

Audit and Risk Management Committee AGENDA

Notice of Meeting:

An ordinary meeting of the Audit and Risk Management Committee will be held on:

Date: Friday 19 February 2021
Time: 3pm
Venue: Council Chambers, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Membership

Chairperson	Ms Kim Wallace
Deputy Chairperson	Councillor Sam MacDonald
Members	Mayor Lianne Dalziel
	Ms Jacqueline Robertson Cheyne
	Mr Michael Rondel
	Councillor Pauline Cotter
	Deputy Mayor Andrew Turner

15 February 2021

Principal Advisor

Diane Brandish
Acting General Manager Finance and
Commercial
Tel: 941 8454

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

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<https://www.ccc.govt.nz/the-council/meetings-agendas-and-minutes/>

Developing Resilience in the 21st Century

Strategic Framework



Whiria ngā whenu o ngā papa,
honoa ki te maurua tāuiki

Bind together the strands of each mat and join
together with the seams of respect and reciprocity

Ōtautahi–Christchurch is a city of opportunity for all

Open to new ideas, new people and new ways of doing things – a city where anything is possible

Principles

Being open,
transparent and
democratically
accountable

Promoting
equity, valuing
diversity and
fostering inclusion

Taking an inter-generational approach
to sustainable development,
prioritising the social, economic
and cultural wellbeing of
people and communities
and the quality of the
environment, now
and into the
future

Building on the
relationship with
Te Rūnanga o Ngāi Tahu
and the Te Hononga–Council
Papatipu Rūnanga partnership,
reflecting mutual understanding
and respect

Ensuring
the diversity
and interests of
our communities
across the city and the
district are reflected in
decision-making

Actively collaborating and
co-operating with other
local, regional
and national
organisations

Community Outcomes

Resilient communities

Strong sense of community
Active participation in civic life
Safe and healthy communities
Celebration of our identity
through arts, culture, heritage,
sport and recreation
Valuing the voices of all cultures
and ages (including children)

Liveable city

Vibrant and thriving city centre
Sustainable suburban and
rural centres
A well connected and accessible
city promoting active and
public transport
Sufficient supply of, and
access to, a range of housing
21st century garden city
we are proud to live in

Healthy environment

Healthy water bodies
High quality drinking water
Unique landscapes and
indigenous biodiversity are
valued and stewardship
exercised
Sustainable use of resources
and minimising waste

Prosperous economy

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

Strategic Priorities

Enabling active
and connected
communities
to own their future

Meeting the challenge
of climate change
through every means
available

Ensuring a high quality
drinking water supply
that is safe and
sustainable

Accelerating the
momentum
the city needs

Ensuring rates are
affordable and
sustainable

Ensuring we get core business done while delivering on our Strategic Priorities and achieving our Community Outcomes

Engagement with
the community and
partners

Strategies, Plans and
Partnerships

Long Term Plan
and Annual Plan

Our service delivery
approach

Monitoring and
reporting on our
progress

AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE / NGĀ ĀRAHINA MAHINGA

Chair	Kim Wallace (Independent)
Deputy Chair	Councillor Sam MacDonald
Membership	Mayor Lianne Dalziel Deputy Mayor Andrew Turner Councillor Pauline Cotter External Members: Mr Michael Rondel Ms Jacqueline Robertson Cheyne
Quorum	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd.
Meeting Cycle	Quarterly and as required
Reports To	Council

Purpose

To assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices;
- internal and external audit;
- accounting policy and practice;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities; and
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

The foundations on which this Committee operates, and as reflected in this Terms of Reference, includes: independence; clarity of purpose; competence; open and effective relationships and no surprises approach.

Procedure

- In order to give effect to its advice the Committee should make recommendations to the Council and to Management.
 - The Committee should meet the internal and the external auditors without Management present as a standing agenda item at each meeting where external reporting is approved, and at other meetings if requested by any of the parties.
 - The external auditors, the internal audit manager and the co-sourced internal audit firm should meet outside of formal meetings as appropriate with the Committee Chair.
-

- The Committee Chair will meet with relevant members of Management before each Committee meeting and at other times as required.

Responsibilities

Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation should it be required.
- Seek confirmation annually and as necessary from internal and external auditors, attending Councillors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

Risk Management

- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- Assist the Council to determine its appetite for risk.
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by management to treat Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework.
- Consider emerging significant risks and report these to Council where appropriate.

Internal Audit

- Review and approve the annual internal audit plan, such plan to be based on the Council's risk framework. Monitor performance against the plan at each regular quarterly meeting.
- Monitor all internal audit reports and the adequacy of management's response to internal audit recommendations.
- Review six monthly fraud reporting and confirm fraud issues are disclosed to the external auditor.
- Provide a functional reporting line for internal audit and ensure objectivity of internal audit.
- Oversee and monitor the performance and independence of internal auditors, both internal and co-sourced. Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function.
- Monitor compliance with the delegations policy.

External Reporting and Accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as appropriate.
 - Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting.
-

- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released, make recommendations to Management.
- Consider the underlying quality of the external financial reporting, changes in accounting policy and practice, any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices and any significant disagreements between Management and the external auditors, the propriety of any related party transactions and compliance with applicable New Zealand and international accounting standards and legislative requirements.
- Consider whether the external reporting is consistent with Committee members' information and knowledge and whether it is adequate for stakeholder needs.
- Recommend to Council the adoption of the Financial Statements and Reports and the Statement of Service Performance and the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive.
- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including certification from the Chief Executive, the Chief Financial Officer and the General Manager Corporate Services that risk management and internal control systems are operating effectively;
- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

External Audit

- Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. Including the adequacy of the nature and scope of the audit, and the timetable and fees.
 - Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.
 - The external audit reporting should describe: Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings, all relationships between the Council and the external auditor, Critical accounting policies used by Council, alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
 - Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and NZ Auditing Standards.
-

Compliance with Legislation, Standards and Best Practice Guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

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 & Performance Committee and Chair of Audit & 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.

