

## **Christchurch City Council**

### **AGENDA**

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#### **Notice of Meeting:**

An ordinary meeting of the Christchurch City Council will be held on:

**Date:** **Thursday 27 January 2022**

**Time:** **9.30am**

**Venue:** **Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch**

Under the current provisions of the Covid-19 Protection Framework (traffic lights) people holding a current vaccine pass may attend the meeting in person. The meeting will be broadcast live: <http://councillive.ccc.govt.nz/live-stream>

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#### **Membership**

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

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**21 January 2022**

#### **Principal Advisor**

Dawn Baxendale  
Chief Executive  
Tel: 941 6996

Jo Daly  
Council Secretary  
941 8581  
[jo.daly@ccc.govt.nz](mailto:jo.daly@ccc.govt.nz)  
[www.ccc.govt.nz](http://www.ccc.govt.nz)

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

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## Developing Resilience in the 21st Century

Strategic Framework

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

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

### Ōtautahi-Christchurch is a city of opportunity for all

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

#### Principles

Being open,  
transparent and  
democratically  
accountable

Promoting  
equity, valuing  
diversity and  
fostering inclusion

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

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

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

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

#### Community Outcomes

##### Resilient communities

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

##### Liveable city

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

##### Healthy environment

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

##### Prosperous economy

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

#### Strategic Priorities

Enabling active  
and connected  
communities  
to own their future

Meeting the challenge  
of climate change  
through every means  
available

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

Accelerating the  
momentum  
the city needs

Ensuring rates are  
affordable and  
sustainable

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

Engagement with  
the community and  
partners

Strategies, Plans and  
Partnerships

Long Term Plan  
and Annual Plan

Our service delivery  
approach

Monitoring and  
reporting on our  
progress

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## Karakia Whakamutunga

## **Karakia Tīmatanga**

### **1. Apologies Ngā Whakapāha**

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

### **2. Declarations of Interest Ngā Whakapuaki Aronga**

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

### **3. Public Participation Te Huinga Tūmatanui**

#### **3.1 Public Forum Te Huinga Whānui**

A period of up to 30 minutes is available for people to speak for up to five minutes on any issue that is not the subject of a separate hearings process.

#### **3.2 Deputations by Appointment Ngā Huinga Whakaritenga**

Deputations may be heard on a matter or matters covered by a report on this agenda and approved by the Chairperson.

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

### **4. Presentation of Petitions Ngā Pākikitanga**

There were no Presentation of Petitions at the time the agenda was prepared.



## 5. Council Minutes - 9 December 2021

Reference Te Tohutoro: 21/1750414

Report of Te Pou Matua: Jo Daly, Council Secretary, jo.daly@ccc.govt.nz

General Manager  
Pouwhakarae: Dawn Baxendale, Chief Executive, dawn.baxendale@ccc.govt.nz


### 1. Purpose of Report Te Pūtake Pūrongo

The Council held a meeting on 9 December 2021 and is circulating the Minutes recorded to the Council for its information.

### 2. Recommendation to Council

That the Council receives the Minutes from the Council meeting held 9 December 2021.

### Attachments Ngā Tāpirihanga

No.	Title	Page
A 	Minutes Council - 9 December 2021	6

### Signatories Ngā Kaiwaitohu

Author	Jo Daly - Council Secretary
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## Christchurch City Council MINUTES

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**Date:** Thursday 9 December 2021  
**Time:** 8.30am  
**Venue:** Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch

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**Present**

Chairperson  
Deputy Chairperson  
Members

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

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**Principal Advisor**

Dawn Baxendale  
Chief Executive  
Tel: 941 6996

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jo.daly@ccc.govt.nz  
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**Karakia Tīmatanga:** Given by the Mayor.

The agenda was dealt with in the following order.

### Minute's Silence

The meeting held a minute's silence to acknowledge Neil Gillon and Justin Sims. The Mayor's words are below:

*Today I pay tribute to two much loved and respected staff members, Neil Gillon and Justin Sims, who both died last weekend.*

*Both made a significant contribution and commitment to this organisation and the city. In fact later today we are considering a report written by Justin in the public excluded agenda regarding the Naval Point Redevelopment.*

*Neil, whose latest role was as a senior project manager in the Transport Unit, fought a long and brave battle with motor neurone disease. He taught all those around him about the true meaning of courage in the face of adversity. While this disease had robbed Neil of his ability to both get around and communicate easily, it never robbed him of his sense of humour, his empathy for others or his drive to always complete high quality work. I used to see Neil most mornings before work in the coffee shop over the road. And I miss him too.*

*Justin who worked in our property team, died after a short illness. He holds a very special place in the hearts of his council colleagues and earned their trust and respect, along with that of the elected members, due to his experience, professionalism and integrity. He will be remembered not only for his work but for his friendship, his quick and dry wit and his love of cycling.*

*Our thoughts are with Neil and Justin's families and friends at this very sad time, and also with their council teams – we know how hard you have all been hit and we share your sense of loss.*

*I ask you to stand for a minute's silence in memory of Neil Gillon and Justin Sims.*

### 1. Apologies Ngā Whakapāha

#### Council Resolved CNCL/2021/00182

That the apologies received from Councillor Cotter, Councillor Mauger and Councillor McLellan for lateness be accepted.

Councillor Johanson/Councillor Chen

**Carried**

### 2. Declarations of Interest Ngā Whakapuaki Aronga

- The Mayor, Deputy Mayor, Councillor Gough and Councillor Templeton declared an interest in items 13, 14, 15 and public excluded items 25 and 26.
- Councillor Scandrett declared an interest in item 16 and public excluded item 26.

### 4. Presentation of Petitions Ngā Pākikitanga

There was no presentation of petitions.

### 30. Resolution to Include Supplementary Reports

#### Council Resolved CNCL/2021/00183

That the reports be received and considered at the Council meeting on Thursday 9 December 2021.

#### Open Items

31. Memorandum of Understanding
32. Membership of Local Government New Zealand
33. Co-Governance of Otago Avon River Corridor
34. End of Cycle Performance Review – Public Excluded
35. Report from the Chief Executive's Performance and Employment Committee – Remuneration – Public Excluded
36. Employment Agreement – Public Excluded

Mayor/Councillor Scandrett

Carried

### 5. Council Minutes - 11 November 2021

#### Council Resolved CNCL/2021/00184

That the Council Confirm the Minutes from the Council meeting held 11 November 2021.

AND

That the Council receives the Minutes from the Multicultural Committee meeting held 3 November 2021.

AND

That the Council receives the Minutes from the Regulatory Performance Committee meeting held 5 November 2021.

Mayor/Councillor Chen

Carried

### 7. Multicultural Committee Minutes - 3 November 2021

Refer to item 5.

### 8. Regulatory Performance Committee Minutes - 5 November 2021

Refer to item 5.

Council  
09 December 2021

Christchurch  
City Council 

**Report from Regulatory Performance Committee - 5 November 2021**

**9. Dog Control Act 1996, Section 10A Report - Policy and Practices 2020/2021**  
**Council Resolved CNCL/2021/00185**

**Committee recommendations adopted without change.**

That the Council:

1. Receive the information in this report.
2. Adopt the 2020/21 Annual Report to Local Government, as set out in section 10A of the Dog Control Act 1996.
3. Note That the Council must give public notice of this report.

Councillor MacDonald/Councillor Templeton

**Carried**

**10. Amendments to Delegations**  
**Council Resolved CNCL/2021/00186**

**Staff recommendations adopted without change.**

That the Council:

1. Relying on clause 32 of Schedule 7 of the Local Government Act 2002 and for the purposes of efficiency and effectiveness in the conduct of the Council's business, and relying on sections 34 and 34A of the Resource Management Act 1991, and any other applicable statutory authority
  - a. Revoke the delegations set out in Part B, Sub-part 1 of the Delegations Register in relation to the Resource Management Act 1991 (no. 4 on page 27 and following of the Delegations Register); and
  - b. Delegate the responsibilities, duties and powers in relation to the Resource Management Act 1991 to the persons as set out in **Attachment A**; and
  - c. Delegate the responsibilities, duties and powers to the persons as set out in **Attachment B**, and revoke or amend any other delegations as so shown in **Attachment B**.
  - d. Delegate the responsibilities, duties and powers under the Water Services Act 2021 and any regulations made under that Act to the Chief Executive.
2. Notes that these delegation changes take effect on 20 December 2021, and that the Legal Services Unit will update the Delegations Register accordingly.

Councillor MacDonald/Councillor Templeton

**Carried**

## 11. Appointment of Recess Committee 2021/22

**Council Resolved CNCL/2021/00187**

**Staff recommendations adopted without change.**

That the Council:

1. Appoint a Recess Committee comprising of the Mayor or Deputy Mayor or Councillor Davidson and a minimum of any three Councillors (quorum to include the Mayor, Deputy Mayor or Councillor Davidson), to be authorised to make any urgent decisions of the Council required during the period 10 December 2021 and 26 January 2022 (both days inclusive).
2. Note that any meeting of the Recess Committee will be publically notified and the details forwarded to all Councillors, all of whom can participate.
3. Note that any decisions made will be reported to the Council for record purposes.

Councillor MacDonald/Councillor Scandrett

**Carried**

Councillor Cotter joined the meeting at 8.38am during consideration of item 12.

## 12. Mayor's Monthly Report - November 2021

**Council Resolved CNCL/2021/00188**

**Mayor's recommendations adopted without change.**

That the Council:

1. Receive the information in this Report.
2. Approve the amendments to the Insurance Subcommittee Terms of Reference as attached.

Councillor Scandrett/Councillor MacDonald

**Carried**

Councillor MacDonald left the meeting at 8.40am and returned to the meeting at 8.47am during consideration of item 6.

Councillor McLellan joined the meeting at 8.45am during consideration of item 6.

Councillor Gough left the meeting at 8.59am and returned to the meeting at 9.03am during consideration of item 6.

Councillor Mauger joined the meeting at 9.01am during consideration of item 6.



## 6. Monthly Report from the Community Boards - November 2021

Mike Mora, Chairperson joined the meeting for presentation of the **Waipuna Halswell-Hornby-Riccarton Community Board Report**.

Emma Norrish, Chairperson joined the meeting for presentation of the **Waipapa Papanui-Innes Community Board Report**.

Karolin Potter, Chairperson and Lee Sampson, Deputy Chairperson, joined the meeting for presentation of the **Waihoru Spreydon-Cashmere Community Board Report**.

Tori Peden, Chairperson joined the meeting for presentation of the **Te Pātaka o Rākaihautū Banks Peninsula Community Board Report**.

Kelly Barber, Chairperson joined the meeting for presentation of the **Waitai Coastal-Burwood Community Board Report**.

Bridget Williams, Chairperson joined the meeting for presentation of the **Waimāero Fendalton-Waimairi-Harewood Community Board Report**.

Alexandra Davids, Chairperson, joined the meeting by audio-visual link for presentation of the **Waikura Linwood-Central-Heathcote Community Board Report**.

### Council Resolved CNCL/2021/00189

That the Council:

1. Receive the Monthly Report from the Community Boards November 2021.

Councillor Davidson/Councillor Chen

**Carried**

#### **Attachments**

- A Halswell-Hornby-Riccarton Community Board Area Report December 2021
- B Papanui-Innes Community Board Area Report December 2021
- C Spreydon-Cashmere Community Board Area Report December 2021
- D Banks Peninsula Community Board Area Report December 2021
- E Waitai Coastal Burwood Community Board Area Report December 2021
- F Fendalton-Waimairi-Harewood Community Board Area Report December 2021
- G Linwood-Central-Heathcote Community Board Area Report December 2021

Councillor Gough left the meeting at 9.43am and returned to the meeting at 9.47am during consideration of item 3.2.

## 3. Public Participation Te Huinga Tūmatanui

### 3.1 Public Forum Te Huinga Whānui

There were no public forum presentations.

### 3.2 Deputations by Appointment Ngā Huinga Whakaritenga

#### 3.2.1 Alexandra Davids

Alexandra Davids presented a deputation to the Council on item 32. Membership of Local Government New Zealand.

#### 3.2.2 Garry Moore

Garry Moore presented a deputation to the Council on item 31. Memorandum of Understanding.

#### 3.2.3 Mayor Dan Gordon, Waimakariri District Council

Mayor Dan Gordon, Waimakariri District Council, presented a deputation to the Council on item 31. Memorandum of Understanding.

## 31. Memorandum of Understanding

The Council considered a motion moved by Councillor Cotter and seconded by Councillor Scandrett in support of the Council joining the Memorandum of Understanding. The motion was carried on a division.

### Staff Recommendations

That the Council:

1. Receive the report.
2. Notes that Attachment B will remain confidential until such time as the withholding grounds no longer apply as in the view of the Head of Legal Services.

### Council Resolved CNCL/2021/00190

That the Council:

1. Receive the report.
2. Supports the advocacy campaign's objective, set out in the Memorandum of Understanding.
3. Joins the advocacy campaign to oppose the Three Waters reform by entering into the Memorandum of Understanding with signatory councils.
4. Appoints Deputy Mayor Andrew Turner as its representative on both the Plenary Group and the Oversight Group of signatory councils, and as the Council spokesperson on matters pertaining to the Memorandum of Understanding and the advocacy campaign.
5. Authorises Deputy Mayor Andrew Turner to sign the Memorandum of Understanding on its behalf.
6. Requests Deputy Mayor Andrew Turner reports back to the Council on progress of the advocacy campaign.
7. Notes the costs of joining the campaign are \$20 000 and a \$2,000 contingency that will be met from the corporate budget.
8. Notes that Attachment B will remain confidential until such time as the withholding grounds no longer apply as in the view of the Head of Legal Services.

Council  
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The division was declared **carried** by 12 votes to 3 votes the voting being as follows:

**For:** Deputy Mayor Turner, Councillor Chen, Councillor Chu, Councillor Cotter, Councillor Galloway, Councillor Gough, Councillor Johanson, Councillor Keown, Councillor MacDonald, Councillor Mauger, Councillor McLellan and Councillor Scandrett

**Against:** Councillor Davidson, Councillor Donovan and Councillor Templeton

**Abstained:** Mayor Dalziel and Councillor Coker

Councillor Cotter/Councillor Scandrett

**Carried**

Mayor Dalziel did not participate in debate and abstained from voting on the matter.

### Suspension of Standing Orders

#### Council Resolved CNCL/2021/00191

That the Council:

1. Suspend Standing Order 4.2 Meeting Duration to allow for the meeting to continue longer than three hours without a ten minute adjournment.

Mayor/Councillor MacDonald

**Carried**

Paul Munro Chief Executive, Jeremy Smith Board Chair and Toni Rowell CFO of Christchurch City Holdings Limited joined the meeting for consideration of items 13, 14 and 15.

Councillor Coker left the meeting at 10.51am and returned to the meeting at 10.54am during consideration of item 13.

### 13. Council-controlled organisations - Enduring Statement of Expectations

#### Council Resolved CNCL/2021/00192

That the Council:

1. Approves the draft enduring Statement of Expectations and that it be issued to all of the Council's wholly-owned Council-controlled organisations.

Councillor MacDonald/Councillor Keown

**Carried**

The Mayor, Deputy Mayor, Councillor Gough and Councillor Templeton declared an interest in items 13, 14, 15 and public excluded items 25 and 26 and left the table and/or meeting for consideration of these items.

### Election of Chairperson

#### Council Resolved CNCL/2021/00193

That Councillor MacDonald assume the Chair of the meeting for consideration of items 13, 14, 15 and public excluded items 25 and 26.

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Mayor/Councillor Scandrett

Carried

Councillor MacDonald assumed the Chair at 10.55am.

**14. Christchurch City Holdings Ltd - Draft Letter of Expectations 2022/23**  
**Council Resolved CNCL/2021/00194**

That the Council:

1. Approves the Letter of Expectations for Christchurch City Holdings Ltd for 2022/23.

Councillor Scandrett/Councillor Keown

Carried

**15. Christchurch City Holdings Ltd - Quarter 1 2021/22 performance report**  
**Council Resolved CNCL/2021/00195**

That the Council:

1. Receives Christchurch City Holdings Ltd's Quarter 1, 2021/22 performance report.

Councillor Davidson/Councillor Scandrett

Carried

**24. Resolution to Exclude the Public**  
**Council Resolved CNCL/2021/00196**

That Paul Munro Chief Executive, Jeremy Smith, Board Chair and Toni Rowell CFO of Christchurch City Holdings Limited remain after the public have been excluded for Items 25 and 26 as they have knowledge that is relevant to that item and will assist the Council.

**AND**

That at 11.11am the resolution to exclude the public set out on pages 577 to 579 of the agenda be adopted.

Councillor MacDonald/Councillor Davidson

Carried

Councillor Templeton returned to the meeting at 11.13am.

Deputy Mayor Turner left the meeting at 11.13am.

**The public were re-admitted to the meeting at 11.27am.**

The meeting adjourned at 11.28am and reconvened at 11.40am with the Mayor returning to the Chair. Councillors Chu, Donovan, Gough MacDonald and Mauger were not present at that time.

Council  
09 December 2021



Barry Bragg, Chairman CMUA Project Delivery Ltd, and Richard Peebles, Gill Cox and Steve Reindler CMUA Board Directors and Caroline Harvie-Teare - Chief Executive, Venues Ōtautahi joined the meeting for consideration of items 16, 17 and 18.

Councillor Mauger returned to the meeting at 11.45am during consideration of item 16.

Councillors Chu, Gough and Councillor MacDonald returned to the meeting at 11.46am during consideration of item 16.

## 16. CMUA Project Delivery Ltd - Intentions and Expectations documentation

### Council Resolved CNCL/2021/00197

#### Offer recommendations adopted without change.

That the Council:

1. Receives CMUA Project Delivery Ltd's draft Statement of Intent for 2021/22;
2. Advises comments (if any) on CMUA Project Delivery Ltd's draft Statement of Intent for 2021/22;
3. Endorses the minor amendments to the Council's Letter of Expectations dated 20 November 2020 and that it be re-issued to the new CMUA Project Delivery Ltd board as soon as possible;
4. Agrees to execute the Special Resolution of Shareholders Amending Constitution to amend the purpose clause in CMUA Project Delivery Ltd's constitution by inserting the word "govern" so that it reads "...to **govern** the commission and delivery (to the stage of practical completion) of a multi-use arena in Christchurch, in accordance with...";
5. Notes legal advice that Venues Ōtautahi has been appointed as the operator of the Canterbury Multi-Use Arena at its completion, as provided for in the Project Investment Case;
6. Accepts the name Te Kaharoa that has been gifted by Ngāi Tūāhuriri to the Christchurch City Council for the whenua (land) surrounding and within the Canterbury Multi-Use Arena; and
7. Notes that CMUA Project Delivery Ltd's draft Statement of Intent for 2021/22 incorporates all the changes that the recommendations in this report give rise to.

Councillor Chen/Councillor MacDonald

**Carried**

Councillor Templeton requested that her vote against the resolutions be recorded.

## 17. CMUA Project Delivery Ltd - Authority

**Council Resolved CNCL/2021/00198**

**Officer recommendations adopted without change.**

That the Council:

1. Receive the information and authorise the CMUA Project Delivery Ltd to act as agent for the Council under and in accordance with the PCSA, the PCSA Project Budget and the Key Deliverables for the Project.

Councillor MacDonald/Councillor Keown

**Carried**

## 18. CMUA Project Delivery Ltd - Assurance Management Plan

**Council Resolved CNCL/2021/00199**

**Officer recommendations adopted without change.**

That the Council:

1. Receive the information and approve the CMUA Assurance Management Plan.

Councillor MacDonald/Mayor

**Carried**

## 24. Resolution to Exclude the Public

**Council Resolved CNCL/2021/00200**

That Barry Bragg, Chairman CMUA Project Delivery Ltd, and Richard Peebles, Gill Cox and Steve Reindler CMUA Board Directors, and Caroline Harvie-Teare - Chief Executive, Venues Ōtautahi, remain after the public have been excluded for item 27 of the public excluded agenda as they have knowledge that is relevant to that item and will assist the Council

**AND**

That at 12.02pm the resolution to exclude the public set out on pages 577 to 579 of the agenda be adopted.

Mayor/Councillor Cotter

**Carried**

### **The public were re-admitted to the meeting at 12.20pm.**

Councillor Chu returned to the meeting at 12.23pm during consideration of item 19.

Councillor Donovan returned to the meeting at 12.35pm during consideration of item 19.

Councillor MacDonald left the meeting at 12.40pm and returned at 12.42pm during consideration of item 19.



## 19. Notice of Motion

### Council Resolved CNCL/2021/00201

That the Council:

1. Note the ongoing work with the Mass Rapid Transit business case.
2. Note that the Foundations and Rest of Network component of PT Futures (Ōtautahi PT) has been endorsed by local Councils and approved by the Waka Kotahi Board.
3. Note a similar Notice of Motion at the Canterbury Region Council (ECan).
4. Request the Mayor, in partnership with the Chair of ECan, to approach the Minister of Transport to accelerate Ōtautahi PT.

