

# Issues and Opportunities for Local Government

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# Topics

- Part 6 decision-making
- Council hearings
- Recent developments in local authority debt funding

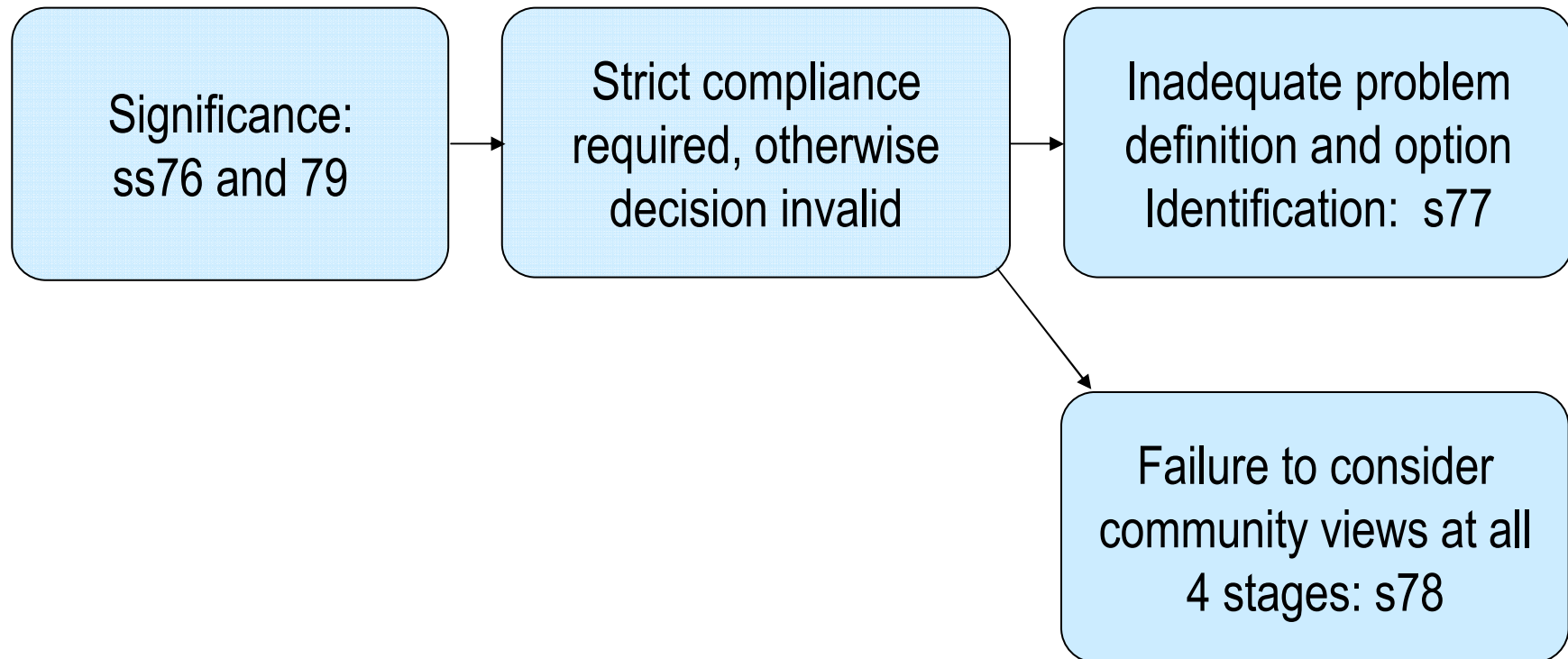
## Part 6 decision-making

- *CoSSC v Christchurch City Council*
- *Whakatane District Council v Bay of Plenty Regional Council*

# Christchurch - Facts

- Low cost residential housing in Christchurch for last 70 years
- Annual rent reviews
- Modelling in 2008 - \$50m expenditure spike in 2015
- March and April decisions to increase rents by 24%
- COSS brought judicial review proceedings

# Christchurch – Court's approach



# Bay of Plenty - Facts

- EBOP's HQ in Whakatane since 1989
- 2006 Deloitte report recommended shift to Tauranga
- Dec 2006, Council in principle decision to shift
- June 2007, final Council decision to shift, LTCCP amended
- WDC brought judicial review proceedings

# Bay of Plenty – Court's approach

ss76 and 79 require council judgments

Council could decide what objective and options were: s77

Non-compliance even for a significant decision  $\neq$  invalidity

Council could decide when and how community views would be considered: s78

# What are councils' obligations?

- Christchurch and Bay of Plenty decisions hard to reconcile
- Both distinguish between significant and other decisions
- Different degrees of compliance do not alone explain different outcomes
- Paper trail is still essential
- Judicial review on the rise?

