Far North District Council

Te Kaunihera o Tai Tokerau ki te Raki

AGENDA

Supplementary Reports
Ordinary Council Meeting

Thursday, 30 June 2022

Time: **10:00 am**

Location: **Council Chamber**
Memorial Avenue
Kaikohe

Membership:

Mayor John Carter - Chairperson
Cr Ann Court
Cr David Clendon
Cr Dave Collard
Cr Felicity Foy
Cr Mate Radich
Cr Rachel Smith
Cr Kelly Stratford
Cr Moko Tepania
Cr John Vujcich

Te Paeroa Mahi / Order of Business

6 REPORTS

6.5 FAR NORTH HOLDINGS STATEMENT OF INTENT 2023-2025

File Number: **A3753312**

Author: **Julia Lee, Senior Financial Accountant**

Authoriser: **William J Taylor MBE, General Manager - Corporate Services**

TAKE PŪRONGO / PURPOSE OF THE REPORT

To accept the Far North Holdings Ltd (FNHL) 2023-25 Statement of Intent (SOI).

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- The FNHL SOI 2023-25 outlines the activities and intentions of the company including performance targets and measures.

TŪTOHUNGA / RECOMMENDATION

That the Council accept the Far North Holdings Limited Statement of Intent 2023-2025.

1) TĀHUHU KŌRERO / BACKGROUND

The Local Government Act 2002 requires every Council Controlled Organisation (CCO) to provide a SOI that is adopted before the commencement of the financial year to which it relates.

FNHL have prepared the 2023-25 SOI which was discussed with the FNHL Board at a workshop on 13th April. Then SOI has now been approved by their Board after taking into consideration the points raised at the workshop.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The SOI has been an iterative process. Council commenced the process by considering how they wanted the amendments to the Local Government Act 2002 to be incorporated. Following this, Council met with the Board of FNHL and the key issues were discussed to ensure that all parties understood the changes that were expected. The Board took those issues away and incorporated them into a revised SOI, which is attached to this report.

The process requirements of the Local Government Act 2002 have been completed and the final action is for Council to accept the SOI.

Take Tūtohunga / Reason for the recommendation

Council is required by the Local Government Act 2002 to accept the SOI before the new financial year begins on 1st July.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Council have asked FNHL to make every effort to attain the dividend previously proposed of $1.3m but acknowledge that current inflationary conditions may impact the final value.

The SOI attached has been approved by the FNHL Board.

ĀPITIHANGA / ATTACHMENTS

1. **FNHL SOI 2022 to 2025 Final to FNDC 22.6.2022 - A3763711** ⇩

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
    a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
    b) Assess the options in terms of their advantages and disadvantages; and
    c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act 2002, Schedule 8 part 1
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	District wide relevance
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	FNHL and its Directors will take all practicable steps to ensure that their actions align with Te Tiriti o Waitangi. The Statement of Intentions dated December 2021 and issued by Council states an expectation for the community, in particular Maori, be considered and accommodated and actively seek positive relationships with regard to the culture and traditions with ancestral land, water, sites of significance, wahi tapu, valued flora and fauna and other taonga.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	District and community wide significance.
State the financial implications and where budgetary provisions have been made to support this decision.	Council have asked FNHL to make every effort to attain the dividend previously proposed of $1.3m but acknowledge that current inflationary conditions may impact the final value
Chief Financial Officer review.	Senior Financial Accountant has prepared this report

Far North Holdings Limited

Statement of Intent 2023 to 2025

Table of Contents

Introduction

Far North Holdings Limited (FNHL) is a limited company pursuant to the Companies Act 1993 and is a Council Controlled Trading Organisation pursuant to Section 6 of the Local Government Act 2002 (LGA).

This Statement of Intent (SOI) is prepared to meet the requirements of Section 64 and Schedule 8 of the LGA.

It outlines the activities and intentions of FNHL, and its subsidiaries, and the objective to which those activities will contribute, upholding the Shareholder's values to act in a socially and environmentally responsible manner. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The SOI is reviewed annually following consultation with Far North District Council (FNDC).

Purpose of Statement of Intent

This Statement of Intent (SOI) is presented by FNHL in accordance with Section 64(1) of the Local Government Act 2002. This SOI takes Shareholder (FNDC) comments into consideration and represents the objectives, nature and scope of activities and performance targets by which FNHL is to be measured as the basis of accountability. This SOI relates to the period from 1 July 2022 to 30 June 2025.

About Far North Holdings Limited (FNHL)

FNHL was formed in the late 1990's with the amalgamation of several local Council trading entities that collectively owned maritime, aviation and commercial property assets. It was established as a for-profit, commercial trading company to manage and develop the commercial assets of FNDC.

We are proud to have delivered a number of significant developments and infrastructure projects for the Far North, and to be responsible for strategic community assets including the Bay of Islands Marina development and the associated marine precinct & boatyard facilities, the Bay of Islands Airport and aviation cluster, Opua, Paihia, Waitangi & Russell wharves and surrounding commercial properties. We continue to invest in these properties for the benefit of current and future generations, which has seen the value of our assets rise from $49 million to $136 million over the last ten years.

By leveraging our assets and experience we are able to increase capital and investment put into our district, thereby creating employment locally for our community and generating strong sustainable business outcomes, supporting the Council's Vision for "A District of sustainable prosperity and well-being". Over the past five years, FNHL has been granted funding from Kānoa – Regional Economic Development & Investment Unit of $46.5m to undertake regional infrastructure projects, many of which protect key assets from climate change impacts and catalyse economic opportunities in the Far North.

These projects have ranged from wharf, pontoon and boat ramp upgrades throughout the Far North to the Bay of Islands Airport upgrade, and provision of project management services to numerous other local organisations to deliver their community Kānoa – Regional Economic Development & Investment Unit funded projects. Together with FNDC, we continue to work on major projects supported by the Kānoa – Regional Economic Development & Investment Unit, including development underway at the Ngawha Innovation & Enterprise Park (the Park) to stimulate economic activity.

The Park represents the most significant development project undertaken by FNHL in recent years. The Park seeks to promote value added manufacturing and processing of our primary sector to help catalyse businesses and support a shift away from seasonal lower paid tourism and external horticultural harvesting work towards full time, higher value employment. FNHL are excited to have partnered with Ngāpuhi Asset Holdings to develop 10ha for covered berry production on the Park that will generate year round employment, and look forward to welcoming our other high quality cornerstone tenants to the Park including government agencies who will develop education, skills-based training and business incubation services. We are optimistic about the opportunities that the Park will create to attract and grow new business and employment opportunities locally within a circular economy which positively impacts our environment.

Following approval by FNDC, FNHL has established two wholly owned subsidiaries, Far North Housing Limited and Bay of Islands Marina Limited, both of which will become fully operational during this SOI term. Far North Housing aims to actively identify and develop opportunities to deliver residential housing to address the needs in our communities, in a socially and commercially responsible manner. Bay of Islands Marina will own and manage the Bay of Islands Marina assets, and oversee marine infrastructure and assets owned by FNHL in the Bay of Islands region.

For the last ten years, FNHL has supported the Far North by developing and managing property, maritime and aviation assets to have a positive impact in our community and future generations and operating profitably to provide dividends of over $6.2 million for FNDC, helping to reduce the rates burden for FNDC ratepayers.

Nature and Scope of Activity

As Council's commercial trading organisation, FNHL exists to:

1. Manage, operate and develop commercial and infrastructure assets within its ownership in a commercial manner, or under the terms of any management agreement entered into;
2. Plan, facilitate and secure commercial outcomes and investment in its area of influence that support economic growth of the Far North District for the betterment of the district, in a socially and environmentally responsible way;
3. Create profits for its Shareholder and improve the Shareholder's asset value.