Councillor Davidson/Councillor Templeton

**Carried**

Councillor Keown and Councillor Mauger requested that their votes against the resolutions be recorded.

Councillor Cotter left the meeting at 12.48pm and returned to the meeting at 12.51pm during consideration of item 20.

## 20. Gardiners Road, Corridor Improvements

### Council Resolved CNCL/2021/00202

#### Officer recommendations adopted without change.

That the Council:

1. Receives the report
2. Approves that the revised scope includes construction of a shared use path along the eastern side of Gardiners Road from Wilkinson Road to Claridges Road. The scope also includes associated seal widening, minor road realignment and includes improvements at the intersection of Gardiners Road / Styx Mill Road, Gardiners Road / Wilkinsons Road and Gardiners Road/Claridges Road. Shown as stage 1 and stage 2 on Attachment A, and typical section A and B on Attachment B.
3. Approves that the revised scope includes construction of pedestrian improvements at the signalised intersection of Gardiners Road and Sawyers Arms Road. Shown as stage 1 on Attachment A.
4. Notes that \$500,000 is adequate to complete a shared use path and associated works on Gardiners Road from Wilkinsons Road to Styx Mill Road. This work is included in Stage 1 as shown on Attachment A.
5. Notes that further funding is required to complete stage 2 as shown on Attachment A that includes a shared use path and associated works on Gardiners Road from Styx Mill Road to Claridges Road.
6. Notes that staff will propose bringing forward \$800,000 from financial year 2027/28 to financial year 2023/24 (ID# 60117) as part of the financial year 24 Annual Plan process.

Council  
09 December 2021



7. Notes that Stage 3 as shown on Attachment A is partially completed and the balance of work will mainly be completed by developers and some smaller sections completed by Council once development work is substantially complete.

Councillor Keown/Councillor MacDonald

**Carried**

The meeting adjourned at 12.53pm and reconvened at 2.02pm.

Councillor MacDonald left the meeting at 2.04pm and returned to the meeting at 2.08pm during consideration of item 23.

### 23. Review of the Major Events Strategy

Nick Bryan, Acting General Manager of Strategy Insights and Policy ChristchurchNZ and Loren Heaphy, General Manager of Destination and Attraction joined the meeting and gave a presentation on this item.

#### **Council Resolved CNCL/2021/00203**

That the Council:

1. Endorse the 2021 Major Events Strategy, noting that it replaces the 2018 Major Events Strategy.

Councillor Chen/Councillor Keown

**Carried**

#### **Attachments**

- A Item 23. Review of the Major Events Strategy - ChristchurchNZ - Council 9 December 2021

The Council considered items 21 and 22 together.

### 21. Huritini / Halswell River Stormwater Management Plan

The Council decision included requests to staff for additional advice on surface water quality improvement for future consideration, and that the Mayor write to the Minister for the Environment.

#### **Staff Recommendations**

That the Council:

1. Receive the attached Huritini / Halswell River Stormwater Management Plan.
2. Adopt the Huritini / Halswell River Stormwater Management Plan.

#### **Council Resolved CNCL/2021/00204**

That the Council:

1. Receive the attached Huritini / Halswell River Stormwater Management Plan.
2. Adopt the Huritini / Halswell River Stormwater Management Plan.
3. Request staff to provide additional advice on further work to address surface water quality improvement for consideration during the Annual Plan and/or the Long Term Plan.

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4. Request that the Mayor to write to the Minister for the Environment regarding contaminants due to inappropriate building materials, brake pads and other vehicle related contaminants.

Councillor Cotter/Councillor Templeton

**Carried**

Councillor Johanson requested that his vote against the resolutions be recorded.

## 22. Ōpāwaho / Heathcote River Stormwater Management Plan

The Council decision included requests to staff for additional advice on surface water quality improvement for future consideration, and that the Mayor write to the Minister for the Environment.

### Staff Recommendations

That the Council:

1. Receive the attached Ōpāwaho / Heathcote River Stormwater Management Plan.
2. Adopt the Ōpāwaho / Heathcote River Stormwater Management Plan.

### Council Resolved CNCL/2021/00205

That the Council:

1. Receive the attached Ōpāwaho / Heathcote River Stormwater Management Plan.
2. Adopt the Ōpāwaho / Heathcote River Stormwater Management Plan.
3. Request staff to provide additional advice on further work to address surface water quality improvement for consideration during the Annual Plan and/or the Long Term Plan.
4. Request that the Mayor to write to the Minister for the Environment regarding contaminants due to inappropriate building materials, brake pads and other vehicle related contaminants.

Councillor Cotter/Councillor Templeton

**Carried**

Councillor Johanson requested that his vote against the resolutions be recorded.

Councillor Chu left the meeting at 3.03pm and returned to the meeting at 3.08pm during consideration of item 32.

### 32. Membership of Local Government New Zealand

The Mayor moved the staff recommendations with additional motions 3. and 4. that she write to LGNZ and the Prime Minister relating to the Heads of Agreement. The motions were carried by division.

#### Staff Recommendations

That the Council:

1. Maintain its membership of Local Government New Zealand.
2. Engage with Local Government New Zealand (LGNZ) to ensure that Christchurch assumes a leadership position within LGNZ and beyond, commensurate with its position as New Zealand's second biggest city and the largest in the South Island.

#### Motion moved by the Mayor, seconded by Councillor Davidson

That the Council:

1. Maintain its membership of Local Government New Zealand.
2. Engage with Local Government New Zealand (LGNZ) to ensure that Christchurch assumes a leadership position within LGNZ and beyond, commensurate with its position as New Zealand's second biggest city and the largest in the South Island.
3. Request the Mayor to write to LGNZ expressing our disappointment and our concerns about the nature of the agreement they entered into with central government and confirmation that with the lessons learned they will ensure that this does not happen again.
4. Request the Mayor to write to the Prime Minister to express concern about implications of the Heads of Agreement which call into question their commitment to partnership between central and local government.

#### Council Resolved CNCL/2021/00206

1. Maintain its membership of Local Government New Zealand.

The division was declared **carried** by 10 votes to 7 votes the voting being as follows:

**For:** Mayor Dalziel, Deputy Mayor Turner, Councillor Chen, Councillor Coker, Councillor Cotter, Councillor Davidson, Councillor Donovan, Councillor Galloway, Councillor Scandrett and Councillor Templeton

**Against:** Councillor Chu, Councillor Gough, Councillor Johanson, Councillor Keown, Councillor MacDonald, Councillor Mauger and Councillor McLellan

Mayor/Councillor Davidson

**Carried**

#### Council Resolved CNCL/2021/00207

2. Engage with Local Government New Zealand (LGNZ) to ensure that Christchurch assumes a leadership position within LGNZ and beyond, commensurate with its position as New Zealand's second biggest city and the largest in the South Island.
3. Request the Mayor to write to LGNZ expressing our disappointment and our concerns about the nature of the agreement they entered into with central government and

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confirmation that with the lessons learned they will ensure that this does not happen again.

4. Request the Mayor to write to the Prime Minister to express concern about implications of the Heads of Agreement which call into question their commitment to partnership between central and local government.

The division was declared **carried** by 13 votes to 3 votes the voting being as follows:

**For:** Mayor Dalziel, Deputy Mayor Turner, Councillor Chen, Councillor Chu, Councillor Coker, Councillor Cotter, Councillor Davidson, Councillor Galloway, Councillor Gough, Councillor Johanson, Councillor Keown, Councillor Scandrett and Councillor Templeton

**Against:** Councillor MacDonald, Councillor Mauger and Councillor McLellan

**Abstained:** Councillor Donovan

Mayor/Councillor Davidson

**Carried**

**Council Decision CNCL/2021/00208**

That the Council:

1. Maintain its membership of Local Government New Zealand.
2. Engage with Local Government New Zealand (LGNZ) to ensure that Christchurch assumes a leadership position within LGNZ and beyond, commensurate with its position as New Zealand's second biggest city and the largest in the South Island.
3. Request the Mayor to write to LGNZ expressing our disappointment and our concerns about the nature of the agreement they entered into with central government and confirmation that with the lessons learned they will ensure that this does not happen again.
4. Request the Mayor to write to the Prime Minister to express concern about implications of the Heads of Agreement which call into question their commitment to partnership between central and local government.

Mayor/Councillor Davidson

**Carried**

**Suspension of Standing Orders**

**Council Resolved CNCL/2021/00209**

That the Council:

1. Suspend Standing Order 4.2 Meeting Duration to allow for the meeting to continue for longer than eight hours.

Mayor/Councillor MacDonald

**Carried**

The meeting adjourned at 4.05pm and reconvened at 4.17pm. Councillors Gough, MacDonald and Mauger were not present at that time.

Councillor Gough returned to the meeting at 4.18pm during consideration of item 33.

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City Council 

Councillors MacDonald and Mauger returned to the meeting at 4.21pm during consideration of item 33.

### 33. Co-Governance of Otakaro Avon River Corridor

**Council Resolved CNCL/2021/00210**

**Officer recommendations adopted without change.**

That the Council:

1. Confirm the intent to establish a co-governance entity to govern the Ōtākaro Avon River Corridor comprising equal representation by Ngāi Tūāhuriri and Christchurch City Council, noting the Council appointees would be drawn from the Council and the wider community.
2. Request that staff provide advice regarding the process and timeframe for:
  - a. Establishing the co-governance entity by a local bill and/or a Trust Deed and
  - b. The inclusion of an enduring legal status for the Ōtākaro Avon River Corridor within a local bill.
3. Request that staff provide advice to the Council meeting in February 2022 on the terms of reference and funding requirements of an Establishment entity.

Mayor/Councillor McLellan

**Carried**

### 24. Resolution to Exclude the Public

**Council Resolved CNCL/2021/00211**

That at 4.24pm the resolution to exclude the public set out on pages 52 to 54 of the supplementary agenda be adopted.

Mayor/Councillor Chen

**Carried**

**The public were re-admitted to the meeting at 5.09pm.**

**Karakia Whakamutunga:** Given by the Mayor.

**Meeting concluded at 5.10pm.**

**CONFIRMED THIS 27<sup>th</sup> DAY OF JANUARY 2022**

**MAYOR LIANNE DALZIEL  
CHAIRPERSON**



## 6. Audit and Risk Management Committee Minutes - 3 December 2021

Reference Te Tohutoro:	21/1705506
Report of Te Pou Matua:	Mark Saunders, Committee and Hearings Advisor, Mark.Saunders@ccc.govt.nz
General Manager Pouwhakarae:	Miles McConway, General Manager Resources, Miles.McConway@ccc.govt.nz


### 1. Purpose of Report Te Pūtake Pūrongo

The Audit and Risk Management Committee held a meeting on 3 December 2021 and is circulating the Minutes recorded to the Council for its information.

### 2. Recommendation to Council

That the Council receives the Minutes from the Audit and Risk Management Committee meeting held 3 December 2021.

### Attachments Ngā Tāpirihanga

No.	Title	Page
<a href="#">A</a> 	Minutes Audit and Risk Management Committee - 3 December 2021	24

### Signatories Ngā Kaiwaitohu

Author	Mark Saunders - Committee and Hearings Advisor
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## Audit and Risk Management Committee OPEN MINUTES

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**Date:** Friday 3 December 2021  
**Time:** 1.02pm  
**Venue:** Council Chambers, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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**Present**

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

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**Principal Advisor**

Miles McConway  
General Manager Resources  
Tel: 941 8999

Mark Saunders  
Committee and Hearings Advisor  
941 6436  
mark.saunders@ccc.govt.nz  
[www.ccc.govt.nz](http://www.ccc.govt.nz)

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**Audit and Risk Management Committee  
03 December 2021**



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

The agenda was dealt with in the following order.

**1. Apologies Ngā Whakapāha**

**Part C**  
**Committee Resolved ARCM/2021/00041**

That the apology for absence received from Mr Rondel, and the apologies for lateness received from Mayor Dalziel and Councillor MacDonald, be accepted.

Ms Wallace/Deputy Mayor

**Carried**

**2. Declarations of Interest Ngā Whakapuaki Aronga**

**Part B**  
Chair Kim Wallace in relation to Item 9, Audit Management Report 2021 and Debenture Trust Deed Audit 2021, noted her declared interest in Waka Kotahi as an independent advisor.

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

**Part C**  
**Committee Resolved ARCM/2021/00042**

That the minutes of the Audit and Risk Management Committee meeting held on Wednesday, 22 September 2021 be confirmed.

Ms Wallace/Deputy Mayor

**Carried**

**4. Public Forum Te Huinga Whānui**

**Part B**  
There were no public forum presentations.

**5. Deputations by Appointment Ngā Huinga Whakaritenga**

**Part B**  
There were no deputations by appointment.

**6. Presentation of Petitions Ngā Pākikitanga**

**Part B**  
There was no presentation of petitions.

Councillor MacDonald joined the meeting at 1.05pm, left at 1.31pm, and re-joined at 1.33pm, during the consideration of the following item.

**Audit and Risk Management Committee  
03 December 2021**



**7. Capital Project Risk Report - Major Projects (>\$50m)**

**Committee Resolved ARCM/2021/00043 (Original Staff Recommendations Accepted without Change)**

**Part C**

That the Audit and Risk Management Committee:

1. Receives the information in the Capital Project Risk Report – Major Projects (>\$50m).

Councillor Cotter/Deputy Mayor

**Carried**

Mayor Dalziel joined the meeting at 1.48pm during the consideration of the following item.

**8. Consistency of Council-controlled organisations' strategic objectives with the Council's strategic directions and community outcomes**

**Committee Resolved ARCM/2021/00044 (Original Staff Recommendations Accepted without Change)**

**Part C**

That the Audit and Risk Management Committee:

1. Notes the information contained in this report.

Ms Wallace/Deputy Mayor

**Carried**

**9. Audit Management Report 2021 and Debenture Trust Deed Audit 2021**

Karina Page and Chantelle Gernetzky of Audit New Zealand (via audio-video link) joined staff in presenting this item.

**Committee Resolved ARCM/2021/00045 (Original Staff Recommendations Accepted without Change)**

**Part C**

That the Audit and Risk Management Committee:

1. Receives the information and considers the recommendations made by Audit New Zealand in the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2021 and management's responses to these.
2. Notes the contents of the audit engagement letter and limited assurance audit opinion for the Debenture Trust Deed.

Ms Wallace/Deputy Mayor

**Carried**

**Audit and Risk Management Committee  
03 December 2021**

**Committee Decided ARCM/2021/00046**

**Part A**

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

1. Receives the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2021.

Ms Wallace/Deputy Mayor

**Carried**

**10. Health, Safety and Wellbeing Dashboard**

**Committee Resolved ARCM/2021/00047 (Original Staff Recommendations Accepted without Change)**

**Part C**

That the Audit and Risk Management Committee:

1. Notes the Christchurch City Council Health, Safety and Wellbeing Dashboard as received and considered by the Health, Safety and Wellbeing Committee (HSWC).
2. Notes that Chief Executive Dawn Baxendale has been appointed as a member of the HSWC.
3. Notes that the Council has tasked the HSWC with assisting it to discharge its due diligence responsibilities as a Person Conducting a Business or Undertaking (PCBU), and the Audit and Risk Management Committee does not replicate HSWC's task, but notes that there are risk management and assurance processes in place.

Ms Wallace/Deputy Mayor

**Carried**

**11. Committee Business**

**Committee Resolved ARCM/2021/00048 (Original Staff Recommendations Accepted without Change)**

**Part C**

That the Audit and Risk Management Committee:

1. Approves a Committee Evaluation process be undertaken by the Chair during the next quarter.
2. Notes that a Committee Terms of Reference review be initiated.
3. Notes that a process for independent member recruitment and appointment is to be scheduled for the continuity of the Committee.

Councillor MacDonald/Councillor Cotter

**Carried**

Audit and Risk Management Committee  
03 December 2021

## 12. Resolution to Exclude the Public

### Committee Resolved ARCM/2021/00049

#### Part C

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

- Andrew Simpson of KPMG for:
  - Item 14, Lyttelton Harbour Wastewater Project;
  - Item 15, Litigation – Building Act 2004;
  - Item 16, Holidays Act Remediation Programme Update;
  - Item 17, Quarterly Procurement Report; and
  - Item 18, Risk and Assurance.

AND

That at 2.30pm the resolution to exclude the public set out on pages 114 to 117 of the agenda be adopted.

Councillor Cotter/Ms Wallace

**Carried**

**The public were re-admitted to the meeting at 3.35pm.**

**Meeting concluded at 3.37pm.**

**CONFIRMED THIS 14<sup>th</sup> DAY OF FEBRUARY 2022**

**KIM WALLACE  
CHAIRPERSON**



**Report from Audit and Risk Management Committee – 3 December 2021**

Item 7

## 7. Audit Management Report 2021 and Debenture Trust Deed Audit 2021

Reference Te Tohutoro:	21/1706017
Report of Te Pou Matua:	Len van Hout, Manager, External Reporting and Governance, Len.VanHout@ccc.govt.nz
General Manager Pouwhakarae:	Miles McConway, General Manager, Resources, Miles.McConway@ccc.govt.nz

### 1. Audit and Risk Management Committee Decisions Under Delegation Ngā Mana kua Tukuna

(Original Staff Recommendations Accepted without Change)

#### Part C

That the Audit and Risk Management Committee:

1. Receives the information and considers the recommendations made by Audit New Zealand in the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2021 and management's responses to these.
2. Notes the contents of the audit engagement letter and limited assurance audit opinion for the Debenture Trust Deed.

### 2. Audit and Risk Management Committee Recommendation to Council




#### Part A

That the Council:

1. Receives the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2021.

## Attachments Ngā Tāpirihanga

No.	Report Title	Page
1	Audit Management Report 2021 and Debenture Trust Deed Audit 2021	30

No.	Title	Page
A 	Audit Management Report 2020/21	34
B 	CCC Debenture Trust Deed Audit Engagement Letter 2021	72
C 	CCC Debenture Trust Deed Audit Opinion 2021	100

## Audit Management Report 2021 and Debenture Trust Deed Audit 2021

Reference Te Tohutoro:	21/1434621
Report of Te Pou Matua:	Len van Hout, Manager, External Reporting and Governance, Len.VanHout@ccc.govt.nz
General Manager Pouwhakarae:	Miles McConway, General Manager, Resources, Miles.McConway@ccc.govt.nz

### 1. Brief Summary

- 1.1 The purpose of this report is present the Audit Management Report for the year ended 30 June 2021. The report has been written in response to the receipt of the Audit NZ report.
- 1.2 This report will also cover the Debenture Trust Deed Audit.

### 2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the information and considers the recommendations made by Audit New Zealand in the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2021 and management's responses to these.
2. Recommends to the Council that the Audit New Zealand Management Report relating to the audit of the financial statements and annual report for the year ended 30 June 2021 is received.
3. Notes the contents of the audit engagement letter and limited assurance audit opinion for the Debenture Trust Deed.

### 3. Content

#### Audit Management Report

- 3.1 The final Audit Management Report covers audit activity and matters raised by Audit New Zealand for the period from the interim management (April 2021) to the adoption of the Annual Report (October 2021).

#### Key Points

- 3.2 The Report to the Governors of the Council on the audit of Christchurch City Council and group for the year ended 30 June 2021 is **Attachment A**.
- 3.3 The report sets out Audit New Zealand's findings from their audit of the Council for the year ended 30 June 2021.
- 3.4 There are a number of unadjusted items (compared to one in 2020) within the financial statements of the Parent and the Group.
- 3.5 The report draws attention to areas where the Council is doing well or where Audit New Zealand has made recommendations for improvement.

#### Report back on Audit Plan items

- 3.6 The 2020/21 audit sought to focus on the following matters:

- Valuation of PPE;
- Fair value assessment of non-revalued PPE;
- Provision for holiday pay liabilities;
- Capital asset additions and work in progress;
- COVID-19 pandemic;
- The risk of management override of internal controls;
- Procurement, contract management and project governance;
- Prudent expenditure decisions;
- Operational savings plan;
- Derivatives;
- Group issues;
- Three waters reform and
- Climate Change.

3.7 Overall Audit New Zealand were satisfied with the accounting for these items, or verified that they were treated appropriately.

3.8 Audit NZ undertook a comprehensive review of procurement and their report and recommendations are in Appendix 3 of the 2021 Report to Governors with comments from management.

