

COVID-19 Response Committee

AGENDA

Notice of Meeting:

A meeting of the COVID-19 Response Committee will be held on:

Date: Thursday 7 May 2020

Time: 9.30am

Venue: Remote attendance via Zoom (and live-streamed)

Membership

Mayor	Neil Brown
Deputy Mayor	Liz McMillan
Members	Leen Braam
	Carolyn Cameron
	John Falloon
	Rodger Letham
	Lynette Lovett
	Angus McKay
	Diane Rawlinson
	Stuart Wilson

1 May 2020

COVID-19 Response Committee

Timetable	
9.30am	Meeting commences

ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- | | | |
|---|--|---|
| 4 | COVID-19 Response Committee – 30/04/20 | 3 |
|---|--|---|

Reports

- | | | |
|---|---|--------------------------|
| 5 | Draft Terms of Reference – Covid-19 Recovery Advisory Group | 7 |
| 6 | Draft Government Policy Statement and Draft NZ Rail Plan
<i>Matter to be uplifted from 23/04/20 for discussion</i> | Verbal
update |
| 7 | ADC Treasury (Bancorp) Report – 31/03/20 | 14 |

Business Transacted with the Public Excluded

- | | | |
|---|----------------------------------|----|
| 8 | Confirmation of minutes 30/04/20 | 23 |
|---|----------------------------------|----|

4. COVID-19 Response Committee Minutes

Minutes of the COVID-19 Response Committee meeting held on Thursday 30 April 2020, commencing at 9.00am, via Zoom.

Present

His Worship the Mayor, Neil Brown; Councillors Rodger Letham, Lynette Lovett, Angus McKay, Liz McMillan, Diane Rawlinson and Stuart Wilson.

In attendance

Hamish Riach (Chief Executive), Jane Donaldson (GM Strategy & Compliance), Sarah Mosley (Manager People & Capability), Paul Brake (GM Business Support), Neil McCann (GM Infrastructure Services), Toni Durham (Strategy & Policy Manager), Bevan Rickerby (Economic Development Manager), Rachel Sparks (Finance Manager), Ruben Garcia (Communications Manager).

Governance support: Aisling O'Reilly (Zoom co-ordination) and Phillipa Clark (Minutes).

1 Apologies

For lateness: Crs Carolyn Cameron (9.10am), John Falloon (9.20am) and Leen Braam 11.04am.

2 Extraordinary Business

The Mayor advised that a matter relating to district tourism will be briefly discussed as the final item of in-committee business – Section 7(2)(i) commercial activities.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes

That the minutes of the COVID-19 Response Committee meeting held on 23 April 2020, be taken as read and confirmed.

McMillan/Letham

Carried

Environment Canterbury – departing Chief Executive

The Mayor and Chief Executive welcomed Bill Bayfield, acknowledging the support he has given to councils within the region during his tenure as the Chief Executive of Environment Canterbury.

Mr Bayfield spoke briefly about the role he is taking up in Wellington as Chief Executive of the government's new water authority (Taumata Arowai).

The presentation concluded at 9.25am.

5 Level 4 lockdown – financial implications

That the Committee receives the Level 4 lockdown financial implications report.

Falloon/Lovett

Carried

6 Buying local – procurement processes

1. **That** Council directs officers to shop local where possible for the next twelve months, relative to the following table:

Expenditure type and procurement method	Local purchase requirement	Examples
Very minor <\$80.00 <ul style="list-style-type: none"> No estimates or quotes required 	<ul style="list-style-type: none"> Local suppliers must be preferred in all instances, exception being petty cash for work related travel costs such as parking or food purchases. 	<ul style="list-style-type: none"> Supermarket purchases Greeting cards One-off stationery items Hardware, tools, batteries Vouchers
Minor \$81.00- \$10,000 <ul style="list-style-type: none"> Verbal or written estimates Direct purchase in certain circumstances 	<ul style="list-style-type: none"> Local suppliers should be preferred where the estimate obtained is within 5% of the most competitive estimate (and can be met from within budgets). 	<p>Examples where local always preferred:</p> <ul style="list-style-type: none"> Catering Services such as plumbers, electricians and builders <p>Examples where local should preferred:</p> <ul style="list-style-type: none"> Printing (small batch) <p>No requirement to procure local</p> <ul style="list-style-type: none"> Whole of government contract
Moderate \$10,000 - \$74,999 <ul style="list-style-type: none"> Written quotes or estimates Direct purchase in certain circumstances 	<ul style="list-style-type: none"> The local value principle should be prioritised, however the best overall deal for the ratepayer should be the priority (met from within budgets). NZTA Procurement rules apply to all NZTA subsidised works. 	<ul style="list-style-type: none"> Printing (large batch) Professional services such as Annual Residents Survey <p>No requirement to procure local</p> <ul style="list-style-type: none"> Whole of government contract (Hertz Rental agreement)
High \$75,000 + <ul style="list-style-type: none"> Open tender Closed tender in certain circumstances 	<ul style="list-style-type: none"> No additional requirement to prefer local suppliers (however, local value is one principle under consideration). NZTA Procurement rules apply to all NZTA subsidised works. 	<p>No requirement to procure local</p> <ul style="list-style-type: none"> Existing standing contracts Whole of government contract (stationery, vehicles etc)

