

Finance and Performance Committee

SUPPLEMENTARY AGENDA

Notice of Meeting:

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

Date: **Thursday 29 April 2021**
Time: **9.30am**
Venue: **Council Chambers, Civic Offices,
53 Hereford Street, Christchurch**

Membership

Chairperson	Deputy Mayor Andrew Turner
Deputy Chairperson	Councillor Sam MacDonald
Members	Mayor Lianne Dalziel
	Councillor Jimmy Chen
	Councillor Catherine Chu
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor James Daniels
	Councillor Mike Davidson
	Councillor Anne Galloway
	Councillor James Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Phil Mauger
	Councillor Jake McLellan
	Councillor Tim Scandrett
	Councillor Sara Templeton

28 April 2021

Principal Advisor

Diane Brandish
Acting General Manager Finance
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Tel: 941 8454

Principal Advisor

Dawn Baxendale
Chief Executive
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Committee and Hearings Advisor
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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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Part A	Matters Requiring a Council Decision
Part B	Reports for Information
Part C	Decisions Under Delegation

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19. Resolution to Include Supplementary Reports

1. Background

- 1.1 Approval is sought to submit the following reports to the Finance and Performance Committee meeting on 29 April 2021:
 - 20. Venues Ōtautahi Ltd - Draft Statement of Intent 2021/22 and half year performance report for period ending 31 December 2020
 - 21. Canterbury Multi-Use Arena Elected Member Update
- 1.2 The reason, in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987, why the reports were not included on the main agenda is that they were not available at the time the agenda was prepared.
- 1.3 It is appropriate that the Finance and Performance Committee receive the reports at the current meeting.

2. Recommendation

- 2.1 That the reports be received and considered at the Finance and Performance Committee meeting on 29 April 2021.
 - 20. Venues Ōtautahi Ltd - Draft Statement of Intent 2021/22 and half year performance report for period ending 31 December 2020
 - 21. Canterbury Multi-Use Arena Elected Member Update

20. Venues Ōtautahi Ltd - Draft Statement of Intent 2021/22 and half year performance report for period ending 31 December 2020

Reference / Te Tohutoro: 20/1554004

Report of / Te Pou Matua: Linda Gibb, Performance Advisor, External Reporting and Governance, Resources. linda.gibb@ccc.govt.nz

General Manager / Pouwhakarae: Diane Brandish, Acting General Manager, Resources. diane.brandish@ccc.govt.nz

1. Brief Summary

- 1.1 The purpose of this report is to present Venues Ōtautahi Ltd's (formerly Vbase Ltd) half year performance report and financial statements for the period 1 July to 31 December 2020 (at **Attachments A and B**) and its draft Statement of Intent (SOI) for 2021/22 (at **Attachment C**).
- 1.2 Venues Ōtautahi has complied with the following legal requirements:
 - section 66 which requires a Council-controlled organisation (CCO) to report on the organisation's operations to its shareholders within two months after the end of the first half of each financial year. Its half year performance report was submitted to the Council on 24 February; and
 - clause 1, part 1 of schedule 8 which requires the board of a CCO to deliver a draft SOI to its shareholders on or before 1 March. Its draft SOI was submitted to the Council on 1 March; and
 - parts 2 and 3 of schedule 8 which define the content required for SOIs for trading CCOs.

2. Officer Recommendations / Ngā Tūtohu

That the Finance and Performance Committee:

1. Notes Venues Ōtautahi Ltd's half year performance report for the period 1 July-31 December 2020;
2. Notes Venues Ōtautahi Ltd's draft Statement of Intent for 2021/22; and
3. Requests Venues Ōtautahi Ltd to:
 - develop performance targets reflecting its two new objectives for participating in the Canterbury Multi-Use Arena design and other project works and for digital transformation; and
 - work with Council staff to confirm capital expenditure requirements for inclusion in the Long Term Plan 2021-31 for the 10 year period.

3. Half year performance report – 1 July-31 December 2020

Profitability and impact of COVID-19

- 3.1 Venues Ōtautahi Ltd's (VŌ's) business is very sensitive to the lockdown levels shifting – events are cancelled quickly as risk of lockdown increases and are added almost as quickly when lockdown levels are eased. The resurgence of COVID-19 in Auckland during August/September

2020, and the return to lockdown across the country led to the cancellation or postponement of 41 events during the half year period.

- 3.2 This notwithstanding, VŌ's performance for the half year has exceeded budget primarily due to greater demand for food and beverage at events it has been able to hold at lockdown levels one and two as well as organisational cost savings generated from the shift to a more variable cost operating model.

Performance

- 3.3 The table below compares VŌ's half year operating performance to 31 December 2020 with the same period in the prior year. This is based on its management reporting (provided in **Attachment A**) which focuses on the operational performance of the business, by excluding costs such as depreciation, amortisation, fixed overheads and debt servicing since they occur irrespective of operating activities.

	Actual \$m	Budget \$m	Variance \$m	Prior year \$m	Variance \$m
EBITDA	(0.383)	(1.196)	+0.813	(1.134)	+0.751

- 3.4 The financial statements at **Attachment B** are based on generally accepted accounting practice and include all costs and revenues from the period. The EBITDA half year loss of \$0.383 million can be reconciled to the \$0.429 million operating surplus in the financial statements as being 'below the line' revenue of the portion of the Council operating grant that is allocated to meeting financing costs of \$0.5 million and the government's wage subsidy funding of \$0.3 million.
- 3.5 Comparability of the half year to 31 December 2020 with the same period in the prior year is difficult given the impact of COVID-19 in one period but not the other.
- 3.6 Although 41 events were cancelled due to COVID-19, VŌ has managed to return an operating surplus better than budget by \$0.8 million, due to higher consumption of food and beverage (F&B) at the events it was able to hold. The costs of delivering the F&B, and maintaining the facilities were lower as a result of fewer events.
- 3.7 There are some promising operating indicators for VŌ, including:
- the profit margin for food and beverage in the 2020 half year is double that projected in the budget, albeit off a low base (actual margin \$231,000 against budget \$114,000). This is underpinned by bringing catering in-house, specifically focussing on commercial food and beverage performance as a target in the SOI and the shift VŌ has made to a more variable cost model which allows it to vary its staffing requirements in line with demand; and
 - the ratio of total operating revenue to total operating cost is improving – in 2020 it cost \$0.95 to raise \$1 of revenue (excluding the Council grant) against budget of \$1.36 and against the 2019 half year cost of 1.13.

Overheads

- 3.8 As always, VŌ's financial performance is significantly impacted by the non-cash depreciation charges on the Town Hall and Christchurch Arena (together \$4.2 million), and the cost of servicing its debt of \$0.58 million.
- 3.9 The detriment to VŌ's overall profitability is shown in the ratio of fixed overhead costs to operating revenue (excluding the Council's grant) - 80% in the current half year against the prior period 70% when revenue was higher.

- 3.10 Overhead costs as a percentage of operating income (excluding the Council's grant) have reduced from a budgeted 40% to 34%. For the same period last year the ratio was 49%.
- 3.11 The risk of further COVID-19 restrictions continues to overhang VÖ's events' business. While this poses financial challenges for VÖ, it also results in the loss of non-quantified social benefits to the city and its residents.

Non-financial performance

- 3.12 VÖ notes that it will have completed the development of its economic model and prioritisation methodology to further inform its draft SOI forecasts by the time the final SOI is due. These tools will be used to quantify the social and cultural benefits brought to Christchurch from its activities. The latter should guide the organisation in determining where its efforts are optimal. VÖ has agreed to share these models with Council staff.
- 3.13 The target of guests to venues exceeding 370,000 is on track based on current business in the pipeline to 30 June 2021.

4. Draft Statement of Intent 2021/22

- 4.1 Key content requirements as set out in parts 2 and 3 of schedule 8 of the LGA for trading CCOs (CCTOs) are for SOIs to include the objectives of the group, a statement of the board's approach to governance, the nature and scope of activities to be undertaken, the non-financial performance targets and other measures by which performance is judged in relation to the objectives and an estimate of the amount or proportion of accumulated profits, capital reserves that is intended to be distributed to shareholders and the board's estimate of commercial value of the Council's investment in the CCO or its group.
- 4.2 The financial forecasts, are shown in the following table:

	2021/22 \$000	2022/23 \$000	2023/24 \$000
Operating income	12,367	12,826	13,499
Council grant per LTP	3,300	3,300	3,300
Expenditure and overheads	17,020	17,471	17,904
EBITDA	(1,353)	(1,352)	(1,116)
Council grant per LTP (debt financing)	1,000	1,000	1,000
Interest on loan	(1,154)	(1,154)	(1,154)

- 4.3 Capital expenditure projections in the draft SOI are as follows:

	2021/22 \$000	2022/23 \$000	2023/24 \$000	Total \$000
Draft SOI	5,243	3,654	2,400	11,297
Draft LTP	5,243	1,827	1,827	8,897
Unfunded		1,827	573	2,400

- 4.4 The draft SOI complies with the legislative requirements set out above. Pursuant to clause 2, part 1, schedule 8 of the LGA, shareholder's comments must be provided by 1 May.

- 4.5 At a workshop on 27 April, the following issues were raised and are provided in this report for inclusion as feedback to the VŌ on the draft SOI:
- Funding for the Orangetheory Stadium transition costs to be separately identified – these have been separately identified in the draft SOI on page 20, and will be reported against in VŌ’s quarterly reports; and
 - Capital funding, underpinned by asset management plans to be included in the LTP 2021-31 for the full 10 years and costs for the SOI period to be agreed with Council staff for funding.
- 4.6 The unfunded capital costs in 2023/24 are for the replacement of retractable seating for the Christchurch Arena (which carries a cost of \$2.96 million and of which Vbase will fund \$1.83 million itself) in 2022/23 and in 2023/24 safety and compliance upgrades at the Christchurch Arena and some improvements to the Town Hall.
- 4.7 The other major issues included in the draft SOI are as follows:
- expected impact of COVID-19 restrictions, most particularly the ongoing closure of international borders;
 - participation in the design of the CMUA and development of a commercial strategy, to be funded by the CMUA project budget – operational grants or bid incentive funding for the CMUA are not included in the draft SOI; and
 - targets and associated financial impacts for making venues available to community groups and individuals (under the Local Cultural Rate).
- 4.8 The Auckland Council’s review of its substantive CCOs has several general principles that are relevant to a CCO’s SOI, irrespective of the CCO’s size or funding levels, including:
- they should allow the public and council to understand at a glance what the CCO’s activities for the year will be;
 - most SOIs were lengthy, miss financial performance measures or are poorly aligned to their activities and objectives (note that VŌ’s draft SOI does contain financial performance measures); and
 - key performance measures should include meeting strategic priorities and goals.
- 4.9 Staff consider VŌ’s draft SOI largely meets these criteria, with issues regarding performance measures discussed later in this section.
- 4.10 On 10 December 2020 the Council issued a Letter of Expectations to the VŌ board (appended to this report at **Attachment D**). The expectations are reflected in the draft SOI. Notably,
- a prioritisation methodology has been developed and will be socialised with Council staff imminently. It is expected that this will underpin VŌ’s future operational decision-making to ensure its grant funding is allocated to the highest value economic, social, cultural and environmental activities. In doing so, its annual operating grant may reduce if the framework provides a higher weighting to commercial activities as it should do (since VŌ is a trading CCO);
 - capital requirements are identified mostly for the Christchurch Arena, underpinned by venue-specific asset management plans aimed at maintaining the value of the venues;
 - a commitment to work with ChristchurchNZ (and Te Pae) to secure events for Christchurch is noted;
 - the Canterbury Multi-Use Arena (CMUA) has been added as a new strategic objective. VŌ records its activities as being to engage in the CMUA’s design, develop a commercial

strategy based on maximising the returns for the city and develop a community engagement strategy. VŌ notes its expectation that the CMUA project budget will meet the costs it incurs in the delivery of the activities.

Comparison of SOI forecasts

- 4.11 The following table sets out the SOI financial forecasts in the draft SOI for 2021/22, and provides a comparison with last year's SOI.

