Finance and Performance Committee of the Whole
AGENDA

Notice of Meeting:
An ordinary meeting of the Finance & Performance Committee of the Whole will be held on:

Date: Thursday 1 August 2019
Time: 9.30am
Venue: Council Chambers, Civic Offices, 53 Hereford Street, Christchurch

Membership
Chairperson: Councillor Raf Manji
Deputy Chairperson: Deputy Mayor Andrew Turner
Members: Mayor Lianne Dalziel, Councillor Vicki Buck, Councillor Jimmy Chen, Councillor Phil Clearwater, Councillor Pauline Cotter, Councillor Mike Davidson, Councillor David East, Councillor Anne Galloway, Councillor James Gough, Councillor Yani Johanson, Councillor Aaron Keown, Councillor Glenn Livingstone, Councillor Tim Scandrett, Councillor Deon Swiggs, Councillor Sara Templeton

26 July 2019
Principal Advisor
Carol Bellette
General Manager Finance and Commercial

Samantha Kelly
Committee and Hearings Advisor
941 6227
samantha.kelly@ccc.govt.nz
www.ccc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any report, please contact the person named on the report.

To view copies of Agendas and Minutes, visit:
https://www.ccc.govt.nz/the-council/meetings-agendas-and-minutes/
Strategic Framework

The Council’s Vision – Christchurch is a city of opportunity for all.
Open to new ideas, new people and new ways of doing things – a city where anything is possible.

Whiria ngā whenu o ngā papa
Honoa ki te maurua tāukiuki
Bind together the strands of each mat
And join together with the seams of respect and reciprocity.

The partnership with Papatipu Rūnanga
reflects mutual understanding and respect,
and a goal of improving the economic,
cultural, environmental and social wellbeing for all.

Overarching Principle
Partnership – Our people are our taonga – to be treasured and encouraged. By working together we can create a city that uses their skill and talent, where we can all participate, and be valued.

Supporting Principles
Accountability
Affordability
Agility
Equity
Innovation

Community Outcomes
What we want to achieve together as our city evolves

Strong communities
Strong sense of community
Active participation in civic life
Safe and healthy communities
Celebration of our identity through arts, culture, heritage and sport
Valuing the voices of children and young people

Liveable city
Vibrant and thriving central city, suburban and rural centres
A well connected and accessible city
Sufficient supply of, and access to, a range of housing
21st century garden city we are proud to live in

Healthy environment
Healthy waterways
High quality drinking water
Unique landscapes and indigenous biodiversity are valued
Sustainable use of resources

Prosperous economy
Great place for people, business and investment
An inclusive, equitable economy with broad-based prosperity for all
A productive, adaptive and resilient economic base
Modern and robust city infrastructure and community facilities

Strategic Priorities
Our focus for improvement over the next three years and beyond

Enabling active citizenship and connected communities
Maximising opportunities to develop a vibrant, prosperous and sustainable 21st century city

Climate change leadership
Informed and proactive approaches to natural hazard risks
Increasing active, public and shared transport opportunities and use
Safe and sustainable water supply and improved waterways
FINANCE AND PERFORMANCE COMMITTEE OF THE WHOLE - TERMS OF REFERENCE

<table>
<thead>
<tr>
<th>Chair</th>
<th>Councillor Manji</th>
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<tr>
<td>Deputy Chair</td>
<td>Deputy Mayor Turner</td>
</tr>
<tr>
<td>Membership</td>
<td>The Mayor and all Councillors</td>
</tr>
<tr>
<td>Quorum</td>
<td>Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd</td>
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Area of focus

The focus of the Finance and Performance Committee is the financial and non-financial performance of the Council, including the delivery of the Council’s Capital Programme, CCHL and its subsidiaries, and any other Council Controlled Organisations.

In making recommendations or exercising its delegations, the Committee must manage the matters referred to in section 101 of the Local Government Act 2002 which includes that the Council must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The Finance and Performance Committee considers and, if the matter is not within the Committee’s delegated authority, reports to Council on matters relating to:

- The delivery of the Council’s Capital Programme
- The Council’s operational and capital expenditure, including any material discrepancies from planned expenditure
- Leading and overseeing the Council’s strategic relationship with the Crown, including specific strategic projects of shared interest and interface with the Crown, including the Cost Share Agreement and matters under the Greater Christchurch Regeneration Act 2016
- The financial and non-financial performance of the Council and Council Controlled Organisations, and governance decisions related to Council Controlled Organisations
- The Council’s financial and funding policies under section 102 of the Local Government Act 2002
- Debt write-offs and status of Council debtors
- Acquisition or disposal of property where required for the delivery of the Capital Programme
- Council insurance policies and related matters and litigation
- The development of the Annual Report for consideration by Council
- Advising and supporting the Mayor to lead the development of the Long Term Plan and Annual Plan, including setting the overall parameters, strategic direction and priorities, and the development of a consultation document.
- Reviewing the delivery of services under s17A
- Submissions to external bodies relating to the area of focus of the Finance and Performance Committee
Delegations

The Council delegates to the Finance and Performance Committee authority to:

- Monitor the delivery of the Council’s Capital Programme, including inquiring into any material discrepancies from planned expenditure
- Monitor the financial and non-financial performance of the Council and Council Controlled Organisations, including carrying out all of the Council’s obligations under sections 65 to 72 of the Local Government Act 2002
- Exercise the Council’s powers directly as the shareholder, or through CCHL, or in respect of an entity (within the meaning of section 6(1) of the Local Government Act 2002) in relation to –
  - (without limitation) the modification of constitutions and/or trust deeds, and other governance arrangements, granting shareholder approval of major transactions, appointing directors or trustees, and approving policies related to Council Controlled Organisations
  - in relation to the approval of Statements of Intent and their modification (if any)
- Purchase or dispose of property where required for the delivery of the Capital Programme, in accordance with the Council’s Long Term Plan, and where those acquisitions or disposals have not been delegated to another decision-making body of the Council or staff.
- Adopt funding and financial policies other than those that must be adopted as part of the Council’s Long-Term or Annual Plans
- As may be necessary from time to time, approve amendments to the Capital Programme outside the Long Term Plan or Annual Plan processes
- Amend levels of service targets, unless the decision is precluded under section 97 of the Local Government Act 2002
- Approve debt write-offs where those debt write-offs are not delegated to staff
- Insurance matters, including considering legal advice from the Council’s legal and other advisers, approving further actions relating to the issues, and authorising the taking of formal actions.
- Authorise submissions to external bodies relating to the area of focus of the Finance and Performance Committee
- Authorise submissions to external bodies relating to the area of focus of the Finance and Performance Committee

At the Council meeting on 11 April 2019:

It was resolved that the Council:

2. Agree that the delegations to the Finance and Performance Committee of the Whole be kept under review to reflect that it is now a committee of the whole, and make the following changes:

- Section 17A Service Delivery Reviews
  a. Delegates to the Finance and Performance Committee of the Whole authority to exercise all of the Council's powers under section 17A of the Local Government Act 2002, relating to service delivery reviews and decisions not to undertake a review.
Development Contributions

b. Delegates to the Finance and Performance Committee of the Whole authority to exercise all of the Council’s powers in relation to development contributions, other than those delegated to the Chief Executive and Council officers as set out in the Council’s Delegations Register.

   i. Any single development contribution rebate in excess of $1,000,000
   ii. Any application for a remission of development contribution charges as provided for in the Council’s Development Contributions Policy in effect at the time
   iii. Any increase in development contributions charges as provided for under section 106 (2A - C) of the Local Government Act 2002
   iv. Any change to the schedule of assets for which development contributions are charged as provided for under section 201A(5) of the Local Government Act 2002.

At the Council meeting on 23 May 2019:

It was resolved that the Council:

1. Revokes the following delegations to the Finance and Performance Committee of the Whole:
   - Approve preferred suppliers for capital projects where the value of the contract exceeds $15 Million.
   - Approve preferred suppliers and contracts from both capital and operational budgets relating to the Council’s Information Technology systems where the value of the contract exceeds $15 Million of capital expenditure or $10 Million of operational expenditure.

2. Delegates to the Finance and Performance Committee of the Whole the following:

   Capital Expenditure

   a. Approve the procurement plans (where applicable), preferred supplier, and contracts for all capital expenditure where the value of the contract exceeds $15 Million (noting that the Committee may sub delegate authority for approval of the preferred supplier and/or contract to the Chief Executive provided the procurement plan strategy is followed).

   Operational Expenditure

   b. Approve the procurement plans (where applicable), preferred supplier, and contracts, for all operational expenditure where the value of the contract exceeds $10 Million (noting that the Committee may sub delegate authority for approval of the preferred supplier and/or contract to the Chief Executive provided the procurement plan strategy is followed).

The Committee delegates to the following subcommittees or working groups the responsibility to consider and report back to the Committee:

- Insurance Subcommittee
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1. **Apologies**
   At the close of the agenda no apologies had been received.

2. **Declarations of Interest**
   Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

3. **Confirmation of Previous Minutes**
   That the minutes of the Finance and Performance Committee of the Whole meeting held on Thursday, 4 July 2019 be confirmed (refer page 8).

4. **Public Forum**
   A period of up to 30 minutes may be available for people to speak for up to five minutes on any issue that is not the subject of a separate hearings process. It is intended that the public forum session will be held at 9.30am.

5. **Deputations by Appointment**
   There were no deputations by appointment at the time the agenda was prepared.

6. **Petitions**
   There were no petitions received at the time the agenda was prepared.
Finance and Performance Committee of the Whole

OPEN MINUTES

Date: Thursday 4 July 2019
Time: 9.35am
Venue: Council Chambers, Civic Offices, 53 Hereford Street, Christchurch

Present
Chairperson
Deputy Mayor Andrew Turner
Councillor Vicki Buck
Councillor Jimmy Chen
Councillor Pauline Cotter
Councillor Mike Davidson
Councillor Anne Galloway
Councillor James Gough
Councillor Yani Johanson
Councillor Aaron Keown
Councillor Tim Scandrett
Councillor Deon Swiggs
Councillor Sara Templeton

3 July 2019

Principal Advisor
Carol Bellette
General Manager Finance and Commercial

Samantha Kelly
Committee and Hearings Advisor
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samantha.kelly@ccc.govt.nz
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The agenda was dealt with in the following order.

1. **Apologies**

   Part C  
   **Committee Resolved FPCO/2019/00058**

   That the apologies received from Mayor Dalziel, Councillors Manji, Clearwater, Livingston and East for absence, be accepted.

   Deputy Mayor/Councillor Cotter  
   **Carried**

2. **Declarations of Interest**

   Part B  
   There were no declarations of interest recorded.

3. **Confirmation of Previous Minutes**

   Part C  
   **Committee Resolved FPCO/2019/00059**

   That the minutes of the Finance and Performance Committee of the Whole meeting held on Thursday 6 June 2019, be confirmed.

   Deputy Mayor/Councillor Davidson  
   **Carried**

4. **Public Forum**

   Part B  
   There were no public forum presentations.

5. **Deputations by Appointment**

   Part B  
   There were no deputations by appointment.

6. **Presentation of Petitions**

   Part B  
   There was no presentation of petitions.
14. Resolution to Include Supplementary Reports

Committee Resolved FPCO/2019/00060

That the reports be received and considered at the Finance and Performance Committee of the Whole meeting on Thursday 4 July 2019.

Public Excluded Items

15. Service Delivery Review (Section 17A) Schedule

Deputy Mayor/Councillor Templeton

Carried

7. Capital Programme Performance Report

Committee Resolved FPCO/2019/00061

Original Staff Recommendation accepted without change

Part B

That the Finance and Performance Committee of the Whole:

1. Receive the information in the Capital Programme Performance report.

Councillor Swiggs/Councillor Templeton

Carried


Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives the information in the monthly Corporate Performance Exceptions Report, Level of Service Delivery Graphs, Exception Commentaries and Performance by Activity reports for May 2019.

Committee Resolved FPCO/2019/00062

Part B

That the Finance and Performance Committee of the Whole:

1. Receives the information in the monthly Corporate Performance Exceptions Report, Level of Service Delivery Graphs, Exception Commentaries and Performance by Activity reports for May 2019.

2. Note that the committee requested a memorandum relating to the end to end Customer Service Request process and the number of complaints recorded and responded to.

Deputy Mayor/Councillor Johanson

Carried
Councillor Davidson left the meeting at 10.11am and returned at 10.15am during consideration of item 8.

9. **Community Facilities Earthquake Rebuild Programme Bi-Monthly Update July 2019**
   
   Committee Resolved FPCO/2019/00063
   
   **Original Staff Recommendation accepted without change**
   
   **Part B**
   
   That the Finance and Performance Committee of the Whole:
   
   1. Receives the information in the Community Facilities Rebuild Bi-Monthly Update report.

   Councillor Swiggs/Councillor Cotter  
   Carried

Councillor Templeton left the meeting at 10.35am and returned at 10.39am during consideration of item 9.

10. **Christchurch Town Hall Project Monthly Update**

    Committee Resolved FPCO/2019/00064

    **Original Staff Recommendation accepted without change**

    **Part B**

    That the Finance and Performance Committee of the Whole:

    1. Receives the Christchurch Town Hall Project Monthly Update.

   Councillor Gough/Councillor Scandrett  
   Carried

The meeting adjourned at 10.59am and reconvened at 11.14am.

Councillor Gough returned to the meeting at 11.15am during consideration of item 11.

Councillors Galloway and Swiggs returned to the meeting at 11.16pm during consideration of item 11.

Councillor Keown left the meeting at 11.17am and returned at 11.20am during consideration of item 11.
11. Close-Out Reports

Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives and notes the recently completed capital projects from February to May 2019.
2. Notes the close out reports requested by the Chair for the following completed capital projects:
   a. Sumner Road Zone 3A and 3B Roading Project.
   b. Replacement and Improvements to Ferrymead Bridge Project.
   c. Knights Drain – Stage 1 (LDRP 509) Project.
   d. MCR Papanui Parallel – Section 2 – Bealey Avenue to Trafalgar Project.
   e. Burnside PS Well Replacement Project.
   f. St Albans Pavilion/Toilets Project.
   g. Mona Vale Gatehouse Project.
   h. Halswell Skate Park Project.

Committee Resolved FPCO/2019/00065

Part B

That the Finance and Performance Committee of the Whole:

1. Receives and notes the recently completed capital projects from February to May 2019.
2. Notes the close out reports requested for the following completed capital projects:
   a. Sumner Road Zone 3A and 3B Roading Project.
   b. Replacement and Improvements to Ferrymead Bridge Project.
   c. Knights Drain – Stage 1 (LDRP 509) Project.
   d. MCR Quarrymans Trail
   e. Burnside PS Well Replacement Project.
   f. St Albans Pavilion/Toilets Project.
   g. Mona Vale Gatehouse Project.
   h. Halswell Skate Park Project.

Deputy Mayor/Councillor Scandrett

Carried
12 Resolution to Exclude the Public

Committee Resolved FPCO/2019/00066

Part B

That at 11.36am the resolution to exclude the public set out on pages 100 to 101 of the agenda and pages 5 to 6 of the supplementary agenda, be adopted.

Deputy Mayor/Councillor Davidson

Carried

The public were re-admitted to the meeting at 12.03pm

Meeting concluded at 12.04pm

CONFIRMED THIS 1st DAY OF AUGUST 2019

DEPUTY MAYOR TURNER
CHAIRPERSON
7. Capital Programme Performance Report

Reference: 19/808213
Presenter(s): Andrew Wells – Acting Head of Programme Management Office

1. Purpose of Report
   1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to be informed of the Capital Programme Delivery Performance for period ending 30 June 2019.

2. Staff Recommendations
   That the Finance and Performance Committee of the Whole:
   1. Receive the information in the Capital Programme Performance report.

Attachments

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<th>Title</th>
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<tr>
<td>A</td>
<td>Capital Programme Performance Report</td>
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Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Andrew Wells - Program Management Office Leader</th>
</tr>
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<tbody>
<tr>
<td>Approved By</td>
<td>David Adamson - General Manager City Services</td>
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Finance and Performance Committee of the Whole

June 2019 Capital Performance Overview

Paragon IQ

PROJECT EXPLORER

ALL OF CCC

TRANSPORT

3 WATERS

FACILITIES

OTHER DEPTS

TOOL BOX
This graph shows current forecast amounts but forecasting for FY20 will change as the annual plan budgets and carry forward amounts are finalised by Finance and re-forecasted by the PM’s.

Re-forecasting of FY20 will need to be a focus for the delivery teams (supported by the PMO Capital Advisors) over the July reporting period to align the forecast spend to the finalised annual plan and to reflect approved carry forward amounts. This will provide us with a clearer understanding of the projected spend for next financial year.

**Overall Situation & Analysis**

Council’s Capital Programme is delivered through a number of business groups, teams and units. The teams which deliver to that programme are covered in this report. These are Transport, 3 Waters, Facilities – made up from 15 different teams/programmes and Other which is made up from 22 teams/programmes with capital budgets.

At end of June 2019 Council were delivering 1003 Projects with an approved FY19 budget of $574m. The organisational delivery forecast calculated via Project Manager forecasting is $377m, a drop of $7m since May reporting. End of financial year spend, at June 2019 is $398m.
The ‘net’ carry forward position has increased to $181m, an increase of $11m since May reporting.
Average monthly spend for the year was $33m.

Of note, $75m of the approved FY19 budget was attributed to payments only. These are made to 3rd party / external organisations who have primary control over project delivery timelines and handover. This presents a unique set of challenges around cashflow timing and AP/LTP budget allocations. As at time of reporting, the organisation has made $20m in payments (matching PM forecast) which is 27%.

Key Projects where there is a forecast delay in payment for the current year include:
- Central City Transport Interchange $23m
- Performing Arts Precinct $12m
- New Brighton Hot Salt Water Pools $7m
- Metro Sports Facility $14m
- Carrs Reserve Kart Club Relocation $4m

Capital delivery budget for FY19 where Council manages delivery is $499m and at time of reporting the organisation was forecasting to spend $357m which is 72%. Again, the majority of underspends are primarily timing issues and the bulk of monies will be required to complete the projects in future years.

Key Projects managed by Council where there is a significant delay in spending include:
- Strategic Land Acquisition Rolling Package $12m – Typically underspent due to project delivery timings being changed or land no longer being required to be purchased.
- Halswell Junction Road Extension $7m – Detail of level crossing being worked through with Kiwi Rail therefore won’t be complete prior to June 19, end of financial year.
- AAC Victoria Street $4 m – Delayed construction due to extended consultation resulting in underspend for this financial year.
- Christchurch Wastewater Treatment Plant EQ Repair Occupied Buildings $4m – Stage 2 Laboratory construction started mid-January and balance of monies will be required into the new financial year.
- Linwood Pool $4m – Main component of spend at construction stage not forecast to commence until late FY19.
As of June (year end provisional data), actual spend is $398m which is higher than the $377m forecasted by the project managers.

Number of Projects 1003
Budget $574m
Total Spend $398m

CCC delivered projects $499m – actual spend $377m, Carry Forward $126m

3rd Party delivered projects $75m – actual spend $20m, Carry forward $55m
Delivery results previous years

Number of Projects 945
Budget $651m
Total Spend $520m
Number of Projects 1119
Budget $482m
Total Spend $432m

**FY20 (provisional)**

Number of Projects 832
Budget $525m (budget $399m plus $126m carry forward)

CCC delivered projects $443m

3rd Party delivered projects $82m

Please note that FY20 figures are provisional as carry forward amounts are still to be finalised
All of CCC

Carry forwards and Bring backs

The ‘net’ carryforward position of $181m is the difference between monies declared as carryforward and monies declared as bringbacks.

The yellow bar represents project delivery dollars that have been pushed into future years and the green bar represents new projects that have been brought forward from future years or projects already in delivery where work has been accelerated.

The following page provides some of the key projects driving the above variations.
All of CCC

Top 10 Carry Forward Projects

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<th>Project ID</th>
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<th>Project Phase</th>
<th>Current FY Budget</th>
<th>Carry Forward</th>
<th>Project Manager Comment</th>
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<tr>
<td>3170</td>
<td>Central City Transport Interchange</td>
<td>(Execute) Handover</td>
<td>$22,932,999</td>
<td>$22,932,999</td>
<td>$22M carry forward of crown payment for council share of the bus exchange</td>
</tr>
<tr>
<td>1017</td>
<td>Metro Sport Facility</td>
<td>(Execute) Construction</td>
<td>$14,653,779</td>
<td>$13,511,974</td>
<td>Carry Forward balance to FY20. Ōtākaro have adjusted their invoicing to Council for its contribution for work to date by issuing a ($3.2m + GST) Credit in April 2019. This will reduce the expenditure in FY19 and increase the amount of the Carry Forward. The CPMS Cashflow Forecast has been revised to reflect the Council’s Cost Share proportion of Ōtākaro’s current cashflow projections, plus internal CAPEX costs in the 2018/28 LTP. Ōtākaro have negotiated with the appointed Main Works Contractor and agreed a November 2021 Practical Completion date, with the Opening Date for the facility currently programmed for January 2022.</td>
</tr>
<tr>
<td>67</td>
<td>Strategic Land Acquisitions Rolling Package</td>
<td>(Execute) Construction</td>
<td>$26,394,079</td>
<td>$12,375,000</td>
<td>CF of full balance is required.</td>
</tr>
<tr>
<td>10370</td>
<td>Performing Arts Precinct</td>
<td>Concept</td>
<td>$12,109,280</td>
<td>$12,109,280</td>
<td>Project timetable has been deferred from initial expectations, and consequently the $12m budgeted for FY19 will need to be carried forward to FY20, FY21 and FY22. If the project is approved by Council, a design team will be appointed to commence work.</td>
</tr>
<tr>
<td>40633</td>
<td>New Brighton Salt Water Hot Pools</td>
<td>(Execute) Construction</td>
<td>$9,700,000</td>
<td>$7,904,503</td>
<td>A full carry forward is required into FY20 following latest cash flow supplied. Project is committed.</td>
</tr>
<tr>
<td>924</td>
<td>Halowell Junction Road Extension</td>
<td>(Execute) Design</td>
<td>$7,281,167</td>
<td>$6,897,183</td>
<td>A carry forward to FY20 is expected as Kiwirail confirmed that it is not feasible construction complete for the new level crossing before June 2019.</td>
</tr>
<tr>
<td>18324</td>
<td>AAC Victoria Street</td>
<td>(Execute) Design</td>
<td>$4,594,700</td>
<td>$4,437,641</td>
<td>Carry forward required of $4,450,000 into FY2021 as construction is delayed.</td>
</tr>
<tr>
<td>2717</td>
<td>CWTP EQ Repair Occupied Buildings</td>
<td>(Execute) Construction</td>
<td>$4,547,294</td>
<td>$4,094,298</td>
<td>Carry forward surplus monies to FY20</td>
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<tr>
<td>21129</td>
<td>Linwood Pool</td>
<td>Plan</td>
<td>$3,937,509</td>
<td>$3,902,509</td>
<td>Capital Spend (i.e. post Concept Design approval) not forecast to commence until late FY19. Carryforward of circa $3.9m forecast for FY19 and all residual FY19 must be carried forward as project has numerous contracts in place. Carryforward should be phased as per forecast end NOT just all put into FY20 as carryforward exceeds forecast spend for FY20.</td>
</tr>
<tr>
<td>1454</td>
<td>Carrs Reserve Kart Club Relocation</td>
<td>(Execute) Investigate</td>
<td>$3,500,000</td>
<td>$3,500,000</td>
<td>Consent application was originally lodged around October 2017. RFI has now been submitted (July 2018). Further information still being supplied so will not go to a hearing until next financial year. Carryforward of $350000 is forecast from FY19 to FY20. Clause in a agreement with Kart Club requiring payment immediately following the granting of the Resource Consent</td>
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### Top 10 Bring Back Projects

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Title</th>
<th>Project Phase</th>
<th>Current FY Budget</th>
<th>Bring Back</th>
<th>Project Manager Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>69</td>
<td>SLP Land Value Offset Rolling Package</td>
<td>(Execute) Construction</td>
<td>-$29,479,321</td>
<td>-$10,720,726</td>
<td>None</td>
</tr>
<tr>
<td>890</td>
<td>WW Lyttelton Harbour Wastewater Scheme</td>
<td>(Execute) Construction</td>
<td>$12,395,821</td>
<td>-$8,573,823</td>
<td>Bring back required to accelerate programme. This achieves meeting timeframes for overall Lyttelton Harbour discharge consent expiry. Bring Back provides good value with larger work packages in the market and efficiencies in integration of work fronts for supervision and construction. Minimises risks of raw WW overflows into Lyttelton Harbour as temporary WW management systems significantly shorter in duration.</td>
</tr>
<tr>
<td>163</td>
<td>Carriageway Smoothing AC&gt;40mm</td>
<td>(Execute) Construction</td>
<td>$5,732,970</td>
<td>-$3,870,985</td>
<td>Balance negative carry forward required. Future years funds will balance programme for resales, AC and Chip seals, to achieve PWP deliverables. Change requests in future years will be planned as required, and agreed with NZTA as needed.</td>
</tr>
<tr>
<td>9146</td>
<td>Coastal Pathway Project</td>
<td>(Execute) Construction</td>
<td>$1,135,763</td>
<td>-$3,444,207</td>
<td>CR approved to overspend budget in FY19 to be covered by a bring back from FY20 and FY21.</td>
</tr>
<tr>
<td>45455</td>
<td>LDRP 526 Curletts Flood Storage</td>
<td>(Execute) Construction</td>
<td>$1,936,267</td>
<td>-$3,268,600</td>
<td>A bring back required, as construction will now be completed in FY19. This is a great outcome as it provides more immediate relief from flood risk for downstream Heathcote River properties, and water quality treatment for Curletts Stream.</td>
</tr>
<tr>
<td>164</td>
<td>Footpath Renewals delivery project</td>
<td>(Execute) Construction</td>
<td>$2,321,219</td>
<td>-$2,450,000</td>
<td>Balance carry forward. Overspend managed by provision of S1% FAR funding from NZTA enabling some Council $’s to achieve double the equivalent spend after recovery from NZTA. Future years funds will balance programme if needed. Change requests in future years will be planned as required, and agreed with NZTA as needed</td>
</tr>
<tr>
<td>37904</td>
<td>SW Summerset at Highsted - Infrastructure Provision Agreement (IPA)</td>
<td>(Execute) Construction</td>
<td>$10,000</td>
<td>-$2,258,139</td>
<td>Bringback from FY21</td>
</tr>
<tr>
<td>41283</td>
<td>WW Riccarton Road - Harakeke to Matipo</td>
<td>(Execute) Construction</td>
<td>$331,504</td>
<td>-$2,207,861</td>
<td>None</td>
</tr>
<tr>
<td>25805</td>
<td>WW Colombo St Trunk and Beckenham Cross Connection</td>
<td>(Execute) Construction</td>
<td>$2,746,213</td>
<td>-$1,655,384</td>
<td>Bringback from FY20 to FY19 is due to construction being ahead of planned budget. Construction will be completed within FY19 coming in under the overall project budget.</td>
</tr>
<tr>
<td>23077</td>
<td>MCR Quarryman’s Trail - Section 2 - Halswell to Victors Road</td>
<td>(Execute) Construction</td>
<td>$3,763,773</td>
<td>-$1,463,323</td>
<td>Construction progress has been positive over the last few months, where favourable weather, effective programming and solid stakeholder management has enabled construction activities to proceed quicker than anticipated. The overspent in FY 19 will be covered by a bring back from FY 20. Forecasted overspent of $390k in FY20 will be addressed within the MCR programme. A change request to address the shortfall will be lodged in July.</td>
</tr>
</tbody>
</table>
Portfolio Year End Positions

Transport Portfolio

Budget $145m
Total Spend $101m
Three Waters & Waste Portfolio

Budget $172m
Total Spend $150m
Facilities Portfolio

Budget $200m
Total Spend $126m
Other Departments Portfolio

Budget $59m
Total Spend $31m
8. Capital Delivery Major Facilities Elected Members Update

Reference: 19/778770
Presenter(s): Mark Noonan – Acting Manager Capital Delivery Major Facilities

1. Purpose of Report

1.1 To inform the Finance and Performance Committee of the Whole of current updates involving Capital Delivery Major Facilities projects.

2. Executive Summary

2.1 The Capital Delivery Major Facilities Team (CDMF) is responsible for the delivery of Christchurch City Council’s Major Facilities “high risk” and “high value” vertical projects. Established under the 2016 Fit for Future Organisational restructure, it currently holds a portfolio of ten (10) major projects with an estimated total budget of $824.5 million and a Heritage Maintenance Programme with a total budget of around $0.8 million.

2.2 Since its establishment, CDMF has completed the delivery of Lichfield Street Carpark (November 2017), Taiora QEII Recreation and Sport Centre (May 2018), Tūranga - Christchurch Central Library (October 2018) and this year Christchurch Stadium Turf Replacement (February 2019) and the Christchurch Town Hall (February-March 2019). The Christchurch Symphony Orchestra Rehearsal Building is due for completion in August 2019.

2.3 CDMF is headed by its Manager, Alistair Pearson with a full time staff of 11.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives the information within the Elected Members Updates of Capital Delivery Major Facilities Projects:
   a. Christchurch Town Hall.
   b. CSO Rehearsal Building (included in Town Hall update).
   c. Metro Sports Facility (Joint Venture with Ōtākaro Ltd).
   d. Lancaster Park Deconstruction & Demolition.
   e. Linwood Pool.
   f. Hornby Library, Service Centre and South West Leisure Centre.
   g. The Square and Surrounds.
   h. Old Municipal Chambers (OMC).
   i. Performing Arts Precinct.
   j. Robert McDougall Gallery
   k. Canterbury Multi-Use Arena Investment Case.
4. **Context/Background**

   **Issue or Opportunity**
   4.1 Opportunity to view the Major Facilities Portfolio and confirm its alignment with Council Strategic Framework outcomes.

   **Strategic Alignment**
   4.2 Portfolio delivery aligns with the Council Strategic Framework objectives and in accordance with the Long Term Plan forecast.