2. **That** officers assess 'local value' for businesses within Ashburton District who contribute to the local economy through any of the following:

- provide local employment,
- use local suppliers/subcontractors/services,
- manufacture/produce locally,
- add value locally (promote local well-being),
- build local capacity - train and develop locals, and/or
- look for local innovative solutions.

Lovett/Falloon

Carried

7 Elected members' remuneration

That Council receives the Remuneration Authority's correspondence of 22 April 2020.

McMillan/Rawlinson

Carried

8 Financial variance report

That the March 2020 variance report be received.

Falloon/Cameron

Carried

9 Covid-19 lockdown update

The Chief Executive reported that moving to Level 3 has allowed staff in the Open Spaces team to return to work. Library and Museum staff have also returned to some degree of work but the buildings remain closed to the public.

The administration office remains closed until Level 2 restrictions are put in place. The safe systems approach will continue for all workplaces in Levels 3 and 2.

Redeployment continues with some staff being available to the government agencies involved in the welfare response and social recovery. The 0800 number is still being manned by the call centre.

The Mid Canterbury 'Open for Business' website is off to a very good start with over 100 businesses registered as of yesterday.

Construction activity is underway with work resuming on the CBD upgrade and River Crossing projects as well as water maintenance and roading.

Business transacted with the public excluded – 10am

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
10	Confirmation of minutes 23/04/20	Sections 7(2)(h) & (a)	Commercial activities Protection of privacy natural persons
11	Library & Civic Centre PCG 20/04/20	Section 7(2)(h)	Commercial activities
12	Land Purchase	Section 7(2)(h)	Commercial activities
13	Community Grants 2020-21	Section 7(2)(h)	Commercial activities
14	Sport NZ Rural Travel Fund 2019-20	Section 7(2)(h)	Commercial activities

McMillan/Cameron

Carried

The Committee adjourned from 10am to 10.08am.

Business transacted with the public excluded now in open meeting

• Allocation of Sport NZ Rural Travel Fund 2019-20

That Council allocates **\$13,000** in Sport NZ Rural Travel Fund funding for 2019/20, as per the following table.

Sporting group	Team	Grant
Ashburton Celtic Rugby Football Club	Football teams	\$1,785
Ashburton College	Basketball teams	\$1,925
Ashburton College Cricket Club	Cricket teams	\$830
Ashburton College	Boys 1 st XI hockey team	\$570
Ashburton College	Netball teams	\$850

Ashburton College	AshColl / Mt Hutt Combined Girls' Rugby 1 st XI	\$945
Ashburton College	AshHutt Boys' U15 Rugby	\$465
Methven Hockey Club	Hockey teams	\$1,800
Mid Canterbury Hockey	Allenton, Tinwald & Wakanui hockey teams	\$1,325
Ashburton College	MC Combined Boys' 1 st XV Rugby	\$920
Mount Hutt College	Basketball, Rippa Rugby	\$900
Rakaia Hockey Club	Hockey teams	\$685
TOTAL		\$13,000

Falloon/Letham

Carried

The meeting concluded at 12.06pm.

5. *Terms of Reference – Covid-19 Economic Recovery Advisory Group*

Author	<i>Phillipa Clark; Governance Team Leader</i>
Activity Manager	<i>Bevan Rickerby; Economic Development Manager</i>
GM Responsible	<i>Hamish Riach; Chief Executive</i>

Summary

- The purpose of this report is to seek the Committee's consideration and adoption of the Terms of Reference for the Covid-19 Economic Recovery Advisory Group.

Recommendation

1. **That** the Terms of Reference for the Covid-19 Economic Recovery Advisory Group be adopted, as set out in Appendix 1.

