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## Finance and Performance Committee

### AGENDA

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#### Notice of Meeting:

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

**Date:** Wednesday 26 April 2023  
**Time:** 9.30 am  
**Venue:** Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch

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#### Membership

Chairperson	Councillor Sam MacDonald
Deputy Chairperson	Councillor Melanie Coker
Members	Mayor Phil Mauger
	Deputy Mayor Pauline Cotter
	Councillor Kelly Barber
	Councillor Celeste Donovan
	Councillor Tyrone Fields
	Councillor James Gough
	Councillor Tyla Harrison-Hunt
	Councillor Victoria Henstock
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Jake McLellan
	Councillor Andrei Moore
	Councillor Mark Peters
	Councillor Tim Scandrett
	Councillor Sara Templeton

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20 April 2023

#### Principal Advisor

Leah Scales  
General Manager - Resources / CFO  
Tel: 941 8999

#### Principal Advisor

Dawn Baxendale  
Chief Executive  
Tel: 941 8999

David Corlett  
Committee and Hearings Advisor  
941 5421  
david.corlett@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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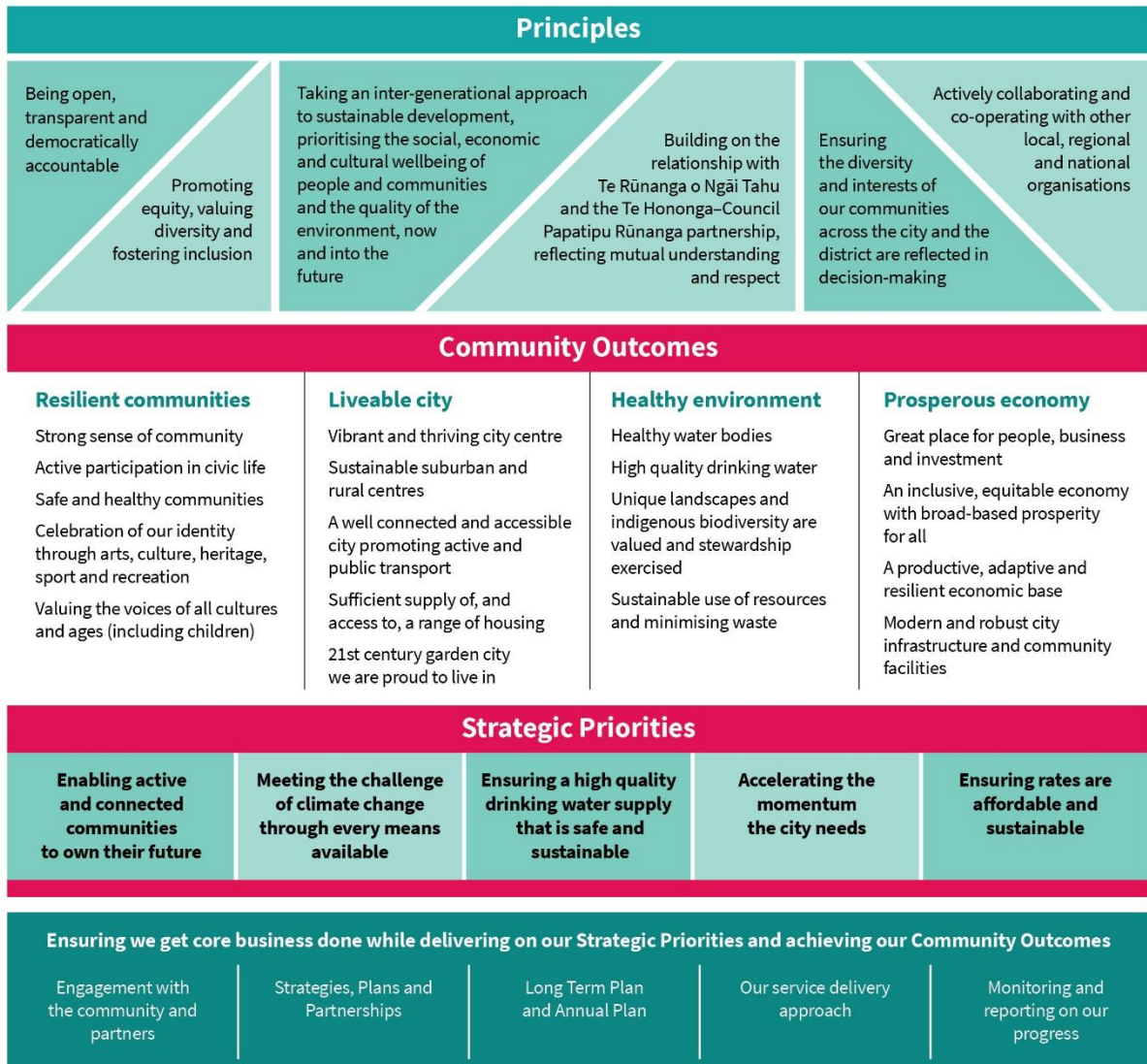
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## FINANCE AND PERFORMANCE COMMITTEE OF THE WHOLE - TERMS OF REFERENCE NGĀ ĀRAHINA MAHINGA

Chair	Councillor MacDonald
Deputy Chair	Councillor Coker
Membership	The Mayor and all Councillors
Quorum	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd
Meeting Cycle	Monthly
Reports To	Council

### ***Delegations***

The Council delegates to the Finance and Performance Committee authority to oversee and make decisions on:

#### Capital Programme and operational expenditure

- Monitoring the delivery of the Council's Capital Programme and associated operational expenditure, including inquiring into any material discrepancies from planned expenditure.
- As may be necessary from time to time, approving amendments to the Capital Programme outside the Long-Term Plan or Annual Plan processes.
- Approving Capital Programme business and investment cases, and any associated operational expenditure, as agreed in the Council's Long-Term Plan.
- Approving any capital or other carry forward requests and the use of operating surpluses as the case may be.
- Approving the procurement plans (where applicable), preferred supplier, and contracts for all capital expenditure where the value of the contract exceeds \$15 Million (noting that the Committee may sub delegate authority for approval of the preferred supplier and /or contract to the Chief Executive provided the procurement plan strategy is followed).
- Approving the procurement plans (where applicable), preferred supplier, and contracts, for all operational expenditure where the value of the contract exceeds \$10 Million (noting that the Committee may sub delegate authority for approval of the preferred supplier and/or contract to the Chief Executive provided the procurement plan strategy is followed).

#### Non-financial performance

- Reviewing the delivery of services under s17A.
- Amending levels of service targets, unless the decision is precluded under section 97 of the Local Government Act 2002.
- Exercising all of the Council's powers under section 17A of the Local Government Act 2002, relating to service delivery reviews and decisions not to undertake a review.

#### Council Controlled Organisations

- Monitoring the financial and non-financial performance of the Council and Council Controlled Organisations.
- Making governance decisions related to Council Controlled Organisations under sections 65 to 72 of the Local Government Act 2002.
- Exercising the Council's powers directly as the shareholder, or through CCHL, or in respect of an entity (within the meaning of section 6(1) of the Local Government Act 2002) in relation to –
  - (without limitation) the modification of constitutions and/or trust deeds, and other governance arrangements, granting shareholder approval of major transactions, appointing directors or trustees, and approving policies related to Council Controlled Organisations; and

- in relation to the approval of Statements of Intent and their modification (if any).

#### Development Contributions

- Exercising all of the Council's powers in relation to development contributions, other than those delegated to the Chief Executive and Council officers as set out in the Council's Delegations Register.

#### Property

- Purchasing or disposing of property where required for the delivery of the Capital Programme, in accordance with the Council's Long-Term Plan, and where those acquisitions or disposals have not been delegated to another decision-making body of the Council or staff.

#### Loans and debt write-offs

- Approving debt write-offs where those debt write-offs are not delegated to staff.
- Approving amendments to loans, in accordance with the Council's Long-Term Plan.

#### Insurance

- All insurance matters, including considering legal advice from the Council's legal and other advisers, approving further actions relating to the issues, and authorising the taking of formal actions (Sub-delegated to the Insurance Subcommittee as per the Subcommittees Terms of Reference)

#### Annual Plan and Long Term Plan

- Provides oversight and monitors development of the Long Term Plan (LTP) and Annual Plan.
- Approves the appointment of the Chairperson and Deputy Chairperson of the External Advisory Group for the LTP 2021-31.

#### Submissions

- The Council delegates to the Committee authority:
- To consider and approve draft submissions on behalf of the Council on topics within its terms of reference. Where the timing of a consultation does not allow for consideration of a draft submission by the Council or relevant Committee, that the draft submission can be considered and approved on behalf of the Council.

#### ***Limitations***

- The general delegations to this Committee exclude any specific decision-making powers that are delegated to a Community Board, another Committee of Council or Joint Committee. Delegations to staff are set out in the delegations register.
- The Council retains the authority to adopt policies, strategies and bylaws.

The following matters are prohibited from being subdelegated in accordance with LGA 2002 Schedule 7 Clause 32(1) :

- the power to make a rate; or
- the power to make a bylaw; or
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- the power to adopt a long-term plan, annual plan, or annual report; or
- the power to appoint a chief executive; or
- the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- the power to adopt a remuneration and employment policy.

#### ***Chairperson may refer urgent matters to the Council***



As may be necessary from time to time, the Committee Chairperson is authorised to refer urgent matters to the Council for decision, where this Committee would ordinarily have considered the matter. In order to exercise this authority:

- The Committee Advisor must inform the Chairperson in writing the reasons why the referral is necessary
- The Chairperson must then respond to the Committee Advisor in writing with their decision.
- If the Chairperson agrees to refer the report to the Council, the Council may then assume decision making authority for that specific report.

### **Urgent matters referred from the Council**

As may be necessary from time to time, the Mayor is authorised to refer urgent matters to this Committee for decision, where the Council would ordinarily have considered the matter, except for those matters listed in the limitations above.

In order to exercise this authority:

- The Council Secretary must inform the Mayor and Chief Executive in writing the reasons why the referral is necessary
- The Mayor and Chief Executive must then respond to the Council Secretary in writing with their decision.

If the Mayor and Chief Executive agrees to refer the report to the Committee, the Committee may then assume decision-making authority for that specific report.

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

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Karakia Whakamutunga

## Karakia Tīmatanga

Whakataka Te hau ki Te uru

Whakataka Te hau ki Te tonga

Kia makinakina ki uta

Kia mataratara ki Tai

E hi ake ana te atakura

He tio, he huka, he hau hu

Tihei Mauri Ora

### 1. Apologies Ngā Whakapāha

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

### 2. Declarations of Interest Ngā Whakapuaki Aronga

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

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

That the minutes of the Finance and Performance Committee meeting held on [Wednesday, 22 March 2023](#) be confirmed (refer page 8).

### 4. Public Forum Te Huinga Whānui

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

There were no public forum requests received at the time the agenda was prepared

### 5. 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.

### 6. Presentation of Petitions Ngā Pākikitanga

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

## Finance and Performance Committee OPEN MINUTES

**Date:** Wednesday 22 March 2023  
**Time:** 9.32 am  
**Venue:** Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch

### Present

Chairperson Councillor Sam MacDonald  
Deputy Chairperson Councillor Melanie Coker  
Members Mayor Phil Mauger  
Deputy Mayor Pauline Cotter  
Councillor Kelly Barber  
Councillor Celeste Donovan  
Councillor Tyrone Fields  
Councillor James Gough – via audio/visual link  
Councillor Tyla Harrison-Hunt  
Councillor Victoria Henstock  
Councillor Yani Johanson  
Councillor Aaron Keown  
Councillor Jake McLellan  
Councillor Andrei Moore  
Councillor Mark Peters  
Councillor Tim Scandrett  
Councillor Sara Templeton – via audio/visual link

### Principal Advisor

Leah Scales  
General Manager - Resources / CFO  
Tel: 941 8999

### Principal Advisor

Dawn Baxendale  
Chief Executive  
Tel: 941 8999

David Corlett  
Committee and Hearings Advisor  
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[www.ccc.govt.nz](http://www.ccc.govt.nz)

Unconfirmed

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**Part A Matters Requiring a Council Decision**

**Part B Reports for Information**

**Part C Decisions Under Delegation**

**Karakia Tīmatanga:** Given by all Councillors

The agenda was dealt with in the following order.

**1. Apologies Ngā Whakapāha**

**Part C**

**Committee Resolved FPCO/2023/00013**

That the apology for lateness received from Mayor Mauger be accepted.

Councillor MacDonald/Deputy Mayor

**Carried**

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

**Part B**

Deputy Mayor Cotter and Councillor McLellan declared an interest in item 10 and stood back from the debate and voting on this item.

Deputy Mayor Cotter noted that she is a director on the board of Christchurch Foundation (item 11).

Councillor Peters declared an interest in item 12 as he is a Council appointed Trustee of the Riccarton Bush Trust and stood back from the debate and voting on this item.

Councillors Henstock and McLellan declared an interest in resolution 1a of item 15 and stood back from the debate and voting on this item.

Councillors Barber and Scandrett declared an interest in resolution 1b of item 15 and stood back from the debate and voting on this item.

Councillors Gough, MacDonald and McLellan declared an interest in resolution 1c of item 15 and stood back from the debate and voting on this item.

Councillors MacDonald and Templeton are directors on the board of Christchurch City Holdings Ltd and declared an interest in item 14 and public excluded item 19, and stood back from the debate and voting on these items.

Councillor Keown declared an interest in Public Excluded Item 22 - Funding Application and left the Chamber for this item.

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

#### Part C

#### Committee Resolved FPCO/2023/00014

That the minutes of the Finance and Performance Committee meeting held on Wednesday, 22 February 2023 be confirmed.

Councillor MacDonald/Councillor Peters

Carried

### 21. Resolution to Include Supplementary Reports

#### Committee Resolved FPCO/2023/00015

That the reports be received and considered at the Finance and Performance Committee meeting on Wednesday, 22 March 2023.

#### Public Excluded Items

22. Funding Application

Councillor MacDonald/Councillor Coker

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.

### 16. Resolution to Exclude the Public

#### Committee Resolved FPCO/2023/00016

#### Part C

That Mary Devine and Abby Foote of the Appointments Committee remain after the public have been excluded for item 18 of the public excluded agenda as they have knowledge that is relevant to that item and will assist the Council.

#### AND

That at 9.35am the resolution to exclude the public set out on page 333 to 334 of the agenda and page 5 to 6 of the supplementary agenda be adopted.

Councillor MacDonald/Councillor Scandrett

Carried

The public were re-admitted to the meeting at 10.16am.

## 7. Key Organisational Performance Results - February 2023

### Committee Comment

1. Staff tabled an amended graph and table (Attachments A and B).

**Committee Resolved FPCO/2023/00017 Officer Recommendations accepted without change**

### Part C

That the Finance and Performance Committee:

1. Receive the information in the Key Performance Results February 2023 report.

Councillor Scandrett/Councillor Harrison-Hunt

Carried

### Attachments

- A Correct Level of Service Delivery vs Net Cost Variance by Activity
- B Corrected Performance by Activity Table

## 8. Financial Performance Report - February 2023

**Committee Resolved FPCO/2023/00018 Officer Recommendations accepted without change**

### Part C

That the Finance and Performance Committee:

1. Receive the information in the Financial Performance Report for February 2023.

Councillor MacDonald/Councillor Barber

Carried

Councillor Templeton left at 10.38am and returned at 11.22am during presentation of item 13.

Deputy Mayor Cotter left at 10.47am and returned at 10.50am during discussion of item 9.

## 9. Capital Programme Performance Report February 2023

**Committee Resolved FPCO/2023/00019 Officer Recommendations accepted without change**

### Part C

That the Finance and Performance Committee:

1. Receive the information in the Capital Programme Performance Report to the end of February 2023.

Councillor MacDonald/Councillor Johanson

Carried

Deputy Mayor Cotter and Councillor McLellan declared an interest in item 10 and sat back from discussion and voting.

## 10. Development Contributions Rebate Schemes

**Committee Resolved FPCO/2023/00020 Officer Recommendations accepted without change**

### Part C

That the Finance and Performance Committee:

1. Agrees that the development contributions rebate scheme for social housing is continued in accordance with the revised scheme criteria (**Attachment A**).
2. Notes that the revised criteria provides for:
  - a. Scheme funding to remain at \$2.5 million;
  - b. The scheme to continue until 30 June 2027, depending on funding being available;
  - c. A developer being required to register a covenant on the title of all properties receiving a rebate that requires the development contributions to be paid if the property is to be used for any purpose other than social or affordable housing;
  - d. A declaration is required from applicants stating they can't access funding from any other external source to cover the cost of the development contributions.
3. Agrees that no new development contribution rebate schemes are investigated further at this time.

Councillor Keown/Councillor Coker

**Carried**

The Mayor arrived at 10.58am during presentation of item 11.

## 11. Christchurch Foundation - Annual Report 2021/22 and Half Year Report for the six months ending 31 December 2022.

### Committee Comment

1. Amy Carter (CE) and Tom Hill (CFO) spoke to the Committee about the work of the Foundation. The Committee noted the contribution of the Chair, who is standing down.

### Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Notes the Christchurch Foundation's Annual Report for 2021/22 and half year report for the period 1 July to 31 December 2022; and
2. Notes that Council support funding to the Foundation ends at 1 July 2023.

**Committee Resolved FPCO/2023/00021**

### Part C

That the Finance and Performance Committee:

1. Notes the Christchurch Foundation's Annual Report for 2021/22 and half year report for the period 1 July to 31 December 2022; and
2. Notes that Council support funding to the Foundation ends at 1 July 2023; and
3. Notes that the Chair of the Foundation's board, Mr Humphry Rolleston will stand down as Chair of the Christchurch Foundation board in April 2023 having settled and established the Foundation in 2017. The Council would like to particularly acknowledge the support Mr Rolleston and the Foundation provided to the victims, families and wider community following the 2019 mosque terror attack.

Councillor Harrison-Hunt/Councillor Peters

**Carried**

The meeting adjourned at 11.06am and reconvened at 11.25am. Councillor Moore was not present.

Councillor Coker took the Chair for items 13, 15, 14, 12 and 16, and public excluded items 17 and 19.

### **13. Venues Ōtautahi - Half year performance report and interim financial statements for the six months ending 31 December 2022**

#### **Committee Comment**

1. Gill Cox (Chair), Caroline Harvie-Teare (Chief Executive), and Dale Andrews (Chief Financial Officer) sat at the table to update the Committee and provided a presentation (Attachment A).

**Committee Resolved FPCO/2023/00022 Officer Recommendations accepted without change**

#### **Part C**

That the Finance and Performance Committee:

1. Receives Venues Ōtautahi 's Quarter 2, 2022/23 performance report for the period 1 July to 31 December 2022.

Councillor MacDonald/Mayor

**Carried**

#### **Attachments**

- A Venues Ōtautahi Performance Report - Presentation to Finance and Performance Committee

Councillors Henstock and McLellan declared an interest in resolution 1a of item 15 and sat back from discussion and voting.

Councillors Barber and Scandrett declared an interest in resolution 1b of item 15 and sat back from discussion and voting.

Councillors Gough, MacDonald and McLellan declared an interest in resolution 1c of item 15 and sat back from discussion and voting.



## 15. Appointment of elected members to the boards of ChristchurchNZ Holdings Ltd, Venues Ōtautahi and Civic Building Ltd

### Committee Comment

1. Gill Cox spoke to the Appointments Committee report, which was circulated under separate cover.

**Committee Resolved FPCO/2023/00023 Officer Recommendations accepted without change**

### Part C

That the Finance and Performance Committee:

1. Approves the following elected member appointments to Council-controlled organisations' boards for a term of approximately three years each, effective immediately and expiring at the 2025 local body election:
  - a. Councillor Henstock and Councillor McLellan to ChristchurchNZ Holdings Ltd;

The division was declared **carried** by 10 votes to 0 votes the voting being as follows:

**For:** Councillor MacDonald, Mayor Mauger, Councillor Barber, Deputy Mayor Cotter, Councillor Fields, Councillor Gough, Councillor Harrison-Hunt, Councillor Keown, Councillor Peters and Councillor Scandrett

**Against:** Nil

**Abstained:** Councillor Coker, Councillor Donovan, Councillor Johanson and Councillor Templeton

Councillor Keown/Councillor Peters

**Carried**

**Committee Resolved FPCO/2023/00024**

- b. Councillor Scandrett and Councillor Barber to Venues Ōtautahi Ltd;

The division was declared **carried** by 9 votes to 0 votes the voting being as follows:

**For:** Councillor MacDonald, Mayor Mauger, Deputy Mayor Cotter, Councillor Fields, Councillor Gough, Councillor Henstock, Councillor Keown, Councillor McLellan and Councillor Peters

**Against:** Nil

**Abstained:** Councillor Coker, Councillor Donovan, Councillor Harrison-Hunt, Councillor Johanson and Councillor Templeton

Councillor Keown/Councillor Peters

**Carried**

**Committee Resolved FPCO/2023/00025**

- c. Councillor Gough, Councillor MacDonald and Councillor McLellan to Civic Building Ltd.

The division was declared **carried** by 8 votes to 0 votes the voting being as follows:

**For:** Mayor Mauger, Councillor Barber, Deputy Mayor Cotter, Councillor Harrison-Hunt, Councillor Henstock, Councillor Keown, Councillor Peters and Councillor Scandrett

**Against:** Nil

**Abstained:** Councillor Coker, Councillor Donovan, Councillor Fields, Councillor Johanson and Councillor Templeton

Councillor Keown/Councillor Peters

**Carried**

Councillor MacDonald left the meeting at 12.01pm and returned at 12.06pm during presentation of item 14.

#### 14. Christchurch City Holdings Ltd - Half year report and financial statements for the Group for the period 1 July-31 December 2022

##### Committee Comment

1. Abby Foote (Chair), Toni Rowell (Chief Financial Officer), and Paul Silk (Acting Chair) joined the meeting to update the Committee and provided a presentation (Attachment A).

**Committee Resolved FPCO/2023/00026 Officer Recommendations accepted without change**

##### Part C

That the Finance and Performance Committee:

1. Receives Christchurch City Holdings Ltd's 'traffic lights' performance report for Quarter 2 2022/23 (1 October-31 December 2022) and Interim Report for the half year (1 July-31 December 2022); and
2. Notes Christchurch International Airport Ltd's Interim Report for the half year (1 July-31 December 2022).

Councillor Coker/Councillor Peters

**Carried**

##### Attachments

- A Christchurch City Holdings Ltd Interim Report - Presentation to Finance and Performance Committee

Councillor Peters, having declared an interest as a Council appointed Trustee of the Riccarton Bush Trust, sat back from discussion and voting in item 12.

Councillor Templeton left the meeting at 12.11pm during consideration of item 12 and returned to the meeting at 12.20pm during consideration of public excluded item 19.

## 12. Council-controlled organisations - Half year performance reports for the six months ending 31 December 2022

**Committee Resolved FPCO/2023/00027 Officer Recommendations accepted without change**

### Part C

That the Finance and Performance Committee:

1. Receives the half year reports for the period 1 July-31 December 2022 for the following Council-controlled organisations:
  - Civic Building Ltd
  - Local Government Funding Agency
  - Riccarton Bush Trust
  - Te Kaha Project Delivery Ltd.

Deputy Mayor/Councillor Scandrett

Carried

## 16. Resolution to Exclude the Public

**Committee Resolved FPCO/2023/00028**

### Part C

That Abby Foote (Chair), Paul Silk (Acting Chief Executive), and Toni Rowell (Chief Financial Officer) of Christchurch City Holdings Ltd remain after the public have been excluded for Item 19 of the public excluded agenda as they have knowledge that is relevant to that item and will assist the Council.

### AND

That at 12.12pm the resolution to exclude the public set out on page 333 to 334 of the agenda and page 5 to 6 of the supplementary agenda be adopted.

Councillor MacDonald/Mayor

Carried

**The public were re-admitted to the meeting at 3.33pm.**

**Karakia Whakamutunga:** Given by all Councillors

**Meeting concluded at 3.35pm.**

**CONFIRMED THIS 26<sup>TH</sup> DAY OF APRIL 2023**

**COUNCILLOR SAM MACDONALD  
CHAIRPERSON**



## 7. Key Organisational Performance Results - March 2023

Reference / Te Tohutoro: 23/486142

Report of / Te Pou Peter Ryan, Head of Corporate Planning & Performance  
Matua: Peter.Ryan@ccc.govt.nz  
General Manager / Lynn McClelland, Assistant Chief Executive Strategic Policy and  
Pouwhakarae: Performance (lynn.mcclelland@ccc.govt.nz)

### 1. Nature of Information Update and Report Origin

- 1.1 The purpose of this report is to provide Council with an overview of service, project and budget performance, as adopted through the 2021-31 Long Term Plan (and Annual Plan 2022/23), against organisational performance targets.

The key organisational performance targets include:

- 1.1.1 Service delivery
- 1.1.2 Capital projects (both planning and delivery)
- 1.1.3 Finance

- 1.2 Management-initiated performance goals.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receive the information in the Key Organisational Performance Results - March 2023 report.

### 3. Brief Summary (briefly include any relevant background details or context)

- 3.1 Organisational performance forecasts are as at the end of March 2023, for the second year of the LTP 2021-31 (financial year to June 2023).

Organisational Performance Summary	Target	Forecast Actual / change	Forecast Result against Target
<b>Service Delivery</b>			
Deliver Community Levels of Service to target	≥ 85%	87.4% ▲	✓
<b>Capital projects (planning and delivery)</b>			
<b>Delivery complete' milestones (whole of life)</b>			
Deliver Key projects	≥ 85%	100.0% ▲	✓
Deliver Non-Key projects	≥ 85%	77.2% ▲	✗
<b>Capital programme planning</b>			
FY24 funding budgets allocated by 1 <sup>st</sup> March 2023	≥ 90%	90.0% ▲	✓
FY25 & 26 funding budgets drawn down by 1 <sup>st</sup> May 2023	≥ 90%	75.7% ▲	✓
<b>Finance</b>			
Operational budgets are actively managed within approved opex budget	100%	100.0% ⇌	✓
Deliver overall capital programme to approved budget	≈/-10%	-16.9% ⇌	✗

- 3.2 Level of service delivery is forecast at **87.4%**, against a target of 85%, showing small improvement from February.

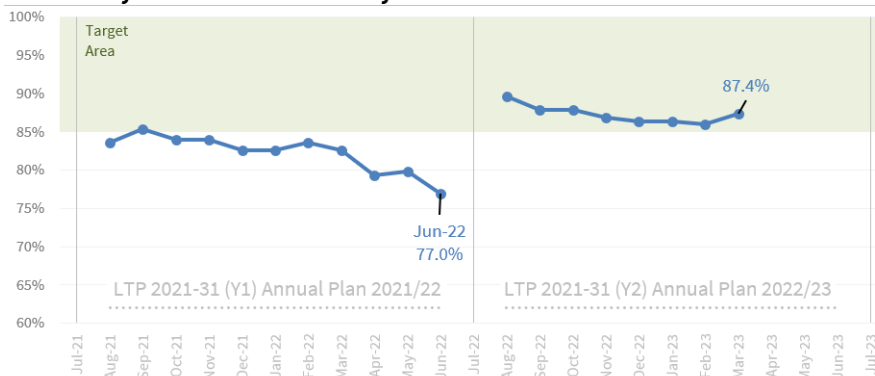


- 3.3 Key project delivery is forecast at **100%**, an improvement of 13.8%, or 4 projects, from February, while Non-Key project delivery is forecast at **77.2%** (both against a target of 85%). For more information refer to the Capital Programme Performance Report.
- 3.4 **90% of FY2024** funding programme budgets have been allocated (projects initiated by 1<sup>st</sup> March 2023) meeting the organisational **target of 90%**.
- 3.5 **75.7% of FY2025/FY2026** funding programme budgets have been drawn down (by 1<sup>st</sup> May 2023) against a **target of 90%**. The Programme Management Office (PMO) forecast this target will also be met.
- 3.6 The organisation is forecasting a year-end operational **surplus of \$0.4m**.
- 3.7 Forecast for capital expenditure is presently at **-16.9%**, outside ELT's target range. In line with the ELT target, this forecast includes core and externally funded work, but excludes Te Kaha and Parakiore.

## 4. Service delivery

### ELT Goal: Deliver 85% Community Levels of Service to target

#### Community Level of Service Delivery



2022/23	# LOS	R/A/G/B
✓ 87.4%	214	10/17/187/0
▲ 1.4%		

R - Red: Will not meet target

A - Amber: Requires remedial action

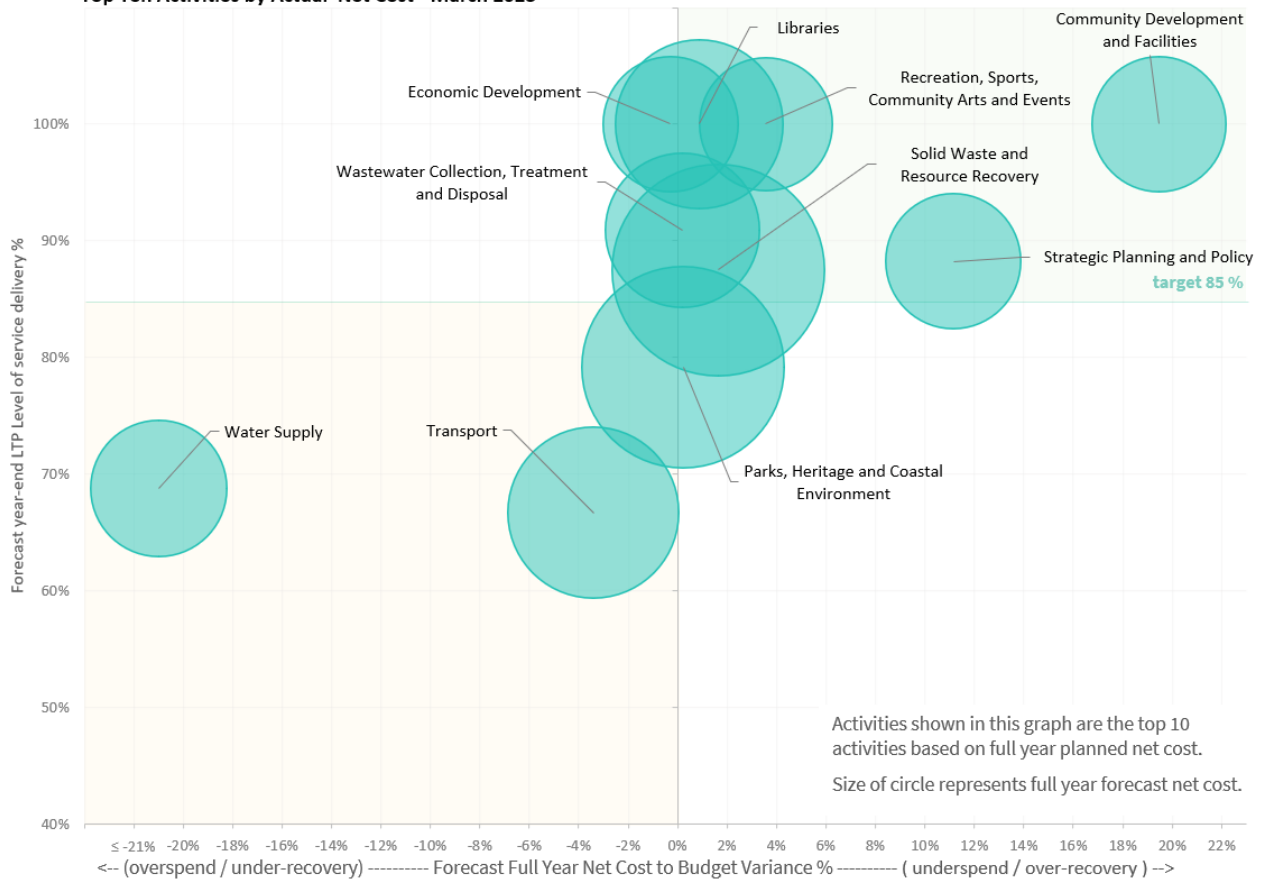
G - Green: Will meet target

B - Black: Not reported

- 4.1 Community levels of service (LOS) is forecast **87.4%** delivery against the performance target of **85%**, improving from February 2023 forecast reporting to Committee.
- 4.2 Comments and remedial actions from managers for LOS exceptions are available in **Attachment A**.
- 4.3 Amongst the LOS exceptions are a number relating to residents' satisfaction. Results from the Residents Survey 2021/22 were initially presented with staff response plans to Council on 9 June 2022, with a 6-month update compiled and presented to Council at the meeting of 30 November 2022. The update included revised responses from Heads of Service, providing an interpretation of the results and details of actions to be taken to improve / maintain resident service satisfaction.
- 4.4 Transport activity has a number of exceptions related to road resurfacing, transport safety, access, mode share and resident satisfaction.
- 4.5 Water Supply activity is impacted by exceptions relating to leakage and average water consumption rates, and time to attend and resolve urgent callouts.
- 4.6 Impacts are also noticeable for some regulatory services, such as increases in consent volumes leading to delays in consent processing. Extensive effort around recruitment, contracting and process improvement initiatives have been underway for some time to provide the additional capacity needed, showing improvement in LOS performance.
- 4.7 The scatter diagram below is an overview of the performance of the top-ten activities.

- The vertical y-axis shows service delivery (LOS) performance.
- The horizontal x-axis shows budget over/underspend.

Level of Service Delivery vs Net Cost % Variance by Activity  
Top Ten Activities by Actual Net Cost - March 2023



Performance by Activity Table - Forecast March 2023

Activities	Net Cost * (Opex)					Community Levels of Service	
	Full Year	Full Year Plan	Carry	**Variance	% Variance	% Delivery	Total #
	Actual \$000	\$000 Fwd	\$000	after C/Fwd	after C/Fwd		
Water Supply	16,563	12,700	0	-3,864	-30%	69%	16
Wastewater Collection, Treatment and Disposal	21,606	21,647	0	41	0%	91%	11
Stormwater Drainage	9,686	8,201	0	-1,486	-18%	100%	10
Flood Protection and Control Works	3,934	3,553	0	-382	-11%	100%	5
Strategic Planning and Policy	16,396	18,455	1,400	658	4%	88%	17
Economic Development	16,300	16,252	0	-48	-0%	100%	15
Transport	26,162	25,299	450	-1,313	-5%	67%	18
Solid Waste and Resource Recovery	40,326	41,002	0	676	2%	88%	8
Regulatory and Compliance	-2,681	-5,637	0	-2,956	-52%	82%	28
Parks, Heritage and Coastal Environment	36,596	36,676	80	0	0%	79%	24
Housing	-10,469	-10,915	0	-445	-4%	100%	5
Governance	10,670	10,692	0	22	0%	80%	5
Citizens and Customer Services	6,416	6,537	0	121	2%	88%	8
Civil Defence Emergency Management	1,179	1,154	0	-25	-2%	100%	4
Community Development and Facilities	16,231	20,152	3,530	391	2%	100%	5
Christchurch Art Gallery	6,297	6,327	103	-73	-1%	100%	6
Canterbury and Akaroa Museums	8,686	8,762	0	76	1%	100%	5
Libraries	25,419	25,643	20	204	1%	100%	10
Recreation, Sports, Community Arts and Events	15,869	16,455	0	586	4%	100%	9
Performance Management and Reporting	0	0	0	0	0%	100%	5
<b>Net Cost</b>	<b>265,186</b>	<b>262,953</b>	<b>5,583</b>	<b>-7,815</b>	<b>-3%</b>	<b>0.0%</b>	<b>214</b>

\*Net Cost - excludes depreciation, corporate overheads and interest.

\*\* Negative variance means overspend or under-recovery

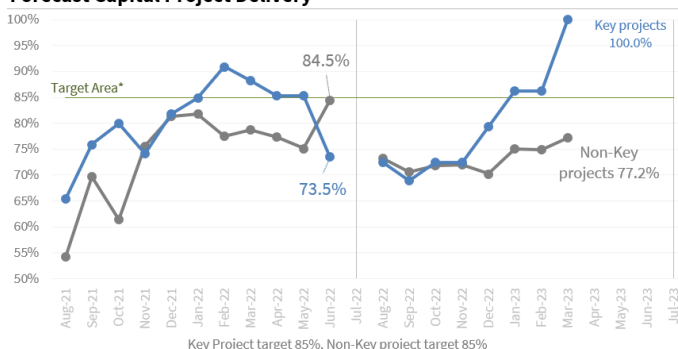
## 5. Capital projects - delivery and planning

**ELT Goal: Deliver 85% Key capital projects to 'delivery complete' milestones**

**ELT Goal: Deliver 85% non-Key capital projects to 'delivery complete' milestones**

- 5.1 **Key project delivery** is forecast at **100%** delivery against the target of **85%**. All identified key projects are forecast to meet milestone baseline target date at year-end.
- 5.2 **Non-Key project milestone delivery** is forecast at **77.2%** delivery against the target of **85%**.
- 5.3 For further information and underlying project detail, refer to the detailed Capital Programme Performance Report for March 2023.

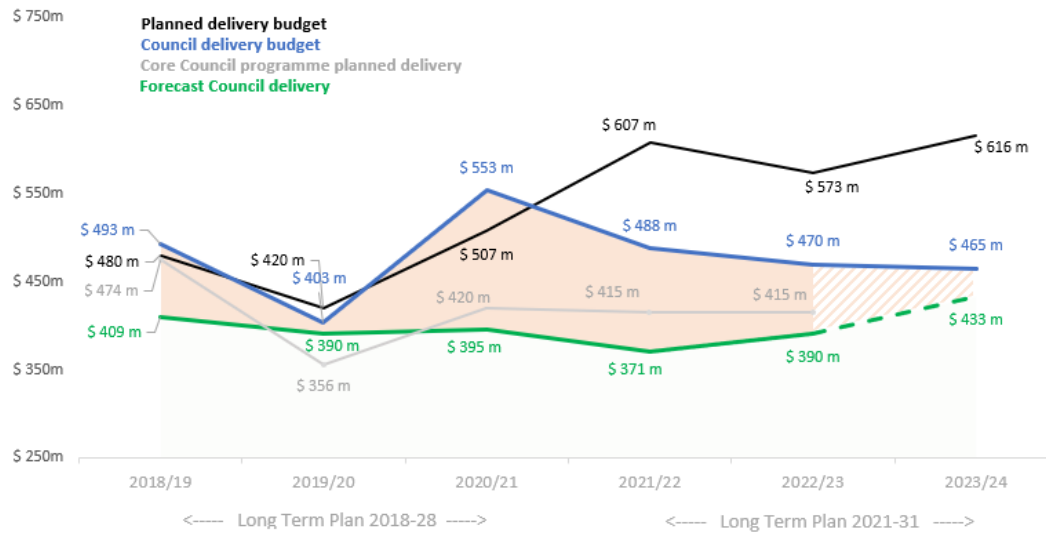
Forecast Capital Project Delivery



	2022/23	R/A/G/B
Key Capital projects	✓ 100.0%	0/0/29/0
	▲ 13.8%	
Non-Key Capital projects	✗ 77.2%	142/5/645/44
	▲ 2.3%	
Red : >61 Days delay		
Amber : 31-60 days delay		
Green : < 30 days delay		
Black : No baseline date set		

- 5.4 Below is a forward view of capital delivery performance (financial), an overview of capital delivery in recent years against plan, plus capital delivery planned for the first three years of the LTP 2021-31 (2021/22 to 2023/24).
- 5.5 Figures are updated for 2022/23, to align with the Capital Programme Performance report.

- 5.6 There has been stability of financial delivery year-on-year for projects CCC is responsible for delivering (green line – total spend/total forecast), ranging consistently in a band between **\$371m to \$409m** spend per annum over the previous four years (2018/19 to 2021/22).
- 5.7 The ELT performance target for capital financial delivery is based on all delivery CCC is accountable for, regardless of funding source.



**Planned delivery budget :**

Total amount finalised in each Annual Plan (as at Annual Plan 2022/23) or Long Term Plan. Includes Core Council programme, external funded programme, and Te Kaha and Parakiore.

**Council delivery budget :**

Core Council and external funded programmes, excluding Parakiore and Te Kaha.

**Core Council programme planned delivery :** Planned Council-only delivery (excluding externally funded programme, and Parakiore and Te Kaha).

\*The gap between the blue line and black line consists of the planned spend for Parakiore and Te Kaha.

**Forecast Council delivery :**

Amount spent or forecast to spend on Council delivery in a given year (Core and external funded programmes, excluding Parakiore and Te Kaha). Dotted line represents forecast for 2023/24.

- 5.8 For this year (year 2 of the LTP 2021) the total programme budget set for CCC to deliver is **\$469.5m** (blue line). The March 2023 Financial Report forecast for capital financial expenditure is **\$390m**, which equates to **83%** delivery. As noted above, this forecast includes both core and externally funded works, but excludes Te Kaha and the remainder of Parakiore funding, in line with the ELT performance goal.
- 5.9 In adopting the Draft Annual Plan 2023/24, \$137m of capital has been rephased which has changes the future year CCC delivery programme for 2023/24 from \$753m (as at Annual Plan 2022/23) to **\$616m** (black line).
- 5.10 In reflection of this the Council delivery budget the 2023/24 value has moved from \$599m (as at Annual Plan 2022/23) to **\$465m** (blue line, includes core and externally funded work, excluding Te Kaha and remainder of Parakiore build funding.)
- 5.11 For more detail refer to the Financial Performance and Capital Programme Performance reports.

**ELT Goal: Ensure capital planning for FY24 funding programme budgets allocated, 90% by 1 March 2023.**


**ELT Goal: Ensure capital planning for FY25 & FY26 funding programme budgets drawn down, 90% by 1 May 2023.**

- 5.12 Capital planning targets are intended to monitor the draw-down and allocation of future capital funding programme budgets, in this case years 3, and 4 & 5 of 2021-31 LTP. This helps the business plan and prepare for future capital project delivery, in order to effectively implement the LTP.
- 5.13 **90%** of FY2024 funding programme budgets have been allocated (projects initiated) by 1<sup>st</sup> March 2023, **meeting target** for this corporate priority.
- 5.14 **75.7%** of FY2025/FY2026 funding programme budgets have been drawn down (by 1<sup>st</sup> May 2023) against a **target of 90%**. The Programme Management Office (PMO) forecast this target will also be met.

## 6. Finance

- 6.1 The organisation is forecasting an operational **surplus of \$0.4m** (after carry-forwards of \$5.1m). For more information refer to the Financial Performance Report.
- 6.2 Capital expenditure variance at year-end remains forecast is at **-16.9%**. More detail is available in the Capital Programme Performance Report.

## Attachments / Ngā Tāpirihanga

No.	Title	Reference	Page
A 	LOS Exception Commentary March 2023	23/552838	26

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

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

(a) This report contains:

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

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



Signatories / Ngā Kaiwaitohu

Authors	Johan Jacobs - Senior Business Analyst Boyd Kedzlie - Senior Business Analyst Amber Tait - Performance Analyst
Approved By	Peter Ryan - Head of Corporate Planning & Performance Lynn McClelland - Assistant Chief Executive Strategic Policy and Performance

Item 7

## Level of Service Exceptions

Forecast Period Ending: 31 Mar 2023

### Deliver 'Community' Levels of Service to target

- ⊗ Levels of service which will fail to meet target.
- Levels of service for which intervention is required to meet target.

## GOA Communities and Citizens

### Citizens and Customer Services

⊗ Measure:	LTP/AP22: 2.6.4.1 Citizen and Customer expectations for service response are delivered in a timely manner
Target:	Telephone enquiries have an average speed to answer of no more than 120 seconds
Actual:	March: 154 seconds YTD: 148 seconds EOY forecast: 141 seconds.
Comments:	<p>Our year-to-date ASA has remained stable this month on 148 seconds. With only 3 months remaining in the financial year, our forecasting indicates that our service level of 120 seconds will not be met.</p> <p>Staffing remains our primary area of concern. Attrition has presented an ongoing challenge, with staff leaving to take up other opportunities. Total turnover for the past 12 months is sitting at 22.7%.</p> <p>Our latest induction group of 15x new hires completed training throughout March. Given the large pool of new staff our average phone interactions take longer. This is expected to decrease in coming weeks as the new recruits become more confident in our systems and processes.</p> <p>A total of 71,858 customer interactions were presented this month.</p> <p>ASA Breakdown:  % calls answered in less than 2 minutes = 64.3%  % calls answered between 2 - 5 minutes = 18.4%  % calls answered above 5 minutes = 17.3%</p>

## GOA Governance

### Governance and decision-making

⊗ Measure:	LTP/AP22: 4.1.29.2 Respond to requests for information held by Council in a manner that complies with the legislative processes and timelines set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA)
Target:	Provision of information is in accordance with LGOIMA principles and requirements - 99%
Actual:	YTD we have received 728 LGOIMA requests 132 received in March
Comments:	<p>One response is late for March and one from January</p> <p>Compliance is currently 98.99% (8 late out of 728 requests YTD)  Average response time 9.4 days (9.7 days in February and 12.3 days in January)</p>
Remedial Action:	Apologised and expedited responses

## GOA Parks, Heritage and Coastal Environment

### Parks and Foreshore

● Measure:	LTP/AP22: 6.0.3 Overall customer satisfaction with the presentation of the City's Community Parks
Target:	Community Parks presentation: resident satisfaction >=60 %
Actual:	Actuals are resident satisfaction survey (annual) results forthcoming
Remedial Action:	Continue to leverage our capital programme to target areas that were highlighted as drivers of unsatisfactory through previous survey results and comments.

● Measure:	LTP/AP22: 6.4.4 Overall customer satisfaction with the presentation of the City's Cemeteries.
Target:	Cemeteries presentation: resident satisfaction >=85 %.
Actual:	Actuals are resident satisfaction survey (annual) results forthcoming
Remedial Action:	Elements scoring poorly from previous year's survey results and comments have led to prioritisation of improved signage and elements of our capital programme, we will continue to look at ways to improve the presentation of our city's cemeteries
● Measure:	LTP/AP22: 6.8.1.6 Overall Regional Sports Organisation satisfaction with the standard of the city's Council provided sports surfaces
Target:	Satisfaction >=75%
Actual:	actuals off annual survey, yet to be finalised
Comments:	continue to partner with Rec and Sport colleagues to improve communication lines between operations and sporting code(s) needs
Remedial Action:	Connecting Rangers with selected sports groups to streamline communication between sporting codes and Council.
● Measure:	LTP/AP22: 6.8.4.2 Overall customer satisfaction with the presentation of the City's Parks
Target:	Inner City presentation: resident satisfaction >=80%
Actual:	had some good verbal feedback for the terrace planting and the fountain
Comments:	planning for winter planting

#### Parks Heritage Management

● Measure:	LTP/AP22: 6.9.1.6 To manage and maintain Parks scheduled heritage buildings
Target:	Resident satisfaction with presentation of Parks scheduled heritage buildings:>= 55%
Comments:	See previous comments (Reflections and actions taken since April 2022 update on the Residents Survey Results We are progressing the remaining Council owned and managed heritage building restorations both in partnership with the private sector and internally managed and delivered projects. Repair of damaged heritage buildings continues as provided for in the LTP. Key buildings this year include Old Municipal Chambers and Chokebore Lodge. Next steps (in the next 6 months) Continue with Parks Heritage capital programme Next steps are to initiate project delivery planning for the Provincial Chambers.)

#### GOA Regulatory and Compliance

##### Building Regulation

⊗ Measure:	LTP/AP22: 9.1.1 Grant Building Consents within 20 days working days
Target:	The minimum is to issue 95% of building consents within 19 working days from the date of acceptance
Actual:	70.8% of consents have been issued within 19 working days for the month of March 2023 56.7% of consents have been issued within 19 days Financial YTD.
Comments:	Consent processing time frames continue to improve with increased performance from the previous month. Of significance to note is that of the building consent applications received and granted in 2023, the performance with the 20 working statutory timeframe is sitting at 96%.
Remedial Action:	Given the number of applications processed that have exceeded the annual kpi, this target will not be met by year end. However, given the performance for 2023 applications, no further remedial actions are proposed at this point. Overtime has now mostly ceased in the processing area.

- Measure: LTP/AP22: 9.1.9 Audit Building Warrant of Fitness to ensure public safety and confidence  
Target: Audit 20% of building stock  
Actual: 17 Audits have been carried out for March 141 Audits have been carried out YTD. (The current percentage BWOF audited is 2.64% of the building stock @ 1st July 2022 Total CS: 5338)  
Remedial Action: We have initiated a monthly Territorial Authority (TA) QA Monitoring report to monitor our performance against TA functions. A review of staff. We have initiated a monthly Territorial Authority (TA) QA Monitoring report to monitor our performance against TA functions. A review of staff resourcing and utilisation was undertaken and a business case drafted to increase resource in this area. The business case has been approved (4/8/2022) to increase the number of staff within the BWOF area and recruitment has been initiated. Initially, the following roles have been established;  
2 x BWOF Administration Officer  
2 x BWOF Building Officer  
1 x Principle Building Official (with a focus on Building Compliance)  
We are currently seeking approval to recruit and have filled the Principal Building Official role, with the remaining roles soon to be advertised. This doubles the size of the current team which will help increase the number of BWOF audits being undertaken.  
The TA QA Monitoring report will continue to be the mechanism for monitoring progress on increasing the number of BWOF audits completed (as well as monitoring and reporting on performance of all other TA functions). resourcing and utilisation was undertaken and a business case drafted to increase resource in this area. The business case has been approved (4/8/2022) to increase the number of staff within the BWOF area and recruitment has been initiated. Initially, the following roles have been established;

#### Regulatory Compliance and Licensing

- Measure: LTP/AP22: 9.0.5 Food premises are safe and healthy for the public  
Target: 98% of scheduled Food Control Plan verification visits are conducted.  
Actual: There are 1458 FCP verification visits scheduled for the year. YTD 1001 visits have been completed = 68%.  
Comments: Staff are rostered to carry out the FCP visits, however high staff absenteeism meant that not all scheduled inspections could be carried out.  
Remedial Action: We are looking at additional resources from other teams to assist with carrying out FCP visits, however this will require additional training.

#### Resource Consenting

- ⊗ Measure: LTP/AP22: 9.2.1 % of non-notified resource management applications processed within statutory timeframes.  
Target: 99% within statutory timeframes.  
Actual: 74% of non-notified applications were processed within the statutory time frames for March. YTD 75% have been processing within statutory time frames. 99% is the target.  
Comments: While compliance with time frames is still below target, year to date results have improved (from 73% to 75%).  
Significant improvements have been achieved in lowering the backlog of applications and allocation day. With current application volumes we expect to see continued improvement in processing time frames.  
Remedial Action: A number of process improvement have already been implemented.  
Consultants will continue to be used where processing staff are over capacity.

✖ Measure:	LTP/AP22: 9.2.18 % of notified resource management applications processed within statutory timeframes.
Target:	99% within statutory timeframes.
Actual:	Two applications were completed in March where one exceeded the statutory timeframe (50% on time). The year-to-date result sits at 91% of applications processed within the statutory timeframe.
Comments:	At this stage, only two applications have exceeded the statutory timeframe. Due to the small number of applications, this lowers the year-to-date result to 91%.
Remedial Action:	The same remedial actions are proposed as for non-notified applications.

## GOA Solid Waste and Resource Recovery

### Solid Waste and Resource Recovery

● Measure:	LTP/AP22: 8.0.3 Customer satisfaction with kerbside collection service
Target:	At least 80% customers satisfied with Council's kerbside collection service for each year
Actual:	78% customer satisfaction Ongoing discussions with contractor with focus on driver retention along with introducing technology to assist drivers that will provide better outcomes for residents

## GOA Strategic Planning and Policy

### Public Information and Participation

● Measure:	LTP/AP22: 4.1.10.1 We provide effective and relevant external communications, marketing and engagement activities to ensure residents have information about Council services, events, activities, decisions and opportunities to participate.
Target:	67% of residents are satisfied that our communications, marketing and engagement activities are effective, helpful, and relevant.
Actual:	We continue to see growth across our web channels.
Comments:	The notification of Plan Change 14 - Housing and Business Choice is an example of how we continue to refine our communications and engagement tactics. The messaging framework developed for the initial engagement on the draft Plan has been developed further, and rolled out as a comprehensive campaign that includes advertising, direct mail and online resources letting residents know what's proposed, and how they can have their say.
● Measure:	LTP/AP22: 4.1.9 We provide advice and support in community engagement, and consultation planning and delivery, to teams across the organisation and to Elected Members
Target:	Percentage of residents who feel they can participate in and contribute to Council decision-making. 27% (previous year result, 26%, plus 1%)
Actual:	We are still consulting on the Draft Annual Plan, which is our current focus.  However, planning is now also underway for pre-engagement on next year's Long Term Plan. We are using the Engagement Working Groups' Strategy for Pre-Engagement on the Long Term Plan as a starting point.
Comments:	We are currently investigating online engagement platforms to make sure we are making the most of the functionality available to us.



## GOA Transport

### Transport

✘ Measure:	LTP/AP22: 10.0.2 Increase the share of non-car modes in daily trips
Target:	>=36% of trips undertaken by non-car modes
Actual:	32.5%
Comments:	<p>Recent change to method and target: now based on the "Life in Christchurch" Survey. Last data was gathered in September 21 - awaiting release of data from survey which was completed in late 2022.</p> <p>2021 Christchurch Residents Survey showed a decline in non-car modes. According to the survey, the non-car mode share was 32.5% against the target of 36%.</p> <p>The main decline was in Public Transport by 23% (1.3% decline in overall mode share) and in cycling by 10% (1.8% decline in overall mode share) since 2020 results. The decline is attributed to lower trips overall in the pandemic environment, particularly with the increased number of office workers working from home at that time, and a large decrease in public transport use due to concern regarding close proximity travel with strangers.</p> <p>Public Transport share was down across the board for all trip purposes. Cycling was roughly the same for education and work purposes but considerably lower for other trip purposes. Walking is slightly higher for other trip purposes (excl. work and education) leading to slightly higher overall mode share.</p>
Remedial Action:	<p>Previously to 2021, the data had been trending higher, with the highest non-car share seen in 2020 at 34.9%. This would suggest that a return to normal travel patterns in the post-pandemic environment may result in a significant improvement without further intervention. The raw data from cycle counters appears to support this hypothesis.</p> <p>Remedial actions to increase non-car mode share are:</p> <ul style="list-style-type: none"> <li>- completion of the "Shovel Ready" projects will add significantly to the MCR network, which would be expected to improve cycling numbers. The first of these (Rapanui-Shag Rock) formally opened in December 22</li> <li>- focus on public transport: this has recently benefited from central government's CRAF funding to bring forward some of the broader PT Futures business case projects, and there is further funding available to support the rollout in the CERF package)</li> <li>- completion of bus lane projects (eg the recently completed Lincoln Road Stage 1 peak hour bus lanes)</li> <li>- continued construction of local cycleway connections and other key active transport links. Over and above Council's LTP programme, applications for further central government funding through the Climate Emergency Response Fund (CERF) have been successful</li> <li>- continued work on increasing the walkability level of service, particularly around new developments</li> </ul>
✘ Measure:	LTP/AP22: 16.0.1 Maintain roadway condition to an appropriate national standard,
Target:	>=5% of the sealed local road network is resurfaced per year
Actual:	year-to-date delivery 2.3% (56.2KM). Some deliveries during March are yet to be approved.
Comments:	An increase in the deliveries is programmed toward the end of the sealing season. Contractors have doubled and in some cases tripled their resources to expedite their progress toward the annual programme targets. Despite that, the total delivery is projected to be between 3.5% to 4% of the entire network.
Remedial Action:	The delivery programme for the financial year 2024 is being finalised. The programme will be right-sized with the available budgets. The delivery target for the next year will be readjusted accordingly to reflect the final programme.

✖ Measure:	LTP/AP22: 10.0.6.1 Reduce the number of death and serious injury crashes on the local road network
Target:	<=100 crashes
Actual:	FY23 Q3 (1 Oct 22 - 31 Dec 22): Actual crashes confirmed: 26 / YTD :80 Projection for the year: 107 (Unlikely to meet target <=100)
Comments:	The overall YTD numbers are above the run rate to the end of the year, so at present we are not on target to meet the target this year. Provisional data from Q1 (1st Jan to 31 Mar 23) would support this, although this has not yet been fully verified
Remedial Action:	Remedial actions would be required to bring the crash numbers down regardless of target, however, the remedial actions are unlikely to have an impact in the timeframes required by this reporting. Staff continue to develop and deliver intervention programmes to increase safety outcomes on the network, with a particular focus on vulnerable users.

✖ Measure:	LTP/AP22: 10.5.41 Increase access within 15 minutes to key destination types by walking
Target:	>=48% of residential land holdings with a 15- minute walking access
Actual:	43%
Comments:	No change since September 2021 due to not being able to update the model. There are ongoing issues with the underlying data and the complexity of the model, which have been exacerbated by staff turnover. Staff are actively working on solutions to resolve this.  Actual in FY22 showed a 9% decline from previous financial year result and was 5% less than the 48% target of this FY.  The 9% decline from FY21 to FY22 was distributed as below: 5.5 %: Process refinement, where walking speed input is changed from 5km/hr to 4km/hr, resulting in a reduction in walkable catchment size. This refinement makes the speed assumptions more demographically inclusive and aligned to those used for the Spatial Plan. 3 %: Actual changes to the network with residential growth in inaccessible settings (i.e new subdivisions) 0.5 % : Closure of a key destination (Redcliff's supermarket closure).  When 5.5% decline attributed to method change is taken out of consideration, the remaining 3.5% decline (i.e 48.5% against 53% target) suggests that we are unlikely to meet the target as we are unlikely to influence key services (food, health, employment, education) to open in the unconnected residential areas within the financial year.

Remedial Action:

- Staff are working on methods to refine and re-run the model so an updated actual can be obtained, and updated data should be available soon. A simplified model has been produced, but is not giving outputs that are consistent with previous data runs. Once this can be resolved, it will also give a greater understanding of where the gaps in the network lie, so more focused interventions can be developed.
- Staff continue to contribute to the Christchurch Spatial Plan (The Otautahi Plan). Strategic policy, planning and delivery staff support and work towards greater integration between land use and transport which is required to increase walkability access to key destinations.
- Staff continue to provide regulatory advice to private developments to ensure effective walking connectivity is provided for proposed commercial and residential developments.
- At a wider Council level the Plan Changes that are expected should improve the output, by clustering more people closer to key activities

Within its indirect areas of influence, Transport Unit can:  
Initiate focused communications and education. Whilst unlikely to change the results for the FY, it can improve public awareness in the medium and long term.  
For example the mapping used in calculating the walkable catchments can be made public to assist the public in their decision making for where they choose to live. This would need to be prioritised amongst other education and advocacy programmes. In early November 2021, Transport staff presented at Christchurch Conversations, on the topic of 15 minute neighbourhoods and shared the concepts and maps with the public. The maps have since been referred to by local politicians

● Measure:	LTP/AP22: 16.0.3 Improve resident satisfaction with road condition
Target:	>=25% resident satisfaction
Comments:	<p>The previous 'Customer Satisfaction Surveys only gathered thoughts and emotions, rather than facts that could be used to create a positive change. Steve Guy - Maintenance Manager City Streets had a chance to add questions into the last 'Life in Christchurch' survey to gather specific data.</p> <p>The data gathered by that survey is now being used to help create programmes that target the needs of residents. We are now planning roading and footpath work around all of the previous methods, as well as cross referencing the new data from the survey to tailor our forward works and better meet the needs of residents.</p> <p>We have focused on our Capital Road and Footpath resurfacing programme first, as these will have the greatest impact on residents.</p> <p>All roads that were raised by residents and met the requirements of our forward programmes have been brought forward to the 2023/24 financial year for resurfacing. This sees pavement repairs being completed this financial year, so all of this will go towards raising the satisfaction levels.</p> <p>We are also replying back to the people who provided the data and telling them what we are doing, and when.</p>
Remedial Action:	We have a significant list of streets across the central and northern contract areas that are being targeted reseals this season, which will go a long way to raise satisfaction with Council.



- Measure: LTP/AP22: 16.0.9 Improve resident satisfaction with footpath condition  
Target: >=41% resident satisfaction  
Comments: The previous 'Customer Satisfaction Surveys only gathered thoughts and emotions, rather than facts that could be used to create a positive change. Steve Guy - Maintenance Manager City Streets had a chance to add questions into the last 'Life in Christchurch' survey to gather specific data. The data gathered by that survey is now being used to help create programmes that target the needs of residents. We are now planning roading and footpath work around all of the previous methods, as well as cross referencing the new data from the survey to tailor our forward works and better meet the needs of residents.  
We have focused on our Capital Road and Footpath resurfacing programme first, as these will have the greatest impact on residents.  
All footpaths that were raised by residents and met the requirements of our forward programmes have been brought forward to be completed this financial year, so all of this will go towards raising the satisfaction levels. Our footpath resurfacing is planned to start in April, after the road resurfacing season has ended.  
We are also replying back to the people who provided the data and telling them what we are doing, and when.
- Remedial Action: Our footpath renewals will start in April once the resurfacing season has ended, so this will go a long way to raising customer satisfaction with Council.

### GOA Wastewater Collection, Treatment and Disposal

#### Wastewater Collection, Treatment and Disposal

- Measure: LTP/AP22: 11.0.1.16 Proportion of residents satisfied with the reliability and responsiveness of wastewater services  
Target: >= 65%  
Comments: Reflections and actions taken since April 2022 update on the Residents Survey Results  
  
The interim activated sludge plant has been commissioned at the Bromley wastewater treatment plant and the quality of water in the oxidation ponds, and the ocean outfall discharge, has improved considerably. The odour issues that have plagued the city for months have been resolved.
- Remedial Action: Next steps (in the next 6 months)  
A report on the recommended option for re-instatement of secondary wastewater treatment at Bromley is scheduled to go to Council by December 2022.  
To meet our consent obligations, we continue with prioritisation of inspections and repairs to wastewater laterals to reduce wastewater overflows due to inflow and infiltration.

### GOA Water Supply

#### Water Supply

- ⊗ Measure: LTP/AP22: 12.0.7 Average consumption of drinking water in litres per resident per day  
Target: <= 215  
Actual: YTD is 267  
Comments: February is a high consumption month and is above target. Will be weather and behaviours dependant if the target is met later in the year  
Remedial Action: Monitor, the excess water charges should help.
- Measure: LTP/AP22: 12.0.2.19 Proportion of residents satisfied with quality of Council water supplies  
Target: >= 50%  
Comments: Reflections and actions taken since April 2022 update on the Residents Survey Results  
Work has progressed on reservoirs and tanks across the city with 17 reservoirs inspected, and minor repairs completed, over the winter period.  
The first application for an exemption from residual disinfection (chlorine) was lodged with Taumata Arowai in September 2022. This was for the Brooklands / Kainga water supply zone.

Remedial Action: Next steps (in the next 6 months)  
Work continues on prioritisation of tank and reservoirs for inspections next winter.  
Design work in underway for major repairs and/or replacements of tanks and reservoirs.  
The removal of chlorine from the network is likely to take at least 5 years to complete. The actual timeline is difficult to assess until we get the response from Taumata Arowai on our first application.