Draft SOI 2021/22 v 2020/21	2021/22 \$000	2022/23 \$000	2023/24 \$000
Operating income Current draft SOI	12,367	12,819	13,488
Operating income Last Year's SOI	12,501	14,021	-
Difference	(134)	(1,202)	-

Operating expenses Current draft SOI	(11,227)	(11,349)	(11,819)
Operating expenses Last Year's SOI	(10,368)	(10,871)	-
Difference	(859)	(478)	-

Overheads and fixed costs Current draft SOI	(5,793)	(6,122)	(6,085)
Overheads and fixed costs Last Year's SOI	(5,638)	(6,005)	-
Difference	(155)	(117)	-

EBITDA (incl Council grant) 2021/22	(1,353)	(1,352)	(1,116)
EBITDA (incl Council grant) Last Year's SOI	(505)	145	-
Difference	(848)	(1,497)	-

- 4.12 Operating income, operating expenditure, overheads and operating profit have all changed unfavourably in the current draft SOI over last year's final SOI. This largely reflects continued drag in the recovery of the events market over time, as well as a shift in VŌ's expectation of international borders re-opening from 2021/22 in last year's SOI to 2022/23 in the current draft SOI. The forecasts include some expectations associated with the trans-Tasman bubble, however these are limited due to the highly volatile situation that continues to prevail.
- 4.13 Revenue and expenditure has increased over last year's SOI reflecting additional activity for managing the Orangetheory Stadium. The forecasts do not include costs and offsetting revenue for the VŌ's participation in the design and development of a commercial strategy for the Canterbury Multi-Use Arena. VŌ has an agreement in principle with CMUA Project Delivery Ltd to be compensated for its costs in participating in the project.
- 4.14 Non-financial performance targets are as they were in last year's SOI, plus two new objectives – CMUA and Digital Transformation.
- 4.15 Staff recommend that VŌ is asked to develop an appropriate performance target for each of the new objectives.

5. Local Cultural Rate

- 5.1 VŌ has prepared a memorandum on its local cultural rate including how it is applied, the cost to VŌ and the benefits to Christchurch. It is at **Attachment E**.

- 5.2 There is a difference in the value of the cultural rate to recipients and the cost to VŌ. The calculation of \$43,728 in value to date (for 19 events) is the estimated cost of forgone commercial rental revenue that VŌ could have otherwise received.
- 5.3 However, if the local cultural event is held at a time when the venue is not otherwise occupied the rental income forgone could be characterised as that amount that the local group would have paid to hold the event. In many cases this would be zero and the event would not be held at a VŌ venue.
- 5.4 For any event held, whether commercial or subject to the local cultural rate VŌ will incur costs that are not fully covered by the rental charge (which is a market-based rate rather than cost recovery). They include the costs of cleaning, utilities, incremental repairs and maintenance).
- 5.5 The VŌ memorandum notes that VŌ intends to offer the local cultural rate for 30 events in 2021/22, and 40 events for each of 2022/23 and 2023/24 (the draft SOI actually provides for 35 events in all three years). This would equate to revenue forgone of around \$69,000 and \$92,000 respectively as well as the other costs that VŌ incurs noted in the paragraph above.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	Venues Ōtautahi - Half year performance report for the period 1 July-31 December 2020	12
B ↓	Venues Ōtautahi - Financial statements for the half year ending 31 December 2020	16
C ↓	Venues Ōtautahi - Draft Statement of Intent 2021/22	29
D ↓	Venues Ōtautahi - Letter of Expectations for 2021/22	53
E ↓	Venues Ōtautahi - Local Cultural Rate	55

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

Document Name	Location / File Link
Nil	Nil

Confirmation of Statutory Compliance / Te Whakatūtutanga 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.

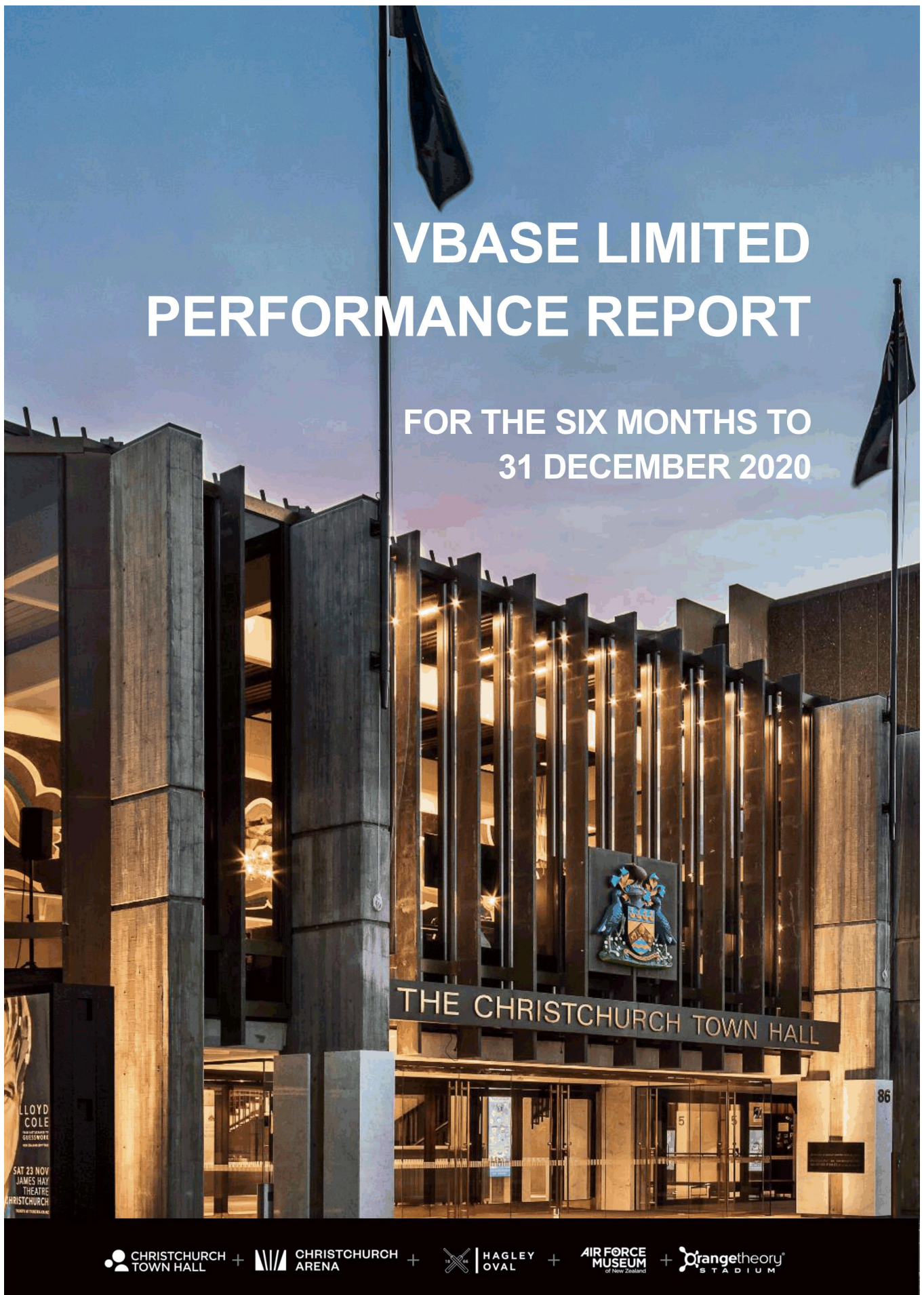
Signatories / Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Len Van Hout - Head of Business Partnership Diane Brandish - Acting General Manager Resources

VBASE LIMITED PERFORMANCE REPORT

FOR THE SIX MONTHS TO
31 DECEMBER 2020

Item 20
Attachment A





Income Statement for the six months ended 31 December 2020

Commentary on December 2020 actual verses budget result

The year-to-date EBITDA deficit is \$383k against a budget deficit of \$1,196k for the six-month period to 31 December 2020.

There are several factors contributing to the positive variance between actual EBITDA and budget. They are:

- Vbase received the two-week Government Employer Resurgence Wage Subsidy with the South Island under Alert Level 2 from 12 August to 21 September 2020.
- Flat floor and ticketed revenue events were lower than budgeted across all venues in the first quarter. This has been offset by higher food and beverage revenue since returning to Alert Level 1 from the end of September 2020.
- The negative venue rental has also been offset by lower facilities, administration, and other expenses for the six-months to 31 December 2020.

Given the severe impacts of Covid-19 on the business and the outlook for the events industry, the Company completed a change proposal in June 2020 to right size and reposition the business to a leaner, more agile variable cost model.

The Company also undertook a full review of overheads and expenditure to further reduce the fixed costs of the business, which is reflected within the 2021 Statement of Intent.

Despite however the transformation of the way Vbase does business, with borders unlikely to open until 2022 and the continued unpredictability and volatility of the Covid-19 environment, the venues and events sector will remain immensely challenging for some considerable time as event revenues slowly recover and venue fixed costs endure.

Vbase Limited Income Statement for the six months ended 31 December 2020

	Dec-20 YTD Actual \$000	Dec-20 YTD Budget \$000	YTD Act vs Bud Variance \$000	Dec-19 YTD Actual \$000	Full Year Budget \$000
Income					
Venue rental and event revenue	1,007	1,243	(236)	1,775	2,616
Food and beverage	2,148	1,907	241	4,369	5,084
Equipment hire revenue	157	132	25	395	285
Memberships and naming rights	26	30	(4)	-	30
Ticketing	174	175	(1)	226	391
Other	2,265	2,116	149	2,281	3,856
	5,777	5,603	174	9,046	12,262
Less Expenditure					
Food and beverage	1,917	1,793	(124)	3,874	4,238
Events and hosting costs	797	865	68	2,114	1,945
Facilities	1,127	1,377	250	1,531	2,997
Ticketing	-	-	-	-	-
Administration	1,864	2,123	259	2,153	4,331
Other	455	641	186	508	1,138
	6,160	6,799	639	10,180	14,649
EBITDA	(383)	(1,196)	813	(1,134)	(2,387)



Operational Performance targets

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE	
	2020/2021	PROGRESS AS AT 31 DECEMBER 2020

Economic Impact		
Attract and manage events that generate positive financial impact contributing to a Prosperous Economy, Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Maximise visitor spending by holding at least 6 major ticketed events at Vbase venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Events in the pipeline currently include Crowded House, Synphony, Black Caps v Australia T20, Black Caps vs Pakistan Test, Black Caps vs Bangladesh ODI, Black Clash. On Track. Economic modelling to be provided Q3 FY20/21
Grow catering contribution through enhanced procurement	Implement a local procurement strategy whereby regional ² sourced products and suppliers are prioritised where it is commercially viable	Implementation of strategy complete for beverage. Beverage now 80% Canterbury, 95% South Island 100% New Zealand. Food now 80% Canterbury, 90% New Zealand, 10% International On track.