Update on previous Audit New Zealand Recommendations

	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations (2021) <sup>1</sup>	-	3	3	6
Implemented or closed recommendations <sup>2</sup>	-	-2	-1	-3
New recommendations <sup>3</sup>	-	2	2	4
<b>Open recommendations (2022)<sup>4</sup></b>	<b>-</b>	<b>3</b>	<b>4</b>	<b>7</b>

3.9 Three previous recommendations from Audit New Zealand have now been implemented or closed:

- To review the system and processes for the dry weather sewerage overflows performance measure to ensure compliance with the non-financial performance measure rules as set out in section 261B of the Local Government Act 2002. (From the 2021 Interim Report to Governors).
- At each revaluation date going forward, the hedge reserve in equity should be adjusted to the lesser of the following (in absolute amounts): (i) the cumulative gain or loss on the hedging instrument (IRS fair value) from the inception of the hedge; and (ii) the cumulative change in fair value of the expected future cash flows on the hedged item

<sup>1</sup> Procurement (N), HR Masterfile (N), Annual Leave (B), Dry Weather Sewerage Overflow (N), Derivatives (B), CE Expense Claims (B)

<sup>2</sup> Dry Weather Sewerage Overflow (N), Derivatives (B), CE Expense Claims (B)

<sup>3</sup> Expenditure Masterfile (B), Performance Reporting (N), Waka Kotahi Audit Follow Up (B), Direct Payments (B)

<sup>4</sup> Procurement (N), HR Masterfile (N), Annual Leave (B), Expenditure Masterfile (B), Performance Reporting (N), Waka Kotahi Audit Follow Up (B), Direct Payments (B)

- (reference hedge fair value) from inception of the hedge. (From the 2020 Report to Governors).
- Expense claims submitted by the Chief Executive Officer are approved by the Mayor or Chair of the Audit and Risk Committee. (From the 2019 Report to Governors).

3.10 Three previous recommendations from Audit New Zealand are still in progress.

- Review of procurement function, this was categorised as necessary. (From the 2019 Report to Governors)
- Ensure the independent review of Masterfile changes by Human Resources is performed on a timely basis, this was categorised as necessary. (From the 2020 Report to Governors)
- The annual leave payroll report to be reconciled to the annual leave liability balance in the general ledger at balance date, this was categorised as beneficial. (From the 2020 Report to Governors)

#### Key findings from the audit

3.11 As public sector audits have a wider scope than the private sector, Audit New Zealand reviews not only the financial statements of the Council but also its activity and services statements. See page 24 of their report for a full explanation of the potential issues covered in their review.

3.12 The following areas of interest reviewed by Audit New Zealand have resulted in recommendations to management for comment with a view to enhancement in the future:

3.12.1 Audit New Zealand recommend that Council

- Undertake a weekly review of the expenditure masterfile changes report and is retained with a signature with date of review, to evidence that the internal control is operating, this is categorised as necessary;
- Considers our comments on the 2020/21 performance information in preparation for the 2021/22 annual report to ensure compliance with PBE FRS 48 Service Performance Reporting, this is categorised as necessary;
- Implement the improvements identified from the recent Waka Kotahi audit, this is categorised as beneficial; and
- Determines what type of transactions do not require a purchase order and can be processed as direct payments, this is categorised as beneficial.

3.13 Staff have provided comments on the recommendations made by Audit New Zealand.




#### Debenture Trust Deed

3.14 The debenture trust deed covers the lending agreement with LGFA, and Audit NZ undertakes a limited independent assurance review of the records of held at ComputerShare for Council's borrowing. ComputerShare engages its own auditors to give assurance over its operations and record keeping. Audit NZ relies upon this work to give Council its limited assurance.

3.15 The debenture trust audit is separate from the main audit and the cost to Council of the limited assurance audit is \$7,000 + GST. The Audit Engagement Letter is **Attachment B**.

3.16 The audit field work has been completed and the limited assurance audit report has been received is **Attachment C**.

## Attachments Ngā Tāpirihanga

No.	Title	Page
A 	Audit Management Report 2020/21	
B 	CCC Debenture Trust Deed Audit Engagement Letter 2021	
C 	CCC Debenture Trust Deed Audit Opinion 2021	

Additional background information may be noted in the below table:

Document Name	Location / File Link
Not applicable	Not applicable

## Confirmation of Statutory Compliance Te Whakatūturutanga ā-Ture

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

(a) This report contains:

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

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

## Signatories Ngā Kaiwaitohu

<b>Author</b>	Len Van Hout - Manager External Reporting & Governance
<b>Approved By</b>	Leah Scales - Head of Financial Management and Chief Financial Officer Miles McConway - General Manager Resources

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

# Report to the Council on the audit of

Christchurch City Council

For the year ended 30 June 2021

Attachment A  
Item 7

## Contents

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Appendix 3: Procurement, contract management and project governance .....	29
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## Key messages

We have completed the audit of Christchurch City Council and group (the Council) for the year ended 30 June 2021. This report sets out our findings from the audit and draws attention to areas where the Council is doing well and where we have made recommendations for improvement.

### Audit opinion

We have issued an unmodified audit opinion dated 12 October 2021.

### Matters identified during the audit

The Council has had a busy year, with the adoption of the 2021-2031 long-term plan, the implementation of an operational savings plan that included restructuring the Executive Leadership Team and consideration of a number reforms proposed within the Local Government sector. Through all this the Council continues to deliver a large capital programme and navigate the operational impact Covid-19 has had on both the Council and its subsidiaries.

The audit risks set out in our audit plan have remained the same during the audit and we have obtained adequate assurance over these areas of focus.

The lock down in August for the Covid-19 Delta variant had an impact on the timeframes originally agreed in the audit plan and an additional week was agreed for discussion with the Audit and Risk Committee, however, the ultimate timeframe of mid-October adoption of the annual report was achieved.

### Thank you

We would like to thank the Council, management and staff for their assistance and the open and constructive working relationship during the audit.



Chantelle Gernetzky  
Appointed Auditor  
22 November 2021



## 1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Explanation	Priority
<b>Needs to be addressed <i>urgently</i></b> These recommendations relate to a significant deficiency that exposes the Christchurch City Council to significant risk or for any other reason need to be addressed without delay.	Urgent
<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.	Necessary
<b>Address, <i>generally within six to 12 months</i></b> These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.	Beneficial

### 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<b>Review expenditure masterfile changes</b> The weekly review of the expenditure masterfile changes report is retained with a signature and date of review, to evidence that the internal control is operating.	4.2	Necessary
<b>Performance Reporting</b> Council considers our comments on the 2020/21 performance information in preparation for the 2021/22 annual report to ensure compliance with PBE FRS 48 <i>Service Performance Reporting</i> .	4.3	Necessary
<b>Implement the improvements identified by the Waka Kotahi audit</b> Implement the improvements identified from the recent Waka Kotahi audit.	4.4	Beneficial

Recommendation	Reference	Priority
<b>Direct payments</b> Council determines what type of transactions do not require a purchase order and can be processed as direct payments.	4.5	Beneficial

## 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations.  
Appendix 1 sets out the status of previous recommendations in detail.

	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations (2021) <sup>1</sup>	–	3	3	6
Implemented or closed recommendations <sup>2</sup>	–	(2)	(1)	(3)
New recommendations (para 4.2 to 4.5)	–	2	2	4
<b>Open recommendations (2022)<sup>3</sup></b>	–	<b>3</b>	<b>4</b>	<b>7</b>

<sup>1</sup> Open recommendations from 2020 final report and 2021 interim report: Procurement , Practice timely review of Human Resources Masterfile changes (, Annual leave liability report differs from the general ledger balance , Dry Weather Overflow , Derivatives – blend and extend interest rate swaps , Approval of expense claims

<sup>2</sup> Recommendations closed: Dry Weather Overflow , Derivatives – blend and extend interest rate swaps , Approval of expense claims

<sup>3</sup> Open recommendations at the end of 2021 audit process: Procurement , Practice timely review of Human Resources Masterfile changes , Annual leave liability report differs from the general ledger balance , Review expenditure masterfile changes , Performance Reporting , Implement the improvements identified by the Waka Kotahi audit , Direct Payments.

## 2 Our audit report

### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 12 October 2021. This means we were satisfied that the financial statements and statement of service performance present fairly the Council's activity for the year and its financial position at the end of the year.

### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

### 2.3 Corrected misstatements

We also identified misstatements that were corrected by management. The total adjustments made to the financial statements during the audit were:

Current year corrected misstatements	Assets	Liabilities	Equity	Financial performance
	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Total parent	12,818	(1,745)		1,745 (12,818)
Total group	25,953	(25,953)		

### 2.4 Corrected disclosure deficiencies

We also identified disclosure deficiencies in the financial and non-financial information that were corrected by management. These changes included number adjustments and additions to note disclosures and accounting policies. Some material performance measures were restated due to the supporting information not aligning to the reported result. Group information was also updated to align with audited information.

## 2.5 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the Council. This includes the draft annual report with supporting working papers.

We agreed a timetable with management for the provision of information as part of the audit plan dated 5 May 2021. This included the dates we required the information to be provided to assist us in meeting the Council's annual report adoption date of 12 October 2021.

We appreciate the effort of staff required to prepare the annual report document and the coordination that is needed across multiple areas of Council to obtain the necessary information. The majority of information, including the draft parent financial statements and associated supporting information and documentation, were provided to us at the commencement of the audit and was generally of good quality.

While the draft parent financial statements were provided in accordance with the agreed timetable, we did not receive the draft group financial statements on 27 August 2021 as agreed. These were received some three weeks later on 20 September 2021. The lateness of this delivery, together with some issues identified in the consolidation (impacting the group statement of changes in equity) that took significant time to resolve, caused some delay to the completion of the audit. These issues included the disclosure of the deferred tax prior period adjustment flowing from the Christchurch City Holdings Limited (CCHL) subsidiaries, and the consolidation adjustment to remove leases (right of use asset and associated lease liability, etc) recognised in 'for-profit' subsidiaries under NZ IFRS 16 but not recognised by Council as a PBE entity.

We acknowledge that date of completion of the CCHL and Venues Ōtautahi audits contributed to this delay. Going forward, Council may wish to consider the clearance date required by the Audit and Risk committee and the final adoption date for the annual report to ensure there is sufficient time to address any subsidiary and consolidation matters.

In our view, we had a good working relationship with the Council's finance team throughout the audit. We held regular meetings with the finance team and engaged on issues in a timely manner during the audit. The finance team were open to debating and resolving these issues along with any other suggestions and recommendations we made.

We did identify a number of inconsistencies and disclosure errors through our review of the draft annual report and we recommend that a comprehensive internal quality check be performed prior to the annual report being submitted for audit, particularly as the annual report requires co-ordination across a number of departments within the Council, the overall quality review will ensure that these inconsistencies are addressed early.

We intend to hold a debrief with management to streamline the process for future audits, and to discuss whether any additional costs should be recovered as a result of additional audit effort.

### 3 Matters raised in the Audit Plan



In our Audit Plan dated 5 May 2021, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
<b>Revaluation of land and buildings</b>	
<p>The Council's property, plant and equipment assets are significant items on its statement of financial position. Many of these asset classes are subject to periodic revaluation in accordance with the Council's accounting policies.</p> <p>The accounting standard PBE IPSAS 17 Property, Plant and Equipment, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value.</p>	<p>Council has carried out asset valuations on the following asset classes this year:</p> <ul style="list-style-type: none"> <li>Land and buildings.</li> <li>Marine Structures.</li> <li>Public Art.</li> </ul> <p>Our audit focused on the land and buildings valuation which resulted in a fair value increase of \$407 million. The land and building valuation was performed by independent valuers, Bayleys Valuation Limited. Our review of this valuation included reviewing the valuation methodology, the key assumptions and the source data reliability.</p> <p>We concluded that the valuation was prepared in accordance with the relevant accounting and valuation standard (PBE IPSAS 17) and is appropriately reflected in the 30 June 2021 financial statements.</p>
<b>Impairment and fair value assessments of non-revalued operational and infrastructure assets</b>	
<p>PBE IPSAS 17 Property, Plant and Equipment requires, for assets disclosed at fair value, that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.</p>	<p>The following asset classes disclosed at fair value were not revalued at 30 June 2021.</p> <ul style="list-style-type: none"> <li>Roading.</li> <li>Water.</li> <li>Wastewater.</li> <li>Stormwater.</li> <li>Heritage assets.</li> <li>Artworks.</li> </ul> <p>Council prepared in-house assessments of whether the carrying value of these asset classes at 30 June 2021 were materially different from fair value. We reviewed these assessments, and</p>

Audit risk/issue	Outcome
	agreed that the carrying value of these asset classes at 30 June 2021 was not materially different from fair value at 30 June 2021.
<b>Provision for Holiday Pay liabilities</b>	
<p>The Council has identified issues with its process for calculating staff leave liabilities.</p> <p>Areas of non-compliance include entitlement and the payment of:</p> <ul style="list-style-type: none"> <li>• Annual holidays.</li> <li>• Bereavement leave.</li> <li>• Alternative holidays.</li> <li>• Public holidays.</li> <li>• Sick leave.</li> </ul>	<p>Council has taken a number of steps over the last few years to determine its compliance with the Holidays Act 2003 to ensure that it fully complies with the requirements of the Act and all staff are paid correctly.</p> <p>Council has embarked on a two-phase Holidays Act remediation project. The first phase of the holiday pay remediation project was the engaging of Ernst &amp; Young (EY) to calculate the liability for the period April 2010 to December 2019. The first phase of the project has been completed in the 2020/21 financial year. EY calculated a liability of \$5.7 million up to 31 December 2019. \$2.3 million of this was paid out before 30 June 2021 with all the existing employees having been paid. The remaining liability of \$3.4 million is for former employees. This has been recognised as a provision at 30 June 2021. Council are currently tracking and contacting the impacted former employees.</p> <p>The second phase of the project involves engaging ZAG, a SAP system provider, to upgrade the current SAP payroll system module to reflect the correct calculations of Holiday Pay as per the modules created by EY. The SAP system currently does not calculate the leave entitlements correctly. This work is expected to be completed by October 2021. Council has estimated the liability for the period January 2020 to June 2021 at \$1.745 million which has also been recognised as a provision at 30 June 2021. Council has also included additional disclosure in the Contingencies Note saying that until Phase 2 is complete, which includes the finalisation of the upgrade to the payroll system to incorporate the methodology changes, there remains a small chance that the amount of the provision for historical holiday pay entitlements will change.</p> <p>We are satisfied that Council's accounting treatment is materially correct and complies with accounting standard requirements.</p>

Audit risk/issue	Outcome
<b>Capital asset additions and work-in-progress</b>	
The Council continues to have a significant ongoing capital programme.	<p>Council has an extensive capital works programme. Total property, plant and equipment additions are \$411 million for the year.</p> <p>We reviewed the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> <li>the correct classification of costs as either capital or operating in nature;</li> <li>the appropriate capitalisation point for completed assets, including transfers from work in progress;</li> <li>the reasonableness of depreciation rates and useful lives applied to asset components; and</li> <li>the disclosures within the financial statements.</li> </ul> <p>We are satisfied that asset additions and work in progress is appropriately reflected in the financial statements.</p>
<b>Covid-19 pandemic</b>	
On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus (Covid-19) a global pandemic. Since then, the country has been placed in a number of lockdowns which have impacted the operations, activities and services of both the Council and its trading subsidiaries. Covid-19 will continue to have an impact on the economy for the foreseeable future.	<p>Immediately following the Covid-19 lockdown in 2020, Council's income was impacted in a number of areas.</p> <p>Dividend income from trading subsidiaries significantly reduced as the subsidiaries own earnings were adversely impacted, particularly for Christchurch International Airport Limited.</p> <p>Council itself, in response to this decline in income, identified operational savings which were included in a reforecast of the FY21 annual plan budget.</p> <p>We also note dividend income has increased from \$28.7 million in the 2019/20 financial year to \$42.7 million in the 2020/21 financial year, this is mainly due to the dividend from RBL Limited, who sold part of their business during the year.</p> <p>Council continues to be affected by the impacts of Covid-19 in a number of areas such as its recreational facilities, but not significantly.</p>

Audit risk/issue	Outcome
<b>The risk of management override of internal controls</b>	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls.	We completed sufficient and appropriate audit procedures around journal entries and significant transactions considered outside the normal course of the business. We assessed the accounting treatment for identified transactions fitting the criteria as reasonable. We noted that journal entries were adequately supported by appropriate evidence to substantiate the journal entry. No issues were identified.
<b>Procurement, contract management and project governance</b>	
The Council has undertaken significant procurement activity in recent years and we have previously reviewed and reported on these developments in prior audits.	During our audit we utilised an Audit New Zealand specialist to undertake a limited review of aspects of procurement, contract management and project governance.  Our findings are summarised in Appendix 3.
<b>Prudent expenditure decisions</b>	
We expect all public entities to apply a number of principles to expenditure decisions, including that the expenditure has a justifiable business purpose, preserves impartiality, is made with integrity, is moderate and conservative in respect of the circumstances and is made transparently.	During our audit, in reviewing expenditure transactions, we remained alert to public sector concerns, including issues and risks about effectiveness and efficiency, waste, and a lack of probity or financial prudence to ensure expenditure is in line with the public sector principles.  This included performing specific testing across a sample of sensitive transactions. No issues were identified. This is discussed further in section 5 of the report.
<b>Operational savings plan</b>	
As part of the Council's response to the estimated financial impact of Covid-19, the Council reforecast its 2020/21 budget during the 2020/21 Annual Plan process. A significant reduction in operating expenditure was budgeted to reduce the deficit proposed in the 2020/21 Annual Plan. The expenditure reductions included a restructure of the management team and other staff changes.	We have discussed progress against the savings plan with management.  We reviewed any budget variance explanations disclosed in the notes to the financial statements for accuracy.  We also tested a sample of redundancy payments back to approved supporting documentation. This is discussed further in section 5 of the report.



Audit risk/issue	Outcome
<b>Derivatives</b>	
The Council holds a number of material interest rate swaps that it hedge accounts in its financial statements.	Our hedge accounting team has reviewed the hedge accounting for the year. We have no matters to bring to your attention.
<b>Group issues</b>	
In our audit planning we consider potential risks within the Council group. The significant components of the Council group are the Christchurch City Holdings Limited group, Venues Ōtautahi Limited, and Ōtautahi Community Housing Trust.	<p>We considered and noted a number of group matters in our audit, including:</p> <ul style="list-style-type: none"> <li>The increase in value of CCHL of \$294 million. As for previous years, CCHL was revalued by Deloitte using a 'sum of parts' approach which considers the value of each subsidiary in CCHL and the assets and liabilities of CCHL parent itself.</li> </ul> <p>We comment on the increase in section 4.1 below.</p> <ul style="list-style-type: none"> <li>Sale of Red Bus assets - In December 2020, Red Bus Limited's operating assets, excluding land and buildings, were sold to Ritchies Transport.</li> </ul> <p>Council assessed the proposal for the sale as having low significance under its Significance and Engagement Policy, and therefore formal consultation was not required.</p> <p>Following the sale, Red Bus Limited changed its name to RBL Property Limited.</p> <ul style="list-style-type: none"> <li>Orion management structure changes – there were a number of significant changes in the Orion management structure during the year.</li> <li>Enable Services - the Network Infrastructure Project Agreement (NIPA) ended on 31 May 2021, at which time CCHL repaid borrowings to Crown Infrastructure Partners Limited. In turn, the borrowings extended by CCHL to ESL and Enable Networks Limited (ENL) were repaid, and a new intra-group funding facility drawn down directly between CCHL and ENL. This loan restructure removes a level of accounting complexity going forward.</li> <li>ESL performed an off-cycle revaluation of the optical fibre network. The value of the</li> </ul>

Audit risk/issue	Outcome
	<p>network increased by \$67 million which was largely driven by the change in the WACC from 7.6% to 6.4%.</p> <ul style="list-style-type: none"> <li>Venues Ōtautahi – The company is significantly impacted by Covid-19. Due to Covid-19, all venues were unable to operate during the alert level 4 and level 3 lockdowns last year. The company underwent a large staff re-sizing exercise with many of its permanent positions being disestablished. It focused on reducing fixed overheads and underwent venue repairs, maintenance, and improvements during the downtime. Changes have been made to the company to ensure it continues to operate within the restrictive Covid-19 environment, recovery will however, take some time as the presence of Covid-19 means lockdowns and border closures continue to affect the business operations.</li> <li>Council agreed to purchase an additional \$10 million of shares in Vbase Limited as part of the Christchurch Town Hall repair and restoration project.</li> </ul>
<b>Three waters reform</b>	
<p>The government's three waters reform programme proposes a significant change to local government with an overhaul of the system that manages and delivers drinking water, stormwater, and wastewater (three waters) services.</p>	<p>Disclosure of the reforms and the potential impact on Council has been disclosed in the message from the Mayor and Chief Executive and note 37 of the financial statements.</p>
<b>Climate change</b>	
<p>Climate change issues facing Council include rising sea levels, rising temperatures and changes in rainfall and extreme weather events.</p>	<p>In early 2021, Council developed a draft climate resilience strategy which went out for public consultation with the draft consultation document. This strategy identifies the actions required to respond to the goals identified in the strategy.</p> <p>We note that following consultation, the strategy was adopted on 21 June 2021. The strategy sets four climate change goals for the city which are underpinned by 10 climate action programmes.</p>

## 4 Other Matters



Other matters arising from the audit include:

### 4.1 Valuation of equity investment in subsidiaries

Equity investments in CCO subsidiaries were revalued by Deloitte to fair value at 30 June 2021. The subsidiaries revalued were:

- Christchurch City Holdings Limited.
- Venues Ōtautahi Limited.
- ChristchurchNZ Holdings Limited.
- Civic Building Limited.