# Hearings

- Actual not apparent bias reaffirmed
- Keeping an open mind is still the key test
- Councillors may be absent from time to time

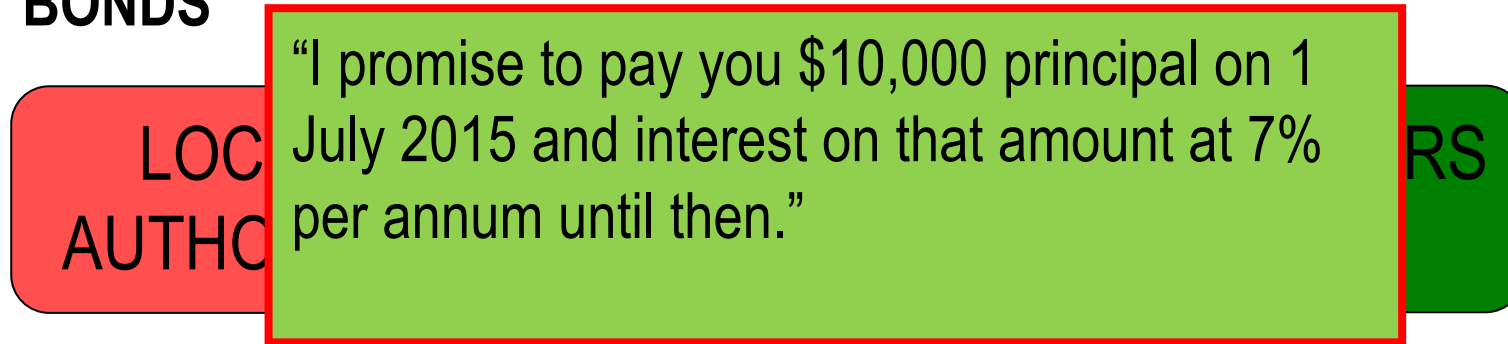
# Developments

**RETAIL BOND ISSUANCE**

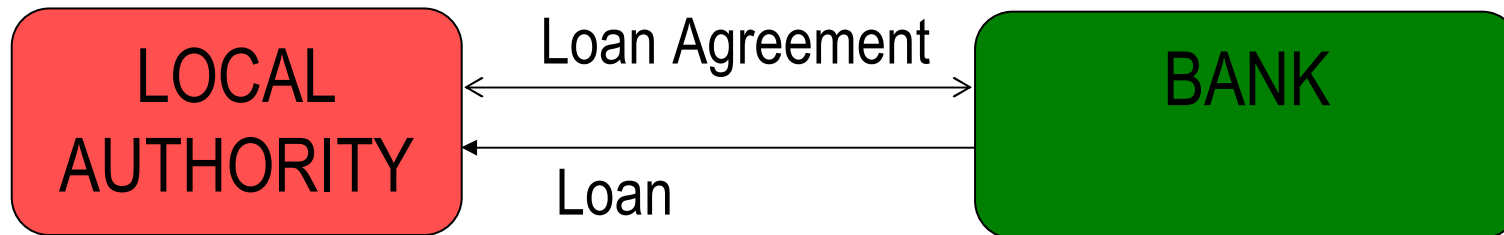
**BOND BANK**

# Bonds

## BONDS



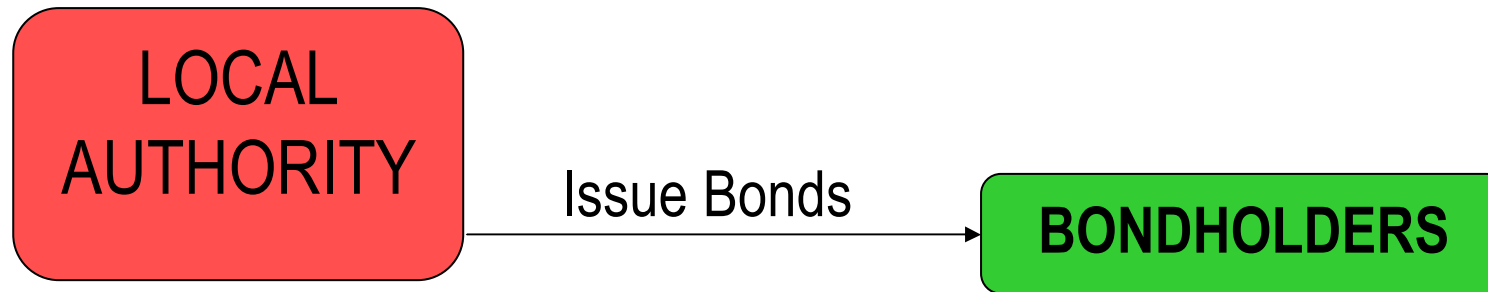
## LOAN



# Bonds versus Loans

- Loans Bilateral
- Compliance costs
- Liquidity
- Pricing
  - Expectations
  - Exit

