field work be undertaken – all “office work” continued to be done in peoples’ “home office”. No staff have contracted COVID-19. The council’s pandemic plan has continued to be updated as new announcements are made by central government. Requirements for staff are contained in our pandemic protocols. Contact tracing forms have been made available to staff as we await central government direction on a contact tracing app. All staff working away from their home environments are required to maintain contact tracing records.

REGIONAL ECONOMY

Supporting our regional economy will be critically important post COVID-19. In response to the Crown’s call for “shovel ready projects”, council has lodged four applications to Crown Infrastructure Partners that, if funded, will provide an opportunity to advance significant projects at pace and scale that will directly support our region’s economic recovery. Those projects include: Kaipara Moana Remediation – Green Infrastructure (in partnership with Kaipara Uri, Auckland, Kaipara and Whangārei councils); Awanui Flood Scheme Upgrade; Panguru Flood Mitigation and an Expanded Northland Water Storage Scheme, collectively representing a total project spend of \$179.7 million.

EMERGING LEADER AWARD

Kane McElrea, Biosecurity Manager - Partnerships & Strategy, was awarded the Brookfields Emerging Leader of the Year Award at the McGredy Winder SOLGM Local Government Excellence Awards on 8 May. This is an outstanding achievement. The Award provides a fully paid trip to attend the International City/County Management Association (ICMA) Annual Conference in the USA, the largest annual event in the world for local government professionals. Further details are available at https://www.solgm.org.nz/Story?Action=View&Story_id=224

IWI AND HAPŪ ENGAGEMENT

The Māori Engagement team have been working to provide intelligence for both COVID-19 and drought response to support the co-ordination of response to communities in need. Te Kahu o Taonui/Iwi Leaders have been working together to deliver water, food and share information across the region to their respective rohe and the Kaiarahi Kaupapa Māori has been liaising on behalf of council with these groups. We now have iwi representation at governance and operational levels and advising our CDEM team on how we can strengthen these connections has been progressive and will hold us in good stead for the region going forward.

MARITIME

Maritime staff, in coordination with customs, assisted Police over the duration of the lock down to patrol Whangārei, Bay of Islands and Whangaroa Harbours. Seven patrols were carried out by Maritime staff, completing approximately one hundred and forty interactions with vessels on the water. Compliance with the COVID-19 restrictions has improved over the weeks, with few issues during Level 3 so far.

CIVIL DEFENSE EMERGENCY MANAGEMENT (CDEM)

The Northland Group Emergency Co-ordination Centre (GECC) was activated in February for the drought response, with COVID-19 being added concurrently in late March. The core team of CDEM full-time staff has been supported throughout the events of this year by a considerable number of staff from all four Northland councils, contributing to core response functions: Intelligence, Planning, Operations and Welfare. At its peak, the combined team numbered approximately 45 staff (CDEM professionals plus staff from councils). WDC also took on the role of managing freedom campers on behalf of the region. The full CDEM group structure has been active in the regional response, including the Welfare Co-ordinating Group, Lifelines Utilities Group and Emergency Services.

Northland iwi have had a prominent role in both responses (particularly COVID-19), mounting their own responses and also working in conjunction with the CDEM group. This has been led by the pan-iwi Te Kahu O Taonui (TKoT). TKoT representatives have been co-opted on to the CDEM Group Co-ordinating Executive Group (CEG) and included in the GECC and WCG structures.

The CDEM group has identified more than 200 organisations (the majority of which already existed, but some of which are operating in different ways, or at a higher level of activity) delivering assistance or providing some form of support within Northland during the COVID-19 response.

In late March, an early decision by central Government saw funding provided directly to iwi, community organisations and volunteer groups in Northland via the Ministry for Social Development and Te Puni Kokiri (part of an initial \$27 million investment nationally). In many cases (primarily iwi) this was supplemented by the iwi's own funds and donations (both funding and goods), leading to a well-coordinated and connected programme of deliveries of kai and other essentials to those most in need.

In addition, the Ministry for Social Development undertook considerable outbound calling to check on older people in particular.

In late April, the Government announced a further \$30 million support package to bolster the delivery of food and welfare assistance by CDEM groups and local authorities. A key aspect of this package was that it enabled the provision of funding to foodbanks, community food organisations and other welfare providers, to enable them to provide food and other essential household items.

An invitation to apply to the fund was sent directly to CDEM stakeholders, welfare agencies and community services providers identified by CDEM. The NRC Finance team staff in particular supported this process and made payments. As at 11 May 2020, \$1.027 million has been distributed in Northland (to be reimbursed by NEMA).

In late March (relatively early in Alert Level 4) all CDEM groups were required in a reasonably short time frame to set up welfare 0800 lines. These were intended for those who didn't have essentials needed to get through lockdown (such as food, water, over-the-counter medication or cleaning supplies) and did not have other options such as neighbours, family or friends, or availability of online shopping. WDC call centre staff did an outstanding job of the task of answering these calls in the first instance, covering 12 hours a day, seven days a week on a rostered basis. More than 600 calls have been received, with food the most frequent requirement, followed by accommodation and financial support. The need for the 0800 numbers has since tapered across the country (in part due to the move to Alert Level 3). Northland's hours have now been scaled back to 9-5 (but currently still seven days a week) and further revisions are being considered.

Other activities carried out by the CDEM Group include:

- Intelligence-gathering and development of sitreps for COVID-19 and (for a period) the drought responses, and business sitreps in conjunction with Northland Inc. Also action plans and other reporting required by NEMA, and regular teleconferences for key function leads
- Co-ordination within Northland of the nine national workstreams including the Northland Lifelines Group, Northland Welfare Coordination Group (WCG) and the Northland business community
- Connection with Northland iwi through Te Kahu O Taonui (TKoT) with the Northland CDEM group with good engagement and coordination
- Ongoing teleconferences with emergency services and the Northland DHB incident management team
- GIS mapping and data sharing
- Thirty Community Response Groups have been active across the region

NRC Maritime staff also assisted NZ Police with on-the-water education and enforcement patrols in Alert Levels 4 and 3.

Next Steps

All CDEM groups have recently been advised by NEMA that they should aim to transition from response activity to recovery two weeks after Alert Level 2 takes effect (while retaining the ability to re-escalate activation status if required and also to respond to other emergencies) and the Northland CDEM group is planning accordingly.

The national framework for managing the ongoing welfare response to COVID-19 is known as Caring for Communities (sC4C) and the intention is that the Social Wellbeing Governance Group will act in a lead / coordination role for this moving into recovery. However, there will be an ongoing requirement for status reporting to NEMA to inform national coordination.

The CDEM group will maintain overall responsibility for the drought response co-ordination, with one of the key ongoing activities being the coordination of household water tank refills (with the cost of these being reimbursed by NEMA).

8.2.2 CEO'S OFFICE

Council Property Update

- Commercial and ground lease tenants have been notified of council's rent relief policy and feedback has been exceptionally positive.
- Kensington Crossing construction work has resumed under Alert Level 3 - 23 working days were lost. Productivity on site is expected to be less efficient at first, improving as the Head Contractor evolves and establishes efficient work patterns under the current Alert Level. All intending tenants accept the situation and remain committed.
- The Kaipara Service Centre Head Contract is out for tender with six companies. The detailed design, budget and KDC lease is now being finalised for June 2020 council consideration.
- Kiwirail are in final discussions on the transfer of Marsden Point Rail Link properties from council to full Kiwirail ownership.

Current Legal Proceedings

Department	Description	Status
Consent decision appeal	Replacement consents for, and new consents for an expansion of, Doug's Ōpua Boat Yard in Walls Bay, Ōpua.	No further update.

Department	Description	Status
Consent decision appeal	Replacement discharge consents for East Coast Bays Wastewater Treatment Plant (Taipā)	No further update.