Appendix 1: Draft Terms of Reference for the Covid-19 Economic Recovery Advisory Group

Background

The current situation

1. The Covid-19 Economic Recovery Advisory Group was established by resolution of the Covid-19 Response Committee on 23 April 2020.
 2. The Covid-19 Economic Recovery Advisory Group will work in partnership with key business sectors and agencies to provide oversight of the joint economic recovery response and facilitate the smooth transition back to full employment in the Ashburton District.
 3. The Covid-19 Economic Recovery Advisory Group has no delegated authority to make decisions. Its role is to assist and support Ashburton District's business sector with its post-Covid 19 pandemic economic recovery.
 4. The Covid-19 Economic Recovery Advisory Group recognises that there are four phases within the pandemic cycle that it will need to be involved in:
 - Response (current) phase
 - Resilience phase
 - Return to capacity phase
 - the 'new norm'
 5. Membership of the Advisory Group will include representatives from a range of local businesses, organisations, iwi and Council. Independent advice will be provided by the Employers Chamber of Commerce.
 6. Advisory Group meetings will be chaired by the Mayor Neil Brown.
 7. Meeting frequency will be 'as required', this to be reviewed on 30 June 2020.
 8. The Covid-19 Economic Recovery Advisory Group will report to the Covid-19 Response Committee. After the disbandment of this Committee the Advisory Group will report to the Community Services Committee.
 9. Council's Delegations Manual will be updated to reflect the changes.
 10. The proposed Terms of Reference are set out in Appendix 1.
- .

Options analysis

Option 1

11. Adopt the terms of reference, as presented, or adopt an amended version. The advantage of having terms of reference is that they identify parameters for the Advisory Group to work within and enable effective meeting administration.

Option 2

12. Council could choose not to adopt terms of reference. The Advisory Group has no delegated authority and would not be prevented from undertaking its oversight role and making recommendations to Council.

Legal/policy implications

Legislation

13. The Local Government Act 2002, Schedule 7, Part 1

Clause 31(3) sets out membership of committees and subcommittees

The members of a committee or subcommittee may, but need not be, elected members of the local authority, and a local authority or committee may appoint to a committee or subcommittee a person who is not a member of the local authority or committee if, in the opinion of the local authority, that person has the skills, attributes, or knowledge that will assist the work of the committee or subcommittee.

Financial implications

There are no financial implications associated with establishing the Advisory Group. Meeting support will be met within existing budget.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No

Covid-19 Economic Recovery Advisory Group

Terms of Reference (draft)

Purpose and Scope

The purpose of the advisory group is to:

- Coordinate and support a wider economic recovery.
- Work in partnership with key business sectors and agencies.
- Provide a forum for a group made up of leaders from various business sectors to advise and assist Council in understanding business needs as the Covid alert system de-escalates and recovery can begin.

Membership

Representatives on this advisory group are invited based on their involvement in key sectors of the business including iwi representation

Membership of the Advisory Group is:

Mayor, Neil Brown (Chair)	ADC
Chief Executive, Hamish Riach	ADC
Economic Development Manager, Bevan Rickerby	ADC
	Iwi
<i>Representative</i>	Agricultural
<i>Representative</i>	Agricultural Business
<i>Representative</i>	Infrastructure
<i>Representative</i>	Construction
<i>Representative</i>	Contracting
<i>Representative</i>	Tourism
<i>Representative</i>	Retail
<i>Representative</i>	Hospitality
<i>Representative</i>	Transport
<i>Representative</i>	Manufacturing
Employers Chamber of Commerce – independent advisor	

To form a quorum, the attendance of representatives from at least 5 of the advisory group member's organisations, in addition to at least two ADC local representatives, is required.

Meeting Frequency

As required. To be reviewed 30/6/2020

Delegations

The representatives on the advisory group are expected to:

- Meet to discuss and where appropriate advise business on economic issues
- Form project groups where appropriate to support and facilitate the smooth transition back to full employment in the Ashburton District
- Share information, both on organisational initiatives and collaborative initiatives, to support informed decisions based on available research
- Communicate and consult with one another in a flexible and open way.
- Maintain confidentiality where appropriate.
- Represent all businesses within their sector.
- Respect other organisations' governance and policy approaches and priorities in the district / region, and seek a consensus approach to work with these.

Reporting

The Ashburton District Advisory Group will report to the Covid 19 Response committee while it is in existence. After the disbandment of this committee the Advisory group will report to the Community Services Committee.