Decisions for which prior FNDC approval is required

The Company will seek approval from the Shareholder:

- before entering any arrangements that provide commercial or infrastructural assets outside of the Far North District (the district);
- for decisions which will affect the CCTO's ability to meet any statutory responsibility;
- for any decisions which will significantly impact on any agreed service levels for a CCO activity delivered to FNDC;
- for any decisions which will commit the FNDC to future provision of funding;
- for any decisions which are not based on a "full arm's length" commercial basis requiring FNDC approval to be shown in the accounts as such;
- prior to divestment of any assets identified by the FNHL and FNDC as strategic regional assets as listed below:
  - Bay of Islands Airport
  - Paihia Car Park and Countdown
  - Wharves and Ramp Infrastructure at Russell, Opua, Mangonui and Paihia
  - Te Hononga and ātea; or
- prior to divestment of those assets where FNDC retain the first right to acquire upon disposal by FNHL.

In addition, the Company will:

- consult with the Shareholder on any changes to the structure of the company; and
- provide a report providing assurance that any such change will not adversely affect the profitability and risk profile of the company.

Economic Conditions and the Impact of COVID

FNHL continues to feel the impact of COVID-19 as a result of our exposure to the tourism and hospitality sector, and we expect this to be ongoing for the period of this SOI. Our forecasts assume tourism may take up to five years to recover to 2019 levels experienced prior to COVID, however we acknowledge this may take longer.

FNHL provided targeted rental relief to tenants during the initial COVID lock-down in March 2020, and this has continued during subsequent Auckland and regional lockdowns, and local border closures. While these concessions have a direct financial impact on profitability, these measures were approved by the Board to support our business community and economic well-being and contribute towards regional economic recovery by helping business reduce cashflows and continue trading during difficult times.

While regional economic performance has been more positive than expected post-COVID, we expect future trading conditions to become more challenging during the term of this SOI. Projected rising inflation, interest rate increases, general supply chain disruptions and reducing government support to a struggling hospitality and tourism sector are likely to make business conditions more difficult. While our diverse asset and revenue portfolio provide some financial resilience in tough financial times, we expect the next few years will require careful financial and risk management, while continuing concessions to some tenants. Accordingly, our projections reflect this outlook.

Strategic Direction

This SOI sets the strategic framework, activities, and performance measures we have set for the next three years to deliver the outcomes its Shareholder seeks.

We consider FNHL to be an enabler of FNDC's Vision for the Far North "A District of sustainable prosperity and well-being", and our strategic direction reflects this and the Mission of "creating great places, supporting our people". In setting our strategy, where appropriate, we also seek to align itself with FNDC's 2021/31 Long Term Plan (LTP), related Annual Plans and the Far North 2100 strategy; and in the spirit of "no surprises", we will communicate openly and transparently with FNDC on any changes to the strategic direction in the SOI.

Over the period of the SOI, FNDC will provide FNHL with any other documents that it should have knowledge of, whether they be in the consultation stage, or have been formally adopted, that reflect any changes to FNDC's vision or aspirations that FNHL needs to align with.

FNHL aims to grow asset values to $200 million within 5 years, and to generate increasing profitability to return to FNDC and the community. We will achieve this, having regard to the interests of our communities and stakeholders, by actively managing our commercial property, infrastructure and maritime assets for future generations and delivering residential housing to address the needs in our communities.

Objectives

As FNDC's commercial vehicle, FNHL will grow the value of shareholder funds, the return to FNDC over time and actively manage, develop and maintain regional infrastructure and assets and contribute to the four aspects of well-being in the communities in which we operate. We will achieve these objectives by undertaking the following actions:

1. Achieve sustainable, commercial returns from our combined asset portfolio to facilitate dividends to our shareholder;
2. Sustainably manage and maintain core community infrastructure and assets, in a socially and environmentally responsible manner which reflects and accommodates the interests of our stakeholders and communities when we are able to do so;
3. Deliver growth by identifying opportunities for investment and improved profitability, including development of a housing portfolio that helps to address community housing needs and consideration of opportunities proposed by FNDC;
4. Actively manage marine assets & infrastructure to support growth of the Bay of Islands Marina, the associated marine economy, and address climate change and environmental impacts;
5. Develop the Park stage one to provide employment and skills-based training opportunities for our District and seek to attract value added manufacturing and processing business that will generate further employment opportunities;
6. Be a good employer by doing the right thing by employees; and

7. Using its portfolio: the Bay of Islands Airport, Bay of Islands Marina and the Park, the company will look to maximise opportunities to attract high quality capital and investment into the region to support FNDC's goal of sustainable prosperity.

FNHL's SOI and performance measures are based on known projects with confirmed funding. The company will continue to evaluate other investment opportunities as they arise and will update FNDC if any new projects arise and, if necessary, work with FNDC to update our SOI.

Performance Measures

In its quarterly report, the Company will record its performance relating to its goals and objectives, which will be reviewed annually.

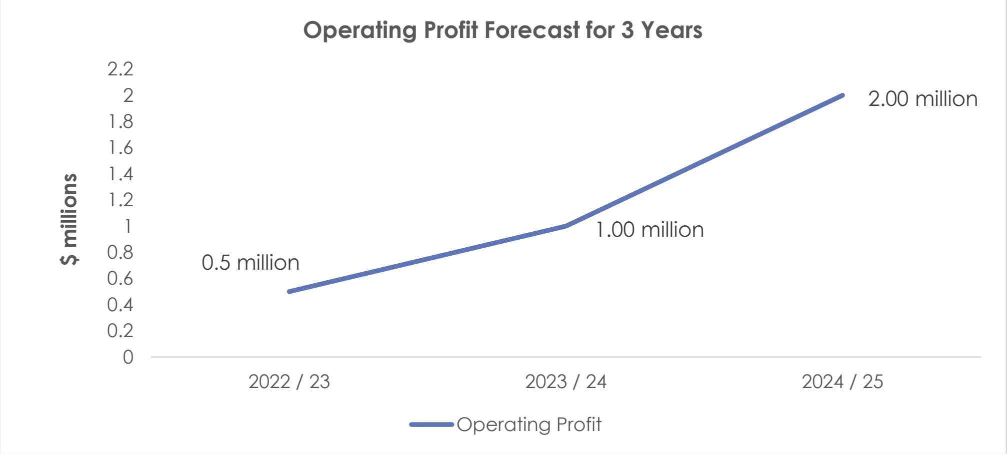
Strategic Focus	Objectives	Performance Target		
		2022 / 23	2023 / 24	2024 / 25
Financial *"Achieve sustainable commercial returns"*	Create value for ratepayers by increasing shareholder funds	Grow shareholder funds by $5 million	Grow shareholder funds by $10 million	Grow shareholder funds by $5 million
	Ratio of consolidated shareholder funds (defined as total equity) to total assets.	Must exceed 50%	Must exceed 50%	Must exceed 50%
	Effective financial management to deliver profitability	Operating profit > $500,000	Operating profit > $1.0 million	Operating profit > $2.0 million
	Return profit to FNDC by way of dividend, in line with dividend policy	Dividend payable > $250,000	Dividend payable > $500,000	Dividend payable > $1.0 million
	Regular risk assessments undertaken and reported to FNDC, identifying key organisational risks and mitigants	6 monthly report submitted	6 monthly report submitted	6 monthly report submitted
	Comply with banking covenants	Achieved	Achieved	Achieved
People *"Be a good employer"*	To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group	Establish key metrics and implement quarterly reporting to FNDC	Health & Safety improvement plan in place, and being actioned	Health & Safety improvement plan in place, and being actioned
	Comply with our living wage policy for all permanent employees	Achieved	Achieved	Achieved
	Directors to make an effective contribution to the Board, with conduct in accordance with generally accepted standard	Board self - evaluation and report to FNDC	External Board effectiveness review	Board self - evaluation and report to FNDC