8.2.3 CORPORATE EXCELLENCE

Cyber Security

The distributed working from home configuration has increased council's risk for cyber security attacks. Seven security events were recorded during April, all were a real threat (True Positive) and three categorised with a severity of high.

To improve security in the new distributed work from home environment, the council has undertaken several tactical security measures deploying an additional layer of security software. However, these events have highlighted that while addressing immediate issues, tactical security measures need to be incorporated into an overarching security risk framework to ensure key risks are not being missed and will start our alignment with the NZ government security policy.

Fraud Declaration

I am not aware of any fraud nor am I investigating any incidence or suspected incidence of fraud at this time.

8.2.4 REGULATORY SERVICES

During April 2020, a total of 65 decisions were issued. These decisions comprised:

- Moorings 1
- Coastal Permits 21
- Air Discharge Permits 0
- Land Discharge Permits 5
- Water Discharge Permits 0
- Land Use Consents 32
- Water Permits 4
- Bore Consents 2

The processing timeframes for the April 2020 consents ranged from:

- 302 to 14 calendar days, with the median time being 33 days;
- 75 to 10 working days, with the median time being 20 days.

Thirty-seven applications were received in April 2020.

Of the 123 applications in progress at the end of April 2020:

- 55 were received more than 12 months ago (most awaiting further information from the applicant);
- 18 were received between 6 and 12 months ago (most awaiting further information from the applicant);
- 50 less than 6 months.

Appointment of Hearing Commissioners

No commissioners were appointed in April 2020.

Consents Decisions and Progress on Notified Applications in Process, Objections and Appeals

The current level of notified application processing activities at the end of April 2020 is (by number):

- Applications Publicly/Limited Notified During Previous Month 1
- Progress on Applications Previously Notified 4
- Hearings and Decisions 0
- Appeals/Objections 2

COMPLIANCE MONITORING

The results of compliance monitoring for the period 1 – 30 April 2020 (and year-to-date figures) are summarised in the following table and discussed below.

Classification	Total	Full compliance	Low risk non-compliance	Moderate non-compliance	Significant non-compliance	Not exercised during period
Air discharges	27	19	1	1	6	0
Coastal permit	179	91	42	24	13	9
Discharge permit	109	73	11	11	12	2
Land use consent	7	4	0	0	0	3
Water permit	95	55	19	6	0	15
Total	417	242	73	42	31	29
Percentage		58.1%	17.5%	10.1%	7.4%	7.0%
YTD	6,826	5,149	682	453	234	308
Percentage		75.4	10.0%	6.6%	3.4%	4.5%

Coastal

The consents monitored during the reporting period related to coastal discharges, marine farms and other coastal structures. Staff have taken the opportunity during the Covid-19 lockdown to review and update many coastal monitoring protocols and procedures.

Water, Waste, Air and Land Use (WWALU) compliance monitoring

- *Water use*

Throughout April staff continued to keep busy monitoring water use, issuing water shortage directions and responding to queries regarding excessive water use and/or water sources drying up. A number of Compliance Monitoring staff took on new responsibilities to assist Northland CDEM with its drought response, undertaking roles formerly undertaken by CDEM staff.

Team members routinely collected chloride samples from the at-risk aquifers along the east coast during April. Chloride results continue to show elevated levels in most areas and testing will continue this month.

- *Aupōuri groundwater monitoring*

Staff conducted a round of groundwater sampling on the Aupōuri Aquifer sentinel monitoring bores in April due to the importance of the protection of this groundwater source.

- **Wastewater**

A decision was made early April to defer monitoring visits to wastewater treatment plants until later in May.

- **Forestry and Earthworks**

Forestry and construction were given a green light by Government to operate under Covid-19 Level 3 restrictions. Land use monitoring staff became busy receiving notifications from these industries of their intent to resume operations. They identified “at-risk” sites and developed a plan for conducting site visits safely. The priority now is to ensure these sites are being stabilised with appropriate controls for winter shutdown or to issue a winter works authorisation which allows sites to continue to operate. Given the lack of rainfall and storm events, it is expected that most sites should be found to be in fairly good condition.

- **Waste management**

Three incidents involving the discharge of hazardous substances and eight enquiries regarding contaminated land were received and responded to. No hazardous waste was disposed of due to Covid-19 restrictions. The ReSort facility was closed to the public throughout April and all waste substances at the facility were segregated and stored safely prior to lockdown.

Environmental Incidents

There were no incidents recorded during the reporting period that resulted in a significant environmental impact.

ENFORCEMENT

Abatement notices, infringement notices and formal warnings

The following enforcement actions were taken during the period:

Nature of Offence	Infringement Notice		Abatement Notice		Total*	
	No. Offences	No. Notices	No. Offences	No. Notices	No. Offences	No. Notices
Earthworks / land use	0	0	2	4	2	4
Illegal use of lakebed or riverbed	0	0	1	7	1	7
Total	0	0	2	11	2	11

*An infringement notice and an abatement notice may be issued for the same offence. This means that in the above table, Column 5 (Total No. Offences) is not necessarily the sum of Column 1 (Infringement Notice No. Offences) + Column 3 (Abatement Notice No. Offences).

Other Enforcement

- **Enforcement Order – Paihia wastewater treatment plant**

The upgraded treatment plant has now been commissioned and all milestones imposed by the Enforcement Order were met.

- **Farm dairy effluent – Pūrua**

Charges were laid against a farm owner and his company, as well as the farm manager and his company, for offences which occurred in August 2019. There are five charges against each of the four defendants. The farm has a poor history of compliance with regional rules for animal effluent disposal. Disclosure was provided to the defence lawyers on 5 March 2020. The first appearance date in the Whangarei District Court was adjourned to a later date.

- *Sand dune removal – Tokerau Beach*

Charges have been laid against two parties – an individual and his company for offending which occurred in July 2019. The alleged offences include the removal of a sand dune at Tokerau Beach. There are four charges against each of the two defendants. Disclosure was provided to the defence lawyer on 2 March 2020. The first appearance date in the Kaitia District Court was adjourned to a later date.

- *Timber treatment plant*

Charges were filed in court on 12 March 2020 for a company and an individual for discharges from a timber treatment processing plant. The plant has a history of poor compliance with resource consent conditions. Disclosure has not yet been done. The first appearance date in the Whangarei District Court was adjourned to a later date.

- *Earthworks without erosion and sediment controls – Totara North*

Council arranged for the installation of erosion and sediment controls under section 330 of the RMA. A decision on prosecution is pending legal advice. Recovery of costs will be sought under RMA provisions, either in conjunction with a prosecution or separately.

- *Water Shortage Directions (WSDs)*

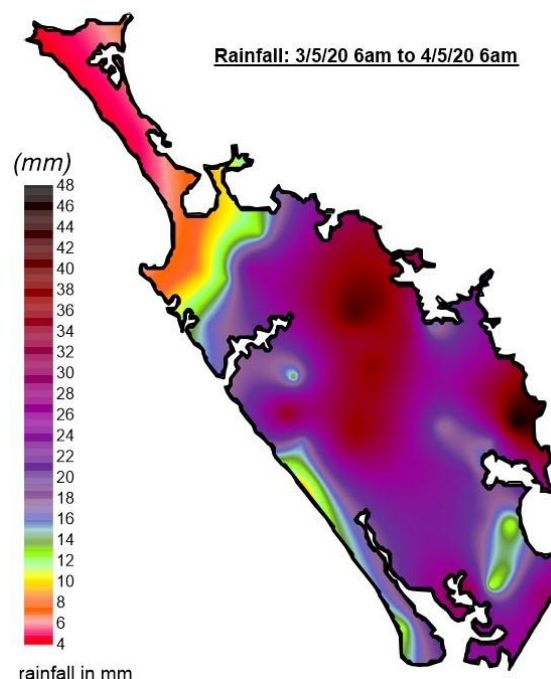
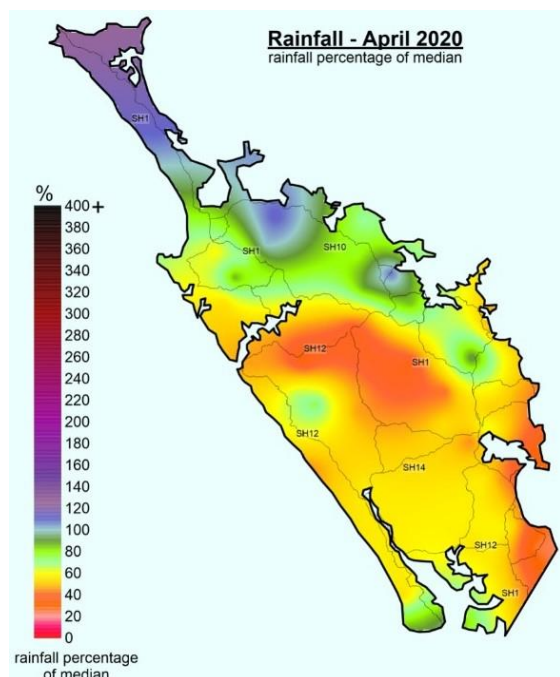
WSDs were issued during April in relation to the following water resources:

- Far North District east coast coastal catchments
- Whangārei District east coast coastal catchments
- Awanui River (Kaitāia public water supply)
- Okahu Stream (Kaitāia public water supply)
- Wairoro Stream and Monument Hill groundwater (Kaikohe public water supply)
- Waiotemarama and Waiarohia streams (Opononi and Ōmāpere public water supply)
- Petaka Stream (Rāwene public water supply)
- Hātea River (Whangārei city public water supply)
- Tirohanga bores/Stream (Kawakawa public water supply)
- Mangaharuru Stream (Fonterra Kauri site water supply and Piano Hill domestic water supply).

HYDROLOGY

Rainfall

- April overall was drier than normal for the month, with the region as a whole receiving around 62% of the normal rainfall. There were periods of showers through most of the month and the odd thunderstorm, but no rainfall events of any significance.
- A further small rainfall event occurred with a front moving across Northland on 3 to 4 May, producing around 30-40mm across the region.
- Kaikohe, Kerikeri, Dargaville and Whangārei have received 40-45% of the year to date average rainfall for those areas.



River Flows

- Throughout April, river flows continued to be extremely low, with most below drought flows.

Hydrology Projects

- Work continued processing flow data for the freshwater quality model. Nearly half the required stations have been processed for this project.
- Electronic field sheets for hydrological data collection have been drafted.
- Work to automate field captured data into the time series database is underway.

COASTAL / WATER QUALITY FIELD OPERATIONS

- No state of the environment monitoring was undertaken due to Covid-19 Level 4 restrictions. A number of dissolved oxygen sensors, as part of the ongoing drought response, were deployed in late April when Level 3 allowed some field work to commence. The last of the 'summer' recreational lake cyanobacteria monitoring was also undertaken in Level 3.
- Staff have taken the opportunity during COVID-19 lockdown to review and update many of our monitoring protocols and procedures.

NATURAL RESOURCES SCIENCE

Air Quality

- Ambient PM₁₀ monitoring results for March 2020 for the Whangārei and Marsden Point airsheds and Kawakawa township show that compliance was met with the National Environmental Standards for Air Quality. Ambient PM_{2.5} monitoring results for Whangārei were within the Ambient Air Quality Guideline value.
- Council's CO₂-e (carbon dioxide equivalent) emission for 2019 was 389.3 tonnes, which is 1.4% (i.e. 5.4 tonnes) higher than 2018, whereas its electricity consumption and waste generation were 25.9 and 18.9% lower respectively. The emission increase is contributed to increased fuel consumption (6.3%) and air travel (5.2%).
- The graph below shows the comparison of council's monthly emission of CO₂-e between 2018 and 2019.



NATURAL RESOURCES DATA

- LAWA is now live (as at 28 April 2020) with the new Groundwater Quality area. The LAWA audience continues to grow and the website has had 3.2 million-page views since it was launched in 2014, demonstrating high interest by the general public in the environmental data collected by the regional sector.
- The Data Team is processing several large data requests linked to the drought response, including Ruawai and Russell drought risk assessment. Data has been provided for the Aupōuri aquifer model update 2020.
- The team is also currently working on new electronic data collection forms that will be used by operations teams and is working with the Online Services Team updating the platform for displaying environmental data on the council's website.
- The implementation of the ecological database (KiEco) is now underway.

FRESH WATER ECOLOGY

River Water Quality Modelling

- The draft reports on current water quality state models developed by NIWA and Land & Water Science (L&WS) have been internally reviewed. The NIWA RF model (Random forest – an ensemble of regression trees) had better performance for some nitrogen compounds (nitrate and total nitrogen) and turbidity. However, its performance for ammonia, total phosphorous and E.coli was poor, with high levels of uncertainty. The final report from NIWA on Northland's current water quality state is expected by the end of May 2020.
- L&WS has used an advanced "genetic algorithm" approach which is able to predict the spatial variations in the region's current water quality state.
- From the L&WS modelling work it was evident that the most sensitive predictors of water quality in the region were Northland's Wetness Gradient Layer (NWGL) and Erosion Susceptibility Classification (ESC), which were derived from high resolution radiometric and satellite data. Land use was retained as a sensitive predictor of sediment and E. coli.

- The L&WS current state model has performed much better than NIWA RF models in predicting the spatial variation for most of the water quality attributes in the region.

Northland Dune Lakes Review by NIWA

- A recent report by NIWA ([April 2020](#)) report has put together all the existing studies on Northland dune lakes into one document. The report has recommended a risk-based approach for setting nutrient limits to our lakes because of their unique lake-catchment and in-lake processes which vary from one lake to another within a small geographic scale.

Network Review for River And Lake Monitoring

- A network review process for surface water quality monitoring has begun by setting up the project plan and defining long-term objectives and criteria.
- Unfortunately, COVID-19 has meant we have been unable to complete our annual fish monitoring surveys in the region. There is the possibility of carrying out a few surveys in May if low river flows persist and temperatures remain warm.
- Inanga spawning surveys are planned for the Ngunguru River later this month (a salt wedge survey was completed before the lockdown to identify the likely spawning area).
- A model is being developed to predict Northland's inanga spawning sites utilising LIDAR, which will help support the 2021 regional plan change.

Freshwater Quantity

- Modelling and mapping of the 1990 to 1994 drought, which could be comparable to the current one, have been completed
- Downscaling and testing global models for Northland drought-related parameters is underway. This is expected to provide information/data in the areas where and when there is no monitoring undertaken.
- Testing rain radar Moata portal and data is ready for downloading. This will feed into flood modelling in Awanui sub-catchments and other catchments.
- A network review has begun assessing existing sites and potential new sites for climate, rainfall and flow monitoring stations. Climate stations are critical to measure Northland's complex climate and its impacts on water resources, especially under the changing climate.

Groundwater Projects

- *Ruawai aquifer drought risk assessment:*

This risk assessment is currently being drafted. The initial findings indicate the drought is currently not impacting on the water quality of the Kaipara District Council public water supply bores and risks to water quality are unlikely to increase over the short-term. However, if groundwater levels remain low for multiple years and the current rate of abstraction continues, there is a medium to long-term risk of more saline water at the base of the aquifer entering these bores.

- *Aupōuri aquifer model update 2020:*

Aqualinc and Lincoln Agritech will be working together over the next five months to update the council's Aupōuri aquifer model using all available new groundwater information. The key output from the updated model will be a rerun allocation scenario to provide further guidance on recommended allocation limits, and sensitivity and uncertainty analysis. The final report will inform the basis of any future regional plan change relating to Aupōuri allocation limits.

Marine Ecology

- Saltmarsh and mangrove habitats mapping study findings are expected to be available in May 2020.

