

# Finance and Performance Committee AGENDA

# **Notice of Meeting:**

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

Date:	Wednesday 17 April 2024
Time:	9.30 am
Venue:	Council Chambers, Civic Offices,
	53 Hereford Street, Christchurch

#### 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

#### 12 April 2024

Principal Advisor Russell Holden Head of Finance Tel: 941 8999

David Corlett Democratic Services Advisor 941 5421 david.corlett@ccc.govt.nz 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.

To watch the meeting live, or a recording after the meeting date, go to: <u>http://councillive.ccc.govt.nz/live-stream</u>

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# What is important to us?

Our Strategic Framework is a big picture view of what the Council is aiming to achieve for our community



#### **Draft Community Outcomes**

Collaborative and confident Our residents have the opportunity to actively participate in community and city life, have a strong sense of belonging and identity, and feel safe.

#### Green and liveable

anything is possible.

Our neighbourhoods and communities are accessible and well connected, supporting our goals to reduce emissions, build climate resilience and protect and regenerate the environment, especially our biodiversity, water bodies and tree canopy.

To be adopted by the Council as part of the Long Term Plan 2024-2034

# A cultural powerhouse

πíl

Our diverse communities are supported to understand and protect their heritage, pursue their arts, cultural and sporting interests, and contribute to making our city a creative, cultural and events 'powerhouse'.

#### Thriving and prosperous

Our city is a great place for people, business and investment where we can all grow our potential, where enterprises are innovative and smart, and where together we raise productivity and reduce emissions.



Ngāi Tahu has rangatiratanga over its takiwā – the Council is committed to partnering with Ngāi Tahu to achieve meaningful outcomes that benefit the whole community

#### Page 2



## 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

o 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.

#### <u>Submissions</u>

- 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

An apology for leave of absence was received from Councillor Harrison-Hunt.

# 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 <u>Wednesday, 27</u> <u>March 2024</u> 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 27 March 2024		
Time:	9.30 am	
Venue:	Council Chambers, Civic Offices, 53 Hereford Street, Christchurch	
Present		
Chairperson Deputy Chairperson Members	Councillor Sam MacDonald Councillor Melanie Coker Mayor Phil Mauger Deputy Mayor Pauline Cotter Councillor Kelly Barber Councillor Celeste Donovan Councillor Tyrone Fields Councillor Tyrone Fields Councillor James Gough – via audio/visual link Councillor James Gough – via audio/visual link Councillor Tyla Harrison-Hunt Councillor Victoria Henstock Councillor Victoria Henstock Councillor Yani Johanson Councillor Aaron Keown Councillor Aaron Keown Councillor Andrei Moore Councillor Mark Peters Councillor Tim Scandrett Councillor Sara Templeton	

#### **Principal Advisor**

Bede Carran General Manager - Resources / CFO Tel: 941 8999

> David Corlett Democratic Services Advisor 941 5421 david.corlett@ccc.govt.nz <u>www.ccc.govt.nz</u>



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#### Part A Matters Requiring a Council Decision

- Part B Reports for Information
- Part C Decisions Under Delegation

Karakia Timatanga: Given by The Mayor, Deputy Mayor and all Councillors.

The agenda was dealt with in the following order.

# 1. Apologies Ngā Whakapāha

#### Part C Committee Resolved FPCO/2024/00021

That the apologies received from Councillors Gough and MacDonald for an early departure be accepted.

Councillor MacDonald/Councillor McLellan

2. Declarations of Interest Ngā Whakapuaki Aronga

#### Part B

Councillors Henstock and McLellan declared an interest in Item 11 - ChristchurchNZ Holdings Ltd – Quarter 2 performance report to 31 December 2023.

Councillors Barber and Scandrett declared an interest in Item 12 - Venues Ōtautahi – Half year report for the six months ended 31 December 2023.

Councillors Gough, MacDonald, and McLellan (Civic Building Ltd) and Councillor Fields (Rod Donald Banks Peninsula Trust Ltd) declared an interest in Item 13 - Council-controlled organisations - Half year reports for the six months ended 31 December 2023.

Deputy Mayor Cotter and Councillor Peters declared an interest in Public Excluded Item 17.

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

#### Part C

# Committee Resolved FPCO/2024/00022

That the minutes of the Finance and Performance Committee meeting held on Wednesday, 28 February 2024 be confirmed.

Councillor MacDonald/Councillor Scandrett

#### <u>Carried</u>

# 4. Public Forum Te Huinga Whānui

#### Part B

There were no public forum presentations.

Carried

# 5. Deputations by Appointment Ngā Huinga Whakaritenga

#### Part B

There were no deputations by appointment.

# 6. Presentation of Petitions Ngā Pākikitanga

#### Part B

There was no presentation of petitions.

# 7. Council submission on Government Policy Statement on land transport 2024

#### Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Approves lodging the draft submission (Attachment A) on the Government Policy Statement on land transport 2024 to Te Manatū Waka - Ministry of Transport.

OR

2. Delegates authority to [insert named Councillors] to approve any further changes to the draft Council submission on the Draft Government Policy Statement on Land Transport 2024.

#### Committee Resolved FPCO/2024/00023

2. Delegates authority to the Mayor, Deputy Mayor and Councillor Templeton to approve any further changes to the draft Council submission on the Draft Government Policy Statement on Land Transport 2024.

#### Mayor/Deputy Mayor

Councillor Keown requested that his vote against the resolution be recorded.

# 8. Key Organisational Performance Results - February 2024 Committee Resolved FPCO/2024/00024

#### Officer Recommendations accepted without change

#### Part C

That the Finance and Performance Committee:

1. Receive the information in the Key Organisational Performance Results – February 2024 report.

Mayor/Councillor Coker

**Carried** 

**Carried** 



# 9. Financial Performance Report - February 2024 Committee Resolved FPCO/2024/00025

#### Officer Recommendations accepted without change

#### Part C

That the Finance and Performance Committee:

1. Receive the information in the Financial Performance Report for February 2024.

Councillor Fields/Councillor Harrison-Hunt

**Carried** 

Councillor Coker assumed the Chair during consideration of Item 10.

Councillor MacDonald left the meeting at 10.26am during consideration of Item 10 and did not return.

Councillor Barber left the meeting at 10.28am and returned at 10.32am during consideration of Item 10.

Councillor Gough left the meeting at 10.30am during consideration of Item 10 and did not return.

# 10. Capital Programme Performance Report February 2024 Committee Resolved FPCO/2024/00026

# Officer Recommendations accepted without change

# Part C

That the Finance and Performance Committee:

- 1. Receive the information in the Capital Programme Performance Report February 2024.
- Mayor/Deputy Mayor

**Carried** 

The Mayor left the meeting at 10.49am and returned at 10.57am during consideration of Item 11.

The Mayor left the meeting at 11.01am and returned at 11.04am during consideration of Item 11.

Councillors Henstock and McLellan declared an interest in Item 11 – ChristchurchNZ Holdings Ltd – Quarter 2 performance report to 31 December 2023 and did not participate in the vote or debate.



# 11. ChristchurchNZ Holdings Ltd - Quarter 2 performance report to 31 December 2023

Committee Resolved FPCO/2024/00027

#### Officer Recommendations accepted without change

## Part C

That the Finance and Performance Committee:

1. Receives ChristchurchNZ Holdings Ltd's Quarter 2/Half Year Performance Report for the period ending 31 December 2023.

Deputy Mayor/Councillor Barber Attachments

A ChristchurchNZ Holdings Ltd - Presentation to Council

The meeting adjourned at 11.20am and reconvened at 11.40am. Councillor Henstock was not present at this time.

Councillors Barber and Scandrett declared an interest in Item 12 – Venues Ōtautahi – Half year report for the six months ended 31 December 2023 and did not participate in the vote or debate.

# 12. Venues Ōtautahi - Half year report for the six months ended 31 December 2023

#### Committee Resolved FPCO/2024/00028

# Officer Recommendations accepted without change

#### Part C

That the Finance and Performance Committee:

1. Receives the information in the Venues Ōtautahi Half Year Report for 2023/24.

Mayor/Councillor Harrison-Hunt

Councillor Henstock returned to the meeting at 11.46am during consideration of Item 13.

Councillor McLellan (Civic Building Ltd) and Councillor Fields (Rod Donald Banks Peninsula Trust Ltd) declared an interest in Item 13 - Council-controlled organisations - Half year reports for the six months ended 31 December 2023 and did not participate in the vote or debate on the organisation they had an interest.

# <u>Carried</u>

Carried



# 13. Council-controlled organisations - Half year reports for the six months ended 31 December 2023

Committee Resolved FPCO/2024/00029

#### **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 2023 for the following Council-controlled organisations:
  - Civic Building Ltd;
  - Local Government Funding Agency;
  - Rod Donald Banks Peninsula Trust;
  - Te Kaha Project Delivery Ltd; and
- 2. Receives the Rod Donald Banks Peninsula Trust's modified Statement of Intent for 2023/24.

Mayor/Councillor Scandrett

# 14. Resolution to Exclude the Public Te whakataunga kaupare hunga tūmatanui

Committee Resolved FPCO/2024/00030

#### Part C

That at 11.47am the resolution to exclude the public set out on pages 231 to 232 of the agenda be adopted.

Councillor Coker/Deputy Mayor

The public were re-admitted to the meeting at 12.22pm.

Karakia Whakamutunga: Given by The Mayor, Deputy Mayor and all Councillors

Meeting concluded at 12.23pm.

CONFIRMED THIS 17<sup>TH</sup> DAY OF APRIL 2024

Carried

Carried

#### COUNCILLOR SAM MACDONALD CHAIRPERSON



# 7. Key Organisational Performance Results - March 2024

Reference Te Tohutoro: 24/442860

Responsible Officer(s) Te<br/>Pou Matua:Peter Ryan, Head of Corporate Planning & PerformanceAccountable ELT<br/>Member Pouwhakarae:Lynn McClelland, General Manager Corporate Services

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

1.1 To provide Council with an overview of key service, project, and budget performance in the delivery of the 2021-31 Long Term Plan (and Annual Plan 2023/24).

# 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receive the information in the Key Organisational Performance Results - March 2024 Report.

# 3. Background/Context Te Horopaki

3.1 This is a long-standing report focused on a suite of the 'vital few' organisational performance targets. It is a key component of the Performance Framework.

# 4. Considerations Ngā Whai Whakaaro

- 4.1 The key organisational performance targets include:
  - Service delivery (levels of service)
  - Capital projects (both planning and delivery)
  - Finance (opex and capex)
- 4.2 Organisational performance forecasts, as at March 2024, for year three of the LTP 2021-31 (financial year to June 2024).

Organisational Performance Summary	Target	Forecast / change	Result against Target
Service Delivery			
Deliver Community Levels of Service to target	≥85%	83.1% ↔	x
Capital projects (planning and delivery)			
Delivery complete' milestones (whole of life)			
Deliver Key projects	≥85%	96% 🔺	$\checkmark$
Deliver Non-Key projects	≥85%	83% 🔺	×
Capital programme planning			
FY25 funding budgets allocated by 1 <sup>st</sup> March 2024	≥90%	93% 🔺	$\checkmark$
FY26 & 27 funding budgets drawn down by 1 <sup>st</sup> May 2024	≥ 90%	84% ↔	x
Finance			
Operational budgets are actively managed within approved opex budget	100%	100% ↔	✓
Deliver overall capital programme to approved budget	=/-10%	<b>-4.5%</b> ↔	<ul> <li>✓</li> </ul>

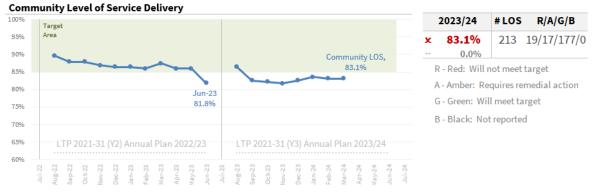
# 4.3 **Community level of service delivery** is forecast at **83.1%**, against ELT's target of 85% - no change from February forecast.



- 4.4 **Key project milestone delivery** is forecast at **96%**, showing significant improvement from February, now forecast to meet the ELT target of 85%.
- 4.5 **Non-Key project delivery** sees a small improvement with a forecast of **83%** remains just below ELTs target of 85%. For detailed project-specific information refer to the Capital Programme Performance Report.
- 4.6 Capital planning shows funding programme budgets allocated for FY2025 by 1<sup>st</sup> March 2024 at 93%, achieving ELTs target. Budget drawdowns for FY2026 and 2027 by 1<sup>st</sup> May 2024 remains unchanged at 84% (stable since December 2023). However there is time remaining for the FY2026 and 2027 drawdowns target to be met by 1 May.
- 4.7 **Operational budget** is forecasting a **surplus of \$8.9m** (after carry-forwards). For detailed information refer to the Financial Performance Report.
- 4.8 Delivery of the **overall approved capital programme budget** remains forecast at **-4.5%** (on track against a target of between 0% and -10%), remaining consistent since January. More information is available in the Capital Programme Performance Report.

# 5. Service Delivery

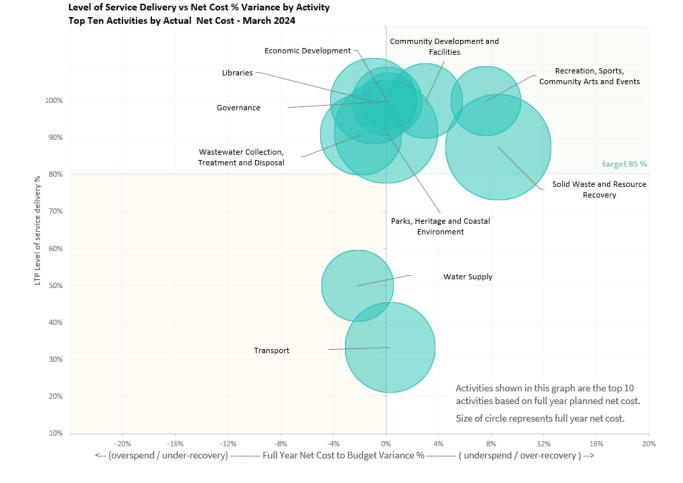
#### ELT Goal: Deliver 85% Community Levels of Service to target.



- 5.1 Community levels of service (LOS) is forecast at **83.1%** delivery against the performance target of **85%**, no change from February forecast.
- 5.2 Service delivery forecasts range from 33.3% to 100% achievement across activities. In summary, key forecast LOS exceptions for the March period include:
  - 5.2.1 Transport & Waste Management activities have thirteen exceptions related to road and footpath condition, resurfacing, including resident satisfaction, deaths or serious injury crashes, and transport mode-share.
  - 5.2.2 Three Waters activities have nine exceptions related to water supply compliance, wastewater and water supply reliability, responsiveness to faults and call outs, including resident satisfaction, and water loss and average water consumption.
  - 5.2.3 Building Consenting activity has three exceptions related to building consents and code of compliance certificates processing timeframes, and building inspections.
  - 5.2.4 Planning & Consents activity has two exceptions related to processing resource management applications within statutory timeframes.
  - 5.2.5 Regulatory Compliance and Licencing activity has three exceptions related to response to inappropriate noise levels, food control plan verification visits, and investigation of dangerous building reports.



- 5.2.6 Citizens and Community activities have four exceptions: Citizen & Customer Services (2); Parks (2), which mostly relate to the latest annual Resident Satisfaction Survey results.
- 5.2.7 Corporate Planning & Performance service has one exception related to the implementation of the Long-term Plan programme.
- 5.2.8 Communications & Engagement has one exception related to providing advice and support.
- 5.3 Forecast actuals, comments, and remedial actions from managers for these LOS exceptions are available in **Attachment A**.
- 5.4 The scatter diagram below is an overview of the performance of the top-ten activities (in terms of budget size).
  - The vertical y-axis shows service delivery (LOS) performance.
  - The horizontal x-axis shows **budget** over/underspend.





#### Performance by Activity Table - March 2024

						Communit	y Levels
		Net	Cost * (Ope			of Sen	vice
Activities	Full Year Full Year Plan Carry Fwd **Variance % Variance a				/ariance after	er %	
	Forecast \$000	\$000	\$000	after C/Fwd	C/Fwd	Delivery	Total #
Water Supply	19,788	19,369	0	-419	-2%	50%	16
Wastewater Collection, Treatment and Disposal	25,046	24,579	0	-468	-2%	91%	11
Stormwater Drainage	10,645	10,558	0	-87	-1%	100%	10
Flood Protection and Control Works	6,010	5,757	0	-253	-4%	100%	5
Strategic Planning and Policy	22,279	23,376	0	1,097	5%	94%	16
Economic Development	18,086	18,102	0	16	0%	100%	15
Transport	31,408	31,508	0	100	0%	33%	18
Solid Waste and Resource Recovery	42,747	46,728	750	3,230	7%	88%	8
Regulatory and Compliance	-4,232	-5,071	0	-839	-17%	71%	28
Parks, Heritage and Coastal Environment	41,120	41,121	0	1	0%	92%	24
Housing	-9,477	-9,375	0	102	1%	100%	5
Governance	12,143	12,170	0	27	0%	100%	5
Citizens and Customer Services	6,822	6,827	0	6	0%	75%	8
Civil Defence Emergency Management	1,317	1,317	0	-1	-0%	100%	4
Community Development and Facilities	21,166	21,823	475	181	1%	100%	5
Christchurch Art Gallery	7,049	7,082	0	33	0%	100%	6
Canterbury and Akaroa Museums	9,070	9,070	0	-0	-0%	100%	5
Libraries	28,313	28,047	0	-266	-1%	100%	10
Recreation, Sports, Community Arts and Events	18,653	20,184	0	1,532	8%	100%	9
Performance Management and Reporting		Inte	ernal Servi	ce		80%	5
Net Cost	307,954	313,170	1,225	3,992	1%	83.1%	213

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

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

# **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.

- 5.5 **Key project milestone delivery** is forecast at **96%** delivery, (23 out of 24 projects, previously 20 out of 24 projects), a significant improvement of 13% from February, and moving above ELT's target of 85%.
- 5.6 **Non-Key project milestone delivery** is forecast at **83%** delivery (against the target of **85%**), an improvement (3%) from February.

	2023/24	# PRJ	R/A/G/B	2022/23	2021/22	2020/21	TARGET	Trend: 2023 / 2024
Key Captial projects	✓ 96.0% ▲ 13.0%	24	1/0/23/0	100.0%	73.5%	76.7%	≥85%	
Non Kov	2023/24	# PRJ	R/A/G/B	2022/23	2021/22	2020/21	TARGET	
Non-Key Captial projects	<b>× 83.0%</b> ▲ 3.0%	805	132/7/666/0	84.0%	84.5%	64.7%	≥85%	

- 5.7 For further information and underlying project delivery detail, refer to the detailed Capital Programme Performance Report.
- 5.8 Below is a forward view of capital delivery performance (financial) for the first three years of the LTP 2021-31, with an overview of capital delivery in preceding years against plan. This view takes into account a revised year-end budget delivery figure for 2022/23, and the adopted capital programme from the Annual Plan 2023/24 (adopted by Council 27 June 2023) noting there has been an increase in the overall FY24 capex budget since the August 2023 report which relates to late FY23 financial adjustments on Te Kaha, and a budget increase within the Parks programme.

- 5.9 The view below now also includes future years planned expenditure for 2024/25, 2025/26 and 2026/27, as per the adopted draft Long-term Plan 2024-34 capital programme.
- 5.10 The extended black line is the full planned delivery budget including spend for Te Kaha.
- 5.11 The extended blue line shows the full Council planned delivery budget (excluding spend for Te Kaha, and before any confirmed carry-forwards).
- 5.12 The extended blue line (Council planned delivery budget, excluding spend for Te Kaha) shows a considerable lift in Council planned delivery (15% to 36%):
  - from a consistent \$486m to \$492m planned budget for the three years 2021-24,
  - \$ 739 m \$ 750m Planned delivery budget \$ 716 m \$ 703 m Council delivery budget Core Council programme planned delivery \$ 682 m Forecast Council delivery \$ 650m 5 664 m \$ 608 m \$ 607 m \$ 566 m \$ 553 m \$ 590 m \$ 550m S 492 5 488 m \$486 m \$ 493 m 507 m \$480 m 420 m<sup>\$ 403</sup> \$470 m **\$ 450m** 474 m \$ 467 m \$ 415 m 452 m \$409 m \$ 390 m \$ 395 m \$ 350m \$ 371 m \$ 356 m \$ 250m 2018/19 2020/21 2021/22 2023/24 2024/25 2025/26 2026/27 <----- Long Term Plan 2018-28 -----> <----- Long Term Plan 2021-31 ----> <----- Draft Long Term Plan 2024-34 -Planned delivery budget : Total amount finalised in each Annual Plan (as at Annual Plan 2023/24) or Long Term Plan. Includes Core Council programme, external funded programme, carry-forwards, and Te Kaha. Council delivery budget : Core Council and external funded programmes, excluding Te Kaha \*The gap between the blue line and black line consists of the planned spend for Te Kaha. Core Council programme planned delivery: Planned Council-only delivery (excluding externally funded programme, 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 Te Kaha).
- to between \$566m to \$664m planned budget for the future three years (2024-27).

- 5.13 It is accepted these future planned delivery budgets for capital meet Council's expectations as being both deliverable and affordable.
- 5.14 Looking at current forecast performance for 2023/24 (year three of the LTP 2021) the revised total programme budget set for CCC to deliver is **\$492m** (blue line). To the end March 2024 the total forecast capital delivery has remained stable at **\$470m** (green line), which equates to 95.5% forecast delivery.
- 5.15 This forecast delivery value is an increase from the previous year forecasts (2022/23) of between \$390m to \$405m (year-end actual \$452m), includes both core and externally funded works, but excludes Te Kaha. (Please note that Parakiore was formerly excluded along with Te Kaha but has now been included in core capital calculations.)
- 5.16 Council delivery for 2022/23 and forecast delivery for 2023/24 show a distinctive lift from that seen the previous four years. This higher level of delivery (approx. \$450m per annum) is informing the development of the draft LTP 2024-34. However, delivery currently programmed into the draft LTP for 2024/25 to 2026/27 shows a very significant increase over historical delivery patterns.



- 5.17 The ELT performance goal for capital delivery is based on all delivery CCC is accountable for (excluding Te Kaha), regardless of funding source.
- 5.18 Figures align with the Financial and Capital Programme Performance reports.

# ELT Goal: Ensure capital planning for FY25 funding programme budgets allocated, 90% by 1 March 2024.

# ELT Goal: Ensure capital planning for FY26 & FY27 funding programme budgets drawn down, 90% by 1 May 2024.

- 5.19 Capital planning targets are intended to monitor the draw-down and allocation of future capital funding programme budgets. This helps the business plan and prepare for future capital project delivery, to effectively implement the LTP and subsequent Annual Plans.
- 5.20 Capital planning performance shows a small improvement for March, with funding programme budgets allocated for FY2025 by 1<sup>st</sup> March 2024 reported at 93%. This has met the ELTs performance priority target. Budget drawdowns for FY2026 and 2027 by 1<sup>st</sup> May 2024 is reported at 84%, remaining consistent since December 2023, below ELTs target of 90% for now. It is not unusual for forecasts to be below target at this time of the cycle. Ongoing collaboration between PMO and service units is expected to see this ELT goal being met for May, as has been in the case in previous years.

# 6. Finance

- 6.1 The organisation reports a forecast **operational surplus of \$8.9m** (after carry-forwards). For underpinning information refer to the Financial Performance Report.
- 6.2 **Overall capital programme budget expenditure** forecast is at **-4.5%** (rounded). This is remains stable since January and remains on track to meet ELTs target (between 0% to -10%). More detailed information is available in the Capital Programme Performance Report.

# Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 🕂 🔛	LOS Exceptions Commentary	24/567013	21

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

Document Name - Location / File Link	
Not applicable	

# Signatories Ngā Kaiwaitohu

Authors	Amber Tait - Performance Analyst
	Boyd Kedzlie - Senior Corporate Planning & Performance Analyst
Approved By	Peter Ryan - Head of Corporate Planning & Performance
	Lynn McClelland - General Manager Corporate Services



# Item 7

#### **Level of Service Exceptions**

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

- Solution Levels of service which will fail to meet target
- Levels of service for which intervention is required to meet target
- Levels of service which have not been reported

#### **Communities and Citizens**

#### **Citizens and Customer Services**

Measure:	LTP/AP23: 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 average speed to answer 64 seconds. YTD: 138 seconds. EOY Forecast 137 seconds.
Comments:	A total of 60,255 interactions were presented this month.
	ASA Breakdown - March 2024
	% Calls answered in less than 2 minutes = 82.5%
	% Calls answered between 2 - 5 minutes = 11.5%
	% Calls answered above 5 minutes = 6%
Remedial Action:	Following the training delivery review undertaken in September, as in previous months, we have continued to deliver upskill training in line with the training pathways. We are concentrating on training for Service
	Hubs to allow team members with multiple phone channel skillsets to be backfilled to allow more time on
	our high ASA phone channels. A total of 40 staff completed skillset upskill training this month. Our
	concentrated training efforts have had a considerable effect on our phone channel ASA. As a result, we have
	reduced the year to date (YTD) ASA by 10 seconds during March.
😠 Measure:	LTP/AP23: 2.6.7.2 Citizen and Customer expectations for service response are delivered in a timely manner
Target:	At least 80% of citizens and customers are satisfied or very satisfied by the quality of the service received at the first point of contact via email
Actual:	68% satisfaction (email) (2023-2024 Residents Survey Result)
Comments:	In 2022-2023 this level of service was measured using three questions: time taken to respond; email being
	clear, professional, and easy to understand and email efficient way to communicate.
	In 2023-2024, the level of service was measured using two questions; email efficient way to communicate
	and email ease of contact as these two questions better reflect what the Customer service business unit is
	aiming to measure.
<b>Remedial Action:</b>	Detailed review and analysis of the feedback provided by our residents will inform next steps.

#### **Internal Activities**

# Performance Management and Reporting Measure: LTP/AP23: 13.1.1 Implement t

Measure:	LTP/AP23: 13.1.1 Implement the Long Term Plan and Annual Plan programme plan
Target:	Critical path milestone due dates in programme plans are met.
Actual:	The draft LTP was adopted on 14 March and went to community consultation 18 March.
Comments:	For legal reasons the draft LTP could not be adopted until the Audit NZ opinion was received. This means that the time available to receive and analyse submissions, attend hearings, conduct councillor briefings on a final LTP, prepare final documentation and then pass through ARMC and Audit NZ assurance will be strictly limited, if a final LTP is to be adopted in time to strike a new rate early in the financial year.
Remedial Action:	A paper setting out these risks (and mitigtations) has been prepared for the ARMC to consider. The project timeline has been redrawn to deal with the reduction in available time.

#### Parks, Heritage and Coastal Environment

#### **Parks and Foreshore**

🛞 Measure:	LTP/AP23: 6.8.1.6 Overall Regional Sports Organisation satisfaction with the standard of the city's Council provided sports surfaces
Target:	Satisfaction >=75%
Actual:	50% satisfaction (2023-2024 Residents Survey Result)
Comments:	Survey results indicate this target will not be met
<b>Remedial Action:</b>	Review of actuals to inform areas for improvement



😠 Measure:	LTP/AP23: 6.0.3 Overall customer satisfaction with the presentation of the City's Community Parks
Target:	Community Parks presentation: resident satisfaction >=60 %
Actual:	54% satisfaction (2023-2024 Residents Survey Result)
Comments:	Survey results show this target will not be met
Remedial Action:	Survey results will be reviewed and areas showing dissatisfaction will be addressed with remedial actions.

#### **Regulatory and Compliance**

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<b>Building Regulati</b>	on
Measure:	LTP/AP23: 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:	80% of consents have been issued within 19 days for the month of March
	62.9% of consents have been issued within 19 days Financial YTD
Comments:	We continue to experience high building consent application volumes, however our processing times are continuing to improve. This is mainly due to the continued use of external contractor support, and overtime
	arrangements for staff being extended to 20 June 2024.
Remedial Action:	Continued use of external contractors and overtime arrangements for staff.
Measure:	LTP/AP23: 9.1.9 Audit Building Warrant of Fitness to ensure public safety and confidence
Target:	Audit 20% of building stock
Actual:	92 Audits were carried out in March
	567 Audits have been carried out YTD
Comments:	The year-to-date figure of 567 Audits represents 52.11% of the target of 1088 buildings. The team
	anticipates getting close to the annual target, although at this stage may be just under at the end of June.
Remedial Action:	Continue to utilise improved processes and procedures
Measure:	LTP/AP23: 9.1.7 Grant Code Compliance Certificates within 20 working days
Target:	Issue minimum 95% of Code Compliance Certificates within 19 working days from the date of acceptance.
Actual:	89.7% of Code Compliance Certificates were issues within 19 days for the month of March
	65.9% of Code Compliance Certificates were issued within 19 days for the YTD
Comments:	Due to the continued high volume of consents, the issuing of code compliance certificates is not meeting the target for the year to date, however response times have vastly improved in the past few months. This is
	primarily attributed to the effectiveness of newly implemented centralisation of processes and enhanced online services.
<b>Remedial Action:</b>	Continue to utilise the improved processes that have seen the increase in code compliance processing.

#### **Regulatory Compliance and Licensing**

S Measure:	LTP/AP23: 9.0.5 Food premises are safe and healthy for the public
Target:	98% of scheduled Food Control Plan verification visits are conducted.
Actual:	50% of verifications have been completed
Comments:	867 verifications have been carried out - 887 are remaining. Cross skilling has occurred however we will not have enough time or staff trained to achieve this target.
Remedial Action:	The team will continue to prioritise this work the viability of engaging a contractor was cost prohibitive Even with their help there is too much of a backlog to achieve this level of service this year.
🛞 Measure:	LTP/AP23: 9.0.8 The community is not subjected to inappropriate noise levels
Target:	90% of complaints in relation to excessive noise are responded to within one hour.
Actual:	78.7% of the 971 calls received were attended to within the one hour level of service (YTD 82.7)
Remedial Action:	Engagement with the afterhours contractor will be ongoing in an attempt to improve percentage of complaints responded to within 60 minutes.
⊗ Measure:	LTP/AP23: 9.0.3.1 Protect community safety through the timely and effective response to complaints about public safety
Target:	100% of all investigations of dangerous building reports are initiated, and identified hazards secured, within 24 hours, 7 days a week.
Actual:	98.33% of the 60 dangerous building reports that were reported 59 (YTD) were responded to within the required timeframe. 18 of the jobs reported met the threshold of Dangerous.
Comments:	This is goal has 100% target - this Level of Service will not be met this year.



#### **Resource Consenting**

😣 Measure:	LTP/AP23: 9.2.18 % of notified resource management applications processed within statutory timeframes.
Target:	99% within statutory timeframes.
Actual:	No notified applications were completed in March. Year to date, 83% of applications have been processed within the statutory timeframe.
Comments:	No notified applications were completed in March. 83% have been processed within the statutory timeframe
Remedial Action:	No remedial actions are proposed given the result for March.
🛞 Measure:	LTP/AP23: 9.2.1 % of non-notified resource management applications processed within statutory timeframes.
Target:	99% within statutory timeframes.
Actual:	94% of applications were processed within the statutory timeframe for March. 94% have been processed within the statutory timeframe year to date. 99% is the target.
Comments:	High compliance was achieved for March. Although below the target of 99%, only 15 out of 245 (March) or 116 out of 2023 (YTD) applications went over time.
Remedial Action:	Some recruitment is being undertaken as well consultants are being used for overflow processing.

#### Strategic Planning and Policy

#### Public Information and Participation

😠 Measure:	LTP/AP23: 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: 30%
	(Previous year result 29%, plus 1%)
Actual:	28% of residents felt they could participate in and contribute to Council's decision making (2023-2024
	Residents Survey Result)
Comments:	We have not met this target. We continue to review our processes to look for opportunities for
	improvement.

#### **Solid Waste and Resource Recovery**

#### Solid Waste and Resource Recovery

Solid Waste and R	lesource Recovery
😣 Measure:	LTP/AP23: 8.0.3 Customer satisfaction with kerbside collection service
Target:	At least 85% customers satisfied with Council's kerbside collection service for each year
Actual:	84% satisfaction (2023-2024 Residents Survey Result)
Comments:	New tickets allocated to the team are back up to date with staff coming up to speed after a shortfall of staff for a number of months. The percentage rate of bins being collected when correctly presented remain high.
Remedial Action:	We will continue to work closely with WM to ensure that collections continue and jobs are actioned. We have experienced delays with repair jobs which has been resolved and systems put in place to minimise a recurrence.
Transport	
Transport	
😣 Measure:	LTP/AP23: 16.0.9 Improve resident satisfaction with footpath condition
Target:	>=42% resident satisfaction
Actual:	36% satisfaction (2023-2024 Residents Survey Result)
Remedial Action:	We only have a limited to influence this measure, as we regulary receive CSR's regarding 3 Waters poor workmanship, private residential building works, and service providers poor workmanship. Looking at the latest data from the Life in Christchurch survey, their is nothing the Road Maintenence Team can do to influence the 245 responses from residents that had either been duplicated, or did not fail current Levels of Service. We will investigate the 199 that did mention specific footpaths and improve what we can within existing budgets. We have already passed on the 94 to the wider Council teams for them to investigate and action.
🛞 Measure:	LTP/AP23: 10.4.4 Improve user satisfaction of public transport facilities (number and quality of shelters and quality of bus stop)
Target:	>=73% resident satisfaction
Actual:	69% satisfaction (2023-2024 Residents Survey Result)
Comments:	we do normally achieve this target, we haven't done anything different to normal so it is unclear why this has dropped. Part of the reason could be the subjectivity of the type of question used to gather the data i.e. being based on opinion rather than factual data.
Remedial Action:	we will continue with the services provided and look at ways of improving where we can.



♥ Measure: Target: Actual: Comments: Remedial Action:	LTP/AP23: 16.0.10 Maintain the perception that Christchurch is a walking friendly city >=85% resident satisfaction 74% satisfaction (2023-2024 Residents Survey Result) 74% satisfaction is an increase of 3% on 2023 results showing positive trend towards achieving target satisfaction of 85%. * Footpath crew established to address footpath defects. * Footpath improvement programme has been included in the draft LTP - accompanied by the development of a prioritisation method based on walking access to key activities such as education, shopping, health, PT, volume of demand and feasibility.
⊗ Measure: Target: Actual: Remedial Action:	LTP/AP23: 16.0.3 Improve resident satisfaction with road condition >=30% resident satisfaction 27% satisfaction (2023-2024 Residents Survey Result) We only have a limited to influence this measure, as we regulary receive CSR's regarding 3 Waters poor workmanship, private residential building works, and service providers poor workmanship. Looking at the latest data from the Life in Christchurch survey, nothing can be done by the Road Maintenence Team to influence the 1062 responses from residents that had either been duplicated, referenced roads outside Christchurch boundaries, or where no road or location had been named. We will however investigate the 395 that did mention specific roads and improve whatever we can within existing budgets. We have already passed on the remaining 94 to the wider Council teams for further investigation/action.
Measure: Target: Actual: Comments: Remedial Action:	LTP/AP23: 10.5.2 Improve the perception that Christchurch is a cycling friendly city >=67% resident satisfaction 65% satisfaction (2023-2024 Residents Survey Result) New target of 67% not met (65% recorded) representing a drop of 0.5% from 2023 survey but also representing a 98% achievement of the new 67% target). With March 2024 exceeding recorded cycle detections for March 2023 and 2022, the perception is at variance to actual cycle uptake. Progress the surviving cycle-related CERF projects to completion. Seek alternative funding opportunities to
	support cycling schemes. Work in partnership with the development industry through the use of Private Developer Agreements and LTP funding to deliver a range of cycling infrastructure to support new residential growth areas. Develop team capabilities in delivering successful business cases for cycling projects to increase prospect of funding assistance. Review the business case requirements for the city-wide major cycle routes (MCR)programme, and specifically the Wheels to Wings (W2W) major cycle route to enhance the potential for Transport Agency Funding Assistance
<ul> <li>Measure: Target: Actual:</li> </ul>	LTP/AP23: 16.0.1 Maintain roadway condition to an appropriate national standard, >=5% of the sealed local road network is resurfaced per year The reseal works for FY23/24 are firmly underway in the four road maintenance contract areas. The various road maintenance contractors for CCC's entire roading network have programmed and confirmed capacity and capability to complete the original FY23/24 programme, as well as the additional \$8.128M budgeted works before the end of this year's reseal season. The total works are intended to achieve a minimum deliverable of 7% of the sealed local road network for FY23/24.
Comments:	The reseal works are well underway as close out the reseal season for chip sealing (weather and temperature dependant). The asphaltic surfacing programme continues with grater tolerances to weather and temperature for application. Operational efficiencies have provided budget savings that are being reinvested into wider coverage through our reseal programme.
Remedial Action:	Awaiting payment certificates from contractors to assess full extent of reseal completed to date. This will hopefully be available for the next report end of April 2024.



Measure:	LTP/AP23: 16.0.8 Maintain the condition of footpaths
Target:	>=82% footpaths rated 1,2 or 3
Actual:	92.72% of assessed footpath network was rated 1-3, based on a WSP Opus assessment of 40% of our total footpath network. Although the balance 60% footpath stock is still under assessment this financial year, the 40% stock assessment completed to date was accepted by the auditor as a good representation and indication of our total footpath stock. Note: This goal in the Annual Report FY22/23 was assessed as 'achieved'.
Comments:	We are developing technology and processes to collect consistent condition data for the remaining 60% of our footpaths over the coming financial year.
Remedial Action:	Continue to work alongside HEB (WSP algorithm) and Higgins (LONRIX algorithm) in the development of a robust and automated footpath condition assessment tool. These two algorithm-based assessments will be assessed against the WSP achievement report in Bromley for comparison of similarity of results (consistency and repeatability - i.e. confidence in assessment and results). Rapid Response Footpath Crews (RRFC) have been formed to deliver improvements to footpath conditions wherever observed to be in a poor state.
Measure:	LTP/AP23: 16.0.13 Respond to customer service requests within appropriate timeframes
Target:	>=80% customer service requests are completed, or inspected and programmed within timeframes
Actual:	70% of customer service requests responded to within appropriate timeframes.
Comments:	Continuing to focus on completing and closing tickets.
Measure:	LTP/AP23: 10.0.6.1 Reduce the number of death and serious injury crashes on the local road network
Target:	<=96 crashes
Actual:	86 crashes
	6 deaths
	80 serious injuries
	All measures are on CCC controlled roads, based on Waka Kotahi Crash Analysis System (CAS) report (for period 1 April 2023 to 31 December 2023)
Comments:	At current rate, we would expect 115 DSIs in the Financial Year, which means we will be some way off the target, although improving from the second quarter figures. Staff continue to develop and deliver intervention programmes to increase safety outcomes on the network, with a particular focus on vulnerable users.
Remedial Action:	Remedial actions would be required to bring the crash numbers down regardless of target.
	Staff continue to develop and deliver intervention programmes to increase safety outcomes on the network, with a particular focus on vulnerable users. These include projects like the Speed Management programme, the School Safety programme, Road safety education, Minor Safety interventions, and the Major Cycleway Routes and connections projects.
Measure:	LTP/AP23: 10.5.41 Increase access within 15 minutes to key destination types by walking
Target:	>=49% of residential land holdings with a 15- minute walking access
Actual:	45% within 15-minute walking access of key destinations
Comments:	The model is complex and time-consuming to run, and is unlikely to show significant changes month-to-
	month, so will be run once a year towards the end of the FY. Therefore this currently shows no change from the end of the previous FY. Within 15 minutes walking time (1km), the following percentage of households have access to services: - Parks and open spaces: 98% - Education: 74%
	- Healthcare: 63%
	- Employment hubs: 46%
	- Supermarkets: 34%
Remedial Action:	Staff understand that there are plans to open supermarkets in at least one area without strong access, which should improve this number in future years. Staff plan to review the model outputs in advance of the LTP, to identify gaps that can be resolved through transport, and share data with other parts of Council so more focused planning decisions can be made. Expected changes to planning rules are expected to cluster people closer to critical services, which would be expected to improve this measure. Transport can also share this data more widely. This would be unlikely to change the measure in the short term, but longer term would
	raise awareness, and allow people to make more informed decisions about where they live.



<ul> <li>Measure: Target: Actual: Comments:</li> </ul>	LTP/AP23: 10.0.2 Increase the share of non-car modes in daily trips >=37% of trips undertaken by non-car modes 32.5% of trips undertaken by non-car mode These numbers are gathered through the Life in Christchurch survey, which gathers self-reported data on travel patterns on an annual basis. The result is improved from the previous year's survey. Ongoing delivery of shovel ready projects, local cycle connections, focus on public transport, walkability options, and a review of the method of measurement are planned in the current financial year.
Remedial Action:	Previously to 2021, the data had been trending higher, with the highest non-car share seen in the 2020 survey at 34.9%. However, the number dropped in 2021, then dropped further in 2022, before showing an uptick again in the 2023 survey reported here. The proportion from the 2022 survey was historically low, although the survey makeup had changed: the total numbers who responded was ~4800 in 2022, as compared to ~3300 in 2021. It is therefore difficult to know if this was a genuine change in mode choice, or an artifact of the increase in respondents. The 2023 survey had broadly similar numbers of respondents to 2022, so we are confident that the most recent surveys are comparable and reflect changes in mode choice. This is supported by empirical data from cycle counters, etc. At a delivery level, remedial actions to increase non-car mode share are: - Completion of the "Shovel Ready" projects will add significantly to the MCR network, which would be expected to improve cycling numbers. Sections of the remaining three are in construction. - Further investment in the MCR network, particualrly to areas with low cycle provision (eg Wheels to Wings and Avon-Otakaro) - Focus on public transport: Council and Environment Canterbury's LTPs have signalled an increase in funding to support an upgrade in bus frequency and reliability over the next few years. Modelling would suggest that this will encourage significant uptake of public transport. For Council, this is made up of bus stop improvements, bus priority lanes, intersection improvements, and real time information. - Continued construction of local cycleway connections and other key active transport links - Continued work on increasing the walkability level of service, particularly around new developments
Measure:	LTP/AP23: 10.5.3 More people are choosing to travel by cycling
Target:	>=13,500 average daily cyclist detections
Actual:	Avg Count for March = 13,682
Comments:	The rolling 12-month average from 1 April 2023 to 31 Mar 2024 = 11,972 2024 March counts exceeding March counts from 2022 and 2023. Overall average monthly count for this financial year to date is 12,142 (9 months)
Remedial Action:	Progress the surviving cycle-related CERF projects to completion. Seek alternative funding opportunities to support cycling schemes. Work in partnership with the development industry through the use of Private Developer Agreements and LTP funding to deliver a range of cycling infrastructure to support new residential growth areas. Develop team capabilities in delivering successful business cases for cycling projects to increase prospect of funding assistance. Review the business case requirements for the city-wide major cycle routes (MCR) programme, and specifically the Wheels to Wings (W2W) major cycle route to enhance the potential for Transport Agency Funding Assistance

# Wastewater Collection, Treatment and Disposal

#### Wastewater Collection, Treatment and Disposal

Measure:	LTP/AP23: 11.0.1.1 Median time (in hours) from notification to arrival on-site for urgent faults on rural wastewater networks
Target:	<= 2
Actual:	March result was 27 hours and 4 minutes
Remedial Action:	Ongoing management via maintenance contract



ter Supply Water Supply	
Measure:	LTP/AP23: 12.0.2.10 Water supplied is compliant with the DWQA Rules in the Treatment System (Protozoal compliance)
Target:	Compliant
Actual:	Water supplied is not protozoal compliant with the DWQA Rules in the treatment system for Christchurch City
Comments:	The Council is currently undertaking Class 1 sampling in source water, but the timeline to cover the whole city goes beyond the financial year, hence it won't be possible to demonstrate Class 1 in this and next financial years.
Remedial Action:	Class 1 sampling is underway.Other treatment options are under consideration and will be part of the discussions to be held under the LTP.
⊗ Measure:	LTP/AP23: 12.0.1.14 The proportion of residents satisfied with Council responsiveness to water supply problems
Target:	>= 65%
Actual:	64% satisfaction (2023-2024 Residents Survey Result)
Remedial Action:	Continuing to work closely with our contractor to further improve response times. Water supply renewals will also support improvements for this measure along with other projects such as "Smart Water". [update Jan 2024]
Measure: Target:	LTP/AP23: 12.0.2.19 Proportion of residents satisfied with quality of Council water supplies >= 50%
Actual:	48% satisfaction (2023-2024 Residents Survey Result)
⊗ Measure:	LTP/AP23: 12.0.7 Average consumption of drinking water in litres per resident per day
Target:	<= 210
Actual: Comments:	279 litres per resident per day average use for the month, with the year to date of 281 YTD average exceeds the target limit. Please note: Population data use the Census population figures (2018 URP). A requested to BI team was sent to provide a common data set. Please note: consumption also contains industrial/Commercial take-off which is only read and charged every 6 months. Estimated Leaks ar excluded.
Remedial Action:	Operations will work with the Service Excellence Team to support initiatives around reducing water consumption
Measure: Target:	LTP/AP23: 12.0.2.2 Proportion of High Hazard commercial connections with compliant backflow prevention device tested within the last year >=100%
Actual:	No way of reporting on this currently.
Remedial Action:	The Backflow register is not functioning as it should as yet. In the 3W IT bundle. Bug fixes have been scheduled to start. Once the Backflow Register is working as it should, our Water Supply Security Specialist will be able to report accurately from the register.
Measure:	LTP/AP23: 12.0.2.20 Proportion of Medium Hazard commercial connections >38mm diameter with complia backflow prevention device tested within the last year
Target:	>=100%
Actual:	No way of reporting on this currently.
Remedial Action:	The Backflow register is not functioning as it should as yet. In the 3W IT bundle. Bug fixes have been scheduled to start. Once the Backflow Register is working as it should, our Water Supply Security Specialist will be able to report accurately from the register.
Measure:	LTP/AP23: 12.0.2.9 Water supplied is compliant with the DWQA Rules in the Distribution System (Bacteria compliance)
Target:	Compliant
Comments: Remedial Action:	The system needs to be compliant across the 12 months and was not compliant during FY22/23. Currently, 100% of Christchurch distribution zones are chlorinated
Measure:	LTP/AP23: 12.0.6 Percentage of real water loss from Council's water supply reticulated network
Target: Comments:	<= 25% Leak detection is undertaken during winter and last year the target was not achieved. Final results will be available at the end of the financial year 23/24.
Remedial Action:	A plan to repair delayed leaks is underway so next winter we will be able to undertake the second round of Minimum Night Flow tests to update leakage rates.