Social and Cultural Impact		
Maximise attendance at Vbase venues which contributes to a Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Guests to venues exceed 370,000	Guest attendance for the first quarter was 72,613 over 24 events. A total of 41 events were postponed or cancelled during this period. Current forecast guest numbers for FY20/21 are 250,000 based on contracted events. On track based on business in the forecasted pipeline.
Develop and implement a prioritisation framework to reflect non-discretionary community benefit events.	Prioritisation framework completed	Prioritisation framework in development. To be completed end March 2021. On Track
Make venues available to support local cultural, not for profit and charitable organisations	At least 30 events receive the local cultural rate	19 Events received the local cultural rate between July and December 2021 On Track

1 **Major Events are defined as follows:**

Arena: Event attendance > 5000

Orangetheory Stadium: Ticketed events other than Super Rugby and Mitre 10 Cup games

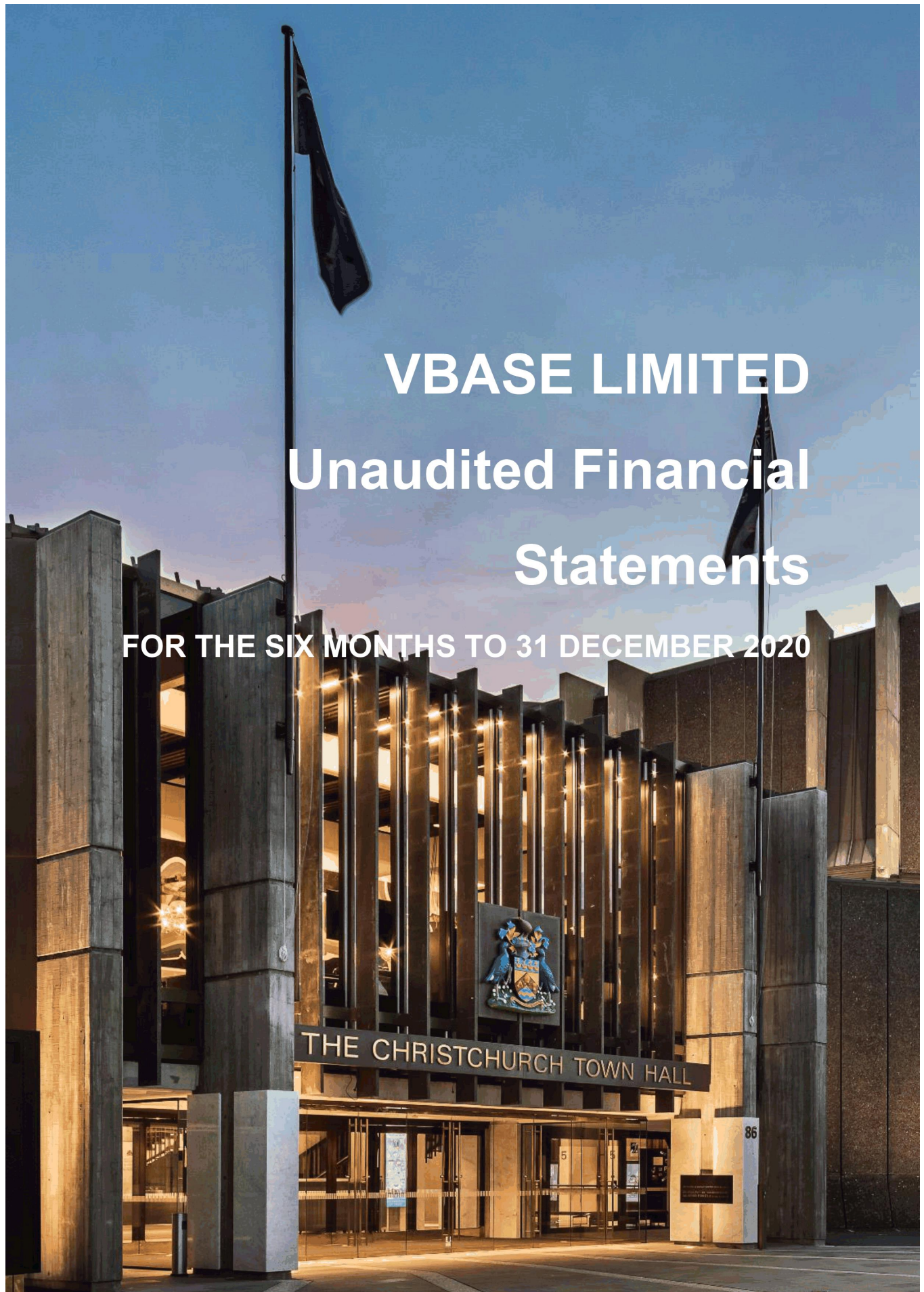
Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2 Regional is Christchurch and Canterbury. This can include National or International suppliers if their point of origin is Canterbury.



OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE	
	2020/2021	PROGRESS AS AT 31 DECEMBER 2020
Client and Guest Experience		
Client Net Promoter Score (NPS ³)	Achieve greater than 40 NPS ³ during the year	Net Promoter Scope Framework being finalised. Quarterly measurements from Q3 FY20/21. On Track.
Guest NPS ³	Achieve greater than 40 NPS ³ during the year	Net Promoter Scope Framework being finalised. Quarterly measurements from Q3 FY20/21. On Track.
People and Relationships		
Employee NPS ³	Develop a baseline employee NPS ³	Net Promoter Scope Framework in development. Quarterly measurements from Q3 FY20/21. On Track.
Key business partner NPS ³	Develop a baseline key business partner NPS ³	Net Promoter Scope Framework in development. Bi-annual measurements from Q3 FY20/21. On Track.
Asset Care		
Ensure assets are maintained at a suitable level for general use at all venues.	The asset management plan (AMP) is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	Asset Management tracking up to date. Significant capital works planned for December 2020 and January 2021
Health, Safety and Wellbeing		
Maintain a comprehensive health, safety and wellbeing strategy	Develop and implement a health, safety and wellbeing strategy	Strategic framework for Health, Safety and Wellbeing developed. On track.
Minimise incidents for visitors	Develop a baseline of number of incidents per total attendees	Baseline of incidents in development. Complete by end Q2 FY20/21. On track.
Sustainability		
Contribute to reducing the City's carbon footprint	Develop and implement a sustainability policy and strategy and benchmark carbon footprint target	Sustainability Strategy development to commence March 2021. Complete end June 2021. On Track.
Governance		
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	On Track.

- 3 Any Net Promoter Score above 0 is 'good' and means that your audience is more loyal than not. A score above 20 is considered 'favourable'. Anything above 50 is excellent and means your organisation has considerably more satisfied customers than dissatisfied ones. An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.





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BUSINESS AND FINANCIAL OVERVIEW

Vbase is the Christchurch City Council (Council) owned venues and event management company.

The Company owns, manages and operates the Christchurch Town Hall, Christchurch Arena and holds venue and/or event management service agreements for the Airforce Museum, Orangetheory Stadium and Hagley Oval.

In 2019 Vbase commenced transition back to an independently governed and managed CCO.

This process commenced in October 2019 and concluded in December 2020. Vbase, whilst now structurally independent of Council remains closely connected with and focused on the collaborative partnership between the business and its shareholder.

Transition was the opportunity to review and reset the business purpose, direction and plan. This collaborative process was completed in June 2020 and continues to evolve. The business knows why it exists, where it's heading and how it is going to get there.

Covid-19 Survival and Recovery

Covid-19 decimated the events industry and associated hospitality, travel and tourism sectors. In March 2020 Vbase experienced an immediate loss of all event revenues.

As New Zealand moved through Alert Levels, the business implemented a short-term shift in focus from business as usual to survival and recovery.

In total, between 19 March 2020 and 21 September 2020 Vbase experienced 7 months of nil or significantly reduced revenue.

The Government Employer Covid-19 Wage Subsidy, its 8-week extension and the two-week Government Employer Resurgence Wage Subsidy supported the Company to partially reduce the financial impact caused by the pandemic.

To survive and ultimately recover Vbase reduced its permanent workforce by over half and focused on reducing fixed overheads, creating operational efficiencies and repositioning the business to a leaner, more agile variable cost model.

With a core permanent team and large casual team Vbase now has a variable cost model which results in a more resilient business that is responsive to change.

Vbase can gear up as it needs to for large events but is resilient in times of adversity and can advance in these times, not just cope. Covid-19 for all its challenges was a catalyst for changes to the business that were needed to ensure its future success

Events returned sooner than anticipated with New Zealand shifting to Alert Level 1 in July 2020. Vbase

quickly returned to business as usual with events well attended across the Vbase venue portfolio.

Of note, the newly established Super Rugby Aotearoa competition included two sold out Crusader matches at Orangetheory Stadium and the Christchurch Town Hall hosted several sold out concerts, including Benee who sold out two consecutive nights.

Celebrate and Source Local

In April 2020 after long standing partnership with Spotless Services, Vbase made the decision to bring catering in house. This unlocked the company's ability to choose where food and beverage produce is sourced.

With supporting local at the heart of the business, Vbase immediately put in place its celebrate and source local procurement strategy. Sourcing local has direct economic benefit to the Canterbury region and means the best produce in the World which is right here on our doorstep can enhance the client and guest experience at Vbase venues.

Vbase are proud of the positive impact of this new approach to procurement being realised by local suppliers with notable examples in the six months to 31 December 2020 including 3.8 tonnes of Canterbury Beef and Lamb sourced through Peter Timbs, 6 tonnes of potatoes from Nick Taylor and Sons of Rangitata, 30,150 dinner rolls from Breads of Europe in Hornby who also now source all their flour locally, 11,875 Canterbury beers from Cassels and Sons, 3,250 bottles of Canterbury Wine from the Donaldson family, 5,200 pours of Scapegrace gin from the Kaiapoi Distillery and 955 sides of Akaroa Salmon.

Including the 7-week period of Covid-19 resurgence in August and September in the six months ended 31 December 2020 this is a direct contribution to the local market of \$500,000.

Asset Management

Vbase's purpose is to take care of the venues and make them the pride and delight of everyone.

In 2020 Vbase have focused on developing a strategic approach to the management of the assets to ensure safe, sustainable venues that maximise shareholder value throughout their lifecycle.

Chief Executive

26 February 2021

Date



Financial result

The Company recorded an operating surplus (before net interest, depreciation and tax) of \$0.43 million compared with an operating loss of \$1.14 million for the six months to December 2019.

Directors

The persons holding office as Directors of the Company for the financial year to 31 December 2020 were:

Bryan Pearson (Chair)
Tim Scandrett
Paul Munro
Brent Ford (appointed 30 July 2020)

For and on behalf of the Board



Director

26 February 2021

Date



Director

26 February 2021

Date



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Dec-20 \$000	Dec-19 \$000
Rendering of services	3,749	7,153
Other revenue	2,840	1,892
Total revenue	6,589	9,045
Food and beverage, hosting and ticketing expenses	2,792	6,102
Personnel expenses	2,590	-
Other expenses	778	4,078
Total expenses	6,160	10,180
Operating profit / (loss)	429	(1,135)
Interest revenue	7	125
Depreciation and amortisation	(4,119)	(4,591)
Finance costs	(582)	(570)
Transition costs	(20)	(193)
Gain/(Loss) on sale of property, plant & equipment	20	10
Loss before income tax	(4,265)	(6,354)
Income tax (expense) / income	1,194	1,779
Loss after income tax	(3,071)	(4,575)
Other comprehensive income	-	-
Total comprehensive loss	(3,071)	(4,575)

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.



STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Share Capital \$000	Other Reserves \$000	Retained Earnings \$000	Total \$000
Balance at 30 June 2020	234,636	14,540	(68,184)	180,992
Profit and loss and other comprehensive income for 6 months to 31 December 2020	-	-	(3,071)	(3,071)
Share issue	10,000	-	-	10,000
Balance at 31 December 2020	244,636	14,540	(71,255)	187,921

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.



STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Dec-20 \$000	Jun-20 \$000
Current assets		
Cash and cash equivalents	6,780	9,274
Trade and other receivables	459	564
Other financial assets	4,000	2,000
Inventories	291	227
Current tax asset	163	-
Other current assets	621	83
Total current assets	12,314	12,148
Non-current assets		
Deferred tax asset	10,095	10,095
Property, plant & equipment	216,309	220,003
Intangible assets	111	53
Total non-current assets	226,515	230,151
Total assets	238,829	242,299
Current liabilities		
Trade and other payables	5,030	12,078
Current tax payables	-	1,031
Employee entitlements	367	637
Total current liabilities	5,397	13,746
Non-current liabilities		
Trade and other payables	3	2,054
Borrowings	15,885	15,885
Deferred tax liabilities	29,623	29,622
Total non-current liabilities	45,511	47,561
Total liabilities	50,908	61,307
Net assets	187,921	180,992
Equity		
Share capital	244,636	234,636
Reserves	14,540	14,540
Retained earnings	(71,255)	(68,184)
Total equity	187,921	180,992

For and on behalf of the Board

Director

26 February 2021

Date

Director

26 February 2021

Date

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.



STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Dec-20 \$000	Jun-20 \$000	Dec-19 \$000
Cash flows from operating activities			
Receipts from customers	4,136	10,641	8,133
Subvention receipt	-	1,806	-
Council operating grant	1,875	3,250	2,000
Government wage subsidy	1,617	2,317	
Payments to suppliers and employees	(6,264)	(19,335)	(10,655)
Annual insurance payment	(972)	-	(1,267)
Net GST movement	116	(66)	(185)
Net cash used in operating activities	508	(1,387)	(1,974)
Cash flows from investing activities			
Purchase of investments (term deposits)	(4,000)	(2,000)	-
Maturity of investments (term deposits)	2,000	4,539	-
Pre-paid lease rental revenue	268	1,290	
Payment for property, plant & equipment	(10,717)	(3,671)	(2,094)
Sale of property, plant & equipment	-	11	-
Interest received	25	782	46
Net cash used in investing activities	(12,424)	951	(2,048)
Cash flows from financing activities			
Proceeds from issues of equity securities	10,000	-	-
Interest and other finance costs paid to related party	(579)	(1,140)	(567)
Loan Advances from related party		1,400	-
Net cash used in financing activities	9,421	260	(567)
Net decrease in cash and cash equivalents	(2,495)	(176)	(4,589)
Cash and cash equivalents at beginning of period	9,274	9,450	9,450
Cash and cash equivalents at end of period	6,779	9,274	4,861

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

STATEMENT OF COMPLIANCE

The unaudited interim financial statements for the six months ended 31 December 2020 have been prepared in accordance with NZ PBE IAS 34 *Interim Financial Reporting* and New Zealand generally accepted accounting practice.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2020.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim financial statements are consistent with those in the annual financial statements for the year ended 30 June 2020.

Contingencies

The Company had no material contingent assets or liabilities as at 31 December 2020.

Events subsequent to balance date

There are no material events known to the Directors occurring subsequent to balance date that would have a significant impact on the financial statements for the six months ended 31 December 2020.



STATEMENT OF SERVICE PERFORMANCE

FINANCIAL PERFORMANCE TARGETS

The following lists the financial and operating performance targets set by the Company in its Statement of Intent for the year to 30 June 2021 and reports on progress to date against these targets.

	31 Dec 2020 Actual \$000	31 Dec 2020 Target \$000	31 Dec 2020 Variance \$000	30 June 2021 Target \$000
Direct operating income	3,929	4,019	(90)	9,804
Grant revenue received from Council	750	750	-	1,500
Direct operating expenses	3,714	4,350	(636)	9,538
Net operating overheads and fixed costs	1,348	1,615	(267)	4,153
EBITDA	(383)	(1,196)	812	(2,387)

Reconciliation to operating profit / (loss) on page 5.

Debt financing grant received from Council	500
Timing of the Covid-19 wage subsidy extension (management versus financial reports)	312
Operating profit / (loss)	429

Commentary actual verses budget result

The year-to-date EBITDA deficit is \$383k against a budget deficit of \$1,196k for the six-month period to 31 December 2020.

There are several factors contributing to the positive variance between actual EBITDA and budget. They are:

- Vbase received the two-week Government Employer Resurgence Wage Subsidy with the South Island under Alert Level 2 from 12 August to 21 September 2020.
- Flat floor and ticketed revenue events were lower than budgeted across all venue in the first quarters. A total of 41 events were postponed or cancelled during this period with the restrictions on group gatherings and social distancing.
- The negative income variances have been offset by lower event expenses and positive non-event operating expenses during the period.

Given the severe impacts of Covid-19 on the business and the outlook for the events industry, the Company completed a change proposal in June 2020 to right size and reposition the business to a leaner, more agile variable cost model.

The Company also undertook a full review of overheads and expenditure to further reduce the fixed costs of the business, which is reflected within the 2021 Statement of Intent.

Despite however the transformation of the way Vbase does business, with borders unlikely to open until 2022 and the continued unpredictability and volatility of the Covid-19 environment, the venues and events sector will remain immensely challenging for some considerable time as event revenues slowly recover and venue fixed costs endure.



The forecast capital structure is:

	31 Dec 2020 Actual \$000	30 June 2021 Target \$000
Issued shares and other equity instruments	244,636	242,892
Debt	15,885	15,885
Total assets	238,829	207,008

	Actual as at Dec 2020	Target as at June 2021
Ratio of shareholders funds to total assets	79%	81%

The Company issued \$10 million shares in the second quarter of the 2021 financial year for the Christchurch Town Hall earthquake repair costs that were accrued as a payable to Council in the 30 June 2019 financial statements.

There is also additional expenditure at the Christchurch Town Hall with a further \$2 million available if required by way of a share issue. This was approved by the Council Finance and Performance Committee on 7 October 2020.

Major facilities repair/rebuild

The Asset Management Plan for the 2021 financial year includes Christchurch Arena Roof Strengthening (Stage Three) which is currently in progress between December 2020 and February 2021.



Operational Performance targets

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE	
	2020/2021	PROGRESS AS AT 31 DECEMBER 2020

Economic Impact		
Attract and manage events that generate positive financial impact contributing to a Prosperous Economy, Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Maximise visitor spending by holding at least 6 major ticketed events at Vbase venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Events in the pipeline currently include Crowded House, Synthony, Black Caps v Australia T20, Black Caps vs Pakistan Test, Black Caps vs Bangladesh ODI, Black Clash. On Track. Economic modelling to be provided Q3 FY20/21
Grow catering contribution through enhanced procurement	Implement a local procurement strategy whereby regional ² sourced products and suppliers are prioritised where it is commercially viable	Implementation of strategy complete for beverage. Beverage now 80% Canterbury, 95% South Island 100% New Zealand. Food now 80% Canterbury, 90% New Zealand, 10% International On track.

Social and Cultural Impact		
Maximise attendance at Vbase venues which contributes to a Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Guests to venues exceed 370,000	Guest attendance for the first quarter was 72,613 over 24 events. A total of 41 events were postponed or cancelled during this period. Current forecast guest numbers for FY20/21 are 250,000 based on contracted events. On track based on business in the forecasted pipeline.
Develop and implement a prioritisation framework to reflect non-discretionary community benefit events.	Prioritisation framework completed	Prioritisation framework in development. To be completed end March 2021. On Track
Make venues available to support local cultural, not for profit and charitable organisations	At least 30 events receive the local cultural rate	19 Events received the local cultural rate between July and December 2021 On Track

1 **Major Events are defined as follows:**

Arena: Event attendance > 5000

Orangetheory Stadium: Ticketed events other than Super Rugby and Mitre 10 Cup games

Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2 Regional is Christchurch and Canterbury. This can include National or International suppliers if their point of origin is Canterbury.



OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE	
	2020/2021	PROGRESS AS AT 31 DECEMBER 2020
Client and Guest Experience		
Client Net Promoter Score (NPS ³)	Achieve greater than 40 NPS ³ during the year	Net Promoter Scope Framework being finalised. Quarterly measurements from Q3 FY20/21. On Track.
Guest NPS ³	Achieve greater than 40 NPS ³ during the year	Net Promoter Scope Framework being finalised. Quarterly measurements from Q3 FY20/21. On Track.
People and Relationships		
Employee NPS ³	Develop a baseline employee NPS ³	Net Promoter Scope Framework in development. Quarterly measurements from Q3 FY20/21. On Track.
Key business partner NPS ³	Develop a baseline key business partner NPS ³	Net Promoter Scope Framework in development. Bi-annual measurements from Q3 FY20/21. On Track.
Asset Care		
Ensure assets are maintained at a suitable level for general use at all venues.	The asset management plan (AMP) is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	Asset Management tracking up to date. Significant capital works planned for December 2020 and January 2021
Health, Safety and Wellbeing		
Maintain a comprehensive health, safety and wellbeing strategy	Develop and implement a health, safety and wellbeing strategy	Strategic framework for Health, Safety and Wellbeing developed. On track.
Minimise incidents for visitors	Develop a baseline of number of incidents per total attendees	Baseline of incidents in development. Complete by end Q2 FY20/21. On track.
Sustainability		
Contribute to reducing the City's carbon footprint	Develop and implement a sustainability policy and strategy and benchmark carbon footprint target	Sustainability Strategy development to commence March 2021. Complete end June 2021. On Track.
Governance		
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	On Track.

- 3 Any Net Promoter Score above 0 is 'good' and means that your audience is more loyal than not. A score above 20 is considered 'favourable'. Anything above 50 is excellent and means your organisation has considerably more satisfied customers than dissatisfied ones. An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.

9. Sustainability and Environment – respectful guardians of our environment for future generations

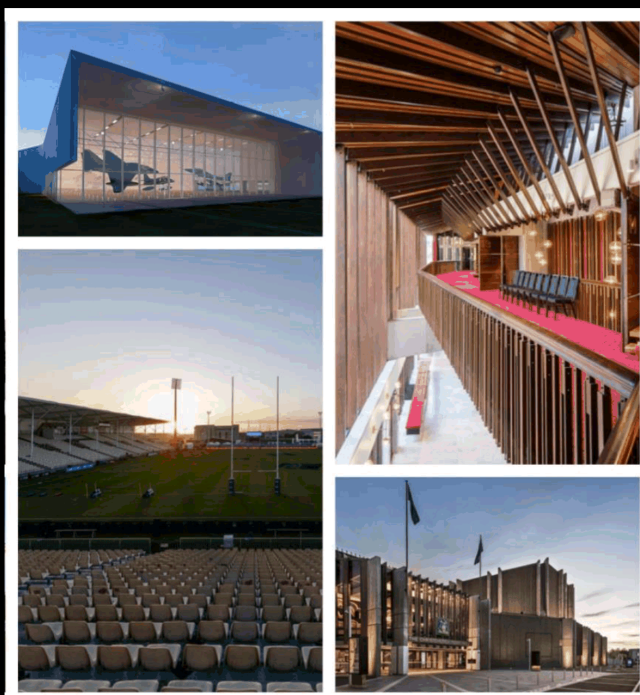
- Reset environmental sustainability strategy for the entire business to reduce carbon footprint
- Support the achievement Council's policy goal of net zero greenhouse emissions by 2045

10. Legislative Compliance – meet our obligations under relevant legislation and regulations

- Consolidate and centralise control of legislative compliance functions
- Commit to the delivery of all reporting and compliance obligations to our shareholder

11. Risk Management – identify and manage key risks

- Review, reset, maintain, and monitor risk registers
- Establish a business assurance programme to proactively manage and mitigate business risk



12. Shareholder Relations – nurture a respectful and open relationship in the best interests of the City

- Continue to develop a close and collaborative partnership with our Shareholder
- Keep the Shareholder fully informed of all material matters
- Operate on a no surprises basis

13. Community Engagement - doing good for our community is at our very core

- Develop and implement a community engagement strategy to build a sense of pride and value in our venues for the people of Christchurch

VENUES ŌTAUTAHĪ

DRAFT STATEMENT OF INTENT
YEAR ENDING 30 JUNE 2022

DRAFT



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DRAFT

INTRODUCTION

Venues Ōtautahi (formally Vbase) is a council-controlled trading organisation for the purposes of the Local Government Act 2002.

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

This SOI specifies the objectives, nature, and scope of the activities to be undertaken by Venues Ōtautahi, and the performance targets and other measures by which the performance of the Company may be judged in relation to its objectives.

The SOI is a public and legally required document which is reviewed and agreed annually with the Company's sole Shareholder, the Christchurch City Council (Council) and covers a three-year period. This SOI covers the period from 1 July 2021 to 30 June 2024.

NATURE AND SCOPE OF ACTIVITIES

Venues Ōtautahi is the Christchurch City Council (Council) owned venues and event management company.

In March 2021, the Vbase brand was repositioned to reflect who we are and what we do. We are Ōtautahi and we operate venues. The change to Venues Ōtautahi supports our intention to refocus on marketing the venues, not the business. Venues Ōtautahi supports and reinforces the importance of local procurement and deepens the Company's community and cultural connection.

The Company owns, manages, and operates the Christchurch Town Hall, Christchurch Arena (Arena) and holds venue and/or event management service agreements for the Airforce Museum of New Zealand, Orangetheory Stadium (the Stadium) and Hagley Oval (Hadlee Pavilion). Venues Ōtautahi will also be responsible for the operation and management of the new Canterbury Multi Use Arena (CMUA).

These iconic city venues play a valued role to the Christchurch way of life and the economic prosperity and social wellbeing of the region.

Venues Ōtautahi's purpose, direction, and way of doing business is aligned with the principles of the Council's framework with openness to new ideas, new people, and new ways of doing things at the core of the company's future success.

Our purpose is to take care of the venues and make them the pride and delight of everyone. By everyone we mean the community – the people who own and use the venues, our clients – who bring events to the venues, and our team - who support the delivery of events. The venues are owned by the community and are for the community.

Venues Ōtautahi's nature and scope of activities align with and are driven to contribute to the Council Strategic Framework Community Outcomes.