8.2.5 ENVIRONMENTAL SERVICES

LAND MANAGEMENT

Farm Plan and Environment Fund Update

Farm Environment Plans 2019/2020		Environment Funds 2019/2020	
FEP's Commenced 2019/20	FEP's Completed 2019/20	No of Environment Funds Granted	Amount Granted
124	134	147	\$1,010,755*

**This includes MfE fund proportion of Hātea projects*

Waimā Waitai Waioira – Freshwater Improvement Fund

Objective	Status
Te Kawa Waioira	<ul style="list-style-type: none"> Research project plan and associated budget has been updated and change request submitted to NRC. Reassessment of deliverables due to Covid-19 restrictions.
Farm Environment Plans	<ul style="list-style-type: none"> 38 out of 40 Farm Environment Plans (FEP's) completed.
Landowner grants	<ul style="list-style-type: none"> Tender for planting 60,000 natives across six sites is online.
Communication and engagement	<ul style="list-style-type: none"> Video series - on track
Water quality monitoring	<ul style="list-style-type: none"> No progress since last update – on track

Sustainable Hill Country and Regional Priorities

Milestones	Status
Research	
Coastal erosion buffers	A research plan has been submitted to MPI.
Mature poplar / willow	A research plan has been submitted to MPI.
Farm Environment Plans	
	There are 127 completed plans of the 112 required (113%) in 2019-20 year.
Stakeholder Engagement	
	A project engagement strategy has been approved by MPI.
Land Treatments	
Retirement fencing	Sixteen fencing projects with retirement fencing of highly erodible land have been approved. The \$84k budget is fully allocated.
Contractor capacity development	A list of contractors interested in planting work has been prepared.

BIODIVERSITY

FIF Dune Lakes Project

Objective	Status
Aquatic weed and pest fish control	<ul style="list-style-type: none"> Grass carp removal has been put on hold until spring. Other pest fish removal operations have been postponed until Level 2 lockdown. Planning and organising for the herbicide operation have continued as planned.
Sediment and nutrient mitigation	<ul style="list-style-type: none"> Planning continues for earthworks and catchment mitigations due to commence summer 2020
Māori Lakes Strategy	<ul style="list-style-type: none"> COVID-19 restrictions forced a cancellation of a planned hui and will resume once restrictions lift.
Fencing	<ul style="list-style-type: none"> A small section of fence line at Lake Ngatu is yet to be completed awaiting other agencies.
General	<ul style="list-style-type: none"> The Year Third Quarter Report was submitted to MfE. The Year 4 Annual Work Plan was drafted for submission to MfE at the end of April.

CoastCare

The latest edition of the CoastCare e-newsletter has been compiled and distributed and is available on the NRC website: www.nrc.govt.nz/enewsletters.

The Far North Kaitiaki Ranger programme finished early when the country went into Level 4 lockdown.

Wetlands

MfE have put out a tender to identify and map wetlands in the Northland Region using available methods such as LiDAR, radiometric surveys, remote sensing and existing databases down to a resolution of at least 500m2. The tender closes 26 May.

BIOSECURITY

WILD ANIMAL CONTROL

Deer Incursion – Ōruawharo

The deer response team responded to reports of deer roaming in the Ōruawharo (Tōpuni) region. The visit confirmed that 14 fallow deer were being kept illegally, and this information has been passed on to DOC and MPI.

Deer Incursion – Kaiwaka

Surveillance of this liberation in Kaiwaka (which has already seen 12 deer destroyed in the response to date) has continued with the destruction of one deer, and the sighting of a further 2-3 animals near the site of the original liberation. Further surveillance will be conducted.

PARTNERSHIPS

Kiwi Coast Trust

In 2017, council signed a five-year partnership with the Kiwi Coast Trust, consolidating strong working relationships between both organisations. Now completing its second year of the partnership, the collective results of pest control activities from groups aligned with the Kiwi Coast have tallied more than 396,000 over the last seven years. Data is collated each calendar year and highlights include:

- The new grand tally is **396,634** pest animals for the past seven years.

- **155** Northland projects, groups, and organisations sent in their data, setting a new record with **98,506** pests collectively trapped on the Kiwi Coast in 2019 alone.
- The seven-year total for the pests now includes 166,099 possums, 157,878 rodents, 7,696 stoats and 4,782 feral cats.
- On average, over **1,800** pests are being removed from Northland every week.
- The groups and projects linked into Kiwi Coast are now working together over approximately **170,000** hectares.
- Full details are available at <https://kiwicoast.org.nz/396634-pests-removed-in-seven-years/>



Kiwi Coast 2019 results flier

PEST PLANTS

Stop Wild Ginger Biocontrol Program

Staff have held discussions with Manaaki Whenua Landcare Research and the Ministry for Primary Industries to re-structure the Stop Wild Ginger Biocontrol Program in light of Covid-19 impacts, and the results from stages completed to date. With the uncertainties regarding global travel, it is likely that planned agent collections in India will be unable to occur, and there may be further delays with obtaining Government permissions. As such, the revised timeline will seek to extend the program out by one year, delaying any collection activity until 2021. As the length and scale of the impact to global travel is hard to predict, this will be subject to further review early next year.

RIVERS AND NATURAL HAZARDS

Long Term Plan Projects

Rivers	Comments
Awanui	<ul style="list-style-type: none"> • Earthworks will resume on 28 April and will follow COVID-19 Level 3 H&S protocol. • Archaeology authority, resource consenting and detailed design work is continuing. • We have halted all landowner engagement due to the COVID-19 restrictions.
Kawakawa – Taumārere	<ul style="list-style-type: none"> • Job has been awarded - work is on hold pending COVID-19. • Likely postponement until Jan 2021. • Work is weather dependent.
Panguru	<ul style="list-style-type: none"> • Work will resume 28 April after COVID-19 Level 3 restrictions are lifted.
Kaihū	<ul style="list-style-type: none"> • The second helicopter spraying is scheduled to resume after Level 3 restrictions are lifted.
Kerikeri-Waipapa	<ul style="list-style-type: none"> • Desktop analysis work is progressing

	<ul style="list-style-type: none"> Field work will commence after restrictions are lifted.
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NATURAL HAZARDS

Work Streams	Status	Comments
Awanui and Kerikeri Flood Model	95%	The team has been reviewing the new flood mapping and intend on updating the Awanui and Kerikeri flood maps in May.
Coastal erosion hazard mapping	50% complete	Erosion assessments and updates are underway by Tonkin and Taylor
	50% complete	Auckland University (co-funded by the National Science Challenge) is undertaking mapping of Northland historic shorelines, which will give a picture of erosion risk across Northland.
Coastal flood hazard mapping	Kaipara Project is 70% complete	DHI are developing a hydrodynamic flood model for the Northern Kaipara Harbour, which will produce coastal flood maps for the Harbour.
	Regional coastal flood project - 15% complete	Tonkin and Taylor underway on the regional coastal flood hazard assessment. NIWA subcontracted to process/analyse tide gauge data; SLR contour mapping 50% complete
Region-wide flood mapping	Design storm project - 10% complete	Project to develop area-specific design storm rainfall characteristics to improve the accuracy of flood models is being led by Auckland University.
	Hydro-enforced DEM project - tender assessment phase	The tender to develop a hydro-enforced digital elevation model will be awarded on 30 April, work to commence immediately
	Region-wide flood model - planning phase	The tender for a region wide river flood model is in draft form and will be advertised May 1st; project to begin at the start of June.

8.2.6 STRATEGY, GOVERNANCE AND ENGAGEMENT

PROPOSED REGIONAL PLAN

No update to report since last month - staff are awaiting guidance from the Environment Court with regards to when hearings are scheduled to re-convene.