Long Term Plan Activities

Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.

Audit and Risk Management Committee Forward Work Programme 2021

2021	Feb – Draft LTP	Mar - Quarterly	Jun – Quarterly & Final LTP	Sep – Quarterly	Sep - Annual Report	Dec – Quarterly
Quarterly Update Reports		<ul style="list-style-type: none"> • Risk Management • Internal Audit • Procurement • Health, Safety & Wellbeing • Cyber Security • Litigation 	<ul style="list-style-type: none"> • Risk Management • Internal Audit • Procurement • Health, Safety & Wellbeing • Cyber Security • Litigation 	<ul style="list-style-type: none"> • Risk Management • Internal Audit • Procurement • Cyber Security • Litigation 	<ul style="list-style-type: none"> • Health, Safety & Wellbeing 	<ul style="list-style-type: none"> • Risk Management • Internal Audit • Procurement • Cyber Security • Litigation
Other Reports		<ul style="list-style-type: none"> • Fraud • Holidays Act Remediation 	<ul style="list-style-type: none"> • Internal Audit Plan 	<ul style="list-style-type: none"> • Fraud 		
Annual Report		<ul style="list-style-type: none"> • External Audit Plan for current year • Critical judgments, estimates & assumptions for current year • Audit NZ Management Letter from prior year's audit 	<ul style="list-style-type: none"> • Audit NZ Management Letter for current year interim audit 	<ul style="list-style-type: none"> • Update on critical judgments, estimates & assumptions • Financial Statements Update - Valuations 	<ul style="list-style-type: none"> • Financial Statements and Annual Report 	<ul style="list-style-type: none"> • Debenture trust audit report • Audit NZ Management Letter from prior year's audit
LTP	<ul style="list-style-type: none"> • Draft LTP 		<ul style="list-style-type: none"> • Final LTP 			

Part A	Matters Requiring a Council Decision
Part B	Reports for Information
Part C	Decisions Under Delegation

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1. Apologies / Ngā Whakapāha

At the close of the agenda no apologies had been received.

2. Declarations of Interest / Ngā Whakapuaki Aronga

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

3. Confirmation of Previous Minutes / Te Whakaāe o te hui o mua

That the minutes of the Audit and Risk Management Committee meeting held on [Wednesday, 2 December 2020](#) be confirmed (refer page 11).

4. Public Forum / Te Huinga Whānui

There will be no public forum at this meeting.

5. Deputations by Appointment / Ngā Huinga Whakaritenga

There were no deputations by appointment at the time the agenda was prepared.

6. Petitions / Ngā Pākikitanga

There were no petitions received at the time the agenda was prepared.

Audit and Risk Management Committee OPEN MINUTES

Date: Wednesday 2 December 2020
Time: 2.08pm
Venue: Committee Room 1, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Present

Chairperson	Ms Kim Wallace
Deputy Chairperson	Councillor Sam MacDonald
Members	Mayor Lianne Dalziel
	Ms Jacqueline Robertson Cheyne
	Mr Michael Rondel
	Councillor Pauline Cotter
	Deputy Mayor Andrew Turner

2 December 2020

Principal Advisor

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- Part A Matters Requiring a Council Decision**
Part B Reports for Information
Part C Decisions Under Delegation
-

The agenda was dealt with in the following order.

1. Apologies / Ngā Whakapāha

There were no apologies.

2. Declarations of Interest / Ngā Whakapuaki Aronga

Part B

Councillor MacDonald declared an interest in Public Excluded Item 18, Quarterly Procurement Report.

3. Confirmation of Previous Minutes / Te Whakaāe o te hui o mua

Part C

Committee Resolved ARCM/2020/00033

That the minutes of the Audit and Risk Management Committee meeting held on Monday, 5 October 2020 be confirmed.

Councillor MacDonald/Ms Robertson Cheyne

Carried

4. Public Forum / Te Huīnga Whānui

Part B

There were no public forum presentations.

5. Deputations by Appointment / Ngā Huīnga Whakaritenga

Part B

There were no deputations by appointment.

6. Presentation of Petitions / Ngā Pākikitanga

Part B

There was no presentation of petitions.

7. Whitepaper: Future State of BAU Asset Management at Christchurch City Council - A Framework for Discussion

A PowerPoint synopsis of the report was presented by staff at the meeting.

Committee Resolved ARCM/2020/00034 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Receive the information in the Whitepaper: Future State of BAU Asset Management at Christchurch City Council.

Ms Wallace/Councillor Cotter

Carried

Attachments

- A PowerPoint Synopsis of the Report Presented

8. Asset Management Maturity Assessment 2020 Report

Lisa Roberts of Infradecisions Ltd along with staff presented the report to the Committee with a supporting PowerPoint presentation.

Committee Resolved ARCM/2020/00035 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Note the Executive Summary of the 2020 Asset Management Maturity Assessment Report.
2. Note the positive trend for the centrally led improvement in asset management maturity since the 2018 assessment demonstrated by the average score increase of 5% across the organisation.
3. Endorse the Asset Management Unit's work on implementing the Asset Management Maturity Assessment report's recommendations.
4. Note the recommendations in the report will inform the review of the current Asset Management Improvement programme and the development of the 2021 Asset Management Improvement Programme to align with the latest recommendations.
5. Recommend that the next Asset Management Maturity Assessment is undertaken in the 2022/23 Financial Year in time for the next LTP cycle.

Ms Wallace/Councillor Cotter

Carried

Attachments

- A PowerPoint Presentation on the Asset Management Maturity Assessment 2020

Committee Decided ARCM/2020/00036

Part A

That the Audit and Risk Management Committee recommends that the Council:

1. Receive the information in the Asset Management Maturity Assessment 2020 Report.

Ms Wallace/Councillor Cotter

Carried

9. LTP 2021 Audit Engagement Letter

Committee Resolved ARCM/2020/00037 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Receive the information in the draft audit engagement letter from Audit New Zealand
2. Recommend that the Mayor sign the final audit engagement letter once received from Audit New Zealand

Ms Wallace/Ms Robertson Cheyne

Carried

10. Long Term Plan 2021 Update

Committee Resolved ARCM/2020/00038 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Notes the latest LTP process update and S17A service review information.