The valuation of these equity investments increased by \$321 million to \$2.64 billion. There were two significant movements: Christchurch City Holdings Limited (CCHL) increased \$294.2 million and Civic Building Limited increased \$26.8 million. We have reviewed the valuations to ensure that the methodology and assumptions are reasonable and they are in accordance with the accounting standards. The reasons for the movements are:

#### Christchurch City Holdings Limited (CCHL)

CCHL is the Council's investment arm, holding shares in, and monitoring the performance of Council's trading companies on behalf of Council. These include: Orion New Zealand Limited (89.28% owned), Christchurch International Airport Limited (75% owned), Lyttelton Port Company Limited, Enable Services Limited, City Care Limited, RBL Property Limited, EcoCentral Limited, and Development Christchurch Limited (all 100% owned).

As for previous years, the valuation was performed using a 'sum of parts' approach which considers the value of each subsidiary in CCHL and the assets and liabilities of CCHL parent itself.

The increase in value for CCHL relates mainly to movements in the investment value for the following subsidiaries:

Orion New Zealand Limited (Orion)	increase \$30 million
Enable Services Limited (ESL)	increase \$66 million
City Care Limited (CCL)	increase \$21 million
Christchurch International Airport Limited (CIAL)	increase \$148 million
RBL Property Limited (RBL)	decrease \$12 million

#### **Christchurch International Airport Limited (CIAL)**

The largest increase is for CIAL and this relates to improved forecast cashflows due to an improved FY21 operational performance essentially due to more domestic passengers than forecast, which flowed through into aeronautical, parking and terminal revenues, along with the hotel being leased as a Managed Isolation Quarantine facility (MIQ). As well as an increase in the investment property value due to three new properties and lower capitalisation rates.

#### **Orion**

Orion was valued on a discounted cashflows (DCF) approach. The network enterprise value increased by \$59 million, offset by an increase in net debt of \$52 million. The WIP balance increased by \$26 million due to delays in the completion of projects due to Covid-19 and organisational changes.

#### **Enable Services Limited (ESL)**

The increase in the value of ESL is largely due to a decrease in the Weighted Average Cost of Capital from 7.6% to 6.4%. This decrease reflects the removal of the specific risk premium as the potential impact of regulation and 5G competition are reflected in the forecast cash flows.

#### **City Care Limited (CCL)**

The City Care valuation increase is mainly due to improved forecast cashflows in the property division. The cashflow forecasts used in the valuation last year were conservative due to the uncertainty caused by Covid-19 at the time the forecasts were prepared.

#### **RBL Properties Limited (RBL)**

The decrease in the value of RBL is primarily due to the sell down of the operating assets during the 2021 financial year and distributing some of the proceeds to CCHL via a dividend. The company is now essentially a property company owning the land and buildings that used to be the bus depot.

#### **Civic Building Limited (CBL)**

CBL owns 50% of the Civic Building in partnership (through an unincorporated Joint Venture with Ngai Tahu Property Limited) and leases the building to Council. Due to the nature of the building lease and tenure, CBL's financial statements do not recognise its share of the building as a typical building asset but instead as a finance lease receivable which is CBL's share of the present value of minimum future lease payments.

However, Deloitte, in assessing the value of CBL on a net realisable asset basis, has made an adjustment to reflect the market value of the property. To this extent, the finance lease receivable is not realised, and instead it is assumed that the market value of the property is realised. The valuation increase for the property at 30 June 2021 accounts for the increase in the valuation of CBL from last year of \$26.8 million.

#### 4.2 Review expenditure masterfile changes

We completed our testing of internal controls in July. We have been advised that an independent review of all expenditure masterfile changes such as changes to new supplier details and changes to existing supplier details is performed weekly prior to the expenditure pay runs. We noted when we inspected these reports that there was no evidence of this review being completed and the reviewed reports are not retained.

##### Recommendation

The weekly review of the expenditure masterfile changes report is retained with a signature and date of review, to evidence that the internal control is operating.

##### Management comment

*During the internal control testing the audit team recommended to the accounts payable staff that the SAP Expenditure Masterfile Changes Report be run more frequently. As a result, Council accounts payable processes have been changed by adopting the step of running the SAP Expenditure Masterfile Changes Report weekly to coincide with the payment run rather than monthly as previously performed.*

#### 4.3 Performance Reporting

In our audit plan we listed the material performance measures that we tested in detail.

All material performance and disclosure misstatements identified during the annual audit were corrected in the non-financial performance information.

We provided Council with a number of recommendations to improve its performance reporting, the key areas of improvement include:

- better description and explanation of measures that don't meet target;
- additional explanations of targets where technical jargon and general terminology is used;
- adjustments to reported performance to ensure it is reported consistently with the target set; and
- more balanced performance story (disclosing the unfavourable results as well as the favourable results).

It will be important for Council to make improvements to their 2021/22 performance information to demonstrate compliance with accounting standard PBE FRS 48 *Service Performance Reporting*, which is effective for the financial year ended 30 June 2022.

This standard will require the Council to provide users of the non-financial performance measures contained in the service performance tables of the annual report, an understanding of the rationale of why the measure was chosen, how it is measured,

whether the measure is an aggregate of multiple values and how the information is presented.

**Recommendation**

Council considers our comments on the 2020/21 performance information in preparation for the 2021/22 annual report to ensure compliance with PBE FRS 48 *Service Performance Reporting*.

**Management comment**

*At present Council staff reports service performance in an internal year end close out report (not reviewed by Audit NZ) to Councillors and in the Long Term Plan. The reporting proposed by the revised accounting standard brings these disclosures together in the audited annual report.*

*Council staff are developing a plan to define and implement the amendments required to the content, structure and formatting of the Group of Activities Service Performance 'How did we measure up' section of the Annual Report to factor in these recommendations.*

**4.4 Implement the improvements identified by the Waka Kotahi audit**

Waka Kotahi completed an audit during the 2020/21 financial year. Four improvements have been identified. These are:

- review administration costs to ensure the true costs of transport related activities are captured;
- credit the outstanding retention of \$107,000 relating to Hawkins Ltd to a financially assisted account;
- ensures that future SQPs<sup>4</sup> are assessed for value for money before tender evaluations are completed; and
- urgently resolve the ongoing requirements for property at 167 Opawa Road and confer with Waka Kotahi on any resulting financial implication.

**Recommendation**

Implement the improvements identified from the recent Waka Kotahi audit.

<sup>4</sup> The SQP is defined as 'the amount that the tendering authority is prepared to pay to secure a higher-quality tender relative to the lowest quality tender'

## Management comment

Report Number: RARWI-1806

Audit: Christchurch City Council

### RECOMMENDATIONS

The table below captures the audit recommendations. Agreed dates are provided for the implementation of recommendations by the approved organisation.

We recommend that Christchurch City Council:		Implementation Date
R2.1	Reviews its administration costs to ensure the true costs of transport related activities are captured	31 December 2021
R2.2	Credits the outstanding retention of \$107,000 relating to Hawkins Ltd to a financially assisted account	31 October 2021
R3.1	Ensures that future SQPs are assessed for value for money before tender evaluations are completed.	31 October 2021
R6.1	Urgently resolves its ongoing requirements for property at 167 Opawa Road and confers with Waka Kotahi on any resulting financial implications.	31 December 2021

*Council has implemented / completed recommendations R3.1 and R6.1 following the Waka Kotahi audit and will implement recommendations R2.1 before 31 December 2021 and R2.2 before 31 December 2021. Note that Waka Kotahi provided Council an extension from 31 October to 31 December for recommendation R2.2.*

## 4.5 Direct payments

As part of our testing of internal controls in July, we looked closer into direct payments to determine whether we needed to test controls in this area. Direct Payments are payments made when a purchase order is not required. We understand it is mainly used for standing payments to utility providers (power, phone, computers) or to make payments to 'Not for Profit' organisation (Trusts, Churches, Gardening Clubs) where council provide grants and donations.

We worked with Council's IT department to extract a listing of all direct payments made during the 2020/21 financial year. The sum of this listing totalled over \$156 million and it was made up of approximately 22,000 transactions.

This listing was provided to the finance team for analysis. The analysis noted that a number of these transactions included payments to Council, payments to Environment Canterbury, payments to Legal firms, grants payments and Infrastructure credits relating to contract payments. There were a number of transactions that could not be grouped, and it was unclear why these payments were not made through the standard purchase order process. Direct payments required no prior pre purchase approval. There are risks with the direct payment process that transactions could be incurred by staff who don't have the appropriate delegation level. We tested a sample of direct payments to confirm payments were made within the delegation levels. All payments were approved within delegation limits set.

**Recommendation**

Council determines what type of transactions do not require a purchase order and can be processed as direct payments.

***Management comment***

Council accounts payable staff have a list that is continually updated for organisations not requiring a purchase order and therefore receive a direct payment. Direct payments that do not require a purchase order are made up of types of expenditure that are not one-off in nature. These are used for internal payments to Council, payments to utility providers that affect Council services as a whole, grant and donations go through the community funding application approval process, and Council is an agent that collects rates on behalf of Environment Canterbury Regional Council. These are types of transactions found by audit, not going through the purchase order system are not unexpected as they are regular payments.

Future changes to the accounts payable processes will formalise the decision making process for direct payments. This will involve implementation of an accounts payable solution that will automate the direct payment approval system. This will also tie into the automated delegated financial authority system. Currently, Council is tendering for a new solution and this new system is expected to be implemented by 30 June 2022.



## 5 Public sector audit



The Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the Christchurch City Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the Christchurch City Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the Council carrying out its activities effectively and efficiently;
- the Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

There were no instances of any of the above items that came to our attention during the audit. We tested a sample of severance payments disclosed. We confirmed the payments have been appropriately taxed and disclosed in line with the legislative requirements. We also sample tested Mayor and Chief Executive expenses, Councillor remuneration, Key Management Personnel remuneration and expenditure and related party transactions. We have no issues to bring to your attention.

We raised some policy and control improvements in the prior year that remain outstanding (see Appendix 1).

## 6 Group audit



The group comprises the City Council parent, the substantive Council Controlled Organisations (CCOs) listed below, and multiple smaller CCOs and other controlled entities. The following CCOs have been identified as material to the group, due to their financial significance or the nature of their services and activities:

- Christchurch City Holdings Limited;
- Venues Ōtautahi Limited; and
- Ōtautahi Community Housing Trust.

We have not identified any of the following during our audit for the year ended 30 June 2021:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

Issues arising during the audits of the individual group entities have been reported to their respective governing bodies. There are no additional significant group matters to include within this report to the Council.

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Procurement</b>		
<ul style="list-style-type: none"> <li>Council consider implementing a Contract Management System. This should be used for all Council contracts not just those managed by the Procurement and Contracts Unit.</li> <li>Council should undertake an earlier review of the Procurement Policy than currently planned taking into account matters referred to in this report.</li> <li>Council consider broadening the role of the Procurement and Contracts Unit to include providing contract management support and advice for all Council procurement.</li> <li>Council consider a wider role for the Procurement and Contracts Unit in the delivery of most procurement related training for the organisation. Training should cover areas such as contract management and purchasing and could also be considered in an area of risk that we often identify across the public sector – the management of conflicts of interest.</li> <li>Council continue with the development of the Procurement Manual and in particular review the Rules and guidance related to the departure process, other contracting approaches, the risk assessment tool, the requirements for due diligence, the complaints process and the use of evergreen contracts.</li> </ul>	2019	<p><b>In progress</b></p> <p>This section was recorded as an area of focus in the 2021 Audit Plan. Procurement practices continue to evolve and mature within Council.</p> <p>As noted in section 3, during our audit we utilised an Audit New Zealand specialist to undertake a limited review of aspects of procurement, contract management and project governance.</p> <p>Our findings are summarised in Appendix 3.</p> <p><b>Management comment</b></p> <p><i>See Appendix 3 for Management's Responses.</i></p>

Recommendation	First raised	Status
<b>Practice timely review of Human Resources Masterfile changes</b>		
Ensure the independent review of Masterfile changes by Human Resources is performed on a timely basis.	2020	<p><b>Outstanding</b></p> <p>Masterfile changes are not processed on a timely basis due to resource constraints in the HR department.</p> <p><b>Management comment</b></p> <p><i>The Council's HR Administration team have been working on recruiting staff and changes to processes for reviewing Masterfile changes that will have a positive impact on the team ensuring changes are reviewed in a timely manner. Internal audit have added this onto their work programme.</i></p>
<b>Beneficial</b>		
<b>Annual leave liability report differs from the general ledger balance</b>		
The annual leave liability report be reconciled to the annual leave liability balance in the general ledger at balance date.	2020	<p><b>In progress</b></p> <p>The reconciliation between the SAP general ledger and the SAP payroll report continues to be completed. The variance between the two reports continues to fluctuate. Further work will be undertaken following the conclusion of the holiday pay remediation project.</p> <p>The steps likely to be needed to resolve this issue are as follows:</p> <ul style="list-style-type: none"> <li>• masterfile corrections; and</li> <li>• review of SAP payroll report parameters.</li> </ul> <p><b>Management comment</b></p> <p><i>The Council's payroll and Holiday Act Project teams have been identifying potential solutions for resolving why the differences in the general ledger and sub system (payroll) are occurring. Finance staff are working alongside these teams to assist identify potential solutions.</i></p>

**Implemented or closed recommendations**

Recommendation	First raised	Status
<b>Dry weather overflows</b> Review the system and processes for the dry weather sewerage overflows performance measure to ensure compliance with the non-financial performance measure rules as set out in section 261B of the Local Government Act 2002.	2021 interim audit	Implemented
<b>Derivatives – blend and extend interest rate swaps</b> At each revaluation date going forward, the hedge reserve in equity should be adjusted to the lesser of the following (in absolute amounts): <ul style="list-style-type: none"> <li>the cumulative gain or loss on the hedging instrument (IRS fair value) from the inception of the hedge; and</li> <li>the cumulative change in fair value of the expected future cash flows on the hedged item (reference hedge fair value) from inception of the hedge.</li> </ul>	2020	Implemented
<b>Approval of expense claims</b> Expense claims submitted by the Chief Executive Officer are approved by the Mayor or Chair of the Audit and Risk Committee.	2019	Implemented

## Appendix 2: Uncorrected misstatements

Current year misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
	1			1,437 (1,437)	
<b>Total parent</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2		(7,470)		7,470
	2	4,750			(4,750)
	3	738 (738)			
	4	1,542		(1,542)	
	5	730 (730)			
	6		(6,700)	6,700	
	7		3,277	(3,277)	
<b>Total group</b>		<b>6,292</b>	<b>(10,893)</b>	<b>1,881</b>	<b>2,720</b>

### Explanation of uncorrected misstatements

- 1 The statement of comprehensive revenue and expense shows tax on equity items of \$1,437k in Other Comprehensive Income. This adjustment should be recognised in the asset revaluation reserve. However, in the statement of changes in equity, this item is incorrectly included in retained earnings.

#### Management's explanation for not correcting the misstatement

*The recording of the tax effect of revaluations as a movement in Total Other Comprehensive Revenue and Expenses rather than a movement through the asset revaluation reserve is not considered to materially impact the financial statements.*

- 2 CCHL–DCL – accounting treatment correction for Port Hills fire.
- 3 CCHL–CIAL – Intangible assets WIP is included in PPE WIP overstating PPE and understating intangible assets.

- 4 CCHL–Orion– Incorrect accounting treatment for the impairment of capital contributions for new connections – recognised in profit and loss instead of the asset revaluation reserve.
- 5 CCHL–LPC – Reclassification of inventory that has not moved in over one year to PPE.
- 6 CCHL–CIAL – Prior period adjustment of deferred tax. The apportionment of investment properties between land and buildings was inaccurate historically. This was not considered a material prior period adjustment at the group level and was therefore corrected in the current financial year.

**Management’s explanation for not correcting the misstatement**

*The misstatement has been adjusted in the Council’s financial statements but since it was a prior period adjustment it remains a misstatement.*

- 7 CCHL group – finance lease – prior period misstatement corrected in the current year.

**Management’s explanation for not correcting the misstatement**

*The misstatement has been adjusted in the Council’s financial statements but since it was a prior period adjustment it remains a misstatement.*

**Uncorrected disclosure deficiencies**

Detail of disclosure deficiency	Management’s explanation for not correcting
<b>Parent</b>	
The loan and advances figures, within the contractual cashflows disclosure in note 20.5(c) do not include contractual cashflows arising from interest received from OCHT in relation to the \$33 million development loan.	<p>The calculated difference is not material.</p> <p><b>Management’s explanation</b></p> <p><i>Council has not recorded the interest portion of the contract cash flows for both the receivable and payable associated with the OCHT \$33 million development loan.</i></p> <p><i>We appreciate that the individual disclosures are not separately disclosed, however the net impact of inclusion or exclusion is relative similar the therefore not material.</i></p>
<b>Group</b>	
<p>While narrative disclosure has been provided in relation to property, plant and equipment subject to operating leases in note 4, this does not cover all the requirements of NZ IAS 16, paragraphs 73 to 77.</p> <p>This disclosure is required by NZ IFRS 16, paragraph 95.</p>	<p><b>Management’s explanation</b></p> <p><i>The disclosure was not considered material.</i></p>

Detail of disclosure deficiency	Management's explanation for not correcting
<p>NZ IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i>. Paragraph 86 requires the below disclosures for each contingency.</p> <p><i>"Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:</i></p> <ul style="list-style-type: none"> <li><i>an estimate of its financial effect, measured under paragraphs 36–52;</i></li> <li><i>an indication of the uncertainties relating to the amount or timing of any outflow; and</i></li> <li><i>the possibility of any reimbursement."</i> <p>For the ESL contractual dispute with MultiMedia Communication Limited the group has not disclosed sufficient information to comply with the above requirements.</p> </li></ul>	<p><b>Management's explanation</b></p> <p><i>We have not made the correction on the grounds of commercial sensitivity. We believe the impact of the non-disclosure is not material to the financial statements.</i></p>
<p>While the cost and accumulated depreciation is disclosed for each class of property, plant and equipment, the net book value is not disclosed for each class asset in Note 4.</p> <p>This disclosure is required by NZ IAS 16, paragraph 73(e).</p>	<p><b>Management's explanation</b></p> <p><i>The disclosure was not considered material.</i></p>
<p>Given the group has other provisions of \$3.6 million then the disclosures required per NZ IAS 37, paragraphs 84 and 85, are required. This relates to information such as the carrying amount at the beginning of the period and movements during the period, as well as information around the nature of the obligations and an indication of the uncertainties about the amount or timing of the outflows.</p> <p>Note 15 does not currently contain this information.</p>	<p><b>Management's explanation</b></p> <p><i>The disclosure was not considered material.</i></p>
<p>The creditors and other payables figure, within note 16(c) of the financial instruments note, includes GST payable of \$7.6 million. GST payable is not a financial instrument per NZ IAS 32.AG12. As a result, the liquidity risk is overstated and this also affects note 24a, Classification of financial assets and liabilities.</p>	<p><b>Management's explanation</b></p> <p><i>The disclosure adjustment was not considered material.</i></p>



Detail of disclosure deficiency	Management's explanation for not correcting
The reclassification between current and non-current, within Note 6(c) – Borrowings – changes in liabilities arising from financing activities, should equal '0' but currently this equals \$3.239 million.	<b>Management's explanation</b> <i>The disclosure adjustment was not considered material.</i>

## Appendix 3: Procurement, contract management and project governance

During our audit we reviewed aspects of procurement, contract management and project governance.

### Introduction

The Council is undergoing a period of significant change in relation to its procurement and contract management functions. Organisational restructure will affect roles and responsibilities and the interaction between those charged with various elements of these functions. We recognise that work is still in progress to effect the required changes.

Last year we reviewed three procurements to assess whether operational practices complied with the Council's Procurement Manual. We made nine recommendations. This year, we have reviewed the action taken in relation to our recommendations. In addition, we have considered the changes made by the Council to procurement and contract management and the proposals for its organisational restructure. We have focussed our detailed reviews on procurement, contract management and project governance. We have used an established audit methodology to examine three contracts, one completed and two which are in progress.

### Findings

We have discussed the actions taken in response to our recommendations and can report that:

- Value for money is a major consideration in relation to procurement activity. The Council has re-set its goals for achieving value for money by identifying the ways in which it will be assessed. The methodologies for achieving cost avoidance and cost savings have also been considered.
- Non-conventional procurement methods have been used by the Council. The Council's approach for such procurements is reflected in its procurement framework.
- Due diligence requirements in relation to non-financial issues have been updated. Rule 62 in the Council's Procurement Manual applies and this states that where the process identifies a concern, the matter must be escalated to a procurement manager. We consider that there is scope to describe the Council's approach further to provide greater clarity about the issues that may be of concern and the level to which they should be escalated.
- The approach to managing Conflicts of Interest has been extended to include consideration at the RFx stage and at the evaluation stage and in relation to departures from standard practice. Whilst Rule 52 provides some guidance, we consider that there is scope to create supplementary guidance about the types of conflict that employees might experience and the options available to manage them.