● Measure:	LTP/AP22: 12.0.6 Percentage of real water loss from Council's water supply reticulated network
Target:	<= 25%
Actual:	27.8%
Comments:	As at EO March 2023, there are 14,206,184 m3 water lost to leakage, based on a 5-yr rolling data. Total annual pump station flow ending March 2023 is 51,019,059 m3 extracted from Water Outlook report. This comes to a percent leakage of 27.8% All leaks reported under the Water Loss Contract have not been repaired by maintenance contractor, thus resulting to no secondary tests for candidate zones. Most results for candidate zones are higher than previous results.
Remedial Action:	The leakage rate is based on a 5-year rolling data. There is a reactive repair programme via third party provider that fixes identified leaks.  To significantly reduce the leakage rate, a proactive leak repair programme must be done. This can be accomplished by installing meters in each of the 200 zones so that there is accurate measurement of water supply and consumption, and zones with the highest leakage rate can be prioritised for repairs. There is currently a test zone for this set up in the Rawhiti area.  All leaks reported under the Water Loss Contract have not been repaired by maintenance contractor, thus resulting to no secondary tests for candidate zones. Most results for candidate zones are higher than previous results.
● Measure:	LTP/AP22: 12.0.1.12 Median time (in hours) from notification to resolution of urgent call-outs
Target:	<= 5
Actual:	March actuals unavailable
Remedial Action:	Ongoing monitoring against remediation plan from maintenance contractor
● Measure:	LTP/AP22: 12.0.1.10 Median time (in hours) from notification to attendance of urgent call-out
Target:	<= 1
Actual:	March actuals unavailable
Remedial Action:	Ongoing monitoring against remediation plan from maintenance contractor

## 8. Financial Performance Report - March 2023

Reference / Te Tohutoro: 23/353695

Report of / Te Pou Russell Holden – Head of Finance

Matua: (Russell.Holden@ccc.govt.nz)

General Manager / Leah Scales, General Manager Resources/Chief Financial Officer

Pouwhakarae: (Leah.Scales@ccc.govt.nz)

### 1. Nature of Information Update and Report Origin

- 1.1 The purpose of this report is for the Finance and Performance Committee to be updated on financial performance to March 2023, including the current year forecast, and receive current treasury information.
- 1.2 This is a regular report that goes to the Committee. Being a financial quarter end, this report is more comprehensive than the monthly reports received.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. [Receive the information in the Financial Performance Report for March 2023.](#)

### 3. Brief Summary

- 3.1 The financial result for March shows a year to date operational surplus of \$9.6 million. The current surplus forecast of \$0.4 million (after signalled budget carry forwards) is a slight improvement of \$0.2 million from the \$0.2 million surplus forecast last month.
- 3.2 The total capital programme continues to forecast an under spend, currently \$21.6m.
- 3.3 All treasury risk positions are within policy limits.
- 3.4 Insurance Claims – there were five motor vehicle insurance claims/notifications during the quarter. One was above the excess, four below.

### 4. Operating Surplus

- 4.1 We are currently forecasting a surplus of \$0.4 million (after signalled carry forwards of \$5.1 million). This is a slight improvement from the \$0.2 million surplus forecast in February.
  - 4.1.1 The forecast is a projection at a point in time, a position which will continually change as new information and events come to light. The operational budget is a sizable \$675 million, a move of \$1 million amounts to only 0.15%. The risk remains that any adverse events could negatively impact the overall position of Council.
  - 4.1.2 To identify such events and provide timeliness of reporting for mitigation action, regular forecasting and reporting at all levels in the organisation occurs to ensure issues are identified, monitored and addressed by management on an ongoing basis. Material risks are reported to and monitored by the executive team, with a view to managing the financial outcome of the organisation to within that approved by Council.
  - 4.1.3 The forecast changes this month relate to a mix of ongoing and some new items. The movement is the result of an ongoing detailed review and examination on possible savings across all Council activities. Staff have increased their focus on reviewing

positive variances to YTD budgets in order to correctly capture year-end forecast variances. Some of these savings have become more certain as year-end approaches.

- 4.1.4 An item that remains a key issue is the capitalisation of staff time. Several factors are driving this issue, including sickness, staff turnover, and recruitment difficulty. This is currently impacting a couple of units and is being actively managed to ensure process accuracy and minimise financial impact.
- 4.2 Following the above reviews, we are currently forecasting a surplus of \$0.4 million (after carry forwards of \$5.1 million). The \$0.2m forecast improvement from the \$0.2 million surplus forecast in February is mainly resulting from higher subvention receipts received (\$2.3 million), lower expenditure forecast within Legal Services (\$0.8 million); partially offset by higher costs in Digital (\$1.5 million) where capitalisations remain an issue, and Building Consenting (\$1.3 million) where there are higher costs to manage the high volumes of backlog applications from 2021/22.

## 5. Operational Expenditure and Revenue

- 5.1 This covers day to day spend on staffing, operations and maintenance, and revenues to fund it.
- 5.2 Operational revenue exceeds expenditure as it includes rates revenue for capital renewals and debt repayment. This revenue is referred to below as 'Funds not available for Opex' and removed to show the operational year to date and forecast cash surplus or deficit.

	Year to Date Results			Forecast Year End Results			After Carry Forwards		
\$m	Actual	Budget	Var	Forecast	Budget	Var	Carry Fwd	Var	
Revenues	(651.6)	(638.9)	12.7	(893.9)	(880.4)	13.5	0.9	12.6	
Expenditure	515.5	512.8	(2.7)	679.5	675.5	(4.0)	7.4	(11.4)	
Funds not available for Opex	155.8	155.4	(0.4)	208.9	204.9	(4.0)	(3.2)	(0.8)	
<b>Operating Surplus</b>	<b>19.7</b>	<b>29.3</b>	<b>9.6</b>	<b>(5.5)</b>	<b>-</b>	<b>5.5</b>	<b>5.1</b>	<b>0.4</b>	

- 5.3 Brief summaries of revenues and expenditure are highlighted below.
- 5.4 Revenues are \$12.7 million higher than budget year to date, forecast to be \$12.6 million higher at year end (after bring back of revenue budget from 2023/24 for earlier receipt of Transwate Dividend).

5.4.1 Key drivers of actual and forecast variances to budget include:	YTD	Forecast (after c/f)
• Higher Interest revenues (partially offset by higher debt servicing costs)	\$4.7m	\$7.4m
• Higher Subvention receipts	\$2.3m	\$2.3m
• Rates Revenues (2021/22 rating growth higher than planned - \$1.5m)	\$2.1m	\$2.2m
• Higher Transwaste dividends (early receipt to bring back from FY24)	\$1.9m	\$1.1m
• Rec & Sport revenues (He Puna Taimoana \$0.6m additional forecast)	\$1.4m	\$0.7m
• Waka Kotahi subsidies (offset by higher Transport emergency maintenance costs)	\$1.1m	\$0.7m
• EcoCentral Volume rebate received	\$0.8m	\$0.8m
• Higher Building Consent volumes (offset by higher resourcing costs)	\$0.8m	\$0.7m
• Resource Consents (significant discounts – due to statutory timeframe not met)	(\$0.7m)	(\$1.0m)
• Lower Burwood Landfill revenues	(\$1.2m)	(\$1.5m)

- 5.5 Expenditure is \$2.7 million higher than budget year to date; and forecast to be \$11.4 million higher at year end (after \$7.4 million of signalled budget carry forwards).

5.5.1 Key drivers of actual and forecast variances to budget include:	YTD	Forecast (after c/f)
• Higher debt servicing costs ( <i>offset by higher interest revenues</i> )	(\$3.4m)	(\$6.3m)
• Lower Capitalisation of staff time ( <i>net of lower personnel costs</i> )	(\$2.4m)	(\$2.3m)
• Transport maintenance ( <i>driven by emergency works from July rain events</i> )	(\$1.9m)	(\$1.5m)
• Stormwater maintenance ( <i>higher contract costs</i> )	(\$1.9m)	(\$1.2m)
• Building Consenting additional resourcing ( <i>partly offset by higher revenues</i> )	(\$1.8m)	(\$2.0m)
• Waste Collection Contracts ( <i>built into 2024 Draft Annual Plan</i> )	(\$1.4m)	(\$2.0m)
• Parks expenditure timing	\$0.9m	-
• Strategic Planning professional advice spend ( <i>\$1.4m c/f for Plan Change 14</i> )	\$1.0m	-
• Lower Recycling Processing fees	\$1.2m	\$1.5m
• Internal Burwood Landfill revenues ( <i>from Council capital projects</i> )	\$1.5m	\$1.2m
• Crown funded Water Transition expenditure timing	\$1.9m	-
• Grants and levies ( <i>incl. EV &amp; Vacant land remissions</i> )	\$2.6m	\$0.9m

5.6 Funds not available for opex - items included in this category contributing to the variance are Housing and Dogs (both non-rates funded), Capital Endowment funded projects, and Capital grants.

## 6. Capital Expenditure and Revenue

\$m	Year to Date Results			Forecast Year End Results			After Carry Forwards		
	Actual	Budget	Var	Forecast	Budget	Var	Carry Fwd	Var	
Core Programme	237.6	232.3	(5.3)	368.6	414.5	45.9	45.9	-	
External Funded Programme	34.0	32.2	(1.8)	46.9	55.0	8.1	8.1	-	
Less unidentified Carry Forwards	-	-	-	(25.5)	-	25.5	25.5	-	
<b>Core/External Funded Programme</b>	<b>271.6</b>	<b>264.5</b>	<b>(7.1)</b>	<b>390.0</b>	<b>469.5</b>	<b>79.5</b>	<b>79.5</b>	-	
Te Kaha/Parakiore	93.6	65.2	(28.4)	161.7	103.8	(57.9)	(57.9)	-	
<b>Total Capital Programme</b>	<b>365.2</b>	<b>329.7</b>	<b>(35.5)</b>	<b>551.7</b>	<b>573.3</b>	<b>21.6</b>	<b>21.6</b>	-	
Revenues and Funding	(339.0)	(294.4)	44.6	(476.0)	(410.7)	65.3	51.8	13.5	
<b>Borrowing required</b>	<b>26.2</b>	<b>35.3</b>	<b>9.1</b>	<b>75.7</b>	<b>162.6</b>	<b>86.9</b>	<b>73.4</b>	<b>13.5</b>	

### Capital Expenditure

- 6.1 This covers the capital programme spend and funding relating to it.
- 6.2 Gross capital expenditure of \$365.2 million has been incurred year to date. A further \$186.5 million is forecast to be spent by year end.
- 6.3 The \$551.7 million forecast spend is based on a Core/External Funded spend of \$390 million, plus forecast spend of \$161.7 million on the Te Kaha and Parakiore projects.
- 6.4 Project managers have identified \$54 million to be carried forward on specific projects in the Core/External Funded Programme. The forecast includes an additional \$25.5 million of expected carry forwards yet to be specifically identified (based on actuals to date and historical trend analysis).
- 6.5 There is currently a forecast spend of \$138.8 million for Te Kaha this financial year, compared to a budget of \$78.5 million. The earlier forecast cost will be covered by bringing forward Crown revenues budgeted in 2023/24.
- 6.6 For further information on capital expenditure, please refer to the Capital Programme Performance Report.



## Capital Revenues and Funding

- 6.7 Capital revenues and funding are a net \$44.6 million higher year to date and forecast to be \$65.3 million higher than budget before carry forwards comprising:
- 6.7.1 Revenues are \$58.6 million higher than budget and forecast to be \$78.5 million higher - mainly due to earlier receipts of Te Kaha Crown revenues (\$38.7 million YTD / \$60.2 million forecast) due to an earlier project spend, and higher development contributions (\$22.7 million YTD / \$24.6 million forecast). Partially offset by slower timing of Shovel Ready revenues (\$4.5 million YTD / \$5.8 million forecast).
- 6.7.2 Lower Reserve drawdowns of \$14 million year to date, forecast to be \$13.2 million lower - mainly due to some of the above development contributions being set aside to fund future works (\$16 million YTD / \$14.6 million forecast); partially offset by higher Housing Fund drawdowns of \$2 million year to date (\$1.4 million forecast) due to earlier capital spend.

## 7. Special Funds

- 7.1 The current and forecast movements and balance of the Housing Account and Capital Endowment Fund are shown in **Attachment A**.
- 7.2 The forecast balance of 2022/23 funds available for allocation from the Capital Endowment Fund at 31 March 2023 was \$281,618.

## 8. Treasury

### Policy Compliance

- 8.1 All Treasury risks are within Policy limits, with no breaches projected over the coming year:

Risk Area	Compliance	Plain-language meaning
Liquidity Risk	Yes	(cash availability)
Funding Risk	Yes	(spread of debt maturities)
Interest Rate Risk	Yes	(managing interest costs)
Counterparty Credit Risk	Yes	(not all eggs in one basket)

### Borrowing, Advances to Related Parties, and Bank Deposits

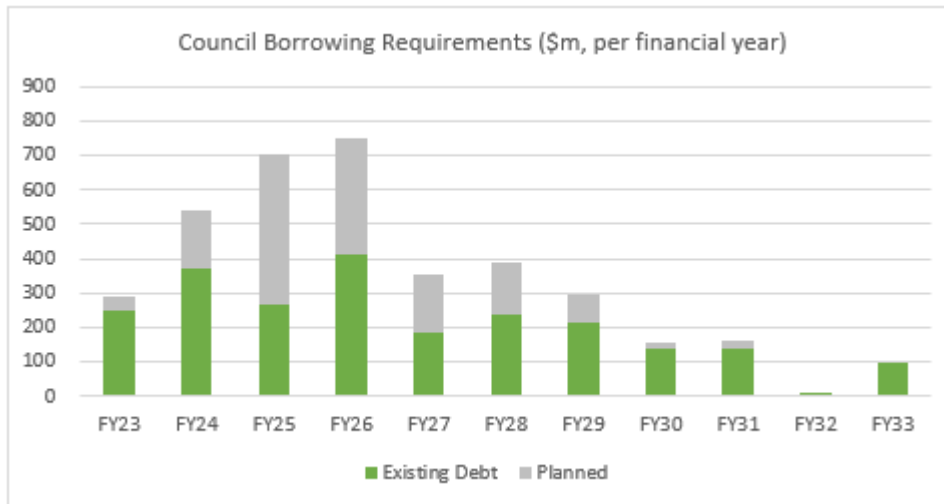
- 8.2 Council's borrowing and treasury-related Advances are shown below:

	Prior Year	Current	Yr-End Projected	Full-Yr Change
Gross Borrowing	2,100,915,000	2,390,515,000	2,333,515,000	232,600,000
Advances to Related Parties	637,588,162	837,792,962	850,792,962	213,204,800
<b>Net Debt (excl. Cash)</b>	<b>1,463,326,838</b>	<b>1,552,722,038</b>	<b>1,482,722,038</b>	<b>19,395,200</b>

- 8.3 Current debt levels are temporarily elevated due to the pre-funding of some large up-coming maturities (to reduce liquidity risk). Net Debt by Jun-23 is expected to be only modestly higher than at Jun-22, with higher Gross Debt off-set by higher Advances to related parties (mostly CCHL).

### Funding & Interest Rates

- 8.4 Council's projected **funding** needs, per financial year, are shown in the chart below, split between the maturities of existing gross borrowing (green) and expected new borrowing requirements (grey).



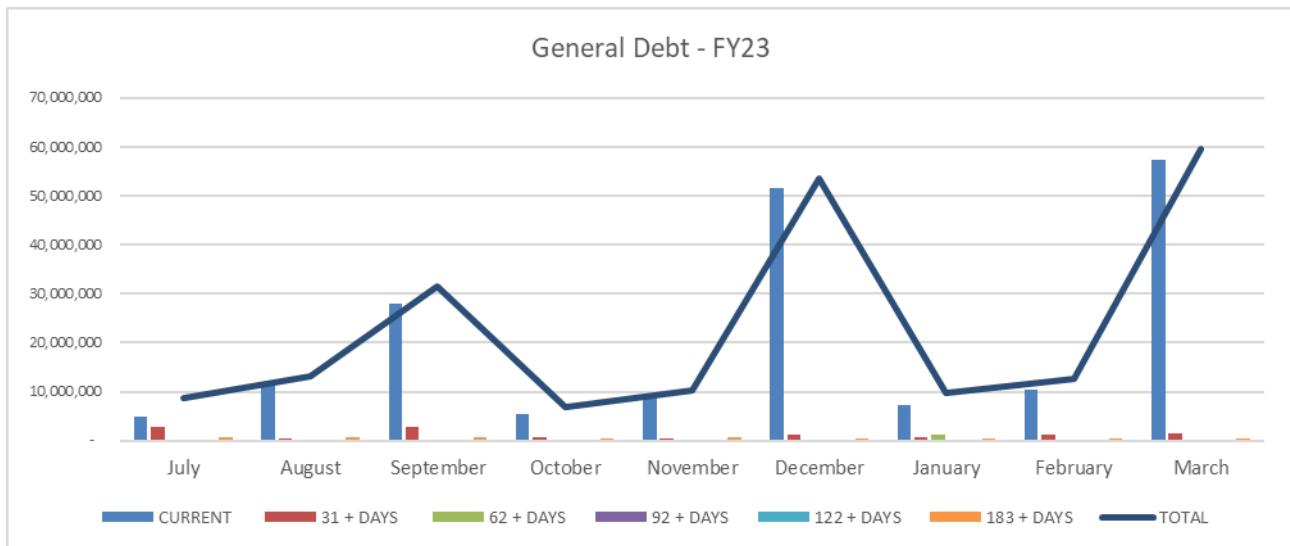
- 8.5 Council's **interest rate risk** is managed to reduce the volatility of interest costs from year to year. Most existing Council debt has been fixed for at least the next three years, which will limit the impact of current higher interest rates on Council's future borrowing costs.

*Estimated average cost of funding, by financial year*

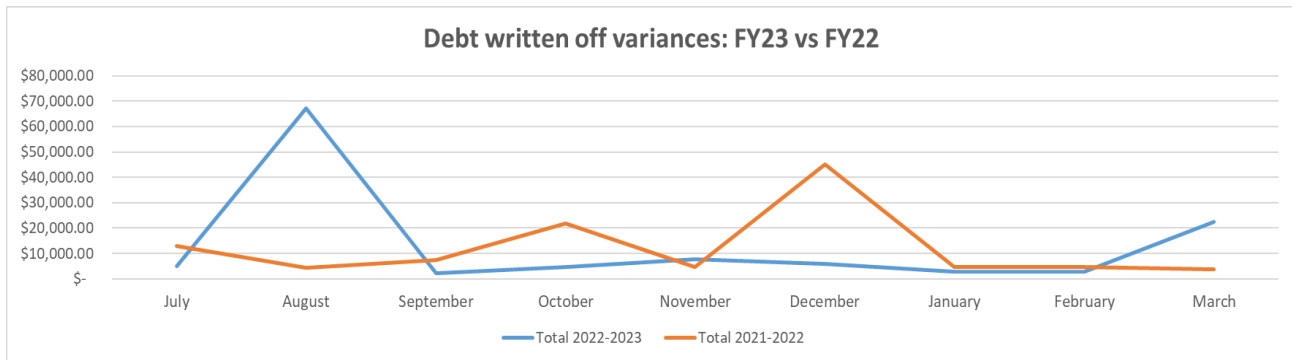
	FY23	FY24	FY25
Rates-Funded Debt	4.9%	5.0%	4.8%

## 9. General Debtors

- 9.1 General debtors has increased \$6 million this quarter to \$59.6 million due a higher amount invoiced for Te Kaha (CMUA), \$33.1 million in December 2022 and \$49.9 million in March 2023.



- 9.2 The March increase is due to a \$49.9 million Te Kaha (CMUA) invoice dated 09.03.2023 settled on 03.04.2023.
- 9.3 General debtors of \$28,411 have been written-off this quarter bringing the year-to-date total to \$120,890.



9.4 \$15,243 relates to damage to a traffic signal pole written off in March after failing to recover the amount over the course of the past 12 months.


## 10. Insurance Claims

10.1 The table below outlines the number of events that have been notified by Council against its insurance policies as well as claims against Council from third parties for the January – March 2023 quarter.

	Policy	Claims / Notifications		Estimated Cost
		Above excess	Below excess	
Claims by Council	Motor Vehicle	1	4	\$8,000
	Material damage	0	0	\$0
Claims against Council	PI / PL	0	0	\$0

10.2 CWTP fire claim – cost estimates and engineering reports were reviewed during this period. Council's external advisers are finalising these reports following feedback and once this is complete the quantum of the claim will become clearer. Updates on this claim are reported to the Insurance Subcommittee, in accordance with the Terms of Reference for this Subcommittee.

## Attachments / Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Activities Financial Performance and Special Funds	23/499684	42

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

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

(a) This report contains:

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



- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
- (b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

### Signatories / Ngā Kaiwaitohu

<b>Authors</b>	Annie Yang - Reporting Accountant Ryan McLachlan - Reporting Accountant Steve Ballard - Group Treasurer Adrian Seagar - Insurance & Asset Manager Niel Koch - Financial Controller
<b>Approved By</b>	Russell Holden - Head of Finance Leah Scales - General Manager Resources/Chief Financial Officer

**Attachment A – Operational & Capital breakdown by Activities / Special Funds**

**Activity Operating Results (excluding Depreciation)**

\$000's		Year to Date Results			Forecast Year End Results				
		Actual	Plan	Var	Forecast	Plan	Var	Net C/F	Result
Christchurch Art Gallery		6,830	6,961	131	9,078	9,031	(47)	103	(150)
Canterbury & Akaroa Museums		8,911	8,973	62	9,117	9,191	74	-	74
Libraries	1	28,942	29,251	309	38,498	38,471	(27)	20	(47)
Community Development and Facilities	2	13,514	14,603	1,089	18,606	22,379	3,773	3,530	243
Recreation, Sports, Comm Arts & Events	3	18,238	19,582	1,344	25,219	25,645	426	-	426
Civil Defence Emergency Management		1,042	1,004	(38)	1,395	1,375	(20)	-	(20)
Citizen and Customer Services		7,106	7,315	209	9,631	9,752	121	-	121
<b>Communities &amp; Citizens</b>		<b>84,583</b>	<b>87,689</b>	<b>3,106</b>	<b>111,544</b>	<b>115,844</b>	<b>4,300</b>	<b>3,653</b>	<b>647</b>
Economic Development		12,229	12,212	(17)	16,292	16,270	(22)	-	(22)
Civic & International Relations		824	818	(6)	1,177	1,120	(57)	-	(57)
<b>Economic Development</b>		<b>13,053</b>	<b>13,030</b>	<b>(23)</b>	<b>17,469</b>	<b>17,390</b>	<b>(79)</b>	<b>-</b>	<b>(79)</b>
Flood Protection & Control Works	4	3,925	3,318	(607)	4,793	4,417	(376)	-	(376)
<b>Flood Protection and Control Works</b>		<b>3,925</b>	<b>3,318</b>	<b>(607)</b>	<b>4,793</b>	<b>4,417</b>	<b>(376)</b>	<b>-</b>	<b>(376)</b>
Governance & Decision Making	5	12,077	12,444	367	16,407	16,455	48	-	48
Office of Mayor & Chief Executive	6	1,455	1,729	274	2,078	2,246	168	-	168
OARC Co-Governance		5	41	36	188	188	-	-	-
<b>Governance</b>		<b>13,537</b>	<b>14,214</b>	<b>677</b>	<b>18,673</b>	<b>18,889</b>	<b>216</b>	<b>-</b>	<b>216</b>
Community Housing	7	(4,121)	(3,933)	188	(6,097)	(6,535)	(438)	-	(438)
<b>Housing</b>		<b>(4,121)</b>	<b>(3,933)</b>	<b>188</b>	<b>(6,097)</b>	<b>(6,535)</b>	<b>(438)</b>	<b>-</b>	<b>(438)</b>
Parks and Foreshore	8	35,906	36,879	973	48,830	48,839	9	-	9
Parks Heritage Management		1,409	1,598	189	1,711	1,874	163	80	83
<b>Parks, Heritage &amp; Coastal Environment</b>		<b>37,315</b>	<b>38,477</b>	<b>1,162</b>	<b>50,541</b>	<b>50,713</b>	<b>172</b>	<b>80</b>	<b>92</b>
Solid Waste & Resource Recovery	9	30,244	31,991	1,747	42,063	42,665	602	-	602
<b>Solid Waste &amp; Resource Recovery</b>		<b>30,244</b>	<b>31,991</b>	<b>1,747</b>	<b>42,063</b>	<b>42,665</b>	<b>602</b>	<b>-</b>	<b>602</b>
Regulatory Compliance & Licencing	10	3,422	3,465	43	5,719	5,343	(376)	-	(376)
Building Regulation	11	3,198	2,234	(964)	3,576	2,318	(1,258)	-	(1,258)
Resource Consenting	12	2,910	1,551	(1,359)	3,781	2,054	(1,727)	-	(1,727)
Land & Property Information Services	13	(976)	(1,030)	(54)	(1,109)	(1,414)	(305)	-	(305)
<b>Regulatory &amp; Compliance</b>		<b>8,554</b>	<b>6,220</b>	<b>(2,334)</b>	<b>11,967</b>	<b>8,301</b>	<b>(3,666)</b>	<b>-</b>	<b>(3,666)</b>
Stormwater Drainage	14	16,954	15,638	(1,316)	21,639	20,021	(1,618)	-	(1,618)
<b>Stormwater Drainage</b>		<b>16,954</b>	<b>15,638</b>	<b>(1,316)</b>	<b>21,639</b>	<b>20,021</b>	<b>(1,618)</b>	<b>-</b>	<b>(1,618)</b>
Strategy Planning, Future Devlp & Regen	15	14,011	16,588	2,577	19,850	21,910	2,060	1,400	660
Public Information & Participation	16	4,327	4,717	390	5,690	6,284	594	-	594
<b>Strategic Planning &amp; Policy</b>		<b>18,338</b>	<b>21,305</b>	<b>2,967</b>	<b>25,540</b>	<b>28,194</b>	<b>2,654</b>	<b>1,400</b>	<b>1,254</b>

Attachment A – Operational & Capital breakdown by Activities / Special Funds as at 31 March 2023

\$000's		Year to Date Results			Forecast Year End Results				
		Actual	Plan	Var	Forecast	Plan	Var	Net C/F	Result
Transport Access		31,300	26,843	(4,457)	39,188	34,598	(4,590)	-	(4,590)
Transport Environment		4,959	5,476	517	6,426	7,285	859	450	409
Transport Safety		905	3,023	2,118	1,340	4,030	2,690	-	2,690
<b>Transportation</b>	<b>17</b>	<b>37,164</b>	<b>35,342</b>	<b>(1,822)</b>	<b>46,954</b>	<b>45,913</b>	<b>(1,041)</b>	<b>450</b>	<b>(1,491)</b>
WW Collection, Treatment & Disposal	<b>18</b>	42,383	41,753	(630)	53,612	53,103	(509)	-	(509)
<b>Wastewater</b>		<b>42,383</b>	<b>41,753</b>	<b>(630)</b>	<b>53,612</b>	<b>53,103</b>	<b>(509)</b>	-	<b>(509)</b>
Water Supply	<b>19</b>	32,063	28,712	(3,351)	38,223	36,091	(2,132)	-	(2,132)
<b>Water Supply</b>		<b>32,063</b>	<b>28,712</b>	<b>(3,351)</b>	<b>38,223</b>	<b>36,091</b>	<b>(2,132)</b>	-	<b>(2,132)</b>
Corporate Revenues and Expenses	<b>20</b>	(460,054)	(449,235)	10,819	(636,548)	(627,841)	8,707	1,029	7,678
Internal Services	<b>21</b>	(11,821)	(12,501)	(680)	(17,552)	(14,353)	3,199	1,692	1,507
<b>Corporate</b>		<b>(471,875)</b>	<b>(461,736)</b>	<b>10,139</b>	<b>(654,100)</b>	<b>(642,194)</b>	<b>11,906</b>	<b>2,721</b>	<b>9,185</b>
<b>Total Opex Net Cost of Service</b>		<b>(137,883)</b>	<b>(127,980)</b>	<b>9,903</b>	<b>(217,179)</b>	<b>(207,188)</b>	<b>9,991</b>	<b>8,304</b>	<b>1,687</b>

Note: the Net Cost of Services differs from the Operating result due to the inclusion of items funded via special funds, operational spend funded via borrowing, and non-cash expenses/revenues.

## Notes

1. Libraries variances are mainly due to lower personnel costs (\$0.5 million YTD & forecast), due to vacancies. Partially offset by higher insurance premiums than budgeted (\$0.2 million YTD & forecast), and lower revenues (\$0.1 million YTD / \$0.2 million forecast). Significant changes have been applied to the business in the last year including reducing the price on holds and removing fines. Estimated impacts of these were included in the budgets.
2. Community Development and Facilities year to date result is due to timing of grants (\$0.7 million), a lower than budgeted spend on Bromley Support grants (\$0.2 million YTD & forecast), and a slower spend relating to opex costs for the EQ Repair/Rebuild Programme (\$0.2 million YTD / \$0.5 million forecast carry forward). A \$3 million carry forward is also forecast for the Edgeware Pool Grant, sufficient funds need to be realised to demonstrate the capability to build and operate the pool prior to Council releasing its contribution.
3. Recreation, Sports, Community Arts and Events year to date variance is due to higher revenues (\$1.4 million), including higher He Puna Taimoana revenues (\$0.4 million YTD / \$0.6 million forecast). Combined swim education, camping grounds, stadia, Nga Puna Wai, Pool Operations and Hagley Oval are \$1.1 million higher than budget. Reduced by lower fitness revenues (\$0.1 million). Forecast will be reviewed in April for pool operations and stadia/facility hire revenues. Partially offsetting these higher revenues are higher insurance premiums (\$0.2 million YTD & forecast).
4. Flood Protection and Control Works forecast is driven by higher maintenance costs being incurred.
5. Governance and Decision Making forecast variance is due to lower personnel costs (\$0.4 million YTD / \$0.2 million forecast) resulting from vacancies; partially offset by higher election costs (\$0.2 million YTD & forecast). The higher election spend is driven by various factors, including but not limited to, inflation, increased volume, incremental costs associated with recount applications, petition of inquiry and Innes ward Community Board by-election costs.
6. Office of Mayor and Chief Executive variances are driven by lower personnel costs (\$0.2 million YTD & forecast) due to vacancies.
7. Community Housing variances are due to lower expenditure (\$0.8 million YTD / \$0.2 million

Attachment A – Operational & Capital breakdown by Activities / Special Funds as at 31 March 2023

- forecast). Revenues are \$0.6 million lower year to date (forecast to be \$0.7 million lower). Forecasts have been aligned with OCHT calculations.
8. Parks and Foreshore lower spend year to date is timing, including a \$0.4 million lower spend on Rural Fire due to minimal fire activities.
  9. Solid Waste variances reflect lower recycling processing fees (\$1.2 million YTD / \$1.5 million forecast), a volume rebate received from EcoCentral (\$0.8 million YTD & forecast), and less contaminated recycling bins disposal costs (\$0.4 million YTD / \$0.6 million forecast); partially offset by higher collection contract costs (\$1.4 million YTD / \$2 million forecast). Also included in the year to date variance are the timing of the Organics Processing Plant options investigations (\$0.3 million), and lower organics processing fees (\$0.3 million).
  10. Regulatory Compliance & Licencing forecast is driven by higher personnel costs (\$0.2 million), and the clean-up of dilapidated properties (\$0.1 million) resulting from a Court Order. Statutory charges are now registered against the properties.
  11. Building Regulation variances are due to higher costs (\$1.8 million YTD / \$2 million forecast) being incurred, driven by managing the high volume of Building Consenting backlogs from FY2022. Partially offset by higher revenues (\$0.9 million YTD / \$0.8 million forecast).
  12. Resource Consenting variances are due to revenue discounts being provided due to a number of RMA (Resource Management Applications) processed over the statutory timeframe (backlog due to high volume accumulated from FY22). Revenues are \$0.7 million lower than budget year to date (\$1 million forecast). Higher costs are also being incurred to process these consents (\$0.6 million YTD / \$0.7 million forecast).
  13. Land & Property Information Services variances is due to a downturn in the property market, resulting in lower volumes of LIMs revenue (\$0.3 million YTD / \$0.4 million forecast). Offsetting the year to date result are slower costs in Microfilming and Archiving (\$0.2 million).
  14. Stormwater Drainage variances are due to higher maintenance costs being incurred.
  15. Strategic Planning, Future Development, and Regeneration below budget spends are largely driven by grant payments (\$1.2 million YTD / \$0.4 million forecast), the EV Charging grant has been forecast as a saving due to lack of need; the remainder are timing related. There is a slower professional advice spend of \$1 million year to date; Proposed Plan Change 14 (Housing and Business Choice) was anticipated to be approved for notification in September with submissions and the subsequent hearings occurring this financial year. The delay to the Council's approval of the plan change means the process of submissions and hearings is now anticipated in the 2023/24 year, including associated costs, a \$1.4 million carry forward is forecast.
  16. Public Information & Participation variances are driven by lower personnel costs (\$0.4 million YTD - \$0.6 million forecast) due to vacancies.
  17. Transport activities results need to be read together as a Group rather than individual activities due to all road maintenance contract spend showing in the Transport Access activity. The results are mainly due to lower fines revenues (\$0.9 million YTD / \$1 million forecast) because of staff retention challenges and alternative sentences granted by the court; and increased maintenance costs (net of Waka Kotahi subsidies) (\$0.8 million YTD & forecast) reflecting emergency works relating to the July rain events. Insurance premiums are \$0.2 million higher year to date and forecast. Partially offset by higher parking revenues (\$0.4 million YTD / \$0.6 million forecast). There is a \$0.45 million carry forward forecast for the Orion Street Tree project.
  18. Wastewater Collection, Treatment and Disposal variances are driven by higher Insurance premiums (\$0.3 million) and Rates expenditure (\$0.2 million).
  19. Water Supply variances are largely driven by lower higher staff costs/lower costs being capitalised (\$3.7 million YTD / \$3.9 million forecast). Revenues are down \$2 million year to date (\$1.7 million forecast) driven by lower excess water charges mainly due to lower commercial water usage. Partially offsetting these are lower insurance premiums (\$1.9 million YTD &

Attachment A – Operational & Capital breakdown by Activities / Special Funds as at 31 March 2023

- forecast), and lower maintenance costs (\$0.6 million YTD / \$1.3 million forecast).
20. Corporate Revenues and Expenses variances are largely due to:
- Higher subvention receipts (\$2.3 million YTD & forecast),
  - Rates revenues (\$2.1 million YTD / \$2.2 million forecast) resulting from higher 2021/22 growth than planned (\$1.5 million), and higher penalties,
  - Transwaste dividends - \$1.9 million higher this financial year, with \$0.9 million to be brought back from 2023/24 budget to recognise dividend otherwise payable in August 2023.
  - Water Reform transition work (\$1.6 million YTD) – funded by Crown revenues of \$3 million (\$2.3 million received YTD), spend is slower than phased budget,
  - Lower net interest costs (\$1.4 million YTD / \$1.6 million forecast),
  - Timing of Rockfall grants (\$0.5 million YTD), and,
  - Vacant land remission savings (\$0.3 million YTD / \$0.5 million forecast) – properties meeting certain criteria before the rates strike were not invoiced at the higher rating decimal (no remittance required).
21. Internal Services forecast reflects lower insurance preparation claim costs (\$1.2 million) and carry forwards for Port Hills Red Zone Redevelopment costs (\$1 million), Parakiore Monitoring project (\$0.3 million), opex costs associated with the EQ repair programme (\$0.2 million), and the Diamond Harbour project (\$0.2 million). Lower staff capitalisations are impacting the year to date result.

### Group of Activities Capital Results

\$m		Year to Date Results			Forecast Year End Results			After Carry Forwards	
		Actual	Budget	Var	Forecast	Budget	Var	C/F	Result
Communities & Citizens		36.7	44.1	7.4	57.6	65.0	7.4	7.4	-
Flood Protection and Control Works		19.6	15.7	(3.9)	31.3	30.0	(1.3)	(1.3)	-
Housing		5.7	3.7	(2.0)	6.4	5.0	(1.4)	(1.4)	-
Parks, Heritage & Coastal Environment		34.3	24.7	(9.6)	49.8	43.2	(6.6)	(6.6)	-
Solid Waste & Resource Recovery		1.7	1.4	(0.3)	3.6	5.0	1.4	1.4	-
Stormwater Drainage		13.9	17.9	4.0	24.7	28.3	3.6	3.6	-
Strategic Planning & Policy		0.5	0.8	0.3	0.8	1.0	0.2	0.2	-
Transport		75.3	79.9	4.6	115.2	140.3	25.1	25.1	-
Wastewater		34.0	34.4	0.4	50.6	67.5	16.9	16.9	-
Water Supply		41.9	37.8	(4.1)	59.9	62.9	3.0	3.0	-
Corporate Capital		101.6	69.3	(32.3)	177.3	125.1	(52.2)	(52.2)	-
<b>Gross Capital Spend</b>	<b>1</b>	<b>365.2</b>	<b>329.7</b>	<b>(35.5)</b>	<b>577.2</b>	<b>573.3</b>	<b>(3.9)</b>	<b>(3.9)</b>	-
Unidentified Carry forwards		-	-	-	(25.5)	-	25.5	25.5	-
<b>Capital Programme Expenditure</b>	<b>2</b>	<b>365.2</b>	<b>329.7</b>	<b>(35.5)</b>	<b>551.7</b>	<b>573.3</b>	<b>21.6</b>	<b>21.6</b>	-
Development Contributions	<b>3</b>	(40.8)	(18.1)	22.7	(48.7)	(24.1)	24.6	-	24.6
Less DC Rebates	<b>4</b>	(0.2)	1.4	1.6	0.4	1.9	1.5	1.5	-
Crown Recoveries	<b>5</b>	(106.6)	(72.5)	34.1	(162.0)	(107.5)	54.5	54.5	-
Waka Kotahi NZTA Capital Subsidy	<b>6</b>	(9.0)	(12.0)	(3.0)	(19.0)	(20.7)	(1.7)	(2.5)	0.8
Misc. Capital Revenues	<b>7</b>	(6.5)	(4.3)	2.2	(7.8)	(8.2)	(0.4)	(3.1)	2.7
Asset Sales		(6.8)	(5.8)	1.0	(8.0)	(8.0)	-	-	-
<b>Capital Revenues</b>		<b>(169.9)</b>	<b>(111.3)</b>	<b>58.6</b>	<b>(245.1)</b>	<b>(166.6)</b>	<b>78.5</b>	<b>50.4</b>	<b>28.1</b>
Rates for Renewals		(125.4)	(125.4)	-	(167.1)	(167.1)	-	-	-
Reserve Drawdowns	<b>8</b>	(43.7)	(57.7)	(14.0)	(63.8)	(77.0)	(13.2)	1.4	(14.6)
<b>Other Available Funding</b>		<b>(169.1)</b>	<b>(183.1)</b>	<b>(14.0)</b>	<b>(230.9)</b>	<b>(244.1)</b>	<b>(13.2)</b>	<b>1.4</b>	<b>(14.6)</b>
<b>Borrowing Required</b>	<b>9</b>	<b>26.2</b>	<b>35.3</b>	<b>9.1</b>	<b>75.7</b>	<b>162.6</b>	<b>86.9</b>	<b>73.4</b>	<b>13.5</b>

### Capital Expenditure

- For detailed commentary on Gross Capital Spend variances please refer to the Capital Project Performance Report.
- Gross capital expenditure of \$365.2 million has been incurred year to date. A further \$186.5 million is forecast to be spent by year end. The \$551.7 million forecast spend is based on a Core/External Funded delivery of \$390 million, plus forecast spend of \$161.7 million on Te Kaha and Parakiore projects.

### Capital Revenues

- Development contributions are higher than budget year to date because new development has been higher than anticipated.
- Development contribution rebates have been slower than budgeted year to date. A carry forward of \$1.5 million is forecast.
- Crown recoveries are \$34.1 million higher than budget year to date, forecast to be \$54.5 million higher at year end (budget to be brought back from 2023/24). This mainly relates to the Te Kaha recoveries that are forecast to be \$60.2 million higher this financial year due to an earlier forecast spend on the project.
- Waka Kotahi (NZTA) capital subsidies are forecast to be \$1.7 million lower due to a slower capital spend (\$2.5 million of budget to be carried forward to future years). The permanent additional revenues of \$0.8 million result from the emergency works required following the July rain events.
- Miscellaneous capital revenues variances are mainly due to higher Water Connection Fee

Attachment A – Operational & Capital breakdown by Activities / Special Funds as at 31 March 2023



revenues (\$1.7 million year to date / \$2 million forecast). The \$3.1 million carry forward relates to slower forecast revenues from the Earthquake Appeal Trust in relation to the Ōtākaro Avon River Corridor projects due to a slower project spend.

8. Reserve drawdowns are lower year to date and forecast largely due to additional development contributions set aside for future development.
9. The lower current year borrowing requirement forecast of \$86.9 million is due to the slower forecast core/external funded capital programme spend, and higher capital revenues outlined above. This is largely temporary, after forecast carry forwards borrowing is forecast to be \$13.5 million lower.

### Special Funds

\$000's	Year to Date Results			Forecast Year End Results			After Carry Forwards	
	Act/YTD	Budget	Var	Forecast	Budget	Var	C/F	Result
<b>Housing Development Fund</b>								
1 July Opening Balance	422	422	-	422	422	-	-	-
Income	11,681	12,322	(641)	15,745	16,429	(684)	-	(684)
Operating expenditure	(7,559)	(8,388)	829	(9,649)	(9,894)	245	-	245
Capital expenditure	(5,735)	(3,728)	(2,007)	(6,422)	(5,019)	(1,403)	(1,403)	-
Interest on fund balance	(28)	40	(68)	(32)	53	(85)	-	(85)
<b>Balance</b>	<b>(1,219)</b>	<b>668</b>	<b>(1,887)</b>	<b>64</b>	<b>1,991</b>	<b>(1,927)</b>	<b>(1,403)</b>	<b>(524)</b>
<b>Capital Endowment Fund</b>								
Capital Balance	104,032	104,032	-	104,032	104,032	-	-	-
<b>Income Distribution</b>								
1 July Opening Balance	1,007	1,007	-	1,007	1,007	-	-	-
Income	2,665	2,559	106	3,572	3,469	103	-	103
Less: Expenditure								
Christchurch NZ	(1,154)	(1,154)	-	(1,539)	(1,539)	-	-	-
Park Rangers	(293)	(293)	-	(390)	(390)	-	-	-
Community Partnership Fund	-	-	-	(350)	(350)	-	-	-
Environmental/Climate Change Partnership Fund	(350)	(328)	(22)	(350)	(350)	-	-	-
Woolston Brass Inc.	(270)	(270)	-	(270)	(270)	-	-	-
Pukeko Centre	(200)	(200)	-	(200)	(200)	-	-	-
North Avon BMX club	(200)	(200)	-	(200)	(200)	-	-	-
Healthier Homes Canterbury	-	(128)	128	(170)	(170)	-	-	-
City Mission - 275 Hereford Street	(155)	(155)	-	(155)	(155)	-	-	-
Oxford Terrace Baptist Church	(120)	(120)	-	(120)	(120)	-	-	-
Canterbury Softball	(100)	(100)	-	(100)	(100)	-	-	-
Papatipu Rūnanga Partnership	-	(85)	85	(85)	(85)	-	-	-
Upper Riccarton Domain Development	-	-	-	(70)	(70)	-	-	-
Canterbury Society of Artists Trust	-	-	-	(75)	(75)	-	-	-
Santa Parade	(50)	(50)	-	(50)	(50)	-	-	-
Unallocated funds	-	-	-	(150)	(323)	173	173	-
<b>Balance</b>	<b>780</b>	<b>483</b>	<b>297</b>	<b>305</b>	<b>29</b>	<b>276</b>	<b>173</b>	<b>103</b>
Carry forwards incorporated in 2024 Annual Plan				<b>(173)</b>				
<b>Funds available for allocation</b>				<b>282</b>				

Attachment A – Operational & Capital breakdown by Activities / Special Funds as at 31 March 2023





## 9. Capital Programme Performance Report March 2023

Reference / Te Tohutoro: 22/1682935

Report of / Te Pou Matua:	Andrew Robinson, Head of Programme Management Office (andrew.robinson@ccc.govt.nz)
General Manager / Pouwhakarae:	Lynn McClelland, Assistant Chief Executive Strategic Policy and Performance (lynn.mcclelland@ccc.govt.nz)

### 1. Nature of Information Update and Report Origin

- 1.1 The purpose of this report is to present to the Council meeting the monthly Capital Programme Performance Report March 2023.
- 1.2 This report provides Elected Members with oversight on the performance of the Capital Programme.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:



1. Receive the information in the Capital Programme Performance Report to the end of March 2023.

### 3. Brief Summary

- 3.1 The consolidated FY23 forecast for the CCC Capital component of the programme (excl. Te Kaha and Parakiore) as reported by Project Managers is **\$417.9m**. This is a decrease on last month's reporting (**\$428.7m**).
- 3.2 The PMO forecast for the CCC Capital component remains at **\$390m** this month (83% of budget). This is based on programme analysis, including year to date actuals, historical trends and the current outlook.
- 3.3 The major facilities, **Te Kaha and Parakiore**, are progressing and are reported in more detail elsewhere. Significant expenditure is still forecast for Te Kaha in the next three months as site activity ramps up and the superstructure emerges. A bring back is still anticipated in FY23, and the project remains on track to budget for all years.
- 3.4 Both **Matatiki (Hornby Service Centre)** and **The Court Theatre (Performing Arts)** are progressing well with construction underway on both projects, however some significant carry forward for the Court Theatre is expected to get alignment between Budgets and construction schedules.
- 3.5 The **Three Waters** forecast is slightly down this month, from \$163.8m to \$159.6m (87% of budget at end of March). Both Water Supply and Stormwater projects are forecasting good progress, however some Wastewater projects are still reporting delays in contract award but are at or near award.
- 3.6 **Transport** PMs are reporting delivery at 83% of budget (\$116.1m, a reduction of \$6m compared to the February forecast). YTD spend is lagging at \$74.7m as a result of delivery not proceeding as well as predicted.

- 3.7 **Parks, Digital** and the **Ōtākaro Avon River Corridor (OARC)** programme are all reporting good progress against FY23 Budgets and some bring backs support the stronger delivery targets.
- 3.8 Resource constraints remain with tight competition in the employment market and infrastructure owners often competing for the same resources. This continues to be a risk for deliverability.
- 3.9 Continued geopolitical instability remains a key risk and is having an impact on cost estimates through inflationary pressures across all areas of capital delivery.
- 3.10 The emerging risk relating to upcoming repair programmes in response to damage created by Cyclone Gabrielle in February 2023 has, to date, had minimal impact on market capacity in Christchurch. However, this risk may still increase the severity of existing financial and resourcing risks.
- 3.11 While it is difficult to make accurate predictions as to the time period within which these broader issues outside of Council control will resolve, internal planning and risk mitigation is based on the assumption that a return to normal is not expected in the short term. Recent economic forecasts and historical indicators, continue to support cost pressures.
- 3.12 In early April, the Three Waters team completed a briefing to all Contractors on the recently awarded HDM2.0 Physical Works Delivery Panel. This included briefing on the forward works programme.
- 3.13 The attached Capital Delivery Report – March 2023 details the above and provides further commentary across the Capital Programme.

## Attachments / Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Attachment to report 22/1700755 (Title: 2023-03 Capital Delivery Report March 2023 - FINAL)	23/533284	52
B 	Attachment to report 22/1700755 (Title: Capex Watchlist Report - March 2023 - FINAL)	23/533340	90

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance / Te Whakatūtutanga ā-Ture

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

(a) This report contains:

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

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

## Signatories / Ngā Kaiwaitohu

<b>Authors</b>	Andrew Robinson - Head of Programme Management Office Lauren Barry - Senior PMO Analyst Greer Hill - PMO Administrator
<b>Approved By</b>	Lynn McClelland - Assistant Chief Executive Strategic Policy and Performance

## Capital Delivery Report – March 2023

The Capital Delivery Report is a monthly update on the status of the capital programme in the current Financial Year (FY23). The first section provides an update on the overall programme. Subsequent sections expand on the performance of each major area of capital delivery.

Some commentary on external funding sources is provided, although the report focuses on delivery overall, regardless of funding source. Capital revenue is overseen by Finance.

Projects marked with a plus sign (+) are also included in the appended Capex Watchlist Report.

All financials have been updated on 3 April 2023.

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## Capital Delivery Overview

### Financial Year Summary

#### Overall Capital Programme

\$ m	Budget	PM's Forecast	Actual	Forecast Result
Capital Programme	573.4	579.7	364.8	101%

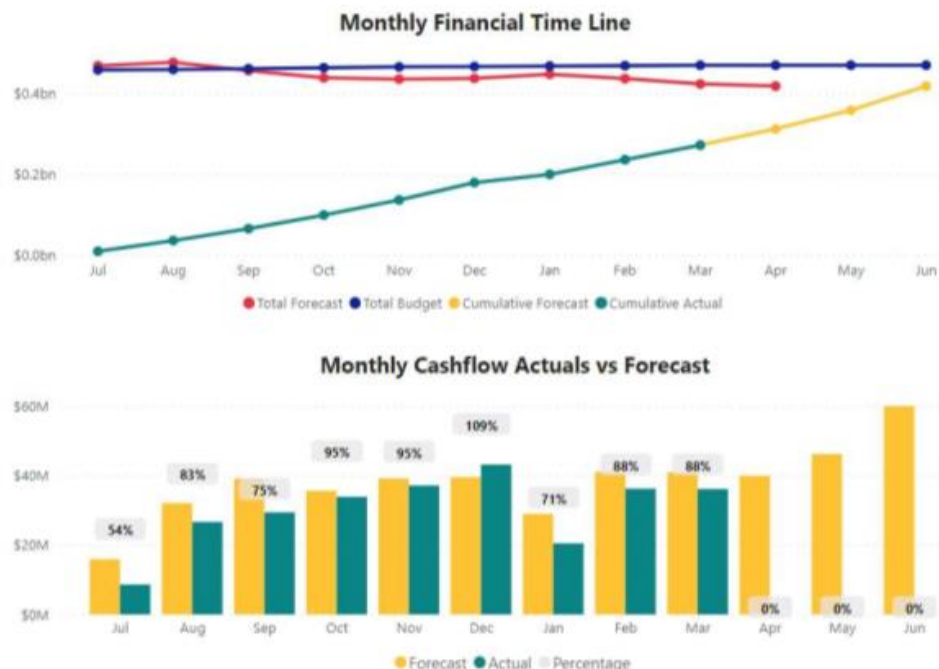
The forecast for the overall capital programme has increased this month. As of 3 April, the consolidated forecast from Project Managers (PM's) is **\$579.7m**, up from **\$560.0m** in February reporting. The increase is due to a readjustment (+\$30.7m) in the FY23 forecast position for Te Kaha.

#### CCC Capital (excl. Te Kaha and Parakiore)

\$ m	Budget	PM's Forecast	Actual	Forecast Result	PMO Forecast
CCC Capital	469.6	417.9	271.7	89%	\$390m (83%)

The forecast for the CCC Capital component of the programme (which excludes Te Kaha and Parakiore) has decreased this month. The consolidated PM's forecast is **\$417.9m**, down from **\$428.7m** in February reporting. This change is largely driven by forecast reductions in the Transport and Three Waters programmes this month.

The Project Management Office (PMO) year-end forecast for CCC Capital remains at **\$390m** this month. This is based on programme analysis, including year to date actuals, historical trends, and the current outlook.



Monthly financials for CCC Capital (excl. Te Kaha and Parakiore) in FY23.

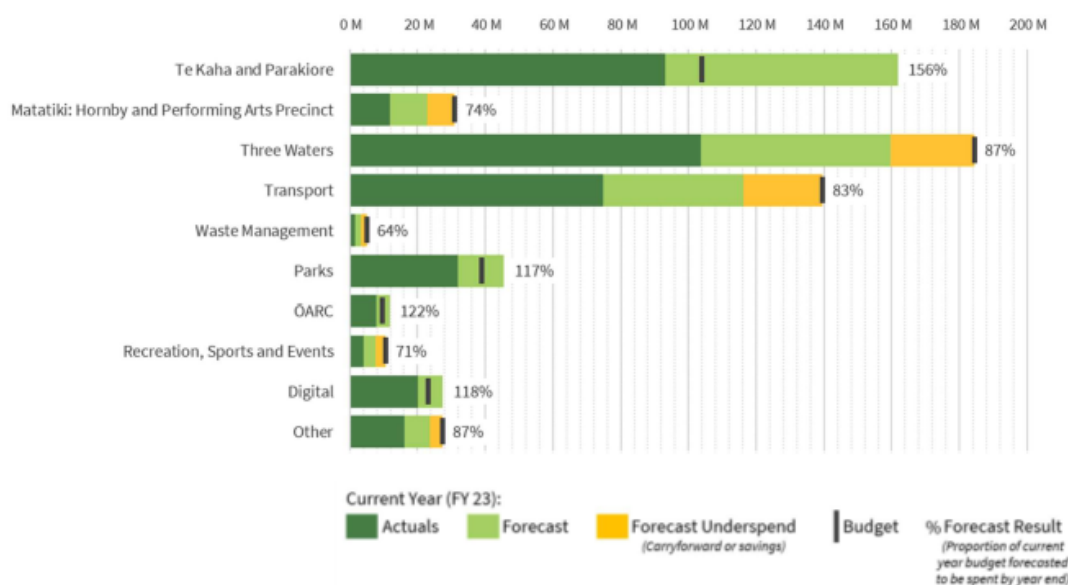
### Capital Delivery – Programme Commentary

Public consultation for the Draft Annual Plan 2023/24 closed on Monday 10 April. It proposes an overall capital programme of \$615.8m in FY24. For the CCC Capital component (excluding Te Kaha and Parakiore), the proposed FY24 budget is \$462.2m.

### Capital Delivery - Financial Commentary

The chart below shows the current financial position for each major area of capital delivery in the current financial year.

Overall Programme - Forecast Delivery (FY23)






### Capital Delivery - Risks and Issues Commentary

Key risks and issues that exist across the capital programme are outlined in the qualitative risk summary below. Individual project risk registers are managed on a case-by-case basis by Project Managers.

The emerging risk relating to upcoming repair programmes in response to Cyclone Gabrielle has, to date, had minimal impact on market capacity in Christchurch. However, this risk may still increase the severity of existing financial and resource risks.

PROGRAMME QUALITATIVE RISK SUMMARY				
RISK CATEGORY	DESCRIPTION	MITIGATIONS	PROBABILITY x IMPACT	RESIDUAL RISK
FINANCIAL	<ul style="list-style-type: none"> <li>Inflationary pressures and cost escalation</li> <li>Forecasting</li> </ul>	<ul style="list-style-type: none"> <li>Good project planning using PM Framework</li> <li>Estimation accuracy and contingency provision</li> <li>Industry forecast awareness</li> </ul>	High x High	

PROGRAMME QUALITATIVE RISK SUMMARY				
RISK CATEGORY	DESCRIPTION	MITIGATIONS	PROBABILITY x IMPACT	RESIDUAL RISK
PROGRAMME	<ul style="list-style-type: none"> <li>Delays through consents</li> <li>Supply chain limitations</li> </ul>	<ul style="list-style-type: none"> <li>Good project planning using PM Framework</li> <li>Continued dialogue with Environment Canterbury</li> <li>Panel frameworks and supplier partnerships</li> <li>Alternative materials &amp; early procurement</li> </ul>	High x Medium	
RESOURCE	<ul style="list-style-type: none"> <li>Staff retention &amp; attraction</li> <li>Contractor/ Consultant availability</li> </ul>	<ul style="list-style-type: none"> <li>Recruit and retain</li> <li>CCC employment benefits &amp; conditions</li> <li>Training &amp; development</li> <li>Supplier relationships &amp; collaboration</li> </ul>	High x Medium	
HSE (Health, Safety & Environment)	<ul style="list-style-type: none"> <li>Health &amp; Safety on sites</li> <li>Pandemic effects on staff &amp; resource</li> </ul>	<ul style="list-style-type: none"> <li>Individual H&amp;S Plans and monitoring on project sites</li> <li>Remote working preparedness</li> </ul>	Medium x Medium	

#### Capital Delivery – Resources Commentary

There continues to be considerable competition in the market for skilled resources. This remains an issue both within Council and external service providers and other client organisations.

As part of Council's ongoing communication of workload to the industry, information on significant projects is provided to the New Zealand Infrastructure Commission (Te Waihangā) each quarter. This information is used to update the National Infrastructure Pipeline. The March 2023 update has now taken place.

In early April, the Three Waters team completed a briefing to all contractors on the recently awarded HDM 2.0 Physical Works Panel. This included briefing on the forward works programme. Other Industry Forums are planned to communicate forward programmes with suppliers.

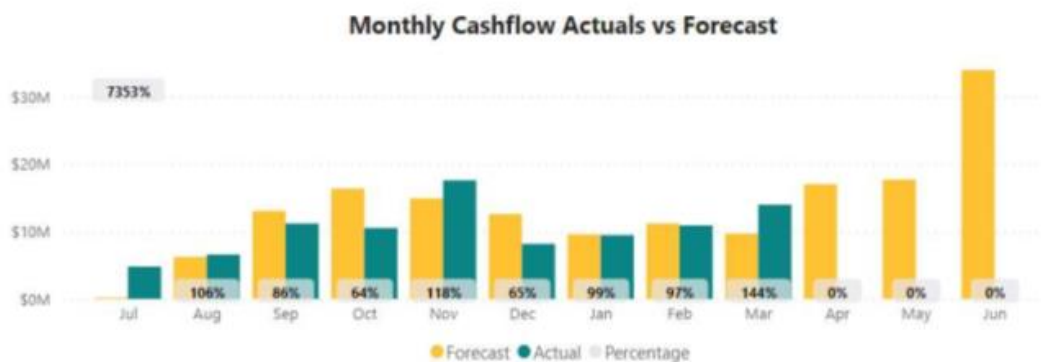


## Te Kaha and Parakiore Recreation and Sport Centre

Detailed reporting on these projects is provided elsewhere as they are led by Te Kaha Project Delivery Ltd and Ōtākaro Ltd.

### Financial Year Summary

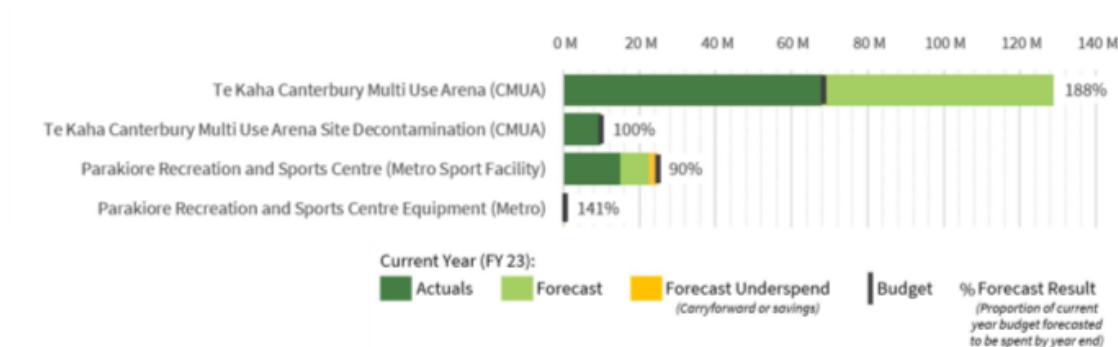
\$ m	Budget	Forecast	Actual	Forecast Result
<b>Te Kaha</b>	78.5	138.8	78.0	177%
<b>Parakiore</b>	25.3	23.0	15.1	91%
<b>Total</b>	<b>103.8</b>	<b>161.8</b>	<b>93.1</b>	<b>156%</b>





## Project Updates

### Forecast Delivery (FY23) – Te Kaha and Parakiore

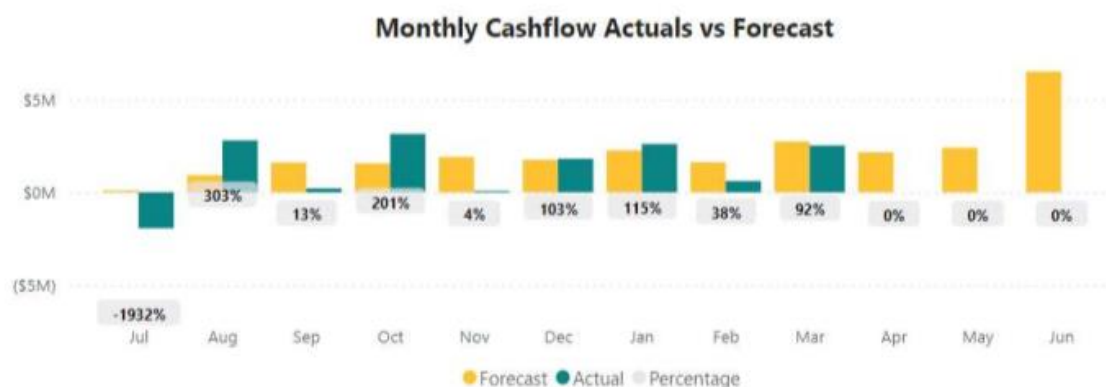


Project	Progress
Te Kaha Canterbury Multi Use Arena (CMUA) (+)	<p>Te Kaha is in the Construction Phase. BESIX Watpac are making good progress on-site. Fabrication and installation for the substructure foundations and ground floor columns is underway. Off-site the contractor is working on procuring materials and subcontractors. Work also continues on the detailed design and shop drawings for the structural steel. Regular meetings with the local community (to inform them on progress and receive feedback on any issues) are continuing.</p> <p>Progress with structural design over the last month has given greater certainty on the early purchasing of roof steelwork. This has resulted in the FY23 forecast returning to near pre-February levels. The project remains on track to budget for all years.</p>
Parakiore Recreation and Sports Centre (Metro Sport Facility) (+)	<p>Parakiore is in the Construction Phase. The structure, external cladding and roofing have almost been completed, and the current work focus is on internal construction work and carpark. Construction is planned to be completed at the end of 2024, with opening planned in early 2025 following fit-out.</p>

## Matatiki: Hornby Centre and Performing Arts Precinct

### Financial Year Summary

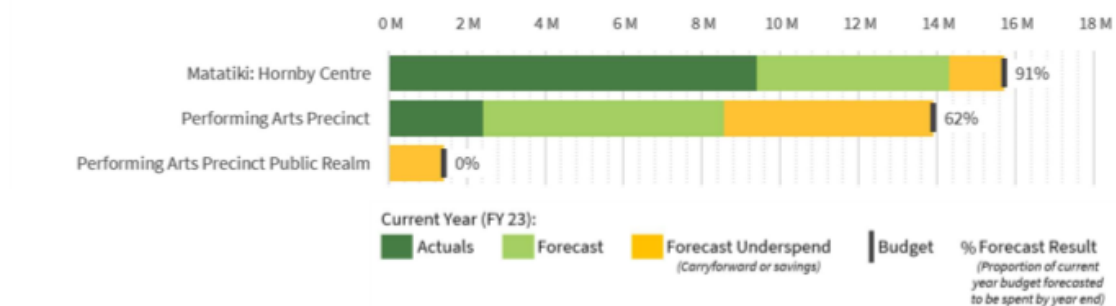
\$ m	Budget	Forecast	Actual	Forecast Result
Matatiki: Hornby Centre	15.7	14.3	9.4	91%
Performing Arts Precinct	15.3	8.6	2.4	56%
<b>Total</b>	<b>31.0</b>	<b>22.9</b>	<b>11.8</b>	<b>74%</b>



Negative actuals in July are a result of an FY22 accrual on the Matatiki project.