**Attachments**

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
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<tbody>
<tr>
<td>A</td>
<td>Capital Delivery Major Facilities Elected Member Updates July 2019</td>
<td>31</td>
</tr>
</tbody>
</table>

**Confirmation of Statutory Compliance**

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and

   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

**Signatories**

<table>
<thead>
<tr>
<th>Authors</th>
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<tbody>
<tr>
<td>Harriet Scott - Project Coordinator</td>
<td></td>
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<tr>
<td>Rita Estrella - Senior Project Coordinator</td>
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<tr>
<td>Alistair Pearson - Manager Capital Delivery Major Facilities</td>
<td></td>
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<tr>
<td>Brent Smith - Acting General Manager Citizens &amp; Community</td>
<td></td>
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</tbody>
</table>
Christchurch Town Hall
Including Christchurch Symphony Orchestra Rehearsal Building

SCOPE
The Council resolved 11 June 2015 to proceed with the repair and strengthening of the Christchurch Town Hall. As part of the conservation project the auditorium, entrance foyer, James Hay Theatre and Limes Room are being restored. The former Boaters restaurant is also being rebuilt.

Under Council resolution dated 6 July 2017 the construction of a rehearsal facility for the Christchurch Symphony Orchestra (CSO) was incorporated into the scope of the project.

CURRENT UPDATE
The Christchurch Town Hall, as it existed prior to the refurbishment, is now operational and open for business.

The Construction of the Christchurch Symphony Orchestra Centre and associated external works continues with occupation of the space scheduled to occur in August 2019.

*Queries for this report please send to majorfacilities@ccc.govt.nz
Delivery timetable as at 11 July 2019. All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
Metro Sports Facility

**Scope**

The Metro Sports Facility will provide an aquatic and indoor recreation and sport facility catering for the day-to-day needs of the leisure, sporting, recreational and high performance sport communities in Canterbury.

Metro Sports Facility sits within the block encompassing Moorhouse Avenue, Stewart Street, St. Asaph Street and Antigua Street. It is a joint project between Christchurch City Council and Ōtākaro Ltd.

**Current Updates**

- Ground remediation using stone columns has been completed.
- CPB Contractors, the Main Works contractor, are installing steel sheet piles for the pools and the dewatering system which will remove groundwater from the work area. They have also started excavation for the stainless steel pool tanks.

<table>
<thead>
<tr>
<th>Tender and Construction</th>
<th>Currently in Development Phase</th>
<th>Complete: Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>2019</td>
<td>2020</td>
<td>2021</td>
</tr>
</tbody>
</table>

*Queries for this report please send to majorfacilities@ccc.govt.nz*

Delivery timetable as at 11 July 2019. All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
Lancaster Park Deconstruction & Demolition

CURRENT UPDATES

- The main demolition work remains challenging for the Contractor. The introduction of a second ultra-high reach machine has made some headway, but progress is still slower than expected.
- The crane work on the Paul Kelly Stand is now complete, this completed four weeks behind programme. Progress has been much better on the Deans Stand with the team meeting programme.
- The high-reach work on the Paul Kelly stand is behind programme. The demolition team are going to re-forecast the project at the end of July, and inform the council team of the overall delay to completion.
- The larger structural elements are still proving difficult to breakdown by the onsite machines. The Contractor plans to review machinery and increase plant numbers onsite if required.
- Trucking has been smooth with no complaints from locals with the increase in traffic in the area. Four truck and trailer units are transporting five loads of concrete rubble offline each day.
- The demolition programme “Demolition NZ” was a great success and Prime has indicated a second series that will show the final stages of the stadium demolition.
- Keep up to date with our live time-lapse camera [https://broadcastmedia.tv/timelapse/](https://broadcastmedia.tv/timelapse/)

*Queries for this report please send to harriet.scott@ccc.govt.nz*

Delivery timetable as at 11 July 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
Linwood Pool

SCOPE
The Linwood Central Heathcote Community Board has promoted the Linwood Pool as a means of strengthening community cohesion and increasing participation in aquatics.

It will provide leisure and community spaces that are tailored to the identity of this community with a distinctive point of difference to other community facilities.

CURRENT UPDATES
The Concept Design for Linwood Pool was formally approved by the Community Board on 22 May 2019.

Following an Expression of Interest exercise, a shortlist has been established to participate in the Request for Proposal process for the Design & Build Contract. With the Concept Design now approved by the Community Board, the Project Team is proceeding with developing the tender documentation with a target of releasing mid/late August.

A Resource Consent application based on the Concept Design has been submitted and is currently being processed.

An estimate produced by the Project Quantity Surveyor indicated the Concept should be affordable within the available budget, but should certain risks manifest unfavourably, the Project Team would look to work with Design & Build Contract tenders to amend the design to ensure ongoing alignment.

The gifting of a Te Reo name for the facility has been requested via Council’s Ngai Tahu Partnership team. The name will complement the cultural design input which Matapopore have provided.

The Project Team have engaged with ongoing liaison with the Parks team who are developing the Master Plan for Linwood Park to ensure sensible and seamless integration between the spaces in the long term (noting that the Parks Plan will be subject to funding and a separate consultation and approval process).

<table>
<thead>
<tr>
<th>PLANNING</th>
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<th>CONSTRUCTION</th>
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<tr>
<td></td>
<td></td>
<td>Currently in Planning Phase Complete: Q4 2021</td>
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<tr>
<td>Q1</td>
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<td>Q3</td>
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<tr>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
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</table>

*Queries for this report please send to majorfacilities@ccc.govt.nz
*Delivery timetable as of 11 July 2019. Disclaimer: All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
Hornby Library, Customer Services and South West Leisure Centre

SCOPE

Christchurch City Council is moving towards grouping a range of services together in convenient locations for citizens to access – a Citizen Hub with no wrong doors – combining libraries, recreation and sport, customer services and community facilities.

The Hornby Library, Customer Services & SW Leisure Centre is proposed to include customer services facilities, a library, pools, gym facilities, community meeting spaces and the like. Once the site is confirmed Council will liaise with community representatives to determine the final scope of what will be in the facilities.

CURRENT UPDATE

At its 9 July 2019 meeting, the Waipuna/Halswell-Hornby-Riccarton Community Board approved, under delegation from Council, changes to the reserve classification for part of Kyle Park, and to the Kyle Park Management Plan.

The Council CE, as delegate of the Minister of Conservation, has consented to the changes.

These approvals allow siting the proposed facility on Kyle Park.

The next step is to consult with the Community Board and community on the facilities to be included in the building. A final scope will then be recommended for the Board to recommend to the Council.

*Queries for this report please send to harriet.scott@ccc.govt.nz*
The Square & Surrounds

SCOPE

Within the LTP 2018 to 2028 the Council allocated a budget of $9.2m for Cathedral Square.

The associated project will focus on delivering public-realm improvements, particularly in the south and south-east areas of Cathedral Square, where a number of private-sector developments are due to be completed late this year (October 2019).

The work will be phased to meet the immediate priorities, beginning with the south-east corner.

In working within the financial envelope available, it will be necessary to prioritise the deliverable scope and seek validation from the Council as to what can be achieved.

The Project Steering Group (PSG) has outlined the following scope at present:

Phase One (South-East Corner): Repair and renew existing paving (re-using materials where permissible) including re-contouring to meet new building levels, assessment and upgrade of the infrastructure for lighting, power and water (where applicable).

Exploring ‘greening’ concepts for this space including re-invigorating the raised tree planters.

Phase Two-A (South-West Corner)

Repair and renew existing paving (re-using materials where permissible), assess upgrade of the infrastructure for lighting, power and water (where applicable).

Reform raised tree planters on southern edge to strengthen this area as an event & public space.

CURRENT UPDATES

- The Council (in Sept 2018) gave the go-ahead for design work to start on the Cathedral Square Public Realm Improvement Project.
- Ongoing Stakeholder Engagements with Heritage Groups, private developers and property owners.
- The Concept Design Proposal (for S, SE Quadrants) was approved by Council on 28 March 2019.
- Staff are now progressing the Detailed Design and preparing tender documents for Phase One & Phase Two-A.

<table>
<thead>
<tr>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
<tr>
<td>2018</td>
<td>2019</td>
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</table>

*Queries for this report please send to majorfacilities@ccc.govt.nz

Delivery timetable as at 11 July 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
Old Municipal Chambers (OMC)

SCOPE

The main objective is to preserve, restore and reconstruct the Old Municipal Chambers so it can remain a living part of the City and enhance the historic memory within the community.

CURRENT UPDATES

- Cyclical Maintenance of the building is ongoing to prevent further deterioration of the Old Municipal Chambers.

- Currently addressing critical interim repairs to inhibit the degradation of the structure including water-tightness and humidity control works.

- Packaging of Roof Works to address weather tightness issues is progressing

---

Planning Phase

<table>
<thead>
<tr>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
<tr>
<td>2018</td>
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<td>2020</td>
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</table>

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Delivery timetable as at 11 July 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
 Performing Arts Precinct

**SCOPE**
The Performing Arts Precinct (PAP) is planned to be the central city’s entertainment core for all things performing arts, offering first-rate facilities in a vibrant and creative hub.

The PAP sits alongside the Convention Centre Precinct, the Central Library, Victoria Square, the Isaac Theatre Royal and The Piano. It is also closely linked with the Town Hall.

It will offer a range of entertainment options to residents and visitors to Christchurch, within walking distance of many central city hospitality providers and hotels.

**CURRENT UPDATES**
A business case and feasibility study was approved by Council in March 2019.

Staff are working with the Crown to confirm the land divestment process which will be formalised through the cost share agreement. Ōtākaro has yet to obtain all land for the precinct; notably 128 Armagh Street.

Council and Crown are working to obtain an agreement which will allow the advancement of the car parking RFP which has been written by staff.

A development agreement and terms of lease have been drafted which outline how Council and the Court will work together (under negotiation). Councillors will receive a staff report detailing the arrangements prior to execution.

<table>
<thead>
<tr>
<th>PLANNING</th>
<th>Currently in Planning Phase Complete: TBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2018</td>
<td>Q2 2019</td>
</tr>
</tbody>
</table>

Delivery timetable as of 11 July 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.

*Queries for this report please send to majorfacilities@ccc.govt.nz*
Robert McDougall Gallery

SCOPE

Expression of Interest (EOI)

On the 16th February 2018 a Call for Expression of Interest in relation to the “Future Use and Funding of Council owned Metropolitan Heritage Buildings” was released, with a closing date of 3rd April 2018. Robert McDougall Gallery is part of this undertaking.

CURRENT UPDATE

Recommendations for proposed future uses for the Robert McDougall Gallery were presented to Christchurch City Council on 13 June 2019. The reports were considered in the public excluded section of the meeting as they are commercially sensitive.

An announcement about the future use of the building will be made once the detailed arrangements between the parties are finalised and in place.

Last year, we asked groups and individuals to express their interest in using and/or helping us to restore these buildings. The recommendations to the Council follows investigations into the viability of the expressions of interest we received.

The Robert McDougall Gallery is a highly significant heritage building and the Council acknowledges the need to retain, protect and preserve their heritage values.

PHOTOS

*Queries for this report please send to majorfacilities@ccc.govt.nz

Delivery timetable as at 11 July 2019 - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms.
Canterbury Multi-Use Arena Investment Case

SCOPE
The CMUA will position Central Christchurch as a world class option for attracting and hosting events. Its main purpose will be to host major sporting and entertainment attractions up to an international level.

The CMUA is to be located over three city blocks between Hereford and Tuam Streets, bounded by Madras and Barbadoes Streets. This location is well connected with main transport routes and within easy walking distance of the central city accommodation hospitality and transport facilities. The Crown is acquiring land within the Designation.

The CMUA is a replacement for the previous stadium at Lancaster Park, destroyed in the 2010-2011 earthquakes, and the current temporary Orangetheory Stadium.

CURRENT UPDATES
Market Sounding has been completed, and this has informed the Commercial Case, which has been reviewed by Treasury/DPMC.

Strategic, Economic and Financial Cases have all been updated and now include consideration of the Retractable Turf option.

A fully collated Investment Case, including the Management Case, is to be issued shortly for final review, with the objective of completing for simultaneous release to Council and DPMC by end of July 2019.

Stakeholder engagement is ongoing.

The current delivery programme, based on a Design and Build procurement methodology, is as follows:

<table>
<thead>
<tr>
<th>INVESTMENT CASE</th>
<th>BRIEF/PROCURE</th>
<th>DESIGN</th>
<th>ENABLING WORKS</th>
<th>EARLY WORKS</th>
<th>CONSTRUCTION &amp; FITOUT</th>
<th>Currently in Development Phase Complete: Q1 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
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<tr>
<td>2018</td>
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<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
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Delivery timetable as of 11 July 2019. Disclaimer – All timeframes are accurate at the time of publication and are dependent on public sector delivery mechanisms.
9. Christchurch Town Hall Project Monthly Update

Reference: 19/778530
Presenter(s): John Rossetter – Project Director
Mark Noonan – Acting Manager Capital Delivery Major Facilities

1. Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to be updated as to the current status of the Town Hall Rebuild Project.

1.2 This report was requested by the Council under resolution CNCL/2018/00312:

That the Council requests that the project provides a monthly status report to Finance and Performance Committee.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives the Christchurch Town Hall Project Monthly Update.

3. Context/Background

3.1 Under Council resolution dated 19 December 2018 the budget for the Town Hall Rebuild Project was increased by up to $15M to a total budget allowance of up to $167.2M. The staged completion of the project as described below was also noted by the Council:

- Christchurch Symphony Orchestra rehearsal building (CSO) – Certificate of Public Use (CPU) 7 May 2019 and project completion 15 August 2019.

3.2 Under this resolution the Council also agreed that the additional funding would be allocated from within the existing capital programme and would not affect rates. The Council requested that a report be presented to the Finance and Performance Committee detailing the savings identified across the multi-year capital programme that will enable the additional funding to be allocated to the project. The Council noted that no approval was given to delay or re-scope projects beyond the existing delegations.

4. Project Status

Programme

4.1 The auditorium, foyer, function and Limes rooms were handed over to Vbase as planned ahead of the public reopening of the facility 23 February 2019.

4.2 The James Hay Theatre was handed over to Vbase as planned ahead of its public reopening 29 May 2019.

4.3 The construction of the CSO rehearsal facility remains on course with the first public event scheduled to occur 12 September 2019.
Progress

4.4 Certificate of Public use covering the areas forming sections one, two and three of the works was issued 24 May 2019.

4.5 The Construction of the CSO rehearsal facility continues to progress towards completion with systems commissioning now underway.

5. Financial

5.1 The total estimated final project cost remains within the total budget allowance of $167.2M.

5.2 As noted in the previous report, staff have provided an initial briefing to Councillors regarding the borrowing cost savings already identified to offset the additional Town Hall budget, with a further update planned for Q1 FY20 as further savings are realised as part of financial year end processes. It is intended for a report to be presented to the Finance and Performance Committee after this time.

Attachments

There are no attachments to this report.

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

(i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and

(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

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<tr>
<td></td>
<td>John Rossetter - Project Director</td>
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<th>Alistair Pearson - Manager Capital Delivery Major Facilities</th>
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<td></td>
<td>Brent Smith - Acting General Manager Citizens &amp; Community</td>
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</table>
10. Corporate Finance Report for the period ending 30 June 2019

Reference: 19/787305
Presenter(s): Andrew Jefferies – Manager Funds & Financial Policy
Brett Hales - Manager Transactions

1. Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to receive quarterly information relating to the Council’s treasury and debtors risks.

2. Executive Summary

2.1 Key messages from treasury as at 30 June 2019 are:

1.2 We received offers (accepted during July 2019) to increase our committed bank facilities from $100 million to $200 million to improve our liquidity position. Liquidity position is an important factor in Standard & Poor’s assessment of our credit rating.

We currently hold high call and term deposit balances with banks ($280.8 million). A major contributor to this balance was the receipt of $96.3 million cash dividends from CCHL on 28 June 2019. Our funding needs during 2019/20 will be around $212.2 million, to be met by a mixture of borrowing and drawing on those cash balances with banks. We expect a relatively small amount of additional borrowing ($39 million). We expect to reduce our cash balances by around $173.2 million leaving around $107.5 million in call and term deposits with banks at 30 June 2020.

2.1.4 We have a large debt maturity of $128.5 million on 15 April 2020 which we will need to re-borrow (“roll over”). We are considering pre-funding this. This means we may borrow those funds (or some of them) before 15 April 2020, and hold the additional cash until 15 April.

2.1.5 We are beginning to consider entering forward starting interest rate swaps to keep longer term interest rate re-pricing risk comfortably within treasury policy limits.

2.2 Key messages from Non-rates Debtors as at 30 June 2019 are:

2.2.1 Non-rates debtors decreased by $2.8m (or 17.6%) over the quarter. The majority of this was due to a reduction in general debtors offset by a rise in resource consent debtors.

2.2.2 There were $33K of debts written off in the last quarter taking the year to date write off to $252K.

Snapshots

<table>
<thead>
<tr>
<th></th>
<th>Jun 19 $m</th>
<th>Mar 18 $m</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>All non-rates debtors</td>
<td>13.1</td>
<td>15.9</td>
<td>Down</td>
</tr>
<tr>
<td>Debtors written off in Quarter</td>
<td>0.03</td>
<td>0.1</td>
<td>Down</td>
</tr>
</tbody>
</table>
2.3 Key messages from Rate Debtors as at 30 June 2019 are:

2.3.1 As at 30 June 2019, net rates debtors were $13.9m.

### Snapshot

<table>
<thead>
<tr>
<th></th>
<th>Jun 19 $m</th>
<th>Mar 19 $m</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>All rates debtors</td>
<td>20.7</td>
<td>7.2</td>
<td>Up</td>
</tr>
<tr>
<td>Credit balances</td>
<td>(6.8)</td>
<td>(1.7)</td>
<td>Up</td>
</tr>
<tr>
<td>Net rates debtors</td>
<td>13.9</td>
<td>5.5</td>
<td>Up</td>
</tr>
</tbody>
</table>

3. **Staff Recommendations**

That the Finance and Performance Committee of the Whole:

1. Receives the information in the Corporate Finance Report for the period ending 30 June 2019.

4. **Treasury**

#### Borrowing, Treasury Lending and Bank Deposits

4.1 Council's borrowing, treasury lending, and cash deposit balances as at 30 June 2019 (and their movement since 30 June 2018) were as follows.

*Note: “Treasury lending” covers all Council lending administered by Council treasury staff. This covers lending to CCHL and to LGFA (via “borrower notes”). It doesn’t cover other lending such as to community groups.*

<table>
<thead>
<tr>
<th>Debt</th>
<th>30 Jun 19</th>
<th>30 Jun 18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core External Debt</td>
<td>1,256,200,000</td>
<td>1,206,200,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>-- General</td>
<td>978,639,087</td>
<td>974,634,087</td>
<td>4,005,000</td>
</tr>
<tr>
<td>-- Vbase</td>
<td>182,973,000</td>
<td>137,973,000</td>
<td>45,000,000</td>
</tr>
<tr>
<td>-- CBL</td>
<td>60,076,000</td>
<td>65,076,000</td>
<td>-5,000,000</td>
</tr>
<tr>
<td>-- T-Waste</td>
<td>6,056,000</td>
<td>6,056,000</td>
<td>0</td>
</tr>
<tr>
<td>-- Tuam</td>
<td>9,500,000</td>
<td>9,500,000</td>
<td>0</td>
</tr>
<tr>
<td>-- LGFA Eq</td>
<td>1,865,980</td>
<td>1,865,980</td>
<td>0</td>
</tr>
<tr>
<td>-- CCNL Eq</td>
<td>15,344,000</td>
<td>10,349,000</td>
<td>4,995,000</td>
</tr>
<tr>
<td>-- GIC</td>
<td>745,933</td>
<td>745,933</td>
<td>0</td>
</tr>
<tr>
<td>Borrowed for CCHL</td>
<td>528,500,000</td>
<td>488,500,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Borrowed from CEF</td>
<td>99,500,000</td>
<td>99,500,000</td>
<td>0</td>
</tr>
<tr>
<td>Borrowed from Vbase</td>
<td>4,539,171</td>
<td>4,539,171</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Gross Debt</strong></td>
<td><strong>1,888,739,171</strong></td>
<td><strong>1,798,739,171</strong></td>
<td><strong>90,000,000</strong></td>
</tr>
<tr>
<td>Gross External Debt</td>
<td>1,784,700,000</td>
<td>1,694,700,000</td>
<td>90,000,000</td>
</tr>
<tr>
<td>Gross Core Debt</td>
<td>1,360,239,171</td>
<td>1,310,239,171</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Gross Core External Debt</td>
<td>1,256,200,000</td>
<td>1,206,200,000</td>
<td>50,000,000</td>
</tr>
</tbody>
</table>

#### Treasury Lending

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 19</th>
<th>30 Jun 18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-lent to CCHL</td>
<td>528,500,000</td>
<td>488,500,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Borrower Notes</td>
<td>27,403,200</td>
<td>25,035,200</td>
<td>2,368,000</td>
</tr>
<tr>
<td><strong>Total CCC Lending</strong></td>
<td><strong>555,903,200</strong></td>
<td><strong>513,535,200</strong></td>
<td><strong>42,368,000</strong></td>
</tr>
</tbody>
</table>

**CCC Net Debt**

|                      | 3,322,835,971 | 2,858,203,971 | 476,632,000 |

**Treasury Bank Deposits**

|                      | 280,783,314 | 278,186,682 | 2,596,633 |

**Limited additional borrowing in 2019/20**

4.2 In the 2019/20 financial year, we expect to have funding requirements of $212.2 million that needs to be funded through a mix of borrowing and drawing down our cash balances.

4.3 At 30 June 2019 we had high call/term deposit balances with banks of $280.8 million as a result of early borrowing to match a forward start hedge instrument. In 2019/20 we expect to:
4.3.1 draw down our bank deposits by around $173.2 million, leaving perhaps $107.5 million in call/term deposits with banks by 30 June 2020.

4.3.2 borrow around $39 million for tax purposes to fund housing, Vbase and the sale of the Milton Street property.

4.4 This means that, apart from the borrowing we are obliged to do for tax purposes, there should be no need for additional borrowing to fund core council activities until 30 June 2020.

4.5 **Possible pre-funding of 15 April 2020 maturity:** While we expect only limited additional borrowing in the 2019/20 financial year, we do expect to roll over (re-borrow) any existing borrowing that matures during the year. There is a large debt maturity of $128.5 million on 15 April 2020 that we may seek to pre-fund: this means we may borrow those funds (or some of them) before 15 April 2020. This would serve two purposes. It would reduce our exposure on that particular day to some kind of serious market event (e.g. global financial crisis). It also would be looked upon favourably by Standard and Poor’s when assessing our liquidity for credit rating purposes, because we could show we hold cash to pay back the maturing loan on 15 April. It is unlikely that the debt will be repaid because we would be left with an unmatched hedge.

4.6 **Non-core borrowing:** Further, we may borrow additional amounts to on-lend to CCHL (via “back-to-back” arrangements). Apart from $2 million additional borrowing which CCHL has already requested and which has been actioned during July 2019, we are not aware of any additional borrowing we would need to make at the request of CCHL during 2019/20. Again, we expect to roll over existing CCHL-related borrowing as it matures during the year.

**Short-term liquidity risk**

4.7 Council sources most of its borrowed funds from the Local Government Funding Agency (LGFA). We have an obligation to LGFA to keep our liquidity ratio above 110%. The liquidity ratio we report to LGFA is based on figures in our Annual Report (currently being prepared). The treasury liquidity ratio reported below is an approximation of the LGFA ratio, using only treasury information. Our treasury policy is to keep this ratio also above 110%.

4.8 As at 30 June 2019 our liquidity ratio is well above that minimum level. It is 121%.

<table>
<thead>
<tr>
<th>Policy Limit (ratio must exceed 110%) – Within Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short Term Liquidity</strong></td>
</tr>
<tr>
<td>A – External Debt</td>
</tr>
<tr>
<td>B – External Liquid Investments</td>
</tr>
<tr>
<td>C – Committed Loan Facilities</td>
</tr>
<tr>
<td>Liquidity [(A+B+C)/A]</td>
</tr>
</tbody>
</table>

4.9 **Committed Loan Facilities will increase during July 2019:** As at June 2019 we have $100 million of committed loan facilities. This is a facility held with the BNZ that commits the bank to lending us money if we request it, on pre-agreed terms. We have recently negotiated with three banks and as at 30 June 2019 we have received offers (subsequently accepted during July) for increasing the size of these facilities to $200 million. The $200 million will be split between three banks: $70 million with BNZ, $70 million with ANZ and $60 million with Westpac. The primary purpose of these facilities is to support our liquidity which is a key assessment criteria for credit rating agencies.
4.10 **LGFA discussions continue on measurement of liquidity ratio:** We continue to have discussions with LGFA about the measurement of the liquidity ratio. We are expecting LGFA shortly to publish formal guidance notes applying to all local authorities. As we improve our understanding of the ratio, and LGFA’s preferences in terms of its measurement, we are adapting the treasury measurement too. The Corporate Finance report considered at your 2 May 2019 meeting reported the ratio as at 31 March 2019 to be 117%. We have revised that above to 118% for 31 March 2019. The reason is that a lower debt figure is now being used. This excludes Council’s internal borrowing of $99.5 million from the Capital Endowment Fund (CEF).

4.11 **Potential for CCHL to hold debt directly from LGFA:** LGFA is also continuing to work on arrangements that would enable CCHL to borrow directly from LGFA rather than via Council. We will provide more information to you on this prospect as it firms up.

**Long term funding risk**

4.12 Funding risk is the risk that funds may not be available for Council to borrow at reasonable prices. This includes access to funds for rolling over existing borrowing when it matures. This lack of availability could last days, weeks or months. We manage this risk by ensuring our existing debt does not all mature at a single point in time, but gradually over several years. We have policy limits to guide our debt maturity profile.

*Policy Limit (maturity of existing debt only) – Within Limit*

<table>
<thead>
<tr>
<th>Long Term Funding Risk</th>
<th>Actual</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 3 years (ends June 2022)</td>
<td>43%</td>
<td>15%</td>
<td>60%</td>
</tr>
<tr>
<td>3 to 5 years (ends June 2024)</td>
<td>23%</td>
<td>15%</td>
<td>60%</td>
</tr>
<tr>
<td>5 years plus</td>
<td>34%</td>
<td>10%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

4.13 Funding risk also includes the risk we will not be able to access new borrowing (as opposed to borrowing to roll over existing debt). A more comprehensive risk profile is shown below:
### Interest Rate Re-pricing

4.14 When we borrow funds at floating interest rates, the interest rate normally changes every three months. If we borrow at fixed rates, then the interest rate will change when we roll that debt over at its maturity. If interest rates have increased at the repricing date, our borrowing will cost more. All our borrowing is exposed to interest rate re-pricing risk, but we manage this by fixing the interest rates for varying lengths of time lasting several years. We can use interest rate swaps (“hedges”) to convert floating rate borrowing into fixed rate borrowing.

4.15 Our hedging profile shows the length of time over which our debt is protected from interest rate re-pricing risk. We want to have sufficient protection from re-pricing risk on one hand, while preserving flexibility (e.g. to repay debt) on the other. We have policy guidelines that provide an envelope within which we aim to keep our hedging profile. This is shown in the chart below.

4.16 The chart focuses on **core external debt, net of borrower notes**.

#### Explanation of chart

* Blue solid line: *Our existing core external debt, net of borrower notes (BN)*. Extending this line across the chart illustrates our typical assumption that this debt will all be rolled over as it matures, at least for the foreseeable future.

* Red bars = amount of our **existing core external debt that is protected against interest rate re-pricing as at 30 June each year**. So of our $1,229 million of existing core external debt, the red bar for 2024 tells us that $926 million of that remains fixed as at 30 June 2024. This means that the remaining $303 million will have been re-priced between now and 30 June 2024 (probably at a lower interest rate since interest rates are quite low at present).

* Orange line = **projected core external debt, including projected new borrowing**

* Dotted blue lines = *Policy Limits (maximum & minimum amount) for hedging*. These are calculated as a certain percentage (which decreases over time) of the orange line (projected core external debt net of BN). This guides the extent to which Council can be protected from interest rate re-pricing risk. The idea is that the red bars should lie between the dotted lines.
Hedging levels (red bars) are within policy limits (dotted blue lines) both this year (2019/20) and into the future. We remain close to the maximum hedging level allowed under our treasury policy for 2019/20.

**Forward starting swaps:** Over coming months we may execute some forward starting swaps to protect ourselves from interest rate re-pricing risk beyond 2022. These forward starting swaps will be at much lower interest rates than our existing swaps.

**Credit risk**

Credit risk is the risk that the Council will suffer loss from counterparties' failure to pay funds owed to Council. This risk is managed by keeping our term deposits, call deposits and investments with any one party within specified limits. All exposures are within policy limits.

Our exposure to banks consists of our call and term deposits, plus the discounted present value of amounts we would expect to receive from them under swap contracts. The latter is zero since interest rates have been generally declining over recent years (we expect to pay amounts to banks under our swap contracts rather than receive amounts).