Deputy Mayor/Ms Wallace

Carried

11. Conflict of Interest and Gift Declaration Advice

Committee Resolved ARCM/2020/00039 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Receives the information in the report.
2. Notes the suggested improvement opportunities set out in the report.
3. Requests that staff consider the resourcing, timing, and cost of implementing the suggested improvement opportunities, and report to the Committee within six months on planned implementation and any interim progress made.

Ms Wallace/Councillor Cotter

Carried

12. Update on Critical Judgement, Assumptions, Decisions and Disclosures used in the Council's 2019/20 Financial Statements

Staff provided an update to the report at the meeting in respect of post balance date events that will be included in the Annual Report, including the addition of the sale of Red Bus Ltd, and advised

that the note on the “Final determination of the Council’s exposure to Holiday Pay arrears has not been calculated”, would be excluded as the work to determine the Council’s financial exposure, remains incomplete and is disclosed under contingent liabilities within the financial statements.

Committee Resolved ARCM/2020/00040 (Original Staff Recommendations Accepted without Change)

Part C

That the Audit and Risk Management Committee:

1. Receive the information in this report.
2. Note the staff recommendation to consolidate the 2018/19 and 2019/20 financial statements of the Ōtautahi Community Housing Trust (OCHT) into the Council Group financial statements.
3. Note that legal advice has been sought on the ramifications of the determination made by the Office of the Auditor General and Audit New Zealand on OCHT’s business model.
4. Note that OCHT have been advised of recommendation made by staff to Council to consolidate the financial statements.

Ms Wallace/Deputy Mayor

Carried

13 Resolution to Exclude the Public

Committee Resolved ARCM/2020/00041

Part C

That the following persons remain after the public have been excluded for the following items of the public excluded agenda as they have knowledge that is relevant to these items and will assist the Committee:

- Helen Smith of Simpson Geirson for Item 15, Litigation Update Report;
- David Seath of Deloitte for Item 16, Internal Audit Status Report;
- Andrew Simpson of KPMG, and Andy Burns and Karina Page of Audit New Zealand, for:
 - Item 15, Litigation Update Report;
 - Item 16, Internal Audit Status Report;
 - Item 17, Risk Management Status Report;
 - Item 18, Quarterly Procurement Report;
 - Item 19, Council Draft Annual Report for the Year Ended 30 June 2020;
 - Item 20, Holidays Act Remediation Project.

AND

That at 3.13pm the resolution to exclude the public set out on pages 143 to 147 of the agenda be adopted.

Ms Wallace/Mr Rondel

Carried

The public were re-admitted to the meeting at 5.17pm.

Meeting concluded at 5.18pm.

CONFIRMED THIS 19th DAY OF FEBRUARY 2021

KIM WALLACE
CHAIRPERSON

Unconfirmed

Item 3 - Minutes of Previous Meeting 2/12/2020

7. Consideration of the Council's Long Term Plan 2021-31 Process

Reference / Te Tohutoro: 21/86214

Report of / Te Pou Peter Ryan, Head of Performance management

Matua: Peter.Ryan@ccc.govt.nz

General Manager /
Pouwhakarae: Diane Brandish, GM-Finance and Commercial

1. Brief Summary

- 1.1 The purpose of this report is to support the Audit and Risk Management Committee (ARMC) in reviewing the process and significant assumptions used in developing the draft Long Term Plan (LTP) 2021 and to subsequently provide advice to Council.
- 1.2 The Draft Long Term Plan 2021-2031 has been developed over the last two years by staff with direction from the Mayor and Councillors.
- 1.3 The LTP process was guided by the Elected Members' Letter of Expectation, which sought improvements over some aspects of the 2018 process. The new process was approved by the LTP project team, Executive Team, Finance & Performance Committee and Council. It was also considered by ARMC.
- 1.4 The LTP project team was chaired by the Chief Executive.
- 1.5 The process was tested against SOLGM guidelines and through regular briefings with other councils.
- 1.6 Advice on the LTP was also provided to staff and Council by the Council's External Advisory Group.
- 1.7 Regular monthly updates have been provided to Finance & Performance Committee and ARMC on both the process and draft content of the developing LTP.
- 1.8 As the draft LTP evolved, Council staff held a lengthy series of workshops with the Mayor and Councillors to obtain overall direction and to fine-tune specific details. This commenced in July 2020 and concluded in January 2021.
- 1.9 This provided opportunities for Councillors to debate their priorities for the draft Long Term Plan 2021 and their expectations for matters such as rates increases, level of debt, financial headroom, the capital works programme, levels of service and detailed savings options.
- 1.10 Because of the long development lead time staff were able to provide an unprecedented level of information to councillors, especially in relation to choices around savings in operating expenditure and capital works projects.
- 1.11 This has led in turn to the most detailed feedback and advice from councillors to staff ever provided in a CCC LTP process.
- 1.12 A wide range of options around operating expenditure, capital works, debt, headroom and risk were considered but many options were rejected as not, on balance, in the interests of the City.
- 1.13 The draft Long Term Plan proposes (in the opinion of senior management, and based on the detailed advice provided by Councillors) an optimal balance between financial, risk and service delivery to the community.