## Project Updates

### Forecast Delivery (FY23) – Matatiki and Performing Arts Precinct



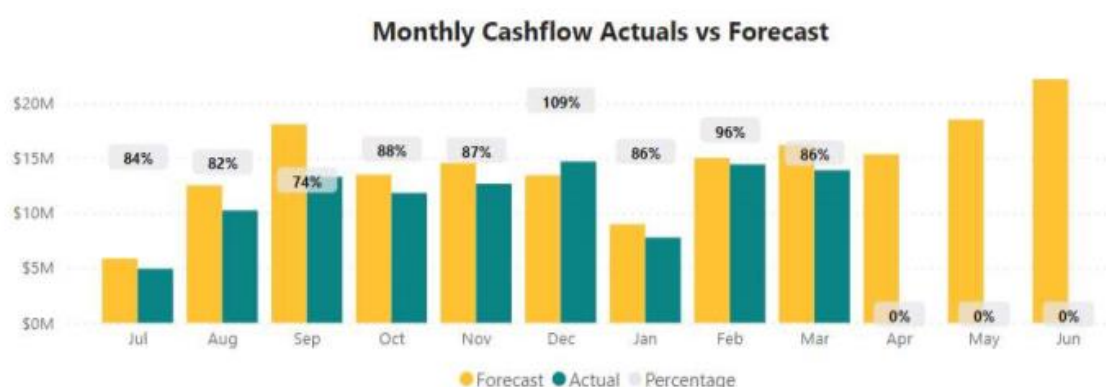
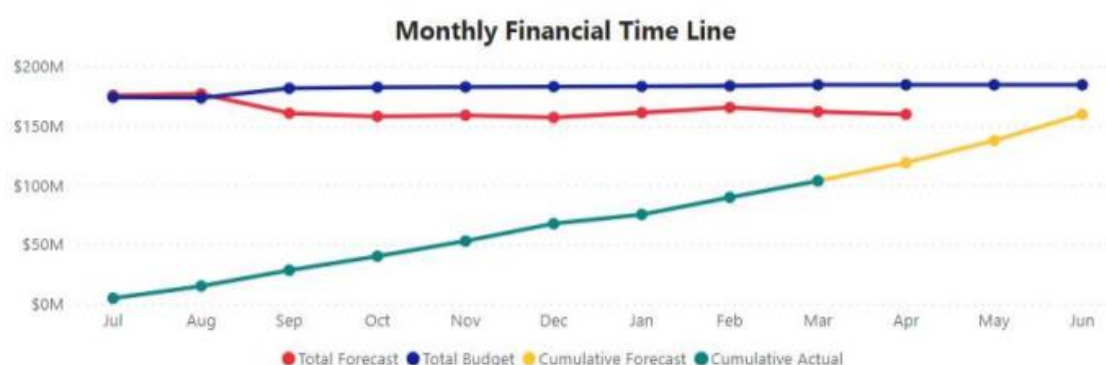
Project	Progress
Matatiki: Hornby Centre (+)	Library roof nearing completion, with cladding well progressed, along with installation of cabling within the walls and placement of mechanical plant within the library wing. Closing in the building is expected to finish in late July. Supply times, resource competition, and design clarifications remain the main project risks. Planning of procurement for IT, furniture and other fit out items commencing. Carry forward indicated.
Performing Arts Precinct (+)	Construction is well underway, with infrastructure connections and the first concrete pour complete. Preparation of Stage 2 Building Consent documentation is a key focus. Current forecast completion of construction in late 2024. Carry forward indicated.

## Three Waters

Excludes Ōtākaro Avon River Corridor (ŌARC) three waters projects (refer to ŌARC section).

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Three Waters (excl. ŌARC)	184.4	159.6	103.6	87%



### Three Waters - Programme Commentary

The Three Waters capital programme is tracking well against plan, with a forecast year-end result of 87% of budget spent. There are measures in place to increase performance through the final quarter of FY23.

### Three Waters - Financial Commentary

- The FY23 year-end forecast for Three Waters is \$159.6m. This is a slight decrease from February reporting (\$163.8m).
- March actuals of \$13.9m achieved 86% of forecast.
- Measures in place to help achieve the year-end forecast include accelerating water projects by direct appointing contractors and utilising the maintenance contract to carry out capital works. There are also several, not currently forecasted, Infrastructure Provision Agreements likely to complete this year.

### Three Waters - Risks and Issues Commentary

- The delays experienced due to consenting issues over groundwater and wetlands are impacting several stormwater and flood protection projects. Staff continue to work with Environment Canterbury on a consent strategy for these projects. The delivery teams are working to undertake future year projects to maintain capital expenditure as planned.
- The labour market is challenging for recruitment and the retention of specialist staff is given high priority.

### Three Waters – Resources Commentary

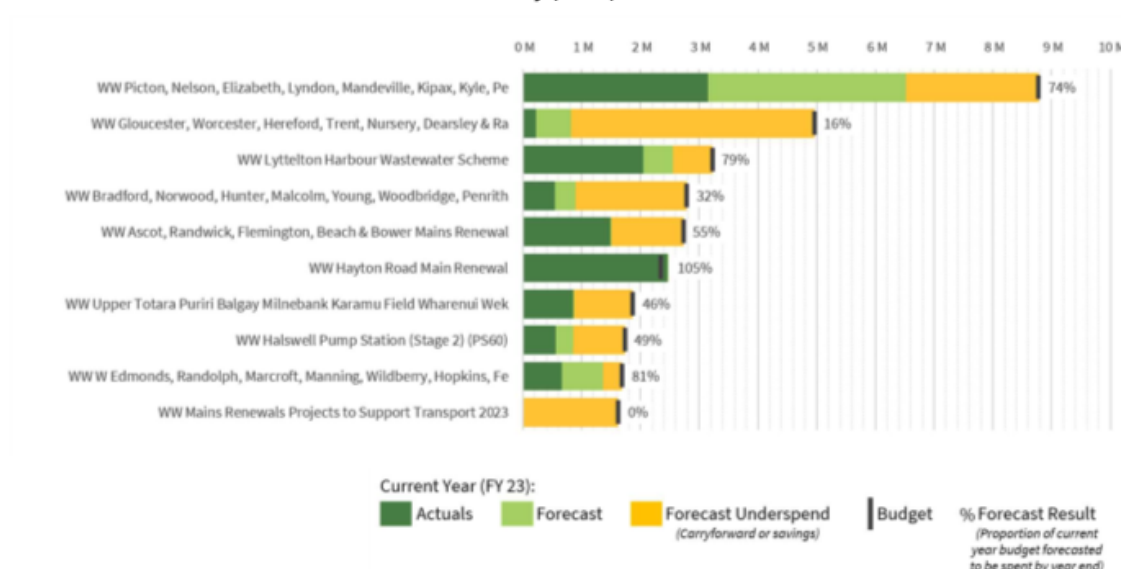
- Improvements to procurement and management of programmes of works are being developed to increase delivery and allow us to be more agile in an ever-changing environment.
- The new contractors and professional services panels (HDM 2.0) have been awarded to support streamlined delivery.
- Existing resources are supporting growth and improvement work, while also completing Asset Management Unit tasks and reactive requests from across the organisation.
- The many changes in the regulatory environment are placing additional demand on planning and asset management resources. This is contributing to bottlenecks in project planning and design phases, but programme adaptability is mitigating this as much as possible.

### Three Waters Project Updates

The Three Waters programme is made up of three activity areas: Wastewater, Water Supply and Stormwater.

#### Wastewater (top 10 projects by FY23 budget)

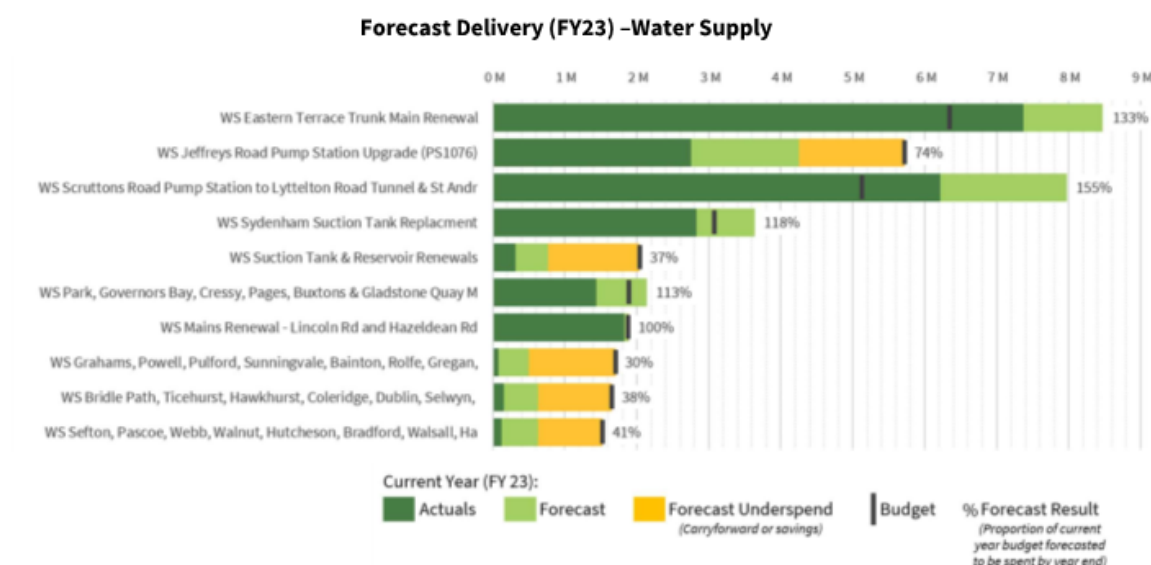
#### Forecast Delivery (FY23) – Wastewater



Project	Progress
WW Picton, Nelson, Elizabeth, Lyndon, Mandeville, Kipax, Kyle, Peverel, Burdale, Seto Mains Renewals	Construction currently underway on Mandeville Street, Picton Ave and Dilworth Street. Forecast completion of construction early 2024. Carry forward indicated.
WW Gloucester, Worcester, Hereford, Trent, Nursery, Dearsley & Raglan Mains Renewals	Construction commencing on Hereford Street in late March 2023. Carry forward indicated.
WW Lyttelton Harbour Wastewater Scheme (+)	Construction of the pipeline and pumping stations from Lyttelton Harbour Basin to Christchurch Wastewater Treatment Plant via PS15 Alport Place now complete, commissioned, and operational. Decommissioning of the Lyttelton Wastewater Treatment Plant nearing completion. Discharge of treated wastewater to Lyttelton Harbour no longer occurring. Expected completion of project delivery in April 2023.
WW Bradford, Norwood, Hunter, Malcolm, Young, Woodbridge, Penrith, Cardiff et al Mains Renewals	Project currently being awarded. Anticipating start of construction late April / May. Carry forward indicated.
WW Ascot, Randwick, Flemington, Beach & Bower Mains Renewal	Construction progressing on Bower Ave. No major risks / issues. Construction expected to be complete March / April 2023.
WW Hayton Road Main Renewal	Physical works now complete. Change request to be completed for additional budget. Defects liability period will commence once variations are closed out.
WW Upper Totara, Puriri, Balgay, Milnebank, Karamu, Field, Wharenui, Weka, Tui, Leinster & Bristol Mains Renewal	Completion of construction expected at end of April. The forecast underspend is savings.
WW Halswell Pump Station (Stage 2) (PS60)	Site established. Bypass installed in March. Recent trial – PS69 pumping to PS104 to reduce the flow to PS60, has worked. Next phase is the removal of asbestos from the Pump Station building prior to demolition. Current forecast completion of construction in November 2023.
WW W Edmonds, Randolph, Marcroft, Manning, Wildberry, Hopkins, Ferry & Okeover Mains Renewal	Work is now complete on all streets except for Randolph St, which is progress. Expected completion June 2023.
WW Mains Renewals Projects to Support Transport 2023	This project provides funding for wastewater infrastructure renewals to be carried out as part of a larger transport project, such as works in Godley Quay ahead of the SailGP. Works at Godley Quay are nearing completion, with transfers and journals to be actioned.



Water Supply (top 10 projects by FY23 budget)



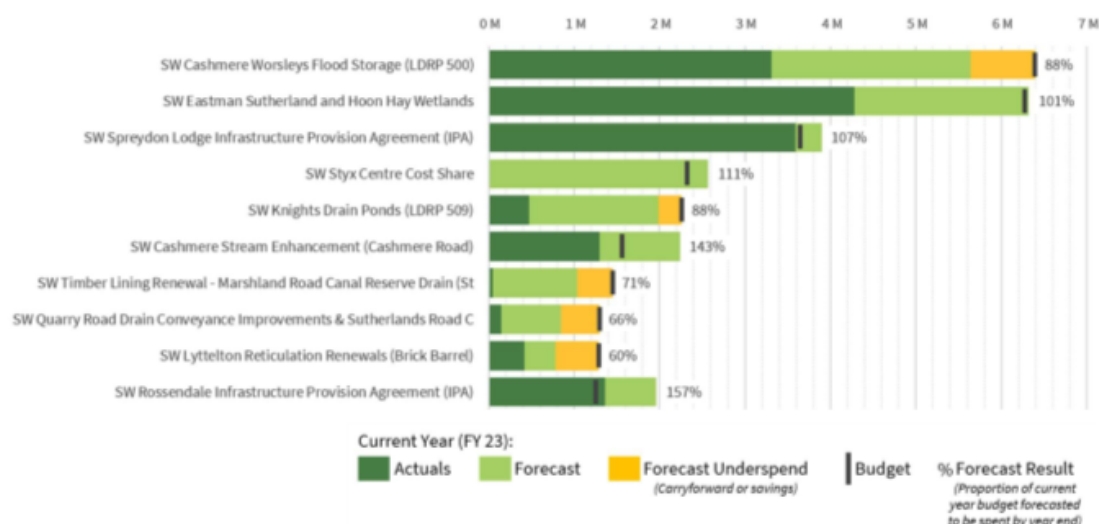
Project	Progress
WS Eastern Terrace Trunk Main Renewal	To connect new pipework to the water supply network, the 600mm diameter main will need to be shutdown. This can only occur during the winter months. Works will take place during winter of 2023. Forecast delivery complete December 2023. Bring back indicated.
WS Jeffreys Road Pump Station Upgrade (PS1076)	Project encountered some delays but is now progressing well. Expecting to have pump station back online for summer season 2023/24. Carry forward indicated.
WS Scruttons Road Pump Station to Lyttelton Road Tunnel & St Andrews Hill Road Mains Renewal	Additional budget was required due to excess contaminated soils encountered. Change request approved under the delegations framework. Current forecast completion of construction in June 2023. Bring back indicated.
WS Sydenham Suction Tank Replacement	The project is behind schedule due to delays associated with the manufacturing and installation of the stainless-steel suction tank. Work is progressing satisfactorily, and completion of delivery is forecasted in January 2024.
WS Suction Tank & Reservoir Renewals	This is an ongoing programme of work. Sockburn Tank is due to re-start in April 2023, awaiting permit approvals to drain tank. Carry forward indicated.
WS Park, Governors Bay, Cressy, Pages, Buxtons & Gladstone Quay Mains Renewal	Construction continues. Gladstone Quay works in progress. Extension of time expected with longer than anticipated permit and approvals processes. Works to be finished April 2023.



Project	Progress
WS Mains Renewal – Lincoln Rd and Hazeldean Rd	Construction largely complete. Some minor electrical commissioning works ongoing.
WS Grahams, Powell, Pulford, Sunningvale, Bainton, Rolfe, Grogan, Farrington, Hillsbo Mains Renewals	Works have commenced in March. Forecast completion of construction in December 2023. Carry forward indicated.
WS Bridle Path, Ticehurst, Hawkhurst, Coleridge, Dublin, Selwyn, Brittan, Charlotte J Mains Renewals	Works commencing in April. Forecast completion of construction in December 2023. Carry forward indicated.
WS Sefton, Pascoe, Webb, Walnut, Hutcheson, Bradford, Walsall, Hammond, Willis & Dobs Mains Renewals	Works commencing in April. Forecast completion of construction in October 2023. Carry forward indicated.

Stormwater (top 10 projects by FY23 budget)

Forecast Delivery (FY23) – Stormwater



Project	Progress
SW Cashmere Worsleys Flood Storage (LDRP 500) (+)	Dam construction continuing, earthworks are well advanced, control structure also progressing. Establishment and maintenance continuing for completed landscape planting. Targeting June 2023 for completion of civil works, with control gate commissioning and landscaping to continue into FY24.
SW Eastman Sutherland and Hoon Hay Wetlands (+)	Project is making good progress and is on track to complete all deliverables within budget. Some plants will be planted after project completion as 600,000 native, eco sourced plants (including 110,000 trees) cannot be secured and planted within the project timeframe.
SW Spreydon Lodge Infrastructure Provision Agreement (IPA)	Multi-year, multi-stage Infrastructure Provision Agreement where council reimburses developer on stage completion. Phasing of spend is dependent on developer timeframes, however Stage 2 basins are complete and handed over. Bulk of reimbursement has been paid and final landscaping will take place within the next 6 months. Phase 1 has been delayed due to developer plan change.
SW Styx Centre Cost Share	Infrastructure Provision Agreement where council reimburses developer on completion. Phasing of spend is dependent on developer timeframes. Construction in progress onsite. The bulk of the work (civil and professional fees) is expected to be completed and invoiced before June 2023. There is likely to be a further smaller payment for planting coming out in FY24 to line up with the planting season.
SW Knights Drain Ponds (LDRP 509)	Project was delayed by design issues, but works are now underway. Earthworks and ground improvement has commenced. Construction taking place FY23 / FY24.

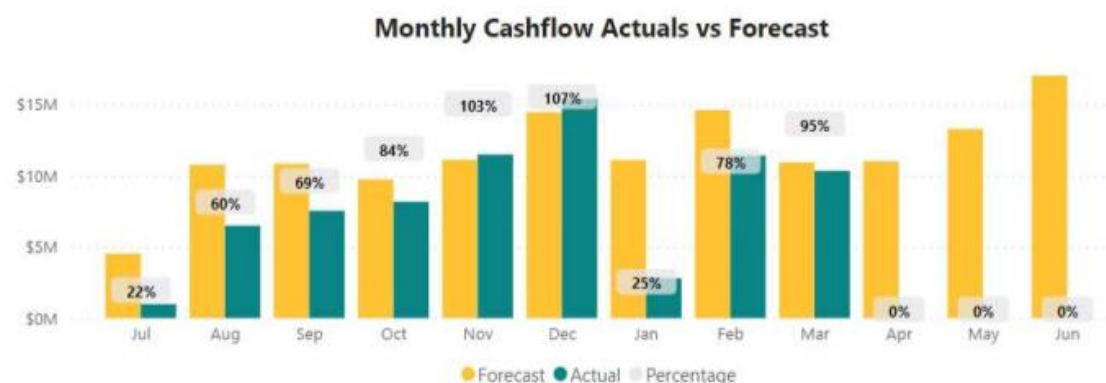
Project	Progress
SW Cashmere Stream Enhancement (Cashmere Road)	Construction of stages 3 and 4 are in progress. New channel alignment is being cut and planning for completion in early winter. Three community planting days have been held with another expected over the winter. All consents and land negotiations are complete. Governance meetings being held each quarter.
SW Timber Lining Renewal - Marshland Road Canal Reserve Drain (Stage 1)	Phase 1 (McSaveney's to Prestons) has been awarded. Construction has been delayed to April based on the latest timber delivery dates. Phase 2 (Prestons to Hawkins) is in progress. Focus is on design and engagement with the landowners, once draft designs are sufficiently advanced to help inform discussions. Engagement is intended to begin in May. Second phase will be more difficult to design due to presence of endangered species.
SW Quarry Road Drain Conveyance Improvements & Sutherlands Road Culverts	Design has been more complex than anticipated due to lack of space in road corridor. Currently preparing for tender of first stage of works.
SW Lyttelton Reticulation Renewals (Brick Barrel)	Construction of batch two works is ongoing, with nine of eleven manholes now complete. There have been some delays in confirming stakeholder requirements for the remaining two manholes, and some budget risk remains. Estimates to be completed for remaining scope. St Davids Street brick barrel replacement works expected to commence mid-April 2023.
SW Rossendale Infrastructure Provision Agreement (IPA)	Multi-year, multi-stage Infrastructure Provision Agreement where council reimburses developer on stage completion.  Works are tracking ahead of schedule, with current forecast completion of delivery in August 2023. A change request is being prepared to address the projected cost increases.

## Transport

Excludes ŌARC transport projects (see ŌARC section) and waste projects (see Waste Management section).

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Transport (excl. Waste Management and ŌARC)	139.5	116.1	74.7	83%



### Transport - Programme Commentary

The Transport programme achieved 95% of forecast for the month of March. Key spends for the remainder of the financial year include the resurfacing programmes which are progressing well, the Heathcote Expressway Major Cycleway Route, and Coastal Pathway projects.

### Transport - Financial Commentary

Consolidated Project Manager forecasts for the Transport programme have continued to decrease over the last month, from \$122.4m in February reporting to the current forecast of \$116.1m. It is anticipated that the year-end forecast will further reduce in coming months.

### Transport - Risks and Issues Commentary

The biggest risks to the delivery of the current forecast are:

- North Island Flood Event – Rehabilitation works on damage caused by the North Island Flood Event may impact existing resourcing issues and extend KiwiRail design review timeframes.
- KiwiRail interface - Staff continue to work with KiwiRail and recently works have commenced on Northern Line. There remains significant spend tied up in these works so any change in KiwiRail programme will have a significant impact on project progress.
- Resourcing - Projects are seeing delays due to a lack of specialist staff, both internally, and with external consultants and contractors. Discussions are ongoing with external providers to support increased delivery, especially early dialogue on Christchurch Regeneration Acceleration Facility (CRAF) and CERF programmes.
- Cost inflation - We are seeing new tenders consistently coming in higher than estimated causing project delays and increased stress on project budgets. This is currently being managed through project contingencies or the Change Request process.

### Transport – Resources Commentary

Supply chain risks are being managed at a programme level, for example, by trying to involve contractors early in planning renewals works so they can guarantee bitumen supply; or by using alternative procurement methods such as Early Contractor Involvement and Design and Build to smooth resource requirements and reduce construction risks.

### Transport Commentary on External Funding

**The Shovel Ready programme** is made up of five Major Cycleway Routes (MCR) and the Coastal Pathway. The Crown is contributing a total of \$71.5m for the MCRs and a total of \$15.8m towards the Coastal Pathway. Additional funding if necessary is required to be sourced through Council. The programme is progressing well with all routes moving towards or progressing with construction activities.

**Christchurch Regeneration Acceleration Facility (CRAF)** is a package of works including Public Transport (PT) and safety improvements across the city, plus road improvements in five areas. It is capped at \$40m. See appended Capex Watchlist report for further information. Updates to Community Boards have commenced in March, with four of the five briefings complete as of 11 April.

**Streets for People** is a fund from central government, administered by Waka Kotahi, for trialling street layouts. Council have agreement to receive funding for two projects Gloucester Street and Haeata Connections which are currently planned to be completed by end of FY24.

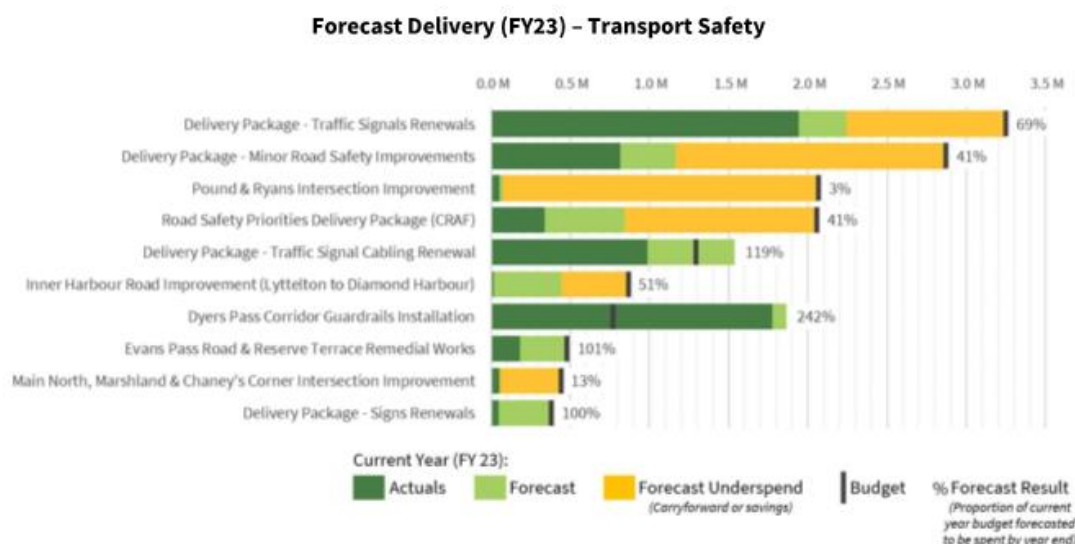
**Transport Choices** is a package of funding from central government, administered by Waka Kotahi, under the Climate Emergency Response Fund (CERF), to improve travel around schools and neighbourhoods, and to improve access by walking, cycling and public transport.

The draft Annual Plan has allowed for 11 CERF projects, all of which have been initiated. The programme budget is \$25.7m, with 90% of this funded by central government. Detailed design for the projects is to be completed by September 2023, with delivery by June 2024. The projects are in the early planning/set up phase.



## Transport Project Updates

Transport Safety (top 10 projects by FY23 budget)

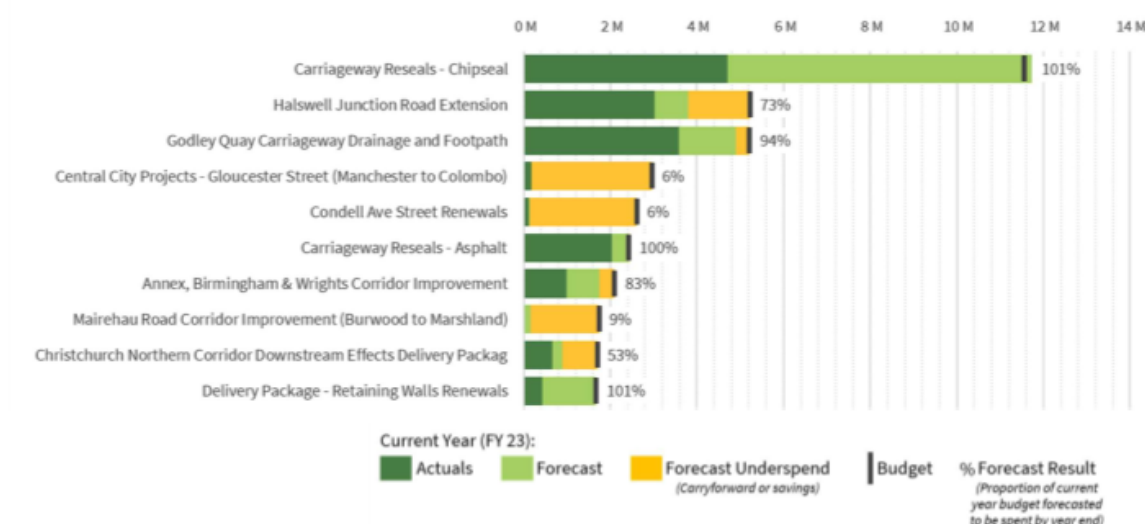


Project	Progress
Delivery Package - Traffic Signals Renewals	Four intersections and pedestrian crossings with poor asset condition ratings are currently being designed for full upgrade. Expected delivery in April and June 23. CCTV renewal currently paused until costs for intersection upgrades confirmed. Carry forward indicated.
Delivery Package - Minor Road Safety Improvements	This is a programme of projects to improve safety at high-risk locations on the network. The FY23 projects in this package are in scheme/design phase. This includes eight intersections and a crossing, with consultation now complete on the crossing. Consultation on school speed zones concluded in January and a tender is being prepared, however the outcomes of the Hearings Panel are yet to be confirmed. FY23 forecasts are being updated and a carry forward is anticipated.
Pound & Ryans Intersection Improvement	Project has been deferred for 12 months due to the need for resources to focus on the delivery of the CERF programme. Carry forward indicated. A high-level preliminary design of the proposed roundabout layout for land purchase is taking place during the deferral period.
Road Safety Priorities Delivery Package (CRAF) (+)	This is a programme of projects to improve safety on the network being funded by CRAF. 15 projects have been completed. There are five projects remaining, with one project currently under construction at Waterloo Road. Three projects are in the detailed design phase, these are Clyde/Illam, Clyde/Greens and Briggs/Lake Terrace/Marshland. Consultation on Cashmere/Centaurus/Colombo has recently finished and a report is being prepared for the Community Board. Carry forward indicated.

Project	Progress
Delivery Package - Traffic Signal Cabling Renewal	Programme is on track. Final designs of remaining sites complete. Forecast delivery complete December 2024.
Inner Harbour Road Improvement (Lyttelton to Diamond Harbour)	Design is in progress for the two next packages of high priority drainage remediation sites for construction.
Dyers Pass Corridor Guardrails Installation (+)	Main safety barrier construction works completed in December 2022 within budget as planned. Minor finishing and maintenance works are being programmed for completion before winter by the maintenance contractor. Bring back indicated.
Evans Pass Road & Reserve Terrace Remedial Works (+)	Currently finalising design on the first small preparatory works package of drainage improvements towards the top of Evans Pass. Aiming to commence this work in FY23 Q4. Design is also being progressed on the next larger work package and following stages of the whole delivery programme.
Main North, Marshland & Chaney's Corner Intersection Improvement	Project to be placed on-hold for approximately 12 months due to the need for resources to focus on the delivery of the CERF programme.
Delivery Package – Signs Renewals	The annual signs audit takes place during May / June. Expecting to spend budget during June based on audit results.

Transport Access (top 10 projects by FY23 budget)

Forecast Delivery (FY23) – Transport Access

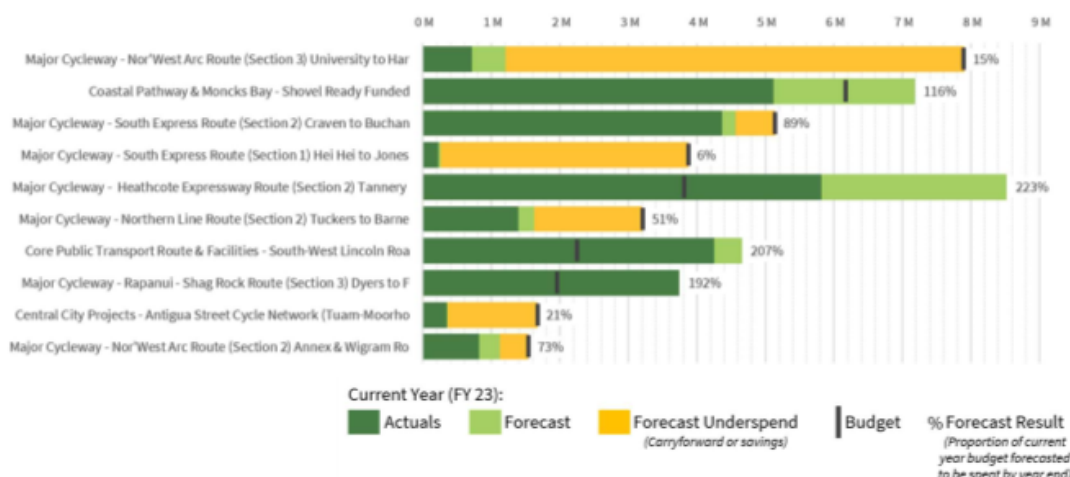




Project	Progress
Carriageway Reseals – Chipseal	Sealing season continues. Work programmes are in place with several contractors. Completion dates range from February to May 2023. Additional resource has been brought in in some areas to accelerate works in the remaining sealing season.
Halswell Junction Road Extension (+)	Procurement phase for the new link road is ongoing. Overall red status reflects ongoing risks relating to project costs and timeframes. A project shortfall is expected, and staff are working with KiwiRail to gain more certainty around cost and time. A report will go to Council on 17 May regarding the financial status of the project.
Godley Quay Carriageway Drainage and Footpath (+)	Works will recommence in early April following Sail GP, with expected completion in June 2023. Works to include stormwater infrastructure, non-structural retaining walls and landscaping. Additional budget may be required for phase 2 works; pricing schedule currently being confirmed.
Central City Projects - Gloucester Street (Manchester to Colombo)	Detailed design and the permanent works have been deferred for a year due to the need for resources to focus on the delivery of the CERF programme. Carry forward indicated.
Condell Ave Street Renewals	Project has been deferred due to the need for resources to focus on the delivery of the CERF programme. Carry forward indicated.
Carriageway Reseals - Asphalt	All projects on track to meet projected expenditure.
Annex, Birmingham & Wrights Corridor Improvement	Blenheim/Hansons/Annex Intersection upgrades due to finish in April. Annex Rd MCR cycleway design is dependent on the outcome of the process with KiwiRail regarding the railway crossing design on Annex Rd. Currently in the middle of the risk assessment process with KiwiRail.
Mairehau Road Corridor Improvement (Burwood to Marshland)	The project is in detailed design phase with key constraints such as narrow road corridor and large drains. Scope was increased to include footpath on Marshland Rd from Mairehau to SH74, and portion of land purchase at intersection of Marshland/Mairehau. A change request will be completed to extend the schedule for delivery, due to delays in finalising the agreement with the developer. Carry forward indicated.
Christchurch Northern Corridor Downstream Effects Delivery Package	Eight design tasks to be delivered. Amongst these, Cranford Street Bus Lane and options for Flockton Street are high priorities. Options to be presented by June.
Delivery Package - Retaining Walls Renewals	This is a rolling package of retaining wall renewals. Reserve Terrace retaining wall construction works in defects liability period. Bridle Path retaining wall construction starting in April.

Transport Environment (top 10 projects by FY23 budget)

Forecast Delivery (FY23) – Transport Environment



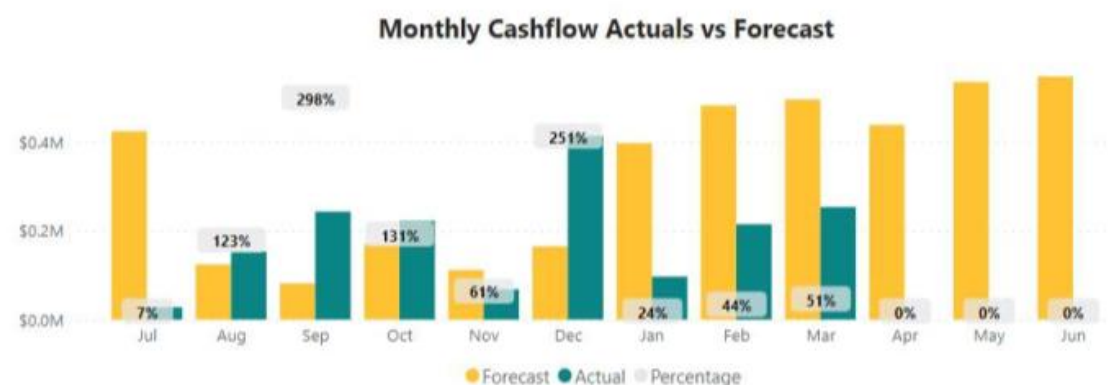
Project	Progress
Major Cycleway - Nor'West Arc Route (Section 3) University to Harewood	<p>Resource consent hearing to take place late April. Construction cannot begin until the hearing is complete and resource consent approved.</p> <p>Detailed design for Section 3A (University to Jellie Park) is 95% complete, with target commencement of construction in May. Detailed design for 3B (Jellie Park to Harewood Rd) 60% complete, with construction to commence in Q3 2023. Additional budget will be required for project delivery, with estimates currently being confirmed. Carry forward indicated given delays in start of construction.</p>
Coastal Pathway & Moncks Bay	<p>Stage 1 up to Yacht club completed March 2023.</p> <p>A range of issues (e.g., service renewals, consenting, sensitive ecology and wildlife) have impacted timeframes on this project. Project budget is also at risk and is being managed closely. The revised timeline for the overall project is for completion of delivery in April 2024.</p>
Major Cycleway - South Express Route (Section 2) Craven to Buchanans	<p>Indicative start date for outstanding works is April/May 2023, pending confirmation. This will create an unrestricted route from Carmen Road to the city centre and will close out this project. Efforts are being made to mitigate the impact of construction through autumn and winter.</p>
Major Cycleway - South Express Route (Section 1) Hei Hei to Jones	<p>This section of the cycleway has been split into four delivery packages. A report for Council is currently being prepared for the approval of the detailed traffic resolutions; this is scheduled to be presented by the end of the financial year. Once this is complete, the first of the four contracts will be released to market for construction.</p>

Project	Progress
Major Cycleway - Heathcote Expressway Route (Section 2) Tannery to Martindales	Construction on both stages continues. Section 2C (The Tannery, Cumnor Terrace, through Kennaway Reserve to Vaila Place) is 81% complete. Behind The Tannery is open, and Cumnor Tce is open. Section 2D (Vaila Place, State Highway 74, Scruttons Road, Truscotts Road to Martindales Road) is 40% complete.
Major Cycleway Northern Line Route (Section 2) Tuckers to Barnes & Main North Road	Construction will commence in April on the paths within the rail corridor. Railway crossings to be upgraded in June. Tuckers and Barnes Rd Culvert extensions (in the KiwiRail corridor) complete. Carry forward indicated.
Core Public Transport Route & Facilities - South-West Lincoln Road (Phase 1) (+)	Although construction finished early, there are three verandas which require modification. These designs and agreements have now been signed off. Post construction safety audit due for completion. Bring back indicated.
Major Cycleway - Rapanui - Shag Rock Route (Section 3) Dyers to Ferry Road Bridge	Construction works completed ahead of time in November 2022. Cycleway is open to public. Currently in defects liability. Bring back indicated.
Central City Projects - Antigua Street Cycle Network (Tuam-Moorhouse) (+)	Project has been deferred for 12 months due to the need for resources to focus on the delivery of the CERF programme. It will be put on hold once tender documentation and design have been completed.
Major Cycleway - Nor'West Arc Route (Section 2) Annex & Wigram Road to University	Construction continues for remaining works on Suva Street kerb and channel renewals. Expected completion in April.

## Waste Management

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Waste Management	5.0	3.2	1.7	64%



### Waste Management – Overall Commentary

Some key projects have been unable to progress beyond early planning this financial year, with dependencies on completion of masterplans (e.g., Transfer Station Site Redevelopments) and Service Delivery Review (Kerbside Service Enhancement). This has resulted in a low spend to date in FY23.

### Waste Management - Financial Commentary

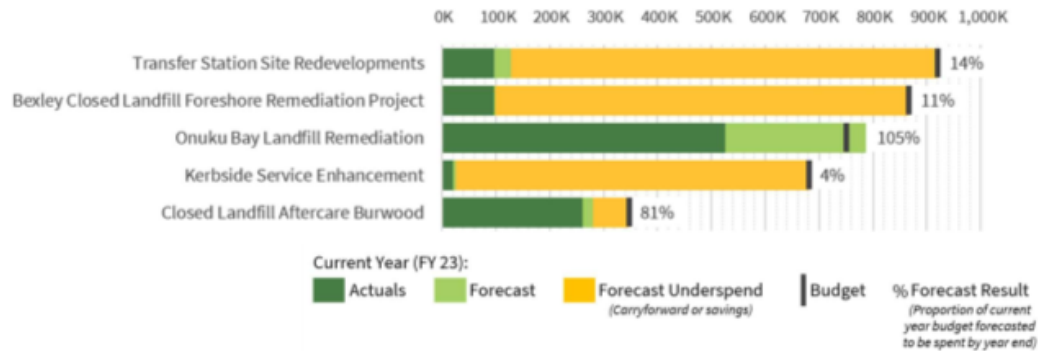
Consolidated Project Manager forecasts for the Waste Management programme have decreased further this month, from \$4.2m in January reporting to the current forecast of \$3.6m, due to projects not progressing until planning has been finalised.

### Organics Processing Plant (OPP)

Reporting on this project is being provided to Council separately.

Waste Management Project Updates (top 5 projects by FY23 budget)

Forecast Delivery (FY23) – Waste Management



Project	Progress
Transfer Station Site Redevelopments	A masterplan for the site is being developed in 2023. This plan will inform future construction works. Carry forward indicated.
Bexley Closed Landfill Foreshore Remediation Project	Project complete and currently in defects liability on landscape.
Onuku Bay Landfill Remediation	Remediation underway. Erosion and sediment control in place. Capping material is being trucked in, backfilling from the base up to the top of the landfill, grass seed mixed with topsoil and hydro-seeding has taken. Rain events cause delays due to fill material and site topography. Extra capping material will be required; volumes and impact to budget being confirmed. Bring back indicated.
Kerbside Service Enhancement	Awaiting the outcome of the Service Delivery Review (Section 17A). Carry forward indicated.
Closed Landfill Aftercare Burwood	Site restoration, final landscape planning, soils cover and pond reclamations ongoing.

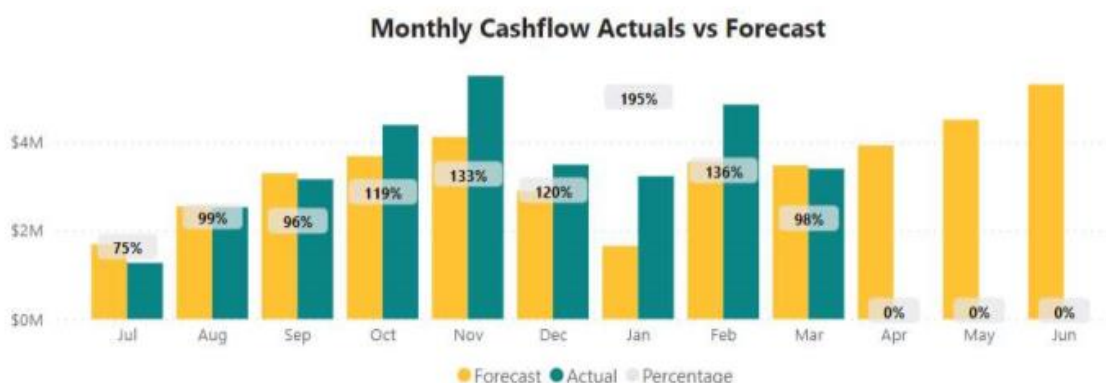


## Parks

Excludes ŌARC parks projects (see ŌARC section).

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Parks (excl. ŌARC)	38.8	45.6	31.8	117%



### Parks - Programme Commentary

The revised approach to the planning and delivery of the Parks programme, which was successful in FY22, is continuing to have good results in FY23 with project delivery to date progressing well.

### Parks - Financial Commentary

The Parks programme is forecasting to deliver ahead of the FY23 budget, with actuals of \$31.8m (82% of budget) for the year to date. 47% of this actual spend is on the 10 largest projects in FY23 (listed below).

### Parks – Risks and Issues Commentary

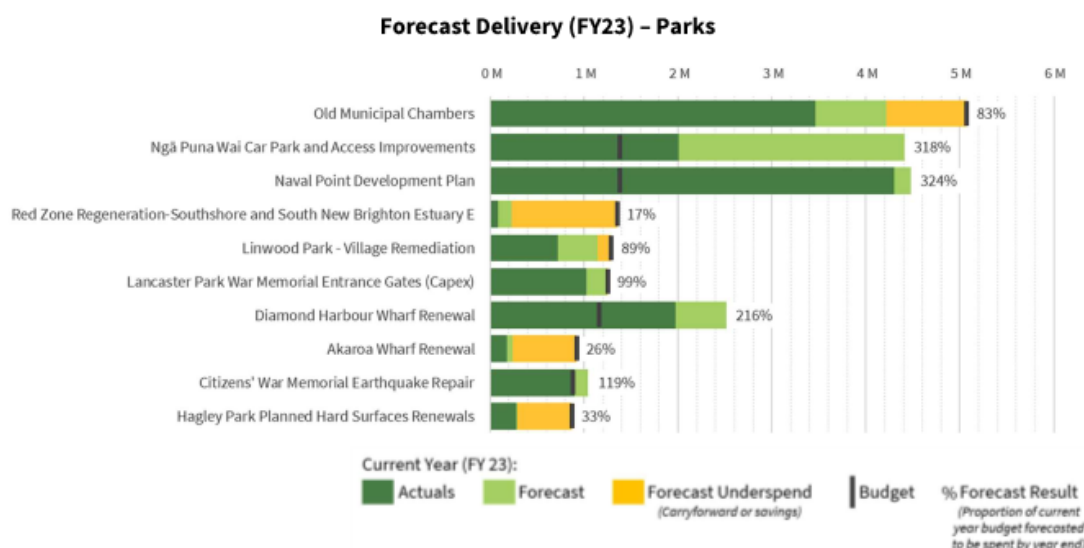
- Supply chain issues - Delays in receiving both domestic and imported goods.

- Cost inflation - Scoped work costs that exceed project budgets will be managed through project contingencies or the Change Request process.

### Parks – Resource Commentary

- Dedicated resources have been assigned to scope projects, assess deliverability, and define the delivery mechanism (through Community, Rangers, Parks Project Managers). Priority is on completing this activity for FY23, with a wider focus on the next three years to enable a rolling programme of work in construction for future years.
- The development of the FY24 programme is well advanced with 96% of the projects initiated.
- Community Boards have been sent lists of all Community Parks programmed renewals for FY24, 25 and 26. Staff have attended workshops with each Community Board to discuss this programme.

### Parks Project Updates (top 10 projects by FY23 budget)



Project	Progress
Old Municipal Chambers (+)	Construction is ongoing. Current forecast completion of base build in September 2023. Council contribution remains capped.
Ngā Puna Wai Car Park and Access Improvements	This project is being run in conjunction with the third party-funded design and build of the new Netsal Sports Centre building. The contract for the external landscape and civil works is expected to be signed this month. The building platform/enabling works is complete, building structural steel has been installed, and precast and wall cladding underway. Concrete slab pours are well underway. The consent delay may have an impact on the Netsal programme although the target completion is still late September 2023.



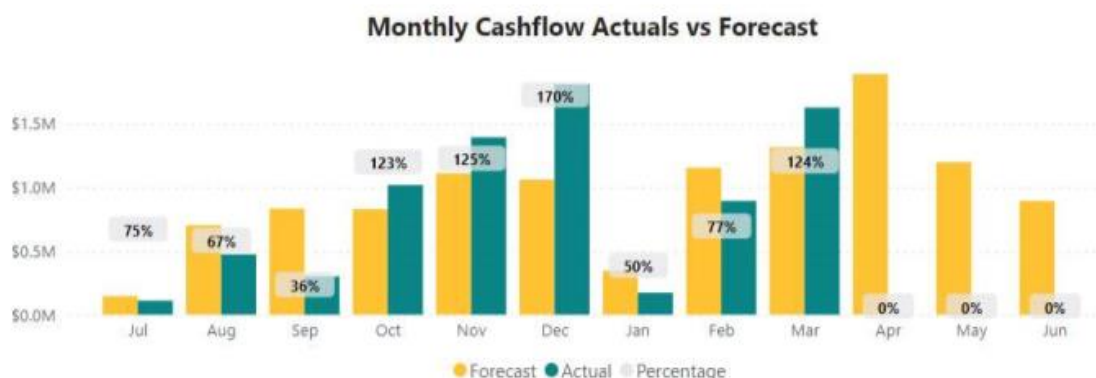
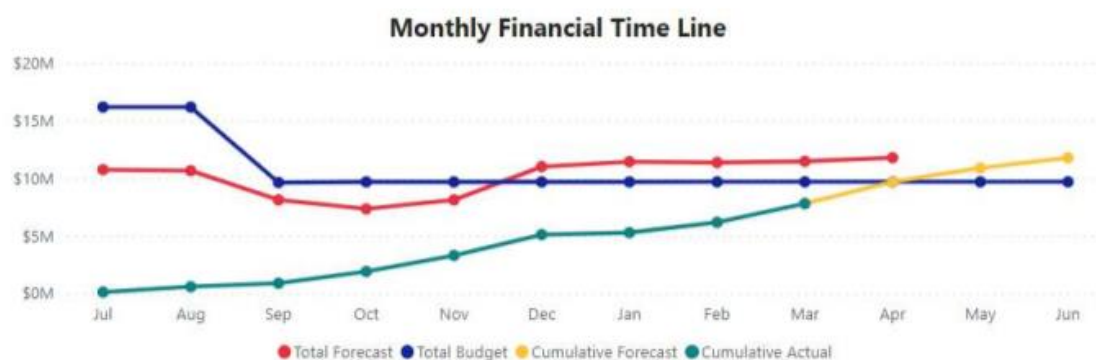
Project	Progress
Naval Point Development Plan (+)	Planning and consultation for subsequent stages of work is currently underway with Runanga and recreational stakeholders and includes a new sports / change facility, marine safety improvements and pedestrian access to support the growth of recreational uses for the area.
Red Zone Regeneration - Southshore and South New Brighton Estuary Edge Erosion Management (+)	Variation approved for additional work required to encompass existing ecological sites. Updated drawing set to resolve implications of the changes to the National Freshwater policy statement is due in May. Consent due to be lodged in August. Inputs from the Ihutai Ahu Whenua Estuary Trust have been agreed and are factored into this programme. Carry forward indicated.
Linwood Park - Village Remediation	Physical works (earthworks, drainage, irrigation) are now nearly complete. Planned sowing of the new field delayed until end of April due to a change in scope and the recent wet weather.
Lancaster Park War Memorial Entrance Gates (Capex)	Crack injection is complete. The need to address the porous concrete significantly impacted the programme schedule. Construction will continue until May. Any construction tasks that can be brought forward are, so that further impact on programme is minimal.
Diamond Harbour Wharf Renewal	Pontoon construction is complete, and the gangway has now been installed. Works on existing wharf have begun and will continue through to July. Poor condition of stringer beams has resulted in more beams needing to be replaced than initially anticipated. Project may require additional budget.
Akaroa Wharf Renewal (+)	Working on procurement of Lead Designer (Preliminary Design) and a Design and Build Contractor. Expecting to release Lead Designer tender to the market April 2023. Drummonds Jetty has been identified as a suitable location for temporary access during the rebuild, design and consenting is underway on this. The future of the privately-owned buildings adjacent to Akaroa Wharf is currently being worked through.
Citizens' War Memorial Earthquake Repair (+)	The central memorial is now fully complete with all statues reinstated. Work continues on the platform area with over 50% of the wall stones completed. Installation of the travertine pavers is about to start. Planning is now well underway for ANZAC Day ceremony.
Hagley Park Planned Hard Surfaces Renewals	Hagley Oval Carpark Renewal: Lighting design is in progress. Construction planned October - December 2023.  Riccarton North Path: Construction planned April 2023 - June 2023.

## Ōtākaro Avon River Corridor (ŌARC)

This section of the report covers ŌARC projects across three activity areas – Parks, Transport and Three Waters.

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Ōtākaro Avon River Corridor	9.7	11.8	7.8	122%



### ŌARC – Programme Commentary

Five parks design projects are well underway across the corridor. Concept designs are being progressed, and ongoing engagement is occurring. Consent lodgement is planned for these projects throughout 2023, and this remains on track. The projects are:

- City to Sea Pathway
- Wainoni Landing
- Kerrs Reach Flatwater Hub
- Ecological restoration – Bexley Estuarine Wetland
- Avon Park re-development.

### ŌARC – Financial Commentary

The ŌARC programme is forecasting to deliver ahead of budget in FY23, with a number of significant bring backs anticipated this year (refer to ŌARC project updates below). The largest three bring backs are on stormwater projects (SW Waitaki Street, SW Pages to Bridge and SW Wainoni to Waitaki Stopbank), due to good progress on field investigations, design and stopbank construction.

### ŌARC – Risks and Issues Commentary

Key issues and risks include the below, all of which are being actively managed:

- **Environment Canterbury's interpretation of ground water take:** This is the key risk for all projects within the Regeneration Plan. The current position is that any exposing of groundwater is a passive water take, and therefore a prohibited activity. Eastern areas are particularly affected, as groundwater is very close to surface level. Efforts continue at multiple levels to resolve and unlock some of these barriers to progress.
- **Contamination, including leachate to the river:** Work continues on agreements with Environment Canterbury around contamination within former roadbeds (coal tar), contamination of former residential soils (asbestos, heavy metals) and potential discharge into the river of the same.
- **Orion Network:** Work continues with Orion to determine the implications on the existing network of the proposals within the Regeneration Plan, and costs associated with this.
- **Cut/fill balance:** Future earthworks is a significant design consideration to minimise costs and allocate community planting areas.

### ŌARC – Resources Commentary

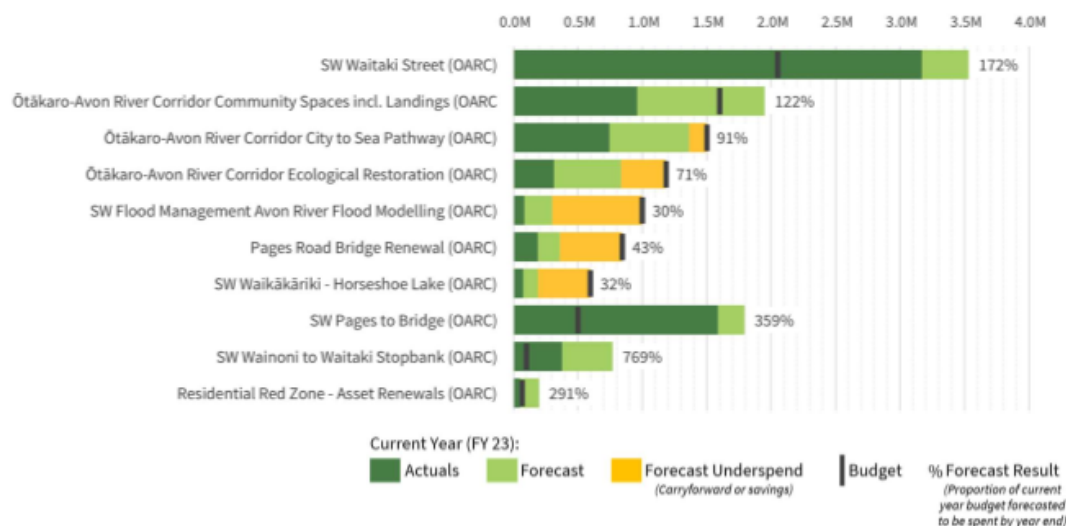
Projects underway are well resourced externally, but internal staff resources across multiple disciplines are stretched to meet the amount of support that these projects require. A loss of a senior project manager in the Three Waters team is further stretching resources.

### ŌARC - Commentary on External Funding

- The Christchurch Earthquake Appeal Trust (CEAT) allocated \$5.5m worth of new funding, to go to the fourth City to Sea bridge (at Dallington Loop), and the redevelopment of Avon Park to facilitate the City to Sea Pathway. Invoices for the first progress payments have been issued.
- The remainder of the funding for Parks projects over the next four years will be covered by the \$40m CRAF fund that was allocated to the Corridor.
- Quarterly reporting on progress is being supplied to both funding providers.

## ŌARC Project Updates (top 10 projects by FY23 budget)

### Forecast Delivery (FY23) – ŌARC



Project	Progress
SW Waitaki Street (ŌARC)	Current delay in Contract 3 (stormwater facility and associated landscaping) is mainly due to groundwater take issue. Council and ECan are meeting regularly to discuss and resolve. In the interim, stopbank construction is continuing, to be completed by May 2023. An update on all aspects is expected by June 2023. Bring back indicated.
Ōtākaro-Avon River Corridor Community Spaces incl. Landings (ŌARC)	Project spend is on track, however there will be some delays to the initial programme due to the need to lodge a Plan Change for the shift of the Kerrs Reach Hub.
Ōtākaro-Avon River Corridor City to Sea Pathway (ŌARC)	While good progress continues to be made with design, some uncertainties around consenting pathway and temporary versus permanent location could mean slight delays in programme. Early contractor engagement will start next month to do an initial constructability design review. Informal community engagement around the pathway continues.
Ōtākaro-Avon River Corridor Ecological Restoration (ŌARC)	Bexley Wetland Landscape Masterplan preliminary design has been completed. Goodman Street Wetland scoping work and preliminary resource consent conversations are underway. Risks on both projects are around obtaining resource consent related to groundwater and contaminated land. Plants for this year's upcoming planting have been ordered.
SW Flood Management Avon River Flood Modelling (ŌARC)	Hazard studies and baseline modelling (stage 2) complete. Stage 3 assessment for the Avon catchment is in progress. Delivery of Multi hazard for Avon is currently forecast for early 2024.

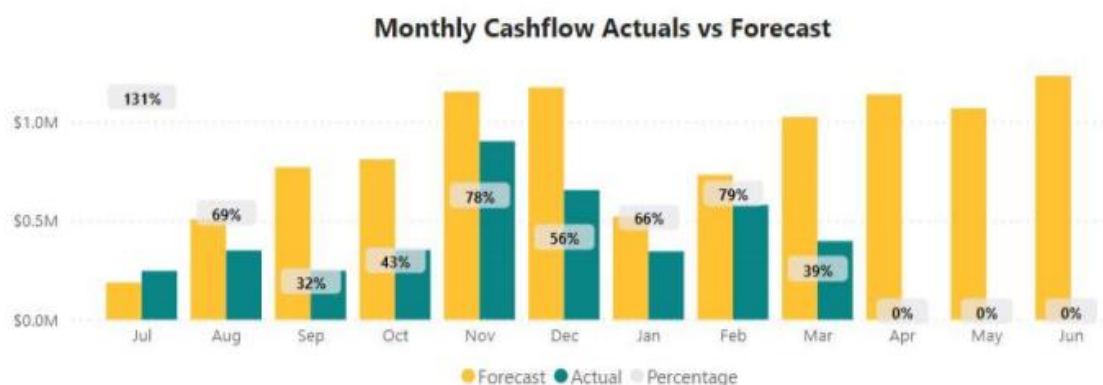
Project	Progress
Pages Road Bridge Renewal (ŌARC)	Project is currently in scheme design phase. Overall red status reflects the delivery timeframe and finalising scope of works (including cost estimates) required to complete the project. Work is currently focused on getting the project to a point where engagement / consultation with the community can be undertaken.
SW Waikākāriki - Horseshoe Lake (ŌARC)	Delay in design and project delivery. Main issue relates to groundwater take and contamination. Council and ECan are meeting regularly to discuss and resolve. In the interim, further field investigation work is continuing to fully understand all options and assist with consenting pathways, design, costs, and project viability. Expect an update on all aspects by June 2023. Anticipating start of construction in September 2024.
SW Pages to Bridge (ŌARC)	Delay in design and project delivery. Main issue relates to groundwater take and contamination. Council and ECan are meeting regularly to discuss and resolve. In the interim, further field investigation and preliminary design work is continuing to fully understand all options and assist with consenting pathways, design, costs and project viability. Expect an update on all aspects by June 2023. Bring back indicated.
SW Wainoni to Waitaki Stopbank (ŌARC)	Delay in design and project delivery. Main issue relates to groundwater take and contamination. Council and ECan are meeting regularly to discuss and resolve. In the interim, further field investigation and preliminary design work is continuing to fully understand all options and assist with consenting pathways, design, costs, and project viability. Expect an update on all aspects by June 2023. Bring back indicated.
Residential Red Zone – Asset Renewals (ŌARC)	Gate and perimeter security project in design phase, with concepts reviewed and final changes underway. Second batch of gabion products in delivery. Project on track for completion in FY23. Bring back anticipated.



## Recreation, Sports, and Events

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Recreation, Sports, and Events	10.6	7.5	4.1	71%



### RSE - Programme Commentary

This year's programme will not be fully delivered due to consent and leasing delays as reported below.

### RSE - Financial Commentary

The current forecast for the year indicates \$7.5m (71%) of the current year budget of \$10.6m will be spent. The forecast underspend is largely driven by consent and leasing delays in two projects: the renewals and replacement programmes at Pioneer and Graham Condon Recreation and Sport Centres. Carry forwards will be requested.

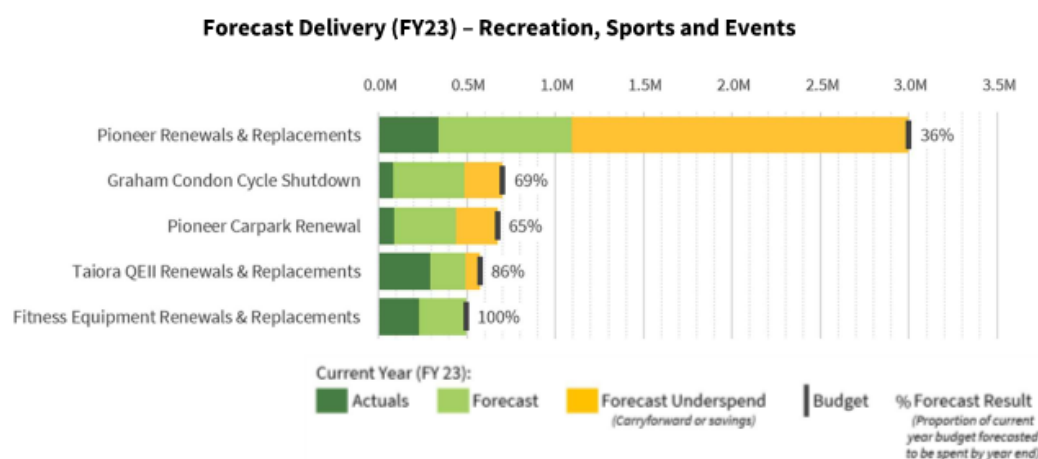
### RSE - Risks and Issues Commentary

There have been consenting delays at Pioneer Recreation and Sport Centre in relation to the use of groundwater for heating. There are also ongoing supply chain risks for all the equipment purchase projects.

## RSE - Resource Commentary

Staff resources are appropriate to performance against capital programme both this year and going forward.

## RSE Project Updates (top 5 projects by FY23 budget)



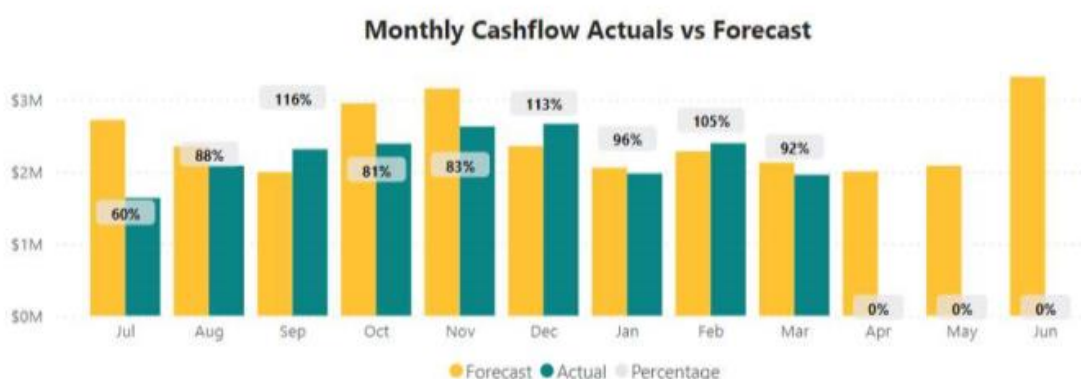
Project	Progress
Pioneer Renewals & Replacements	The ground source hot water bore contract has been awarded, and preparation work is underway to start drilling in April. The associated mechanical pipework tender is about to be advertised.
Graham Condon Cycle Shutdown	Engagements have been formalised for design, mechanical, and pool water supply. Currently working through programme scope, timing, and impact. Early works on mechanical plant area will be required to minimise impacts during term time.
Pioneer Carpark Renewal	Currently in construction, scheduled to be completed by the end of April 2023.
Taiora QEII Renewals & Replacements	Heat exchanger units (mechanical plant) have been installed onsite. Minor works remains before commissioning occurs.
Fitness Equipment Renewals & Replacements	47% of budget spent for year to date. Delivery of major bulk order will be split over next few months.



## Digital

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Digital	23.2	27.5	20.1	118%



### Digital - Programme Commentary

The Digital portfolio is tracking to deliver ahead of budget, with 86% of FY23 budget spent to date. This will be managed via bring back of funds from future years.

### Digital - Financial Commentary

89% of the FY23 budget is drawn down. The remaining budget is being held for one project currently completing planning phase, and one project that is preparing to start. This is expected to be completed in April.

### Digital - Risks and Issues Commentary

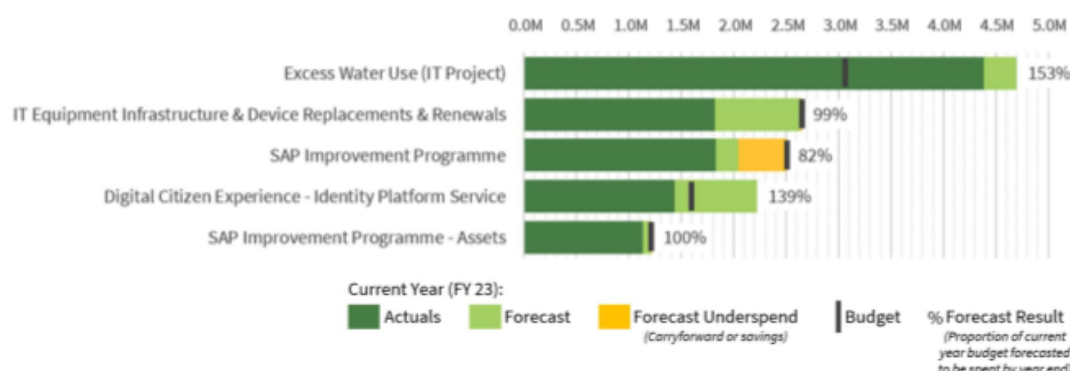
- Current portfolio level risks and issues are largely centred on resource availability and scheduling conflicts due to resource and IT system environment constraints.
- A Portfolio Delivery Risk Management Working Group is in place to address management of dependencies, risks and issues across the Portfolio.

