

FINANCIAL COMMITTEE AGENDA

4 MARCH 2014

AT 9AM

IN COMMITTEE ROOM 1, CIVIC OFFICES

Committee: Councillor Manji (Chairperson)
Councillors Turner (Deputy Chairperson), Buck, Chen, Gough, Johanson, Livingstone and Lonsdale

**General Manager
Corporate and Finance**
Diane Brandish
Tel: 941-8528

Committee Adviser
Margaret Henderson
Tel: 941-8185

- PART A - MATTERS REQUIRING A COUNCIL DECISION**
- PART B - REPORTS FOR INFORMATION**
- PART C - DELEGATED DECISIONS**

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FINANCIAL COMMITTEE 4. 3. 2014**1. APOLOGIES****2. DECLARATION OF INTEREST**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they may have.

3. DEPUTATIONS BY APPOINTMENT

FINANCIAL COMMITTEE 4. 3. 2014

4. CORPORATE FINANCE REPORT FOR PERIOD ENDING 31 DECEMBER 2013

| | | Contact | Contact Details |
|-------------------------------------|--|---------|-----------------------------|
| General Manager responsible: | Acting General Manager Corporate Services | | |
| Officer responsible: | Acting Corporate Finance Manager | Y | Patricia Christie, 941 8113 |
| Author: | Funds & Financial Policy Manager | | |

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 This report is a routine quarterly report, providing Councillors with updated Treasury and Debtors' information for the quarter ended 31 December 2013.

2. EXECUTIVE SUMMARY

2.1 Treasury

2.1.1 Key treasury risk positions and policy limits are set out in **Appendix 1**. All measures are within limits.

2.1.2 A total of \$20 million of new term borrowing was undertaken during the quarter. This amount was borrowed for the purpose of on-lending to Christchurch City Holdings Limited (CCHL), as this provided more cost-effective funding than CCHL could achieve in its own name. Such back-to-back borrowing was approved by the Corporate and Financial Committee on 7 June 2013, and \$67 million has been undertaken to date.

2.2 Debtors

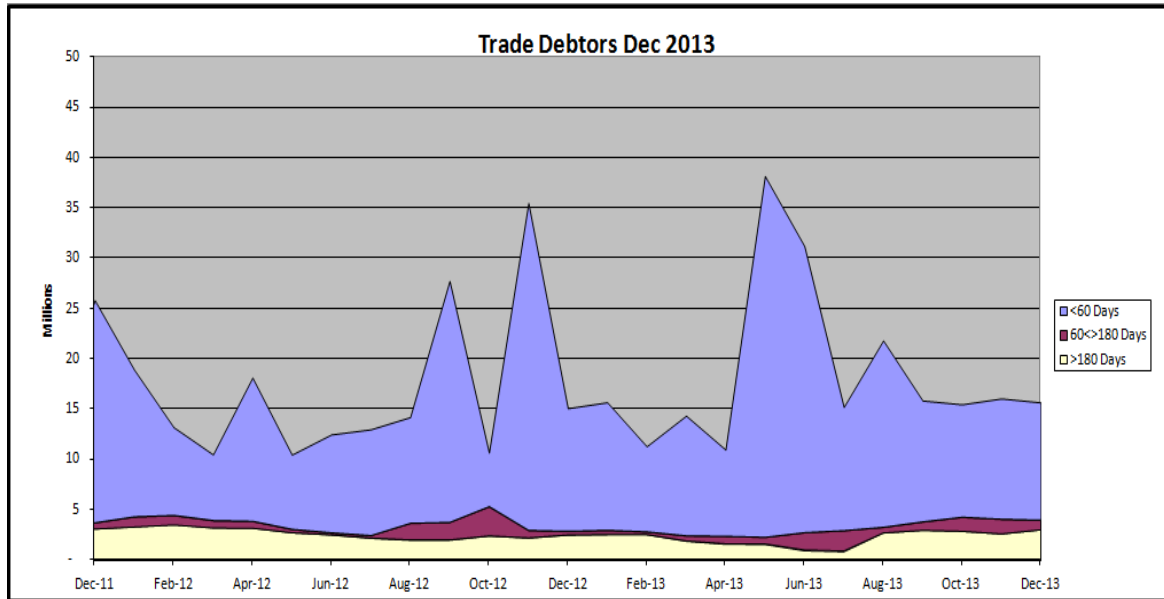
2.2.1 The debtors' balance stood at \$15.6 million at 31 December 2013, \$0.191 million lower than reported at 30 September 2013. General Debtors and Resource Management Consents debtors have decreased by \$0.904 million and \$0.844 million, respectively due to the payment of invoices issued. This decrease is offset by the increase in Building Consents debtors of \$1.4 million since 30 September 2013. The other categories are largely unchanged.

2.2.2 Overdue debtors (older than 92 days), have increased \$0.165 million to \$3.9 million (25.15 percent of total debtors compared to 23.79 percent reported at 20 September 2013). This is covered in more detail in the Overdue Debtors' report.

2.2.3 Debts of \$81,000 have been written-off year to date, compared to \$106,000 at the same time last year. Further details are provided in **Appendix 2**. The main reason for the write-off in residential rents is that debtors cannot be located. The library debt written off comprises a large number of relatively small amounts where debtors cannot be located and/or the debt is considered to be uneconomical to collect.

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4. Cont'd



3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications other than those stated above.

4. RECOMMENDATION

It is recommended that the Committee recommend that the Council receive this report.