*Policy Limit (exposure to single creditor) – Within Limit*

<table>
<thead>
<tr>
<th>Counterparty ($m)</th>
<th>Credit Rating</th>
<th>Exposure ($m)</th>
<th>Limit ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Derivative Banks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANZ Bank</td>
<td>“AA” Band</td>
<td>166.0</td>
<td>200</td>
</tr>
<tr>
<td>BNZ Bank</td>
<td>“AA” Band</td>
<td>14.9</td>
<td>200</td>
</tr>
<tr>
<td>Westpac Bank</td>
<td>“AA” Band</td>
<td>0</td>
<td>200</td>
</tr>
<tr>
<td>Kiwi Bank</td>
<td>“A” Band</td>
<td>0</td>
<td>150</td>
</tr>
<tr>
<td><strong>Other Banks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASB/ CBA Bank</td>
<td>“AA” Band</td>
<td>50.0</td>
<td>150</td>
</tr>
<tr>
<td>Customer Liquidation</td>
<td>“AA” Band</td>
<td>50.0</td>
<td>150</td>
</tr>
<tr>
<td><strong>Government &amp; Semi-Government</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ Government</td>
<td>AA+</td>
<td>0</td>
<td>unlimited</td>
</tr>
<tr>
<td>LGFA</td>
<td>AA+</td>
<td>26.7</td>
<td>100</td>
</tr>
</tbody>
</table>

**5. General Debtors**

<table>
<thead>
<tr>
<th></th>
<th>Jun 19 $m</th>
<th>Mar 19 $m</th>
<th>Movement</th>
<th>Jun 19 %</th>
<th>Mar 19 %</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>All non-rates debtors</td>
<td>13.1</td>
<td>15.9</td>
<td>Down</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Greater than 90days</td>
<td>4.3</td>
<td>4.4</td>
<td>Down</td>
<td>33</td>
<td>27</td>
<td>Up</td>
</tr>
<tr>
<td>Greater than $5k</td>
<td>11.3</td>
<td>14.3</td>
<td>Down</td>
<td>86</td>
<td>90</td>
<td>Down</td>
</tr>
<tr>
<td>Greater than $1m</td>
<td>3.9</td>
<td>8.8</td>
<td>Down</td>
<td>30</td>
<td>56</td>
<td>Up</td>
</tr>
<tr>
<td>Debtors written off</td>
<td>0.3</td>
<td>0.3</td>
<td>No Change</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Debtor Category**

<table>
<thead>
<tr>
<th></th>
<th>Jun 19</th>
<th>Mar 19</th>
<th>Movement</th>
<th>Jun 19 %</th>
<th>Mar 19 %</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>8.3</td>
<td>12.1</td>
<td>Down</td>
<td>63</td>
<td>76</td>
<td>Down</td>
</tr>
<tr>
<td>Resource Consent</td>
<td>2.2</td>
<td>0.7</td>
<td>Up</td>
<td>16</td>
<td>4</td>
<td>Up</td>
</tr>
<tr>
<td>Building Consent</td>
<td>1.8</td>
<td>2.2</td>
<td>Down</td>
<td>14</td>
<td>14</td>
<td>No Change</td>
</tr>
<tr>
<td>LIMS</td>
<td>0.2</td>
<td>0.3</td>
<td>Down</td>
<td>2</td>
<td>2</td>
<td>No Change</td>
</tr>
<tr>
<td>Health</td>
<td>0.1</td>
<td>0.1</td>
<td>No Change</td>
<td>1</td>
<td>1</td>
<td>No Change</td>
</tr>
<tr>
<td>Infringements</td>
<td>0.1</td>
<td>0.2</td>
<td>Down</td>
<td>1</td>
<td>1</td>
<td>No Change</td>
</tr>
<tr>
<td>Others</td>
<td>0.4</td>
<td>0.3</td>
<td>Up</td>
<td>3</td>
<td>2</td>
<td>Up</td>
</tr>
</tbody>
</table>
Overdue Trade Debtors

5.1 The most significant overdue debtor in this report remains the LINZ account for $3.7 million.

5.2 Overdue trade debtors (greater than 90 days) is 33% of total trade debtors, if the LINZ debt is included and reduces to 4% if the LINZ debt is excluded.

Trade Debtors Written Off

5.3 Trade debtors of $252,181 have been written-off in the year to 30 June 2019 compared to $275,305 in the year to 30 June 2018.

5.4 The detail is below:

<table>
<thead>
<tr>
<th>Debtors Written Off</th>
<th>YTD Jun 19 $</th>
<th>YTD Jun 18 $</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Rents</td>
<td>1,251</td>
<td>3,538</td>
<td>Down</td>
</tr>
<tr>
<td>Regulatory</td>
<td>94,280</td>
<td>8,148</td>
<td>Up</td>
</tr>
<tr>
<td>Dogs</td>
<td>0</td>
<td>434</td>
<td>Down</td>
</tr>
<tr>
<td>Library</td>
<td>85,303</td>
<td>62,135</td>
<td>Up</td>
</tr>
<tr>
<td>Sundry</td>
<td>2,091</td>
<td>5,727</td>
<td>Down</td>
</tr>
<tr>
<td>Recreation &amp; Sport</td>
<td>9,442</td>
<td>20,195</td>
<td>Down</td>
</tr>
<tr>
<td>Hall Hire</td>
<td>167</td>
<td>0</td>
<td>Up</td>
</tr>
<tr>
<td>Customer Liquidation</td>
<td>13,715</td>
<td>97,723</td>
<td>Down</td>
</tr>
<tr>
<td>Street Poles</td>
<td>45,634</td>
<td>62,020</td>
<td>Down</td>
</tr>
<tr>
<td>Commercial Rents</td>
<td>299</td>
<td>590</td>
<td>Down</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>14,795</td>
<td>Down</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>252,181</strong></td>
<td><strong>275,305</strong></td>
<td>Down</td>
</tr>
</tbody>
</table>

5.5 The significant write-offs (over $2,000) relates to:

1) Negotiated settlement of a debtor for Resource Consent work resulted in a reduction of $58,615. Two other reductions for $15,702 were granted on the basis that the original fees were not reasonable. One further write-off of $5,005 in the quarter was granted in order to settle a Development Contributions dispute, so $21,849 can be paid.

2) Street Pole Damage: This consists of ten write-offs over $2k. One more write off in the quarter was worth $2,278. The offenders were not available to pursue.

5.6 The Library debtors written off comprise a large number of relatively small amounts where the debt collection agency has been unable to locate the debtor or the debtor has refused to pay. Only amounts over $30 are referred to debt collection agencies for collection.

5.7 A summary report of trade debtors written off in 2018/19 by month is provided as Attachment A.
6. Rates Debtors

<table>
<thead>
<tr>
<th></th>
<th>Jun 19 $m</th>
<th>Mar 19 $m</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net rates debtors</strong></td>
<td>13.9</td>
<td>5.5</td>
<td>Up</td>
</tr>
<tr>
<td>All rates debtors</td>
<td>20.7</td>
<td>7.2</td>
<td>Up</td>
</tr>
<tr>
<td>Credit balances</td>
<td>(6.8)</td>
<td>(1.7)</td>
<td>Up</td>
</tr>
</tbody>
</table>

6.1 The active reporting and monitoring of rates debtors is impacted by the instalment dates. Rates are invoiced at the end of the month and receipts are received over the month end leading up to the penalty date.

6.2 The table below highlights all outstanding rates invoices in arrears.

The table ignores credits recorded for other ratepayers who have paid in advance of the next instalment date.

<table>
<thead>
<tr>
<th>31 June 2019 ($m)</th>
<th>General Rates Invoiced YTD (June 2019)</th>
<th>Pre-2018/19 Arrears</th>
<th>Outstanding Current Year</th>
<th>% Outstanding Current Year vs Invoiced YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018/19</td>
<td>637</td>
<td>1.0</td>
<td>19.7</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

6.4 In the table below, the arrears reflect the rates outstanding from previous reporting periods.

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Value of Arrears ($m)</th>
<th>Number of Ratepayers in Arrears</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2019</td>
<td>1.0</td>
<td>626</td>
</tr>
<tr>
<td>March 2019</td>
<td>1.7</td>
<td>887</td>
</tr>
</tbody>
</table>

6.5 Work continues to reduce the pre-2018/19 rates arrears balances.

6.6 The table below shows the ageing of the $1.034 million and movement since March 2019 when the balance was $1.698 million for the pre-2018/19 arrears:

<table>
<thead>
<tr>
<th>Year</th>
<th>2010 $000</th>
<th>2011 $000</th>
<th>2012 $000</th>
<th>2013 $000</th>
<th>2014 $000</th>
<th>2015 $000</th>
<th>2016 $000</th>
<th>2017 $000</th>
<th>2018 $000</th>
<th>Total $000</th>
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</thead>
<tbody>
<tr>
<td>Arrears</td>
<td>10</td>
<td>12</td>
<td>20</td>
<td>37</td>
<td>102</td>
<td>92</td>
<td>120</td>
<td>158</td>
<td>483</td>
<td>1,034</td>
</tr>
<tr>
<td>Δ in Qtr</td>
<td>-</td>
<td>-1</td>
<td>-2</td>
<td>-4</td>
<td>-3</td>
<td>-17</td>
<td>-33</td>
<td>-601</td>
<td>-512</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>11</td>
<td>14</td>
<td>19</td>
<td>23</td>
<td>24</td>
<td>29</td>
<td>38</td>
<td>63</td>
<td>405</td>
<td>626</td>
</tr>
<tr>
<td>Δ in Qtr</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-5</td>
<td>-22</td>
<td>-481</td>
<td>-512</td>
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</table>

6.7 Arrears are actively managed to the extent possible. Options include payment plans and direct debit arrangements. Rates postponement is offered where appropriate.
Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Debtors Written Off Summary 30 June 2019</td>
<td>52</td>
</tr>
</tbody>
</table>

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:
   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Brett Hales - Manager Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Andrew Jefferies - Manager Funds &amp; Financial Policy</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Approved By</th>
<th>Diane Brandish - Head of Financial Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carol Bellette - General Manager Finance and Commercial (CFO)</td>
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</table>
# Debtors Written Off Summary 30 June 2019

<table>
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<tr>
<th></th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>YTD Total</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Write Offs &gt; $2000.00</td>
<td>30,837.57</td>
<td>-</td>
<td>2,248.33</td>
<td>9,778.21</td>
<td>5,981.61</td>
<td>-</td>
<td>76,411.85</td>
<td>-</td>
<td>4,709.48</td>
<td>5,005.24</td>
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<td>2,278.10</td>
<td>137,250.39</td>
<td>54.43%</td>
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<tr>
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<td>12,777.34</td>
<td>10,378.05</td>
<td>8,557.66</td>
<td>7,924.37</td>
<td>6,154.67</td>
<td>3,861.65</td>
<td>14,458.13</td>
<td>11,221.95</td>
<td>10,409.91</td>
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<td>7,207.66</td>
<td>10,782.10</td>
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<td><strong>Total to approve</strong></td>
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<td><strong>12,777.34</strong></td>
<td><strong>22,526.38</strong></td>
<td><strong>18,133.87</strong></td>
<td><strong>13,835.98</strong></td>
<td><strong>6,154.67</strong></td>
<td><strong>79,073.91</strong></td>
<td><strong>14,458.13</strong></td>
<td><strong>15,937.43</strong></td>
<td><strong>15,414.75</strong></td>
<td><strong>7,207.66</strong></td>
<td><strong>13,969.23</strong></td>
<td><strong>252,181.33</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Breakdown:
- Parking: 0.00%
- Residential Rents: 27.00%
- Regulatory: 816.30%
- Dogs: 0.00%
- Library: 3.8%
- Sundry: 1.24%
- Recreation & Sport: 719.88%
- Hall Hire: 1.34%
- Customer in Liquidation: 6.87%
- Abandoned Vehicle: 1.51%
- Street Poles: 1.75%
- Commercial Rents: 1.29%
- Others: 0.00%

### Total 2018-2019:
- 43,019.41 | 12,777.34 | 22,526.38 | 18,133.87 | 13,835.98 | 6,154.67 | 79,073.91 | 14,458.13 | 15,937.43 | 15,414.75 | 7,207.66 | 13,969.23 | 252,181.33

### Total 2017-2018:
- 10,201.91 | 8,773.45 | 20,949.67 | 13,034.28 | 4,720.93 | 11,183.21 | 43,018.44 | 3,555.17 | 23,991.79 | 35,576.02 | 15,376.61 | 76,763.89 | 275,305.17

### Variance to Last Year:
- 32,817.50 | 4,003.69 | (15,523.39) | 9,107.99 | 8,910.55 | (5,026.54) | 35,865.07 | 10,822.96 | (2,594.96) | (2,280.27) | (8,156.93) | (3,42) | (312,445)
11. Closeout Report Gardiners Road Pump Station

Reference: 19/805153
Presenter(s): Prawindra Mukhia – Senior Project Manager
John Moore – Manager Planning and Delivery WWW

1. Purpose of Report

The Purpose of this report is for the Finance and Performance Committee of the Whole to be informed of the Gardiners Road Pump Station closeout report.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receive the information in the Project Closeout Summary for the Gardiners Road Pump Station.

Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Closeout report Gardiners Road Pump Station</td>
<td>54</td>
</tr>
</tbody>
</table>

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

(i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and

(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council’s significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Andrew Wells - Program Management Office Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved By</td>
<td>David Adamson - General Manager City Services</td>
</tr>
</tbody>
</table>
PROJECT CLOSEOUT SUMMARY

Gardiners Pump Station

<table>
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</thead>
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<td>Prepared by:</td>
</tr>
<tr>
<td>Position / title:</td>
</tr>
<tr>
<td>Business unit:</td>
</tr>
<tr>
<td>Date of last revision:</td>
</tr>
<tr>
<td>Status:</td>
</tr>
</tbody>
</table>
Contents

1.0 Introduction ................................................................................................................. 3
2.0 Data Sheet ..................................................................................................................... 3
3.0 Project Overview ......................................................................................................... 4
  3.1 Purpose ...................................................................................................................... 4
  3.2 Background ................................................................................................................. 4
  3.3 Project & Main Contract Summary ............................................................................. 8
4.0 Project Team Key Contact List .................................................................................... 9
5.0 Project Financials ......................................................................................................... 9
6.0 Practical Completion ................................................................................................... 11
7.0 Project Benefits .......................................................................................................... 11
8.0 Lessons Learnt ............................................................................................................ 11
9.0 Project Final Status Summary ..................................................................................... 11
1.0 Introduction

The purpose of this document is to summarise the relevant project information relating to the performance and close out of this project.

2.0 Data Sheet

Main Project

<table>
<thead>
<tr>
<th>Project Name</th>
<th>WS Gardiners New Pump Station</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Address</td>
<td>239 Gardiners Road</td>
</tr>
<tr>
<td>CMPS Number</td>
<td>24198</td>
</tr>
<tr>
<td>WBS Number</td>
<td>522/1536</td>
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<tr>
<td>Project Manager</td>
<td>Prawindra Mukhia</td>
</tr>
</tbody>
</table>

Subsidiary Project:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>WS Wilkinson's Road Gardiners Link Main</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Address</td>
<td>Wilkinson's and Gardiners Road</td>
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<td>CMPS Number</td>
<td>29510</td>
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<td>WBS Number</td>
<td>522/1631</td>
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<tr>
<td>Project Manager</td>
<td>Prawindra Mukhia</td>
</tr>
</tbody>
</table>
3.0 Project Overview

3.1 Purpose

The Gardiners Road Water Pump Station (total production capacity 100 litres/second) has been built to replace the existing insecure well at Harewood Pump Station (production capacity 50 litres/sec) and provides for future increased demand within the North West, particularly in the Highsted and Upper Styx. The project was completed on 28th August 2018.

This is a primary pump station with diesel generator and duel tank for emergency use.

Allowance has been made to add one additional well in future to cater to future growth.

3.2 Background

Several locations were considered for the new pump station. The pump station requires large land area for pump station building, suction tank, and wells (with ample spacing). The Harewood Nursery suited the requirements without incurring cost for land purchase.

Figure 1: Location of Works

The new pump station sits within the Harewood Park (239 Gardiners Road) adjacent to the Council Nursery and in close proximity to the Styx River, a settlement area for the early Europeans (1856).

The Form

The Council has adopted “The Styx Vision” which contains the overarching goal to protect and celebrate the natural resources of the Styx catchment.
Figure 2: Map showing location of important sites along the Styx River

The pump station is integrated into the overall masterplan of the park, which will be a key starting point for people using the Styx Source-to-Sea walkway. The pump station buildings have been set back within the site to allow the reserve and car parking to be developed. The structures have been clustered as much as possible to minimise the impact of the built form on the park setting and maintain the natural character of the Styx River environment.

The treatment of the building has been considered to create a “sense of place” that tells the story of the function of the building, as well as the surrounding landscape and features, in particular the Styx River and its associated environmental values. The form and size of the building has been determined by the internal functional requirements, and is designed as an efficient and simple “box” with a monopitch roof and parapets. In order to create visual interest and impact, the parapets have been tapered at the top edge and angled feature walls added which extend to help conceal and enclose the generators behind.

Powdered coated steel rods have been added to the pump station’s concrete panels to introduce the design feature elements of a sculptural nature, reflecting the ‘sticks’ connection (‘Sticks’ being the original European name given to the river before it was changed to ‘Styx’). These architectural elements also help reduce the industrial appearance and reflectivity of the concrete finish.

Figure 4: The Gardiners Pump Station
The key components of the pump station are:

- Two deep wells (163.2 m and 231.4 m) each with a production capacity of 50 l/s
- Above Ground Wellheads and enclosures
- Pre-stressed, post tensioned rectangular tank of 500 cubic meter capacity
- Pump station pumping capacity 360 cubic meters per hour
- Standby generator
- Fully automatic plant, unmanned, monitored and control from the Pump Control Centre at Bexley.
- Watermains:
  - 520 m of DN200 PVC water main along Wilkinsons Road, from Johns Road (tying into the new water supply main being constructed by NZTA) to Gardiners Road.
  - 744m of DN300 PVC water main along Gardiners Road from the Wilkinsons Road intersection to the intersection with Claridges Road (tying into the existing main).

Procurement

The design services were procured through the Expression of Interest (ROI) and Request for Proposal (RFP). Three of the five companies were shortlisted for RFP. Evaluation was carried out using Weighted Attributes Method. Beca Ltd were the successful consultants.

The construction was tender advertised out in the Open Market. There were two conforming bids. Evaluation was carried out using Weighted Attributes Method. Fulton Hogan Limited were the successful bidder.

Design

The design followed the standard PMO process phases – Investigation, Preliminary Design, Detail Design and Tender.

Stakeholders were continuously engaged through key meetings and workshops e.g. Risk Workshop, Safety in Design and HAZOP (Hazard and Operability) workshops.

Construction

Construction was carried out under a collaborative umbrella between CCC, Beca and Fulton Hogan. A Monthly KPI Report was initiated to cover agreed Milestones, Stakeholder Engagement, Health & Safety matters. The regular report was useful in providing quick feedback for improvements.

The pipeline project (CPMS 29510 (WBS 522/1631) Wilkinsons Road Gardiners Link Main) was integrated into the contract. The integration was beneficial in coordinating works and enabling efficient use of resources.

The construction was completed in end May 2018. During the testing and commissioning period, which started early June 2018, it was discovered that the network pressure had increased. This was due to the upgrades at several pump stations in the network (Burnside and Farrington) which changed the network operating pressure. The motors of the new Gardiners Pump Station were
upgraded. Testing of the pump station continued from August 2018 and Practical Completion Certificate was signed off on 30 Sep 2018.

Drone overview of the pump station is available at this link:  https://youtu.be/CHel0yfZFG

Photos

Oct 2017 - Pump Station building construction in progress
November 2017 – Pump Station and suction tank

3.3 Project & Main Contract Summary

Fulton Hogan Limited

Tender award: $3,891,889.12

Final Cost: $4,406,889.12 (approx. 13% increase)

Variations: $515,000

The variation included scope change for the supply, installation, testing and commissioning of:

- Flow meters
- Stormwater pipeworks
- Wellhead enclosures
- Upgrade of electric motors
- Chlorine dosing
- Re-routing cables to avoid service clashes.

Cost Breakdown – Pump Station (project cost is within budget)

<table>
<thead>
<tr>
<th>Project / Cost Element</th>
<th>1 July Balance</th>
<th>Current YTD</th>
<th>Closing Balance</th>
<th>Commitment</th>
<th>Plan LT Year</th>
</tr>
</thead>
<tbody>
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<td><strong>Total</strong></td>
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<td>6,135,008.31</td>
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</table>

8
Cost Breakdown – Water mains (project surplus $597,578.00)

<table>
<thead>
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<th>1 July Balance</th>
<th>Current YTD</th>
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<th>Commitment</th>
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</table>

4.0 Project Team Key Contact List

All key people, relevant to the direction of the project, are noted in the table below, highlighting their organisation, role, and primary contact information.

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Email</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prawindra Mukhia</td>
<td>CCC</td>
<td><a href="mailto:Prawindra.mukhia@ccc.govt.nz">Prawindra.mukhia@ccc.govt.nz</a></td>
<td>Project Manager</td>
</tr>
<tr>
<td>Bridget O’Brien</td>
<td>CCC</td>
<td><a href="mailto:Bridget.Obrien@ccc.govt.nz">Bridget.Obrien@ccc.govt.nz</a></td>
<td>Project Sponsor</td>
</tr>
<tr>
<td>Karn Snyder-Bishop</td>
<td>CCC</td>
<td><a href="mailto:Karn.Snyder-Bishop@ccc.govt.nz">Karn.Snyder-Bishop@ccc.govt.nz</a></td>
<td>Asset Management – Electrical &amp; SCADA SME</td>
</tr>
<tr>
<td>Kenton Winckles</td>
<td>CCC</td>
<td><a href="mailto:Kenton.Winckles@ccc.govt.nz">Kenton.Winckles@ccc.govt.nz</a></td>
<td>Asset Management – Mechanical SME</td>
</tr>
<tr>
<td>Mark Humphery</td>
<td>CCC</td>
<td><a href="mailto:Mark.Humphery@ccc.govt.nz">Mark.Humphery@ccc.govt.nz</a></td>
<td>Senior Engineer - Structural</td>
</tr>
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</table>

5.0 Project Financials

<table>
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<td>6,110,268</td>
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</table>

Comments

Project is within budget.
Beca is currently carrying out additional work (Building Information Modelling) which will be completed end Sep 2019. This is a “proof of concept” 3D modelling work in line with CCC’s long term plan.
### Comments

Project was completed well within budget. Surplus ($597,578) has been returned to the program.
6.0 Practical Completion

The testing and commissioning of the pump started in early June 2018. Pump station has been online since then.

The Practical Completion Certificate for the construction works was issued to Fulton Hogan Limited on 28th August 2018.

7.0 Project Benefits

The key project benefit is:

- Secure and adequate water supply for current and future use is available to the Harewood, Highsted and Styx residents.

Additional benefits:

- Allowance for future chlorine dosing has been incorporated in the design.
- Creation of new project documents for pump stations, which are being used for new similar projects.
- Integration of projects enabled cost savings.
- Use of historical Lessons Learnt document for future projects.

8.0 Lessons Learnt

Key Lessons Learnt:

- Check for currency of User Requirements - Network pressure investigation to be carried out in detail during planning stage and verified during the detail design stage.
- Early Contractor Involvement for discussion on project specific critical items (suction tank)
- Use BIM for capturing construction conflicts (e.g. services clash)
- Avoid leaving design items for construction.

9.0 Project Final Status Summary

<table>
<thead>
<tr>
<th>Title</th>
<th>Status</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finances</td>
<td>Green</td>
<td>Project delivered on budget</td>
</tr>
<tr>
<td>Risks</td>
<td>Green</td>
<td>Operation and Maintenance must be carried out according to plan.</td>
</tr>
<tr>
<td>Issues</td>
<td>Amber</td>
<td>The wells pumps operation are being monitored. Reducing the well pump size will save in long term operating costs.</td>
</tr>
<tr>
<td>Resources</td>
<td>Green</td>
<td>Resources were adequate for the project and delivered well.</td>
</tr>
<tr>
<td>Time</td>
<td>Green</td>
<td>Pump station has been online since early July 2018.</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Scope</td>
<td>Green</td>
<td>Increased pressure required motors to be changed. The new motors were put in place early September 2018.</td>
</tr>
</tbody>
</table>

Key — Green = delivered to plan, amber = partially off plan, Red – off plan
12. St Albans Creek Flood Remediation Slater Street to Hills Road

Reference: 19/528192
Presenter(s): Keith Davison - Manager Land Drainage

1. Purpose of Report

1.1 The purpose of this report is to seek approval to carry out drainage upgrading works in St Albans Creek, between Slater Street and Hills Road, two years ahead of the schedule.

2. Executive Summary

2.1 St Albans Creek along Edgeware Road and downstream of Hills Road to Dudley Creek experienced extensive street and property flooding, including flooding above floor levels of some dwellings in the March 2014 storm event. On 12 December 2014 the Council resolved to “proceed with the Works common to the Bypass Options within Dudley Creek Long Term Flood Remediation programme upstream of Petrie Street, including: Works on St Albans Creek upstream to Hills Road including the upgrade of culverts at Slater Street and Hills Road, and investigations up to Geraldine Street to assess the benefit of upgrades to Champion Street culvert”. (2014/12/CNCL 11122014)

2.2 The Dudley Creek Flood Remediation Project drainage works have been undertaken in St Albans Creek from Dudley Creek up to Slater Street, including the renewal of the culverts at Stapletons Road, Slater Street and Hills Road. The waterway widening works in St Albans Creek between Slater Street and Hills Road were reprogrammed into the Upper Dudley Creek Tributaries Project beginning in 2021/22 via resolution CNCL/2018/00079 “Approve the re-programming of the widening of St Albans Creek between Slater Street and Hills road into the Upper Dudley Creek tributaries Project beginning in 2021/22”.

2.3 The works were delayed due to concerns raised by local property owners and to allow further time to negotiate access with affected property owners. The Council has now acquired the necessary properties to undertake the works, predominantly on Council land, which minimises the impact on the local residents and community.

2.4 A decision is required on whether the works should proceed in accordance with the existing budget funding commencing in the 2021/22 financial year or whether the funding be brought forward to the 2019/20 year.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Resolves that the St Albans Creek Flood Relief works be delivered in the 2019/20 year with funding ($1.258 million) being brought back into the 2019/20 financial year from the existing Land Drainage Recovery Program Upper Dudley Tributary budget in the 2021/22 year.

2. Resolves for staff to manage the project hereafter using standard project controls and within existing staff delegations.
4. **Context/Background**

**Issue or Opportunity**

4.1 The acquisition of the necessary properties presents an opportunity to bring back the funding from the 2021/22 financial year in order to deliver flood relief works in St Albans Creek between Slater Street and Hills Road.

**Strategic Alignment**

4.2 The options in this report are consistent with the Council’s Plans and Policies and align with the overall Land Drainage Recovery Programme’s objective to restore the area to pre-quake levels of flood risk.

4.3 This report supports the [Council’s Long Term Plan (2018 - 2028)](#):

4.3.1 Activity: Flood Protection & Control Works
- Level of Service: 14.1.5.0 Implement Land Drainage Recovery Programme works to reduce flooding - Delivery of works to meet floodplain management plans and remaining high priority plans: Start delivery of works to meet Heathcote, Avon and Estuary floodplain management plan

**Decision Making Authority**

4.4 The decision has been brought back to the Finance and Performance Committee of the Whole as the Council had previously resolved to deliver these works commencing in 2021/22 via resolution CNCL/2018/00079.

4.5 The Finance and Performance Committee of the Whole has the delegated authority to, “as may necessary from time to time, approve amendments to the Capital Programme outside the Long Term plan or Annual Plan processes.”

**Previous Decisions**

4.6 The Council resolved at its 12 December 2014 meeting to approve “works on St Albans Creek upstream to Hills Road including the upgrade of culverts at Slater Street and Hills Road.”

4.7 The Council further resolved on 3 May 2018 under resolution CNCL/2018/00079 to “approve the re-programming of the widening of St Albans Creek between Slater Street and Hills Road into the Upper Dudley Creek Tributaries Project beginning in 2021/22.

4.8 Resolution CNCL/2018/00079 included approval for “Council staff providing the Council with costed options for commencing the widening of St Albans Creek between Slater Street and Hills Road before 2021/22 once access negotiations with the three affected property owners are concluded”.

**Assessment of Significance and Engagement**

4.9 The decision in this report is of low significance in relation to the Christchurch City Council’s Significance and Engagement Policy.

4.10 The level of significance was determined by the extent of the benefit to the local community in the St Albans Creek catchment being set by previous resolutions and the purpose of this report being related only to options for the timing of the works.
5. Options Analysis

Options Considered
5.1 The following reasonably practicable options were considered and are assessed in this report:
   - Undertake the St Albans Creek widening works in the 2019/20 financial year.
   - Undertake the St Albans Creek widening works commencing in the 2021/22 financial year.

5.2 The following options were considered but ruled out:
   - No other options are being considered as the nature, scale and extent of the works have previously been approved by Council resolution at the 12 December 2014 meeting. Resolution CNCL/2018/00079 only requires options for when to commence the works rather than for the nature of the works.

Options Descriptions
5.3 Preferred Option: Accelerate the works and funding to the 2019/20 year.
   5.3.1 Option Description: Funding the works in 2019/20 will facilitate the construction of the work in the summer construction season of 2019-2020.
   5.3.2 Option Advantages
      - The full flood alleviation benefits expected from the Dudley Creek scheme including parts of the St Albans Creek catchment will be realised for the local community in the Slater Street – Hills Road area.
      - The early completion of the works will maximise the benefits of the Dudley Creek works completed in 2018.
   5.3.3 Option Disadvantages
      - No disadvantages are anticipated from completing the works in 2019/20.
      - The funding bring back will need to be cost neutral for the LDRP program. Current cashflow forecasts for LDRP 500 Cashmere Worsleys Flood Storage (ID 26599) presents an opportunity to balance the programme by offsetting budget from FY20 to FY22 to match landowner negotiations, design, consenting and construction timeframes for the later project stages. The total budget for both projects will remain unchanged.

5.4 Option2: Existing funding timeline - Continue with existing funding timeline with funding commencing in 2021/22.
   5.4.1 Option Description: The St Albans Creek widening works from Slater Street to Hills Road will be scheduled to be undertaken between 2021/22 and 2023/24 in accordance with existing funding.
   5.4.2 Option Advantages
      - None.
   5.4.3 Option Disadvantages
      - The full benefits of the scheme will not be immediately realised and some ongoing elevated post-quake flood risk remains.
      - The local residents expressed some dissatisfaction with the 2018 deferral decision. This dissatisfaction will not be addressed by this option.
Analysis Criteria

5.5 The decision in regards to the scope of the works was made under Resolution 2014/12/CNCL 11122014. The recommendation in this report is related solely to the timing of the works. The funding is within the Land Drainage Recovery Program and will be cost neutral.