NATIONAL INITIATIVES

Proposed COVID-19 Recovery (Fast Track Consenting) Bill

The Government has announced an intention to introduce a 'fast track' consenting process to boost employment and economic recovery in response to COVID-19. The proposed law would not amend the RMA, but provide an alternative consenting pathway for eligible recovery projects to enable:

- fast-track resource consenting and designation processes for eligible projects
- accelerate the beginning of work on a range of different sized and located projects
- support certainty of ongoing employment and investment across New Zealand.

The Bill has yet to be drafted, but enactment is anticipated in June 2020.

ECONOMIC DEVELOPMENT

Investment and Growth Reserve – Projects Report

Project	Update	Future developments/ reporting
Northland Water Storage and Use	Project status update prepared for Minister Jones. Approval to move into next phase received from MBIE. Working with PDU on a fast-track work programme as part of COVID-19 response.	Continue preparing for next phase, including selection of technical service provider, governance structure and documents for public.
Hundertwasser Art Centre (Whangārei)	Given the impact of COVID-19 the recommendation from Northland Inc. on additional funding request (originally due 24 April) has been delayed until impact on the project becomes clearer.	Awaiting recommendation from Northland Inc.
Te Hononga / Kawakawa Hundertwasser Park Centre	Update project report received. Project was 8 weeks from completing before Level 4 lockdown commenced.	

Other work undertaken

- Letter to Northland Inc. Ltd. providing council's comments on their draft Statement of Intent 2020-2023 for board consideration in finalising SOI.
- Analysis of Northland freight modes for draft Regional Land Transport Plan based on the information contained in the National Freight Demand Study 2017/18.
- Analyse results from the 2019/20 Northland Internet Speed Survey. The main findings from the survey include:
 - There were 282 completed responses in 2019/20. Down one-third from 377 in 2018/19.
 - Of those stating their type of internet connection, 25% listed this as being fibre (UFB). This is up almost three times from the 9% recorded in 2018/19. There was a considerably lift in the proportion of respondents on fibre in all three districts. For example, in 2018/19 only 2% of the Far North District based respondents indicated that they were on fibre; in the 2019/20 survey 16% did.
 - 44% of respondents indicated they had a download speed of 20Mbps or more, up from 34% in 2019/20. Respondents in all three districts indicated an upward trend in download speed. For example, in 2018/19 only 16% of respondents in Kaipara indicated they had a download speed of 20Mbps or more, in the 2019/20 survey 45% of Kaipara respondents did.
 - The mean average download speed of those responding to the survey has increased from 20Mbps to 46Mbps.
 - The proportion of respondents indicating that they are more than or very satisfied with the internet service has risen from 11% in 2018/19 to 17% in 2019/20.
 - However, one-in-four respondents are not at all satisfied with the internet service they have and a further 40% are only partly satisfied. These percentages have not change much in the two years.

ONLINE CHANNELS

Most popular content on Facebook – A post alerting the public of a hoax circulating on Facebook messenger. It claimed to be official advice from the Northland Regional Council that Northland businesses may re-open and lock-down is lifted. The post reiterated this was absolutely not true and encouraged people to let us know if they see anything like this circulating. The post reached over 21,000 people with more than 300 engaging with the post.

*Reach – number of unique people who saw the post

*Engaged – number of people who 'reacted', commented or shared the post

Key Performance Indicators	Dec-19	Jan-20	*Feb-20	Mar-20	Apr-20
WEB					
# Visits to the NRC website	28,452	31,900	35,500	30,300	25,100
E-payments made	13	5	12	8	5
# subscription customers (cumulative)	1,171	1,172	1,176	1,171	1,182
SOCIAL MEDIA (CUMULATIVE)					
# Twitter followers	1,493	1,503	1,515	1,523	1,525
# NRC Facebook fans	9,163	9,231	9,976	9,553	9,599
# NRC Overall Facebook Reach	94,591	250,500	327,700	172,300	60,300
# NRC Engaged Daily Users	6,995	6,132	23,500	14,900	6,529
# CDEM Facebook fans	17,300	17,400	18,000	17,900	18,000
# CDEM Overall Facebook Reach	96,064	75,500	404,200	161,900	172,800
# CDEM Engaged Daily Users	12,428	5,969	42,500	20,600	19,200
# Instagram followers	991	1,033	1,103	1,137	1,163

NOTES:

* February 2020 - Significant increase in usual Facebook reach and engagement due to the number of posts communicating key messages about drought management.

ENVIROSCHOOLS / EDUCATION

New Te Taitokerau Education for Sustainability Facebook Group

We have shifted the council's education for sustainability kaupapa into a two-way street where we can all share and kōrero about the great mahi happening in Te Taitokerau. In this group members will share news and resources relating to environmental education for sustainability, as well as some of the mahi our Northland EnviroSchools are involved in.

School Communities Facilitated

Despite the lockdown EnviroSchools Facilitators are in contact with all their schools and early childhood centres, with 36 on-line specific supports taking place during April.

Environmental Leaders Fund Open

This fund was opened early to allow teachers to work on applications during the earlier school holidays. The Environmental Leaders Fund aims to support Northland schools and early childhood centres, students and children to increase their environmental knowledge and action. Projects or initiatives that are practical, hands-on, and have a positive impact on Northland's environment will be considered.

MARKETING AND ENGAGEMENT

Whakamānawa ā Taiao - Environmental Awards

The Northland Regional Council Whakamānawa ā Taiao - Environmental Awards will continue in 2020 but in a reduced capacity. Council received 28 applications for the awards, significantly down on the 93 received in the 2019 inaugural awards. This in large, can be attributed to the crises occurring in Northland during the application period - the Northland drought and the COVID 19 lockdown.

Instead of announcing finalists as we'd intended on 28 April, all applications will be judged and the category winners will be announced on 28 May - online and in the media. Unfortunately, due to

current restrictions, we're unable to hold the awards ceremony that was planned for 28 May at the Turner Centre in Kerikeri. Instead, a small ceremony will be held to celebrate our winners once we emerge from lockdown, and it's safe to meet face-to-face once again.

MĀORI ENGAGEMENT

Te Whāriki Kakano

Although Te Whāriki Core Competency Level 1 Workshops have been unable to progress the team with support from our communications team have been delivering a new initiative "Te Whāriki Kakano" to continue the programme of learning utilising Zoom. Four weekly modules have been held with an interactive learning 'zui' focusing on the key components of a pōwhiri; karanga, karakia, mihihi and whakanoa. This has received positive feedback and is complemented well by the 'speed te reo' sessions offered.

Iwi and Hapū Engagement

Ongoing communication and discussions with Te Puni Kokiri and iwi/hapu representatives to develop a shared understanding of the information platforms and the community groups, responses that are available to inform a regional response for COVID-19. A common understanding of the data layers held by different organisations and how they can be shared to enable this work continues.

IHEMP Funding

The funding for 2020/2021 is now being advertised and promoted for IHEMPS funding. Discussions held with WDC on how we can work together to streamline the processes for iwi and hapu and allocate more resources. A long term outcome agreed to share information across councils and how we can work together more effectively for iwi and hapū.

LOCAL GOVERNMENT OFFICIAL INFORMATION (LGOIMA) REQUESTS

Month	LGOIMA requests received 2018/19	LGOIMA requests received 2019/20
July	15	15
August	20	22
September	7	16
October	5	29
November	10	11
December	9	12
January	11	14
February	15	21
March	9	13
April	12	12
May	19	
June	11	
TOTAL LGOIMA REQUESTS RECEIVED	143	165
LGOIMA requests not responded to within 20 working days*	1	15

* REQ598665 – Request for information regarding products, services and software from a list of companies. Staff member was waiting on information from other staff who were focusing on responding to drought related information. Also, COVID-19 then struck which required the staff member responsible for replying to focus on that.

REQ598570 – Request for information by MP regarding Kerikeri moorings for a meeting with a complainant. Due to a technical error this request was not responded to within 20 working days. When staff member was made aware of the request it was responded to on the same day.