# Bond Issuance - Documentation



- Bond Issuance Documentation
- Security
  - Rates charge
  - Negative pledge
- Disclosure Documentation

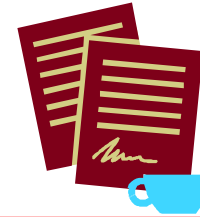
Debenture Trust Deed

# Securities Act - Disclosure



Offer

Authorised  
Advertisement



Certificate



Allotment

Securities (Local Authority  
Exemption) Amendment Act 2008



Prospectus

Allotment

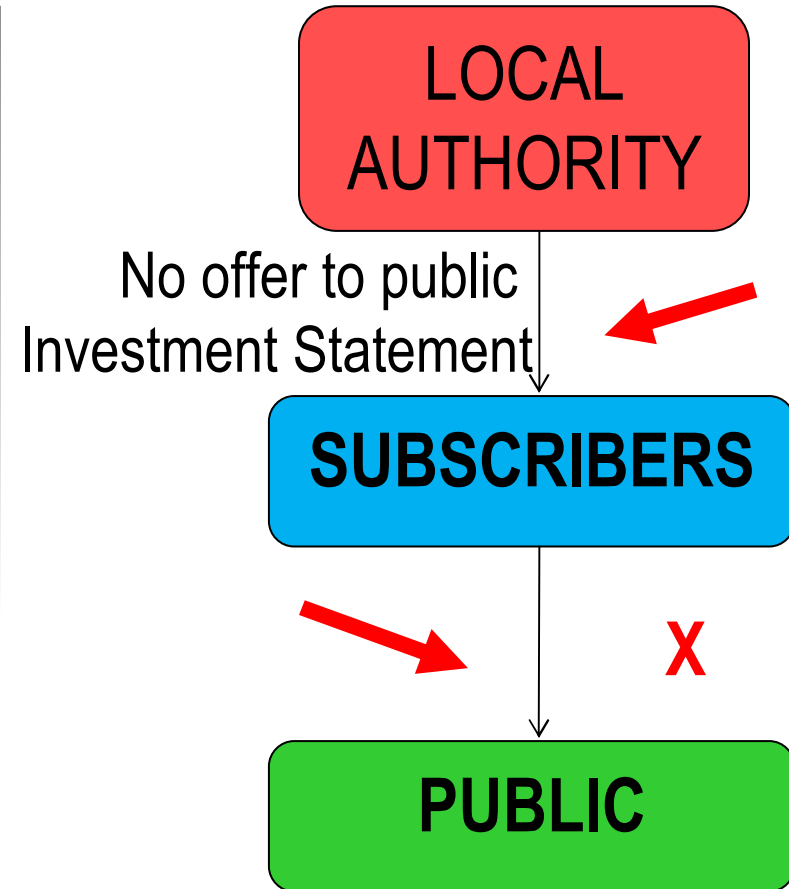
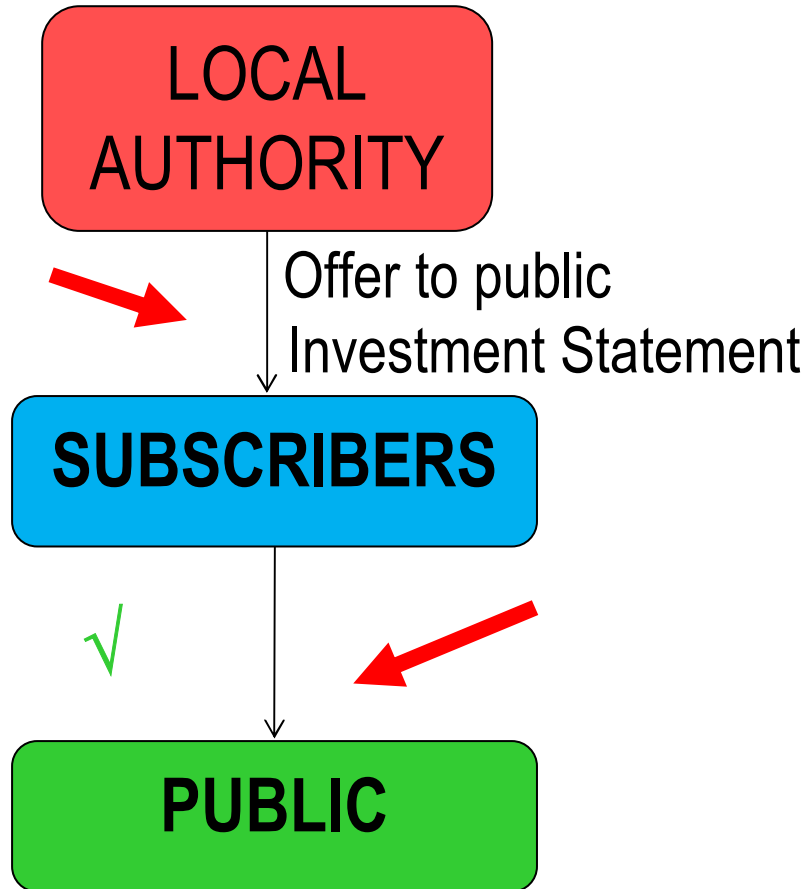