Options Considerations

5.6 The St Albans Creek flood relief works between Slater Street and Hills Road have already been approved by Council resolution. This report is presenting two options regarding the timing of the works. The preferred option is to complete the work in the 2019/20 year, rather than complete the works in line with the current scheduled funding between 2021/22 and 2023/24.

6. Community Views and Preferences

6.1 The community have concerns around the current programming of the works in 2021/22 and the continued post-quake increase in flood risk. The scheme implementation had been delayed to allow property negotiations to be finalised.

6.2 Consultation with two neighbouring property owners in Hills Road and in Slater Street has been undertaken. Both neighbours expressed an openness or desire for the works to be completed. The residents at Hills Road support bringing the work forward. They have had enough of living next to an untidy, dusty, empty section. They are exhausted from years of having work done on their house and property, and were “gutted” when the work was reprogrammed as it meant the disruption to their lives would continue. They just want the work to be finished, so they can enjoy their house and property. The resident at Slater Street understands that the work will need to be done at some point and is prepared to support the work being brought forward, provided technical matters and design considerations are satisfied and agreed to by all parties beforehand.

6.3 Communications with the Edgeware Road Residents’ group is ongoing and they expressed a view that given “the commitments made by the Council, the time we have already waited and the ongoing impact to residents and their properties, we submit that the work between Slater Street and Hills Road should be commenced as soon as possible and should not be deferred to the 2021/22 year.”

7. Legal Implications

7.1 There is not a legal context, issue or implication relevant to this decision.

7.2 This report has not been reviewed and approved by the Legal Services Unit.

8. Risks

8.1 There is an elevated risk of flooding in the event of a major storm until the works are delivered.

8.2 The final cost for the works may exceed the estimated costs for both options ($1.258 M). The project will be managed through standard processes and within existing staff delegations.

9. Next Steps

9.1 Review the design and complete tender documentation ready for tendering.

9.2 Advise neighbouring property owners of the revised timing.

9.3 Tender the works.

9.4 Undertake the construction in the 2019/20 summer construction season.
### 10. Options Matrix

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Preferred Option 1 - Accelerate the works and funding</th>
<th>Option 2 - Existing funding timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to Implement</td>
<td>$1.258 million</td>
<td>$1.258 million</td>
</tr>
<tr>
<td>Maintenance/Ongoing</td>
<td>The waterway is currently maintained by the Land Drainage Operation Team and these practices will be unchanged.</td>
<td>The waterway is currently maintained by the Land Drainage Operation Team and these practices will be unchanged.</td>
</tr>
<tr>
<td>Funding Source</td>
<td>Budget is available in the capital programme on LDRP 506 Dudley Creek Tributaries (ID 28741) in FY22. While this option incurs debt ahead of the current approved budgets, this will be offset through retiming the budget on LDRP 500 Cashmere Worsleys Flood Storage (ID 26599) from FY20 to FY22. The total budget for both projects will remain unchanged.</td>
<td>None; as this option utilises existing approved funding.</td>
</tr>
<tr>
<td>Impact on Rates</td>
<td>The rescheduling will be rates-neutral due to the offset noted above.</td>
<td>None; as this option utilises existing approved funding.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statutory Criteria</th>
<th>Preferred Option 1 - Accelerate the works and funding</th>
<th>Option 2 - Existing funding timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on Mana Whenua</td>
<td>The waterway works are not a significant decision in relation to water. Consultation on the nature of the works was undertaken to inform earlier reports. The works include ecological considerations.</td>
<td>The waterway works are not a significant decision in relation to water. Consultation on the nature of the works was undertaken to inform earlier reports. The works include ecological considerations.</td>
</tr>
<tr>
<td>Alignment to Council Plans &amp; Policies</td>
<td>The flood relief works are consistent with council plans and policies.</td>
<td>The flood relief works are consistent with council plans and policies.</td>
</tr>
</tbody>
</table>
Attachments
There are no attachments to this report.

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:
   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Stephen Bensberg - Water Resources Engineer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tom Parsons - Surface Water Engineer</td>
</tr>
<tr>
<td>Approved By</td>
<td>Keith Davison - Manager Land Drainage</td>
</tr>
<tr>
<td></td>
<td>Helen Beaumont - Head of Three Waters &amp; Waste</td>
</tr>
<tr>
<td></td>
<td>Peter Langbein - Finance Business Partner</td>
</tr>
<tr>
<td></td>
<td>David Adamson - General Manager City Services</td>
</tr>
</tbody>
</table>
13. Final Statements of Intent 2019/20 for Council-controlled Organisations

Reference: 19/584249
Presenter(s): Linda Gibb - Performance Advisor

1. Purpose of Report

1.1 This report advises the receipt of final Statements of Intent (SOIs) for 2019/20 for the following Council-controlled organisations (CCOs):

- Central Plains Water Trust,
- Christchurch Agency for Energy Trust,
- Civic Building Ltd,
- Local Government Funding Agency (LGFA),
- Vbase Ltd.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Notes that final Statements of Intent for 2019/20 were received before 30 June 2019 in accordance with clause 3 of the Local Government Act 2002 for the following Council-controlled organisations:

   a. Central Plains Water Trust, Christchurch Agency for Energy Trust, Civic Building Ltd, Local Government Funding Agency (LGFA) and Vbase Ltd.

2. Notes that the final Statements of Intent should be available on the Council-controlled organisations’ websites or can be provided by staff on request.

3. Key Issues

3.1 At its meeting on 4 April 2019, the Finance and Performance Committee of the Whole reviewed the draft SOIs for Central Plains Water Trust, Christchurch Agency for Energy Trust, Civic Building Ltd, Local Government Funding Agency and Vbase Ltd. The Committee accepted the draft SOIs.

3.2 The draft SOIs were finalised and forwarded to the Council by 30 June 2019, in accordance with clause 3 of schedule 8 of the Local Government Act 2002 (LGA).

3.3 Clause 7 of schedule 8 of the LGA requires the board to make the final SOI available to the public within one month after the date it is delivered to shareholders. CCOs generally publish the SOIs on their websites. Alternatively staff can provide hard copies upon request.

3.4 With the exception of the LGFA, there are no material changes to the final SOIs from the draft documents.
Local Government Funding Agency

3.5 The changes in LGFA’s SOI relate to financial targets, as follows:

<table>
<thead>
<tr>
<th>Net profit after tax</th>
<th>2019/20 $m</th>
<th>2020/21 $m</th>
<th>2021/22 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft SOI</td>
<td>10.9</td>
<td>11.2</td>
<td>10.9</td>
</tr>
<tr>
<td>Final SOI</td>
<td>10.0</td>
<td>12.6</td>
<td>12.4</td>
</tr>
<tr>
<td>Difference</td>
<td>-0.9</td>
<td>+1.4</td>
<td>+1.5</td>
</tr>
</tbody>
</table>

3.6 LGFA has advised that since its draft SOI was prepared, almost all of its loans to Councils, and bonds matured in March, April or May. The assumption about the extent to which the loans will be rolled over, repaid or new borrowing undertaken was lower than the outcome. This is a positive outcome for each of the SOI years.

3.7 The Reserve Bank lowered the official cash rate in May, which has seen interest rates drop by almost 0.5%, which will have a negative impact for 2019/20 income.

3.8 Increased borrowing and in particular greater utilisation of the stand-by facility has increased costs for LGFA in securing its facility with the Government to cover the additional lending. It has also increased its budget for IT and cyber security costs to provide increased focus on protecting and enhancing its systems.

3.9 Staff are comfortable that these changes are reasonable.

3.10 In response to a request from the Chair of the Finance and Performance Committee, a workshop is currently being arranged for August (by the time this report is reviewed by the Committee, the date is likely to have been finalised). LGFA will present to the Council on the costs, risks and benefits of its activities, as well as its risk management framework.

Miscellaneous

3.11 Civic Financial Services is not a CCO and is consequently not governed by the LGA. There is no obligation for Civic to prepare a SOI for shareholders. However, it has done so as a matter of good governance practice. The document is produced as a final only; shareholders are not asked to comment on a draft. When considered by the Council at its 2 May 2019 Finance and Performance Committee meeting, the Council made comments which we expect will be considered for next year’s SOI.

3.12 In 2017, shareholders resolved in favour of the divestment of Civic Assurance House in Wellington. Following the completion of seismic strengthening to the building, it was sold at a price of $10.12 million, which is higher than the expected range of $7.5 to $8.1 million. The proceeds less seismic strengthening costs of around $0.6 million, further building improvements of approximately $0.5 million and general selling costs of approximately $0.2 million are to be distributed to shareholders in August. The Council’s share is $1,186,966.37 plus $461,598.03 of imputation credits which offsets any tax payable on the dividend.

3.13 Central Plains Water Trust – work is underway with Selwyn District Council to refresh the Trust Board. Christchurch City Holdings Ltd is assisting with the identification of potential candidates to be tabled by the Council, alongside candidates advised by Selwyn District Council. Trustee appointments must be jointly agreed by both councils. When this work is concluded, the Joint Committee, which includes Councillors Cotter and East will bring
recommendations for new trustee appointments to the Finance and Performance Committee of the Whole.

3.14 **Vbase Ltd** – draft SOIs will be submitted to the Council shortly for the new facilities ownership and events management CCOs. They will replace the Vbase SOI.

3.15 **Riccarton Bush Trust** delivered its final SOI to the Council early (in mid-May) which enabled it to be provided to the 6 June 2019 Finance and Performance Committee meeting for noting (FPCO/2019/00046 refers).

**Attachments**

There are no attachments for this report.

**Confirmation of Statutory Compliance**

<table>
<thead>
<tr>
<th>Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) This report contains:</td>
</tr>
<tr>
<td>(i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and</td>
</tr>
<tr>
<td>(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.</td>
</tr>
<tr>
<td>(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council’s significance and engagement policy.</td>
</tr>
</tbody>
</table>

**Signatories**

<table>
<thead>
<tr>
<th>Author</th>
<th>Linda Gibb - Performance Monitoring Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved By</td>
<td>Len Van Hout - Manager External Reporting &amp; Governance</td>
</tr>
<tr>
<td></td>
<td>Diane Brandish - Head of Financial Management</td>
</tr>
<tr>
<td></td>
<td>Carol Bellette - General Manager Finance and Commercial (CFO)</td>
</tr>
</tbody>
</table>
1. Purpose of Report

1.1 This report provides the final Statements of Intent (SOIs) ChristchurchNZ Holdings Ltd (CNZHL) and Transwaste Canterbury Ltd and notes the changes between the draft and final documents.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Notes the final Statements of Intent for 2019/20 for ChristchurchNZ Holdings Ltd, and Transwaste Canterbury Ltd were received before 30 June 2019 in accordance with clause 3 of schedule 8 of the Local Government Act 2002.

3. Key Issues

3.1 Clause 3(b) of schedule 8 of the Local Government Act 2002 (LGA) requires the board of a Council-controlled organisation to deliver the completed SOI to shareholders on or before 30 June each year. The final SOIs for were received before 30 June.

3.2 CNZHL’s final SOI for 2019/20 is at Attachment A. The Board’s letter responding to one of the two comments that shareholders made on the draft SOI is at Attachment B.

3.3 The following table notes the comments made by the Council on CNZHL’s draft SOI.

<table>
<thead>
<tr>
<th>Shareholders’ comments</th>
<th>Action taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include appropriate performance measures against which the business deliverables and</td>
<td>Done.</td>
</tr>
<tr>
<td>pillars can be measured for 2019/20 based on the work done to date on its 10-year</td>
<td></td>
</tr>
<tr>
<td>goals in CNZHL’s final SOI for 2019/20.</td>
<td></td>
</tr>
<tr>
<td>Include a break-down of funding to be applied to its four business pillars -</td>
<td>Not done. Discussed in paragraph</td>
</tr>
<tr>
<td>destination and attraction, marketing, brand and communication, innovation and</td>
<td>3.8.</td>
</tr>
</tbody>
</table>

3.4 The final SOI contains 10 year targets, and three year progress targets for Christchurch that CNZHL seeks to influence through its strategies and programmes of activity. These 10 year targets (with interim progress goals) underpin the ambition of increasing Christchurch’s national relevance, while supporting environmental and social outcomes.

3.5 The targets include growing economic relevance, population and value and enhancing perception and confidence, as presented in the draft SOI (refer to page 7 of CNZHL’s SOI in Attachment A).
3.6 CNZHL has added inclusivity and sustainability 10-year goals, taking into account the comments made by shareholders at a workshop on the performance target work in late 2018. These are:

- higher % of Christchurch residents have enough money to meet daily needs than national average;
- unemployment rate below national average;
- support Christchurch’s aspiration to be carbon net neutral.

3.7 CNZHL has provisionally recorded 2050 as a target date for carbon neutrality, and will amend this if required when the Council makes a final decision on the city’s target.

**CNZHL Performance Measures**

3.8 At the time the draft SOI was due, CNZHL had not completed revision of its performance measures. The targets have now been included as requested by shareholders (noted in the above table) when they reviewed the draft SOI. However, CNZHL notes that the 2019/20 targets are best estimates based on experience and from existing performance measurement. Over the coming year, CNZHL will track performance with a view to continuing to refine these targets for 2020/21 as more data is available.

3.9 The targets are set out on page 16 of the final SOI, *Attachment A*.

**Financial targets**

3.10 The financial forecasts for the CNZHL group compare with the draft SOIs projections as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019/20 $000</th>
<th>2020/21 $000</th>
<th>2021/22 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council funding – <em>final</em> SOI</td>
<td>11,849</td>
<td>11,649</td>
<td>10,389</td>
</tr>
<tr>
<td>Council funding – draft SOI</td>
<td>11,849</td>
<td>11,649</td>
<td>12,231</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>-</td>
<td>-</td>
<td>+1,842</td>
</tr>
<tr>
<td>Third party funding – <em>final</em> SOI</td>
<td>3,412</td>
<td>3,402</td>
<td>3,217</td>
</tr>
<tr>
<td>Third party funding – draft SOI</td>
<td>1,796</td>
<td>1,900</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>+1,616</td>
<td>+1,502</td>
<td>+1,217</td>
</tr>
<tr>
<td><strong>TOTAL FUNDING</strong></td>
<td>15,261</td>
<td>13,549</td>
<td>12,389</td>
</tr>
</tbody>
</table>

3.11 The reduction in 2021/22 Council funding reflects the removal of the inflation adjustment that had been incorporated into the draft SOI in error.

3.12 Third party revenue in each of the three years has been revised up following confirmation of contracts with third parties in the period following the submission of the draft SOI.

3.13 When considering the draft SOI, shareholders asked that the final SOI provides a break-down of the funding across CNZHL’s four business pillars - destination and attraction, marketing, brand and communication, innovation and business growth and strategy, insights and policy. This has not been included, as CNZHL does not consider the pillars structure to be an appropriate way to express its budget allocations relative to the outcomes it is working towards. CNZHL is intending to report its allocations of funding in its quarterly reports. Council staff will work with CNZHL towards reaching a consensus on the best way to provide this information in both SOIs and quarterly reporting in the future.
CRIS Ltd

3.14 CRIS’s activities are singularly focussed on economic development, and not financial return. It is important that performance is measured solely on this basis. Its key performance target is to grow GDP by $10 million per annum from its investments. CRIS will be using its reserves to fund its activities over the coming year.

3.15 The final SOI notes that CNZHL undertook a review of the purpose and focus of CRIS in 2018/19 in the context of the current and future needs of the Christchurch economy, the Christchurch Prosperity Framework and CNZHL’s strategic framework. The Board decided that CRIS’S focus is best placed on long-term transformational economic development activity.

3.16 As a consequence, CRIS’s 50.1% of New Zealand Food Innovation (South Island) Ltd (FoodSouth) was divested to Callaghan Innovation.

3.17 Pages 18 and 19 of the final SOI provides a new narrative of CRIS’s focus over the three year SOI timeframe. This signals CRIS’s investment decisions will be targeted at transformational projects that support one or more of the following:

- high-value industry in key focus areas;
- long-term ‘best for city’ strategy setting and implementation;
- central city regeneration; and
- destination development and city vibrancy.
Transwaste Canterbury Ltd

3.18 Transwaste’s final SOI is at Attachment C, and its letter of explanation is at Attachment D.

3.19 The following table notes comments made by the Council and the Canterbury Regional Landfill Joint Committee on Transwaste’s draft SOI, and Transwaste’s response in its final SOI.

<table>
<thead>
<tr>
<th>Shareholders’ comments</th>
<th>Action taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include forecast financial targets for 2020/21 and 2021/22 in the final SOI.</td>
<td>Included.</td>
</tr>
<tr>
<td>Clearer environmental goals, and in particular commitment to develop sustainability plans to support the Council’s goal of becoming carbon neutral by 2030.</td>
<td>Not included. Explanation in paragraph 3.22 below.</td>
</tr>
</tbody>
</table>

3.20 Transwaste had not completed its business planning at the time the draft SOI was required to be submitted. The final SOI reflects completed business planning. The tables below show the changes in Transwaste’s EBIT and dividend forecasts between the draft and final SOIs (the forecasts include both Kate Valley and Burwood Resource Recovery Park (BRRP)):

<table>
<thead>
<tr>
<th></th>
<th>2019/20 $m</th>
<th>2020/21 $m</th>
<th>2021/22 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT forecast – Draft SOI</td>
<td>15.1</td>
<td>Not provided</td>
<td>Not provided</td>
</tr>
<tr>
<td>EBIT forecast – Final SOI</td>
<td>15.4</td>
<td>14.5</td>
<td>14.9</td>
</tr>
<tr>
<td>Difference</td>
<td>+0.3</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019/20 $m</th>
<th>2020/21 $m</th>
<th>2021/22 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend projection – Draft SOI</td>
<td>15.7</td>
<td>14.9</td>
<td>14.7</td>
</tr>
<tr>
<td>Dividend projection – Final SOI</td>
<td>16.3</td>
<td>15.2</td>
<td>16.4</td>
</tr>
<tr>
<td>Difference</td>
<td>+0.6</td>
<td>+0.3</td>
<td>+1.7</td>
</tr>
</tbody>
</table>

3.21 The small increases in dividends in 2019/20 and 2020/21 relate to higher than expected special and high density waste receipts in each of the prior years. The dividend in 2021/22 has increased by $1.5 million following a review of the likely costs associated with finishing the BRRP project, preparing the land for return to the Council and reviewing the timing of distribution. Transwaste is signalling retention of $5 million for this work and is distributing the remainder to shareholders.

3.22 Transwaste has advised that it intends to do a detailed review of all its performance targets for next year’s SOI which will include its environmental and sustainability measures that are noted in the table in paragraph 3.19. Transwaste advises that it will consider the inclusion of measuring the impact of environmental and sustainability matters including the group carbon footprint in next year’s SOI.

Publication of Statements of Intent

3.23 Clause 7 of schedule 8 of the LGA requires the board to make the final SOI available to the public within one month after the date it is delivered to shareholders. CCOs generally publish the SOIs on their websites.
Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:
   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council’s significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Linda Gibb - Performance Monitoring Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved By</td>
<td>Len Van Hout - Manager External Reporting &amp; Governance</td>
</tr>
<tr>
<td></td>
<td>Diane Brandish - Head of Financial Management</td>
</tr>
<tr>
<td></td>
<td>Carol Bellette - General Manager Finance and Commercial (CFO)</td>
</tr>
</tbody>
</table>
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Address: ChristchurchNZ Holdings Limited (CNZ Holdings)
PO Box 2962
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101 Cashel St
BNZ Centre (west)
Christchurch

CNZ Holdings Ltd Board:
Chair: Dr Therese Arseneau
Deputy Chair: Kaila Colbin
Deputy Mayor Andrew Turner
Cr Tim Scandrett
Stephen Barclay
Roland van Bommel
Paul Bingham

CRIS Ltd Board:
Chair: Roland van Bommel
Joanna Norris (Executive Director)

Auditors: Grant Thornton Audit Partnership (NZ) Limited

Contact:
Telephone 03 379 5575
Document Purpose

This Statement of Intent (SOI) is approved by the ChristchurchNZ Holdings Limited Board and then approved by the shareholder, Christchurch City Council (CCC) in accordance with Section 64(1) of the Local Government Act 2002.

ChristchurchNZ Holdings Ltd (CNZ Holdings) is wholly owned by the Christchurch City Council and, as such, we are a Council Controlled Organisation (CCO).

This Statement of Intent defines the objectives, nature and scope of activity, the performance targets and other measures by which ChristchurchNZ Holdings and its subsidiary CCOs, ChristchurchNZ Ltd and CRIS Ltd, may be judged in relation to their objectives over the next three years. The SOI provides an opportunity for CCC to ensure the focus of CNZ Holdings and its subsidiaries is consistent with the objectives of Council’s Long-Term Plan.
ChristchurchNZ Holdings Mission and Purpose

Whakangihia te mura-hiang o Mō Ōtautahi

The Mission of ChristchurchNZ Holdings and its subsidiaries is to:

Ignite bold ambition for Ōtautahi Christchurch

The purpose of each entity within ChristchurchNZ Holdings supports our mission.

The Purpose of ChristchurchNZ Holdings Ltd is supported by strategic priorities:

- Strategic alignment of all ChristchurchNZ Holdings Ltd group entities with Christchurch City Council community outcomes (defined through the Long Term Plan)
- Effective partnerships between the public and private sector

ChristchurchNZ Holdings Ltd has two subsidiary CCOs within its portfolio:

1. ChristchurchNZ Ltd
2. CRIS Ltd

On behalf of Christchurch City Council, CNZ Holdings Ltd is responsible for the development, monitoring and implementation, alongside partners, of four Council strategies:

1. Christchurch Economic Development Strategy
2. Christchurch Visitor Strategy
3. Christchurch Major Events Strategy
4. Christchurch Antarctic Gateway Strategy
Quantifying our bold ambition for Christchurch – the City’s Prosperity Framework

We aspire to Christchurch being an internationally relevant city that embraces exploration of opportunity; and is attractive to people, high value business and investment.

This requires a transformation of our economy away from a heavy reliance on the rebuild stimulus and servicing the local population.

10-Year Prosperity Goals

The city’s 10-year prosperity goals set a clear and measurable direction, allowing ChristchurchNZ Holdings and its partner agencies to set complementary work programmes.

**GROW VALUE AND SCALE**
1. Greater Christchurch population = 615,800 (104,500 more people)
2. Christchurch real GDP = 9% of national GDP (grow 0.6% point faster p.a. than national)
3. Christchurch real GDP per capita = $62,500 ($9,100 more GDP per capita)

**IMPROVE PERCEPTION AND CONFIDENCE**
1. Christchurch residents’ quality of life 5% points above national average
2. Visitor spend is 12.6% of national (grow 2.1% points faster p.a. than national)

**INCLUSIVE AND SUSTAINABLE**
1. A higher % of Christchurch residents have enough money to meet daily needs than national average
2. Unemployment rate below national average
3. Support Christchurch’s aspiration – carbon net neutral by 2050
The table below presents the city’s current performance against the ten-year goals, three-year progress and 10-year targets.

<table>
<thead>
<tr>
<th>Goal</th>
<th>10 Year Goal</th>
<th>Current (YE June 2018)</th>
<th>Three-Year Progress</th>
<th>10 Year Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow economic relevance</td>
<td>Grow Christchurch GDP as % of national</td>
<td>8.5%</td>
<td>8.7% (2.6% GDP growth p.a.)</td>
<td>9%</td>
</tr>
<tr>
<td>Grow population</td>
<td>Grow Greater Christchurch population</td>
<td>511,300</td>
<td>542,600 (5,100 net migration p.a.)</td>
<td>615,800</td>
</tr>
<tr>
<td>Grow value</td>
<td>Grow Christchurch GDP per capita</td>
<td>$53,400</td>
<td>$54,900 (1.0% growth p.a.)</td>
<td>$62,500</td>
</tr>
<tr>
<td>Enhance perception &amp; confidence</td>
<td>Improve Christchurch residents’ perception of their quality of life so that it is above the national average</td>
<td>0% points above the national average</td>
<td>2% points above the national average</td>
<td>5% points above the national average</td>
</tr>
<tr>
<td></td>
<td>Grow visitor spend in Christchurch % of national visitor spend</td>
<td>10.3% of national visitor spend</td>
<td>11.0% of national visitor spend (2.2% points growth p.a. above national growth rate)</td>
<td>12.6% of national visitor spend</td>
</tr>
<tr>
<td>Inclusive &amp; sustainable</td>
<td>A higher % of Christchurch residents have enough money to meet daily needs than national average</td>
<td>4% points above national average</td>
<td>4% points above national average</td>
<td>4% points above national average</td>
</tr>
<tr>
<td></td>
<td>Unemployment rate below national average</td>
<td>0.3% points above national average</td>
<td>Below national average</td>
<td>Below national average</td>
</tr>
<tr>
<td></td>
<td>Support Christchurch’s aspiration – carbon net neutral by 2050</td>
<td>Christchurch residents produced 7.8 tonnes of carbon per person (2017)</td>
<td>Christchurch residents produce net zero tonnes of carbon per person (2050)</td>
<td>Christchurch residents produce net zero tonnes of carbon per person (2050)</td>
</tr>
</tbody>
</table>

These ambitions quantify the degree to which Christchurch increases its national economic relevance, whilst supporting environmental and social outcomes. Economic relevance is measured as Christchurch city GDP as a % of national GDP.

Christchurch economic relevance will be achieved by:

1. **Growing scale** – measured by Greater Christchurch population growth. Christchurch is unique amongst New Zealand’s urban centres in having capacity for sizable growth in our population and economy. We need this growth in volume to maintain ongoing regeneration and reinvestment in our city.
2. **Growing value** – as measured by Christchurch GDP per capita. 
Christchurch’s ability to attract and retain talented people, innovators, businesses and investment is strongly dependent on our ability to provide higher value employment and business opportunities. This will be achieved by moving from a lower-wage, domestically focused economy to one which is more focused on international trade in areas of regional strength with potential for global growth.

3. **Enhancing the people’s perception of and confidence in Christchurch** – as measured by Christchurch residents’ perceptions of quality of life and visitor spend. 
In the global competition for talent, Christchurch’s ability to attract and retain talented people is strongly dependent on people’s perception of Christchurch as a quality place to live and great place to spend time as a visitor or resident.

Prosperity and economic measures are only one aspect of overall wellbeing. It is important that other aspects of wellbeing, such as environmental quality and inclusion, are not eroded while prosperity goals are achieved. To this end, within the Prosperity Framework, we will monitor other aspects of wellbeing alongside prosperity measures:

4. **Christchurch’s carbon footprint** – in line with Council objective for the city to be carbon neutral by 2050.

5. **Christchurch’s economic inclusion** as measured by (1) the unemployment rate; and (2) the % of Christchurch residents that the financial resources to meet their daily needs, with the expectation that inclusiveness of the Christchurch economy will be relatively better than the national average.

A more comprehensive description of how the Prosperity Framework fits within wider wellbeing frameworks, including CCC’s Community Outcomes can be found in Appendix One of this document.
Part 1: Nature and Scope of Operations - Delivering through our subsidiaries

ChristchurchNZ Ltd

ChristchurchNZ Ltd is CNZ Holdings Ltd’s delivery vehicle. It delivers economic development and promotional activity for the city.

The purpose of ChristchurchNZ Ltd is to:

Stimulate sustainable economic growth for a more prosperous Ōtautahi Christchurch.

Within ChristchurchNZ Ltd, we have teams responsible for:

Innovation and Business Growth

The Innovation and Business Growth team is responsible for attracting talent, business and innovative enterprise to Christchurch, while also supporting existing businesses to grow and innovate. The team works to attract and grow high-value jobs in the city.

The Christchurch Antarctic Office

The Antarctic Office ensures Christchurch’s status as a gateway to the Antarctic is celebrated and the value realised. The office supports the international Antarctic programmes based in the city and leads implementation of the Christchurch Antarctic Gateway Strategy.

Economic Strategy and Insights

The Economics and Strategy team forecasts and reports on key economic trends impacting Christchurch and Canterbury. It releases quarterly economic reports, as well as bespoke research into key issues, and provides detailed strategy and policy advice to the private and public sector based on these insights.

Marketing and City Profile

This team is responsible for telling story of Christchurch locally, nationally and internationally.

The team leads the development and application of the Christchurch City Narrative for the city.

The Christchurch Narrative describes Christchurch as a city where we explore opportunity. A place where exploration is part of who we are, it is part of what has shaped us. A more fulsome articulation of the Christchurch City Narrative can be found in Appendix Two of this document.

Destination and Attractions

The Destination and Attractions team ensures Christchurch is an attractive and exciting city, attractive to residents and visitors, liaising with the tourism industry locally and internationally.
The team also supports the development of major events, including some of the city’s highest profile major events and business events.

**The Canterbury Screen Office**

The Canterbury Screen office acts as the front door for film enquiries supporting the production of screen related activity in Canterbury. The office is being set up in 2019.

**The Christchurch Convention Bureau**

The Convention Bureau is responsible for attracting major conventions to Christchurch supporting Te Pae convention centre, Town Hall, Horncastle Arena and other city venues.

**The Christchurch Central City iSITE**

The iSITE, located in the heart of the city, is the visitor centre for the city, providing visitors and residents with key information on how to get the best out of the region and wider South Island.

These teams are supported by our Revenue and Corporate services teams.

**How We Work**

ChristchurchNZ Ltd is a public benefit entity. *We are motivated by public good.*

In everything we do, we ensure we use our resources most effectively and efficiently to make a difference for the Christchurch community by stimulating sustainable economic growth, with the aim of reaching the city’s 10-year goals.

This means we focus our effort where we can achieve outcomes for Christchurch that are bigger, faster or more successful and sustainable than they would have been otherwise or would not have happened without our involvement.

**We have bold ambition for Christchurch.**

We are committed to realising our mission in a way which is grounded in our place, Ōtautahi, Christchurch New Zealand and our role as a leader in the city.

Our role is to inspire and activate transformation and exploration of new opportunities. We operate with bravery, boldness and a strong commitment and belief in a better economic future for our city.

We champion Ōtautahi Christchurch.

**We take intelligent risks.**

We recognise risk-taking is inherent to our role in the city. We use and develop evidence and insights to ensure we make informed decisions; to inform others to achieve prosperity for the people of Christchurch and New Zealand; and, to learn from our successes and failures.
We seek partnership in all we do.

