

12. Christchurch City Holdings Ltd - Draft Letter of Expectations 2021/22

Reference / Te Tohutoro: 20/1546204

Report of / Te Pou
Matua: Linda Gibb, Performance Monitoring Advisor,
linda.gibb@ccc.govt.nz

General Manager /
Pouwhakarae: Diane Brandish, Acting General Manager Finance and Commercial
Group, diane.brandish@ccc.govt.nz

Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.
Plain English Reason:	The content of the Letters of Expectation could adversely impact the commercial outcomes of the CCOs, and following Council committee debate the content may change.
Report can be released:	At the time the final Statement of Intent for 2021/22 is published, by 31 July 2021.

1. Purpose of the Report / Te Pūtake Pūrongo

- 1.1 The purpose of this report is for the Council to approve the draft Letter of Expectations (LOE) for 2021/22 for Christchurch City Holdings Ltd (CCHL).
- 1.2 This report has been written in response to the Finance and Performance Committee's decisions at its meeting on 3 December 2020 to:
 - workshop the draft LOE and for it to be brought to the 28 January 2021 Council meeting for approval (FPCO/2020/00044 refers); and
 - receive a briefing from CCHL and Christchurch International Airport Ltd on the Tarras' airport land acquisition and potential development.
- 1.3 The draft LOE and Tarras' development are to be workshopped with councillors on 26 January 2021. The final draft LOE is not attached. It will be circulated to councillors after the workshop on 26 January 2021 and before the Council meeting on 28 January 2021.
- 1.4 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by taking into account the potential impact of the decisions on the community.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Approves the draft Letter of Expectations for Christchurch City Holdings Ltd for 2021/22; and
2. Agrees to release this report and the final Letter of Expectations to the public at the time the final Statement of Intent for 2021/22 is published, by 31 July 2021.

3. Reason for Report Recommendations / Ngā Take mō te Whakatautau

- 3.1 The recommendations are made to ensure CCHL receives the final LOE in time for it to be taken into account in the CCHL Group's SOIs for 2021/22 (due in draft by 1 March 2021).

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 The only alternative option is not to issue a LOE which would be out of step with Council policy and with the approach taken for Vbase Ltd and ChristchurchNZ Holdings Ltd, both of which were issued LOEs for the 2021/22 year in December 2020.

5. Detail / Te Whakamahuki

- 5.1 The draft LOE was initially developed taking into account the following:
- the impact of COVID-19 and its aftermath, ongoing uncertainty about economic conditions and the importance of retaining jobs in Christchurch;
 - maximising dividends to the Council to assist with funding its operating expenditure; and
 - meeting the Council's wider set of strategic priorities and community outcomes.
- 5.2 The draft LOE requests CCHL to prioritise activities that will make the biggest contribution to Christchurch's ongoing recovery from the COVID-19 impacts and to ensure strong strategic alignment with CNZ and Vbase as appropriate. This focus also underpinned the approved LOEs for Vbase and CNZ for 2021/22.
- 5.3 Expectations for CCHL that are new to this draft LOE from prior years include:
- to present a road map to recovery from the COVID-19 impacts with measurable targets and identified risks;
 - CCHL parent company to engage more fully with the Council on the process conducted for appointing members to boards, including the way in which diversity is accounted for. The draft LOE also requests that CCHL provides up to four nominees for vacant positions, with its recommendation of preferred candidate and why; and
 - for the Chair of the CCHL Board to attend Council meetings when CCHL material is being presented.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 LOEs are strongly aligned to the strategic objectives of the Council and to its Long Term Plan.

Policy Consistency / Te Whai Kaupapa here

- 6.2 The issuing of a LOE to CCHL is consistent with Council policies.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.4 The report reinforces the Council's commitment to addressing climate change and the impact of the Council group's activities on the environment, the need to build resilience and understand and manage risk.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement – there are no direct costs.
- 7.2 Maintenance/Ongoing costs – Not relevant.
- 7.3 Funding Source – Not relevant.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 There is no legal context, issue or implication relevant to this decision.
- 8.2 This report has not been reviewed and approved by the Legal Services Unit.

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 Not relevant.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A	CCHL Draft Letter of Expectations 2021/22 (<i>Version 2</i>)	

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

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 / Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Len Van Hout - Manager External Reporting & Governance Diane Brandish - Acting General Manager Finance and Commercial (CFO)

Released from Public Excluded

Mr Jeremy Smith
Chair
Christchurch City Holdings Ltd
P O Box 1151
Christchurch
Email: jeremy@seamountnz.com

Dear Jeremy

Draft Letter of Expectations 2021/22

This letter sets out the Council's expectations of Christchurch City Holdings Ltd (CCHL) and its subsidiaries for the 2021/22 financial year.

This letter includes expectations articulated in prior year letters of expectations and reflect their ongoing importance to the Council.

The Council asks that you incorporate these expectations into CCHL's 2021/22 Statement of Intent (SOI) and that you request the CCHL subsidiaries to do the same.

Prosperous economy

In view of the ongoing economic challenges posed by COVID-19, the Council asks that CCHL focus its subsidiaries on their own recovery as well as to consider what contribution they may be able to make to the city's economic and social recovery.

The Council requests that the Group's SOIs present a road map to recovery, with measurable targets and identified risks taking into account prioritisation of those activities that will make the biggest contribution to Christchurch's ongoing recovery from the COVID-19 impacts including meeting any obligations acquired through the Ōtautahi Christchurch Economic Recovery Plan. They should also focus on value for money and efficiency including whether investment in, and divestment of, any of the group's assets could provide a meaningful contribution to the Council's strategic priorities and community outcomes.

The Council requests that CCHL maximises dividend distributions. However, we acknowledge that the CCHL group may, from time to time be presented with, or may identify opportunities that could create longer term social and/or economic value for Christchurch. CCHL should make such trade-offs as it considers appropriate from a whole-of-Christchurch perspective.

Meeting the challenge of climate change and other risks

The Council is strongly committed to addressing climate change and the impact of the Council group's activities on the environment, the need to build resilience and understand and manage risk. A target for the district has been set of zero greenhouse emissions (excluding methane) by 2045. The Council is taking a leadership role on this matter and is asking all members of its wider group to target carbon neutrality by 2030.

We note the progress that the CCHL group has made in the development of planning and reporting frameworks for identifying and addressing climate change impacts and look forward to the Group's SOIs demonstrating ongoing progress and would welcome the opportunity to work closer with yourself and your subsidiaries to ensure an effective and aligned approach.

The Council requests that CCHL provide a briefing on its internal Resource Efficiency and Greenhouse Gas Emission work programme, the internal structures it has or will put in place to deliver this work programme, targets, risks and risk management strategies towards building long term resilience and its monitoring plan to identify progress in reducing emissions.

Governance

Diversity of board membership is very important to the Council. We ask that a report and/or briefing be presented from you on the process you conduct to appoint members to boards, including the way in which you approach the issue of diversity and the mechanism used to source candidates.

For appointments to the CCHL group's boards, we ask that you include discussion about diversity of the board to which the appointee is proposed.

As always, we expect the CCHL group to exercise restraint in the level of senior executive total remuneration, develop and show leadership in innovative practices, and remunerate directors on a fair and reasonable basis taking into account the public service nature of the positions.

We acknowledge your advice that CCHL will always give priority to senior executive ability over salary and request that you stress the importance to the CCHL subsidiary boards of holding their senior executives to account. Remuneration packages should reflect that the companies are public sector organisations and be directly linked to performance.

Engagement

Open and effective communication with the Council's elected members and staff, and between CCHL and other Council entities is sought. In particular, the Council seeks to be fully apprised of the ongoing impacts of COVID-19 on an ongoing basis. We would like you to continue to work closely with ChristchurchNZ Holdings Ltd to ensure strong strategic alignment between the two agencies.

Reporting

Over the course of the 2021/22 financial year we ask that you brief us on specific issues including those mentioned in this letter, as well as progress of achieving remuneration expectations across the group, implementing the living wage, benchmarking performance against other similar organisations and the group's recovery plans and financial strategy. Council staff will arrange workshops for these briefings.

The timetable for completing the 2021/22 Statement of Intent (SOI) is as follows:

Item	Due Date
Draft SOIs	1 March 2021
Workshop on draft SOIs	By end March 2021
Comments from Council on draft SOIs	By 1 May 2021
Final SOIs	By 30 June 2021
SOIs to be published on CCO websites	By 31 July 2021

We acknowledge the LOE is later than usual. The LGA allows the Council to approve a time extension for delivery of the draft SOI by one month. If CCHL requires an extension to the due date, we are able to provide that. This will mean the draft SOI would be due by 1 April. Please advise Council staff if you wish to take up this extension.

We appreciate the work that CCHL undertook in 2019 to complete the strategic review of Development Christchurch Ltd in response to the Council's request in its 12 December 2019 LOE. We also acknowledge the input CCHL has provided to transition DCL's current functions and priority projects for the remainder of the 2020/21 financial year.

We ask that you to publish this LOE on your website as soon as possible after receiving it. Should you wish to withhold any of the content, please ensure it is permitted by the Local Government Official Information and Meetings Act 1987 and please request the same of your subsidiary companies.

In closing, we ask that CCHL continues to engage with Council staff as the Long Term Plan (LTP) for 2021-31 is developed between January and June 2021. We expect the Group's SOIs to reflect the strategic directions that the LTP underpins.

Please contact Dawn Baxendale if you wish to discuss the content of this letter.

Yours sincerely

Lianne Dalziel
Mayor

c.c. Paul Munro, Chief Executive, CCHL - email

13. Appointments Panel Recommendation for the Audit and Risk Management Committee

Reference / Te Tohutoro: 20/1559161

Report of / Te Pou
Matua:

Mayor Lianne Dalziel and Deputy Mayor Andrew Turner (Chair of the Finance and Performance Committee) as the Appointments Panel for the Audit and Risk Management Committee

General Manager /
Pouwhakarae:

Diane Brandish, General Manager Finance and Commercial (Acting),
diane.brandish@ccc.govt.nz

Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.
Plain English Reason:	To protect the privacy of the candidate and the confidence of the appointments process.
Report can be released:	The announcement of the appointment can be released immediately, if approved and the report can be released upon the confirmation of the appointment.

1. Purpose of the Report / Te Pūtake Pūrongo

- 1.1 The purpose of this report is to seek the Council's approval for the reappointment of Ms Kim Wallace as Independent Chair of the Council's Audit and Risk Management Committee for a second term. This report has been written in anticipation that Ms Wallace's first term is due to expire on 31 March 2021 and the Committee's Terms of Reference indicate that independent members are eligible for a second term without special approval, though they also indicate that Council approval is required for all appointments.
- 1.2 The decision in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by assessing the extent to which the decision would impact the community.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Reappoints Ms Kim Wallace as Independent Chair of the Council's Audit and Risk Management Committee (subject to her again accepting the Council's terms of engagement) for a second term to conclude on 31 July 2023 (or, if the Committee were discharged before then, to conclude on such earlier date).
2. Notes that Ms Kim Wallace has confirmed her willingness to serve on the Audit and Risk Management Committee through to 31 July 2023, and has been advised the Council's approval would be sought.

3. Delegates to the Principal Advisor to the Audit and Risk Management Committee the authority to negotiate and agree the terms of engagement for Ms Kim Wallace for a second term, excluding in respect of remuneration (which will be offered at the same rate).
4. Notes that the remuneration for the independent member roles is due for review, and is expected to be reported on before 31 March 2021.
5. Requests that before 31 March 2023 the Principal Advisor to the Audit and Risk Management Committee confirm with its Appointments Panel the candidates for the new Independent Chair commencing 31 July 2023, noting the present indication from Ms Kim Wallace that she will not be available for a third term, and such would only be by exception to ensure continuity of knowledge.
6. Delegates to the Principal Advisor to the Audit and Risk Management Committee the Council's powers of termination of appointment as may be set out in a letter of engagement or elsewhere, to be exercised if necessary in consultation with the Mayor and Deputy Mayor.
7. Agrees that the announcement of the reappointment of Ms Kim Wallace can be released immediately if approved, and that the report can be released upon the confirmation of the appointment.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 To enable the continued functioning of the Council's Audit and Risk Management Committee with its Independent Chair bringing relevant skills, experience and independence to the role as intended by the Council in making provision for such in the Committee's Terms of Reference.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 Alternative options considered were:
 - Not recommending reappointing Ms Kim Wallace to her role on the Audit and Risk Management Committee. This option was rejected as Ms Wallace has been ably displaying the skills required for the role and loss of continuity of knowledge in the role in the lead up to the Committee and Council considering the Long Term Plan would be a clear detriment.

5. Detail / Te Whakamahuki

- 5.1 The Audit and Risk Management Committee's Terms of Reference prescribe as follows in relation to the appointment of independent members:
 - *Identify skills required for Independent Members of the Audit and Risk Management Committee. Appointment panels will include the Mayor or Deputy Mayor, Chair of Finance and Performance Committee and Chair of Audit and Risk Management Committee. Council approval is required for all Independent Member appointments.*
 - *The term of the Independent members should be for three years. (It is recommended that the term for independent members begins on 1 April following the Triennial elections and ends 31 March three years later. Note the term being from April to March provides continuity for the committee over the initial months of a new Council.)*
 - *Independent members are eligible for re-appointment to a maximum of two terms. By exception the Council may approve a third term to ensure continuity of knowledge.*

5.2 The Appointments Panel in the present circumstances consists of the Mayor and Deputy Mayor, with the Chair of the Audit and Risk Management Committee naturally not sitting on the Panel when it is considering the Independent Chair position, and the Deputy Mayor also serving as the Chair of the Finance and Performance Committee.

5.3 The Panel consider that the Chair of the Audit and Risk Management Committee should continue to be an independent member with appropriate skills, experience and attributes, noting the advice on the website of the Office of the Auditor-General at <https://www.oag.govt.nz/our-work/audit-committees/principles> that:

An independent chairperson is often the best option to promote free and frank debate during committee meetings. It also gives governors confidence knowing that they are receiving independent advice and assurance.

5.4 As noted when the Committee was originally established in its current form on 13 March 2014, appointees to the Committee should have skills and experience adequate for the role of the Committee, including:

- financial expertise
- knowledge of governance, assurance, and risk management best practice
- a good knowledge of the sector or industry in which the public entity operates; and
- other attributes as deemed appropriate.

5.5 It was also noted at that time that the Office of the Auditor-General has relevant recommendations relating to the composition of an Audit Committee. Those recommendations can be found at the web-link given at paragraph 5.3 above, and most pertinently note that:

The central figure among the people and relationships involved in an audit committee's work is the chairperson of the audit committee. This person is the most important appointee for ensuring the committee functions in a way that adds value. That person needs to have expertise and experience in governance and bring personal qualities and independence to the role. The chairperson is best placed to achieve this when the audit committee is clear about its purpose, has no perceived or actual conflicts, and contains diverse, skilled, and experienced members.

When the chairperson promotes open and proactive dialogue with management and the governing body, the audit committee is able to effectively influence the organisation and its achievements.

5.6 The Panel consider that Ms Kim Wallace has served, and will continue to serve, the Council's Audit and Risk Management Committee fittingly, diligently and with important continuity of knowledge at this time. Ms Wallace has actively driven reconfiguration of the Audit and Risk Management Committee in her first term, which has served well its functionality and delivery on its responsibilities, through focused, insightful and amiable Committee meetings and interactions with staff.

5.7 Ms Wallace's resume is appended to this report as **Attachment A**. It is considered that her range of skills and experience, together with those of the other two independent members and the elected members, brings a full skills base to the Audit and Risk Management Committee.

5.8 When the other two independent members were confirmed in 2020, it was contemplated that the appointment of the independents would now become staggered so that Ms Wallace's first term would come up for review in 2021, Mr Michael Rondel's further term would come up in

2022, and Ms Jacqueline Robertson-Cheyne's first term would come up for review in 2023. Ms Wallace has presently signalled her availability for a second term through to 31 July 2023.

- 5.9 It was also considered that the fees paid to the independents are due for review, and it is expected that staff will report to the Council in this respect by 31 March 2021 to recommend the expertise the independent members bring is fairly and appropriately remunerated relative to what other territorial authorities pay their independent audit committee members.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 This report supports the [Council's Long Term Plan \(2018 - 2028\)](#):

6.1.1 Activity: Risk & Internal Audit

- Level of Service: 13.6.10.3 Independent & objective assurance & advisory service, provided to evaluate & improve the effectiveness of risk management, internal controls & governance process - At least 75% of approved Internal Audit engagements are delivered over the year.