Adopted

(7May 2020 TBC)

TREASURY REPORT

FOR



AS AT 31 MARCH 2020



AUCKLAND • WELLINGTON • CHRISTCHURCH

CONTENTS

1.	MARKET OVERVIEW	1
1.1	GLOBAL MARKETS OVERVIEW (FOR THE MARCH 2020 QUARTER)	1
1.2	NEW ZEALAND MARKET OVERVIEW (FOR THE MARCH 2020 QUARTER)	2
1.3	LOCAL AUTHORITY SECTOR	3
2.	FIXED INTEREST AND TERM DEPOSIT PORTFOLIOS.....	4
2.1	FIXED INTEREST PORTFOLIO	4
2.2	TERM DEPOSITS.....	4
3.	DEBT AND HEDGING PROFILES.....	5

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.

1. MARKET OVERVIEW

1.1 GLOBAL MARKETS OVERVIEW (FOR THE MARCH 2020 QUARTER)

While events in January and February were important in their own right, the real focus for the quarter was in March when the full impact of the COVID-19 pandemic was felt. During this month equity and commodity prices plunged, bond rates fell to new all-time lows and currencies had massive intra-day swings.

In response to the COVID-19 pandemic, the Federal Reserve ("Fed") cut the cash rates by 1.00% on 15 March, to a 0.0% to 0.25% range, this after an emergency cut of 50 basis points on 3 March. The Fed also announced unlimited Quantitative Easing ("QE") and for the first time ever, the Fed will be able to purchase corporate bonds and make direct loans to companies. The US government announced multiple stimulus packages. The first announcement was for USD8.3 billion, phase two was for USD104 billion and phase three, was for a massive USD2.2 trillion. The White House is talking about a further USD2 trillion of infrastructure linked spending.

The global benchmark for long term interest rates, the US 10 year Treasury bond, had a very volatile quarter. At the beginning of January, it was trading at 1.94%, on 9 March it touched a low of 0.39%, rebounded to 1.27% by 18 March and finished the quarter at 0.69%. The sharp bounce off the unprecedented lows was a result of various Fed measures to provide support to the financial system and the announcements of several government support packages.

The European Central Bank ("ECB") disappointed the market by not cutting its benchmark rate, but it offered unlimited liquidity at the deposit rate to the banking sector to provide bridge financing, it lowered the rate on its longer-term refinancing operations to banks by 0.25%, and the governing council increased bond purchases by EUR120 billion for the current year.

The Bank of England ("BOE") cut its benchmark interest rate by 50 basis points to 0.25%, and the British Chancellor unveiled a GBP30 billion spending package. The BOE then cut another 15 basis points on 19 March alongside a QE increase of GBP200 billion. The PBoC, the Chinese central bank, has also cut interest rates and the Chinese Government announced on 26 March that it was looking to implement CNY2.4 trillion (USD344 billion) of stimulus and deliver CNY1 trillion (USD145 billion) in tax cuts.

The global stimulus measures have brought some stability to financial markets, with currency volatility declining and credit spreads edging back from the blowouts seen in mid-March. Equity markets have also rebounded. With governments globally providing liquidity at unprecedented levels, we may be starting to see the first green shots of recovery

(or at least stabilisation) but the COVID-19 crisis still has a long way to go and at some stage, someone will ask, how are we going to pay for all of this stimulus? That in itself could be sowing the seeds of the next selloff.

1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE MARCH 2020 QUARTER)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 December 2019	1.00%	1.29%	1.28%	1.32%	1.44%	1.59%	1.78%
31 March 2020	0.25%	0.50%	0.53%	0.55%	0.63%	0.75%	0.93%
Change	-0.75%	-0.79%	-0.75%	-0.77%	-0.81%	-0.84%	-0.85%