FINANCIAL COMMITTEE 4. 3. 2014

Appendix 1 – Key Treasury Risk Positions and Policy Limits as at 31 December 2013

LIABILITY MANAGEMENT POLICY

1. Funding Risk

| Period to maturity | Policy | Actual | |
|--------------------|---------|--------|--------------|
| 0-3 years | 10%-60% | 42% | Within Limit |
| 3-5 years | 20%-60% | 22% | Within Limit |
| 5 years plus | 15%-60% | 36% | Within Limit |

2. Borrowing Ratios

| Ratio | Limit | Actual | |
|----------------------------------|--------|--------|--------------|
| Net debt as a % of equity | < 20% | 10% | Within Limit |
| Net debt as a % of revenue * | < 100% | 76% | Within Limit |
| Net interest as a % of revenue * | < 10% | 3% | Within Limit |
| Net interest as a % of rates | < 15% | 7% | Within Limit |
| Liquidity ** | > 120% | 142% | Within Limit |

* Revenue is total revenue excluding non-govt capital contributions

** Liquidity is (debt + committed facilities + cash) as a % of debt

3. Credit Risk Limits (interest rate risk management instruments)

| Bank | Policy (\$m) | Actual (\$m) | |
|---------|--------------|--------------|--------------|
| ANZ | 200.0 | 167.5 | Within Limit |
| BNZ | 200.0 | 10.3 | Within Limit |
| Westpac | 200.0 | 48.8 | Within Limit |

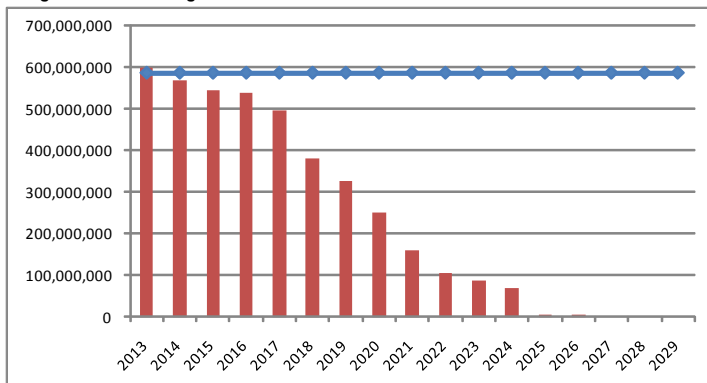
4. Interest Rate Risk

| | Policy | Actual | |
|-----------------------------------|---------|--------|--------------|
| Master fixed / floating control * | 50%-95% | 55% | Within Limit |
| Fixed rate re-pricing: ** | | | |
| -- 0-3 years | 10%-60% | n/a | suspended ** |
| -- 3-5 years | 20%-60% | n/a | suspended ** |
| -- 5 years plus | 15%-60% | n/a | suspended ** |

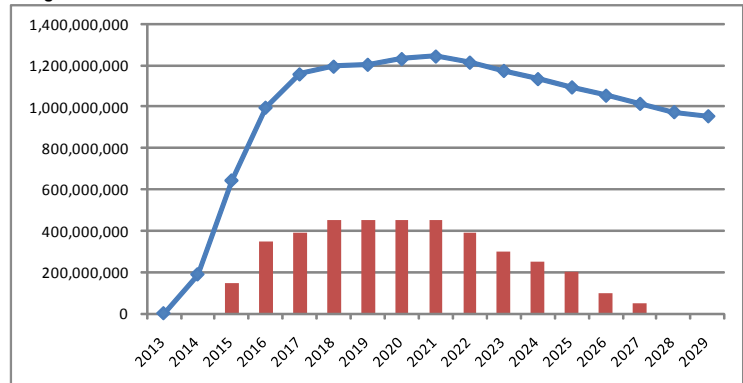
* the master limit is the maximum amount of hedging currently in place, expressed as a % of the June 2016 projected debt balance

** fixed rate repricing limits have been suspended, to enable adequate hedging to be established over future higher debt levels.

Hedge Profile - Existing Net Debt



Hedge Profile - Planned New Debt



These charts show the dollar amount of hedging place (red bars) compared with Net Debt (blue lines)

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Appendix 1 (continued)

INVESTMENT POLICY

Maximum Permitted Exposures

| Counterparty | Rating (minimum) | Limit (\$m) |
|------------------------------|------------------|-------------|
| NZ-Registered Supranationals | AAA | 70.0 |
| New Zealand Government | A- | unlimited |
| LGFA | A- | 100.0 |
| NZ-Registered Banks | BBB+ | 100.0 |
| SOEs | BBB+ | 20.0 |
| Corporate Debt | BBB+ | 10.0 |
| Local Govt Debt (rated) | BBB+ | 40.0 |
| Local Govt Debt (un-rated) | n/a | 25.0 |
| Other (as approved) | n/a | 10.0 |

Current Exposures

| Counterparty | Policy (\$m) | Actual (\$m) | |
|--------------------------------|--------------|--------------|--------------|
| ANZ Bank | 100.0 | 98.5 | Within Limit |
| ASB Bank | 100.0 | 41.5 | Within Limit |
| Auckland International Airport | 10.0 | 3.5 | Within Limit |
| BNZ Bank | 100.0 | 16.9 | Within Limit |
| Canterbury Museum Trust Board | 10.0 | 2.6 | Within Limit |
| Christchurch Arts Festival Ltd | 10.0 | 0.0 | Within Limit |
| Endeavour I-Cap | 10.0 | 2.1 | Within Limit |
| Far North DC | 25.0 | 0.0 | Within Limit |
| Fonterra Co-op Group | 10.0 | 3.0 | Within Limit |
| Horowhenua DC | 25.0 | 0.0 | Within Limit |
| HSBC Bank | 100.0 | 0.0 | Within Limit |
| Interstar NZ Millenuim Trust | 10.0 | 0.1 | Within Limit |
| Kiwibank | 100.0 | 3.0 | Within Limit |
| LGFA | 100.0 | 10.0 | Within Limit |
| Manukau CC | 25.0 | 0.0 | Within Limit |
| Masterton DC | 25.0 | 0.0 | Within Limit |
| New Plymouth DC | 40.0 | 0.0 | Within Limit |
| Rabobank | 100.0 | 21.5 | Within Limit |
| Rotorua DC | 25.0 | 5.0 | Within Limit |
| Selwyn DC | 25.0 | 0.0 | Within Limit |
| Tauranga CC | 40.0 | 5.0 | Within Limit |
| Transpower Finance Ltd | 10.0 | 0.0 | Within Limit |
| Westpac Bank | 100.0 | 8.0 | Within Limit |
| Whangarei DC | 25.0 | 0.0 | Within Limit |