Policy Consistency / Te Whai Kaupapa here

- 6.2 The decision is consistent with Council's Plans and Policies.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.4 Not relevant, other than in respect of risk management governance oversight of the relevant risk.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.5 Not relevant.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement – Nil.
- 7.2 Maintenance/Ongoing costs - \$3,000 excl. GST as the Chair's fee for each formal meeting, plus \$200 excl. GST an hour for any special attendance, such as a workshop or briefing. The meeting fee covers all preparatory and ordinary incidental work, and with no reimbursement of expenses incidental to the role, about from occasional provision of parking coupons.
- 7.3 Funding Source – Existing budgets.

Other / He mea anō

- 7.4 There are no other resource implications, though if Ms Wallace were not reappointed, considerable time would need to be expended by the Panel and by staff to recruit a new independent chair and to induct them into the role, providing them with sufficient knowledge and understanding of the organisation to serve effectively as an independent chair at this time.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

8.1 Local Government Act 2002.

Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

8.2 There is no legal context, issue or implication relevant to this decision.

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

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 The Independent Chair of the Audit and Risk Management Committee chairs the governing body with important responsibility in relation to the oversight of risk management within the organisation. With assessment that the incumbent continues to demonstrate skills commensurate to the role, reappointment of Ms Kim Wallace ensures a continuity of knowledge with more positive expected implications for risk management, than could be expected from recruiting a new Chair, particularly at this time of preparation for the Long Term Plan.
- 9.2 An independent Chair with proven understanding of risk management and appropriate and skilful ability to chair and contribute to the body with governance oversight of risk management has an importantly positive implication for risk management.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓		21

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Audit and Risk Management Committee Terms of Reference	https://www.ccc.govt.nz/assets/Documents/The-Council/How-the-Council-works/2019-Council-committees/ARMC-TOR-17-July-2020.pdf
Good practice guidance for Audit committees on the website for the Controller and Auditor-General	https://oag.parliament.nz/good-practice/audit-committees

Confirmation of Statutory Compliance / Te Whakatūtuturanga ā-Ture

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

(a) This report contains:

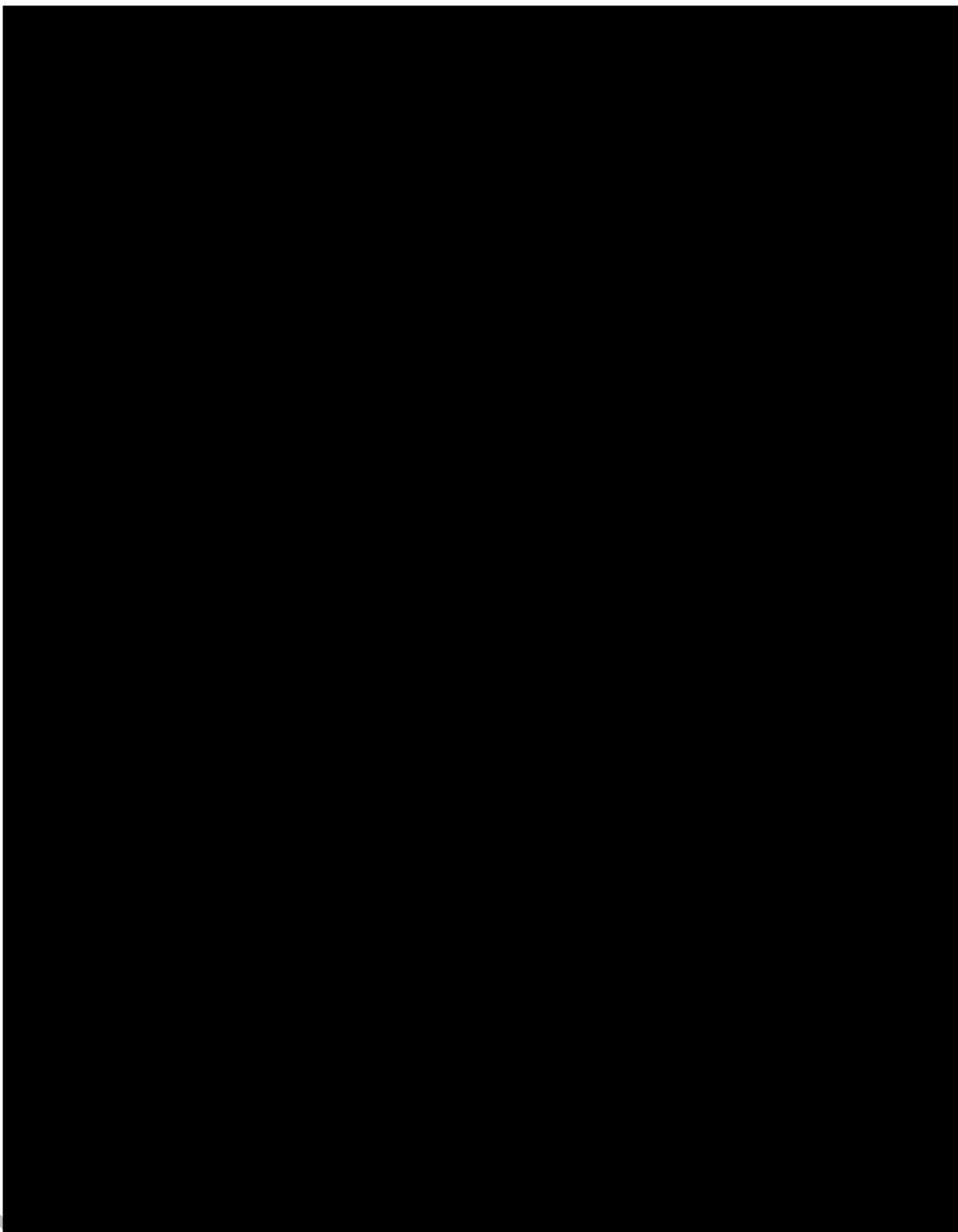
- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

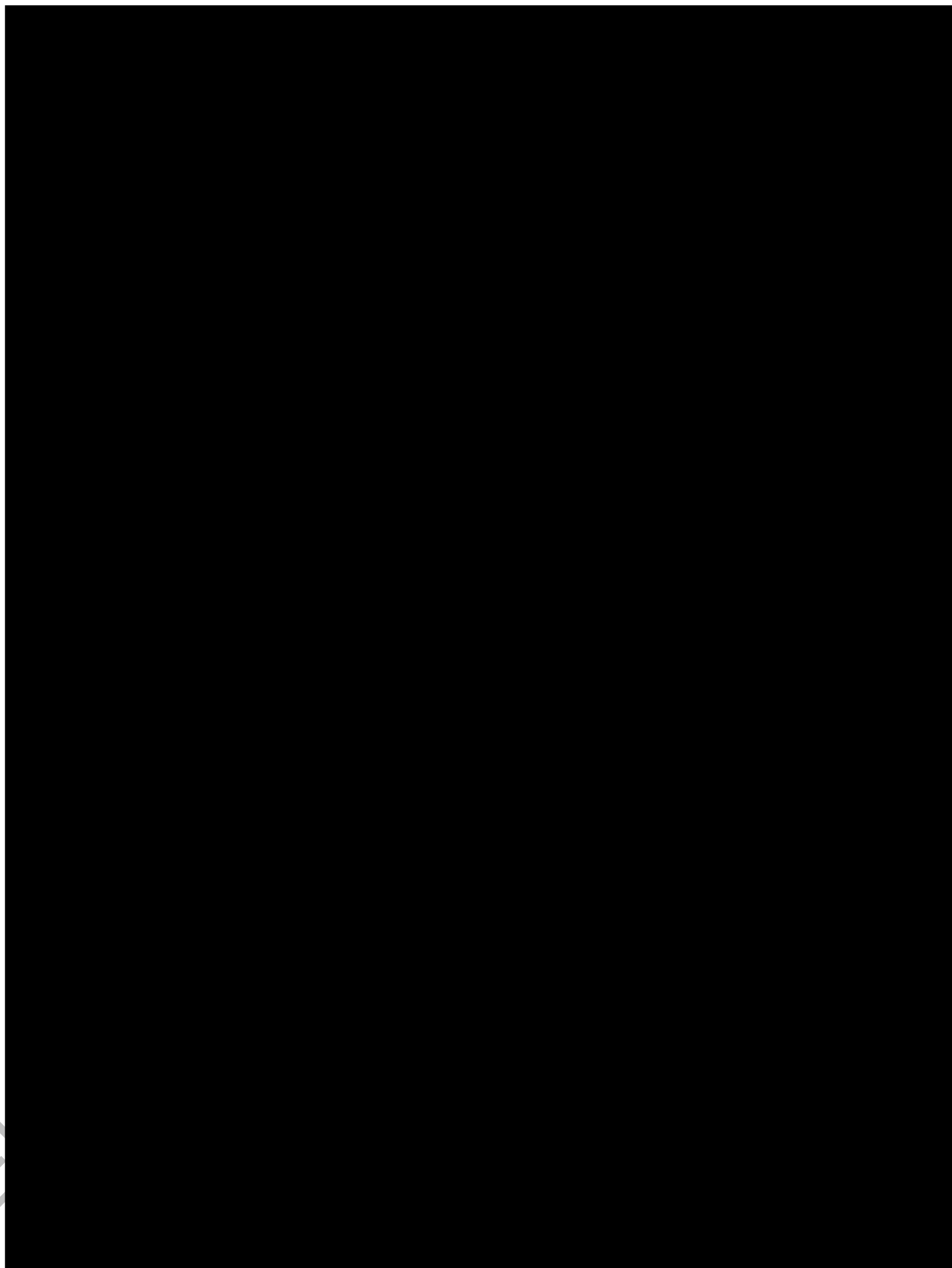
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

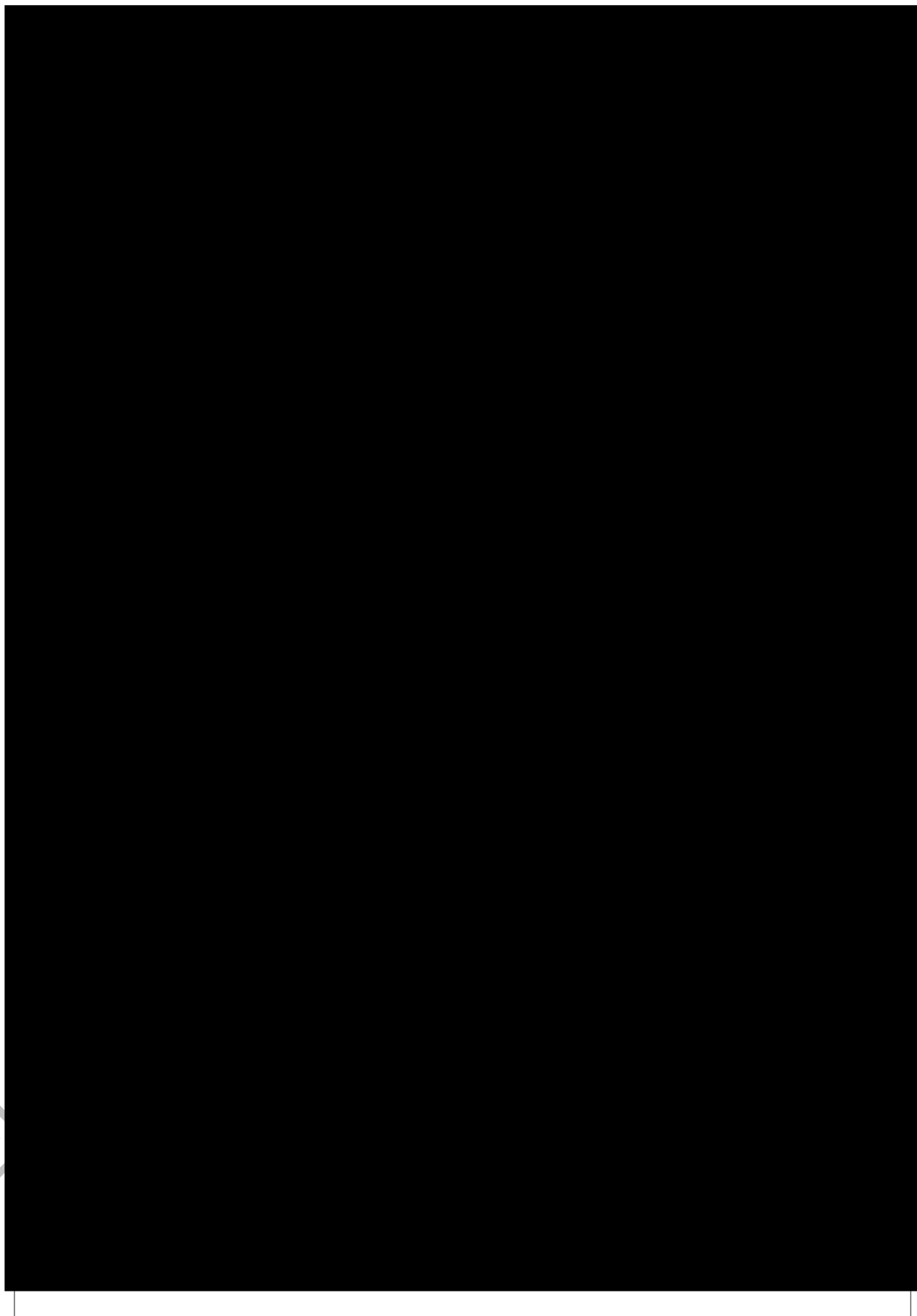
Signatories / Ngā Kaiwaitohu

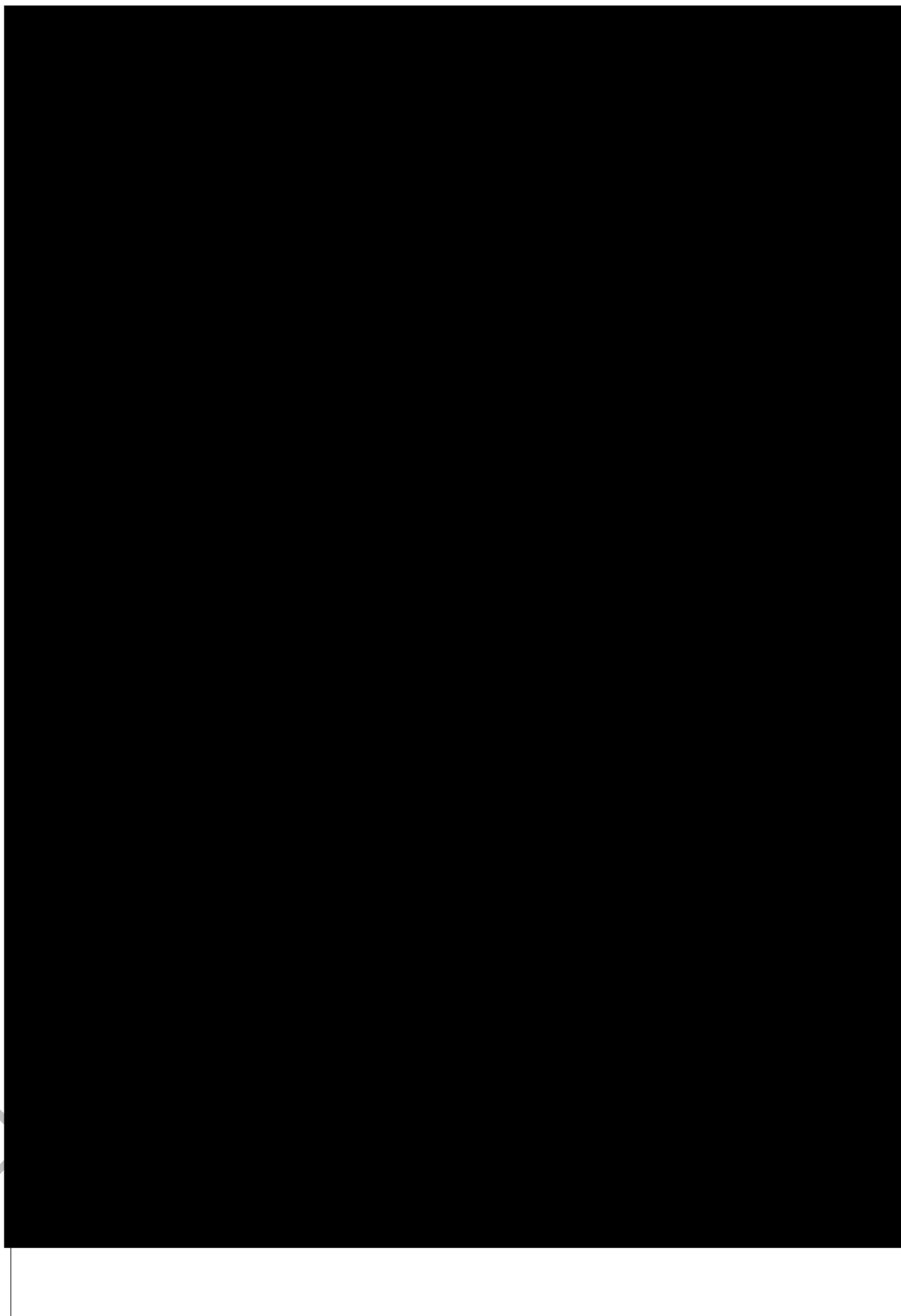
Author	Mark Saunders - Committee and Hearings Advisor
Approved By	Diane Brandish - Acting General Manager Finance and Commercial (CFO)

Public Excluded Item 13









14. Appointments to the Canterbury Museum Trust Board

Reference / Te Tohutoro: 20/1601058

Report of / Te Pou

Matua:

Mayor Lianne Dalziel

General Manager /

Pouwhakarae:

Chief Executive, Dawn Baxendale

Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.
Plain English Reason:	To protect the privacy of candidates during the recruitment and appointment process.
Report can be released:	If the recommended appointments are approved, when Christchurch City Holdings Ltd advises both the Council and Selwyn District Council that their appointments have been formalised with the successful candidates and the Canterbury Museum Trust Board.

