

# Extraordinary Regional Council Agenda

NOTICE IS GIVEN that an extraordinary meeting of the Regional Council will be held in Mataatua Room, Bay of Plenty Regional Council, 5 Quay Street, Whakatane on:

TUESDAY 11 JUNE 2024 COMMENCING AT 2.30 PM (OR AT THE CONCLUSION OF THE MONITORING & OPERATIONS COMMITTEE MEETING)

**This meeting will be livestreamed and recorded.**

The Public section of this meeting will be livestreamed and recorded and uploaded to Bay of Plenty Regional Council's website. Further details on this can be found after the Terms of Reference within the Agenda. [Bay of Plenty Regional Council - YouTube](#)

# Council

## Membership

<b>Chairperson</b>	Chairman Doug Leeder
<b>Deputy Chairperson</b>	Cr Jane Nees
<b>Members</b>	All Councillors
<b>Quorum</b>	Seven members, consisting of half the number of members
<b>Meeting frequency</b>	Six weekly or as required for Annual Plan, Long Term Plan and other relevant legislative requirements

## Purpose

- Enable democratic local decision-making and action by, and on behalf of, Bay of Plenty communities.
- Meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Set the overarching strategic direction for Bay of Plenty Regional Council as an organisation.
- Hold ultimate responsibility for allocating financial resources across the Council.

## Role

- Address Local Electoral Act matters and Local Government Rating Act matters.
- Oversee all matters relating to identifying and contributing to community outcomes.
- Consider and agree on matters relating to significant new activities or areas of involvement such as infrastructure which are not the responsibility of a specific committee.
- Provide regional leadership on key issues that require a collaborative approach between a number of parties.
- Review and decide the Council's electoral and representation arrangements.
- Consider issues of regional significance which are not the responsibility of any specific standing committee or that are of such regional significance/high public interest that the full Council needs to decide on them.
- Adopt Council's Policy on Significance and Engagement Policy.
- Develop, adopt and implement the Triennial Agreement, Code of Conduct and Standing Orders.

- Consider and agree on matters relating to elected members' remuneration.
- Appoint the Chief Executive, and review their contract, performance and remuneration at least annually.
- Approve all delegations to the Chief Executive, including the authority for further delegation to staff.
- Oversee the work of all committees and subcommittees.
- Receive and consider recommendations and matters referred to it by its committees, joint committees, subcommittees and working parties.
- Approve membership to external bodies and organisations, including Council Controlled Organisations.
- Develop, adopt and review policies for, and monitor the performance of, Council Controlled Organisations.
- Monitor and review the achievement of outcomes for the Bay of Plenty Community.
- Review and approve strategic matters relating to the sale, acquisition and development of property for the purposes of meeting Council's organisational requirements and implement Regional Council policy.
- Address strategic corporate matters including property and accommodation.
- Consider and agree on the process to develop the Long Term Plan, Annual Plan and Annual Report.
- Adopt the Long Term Plan, Annual Plan and budgets variations, and Annual Report.
- Adopt Council policies as required by statute (for example Regional Policy Statement and Regional Land Transport Strategy) to be decided by Council or outside of committee delegations (for example infrastructure policy).
- Develop, review and approve Council's Financial Strategy and funding and financial policies and frameworks.
- Institute any proceedings in the High Court that are not injunctive proceedings.
- Exercise the powers and duties conferred or imposed on Council by the Public Works Act 1981.

## Delegations from Council to committees

- Council has a role to monitor the functioning of all committees.
- Council will consider matters not within the delegation of any one Council committee.
- Council may at any time, revoke or modify a delegation to a Council committee, either permanently, for a specified time or to address a specific matter, if it considers there is good reason to do so.
- The delegations provided to committees may be further delegated to subcommittees unless the power of further delegation is restricted by Council or by statute.

- It is accepted in making these delegations that:
- The committees, in performing their delegated functions, powers or duties, may, without confirmation by the Council, exercise or perform them in a like manner and with the same effect as the Council itself could have exercised or performed them.
- The delegated powers given shall at all times be subject to their current policies and principles or directions, as given by the Council from time to time.
- The chairperson of each committee shall have the authority to exercise their discretion, as to whether or not the delegated authority of the committee be used where, in the opinion of the chairperson, circumstances warrant it.

## **Powers that cannot be delegated**

Under Clause 32 Schedule 7 of the Local Government Act 2002, Council must make the following decisions:

- Make a rate.
- Make a bylaw.
- Borrow money or purchase or dispose of assets, other than in accordance with the long-term plan.
- Adopt the long-term plan, annual plan, or annual report.
- Appoint a chief executive.
- Adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement.
- Adopt a remuneration and employment policy.

## Livestreaming and Recording of Meetings

Please note the Public section of this meeting is being recorded and streamed live on Bay of Plenty Regional Council's website in accordance with Council's Live Streaming and Recording of Meetings Protocols which can be viewed on Council's website. The recording will be archived and made publicly available on Council's website within two working days after the meeting on [www.boprc.govt.nz](http://www.boprc.govt.nz) for a period of three years (or as otherwise agreed to by Council).