We recognise we can only succeed in delivering on the city’s prosperity goals through partnership with others. We recognise the strength of bringing the distinct roles and responsibilities of diverse organisations together for a common cause.

We are committed to significantly growing the breadth and depth of our strategic and commercial partnerships to ensure we can amplify success, affect significant change and deliver powerful impact.

We seek to diversify our funding to amplify the impact we can achieve from Council funding.

We work with our wider family of city agencies and the Council group taking a ‘best for city’ approach, working to each of our strengths and mandates and working collectively to deliver on the 10-year Goals and city Community Outcomes.

We are committed to kaitiakitanga and sustainability.

Our plans build on a strong commitment to care for the environment and our community.

We value the core strategic relationship with mana whenua Te Runanga o Ngāi Tahu, and its runanga within Ōtautahi and Waitaha and are committed to ensuring positive outcomes for Maori, while welcoming and respecting the cultural values of all people living and visiting our city and region and respecting those inherent to our place in New Zealand and the world.

Whilst our purpose is to grow the economy, we are committed to doing so sustainably, ensuring environmental quality and economic inclusion, are maintained and enhanced while doing so.

We are developing a sustainability and Maoritanga action plans for ChristchurchNZ that will further guide our organisational behaviour.

We enable and empower our people to do great things.

ChristchurchNZ seeks to attract, retain and develop great people. ChristchurchNZ is committed to being an exemplar workplace, where staff are enabled and empowered to realise their full potential and make the largest possible contribution to Christchurch.

Our remuneration policy seeks to ensure a fair, unbiased approach that enables the organisation to compete in the talent marketplace. We acknowledge and act in accordance with the shareholder request to exercise restraint in respect of executive remuneration and pay our people a fair wage, with a commitment to at least the Living Wage for all staff, including fixed-term staff, by July 2020.

Our processes, systems and tools enable our people, partners and customers to operate effectively and appropriately with low bureaucracy while ensuring we can demonstrate value for money through transparent and robust prioritisation and reporting.
Three-Year Work Programme

ChristchurchNZ delivers on its purpose through three strategic priorities:

1. **Enhance our place** – make Christchurch a destination of choice for visitors, migrants, students, business and investment by developing and attracting world-class city amenity, including events, conferences and visitor offerings; and, enhancing the environment for business and entrepreneurship.

2. **Tell the story** – shift perceptions of Christchurch through profiling and promoting Christchurch locally, nationally, internationally; amplifying our activity through knowledge sharing and storytelling; and, providing thought leadership through the provision of economic insight and analysis about the Christchurch economy.

3. **Grow quality jobs** – increase the quality of employment and business opportunities in Christchurch by growing business and entrepreneurship; attracting business investment; attracting, retaining and developing talent; growing business confidence and connecting innovative change-makers.

ChristchurchNZ delivers on these priorities across three time-horizons, to recognise the importance of addressing immediate economic priorities for the city, while maintaining a strong focus on positioning the Christchurch’s economy to respond to future global trends and progressing towards and beyond our 10-year goals. Our three time-horizons are as follows.

1. **Proud Confident City (short-term):** support the city’s regeneration momentum and continuing to develop the city’s existing economy.

2. **Exploration (short to medium-term):** leverage existing advantages to position the city nationally and internationally through a strong, compelling story of Christchurch as a basecamp for exploration with a view to attracting visitors, talent, business and investment.

3. **New Horizons (medium to long-term):** develop industries of scale and value that build on our regional strengths in areas of significant emerging global opportunity.
ChristchurchNZ Ltd’s three-year focus and work programme are detailed below:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Three-Year Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance our place</td>
<td>Key activities over the next three years include:</td>
</tr>
<tr>
<td></td>
<td>1. Evolution of the city’s major events portfolio to grow the economic and promotional value of major events; shift ChristchurchNZ’s focus from event delivery to catalysing, supporting and attracting world-class events.</td>
</tr>
<tr>
<td></td>
<td>2. Target the attraction and development of new visitor attractions.</td>
</tr>
<tr>
<td></td>
<td>3. Work with the research and business community to develop the city’s research and commercialisation ecosystem to better support commercialisation, business start-up and growth.</td>
</tr>
<tr>
<td></td>
<td>4. Identify and progress a city defining asset and/or event which substantially enhances the attractiveness for Christchurch at a national and international level to one or more of our target audiences (visitors, businesses and entrepreneurs, migrants).</td>
</tr>
<tr>
<td></td>
<td>5. Work with tourism operators to grow high-quality, sustainable world-class offerings with consistent narrative storytelling, with a short-term focus on the central city and city environs including the seaside suburbs, Banks Peninsula and Port Hills.</td>
</tr>
<tr>
<td></td>
<td>6. Address seasonality through the development of off-season product and targeted promotion, with a short-term focus on the central city.</td>
</tr>
<tr>
<td></td>
<td>7. Ensure Christchurch reclaims its status as a premier conference destination in Australasia through promotion, provision of accurate information and familiarisation activity.</td>
</tr>
<tr>
<td></td>
<td>8. Attract international film/TV production into Canterbury through the provision of accurate information and familiarisation activity.</td>
</tr>
<tr>
<td></td>
<td>9. Grow the Antarctic-related visitor offering to connect and excite visitors and residents about Antarctic in Christchurch.</td>
</tr>
</tbody>
</table>

The focus of ChristchurchNZ’s effort to enhance our place over the next three years will be informed by a range of Christchurch strategies including the Christchurch Visitor Strategy, development of ChristchurchNZ’s Destination Strategy due to be completed by 30 June 2019, the existing Christchurch Major Events Strategy, Christchurch Antarctic Gateway Strategy, and the Christchurch Economic Development Strategy.

Factors informing our approach to this priority include (1) The Central City Action Plan; (2) the importance of a quality environment for work, leisure and business affecting international education, migration and business investment levels; (3) the maturity of Christchurch’s visitor and event offering; (4) new key city amenity infrastructure coming on stream, including Te Pae (the convention centre); (5) highly seasonal visitation suppressing investment in tourism infrastructure; (6) the importance of maintaining regeneration momentum in the central city; (7) the opportunity to further enhance the environment for business and entrepreneurship, leveraging our strengths (e.g. strong local and national connectivity); and addressing weaknesses (e.g. lack of risk-taking investment capital).
<table>
<thead>
<tr>
<th>Priority</th>
<th>Three-Year Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tell the story</td>
<td>Key activities over the next three years include:</td>
</tr>
<tr>
<td></td>
<td>1. Cultivate a clear and consistent understanding of shared and agreed 10-year city economic goals and develop the city and organisational strategies and economic responses to support realisation of these goals.</td>
</tr>
<tr>
<td></td>
<td>2. Clearly communicate a strong differentiated story of Christchurch that supports, amplifies and leverages activities that attract visitors, and build residents pride and confidence in our city.</td>
</tr>
<tr>
<td></td>
<td>3. Develop and amplify a compelling, targeted and clearly differentiated city profile that supports talent attraction and stimulates new business activity and investment.</td>
</tr>
<tr>
<td></td>
<td>5. Embed 10-year goals into national and local decision-making frameworks.</td>
</tr>
<tr>
<td></td>
<td>6. Collaborate closely with central city partners to ensure maximum foot traffic and economic stimulus around major events, as well as stimulating central city activity in the traditionally slower times of year.</td>
</tr>
<tr>
<td></td>
<td>7. Collaborate closely with the private sector in creating public-private-partnerships that add significant value to the Christchurch economy and add to our unique city story.</td>
</tr>
<tr>
<td></td>
<td>8. Engage with central government and national businesses to the benefit of, and collaborative investment in, the city and region.</td>
</tr>
</tbody>
</table>

Factors informing our approach to this priority include (1) the importance of maintaining confidence in Christchurch’s current and future economic prospects to support ongoing investment and regeneration, particularly in the central city; (2) the need to grow the volume of economic activity; (3) the opportunity to position Christchurch as a solution to New Zealand urban growth challenges; (4) the growing competition among cities for talent, investment and business.

This responds to the urgent and ongoing need to engage and excite local, national and international audiences with the new Christchurch. When the opportunity of Christchurch is well communicated we can proactively attract, retain and grow economic activity to help realise the Prosperity Framework’s ten-year goals.

The building blocks of the Christchurch City Narrative are in place (christchurchstory.com). The focus over the next three years is to ensure Ōtautahi Christchurch is actively promoted domestically and internationally to high value markets and audiences. We will maximise the profile of Christchurch as a destination and gateway to the South Island, Antarctic and the rest of New Zealand and we will tell a story of Christchurch as a place where it is possible to explore new experiences and ideas and business opportunities – to try things that haven’t been done before.
<table>
<thead>
<tr>
<th>Priority</th>
<th>Three-Year Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow quality jobs</td>
<td>Key activities over the next three years include:</td>
</tr>
<tr>
<td></td>
<td>1. Attract new business, enterprise and investment - through the provision of accurate information and familiarisation activity - with a focus on generating high-value employment opportunities and filling latent capacity created by the city’s rebuild.</td>
</tr>
<tr>
<td></td>
<td>2. Attract new employment into the central city - through the provision of accurate information and targeted familiarisation activity.</td>
</tr>
<tr>
<td></td>
<td>3. Work with businesses and education providers to ensure Christchurch’s talent pipeline is meeting the current and future needs of industry and reflecting the changing world of work.</td>
</tr>
<tr>
<td></td>
<td>4. Work with private and public partners to realise global growth opportunities and grow industries of scale in areas of regional strength. Priority areas include: space; future transport; health; and, future food and fibre.</td>
</tr>
<tr>
<td></td>
<td>5. Support the growth of high value businesses through provision of an integrated business services suite.</td>
</tr>
<tr>
<td></td>
<td>Factors informing our approach to this priority include (1) the decline of the rebuild stimulus; (2) the vulnerability of the central city; (3) deeper understanding of where Christchurch has commercial, research and education strength that align with emerging global growth opportunities; (4) the dominance of SMEs in the local economy; (5) the interdependency of the regional and city economies; (6) the opportunity to enhance commercial outcomes from Christchurch’s strong innovation base; (6) the impact of technology and sustainability considerations on business.</td>
</tr>
<tr>
<td></td>
<td>Christchurch’s transition away from a domestically and rebuild-focused economy requires development of Christchurch’s existing high-value export business base, and the attraction of new business and investment to grow scale, create new opportunities and increase the commercial returns from innovation.</td>
</tr>
<tr>
<td>Diversity and grow revenue and enhance organisational effectiveness</td>
<td>Key activities over the next three years include:</td>
</tr>
<tr>
<td></td>
<td>1. Increase revenue diversification.</td>
</tr>
<tr>
<td></td>
<td>2. Embed foundation ways of working into the organisation – stakeholder management, culture and values, project management.</td>
</tr>
<tr>
<td></td>
<td>3. Develop and implement a Maoritanga strategy and deepen our relationship with mana whenua.</td>
</tr>
<tr>
<td></td>
<td>4. Develop and implement ChristchurchNZ’s sustainability framework.</td>
</tr>
<tr>
<td></td>
<td>5. Develop and implement mechanisms to ensure the impact of all activity is measured and effectiveness evaluated.</td>
</tr>
<tr>
<td></td>
<td>Factors informing our approach to this priority include: (1) the risk that funding uncertainty and constraints impact our delivery; (2) the importance of an enabling environment to support our talented people to deliver; (3) the importance of our partnerships both locally and nationally, private and public sector; (4) our commitment to kaitiakitanga and the importance of our relationship with Ngai Tahu, the guardians of our land.</td>
</tr>
<tr>
<td></td>
<td>The organisation has refocused, restructured and in some cases, recruited to ensure we have the right people and culture to deliver on our purpose and mission. We have enhanced and expanded our commercial partnerships to amplify our ratepayer funding. We have established our strategic framework and are well advanced putting in place fit for purpose processes, systems and tools to support effective working.</td>
</tr>
</tbody>
</table>

15 | Page
### ChristchurchNZ – Performance Measures linked to 10-year goals

ChristchurchNZ is committed to articulating the value it delivers to the community, its partners and funders. We are moving from output-focused performance measures which measure what we do, to outcome-focused measures which measure what value we deliver into the economy.

For the 2019/20 targets we are using **best estimates** based on the experience of our staff and existing performance measurement.

Over the coming year, we will implement robust measurement methodology and data capture and will track performance with a view to develop clear and appropriate targets for 2020/21.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grow economic relevance</strong></td>
<td>Contribution to GDP</td>
<td>Additional GDP generated from all ChristchurchNZ activity</td>
<td>$50m</td>
<td>$55m</td>
<td>$60m</td>
</tr>
<tr>
<td></td>
<td>Attribution &amp;/or customer satisfaction with ChristchurchNZ</td>
<td>Customers and partners recognise the contribution ChristchurchNZ makes to improving economic outcomes</td>
<td>Net Promoter Score: ≥50</td>
<td>NPS: ≥50</td>
<td>NPS: ≥50</td>
</tr>
<tr>
<td><strong>Grow value</strong></td>
<td>Additional high value jobs</td>
<td>High value jobs attracted or created via business or investment attraction activity, supporting new business creation, business expansion</td>
<td>80</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td><strong>Improved performance of existing business</strong></td>
<td></td>
<td>Improve productivity or exporting scale of business via business services to individual businesses</td>
<td>Benchmark during 2019/20</td>
<td>Maintain</td>
<td>Maintain</td>
</tr>
<tr>
<td><strong>Grow population</strong></td>
<td>Perception of Christchurch by key audiences</td>
<td>Growth in the proportion of the non-Canterbury New Zealand population who intend to visit Christchurch in the next 12 months</td>
<td>2% points</td>
<td>2% points</td>
<td>2% points</td>
</tr>
<tr>
<td><strong>Enhance perception and confidence</strong></td>
<td></td>
<td>Growth in the proportion of New Zealand target population open to consider relocating to Christchurch</td>
<td>3% points</td>
<td>3% points</td>
<td>3% points</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Growth in Net Promoter Score by Christchurch residents aged below 40 years of Christchurch as a place to visit</td>
<td>3 points</td>
<td>3 points</td>
<td>3 points</td>
</tr>
<tr>
<td><strong>Additional visitor spend</strong></td>
<td></td>
<td>Additional visitor spend generated from major events, business events &amp; campaigns</td>
<td>$38m</td>
<td>$38m</td>
<td>$38m</td>
</tr>
</tbody>
</table>

1 Performance measure targets in future years are dependent on current levels of Council funding being maintained and build on the “best estimate” targets for 2019/20.
<table>
<thead>
<tr>
<th>Grow revenue and enhance organisational effectiveness</th>
<th>Contribution to reducing carbon footprint</th>
<th>Contribution to reducing the city's carbon footprint through the implementation of our sustainability strategy</th>
<th>Benchmark during 2019/20</th>
<th>Reduce carbon footprint</th>
<th>Reduce carbon footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third-party revenue</td>
<td>Revenue generated from sources other than CCC – to amplify and maximise return on ratepayer investment</td>
<td>25%</td>
<td>30%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>People &amp; Culture</td>
<td>Employee Engagement</td>
<td>Organisational Engagement Index</td>
<td>3.75 or above</td>
<td>3.75 or above</td>
<td>3.75 or above</td>
</tr>
<tr>
<td>Health &amp; safety</td>
<td>Safety and Wellbeing Index</td>
<td>Safety and Wellbeing Index</td>
<td>4.5 or above</td>
<td>4.5 or above</td>
<td>4.5 or above</td>
</tr>
<tr>
<td></td>
<td>Incidents of serious harm</td>
<td>Incidents of serious harm</td>
<td>Zero</td>
<td>Zero</td>
<td>Zero</td>
</tr>
</tbody>
</table>
CRIS Ltd

CRIS Ltd is the investment and funding vehicle for CNZ Holdings Ltd. CRIS Ltd invests in initiatives with the potential to create long-term economic growth and/or economic transformation.

The purpose of CRIS Ltd is to:

Provide stimulus funding and investment to enhance economic transformation and sustainable economic benefit for Christchurch and Canterbury.

CNZ Holdings undertook a review of the purpose and focus CRIS Ltd in 2018/19 in the context of the current and future needs of the Christchurch economy, the Christchurch Prosperity Framework and ChristchurchNZ Holding Ltd’s strategic framework. This review has highlighted the opportunity for CRIS Ltd to utilise its cash assets to fund long-term transformational economic development activity.

It is essential the cash reserves are used prudently and in a manner that is consistent with the purpose of CRIS Ltd, which is itself consistent with the fund vesting documents and legacy source of the funding.

Three-Year Focus

The next three years will focus on activity that drives the city towards achieving the 10-year goals within the Christchurch Prosperity Framework and is transformational or ‘game-changing’ in nature.

Utilisation of CRIS Ltd funding enables CNZHL to invest in areas of activity that support the ongoing long-term regeneration of the city and region; and is aligned with areas of future long-term economic strength.

Over the next three years CRIS Ltd will focus on funding projects that meet the following minimum criteria:

- Support progress towards the Christchurch Prosperity Framework (10-year goals);
- Demonstrate measurable economic outcomes
- Align with CNZHL’s role as a public benefit agency, focused on delivering activity with high economic impact in partnership with others. Projects funded by CRIS Ltd should support at least one of the following focus areas:
- Support high-value industry in key focus areas (Supernodes)
  - Christchurch generates relatively high levels of innovation but is less successful translating this into commercial value. The city’s long-term ability to generate wealth from its innovation depends on its ability to grow scale in areas of regional innovative strength with global growth potential. Christchurch needs to attract large-scale businesses and investment to support improved commercialisation, to
develop these high-value industries and support the creation of local high value businesses with scale potential.

- Support long-term ‘best for city’ strategy setting and strategy implementation
  - As Christchurch moves beyond the extraordinary post-quake environment into a normalised relationship with Central Government, it is essential regeneration momentum is maintained, and city agencies work in a co-ordinated manner toward agreed goals and communicate clearly with Government partners. This requires sound and well-funded strategic advice and strategic implementation and cross-agency co-ordination.

- Support Central City regeneration
  - The regeneration of Christchurch’s central city is at significant risk of stalling without further stimulus to ensure full post-quake recovery. The central city is a key factor in our ability to attract and retain visitors, people and business into our wider city over the medium term. Christchurch needs to attract more workers, visitors and residents to grow the viability and vibrancy of the central city.

- Support Destination Development and City Vibrancy
  - Christchurch would benefit from additional major and mega events and visitor attractions which attract and retain visitors to the city, enhance Christchurch’s lifestyle offering to residents and speak to our city narrative. To be eligible for CRIS support, these activities would need to be transformational rather than transitional.

Effective collaboration with city and central Government partners will be crucial to optimise the economic outcomes achieved through the utilisation of CRIS Ltd Funding. CRIS Ltd will seek to co-fund economic transformation work with other agencies.

The primary purpose of the CRIS funding will be economic stimulation, not financial return to CRIS Ltd.

**CRIS Ltd - Performance Measures linked to 10-year goals**

To support CRIS Ltd’s purpose of providing stimulus funding and investment to enhance economic transformation and sustainable economic benefit for Christchurch and Canterbury the following performance measures have been identified.

<table>
<thead>
<tr>
<th>Prosperity Framework Goals</th>
<th>Outcome Measure</th>
<th>Description</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow economic relevance</td>
<td>Contribution to GDP</td>
<td>Additional GDP generated through investment in projects designed to support the Christchurch Prosperity Framework (10-year goals)</td>
<td>$10m</td>
<td>$10m</td>
<td>$10m</td>
</tr>
</tbody>
</table>
Part 2: Economic and Operating Context

In developing our three-year priorities and work programme for ChristchurchNZ Ltd and CRIS Ltd, ChristchurchNZ Holdings has been informed by the following factors:

Operating Context

1. ChristchurchNZ Holdings Ltd is a Council Controlled Organisation wholly owned by the Christchurch City Council. We are governed by an independent Board of Directors appointed by the Christchurch City Council. We deliver on the Council’s community outcomes and strategic priorities, with a particular focus on improving economic wellbeing.

2. With a significant proportion of CNZ Holdings’ funding generated from non-Council sources, our ability to attract and retain funding from central government partners and the private sector and our credibility as an effective delivery partner has a significant impact on the resources we have available to deliver outcomes for the city.

3. CNZ Holdings and its subsidiaries are one of several entities which influence the city’s economy – both at a local and national level. Effective coordination, alignment of resources and strategic direction is critical to ensure outcomes are achieved and public-sector resources are used effectively.

Economic Context

Platform for Growth

1. Christchurch City is part way through one of the most important periods of change in its history, which provides significant economic opportunities for the city, but also challenges and risks, which could affect confidence, regeneration momentum and ultimately, short and long-term economic growth.

2. Christchurch has a strong platform for future economic success:
   
   a. The city is the South Island’s largest urban centre and New Zealand’s second largest city with strong manufacturing, technology and knowledge services sectors, four tertiary institutions and numerous research organisations.

   b. Christchurch is the international gateway and logistics hub for Canterbury, the South Island and one of only five gateways internationally to the Antarctic.

   c. The rebuild has provided a new, safe and resilient buildings and horizontal infrastructure, state of the art education and health facilities, fresh amenity and public spaces.

3. Christchurch has the capacity for growth, with affordable real estate, room to expand and limited congestion. This is a uniquely competitive position which provides a counterbalance to national urban capacity constraints in Auckland and Wellington.
Known headwinds

4. The Christchurch economy still faces many pre-earthquake challenges including being a relatively lower-wage economy, dominated by SMEs and primarily servicing the local population.

5. Without a significant increase in demand for new commercial and residential property and the new hospitality and retail offerings, the continued regeneration of the city could easily stall. The transition away from high construction volumes is also negatively impacting on economic growth and employment in the short-term.

6. Our central city has not recovered fully post-quake with employment and population well below pre-quake levels and some newly opened retail and hospitality developments struggling to attract sufficient trade. However, the rebuilding city centre positions Christchurch as city for 21st century living with high quality experiences, public spaces, commercial and residential infrastructure.

7. The interplay of an aging population and disruptive technology will have a significant impact on our workforce – who is employed, how they work and what they do. Christchurch will need to attract, retain and develop talented people who can drive the city’s future prosperity.

Achieving our ambitions

8. In the immediate term, Christchurch must generate the additional economic activity needed to continue to drive the regeneration, particularly of the central city, and to offset the impact of lower construction volumes.

9. Christchurch must evolve its economic offering to remain relevant in a rapidly changing world. Christchurch needs to identify and develop the new globally relevant growth industries which build on our economic strengths, which include engineering, building design, manufacturing, air and space transport, health services and servicing a strong regional agricultural sector.

10. There is also an opportunity to further leverage our geographical strengths to develop a stronger city profile as a basecamp for exploration in many forms, whilst continuing to grow civic pride, attractiveness and confidence.
## Part 3: Group Governance & Financial Performance Targets

<table>
<thead>
<tr>
<th>Financial Objectives</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Financial performance of CNZ Holdings Ltd and its subsidiaries meets shareholder expectations (budget).</td>
<td>Group meets or exceeds budgeted key performance measures.</td>
</tr>
<tr>
<td></td>
<td>2019/20</td>
</tr>
<tr>
<td></td>
<td>$000</td>
</tr>
<tr>
<td>CCC Funding</td>
<td>11,849</td>
</tr>
<tr>
<td>Third Party Revenue **</td>
<td>3,412</td>
</tr>
<tr>
<td>Shareholders’ Funds/Total Assets</td>
<td>73%</td>
</tr>
</tbody>
</table>

*Note: as a Public Benefit Entity with an agreed purpose of economic growth and city economic regeneration, there is no expectation of a dividend distribution to the shareholder.

* ChristchurchNZ Levels of Service and performance measures for 2021/22 will need to be revised downwards in line with the current reduction in Council funding.

** Includes all other sources of revenue

| **2.** The capital structure and funding model of CNZ Holdings Ltd and its subsidiaries is appropriate for the nature of its business. | CNZ Holdings Ltd utilises CCC funding for the objectives as set out in CCC’s Long Term Plan and secures additional funding from appropriate sources to complete specific projects as required. CRIS Ltd provides a source of capital to co-invest in economic stimulation initiatives. The CNZ Holdings Group has a reserves policy that maintains an adequate level of reserves to meet on-going commitments and is updated annually. Subsidiary governance arrangements are reviewed and rationalised as appropriate. |

| **3.** CNZ Holdings Ltd ensure best practice governance | The CNZ Holdings Board maintains and adheres to a best practice governance manual. |

| **4.** CNZ Holdings Ltd will meet shareholder expectations regarding reporting, no surprises and strategic input. | CNZ Holdings and its subsidiaries meet all shareholder reporting expectations. CNZ Holdings and its subsidiaries engage with CCC staff and elected members as required on relevant topics. |

| **5.** Treasury management policies and practices are consistent with best practice. | Treasury Policy is reviewed biennially. |

| **6.** The Accounting Policies of CNZ Holdings Ltd and its subsidiaries are consistent with shareholder requirements and comply with IPSAS. | Annual external audit reviews do not highlight any material issues. |
CNZ Holdings Ltd Group Corporate Governance

The CNZ Holdings Ltd Board of Directors is an independent board appointed by the shareholder on advice from Christchurch City Holdings Limited (CCHL) in accordance with the CCC Director appointments and remuneration policy and a memorandum of understanding (MOU) between the three entities.

CNZ Holdings Ltd is monitored by the Finance & Performance Committee of. Measures monitored are those outlined in the CNZ Holdings Ltd Statement of Intent and agreed Levels of Service within the Long Term Plan.

Our Group Structure

CNZ Holdings Ltd manages its governance of subsidiaries and related entities against the stated purpose of each entity. The CNZ Holdings Board monitors the operational delivery of its subsidiaries through the subsidiaries annual business plans.

ChristchurchNZ Ltd is a wholly owned subsidiary of CNZ Holdings Ltd. ChristchurchNZ Ltd has a common Board with CNZ Holdings Ltd. ChristchurchNZ Ltd is contracted by CCC to deliver economic development services as set out in the Levels of Service in CCC’s Long Term Plan, the details of which are included in Appendix Three of this document.

Canterbury Regional Business Partners Limited is a joint venture between ChristchurchNZ Ltd and the Canterbury Employers Chamber of Commerce. This Joint Venture initiative receives funding from Callaghan Innovation and the Ministry of Business, Innovation and Employment to co-ordinate business capability building and research and development related activities across the Canterbury region.
CRIS Limited is a wholly owned subsidiary of CNZ Holdings Ltd. CRIS provides funding for economic development activity mandated by terms of the Trust Deed for the Canterbury Economic Development Fund (CEDF).

CRIS Ltd has its own Board currently comprised of an independent Chair and executive director. Board advisors are used as appropriate and required with executive support provided in accordance with a Contract for Services with ChristchurchNZ.

**Role of the Board of Directors**

The group’s Boards: CNZ Holdings Ltd (common board with CNZ Ltd) and CRIS Ltd are ultimately responsible for setting the strategic direction of their respective entities, oversight of the management of the company and direction of its business strategy, consistent with the stated purpose of each entity. The Boards are accountable to the shareholder(s) for the performance of the company and will act in accordance with any letter of shareholder expectation received.

The Boards draws on relevant corporate governance best practice principles to assist and contribute to the performance of the CNZ Holdings Group and act in accordance with the guidelines and policies set out in in the organisation’s Governance Manual.

All Directors are required to comply with a formal Code of Conduct which is based on the New Zealand Institute of Directors’ Code of Proper Practice for Directors. The Boards meet at regular intervals throughout the year and as determined by an agreed annual work programme.

**Board Committees**

The Boards may, from time to time, establish committees to assist it in carrying out its responsibilities. For each committee the Boards adopt a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

An Audit and Risk Committee and a Remuneration Committee have been established by CNZ Holdings. CRIS Limited utilises the Audit & Risk committee of CNZ Holdings and receives recommendations from this group in accordance with the Committee Terms of Reference.

The Board is responsible for the oversight of its committees. This oversight includes, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance against its charter.
Delegation of Responsibilities to Management

The Board has delegated management of the day-to-day affairs and management responsibilities for Christchurch NZ to ChristchurchNZ Ltd’s Chief Executive to deliver the strategic direction and goals determined by the Board. CRIS Ltd has a Client Service Level Agreement with ChristchurchNZ for the provision of management, accounting and administrative support.

The CNZ Holdings Board has also developed a statement of their ‘Reserved Powers’.

Directors and Board committees have the right, regarding their duties and responsibilities, to seek independent, professional advice at ChristchurchNZ Ltd’s expense, subject to Board approval.

Board Composition and Fees

The composition of the Board of Directors is determined by the relevant shareholders:

- For CNZ Holdings, this is determined by CCHL under the CCC policy on Council Controlled Organisations (CCO) board appointments. Directors’ fees are reviewed periodically as part of the CCHL process. The Board comprises independent and council directors with an independent Chair. Established practice is for a donation to be paid to the Mayoral Welfare Fund in lieu of payment of Directors Fees to Councillor Directors.

- For CRIS Ltd, the composition of the Board of Directors is determined by the CNZ Holdings Board.

For CRIS Ltd Directors’ fees are set by the shareholder considering advice from CCHL. Board fees are not payable to Executive Directors.

Subsidiary Board Members

All directors of subsidiaries are selected for their commercial expertise and aptitude.

It is established practice for representatives of the subsidiary board and management to meet with CNZ Holdings at least once a year, to discuss the company’s strategic direction and any significant issues that arise. The CNZ Holdings Board also receives such other reports as are necessary to perform its monitoring function; however, CNZ Holdings does not involve itself in the management of subsidiary companies.
Reporting and Monitoring

CNZ Holdings reports quarterly to CCC against its Statement of Intent as well as ChristchurchNZ Ltd’s Levels of Service contract with Council, the details of which are included in Appendix Three of this document. CNZ Holdings expects to meet with and report quarterly to the CCC Finance & Performance sub-committee.

CRIS Ltd reports quarterly to the shareholder on operational and financial results.

CNZ Holdings Ltd Group Accounting Policies

CNZ Holdings Ltd and its subsidiaries are Public Benefit Entities (PBE) for the purposes of financial reporting. The financial statements are prepared in accordance with the PBE Standards Reduced Disclosure Regime for a Tier 2 entity.