### Digital – Resource Commentary

- Recruitment of permanent staff for vacant and key roles continues but is made increasingly difficult with skill shortages and a competitive market. This has necessitated the engagement of contractors and outsourcing where necessary to fill the vacancies while recruitment continues.
- Programmes and complex projects have increased demand for resources; contractors and fixed term arrangements are being used to mitigate impacts.

### Digital Project Updates (top 5 projects by FY23 budget)

#### Forecast Delivery (FY23) – Digital



Project	Progress
Excess Water Use (IT Project) (+)	Go-live took place 19 February. Prior period residential excess water billing complete. Bring back indicated.
IT Equipment Infrastructure & Device Replacements & Renewals	This is the standard annual capex line item for the renewal and replacement of IT equipment, including network equipment and computer hardware (desktops, laptops, monitors, phones, rugged field devices, tablets, workstations and VDI units). On track in FY23. 69% of budget spent to date.
SAP Improvement Programme	<p>Programme is in plan phase. Overall status is amber due to resource constraints across all areas, critical path dependency on completion of the SAP S4/HANA upgrade and system refresh initiatives. Status of sub-projects:</p> <ol style="list-style-type: none"> <li>1) Core Finance &amp; Planning project: Completion of execute phase March 2023.</li> <li>2) Procurement &amp; Contracts project: Phase 1 (Self Service Requisitioning) completing. Completion of planning for phase 2 (Contract &amp; Vendor Management) March 2023.</li> <li>3) Assets project: Completion of planning expected May 2023.</li> <li>4) Accounts Payment Automation project: Progressing through procurement activities.</li> </ol>

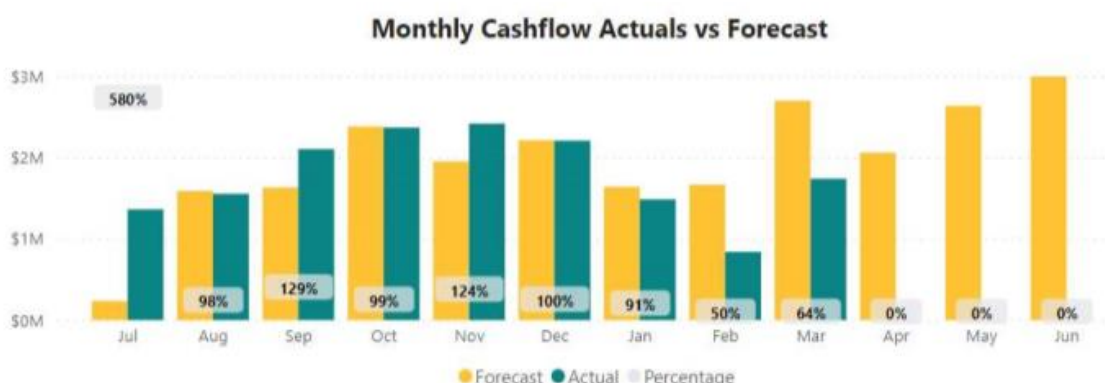
Project	Progress
Digital Citizen Experience - Identity Platform Service	<p>Amber status relates to issues around data governance processes and owners. Options to address resourcing availability risks are being considered. The project is delivering in 3 phases:</p> <ol style="list-style-type: none"> <li>1) Registration and login of individuals as identities: Forecast delivery complete July 2023.</li> <li>2) Moving customer maintenance to the C4S (Hybris) Platform: Forecast plan complete April 2023.</li> <li>3) First application called MyRates: Forecast plan complete June 2023.</li> </ol>
SAP Improvement Programme - Assets	<p>Forecast completion of plan phase in May 2023. An elaboration document is under development; this will establish project delivery timeframes, costs, scope, and benefits. A project change request will be required to request additional funds to complete project delivery.</p>

## Other Capital

### Financial Year Summary

\$ m	Budget	Forecast	Actual	Forecast Result
Other Capital*	27.3	23.8	16.1	87%

\* Includes all remaining FY23 capital: Libraries & Information, Sustainable City Growth & Property, Facilities & Asset Planning, Art Gallery, Corporate Capital - Shares/Contingency, Community Support, Governance & Partnerships, Civil Defence and Emergency Management, Technical Services & Design.



### Other Capital – Programme and Financial Commentary

This final section of the capital programme is dominated by library collection and building renewals, housing renewals, corporate property, and fleet.

### Other Capital - Risks and Issues Commentary

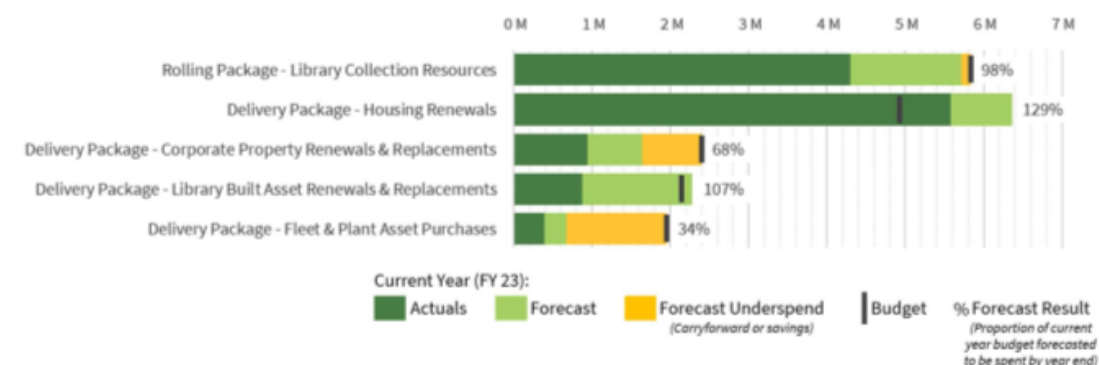
The same risks and issues that have been highlighted across the capital programme have an impact on the delivery of Other Capital: supply chain, cost escalation and availability of resources (contractors).

### Other Capital - Resource Commentary

There is currently a risk with contractor availability. This is being mitigated as much as possible by getting work to market early, to allow some flexibility with the contractors' work programmes.

## Other Capital Project Updates (top 5 projects by FY23 budget)

### Forecast Delivery (FY23) – Other Capital



Project	Progress
Rolling Package - Library Collection Resources	On track in FY23 with 74% spent of budget to date.
Delivery Package – Housing Renewals	Social housing renewals are managed by Ōtautahi Community Housing Trust. Current focus is on upgrades/remodels at Wycla Courts and Roimata Courts. Works have had a higher capital component than originally forecast. A bring back will be required.
Delivery Package – Corporate Property Renewals Replacements	<p>The corporate budget (excluding the heat energy allocation – see below) is forecasted to be fully spent in FY23, with all projects on track to be completed this financial year.</p> <p>Civic heat energy procurement: Currently forecasting to spend approximately 20% of the \$1m budget in FY23. Final options analysis, internal processes and key decisions have taken longer than anticipated. A carry forward will be required to support the completion of this work next year.</p>
Delivery Package - Library Built Asset Renewals & Replacements	There are three library refurbishments taking place through the financial year: Papanui (complete), New Brighton (consent awarded), and Upper Riccarton (starting in April).
Delivery Package – Fleet & Plant Asset Purchases	Supply chain issues have continued to impact delivery timeframes. Orders will be placed this year, but budget will likely need to be carried forward, as some vehicles will not be delivered until next year.








CHRISTCHURCH CITY COUNCIL - CAPITAL PROGRAMME WATCHLIST

March 2023

		Time (Deviation from Baseline)				Budget (Deviation from Baseline)						
		Green	<30 days delay	Green	On Track							
		Amber	31-60 days delay	Amber	Forecast Overspend <5%							
		Red	>61 days delay	Red	Forecast Overspend >5%							
		TIME				FINANCIALS (All Years)				STATUS	COMMENTARY	
		Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status		
Major Facilities												
Major Facilities	Te Kaha Canterbury Multi Use Arena (CMUA)	(Execute) Construction	<div></div>	Jun-25	Apr-26	Apr-26	<div></div>	\$671.1 M	\$671.1 M	\$109.9 M	Green	Te Kaha is in the Construction Phase. BESIX Watpac are making good progress on-site. Fabrication and installation for the substructure foundations and ground floor columns is underway. Off-site the contractor is working on procuring materials and subcontractors. Work also continues on the detailed design and shop drawings for the structural steel. Regular meetings with the local community (to inform them on progress and receive feedback on any issues) are continuing.
	Parakiore Recreation and Sports Centre (Metro Sport Facility)	(Execute) Construction	<div></div>	Jan-20	Mar-25	Mar-25	<div></div>	\$151.3 M	\$151.3 M	\$142.4 M	Green	Parakiore is in the Construction Phase. The structure, external cladding and roofing have almost been completed, and the current work focus is on internal construction work and carpark. Construction is planned to be completed at the end of 2024, with opening planned in early 2025 following fit-out.



	Project Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	COMMENTARY
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	
Matatiki: Hornby Centre & Performing Arts Precinct												
Matatiki: Hornby Centre and Performing Arts Precinct	Matatiki: Hornby Centre	(Execute) Construction	<div><div></div></div>	Apr-20	Feb-24	Feb-24	-	-	-	\$24.0 M	Green	Library roof nearing completion, with cladding well progressed, along with installation of cabling within the walls and placement of mechanical plant within the library wing. Closing in the building is expected to finish in late July. Supply times, resource competition, and design clarifications remain the main project risks. Planning of procurement for IT, furniture and other fit out items commencing.  <i>PMO Note: Detailed financial information is currently withheld due to commercial sensitivity.</i>
	Performing Arts Precinct	(Execute) Construction	<div><div></div></div>	Jun-18	Nov-24	Nov-24	<div><div></div></div>	\$53.0 M	\$52.9 M	\$6.4 M	Green	Construction is well underway, with infrastructure connections and the first concrete pour complete. Preparation of Stage 2 Building Consent documentation is a key focus. Current forecast completion of construction in late 2024.
Three Waters												
Three Waters	WW Lyttelton Harbour Wastewater Scheme	(Execute) Construction	<div><div></div></div>	Feb-19	Jun-22	Apr-23	<div><div></div></div>	\$60.5 M	\$57.6 M	\$57.1 M	Red	Construction of the pipeline and pumping stations from Lyttelton Harbour Basin to Christchurch Wastewater Treatment Plant via PS15 Alport Place now complete, commissioned, and operational. Decommissioning of the Lyttelton Wastewater Treatment Plant nearing completion. Discharge of treated wastewater to Lyttelton Harbour no longer occurring. Expected completion of project delivery in April 2023.
	WW Akaroa Reclaimed Water Treatment & Reuse Scheme	(Execute) Investigate	<div><div></div></div>	Jun-16	Jul-29	Jul-29	<div><div></div></div>	\$74.5 M	\$75.7 M	\$13.1 M	Amber	Resource consent to be submitted in April. Completion of procurement strategy also expected for review at end of April. Re-estimation of project to include draft resource consent conditions taking place. Additional stream water and groundwater monitoring to commence in April.
	CWTP Trickling Filter Renewal	Concept	<div><div></div></div>	Jun-21	Jun-27	Jun-27	<div><div></div></div>	\$14.9 M	\$0.0 M	\$0.0 M	Amber	Project will be briefed following settlement of insurance claim.

	Project Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	COMMENTARY
Three Waters	SW Cashmere Worsleys Flood Storage (LDRP 500)	(Execute) Construction		Apr-17	Jun-23	Jun-23		\$33.0 M	\$33.1 M	\$27.8 M	Amber	Dam construction continuing, earthworks are well advanced, control structure also progressing. Establishment and maintenance continuing for completed landscape planting. Targeting June 2023 for completion of civil works, with control gate commissioning and landscaping to continue into FY24.
	SW Eastman Sutherland and Hoon Hay Wetlands (includes Eastman Wetlands (LDRP 528))	(Execute) Construction		Jun-24	May-25	Dec-24		\$39.8 M	\$39.9 M	\$32.2 M	Green	Project is making good progress and is on track to complete all deliverables within budget. Some plants will be planted after project completion as 600,000 native, eco sourced plants (including 110,000 trees) cannot be secured & planted within the project timeframe.
	SW South New Brighton & Southshore Estuary Edge Flood Mitigation	Plan		Jun-26	Jun-26	Jun-26		\$6.5 M	\$7.1 M	\$0.4 M	Amber	Variation approved for additional work required to encompass existing ecological sites. Updated drawing set to resolve implications of the changes to the National Freshwater policy statement is due in May. Consent due to be lodged in August. Inputs from the Ihutai Ahu Whenua Estuary Trust have been agreed and are factored into this programme.
Transport and Waste Management												
Transport and Waste Management	Dyers Pass Corridor Safety Improvements (includes Guardrails, Cycle Safety and Pedestrian)	(Execute) Construction		Jun-19	Dec-22	Dec-22		\$13.4 M	\$13.4 M	\$12.4 M	Green	Main safety barrier construction works completed in December 2022 within budget as planned. Minor finishing and maintenance works are being programmed for completion before winter by the maintenance contractor.
	Evans Pass Road & Reserve Terrace Remedial Works	(Execute) Design		Jun-19	Jun-28	Jun-29		\$24.5 M	\$24.5 M	\$2.0 M	Green	Currently finalising design on the first small preparatory works package of drainage improvements towards the top of Evans Pass. Aiming to commence this work in FY23 Q4. Design is also being progressed on the next larger work package and following stages of the whole delivery programme.  Forecast delivery date has been updated based on proposed rephasing of project in draft Annual Plan FY23/24.

	Project Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	COMMENTARY
Transport and Waste Management	Halswell Junction Road Extension	(Execute) Procure		Jun-16	Jul-24	Aug-24		\$18.0 M	\$18.0 M	\$10.3 M	Red	Procurement phase for the new link road is ongoing. Overall red status reflects ongoing risks relating to project costs and timeframes. A project shortfall is forecast and staff are working with KiwiRail to gain more certainty around cost and time. A report will go to Council on 17 May regarding the financial status of the project.
	Godley Quay Carriageway Drainage and Footpath	(Execute) Construction		Jun-21	Oct-23	Aug-23		\$5.3 M	\$5.4 M	\$3.7 M	Green	Works will recommence in early April following Sail GP, with expected completion in June 2023. Works to include stormwater infrastructure, non-structural retaining walls and landscaping. Additional budget may be required for phase 2 works; pricing schedule currently being confirmed.
	Core Public Transport Route & Facilities - South-West Lincoln Road (Phase 1)	(Execute) Handover		Jun-20	Oct-23	Oct-22		\$7.0 M	\$6.9 M	\$6.4 M	Amber	Although construction finished early, there are three verandas which require modification. These designs and agreements have now been signed off. Post construction safety audit due for completion.
	Barrington, Lincoln & Whiteleigh Intersection Improvement	(Execute) Handover		Jun-17	Oct-23	Oct-22		\$1.5 M	\$1.5 M	\$1.4 M	Green	Post construction safety audit has been completed and may require some minor expenditure.
	Wigram & Hayton Intersection Improvement	(Execute) Investigate		Jun-21	Jul-22	Aug-24		\$3.0 M	\$2.4 M	\$0.2 M	Red	Options to support the future usage of the entrance to Ngā Puna Wai Netsal Development have been developed and consultation with the community is expected to take place in May/June.
	The Cathedral Square & Surrounds	(Execute) Construction		Jun-21	Jan-26	Jan-26		\$9.7 M	\$9.7 M	\$3.9 M	Green	Construction is complete for areas outside of the old post office. All new services are in and minor remediation to the paving is nearing completion. Lighting to be finished as fittings become available. Next area for construction is outside of the Distinction hotel (west and north sides). This is expected to start in June.
	Lincoln Road Passenger Transport Improvements (Between Curletts & Wrights)	(Execute) Design		Jun-21	Sep-24	Sep-24		\$10.1 M	\$9.9 M	\$1.5 M	Amber	The design team has been formed and property purchases are proceeding. There is a significant issue with one critical property purchase. Temporary design solutions are being investigated as a work around.

	Project Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	COMMENTARY
Transport and Waste Management	Central City Projects - Antigua Street Cycle Network (Tuam-Moorhouse)	(Execute) Design	●	Jun-21	Mar-25	Mar-25	●	\$3.7 M	\$3.7 M	\$0.9 M	Green	Project has been deferred for 12 months due to the need for resources to focus on the delivery of the CERF programme. It will be put on hold once tender documentation and design have been completed.
	Organics Processing Plant Development	Plan	●	Jun-21	Jun-26	Jun-26	-	\$39.6 M	-	\$0.3 M	Amber	Reporting on this project is being provided to Council separately.
Parks												
Parks	Old Municipal Chambers	(Execute) Construction	●	Mar-23	Sep-23	Sep-23	●	\$11.3 M	\$10.7 M	\$9.6 M	Green	Construction is ongoing. Current forecast completion of base build in September 2023. Council contribution remains capped.
	Naval Point Development Plan	(Execute) Investigate	●	Jun-15	Aug-31	Aug-31	●	\$30.1 M	\$30.2 M	\$13.7 M	Green	Planning and consultation for subsequent stages of work is currently underway with Runanga and recreational stakeholders and includes a new sports / change facility, marine safety improvements and pedestrian access to support the growth of recreational uses for the area.
	Robert McDougall Gallery Strengthening	(Execute) Construction	●	Jun-26	Jun-26	Jun-26	●	\$12.7 M	\$12.7 M	\$0.0 M	Green	The Museum has a contractor on site for the strengthening works.
	Red Zone Regeneration-Southshore and South New Brighton Estuary Edge Erosion Management	(Execute) Investigate	●	Jun-25	Jun-25	Jun-25	●	\$5.7 M	\$5.3 M	\$0.5 M	Amber	Variation approved for additional work required to encompass existing ecological sites. Updated drawing set to resolve implications of the changes to the National Freshwater policy statement is due in May. Consent due to be lodged in August. Inputs from the Ihutai Ahu Whenua Estuary Trust have been agreed and are factored into this programme.
	Akaroa Wharf Renewal	(Execute) Investigate	●	Feb-23	Dec-25	Dec-25	●	\$20.2 M	\$20.2 M	\$1.5 M	Amber	Working on procurement of Lead Designer (Preliminary Design) and a Design and Build Contractor. Expecting to release Lead Designer tender to the market April 2023. Drummonds Jetty has been identified as a suitable location for temporary access during the rebuild, design and consenting is underway on this. The future of the privately-owned buildings adjacent to Akaroa Wharf is currently being worked through.



	Project Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	COMMENTARY
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	
Parks	Citizens' War Memorial Earthquake Repair	(Execute) Construction	●	Jun-19	Jun-23	Jun-23	●	\$1.9 M	\$1.9 M	\$1.8 M	Green	The central memorial is now fully complete with all statues reinstated. Work continues on the platform area with over 50% of the wall stones completed. Installation of the travertine pavers is about to start. Planning is now well underway for ANZAC Day ceremony.
	Lancaster Park Redevelopment	(Execute) Construction	●	Jun-26	Jun-26	Jun-26	●	\$8.7 M	\$8.6 M	\$2.3 M	Green	Works continue. Construction of the retaining wall around the Memorial Gates is about to commence. Procurement planning for the buildings is underway. Landscape planting and irrigation plans for this planting season are being developed.
Digital												
Digital	Excess Water Use (IT Project)	(Execute) Handover	●	Jun-21	Feb-23	Feb-23	●	\$6.1 M	\$5.9 M	\$5.9 M	Green	Go-live took place 19 February. Prior period residential excess water billing complete. Bring back indicated.

## CHRISTCHURCH CITY COUNCIL - CAPITAL PROGRAMME WATCHLIST

### Christchurch Regeneration Acceleration Facility (CRAF) - Transport

This watchlist provides monthly high-level reporting on the Transport CRAF programmes. Additional reporting is to be provided as follows:

- Quarterly progress updates to the Community Boards on the five areas and any public transport and road safety priority work in their area. These have commenced in March, with four of the five briefings complete as of 11 April.
- Six-monthly progress updates to Council on the seven programmes, starting in April 2023
- The Treasury have also requested six-monthly reporting, starting in April 2023.

#### Time (Deviation from Baseline)

Green	<30 days delay
Amber	31-60 days delay
Red	>61 days delay

#### Budget (Deviation from Baseline)

Green	On Track
Amber	Forecast Overspend <5%
Red	Forecast Overspend >5%

	Programme Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	COMMENTARY
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	
CRAF Transport Access Programmes (Five Areas)												
CRAF Transport Access Programmes (Five Areas)	Linwood and Woolston Rooding & Transport Improvements (CRAF)	(Execute) Investigate	<div><div></div></div>	Jun-24	Jun-25	Jun-25	<div><div></div></div>	\$6.6 M	\$6.6 M	\$0.3 M	Green	This programme consists of eight projects. Work is underway to allocate resources to all projects, in conjunction with reallocating projects to deliver CERF. The majority of these projects require scheme design, consultation and detailed design. The area-wide speed restriction will be the first project to be delivered. An update on the programme will be given to the Board on 27 April 2023.
	New Brighton Rooding & Transport Improvements (CRAF)	(Execute) Investigate	<div><div></div></div>	Jun-24	Jun-25	Jun-25	<div><div></div></div>	\$6.6 M	\$6.6 M	\$0.3 M	Green	This programme consists of the Marine Parade (Hawke - Bowhill) street renewal. Work is underway to allocate resources to this project, in conjunction with reallocating projects to deliver CERF. This project requires scheme design, consultation and detailed design. Once consultation feedback has been received, quick wins for delivery will be identified. An update on the project will be given to the Board on 27 April 2023.
	Riccarton Rooding & Transport Improvements (CRAF)	(Execute) Investigate	<div><div></div></div>	Jun-24	Jun-25	Jun-25	<div><div></div></div>	\$6.6 M	\$6.6 M	\$0.2 M	Green	This programme consists of 11 projects. Work is underway to allocate resources to all projects, in conjunction with reallocating projects to deliver CERF. The majority of these projects require scheme design, consultation and detailed design. An update on the programme has been given to the Boards on 20 March and 23 March 2023.



	Programme Title	Current Phase	TIME				FINANCIALS (All Years)				STATUS	COMMENTARY
			Time Status	Original Delivery Date	Current Approved Delivery Date	Current Forecast Delivery Date	Budget Status	Current Approved Budget	Current Forecast	Actuals to Date	Overall Status	
CRAF Transport Access Programmes (Five Areas)	Richmond Roding & Transport Improvements (CRAF)	(Execute) Investigate	●	Jun-24	Jun-25	Jun-25	●	\$4.1 M	\$4.1 M	\$0.3 M	Green	This programme consists of four projects. Work is underway to allocate resources to all projects, in conjunction with reallocating projects to deliver CERF. The majority of these projects require scheme design, consultation and detailed design. The area-wide speed restriction will be the first project to be delivered. An update on the programme has been given to the Board on 9 March 2023.
	Spreydon, Somerfield, Waltham & Beckenham Roding & Transport Improvements (CRAF)	(Execute) Investigate	●	Jun-24	Jun-25	Jun-25	●	\$6.6 M	\$6.6 M	\$0.2 M	Green	This programme consists of 11 projects. Work is underway to allocate resources to all projects, in conjunction with reallocating projects to deliver CERF. The majority of these projects require scheme design, consultation and detailed design. The area-wide speed restriction will be the first project to be delivered. An update on the programme has been given to the Board on 6 April 2023.
CRAF Transport Environment Programme												
CRAF Transport Environment Programme	Programme - Public Transport Network Improvements Programme (CRAF)	Plan	●	Jun-24	Feb-26	Feb-26	●	\$5.0 M	\$5.0 M	\$0.7 M	Green	The budget has been drawn down into eight PT projects, the programme was endorsed in December 2021. The funding allows for all projects to be developed to a preferred option and for partial funding of construction. One project scheme has been approved by Council and is at detailed design stage. The balance of the projects are at various stages of scheme development.
CRAF Transport Safety Programme												
CRAF Transport Safety Programme	Road Safety Priorities Delivery Package (CRAF)	(Execute) Construction	●	Jun-24	Jun-24	Jun-24	●	\$5.0 M	\$5.0 M	\$2.3 M	Green	This is a programme of projects to improve safety on the network being funded by CRAF. 15 projects have been completed. There are five projects remaining, with one project currently under construction at Waterloo Road. Three projects are in the detailed design phase, these are Clyde/Ilam, Clyde/Greens and Briggs/Lake Terrace/Marshland. Consultation on Cashmere/Centaurus/Colombo has recently finished and a report is being prepared for the Community Board.
Total								\$40.3 M	\$40.3 M	\$4.3 M		



## 10. Te Kaha Project - Elected Member Update

Reference Te Tohutoro: 23/466169

Report of Te Pou Matua: David Kennedy, Chief Executive Te Kaha Project Delivery Limited,  
David.Kennedy@ccc.govt.nz

General Manager Mary Richardson, General Manager Citizens & Community  
Pouwhakarae: (Mary.Richardson@ccc.govt.nz)

### 1. Brief Summary

- 1.1 The purpose of this report is to update Elected Members on the progress of the Te Kaha Project Delivery Limited.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receive the information in the Te Kaha Project Elected Member Update Report.

### Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

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

(a) This report contains:


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

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

### Signatories Ngā Kaiwaitohu

Author	David Kennedy - Chief Executive Te Kaha Project Delivery Limited
Approved By	Barry Bragg - Chair Te Kaha Project Delivery Limited

### Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Te Kaha - Elected Member Update (March 2023) for Finance & Performance meeting 2023-04-26	23/466129	100

## Te Kaha Canterbury Multi Use Arena

### SCOPE

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

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

### CURRENT UPDATES

Council has contracted BESIX Watpac to design and construct Te Kaha, and they had engaged Benmax NZ Ltd as their mechanical services subcontractor. BESIX Watpac have advised us that Benmax NZ Ltd has gone into liquidation. Although this subcontractor had begun some detailed design work, the delivery of the mechanical services work on-site was not scheduled to begin for at least six months. BESIX Watpac believes the work can be delivered without impacting the opening date, and there will be no impact on the cost to the Council for the project.

There are no other issues that Council needs to be aware of on the project, and no material changes to the scope of the project. Work is on programme, on budget and there are no quality issues.

The last remaining areas of the ground improvement using Rammed Aggregate Piers (to the East and North Stand areas) have been completed.

Civil bulk excavation is underway to the East and North stands, and site concrete is underway in these areas.

Large concrete pours for the substructure foundations are progressing well to the West and South Stands.

Reinforcing steel cages for the substructure foundations and ground floor columns are being installed in the remaining areas of these two stands. The installation of reinforcing steel cages for the substructure foundations to the East Stand are also underway.

The reinforcing steel cages are being prefabricated in the Field of Play and northern laydown areas.

The BESIX Watpac team continues to work on the detailed design, and this will be largely completed during Q2 of 2023. Shop drawings are underway for structural steel, and the fabrication and testing of the Buckling Restrained Braces (BRBs) continues in Christchurch.

The project team are engaging with Mana Whenua on the design, and liaising with stakeholders, including regular quarterly meetings with the local community (to inform them on progress and receive feedback on any issues).

BESIX Watpac are particularly focused on Health, Safety and Well-being of their staff and workers on site.

In early April, members of the Project Team are visiting the City Rail Project in Auckland to discuss sustainability and Health & Safety, and will also be visiting Eden Park, particularly the back-of-house facilities.

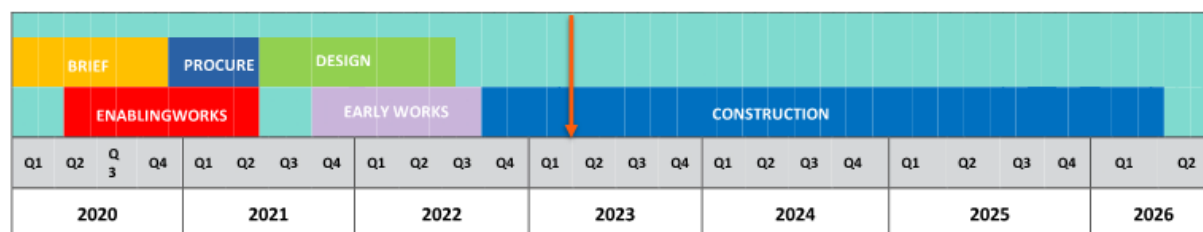


Elected Member Update  
Te Kaha CMUA Budget  
\$683.17M (CCC/Crown)

Current Phase:  
Construction



The current delivery programme, is as follows:



Delivery timetable as of 30 March 2023. Disclaimer – All timeframes are accurate at the time of publication and are dependent on public sector delivery mechanisms.

## 11. ChristchurchNZ Holdings Ltd - Draft Statement of Intent for 2023/24

Reference / Te Tohutoro: 23/338849

Report of / Te Pou Linda Gibb, Performance Advisor, Resources Group  
Matua: (linda.gibb@ccc.govt.nz)

General Manager / Leah Scales, General Manager Resources/Chief Financial Officer  
Pouwhakarae: (Leah.Scales@ccc.govt.nz)

### 1. Nature of Decision or Issue and Report Origin

- 1.1 This report provides advice on ChristchurchNZ Holdings Ltd's (CNZHL's) draft Statement of Intent (SOI) for 2023/24.
- 1.2 It has been written following receiving CNZHL's draft SOI on 1 March 2023 as required by the Local Government Act 2002 (LGA).
- 1.3 The draft SOI and letter from the CNZHL board are at **Attachment A**. The projections of Council funding of \$15.901 million per annum across the three year SOI horizon are consistent with the 2023/24 Annual Plan and 2021-31 Long Term Plan (LTP).
- 1.4 The draft SOI is incomplete with respect to financial forecasts for third party revenue and non-financial performance targets as CNZHL has not yet completed its business planning. The process has been more challenging than usual due to the combined impacts of significant inflationary pressure which has reduced CNZHL's purchasing power and the substantial reduction of the Government's COVID-19 recovery support funding.
- 1.5 These impacts require CNZHL to re-prioritise its activities within its budget constraint and to re-evaluate whether its performance targets remain achievable with the imputed funding cut. Re-prioritisation is being informed by the work that CNZHL is doing on developing the Economic Development Ambition (long term economic strategy for Christchurch) which will be adopted by the CNZHL board before the final SOI is completed.
- 1.6 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by estimating the extent to which the decisions may impact the community.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the draft Statement of Intent for 2023/24 for ChristchurchNZ Holdings Ltd;
2. Request that ChristchurchNZ Holdings Ltd reflects in its SOI that its urban development projects will align with the Greater Christchurch and Ōtautahi Christchurch strategic planning documents (under development) and other city strategic directions such as the Economic Development Ambition; and
3. Notes that ChristchurchNZ Holdings Ltd will include the full suite of financial and non-financial performance targets in its final Statement of Intent.

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

- 3.1 The recommendation made is based on the draft SOI being consistent with LGA requirements and the LTP's funding provisions, as well as the Council's other priorities relevant to CNZHL including reducing carbon emissions.

### 4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 The only other option is for the Council to decline to consider the draft SOI. The Council would forgo the opportunity to influence the direction of the organisation which is provided for in section 64(2)(b) of the LGA as one of the purposes of a SOI.

### 5. Detail Te Whakamahuki

#### Local Government Act 2002 requirements

- 5.1 Clauses 1 and 2 of schedule 8, part 1 provide the shareholder of a CCO may provide comments on the draft SOIs [of its directly and indirectly owned CCOs] to the CCO boards by 1 May and the CCO board must consider the comments and finalise the SOI by 30 June.
- 5.2 CNZHL's draft SOI complies with the content requirements of schedule 8, parts 2 and 4 which include the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the major accounting policies.
- 5.3 The draft SOI does not include a full set of forecast financial forecasts and performance targets as CNZHL is still working through its business planning process.

#### Letter of Expectations and Statement of Expectations

- 5.4 The Council issued a Letter of Expectations (LOE) to CNZHL dated 21 December 2022 which is at **Attachment B** for reference. The draft SOI sufficiently reflects the expectations.
- 5.5 Note that not all LOE content is relevant to a SOI, for example that CNZHL considers what support could be provided to the local music sector as part of its existing work programmes is not included as a standalone item in the draft SOI. It is a small part of several of CNZHL's strategic focuses – urban development, destination and attraction and innovation and business growth.
- 5.6 In December 2021 the Council issued an Enduring Statement of Expectations to its fully-owned CCOs. While most of the expectations were of a general nature, there were several that were particularly relevant to SOIs including:
- demonstrating linkages between the CCO's and the Council's strategic objectives and providing measures that reflect economic, social, cultural and environmental welfare;
  - targeting carbon neutrality by 2030 including reviewing activities and developing planning and reporting frameworks to identify and address climate change impacts; and
  - focussing on health and safety.
- 5.7 These have been reflected in CNZHL's draft SOI.
- 5.8 In the second half of this calendar year, staff will review how all CCOs have met the expectations, and whether a refreshed Statement of Expectations that is underpinned by the LTP for 2024-34 is warranted.



### Climate change

- 5.9 The draft SOI recognises the importance of reducing carbon emissions. While not a major carbon emitter itself, CNZHL is expected to take all opportunities to reduce emissions from its operations. CNZHL has articulated a 2030 net zero goal, as well as noting that it has reduced emissions from its 2018/19 baseline of 120 tonnes to 103.3 tonnes in 2022.

### Urban Development

- 5.10 Staff recommend that CNZHL is asked to reflect in its SOI that its urban development projects will align with the Greater Christchurch and Ōtautahi Christchurch strategic planning documents (under development) and other city strategic directions such as the Economic Development Ambition.

### Relationships – major events

- 5.11 CNZHL has clearly articulated, at page 12 of the draft SOI its commitment to working together with the Council and Venues Ōtautahi (VŌ) to harness the economic and social benefits that can be achieved from events. The commitment is underpinned by the three-way agreement to form a City Partners Group with representatives from each organisation and an independent chair.
- 5.12 Included in this section is its commitment to work with the Council and VŌ to confirm bid incentive funding in line with the city's major events' strategy for inclusion in the LTP 2024-34.

### Financial targets

- 5.13 The following table sets out the changes from CNZ's final SOI last year:

Funding	2023/24 \$000	2024/25 \$000	2025/26 \$000
CCC funding - draft SOI for 2023/24	15,901	15,901	15,901
3 <sup>rd</sup> party funding - draft SOI for 2023/24	2,639	TBA	TBA
<b>Total revenue - draft SOI for 2023/24</b>	<b>18,540</b>	TBA	TBA
Total revenue - final SOI for 2022/23	21,330	21,089	-

- 5.14 The Council's funding allocations of \$15.901 million per annum over the three year SOI horizon are consistent with the LTP 2021-31.
- 5.15 Third party revenue that CNZHL is able to attract has greater value to CNZHL (and Christchurch) than it might appear. The value is in the magnified benefits that CNZHL is able to achieve through leveraging the Council's funding.
- 5.16 CNZHL's funding over the past several years has been elevated due to the government's COVID-19 recovery funding. One example of the benefit this funding has provided was enabling CNZHL's attraction of SailGP to Christchurch, which it could not have done without that funding. Recovery funding from the government has now largely ended. As a result third party revenue projections have reduced significantly as shown in the table below.

Funding	2021/22 Actual \$000	2022/23 Forecast \$000	2023/24 SOI target \$000
CCC funding	16,335	15,901	15,901
3 <sup>rd</sup> party funding	7,039	12,210	2,639
<b>Total funding</b>	<b>23,374</b>	<b>28,111</b>	<b>18,540</b>

- 5.17 The reduction in expected funding from 2023/24 will undoubtedly pose challenges to CNZHL's contribution to local economic growth. This, coupled with significant inflationary pressure in the economy reducing CNZHL's purchasing power requires it to re-prioritise its expenditure. The draft Economic Development Ambition will inform where it will shift its focus to maximise the returns on its funding. In turn, its performance targets for economic growth (and its component parts) will likely need to be reset.

**Non-financial targets**

- 5.18 The performance targets in the draft SOI reflect CNZHL's strategic objectives and its organisational performance goals. As noted in this report, CNZHL will update its targets for economic growth and its component parts when it has completed its business planning in time for inclusion in the final SOI.
- 5.19 Levels of service underpin the Council's LTP funding, and are attached to the draft SOI for information.

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

**Strategic Alignment Te Rautaki Tīaroaro**

- 6.1 SOIs are strongly aligned to the Council's strategic objectives and to the [Council's Long Term Plan \(2021 - 2031\)](#) LTP 2021-31.

**Policy Consistency Te Whai Kaupapa here**

- 6.2 The decisions in this report are consistent with the Council's Plans and Policies – in particular promoting good governance. This report has linkages to the [Council's Long Term Plan \(2021 - 2031\)](#).

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

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does specifically impact Mana Whenua, their culture and traditions.
- 6.4 The decision does not involve a matter of interest to Mana Whenua and will not impact on our agreed partnership priorities with Ngā Papatipu Rūnanga.
- 6.5 The decisions are accountability settings. They include a commitment for CNZHL to partner with mana whenua and contribute to the stated intent of Te Rūnanga o Ngāi Tahu. A specific economic development level of service target is to grow the value of the Māori economy.

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

- 6.6 As discussed in the body of this report, CNZHL has articulated its commitment to reduce and offset carbon emissions by 2030.

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

- 6.7 Not relevant.

## 7. Resource Implications Ngā Hīraunga Rauemi

**Capex/Opex Ngā Utu Whakahaere**

- 7.1 There are no cost or funding implications associated with this report.

## 8. Legal Implications Ngā Hīraunga ā-Ture



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

- 8.1 LGA, in particular section 64 is for a CCO to have a SOI, the purpose of it and the requirement to publish it within one month of its adoption. Schedule 8, part 1 provides the process to be followed by the CCO and the local authority shareholder in finalising SOIs. Schedule 8, parts 2-4 specifies minimum content of SOIs.

## 9. Risk Management Implications Ngā Hīraunga Tūraru

- 9.1 Not relevant to this report.

## Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	ChristchurchNZ Holdings Ltd - Draft Statement of Intent 2023/24	23/461663	106
B 	ChristchurchNZ Holdings Ltd - Letter of Expectations for 2023/24	23/2221	129

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance Te Whakatūtutanga ā-Ture

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

(a) This report contains:

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

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

## Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer

ChristchurchNZ

28 February 2023

Dawn Baxendale  
Chief Executive  
Christchurch City Council  
PO Box 73016  
Christchurch 8154

via email: dawn.baxendale@ccc.govt.nz

Tēnā koe Dawn,

**ChristchurchNZ Holdings Ltd Draft Statement of Intent 2023 – 2026**

Please find attached the ChristchurchNZ Holdings Ltd draft Statement of Intent, 2023 to 2026. It has been written for ChristchurchNZ Holdings Ltd and its subsidiary ChristchurchNZ Ltd, and was approved by the ChristchurchNZ Holdings Ltd and ChristchurchNZ Ltd Board on 24 February 2023.

In preparing this Draft Statement of Intent the Board has considered the Council's expectations set out in the Letter of Expectations and Statement of Expectations received in December 2022 and incorporated these expectations where appropriate.

The Board would like to highlight to Council that an era of significant external government funding related to Covid recovery programmes is coming to an end. Furthermore, commercial funding sources that became untenable in the post Covid environment will take time to rebuild as commercial partners return to strength.

ChristchurchNZ has also withdrawn from contracts for service provision on behalf of other Regional Tourism Organisations within the region (Mackenzie and Ashburton Districts) to allow a more targeted focus on Christchurch destination management work. This has an associated drop in external revenue.

Reduced third party revenue, and increasing cost pressures means that ChristchurchNZ's buying power will be significantly lower in 2023/24, compared with the current financial year.

For the 2023/24 year, ChristchurchNZ intends to focus on the core activities Council funds us to deliver. Once the ChristchurchNZ Economic Development Strategy is complete (mid 2023), future external funding sources will be sought that are closely aligned to the new Strategy's organisational priorities to enable us to more strategically and deliberately seek third party funding to amplify our impact for the city.

**ChristchurchNZ™**

BNZ Centre, Level 3 (West), 101 Cashel St  
PO Box 2962, Christchurch 8140  
Christchurch 8011, New Zealand

enquiries@christchurchnz.com  
Phone: +64 3 379 5575  
www.christchurchnz.org.nz

ChristchurchNZ

There are several internal processes taking place between now and June that will inform the content in the final Statement of Intent. These are:

- *Business planning* – FY23/24 planning is underway. The priority given to each of our functions may be adjusted based on the current economic settings, opportunities, risks and operating conditions. This will inform the setting of KPI targets. The board will be setting ambitious targets for the organisation to strive towards, noting that the context for setting these targets is an organisation with a reduced budget due to the funding challenges outlined above.
- *Capitalisation of the urban development functions* – Pending timing of Christchurch City Holdings actions in relation to the amalgamation of Development Christchurch Ltd will determine when ChristchurchNZ will be capitalised. Changes will be needed to financial elements of the SOI to reflect the date of capitalisation.

We look forward to your feedback on the draft Statement of Intent.

Ngā mihi nui



Dr Therese Arseneau  
Chair

CC Linda Gibb, CCC Performance Advisor





## ChristchurchNZ Holdings Limited

**Draft Statement of Intent**  
**1 July 2023 – 30 June 2026**





## Directory

**Address:** ChristchurchNZ Holdings Limited (CNZ Holdings)  
PO Box 2962  
Christchurch 8140

**Registered Office:** Level 3  
101 Cashel St  
BNZ Centre (west)  
Christchurch

**CNZ Holdings Ltd Board:** Dr Therese Arseneau (Chair)  
Paul Bingham  
Stephen Barclay  
Jen Crawford  
Lauren Quaintance  
Toby Selman  
Councillor Director (TBC)  
Councillor Director (TBC)  
Katherine Allen (Associate Director)  
(Common CNZ Ltd Board)

**Auditors:** Grant Thornton Audit Partnership (NZ) Limited

**Contact:** Telephone 03 379 5575

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## Document purpose

ChristchurchNZ Holdings Ltd is a council-controlled public-benefit entity, wholly owned by the Christchurch City Council, with an independent board. The operational entity is ChristchurchNZ Ltd (ChristchurchNZ).

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

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

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

Within this Statement of Intent any references to Christchurch refer to the Christchurch City Council's administrative area.

## Introduction

NEW INTRODUCTION TO BE DRAFTED IN MAY/JUNE FOR FINAL SOI

SIGNATURE BLOCK

Dr Therese Arseneau

Chair

SIGNATURE BLOCK

Alison Adams

Chief Executive

## Part 1: Purpose - Our Why

### Our mission and purpose

The mission of ChristchurchNZ Holdings and its operating subsidiary is to:

**Ignite bold ambition for Ōtautahi Christchurch**

**Whakangiha te mura-hiango mō Ōtautahi**

The purpose of ChristchurchNZ Ltd is:

**To stimulate sustainable economic growth for a prosperous Ōtautahi Christchurch.**

### Our strategic outcomes

ChristchurchNZ contributes improvement to Christchurch's:

1. Workforce

2. Productivity

3. Attractiveness

4. Liveability

### How our success will be measured

Our performance in delivering to our Strategic Outcomes will be measured through Key Performance Indicators (KPIs).

We will seek to achieve the following targets:

TARGETS WILL BE ADDED TO THE FINAL SOI BASED ON BUSINESS PLANNING, FUTURE FUNDING LEVELS AND BUDGETS. THE MEASURES MAY CHANGE BASED ON THE CHRISTCHURCHNZ ECONOMIC DEVELOPMENT STRATEGY CURRENTLY IN DEVELOPMENT.

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THE BOARD'S INTENT IS TO SET A TARGET RANGE FOR FUTURE YEARS THAT WILL IDENTIFY BASELINE AND STRETCH GOALS.

Key Performance Indicator	2022/23 Target	2023/24 Target	2024/25 Target	2025/26 Target
Long-lasting job creation supported by ChristchurchNZ	145 FTE (Full-Time Equivalent) jobs	XXX FTE jobs	XXX FTE jobs	XXX FTE jobs
Short-term job creation supported by ChristchurchNZ through events, urban development and screen activity	400 FTE jobs	XXX FTE jobs	XXX FTE jobs	XXX FTE jobs
Estimated value of GDP contribution attributable to ChristchurchNZ activity.	\$48m	\$XXm	\$XXm	\$XXm
Contribution to visitor spend supported by ChristchurchNZ <sup>1</sup>	\$27m	\$XXm	\$XXm	\$XXm
Value of investment into Christchurch supported by ChristchurchNZ (excluding local government)	\$40m	\$XXm	\$XXm	\$XXm

Our performance is also measured through delivery against our Levels of Service, which form our contract with the Christchurch City Council. These measures are included in Appendix One.

<sup>1</sup> Estimated using industry standard model



## How our strategic outcomes contribute locally, nationally and globally

The work of CNZ Holdings Ltd sits within a cascading set of sustainable development frameworks, which guide development work globally nationally and locally – from the UN Sustainable Development Goals and Treasury's Living Standards framework through to the Christchurch City Council's Community Outcomes Framework.

Our work delivers directly to a sub-set of each of these frameworks. However, we take account of other areas of the local and international frameworks. We will align delivery of our programmes to support the outcomes and priorities identified in the Greater Christchurch 2050 vision.

The UN provide a global context for sustainable economic development work carried out at a city level. The work of CNZ Holdings Ltd delivers to targets within:



**Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all**

**Goal 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation**

**Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable**

**Goal 17: Revitalise the global partnership for sustainable development**

Christchurch City Council's strategic framework seeks to deliver community benefit to Christchurch economically, socially, environmentally, and culturally. The work of CNZ Holdings Ltd delivers to the following Community Outcomes:

**TO BE ADDED FOR FINAL SOI - LOE SIGNALS THE COUNCIL'S STRATEGIC FRAMEWORK WILL BE AMENDED BY 31 MARCH 2023**


## Part 2: Delivery - Our What and How

### What we deliver

**FOLLOWING THE COMPLETION OF THE STRATEGY PROGRAMME AND BUSINESS PLANNING PROCESSES THIS SECTION WILL BE UPDATED IF NECESSARY**

ChristchurchNZ delivers to its strategic outcomes in partnership with local and national entities. We provide thought-leadership and strategic input into key city-level discussions from an economic development perspective. We provide a range of services organised into functions. The ChristchurchNZ teams and the functions they deliver are:



### Innovation & Business Growth

The Innovation and Business Growth team supports businesses and industries to improve their performance and grow sustainably.

- **Clusters & Sector Growth** – Leverage regional strengths and the shared ambitions of businesses within sub-industry clusters to improve economic outcomes. Coordinate labour market participants to ensure access to talent that drives growth in strategically important industries.
- **Investment and Business Attraction** – Create a positive outward facing city profile and reputation to grow talent at scale by attracting large corporates, institutions and agencies to the city, and attracting research and investment. Working with private sector to strengthen the start-up investment market.
- **Business Sustainability & Growth** – Grow and sustain small and medium sized enterprises at all stages of their lifecycle through the delivery of activities that catalyse innovation and capability building.

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- **Screen Office** – Deliver a grant programme to attract Film productions to the region. Provide facilitation and support to producers. Create increased spend in the region and grow creative sector jobs.
- **Antarctic Office** – Implement the Antarctic Gateway Strategy, by ensuring Christchurch is recognised for being a welcoming gateway city host to International Antarctic programmes, and delivering business support connecting Antarctic Programmes with local suppliers resulting in an increase in local jobs and economic activity.

## Urban Development

The Urban Development team works to ensure places are connected, thriving, and attractive to businesses, residents, visitors and investors.

- **Property & Partnerships** – Identify, acquire and/or assemble land in strategic locations to unlock economic potential and stimulate further investment for transformational change. Work with partners to deliver mixed-use developments, business and commercial opportunities, infrastructure, community facilities and/or a mix of housing types.
- **Place Led Investment & Development** – Create and implement long-term growth and development plans with multi-sector partners. Lead and invest in implementation projects to create attractive and thriving places. Includes New Brighton, Sydenham and parts of the Central City.
- **City Growth Partnerships** – Develop and foster partnerships to support long-term transformational projects for the city. This includes identifying and supporting growth of key local industries, new destination attractions and place led development opportunities that are of significant scale. Initiatives have a long-term integrated approach to aligning economic and urban development and have a strong alignment to best for city outcomes.

## Destination & Attraction

The Destination and Attraction team works to ensure Ōtautahi Christchurch is an attractive and exciting city for visitors and residents.

- **Business Events** – Bidding for and attracting major conventions, and conferences to Christchurch. Attracting global conferences aligned to cluster industries and other city strengths or opportunities to create legacy outcomes for the city and grow visitor spend opportunities outside of peak season.
- **Major Events** – Lead the bidding, attraction, development and leverage of major and mega events to achieve the outcomes set out in the major event strategy. This portfolio of major events aims to excite and engage our people and visitors throughout the year, while showcasing our city as an exceptional place to live, visit, and invest.
- **Visitor Attraction** – Build partnerships and business to business trade relationships, create itineraries and promotions to drive visitation from domestic and international markets. Support industry by building visitor industry capability and act as conduit for all stakeholder groups involved in cruise to deliver quality visitor and community experiences.
- **International Education Attraction** – Champion the International Education industry as a valuable economic, social and cultural contributor to the region through advocacy and collaboration with partners. Promote education pathways that align to regional skills needs and local growth industries.

## Marketing, Brand & Communications

The Marketing, Brand and Communications team leads the local, national and international promotion of Ōtautahi Christchurch as an attractive city.

- **Marketing, Brand and Comms** – Promote the city as a wonderful place to live, visit, work, study and do business. Develop and implement the city narrative and place brand. Act as the chief storytellers of Christchurch, creating engaging content for internal and external audiences. Maintain and optimise online products and digital marketing activity to drive audience growth.

## Shared Services and Economic Insight

The Shared Services and Economic Insight team monitors the performance of the economy and develops economic development strategy and policy advice to inform and stimulate private and public sector activity. The team provides internal finance, information technology, people and culture, facilities, and contract management support services. They drive improvements in sustainable performance, transparency, accountability and compliance across the organisation to ensure our processes and systems are fit for purpose.

## How we work

At ChristchurchNZ we:

- Always consider what is best for Christchurch.
- Endeavour to provide value for money by ensuring we use our publicly funded resources effectively and efficiently and show leadership in innovative practices.
- Are committed to a resilient and sustainable future, ensuring growth delivers multi-generational benefit.
- Consider climate change in everything we do.
- Seek a deep partnership with mana whenua to foster an understanding of Te Ao Māori. Ensure we contribute to the stated intent of Te Rūnanga o Ngāi Tahu: Mō tātou, ā, mō kā uri ā muri ake nei – for us and our children after us.
- Seek partnership with industry and recognise that industry is core to the creation of high-value decent work and increased prosperity for the people of Christchurch.
- Seek to enhance outcomes by working collectively across the organisation.
- Take evidence based intelligent risks.
- Are a committed partner within the Christchurch City Council Group. Taking a best for city approach, we work with other group companies to benefit Christchurch residents.
- Count on each other to live our values: Open, Purposeful and Together. To act ethically, within our own teams across the organisation and with our external partners and stakeholders.
- Enable and empower our people to do remarkable things.
- Acknowledge and act in accordance with the shareholder request to exercise restraint in respect of executive remuneration and pay our people a fair wage, with a commitment to at least the Living Wage for all staff and suppliers.

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### Relationship with major events ecosystem

Events deliver significant economic and social benefit to the community.

CCC, ChristchurchNZ and Venues Ōtautahi will work together as a broad city events eco-system to implement the agreed, council endorsed Major Events Strategy. This will include the formation of a City Partners Group (CPG), with representatives from each organisation, plus an independent chair. The CPG will use the following principles as a guide:

- Assessing what is best for the city in terms of economic, social and cultural impact, maximising leverage and legacy outcomes (as outlined in the Major Events Strategy)
- Identifying efficient ways of working
- Working collaboratively together in a high trust, supportive manner
- Having clear accountability to report on ROI and outcomes from events
- Consideration of the importance of utilising council-owned infrastructure and venues

**Te Kaha** – The attraction of major events to Te Kaha underpins the long-term commercial strategy for the venue and deliver the most significant economic benefit to the region. Venues Ōtautahi will develop an integrated and long-term strategy in conjunction with the broader events eco-system of Council and ChristchurchNZ for attracting major events to Te Kaha focused on Te Kaha event attraction in the best interests of the city.

The Te Kaha Investment Case includes a nominal bid incentive fund allocation of \$56.9m across the 25-year life of the asset and \$4.3m of annual capital and operational support.

It is ChristchurchNZ's intention to work with the broader event eco-system, Council and VŌ through the 2024 Long-Term Planning process to confirm the bid incentive fund allocation in line with the city's major events strategy.

## Part 3: Group Governance and Financial Performance

### Financial and Operational Objectives

ChristchurchNZ will:

1. Develop funding partnerships that increase the impact of ChristchurchNZ in achieving our strategic outcomes.
2. Optimise ChristchurchNZ's organisational performance in line with the UN Sustainable Development Goals.
3. Operate within budget and will seek to continuously improve operational management to ensure 'value for money' is delivered to the shareholder:
  - Continue to assess all purchasing decisions, recruitment and contract negotiations to ensure that they are appropriate.
  - Continue to seek ways to enhance environmental and social considerations in all purchasing and operational decisions.
  - Seek to amplify the funding received from its Council shareholder with third party revenue to minimise the cost to the shareholder and ratepayers.

### How our financial and operational performance will be measured

Our performance will be measured through Key Performance Indicators (KPIs).

We will seek to achieve the following targets:

CNZ Holdings Key Performance Indicators	2023/24 Target	2024/25 Target	2025/26 Target
Revenue % for non-shareholder funding/commercial activity	>=15%	>=XX%	>=XX%
The capital structure and funding model of CNZ Holdings is appropriate for the nature of its business	CNZ Holdings utilises CCC core funding for the objectives as set out in CCC's Long Term Plan. CNZ Holdings may secure additional funding from appropriate sources to complete specific projects that are consistent with the overall objectives of the organisation.  CNZ Holdings will ensure that assets acquired from the shareholder to support the urban development activity are used for this purpose and that any gains/losses on this activity are reinvested in activity that supports economic development and community outcomes in accordance with the agreed value sharing framework.		
CNZ Holdings ensure best practice governance	Maintain a robust director skills matrix, risk management process and clear delegations. Maintain and adhere to a governance manual that includes a focus on: <ul style="list-style-type: none"> <li>• Determining purpose</li> <li>• Effective governance culture</li> <li>• Holding to account</li> <li>• Effective compliance</li> </ul>		



ChristchurchNZ Internal Key Performance Indicators	2023/24 Target	2024/25 Target	2025/26 Target
Assess and report organisational performance against the relevant UN Sustainable Development Goals *	Improved performance*	Improved performance*	Improved performance*
Maintain high employee engagement (Rating out of five in staff engagement survey)	3.75 or above	3.75 or above	3.75 or above
Our people feel safe (Rating out of five in staff engagement survey)	4.5 or above	4.5 or above	4.5 or above
Zero serious harm to employees while working	Zero	Zero	Zero
Reduce our carbon footprint (Benchmark in 2018/19 was 120 tonnes)	Reduce and offset to net zero **	Reduce and offset to net zero **	Reduce and offset to net zero **

\*Assessment will be based on the B Corporation rating tool. The score in 2022 is 103.3.

\*\*ChristchurchNZ has undertaken an independent greenhouse gas emissions inventory and has an action plan in place to reduce emissions.

## Financial Summary

The following statement of financial performance is based on financial forecasts that reflect contracted revenue; including core funding from the shareholder as reflected in the Long-Term Plan.

Note that whilst commercial (e.g. business partner) funding has been negatively impacted by Covid over the last 3 years, this has been offset by significant central government Covid recovery funding. This central government funding reduces significantly and ends in 2023/24.

The ChristchurchNZ Economic Development Strategy will identify our strategic outcomes and priorities, and highlight opportunities for supplementing shareholder funding through partnerships. This is unlikely to be in place for 2023/24.

Assumptions relating to non-shareholder commercial revenue and funding opportunities that are tightly aligned with this have been built into outyear targets. **TARGETS WILL BE INCLUDED IN THE FINAL STATEMENT OF INTENT**

Notes:

1. The figures represent the consolidated group.
2. Other revenue reflects revenue from third parties and includes Central Government funding contracts.
3. The outyears have been adjusted for cpi (based on an annual cpi rate of X%). Whilst costs are going up rapidly, core funding from Council is not inflation adjusted, meaning core funding is reducing in real terms.

THE FINANCIAL SUMMARY WILL BE COMPLETED IN THE FINAL SOI, INCLUDING URBAN DEVELOPMENT CAPITALISATION

FINANCIAL SUMMARY \$000's					
	Actual 2021/22	Forecast 2022/23	Budget 2023/24	Outlook 2024/25	Outlook 2025/26
CNZH Financial Summary \$000's					
STATEMENT OF FINANCIAL PERFORMANCE					
<b>REVENUE</b>					
Core Funding from Council	16,335	15,901	15,901	15,901	15,901
Other Revenue	7,039	12,210	2,639		
<b>TOTAL REVENUE</b>	<b>23,374</b>	<b>28,111</b>	<b>18,540</b>	<b>15,901</b>	<b>15,901</b>
<b>EXPENDITURE</b>					
Expenditure	22,142	30,467			
Depreciation & Impairment	509	469			
<b>TOTAL EXPENDITURE</b>	<b>22,651</b>	<b>30,936</b>	<b>18,540</b>	<b>0</b>	<b>0</b>
<b>NET OPERATING GAIN/LOSS</b>					
Net Gain/(Loss) on UBD Development Activity	0				
Other gains/losses	62				
Income tax expense/(benefit)	3				
<b>NET SURPLUS/(DEFICIT)</b>	<b>782</b>	<b>(2,825)</b>	<b>0</b>		
STATEMENT OF FINANCIAL POSITION					
<b>SHAREHOLDERS FUNDS</b>					
Retained Earnings	4,052				
Reserves	1,841				
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>5,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ASSETS</b>					
Current Assets	15,205				
Property Inventory	0				
Other Non-Current Assets	1,369				
<b>TOTAL ASSETS</b>	<b>16,574</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>					
	10,681				
<b>NET ASSETS</b>	<b>5,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
STATEMENT OF CASHFLOWS					
Shareholder Funds to Total Assets %					
CCC% of Total Revenue					

## CNZ Holdings Ltd group corporate governance

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

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

## Our group structure

**ChristchurchNZ Holdings Ltd** manages its governance of subsidiary and related entities against the stated purpose of each entity. The Board comprises independent and council directors with an Independent Chair. The CNZ Holdings Board monitors the operational delivery of its subsidiary through the annual business plan.

**ChristchurchNZ Ltd** is a wholly owned subsidiary of CNZ Holdings Ltd. ChristchurchNZ Ltd has a common Board with CNZ Holdings Ltd. ChristchurchNZ Ltd is contracted by CCC to deliver economic development services as set out in the Levels of Service in CCC's Long Term Plan, included as Appendix One.

**Canterbury Regional Business Partners Limited** is a joint venture between ChristchurchNZ Ltd and the Canterbury Employers' Chamber of Commerce. This joint venture co-ordinates business capability building and research and development related activities across the Canterbury region.

## Role of the Board of Directors

The group's Board: ChristchurchNZ Holdings Ltd (common board with ChristchurchNZ Ltd) is responsible for setting the strategic direction, oversight of the management of the company and direction of its business strategy, consistent with the stated purpose. The Board is accountable to the shareholder for the performance of the company and will act in accordance with any letter of shareholder expectation received.

Established practice is for a donation to be paid to the Mayoral Welfare Fund (or other charity as instructed by Council) in lieu of payment of Directors fees to Councillor Directors.

## Board committees

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

## Delegation of responsibilities to management

The Board has delegated management of the day-to-day affairs and management responsibilities for Christchurch NZ to ChristchurchNZ Ltd.'s Chief Executive to deliver the strategic direction and goals determined by the Board.

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

## Reporting and monitoring

CNZ Holdings reports quarterly to CCC against its Statement of Intent as well as ChristchurchNZ Ltd.'s Levels of Service contract with Council, the details of which are included in this document. CNZ Holdings expects to meet with the CCC Finance & Performance Committee of the Whole to discuss quarterly reporting for all parts of the organisation.

ChristchurchNZ also has regular reporting requirements arising from service level and funding agreements with a range of entities.

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### **ChristchurchNZ Holdings Ltd group accounting policies**

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

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

### **Reserves**

The CNZ Holdings Reserves policy is approved annually by the CNZ Holdings Board.

The policy provides a framework for the creation and utilisation of reserved funds in ChristchurchNZ. It requires CNZ Holdings to hold in reserve funding received to deliver projects and not spent in the year in which it is received. The policy ensures sufficient provision for forward scheduled activity due to the long lead times for operational activity.

CNZ Holdings does not hold sufficient reserves to cover full liability in the event of an unforeseen wind-up of the entity. In this circumstance, this liability would transfer to the shareholder.

### **Distributions**

#### **Organisational activity is not for Private Pecuniary Profit.**

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

### **Acquisition/divestment procedures**

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

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

Any residual investments from the amalgamated subsidiary entity CRIS Ltd, which was an investment vehicle, will be divested consistent with the direction of the Board.

### Information to be provided to shareholders

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

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

As a minimum, shareholder reporting will involve:

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

### Compensation from Local Authority

CNZ Holdings expects to receive funding from CCC of \$15.902m for the financial year beginning 1 July 2023/2024.

The activity undertaken in exchange for the compensation is set out in this SOI and the CCC three-year Long-Term Plan, as per the Levels of Service in Appendix 1.

### Other matters requiring the approval of the shareholder

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

- Any matters of critical concern; or
- Significant public interest; or
- Major transactions as defined in the Companies Act.

### Attestation

Chair (Dr Therese Arseneau)

Signed for and on behalf of the ChristchurchNZ Holdings Ltd Board of Directors

(Common Board ChristchurchNZ Ltd)

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## Appendix One: Levels of Service

Performance Measures Levels of Service (LOS)	Long-Term Plan Performance Targets 2023/24
<b>Innovation and Business Growth</b>	
Build innovation and entrepreneurial strength	
Number of Initiatives to support industry cluster development	6 initiatives
Number of start-up/scale-up companies supported to grow innovation and entrepreneurship capability aligned with priority focus areas	40 companies
Number of employment opportunities that have been attracted to the city	100 employees
Build a productive knowledge city to grow decent work	
Number of initiatives that deliver better education outcomes and skills development to meet industry need and lead to high-value decent work	4 initiatives
Partner with mana whenua to support growth in Māori prosperity and self determination	
Number of initiatives delivered in partnership with mana whenua and Te Rūnanga o Ngāi Tahu entities to grow the value of the Māori economy and deliver intergenerational prosperity and create decent work	2 initiatives
Ensure Christchurch businesses have access to comprehensive advice and support to grow competitiveness, resilience and sustainability	
Number of initiatives delivered with local and central government agencies to drive and advocate for competitiveness, resilience and sustainability (including carbon footprint reduction) of Christchurch and Canterbury organisations	4 initiatives
Number of Christchurch and Canterbury businesses accessing support, mentors and advice provided in partnership with central Government and industry and peak bodies, including the Chamber	500 businesses access business support or advice
Satisfaction of businesses accessing support or advice services	Net promotor score for business support services is +50 or greater
Value of Central government or private sector funding secured into economic development activities	\$1,750,000



Performance Measures Levels of Service (LOS)	Long-Term Plan Performance Targets 2023/24
Realise greater value from Christchurch's Antarctic Gateway	
Antarctic Gateway Strategy progress report is produced annually and is available on the CCC website	Deliver actions as set out in the Antarctic Gateway Strategy implementation plan
Number of businesses in a business network which secures higher revenues from the National Antarctic Programmes	100 businesses in the network
<b>Destination and Attraction</b>	
Develop Christchurch as an attractive destination	
Number of initiatives delivered that focus on developing Christchurch and Canterbury as a more attractive and sustainable visitor destination in partnership with third parties where joint outcomes can be amplified	4 initiatives
City bids prepared to attract business events to Christchurch in line with the business event strategy	50 bids
Success rate of bids for business events	At least 37.5% success rate
Assess portfolio of events supported against the Major Events Strategy	Annual report on performance of the major event portfolio against the Major Events Strategy
Number of destination product offerings, experiences or itineraries developed and supported which embed the city narrative	5 destination products
Number of screen enquiries attracted and supported, with a view to growing Canterbury's market share of screen GDP	100 screen enquiries
Number of screen productions attracted to Christchurch through a grant fund	At least 1 production
<b>City Positioning</b>	
Ensure Christchurch is well positioned as a Confident City that is attractive to businesses, residents, visitors, students and potential migrants	
Number of people using city narrative assets and content to tell the Christchurch story integrated with their own organisation or business story	Establish brand tracking measures for the new city identity and benchmark city brand performance with key audiences
Number of engagements on ChristchurchNZ owned digital channels and platforms	4 million
Number of engagements with trade agents and investors in priority markets and sectors.	60 engagements with trade agents or investors

Performance Measures Levels of Service (LOS)	Long-Term Plan Performance Targets 2023/24
<b>Economic Strategy and Insights</b>	
Provide leadership in inclusive and sustainable economic development for Christchurch	
City economic strategies are reviewed and approved in context of Greater Christchurch 2050 Strategic Framework and Goals	To be requested and confirmed through the annual letter of expectation and statement of intent process.
Number of economic research and insights reports delivered to provide city partners with robust evidence base on which to base strategies and investment decisions	12 economic reports are produced
Number of people actively engaging with ChristchurchNZ economic and strategic insights	Deliver economic information to at least 1,000 people through presentations and online information
Number of reports on the feasibility of urban development proposals and projects	At least three opportunities for urban development are identified and assessed for feasibility
Deliver existing urban development programme (New Brighton) and develop pipeline of urban development projects utilising Council family-owned property or other acquired property	New urban development projects added to the pipeline in line with the strategy

21 December 2022

Dr Therese Arseneau  
Chair, ChristchurchNZ Holdings Ltd  
By email: [therese.arseneau@canterbury.ac.nz](mailto:therese.arseneau@canterbury.ac.nz)

Dear Therese

**Christchurch City Council's shareholder expectations for 2023/24**

This Letter of Expectations sets out the Christchurch City Council's expectations of the ChristchurchNZ Holdings Ltd (CNZHL) board for the 2023/24 financial year. The Council requests that the board considers the Council's expectations in this letter and reflects them, as appropriate in its Statement of Intent (SOI) for 2023/24.