# 8. Financial Performance Report - March 2024

Reference Te Tohutoro:24/498424Responsible Officer(s) Te<br/>Pou Matua:Russell Holden, Head of FinanceAccountable ELTBede Carran, General Manager Finance, Risk & Performance / Chief<br/>Financial Officer

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

- 1.1 The purpose of this report is for the Finance and Performance Committee to be updated on Council's financial performance to March 2024 including the current year forecast, and to receive current treasury, rates, general debt and insurance claim information.
- 1.2 This is a regular monthly report that goes to the Committee.

# 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

- 1. Receive the information in the Financial Performance Report March 2024 Report.
- 2. Note that staff will prepare a report to Council on the treatment and application of the subvention payment received.

#### 3. Brief Summary

- 3.1 The year-to-date operational surplus of \$11.0m is \$24.7m greater than budgeted because of higher subvention receipts, reduced personnel costs due to staff vacancies, improved waste management revenues and decreased landfill costs, higher rates income, and improved recreation and sports revenues due to higher participation. A surplus of \$8.9 million is forecast for year-end, after accounting for likely proposed carry forwards.
- 3.2 The total capital programme before signalled carry forwards is forecast to be under spent by \$41.8 million. This comprises a forecast under spend of \$22.0 million on the core/external funded programme and a forecast under spend of \$19.7 million on Te Kaha.
- 3.3 All treasury risk positions are within policy limits.

# 4. Operating Forecast

- 4.1 The \$8.9 million forecast year end surplus after carry-forwards is an improvement of \$8.5 million from that reported last month. The material improvement is largely due to higher subvention receipts of \$31.8 million provided by Council controlled organisations compared to \$24.4 million budgeted. It is proposed that the application of the additional \$7.4 million is reported to Council, with options included, for a decision to be made.
- 4.2 The current forecast surplus before carry-forwards is \$14.7 million, driven by; rates income, pool revenues, savings in personnel costs, improved waste management operations, and higher subvention receipts, partially offset by reductions in staff capitalisation on capital projects, higher interest costs and additional three waters operational and maintenance costs.
- 4.3 The forecast is updated monthly and alters as new information and events come to light.

- 4.4 Expenditure carry-forward requests signalled at this point are:
  - 4.4.1 Water Reform \$3.6 million The water reform project is anticipated to receive the full revenue entitlement under the works agreement by the end of the current financial year, those revenues are required to cover any water reform expenditure out to the end of FY-25, any unspent funds must be returned to the Government.
  - 4.4.2 Port Hills red zone funding \$0.8m remaining unspent budget.
  - 4.4.3 Closed Landfill Aftercare costs \$0.75m –unspent waste management landfill aftercare budget.
  - 4.4.4 EQ repair programme \$0.7m remaining EQ repair programme budgets for the Pages Road demolition, Yaldhurst Memorial Hall repair, Opawa Childrens Library and Upper Riccarton War Memorial Library.

# 5. Operational Expenditure and Revenue

- 5.1 This covers day to day spend on staffing, operations and maintenance, and revenues to fund the operational spend.
- 5.2 Operational revenue exceeds expenditure as it includes rates revenue for capital renewals and debt repayment. This 'capital' revenue is referred to below as 'Funds not available for Opex' and is removed to show the year to date and forecast operational 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	(747.5)	(731.9)	15.6	(1,011.4)	(994.1)	17.3	(0.2)	17.5
Expenditure	557.9	569.1	11.2	763.5	760.8	(2.7)	6.0	(8.7)
Funds not available for Opex	178.6	176.4	(2.1)	233.2	233.3	0.1	-	0.1
Operating (Surplus)/Deficit	(11.0)	13.6	24.7 🔵	(14.7)	-	14.7 🔵	5.8	8.9

- 5.3 Brief summaries of revenue and expenditure variances are highlighted below.
- 5.4 Revenues are \$15.6 million ahead of budget year to date and are forecast to be \$17.5 million higher at year end. Key drivers of actual and forecast variances to budget include:

Variance	YTD	Forecast
variance	טוז	(after c/f)
Subvention receipts from Council controlled organisations	7.4m	7.4m
Waste operations (primarily Burwood landfill & Ecocentral rebate)	4.2m	5.1m
Consenting revenues (reducing consents backlogs)	2.1m	2.0m
Recreation & Sports Centres increased participation	2.1m	1.6m
Rating base growth	1.0m	1.2m
Rates penalties	2.0m	1.2m
Rates valuation objections (prior year)	(0.3m)	(0.3m)
Transwaste dividends	(0.5m)	(0.6m)
Transport revenues (NZTA Opex Subsidy)	(1.9m)	-

5.5 Expenditure is \$11.2 million lower than budget year to date but forecast to be \$8.7 million over budget at year end. The reason for the forecast deterioration in the last quarter is that Council expenditure is not completely phased across all expenditure lines, and so when the budgets are prepared, the expenditure is spread evenly across the 12 months. Some operational expenditure such as Plan Change 14 (PC 14) and operational expenditure funded from Better Off Funding is more heavily weighted towards the end of the financial year. The year-to-date variance is primarily driven by lower personnel costs primarily driven by higher than expected staff vacancies.

Key drivers of actual and forecast variances to budget include:

Variance	YTD	Forecast (after c/f)
Staff Costs (Units carrying vacancies planned to be filled from start of the year)	7.3m	7.1m
Grant payments (delays in projects and budget phasing variances)	1.0m	0.7m
Timing of Parks operating & maintenance costs	1.1m	-
Timing of Community Support operating & maintenance costs	1.3m	-
Transport operating and maintenance Costs (timing of works being undertaken)	1.8m	-
Professional advice expenditure (all units)	2.5m	(1.4m)
Waste operating costs (lower recycling processing fees, lower residual waste disposal fees and lower organics processing costs)	1.5m	(1.4m)
Consenting units operating & professional expenditure acquiring additional resource to clear backlog.	(0.2m)	(2.8m)
Three Waters maintenance & operating costs (additional reactive maintenance)	(2.7m)	(2.6m)
Digital capitalisation budget allocation	(2.9m)	(3.4m)
Digital P/O receipting delays resulting in FY-23 costs in FY-24, & increases in software renewal costs greater than allowed in the budget.	(2.6m)	(3.0m)
Total	8.1m	(6.8m)

- 5.6 In the 23/24 Annual Plan process, a change in structure had an unintended consequence of additional Digital costs being incorrectly capitalised in the budget and therefore not rated for. This has been corrected in the LTP, however it does leave a funding gap in the current year.
- 5.7 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 (borrowed).
- 5.8 Details of net cost by Activity are shown in **Attachment A**.

# 6. Capital Expenditure and Revenue

6.1 This section covers the capital programme spend and funding relating to it.

	Year to Date Results			Forecast Year End Results				After Carry Forwards			
\$m	Actual	Budget	Var		Forecast	Budget	Var		Carry Fwd	Var	
Core Programme	289.3	338.6	49.3		442.1	467.0	24.9		8.6	16.3	
External Funded Programme	33.9	20.2	(13.7)		44.5	25.0	(19.5)		(18.3)	(1.2)	
Less unidentified Carry Forwards	0.0	0.0	0.0		(16.7)	0.0	16.7		31.6	(14.9)	
Core/External Funded Programme	323.2	358.8	35.6		470.0	492.0	22.0		21.8	0.2	
Te Kaha	141.1	157.1	16.0		204.4	224.2	19.7		19.7	-	
Total Capital Programme	464.4	515.9	51.5		674.4	716.2	41.8		41.6	0.2	
Revenues and Funding	(235.3)	(212.4)	22.9		(301.8)	(312.9)	(11.1)		(15.1)	4.0	
Borrowing required	229.1	303.6	74.5		372.6	403.3	30.7		26.5	4.2	



#### **Capital Expenditure**

- 6.2 Gross capital expenditure of \$464.4 million has been incurred against a year-to-date budget of \$515.9 million.
- 6.3 Overall, total capital expenditure of \$674.4 million is forecast (based on the PMO forecast of \$470 million for CCC Capital-Core/External Funded) to be spent against the annual budget of \$716.2 million. Of the \$41.8 million variance, the majority is forecast to be carried forward at year end.
- 6.4 For further information on capital expenditure, please refer to the Capital Programme Performance Report contained in this agenda.

#### **Capital Revenues and Funding**

- 6.5 Capital revenues and funding are a net \$22.9 million higher than budget year to date, due to having received higher development contribution revenues and higher MCR capital revenues.
- 6.6 Capital revenues and funding are forecast to be \$11.1 million lower before carry-forwards comprising delays in NZTA capital subsidies, the revenue not recovered in the current financial year is expected to be received in FY-25. The lower revenue is partially offset by higher development contribution receipts.

#### 7. Special Funds

- 7.1 The annual movements and balance of the Housing Account and Capital Endowment Fund are shown in **Attachment A**.
- 7.2 The balance of funds available for allocation from the Capital Endowment Fund at 31 March 2024 was \$1,475,977.

#### 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**

8.2 Council's actual and forecast borrowing and Advances are shown below (\$ million):

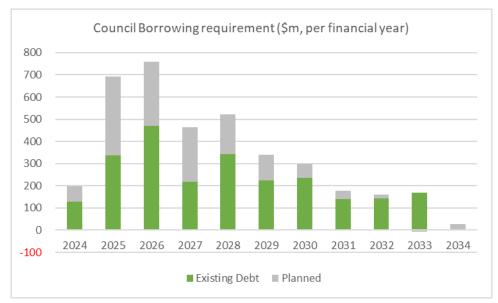
	Jun-23 Actual	Current	Jun-24 Projected	Full Year Change
Gross Borrowing	2,242.5	2,482.2	2,605.0	362.5
Advances to Related Parties	805.5	796.3	852.2	46.7
Net Debt (excl. Cash)	1,437.0	1,685.9	1,752.8	315.9

- 8.3 Advances are primarily to Christchurch City Holdings Ltd (currently \$641.2 million).
- 8.4 Net Debt by Jun-24 is estimated to be \$315.9 million higher than at Jun-23, driven by capital expenditure (particularly Te Kaha).



#### **Funding & Interest Rates**

8.5 Council's projected **funding** requirements, per financial year, are shown below. These are split between existing debt maturities (green) and expected new borrowing requirements (grey).



8.6 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.

	Jun-24	Jun-25	Jun-26
Rates-Funded Debt	5.1%	5.1%	4.9%

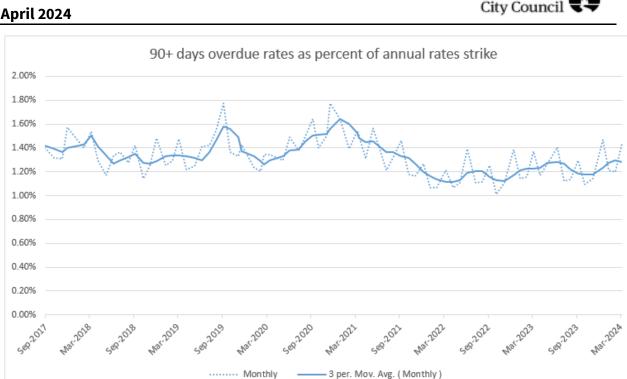
Average for 2022/23 was 4.9%; pre-Covid, in 2018/19, it was 5.2%.

# 9. Rates Debt

9.1 Rates debt decreased \$2.1 million this quarter, as shown in the table below.

Şm	December	Current	Change	Comment
Rates Debt	30.2	28.1	(2.1)	The total rates debt has remained stable
Overdue rates for current year	23.8	25.7	1.9	
Arrears from previous years	6.4	2.4	(4.0)	

9.2 The graph below shows 90+ days rates debt as a percentage of the annual rates strike that year, with a three month moving average to smooth the quarterly cycle. This indicates that rate arrears are in hand.



9.3 As at 31 March 2024, there are 55 individual properties with arrears greater than \$20,000 (and where at least some of those arrears are older than 90 days). Total arrears on those properties is \$2.2 million.

# **10.** General Debt

The increase in March 2024 current debt is due to a Rau Paenga Limited (formerly Ōtākaro) 10.1 invoice for subsidies revenue of \$9,065,646, due on April 20th.

(000s)	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
CURRENT	7,960.8	7,594.6	39,947.5	6,694.8	10,589.2	4,023.9	(1,184.7)	5,883.5	14,586.8
31 + DAYS	947.9	1,053.9	(5,022.2)	1,363.0	900.6	1,457.7	889.6	784.2	789.6
62 + DAYS	398.8	285.5	162.3	439.0	189.3	331.7	885.5	281.7	234.2
92 + DAYS	116.9	164.1	147.1	127.4	351.3	125.7	338.0	105.0	191.5
122 + DAYS	80.5	78.1	122.9	80.3	(3.3)	325.6	58.8	116.0	62.2
183 + DAYS	599.8	605.6	638.7	680.6	436.1	624.3	821.9	781.9	867.5
TOTAL	10,104.8	9,781.8	35,947.8	9,254.6	12,769.4	6,704.8	1,809.1	7,952.2	16,731.8

10.2 General debt of \$60,595 has been written-off this quarter. Half of this amount relates to writeoffs relating to damage to street poles.



Christchurch



# **11.** Insurance Claims

11.1 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 Jan – March 2024 quarter.

	Doliov	Claims / No	Claims / Notifications			
	Policy	Above excess	Below excess	Cost		
Claims by Council	Motor Vehicle	1	1	\$6,000		
	Material damage	1	0	\$260,000		
Claims against Council	PI / PL	0	0	\$0		

11.2 CWTP fire claim – detailed repair requirements and cost estimates have been completed. 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
Α 🕂 🔛	March 2024 - Attachment A – Operational & Capital breakdown	24/541621	36
	by Activities		

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

Document Name – Location / File Link						
Not applicable						

# Signatories Ngā Kaiwaitohu

Authors	Bruce Moher - Manager Corporate Reporting							
	Mitchell Shaw - Reporting Accountant							
	Steve Ballard - Group Treasurer							
	Karthik MG - Reporting Accountant							
	Martin Zelas - Team Leader Rates							
	Adrian Seagar - Manager Insurance & Asset Management							
Approved By	Russell Holden - Head of Finance							
	Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer							



#### Attachment A - Operational & Capital breakdown by Activities / Special Funds

#### Activity Operating Results (excluding Depreciation)

	Year	to Date Resu	lts		Foreca	st Year End R	esults		
\$000's		Actual	Plan	Var	Forecast	Plan	Var	Net C/F	Result
Christchurch Art Gallery		7,506	7,569	63	10,219	10,005	(214)	-	(214)
Canterbury & Akaroa Museums		9,294	9,302	8	9,526	9,523	(3)	-	(3)
Libraries		29,878	29,883	5	41,080	40,340	(740)	-	(740)
Community Development and Facilities	1	15,747	16,276	529	23,905	24,315	410	475	(65)
Recreation, Sports, Comm Arts & Events	2	17,185	19,233	2,048	26,766	27,655	889	-	889
Civil Defence Emergency Management		943	1,159	216	1,569	1,569	-	-	-
Citizen and Customer Services		7,753	8,139	386	10,852	10,857	5	-	5
Communities & Citizens		88,306	91,561	3,255	123,917	124,264	347	475	(128)
Economic Development		13,928	13,938	10	17,999	17,922	(77)	-	(77)
Civic & International Relations		752	831	79	1,003	1,095	92	-	92
Economic Development		14,680	14,769	89	19,002	19,017	15	-	15
Flood Protection & Control Works	3	5,199	4,593	(606)	6,489	6,238	(251)	-	(251)
Flood Protection and Control Works		5,199	4,593	(606)	6,489	6,238	(251)	-	(251)
Governance & Decision Making		11,584	12,271	687	16,199	16,272	73	-	73
Office of Mayor & Chief Executive		1,471	2,019	548	2,274	2,775	501	-	501
OARC Co-Governance		6	6	-	201	201	-	-	-
Governance	4	13,061	14,296	1,235	18,674	19,248	574	-	574
Community Housing		(2,607)	(2,118)	489	(4,274)	(4,348)	(74)	-	(74)
Housing		(2,607)	(2,118)	489	(4,274)	(4,348)	(74)	-	(74)
Parks and Foreshore		36,849	37,740	891	53,541	52,960	(581)	-	(581)
Parks Heritage Management		1,575	1,705	130	2,209	2,387	178	-	178
Parks, Heritage & Coastal Environment		38,424	39,445	1,021	55,750	55,347	(403)	-	(403)
Solid Waste & Resource Recovery		32,301	37,829	5,528	45,174	49,287	4,113	750	3,363
Solid Waste & Resource Recovery	6	32,301	37,829	5,528	45,174	49,287	4,113	750	3,363
Regulatory Compliance & Licencing		3,196	3,670	474	5,420	5,618	198	-	198
Building Regulation		1,975	2,873	898	2,543	2,609	66	-	66
Resource Consenting		2,193	1,760	(433)	3,042	2,188	(854)	-	(854)
Land & Property Information Services		(1,387)	(1,237)	150	(1,465)	(1,564)	(99)	-	(99)
Regulatory & Compliance		5,977	7,066	1,089	9,540	8,851	(689)	-	(689)
Stormwater Drainage		18,780	17,920	(860)	25,915	25,445	(470)	_	(470)
Stormwater Drainage		18,780	17,920	(860)	25,915	25,445	(470)	-	(470)
Stormwater Dramage								1	
-									
Strategic Planning & Policy Public Information & Participation		18,934 4,208	21,724 4,687	2,790 479	26,149 5,842	27,246 6,218	1,097 376	-	1,097 376

Attachment A – Operational & Capital breakdown by Activities / Special Funds as at 31 March 2024

		Yea	r to Date Resul	ts		Forecast Year End Results				
\$000's		Actual	Plan	Var	Forecast	Plan	Var	Net C/F	Result	
Transport Access		25,371	24,586	(785)	41,493	41,427	(66)	-	(66)	
Transport Environment		3,958	5,389	1,431	8,654	8,528	(126)	-	(126	
Transport Safety		2,678	2,511	(167)	3,438	3,470	32	-	32	
Transportation		32,007	32,486	479	53,585	53,425	(160)	-	(160)	
WW Collection, Treatment & Disposal		45,134	45,317	183	65,467	65,821	354	-	354	
Wastewater		45,134	45,317	183	65,467	65,821	354	-	354	
Water Supply		31,687	34,403	2,716	46,230	48,069	1,839	-	1,839	
Water Supply	10	31,687	34,403	2,716	46,230	48,069	1,839	-	1,839	
Corporate Revenues and Expenses	11	(523,502)	(515,027)	8,475	(733,089)	(723,934)	9,155	3,562	5,593	
Internal Services	12	(14,865)	(14,289)	576	(16,025)	(16,888)	(863)	1,032	(1,895)	
Corporate		(538,367)	(529,316)	9,051	(749,114)	(740,822)	8,292	4,594	3,698	
Total Opex Net Cost of Service		(192,276)	(165,338)	26,938	(251,654)	(236,694)	14,960	5,819	9,141	

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 forecast year end unfavourable variance of \$0.74 million, is primarily a result of a forecast over expenditure on personnel costs (\$0.47 million) and insurance (\$0.47 million) partially offset by an increase in grants and subsidies revenues (\$0.11 million). The forecast over expenditure of personnel costs is due to higher pay increases for staff following the PSA contract agreement compared to the increase allowed in the Annual Plan. The increase in grants and subsidies rates and subsidies is due to receiving a larger disbursement from the Gammack Trust than budgeted for.
- 2. Recreation, Sports, Community Arts and Events year to date favourable variance of \$2.05 million is a result of increased revenues (\$2.09 million) and savings in personnel costs (\$0.90 million), partially offset by increased insurance (\$0.64 million) and increased maintenance costs (\$0.44 million). The favourable forecast year end result of \$0.89 million is as a result of increased revenues (\$1.58 million) and savings in personnel costs (\$0.59 million) partially offset by increased insurance costs (\$0.64 million) and increased maintenance costs (\$0.64 million). The increase in revenues is primarily driven by higher participation by the community, in particular additional revenues from pools (\$1.00 million), fitness programmes (\$0.31 million) and camping grounds revenues (\$0.14 million). Revenues are also higher due to insurance recoveries being received in relation to the Spencer Park amenities block fire (\$0.54 million). Personnel costs are lower than allowed for in the annual plan due to a high number of vacancies, and the delay in opening of the Matatiki Recreation Centre. Maintenance costs are higher than allowed for in the Annual Plan due to the additional expenditure resulting from the Spencer Park amenities block fire (offset by the increase in revenue) and increased expenditure on electricity which has seen price rises over and above the inflation rate allowed for in the Annual Plan.
- 3. Flood Protection and Control Works year to date unfavourable variance of \$0.61 million and year end unfavourable variance of \$0.25 million is a result of increased maintenance costs due to higher than anticipated levels of reactive maintenance being carried out by City Care. There are also a number of disputed claims, some of which date back to FY-23, which are currently being resolved, the full cost of these claims has been accrued in the year-to-date results.
- 4. Governance favourable year to date variance of \$1.24 million is due to savings in personnel

costs (\$0.76 million), office expenses (\$0.27 million) and operating costs (\$0.22 million). The forecast year end favourable variance of \$0.57 million is due to savings in personnel costs (\$0.43 million) and operating costs (\$0.18 million). The savings in personnel costs is primarily due to a high number of staff vacancies, these positions were budgeted to be filled from the commencement of the financial year and either have been filled late or remain unfilled, in particular Community Support & Partnerships unit, Treaty Relationships unit and the Legal unit. The reduction in operating costs is a result of the Treaty Relationship units MKT contract being renewed at the same rates used in FY-23, rather than inflated rates allowed for in the Annual Plan. The year to date savings in office expenses is due to the budget timing of Corporate Subscriptions which are expected to occur in the final quarter of the financial year.

- 5. Parks, Heritage & Coastal Environment year to date favourable variance of \$1.02 million is as a result of savings in maintenance costs (\$0.87 million), personnel costs (\$0.19 million) and increased rent revenues (\$0.34 million), partially offset by increased insurance costs (\$0.40 million). The maintenance cost variances are a result of timing differences in nurseries (\$0.12 million), heritage properties (\$0.16 million), garden & heritage parks (\$0.35 million) and community parks (\$0.25 million). The savings in personnel costs are due to a higher than anticipated level of vacancies for positions which were expected to be filled from the start of the financial year. The increased rent revenues are as a result of receiving higher than expected rents from residential red zone commercial grazing, regional parks and heritage properties commercial rent. The forecast year end unfavourable variance of \$0.40 million is as a result of increased insurance costs.
- 6. Solid Waste & Resource Recovery year to date favourable variance of \$5.53 million is due to improved revenues (\$4.16 million), and lower maintenance and operating costs (\$1.50 million). The forecast year end after carry forward favourable result is due to forecast improved revenues (\$5.11 million), partially offset by increased maintenance and operating costs (\$1.41 million). The improved revenues are a result of receiving higher MFE waste levies (\$1.77 million), additional revenues from bin recovery and enhanced green bins (\$0.92 million), improved revenue from the Burwood Landfill (\$0.97 million) and increased transfer operations rental revenue (\$0.41 million). The year to date improved operating and maintenance costs are due to savings in landfill and recycling costs, the year end unfavourable turnaround is due to additional residual waste refuse disposal fees which are likely to be incurred by year end.
- 7. Regulatory & Compliance year to date favourable variance of \$1.90 million is as a result of increased revenues (\$2.25 million), partially offset by higher consultant and service contract costs (\$1.02 million). The unfavourable year end forecast variance of \$0.69 million is due to increased consultant and service contract costs (\$2.52 million), partially offset by increased revenues (\$1.96 million). The increased revenues are due to using consultants to assist in clearing additional consents from the backlog, avoiding revenue reductions from refunds and late penalties being applied, and carrying out additional inspections. The increase in consultant and service contract costs is due to making up for shortfalls in staffing due to vacancies and to avoid reducing revenue from processing consents late.
- 8. Stormwater Drainage unfavourable year to date variance of \$0.86 million and year end unfavourable variance of \$0.47 million is as a result of increased maintenance costs. The increased maintenance costs are due to higher than anticipated levels of reactive maintenance being carried out by City Care, there are also a number of disputed claims, some of which date back to FY-23, which are currently being resolved, the full cost of these claims has been accrued in the year-to-date results.
- 9. Strategic Planning & Policy favourable year to date variance of \$3.27 million is due to lower personnel costs (\$1.14 million) and reduced professional advice expenditure (\$1.73 million). The favourable forecast year end variance of \$1.47 million is due to personnel cost savings (\$1.14 million) and reduced professional advice expenditure (\$0.22 million). The savings in personnel costs are due to a high number of vacancies which were budgeted to be filled from the start of the financial year. The year-to-date savings of professional advice is due to the works on PC14 which had been paused pending advice from the Ministry, the advice has now

been received and the works are still expected to occur by the end of the financial year.

- 10. Water Supply favourable year to date variance of \$2.72 million is as a result of savings in insurance costs (\$2.26 million), reduced professional advice costs (\$0.94 million) and savings in personnel costs (\$0.54 million), partially offset by increased maintenance costs (\$0.91 million) and reduced internal staff cost recoveries (\$0.12 million). The year end favourable variance is due to savings in insurance costs (\$2.26 million), reduced professional advice costs (\$0.72 million) and savings in personnel costs (\$0.79 million), partially offset by increased maintenance costs (\$0.93 million) and reduced internal staff cost recoveries (\$0.67 million). The savings in professional advice costs is a result of reduced expenditure on consultants, making better use of internal council resources where appropriate. The decrease in personnel costs is as a result of a high number of vacancies within the water supply team, this has also led to the under recovery of internal staff time, as there are less staff charging their time to capital projects than was expected when the Annual Plan was prepared. The increased maintenance costs are due to higher than anticipated levels of reactive maintenance being carried out by City Care, there are also a number of disputed claims, some of which date back to FY-23, which are currently being resolved, the full cost of these claims has been accrued in the year-to-date results.
- 11. Corporate Revenues and Expenses favourable year-to-date variance of \$8.47 million is a result of increased subvention receipts (\$7.37 million) being received from Council controlled organisations, increased rates & rates penalties being charged (\$2.73 million), partially offset by higher personnel costs (\$1.04 million). The favourable year end forecast variance of \$9.16 million is due to increased subvention receipts (\$7.37 million) being received from Council controlled organisations, increased rates & rates penalties being charged (\$2.14 million), partially offset by higher personnel costs (\$1.04 million). The increased personnel costs are because of additional Council executive leadership costs.
- 12. Internal Services favourable year to date variance of \$0.58 million is a result of savings in personnel costs (\$4.78 million) partially offset by office expenses (\$1.61 million) and reduced staff internal reallocations (\$3.18 million). The unfavourable year end forecast variance of \$1.89 million is due to lower staff internal reallocations (\$4.18 million), increased professional advice costs (\$1.38 million) and increased office expenses (\$1.58 million) partially offset by savings in personnel costs (\$5.22 million). The savings in personnel costs are driven by a high number of vacancies, which were budgeted to be filled from the start of the financial year, in particular in the Digital, Technical Services, Legal and Democratic Services and Strategic Policy Council units. The under recovery of staff internal reallocations is due to the high number of vacancies resulting in less staff time being available for capitalisation and a budget preparation issue which resulting in an unachievable level of recovery for the Digital unit, even if they had a full compliment of staff. This issue has been fixed for the LTP. The higher office expenses are due to additional software costs being incurred due to late receipting of some FY23 invoices, and price increases greater than the rate of inflation allowed for in the Annual Plan. The increase in professional advice expenditure is due to engaging more consultants to make up for shortfalls in staffing numbers.

#### **Group of Activities Capital Results**

		Year	to Date Result	ts	Foreca	st Year End Re	sults	After Carry Forwards		
\$m		Actual	Budget	Var	Forecast	Budget	Var	C/F	Result	
Communities & Citizens		29.9	39.0	9.1	43.7	53.6	9.9	9.3	0.6	
Flood Protection and Control Works		26.6	22.2	(4.4)	34.3	38.5	4.2	3.5	0.7	
Housing		4.3	3.7	(0.6)	5.0	5.0	-	-	-	
Parks, Heritage and Coastal Enviro		41.9	45.4	3.5	67.4	68.8	1.4	2.7	(1.3)	
Solid Waste & Resource Recovery		2.1	5.1	3.0	3.8	7.3	3.5	3.3	0.2	
Regulatory & Compliance		-	0.1	0.1	-	0.1	0.1	-	0.1	
Stormwater Drainage		14.8	25.3	10.5	20.9	30.7	9.8	7.5	2.3	
Strategic Planning & Policy		0.4	0.7	0.3	0.6	0.9	0.3	-	0.3	
Transport		93.5	105.8	12.3	151.9	140.9	(11.0)	(11.5)	0.5	
Wastewater		32.2	36.8	4.6	44.0	46.1	2.1	(2.8)	4.9	
Water Supply		41.7	46.1	4.4	62.5	58.8	(3.7)	(6.0)	2.3	
Corporate Capital		177.0	185.7	8.7	257.0	265.5	8.5	4.0	4.5	
Gross Capital Spend	1	464.4	515.9	51.5	691.1	716.2	25.1	10.0	15.1	
Unidentified Carry forwards		-	-	-	(16.7)	-	16.7	31.6	(14.9)	
Capital Programme Expenditure	2	464.4	515.9	51.5	674.4	716.2	41.8	41.6	0.2	
Development Contributions	3	(25.6)	(17.3)	8.3	(28.7)	(23.1)	5.5	-	5.5	
Less DC Rebates		-	-	-	1.8	1.8	-	-	-	
Crown Recoveries	4	(30.6)	(23.4)	7.2	(33.0)	(35.0)	(2.0)	-	(2.0)	
Waka Kotahi NZTA Capital Subsidy		(15.3)	(20.4)	(5.1)	(35.9)	(51.0)	(15.1)	(15.1)	0.0	
Misc. Capital Revenues	5	(4.2)	(0.9)	3.3	(2.7)	(3.6)	(0.9)	-	(0.9)	
Asset Sales		(6.0)	-	6.0	(5.8)	(1.5)	4.3	-	4.3	
Capital Revenues		(81.7)	(62.1)	19.7	(104.4)	(112.5)	(8.1)	(15.1)	7.0	
Rates for Renewals		(146.2)	(146.2)	-	(194.9)	(194.9)	-	-	-	
Reserve Drawdowns	6	(7.4)	(4.1)	3.3	(2.5)	(5.5)	(3.0)	-	(3.0)	
Other Available Funding		(153.6)	(150.3)	3.3	(197.4)	(200.4)	(3.0)	-	(3.0)	
Borrowing Required	7	229.1	303.6	74.5	372.6	403.3	30.7	26.5	4.2	

#### **Capital Expenditure**

- 1. For detailed commentary on gross Capital spend variances please refer to the Capital Project Performance Report.
- Gross capital expenditure of \$464.4 million has been incurred year to date. A further \$210.0 million is forecast to be spent by year end. The \$674.4 million forecast spend is based on a Core/External Funded delivery of \$470 million, plus forecast spend of \$204.4 million on Te Kaha.

#### **Capital Revenues**

- 3. Development contributions are higher than budget year to date because new development has been higher than anticipated.
- 4. Crown recoveries are \$7.2 million greater than budget year to date, due to additional MCR revenue (\$4.0 million) and earlier receipts than anticipated for the Coastal Pathway funding (\$3 million).
- 5. Miscellaneous capital revenues year to date variances are mainly due to higher Water Connection Fee revenues (\$1.2 million) and Capital grants received for various projects including Hornby Hydrotherapy and Cashmere Stream Enhancement (\$1.8 million).
- 6. Reserve drawdowns are \$3.3 million higher year to date than budgeted due to higher development contribution drawdowns.
- 7. The lower current year borrowing requirement forecast of \$372.6 million is due to the slower forecast core/external funded capital programme spend. This is largely temporary, as carry forwards will move the funding requirement to future years.



#### Special Funds

	Year	to Date Resu	lts	Forecas	t Year End Re	sults	After Forw	
\$000's	Act/YTD	Budget	Var	Forecast	Budget	Var	C/F	Result
Housing Development Fund								
1 July Opening Balance	991	991	-	991	991	-	-	-
Income	12,297	11,753	544	16,279	15,671	608	-	608
Operating expenditure	(9,776)	(9,635)	(141)	(12,162)	(11,323)	(839)	-	(839)
Capital expenditure	(1,516)	(3,746)	2,230	(2,234)	(4,995)	2,761	-	2,761
Interest on fund balance	13	82	(69)	47	110	(63)	-	(63)
Balance	2,010	(554)	2,564	2,922	454	2,468	-	2,468
Capital Endowment Fund								
Capital Balance	104,032	104,032	-	104,032	104,032	-	-	-
Income Distribution	. ,	. ,		. ,	. ,			
1 July Opening Balance	1,066	1,066	-	1,066	1,066	-	-	-
Income	3,591	3,538	52	4,750	4,691	59	-	59
Less: Expenditure	-			-				
Healthier Homes Canterbury	19	-	19	-	-	-	-	-
Upper Riccarton Domain Development	-	-	-	(70)	(70)	-	-	-
Park Rangers	(293)	(293)	-	(390)	(390)	-	-	-
Environmental/Climate Change Partnership Fund	(291)	(350)	59	(360)	(360)	-	-	-
Community Partnership Fund	-	-	-	(580)	(580)	-	-	-
Papatipu Rūnanga Partnership Worker	-	-	-	(85)	(85)	-	-	-
Woolston Brass for Band Room	(130)	(130)	-	(130)	(130)	-	-	-
New Brighton Community Guardians	(60)	(60)	-	(60)	(60)	-	-	-
Canterbury Society of Artists Trust	(75)	(75)	-	(75)	(75)	-	-	-
Christchurch NZ	(256)	(1,154)	898	(1,539)	(1,539)	-	-	-
Diamond Harbour & District Health Support Group	(50)	(50)	-	(50)	(50)	-	-	-
Lyttleton Recreation Centre Trust	(86)	(86)	-	(86)	(86)	-	-	-
Table Tennis Canterbury Building Remediation	(100)	(100)	-	(100)	(100)	-	-	-
Hornby Community Care Trust	(315)	(315)	-	(315)	(315)	-	-	-
Grants funded general grants	(500)	(500)	-	(500)	(500)	-	-	-
Unallocated funds	-	-	-	(1,061)	(1,061)	-		
Balance	2,521	1,492	1,029	415	356	59	-	59
Carry forwards incorporated in 2025 Long Term Plan				-				
Funds available for allocation				1,476				

Item 8



## 9. Capital Programme Performance Report - March 2024

**Reference Te Tohutoro:** 24/440298

Responsible Officer(s) Te<br/>Pou Matua:Richard Wesley, Acting Head of Programme Management OfficeAccountable ELT<br/>Member Pouwhakarae:Jane Parfitt, General Manager City Infrastructure

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

- 1.1 The purpose of this report is to present to the Finance and Performance Committee meeting the monthly Capital Programme Performance Report for March 2024.
- 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 - March 2024 Report.

### 3. Background/Context Te Horopaki

- 3.1 The draft Long Term Plan (LTP) budgets have been loaded in March. This has resulted in some changes to Watchlist project budgets, and a reduction in financial risk on some projects. Some minor budget adjustments are pending processing at the time of reporting.
- 3.2 Overall capital programme expenditure in March was the highest for the financial year to date. This was driven by several Watchlist projects in construction, as well as some land purchases, and Transport's annual carriageway reseal programmes.
- 3.3 The year-end forecast for CCC Capital (excl. Te Kaha) as reported by Project Managers is **\$487m** against a Budget of \$492m. This is a \$2m forecast increase on the prior month. Yearend forecasts have remained relatively stable for most areas of CCC Capital this month.
- 3.4 The PMO year-end forecast for CCC Capital remains at **\$470m** this month (96% of budget). This is based on programme-level analysis including current levels of expenditure, historical performance, and the overall outlook.
- 3.5 As reported previously, several budget changes are anticipated in the Transport programme. It is expected that these will be approximately neutral to the current annual budget, with both positive and negative budget movements. Further work is needed to confirm this.
- 3.6 The full Capital Programme Performance Report for March is provided as Attachment A. This includes the FY24 Watchlist (Appendix 1).
- 3.7 The Monthly Change Report is included in the public excluded section due to contract commercial sensitivity.



## Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 🕂 🔛	Capital Programme Performance Report - March 2024	24/571649	45

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

Document Name - Location / File Link	
Not applicable	

## Signatories Ngā Kaiwaitohu

Authors	Lauren Barry - Senior PMO Analyst
	Greer Hill - Administrator Officer
	Paul Dadson - Senior Capital Programme Advisor Parks & Facilities
	Richard Wesley - Acting Head of Programme Management Office
Approved By	Lynn McClelland - General Manager Corporate Services



#### Christchurch City Council

#### Introduction

This report provides a monthly status update on capital programme performance in the current Financial Year (FY24), including: - The overall capital programme

- CCC Capital, which excludes the Te Kaha Canterbury Multi Use Arena
- Each major area of capital delivery.

All forecasts in this report are project management forecasts, with the exception of the Programme Management Office (PMO) forecast in the CCC Capital section.

The report also contains status updates on key Watchlist projects (Appendix 1). Projects are selected for the Watchlist based on scale and significance, strategic importance, profile, cost, immediacy, and delivery risk.