The group’s current accounting policies are consistent with New Zealand International Public-Sector Accounting Standards, generally accepted accounting practice and in accordance with the Companies Act 1993 and the Financial Reporting Act 1993 and any amendments thereto.

Distributions

Organisational activity is not for Private Pecuniary Profit.

None of the capital or income of the group shall be paid or transferred directly or indirectly by way of dividend, distribution or otherwise for the private pecuniary profit of any individual. This does not prevent the payment in good faith of reasonable remuneration to any directors or employees of the group, to any other person for services rendered to group in the furtherance of the objectives of the group.

Acquisition/Divestment Procedures

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the parent will only be considered where it is consistent with the long-term objectives of the shareholder.

When the subscription, acquisition or divestment is considered by directors to be significant to the group’s business operations, it will be subject to consultation with the shareholder (CCC). Major transactions as defined in the Companies Act 1993, s 129(2) will be subject to shareholders’ approval by special resolution.

In respect of the subsidiary entity CRIS Ltd, which is an investment vehicle, acquisitions and divestments are subject to the CRIS Ltd Constitution, consistent with the long-term objectives of the CRIS Ltd board and shareholder.
Information to be provided to Shareholders

CNZ Holdings and its subsidiaries will provide information requested by the shareholder in accordance with the requirements of the Local Government Act 2002. CNZ Holdings will disclose as much information on its operations as is practical and consistent with commercial and confidentiality considerations under the covenants of its Statement of Intent with CCC and third-party contractual obligations.

CNZ Holdings and its subsidiaries will operate on a “no surprises” basis in respect of significant shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

As a minimum, shareholder reporting will involve:

1. Annual report and audited financial statements within 90 days of balance date, including reporting against FMA corporate governance principles
2. Annual Report against outcome and performance measures
3. Contribution to CCC Annual and Long-Term Plan preparation and reporting processes
4. A quarterly report including a financial and activity update and information on the health and safety practices, current operational risks that may impact the shareholder and performance of the organisation
5. Half year GAAP compliant financial statements by the 28 February each year

Compensation from Local Authority

CNZ Holdings expects to receive funding from CCC of $11.8m for the financial year beginning June 30, 2019.

The activity undertaken in exchange for the compensation is set out in the CCC three-year Long-Term Plan, as per Appendix Three of this document.

ChristchurchNZ Ltd expects to receive $240,000 from Mackenzie District Council to undertake destination marketing services.

Value of Shareholders’ Investment

The directors estimate that the value of the shareholder investment in the CNZ Holdings Group is approximately $8m. This value is reassessed annually as part of the preparation of the audited financial statements.
Role in the CCC Group and Regional Economy

Commercial relationships within the CCC Group

Wherever possible, CNZ Holdings and its subsidiaries will work with other group companies to benefit the CCC Group and the Canterbury region.

Role in the regional economy

As part of its role for the city and region, CNZ Holdings and its subsidiaries will work proactively with other organisations including regional EDAs and RTOs, the Canterbury Mayoral Forum and the CCC Group to drive regional economic growth. CNZ Holdings recognises the close interdependency between the region’s rural economy and the economic strength of Christchurch.

Whilst the primary focus of ChristchurchNZ is the boundary of Christchurch City Council - our sole shareholder and primary funder - the interdependency of the South Island, Canterbury and Christchurch economies is such that a regional focus is important. As the South Island’s largest economic development agency, ChristchurchNZ is well-placed to offer services and expertise where the activity aligns with our mission, purpose and strategic priorities.

Other Matters Requiring the Approval of the Shareholder

CNZ Holdings and its subsidiaries will bring to the attention of the shareholders:

- Any matters of critical concern, or significant public interest
- Major transactions as defined in the Companies Act
Attestation

Chairperson (Dr Therese Arseneau)
Signed for and on behalf of the ChristchurchNZ Holdings Board of Directors (common Board ChristchurchNZ Ltd)

Chairperson (Roland van Bommel)
Signed for and on behalf of the CRIS Ltd Board of Directors
Appendix One

Prosperity within national and international Wellbeing Framework

The Christchurch Prosperity Framework focuses on enhancing economic wellbeing.

It is not designed to measure all aspects of wellbeing, but rather looks at one aspect of a wider wellbeing framework. The Prosperity framework sits within a cascading set of Wellbeing frameworks – from the United Nations Sustainable Development Goals and Treasury’s Living Standards framework through to the Christchurch City Council’s Community Outcomes framework. This is represented in the diagram below.

Treasury Living Standards Framework prioritises four capitals: Natural, Social, Human and Financial/Physical. The four capitals aim to put sustainable, intergenerational wellbeing at the core of policy-setting. The Prosperity framework is consistent with the Living Standards Framework and considers the value of each capital.

Sitting within a wider framework means that it is important to monitor other aspects of wellbeing alongside the goals of prosperity to ensure, for example, environmental or economic inclusion is not being eroded while prosperity goals are achieved.
Council’s Community Outcomes

The Christchurch City Council, through its Long-Term Plan, has adopted a strategic framework that informs its own work plan as well as its partner agencies, such as ChristchurchNZ, through Letters of Expectation.

<table>
<thead>
<tr>
<th>Community Outcomes</th>
<th>What we want to achieve together as our city evolves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong communities</td>
<td>Strong sense of community</td>
</tr>
<tr>
<td></td>
<td>Active participation in civic life</td>
</tr>
<tr>
<td>Safe and healthy</td>
<td>Safe and healthy communities</td>
</tr>
<tr>
<td></td>
<td>Celebration of our identity through arts, culture, heritage and sport</td>
</tr>
<tr>
<td></td>
<td>Valuing the voices of children and young people</td>
</tr>
<tr>
<td>Liveable city</td>
<td>Vibrant and thriving central city, suburban and rural centres</td>
</tr>
<tr>
<td></td>
<td>A well connected and accessible city</td>
</tr>
<tr>
<td></td>
<td>A range of housing</td>
</tr>
<tr>
<td>Healthy environment</td>
<td>A well connected and accessible city,</td>
</tr>
<tr>
<td></td>
<td>Vibrant and thriving central city, suburban and rural centres</td>
</tr>
<tr>
<td></td>
<td>21st century garden city we are proud to live in</td>
</tr>
<tr>
<td>Prosperous economy</td>
<td>Healthy environment</td>
</tr>
<tr>
<td></td>
<td>Healthy waterways</td>
</tr>
<tr>
<td></td>
<td>Unique landscapes and indigenous biodiversity</td>
</tr>
<tr>
<td></td>
<td>Sustainable use of resources</td>
</tr>
<tr>
<td></td>
<td>Prosperous economy</td>
</tr>
<tr>
<td></td>
<td>Liveable city</td>
</tr>
<tr>
<td></td>
<td>Safe and healthy communities</td>
</tr>
<tr>
<td></td>
<td>21st century garden city we are proud to live in</td>
</tr>
<tr>
<td></td>
<td>Celebration of our identity through arts,</td>
</tr>
<tr>
<td></td>
<td>culture, heritage and sport</td>
</tr>
</tbody>
</table>

**Strategic Priorities**

- Enabling active citizenship and connected communities
- Maximising opportunities to develop a vibrant, prosperous and sustainable 21st century city
- Climate change leadership
- Informed and proactive approaches to natural hazard risks
- Increasing active, public and shared transport opportunities and use
- Safe and sustainable water supply and improved waterways

The strategic purpose of ChristchurchNZ enables us to be a delivery agency for activity that helps Council deliver on a number of its Community Outcomes.

ChristchurchNZ’s activity and strategic purpose has extremely high alignment with the following Community Outcomes:

- Great place for people, business and investment
- An inclusive, equitable economy with broad-based prosperity for all
- A productive, adaptive and resilient economic base
- Vibrant and thriving central city, suburban and rural centres
- 21st century garden city we are proud to live in
- Celebration of our identity through arts, culture, heritage and sport

Our activity and strategic purpose are also highly aligned with the following Council Strategic Priorities:

- Maximising opportunities to develop a vibrant and prosperous and sustainable 21st century city
- Enabling active citizenship and connected communities
- Climate change leadership (through procurement, contracting and The Antarctic Office)

It is important to note, that while ChristchurchNZ does not contribute directly to other Community Outcomes, we recognise the wider strategic context for the city and thus for our agency.
Appendix Two
Christchurch City Narrative

—

Christchurch City of Opportunity

Exploration is part of who we are; it is part of what has shaped us.

We are hardwired to challenge the status quo, to imagine, explore and discover what’s next.

Christchurch is a city founded on that spirit; our history was built on it.

And our future will be created by it.

For the people of our city the opportunity is to:

Explore new ways of living, connected communities, work life balance and a city of new and old surrounded by nature.

For our visitors the opportunity is to:

Explore new horizons, a vibrant city of contrast, ancient landscapes, our amazing backyard from the mountains to the sea.

For investors the opportunity is to:

Explore fresh thinking, the not yet known, the intersection of creativity and commerce.

Prototype and explore ideas at a civic scale in our test-bed city.

For all of us Christchurch is about exploring new opportunities:

Between people and people, between people and place, between people and new ideas, which will shape what’s next, between our past, present and future.

Narrative by Audience

Residents: “The spirit of exploration has shaped who we are as a people.”

Life is good here. We have a lively culture and we’re surrounded by nature, both within our active city and in the rugged landscapes beyond the city centre. Our spirit of exploration helps us connect to our ancestral past, find balance in how we get the most from life in the present and grow our future through new ways and ideas that benefit our people and place.

Visitors: “Explore New Zealand, start in Christchurch. A vibrant place of contrast.”

I’m drawn to the creativity of this progressive city. There are opportunities to explore the rich cultural history and new ideas developing alongside Christchurch’s peaceful green spaces, as it both rediscovers its past and invents its future at the same time. Beyond, the breath-taking landscapes of the Port Hills and Banks Peninsula beckon to exploring more experiences further afield.
Business: “Doing business in Christchurch is an opportunity to grow by exploring ideas that have future impact.”

Christchurch has an environment which supports and grows innovation for the benefit of the region and country. The city is home to a highly collaborative business community and a critical mass of innovation assets that support and enable innovation and commercialisation to benefit the region and country. A strong education sector that connects like minds and adds to a future focused workforce.

It’s a city where I can explore new ideas, develop new solutions and ways of working. Christchurch provides opportunities for meaningful work, while enjoying a balanced life.

International Education: “Studying in Christchurch is an opportunity to explore new thinking and new horizons.”

Christchurch is inventing its own future, as I explore mine. There is a strong education and research community that connects like minds and adds to a future focused workforce. It’s an energetic and vibrant city where I can explore new ideas and ways of working, find opportunities for meaningful work, while enjoying a balanced life. Beyond, the breath-taking landscapes of the Port Hills and Banks Peninsula beckon to exploring more experiences further afield.

Investors: “The opportunity Christchurch gives us is to explore our ideas at a city scale.”

Christchurch is a city on the cusp of a new era. There’s an existing culture of collaboration and open-mindedness at governance level, as well as an established support structure for innovation and growth. The city’s population of people are grounded in optimism and practicality. There is an opportunity to test out ground-breaking ideas at a city-wide scale, in one of the most open, safe and accessible countries in the world.
Appendix Three

ChristchurchNZ Ltd’s Levels of Service contract with Council

ChristchurchNZ Ltd’s proposed Levels of Service contract is provided in the table below. This will be agreed with Council via the Annual Plan process.

<table>
<thead>
<tr>
<th>PERFORMANCE STANDARD</th>
<th>PERFORMANCE MEASURE</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019/20</td>
</tr>
<tr>
<td>ChristchurchNZ</td>
<td>Strategies are reviewed regularly</td>
<td>CEDS</td>
</tr>
<tr>
<td>provides leadership</td>
<td>Convene city leadership discussions to review progress and recommend actions</td>
<td>2 city leadership</td>
</tr>
<tr>
<td>in inclusive and</td>
<td>towards the 10-year goals</td>
<td>discussions</td>
</tr>
<tr>
<td>sustainable economic</td>
<td>Quarterly Economic Report is produced and available on the ChristchurchNZ website</td>
<td>4 reports</td>
</tr>
<tr>
<td>development for</td>
<td>Christchurch or Canterbury economic research reports completed</td>
<td>At least 6 reports</td>
</tr>
<tr>
<td>Christchurch</td>
<td>Deliver face to face economic update</td>
<td>At least 600 people</td>
</tr>
<tr>
<td>Lead or provide</td>
<td>At least 4 cross-agency or cross-industry working groups designed to deliver actions</td>
<td>4 groups</td>
</tr>
<tr>
<td>significant input</td>
<td>towards the 10-year goals</td>
<td></td>
</tr>
<tr>
<td>into at least 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cross-agency or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cross-industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>working groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Businesses access business support or advice</td>
<td>At least 500</td>
</tr>
<tr>
<td></td>
<td>Net promoter score for business support services</td>
<td>+50 or greater</td>
</tr>
<tr>
<td></td>
<td>Initiatives to support targeted business challenges</td>
<td>At least 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilitate opportunities to secure significant innovative businesses or investment</td>
<td>At least 2 opportunities</td>
</tr>
<tr>
<td></td>
<td>into the city aligned with 10-year goals and priority focus areas</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Support start-up/SME companies aligned with priority focus areas</td>
<td>At least 10 start-up</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SME companies</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>PERFORMANCE STANDARD</th>
<th>PERFORMANCE MEASURE</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019/20</td>
</tr>
<tr>
<td>ChristchurchNZ leads the promotion and marketing of Christchurch and Canterbury to</td>
<td>Christchurch Visitor Industry Situation report produced annually and available on ChristchurchNZ website</td>
<td>1 report</td>
</tr>
<tr>
<td>visitors</td>
<td>At least 50 famis hosted and 10 trade events led or attended in priority markets</td>
<td>50 famis</td>
</tr>
<tr>
<td></td>
<td>10 trade events</td>
<td>10 trade events</td>
</tr>
<tr>
<td>ChristchurchNZ promotes Christchurch and Canterbury as a great place to hold business</td>
<td>Prepare city bids to attract business events to Christchurch</td>
<td>At least 30 bids</td>
</tr>
<tr>
<td>events and conferences</td>
<td>Success rate for business event bid</td>
<td>At least 35% success rate</td>
</tr>
<tr>
<td>ChristchurchNZ attracts, manages and sponsors the delivery of major events</td>
<td>Portfolio of events delivered in line with the Major Events Strategy</td>
<td>Portfolio delivered</td>
</tr>
<tr>
<td></td>
<td>Major Events Seed Funding round delivered per annum</td>
<td>At least 1 funding round</td>
</tr>
<tr>
<td>ChristchurchNZ provides residents and visitors with information about events, activities</td>
<td>Increase social engagement year on year</td>
<td>30% year on year increase</td>
</tr>
<tr>
<td>and attractions on in Christchurch</td>
<td>Increase clicks to ChristchurchNZ website year on year</td>
<td>25% year on year increase</td>
</tr>
<tr>
<td>ChristchurchNZ leads collaborative development and implementation of a city narrative</td>
<td>Monitor month on month narrative toolkit traffic and activity to ensure consistently increasing engagement and usage</td>
<td>Monitor month on month traffic</td>
</tr>
<tr>
<td></td>
<td>Facilitate quarterly stakeholder engagement and business outreach initiative for nurturing city narrative</td>
<td>4 initiatives</td>
</tr>
<tr>
<td>Christchurch Visitor Information Centre provides services that visitors use</td>
<td>Christchurch iSITE visitors</td>
<td>140,000</td>
</tr>
<tr>
<td></td>
<td>Christchurch iSITE visitor e-mail responses</td>
<td>9,100</td>
</tr>
<tr>
<td>iSITE customer satisfaction level</td>
<td>At least 8.5 out of 10</td>
<td>At least 8.5 out of 10</td>
</tr>
<tr>
<td>PERFORMANCE STANDARD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christchurch is recognised by Antarctic programme partners as being a quality Gateway city</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver actions as set out in the Antarctic Gateway Strategy implementation plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TARGETS</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver actions</td>
<td>Deliver actions</td>
<td>Deliver actions</td>
<td></td>
</tr>
</tbody>
</table>
Appendix Four

Christchurch’s Local Government Support Network for investment in built projects

Relationship between agencies for business and investment attraction

- Promote Christchurch to Business and Investors.
- Provide info, data, analysis and insights and conduct familiarisation activity, to support decision making
- Assess opportunity and possible economic benefit and value and provide strategic advice to central and local Government.
- Connect partners to opportunities (public sector, iwi, tertiaries, business)
- Deliver activations and promotion to maximise economic return from private sector investment

- Identify investment and development opportunities
- Provide commercial insights and advice
- Build & maintain investor partnerships
- Deliver Opportunity:
  - Directly, or by
  - Facilitation

- City leadership
- City asset investment
- Regulatory settings / bylaws / plans etc
- External influencer e.g. central govt
- Canterbury Mayoral Forum connection - alignment
25 June 2019

Mary Richardson
A/Chief Executive
Christchurch City Council
PO Box 73016
Christchurch 8154

Dear Mary,

ChristchurchNZ Holdings Ltd Statement of Intent 2019 - 2022

Please find attached the ChristchurchNZ Holdings Ltd’s Statement of Intent 2019 to 2022. The Statement of Intent has been written for the ChristchurchNZ Holdings group and includes subsidiaries ChristchurchNZ Ltd and CRIS Ltd.

The Statement of Intent was approved by the ChristchurchNZ Holdings Ltd Board on 31 May 2019.

Based on shareholder feedback a significant amount of work has been done, as a matter of urgency, to identify appropriate performance measure targets based on the 10 year goals. There are three performance measure targets that the Board are being asked to approve at their next meeting on 3 July (perceptions of Christchurch, employee engagement and health & wellbeing) based on the conclusion of benchmarking research completed in June 2019. An amended SOI with the three approved performance measure targets will be provided by 5 July 2019.

The Board of ChristchurchNZ Holdings Ltd and management of subsidiary ChristchurchNZ Ltd have enjoyed the strong working relationship with the Christchurch City Council over the past year. We seek to provide consistent and transparent information to our shareholder and greatly appreciate the support we receive to carry out economic development and city profile work on behalf of the city.

We look forward to further developing the strength of the relationship over the year ahead, as we continue to work to grow the prosperity of the city for the long-term benefit of the people of Ōtautahi Christchurch.

Yours sincerely

Dr Therese Aresneau
Chair

ChristchurchNZ™

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PO Box 2962, Christchurch 8140
Christchurch 8011, New Zealand
enquiries@christchurchnz.com
Phone: +64 3 379 5575
www.christchurchnz.org.nz
Transwaste Canterbury Limited Group
Statement of Intent
For the three year period ending 30 June 2022

Approved by the Transwaste Canterbury Limited Board on 21 June 2019
## Contents

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<td>The Board’s approach to governance of the Group</td>
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<td>Objectives and performance targets</td>
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<td>14</td>
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<td>8</td>
<td>Dividend policy</td>
<td>15</td>
</tr>
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<td>9</td>
<td>Information to be provided to the shareholders</td>
<td>16-17</td>
</tr>
<tr>
<td>10</td>
<td>Acquisition of shares in any company or other organisation</td>
<td>17</td>
</tr>
<tr>
<td>11</td>
<td>Non-commercial services</td>
<td>17</td>
</tr>
<tr>
<td>12</td>
<td>Estimate of the commercial value of the company</td>
<td>17</td>
</tr>
</tbody>
</table>
1 Introduction

1.1 The Statement of Intent process provides a key opportunity for the shareholders and Directors of Transwaste Canterbury Limited (the Company or Transwaste) to define the Company and its subsidiaries’ path for the next three years. It is prepared in accordance with Section 64 of the Local Government Act 2002. A draft statement is required by Section 64 to be submitted no later than 1 March each year, to the Company’s shareholders.

1.2 The Statement of Intent further defines for the Company and its subsidiaries the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Company and its subsidiaries may be judged in relation to its objectives amongst other requirements. The process of negotiation and determination of an acceptable Statement of Intent is a public and legislative expression of the accountability relationship between the Company and its shareholders.

1.3 The Statement of Intent encompasses the activities of Transwaste Canterbury Limited and each of its subsidiaries (the Group) and covers a three year future period. It is prepared annually by the Transwaste Board, with relevant input from the Boards of the subsidiaries, and negotiated between the shareholders.

2 Objectives

2.1 To operate as a successful, competitive commercial landfill and earthquake demolition waste management and resource recovery business.

2.2 To achieve this, the Group intends to:

(a) achieve sufficient earnings to support the Group’s continued operations and also to return an appropriate risk adjusted return on investment;

(b) be market responsive as regarding the demand for its services in terms of the criteria of quantity, quality and price;

(c) behave in an environmentally aware manner promoting and maintaining the standards of environmental protection applied by the Resource Management Act 1991 and to minimise the impact of its activities on the environment;

(d) act as a good employer;

(e) aim to provide customers with a high level of service, a reliable transport system and competitive prices;

(f) commit to consult with and be sensitive to the concerns of landfill host communities and Tangata Whenua;

(g) promote and maintain standards of health and safety in accordance with all applicable regulations, legislation and including best practice;

(h) act as a good corporate citizen with regard to its business dealings and relations.
(i) deliver the best possible outcomes from the Christchurch demolition and rebuilding programmes through the Burwood Resource Recovery Park (BRRP) operations by facilitating as far as is practicable, the recovery and re-use of valuable and necessary building materials, reducing the volume of residual waste to landfill, and minimising costs through economies of scale.

3 The Board's approach to governance of the Group

3.1 The directors are responsible to the shareholders for the achievement of the objectives of the Transwaste Group in both the short and the longer term. Their focus is to enhance the commercial interests of shareholders and other key stakeholders and to ensure the Group is properly managed. The Board draws on relevant corporate governance best practice principles to assist and contribute to the performance of the Group. The functions of the Board include:

(a) Review and approval of corporate strategies, the annual budget and financial plans.

(b) Overseeing and monitoring organisational performance and the achievement of the Group’s strategic goals and objectives, in particular as outlined in the Statement of Intent.

(c) Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Group’s auditors.

(d) Ensuring there are effective management processes in place and approving major corporate initiatives.

(e) Enhancing and protecting the reputation of the Group companies.

(f) Ensuring the significant risks facing Transwaste and any controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place.

(g) Reporting to shareholders.

(h) Developing appropriate policies for the operation of Group companies including safety, environmental and quality matters.

A description of Transwaste Group’s main corporate governance practices is set out below.

3.2 The Board of Directors

The composition of the Transwaste Board of Directors, including the appointment of a Chairman, is governed by the Memorandum of Understanding between the shareholders. There are no executive directors.

With the exception of alternate directors appointed to the parent company only, the Boards of the subsidiaries are identical to the parent company Board.
3.3 Operations

The Boards have statutory responsibility for the affairs and activities of each company in the Group.

All matters relating to the operation of the Kate Valley landfill and the operation of the transport system have been contracted to Waste Management NZ Limited ("WMNZ") through its Canterbury Waste Services ("CWS") division in accordance with the Memorandum of Understanding and shareholder agreement. CWS reports monthly to the Board on matters including:

(a) Operations management
(b) Financial results and budgets
(c) Compliance with legislation including health and safety regulations and resource consent conditions

The operational structure of the BRRP facility mirrors the approach adopted for the Kate Valley operations, whereby operational matters are contracted to the Canterbury Material Recovery Facilities ("CMRF") division of WMNZ.

The Boards receive regular (generally monthly) reporting in respect of each of the above.

3.4 Committees

The Boards establish committees as appropriate to assist in the execution of their duties and to allow detailed consideration of complex issues. There is currently one committee, being an audit committee comprised of three Transwaste Directors.

The Boards have identified key business risks and developed policies and action plans to manage the risk.

The Audit Committee will monitor progress against an established timetable. In addition, the committee will set the scope and standards with respect to internal controls, accounting policies and the nature, scope, objectives and functions of the external and internal audit. The committee meets as and when required.

All matters determined by committee are submitted to the full Boards as recommendations for Board decision.

3.5 Subsidiaries

The Company has two fully owned subsidiaries, Tiromoana Station Limited and Burwood Resource Recovery Park Limited.

All of the Kate Valley land, including the landfill site, is owned by Tiromoana Station Limited.

BRRP Limited operates a landfill at Burwood to manage the receipt and processing of demolition material arising from the Christchurch Earthquakes.
3.6 Commitment
The Transwaste and BRRP Boards are scheduled to meet eleven times a year. Other special meetings are convened, as required.

3.7 Independent Professional Advice
Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at Transwaste Group’s expense, subject to Board approval.

4 Nature & Scope of Activities
The Group will undertake the following activities:

4.1 Landfill and Transport Activities
(a) The primary activity of the Group is to own and operate a non-hazardous municipal waste regional landfill at Kate Valley in Canterbury, including the haulage of solid wastes from transfer stations throughout the Canterbury region, to meet or exceed world best practice standards and the standards determined by the regulatory authorities;

(b) Contract with Waste Management NZ Limited through its Canterbury Waste Services (CWS) division for the provision of services for the operation of the Kate Valley landfill and the haulage of waste from the transfer stations to the landfill, to ensure provision of high quality landfill operations and solid waste haulage operations economically and efficiently and in compliance with relevant consents;

(c) Offer residual waste management facilities and solutions at all levels in the Canterbury Region, and beyond, including investment in alternatives to landfilling should those alternatives be more environmentally sustainable and cost effective methods of disposal of residual waste (in due course); and

(d) Utilise the landfill gas produced over time from the landfill in an economically and environmentally sustainable manner.

4.2 Land Management Activities
(a) Land Resources
The Group, through its ownership of Tiromoana Station Limited, holds land in addition to that required under the current resource consent conditions for the Kate Valley landfill. The management of the land will continue to be conducted in accordance with the Group’s real estate plan, which seeks to optimise both the utilisation of the land resources for the benefit of landfill operations and the value of the property over time

(b) Forestry
The Group will conduct forestry operations in terms of its long term forestry plan, which is an integral part of the Kate Valley landfill activities.
4.3 Conservation and Education Activities

(a) Conservation Activities

The Group will continue to develop the Tiromoana Bush native forest re-establishment and public recreation concept, including ongoing development and maintenance of both the Tiromoana Bush walkway and the Mt Cass walkway.

(b) Education Activities

The Group will develop appropriate strategies to provide learning resources and contextual learning activities from primary through to tertiary level and to the community.

4.4 Earthquake Waste Management and Burwood Landfill

Own and operate a Christchurch Earthquake demolition waste material management and recovery facility and operate a landfill at Burwood for disposal of residual demolition waste, through the Company’s subsidiary, Burwood Resource Recovery Park Limited (BRRP); and

Contract with WMNZ, through its CMRF division for the provision of services for the operation of the BRRP earthquake waste management facility and landfill to ensure provision of high quality operations economically and efficiently and in compliance with relevant consents.
## Objectives and performance targets for the 2019/20 year

<table>
<thead>
<tr>
<th>Objective in support of Mission Statement</th>
<th>Desired outcomes</th>
<th>Performance measure</th>
<th>Performance target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder interests 5.1</td>
<td>To operate a successful business, providing a fair rate of return to its shareholders</td>
<td>To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets. To effectively operate the consented Burwood Resource Recovery Park (BRRP) through to its closure in December 2019, established to manage the receipt and resource recovery processing of mixed demolition material from Christchurch's earthquakes, to achieve specific commercial performance targets.</td>
<td>As outlined in section 5.9 (For the 2019/20 year) - Total Revenue (exclusive of waste levy) - EBIT - Dividends - Total BRRP Revenue - BRRP EBIT - Dividends</td>
</tr>
<tr>
<td>Objective in support of Mission Statement</td>
<td>Desired outcomes</td>
<td>Performance measure</td>
<td>Performance target</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Healthy environment 5.2</td>
<td>No proven breaches of Resource Management Act consents.</td>
<td>Number of established consent breaches notified during the year or advised by ECan.</td>
<td>Nil.</td>
</tr>
<tr>
<td></td>
<td>Review and update the strategic plan for Tiromoana Bush.</td>
<td>Strategic plan reviewed, updated with Board signoff.</td>
<td>Strategic plan reviewed, updated and actioned</td>
</tr>
<tr>
<td></td>
<td>Kate Valley gas capture &amp; destruction.</td>
<td>% landfill gas captured, calculated in accordance with the regulations to the Climate Change Response Act 2002.</td>
<td>Greater than 90%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective in support of Mission Statement</th>
<th>Desired outcomes</th>
<th>Performance measure</th>
<th>Performance target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative compliance 5.3</td>
<td>To ensure compliance with all relevant legislation and statutory requirements</td>
<td>Annual reporting to Board on areas of compliance and non-compliance. Number of known legislative and regulatory non-compliance</td>
<td>100% compliance in all key areas</td>
</tr>
<tr>
<td>Objective in support of Mission Statement</td>
<td>Desired outcomes</td>
<td>Performance measure</td>
<td>Performance target</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td><strong>Corporate citizenship</strong> 5.4 To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues.</td>
<td>Finance the Kate Valley landfill trust fund (from the Disposal Charge) for the purpose of benefiting the local community immediately affected by the landfill operation. Develop and maintain education material with regard to waste management and the environment. Plan for sites aftercare and closure – financially and revenue streams.</td>
<td>Annual payment to Kate Valley Landfill Community Trust. Modules used in the National curriculum. Adequate provisioning in financial statements for aftercare and closure costs.</td>
<td>To be determined on an annual basis. Modules used by schools. Financial provisioning stand up to audit scrutiny.</td>
</tr>
<tr>
<td>Objective in support of Mission Statement</td>
<td>Desired outcomes</td>
<td>Performance measure</td>
<td>Performance target</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>Service Quality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.5 Meet the present and future needs of the people of Canterbury with high standards of value, quality and service and establish effective relations with customers.</td>
<td>Timely, high quality and reliable waste transport services.</td>
<td>No transfer station is unable to receive waste during its normal operating hours due to Transwaste’s failure to supply containers.</td>
<td>Nil.</td>
</tr>
<tr>
<td></td>
<td>Reliability of access to the Kate Valley landfill.</td>
<td>Proportion of normal transport access hours that landfill is available to waste transporters.</td>
<td>More than 99% of normal annual transport access hours.</td>
</tr>
<tr>
<td></td>
<td>Reliability of access to the BRRP facilities through to closure.</td>
<td>Proportion of normal transport access hours that BRRP is available to demolition contract transporters.</td>
<td>More than 99% of normal annual transport access hours through to 20 December 2019.</td>
</tr>
<tr>
<td></td>
<td>Successful closure of the BRRP facility in accordance with agreements reached with Christchurch City Council (CCC).</td>
<td>To cease all operations and hand back the site to CCC in accordance with agreements reached with CCC.</td>
<td>Site closed and handed back to CCC on agreed terms.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective in support of Mission Statement</th>
<th>Desired outcomes</th>
<th>Performance measure</th>
<th>Performance target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Good employer</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.6 Be a Good Employer, through either direct employment or by way of management contracts with CWS and CMRF.</td>
<td>Ensure CWS/CMRF have objectives and policies that detail the relationship with employees, their remuneration, safety and other issues such as equal opportunity in employment. Ensuring that its employees have secure and rewarding employment which provides the means for personal development.</td>
<td>Combined CWS and CMRF landfill and transport staff annual FTE turnover (excluding disestablished positions arising from the closure of BRRP). CWS and CMRF staff annual hours of training.</td>
<td>Recognise the need to continually refresh staff but targeting no more than 15% annual turnover. 10 hours per FTE annually.</td>
</tr>
<tr>
<td>Objective in support of Mission Statement</td>
<td>Desired outcomes</td>
<td>Performance measure</td>
<td>Performance target</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Consultation and community relations 5.7</td>
<td>Establish and maintain good relations with the local host community of the Kate Valley landfill and Burwood areas and consult with those groups and other interest groups (including Tangata Whenua) on issues that are likely to affect them.</td>
<td>Consult with the host community concerning landfill operations by way of direct communication and via the Community Liaison Group. Liaise with interest groups including Tangata Whenua on an as-required basis and discuss all issues likely to affect them.</td>
<td>Number of Kate Valley Community Liaison group meetings held. Number of BRRP Community Liaison group meetings held. Three interactions with interest groups per year.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective in support of Mission Statement</th>
<th>Desired outcomes</th>
<th>Performance measure</th>
<th>Performance target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Safety 5.8</td>
<td>Strive for zero injury accidents in all operations the Company and its main contractors, CWS and CMRF, will be responsible for, whilst maintaining a high level of service and production.</td>
<td>Ensuring that in all activities the Company and its contractors have Health and Safety Management Plans in place. Maintain Kate Valley public walkways to an acceptable standard, (track maintenance, signage). No traffic incidents where CWS drivers at fault.</td>
<td>TRIFR - Total recordable injury frequency rate for last 12 months. Annual operational plans objectives met. Number of at-fault incidents.</td>
</tr>
</tbody>
</table>
5.9 Financial performance targets

The financial performance targets for the Kate Valley landfill operations of the Group are set out below.

