



COUNCIL 25. 7. 2013

**CORPORATE AND FINANCIAL COMMITTEE
5 AND 15 JULY 2013**

**A meeting of the Corporate and Financial Committee
was held in Committee Room 1
on 5 and 15 July 2013 at 9am.**

PRESENT: Councillor Helen Broughton (Chairperson),
Councillors Ngaire Button, Tim Carter, Jimmy Chen, Jamie Gough and Yani
Johanson

APOLOGIES: Councillor Button

The Committee reports that:

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. FINAL STATEMENTS OF INTENT FOR CHRISTCHURCH CITY HOLDINGS LIMITED, VBASE LIMITED, ROD DONALD BANKS PENINSULA TRUST, TUAM LIMITED AND RICCARTON BUSH TRUST

General Manager responsible:	General Manager Corporate Services, DDI 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Patricia Christie – External Reporting and Governance Manager

PURPOSE OF REPORT

1. This report presents to the Committee the final Statements of Intent (SOI) for the Council Controlled Organisations (CCOs).
2. The SOIs from the following organisations are attached for information:
 - Christchurch City Holdings Limited (**Attachment 1**)
 - Vbase Limited (**Attachment 2**)
 - Civic Building Limited (**Attachment 3**)
 - Tuam Limited (**Attachment 4**)
 - Rod Donald Banks Peninsula Trust (**Attachment 5**)
 - Riccarton Bush Trust (**Attachment 6**).
3. Also attached are comparisons between 2013/14 Draft SOIs reported to the Committee and to the Council in March and April and the final SOI submitted where there have been changes:
 - Christchurch City Holdings Limited (**Attachment 7**)
 - Civic Building Limited (**Attachment 8**)
 - Rod Donald Banks Peninsula Trust (**Attachment 9**)
 - Riccarton Bush Trust (**Attachment 10**).
4. The following CCOs have submitted unchanged final 2013/14 SOIs:
 - Vbase Limited
 - Tuam Limited.
5. The CCOs are required by statute to submit an annual SOI to the Council. A SOI must set out the entity's objectives and performance measures, as well as certain other information.

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6. CCOs are required by the Local Government Act 2002 to deliver to their shareholders a draft SOI on or before 1 March. The CCOs must then consider comments on their draft SOI from their shareholders received by 1 May, and then issue a final SOI by 30 June.
7. Specific comments on each organisation with changes between its draft and final SOI are provided in the respective Attachments 7-10.
8. It is noted that the Christchurch Agency for Energy Trust Board and The World Busker's Festival Trust SOIs are not included in this report as the Trust boards are meeting in the week beginning 24 June 2013 to approve their final SOI. It is expected that these will be submitted to staff before the 30 June statutory deadline and they will be reported at the August Corporate and Financial Committee meeting.

STAFF RECOMMENDATION

That the Committee recommend to the Council that it receive the final Statements of Intent of:

- (a) Christchurch City Holdings Limited
- (b) Vbase Limited
- (c) Civic Building Limited
- (d) Tuam Limited
- (e) Rod Donald Banks Peninsula Trust
- (f) Riccarton Bush Trust.

COMMITTEE RECOMMENDATION

The Committee:

1. That the Council:
 - (a) Receive the final Statements of Intent of:
 - (1) Christchurch City Holdings Limited
 - (2) Vbase Limited
 - (3) Civic Building Limited
 - (4) Tuam Limited
 - (5) Rod Donald Banks Peninsula Trust
 - (6) Riccarton Bush Trust.
 - (b) Request CCHL to report back on the feasibility of a living wage for its companies.
 - (c) Request that VBase explains what steps and procedures are in place to ensure that there is no conflict in resolving its insurance claims.
 - (d) Receive a memorandum from staff to give an outline on the timeframes and processes for Vbase to amend and reissue its Statement of Intent to reflect the cost sharing agreement with the Crown.
2. Note its concern that the Canterbury Development Corporation Statement of Intent has not been passed to the Council by Christchurch City Holdings Limited within its statutory timeframe and asks it to be rectified for the following year.

Councillor Carter declared an interest in Christchurch City Holdings Limited and took no part in the discussion and voting in relation to this.

Councillor Gough declared an interest in VBase Limited and took no part in the discussion and voting in relation to this.

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Councillor Carter declared an interest in the Riccarton Bush Trust and took no part in the discussion and voting in relation to this.

2. LOCAL GOVERNMENT FUNDING AGENCY (LGFA) – CHANGE TO MEMBERSHIP OF THE SHAREHOLDERS' COUNCIL

General Manager responsible:	General Manager Corporate Services
Officer responsible:	Corporate Finance Manager
Author:	Funds and Financial Policy Manager

PURPOSE OF REPORT

1. This report recommends that Council support a proposed change to the Shareholders' Agreement of the Local Government Funding Agency (LGFA), such that the elected LGFA Shareholders' Council be made up of Nominated Local Authorities rather than individual employees or councillors.