# Capital Programme Performance Report

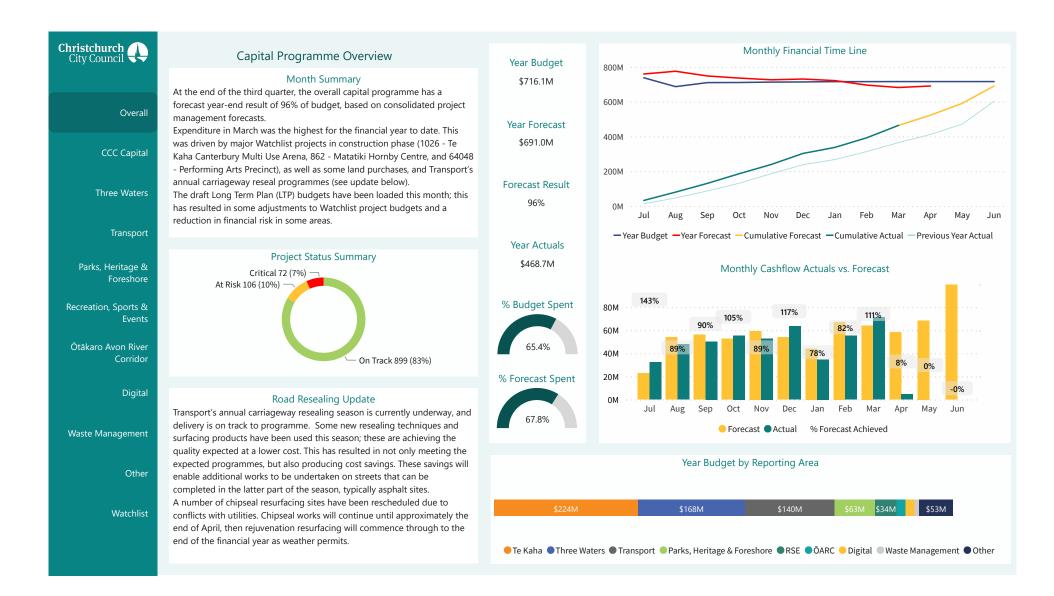
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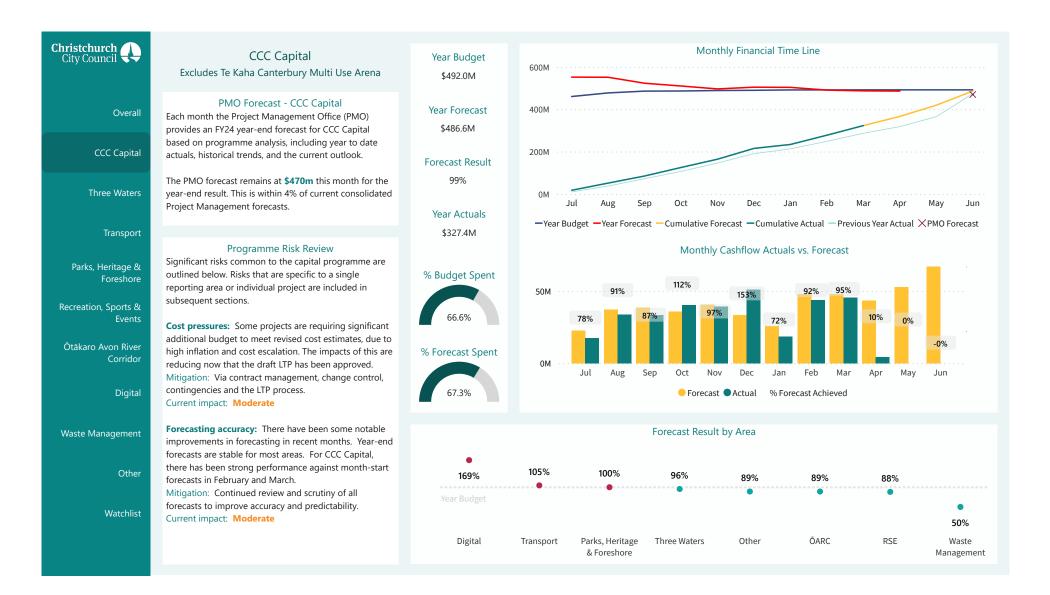
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Data refreshed Monday 8th April 2024









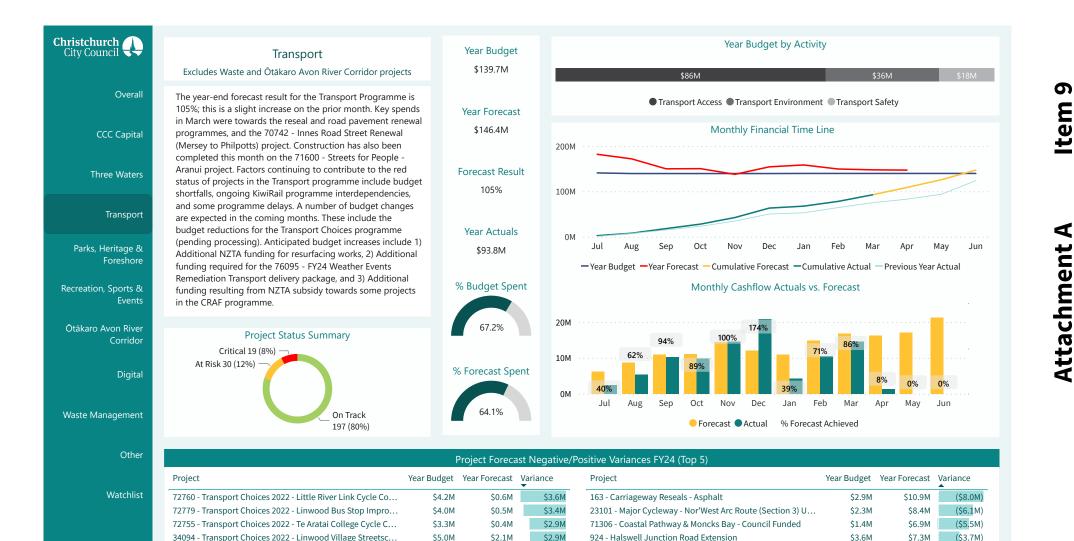




	Project	Year Budget	Year Forecast	Variance	Project	Year Budget	Year Forecast Variance
Watchlist	56343 - SW Quarry Road Drain Conveyance Improvements	\$2.2M	\$0.1M	\$2.1M	68844 - WS Mains Memorial, Hampton, Frith, Grangewood,	\$1.1M	\$5.8M (\$4.7M)
	61615 - SW South New Brighton & Southshore Estuary Edg	\$1.9M	\$0.1M	\$1.8M	17865 - WW Reactive Lateral Renewals	\$1.5M	\$4.4M (\$2.8M)
	30172 - WW Riccarton Interceptor (Upper Riccarton)	\$1.9M	\$0.2M	\$1.8M	65133 - WW Picton, Nelson, Elizabeth, Lyndon, Mandeville,	\$1.2M	\$4.0M (\$2.8M)
	44585 - SW Highsted Wetland, Highams Basin & Pūharake	\$2.0M	\$0.3M	\$1.7M	26599 - SW Cashmere Worsleys Flood Storage (LDRP 500)	\$0.6M	\$3.2M (\$2.6M)
	29076 - SW Charlesworth Drain (LDRP 531)	\$1.4M	\$0.1M	\$1.3M	33813 - WS Jeffreys Road Pump Station Upgrade (PS1076)	\$0.7M	\$2.7M (\$2.0M)

74469 - Transport Choices 2022 - Improving Bromley's Roads





\$2.9M

\$0.3M

\$2.7M

70742 - Innes Road Street Renewal (Mersey to Philpotts)

(\$3.4M)

\$3.9M

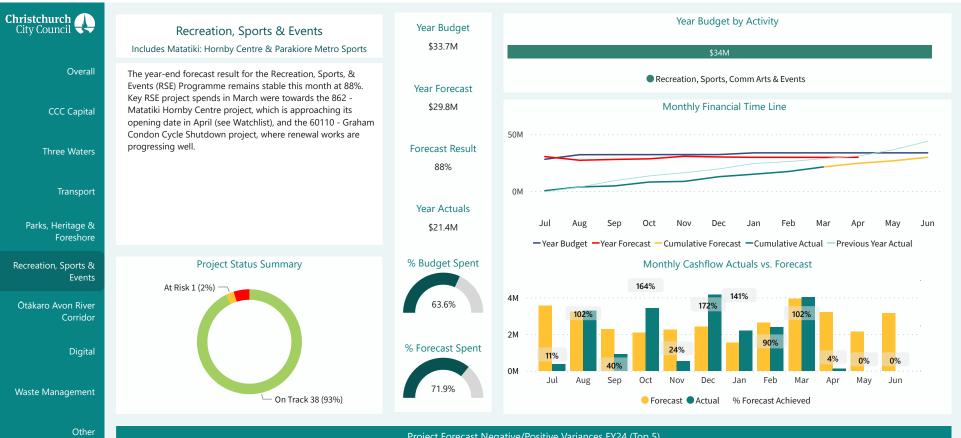
\$0.6M





			Project Poreca				
	Project	Year Budget	Year Forecast	Variance	Project	Year Budget	Year Forecast Variance
Watchlist	61821 - Cuningham House Building Renewals (Heritage)	\$2.9M	\$0.7M	\$2.3M	3177 - Development Funded (DC) Neighbourhood Parks Gr	\$0.0M	\$6.0M (\$6.0M
	65641 - Robert McDougall Gallery - Base Isolation	\$3.9M	\$2.9M	\$1.0M	357 - Te Nukutai o Tapoa - Naval Point Development Plan	\$0.6M	\$2.4M (\$1.8M
	2356 - Akaroa Wharf Renewal	\$2.2M	\$1.2M	\$1.0M	75503 - Operating Plant & Equipment Acquisitions for Mai	\$7.4M	\$9.2M (\$1.8M
	61801 - Lancaster Park Redevelopment	\$1.8M	\$0.9M	\$ <mark>0.9M</mark>	61531 - Ngā Puna Wai Car Park and Access Improvements	\$3.2M	\$4.3M (\$1.2M
	43671 - South New Brighton Reserves Development	\$0.8M	\$0.1M	\$0.8M	45164 - Robert McDougall Gallery Strengthening	\$5.5M	\$6.4M (\$0.9M

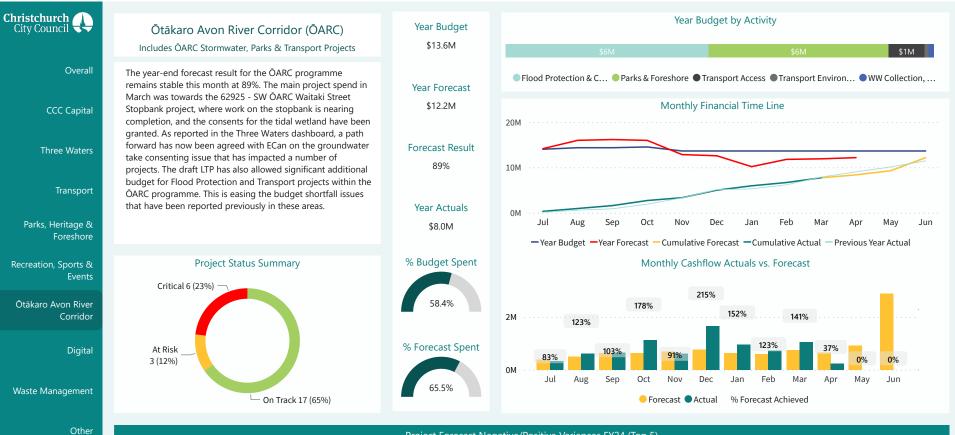




Project Forecast	Negative/Positive	Variances FY24 (1	op 5
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	Project	Year Budget	Year Forecast	Variance	Project	Year Budget	Year Forecast Variance
Watchlist	42333 - Parakiore Recreation and Sports Centre Equipmen	\$2.8M	\$0.0M	\$2.8M	60110 - Graham Condon Cycle Shutdown	\$3.0M	\$4.4M (\$1.4M)
	73576 - Spencer Beach Holiday Park Amenity Block Rebuild	\$1.8M	\$0.0M	\$1.8M	60101 - Taiora QEII Renewals & Replacements	\$0.2M	\$0.7M (\$0.5M)
	1017 - Parakiore Recreation and Sports Centre (formally M	\$2.5M	\$1.3M	\$1.2M	67248 - Pioneer Pool Renewals & Replacements	\$0.3M	\$0.6M (\$0.3M)
	60107 - Pioneer Stadium Renewals & Replacements	\$1.0M	\$0.6M	\$0.5M	862 - Matatiki Hornby Centre	\$16.5M	\$16.7M (\$0.2M)
	60008 - Recreation and Sport Centres - Reactive Renewals	\$0.2M	\$0.1M	\$0.1M	67250 - Jellie Park Earthquake Renewals and Cycle Shutd	\$0.0M	\$0.1M (\$0.1M)





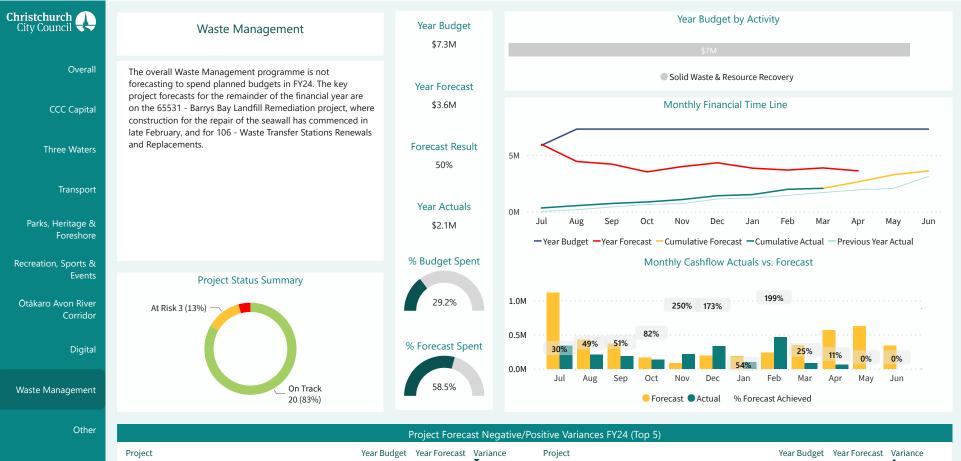
#### Project Forecast Negative/Positive Variances FY24 (Top 5)

	Project	Year Budget	Year Forecast	Variance	Project	Year Budget	Year Forecast Variance
Watchlist	66000 - SW Ōtākaro Avon River Corridor Anzac Drive to Wai	\$1.5M	\$0.4M	\$1.1M	62925 - SW Ōtākaro Avon River Corridor Waitaki Street Sto…	\$1.0M	\$2.8M (\$1.7M)
	68173 - Ōtākaro-Avon River Corridor City to Sea Pathway (	\$4.0M	\$3.2M	\$0.8M	68175 - Ōtākaro-Avon River Corridor Community Spaces i	\$0.6M	\$1.3M (\$0.7M)
	56166 - SW Ōtākaro Avon River Corridor Waikākāriki - Hors	\$1.0M	\$0.4M	\$0.5M	62924 - SW Ōtākaro Avon River Corridor Flood Manageme	\$0.3M	\$0.5M (\$0.2M)
	67421 - SW Ōtākaro Avon River Corridor Stopbank from Pa	\$1.0M	\$0.6M	\$0.4M	63952 - Ōtākaro-Avon River Corridor Ecological Restoratio	\$0.7M	\$0.8M (\$0.1M)
	71376 - SW Ōtākaro Avon River Corridor Design Standards	\$0.5M	\$0.2M	\$0 <mark>.3M</mark>	72381 - SW Ōtākaro Avon River Corridor Consenting (OARC)	\$0.0M	\$0.1M (\$0.0M)









Other		F	Project Foreca	st Negative/F	Positive Variances FY24 (Top 5)			
Proje	ect	Year Budget	Year Forecast	Variance	Project	Year Budget	Year Forecast	Variance
st 6042	7 - Delivery Package - Transfer Station Site Redevelop	\$0.9M	\$0.1M	\$0.8M	106 - Waste Transfer Stations Renewals and Replacements	\$0.3M	\$0.7M	(\$0.5
71873	3 - Bexley Closed Landfill	\$0.6M	\$0.0M	\$0.6M	65531 - Barrys Bay Landfill Remediation	\$0.3M	\$0.5M	(\$0.
65530	0 - Onuku Bay Landfill Remediation	\$1.9M	\$1.4M	\$0.5M	60428 - Delivery Package - Transfer Station Stormwater Tr	\$0.0M	\$0.0M	(\$0.
59935	5 - Bexley Landfill Remediation	\$0.6M	\$0.1M	\$0.5M				
162 -	Burwood Closed Landfill Management	\$0.4M	\$0.0M	\$0.4M				

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#### Project Forecast Negative/Positive Variances FY24 (Top 5)

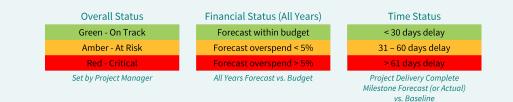
Other	Project	Year Budget	Year Forecast	Variance	Project	Year Budget	Year Forecast	Variance
	1012 - Corporate Investments	\$5.1M	\$1.0M	\$4.1M	64048 - Performing Arts Precinct	\$16.3M	\$23.3M	(\$7.1M)
Vatchlist	20836 - Ōmōkihi (South Library & Service Centre Rebuild)	\$2.8M	\$0.7M	\$2.1M	56802 - Multicultural Recreation and Community Centre	\$0.1M	\$0.5M	(\$0.4M)
	65432 - Delivery Package - Christchurch Art Gallery Renew	\$3.6M	\$1.8M	\$1.8M	71401 - Hoon Hay Community Centre Refurbishment	\$0.0M	\$0.2M	(\$0.2M)
	65446 - Delivery Package - Fleet & Plant Asset Purchases	\$2.1M	\$0.7M	\$1.4M	65433 - Delivery Package - Community Centres Renewals	\$0.8M	\$0.8M	(\$0.1M)
	531 - Digital Library Equipment Renewals & Replacements	\$1.8M	\$0.6M	\$1 <mark>.2</mark> M	36871 - Civil Defence Equipment Replacements & Renewals	\$0.1M	\$0.2M	(\$0.1M)

Christchurch City Council



Project	Overall Statu
1026 - Te Kaha Canterbury Multi Use Arena (CMUA)	On Track
1017 - Parakiore Recreation and Sports Centre (formally Metro Sport Facility)	Critical
862 - Matatiki Hornby Centre	On Track
64048 - Performing Arts Precinct	On Track
32243 - SW Eastman Sutherland and Hoon Hay Wetlands	On Track
61615 - SW South New Brighton & Southshore Estuary Edge Flood Mitigation	At Risk
71306 - Coastal Pathway & Moncks Bay - Council Funded	On Track
924 - Halswell Junction Road Extension	Critical
917 - Lincoln Road Passenger Transport Improvements (Curletts to Wrights)	At Risk
47023 - Major Cycleway - Northern Line Route (Section 2) Tuckers to Barnes & Main North Road	On Track
23101 - Major Cycleway - Nor'West Arc Route (Section 3) University to Harewood	Critical
26608 - Major Cycleway - South Express Route (Section 1) Hei Hei to Jones	Critical
26611 - Major Cycleway - Wheels to Wings Route (Section 1) Harewood to Greers	On Track
18396 - Te Kaha Surrounding Streets	On Track
2356 - Akaroa Wharf Renewal	At Risk
61821 - Cuningham House Building Renewals (Heritage)	On Track
62549 - Southshore and South New Brighton Estuary Edge Erosion Management (Red Zone Regeneration)	At Risk
68173 - Ōtākaro-Avon River Corridor City to Sea Pathway (OARC)	On Track
26601 - Major Cycleway - Ōtākaro Avon Route (Section 1) Fitzgerald to Swanns Road Bridge (OARC)	On Track
27273 - Pages Road Bridge Renewal (OARC)	Critical
66000 - SW Ōtākaro Avon River Corridor Anzac Drive to Waitaki Street Stopbank (OARC)	On Track
67421 - SW Ōtākaro Avon River Corridor Stopbank from Pages Road to Bridge Street (OARC)	On Track

#### Watchlist Key



# Appendix 1 Watchlist Project Updates





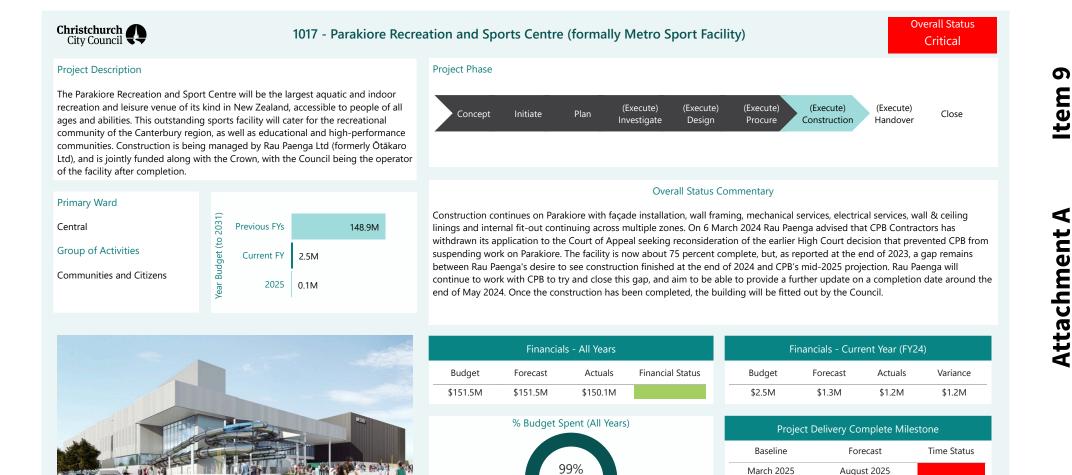


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1017 - Parakiore Recreation and Sports Centre (formally Metro Sport Facility)

Watchlist Project:

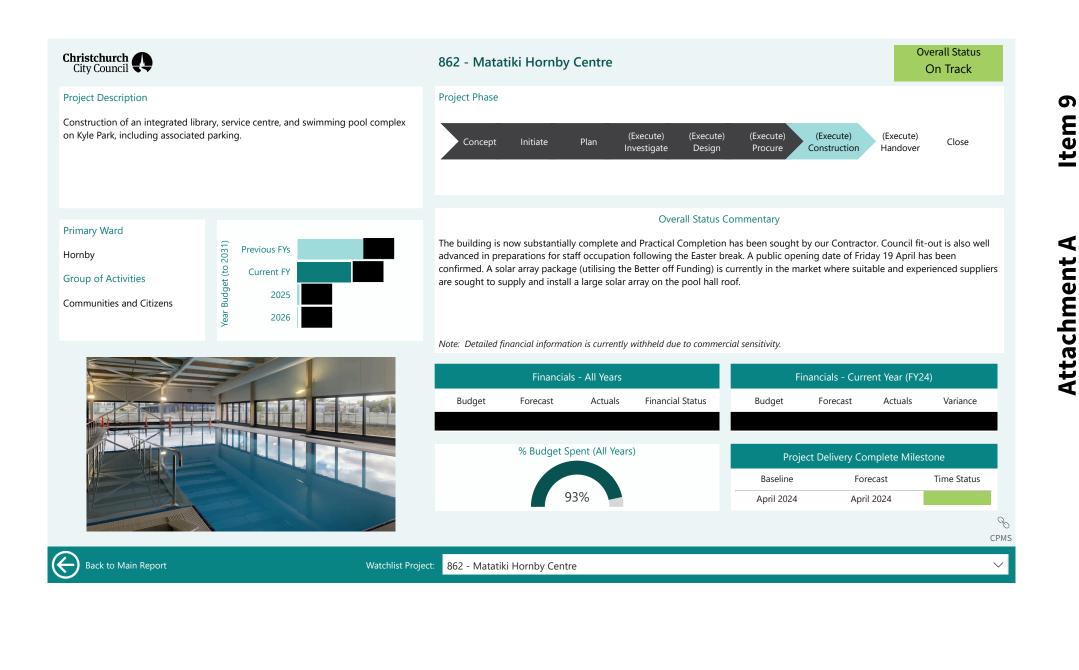
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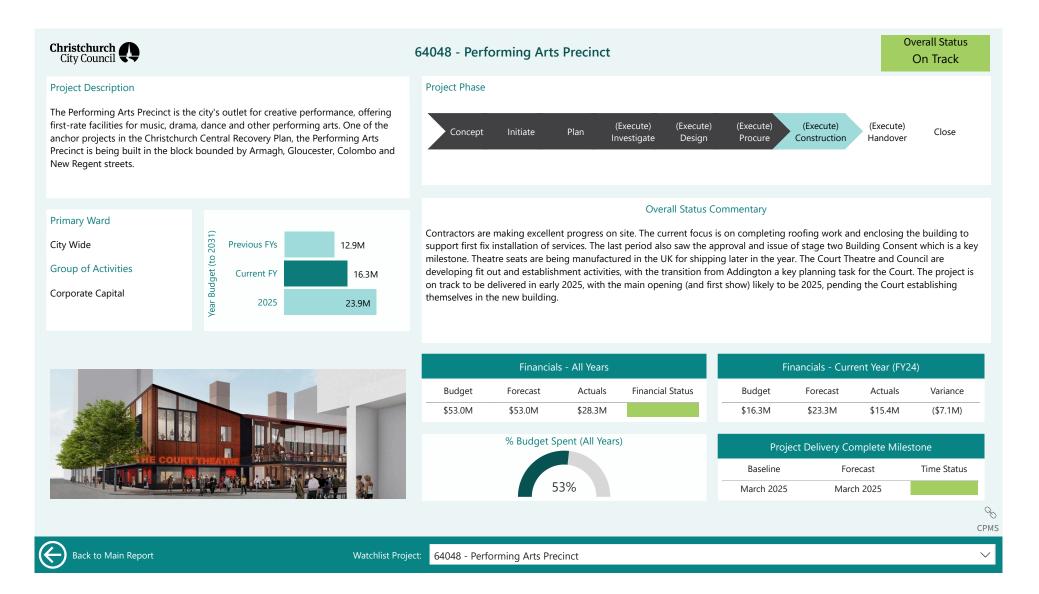
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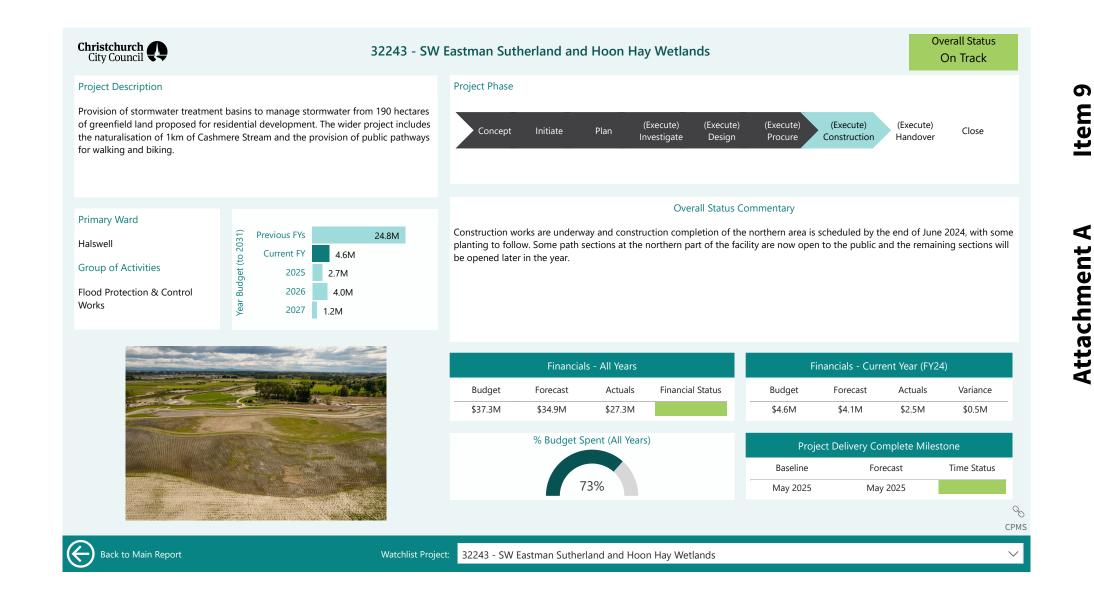




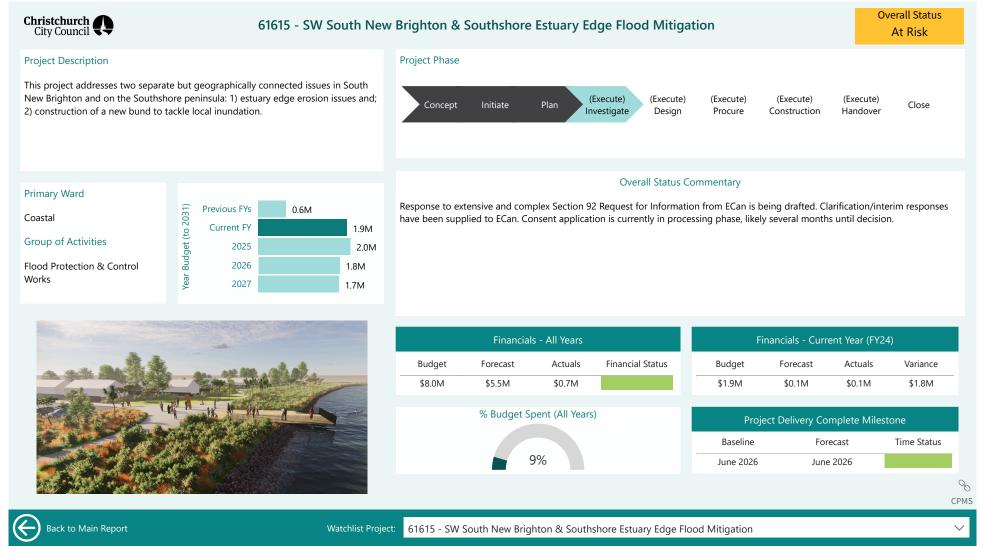








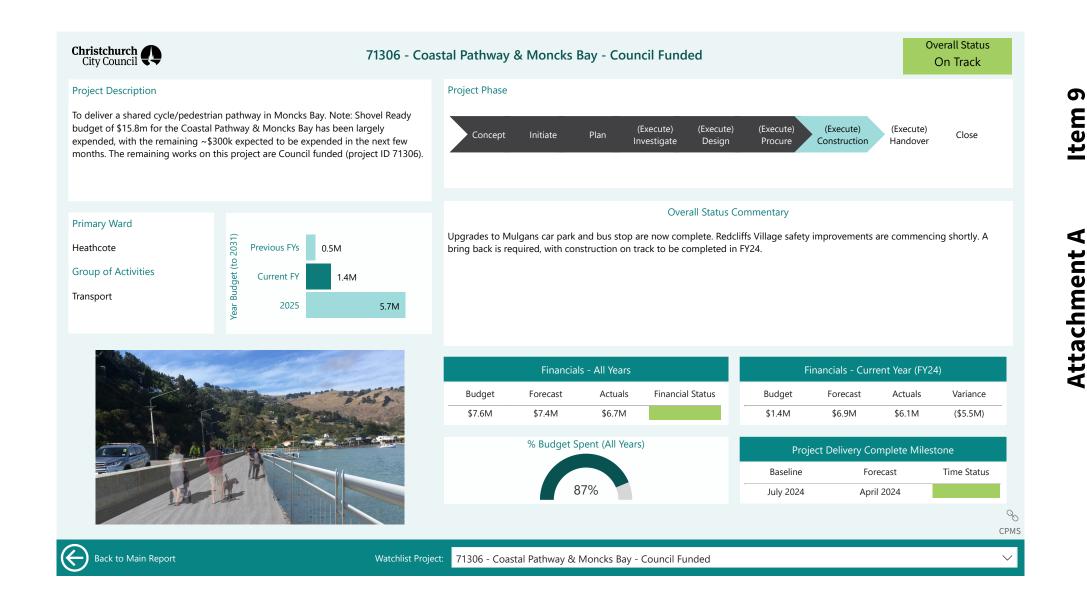




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Attachment A







**Overall Status** 

Critical



#### 924 - Halswell Junction Road Extension

#### **Project Description**

This project is for an extension of Halswell Junction Road from Foremans Road to Waterloo Business Park, installing a new level crossing at Waterloo Road. The existing level crossing and intersection of Halswell Junction Road with Waterloo Road will be closed off with a cul-de-sac. The project team are working closely with KiwiRail who are undertaking the design for the new level crossing and related rail signal changes required.

Primary Ward					
Horphy	(to 2031)	Previous FYs			11.0M
Hornby		Current FY	3.6M		
Group of Activities	Budget (	2025		3.0M	
Transport		2026		3.1M	
	Year	2027		4.7M	

#### Project Phase



#### **Overall Status Commentary**

Bulk of roading project now completed. All traffic management has been removed apart from some fencing ensuring traffic continues to use Halswell Junction Road and not the new link road. Work on the section of South Express MCR has been delayed due to a service clash. Collaboration with KiwiRail on the level crossing is ongoing and the completion date has been updated due to delays with the KiwiRail programme. Project completion now expected to be April/May 2025.

KiwiRail have indicated they have a significant cost increase - details TBC. Flag reflective of the KiwiRail cost increase.



	Financial	s - All Years			Fi	inancials - Curr	ent Year (FY2	24)
Budget	Forecast	Actuals	Financial Status		Budget	Forecast	Actuals	Variance
\$25.3M	\$25.3M	\$18.0M		_	\$3.6M	\$7.3M	\$7.0M	(\$3.7M)
	% Budget S	pent (All Years	)		Proje	ect Delivery Co	mplete Mile	stone
					Baseline	For	ecast	Time Status
	7	1%			June 2025	June	2025	
924 - Halswe	ell Junction Road	d Extension						

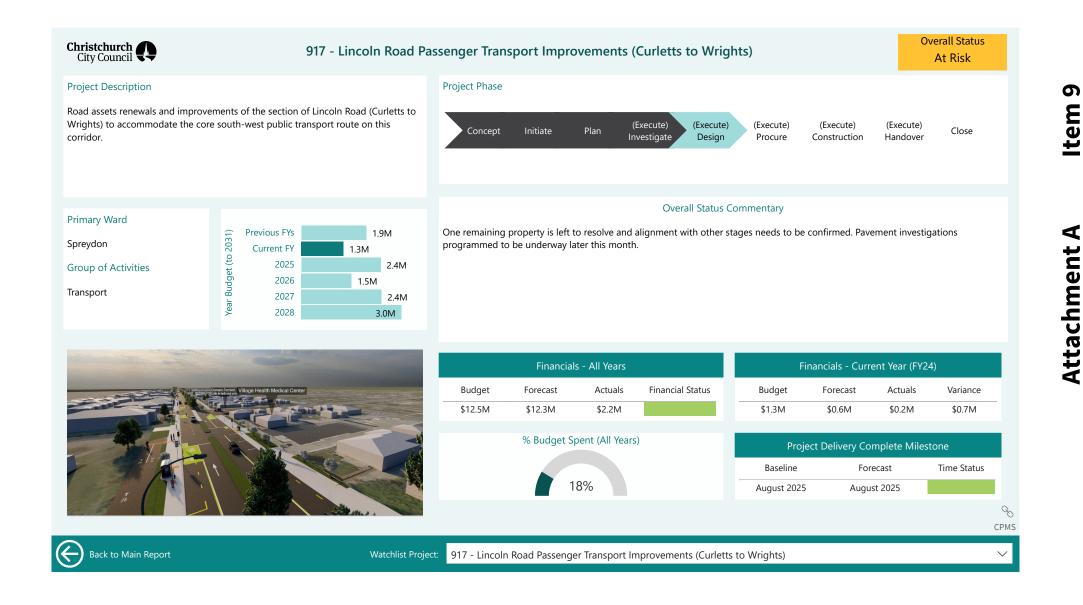
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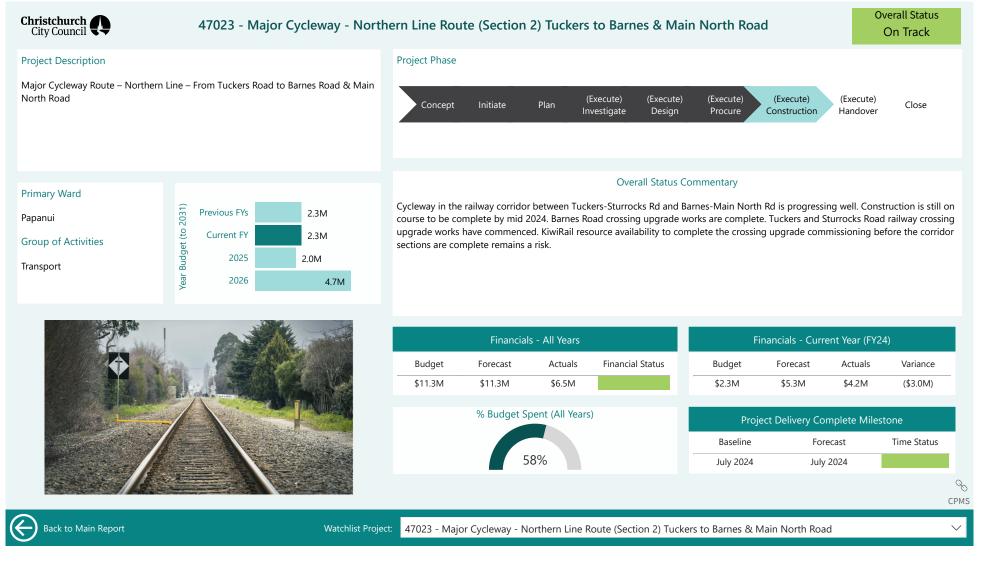
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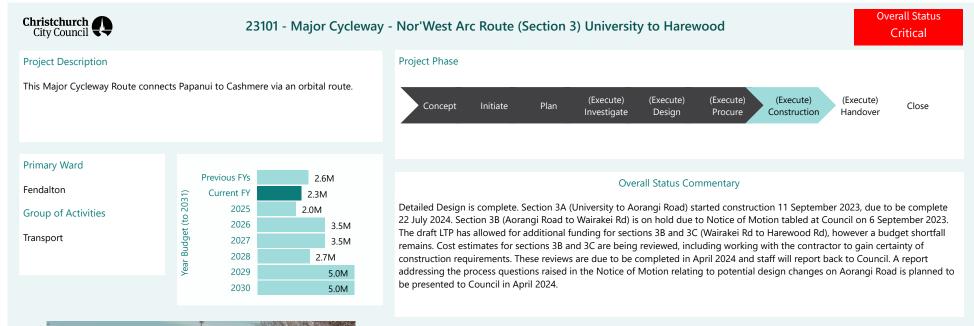




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Attachment A







Watchlist Project:

	Financials	- All Years			Fi	inancials - Curr	ent Year (FY2	24)	
Budget	Forecast	Actuals	Financial Status		Budget	Forecast	Actuals	Variance	
\$26.6M	\$32.9M	\$7.2M		_	\$2.3M	\$8.4M	\$4.5M	(\$6.1M)	_
	% Budget Sp	ent (All Years	)	Project Delivery Complete Milestone					
					Baseline	For	ecast	Time Status	
	2	7%			May 2025	Apri	I 2025		
									(
									CP
23101 - Majo	or Cycleway - No	or'West Arc Ro	oute (Section 3) Uni	versity	/ to Harewoo	d			~

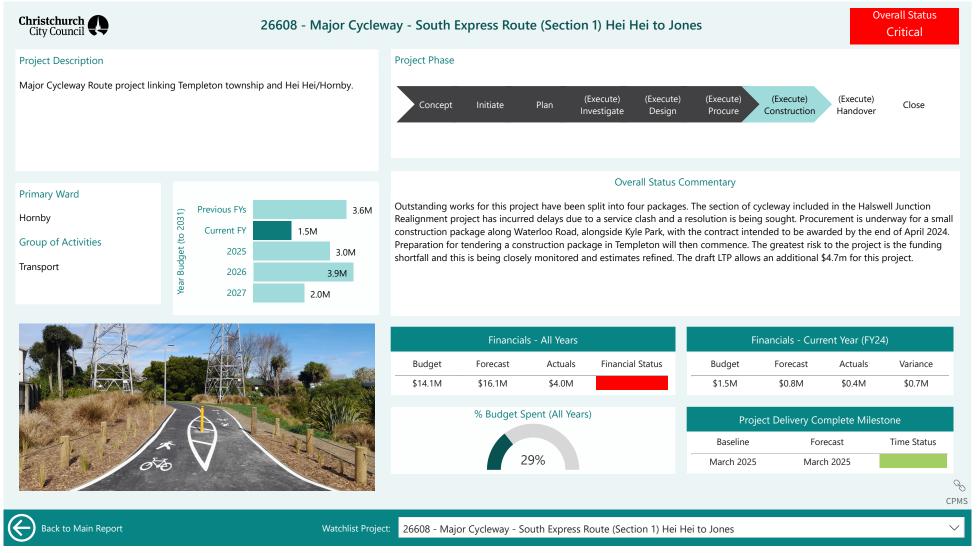
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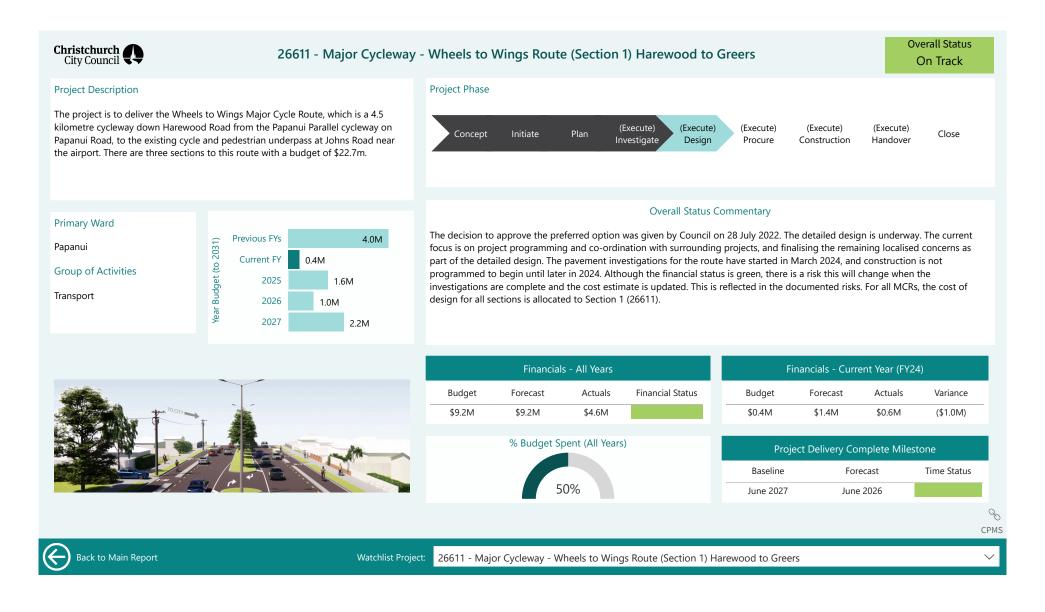




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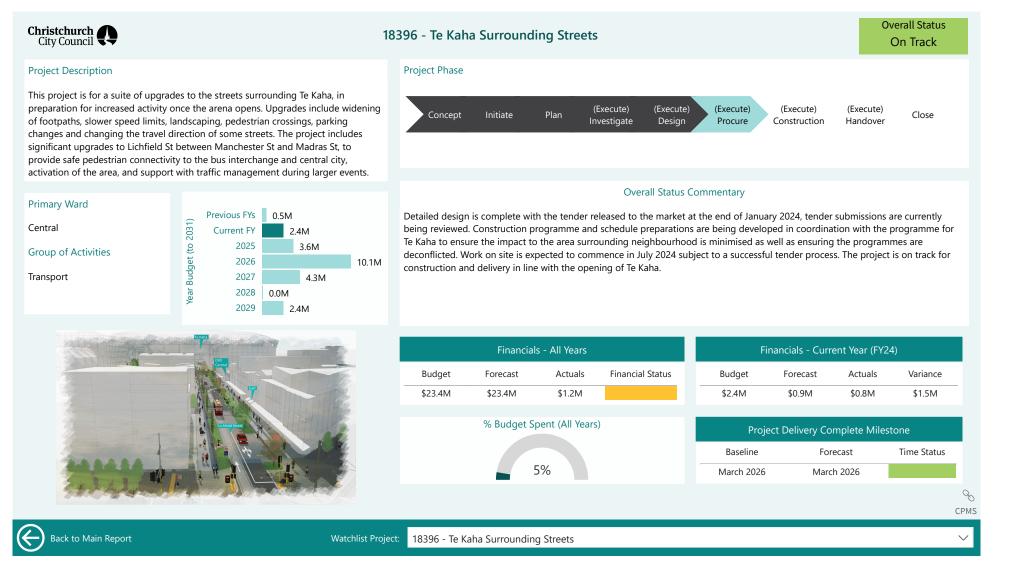
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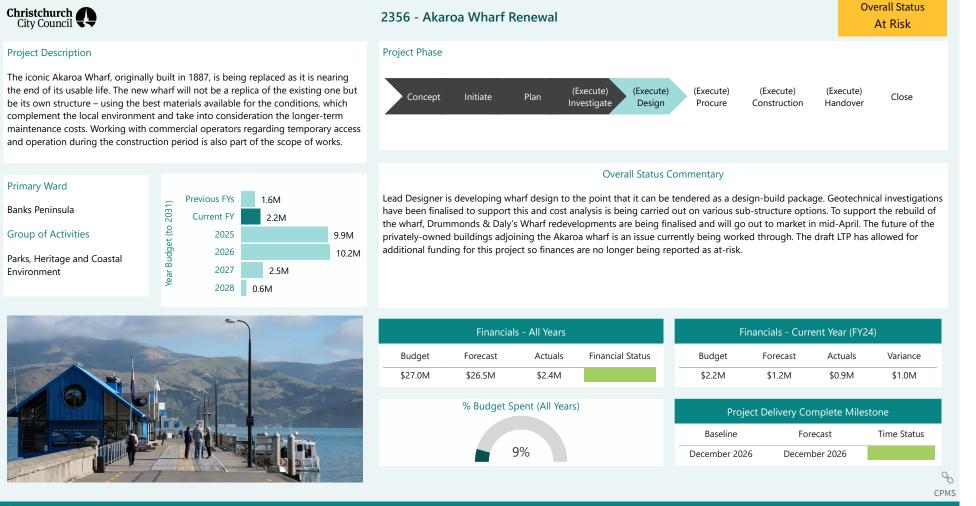