1. Resilient Communities

- Community is at the heart of everything we do
- Strong focus on community access to and connection with the venues supporting improved social wellbeing
- Venues support the community's ability to celebrate our identity through arts, culture, heritage, sport, and recreation

2. Liveable City

- Events at the city's venues support a vibrant and thriving city centre
- The community's venues play their part in making Christchurch a 21st century garden city we are proud to live in

3. Healthy Environment

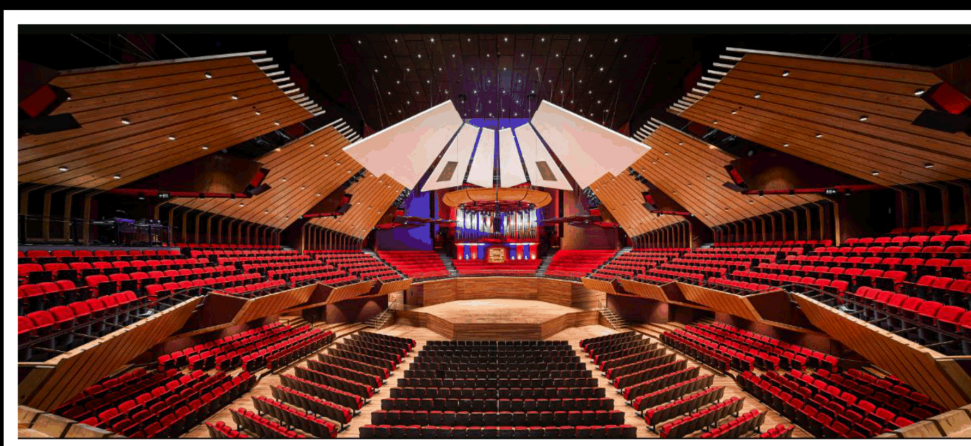
- Strategic focus on building sustainability, resource efficiency and waste minimisation at all venues
- Innovation in building sustainability and delivery of positive environmental outcomes a design fundamental of the CMUA

4. Prosperous Economy

- Direct contribution to the regional economy through the celebrate and source local procurement strategy which supports an inclusive, equitable economy with broad-based prosperity for all
- Taking care of the venues a core pillar of the business to deliver our contribution to robust city infrastructure and community facilities

Venues Ōtautahi undertakes the following activities.

- Venue marketing and event attraction
- Event planning, delivery, and venue operations
- Retail, corporate and banquet catering
- Asset management and facilities maintenance



We believe it is a special privilege to take care of the venues on behalf of the Christchurch community.



CURRENT POSITION

1. Transition

Venues Ōtautahi has completed the transition back to an independently governed and managed Council Controlled Organisation [CCO] having been managed by Council since 2011.

The hibernation of the Company was appropriate in the circumstances, but it was time to review and reset the business purpose, direction, and strategic plan in preparation for the opening of the Canterbury Multi Use Arena (CMUA).

This process commenced in October 2019 and concluded in December 2020 and whilst Venues Ōtautahi is now independent the Company remains hand in glove with Council. The value of the partnership and collaboration with our Shareholder is critical to our future success and as we continue a journey of recovery together. Whiria ngā whenu o ngā papa, honoa ki te maurua tāuikiuki. Bind together the strands of each mat and join together with the seams of respect and reciprocity.

A focus on strengthening leadership capability, improving efficiency and effectiveness of operational performance, enhancing systems and processes, and building a culture where our people feel empowered to be bold, agile and kind is positioning the Company in the best way possible to deliver its strategic objectives.

The Company and our people know where we are heading, how we are going to get there and what's important. And, most importantly we know why we exist, to take care of the venues and make them the pride and delight of everyone.

2. Covid-19 Survival and Recovery

Covid-19 decimated the events industry and associated hospitality, travel, and tourism sectors. In March 2020, Vbase experienced an immediate loss of all event revenues and in total, with the community resurgence of Covid-19 in September 2020, experienced 7 months of nil or limited revenue.

In the short-term the Company shifted its focus from attracting, planning, and delivering events to business survival and recovery. Vbase reduced its permanent workforce by over half and focused on reducing fixed overheads, creating operational efficiencies, repositioning the business to a leaner, more agile variable cost model and on progressing necessary venue repairs, maintenance and improvements during the period of event downtime.

The financial impact on the Company was severe, and changes of such magnitude were required to ensure its survival and recovery. Venues Ōtautahi is now a lean and agile business able to move quickly on its feet. It is resilient, responsive to change and can advance in times of adversity. Covid-19 for all its challenges was a catalyst for changes to the business that will be fundamental to ensure its future success.

Despite the transformation of the way Venues Ōtautahi does business, with borders unlikely to open until 2022 and the unpredictability and volatility of the Covid-19 environment, the venues and events sector will remain immensely challenging for some considerable time as event revenues slowly recover and venue fixed costs endure. The Company is forecasting a long, slow recovery that extends beyond the three-year horizon of this SOI.

Venues Ōtautahi has sufficient cash reserves along with committed FY21 Council grant funding to sustain operations and fund essential capital expenditure until mid FY22.

Funding of the Company beyond this point remains subject to consideration by Council as detailed in the Compensation Sought from Council section of both the FY21-23 and FY22-24 Statement of Intent.

3. Celebrate and Source Local

The decision to end the long-term outsourced catering partnership with Spotless Services in April 2020 and to bring catering in-house has had a significant impact on the business with the direct ability to now choose where we source food and beverage produce.

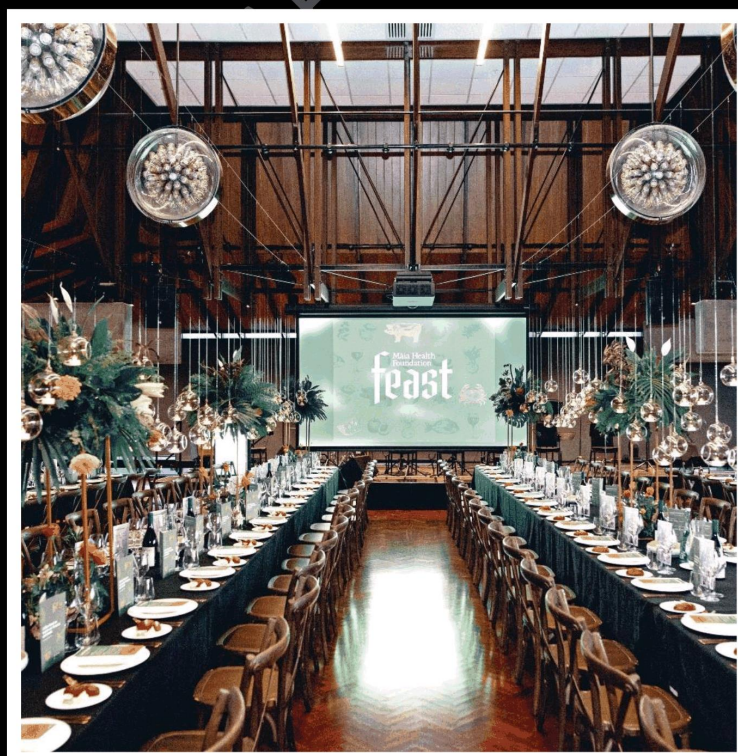
With immediate effect, Venues Ōtautahi implemented a local procurement strategy. The impact of this change in approach has been immediate.

Venues Ōtautahi now sources 71% of all food and beverage product from Canterbury. Prior to April 2020 this was 5%. The remaining 29% of Venues Ōtautahi products are sourced 7% from the rest of the South Island, 16% the North Island with only 6% of our product coming from overseas. Prior to April 2020, 30% of our products were imported and 50% were from the North Island.

Venues Ōtautahi is ideally positioned in the supply chain between its producers and customers and this model shows that large venues can buy local while still maintaining efficient, safe and effective supply chains.

Procuring locally has not only delivered a positive economic impact on the region but also means Venues Ōtautahi can provide clients and guests with the best food and beverage experience our region has to offer.

With commercial viability underpinning the strategy, significant cost savings have been achieved. In 2019 the Company had an average food and beverage cost of goods sold of 43%. This is now averaging under 30%.

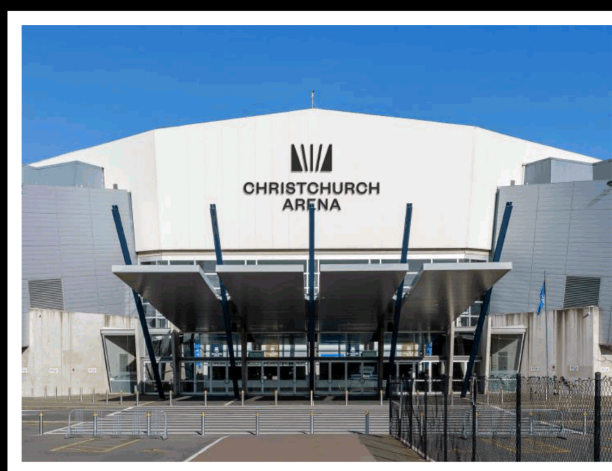


4. Asset Management

Taking care of the community's venues is a key pillar of the business. Venues Ōtautahi have focused on developing a strategic approach to the management of the assets to ensure the venues are safe and sustainable and maximise Shareholder value throughout their lifecycle.

Venues Ōtautahi has established asset management plans for all venues with a particular focus on Christchurch Arena. The Arena is 21 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset.

A planned programme of capital works at the Arena to ensure it is safe, compliant, and functional are underway and extend beyond the three-year horizon of this SOI.



5. Repositioning

To achieve the strategic objectives as set out in Venues Ōtautahi's strategic framework a repositioning of some aspects of the business has commenced.

The focus for the business is to focus on local and on community. Both will derive competitive advantage and will continue to deliver economic benefit to the region.

Being community means, through various channels, the Company will build the community's connection with their venues and will make them more accessible.

Two key strategic initiatives which will reposition the business and will support the achievement of the Company's purpose are the establishment of the Ōtautahi Collective and the repositioning of the Vbase brand to Venues Ōtautahi.

The Ōtautahi Collective is a syndicate of likeminded local businesses all driven to positively contribute to the social, cultural, and economic benefit of the Community.

Members of the syndicate will design bespoke and mutually beneficial partnerships with Venues Ōtautahi that align with the strategic pillars of their business.

Each partnership will leverage opportunities across the Venues Ōtautahi venue portfolio including hosting, advertising, outsourced catering, business events, and sponsorship. All partnerships will include a community fund component.

The success of the syndicate will mean we can give the naming rights of the Christchurch Arena back to the people of Christchurch. The more engagement and participation we achieve will mean

the same for the Canterbury Multi Use Arena. Together we have an incredible opportunity to show the World everything Christchurch has to offer.

The repositioning of the brand in March 2021 to Venues Ōtautahi not only means what we do and who we are is reflected in our brand but also deepens the Company's community and cultural connection to their venues, unlocks the potential of Ōtautahi Collective and reinforces the regional impact of local procurement.



STRATEGIC OPPORTUNITIES AND CHALLENGES

There are key strategic opportunities and challenges material to the future of the business. These include;

1. Severe impacts of COVID-19 on the Venues Ōtautahi business.
 - a. *This SOI reflects the impacts of and recovery assumptions associated with Covid-19*
2. The opening of Te Pae, Christchurch Convention Centre in 2021 will substantially increase venue supply in Christchurch at a time when event demand is contracting. The primary purpose of Te Pae is to grow Christchurch's share of the international conference and convention market however this strategy is increasingly undermined by both the heightened awareness of environmental issues associated with business travel and border restrictions.
 - a. *This SOI factors a shift in focus by Te Pae to the national and local event market and the increased competition a new local venue resulting in loss of revenue for Venues Ōtautahi*
 - b. *This SOI reflects the positive impacts of the delayed opening of Te Pae from early to late 2021*

3. Confirmation Venues Ōtautahi will operate Canterbury Multi Use Arena (CMUA). Venues Ōtautahi will need to resource for early engagement in the venue design and build process and in preparation for the commissioning, commercialisation, and operationalisation of the new venue.
 - a. *This SOI does not allow for this expenditure which is a CMUA project cost*
 - b. *This SOI does not reflect increased operational resource required in preparation for the commissioning and operationalisation of the venue and activation of the commercial strategy which is reflected in operational funding associated with the CMUA*
4. Extended operation of the Stadium to the end of 2024 and the increased costs of repairs and maintenance of the asset for this extended period
 - a. *This SOI reflects the Council resolution to underwrite the future operations of the Stadium*



PURPOSE AND DIRECTION

Venues Ōtautahi exists to own, manage, and operate venues for the Council on behalf of the people of Christchurch. We also manage and operate venues on behalf of other owners in support of the City's post-earthquake recovery.