1. Purpose of Report / Te Pūtake Pūrongo

- 1.1 The purpose of this report is to receive recommendations from the Council Organisation Appointments Panel (Appointments Panel) on appointments to the Canterbury Museum Trust Board. This follows an independent process to identify preferred candidates.

2. Chairperson's Recommendations

That the Council:

1. Approves the appointment of Grant Lovell to the Canterbury Museum Trust Board (the Board) from January 2021.
2. Accepts Councillor Pauline Cotter's resignation from the Board.
3. Approves Councillor James Daniels' appointment to the Board from January 2021.
4. If these appointments are approved, requests staff to instruct Christchurch City Holdings Ltd (CCHL) to formalise the appointments with the successful candidates and the Board.
5. Notes that the Selwyn District Council is undergoing a similar appointment process.
6. Requests the Chief Executive to raise with Selwyn District Council and the Board the strengthening of reporting protocols, as suggested by CCHL.
7. Agrees this report can be released when CCHL advises each Council that their appointments (if approved) have been formalised with the successful candidates and the Board.

3. Detail / Te Whakamahuki

- 3.1 The Council Organisation Appointments Panel (comprising the Mayor and Deputy Mayor) has been considering the appointment of elected members and others to the Canterbury Museum Trust Board. In accordance with the Canterbury Museum Trust Board Act 1993, the Council is entitled to appoint 4 members to the Board.
- 3.2 S. 6(2) of the Act states that any person appointed by a contributing authority need not be a member of that authority.
- 3.3 The Council's policy for appointments to Council Organisations states that the Panel will call for expressions of interest from elected members, and that potential appointees will be assessed against the skills, knowledge, and experience the Panel has determined are required for each position.
- 3.4 Until recently, the Council appointees on the Board were Councillors Pauline Cotter and Anne Galloway, an independent member, Tom Thomson, and former Councillor David East. Councillor Cotter has tendered her resignation and David East's appointment expired on 31 December 2020, leaving 2 vacancies to be filled.
- 3.5 Selwyn District Council, which is entitled to appoint 1 member, has also been considering its appointment. Both Councils engaged the services of Christchurch City Holdings Ltd (CCHL) to facilitate the recruitment and appointment process.
- 3.6 CCHL has completed that process and is recommending preferred candidates to each Council, as outlined in CCHL's report (**attached**). The Mayor and Deputy Mayor are of the view the Council should adopt the recommendation that Grant Lovell and Councillor James Daniels be appointed to the Board, and that CCHL be instructed to formalise the appointments with the successful candidates and the Board.
- 3.7 The Mayor and Deputy Mayor also recommend the Chief Executive be asked to raise with Selwyn District Council and the Board the strengthening of reporting protocols, as suggested by CCHL.

Signatories / Ngā Kaiwaitohu

Author **Ian Thomson**

Approved By **Mayor Dalziel - Chair of the Council Organisation Appointments Panel**

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	Report for Christchurch City Council and Selwyn District Council	27



Christchurch
City Holdings
Limited

Report for Christchurch City Council / Selwyn District Council

Date: 3 December 2020

To: Christchurch City Council Organisation Appointment Panel
- Mayor, Lianne Dalziel – Christchurch City Council
- Deputy Mayor, Andrew Turner – Christchurch City Council

Cc: Dawn Baxendale, CEO - Christchurch City Council

To: Mayor, Sam Broughton – Selwyn District Council
David Ward, CEO - Selwyn District Council

From: Paul Munro, CEO, Christchurch City Holdings, pp. The Interview Panel for Council appointments to the Canterbury Museum Board:
- Paul Munro, CEO - CCHL
- Tom Thomson, CCC appointed Independent Canterbury Museum Board Member
- Cr. Grant Miller, Elected Member - Selwyn District Council

Subject: Appointments to the Canterbury Museum Board

Background

Christchurch City Council (CCC) and Selwyn District Council (SDC) both wish to appoint one new member to the Canterbury Museum Board, pursuant to the appointment provisions included in relevant legislation. CCHL has facilitated an independent process to recommend the preferred candidate appointments to the respective councils.

Search Brief

CCHL developed a search brief (i.e. search criteria), based on discussions with the following individuals to understand both the challenges and opportunities facing the Museum and the skills and experience required on the Board.

- The Deputy Mayor and CEO of CCC
- The Mayor and CEO of SDC
- The Chair of the Canterbury Museum Board
- Two independent Canterbury Museum Board members
- The Executive Director of the Canterbury Museum

From these discussions we developed the following search brief:

- Strong strategic governance capability and experience
- Major capital project governance experience such as contracting management, project management, project financing, project budget governance and management

- Government and Local Government relationship management and communications experience
- Credibility with project funders including Local Authorities and Central Government
- A passion for the Museum
- An appreciation of good governance practice

The preference expressed by both CCC and SDC at the outset of the process was to identify independent candidates for appointment. This reflects the views that:

- The Museum Board already has strong local government experience and connections; and
- The communication between the Museum Board and the respective Councils would be stronger without any of the conflicts of interest that can be created with Councillor appointments.

Notwithstanding this preference, CCC subsequently confirmed that their elected members are eligible to express interest in the role under the CCC Appointment and Remuneration of Directors Policy. This did lead to one CCC Councillor applying for the role as discussed below. This application was treated on the same basis as other independent candidates, consistent with the CCC Policy.

Candidate Search Process – Long-list

CCHL used the search brief to review our Director databases and we identified approximately 20 candidates that had skills and experience aligned with the search brief. Brannigans then offered to support the appointment process on a 'pro-bono' basis and their search identified approximately 25 candidates, several of whom were already on the CCHL list. Aggregating these two long lists together we had identified approximately 35 candidates for initial consideration.

Candidate Interest / Availability

CCHL and Brannigans completed a considered review of the long-list and agreed on 19 preferred candidates to approach, being the individuals that best met the search brief criteria. The initial approach was to test interest and availability in being considered for the role. This process secured confirmed interest / availability from seven candidates. Of these seven candidates, based on availability and their alignment with the search brief, we were ultimately able to interview a short list of four candidates on 23 November. Based on these interviews, the interview panel has identified three candidates that we believe would contribute significantly to the future governance of the Canterbury Museum.

Recommended Candidates

SDC appointment - Penny Hoogerwerf

Penny brings extensive governance and professional experience through current or previous roles including:

- *Director – Christchurch Cathedral Reinstatement Ltd (CCRL)*
- *Director – City Care Ltd (CCC owned contracting company)*
- *General Legal Counsel – Central Plains Water Ltd (c.\$450m capital project – 2012 to 2018)*
- *Partner – Lane Neave Lawyers*

In relation to the role on CCCR, we agreed this was complimentary to a potential appointment to the Museum Board and noted:

- CCRL is not the fund raising entity in relation to the Cathedral re-instatement (the fund raising is being managed and governed through a separate entity);
- The similarities between the Museum project and the Cathedral project and the significant importance of heritage in each case, illustrate the potential synergies between the projects and the benefits of having Penny 'overlap' across the respective Boards.

CCC appointment - Grant Lovell

Grant brings extensive governance and professional experience through current or previous roles including:

- *Executive Director – Tonkin & Taylor Group Ltd (T&T) (Environmental and Engineering Consultancy)*
- *Director – Sicon Limited (SDC owned contracting company)*
- *Board Member – Rangi Ruru Girls School (through rebuild period – 2007-2013)*
- *Engineering project work on major projects including Te Pae (Convention Centre), Te Omeka (Justice & Emergency Services Precinct), Turanga (Central City Library), Lake Hood, Christchurch Women's Hospital.*

We discussed the potential for conflicts with Grant's role at T&T and there are clear options/strategies available to manage any conflicts (i.e. by establishing protocols that avoid Grant being involved in T&T service delivery to the Museum and by not having Grant involved in any decisions to appoint T&T to complete any work for the Museum). The benefits of the major capital project experience Grant can bring to the Museum Board are significant and critical to the long term future of the Museum, and these benefits justify the Museum Board establishing straight forward protocols to manage any conflicts (as noted above).

Additional appointment - Cr. James Daniels

James is an elected member of CCC. In addition, James brings extensive relevant governance experience to the Canterbury Museum Board role including:

- *Previous Director - Ngai Tahu Property Ltd*
- *Previous long-standing Runanga Representative for Te Runanga o Ngai Tahu*
- *Current Board member of Museum of New Zealand Te Papa Tongarewa (Te Papa) – note that James has discussed a possible role on the Canterbury Museum Board with the Te Papa Chair (Fran Wilde), and they do not believe this creates any conflicts. This needs to be tested/confirmed with the Canterbury Museum Board Chair if we progress this appointment.*

When the current CCC appointments to the Museum Board were made after the last local body elections James was not able to commit the time required to be considered for the role, however James has recently concluded his Ngai Tahu Property Board role which has freed up some time.

In consultation with the CCC Mayor and with Cr. Pauline Cotter (incumbent CCC Councillor Museum Board member), Cr. Cotter has expressed the desire to take this opportunity to come off the Museum Board and accordingly it is also recommended that Cr. James Daniels be appointed by CCC.

Recommended Council Resolutions

Accordingly it is recommended that:

1. CCC approve the appointment of Grant Lovell to the Canterbury Museum Board as from January 2021;
2. CCC approve the appointment of Cr. James Daniels to the Canterbury Museum Board as from January 2021;
3. SDC approve the appointment of Penny Hoogerwerf to the Canterbury Museum Board as from January 2021.
4. When CCC and SDC respectively, have formalised the approval of these appointments that CCC/SDC either:
 - a. individually advise the respective candidates and advise the Canterbury Museum Board (c/- David Ayers, Chair and cc. Museum Director Anthony Wright); or
 - b. advise CCHL that the recommended appointments have been approved, and CCHL can formalise the appointment communication on behalf of CCC and SDC respectively.

Communication with Contributing Authorities

As an aside, it would be of mutual benefit for the Museum Board and the respective local authorities (CCC and SDC), to strengthen the reporting (and related communication) protocols. This will be critically important over the next period as the Museum seeks to secure funding and consents to commit to the Museum rebuild project.

Yours sincerely,

CHRISTCHURCH CITY HOLDINGS LTD



Paul Munro
Chief Executive Officer

Z:\6. Governance\Director Appointments\2020\Museum Trust Board\2020 Appointments CCC and SDC\Report CCC SDC re appointments.docx

15. Proposed Land Purchase - 940 Main North Rd

Reference / Te Tohutoro: 20/1530995

Report of / Te Pou
Matua:

General Manager /
Pouwhakarae:

David Adamson, General Manager City Services,
david.adamson@ccc.govt.nz

Public Excluded Item 15

Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons. s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Plain English Reason:	To protect Council's position in commercial negotiations
Report can be released:	A redacted version may be released once settlement for this property and negotiations for the neighbouring property are complete.

1. Purpose of the Report / Te Pūtake Pūrongo

- 1.1 The purpose of this report is to seek Council approval to purchase the site at 940 Main North Road and 96 Tyrone Street for stormwater purposes. This report is staff generated.
- 1.2 The decision in this report is of medium significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering the immediate opportunity to purchase the property to enable the provision of an integrated stormwater facility that will service a large catchment of newly developable industrial and existing residential suburban land.
- 1.3 The value of the land and the important contribution the associated project will make to the stormwater network, and to the environmental and ecological values in the prized Ōtukaikino River catchment, are key factors contributing to the significance rating.
- 1.4 A decision by Council is required due to the agreed purchase price exceeding financial delegations to staff.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Approves the expenditure of \$10,760,000 plus GST, plus the additional statutory compensation payable under the Public Works Act 1981, for the purchase of the property at 940 Main North Road and 96 Tyrone Street (described as Lots 5, 6 & 7 DP 71209 and Lot 1 DP 509549 comprised in CB 808484 & CB41B/323) by the Christchurch City Council.
2. Notes that the balance of the property no longer required will be sold under staff delegation (refer Delegations Register Part A- Sub-part 3 – Property Delegations relating to the acquisition and disposal of land).
3. Approves that the Manager Property Consultancy be delegated authority to manage and conclude all of the negotiations and documentation relating to the property purchase.
4. Approves the release of this public excluded report after the property has transferred into Council ownership, noting that some redaction may be necessary to protect the privacy of natural persons.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 Council has a unique opportunity to purchase the subject land required for a planned comprehensive stormwater facility that will service a 119 hectare (ha) catchment and enhance the Ōtukaikino River catchment which includes the Ōtukaikino Wildlife Management Reserve Wetland.
- 3.2 The purchase is unusually straight forward in terms of property negotiations. If Council does not take advantage of this opportunity it risks entering into protracted negotiations in the future with a new owner. This holds potential for a compulsory acquisition process and an inflated purchase price as property values rise over time.
- 3.3 There are no real alternatives other than a partial purchase, which the vendor would not entertain; or no purchase at all, which would not provide land required for the stormwater facility.

4. Alternative Options Considered / Ētahi atu Kōwhiringa (Include advantages and disadvantages of discounted options)

Partial Purchase

- 4.1 Staff attempted to negotiate a partial purchase of the property but this was not possible because the owners were only prepared to sell the property to Council in its entirety. The plans below show the partial purchase proposed being the land at 940 Main North Road only, and the entire site proposed for purchase which includes the parcel of land to the south at 96 Tyrone St.



- 4.2 The advantage of a partial purchase would have been a cheaper purchase price.
- 4.3 The disadvantage of a partial purchase would have been the missed opportunity to widen and naturalise over 1 kilometre (km) of Wilsons Drain (a spring-fed Environmental Asset Waterway) and thereby enhance and protect the part of the waterway that runs along the Tyrone Street boundary (refer plan in Point 5.5) on the additional land being purchased.

No purchase

- 4.4 This is not a viable option given Council's obligations under its Pūharakekenui/Styx Stormwater Management Plan, Comprehensive Stormwater Network Discharge Consent, and the project's inclusion in both the current and forthcoming Long Term Plans.