	Objectives	Performance Target		
		2022 / 23	2023 / 24	2024 / 25
Sustainability *"Undertake sustainable investment and management for the benefit of future generations"*	Commit to tangible action to measure climate impact and target reductions based on best practice	Prepare a sustainability Roadmap identifying ways to minimise climate impact	Baseline measures to quantify and measure climate impact	Baseline measures reported, with climate impact improvement plan in place
	Ngawha Innovation & Enterprise Park to achieve best practice environmental standards	Greenstar Rating achieved	Environmental outcome measures defined as a baseline and reporting commences	Annual report of environmental measures against baseline
	Achieve and maintain Clean Marina certification	Achieved	Achieved	Achieved
	Meet or exceed all environmental obligations required under resource consents issued to the company, and address any notices received from environmental regulators promptly or within specified timeframes	Achieved	Achieved	Achieved
Community *"Create economic & housing opportunities, with improving engagement and communication"*	Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions	Significance & Engagement Policy in place	Stakeholder perceptions survey	Stakeholder perceptions survey
	Ngawha Innovation & Enterprise Park developed to grow economic and employment opportunities in the Far North	Open Stage 1	5 businesses based at the Park	8 businesses based at the Park
	Encourage positive and meaningful relationships with Māori by supporting project delivery or building long-term relationships if suitable opportunities or commercial ventures arise	2 + projects / relationships	3 + projects / relationships	5 + projects / relationships
	Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHP's)	Analysis of 2 social housing opportunities	Deliver 50 housing units	Deliver 75 housing units
	Civil Aviation Authority Certification maintained for the BOI Airport to support regional tourism and business visitors	Achieved	Achieved	Achieved

Financials

Operating Profit 3-year Forecast

Profitability forecasts for the next three years are lower than previously expected due to ongoing Covid-19 impacts, supply chain disruption and the current phase of our development pipeline which means costs are incurred prior to revenue streams commencing. Profitability will grow in years two and three as tourism and hospitality sectors recover, Stage 1 of the Park opens with cornerstone tenants, and social housing revenues commence.



Consolidated Shareholders' Funds and Total Assets

For the year ended 30th June 2021, consolidated shareholders' funds, as a ratio to total assets was 53.8%. The Company's Annual Report shows equity was $73.25 million and total assets were $136.09 million.

The target ratio of consolidated shareholders' funds to total assets is not expected to reduce below 50% for the period covered by this SOI.

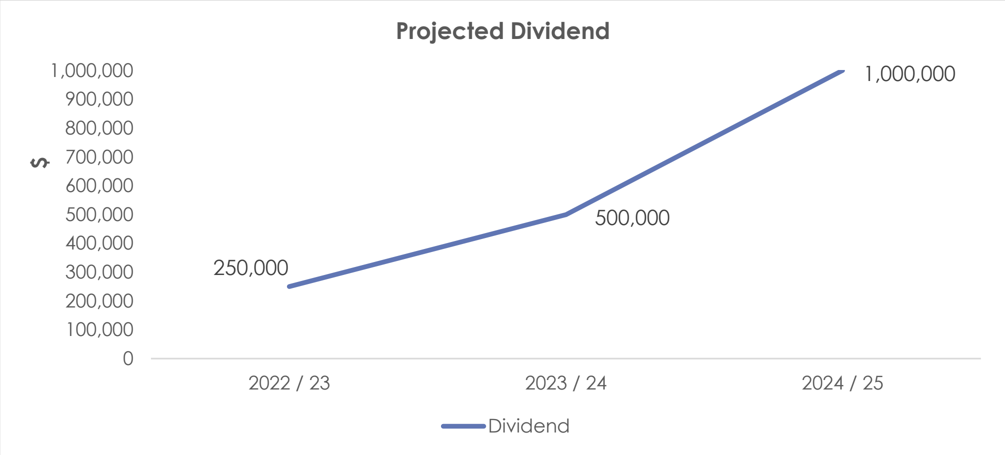
The Directors will review the appropriateness of this target ratio annually.

Dividend Policy

Dividends

FNHL will pay a dividend of 50% of its after-tax operating profit to the Shareholder on 28th February in the following financial year, unless there is agreement to an alternative use of these funds that has commercial or future benefit. This will be in the most tax efficient manner, and after consultation with the Shareholder. Should a dividend not be paid in any year, we will provide an explanation as to the causes behind it.

For the following years the company will endeavour to pay the following minimum dividends, however we acknowledge the importance of this income stream to FNDC to mitigate increased costs to ratepayers, especially in the 2023 and 2024 financial years. Accordingly, the company will proactively seek to maximise dividend returns to FNDC to exceed the minimum commitments.



Accounting Policies

FNHL is a for-profit Tier 2 entity that has adopted accounting policies that are consistent with the New Zealand International Financial Reporting Standards and generally accepted accounting practice.

The financial statements of the Company are prepared in accordance with the requirements of the Local Government Act 2002, Part 5, Section 67 which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS (RDR)").

Additional disclosures are required to meet the needs of the Shareholders reporting requirements.

Significant accounting policies are included at Appendix 1.

Reporting to Shareholders

FNHL will provide quarterly reports to its Shareholder in November, February, May, and an Annual Report in September, including a Statement of Financial Performance and Statement of Financial Position, including prior year comparatives and commentary of performance against budget.

Starting in November 2022, we will also provide quarterly Health & Safety Reports, six monthly Risk Management Reports and a Sustainability roadmap for the period ending 30 June 2023 and annually thereafter.

Transactions with FNDC

In transactions with FNDC for the provision of goods and / or services, FNHL will seek trading terms and conditions applicable to external customers.

Acquisition of Shares

If FNHL wishes to acquire shares in another company or organisation, it will notify its Shareholder at least 30 days in advance.

Commercial Value of Shareholder's Investment

The Directors estimate the commercial value of the shareholders' investment to be no less than the shareholders' funds.

The value ascribed to shareholders' funds will be that stated in the annual Statement of Financial Position of the company as at the end of the financial year preceding each SOI. This value is reviewed annually as part of year-end financial reporting processes.

Shareholder Funds in the Annual Report as at 30 June 2021 stood at $73.246 million.

Board's Approach to Governance

Current Board Membership

- William Birnie CNZM (Chairman - term ends July 2023)
- Sarah Petersen (Chair Audit & Risk – term ends 28 February 2024)
- Hon Murray McCully CNZM (term ends 28 February 2024)
- Kevin Drinkwater (term ends 30 June 2025)
- Nicole Anderson (term ends 30 June 2025)

Pursuant to Section 57 LGA, the Board of Directors is appointed by the Shareholder to govern and direct the activities of the Company, in accordance with the Appointment and Remuneration of Directors for Council Organisations Policy. All Directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Code of Ethics. The Directors' role is defined in Section 58 of LGA. This section states that all decisions relating to the operation of the CCTO shall be made pursuant to the authority of the directorate of the Organisation and its Statement of Intent. The Board consults with the Company's Shareholder in preparing and reviewing the Statement of Intent.

In undertaking its activities, the Board of FNHL will exhibit and ensure:

1. Sound business practice in its commercial undertakings, operating as an efficient and effective business
2. Ethical and good behaviour in dealing with all parties
3. An active partnership approach with Maori, and all other people in business throughout the Far North, promoting effective communication where appropriate
4. To comply with all relevant legislative requirements including those relating to the principles of the Treaty of Waitangi

5. In the spirit of "no surprises", keep the Shareholder informed on significant events and issues, including those sensitive to publicity that may arise from FNDC being a political organisation
6. Operate according to the best practice statements produced from time to time by the Institute of Directors in New Zealand
7. That Council's vision and aspirations are considered whilst conscious that FNHL needs to contribute to the overall financial performance of FNDC
8. FNHL is a good employer in accordance with the legislation guidelines set by Government.