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Appendix 2

| Debt written off - summary report | | | | | | | | | | | | | Appendix 2 | |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------|------------|------------|-----------|------------|------------|------------------|--------|
| | July | August | September | October | November | December | January | February | March | April | May | June | YTD Total | % |
| Write Offs > \$2000.00 | - | 3,683.77 | - | - | 7,333.56 | - | - | - | - | - | - | - | 11,017.33 | 13.55% |
| Write Offs =< \$2000.00 | 19,108.74 | 10,397.27 | 13,492.72 | 11,445.99 | 4,710.27 | 11,157.35 | - | - | - | - | - | - | 70,312.34 | 86.45% |
| Total to approve | 19,108.74 | 14,081.04 | 13,492.72 | 11,445.99 | 12,043.83 | 11,157.35 | - | - | - | - | - | - | 81,329.67 | |
| <i>Breakdown:</i> | | | | | | | | | | | | | | |
| Parking | | | | | | | | | | | | | - | 0.00% |
| Residential Rents | 4,466.70 | 1,397.18 | 4,555.23 | 3,127.55 | 290.97 | 55.20 | | | | | | | 13,892.83 | 17.08% |
| Regulatory | | 215.98 | | 177.66 | 7,333.57 | | | | | | | | 7,727.21 | 9.50% |
| Dogs | | 152.00 | | 965.00 | 1,735.50 | 2,360.00 | | | | | | | 5,212.50 | 6.41% |
| Library | 8,381.32 | 4,926.34 | 5,821.08 | 4,789.58 | 2,111.99 | 6,402.15 | | | | | | | 32,432.46 | 39.88% |
| Sundry | 3,472.72 | 7,148.31 | 1,949.65 | 2,386.20 | 571.80 | 2,340.00 | | | | | | | 17,868.68 | 21.97% |
| Customer in Liquidation | | | 1,166.76 | | | | | | | | | | 1,166.76 | 1.43% |
| Abandoned Vehicle | | | | | | | | | | | | | - | 0.00% |
| Street Pole | | 241.23 | | | | | | | | | | | 241.23 | 0.30% |
| Commercial | 2,788.00 | | | | | | | | | | | | 2,788.00 | 3.43% |
| Others | | | | | | | | | | | | | - | 0.00% |
| Total 2013-2014 | 19,108.74 | 14,081.04 | 13,492.72 | 11,445.99 | 12,043.83 | 11,157.35 | - | - | - | - | - | - | 81,329.67 | |
| Total 2012-2013 | 10,373.13 | 14,071.16 | 25,272.79 | 34,234.74 | 13,647.56 | 9,024.40 | 6,427.56 | 25,999.77 | 18,286.21 | 6,235.81 | 23,372.94 | 29,454.56 | 216,400.63 | |
| Variance to Last Year | 8,735.61 | 9,889.88 | -11,780.07 | -22,788.75 | -1,603.73 | 2,132.95 | -6,427.56 | -25,999.77 | -18,286.21 | -6,235.81 | -23,372.94 | -29,454.56 | -135,070.96 | |

FINANCIAL COMMITTEE 4. 3. 2014

5. EARTHQUAKE CLAIMS UPDATE AS AT 31 JANUARY 2014

| | | Contact | Contact Details |
|-------------------------------------|---|---------|------------------------------|
| General Manager responsible: | Acting General Manager Corporate Services | Y | Diane Brandish DDI: 941 8528 |
| Officer responsible: | Acting Corporate Finance Manager | | |
| Author: | Planning and Reporting Manager | | |

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 This report is a regular monthly update to the Committee on insurance matters relating to the earthquakes. It provides details of the status of these matters as at 31 January 2014.

2. EXECUTIVE SUMMARY

- 2.1 Attached are appendices with brief notes of explanation showing summaries of:

- 2.1.1 Recoveries summary status as at 31 January 2014 (**Appendix 1**) – provides information on costs incurred and recoveries accrued and received.
- 2.1.2 Main Claim Head progress summary as at 31 January 2014 (**Appendix 2**) – provides a brief summary of the current insurance status for each claim head and the actions planned for the next two months.
- 2.1.3 Insurance update and progress on anchor projects as at 31 January 2014 (**Appendix 3**) – provides the project and insurance status and payment on claims' details for each of the major facilities.
- 2.1.4 Earthquake claim progress summary as at 31 January 2014 (**Appendix 4**) – provides financial information for each of the main claim heads, including major facilities. An extra column has been added to give an indication of where claims are to be lodged in the next three months.
- 2.1.5 Building and Infrastructure Improvement Allowance balance as at 31 January 2014 (**Appendix 5**) – provides details of allocations made from the allowance and the current balance available.

- 2.2 Overall, progress continues to be made in working through the insurance claim process although there has been little movement reported in the appendices.