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Watchlist Project:

2356 - Akaroa Wharf Renewal

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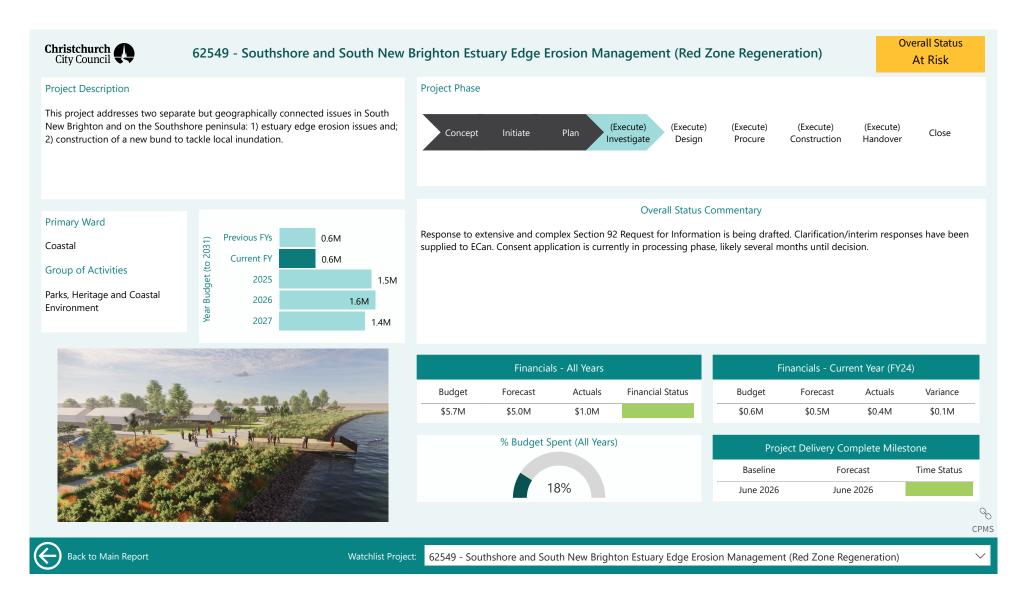


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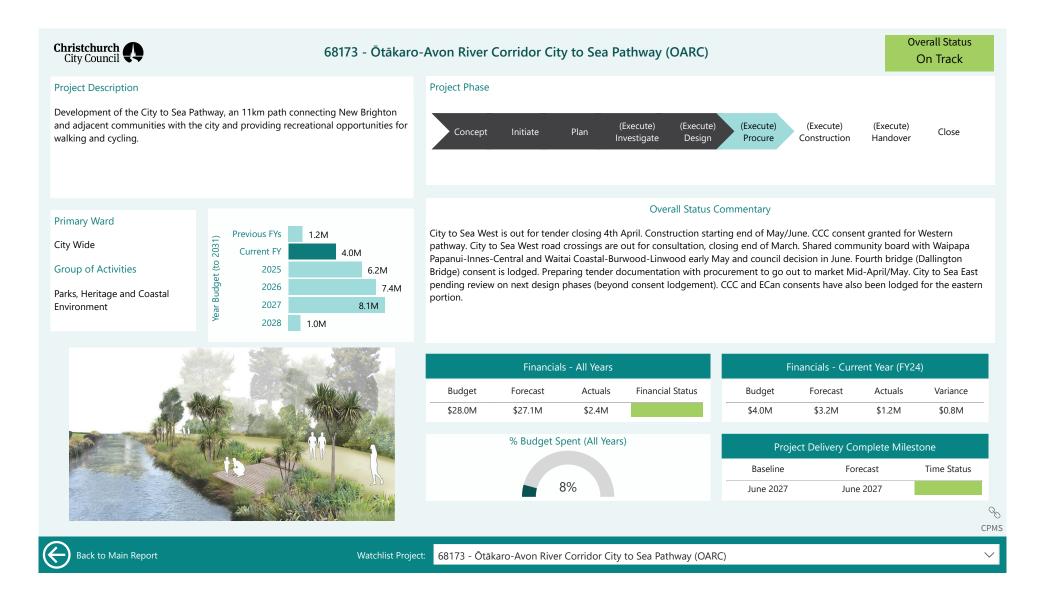
**Attachment A** 

Christchurch City Council		61821 - Cun	ingham Hou	se Building	Renewals	(Heritage)				verall Status On Track
Project Description Refurbish the building and glassl experience to fulfil Botanic Garde understand the plant world, such can be practicably created.	ens primary goal to help visitor	rs appreciate and	Project Phase	Initiate	Dian	(Execute) nvestigate Design	(Execute) Procure	(Execute) Construction	(Execute) Handover	Close
Primary Ward Central Group of Activities Parks, Heritage and Coastal	Previous FYs 0.3M Current FY 2025 2025 2026 2027	2.9M 3.5M 2.4M				Overall Status Co repair and refurbishment ew. Release of tender do	t of the building			ming design an
nvironment	2027 2028 0.5	2.1M 5M								
Environment	2027 2028 0.5			Financial	ls - All Years			- inancials - Curr	ent Year (FY2-	4)
invironment	2027 2028 0.5		Budget	Financial	ls - All Years Actuals	Financial Status	Budget	Financials - Curr Forecast	ent Year (FY2- Actuals	4) Variance
invironment	2027 2028 0.5		Budget \$11.7M			Financial Status				
nvironment				Forecast \$11.7M	Actuals		Budget \$2.9M	Forecast	Actuals \$0.4M	Variance \$2.3M
nvironment				Forecast \$11.7M	Actuals \$0.7M		Budget \$2.9M	Forecast \$0.7M ject Delivery Co	Actuals \$0.4M	Variance \$2.3M
nvironment				Forecast \$11.7M % Budget S	Actuals \$0.7M		Budget \$2.9M Pro	Forecast \$0.7M ject Delivery Co For	Actuals \$0.4M omplete Miles	Variance \$2.3M tone
environment				Forecast \$11.7M % Budget S	Actuals \$0.7M pent (All Year		Budget \$2.9M Pro Baseline	Forecast \$0.7M ject Delivery Co For	Actuals \$0.4M Implete Miles recast	Variance \$2.3M tone

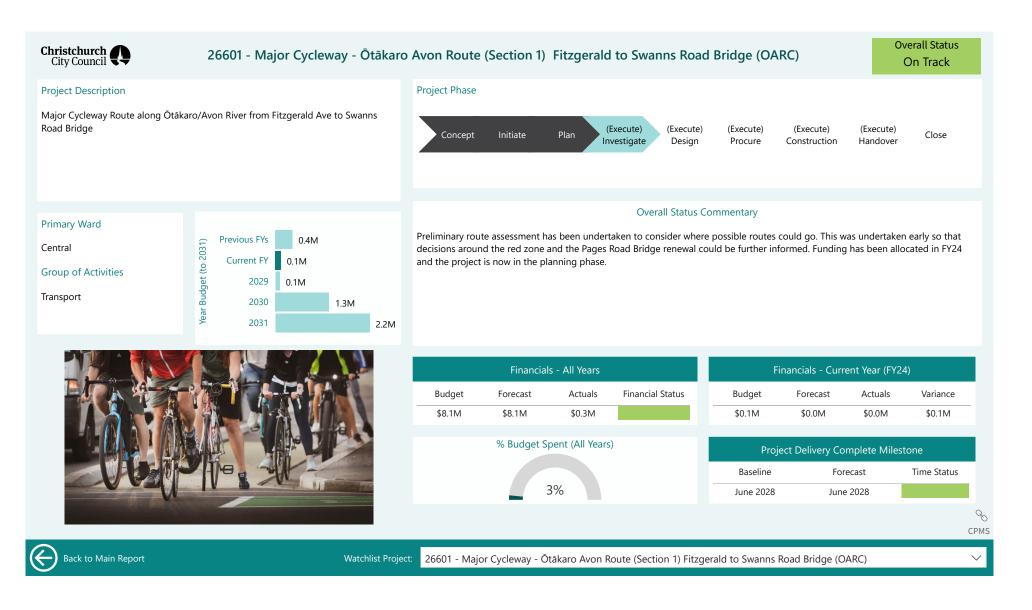








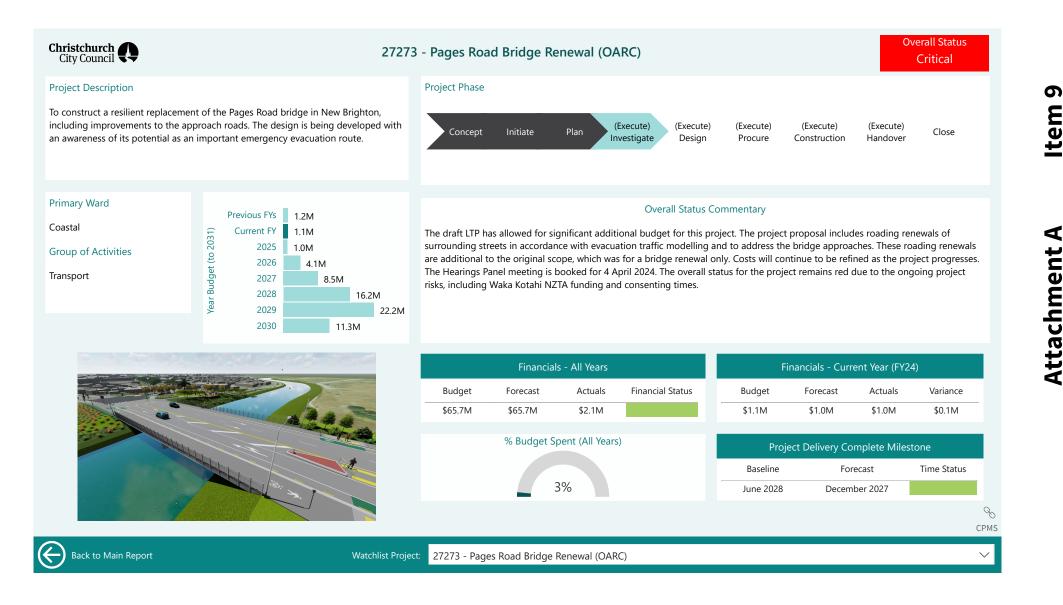




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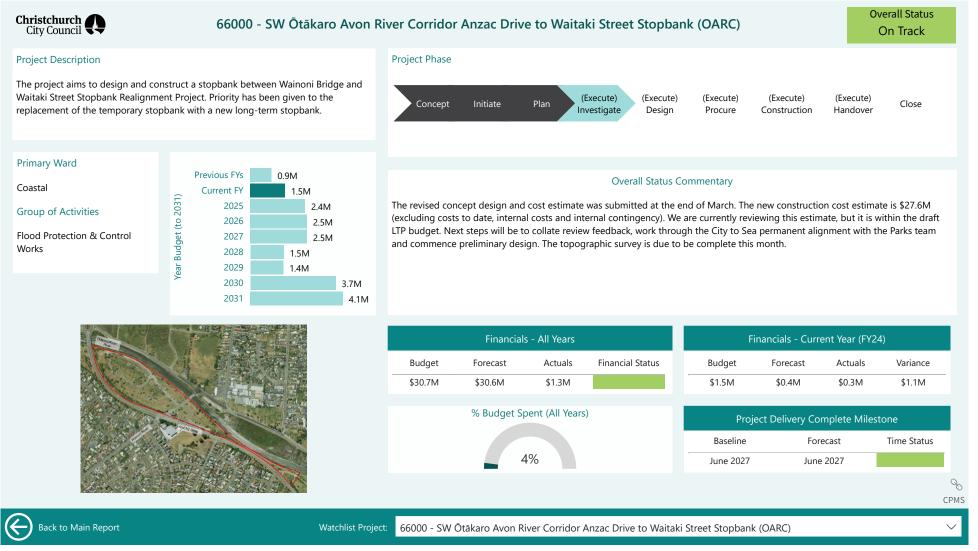
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**Project Delivery Complete Milestone** 

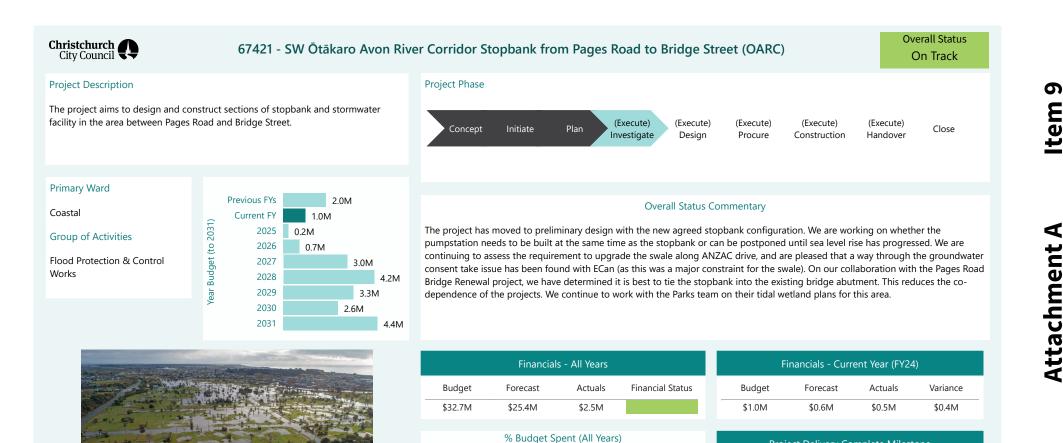
Forecast

June 2027

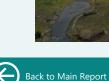
Time Status

Baseline

June 2027



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Watchlist Project: 67421 - SW Ötākaro Avon River Corridor Stopbank from Pages Road to Bridge Street (OARC)

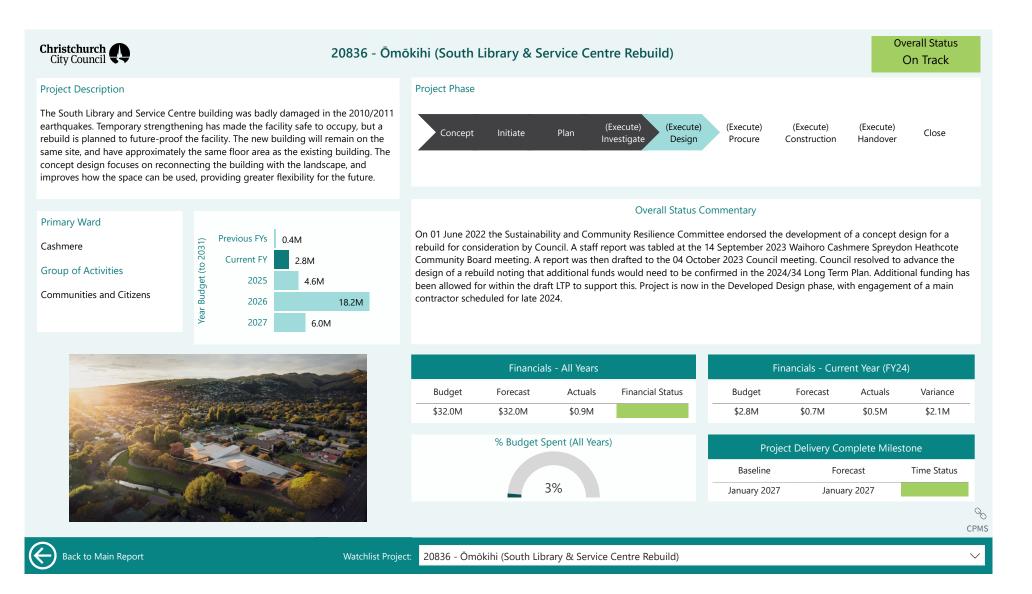
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### **10. Te Kaha Project - Elected Members Update**

Reference Te Tohutoro:24/490682Responsible Officer(s) Te<br/>Pou Matua:David Kennedy, Chief Executive Te Kaha Project Delivery LimitedAccountable ELT<br/>Member Pouwhakarae:Andrew Rutledge, Acting General Manager Citizens and Community

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

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

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receive the information in the Te Kaha Project Report.

### 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 - attachment to 17 April 2024 Finance & Performance	24/444523	82
	Committee report		

## 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 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**

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

The Board and Project Team continue to maintain a very strict control on the Project Contingency and the risks which the Council are responsible for under its contract with BESIX Watpac.

Work is progressing very well on site. On the West Stand, the Level Three precast concrete "Double Tee" floors and reinforced concrete toppings are being installed and the top of the steel is currently at Level Four, which houses the coaches and media facilities.

The erection of structural steelwork to the East Stand also continues, and six radial truss columns to support the roof have now been erected beside the South Stand. The radial trusses stand around 37m tall and weigh between 45 and 75 tonnes. Due to their size, the radial trusses must be assembled on-site, before being lifted into place by crane. The installation of precast concrete wall panels at ground level and seating units (plats) to which the seating will be fixed, continue on the West, South and East Stands, with the plats to the South Stand being almost completed. The pouring of the concrete ground floor slabs to the East Stand also continues.

The first-fix Services installation (mechanical, hydraulics and fire) and intumescent (fire protection) painting to structural steelwork are well advanced on the ground floor and Level One of the West Stand and on the ground floor of the South Stand.

On the ground floor of the West Stand, the installation of steel wall framing and Gibraltar board wall linings continues, as well as painting to the concrete walls and columns.

External Three Waters infrastructure connections to the site have been completed and footpath crossings have been completed along Madras Street. One footpath crossing is still to be completed along Barbadoes Street.

The final staged Consent application (Architectural and Façade) was lodged on 25 February 2024. The Project Team continue to engage with the Ngāi Tuāhuriri appointed artist 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). The next community meeting is scheduled for 8 April.

BESIX Watpac's latest monthly report shows that 75% (target 70%) of consultants, subcontractors and supporting businesses engaged by them for the Te Kaha project are local (South Island) firms. To date 94% (target 80%) of workers inducted to work on site are local (South Island), with 8.1% (target 7%) of working hours to date are by Māori/ Pasifika.



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

Current Phase: Construction







The current delivery programme, is as follows:

							_																		Ī
				PROCL	IRE		DES	IGN																	
		ENABI	INGW	ORKS				RLY W	/ORKS							Ļ	CONS	TRUC	τιον						
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
	20	020			20	021			20	022	2 2023				2024			2025			20	26			

Delivery timetable as of 22 March 2024. Disclaimer – All timeframes are accurate at the time of publication and are dependent on public sector delivery mechanisms.



### 11. Christchurch City Holdings Ltd - Draft Statements of Intent 2024/25

Reference Te Tohutoro:	,
Responsible Officer(s) Te Pou Matua:	Linda Gibb, Performance Advisor, Resources
Accountable ELT Member Pouwhakarae:	Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

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

- 1.1 The purpose of this report is to present Christchurch City Holdings Ltd's (CCHL's) draft Statement of Intent (SOI) for 2024/25, the draft SOIs of the CCHL subsidiary companies and to seek shareholder comments on the draft documents.
- 1.2 The report has been written following receiving the CCHL group's draft SOIs on 1 March 2024 as required by clause 1(2), part 1 of schedule 8 of the Local Government Act 2002 (LGA).
- 1.3 This report provides advice on the CCHL draft SOI only. The subsidiary companies' draft SOIs are attached for information but it is a matter for CCHL to review those documents and engage with the subsidiary boards on their content.
- 1.4 CCHL's draft SOI is at **Attachment A** and the Council's Letter of Expectations (LOE) to CCHL dated February 2024 is at **Attachment B**. For information, the subsidiary companies' draft SOIs are at **Attachment C**.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

- 1. Receives Christchurch City Holdings Ltd Draft Statements of Intent 2024/25;
- 2. Notes the Christchurch City Holdings Ltd subsidiary companies' draft Statements of Intent for 2024/25;
- Requests that Christchurch City Holdings Ltd's Chief Executive and Council's CFO develop a revised dividend profile which will provide dividends of \$55 million for the 2024/25 year, \$65 million for the 2025/26 year, \$65 million for the 2026/27 year and also look to identify opportunities to declare special dividends;
- 4. Council and CCHL staff work to develop a sustainable dividend policy framework that is agreed to by both parties; and
- 5. Notes that the decisions in this report are of low significance concerning the Christchurch City Council's Significance and Engagement Policy.

### 3. Executive Summary Te Whakarāpopoto Matua

- 3.1 CCHL has a statutory obligation to present to Council a draft SOI on which Council can provide comments for the CCHL board to consider when finalising the SOI. CCHL's SOI complies with the legislation and largely reflects the Council's Letter of Expectations (LOE) to it issued in February 2024.
- 3.2 This report provides staff's comments on the SOI.



### 4. Background/Context Te Horopaki

### Local Government Act 2002 requirements for SOIs

- 4.1 Council controlled organisations (CCO) must prepare a SOI. The key purpose of the SOI provisions in the LGA are to enable the Council, as shareholder of a CCO, to influence the strategic direction of the CCO.
- 4.2 Schedule 8, parts 2 and 4 of the LGA set out the content requirements for SOIs the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the major accounting policies.
- 4.3 Clauses 1 and 2 of schedule 8, part 1 of the LGA provide that the board of a CCO must deliver a draft SOI to its shareholders by 1 March each year and that shareholders may provide comments on the draft to the CCO board by 1 May. Clause 3 of schedule 8, part 1 provides that the CCO board must consider the comments and finalise the SOI by 30 June.
- 4.4 The SOI is a tool to facilitate a strong relationship between a council and its CCOs by ensuring there is alignment of expectations on matters of strategic importance, including the objectives and how they will be achieved. The governing body of a CCO is required to consider a council's comments. When considering a council's comments the board of a CCO is required to consider the duties of directors pursuant to section 131(1) of the Companies Act 1993 including to act in the best interests of the company.
- 4.5 The shareholder's expectations created from its Letter of Expectations (LOE) for 2024/25 and Enduring Statement of Expectations (SOE) for the foreseeable future inform CCHL's development of its draft SOI.
- 4.6 Combined the SOI, LOE and SOE are important in supporting a strong relationship between the Council and CCHL which is a fundamental element for both parties to maximise value for the benefit of the community.

### **Council staff comment**

- 4.7 Financial forecasts are not yet confirmed as the CCHL group's business planning process is not yet completed. Final forecasts will be included in the final SOI. Council staff would like CCHL to socialise the final forecasts prior to the SOI being finalised.
- 4.8 CCHL's infrastructure companies are valued at in excess of \$5 billion, of which borrowings fund circa 42% which incurs a before-tax net cost of \$86 million to the group in the financial year ending 30 June 2023. As long-life investments (the majority in strategic assets and infrastructure) the risks and rewards are inter-generational. Decisions today on capital structure, dividends, debt and investment/re-investment will have an impact on future value. It is important that CCHL and the Council as its sole shareholder are clear about the current and future potential impacts of decisions on these value drivers.
- 4.9 The Council's Climate Resilience advisors in the Strategic Policy and Performance group have reviewed CCHL's draft SOIs. The team has membership on the CCHL Environmental Sustainability working group. Staff note the draft SOI provides for CCHL to set group emissions reductions targets and report publicly against them. Staff also note that in its LOE to CCHL, the Council requested a briefing from CCHL on its progress towards achieving its emissions reductions plans. This is expected to take place before the end of the current financial year.
- 4.10 CCHL is a mandated Climate Reporting Entity in accordance with the Financial Sector (Financial Disclosures and Other Matters) Amendment Act 2021 and it will report on climaterelated risks and opportunities in its reporting for the financial year to 30 June 2024.

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4.11 Staff from the Council and CCHL will shortly begin work to review the nature and scope of reporting, the metrics and non-financial performance target that are reported against and other related matters.

### Workshop

- 4.12 A workshop was held on 9 April 2024 where CCHL presented to Council the strategic context upon which the Group's draft SOIs were formulated and the key matters for each of the subsidiary companies. Key themes presented that underpin the Group's draft SOIs include:
  - future capital requirements for projected capital work, noting that the current level of debt (approx. \$2.3 billion) funding the assets lowers the headroom and options for future capital works;
  - constrained profitability due to current economic and geo-political conditions, among other things, (noting the Council's request in its LOE to maximise dividends over the SOI period);
  - the opportunity costs or trade-offs between increased dividends over the next five years and investment in the CCHL subsidiaries, such as reducing debt to improve the group's financial flexibility to support further capital investment, meet market volatility and unexpected events;
  - deferral of some capital works and focus on cost control to free up cash for debt repayment and dividends;
  - net neutral for carbon emissions by 2030 is not achievable without significant investment in carbon credits which is not affordable for the group under current conditions;
  - developing, in consultation with Council, a responsible investment framework;
  - group approach to risk management and engaging with the Council's Audit and Risk Management Committee on key risks; and
  - improvements to be made in the reporting framework including a stronger focus on forward-looking conversations and revised performance targets.

### **Letter of Expectations**

- 4.13 Many of the matters covered at the workshop were included in the Council's LOE to CCHL for 2024/25. In addition, the following expectations have also been included in the draft SOI:
  - to operate within its existing mandate and existing assets, while seeking to lift returns over time through stronger oversight of capital management and operational improvements;
  - clearly demonstrate alignment with the Council's new strategic framework;
  - work with the Council to develop a framework for a holistic approach to reporting that draws together (to the extent possible) a joined-up clear picture of the performance and key issues facing CCHL and its subsidiaries and including benchmarking and revised performance targets;
  - health and safety measures to include targets of zero serious harm incidents and near zero other incidents and to notify the Council at a public meeting of any incidents;
  - maintaining high levels of engagement with mana whenua and other stakeholders in areas of mutual interest; and
  - supporting improved performance through demonstrable commitment to diversity, equity and engagement.

### Omissions

- 4.14 The following LOE expectations are not evident in the draft SOI, noting that it is a matter for the CCHL to determine the reasonableness of including the expectations in its final SOI:
  - set a dividend policy that takes into account the Council's current preference for income over capital growth over the SOI period and reflect the flexibility that CCHL needs to meet its debt covenants, and maintain value in the core infrastructure owned by the group; and
  - investment objectives, which will be included in the responsible investment framework.

### **Financial forecasts**

4.15 The following table sets out the financial expectations for the CCHL parent and each of the subsidiaries:

CCHL group		2024/25 \$m	5		2025/26 \$m	5	2026/27 \$m	2026/27 v 2025/26 \$m
	Draft LY Change SOI SOI			Draft SOI	LY SOI	Change	Draft SOI	Change
NPAT (subsidiaries)	136	143	-7	159	161	-2	186	+27
Dividends to CCHL	92	90	+2	105	96	+9	116	+10
Capital expenditure	260	258	+2	316	327	-11	355	+38
Debt	1,803	1,814	-11	1,930	1,903	+27	2,091	+162
CCHL parent profit	101	108	-7	127	129	-2	154	+27
Dividends to CCC	38	57	-19	46	51	-5	54	+8

- 4.16 The reduction in group NPAT of \$7 million in 2024/25 is largely attributable to Christchurch International Airport Ltd (lower capacity on domestic routes due to engine repairs and slower return to pre-COVID international passenger numbers), Lyttelton Port (supply chain disruptions relating to shipping through the middle east) and City Care (public sector budgets have become tighter leading to less work being commissioned).
- 4.17 NPAT expectations in year 3 (2026/27) are 17% higher (\$27 million) than in the prior year. Largely, the increase reflects recovery as the economy starts to pick up again and current impediments are expected ease. Half of the increase relates to Orion, but are highly uncertain due to the regulatory Default Price-Quality Path being reset from 1 April 2025. This effectively sets a ceiling on electricity lines companies' prices.
- 4.18 Despite the forecast reductions in NPAT in 2024/25 and 2025/26, the subsidiaries' dividends to CCHL have increased by \$4 million and \$11 million respectively, due to deferred capital projects and prioritisation of dividends.
- 4.19 However, the SOI signals that CCHL's dividends to the Council have reduced by \$19 million in 2024/25 and \$5 million in 2025/26 as it focuses on reducing debt as a priority to paying dividends. With gearing of above 40% CCHL is mindful of its headroom under debt covenants with lenders and has raised concerns about its financial flexibility.
- 4.20 The dividend projections from CCHL to the Council of \$38 million in 2024/25, \$46 million in 2025/26 and \$54 million in 2026/27 are consistent with what is provided for in the draft LTP.
- 4.21 There is inevitably a tension between balancing dividend distributions to the Council and investing to maintain value or for growth in the group. However, in the current environment where the residents of Christchurch are facing relatively stiff increases in rates it is important that the trade-off is suitable to both the Council shareholder and the CCHL board.
- 4.22 Council staff recommend that CCHL's Chief Executive and Council's CFO develop a revised dividend profile which will provide dividends of \$55 million for the 2024/25 year, \$65 million for the 2025/26 year, \$65 million for the 2026/27 year and look to identify opportunities to



declare a special dividend, for example a revised dividend profile may look at deferring debt repayment or re-phasing capital expenditure. The advice should include the short-medium term implications and risks of the options.

4.23 The following related information session/workshops have taken place for the members of the meeting:

Date	Subject
9 April 2024	CCHL Draft Statements of Intent for 2024/25

### Options Considered Ngā Kōwhiringa Whaiwhakaaro

4.24 The only practicable option available to Council is to review and provide comment on CCHL's draft SOI so they can be considered as part of finalising the SOI. In the absence of shareholder comments, the CCHL board will finalise the SOI and it will form part of the suite of accountability tools for shareholders as it stands in draft form.

### Analysis Criteria Ngā Paearu Wetekina

4.25 The table below sets out the key criteria the recommendations in this report are based on, with respect to CCHL's draft SOI only:

meets the LGA requirements for SOI content - the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the major accounting policies	V
strategic objectives align with the Council's strategic framework and community outcomes, the LGA's four well-beings, Christchurch Economic Ambition, City Narrative and Destination Management Plans	V
the Council's LOE and Enduring SOE are appropriately reflected	V
reasonableness of any material changes in the financial forecasts compared with those in the prior year's SOI	V
dividend forecasts are consistent with the draft LTP 2024-34	V
commitment to taking meaningful actions towards reducing greenhouse gas emissions and reporting publicly	V
Commitment to high levels of engagement with mana whenua in areas of mutual interest	V
Continual improvement in health and safety	V
Support improved performance through a commitment to diversity, equity and engagement	V

### 5. Financial Implications Ngā Hīraunga Rauemi

### Capex/Opex Ngā Utu Whakahaere

5.1 The draft SOIs do not create any new expenditure or otherwise affect Council funding.

### 6. Considerations Ngā Whai Whakaaro

### Risks and Mitigations Ngā Mōrearea me ngā Whakamātautau

6.1 SOIs are one of the key accountability tools between the Council as shareholder and the CCOs. They provide transparency to all stakeholders, including the community.



### Legal Considerations Ngā Hīraunga ā-Ture

- 6.2 The statutory authority to undertake the decisions in the report stems from the LGA.
- 6.3 Other legal implications are the LGA's SOI requirements in section 64 (purpose of SOI) and schedule 8, part 1 (timing, process and required content of SOI). The consistency of the CCOs' draft SOIs with these requirements has been discussed in the body of this report.
- 6.4 Section 131(1) of the Companies Act 1993 requires that a director of a company, when exercising powers or performing duties, must act in good faith and in what the director believes to be the best interests of the company. Strategy and Policy Considerations Te Whai Kaupapa here

### Strategy and Policy Considerations Te Whai Kaupapa here

- 6.5 The required decisions are not directly related to the <u>Christchurch City Council's Strategic</u> <u>Framework</u>.
  - 6.5.1 They are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering the extent to which the decisions might impact the community.
  - 6.5.2 The decisions are consistent with the Council's Plans and Policies, as they relate to good governance.
- 6.6 This report supports the <u>Council's Long Term Plan (2021 2031) as the CCOs are part of the</u> way in which the Council delivers its community outcomes.

### Community Impacts and Views Ngā Mariu ā-Hāpori

6.7 There is no impact on the community from the draft SOI. The activities underpinning it have been addressed by earlier decisions.

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

- 6.8 The decisions do not involve a significant decision concerning ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture, and traditions.
- 6.9 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.
- 6.10 SOIs are governance documents, and VO's draft SOI makes commitments to engage with mana whenua in areas of mutual interest.

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

6.11 The decisions in this report are unlikely to contribute to adaptation to the impacts of climate change or emissions reductions. The SOIs are governance documents and do not of themselves create any incremental operational activity.

### 7. Next Steps Ngā Mahinga ā-muri

7.1 The CCHL board will consider comments (if any) made by the Council as shareholder following which they will finalise the SOI by 30 June and publish it on their website by 31 July.



### Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
Α 🕂 🔛	CCHL Draft Statement of Intent 2024/25	24/543506	90
В 🕂 🔛	CCHL - Letter of Expectations 2024/25	24/337485	105
С 🕂 🔛	CCHL subsidiary company SOIs 2024/25	24/543602	111

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

Document Name - Location / File Link	
Not applicable	

### Signatories Ngā Kaiwaitohu

Author         Linda Gibb - Performance Monitoring Advisor CCO	
Approved By	Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer



Christchurch City Holdings Limited

### **Report for Council**

Subject:	Draft Statements of Intent – CCHL & Subsidiary Companies
From:	Paul Silk, Acting CEO, Christchurch City Holdings Limited
То:	Mary Richardson, Interim CEO, Christchurch City Council
Date:	1 March 2024

We are pleased to share the CCHL parent and subsidiary draft Statements of Intent (SOI) with you for FY25-FY27. We look forward to ongoing engagement with you and the presentation with Council on 2 April, ahead of receiving your feedback on the draft by 1 May, before it is finalised. We also note our upcoming quarterly (FY24 half year) update in March where we will provide further comments on trading performance and discuss implementation of the Enhanced Status Quo operating model following the Council decision in December.

Following our recent correspondence and engagement with our board regarding FY24 half year actual and forecast financial performance, we are pleased to confirm a \$5m increase in our FY25 dividend forecast to Council relative to earlier indications. We will continue to consider how we can support Council as we refine our long-term projections and adoption of the Enhanced Status Quo operating model, acknowledging you are also receiving advice from Bruce Irvine on this matter.

The preparation of this draft SOI has been challenging in light of the following factors;

- The finalised Letter of Expectation from Council only being received on February 29.
- Recent developments regarding Christchurch International Airport's Central Otago project.
- As we have only recently received all subsidiary SOIs they are still subject to CCHL management review, subsidiary engagement and board process.
- The Development Christchurch Limited draft SOI reflects its interest in the Christchurch Adventure Park, while anticipating that DCL amalgamates with ChristchurchNZ by 1 July 2024. Should that not proceed (under Council instruction) this will require changes.

We acknowledge there will be a need for updates to appropriately incorporate these matters, as required.

### **Draft Financial Forecasts**

All numbers provided in the financial forecasts remain as draft. Final forecasts from the business planning cycles of all subsidiaries will be reflected in the final SOIs provided to Council on 30 June 2024.

With draft financial forecasts having been received from all entities, Group financial forecasts have been included in CCHL's draft SOI, following review and Board discussion.

Below are the draft 2025 Group SOI summary financial targets, with comparisons to the 2024 SOI:

Group	2025 SOI	2024 SOI	2025 SOI	2024 SOI	2025 SOI
Group	FY25		F١	FY27	
EBITDA	446	480	494	534	546
NPAT	101	108	127	129	154
Debt / EBITDA	5.4	5.2	5.1	4.8	4.8
Return on Capital	5.2%	5.4%	5.8%	6.0%	6.4%
Return on Equity	3.7%	4.2%	4.6%	5.0%	5.4%
Shareholders' funds/total assets (%)	46%	44%	46%	44%	45%



### Key drivers of changes in financial metrics

As you will note the forward outlook is indicative of weaker performance across the Group. The downside risks include:

- LPC lower container volumes, weakening demand and ongoing supply chain disruptions.
- Citycare softer outlook relative to 'enhanced status quo' projections as public sector clients cut back on maintenance spending and some increased contract risks.
- CIAL A320/A321 engine issues impacting domestic jet capacity and hence domestic passenger numbers and slower pace of gains in recovery of international passengers.

Orion accounting adjustment:

• Lower income offset by lower depreciation and impairment – impacts EBITDA but net neutral on NPAT. This is reflective of lower capital contributions (spending) by customers.

Also included are the draft 2025 SOI Parent summary targets, with comparisons to the 2024 SOI:

Parent	2025 SOI	2024 SOI	2025 SOI	2024 SOI	2025 SOI
	F١	(25	FY	′26	FY27
Dividends to Council	38	57	46	51	54
Dividend yield	1.2%	2.1%	1.4%	1.9%	1.6%
Interest cover (times)	2.0	1.9	2.5	2.3	2.8

Key drivers of changes in financial metrics

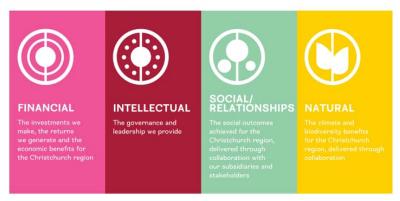
- Dividends to Council in 2025 draft SOI reflect 'enhanced status quo' profile (plus \$5m in FY25 noted earlier), with an average payout ratio of 60% across the SOI period (and the 10 year forecast period).
- Allows CCHL to commence repayment of debt incurred to fund prior special dividends to Council, noting these debt repayments are commencing three years later than contemplated when the debt was incurred.
- Forecasted improvements in CCHL Parent interest cover ratio, our key covenant that faces the greatest pressure, is dependent on improved operating performance and debt repayment. Should these not eventuate, CCHL's financial ratios will remain under pressure.

### **SOI Context**

Following Council's decision not to proceed with public consultation on the Strategic Review, CCHL is reviewing its long-term strategic approach. This includes the case for a change in approach from the 'commercial buffer' of the past, which managed assets on an individual basis, to a more active group-based approach in reflecting CCHL's ownership interest. This reflects the more capital constrained environment we have previously advised on.

CCHL's value creation model has been included in the draft SOI, and while "what we do" and the "outcomes/measures" as set out in that diagram (page 7 of the draft SOI) may shift with a new strategy, the four capitals – Financial, Intellectual, Social/relationships, and Natural – remain the basis of CCHL's reporting and the broad areas of focus are likely to remain consistent.

### **OUR CAPITALS:**



### **Draft Subsidiary Statement of Intents**

The material matters noted in the draft SOIs are summarised below. Following the Council workshop on 2 April and formal feedback being provided to CCHL, specific relevant comments will be fed back to each subsidiary for incorporation into their final SOIs.

### Strategic alignment

- Overall consistency with previous SOIs.
- CIAL the commentary included in the draft SOI in relation to the Central Otago project has been updated to align with the letter issued by CIAL on 27 February, noting they will be taking further time to understand the impact of the project and further engagement with local and national stakeholders.
- Citycare while a structural separation of Property and Water remains under consideration they have migrated to reporting on separate business units. CCHL will be requiring they consolidate to a Citycare Group level in finalising their SOI.
- Enable new growth is being pursued in completing the network rollout but anything beyond existing geographic boundaries is not anticipated. This reflects the Group capital constraints and competing priorities.
- LPC a strategic reset of their current and anticipated capacity has seen growth (expansion) projects deferred.
- Orion FY25 is an important year in resolving uncertainty around the regulatory pricing reset and how decarbonisation capital expenditure will be compensated.

### **Financial**

- Largely reflects required metrics asked for in CCHL's LOE, with the following gaps.
- EcoCentral need to align dividend profile to CCHL's pivot to preparing 10 year forecasts across all subsidiaries.

### Intellectual

• All required measures are covered in subsidiary preliminary draft SOIs.

### Social/Relationships

- Largely reflects required measures.
- CIAL missing TRIFR measure as key Health and Safety indicator.

### <u>Natural</u>

• All required measures are covered in subsidiary preliminary draft SOIs.



Please let me know if you have any questions. We look forward to progressing the finalisation of the FY25 SOIs with you by 30 June.

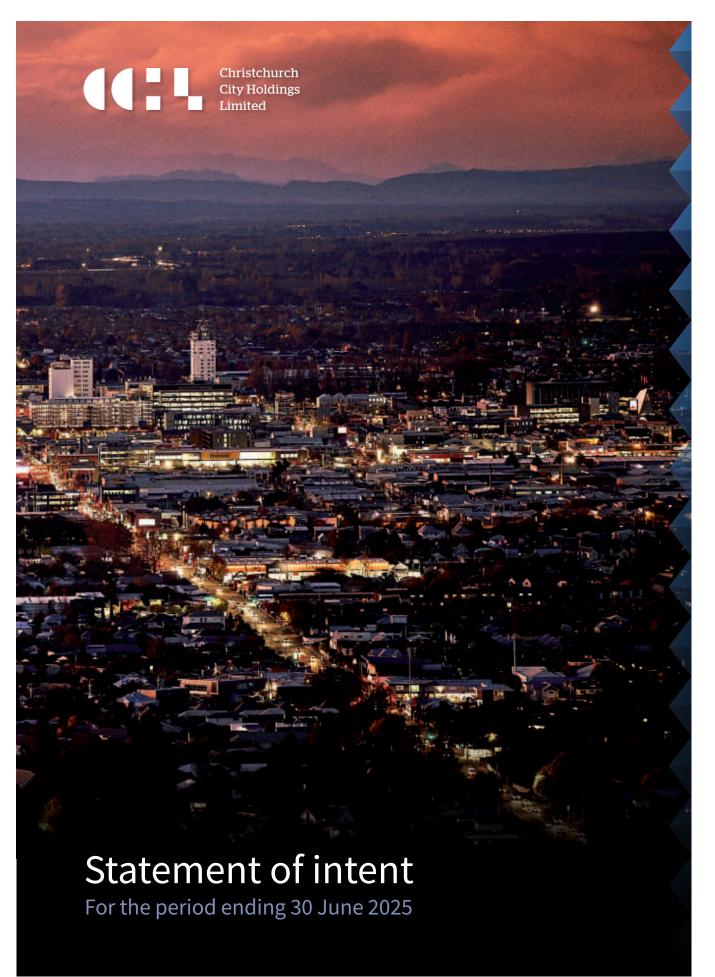
Paul Silk Acting CEO

### Attachments:

- 1. CCHL Draft FY25 SOI
- 2. CIAL Draft FY25 SOI
- 3. Citycare Draft FY25 SOI
- 4. EcoCentral Draft FY25 SOI
- 5. Enable Draft FY25 SOI
- 6. LPC Draft FY25 SOI
- 7. Orion Draft FY25 SOI
- 8. DCL Draft FY25 SOI
- 9. RBL Property Draft FY25 SOI

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# About this report

### This document sets out how CCHL will operate over the 2025 financial year.

It sets out the organisation's performance targets and provides clarity on its operating objectives, including how it will work with the subsidiary companies it owns on behalf of the ratepayers of Christchurch.

Christchurch City Holdings Limited (CCHL) is a councilcontrolled organisation under the Local Government Act 2002. CCHL is wholly owned by Christchurch City Council (Council) and this Statement of Intent has been developed in partnership with Council as the shareholder. The statement is CCHL's commitment to its shareholder.

As CCHL increasingly adopts the principles of Integrated Reporting <IR> this Statement of Intent reflects the organisation's four core operating 'capitals' – the inputs from which CCHL delivers value. These four capitals are: Financial; Intellectual; Social/relationships; and Natural. The targets and objectives set in this Statement of Intent (SOI) are grouped under these four capitals.

CCHL's capitals reflect the direction and priorities of Christchurch City Council, particularly its commitments to:

- ▶ a collaborative confident city
- ► a green, liveable city
- a cultural powerhouse city
- a thriving prosperous city.