- The Procurement manual applies to the three classifications that the Council uses in relation to procurement, these being: infrastructure, corporate and operations. We anticipate that these categories will remain following the Council's restructure and if so we consider the manual to apply appropriately to all three categories.
- The arrangements for the appointment of a probity advisor have been clarified. This is mandatory for procurements above \$100,000. The Council has also acted positively to resource internal probity requirements by establishing training for staff to undertake this role.
- We recommended that probity reports should include a judgement about the compliance of the procurement process in relation to recognised good practice. Our review this year has confirmed this to be the case for the Canterbury Multi Use Arena contract.
- We recommended that procurement manual objectives should be aligned with the procurement policy. This recommendation has been included in the procurement framework review which was undertaken by the Council's Procurement and Contract Management Unit in February 2021.
- We recommended last year that within the procurement process, greater attention should be paid to environmental sustainability. The Council believes it is achieving this through its objectives for broader outcomes. It has incorporated its approach into its development of value for money considerations. Two of our contract reviews confirmed this to be the case.

#### Organisation change

We are aware that staff are being consulted about proposals for changes to the Council's structure. The new structure may impact on arrangements for procurement and contract management following implementation. We acknowledge that the Council has had due regard for guidance on procurement and contract management provided by the Office of the Auditor-General. We also note the Council's intention to adhere to good practice standards whilst focussing on the right priorities and outcomes for its residents.

We understand that the Council's Procurement and Contracts Unit has already completed a restructure and made staffing changes. The unit is responsible for developing and maintaining the Council's procurement framework, which includes the policy, supporting rules, guidelines, processes, tools and templates. Additionally, the unit provides services to business units to support staff who are undertaking procurement activities. We understand that the intention of the changes includes disseminating throughout the Council the benefits of good practice in procurement and contract management and improving joint working with business units to ensure contracts are awarded in line with good practice and that this supports business units in meeting their obligation to deliver the long-term plan.

The changes are also intended to improve the management of market cost pressures through strategies which will align related portfolios of expenditure (category management) and the development of relationships with key suppliers and driving sustainable outcomes from the supply chain. We consider these changes align well with the Council's approach to continuous improvement in procurement and contract management. We will observe the outcome of these changes.

We note also, the proposals to reduce the distinction between procurement and contract management. We consider this to be a positive development which recognises the whole-life approach to procurement and contract management. We consider the creation of a roles that combine procurement and contract management practice to be a positive development.

Last year we reported on the Council's intention to embark on a programme called 'Our Space' which includes a full end to end procurement system. This is still some time away and in the interim the council continues to use SAP to monitor critical contract management information. Further information on this has been requested and is awaited.

#### **Contract Reviews**

We reviewed three contracts:

- Canterbury Multi Use Arena (Pre-Contract Services Agreement 460000 3662).
- Hornby Centre (CN460000 3520).
- Harewood Nursery (CN460000 3479).

The procurement process has not been examined. Our reviews commenced at award of contract. In discussion, officers reported that due process was followed prior to award of contract.

We have noted that the Council has moved away from the use of the NEC form of contract. The contracts we reviewed were in the form of NZ3910 and NZ3916.

#### **Our overall findings are that:**

- Contracts are in line with the Council's strategic priorities. They form part of a programme of works that supports needed infrastructure replacement or improvement.
- The form of contract being used is appropriate for the works being undertaken.
- Contract management planning is good in the case of NZ3910 contracts. This includes areas such as the identification, assessment and management of risk and probity assurance.
- Contract management planning in relation to the NZ3916 Pre-Contract Services Agreement for the Canterbury Multi Use Arena has been thorough.
- Contracts are scoped appropriately and define the requirements of the project.
- Contract Management oversight throughout the contract period is well resourced.
- Contracts have approved budgets and are within the Council's financial capability. (The budget for the Canterbury Multi Use Arena contract has been amended and will need to be monitored closely given its value and its public profile).
- The requirements and expectations for Quality Plans are not clear. (Quality Plans are a feature of the NZ3910 form of contract).

- Provision for audit of contractors' documentation should be more explicit.
- There is scope to improve the quality of site-based documentation.

#### **Canterbury Multi Use Arena**

This is a high-profile project which will require on-going scrutiny and assurance throughout the project lifecycle. Recent events have highlighted deficiencies in the governance of the project and raise concerns about the underlying considerations when arrangements were originally put in place and concerns about the discharge of responsibilities on the part of those charged with governance. However, the Council has identified deficiencies at a relatively early stage. It acted quickly to rectify shortcomings by commissioning an independent review. Council has resolved to improve the governance arrangements and we can confirm that activity is in progress. We will continue to monitor this project as part of our annual audit programme.

We reviewed the Pre-Contract Services Agreement and have noted the events that have surrounded the changes to the governance arrangements. As part of our review, we also identified issues around the detail and robustness of risk management in relation to the project. We consider that the changes to the governance arrangements will strengthen this aspect of the project. The Chair of the CMUA Board has acknowledged the need for further development of risk management. We note that both issues are currently under consideration by the Board.

We note also, that in addition to its action to meet the requirements of the funding agreement by putting in place a Letter of Expectation and a Statement of Intent, Council's resolution to establish an assurance plan which incorporates Council's assurance obligations to the Crown and CMUA Project Delivery Limited's assurance to the Council.

We have reviewed the Assurance Management Plan and consider it to provide a format that has potential to structure and strengthen the approach to assurance throughout the duration of the project. A Statement of Intent, a revised letter of expectation and a constitution for the Board are still awaited.

In addition, we acknowledge Council's decision to implement a new project structure and note the creation of two new key project roles, these being;

- Project Manager, Assurance.
- Project Manager, PCSA Delivery.

Further, we acknowledge Council's resolution to request that CMUA Project Delivery Limited develops and reports to Council on a proposed communications protocol with Council; this improves the potential to identify and address, quickly and transparently, any further issues that might arise.

#### **Harewood Nursery Office Building**

Our review found that this contract complied with the requirements of NZ3910. It was a well-managed contract and ran smoothly.

The pre-construction phase of works was set out clearly and standard terms for the contract were adhered to. The arrangements for the Principal to undertake an audit of documentation was not stated and this is an issue that the Council should consider for future contracts.

The management mechanisms for the contract were uncomplicated and generally satisfactory. Roles and responsibilities for the project were found to be clearly documented. Assessment of risk was undertaken and action was taken in relation to risks that were identified. We found, however, that a Quality Plan had not been produced. This is a relatively low value contract and a Quality Plan may not have been deemed necessary, however it was stated in the contract. We have not been able to determine whether the absence of a Quality Plan was a result of a conscious decision not to draft one or whether this was an oversight but the requirement of the contract was not achieved.

Even in a low value uncomplex project such as this, a Quality Plan can be beneficial. We were informed that quality standards were contained in the Project Initiation Brief but on examination, this document was underdeveloped. Whilst the Project Initiation Brief can set out requirements, the Quality Plan states the approach that will be applied by the contractor to ensure that the requirements for the brief will be met and that the methods used to deliver the works are likely to meet the requirements. A pro-active decision about when a Quality Plan is required would enhance the Council's approach to contract management.

The construction phase of this project ran smoothly. The relationship between the contractor and the Council was stated to be very good. Some alterations to site works were required when it was found that ground conditions in some areas were not as stable as had been anticipated. Some variations were applied at the final stage of the works to ensure that ducting and cabling for ICT connections were adequate. We found that health and safety arrangements were managed appropriately.

We did not undertake a detailed review of the claims and payments throughout the duration of the contract but our discussion with the project manager confirmed that staged payments under the terms of the lump sum contract were agreed and were signed off. We understand that the Council's CPMS system functioned effectively in processing payments to the contractor.

#### **Early Works for the Hornby Centre**

Our review found that this contract was managed well. Of particular note was the approach to monitoring and reporting through a multi-stakeholder Steering Group. The project delivered its objectives but we found that some of the documentation we would expect for a contract of this size and value was not in place.

The pre-construction phase of the contract was managed well. The business case sets out the need for the project and its links with the Council's strategic approach to infrastructure development and the intended benefits. The Project Initiation Brief is comprehensive and defines the nature of the works. The Project Management Plan described in good detail the approach to delivering the project.

The project structure and the roles and responsibilities for delivery of this project were clear and well documented. This project was governed effectively through a Steering Group that provided oversight and ensured the engagement of all stakeholders. Reporting on progress and costs and associated issues such as risks and supply of materials enabled all stakeholders to be well-informed throughout

the process and enabled the Steering Group to identify issues that should be reported to Council or the Community Board.

We noted that a Quality Plan was produced for this project in line with Clause 5 of the contract. The Plan was included in the Project Management Plan. We recognise also that quality requirements are included in other associated documents but consider that the requirement for the contractor to bring together the approach to quality management in a separate Quality Plan is beneficial. Such a plan does not need to repeat all quality requirements and specifications but identifies the way the contractor will ensure the required quality standards are achieved.

We also observed that documentation for site management meetings was not thorough. Such records are essential in monitoring progress and contractor performance in addition to recording incidents that may have future implications. Similarly, we observed that documentation surrounding contract variations was inadequate. Good records of variations are necessary to understand changes in scope or specification and to ensure strong financial control. We acknowledge the positive reports from officers about this project in relation to contractor performance and working relationships, but these must be coupled with appropriate documentation. As stated above, better provision for audit of site based documentation would support a higher level of compliance

We did not undertake a detailed review of claims and payments throughout the contract but this was reported by officers to have operated to the satisfaction of the contractor and the Project Manager through the CPMS system.

#### **Management comment**

*The Council's procurement team have considered the three major recommendations from the review namely: (i) that the probity reports should include a judgement about the compliance of the procurement process in relation to recognised good practice, (ii) that the procurement manual objectives should be aligned with the procurement policy and (iii) that within the procurement process, greater attention should be paid to environmental sustainability.*

*Work is underway to ensure items: (i) and (ii) are documented and implemented. Item (iii) as noted in the review the Council uses alternative methods to focus on environmental sustainability through the value for money reviews which take into account social and financial considerations. As the procurement processes evolve and mature, the emphasis may move towards more climate change specific considerations.*

## Appendix 4: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit of the City Council and its subsidiaries, excluding Lyttelton Port Company (audited by KPMG), ChristchurchNZ (audited by BDO) and Ōtautahi Community Housing Trust (audited by BDO) we carried out other audit and assurance engagements for the City Council and its subsidiary companies.</p> <p>The engagement we carried out for the City Council parent was:</p> <ul style="list-style-type: none"> <li>an assurance engagement of the City Council's Debenture Trust Deed; and</li> <li>an assurance engagement of the City Council's 2020 -31 long-term plan.</li> </ul> <p>The engagements for the City Council's subsidiaries were:</p> <ul style="list-style-type: none"> <li>an assurance engagement in respect of Orion's annual regulatory information disclosures, prepared under the Electricity Distribution Information Disclosure Determination 2012;</li> <li>an assurance engagement in respect of Orion's annual compliance statement, prepared under the Electricity</li> </ul>



Area	Key messages
	<p>Distribution Services Default Price-Quality Path Determination 2010;</p> <ul style="list-style-type: none"> <li>• an assurance engagement in respect of Christchurch International Airport Limited's (CIAL) annual regulatory information disclosures, prepared under the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010;</li> <li>• an assurance engagement in respect of Enable Networks Limited's information disclosure; required under the LFC Information Disclosure Determination 2018;</li> <li>• an assurance engagement in respect of Enable Services Limited specified disclosure information, required under section 83 of the Telecommunications Act 2001;</li> <li>• an assurance engagement in respect of the Christchurch International Airport Limited's Master Trust Deed; and</li> <li>• an assurance engagement in respect of the Christchurch City Holdings Limited's Master Trust Deed.</li> </ul> <p>These engagements are compatible with those independence requirements. Other than the audits and the other audit and assurance engagements, we have no relationship with or interests in the City Council or any of its subsidiaries.</p>
Fees	<p>The audit fee for City Council for 2021 financial year is \$356,000, as detailed in our Audit Proposal Letter. The above fee excludes the cost of cyclical asset revaluations. These will be charged separately in late 2021.</p> <p>We have also charged audit fees of \$237,000 in 2021 for the audit of the 2021-31 long-term plan.</p> <p>The audit fees for 2020/21 Debenture Trust Deed assurance engagement will be charged in December 2021. We perform this engagement on an annual basis.</p> <p>We have recovered \$36,000 in the current financial year for cost overruns incurred from the 2019/20 audit.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council or its subsidiaries that is significant to the audit.</p> <p>A staff member of Audit New Zealand was appointed to an internal audit position at the City Council from November 2021. This person was not involved in this year's audit of the City Council. Appropriate safeguards are in place to manage any potential independence issues arising from this appointment.</p> <p>Senior management and the Chairperson of the Audit and Risk Committee have been notified where mitigations have been put in</p>

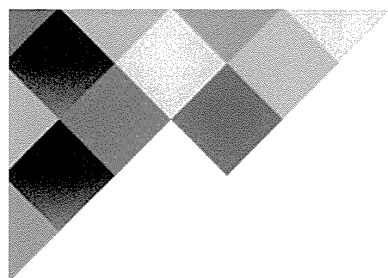
Area	Key messages
	<p>place for the audit. These have been monitored, and adhered to throughout the audit.</p> <p>We have conducted transactions with the Council outside of our normal business relationship to hire facilities for training requirements. These transactions were conducted at arm's length and do not impact our independence.</p>

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

Level 3, 335 Lincoln Road  
PO Box 2  
Christchurch 8140

[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)





AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

28 October 2021

Level 3, 335 Lincoln Road  
Addington  
PO Box 2, Christchurch 8140

Dawn Baxendale  
Chief Executive  
Christchurch City Council  
PO Box 73015  
Christchurch 8154

The Board Members  
Trustees Executors  
PO Box 10519  
Wellington 6143

Tēnā kotou Councillors and Trustee Board Members

**Confirmation of Engagement – Limited Assurance Report in respect of the  
Christchurch City Council's Debenture Trust Deed**

The purpose of this letter is to confirm our understanding of our mutual responsibilities arising from your request to provide a report under clause 12.2.4 and 12.2.6 of the Debenture Trust Deed between Trustees Executors Limited, (the Trustee) and Christchurch City Council (the Council) dated 26 March 2007 (the Trust Deed).

The purpose of this letter is to confirm the terms of our Limited Assurance Engagement and the nature of, and limitations to the services that we will provide. All services are provided subject to the terms and limitations set out in this letter (including any appendices).

**Scope of the engagement**

The Auditor-General is the auditor of the Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me Chantelle Gernetzky, using the staff and resources of Audit New Zealand to carry out the audit of the annual financial statements and performance information of the Council.

The objective of the the audit of the annual financial statements and performance information, which is the subject of a separate letter of engagement with the Council dated 29 April 2021, (attached as Appendix 1), is to report our opinion on those annual financial statements and performance information on behalf of the Auditor-General.

As auditors appointed for the audit of the annual financial statements and performance information, we are not responsible for:

- the preparation of the annual financial statements and performance information of the Council;
- any Reporting Certificate issued to the Trustee by the Council;

- the Council's compliance with the Trust Deed; or
- the obligations of the Trustee, as defined in the Trust Deed and relevant legislation, or the Trustee's execution of those responsibilities in accordance with the Trust Deed and relevant legislation.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate the Council issued to the Trustee.

The scope of this Limited Assurance Engagement is to report on certain matters stated in clause 12.2.6 of the Trust Deed based on information obtained as a by-product of the audit of the annual financial statements and performance information of the Council for the year ending 30 June 2021.

For the purpose of providing our Limited Assurance report (Report), (example attached as Appendix 2), other than as expressly stated in the section below titled "Scope of Auditor's Responsibilities", we will not perform any further procedures beyond those required to complete the audit of the annual financial statements and performance information of the Council .

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Council's Reporting Certificate for the year ended 30 June 2021 is prepared. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 12.2.6 of the Trust Deed must be viewed in that context.

#### **Scope of the Council's responsibilities**

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Trustee under clause 12.2.6 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 12.2.4 of the Trust Deed. the Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.9 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

### Scope of the Trustee's responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of the Report and the audited annual financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited annual financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors". This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

### Scope of the Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we will perform and the evidence we will obtain. We will conduct our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that will be performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that will be obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

We will report to you on the following specific matters under clause 12.2.6 of the Trust Deed:

- From our perusal of the Reporting Certificate dated 17 August 2021 given on behalf of the Council pursuant to clause 12.2.6 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility we will agree the total amount of all categories of stock in the Reporting Certificate dated 17 August 2021 with Computershare Investor Services.

With reference to the other assertions the Chief Executive will make in the Reporting Certificate our procedures will be limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Whether in performing our duties as auditors, we have:
  - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
  - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures will be limited to talking to management and considering any issues which might come to our attention as a by-product of the audit of the annual financial statements and performance information of the Council.

- As at the end of the financial year, from the audit procedures performed as part of the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We will not test that each individual Stockholder has received all monies due and payable to them.

- Whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

the Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.9.

We will not audit the Register for the year ended 30 June 2021. Our procedures will be limited to asking the Council for a copy of the audit report about the audit of the Register.

- As at 30 June 2021:
  - the amount of Stock and how much is Security Stock and Bearer Stock; and
  - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we will agree the total of all categories of Stock with Computershare Investor Services. We will not test that each individual Stockholder has received all monies due and payable to them.

Our Limited Assurance Engagement to provide the Report will be completed in accordance with the scope defined in this letter and any reliance on the Report can only be in the context of the scope as defined. The Report will therefore not be suitable for any other purpose.

### **Inherent limitations**

We will report to you as accountants, not lawyers. Accordingly, we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement will not be performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed will be undertaken on a test basis (that is, we will not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion will be formed on the above basis.

### **Restricted use**

Our Report will be addressed to the Council and the Trustee. This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clause 12.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Our Report is not to be copied or made available (in whole or in part), or recited or referred to in any document, made available to any other person, without our prior written consent except as may be required by law. In addition, we will take no responsibility for, nor do we report on, any part of the Trust Deed not specifically mentioned in the report.

### **Independence and quality control**

We will comply with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

### **Timetable**

Our work will be completed concurrently with the audit of the annual financial statements and performance information. We will complete our Report as soon as possible once the Council has signed the annual financial statements and performance information and provided us with the Reporting Certificate given on behalf of the Council pursuant to clause 12.2.4 of the Trust Deed.



### Fees

The fee will be payable by the Council for this Limited Assurance Engagement. The total fee is estimated to be \$7,000 plus GST. We will invoice the total fee at the completion of the audit.

We may seek to recover additional costs if the audit work takes significantly longer than expected. We will discuss any recoveries with the District Council before we invoice for any cost overruns.

### Supporting documentation required

In order to complete this engagement, we will need access certain information and documentation that Council should have in its files supporting its reporting certificate. Please refer to Appendix 3 for details of the information and documentation we will need.

### Agreement

If you have any questions about this letter, please contact me. Please confirm your agreement to the terms and limitations of this engagement letter by signing below and returning a copy to us.

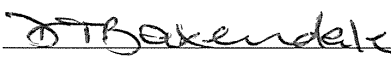
Nāku, na



Chantelle Gernetzky  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

### The Council acceptance


The Christchurch City Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

Signature		Date	29 October 2021
Name:	Dawn Baxendale		
Position:	Chief Executive		

### Trustee acceptance

Debtenture Trust Deed of Christchurch City  
Trustees Executors Limited as Trustee for the Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

Trustees Executors Limited has entered into this letter of engagement in its capacity as Trustee of Debtenture Trust Deed of Christchurch City the Council and accordingly its liability shall not be personal and unlimited but shall be limited to the assets of the Council available to it from time to time in that capacity.

Signature  \_\_\_\_\_ Date 29/10/2021

Name: Jasmine Arora

Position: Client Analyst

**Appendix 1: Engagement Letter – audit of the annual  
financial statements and performance information**

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

29 April 2021

Lianne Dalziel  
Mayor  
Christchurch City Council  
PO Box 73015  
Christchurch 8154

Level 3, 335 Lincoln Road  
Addington  
PO Box 2, Christchurch 8140

Dear Lianne

**Audit Engagement Letter**

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Christchurch City Council and its subsidiaries and controlled entities (collectively referred to as ‘the Group’), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of Christchurch City Council and Group’s financial statements and performance information (Council’s activities and services) on his behalf for the years ending 30 June 2021 to 30 June 2022.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Council and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on Christchurch City Council and Group’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether Christchurch City Council and Group’s financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

A business unit of the Controller and Auditor-General | [www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)

### The Council's responsibilities

Our audit will be carried out on the basis that the Council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
  - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
  - all other information, in addition to the financial statements and performance information, to be included in the annual report;
  - additional information that we may request from Christchurch City Council and Group for the purpose of the audit;
  - unrestricted access to Council members and employees that we consider necessary; and
  - written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible for:

- the preparation of the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;

- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within Christchurch City Council and Group with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

### **Our responsibilities**

#### ***Carrying out the audit***

We are responsible for forming an independent opinion on whether the financial statements of Christchurch City Council and Group:

- present fairly, in all material respects:
  - the financial position; and
  - the financial performance and cash flows for the financial year.
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

We are also responsible for forming an independent opinion on whether the performance information of Christchurch City Council and Group:

- presents fairly, in all material respects, the performance for the financial year, including:
  - the performance achievements as compared with the intended levels of service for the financial year; and
  - the actual revenue and expenses as compared with the forecasts included in the long-term plan and Annual Plan for the financial year.
- complies with generally accepted accounting practice in New Zealand.