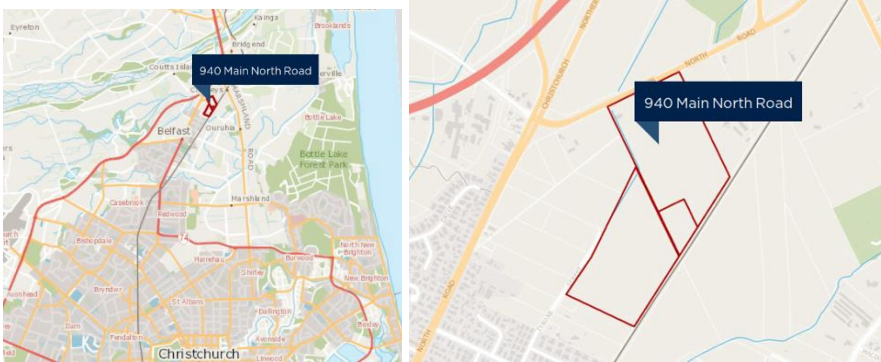
5. Detail / Te Whakamahuki (Include community views and preferences on the matter regardless of whether consultation has taken place or not)

Stormwater & ecological significance

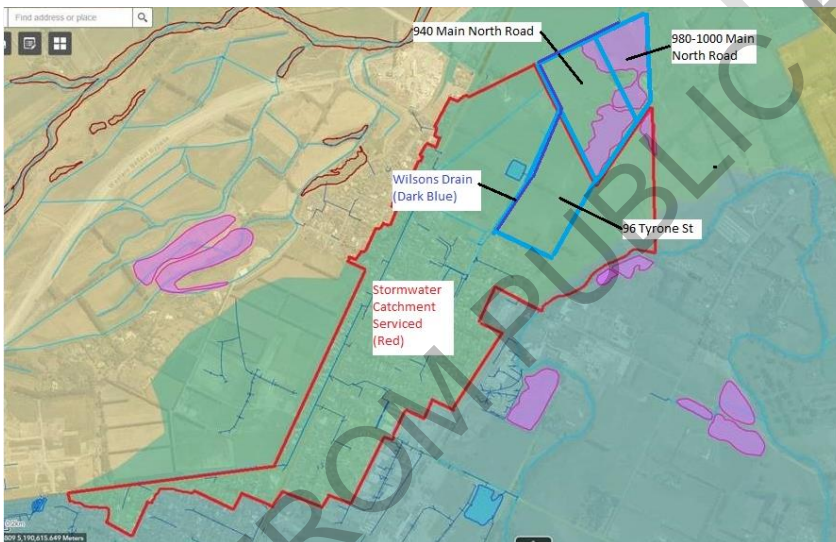
- 5.1 The proposed purchase of the land at 940 Main North Road and 96 Tyrone Street will allow for construction of a first flush basin and stormwater wetland to mitigate untreated stormwater discharges generated from approximately 49 ha of new industrial development area and 70 ha of existing Residential Suburban development, in accordance with the Council's Pūharakekenui/Styx Stormwater Management Plan and its Comprehensive Stormwater Network Discharge Consent.
- 5.2 In addition, it will allow for waterway enhancement and naturalisation of over 1 km of Wilsons Drain, and provide protection/enhancement of several natural springs in the area. Stormwater from these catchments currently discharges, unmitigated, into the Ōtukaikino Wetland (a 13 ha freshwater wetland, Department of Conservation Ōtukaikino Wildlife Management Reserve Wetland, which is one of the few remaining original wetlands in Christchurch), and the Ōtukaikino River.
- 5.3 The Ōtukaikino River catchment has the greatest ecological value of all the river catchments within Christchurch City. Sensitive biota are present in these waterways and wetlands, and surrounding areas, that are not present elsewhere in Christchurch. Wilsons Drain exhibits poor water quality and would benefit from stormwater treatment from the adjacent land use, improving water quality in this waterway and the downstream Ōtukaikino River.

Plans

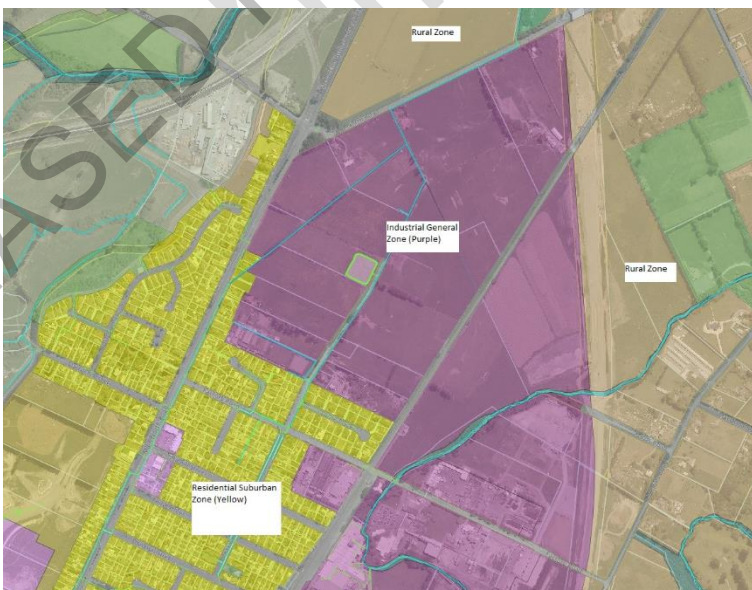
5.4 The location of the land to be purchased within the greater Christchurch area is shown below:



5.5 The plan below shows the contributing Stormwater Catchment (red), Wilsons Drain (dark blue), and the respective properties required – including that described in Point 5.8 below – (light blue):



5.6 The zoning of the catchment area is shown below:



- 5.7 The Outline Development Plan below identifies location of the stormwater facility (yellow) on the adjoining land owned by Waka Kotahi NZ Transport agency (see Point 5.8 below) and stormwater management area (blue) on the land proposed for purchase.



Adjoining land purchase

- 5.8 Staff are also negotiating the purchase of the adjoining land, at 980-1000 Main North Road, from Waka Kotahi as a transfer under section 50 of the Public Works Act 1981. Section 50 relates to the transfer of land held for an existing public work, in this case the Christchurch Northern Corridor. This land is identified by the purple lines in the plan shown below. Whilst this purchase is not part of the decision currently being made (being still under negotiation and falling within staff delegation), it is mentioned because Council ownership of the combined properties will allow the creation of a highly significant stormwater facility such as that sketched in the concept plan below.



- 5.9 There is little risk of the Council not being able to acquire the adjoining property from Waka Kotahi through a Public Works Act transfer expected to be completed within the 2020/21 financial year.
- 5.10 In the unexpected event that the section 50 transfer does not eventuate, the acquisition of 96 Tyrone St would provide sufficient flexibility for the stormwater facility to be shifted south. In this event there would be no balance land to be sold following the widening and naturalisation of Wilsons Drain.

Land details

- 5.11 The proposed land purchase comprises approximately 20.4022 ha in total, held in the following records of title:

- 808484: Lot 5 DP 71209 & Lot 1 DP 509549 (940 Main North Road)
- CB41B/323 Lots 6 & 7 DP 71209 (96 Tyrone Street)

- 5.12 The site is zoned for “Industrial General” use.

Site photos





Basis of agreement

- 5.13 Staff have been attempting to purchase the property from the Radford family since August 2018. Negotiations came to a halt when the family entered into a contract with another party. Staff later found this had failed and were able to recommence negotiations based on the purchase of the entire site, this being the family's condition of sale.
- 5.14 The property was valued by Bayleys Valuation Ltd, with the registered valuation assessing the market value at \$10,760,000 plus GST, if any. The valuation report is included as Attachment A. The family were offered and accepted this amount (subject to Council approval) in the interests of a quick sale.
- 5.15 As part of its due diligence Council commissioned a Preliminary Site Investigation report from Tonkin & Taylor. This was a desktop assessment supported by a site inspection. Nothing of particular note was identified in the report and the valuer confirmed it did not impact on his assessment of the land's value in any way.
- 5.16 Additional statutory compensation of \$25,000 is payable under section 72(C) of the PWA 1981 on the basis of vacant possession. In addition, the vendor's legal fees will be paid by Council under section 66 of the PWA 1981.
- 5.17 Both parties have signed an Agreement for Sale & Purchase conditional on Council approval, which is being sought in this decision.

Site development plans

- 5.18 The house is purchased on an "as is" basis and will be need to be demolished for the stormwater works to proceed. The dwelling adds little value to the site given it is zoned for Industrial General Use. Construction of the stormwater works is scheduled for July 2022 but the demolition will occur soon after purchase.
- 5.19 The land has a number of natural springs which fall within the current grazing area occupied by a large number of bulls. Staff do not intend for the land to be grazed following purchase to allow it to recover condition. The grass will be regularly baled to reduce fire risk.

Community Board area

- 5.20 The decision affects the Innes Electoral Ward and the Waipapa Papanui Innes Community Board.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 The land purchase and associated stormwater facility project is budgeted for in the LTP. The mitigation of untreated stormwater discharge from the 119 ha catchment area is in accordance with the Council's Pūharakekenui/Styx Stormwater Management Plan and its Comprehensive Stormwater Network Discharge Consent.
- 6.2 This report supports the [Council's Long Term Plan \(2018 - 2028\)](#):
- 6.2.1 Activity: Stormwater Drainage
- Level of Service: 14.0.2.1 Council manages the stormwater network in a responsible and sustainable manner. - Number of abatement notices regarding Council resource consents related to discharges from the stormwater networks per year: 0

Policy Consistency / Te Whai Kaupapa here

- 6.3 The decision is consistent with Council's Plans and Policies.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.4 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.
- 6.5 The land purchase will have a positive impact on Mana Whenua in that it will improve the quality of the waterways and the important Ōtukaikino River catchment.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.6 The design of the stormwater facility allowed by the land purchase accounts for the increased rainwater intensity anticipated as a result of climate change.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.7 Public accessibility will be taken into account in the design of the proposed stormwater facility, which should include at least one walking track suitable for wheelchair access.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement – Costs of staff time and external legal fees.
- 7.2 Maintenance/Ongoing costs – Cost of baling hay to reduce fire risk.
- 7.3 Funding Source –
- 7.3.1 The Ōtukaikino stormwater project (including land purchase) is in the current Long Term Plan (LTP) and is also proposed in the forthcoming LTP. The funds currently show as line item 2415 "Styx SMP Defined Project WW Detention and treatment facilities" in Vol 1 of the 2018-2028 LTP.
- 7.3.2 These funds will be drawn down from future years into the Ōtukaikino project. (There is a change request currently in the system to request permission to bring back the funds required for this project into the financial year 2020/2021.) The CPMS ID for the Ōtukaikino project is 38091.
- 7.3.3 The part of the purchase for the widening and naturalisation of the part of the Wilson's Drain along the Tyrone St boundary will be funded by the Strategic Land Acquisitions (SLA) budget, CPMS ID 67. The parcel of land funded from SLA will be held in Corporate

Real Estate, and when the works are completed the cost of/and land asset required by the drain will be transferred to the project. The balance of the property no longer required will be sold under staff delegation (refer Delegations Register Part A- Sub-part 3 – Property Delegations relating to the acquisition and disposal of land).

- 7.3.4 No projects are being replaced in the current financial year with the requested bring back. The land purchase funding will fill the gap of over \$10M in planned carry forwards from other Three Waters projects.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 The general powers of competence set out in section 12(2) “Status and Powers’ of the Local Government Act.

Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

- 8.2 The Legal Services Unit have prepared the Agreement for Sale and Purchase.
- 8.3 This report has not been reviewed and approved by the Legal Services Unit.

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 There is no risk associated with the decision under question.
- 9.2 However, there are potential risks if the decision to purchase the land is not approved by Council, the most significant outlined in Point 10.3 below.
- 9.3 There is a moderate risk of missing the opportunity to purchase the land required to construct the proposed facility from motivated vendors, in a straight-forward purchase, with a single and uncontested valuation. The risk of missing this unusual opportunity is that the subject property will be sold and Council may need to engage in a costly compulsory acquisition process in the future if acquisition by agreement is not achievable with new owners. The land value is also likely to be higher at this time.
- 9.4 A decision to not approve the purchase will have negative environmental and ecological impacts because the waterways within the Ōtukaikino catchment will not be able to be improved.
- 9.5 There is the potential for reputational and legislative risk if adequate stormwater provisions are not made to service the 119 ha catchment.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	Bayleys valuation report dated 18 November 2020	41

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

Confirmation of Statutory Compliance / Te Whakatūrutanga ā-Ture

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 / Ngā Kaiwaitohu

Authors	<div>████████████████████</div> <div>██</div>
Approved By	Angus Smith - Manager Property Consultancy Helen Beaumont - Head of Three Waters & Waste David Adamson - General Manager City Services

BAYLEYS

IN ASSOCIATION WITH  **Knight
Frank**

Market Valuation

Christchurch City Council

940 Main North Road, Christchurch

Prepared by
Bayleys Valuations Limited
18 November 2020



Item 15

Attachment A

Valuation Summary

Property Address	940 Main North Road, Christchurch
Client	Christchurch City Council
Instructing Party	Sarah Stuart
Purpose of Valuation	To assess the Market Value for possible sale purposes
Basis of Valuation	Market value
Valuation Approach	Sales comparison
Legal Description	Lot 5 Deposited Plan 71209 and Lot 1 Deposited Plan 509549, Identifier 808484, Canterbury Land Registry. Lot 6 and 7 Deposited Plan 71209, identifier CB41B/323, Canterbury Land Registry.
Interest Valued	Freehold
Zoning	Industrial General
Date of Valuation	18 November 2020
Elevated Valuation Uncertainty	Following the outbreak of the Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, this has impacted global financial markets. We bring to your attention the important comments in Section 1.6 – <u>Elevated Level of Valuation Uncertainty due to Novel Coronavirus (COVID-19)</u>

Property Summary

The property comprises an undeveloped industrial block of approximately 20.4 ha, currently farmed, with a single residence currently rented, in Belfast to the north of Christchurch.

Market Value

We are of the opinion that the Market Value of the subject property, subject to the qualifications and assumptions contained in the body of this report, is:

\$10,760,000
(Ten Million Seven Hundred and Sixty Thousand Dollars)
plus GST (if any)

940 Main North Road, Christchurch – 18 November 2020

Valuer Involvement

Valuer	Position	Inspection	Calculations	Reporting
William Blake Val Prof (Urb), ANZIV, FPINZ	Registered Valuer	Yes	Yes	Yes
Nicola French BSc, GD Val	Valuer	Yes	Yes	Yes

940 Main North Road, Christchurch – 18 November 2020

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Contents

1. Introduction	5	- 3.1 Contamination	14
- 1.1 Instructions	5	- 3.2 Statutory Valuation	14
- 1.2 Basis of Valuation	5	4. Improvements	15
- 1.3 Liability and Confidentiality	5	- 4.1 Improvements Description	15
- 1.4 Information Sources	7	- 4.2 Pictures	15
- 1.5 Compliance Statement	7	5. Market Overview	16
- 1.6 Elevated Level of Valuation Uncertainty due to Novel Coronavirus (COVID - 19)	7	- 5.1 Economic Outlook	16
- 1.7 Valuation Assumptions	8	- 5.2 Market Commentary	19
- 1.8 Previous Sale	8	6. Sales Evidence	21
- 1.9 Previous Valuation	8	- 6.1 Sales Evidence	21
2. Property Details	9	7. SWOT Analysis	23
- 2.1 Legal Description	9	8. Valuation Approach	24
- 2.2 Site Description	11	9. Valuation Conclusion	25
- 2.3 Locality	12	- 9.1 Signatory	25
- 2.4 Zoning	13	10. General Principles	27
- 2.5 Highest and Best Use	13	Appendix	30
3. Environmental and Statutory	14		33

940 Main North Road, Christchurch – 18 November 2020

1. Introduction

1.1 Instructions

In accordance with instructions received from Sarah Stuart on behalf of Christchurch City Council, we have assessed the Market Value of the property at **940 Main North Road, Christchurch** for possible sale and purchase purposes.

PINZ Professional Practice guidelines and International Valuation Standards require the property be valued as at date of inspection, which we confirm as 18 November 2020.

The outbreak of Coronavirus (COVID-19), which was declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has already led to significant implications on New Zealand and global economies. We bring to your attention the important comments in Section 1.6 – Elevated Level of Valuation Uncertainty due to Novel Coronavirus (COVID-19).