- 1.14 CCC Legal Services and Audit NZ have advised that they accept the logic of this process and approach. The Consultation Document sets out more detail on how this complies with the relevant provisions of the Local Government Act 2002 (LGA 2002).
- 1.15 Staff are preparing a Council report and attachments for the Draft Long Term Plan 2021-2031. The draft LTP for ARMC to review under its terms of reference is in Attachments C, D and E. These will be published in the Council agenda for its meeting commencing 23 February, in their final form.
- 1.16 The process for preparing information has also been the subject of a detailed series of management sign offs, including the Executive Leadership Team, that support compliance with the Council's relevant statutory, financial, and legal obligations. The general checklist and sign-off schedules are attached to this report (Attachments A and B).
- 1.17 Note that all signoffs have been completed with one exception (Management Sign Off for Process - p.10.) This item refers to the Consultation Document and its procedure being in compliance with the LGA 2002 and the CCC Significance and Engagement Policy. Legal Services has pointed out that while this content is still in preparation it is not possible to state that it has complied. A representative of Legal Services will be available if needed.
- 1.18 Council will meet to consider the draft Long Term Plan 2021-2031 on 23 and 25 February, and again with Audit NZ on 4 March 2021 for formal adoption of the draft LTP.

The remaining key project milestones for the LTP 2021 are summarised as follows:

<i>Fri 19 Feb</i>	<i>Audit and Risk Management Committee Meeting to review LTP process</i>	
Tue 23 Feb	9.30am - 5pm	Council Meeting to adopt Draft LTP in principle - all documents
Thu 25 Feb	2 - 5pm	Council Meeting to adopt Draft LTP in principle - all documents
<i>Preparation for publication of LTP documents start on 26 Feb 2021</i>		
Thu 4 Mar	tba	Council Meeting to adopt Draft LTP – receipt of Audit NZ opinion
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Fri 12 Mar	9am	Consultation starts
Sun 18 Apr	midnight	Consultation ends
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3 to 19 May		Council Hearings and Submissions
24, 26, 31 May, 2 June		Council LTP Deliberations
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Mon 21 Jun		Council Meeting to adopt Final LTP
Wed 23 Jun		Council Meeting to adopt Final LTP
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2. Officer Recommendations / Ngā Tūtohu

That the Audit and Risk Management Committee:

- Notes it has reviewed the general checklist and sign-off by management, including the significant forecasting assumptions, in respect of the information that provides the basis for the Long Term Plan 2021-2031.
- Advises the Council that in the Committee's opinion an appropriate process has been followed in the preparation of this information.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↗	LTP 2021 - Management Sign off for Process (<i>Under Separate Cover</i>)	
B ↓	LTP 2021 - Management Sign off for Significant Forecasting Assumptions	20
C	Draft LTP 2021 - Infrastructure Strategy (<i>Under Separate Cover</i>) - CONFIDENTIAL	
D	Draft LTP 2021 - Financial Strategy (<i>Under Separate Cover</i>) - CONFIDENTIAL	
E	Draft LTP 2021 underlying documents (<i>Under Separate Cover</i>) - CONFIDENTIAL	

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	Lerks Stedman - Senior Business Analyst
Approved By	Peter Ryan - Head of Performance Management Diane Brandish - Acting General Manager Finance and Commercial (CFO) Dawn Baxendale - Chief Executive

Christchurch City Council Long Term Plan 2021-31 - Management Sign-off

CHECKLIST AND SIGN-OFF BY MANAGEMENT FOR SIGNIFICANT FORECASTING ASSUMPTIONS IN THE 2021-31 LONG TERM PLAN

Initial	Person Responsible	Number of sign-offs	Initial	Person Responsible	Number of sign-offs	Initial	Person Responsible	Number of sign-offs
CFO	General Manager, Finance and Commercial (Acting)	✓31	HFM	Head of Financial Management (Acting)	✓17	BP-Transport	Finance Business Partner for Transport (City Services)	✓1
GMC&C	General Manager, Citizens & Community	✓1	HPM	Head of Performance Management	✓4	HOT	Head of Transport	✓1
GMCS	General Manager, City Services (Acting)	✓7	F&FPM	Funds & Financial Policy Manager	✓3	GMCorp	General Manager, Corporate Services (Acting)	✓1
GMS&T	General Manager, Strategy & Transformation	✓3	P&RM	Planning & Reporting Manager	✓3	HFPP	Head of Facilities, Property and Planning	✓1
			MERG	Manager External Reporting and Governance	✓2	BP-Housing	Finance Business Partner for Housing	✓1

In preparing this Draft Long Term Plan it was necessary for Council to make a number of assumptions about the future. The following tables identify those forecasting assumptions which are significant in that if actual future events differ from the assumptions, it will result in material variances to this Plan. The table also identifies the risks that underlie those assumptions, the reason for that risk, and an estimate of the potential impact on the Plan if the assumption is not realised.

A number of assumptions have such a high level of uncertainty the financial impact of a change in the assumption is not able to be quantified. In these situations a description of the impact has been provided.