Last year, the Council issued an Enduring Statement of Expectations (SOE) to all of its Council-controlled organisations (CCOs). The SOE remains a relevant expression of the Council's broad expectations of all its Council-controlled organisations (CCOs) and should also be taken into account when CNZHL develops its 2023/24 SOI.

While this letter is mostly focussed on expectations for the period 1 July 2023-30 June 2024, we also include some broader matters that are likely to be relevant to CNZHL at various times over the course of the new three-year triennium.

The new Council will review its strategic framework and overall direction. This work will be completed by 31 March 2023 to ensure it influences planning for the work programmes and budgets of the Long Term Plan 2024-34 (LTP). The Council will seek CNZHL's contribution to this work as it progresses. Once completed, the strategic direction should underpin CNZHL's strategic direction and activities and be reflected in the SOI for 2023/24.

The coming triennium will see significant change to what local government does in supporting community wellbeing. The Future for Local Government Review Panel will report to the Minister of Local Government in 2023. This review will provide options for changes to what local government does and how it does it. The Council expects CNZHL to participate in the broad discussions this review is generating and to inform thinking and decision-making as required.

The Government's Three Waters Reform programme will similarly bring about significant change, including to the revenue and operations of the Council. Resource Management reform will also unfold over this triennium and is likely to change how the Council plans and provides for population and business growth. This reform process is likely to include work streams that CNZHL should participate in, providing expert advice and information.

#### **Economic conditions**

In view of the impending downturn in the economy, the Council is investigating ways to buffer itself from the impacts by reviewing and cutting costs to the extent possible. The Council expects CNZHL to do the same including, among other things being clear about where its priority expenditure lies.

#### **Mana whenua**

Mana whenua are a recognised strategic partner of the Council. CCOs are expected to foster the working and strategic relationships between the Council and the six Papatipu Rūnanga who hold mana whenua status in their respective rohe in Canterbury by maintaining high levels of engagement in areas of mutual interest.

The Council is aware that CNZHL has actively sought to increase its capacity and capability to facilitate meaningful and productive relationships with mana whenua. Among other things these relationships should identify ways to support the growth of Māori business and Māori economic excellence including removing barriers to accessing business support and opportunities. Performance targets to demonstrate progress in achieving these outcomes should be developed.

#### **Priorities**

The Council expects CNZHL to consider what is best for Christchurch in all that it does.

As noted, the Council is working on a revised strategic framework that will set out new strategic priorities for the coming triennium. We expect these strategic priorities to guide CNZHL's work programmes once they are confirmed.

While its core economic development function will be the highest priority, CNZHL should remain mindful of potential to add value to social, cultural and environmental outcomes in the city where possible, noting that local authorities are required by legislation to promote the social, economic, environmental and cultural wellbeing of the community, in the present and for the future.

More widely, we need to find ways in which our city can attract global talent, draw on new technology to adapt in the face of climate change and ensure our own economic resilience. Adaptation and resilience will be reliant in part on innovation and new technology, and we should be looking for ways in which Christchurch-based innovators can contribute. We consider this further under our comments on the economic development strategy below.

#### **Urban development**

We acknowledge that since 2020 CNZHL has come through a very intensive period in providing leadership for the development of the Council's economic recovery planning following the outbreak of COVID-19 and its own evolution into an expanded economic development agency with new urban development functions.

By 1 July 2023 when this letter takes effect, CNZHL will be fully capitalised and the urban development pipeline of projects will presumably have been established in collaboration with the Council as appropriate. The Council expects CNZHL to focus on properties and partnerships and place-led development that delivers social cultural, economic, environmental and financial outcomes in the Central City and Sydenham, and the completion of the work underway in New Brighton. In addition, and subject to resourcing and negotiated priorities, the Council expects that CNZHL will assist with urban development projects of importance to the Council such as housing development opportunities and the highest and best use of surplus land.

Over the past year, CNZHL has committed to reporting returns on Council investment (land and/or capital) for urban development. This is a measure that enhances the transparency of the Council's interventions, via CNZHL in urban development functions.

We would like to acknowledge our comfort with the relationship that has developed between CNZHL's urban development staff and the Council's staff. We consider this relationship to be a key driver of success in the urban development space and encourage you (and our staff) to continue to build upon what is a very positive start.

#### **Economic Development Strategy**

We expect the strategic direction-setting work will consider the role of CNZHL in assisting the Christchurch economy to transition to a low-emissions future and adapt to the impacts of climate change. This work could include identifying scope to support innovation and new technologies being developed in the city, and consideration of how investment could be attracted to them.

From the 2022/23 strategy programme of work (Economic Development Strategy, Destination Management Plans and Place Brand), the Council expects that CNZHL will revise its levels of service and performance targets in time for inclusion in the 2024-2034 LTP. To the extent possible, any that can be incorporated into the 2023/24 Annual Plan and SOI should be.

The Council would like CNZHL to consider how the Christchurch Antarctic Gateway Strategy could further complement and build on the wider Economic Development Strategy for the city.

The Council would also like CNZHL to consider what support could be provided to the local music sector as part of its existing work programmes.

#### **Monitoring and reporting impacts**

The Council expects that CNZHL in consultation with Council staff will have significantly progressed, or completed its development of meaningful value for money metrics.

The Council acknowledges the challenge that this presents given the difficulty in measuring some social, environmental and cultural costs and benefits. The narrative of these returns should not go untold. The Council would like to continue the dialogue with CNZHL on reporting returns on Council investment over the coming year.

#### **Working together**

The Council expects all its organisations to work together to maximise net benefits to the city from interventions and activity. For CNZHL, working with all Christchurch city stakeholders to ensure events attracted complement each other is important.

Looking ahead, the Council will be considering an allocation of attraction funding for Te Kaha for inclusion in the 2024-34 LTP. It will be imperative that the Council's family of organisations have a joined-up approach towards maximising the economic, environmental, social and cultural net benefits for the city from this long awaited final anchor project. This will require an agreed framework for attributing value and prioritising delivery.

At the time of writing, there are matters about funding event attraction and delivery that are subject to further work and engagement with the Council. This relates to the three partners - CNZHL, Venues Ōtautahi and the Council's events' team. When concluded, clear expectations of the various parties for the future will crystallise.

#### Governance

Therefore, we note that you have completed two terms on the CNZHL board. The Council's Policy for the Appointment and Remuneration of Directors of Council Organisations, at clause 8.10 provides that appointments will generally be for no more than three terms of three years each.

The Council expects the CNZHL board to have a succession plan for the chairperson role.

The Council expects to see increased diversity on all of its CCO boards. To date the focus of most boards has been on gender diversity. The Institute of Directors (IOD), in its 2021 edition of its Four Pillars publication notes that boards are at their best when they are distinguished by diversity of thought and capability. Diversity goes beyond gender to include ethnicity, Māori whakapapa, LGBTI affinity, age, culture, disability, background and experience (refer page 83). This said, the IOD is very clear that demonstrated competency is above all else when considering board appointments.

The Council requests that CNZHL reports on the diversity of its board annually, potentially when its Annual Report is delivered to the Council.

#### Sustainability

The Council expects CNZHL to consider climate change throughout everything it does and in all its planning documents - for example, by prioritising the transition to a low-emission economy in all economic development planning. This could include considering how to attract investment and businesses that are innovators and frontrunners in emissions reduction technology and practice.

#### CNZHL as an employer

The Council expects CNZHL to continue its commitment to:

- strong and transparent governance at all levels including the board and executive;
- the Council's living wage policy for its staff and suppliers;
- best practice human resource and organisational culture management;
- exercise restraint in the level of senior executive total remuneration and ensure that is appropriate linked to performance; and
- show leadership in innovative practices.

#### Workshops

Aside from those required in the ordinary course of business (draft SOI and performance reports) the Council would like CNZHL to present workshops over the course of the remainder of 2022/23 and 2023/24 on the following:

- the current work programme including urban development and the creative and local music sector in Christchurch;
- managing the balance sheet as a result of capitalisation, socialising the urban development pipeline and updating performance measures; and
- economic development strategy and the strategies and plans underpinning it.



#### Timetable for 2023/24

Deliverable	Due to Council staff	Workshop	Council/Committee meeting
Annual report for year ending 30 June 2023	By 30 September	N/A	Nov/Dec
Letter of Expectations for 2024/25	N/A	November	December
Quarter 1 (July-Sept) performance report	By 30 November	N/A	December
Half year (interim) report	By 28 February	N/A	March / April
Draft SOIs	By 1 March	March	April
Final SOIs	30 June	-	July / August
Quarter 3 (Jan-Mar) performance report and expected annual outturn	By 31 May	N/A	June / July

By the time this LOE is received, the newly elected councillors will have been on the ground for six or so weeks. We ask you to be mindful that when providing briefings and reports to the Council, the background to issues is well set out, at least in the first year of the Council's three year term.

#### Long Term Plan 2024-34

As you will recall, a significant lead time is required to prepare the LTP. Council staff will keep CNZHL informed of timing for developing the LTP and, in particular for the delivery of activity management plans and fully developed proposals for new funding, should it be sought.

The Council expects CNZHL's LTP activity management plans will reflect implementation of the Economic Development Strategy, Destination Management Plans and Place Brand, which at the time of writing are currently under development. CNZHL should work with the Council to ensure implementation is reflected in all relevant activity management plans.

#### No surprises

The Council expects CNZHL to keep it informed of any material or significant events and issues relating to the company which could materially impact the Council's financial position or attract public interest.

Ngā mihi nui



Phil Mauger  
Mayor of Christchurch City

c.c. Alison Adams, Chief Executive, CNZHL ([alison.adams@ChristchurchNZ.com](mailto:alison.adams@ChristchurchNZ.com)).



## 12. Venues Ōtautahi - Draft Statement of Intent 2023/24

Reference / Te Tohutoro: 23/347614

Report of / Te Pou	Linda Gibb, Performance Advisor, Resources Group
Matua:	(linda.gibb@ccc.govt.nz)
General Manager /	Leah Scales, General Manager Resources/Chief Financial Officer
Pouwhakarae:	(Leah.Scales@ccc.govt.nz)

### 1. Nature of Decision or Issue and Report Origin

- 1.1 This report advises the Finance and Performance Committee on Venues Ōtautahi's (VŌ's) draft Statement of Intent (SOI) for 2023/24 and outyears, and proposes comments that the Council as shareholder may wish to provide to the VŌ board.
- 1.2 It has been written following receiving VŌ's draft SOI on 1 March 2023 as required by clause 1, part 1, schedule 8 of the Local Government Act 2002 (LGA).
- 1.3 VŌ's draft SOI is at **Attachment A**. The financial projections of Council operating and capital funding, including for Te Kaha pre-opening costs are consistent with the 2023/24 Annual Plan.
- 1.4 The decision in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by estimating the extent to which the decision might impact the community.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the draft Statement of Intent for Venues Ōtautahi for 2023/24; and
2. Provides the following shareholder comments to the Venues Ōtautahi board for its consideration regarding the performance targets:
  - a) they focus on demonstrating the achieving of outcomes to the extent possible;
  - b) annual carbon reduction targets are included; and
  - c) Venues Ōtautahi staff engage with Council staff on proposed changes to non-financial performance targets before the Statement of Intent for 2023/24 is finalised; and
  - d) changes to the financial forecasts in the final Statement of Intent 2023/24 and reasons for changes should be clearly documented.

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

- 3.1 The recommendation to receive VŌ's draft SOI is made as it is legally compliant and the financial forecasts are consistent with the Annual Plan for 2023/24. Climate change undertakings towards VŌ being net neutral by 2030 are provided for.

### 4. Alternative Options Considered Ētahi atu Kōwhiringa

The only other option is for the Council to decline to consider the draft SOI. The Council would forgo the opportunity to influence the direction of the organisation which is provided for in section 64(2)(b) of the LGA as one of the purposes of a SOI.

## 5. Detail Te Whakamahuki

### Local Government Act 2002 requirements

- 5.1 Clauses 1 and 2 of schedule 8, part 1 provide the shareholder of a CCO may provide comments on the draft SOIs [of its directly and indirectly owned CCOs] to the CCO boards by 1 May and the CCO board must consider the comments and finalise the SOI by 30 June.
- 5.2 VŌ's draft SOI complies with the content requirements of schedule 8, parts 2 and 4 which include the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the major accounting policies.

### Letter of Expectations and Statement of Expectations

- 5.3 The Council issued a Letter of Expectations (LOE) to VŌ dated 21 December 2022 which is at **Attachment B** for reference. The draft SOI reflects the expectations to the extent appropriate.
- 5.4 In December 2021 the Council issued an Enduring Statement of Expectations to its fully-owned CCOs. While most of the expectations were of a general nature, there were several that were particularly relevant to SOIs including:
  - demonstrating linkages between the CCO's and the Council's strategic objectives and providing measures that reflect economic, social, cultural and environmental welfare;
  - targeting carbon neutrality by 2030 including reviewing activities and developing planning and reporting frameworks to identify and address climate change impacts; and
  - focussing on health and safety.
- 5.5 These have been reflected in VŌ's draft SOI.
- 5.6 In the second half of this calendar year, staff will review how all CCOs have met the expectations, and whether a refreshed Statement of Expectations that is underpinned by the LTP for 2024-34 is warranted.

### Climate change

- 5.7 The draft SOI recognises the importance of reducing carbon emissions to be net zero by 2030. It would be desirable for annual carbon reduction targets to be included in the SOI.

### Relationships

- 5.8 VŌ has included its commitment to working together with the Council and ChristchurchNZ Holdings Ltd (CNZHL) to maximise the benefits for the region achieved from major events. The commitment is underpinned by the three-way agreement to form a City Partners Group with representatives from each organisation and an independent chair.

### Te Kaha

- 5.9 Pre-opening costs for Te Kaha of \$4.7 million are estimated for development and execution of commercial, event attraction and technology and data strategies. The LTP 2021-31 provides a funding grant of \$4.8 million phased over the SOI period. The discrepancy of \$0.1 million between funding and estimated costs will be resolved in the final SOI.
- 5.10 The draft SOI does not provide for a bid incentive fund allocation or administration structure which will be confirmed in the LTP 2024-34.

### Operating costs/revenues forecasts

- 5.11 VO's financial forecasts are presented on page 25 of its draft SOI. There are three key components of the forecasts – contribution to EBITDA from event attraction and management, Council operating subsidy and Te Kaha pre-opening costs and grant.

- 5.12 The forecasts are based on VŌ's full review of its actual and forecast events' schedule for 2023/24, a 3% increase in the total number of events year on year and market factors such as the impact of inflation on its costs of 4% in 2023/24 and 3.5% in 2025/26. Note that the Council's operating grant is not inflation-adjusted.
- 5.13 The following table shows changes in EBITDA forecasts between last year's SOI and the 2023/24 draft SOI from VŌ's core business (ie excluding Te Kaha):

	2023/24 SOI target \$m	Prior year SOI target \$m	2024/25 SOI target \$m	Prior year SOI target \$m	2025/26 SOI target \$m
Council grant	3.2	4.0	3.0	4.0	3.0
<b>EBITDA</b>	<b>(1.6)</b>	<b>0.1</b>	<b>(0.3)</b>	<b>0.1</b>	<b>(0.7)</b>

- 5.14 The Council's operating grant has reduced by \$0.8 million in 2023/24 and by \$1 million from 2024/25 reflecting the repayment of debt during 2022/23, which was unknown at the time of last year's SOI. There is a compensating reduction in expenses, and therefore there is a nil overall impact on operating performance.
- 5.15 In 2023/24, EBITDA is lower by \$1.7 million from increased operating revenue from events (e.g. ticket sales, venue hire and catering) of \$1 million offset by higher costs of \$1.9 million (explained further below). A timing difference between expenditure and the Council's operating grant for the Te Kaha pre-opening costs has increased the projected deficit for the year by \$0.8 million.
- 5.16 In 2024/25, EBITDA is lower by \$0.4 million due to a net reduction in operating profit by \$1.3 million, offset by the Council's Te Kaha pre-opening grant of \$2 million, which includes the offset for 2023/24 expenditure of \$0.8 million.
- 5.17 VŌ's business as usual costs include those incurred to attract, plan and deliver major, business, ticketed, sporting and community events for the city. As well, VŌ faces uncontrollable venue ownership costs of around \$5.4 million per annum, made up of (in 2022/23) property rates of \$0.3 million, insurance of \$1.6 million, utilities of \$0.7 million (note that some of the utility costs accrue due to the requirement for the Town Hall to be open daily), repairs and maintenance of the venues of \$1.2 million to ensure they remain safe, compliant and in good working order and direct overheads of \$0.4 million. These costs cannot be recovered from customers for the most part and are therefore partially (57%) funded from the Council's grant of around \$3 million per annum; VŌ is able to fund the remainder from its commercial activities.
- 5.18 The following table shows the number of major ticketed events (as defined in the VŌ SOI and not to be confused with the CNZHL and Council's definition of its major events' programme) and guests attending ticketed events expected in each of the SOI years:

Major events/guest numbers	2023/24 SOI target	2024/25 SOI target	2025/26 SOI target
Draft SOI for 2023/24 – major ticketed events	15	16	17
Draft SOI for 2023/24 – total events	365	376	387
Draft SOI for 2023/24 – guest numbers	450,000	500,000	550,000

- 5.19 The targets in the table above are tailored to emphasise the importance of major ticketed events to VŌ's commercial business. They are a small proportion of the overall events' schedule that VŌ delivers - the total number of events expected to be delivered across the VŌ portfolio of venues in each of the SOI years, including major ticketed, community, business,

entertainment, and sporting events is 365 in FY23/24, with an estimated 3% uplift in total event numbers forecast for FY24/25 and again in FY25/26.

- 5.20 The draft budget is currently under review with the expectation this will change to reflect increasingly challenging forecast economic conditions. Any changes to forecasts will be incorporated (and explained) in the final SOI.

#### Capital forecasts

- 5.21 Capital forecasts are underpinned by VŌ's long term asset management plans, and reflect the allocations made in the LTP and the subsequent inflation-adjusted forecasts updated in the 2023/24 Annual Plan, as follows:

Capital	2023/24 SOI target \$000	2024/25 SOI target \$000	2025/26 SOI target \$000
Annual Plan 2023/24	2,503	3,035	2,251
Draft SOI for 2023/24 (CPI-adjusted)	2,503	3,035	2,251
Final SOI for 2022/23 (real)	2,399	2,791	-

- 5.22 The difference between the SOI forecasts from last year and the current draft reflects an inflation adjustment only.

#### Non-financial performance targets

- 5.23 The non-financial performance targets are being reviewed by VŌ to ensure they are meaningful and measurable, in preparation for the LTP 2024-34. Some amendments are likely to be available for inclusion in the final SOI.
- 5.24 VŌ has agreed to engage with staff on the proposed changes prior to the SOI being finalised. It is recommended that the Council requests that VŌ focuses, to the extent possible on making the targets outcome-focussed.

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

### Strategic Alignment Te Rautaki Tīaroaro

- 6.1 SOIs are strongly aligned to the Council's strategic objectives and to the [Council's Long Term Plan \(2021 - 2031\)](#) LTP 2021-31.

### Policy Consistency Te Whai Kaupapa here

- 6.2 The decisions in this report are consistent with the Council's Plans and Policies – in particular promoting good governance. This report has linkages to the [Council's Long Term Plan \(2021 - 2031\)](#).

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

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does specifically impact Mana Whenua, their culture and traditions.
- 6.4 The decision does not involve a matter of interest to Mana Whenua and will not impact on our agreed partnership priorities with Ngā Papatipu Rūnanga.
- 6.5 The decisions are accountability settings only.

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

- 6.6 The draft SOI provides performance measures relating to establish benchmark sustainability measures, and monitor against them towards achieving net carbon neutrality by 2030.



## Accessibility Considerations Ngā Whai Whakaaro mā te Hunga Hauā

6.7 Not relevant to this report.

## 7. Resource Implications Ngā Hīraunga Rauemi

### Capex/Opex Ngā Utu Whakahaere

7.1 There are no direct funding impacts as a result of this report.

## 8. Legal Implications Ngā Hīraunga ā-Ture

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

8.1 LGA.



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

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

## 9. Risk Management Implications Ngā Hīraunga Tūraru

9.1 Not relevant to this report.

## Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Venues Ōtautahi - Draft Statement of Intent 2023/24	23/492087	141
B 	Venues Ōtautahi - Letter of Expectations for 2023/24	23/2216	174

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance Te Whakatūturutanga ā-Ture

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

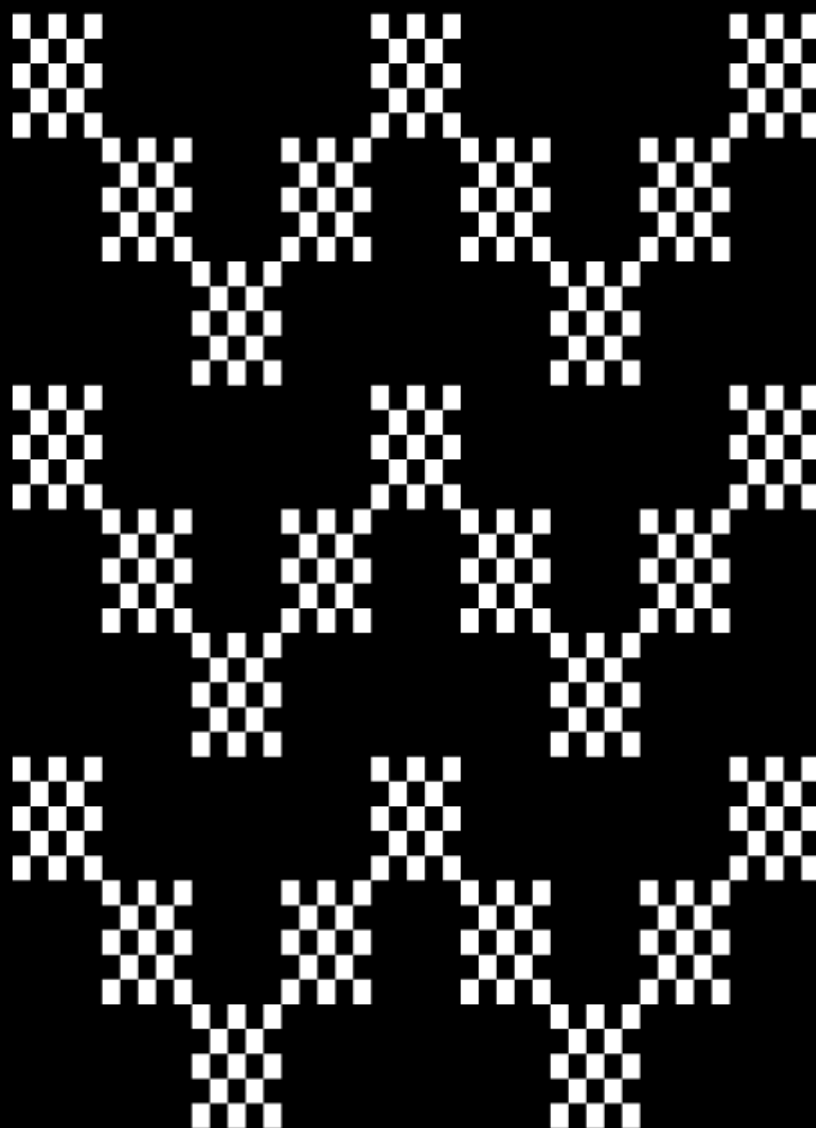
(a) This report contains:

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

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

Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer



VENUES  
ŌTAUHAHI

STATEMENT OF INTENT  
1 JULY 2023 TO 30 JUNE 2026

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## INTRODUCTION

Venues Ōtautahi Ltd is a Council Controlled Organisation (CCO) for the purposes of the Local Government Act 2002. This Statement of Intent (SOI) is prepared by Venues Ōtautahi Ltd (Venues Ōtautahi) in accordance with Section 64(1) of the Local Government Act 2002.

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

The SOI is a public and legally required document which is reviewed and agreed annually with the Company's sole Shareholder, the Christchurch City Council (Council) and covers a three-year period. This SOI covers the period from 1 July 2023 to 30 June 2026.

## NATURE AND SCOPE OF ACTIVITIES

Venues Ōtautahi is the Christchurch City Council (Council) owned venues, event, and asset management company. Venues Ōtautahi attract, plan, and deliver a significant number of ticketed, business and community events, including all major entertainment and sporting events in Ōtautahi, Christchurch and manage a diverse and iconic portfolio of community venues.

The Company owns, manages, and operates the Christchurch Town Hall and Christchurch Arena and manages the Airforce Museum of New Zealand, Orangetheory Stadium (the Stadium) and Hagley Oval (Hadlee Pavilion). Venues Ōtautahi is also responsible for the operation and management of Te Kaha, Canterbury's new multi-use arena, due for completion in April 2026.

The around 380 events held across the Venues Ōtautahi portfolio annually, deliver significant social, cultural, and economic benefit to the region and ultimately these iconic city venues play a valued role to the Ōtautahi, Christchurch community's way of life and the economic prosperity and social wellbeing of the region.



Venues Ōtautahi's purpose is to take care of the venues and make them the pride and delight of everyone. By everyone we mean the community – the people who own and use the venues, our clients – who bring events to the venues, and our team – who support the delivery of events.

Venues Ōtautahi way of doing business is to be bold, be agile, be kind and be humble. We have the best interests of the community at the core of everything we do and at the heart of our culture.

The venues are owned by the community and are for the community. Venues Ōtautahi are proud to manage them, and the community is proud to own them.

Venues Ōtautahi undertakes the following activities.

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

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



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

**1. Resilient Communities**

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

**2. Liveable City**

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



### 3. Healthy Environment

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

### 4. Prosperous Economy

- Direct contribution to the regional economy through the Venues Ōtautahi local procurement strategy which supports an inclusive, equitable economy with broad-based prosperity for all.
- Significant positive economic benefit delivered to the region through all events held at Venues Ōtautahi venues.
- Taking care of the venues is a core pillar of the business to deliver our contribution to robust city infrastructure and community facilities.

Venues Ōtautahi is committed to a close and collaborative partnership with our shareholder, the Council, to navigate our way through the inevitable challenges in our future, to celebrating successes delivered through the city venues for Ōtautahi, Christchurch and to ensuring Venues Ōtautahi keeps getting better, stronger, and more resilient and the venues are the pride and delight of everyone, especially the people of Christchurch who own them.

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



## CURRENT POSITION

### 1. Covid-19

Covid-19 has had a significant and severe impact on the Venues Ōtautahi business over the past three financial years, with the company unable to operate for close to 70% of the time and the last full financial year of operation being FY18/19, prior to both the Christchurch Town Hall reopening and to Venues Ōtautahi completing the transition to be an independently governed and managed Council Controlled Organisation.

With new baselines therefore being established and a business transformed through necessity and opportunity, it is therefore important to reflect both this as well as the valuable learnings garnered across this challenging time for the business in the Venues Ōtautahi FY23-26 Statement of Intent.

The transformation of the business, accelerated by the need to survive, recover, and prepare for future success included the 60% downsizing of permanent resourcing levels, establishment of a variable resourcing model, review, and amendment of all commercial and service level agreements, increased internal controls and the streamlining of the operational delivery model. These fundamental changes have served the company well and Venues Ōtautahi is well positioned heading into an optimistic future.



Despite the impacts of Covid-19 anticipated to endure for some time, the Venues Ōtautahi business has returned to a strong level of event activity since restrictions on gatherings were lifted in April 2022, with the expected lag in rate of return of event activity not coming to fruition.

As of 31 December 2022, the Company had recorded a year to date surplus EBITDA result of \$1m for FY22/23, \$906k ahead of budget.

Events in the venues had contributed an estimated \$15m of economic benefit to the region and around \$1m in direct contribution to local food and beverage suppliers at the half way point of the financial year. A strong recovery in the first full financial year of operation post Covid-19.

With the benefits of a variable cost model, an agile and resilient culture, a rigorous cost management but strategically commercial approach coupled with a strong start to FY22/23 Venues Ōtautahi is well positioned as we embark on the period of this Statement of Intent to advance in the face of any future adversity, to grow and diversify the business and to continue to deliver a strong level of business as usual.

## 2. Celebrate and Source Local

The decision to end the long-term outsourced catering partnership with Spotless Services in April 2020, to bring catering in-house and to implement a local procurement strategy for food and beverage continues to have a significant and legacy impact on the business.

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

Venues Ōtautahi consistently sources around 80% of all food from Canterbury, 3% from the wider South Island, 14% from the North Island and only 3% from overseas. Prior to April 2020, 30% of products were imported, 60% were from the North Island and only 5% were from the Canterbury region.

Procuring locally not only delivers a positive economic benefit to the region with, despite the constraints of Covid-19, around \$1.7m of direct economic contribution to local producers and suppliers in FY22/23 but also means Venues Ōtautahi can provide clients and guests with the best food and beverage experience the region has to offer.

With commercial viability underpinning the strategy, significant cost savings have also been achieved. The Company has seen average food and beverage cost of goods sold reduce by over 10%.

Procuring locally remains a focus and priority of Venues Ōtautahi with \$1.9m, \$2.1m and \$2.3m of direct economic contribution to Canterbury suppliers forecast across the next 3 financial years. With the intent this approach extends beyond food and beverage to all venue products and services this direct contribution to the Canterbury region will continue to grow.



## 3. Economic Impact

Venues and events deliver significant economic and social benefit to the community. Venues Ōtautahi as part of the broader city events eco-system, is focused on attracting major entertainment, sporting, and business events to the Venues Ōtautahi portfolio of venues, being those events that bring the most direct and indirect economic impact to the region. For FY22/23, for example, events held across the portfolio of Venues Ōtautahi venues will deliver an estimated direct economic benefit of over \$35m to the region.



With ticketed events returning strongly after a long period of constraint, as the industry rebuilds and confidence in delivering and attending events returns, this will continue to grow throughout the period of this Statement of Intent.

With such significant contribution to the economic wellbeing of the Canterbury region being delivered from events across the portfolio of community venues, there is a real opportunity for Venues Ōtautahi to take a leadership role to develop the event portfolio and ultimate broader social, cultural, and economic wellbeing of the region and this will be a focus of the business across the period of this Statement of Intent.

#### 4. Social, Environmental and Business Sustainability

Caring for the environment using thoughtful and sustainable methods, always acting with future generations in mind, taking a role in contributing to both the health and sustainability of the social fabric of the region and Christchurch City Council sustainability targets are long term strategic priorities of Venues Ōtautahi.

Sustainability is essential for the long-term viability of major events and venues. In an industry of mass gatherings generating large volumes of waste and in venues with peaks and troughs in activity, taking a strategic approach to sustainability is both a challenge and an opportunity.

Venues Ōtautahi strives, through a highly engaged and informed team, to be innovative in delivering sustainable operational practices and reducing the business's carbon footprint across all categories with a particular focus on waste management, water and energy usage, shipping and transportation, internal consumables, and food and beverage packaging and prioritises safety and sustainability in all decision making.

Venues Ōtautahi also strives for social sustainability with the ethical and local sourcing of products and services underpinning our food and beverage philosophy, a commitment to employing local with an over 600 strong team of local employees all paid at least the living wage, contribution to a strong regional economy with over \$30m of estimated economic benefit per annum through events hosted in the Venues Ōtautahi portfolio of venues and around \$2m of direct contribution to local supplier through a local procurement model, all contributing positively to the health and sustainability of the social fabric of the region.



Venues Ōtautahi has a target of carbon neutrality by 2030 and is committed to taking a continuous improvement approach to our performance in delivering not only this result but with a longer-term goal to be carbon positive. In support of achieving this goal the company entered a formal partnership with Toitū Envirocare, a specialist provider of business sustainability services, to seek certification across all Venues Ōtautahi venues through the Toitū Environmental Management Accreditation Programme.

It is also Venues Ōtautahi's goal to be an accredited B-Corporation. B Corporations, or B-Corps are businesses that meet high standards of social and environmental performance, accountability, and transparency.

Certified B Corps, envision a better economic system where businesses can benefit people, communities, and the planet. They choose long-term investments over quick wins, and measure their success based on the positive impact they create.

With people, community and the environment at the company's core, Venues Ōtautahi feel aligned with the philosophies of B-Corp and are excited about the opportunity to embark on this journey. In achieving this aspiration Venues Ōtautahi will be the only B-Corporation venue in New Zealand.

Venues Ōtautahi intend to continue to learn from and engage with the Council family, particularly Christchurch International Airport as leaders in sustainability innovation, as well as industry partners globally taking innovative approaches to delivering sustainable outcomes to support us on our sustainability journey.

#### 5. Health, Safety and Wellbeing

The health, safety, and wellbeing of our Venues Ōtautahi team, key delivery partners, clients, guests in the venues and all stakeholders involved with the business is paramount.

Venues Ōtautahi pursue collective and continuous improvement, genuine engagement across all aspects and functions of the business, have a focus on the management of critical risk and a system underpinned by quality systems and processes to deliver outcomes focused on improving the health and wellbeing of all involved in or with the Venues Ōtautahi business.

A comprehensive overhaul of the Venues Ōtautahi health and safety management system was undertaken in FY22/23 and included the development of a more strategic approach to the identification, management, monitoring, and assurance associated with critical risk.

This focus on collective and continuous improvement across all aspects of health, safety, and wellbeing and the strategic management of critical risk is a strategic priority and will remain so into the future.



With mental health and wellbeing identified as a critical risk and one more apparent in the current environment the development and implementation of a wellbeing strategy and approach that supports the mental, physical, social, and spiritual health of our people and strengthens the connection between us is a priority of Venues Ōtautahi, now and in the future.



## 6. Economic Conditions

With a volatile and challenging economic forecast ahead in Aotearoa, including the impacts of Cyclone Gabrielle, of which are yet to be fully understood, through the continued learnings garnered from Covid-19 and a business transformed to be resilient and responsive in times of adversity, Venues Ōtautahi is well prepared to weather the storm.

Increased costs including those associated with food and beverage, repairs and maintenance, asset management, utilities, insurance, along with the potential for increased levels of unemployment and a recessionary environment creating increased competition for the discretionary dollar are all factors in developing the Venues Ōtautahi FY23-26 Statement of Intent.

On this basis, the Venues Ōtautahi FY23-26 Statement of Intent reflects a realistic and achievable revenue forecast underpinned by a continued focus on cost constraint, high yield event creation and attraction, sourcing local and de-risking through diversity and growth.

At the same time, Venues Ōtautahi will not compromise on continuing to focus on enhancing the client and guest experience, prioritising positive social and environmental sustainability outcomes and the health, safety and wellbeing of everyone involved with or visiting Venues Ōtautahi venues, our commitment to paying all Venues Ōtautahi staff at a minimum the living wage, accessibility and inclusivity, maximising the social, cultural and commercial outcomes of Te Kaha for the city and assuring the safety, compliance and operational functionality of the venues.

## 7. Te Kaha

Te Kaha, due to open in April 2026, during the period of this Statement of Intent, is the last of the 16 Anchor Projects created to regenerate the city centre of Christchurch following the catastrophic sequence of major earthquakes that devastated the city in 2010 and 2011.



Each of the Anchor Projects symbolises the next step in a long road to recovery and Te Kaha is the last and the most important of all. It is a symbol of resilience, endurance and strength and the end of a journey through all of its challenges that has bonded the people of the region together.

This endurance and strength are reflected in the name gifted by Ngai Tūāhuriri, Te Kaha which means "enduring strength". A name that will carry the legacy of this important symbol forever.

The success of Te Kaha is important for the hearts and minds of the community and a place of whanaungatanga, unity, belonging and cohesion for all. It is also a venue set to deliver significant economic benefit to the region.



Te Kaha will be fundamental to bringing additional investment and economic growth to the region, promoting Canterbury as an attractive place to work, study, live and visit and accelerating levels of investment and relocation of businesses to the Christchurch Central City Business District.

Te Kaha will be a venue for the community to be proud. It will celebrate everything wonderful about the Canterbury region and will do on the world stage. It will activate and connect this part of the city and the surrounding precinct will bring heart, life, and warmth to the external facing part of the venue.

With an ever-changing event and technology landscape there is the opportunity to build an asset for the future landscape. Te Kaha will be ahead of all other venues in New Zealand and the Southern Hemisphere and as such, the region will be at a genuine competitive advantage in securing top quality events that will deliver positive regional benefit.

Te Kaha as a multi-use, covered arena built with the future of events in mind will be an attractive proposition for various sporting codes, promoters, exhibitors, corporates, e-sport tournament organisers, conference organisers and community groups. This and the uniquely local positioning of the venue will set it apart.

Venues Ōtautahi as the operator of Te Kaha continues to be intensively engaged across all aspects of the project.

With the responsibility for attracting, planning, and delivering entertainment, sporting, business, and community events, developing a commercial strategy to maximise the opportunity of this stunning new venue for the region, and for managing the asset itself, early engagement, and leadership in the Te Kaha project from a design, construction and stakeholder engagement perspective has been, and will continue to be, invaluable.



In late 2022, Venues Ōtautahi commenced the two phased process to develop and execute the commercial strategy for the new venue. Phase one, concluded in early 2023 identifies and values all commercial assets including naming rights, corporate hospitality, sponsorship and membership at Te Kaha and phase two, commencing mid-2023, will develop and execute the sales strategy for all commercial assets.

It is expected the execution of this strategy, which will be robust, competitive and will withstand public scrutiny, will continue in earnest, from this point on, throughout the period of this Statement of Intent.

From a design perspective, Venues Ōtautahi continues to assure key design fundamentals of operational functionality, commercial viability, guest experience, accessibility and inclusivity, sustainability, and multi-use functionality are prioritised while concurrently are focused on the importance of the whole of life versus capital trade-offs for Te Kaha.

Venues Ōtautahi will continue this intense level of engagement through the remaining design, construction, and commissioning phases of the new venue prior to its opening in mid-2025.

Venues Ōtautahi have developed the Te Kaha brand and narrative and have developed and commenced the execution of a communications and stakeholder engagement strategy. The purpose of early development of the Te Kaha brand and story are to build community connection and pride in what will be a stunning venue for the region and to activate and underpin the commercial strategy for the venue.

The attraction of major events to Te Kaha underpins the long-term commercial strategy for the venue and deliver the most significant economic benefit to the region. Venues Ōtautahi will develop an integrated and long-term strategy in conjunction with the broader events eco-system of Council and ChristchurchNZ for attracting major events to Te Kaha focused on Te Kaha event attraction in the best interests of the city.

The Te Kaha Investment Case includes a nominal bid incentive fund allocation of \$56.9m across the 25-year life of the asset and \$4.3m of annual capital and operational support.

It is Venues Ōtautahi's intention to work with the broader event eco-system, Council and ChristchurchNZ through the 2024 Long-Term Planning process to confirm the bid incentive fund allocation in line with the city's major events strategy.

Concurrently through the 2024 Long Term Planning process it is Venues Ōtautahi's intention to work with Council to re-confirm the operational and capital support required from FY25/26 following analysis of detailed design, whole of life costs and forecast commercial and revenue outcomes.

Te Kaha is a critical project for the city and Venues Ōtautahi feel privileged to be involved in the project and to take care of what is going to be a stunning new venue on behalf of the Canterbury community.



#### 8. Embracing our Heritage

Venues Ōtautahi has a deep connection to the community through the venues and to the rich cultural heritage of the region. Venues Ōtautahi is committed to continuing to deepen this connection through reflecting the cultural narrative of the region into all aspects of the client and guest experience and in the physical aspects of the venues themselves.

Venues Ōtautahi look forward to continuing to forge a close and strategic relationship with Ngāi Tūāhuriri and to taking this journey together.

#### 9. Ōtautahi Collective

The Ōtautahi Collective is a syndicate of likeminded local businesses all driven to positively contribute to the social, cultural, and economic benefit of the Community. Members of the syndicate will design bespoke and mutually beneficial partnerships with Venues Ōtautahi that align with the strategic pillars of their business.

Each partnership will leverage opportunities across the Venues Ōtautahi venue portfolio including hosting, advertising, outsourced catering, business events, and sponsorship. All partnerships include contribution to a community fund available for individuals and groups in the community across the Venues Ōtautahi portfolio.

The establishment of the Ōtautahi Collective was paused under the constraint of the Covid-19 environment, however, remains a strategic priority for Venues Ōtautahi with its formal establishment planned for FY23/24.



#### 10. Accessibility and Inclusivity

Assuring and enabling the same experience for all members of the community in all Venues Ōtautahi venues is a strategic priority of Venues Ōtautahi.

Not only will the make-up of our business be reflective of the diverse make up of our community, but the venues will be physically assessed and evolved to assure the whole community has an enhanced but inherently safe and secure experience in all Venues Ōtautahi venues, including Te Kaha.

Venues Ōtautahi will work with the right community groups and individuals to understand the opportunities and the challenges and will prioritise this in FY23/24.

#### 11. Asset Management

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

Venues Ōtautahi has established asset management and preventative maintenance plans for all venues with a particular focus on Christchurch Arena. The Arena is 22 years old, and, in a period requiring significant asset renewal and improvement to maintain the quality, safety and functionality of the asset.

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





## STRATEGIC OPPORTUNITIES AND CHALLENGES

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

1. Long tail of recovery from the severe impacts of Covid-19 on the Venues Ōtautahi business.
    - a. *This SOL reflects the impacts of and recovery assumptions associated with Covid-19*
  2. The opening of Te Pae, Christchurch Convention Centre in 2021 substantially increased venue supply in Christchurch. The primary purpose of Te Pae remains to re-establish and grow Christchurch's share of the international conference and convention market however this strategy has been undermined by both the heightened awareness of environmental issues associated with business travel and a general change in travel behaviour post Covid-19.
    - a. *This SOL factors a shift in focus by Te Pae to the national and local event market across both business and ticketed events and the increased competition a new local venue resulting in potential loss of revenue for Venues Ōtautahi.*
  3. Venues Ōtautahi is the operator of Te Kaha and as such Venues Ōtautahi has had intensive and early engagement in venue design and construction, is preparing for the commissioning, commercialisation, and operationalisation of the new venue, is leading venue communications, stakeholder engagement and brand development, all of which provide a demand on people and financial resources over and above business as usual activity.
    - a. *This SOL allows for expenditure associated with the following functions associated with Te Kaha and assumes these as direct Te Kaha project costs reimbursed to Venues Ōtautahi.*
      - *Project management of Venues Ōtautahi operator advice throughout design, construction, and commissioning phases of the venue*
      - *Leadership of communications and brand development*
    - b. *This SOL allows for pre-opening costs for the following functions associated with Te Kaha and assumes these within Venues Ōtautahi operating cashflows for FY23\*.*
      - *Operator advice to design, construction, and commissioning phases of the venue*
      - *Development and, execution of the commercial, event attraction and technology and data strategies for Te Kaha*
      - *Increased operational resource required for the commissioning, commercialisation, and operationalisation of the venue.*

*\* Council to reimburse Venues Ōtautahi on all actual Te Kaha pre-opening costs incurred across FY23 and FY24 in FY25. Venues Ōtautahi receive the balance of pre-opening costs (\$4.7m less actual costs incurred and reimbursed), as allowed for in the 2021-2031 Long Term Plan, in FY26.*

  - c. *This SOL does not allow for the bid incentive fund and structure of administration required for Te Kaha which will be confirmed in the Council 2024-2034 Long Term Plan*
4. Extended operation of the Temporary Stadium to mid-2026 and the increased costs of repairs and maintenance of the asset for this extended period
  - a. *This SOL reflects the Council resolution to underwrite the future operations of the Stadium to mid-2026.*
5. Volatility of Global and National Economic Forecast
  - a. *This SOL reflects the Company's preparedness for a volatile global and national economic forecast, including an allowance for risk associated with the yet to be determined impacts of Cyclone Gabrielle.*

#### PURPOSE AND DIRECTION

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

Venues Ōtautahi's purpose is to take care of the venues and make them the pride and delight of everyone. By everyone we mean the community – the people who own and use the venues, our clients – who bring events to the venues, and our team – who support the delivery of events.

Venues Ōtautahi way of doing business is to be bold, be agile, be kind and be humble. Doing good for our community through the generation of economic, social, and cultural benefits is at our very core and the ultimate measurement of success.

Christchurch's major venues are places for locals and visitors to connect for celebration, education, trade, and entertainment. The venues exist for Community Connection, to deliver social, cultural, and economic benefits for our community:

- **Social benefits** through inclusion and unity.
- **Cultural benefits** through celebration of identity, pride in us and our City.
- **Economic benefits** through employment, trade, visitor spending and City promotion.
- **Environmental benefits** through guardianship, protection, and ethical sourcing



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

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

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



## STRATEGIC OBJECTIVES AND KEY PRIORITIES

### 1. Economic Impact

- Attract more commercial and business events and grow event yields.
- Seed new event opportunities with local partners to maximise the social and economic benefits of major events for Christchurch.
- Continue to leverage the opportunity of an in-house catering model and fulfill food and beverage requirements from local sources of supply wherever it is commercially viable.
- Support local business through a regional procurement strategy that extends beyond food and beverage to all venue products and services.
- Maximise the commercial return for the city and shareholder of Te Kaha.
- Diversify revenue streams to increase commercial returns and de-risk the business.
- Implement long-term asset management and preventive maintenance plans to maintain the value of the assets on the balance sheet.



### 2. Social and Cultural Impact

- In collaboration with the city event eco-system partners, attract major entertainment and sporting events to Ōtautahi, Christchurch.
- Support local business through a regional procurement strategy where commercially viable.
- Create a syndicate of local partners with a genuine and vested interest in giving back to our community.
- Build community and stakeholder connection and engagement with Te Kaha.

### 3. Client and Guest Experience

- Enhance the client event experience journey from contracting to planning, delivery, post event and administration.

- Provide a warm, friendly, and welcoming venue experience complimented by quality, value for money services and authentic Christchurch and Canterbury hospitality.
- Integrate our local Ōtautahi cultural narrative into all aspects of Venues Ōtautahi front of house service.
- Focus on the accessibility and inclusivity of all venues and enable access to the same experience for all members of the community.

#### 4. People and Culture

- Create a diverse culture, connected to our cultural heritage where our people are enabled to innovate and find new and better ways of delivering value to clients, guests and the community at large.
- Transform the way we work to enable an agile, hands on and responsive culture.

#### 5. Digital Transformation

- Reimagine the business through digital transformation.
- Create a digitally lead client and guest experience model.
- Develop an integrated and systematic operating model that will drive efficiency and mitigate risk.



#### 6. Sustainability and Environment

- Take a holistic approach to environmental, social, and business sustainability.
- Support the achievement Council's policy goal of net zero greenhouse emissions by 2045.
- Take an innovative approach to operational sustainability for Te Kaha
- Use thoughtful and sustainable methods and always act with future generations in mind.
- Procure ethically and locally sourced products and services.

- Reset environmental sustainability strategy for the entire business to reduce carbon footprint.

**7. Health, Safety and Wellbeing**

- Pursue collective and continuous improvement, and engagement with a focus on the management of critical risk underpinned by quality systems and processes.
- Develop a holistic approach to wellbeing that supports the mental, physical, social, and spiritual health of our people and strengthens the connection between us.

**8. Shareholder Relations**

- Continue to develop a close and collaborative partnership with our Shareholder.
- Keep the Shareholder fully informed of all material matters and operate on a no surprises basis.
- Establish a Council and Venues Ōtautahi collaborative business planning working group.



**9. Legislative Compliance – we will meet our obligations under relevant legislation and regulations.**

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

**10. Risk Management**

- Review, reset, maintain, and monitor risk registers.
- Prioritise the identification and mitigation of critical risk.
- Establish a business assurance programme to proactively manage and mitigate business risk.

**11. Community Connection and Engagement**

- Maintain reasonable venue access for local cultural, community and not-for-profit groups.



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

**12. Health, Safety and Wellbeing**

- Pursue collective and continuous improvement, and engagement underpinned by quality systems and processes.
- Develop a holistic approach to wellbeing that supports the mental, physical, social and spiritual health of our people and strengthens the connection between us.



## COMMUNITY

Venues Ōtautahi primarily supports the local community by managing and operating the Christchurch Town Hall, Christchurch Arena, Hagley Oval (Hadlee Pavilion) and the Stadium, those assets owned by the people of Christchurch for their economic, social, and cultural benefit.

The Company also operates the Airforce Museum of New Zealand and considers this asset as a strategic venue in the portfolio of assets adding to the significant economic, social, and cultural benefit delivered from events across the portfolio of assets.

Venues Ōtautahi endeavours to maintain reasonable local cultural and community event access to all venues under its ownership or management through the provision of discounted venue hire rates with venue compliance, maintenance, and operating costs, particularly in relation to the heritage listed Christchurch Town Hall but across all major venues, making affordability for these groups more challenging.

Any consideration of future acquisition of assets or establishment of management services agreements for additional venues will always be underpinned by the alignment with Venues Ōtautahi community principles and in the best interests of Ōtautahi, Christchurch.

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



## GOVERNANCE

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

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



## PERFORMANCE TARGETS

### 1. Operational Performance Targets

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

Objective and Strategy	Performance Measure		
	2023/2024	2024/2025	2025/2026
<b>Economic Impact</b>			
Attract and manage events that generate positive social, cultural, and economic impact.	Maximise visitor spending by holding at least 15 major ticketed events at Venues Ōtautahi venues¹.	Maximise visitor spending by holding at least 16 major ticketed events at Venues Ōtautahi venues¹.	Maximise visitor spending by holding at least 17 major ticketed events at Venues Ōtautahi venues¹.
Contribute direct economic benefit to the region² through implementation of local procurement strategy where commercially viable	80% of food product lines procured from Canterbury	80% of food product lines procured from Canterbury	80% of food product lines procured from Canterbury
<b>Social and Cultural Impact</b>			
Maximise attendance at Venues Ōtautahi venues	Guests to venues exceed 450,000³	Guests to venues exceed 500,000³	Guests to venues exceed 650,000³
Make venues available to support local community groups/individuals	At least 40 events receive the community rate, or the value of community discounts applied equate to at least \$100,000	At least 45 events receive the community rate, or the value of community discounts applied equate to at least \$110,000	At least 45 events receive the community rate, or the value of community discounts applied equate to at least \$110,000
<b>Client and Guest Experience</b>			
Client Net Promoter Score (NPS⁴)			
Guest NPS¹	Achieve greater than 45 NPS¹ during the year	Achieve greater than 50 NPS¹ during the year	Achieve greater than 60 NPS¹ during the year
<b>People and Relationships</b>			
Employee NPS⁴	Achieve greater than 45 NPS⁴ during the year	Achieve greater than 50 NPS⁴ during the year	Achieve greater than 55 NPS⁴ during the year
<b>Asset Care</b>			
Ensure assets are maintained at a suitable level for general use at all venues.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	The AMP is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.
<b>Health, Safety and Wellbeing</b>			
Maintain a comprehensive health and safety management system.	With a focus on continuous improvement, implement improvement initiatives to the Venues Ōtautahi health and safety management system	With a focus on continuous improvement, implement improvement initiatives to the Venues Ōtautahi health and safety management system	With a focus on continuous improvement, implement improvement initiatives to the Venues Ōtautahi health and safety management system

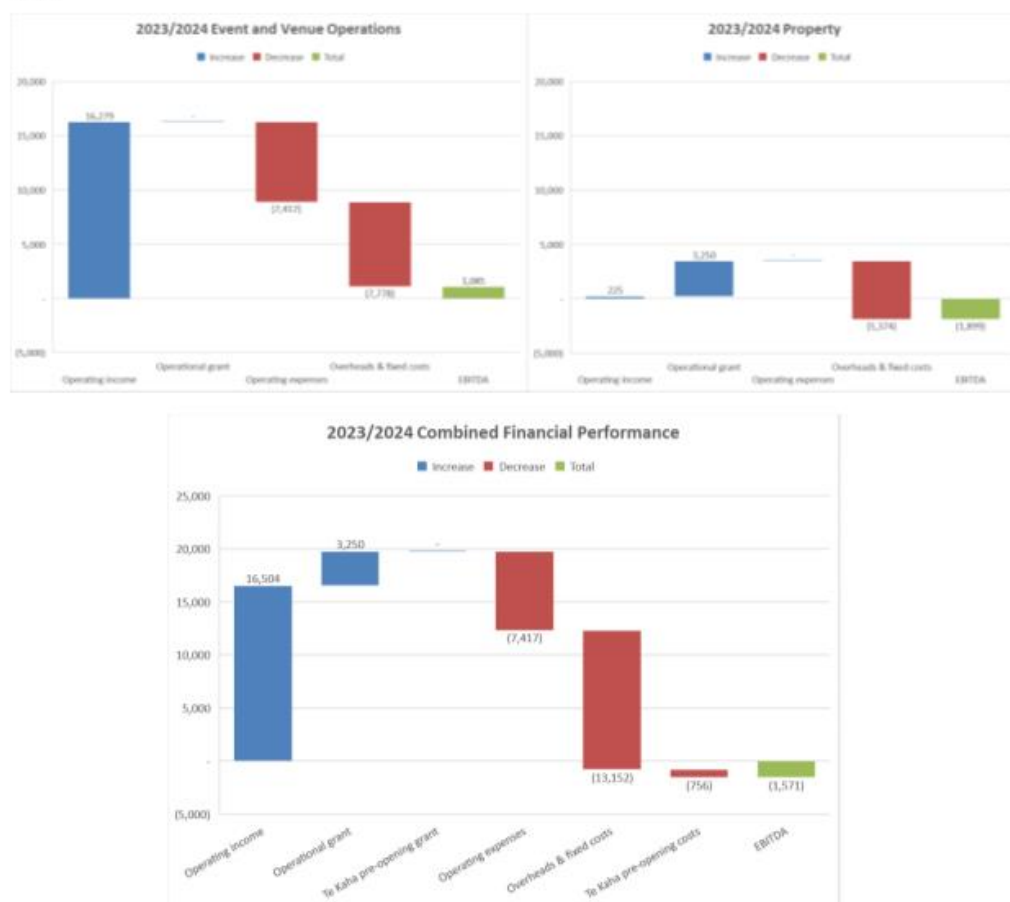
Objective and Strategy	Performance Measure		
	2023/2024	2024/2025	2025/2026
<b>Digital Transformation</b>			
Reimagine the Venues Ōtautahi business through digital transformation	Implement and continuously review the information, and communications technology road map	Implement and continuously review the information, and communications technology road map and prepare for the integration of Te Kaha.	Implement and continuously review the information, and communications technology road map and prepare for and commence implementation of the integration of Te Kaha.
<b>Te Kaha</b>			
Provide advice to the Te Kaha project and ensure design fundamentals reconcile with the Investment Case	Operator engagement in final design phase and early construction phases of Te Kaha	Operator engagement through a quality assurance role in the construction phase of Te Kaha	Operator engagement in final construction, testing and commissioning phases of Te Kaha.
Maximise the commercial potential of Te Kaha	Develop and commence activation of the commercial strategy for Te Kaha	Activate commercial strategy for Te Kaha	Activate commercial strategy for Te Kaha
Engage and connect the community and key stakeholders with Te Kaha through communications, and stakeholder engagement	Continue activation of the communications and stakeholder engagement strategy for Te Kaha	Continue activation of the communications and stakeholder engagement strategy for Te Kaha	Continue activation of the communications and stakeholder engagement strategy for Te Kaha
Prepare for and execute the operationalisation of the venue in 2026.	Consider and agree all operational and asset management plans to be developed for Te Kaha.	Commence the development of operational and asset management plans for Te Kaha.	Continue the development and commence execution of all operational and asset management plans for Te Kaha.
<b>Sustainability and Environment</b>			
Contribute to reducing the City's carbon footprint.	Establish and commence the monitoring of benchmark sustainability measures to ensure Venues Ōtautahi sustainability initiatives achieve net carbon neutrality by 2030	Monitor benchmark sustainability measures to track progress towards net carbon neutrality by 2030 target.	Monitor benchmark sustainability measures to track progress towards net carbon neutrality by 2030 target.
<b>Governance</b>			
Report to Shareholder	Meet all Local Government Act (LGA) and Council reporting deadlines.	Meet all LGA and Council reporting deadlines.	Meet all LGA and Council reporting deadlines.

- Major Events defined as:  
Arena: Event attendance > 5000.  
Orangetheory Stadium: Ticketed events other than Super Rugby and Mitre 10 Cup games  
Hagley Oval: International cricket or large ticketed matches such as the Black Clash
- Regional is Christchurch and Canterbury. Can include National or International suppliers if point of origin is Canterbury.
- The visitor numbers include events such as concerts and sports (ticketed events), dinners, conferences, expo's and trade shows (unticketed events). Visitor numbers for expo's and trade shows are captured using a clicker system at the entry point to the venue.
- Any Net Promoter Score above 0 is 'good' and means that your audience is more loyal than not. A score above 20 is considered 'favourable'. Anything above 50 is excellent and means your organisation has considerably more satisfied customers than dissatisfied ones. An NPS score above 80 is World Class and means customers love you and your company generates a lot of positive word-of-mouth referrals.



## 2. Financial Performance Targets

Below is a graphical representation of the forecasted EBITDA split between event and venue operational performance (operations) and asset management, repairs, and maintenance (property) for the 2024 financial year:



This includes Te Kaha pre-opening costs to be funded by Venues Ōtautahi for the 2024 financial year with the timing of grant revenue to be received in FY25 and FY26.

The consolidated financial performance targets for Venues Ōtautahi are as follows:

Consolidated	2023/24	2024/25	2025/26
	\$000	\$000	\$000
Direct operating income	16,504	16,968	17,264
Operating grant revenue received from Council	3,250	3,050	3,050
Te Kaha Pre-opening grant	-	2,054	2,732
Less: Direct operating expenses	7,417	7,625	7,812
Less: Net operating overheads and fixed costs	13,152	13,500	13,607
Less: Te Kaha pre-opening expenses	756	1,245	2,310
EBITDA	(1,571)	(299)	(683)



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

Financial Year	2023/24	2024/25	2025/26
	\$000	\$000	\$000
Issued shares and other equity instruments	244,836	244,836	244,836
Debt	1,400	700	-
Total Assets	236,147	231,042	224,852
Shareholder funds to total assets ratio	89%	90%	91%



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

	2022/23 (Ofwd)	2023/24	2024/25	2025/26
	\$000	\$000	\$000	\$000
Asset management plan	4,473	1,753	2,272	1,311
Operational equipment	485	646	519	693
	4,958	2,399	2,791	2,004
Inflationary Provision (as per 2023/24 draft Annual Plan)	-	104	244	247
	4,958	2,503	3,035	2,251
Less Forecasted Capital Grant Balance held in Asset Sinking Fund at 30 June 2023	2,975	-	-	-
Capital Grant (as per draft 2023/24 Annual Plan)	-	2,503	3,035	2,251
	1,983	0	0	(0)



#### COMPENSATION SOUGHT FROM COUNCIL

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

##### 1. Operational, Capital and Debt Servicing Support

Venues Ōtautahi has confirmed operational and capital funding in the 2021-2031 Council Long Term Plan for the period of this Statement of Intent ending 30 June 2026.

Operational support and capital grant funding provided to Venues Ōtautahi is prioritised to ensuring the venues are safe, compliant, and operationally functional.

Operational support contributes around 57% of the fixed costs associated with managing the city assets, Christchurch Town Hall, Christchurch Arena, and the Stadium. These fixed costs include repairs and maintenance, rates, insurance, building compliance, and utilities which by in large are fixed and in the current economic climate are subject to material increases year on year. The remainder of these fixed costs are offset by operational revenues.

Capital funding is solely prioritised to the delivery of the asset management plan for the Christchurch Town Hall, Christchurch Arena and the Stadium.

To provide ongoing clarity and assurance to Council as to the appropriate allocation of this operating and capital support, Venues Ōtautahi provides Council dashboard reporting on a quarterly basis to clearly reflect the prioritisation of these funds.

With fixed asset costs forecast to increase from the 2023 and 2024 years, increased local and national competition in the market, a long tail of recovery from the impacts of Covid-19, the impacts of high inflation and a volatile economic environment, the operational funding support sought for the period of this Statement of Intent remains the same.

With the intention all Venues Ōtautahi debt, including the historical Lancaster Park loan is repaid across the FY23 and FY24 years, the debt funding support required from Council reduces by \$800k in FY24 and by an additional \$200k in FY25, reducing Venues Ōtautahi annual operational support required from Council from \$4.05m to \$3.05m by FY25.



## 2. Te Kaha Operational, Capital, Bid Incentive and Pre-Opening Support

### Pre-Opening Support

The Te Kaha Investment Case includes an allocation of \$4.7m (inflationary adjusted) for pre-opening operating support for Venues Ōtautahi split across the two years prior to opening. This is also allowed for in the 2021-2031 Council Long Term Plan.

Pre-opening costs include the development and execution of the commercial strategy (including identifying and valuing all commercial assets, developing and executing the sales strategy, event attraction, marketing collateral costs including website development and other enabling technology), developing and starting to acquire sufficient resources across business development and as we move into testing, commissioning and operationalising the venue, additional assets and facilities, operations and culinary services resources.

With the criticality of delivering the best commercial outcome for the shareholder and the city and particularly given the magnitude of this opportunity and the time it takes to negotiate material commercial arrangements the commencement of the commercial strategy starts well before the venue is operational.

As of October 2022, Venues Ōtautahi commenced the process of identifying and evaluating all commercial assets at Te Kaha and the development and execution of the sales strategy commenced February 2023.

It is on this basis, costs associated are being incurred by Venues Ōtautahi however are being managed within current cashflows and operating expenditure with there being no revenue associated with Te Kaha to offset.

Over the period of this Statement of Intent, these costs are set to increase as detailed operational and asset management planning and execution commences as will the resources required for intensive operator involvement in testing and commissioning.



To support Council in minimising rates impact for the 2023 and 2024 years and what is reflected in the FY23-26 Statement of Intent, Venues Ōtautahi will manage FY23 and FY24 Te Kaha pre-opening costs within current cashflows with Council to reimburse Venues Ōtautahi on all actual Te Kaha pre-opening costs incurred across FY23 and FY24 in FY25.