1.2 Basis of Valuation

This valuation has been completed under the International Valuation Standards - IVS (effective 31 January 2020), and the relevant Australia and New Zealand Valuation and Property Standards as approved by the New Zealand Institute of Valuers (NZIV), in particular:

- IVS Framework
- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 400 Real Property Interests.
- ANZVTIP 11 Valuation Procedures – Real Property
- NZVTIP 3 Valuation Reports Prepared by Unregistered Valuers

The market value of the property is defined by the International Valuation Standards Committee as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of market value as advocated by the New Zealand Institute of Valuers and Property Institute of New Zealand

The property's value has been assessed in accordance with Australia and New Zealand Valuation and Property Standards, and with Bayleys Valuations Limited General Valuation Principles.

1.3 Liability and Confidentiality

The valuation has been prepared for your private and confidential use and for the specific purpose detailed in the valuation. It should not be reproduced in whole or in part, or relied on by any other party for any use whatsoever without first obtaining our prior written consent. We do not assume any responsibility to any other person other than you for any reason whatsoever, including breach of contract, negligence (including negligent misstatement) or wilful act or default by ourselves or by others by reason of or arising out of the provision of the valuation. Any person, other than you, who uses or relies on the valuation does so at their own risk.

940 Main North Road, Christchurch – 18 November 2020

This report can be relied upon by the following parties for their respective purposes:

- Christchurch City Council

We reserve the right to review the valuation and revise our opinion after the release of this valuation, if any previously withheld information becomes known to us or erroneous information has been provided and relied upon.

940 Main North Road, Christchurch – 18 November 2020

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1.4 Information Sources

We have been provided with or obtained information from the following sources:

Information	Source
Computer Register	Land Information New Zealand
District Planning Controls	Local Territorial Authority
Proposed Land to be Acquired	Client

1.5 Compliance Statement

This valuation has been performed in accordance with International Valuation Standards, effective 31 January 2020 and the relevant Australia and New Zealand Valuation Property Standards as approved by the New Zealand Institute of Valuers (NZIV) Council, and we confirm that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge;
- The analyses and conclusions are limited only by the reported assumptions and conditions;
- The valuer has no interest in the subject property;
- The valuer's fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards;
- The valuer has satisfied professional education requirements;
- The valuer has experience in the location and category of the property being valued;
- The valuer has made a personal inspection of the property; and
- No one, except those specified in the report, has provided professional assistance in preparing the report.

1.6 Elevated Level of Valuation Uncertainty due to Novel Coronavirus (COVID - 19)

The outbreak of the Novel Coronavirus (COVID-19) was declared as a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Travel restrictions have been implemented by many countries, including New Zealand. There remain risks that the local real estate market could be impacted as a result. As at the date of valuation we consider there to be some market uncertainty. This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

940 Main North Road, Christchurch – 18 November 2020

1.7 Valuation Assumptions

In completing our valuation the following property specific assumptions have been made:

- The valuation has been made without specific knowledge of ground conditions and costs of development. It is likely the valuation will require adjustment if and when site specific development costs are established.

1.8 Previous Sale

We are not aware of any sale of this property in the last three years.

1.9 Previous Valuation

We have not had any previous dealings with this property.

940 Main North Road, Christchurch – 18 November 2020

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BAYLEYS

IN ASSOCIATION WITH
 **Knight
Frank**

8

2. Property Details

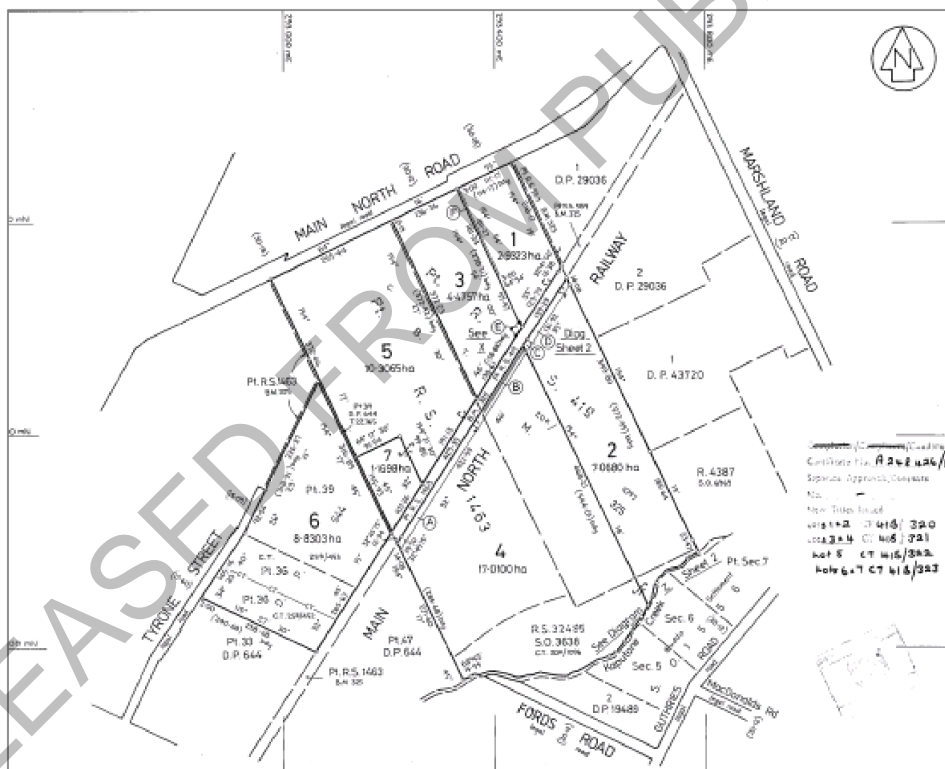
2.1 Legal Description

940 Main North Road, Christchurch

We detail below a summary of the Record of Title as below:

Identifier	808484, Canterbury Land Registry
Estate	Fee simple
Legal Description	Lot 5 Deposited Plan 71209 and Lot 1 Deposited Plan 509549
Land Area	10.4021 hectares.
Registered Owners	Colin Bruce Radford as to a 1/5 th share, Lester Douglas Radford as to a 1/5 th share, Mervyn Owen Radford as to a 1/5 th share, Walter Earl Radford as to a 1/5 th share and David Francis Arthur Feaver and Anthony David Feaver as to a 1/5 th share.
Interests	<ul style="list-style-type: none"> Gazette Notice declaring the No 1 State Highway fronting the within land to be a limited access road.

The Title Plan is shown below:



940 Main North Road, Christchurch – 18 November 2020

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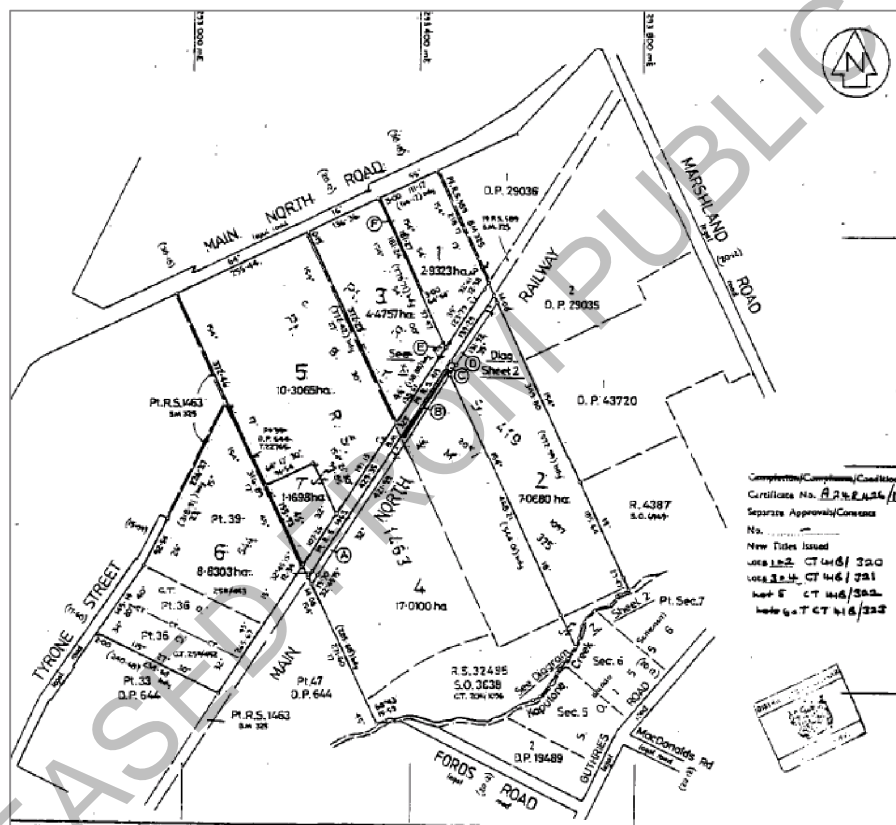
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9

96 Tyrone Street, Christchurch

Identifier	808484, Canterbury Land Registry
Estate	Fee simple
Legal Description	Lot 5 - 7, Deposited Plan 71209.
Land Area	10.0001 hectares.
Registered Owners	Colin Bruce Radford as to a 1/5 th share, Lester Douglas Radford as to a 1/5 th share, Mervyn Owen Radford as to a 1/5 th share, Walter Earl Radford as to a 1/5 th share and David Francis Arthur Feaver and Anthony David Feaver as to a 1/5 th share.
Interests	<ul style="list-style-type: none"> Subject to Section 241 Resource Management Act 1991.

The Title Plan is shown below:



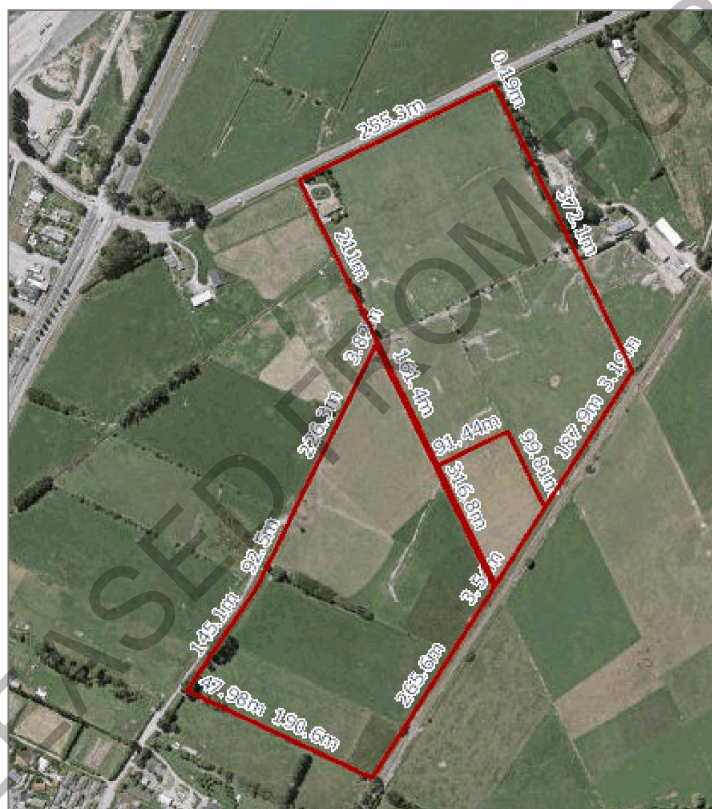
940 Main North Road, Christchurch - 18 November 2020

2.2 Site Description

We summarise the site details as below:

Shape	The site comprises two separate titles of irregular shapes, together providing a boomerang shape, extending from Main North Road and bounding the railway on the south western border.
Approximate Frontages	Main North Road - 255 metres Tyrone Street - 220 metres more or less.
Topography	More or less level, drainage ditches at the frontage. We are advised it is affected by springs that require protection, and fill to allow for drainage.
Services	All standard utility services, telecommunications, drainage and water connections are connected or available in the nearby streets
Access	Pedestrian and vehicular access is gained from both Main Road and Tyrone Street. We note the end of end of Tyrone Street is mostly unsealed.

The site is indicated below:



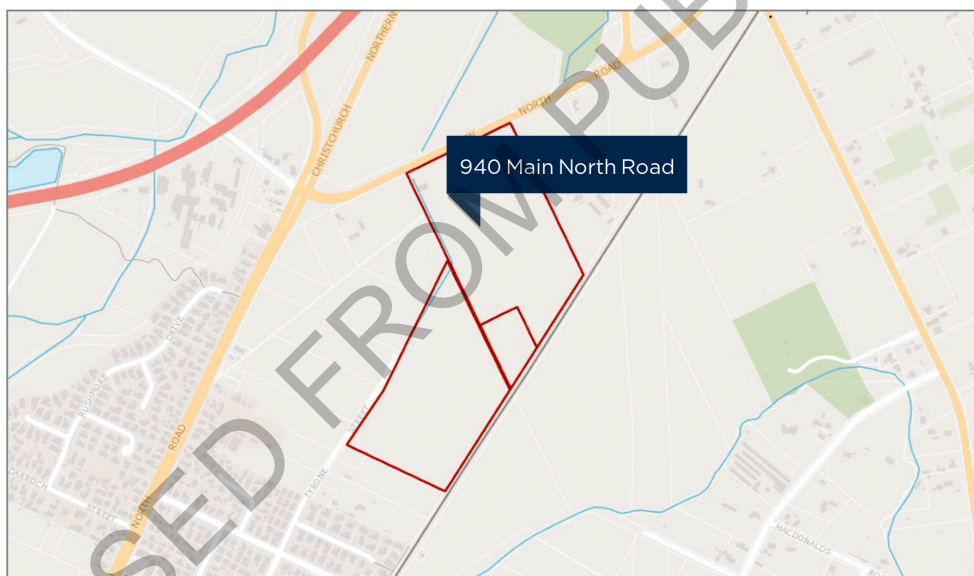
940 Main North Road, Christchurch – 18 November 2020

2.3 Locality

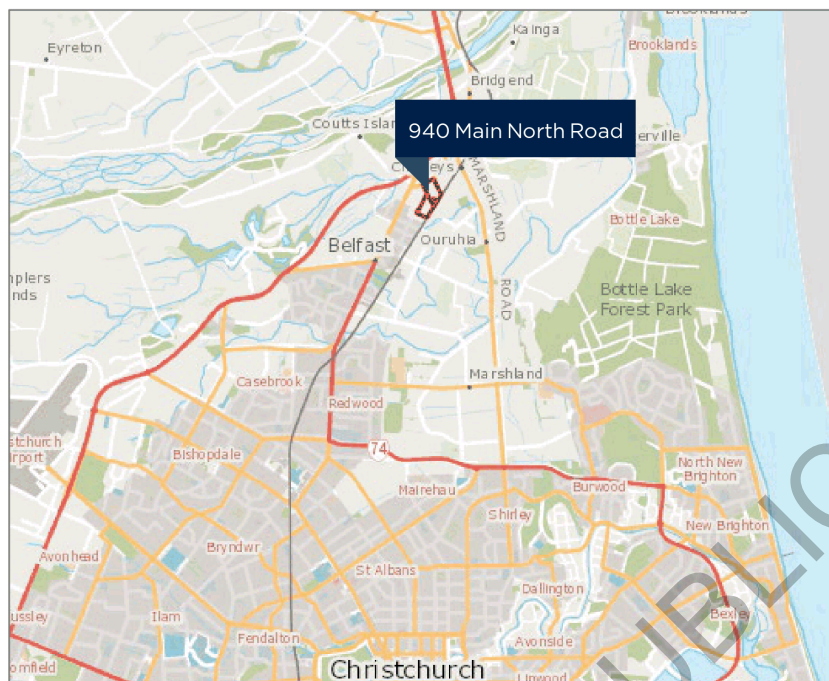
We summarise the locality details as below:

Location	Belfast, the northern suburb located just south of the Waimakariri River. The subject is positioned between Main North Road and Marshland Road, and to be located within the newly developed Northern Motorway and Western By-pass.
Situation	The subject is within a large tract of industrial zoned land, which has not been developed as yet and provides mostly lifestyle and rural grazing blocks. There is some commercial development to the south. The subject has dual access with main access off Main North Road, where the road is divided from the state highway to Main North Road. The additional secondary access is off Tyrone Street, passing residential housing and leading onto a gravel track, being mostly unsealed.
Surrounds	Immediate surrounding properties are rural in nature or lifestyle properties, some residential housing as noted off Tyrone Street, and industrial development to the south eastern portion of Belfast on the old freezing works site.