3. COMMENT

3.1 Claim Status

- 3.1.1 Our focus on all asset categories is to reach agreement with our insurer on as many claims as possible in preparation for the resolution of Civic's dispute with its reinsurers in 2014.
- 3.1.2 At the same time we are intending to finalise our claim on several of the larger assets during February and March.
- 3.1.3 The Crown – CERA paid SCIRT \$13.7 million in January for their estimated share of SCIRT December works.
- 3.1.4 Insurance claims – details of the status of each main claim head are outlined in Appendix 2. Councillors have been briefed on the reinsurance issues that our insurer is working through. Appendix 4 outlines financial information for each main claim head.

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3.2 Building/Infrastructure Improvement Allowance

3.2.1 Details of movements in the allowance since last reported are as follows:

| | Meeting Date | \$ |
|--|---------------------|---------------------|
| Balance available for allocation per December Report | | \$47,550,011 |
| Less Council allocations: | | |
| Mona Vale Homestead | 30/01/2014 | 600,416 |
| Gaiety Hall | 30/01/2014 | 624,400 |
| Balance available to be allocated as at 31 January 2014 | | \$46,325,195 |

3.2.2 There are a number of projects that are being funded from the allowance ahead of insurance settlements. The insurance estimates at the time of Council funding approvals were \$3.97 million. Any insurance proceeds for these projects will be returned to the allowance as funds are received. There is also \$1.15 million allocated as pitch underwrites which will be returned to the allowance if and when recoveries are received.

3.2.3 A full list of allocations made from the allowance is attached to this report as Appendix 5.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications from this report.

5. STAFF RECOMMENDATION

It is recommended that the Finance Committee recommend that the Council receive the report.

APPENDIX 1: RECOVERIES SUMMARY AT 31 JANUARY 2014

| Monthly recoveries summary report as at 31/01/2014 All Figures are \$ million GST exclusive | | | | | | |
|--|----------------|-------|-------|-------------|----------|---------------|
| | Total | Crown | NZTA | LAPP (I) | LAPP (F) | EQC/ Other |
| Rebuild | | | | | | |
| Cost incurred to date | 1,153.5 | | | | | |
| Recoveries accrued | 914.4 | 473.4 | 144.3 | 181.8 | 111.7 | 3.2 |
| Recoveries received | 788.1 | 435.7 | 155.9 | 181.8 | 12.1 | 2.6 |
| Recoveries settled but unpaid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Claims in progress | 126.3 | 37.7 | -11.6 | 0.0 | 99.6 | 0.6 |
| Significantly Damaged Buildings (Indemnity recovery claimed) | | | | | | |
| Recoveries accrued | 125.1 | | | | 105.3 | 19.8 |
| Recoveries received | 81.6 | | | | 61.8 | 19.8 |
| Recoveries settled but unpaid | 5.2 | | | | 5.2 | 0.0 |
| Claims in progress | 38.3 | | | | 38.3 | 0.0 |
| Emergency and Response | | | | | | |
| Cost incurred to date | 628.1 | | | | | |
| Recoveries accrued | 411.9 | 247.9 | 96.9 | 19.7 | 38.1 | 9.3 |
| Recoveries received | 360.4 | 235.4 | 97.3 | 19.7 | 0.5 | 7.5 |
| Recoveries claimed but not settled | 4.4 | 4.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Claims in progress | 47.1 | 8.1 | -0.4 | 0.0 | 37.6 | 1.8 |
| Increased Costs of Working | | | | | | |
| Cost incurred to date | 8.1 | | | | | |
| Claims to be lodged (estimate) | 4.1 | | | | 4.1 | |

Note

Amounts in this table differ from Appendix 4 as they are for Council only and exclude Vbase and other smaller entities for which the Council arranges cover.

The unclaimed LAPP (F) response recoveries relate to building assessment and repairs where agreement has not yet been reached with the insurer.

NZTA recoveries received include payment of their portion of SCIRT's initial set up costs. Council recognises these funds in recoveries accrued as projects are completed resulting in a timing difference between receipt and recognition. The negative claims in progress figure will reduce as more projects are completed.

APPENDIX 2: MAIN CLAIM HEAD PROGRESS SUMMARY AS AT 31 JANUARY 2014

| Main Claim Head | Insurance Status | Looking forward |
|---|---|--|
| Residential Properties | <ul style="list-style-type: none"> • Staff continue to check EQC assessments and carry out further inspections where variances are identified. • Ancillary structures (fences, paths etc) scoped and being claimed on complex by complex basis as repairs carried out. | <ul style="list-style-type: none"> • Continue engagement with EQC regarding settlements. • Continue to identify and submit contents claims with insurer. • Lodge claims for ancillary structures as repairs completed. |
| Major Facilities | <ul style="list-style-type: none"> • Details of individual projects are outlined in Appendix 3. | <ul style="list-style-type: none"> • Negotiations regarding sites continue with both insurers and CCDU. Claims on several facilities will be lodged prior to 31 March. |
| Commercial Properties (Community Facilities, Libraries, Greenspace, Sport & Recreation) | <ul style="list-style-type: none"> • Work Packages 1 – 3 are being worked through with Facilities Rebuild Programme and loss adjusters to determine claim entitlements. • Programme of work continues to agree entitlement of professional fees, further queries received from loss adjusters. • Work underway to estimate total cost of Council funded work across the portfolio. • Bulk claim for small assets with minor damage agreed with insurer in late January. | <ul style="list-style-type: none"> • Continue with work on Work Packages 1 – 3 along with Facilities Rebuild Programme. • Submit claims for repair work completed on Work Package 1 – 3 assets. • Respond to queries received regarding professional fees entitlement. • Investigate possible further bulk settlement of remaining small assets with minor damage. |
| Heritage Properties | <ul style="list-style-type: none"> • Work continues on assets under this claim head to agree claim entitlements. • Claims continue to be lodged for indemnity values on those assets identified to be total losses. • As repairs are carried out claims are being lodged for costs that insurer supports. | <ul style="list-style-type: none"> • Submit reports for assets with damage in excess of sum insured to proceed with settlement. • Lodge claims for indemnity values as appropriate. • Continue to lodge progress claims on regular basis. |