All care is taken to maintain your privacy; however, as a visitor in the public gallery or as a participant at the meeting, your presence may be recorded. By remaining in the public gallery, it is understood your consent is given if your image is inadvertently broadcast.

Opinions expressed or statements made by individual persons during a meeting are not the opinions or statements of the Bay of Plenty Regional Council. Council accepts no liability for any opinions or statements made during a meeting.

# Bay of Plenty Regional Council - Toi Moana

## Governance Commitment

**mō te taiao, mō ngā tāngata - our environment and our people  
go hand-in-hand.**

We provide excellent governance when, individually and collectively, we:

- Trust and respect each other
- Stay strategic and focused
- Are courageous and challenge the status quo in all we do
- Listen to our stakeholders and value their input
- Listen to each other to understand various perspectives
- Act as a team who can challenge, change and add value
- Continually evaluate what we do

**TREAD LIGHTLY, THINK DEEPLY,  
ACT WISELY, SPEAK KINDLY, JOURNEY TOGETHER.**

**Recommendations in reports are not to be construed as Council policy until adopted by Council.**

# Agenda

*E te Atua nui tonu, ko mātau ēnei e inoi atu nei ki a koe, kia tau mai te māramatanga ki a mātau whakarite mō tēnei rā, arahina hoki mātau, e eke ai te ōranga tonu ki ngā āhuatanga katoa a ngā tangata ki tō mātau rohe whānui tonu. Āmine.*

*“Almighty God we ask that you give us wisdom in the decisions we make here today and give us guidance in working with our regional communities to promote their social, economic, environmental and cultural well-being. Amen”.*

- 1. Opening Karakia**
- 2. Apologies**
- 3. Items not on the Agenda**
- 4. Declaration of Conflicts of Interest**
- 5. Reports**

## **Decisions Required**

- 5.1 Extension of Quayside Holdings Limited General Facility Agreement**
- 6. Consideration of Items not on the Agenda**
- 7. Closing Karakia**

**8**



**Report To:** Extraordinary Regional Council

**Meeting Date:** 11 June 2024

**Report Writer:** Mark Le Comte, Principal Advisor, Finance and Kumaren Perumal, Chief Financial Officer

**Report Authoriser:** Mat Taylor, General Manager, Corporate

**Purpose:** For Council to consider extending and increasing the Quayside Holding Limited General Facility

---

## Extension of Quayside Holdings Limited General Facility Agreement

---

### Executive Summary

Council has provided Quayside Holdings Limited (Quayside) with access to borrowing from the Local Government Funding Agency Limited (LGFA) since 2018. The current \$50 million General Facility Agreement (GFA) expires on 1 July 2024. Extending the timeframe for the General Facility provides a net interest saving for the Council Group and will allow Quayside to hold a variety of interest rate maturities to manage risk. The existing GFA is budgeted in the draft Long Term Plan 2024-2034.

Quayside also has a \$65 million (recently reduced from \$75 million) borrowing facility with Westpac. This facility charges a higher interest rate than borrowing from the LGFA. Replacing part of the Westpac facility with an increased GFA would lead to an interest saving for the Council Group. Quayside propose increasing the GFA by \$50 million and reducing the Westpac facility to \$25 million. Increasing the GFA is not budgeted in the draft Long Term Plan 2024-2034, because it has no impact on net debt for Council or gross debt for the Council Group.

### Recommendations

**That the Extraordinary Regional Council:**

- 1 Receives the report, Extension of Quayside Holdings Limited General Facility Agreement;**
- 2 Approves the extension of the Quayside Holdings Limited General Facility Agreement to 1 July 2030;**



- 3 Approves the increase of the Quayside Holdings Limited General Facility from \$50 million to \$100 million to replace other Quayside Holdings Limited borrowing facilities;
- 4 Delegates to the Chief Executive the power to sign any legal documents to give effect to recommendations 2 and 3;
- 5 Notes that any transactions under the Quayside Holdings Limited General Facility are approved within daily transaction limits set in the Treasury Policy.

## 1. Introduction

Council has provided Quayside with access to borrowing from the LGFA since 2018 to refinance other more expensive borrowing that they held. This includes the \$50 million GFA which is fully drawn and the \$100 million Rangioru Facility Agreement (RFA) which is partially drawn. Quayside also has a \$65 million facility with Westpac, of which \$41 million is drawn.

### 1.1 Legislative Framework

The Local Government Act section 63 sets the following restriction on lending to council-controlled trading organisations:

*A local authority must not lend money, or provide any other financial accommodation, to a council-controlled trading organisation on terms and conditions that are more favourable to the council-controlled trading organisation than those that would apply if the local authority were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.*

The current GFA has been legally reviewed for compliance with this provision, which is satisfied by the inclusion of a margin on the lending rate. The lending margin has been benchmarked through advice from PWC and Bancorp.