Our mission is to attract, plan and deliver events and take care of the venues in a sustainable, commercially prudent manner with the aim that the economic, social and cultural benefits deliver a compelling return on investment relative to the whole of life costs of developing, maintaining and operating the venues.

Christchurch's major venues are places for locals and visitors to connect for celebration, education, trade, and entertainment.

Our venues exist for Community Connection, to deliver social, cultural, and economic benefits for our community:

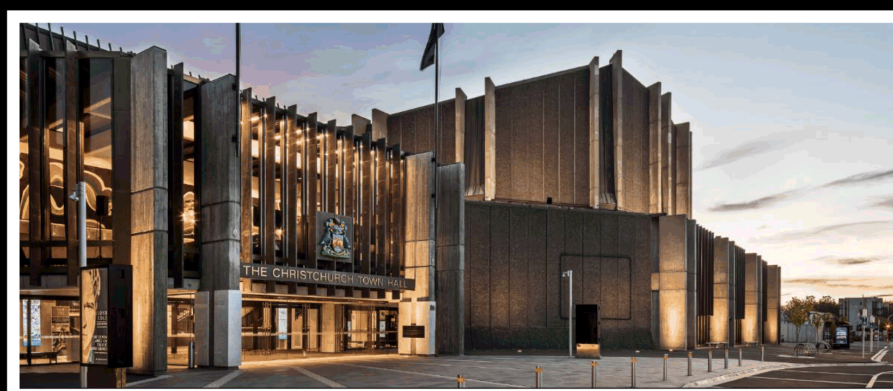
- **Social benefits** through inclusion and unity.
- **Cultural benefits** through celebration of identity, pride in us and our City.

- **Economic benefits** through employment, trade, visitor spending and City promotion.
- **Environmental** benefits through guardianship, protection, and ethical sourcing

Doing good for our community through the generation of economic, social, and cultural benefits is at our very core and the ultimate measurement of success.

We aim to spend cautiously, invest wisely and minimise operating grant funding while at the same time not allowing the latter to materially constrain economic, social, and cultural impact.

At a minimum the quantifiable economic and social benefits derived from the venues are expected to exceed the whole of life cost of developing, maintaining, and operating the venues.

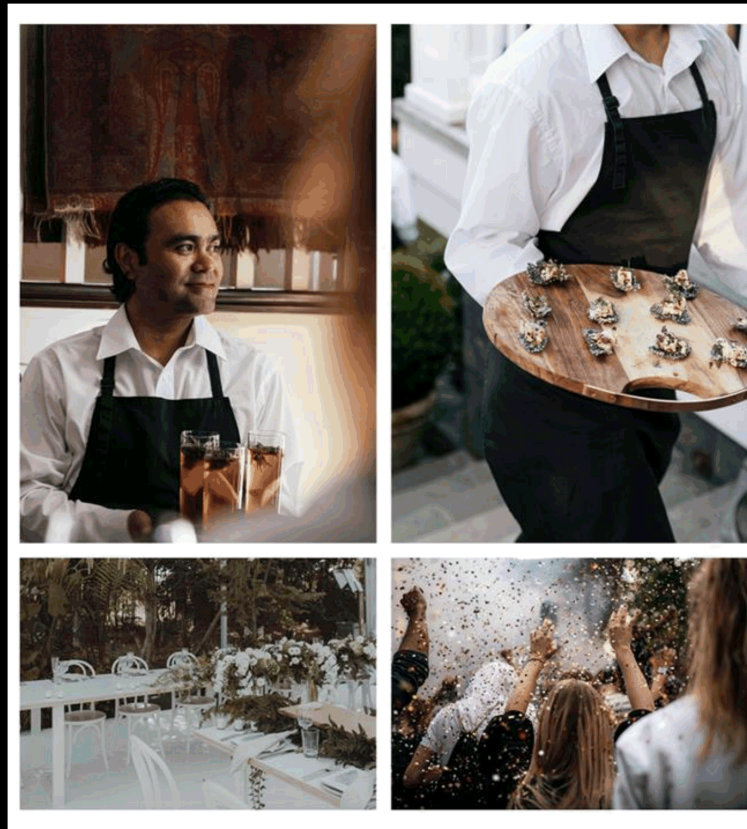


Our people believe it is a special privilege to serve the venues and the community.

STRATEGIC OBJECTIVES AND KEY PRIORITIES

1. **Economic Impact** – deliver benefits from employment, trade, visitor spending and city promotion
 - Attract more commercial and business events and grow event yields
 - Seed new event opportunities with local partners, including ChristchurchNZ, to maximise the social and economic net benefits of major events for Christchurch
 - Continue to leverage the opportunity of the move to in-house catering operations
 - Fulfill food and beverage requirements from local sources of supply wherever it is commercially viable
2. **Social and Cultural Impact** – deliver benefits from inclusion, unity, pride in us and our City
 - Maintain reasonable venue access for local cultural, community and not-for-profit groups
 - Attract major ticketed concerts and events
 - Support local business through a regional procurement strategy wherever it is commercially viable
 - Secure venue naming rights for the city and region through a syndicate of local partners with genuine and vested interest in giving back to our community

3. **Client and Guest Experience** – great to work with and the venues are great places to visit and enjoy
 - Enhance the client event experience journey from contracting to planning, delivery, post event and administration
 - Provide a warm, friendly, and welcoming venue experience complimented by quality, value for money services and authentic Christchurch and Canterbury hospitality
4. **People and Relationships** – a respected employer and collaborative, trusted partner in the success of Christchurch
 - Create a diverse culture and capability where our people are enabled to innovate, disrupt the status quo, and find new and better ways of delivering value to clients, guests and the community at large
 - Transform the way we work to enable an agile, hands on and responsive culture
 - In the best interests of the city work with Council, ChristchurchNZ and Te Pae to secure more events for Christchurch



5. **Asset Care** – take care of the venues day to day and over their whole of life
 - Implement long-term asset management and preventive maintenance plans to maintain the value and functionality of the assets

6. **Health, Safety and Wellbeing** – a culture of safety leadership and holistic approach to wellbeing
 - Pursue collective and continuous improvement, enablement and engagement underpinned by quality systems and processes
 - Take a holistic approach to wellbeing that supports the mental, physical, social, and spiritual health of our people and strengthens the connection between us
7. **Canterbury Multi-Use Arena (CMUA)**
 - Play our part in the design of the CMUA making sure we get the fundamentals right
 - Develop a commercial strategy for the venue so from the outset the returns are maximised for the city
 - Develop a community engagement strategy to build connection, heart, and warmth with the new venue even before it opens
8. **Digital Transformation**
 - Reimagine our business through digital transformation
 - Disrupt the venue and events paradigm through creating a digitally lead client and guest experience model
 - Develop an integrated and systematic operating model that will drive efficiency and mitigate risk



COMMUNITY

Venues Ōtautahi primarily supports the community by managing and operating the venue assets owned by the people of Christchurch for their economic, social, and cultural benefit.

The Company also operates non-Council owned venues on behalf of other venue owners in support of the recovery of Christchurch post the February 2011 earthquakes delivering an important social impact contribution to the community.

Venues Ōtautahi endeavour to maintain reasonable local cultural and community event access to the Christchurch Town Hall and Christchurch Arena through the provision of discounted venue hire rates. Venue compliance, maintenance, and operating costs, particularly in relation to the heritage listed Christchurch Town Hall, makes affordability for these groups more challenging.

The establishment of the Ōtautahi Collective and inclusion of a community fund in all syndicate partnerships will support Venues Ōtautahi's ability to increase connection with and accessibility to the Venues Ōtautahi venue portfolio.



GOVERNANCE

The Board is responsible for the strategic direction and control of the Company. The Board guides and monitors the business and affairs of Venues Ōtautahi on behalf of the Shareholder to whom it is accountable within the framework of the purpose, direction and objectives set out in this SOL.

During the transition back to an independently governed and managed CCO the roles of Chair and CEO were combined in the temporary position of Executive Chair. A CEO was appointed effective 1 June 2020 to lead the business and oversee day to day management of the Company. The position of Executive Chair became non-executive from 31 July 2020.

All Directors are required to comply with a formal Code of Conduct, based on the New Zealand Institute of Directors' Principles of Best Practice. The Chair will conduct a biennial review of Board performance and effectiveness.

PERFORMANCE TARGETS

1. Operational Performance Targets

In addition to the above financial performance measures, Venues Ōtautahi will report to the Shareholder on a quarterly basis the progress against our stated objectives. Venues Ōtautahi will also use the following measures to assess its operational performance:

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Economic Impact			
Attract and manage events that generate positive financial impact contributing to a Prosperous Economy, Liveable City and Strong Community as is defined under the Council strategic framework outcomes	Maximise visitor spending by holding at least 13 major ticketed events at Venues Ōtautahi venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Maximise visitor spending by holding at least 14 major ticketed events at Venues Ōtautahi venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events	Maximise visitor spending by holding at least 15 major ticketed events at Venues Ōtautahi venues ¹ . 'Events Economics Tool' used to estimate visitor spending on a sample of major events
Contribute direct economic benefit to the region ² through implementation of local procurement strategy where commercially viable	70% of food and beverage product lines procured from Canterbury	75% of food and beverage product lines procured from Canterbury	80% of food and beverage product lines procured from Canterbury
Social and Cultural Impact			
Maximise attendance at Venues Ōtautahi venues which contributes to a Liveable City and Strong Community Council strategic framework outcomes	Guests to venues exceed 450,000	Guests to venues exceed 530,000	Guests to venues exceed 570,000
Develop and implement a prioritisation framework to reflect syndicate community fund allocation	Prioritisation framework developed	Prioritisation framework reviewed and updated	Prioritisation framework reviewed and updated

OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Make venues available to support local community groups/individuals	At least 35 events receive the community rate or \$30,000 of syndicate community funds are allocated to community groups or individuals	At least 35 events receive the community rate or \$35,000 of syndicate community funds are allocated to community groups or individuals	At least 35 events receive the community rate or \$40,000 of syndicate community funds are allocated to community groups or individuals

1 Major Events defined as:

Arena: Event attendance > 5000,

Stadium: Ticketed events other than Super Rugby and Mitre 10 Cup games

Hagley Oval: International cricket or large ticketed matches such as the Black Clash

2 Region defined as:

Christchurch/Canterbury - can include National or International suppliers if their point of origin is Canterbury.



OBJECTIVE AND STRATEGY	PERFORMANCE MEASURE		
	2021/2022	2022/2023	2023/2024
Client and Guest Experience			
Client Net Promoter Score (NPS ³)	Achieve greater than 45 NPS ³ during the year	Achieve greater than 50 NPS ³ during the year	Achieve greater than 60 NPS ³ during the year
Guest NPS ³	Achieve greater than 45 NPS ³ during the year	Achieve greater than 50 NPS ³ during the year	Achieve greater than 60 NPS ³ during the year
People and Relationships			
Employee NPS ³	Implement an employee NPS ³ target using baseline data	Continuously improve employee NPS ³ year on year	Continuously improve employee NPS ³ year on year
Asset Care			
Ensure assets are maintained at a suitable level for general use at all venues.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.
Health, Safety and Wellbeing			
Maintain a comprehensive health, safety, and wellbeing strategy	Continuously improve the health, safety, and wellbeing strategy	Develop a strategy to implement a Safety II approach.	Implement a Safety II strategy
Sustainability and Environment			
Contribute to reducing the City's carbon footprint	Develop and implement a sustainability strategy that supports the reduction in the city's carbon footprint.	Implement and evolve sustainability strategy	Implement and evolve sustainability strategy
	Develop benchmark sustainability targets to contribute to reducing the city's carbon footprint	Implement building and operational sustainability initiatives to reduce carbon footprint	Implement building and operational sustainability initiatives to reduce carbon footprint
Governance			
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	Meet all LGA and Council reporting deadlines.	Meet all LGA and Council reporting deadlines.