| Main Claim Head | Insurance Status | Looking forward |
|--|--|---|
| Christchurch Waste Water Treatment Plant | <ul style="list-style-type: none"> • Formal claims are being prepared for lodging with insurer during March 2014. | <ul style="list-style-type: none"> • Engage with loss adjustor to resolve differences in the estimates of damage assessments. • Lodge formal claims with insurer prior to 31 March. |
| Above Ground Infrastructure | <ul style="list-style-type: none"> • Claims being prepared for various pump stations and reservoirs as repair work completed. • Agreement reached with insurer on assets with minor damage that can be progressed quickly to settlement. | <ul style="list-style-type: none"> • Work through minor assets listing and assessments to determine final claim amount for settlement. • Continue engineering discussions with insurer regarding major projects. • Agree formal claims in respect of the top 85% of assets by value prior to 31 March. |
| Additional Assets / Contents | <ul style="list-style-type: none"> • Responding to queries regarding claims for contents and additional assets previously lodged. • Further claim lodged for expenditure on footbridge repairs. • Claim lodged for repairs to statues / memorials based on cost incurred. | <ul style="list-style-type: none"> • Continue to claim for repairs to additional assets as jobs completed. • Continue to submit claims for repairs carried out to statues and monuments. |

APPENDIX 3: PROGRESS AND INSURANCE UPDATE ON MAJOR PROJECTS AS AT 31 JANUARY 2014

| Project | Cost to date (\$m) | Project Status | Insured Value (\$m) | Payment Received on Claims (\$m) | Insurance Status |
|--|--------------------|---|---------------------|----------------------------------|--|
| Christchurch Town Hall | 3.5 | <ul style="list-style-type: none"> • Council confirmed resolution to conserve building in its entirety and to continue to develop design for tender. • First stage of tender expected in early 2014. • Currently under review. | 62.7 | 28.6 * | <ul style="list-style-type: none"> • Indemnity value claimed from insurer. • Discussions continue with loss adjustors to agree on the extent of the damage. Council view is that it is a total loss. • Further damage assessments on the James Hay Theatre are underway to allow update of current repair scope and cost estimates. These provide further support to Council's view that the asset is a total loss. • Insurer's engineering advisors have completed a further inspection of the James Hay Theatre. A copy of this report was expected to be provided for Council's review in early February but this has been delayed. |
| Christchurch Convention Centre | 1.4 | <ul style="list-style-type: none"> • A CCDU Blueprint project led entirely by CCDU with no Council input. • No CCC expenditure. | 27.8 | 20.3 * | <ul style="list-style-type: none"> • Insurers have agreed that the previous Convention Centre was a total loss under the policy and a replacement could be built on a different site. • Claims have been submitted for indemnity value and demolition costs incurred. |
| Christchurch Art Gallery | 15.59 | <ul style="list-style-type: none"> • Damage assessment, repair options and negotiations with insurers continue. • Works to re-level the Gallery are underway and Council has received expressions of interest for the base isolation work. This will go to tender in February. • Repairs to pre-cast panels are being tendered and roof parapet works scheduled. | 69.8 | 0.0 | <ul style="list-style-type: none"> • Insurer's engineering reports continue to be reviewed and responded to as received. |
| CBS Arena | 0.45 | <ul style="list-style-type: none"> • A report on the repair work required was received and is currently being peer reviewed. | 59.5 | 0.0 | <ul style="list-style-type: none"> • Insurer has supported minor earthquake repair work which has now been completed. |
| Stadium | 3.08 | <ul style="list-style-type: none"> • A CCDU Blueprint project led by CCDU. • Council staff have been working with CCDU and there has been little progress on a new stadium. • No major expenditure anticipated this year. | 130.3 | 0.5 | <ul style="list-style-type: none"> • A report setting out the position of the reinsurers' engineers has been received and is being considered by Council's engineers. • Council's engineers are also continuing with work to identify any further damage assessments required prior to meeting with insurer's engineer. • Claim lodged for the indemnity value of the demolished Hadlee Stand. |
| Replace Damaged Sports Facilities at QEII (Athletic Tracks, East Pool) | 3.63 | <ul style="list-style-type: none"> • Includes QEII demolition costs. • Geotech assessment is taking place. • No major expenditure anticipated this year. | 6.3 | 3.7 * | <ul style="list-style-type: none"> • Insurer agrees that Centennial Pool is total loss under the policy and indemnity value claimed. |