The Board will adopt the following approach to its fiduciary responsibilities to ensure good governance:

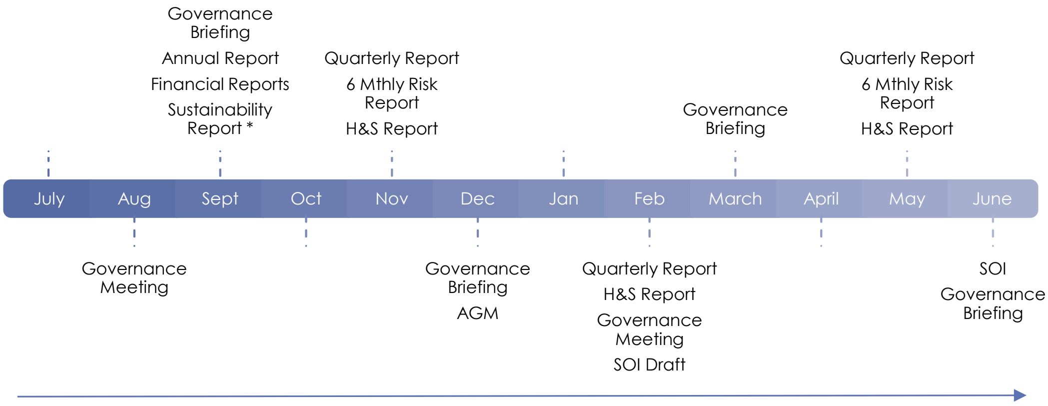
- Define its organisation structure and individual accountabilities by ensuring management have clearly defined job descriptions
- Set corporate budgets, and regularly monitor performance against these
- Delegate both responsibility and authority to its Chief Executive
- Hold regular board meetings to monitor progress towards the Company's goals and objectives, and manage risks
- Act in accordance with the Constitution and SOI

Engagement with the Shareholder

FNHL and our Shareholder agree that regular and transparent communication is essential to ensure the implementation of good governance within FNHL and the Shareholder. Accordingly, both parties agree to maintain a high level of communication between each other and the Chief Executives, and their respective management teams will use their best endeavours to communicate in a timely manner and raise any issues to ensure a "no surprises" approach.

The below summarises the regular reporting and communication between FHNL and FNDC which incorporates both the statutory requirements, and other 'touch-points' which are intended to maintain strong, open and regular lines of communication between the organisations.

Table 1: Communication & Reporting



Regular and ongoing operational engagement, as required, and timely responses to matters raised

* Sustainability Reporting annually from September 2023

In addition, representatives from FNHL will attend Community Board meetings at least once a quarter to update them on current projects and plans that affect their ward and will include regular communication with the relevant board when physical works are to commence in the ward.

FNHL will attend Iwi Forums, where invited, and is available to attend Community or FNDC sessions where appropriate, or invited, should agenda items require our presence.

Commitment of the Shareholder

The Board aims to ensure that the Shareholder is informed in a timely manner of all major developments affecting the Company's situation. The Shareholder is consulted with on the review of the Company's SOI and is responsible for the appointment of Directors. Information is communicated to the Shareholder in the Annual Report, the Quarterly Report, the Risk Management Report and the Sustainability Report, and special meetings where required.

The Shareholder is expected to:

- Deal with issues by the Company in a prompt and expedient manner;
- Maintain a high level of communication with the Company on relevant matters; and
- Ensure transparent and collaborative relationships are maintained with the Company.

APPENDIX 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

(i) Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(c) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short Term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

e) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(f) Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(g) Property, plant and equipment

(i) Recognition and measurement

Land, runways, wharves and buildings are measured at fair value, less accumulated depreciation (except for land) and accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:
- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus arising on the revaluation of an asset is credited to other comprehensive income and shown in the asset revaluation reserve in the Statement of Financial Position. A revaluation deficit in excess of the asset revaluation reserve balance for an asset is recognised in the profit or loss in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the profit or loss are recognised in the profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Any revaluation surplus on disposal of an item of property, plant and equipment is recognised in retained earnings.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for runways wharves and buildings is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not subject to depreciation.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and Structures - 33 years
Plant, fittings and office equipment - 3-20 years
Wharves - 33 years
Ramps and moorings - 33 years
Motor vehicles, boat transporters - 5-15 years
Runways, including all airport infrastructure / civil works assets - 25 years
Leasehold improvements - 29 years

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate. (see note 11).

(h) Intangible assets

(i) Goodwill
Goodwill that arises upon the acquisition of a business is presented with intangible assets.

(ii) Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

(iii) Other intangible assets
Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Except for goodwill and intangible assets that have indefinite lives or are not yet available for use, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computer software 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(j) Associates

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Company's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income.

Profits and losses arising on transactions between the Company and it's associate are recognised only to the extent of unrelated investors' interest in the associate.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

(l) Biological assets

Biological assets are measured at fair value less point-of-sale costs, with any changes therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets. Agricultural produce from biological assets are transferred to inventory at its fair value, by reference to market prices for honey, less estimated point-of-sale costs at the date of harvest.

(m) Share capital

The Company has ordinary shares and convertible non participating redeemable shares. Refer note 20 for details.

(n) Properties intended for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, and the sale is highly probable, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, the company's intangible assets and property, plant and equipment are no longer amortised or depreciated.

(o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are comprised of trade and other receivables, cash and cash equivalents, debt securities, other financial assets, trade and other payables, borrowings and other financial liabilities.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and liability simultaneously. The right of set off must not be contingent on a future event, and must be legally enforceable in the normal course of business, and in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Company initially recognises financial instruments on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The company has the following categories of financial assets;

Amortised cost
Financial assets with fixed or determinable payments that are not quoted in an active market, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less and impairment losses (see note 3 (q)). These comprise of cash and cash equivalents, trade and other receivables and short term loans.

Fair value through Other Comprehensive Income
Equity investments are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition they are measured at fair value, with all gains and losses recognised in other comprehensive income. Changes to fair value are not subsequently recycled to profit and loss. Dividends are recognised in profit or loss.

(p) Financial liabilities

The Company initially recognises debt securities on the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(q) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(ii) Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(iii) Non-financial assets

The carrying amounts of the Company's property, plant and equipment held at cost and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Company of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Company of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(r) Income in advance

Income in advance represents rental income received for future periods calculated on a straight-line basis over the term of the lease. Car parks and marina berths lease income is spread to 2033 or 2049 if an extension has been granted.

(s) Government Grants

Government Grants received for assets have been deducted in arriving at the carrying amount of the assets. Where retention of a government grant is dependent on the Company satisfying certain criteria it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the carrying amount of the asset.

6.6 REMITS FOR CONSIDERATION AT 2022 LGNZ AGM

File Number: **A3759444**

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Authoriser: **William J Taylor MBE, General Manager - Corporate Services**

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide Council with an opportunity to consider its position on each of the remits for consideration at the 2022 Local Government New Zealand (LGNZ) Annual General Meeting (AGM).

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- 5 remits are included on the 2022 LGNZ AGM agenda.
- His Worship the Mayor will be attending the LGNZ AGM with voting rights on behalf of Far North District Council.
- Adopted remits become LGNZ Policy.
- The AGM is scheduled for 28 July 2022 as an online meeting.
- The Far North District Council vote is worth 5 votes in accordance with the LGNZ constitution.

TŪTOHUNGA / RECOMMENDATION

That Council:

a) supports the following 2022 Local Government New Zealand Remits:

- **Review of Government transport funding**
- **Illegal street racing**
- **Bylaw infringements**
- **Density and proximity of vaping retailers**

b) abstains from voting for the Central Government funding for public transport remit.

1) TĀHUHU KŌRERO / BACKGROUND

Each year LGNZ calls for proposed remits to be considered at their Annual General Meeting. Nominating Councils must have endorsement from 5 other Councils. The AGM votes on these proposals and adopted remits become LGNZ Policy.

Zone 1 supported a remit proposed by Kaipara District Council recommending a review into the density and proximity of vaping retailers.

There were an additional 4 remits submitted.

His Worship the Mayor will be attending the LGNZ AGM on 28 July 2022 and will be able to put forward the view of the Far North.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The list of the proposed remits is provided below along with commentary and suggested voting from the subject matter experts within Council.