AREA	COMMENT	ASSESSMENT	
		Person Responsible	Sign-Off
Forecasting Assumptions			
Has management considered the level of uncertainty in each of the significant forecasting assumptions and risks?	Yes	CFO	<input checked="" type="checkbox"/>
		HFM	<input checked="" type="checkbox"/>
Where levels of uncertainty are high then the LTP must disclose: <ul style="list-style-type: none">the fact of the uncertaintyan estimate of the uncertainty on the financial estimate (Cl. 17, Sch. 10, LGA).		CFO	<input checked="" type="checkbox"/>
		HFM	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
1. Capital Programme and infrastructure assets					
1.1. Capital Works. Programmes and projects are assumed to be delivered within budget and on time. The capital programme is generally managed within overall budget allocations requiring changes to programme or project budget to be found within available budgets. At a corporate level provision is made for delayed delivery by forecasting an annual capital budget carry forward based on historic delivery trends. There may also be some projects delivered ahead of forecast and	Actual costs will vary from estimates, due to higher input prices and/or delivery delays, resulting in budget shortfalls. These are partially offset by the delay in borrowing. However, Council has tendered significant work and estimates are based on the best available information. Delays could also be	Moderate/ Low	To the extent possible Council staff seek to proactively manage the delivery of capital works, substituting projects within a programme where necessary. Those that are unable to be completed as planned in any year	CFO	<input checked="" type="checkbox"/>
				GMCS	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
these will be managed within borrowing allowances via bring backs.	due to consenting and consultation requirements.		<p>of the Long Term Plan may be carried forward. The implications of this are:</p> <ul style="list-style-type: none"> possible additional reactive opex; not all delays lead to additional costs. possible reduction in opex if the delay relates to a new facility projects may cost more than planned due to inflation. less funds will need to be borrowed in the short term. Delaying new borrowing will impact on the timing of financing costs. possible reduction to levels of service Any inflationary increase in Council's costs that is not offset by efficiency gains or revenue is likely to impact the timing of future works or increase borrowing. 		
1.2. Sources of funds for replacing assets. The sources of funds will occur as projected.	Funding does not occur as projected.	Low	Council is well placed to borrow funds as required and remain within its LGFA benchmarks. The impact to ratepayers of every \$10 million of additional borrowing for capital works is a 0.08% increase to rates spread over two years. This increase accounts for the interest cost and repayment of the borrowing over 30 years.	CFO	<input checked="" type="checkbox"/>
				GMCS	<input checked="" type="checkbox"/>
1.3. Asset life. Useful life of assets is as recorded in asset management plans or based upon professional	Damage to assets as a result of the earthquakes is such that their useful lives are shortened significantly.	Moderate	Council has updated its database with the latest information. However, condition information on all water assets is more difficult	CFO	<input checked="" type="checkbox"/>
				GMCS	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
advice (the Accounting Policies detail the useful lives by asset class)			to obtain as the piped networks are below ground therefore making remaining life difficult to quantify. Ideally assets need to be replaced just in time. Earlier replacement would put more pressure on the Council’s capital programme, leading to higher depreciation expense and financing costs. Late replacement leads to more expensive replacements costs plus generally greater impacts on the operational costs, community and the environment.		
1.4 Carrying value of assets. The opening statement of financial position reflects the correct asset values. The carrying value of assets are revalued on a regular basis	Asset revaluations will differ to that planned and change projected carrying values of the assets and depreciation expense.	Low	Waste water, water supply and stormwater, were revalued at 30 June 2020.	CFO	☒
			Roading assets were revalued at 30 June 2019	HFM	☒
			Land and buildings were revalued as at 30 June 2018.	P&RM	☒
			The valuation of the Council’s facilities and infrastructural assets at optimum depreciated replacement cost involves a significant amount of judgement in estimating the replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets.	MERG	☒
2 Inflation. Growth and Population					
2.1 Inflation. The price level changes projected will occur. Council has considered both information provided by Business Economic	Inflation will be higher or lower than anticipated	Low	Current volatility is low. Short term impact will be low as costs will be managed to budget.	CFO	☒
				HFM	☒
				P&RM	☒

Assumption	Risk					Level of Uncertainty	Reasons and Financial Impact of Uncertainty					Person Responsible	Sign-Off
Research Limited to all local authorities and a weighted mix of its own cost inputs in determining appropriate inflators.	Inflation on costs will not be offset by inflation on revenues.					Low	Inflation on costs will not be offset by inflation on revenues. Short term impact will be low as costs will be managed to budget.						
Different forecast inflation figures for capital and operational items are used in developing the plan due to the differing mix of cost inputs in each.													
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31			
Capital	2.3%	2.3%	2.4%	2.5%	2.5%	2.6%	2.7%	2.8%	2.9%	2.7%			
Opex	2.1%	2.1%	2.2%	2.3%	2.4%	2.4%	2.5%	2.7%	2.7%	2.6%			
2.2 Economic Environment. Real production GDP contracted by 2.1% in the year to June 2020. A positive movement of 1.5% is forecast for the year to June 2021 with progressive improvements through to 3.8% in 2024. (Half Year Economic and Fiscal Update from December 2020) Economic activity in Christchurch will continue to receive some support from the delivery of key anchor projects - the convention centre, metro sports centre and Canterbury Multi Use Arena. Council has prepared this Plan on the basis that the current predictions about the economy will prove correct.	That there are further unexpected local, national or international economic shocks such as further restrictions on movement and economic activity from a second wave of the COVID-19 virus. This would further exacerbate the contraction in economic activity.					Moderate	Further economic contraction will impact on the rating base and on ratepayers’ ability to pay. It could force Council to borrow more heavily or reduce facilities and services.					CFO	<input checked="" type="checkbox"/>
												HFM	<input checked="" type="checkbox"/>
												HPM	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
2.3 Growth development contributions revenue. Council collects development contributions from property developers to fund the capital costs of providing infrastructure capacity to service growth development. Development contribution charges are based on apportioning the cost of providing growth infrastructure to the forecast number of new residential, commercial, industrial and other properties. This forecast is based on Council's Growth Model. Development contribution revenue is dependent on the forecast growth materialising over the funding life of the particular growth assets provided.	<p>If the number of new properties paying development contributions is less than forecast over the funding life of assets then revenue from development contributions will not be sufficient to fund the growth component of the Council's capital programme.</p>	Low	<p>The timing of growth, and its impact on Council's development contributions revenue, will have a low impact on the borrowing and interest expense assumptions in this Plan.</p>	CFO	<input checked="" type="checkbox"/>
	<p>If the timing of growth differs significantly from forecast this will impact on Council's cash flows and may necessitate changes to planned borrowing.</p>	Low	<p>Any shortfall in development contributions revenue must be funded by borrowing.</p>	HPM	<input checked="" type="checkbox"/>
	<p>The location and timing of development is determined by a number of factors such as market forces which are outside the control of the council.</p>				
2.4 Population. Planning for activities, and thus the likely cost of providing those activities is on the assumption that the population of Christchurch will increase at the rate forecast by Council's growth model. That model predicts the population of Christchurch to reach 439,438 by June 2031, an increase of 9.8% over	<p>That population growth is higher than projected, and Council will need to provide additional unplanned services and infrastructure.</p>	Low	<p>Population projections are based upon a standard set of demographic assumptions. The level of risk is low but could impact the cost of providing activities</p>	CFO	<input checked="" type="checkbox"/>
			<p>Net increases in inward migration fuelled by a rebuild are difficult to predict as is their sustainability in the medium term.</p>	HPM	<input checked="" type="checkbox"/>
	<p>That population growth is lower than projected, and the Council will be required to support excess levels</p>	Low	<p>The short term impact of COVID-19 on migration is unknown at this stage.</p>		