3 Net Promoter Score

- Any Net Promoter Score above 0 is 'good' and means that your audience is more loyal than not. A score above 20 is considered 'favourable'.
- Anything above 50 is excellent and means your organisation has considerably more satisfied customers than dissatisfied ones. An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.

2. Financial Performance Targets

The financial performance targets for Venues Ōtautahi are as follows:

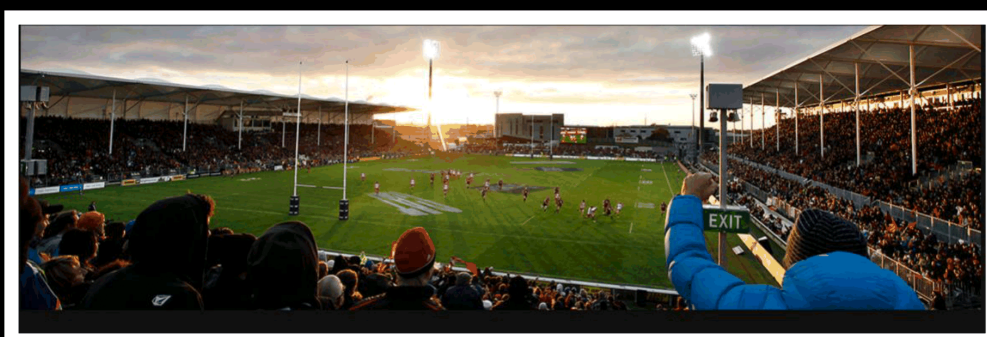
	2021/22 \$000	2022/23 \$000	2023/24 \$000
Direct operating income	12,367	12,819	13,488
Operating grant revenue received from Council	3,300	3,300	3,300
Less: Direct operating expenses	11,227	11,349	11,819
Less: Net operating overheads and fixed costs	5,793	6,122	6,085
EBITDA	(1,353)	(1,352)	(1,116)

The forecast capital structure and ratio of shareholder's funds to total assets for the next three years is:

	2021/22 \$000	2022/23 \$000	2023/24 \$000
Issued shares and other equity instruments	249,879	251,706	255,933
Debt	15,885	15,885	15,885
Total Assets	230,555	223,829	218,322
Shareholder funds to total assets ratio	80%	80%	80%

The forecast capital expenditure for Venues Ōtautahi owned venues is detailed below:

	2021/22 \$000	2022/23 \$000	2023/24 \$000
Asset management plan	4,297	3,168	1,722
Operational equipment	946	486	678
	5,243	3,654	2,400



ACCOUNTING POLICIES

Venues Ōtautahi has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards (NZ IFRS), generally accepted accounting practice and the policies adopted by the Christchurch City Council Group.

The Company's detailed accounting policies are available in our most recent annual report for the year ended 30 June 2020, as published in the Council Controlled Organisations section of the Council website.

Our actual accounting policies during the three-year period of this SOI may change as a result of changes to NZ IFRS standards and interpretations.



COMPENSATION SOUGHT FROM COUNCIL

At the request of the Shareholder, Venues Ōtautahi may undertake activities that are inconsistent with its commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Venues Ōtautahi may from time to time provide venue or event management services to Council or for the benefit of ratepayers and Christchurch as a whole. Previous examples include Cricket World Cup, FIFA U20 World Cup and Aroha Nui (You Are Us) concert. On such occasions Venues Ōtautahi will agree with Council any appropriate charges or reimbursement for the services provided.

Public assembly venues such as town halls, entertainment and sporting arenas, and stadia exist to deliver economic and social benefits to their communities. The whole of life costs of developing, maintaining, operating, and refurbishing these types of assets is a significant investment by the local authority. The operator of these assets is fully funded for asset development and care and will require some form of operating subsidy to ensure market competitiveness in event attraction and community access.

1. Funding for operations and finance (debt servicing)

Venues Ōtautahi has requested, via the Council Long Term Plan and Annual Plan application process, an amount of \$4.3 million per annum as an operating grant for the 2022 and 2023 years.

The operating grant reflects high fixed costs associated with the venues particularly insurance, building compliance and venue repairs/maintenance that are unable to be fully recovered from forecast trading.

With fixed costs forecast to remain consistent with the 2022 and 2023 years, increased local and national competition in the market and a long tail of recovery from the impacts of Covid-19, the operational and debt funding grant sought for 2024 remains the same.

In September 2020 Council endorsed the transfer of legal ownership of all Stadium assets to Council, operational responsibility of the Stadium to Venues Ōtautahi and committed the financial support to enable the future operation of the Stadium until the opening of the Canterbury Multi Use Arena (CMUA) in 2025.

Council have committed the required funding for the operations and repairs and maintenance of the Stadium until Q1 2025. The total operating, repair and maintenance grants required for the period of this SOI are included in the operating grant as detailed below.

The financing grant is to service interest only on debt that remains on the Company's balance sheet from the redevelopment of AMI Stadium/Lancaster Park in 2008-2010.

	2021/22 \$000	2022/23 \$000	2023/24 \$000
Operating grant committed	2,200	2,200	2,200
Additional operating grant for Stadium	1,100	1,100	1,100
Debt financing grant	1,000	1,000	1,000
Total operating and finance funding	4,300	4,300	4,300

2. Funding for capital expenditure

Venues Ōtautahi has applied for, via the Council's Long-Term Plan process, a capital grant of \$5.24 million in 2022 and \$1.83 million the 2023 year. This is for necessary upgrades to Christchurch Arena in support of the Asset Management Plan and replacement of operational equipment that has reached end of life.

The Arena is 21 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset. The request for compensation in the 2024 year is for costs associated with the continued delivery of the Asset Management Plan for required safety and compliance upgrades at the Arena and some improvements to the Christchurch Town Hall.

The 2023 year includes the replacement of retractable seating for the Arena. Venues Ōtautahi will fund \$1.83m of the total \$2.96m cost of replacement through cash reserves with the balance included in capital sought in 2024.

	2021/22 \$000	2022/23 \$000	2023/24 \$000
Capital Grant (as per 21-31 LTP)	5,243	1,827	1,827
Additional Capital Grant			2,400
Total Capital Grant	5,243	1,827	4,227

The assessment of operational equipment replacement has taken into consideration the impact of the planned Canterbury Multi Use Arena, the confirmation Venues Ōtautahi will operate this venue and intention it becomes the operational base for the business including the main catering production kitchen. This has reduced the need for Arena equipment capex over the three-year horizon of this SOI.



ACQUISITION/DIVESTMENT AND OTHER SIGNIFICANT TRANSACTIONS POLICY

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long term strategic and commercial objectives of Venues Ōtautahi.

When the subscription, acquisition or divestment is considered by Directors to be significant to Venues Ōtautahi business operations, it will be subject to consultation with, and where required approval of, the Shareholder.

Major transactions as defined in the Companies Act 1993, s129(2), will be subject to Shareholder approval by special resolution.

DISTRIBUTIONS

During the period of this SOI Venues Ōtautahi will not return capital funds to its Shareholder.

ESTIMATE OF COMMERCIAL VALUE

The Shareholder investment in Venues Ōtautahi was assessed as at 30 June 2020 by Deloitte at \$177.5m on a net asset value basis. The Vbase Board consider that the investment value is an appropriate estimate of the commercial value.

INFORMATION TO BE REPORTED TO THE SHAREHOLDER

1. No surprises

Venues Ōtautahi will operate on a 'no surprises' basis in respect of significant Shareholder related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations. Any sensitive issue that may result in media enquiry will be communicated to the Shareholder as soon as possible.

The Board aims to ensure the Shareholder is informed of all major developments affecting the Company, while at the same time recognising commercial sensitivity may preclude certain information from being made public.

Within this constraint, information is communicated to the Shareholder through periodic reports, occasional briefings, regular reports and informal updates on important issues.

2. Local Government Act 2002 reporting requirements

Venues Ōtautahi will provide information requested by the Shareholder in accordance with the requirements of the Local Government Act 2002.

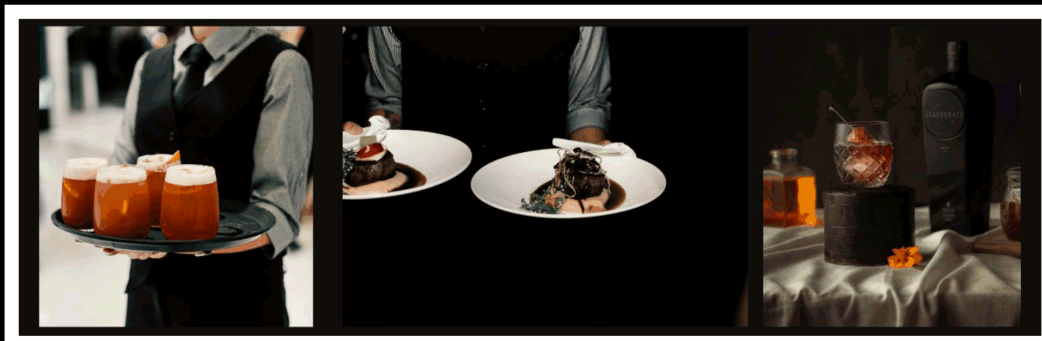
An Annual Report will be submitted to the Shareholder. The Annual Report will include audited financial statements and such other details as are necessary to permit an informed assessment performance and financial position of the Company during the reporting period provided to the Shareholder.

Half Yearly Reports will also be provided to the Shareholder. These reports will contain unaudited information and comply with NZ PBE IPSAS 34.

The SOI will be submitted to the Shareholder for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate and where it is necessary, due to significant changes, revised forecasts will be submitted to the Shareholder.

3. Other Reporting

Quarterly Reports will also be provided to the Shareholder, which will include the financial and non-financial performance of the Company.



CONTACT DETAILS

Contact details for both the Chair and Chief Executive are at the Venues Ōtautahi registered office:

Address: 81 Jack Hinton Drive
Addington
Christchurch 8024
Telephone: +64 3 339 3599
Website: www.venuesotautahi.co.nz



10 December 2020

Mr Bryan Pearson
Vbase Ltd
P O Box 13-144
Christchurch

Dear Bryan

Letter of Expectations 2021/22

This letter sets out the expectations that the Council, as 100% shareholder in Vbase Ltd has for the company for the 2021/22. We trust the content of this letter will assist Vbase when developing its Statement of Intent for the three years beginning 1 July 2021. In view of the ongoing economic challenges posed by COVID-19, the Council's expectations of Vbase in 2021/22 are heavily focussed on it positioning itself for recovery.

The Council would like to take this opportunity to convey its appreciation for the way in which Vbase has managed its business over the very challenging COVID-19 period. The loss of events at a time when Vbase has just come through a reorganisation of its business is unfortunate. However, we expect the combination of the new business model and right-sizing the business will stand Vbase in good stead when activity returns to something more akin to normal. In view of the prevailing uncertainty as to the re-opening of New Zealand's international borders, and the ongoing isolation requirements at the border, Vbase may need to undertake scenario planning to ensure it is able to react swiftly to material changes in the market for events that are yet to come.

The Council's budget has come under extreme pressure as a result of the impacts of COVID-19. We expect that all parts of the Council group will be able to demonstrate how they are able to minimise the cost of the Council's subsidy to the business. In part this will be through demonstrating prioritisation of activities, taking into account those that generate commercial benefits to Vbase that can be recycled to meet its operating costs, and those that generate wider economic benefits to the city, taking into account the new constraints on supply of events.

The Council asks that Vbase prioritises the following:

- Focusing on value for money and efficiency, for Vbase to prioritise those activities and services that will enable it to minimise the Council subsidy;
- Working closely with ChristchurchNZ to ensure strong strategic alignment between the two agencies and to maximise the number of major events, and minimise the costs of their provision;
- Maintaining the value of the Vbase-owned facilities in accordance with best practice asset management and maintenance plans;
- Engaging with the Council's staff and elected members to manage the ongoing impacts of COVID-19 and to ensure a free flow of information on material issues relating to Vbase, the Council and its wider group and the Christchurch economy and communities;
- Engaging where appropriate with CMUA Project Delivery Ltd to ensure the Council's and Vbase's interests in the new multi-use arena are understood, and formalised;

- Developing planning, decision-making and reporting frameworks for identifying and addressing climate change impacts; and
- Managing risks and building long term resilience with clear targets set.