Remit	Recommendation	Rationale
Central government funding for public transport	Abstain	Whilst Council does acknowledge the need to encourage the greater uptake of public transport, it believes that this proposal will focus on urban areas

		and areas where there are already high levels of public transport provision. Council would prefer to see funding directed to regional and rural areas to provide subsidised public transport services, particularly in areas where there are high levels of deprivation, and where the private motor vehicle is currently the only viable transport option. This would address transport poverty. This remit appears to focus on existing public transport services and is therefore limited in its relevance to the Far North district. Whilst staff have recommended abstaining on that basis, members may equally choose to support or oppose.
Review of Government transport funding	Support	With the paradigm change around hybrid working and the government supported drive to EV vehicles, the current model of transport funding is fundamentally broken. The current funding model will not be able to deliver the outcomes for roading outlined in the GPS, particularly as funding now being provided to rail and coastal shipping. This has already manifested itself in roading maintenance budgets being suppressed and major projects being postponed. A new mechanism for funding roading is needed.
Illegal street racing	Support	Illegal street racing is an issue that the FNDC has not experienced on a large scale. However, there is a possibility that the district may experience increasing instances of this over time. For that reason, FNDC would welcome the establishment of a nation-wide working group of subject matter experts with the objective of formulating an action plan to effectively enforce the Land Transport Act 1998 and work with police to tackle illegal street racing and the antisocial behaviour associated with it. Arguably, the NZ Police are better placed to address this issue than Council who do not have the resources to monitor and enforce such occurrences. Often there is confusion on the part of the public over which agency (Police or Council or both) are responsible for responding to complaints.
Bylaw infringements	Support	Council has no general power to infringe across a range of bylaws and, in many instances, is left with the time-consuming and expensive option of prosecution. The proposed infringement notice regime under S259 of the LGA would enhance Council's ability to impose infringements where such action is deemed necessary, following the VADE approach to achieving regulatory compliance. Due to the nature of bylaw breaches, an infringement fee is most likely to be the proportionate response to breaches of a bylaw. Due to the lack of an infringement regime Councils are only left with the options of education, a warning and then prosecution. Undertaking prosecutions are also of limited utility due to their significant cost and

		unlikely deterrence due to the limited fines that are likely to be imposed by the Court. So, without an infringement regime we lack the regulatory tools to respond to the myriad of issues that arise in our district. If we could deal with small issues like bylaw breaches early, it could stop further issues compounding within the district. Additionally, an area like the Far North has even further limitations when it comes to undertaking prosecutions for breaches of bylaws. The Far North only has court houses in Kaikohe and Kaitaia. Both of these venues are already overwhelmed dealing with serious criminal offending and family law care and protection issues. These delays have only been compounded by Covid. As such it takes significant time to get before the court to deal with bylaw prosecutions. Due to the low level nature of bylaw breaches in such prosecutions judges are also reluctant to deal with such issues due to the other serious matters they are dealing with. So effectively Council is left without any effective tools to deal with the bylaw breaches if people refuse to cooperate.
Density and proximity of vaping retailers	Support the general intent of restricting the sale of vaping products to R18 specialist vape stores in urban communities.	Specialist vape retailers can be a great quit tool as long as retailers give advice and recommendations about vaping products to customers who are inside the retailer's approved vaping premises. Council staff expect that this will work well in urban centres. However, specialist vape stores may not be viable in small rural settlements where specialty stores may struggle to meet the current stipulation that 85% of the store's income must come from vaping products. Stores in rural communities could be enabled to provide vaping products as a quit smoking tool by partitioning an R18 area within the footprint of the business.
	Support proximity limits	Proximity limits would be in line with our other policies related to preventing community harm (Psychoactive Substances and Class 4 Gaming and TAB Venues policies). Which limit proximity to other venues and to sensitive sites (places where young people visit such as schools).

Take Tūtohunga / Reason for the recommendation

To allow Council to determine their positions on each remit for His Worship the Mayor to put forward at the LGNZ AGM.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications in endorsing (or not), remits at the LGNZ AGM.

ĀPITIHANGA / ATTACHMENTS

1. LGNZ Remits 2022 - A3759445 ⇩

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
    a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
    b) Assess the options in terms of their advantages and disadvantages; and
    c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Staff have commended on how each proposed remit aligns with existing council policies and processes.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	These are matters considered to have national impact that we have opportunity to comment on from a district perspective. The views of the Community Boards have not been sought due to time constraints however the chair of the Bay of Islands-Whangaroa Community Board was present and voted on whether or not to support Kaipara's density and proximity of vaping retailers remit at the Strategy and Policy Committee on 3 May 2022.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	This report seeks the Council's views on matters considered to have potential impact across the nation.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	This report seeks the Council's views on matters considered to have potential impact across the nation.

State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or need for budgetary provision in formulating a view on these remits.
Chief Financial Officer review.	The CFO has reviewed this report.

Who's putting local issues on the national agenda?

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2022 Annual General Meeting

Remits

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1 Central government funding for public transport

Remit: That LGNZ:

- Calls on central government to fully and permanently fund free public transport for students, community service card holders, under 25s, and total mobility card holders and their support people.
- Joins the Aotearoa Collective for Public Transport Equity (ACPTE) in support of the Free Fares campaign.

Proposed by: Porirua City Council

Supported by: Metro Sector

Background information and research

1. Nature of the issue

At present, an inequitable, car-dominated transport system constrains mobility and limits opportunity for thousands of people. Transport is the second-largest source (21%) of domestic carbon emissions in Aotearoa – and 70% of these emissions come from cars, SUVs, utes, vans and light trucks.

The Aotearoa Collective for Public Transport Equity (ACPTE) are a vast collection of community organisations from across Aotearoa, joining together to advocate for more equitable public transport. The ACPTE are now asking for councils across the country to join their Free Fares campaign.

ACPTE's Free Fares campaign is asking for central government to fund free fares for public transport users, starting with low income groups and under-25s. The ACPTE believes that these groups are the right place to start because they represent a large portion of public transport users who rely on the service the most but are least likely to be able to afford it.

2. Background to its being raised

Transport is New Zealand's fastest growing source of greenhouse gas emissions, having doubled since 1990. Targeting transport is a key way to mitigate our fastest growing source of emissions. Porirua City Council's view is that we need to provide more sustainable transport options and enable people to transition from private vehicles to public transport.

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The proposed remit suggests we can't meet our climate change targets without reducing how much we drive – not even by replacing petrol and diesel cars with EVs. Both in Aotearoa and overseas there are examples of free public transport incentivising mode shift away from private vehicle use. Free fares enable people to switch to public transport, which produces far less emissions per kilometre than private cars.

With housing costs and other expenses rising, many Community Service Card holders, tertiary students, under 25s and total mobility card holders find that a regular $3 bus ticket is out of reach – and that's at the very time that we need to promote connection to combat loneliness and poor mental health. The high cost of public transport also leaves too many disconnected from family, friends and activities that bring us joy, leading to isolation and loneliness. The proposed remit suggests free fares would allow disadvantaged communities to better access services and seek education and employment.

To ensure transport equity, Porirua City Council suggests it is imperative we prioritise those who struggle the most to afford and access transport. All sectors of society are affected when the cost of fares prevent people from travelling. Businesses miss out on customers, community groups lose participants and volunteers, and tourist spots miss out on visitors. Free fares will allow more people to make these trips, connecting communities so we are all better off.

The ACPTE started in 2021 calling for free public transport for students and community card holders. A coalition of climate action groups, student organisations, churches, unions and political youth wings joined together in asking central government and the Greater Wellington Regional Council to fund a trial for free public transport for these two target groups in the Greater Wellington region.

After submitting to GWRC, the ACPTE decided that leading up to the Emissions Reduction Plan (ERP) consultation, the campaign should go national. Over the months leading up to the ERP consultation, the ACPTE connected with groups across Aotearoa to advocate for free fares. The campaign also shifted to include under 25s, with the aim of normalising public transport as the main form of transport for the next generation.