This SOI meets the priorities set under the Local Government Act for council-controlled organisations and all relevant legislative requirements, including the Local Government Act and its provisions relating to subsidiary companies.

# About CCHL

CCHL is the owner of Christchurch city's six commercial companies and is the commercial and investment arm of Christchurch City Council.

These six companies are:

- ▶ City Care Limited
- ► Christchurch International Airport Limited
- ► EcoCentral Limited
- ► Enable Services Limited
- ▶ Orion New Zealand Limited
- Lyttelton Port Company.

In addition, CCHL also holds investments in RBL Property Limited and Development Christchurch Limited. Four of these companies are 100% owned by CCHL and the other owned via a majority stake; 10.7% of Orion is owned by Selwyn District Council and 25% of Christchurch International Airport is owned by the Crown.

Historically, CCHL's role has been one of monitoring the performance of its portfolio of assets and its role has been largely passive. The primary shift in intent signaled in this SOI is CCHL's commitment to moving from a passive monitoring role to more actively engaging with its subsidiary companies in service of driving higher levels of commercial performance.

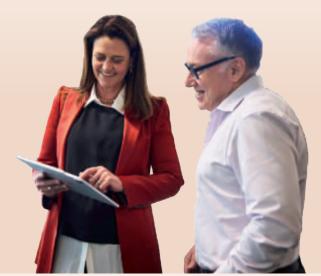


# Chair and CEO's statement

### New intent, new era for CCHL

This is an important SOI for CCHL. It is a statement that marks a significant shift in focus and direction for our organisation.

For most of its 30-year life CCHL has primarily performed a monitoring and reporting role as shareholder of the Council's portfolio of subsidiary companies. Now, this role must evolve into a more active approach in order to, first and foremost, protect and preserve the long-term financial sustainability of CCHL's subsidiary companies.



### Strategic Review generates clarity

The Strategic Review was commissioned in response to a request from Council that CCHL make a recommendation on how a more active approach in managing its commercial investments could deliver increased value to the city. In December 2023, CCHL tabled a recommendation enabling it to maximise value from the Group's assets, support their growth and provide increased and stable dividend flows to Council.

An expanded mandate would have enabled CCHL to attract external capital for investment in its companies and potentially change the composition of the portfolio's assets to reflect changing community needs and commercial opportunities. This approach would have helped remove dividend volatility, providing Council with greater certainty of income as well as the ability to request special dividends. The proposed distribution model could have generated an additional \$450 million of dividends to Council over the next decade.

We accept Council's decision instructing us to cease this work. We will now seek to address the financial challenges identified by the Review within the constraints of maintaining CCHL's existing ownership interest in our subsidiaries. Given these are challenges that apply right across the CCHL Group, a different approach and set of operating principles is required.

The Strategic Review confirmed that the financial return from the city's six subsidiary companies is not sufficient to meet the investment objectives of Council and the CCHL Group. As a portfolio it is underperforming sectoral benchmarks and delivering less dividend returns than Council needs in order to offset inflationary pressures.

Based on the Group's half year result to 31 December 2023, CCHL has declared an interim dividend to Council of \$20 million and remains on track to deliver the FY24 dividend of \$50.7 million, which reflects a dividend yield of 1.6% on the market value of the portfolio.

The dividend flow from these companies is intended to offset rates pressure. It is in the interests of all Christchurch residents that the assets they own lift their financial performance. Within its current mandate, CCHL now intends to work much more actively and commercially alongside its subsidiaries, and with Council, to ensure this occurs.

### Strategy

The Strategic Review process clarified many of the financial challenges facing CCHL and its subsidiaries. Acknowledging Council's decision not to consult the public on CCHL's recommendation or to continue any work on structural solutions to these challenges, this leaves CCHL's mandate unchanged.

With our mandate clarified, we are now working through detailed long-term strategic planning and intend to publish details of the new CCHL strategy at year end FY24.

### Commercial discipline, rigour in capital allocation

The juxtaposition between CCHL's high debt gearing of \$2.3 billion and growth capital sought by our subsidiary companies was highlighted through the Strategic Review.

Without the ability to borrow more, attract co-investment, or raise capital via the shareholder or through commercial transactions as a result of Council's decision on the Strategic Review, our subsidiary companies are capital constrained. Group debt is now costing us more and needs to begin to be paid down.

CCHL Statement of intent 2025



The most obvious and immediate way that we must begin to secure additional capital to invest in the long-term futures of our subsidiary companies is through lifting their financial performance. This is an immediate and overarching priority and our focus in this Statement of Intent period.

There is also a need for much greater commercial discipline around access to capital across the Group. CCHL is developing a capital allocation framework which it will share with all subsidiary companies outlining the approach that CCHL will take to allocating capital to new projects. At a minimum, growth capital must meet robust standards of commercial return. CCHL will work alongside the boards and management teams of its subsidiaries as we introduce this new, more commercial capital allocation model.

At the same time, CCHL has made it clear that we expect higher standards of commercial discipline across all areas of operation. These areas of focus have been set out in this Statement of Intent and directly in our Letters of Expectation to our subsidiaries.

### Lifting performance, dividends

This Statement of Intent comes during a cost-of-living crisis for many families and households. The rationale for requiring a step-change in financial performance across the CCHL Group could not be clearer – the people of Christchurch depend on these subsidiary companies to ease the financial pressures of rates rises.

Within CCHL's current mandate, we will improve the dividend flow from our companies back to the city. Through clear expectations around commercial discipline, cost management and a sharper focus on financial performance across the Group, CCHL believes it can raise dividends by \$220 million over the next decade from previous forecast levels.

It is important to be clear that much of this additional forecast dividend flow will occur within the last half of the next 10-year long-term plan period, with the initial five-year period focused on paying down debt. Delivering this additional dividend flow will require a clear commitment and concerted effort to deliver more financially sustainable results from across the Group.

### **Building deeper partnerships**

Over the last year CCHL has refreshed its Board, bringing much stronger commercial and financial governance experience into the organisation. Harnessing the depth of our Board's commercial skills and experience to inform CCHL's approach to the portfolio is key to our work to deliver stronger financial performance.

We are also committed to ensuring strong commercial skills and experience across the Boards of our subsidiary companies. Appointments to those boards are made by Council on CCHL's recommendation and we will continue working to ensure high standards of governance alongside commercial depth and experience.

The Strategic Review identified that there are important opportunities for CCHL to work more closely both with its subsidiary companies and with Council in service of increasing value. We support that observation and, over 2023, have started deliberately working more collaboratively with both Council and our companies.

This approach is enabling the CCHL Board and management to better understand the operation and strategies of the subsidiary companies. Subsidiaries have been more frequently discussing their operations with Council, which is ensuring a much better level of connection between the companies, CCHL, and Council.

We intend for this cooperative, integrated approach to continue and would like to particularly thank the Boards and management teams of the subsidiary companies for embracing a new way of working together. In spending more time together, it has become clear that CCHL's objectives to deliver materially more value back to the people of Christchurch and to lift portfolio performance are shared across the Group.



### Our social and environmental contribution

We fully acknowledge the role our assets play in the wellbeing of our city's diverse people, communities and natural environment. Through our four capitals we intend to ensure our companies continue to support our objectives in these areas. We are generally pleased with the performance of our companies in this regard.

Improving financial performance is the first step in being able to deliver many of the social and environmental goals we stand for. Increasing the profitability of our portfolio directly reduces financial pressures on households and communities and enables Council to make investments in social and environmental business initiatives. We will continue to support work in relation to our four capitals across the Group on a prioritised and focused basis.

This year, the CCHL Group will publish its first Climate Statement which will document how the Group views climate-related risk and the strategies in place to reduce risk and lower emissions. This is important work that will set new standards for climaterelated transparency across the Group.

As a responsible infrastructure owner we anticipate that investment will be needed across the Group to build the resilience of these assets in the face of climate impacts. Our work this year will include building a better understanding of this investment profile. Importantly while we must deliver significant improvements in Group financial performance, this must never be at the expense of wellbeing or safety. One of the significant benefits CCHL companies deliver to their communities is as a leading employer of Christchurch people. We expect the highest standards of operational health and safety management across all operations across all of our companies.

### Conclusion

This SOI represents an important shift in focus and direction for CCHL. As a result of the Strategic Review process we have clarity for CCHL on the opportunities we face and the challenges we must overcome.

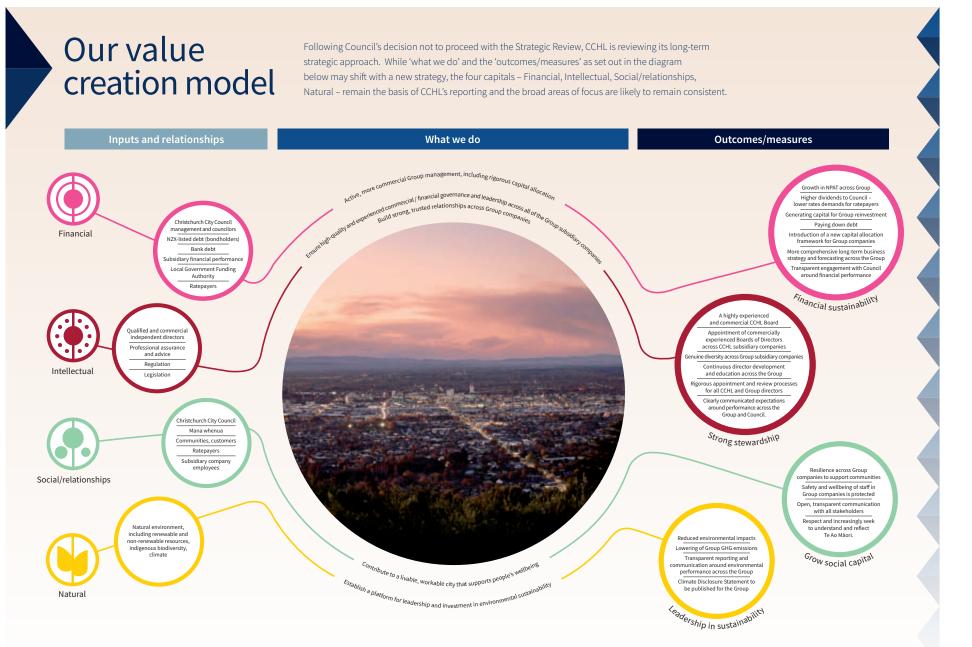
CCHL is no longer a passive holding company. We are active asset owners and partners in standing for better performance for the benefit of our people, our region and to protect and preserve the long-term financial sustainability of our subsidiary companies.

Like our subsidiary companies, we exist to deliver value to the people of this city. The commitment expressed in this Statement of Intent is to ensure we collectively deliver it.

Abby Foote Chair Paul Silk Acting CEO









## **Our investments**

Christchurch City Holdings Ltd (CCHL) is the commercial and investment arm of Christchurch City Council (Council). It was incorporated on 12 May 1993 to act as the holding company for the Council's commercial investments. As a result, it is a council controlled organisation under the Local Government Act 2002.

Orion

The company is responsible for managing the Council's investment in eight fully or partly-owned trading companies - Christchurch International Airport Ltd, City Care Ltd, Development Christchurch Ltd, EcoCentral Ltd, Enable Services Ltd, Lyttelton Port Company Ltd, Orion New Zealand Ltd and RBL Property Ltd. Six of these are 100% owned, the other two are majority owned by CCHL, being Orion (10.725% owned by Selwyn District Council) and Christchurch International Airport (25% owned by the Crown).

### Lyttelton Port Company Limited

LPC is an important piece of regional transport and logistics infrastructure, connecting Canterbury's importers and exporters to global markets and supporting the region's tourism industry. ▶ CCHL ownership: 100% ► Investment value: \$360 million ▶ Employs: 674 people



### Enable Services Limited

Enable provides high-quality digital connectivity via its fibre broadband services to more than 200,000 customers.

- ▶ CCHL ownership: 100%
- ► Investment value: \$668 million
- ▶ Employs: 135 people



### Citycare is a nationwide provider of infrastructure maintenance, asset management and construction services.

► CCHL ownership: 100%

- Investment value: \$98 million
- ▶ Employs: 1,247 people

Lyttelton Port of Christchurch 9.38%

Lyttelton Port Company Limited

**Enable Services** 

enable

Limited

Citycare Group

ECO

2.55% City Care Limited

0.003% EcoCentral Limited

EcoCentral is a waste and resource recovery provider working towards zero waste to landfill.

- ► CCHL ownership: 100% Investment value: \$11 million
- Employs: 103 people

### **RBL Property Limited**

RBL Property Ltd is a holding company that owns 120 Ferry Road, Christchurch CCHL ownership: 100%

Investment value: \$19 million

# ▶ Employs: 670 people

Orion is the electricity lines company

serving 220,470 customers across

▶ CCHL ownership: 89.275%

Investment value: \$1,401 billion

Central Canterbury.

CIAL is the largest airport in the South Island, connecting Cantabrians to the rest of the country, and the world.

- ▶ CCHL ownership: 75%
- Investment value: \$1,256 billion
- ▶ Employs: 189 people
- Development Christchurch Limited Holds land assets and an investment in the Christchurch Adventure Park.

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DCL.

CHRISTCHURCH

RBL Property

0.005% RBL Property Limited

0.006% Development Christchurch Limited

# Our performance commitments

In December 2023, following Council's decision to cease the Strategic Review work, CCHL wrote its annual letters of expectations to its six subsidiaries.

These letters reflect CCHL's commitment to lifting financial performance across the Group to improve the long-term financial sustainability of its subsidiaries, increase returns to Council and begin to generate capital for investment in growth.

CCHL's own commitments reflect this focus on greater financial discipline, including paying down Group debt, as well as continuing to work more closely with subsidiaries in service of lifting performance.

The following table sets out CCHL's commitments for the Group, against the organisation's four capitals.

## Financial

Group				
Objective How		Target/KPI		
		FY25	FY26	FY27
Improved financial performance. Improved company monitoring	Introduction and implementation of a new capital allocation framework for subsidiary companies.	Completed in FY25	N/A	N/A
and reporting.	Development of an integrated risk framework to provide CCHL with sufficient insight into risk management of each subsidiary to inform a Group view of risks across the portfolio.	Completed in FY25	N/A	N/A
	EBITDA (\$ million)	446	494	546
	Net Profit After Tax (NPAT) (\$ million)	101	127	154
	Debt/EBITDA (times)	5.4	5.1	4.8
	Return on Capital (%)	5.2	5.8	6.4
	Return on Equity (%)	3.7	4.6	5.4
	Shareholders' funds/total assets (%)	46	46	45
Parent				
	Dividends (\$ million)	38	46	54
	Dividend yield (%)	1.2	1.4	1.6
	Interest cover (times)	2.0	2.5	2.8



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ntellectual		
Objective	How	Target / KPI
To support improved performance through a demonstrable commitment to diversity, equity and	Through active recruitment and human resource planning, deliver over time:	
engagement, including: • Board diversity.	A best practice gender diversity ratio at Board level. (Note, this is a CCHL target as the body that appoints subsidiary boards).	A 40/40/20 male / female / any ratio.
• Group diversity.	A best practice gender diversity ratio.	A 40/40/20 male / female / any ratio.
A closed gender pay gap.	Measure gender pay gap (average male pay and average female pay, including by career bands).	Work towards a zero gender pay gap by 2030.
A highly engaged workforce.	Measured by staff Engagement Index.	Staff either 'strongly agree' or 'agree' to five standard questions to gauge levels of workplace engagement.
	Publicly report annually against each of these metrics.	CCHL and subsidiary companies have clear diversity, gender equity and engagement plans in place.
To ensure appropriately qualified Boards of directors with the right set of skills required by the organisation.	Through strategic recruitment and succession planning of Boards of Directors.	Each subsidiary maintains a regularly-reviewed Directors' skills matrix with the skills and areas of experience the organisation needs on its Board mapped against its strategy and current capabilities.





## Social / relationships

Continual improvement in operational health and safety.

Through execution of an effective, clear and well-understood safety plan for the whole organisation, which is publicly reported against annually.

Through senior managers - reporting to the chief executive in every subsidiary company having clear safety-related performance targets in their employment contract / job description.

Through measurement, including total recordable injury frequency rate (calculated per 200,000 hours of work and including all lost-time, medical treatment and restricted work injuries for employees and contractors).

Each subsidiary organisation will hold a formal, Boardapproved document detailing processes around improving the management and mitigation of organisational risk. This will be reviewed and updated on at least an annual basis.

Effective stakeholder, iwi and community engagement.

In assessing 'materiality' - understanding the issues of most importance to its stakeholders - CCHL and subsidiary companies will deliberately engage with a wide range of stakeholders as a matter of course, including on issues of particular stakeholder interest.

Each organisation will hold a Board-approved stakeholder engagement plan and will report annually against it.

Regular stakeholder sentiment audits conducted and reported against (at least every three years).

Reduction in total recordable injury frequency rate.

Zero incidents of serious harm incidents.

Zero workplace fatalities.

Increased trend in reporting of potential safety incidents (near miss reporting), demonstrating a healthy, safety-focused organisational culture.

Trusted network of stakeholder relationships.

Material stakeholder issues reflected in business strategy.



## Natural

Reduce greenhouse gas emissions.

Business strategies to be developed and held by all subsidiary companies to chart emissions reductions path and climate resilience measures.

Produce integrated reporting and climate-based disclosures.

Subsidiaries to develop, hold and periodically review appropriate scenario analysis against possible climate change outcomes. Subsidiaries to provide CCHL with all data required for CCHL to produce a Group climate-related disclosure report (format to be set by CCHL).



Gross greenhouse gas emissions across the Group fall year-on-year (or greenhouse gas emissions intensity if core business changes).

Group emissions reductions targets are set and reported publicly against.

CCHL Group Climate is published on an annual basis, informed by consistent, accurate and timely subsidiary reporting.

Integrated report from CCHL captures a range of data around the environmental impacts and mitigations across the subsidiary companies.

CCHL Statement of intent 2025



Christchurch City Council

28 February 2024

Ms Abby Foote Chair Christchurch City Holdings Ltd

Email: Abby@foote.co.nz

### Dear Abby

### Shareholder expectations

The purpose of this Letter of Expectations (LOE) is to set out the Council's expectations of Christchurch City Holdings Ltd (CCHL) and its group of companies for the next three financial years commencing 1 July 2024. Please consider this letter and reflect the expectations as appropriate in CCHL's Statement of Intent (SOI) for 2024/25. Please also advise the Council's expectations of the group to the CCHL subsidiaries as you consider appropriate.

This LOE complements the Enduring Statement of Expectations issued by the Council to all of its Council-controlled organisations on 18 December 2023.

The 2024/25 financial year is set to be a challenging time for the Council and its organisations in terms of funding activities and services amid ongoing economic and geo-political uncertainty. The possibility that inflation and interest rates remain at higher levels than expected is a key risk for the Council and its organisations.

As a priority the Council would like to work with CCHL to establish a broader basis for reporting and engagement, based on the mutual needs of both parties. This would be underpinned by ensuring that collaboration between us remains a key focus for us both.

We would like to acknowledge the work that CCHL undertook on the Strategic Review in 2023, at the Council's request. The work you undertook to explore the opportunities available for governing the CCHL group asset portfolio is recognised. Further conversation for clarifying purposes may still be required, and we ask that you raise these with us as the need arises. Reflecting on the Finance and Performance Committee's meeting on 13 December 2023, the Council confirms its key expectation of CCHL going forward is to continue to implement *Option 2 - Enhanced Status Quo* as expediently as possible.

The Council expects CCHL to continue to operate within its existing mandate and existing assets, while seeking to lift returns over time through stronger oversight of capital management and operational improvements. For clarity, the Council expects CCHL to continue to actively manage the Council's investment in the group's subsidiaries. We expect CCHL to have regular and ongoing dialogue with all subsidiaries to ensure they assist in meeting the Council's overall objectives.

The Council requests that CCHL (and the Council's wider group) considers and pursues options that might be available to share services with other members of the group.

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Christchurch City Council



The Council has recently endorsed the Christchurch Economic Ambition, City Narrative and Destination Management Plans. At the heart of achieving the strategies is collaboration between the private and public sectors. The Council expects CCHL (and all of its CCOs) to align their activities to these documents, to the extent that is commercially viable.

The Council has asked ChristchurchNZ to engage with the organisations within the Council family to ensure they are aware of, and understand the applicability of these strategic documents and ways in which they might respond to them.

### Strategic Framework

The Council's priorities in its new draft Strategic Framework which underpins the LTP are:



Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.



Champion Ōtautahi–Christchurch and collaborate to build our role as a leading New Zealand city.



Build trust and confidence in the Council through meaningful communication, listening to and working with residents.



Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, waterbodies and tree canopy.



Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.



Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

The Council expects CCHL's SOI to clearly depict the organisation's alignment with the new strategic framework. The new framework (draft until approved following community consultation) is attached to the Enduring Statement of Expectations provided to you in December 2023.

The Mayor and councillors have asked that the Council (and its organisations) intensify work on the priorities, align skills and resources according to the priorities and collaborate across the Council group on the priorities.

With this in mind, the Council would like CCHL to include in its draft SOI the investment objectives developed as part of the Council's Value Strategy as measures against which CCHL's performance will be assessed.



### **Capital and dividends**

The Council requests that CCHL works with Council staff to maximise dividends over the SOI period, and to agree timing of the distributions. We expect CCHL to set a policy that takes into account the Council's current preference for income over capital growth over the SOI period. The policy should reflect the flexibility that CCHL needs to meet its debt covenants, and maintain value in the core infrastructure owned by the group.

The Council expects to be kept fully apprised of the potential capital demands on the CCHL group beyond preserving capital value and any other factors that could adversely impact future dividend distributions.

### **Risk and assurance**

The Council acknowledges that CCHL and its subsidiary companies have their own risk management and reporting frameworks. We are interested in exploring with you how we can achieve a balanced approach to risk reporting that is aligned with this and provides for a stronger engagement with the Council's Audit and Risk Management Committee (ARMC) on risk matters.

We would like CCHL to work with Council staff to develop a framework for a holistic approach to reporting that draws together [to the extent possible] a joined-up, clear picture of the performance and key issues facing CCHL and its subsidiaries.

With respect to particular issues, the following:

### **Responsible investment**

CCHL to develop protocols for responsible investment as a key component of its group-wide governance policies, and to engage with the Council's ARMC as it is developed.

### **Central Otago Airport development**

The Council is concerned that resources are being expended in developing this project which we estimate to have a very low chance of being implemented in the next decade or longer. Leaving aside other decision criteria, the simple fact is that the Council will not be able to provide equity or debt funding to the CCHL group as capital budgets over this time are over-subscribed and capital funding is constrained.

The Council would like to engage with CCHL on how it, as CIAL's shareholder is monitoring CIAL's performance in bringing this project to a decision point, the value proposition of continuing to commit resources to develop the project and where decision-making rights are held as to whether the project will be implemented.

In any event, the Council reiterates its expectations that it be fully consulted on progress that is being made on the Central Otago Airport project. To date, engagement has fallen short of our expectations.

### **Climate Change and Emissions Reduction**

The Council requests that CCHL briefs the Council in the early part of 2024/25 updating progress in implementing its Emissions Reduction Plan (ERP). A broader expression of the Council's climate change and emissions reduction expectations is in the Enduring Statement of Expectations.



### Performance targets and reporting

The Council does not need to receive parent company financial reporting in future, given the cost of doing so outweighs the minimal benefit of separate reporting. The Council will continue to monitor and report the financial performance of the parent company, and will expect CCHL to comment on this as appropriate in its reporting to the Council.

The Council would like CCHL to consider the way in which it presents its financial / commercial reporting, giving attention in particular to the following:

- trend analysis of profitability and key variances;
- graphical representation of performance; and
- outlook for performance, and notification of significant events in the next quarter.

Benchmarking is a useful way to assess performance relative to peers (for example, the Deloitte Annual Ports and Freight Yearbook). The Council expects CCHL's pre-COVID-19 programme of rolling benchmarking reinstated. Reporting on the results of benchmarking should include, but not be limited to clearly advising what CCHL or the company intends to do to bring the subsidiary into line with its competitors and the timing of such action.

Performance targets the CCHL parent reports against could be reduced to a smaller number of meaningful ones which are outcomes-focussed. This may equally apply to the subsidiaries. The targets should reflect the key drivers of the company's efforts towards achieving its strategic objectives and should be in line with the key indicators reported by industry peers.

The Council would like CCHL to work with Council staff to assess and provide recommendations to the Finance and Performance Committee on the desired frequency, purpose and content of reporting (including briefings) across the year. This would include, but not necessarily be limited to financial and climate change emissions reduction progress.

Health and safety is of utmost importance to the Council. At a minimum the Council expects all of its organisations to commit to a target of zero serious harm incidents and near zero other incidents. Each company board, together with CCHL is to account for any serious harm incidents at a public session of a Council meeting.

We expect CCHL and its subsidiaries to present (individually) at Council briefings twice per year. These briefings should include forecast profitability, opportunities, impediments, risks and risk management strategies and capital expenditure requirements. Council staff will advise any particular issues that should be included in the briefings.

The next set of presentations are scheduled for April and May 2024.

### 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.

A broader expression of the Council's mana whenua expectations is in the Enduring Statement of Expectations.



# Governance

The Council expects CCHL to show its commitment to:

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

#### **Briefings**

There are a number of issues that the Council would like CCHL to address in briefings over the coming year, and for each briefing to include an update on the group's financial performance, as follows:

- CCHL's approach to holding CIAL accountable for the work being undertaken on developing the Central Otago Airport project, and the value proposition that entails;
- subsidiary company strategic updates, two times per year around March/April and September/October;
- progress on meeting the group's ERP goals, including implications for meeting the Council's 2030 target to be net carbon neutral;
- achievements and impediments to reducing the gap between the highest and lowest paid employees across the CCHL group; the group's approach to, and opportunities for community engagement; and
- responsible investment principles.

# Timetable for 2024/25

Deliverable	Due to Council staff	Council/F&P meeting
Annual report 2023/24 / Quarter 4 performance report	30 September	November
Letter of Expectations 2025/26	N/A	December
Quarter 1 (July-September) performance report	30 November	December
Half year (interim) report	28 February	March/April
Draft Statement of Intent	1 March	April/May
Final Statement of Intent	30 June	July/August
Quarter 3 (January-March) performance report	31 May	June/July



# Attachment B

# No surprises

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

We will also make it a priority to brief you on any material or significant events and issues relating to the Council that we feel you should be aware of.

If you would like to discuss the content of this letter, please contact Russell Holden, Acting General Manager/CFO, Resources Group on 941 6495 or Linda Gibb, Performance Advisor on 941 6762.

Ngā mihi nui

cyr

Phil Mauger Mayor of Christchurch City

c.c. Mr Paul Silk, Acting Chief Executive, Christchurch City Holdings Ltd



Statement of Intent Year ending 30 June 2025







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# INTRODUCTION

This Statement of Intent ("SoI") is prepared by the Board of Directors of Christchurch International Airport Ltd ("CIAL") in accordance with Section 64(1) of the Local Government Act 2002.

CIAL has five wholly owned subsidiaries. These wholly owned subsidiaries are currently non-trading and are not holding any assets or liabilities.

This SoI sets out for CIAL (and subsidiary companies) 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 company may be judged in relation to its objectives.

CIAL's achievements against the objectives outlined in last year's Statement of Intent are referred to in this year's Annual Report.

The SoI is a public and legally required document, reviewed and agreed annually with its shareholders and covers a three-year period. This SoI covers the period from 1 July 2024 to 30 June 2027.

Contact details for both the Chair and Chief Executive are CIAL's registered office:

Address:	Fourth Floor, Carpark Building
	Christchurch International Airport
	Memorial Avenue, PO Box 14-001, Christchurch
Telephone:	+64 3 358 5029
Website:	www.christchurchairport.co.nz

Christchurch International Airport Ltd is a council-controlled trading organisation ("CCTO") for the purposes of the Local Government Act 2002.



# NATURE AND SCOPE OF ACTIVITIES

Christchurch International Airport Limited ("CIAL") is Aotearoa New Zealand's oldest international airport (85 years old). CIAL's core activity is the safe and efficient operation of airport facilities, facilitating air connectivity through the provision of appropriate landside and airside infrastructure, to meet the needs of all airport users (including both commercial and non-commercial aviation users), our customers, staff and the travelling public. This includes pursuing commercial opportunities with wider complementary products, services and business solutions where needed.

CIAL recognises the symbiotic relationship it has with the social and economic outcomes of Christchurch and the South Island which underpins its role of Championing the South Island and New Zealand. CIAL takes an intergenerational view to ensure that the economic, social and environmental contribution is maximised for both today and tomorrow.

CIAL will also look to utilise the culture, skills, knowledge and experience gained from the series of major external events over the past decade, to continue to diversify its business by proactively investigating opportunities to expand our footprint into new geographies and disciplines, and partner our strengths – our knowledge, experience and expertise.

# **COMPANY OVERVIEW**

CIAL has undertaken several reviews of what makes airports strong and successful across Australasia, which led to the focus on a diversified business centred on planes, passengers and property. This has shown us that maintaining control over and balance between our three business portfolios is critical.

CIAL achieves outcomes well above what the maths says we should. By size CIAL does not make the list of the top 500 airports in the world, and yet (unlike airports of similar size within the region) in FY23 enjoyed over 6,500 international flights. It has international air connections to major regional airport hubs like Brisbane, Melbourne, Sydney, Dubai, Singapore, Hong Kong, Guangzhou and San Francisco. CIAL is the only long-haul airport outside of the top 100 that several of our airline partners operate schedule air services to.

This is primarily because the South Island drives New Zealand's tourism industry, CIAL is currently the primary gateway to the South Island and is a strong enough airport to be able to compete for a share of this (and we have strong competitors for that share).

Like all strong airports, CIAL is a diversified portfolio business across aviation (planes), the terminal and ground transport business (passengers), and property development at its Otautahi Christchurch campus (property), together with several inter-generational projects covering future aviation demands, energy transition and the future of air freight and e-commerce demands.

CIAL organises its business activity under what are collectively referred to as the 3Ps; *PLANES*, *PASSENGERS* and *PROPERTY*. Aviation ("Planes") is the foundation stone that enables opportunities in the other Ps to arise.

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CIAL also ensures that the company adopts a sustainable approach to the operation of all of its activities (including customer, climate, water, circularity and energy) and pursues a commitment to protecting the environment, minimising use of natural resources where possible and improving the quality of life for our communities ("PLANET).

# **PRINCIPAL OBJECTIVES**

CIAL's core objective is to operate as a successful commercial entity and through that deliver and balance sustainable benefits to customers, the travelling public, the regions it serves and its staff while delivering growth in dividends and long-term value to shareholders in line with our shareholders long-term investment horizon.

Consistent with this primary objective, CIAL will:

- provide well-designed and maintained airfield and terminal infrastructure that delivers the required outcomes for CIAL and existing/potential customers, with an emphasis on safe, resilient and efficient airside activities
- pursue initiatives to grow shareholder value and provide sustainable, diversified and profitable revenue (and hence dividend) streams, including continuation of an appropriate level of investment in, and development of, the company's property and land holdings. Inter-generational projects are handled on a project-by-project basis, separate to operational activity
- ensure the company adopts a sustainable approach to the operation of all its activities (including climate, water, circularity, biodiversity and energy)
- exhibit a good sense of social responsibility by having regard to the interests of the communities in which it operates
- recognise the importance of maintaining a strong and positive relationship with Iwi and mana whenua across all of the South Island
- focus on the health, safety and wellbeing of our people through fostering and facilitating a culture with strong safety values, demonstrating visible and authentic safety leadership together with a supported Wellbeing Strategy
- utilise the culture, skills, knowledge and experience developed at the Christchurch campus to
  proactively investigate opportunities to build further depth, diversification and resilience through
  expanding our footprint into new geographies and disciplines and partnering our strengths, where
  they will enhance the provision of aviation services across regional New Zealand to the benefit of
  all stakeholders
- recognise that disruption in many forms will be a constant over the coming years and hence adopt an open-minded, self-driven creative disruption process to our revenues and operating structures.
   Partnering and innovation will continue to be important components of how we will approach this
- be a fair employer in providing a workplace that values people, celebrates inclusiveness and diversity and supports people leading themselves and developing skills to lead others. Ensures all are fairly rewarded



# AIRPORT INDUSTRY DYNAMICS

## **Financial Model**

The challenges inherent within the day to day financial, operational and investment activities of an airport are often little understood by external observers. These constraints stem from a number of key dynamics that are often outside of an airports direct control and can be in conflict if not carefully managed. These include:

- Aviation demand growth long term passenger growth approximates GDP growth and therefore there is limited ability to influence passenger volumes in the short term. Growth beyond that of long run GDP can be achieved, however only through investment. Full value impact of new routes usually takes 1-3 years to crystalise. Because of this, there is little ability to get meaningful, immediate and profitable passenger growth above general GDP levels.
- Risk / reward asymmetry as noted above, passenger volume growth (or reward) is constrained in the long term, however as evidenced by the impact of the Christchurch earthquakes and the pandemic, downside risk to demand can be immediate and catastrophic, with recovery taking many years. Mitigating this downside risk is challenging.
- Regulatory pricing the three major airports in New Zealand are regulated under the Commerce Commission. This regulation effectively caps the return available on an airports Regulatory Asset Base (airfield, apron and terminal), to an industry mid-point weighted average cost of capital (WACC), which is currently 6.62%. Approximately 50% of CIAL's revenues are under this regime.
- In addition, CIAL's regulated asset base (value) on which it is permitted to seek an appropriate regulated return is lower than the accounting asset base (as recorded in the financial statements). This arises via the difference in valuation methodologies required by the regulatory and accounting frameworks.
- Non-regulatory priced activities the remaining revenue streams of an airport fall into two categories, passenger related (including retail, food & beverage, duty free, rental vehicles, ground transport and car parking) or property related.
- Passenger related revenues are reliant on passenger volumes and maintaining customer service offerings that represent value for money, quality and current preferences. Property related revenues are constrained by the overall market demand and rental rate dynamics, while also requiring long lead times and capital investment to continue to grow a portfolio.
- All airports, including CIAL, hold land for long-term development, for which an expected market return is unable to be achieved in the short term.



# **Capital Intensity**

Christchurch airport provides the city and region with a network of essential infrastructure that underpins the movement of people and goods around New Zealand and connects us to the rest of New Zealand and the world. Airport infrastructure involves planning over 30-year cycles to meet the long-term needs of consumers and airlines and hence require continual investment in the following areas:

- Maintaining operational resilience by their very nature, airport operational assets must be maintained to meet stringent standards regarding safety, security and availability. There are continual upgrades in safety and security needs driven by regulatory change and it is essential that our critical infrastructure remains operational from a local and wider country perspective
- Future focused investment decarbonisation of aviation. Following an extended period of relative stability regarding aeroplane design and operational requirements, the move to decarbonise has created exponential change in the aviation ecosystem. Electrification of ground service equipment is already underway and electric or hydrogen propelled aircraft are on the near-term horizon. These technology changes require major infrastructure investment across an airport campus to meet the demands of airlines, supporting operators and consumers
- Overtime airports will continue to need to invest for connectivity growth and regional development as well as to maintain our existing asset base to an acceptable level of services and to ensure operational resilience, including future climate change mitigation and adaptation.

# **Aviation Demand Outlook**

Whilst demand for air travel has rebounded strongly from pre-pandemic, CIAL passenger numbers are forecast to recover to around 90% of pre-pandemic level during FY24.

Looking forward there are headwinds in respect to future prospects of above trend growth in passenger numbers over the next 1-3 year period including:

- Emerging softness in domestic demand likely linked soft economic performance in New Zealand in conjunction with stubborn levels of core inflation and relatively high interest rates
- Continued geo-political conflicts and economic challenges in China
- Impact on domestic and trans-Tasman jet capacity from ongoing engine maintenance requirements associated with the A320/321 neo aircraft

# **CIAL Performance**

Despite the financial model constraints outlined above, historically CIAL has achieved a 10-year IRR of 10.2% (as outlined in the Northington Report), as compared to a median 10.7% IRR across the broader listed NZ infrastructure sector.

Unlike other in the sector, CIAL also remained profitable through out the pandemic and paid a dividend each year.

Looking forward, despite the constraints to future growth in aviation, CIAL is still predicting a consistent growth path in profitability and dividend flows and focused on achieving a return that appropriately benchmarks to a relevant peer group comparator set (see later section on Financial Management & Performance targets).



# **COMMERCIAL & REGULATORY CONTEXT**

Christchurch International Airport Limited ("CIAL") is one of three named airports in New Zealand within the Airport Authorities Act 1966 ("AAA"), meaning it is infrastructure of national significance and has economic impacts into regions beyond Christchurch City. The AAA and the new Civil Aviation Act 2023 require CIAL to operate its business as a commercial undertaking with specific operational and long-term management obligations.

CIAL operates in a commercially competitive environment both domestically and internationally, overlaid by a complex layered legal and regulatory environment with a wide stakeholder group.

The chart below demonstrates various aspects of commercial and non-commercial demands on CIAL, which the Board endeavours to balance.

CIAL has full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction subject only to the law generally and any restriction contained in its constitution. The business and affairs of CIAL must be managed or supervised by the CIAL Board. Directors on the Board owe a range of duties to CIAL including a duty to act in good faith and in the best interests of CIAL, its customers, the travelling public, its staff and the regions it serves, and to exercise due care, diligence and tkill diligence and skill As an airport company, CIAL is currently required to operate and manage its business as CIAL is one of several council-controlled trading organisations (CCTO) fully or majority owned by Christehurch City Holdings Limited, who have been established for operating a trading undertaking for the nurnose of making a profit elements, the requirement to attempt to operate profitably and follow generally accepted commercial practices and disciplines. Community Commercial Local Goverment •Companies Act These acts also impose an obligation to consult the purpose of making a profit Act 2002 with its aeronautical customers before setting aeronautical prices for a five-year cycle and in Airport All decisions relating to the operation Authorities Act of a CCTO must be made by, or under the authority of, the Board to relation to substantial items of capital (AAA) & new Civil Aviation Act expenditure. assist the organisation to meet its objectives in accordance with its Sol and its constitution. The duties of a director of a CCTO are not limited or affected by the Local Government •Financial Markets Conduct Act Act 2002 Commerce Act CIAL has issued debt securities to retail and institutional investors that a NZX Debt Market (NZDX). that are quoted on the Under this Act and the NZX Listing Rules, CIAL Part 4 of the Commerce Act 1986 seeks to achieve has an obligation to disclose material information in a concise and timely manner outcomes in the aeronautical services market consistent with outcomes produced in a competitive under the continuous disclosure regime. As one of only three regulated aeronautical services suppliers the Commerce Commission has regulatory oversight over CIAL. The regime is designed to ensure that operating costs, capital invested, and airport master plans are market based, commercially focused and transparent to interacted checked. ed and transparent to interested stakeholders in each airport

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# **HORIZONS 2030**

In FY23 CIAL implemented a new strategy, Horizons 2030 ("H30"). The strategy focuses on what is needed to navigate the three big macro shaping forces noted above over the remainder of the current decade.

#### Great Foresight, For this Generation and the Next

- H30 shows our plan for how we will continue to make foresightful decisions that have multistakeholder benefits for today and tomorrow. Our success is built on over 85 years of decisions that have benefited the generations ahead. When we position ourselves ahead of the trends that will shape us, we create value for Otautahi Christchurch and Te Wai Pounamu South Island now and for the future
- Our focus remains on meeting the needs of Otautahi Christchurch. Post-recovery Christchurch is an exciting place to be. With Te Pae, Metro Sports, a new CBD and other new infrastructure Christchurch will re-establish itself as a premier destination for conferences, events and tourism. Otautahi Christchurch, with Te Wai Pounamu South Island supporting it, will be a growth engine for the next decade
- When we look to the future it is one with a transition to lower carbon aviation and continued growth in demand to live, work and visit Te Wai Pounamu South Island

# **Belief & Purpose**

H30 is founded on our core beliefs, namely:

- Aotearoa New Zealand is the best place in the world and Te Wai Pounamu South Island is the best place in New Zealand
- CIAL wants Te Wai Pounamu South Island specifically and Aotearoa New Zealand generally to prosper, to be improved for everyone lucky enough to live or visit here and for future generations
- CIAL has the skills, knowledge and experience to deliver sustainable, long-term success at our home in Otautahi Christchurch and to share with others across Aotearoa New Zealand
- Our belief gives us a clear purpose and provides reasons for CIAL to focus on doing things that provide outcomes that are bigger than CIAL and its own financial performance.



# **Our Purpose & Mission**

We are a purpose driven organisation and our team have decided our purpose is best described as follows. It will achieve an ambitious Mission.



The key being the `+' - it is not `either-or', it is `and'.

#### Horizons 2030 - Grow, Expand, Partner

Horizons 2030 acknowledges the strong position of CIAL currently, gives context to the importance of our engine room at our home base of Otautahi Christchurch, while also recognising that CIAL is an organisation that has opportunities to extend and expand to build further depth, diversification and resilience whilst adding value to a wider group of stakeholders.

H30 is built on continuing to grow our engine room at our home base here in Otautahi Christchurch, expanding our horizons into new geographies and disciplines, and partnering our strengths with others (e.g. Future Aviation Energy Infrastructure).

HORIZONS 2030 ACKNOWLEDGES OUR STRONG POSITION AND IS BASED ON THREE STRATEGIC PRIORITIES



Expand OUR HORIZONS Into new geographies

and disciplines



Our knowledge, experience and expertise

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# Value Creation

Whilst there are several management approaches for improving organisational performance, several years ago CIAL identified a desire to focus on the ultimate goal of creating corporate value and this frames up our strategic approach.

Whilst value will be defined by different stakeholders using different metrics (e.g. dividend yields, commercial value, economic impact), CIAL has embraced value maximisation as the ultimate financial objective for the business.

Value creation is about evaluating trade-offs, where decisions between investments to generate growth are required i.e. what growth option generates the most long-term value created. Although an action can lead to an improvement in one metric like revenue growth, it may have an adverse impact on other metrics, like return on capital. Consequently, when CIAL is considering incremental investment decisions, focus will be on value creation.

As outlined later in this SoI, CIAL also has a series of non-financial goals. These do not contradict our overall value maximisation approach – on the contrary excelling in these areas compliments our overall value objectives. Non-financial goals are, however, always carefully considered in light of our financial circumstances and obligations.

CIAL has undertaken significant work to understand the key value drivers within our business. Key to identifying and understanding these value drivers has been to:

- a) understand how successful airports around the world operate;
- b) appreciate the requirements of our stakeholders and what they value; and
- c) understand what is possible within the regulatory, customer and commercial settings we operate within

This work very clearly identified the importance of having the three commercial pillars to maintain and enhance value, as they complement each other and build resilience into the business through diversification, as evidenced during the recent pandemic.

From a financial standpoint our business is a portfolio of businesses, made up of three business units, each with different value drivers and constraints:

- Planes total allowable revenue is regulated under a cost plus margin based on a benchmark regulated WACC. Total allowable revenues are set for five years and analysed and assessed by the Commerce Commission. Value (capital improvements, cashflow and regional economic impact) is created in the long-term when airports are able to sustainably improve their position within the highly competitive aviation market. In the case of CIAL this means building Destination Christchurch and gateway South Island. This often means investing ahead of the curve.
- Passengers This is the commercial activity that happens from "Park to Plane" and includes car parking, ground transport activity, retail concessions and terminal leases. Concession and lease contracts are often negotiated for 5-10 year periods at set rates. Value (cashflow) is created when you can supply goods and services that meet the needs of the travelling public that increases spend per passenger, or when changes can be made to the customer journey to capture more passengers. The traditional retail model is under threat from digital disruption and therefore revenue protection and transition is the key focus.