Venues Ōtautahi will receive the balance of pre-opening costs (\$4.7m in base dollars as per the draft 2023/24 Annual Plan) less actual costs incurred and reimbursed, as allowed for in the 2021-2031 Long Term Plan, in FY26 as shown below.

Te Kaha pre-opening costs	2022/23	2023/24	2024/25	2025/26	Total
	\$000	\$000	\$000	\$000	\$000
Te Kaha Pre-Opening Grant (2023/24 Base Dollars)	0	0	2,054	2,732	4,785
Less: Te Kaha Pre-Opening Costs	357	756	1,245	2,310	4,667
	(357)	(756)	809	422	118

#### Bid Incentive Fund

The Te Kaha Investment Case includes a nominal bid incentive fund allocation of \$56.9m across the 25-year life of the asset and \$4.3m of annual capital and operational support.

It is Venues Ōtautahi's intention to work with the broader event eco-system, Council and ChristchurchNZ through the 2024 Long-Term Planning process to confirm the bid incentive fund allocation in line with the city's major events strategy.

#### Operational and Capital Support

Concurrently through the 2024 Long Term Planning process it is Venues Ōtautahi's intention to work with Council to re-confirm the operational and capital support required from FY25/26 following analysis of detailed design, whole of life costs and forecast commercial and revenue outcomes with the current allocation allowed for on a straight line basis across the 25 year life of the asset in the Council 2021-2031 Long Term plan, \$4.3m per annum (inflationary adjusted).

#### 3. Funding for ongoing and extended operation of the Temporary Stadium

In September 2021 the legal ownership of all Stadium assets transferred to Council with the operational responsibility including asset management of the Stadium to Venues Ōtautahi. Council committed the financial support to enable the future operation of the Stadium until the opening of Te Kaha in 2025.

With the opening of Te Kaha now expected in April 2026, Council have confirmed the extension of this financial support for the operations and repairs and maintenance of the Stadium accordingly.





#### 4. Consolidated Operational, Capital and Debt Financing Support

The total operating, repair and maintenance grants required for the period of this SOI are included in the operating grant below.

Of note, and as detailed above, the debt funding support to Venues Ōtautahi from Council reduces by \$800k in FY24 and by an additional \$200k in FY25, reducing Venues Ōtautahi annual operational support required from Council from \$4.05m to \$3.05m by FY25.

Financial Year	2022/23	2023/24	2024/25	2025/26
	\$000	\$000	\$000	\$000
Operating grant	3,050	3,050	3,050	3,050
Debt financing grant	1,000	200	-	-
<b>Total operating and finance funding</b>	<b>4,050</b>	<b>3,250</b>	<b>3,050</b>	<b>3,050</b>



The request for compensation in the 2024 year is for costs associated with the continued delivery of the Asset Management Plan for required safety and compliance upgrades at the Arena and some improvements to the Christchurch Town Hall.

Financial Year	2023/24	2024/25	2025/26
	\$000	\$000	\$000
Capital Grant (as per 2023/24 draft Annual Plan)	2,503	3,035	2,251
<b>Total Capital Grant</b>	<b>2,503</b>	<b>3,035</b>	<b>2,251</b>

#### ACCOUNTING POLICIES

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

The Company's detailed accounting policies are available in the Venues Ōtautahi most recent annual report for the year ended 30 June 2022, as published in the CCO section of the Council website.

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



#### ACQUISITION/DIVESTMENT AND OTHER SIGNIFICANT TRANSACTIONS POLICY

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

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

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

#### Distributions

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

#### ESTIMATE OF COMMERCIAL VALUE

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



## INFORMATION TO BE REPORTED TO THE SHAREHOLDER

### 1. No surprises

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

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

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

### 2. Local Government Act 2002 reporting requirements

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

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

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



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

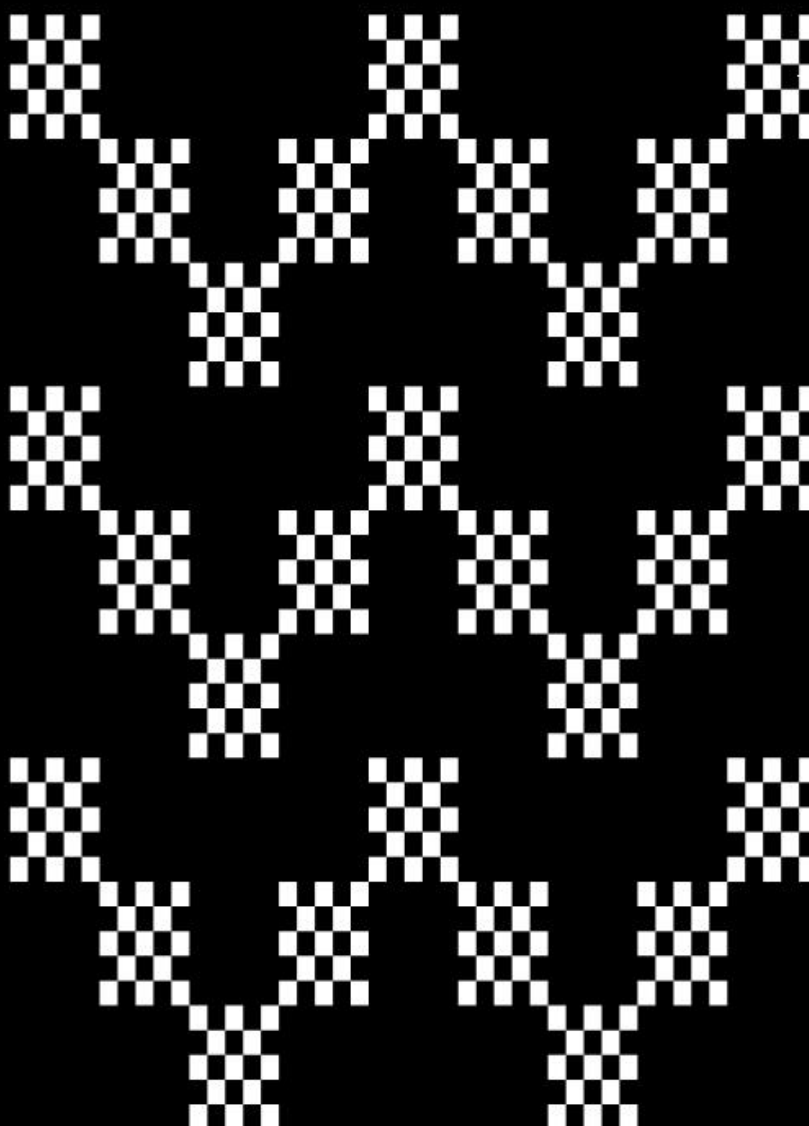
### 3. Other Reporting

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

#### CONTACT DETAILS

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

Address: 81 Jack Hinton Drive  
Addington  
Christchurch 8024  
Telephone: +64 3 339 3599  
Website: [www.venuesotautahi.co.nz](http://www.venuesotautahi.co.nz)



21 December 2022

Mr Gill Cox  
Chair, Venues Ōtautahi  
By email: gill.cox@snap.net.nz

Dear Gill

**Shareholder expectations for 2023/24**

This letter sets out the Christchurch City Council's expectations of the Venues Ōtautahi (VŌ) board for the 2023/24 financial year. The Council requests that the board considers the expectations in this letter and reflects them, as appropriate in VŌ's Statement of Intent (SOI) for 2023/24.

Last year, the Council issued an Enduring Statement of Expectations (SOE) to all of its Council-controlled organisations (CCOs). The SOE remains a relevant expression of the Council's broad expectations of all its Council-controlled organisations (CCOs) and should also be taken into account when VŌ develops its 2023/24 SOI.

While this letter focusses on expectations for the period 1 July 2023-30 June 2024, we also look ahead to the new three-year triennium, given the recent local body elections.

The new Council will review its strategic framework and overall direction. This work will be completed by 31 March 2023 to ensure it influences planning for the work programmes and budgets of the Long Term Plan 2024-34 (LTP). The Council may seek VŌ's contribution to this work as it progresses. Once completed, the strategic direction should underpin VŌ's strategic direction and activities and be reflected in the SOI for 2023/24.

**Priorities**

For 2023/24 the Council would like VŌ to:

- look at ways to increase its revenues from its commercial activities
- ensure the safety, compliance, and operational functionality of the venues VŌ are responsible for on behalf of the city, including delivering the asset management plans for the city-owned venues;
- exercise restraint on any expenditure of ratepayer funding;
- provide operator advice to the Te Kaha project to ensure the venue meets its strategic and investment case design deliverables; and
- develop and execute the commercial, communications and stakeholder strategies for Te Kaha to ensure community engagement and maximise the opportunity of the new venue for the city.

#### **Economic conditions**

In view of the impending downturn in the economy, the Council is investigating ways to buffer itself from the impacts by reviewing and cutting costs to the extent possible. The Council expects VŌ to do the same including, among other things being clear about where its priority expenditure lies.

#### **Mana whenua**

Mana whenua are a recognised strategic partner of the Council. CCOs are expected to foster the working and strategic relationships between the Council and the six Papatipu Rūnanga who hold mana whenua status in their respective rohe in Canterbury by maintaining high levels of engagement in areas of mutual interest.

#### **Sustainability**

The Council acknowledges VŌ's progress in undertaking initiatives aimed at sustainability including its buy local (where commercially viable) policy, waste management initiatives and climate change reduction targets.

The Council expects VŌ to consider climate change throughout everything it does and in all its planning documents. The Council would like VŌ to provide updates on its progress towards achieving its carbon offset and reduction programme, to meet the Council's goal for its group to be net neutral by 2030.

#### **Events**

Venues and events deliver significant economic and social benefit to the community. In light of this the Council expects VŌ to focus on attracting major ticketed entertainment and sporting events to Ōtautahi and the VŌ portfolio of venues prioritising those that contribute the most significant direct and indirect economic impact to the region.

This focus includes developing a long-term strategy for the attraction of major entertainment and sporting events to Te Kaha to maximise the opportunity of this new venue for the region.

The Council also expects VŌ to work collaboratively as part of the partnership with ChristchurchNZ Holdings Ltd and the Council's events' team in support of their attraction of events, particularly those hosted at VŌ venues, including Te Kaha. A joined-up approach is critical to achieving strategic and legacy economic and social outcomes.

The Council would appreciate being informed of new events in a timely manner.

#### **Te Kaha**

The Council expects VŌ to develop and commence the execution of a commercial strategy for Te Kaha. This includes the expectation VŌ will run a contestable process for allocating naming rights and other key commercial assets for the stadium.

Both the process, and the evaluation methodology which will underpin the selection of the best bid must be robust so as to withstand future public scrutiny. This will require VŌ to clearly specify and communicate the value proposition for the naming rights, against which each bid will be measured.

#### **Working together**

The Council expects all its organisations to work together to maximise net benefits to the city from interventions and activity. For VŌ, working with all Christchurch city stakeholders to ensure events attracted complement each other is important.

Looking ahead, the Council will be considering an allocation of attraction funding for Te Kaha for inclusion in the 2024-34 LTP. It will be imperative that the Council's family of organisations have a joined-up approach towards maximising the economic, environmental, social and cultural net benefits for the city from this long awaited final anchor project. This will require an agreed framework for attributing value and prioritising delivery.

At the time of writing, there are matters about event delivery and funding across the Council's family of event attraction and delivery organisations that are subject to further work and engagement with the Council. This relates to the three partners - CNZHL, Venues Ōtautahi and the Council's events' team. When completed, clear expectations of the various parties for the future will crystallise.

#### Governance

Succession planning for the role of board chair, periodic review of the board's performance and diversity of board membership are all important governance measures that the Council would like to receive assurance are embedded in VŌ's governance plans.

With respect to diversity, the Council notes that to date the focus of most CCO boards has been on gender diversity. The Institute of Directors (IOD), in its 2021 edition of its Four Pillars' publication notes that boards are at their best when they are distinguished by diversity of thought and capability. Diversity goes beyond gender to include ethnicity, Māori whakapapa, LGBTI affinity, age, culture, disability, background and experience (refer page 83). This said, the IOD is very clear that demonstrated competency is above all else when considering board appointments.

#### VŌ as an employer

The Council expects VŌ to continue its commitment to:

- strong and transparent governance at all levels including the board and executive;
- the Council's living wage policy for its staff, contractors and where viable, suppliers;
- best practice human resource and organisational culture management;
- exercise restraint in the level of senior executive total remuneration; and
- show leadership in innovative practices.

The Council would like VŌ to consider seeking living wage accreditation, and as a first step looking at the pathway towards achieving that.

#### Timetable for 2023/24

Deliverable	Due to Council staff	Workshop	Council/Committee meeting
Annual report for year ending 30 June 2023	By 30 Sept	N/A	Nov/Dec
Letter of Expectations	N/A	November	December
Quarter 1 (July-Sept) performance report	By 30 Nov	N/A	December
Half year (interim) report	By 28 Feb	N/A	March / April
Draft SOIs	By 1 March	March	April
Final SOIs	30 June	-	July / August
Quarter 3 (Jan-Mar) performance report and expected annual outturn	By 31 May	N/A	June / July

By the time this LOE is received, the newly elected councillors will have been on the ground for six or so weeks. Nevertheless, we ask you to be mindful that when providing briefings and developing reports to the Council, the background to issues requiring decisions is well set out, at least in the first year of the Council's three year term.



**No surprises**

The Council expects VŌ to keep it informed of any material or significant events and issues relating to the company which could materially impact the Council's financial position or attract public interest.

Ngā mihi nui



Phil Mauger  
**Mayor of Christchurch City**

c.c. Caroline Harvie-Teare, Chief Executive, VŌ ([caroline.harvie-teare@venuesotautahi.co.nz](mailto:caroline.harvie-teare@venuesotautahi.co.nz)).



## 13. Council-controlled organisations - Draft Statements of Intent for 2023/24

Reference / Te Tohutoro: 23/347641

Report of / Te Pou Linda Gibb, Performance Advisor, Resources Group  
Matua: (linda.gibb@ccc.govt.nz)

General Manager / Leah Scales, General Manager Resources/Chief Financial Officer  
Pouwhakarae: (Leah.Scales@ccc.govt.nz)

### 1. Nature of Decision or Issue and Report Origin

- 1.1 This report advises the Finance and Performance Committee on the draft Statements of Intent (SOIs) for 2023/24 and outyears for Council-controlled organisations (CCOs) - Civic Building Ltd, Local Government Funding Agency, Riccarton Bush Trust, Rod Donald Banks Peninsula Trust and Te Kaha Project Delivery Ltd.
- 1.2 The CCOs' draft SOIs were received on or before 1 March 2023 as required by clause 1, part 1, schedule 8 of the Local Government Act 2002 (LGA).
- 1.3 The financial projections for the CCOs that receive grant funding from the Council – Rod Donald Banks Peninsula Trust and Riccarton Bush Trust - are consistent with the 2023/24 Annual Plan and 2021-31 Long Term Plan (LTP).
- 1.4 The draft SOIs are largely the same as in preceding years, as is to be expected for these entities whose businesses are stable year to year. Targets are updated to reflect specific projects or undertakings that have completed during the current financial year and new ones that are either due to begin or are in progress.
- 1.5 The draft SOIs have been prepared with the expectation of interest rates reducing from 2024/25.
- 1.6 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by estimating the extent to which the recommendations may impact the community.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the draft Statements of Intent for 2023/24 for the following Council-controlled organisations:
  - a. Civic Building Ltd;
  - b. Local Government Funding Agency;
  - c. Rod Donald Banks Peninsula Trust;
  - d. Riccarton Bush Trust; and
  - e. Te Kaha Project Delivery Ltd.

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

- 3.1 The recommendation to receive the draft SOIs for the five CCOs is a reflection that the draft SOIs meet the requirements of the LGA and adequately reflect other requirements, such as commitments to reducing carbon emissions.

### 4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 The only other option is for the Council to decline to consider the draft SOIs. The Council would forgo the opportunity to influence the direction of the organisations which is provided for in section 64(2)(b) of the LGA as one of the purposes of a SOI.

### 5. Detail Te Whakamahuki

#### Local Government Act 2002 requirements

- 5.1 Clauses 1 and 2 of schedule 8, part 1 provide the shareholder of a CCO may provide comments on the draft SOIs [of its directly and indirectly owned CCOs] to the CCO board by 1 May and the CCO board must consider the comments and finalise the SOI by 30 June.
- 5.2 The draft SOIs comply with the content requirements of schedule 8, parts 2-4 which include the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken, non-financial performance targets and other measures by which performance is judged in relation to the objectives and the major accounting policies.

#### Statement of Expectations

- 5.3 In December 2021 the Council issued an Enduring Statement of Expectations to its fully-owned CCOs. While most of the expectations were of a general nature, there were several that were particularly relevant to SOIs including:
- demonstrating linkages between the CCO's and the Council's strategic objectives/directions and providing measures that reflect economic, social, cultural and environmental welfare;
  - target carbon neutrality by 2030 including reviewing activities and developing planning and reporting frameworks to identify and address climate change impacts; and
  - focus on health and safety.
- 5.4 These have been reflected in the draft SOIs. In the second half of this calendar year, staff will review how CCOs have met the expectations, and whether a refreshed Statement of Expectations that is underpinned by the LTP for 2024-34 is warranted.

#### Climate change

- 5.5 The CCOs' draft SOIs all recognise the importance of reducing carbon emissions. While none are major carbon emitters, they are expected to take all opportunities to reduce emissions from their operations. Both the Riccarton Bush Trust and Rod Donald Banks Peninsula Trust have targets to be net neutral by 2030.
- 5.6 Civic Building Ltd could consider making a commitment in its SOI to replacing greenhouse gas (GHG)-emitting operational equipment with electrical when renewals are required.
- 5.7 Te Kaha Project Delivery Ltd is a governance body; the design and build project itself is subject to specific climate change requirements and undertakings and is reported against under its own dedicated reporting processes.
- 5.8 LGFA has achieved carbon-zero certification and is currently building annual targets into its carbon reduction plan. It offers loans to local authorities that promote environmental and social wellbeing (known as GSS loans – green, social and sustainability loans).

**Civic Building Ltd (Attachment A)**

- 5.9 Civic Building Ltd (CBL) is a Council-controlled trading organisation. It is a 50/50 partner in a joint venture (JV) with Ngāi Tahu Property Ltd which owns and manages the civic building. The Council's other financial interests relating to CBL are as a tenant of the building, and as the lender of the capital used by CBL to purchase the building.
- 5.10 CBL's financial projections in its draft SOI for 2023/24 compared with last year's final SOI are set out in the table below:

	2023/24 \$000	2024/25 \$000	2025/26 \$000
Net profit before tax - current draft SOI	309	466	906
Net profit before tax - last year's final SOI	702	960	-
Total assets – current draft SOI	52,352	49,923	50,690
Total assets - last year's final SOI	57,881	58,742	-

- 5.11 The projected reduction in total assets reflects CBL's repayment of loan principal of around \$4 million and \$1 million of preference shares in September 2022. The repayment has lowered CBL's cash balance and therefore its interest returns. This has been offset to a large extent by a reduction in the finance lease interest charge on the \$4 million principal reduction.
- 5.12 As cash grows from rental receipts over the SOI period, coupled with expectations of lower interest rates, profitability increases, most notably from 2025/26.
- 5.13 Non-financial performance measures are for the building to achieve a high standard of environmental and energy sustainability (the energy usage of the building is managed by the Council's Facilities' Team). Last year's SOI provided for the development of appropriate sustainability targets for energy consumption; the current draft SOI provides the targets.
- 5.14 Last year's SOI provided for CBL to commission an access and mobility audit pursuant to NZS 4121 and an improvement plan to address material issues raised in the audit. Targets are now included in the draft SOI to provide twice the building code ventilation and to complete all recommendations from the accessibility audit by early 2024.

**Local Government Funding Agency (Attachment B)**

- 5.15 The Council has an 8.3% ownership stake in the LGFA. It is also a borrower and a guarantor of losses incurred by LGFA in the event of defaults by other council-borrowers. The strategic approach agreed by all shareholder-councils is for the LGFA's focus to be on lowering lending margins for council borrowers rather than maximise dividends for equity holders.
- 5.16 The LGFA is governed by a Shareholders' Council comprising representatives of its largest local authority shareholders plus the Crown. The Shareholders' Council issues an annual Letter of Expectations (LOE) to the LGFA board and makes recommendations to shareholders on governance matters such as performance and board appointments.
- 5.17 The Shareholders' Council LOE to LGFA for 2023/24 included expectations for the board to focus on succession planning (note that the LGFA board has started to refresh its membership after several long serving members have retired), investigate the potential for aligning LGFA's and local authority borrowers' climate and emissions reporting requirements to avoid duplication, streamline data collection processes and review performance measures over the course of the 2023 calendar year. The LOE notes there is a lack of clarity about the legislative landscape of three waters' reform and the borrowing impact for LGFA to meet the needs (if any) of the new water entities.



- 5.18 The LGFA's financial forecasts compared with those projected in last year's SOI are shown in the tables below. They do not provide for any potential impact of the three water's reforms. If greater certainty is received before 30 June, the forecast financial impacts will be included in the final SOI.

Net profit before tax	2023/24 \$m	2024/25 \$m	2025/26 \$m
Current draft SOI	9.8	8.6	7.9
Last year's final SOI	8.2	7.1	-
<b>Variance</b>	<b>+1.6</b>	<b>+1.5</b>	<b>-</b>

- 5.19 The increases in net profit after tax in 2023/24 and 2024/25 reflect the impact of higher net interest income less increased operating costs. This is due to a higher amount of lending to local authorities in the current financial year than projected in last year's SOI, which flows through all the SOI years.
- 5.20 Year-to-year over the SOI period, interest income is expected to reduce as a result of narrowing lending margins due in part to increasing borrower appetite for, but lower returns on green, social and sustainability loans.
- 5.21 Dividends to shareholders have increased from \$1 million to \$2 million per annum in each of the SOI years reflecting the improved profitability.

Lending & borrowing	2023/24 \$m	2024/25 \$m	2025/26 \$m
Lending - current draft SOI	16,410	17,137	17,980
Lending - last year's final SOI	15,995	16,650	-
<b>Variance</b>	<b>+415</b>	<b>+487</b>	<b>-</b>
Borrowing - current draft SOI	18,262	19,009	19,691
Borrowing - last year's final SOI	17,650	18,460	-
<b>Variance</b>	<b>+612</b>	<b>+549</b>	<b>-</b>

- 5.22 Borrowing to match lending is expected to be marginally higher as the LGFA seeks additional liquidity to be meet local authorities' appetite for short-term borrowing which has been stronger than the LGFA had expected.
- 5.23 The LGFA's forecasts are highly sensitive to assumptions about the amount and timing of refinancing and interest rates. LGFA notes that over the three year time horizon it has \$6.6 billion of bonds and \$5.8 billion of council and CCO loans maturing, much of which will require re-financing.
- 5.24 Non-financial performance targets have been added to the draft SOI for issuing sustainable bonds, putting in place a three waters' debt transition plan (if reforms progress), and maintaining productive relationships with central government representatives.
- 5.25 The draft SOI anticipates the work being done to translate its overall reduction goal into annual targets will have been completed prior to the commencement of the 2023/24 year after which reporting will be undertaken.

### Riccarton Bush Trust (Attachment C)

- 5.26 Riccarton Bush Trust is a charitable trust, with a break-even profit objective. The Trust administers 7.8 hectares of native bush and Riccarton (historic) House. The Trust was incorporated under an Act of Parliament in 1914. The Riccarton Bush Amendment Act 2012 underpins the Council's financing obligations to the Trust.
- 5.27 The key drivers of the Trust's financial performance are income from the on-site café (Local) the Saturday morning market, tours and the Council's annual operating grant. Third party grants and donations can also make a significant contribution when they occur. The upkeep costs for the house and bush and staff salaries are the Trust's highest costs.
- 5.28 The following table sets out the Trust's forecast revenue and expenses over the SOI period compared with last year's final SOI:

Revenue/Expenses	2023/24 \$000	2024/25 \$000	2025/26 \$000
Current draft SOI	621	633	645
Last year's final SOI	580	593	-
<b>Variance</b>	<b>+41</b>	<b>+40</b>	<b>-</b>

- 5.29 To match the increased expenditure, the Council's funding grant has increased as follows:

Annual Plan/LTP funding	2023/24 \$000	2024/25 \$000	2025/26 \$000
Opex grant (draft SOI)	409	417	425
Opex grant (last year)	373	382	-
<b>Variance</b>	<b>+36</b>	<b>+35</b>	<b>-</b>

- 5.30 The increase in expenses/revenue in each year is around \$40,000 which is made up of \$35,000 additional insurance cost due to an uplift in value of Riccarton House this year and \$5,000 of general cost pressures that the Trust will offset itself.
- 5.31 The Trust's SOI capital forecasts, shown in the table below are the same as they were provided for in last year's SOI. They are consistent with the Annual Plan/LTP and are based on a condition report and maintenance plan developed several years ago by Fulton Ross.

Annual Plan/LTP funding	2023/24 \$000	2024/25 \$000	2025/26 \$000
Capex grant (draft SOI)	115	53	28

- 5.32 Non-financial performance targets are similar to last year's SOI, with two key issues to note – the bush enhancement project to replace the board walk and improve interpretation is due to begin by June 2024 (the draft SOI advises it will be completed by then which is an error that will be corrected in the final SOI); and discussions with Council staff are expected to begin shortly to identify what measures the Trust could consider to contribute to the Council's net neutral carbon emissions' 2030 target.

### Rod Donald Banks Peninsula Trust (Attachment D)

- 5.33 The Trust supports sustainable management, conservation and recreation on Banks Peninsula. The following table sets out the Trust's SOI financial projections, which are identical to the prior year's SOI:

Operating surplus / (deficit)	2023/24 \$000	2024/25 \$000	2025/26 \$000
Current draft SOI	1,350	(7)	(10,456)
Last year's final SOI	1,350	(7)	-

- 5.34 The draft SOI forecasts reflect the following Annual Plan/LTP funding allocations:

Annual Plan/LTP funding allocations	2023/24 \$000	2024/25 \$000	2025/26 \$000
Opex grant	100	100	100
Capex grant	1,350	-	-

- 5.35 Performance targets remain as in the prior year. They are focussed on the Trust's four pillars of access, biodiversity, knowledge and partnerships.

#### Te Kaha Project Delivery Ltd (Attachment E)

- 5.36 Te Kaha Project Delivery Ltd is the governance body tasked with commissioning the design and construction of Te Kaha. The responsibility and accountabilities for the final design and construction of Te Kaha are held with the Council's Capital Delivery – Major Facilities Team which reports to the Council monthly.

- 5.37 The funding allocations are for the governance costs only.

Revenue/Expenses	2023/24 \$000	2024/25 \$000	2025/26 \$000
Current draft SOI	330	330	321
Last year's final SOI	330	330	-

- 5.38 Non-financial performance targets have changed in a minor way reflecting the passage of various phases of the project. They continue to focus on project management, control and assurance, optimising capital and whole-of-life costs, effective management of critical hazards, sustainability performance planning and health and wellbeing.
- 5.39 The targets reflect the shift from ground preparation to laying foundations, engaging with mana whenua on design, and liaising with stakeholders.
- 5.40 New targets have been added for ensuring critical environmental and critical wellbeing hazards are managed effectively. A new measure has also been included for Te Kaha Project Delivery Ltd to meet with neighbours of the site to consult on project effects.

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

### Strategic Alignment Te Rautaki Tīaroaro

- 6.1 SOIs are strongly aligned to the Council's strategic objectives and to the [Council's Long Term Plan \(2021 - 2031\)](#) LTP 2021-31.

### Policy Consistency Te Whai Kaupapa here

- 6.2 The decisions in this report are consistent with the Council's Plans and Policies – in particular promoting good governance. This report has linkages to the [Council's Long Term Plan \(2021 - 2031\)](#).

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

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does specifically impact Mana Whenua, their culture and traditions.
- 6.4 The decision does not involve a matter of interest to Mana Whenua and will not impact on our agreed partnership priorities with Ngā Papatipu Rūnanga.

- 6.5 The draft SOI is governance-focussed. The boards all have relationships with mana whenua, and in some cases representation on the boards, or vacancies being held open for representatives when they are available.

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

- 6.6 A key aspect of a SOI is the CCOs' ambition to provide for itself greenhouse gas emission reduction targets towards reaching the Council's 2030 net neutral timeline. None of the CCOs in this report are significant contributors to climate change because they have little operating equipment, their activities do not create much in the way of greenhouse gas and/or they have commitments to engage with council staff about potential contributions they could make to the Council's policy goal.

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

- 6.7 Not relevant to this report.

**7. Resource Implications Ngā Hīraunga Rauemi**

**Capex/Opex Ngā Utu Whakahaere**

- 7.1 There are no incremental costs associated with the draft SOIs.

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

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

- 8.1 LGA.






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

- 8.2 The legal requirements arising from the LGA regarding the requirements for a CCO to have a SOI, the timetable and minimum content has been considered as part of this report.

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

- 9.1 Not relevant to this report.

## Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Civic Building Ltd - Draft Statement of Intent 2023/24	23/399893	187
B 	Local Government Funding Agency - Draft Statement of Intent 2023/24		199
C 	Riccarton Bush Trust - Draft Statement of Intent 2023/24	23/440114	200
D 	Rod Donald Banks Peninsula Trust - Draft Statement of Intent 2023/24	23/440142	207
E 	Te Kaha Project Delivery Ltd - Draft Statement of Intent 2023/24	23/445820	227

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

Document Name – Location / File Link
Not applicable

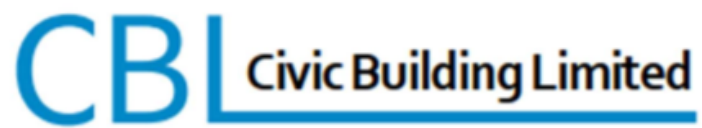
## Confirmation of Statutory Compliance Te Whakatūtutanga ā-Ture

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

## Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer





## **CIVIC BUILDING LIMITED**

### **STATEMENT OF INTENT 2024 – 26**

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## 1.0 INTRODUCTION

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

This SOI includes acknowledgement of the matters raised in the enduring Statement of Expectation issued to the Directors of Civic Building Limited (CBL) by the Christchurch City Council (Shareholder or Council) in December 2021 as they apply to the company.

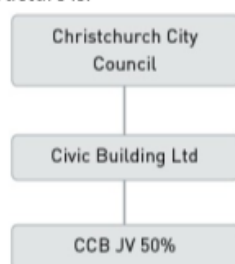
The SOI specifies for CBL and the Civic Building Unincorporated Joint Venture (CCB JV), the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives, amongst other requirements. It covers the three financial years ending 30 June 2024, 2025 and 2026.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between CBL and its Shareholder.

CBL is 100% owned by the Council. Council provides management services to CBL through a management services arrangement.

The Civic Offices building is owned by an unincorporated joint venture jointly owned by CBL and Ngai Tahu Property Ltd and each party owns 50% of the unincorporated joint venture.

The group structure is:



The SOI is reviewed annually with Council and covers a three-year period. CBL is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

## 2.0 DIRECTORY

Address:	Civic Building Limited PO Box 73015 Christchurch 8154
Registered Office:	53 Hereford Street Christchurch 8011
Board:	Councilor James Gough (Chairperson) Councilor Sam MacDonald Councilor Philip Mauer

### **3.0 VISION**

The CBL objectives are:

- To continue to own 50% of the Civic Building in partnership with Ngai Tahu Property Ltd and lease the building to the Council.

### **4.0 NATURE AND SCOPE OF ACTIVITIES**

CBL and the unincorporated joint venture with Ngai Tahu Property Ltd are CCTO's for the purposes of the Local Government Act 2002. CBL is registered under the Companies Act 1993.

The Civic Office is jointly owned by CBL and Ngai Tahu Property Ltd, through an unincorporated joint venture with each party owning 50%. CBL borrowed sufficient finance from the Council to enable it to carry out its obligations as joint venture partner with Ngai Tahu Property Ltd and to implement the proposal adopted by the Council for the design, construction and ownership of the Civic Building.

### **5.0 GOVERNANCE**

The Board is responsible for the strategic direction and control of CBL's activities. The Board guides and monitors the business and affairs of CBL on behalf of the Shareholder, to whom it is accountable.

The joint venture is governed by a management committee comprised of representatives of CBL and Ngai Tahu. The management committee meets regularly and is responsible for the achievement of the goals of the joint venture.

The primary function of the Board is to ensure that CBL meets its objectives and requirements as listed in the SOI. Additionally, the Board has obligations under the Local Government Act 2002 to deliver an annual Statement of Intent and relevant half-yearly and annual reports to the Shareholder.

Appointments to the Board are confirmed by Council resolution.

## 6.0 PERFORMANCE TARGETS

### 6.1 Financial Performance Targets

The financial performance targets for CBL are as follows:

	2023/24	2024/25	2025/26
	\$000	\$000	\$000
<u>Revenue</u>			
Interest - Finance Lease	2,960	2,831	2,693
Interest - Other	134	177	111
Other income	1,097	1,122	1,142
	4,191	4,130	3,946
<u>Expenses</u>			
Finance costs	3,283	2,997	2,462
Other expenses	599	624	644
	3,882	3,621	3,106
(Loss)/profit before income tax	309	509	840
Income tax (income)	(129)	(61)	75
(Loss)/profit for period	438	570	765

CBL is forecasting operating surpluses for the periods covered by this Statement of Intent. Long term projections (incorporating rent reviews) are for CBL to generate positive cash flows and there is adequate funding in place to support CBL until this time. Income tax expense includes impact of tax depreciation on buildings and fittings.

#### Ratio of Shareholder Funds to Total Assets

The forecast ratio of Shareholder funds to total assets for the next three years is:

2023/24	2024/25	2025/26
-6.6%	-5.7%	-3.3%

#### Capital Structure

The forecast capital structure for the next three years is:

	2023/24	2024/25	2025/26
	\$000	\$000	\$000
Uncalled Capital	10,000	10,000	10,000
RPS Shares	5,252	4,968	4,968
Borrowings from Council	50,324	47,608	47,608
Finance Lease asset	40,723	38,840	36,819
Total Assets	52,352	49,923	50,690



## 6.2 Operational Performance Targets

In addition to the above financial performance measures, CBL will use the following measures to assess its operational performance in the 2024 financial year:

Objective and Strategy	Performance Measure
Meet the financial targets contained within this SOI.	Budgeted key performance indicators are met or exceeded.
Manage the investment in a commercially astute and prudent manner.	Ensure the Civic building is managed in accordance with the management agreement.

## 6.3 Environmental Performance Target

In addition to the above financial performance measures, CBL will use the following measures to assess its environmental performance in the 2024 financial year:

Performance Target	Performance Measure
The Civic Building was designed to achieve a high standard in terms of environmental and energy sustainability.	<p>A framework is developed for recording the baseline energy consumption to the building and then ongoing monitoring against this baseline.</p> <p>Delivery of a space temperature between 20-24 degrees during the buildings operational hours – 8:00 – 17:00 pm</p> <p>Any plant or system that helps reduce energy consumption is maintained and kept to a high standard of operation - lighting controls / rain water tanks / solar panels.</p>

REGGE refers to the Resource Efficiency Greenhouse Gas Emissions monitoring programme.

## 6.4 Social Performance Target

In addition to the above financial performance measures, CBL will use the following measures to assess its social performance in the 2024 financial year:

Performance Target	Performance Measure
Maintain Te Hononga to meet or exceed New Zealand Standard NZS 4121:2001 Design for access and mobility – buildings and associated facilities and Christchurch City Council's Equity and Access for People with Disabilities Policy.	<p>Provide twice the building code ventilation as per building design.</p> <p>All appropriate recommendations from the accessibility audit have been completed by early 2024.</p>

## **7.0 DISTRIBUTIONS**

During the year to 30 June 2024 CBL will make no distribution to the Shareholder.

## **8.0 INFORMATION TO BE REPORTED TO THE SHAREHOLDER**

An annual report will be submitted to the Shareholder. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of CBL's performance and financial position during the reporting period provided to the Shareholder.

Half-yearly reports will also be provided to the Shareholder. These reports will contain unaudited information and comply with NZ IAS 34.

The statement of intent will be submitted to the Shareholder for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the Shareholder.

CBL will operate on a 'no surprises' basis in respect of significant Shareholder related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

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

## **9.0 ACQUISITION / DIVESTMENT POLICY**

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

When the subscription, acquisition or divestment is considered by Directors to be significant to CBL's business operations, it will be subject to consultation with the Shareholder.

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

Where CBL decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, it will ensure effective management of that subsidiary. Control of any subsidiary is exercised by CBL's Directors.

## **10.0 COMPENSATION SOUGHT FROM LOCAL AUTHORITY**

At the request of the Shareholder, CBL may undertake activities that are not consistent with normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of providing such activities.

Currently, no such activities are undertaken.

#### **11.0 ESTIMATE OF COMMERCIAL VALUE**

The Shareholder has recorded the value of its investment in Civic Building Ltd in its accounts at 30 June 2022 as \$100.5 million and this is considered an appropriate estimation of the commercial value of CBL.

#### **12.0 ROLE IN THE COUNCIL GROUP AND REGIONAL ECONOMY**

##### **Commercial Relationships within the Council Group**

CBL has a mandate from its Shareholder, the Council, to own the Civic Building and lease it to the Council. CBL will use the services of the Council to manage its affairs.

## **APPENDIX A STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

These are the significant accounting policies of Civic Building Limited (CBL).

CBL is registered under the Companies Act 1993 and is domiciled in New Zealand. The Company is a Council Controlled Trading Organisation as defined by section 6 of the Local Government Act 2002.

CBL was established on 12 October 2007 in order to carry out the development of the Civic Building for the Council. On 26 October 2007 CBL entered into an agreement to develop the Civic Building on the former NZ Post site with Ngai Tahu. The Council's 2009 Annual Plan approved the creation of an unincorporated joint venture structure to carry out the development. CBL has a 50% interest in the resulting joint operations.

Accordingly, CBL has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS). CBL is not considered 'large' for the purposes determining the appropriate reporting tier and has consequently opted to report as a Tier 2 entity applying NZ IFRS with Reduced Disclosure Requirements.

The financial statements of CBL are prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993 and the Local Government Act 2002.

### **Basis of financial statement preparation**

The financial statements are prepared in accordance with the New Zealand generally accepted accounting practice as appropriate for Tier 2 for-profit entities.

The financial statements are prepared on an historical cost basis except for the revaluation of investment properties.

The functional and presentation currency is New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000).

### **Judgement, estimates and assumptions**

In preparing its financial statements, CBL is required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the year if the change affects only that year, or into future years if it also affects future years. In the process of applying CBL's accounting policies, management has to make the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in the financial statements. The determination of the fair value of investment property is regarded as a critical estimate and is valued at least on an annual basis. This requires the estimation of current market values by an independent registered valuer.

The accounting policies set out below are applied consistently to all periods in preparing financial statements.

#### **a. Joint Operations**

A joint operation is a joint arrangement whereby the parties have joint control of the arrangements and have rights to the assets, and obligations for the liabilities relating to the arrangement.

Where such an arrangement exists CBL will recognise its share of the assets, liabilities, revenue and expenses including its share of any held or incurred jointly.

**b. Financial Assets**

Term deposits with maturities greater than three months are measured at amortised cost and have been designated as loans and receivables.

**c. Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**d. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of CBL's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the statement of financial position.

**e. Investment Property**

The land leased to third parties under operating leases is classed as investment property.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in fair value of the investment property are recognised in the statement of comprehensive income.

**f. Share capital**

**(i) Ordinary share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**(ii) Preference share capital**

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at CBL's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it provides for mandatory redemption by the issuer for a specific amount at a specific date (or gives the holder the right to require such redemption from the issuer), or if it gives the holder the right to put it back to the issuer for cash or another financial asset. Dividends thereon are recognised in the statement of comprehensive income as interest expense.

**g. Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

**h. Provisions**

A provision is recognised in the statement of financial position when CBL has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of expenditures, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.



i. Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership of an asset transfer to the lessee are classified as finance leases whether or not title is eventually transferred. At inception, finance leases are recognised in the statement of financial position at the present value of the minimum lease payments plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant rate of return on the net investment outstanding in respect of the lease.

(ii) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

j. Revenue

Revenue is measured at the fair value of consideration received.

(i) Interest income

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(ii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis.

This income allocation is based on a pattern reflecting a constant periodic return on CBL's net investment in the finance lease.

(iii) Operating lease income

Operating lease income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(iv) Insurance proceeds

Insurance proceeds are recognised in the statement of comprehensive income when the compensation becomes receivable.

k. Financing costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. All interest payable on borrowings is recognised as an expense in the statement of comprehensive incomes as it occurs.

l. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**m. Trade and Other Payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services received by CBL during and up to the end of the financial year and which remain unpaid as at balance date.

**n. Goods and Services Tax**

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. The net amount of GST recoverable from, payable to, the Inland Revenue Department is included as part of receivables or payable in the statement of financial position.

## Placeholder for Attachment B

Item 13

**Local Government Funding Agency - Draft Statement of  
Intent 2023/24**

Item 13

Attachment B



RICCARTON HOUSE & BUSH  
PŪTARINGAMOTU



**RICCARTON BUSH TRUST**

**Statement of Intent  
for the year ending  
30 June 2024**

**Item 13**

**Attachment C**

## 1. Introduction

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

The Riccarton Bush Trust is a Council Controlled Organisation for the purpose of the Local Government Act 2002.

The SOI specifies for the Riccarton Bush Trust, the objectives, the nature and scope of the activities to be undertaken and the performance targets and other measures by which the performance of the Riccarton Bush Trust may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public expression of the accountability relationship between the Riccarton Bush Trust and the Christchurch City Council.

The SOI is reviewed annually with the Council and covers a three-year period.

The office of Riccarton Bush Trust is 16 Kahu Road, Christchurch.

Contact details for both the Chairman and the Manager are as follows:

	<b>Chairman - Bob Shearing</b>	<b>Manager - Shona Willis</b>	
Address	16 Kahu Road	16 Kahu Road	
Phone no.	021 320967	03 341-1018	027 5440462
Email	<a href="mailto:bob@bobshearing.co.nz">bob@bobshearing.co.nz</a>	<a href="mailto:manager@riccartonhouse.co.nz">manager@riccartonhouse.co.nz</a>	

## 2. Our Vision

The Riccarton Bush/Pūtaringamotu, Riccarton House, Deans Cottage and the Grounds are collectively recognised as the premier natural and cultural heritage site in Christchurch/Ōtautahi and Canterbury/Waitaha

## 3. Value Statement

Heritage conservation of The Pūtaringamotu Riccarton Bush property is the primary consideration.

## 4. Management Goals

- |               |   |
|---------------|---|
| <b>Goal 1</b> | Protect and enhance the indigenous flora, fauna and ecology of Pūtaringamotu /Riccarton Bush; including mahinga kai and taonga species. |
| <b>Goal 2</b> | Protect and conserve Riccarton House and Deans Cottage and their Grounds.   |
| <b>Goal 3</b> | Encourage public interest, use and participation and promote the natural and cultural heritage values of the site.                      |



## 5. Nature and Scope of Activities

The Riccarton Bush Trust administers a 7.8-hectare native bush remnant gifted by the Deans family to the people of Canterbury in 1914. The Trust also administers Riccarton House (built from 1856-1900) and its 5.41 hectares of grounds which includes Deans Cottage being the oldest house on the Canterbury Plains built in 1843. The House and grounds were purchased by the Trust from the Deans family in 1947. Incorporated under a 1914 Act of Parliament, the Riccarton Bush Trust is a Council Controlled Organisation (CCO) with operating funds provided by the Council in accordance with the Riccarton Bush Amendment Act 2012 and which are used to maintain and operate the Riccarton Bush, Riccarton House, Deans Cottage, and the grounds.

Part of Riccarton House is licensed to a commercial caterer and is used as a restaurant and event centre including wedding receptions and corporate functions. The Caterer also operates a weekly "Farmers" market which is very popular.

Much of Riccarton House is refurbished in 1900's Victorian style and guided Heritage Tours are available twice daily and by request.

Deans Cottage is open daily to the public at no charge, displaying life at Riccarton in the 1840s.

Riccarton Bush, the sole remnant of Kahikatea alluvial floodplain forest on the Canterbury Plains, has a predator proof fence and is open daily to the public at no charge. The Trust charges for organised eco-tours involving Riccarton Bush.

## 6. Governance

The Riccarton Bush Trust Board currently comprises nine members. The Christchurch City Council appoints five members, and the other three members are appointed by the Deans family (x 2) and the Canterbury Branch of the Royal Society NZ (x 1). A ninth member has been appointed by the Board.

### **The functions of the Board are to:**

- a) Appoint a chief executive officer
- b) Reappoint or replace a chief executive officer
- c) Specify the functions of the chief executive officer
- d) Establish broad lines of policy consistent with the Riccarton Bush Act (and amendments) for the guidance of the Chief Executive Officer
- e) Ensure that the Board's assets are maintained in good order and condition:
- f) Ensure that the Riccarton House and Bush are run effectively and efficiently.

The board has established three working parties to overview more closely the work of the Trust and report back to the Board with recommendations. These working parties are:

- Bush and Grounds
- House and Promotions
- Finance

## 7. Accounting Policies

The Trust has adopted accounting policies that are consistent with generally accepted accounting practices in New Zealand (NZGAAP). They comply with the Tier 2 Public Benefit Entity (PBE) standards for periods beginning on or after 1 July 2014.

## 8. Ratio of Shareholders' funds to total assets:

This ratio is not applicable as the total assets of the Riccarton Bush Trust are vested in the Trust and cannot be transferred. There is currently no debt.

The forecast capital structure for the next three years is:

	2023/2024 \$M	2024/25 \$M	2025/26 \$M
Equity	13.488	13.196	12.905
Debt	Nil	Nil	Nil

## 9. Performance Targets

### (a) Financial performance Targets

	2023/24 \$ (000)	2024/25 \$ (000)	2025/26 \$ (000)
Revenue	621	633	645
Operating Expenses	621	633	645
Operating surplus/deficit before depreciation	0	0	0

### (b) Non- Financial Performance Targets

1. Monitor Health and Safety practices in accordance with adopted policy to meet the requirements of the Health and Safety at Work Act 2015	
Community Outcomes	Community facilities and public places are safe, healthy, and welcoming
Performance Measure	<ul style="list-style-type: none"> <li>Report to each Board meeting</li> <li>Target results for all Trust activities, of: <ul style="list-style-type: none"> <li>Serious Harm incidents = 0</li> <li>Accident = 1</li> <li>Near Misses = 3</li> </ul> </li> </ul>
2. Monitoring and management of rodent activity in Riccarton Bush	
Community Outcomes	Unique landscapes and indigenous biodiversity are valued and stewardship exercised.
Performance Measure	Effective management resulting in observable decrease in activity

3. Bush Enhancements - Replace Board Walk and Improved Interpretation	
Community Outcomes	<ul style="list-style-type: none"> <li>• Our heritage is a taonga and should be collectively valued and protected, celebrated and shared.</li> <li>• Sites and places of cultural significance are respected and preserved</li> <li>• Arts, cultural, sporting and recreational opportunities are available to all our communities.</li> <li>• People have equitable access to open and green spaces across the city and district.</li> <li>• Unique landscapes and indigenous biodiversity are valued and stewardship exercised.</li> </ul>
Performance Measure	Works Completed by June 2024
4. Encourage public interest, use and participation and promote the natural and cultural heritage values of the site.	
Community Outcomes	<ul style="list-style-type: none"> <li>• Our heritage is a taonga and should be collectively valued and protected, celebrated and shared.</li> <li>• Sites and places of cultural significance are respected and preserved.</li> <li>• Arts, cultural, sporting and recreational opportunities are available to all our communities.</li> <li>• People have equitable access to open and green spaces across the city and district.</li> <li>• Unique landscapes and indigenous biodiversity are valued and stewardship exercised.</li> <li>• Celebration of our identity through arts, culture, heritage, sport and recreation.</li> </ul>
Performance Measure	<p>Inform the public and relevant interest groups about on-going activities of the Trust.</p> <p>Provide a quarterly report to the Board that detail the number of visitors that come to Riccarton Bush and Grounds. The reports will include marketing and social media summaries as well as year to date comparisons.</p> <p>Include in the 6-monthly and annual reporting to Council information on numbers of participants across the variety of Riccarton House and Bush offerings and provide comparisons over time as that information is compiled.</p>
5. Commit to meeting the goal of becoming net carbon neutral by 2030	
Community Outcome	Each person and organisation acts to reduce their impacts on the environment and minimise greenhouse gas emissions and waste.
Performance Measure	Work with Council staff to identify what is required to enable this outcome.

#### 10. Information to be provided to the Council

An Annual Report will be submitted to the Council. The Annual Report will include audited financial statements, including the report of the auditor, and such other details as are necessary to permit an informed assessment of the Trust's performance and financial position during the reporting period provided.

Half yearly reports will also be provided to the Council. These reports will contain unaudited information and comply with NZ IAS 34.

The Trust will include within its half year and year end reporting to Council details of the expenditure against the capital grant approved by Council.

The Annual report will outline the Trust's objectives and performance in terms of: Financial and non-Financial targets

The Statement of Intent will be submitted to the Council for consultation annually, as required by the Local Government Act 2002. The Trustees will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the Council.

The Trust will operate on a "no surprises" basis in respect of significant "Council interest" related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The Trust will provide information requested by the Council in accordance with the requirement of the Local Government Act 2002 and the Riccarton Bush Amendment Act 2012.

#### 11. Compensation sought from local authority

For the next three financial years the Trust is seeking funding from the Council in accordance with the Riccarton Bush Amendment Act 2012 to assist with the operation and management of the Riccarton Bush. The 2022 Valuation increased the insured value of Riccarton House from 9M to 21M. This has not been budgeted for and projected increases in income and tightening of the budget will not cover the increased insurance costs.

The operational levy proposed below are increased from last SOI to reflect the increased insurance levy.

	2023/2024	2024/2025	2025/26
CCC Operational Levy	409,214	416,838	425,175

Capital grants are also sought from the Council in the sums shown below:

	2023/2024	2024/2025	2025/26
CCC Capital grants	\$115,000	\$52,500	\$27,500

For financial year 2023/24 Capital grants are also sought from the Council to assist with the funding of the following projects:

- Bush Enhancements (New Boardwalk and path upgrade and improved interpretation)
- Ground Landscaping/Planting
- New Furniture and Fittings
- New antiques and furnishings
- Kitchen & Restaurant (Plant & Equipment)

## 12. General Information

### **Distributions:**

The Riccarton Bush Trust was registered as a charitable entity under the Charities Act 2005 on 26 May 2008 and as such, there will be no distributions.

### **Acquisition or Disposal of Shares or Assets:**

The Riccarton Bush Trust has no intention to acquire shares or dispose of any of the core assets.

### **Commercial Value:**

Given the charitable status of the Riccarton Bush Trust, the concept of the Trust having a commercial value is not applicable.





**Rod Donald Banks Peninsula Trust**  
**Te Pātaka o Rākaihautū**

**Statement of Intent**

**For the year**  
**1 July 2023 - 30 June 2024**  
**FY 2024**

**Rod Donald Banks Peninsula Trust Contact Details**

Registered office Christchurch City Council, 53 Hereford Street, Christchurch  
Postal Address: P.O. Box 5, Little River, Banks Peninsula 7546  
Email: manager@roddonaldtrust.co.nz  
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**Current Trustees**

Maureen McCloy 7 Victoria Park Road Cashmere Christchurch	Paul McNoe 2 Petworth Place Westmorland Christchurch 8025	Tyrone Fields 119 Somerfield Street Somerfield Christchurch 8024
Jennifer Chowanec 45 Rose Street Somerfield Christchurch 8024	Richard Suggate 16 Whero Avenue Diamond Harbour RD1 Lyttelton 8971	
Bryan Storey 36 Bay View Road Moncks Bay Christchurch 8081	Robert Frame 12 Doris Faigan Lane, Charteris Bay, R.D 1, Lyttelton 8971	

The list of Trustees is current as of 28 February 2023.

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## 1 Introduction

Rod Donald Banks Peninsula Trust Te Pātaka o Rākaihautū (RDBPT, the Trust) is a Council Controlled Organisation (CCO) as defined in the Local Government Act 2002 (LGA), and is a Trust for charitable purposes. It is governed by Trustees, the majority of whom are appointed by Christchurch City Council (CCC, the Council).

The negotiation and determination of a Statement of Intent (SOI) is a public and legally required record of the accountability relationship between the Trust and the Council.

This SOI is prepared in accordance with Section 64(1) of the LGA. It sets out the objectives, governance, nature and scope of activities, and targets and performance measures.

The SOI is reviewed annually by the Council and covers a three-year period.

## 2 Objectives

RDBPT exists for the benefit of the present and future inhabitants of Banks Peninsula and for visitors to Banks Peninsula.

Its founding deed gives it a wide set of objectives of sustainable management, and the protection, preservation and enhancement of the environment, recreation, culture and heritage. The objectives are listed in full in Appendix A.

In pursuing the objectives of the RDBPT, the Trustees are required to have regard to:

- a) the views of Te Hapū o Ngāti Wheke (Rāpaki), Te Rūnanga o Koukourārata, Wairewa Rūnanga, Te Taumutu Rūnanga and Ōnuku Rūnanga in respect to the value of Banks Peninsula's Mana Whenua, Mana Moana and Mana Tangata;
- b) the potential for alignment between the activities of the Trust and any existing or future projects or initiatives of the Council;
- c) whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government;
- d) the objectives, roles and activities of any other organisation engaged in similar activities on Banks Peninsula.

## 3 Governance statement

RDBPT is governed by up to nine Trustees, with up to seven Trustees appointed by the Council. The Trustees manage the affairs of RDBPT in accordance with their legal obligations, the objectives of the Trust and the terms of the RDBPT Trust Deed.

### 3.1 Guiding Principles

The Trustees' decisions reflect the following values:

- Leading - the RDBPT is a trusted and credible body making unique and courageous decisions and instigating projects
- Linking - the RDBPT focusses on the big picture issues of Banks Peninsula and links people and projects supporting their passion for Banks Peninsula.
- Enhancing - the RDBPT works as an entrusted steward/guardian enhancing the historic work of previous generations
- Enduring - the funds and work of the Trust are to be used to create an enduring legacy for Banks Peninsula.



In furthering these values, RDBPT adheres to the following principles:

- Respecting and engaging with Banks Peninsula communities
- Building high-trust relationships
- Transparency between partners
- No surprises, full disclosure
- Behaving in an ethical manner
- Being formal in its processes – with agreements documented and approved
- Assessing and measuring all its projects against its four strategic pillars
- Keeping the public and the Council informed through its website and annual newsletter.

### 3.2 Responsibility to the Christchurch City Council

In accordance with the LGA, the RDBPT will submit an annual SOI to the Council for consultation and approval. The SOI sets out the Trust's objectives, intentions and performance targets.

The Trustees will ensure that the Council is informed of all major developments affecting the Trust's state of affairs. Information will be communicated to the Council by the RDBPT through the annual report and the half-yearly report.

The Trust will endeavour to operate on a 'no surprises' basis for all issues of relevance to the Council. Early notice will be given to the Council of issues requiring its consent.

### 3.3 Subsidiary and Monitored Companies

The RDBPT has no investments in other companies.

### 3.4 Financial Results

The Trustees will receive and review the RDBPT's financial and other reports regularly, and will provide financial statements to the Council on a 6-monthly basis.

### 3.5 Distributions

RDBPT developed an investment policy in 2012 based on the eventual distribution of its entire capital fund and signalled then that the rate and method of this distribution would depend on the opportunities arising that matched the objectives. The investment policy is available on the Trust's website.

The Trust will update its investment policy to take into account the Council's capital and operational grant funding signalled in the Long Term Plan commencing in FY24.

## 4 Nature and Scope of Activities

RDBPT was named to honour the memory of former MP Rod Donald and his commitment to Banks Peninsula. The Trust's hallmark has been entrepreneurship and practical achievement, important values to Rod Donald. The RDBPT has and will continue to manage its funds well and use them to achieve outcomes that individual groups and projects cannot achieve on their own.

The RDBPT has crystallised its wide objectives into four strategic pillars; **Access, Biodiversity, Knowledge and Partnership**. These pillars are used as criteria to select and assess projects and underpin day-to-day work, and are set out in its Strategic Plan "**Striding Forward | Hikoi Whakamua 2020-2030**" available on its website.

The Trust held a Strategy Day in February 2023. The decisions at that meeting provide direction to this SOI. The Trust has a 2015 draft Walking and Cycling Strategy designed to more specifically guide its decision making on access projects. This strategy will now to be reviewed and finalised. The CCC Public Open Space

Strategy 2010-2040 provides a guiding framework for the this. The Trust anticipates working closely with the Council regarding the walking and biking framework for Banks Peninsula as the Public Open Space Strategy is reviewed and implemented.

RDBPT has identified securing public access as the most important enduring legacy for Banks Peninsula, and the one which it is uniquely positioned to progress. The Trust's independence and its capital base give it the ability to work more flexibly and rapidly to secure opportunities as they become available than many government bodies.

Access is often achieved in conjunction with protecting native biodiversity, developing well-marked tracks, providing public information, and always with partner participation.

Over the next three years RDBPT intends to continue carrying out activities of based on its four key pillars:

- Taking a leadership role to secure and extend public walking and biking **access** on a network of well-marked and managed tracks;
- Taking a support role to assist others to secure and enhance areas of native **biodiversity**;
- Taking a leadership role in the dissemination of **knowledge** with regard to public walking access and a support role with regard to biodiversity, culture and heritage
- Working in **partnership** with statutory and community bodies as appropriate on all of its projects.

Information on the projects and social enterprises through which the Trust intends to deliver on its four pillars are given in Appendix C.

#### 4.1 Impacts of Covid-19

The Trust benefited from the increase in domestic tourism due to the border closures following Covid-19 with an increase in the use of its Rod Donald Hut. This increase has continued in the period since Covid-19 restrictions ended. However, revenue from the sale of walking publications dropped due to the lack of international visitors, and Covid-19 made running the Banks Peninsula Walking Festival more difficult and less profitable. Revenue from brochure sales and the festival is a small proportion of the Trust's income so the decline in revenue over this period was not material. The distribution and sale of brochures has increased in the period since Covid-19 restrictions ended, and the 2022 Banks Peninsula Walking Festival was run successfully in November, with well supported and sold-out walks, although some walks unfortunately having to be cancelled due to adverse weather.

The Trust considers that its work is even more important in the period since Covid-19 restrictions ended. The lockdown demonstrated the importance and popularity of walking for mental and physical health for the people of Christchurch. Similarly, the opportunities presented on Banks Peninsula, close to the large urban population of Christchurch, benefit people now more often choosing to recreate and explore close to home. The benefits of this proximity and associated low costs of access have been amplified by the increased cost of fuel and travel, and the increased cost of living currently being experienced in New Zealand and worldwide.

The work of the Trust provides more and enhanced opportunities for outdoor recreation on Banks Peninsula within easy distance of the urban city, and provides a drawcard to bring more domestic visitors and international visitors to the area. This is being recognised in work being led by ChristchurchNZ to develop a Destination Management Plan for Banks Peninsula, with natural amenity, the natural environment, outdoor recreation, and proximity to the large urban population of Christchurch and its airport and other transport links being a key focus of discussions to develop the Plan.

## 5 Meeting Council's Enduring Expectations

RDBPT intends to meet the Expectations set out by the Council in the following ways:

## 5.1 Supporting Council strategic directions

### 5.1.1 Community Outcomes and Strategic Framework

The linkages between the Christchurch City Council Community Outcomes and Strategic Framework and the Trust's four pillars were worked through with the Council in 2019 and captured in a "Synergies, Priorities and Gaps" analysis. In summary RDBPT supports the Framework as follows:

**Table 1 Linkages between Council's Strategic Framework and RDBPT projects supporting its four pillars**

Council Framework	Rod Donald Trust project
<b>Strong Communities</b>	<ul style="list-style-type: none"> <li>Running the Banks Peninsula Walking Festival</li> <li>Mapping and promoting all the walks on Banks Peninsula</li> <li>Working with all agencies and landowner that provide walking and cycling to co-ordinate access links</li> <li>Securing long term access on public tracks</li> <li>Providing low costs facilities such as tramping huts</li> <li>Encouraging families and young people to explore and develop skills on Banks Peninsula</li> <li>Valuing the voices of children and young people by encouraging them to experience the outdoors and better understand the environment</li> <li>Strengthening the identity of the area by creating iconic long distance walks including Te Ara Pātaka</li> <li>Encouraging widespread participation and support of indigenous biodiversity conservation, including pest control, through grant funding to partner organisations</li> <li>Participating in a multi-agency group to open more opportunities for biodiversity recovery through carbon income, with a focus on Banks Peninsula as an exemplar</li> </ul>
<b>Liveable City</b>	<ul style="list-style-type: none"> <li>Promoting outdoor recreation opportunities close to the city</li> <li>Creating outdoor recreation opportunities that connect with public transport, where possible</li> <li>Assisting rural centres by developing, improving and promoting walking opportunities from these centres resulting in economic and other benefits</li> <li>Encouraging equitable access by securing public access to tracks and new reserve areas so that the opportunity to enjoy these natural assets is available to all</li> <li>Working to improve waymarking and signage on tracks and trails making it easier for people to use them</li> </ul>
<b>Healthy Environment</b>	<ul style="list-style-type: none"> <li>Protecting water catchment areas through land purchase</li> <li>Supporting purchase of land for biodiversity reserves with full public access, including significant landscape features and a range of indigenous habitats</li> <li>Creating connection for people with landscape and responsibility for natural environment through improved public access combined with biodiversity and promoting knowledge in these areas</li> <li>Demonstrating sustainable use of resources through the Rod Donald Hut experience</li> <li>Promoting low footprint activities on Banks Peninsula for Christchurch residents and visitors</li> <li>Supporting Banks Peninsula Conservation Trust and Pest Free Banks Peninsula enabling more biodiversity to be protected and implementation of the Ecological Vision for Banks Peninsula</li> <li>Supporting Conservation Volunteers NZ Whaka Ora Pest project</li> <li>Encouraging widespread participation in support of indigenous biodiversity by private landowners</li> </ul>

- |                           |   |
|---------------------------|---|
| <b>Prosperous economy</b> | <ul style="list-style-type: none"><li>• Providing a marketing tool, its website <a href="http://www.bpwalks.co.nz">www.bpwalks.co.nz</a>, used by organisations such as Christchurch NZ, Akaroa District Promotions and the Lyttelton Harbour Information Centre to attract visitors to the area</li><li>• Providing a range of safe, well documented family friendly and more challenging outdoor recreation on the doorstep of Christchurch, contributing a drawcard for new residents and visitors</li></ul> |
|---------------------------|---|

#### 5.1.2 Carbon neutral by 2030

The Trust signals its intention to be carbon neutral by 2030. It already:

- minimises travel through use of on-line meetings
- minimises travel through the use of car sharing
- encourages recreation close to home to help the public to minimise travel
- Educates people about the environment through real-life experiences, particularly at Rod Donald Hut
- Supports sequestration in biodiverse native forest.

In FY2024 the Trust intends to develop a plan with clear targets for reducing carbon in its own operations for implementation from FY2025.

#### 5.1.3 Value for Money

In its first 10 years the Trust has provided good value for money to Council and people of Christchurch, having almost the same equity in June 2021 as it at the end of first year of operation in June 2011 while achieving large gains for public access and biodiversity, promoting knowledge about the Peninsula and leveraging supportive partnerships pooling partner contributions for public benefit. The Trust intends to continue with these projects but notes that it is difficult to quantify the value of things such as enduring public access in financial terms.

#### 5.1.4 Health and Safety

The Trust maintains and regularly reviews its Health and Safety Plan, with updates being made as required. Health and Safety is a standing item on every Trust Board meeting agenda.

The Plan includes a provision to inform the Council of any events notified to Worksafe.

### 5.2 Accountability

The Trust welcomes the opportunity to present annually to the Council and/or the Banks Peninsula Community Board.

The Trust meets its statutory deadlines and will make efforts to report earlier where possible. The Trust publishes its Statement of Intent and Annual Report on its website.

As listed above in Section 5.1.1, the Trust's four pillars link to and support the Council's Strategic Framework, and in turn support the four well-beings in the LGA.

Transparency and no surprise are core governance principals.