During this time, the ACPTE also reached out to councils inviting them to join in the advocacy effort, and several councils passed motions supporting free fares.

This campaign is specifically requesting that free fares are funded by central government. Signing onto this campaign would have no impact on councils' finances and would add no extra burden on rates.

3. New or confirming existing policy

This is new policy.

4. How the issue relates to objectives in the current Work Programme

This remit is broadly consistent with existing LGNZ work, particularly on climate change mitigation and the Future for Local Government Review, but has a more specific focus.

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LGNZ is committed to working alongside central government and iwi to address social issues in our communities, including inequity between social groups.

5. What work or action on the issue has been done on it, and the outcome

The Government began a trial of half-price public transport fares from 1 April 2022. This three-month trial was extended by two months, and made permanent for community services cardholders, as part of the Government's Budget 2022 announcements. (Note that this decision is to provide half-price fares only to community service card holders, and not free fares which this remit and the ACPTE are advocating for).

While LGNZ has made statements in press releases about the Government's half-price public transport fares trial and its decisions around continuing this trial as part of Budget 2022 and ERP announcements, no formal work has been undertaken by LGNZ on this issue.

ACPTE has undertaken work on this issue, detailed in section 2 above. In addition to the work noted above, ACPTE has compiled research from within Aotearoa and abroad about the impact free fares could have for climate and equity and submitted their findings to the ERP consultation, and started a petition which received over 13,000 signatures and was handed to the Minister of Transport in March 2022.

6. Any existing relevant legislation, policy or practice

- Central government's public transport half-price fares trial extended for two months (total 5 months), and made permanent for community services cardholders, as part of Budget 2022 announcements
- NZ Transport Agency Total Mobility scheme: policy guide for local authorities 2017
- Ministry of Transport SuperGold Card public transport funding
- Aotearoa Collective for Public Transport Equity (ACPTE) Free Fares NZ
- Government Policy Statement on Land Transport, 2021/22 – 30/31 including outcomes addressing "Inclusive Access" and "Resilience and security"
- The Zero Carbon Act 2019 and Emissions budgets and the emissions reduction plan

7. Outcome of any prior discussion at a Zone or Sector meeting

This proposed remit was endorsed by the Metro Sector at its meeting on 13 May 2022.

8. Suggested course of action

That LGNZ calls on central government to fully and permanently fund free public transport for students, community service card holders, under 25s, and total mobility card holders and their support people.

That LGNZ joins the Aotearoa Collective for Public Transport Equity (ACPTE) in support of the Free Fares campaign.

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2 Review of Government transport funding

Remit: That LGNZ call for an independent review into the way in which government, through Waka Kotahi, fund transport investments in Aotearoa. This includes funding of new developments and maintenance programmes.

Proposed by: New Plymouth District Council

Supported by: Rangitīkei District Council, Hauraki District Council, South Taranaki District Council, Western Bay of Plenty District Council, Stratford District Council and Hamilton City Council

Background information and research

1. Nature of the issue

A key part of the advocacy role of LGNZ includes being involved in discussions with central government on significant issues affecting local government. This is a critical role that is at the core of the work and purpose of LGNZ.

This remit asks that LGNZ work with government to ensure that an independent review into the funding model of Waka Kotahi is undertaken. The current funding model does not fully recognise the costs of maintenance of roads and related infrastructure and does not provide certainty to councils in setting their own budgets. This appears to be related to funding being heavily reliant on the annual budget of the government of the day and income that varies depending on many factors.

Such a review should consider how long-term projects such as roading should not be so reliant on annual fluctuations and more should be funded through long-term debt such as with local government major infrastructure.

2. Background to its being raised

The Government Policy Statement on land transport (GPS) states that “transport investments have long lead times, high costs and leave long legacies. Therefore transport planning and investments need to be guided by a long-term strategic approach, with a clear understanding of the outcomes that government is seeking to achieve”.

Over $4 billion of New Zealanders’ money is spent through the national land transport fund each year, which is supplemented by co-investment from local government and additional funding and financing.

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The GPS recognises that as the largest co-funder of National Land Transport Programme (NLTP) projects, local government has an important role in building strong, evidence-based projects and programmes for investment. This shows the appropriateness of LGNZ requesting a review is undertaken.

The Ministry of Transport and Waka Kotahi already look to other financing tools for larger intergenerational projects over $100 million. The review should consider if this goes far enough and options for fixing the massive hole in existing budgets – such as the $400 million one recently highlighted in Auckland for road maintenance and public transport projects.

The review should also consider the consistency of government actions across various infrastructure. The Three Waters Reform programme creates new entities to gain “a greater ability to borrow to fund long-term infrastructure” and aims “to protect consumer interests and drive efficient investment and performance”. Government recognises that Three waters requires long-term investment, but this review is needed to consider that view in relation to transport infrastructure.

3. New or confirming existing policy

Transport is one of LGNZ’s five key policy priorities. However, LGNZ is not currently actively advocating for a review of transport funding. This is therefore a new policy issue.

4. How the issue relates to objectives in the current Work Programme

Transport is, and always has been, a very critical issue for local government. There is a heavy reliance on uncertain Waka Kotahi funding and the need to advocate for investment in our regions. One of the LGNZ priorities is “Ensuring local voice is heard on the important issues – three waters, resource management, housing, transport, climate change and the future for local government”.

This remit meets the existing aims of LGNZ to represent the national interest of councils in Aotearoa, to ‘decode policy’ and to “help local government run better through development, support and advocacy”. By working with government to ensure an independent review of transport funding is undertaken, LGNZ would help fulfil their Whakamana/Advocate role.

As transport is also one of LGNZ’s five key policy priorities, and the ongoing funding of the local roading network is an issue that has emerged in ongoing conversations with the sector and in Future for Local Government workshops, advocating for an independent review of the funding system may speed up the pace of any review.

5. What work or action on the issue has been done on it, and the outcome

The Ministry of Transport regularly reviews its Government Policy Statement on Transport (typically every three years). This however would not meet the intent of the remit that there be an independent review of the broader system of funding of transport investment.

Based on recent engagement with the Ministry of Transport, LGNZ is aware that the Ministry has begun scoping work on what the future funding tools and requirements of the transport system should be. As such, this remit may provide value in demonstrating to the Government how important this issue is to local government, and it may also signal some of the issues that should be in included in scope of that review (including the benefit of the review being independent). As noted above, the remit may need to be updated depending on whether a Ministry of Transport-led review into how the transport system is funded is announced prior to the AGM. We do not have any indication of when such a review will be announced (if indeed it does proceed).

6. Any existing relevant legislation, policy or practice

The Land Transport Management Act 2003, Government Policy Statement on land transport and the National Land Transport Programme outline Government's position.

7. Outcome of any prior discussion at a Zone or Sector meeting

The proposed remit is supported by Rangitīkei District Council, Hauraki District Council, South Taranaki District Council, Western Bay of Plenty District Council, Stratford District Council and Hamilton City Council.

8. Suggested course of action envisaged

That LGNZ work with the Government to ensure a review of land transport funding in New Zealand is undertaken. This should include looking at the funding of new transport infrastructure and maintenance and how best to fund these in a realistic, efficient and equitable manner alongside local government.

An independent review may not be possible given decisions around this work programme for the Government may be made (and possibly announced) prior to the AGM in July – though we do not have any indication of when the Government will make announcements about a possible review, or if indeed it will do that. However, support for this remit would provide LGNZ with the ability to demonstrate the importance of such a review to local government, and influence the particular issues that local government thinks should be within the scope of any review – including funding of new developments and maintenance programmes.

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3 Illegal street racing

Remit:	That Local Government New Zealand (LGNZ) implement a nation-wide working group of subject matter experts with the objective of formulating an action plan to effectively enforce the Land Transport Act 1998 and work with police to tackle illegal street racing and the antisocial behaviour associated with it.
Proposed by:	Hutt City Council
Supported by:	Upper Hutt City Council, Masterton District Council, Carterton District Council, Tauranga City Council, Hamilton City Council and Porirua City Council

Background information and research

1. Nature of the issue

Excessive noise from vehicles and other intimidating behaviour (such as convoys blocking the road and vehicles driving at high speeds) has been a frequent complaint from residents towards their local councils. Various attempts to curb this behaviour have had some success, while some measures have simply moved the problematic behaviour to another geographical location.