Assumption	Risk		Level of Uncertainty	Reasons and Financial Impact of Uncertainty								Person Responsible	Sign-Off
the expected 2021 population. The number of households is projected to increase by 10% over the same period.	of infrastructure and service delivery.												
2.5 Rating Base. The capital value of Christchurch is expected to increase across the years of the LTP.	Rating base grows at a different rate from that projected.		Low	Actual growth in the rating base is never known until year end because of the process by which it’s measured. Council staff work closely with QV in the period leading up to year end in order to have as accurate an assessment as possible. Variances between the forecast and actual growth in the rating base will cause changes to the total rates revenue collected.								CFO	<input checked="" type="checkbox"/>
												HFM	<input checked="" type="checkbox"/>
												F&FPM	<input checked="" type="checkbox"/>
The projected percentage increase in rates includes the assumption that growth in the capital value of the city will generate the additional rates revenue as outlined in table below,													
Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31			
Growth %	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%			
\$ Impact on following year’s Rates Base	\$4.4 m	\$4.7 m	\$4.9 m	\$5.2 m	\$5.5 m	\$5.8 m	\$6.1 m	\$6.3 m	\$6.6 m	\$6.8 m			
2.6 Aging population. The number of people over the age of 65 is expected to increase by 80% by 2051 to 117,800 (24%). By 2051 the number of people over the age of 80 is expected to be around 10% of the population, compared to around 4% in 2021.	If the mix of ages within the population is significantly different from that forecast the range and types of services that have factored in the needs of older persons may need to change.		Low	Age projections are provided by Statistics New Zealand on a nation-wide basis. The projections for people who will be in post-retirement age groups is determined by the current population structure which does not change significantly, especially in the ages from 45 to 65 years, which will be the retirement age group in the next 20 years.								CFO	<input checked="" type="checkbox"/>
												HPM	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
3. Impact of policies and external factors					
3.1. Council policy. Given the significant extent of government reform, there will be regular updates to Council policy in response to legislative changes and emerging strategic issues.	New legislation is enacted that requires a significant policy response or business change from Council or, Department of the Prime Minister and Cabinet (DPMC) uses its statutory powers such that a change is required to Council policy.	Low	Dealing with changes in legislation is part of normal Council operations.	CFO	☒
				GMS&T	☒
3.2. Waka Kotahi subsidies. The Current Funding Assistance Rate (FAR) of 51% on qualifying expenditure will not change. We will receive the total amount of subsidy that we have assumed we will receive.	Changes in the FAR, changes to the overall amount in the National Land Transport Fund, changes to government transport priorities, and changes to eligibility criteria for projects could impact on the amount of subsidy we receive from Waka Kotahi.	Moderate	Changes to government funding priorities and Waka Kotahi funding decisions are outside Council control and the risk varies from project to project. The maximum financial impact would be the elimination of the subsidy, which is extremely unlikely. Decisions on what projects will be funded through the National Land Transport Fund will not likely be confirmed until after 30 June 2021, and this means there is some uncertainty around funding for some projects. The Council is in discussions with Waka Kotahi to gain more clarity on which projects will receive funding.	CFO	☒
				GMCS	☒
				HOT	☒
				BP-Transport	☒
3.3. Resource Consents. Conditions of resource consents held by Council will not be significantly altered.	Conditions required to obtain/maintain the consents will change, resulting in higher costs than projected, and these costs will not be covered by planned funding.	Moderate/Low	Advance warning of likely changes is anticipated. The financial impact of failing to obtain/renew resource consents cannot be quantified. Council is currently working through the Akaroa wastewater consent issues. The Comprehensive Stormwater Consent was	CFO	☒
				GMCS	☒