All contractors engaged by the Trust are paid at rates above the minimum wage. The Trust has no employees.

### 5.3 Governance

The Trust complies with all relevant acts in running its business.

A 10 year asset plan is not considered necessary for the relatively low value assets owned by the Trust.

The Trust engages skilled locally based contractors wherever possible.

#### 5.4 Trustee Appointments

The Trust regularly turns its attention to succession planning.

The Trust aims to appoint as diverse a board as possible, while maintaining a good diversity of skills. The Trust currently reports to Council on the skillset of its Trustees at the time of appointing new Trustees, but does not report on any diversity measures. The Trust will consider skill aspects as well as mana whenua representation, gender and age in making its next set of appointments, expected to be in FY2024. Discussions currently taking place regarding how best to engage mana whenua in governance and governance appointments will inform our approach.

New Trustees undergo an effective induction process.

#### 5.5 Engagement and consultation

The Trust has worked with Christchurch Foundation and Lyttelton Port Company on the Te Ahu Pātiki land purchase, and signals its intention to strengthen its relationship with other CCOs in the coming year, including exploring opportunities for assistance or partnership in local carbon offset initiatives through its contribution to the Banks Peninsula Native Forest Climate Change group of partners.

The Trust will notify the Council of any property purchase or disposal while retaining the power to make its own sovereign decisions.

The Trust will seek approval from the Council if it intends to carry out activities outside of the Nature and Scope listed above.

The Trust will inform the Council External Governance manager of any submissions it makes.

The Trust's Risk Policy includes informing the Council of any issues or risks that might impact the Council.

#### 5.6 Engagement with mana whenua

The Trust has worked with mana whenua to name the Te Ara Pātaka tramping network, to celebrate the opening of new public facilities and reserves such as Rod Donald Hut and Purple Peak Curry Reserve, and to develop a new shared governance arrangement for Te Ahu Pātiki.

The Trust believes it does apply the principles of Te Tiriti to its everyday practices, but will continue to learn and embrace these principles further, and work with the Council's Principal Advisor Treaty Relations to develop its relationships with mana whenua.

### 6 Performance targets and measures

#### 6.1 Non-financial performance targets

This section lists the Trust's non-financial key performance indicators, and the goals from its 10-year Strategic Plan that the Trust intends to progress in the FY24 year.

See table below:



<b>Indicator 1</b>	<b><i>The Trust has determined four key pillars on which its projects will be based; Access, Biodiversity, Knowledge, and Partnerships.</i></b>
	Assess potential projects brought to the Trust's attention against these four pillars to determine whether they should be added as a Trust project, and action those that are deemed a priority
	Make submissions to relevant policy documents in support of the pillars.
<b>Indicator 2</b>	<b><i>Provide leadership and tangible support for the projects achieving Access through implementing the CCC Public Open Space Strategy.</i></b>
	A network of well managed walking and biking trails with long term secure public access that provide free walking and connect major communities.
	Te Ara Pātaka is nationally recognised as a walking route from Christchurch to Akaroa with a network of track connections.
	The Head to Head Walkway connecting Godley Head to Adderley Head is completed as a continuous and principally coastal pathway around Whakaraupō/Lyttelton Harbour.
	Unformed legal roads are valued and effective as a delivery tool for walking and biking.
<b>Indicator 3</b>	<b><i>Provide tangible support for biodiversity</i></b>
	Increase protection for areas with high biodiversity value in conjunction with public walking/cycling access; purchasing land if necessary.
	Active support for Banks Peninsula Ecological Vision goals to protect all old-growth forest remnants of more than 1ha, examples of all rare ecosystems and four indigenous forest areas of more than 1000ha each.
	Support the Pest Free Banks Peninsula group in its work toward Banks Peninsula being effectively free of pest animals.
	Address the Climate and Ecological Emergency through encouraging native biodiversity to regenerate on a landscape scale, assisted by its income from carbon sequestration where possible.
<b>Indicator 4</b>	<b><i>Provide tangible support for projects building the Knowledge pillar, and leadership around walking access knowledge.</i></b>
	Trails are used to educate people and connect them to the natural environment and mātauranga Maori with the aim of building environmental guardians.
	Regularly publish and update material on the walking and biking trails and work with other agencies to enhance their publications.
	Develop methods to transfer knowledge through events, on-line information channels and support for a Banks Peninsula Geopark.
	Promote information about the biodiversity, culture, heritage and geology of Banks Peninsula and its potential for carbon sequestration.
<b>Indicator 5</b>	<b><i>Provide tangible support for and work with a range of partners</i></b>
	Working in partnership with others to achieve greater outcomes than we could individually.
	Relationships with key stakeholders are formalised with appropriate agreements and delivering as agreed.
	Ngai Tahu's role as kaitiaki is acknowledged and supported through productive partnerships with Papatipu Rūnanga on Te Pātaka o Rākaihautū
	A mutually supportive partnership with Christchurch City Council recognising the Trust as an effective delivery vessel.

## 6.2 Financial performance targets

The financial performance targets for the next three years are based on the following assumptions

- Capital and operational fund injections take place as allocated in the current CCC Long Term Plan.

**Table 2 Financial Performance Targets**

	Note	FY24 2023-24	FY25 2024-25	FY26 2025-26
Operating Surplus				
Revenue	1	\$1,519,865	\$166,093	\$166,093
Trust Management	2	-\$100,341	-\$102,348	-\$104,394.96
Operating costs	3	-\$69,842	-\$70,998	-\$72,154
<b>Operating Surplus/(Deficit)</b>		<b>\$1,349,682</b>	<b>-\$7,254</b>	<b>-\$10,455.96</b>
Trusts Funds				
Opening funds	4	\$708,384	\$1,683,066	\$1,370,812
Operating Surplus/(Deficit)		\$1349,682	-\$7,254	-\$10,455.96
Strategic grants and project expenditure	5	-\$375,000	-\$305,000	-\$305,000
<b>Closing balance</b>		<b>\$1,683,066</b>	<b>\$1,370,812</b>	<b>\$1,055,356.04</b>

### Notes to Financial performance targets

1	Revenue in all years consists of interest income plus sales. In FY24 it also includes a capital grant of \$1,350,000 from Christchurch City Council. In FY24, FY25 and FY26 it includes an operating grant of \$100,000 per annum from Christchurch City Council
2	Trust Management reflects the cost of the current management contract and Trust administration contract
3	Operating costs include accountancy, insurance, audit fees, meeting costs, web hosting, strategic planning, minor projects (such as advocacy or web development), professional fees not separately budgeted, and the costs of goods and services sold, including the Trust's social enterprises.
4	The FY24 Opening Balance is based on the Trust's financial position at 29 June 2023 less an estimate for expenses and income in June 2022.
5	Strategic grants and project expenditure in 2023-24 includes projected funding for Banks Peninsula Conservation Trust and progressing the projects listed in Appendix C

The Trustees will report financial results as set out below in the 'Information to be provided to Council' section.

## 7 General matters

### 7.1 Information to be provided to the Christchurch City Council

The RDBPT will provide an annual Statement of Intent and a half-yearly report to the Council in accordance with Section 64(1) of the LGA.

The RDBPT will provide an annual report including audited financial and performance statements in accordance with Section 67 of the LGA.

The RDBPT has an Information and Records Management Strategy meeting its obligations under the Public Records Act 2005.

A separate annual newsletter will provide more information about the Trust's projects and will include any other information the Trustees consider appropriate.

The RDBPT will provide its annual report and newsletter to the Banks Peninsula Community Board for their information and, if invited by the Community Board, will attend an annual workshop or other meeting to discuss its activities and the respective Board activities. If called on by the Council it will hold up to two additional meetings per year with Community Board representatives.

## **7.2 Accounting policies**

The current accounting policies are consistent with NZ accounting standards and can be found in detail in the Trust's last annual report on its website.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non-current assets.

## **7.3 Acquisition of shares in any company**

RDBPT will notify the Council before acquiring securities or debt shares in any company.

## **7.4 Ratio of consolidated Trust funds to total assets**

RDBPT's funds are equal its total assets.

## **7.5 Estimate of distributions of accumulated profits and capital reserves**

The Trustees will explore options to attract funds from other sources to grow the trust fund and/or to serve the trust objectives.

## **7.6 Commercial value of the investment**

The commercial value of the investment is equal to the net assets of the RDBPT. The current cash asset of the RDBPT (as of December 2022) is approximately \$946,634 including cash and investments. The value of its equity including property and intangible assets is \$1,276,098 (at December 2022). The commercial value will be reviewed on a 6-monthly basis when the financial reports for the RDBPT are prepared.

## **7.7 Activities for which compensation is sought from any local authority**

Currently there are no activities for which compensation will be sought from any local authority.

## Appendix A Trust objectives

The RDBPT is a Trust for charitable purposes.

The RDBPT exists for the benefit of the present and future inhabitants of Banks Peninsula and for visitors to Banks Peninsula.

The RDBPT's activities will focus on the area within the district which was administered by the Banks Peninsula District Council immediately prior to its amalgamation with the Christchurch City Council (the Banks Peninsula area). A map of the Banks Peninsula area is included as Appendix B to this Statement of Intent.

The objectives of the RDBPT are:

- (a) to promote sustainable management and conservation (consistent with the purposes and principles of the Resource Management Act 1991 and the Conservation Act 1987 and any replacement legislation) of the natural environment in the Bank Peninsula area;
- (b) to establish, support or facilitate environmental based projects that are focussed on:
  - (i) the maintenance and development of recreation facilities including parks, reserves, walkways and affordable camping grounds in the Bank Peninsula area;
  - (ii) providing public access to recreation facilities including parks, reserves, walkways and affordable camping grounds in the Bank Peninsula area;
  - (iii) the reinstatement and preservation of native vegetation in the Bank Peninsula area;
  - (iv) the enhancement of the natural biodiversity of the Bank Peninsula area;
  - (v) the restoration of the Bank Peninsula area waterways to their natural state; and
  - (vi) the protection of native endangered species present in the Bank Peninsula area;
- (c) to establish, support or facilitate projects that are focussed on the protection, preservation and enhancement of areas of historical or cultural significance, or the built heritage of the Bank Peninsula area;
- (d) to undertake or facilitate in any other way research projects or scientific enquiries to carry out the Objects;
- (e) to provide educational opportunities to further the public's understanding or enjoyment of the natural, historical and cultural qualities of the Bank Peninsula area;
- (f) to commission or otherwise support research and monitor projects relating to the status and quality of the natural and physical environment throughout the Bank Peninsula area;
- (g) to purchase or lease land to:
  - (i) carry out any improvements on land for the sustainable management of the environment or more general environmental or conservational purposes of the Trust,
  - (ii) provide facilities or opportunities for the educational purposes of the Trust;
- (h) to source and allocate funds for projects which support, promote or otherwise contribute to the Objects;
- (i) to seek the support and involvement of appropriate persons, organisations and agencies, (including the Christchurch City Council) and work alongside or collaboratively with such persons, organisations and agencies to carry out the Objects;
- (j) to hold seminars, tutorials and lectures within the Bank Peninsula area and throughout Canterbury to demonstrate research relating to the objects, and to encourage the public to become involved with or to generally promote the aims and purposes of the Trust to the community;

- (k) to carry out any other charitable purpose which is capable of being carried out in connection with the Objects or may directly, or indirectly, advance the Objects;
- (l) to raise money and to seek, accept and receive gifts, donations, grants, endowments, legacies and bequests of money or in kind for the Objects; and
- (m) to do all such other acts and things that are incidental or conducive to the attainment of the Objects.

In pursuance of the objectives of the RDBPT, the Trustees are required to have regard to:

- (a) the views of Te Hapū o Ngāti Wheke (Rāpaki), Te Rūnanga o Koukourārata, Wairewa Rūnanga, Te Taumutu Rūnanga and Ōnuku Rūnanga in respect to the value of Banks Peninsula's Mana Whenua (Land), Mana Moana (Waterways) and Mana Tangata (People);
- (b) the potential for alignment between the activities of the Trust and any existing or future projects or initiatives of the Christchurch City Council;
- (c) whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government;
- (d) the objectives, roles and activities of any other organisation engaged in similar activities on Banks Peninsula.



## Appendix B Trust's area of interest

The map below shows the area formerly administered by Banks Peninsula District Council. The Trust's deed directs that its funds are to be used to achieve objectives within this area. Opportunities to potentially expand this area of interest to include the whole Banks Peninsula geological landform were discussed recently by Trustees and are intended to be further explored with Christchurch City Council in the first instance, including discussions regarding the benefits of this and what steps would be required for this to be achieved.



## Appendix C Project detail

The following are projects which are either in progress and will continue into FY2024 and beyond, or new projects to be implemented in FY2024.

### C.1 Te Ahu Pātiki Conservation Park

The Te Ahu Pātiki Conservation Park came about as the result of a land acquisition and fundraising campaign undertaken by the Trust. On 1<sup>st</sup> July 2021 this resulted in the Trust becoming the owner of approximately 500ha of land, including the summits of Mt Herbert and Mt Bradley, the two highest summits in the Christchurch City territorial area. This has allowed for the creation of a public conservation park protecting biodiversity and with full public access.

During 2021-22 the Trust achieved protection of the land in perpetuity and its native biodiversity by way of a QEII conservation covenant and secured non-motorised public access on all tracks on the land by way of an easement with the Walking Access Commission, both registered on the land title. The Trust formed a close partnership with Te Hapū o Ngāti Wheke, who hold mana whenua over the area and the neighbouring property Orton Bradley Park. The partnership set up a new Te Ahu Pātiki Charitable Trust to own, govern and manage the land. The land, and all remaining donations and grants, were transferred to this new Trust in September 2022.

The Rod Donald Trust may continue to be involved by way supporting particular projects on the property at the request of the Te Ahu Pātiki Trust, and with its work to support the Te Ara Pātaka walkway which passes through Te Ahu Pātiki. It is intended that an agreement will be signed between the four parties involved in Te Ara Pātaka – the Christchurch City Council, the Department of Conservation, the new Te Ahu Pātiki Trust, and the Rod Donald Trust. The Rod Donald Trust appoints two members to the Te Ahu Pātiki Trust Board.

### C.2 Te Ara Pātaka (Summit Walkway)

This is a multi-day tramp connecting Lyttelton and Akaroa craters via the summit ridgelines of Banks Peninsula, with a network of tracks linking to valleys below. The tramp was formally opened in 2016 and is proving popular, including with many families and youth groups from Christchurch. Overnight accommodation is provided at the Rod Donald Hut and the Sign of the Packhorse Hut.

Ongoing work includes securing an easement from the new Te Ahu Pātiki park to the Sign of the Packhorse Hut across neighbouring land as well as the maintenance of tracks not covered by DOC or the Council. A new track from Orton Bradley Park to the Mount Herbert Saddle has created improved year-round access from Orton Bradley Park. Standardisation, minimisation or the removal of seasonal closures for lambing is a high priority, and track improvements and signage improvements will be areas of particular focus.

The Trust seeks to extend Te Ara Pātaka to Akaroa. Options to do so will be the subject of reporting and consideration by the Trust. One option is to extend the track to Wainui with a water taxi to Akaroa and/or around the Southern Bays. Other routes on the Akaroa side of the Harbour are also being considered, and decisions on the preferred route will be made in FY2024. Connections to Little River and synergies with the High Bare project are to be explored, including the use of unformed legal road to link Te Ara Pātaka to High Bare when public access across the High Bare land and on to Little River has been secured.

The Trust has recently agreed a new Memorandum of Understanding with the Department of Conservation regarding Te Ara Pātaka, and a new four way agreement is being developed to document the complexities of a network of tracks which crosses multiple land ownerships which is jointly marketed by DOC and the Trust.

### C.3 Managing and maintaining existing assets

The Trust has built up a suite of assets that it intends to continue managing and maintaining. These include the Rod Donald Tramping Hut on Te Ara Pātaka, walking information products, and the Banks Peninsula Walking Festival.

#### C.3.1 Rod Donald Hut

Rod Donald Hut is owned and managed by the Trust and provides one of the overnight stays on Te Ara Pātaka. Fees are charged through the Department of Conservation booking system. The Trust intends to continue running the hut as a social enterprise on an ongoing basis, to use it to build goodwill with youth groups and other organisations, act as a front face for the Trust and work toward meeting all of its costs, including oversight by the Trust Manager.

Major maintenance on the Hut is carried out on an annual basis. In FY24 this will include maintenance of water systems, toilet facilities and work to improve the interior and deck of the Hut. Consideration will also be given in FY24 to whether accommodation provision could be extended to provide a small number of tent camping sites for walkers, and whether a short nature walk suitable for families could be created allowing passive education of Banks Peninsula biodiversity.

#### C.3.2 Walking information products

The Trust has developed the Banks Peninsula Walk Directory, available both in print and on-line, and a suite of walking brochures. Again, these products operate as a social enterprise, and the Trust intends to continue this as it also builds goodwill and enhances the Trust's profile.

Work over the three-year timeframe may include a new brochure for Wairewa, particularly if the High Bare project and associated linkages to Te Ara Pātaka are successfully developed.

#### C.3.3 Banks Peninsula Walking Festival

The Banks Peninsula Walking Festival is a community collaboration led by the Trust and Little River/Wairewa Community Trust. It has been run annually in November since 2013 and built up a strong reputation and following. The Festival aims to cover its costs through grants and ticket sales. Grant funding has been provided by the Christchurch City Council and Selwyn District Council. The main cost is the Festival Co-ordinator, a position contracted through the Trust. The Trust has recently committed to running the Festival for a further three years, this longer timeframe allowing for better planning, and greater certainty of resources.

### C.4 Supporting Head to Head walkway in in Whakaraupō Lyttelton Harbour

The Trust participates in the Head to Head Working Party, a sub-committee of the Banks Peninsula Community Board. The Trust's primary role is finding access routes to connect existing Head to Head walkway sections where there is currently no public access available, subject to the agreement of the Working Party in which it participates. It does not anticipate purchasing land to facilitate the Head to Head walkway, but may negotiate easements or make use of formed and unformed legal roads. The Trust is currently working towards being able to progress an easement across Living Springs, and has investigated other opportunities on the south side of Lyttelton Harbour which could be pursued. The Trust will look to formalise its relationship around the Head to Head walkway with an MOU or other appropriate agreement with Council. The Trust has made an offer of partnership in this area to the Banks Peninsula Community Board, and intends to play a full role in the Head to Head Working Party subject to appropriate partnership arrangements being agreed.

### C.5 Supporting Banks Peninsula Ecological Vision

The Trust is a signatory to the Banks Peninsula Ecological Vision. The Te Ahu Pātiki conservation park in the Lyttelton Harbour/Whakaraupō basin fills the missing link to create over 1700ha of continuous land protected for biodiversity. It therefore significantly contributes to the Banks Peninsula Ecological Vision's goal of securing four areas of contiguous 1000ha protected land.

The Trust has an ongoing grant commitment to the Banks Peninsula Conservation Trust running through to March 2024 to support its Volunteer and Habitat Protection programmes, in support of the Ecological Vision.

#### **C.5.1 Banks Peninsula Pest Free 2050**

The Trust along with Department of Conservation, Banks Peninsula Conservation Trust, Christchurch City Council and others have signed the Banks Peninsula Pest-Free Memorandum of Understanding, incorporating the government's NZ Predator Free programme. The Trust has supported this initiative to date with grants for the now near-complete feral goat eradication programme, a grant enabling trialling of a new feral pig eradication methodology, and an interim Pest Free co-ordinator position managed by Banks Peninsula Conservation Trust, but further funding has not been allocated or forecast. The Trust will keep a watching brief on progress and will consider allocation of funding and funding mechanisms to support future initiatives to control pests on Banks Peninsula, including control and eradication of feral pigs, feral deer and feral goats.

#### **C.6 Building knowledge of carbon sequestration income to support native biodiversity**

The Trust is involved in the Banks Peninsula Native Forest Climate Change Group, an informal group of representatives of various organisations developing knowledge about carbon sequestration using native biodiversity. A particular consideration is how income derived via the ETS system may be used to assist with leveraging more native regeneration across Banks Peninsula along with supporting Banks Peninsula Conservation Trust and landowners involved with conservation activities. Members of this collaborative group include representatives from DOC, CCC, ECAN, QEII National Trust, BPCT, Manaaki Whenua/Landcare Research, Federated Farmers, Hinewai Reserve, Lucas and Associates landscape planners, Carbon Crop and High Bare Peak Ltd.

#### **C.7 Developing new walking/biking opportunities around Little River**

There are currently no public off-road walks departing directly from Little River except for the Little River Rail Trail. The Trust is seeking to create an off-road connection to Rod Donald Hut and links to Te Ara Pātaka from Little River.

##### **C.7.1 High Bare**

This large block of land near Little River has been acquired by a group of owners who have formed a Company, High Bare Peak Limited - a privately held company which was created to acquire and restore the land. The land will be managed in a way that allows it to regenerate naturally with native bush and the intention is to covenant the land, or parts of it, for protection under the QEII Trust. The invasive species on this land, the public conservation land beside the Little River Rail Trail, and another adjacent large block of land bordering Lake Forsyth (also planned for covenanting under QEII) are being managed under one overarching conservation project. This project will not actively plant native species, as there are local seed sources nearby. Continually removing the invasive species creates space for the native plants to grow into, and the less noxious exotic species may be left temporarily as nursery plants.

The owners of the land have approached the Trust regarding creation of public access, recognising that this is a particular strength of the Trust and an opportunity to work in partnership. There have been a number of site visits, most recently in December 2022 when some Trustees and the Trust Manager explored the land including walking to the High Bare summit. Access opportunities include the opportunity for off-road access from the Little River township to the Little River Hotel, access from Morrisons Road, Council Hill Road and SH75, a short walk parallel with the highway, a shorter family-friendly loop track, a longer loop track not including the peak, a loop walk including the peak, and access opportunities to link with Te Ara Pātaka along the ridgeline from the High Bare summit using unformed legal road.

The owners of the High Bare Peak land are keen to pursue opportunities for public access, potential for camping or hut accommodation, and the creation of public access over parts of the land. They are clear in their intention to partner with the Trust in doing so. The opportunity to link with Te Ara Pātaka allows for

side tracks to and from Little River to be created as part of a wider network, and could potentially link Little River with Lyttelton and Akaroa as Te Ara Pātaka is further developed and completed.

It is the Trusts' intention to pursue this access and biodiversity project as a high priority in FY2024.

#### **C.7.2 Little River Rail Trail**

The Little River Rail Trail links the City's Major Cycle Routes with Little River across land administered by the Christchurch City Council, the Selwyn District Council, the Department of Conservation, and Environment Canterbury. These agencies also maintain and upgrade the Rail Trail as necessary. The Rod Donald Trust (RDT) has been approached by the Trustees of the Little River Rail Trail Trust (LRRTT) with a view to the LRRTT being formally wound up, and the assets and responsibilities of the LRRTT being transferred to the RDT. The RDT has agreed in principle to do so, subject to certain conditions. The transfer of the promotional and coordinating responsibilities associated with the Little River Rail Trail to the RDT, with appropriate agreements put in place with the landowning agencies, would allow for the current arrangements to continue under the administration of RDT. The Little River Rail Trail is an important recreational access route from the City to Banks Peninsula, and links with other recreational opportunities being considered in the Little River area. Decisions regarding the future geographical scope of the Trust's responsibilities, may influence the role the Trust takes with respect to the Rail Trail.

It is the Trust's intention to finalise matters relating to the transfer of the Little River Rail Trail in FY2024.

#### **C.8 Partnering with the Summit Road Society**

The Summit Road Society is developing the John Jameson lookout as a viewpoint and highly accessible entranceway to its Ōhinetahi Reserve and network of associated tracks. The Trust intends to support this project through track improvements when the Summit Road Society is ready, and has acted as agent in procuring funding to do so.

#### **C.9 Building stronger relationships with Council and others**

The Trust sees the need for an ongoing entity to advocate for Banks Peninsula tracks and trails, support agencies, develop an associated volunteer network, and to ensure that Banks Peninsula's role as a walking and biking destination for residents and visitors grows with high quality and well-maintained tracks, and enhanced biodiversity and is seeking ongoing funding from the Council so that it can continue to fulfil this role.

The Trust is working to build a stronger relationship with the Council through shared projects, including:

- working with Council staff to improve the signage, waymarking and maintenance of peri-urban tracks around Akaroa, Diamond Harbour and the Lyttelton settlements to match the Trust's popular brochure series.
- working with Strategic Planning staff to improve walking linkage planning through the Council's current Public Open Space and Biodiversity strategies, and making use of some unformed legal roads where appropriate.
- Working with ChristchurchNZ as it develops the Banks Peninsula Destination Management Plan.

The Trust has formalised its relationship with Department of Conservation through a shared MOU, and this is a living document that is added to as new projects develop. It has also developed an MOU with the Te Pātaka o Rākaihautū/Banks Peninsula GeoPark Trust and with Stuff Limited.

The Trust has recently acted as agent in procuring funding for the Geopark Trust to install interpretation signage in Governors Bay, and will work with the Geopark Trust when it is ready to do so.



## TE KAHA PROJECT DELIVERY LIMITED



**FY24-26**

## STATEMENT OF INTENT

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**HE MIHI**

*E ngā mana, E ngā reo, E ngā mātā waka o ngā hau e whā*

*E mihi ana, e mihi ana, e mihi ana*

*Ngāi Tahu, kei te mihi. Ngā Mana Whenua, e mihi ana.*

*Nā rātou te whenua i tiaki ai. Nā rātou ngā tikanga i kawē ai.*

*Ki ta matou whanau ki te Kaunihera o Ōtautahi: Christchurch City Council*

*Tēnā koutou e rangatira ma*

*Nau mai ki tēnei kōrero rautaki.*

*The whakataukī rings loud and true and speaks to the importance of all of us in this mahi.*

*He waka kōtuia e kore e wāwāhi*

*A waka correctly bound will never break apart.*

## FOREWORD

Te Kaha is the last of the 16 Anchor Projects considered necessary to regenerate the city centre of Christchurch following the catastrophic sequence of major earthquakes that devastated the city in 2010 and 2011.

Te Kaha is important for the hearts and minds of the community and a place of pride, whanaungatanga, unity, belonging and cohesion for all. It will also be fundamental to bringing additional investment and economic growth to the region, promoting Canterbury as an attractive place to work, study, live and visit, and accelerating levels of investment and relocation of businesses to the Christchurch Central City Business District.

A jointly funded project between Government and the Christchurch City Council, the successful delivery of the project will be through partnerships built on trust, collaboration, and engagement. Te Kaha Project Delivery Limited, the entity created to deliver the project, feels it is a great privilege to be responsible, on behalf of the community, to deliver this important symbol for our city, in partnership with Venues Ōtautahi and the Christchurch City Council.

In July 2022, the Christchurch City Council approved the recommendation from the Te Kaha Project Delivery Limited Board to enter into the Design & Construct contract with Besix Watpac and to delegate project delivery and commissioning by April-2026 for up to a total project cost of \$683m.

This Statement of Intent covers our responsibility to proactively govern the delivery of Te Kaha while also supporting Christchurch City Council fundraising for and Venues Ōtautahi commercialisation of Te Kaha.

Ngā Mihi,

Barry Bragg

Chair, Te Kaha Project Delivery Limited



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## INTRODUCTION

Te Kaha Project Delivery Limited is the Council's delivery company responsible for the delivery of the Te Kaha project.

Te Kaha Project Delivery Limited is a Council-Controlled Organisation (CCO) for the purposes of the Local Government Act 2002 and a public benefit entity for tax purposes. The company is fully owned by the Council. It was registered and began operations in FY20/21.

This Statement of Intent (SOI) is prepared by Te Kaha Project Delivery Limited in accordance with Section 64(1) of the Local Government Act 2002 and in response to the Christchurch City Council's (COUNCIL) Letter of Expectations.

This SOI specifies the planned activities and intentions of Te Kaha Project Delivery Limited for the Design and Construct (D&C) phase. It includes information on key deliverables, financial information, and performance measures and targets to enable organisational accountability and transparency.

The SOI is a public and legally required document which is reviewed and agreed annually with the Company's sole Shareholder, the Christchurch City Council (Council).

This Statement of Intent (SOI) is considered in two respects:

1. It is a document that is tactical rather than strategic. The strategic decision is one that has been made by Council – to build Te Kaha, a Multi-Use Arena for the people of Canterbury and indeed the community of New Zealand. The strategic objectives set out in the SOI have been set by Council.
2. Being tactical, the SOI has a defined deliverable within a defined period. The SOI is therefore written to cover the period until the completion of the project by April 2026 and the decommissioning of the Project Delivery Company – anticipated to be during the 2026 calendar year. This SOI therefore covers a 3-year period, and it will be presented for approval each year during that period.

Inherent in the above is the Te Kaha Project Delivery Limited will have fulfilled its governance role with the commissioning of the arena, and the formal handing over to the Council and to the Operator, Venues Ōtautahi Limited (VŌ), a further strategic decision already taken by Council.

## NATURE AND SCOPE OF OPERATIONS

The Te Kaha Project Delivery Limited is responsible for the governance of the delivery of the Project from planning, design, execution, monitoring and control through to practical completion. It will actively identify, quantify and mitigate risks in a timely manner to the Council as the accountable agency for the delivery of the Project, including (without limitation) financial risk, delivery risk and reputational risk. It will also support the Council and Venues Ōtautahi to maximise opportunities to obtain third party contributions to the Project, including sponsorships.

The Te Kaha Project Delivery Limited will be wound up following completion of the Project and the subsequent evaluations of the process, with the ongoing benefits and risks of ownership and operations transferring to the Council and/or Venues Ōtautahi (the Te Kaha Operator).



## PURPOSE

The **purpose** of Te Kaha Project Delivery Limited is accordingly very straight forward –

‘To govern the delivery of Te Kaha, being a multi-use arena, to meet the target specification, approved budget and by April 2026 to enable Venues Ōtautahi to operate Te Kaha to deliver the strategic objectives for the Canterbury region as defined by Council.’



## VISION

The **vision** of Te Kaha Project Delivery Ltd, while driven by **purpose**, is somewhat more aspirational, albeit limited by cost ceilings and physical specification requirements established by Council.

The vision of Te Kaha Project Delivery Ltd is – ‘to build a multi-use arena, the envy of other regions that provides a stage for Venues Ōtautahi to host events delivering for our community and visitor’s experiences they want again and again’.

*‘To build a world class multi-use arena that is a place of pride, whanaungatanga, unity, belonging and cohesion for all’*

Achievement of this vision will ensure the Strategic Objectives set by Council as defined in the Te Kaha Investment Case are delivered:

- Additional investment and economic growth to the region;
- Promotion of Christchurch as an attractive place to work, study, live and visit;
- Providing Christchurch with more major entertainment venues accessible to families and other residents; and
- Accelerated levels of investment and relocation of businesses in the CBD.

It will also provide the people in our region a facility that puts our community and region on the international stage.

To achieve this, it is critical that Te Kaha Project Delivery Limited work closely with Christchurch City Council and Venues Ōtautahi to ensure Te Kaha delivers on the investment case in terms of short and long term operational effectiveness and efficiency. This means the Te Kaha Project Delivery Limited must consult with Venues Ōtautahi on the “whole-of-life” cost approach balancing capital costs, operating costs, and periodic refurbishment costs.

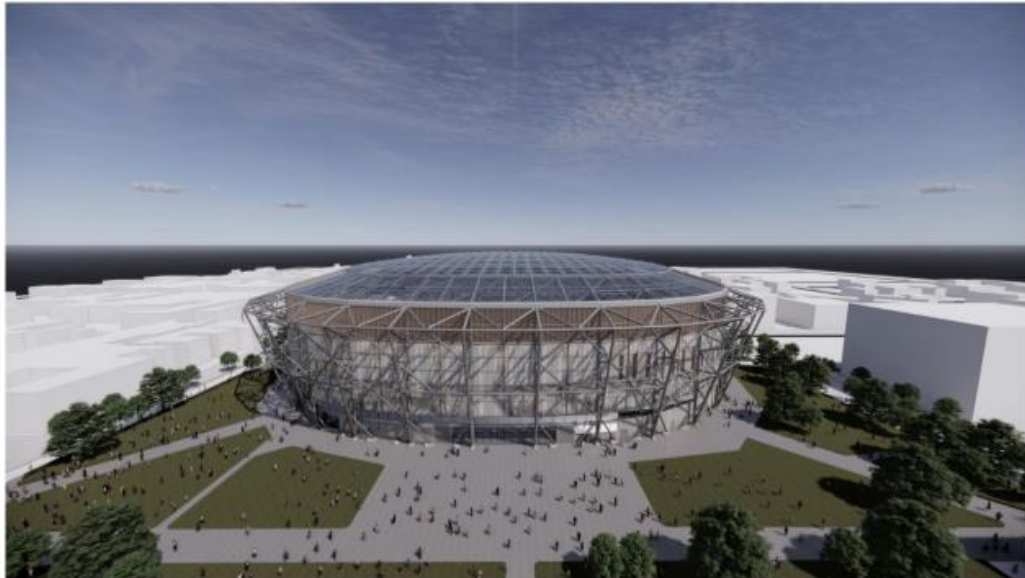
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#### PARTNERSHIP

An important **principle** recognised within this Statement Of Intent is the three-way partnership – Christchurch City Council, Te Kaha Project Delivery Limited and Venues Ōtautahi to deliver the project. This partnership must be effective and underpinned by trust, commitment, cooperation, understanding and shared values. Anything less will see an outcome falling short of the aspirations that all three partners have for Te Kaha. This will deliver an inherently Canterbury venue and experience that is the pride and delight of all.



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Item 13

Attachment E

## GOALS

To achieve its **purpose** Te Kaha Project Delivery Limited will:

- Deliver Te Kaha by the target delivery date of April 2026;
- Ensure that the total operational and capital project cost does not exceed budget;
- Meet contracted delegations, NZ legislation and regulations and NZ Construction Industry best practice;
- Adopt/exceed NZ Construction Industry best practice standards for health, safety, and wellbeing of all involved in the project;
- Deliver a sustainable approach to the design and construction of Te Kaha;
- Ensure that the arena recognises and reflects the inherent connection with Ngāi Tūāhuriri as mana whenua; and
- Respect the names gifted being Te Kaha for the arena and Te Kaharoa for the whenua surrounding and within the arena.

To achieve its **vision** Te Kaha Project Delivery Ltd will:

- Build an arena that has the following parameters;
  - 25,000 permanent seats; 5,000 temporary seats, to attract national and international content
  - Covered arena – that allows for year-round events
  - Is truly multi and flexible in its use – i.e. it is not predominantly a sports field but is an indoor arena suitable for use for a broad range of entertainment events, social events, seminars, and meetings; and a stage for a variety of turf-based sports
  - Acoustic quality – a key to providing a viable facility. It must host premium events on a regular basis and must be designed to manage the acoustic quality
  - Designed and built to be consistent with a 4 Star Green Star rating
- Provide an uplifting experience: for those participating; for those bringing events to the arena; and for those attending for recreation, enjoyment, and business;
- Appropriately balance the capital cost of initial construction, the cost of operations, and the cost of refurbishments over the life of the arena;
- Ensure Te Kaha is resilient both to physical events, and to changing market demands over its planned useful life; and
- Ensure Te Kaha is accessible to all in the region – addressing both access for those with disabilities, and ease of access for all in terms of transport, equipment, and elective media.

If the goals for the project are achieved, Te Kaha Project Delivery Limited will deliver the strategic outcomes the Council has had in making the decision to build the arena:

- Create a legacy asset that instils a sense of pride and ownership amongst Cantabrians;
- Stimulate the region's economy, including attracting domestic and international visitors;
- Enable the region to attend a range of major events across the calendar year, including concerts and other entertainment activities, community and business events, and sporting events;
- Increase the vibrancy of the central city business district, and support the connection of Ōtautahi Christchurch with its surrounding region;
- Provide confidence to the investment markets to invest further in the central city business district; and
- Enhance the region's social, cultural, entertainment and sporting reputation and identity.

## APPROACH

Core to the achievement of our purpose and objectives is our charter, which drives our way of working both internally and externally with partners.

We are ambassadors for Council and the Te Kaha Project and our united purpose is to deliver a uniquely local venue and experience that is the pride and delight of the people of Canterbury.

Te Kaha Project Delivery Limited commits to upholding the intent of Te Tiriti o Waitangi (The Treaty of Waitangi). Te Kaha Project Delivery Limited acknowledge Ngāi Tūāhuriri as mana whenua and will commit to working with Ngāi Tūāhuriri and other local stakeholders in the project delivery and in building the narrative and symbols at, surrounding and leading to Te Kaha.

To enable us to achieve our vision and purpose, as a team, we commit to the following:

Kia atawhai ki te iwi – wellbeing

- *We will look out for and after each other and celebrate/enjoy the successes.*

Kia pono te korero – connectedness and communication

- *We will be present, open, straight-talking, and respectful.*

Kia kotahi te hoe o te waka – stakeholder alignment

- *We will understand stakeholder expectations and build confidence through compelling narratives.*

Whakamana tangata – enabling action

- *We will provide effective leadership, get the right people in the room, and make decisions.*

Kia aukaha, kia toitū te mahi – excellence and sustainability

- *We will blend innovation and creativity with the facts, evidence, and data to deliver lasting excellence and sustainability.*



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## PRINCIPLES

The below **principles** remain core to the design of Te Kaha. All decisions considered will be underpinned and tested against these core principles:

- Commercial Viability/Competitive Advantage - Commercial viability is a core venue design fundamental. In the best interests of the city, the venue must be competitive in the National and Australasian markets and able to attract and retain multi-faceted and large-scale events. The Te Kaha design must also consider the future of events and future-proof Te Kaha to be competitive and ahead of the game for the future.
- Operational Functionality - operational functionality underpins the guest and client experience and the commercial viability of the venue. If guests or clients have a poor experience attending or hosting an event, they will be unlikely to return, hence having a detrimental impact on the success of the venue. Key design principles should maintain fundamental ease of access to amenities and smooth and easy venue ingress and egress.
- Guest Experience - albeit the guest experience is an outcome of operational functionality including access to amenities, ease of movement and ingress and egress flow, the quality of the acoustics, comfort of the surrounds and quality, variety and consistency of the corporate and retail food and beverage offering it is fundamental to the success of the venue.
- Multi-Use - to maximise the opportunity for the city to be competitive in attracting a high volume of top-quality events in a range of genres, the venue must be genuinely a multi-use venue. A genuinely multi-use arena is a competitive point of difference for the city and future-proofs the venue both from a diversity of revenue stream perspective but also from a future of events perspective.
- As an example, e-sports is the fastest growing sport in the world with each major tournament netting millions. E-sport organisers are seeking 25,000 – 30,000 capacity closed roof venues and demand internationally is greater than supply. With most tournaments running for three days and most players and guests being visitors to the host city and country, this is a significant opportunity for Christchurch and the venue.
- Sustainability – to pursue and demonstrate a sustainable approach to the design and construction of Te Kaha and ongoing operation.
- Accessibility and Inclusivity – assuring and enabling the same experience for all members of the community is a core design feature of Te Kaha. All aspects of design will be underpinned by the consideration of enabling and enhancing the experience of all visitors and users of the venue.





#### KEY PROJECT ACTIONS

To achieve the **goals, vision** and **purpose** as set out in this SOI, the Company will take the following **key actions**:

##### 1. Governance

- Clearly define, and agree with Council, the delegation's hierarchy as between Council, Te Kaha Project Delivery Limited Board and Project Organisation.
- Provide expert advice to Christchurch City Council as principal to the Design & Construct Contract ("D&C") with BESIX Watpac.
- Identify and mitigate or manage works connected with the PCSA and D&C phases of the project, including reporting regularly to the Council on the management of all significant works and significant project risks.
- Develop and manage processes to provide assurance the project is progressing according to plan and ensure regular reporting by project management to the Te Kaha Project Delivery Limited Board; and from the Te Kaha Project Delivery Limited Board to Council in relation to progress against the overall project plan and budget.
- Convene processes to use external project auditors; probity auditors; and peer reviewers as necessary to provide an agreed level of independence to the Council.
- Contribute to the Council strategic framework outcomes of liveable city, resilient communities, healthy environment, and prosperous economy.

##### 2. Creating Something Special

- Ensure time and effort is given to challenging the design and the construction team to identify opportunities to create something special for the people of Canterbury, for promoters of events and sporting users, for competitors, for entertainers, and for community and business users.

##### 3. Project Management

- Prepare a detailed project plan that identifies activities; timelines; and financial budgets from the inception of the project to completion of the project.
- Provide oversight of all contracts, expenditure, and progress during the PCSA and the D&C phases of the project.

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- Ensure compliance with all legislation, Council procurement policies and costs of practice of public sector entities during the project.
- Ensure compliance with the Council request to exercise restraint in respect of executive remuneration and pay our people a fair wage, with a commitment from Te Kaha Project Delivery Limited and PCSA/D&C contractors to at least the living wage for all staff (i.e. including fixed-term staff).
- Provide local procurement opportunities where practical and commercially feasible for local stakeholders including mana whenua.
- Consult with Venues Ōtautahi and key stakeholders during the D&C stage to ensure the design specifications will deliver the **goals** set out in this Statement Of Intent.
- Ensure the project is delivered within the approved budget; within the agreed timelines; and to a quality that meets the **goals** set out in this Statement Of Intent.

#### 4. Financial Management

- Ensure the project is properly costed with appropriate allowance for both cost escalation over the life of the project, and contingencies for variations during the life of the project.
- Ensure in establishing the initial capital expenditure (as evidenced by PCSA and D&C in aggregate) whole-of-life costs (both operating and refurbishment) are considered to minimise the total costs of the project.
- Ensure the project remains within the initial budget agreed with Council. Where there is risk the budget will be exceeded, disclose and discuss this with Council prior to any approval for such additional expectation is given.
- Ensure Te Kaha Project Delivery Limited overheads and administration costs are appropriately budgeted and agreed with Council and are managed within that budget.
- Work with the design engineers and construction management to identify areas where costs may be saved on the project programme (without compromising other outcomes set for the project).
- Support efforts by Council or Venues Ōtautahi to identify and bring opportunities for third party contributions to the funding of the project. This to include possible public and private sector funding parties and sponsors.

#### 5. Sustainability and the Environment

- Establish clear standards in respect of the various dimensions of sustainability that are to be achieved: during the project design and delivery phases and to enable Venues Ōtautahi to achieve during the operating life of the arena. Demonstrate that we are delivering to those sustainability standards.

#### 6. Health, Safety and Wellbeing

- Establish a Wellbeing and Safety Charter and Assurance Programme to ensure the wellbeing and safety of everyone working and visiting Te Kaha.
- Undertake the Assurance Programme to hold BESIX Watpac to account, to effectively manage the wellbeing and safety of everyone that working and visiting Te Kaha.
- Ensure Te Kaha Project Delivery Limited understands all of the critical hazards/critical controls and seeks assurance from BESIX Watpac that all controls are effective.

#### 7. Shareholder Relationships

- Prepare and agree with Council a programme of regular reporting and dialogue which ensures as Project Owner (and partner) they are fully informed in a timely manner, on all major issues, project progress against plan, project rules and opportunities for further enhancement.
- Nurture a respectful and open relationship in the best interests of the City and continue to develop a close and collaborative partnership.
- Keep the Council fully informed of all material matters and operate on a “no surprises” basis.

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**8. Stakeholder Engagement**

- Consult with the Crown to ensure all of the requirements of the Funding Agreement are being met.
- Partner with Venues Ōtautahi to ensure that it is fully informed with all aspects of the project delivery and support Venues Ōtautahi on the commercialization of Te Kaha.
- Consult with Ngāi Tūāhuriri to establish an appropriate way to recognize Te Kaha and Te Kaharoa being the names gifted respectively for the arena and for the whenua surrounding.
- Liaise with the St Paul's Trinity Pacific Presbyterian Church to establish an appropriate way to recognize their history on the site.
- Consult with neighbours adjoining Te Kaha to ensure the effects of the project delivery are minimized.
- Provide regular briefings to the community about the progress being made toward completion of Te Kaha.
- Support Venues Ōtautahi to deliver an integrated community and stakeholder connection with Te Kaha.

**9. Future-proof**

- Consult with Venues Ōtautahi on future-proofing Te Kaha to ensure it is fit for purpose for a changing event landscape.

**10. Regional Impact**

- Where possible and underpinned by commercial viability, procure project services and products from the Canterbury region.
- Deliver Te Kaha to enable Venues Ōtautahi to provide long-term direct economic contribution to the region.

**PERFORMANCE MEASURES/TARGETS**

For each of the **key actions** the following are the **measures/targets** for each year of the project (i.e. 2021 to 2025).

Objective and Strategy	Performance Measure			
		2023/2024	2024/2025	2025/2026
Governance				
Reporting to Shareholder		Meet all Local Government Act (LGA) and Council reporting deadlines.	Meet all Local Government Act (LGA) and Council reporting deadlines.	Meet all Local Government Act (LGA) and Council reporting deadlines.
Project Management, Control and Assurance Targets				
Project Execution Plan (PEP) developed, and alignment maintained		The PEP is executed for the D&C Phase and compliance with PEP maintained.	Compliance with PEP maintained.	Compliance with PEP maintained.
Procurement and Contract Management		100% compliance with relevant legislation, the Council procurement policies, and codes of practice.	100% compliance with relevant legislation, the Council procurement policies, and codes of practice.	100% compliance with relevant legislation, the Council procurement policies, and codes of practice.
Management of Project Programme		D&C - report against programme 85% probability position.	D&C - report against programme 85% probability position.	D&C - report against programme 85% probability position. Delivery by end of April-2026.
Provision of information to support the Council's Formal Assurance (CFA) points		Aligned with CFA points.	Aligned with CFA points.	Aligned with CFA points.
Stage Gate reviews completed		D&C Recommendation Stage Gate review completed	Stage Gate reviews completed and recommendations addressed.	Stage Gate review completed and recommendations addressed.

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Financial				
Te Kaha is delivered on or below budget		Proactively govern the project delivery to minimise the use of the project contingencies and to stay within the approved total project budget.	Proactively govern the project delivery to minimise the use of the project contingencies and to stay within the approved total project budget.	Proactively govern the project delivery to minimise the use of the project contingencies and to stay within the approved total project budget.
Capital expenditure decisions optimise capital budget and long-term whole-of-life costs (i.e. being the measure of resilience). Operational costs and other matters duly considered		Consult with Venues Ōtautahi to ensure the Capital and whole-of-life costs are optimised. Operational implications considered.	Consult with Venues Ōtautahi to ensure the Capital and whole-of-life costs are optimised. Operational implications considered.	Consult with Venues Ōtautahi to ensure the Capital and whole-of-life costs are optimised. Operational implications considered.
Support any efforts by Council or VŌ to identify opportunities for third party contributions, including other funding partners and sponsors		Third party funding opportunities supported.	Third party funding opportunities supported.	Third party funding opportunities supported.
Kaitiakitanga, Sustainability and the Environment				
Critical environmental hazards are managed effectively		Assurance programme of BESIX Watpac that critical environmental controls are effective.	Assurance programme of BESIX Watpac that critical environmental controls are effective.	Assurance programme of BESIX Watpac that critical environmental controls are effective.

Clear sustainability standards developed for the project D&C phase.		Approve the BESIX Watpac Sustainability Performance Plan at the end of detailed design. Report against agreed project sustainability outcomes.	D&C Contract sustainability outcomes delivered.	D&C Contract sustainability outcomes delivered.
Health, Safety and Wellness				
Health, safety and wellness Charter and Assurance Programme is implemented to ensure all involved directly or indirectly with the project are kept safe and well		BESIX Watpac D&C H&S System reviewed.  Te Kaha Project Delivery Limited Assurance Programme is executed.	Monitor BESIX Watpac performance.  Te Kaha Project Delivery Limited Assurance Programme is executed.	Monitor BESIX Watpac performance.  Te Kaha Project Delivery Limited Assurance Programme is executed..
Critical Safety hazards are managed effectively.		For all work, the programme of BESIX Watpac critical risk inspections carried out on schedule and report that the critical controls are in place and are effective.  Te Kaha Project Delivery Limited assurance inspections are carried out.	For all work, the programme of BESIX Watpac critical risk inspections carried out on schedule and report that the critical controls are in place and are effective.  Te Kaha Project Delivery Limited assurance inspections are carried out.	For all work, the programme of BESIX Watpac critical risk inspections carried out on schedule and report that the critical controls are in place and are effective.  Te Kaha Project Delivery Limited assurance inspections are carried out.
Baseline lag indicators are monitored to ensure safety for all		No serious harm incidents during the D&C phase.	No serious harm incidents during the D&C phases.	No serious harm incidents during the D&C phases.

		TRIFR less than 10.0 per 1,000,000 hours worked on the project.	TRIFR less than 10.0 per 1,000,000 hours worked on the project.	TRIFR less than 10.0 per 1,000,000 hours worked on the project.
Wellbeing hazards are managed effectively	BESIX Watpac has a series of Wellbeing initiatives which they report on monthly.	Te Kaha Project Delivery Limited assurance inspections are carried out.	Te Kaha Project Delivery Limited assurance inspections are carried out.	Te Kaha Project Delivery Limited assurance inspections are carried out.
Shareholder Relationships				
Shareholder informed of major issues as soon as practical. The major issues being project status against major milestones, high value opportunities, and high consequence risks.		100% compliance with reporting requirements outlined in SOI and major issues are raised on a "no surprises" basis.	100% compliance with reporting requirements outlined in SOI and major issues are raised on a "no surprises" basis.	100% compliance with reporting requirements outlined in SOI and major issues are raised on a "no surprises" basis.
Stakeholder Engagement				
Te Kaha Neighbours		Meet quarterly with the neighbour community group to consult on the project effects	Meet quarterly with the neighbour community group to consult on the project effects	Meet quarterly with the neighbour community group to consult on the project effects
Community		Regular updates provided, within agreed timeframes, to all significant stakeholders in the project.	Regular factual updates provided, within agreed timeframes, to all significant stakeholders in the project.	Regular factual updates provided, within agreed timeframes, to all significant stakeholders in the project.

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Cultural connection		Support Venues Ōtautahi work to build connection with name through implementation of communications and community engagement strategy.	Support Venues Ōtautahi work to build connection with name through implementation of communications and community engagement strategy.	Support Venues Ōtautahi work to build connection with name through implementation of communications and community engagement strategy.
Project Delivery Target				
Project managed to budget, time and quality		Council approval of recommended D&C contract. Project managed to budget, time and quality.	Project managed to budget, time and quality.	Project managed to budget, time and quality.
Venues Ōtautahi signs off on the design as being fit for operator's purpose		Venues Ōtautahi maintains oversight throughout D&C phase to ensure alignment.	Venues Ōtautahi maintains oversight throughout D&C phase to ensure alignment.	Venue aligned with venue design fundamentals.
Te Kaha reflects the cultural narrative of our city		Engage with Ngāi Tūāhuriri to ensure cultural narrative incorporated into design.	Cultural narrative reflected in final venue.	Cultural narrative reflected in final venue.
Risk Management				
Project risk register is up to date and risks are actively managed (including financial, delivery and reputational risks)		Risks are proactively managed to meet project budget, optimise whole of life costs, deliver on time and deliver the detailed design specification..	Risks are proactively managed to meet project budget, optimise whole of life costs, deliver on time and deliver the detailed design specification..	Risks are proactively managed to meet project budget, optimise whole of life costs, deliver on time and deliver the detailed design specification..

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Regional Impact				
Where commercially viable local procurement of services and products		D&C phase services and products procured locally.	D&C phase services and products procured locally.	D&C and commissioning phase services and products procured locally.

## GOVERNANCE

The Te Kaha Project Delivery Limited Board of Directors is responsible for the oversight and performance of Te Kaha Project Delivery Ltd and ensuring decisions are made in the interests of Council and the people of Ōtautahi-Christchurch and the Canterbury region.

The Board recommends Te Kaha Project Delivery Limited's SOI to the Shareholder and is accountable for delivering the purpose, vision, objectives and strategies set out in this SOI, complying with its constitution, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Board is committed to the high standard of corporate compliance in guiding the company's activities and providing expert governance and financial control of the delivery of the project. The Board guides and monitors the business and affairs of Te Kaha Project Delivery Limited. It draws on relevant corporate governance best practice principles to assist and contribute to the performance of the company. All directors are required to comply with a formal Code of Conduct which is based on the New Zealand Institute of Directors' Code of Proper Practice for Directors.

## BOARD COMPOSITION

The Board of Directors comprises up to five directors, all appointed by the Council. Director appointments are for the period determined by the Council as shareholder.

## REPORTING

The company is governed by Local Government Act 2002 which requires, among other things:

- Statement of Intent annually;
- Half-year and full-year reporting against SOI performance targets;
- Quarterly reporting has been sought by the shareholder against SOI performance targets; and
- SOI Letter of Expectations, and periodic accountability reports and project reports are published on the website.

## STATEMENT OF INTENT

Each year Te Kaha Project Delivery Limited will deliver its draft SOI for the following year to the shareholder. It will be in the form required by Clause 9(1) of Schedule 8 and Section 64 (1) of the Local Government Act 2002 and will be delivered by 1 March each year.

The Board, when developing its SOI and work programme, will consider the Letter of Expectations issued by its shareholder.

Having considered any comments received from the Council received by 30 April, the Board will deliver the completed SOI to the Shareholder on or before 30 June each year.

As referenced above, this SOI is written to cover the period until the completion of the project being April 2026 and the decommissioning of the Project Delivery Company – anticipated to be during the 2026 calendar year. This SOI therefore covers a 4-year period.

#### QUARTERLY REPORTING AGAINST SOI PERFORMANCE TARGETS

By 31 October and 30 April each year, Te Kaha Project Delivery Limited will provide the Shareholder with a quarterly report. The quarterly report will include Te Kaha Project Delivery Limited's commentary on operations for the relevant quarter and a comparison of the company's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.

#### HALF-YEAR AND FULL-YEAR REPORTING

Te Kaha Project Delivery Limited will provide the Shareholder with a half-year report by the end of February each year, complying with Section 66 of the Local Government Act 2002.

By the end of September each year, Te Kaha Project Delivery Limited will provide to the Shareholder an Annual Report on the organisation's operations during the year. This will include audited financial statements prepared in accordance with New Zealand Generally Accepted Accounting Practice and that also comply with Public Benefit Entity Standards.

The Annual Report shall also contain an Auditor's Report on both those financial statements and the performance targets and other measures by which performance was judged in relation to that organisation's objectives.



#### SHAREHOLDER MEETINGS

The Board may hold an Annual General Meeting (AGM) between 30 September and 30 November each year to present the Annual Report to the Shareholder. If no AGM is held then the shareholder will pass the required resolutions.

#### BRIEFINGS

Te Kaha Project Delivery Limited will also attend and participate in Council meetings, workshops and briefings as requested by the company or Council. This may include:

- Briefings sought by the company;
- Briefings sought by the Council; and
- Attendance at Council and/or committee meetings.

#### “NO SURPRISES” APPROACH

Council expects a high level of engagement between the Board and Council and expects the Board to:

- Seek Council approval before making decisions that may materially affect the project outcomes and key deliverables, or which may breach the target delivery costs or the target delivery date agreements;
- Provide the Council with sufficient information and time to enable it to make a decision on any matter which falls outside of the scope of the Board's authority;
- Inform the Council well in advance of any significant matter relating to the project, whether positive or negative on a "no-surprises" basis;
- Advise Council in advance of any significant issues that may be discussed in the public arena or which may have a reputational impact on the Crown or the Council;
- Promptly inform Council of any imminent media coverage of any matters on which the Council and/or Crown may be asked to make a media or public statement;
- Provide Council with accurate and timely advice as required, including performance reports highlighting the status of the project, including the management of key risks, programme progress and identifying upcoming required decisions;
- Provide Council with all required information promptly, on request, to allow the Council to fulfil its obligations under its Funding Agreement with the Crown; and
- Provide the Council with sufficient information and time to enable it to consult the Crown in relation to the project, as Council determines is appropriate.

#### PUBLICATION OF REPORTS

The SOI, Letter of Expectations, periodic accountability reports and project reports are published on the website.

#### SUMMARY OF FINANCIAL INFORMATION

The total project costs for the Te Kaha Project are detailed below:

Total Project Budget	\$683,165,830
Project Cost to 1 July 2022	\$570,735
FY2022/23	\$302,500
FY2023/24	\$330,000
FY2024/25	\$330,000
FY2025/26	\$321,000
FY2026/27	<u>\$231,644</u>
<b>Total Governance Budget</b>	<b><u>\$2,085,879</u></b>

Note: All figures are GST exclusive.

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#### COMPENSATION FROM COUNCIL

Te Kaha Project Delivery Limited expects to receive funding from the Council as per the total project budget approved in July 2022.

The activity undertaken in exchange for the compensation is set out in the first four years of the Christchurch City Council's Long-Term Plan, as per the levels of service and the outcomes in this Statement of Intent.

Te Kaha Project Delivery Limited will support the Christchurch City Council and Venues Ōtautahi to secure third party funding.

#### ACCOUNTING POLICIES

The financial statements are prepared in accordance with the PBE Standards Reduced Disclosure Regime for a Tier 2 entity. The company's current accounting policies will be consistent with New Zealand International Public-Sector Accounting Standards, generally accepted accounting practice (NZ GAAP) and in accordance with the Companies Act 1993 and the Financial Reporting Act 1993 and any amendments to them.

#### CONTACT DETAILS

Contact details for the Chair and Directors are as follows:

Address: 53 Hereford Street  
Christchurch 8013

Registered Office: 53 Hereford Street  
Christchurch 8013

Directors: Barry Bragg (Chair)  
Steven Reindler  
Gill Cox  
Richard Peebles  
Jane Huria

Chief Executive David Kennedy

Website: <https://Council.govt.nz/the-Council/future-projects/major-facilities/canterbury-arena>



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24 February 2023

Dear Shareholder

### Draft Statement of Intent 2023-26

Please find attached a copy of the draft Statement of Intent (SOI) for the 2023-26 period.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality
- Enhancing our approach to treasury and risk management and
- Ensuring we have the correct governance framework and capital structure in place.

For our guarantors we are focused on

- Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate and funding risk.

The following points regarding the draft SOI 2023-26 are worth noting:

- This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Three Waters Reform Programme. We are awaiting further information relating to the establishment of the Water Services Entities (WSEs); how WSEs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and WSEs, and the impact on future council borrowing intentions from the Three Waters Reform Programme. The final SOI in June 2023 will be updated from this draft to incorporate any future announcements/legislation relating to the Three Waters Reform Programme and will include a statement if there have been any material changes to our forecast assumptions.
- Profitability is forecast to rebound from the 2022-23 period with projections for Net Operating Gain of \$9.5 million, \$8.3 million and \$7.6 million for the next three years.

New Zealand Local Government Funding Agency Limited

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Wellington Level 8, City Chambers, 142 Featherston Street  
PO Box 5704, Lambton Quay, Wellington 6145 | Phone +64 4 974 6530  
[lgfa.co.nz](http://lgfa.co.nz)



However, we remain cautious in placing too much emphasis on the Year Two (2024-25) and Three (2025-26) forecasts given we have \$6.6 billion of LGFA bonds and \$5.8 billion of council and CCO loans maturing over the three-year SOI forecast period. Assumptions regarding the amount and timing of refinancing and interest rates have a meaningful impact on financial projections.

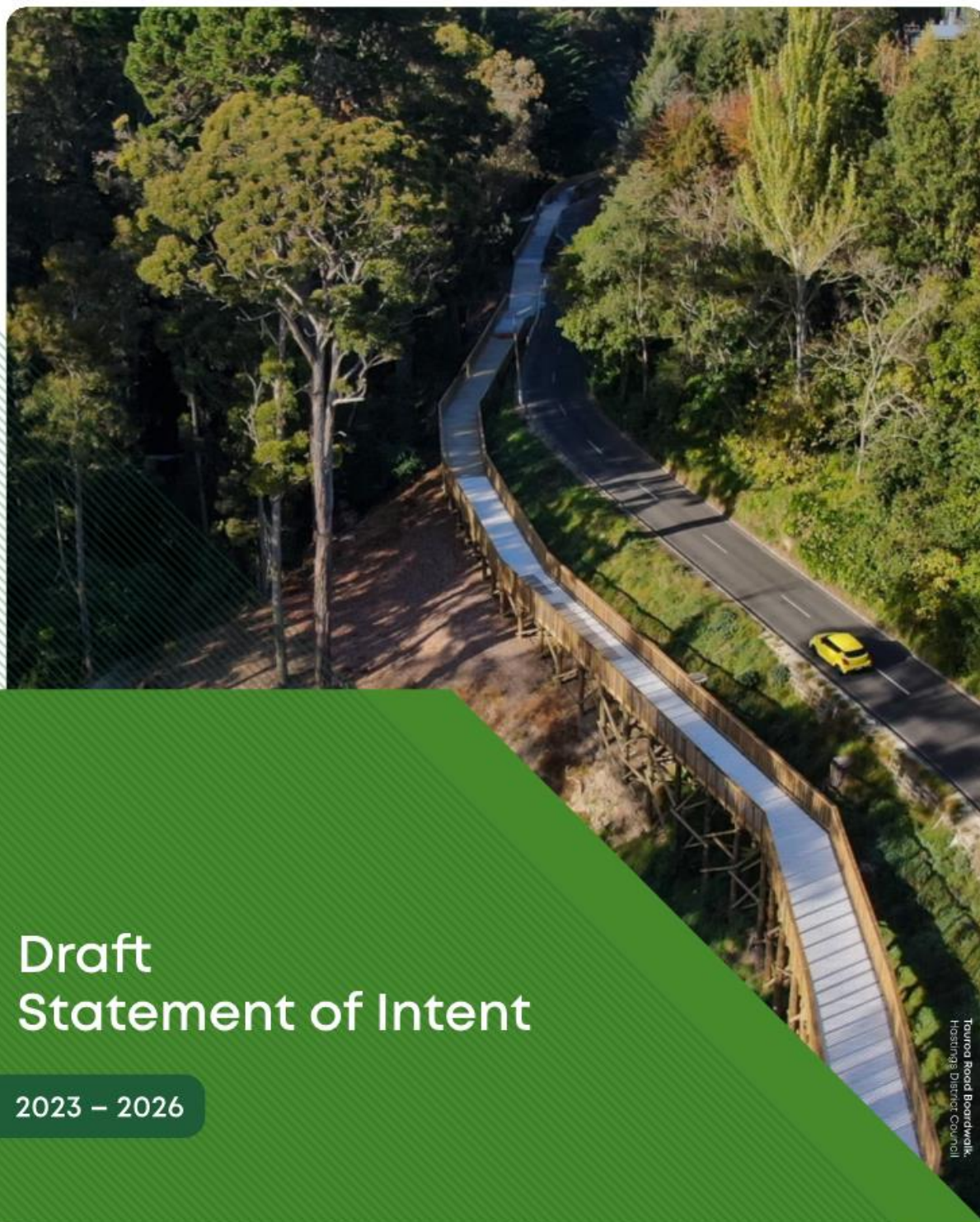
- We have increased our forecast for council loans (short and long term) outstanding as at June 2024 to \$16.410 billion and to \$17.137 billion as at June 2025 (from \$15.995 billion and \$16.650 billion in the previous SOI). This reflects a higher starting position as at 30 June 2023 and councils undertaking further capex and a continued high utilisation of short-term borrowing from LGFA by councils.
- We are assuming a gross bond issuance of \$3.2 billion (2023-24), \$3.2 billion (2024-25) and \$3.15 billion (2025-26) based on council gross lending of \$2.8 billion (2023-24), \$2.9 billion (2024-25) and \$3.0 billion (2025-26)
- Net interest income is expected to gradually reduce over the forecast period as the balance sheet grows from increased council lending and positive impact from higher interest rates on the Liquid Asset Portfolio offset is offset by narrower lending margins.
- We have assumed a modest narrowing in lending margins as more councils and CCOs take up the Climate Action Loan (CAL) product and we undertake more Green, Social and Sustainability (GSS) lending to councils and CCOs. Given the high starting point with an average credit rating of "AA" on the council lending book, we have assumed no further improvement in the credit quality of the sector improves.
- Compared to the previous SOI, issuance and operating expenses, excluding Approved Issuer Levy ("AIL") are forecast to be approximately \$500k higher in the 2023-24 and 2024-25 financial years. This is due to forecast higher IT, staffing and legal costs.
- The SOI performance targets are similar to the previous SOI. There is a greater focus on sustainability with a target for new CALs, a greater focus on assisting councils with GHG emission reporting and assistance with the transition of Three Waters related debt from councils to the WSEs.
- As noted above, there is some timing uncertainty within the SOI forecast relating to council loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the council loans that are due to mature in April 2024, April 2025 and April 2026. Decisions made by our council members regarding early refinancing will have a phasing impact across all three years in the SOI forecast.