Councils across the nation have implemented various measures to limit dangerous vehicle use, such as speed cushions, concrete speed bumps, and visual distractions. With the additional cost of maintenance and road signs, these can be a significant cost to councils with only a limited impact on the problem.

Due to the illegal street racers often being in a network, they can communicate to avoid detection by police and move across several councils' territories in one night. This can pose an issue if multiple councils do not have consistent bylaws in their respective areas.

2. Background to its being raised

New Zealand laws deterring illegal street racing (occasionally referred to as 'boy racing') include the Land Transport Act (1998) and the Land Transport (Unauthorised Street & Drag Racing Amendment Act) (2003). Several other councils around New Zealand have chosen to include illegal street racing in their Public Places Bylaw, noting that intimidating behaviour or excessive noise from vehicles is prohibited. New Plymouth District Council and Waipā District Council both have proposed bylaws (not yet in force) specifically about illegal street racing. Christchurch City Council has a "Cruising and Prohibited Times on Roads Bylaw 2014" which is currently under

review. It is unclear how successful these bylaws have been, as there has been no evaluation material available to view.
Based on reports from other locations, the issue of vehicle noise, speed, intimidation, and damage is widespread across the country. Despite laws from central government and supplementary bylaws from local councils, the issue continues to persist. This does not support the argument that these laws have been effective.

Discussions with police and council officers have revealed the challenges of enforcing the law. Under-resourcing has not met the demand, as there are incidents were upwards of 100 illegal street racers converge in a single area with only one patrol car available.

Complaints about illegal street racers have been received by the Hutt City Council Deputy Mayor and council officers in the transport division. Noise is a prominent theme in these complaints when the illegal street racers are in close proximity to residences, along with tyre tread marks and oil on the road. Stolen road signs and other damage to property (both public and private) create further safety issues, along with alcohol use and some assaults to police officers or members of the public when attempting to communicate with the illegal street racers.

3. New or confirming existing policy

The issue is not currently covered by existing LGNZ policy.

4. How the issue relates to objectives in the current Work Programme

The issue aligns with LGNZ's Whakahono//Connect leadership pillar given the request from Hutt City Council to bring together the different actors involved with local government (including NZ Police, Waka Kotahi and the Ministry of Social Development) to address illegal street racing.

5. What work or action on the issue has been done on it, and the outcome

There does not appear to be any collective effort or plan underway to nationally address street racing. However, it does seem that there are a few localised plans, initiatives (including bylaws, speed cushions etc) or teams being stood up to address this issue (for example, in the Waikato, New Plymouth and Hutt City).

Hutt City Council's view is that these initiatives have had a limited impact on the problem, which is often moved elsewhere rather than stopping gatherings altogether.

6. Any existing relevant legislation, policy or practice

Land Transport Act (1998), and Land Transport (Unauthorised Street and Drag Racing) Amendment Act (2003).

7. Outcome of any prior discussion at a Zone or Sector meeting

The proposed remit is supported by Upper Hutt City Council, Masterton District Council, Carterton District Council, Tauranga City Council, Hamilton City Council and Porirua City Council.

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8. Suggested course of action envisaged

The remit recommends LGNZ establishes a nation-wide working group of subject matter experts to develop a plan of action to address the issue and enforcement of the law. It suggests it will be useful to have input from police, community patrol officers, policy makers, and transport analysts in formulating the group.

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4 Bylaw infringements

Remit: That LGNZ lobby Government to implement an infringement notice regime for general bylaws.

Proposed by: Auckland Council

Supported by: Auckland Zone

Background information and research

1. Nature of the issue

Section 259 of the Local Government Act 2002 (LGA) provides for the making of regulations and amongst other matters, prescribing breaches of bylaws that are infringement offences under the Act. The power has been seldom used to date.

Between working with and "educating" people and taking a prosecution, there are no enforcement options available making it extremely difficult to achieve compliance especially in an environment of increasing disrespect for authority and aggression.

Working with people or educating them can be time consuming but is effective especially where the breaches are unintentional. However, in relation to intentional breaches of bylaws, in the absence of an infringement regime, after working with and educating people the next step is prosecution. Prosecution is expensive and time consuming. Also, it is often out of proportion with the breach that has occurred. Even following a successful prosecution, the penalties available to courts are low and provide minimal deterrence.

The obstacle in passing regulations allowing for infringement fee regulations has been the need to tailor those regulations to each instance of an infringement offence bylaw by bylaw. Therefore, a two-step approach is required: firstly, amending the legislation to enable regulations to be made nationwide across different bylaw types and then relevant regulations being passed.

By developing a more comprehensive infringement regime, councils in New Zealand will be better able to take proportionate and timely steps to help ensure compliance with their bylaws. In doing this, confidence of communities in the work of local government will be enhanced.

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2. Background to its being raised

Discussion around the need for an infringement regime for local government bylaws is not new.

Provision for the making of regulations was included in section 259 of the LGA. Part 9, Subpart 3 "Infringement Offences" of the LGA provides a mechanism for imposing and collecting infringement fees. Apart from regulations establishing infringement fees for some navigational bylaws, the provisions have not been used.

This issue was well-canvassed in the Productivity Commission's 2013 Report, *"Towards better Local Government Regulation*." The Productivity Commission's report includes the following comment:

Much of a local authority's regulatory functions are authorised by its bylaws. The Act under which bylaws are made may authorise the local authority to enforce certain provisions in bylaws by the use of infringement offence notices. If not, bylaws must be enforced under the Summary Proceedings Act 1957…I submit that the enforcement of local authorities' regulatory functions would be significantly more effective and efficient if the use of infringement offence provisions is more widely available than at present." (Richard Fisk, sub.19, p.1).

In the Auckland Region, the challenges in enforcing bylaws were brought into stark relief over summer 2021/2022 with an increased number of complaints about people camping on beaches and in reserves (not freedom camping) and an expectation from members of the public and elected members that steps would be taken to enforce the bylaws.

With the changing attitudes and behaviours of our communities arising in part through people's experience of the Covid-19 response, Auckland Council's position is that now is the right time to revisit the development of a more comprehensive infringement regime for local government.

3. New or confirming existing policy

This remit would confirm and enhance existing policy work that LGNZ has underway.

4. How the issue relates to objectives in the current Work Programme

This remit connects indirectly to LGNZ's strategy and Work Programme to the extent that the lack of being able to enforce local bylaws frustrates local citizens and undermines public perceptions of local government's effectiveness.

5. What work or action on the issue has been done on it, and the outcome

As noted above, the Productivity Commission considered bylaws and an infringement notice regime in its 2013 Report, *"Towards better Local Government Regulation*." Findings and recommendations set out in that report have not been acted on to date, but remain relevant, specifically:

- F4.8 – There are indications of a low level of prioritisation of monitoring and enforcement resources based on risks. Constraints on the use of infringement notices – combined with the low level of fines where infringement notices can be used – can also inhibit councils' capacity to encourage compliance with regulation.

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- R10.3 – Agencies responsible for regulations that local government enforces should work with Local Government New Zealand to identify regulations that could usefully be supported by infringement notices and penalty levels that need to be increased.
- R10.4 – Section 259 of the Local Government 2002 – relating to the empowerment of infringement notices – should be amended to enable regulations to be made for infringement notices for similar kinds of bylaws across local authorities, rather than on a council-specific and bylaw-specific basis.

LGNZ has highlighted this issue in a number of briefing papers and advice to various ministers and central government officials since the early 2000s. Although the issue has been of concern to LGNZ and councils for nearly 20 years, it has never been the subject of an AGM remit.