REQ.598645 – Request for data on nitrate levels in water resources used for domestic or community water supplies. Request was reassigned at a late staff. Staff member has made contact but needs to provide further information.

8.2.7 CUSTOMER SERVICE – COMMUNITY RESILIENCE

CUSTOMER SERVICES

Telephone Inbound Call Statistics & Enquiries

	April 2020	Target
Call volume via Customer Services	1,145	
Conversion rate	98.4%	> 95%
Average wait time	6 sec	
Calls answered in under 30 sec	97.6%	> 90%

Full phone service was maintained by Customer Services Officers working remotely. Call volumes increased significantly following the move to Level 3, but overall were almost exactly half of the corresponding month last year. Over 30% of enquiries were for services not provided by council and were referred to the appropriate agency or information. The lower volumes allowed customer services staff to assist with CDEM outbound calling.

Satisfaction Monitoring

- Feedback Cards, Compliments and Complaints*

Feedback cards have been included with compliments and complaints, as appropriate.

Compliments received	Total
Service provided by a specific person <ul style="list-style-type: none"> P Beauchamp – Land 	1
Total compliments recorded	1

Many phone customers voiced their thanks to the customer services team for working through Level 4, listening with empathy and assisting them to find a solution, especially for issues that weren't council-related.

The transport team also commented that customers who needed to use the bus expressed appreciation that the service was available through Level 4.

Complaints received	Total
Standard of service provided <ul style="list-style-type: none"> Incident response 	1
Total complaints recorded	1

This complaint did not involve an incident in progress and has been resolved.

COVID-19 Response

All service centres were closed under Level 4 and remain closed under Level 3 restrictions. Customer services has continued to provide full phone and email response during Levels 3 and 4. Traditional mail items are being received on a daily basis and circulated for actioning by the appropriate team.

MARITIME

Maritime staff have commenced field project work with the transition into Level 3. The pre-dredging survey of the upper Hātea River commenced on Tuesday 28 April with moorings field work and water quality runs scheduled for the week commencing 4 May. Routine maintenance and field work associated with Aids to Navigation has also resumed.

The annual self-assessments of the Bay of Islands and the Whangārei safety management systems are underway. The Bay of islands review has been completed, with input being sought from Bay of Islands Harbour stakeholders. Work has commenced on the review of the Whangārei Harbour Safety Management system

Maritime staff otherwise have been successfully working from home with minimal disruption. The lockdown has provided an opportunity to catch up on administrative and project work, most notable being the update to the Regional oil spill response plan which is close to completion. Whilst national meetings and exercises have been suspended, more regular conference meetings have been held with other regional Harbourmasters, Maritime NZ, and Maritime Pollution Response Services.

The harbourmasters have also stayed in touch with Marsden Point with online stakeholder and pilot meetings. Shipping at the refinery has dropped off with storage around the country full, resulting in an increase in tankers at anchor for extended periods, some in storage mode. Northport has continued working, with some variation in the normal shipping. Logs will pick up again now in Level 3 with risk assessments being completed for new ships that may visit due to changing trade patterns.

TRANSPORT

Government Policy Statement on Land Transport (GPS)

- Initial indications are that there has been little change in the government's strategic direction and strategic priorities between the 2021 GPS and the 2018 GPS.
- A regional submission on the draft 2021 GPS has been completed and distributed to the Regional Transport Committee (RTC) for comment. The finalised document will be submitted on 11 May 2020
- Copies of the submission have also been forwarded to the regional council and district council CEO's and senior roading/transport managers for their attention.

Draft New Zealand Rail Plan

- A regional submission has been compiled on behalf of the RTC on the Draft New Zealand Rail Plan (NZRP).
- The Draft NZRP outlines the Government's short, medium and long-term vision and priorities for rail in and includes reference to both the upgrading of the Northland-Auckland rail link and the proposed rail link to Marsden Port.
- The submission is due on 11 May 2020.

Draft Regional Land Transport Plan 2021/2027 (RLTP) & Regional Passenger Transport Plan (RPTP)

- An Investment Logic Mapping workshop has been scheduled for May 2020 to review the region's transport-related problem areas, strategic direction and priorities. The outcome of the workshop will assist in directing both the RLTP and RPTP for the 2021/2027 funding period.
- Work continues drafting both documents, in alliance with the Transport Special Interest Group to ensure a common national approach, to ensure they align with NZTA funding criteria requirements and thereby providing the business case in support of funding applications

PASSENGER TRANSPORT ADMINISTRATION

Bus Link stats for March (revenue ex GST)	Actual	Budget	Variance	Year/Date Actual	Year/Date Budgeted
City Link Passengers	26,082	31,300	-5,218	263,125	255,452

Bus Link stats for March (revenue ex GST)	Actual	Budget	Variance	Year/Date Actual	Year/Date Budgeted
CityLink Revenue	\$30,741	\$42,225	-\$11,514	\$341,038	\$344,860
Mid North Link Passengers	139	156	-17	1,530	1,374
Mid North Link Revenue	\$504	\$780	-\$276	\$5,788	\$6,870
Hokianga Link Passengers	61	78	-17	513	690
Hokianga Link Revenue	\$585	\$1,017	-\$432	\$5,003	\$8,998
Far North Link Passengers	429	543	-114	4,364	5,617
Far North Link Revenue	\$1,092	\$1,552	-\$459	\$10,340	\$14,041
Bream Bay Link Passengers	35	24	11	460	192
Bream Bay Link Revenue	\$216	\$86	\$130	\$2,803	\$691

March 2020 figures for all Bus Link services were adversely impacted by the move to Alert Level 4 in the last week of the month.

Bus Link stats for April (revenue ex GST)	Actual	Budget	Variance	Year/Date Actual	Year/Date Budgeted
City Link Passengers	3,608	26,700	-23,092	266,733	282,152
CityLink Revenue	\$0	\$36,045	-	\$341,038	\$380,905
Mid North Link Passengers	12	144	-132	1,542	1,518
Mid North Link Revenue	\$0	\$	-	\$5,788	\$7,590
Hokianga Link Passengers	25	78	-53	525	768
Hokianga Link Revenue	\$0	\$1,017	-	\$5,003	\$8,998
Far North Link Passengers	N / Avail	543	-	N / Avail	6,210
Far North Link Revenue	\$0	\$1,483	-	\$10,340	\$15,525
Bream Bay Link Passengers	0	24	-24	460	238
Bream Bay Link Revenue	\$0	\$86	-	\$2,803	\$799

April 2020 Contracted Bus Service Operations

- The government requested that bus services be available for essential service workers and persons needing to travel to shops, medical appointments etc. and be reduced to match demand.
- For Northland, the following contracted services were in operation during April 2020:-
 - Far North Link operated a reduced service due to Monday to Friday AM and PM services being not needed for essential travellers. No adverse complaints were received over the service cuts.
 - Mid North Link continued normal operations.
 - Hokianga Link continued normal operations.
 - CityLink service was reduced to a Saturday timetable. No adverse complaints have been received.
 - Bream Bay Link operated for three weeks and was then suspended due to no passengers.
- As anticipated, passenger numbers were extremely low on all services. Staff are monitoring loadings closely with provision being made for additional trips if required at short notice.

- Due to schools being closed for the month, no students used the services. This situation will be monitored when schools start to re-open.
- The Ministry of Transport and NZTA approved that to ensure driver and passenger safety and to meet the 2m social-distancing requirements, no fares would be charged until 30 June 2020 or when the country moves to Alert Level 2, whichever is first. NZTA will cover all lost farebox revenue for this period.
- Regarding contract payments, councils are required to cover all costs incurred in the present reduced operation. For CityLink this will be the costs incurred for operating a Saturday timetable. In addition, councils must cover all “direct operating” costs that would have been incurred under full operational conditions. Operators cannot recover non-operational related costs.
- The NRC and NZTA are working on the above funding implications.