EXECUTIVE SUMMARY

2. The Local Government Financing Agency (LGFA) is a council-controlled organisation, owned by a range of local authorities across New Zealand. It was established to provide Shareholders (ie. councils) with access to long term debt in greater volumes, for longer terms, and at more cost-effective interest rates than would be achievable by the councils operating individually.
3. LGFA is organised as a registered company, with management reporting to an independent Board. Council oversight is provided through a Shareholders' Council, made up of between 5 and 10 appointees of the Shareholders. The Shareholders' Council reviews the performance of LGFA and the Board, and reports this to Shareholders at least quarterly.
4. Currently, the Principal Shareholders who make up the Shareholders' Council are individuals (employees or councillors from shareholding councils), elected periodically by the Shareholders. This creates some administrative difficulty when the individual resigns. It is proposed that Principal Shareholders should be elected as a Nominating Local Authority. Each Nominating Local Authority would then appoint its preferred employee or councillor to the Shareholders' Council, and could replace this person as required without the need for additional Shareholder elections.
5. The intention of this proposed change is to improve the administration of the Shareholders' Council, and to minimise the risk that individual resignations could result in total membership falling below the minimum quorum of five. No change to the balance of individual Shareholders' control of LGFA is intended – in particular, the current practice of annual rotation of membership and of annual elections to the Shareholders' Council will continue (except that elections will now be for Nominating Local Authorities rather than for individual employees or councillors of those local authorities).
7. Attached to this paper are:
 - (a) A Recommendation from the current Shareholders' Council to Shareholders, in respect of the proposed change (**Attachment 1**);
 - (b) Proposed amended wording of the LGFA Shareholders' Agreement, to effect the proposed change (**Attachment 2**);
 - (c) A Resolution to approve this proposed wording, to be signed by all Shareholders (**Attachment 3**); and

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- (d) Legal sign-off from Simpson Grierson, confirming that the proposed amendments are in appropriate form for Shareholder approval (**Attachment 4**).

FINANCIAL IMPLICATIONS

8. Nil.

Do the Recommendations of this Report Align with 2013-16 TYP budgets?

10. Not applicable.

LEGAL CONSIDERATIONS

11. Not applicable.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

12. Not applicable.

Do the recommendations of this report support a level of service or project in the 2013-16 TYP?

13. Not applicable.

ALIGNMENT WITH STRATEGIES

14. Not applicable.

CONSULTATION FULFILMENT

15. Not applicable.

STAFF AND COMMITTEE RECOMMENDATION

It is recommended that the Council support the proposed change to the Local Government Funding Agency Shareholders' Agreement, as proposed by the Local Government Funding Agency Shareholders' Council, and that the Council pass the Resolution contained in Attachment 3.

PART B - REPORTS FOR INFORMATION

3. DEPUTATIONS BY APPOINTMENT

4. EARTHQUAKE CLAIMS UPDATE AS AT 31 MAY 2013

STAFF RECOMMENDATION

That the Committee receive the report.

COMMITTEE RECOMMENDATION

The Committee decided to:

- (a) Receive the report.

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- (b) Request the correspondence outlining the request to Civic Assurance and LAPP for the outstanding \$18.7million, and that information be provided to Committee members as soon as possible by email and also attach to the report to the Council.
- (c) Request the correspondence detailing when the claims for indemnity value and demolition costs were submitted to Civic Assurance and LAPP for the Christchurch Convention Centre and Metropolitan Sports Facility.
- (d) Request staff to report back to the next Corporate and Financial Committee meeting whether Civic Assurance is currently solvent and their ability to meet their claims.

PART C – DELEGATED DECISIONS

5. APOLOGIES

It was **resolved** that the apology for Councillor Button be accepted.

6. RESOLUTION TO EXCLUDE THE PUBLIC

At 10.43am it was **resolved** to adopt the Resolution to Exclude the Public set out on page 135 of the Agenda.

The Committee **resolved** to admit Ms. Jill Comley-Forbes of Aon insurance to be present for the discussion on item 7. Renewal of Insurance Policies.

At 2.54pm the Committee **resolved** to readmit the public.

At 2.54pm the Committee **resolved** to adjourn the meeting until 11am Monday 15 July 2013.

The meeting resumed at 11am Monday 15 July.

At 11.01am it was **resolved** to adopt the Resolution to Exclude the Public set out on page 135 of the Agenda.

The Committee **resolved** to admit Mr. Tony Patterson of Mark It Law to be present for the discussion on item 8. Legal Advice.

At 1.10pm the Committee **resolved** to readmit the public.

The meeting concluded at 1.11pm.

CONSIDERED THIS 25TH DAY OF JULY 2013

MAYOR