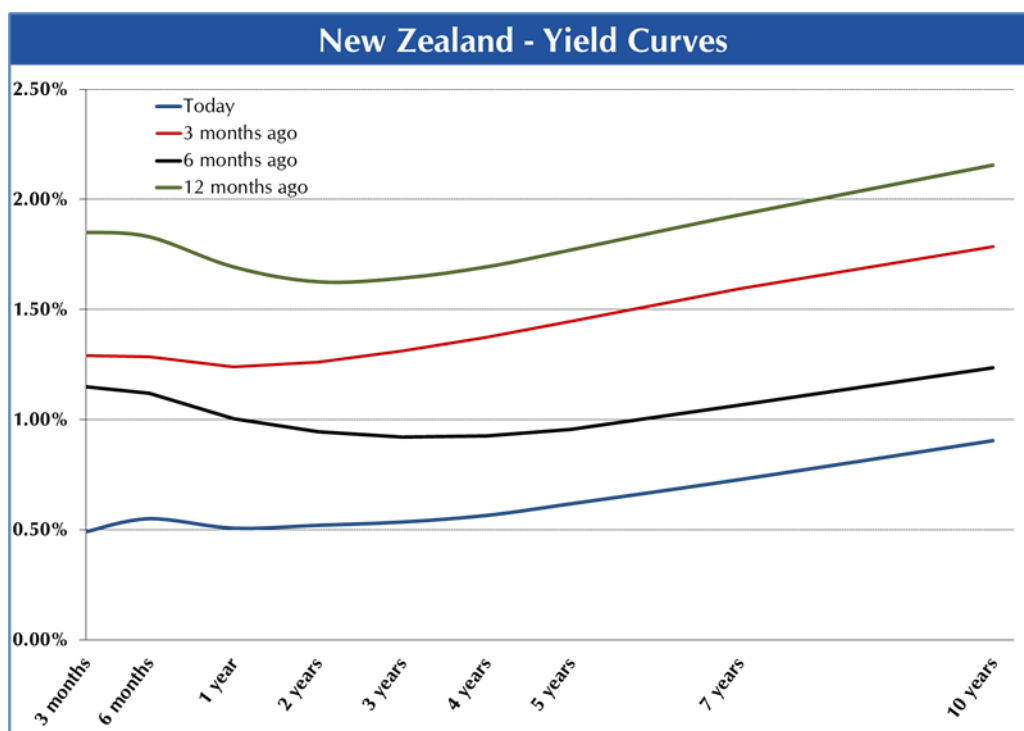
Following the 75 basis point cut to 0.25% on 16 March, the Reserve Bank of New Zealand ("RBNZ") also delivered a Large-Scale Asset Purchase ("LSAP") programme on 23 March, committing to purchase up to NZD30 billion of New Zealand government bonds across a range of maturities over the next 12 months.

However, the RBNZ has made it clear that it is prepared to take further action if necessary. Adrian Orr, stated, *"the aim of our QE programme is to keep rates very low,"* adding, *"we are in a great position to be doing this."* To support the RBNZ, on 23 March the Finance Minister, Grant Robertson, increased the business support package by an additional NZD4.0 billion to the previously announced NZD12.1 billion for the support package.

The Government also announced that it, and the banking sector, would implement a NZD6.25 billion Business Finance Guarantee Scheme for small and medium sized businesses by offering 12 month low interest rate loans to the banks and take 80% of any credit losses that may eventuate. Another scheme has been added, for a similar amount, with a loan term of 3 years. The Government has also introduced six-month principal and interest payment holidays for mortgage holders and SME's whose incomes have been affected by COVID-19.

Swap rates have again reached fresh lows, following global bond yields. Domestic swap rates are down dramatically, with the 5 year swap rate currently 0.63%, compared to 1.44% at the end of December and the 10 year swap is now 0.93%, down from levels above 1.75% at the end of December. At the short end of the yield curve the 90 day bank bill rate is at 0.50%, with this rate anchored by the OCR which is at 0.25% and likely to stay there for a very long time. However, the RBNZ appears to have ruled out negative short term interest rates, which have been a feature of Japanese and European interest rates for quite some time.

The chart on the following page shows the extent to which New Zealand interest rates have fallen over the past 12 months, with the dramatic fall from levels that prevailed a year ago clearly evident.



1.3 LOCAL AUTHORITY SECTOR

Listed below are the credit spreads and applicable interest rates as at 31 March for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Ashburton District Council (“TDC”) could source debt from the Local Government Funding Agency (“LGFA”). The numbers in brackets are those that prevailed at the end of December.