In addition to the above we are also responsible for forming an independent opinion whether:

- the funding impact statement of Christchurch City Council presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan;
- the statement about capital expenditure for each group of activities of Christchurch City Council presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the long-term plan; and
- the funding impact statement for each group of activities of Christchurch City Council presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan.

We are also required to report on whether Christchurch City Council have:

- complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christchurch City Council and Group's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how Christchurch City Council and Group have carried out their activities;
- consider laws and regulations relevant to the audit;

- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of Christchurch City Council and Group in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether Christchurch City Council and Group have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

#### ***Our independence***

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of Christchurch City Council and Group; including being independent of management personnel and members of the Council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and me or Audit New Zealand.

#### ***Reporting***

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other management letters to Christchurch City Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

### Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If, after contacting me, you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.


If you require any further information or wish to discuss the terms of the audit engagement further before replying, please contact me.

Yours sincerely



Chantelle Gernetzky  
Appointed Auditor  
On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signature:   
Name: Lianne Dalziel  
Title: Mayor, Christchurch City Council

Date: 16 June 2021



## Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> <li>present fairly, in all material respects: <ul style="list-style-type: none"> <li>the financial position; and</li> <li>the financial performance and cash flows for the financial year.</li> </ul> </li> <li>comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.</li> </ul> <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> <li>presents fairly, in all material respects, the performance for the financial year, including: <ul style="list-style-type: none"> <li>the performance achievements as compared with the intended levels of service for the financial year; and</li> <li>the actual revenue and expenses as compared with the forecasts included in the long-term plan and Annual Plan for the financial year.</li> </ul> </li> <li>complies with generally accepted accounting practice in New Zealand.</li> </ul> <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> <li>the funding impact statement of Christchurch City Council and Group, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan;</li> </ul>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> <li>the statement about capital expenditure for each group of activities of Christchurch City Council and Group, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the long-term plan; and</li> <li>the funding impact statement for each group of activities of Christchurch City Council and Group, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan.</li> </ul> <p>We are also required to report on whether Christchurch City Council and Group have:</p> <ul style="list-style-type: none"> <li>complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and</li> <li>made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.</li> </ul> <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> <li>the appropriateness of accounting policies used and whether they have been consistently applied;</li> <li>the reasonableness of the significant accounting estimates and judgements made by those charged with governance;</li> <li>the appropriateness of the content and measures in any performance information;</li> <li>the adequacy of the disclosures in the financial statements and performance information; and</li> <li>the overall presentation of the financial statements and performance information.</li> </ul> <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> <li>the adoption of the going concern basis of accounting is appropriate;</li> <li>all material transactions have been recorded and are reflected in the financial statements and performance information;</li> </ul>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> <li>all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and</li> <li>uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information.</li> </ul> <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
Responsibilities for the accounting records	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> <li>correctly record and explain transactions of the Christchurch City Council and Group;</li> <li>enable you to monitor the resources, activities, and entities under your control;</li> <li>enable Christchurch City Council and Group's financial position to be determined with reasonable accuracy at any time;</li> <li>enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and</li> <li>are in keeping with the requirements of the Commissioner of Inland Revenue.</li> </ul>	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
<b>Responsibilities for accounting and internal control systems</b>	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of Christchurch City Council and Group), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>
<b>Responsibilities for preventing and detecting fraud and error</b>	
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of Christchurch City Council and Group) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within Christchurch City Council and Group with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> <li>• obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and</li> <li>• report to you any significant weaknesses in internal control that come to our notice.</li> </ul> <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so if it is appropriate for the purposes of protecting the interests of the public.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
<b>Responsibilities for compliance with laws and regulations</b>	
<p>You are responsible for ensuring that Christchurch City Council and Group have systems, policies, and procedures (appropriate to the size of Christchurch City Council and Group) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the Christchurch City Council and Group are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> <li>the relevance of the law or regulation to the audit;</li> <li>our assessment of the risk of non-compliance; and</li> <li>the impact of non-compliance for the addressee of the audit report.</li> </ul> <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
<b>Responsibilities to establish and maintain appropriate standards of conduct and personal integrity</b>	
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of Christchurch City Council and Group may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>
<b>Responsibilities for conflicts of interest and related parties</b>	
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>
<b>Responsibilities for publishing the audited financial statements on a website</b>	
<p>You are responsible for the electronic presentation of the financial statements and performance information on Christchurch City Council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>

## Appendix 2: Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



## Appendix 2: Example Report

### Independent Assurance Report

#### To Christchurch City Council and to Trustees Executors Limited in respect of Christchurch City Council's Debenture Trust Deed for the year ended 30 June 2021

The Auditor-General is the auditor of Christchurch City Council (the Council) pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, using the staff and resources of Audit New Zealand to undertake a limited assurance engagement, on his behalf, as required by 12.2.6 of the Debenture Trust Deed dated 26 March 2007 (the Trust Deed), for the year ended 30 June 2021.

#### Councillors' Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Trustees Executors Limited (Trustee) under clause 12.2.6 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 12.2.4 of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.9 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

#### Trustee's responsibilities

The Trustee monitors The Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and The Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring The Council.

The receipt of this limited assurance report (Report) and the audited financial statements and performance information of The Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled “Monitoring by Securities Trustees and Statutory Supervisors”. This guidance note sets out the FMA’s expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee’s responsibility to meet the FMA’s expectations as set out in the guidance note.

### **Auditor’s responsibilities**

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board’s website.

A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

The procedures performed when carrying out the audit of the annual financial statements and performance information of The Council are not designed to assess whether The Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate the Council issued to the Trustee.

The scope of this limited assurance engagement is to report on certain matters stated in clause 12.2.6 of the Trust Deed based on information obtained as a byproduct of our engagement to perform the audit of the annual financial statements and performance information of The Council for the year ended 30 June 2021.

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete our engagement to perform the audit of the annual financial statements and performance information of The Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 2021 is prepared by The Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 12.2.6 of the Trust Deed must be viewed in that context.

Our responsibility under clause 12.2.6 of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated xx October 2021 given on behalf of The Council pursuant to clause 12.2.6 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility, we agreed the total amount of all categories of Stock in the Reporting Certificate dated xx 2021 with Computershare Investor Services and the Local Government Funding Agency.

With reference to the other assertions made by the Chief Executive in the Reporting Certificate our procedures have been limited to talking to management and considering any issues which might have come to our attention as a byproduct of our engagement to perform the audit of the annual financial statements and performance information of The Council.

- Report whether, in performing our duties as auditors, we have:
  - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
  - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures have been limited to talking to management and considering any issues which might have come to our attention as a byproduct of our engagement to perform the audit of the annual financial statements and performance information of The Council.

- Report, as at the end of the financial year, from the audit procedures performed as part of our engagement to perform the audit of the annual financial statements and performance information of The Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We have not tested that each individual Stockholder has received all monies due and payable to them.

- Report whether The Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.9.

The audit of the Register is a separate engagement in the same way the engagement to perform the audit of the annual financial statements and performance information is a separate engagement. Our procedures were limited to asking The Council for a copy of the audit report about the Register.

- Report as at 30 June 2021:
  - the amount of Stock and how much is Security Stock and Bearer Stock; and

- the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we have agreed the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

### **Inherent limitations**

We report to you as accountants, not lawyers. Accordingly we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of The Council's compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Report cannot be relied on to detect all instances where The Council may not have complied with the requirements of the Trust Deed. Our Qualified conclusion has been formed on the above basis.

### **Restricted use**

This Report has been prepared solely for The Council and the Trustee in accordance with the requirements of clause 12.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than The Council and the Trustee or for any purpose other than that for which it was prepared.

Our limited assurance engagement was completed on xx 2021 and our qualified conclusion is expressed as at that date.

### **Limited Assurance Conclusion**

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- The statements made by the Council in the Reporting Certificate dated xx 2021 pursuant to clause 12.2.4 are materially correct (Reporting Certificate dated xx 2021 is given in Appendix 1).
- There are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee.
- There are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.
- In all material respects, that the Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our limited assurance engagement was completed on xx 2021 and our conclusion is expressed as at that date.

### The Register and Stock

As outlined above, The Council has not provided us with a copy of the audit report about the Register.

Based on the work described in this Report, as at 30 June 2021 the following balances are given:

Total stock of	xxxx
This is comprised of:	
○ Security stock of	xxxx
○ Bearer stock of	xxxx
○ Other stock of	xxxx
○ Security stock (Local Government Funding Agency stock) of	xxxx

Based on the work described in this Report, as at 30 June 2021 the following balances are given:

Total Principal Money owing and secured under the stock of	xxxx
This is comprised of:	
○ Security stock of	xxxx
○ Bearer stock of	xxxx
○ Other stock of	xxxx
○ Security stock (Local Government Funding Agency stock) of	xxxx

The Total Principal Money owing does not include derivative contracts held by the Council that are secured by Security Stock.

The Council is one of a group of guarantors of the Local Government Funding Agency. As at 30 June 2021 Council had x,xxx,xxxk units of Security Stock on issue associated with the guarantee.

The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at 30 June 2021 is as follows:

x,xxx,xxxk	units of Security Stock on issue associated with the guarantee
xx,xxxk	accrued interest
(xxx,xxx)k	Treasury Stock held by the Local Government Funding Agency
xx,xxxk	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
x,xxx,xxxk	Total borrowings of the Local Government Funding Agency at 30 June 2021

The Reporting Certificate dated xx 2021 (attached) requires the Council to report Security Stock (issued with a floating nominal amount) no more than five business days before the date of the

Reporting Certificate. The Council has x,xxx,xxxk units of Security Stock on issue associated with the guarantee at that date. This value includes xxx,xxxk of Treasury Stock held by the Local Government Funding Agency and excludes accrued interest. The Local Government Funding Agency may have lent an amount of the Treasury Stock to the market via repurchase agreements.

#### **Independence and quality control**

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this engagement we performed the annual audit of The Council's annual financial statements and performance information, and assurance engagement on the Council's or Company's register, and consultation document and long-term plan. Other than these engagements, we have no relationship with or interests in The Council or any of its subsidiaries or the Trustee.

Chantelle Gernetzky  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

### Appendix 3: Supporting documentation required

We will need access to the following information and documentation from Council's records supporting the reporting certificate:

- A copy of the debenture trust deed.
- The signed reporting certificate for the debenture trust deed for 30 June 2021.
- The LGFA floating nominal amount confirmation as at 30 June 2021.
- Copies of all security stock certificates, including all security stock recorded on the register as 1 cent/1 unit security stocks.
- A security stock listing, indicating who the holders of each security stock are.
- Debt terms sheets for all debenture stock outstanding.
- Written confirmation that all stock that was due to be repaid during the financial was in fact repaid.
- Written confirmation that any interest due for payment on the stock was in fact paid.

Please note that items requested above may not represent all of the information that we need, and additional requests for information and documentation may follow during the course of the engagement depending on the circumstances.

## Independent Assurance Report

### To Christchurch City Council and to Trustees Executors Limited in respect of Christchurch City Council's Debenture Trust Deed for the year ended 30 June 2021

The Auditor-General is the auditor of Christchurch City Council (the Council) pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand to undertake a limited assurance engagement, on his behalf, as required by clauses 12.2.6 of the Debenture Trust Deed dated 26 March 2007 and amendments (the Trust Deed), for the year ended 30 June 2021.

#### Councillors Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to Trustees Executors Limited (Trustee) under clause 12.2.6 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 12.2.4 of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.9 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

#### Trustee's Responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of this limited assurance report (Report) and the audited financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.



The Financial Markets Authority (FMA) issued a guidance note titled “Monitoring by Securities Trustees and Statutory Supervisors”<sup>1</sup>. This guidance note sets out the FMA’s expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee’s responsibility to meet the FMA’s expectations as set out in the guidance note.

### Auditor’s Responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board’s website.

A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate the Council issued to the Trustee.

The scope of this limited assurance engagement is to report on certain matters stated in clause 12.2.6 of the Trust Deed based on information obtained as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council for the year ended 30 June 2021.

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete our engagement to perform the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 2021 is prepared by the Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 12.2.6 of the Trust Deed must be viewed in that context.

Our responsibility under clause 12.2.6 of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated 17 August 2021 given on behalf of the Council pursuant to clause 12.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought

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<sup>1</sup> Please refer to the FMA website for a copy of the guidance note titled “Monitoring by Securities Trustees and Statutory Supervisors” (2013).

to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility we agreed the total amount of all categories of Stock in the Reporting Certificate dated 17 August 2021 with Computershare Investor Services and the Local Government Funding Agency.

With reference to the other assertions made by the Chief Executive in the Reporting Certificate our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report whether, in performing our duties as auditors, we have:
  - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
  - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report, as at the end of the financial year, from the audit procedures performed as part of our engagement to perform the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We have not tested that each individual Stockholder has received all monies due and payable to them.

- Report whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.9.

The audit of the Register is a separate engagement in the same way the engagement to perform the audit of the annual financial statements and performance information is a separate engagement. Our procedures were limited to asking the Council for a copy of the audit report about the Register.

- Report as at 30 June 2021:
  - the amount of Stock and how much is Security Stock and Bearer Stock; and
  - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we have agreed the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

### **Inherent limitations**

We report to you as accountants, not lawyers. Accordingly we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion has been formed on the above basis.

### **Restricted use**

This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clause 12.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

### **Limited Assurance Conclusion**

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- The statements made by the Council in the Reporting Certificate dated 17 August 2021 pursuant to clause 12.2.4 are materially incorrect (Reporting Certificate dated 17 August 2021 is given in Appendix 1).
- There are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee.
- There are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

- In all material respects, that the Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our limited assurance engagement was completed on 29 October 2021 and our conclusion is expressed as at that date.

### The Register and Stock

The Council has provided us with a copy of the audit report about the Register. Please refer to Appendix 2 for a copy of the audit report about the Register.

Based on the work described in this Report, as at 30 June 2021 the following balances are given:

Total stock of	\$3,070,913,482
This is comprised of:	
○ Security stock of	\$1,010,000,000
○ Bearer stock of	\$0
○ Other stock of	\$0
○ Security stock (Local Government Funding Agency stock) of	\$2,060,913,482

Based on the work described in this Report, as at 30 June 2021 the following balances are given:

Total Principal Money owing and secured under the stock of	\$1,960,913,481
This is comprised of:	
○ Security stock of	\$0
○ Bearer Stock of	\$0
○ Other stock of	\$0
○ Security stock (Local Government Funding Agency stock) of	\$1,960,913,481

The Council is one of a group of guarantors of the Local Government Funding Agency. As at 30 June 2021 the Council had 14,420,000k units of Security Stock on issue associated with the guarantee.

The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at 30 June 2021 is as follows:

\$000	
14,420,000	units of Security Stock on issue associated with the guarantee
79,610	accrued interest
(1,000,000)	Treasury Stock <sup>2</sup> held by the Local Government Funding Agency
110,220	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
13,609,830 <sup>3</sup>	Total borrowings of the Local Government Funding Agency at 30 June 2021

<sup>2</sup> Treasury Stock is stock which is bought back by the issuing entity reducing the amount of outstanding stock on the open market. When an entity repurchases its stock, it reduces its liabilities.

<sup>3</sup> The NZLGA issued its shareholders and guarantors with a letter dated 28 July 2021. That letter says that the unaudited total borrowings at 30 June 2021 are \$13,609,830k. The difference between the audited total borrowings of \$13,604,610k and the unaudited total borrowings is \$5,220k. This difference arose because NZLGA did not report the face value of Treasury stock lent to counterparties under bond repurchase agreements in their letter dated 28 July 2021 for the year ending 30 June 2021. In the unlikely event of a default, we are of the view that it is the face value of the securities plus any accrued interest that would be payable.

The Reporting Certificate dated 17 August 2021 (attached) requires the Council to report Security Stock (issued with a floating nominal amount) no more than five business days before the date of the Reporting Certificate. The Council has 14,925,000k units of Security Stock on issue associated with the guarantee at that date. This value includes 1,000,000k of Treasury Stock held by the Local Government Funding Agency and excludes accrued interest. The Local Government Funding Agency may have lent an amount of the Treasury Stock to the market via repurchase agreements.

### **Independence and quality control**

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this engagement we performed the annual audit of the Council's annual financial statements and performance information, and assurance engagements on the Council's consultation document and long-term plan. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries or the Trustee.



Chantelle Gernetzky  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, Audit New Zealand

## Appendix 1: Copy of the reporting certificate dated 17 August 2021

### TRUST DEED REPORTING CERTIFICATE

I, **Dawn Baxendale**, the Chief Executive of Christchurch City Council (the **Council**) hereby certify to the best of my knowledge and belief for the purposes of the Debenture Trust Deed dated on or about 26 March 2007 (the **Trust Deed**) and subsequent amendments:

1. Since the date on which the last Reporting Certificate containing this certification was given:
  - (a) all interest due on the Stock has been paid;
  - (b) all Stock which has fallen due for repayment has been repaid;
  - (c) no Enforcement Event has occurred and remains unremedied.
2. As at **30 June 2021** the total amount of Stock issued and outstanding under the Trust Deed (showing separately the respective nominal amounts) is as follows:
  - (i) Debenture Stock of: **\$0**
  - (ii) Security Stock (issued with a fixed nominal amount) of: **\$1,010,000,000**
  - (iii) Bearer Stock of: **\$0**together with:
  - (iv) Security Stock (issued with a floating nominal amount), which as at **17 August 2021** (being no more than 5 business days before the date of this certificate) amounted to: **\$17,032,413,481<sup>1 2</sup>** plus accrued interest
3. The Council has complied with the Act in connection with the Trust Deed, the Register and Paying Agreement, and any borrowing documentation which the Council has entered into under, in accordance with or secured by the Trust Deed.
4. On the basis of such information as to the financial position and prospects of the Council as is generally received by me in my capacity as Chief Executive (including reports from the Council's financial managers), I am not aware of any reason why the Council will not be able to meet its liabilities in relation to Stock and interest thereon which are anticipated to fall due or to become payable during the twelve months from the date of this Certificate.
5. For the purposes of paragraph 4 of this Certificate, I have considered in particular:
  - (a) The liability of the Council under the Security Stock Certificates issued with a floating nominal amount;

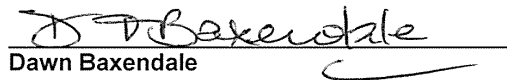
<sup>1</sup> The Council's borrowing from the LGFA is **\$2,107,413,481** (including interest payable at maturity of short term borrowing and a LGFA standby facility), and the Council's guarantee in relation to the LGFA borrowing is **\$14,925,000,000**.

<sup>2</sup> Note that the total nominal amount disclosed excludes the nominal amount of the Security Stock with a floating nominal amount issued by the Council (a) in relation to the Equity Commitment Deed dated on or about 7 December 2011 and (b) in relation to the Multi Issuer Deed dated on or about 7 December 2011, between (amongst others) the Council and New Zealand Local Government Funding Agency Limited.

- (b) The likelihood of the liabilities secured by those Security Stock Certificates being called on; and
  - (c) The ability of the Council to recover or recoup from other parties in relation to any payments that the Council would be required to make in respect of those Security Stock Certificates.
6. Since the date on which the last Reporting Certificate containing this certification was given the Council has complied in all material respects with all the material provisions, covenants and obligations under the Trust Deed, and I am not aware of any reason why in the period of twelve months from the date of this Certificate the Council will not so comply with such provisions, covenants and obligations.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

**Dated:** 17 August 2021



**Dawn Baxendale**  
Chief Executive  
Christchurch City Council

## Appendix 2: Copy of the Audit report about the Register



### Independent Assurance report

To the Directors of Computershare Investor Services Limited (the "Company")

### Assurance Report Pursuant to section 218 of the Financial Markets Conduct Act 2013 and Regulations 108 and 110 of the Financial Markets Conduct Regulations 2014

#### Opinion

We have undertaken a reasonable assurance engagement in respect of the compliance, in all material respects, of the registers of security holders (the "Register") maintained by the Company with section 217 of the Financial Markets Conduct Act 2013 for the year ended 30 June 2021.

In our opinion, with respect to the Registers maintained by the Company, the Company has complied, in all material respects, with section 217 of the Financial Markets Conduct Act 2013 for the year ended 30 June 2021.

#### Basis for Opinion

We have conducted our engagement in accordance with Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*, issued by the New Zealand Auditing and Assurance Standards Board.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Directors' Responsibilities

The Directors are responsible on behalf of the Company for:

- maintaining the registers of security holders that complies with section 217 of the Financial Markets Conduct Act 2013 for the year ended 30 June 2021.
- identification of risks that threaten compliance with the requirements of section 217 of the Financial Markets Conduct Act 2013 being met, and controls which will mitigate those risks and monitor ongoing compliance.