The locality is indicated below:



940 Main North Road, Christchurch – 18 November 2020



2.4 Zoning

Our valuation has proceeded on the basis that the subject property confirms to all requirements of the District Plan in addition to the Resource Management Act 1991 and subsequent amendments.

The Christchurch District Plan is operative. It will also be necessary to consult the Coastal Hazard provisions in the Christchurch City Plan and the Banks Peninsula District Plan.

District Plan	Christchurch District Plan
Zoning	Industrial General
Zone Description	This zone recognises and provides for industrial activities that can operate in close proximity to more sensitive zones, such as residential areas, due to the nature and limited effects (such as noise, odour and traffic) of activities.
Overlays and Notations	<ul style="list-style-type: none"> Water Body Setback. Liquefaction Management Area. Ngai Tahu Cultural Significance. Flood Management Area, (limited to the 96 Tyrone Street only).

2.5 Highest and Best Use

The current use which is lifestyle and rural grazing. Based on the Industrial General zoning, we would consider industrial development and subdivision to be the highest and best use of the site.

940 Main North Road, Christchurch – 18 November 2020

3. Environmental and Statutory

3.1 Contamination

As defined by the Australian and New Zealand Environment and Conservation Council (ANZECC) and the National Health and Medical Research Council (NHMRC) a contaminated site comprises "a site at which hazardous substances occur at concentrations above background levels, and where assessment indicates it poses or is likely to pose an immediate or long term hazard to human health or the environment".

Registered Valuers are not adequately qualified to detect substances of this type. Our role is limited to the detection and preliminary identification of contamination through making reasonable site inspections and making enquiries to appropriate authorities.

During inspections Bayleys Valuations Limited attempts to identify, from on-site observations, any potential or actual contamination issues thereafter recommending further expert advice where appropriate.

We have not completed an environmental audit of the property, although any contaminants on the property that may be obvious on inspection may be noted in the valuation. No warranty is given, or is to be implied, in the valuation that the property is free from contaminants. Substances such as asbestos, other chemicals, toxic wastes, or other potentially hazardous materials could adversely affect the value of the property. The valuation is prepared on the basis that there is no material on the property that would affect its value. If you have any concerns, verification that the property is free from contaminants should be obtained from a suitably qualified environmental expert. The Environment Canterbury's Listed Land Use Register has a preliminary site investigation for ground contamination registered on land parcel with no HAIL activity noted as yet. The preliminary site investigation report identifies a number of potentially contaminating land uses to be found, but we note no investigative sampling of these areas and post reporting has been conducted and registered on the Listed Land Use Register as yet.

3.2 Statutory Valuation

The latest Rating Valuation for the property as at 1 August 2019 is as follows:

940 Main North Road

Land Value	\$2,700,000
Value of Improvements	\$80,000
Capital Value	\$2,780,000

96 Tyrone Street

Land Value	\$2,610,000
Value of Improvements	\$10,000
Capital Value	\$2,620,000

Rating Valuations are carried out under statutory criteria and may not necessarily reflect actual market value.

940 Main North Road, Christchurch – 18 November 2020

4. Improvements

4.1 Improvements Description

The main improvement comprises a dwelling near the road frontage, with supporting site development and planting. We are advised it is rented. We did not inspect the building in detail.

Given the scale of the property and potential for subdivision and development, this house is of relatively little significance. It provides interim income or alternatively could be used as a site office in the event of future subdivision and building.

4.2 Pictures



940 Main North Road, Christchurch – 18 November 2020

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5. Market Overview

5.1 Economic Outlook

Introduction

The Coronavirus (Covid-19) pandemic had a major effect on global economies. New Zealand has now officially entered a recession, following two consecutive quarters of negative GDP. Following the first lockdown New Zealand has fared better than forecast and managed to recover with the help of financial support from the Government and fast control of the spread. There continues to be disruption to export industries, global trade, the tourism sector, and labour supply.

The aftermath of the first COVID-19 outbreak has shown an increase in unemployment with job losses in various sectors, particularly the retail sector being the hardest hit. Unemployment figures currently sit at 5.3% for the September 2020 quarter. Despite entering a recessionary period, the major stock market indexes have since recovered from its March plunge with investors optimistic of a swift economic recovery, boosted by the prospect of a vaccine being available.

Gross Domestic Product (GDP) growth has fallen strongly as a result of the lockdowns and trade restrictions, resulting in a drop of 12.2% for the June 2020 quarter. The timeline for travel restrictions to ease is subject to considerable uncertainty. Tourism and international students directly account for approximately 5% of New Zealand's GDP and the restrictions on borders have greatly impacted the benefits this brings to the economy. Many businesses have remained viable and operational due to Government support with a wage subsidy and business loan scheme, where additional impact is likely to be felt when this support comes to an end.

The below table indicates the performance of the New Zealand economy over the previous six months:

Economic Indicator	Period	Rate	Forecasted Trends
GDP	Q2 2020 - Q3 2020	-12.2%	↓
CPI	Q1 2020 - Q2 2020	1.50%	↓
OCR	September 2020	0.25%	→
Unemployment Rate	Q3 2020	5.3%	↑
10 Year Bond Rate	September 2020	< 1.00%	→

Migration

Since lockdown restrictions began in late March 2020 migrant arrivals and departures in New Zealand have dropped to low levels. New Zealand has full border restrictions in place, limiting people's ability to travel and only allowing citizens, permanent residents and a minimal number of exemptions into the country. According to most recent figure, April 2020 to July 2020 saw a net migration gain of only 800 with two in every three arrivals being a New Zealand citizen, and six in every seven departures being non-New Zealand citizens. The current net gain of New Zealand citizens is largely fuelled by people returning from overseas and restrictions making people unable to head offshore. Annual net migration estimates are being kept at high levels due to the ongoing stay of people who arrived before border restrictions and these will be revised depending on whether these people stay in New Zealand or head back overseas.

940 Main North Road, Christchurch – 18 November 2020

Political

The level of Government debt in terms of a percentage of Gross Domestic Product (GDP) has been steady at around 20 - 25% of GDP over the past four to five years and is currently sitting around 30% of GDP. This debt is forecasted to rise to 32% of GDP by the end of 2020. New Zealand's debt to GDP levels are relatively low in comparison to the United States which is above 110% and the United Kingdom above 100%. On 10th September 2020 Government borrowing costs went negative as a result of the bond tender 738. This perhaps reflects the lack of confidence fund managers have in the future of the economy and outlook for inflation. As a result of the pandemic, the Government announced the first of its 'stimulus packages' on 17 March 2020. The 2020 Budget allocated \$50b to the COVID-19 Response and Recovery Fund with the Government setting aside a further \$20.2b for future investment purposes to support the economic recovery. Trading Economics predicts Government debt in terms of GDP is expected to grow to 41% in 2021 and 47% in 2022. We are yet to witness the full impact of the abovementioned spending and stimulus packages; however, these have generally been met with positive response and have softened imminent economic damage. In October, New Zealand held its General Election in which the Labour Party won the majority vote retaining Jacinda Ardern as New Zealand's Prime Minister.

Interest Rates & Inflation

Prior to the global pandemic, given the downside risks associated with the effects of the USA Government closure and their extended trade-war with China, coupled with the slowdown in the Chinese economy, lower growth forecasts in Australia and the impacts of the inevitable Brexit plan, a global growth reduction was being witnessed. Nationally, the Reserve Bank announced a cut in the OCR from 1.5% to 1% in August 2019 and maintained this in the following two announcements, with the RBNZ stating "ongoing low interest rates were needed to keep inflation and employment close to their mandated targets".

Most recently, reacting to curtail an imminent economic recession, the RBNZ announced a reduction of 75 basis points to the OCR, reducing this to a new historic low of 0.25%, guaranteed for 12 months. In an additional effort to stimulate lending and aid debt affordability, the Reserve Bank has chosen to put on hold a proposed increase in capital requirements for banks on retail mortgage lending. The RBNZ has announced its plan to keep the OCR at 0.25% for "at least 12 months". The RBNZ's Monetary Policy Committee (MPC) noted that a negative OCR will become an option in the future, although at present financial institutions are not yet operationally ready. Additionally, the RBNZ quantitative easing programme has announced a total bond buy back policy from the Government capped at \$60 billion to ease monetary conditions.

Following the reduction in the OCR, most retail banks have passed on the entire 75 basis point cut to floating mortgage rates. Fixed interest rates have since followed suit, marketing historic lows for fixed mortgages. This should relieve some pressure on current borrowers and also incentivise some levels of additional investment. The access to capital is important if business and investment activity are to return to New Zealand's economy. Inflation is now at approximately 1.5% for the year to September 2020, decreasing from 2.5% in March of 2020. The Monetary Policy Committee forecast annual inflation dropping from 2.5% to approximately 1%.

940 Main North Road, Christchurch – 18 November 2020

Investment & Construction

Demand for residential construction leading up to the pandemic was still strong, mirroring the delayed response to rapid population growth in the last few years. Residential construction continues to move towards townhouses and higher density developments and this is expected to intensify with the housing shortage and supply pressures. Residential building consents are up a further 3.5% over the past year. On the other hand, the construction sector is faced with the hurdle of reduced profitability, with cost and labour constraints restricting the ability for activity to escalate.

Retail accommodation is most likely to be the most severely affected by the downturn in overseas visitor numbers. Commercial construction is also expected to slow for office space and hotels as demand is predicted to decrease in the coming years, however increased Government spending in infrastructure will see some offset.

Summary

The short-term projection for the New Zealand economy is difficult to determine. Business operations for some are 'as usual', or enjoying increased trade due to domestic demand, while others are restricted. The current increasing unemployment rate has not yet had an impact on market performance, however there is uncertainty about what will happen with the wage subsidy extension ending. It is likely the effects will be unevenly felt with some sectors such as food production, supermarkets, residential housing, and online sales and learning performing well, and others such as High Street retail and international tourism faring poorly. New Zealand's exit from recession and recovery will be linked to global recovery which again is highly uncertain in terms of form and timing. It is apparent that many investors and consumers are confidently spending on consumer items, domestic travel and also ploughing capital into property and equity markets. Much of this is driven by the very low interest rate environment and hunt for yield on capital.

Source: Bayleys Valuations, Statistics NZ, Interest, ASB, ANZ, NZIER, RBNZ, Westpac (30 October 2020)

940 Main North Road, Christchurch – 18 November 2020

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18

5.2 Market Commentary

Christchurch Market Overview

The February 2011 earthquake has had a significant impact on the city, prompting a general residential shift to the west, where a substantial amount of land was made available for new development. The earthquake had an impact on property prices and the general market in terms of earthquake strengthening requirements, and the ability to obtain insurance and bank lending. This continues to shape the local market with these factors impacting on purchasing ability and pricing. Nearly 10 years on, most of the rebuild in the CBD has been complete, strongly driven by private investors, with a few remaining key anchor projects in the pipeline or under construction. The Covid-19 pandemic has now superseded the earthquakes in terms of market impact and the current economic climate.

Commercial yields have narrowed throughout 2018-2019, as cashed up investors compete for limited quality stock. Interest rates have been, and are expected to remain relatively low, and deposit rates remain low. Following the lift of the nationwide lockdown during the Covid-19 pandemic, it is likely that a number of businesses will fold. Moving forward, we anticipate investor appetite will be strongly driven by tenant covenants and security. This may have an effect on properties with weaker lease terms, or in a weaker sector, in terms of pricing and investors requiring a higher yield to reflect the added risk.

Risks

The Covid-19 pandemic presents a number of risks for the local and national market. Unemployment is forecast to increase to above 6.8%, with predictions varying under different scenarios of our success in containing the virus. between 10% and 26% based on current models. Jobs that may have been filled by migrant workers may now be filled by NZ residents, particularly looking to reduce unemployment levels.

Following the Canterbury earthquakes, we saw a loss of workspace, and access to offices was limited, prompting a change in work patterns where more businesses were required to work from home. The viability of working from home or in more remote locations may have an effect on business decisions in today's market, by recognising this alternative to save cost for a company or some employees. This is driven and supported by the ability to connect with technology and video conferencing. We anticipate new lease agreements may be subject to rent concessions or benefits in order to secure a tenant. A reduced demand for premises is likely to be seen in the hospitality, accommodation, and office sector, as a result of reduced consumer spending, folding businesses and weakened confidence which does not support the development or expansion of surviving businesses.

Consumer spending has reduced throughout 2019, with fiscal stimulus from the central banks prior to the pandemic, aiming to lift inflation to within target levels. This will remain conservative, with job insecurity, losses, and a market with low confidence. There may be delays on major projects, such as the Metro Sports Facility and Convention Centre, coupled with limited non-essential travel, and reduced business spending in the short to medium term.

Mitigating Factors

Mitigating factors for the local economy are underpinned by sectors of economic diversity, such as; a strong farming sector, farm servicing, manufacturing, Aerospace, and health, among others.

Canterbury has generally been considered an affordable city in New Zealand, recording a significantly lower median sale price in comparison to Wellington and Auckland. Those facing job uncertainty or housing affordability stresses may look to Canterbury as an attractive alternative, boosting internal migration to the region. As a result of supply chain stresses, there may be a reverse-shift to manufacturing onshore, which would provide a more guaranteed supply chain for future global uncertainty, which has a flow on effect to the local and national economy.

940 Main North Road, Christchurch – 18 November 2020

Industrial Market

Post the 2010 and 2011 earthquakes, Christchurch has cemented its position as the logistics and distribution hub of the South Island, backed by a strong rural economy. Ongoing demand for construction, new business formation and expansion has driven demand for additional industrial space. The resultant requirement for land has seen new industrial precincts emerge, particularly to the west of the city, with growth being supported by significant infrastructure improvements. We have not yet witnessed the impact the coronavirus pandemic has on the industrial market. Christchurch's post-earthquake rebuild and subsequent infrastructure programme, along with expansion of the logistics and distribution sector saw demand for industrial workspace increase sharply. With limited land available within established industrial precincts and concerns over the seismic stability of land in some of the city's eastern suburbs, expansion of the industrial property base has been at its greatest to the west of the city. These areas are generally preferred for logistics and distribution, and manufacturing, given the larger sites and proximity to main arterial routes.

Sales activity has been driven by high levels of interest, from both investors and owner occupiers, reflecting the low interest rate environment and strong levels of business creation and expansion. Yield compression has seen capital values rise over recent years. Prime yields sit between 6.0% and 7.0%, with secondary yields ranging from 7.0% to 9.0%. We expect the market emerging from the pandemic to seek strong tenant covenants and lease terms, with a less favourable outlook to riskier, second tier industrial properties, which may see an increase in yield. This may be somewhat countered by the low interest rate environment which is expected to continue, and the tax benefits reintroduced for depreciation of commercial buildings.

Office Market

The Christchurch CBD underwent significant construction to rebuild following the Christchurch earthquakes. Supply and demand reached an equilibrium in 2018-2019 with stabilising vacancy rates, and little change in prime and secondary rents, indicating a relatively balanced market.

Yields have compressed with the exception of the secondary suburban market. Prime office yields in the CBD sit between 6% to 6.75%, with secondary yields ranging from 7.25% to 8%, in 2019. Suburban yields are higher again, with a less favourable outlook, given the shift back into the CBD.

We are yet to witness any impact from the coronavirus pandemic, and this will come apparent over the course of 2020. We expect this to hit the secondary and suburban investment market more strongly, where there may be weaker tenancies in place. We anticipate investor appetite to be strongly backed by tenant security and the sector in which businesses operate.

Retail

The retail market in Christchurch had been relatively weak prior to the coronavirus pandemic, with a large turnover of new hospitality ventures and generally low foot traffic. The opening of the Riverside Market and other drawcard developments in the CBD had seen a resurgence in this sector in the latter part of 2019, and early in 2020.

We anticipate a large number of hospitality venues and retail outlets will not recover from the economic shutdown, as 2020 progresses with physical and social distancing a requirement until the coronavirus is contained and a vaccination becomes available. As a result, face to face interactions are expected to be limited, and contactless delivery of online shopping is likely to become a bigger feature in the retail market.