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
			finalised in December 2019 and costs have been incorporated.		
3.4. Legislative and Regulatory change. While the Council will continue to operate within the same general legislative environment, and with the same authority, as it does at the time this Plan is published, given the significant programme of government reform, the Council will be required to respond to changes in legislation in response to water reform, climate change and urban planning and form.	Should the local government legislative environment change, the activities and services the Council plans to provide over the period of this Plan could change.	High	The Government has several taskforces reviewing different aspects of local government, with some legislative change having occurred and further expected to occur within the period of this Plan. At the time of preparing this Plan the Council is unable to determine how any potential legislative change might impact its operations or quantify the potential financial impact.	CFO	<input checked="" type="checkbox"/>
				GMS&T	<input checked="" type="checkbox"/>
3.5 Water Reform. The Council will continue to deliver water services over the life of the LTP.	The Crown is proposing to establish publicly-owned water service delivery entities of significant scale. If this occurs it will significantly affect Council assets, liabilities, and operating expenditure and revenues. The following water activities are under consideration: <ul style="list-style-type: none"> Water Supply Wastewater Collection, Treatment and Disposal Stormwater Drainage 	High	These activities have planned direct costs in the 2022 financial year of \$92 million, with a further \$10 million of debt servicing and \$7 million of other internal charges/overheads. Operating revenues total \$9 million. The closing book value of these assets at 30 June 2020 was \$5.9 billion, with a replacement cost of \$10.2 billion. Council does not borrow separately for these activities, but estimates debt relating to these activities is in the order of \$1 billion at 30 June 2020. There will be probable second order impacts, which Council will assess as part of its analysis	CFO	<input checked="" type="checkbox"/>
				GMCS	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
	<ul style="list-style-type: none"> Land Drainage 		<p>of the reform proposal (when the proposal is received).</p> <p>We expect Cabinet to make policy decisions around the water reform programme in April/May 2021, which will allow legislation to be prepared. After this, the Government and local authorities, including Christchurch City Council, will engage with local communities later in the year. If we decide to opt in to the reforms, they will likely happen in the 2023/24 financial year.</p>		
<p>3.6 Potential climate change impacts.</p> <p>The Ministry for the Environment and Stats NZ Environment Aotearoa 2019 report states all aspects of life in New Zealand will be impacted by climate change. The Council has developed a draft climate change strategy, which identifies action programmes to respond to the impacts of climate change and the legislative requirements to consider the impacts of climate change.</p> <p>The projected local changes to climate that we must prepare for are:</p> <p>a. 0.5 metre rise in sea-level by 2075 and 1 metre sea-level rise by 2120;</p>	<p>The timing or severity of any climate change impacts could be worse than expected, meaning the Council is not sufficiently prepared.</p>	<p>Low</p>	<p>Variability in changes to the climate and its impacts and how we respond could result in different financial impacts.</p> <p>We have significant work to do to have a better understanding of our exposure and vulnerability to the impacts of climate change on our assets and how we adapt, to determine the financial impacts.</p>	CFO	<input checked="" type="checkbox"/>
				GMS&T	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
<p>b. average temperatures will rise 0.5°C – 1.5°C by 2040 and by 3°C by 2090</p> <p>c. changes in rainfall and extreme weather events.</p>					
4. Borrowing Related					
4.1. Credit Rating. The current rating is maintained.	Council's credit rating with Standard and Poor's is downgraded as a result of the additional borrowing required to meet the capital programme.	Moderate	Council's credit rating with Standard and Poor's was upgraded from A+ to AA- in December 2019 with a stable outlook, and reconfirmed on 10 December 2020. There is some risk of a credit downgrade given the additional borrowing required to meet the capital programme planned for the next four years. If the Council falls one notch from its current credit rating (i.e. from AA- to A+) the cost of new borrowing and refinanced borrowing will increase by 5 basis points (0.05 percentage points) for the life of the borrowing.	CFO	<input checked="" type="checkbox"/>
				HFM	<input checked="" type="checkbox"/>
4.2. Borrowing Costs. Net cost of ratepayer funded borrowing (i.e. including current and projected debt) is projected to fall from 4.1% in 2021/22 to 2.1% in 2030/31. This reflects a combination of the expected path for future interest rates, the timing of new debt, and	Interest rates will vary from those projected.	Low / Moderate	Projections are based on assumptions about future market interest rates. Projected borrowing costs are largely hedged against changes in floating interest rates over the first few years of the Long Term Plan, so the impact of interest rate changes over that period is low. However, existing hedge commitments reduce over time (in accordance with Council's	CFO	<input checked="" type="checkbox"/>
				HFM	<input checked="" type="checkbox"/>

Assumption	Risk					Level of Uncertainty	Reasons and Financial Impact of Uncertainty				Person Responsible	Sign-Off
the Council’s existing interest rate hedge commitments.							Liability Management Policy) so that in the later years of the LTP the impact of changing interest rates would be greater. Council manages interest rate exposure in accordance with its Liability Management Policy, and in line with advice from an independent external advisor.					
The net cost of new borrowing includes assumed long-term market interest rates (based on a fixed/floating mix of 75/25% and including Council's borrowing margin) of:												
Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31		
Total rate	1.2%	1.3%	1.5%	1.7%	1.8%	2.0%	2.1%	2.2%	2.2%	2.2%		
4.3. Securing External Funding. New, or renewal of existing borrowings on acceptable terms can be achieved.	That new borrowings cannot be accessed to refinance existing debt or fund future capital requirements.					Low	The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Liability Management Policy.				CFO	☒
											HFM	☒
4.4. LGFA Guarantee. Each of the shareholders of the LGFA is a party to a deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and they guarantee obligations of other participating local authorities to the LGFA, in the event of default.	In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation to each guarantor’s relative rates income.					Low	The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote. The likelihood of a local authority borrower defaulting is extremely low and LGFA has recovery mechanisms that would be applied prior to any call on the Guarantee. All of the borrowings by a local authority from the LGFA are secured by a rates charge.				CFO	☒
											HFM	☒
4.5. Opening Debt: The opening debt of \$2,108 million is made up of;	Actual opening debt differs from forecast.					Low	Council’s debt requirements are well understood and closely managed. It is unlikely				CFO	☒
											HFM	☒
											P&RM	☒

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
<p>\$222 million of equity investments, mainly in CCTOs (Vbase \$185 million),</p> <p>\$637 million of money borrowed for on-lending, (in accordance with the Council's Liability Management Policy),</p> <p>\$1,158 million of capital works and earthquake related borrowing. There is an additional \$79 million borrowed internally from the Capital Endowment Fund.</p> <p>\$91 million finance lease (Civic Building).</p>			that opening debt will be significantly different to forecast.	F&FPM	<input checked="" type="checkbox"/>
5. Investment related					
<p>5.1. Return on investments. Interest received on cash and general funds invested is projected to be 0.7% for 2021/22 increasing to 1.9% by 2030/31.</p> <p>The return on the Capital Endowment Fund (most of which is currently invested internally) is forecast to be 3.1% for 2021/22, falling to 2.4% by 2025/26, then rising to 2.5% by 2030/31.</p>	Interest rates will vary from those projected.	Low	Financial impact is unlikely to be significant.	CFO	<input checked="" type="checkbox"/>
				HFM	<input checked="" type="checkbox"/>
				F&FPM	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
5.2. Value of Investment in Subsidiaries. The opening statement of financial position reflects the correct investment values. The carrying value of CCO investments are revalued on a regular basis	CCO revaluations will differ to that planned and change projected carrying values of the investments.	Low	The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these prospective financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic (currently annually) basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.	CFO	☒
				HFM	☒
5.3. CCTO income. CCHL will deliver dividend income at the levels forecast in this Plan, which include reduced dividends in the first two years due to the impact of COVID-19.	CCHL will deliver a lower than projected dividend and Council will need to source alternate funding.	Moderate	CCTOs are monitored by their Statements of Intent and a quarterly reporting process. Returns are expected to continue as forecast in this Plan. Should additional dividend income be received the level of borrowing forecast in this plan will be reduced.	CFO	☒
				HFM	☒
5.4. Tax planning. The Council (parent) will be operating at a tax loss for the period covered by this Plan due to the availability of tax deductions on some Council expenditure. This allows the Council's profit-making subsidiaries to make payments (known as subvention payments) to Council instead of tax payments. Due to the ongoing effects of COVID-19 it has been assumed that for at least the first two years insufficient profits will be made	Subvention payments will be lower than planned.	Low	CCTOs are monitored by the Statement of Intent and a quarterly performance reporting process. Returns are expected to continue as forecast in this Plan.	CFO	☒
				HFM	☒
				MERG	☒