Maturity	Credit Spread	FRN (or CP) Rate	Fixed Rate Bond
3 month CP	0.50% (0.12%)	0.99% (1.32%)	N/A
6 month CP	0.50% (0.12%)	1.08% (1.32%)	N/A
May 2021	0.64% (0.31%)	1.13% (1.51%)	1.10% (1.48%)
April 2022	0.73% (0.34%)	1.22% (1.54%)	1.22% (1.58%)
April 2023	0.85% (0.44%)	1.34% (1.64%)	1.32% (1.68%)
April 2024	0.94% (0.45%)	1.43% (1.70%)	1.48% (1.82%)
April 2025	1.07% (0.55%)	1.56% (1.75%)	1.63% (1.95%)
April 2027	1.29% (0.69%)	1.78% (1.89%)	1.88% (2.16%)
April 2029	1.38% (0.70%)	1.87% (1.90%)	2.20% (2.40%)
April 2033	1.98% (0.88%)	2.47% (2.08%)	2.96% (2.69%)

As can be seen from the table, credit spreads have increased exponentially during the March quarter. However, the fall in underlying interest rates has more than compensated for the increase in the credit spreads, with overall borrowing costs lower (with the exception of the 2033’s), especially at the short to medium end of the yield curve.

2. FIXED INTEREST AND TERM DEPOSIT PORTFOLIOS

2.1 FIXED INTEREST PORTFOLIO

As at 31 March, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$2,000,000 and a market value of \$2,124,014. The FIP consisted of two separate FRBs, each with a nominal value of \$1,000,000.

During the March quarter, there were no maturities in the FIP. The makeup of the FIP as at 31 March, including its valuation, is shown in the following table.

Ashburton District Council				31-Mar-20		
Security	Rating	Maturity Date	Coupon (%)	Nominal	Yield (%)	Value
ASB	AA-	26-May-21	4.25	\$1,000,000	1.60	\$1,044,870
BNZ	AA-	15-Jun-23	4.10	\$1,000,000	1.93	\$1,079,144
				<u>\$2,000,000</u>		<u>\$2,124,014</u>

2.2 TERM DEPOSITS

As at 31 March, ADC had no funds invested in bank Term Deposits ("TD"), although it did have funds on call.

In the event that ADC may wish to invest in TDs or corporate bonds we have included the table with yields as at 31 March for various corporate bonds rated 'BBB+' or better by S&P Global Ratings, in which ADC would be able to invest under its existing Investment Policy (the yields in brackets are as at 31 December).

Security	Maturity	Coupon	Rating	Yield
BNZ	18-Jun-20	4.42%	AA-	1.16% (1.45%)
Transpower	10-Jun-20	6.95%	AA-	1.64% (1.44%)
ANZ	22-Mar-21	4.00%	AA-	1.66% (1.66%)
Wellington Airport	15-May-21	6.25%	BBB +	3.10% (2.12%)
Spark Finance	25-Mar-22	4.50%	A-	2.08% (2.01%)
Fonterra	07-Mar-23	4.42%	A-	2.25% (2.35%)
Genesis Energy	08-Mar-23	5.81%	BBB +	2.20% (2.49%)
Chch City Holdings	27-Nov-24	3.58%	A +	2.51% (2.11%)
Auckland Council	24-Mar-25	4.18%	AA	1.36% (1.99%)
Fonterra	14-Nov-25	4.13%	A-	2.46% (2.81%)
Housing NZ	05-Oct-26	2.25%	AA +	1.50% (2.00%)

As at 31 March, TDs for terms around 6-7 months were yielding around 2.50%. This rate is better than all but two of the bonds in the table (for one of them only by 1 basis point). The one bond yield that is noticeably higher over the quarter is the Wellington Airport May 2021 bond, with the margin for this security increasing sharply from 89 basis points at the end of December, to 260 basis points at the end of March. This is due to the severe downturn in aircraft movements resulting from the COVID-19 pandemic.