<table>
<thead>
<tr>
<th></th>
<th>2019/2020 $'000</th>
<th>2020/2021 $'000</th>
<th>2021/2022 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue exclusive of waste levy</td>
<td>42,506</td>
<td>42,030</td>
<td>41,958</td>
</tr>
<tr>
<td>EBIT</td>
<td>15,463</td>
<td>15,031</td>
<td>14,882</td>
</tr>
<tr>
<td>Dividends relating to Kate Valley</td>
<td>11,300</td>
<td>10,200</td>
<td>9,900</td>
</tr>
</tbody>
</table>

The financial performance targets for the BRRP operations of the Group are set out below.

<table>
<thead>
<tr>
<th></th>
<th>2019/2020 $'000</th>
<th>2020/2021 $'000</th>
<th>2021/2022 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recognised revenue</td>
<td>1,008</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>(50)</td>
<td>(509)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends relating to BRRP</td>
<td>5,000</td>
<td>5,000</td>
<td>6,500</td>
</tr>
</tbody>
</table>

The forecasted figures for the 2020/2021 and 2021/2022 years are based on existing information. The actual figures will result from future factors largely outside the control or current knowledge of the company and as such, may vary significantly from those forecast.
6 Capital structure

6.1 Ratio

The Group will endeavour to operate with a ratio of consolidated shareholders’ funds to total assets as set out below.

<table>
<thead>
<tr>
<th>Shareholders’ funds to total assets</th>
<th>2019/2020</th>
<th>2020/2021</th>
<th>2021/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61.1%</td>
<td>58.8%</td>
<td>54.6%</td>
</tr>
</tbody>
</table>

The ratios of shareholders’ funds to total assets includes an assumption that BRRP’s retained earnings, after allowing for contingencies and funding requirements, are progressively distributed during the Sol period. This has the effect of an expected reduction in the ratio during the Sol period. This is discussed further in clauses 8.3 and 8.4 under Section 8 Dividend Policy.

6.2 Definition

Consolidated shareholders’ funds are defined as the sum of the amount of paid up share capital, retained earnings, accumulated losses, revenue and capital reserves. The Total Assets are defined as the sum of the net book values of current assets, investments, property, plant and equipment and intangible assets. The items making up the definitions are as disclosed in the Group’s statement of financial position prepared on a consolidated basis and in accordance with generally accepted accounting practice.

6.3 No calls on capital from shareholders are anticipated during the next three year period.

7 Accounting policies

7.1 Transwaste Canterbury Limited has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards and generally accepted accounting practice. The policies are set out in the 2018 Transwaste Canterbury Limited Annual Report. Due to a change in the revenue recognition policy required by new accounting standards, revenue has been reclassified. There is no effect on reported profit.
Dividend policy

8.1 Profit retention and the level of dividend to be paid will be decided from year to year by the Directors in accordance with the results, circumstances prevailing and the requirement to meet the solvency test under the provisions of the Companies Act 1993. The dividend policy objective is to ensure that the amount of the dividend does not limit the Company’s ability to fund future expenditure requirements by itself or with its associates for maintaining and expanding operations in the environmental services business and servicing the Company’s resultant debt structure.

8.2 Subject to clause 8.1, it is expected that 100% of the Parent Company’s Profit for the year, after retention of working capital and/or retention of funds for any other operational needs of the landfill and after tax, in each year will be distributed out of retained earnings unless the Board considers that an investment opportunity in relation to the landfill and transport operations and alternatives to landfilling will provide an appropriate risk adjusted return on investment. An interim dividend may be paid after the half yearly accounts have been considered by the Directors.

8.3 Given the risks around the BRRP operations, including ongoing consenting risks, the Board’s view at the outset was that BRRP retained earnings would in all likelihood only be distributed following completion of the project. Having considered the results of the project to date, the Board approved payment of a $10.0 million interim project dividend during the 2016/17 year and further $5.0 million interim project dividends in each of the following two years.

The project is anticipated to be completed during the 2020/2021 year and the Board considers it is appropriate to indicate further interim project dividends during the Sol period.

8.4 Indicative dividends to shareholders are set out below

<table>
<thead>
<tr>
<th></th>
<th>2019/2020</th>
<th>2020/2021</th>
<th>2021/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative dividends (relating to Kate Valley operation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Final from prior year</td>
<td>6,100</td>
<td>5,200</td>
<td>5,000</td>
</tr>
<tr>
<td>- Interim for current year</td>
<td>5,200</td>
<td>5,000</td>
<td>4,900</td>
</tr>
<tr>
<td>Total</td>
<td>11,300</td>
<td>10,200</td>
<td>9,900</td>
</tr>
</tbody>
</table>

| Indicative project dividends (relating to Burwood Resource Recovery Park operation) |           |           |           |
| - Interim project dividends   | 5,000     | 5,000     | 6,500     |
9 Information to be provided to the shareholders

9.1 Statutory information requirements

Annual Statement of Intent

No later than 1 March of each year the Board will provide a draft Statement of Intent in accordance with Section 64 of the Local Government Act. The Directors will consider comments from the shareholders on the draft Sol made within two months and not later than 30 June of each year shall deliver the final Sol to the shareholders.

Half Yearly Accounts

Within two months after the end of the first half of each financial year the Board will deliver an unaudited half-yearly report to the shareholders. The consolidated financial statements will be the same as required under Section 69 for annual financial statements. This will consist of:

(a) report on the operations of the Company during the financial period;

(b) financial statements prepared in accordance with generally accepted accounting practice;

(c) comparison of the performance of the organisation and its subsidiaries with the statement of intent, together with an explanation of any material variations; and

(d) a dividend recommendation for the period to which the report relates.

Annual Accounts

Within three months after the end of each financial year, the Board will deliver an annual report to the shareholders. The content of the report will be pursuant to Sections 67 to 69 and will consist of:

(a) report on the operations of the Company during the financial period;

(b) financial statements prepared in accordance with generally accepted accounting practice;

(c) comparison of the performance of the organisation and its subsidiaries with the statement of intent together with an explanation of any material variations;

(d) a dividend recommendation for the period to which the report relates; and

(e) Auditors’ Report on the above financial statements and the performance targets and other measures by which the performance of the Company has been judged in relation to objectives.
Annual Review

The Board will produce an Annual Review for all stakeholders, including the general public. The Annual Review will be in a format suitable for easy reading and widespread dissemination, and consist of:

(a) A Chairman’s review and information on governance and management.
(b) A section on economic performance for the preceding financial year.
(c) A section on Social Performance for the preceding financial year.
(d) A section on environmental performance for the preceding financial year.

9.2 Other information

The Group will disclose as much information on its operations as is practical and consistent with commercial and confidentiality considerations. The Group will endeavour to operate on a “no surprises” basis with regard to all issues of relevance to shareholders.

10 Acquisition of shares in any company or other organisation

10.1 All share investment proposals will be considered by the Directors and any decision to invest in or divest in shares in another Company or other organisation will be made by the Directors, in accordance with the Constitution, after discussion with or approval by the shareholders as appropriate.

11 Non-commercial services

11.1 At the request of one or more of the shareholders, the Company may undertake activities which are not consistent with normal commercial objectives. A specific subsidy where necessary will be sought to meet the full commercial cost of providing such activities.

11.2 No requests for the provision of non-commercial services have been received from the shareholders.

12 Estimate of the commercial value of the company

12.1 The directors estimate that the commercial value of the shareholders’ investment in the Group is at least that which is stated as “shareholder equity” in the latest available audited financial statements. This value is reassessed annually as part of the preparation of the audited financial statements.
Canterbury Regional Landfill Joint Committee
P O Box 73013
CHRISTCHURCH  8140

Attention: Petrea Downey, Committee Advisor

24 June 2019

Transwaste Canterbury Limited
Statement of Intent ("Sol") 2019/2020 to 2021/2022

Dear Petrea

On behalf of the board of Transwaste Canterbury Limited, we enclose the finalised Sol for the period 2019/2020 to 2021/2022.

We have forwarded the Sol to the Landfill Joint Committee as the representative of the TLA Shareholders. We advise that we have also forwarded the Sol to Waste Management NZ Limited.

Following receipt by the Company of comments from the shareholders on the draft Sol, and finalisation of the 2019/2020 budgets, the Board has approved the following updates to the draft, which are incorporated in the finalised document attached:

1. The financial performance targets in clause 5.1 have been updated based on the budgets for 2019/2020

2. Ratio of Shareholders Funds to total Assets in clause 6.1 has similarly been updated

3. Clause 5.9 has been inserted to provide forecast financial performance targets for 2020/21 and 2021/22, bearing in mind that these numbers are subject to potentially significant variance

4. Indicative dividends in clause 8.4 have been updated to reflect the adopted budgets. The dividends for each year are allocated between interim and final dividends for the Kate Valley operations along with indicative dividends relating to the Burwood Resource Recovery Park project for each year.
As mentioned in our letter dated 22 February 2019 accompanying the draft Sol, the Board will be considering the inclusion of measuring the impact of environmental and sustainability matters including the group carbon footprint for next year’s Sol.

**Updates from the draft Statement of Intent**

The specific changes can be summarised as follows:

1. **Overall forecast waste volumes to Kate Valley have been adjusted down for FY20 based on current trends and expected economic outlook.** The majority of the forecast changes in volumes relate to reductions in forecast high density contaminated waste receipts, following higher than expected levels during the 2019 year.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tonnes to KV landfill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft</td>
<td>305,000</td>
<td>297,000</td>
<td>292,000</td>
</tr>
<tr>
<td>Final</td>
<td>300,000</td>
<td>297,000</td>
<td>289,000</td>
</tr>
</tbody>
</table>

2. **Waste receipt charges:** The indicative pricing for 2019/2020, as provided to customers on 4 December 2018 and included in the draft Sol, showed an estimated increase in landfill disposal charges of $3.78 or 3.4%, with the increase relating to increased operating costs as measured by a customised index produced by Statistics New Zealand. There was no increase for the year relating to the estimated impact of Emissions Trading Scheme (ETS) costs. After careful consideration following the annual budgeting process, the Transwaste Board resolved to apply an increase of $3.71, which was advised to customers in letters dated 23 May 2019. The final small change in pricing related to the updated index.

   With regard to the ETS costs, we reiterate the undertaking by Transwaste that, over time, it will not profit from the ETS and will only charge its actual costs. As a result of estimates in pricing that have to be made prior to actual ETS costs being known, pricing adjustments are required from year to year to realign the net ETS cost. Through a combination of recent significant increases in the purchase cost of carbon units and the phased removal by Government of concessions from 1 January 2017, the ETS component of the landfill disposal charge is increasing to levels more in line with those expected when the ETS was introduced and we expect that increased ETS costs will feature in future pricing movements.

3. **In line with the finalised forecast total tonnes of waste to landfill at Kate Valley not changing significantly from the draft Sol levels, dividends in the finalised Sol have not moved significantly.** The 2020 dividend includes a higher final dividend from 2019 than initially forecast due to the higher than expected special and high density waste receipts over the latter part of 2019, the profit from which is distributed with the final dividend early in the 2020 year.

(2)
<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid during the financial year (Kate Valley operations)</td>
<td>Draft</td>
<td>10,700</td>
<td>9,900</td>
</tr>
<tr>
<td></td>
<td>Final</td>
<td>11,300</td>
<td>10,200</td>
</tr>
</tbody>
</table>

4. The anticipated project results for BRRP have not changed significantly since the draft Sol was prepared and the decision conveyed to customers to cease accepting earthquake waste in December 2019. The pattern of dividends to distribute retained earnings has been maintained, with the exception that the indicative dividend for the 2022 year is projected to clear all remaining funds other than a contingency of $5.0m to be retained for a further period.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid during the financial year (Burwood Resource Recovery Park project)</td>
<td>Draft</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Final</td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

5. The ratio of shareholders funds to total assets shows a similar pattern of reduction as the draft Sol, as BRRP earnings are distributed each year.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Funds to Total Assets</td>
<td>Draft</td>
<td>64.2%</td>
<td>61.3%</td>
</tr>
<tr>
<td></td>
<td>Final</td>
<td>61.1%</td>
<td>58.8%</td>
</tr>
</tbody>
</table>

As noted in previous discussions and correspondence with the Committee, Kate Valley pricing decisions are made annually for the ensuing year: the projected results which form the basis of the Sol information for 2020/21 and 2021/22 reflect the Board’s current assumptions on likely pricing in the 2021 and 2022 years, which is yet to be reviewed and determined.

If you have any queries on the above, please do not hesitate to contact the writer.

Yours faithfully
Transwaste Canterbury Limited

Gill Cox
Chairman

(3)
15. Rod Donald Banks Peninsula Trust - Final Statement of Intent for 2019/20 and review of future activities

Reference: 19/750584
Presenter(s): Linda Gibb - Performance Advisor

1. Purpose of Report
   1.1 This report provides advice on the Rod Donald Banks Peninsula Trust's (the Trust's) final Statement of Intent (SOI) for 2019/20 and a proposed working group of Council and Trust representatives to provide advice on the Trust’s potential future activities and funding.

2. Staff Recommendations
   That the Finance and Performance Committee of the Whole:
   
   1. Notes that the Rod Donald Banks Peninsula Trust's final Statement of Intent for 2019/20 was received before 30 June 2019 in accordance with clause 3 of the Local Government Act 2002.
   
   2. Notes that the final Statement of Intent should be available on the Rod Donald Banks Peninsula Trust’s website or can be provided by staff on request.
   
   3. Directs Council staff to form a joint working group with representatives of the Rod Donald Banks Peninsula Trust to develop options for the Rod Donald Banks Peninsula Trust’s future activities and funding implications. A report to the Social Community Development and Housing Committee will advise on the membership of the joint working group, the project’s objectives, a project plan and timeline, and Terms of Reference.

3. Key Issues
   
   Final Statement of Intent
   
   3.1 At its meeting on 4 April 2019, the Finance and Performance Committee reviewed the Rod Donald Banks Peninsula Trust’s draft SOI. It accepted the draft SOI without comment.
   
   3.2 The draft SOI was finalised and forwarded to the Council by 30 June, in accordance with clause 3 of schedule 8 of the Local Government Act 2002.
   
   3.3 Clause 7 of schedule 8 of the LGA requires the board to make the final SOI available to the public within one month after the date it is delivered to shareholders. CCOs generally publish the SOIs on their websites. Alternatively staff can provide the Trust’s final SOI upon request.
   
   3.4 The final SOI has had one change from the draft, which is the inclusion of commentary about the Trust’s future, given its funding will be exhausted by 2020 as follows:

   RDBPT has informed the Council that in completing its current projects the Trust is likely to deplete its capital below the level where it can operate by 2021/22 financial year. It has therefore requested that the Council set up a joint working party to determine common goals and associated funding and sequencing, and provide the Trust with early certainty regarding its continuation as a CCO through replenishing its funds in the 2021 Long Term Plan.

   Working group
3.5 The Trust presented its strategic plan and options for its future to Council on 13 June 2019. A formal resolution is required to set up a working group of Trust and Council representatives to undertake the work necessary to make recommendations to the Council on the Trust’s future.

3.6 The members of the working group, its objectives, project timeline and a Terms of Reference is being developed by the Council’s Parks’ team. It will report to the Social Community Development and Housing Committee as and when appropriate.

3.7 The Trust has advised that it wishes to attend the Finance and Performance Committee meeting to present its final SOI. Staff have advised the Trust that its presentation must be solely contained to the matter at hand - the SOI.

Retirement of Mr Simon Mortlock

3.8 Mr Simon Mortlock has stepped down as Chair and trustee from the Trust board following completion of his third term. A letter will be sent to Mr Mortlock acknowledging his work over the years.

3.9 The Trust is an exemplar of succession planning. It brought on the current Deputy Chair, Ms Maureen McCloy in mid-2018 to facilitate the transition in leadership necessitated by Mr Mortlock’s retirement.

3.10 At the time when Council is asked to take decisions on the Trust’s future, recommendations will be made for new trustee appointments.

Attachments

There are no attachments for this report.

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:
   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council’s significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Linda Gibb - Performance Monitoring Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved By</td>
<td>Len Van Hout - Manager External Reporting &amp; Governance</td>
</tr>
<tr>
<td></td>
<td>Diane Brandish - Head of Financial Management</td>
</tr>
<tr>
<td></td>
<td>Carol Bellette - General Manager Finance and Commercial (CFO)</td>
</tr>
</tbody>
</table>
16. Christchurch City Holdings Ltd - Final Statement of Intent for 2019/20

Reference: 19/794917
Presenter(s): Leah Scales - Chief Financial Officer, Christchurch City Holdings Ltd

1. Purpose of Report
   1.1 This report provides Christchurch City Holdings Ltd’s (CCHL’s) final Statement of Intent (SOI) for 2019/20 and notes the changes between it and previous SOIs.

2. Staff Recommendations

   That the Finance and Performance Committee of the Whole:

   1. Notes Christchurch City Holdings Ltd’s final Statement of Intent, 2019/20 was received before 30 June 2019 in accordance with clause 3, schedule 8 of the Local Government Act 2002.

3. Key Issues

   3.1 Clause 3(b) of schedule 8 of the Local Government Act 2002 requires the board of a Council-controlled organisation to deliver the completed SOI to shareholders on or before 30 June each year. The final SOIs for 2019/20 were received before 30 June.

   3.2 CCHL’s final SOI is at Attachment A, and its advice of the changes from the draft SOI is at Attachment B. The SOIs for the subsidiaries are available on each subsidiary’s website, or can be accessed via CCHL’s website.

Business planning

   3.3 The CCHL group undertakes its annual business planning process early in each calendar year, but it is not completed in time for financial projections to be finalised for reporting. The forecasts in the draft SOIs are best estimates based on previous SOI forecasts supplemented with information known at the time that the documents are prepared. As a consequence, generally some change in the forecasts is expected in the final documents.

   3.4 In the Letter of Expectations for 2019/20 to CCHL, shareholders requested that the Group completes business planning in time for final financial forecasts to be included in the draft SOIs. CCHL has advised staff that it would need to start the process earlier, which means being further distanced from the period to which the forecasts relate. While this is no different from the approach followed by Council, CCHL has the added complexity of the additional layers of relationships within CCHL’s structure that need to be managed throughout the business planning and SOI development processes.

   3.5 In considering changes to the final SOI, we consider the draft document does not provide the best comparator given the advice above. Therefore, we have included a comparison with last year’s final SOI’s projections to provide a full picture of movements in forecast profitability.

Final SOI compared to Draft and prior year SOIs

   3.6 The Council did not request any changes in the final SOIs for the group. The regular engagement between Council and CCHL throughout the year has provided useful opportunities for Councillors’ views to be heard directly.
3.7 The table below show the changes in CCHL’s NPAT forecasts:

<table>
<thead>
<tr>
<th>NPAT forecast</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior year Final SOI (2018/19)</td>
<td>89</td>
<td>95</td>
<td>-</td>
</tr>
<tr>
<td>Current year Draft SOI (2019/20)</td>
<td>89</td>
<td>101</td>
<td>105</td>
</tr>
<tr>
<td>Difference</td>
<td>-</td>
<td>+6</td>
<td>-</td>
</tr>
<tr>
<td>Current year Final SOI (2019/20)</td>
<td>92</td>
<td>117</td>
<td>113</td>
</tr>
<tr>
<td>Difference (draft to final)</td>
<td>+3</td>
<td>+16</td>
<td>+8</td>
</tr>
<tr>
<td>Year on year</td>
<td>+3</td>
<td>+22</td>
<td>-</td>
</tr>
</tbody>
</table>

3.8 The key driver of changes in forecasts is the ongoing reduction in the cost of debt as interest rates continue to drop. The impact on the forecasts is a sequence of changes stimulated by the lower cost of debt. This is seen particularly in 2020/21 as lower interest costs have reduced the expense and have led to changes in the timing of capital investment (some may be brought forward, which is revealed by a lower increase in NPAT in 2019/20 and some may be deferred) and refinancing Enable’s debt at a lower rate than expected at the expiry of the Crown Infrastructure Partners’ interest-free loan.

3.9 The completion of business planning has led to some relatively minor upward revisions to forecast NPAT across the Group, in particular Orion and Lyttelton Port. These increases are mostly derived from changes in key contracts for which negotiations were completed in the last quarter of 2018/19 and from expected changes in regulations.

3.10 Dividend distribution forecasts are as follows:

<table>
<thead>
<tr>
<th>Dividend projection</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final SOI dividend (2018/19)</td>
<td>45.1</td>
<td>51.0</td>
<td>-</td>
</tr>
<tr>
<td>Draft &amp; Final SOIs (2019/20)</td>
<td>48.3</td>
<td>51.0</td>
<td>51.8</td>
</tr>
<tr>
<td>Difference</td>
<td>+3.2*</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

3.11 The only change in the dividend distribution forecasts is the increase of $3.2 million in 2019/20. This reflects a deferral of the special dividend from 2018/19 to 2019/20 to support funding for EcoCentral’s processing fee from 2018/19, as requested by Council staff.

3.12 The increase in projected profitability for the Group, particularly in 2020/21 does not bring about an increase in forecast dividends to the Council. This is because the financial strategy agreed between CCHL and Council in 2017 provides for CCHL to maintain dividends at levels consistent with the Long Term Plan’s projections. This allows for more certainty on revenue for Council in an environment when timing of capital programmes was being finalised. In addition CCHL looks to repay the debt it incurred to enable the release of $440 million over the last three years to its shareholder.

3.13 In its report, CCHL advises key changes in non-financial performance measures for Christchurch International Airport Ltd and Enable Services Ltd relating to environmental sustainability, and for EcoCentral working towards creating a more resilient company.

3.14 CCHL has undertaken a lot of work with its subsidiary entities over the past several years to encourage their development of sustainable business plans and environmental strategies. We will look for an opportunity later in the year for CCHL to showcase that work, together with the other community benefit activities undertaken by the Group.
Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>CCHL Final SOI 2019/20</td>
<td>148</td>
</tr>
<tr>
<td>B</td>
<td>CCHL report to shareholders on changes in final SOIs from draft SOIs 2019/20</td>
<td>167</td>
</tr>
</tbody>
</table>

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
   (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
   (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Author</td>
<td>Approved By</td>
</tr>
<tr>
<td>Linda Gibb - Performance Monitoring Advisor</td>
<td>Len Van Hout - Manager External Reporting &amp; Governance</td>
</tr>
<tr>
<td></td>
<td>Diane Brandish - Head of Financial Management</td>
</tr>
<tr>
<td></td>
<td>Carol Bellette - General Manager Finance and Commercial (CFO)</td>
</tr>
</tbody>
</table>
Christchurch
City Holdings
Limited

STATEMENT OF INTENT

FOR THE YEAR ENDING 30 JUNE 2020
Introduction

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI sets out for Christchurch City Holdings Limited (CCHL) and its subsidiaries the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives.

The SOI is a public and legally required document, reviewed and agreed annually with its shareholder, the Christchurch City Council, and covers a three year period.

CCHL is recognised as a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

Nature and scope of our activities

CCHL is the commercial and investment arm of the Council. It was incorporated on 12 May 1993 to act as the holding company for the Council’s commercial investments. As a result, it is a council controlled organisation under the Local Government Act 2002.

CCHL has eight direct Operating Subsidiaries, being Orion New Zealand Ltd (Orion), Christchurch International Airport Ltd (CIAL), Lyttelton Port Company Ltd (LPC), Enable Services Ltd (ESL), City Care Limited (Citycare), Red Bus Limited (Red Bus), EcoCentral Limited (EcoCentral) and Development Christchurch Limited (DCL). Six of these are 100% owned, the other two are majority owned by CCHL, being Orion (10.725% owned by Selwyn District Council) and CIAL (25% owned by the Crown).

CCHL’s mission is to support the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable. CCHL’s approach is to work with the Council to identify infrastructure needs of the region not being filled by the private sector or existing Council operations. This led to the establishment of entities such as ESL and DCL. This approach has resulted in CCHL and the Council (through its ownership of CCHL) owning a valuable portfolio of trading companies with strategic assets.

Continuing with this approach may result in CCHL’s portfolio changing over time to meet the Christchurch region’s infrastructure needs.

Objectives

The core role of CCHL is to monitor the Council’s existing investments, which largely service the region’s existing infrastructure needs. The general objective of the CCHL investments are to deliver strong financial returns and dividends to the Council.

CCHL is mindful of the significant investment by the Council in its operations, and of the need to preserve and grow shareholder value and the level of dividends to the Council.

In light of the above, CCHL’s objectives are as follows:
Governance Best Practice
- To encourage exemplar leadership and best practice governance of our subsidiaries by recommending diverse Boards that have the appropriate mix of industry, sector, strategic, community focus and technical skills.

Financial Returns and Enhanced Shareholder Value
- To build the financial strength of CCHL through appropriately directed commercial investment, in a manner consistent with the approach set out in the acquisition/divestment policy and through efficient financial practices.
- To encourage and facilitate the subsidiary companies to increase shareholder value and regional prosperity through growth, investment and dividend payments.

Reporting and Monitoring the Investment Portfolio
- To advise the Council on strategic issues relating to its trading investments including, but not limited to, ownership structures, capital structures and rates of return.
- To encourage intra-group cooperation.
- To monitor the performance of each subsidiary against their stated economic, environmental and social performance objectives and against relevant industry benchmarks.
- To perform functions required by the Council which include:
  - Grouping together the Council’s ownership of its subsidiary companies;
  - Separation of the subsidiary companies from the ordinary operations of the Council;
  - Smoothing the cash flows to the Council from its subsidiary companies;
  - Enabling diversification of the City’s income streams for the benefit of ratepayers; and
  - Encouraging CCHL Group subsidiaries to focus on achieving the expectations set out in the shareholder letter of expectation.
Community, Social and Environmental Outcomes

- To identify, in conjunction with relevant parties, present and future regional infrastructural needs, and to support the establishment and maintenance of resilient infrastructure in Christchurch and Canterbury.

- To seek, on behalf of the Council, investment opportunities that have the potential to enhance the economic, social and environmental well-being of the region, to provide an adequate return, and to meet the strategic objectives of the Council. In order to balance these objectives, CCHL may in appropriate circumstances accept a lower return or slower route to profitability.

- To Support the Council’s Strategic Priorities as outlined in their Strategic Framework and encourage our subsidiaries to focus on those that are relevant to them to provide leadership for the city. Strategic Priorities include:
  - Enabling active citizenship and connected communities
  - Maximising opportunities to develop a vibrant, prosperous and sustainable 21st century city
  - Climate change leadership
  - Informed and proactive approaches to natural hazard risks
  - Increasing active, public and shared transport opportunities and use
  - Safe and sustainable water supply and improved waterway.

- To manage the expectations that some of our subsidiaries are not owned wholly for commercial gain, and balance the optimal mix of commercial and community benefits.

- To promote within the group:
  - Social and Corporate responsibility;
  - Rigorous health, safety and wellbeing management and reporting;
  - Sound and equitable employment practices in accordance with the CCHL policy on Diversity & Inclusion;
  - The need to show significant restraint in terms of the level of executive remuneration, and achieve greater equitable relativity within our companies.
  - Environmental sustainability in accordance with the CCHL policy on Sustainability;
  - Innovative practices with specific emphasis on disruptive or new technologies
  - A community focus; and
  - Taking other initiatives at the request of the Council

Nature and scope of activities

The company was established in May 1993 to act as the holding company for the Council’s commercial investments.