#### Our Independence and Quality Control

We have complied with the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* or other professional requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with the Professional and Ethical Standard 3 (Amended) *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* or other professional requirements, or requirements in law or regulation, that are at least as demanding, our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of the Company. Other than in our capacity as independent assurance practitioner, we have no relationship with, or interests in, the Company.





#### Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on whether, with respect to the registers of security holders maintained, the Company has complied, in all material respects, with section 217 of the Financial Markets Conduct Act 2013 and report our opinion to you. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance about whether the Company has complied, in all material respects, with Section 217 of the Financial Markets Conduct Act 2013.

An assurance engagement to report on the Company's compliance with section 217 of the Financial Markets Conduct Act 2013 involves performing procedures to obtain evidence about the compliance activity and controls implemented. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance.

#### Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with section 217 of the Financial Markets Conduct Act 2013 will continue in the future.

#### Restriction on Distribution and Use of our Report

This report has been prepared for the Directors, as a body, in accordance with Section 218 of the Financial Markets Conduct Act 2013 and Regulation 110 of the Financial Markets Conduct Regulations 2014 and is provided solely to assist you in establishing that compliance requirements have been met.

Under the terms of our engagement our report may be provided on a confidential basis to the users of the Company's Registry Management services, whether or not they are required to comply with Section 218 of the Act, on the basis that we do not accept or assume any duty of care or other legal responsibility to those users. Notwithstanding the Act or Regulations, we do not accept or assume a duty of care or other legal responsibility.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of the Company, or for any purpose other than that for which it was prepared. In addition, we disclaim any responsibility for reliance on this report other than for the purpose for which it was prepared.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

Chartered Accountants  
30 July 2021

Auckland



## 8. Health, Safety and Wellbeing Committee Minutes - 19 November 2021

Reference Te Tohutoro:	21/1632314
Report of Te Pou Matua:	Mark Saunders, Committee and Hearings Advisor, mark.saunders@ccc.govt.nz
General Manager Pouwhakarae:	Miles McConway, General Manager Resources, miles.mcconway@ccc.govt.nz


### 1. Purpose of Report Te Pūtake Pūrongo

The Health, Safety and Wellbeing Committee held a meeting on 19 November 2021 and is circulating the Minutes recorded to the Council for its information.

### 2. Recommendation to Council

That the Council receives the Minutes from the Health, Safety and Wellbeing Committee meeting held 19 November 2021.

### Attachments Ngā Tāpirihanga

No.	Title	Page
<a href="#">A</a> 	Minutes Health, Safety and Wellbeing Committee - 19 November 2021	112

### Signatories Ngā Kaiwaitohu

Author	Mark Saunders - Committee and Hearings Advisor
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## Health, Safety and Wellbeing Committee OPEN MINUTES

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<b>Date:</b>	<b>Friday 19 November 2021</b>
<b>Time:</b>	<b>9.31am</b>
<b>Venue:</b>	<b>Council Chambers, Civic Offices, 53 Hereford Street, Christchurch and by Audio/Video Link</b>

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<b>Present</b>	
Deputy Chairperson	Councillor Phil Mauger
Members	Mr Bevan Killick Councillor Sam MacDonald

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**Principal Advisor**  
Miles McConway  
General Manager Resources  
Tel: 941 8999

Mark Saunders  
Committee and Hearings Advisor  
941 6436  
mark.saunders@ccc.govt.nz  
[www.ccc.govt.nz](http://www.ccc.govt.nz)

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Health, Safety and Wellbeing Committee  
19 November 2021



**Part A Matters Requiring a Council Decision**

**Part B Reports for Information**

**Part C Decisions Under Delegation**

**Secretarial Note:**

*This meeting was held in-person for members and staff only in the Council Chambers, with members of the public able to attend via audio/visual link on the Zoom platform to ensure physical distancing due to the South Island being under Covid 19 Alert Level 2 restrictions. These minutes provide a detailed written summary of the meeting proceedings.*

Deputy Chairperson Councillor Mauger assumed the chair for the meeting, having received an apology for absence from the Chairperson, Councillor Gough.

The agenda was dealt with in the following order.

**1. Apologies Ngā Whakapāha**

**Part C**

The Deputy Chairperson called for apologies. Apologies for absence were received from Councillor James Gough, Mr Paul Coleman and Chief Executive Dawn Baxendale. Councillor MacDonald moved that the apologies be accepted. The motion was seconded by Mr Killick and when put to the vote was carried unanimously.

**Committee Resolved HSCM/2021/00010**

That the apologies for absence received from Mr Paul Coleman, Councillor James Gough and Chief Executive Dawn Baxendale be accepted.

Councillor MacDonald/Mr Killick

**Carried**

**2. Declarations of Interest Ngā Whakapuaki Aronga**

**Part B**

The Deputy Chairperson called for declarations of interest. Mr Killick declared his appointment as a trustee of the NZUK Link Foundation (though not specifically relating to an item on the agenda).

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

**Part C**

The Chairperson asked members to confirm that the minutes of the previous meeting held on 26 August 2021 were a true and accurate record of the meeting. No issues or matters concerning the accuracy of the minutes were raised. Councillor MacDonald moved that the minutes be confirmed. The motion was seconded by Mr Killick and when put to the vote was carried unanimously.

In respect of site visits undertaken by members between meetings, it was requested that these be referenced as 'site visits' rather than 'walk-about', and that such interactions and workshops involving members more generally be separately recorded elsewhere as having occurred.

**Health, Safety and Wellbeing Committee  
19 November 2021**



**Committee Resolved HSCM/2021/00011**

That the minutes of the Health, Safety and Wellbeing Committee meeting held on Thursday, 26 August 2021 be confirmed.

Councillor MacDonald/Mr Killick

**Carried**

**4. Public Forum Te Huinga Whānui**

**Part B**

There were no public forum presentations.

**5. Deputations by Appointment Ngā Huinga Whakaritenga**

**Part B**

There were no deputations by appointment.

**6. Presentation of Petitions Ngā Pākikitanga**

**Part B**

There was no presentation of petitions.

**7. Health, Safety & Wellbeing Quarterly Report July - September 2021**

The Manager Health & Safety, Duncan Sandeman, presented the Health, Safety and Wellbeing (HSW) Quarterly Report to the Committee, and canvassed updates to the report and developments since the previous quarter, including an increase seen in manager training. It was also noted that consideration was being given to booster training and to planning for management champions.

Staff noted that steps were being taken to address the timely sign off of events to enable prompt entry into the system. Responding to a question whether streamlining of the system is being progressed, this was confirmed with note of a review undertaken that indicated a need to ultimately consider moving to a more streamlined system.

Staff indicated an intent to consult with the relevant General Manager about organising the next site visit for the Committee to be to a council pool facility.

**Committee Consideration**

The Committee queried the incidence of abuse of staff by citizens and the strategy for dealing with this. The prominence of this type of event was acknowledged with note that the severity of incidents varies, and it is an ongoing journey of making continuous steps to manage abuse. The training in de-escalation that parking officers receive was discussed as an example.

The Committee discussed the risk to staff in terms of potential abuse from citizens around monitoring for public compliance with Covid 19 public health requirements in council facilities. Staff noted the consideration being given to such matters by the Council's Incident Management Team (IMT), including consideration of whether this role should be shifted to security staff and what educational approaches might be taken.

The Committee asked if feedback was being obtained from staff on the front line with the public dealing with the Covid 19 requirements, and officers referred to a survey of staff including a question around anything else staff thought the organisation should be doing in terms of Covid 19

**Health, Safety and Wellbeing Committee  
19 November 2021**



measures. The feedback from this had been considered, and it was agreed that the IMT could attend the next Committee meeting for their perspective.

The Committee asked if the IMT could engage with the front line staff for their feedback before finalising solutions.

Councillor MacDonald moved that the Officer Recommendation to receive the information in the HSW Quarterly Report be accepted, and that the Committee requests an update from the IMT at the next Committee meeting on staff interactions with citizens in respect of Covid public safety requirements. The motion was seconded by Councillor Mauger and when put to the vote was carried unanimously.

**Officer Recommendations Ngā Tūtohu**

That the Health, Safety and Wellbeing Committee:

1. Receive the information in the Health, Safety & Wellbeing Quarterly Report July – September 2021.

**Committee Resolved HSCM/2021/00012**

**Part C**

That the Health, Safety and Wellbeing Committee:

1. Receive the information in the Health, Safety & Wellbeing Quarterly Report July – September 2021.
2. Requests an update from the IMT at the next Committee meeting on staff interactions with citizens in respect of Covid public safety requirements.

Councillor MacDonald/Councillor Mauger

**Carried**

**8. Resolution to Exclude the Public**

The Deputy Chairperson moved the adoption of the resolution to exclude the public for the consideration of the public excluded item and attachment. The motion was seconded by Mr Killick and when put to the vote was carried unanimously.

**Committee Resolved HSCM/2021/00013**

**Part C**

That at 10.05am the resolution to exclude the public set out on pages 20 to 22 of the agenda be adopted.

Councillor Mauger/Mr Killick

**Carried**

**The public were re-admitted to the meeting at 10.27am.**

Health, Safety and Wellbeing Committee  
19 November 2021

Christchurch  
City Council 

Meeting concluded at 10.28am.

UNCONFIRMED

COUNCILLOR PHIL MAUGER  
DEPUTY CHAIRPERSON

UNCONFIRMED

Item 8

Attachment A



## 9. Removal of library fines

Reference Te Tohutoro: 21/1711366

Report of Te Pou Matua: Carolyn Robertson, Head of Libraries & Information,  
Carolyn.roberston@ccc.govt.nz

General Manager Mary Richardson, General Manager Citizens and Community,  
Pouwhakarae: mary.richardson@ccc.govt.nz

### 1. Purpose of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to provide information to enable Council to make a decision on the removal of charges for overdue library items and all historical debt related to overdue charges by the end of January 2022. This report has been written as a result of a Notice of motion passed by the Finance and Performance Committee on 25 November 2021 (FPCO/2021/0000163):

*That the Finance and Performance Committee:*

- That the Council notes the increasing number of Councils through New Zealand that have removed overdue library item fines, including: Auckland Council, Nelson and Upper Hutt City Councils, and the District Councils in Carterton, Clutha, Masterton, Selwyn, South Taranaki, South Wairarapa, Stratford, Waikato and Waimakariri.*
- That staff bring a report to Council or a Committee of the Whole enabling a decision to be made on the removal of charges for overdue library items and all historic debt related to overdue charges by the end of January 2022.*

- 1.2 The decision in this report is of low of medium significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by reviewing the impact on those affected and the financial implications.

### 2. Officer Recommendations Ngā Tūtohu

*That the Council:*

- Agrees to the removal of charges for overdue library items and all historical debt related to overdue library charges from 1 March 2022.

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

- Library fines for overdue items are charged to adult members at 70 cents per day to a maximum of \$21 per item. If the member is referred to debt collection a further \$25 is added. Children and young adults 18 years and under, and those with concession membership are exempt from paying fines.
- Memberships are blocked after a specific period of time if fines are not paid. Customers are unable to borrow material or access digital resources until payment is made.
- The removal of fines on overdue material for all other library members has the benefits of improving equity of access to ideas, information, and knowledge for those who can least afford it; supporting literacy and fostering the joy of reading for all; retaining library membership and helping them to maintain a lifelong relationship with the library; increasing the borrowing and return of items; and increasing customer satisfaction.

- 3.4 The library regularly receives feedback from customers on the payment of fines. This includes financial pressure for those on limited budgets, the impact on their health and wellbeing, their ability to access information for literacy and learning purposes, their perception that the money paid in rates covers all library charges, and an assumption that all public libraries are fine free.
- 3.5 The trend both in New Zealand and overseas is for public libraries to remove fines. This includes Auckland Council, Nelson, Dunedin, and Upper Hutt City Councils, and the District Councils in Carterton, Clutha, Masterton, Selwyn, South Taranaki, South Wairarapa, Stratford, Waikato, and Waimakariri. Christchurch City Libraries is recognised nationally and internationally by peers as a leader in the library world, and yet still charges fines.

#### 4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 The Library offers a concession membership to those customers who meet the criteria of having a physical or mental disability which impinges on their ability to access library services. Concession members are exempt from paying fines. This group makes up 3% of our total membership. Broadening this type of membership to include customers on some form of benefit or low income has been discounted based on the difficulty of developing sufficient criteria which would be easy to administer, while at the same time respecting the customer's confidentiality, and the assumption that only customers from low socio-economic areas have difficulties paying fines.
- 4.2 Managed accounts are used to help support customers who have had difficulties in managing their membership in the past. Customers are limited to 5 items.
- 4.3 In cases where one member of the family has been referred to debt collection due to an unpaid fine, all other members joined by that same person as guarantor have been limited to two items. This has reduced the potential to owe large amounts of money.
- 4.4 Payment plans are an option customers can use to pay off debt through regular contributions.
- 4.5 Renewals are available to give customers more time to keep items out on loan and reduce overdue charges. While the amount of revenue gained from fines has reduced, it is difficult to identify whether this is the result of items being renewed, an increase in the use of eBooks and eAudiobooks which do not attract fines, or a reduction in the timeframes before an overdue charge blocks a customer's card and the fine is sent to debt collection.
- 4.6 A series of reminders are sent to customers when a fine remains unpaid. These are sent by email, letter, or text, and are followed up by an invoice, and letter outlining the ramifications if a fine is left outstanding before being referred to debt collection. In the last review, timeframes between each part of the debt process were reduced. This has resulted in a significant reduction in the amount of fines owed.
- 4.7 The Library offers Library elf, a third party software application, used as a way of receiving regular reminders when items are due back. More opportunities could be used to promote this application more; however it is only available to those customers who have access to a device, and choose to use the service.
- 4.8 The Library considered offering customers separate digital-only membership as a way of providing access to electronic resources while their existing membership was blocked due to having overdue material and/or fines owing. This was discounted due to the inability to address usage by those customers who do not have access to their devices and rely on access to physical material.

## 5. Detail Te Whakamahuki

- 5.1 The benefits of removing fines for overdue material has clear linkages with the following Community Outcomes and Council strategic directions as outlined in the LIU Activity Plan 2021-31: Strong sense of community; celebration of our identity through arts, culture, heritage and sport; and an inclusive, equitable economy with broad-based prosperity for all; which together enable active and connected communities to own their future.
- 5.2 Originally fines were intended to motivate customers to return items to improve access to the collection for other customers. Instead fines have become a barrier, particularly for those customers who cannot afford to pay. The administration of fines does not distinguish between those who are responsible for managing their borrowing, and those who are not. In today's environment, it is these customers who often need libraries the most. Through not being able to afford paying their fines, they lose the ability to access both electronic and physical resources. This leads to a break in the habit of being a library member and in many cases has the flow on effect of impacting on all members of the family.
- 5.3 With the introduction of self-service kiosks into libraries, customers are encouraged to become more independent by issuing and returning their own books. The downside of this is that for some families it is easy to mistakenly issue children's books on adult cards, and then incur fines when the books are returned late. Other customers are very aware there are no fines on children's cards, and use these cards for their own borrowing so that no fines are incurred.
- 5.4 The Library receives ongoing feedback from customers through Hybris, emails, phone, and face to face. Feedback includes issues around the inability to pay, to understand why they need to pay, and astonishment on how much they need to pay. This results in many difficult conversations held in public spaces within the library. In these instances customers are often agitated, loud, and can take their resentment out on library staff. While staff are trained to handle such instances, these experiences can be challenging, particularly as customers' personal circumstances can become inadvertently known by others in the library as voices rise. Library staff do have the ability to waive fines under genuinely exceptional circumstances, and when this happens notes are added to the customer's record to retain a historical record.
- 5.5 A selection of feedback from customers includes:
  - 5.5.1 'I cannot afford to pay this – I won't be returning to use the library'.
  - 5.5.2 'I had a customer crying on the phone that she couldn't pay the fines as she was a solo mother with several children and would rather feed my kids that pay library fines'. The family has not used the library since.
  - 5.5.3 Customer lost her job at the same time books were returned very overdue. She slumped into a dark place mentally, was not functioning normally and was overwhelmed with stress. The fine is still owed.
  - 5.5.4 'These fees are unreasonable – I find it concerning as it stops people from using the library that we all pay for already in our rates. We live in a busy and complicated world and it is often difficult to remember to renew or get to the library to return things.'
  - 5.5.5 'My children were each limited to two books at any one time until I paid off the money I owed. This disadvantaged their ability to read as much as they did in the past.'
  - 5.5.6 'It's patently obvious that fines aren't an incentive to return books earlier, they're actually more of a deterrent from even using libraries – I don't use the library nearly as much as I could because of the fines'.

- 5.5.7 'When I first heard the news, I didn't realise it was just the Wellington area – I thought it was nationwide. Personally I think the fines system in Christchurch is a bit of a rort – is it really necessary? It seems like 'grabbing for the sake of grabbing'.'
- 5.6 Currently 196,111 or 50% of the city's population are members of the library. Of these 56% pay fines if items become overdue. Currently 14% of these customers are unable to borrow any further items or access electronic resources because of the time taken to pay outstanding fines. With the removal of fines, these existing members would be able to access resources once more, and overall membership and circulation issues would increase as former members become active members again, and other non-users are encouraged to join the library.
- 5.7 The trend in both New Zealand and overseas is for public libraries to remove fines for all library customers. As at September 2021, 75% of NZ public libraries were fines free for children and young adults; and 15% were fine free for adults. Research internationally and nationally has identified being fines free encourages library use, and does not disadvantage anyone. However there is a lack of robust evidence about the impact of removing fines on communities. Sabrina Unrein noted in her 2020 report [Overdue fines: advantages, disadvantages, and how eliminating them can benefit public libraries](#) that evidence about fines-free was either old or small-scale, with little investigation into libraries that have eliminated fines, and how this change has impacted their communities. Comments from other library networks include
- 5.7.1 'We were very lucky to have a far-sighted council who realised that having a library collection that half the town could not use due to overdue fines was not the way to go. It was such a relief not having the grief of fines, as we knew so many families just never came back when they had overdues.'
- 5.7.2 Auckland Libraries and other councils have observed is that overdue fines have not ensured books are returned, and that where fines were stopped return rates increased and so did the number of people borrowing items. By going fines free, barriers to accessing a community-owned resource was removed and long term use of libraries by our community was encouraged. Overdue fees were decreasing and an unstable revenue source, that fines created an uncomfortable customer-staff dynamic, and perpetuated a negative stereotype of libraries as punitive.
- 5.7.3 In July 2021, Nelson Libraries Manager stated 'We knew that removing overdue fines for adults would not only bring people back to the library, but also create a culture of inclusivity. While it's too early to say definitive numbers, we have welcomed new members who hadn't used the library due to fear of accruing overdue fees. It has also been a lot easier for our staff. There are fewer upset customers and this is a win for both them and us. There have been a few negative concerns that people would just hold on to their borrowed books and this would impact on access to the collection, especially the popular, newer titles. However we have not seen any evidence of this.'
- 5.7.4 Upper Hutt Libraries have noticed some items have taken longer to be returned and the staff have had to put systems in place to remind customers that they need to return or renew items they have out.
- 5.7.5 Chicago Public Libraries saw a 240% increase in the return of materials within three weeks of implementing its fine-free policy. Denver Public Library reported that after one year of being fines free, 35% of patrons who had stopped using library services had re-engaged. In October 2021, New York Public Library eliminated all fines and cleared the debt of all of its patrons, a move designed to remove barriers to access for low-income patrons. San Francisco, Boston, and Los Angeles County are also fines free.

- 5.7.6 In the UK, Trafford Libraries reported the number of books issued in their first year of fines free increased by 4%, and in the following year issues increased by 17%. Oldham Library reported a 6.5% increase in membership compared to the previous year.'
- 5.8 The library will continue to send reminders for overdue items to ensure customers return items and our collections keep circulating. If an item is not returned after a specific period of time, it is deemed to be lost, and the customer will be invoiced for the replacement cost of the item plus processing fee. If still no response customers will be referred to debt collection.
- 5.9 There are no fines on downloadable digital material such as eBooks, eAudio, and eMagazines. 20% of our total issues relate to downloadable digital formats.
- 5.10 If approved, the Library requires four weeks to implement the change. This allows time to communicate changes to customers, complete complex changes to the Library database and related systems, and implement updated processes.
- 5.11 The decision affects the following wards/Community Board areas:
- 5.11.1 All wards/Community Board areas.

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

### Strategic Alignment Te Rautaki Tīaroaro

- 6.1 This report supports the Community Outcomes identified in the LIU Long Term Plan 2021-2031 - Strong sense of community; celebration of our identity through arts, culture, heritage and sport; and an inclusive, equitable economy with broad-based prosperity for all; which together enable active and connected communities to own their future.
- 6.2 This report impacts on the revenue gained by Libraries in the [Council's Long Term Plan \(2021 - 2031\)](#).