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
within the wider group to enable any subvention receipts to be available.					
6. Services and Operations					
6.1. Social housing. Social housing assets are leased to Otautahi Community Trust while asset ownership, including long term maintenance, is the responsibility of Council. Social housing asset long term maintenance is funded through the lease payments.	Social housing remains ring-fenced from rates, through a separate Social Housing Fund. The ongoing revenue source for this fund is the lease payments from the Otautahi Community Housing Trust. Modelling for the Social Housing Fund indicates that its sustainability is sensitive to small changes and there is a risk that: <ul style="list-style-type: none"> • The lease payments are not sufficient to enable the social housing portfolio to be financially viable in the long term. • Higher than expected expenditure (e.g. due to asset failure or external events) reduces the financial sustainability in the short term (2 years). 	Low	Council is committed to upgrading units to improve the warmth, dryness and quality of units within the portfolio and if necessary will reprioritise other social housing expenditure.	CFO	<input checked="" type="checkbox"/>
				GMCorp	<input checked="" type="checkbox"/>
				HFPP	<input checked="" type="checkbox"/>
				BP-Housing	<input checked="" type="checkbox"/>
6.2. Contract Rates. Re-tendering of major contracts will not result in cost increases other than those comparable with the rate of inflation.	There is a significant variation in price from re-tendering contracts.	Moderate	Where possible Council would review the appropriate scope of work, or alternatively adjust the budget between services to free up additional funding.	CFO	<input checked="" type="checkbox"/>
				GMCS	<input checked="" type="checkbox"/>
				GMC&C	<input checked="" type="checkbox"/>

Assumption	Risk	Level of Uncertainty	Reasons and Financial Impact of Uncertainty	Person Responsible	Sign-Off
7. Insurance cover and natural disaster financing					
7.1. Insurance cover. The Council has adequate Material Damage cover for all major above ground buildings which are undamaged and fire cover for significant unrepaired buildings.	Risk of major loss through fire	Low	The results of external and independent modelling carried out during the 2019/20 year suggests that the cover taken is sufficient to meet two times the maximum loss. Any financial impact is not expected to be significant.	CFO	☒
				HFM	☒
7.2. Natural disaster financial implications. The Christchurch region is susceptible to further damage from earthquake, flooding and tsunamis.	Council has limited insurance cover in place for damage to infrastructure networks from flooding, tsunami and earthquake events and relies on the strength of its statement of financial position plus access to central government emergency funding in the event of another major event.	Moderate	Financial implications of another significant event are large, particularly when our ability to borrow may be limited due to the high debt to revenue ratios forecast. This risk is considered in preparing the LTP and particular attention is paid to the financial headroom for each year. Financial headroom is a measure of Council's ability to borrow in the event of an emergency.	CFO	☒
				HFM	☒

8. Resolution to Exclude the Public

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

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

Note

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

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

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

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
7.	CONSIDERATION OF THE COUNCIL'S LONG TERM PLAN 2021-31 PROCESS				
	ATTACHMENT C - DRAFT LTP 2021 - INFRASTRUCTURE STRATEGY	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	THE INFORMATION IN THE CURRENT DRAFT VERSION OF THE COUNCIL'S LONG TERM PLAN REMAINS SUBJECT TO CHANGE. PREMATURE RELEASE OF THIS INFORMATION COULD PREJUDICE THOSE PEOPLE AND ENTITIES THAT MAY BE AFFECTED BY ANY CHANGES MADE.	THE DRAFT LONG TERM PLAN WILL BE PUBLISHED IN THE COUNCIL AGENDA FOR ITS MEETING COMMENCING 23 FEBRUARY 2021.
	ATTACHMENT D - DRAFT LTP 2021 - FINANCIAL STRATEGY	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	THE INFORMATION IN THE CURRENT DRAFT VERSION OF THE COUNCIL'S LONG TERM PLAN REMAINS SUBJECT TO CHANGE. PREMATURE RELEASE OF THIS INFORMATION COULD PREJUDICE THOSE PEOPLE AND ENTITIES THAT MAY BE AFFECTED BY ANY CHANGES MADE.	THE DRAFT LONG TERM PLAN WILL BE PUBLISHED IN THE COUNCIL AGENDA FOR ITS MEETING COMMENCING 23 FEBRUARY 2021.
	ATTACHMENT E - DRAFT LTP 2021 UNDERLYING DOCUMENTS	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	THE INFORMATION IN THE CURRENT DRAFT VERSION OF THE COUNCIL'S LONG TERM PLAN REMAINS SUBJECT TO CHANGE. PREMATURE RELEASE OF THIS INFORMATION COULD PREJUDICE THOSE PEOPLE	THE DRAFT LONG TERM PLAN WILL BE PUBLISHED IN THE COUNCIL AGENDA FOR ITS MEETING COMMENCING 23 FEBRUARY 2021.

				AND ENTITIES THAT MAY BE AFFECTED BY ANY CHANGES MADE.	
9.	PUBLIC EXCLUDED AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES - 2 DECEMBER 2020			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	