The CCHL group structure is summarised as follows:
CCHL also holds 100% of the shares in four shelf companies. These companies have no assets or liabilities and are non-trading, but have the potential to be activated in the future subject to prior consultation with the Council.

CCHL exercises its role in relation to it’s objectives through a variety of means, including:

- **Letters of Expectation** – sent by CCHL to each Operating Subsidiary each year, setting out CCHL’s shareholder expectations for the subsidiaries’ scope of activity and financial performance.

- **Statements of Intent (SOI)** – each Operating Subsidiary is a Council-controlled trading organisation under the Local Government Act 2002, so must produce an annual SOI setting out its operational and financial intentions. Although SOIs are adopted by each subsidiary without requiring formal CCHL approval, they provide CCHL with the opportunity to review the subsidiary’s intentions and raise any matters of concern in advance.

- **Routine monitoring** – each Operating Subsidiary provides formal quarterly reporting to CCHL for review, including operational performance and progress against SOI targets. Full financial statements are required semi-annually for consolidated reporting purposes, with audited financial reporting required annually. 3 year business plans are also provided annually.
• **Appointment of directors** – CCHL selects and appoints all directors to its subsidiaries following approval by Council, except for Orion and CIAL where the minority shareholders have certain appointment rights. In addition CCHL has the ability to remove its appointed Operating Subsidiary directors as it sees fit.

CCHL may provide debt funding to a subsidiary company on agreed terms, subject to meeting the requirements of the CCHL Master Trust Deed and funding facility agreements.

**Activities of the subsidiary companies are as follows:**

**Orion New Zealand Ltd (Orion)**

CCHL acquired its 89.275% stake in Orion from the Council in 1993. The remaining 10.725% is held by the Selwyn District Council. Orion originally carried out electricity retail and distribution activities, but sold its electricity retail activities following the energy industry reforms introduced in 1998.

Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur’s Pass. It has approximately 200,000 customer connections, and is NZ’s third largest electricity distribution business (EDB) when compared on line revenue, asset size and system length (km).

Orion also owns the electrical contracting business Connetics Limited. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers. Connetics employs approximately two thirds of the Orion group employees and comprises approximately 2% of the Orion group’s operating assets. Connetics is a strategically owned asset for Orion, as it undertakes approximately half of Orion’s network fieldwork and it is an important part of Orion’s emergency response capability.

Maintaining a resilient network that provides continuity of supply, and working with the community to establish an effective way forward with disruptive technologies impacting on their business are the key priorities for Orion over the next few years.
**Christchurch International Airport Ltd (CIAL)**

Christchurch Airport first opened as a commercial airport in 1939 as a division of the Council. CIAL was incorporated in 1988 to operate the airport business. Primarily, CIAL is responsible for the efficient and safe operation of the Airport, while aiming to provide the Airport’s diversity of users with modern, appropriate and efficient facilities and services.

CCHL acquired its 75% stake in CIAL from the Council in 1995. The remaining 25% stake is held by the Crown. The Airport is located 10 kilometres northwest of Christchurch city centre, on the western city development edge and is a critical piece of national and regional infrastructure. As the gateway for Christchurch and the South Island, the Airport is NZ’s second largest airport based on passenger numbers and the busiest and most strategic air connection for South Island trade and tourism markets.

CIAL has a land holding of approximately 1,000 hectares (including the Airport). While this land is held for airport purposes, land not needed for immediate aeronautical and terminal activity has been identified in CIAL’s Master Plan for commercial property development. Business risk diversification through property growth underpins the long term competitive position of CIAL’s aeronautical services and derisks CIAL against aviation volatility which can impact profitability. Key initiatives for CIAL continues to be focused around Planes, Passengers and Property, as it continues to balance its core purpose of providing airport services with ensuing stability to its income streams by being a landlord.

**Lyttelton Port Company Ltd (LPC)**

The first port at Lyttelton was established in 1849. LPC was established in 1988 under the Port Companies Act 1988 to take over the Port’s commercial role including the land, assets and facilities. CCHL acquired the Council’s shares in 1995, and in 1996 LPC was listed on the NZX main board, following the decision by Hurunui and Selwyn District Councils to sell their shares. The following year the other regional authorities followed suit, resulting in CCHL being the largest shareholder with 65%. CCHL continued to acquire shares over the years, until October 2014 when it acquired the remaining shares to achieve 100% ownership, and delisted LPC.

Lyttelton Port is the South Island’s largest port by volume and the third largest container port in NZ processing over 400,000 TEUs (20-foot equivalent units) of containerised cargo in FY17 (its highest annual volume).

LPC’s revenue is received from shipping and shipping related services, including stevedoring and cargo handling for a diverse range of cargo. It owns two Inland Ports which improve the
Port's connectivity for South Island trade – CityDepot is located 6 kilometres from Lyttelton, and MidlandPort at Rolleston which provides a direct daily rail link with the Lyttelton Port.

Implementation of the Port Recovery Plan approved in November 2015 is the key priority for Lyttelton Port over the next few years.

![Image of Port](attachment:A)

**Enable Services Ltd (ESL)**

ESL was established in February 2007 by CCHL to investigate the opportunity of developing a fibre optic network covering key public and private business locations throughout greater Christchurch. ESL participated in the Government’s partner selection process and, in conjunction with CIP, established ENL in May 2011. ESL was then awarded the Ultra-Fast Broadband contract to build and operate a fibre optic network for greater Christchurch.

The completed network will extend across greater Christchurch and to a number of towns in the Waimakariri and Selwyn Districts. The network build was completed in May 2018, eighteen months ahead of its contractual requirement.

Enable Services owns the shares of Enable Networks Ltd, meaning the city of Christchurch now controls ownership of its fibre network.

![Image of Enable Services](attachment:A)
City Care Ltd (Citycare)
Citycare was formed in 1999 to acquire the Works Operations Unit of the Council. At that time Citycare was a company operating solely in Christchurch, providing services to the Council only. CCHL acquired the shares in Citycare from the Council in 2002.

In 2002, Citycare entered into the Auckland market, through an acquisition. Since then the Citycare group has grown and matured into a leading national provider of construction, maintenance and management services for parks, public gardens, sports fields, cemeteries, waterways, coastal areas, buildings and public facilities, roading networks and water, wastewater and stormwater networks. Citycare provides these infrastructure services from 17 locations throughout the country.

Citycare is structured into three sectors: Water, Property, and Civil, to differentiate the specific specialist services each sector offers.

Citycare will continue to drive growth through its core business units, with a main focus on customer acquisition, delivering operational excellence and continuing to build on its strong health and safety culture.

Red Bus Ltd
Red Bus was established in 1991 after the transport industry was deregulated. CCHL acquired Red Bus from the Council in 1995. It operates urban and school bus routes within Christchurch city and tourism and coach services across the South Island.

Red Bus’s primary revenue is from fixed income contracts for its urban routes with Environment Canterbury and is not driven by passenger numbers. In 2015 Red Bus established Red Travel, a division that provides coach and tourism services, initially supplying the local regional community.

In 2016, Red Travel was boosted by the acquisition of Aaron Travel, a tourism company with 10 coaches increasing the Red Travel fleet to 24 vehicles.
EcoCentral Ltd

In 1997, the Council established a charitable trust to sort plastics, paper and recycle whole bottles. In 2005 it won a contract to take over the transfer stations, and became Terranova. Meta NZ (a subsidiary of Terranova) took over responsibility for the recycling plants and won a contract to operate a materials recycling facility from the Council in 2009. The Council (through EcoCentral) then bought Meta’s operations in 2009 and sold its shares in EcoCentral to CCHL in 2011.

EcoCentral manages the processing of household and commercial refuse and the automated sorting of recycling throughout Canterbury. Since the 2010/2011 Canterbury earthquakes EcoCentral has had strong revenue streams, mostly (73% in FY17) from user charges received at its three refuse centres. EcoCentral has a long term Council contract to operate the recycling plant which generates revenue from the sale of recycled products mostly to offshore markets. It also runs an EcoShop that sells secondhand goods to the local community.
Ecocentral will continue to drive other waste initiatives, and work with Council to implement as appropriate for the Christchurch community.

**Development Christchurch Ltd**

CCHL established DCL in July 2015 at the request of the Council to deliver on the Council’s ambition to drive investment opportunities, encourage urban development, aid regeneration and engage the community in activities that will benefit Christchurch.

DCL worked with the Council on the New Brighton urban redevelopment and produced a Land Development Strategy for Christchurch city which involves a framework for working with private partners to develop surplus Council land for specific regeneration outcomes.

**Corporate Governance**

This statement gives readers an overview of the company’s main corporate governance policies, practices and processes adopted or followed by the CCHL Board.
Role of the Board of Directors

The Board is responsible for the strategic direction and control of the company’s activities. The Board guides and monitors the business and affairs of CCHL on behalf of the shareholder, Christchurch City Council (‘the Council’), to whom it is accountable, within the framework of the mission and objectives that are set out in this Statement of Intent.

The Chief Executive is responsible for the day to day management of the company.

All directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors’ Principles of Best Practice.

The Chair will conduct a board effectiveness review with the Board on a periodic basis.

Responsibility to shareholder

Statement of Intent
In accordance with the Local Government Act 2002, the company submits a draft Statement of Intent (Sol) for the coming financial year for consideration by CCHL’s shareholder, the Council. The Sol sets out the company’s overall objectives, intentions and financial and performance targets. Having considered any comments on the Sol by the Council, the company issues its Sol in final form.

Information flows
The Board aims to keep the Council informed of all major developments affecting the company’s and group’s state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the Council through quarterly reports to the Council detailing performance against statement of intent targets, periodic workshops/briefings and regular discussions with Council management.

The Board recommends to the Council the appointment of new directors to subsidiary companies under Council policies on Director Appointment and Remuneration. CCHL also seeks input from Council on the draft subsidiary company Sol, and receives the final Sol once approved by the subsidiary boards.

Board composition and fees

The Board comprises eight directors – four Councillors and four Independent directors.

All Councillor directors are required to retire by rotation within three months following the triennial local government elections, but are eligible to be re-appointed. Where there are four or more non-Councillor directors, two of those directors must retire by rotation annually, but may offer themselves for re-appointment. Appointments to CCHL are made in accordance with the Council policy on Appointment and Remuneration of Directors.

Fees for the CCHL Board and all subsidiary boards are set triennially. In relation to the CCHL Board fees, CCHL recommends fee levels to the Council, based on commercial norms, but discounted to reflect a public service element. In relation to subsidiary Board fees, CCHL will
approve the Board fees, based on commercial norms, but discounted to reflect a public
service element. Where a director provides professional services over and above the normal
time of a director, they are entitled to charge for those services at commercial rates provided
the conditions of the Board’s Conflict of Interest policy are met.

The Board has resolved on the request of Council that no fees are to be paid to Councillor
directors, but the equivalent are donated to the Mayor’s Welfare Fund or nominated fund
approved by Council.

The Board generally meets at monthly intervals, and more often when required.

Board Committees

Audit and Risk Management Committee
The responsibilities of the Audit and Risk Management Committee include reviewing the
company’s accounting policies, reporting practices and resultant financial statements. The
committee will also consider external audit reports, external audit appointments, audit
relationship matters and fees, and risk management issues. The CCHL Chairperson cannot be
the chair of the Audit and Risk Management Committee.

Governance and Appointments Committee
A key objective of this committee, which is led by the CCHL Chairperson, is to assist in
developing, reviewing and formalising the company’s governance procedures. Additionally
the committee is responsible for recommending director appointments to CCTOs and other
subsidiaries.

Funding Sub Committee
In 2017 a Funding Sub Committee was established to manage the roll out of the debt capital
market programme. The Chair of the Funding Sub Committee is the Chair of the Audit and
Risk Committee.

Other committees
The board establishes other committees on an as needed basis to deal effectively with issues
as they arise.

Remuneration Policy
The company is especially conscious of its public responsibilities in the setting of
remuneration for senior executives, which is closely managed by the Board and made
publicly available via the annual report.

The company has policies and procedures in place to ensure remuneration levels are set at
responsible limits that are able to attract and retain the people we need to manage and
operate the business. These include.

- Delegated financial authorities for hiring of new employees and remuneration
  setting.
- An annual staff appraisal and pay review process.
- Market appraisal of remuneration levels of key staff.
Subsidiary companies

Monitoring
Each subsidiary submits annually a draft Statement of Intent. CCHL reviews the Sol, suggests any changes that may be considered appropriate, and then forwards the draft Sol to the Council for consideration. The Council may also suggest changes.

Representatives of the subsidiary board and management meet with CCHL at least twice each year, to discuss the company’s strategic direction and any significant issues that arise. The Board also receives such other reports as are necessary to perform its monitoring function. However, CCHL does not involve itself in the management of the subsidiary companies.

Board appointments
All directors of subsidiary companies are selected for their commercial expertise and aptitude in accordance with the Council’s appointments policy.

Financial

Directors review parent company financial and other reports monthly, and provide formal consolidated group financial statements to the shareholder and market twice annually – for the half year to 31 December (unaudited) and for the year ended 30 June (audited).

Ratio of shareholder’s funds to total assets

The forecast ratio of shareholder’s funds to total assets for the next three years is:

<table>
<thead>
<tr>
<th>Group</th>
<th>Y/e 30 June</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder’s funds/total assets</td>
<td></td>
<td>42%</td>
<td>42%</td>
<td>44%</td>
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</table>

Accounting policies

CCHL has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent annual report as published on our company website.

Refer [https://www.cchl.co.nz/annual-reports](https://www.cchl.co.nz/annual-reports)

The key performance targets of CCHL group are to achieve or better the financial results set out in the following table:

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1 Shareholders’ funds are defined as the sum of paid up capital, capital reserves and revenue reserves of the parent company. Total assets are defined as the total book value of all assets of the parent company as disclosed in the statement of financial position.
In 2017 CCHL established a new bond programme in the debt capital market by issuing a fixed rate 5 year bond. This was followed up with a fixed rate 6 year bond issue in 2018.

The key purpose of these issues was to fund CCHL’s capital release commitments, and to diversify CCHL’s source of debt funding.

CCHL has listed these Bonds on the NZX Debt Market. With this comes additional reporting requirements including:

- Continuous Disclosure requirements including material information in relation to CCHL that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the Bonds.
- Half year preliminary announcement
- Other administrative information including but not limited to:
  - Proposal to amend conditions of bonds
  - Change in directors/officers or auditor
  - Change of contact details for CCHL
  - Change to credit rating

**Other performance measures**

In addition to the above financial performance measures, the CCHL Board will use the following measures to assess its performance over the 2019/20 financial year.

**Governance, Monitoring and Reporting**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Performance target</th>
</tr>
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<tbody>
<tr>
<td>1. CCHL maintains a strategic direction that is consistent with that of 100% shareholder Christchurch City Council (CCC).</td>
<td>CCHL will submit a draft Sol for 2020/2021 for approval to CCC by 1 March 2020. CCHL will issue letters of expectation to and engage with subsidiary companies prior to the 2020 Sol round regarding the structure and content of the group SolS. CCHL will review the companies’ performance in the context of its statutorily obligations under the Local Government Act.</td>
</tr>
<tr>
<td>2. CCHL keeps CCC informed of all significant matters relating to</td>
<td>Major matters of urgency are reported to CCC at the earliest opportunity.</td>
</tr>
</tbody>
</table>
CCHL and its subsidiaries, within the constraints of commercial sensitivity and NZX listing requirements | CCHL will provide a quarterly report showing progress against Sol targets which will be submitted to the agreed Council Committee. CCHL will attend Committee meetings and report as required.

3. CCHL manages its continuous disclosure requirements for NZX effectively | Matters of material impact are disclosed in line with CCHL framework for continuous disclosure.

4. Corporate governance procedures are appropriate, documented and reflect best practice. | The company’s policies will be reviewed in accordance with a schedule approved by the Board.

5. Directors make an effective contribution to the CCHL board, and their conduct is in accordance with generally accepted standards. | The Chair will conduct a board effectiveness review with the Board.

6. CCHL’s process for the selection and appointment of directors to the boards of subsidiary companies is rigorous and impartial and is aligned with governance best practice including supporting diversity of thought around the board table. | The process followed for each appointment to a subsidiary company board is transparent, fully documented and in line with approved policies and procedures. CCHL will actively monitor board diversity (considering all relevant diversity perspectives/measures) across the CCHL Group.

7. CCHL maintains contact with subsidiary company boards, and remains aware of their strategic and business issues. | CCHL receives a report noting progress against performance on a quarterly basis from its subsidiaries. CCHL management will meet with subsidiary company management regularly to review current performance and strategic focus areas.

<p>| Strategic, financial and sustainability objectives |
|---|---|
| <strong>Objective</strong> | <strong>Performance target</strong> |
| 1. CCHL and its subsidiary companies have sufficient (but not excessive) financial flexibility, whether through their own capital structures or through the availability of capital from CCHL, to undertake | CCHL will monitor its capital structure and that of each subsidiary company on an ongoing basis. CCHL will implement an intra-group funding programme to support the growth of its subsidiaries and provide lower cost of funding for the group. |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Subsidiary companies adopt strategies that are compatible with the strategic direction of CCHL and CCC.</td>
<td>CCHL will actively engage with subsidiary companies to ensure they are strategically aligned with shareholder expectations. CCHL will continue to work actively with its subsidiaries to ensure that (where appropriate) regional growth initiatives are included in their business strategies.</td>
</tr>
<tr>
<td>3.</td>
<td>Subsidiary companies set and attain environmental, social and innovative performance objectives that are compatible with their activities, commercial nature and other objectives.</td>
<td>CCHL will encourage its subsidiary companies to include relevant and appropriate environmental, social and innovative objectives and performance targets in their respective Solis. CCHL will work with its subsidiary companies to create an Integrated reporting framework over the next three years.</td>
</tr>
<tr>
<td>4.</td>
<td>CCHL financial and distribution performance meets the shareholder’s expectations.</td>
<td>CCHL pays a dividend for the 2020 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures set out in this Sol.</td>
</tr>
<tr>
<td>5.</td>
<td>CCHL’s investments provide an appropriate return in relation to their business risk, and against external benchmarks.</td>
<td>CCHL will annually review the performance of its major subsidiary companies against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.</td>
</tr>
<tr>
<td>6.</td>
<td>CCHL’s treasury management policies and practices are consistent with best practice.</td>
<td>CCHL’s treasury management policies are reviewed on an annual basis.</td>
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</tbody>
</table>

**Distributions to shareholder**

CCHL will pay dividends to the shareholder after taking into account its profitability and future investment requirements. The dividends payable to the shareholder will be determined by the Board after consideration of the company’s funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

The ordinary dividends are forecast to be paid in three instalments in October, December and June of each financial year. CCHL note the request of its shareholder to maximise its dividend returns, but note this needs to be balanced against the CCHL requirement to manage and reduce its existing debt levels over time. To manage our shareholder requirements, CCHL will continue to forecast its dividend returns at a level that it can meet with a high degree of certainty over the next three years to allow Council to plan accordingly.

Forecast dividend payments (excluding any adjustments relating to subvention payments) are set out in the “Performance Targets and Measures” section.
Information to be provided

Statutory information requirements
The company will provide an annual Statement of Intent in accordance with Section 64(1) of the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the shareholder.

CCHL will submit an annual report to the market and its shareholder. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period, and to comply with the requirements of the Companies Act, Financial Reporting Act, Financial Markets Authority and the NZX listing rules.

The company will also prepare interim consolidated financial statements to 31 December, and a review of the period, that comply with NZ IAS 34 “Interim Financial Reporting” by 28 February.

Other information to meet the needs of the Council
The company will provide quarterly reports to the Council on its activities and the results of its subsidiary companies. It will operate on a “no surprises” basis in respect of significant shareholder-related matters, to the fullest extent possible in the context of commercial sensitivity, confidentiality agreements and NZX listing continuous disclosure requirements.

Acquisition/divestment policy

CCHL
In relation to the potential acquisition or divestment of assets/investments (i.e. equity interests, shares, or equivalent) held directly by CCHL (parent entity), CCHL will seek Council approval of any transaction which results in a change to the ownership interest held by CCHL.

Subsidiary of CCHL
In relation to the potential acquisition or divestment of assets/investments (i.e. equity interests, shares, or equivalent) by a subsidiary of CCHL (subsidiary entity), CCHL will adopt the following approach:

- If the transaction is a Major Transaction (as defined by the Companies Act), CCHL will consider the proposal, and as the shareholder of the subsidiary, CCHL is required to either approve or not approve the transaction. In accordance with, and subject to, the Information Flows paragraphs of the Responsibility to Shareholder section of this SoI and the “no surprises” policy, CCHL will consult with Council, prior to determining whether or not to approve the proposed transaction.
- If the transaction is material, but not a Major Transaction, CCHL will request that the subsidiary companies consult with CCHL prior to entering into the proposed transaction, and CCHL will inform Council under the “no surprises” policy.
- If the transaction otherwise requires shareholder approval from CCHL, CCHL will assess the transaction and determine whether or not to approve it, and CCHL will keep Council informed under the “no surprises” policy.
Activities for which compensation is sought from any local authority

Currently there are no activities for which compensation will be sought from any local authority.
It is noted that the Council has a contingent liability to the extent of $1.3 billion in respect of unpaid issued capital in CCHL. There is no current intention to make a call on any uncalled capital.

Commercial value of shareholder’s investment

The Council’s investment in CCHL as at 30 June 2018 was independently valued at $2.1 billion.

Role in the Christchurch City Council group and regional economy

CCHL’s objectives with regard to commercial relationships within the Christchurch City Council group, and its role in the growth of the regional economy, are set out in the “performance measures and targets” section.
Report for Council

Date: 17 July 2019

To: Christchurch City Council

From: Leah Scales, CFO, CCHL

Subject: CCHL Group - Final Statements of Intent

Purpose
This is a report submitted for consideration and approval by the Council at their August meeting.

The purpose of this report is to present the final Statements of Intent (SoI) of the Council's subsidiary companies to the Council. These final SoIs have been approved by the respective company Boards and have been received by CCHL by 30 June 2019 as required under the Local Government Act. Council now needs to receive and note these final SoIs.

Final SoIs from the following CCHL companies are available on the CCHL website:
- Christchurch City Holdings Ltd
- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Enable Services Ltd
- City Care Ltd
- Red Bus Ltd
- EcoCentral Ltd
- Development Christchurch Ltd

The CCHL parent company SoI was forwarded to Council management prior to the statutory deadline of 30 June 2019.

Statutory framework
The Council’s and CCHL’s subsidiary companies (CCTOs) are required by statute to submit an annual SoI to their shareholders. A SoI must set out the entity’s objectives and performance measures, as well as certain other information.

CCTOs are required by the Local Government Act to deliver to their shareholders a draft SoI on or before 1 March. They must then consider comments on their SoI from their shareholder(s) received by 1 May, and then issue a final SoI by 30 June.
Analysis

*Group Financial targets*

The final Sol targets for the group reflect the business plans provided by the individual subsidiaries which are completed in May each year. The below analysis reflects the differences between 2019 and 2020 final Sol's.

<table>
<thead>
<tr>
<th>2020 Statement of Intent - Final</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit after tax (S$m)</td>
<td>92</td>
<td>117</td>
<td>113</td>
</tr>
<tr>
<td>Net debt/net debt plus equity</td>
<td>52%</td>
<td>52%</td>
<td>51%</td>
</tr>
<tr>
<td>Interest cover (EBIT/interest)</td>
<td>2.8</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Return on average equity</td>
<td>4.9%</td>
<td>6.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Ordinary dividends (S$m)</td>
<td>45.1</td>
<td>51.0</td>
<td>51.8</td>
</tr>
<tr>
<td>Special dividends (S$m)</td>
<td>3.2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019 Statement of Intent - Final</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit after tax (S$m)</td>
<td>89</td>
<td>95</td>
</tr>
<tr>
<td>Net debt/net debt plus equity</td>
<td>56%</td>
<td>55%</td>
</tr>
<tr>
<td>Interest cover (EBIT/interest)</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Return on average equity</td>
<td>5.4%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Ordinary dividends (S$m)</td>
<td>45.1</td>
<td>51.0</td>
</tr>
<tr>
<td>Special dividends (S$m)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The 2020 year forecast is very similar between the two years, however the 2021 year see’s increased forecast revenue/NPAT across the group. Note the 2019 Sol forecasts are prior to FY18 year end results, so does not include property revaluations, which impacted on the RoE calculation and Debt to equity ratios.

*Group NPAT/Revenue – key changes:*

- CIAL have incorporated the revenue losses from Air New Zealand's recently announced 4% capacity reductions for Christchurch for FY20.
- Lower interest charges at parent level are a major difference in the first three years, the costs of debt have reduced in-line with our weighted average borrowing cost. This reflects current borrowing refinanced at existing costs, including hedging currently in place.
- City Care have reduced both revenue and NPAT projections for the first three years.
- FY21 improved result is reflective of increased NPAT projections across the group ($5.5m ONL, $2m CIAL, $6.5m LPC, $2.5m ESL, $1.3m RBL, less reduction of $3m by CCL), plus reduced interest costs at Parent level $7m.

Note that the Group NPAT numbers do not include gains from property revaluations.

In late 2019, the Commerce Commission will reset Orion’s delivery revenue limits for FY21 and FY22, this may require changes to the forecasts outlined in the Orion Sol.

Red Bus are currently involved in a renegotiation/tender process with their urban contracts with Environment Canterbury, once the outcome of these processes are completed the Red Bus forecasts may require changing.

In line with our agreed financial strategy in 2017, dividend levels to Council have been maintained at the same level by CCHL, except for the additional $3.2m agreed in the 2019 year to help fund the EcoCentral processing fee which has been pushed into 2020 at the request of Council staff.
This strategy is key for us to reduce debt in the years that we have a better than expected result (ie lower interest costs), to enable us to maintain the levels in the years that do not meet targets. (regulatory impacts as noted above).

Other changes to final Sol’s
The final Sol’s are consistent with the drafts presented to Council in March, with the notable differences relating to:
CIAL introducing a carbon performance measure with specific focus of eliminating all non-emergency related emissions. This includes a 20% reduction on CIAL carbon emissions against a FY16 benchmark and 80% of CIAL’s road vehicle fleet being EV or hybrid vehicles. CIAL also note the introduction of their partnership with BOMZ NZ to create the Education Fellow program, funding 10 secondary teachers each year through a one year exponential technology in education development program.

Enable have included their commitment to environmental sustainability, with a key focus in FY20 being introducing low environmental impact methodologies for connecting homes and businesses, and focusing on waste minimisation.

EcoCentral have introduced a key initiatives and innovation section, where it comments on the key opportunities it is currently exploring towards creating a more resilient entity:
- Strategic capital asset replacement program
- Researching materials processing requirements necessary for second stream residential paper recycling to meet the new stringent paper mill quality standards
- Support of local plastic remanufacturing by providing large proportion of recycled PET internally in NZ
- Working with key stakeholders to develop a regional Canterbury waste strategy
- Focusing on reinforcing the residential recycling messaging produced by Councils.

Recommendation
That the Council note the receipt of the Final Statement of Intents.

Leah Scales
CFO, CCHL
17. Resolution to Exclude the Public


I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7. Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

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.”

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:
<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</th>
<th>SECTION</th>
<th>SUBCLAUSE AND REASON UNDER THE ACT</th>
<th>PLAIN ENGLISH REASON</th>
<th>WHEN REPORTS CAN BE RELEASED</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>CHRISTCHURCH CITY HOLDINGS LTD - APPOINTMENT OF INDEPENDENT DIRECTOR TO THE BOARD</td>
<td>S7(2)(A), S7(2)(I)</td>
<td>PROTECTION OF PRIVACY OF NATURAL PERSONS, CONDUCT NEGOTIATIONS</td>
<td>TO PROTECT THE IDENTITY OF THE NOMINATED CANDIDATE UNTIL DECISIONS ARE MADE.</td>
<td>ONCE CCHL HAS MADE THE APPOINTMENT AND IT HAS BEEN ANNOUNCED TO THE PUBLIC.</td>
</tr>
<tr>
<td>19</td>
<td>CHRISTCHURCH CITY HOLDINGS LTD - APPOINTMENT OF DIRECTOR TO ECOCENTRAL LTD</td>
<td>S7(2)(A)</td>
<td>PROTECTION OF PRIVACY OF NATURAL PERSONS</td>
<td>TO ENSURE THE CANDIDATE'S IDENTITY IS NOT REVEALED IN THE EVENT HE IS NOT EVENTUALLY APPOINTED TO THE DIRECTOR ROLE.</td>
<td>AFTER THE APPOINTMENT IS MADE PUBLIC BY CCHL AT THE ECOCENTRAL LTD AGM.</td>
</tr>
<tr>
<td>20</td>
<td>CAPITAL PROGRAMME WATCHLIST &amp; MAJOR CYCLEWAY REPORT</td>
<td>S7(2)(H)</td>
<td>COMMERCIAL ACTIVITIES</td>
<td>RELEASE OF THE INFORMATION MAY PREJUDICE ONGOING COMMERCIAL NEGOTIATIONS</td>
<td>INFORMATION ON INDIVIDUAL PROJECTS MAY BE RELEASED FROM PUBLIC EXCLUDED WHEN THE PROJECT IS COMPLETE AND THE CHIEF EXECUTIVE HAS DETERMINED THERE IS NO LONGER ANY REASON TO WITHHOLD THE INFORMATION UNDER THE ACT.</td>
</tr>
<tr>
<td>21</td>
<td>OVERDUE TRADE AND RATES DEBTORS (GREATER THAN $20,000 AND 90 DAYS)</td>
<td>S7(2)(A)</td>
<td>PROTECTION OF PRIVACY OF NATURAL PERSONS</td>
<td>PUBLICATION OF THE NAMES OF THE DEBTORS WILL MAKE COLLECTION MORE DIFFICULT</td>
<td>WHEN LEGAL PROCEEDINGS HAVE COMMENCED</td>
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<td>30 JUNE 2019</td>
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