### Policy Consistency Te Whai Kaupapa here

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

### Impact on Mana Whenua Ngā Whai Take Mana Whenua

- 6.4 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does specifically impact Mana Whenua, their culture and traditions.
- 6.5 This is because the report covers the removal of library fines.

### Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi

- 6.6 The decision does not impact on climate change impact because this report relates to the removal of library fines.

### Accessibility Considerations Ngā Whai Whakaaro mā te Hunga Hauā

- 6.7 The decision increases access to library resources if fines are removed. Currently 14% of members are unable to access resources due to their membership records being blocked due to unpaid fines.

## 7. Resource Implications Ngā Hīraunga Rauemi

### Capex/Opex Ngā Utu Whakahaere

- 7.1 Cost to implement for the remainder of FY2022 – Removing the charges for overdue items across the libraries network would impact by approximately \$183,000. This consists of the

estimated loss of revenue from March to June of approximately \$100,000 and writing off any remaining historical debt which was \$82,559 as at 15 December 2021.

- 7.2 For future years, revenue of up to \$300,000 per year has been removed from the 2022/23 Draft Annual Plan workings with a 0.05% rates impact in 2022/23. These revenues have continued to trend downwards as the usage of electronic resources increases.
- 7.3 Maintenance/Ongoing costs – There would be a reduction of up to \$40,000 in information, billing and collection costs. This includes the printing and posting of notices, administration costs relating to the generation, printing, and posting of notices and invoices, and interactions with debt collection agency.
- 7.4 Funding Source – The current year projected surplus and 2022/23 Draft Annual Plan as above.

## 8. Legal Implications Ngā Hīraunga ā-Ture

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

- 8.1 The statutory power to undertake the proposal derives from Council's Status and Powers in S12 (2) of the Local Government Act 2002.

### Other Legal Implications Ētahi atu Hīraunga-ā-Ture

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

## 9. Risk Management Implications Ngā Hīraunga Tūraru

- 9.1 Financial impact on the rest of FY2021.
- 9.2 Financial impact on rates FY2023 onwards – to replace the \$300,000 gained in fines for adult members in FY2021, it would require an equivalent of 0.05% increase in rates.
- 9.3 Prompt return of library stock – there is the potential for a further reduction in access to some material if customers keep items longer than the normal loan period. Notices will continue to be sent as reminders to return overdue items. Holds lists will continue to be monitored and buying patterns changed in order to meet an increase in demand.

## Attachments Ngā Tāpirihanga

There are no attachments to this report.

Additional background information may be noted in the below table:

Document Name	Location / File Link

## Confirmation of Statutory Compliance Te Whakatūturutanga ā-Ture

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

(a) This report contains:

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

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

### Signatories Ngā Kaiwaitohu

<b>Authors</b>	Elaine Sides - Manager Content Peter Langbein - Finance Business Partner Carolyn Robertson - Head of Libraries and Information
<b>Approved By</b>	Mary Richardson - General Manager Citizens & Community





## 10. Draft submission on SH76 Brougham Street upgrade

Reference Te Tohutoro: 21/1660605

Report of Te Pou Matua: Kirsty Mahoney, Team Leader Asset Planning Transport  
Rae-Anne Kurucz, Team Leader Transport

General Manager Jane Davis, General Manager Infrastructure, Planning and  
Pouwhakarae: Regulatory Services

### 1. Purpose of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to consider and approve the Council's draft submission to Waka Kotahi, in response to their consultation on the SH76 Brougham Street upgrade project.
- 1.2 Submissions are due with Waka Kotahi by Friday 28 January 2022.
- 1.3 The decision in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. This recognises that while there may be significant community interest in this project, the specific decision (to approve the draft submission) is of a lower level of significance.

### 2. Officer Recommendations Ngā Tūtohu

That the Council:

1. Approve the draft submission to Waka Kotahi on their SH76 Brougham Street upgrade project (**Attachment A** to be circulated under separate cover).

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

- 3.1 Waka Kotahi has invited feedback on the Brougham Street (SH76) Upgrade Project. The Council has requested staff to draft a submission on this proposal following a briefing on 14 December 2022, and a further briefing on 25 January 2022.

### 4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 The alternative option to the recommendation outlined above is for the Council to not make a submission on this proposal. This is not the preferred option as it is important for the Council to advocate on issues that affect its communities.

### 5. Detail Te Whakamahuki

- 5.1 Waka Kotahi is currently seeking feedback on its proposal for SH76 Brougham Street as part of the NZ Upgrade Programme announced in 2020.
- 5.2 The key changes Waka Kotahi is proposing include:
  - 5.2.1 Using the existing road space to create 'T2' lanes, to operate at peak times, with parking available in this lane outside of peak times.
  - 5.2.2 An overbridge for pedestrians or people biking or scooting between Collins and Simeon Street.
  - 5.2.3 A shared path along the south side of the road from Simeon Street to Opawa Road, joining up with existing paths like the Little River Link Major Cycle Route.

- 5.2.4 New plantings and trees, more than doubling the number of existing trees, to safely separate the shared path from the road.
- 5.2.5 Intersections will be upgraded right along Brougham Street. Traffic signals will be improved, turning arrows added and turning restrictions installed at some places to make it safer to get on and off Brougham Street. The traffic lights at Selwyn Street will allow priority for buses heading to the city centre.
- 5.2.6 Montreal St will get traffic signals to provide a better connection to the one-way system in the city, as well as adding safe crossing points for pedestrians.
- 5.2.7 Some smaller side streets will be closed with new cul-de-sacs to reduce short-cutting and support quieter, safer neighbourhoods.
- 5.2.8 The traffic lights at Colombo Street intersection will also help to prioritise buses, in preparation for future bus improvements.
- 5.2.9 The Gasson / Burlington Street intersection will have improved crossing facilities for pedestrians and cyclists, as well as turning restrictions to reduce the number of cars crossing the shared path.
- 5.2.10 A new signalised pedestrian crossing will be added near Wilsons Road.
- 5.2.11 Opawa Road intersection will be upgraded, with 'hook turn boxes' to help create a safe space for cyclists to turn in traffic.
- 5.3 Council requested staff to draft a submission on the proposal following a briefing held on 14 December 2021.
- 5.4 Feedback from all Community Boards was sought as part of the drafting of this submission. Two Community Boards provided staff with their views on the proposals, which are included as appendices to the submission.
- 5.5 The draft submission was presented to the Council by way of a briefing on 25 January 2022, and the feedback received at the briefing has been incorporated into the submission attached to this report.
- 5.6 The decision affects the following wards/Community Board areas:
  - 5.6.1 Spreydon-Cashmere and Linwood-Central-Heathcote

## 6. Policy Framework Implications Ngā Hīraunga ā- Kaupapa

### Strategic Alignment Te Rautaki Tīaroaro

- 6.1 This submission supports the Council's community outcome of '*a well-connected and accessible city promoting active and public transport*'.
- 6.2 This report supports the [Council's Long Term Plan \(2021 - 2031\)](#):
  - 6.2.1 Activity: Strategic Planning, Future Development and Regeneration
    - Level of Service: 17.0.1.1 Advice to Council on high priority policy and planning issues that affect the City. Advice is aligned with and delivers on the governance expectations as evidenced through the Council Strategic Framework. - Triennial reconfirmation of the strategic framework or as required.

### Policy Consistency Te Whai Kaupapa here

- 6.3 The decision is consistent with Council's Plans and Policies. The submission requests Waka Kotahi to take into account the following initiatives as part of any proposals for this corridor, including:

- 6.3.1 Kia Turoa tea o / Otautahi Christchurch Climate Resilience Strategy 2021, which has an aspiration of reducing greenhouse gas emissions by 50 percent by 2032, particularly through reduced transport emissions;
- 6.3.2 Residential intensification through the National Policy Statement on Urban Development (NPS-UD) and changes to the Resource Management Act; and
- 6.3.3 Our Space 2018-2048, which outlines how and where Greater Christchurch can grow. Work is also progressing on updated spatial planning for the city and the wider Greater Christchurch area through the development of the Otautahi Christchurch plan and the Greater Christchurch Spatial Plan.

#### **Impact on Mana Whenua Ngā Whai Take Mana Whenua**

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

#### **Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi**

- 6.5 The proposed T2 lanes seek to reduce the number of single occupancy vehicles along Brougham Street, which will help to bring about a decrease in greenhouse gas emissions. The submission advocates the extension of the T2 lanes out to the Christchurch Southern Motorway to further realise emission reductions and travel choice behaviour change.

#### **Accessibility Considerations Ngā Whai Whakaaro mā te Hunga Hauā**

- 6.6 The proposal provides safe crossing points for pedestrians and cyclists. The submission supports this improvement for accessibility and seeks assurance that this will be inclusive for all users, including the young, the elderly and the mobility impaired.

### **7. Resource Implications Ngā Hīraunga Rauemi**

#### **Capex/Opex Ngā Utu Whakahaere**

- 7.1 Cost to Implement - - the cost of preparing a submission has been met from existing budgets.
- 7.2 Maintenance/Ongoing costs - there will be no ongoing costs associated with making this submission.
- 7.3 Funding Source - existing operational budgets.

### **8. Legal Implications Ngā Hīraunga ā-Ture**

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

- 8.1 This consultation is public and open to any person or organisation.


#### **Other Legal Implications Ētahi atu Hīraunga-ā-Ture**

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

### **9. Risk Management Implications Ngā Hīraunga Tūraru**

- 9.1 There are no significant risks associated with this decision.

## Attachments Ngā Tāpirihanga

No.	Title	Page
A 	Draft Council submission to Waka Kotahi on SH76 Brougham Street upgrade project (Under Separate Cover)	

Additional background information may be noted in the below table:

Document Name	Location / File Link
SH76 Brougham Street upgrade	<a href="https://www.nzta.govt.nz/projects/sh76-brougham-street-upgrade/">https://www.nzta.govt.nz/projects/sh76-brougham-street-upgrade/</a>

## 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

<b>Authors</b>	Rae-Anne Kurucz - Team Leader Transport Kirsty Mahoney - Team Leader Asset Planning Ellen Cavanagh - Policy Analyst
<b>Approved By</b>	Lynette Ellis - Head of Transport & Waste Management John Higgins - Head of Planning & Consents Jane Davis - General Manager Infrastructure, Planning & Regulatory Services

## 11. Draft submission on Canterbury Regional Council (Ngāi Tahu Representation) Bill

Reference Te Tohutoro: 21/1786339

Report of Te Pou Matua: Shayne Te Aika, Principal Advisor Treaty Relationship,  
Shayne.TeAika@ccc.govt.nz

General Manager  
Pouwhakarae: Dawn Baxendale, Chief Executive, Dawn.Baxendale@ccc.govt.nz

### 1. Purpose of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to submit for Council consideration a draft submission on the [Canterbury Regional Council \(Ngāi Tahu Representation\) Bill](#) (the Bill). Submissions are due with the Māori Affairs Committee on Wednesday 2 February 2022.
- 1.2 The draft submission supports the Bill, which would enable direct Ngāi Tahu representation on the Canterbury Regional Council.
- 1.3 The decision in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. This recognises that while there may be community interest in the Bill, the specific decision to approve the draft submission is of a lower level of significance as it gives effect to an established Council position.

### 2. Officer Recommendations Ngā Tūtohu

That the Council:

1. Approve the draft Council submission on the Canterbury Regional Council (Ngāi Tahu Representation) Bill (**Attachment A** to be circulated under separate cover).

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

- 3.1 The Council regularly makes submissions on proposals relevant to our district.
- 3.2 Making a submission on this Bill provides an opportunity for our Council to reiterate its position on supporting Ngāi Tahu representation on the Canterbury Regional Council, and to reinforce our strong support for genuine partnership at the regional level.
- 3.3 The Council formally set out its position in support of Ngāi Tahu representation on the Canterbury Regional Council in a July 2018 submission on that Council's Representation Review.
- 3.4 This position was restated in a July 2021 letter from the Mayor to Chair Jenny Hughey in relation to the reintroduction of the Bill, confirming the Council's support for mana whenua representation on the Canterbury Regional Council.

### 4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 Alternative options have not been considered as this submission reiterates an established Council position on an issue the Council has formally considered before now.

## 5. Detail Te Whakamahuki

### Canterbury Regional Council (Ngāi Tahu Representation) Bill

- 5.1 The Canterbury Regional Council (Ngāi Tahu Representation) Bill would:
- 5.1.1 enable Te Rūnanga o Ngāi Tahu to appoint up to two members of the Canterbury Regional Council;
  - 5.1.2 give the appointed members the same powers as elected councillors; and
  - 5.1.3 enable the arrangements to be in place following the local body elections in October 2022.
- 5.2 The appointed members would be additional to the current number of elected members, increasing the maximum number of ECan councillors to 16.

### Background on Ngāi Tahu representation on Canterbury Regional Council

2010	The Government replaces Environment Canterbury elected members with Government-appointed Commissioners
2012	The Government extends the Commissioners' term until 2016, and provides for a Ministerial review from 2014.
2015	The Statutory Review of Environment Canterbury is released: proposes a mixed-model governance structure for the 2016-2019 local government term, with seven elected councillors and up to six Government-appointed councillors.
2016	<i>Environment Canterbury (Transitional Governance Arrangements) Act 2016</i> comes into force. This enables two members of the regional council to be appointed on the basis of recommendations by Te Rūnanga o Ngāi Tahu. The Act is intended only to operate during the 2016 to 2019 local authority election period, to support the transition of ECan back towards full governance.
2018	The same Act requires ECan to review its representation arrangements before the 2019 local elections and this Representation Review is completed in 2018.  ECan confirms its view that the Local Electoral Act does not provide an effective mechanism for ensuring Ngāi Tahu representation. This view is shared by Ngāi Tahu. The Christchurch City Council submission on this Review confirms its strong support for a legislative model which ensures mana whenua representation.  ECan commits to working with the Government on a representation model that ensures mana whenua is represented around the council table.
2019	ECan and Ngāi Tahu put forward a Local Bill to continue mana whenua representation on the Council. The <i>Canterbury Regional Council (Ngāi Tahu Representation) Bill</i> fails at its first reading in April 2019.
2019	The transitional governance arrangements expire, and the ability for Te Rūnanga o Ngāi Tahu to appoint members to the Council ceases on 18 October 2019.
2020	As an interim measure, ECan appoints Tumu Taiao (Mana Whenua Experts on Council) to provide advice to Council in the interests of mana whenua. Tumu Taiao are appointed by the ten Papatipu Rūnanga Chairs of the Canterbury region. They do not have decision-making powers at Council meetings.
2021	<i>Canterbury Regional Council (Ngāi Tahu Representation) Bill</i> is again introduced.  Proposes direct Ngāi Tahu representation on the Canterbury Regional Council, through enabling up to two Ngāi Tahu Councillors to be appointed to the Council.

2022 / now	The Bill is to be considered by the Māori Affairs Committee, and is currently open for consultation.
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**Submission key points:**

- 5.3 The Council notes the significance of this bill in respect to addressing Māori/mana whenua representation within a Te Tiriti partnership context. The Council strongly supports a legislative option/model that brings about such representation to ECan, as set out in our 2018 submission.
- 5.4 Mana whenua representation will provide both significant value and strengthen strategic partnerships within Canterbury, not just for ECan but more widely.
- 5.5 The passing of the bill will formalise recognition and the full 'parity of membership status' for mana whenua members of the Canterbury Regional Council, and it will also address some inadequacies in current arrangements.

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

### Strategic Alignment Te Rautaki Tīaroaro

- 6.1 This report and the submission are closely aligned to the Council's Strategic Framework, specifically the commitment expressed in the Framework to building on the relationship with Te Rūnanga o Ngāi Tahu and the Te Hononga-Council Papatipu Runanga partnership, reflecting mutual understanding and respect.
- 6.2 This report supports the [Council's Long Term Plan \(2021 - 2031\)](#):
  - 6.2.1 Activity: Office of the Mayor and Chief Executive, and Treaty Partner Relations
    - Level of Service: 4.1.23 Maintain positive Iwi and Mana Whenua relationships - Iwi & Mana Whenua convey that they are satisfied or very satisfied with the relationship and project outcomes

### Policy Consistency Te Whai Kaupapa here

- 6.3 The decision to support the Canterbury Regional Council (Ngāi Tahu Representation) Bill is consistent with Council's own Plans and Policies in respect to strengthening partnerships with Iwi and mana whenua.

### Impact on Mana Whenua Ngā Whai Take Mana Whenua

- 6.4 The legislative change, if passed, will significantly and positively impact upon mana whenua representation within Canterbury Regional Council. The decision to submit in support of the bill lends weight to supporting a regional authority to exercise its commitment to Te Tiriti o Waitangi, and something we would expect 'in kind' in similar matters ahead for this Council.
- 6.5 Ngāi Tahu (Te Rūnanga o Ngāi Tahu and the ten Papatipu rūnanga) support the Bill.
- 6.6 Drawing on findings of the Waitangi Tribunal, the [interim report](#) of the Future for Local Government panel notes that current statutory and institutional arrangements do not provide for adequate Māori representation or input into decision-making at a local government level.

### Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi

- 6.7 Not applicable.

### Accessibility Considerations Ngā Whai Whakaaro mā te Hunga Hauā

- 6.8 Not applicable.



## 7. Resource Implications Ngā Hīraunga Rauemi

### Capex/Opex Ngā Utu Whakahaere

- 7.1 The cost of preparing a submission has been met from existing budgets. There are no ongoing costs associated with making this submission.

## 8. Legal Implications Ngā Hīraunga ā-Ture

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

- 8.1 This consultation is open to the public and any legal person can make a submission to the Select Committee.

### Other Legal Implications Ētahi atu Hīraunga-ā-Ture

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

## 9. Risk Management Implications Ngā Hīraunga Tūraru

- 9.1 There are no risks identified with making this submission.

## Attachments Ngā Tāpirihanga

No.	Title	Page
A	Draft Council submission on the Canterbury Regional Council (Ngāi Tahu Representation) Bill ( <i>Under Separate Cover</i> )	

Additional background information may be noted in the below table:

Document Name	Location / File Link
Canterbury Regional Council (Ngāi Tahu Representation) Bill	<a href="https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_116740/canterbury-regional-council-ng%C4%81i-tahu-representation">https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_116740/canterbury-regional-council-ng%C4%81i-tahu-representation</a>

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(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

<b>Authors</b>	Shayne Te Aika - Principal Advisor Ngāi Tahu Relationship Ellen Cavanagh - Policy Analyst Elizabeth Wilson - Team Leader Policy
<b>Approved By</b>	Dawn Baxendale - Chief Executive

## 12. Resolution to Exclude the Public

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

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

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

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

### Note

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

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”

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

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
13.	PUBLIC EXCLUDED COUNCIL MINUTES - 9 DECEMBER 2021			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
14.	PUBLIC EXCLUDED AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES - 3 DECEMBER 2021			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
15.	RISK AND ASSURANCE	S7(2)(C)(II), S7(2)(E), S7(2)(F)(II), S7(2)(J)	PREVENT DAMAGE TO THE PUBLIC INTEREST, PREVENTION OF MATERIAL LOSS, PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT, PREVENTION OF IMPROPER ADVANTAGE	TO PREVENT THE USE OF INTERNAL AUDIT FINDINGS AND IDENTIFIED CONTROL WEAKNESSES FROM BEING USED FOR IMPROPER ADVANTAGE. TO PREVENT IMPROPER USE OR MISINTERPRETATION OF RISK INFORMATION.	DUE TO THE NATURE AND SENSITIVITY OF THIS INFORMATION, IT IS NOT ANTICIPATED THAT THERE BE A SPECIFIC DATE OR EVENT THAT ALLOWS FOR THE RELEASE OF THIS INFORMATION. THE INFORMATION WILL BE RELEASED IN FULL OR PART AS APPROPRIATE UPON PERIODICAL REVIEW BY THE HEAD OF RISK AND ASSURANCE TO CONFIRM WHEN IT IS NO LONGER DEEMED TO REQUIRE PUBLIC EXCLUSION FOR THE

					APPLICABLE REASONS ABOVE.
16.	PUBLIC EXCLUDED HEALTH, SAFETY AND WELLBEING COMMITTEE MINUTES - 19 NOVEMBER 2021			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
17.	CMUA PROJECT DELIVERY LTD - PRELIMINARY DESIGN	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	SENSITIVITY REGARDING THE DESIGNS AND BUDGET INFORMATION.	31 AUGUST 2022  ACCEPTANCE OF THE DESIGN & CONSTRUCT CONTRACT WITH BESIX WATPAC
18.	CANTERBURY WATER MANAGEMENT STRATEGY - ZONE COMMITTEE APPOINTMENT PROCESS	S7(2)(A)	PROTECTION OF PRIVACY OF NATURAL PERSONS	TO PROTECT THE PRIVACY OF THE CANTERBURY WATER MANAGEMENT ZONE COMMITTEE MEMBERS AND THE CONFIDENCE OF THE APPOINTMENTS PROCESS.	THE REPORT AND THE NAMES OF THE MEMBERS CAN BE RELEASED UPON THE COUNCIL'S APPROVAL OF THE EXTENSION OF THE APPOINTMENTS.