940 Main North Road, Christchurch – 18 November 2020

6. Sales Evidence

6.1 Sales Evidence

As part of the valuation process we have identified some sales of larger industrial blocks, city wide. This is not the type of property that is frequently traded, and it has been necessary to canvass quite a large area and also time span. None of the evidence is particularly comparable in terms of location and size, however we suggest the earlier sales in Belfast, being part of the former Belfast Freezing Works site, provides useful parameters. As a broad observation the market for industrial land has not changed much over the last three or four years.

We can also infer development land prices from the values achieved for developed retail sites. We observe that in broad terms, the value of undeveloped land is about one quarter to one third of the value of fully developed sections. Smaller fully serviced developed blocks nearby in Belfast are selling at around \$180 - \$250 per square metre, which would suggest that the value of undeveloped land in the locality is in the order of \$50 - \$60 per square metre.

On a broad comparison basis we believe the value of the undeveloped land is in the order of \$50 - \$55 per square metre.

We adopt an average rate of \$52.50 per square metre.

A summary of larger block sales is detailed below:

Land Sales		Date	Price	Area (ha)	\$psm	Comment
2 Establishment Drive	Hornby South	Mar-20	\$11,910,200	7.0016	\$170	
637 Main South Rd	Hornby	Nov-17	\$32,804,800	32.789	\$100	Foodstuffs purchase
10 - 12 Wilmers Road	Hornby	Mar-19	\$5,360,000	5.363	\$100	to Ngai Tahu - now subd. Industrial Park zone. Values around \$300 psm developed sites.
50 Belfast Rd	Belfast	Dec-16	\$1,110,000	1.214	\$91	
32 Stanleys Road	Harewood	Mar-18	\$3,847,000	4.274	\$90	Industrial Park zone. Two titles sold Harewood
320 Shands Road	Hornby South	Sep-18	\$25,289,000	28.706	\$88	large site with street frontage, zoned IH. HAIL site, waste disposal and Asbestos products manufacture or disposal
45 Blakes Road & 60 Belfast Road	Belfast	Dec-15	\$3,000,000	3.9745	\$75	Well-proportioned blocks.
59 Blakes Road	Belfast	Jul-16	\$2,115,000	2.9567	\$72	Also irregular in shape and adjoining the Kaputone stream
79 Factory Road	Belfast	Oct-14	\$4,140,950	6.8233	\$61	
20 Blakes Road	Belfast	Feb-16	\$2,483,000	4.3327	\$57	Irregular shape adjoins the Kaputone stream.

940 Main North Road, Christchurch - 18 November 2020

We also refer to smaller subdivided industrial sections which have sold recently below:

Land Sales		Date	Price	Area (ha)	\$psm
929 Halswell Junction Rd	Islington	Jul-20	\$3,515,000	1.48	\$238
3 Islington Ave	Islington	Jul-20	\$1,390,250	0.5561	\$250
510 Waterloo Road	Islington	Jul-20	\$1,180,000	0.471	\$251
6 Seven Mile Drive	Belfast	Aug-20	\$328,000	0.1366	\$240
4 Seven Mile Drive	Belfast	Jan-20	\$333,935	0.1365	\$245
13 Frank Coxon Road	Belfast	Feb-20	\$535,230	0.2817	\$190
5 Frank Coxon Road	Belfast	Jun-19	\$491,010	0.2516	\$195

940 Main North Road, Christchurch – 18 November 2020

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22

7. SWOT Analysis

We have considered and summarised the key positive and negative features associated with the subject property. This process assists in determining the appropriate yield and adopted rates for valuation.

Strengths	Opportunities
<ul style="list-style-type: none">• Large land holding with dual frontage.• Well positioned for access to main arterial routes such as State Highway 1 to travel to both north and south.	<ul style="list-style-type: none">• The subject is held in two separate titles, giving the potential to develop independently.• Land bank or proceed with industrial development.
Weaknesses	Threats
<ul style="list-style-type: none">• Industrial developments in Belfast have been relatively slow to update, and sluggish development on completed sites.• Generally lower land values for developed industrial sections in comparison to western suburbs of Christchurch.• The site has a Flood Management Overlay on the 96 Tyrone Street portion, and appears to have a high water table given the number of springs and drains.	<ul style="list-style-type: none">• Unforeseen costs relating to development and subdivision of the block.• Offshore and local factors having a negative impact on the domestic economy and property values.• Ongoing impact of economic fallout from Covid-19 pandemic. An economic recession, increasing unemployment levels and business volatility may impact parts of the property market over time.• An extended marketing and sales campaign may be realised if disposal of the property is required.• Market uncertainty may lead to a particularly wide range of value.• Liquidity issues may arise as a result of COVID-19 crisis.• Widening gap may be seen between prime and secondary assets over the coming months / year.• Perception of value may fall within a particularly wide range given the Covid-19 related crisis.

940 Main North Road, Christchurch – 18 November 2020

8. Valuation Approach

Referring to the comparative evidence, we have come to the conclusion that the value is equivalent to some \$52.50 per square metre.

We calculate the value of the block as bare land as follows:

Area 204,022 sqm @ \$52.50 psm = \$10,711,155

To this we make some allowance for the existing home, recognising that it has potential to be used in the short to medium term for income or occupation by the developer.

We allow a further \$50,000.

The combined value is \$10,761,155, rounded to \$10,760,000.

940 Main North Road, Christchurch – 18 November 2020

9. Valuation Conclusion

Bayleys Valuations Limited confirms that we undertook an inspection of the property at 940 Main North Road, Christchurch, on 18 November 2020, in order to assess the Market Value for possible sale and purchase purposes.

Elevated Valuation Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In New Zealand, market activity is expected to be impacted in all sectors of the property market.

The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Additionally we recommend frequent review of our valuation as the situation unfolds and a more thorough understanding as to impacts on the property market is understood.

Subject to the critical assumptions and comments noted within this report, we hereby assess the Market Value of the abovementioned property to be:

\$10,760,000

(Ten Million Seven Hundred and Sixty Thousand Dollars)

We confirm that the above valuation has been expressed on a plus GST (if any) basis.

9.1 Signatory

We thank you for your instructions in this matter. If you require any further assistance, please contact the undersigned.

Prepared By

Bayleys Valuations Limited

William Blake Val Prof (Urb), ANZIV, FPNZ

Registered Valuer

Direct +64 3 375 4700

Mobile+ 64 27 229 7427

Email william.blake@bayleys.co.nz

Bayleys Valuations Limited

Nicola French BSc, GD Val

Valuer

Direct +64 3 375 4700

Mobile+ 64 21 897 382

Email Nicola.french@bayleys.co.nz



church – 18 November 2020

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25

940 Main North Road, Christchurch – 18 November 2020

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26

10. General Principles

PINZ: Valuation Standards & Guidance Notes	This valuation has been performed in accordance with International Valuation Standards - IVS (effective 31 January 2020), and the relevant Australia and New Zealand and Property Standards as approved by the New Zealand Institute of Valuers (NZIV) Council. The definition of Market Value as defined by the International Valuation Standards - IVS (effective 31 January 2020) is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".
Valuation Basis	No allowances are made in our valuations for any expenses of realisation or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.
Information Supplied	The valuation assumes as being complete and correct information provided to us by the sources detailed in our report on any relevant matters including, without limitation, items such as rents, operating expenses, tenure, tenancies and tenants improvements. We accept no responsibility, however, for the completeness and accuracy of information provided to us.
Documentation	Our inspection has included searching of the Certificate(s) of Title and if appropriate and where available, the ground and/or building lease(s) and other relevant tenancy schedules and documents. We recommend that reliance should not be placed on our interpretation thereof without prior verification by your lawyers.
Title	Unless specifically stated in the report, we assume that each property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there were no unusual or onerous restrictions, easements, covenants or other outgoings which would adversely affect the value or negotiability of the relevant interest(s).
Title Boundaries	We have not carried out a detailed site survey and we have of necessity assumed for the purposes of the valuation that all structural improvements have been erected within the Title Boundaries. We do not undertake a measurement of the site or survey but calculate the site areas by reference to identified boundaries of the property and the appropriate Computer Register.
Resource Management Act 1991	Our valuation is on the basis of uses indicated on our copies of the Transitional District Plan, Proposed District Plan and District Plan (as the case may be) and our enquiries of the Territorial Authority as to any Resource Consents for the land.
LIM & PIM	Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Project Information Memoranda (PIM) from the Territorial Authority. It is considered an obligation of the recipient of the report to request a Land Information Memorandum from the appropriate local authority and search legal registrations on the relevant Computer Register, in order to satisfy themselves as to the suitability of the property for their specific purpose.
Valuation	The valuation provided is our opinion of the market value. This value may change in the future due to market conditions and changes to the state of the property. For the purposes of our valuation we have assumed there will be no adverse market changes in the short to medium term.
Validity	Should a period of greater than three months elapse from the date of preparation of the report, it is recommended that the person to whom it is addressed seek confirmation from the Valuer concerned that the valuation can still be relied upon in context of relevant current market situation. Failing to do so will nullify the validity of the report as well strict reliance upon a copy of the same unless previously agreed to in writing between us and the recipient and/or end user. If a copy of the report is relied upon, we cannot guarantee the accuracy of the same which could be at variance with the original document. Furthermore, the reference to the 3 month time period does not imply that the value will remain static during this time. From the perspective of Bayleys Valuations Ltd, this valuation is valid by valuer signature only.

940 Main North Road, Christchurch – 18 November 2020

Practising Certificate	This valuation has been carried out by a Registered Valuer carrying a current practising certificate.
Insurance	BVL hold Professional Indemnity cover that is at a level accepted by our large corporate clients and banks and it is at/or above industry standards. A copy of our certificate is available upon request.
Acceptance of Reports	The use of this report by the client/instructing party for market value/mortgage purposes in its current format is deemed an acceptance by the same of all value, terms, conditions and specification contained herein unless advised to the contrary immediately.
Inspections	We undertake such inspections and conduct investigations as are, in our opinion, correct in our personal judgement, appropriate and possible in the particular circumstance.
Legislation	Building Act 2004, Health and Safety at Work Act 2015, Fire Safety and Evacuation of Buildings Regulations 2006, Disabled Persons Community Welfare Act 1975. Unless otherwise stated in our report, our valuation is on the basis that the property complies with this legislation or it has no significant impact on the value of the property.
Structural Surveys	The valuation report does not purport to be a structural survey and we accept no responsibility for the omission of building or other defects which may not be apparent without such a survey.
Deleterious Materials	Unless stated in our report, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless notified, our valuations assume that no such materials or methods have been used (e.g. asbestos, PCBs).
Site Conditions	We do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of properties which may have redevelopment potential, we assume that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems.
Environmental Contamination	Our valuations assume that no contaminative or potentially contaminative use is, or ever has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.
Plant & Machinery	Our valuations include items usually regarded as forming part of the building and comprising fixtures, such as lifts, boilers, heating, ventilation, air conditioning, water, drainage, electrical, lighting, fire detection and sprinkler systems. We have assumed the fixtures are in proper working order and functioning for the purpose for which they were designed.
Taxation, GST	<p>In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise.</p> <p>In respect to Goods and Services Tax we specifically draw your attention to the fact that our valuation is on the following basis:</p> <ul style="list-style-type: none">• Non Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that valuation is plus GST (if any).• Residential - Market and rental valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).

940 Main North Road, Christchurch – 18 November 2020

Publication

Neither the whole nor any part of our reports, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way without any written approval of the form and context of such publication or disclosure. Such approval is required whether or not Bayleys Valuations Ltd referred to by name and whether or not the reports are combined with others.

Item 15

Attachment A

940 Main North Road, Christchurch – 18 November 2020

bayleys.co.nz



IN ASSOCIATION WITH


29

Appendix

1. Record(s) of Title

Item 15

Attachment A



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy



R. W. Muir
Registrar-General
of Land

Identifier **808484**
Land Registration District **Canterbury**
Date Issued 06 April 2018

Prior References
777823 CB41B/322

Estate Fee Simple
Area 10.4021 hectares more or less
Legal Description Lot 5 Deposited Plan 71209 and Lot 1
Deposited Plan 509549

Registered Owners

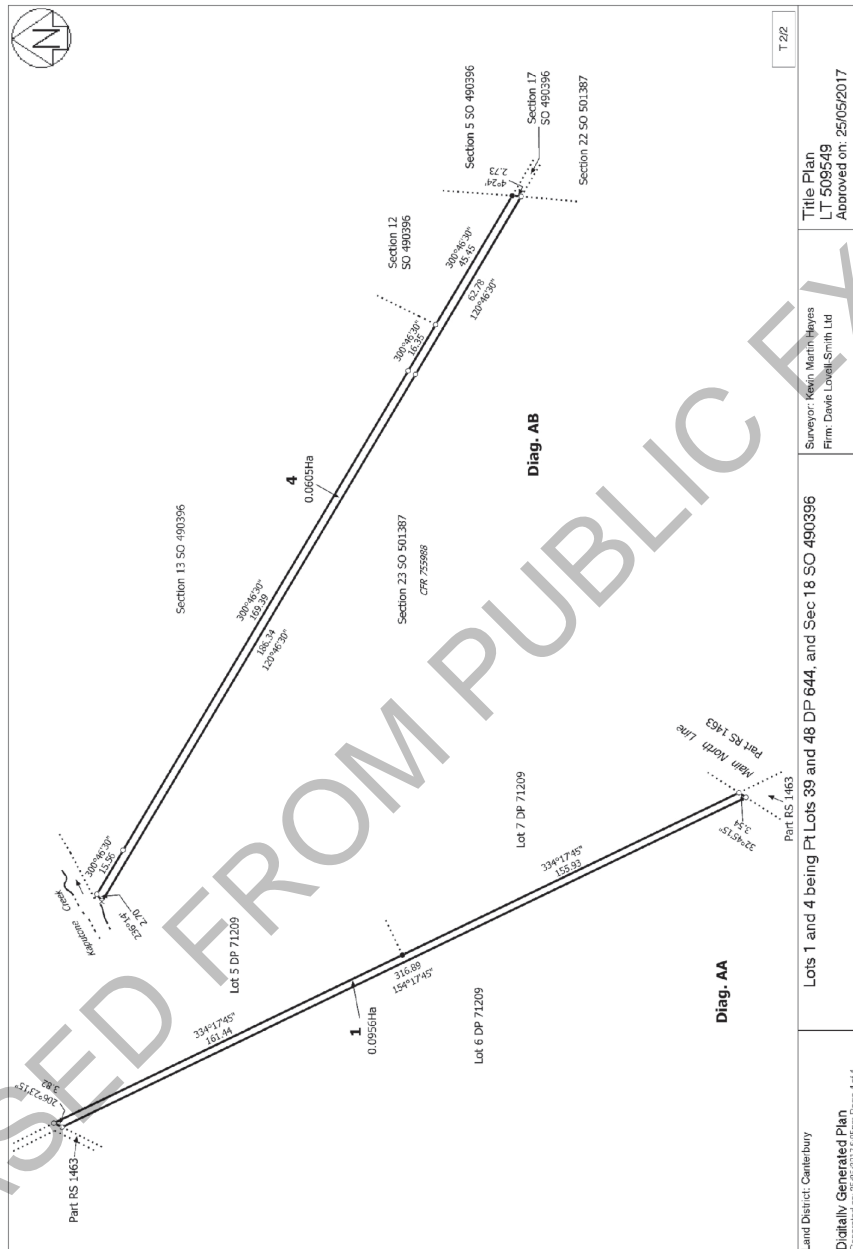
Colin Bruce Radford as to a 1/5 share
Lester Douglas Radford as to a 1/5 share
Mervyn Owen Radford as to a 1/5 share
Walter Earl Radford as to a 1/5 share
David Francis Arthur Feaver and Anthony David Feaver as to a 1/5 share

Interests

710585 Gazette Notice declaring the No. 1 State Highway (Awanui-Bluff) fronting the within land to be a Limited Access Road - 11.5.1967 at 11.00 am (affects Lot 5 DP 71209)

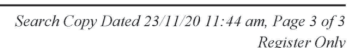
Identifier

808484



Transaction ID 62558234
Client Reference WB - 940 Main North Rd, Chch

Search Copy Dated 23/11/20 11:44 am, Page 2 of 3
Register Only





RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Historical Search Copy



R. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier CB41B/323

Land Registration District Canterbury

Date Issued 18 July 1996

Prior References

CB20K/1097 CB25B/452 CB25B/453

Estate Fee Simple

Area 10.0001 hectares more or less

Legal Description Lot 6-7 Deposited Plan 71209

Original Registered Owners

Daphne Alice Feaver as to a 1/5 share

Colin Bruce Radford as to a 1/5 share

Lester Douglas Radford as to a 1/5 share

Mervyn Owen Radford as to a 1/5 share

Walter Earl Radford as to a 1/5 share

Interests

Subject to Section 241 Resource Management Act 1991

11018557.1 Transmission of a 1/5 share/interest Daphne Alice Feaver to David Francis Arthur Feaver as Executor and David Anthony Feaver as Executor - 2.2.2018 at 11:46 am

Identifier

CB41B/323

References:
Prior C/T 20K/1097, 25B/452,453
Document No. A248426/ 6

LTO 69

REGISTER

No 41B/323

CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate dated the 18th day of July one thousand nine hundred and ninety six
under the seal of the District Land Registrar of the Land Registration District of CANTERBURY
WITNESSETH that RADFORD FARMS LIMITED at Christchurch ---

is seized of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by
memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon,
be the several admeasurements a little more or less, that is to say: All that parcel of land containing 10.0001 hectares
or thereabouts being Lots 6 & 7 Deposited Plan 71209 ---

DISTRICT LAND REGISTRAR

ASSISTANT LAND REGISTRAR
CANTERBURY N.Z.