If you have any questions or wish to provide comments by 1 May 2023 then please feel free to contact myself or any member of the Shareholders Council. The LGFA board will consider any feedback received and provide a final version of the SOI to shareholders by 30 June 2023.

Yours sincerely



Mark Butcher  
Chief Executive





## 1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2023 to 30 June 2026. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

**Note:** This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the proposed Three Waters Reform Programme. We are awaiting further information relating to the establishment of the Water Services Entities (WSEs); how WSEs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and WSEs, and the impact on future council borrowing intentions from the proposed Three Waters Reform Programme. The final SOI in June 2023 will be updated from this draft to incorporate any future announcements/legislation relating to the proposed Three Waters Reform Programme and will include a statement if there have been any material changes to our forecast assumptions as a consequence.

## 2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required relevant legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

## 3. Our purpose Ta tatou kaupapa

**Benefiting local communities through delivering efficient financing for local government.**

**Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.**

## 4. Our values Ō mātau uara

**We act with integrity**

**E pono ana mātau**

We are honest, transparent and are committed to doing what is best for our customers and our company.

**We are customer focused**

**E arotahi ana mātau ki te kiritaki**

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.

**We strive for excellence**

**E whakapau kaha mātau kia hiranga te mahi**

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

**We provide leadership**

**He kaiārahi mātau**

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

**We are innovative**

**He auaha mātau**

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.

## 5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

## 6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

### Governance, capability and business practice

LGFA is committed demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

### Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

### Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

### Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

### Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.



## 7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2023-2026.

The financial performance targets are focused on the 2023-2024 year and, as applicable, are based on the financial forecasts outlined in section 8.

### Governance, capability and business practice

Objectives	How we measure our performance
LGFA will:	
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual and Half Year Reports.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2023-2024 target
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency	LGFA credit ratings equivalent to NZ Sovereign
LGFA's total operating income for the period to 30 June 2024	> \$19.3 million
LGFA's total operating expenses for the period to 30 June 2024	< \$9.5 million

### Optimising financing services for local government

Objectives	How we measure our performance
LGFA will:	
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high-grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2023-2024 target
Share of aggregate long-term debt funding to the Local Government sector	> 80%
Total lending to Participating Borrowers	> \$16,410 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	100%

### Environmental and social responsibility

Objectives	How we measure our performance
LGFA will:	
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assist borrowers financing of projects that promote environmental and social wellbeing in New Zealand. Green, Social & Sustainability (GSS) loan applications from councils are appraised by the LGFA Sustainability Committee, with approved loans monitored for ongoing compliance.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and formalised processes to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions.

Performance targets	2023-2024 target
Comply with the Health and Safety at Work Act 2015	No breaches
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained
Meet reduction targets outlined in our carbon reduction management plan	Reduction targets met.
Increase our GSS lending book and Climate Action Loans	Two new borrowers enter into GSS loans Three new borrowers enter into CALs
Issuance of LGFA Bonds under Sustainable Funding Framework	Issue Sustainable Funding Bonds
Ensure Annual Report is prepared in compliance with applicable GRI Standards	100%
Meet all mandatory climate reporting standards	100%

### Effective management of loans

Objectives	How we measure our performance
LGFA will:	
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list. Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Analyse finances at the Council group level where appropriate and report to shareholders.	

Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested	Number of participating borrowers visited in a year
Assist a smooth transition of Three Water Related loans if the Three Waters Reform Programme progresses during the financial year for a 1 July 2024 implementation date	By 30th June 2024, LGFA will endeavour to facilitate a successful transition of existing council Three Water related loans to the Water Services Entities

Performance targets	2023-2024 target
Review each Participating Borrower's financial position	100%
Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested	100%
Three Waters debt transition plan in place by 30 June 2024	100%

### Industry leadership and engagement

Objectives	How we measure our performance
LGFA will:	
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues. Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions.
Assist the local government sector with significant matters such as the proposed Three Waters Reform Programme.	Assist the local government sector with understanding any legislative or Central Government policy changes that may impact LGFA.
Maintain productive relationships with central government representatives.	Report back on the alignment of LGFA and council's climate and emissions reporting requirements
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	Report back in how we are helping smaller council's understand future reporting requirements.

## 8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2026 are:

Comprehensive income \$m	Jun 24	Jun 25	Jun 26
Net Interest income	17.9	17.1	16.7
Other operating income	1.3	1.3	1.3
Total operating income	19.3	18.5	18.1
Approved Issuer Levy	0.3	0.3	0.3
Issuance & onlending costs	3.8	3.9	4.0
Operating overhead	5.4	5.6	5.9
Issuance and operating expenses	9.5	9.8	10.2
P&L	9.8	8.6	7.9

Financial position (nominals) \$m	Jun 24	Jun 25	Jun 26
Liquid assets portfolio	2,008	2,125	1,934
Loans to local government	16,410	17,137	17,980
Other assets	-	-	-
<b>Total Assets</b>	<b>18,419</b>	<b>19,262</b>	<b>19,914</b>
Bonds on issue (ex Treasury stock)	17,305	18,021	18,676
Bills on issue	600	600	600
Borrower notes	357	388	415
Other liabilities	-	-	-
<b>Total Liabilities</b>	<b>18,262</b>	<b>19,009</b>	<b>19,691</b>
Capital	25	25	25
Retained earnings	96	103	109
Dividend	(2)	(2)	(2)
<b>Shareholder equity</b>	<b>119</b>	<b>126</b>	<b>132</b>
Ratios	Jun 24	Jun 25	Jun 26
Liquid assets/funding liabilities	11.4%	11.5%	10.1%
Liquid assets/total assets	10.9%	11.0%	9.7%
Net interest margin	0.11%	0.10%	0.09%
Cost to income ratio	49.3%	53.3%	56.5%
Return on average assets	0.05%	0.04%	0.04%
Shareholder equity/total assets	0.6%	0.7%	0.7%
Shareholder equity + BN/total assets	2.6%	2.7%	2.7%
Asset growth	5.6%	4.6%	3.4%
Loan growth	5.7%	4.4%	4.9%
Return on equity	8.8%	7.2%	6.2%
Capital ratio	12.9%	13.4%	13.7%

Due to rounding, summary numbers presented in these financial forecasts may not add up precisely to the reported totals. The above forecasts assume a gross bond issuance programme of \$3.20 billion (FY24), \$3.20 billion (FY25) and \$3.15 billion (FY26) based upon term lending to councils of \$2.78 billion (FY24), \$2.90 billion (FY25) and \$3.0 billion (FY26).

Note there is a high level of uncertainty regarding the financial forecasts for both council borrowing and LGFA bond issuance due to the uncertainty relating to the proposed Three Waters Reform and the impact on councils.

Councils prepared their 2021-31 Long Term Plans (and borrowing forecasts) on the assumption that proposed Three Water Reform was not progressing and we have made the same assumption with our forecasts. LGFA projects it could have between \$5 billion to \$6 billion of loans to councils in June 2024 that are related to Three Waters. There have been no final decisions regarding the transfer mechanism for assets, liabilities and revenue from councils to the proposed Three Water entities. We intend to provide an update to stakeholders on implications for LGFA as further information becomes available.

## 9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

## 10. Governance

### Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

### Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

## 11. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

### Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

### Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

### Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:



- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

### Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

### Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

## 12. Acquisition / divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly owned subsidiaries and the subscription of shares in such wholly owned subsidiaries.

## 13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

## 14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares – \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.



## 15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice.

### Statement of Accounting Policies

#### 1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

#### 2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

#### 3. Basis of preparation

##### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

##### Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

##### Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

##### Changes in accounting policies

There have no changes to accounting policies.

##### Early adoption standards and interpretations

LGFA has not early adopted any standards.

##### Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

##### Financial instruments

###### Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

#### Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

#### Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

#### Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

#### Other assets

##### Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

##### Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

#### Other liabilities

##### Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

#### Revenue

##### Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

#### Expenses

Expenses are recognised in the period to which they relate.

##### Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

#### Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

#### Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

#### Segment reporting

LGFA operates in one segment being funding of participating borrowers in New Zealand.

#### Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

The financial statements as at 30 June 2022 include estimates and judgements of the potential impact of COVID-19 and the proposed Three Waters Reform Programme on LGFA's financial position and performance. Whilst there has been no material impact on the estimates and judgements at the date these financial statements are authorised, it is noted that there is significant uncertainty with regards to the medium and long-term effects of COVID-19, as well as the outcome of proposed Three Waters Reform Programme on the local government sector.



## 14. Rod Donald Banks Peninsula Trust - Half year report for six months ending 31 December 2022 and Civic Financial Services Ltd - Statement of Intent 2023

Reference / Te Tohutoro: 23/500139

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

General Manager / Leah Scales, General Manager Resources/Chief Financial Officer  
Pouwhakarae: (Leah.Scales@ccc.govt.nz)

### 1. Nature of Information Update and Report Origin

- 1.1 This report advises the Finance and Performance Committee of the Rod Donald Banks Peninsula Trust's (the Trust's) half year performance for the six months ending 31 December 2022 and Civic Financial Services' (Civic's) Statement of Intent (SOI) for 2023.
- 1.2 The report has been written following receiving the Trust's half year report on 26 February 2023 and Civic's SOI on 28 March 2023.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the half year report for the Rod Donald Banks Peninsula Trust for the period 1 July-31 December 2022; and
2. Receives the Statement of Intent for 2023 for Civic Building Ltd.

### 3. Brief Summary

#### Rod Donald Banks Peninsula Trust – Half year report for the period 1 July-31 December 2022

- 3.1 The Trust supports sustainable management, conservation and recreation on Banks Peninsula. Its half year report for the half year ending 31 December 2022 is at **Attachment A**.
- 3.2 The following table shows half year performance against the Trust's SOI financial targets and last year's performance.

	Actual \$000	SOI target \$000	Last year \$000
Revenue	41	24	111
Expenses	(81)	(88)	(85)
<b>Operating surplus/(deficit)</b>	<b>(40)</b>	<b>(64)</b>	<b>26</b>
Trust Fund Balance	941	925	1,319

- 3.3 **Against target**, the operating deficit is lower by \$24,000 due to higher revenue of \$17,000 and lower costs of \$7,000. Revenue increased from greater occupancy of Rod Donald Hut, higher interest on term deposits and a grant of \$3,000 for the walking festival. Costs were lower by \$7,000 reflecting a short period between the former Trust manager retiring and the new manager starting (\$11,000 reduction) offset in part by higher operating costs of \$4,000 for a number of items including minor upgrades to the Rod Donald Hut and tracks.
- 3.4 **Against the prior year**, the operating deficit is higher by \$66,000 reflecting lower revenue of \$70,000 and lower costs of \$4,000. This is mostly due to one-off grants and donations for Te

Ahu Pātiki of \$82,000 received in the prior half year (which completed the fundraising campaign for the acquisition) partially offset by lower Trust management expenses of \$17,000 due to a longer than expected delay in the new manager taking up the role.

- 3.5 Strategic grants and project expenditure are higher by \$210,000 of which the majority was the passing on of funding received in a prior period for the Te Ahu Pātiki acquisition project.
- 3.6 Non-financial performance targets have all either been achieved, are in progress or will be undertaken in the second half of this financial year.

### Civic Financial Services

- 3.7 The Council has a 12.6% ownership stake in Civic, second in size only to Auckland Council which has 19.5% (together 32.1%). There are 73 other local authority shareholders.
- 3.8 Civic's main business is administration of superannuation schemes for local government employees. The last report for its superannuation fund published to Civic's website records that it has around 11,000 local authority employee members with accumulated funds invested of around \$0.5 billion.
- 3.9 Civic is not a Council-controlled organisation (CCO); it is exempted under section 6(4)(f) of the Local Government Act 2002 (LGA) due to its previous insurance activities that brought it under the Municipal Insurance Act 1960 (now repealed). As a result, Civic has no statutory local government-specific governance framework.
- 3.10 The SOI was received on 28 March 2023 for the year beginning 1 April. As the company is not a CCO under the LGA it is not legally required to issue a SOI. It does so to keep shareholders informed of its expected performance. However, it does not seek shareholder comments on a draft SOI and does not publish the document on its website. In previous years, staff have raised concerns about the lack of meaningful performance measures that inform shareholders and investors of the performance of Civic's superannuation schemes with the market.

### Statement of Intent 2022

- 3.11 Civic's SOI for 2023 is at **Attachment B**. The following table sets out Civic's forecast surplus in its current and last year's SOIs.





Surplus before tax	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000
This year's SOI	147	147	113
Last year's SOI	235	209	-
<b>Difference</b>	<b>-88</b>	<b>-62</b>	-

- 3.12 The surplus has reduced materially (circa 35% in 2023 and 30% in 2024) due all or in part to a reduction of base administration fees charged to local authority employee investors from 0.37% to 0.35%. The ongoing fee reductions are funded from what would otherwise be profits that could be returned to shareholders. Fees at this level are very low relative to other Kiwisaver funds.
- 3.13 Civic has only two performance targets as follows:
  - To provide superannuation services to at least 90% of local authorities; and
  - To be retained as administration manager for the Local Authority Protection Programme (LAPP), Riskpool, Civic Liability Pool and Civic Property Pool (former insurance schemes that are closed for new business, and which are being run out).



- 3.14 Staff continue to note that the omission of measures relating to the superannuation funds being administered, of circa \$0.5 billion is unsatisfactory.

## Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A  	Rod Donald Banks Peninsula Trust - Half year report for the period 1 July-31 December 2022	23/507748	270
B  	Civic Financial Services - Statement of Intent for 2023	23/507796	289

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance Te Whakatūtutanga ā-Ture

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

(a) This report contains:

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

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

## Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer



# Unaudited Half Year Report

Rod Donald Banks Peninsula Trust  
For the 6 months ended 31 December 2022

Prepared by Sidekick CA Ltd



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## Directory

### Rod Donald Banks Peninsula Trust For the 6 months ended 31 December 2022

#### Address

c/o Sidekick Christchurch Limited  
Level 3  
50 Victoria Street  
Christchurch 8013

P.O. Box 5  
Little River  
Banks Peninsula 7546

#### Trustees

Andrew Turner (until 8th October 2022)  
Bryan Storey  
Maureen McCloy  
Paul McNoe  
Richard Suggate  
Bob Frame  
Jenn Chowaniec

#### Bankers

Bank of New Zealand

#### Auditors

Audit New Zealand on behalf of the Auditor General

#### Email

manager@roddonaldtrust.co.nz

#### Website

www.roddonaldtrust.co.nz



## Compilation Report

### Rod Donald Banks Peninsula Trust For the 6 months ended 31 December 2022

Compilation Report to Rod Donald Banks Peninsula Trust

#### Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Rod Donald Banks Peninsula Trust for the year ended 31 December 2022.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

#### Responsibilities

Rod Donald Banks Peninsula Trust is solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

#### No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

#### Independence

We have no involvement with Rod Donald Banks Peninsula Trust other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

#### Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

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## Non-Financial Performance Targets

Rod Donald Banks Peninsula Trust  
For the 6 months ended 31 December 2022

Achievement Target	Achievement
<b>Indicator 1. The Trust has determined four key pillars on which its projects will be based: Access, Biodiversity, Knowledge, and Partnership.</b>	
Assess potential projects brought to the Trust's attention against these four pillars to determine whether they should be added as a Trust project and action those that are deemed a priority	<p>New projects brought to the Trust's attention this year were:</p> <ul style="list-style-type: none"> <li>• Invitation to take over the assets and responsibilities of the Little River Rail Trail Trust</li> <li>• Contribution to feral pig control activities in partnership</li> <li>• Creation of public access over conservation land at High Bare Peak, Little River</li> <li>• Linking High Bare Peak access with Te Ara Pātaka</li> <li>• Partnering with CCC in creating new access as part of the Head to Head Walkway around Whakaraupō</li> <li>• Contribution to pest control activity undertaken in CVNZ's Whaka Ora Pest Project</li> <li>• Support of a new book by local author Jane Robertson</li> <li>• Access funds to support track improvement work by the Summit Road Society around John Jameson Lookout</li> <li>• Access funds to support signage and interpretation by the Banks Peninsula Geopark at Governors Bay</li> <li>• New Orton Bradley Park access track as part of Head to Head Walkway</li> <li>• New Valley track providing access from Orton Bradley Park to Mt Herbert saddle.</li> </ul>
Make submissions to relevant policy documents in support of the pillars.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>• Worked with Banks Peninsula Native Climate Change group to contribute to submissions on environmental, ecological and climate change policy matters.</li> </ul>
<b>Indicator 2. Provide leadership and tangible support for the projects achieving Access through implementing the CCC Public Open Space Strategy.</b>	
A network of well managed walking and biking trails with long term secure public access that provide free walking and connect major communities.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>• Purchase of Te Ahu Pātiki to protect public access across its walking tracks, and subsequent transfer to a new Trust created to own the new Te Ahu Pātiki Conservation Park</li> <li>• Completion of track upgrades on Te Ahu Pātiki and new Valley track linking Orton Bradley Park with Te Ara Pātaka to improve access for walkers and cyclists</li> <li>• Physical upgrade of tracks on Te Ahu Pātiki to improve access for walkers and cyclists</li> <li>• Rod Donald Hut regularly serviced and annual maintenance conducted, including waste water system improvements and installation of new log burner</li> <li>• Rod Donald Hut track upgraded with steps, benching, gravel and erosion control</li> <li>• Updated walking products including brochures, website and maps to ensure full and correct information is provided</li> </ul>





Non-Financial Performance Targets

	<ul style="list-style-type: none"> <li>Funding procured for the Summit Road Society to improve walking track access on the Banks Peninsula Port Hills</li> <li>Garden of Tane interpretation panels</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Determining the Trust's role in the future oversight of the assets and responsibilities of the Little River Rail Trail Trust.</li> <li>Securing local public access over private land in Little River.</li> <li>Partnering with the owners of conservation land in Little River to develop access to High Bare Peak, and on to Te Ara Pātaka</li> <li>Secure additional walking access at Living Springs for the Head to Head Walkway</li> <li>Considering the role of unformed legal roads in improving and increasing public access opportunities</li> </ul>
Te Ara Pātaka is nationally recognised as a walking route from Christchurch to Akaroa with a network of track connections	<p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Ongoing promotion of Te Ara Pātaka in conjunction with the Te Ahu Pātiki project.</li> <li>Work to end seasonal lambing closures on Te Ara Pātaka, including funding track upgrades to enable year round access through Orton Bradley Park.</li> <li>Work investigating new access opportunities from Little River to Te Ara Pātaka</li> </ul>
The Head to Head Walkway connecting Godley Head to Adderley Head is completed as a continuous and principally coastal pathway around Lyttelton Harbour.	<p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Attendance at Head to Head Working Party meetings.</li> <li>Offering to take a leading role in new access creation as a partner in this project with Council</li> <li>Work with local landowners scoping potential access opportunities</li> </ul>
Unformed legal roads are valued and effective as a delivery tool for walking and biking.	<p>NOT YET ACHIEVED</p> <ul style="list-style-type: none"> <li>Active consideration of the role of unformed legal roads in improving and increasing public access</li> </ul>

<b>Indicator 3. Provide tangible support for biodiversity</b>	
Increase protection for areas with high biodiversity value in conjunction with public walking/cycling access; purchasing land if necessary.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Transfer of Te Ahu Pātiki Conservation Park to the new Trust formed for the purpose. 500ha of land including two highest peaks on Banks Peninsula, protecting biodiversity with a QEII National Trust Covenant for biodiversity restoration in perpetuity in tandem with securing public access.</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Involvement with Te Kāhau Kahukura project to restore native biodiversity to the Southern Port Hills.</li> </ul>



Non-Financial Performance Targets

	<ul style="list-style-type: none"> <li>Working with owners of conservation land in Little River protecting biodiversity and providing opportunity for improved walking/cycling access</li> </ul>
Active support for Banks Peninsula's Ecological Vision goals to protect all old-growth forest remnants of more than 1ha, examples of all rare ecosystems and four indigenous forest areas of more than 1000ha each	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Purchase and subsequent transfer of Te Ahu Pātiki Conservation Park creates a new protected area of 500ha for reforestation similar to Hinewai</li> <li>Funding allocated to Banks Peninsula Conservation Trust (BPCT) to enable their Volunteer Co-ordinator to support private covenants and Habitat Protection programmes</li> </ul>
Support the Pest Free Banks Peninsula group in its work toward Banks Peninsula being effectively free of pest animals.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Working in partnership with Pest Free Banks Peninsula</li> <li>Partnership funding of project monitoring and solving feral pig issue in Kaituna Valley and Te Wharau catchment through control programmes</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Further work with Feral Pig group including site visit to improve understanding</li> </ul>
Address the Climate and Ecological Emergency through encouraging native biodiversity to regenerate on a landscape scale, assisted by its income from carbon sequestration where possible.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Membership and support of the Banks Peninsula Native Forest/Climate Change multi-agency group.</li> <li>Advocacy through submissions for improvements to the Emissions Trading Scheme to support natural regeneration and development of methods on how this could be done efficiently</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Further native planting of Rod Donald Hut open grassland area in partnership with BPCT, Christchurch Foundation and local volunteers.</li> </ul>



Non-Financial Performance Targets

<b>Indicator 4. Provide tangible support and leadership for projects building the Knowledge pillar, and leadership around walking access knowledge.</b>	
Trails are used to educate people and connect them to the natural environment and Mātauranga Māori with the aim of building environmental guardians of the future	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Mātauranga Māori principles incorporated into the Te Ahu Pātiki covenant</li> <li>Te Ahu Pātiki Trust established in partnership with Mana Whenua</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Te Hapū o Ngāti Wheke invited to name several of the tracks.</li> </ul>
Regularly publish and update material on the walking and biking trails and work with other agencies to enhance their publications	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Website <a href="http://www.rod دونالدtrust.co.nz">www.rod دونالدtrust.co.nz</a> kept updated.</li> <li>Website <a href="http://www.bpwalks.co.nz">www.bpwalks.co.nz</a> kept updated</li> <li>Facebook page <a href="https://www.facebook.com/RodDonaldBPTTrust/">www.facebook.com/RodDonaldBPTTrust/</a> also updated.</li> <li>Storehouse Stories newsletter published annually</li> <li>All Trust walking products reviewed and updated</li> <li>Maps at Rod Donald Hut and Information Centers updated</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Working with DOC to update the Te Ara Pātaka brochure</li> </ul>
Develop methods to transfer knowledge through events, on-line information channels and support for a Banks Peninsula Geopark.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Speaking engagements – Stratford Garden Club and Fendalton Garden Club.</li> <li>Website <a href="http://www.rod دونالدtrust.co.nz">www.rod دونالدtrust.co.nz</a> kept updated</li> <li>Facebook page <a href="https://www.facebook.com/RodDonaldBPTTrust/">www.facebook.com/RodDonaldBPTTrust/</a> regularly updated and boosted to increase the Trust's reach</li> <li>Instagram account - relevant content regularly uploaded <a href="https://www.instagram.com/rod دونالدbptrust/">https://www.instagram.com/rod دونالدbptrust/</a></li> <li>Mailchimp updates mailed out to increasing list of Rod Donald Trust supporters.</li> <li>Walking Festival 2022 successfully delivered</li> <li>Storehouse Stories 2022 newsletter produced and distributed</li> <li>Funding procured for Banks Peninsula Geopark signage and interpretation</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Planning for next Banks Peninsula Walking Festival, three year planning cycle allowing greater continuity</li> <li>Continued discussions with Banks Peninsula Geopark Trust.</li> </ul>
Promote information about the biodiversity, culture, heritage and geology of Banks Peninsula and its potential for carbon sequestration.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>Website <a href="http://www.rod دونالدtrust.co.nz">www.rod دونالدtrust.co.nz</a> kept updated</li> <li>Facebook and Instagram accounts regularly updated</li> <li>Annual Walking Festival featuring interpretative walks lead by local expert guides – 2022 festival delivered</li> <li>Storehouse Stories newsletter published and circulated includes articles on these topics</li> <li>Presentations to various groups regarding the work of the Trust and Te Ahu Pātiki</li> </ul>



Non-Financial Performance Targets

	<ul style="list-style-type: none"> <li>• Presentation at the Environmental Defence Society conference workshop on Forestry and the future of Banks Peninsula</li> <li>• Banks Peninsula Native Forest Climate Change Group advocacy</li> <li>• Promote the work of Banks Peninsula Geopark on our website</li> </ul>
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Indicator 5. Provide tangible support for and work with a range of partners	
Working in partnership with others to achieve greater outcomes than we could individually.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>• Establishment of the Te Ahu Pātiki Charitable Trust in partnership with Te Hapū o Ngāti Wheke, Orton Bradley Park and Te Rūnanga o Koukourārata and preparation to transfer of ownership of the Te Ahu Pātiki park land and all remaining donations and grants to the new Trust.</li> <li>• Partner funding support of Banks Peninsula Walking Festival including CCC and SDC</li> <li>• Support of Te Kākahu Kahukura biodiversity collaboration</li> <li>• Advised High Bare Peak consortium - conservation land in Little River protecting biodiversity and providing opportunity for improved walking/cycling access</li> <li>• Funding of BPCT pest control projects</li> <li>• Funding of CVNZ biodiversity projects</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>• Offering partnership with Christchurch City Council to create new access opportunities for Head to Head Walkway.</li> </ul>
Relationships with key stakeholders are formalised with appropriate agreements and delivering as agreed.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>• MOU with Te Hapū o Ngāti Wheke and Orton Bradley Park setting out the future direction and shared values for Te Ahu Pātiki Park, leading to establishment of Trust Board and transfer of land</li> <li>• Te Ahu Pātiki Trust Board formed, with representatives from the Trust, Te Hapū o Ngāti Wheke and Orton Bradley Park ensuring project decision making is shared between partners.</li> <li>• MOU with DOC re-signed</li> <li>• Grant to BPCT leverages the Trust's input.</li> <li>• Participation and leverage of Pest Free Banks Peninsula</li> <li>• Ongoing relationship with Department of Conservation, Christchurch City Council and Walking Access Commission around Te Ara Pātaka and other projects of joint interest.</li> <li>• Orton Bradley Park Valley Track</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>• Discussion with Orton Bradley Park about continued grant funding for access related projects and funding for Valley Track relocation projects</li> <li>• 4-way Te Ara Pātaka schedule with DOC, CCC, RDBPT and Te Ahu Pātiki Charitable Trust agreed as schedule to DOC MOU.</li> </ul>
Ngāi Tahu's role as kaitiaki is acknowledged and supported through productive partnerships with Papatipu Rūnanga on Te Pātaka o Rākaihautū	ACHIEVED

Non-Financial Performance Targets

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	<ul style="list-style-type: none"> <li>Relationships with Te Hapū o Ngāti Wheke and Te Rūnanga o Kōkourārata developed and strengthened via the Te Ahu Pātiki partnership.</li> <li>Rod Donald Trust Board expressed a deliberate intention to improve bicultural knowledge and confidence through appropriate development work, in order to better engage with Mana Whenua</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Developing relationships with all Peninsula Rūnanga through increased dialogue, building aligned strategies and potentially offering a place on Board for manawhenua co-opted Trustee(s)</li> </ul>
A mutually supportive partnership with Christchurch City Council recognising the Trust as an effective delivery vessel.	<p>ACHIEVED</p> <ul style="list-style-type: none"> <li>CCC Council approved a long-term funding package to support the Trust's proposals to continue its cost effective development activities.</li> <li>Strong relationships with Council staff whose work is connected with that of the Trust</li> <li>New Trust Manager appointed with strong relationship with Councillors and staff of CCC</li> </ul> <p>IN PROGRESS</p> <ul style="list-style-type: none"> <li>Incorporation of Enduring Statement of Expectations received from CCC into 2023-24 SOI</li> <li>Development of 2023-24 SOI incorporating outcomes from Strategic Planning Day.</li> </ul>



## Financial Performance Targets

Rod Donald Banks Peninsula Trust  
For the 6 months ended 31 December 2022

	TARGET NOTES	DEC-22 TARGET	DEC-22 ACTUAL	DEC-22 VARIANCE	JUN-23 TARGET
<b>Financial Performance Targets</b>					
<b>Operating Surplus/(deficit)</b>					
Revenue	1	24,074	41,287	17,213	48,148
Trust Management	2	(49,187)	(38,402)	10,785	(98,374)
Operating Costs	3	(38,853)	(43,169)	(4,316)	(77,707)
<b>Operating Surplus/(deficit)</b>		<b>(63,966)</b>	<b>(40,284)</b>	<b>23,682</b>	<b>(127,933)</b>
Opening Funds	4	1,089,023	1,319,187	230,164	1,089,023
Operating Surplus/(deficit)		(63,966)	(40,284)	23,682	(127,933)
Strategic grants and project expenditure	5	(100,000)	(337,178)	(237,178)	(200,000)
Closing balance		925,057	941,725	16,668	761,090





## Financial Performance Targets Notes

### Rod Donald Banks Peninsula Trust For the 6 months ended 31 December 2022

#### 1. Revenue

**Actual figures include** - Interest on the Trust's term deposits, sales and donations, 2 Degrees cell phone tower lease of land, Rod Donald Hut revenue, a grant from the Governors Bay Community Transport Trust and all of the ticket sales, donations and grants from the 2022 Banks Peninsula Walking Festival.

**Explanation of Variance** - \$11,160 of income from the 2022 Banks Peninsula Walking Festival that was used to cover Festival expenses. Increased occupancy at the Rod Donald Hut. Increase of donations through Givealittle page. Interest rates on term deposits have seen a significant increase over the last 6 months.

#### 2. Trust Management

**Actual figures include** - include the cost of the Trust Administrator contract, Management contract with Trust Manager Suky Thompson (Peninsula Projects) until her retirement in August 2023, and current Management contract with Andrew Turner, who now provides the Trust's operational management service.

**Explanation of Variance** - the costs in the first half of the year have been lower than expected due to a two and a half month period where the Trust had no Manager in place.

#### 3. Operating Costs

**Actual figures include** - Accountancy, insurance, audit fees, meeting expenses, web hosting, strategic planning, Trust Administrator contract, newsletter production, cloud software licences, minor projects (such as advocacy or web development), professional fees not separately budgeted, and the costs of goods and services sold. Social enterprise running costs: Walking Products, Banks Peninsula Walking Festival and Rod Donald Hut.

**Explanation of Variance** - Actual expenses were slightly higher than the forecast due to several factors: extra upgrades to the Rod Donald Hut including the installation of a new wood burner and work was carried out to improve the huts track. Updates were carried out on five of our walking brochures (both printed and e-versions) resulting in considerable graphic design and printing costs. A function was also held for the retiring Trust Manager.

#### 4. Opening Funds

**Actual figures include** - reflects the Trust's available cash Includes cash on hand, term deposits, accounts receivables less accounts payable. Excludes inventory, property, plant, equipment, land held for sale & intangibles.

**Explanation of Variance** - Opening funds were higher than forecast due to the successful fundraising campaign for Te Ahu Pātiki in the previous year which raised more than forecast.

#### 5. Strategic grants and project expenditure

**Actual figures include** - all other project grants and direct project spending. The figures include costs associated with the Te Ahu Pātiki Conservation Park project such as legal, rates, maintenance contract and project management. They also comprise of \$144,427 which was the balance of crowdfunding donations passed on to the newly formed Te Ahu Pātiki Charitable Trust. Also passed on to the Trust was the remaining balance of \$69,778 which was grant money sources for the Te Ahu Pātiki project. Costs include a project to relocate Valley Track in Orton Bradley Park, and complete an access track to Te Ahu Pātiki Conservation Park. Also included are grants to the following organisations: Whaka Ora Pest Project coordinator grant, Banks Peninsula Conservation Trust to support its ongoing biodiversity work and Pest Free Banks Peninsula for a new initiative to control feral pigs.

**Explanation of Variance** - The figure is much higher than forecast due to the crowdfunding and grant money passed on to the Te Ahu Pātiki Charitable Trust, a \$50,000 grant to Pest Free Banks Peninsula and a \$30,000 grant to the Whaka Ora Pest Project.



## Statement of Comprehensive Revenue and Expenses

Rod Donald Banks Peninsula Trust  
For the 6 months ended 31 December 2022

	NOTES	JUL-DEC 2022	JUL-DEC 2021
<b>Exchange Revenue</b>			
Interest Income		9,295	4,497
Banks Peninsula Walking Festival 2021 Income		-	8,550
Banks Peninsula Walking Festival 2022 Income		11,167	-
Hut Fee Revenue		8,302	8,155
Te Ara Pātaka Lease Income		3,500	3,500
Walking Products		903	1,289
Te Ahu Pātiki Grants		-	50,000
<b>Total Exchange Revenue</b>		<b>33,166</b>	<b>75,991</b>
<b>Total Exchange Revenue</b>		<b>33,166</b>	<b>75,991</b>
<b>Non-exchange revenue</b>			
Donations		1,409	791
Te Ahu Pātiki Donations		250	32,204
Interest Income - Accrual		6,462	1,885
<b>Total Non-exchange revenue</b>		<b>8,121</b>	<b>34,879</b>
<b>Total Revenue</b>		<b>41,287</b>	<b>110,870</b>
<b>Expenses</b>			
<b>Operating Expenditure</b>			
<b>Trust Management Operational Contract</b>			
Trust Management Operational Contract		36,826	43,808
Te Ahu Pātiki - Management Expenses		1,576	11,577
<b>Total Trust Management Operational Contract</b>		<b>38,402</b>	<b>55,385</b>
<b>Operating Costs</b>			
Administration Costs		13,744	6,692
Banks Peninsula Walking Festival		7,340	9,276
Credit Card & Service Fees on Donations		-	642
Depreciation		3,446	3,446
Hut Operating and Maintenance Costs		14,750	10,158
Minor Administrative Projects		2,134	1,458
Walking product Minor Update and Production Costs		4,176	866
Website Hosting and Minor Updates		1,025	1,445
<b>Total Operating Costs</b>		<b>46,615</b>	<b>33,982</b>
<b>Total Operating Expenditure</b>		<b>85,017</b>	<b>89,367</b>

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Comprehensive Revenue and Expenses



	NOTES	JUL-DEC 2022	JUL-DEC 2021
<b>Strategic Grants and Project Expenditure</b>			
Grants (Commitments to Partners)		95,000	22,500
Te Ahu Pātiki		226,978	105,040
Orton Bradley Park Valley Track Relocation		15,200	-
<b>Total Strategic Grants and Project Expenditure</b>		<b>337,178</b>	<b>127,540</b>
<b>Total Expenses</b>		<b>422,195</b>	<b>216,906</b>
<b>Surplus (Deficit)</b>		<b>(380,908)</b>	<b>(106,036)</b>
<b>Total Comprehensive revenue and expense</b>		<b>(380,908)</b>	<b>(106,036)</b>

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



## Statement of Financial Position

Rod Donald Banks Peninsula Trust  
As at 31 December 2022

	NOTES	31 DEC 2022	30 JUN 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent	3	97,986	582,058
Receivables		27,583	76,754
Current Investments		813,643	653,685
Inventories		7,423	2,259
<b>Total Current Assets</b>		<b>946,634</b>	<b>1,314,756</b>
<b>Non-Current Assets</b>			
Long Term Deposit		-	100,000
Property, Plant and Equipment		315,272	316,561
Intangibles		14,191	16,349
Work in Progress	4	-	1,497,022
<b>Total Non-Current Assets</b>		<b>329,463</b>	<b>1,929,932</b>
<b>Total Assets</b>		<b>1,276,098</b>	<b>3,244,688</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		7,109	112,770
Donations Held on Behalf - Geopark and Summit Road Society		15,000	-
<b>Total Current Liabilities</b>		<b>22,109</b>	<b>112,770</b>
<b>Total Liabilities</b>		<b>22,109</b>	<b>112,770</b>
<b>Net Assets</b>		<b>1,253,988</b>	<b>3,131,918</b>
<b>Equity</b>			
Retained Earnings		2,760,306	3,141,214
Equity/Members funds		(1,506,317)	(9,295)
<b>Total Equity</b>		<b>1,253,988</b>	<b>3,131,918</b>

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



## Statement of Changes in Equity

Rod Donald Banks Peninsula Trust  
For the 6 months ended 31 December 2022

	JUL-DEC 2022	JAN-JUN 2022	JUL-DEC 2021
<b>Trust Capital</b>			
Opening Balance	3,131,918	3,090,762	3,196,797
Comprehensive Revenue (Deficit) for the Period	(380,908)	50,452	(106,036)
Impairment of Assets	-	(9,295)	-
Gifting	(1,497,022)	-	-
<b>Total Trust Capital</b>	<b>1,253,988</b>	<b>3,131,918</b>	<b>3,090,762</b>

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



## Statement of Cashflows

Rod Donald Banks Peninsula Trust  
For the 6 months ended 31 December 2022

	DEC 2022	DEC 2021
<b>Cashflows for the Period</b>		
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers and Other Sources	166,547	157,781
Interest Received	17,280	4,496
Payments to Suppliers and Employees	(227,695)	(251,131)
Net GST Movements	10,327	32
<b>Total Cash Flows from Operating Activities</b>	<b>(33,541)</b>	<b>(88,822)</b>
<b>Cash Flows from Investing Activities</b>		
Payment for Intangibles & Assets	6,892	-
Payments for Investments	(69,116)	(500,000)
Proceeds from the Sale of Assets	-	-
Proceeds from the Sale of Assets	-	558,259
<b>Total Cash Flows from Investing Activities</b>	<b>(62,224)</b>	<b>58,259</b>
<b>Cash Movement</b>		
Net Inflow / (Outflow) of Cash	(484,072)	(30,563)
Opening Cash and Cash Equivalents	582,058	376,023
<b>Closing cash and cash equivalents</b>	<b>97,986</b>	<b>345,460</b>
<b>Represented by</b>		
Bank Deposits	97,986	345,460

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.





## Notes on the Interim Financial Statements

### Rod Donald Banks Peninsula Trust For the 6 months ended 31 December 2022

#### 1. Statement of Compliance

These are the unaudited interim financial statements of the Rod Donald Banks Peninsula Trust ("the Trust"). The Trust was settled by the Christchurch City Council on 12 July 2010.

The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of the Banks Peninsula and visitors to the region.

The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pātaka O Rākaihautū – the storehouse that nourishes. In pursuit of this vision, the Trust promotes the sustainable management and conservation of the natural environment of the Banks Peninsula. On this basis, the Trust is classified as a not-for-profit public benefit entity for financial reporting purposes.

The interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with PBE IAS 34 Interim Financial Reporting and New Zealand generally accepted accounting practice. They comply with the Tier 2 Not-for-profit PBE standards for periods beginning on or after 1 July 2014.

As the Trust has elected to report under Tier 2 PBE standards, it has applied disclosure concessions, where available. The criteria under which the Trust is eligible to report under Tier 2 PBE Standards are as follows:

- the Trust is not publicly accountable; and
- the Trust's total expenses for the period being reported are below the \$30 million threshold for Tier 1.

Where disclosure concessions have been applied by the Trust, these are discussed in the accounting policies affected.

The interim financial statements do not include all the information and disclosures required in the annual financial statements. As such, these should be read in conjunction with the Trust's annual financial statements as at 30 June 2022.

#### 2. Significant Accounting Policies

##### *Changes in accounting policies and disclosures*

There have been no significant changes in accounting policy since 1 July 2017 besides reclassifying the layout of the Statement of Comprehensive Revenue and Expense to align with the Annual report.

##### *Contingencies*

The Trust has no contingent liabilities as at 31 December 2022.

##### *Events subsequent to balance date*

There were no significant events subsequent to balance date requiring disclosure up to the date of authorisation of these financial statements.

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These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



Notes on the Interim Financial Statements

	JUL-DEC 2022	JUL-DEC 2021
<b>3. Cash and Cash Equivalents</b>		
<b>Bank of New Zealand</b>		
00 BNZ Account	8,045	5,008
26 BNZ account - BP Walking Fest	11,902	6,215
23 BNZ Account	43,646	57,282
25 BNZ Account	13,720	12,012
<b>Total Bank of New Zealand</b>	<b>77,312</b>	<b>80,517</b>
<b>Heartland</b>		
Heartland 000 Savings Account	-	5
Heartland 002 On call General Donations account	-	2,998
Heartland 001 Account Te Ahu Pātiki Donations	-	261,939
<b>Total Heartland</b>	<b>-</b>	<b>264,942</b>
<b>TSB</b>		
TSB Society Cheque a/c - Investment Interest	2,104	-
TSB Cheque a/c - Donations	8,592	-
TSB Debit Card Society Cheque account	9,978	-
<b>Total TSB</b>	<b>20,674</b>	<b>-</b>
<b>Total Cash and Cash Equivalents</b>	<b>97,986</b>	<b>345,460</b>
	JUL-DEC 2022	JUL-DEC 2021
<b>4. Work in Progress</b>		
Te Ahu Pātiki - Land Purchase Held in Trust Account	-	1,075,500
Te Ahu Pātiki - Land Purchase Deposits	-	122,860
Te Ahu Pātiki - Capitalised Expenses	-	33,103
<b>Total Work in Progress</b>	<b>-</b>	<b>1,231,463</b>

The Trust has now transferred the Te Ahu Pātiki park land to the new Te Ahu Pātiki Charitable Trust which has been established to be the long term owner. The Sale and Purchase agreement is accompanied by a Deed of Acknowledgement of Debt and a Deed of Forgiveness of Debt, meaning that the Trust has not received any compensation for the transfer of the land or the capitalised expenses.

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



28 March 2023

Dawn Baxendale  
Chief Executive  
Christchurch City Council  
PO Box 237  
CHRISTCHURCH 8140  
Email: Dawn.Baxendale@ccc.govt.nz

Kia ora Dawn

**Civic Financial Services - Statement of Intent for 2023**

Please find enclosed a copy of Civic's Statement of Intent for 2023.

The Company's major source of income in 2023 will come from providing superannuation administration services for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. Additional income will be derived from the services provided to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

The 2020 Special General Meeting of the Company agreed that instead of providing dividends to shareholders, future surplus funds should be applied to reduce the administration fees for members of the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.

This year I am once again pleased to announce that a further reduction in the schemes' base administration fee will apply from 1 April 2023, reducing the fee from the current rate of 0.37% per annum to 0.35% per annum.

Finally, a communications section has been incorporated into the Statement of Intent to keep you informed of the changes we have implemented as we strive to improve the information provided to our members.

Thanks for your continued support, I look forward to working with you in 2023.

Ngā mihi



Charlie Howe  
Chief Executive  
Email: [charlie.howe@civicfs.co.nz](mailto:charlie.howe@civicfs.co.nz)



# Civic Financial Services Ltd Statement of Intent

For the year to 31 December 2023

Item 14

Attachment B

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## Contents

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## 1.0 What we do

- 1.1 We provide superannuation services for the local government sector through our SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 1.2 We also provide high-quality, low-cost administration services to our client boards (Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool).

## 2.0 Mission Statement

- 2.1 Civic will be a trusted and preferred financial services provider to the local government sector:
  - Dedicated to our shareholders.
  - Committed to our members.
  - A sound and successful business.

## 3.0 Financial Projections

- 3.1 Our primary source of income in 2023 will come from fees for providing superannuation administration for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. We also receive fees from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
- 3.2 Our other source of income in 2023 will come from returns on our investments.
- 3.3 The Boards current policy is not to pay a dividend to our shareholders. It was agreed at the 2020 Special General Meeting that the funds which could otherwise be provided as dividends to shareholders should be used to reduce the administration fees applied to our two superannuation schemes.
- 3.4 Fee reduction: We will reduce the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme base administration fee from 0.37% per annum to 0.35% per annum from 1 April 2023.



- 3.5 Financial projections for the years 2023 to 2025 are:

	2023 \$000's	2024 \$000's	2025 \$000's
Administration Income	2,146	2,147	2,012
Investment Income	431	415	420
Total Revenue	2,577	2,562	2,432
Expenses	2,430	2,415	2,319
Surplus before tax	147	147	113
Surplus after tax	106	106	81

Note - these are projections, not firm predictions.

## 4.0 Performance Measures

- 4.1 We aim to provide superannuation and savings products and services to at least 90% of local authorities.
- 4.2 We plan to be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

## 5.0 Reporting to Shareholders

- 5.1 We will provide an audited report for the 2022 year by 30 April 2023. The report will contain a review of our operations during the year and audited annual accounts.
- 5.2 We will provide a report on the first half of 2023 by 30 September 2023. The report will contain a review of our operations during the half-year and unaudited half-yearly accounts.

## 6.0 Transactions with Related Parties

- 6.1 Civic has 73 shareholders, comprising 72 local authorities and TrustPower.
- 6.2 Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of Civic. Because it is sharing management resources, the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool are also considered to be related parties.
- 6.3 Transactions with shareholder members include risk-financing services and superannuation and savings-related financial services.
- 6.4 Charges to and from shareholder members will be made for services provided as part of the normal trading activities of Civic and its subsidiaries. All transactions with shareholder members are made on a purely commercial basis.

## 7.0 Member Communication

- 7.1 We have developed strategies setting out the future direction of Civic which focuses on three key areas; positioning, promoting and protecting its brand as a trusted and preferred superannuation provider to the local government sector. The strategies are underpinned by Civic's people-centric model, an approach that cares about its members and their whānau and aims to maximise their retirement funds.
- 7.2 This has involved reviewing Civic's processes and product narratives to ensure they follow the BRACS formula: Believable, Relevant, Actionable, Compelling and Simple.
- 7.3 More regular and informative newsletters have become an important part of Civic's member-centric approach. As part of this, we have created presentations that better describe our purpose and the superannuation product range. The website has also undergone a refresh, the content and navigation being revised to provide easy access to product information, including automated sign-up forms to ensure a more efficient and user-friendly service for members and potential members.
- 7.4 The first member survey has been conducted and results circulated, with regular surveys to follow once a year to gauge ongoing member satisfaction and assess the opportunity for better provision of services. Regular and targeted communications will provide members with the information requested in the surveys.
- 7.5 We have also developed promotional case studies that articulate why members have joined the superannuation schemes and how they will benefit from that membership.

(04) 978 1250 | [admin@civicfs.co.nz](mailto:admin@civicfs.co.nz)



## 15. Central Plains Water Trust - Council participation

Reference / Te Tohutoro: 23/347522

Report of / Te Pou Matua:	Linda Gibb, Performance Advisor, Resources Group (linda.gibb@ccc.govt.nz)
General Manager / Pouwhakarae:	Lynn McClelland, Assistant Chief Executive Strategic Policy and Performance (lynn.mcclelland@ccc.govt.nz)

### 1. Nature of Decision or Issue and Report Origin

- 1.1 This report seeks the Council's decision on whether to retain a 50% interest in the Central Plains Water Trust (the Trust) alongside Selwyn District Council (SDC) and consequential appointments to the Central Plains Water Joint Committee which oversees the Trust.
- 1.2 The report has been written following a request from the former Council for information to support a decision.
- 1.3 The Trust oversees the performance of Central Plains Water Ltd (CPW Ltd), a privately-owned company that operates an irrigation scheme underpinned by resource consents issued by ECAN to the Trust.
- 1.4 The two councils' interests in the central plains irrigation activities are reflected in the Trust Deed and the Trust's Statement of Intent (SOI), as being to "promote the development of agriculture in the Central Canterbury Plains area of NZ for the benefit of all of the inhabitants of the Canterbury region. It does this by:
  - encouraging, supporting and facilitating the sustainable development of the water resources of the region, agricultural and horticultural diversity and an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the central plains area; and
  - providing and facilitating education in relation to water issues and sustainable agricultural development".
- 1.5 The organisational arrangements underpinning the CPW Ltd irrigation scheme are summarised as follows (and are depicted in a diagram at **Annex A** to this report):
  - **Central Plains Water Ltd's** irrigation activities take place solely within the Selwyn district, but potentially impact Christchurch drinking water supplies.
  - **The Trust** owns the long-lived resource consents for the irrigation activities, for which it issues back-to-back water use rights to CPW Ltd. The Trust is a Council-controlled organisation by virtue of the councils having joint rights to appoint the board.
  - **Council shareholders** jointly manage the Trust's governance arrangements through a Joint Committee, including appointing trustees, putting in place accountability settings and reviewing performance reports relating to the Trust's activities. Note that the Joint Committee does not have decision-making powers; to have effect, decisions must be agreed by both councils.
  - **Councils' regulatory obligations** are to ensure the drinking water supplied is safe, pursuant to the Water Services Act 2021.
  - **ECAN** monitors the irrigation activities that are permitted by the long-lived resource consents it has issued to the Trust, and holds it accountable for any breaches (there is no evidence of any breaches to date).

- 1.6 A map showing the location of the CPW Ltd irrigation scheme is at **Annex B**.
- 1.7 The key consideration for the Council is whether continued involvement in the Trust provides value for Christchurch ratepayers/water consumers now and in the future, and to the Canterbury sub-region as a whole. The issues taken into account to reach a recommendation include:
  - the history and context as a joint settlor with SDC and continued public ownership of the resource consents;
  - working with partner councils across the Canterbury sub-region for the benefit of all ratepayers;
  - whether remaining a shareholder in the Trust assists the Council to manage the risks to the quality of Christchurch's drinking water supplies from the CPW Ltd irrigation activities. This includes whether sufficient information is received currently, or can be sought to understand and assess the risks (noting that nitrates and other contaminants may arise from activities pre-dating the irrigation schemes and that the irrigation activities are not the only source of risk to Christchurch's drinking water quality);
  - being confident that appropriate actions are being investigated and implemented to minimise any risks to drinking water quality;
  - governance arrangements are in place for the Trust, or can be put in place that reflect best practice in the local government context; and
  - whether the Council can legally withdraw from its ownership interest in the Trust.
- 1.8 If the Council decides to retain its interest in the Trust, the appointment of two councillors to the Joint Committee with SDC is required. The Joint Committee meets twice a year, with its next scheduled meeting on 5 May at which it is expected the Trust's draft SOI for 2023/24 will be reviewed. The draft SOI has not yet been received. Staff will provide a briefing to the Joint Committee members on the meeting's agenda items when it is available.
- 1.9 It is proposed that Deputy Mayor Cotter and Councillor Peters are appointed to the Joint Committee. The Deputy Mayor served on the Joint Committee in the last triennium and will bring much needed knowledge to the Joint Committee.
- 1.10 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by estimating the extent to which the community may be impacted by the decision.

## 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Agrees that the Council remains in partnership with Selwyn District Council as a shareholder of the Central Plains Water Trust and a member of the Central Plains Water Joint Committee;
2. Appoints Deputy Mayor Cotter and Councillor Peters to the Central Plains Water Joint Committee; and
3. Agrees that staff review and report on the efficacy of the governance arrangements for the Central Plains Water Trust in 18 months.

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

- 3.1 The recommendations in this report are based on there being net benefit in remaining a shareholder of the Trust.



- 3.2 They are also influenced by wider regional partnership agreements and expectations.

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

- 4.1 The alternative option is to withdraw from the governance arrangements, which would not enable the Council to influence outcomes as directly as could potentially be achieved through the Trust. There are also legal issues to overcome – withdrawing would require the approval of SDC and the trustees.

#### 5. Detail Te Whakamahuki

##### Background

- 5.1 The Central Plains irrigation scheme is located entirely within the Selwyn District. It is subject to long-lived resource consents issued in 2012 with most expiring in 2047. The resource consents are owned by the Trust which has issued back-to-back water use rights to CPW Ltd. This ensures the valuable consents remain in public hands.
- 5.2 The CCC and SDC established both the Trust and CPW Ltd, and funded (together with the government) the feasibility study and development proposals for the scheme. They were based on expected net benefits of job creation, GDP increase and potential enhancement of water supply to Christchurch.
- 5.3 The CCC submitted against the consents and appealed ECAN's decision to issue them, based on concerns of increased risk of nitrate contamination impacting on the city's drinking water supply, increased risk of groundwater contamination, raised groundwater levels, and effects on the Christchurch aquifer recharge. However, since the consents were issued in 2012 the Council has participated in its role as shareholder of the Trust by way of the Joint Committee.
- 5.4 As part of the administrative requirements imposed by ECAN when issuing the resource consents, a Sustainability Protocol was developed between the CPWT, CPW Ltd and a third party, the Ritso Society<sup>1</sup>. One of the obligations that was required of the CPWT was to produce an annual sustainability report that includes environmental, social and cultural performance.
- 5.5 The core purpose of the Trust is to own the irrigation resource consents, and issue back to back water use rights to CPW Ltd. As owner of the resource consents, any performance that is not consistent with the consents' terms and conditions will be a matter between ECAN and the Trust, although any inconsistencies would be committed by CPW Ltd. It is incumbent on the Trust to have in place a robust monitoring programme to ensure it has advance notice of any breaches against the water use rights that the Trust has issued to the company and to have them addressed before ECAN takes action (note that there is no evidence of any breaches to date).
- 5.6 The role of the council shareholders in the Trust is one of governance, which is exercised through the Joint Committee. In particular, appointing trustees, receiving and commenting on accountability documentation and reviewing performance reports for the Trust's activities.
- 5.7 Both SDC and the Council own shares in CPW Ltd – both were allocated one ordinary share upon the company's establishment. SDC also has an unknown quantity of ordinary shares entitling it to a pro-rata share of water from the scheme as a farm owner.

##### Nature of the Council's concerns and how they can be managed

<sup>1</sup>A group of Selwyn District farmers and business people interesting in realising the vision of 19<sup>th</sup> century Malvern County engineer, G.F. Ritso for an irrigation Scheme for the central plains.

- 5.8 If nitrates get into the source of Christchurch drinking water, the Council (or the regional water entity if three waters' reforms proceed) will be liable to remedy any contamination. It is likely to be very expensive and, in all likelihood, would be borne by ratepayers irrespective of whose responsibility remediation is or who caused the contamination.
- 5.9 In its publication, 'Nitrate in waterways – what's the story'<sup>2</sup> ECAN advises that "nitrate concentration in the city's water supply is well below the maximum acceptable value set by Taumata Arowai" (the new water services regulator). Monitoring data from the Trust and CPW Ltd advises the historical baseline nitrate levels within the scheme area in groundwater and surface water had been elevated, at least in some locations well before the start of the irrigation activities and that overall nitrates in groundwater and surface water have not increased significantly since they began.
- 5.10 Staff have considered whether the arrangements in place are sufficient to enable the Council to exercise appropriate due diligence and whether any changes need to be made. As noted above, the Council has the right and responsibility with SDC to ensure appropriate governance representation on the Trust.
- 5.11 The Trust Deed and Trust practices are prescribed to ensure appropriate monitoring and reporting. The Trust sets out the principles by which the irrigation scheme should be operated, including that the Trust and the Company (CPW Ltd) will:
- ensure the Scheme is operated in a manner which goes beyond best practice ensuring continual monitoring and improvement while facilitating economic viability, environmental outcomes and sustainable agriculture;
  - operate the Scheme in a manner which is consistent with all statutory and non-statutory policy and plans pertaining to water quality and quantity; and
  - actively monitor and enforce compliance by users of the Scheme including proactive measures such as rāhui (restriction, closure or control).
- 5.12 The Trust is required to produce a sustainability report annually. The 2021/22 report was published recently but has not yet been analysed by Council staff. It is at the following link: [https://www.cpw.org.nz/media/documents/Annual\\_CPWT\\_Sustainability\\_Report\\_2021\\_22.pdf](https://www.cpw.org.nz/media/documents/Annual_CPWT_Sustainability_Report_2021_22.pdf).
- 5.13 There are opportunities for the Council to invite the trustees to present its report and other relevant information about water quality monitoring at a Council meeting.

#### Staff advice

- 5.14 On balance, there is net benefit in remaining a shareholder of the Trust, noting it:
- reflects the history and context as a joint settlor with SDC and continued public ownership of the resource consents;
  - is consistent with wider regional partnership agreements and expectations;
  - acknowledges that water quality and water management concerns are high on the national and local agenda;
  - enables the Council to exercise influence over the governance and operations of the Trust;
  - provides access to information which can be publicly considered and an effective channel through which to raise and discuss issues with the Trust and/or CPW Ltd;
  - is low risk in legal and financial terms; and
  - has modest resourcing requirements.

<sup>2</sup> [Nitrate in waterways - what's the story? | Environment Canterbury \(ecan.govt.nz\)](https://www.ecan.govt.nz/nitrate-in-waterways-what-s-the-story/)

5.15 Should the Council agree to remain a shareholder of the Trust, the following priorities are proposed:

- agreeing a consistent approach to shareholder engagement from the Trust and CPW Ltd, including the following:
  - reviewing the Annual Sustainability Report reporting framework, engagement with Council staff annually on the Report's findings and formal presentation of the results;
  - identifying any additional information that would assist the councils to be well-informed of the risks of contaminants reaching the drinking water supply;
  - improved awareness of CPW Ltd's independent water quality monitoring plans and results including how the impacts of climate change might create additional risks to the quality of drinking water supplies for the councils.
- understanding in more detail the methodology by which CPW Ltd is looking to manage risk, such as investigating ways and means of ensuring the evidence base is robust and continuously improving and seeking independent testing and advice as to whether detriment or potential detriment caused by the irrigation activities may be overcome/mitigated;
- continuing to enhance appropriate governance representation and arrangements for the future; and
- continuing to ensure that public education activities are planned, executed and effective.

5.16 Staff propose that after a period of 18 months the governance arrangements are reviewed to determine if the new measures have been sufficiently effective to warrant the Council remaining a shareholder of the Trust.

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

### Strategic Alignment Te Rautaki Tīaroaro

- 6.1 Good governance is strongly aligned to the [Council's Long Term Plan \(2021 - 2031\)](#).
- 6.2 The Council's strategic directions include the principle of prioritising the quality of the environment for now and into the future, community outcomes of healthy water bodies and high quality drinking water and strategic priority of ensuring a high quality drinking water supply that is safe and sustainable.

### Policy Consistency Te Whai Kaupapa here

- 6.3 The recommended decision is consistent with the Te Wai Ora o Tāne Integrated Water Strategy.

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

- 6.4 The recommended decision is consistent with the values, goals and policies in the Mahaanui Iwi Management Plan. As such the decision is not a significant one in relation to Mana Whenua, and would not impact on agreed partnership priorities with Ngā Papatipu Rūnanga.

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

- 6.5 Not relevant to this report.

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

- 6.6 Not relevant to this report.

## 7. Resource Implications Ngā Hīraunga Rauemi

### Capex/Opex Ngā Utu Whakahaere

7.1 There are no costs for the Council arising from the recommendations in this report.

## 8. Legal Implications Ngā Hīraunga ā-Ture

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

8.1 LGA.

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

8.2 The Legal Services Unit has contributed to the development of this report. The legal issues are identified in the report.

## 9. Risk Management Implications Ngā Hīraunga Tūraru

9.1 The intent of this report is to reduce risk relating to the governance of the Trust, and minimise the potential for contamination of Christchurch's drinking water supplies.

## Attachments Ngā Tāpirihanga

There are no attachments to this report.

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

Document Name – Location / File Link
Not applicable

## Confirmation of Statutory Compliance Te Whakatūtututanga ā-Ture

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

(a) This report contains:

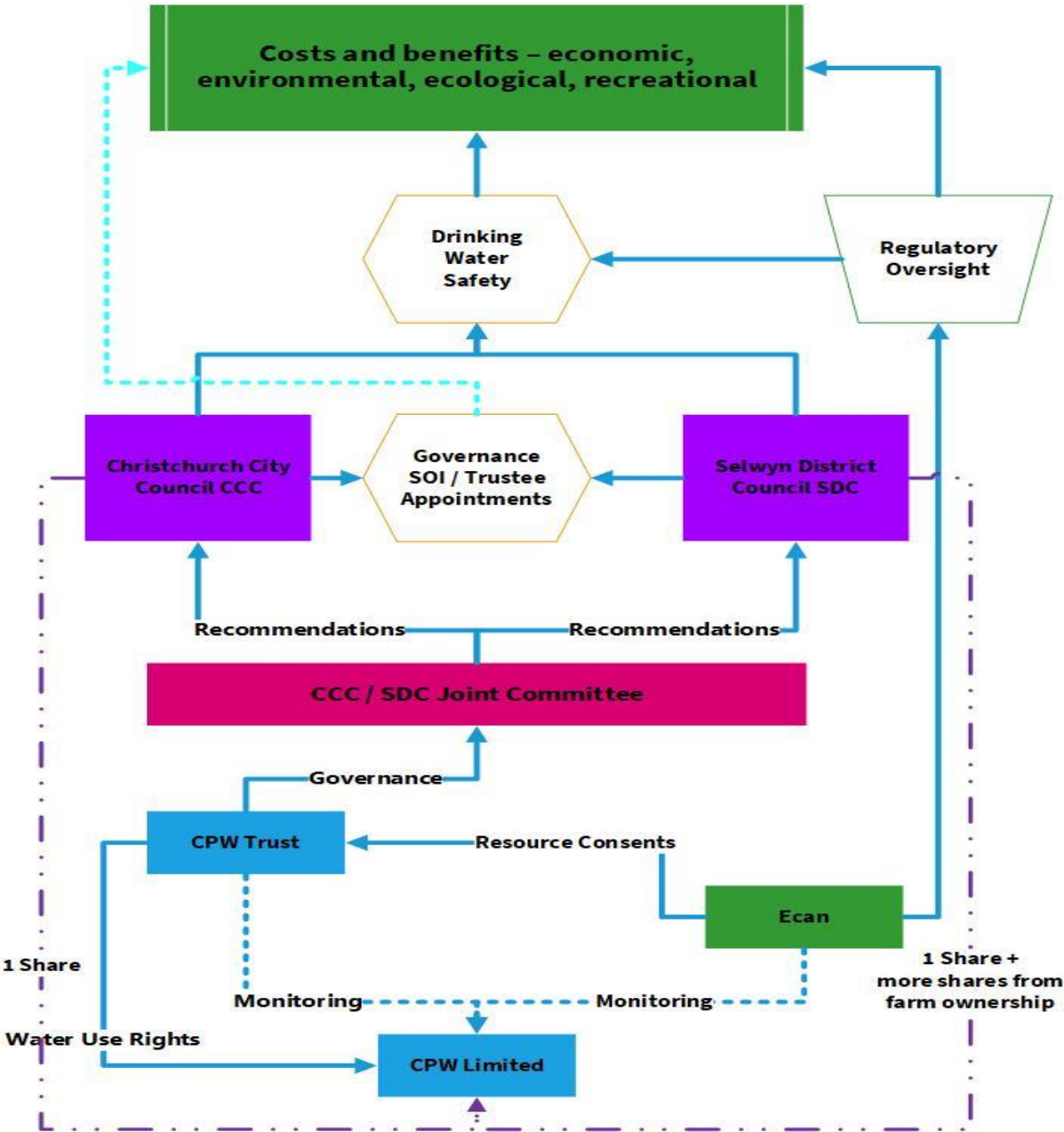
- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

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

## Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Lynn McClelland - Assistant Chief Executive Strategic Policy and Performance

Central Plains Governance



Location of the Central Plains Water Irrigation Scheme







## 16. 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
17.	PUBLIC EXCLUDED FINANCE AND PERFORMANCE COMMITTEE MINUTES - 22 MARCH 2023			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
18.	CHRISTCHURCH CITY HOLDINGS LTD - APPOINTMENT OF INDEPENDENT DIRECTORS TO THE BOARD	S7(2)(A)	PROTECTION OF PRIVACY OF NATURAL PERSONS	TO PROTECT THE REPUTATION OF THE RECOMMENDED CANDIDATES.	AS SOON AS THE COUNCIL HAS MADE ITS DECISIONS ON THE PROPOSED APPOINTMENTS TO THE CCHL BOARD.

## Karakia Whakamutunga

Kia whakairia te tapu

Kia wātea ai te ara

Kia turuki whakataha ai

Kia turuki whakataha ai

Haumi e. Hui e. Tāiki e