Parliament's Regulations Review Committee wrote to LGNZ in late 2021 advising that it was considering a review of the bylaw provisions of the LGA. LGNZ was invited to provide advice on the effectiveness of local authority bylaws and the enforcement of them. LGNZ recently appeared before the Committee to speak to its submission.

We are still awaiting a decision from the Committee on whether or not it will undertake a review of the bylaw provisions of the LGA, and if so, what the scope of that review will be. Although the Committee did ask for specific advice on the infringement regime, it also sought advice on other matters including the use of model bylaws and the expansion of the model bylaws used in the Freedom Camping Act 2011.

6. Any existing relevant legislation, policy or practice

- Local Government Act 2002
- Productivity Commission's 2013 Report, *"Towards better Local Government Regulation*."

7. Outcome of any prior discussion at a Zone or Sector meeting

This proposed remit was supported by the Auckland Zone.

8. Suggested course of action envisaged

Auckland Council has not provided any detail as to how it suggests LGNZ progresses the proposed remit.

While the inquiry that the Regulations Review Committee has underway (and in which LGNZ has been engaged) is a significant step forward, there is no guarantee that the Committee will agree with LGNZ's submission, or, should the Committee agree, that work to review the bylaw provisions of the LGA would be supported by either this Government or a future one.

To gain traction, and to ensure that any review of the bylaw provisions addresses the issues that local government is most concerned with, this remit (along with the national publicity that tends to accompany successful remits) might be very helpful at this time.

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5 Density and proximity of vaping retailers

Remit: That LGNZ requests the Government to:

- Restrict the sale of vaping products to R18 specialist vape stores.
- Develop proximity limits to prevent the clustering of vaping product retailers and protect young people.

Proposed by: Kaipara District Council

Supported by: Zone 1

Background information and research

1. Nature of the issue

Vaping products are widely available from generic retailers (e.g., dairies, service stations) and specialist vape retailers. To date, New Zealand has 713 specialist vape stores; a British American vape brand is available from 2000 retail outlets throughout Aotearoa. Vaping products are also available via several online stores (both NZ-based and international).

Dargaville's main street, Victoria Street, has 13 vape retailers: ten General Vape Retailers and three Specialist Vape Retailers, all within a 1km length. The three licensed Specialist Vape Retailers are located within 150m of each other.

Youth vaping has risen sharply over recent years; among 14 to 15 year olds, daily vaping rose from 1.8% in 2018 to 9.6% in 2021; among 14-15 year old Rangatahi Māori, daily vaping rose from 5.9% in 2019 to 19.1% in 2021. Widespread product availability normalises vaping and makes experimentation easier.

Many towns and regions around New Zealand also need to address the proliferation of vaping outlets and rising vaping among Rangatahi.

2. Background to its being raised

The widespread sale of vaping occurred in 2018, when the Ministry of Health lost a case taken against Philip Morris alleging their "HEETS" products breached the Smokefree Environments Act 1990. Until the Smokefree Environments and Regulated Products Amendment Act was passed in 2020, vaping products were largely unregulated and vaping manufacturers

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advertised their brands using youth-oriented promotions. Even post-legislation, retailers with little or no knowledge of vaping remain able to sell vaping products.

Surveys of young people, such as the Youth19 survey and the Snapshot Year 10 survey conducted by ASH revealed many adolescents who had never smoked had begun vaping. A 2021 report into youth vaping found that 14.6% of those surveyed reported smoking one or more traditional cigarettes in the last 7 days and 26.6% reported that they had vaped (e-cigarettes) in the past 7 days. Almost all those (98%) who had smoked a traditional cigarette in the last week had also vaped in the last week. However, a significant portion (46.2%) of those who had vaped in the last week had not smoked a cigarette. These data provide important evidence that youth vaping is rising rapidly and reveal that many young people who vape have never smoked.

The Smokefree Environments and Regulated Products Amendment Act 2020 extended many of the existing restrictions governing smoked tobacco products to vaping products. This legislation allows any business to sell vaping products as long as they follow the regulations for General Vape Retailers or apply to become a Specialist Vape Retailers. However, the Vaping Regulatory Authority does not consider retailer density or proximity to facilities such as schools when assessing applications.

The Government's Smokefree 2025 Action Plan will introduce a provision requiring general retailers selling vaping products to advise the Director-General of Health that they are doing so. This provision aims to provide information on the number and type of retailers selling vaping products.

We recognise that people who smoke and who have not been able to quit using existing treatments will benefit if they make a complete transition to vaping products and stop smoking. However, survey data showing rising vaping prevalence among young people suggests existing policy does not provide an appropriate balance between the needs of people who smoke and the rights of young people who do not, and who deserve protection from products that are designed to target them.

Limiting the retail availability of vaping products to specialist stores will not prevent people who smoke from accessing these products and instead will increase the likelihood they receive smoking to vaping transition advice that improves the chances they will stop smoking. Furthermore, people who smoke will continue to be able to access vapes through stop smoking services.

Kaipara District Council elected members have been receiving questions and concerns from the local community about the density and proximity of vape retailers in Dargaville.

While we support the supply of vapes to people wanting to use these products to stop smoking, it is of the utmost importance that we also protect our community, particularly our Rangatahi and other whānau who would not usually vape, from using these addictive products.

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3. New or confirming existing policy

This is a new policy.

4. How the issue relates to objectives in the current Work Programme

This remit aligns with LGNZ's pillar Whakauru // Include – to ensure that every New Zealander can participate, thrive and be represented by local government.

It could be argued that restricting the density and proximity of vaping retailers shows some alignment with enhancing community safety, public health and promoting social wellbeing. However, the remit does not show strong alignment with LGNZ's existing policy priorities or engagement in major ongoing local government reform programmes. Further discussion is needed to determine whether LGNZ's membership agree it is relevant to local government as a whole.

5. What work or action on the issue has been done on it, and the outcome

A petition was received by Kaipara District Council regarding the density and proximity of vape retailers. The petition was accepted and responded to. Given this issue sits outside Kaipara District Council's control and existing policy frameworks, a remit was recommended as the appropriate action to take. Councillor Karen Joyce-Paki is the sponsor of the remit and is working closely with Smokefree NZ, Cancer Society and local Māori Health Provider, Te Ha Oranga.

The Smokefree Coordinator for Northland, Bridgette Rowse, has been providing support and is working with the Far North District Council (FNDC) policy team to review the FNDC Smokefree Policy, which currently covers smokefree parks, playgrounds and sports grounds. She has also worked with Whāngarei District Council and Kaipara District Council to review and align our smokefree policies to create more smokefree outdoor public spaces as well as making all smokefree outdoor public spaces vape-free.

6. Any existing relevant legislation, policy or practice

The relevant legislation is the Smokefree Environments and Regulated Products (Vaping) Amendment Act 2020. The Act aims to balance between ensuring vaping products are available to smokers who want to switch to a less harmful alternative, while ensuring these products aren't marketed or sold to young people. New regulations are in the process of being implemented from November 2020 until January 2023. While these regulations cover factors such as how vape retailers can advertise, who they can sell their products to and where vaping is allowed, there are no regulations around proximity limits to prevent the clustering of vaping product retailers as the remit requests.

7. Outcome of any prior discussion at a Zone or Sector meeting

The remit was supported at the most recent Zone 1 meeting by all members present.

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8. Suggested course of action envisaged

This remit suggests that LGNZ requests the Government to:

- Restrict the sale of vaping products to R18 specialist vape stores.
- Develop proximity limits to prevent the clustering of vaping product retailers and protect young people.

We understand that an Amendment Bill is expected to be introduced in 2022 (according to the Government's Smokefree Action Plan). Kaipara District Council has suggested that one way to progress this remit would be to advocate for the Amendment Bill provision which only allows authorised retailers to sell smoked tobacco products to be extended to restrict the number who can sell vape products.

Progressing this remit is likely to require LGNZ working with officials from the Ministry of Health to advocate for changes to regulations and the upcoming Amendment Bill.