Simpson Grierson

# Retail Issuance – Key Issues

- “Retailable” bonds

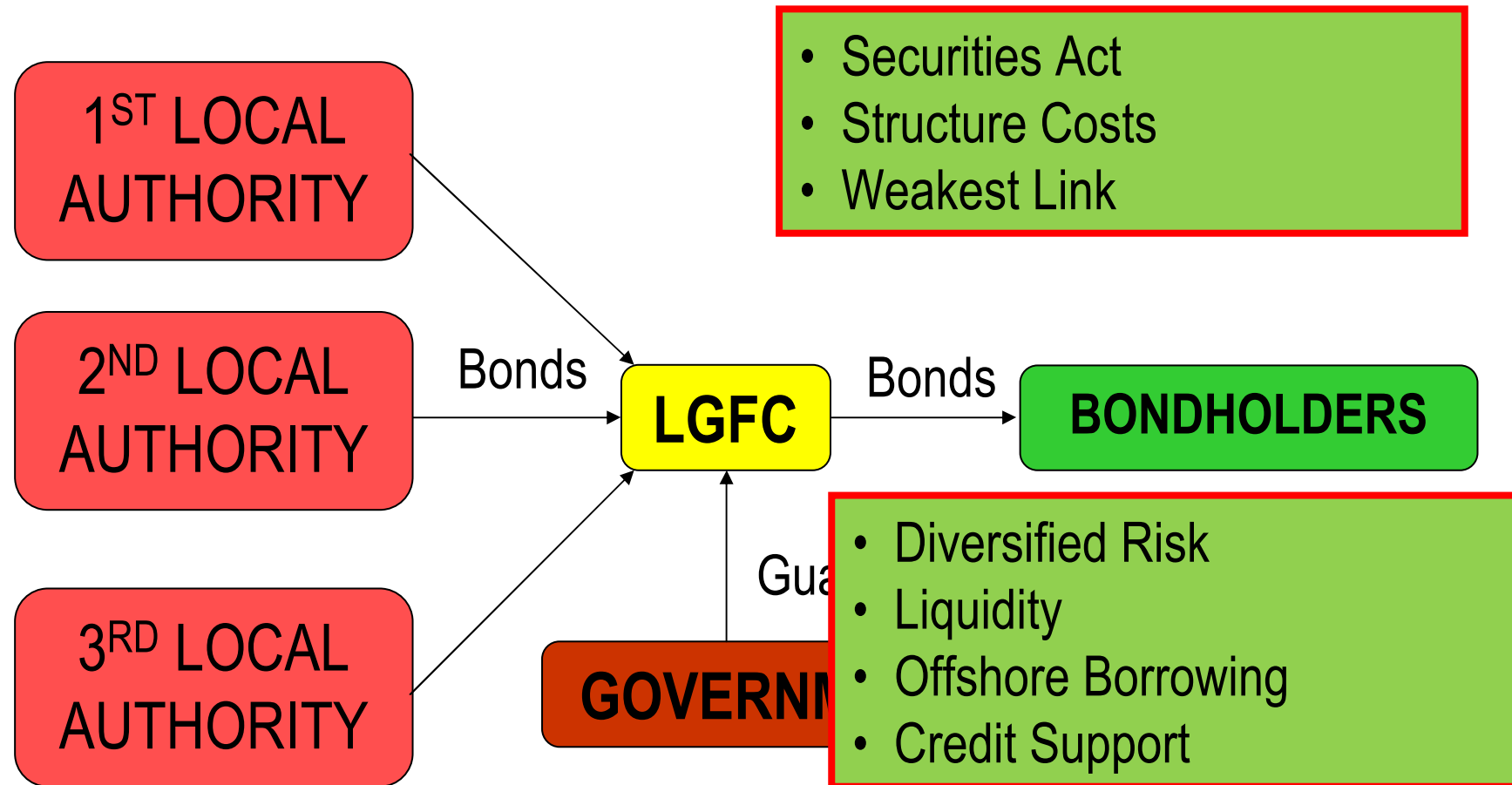
# “Retailable” Bonds



# Retail Issuance – Key Issues

- “Retailable” bonds
- Financial Statements
  - Most recent audited consolidated financial statements
  - Balance date less than 9 months ago
  - Interim GAAP compliant financial statements
- Listing
  - Waivers
- Trust Deed

# Centralised Structure



# Questions