Total Mobility

Total Mobility (TM) figures are reported one month in arrears, due to the required information being unavailable at the time of the agenda deadline.

	Total Clients	Monthly Actual Expend	Monthly Budgeted Expend	Monthly Variance	Year/Date Actual Expend	Year/Date Budgeted Expend	Annual Variance
Mar 2020	1,612	\$13,858	\$25,000	-\$11,142	\$171,062	\$225,000	-\$53,938

COVID-19 Response

To align with the free travel on buses, on Tuesday 14 April 2020, eligible Total Mobility clients could travel free up to a maximum fare of \$60. This will remain in place for the same period as for buses. With the majority of Total Mobility clients falling within the most vulnerable category, there has been an expected dramatic decrease in Total Mobility trips. This trend should begin to reverse now that the country has moved to Level 3 and the situation is being closely monitored.

Road Safety Update

- The COVID-19 situation continues to challenge road safety partners to work differently and be more innovative and creative in planning and communicating.
- With the move to Level 3, there has been a marked increase in vehicle volumes on the roads and an increasing number of logging and other freight trucks.
- *Road Policing* staff continue to focus on speed. The Commercial Vehicle Safety Team (CVST) staff are also targeting heavy vehicle speed.
- *Motorcycle Safety* planning is taking place targeting ‘Motorcycle Awareness Month’ taking place in September 2020. Promotion of the Ride Forever Motorcycle Training Courses continues.
- *International Road Safety Week* has been postponed for May 2020 and is rescheduled for 9-15 November 2020 under the theme – ‘Step Up for Safe Streets’.
- *Driver Reviver/Fatigue Stops* - The last two events planned for the 2019/2020 financial year have had to be cancelled. The 2020/2021 season dates won’t be confirmed until the Government removes the restrictions around ‘Physical Distancing’ and a new Traffic Management Plan submitted for approval.
- *The New Zealand Radio Awards* - The MediaWorks creative team have had three road safety radio commercials nominated for awards for both content and production once again this year. The three road safety radio commercials in the Finals are – Two in the ‘Best Commercial Production’ category – ‘12 Days’ & ‘Eyes off your Phone’ and ‘Eyes off your Music’ in the Best Single Commercial’ category.

Road Trauma Update: 2020 Year to date road death statistics

National 93 deaths compared to 135 at the same time in 2019

Northland 12 deaths compared to 10 at the same time in 2019

- Road safety promotion messaging continues across both the Northland MediaWorks, NZME radio networks including print and digital platforms, covering:
 - Restraint use, Impairment, Distractions, Speed (RIDS);
 - Fatigue; and
 - Planning 'essential only' trips while in Level 3.
- This regional messaging was further supported by NZTA's national road safety campaign messaging.

Attachments/Ngā tapirihanga

Nil

TITLE: Reporting on Long Term Plan 2018-2028 Performance Measures for Quarter Three of the 2019/20 Year

ID: A1313498

From: Kyla Carlier, Corporate Planning Manager

Executive summary/Whakarāpopototanga

This report presents the results of council's Long Term Plan key performance indicators for the third quarter of the 2019/20 financial year.

Recommendation

That the report 'Reporting on Long Term Plan 2018-2028 Performance Measures for Quarter Three of the 2019/20 Year' by Kyla Carlier, Corporate Planning Manager and dated 7 May 2020, be received.

Background/Tuhinga

The Long Term Plan 2018-2028 comprises 51 key performance indicators that measure aspects of council's service provision across five activity groupings:

- Governance and engagement
- Regulatory services
- Environmental services
- River management
- Customer services and community resilience.

Each performance measure provides a snapshot of the activity's performance.

The frequency of reporting against the measures varies, with the majority being reported on annually at the end of the financial year. This quarter three report comprises:

- Five measures that are reported on every quarter. These results cover the period January – March 2020;
- Two measures that are reported annually, in quarter three to coincide with the end of the summer sampling period.

It should be noted that for some measures the end of year result may comprise an average of the quarterly results, which may result in an overall achievement or non-achievement that differs from an individual quarter.

Of the seven performance measures reported on, five have achieved their targets for the quarter, and two have not. The results are summarised below:

1.1 Governance	
100% of official information requests that are responded to within 20 working days.	83% - not achieved.

Elected members attend council meetings 90% of the time.	93% - achieved.
1.3 Communication and engagement	
Number of subscribers to online and social media channels increases by 25% annually.	9% - not achieved. (actual number of subscribers = 17,820). Not on track to reach end of year target due to a change in social media focus, which is on engagement rather than “likes” and no need for new eNewsletters so far this year.
2.3 Monitoring (compliance monitoring)	
80% of environmental incidents with more than minor effects reported to the Environmental Hotline are resolved within 30 working days.	83% - achieved.
2.4 Monitoring (state of the environment monitoring)	
At least 50 popular swimming sites are monitored weekly during the summer, and the results published.	60 sites monitored weekly, and samples results reported to LAWA – achieved.
At least 15 popular shellfish collection sites are monitored weekly during the summer, and the results published.	15 sites sampled, end of year reporting underway, to be published to NRC website – achieved.
100% of air sheds meet the national air quality environmental standards.	100% - achieved.

Attachments/Ngā tapirihanga

Nil

Authorised by Group Manager

Name: Jonathan Gibbard
Title: Group Manager - Strategy, Governance and Engagement
Date: 07 May 2020

TITLE: **Receipt of Committee Minutes**
ID: A1312071
From: Chris Taylor, Governance Support Manager

Recommendation

That the unconfirmed minutes of the:

- Civil Defence Emergency Management Group meeting – 11 March 2020; and
 - Audit and Risk Subcommittee – 15 April 2020.
- be received.

Attachments/Ngā tapirihanga

Attachment 1: Notes from the CDEM meeting/workshop - 11 March 2020 [↓](#)

Attachment 2: Unconfirmed Audit and Risk Subcommittee – 15 April 2020 [↓](#)

Authorised by Group Manager

Name: Chris Taylor
Title: Governance Support Manager
Date: 11 May 2020

Civil Defence Emergency Management Group Meeting
11 March 2020

Civil Defence Emergency Management Group Workshop Notes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Wednesday 11 March 2020, commencing at 11.00am

Present:

Chairperson, NRC Councillor Rick Stolwerk
Whangarei District Council Mayor, Sheryl Mai
Kaipara District Council Mayor, Jason Smith
FENZ Representative Asst Area Commander G Quensell
NZ Police Representative Inspector Al Symonds
NEMA Representative, Ms John Titmus (Observer Status)

In Attendance:

Full Meeting

Northland CDEM – Graeme MacDonald
Northland CDEM, Kim Abbott
Northland CDEM, Sharon Douglas
Northland CDEM, Tegan Capp
Northland CDEM, Shona Morgan
Northland CDEM, Jenny Calder
Northland CDEM, Claire Nyberg
Rural Support Trust – Julie Jonker
Whangarei District Council Councillor, Cr Connop
Northpower, Russell Watson
Fire and Emergency New Zealand, Damian Southorn
Northland Regional Council, Arama Morunga
Northland CDEM/NRC– Tony Phipps
Far North District Council, Andy Finch
Northland DHB, Jose Ortego Benito

The Chair declared the meeting open at 11.02am

Apologies (Ngā whakapahā) (Item 1.0)

That Apologies from Councillor Dave Collard (FENZ), Ann Court (FNDC), Superintendent Tony Hill (Police) and Brad Mosby (FENZ) were noted.

Secretarial note: Due to committee quorum not being met the committee proceeded as a workshop.

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

It was advised that members should make declarations item-by-item as the workshop progressed.

Civil Defence Emergency Management Group Meeting
11 March 2020

Presentations (Item 3.0)

ID: A1293342

Report from Evania Arani, Executive Assistant Customer Services - Community Resilience

The presentation 'Northland Drought 2020 - Situation and Response (Northland CDEM) was provided by NRC's Customer Services and Community Resilience Manager – Tony Phipps .