| Project | Cost to date (\$m) | Project Status | Insured Value (\$m) | Payment Received on Claims (\$m) | Insurance Status |
|---|--------------------|--|---------------------|----------------------------------|---|
| Metro Sport Facility | 0.46 | <ul style="list-style-type: none"> Includes Centennial Pool EQ costs. A CCDU Blueprint project now to be led by CCDU. No CCC expenditure this year. | 72.0 | 31.8 * | <ul style="list-style-type: none"> Insurers have agreed that the QE II Stadium was a total loss under the policy. Claims have been lodged for indemnity value and demolition costs incurred. Further claims will be lodged as work proceeds on new facility |
| Central Library | 1.51 | <ul style="list-style-type: none"> A CCDU Blueprint project led by CCC. CCC LLT workshops are being held to develop and confirm brief. Design and build procurement. Procurement of consultants is underway. Anticipate starting construction in late 2014. Currently under review. | 27.4 | 0.0 | <ul style="list-style-type: none"> Existing Central Library site has been sold to CCDU, however Council has retained insurance entitlements and negotiations with insurers continue. Samples removed to allow testing of steel reinforcing and identify possible damage. Test results and engineering interpretation are expected by early March. |
| Lichfield St Parking Building | 0.54 | <ul style="list-style-type: none"> Repair options are still being developed but will not be implemented until there is resolution of surrounding retail developments. | 19.4 | 0.0 | <ul style="list-style-type: none"> Testing underway on reinforcing steel for possible damage. Insurer's engineering report received and review of this underway. |
| Manchester St Parking Building | 0.31 | <ul style="list-style-type: none"> CCDU have included this site in the Frame. It will be sold. | 13.1 | 0.0 | <ul style="list-style-type: none"> Negotiations with insurers continue regarding policy entitlement and the impact of the CCDU acquisition. Engineering reports from insurer received and are undergoing peer review by Council engineers. |
| Bus Exchange / The Crossing | 0.59 | <ul style="list-style-type: none"> Repair options are still being developed but are not yet to be implemented until there is resolution of surrounding retail developments. | 42.3 | 0.0 | <ul style="list-style-type: none"> Council's full damage assessment report received and now being considered by staff. Insurer's engineering report received and review of this is underway. Samples removed to allow testing of steel reinforcing and identify possible damage. |
| New South West Library and Service Centre | 0.28 | <ul style="list-style-type: none"> Project brief developed and site selection investigation completed but no site yet confirmed. Project includes a site optimisation study for the preferred site. | 3.4 | 0.0 | <ul style="list-style-type: none"> An inability to access the building has delayed damage assessments and repair estimates. Design and installation of temporary bracing to allow access is expected to be completed early 2014. The outcome of these investigations and Council's future use of the building will determine Council's claim entitlement. |
| | <u>\$31.34</u> | | <u>\$534.0</u> | <u>\$84.9</u> | |

* Includes indemnity values received for existing assets

APPENDIX 4:

| Insurance Programme MCH Summary of Revenue @ 31 January 2014 | | | | | | | | | | | | | | | | | | | |
|--|-----------|---------------|-------------------------|----------------------|-----------------------------|------------|---|--------------------|--|-------------------|------------------------------|--------------------|---------------------------|-----------------------|-----------------------------|-------------------|--------------------------|---|----------------|
| Claim Heads and Insurer | | | | | Claim Process | | | | | | Settlement & Payment Process | | | | | Looking forward | | | |
| Claim Head | Asset No. | Insurer | Type of Insurance | Insured Value | Claims Pending CCC Approval | | CCC Claim Submitted (net of deductible) | | Final Claims pending Elected Member Approval | | Elected Members Approved | | Agreed Value with Insurer | | Payments Received excl. GST | | Outstanding from Insurer | | |
| Material Damage Claims | | | | | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | |
| Residential Properties | 730 | EQC / LAPP(F) | MD | 350,292,899 | | | | | | | | | | 21,425,814 | 21,425,814 | 0 | | Assessment programme continues. Over Cap and Contents claims being discussed with insurer. Claims for ancillary assets lodged as work completed. | |
| Major Facilities | 11 | LAPP(F) | MD | 474,818,715 | | | 10 | 103,773,135 | 1 | 7,009,991 | | | | 90,812,847 | 82,418,769 | 8,394,078 | | Damage assessment and engineering option reports are near completion for several assets. Claims are planned to be lodged during March 2014 for these assets. | |
| Commercial Properties | 645 | LAPP(F) | MD | 499,376,942 | | | 60 | 21,665,950 | | | 1 | 3,234,315 | | 22,526,159 | 19,756,769 | 2,769,391 | | Assessment programme near completion. Priority assets are either under repair or scheduled for repair / replacement. Claims lodged on an on-going basis as information becomes available. | |
| Heritage Properties | 89 | LAPP(F) | MD | 107,671,462 | | | | | | | | | | 14,507,311 | 11,121,836 | 3,385,475 | | | |
| Christchurch Waste Water Treatment Plant | Lot | LAPP(F) | MD | 178,681,538 | | | 4 | 7,469,962 | 4 | 7,469,962 | | | | | | | | Damage assessments mostly complete and claim on track to be lodged during March 2014 | |
| Above Ground Infrastructure | Lot | LAPP(F) | MD | 158,037,049 | | | 5 | 20,692,882 | | | | | | 20,136,905 | 8,713,764 | 11,423,141 | | Major loss claims to be lodged by the end of February 2014. Once completed, resources will work on remaining claims. | |
| Additional Assets / Contents | 114 | LAPP(F) | MD | 250,459,476 | | | 34 | 15,108,036 | | | | | | 23,737 | | 23,737 | | Finalise remaining contents claim and submit to insurer. | |
| Above Ground MD Insured Value | | | | 2,019,338,080 | 0 | 0 | 168 | 206,649,308 | 5 | 14,479,953 | 1 | 3,234,315 | | 175,394,650 | 146,782,159 | 28,612,491 | | | |
| Non - MD Claims | | | | | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | |
| Claims Preparation | 3 | LAPP(F) | Claim Prep. | 3,000,000 | | | 6 | 2,021,326 | | | | | | 1,620,810 | 1,620,810 | 0 | | | |
| Business Interruption and Increased Costs | Lot | LAPP(F) | BI / AICOW | 88,500,000 | | | 4 | 12,540,669 | | | | | | 4,079,190 | 4,079,190 | | | Claim will be finalized following the expiry of the indemnity period in February 2014. | |
| Contract Works | 1 | QBE | Ferrymead Bridge | 12,803,799 | | | 1 | 1,965,000 | | | 1 | 1,965,000 | | 1,965,000 | 1,965,000 | 0 | | | |
| | 1 | LAPP(F) | Town Hall Refurbishment | 9,057,600 | | | 0 | 0 | 0 | 0 | | | | 0 | 0 | 0 | | Claim is being dealt with as part of overall Christchurch Town Hall claim. | |
| Non MD Insurance Value | | | | 113,361,399 | 0 | 0 | 11 | 16,526,995 | 0 | 0 | 1 | 1,965,000 | | 7,665,000 | 7,665,000 | 0 | | | |
| LAPP - Under Ground | | | | | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | No. | Value (\$) | |
| Below Ground Infrastructure | All | LAPP(I) | MD | 873,425,035 | | | 1 | 201,481,751 | | | 1 | 201,481,751 | | 201,481,751 | 201,481,751 | 0 | | | |
| INSURER TOTALS | | | | 3,006,124,514 | 0 | 0 | 180 | 424,658,054 | 5 | 14,479,953 | 3 | 206,681,066 | | 384,541,401 | 355,928,910 | 28,612,491 | | | |
| Period: 01 to 31 January 2014 | | | | | | | | | | | | | | | | | | | |
| Money Pending Claim Approval | | | | | 0 | | Money Claimed | | | | | 166,324 | | Money Received | | | | | 166,324 |