### 1.2 Alignment with Strategic Framework

<b>A Healthy Environment</b>
<b>Freshwater for Life</b>
<b>Safe and Resilient Communities</b>
<b>A Vibrant Region</b>
<b>The Way We Work</b> We look to partnerships for best outcomes.

Providing Quayside with access to borrowing from the LGFA provides a net interest saving for the Council Group.

#### 1.2.1 Community Well-beings Assessment

Dominant Well-Beings Affected			
<input type="checkbox"/> Environmental	<input type="checkbox"/> Cultural	<input type="checkbox"/> Social	<input checked="" type="checkbox"/> Economic
			Low - Positive

Providing Quayside with access to borrowing from the LGFA provides a net interest saving for the Council Group.

## 2. Quayside General Facility Agreement

### 2.1 Extending the term of the General Facility Agreement.

Quayside currently has two on-lending arrangements that give Quayside access to borrowing from the LGFA. The \$50 million GFA, which is fully drawn, is due to expire on 1 July 2024. If the GFA is not extended, Quayside would need to repay \$50 million by either taking out other borrowing or selling investment assets. Borrowing via the GFA has a lower interest rate than lending from banks.

The borrowing and on-lending under the current GFA are budgeted in the draft Long Term Plan 2024-2034 (LTP) and was disclosed in the LTP Consultation Document adopted on 8 March 2024. This borrowing and on-lending is net \$0 for Council's treasury limits and LGFA borrowing covenants and provides a net interest saving to the Council Group.

The current GFA includes a margin on the lending rate, to meet legislative requirements.

### 2.2 Increasing the amount of the General Facility Agreement

Quayside also proposes to replace \$50 million of its Westpac borrowing facility with an increased GFA limit to achieve interest cost savings. Quayside would still have access to a Westpac facility as this is more flexible than the LGFA.

If approved this would result in additional assets and liabilities on Council's balance sheet and extra interest cost and revenue. The indicative amount from Quayside is that an extra \$25 million would be drawn under the increased GFA (total \$75 million from proposed \$100 million limit) to reduce the Westpac borrowing to \$16 million out of the revised \$25 million facility limit. These changes have \$0 net impact for Council, except for an extra \$0.1 million revenue based on the GFA margin.

On the basis that one form of borrowing is being replaced with another, this is of low significance for the Council Group and that consultation is not therefore required.

## 3. Considerations

### 3.1 Risks and Mitigations

There are no significant risks associated with this matter.

### 3.2 Climate Change

The matters addressed in this report are of a procedural/financial nature and there is no need to consider climate change impacts.

### 3.3 Implications for Māori

The matters addressed in this report are of a procedural/financial nature and there is no specific implication for Māori.

### 3.4 Community Engagement



Engagement with the community is not required as the recommended proposal / decision [relates to internal Council matters only].

Borrowing under the GFA was included in the draft Long Term Plan 2024-2034 and disclosed in the Consultation Document. The proposed increase to the GFA has zero net impact and is swapping one form of borrowing for another. Staff consider that this is not of high significance and therefore does not require consultation.

### 3.5 Financial Implications

The \$50 million of borrowing and on-lending for the Quayside General Facility is included in the draft Long Term Plan 2024-2034 financials. This borrowing and on-lending is \$0 net for Council's treasury limits and LGFA borrowing covenants.

The \$50 million of borrowing is included for the purposes of credit ratings from Standard and Poors. The GFA is currently fully drawn so the extension of the period of the facility will not result in an increase in overall borrowing for Quayside or the Council Group, compared to the status quo.

Increasing the GFA would add unbudgeted assets (\$50 million) and liabilities (\$50 million) to Council's balance sheet and extra interest cost and revenue. These changes are \$0 net for Council, however, Council would receive an unbudgeted \$0.1 million extra revenue margin per annum.

The Standard and Poors credit rating includes consideration of all of Quayside's borrowing so the move from Westpac to an increased GFA has no impact on credit ratings.

## 4. Next Steps

If these proposals are approved, the current GFA will be amended to have a new terminal date and limit signed by the Chief Executives of Council and Quayside Holdings Limited. The changes may need to be executed in two steps to comply with requirements that Westpac has placed on Quayside for the current facility agreement. Any refinancing transactions will be executed in accordance with the GFA and the Treasury Policy/Delegations.

Staff are working with Quayside on a further proposal to increase the limit for the RFA, which will be considered at future Council meetings including any consultation requirements. The potential increase to the RFA will be to finance increased construction costs which is intended to be repaid through land sales. Other options to finance Rangiora, including using a Special Purpose Vehicle under the Infrastructure Funding and Financing Act, have also been considered by Quayside.

Staff and Quayside are also investigating the process required to move to a direct lending arrangement between Quayside and the LGFA rather than Council acting as an intermediary. At minimum, this would require the LGFA to set bespoke lending covenants for Quayside and Council to provide Quayside with uncalled capital equal to Quayside's total borrowing. Once this work is complete a report on these matters will be presented at a future Council meeting for further consideration.