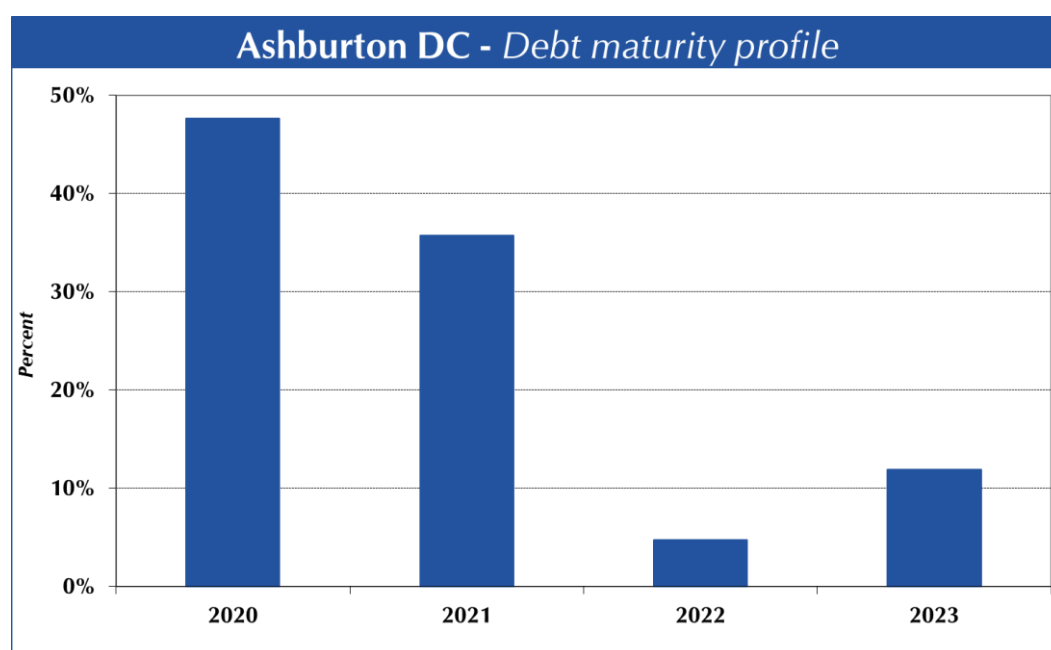
3. DEBT AND HEDGING PROFILES

As at 31 March ADC had total external debt of \$42.0 million. The debt comprised one tranche of CP, three FRNs and two FRBs, all sourced from the LGFA, details as follows:

Instrument	Maturity	Rate	Margin	Amount
LGFA CP	25-Apr-20	1.06%	53 bps	\$15,000,000
LGFA FRN	15-Apr-20	1.7425%	46 bps	\$5,000,000
LGFA FRB	15-May-21	4.56%	78 bps	\$10,000,000
LGFA FRB	15-May-21	5.60%	75 bps	\$5,000,000
LGFA FRN	17-Jan-22	1.81%	53 bps	\$2,000,000
LGFA FRN	15Apr-23	1.92%	64 bps	\$5,000,000
			TOTAL	\$42,000,000

ADC has a committed bank facility from Westpac Bank ("Westpac") for \$2.0 million, with a line fee of 0.25%, a margin of 0.95% and a maturity of 31 March 2020.

ADC's debt maturity profile incorporating all its debt (excluding the bank facility) is depicted in the following graph. The graph shows a spread of maturities between 2020 and 2023 and, as such, complies with the guideline in the Liability Management Policy ("LMP") that states *"To avoid a concentration of debt maturity dates, where practicable no more than 50% of total debt can be refinanced in any rolling 12 month period."*



As at 31 March, ADC had no drawings under the Westpac facility.

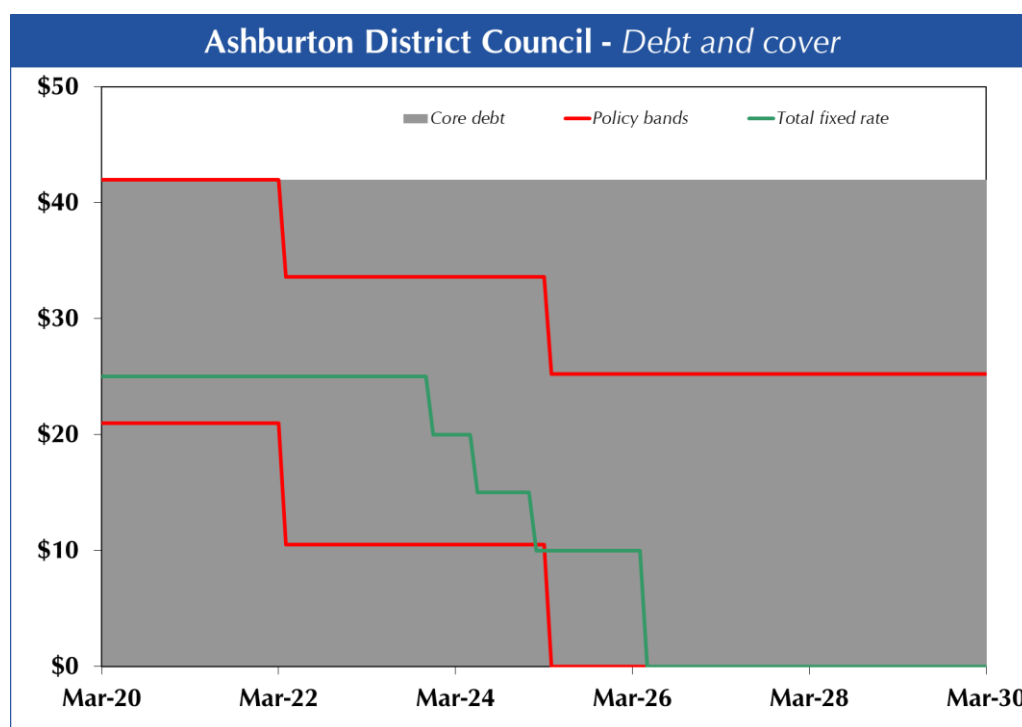
As at 31 March, ADC had four interest rate swaps, two of which are current and two forward starting, details as follows:

Start Date	Maturity Date	Rate	Amount
28-Jun-16	28-Dec-23	3.495%	\$5,000,000
30-Jun-15	28-Jun-24	4.305%	\$5,000,000
17-May-21	15-Feb-25	3.83%	\$5,000,000
17-May-21	15-May-26	2.85%	\$10,000,000
		TOTAL	\$25,000,000

To manage its interest rate exposures, ADC's LMP incorporates fixed rate hedging percentages that specify the minimum and maximum amount of fixed rate cover to which ADC shall adhere. These parameters are as follows:

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate	Maximum Fixed Rate
0–2 years	50%	100%
2–5 years	30%	80%
5–10 years	0%	50%

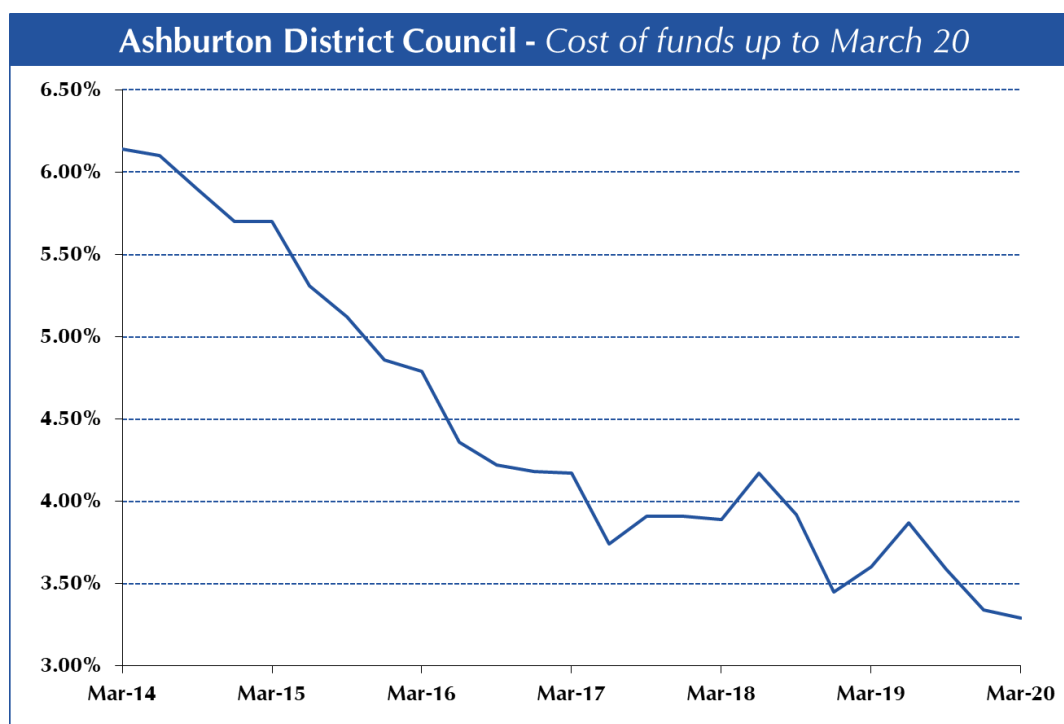
ADC's hedging profile as at 31 March, incorporating the swaps and the FRBs on issue, is depicted in the following graph.



The graph shows that ADC had a very minor policy breach for two months in early 2025. This breach has been noted by management, with the intention being to rectify the breach when additional fixed rate borrowing is undertaken.

As at 31 March, ADC's weighted average cost of funds, including the line fee on the \$2.0 million Westpac facility, was 3.29%, down from 3.34% as at 31 December.

ADC's cost of funds remains lower than many of its peers in the local government sector, which indicates the success of its funding and interest rate risk management programme over the last several years. The cost of funds is depicted in the following graph.



This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.