Note:

\$0.17m claimed and received for commercial property repair costs.

APPENDIX 5: BUILDING AND INFRASTRUCTURE IMPROVEMENT ALLOWANCE BALANCE AS AT 31 JANUARY 2014

| Council Meeting Date | Description | Value |
|----------------------|---|--------------------|
| | Total Allowance | 225,000,000 |
| | Approved Allocations: | |
| 25/08/2011 | CWTP – Oxidation Ponds | 16,128,000 |
| 08/09/2011 | Temporary Stadium contribution | 1,000,000 |
| 16/02/2012 | Fendalton Library and Service Centre | 190,000 |
| 15/03/2012 | Linwood Community Arts Centre | 35,884 |
| 05/04/2012 | Cowles Stadium | 480,000 |
| 05/04/2012 | Pump Station 37 | 126,000 |
| 26/06/2012 | Art Gallery repairs | 12,400,000 |
| 26/06/2012 | Manchester and Lichfield Car Park repairs | 13,000,000 |
| 26/06/2012 | Athletics Track repairs | 2,100,000 |
| 26/06/2012 | Town Hall repairs | 51,300,000 |
| 26/06/2012 | Central Library repairs | 500,000 |
| 06/12/2012 | Owles Terrace waste water Rebuild | 270,000 |
| 06/12/2012 | Milton Street Frankleigh Street waste water repairs | 736,000 |
| 06/12/2012 | Milton Street Frankleigh Street waste water pipe upsizing | 81,000 |
| 06/12/2012 | Colombo Street Diversion | 928,000 |
| 06/12/2012 | Pump Station 15 Trunk Mains | 2,879,000 |
| 28/02/2013 | Charleston Area Water Supply Improvements | 315,000 |
| 28/02/2013 | PS 8 Area Stormwater Pipe Upsize | 54,410 |
| 28/02/2013 | Beachville Catchment Stormwater Upgrade | 12,400 |
| 28/02/2013 | Maces Road Water Main Upgrade | 158,000 |
| 28/02/2013 | Worsleys Reservoir Repair | 80,000 |
| 28/02/2013 | Main Road Causeway Sea Wall and Associated Works | 603,000 |
| 28/02/2013 | Beachville Road Eastern Sea Wall and Associated Works | 129,000 |
| 28/03/2013 | Art Gallery Re-Levelling | 20,000,000 |
| 16/02/2012 | Hollis Avenue Wastewater Pipe Renewal | 333,000 |
| 16/05/2013 | Jellie Park Plant Room Repair | 260,000 |
| 27/06/2013 | Coastal Pathway Project | 9,900,000 |
| 27/06/2013 | Christchurch Central Library | 15,000,000 |
| 13/06/2013 | Bishopdale Library | 1,183,612 |
| 27/06/2013 | Pump Station 15 Flow Meters and Wetwell Venting | 161,095 |
| 27/06/2013 | Carlton Footbridge Architectural Treatment | 65,000 |
| 27/06/2013 | Main Road 3 Lane Stormwater pipe upsizing | 17,100 |
| 03/09/2013 | Watham Pool* | 2,089,393 |
| 03/09/2013 | Norman Kirk Memorial Pool* | 2,659,000 |
| 03/09/2013 | Lyttelton Recreation Centre* | 3,141,500 |
| 12/09/2013 | Sign of The Takahe | 1,471,586 |
| 29/08/2013 | Sumner Community Centre and Library | 10,000,000 |
| 03/10/2013 | Hei Hei Community Centre | 568,760 |
| 03/10/2013 | Aranui Community Centre Rebuild | 3,919,197 |
| 07/11/2013 | Scarborough Paddling Pool | 780,000 |
| 12/12/2013 | RSU Grass Sports Pitches | 985,000 |
| 12/12/2013 | RSU Grass Sports Pitches - Garrick Park | 670,000 |

| Council Meeting Date | Description | Value |
|-----------------------------|--|-------------------|
| 20/12/2013 | Ashgrove Terrace waste water pipe upsizing | 284,370 |
| 20/12/2013 | Colombo Street waste water pipe upsizing | 322,000 |
| 20/12/2013 | Centaurus Road waste water pipe upsizing | 36,425 |
| 20/12/2013 | Bridge Street Reserve Pumping Station Building | 21,257 |
| 20/12/2013 | Clifton 5 Water Supply Pump Station | 32,000 |
| 20/12/2013 | Madras Street Bridge Stormwater pipe upsizing | 44,000 |
| 30/01/2014 | Mona Vale Homestead | 600,416 |
| 30/01/2014 | Gaiety Hall * | 624,400 |
| | Allocated to date | 178,674,805 |
| | Remaining Balance | 46,325,195 |
| | * indicates any insurance proceeds will be returned to the allowance | |

FINANCE COMMITTEE 4. 2. 2014

6. DEBT WRITE OFF - RESOURCE MANAGEMENT ACT

| | | Contact | Contact Details |
|-------------------------------------|---|---------|---------------------------|
| General Manager responsible: | Acting General Manager, Corporate Services | N | |
| Officer responsible: | Unit Manager, Resource, Consent and Building Policy | Y | John Higgins, DDI 941-224 |
| Author: | Team Leader, Receivables and Banking, Corporate Support | N | |

1. PURPOSE OF REPORT

- 1.1 This report requests that the Finance Committee recommend that the Council approve the write off of a debt of \$15,938.47 plus GST owed by Woods Mills Limited.