It is important that Vbase continues to engage with Council staff as the Long Term Plan (LTP) for 2021-31 is developed in the current financial year, and that its SOI reflects the strategic directions that underpin the LTP. The Council expects new funding bids that are to be considered in the LTP process to include:

- demonstrable benefits that have been achieved from the time in which the activities have been funded, and likely consequences if funding is no longer advanced;
- the prioritisation framework to support decision-making when reprioritisation of these funds within the portfolio is required; and
- other potential sources of funding (if any).

As always, we expect Vbase to:

- be transparent about the returns on its investment in events that are undertaken to both provide a commercial return to Vbase where possible and an economic and social return to the community;
- show how it intends to deliver against the Council's strategic framework that will underpin the 2021-31 Long Term Plan where possible, and where it is in the best interests of Vbase;
- exercise restraint in the level of senior executive total remuneration; and
- develop and show leadership in innovative practices, and remunerate directors on a fair and reasonable basis which takes into account the public service nature of the positions.

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

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

Yours sincerely


Lianne Dalziel
Mayor

c.c. Caroline Harvie-Teare, Chief Executive, Vbase - caroline.harvie-teare@vbase.co.nz



To	Finance and Performance Committee Christchurch City Council
From	Caroline Harvie-Teare, Chief Executive, Vbase
Date	24 February 2021
Subject	Vbase Local Cultural Rate

1. Background

In September 2020, the Finance and Performance Committee of Christchurch City Council, when considering the Vbase FY21/23 Statement of Intent, requested a memo from Vbase regarding how the local cultural rate, which provides discounted venue hire rates for community users, has been working and any future plans going forward.

The purpose of this memo is to detail how the local cultural rate (community discount) is applied at Vbase venues, the value of this discount to groups and individuals provided in the financial year to date and the number of events this rate has applied to in the same period.

This memo will also detail Vbase's future plans to ensure community access and connection to the city's venues is maintained and where possible increased.

2. Community Discount

The community discount rate is 15% off venue hire at Christchurch Town Hall and Christchurch Arena.

Groups eligible for the discount and their definitions are detailed below:

- **Cultural organisation**
 - Public educational institutes, civic groups, amateur sporting clubs, amateur performing arts with the purpose of not generating a profit or financial gain.
- **Not for profit**
 - Society, association, or group, which can be incorporated or unincorporated. The activities of the organisation are not carried on for the profit or gain.
- **Charitable organisation**
 - Charities that carry out charitable activities or exist only for charitable purposes. They can be incorporated or not but must be a registered New Zealand charity.

3. Community Discount Performance Measures

As detailed in the Vbase FY21/23 Statement of Intent, Vbase's objective is to make the venues available to support local cultural, not for profit and charitable organisations.

The operational performance targets as they relate to the application of the community discount rate are as follows:

- **FY20/21:** At least 30 events receive the local cultural rate
- **FY21/22:** At least 40 events receive the local cultural rate
- **FY22/23:** At least 40 events receive the local cultural rate

Of note, the community rate is applied at the discretion of Vbase and by way of prioritisation Christchurch based groups receive preference.





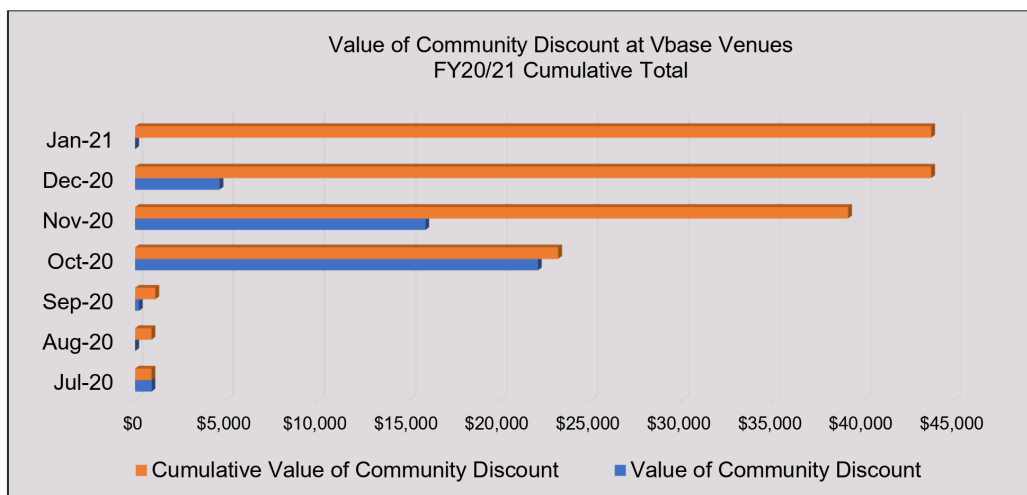
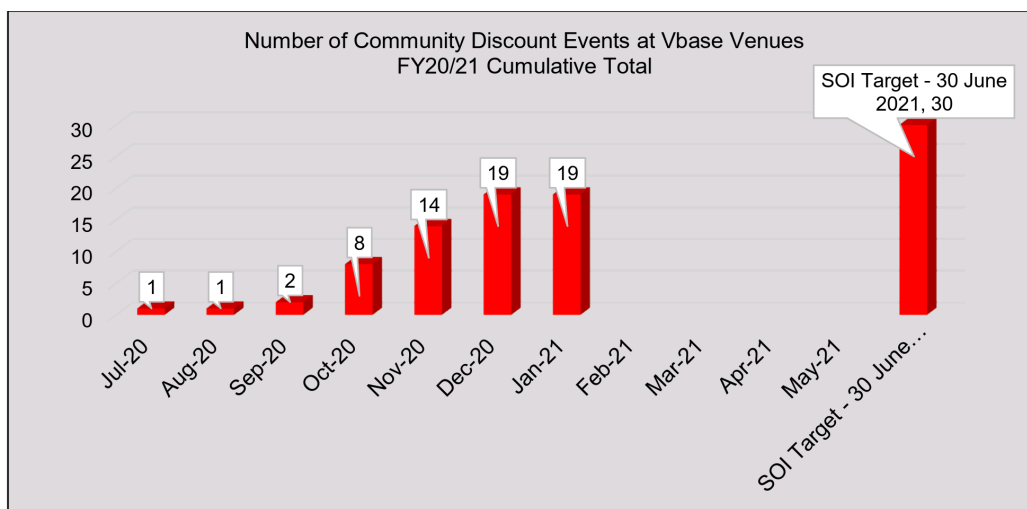
4. Community Discount Performance to Date

Vbase endeavours to maintain reasonable local cultural and community event access to the Christchurch Town Hall and Christchurch Arena through the provision of discounted venue hire rates.

Venue compliance, maintenance, and operating costs, particularly in relation to the heritage listed Christchurch Town Hall, can make affordability for these groups more challenging.

To date across the 2020/2021 financial year Vbase have delivered 19 events at Vbase venues. This equates to a total cumulative total of \$43,728 year to date.

Vbase is well on track to achieving the operational performance target as detailed in the FY21-23 Statement of Intent.





5. Looking Forward

As discussed with Mayor and Councillors in February 2021, it is Vbase's intention to establish the Ōtautahi Collective. The Ōtautahi Collective is a syndicate of likeminded local businesses all driven to positively contribute to the social, cultural, and economic benefit of the Community.

Members of the syndicate will design bespoke and mutually beneficial partnerships with Vbase that align with the strategic pillars of their business. Each partnership will leverage opportunities across the Vbase venue portfolio including hosting, advertising, outsourced catering, business events, and sponsorship. All partnerships will include a community fund component.

The establishment of the Ōtautahi Collective and inclusion of a community fund in all syndicate partnerships will support Vbase's ability to increase connection with and accessibility to the Venues Ōtautahi venue portfolio.



21. Canterbury Multi-Use Arena Elected Member Update

Reference / Te Tohutoro: 20/1439008

Report of / Te Pou
Matua:

Alistair Pearson, Manager Capital Delivery Major Facilities
alistair.pearson@ccc.govt.nz

Murray Strong, Board Chair CMUA Project Delivery Ltd

General Manager /
Pouwhakarae:

Mary Richardson, General Manager Citizens & Community
mary.richardson@ccc.govt.nz

1. Brief Summary

- 1.1 The purpose of this report is to inform the Finance and Performance Committee of the current progress and status of the Canterbury Multi-Use Arena.
- 1.2 Following the Canterbury Earthquake sequence in 2011-2012, the Christchurch Central recovery Plan (CCRP) in 2012 identified the development of a multi-purpose sports and entertainment venue/stadium as a replacement for the earthquake damaged AMI Stadium at Lancaster Park.
- 1.3 Council and Crown approved the Investment Case for the Canterbury Multi-Use Arena (CMUA) December 2019 (Council) and March 2020 (Crown), with both parties agreeing to contribute a total of \$473 million (\$253M Council and \$220M Crown) towards the cost of the project.
- 1.4 The Multi-Use Arena will be built in central Christchurch between Madras, Barbadoes, Hereford and Tuam Streets. The 'proof of concept' presents 25,000 seating capacity (plus 5,000 temporary seats) consisting of an ETFE roof with fixed turf.
- 1.5 Canterbury Multi-Use Arena Project Delivery Limited has been established to manage the construction and delivery of the Arena. Board of Directors include Murray Strong (Chairman), Richard Peebles, Steve Reindler and Barry Bragg.
- 1.6 Planning and enabling works commenced April 2020 to de-risk the site as much as possible by removing and/or relocating utilities and addressing discrete areas of contamination.
- 1.7 The Request for Proposal for a Main Contractor was issued to the market on 5 October 2020 and closed on 29 January 2021.
- 1.8 Kōtui, a consortium led by BESIX Watpac NZ (CMUA) Limited with Christchurch-based construction companies Southbase Construction and Fulton Hogan, have been appointed as the Main Contractor.

2. Officer Recommendations / Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the information in the Canterbury Multi-Use Arena Elected Member Update.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	CMUA - Major Facilities Projects Elected Member Update 2021-04-06	61

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

Document Name	Location / File Link
Not Applicable	

Confirmation of Statutory Compliance / Te Whakatūtutanga 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	Harriet Scott - Project Coordinator
Approved By	Alistair Pearson - Manager Capital Delivery Major Facilities Mary Richardson - General Manager Citizens & Community



CMUA Elected Member Update 06 April 2021
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz



PROOF OF CONCEPT - RUGBY MODE

Elected Member Update

CMUA
Project Budget \$253M (CCC)
\$220M (Crown)
Current Phase: Planning

06 APRIL 2021

Canterbury Multi-Use Arena (CMUA)

SCOPE

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

The CMUA is to be located over three city blocks between Hereford and Tuam Streets, bounded by Madras and Barbadoes Streets. This location is well connected with main transport routes and within easy walking distance of the central city accommodation, hospitality and transport facilities. The CMUA is a replacement for the previous stadium at Lancaster Park, destroyed in the 2010-2011 earthquakes, and the current temporary Orangetheory Stadium.

CURRENT UPDATES

Kōtui, a consortium led by BESIX Watpac NZ (CMUA) Limited with Christchurch-based construction companies Southbase Construction and Fulton Hogan, have been appointed as the main contractor to work with the Council to develop the Proof of Concept design to meet the available budget. Kōtui have confirmed their commitment to the Christchurch City Council's Strategic Priorities as detailed in the Request for Proposal documentation, with a particular focus on working with local consultants, subcontractors and suppliers.

The Council's Project Manager/Design Manager and Cost Consultant/Price Verifier have been appointed, and tenders for the Design Verifier are currently being evaluated. The contract for the decontamination of discrete areas of identified contamination, asbestos pipes and coal tar has been awarded. Physical works will start on site on 31 March and last for eight weeks. Relocation of existing Vodafone, Enable, Orion and Three Waters services are now essentially complete.

Written submissions on the draft Amendments to the Christchurch Central Recovery Plan (CCRP) closed on 1 March and a report on the draft Amendments will be presented to Council in May.

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

BRIEF				PROCURE		DESIGN															
		ENABLING WORKS						EARLY WORKS						CONSTRUCTION							
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
2020				2021				2022				2023				2024					

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

Delivery timetable as of 6 April 2021. Disclaimer – All timeframes are accurate at the time of publication and are dependent on public sector delivery mechanisms.