**Property** - Development of campus land. Rents and returns are set by the wider Christchurch property market. Value is twofold – rental returns, plus capital uplift/balance sheet growth. Value is created through high quality offerings that have a low churn and strong rent roll. In addition, there is value derived from agglomeration within precincts. CIAL has a unique advantage in its location and airside access which positions it well to capitalise on tourism, freight and logistics opportunities.

# **FY25 OVERVIEW**

## **Recap & Current Environment**

**The 2014-2019 period** was focused on the rebuild of aviation volumes and the re-engineering of CIAL as a diversified portfolio business. This period saw:

- Return on Invested Capital ("ROIC") (EBIT / (Equity + Debt) increase from 4.3% to 6.7%
- Annual dividends increase from \$6.6m to \$44.8m.
- 50% of all shareholder value across CIAL's then 82-year history (circa \$680m) was created since 2014.

These improved outcomes (and the additional financial resilience noted below) were achieved through accelerating the development of bare land, diversifying revenue risk through creation of different property development precincts on campus, changing our approach to aeronautical charging which equalised revenue from domestic and international passengers and rigorous operational cost control, which also included building flexibility into our largely fixed cost base.

**The 2020-2022 years** were heavily characterised by the global pandemic and CIAL's approach over this period was to remain true to our core philosophy of stakeholder equity, balancing supporting the needs of customers, staff and shareholders.

During this period CIAL paid just under \$30m in dividends, maintained shareholder value, provided over \$50m in customer support and preserved employment of key talent and staff. All delivered whilst preserving our balance sheet with current debt levels being managed to a level essentially unchanged from where they were prior to the pandemic.

These outcomes were founded on the financial resilience built into the business through diversification of the underlying revenue base, cost structure flexibility and balance sheet strengthening.

FY23 triggered a transition to a post-pandemic environment with CIAL capitalising on its strong position to restart and grow our engine room at our home base of Otautahi Christchurch. The strong recovery culminated in dividends for FY23 of \$27.6m.

Performance in FY24 has been satisfactory to date, noting several ongoing headwinds within CIAL's operating environment, which are highlighted in the 'Financial Performance Targets' section of this SoI and remain relevant to the operating environment for the remainder of FY24 and into FY25 and beyond. It should always be remembered that aviation is an inherently volatile sector.

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This volatility coupled with the increasing frequency of high impact events that were once considered to occur with a very low likelihood (i.e. '1 in 100-year events'), means trading conditions can be materially and quickly impacted. Having a diverse, portfolio business is key to managing this risk.

# **Macro Shaping Forces of Current Decade**

In FY23, CIAL undertook a review of its long-term strategy out to 2030 to overlay the impact of what it believes to be the long-term macro trends. These are Digital Transition, Climate Change and the Future of Work. These macro trends were instrumental in the development of the current enterprise strategy, H30.



H30 looked at three time periods, long-term (FY30 and beyond), medium term (FY27-FY29) and short term (FY24-FY26).

<u>Long Term</u>: the long-term macro trends present in 2019 remain relevant in 2024. The pandemic accelerated aspects of these macro trends and it is these trends that will shape the environment for CIAL over the next decade and beyond. These trends will create disruption in many sectors, presenting many opportunities and risks.

<u>Medium Term</u>: these global trends will interface with CIAL through two primary filters, the New Zealand context (including national and local economic and social influences) and Aviation context (including international and national aviation influences). A scan of these beyond CIAL influences, will shape the risks and opportunities for CIAL over the next 2-3 years.

<u>Short Term</u>: these macro trends will be relevant however the short term is primarily shaped by the continued rebuilding and growth of two of our four Ps – Planes & Passengers (Aviation and Terminal Commercial). Short term aeronautical outcomes continue to be heavily influenced by airline partner strategies which currently face supply side challenges (both availability of new aircraft and ongoing global maintenance issues) - whilst operational costs will face the current challenges of continued challenges in reducing non-tradeable inflation, a higher interest rate environment than over the previous decade and a continued 'war for talent' from a CIAL perspective.

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The development of renewable energy, energy network capacity and the infrastructure for low emissions aircraft will directly, and positively, impact on climate, resilience, licence to operate and talent attraction and will open opportunities across all parts of the business.

# **Overlay to Strategy Development**

#### Digital Transition

- data, processing capacity and artificial intelligence combine to hypercharge digitalisation of existing processes. Creates opportunity in cost out and customer experience
- passenger journeys, digital platforms, augmented reality, automation and robotics will all become relevant. Creates opportunities in retail and customer experience
- Growth in e-commerce freight channels and capacity. Creates opportunities in commercial diversification

#### Climate Change

- Mitigation ongoing expectations around removing emissions from our business operations and the wider transportation sector. Creates opportunity to lead the industry.
- Adaptation adaptation to changing weather patterns. New technology and new generation close to point of consumption will be essential to society scale energy transition. Creates opportunity for Christchurch to lead the industry

#### Future of Work

- Technologies and demographic shifts have transformed the way organisations conduct business and expectations around remote working options. Creates opportunity in demographic shifts
- Travel patters will change but air connectivity will remain critical

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# **ACTIVATION FRAMEWORK & STRATEGIC PRIORITIES**



CIAL's **PLANES**, **PASSENGERS**, **PROPERTY** and **PLANET** framework has proven to be a successful approach to thinking about our core operations and is well understood and embraced across the organisation. It will continue to be used to organise the activity to be undertaken under each strategic priority.

# **Grow our Engine Room**

CIAL will continue to pursue initiatives to provide diversified and profitable revenue streams that will deliver growth in dividends and long-term value to shareholders in line with our shareholders investment time horizons.

#### <u>Planes</u>

- The aeronautical strategy remains focused on 'finding planes' and 'filling planes'. A key focus area
  is continuing to re-establish the network we had before the pandemic, whilst continuing to develop
  targeted high-quality long-haul routes that can sustainably grow over time
- CIAL's role as a Tasman/domestic hub and spoke airport and as a gateway for passengers and freight into and out of Te Wai Pounamu South Island will continue to be the primary focus
- Destination Christchurch provides a unique window of opportunity over the next two to three years. CIAL will continue to partner with Tourism NZ and ChristchurchNZ to promote and reposition Destination Christchurch
- Air New Zealand's engine issues create a threat over the next 2-3 years which have the potential to reduce capacity by circa 3-5%. Given there is no genuine replacement capacity, there is little that we can impact here

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#### <u>Passengers</u>

- CIAL's 'Park to Plane' ('P2P') strategy is the strategic priority for the passenger portfolio which includes the customer and commercial activity associated with the terminal and ground transport assets. The Christchurch terminal (including ground transport) is our largest centre of aeronautical activity. A new team and way of working has been established to accelerate our outcomes
- In the short term, the core focus will continue to be on working with our commercial partners to transition them successfully from restarting, to thriving
- Explore opportunities to improve our commercial offerings, widen the customer base and offer new goods & services
- Continue to invest in digital technology solutions across ground transport, terminal offerings and harnessing customer data

#### **Property**

- CIAL's property investment strategy remains to invest in its bare land holdings in order to 'be a Landlord'. CIAL is a long-term investor in land and buildings. As a landlord CIAL enables businesses to transport goods to distant markets and increase commerce in the city and regions of New Zealand. Whilst growth remains a focus, a heightened focus on value reflects the maturity of the property portfolio
- CIAL will update its 30-year master plan in FY24/25. A new updated, Airport Master Plan will consider, and bring together, a wide range of converging aspects across the airport campus including CIAL's terminal and ground transport strategy, CIAL's investment property strategy, capacity and resilience of energy supply, climate adaptation requirements and infrastructure needs as aviation looks forward to options to de-carbonise, biodiversity and finally operational resilience
- Focus remains on a detailed investigation of the opportunities in respect to freight and ecommerce networks and the identification of where CIAL is best placed to invest

#### Environmental, People, Social & Governance (Planet)

At the heart of our sustainability approach at CIAL is a dedication to kaitiakitanga, both from an environmental and intergenerational wellbeing approach. Looking ahead, we are developing a more inclusive and broader approach towards sustainability that will focus more on activations in the social and governance areas, alongside continuing our work in the environmental sustainability space.

Later sections in this document outline underlying principles and outcomes associated with the planet pillar, including environmental sustainability, people (including health, safety and wellness), social and community and our fundamental principles of governance. Attachment C



# **Expand our Horizons**

#### Central Otago

Since 2018, CIAL has been investigating opportunities beyond a single site which protect and enhance shareholder value, support regional social and economic development and support airlines to use their optimal aircraft on routes as well as accessing more emission efficient operating opportunities to transition New Zealand's aviation network to a low carbon future.

In 2020, CIAL invested in 750ha of land at Tarras and has worked with a range of experts to gather a strong base of quality information and fully explore and carefully develop a long-term regional and national solution to the aviation capacity needs and related wider transportation needs of the lower South Island for the next 50-plus years, that fits Aotearoa New Zealand's low carbon future.

The problems of resilience, sustainable transport, and infrastructure capacity for Te Wai Pounamu the South Island, that our Central Otago project seeks to resolve, remain true. This will play out over a long-term period and getting it right is critical for future decisions about where the region develops its key infrastructure assets.

The exploratory work we have done to date gives confidence that this opportunity, with its core purpose being to facilitate sustainable aviation and protect long term dividend flows and value growth for Christchurch, also remains.

CIAL recognises, along with the financial challenges that the City faces, the change in government means a change in a number of key areas that interplay with the project such as the Government's repeal of the Resource Management Act, the development of the National Infrastructure Resilience Plan, Three Waters legislative repeal, the focus on sustainable growth in tourism and next steps on funding and financing for Local Government and the Tourism sector. Feedback from the local region, as expected, contains a range of views, from concern to support, including understanding what the best regional solution may be.

All these external moving parts support us taking further time to understand their impact. Over the next period, CIAL will take further time to understand their impact and subsequently engage with local and national stakeholders, including iwi mana whenua. We will continue to listen and onboard the feedback.

We are clear that any development will not proceed unless the climate, environmental, social and technological rationale for it is clear and it works for airlines and passengers alike.

We are committed to working closely with our shareholders and keeping other stakeholders well informed as our understanding of these external factors grows. This includes consulting before any significant capital decisions are required.

In the meantime, the land held remains a strategic asset of Christchurch Airport and protects the long term value that has been created in CIAL and the Christchurch visitor proposition.



#### <u> Renewable Energy – Kowhai Park</u>

CIAL is acutely aware of our leadership role in meeting the climate challenge. With Kowhai Park, CIAL is looking beyond our own 'Scope 1' emissions to supporting others with their de-carbonisation goals. CIAL can use our advantages to help create and accelerate the renewable, low carbon transport systems and infrastructure that will be required to meet global goals to keep temperature rise within 1.5 degrees, help our region to decarbonise and have an impact far beyond our site.

Kowhai Park is a 400-hectare block of land to the south-west of the airfield and is ideally situated for renewable energy generation. It is inside the airport campus, adjacent to main transmission infrastructure and accessible to the local lines network. Kōwhai Park is developed under an ecosystem approach where the system, rather than a single development, enables energy transition opportunities for the future of aviation across planes, passengers, planet and property for Otautahi Christchurch, Canterbury and Te Wai Pounamu South Island.

Our plans for the initial phase will deliver a 300-hectare solar array capable of generating 180 megawatts of solar energy. In February 2023, CIAL announced publicly their preferred development partner, a Joint Venture between Contact Energy and international solar business Lightsource bp. The purpose of the solar component of the ecosystem is to deliver the grid connection infrastructure to enable CIAL to participate in the opportunities in the right-hand side of the ecosystem i.e. to provide electricity infrastructure network capacity to property development, terminal and car parking facilities and new generation aircraft such as electric and hydrogen aircraft as well as the production of synthetic aviation fuel.

Commencement of project delivery is currently planned for late March 2024 onwards.

With room to grow, Kowhai Park can enable a range of future technology and commercial opportunities across solar generation, battery storage, national transmission and local distribution, future aviation charging and hydrogen production and liquefaction. This ecosystem is summarised below.



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Whilst Kowhai Park will be complemented by a localised grid connection/sub-station to ensure CIAL has future energy resilience and supply for its campus as well as increasing the supply of renewable energy to the national grid, it will not connect existing tenants directly to the solar farm or sub-station who will still be required to undertake commercial negotiations with the preferred developer for their electricity supply.

The 300-hectare solar farm delivered as Phase 1 will enable an increased grid connection. CIAL will be required to work with Orion to develop local network infrastructure within the campus, in line with our future investment needs.

#### Energy Resilience

A major emerging focus for CIAL as a part of our master planning process will be on energy resilience. Resilience of energy supply and the ability to enable growth of high electricity use on campus will become a key focus over the next 1-2 years.

All businesses are searching for energy resilience including physical, price and climate change resilience. CIAL expects the electricity supply needs of our campus to triple by the end of this decade to service initial deployment of battery electric aircraft, production of hydrogen for land and air transport, and expansion of the property portfolio.

The initial phase of CIAL's Kowhai Park project will be fundamental to addressing the risk of a constraint to development through a lack of energy supply through the core objectives of obtaining an appropriate grid connection developing renewable and cost-effective energy and improving physical and financial energy resilience. In addition to the grid connection, it is envisioned that there will be additional investment required to connect the relevant parts of the campus to the grid.

# **Partner Our Strengths**

CIAL already does a significant amount of partnering activity both domestically and internationally and will continue to explore such opportunities to utilise its people talent, operating systems and intellectual property in a way that creates benefit for customers, staff, shareholders and the environment.

Opportunities have emerged post pandemic for long-term property development partnerships that have the potential to diversify our property portfolio and benefit the airport and the region around freight and e-commerce. Focus during the period of this SoI will be on further detailed investigation of these opportunities and the identification of where CIAL is best placed to facilitate their conversion, whether through capital, our well tested and proven approach, or our existing relationships. CIAL will remain open minded around this and assess opportunities on their long-term merit.

Also, CIAL is already leading several international initiatives and mentoring of airports, around aviation development, climate change and sustainability. Kowhai Park and renewables gives us another opportunity to take a leadership role with other airports which could be in the form of knowledge sharing, consulting or even a partnership approach.



# **Resilience, Adaptation & Master Planning**

It is worth noting the significant role CIAL plays in handling displaced aircraft and passengers when major weather events or infrastructure limitations (e.g. fuel supply) impact other parts of the country. Aviation is a network so impacts at one of the nodes most often has flow on effects for the other nodes. As CIAL is the only truly wide body capable airport behind Auckland (including the divert airport for most international airlines), we will continue to play an active role in helping with national resilience.

CIAL recognises that we serve as an essential piece of regional and national infrastructure supporting our communities' mobility and economic growth. Our operations deliver high levels of availability, reliability and resilience however we recognise physical impacts of climate change may present risks to our assets into the future. Asset adaptation and future proofing can lower our exposure to climate hazards and extreme weather.

Given the existing constraints, increasingly frequent and severe weather events, and ongoing fragility within the New Zealand Inc. aeronautical system, CIAL will look to develop Christchurch Airport as an alternative fully capable all-weather airfield to provide additional resilience to the country's long-haul capable airport infrastructure.

As part of its Master Plan update in FY24 and FY25, CIAL will develop our physical risk adaptation plan which will identify key adaptation actions required for the most material physical climate risks together with timeframes and investment needs.



# FINANCIAL MANAGEMENT AND PERFORMANCE TARGETS

#### Background

CIAL's key objective is to operate as a successful commercial entity, actively benchmarked against relevant industry peers whilst also adhering to our core mission of **Enhancing People's Lives & Fuelling Economic Prosperity & Being Great Kaitiaki of Our Planet.** Only ticks in all three areas represents value creation.

Achieving this objective, requires balancing several different priorities, including both financial and non-financial expectations specific to our two shareholders.

As noted in the Northington Partners review of CCHL, despite the impacts of the pandemic CIAL has performed satisfactorily over the past 5 years with an Internal Rate of Return >8.5%, consistent with the regulatory framework within which CIAL operates and its NZ industry peers.

Obviously the recent 3-year returns have been significantly impacted given the impact of the pandemic following by sharp increases in inflation and interest rates. Over the next 12-18 months, the primary financial objective for CIAL remains on returning the business to an acceptable level of profitability and commercial 'match fitness'.

#### Metrics

CIAL tracks and targets a series of specific financial metrics focused on financial returns ('Return on Invested Capital' - "ROIC"), operating efficiency/productivity ('EBITDA Margin') and capital structure measures (see Capital Management section).

CIAL uses the ROIC metric as it focuses on the effective management of both revenues and total operating costs (net cash flows or EBITDA), while also taking invested capital into account in the form of depreciation. The ROIC metric then measures the return from the total employed capital – being the sum of shareholders' equity and long-term debt finance.

This metric and its associated external industry benchmarks are used at a company-wide level to assess CIAL's ability to generate returns from existing operating activities and related capital employed, and whether new investment of capital will meet the relevant targeted return.

From a financial perspective, there are a number of dynamics which impact the investment decisions made and the prioritization of expenditure (either capital or operating). These include the investment drivers, whether compliance or growth, return mechanisms, whether regulated or commercial, and investment timeframes. Optimising the outcomes requires balancing maintenance of an acceptable capital structure, creating long term value and improving returns.

When considering a sustainable target return on invested capital, it should be noted that:

 approximately 45% of CIAL's current revenues in FY23 are regulated under the Commerce Commission's Information Disclosure Regime. This effectively caps the revenue that CIAL can earn from its Regulated Asset Base for each 5-year pricing cycle assessed against a mid-point WACC calculated by the Commerce Commission at the start of that period (assessed at 6.62% currently for the current period out to the end of June 2027)



 CIAL holds land for long-term airport development, for which a fair market return is unable to be achieved in the short-term. In addition, CIAL's Regulated Asset Base (value) on which it is permitted to seek the Commerce Commission's return is much lower than the accounting asset base (value). This arises via differences in valuation methodologies required by the regulatory and accounting regimes

CIAL has set a goal of achieving a group 7.5% ROIC by 2030. This benchmarks against a prepandemic comparator set including Auckland, Wellington and the Airport Council International global average for mature airports with passengers in the 5-15 million range.

Other key factors of note to understanding CIAL's current financial environment over the upcoming 2-3 years include:

- Whilst CIAL has been successful in rebuilding its aviation network and airline partners since the pandemic, it has had to invest to achieve that growth (and for future growth) and hence full revenue impact usually takes 1-3 years to crystalise
- Similarly whilst CIAL has a strong investment property development pipeline, there is a lead time
  of approximately 12-18 months on average from the time of commencement of a development to
  when rental income is reflect in CIAL's revenue. Furthermore, CIAL's land can only be developed
  at a rate that planning frameworks and market demand allow
- CIAL's 'long-term levelized' regulated pricing approach (as endorsed by the Commerce Commission) uses a tilted annuity approach to depreciation, which in effect smooths prices over the underlying life of the assets, hence deferring capital recovery out into future pricing periods PSE5 and PSE6. Whilst this reduces aeronautical recoveries in the earlier years of the price path, it provides some certainty to revenue to be earned in the later years of the path
- CIAL has a relatively fixed operating cost base, particularly in respect to its major terminal and airfield assets and productivity gains are incremental in nature
- CIAL has significant levels of 'non-tradeable' costs (i.e. rates, insurance, interest) that continue to show stubbornly high levels of inflation

# **Capital Management**

CIAL's current Treasury Policy requires the company to target at least a stand-alone BBB+ credit rating and caps its gearing ratio (debt/(debt+equity)) at 40%, with 5% of that 40% set aside as a buffer for major external events (such as the Alpine fault or a pandemic) – meaning an effective gearing ratio cap of 35%.

This capital management approach has been very effective over recent years in providing resilience through the global pandemic – arguably one of the most material events to impact the aviation sector. A recent external independent review of CIAL's capital management policy has endorsed this approach in order to provide an appropriate mix of financial flexibility, resilience and excess debt capacity for stress related events.



Whilst acknowledging the appropriateness of this approach under the circumstances, it does potentially lead to a natural 'capping' of new self-funded debt investment in over the medium to long term. This, together with a continued focus on achieving a benchmark ROIC as noted above, will always mean that there is a limit on the number of initiatives and projects CIAL can fund over time (both Capex and Opex).

Consequently, when considering internal investment decisions, CIAL utilises a "competition for capital" process across its Planes, Passengers and Property pillars, of which ROIC is the key underlying measure.

CIAL's competition for capital approach allows new initiatives and projects to compete for available funds, being prioritised based on those that will add the most value.

When considering returns on investment, it is relevant to keep in mind that CIAL makes investment decisions across land, infrastructure and buildings, leases and operations. Each of these areas operates to a different timeframe (between 3 – 50 years) and therefore carries different risk and value profiles. Additionally, it is not uncommon for a single proposed investment to touch on more than just one of these areas, therefore bringing different time lenses into the decision-making process.

# **Financial Targets**

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For the purposes of the FY25 SoI, CIAL has continued to adopt a mid-point passenger demand scenario for FY25-27. A balanced approach to forecasting passenger demand is taken to factor in future risk factors including ongoing capacity constraints in the aviation industry globally, soft economic performance in New Zealand and abroad or further escalation of geo-political conflicts.

The key factor influencing CIAL's passenger demand (and hence aeronautical and commercial revenue streams) currently relates to Air New Zealand's ongoing engine maintenance requirements associated with the A320/A321neo aircraft which fly predominantly on the Auckland and trans-Tasman routes from Christchurch. This a 2-3 year risk which has the potential to reduce seat capacity by circa 3-5% over the remainder of FY24 and into FY25 & FY26. Currently there is no genuine replacement capacity, and consequently little that can be done to offset this.

The continued relatively high inflation and high interest rate environments in New Zealand and globally, also add further risk to growth assumptions, particularly over the next 6-12 months.

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\$m	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Total Revenue	227.1	231.2	240.6	252.7
EBITDAF <sup>1</sup>	133.6	140.4	147.0	156.2
EBITF <sup>2</sup>	89.3	95.7	101.3	109.3
Interest Expense	32.1	31.2	29.3	30.2
Net Profit (Loss) After Tax	41.5	48.3	53.7	59.2
EBITDAF as % of Revenue	58.8%	60.7%	61.1%	61.8%
Return on Invested Capital <sup>3</sup>	4.3%	4.6%	4.8%	5.1%

N.B. the forecast statement of financial performance outlined above excludes:

- any non-cash investment property revaluation gains/losses (given amounts are non-cash related)
- any other asset impairment assessments
- any accounting adjustments related to revenue or expense gross-up
- any lease accounting adjustments (FY25-27)
- any non-cash deferred tax adjustments

Passengers	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Domestic	4,813,531	4,986,683	5,163,721	5,327,454
International	1,402,889	1,560,603	1,679,583	1,805,726
Total Passengers	6,216,420	6,547,286	6,843,305	7,133,180

#### **Notes & Assumptions**

#### <u>Revenue</u>

- <u>Aeronautical</u>: the updated passenger forecast reflects the current recovery trends that are being seen in domestic and international demand. Forecast also considers:
  - domestic and international seat capacity filed by airlines up to January 2024; and
  - latest projections from the industry, including likely impact of ongoing engine maintenance requirements associated with the A320/A321neo.
- Lease Rental: Underlying lease rental will continue to grow through FY25-27, predominantly
  reflecting a market rate rental return from the forecast property development program and
  ongoing market annual rent review arrangements.

<sup>&</sup>lt;sup>1</sup> Earnings before interest, tax, depreciation, amortisation and fair value movements.

 <sup>&</sup>lt;sup>2</sup> Earnings before interest, tax, and fair value movements.
 <sup>3</sup> Earnings before interest & tax / (debt + equity)

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 <u>Terminal & Commercial Concessions and Ground Transport</u>: the majority of commercial arrangements have returned to a basis that correlate to passenger growth trajectories, including both Minimum Annual Guarantees (MAG) and concession revenue elements.

Parking, taxis and rideshare revenue will follow a similar rebound path to domestic and international passenger numbers

<u>Hotel</u>: FY24 has proved to be a challenging year within the hotel industry, with tourism, business
and leisure traveler numbers not meeting market expectations and consequently demand being
unpredictable. Uncertainty of demand has also challenged cost structure flexibility and the ability
to scale resource as needed. FY25 performance is expected to improve as base occupancy levels
increase and cost base flexibility improvements are implemented.

#### **Operating Costs**

CIAL has a relatively fixed nature operating cost base, particularly in respect to its major terminal and airfield assets even when the level of passenger throughput varies.

As we move into FY25, terminal and airfield operating costs will return to levels reflective of rebuilt passenger activity, including new focuses on related health, safety, security and resilience requirements.

CIAL has forecast the bulk of its operating costs to increase from the current base at the rate of longterm inflation each year. Staff costs are forecast to increase at a rate which matches the current wage market in FY25 and then compound at long-term wage growth levels as assessed by Treasury from FY26 onwards.

- Insurance, Rates & Interest these costs are outside of CIAL control and rising at rates much higher than average annual CPI
- Maintenance CIAL's consolidated maintenance contract with Citycare fixes a number of costs for three years. This contract will be reset in FY25, which will result in significant pricing increases associated with catch up inflationary pressures
- Regulatory, Compliance and Planning increased activity associated with the Commerce Commission input methodology review and various national, regional and district plan review processes and submissions, including appeals
- Cleaning, Waste, Waste minimisation and Quarantine CIAL outsources these activities. Contract terms allow for underlying rates to increase in line with living wage increases and passenger volumes

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# **Ratio of Shareholders' Funds to Total Assets**

The forecast Capital Structure, ratio of shareholders' funds to total assets and gearing ratios for the next three years are:

\$m	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Debt	576.0	577.0	591.0	612.0
Equity	1,516.5	1,525.0	1,532.7	1,541.1
Shareholder Funds/Total Assets %	65.1%	65.2%	64.9%	64.5%
Gearing (debt/(debt + equity)) %	27.4%	27.2%	27.7%	28.3%
Debt / EBITDAF	4.3	4.1	4.0	3.9
EBITDAF Interest Cover x	4.2	4.5	5.0	5.2

# DISTRIBUTIONS

CIAL aims to distribute funds surplus to its on-going and forecast investment and operating requirements, subject to meeting the solvency requirements of the Companies Act 1993.

The Directors will review dividend policy annually and recommend such dividend payments as are consistent with CIAL's earnings, capital expenditure, future investment and benchmark requirements, subject to targeting a gearing ratio which does not exceed 40% (35% when excluding the 5% major event risk buffer) and maintaining CIAL's targeted stand-alone credit rating of BBB+. Noting that CIAL benefits from a core endowment of the wider CCHL group through receiving a further credit rating upgrade (with resulting lower credit margins) due to the strong expectation of shareholder support.

In addition, CIAL remains cognisant of Shareholders' expectations regarding dividends and understands that certainty and growth in dividend stream is a key requirement.

Moving forward, subject to trading conditions at the time, it remains the Board's intention to consider dividend payments in line with existing dividend policy (90% of distributable profit).

The dividend policy is periodically subject to independent review.



On the assumption that CIAL's dividend policy remains in place, forecast dividend flows would be as follows:

\$m	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Dividend Forecast	37.3	43.5	48.3	53.3
Dividend Pay-outs (Cash Flows)				
Current Year Interim Dividend	19.2	21.7	24.2	26.7
Prior Year Final Dividend	13.1	18.1	21.8	24.1
Forecast Dividend Cash Flow	32.3	39.8	46.0	50.8

As has recently been highlighted, it should be cautioned that aviation is an inherently volatile sector. This volatility coupled with other market sector variables means trading conditions can be materially and quickly impacted.



# PLANET/SUSTAINABILITY - TOITŪTANGA

We take inspiration from the Māori concept of kaitiakitanga. Both in terms of environmental guardianship, as well as intergenerational wellbeing.

'Ko ngā pae tawhiti whāia kia tata, ko ngā pae tata whakamaua kia tina; The potential for tomorrow depends upon what we do today.'

We have developed the CIAL Sustainability donut framework, to reflect the inherent interconnectedness of people and planet at a business level; in effect our social minimums alongside those planetary boundaries we are most materially impacting.<sup>1</sup>

We understand that sustainability is a commitment to an ongoing journey of improvement, as we learn and adopt best practices. This requires us to be open to challenges, to benchmarking ourselves against progressive industry peers, and where frameworks don't yet exist, helping to shape them with the greatest level of ambition.



Our commitment to climate action and accelerating the transition to a low carbon aviation future remains at the forefront of our sustainability program.

#### **CLIMATE** | TE ĀHUARANGI

**Reduction:** Looking ahead we will continue our independently audited long-term emissions reductions aligned with GHG Protocol best practice, and our science-based targets. This will reflect the continuation of our fleet transition, energy efficiency improvements, renewable energy development, and work to address our Scope 2 and 3 emissions which pushes more into our supply chains. This means working with our airline and industry partners and suppliers to collaborate on opportunities to further reduce emissions, and ensure we have the infrastructure ready to support decarbonisation.

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**Adaptation:** CIAL continues to understand our climate adaptation requirements and planning going forward. Our adaptation focus is on the future impacts of climate change including transitional risks, as well as physical damage to infrastructure and property assets of CIAL, business interruption and operational delays – caused by the outcomes of climate change including flooding, higher temperatures, increasing frequency and severity of storm events and high winds. Noting also Christchurch International Airport falls within the scope of mandatory climate related financial disclosures reporting regime.

**Transition:** Critical to both reduction and adaptation, is ensuring that we are transitioning in an equitable fashion. This means making space for the interests of future generations and considering the needs of those most vulnerable within our community. We will continue to use the CIAL principled approach to guide our transition work.

Whilst CIAL's most material sources of climate transition risk are outside of its direct control, we believe that transition to a lower carbon aviation sector is a shared challenge that requires action from all. CIAL will therefore use its influence and available mechanisms to support the industry to decarbonise and participate in advocacy efforts around investment in future decarbonised aviation fuels and overall policy response needs to support the wider airport network's transition to new energy and aircraft technology.

#### **BIODIVERSITY** | TE KANORAU KOIORA

Biodiversity is a key planetary boundary that is currently being exceeded and requires global action to address. CIAL has a growing interest in understanding our ability to positively impact biodiversity.

We will work through a similar process to our climate work with biodiversity - including measuring, monitoring, and setting science-based targets, developing a biodiversity strategy to support the global goals, and then embedding this in practice across the organization.

#### **CIRCULARITY** | TE PARA

In recent years Aotearoa New Zealand has come to accept there is an overdue transition required from a linear – take, make, waste mentality, to one of a circular economy. A circular economy is designed around taking single use items out of production, and instead designing products for continued reuse or to be biodegradable without detrimental impact on our oceans or soil health.

CIAL has the goal to move towards circularity but understands this is a complex journey that will involve support from across the organization, alongside the public, our tenants, regional and national stakeholders where investment in support infrastructure needs to occur.

Attachment C



Performance Measures	Performance Targets		
	2025	2026 & 2027	
Climate / Te Āhuarangi Deliver a tangible reduction in the Climate impact of aviation and adapt to our changing climate.	<ul> <li>Maintain airport operational greenhouse gas emissions reductions of 90% or greater (scope 1 &amp; 2 emissions)</li> <li>Actively seek to influence Airport supply chain (scope 3) emissions to accelerate transition to low carbon aviation</li> <li>Publicly disclose and regularly review our processes relating to climate risk disclosures – identification, monitoring, and adaptation planning.</li> </ul>	<ul> <li>Maintain airport operational greenhouse gas emissions reductions of 90% or greater (scope 1 &amp; 2 emissions)</li> <li>Actively seek to influence Airport supply chain (scope 3) emissions to accelerate transition to low carbon aviation</li> <li>Publicly disclose and regularly review our processes relating to climate risk disclosures – identification, monitoring, and adaptation planning.</li> </ul>	
Energy / Te Pūngao me to tūāhanga Onsite renewable energy to power CIAL's decarbonisation and support aviation's low carbon future.	<ul> <li>Large-scale onsite generation of renewable electricity from 2025, and expand campus electricity network distribution access</li> <li>Regularly review energy efficiency projects seeking to maintain or improve operations</li> <li>Expand understanding of renewable energy and future fuels infrastructure requirements to cater for transition to low carbon aviation</li> </ul>	<ul> <li>Onsite energy generation and campus electricity network access on-going</li> <li>Regularly review energy efficiency projects seeking to maintain or improve operations</li> <li>Develop the pathway for renewable energy and future fuels infrastructure requirements to cater for transition to low carbon aviation</li> </ul>	
<b>Biodiversity / Te Kanorau</b> <b>Koiora</b> Maintain, enhance and restore Aotearoa's native and endemic species.	<ul> <li>Develop a CIAL biodiversity framework founded in science and linked to the UN global goals.</li> <li>Develop a trusted network of stakeholder relationships to support work program</li> </ul>	<ul> <li>Activate CIAL biodiversity framework founded in science and linked to the UN global goals.</li> <li>Maintain a trusted network of stakeholder relationships to support work program</li> </ul>	
Noise Historically, noise has been the environmental issue of greatest focus at airports around the world. Our responsibility and preference are to collaborate with all stakeholders, especially residents and businesses close to Christchurch Airport and its flight paths in relation to noise impacts.	<ul> <li>Noise complaints are limited to 10 per 10,000 aircraft movements per annum</li> <li>Actively participate in the public consultation across Canterbury on how the latest noise contours are integrated into the Regional Policy Statement</li> <li>Offers of acoustic mitigation to noise impacted properties currently eligible</li> <li>Long term and ongoing program to protect CIAL from noise reverse sensitivity affects</li> </ul>	<ul> <li>Noise complaints are limited to 10 per 10,000 aircraft movements per annum</li> <li>Actively participate in the public consultation across Canterbury on how the latest noise contours are integrated into the Regional Policy Statement</li> <li>Offers of acoustic mitigation to noise impacted properties currently eligible</li> <li>Long term and ongoing program to protect CIAL from noise reverse sensitivity affects</li> </ul>	



**Circularity / Te Para** Support a circular economy that ultimately keeps resources in circulation rather than landfill. Identify areas of responsibility and opportunity to support circularity
Support incremental improvements in waste prevention or reduction Identify areas of responsibility and opportunity to support circularity Support incremental improvements

in waste prevention or reduction

# PEOPLE

Our people are at the heart of everything we do, and it's their great contributions that underlie our successes, innovations and reputation.

Our People Strategy is designed to continue building a collaborative, connected and engaged culture that enables every member of our team to deliver our purpose, mission and strategic priorities both individually and collectively.

Our vision is to enable and inspire our people to be and do their best within a supportive and inclusive working environment. Our strategy focuses on five pillars: Purpose, Leadership, Engagement, Talent and Inclusion; and supports our desire to be an employer of choice.

# **Future of Work**

The world of work is constantly evolving with the advancement of technology, digitisation, automation and Artificial Intelligence (AI), and we will be extending the ways technology can improve human resources and operations infrastructure (such as payroll and recruitment), reduce lower-value tasks reliant on human input and improve business efficiency, performance and working conditions.

Continuing to embed and evolve what flexible work means for CIAL now and in future is a key piece of work and we are pleased that many of our team have accessed opportunities available to them appropriate to the nature of work they perform. Balancing engagement, talent retention, productivity and culture remains central to our thinking.

# **Talent, Development & Learning**

We have defined the critical attributes and capabilities required for our talent pools, along with identifying the roles that are critical in driving value and/ or managing risk across the organisation. This talent management plan has provided a foundation for recruitment and development activity and has enabled us to create a framework for succession planning across the organisation.

We strive to offer our people equal access to broad development opportunities which enable personal and professional development growth.



# **Diversity & Inclusion**

We want to be a fair organisation, an inclusive team, one that embraces and reflects diversity and inclusion in all forms. Diversity & Inclusion has many dimensions, and for CIAL it is important that diversity is embraced and we provide an inclusive work environment where are people feel their contributions are equally valued and they can be their authentic true selves.

Our aspiration is that we reflect the communities we serve and are an organisation that has the capability and understanding to embrace diversity and be inclusive. CIAL will continue to prioritise talent strategies that ensure we attract and retain capable and aligned talent whilst balancing a move to improving diversity across the organisation and in specific areas such as leadership.

We have done a lot of work since the pandemic ended, assisting our team to understand what equity, diversity and inclusion mean, how to recognise and avoid unconscious bias and stereotypes, and supporting our People leaders to build and effectively lead diverse teams, ensuring all voices are included. Once all existing team members have completed this programme, it will be introduced into our core training requirements for new starters.

CIAL also continues to be involved in several initiatives that progress and celebrate our role as a diverse and inclusive airport. These include our visible support of Christchurch Pride Week, Māori language week, Lunar New Year and our accessibility and cultural competency programmes as noted below.

#### **Remuneration Approach**

CIAL, like all successful companies, recognises that to create real shareholder value you need both capital AND talent. The ability to retain and attract key capability and talent continues to be challenging in the current labour market.

CIAL will look to attract, retain, develop and motivate high calibre employees at all levels – to support our principal objective, to operate as a successful business. CIAL is a socially responsible and equal opportunities employer.

CIAL has policies and procedures in place to ensure remuneration levels are set at market rates that are able to attract and retain the key talent we need to manage, operate and create real shareholder value in the business.

We regularly compare our employee remuneration against market data and in general will meet the market, subject to employee performance.

The company is especially conscious of its public responsibilities in the setting of remuneration for senior executives, which is closely managed by the Board and made publicly available via the Annual Report.

CIAL is aware of the national living wage and have no employees impacted. CIAL has no contractors with employees working on CIAL contracts impacted by the national average living wage or without an agreed pathway for addressing contractor staff impacted.



Performance Measures	Performance Targets		
	2025	2026 & 2027	
<b>Talent</b> Talent Management strategy is delivered ensuring the right talent is the right place at the right time. Individual and team performance is measurably improved through targeted learning solutions	<ul> <li>Establish, monitor and report on recruitment, selection and promotion processes</li> <li>Succession plans reviewed every 6 months and development pathways actioned</li> <li>Continued retention of critical talent</li> <li>Identification of CIAL's organisational capability and future competency needs, building on the work completed in 2020</li> </ul>	<ul> <li>Monitor and report on recruitment, selection and promotion processes</li> <li>Succession plans reviewed every 6 months and development pathways actioned</li> <li>Continued retention of critical talent</li> </ul>	
Engagement Use the voice of our team members to influence improvements to ways of working and their overall experience at work Leadership is aligned and collectively working towards addressing matters affecting/detracting from our culture	<ul> <li>A highly engaged workforce, overall engagement score in annual survey scores equal to or above 73% in 2025,</li> <li>Average Voluntary turnover remains &lt;10%</li> <li>Documented Engagement and Culture Plan developed and shared internally with quarterly progress updates</li> </ul>	<ul> <li>A highly engaged workforce, overall engagement score in annual survey scores equal to or above 78% in 2026, 80% in 2027</li> <li>Average Voluntary turnover remains &lt;10%</li> </ul>	
<b>Purpose and Performance</b> Individual performance goals are aligned with business goals and outcomes are improved through regular feedback	<ul> <li>New performance management system (Flight Path) embedded, and 100% engagement achieved by end of FY25</li> <li>Improved Feedback &amp; Recognition results in annual engagement survey, scores equal or are above 60% 2025</li> </ul>	<ul> <li>Improved Feedback &amp; Recognition results in annual engagement survey, scores equal or are above 65% 2026, 68% 2027</li> </ul>	
Leadership A larger array of offerings of tailored leadership development offerings, enables our leaders to be adaptive in the face of future disruption and our future leaders ready to take the next step Development opportunities are encouraged through external channels as much as internal - Te Whariki 360 feedback processes are enlisted to better inform development plans	<ul> <li>Continue to build leadership capability through formal and informal learning opportunities.</li> <li>Development of CIAL Leadership Principles before end of FY25 and introduced into individual Flight Path Plans</li> <li>Improved Management results in annual engagement survey, 83%+, 2025</li> <li>Improved Leadership results in annual engagement survey, 74%+ 2025</li> </ul>	<ul> <li>Continue to build leadership capability through formal and informal learning opportunities. Programme differentiates between levels: emerging leader, new to leadership, middle management, senior leader, executive leader.</li> <li>Improved Management results in annual engagement survey, 85%+ 2026</li> <li>Improved Leadership results in annual engagement survey, 78%+ 2026</li> </ul>	



<b>Diversity, Equity &amp; Inclusion</b> Raise the understanding and profile of D, E &I across the business Ongoing gender pay reviews and audits Diversity and Inclusion Knowledge programs delivered, and activities driven internally by Employee Resource Groups Flexible Work practices are embedded and this becomes a natural way of working	<ul> <li>In line with CIAL's Diversity, Equity and Inclusion Policy, support improved performance through a demonstrable commitment which will include;</li> <li>A documented Diversity, Gender equity and engagement plan;</li> <li>Actions to reduce our gender pay gap to zero by 2030</li> <li>Improved gender diversity in CIAL's leadership group towards a goal of 40/40/20 (female/male/any gender)</li> <li>Undertake second Inclusion Review achieving improved outcomes compared to 2022</li> </ul>	<ul> <li>Actions to reduce our gender pay gap to zero by 2030</li> <li>Improved gender diversity in CIAL's leadership group towards a goal of 40/40/20 (female/male/any gender)</li> </ul>
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#### **HEALTH, SAFETY & WELLBEING**

Our integrated approach to Health Safety and Wellbeing (HSW) is centred on Protection of Our People by creating Healthy Work where Our People can Thrive. The delivery strategy is based on strengthening core principles or foundations that underpin the achievement of positive HSW outcomes including:

- A culture with high levels of trust, engagement and participation.
- Curious, visible and authentic leaders who lead and drive the creation of healthy work.
- A management system that reflects our context and facilitates continuous improvement, enables effective risk management and facilitates participation, communication and collaboration across all stakeholders.

The development and maintenance of these foundations consistently across all areas of the business requires deliberate and focused actions. Full details of the actions are set out in our Annual Protection Work Plan.

The priorities for 2025 are centred on further building the capability of our people leaders with coaching and ongoing awareness training, fully integrating our people and aviation safety system and the management system software that supports it, embedding critical risk control management and verification processes including for our known psychosocial hazards.

Performance Measures	Performance Targets		
	2025	2026 & 2027	
Culture & Leadership - continue to develop a positive culture that enables the health, safety and wellbeing of our people.	<ul> <li>Achieve 80% or more on the HSW factor insight in our annual culture and engagement survey.</li> <li>Year on year improvement in coverage and number of HSW Leadership interactions/events.</li> </ul>	<ul> <li>Achieve 82% or more on the HSW factor insight in our annual culture and engagement survey.</li> <li>Year on year improvement in coverage and number of HSW Leadership interactions/events.</li> </ul>	
Safety Management – continuous improvement in systems to manage safety and wellbeing	<ul> <li>CIAL Protection workplan delivered on schedule.</li> <li>External audit of ISO 45001 aligned integrated management system.</li> </ul>	<ul> <li>CIAL Protection workplan delivered on schedule.</li> <li>External audit of ISO 45001 aligned integrated management system.</li> </ul>	
Wellbeing – enabling healthy work where our people can thrive	<ul> <li>Incorporate ISO45003:2021 Psychological Health &amp; Safety at Work into our Health &amp; Safety Management System</li> <li>Improved knowledge of leaders' role in enabling healthy work.</li> <li>Maintain or increase the wellbeing, psychosocial safety and work/life blend scores in our annual culture and engagement survey.</li> </ul>	<ul> <li>Maintain or increase the wellbeing, psychosocial safety and work/life blend scores in our annual culture and engagement survey.</li> </ul>	

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Christchurch International Airport Limited



#### **BEYOND CIAL IMPACT**

CIAL is aware of and acknowledges that Christchurch City Council has objectives regarding Community Outcomes under its Long-Term Plan and that the Crown also has objectives regarding accelerating economic recovery and laying the foundations for a better future.