Subject to:

SECTION 241 RESOURCE MANAGEMENT ACT
1991

A.L.R.

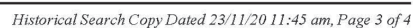
Transfer A296936/1 to Daphne Alice
Feaver, Teacher, Colin Bruce Radford,
Accountant, Lester Douglas Radford,
Retired Grower, Mervyn Owen Radford,
Electrician, all of Christchurch and
Walter Earl Radford of Kaikoura, Retired
Hotelier as tenants in common in equal
shares - 13.5.1997 at 12.34pm

for A.L.R.

No 41B/323

Transaction ID 62558268
Client Reference WB - 940 Main North Rd, Chch

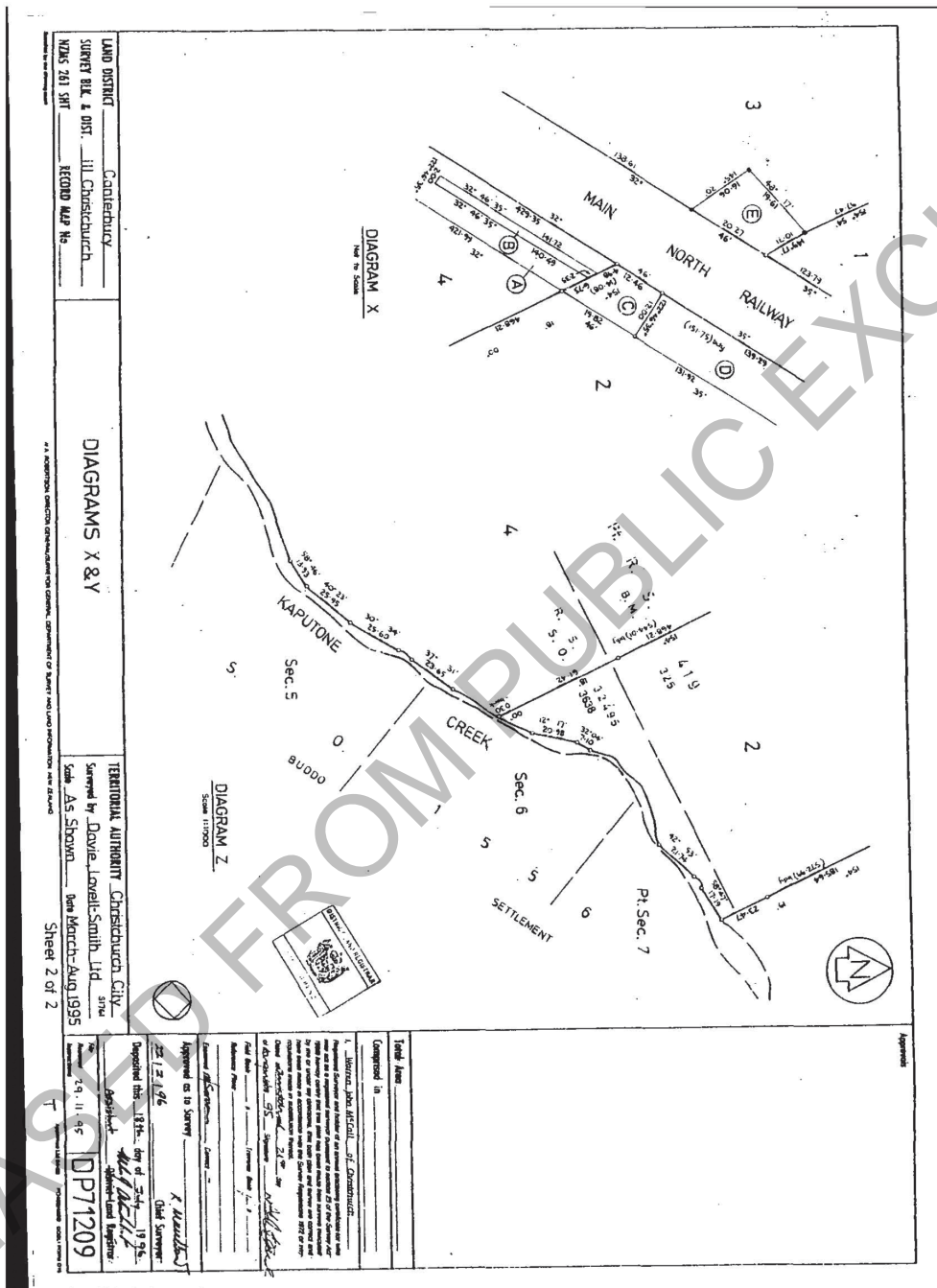
Historical Search Copy Dated 23/11/20 11:45 am, Page 2 of 4



Identifier

CB41B/323

Attachment A Item 15



Auckland
Bayleys Valuations Ltd
Bayleys House
30 Gaunt Street
Auckland 1010, New Zealand
+64 9 375 7427

Manukau
Bayleys Valuations Ltd
2 Harris Road, East Tamaki
Auckland 2013
New Zealand
+64 9 273 6666

Hamilton
Bayleys Valuations Ltd
96 Ulster Street
Whitiora, Hamilton 3200
New Zealand
+64 7 834 3232

Wellington
Bayleys Valuations Ltd
The Bayleys Building
Level 6, 36 Brandon Street
Wellington 6011, New Zealand
+64 4 499 6033

Christchurch
Bayleys Valuations Ltd
3 Deans Avenue, Addington
Christchurch 8011
New Zealand
+ 64 3 375 4700



[bayleys.co.nz](https://www.bayleys.co.nz)

16. External Legal Services Providers

Reference / Te Tohutoro: 21/27840

Report of / Te Pou: Helen White, Head of Legal Services
Matua: helen.white@ccc.govt.nz

General Manager / Pouwhakarae: Leonie Rae, Acting General Manager Corporate Services,
leonie.rae@ccc.govt.nz

Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Plain English Reason:	To protect the council's negotiating position in relation to the external legal services providers.
Report can be released:	At the end of the contractual arrangements with the current providers of external legal services.

1. Purpose of the Report / Te Pūtake Pūrongo

- 1.1 The purpose of this report is to seek authority to vary the current panel agreements with external legal providers. The majority of the existing agreements end in April 2021 and it is recommended this is extended to end April 2022.
- 1.2 Due to the recent restructure of the Legal Services Unit, it is recommended that the current arrangements are extended to allow the new Legal Services management team to undertake further analysis of how the need for external legal support may best be met.
- 1.3 The decision in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by there being minimal direct impact on the community and that external legal costs to the Council are met within the existing budgetary framework.

2. Officer Recommendations / Ngā Tūtohu

That the Council:

1. Authorises the General Manager Corporate Services/Assistant Chief Executive – Strategic Policy and Performance (as appropriate at the time) to vary the existing external legal services providers' panel agreements for a further period until 30 April 2022.

2. Notes that this report may be released when in the view of the Head of Legal Services the statutory reasons to withhold no longer apply.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 The external legal services panel agreements expire on 30 April 2021, with two firm's agreements expiring on 28 February 2021.
- 3.2 The new structure for Legal Services came into being in October 2020 and is not yet at full complement.
- 3.3 A full RFP procurement process at this time is not able to take into account the best information that will be available once the new structure beds in and the new leadership team for Legal Services is able to fully analyse the need for external legal services.
- 3.4 This recommendation will require negotiation with the nine legal firms who provide services pursuant to a non-exclusive panel agreement. Some or all of the firms may not wish to agree to an extension on the rates set in 2015 although this will be balanced by the risk to them that they may not be successful in a full procurement process.
- 3.5 A further period of one year allows the continuation of some positive relationships with the current providers. Three of the current providers have provided discounts on their 2015 rates on the basis of the existing relationship and the Council's challenges post-Covid.
- 3.6 This additional time allows the new leadership team in Legal Services to test and research further options as to how the need for external legal services is best met. The new structure in Legal Services is designed to deliver more business as usual work in-house which will bring better value to the Council. The target is for the team to be fully staffed by the end of April 2021.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

- 4.1 Do nothing.
 - 4.1.1 The current panel arrangements will expire and individual legal work will be engaged on a case by case basis in accordance with the Procurement Policy.
 - 4.1.2 This will involve additional time and resource in obtaining quotes and tenders as required.
 - 4.1.3 It is unlikely that the rates will be in line with the current panel hourly rates.
- 4.2 All of Government panel (AoG).
 - 4.2.1 The benefit is that this option is easy to implement and provides access to new providers.
 - 4.2.2 However, AoG is an administratively cumbersome model.
 - 4.2.3 The rates are more expensive than the current panel hourly rates.
 - 4.2.4 Limited access to local providers.
 - 4.2.5 Does not test the market.
 - 4.2.6 The framework is controlled by MBIE and not the Council.
- 4.3 Full RFP exercise now.
 - 4.3.1 Tests the market.

- 4.3.2 Without a detailed analysis to support the scope in a RFP, the services procured may not meet current and future needs.

5. Detail / Te Whakamahuki

- 5.1 The Council operates in an environment where many and varied legal issues arise. How those matters are dealt with can have a significant impact on the community and the ratepayers. Procurement of the external legal providers is a key component in delivering legal services effectively at best value.
- 5.2 The Council meets its needs for legal services through a combination of the following:
- 5.2.1 In-house legal team of 16 (once fully staffed).
 - 5.2.2 Panel of nine external law firms.
 - 5.2.3 External law firms off-panel used for specialist knowledge and expertise, following case by case procurement processes.
 - 5.2.4 Barristers, following case by case procurement processes.
- 5.3 With the exception of employment relations advice, all requests for legal advice are directed through the in-house team.
- 5.4 The Council last went to market for external legal providers in 2014. This resulted in panel agreements with nine firms for an initial three year term and a right of renewal for a further 3 years, which was exercised. Seven of those renewals expire in April 2021, with two on 28 February 2021.
- 5.5 Should the Council agree to a variation beyond the term of the original contract then this is unable to be under the Chief Executive's delegations. This is because varying the original agreement brings the total value into play which is beyond officer delegations.
- 5.6 From 1 July 2015 to 18 November 2020, the total spend through the external legal services panel agreements is \$31.5 million. 70% of that spend is with one firm, Simpson Grierson. A breakdown of the spend is at Attachment A.
- 5.7 The new structure for Legal Services was implemented on 5 October 2020. With new management structures and practices, together with increased in-house lawyer capacity, the external spend is projected to be less than previous years. The new structure was predicated, amongst other things, on an invest-to-save basis and indications show that the anticipated savings will be exceeded.
- 5.8 Even when Legal Services is fully staffed, there will remain a need for external legal providers for reasons of capacity at peak times, specialist expertise and industry knowledge.
- 5.9 Should the Council agree to defer a RFP at this time, the analysis and research undertaken will include:
- 5.9.1 A review of the performance of the existing panel members, including feedback from key users.
 - 5.9.2 Identification of the future needs of the Council particularly as the LTP takes shape and implemented.
 - 5.9.3 Consideration of less traditional pricing and delivery models (that is, not hourly rates).
 - 5.9.4 Exploration of the opportunity for shared or joint procurement with CCOs and/or other Canterbury based local authorities.
- 5.10 Other issues with the current panel include:

- 5.10.1 Heavy reliance on one firm.
- 5.10.2 Size of the panel, with some members receiving little work.
- 5.10.3 Three of the panel members have no local base and there is a perception that much of the legal spend leaves the region with little benefit to the local economy.
- 5.11 Following the further analysis, conclusions will be drawn as to what a preferred model for external legal providers may be.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 This report supports the [Council's Long Term Plan \(2018 - 2028\)](#). The Activity Plan for Legal Services is contained within the LTP. In addition, the provision of legal services supports the delivery of other services and activities contained within the LTP.

Policy Consistency / Te Whai Kaupapa here

- 6.2 The decision is consistent with Council's Plans and Policies.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does specifically impact Mana Whenua, their culture and traditions. This decision relates to an internal support service to the Council.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.4 Not applicable.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.5 Not applicable.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 The annual cost for external legal services is met from existing budgets. Legal advice relating to operational matters are predominantly met from the existing budget for Legal Services. The cost of external legal advice for capital expenditure is met from the individual capital project budgets.
- 7.2 The panel agreements provide a framework of agreed terms and conditions and fee structure. They do not in themselves commit the Council to any future expenditure.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 The Local Government Act 2002 provides the Council with general competence to enter into contracts for the supply of services.

Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

- 8.2 The legal context and implications are contained within this report.

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 There is a risk that the current suppliers may not all agree to vary the terms of the existing agreements. However, the Council has positive relationships with its current suppliers and they will individually need to balance the risk that if they do not agree, then the workflow from the Council will cease. It is judged unlikely that all firms would refuse to vary the expiry date.
- 9.2 The Council is able under the terms of the agreement to cancel at any time which could be prior to the current expiry dates if appropriate.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	External legal service providers	84

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

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 / Ngā Kaiwaitohu

Author	Helen White - Head of Legal Services
Approved By	Leonie Rae - General Manager Consenting & Compliance and Corporate Services Groups

Panel 19 - Legal Services - Spend

as at 18.11.2020

		1/5/15 - 30/6/15				to 18/11/2020			
Firm	Contract #	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Total
Anderson Lloyd	4600001388	\$142,212	\$576,383	\$501,142	\$668,213	\$716,579	\$942,651	\$68,541	\$3,615,721
Brookfields Lawyers	4600001389	\$0	\$35,765	\$31,047	\$47,006	\$91,703	\$53,351	\$11,173	\$270,045
Buddle Findlay	4600001390	\$207,107	\$449,698	\$802,035	\$475,493	\$401,721	\$403,690	\$85,042	\$2,824,786
Cavell Leitch	4600001391	\$4,498	\$71,631	\$47,363	\$12,576	\$53,252	\$21,537	\$0	\$210,857
Dundas Street Ltd *	4600001396	\$16,460	\$56,433	\$65,296	\$26,617	\$108,960	\$69,732	\$40,663	\$384,161
Greenwood Roche	4600001392	\$6,001	\$106,288	\$316,020	\$297,040	\$202,087	\$235,018	\$14,906	\$1,177,360
Raymond Donnelly & Co	4600001393	\$10,811	\$55,169	\$95,777	\$116,553	\$47,726	\$62,014	\$41,472	\$429,522
Rice Speir Lawyers	4600002512	\$110,083	\$141,077	\$61,081	\$85,943	\$34,043	\$127,673	\$21,383	\$581,283
Simpson Grierson	4600001395	\$1,938,581	\$7,034,460	\$4,483,000	\$2,773,081	\$2,831,369	\$2,685,033	\$277,836	\$22,023,360
Total		\$2,435,753	\$8,526,904	\$6,402,761	\$4,502,522	\$4,487,440	\$4,600,699	\$561,016	\$31,517,095

* Contract commenced 1/3/2015, rest commenced on 1/5/2015