2. EXECUTIVE SUMMARY

- 2.1 Woods Mill Limited owed the Council \$15,938.47 plus GST for a resource consent submitted on the 29th November 2011. This was for the retention of heritage buildings on the former Woods Mill site, and redevelopment of the site into an entertainment and hospitality venue.
- 2.2 In July 2012 an invoice was issued with a summary detailing the additional fees associated with processing the resource consent application. The amount of \$30,381.25 invoiced reflected the cost incurred in addition to the \$2065.00 deposit paid on the 9th March 2012. The charges were reviewed in detail and it was considered that most of the charges were justified, but there was some reduction in fees warranted. The fees were reduced by \$12,052.00 leaving \$18,329.25 owing.
- 2.3 In September 2012 a reminder letter was sent to Woods Mill Limited requesting payment of the outstanding debt. In November 2012 a final demand was sent out making demand for payment, and advising Woods Mill Limited if payment was not received within seven days from the date of the demand, legal action would be taken to recover payment.
- 2.4 In November 2012 Council's Legal Department instructed Buddle Findlay Lawyers to pursue the debt. There are two company directors, Shaun Johnston and John Paynter. One of the directors was located. In January 2013 Shaun Johnston was served with a letter of demand. This demand was pursued but did not result in a payment of the debt.
- 2.5 In August 2013 the Companies Office had given notice to remove Woods Mill Limited from the Companies Register. Buddle Findlay Lawyers, acting on behalf of the Council, lodged a temporary objection to the removal. Council were required to file for liquidation proceedings by September 2013 or the Company would be removed from the Register.
- 2.6 No proceedings were filed. If the Council wishes to continue to seek recovery of the debt from Woods Mill Limited, an application to the Companies Office and possibly to the High Court will need to be made to restore the Company to the Register.

3. FINANCIAL IMPLICATIONS

- 3.1 To date the legal costs are \$2,300. If the Council pursues this further, we estimate additional costs of between \$3,500 and \$5,000 excluding GST. These costs are made up as follows: issuing a statutory demand at approximately \$100 plus GST; preparing proceedings and obtaining an order for liquidation in an undefended hearing at \$2,500 to \$4,000 plus GST and disbursements being a filing fee of \$540; advertising fees of \$300 and any associated service fees.
- 3.2 Whilst the statutory demand/liquidation route is the most appropriate recovery option, this should be balanced against the risk that there may be no assets available in a liquidation to repay the Council. The company is overdue to file its annual return.

FINANCE COMMITTEE 4. 2. 2014**6 Cont'd**

- 3.3 There is also a risk that the company may apply to have the statutory demand set aside and the cost to oppose an application will be approximately \$10,000 to \$15,000 plus GST plus any disbursements. However, to date the company has not challenged the amount invoiced.
- 3.4 The debt write off of \$15,938.47 plus GST will be incurred against accrued funds from the Regulation and Democracy financial budget 2012/2013.

4. STAFF RECOMMENDATION

It is recommended that the Committee recommend to the Council to approve the write off of the debt of \$15,938.47 plus GST owed by Woods Mill Limited.

FINANCIAL COMMITTEE 4. 3. 2014**7. RESOLUTION TO EXCLUDE THE PUBLIC**

Attached.

FINANCIAL COMMITTEE 4. 3. 2014

RESOLUTION TO EXCLUDE THE PUBLIC

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely item 8 .

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:

| | GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED | REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER | GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION |
|-------------------|--|--|---|
| PART A 8. | Overdue Debtors over \$20,000 as at 31 December 2013 |) GOOD REASON TO WITHHOLD EXISTS UNDER SECTION 7 | SECTION 48(1)(a) |
| PART A 9. | Vbase Shareholder approval request |) GOOD REASON TO WITHHOLD EXISTS UNDER SECTION 7 | SECTION 48(1)(a) |
| PART A 10. | Debt Recovery High Court |) GOOD REASON TO WITHHOLD EXISTS UNDER SECTION 7 | SECTION 48(1)(a) |

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

| ITEM | REASON UNDER ACT | SECTION | PLAIN ENGLISH REASON | WHEN REPORT CAN BE RELEASED |
|-------------|--|-------------------|---|---|
| 8. | Protection of privacy of natural persons | 7(2)(a) | Overdue debtors should remain confidential to assist in the collection of these debts. | When legal proceedings are commenced |
| 9. | Enable and local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) | Section 7 (2) (i) | The report contains sensitive information which, if released, can affect the course of negotiations and should remain confidential. | When all transactions have been completed and settled |
| 10. | Commercial Activities | 7 (2)(h) | Withholding the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities. | Until court proceedings are commenced |

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FINANCIAL COMMITTEE 4. 3. 2014**Chairperson's**

Recommendation: That the foregoing motion be adopted.

Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):
- (a) Shall be available to any member of the public who is present; and
 - (b) Shall form part of the minutes of the local authority.”