CIAL's strategy is focused on more than just being an airport in Ōtautahi Christchurch. As the gateway to Te Wai Pounamu South Island and Destination Christchurch, CIAL has previously and continues to play a significant role in supporting the tourism and education sectors across Ōtautahi Christchurch and the wider South Island.

This has been done through significant financial contributions to the promotion of the city and region through partnering with ChristchurchNZ and TourismNZ, and direct investment into local and regional tourism organisations including the creation of the 'South' Program (the South Island regions flying in formation on the international stage) and New Horizons (small business mentoring program).

Recently completed infrastructure including Te Pae convention centre, the Lyttleton cruise berth, the soon to open Taiwhanga Rehia (Metro Sports centre), and a renewed and revitalised CBD has allowed Christchurch city to relaunch nationally and globally, with Otautahi Christchurch now being able to participate in several segments that it has been unable to since the earthquakes.

CIAL is passionate about maintaining the momentum already achieved in this area, acknowledging how this also supports CIAL growing our engine room. As such we continue to be committed to supporting ChristchurchNZ and city stakeholders to further capture this opportunity.

The Christchurch airport campus is the largest centre of employment and logistics in Te Wai Pounamu South Island with over 7,000 people employed. It is also the home of the International Antarctic Program, with CIAL playing a key role in supporting the Christchurch Antarctic Gateway Strategy through the various Antarctic entities based on campus.

CIAL also facilitates the movement of 28,000 tonnes of airfreight into and out of Te Wai Pounamu South Island each year, and during the pandemic was instrumental in working with government to establish the international air freight support scheme which kept air freight services open, ensuring more than 60,000 jobs across the South Island's many exporting and importing businesses were able to be maintained.

#### **Community Engagement**

CIAL is a proud member of the Christchurch, Canterbury and South Island community, and strives to be a well understood and valued member of our community, looking to make a positive contribution to social and community outcomes.

To this end, CIAL supports community groups and projects through grants from the Community Fund and by hosting charity collections within the terminal.

CIAL also demonstrates support for the city, its image and activities by providing promotional space at the airport to showcase events and activities from across the region.

Christchurch International Airport Limited



CIAL will continue to work to foster strong community engagement whilst broadening and deepening its support and links with its communities. CIAL remains willing to proactively engage with our stakeholders and wider community through participation in events and functions, and sharing expertise and skills across the city, region and country.

#### Mana Whenua

CIAL recognises the need for and is building cultural competence and is actively engaged with iwi in various ways across a number of areas of its activities.

CIAL is focused on an ongoing programme of work designed to embed Mātauranga Māori, Te Aō Māori, Tikanga Māori and Te Reo Māori in ways that are appropriate for our people, iwi, business and visitors. CIAL is committed to building enhanced partnerships with mana whenua in line with the aspirations of both its shareholders and will continue to leverage off the wider CCHL He Huanaui work program.

CIAL continue to work at improving the cultural fluency and competency of our people through the provision of regular development programs, coaching and exposure to opportunities.

#### **Shareholder Objectives**

CIAL recognises that both of its shareholders have several commercial and non-commercial objectives as outlined in their respective annual Letters of Expectation.

As a commercial entity CIAL will always act and operate as a responsible corporate citizen, noting CIAL must compete for its outcomes, especially in aviation, in a highly competitive environment with several very strong commercial entities that have a purely commercial focus.

Supported by our shareholders long-term investment horizon, CIAL believes that the best way it can support both shareholders' strategies in these areas is by successfully executing its strategy, which will not only deliver wide ranging social and economic benefits to the City and the regions of the South Island, but also grow both the value of CIAL and increase shareholder cash flows which will then be available for each shareholder for investment in specific areas of interest as they see fit.

CIAL will continue to contribute to shareholder projects and focuses, from within its available resources, using an approach of demonstrable value outcomes and benefits to both shareholders equally.

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#### INTERNAL GOVERNANCE FRAMEWORK

#### Commitment

The Board and management are committed to undertaking their governance role in accordance with accepted best practice appropriate to the company's business, as well as taking account of the company's listing on the NZX Debt Market. As with safety and quality, governance includes a set of systems and processes, supported by people with the appropriate competencies and principles.

Governance by its very nature is on-going; it does not have a finite end. Changing commercial circumstances require regular review and continually evolving systems that implement newly developed techniques and industry best practice.

#### **Regulatory Framework**

The company operates solely in New Zealand and is governed by a range of New Zealand legislation and regulation including the Civil Aviation Act 1990 and the Airport Authorities Act 1966. The Civil Aviation Act 1990 establishes the framework for civil aviation safety, security and economic regulation in New Zealand and ensures that New Zealand's obligations under international civil aviation agreements are implemented.

CIAL is one of three named airports in New Zealand within the Airport Authorities Act 1966, meaning it is infrastructure of national significance and has economic impacts into regions beyond Christchurch City. The Airport Authorities Act gives a range of functions and powers to airport authorities to establish and operate airports.

The Civil Aviation Bill received Royal assent and became the Civil Aviation Act 2023 in April 2023. The new Act comes into force from April 2025, repealing and replacing the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single, new statute covering safety, security and economic regulation of civil aviation into the future.

Since 2011, New Zealand's three largest airports including Christchurch have been subject to Information Disclosure regulation under Part 4 of the Commerce Act 1986, administered by the Commerce Commission. Under this framework, the Commission does not set prices for airport services but instead the focus is on monitoring airport performance, ensuring there is transparency in pricing decisions, as well as the effectiveness of the information disclosure regime.

See also Regulatory Context section above.

#### **Governance Objectives**

The Board has adopted the following governance objectives:

- Approve Corporate Strategy and direction, laying down solid foundations for management and oversight
- Structure itself to utilize the expertise of Directors to add value at a governance level
- Promote ethical and responsible decision-making
- Safeguard the integrity of its financial reporting and make timely and balanced disclosure

Christchurch International Airport Limited



- Recognise and manage risk and encourage enhanced performance
- Ensure the occupational health, safety and wellbeing of the company's people and contractors working for CIAL across the Christchurch International Airport campus
- Remunerate fairly and responsibly
- Respect the rights, and recognise the legitimate interests, of all stakeholders.

These objectives are reflected in the Board's management of Board and Committee activities, CIAL's policies and governance practices.

#### **Role of the Board of Directors**

The Board is ultimately responsible for approving CIAL's strategic direction; supervision of the management of the company and achievement of its business strategy, with the aim being to increase long term shareholder value while sustaining and ensuring the obligations of the company are properly met.

The Board's charter recognises the respective roles of the Board and management. In carrying out its principal function, the Board's primary governance roles include:

- Working with executive leadership to ensure that the company's strategic goals are clearly established and communicated, and that strategies are in place to achieve them;
- Hold to account management performance in strategy implementation;
- Appointing the Chief Executive Officer (CEO), approving his or her contracted terms, monitoring his or her performance and, where necessary, terminating the CEO's employment;
- Approving and monitoring the company's financial statements, climate risk disclosures and other reporting, including reporting to shareholders, and ensuring the company's disclosure obligations are met;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations, applicable codes and accounting standards;
- Approving key performance criteria for CIAL and monitoring the performance of the CEO against these;
- Ensuring that the company adheres to high ethical and corporate behaviour standards, including leveraging our procurement capability and influence to ensure ethical sourcing decision making, alongside influencing positive social impact on our Christchurch campus and across our core projects of Kowhai Park and Central Otago;
- Establishing procedures and systems to ensure the occupational health, safety and wellbeing of people working at, or visiting the Christchurch Airport precinct;
- Promotion of the long-term sustainable success of the company with regard to EPSG matters by ensuring that the right strategies and action plans are in place to help underpin long-term shareholder and stakeholder value
- Set specific limits on management's delegated authority for entry into new expenditure, contracts and acquisition of assets and approve commitments outside those limits;

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 Ensuring that CIAL has appropriate risk management and regulatory compliance policies in place and monitoring the appropriateness and implementation of these policies.

The Board delegates day-to-day operations of the company to management under the control of the CEO. Such day-to-day operations are required to be conducted in accordance with strategies set by the Board.

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.

The Board annually critically evaluates its performance, its processes and procedures to ensure that they are not unduly complex and that they assist the Board in effectively fulfilling its role and performing its duties. The Board and Committees and each director have the right to seek independent professional advice to assist them to carry out their responsibilities.

#### **Responsibility to Shareholders**

Shareholders articulate their key focuses to the Board in an annual Letter of Expectation. Having received and considered that Letter of Expectation from shareholders, and in accordance with Section 64 of the Local Government Act 2002, the company submits a draft SoI for the coming financial year to Shareholders. The SoI sets out the company's overall objectives, intentions and financial and performance targets.

After due consultation and discussion with the Shareholders and completion of the annual business planning and budgeting, the final SoI is approved by the Board of Directors and delivered to the Shareholders before the end of June.

#### **Board Composition, Appointment and Fees**

The composition of the Board reflects an appropriate mix of skills, experience and attributes required to discharge the duties and responsibilities of the Board and aligns to the interests of the shareholders as a whole, establishing the company's strategy and ensuring that it is effectively implemented.

A fully constituted Board consists of six directors; four appointed by majority shareholder, Christchurch City Holdings Ltd (CCHL), and two appointed by the Minister of Finance and the Minister for State Owned Enterprises (on behalf of the New Zealand Government). From 1 July 2014, CCHL has also been appointing an intern director for a period of twelve to eighteen months in order to enable prospective directors to gain an insight into good governance practice and to observe the dynamics of sitting on a board.

Directors' appointments are for such period as determined by the relevant shareholder but each term shall not exceed three years. Retiring directors may be reappointed by the relevant shareholder for further terms of three years as circumstances warrant, taking into account the unique characteristics of the aviation and regulatory environment in which CIAL operates, the long-term investment horizon for critical infrastructure such as airports, and the need to minimise succession risks for both shareholders and bond holders considering the overall composition and tenure of the existing Board.

The Board has a broad range of commercial, financial, marketing, tourism and other relevant experience and expertise required to meet its objectives. Fees for the Board are reviewed by the shareholders using independent advice.

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The Board has four formally constituted committees; the Risk, Audit and Finance Committee, the People, Culture and Safety Committee, the Property and Commercial Committee and the Aeronautical Committee. All committees have Board-approved terms of reference outlining the committee's authority, duties and responsibilities and relationship with the Board. Additional committees may be established based on need. Each committee must include a representative of each shareholder.

#### **COMMUNICATION WITH SHAREHOLDERS**

#### **No Surprises**

CIAL is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting. The company will operate on a "no surprises" basis in respect of material shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations. Any sensitive issues that could result in media attention or issues will be communicated to the Shareholders as soon as possible.

#### **Shareholder Engagement**

The Board aims to ensure Shareholders are informed of all major developments, including future strategic investments, affecting the company's state of affairs, while at the same time recognising commercial sensitivity and New Zealand Stock Exchange ("NZX") continuous disclosure obligations (due to CIAL's listed debt), may preclude certain information from being made public.

Within this constraint, information is communicated to the Shareholders through periodic updates, briefings as required, both the annual report and the half-yearly report, and "no surprises" updates on issues of importance as they may arise. CIAL will continue to work with our shareholders to ensure an appropriate level and scope of engagement occurs.

Within this constraint, information is communicated to the shareholders through:

- quarterly updates on the ongoing performance of the company which may include financial, strategic, risk and operational updates
- six monthly briefings
- both the annual report and the half-yearly report; and
- "no surprises" updates

CIAL will ensure that the company's shareholder reporting meets their requirements.

#### **Statement of Intent**

The Statement of Intent will be submitted to the shareholders 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 shareholders.



#### Annual & Half Year Report

An annual report will be submitted to the shareholders. The annual report will include audited financial statements and other details which permit an informed assessment of the company's performance and financial position during the reporting period provided to the shareholders.

Half-yearly reports will also be provided to the shareholders. These reports will contain unaudited information and comply with NZ IAS 34.

Annual reports will be produced, consistent with the company's objective to be a long-term sustainable and responsible business. The reports will outline the company's objectives and performance in terms of its economic, environmental and social outcomes.

#### **Annual General Meeting**

CIAL recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the company. CIAL will work with shareholders to agree on the form of the Annual General Meeting each year.

#### **Other Reporting & Stakeholder Engagement**

CIAL is subject to the disclosure regime under Part 4 of the Commerce Act. Under this regime CIAL is required to disclose publicly detailed information after each price setting event and annually after each financial year within the relevant 5-year period.

CIAL will also look for more proactive engagement with our aligned stakeholders (including other CCO's, CCTO's and ChristchurchNZ), and other parties (including Ngai Tahu and the wider communities).

#### ACQUISITION/DIVESTMENT PROCEDURES

CIAL will continually assess the best way to maximise its contribution to New Zealand's sustainable aviation growth and its contribution to the social and economic value added to the regions. CIAL's business development activity may include direct investment or partnership activities with appropriate organisations.

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 CIAL.

When the subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, it will be subject to consultation with the shareholders.

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

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Notwithstanding the above, if CIAL is considering a significant acquisition or disposal of assets or securities, the shareholders will be consulted with as much lead-time as is commercially practicable in the prevailing circumstances.

Where the company decides to incorporate, or subscribe to, shares in subsidiaries to undertake its commercial activities, the company will ensure effective management, with Board control of any subsidiary being exercised by CIAL's directors and staff.

As a part of its ongoing master planning approach, CIAL will continue to regularly engage in the acquisition of property and land assets which support the company's commercial, renewable energy, biodiversity and operational and financial resilience strategies over that long-term mater planning horizon. As noted above, major transactions as defined in the Companies Act 1993 will be subject to shareholders' approval, and other transactions will be advised in accordance with CIAL's "No Surprises" approach.

#### ESTIMATE OF VALUE

The directors note the commercial value a shareholder may realise on any sale of its investment in CIAL will almost certainly differ from the value estimated in this SoI, depending on the circumstances of sale, the identity of the buyer, and market conditions applicable or forecast at the time.

The most recent estimate of the equity value of Christchurch International Airport is \$1,675 million.

The primary approach for this assessment is a discounted future cash flow (DCF) approach related to the airport operations, plus investment properties and surplus land at independent market value assessments.

The current investment property and land market value assessments are based on independent valuations performed as at 30 June 2023. More recent valuations are currently being prepared but were not finalised as at 30 June 2024.

The current equity value of the Shareholders' investment of \$1,675 million, was calculated by taking the midpoint range of the enterprise value of \$2,254 million and deducting net debt of \$579 million.

The directors note that the estimation of the commercial value of CIAL each year is somewhat of an "academic" exercise. In particular, the approach used for the purposes of this SoI would almost certainly come up with a different estimate to:

- A valuation for financial statement purposes prepared in accordance with the rules set out in the relevant accounting standards; or
- An earnings multiplier approach used predominantly for transactional purposes.

This value is re-estimated annually.



#### ACCOUNTING POLICIES

CIAL has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group.

The company's current detailed accounting policies are available in our most recent annual report for the year ended 30 June 2023, as published on our company website

https://www.christchurchairport.co.nz/qlobalassets/about-us/who-we-are/financial-reports/2023financial-statements1.pdf

Statement of Intent - 30 June 2025





### Introduction Kōrero Whakataki

Nau mai ki te Tauākī Whakakoro o

Citycare 2024/25.

Kei tēnei puka ngā whāinga me te āhua o ngā mahi ka whāia e mātou o Citycare.

Ka whakaatu hoki i te puka nei ngā paearu me ngā paeine e tohu nei mena ka tutuki rānei ngā whāinga o te kamupene nei.



The Statement of Intent (SoI) is a public and legally required document, reviewed and agreed annually with the Shareholder, Christchurch City Holdings Ltd (CCHL) and covering a three-year period. The Statement of Intent (SoI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

Citycare is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

The Sol specifies the objectives, nature and scope of activities, performance targets and other measures by which the performance of Citycare (or the Company) may be judged for the period 1 July 2024 to 30 June 2027.

In November 2020, Citycare formalised its previously signalled business objective of evolving sector strategies that reinforce the autonomous nature of its two business units - Citycare Water and Citycare Property. Citycare Water and Citycare Property are implementing sector strategies, led by the respective Chief Executives. This enables each sector to better work to their core strengths and deliver optimal performance to customers.

### Contact details for the Chair and Chief Executive Officers are Citycare's registered office:

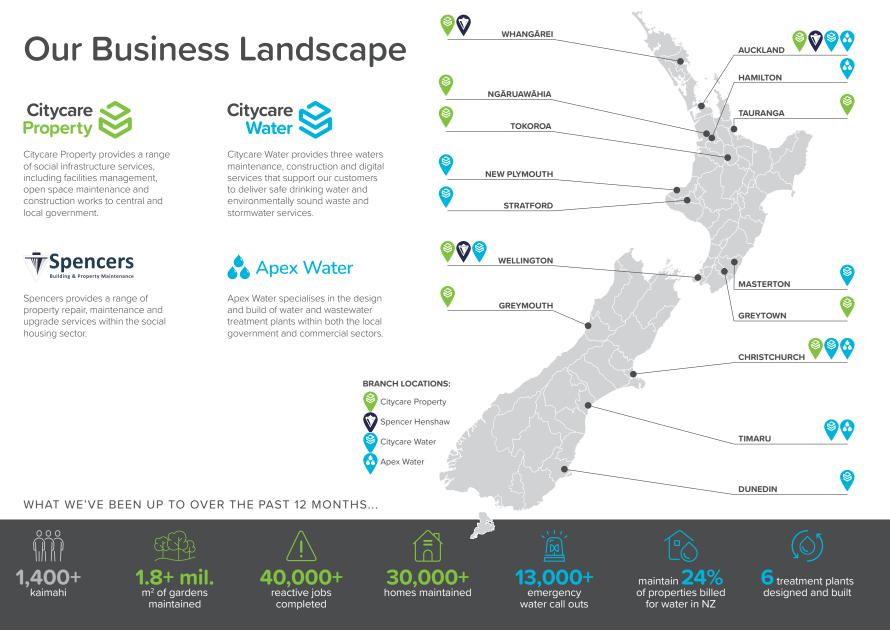
- Address: 818 Wairakei Road, Harewood, Christchurch PO Box 7669, Christchurch Phone: 0508 248 922
- Email: info@citycareproperty.co.nz

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Item





Strategic Focus

the strategic priorities.

successful execution.

appropriate.

delegated to Board Committees.

**Company Governance** 

enhance customer relationships and to establish a more

complete sustainability footprint, through delivery against

Citycare's Board of Directors is responsible for corporate

recognised principles of best practice governance and

adheres to high ethical standards. Regular reporting is

provided to CCHL on Citycare's performance.

Citycare's Board of Directors is responsible for the

primary objective of the Board is to build long-term

interests. The Board does this by setting strategic

direction and control of the Company's activities. The

Shareholder value with due regard to other stakeholder

direction and context and focusing on issues critical for its

The role and responsibilities of the Board are formalised

in the Board Charter, which is reviewed periodically. The

responsibilities. Some of the Board's responsibilities are

The Board has delegated to the Chief Executive Water and Chiel Executive Property the day-to-day leadership and management of Citycare. The Chief Executives have formally delegated authorities to the executive leadership teams and have established a formal delegated authority framework for those executives to sub-delegate as

purpose of the Board Charter is to provide high standards

of corporate governance and to clarify the Board's role and

**Board Role & Responsibility** 

governance of the Company. The Board and management are committed to ensuring the Company operates to the

#### The Board endorses and adheres to the principles of the Institute of Directors of New Zealand and the Four Pillars of The Board sets the strategic direction of the Company Governance Best Practice for New Zealand Directors. and participates in developing strategic plans, approves budgets and monitors Company performance monthly. **Board Composition** Citycare's strategic focus 2024-27 is to improve profitability,

The Company's Constitution provides that the Board will consist of a maximum of seven Directors. The Board currently comprises of a Chair and five independent non-executive Directors. The Company supports CCHL's Associate Director programme, with an 18 month placement that gives an emerging director an opportunity to accelerate their boardroom experience.

The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executives. The Chief Executives are not members of the Board

#### Conflicts of Interest

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between the Company and their own interests. The Board Charter outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist at law, then the Director/s concerned must disclose their interest, excuse themselves from any Board discussions and not receive any Board papers in respect of those interests.

The Company maintains a Board and Management Interests Register and reviews this register at each Board meeting. Citycare's Conflict of Interest Policy clearly outlines corporate and employee expectations related to actual and potential conflicts of interest and provides a substantive framework to manage this.

# PROJECT MANAGERS

Directors have a maximum tenure of six years. All director appointments and reappointments are approved by Christchurch City Council. The Shareholder considers such factors as it deems appropriate, including the experience, qualifications, availability and judgement of a candidate, and the candidate's ability to work alongside other Directors. The Shareholder also considers skills required by the Board to ensure effective delivery of their duties across the spectrum of requirements.

#### Nominations & Appointment of New Directors



#### **Board Meetings**

The Board has regular meetings throughout the year and also meets as/if required between scheduled meetings.

The Chair and the Chief Executives establish meeting agendas in consultation to ensure adequate coverage of all key issues. The Directors generally receive Board papers one week in advance of Board meetings, except in the case of special meetings for which the time period may be shorter.

The Board encourages scheduled presentations at Board meetings by managers who can provide additional insight into items being discussed or who have future potential that could or should be demonstrated to the Board.

Directors are entitled to have access, at all reasonable times to all relevant Company information and to the Company's management team. Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director. If a Director considers such advice necessary, the Director shall first gain the approval of the Chair, and having done so, shall be free to proceed.

The Board meets regularly in Director-only sessions, without the Chief Executives or other management present.

#### **Director Induction & Education**

Upon appointment to the Board, all new Directors undergo a tailored induction programme appropriate to their experience to familiarise them with Citycare's business and strategy. The programme includes oneon-one meetings with management and visits to key Company sites.

Directors are expected to keep themselves informed of changes and trends in the Company's business and in the environment and markets in which the Company operates.

All Directors undertake continuous development so that they may appropriately and effectively perform their duties.

#### **Board Performance Review**

The Board reviews its own performance and the performance of the Chief Executives regularly. The process includes one-on-one meetings between the Chair and each Director, as well as regular Board discussions on governance and performance issues.

#### **Board-Management Relationship**

The Board links the Company's governance and management functions through the Chief Executives. All Board authority conferred on management is delegated through the Chief Executives so that the authority and accountability of management is considered to be the authority and accountability of the Chief Executives so far as the Board is concerned.

The Board will agree with the Chief Executives to achieve specific results directed towards the Company's overall goals. This will usually take the form of an annual performance plan with relevant targets under which the Chief Executives are authorised to make any decision and take any action within the management limitations, directed at achieving the company goals.

Between Board meetings the Chair will maintain informal communication between the Board and the Chief Executives, be kept informed by the Chief Executives on all important matters and is available to the Chief Executives to provide counsel and advice where appropriate. Only decisions of the Board, acting as a body, are binding on the Chief Executives. Decisions or instructions of individual members, officers or committees should not be given to the Chief Executives and are not binding in any event except in those instances where specific authorisation is given by the Board.

#### Chief Executives' Performance Review

The Board will review the performance of the Chief Executives against key performance objectives aligned to the strategic priorities at least once a year.

#### **Director & Officer Insurance**

The Company has arranged liability insurance for Directors and Officers. This insurance ensures that, generally, Directors will incur no monetary loss as a result of actions undertaken by them as Directors of the Company arising out of acts or omissions of Directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions.

The Company indemnifies the Directors and holds them harmless, to the extent possible by law and as allowed under the Company's Constitution, against any proceedings incurred, suffered or expended by or threatened against the Directors with respect to any act or omission in their capacity as a Director. The indemnity excludes: gross negligence or wilful default, deliberate action outside the scope of the delegated authority, criminal liability, breaches of duty under section 131 of the Companies Act 1993 and any other liability for which giving an indemnity is prohibited by law.

#### **Board Committees**

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The Board has three formally constituted committees: the Risk, Audit and Finance Committee, the Health and Safety Committee, and the People and Culture Committee. These committees all have Board-approved Terms of Reference outlining the committees' authority, duties, responsibilities and relationship with the Board. Other committees may be established aligned to the strategic priorities as, and when, required.

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#### Risk, Audit & Finance Committee

The objective of the Risk, Audit & Finance Committee is to provide independent assurance and assistance to the Board on the Company's risk, control and compliance framework, and its external accountability and reporting responsibilities.

The Risk, Audit & Finance Committee is chaired by a Director who is not the Board Chair. It comprises of nonexecutive members of the Board as appointed by the Board from time to time. The Chief Executives and the Chief Financial Officers also attend meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend meetings of the committee.

The Risk, Audit & Finance Committee assists the Board in discharging its responsibility to exercise due care, diligence and skill in relation to risk management and systems of internal control, general business practice assurance, reporting of financial information and regulatory disclosure requirements (including all related audit matters) and financial management.

Meetings are scheduled during the year to coincide with the timing of the various responsibilities of the committee. The committee has direct communication with, and unrestricted access to, the external and internal auditors.

In fulfilling its responsibilities, the Risk, Audit & Finance Committee receives regular reports from management as well as the internal and external auditors. The Risk, Audit & Finance Committee meets (at least) annually with the external auditor without the presence of management.

The committee makes recommendations to the Board for its consideration regarding insurance, dividends, external audit, sustainability, banking facilities and other matters that the Risk, Audit & Finance Committee may defer to the Board.

#### Health & Safety Committee

The objective of the Health & Safety Committee is to provide independent assurance and assistance to the Board and Chief Executives on the Company's health and safety performance, systems and processes, compliance and reporting responsibilities.

The Health & Safety Committee is chaired by a Director who is not the Board Chair. It comprises of non-executive members of the Board as appointed by the Board from time to time. The Chief Executives, relevant general managers, the Head of Health & Safety and no less than three field staff are required to attend the Health & Safety Committee meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend Health & Safety Committee meetings.

The Health & Safety Committee assists the Board in discharging its responsibilities to exercise due care, diligence and skill in relation to its strategy, policy, systems oversight, monitoring and corporate governance responsibilities in relation to health and safety matters arising out of Citycare's activities as they affect employees, contractors, visitors, customers and the communities in which Citycare operates.

Four meetings are held each year and members of the Committee (and other members of the Board) will also undertake site visits.

In fulfilling its responsibilities, the Health & Safety Committee receives regular reports from management. It also receives incident information whenever significant events occur.

The need for access to auditors, legal or independent professional advice is to be determined by the committee as and when required to fulfil its obligations.

The committee makes recommendations to the Board for its consideration if required.



#### People & Culture Committee

The objective of the People & Culture Committee is to provide independent assurance and assistance to the Board on the Company remuneration strategy, the Company's people related strategies and the Chief Executives' employment conditions and remuneration.

The People & Culture Committee comprises two nonexecutive members of the Board as appointed by the Board. Other internal advisors provide information and attend as required.

The frequency of meetings is determined by the committee Chair to align with the Company remuneration cycles.

In fulfilling its responsibilities, the People & Culture Committee seeks and receives independent advice and timely evaluation reports on current market remuneration information.

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The committee makes recommendations to the Board for its consideration.

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#### No Surprises

Noting that CCHL has debt securities listed on the NZX, Citycare acknowledges that, as a CCHL subsidiary, it is under continuous disclosure requirements as set out in Section 10.1 of the NZX rules, as it would apply to the CCHL group.

Further to this, the Company will continue to operate on a 'no surprises' basis in respect of significant Shareholderrelated matters, notwithstanding the context related to matters of commercial sensitivity and/or with confidentiality obligations. This is to include as much advance notification as possible pertaining to issues that may:

- have a material financial or projected dividend impact
   on the Shareholder;
- have adverse implications on the Company or the Shareholder's reputation; or
- have a material impact on the shareholders risk; or
- give rise to unsolicited or adverse media enquiries/
   content.



#### Statement of Intent (Sol) Reporting

In accordance with the Local Government Act 2002, the Company will submit to the Shareholder a draft Sol by April 2024, for the coming financial year. The Sol sets out the objectives, activities, intentions, financial and performance targets.

After due consideration and discussion with the Shareholder and completion of the annual business planning and budgeting, the final Sol is approved by the Board of Directors and delivered to the Shareholder in June 2024.

#### Regular Shareholder Reporting

Citycare will provide regular updates to our shareholder in accordance with the Local Government Act 2002 Amendment Bill No. 2 on the ongoing performance of the entity against the Sol targets. The Company may also provide the Shareholder with strategic updates.

#### Annual Report

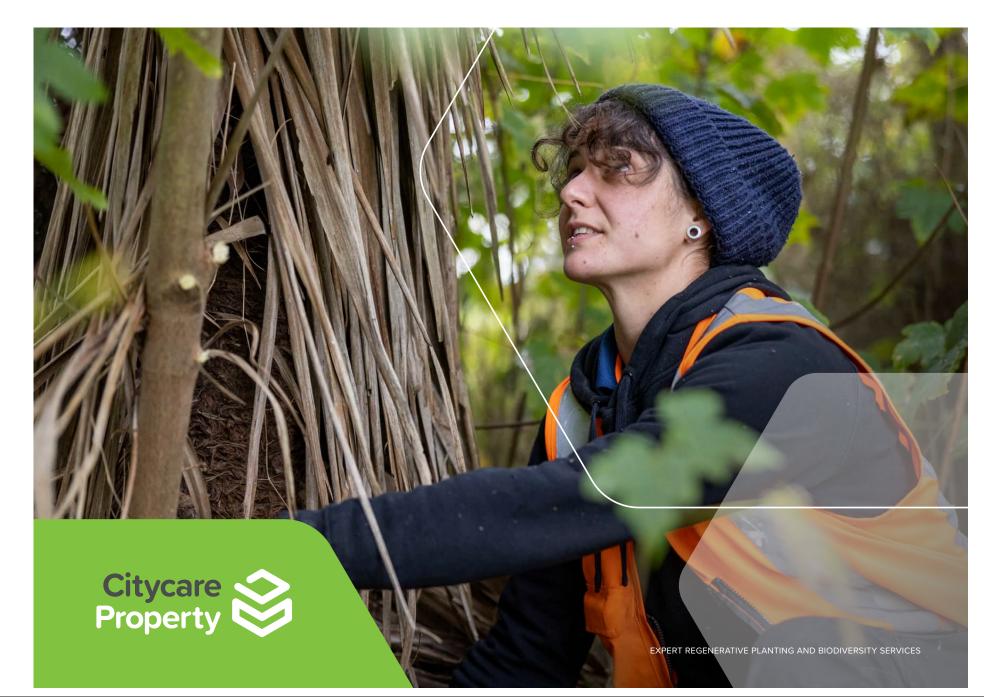
An Annual Report will be submitted to the Shareholder and will include audited financial statements and such other information as necessary to permit an informed assessment of the Company's performance and financial position during the reporting period.

The reports will outline the Company's objectives and performance in terms of financial, environmental and social inputs, outputs and outcomes, as well as performance against the stated Sol targets.

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



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## **About Us** Mō Mātou



#### Our Purpose and Values

At Citycare Property our purpose is to enhance the wellbeing of our communities. Our values support and guide our organisation in all our dealings with stakeholders including our kaimahi, our suppliers, our customers, and the communities we work in.

#### We Discover Ka Tūhuratia Mātou

We Deliver Ka Puakina Mātou

We Care Ka Kumanutia Mātou

#### About Citycare Property

Citycare Property is a nationwide business that employs more than 900 kaimahi at nine locations throughout New Zealand. We are a Good Kiwi Company, which offers World Class Service and we put People and their Safety at the Heart of everything we do.

We honour our purpose by providing facilities and open space maintenance and management services across the Social Infrastructure environment in Aotearoa. By building, maintaining, operating, and renewing social infrastructure assets, we are trusted partners for local and central government and a range of other public and private customers.

#### About Spencer Henshaw

The Spencer Henshaw Group was purchased by Citycare Group in September 2022 and is aligned with the Property Sector. Spencer Henshaw Ltd (Spencers) is one of the oldest property maintenance companies in New Zealand, employing over 250 staff and with a subcontractor network of more than 3000 tradespeople. Spencers provide a full range of property repair, maintenance, and upgrade services within the social housing sector. Citycare Property has a 100% shareholding in Spencer Henshaw Ltd. The other entity in the Group is SW Scaffolding Ltd, a scaffolding company which aims to be an industry leader in safety and workmanship. One of their main clients is Spencers.

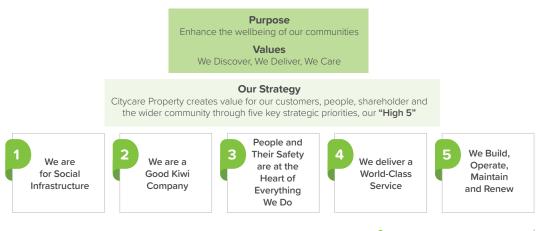
For clarity of purpose, this Statement of Intent reflects delivery on shareholder expectations in relation to both Citycare Property and Spencer Henshaw.

#### Nature & Scope of Activities

Te Āhua O Ngā Mahi

Citycare Property provides build, operate, maintain, and renew services across Aotearoa, New Zealand's social infrastructure assets. Together, Citycare Property & Spencer Henshaw deliver asset and facilities management, property maintenance and trade services, open space, and parks maintenance, building construction and capital works including landscapes as well as project and asset management services.

The Company's current area of operations is solely in New Zealand, and our New Zealand ownership is a unique selling point amongst our competitors which are largely owned internationally.



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## About Us Mō Mātou



#### Spencer Henshaw

The Spencer Henshaw purpose is to provide a full range of maintenance and refurbishment services to social housing organisations, delivering warm, dry and safe homes to kiwi families. With teams and offices in Auckland, Lower Hutt and Whangārei, Spencers employs over 230 staff and engages a network of over 3,500 contractors, covering all the trades needed to annually deliver over 200,000 maintenance, repair and refurbishment services to customers. Spencers maintains one-third of New Zealand's social housing stock, with over 33,000 kiwi families counting on them to maintain their homes, keeping their whānau warm, dry and safe.

#### 2 Customers

Kāinga Ora and the Tamaki Regeneration Company.

4 of 11 Kāinga Ora Regions.

**30,000 +** Properties Managed. 200,000 + Maintenance interventions per annum.

**3,500 +** Contracted Tradespeople.

**230** Employees. **59%** Female Staff **51%** Female Leaders

>90% KPI Kāinga Ora Scorecard Performance.

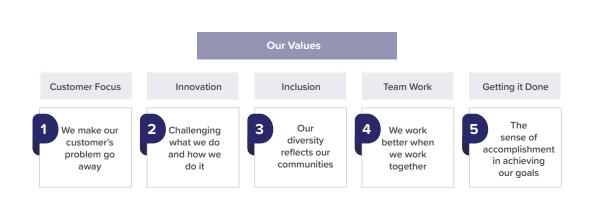
1/3 New Zealand social housing stock serviced. —

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#### Kotahitanga - Our Purpose and Activities

Spencers is a values driven organisation that builds positive working environments that connect with our communities. Engaged staff leads to greater customer outcomes. Spencers is committed to supporting our people and investing into our contractor network, developing loyal, long term successful partnerships and relationships that lead to enhanced social outcomes.

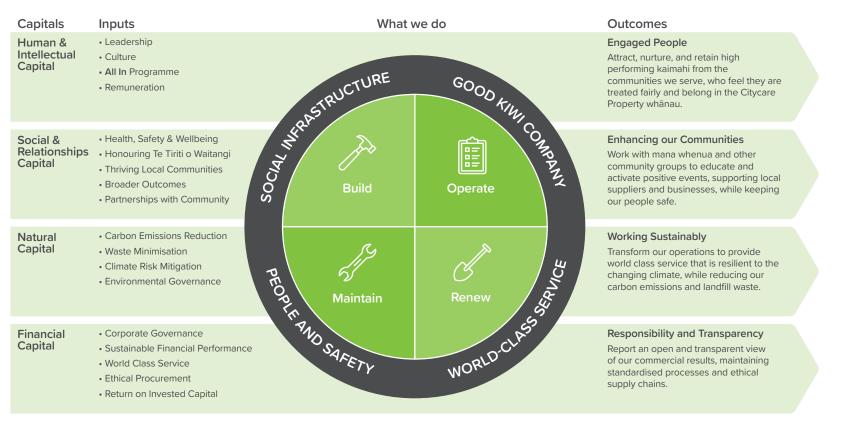
Spencers has a history of investing in its communities and supporting them to become better places to work and live. Spencers' people initiate, deliver and participate in a range of projects that make a difference for their customers, their whānau and their communities. Ngā kāinga hauora / healthy homes is the best platform for thriving local communities. Our value creation is through building partnerships that deliver services focused on wellbeing, our environment and on opportunities for economic development. Our strength is our people, with a focus on equity, cultural diversity, inclusion and relationships based on trust, respect and cultural understanding.



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### Citycare Property and Spencer Henshaw Value Creation Model





The United Nations Sustainable Development Goals (SDGs) were selected as the reference framework to assess sustainability at Citycare Property. The SDGs not only focus on environmental sustainability, but social and economic goals as well. The UN SDGs have guided our ESG Strategic Framework and through a process of review we have identified our closest synergies with five of the seventeen goals.

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## ନ୍ତ୍ Human & Intellectual Capital Ngā Rawa Tāngata

The success of our business relies on people – our own people, our customers, our suppliers, and the members of the communities we work and live in. We are a business reliant and highly influenced by relationships, behaviours, and the success of cooperation and collaboration between people.

#### **Key Focus Areas:**

- Leadership
- Culture
- All In Programme
- Remuneration

#### Hōtaka Manukura

Leadership Programme

Our leadership development programme is designed to deliver training at all levels of our organisation whether you are leading self, leading others, or leading leaders. Supported by a robust assessment process, we ensure that we are investing in online and in-person development that is tailored to the needs of each individual and provides options for growth for current and emerging talent.

Our leaders value people (employees and customers), relationships, results, continuous improvement, and capability. Our Leaders Puts People First, Has a Growth Mindset, Delivers Results, Builds Connections and is Adaptable. **Te Mana Tangata** is dedicated to identifying and fostering these five leadership behaviours, ensuring that every leader within our organisation is equipped to succeed.

#### Culture

Over the last several years, we have seen our levels of employee engagement increase and a highly engaged workforce is an enduring goal for us. We measure this engagement through our annual and pulse survey programme, **The Dial**. Our key areas of focus to succeed in this area include our **All In** and Learning and Development Programmes, **Te Mana Tangata** and our Reward and Recognition framework. We are intent on improving organisational communication by creating opportunities for meaningful interactions with all staff and for using channels and mechanisms which provide us with optimum reach and cut through.

We are also proud to host two Employee Network Groups (ENGs), Te Whakaroopu ki Citycare Property and the Sustainability rōpū to give our employees the opportunity to contribute in the areas of Te Ao Māori and sustainability.



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#### All In

Diversity + Equity + Inclusion = Belonging Programme

We are proud of our **All In** Programme at Citycare Property which has been developed to build a culture of diversity, equity, inclusion and belonging to support the company value of We Care. Our expectation is that our people can bring their 'whole selves' to work and that they will always feel safe to voice their opinion or express themselves openly. Our commitment to these principles is unwavering.

Spencer Henshaw is committed to lifting Te Reo capability with staff and facilitates and enables their online Everyday Māori course attendance. At Spencers we operate in a traditionally male-dominated industry and we're proud that 57% of our employees are women, and 51% of our people leaders are women. The Spencers team represent the community with 20% of our people identifying as Māori or Pacifika, and 28% identifying as Asian.

#### Remuneration

The key principles related to Citycare Property and Spencers employee remuneration are to ensure that the remuneration level continues to provide the ability to attract, retain and motivate suitably competent employees whilst also being relative to market, affordable, fair, flexible, and transparent.

Citycare Property and Spencers continue to actively address pay inequity and gender pay gap inequities. A gender pay gap assessment completed at Citycare Property in 2023, revealed gap of 4.5% against a national figure of 8.6% in 2023. We will be working to close that gap over the next several years.

Citycare Property and Spencers pay no less than the Living Wage across our business. This has been achieved through the implementation of a National Remuneration Framework to which the Living Wage is an entry point. Our key employee remuneration principal is to ensure that we maintain our remuneration at levels to successfully attract, reward and retain the best people for our organisation.



#### Performance Targets

Target	
Employee Engagement / Diversity	<ul> <li>Increase in the number of women in leadership roles.</li> <li>Increase in the number of Māori and Pasifika in leadership roles.</li> <li>Improvement in closing the gender pay gap.</li> <li>Improvement in Employee Engagement.</li> </ul>
Spencer Henshaw Employee Satisfaction	Positive Employee Net Promotor     Score (ENPS) based on an annual employee survey.

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## Social & Relationships Capital Hononga Pāpori

Our purpose at Citycare Property and Spencer Henshaw is to enhance the wellbeing of our communities. We are committed to contributing to thriving local communities through impactful partnerships and community projects focused on wellbeing, the environment, inclusion, equity and increasing opportunities for community economic development. This is good for our people and good for the places where we live, work and play. People and their safety are at the heart of everything we do.

#### **Key Focus Areas:**

- Health, Safety & Wellbeing
- Honouring Te Tiriti o Waitangi
- Thriving Local Communities
- Broader Outcomes

#### Health, Safety & Wellbeing

The health, safety, and wellbeing of our people, and those that work with, and around, us come first. Citycare Property and Spencers have a goal to ensure that our people are respected and valued, and that they have a strong sense of wellbeing in, and outside, of their work environment.

To keep our people safe, the focus has been on placing individuals at the centre of their own safety environment and ensuring that all employees have the required competencies to perform their tasks safely. Managing critical risk is a primary focus for all Citycare Property and Spencers employees who take responsibility for identifying and mitigating activities that have the most potential for harm. Citycare Property and Spencers use controls to manage critical risks and a safety culture approach to noncritical risk management.

The Board reviews health and safety performance at every Board meeting. This is further supported by a dedicated Board Health and Safety Committee which reviews Company health and safety policies, risk management assessments, and provides input into the health and safety programme.

To ensure our systems are constantly assessed against industry standards we are a tertiary level member of the ACC Accredited Employer Programme and accredited with ISO45001.

#### Honouring Te Tiriti o Waitangi

We believe that Te Tiriti o Waitangi is the foundation document for Aotearoa and for our relationships with Māori, in the way we engage, partner, deliver services, and how we operate. The way we honour Te Tiriti o Waitangi is defined in our Te Tiriti o Waitangi Policy (see inside cover) and our Mātauranga Māori Strategy.

We have a focus on embedding tikanga Māori concepts like Manaakitanga, Whanaungatanga, Kotahitanga and Rangatiratanga into our everyday practices. Additionally

- We acknowledge the unique position of Māori as tangata whenua, and we are committed to Māori contribution and participation within our business.
- We will actively seek out opportunities to partner with Māori as tangata whenua.
- Honouring the principles of Te Tiriti o Waitangi details our commitment to ensure these partnerships are founded on respect, trust, and cultural understanding.
- We take a leadership role in the CCHL He Huanui Māori Pathways programme.



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Citycare Property 🔗



#### Thriving Local Communities

Citycare Property and Spencers contribute to thriving local communities through its Community Engagement Advisors who partner with local governments, not-for-profit organisations, and others to deliver programmes into our communities including biodiversity planting, litter collection, community garden support and many other initiatives.