The key aspects of the presentation included:

- An update on the current water restrictions that are in place within the region.
- The emergency tank farm that has been set up in Kaitaia and Kaikohe.
- Alternative water supplies that are being investigated for use – Sweetwater and Lake Omapere.
- NZ Defence helping with water deliveries to Marae and Community facilities in the region.

The presentation 'Covid-19' was provided by Northland District Health Board, Jose Ortego-Benito.

The key aspects of the presentation included:

- What is known about coronavirus.
- Tips on protecting yourself from the virus.
- NZ Pandemic Phases.
- Northland DHB and the Northern Region are prepared for the first cases of COVID-19.
- There are still unknowns and things continue to change.

Confirmation of Minutes - 25 November 2019 (Item 4.1)

ID: A1278699

Report from Evania Arani, Executive Assistant Customer Services - Community Resilience

Secretarial note: Confirmation of the Civil Defence Emergency Management Group meeting held on 25 November 2019 was deferred to the following meeting on 17 June 2020.

Monthly update from Director, Ministry of Civil Defence & Emergency Management (Item 5.1)

ID: A1293347

Report from Graeme MacDonald, Civil Defence Emergency Management Manager

That the report 'Monthly update from Director, Ministry of Civil Defence & Emergency Management' by Graeme MacDonald, Civil Defence Emergency Management Manager and dated 5 March 2020, was noted.

Conclusion

The meeting concluded at 11.42am.

Audit and Risk Subcommittee Minutes

Minutes from audit & risk subcommittee meeting held remotely
on Wednesday 15 April 2020, commencing at 10.00am

Present:

Chairperson, FNDC Councillor Colin Kitchen
Councillor John Bain
Councillor Amy Macdonald
Councillor Joce Yeoman
Ex-Officio Penny Smart
Independent Financial Advisor Geoff Copstick

In Attendance:

Full Meeting

CEO Malcolm Nicolson
GM Corporate Excellence Dave Tams
Finance Manager Simon Crabb
PA Corporate Excellence Judy Graham
Business support Robyn Valentine
Mr Danny Tuato'o

Part Meeting

AON - Matthew Wilson
AON – Deanna MacDonald
Deloitte – Peter Gulliver
IT Manager – Carol Cottam
HR Manager – Beryl Steele
Policy manager – Kym Ace

The Chair declared the meeting open at 10.01am.

Apologies (Ngā whakapahā) (Item 1.0)

There were no apologies.

Welcome to first meeting and acknowledged both new and experienced committee members.
Welcome to Danny Tuato'o audit & risk new independent members.

Housekeeping: Ensure you are firesafe within your bubble and have an escape plan should it be necessary. Make sure you have working smoke alarms (checked) and that all power points are safe.

Mr Tuato'o introduced himself. His Focus on audit and policy.

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

It was advised that members should make declarations item-by-item as the meeting progressed.

1. Insurance Overview (Item 3.1)

ID: A1297094

Report from Simon Crabb, Finance Manager

- Matthew Wilson from AON insurance gave a presentation on overview of who AON are, what they do for councils.
-
- Noted that Covid-19 from insurance perspective is not an insurable event as there is a pandemic/infectious diseases exclusion clause
- Class action suits coming to the fore now as well, suits were opt-in now may become opt-out which means that the settlements may be significantly higher.
-
- Number of questions asked from all members of subcommittee Matthew Wilson from AON will answer in more detail by email.
-
- Mr Danny Tuato'o to catch up with Corporate Excellence Group Manager to view extent of cover/exclusions.

Secretarial Note: Chair – Councillor Kitchen advised that Items (3.3) & (3.4) will be addressed following Item (3.5)

2. Risk Management Policy, Framework and reporting concepts (Item 3.2)

ID: A1283662

Report from Kym Ace, Corporate Systems Champion

Corporate Systems Champion Kym Ace gave a brief overview on what the new risk framework will look like. Current register is Excel spreadsheet which offers basic reporting. The Promapp risk module will give an overview of risks and then gives inherent / residual risks – highlights the top risks and who is responsible along with control sign off/escalates risk if necessary. *Secretarial Note: Councillor Yeoman advised that Item 3.1 and 3.2 had not been Moved & Carried both items 3.1 & 3.2 moved by Yeoman and Second by MacDonald*

Moved (Yeoman /Macdonald)

Item 3.1

That the report 'Insurance Overview' by Simon Crabb, Finance Manager and dated 18 March 2020, be received.

Item 3.2

1. That the report 'Risk Management Policy, Framework and reporting concepts' by Kym Ace, Corporate Systems Champion and dated 4 February 2020, be received.
2. That the revised policy, framework, reporting and implementation plan, as attached (Appendix one to four) is accepted.

Carried

3. Health & Safety Update (Item 3.3)

ID: A1295118

Report from Beryl Steele, Human Resources Manager

HR manager gave a presentation and update on where Northland Regional Council is around H&S.

- Changing H&S committee structure – update of members – more responsibility for reps
- Risk register – overhauled, in line with overall risk register
- Risk assessments – forms updated
- Internal Comms – more on express
- Reporting – was good but dropped in March, more reporting needed.
- HSNO – updated and improved. Working on lab process
- Training database – review and revamp with bring ups
- Traffic management plans sign off from NTA – training traffic controllers

Moved (Yeoman / Kitchen)

Presentation by HR Manager Beryl Steele be received.

Carried

4. Cyber Security Update (Item 3.4)

ID: A1294318

Report from Carol Cottam, Information Services and Technology Manager

IT Manager gave an update on cyber security project action plan noted it is different to Deloitte's plan - difference around what's in place around budget. Training with staff occurred which has returned. Writing a plan for ongoing issues that are coming up.

Moved (Bain / MacDonald)

That the report 'Cyber Security Update' by Carol Cottam, Information Services and Technology Manager and dated 9 March 2020, be received.

Carried

5. Northland Regional Council - High level Audit Plan for the year ended 30 June 2020 (Item 3.5)

ID: A1294915

Report from Deloitte – Perter Gulliver

- Intro from Peter Gulliver from Deloitte - appointed to audit Northland Regional Council for year ended June 2020, may need supplementing given the new environment due to COVID.
-
- Page 4 – approach to audit and timeline and reporting
-

- Page 6 – audit risk and focus – materiality threshold and how it meets organisation requirements – to be set when June figures comes through – Discussed areas of focus for audit for the council plus additional areas required by OAG
-
- Page 7 timetable of audit
- GM Corporate Excellence gave overview of sub-committee – Peter Gulliver has been an auditor in the government sector for number of years, Northland Regional Council has very competent team and we have a collaborative and informative relationship – controls environment consistent with previous years and operating well.
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6. Independent GST Review (Item 3.6)

ID: A1297039

Report from Simon Crabb, Finance Manager

Independent GST Review 47

Engaged Index to undertake review on GST for the financial year. Treatment GST on revenues rating revenues being undertaken correctly

Unexplained variance about 1% (about \$100,000) - tolerance level +/- 3%

Can claim GST on items under \$50 without GST receipt i.e. parking receipt – only 18 instances equating to about \$50 extra GST claimed.

Moved (Yeoman / MacDonald)

That the report 'Independent GST Review' by Simon Crabb, Finance Manager and dated 18 March 2020, be received.

Carried

7. General Business - Internal Audit (Item 3.7)

ID: A1296072

Report from Dave Tams, Group Manager, Corporate Excellence

No further business

Conclusion

The meeting concluded at 12.25pm.

TITLE: Business with the Public Excluded

Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
10.1	Confirmation of Confidential Minutes - 21 April 2020	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting.
10.2	Human Resources Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).
10.3	Acquisition Agreement for Properties	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
10.4	Reappointment of Northland Inc. Director	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(a).

3. That the Independent Financial Advisor be permitted to stay during business with the public excluded.
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Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.