We also partner with Ministry for Social Development and others to support kaimahi who wish to enter - or get back into the workforce - and we work closely with some local hapu to help them deliver services back to us, in their own communities.

Spencer Henshaw's ethos is 'we make our customer's problem go away'. We believe in building and fostering honest, open, long term relationships with customers and contractors.

Spencer Henshaw will continue to implement our Community Contribution Plan where we work with customers and trades to deliver good outcomes for our shared communities. The focus areas of this plan include:

- Building Better Businesses
- A Helping Hand for Local Youth
- Being a Good Neighbour

#### **Broader Outcomes**

Citycare Property and Spencers are committed to the achievement of a strategic and targeted broader outcomes framework. We consider the key drivers that reflect central government's targeted approach of increasing the number of New Zealand owned businesses included in the supply chain (with a particular focus on Māori businesses and Pasifika businesses) and increasing the size and skill level of the sector workforce and improving conditions for workers.

Citycare Property and Spencer Henshaw are proud members of Amotai, and we partner with a national network of subcontractors throughout Aotearoa who we are proud to work alongside to deliver to our customers.

We have recently transitioned into a number of regional towns (including Greymouth, Whangārei and Tokoroa), and we view each new contract as an opportunity to establish a legacy programme across a range of initiatives including:

- Training
- Local enterprise
- Community engagement
- Environmental sustainability and
- Health and wellbeing

#### Performance Targets Health & Safety · Grow our health & safety culture by utilising of insights from the annual independent Concordia survey. · Reduction in total recordable injury frequency rate. · Increase in health & safety reporting Client Satisfaction • Positive Net Promotor Score (NPS) based on an annual customer survey. · Collaborate with community and iwi stakeholders to deliver volunteering support as well as support for sustainability education. Community Spencer Henshaw · Grow our health and safety culture through benchmarking using Safe 365 as the foundation. Health & Safety • Maintain total recordable injury frequency rate (TRIFR) below 2.0. Spencer Henshaw Achieve Customer KPI Score > 85% **Client Satisfaction** Spencer Henshaw · Complete at least 16 community engagements per annum. Community SW Scaffolding Grow our health and safety culture through benchmarking using Safe 365 as the foundation. Health & Safety Maintain TRIFR below 2.0.



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## Natural Capital Rawa Taiao

Our role as kaitiaki is strongly reflected in our Environmental, Social and Governance (ESG) strategy which was approved by our Board of Directors in April 2023. The ESG Strategy commits Citycare Property to long term strategic targets across four guiding principles which are aligned to the UN Sustainable Development Goals.

In 2023 we also introduced full-time Sustainability + Environment Managers at Citycare Property and Spencers who have prioritised our work in this space to include carbon emissions reduction, waste minimisation and climate risk mitigation and adaptation.

#### **Key Focus Areas:**

- Carbon Emissions Reduction
- Waste Minimisation
- Climate Risk Mitigation
- Education, Increased Awareness and Training

#### Waste Minimisation

Waste minimisation is one of our key focus areas in our ESG Strategic Roadmap. We are committed to:

- Fully measuring waste to landfill and being diverted from landfill via recycling and composting. Waste data will be managed in our carbon management software.
- We expect to achieve our initial 20% diversion of waste from landfill next year and target achieving a 50% diversion by 2030.
- Considering the lifecycle impact prior to purchase and seeking 'clean' alternatives. As part of this approach, we are working with our supply chain to reduce or eliminate packaging.
- Establishing waste minimisation practices based on the 3 Rs (Reduce, Reuse, Recycle) and developing waste minimisation plans for term maintenance contracts and construction projects (minor and major capital works).

During 2023 we completed waste assessments in Ōtautahi / Christchurch and Tāmaki Makaurau / Auckland depots, and for some of our Kainga Ora retrofit sites in Te Whanganui-a-tara / Wellington. From these assessments we will be developing a waste management strategy to minimise waste inputs, maximise diversion and achieve cost efficiencies.

Spencers is committed to the Auckland regional waste minimisation target of Zero Waste by 2040 and supports the ongoing development of a circular economy within the construction sector.

#### Carbon Emissions Reduction

A company-wide carbon reduction plan has been in place since 2020, and over the past three years we have achieved a reduction in normalised emissions in the order of 10%. We are setting science-based reduction targets aligned to limiting global warming to 1.5 degrees and we have drafted an accompanying Green House Gas (GHG) scope 1 and 2 (direct) emissions reduction plan. We are using the Science Based Target Initiative (SBTi) methodology to set near-term (2030), mid-term (2040) and long-term (2050) absolute reduction targets.

With over 95% of our direct emissions deriving from our fleet, a major focus on our GHG emissions reduction plan is to decarbonise our ICE vehicle fleet and equipment – electrification will play a key role in this. To help us advance our GHG emissions measurement, we have implemented ESP's BraveGen carbon management software to provide a centralised platform for our GHG emissions and sustainability information. By 2025 we will measure all material scope 3 emissions from our wider value chain.

#### **Climate Risk Mitigation**

In 2023 we conducted our first climate risk assessment in accordance with New Zealand's Mandatory Climate Related Disclosures (CRD) Standards. Our climate risks will contribute to the first CCHL Group Climate Risk Report. We held workshops with our leaders and kaimahi / workers to better understand key climate change related physical and transition risks and the implications of those on business continuity and our financial outcomes. This mahi will continue to be a focus for us. ltem

#### Performance Targets

Target	
Environmental	<ul> <li>100% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions) (subject to vehicle availability).</li> </ul>
	<ul> <li>Annual reduction of Company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals.</li> </ul>

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## About Us Mō Mātou

#### About Citycare Water

Citycare Water is a nationwide business that supports our customers to deliver safe drinking water to local communities and to transport wastewater and stormwater to be treated and managed in an environmentally sound and culturally appropriate manner.

#### **Citycare Water Values**

Citycare Water's values support and guide the organisation in all our interactions with stakeholders and the communities we work in.

#### We Discover Ka Tūhuratia Mātou

#### We Deliver Ka Puakina Mātou

#### We Care Ka Kumanutia Mātou

#### We are Safe Ka Haumaru Mātou

#### Mission

Citycare Water's Mission is 'to protect and care for the health of our water' - 'tiaki me te tiaki i te hauora o to mātau wai'. Our purpose is 'all communities have access to 'Safe Water for Life' (Wai Ora).

#### Nature & Scope of Activities

The Citycare Water sector-led operational delivery model spans the delivery of three waters design, construction and maintenance solutions, asset management and optimisation services, network management and resilience solutions, ensuring a safe and sustainable three waters network.

#### About Apex Water

Apex Water specialises in the design and build of turn key water and wastewater treatment plants for the local government and commercial sectors. Citycare Water has a 75% shareholding in Apex Water Ltd.

#### Apex Water Values

Apex Water's purpose and values are:

- Passion for Our Environment
- Reputation Before Profit
- Safety is Built In
- Challenge & Respect
- Building Partnerships
- Drive to Improve



#### CCHL Group Programme of Work

Citycare Water acknowledges challenges that continue to emerge and demand response in the current environment. To deliver an appropriate response in this fast moving and resource intensive environment requires that Citycare Water continues to take advantage of the benefits provided through engagement in CCHL Group Programmes of Work including:

- Optimising performance;
- Commitment to the support of Te Whāriki
- · Accelerating innovation;
- CCHL He Huanui Māori Pathways programme;
- Sustainability;
- Stakeholder engagement;
- Enhancing community impact;
- Expanding and leveraging capability; and
- Workforce capability and diversity.

Citycare Water acknowledges that there is strength in the Group approach to these activities that are designed to deliver mutual benefits based on our shared commitment to values and accountability and is committed to engage with other companies in the Group on these matters.



### Value Creation Model

Capitals	Inputs	What	we do		Outcomes
Human & Intellectual Capital	<ul> <li>People capability</li> <li>Remuneration</li> <li>Diversity, equality and inclusion</li> <li>Balancing community and commerce outcomes</li> </ul>		STRATEGI		Employer of choice Create an inclusive workplace where everyone feels they belong and can contribute to building a stronger whānau together.
Infrastructure Capital	<ul> <li>Innovation and new technology</li> <li>Apex sustainability design</li> <li>Provision of essential services</li> </ul>	400 THE WAY	STRATEGY SLST SLST SLST Reticulation construction	MAB	Resilient infrastructure Create and maintain long term assets to support our customer's needs utilising new technologies to deliver value-add solutions to customers.
Social & Relationships Capital	<ul> <li>Health and safety</li> <li>Partnerships with mana whenua</li> <li>Customer and community relationships</li> </ul>	maintenance	construction	LITY	<b>Community initiatives</b> We place significant value on keeping our people safe and engaging in community programmes. This includes how we want to partner with mana whenua to achieve shared outcomes.
Natural Capital	<ul> <li>People and partners</li> <li>Environmental, social and governance (ESG) roadmap</li> <li>Climate and emission targets</li> <li>Give effect to Te Mana o te Wai</li> </ul>	RARE AND A CTION PLAN	Design and build via Apex Water 501 TARGE	5	Environmental sustainability Acting sustainably through enhancing our environmental performance by embedding sustainable practices across our business.
Financial Capital	<ul> <li>Corporate governance</li> <li>Return of invested capital</li> <li>Sustainable financial performance</li> <li>Ethical procurement</li> </ul>	ON PLAN	5		Financial returns Sustainable profitability: Delivering profitable and sustainable growth to generate strong financial returns for our shareholder.



The United Nations Sustainable Development Goals (SDGs) have guided our strategic goals from which we have identified those with the closest synergies with the seventeen SDGs goals.

Citycare Water 😂

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## 29 **Human & Intellectual Capital** Ngā Rawa Tāngata

Citycare Water and Apex Water will continue to build a culture of diversity, equality and inclusion to support the company vision and values. This will include being an employer of choice in the infrastructure space, ensuring our people are trained, kept safe and have room to grow within their roles.

#### Material issues:

- Values & culture
- Employee attraction, development and retention
- Workforce diversity



#### People Capability

We continue to invest in our people to ensure we have a fit for purpose workforce. Leadership is key to driving our culture, performance and future success. Apex Water's continued business growth in delivering more and larger treatment plants across the country is supported by a continuing increase in workforce numbers especially in engineering and project management disciplines. A fourth office in Hamilton has recently been opened.

#### Remuneration

Citycare Water is conscious of its public accountability in the setting of remuneration which is closely managed by the Board.

The key principles related to Citycare Water employee remuneration are to ensure that the remuneration level continues to provide the ability to attract, retain and motivate suitably competent employees whilst also being fair and equitable, flexible and transparent.

In support of this transparency, Citycare Water:

- · delegates financial authorities for hiring of new employees and remuneration setting;
- undertakes an annual staff appraisal and remuneration review process;
- partake and contribute to CCHL Gender Balance Programme of work; and
- · subscribes to and participates in the Strategic Pay market remuneration surveys.

Citycare Water continues to measure and actively address pay inequity and gender pay gap inequities. We are working towards zero gender pay gap by 2030.

Citycare Water has implemented the Living Wage across the business.

#### Sustainable Development Goals



#### **Diversity, Equality & Inclusion**

Citycare Water continues to progress its diversity strategy through the engage, educate, attract model.

Engage: We have initiated a structured programme of engagement with the communities that we want to attract and with partners that can help make that happen.

Educate: We focus on educating the future workforce on the importance of our work through our partnership with Tread Lightly.

Attract: We support a range of initiatives and partnerships designed to attract people to the range of training and workplace opportunities we offer.

Citycare Water is working with the CCHL Group on the Gender Balance Programme. We have analysed our gender pay gap and are committed to reporting on findings, including an action plan for addressing any gender pay gap.

Citycare Water continues to support the He Huanui Māori Pathways Programmes to improve cultural confidence across the company.

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### Balancing Community & Commercial Outcomes

The principal objectives of Citycare Water, as a councilcontrolled organisation, are articulated in the Local Government Act 2002.

These objectives require Citycare Water to balance commercial and non-commercial objectives.

Being a good employer, having regard to the interests of the community, exhibiting a sense of social and environmental responsibility and conducting our business with sound business practice, are some of the community and commercial aspects Citycare Water needs to manage and balance under the Act.



Citycare Water 😂

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#### Performance Targets

larger	
Employee Engagement / Diversity	<ul> <li>Increase in the number of women in leadership roles.</li> <li>Increase in the number of Māori and Pasifika in leadership roles.</li> <li>Improvement in closing the gender pay gap.</li> <li>Improvement in Employee Engagement.</li> </ul>



## Non-Infrastructure Capital Rawa Waihanga

We will ensure the delivery of three waters design and build, construction and maintenance solutions to assist our customers to deliver resilience, optimisations and asset management to ensure a safe and sustainable three waters network. Ensuring our services are delivered at the right time and at the right cost to deliver sustained profitability and growth.

#### **Material issues:**

- Innovation and the rapid pace of change
- Delivering network resiliancy

#### Innovation & New Technologies

Citycare Water is committed to optimising the growing convergence between OT (Operational Technology) and IT (Information Technology) and has introduced new software and business processes to better manage human resources and health and safety.

#### Apex Sustainability Designs

Design and build of water and wastewater treatment plants for local government and the commercial sector. Plants are designed to the New Zealand Drinking Water and Wastewater standards.

Apex Water offers a wide range of industry-leading products for water and wastewater treatment applications, products that are in-house developed or from key international suppliers.

#### Provision of Essential Services

Citycare Water's role as a provider of essential services is called upon during natural disasters, weather events and pandemics. Citycare Water is responsible for ensuring the provision of three waters services across the country and the maintenance and management of key infrastructure assets required by the community to minimise disruption. The company will continue with this commitment, ensuring communities can depend on key infrastructure during times of uncertainty and instability.

#### Performance Targets

Target	2024 - 2027 Measures	
System Management	Maintain current ISO-accredited systems.	
Apex Innovation	Identify new products or technologies to bring to market.	

#### Sustainable Development Goals





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## Social & Relationships Capital Hononga Pāpori

Continuous improvement in our operational health and safety. Embedding the priciples of Te Tiriti o Waitangi and give effect to Te Mana o te Wai by engaging meaningfully with mana whenua are core to our mission.

#### **Material issues:**

- · Health, Safety & Wellbeing
- Collaboration and partnerships
- Customer engagement
- Mana Whenua engagement

#### Health & Safety

To keep our people safe, the focus has been on placing individuals at the centre of their own safety environment and ensuring that all employees have the required competencies to perform their tasks safely. Critical risk is the primary focus of all Citycare Water teams who take responsibility for identifying and mitigating the areas and activities with the most potential for harm. The Company uses controls to manage critical risks and a safety culture approach to non-critical risk management.

The Board reviews health and safety performance at every Board meeting. This is further supported by the Board Health & Safety Committee which reviews Company health and safety policies, risk management assessments, and regularly monitors the Company's health and safety performance.

To ensure our systems are constantly assessed against industry standards we are a tertiary level member of the ACC Accredited Employer Programme and accredited with ISO45001.

Apex actively manages the health and safety of our people and the sub-contractors used throughout the design and build of treatment plants.

#### Sustainable Development Goals



#### Honouring Te Tiriti o Waitangi

Te Tiriti o Waitangi is the foundation for our relationships with Māori, in the way we engage, partner, provide services, and the way we operate.

In recognition of our origins in Ōtautahi, Christchurch, building enduring partnerships with iwi and mana whenua within the Ngāi Tahu takiwā is a strategic priority. We also seek to engage with hapu in local communities where we work throughout Aotearoa, New Zealand.

#### Customer & Community Relationships

Strong communities and customer relationships are at the core of Citycare Water's operations. The Company places significant value on community engagement programmes and delivery of community initiatives. The Company will continue to prioritise this aspect of operations because it makes good business sense with regard to attracting and retaining both customers and staff.

Citycare Water's focus is on facilitating and enabling partnerships and action, that are aligned with Local Government interest in positive community, social, cultural, environmental and economic outcomes.

#### Performance Targets

Target		
Health & Safety	<ul> <li>Grow our health and safety culture through the utilisation of insights from the annual independent Concordia survey.</li> <li>Reduction in total recordable injury frequency rate.</li> <li>Increase in health &amp; safety reporting.</li> </ul>	
Client Satisfaction	Positive Net Promotor Score (NPS) based on an annual customer survey.	
Community	Collaborate with community and iwi stakeholders to deliver volunteering support as well as support for sustainability education.	
Apex Water Health & Safety	<ul><li>&lt;2 lost time injuries.</li><li>&lt;3 medical treatment injuries.</li></ul>	
Apex Client Satisfaction	Positive Net Promotor Score (NPS).	

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## **Natural Capital** Rawa Taiao

We are committed to contributing positively to our communities, and working in partnerships to value and protect the natural environment. We are focused on addressing climate change, delivering net positive effect on the environment.

#### Material issues:

- · Operating impact on natural waterways
- Sustainable energy use
- Environmental impact

#### **Our Sustainability Approach**

Citycare Water's approach to sustainability aligns with the Integrated Reporting Capitals and supports progress towards achieving relevant UN Sustainable Development Goals. Our approach recognises the importance of the economic wellbeing of our customer relationships, the engagement, wellbeing and diversity of our workforce and our commitment to climate action and responsible environmental consumption.

The Company's commitment to creating healthy environments, preventing pollution and sustainability of natural resources is reflected through our ISO14001 environmental management certification and our increased focus on water quality, biodiversity, and regenerative planting.

#### **Our People & Partners**

Our success in this space demands close collaboration with key customers, subcontractors, suppliers and iwi, and we are increasingly basing supplier and partner procurement decisions on aligned sustainability and environmental leadership goals. Additionally, we see a growing demand from our customers to demonstrate sustainability in our practices and processes, and our goal is to ensure that we not only meet, but exceed, their expectations.

Citycare Water has a strong focus on the sustainability of its workforce and is investing in a number of programmes, including leadership, building our knowledge and understanding of Mātauranga Māori, Tikanga Māori, and Te Reo Māori, diversity, equity and inclusion, as well as employee retention and reward and recognition.

Citycare Water continues to work with Tread Lightly to help educate students on the importance of environmental management and its impact to New Zealand waterways.

In 2024 Citycare Water is partnering with Conservation Volunteers to assist with improving waterways management.

#### Sustainable Development Goals 14 HELOW WATER



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#### Our ESG Roadmap

Citycare Water completed its Environment, Social and Governance (ESG) Roadmap. The Roadmap focuses on our four key pillars: caring for communities; safe water for life; climate action; and wellbeing of our people.

#### Climate & Emissions Targets

We are committed to taking action to address the climate emergency. Citycare Water is finalising our carbon reduction plan and adopt science-based targets to help limit warming.

We recognise the need to expand our carbon emissions measurement and implement robust measurement and reporting systems. This will enable us to make more informed climate-related decisions. We are building the capability to measure and report on indirect emissions.

With over 95% of our direct emissions deriving from our fleet, the cornerstone of our emissions reduction plan is to decarbonise our vehicle fleet. We have implemented ESP's BraveGen carbon management software to provide a centralised platform for our GHG emissions and sustainability information.

#### Te Mana o te Wai

How we give effect to Te Mana o te Wai in how we help protect and care for the waterways we manage is at the core of what we do as a business. By protecting the health and wellbeing of our waterways we are helping to protect the health and wellbeing of of the communities in which we operate.

#### Performance Targets

Target	2024 - 2027 Measures
Environmental	t00% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions) (subject to vehicle availability).
	Annual reduction of Company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals.

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# Financial Capital

Delivering a sustainable financial performance and a strong return to our shareholder.

The consolidated Company financial performance targets, detailed in the Financial Performance Section to follow, show the revenue, profit and key financial ratio expectations for the period 2024 - 2027.

# Material issues:

- Sustainable financial performance in an environment
   of rising compliance costs
- Efficient use of capital
- Sustainable growth with changing customer demands
   and a new government agenda

# Financial & Commercial Performance

Delivery of a strong financial performance and a return to our shareholder, relative to sector benchmarking and competitor performance, is a core measurement of the companie's business success. The goal is to deliver a commercial rate of return on invested capital without compromising Citycare's commitment to prosperous communities.

The forecast period sees continued pressure from key economic drivers with ongoing resourcing and costs pressures. In addition, the Water sector continues to navigate through Central Government Three Waters Reform and anticipates change during the next 1 to 2 years. Furthermore, the change in government will adversely impact our local and central government customers' budgets and spending priorities for the SOI period

# Profitability & Financial Sustainability

Citycare continues to develop initiatives to grow our profitability. We will maintain our focus on sustainable financial performance and returns to our shareholder. We will have an emphasis on effective cost control and revenue optimisation.

# **Capital Investment**

In line with the delegated authorities, all new capital investment (including acquisitions) require presentation of a sound business case, including the associated risk profile and projected ROI and NPV where appropriate.

The capital investment during the forecast period closely aligns with the annual depreciation charge, and does not include any additional capital investment that may be required to achieve our carbon reduction plan.



# Controlling and Managing Risk

Citycare has a formal risk management framework which identifies the key risks and outlines appropriate risk management and mitigation plans.

The risk management framework is reported to, and reviewed by, the Board and delegated to the Risk, Audit & Finance and Health & Safety Committees where appropriate. Mitigation plans are controlled and administered by management. tem



### Medium-term Financial Targets

\$000's	2024/25	2025/26	2026/27
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	34,392	36,828	39,776
Operating NPAT (Net Profit After Tax)	13,908	15,416	17,335
Debt / EBITDA	0.73	0.61	0.50
Net Debt / (Net Debt + Equity)	23.0%	19.6%	16.8%
ROIC (Return on Invested Capital)	15.0%	16.3%	17.1%

# Operating Net Profit After Tax

The reporting period sees pressure continuing on margins particularly around inflation and labour shortages. However, cost reductions and productivity improvements will assist with maintaining earnings over the reporting period.

### Return on Invested Capital

During the three-year forecast period, the Company's financial gearing is expected to remain at an acceptable level while paying down debt, which results in a strong balance sheet to support funding of growth opportunities and appropriate investment in new technologies, plant and equipment as these opportunities arise.

### Debt Management

CCHL demonstrated its endorsement of the Company's strategy by debt-funding the acquisition of Spencer Henshaw in FY23 with a loan of \$56m to the Company.

Citycare repaid \$13m of the debt in September 2023, which was \$2m more than the required repayment.

While the next scheduled repayments are a further \$10m in each of FY25 and FY26, the Company is committed to prioritising additional repayments over and above scheduled payments where possible, to support the Shareholder's cash requirements.

### **Dividend Payments**

In accordance with the terms of the loan facility agreement with CCHL, distribution of dividends is suspended in order to prioritise debt repayment until debt falls below \$41m. Dividend distribution will recommence from the FY25 year.

The Directors have considered the dividend policy and, having regard for the current financial position and the investment required for the business over the forecast period, consider that when reinstated in FY25, a dividend policy of 50% of NPAT is sustainable.

Ordinary dividends are paid in two instalments, in March of each financial year and October of the following financial year. Any dividends will be paid to the Shareholder after taking into account the Company's profitability and future investment requirements.

The Board will determine the dividends payable after considering the Company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

### Shareholder Returns

To assist the Shareholder with budgeting, the forecast debt repayments and ordinary dividends payable to the Shareholder over the period 2024-2027 are here:

\$000's	2024/25	2025/26	2026/27
Loan Repaid (a)	10,000	10,000	-
Loan Closing Balance	33,000	23,000	23,000
Dividend Paid (b)	3,125	5,722	8,098
Dividend Declared	6,954	7,708	8,668
Funds Returned to Shareholder (a + b)	13,125	15,722	8,098

### Insurance

The Board satisfies itself that adequate insurance is in place for the Company's size and risk profile. External advice is received by the Board as appropriate. All the retiring insurance policies were renewed for a further period to 16 December 2024.

# Estimate of Commercial Value of Shareholder's Investment

Citycare estimates the commercial value of our Shareholder's investment in the Citycare Group is at least that which is stated as Shareholder's equity in our audited financial statements. The Company reassesses this value annually during preparation of audited financial statements.

### Accounting Policies

Citycare has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group.

The detailed accounting policies are available in the City Care Limited's most recent Annual Report, which is published on the Company website.

### Acquisition/Divestment Procedures

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 Citycare.

When the subscription, acquisition or divestment is considered by the Board to be significant to the Company's business operations, it will be subject to consultation with the Shareholder. Major transactions as defined by the Companies Act 1993, Section 129(2), will be subject to Shareholder approval by special resolution. In this instance, the Shareholder will be consulted with as much lead-time as is commercially practicable in the prevailing circumstances.

Where the Company decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, the Company will ensure effective management. Board control of any subsidiary is exercised by Citycare's Directors and staff.

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Citycare Group 🔗





# Performance Targets: Citycare

Capital	Target	2024 - 2027 Measures
Human & Intellectual	Health & Safety	<ul> <li>Grow our health &amp; safety culture by utilisating of insights from the annual independent Concordia survey.</li> </ul>
inteneetuur		Reduction in total recordable injury frequency rate.
		Increase in health & safety reporting.
	Employee	Increase in the number of women in leadership roles.
	Engagement / Diversity	Increase in the number of Māori and Pasifika in leadership roles.
Diversity		<ul> <li>Improvement in closing the gender diversity ratio and pay gap.</li> </ul>
		Improvement in Employee Engagement.
Infrastructure	System Management	Maintain Citycare Water's current ISO-accredited systems.
Social &	<b>Client Satisfaction</b>	Positive Net Promotor Score (NPS) based on an annual customer survey.
Relationships	Community	Collaborate with community and iwi stakeholders to deliver volunteering support as well as support for sustainability education.
Natural	Environmental	<ul> <li>100% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions) (subject to vehicle availability).</li> </ul>
		<ul> <li>Annual reduction of Company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals.</li> </ul>

# Performance Targets: Spencer Henshaw

Target	2024 - 2027 Measures
Health & Safety	<ul> <li>Grow our health and safety culture through benchmarking using Safe 365 as the foundation.</li> <li>Maintain total recordable injury frequency rate (TRIFR) below 2.0.</li> </ul>
Customer Satisfaction	Achieve Customer KPI Score > 85%.
Community Satisfaction	Complete at least 16 community engagements per annum.
Employee Satisfaction	Positive Employee Net Promotor Score (ENPS) based on an annual employee survey.

# Performance Targets: Apex Water

Target	2024 - 2027 Measures
Health & Safety	<2 lost time injuries.
	<ul> <li>&lt;3 medical treatment injuries.</li> </ul>
Apex Innovation	Identify new products or technologies to bring to market.
Client Satisfaction	Positive Net Promotor Score (NPS).



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**Attachment C** 



# 2025 Statement of Intent Enable Services Limited



2025 Statement of Intent



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DIRECTORY	
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Registered office	lwikau, Level 3, 93 Cambridge Terrace, Christchurch
Board	Justin Murray (Chair) Geoff Lawrie Keiran Horne Mark Petrie Carolyn Luey Debra Blackett
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# INTRODUCTION

This 2025 Statement of Intent (Sol) is submitted by the Board of Directors of Enable Services Limited (ESL) and is prepared in accordance with Section 64(1) of the Local Government Act 2002.

ESL owns 100% of Enable Networks Limited (**ENL**). Both ESL and ENL (collectively, **Enable**) are councilcontrolled trading organisations (**CCTO**) for the purposes of the Local Government Act 2002 and this Sol covers the activities of Enable.

The Sol specifies the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of Enable may be judged in relation to its objectives, amongst other requirements.

The process of determination of an acceptable SoI is a public and legally required expression of the accountability relationship between Enable and its shareholder, Christchurch City Holdings Limited (**CCHL**). The SoI is reviewed annually with CCHL and covers a three-year period.



PRINCIPLE OBJECTIVES

Our Purpose is:

Connecting Our Community with Unlimited Opportunity

Our vision is:

Our fibre network is the essential enabler of an economically and socially vibrant, connected, innovative and globally competitive greater Christchurch

Access to high-quality broadband connectivity is a necessity for societal growth and advancement. Enable is committed to continuing to deliver its world-class fibre connectivity to meet the needs of our community, including the following considerations:

- Fast, reliable broadband services empower businesses within our community to innovate and grow in almost every way, locally and globally.
- Individuals and families depend on broadband services for entertainment, connection with each other, education, and other online services.
- Essential service providers councils, government agencies (such as health and education), and community support organisations are reinventing how they deliver services to our community using broadband connectivity.
- Cities themselves are being transformed through Smart City initiatives in areas such as Data Management, the Internet of Things, and Artificial Intelligence, to name a few to deliver greater community value, a better living experience for residents, and a sustainable future.

Ongoing global uncertainty continues to highlight the critical importance of world-class broadband, and with the increasing incidence of local, regional, and national environmental disasters, the need for a high-quality and resilient service in times of severe need is widely recognised.

As part of a global community is it imperative to provide our community with the ability to be flexible and responsive in the way we live and work in terms of how we connect with colleagues, family and friends, access services, conduct business, learn, shop, and are entertained.

Our purpose and vision define our role as the kaitiaki (guardian) of the essential broadband infrastructure that empowers our community. We are focused on building on our achievements of completing our network build to over 210,000 homes, businesses, and schools, connecting 154,000 customers to our network, while being profitable and delivering dividends to our community. We are committed to:

- Operate and manage all aspects of our fibre network to a high level, ensuring the delivery of services with a positive customer experience, and keeping ahead of customer demand.
- Drive sensible commercial customer growth through effective market-led strategies based around product development, outstanding internet service provider relationships, and customer marketing activity.
- Maximise our fibre network asset performance to secure a commercial return on investment that meets or exceeds the cost of capital, considering the long-term nature of this infrastructure investment.



- Advocate the enormous potential of our world-class connectivity services to businesses, consumers, and community groups within our community to truly embrace and realise unlimited opportunities.
- Support more of our community to participate fully in, and benefit from, our digital society through initiatives focused on digital equity.
- Protect and enhance our community's future through sustainable business practices.
- Build a capable and resilient company that provides meaningful work, development opportunities for our people and supports their health, safety and wellbeing.

We will continue to grow our relationship with iwi and mana whenua to build our knowledge and better understand Enable's relationship with the land and our community and to realise community growth outcomes that support local iwi.

# NATURE AND SCOPE OF ACTIVITIES

Our core business is to provide wholesale services leveraging our fibre network infrastructure. Our wholesale services form the basis of retail fibre broadband, voice, internet, TV, video calling, content, gaming, and IT services provided to customers (such as homes, businesses, and schools).

We were established in 2007 as the commercial need for businesses to access fibre broadband services in Christchurch became clear. Our parent company, CCHL, established Enable in alignment with its intent 'to own and manage key strategic infrastructure investments' that make Christchurch internationally competitive.

We are focused on ensuring all connected customers constantly enjoy world-class connectivity that exceeds their needs and expectations in terms of speed, reliability, performance, and overall customer experience. Furthermore, we are connecting more customers to grow our business and deliver on our purpose for more people within our community.

We continually seek to provide our community with more value and new opportunities to benefit from our network and its capability. We also seek to invest in broader opportunities to deliver connectivity services to our community and generate greater value and returns to our shareholder and our community.

Our operations are guided by the expectations of a CCTO and a business operating in a commercial telecommunication market as depicted in the following diagram.



Through our core business:

- we provide affordable wholesale fibre broadband services;
- our services support our community's increasing demand for quality high-speed connectivity;
- we provide efficient access to fibre services for local businesses and schools;
- new greenfield developments (subdivisions) have access to our fibre broadband network, within and beyond our existing network footprint;
- our network infrastructure is deployed in a way that minimises the impact to the environment; and
- we maximise the opportunity to ensure any new commercial and residential building are designed and built with provision for our network included.

We work closely with key stakeholders to ensure our fibre network, and the world-class connectivity it enables, supports wider community growth and wellbeing.

# CONTRIBUTION TO BROADER GROWTH STRATEGIES FOR OTAUTAHI – CHRISTCHURCH

As a wholly owned subsidiary of CCHL, we actively support wider group initiatives aimed at collaborating, sharing resources, and identifying opportunities to collectively deliver greater value to our ultimate shareholder, Christchurch City Council, and the people in our community.

In so doing, we support CCHL's approach to a more active management of its portfolio.

We are committed to support and contribute to CCHL's strategic framework incorporating its four capitals – financial, intellectual, social/relationships and natural, and we contribute to this framework through our business strategy.

We acknowledge and directly contribute to Christchurch City Council's objectives through alignment with its draft Strategic Framework and strategic priorities.

Our services are fundamental to the future growth and sustained economic and social wellbeing of our community.



# **GROWING A STRONG BUSINESS**

We are committed to continue to grow our business to maximise shareholder value while ensuring the maximum number of people within our community are benefitting from our services. We do so in an increasingly competitive market where consumers have a choice of alternative access technologies (eg fixed wireless access). Consequently, price pressure and churn (disconnections) are increasingly issues that are needed to be managed.

# Customer Connection and Network Operation Performance

We are beyond the period of peak growth of our fibre broadband services and now have 67% of properties passed actively connected to our fibre network. We continue to grow through network extensions into new areas, including beyond our existing network and through urban densification within our existing footprint.

We remain focused on delivering an excellent experience for our customers through outstanding customer service, network service reliability and performance, and continuing to innovate to meet the needs and expectations of our customers now and in the future.

We recognise the role we play in ensuring our customers get all the support they need to maximise their broadband experience, and we continue to strive to connect the remainder of our addressable market to fibre, being cognisant of the competitive landscape we operate in.

# CONTINUED FINANCIAL PERFORMANCE

Financial Targets (\$m)	2025	2026	2027
EBITDA	98.3	103.6	110.3
NPAT	36.3	38.9	43.6
Debt/EBITDA	3.1	2.9	2.5
Return on invested capital % (EBIT *(1-0.28)) / (Opening Equity + Opening Debt)	6.5%	6.6%	7.0%

Financial Targets

# Dividends to our Shareholder

Enable is committed to maximising dividend within a prudent framework of capital structure measures. Dividends remain at the sole discretion of the Board.

Dividend payments to the Shareholder will be determined by the Board after consideration of working capital requirements, future funding requirements, the requirement to meet the solvency test under the provisions of the Companies Act 1993, debt repayments and Shareholder expectations.

Enable will provide early and regular communication regarding any factor that is likely to have an impact on projected dividends or the timing of payments.

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# 2025 Statement of Intent

Payments to Shareholder (\$m)	2025	2026	2027
Dividends	25.0	25.0	25.0
CCHL Loan Repayment (principal)	-	-	15.5

Enable is maturing its risk management framework and will continue to undertake regular reviews and provide CCHL with updates if there are any material changes to key risks as well as providing regular reporting of risk management issues.

Under CCHL's leadership, we are committed to the CCHL group reporting requirements. We will continue to work closely with CCHL to support the Integrated Reporting Framework and CCHL's consolidated reporting of the Climate-related Disclosures (NZ CS 1)<sup>1</sup>.

# OUR FOCUS ON A SUSTAINABLE FUTURE

Enable is committed to operating all aspects of its business with a focus on protecting and enhancing our community today and in the future.

Having achieved B Corp certification we are focussed on continuing to make a positive impact for the environment, our community, customers, suppliers, employees, and shareholders, which is compatible with CCHL's objectives.

# SUPPORTING A DIVERSE AND ATTRACTIVE PLACE TO WORK

# People strategy

Our people strategy is to:

- attract, retain, grow, and inspire the very best people to address our business challenges and meet the needs of our community;
- embrace diversity including gender, gender identity, age, ethnicity, disability, beliefs, sexual orientation, family responsibilities, work style and experience, socio-economic background, thinking style, and personality type across our business and support our customers, partners, suppliers, and other stakeholders to do the same;
- better understand and grow the diversity of thought within Enable as we believe in the potential of greater diversity to deliver better decision-making and, therefore, better outcomes for our business and community;
- actively work to provide an environment where everyone feels they can fully participate at work and where each person is valued for their unique perspectives, skills, and experiences; and
- continue to deliver Health, Safety and Wellbeing (HSW) for our people with a whole-of-business commitment to looking after our people, partner organisations and their people, customers, and community.

<sup>&</sup>lt;sup>1</sup>As required under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021.



Enable People goals	
Goals	Measures
<ul> <li>Maintain provision of the living wage for all Enable (direct) and primary contractor employees.</li> </ul>	• Living wage maintained.
• Develop and report on an action plan to close any identified gender pay gap.	<ul> <li>Reduction in the ratio of gender pay gap</li> </ul>
<ul> <li>Strive to achieve board and staff gender diversity, balanced with ensuring we maintain the skills and experience we need.</li> </ul>	<ul> <li>40/40/20 male/female/any ratio</li> </ul>
<ul> <li>Maintain regular people surveys to measure staff engagement.</li> </ul>	<ul> <li>Regular surveys completed and eNPS reported</li> </ul>
<ul> <li>Maintain a directors skill matrix, with skills and experience mapped against Enable's strategy and capabilities.</li> </ul>	<ul> <li>Skills matrix developed and regularly reviewed</li> </ul>

Like many sectors that require specific skills, we continue to face challenges recruiting some specialist roles and this has the potential to impact pay equity strategies; however, we are mindful of the restraint needed in this area and will endeavour to ensure our focus remains on our medium-term commitment of equality and restraint in compensation.

# OUR FOCUS ON HEALTH, SAFETY AND WELLBEING

Continual improvement in operational health, safety and wellbeing (HSW) of our people.

Enable will monitor and strive to continuously improve HSW practices to keep our people, our partners, our customers, and our wider community safe.

Enable will implement initiatives to ensure our critical HSW risks are managed safely and our people's HSW is supported and protected. We will also take learnings from industry incidents to strengthen our systems and processes.

Enable Health, Safety & Wellbeing goals	
Goals	Measures
<ul> <li>Continue to deliver a best practice HSW model that ensures our people, partner organisations' people, customers, and community are kept safe and well, as measured by a reduction in the Total Recordable Injury (TRI) frequency rate and no serious harm incidents.</li> <li>Continue to report any incidents to CCHL that are notified to WorkSafe.</li> </ul>	<ul> <li>Reduction in the TRI recordable frequency rate</li> <li>Zero serious harm incidents and workplace fatalities</li> <li>Increasing trend in the reporting of potential incidents reporting, demonstrating a healthy, safety-focussed organisational culture.</li> <li>Processes are documented</li> </ul>



# ENGAGEMENT WITH OUR STAKEHOLDERS

Ensure effective stakeholder, iwi and community engagement.

We will work with key stakeholders to continue to generate greater community value by:

- embracing new and responding to advancing technology innovations and exploring disruptive ways to solve societal challenges through innovation and partnership; and
- continuing to leverage our existing partnerships and assets to support community growth and exploring new business and social good opportunities to grow the value of Enable to our community.

Specifically, we are focused on leveraging our fibre assets, our technology capability and expertise, and our position as a community-owned company to enhance and grow our community.

Community goals	
Goals	Measures
• Work in partnership with Government, industry, and other potential stakeholders to identify and establish a sustainable programme that supports community access to engage with and leverage high-quality fibre.	<ul> <li>Engagement with central government to achieve agreed outcomes</li> </ul>
• Work closely within the CCHL Group and with other potential partners to unlock and realise new initiatives that can support the group to deliver greater value and returns to our community.	<ul> <li>Engagement across the CCHL group to achieve agreed outcomes</li> </ul>
• Maintain and identify new key strategic partnerships and sponsorships aimed at supporting a local environment of growth and innovation.	<ul> <li>Engagement with relevant organisations to achieve agreed outcomes</li> </ul>
<ul> <li>Maintain a board-approved stakeholder engagement plan and undertake periodic stakeholder monitoring.</li> </ul>	<ul> <li>Stakeholder engagement plan documented and monitored, as reflected in customer satisfaction.</li> </ul>

TE AO MĀORI – enhanced relationships with local iwi and mana whenua

We continue our journey towards a better understanding of Te Ao Māori (the Māori World), and are committed to continuing to build our knowledge and understanding in this area and grow our understanding of our relationship with the land and our community.

We will use Te Tiriti O Waitangi / Treaty principles of partnership, protection, and participation to form the basis of positive engagement with iwi, particularly Ngāi Tahu, and mana whenua. Enable will work with and take guidance from CCHL to strengthen engagement and partnership with Māori, Ngāi Tahu, and Papatipu Rūnanga as part of the CCHL-led C3 programme.

Te Ao Māori goals	
Goals	Measures



Engage with the CCHL

work.

group to incorporate

kaupapa Māori into our

# 2025 Statement of Intent

<ul> <li>Engage directly with iwi and mana whenua to build knowledge and better understand Enable's relationship with the land and our community and enhanced cultural understanding and competency with our business.</li> </ul>	<ul> <li>Engagement with iwi and mana whenua to advance agreed outcomes</li> </ul>
enhanced cultural understanding and competency with our business.	agreed outcomes

- Actively participate in He Huanui Māori CCHL and the CCO leadership team to accelerate initiatives aimed at promoting improved cultural capability across the Group and generating positive outcomes for Māori and our broader community.
- Work with CCHL and other CCOs to develop a clear understanding of how we collectively work toward ensuring a stronger relationship with Māori, and all ethnicities that guides our Culture, practises and decisions in the future.

# WORKING TOWARDS ENVIRONMENTAL SUSTAINABILITY

Operate our business in an environmentally responsible way towards reducing greenhouse gas emissions, and support CCHL's integrated reporting and climate-based disclosures.

# To address environmental challenges, we will:

- adopt a science-based targets (SBTs) approach to scope 1 and 2 greenhouse gas (GHG) emissions reduction to ensure we achieve our targets necessary to help limit warming;
- strive towards achieving net zero emissions by 2030 in ways that make financial sense;
- support our community to make sustainable connectivity purchasing decisions;
- understand and disclose our climate-related risks in line with the climate-related disclosures regime (NZ CS 1);
- apply 'circular economy' principles to our resource use and drive our partners to do so; and
- embed sustainability considerations (including ethical considerations) in a culture of excellence across the entire business.

We are an active and contributing member of the CCHL Sustainability Working Group (SWG), which is a current deliberate initiative within the C3 programme led by CCHL in partnership with other CCOs. We will work to achieve the above through collaboration and partnership within the CCHL Group (as outlined in the Group's sustainability objectives) and ensure we align our emission reduction strategy to the Group strategy and reporting model to leverage our combined scale to have maximum positive impact.

Consistent with the Group approach, our initial focus is on improvements in our direct operations (scope 1) and purchased energy (scope 2) before expanding our sustainability goals to our partners and suppliers (indirect – scope 3). All emission reduction targets are set and will be measured against our audited FY20 financial year baseline.

Take climate action goals	
Goals	Measures

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<ul> <li>Continue to measure greenhouse gas emissions with a focus on Scope 1 and 2 emissions reduction targets of 35% by FY25 and 62% by FY30, against the FY20 baseline, and strive to achieve net zero emissions by FY30 in line with the CCHL group.</li> <li>Continue to provide data to support CCHL's climate-related disclosure reporting requirements.</li> </ul>	<ul> <li>Emissions reported against base year FY20</li> <li>Data provided as required</li> </ul>
Effective resource use goals	
• Continue to work with our key contractors to minimise network infrastructure waste.	<ul> <li>Waste mitigation plan is agreed and documented.</li> </ul>
• Ensure our corporate landfill waste is below our FY22 benchmark, of 588.2 kg, by continuing to educate our people on waste minimisation.	<ul> <li>Waste reduction plans enacted.</li> </ul>

# GOVERNANCE

Govern Enable through best practice to ensure the business delivers the best possible outcomes for our community.

Directors and management are committed to best-practice governance. Governance requires competent people committed to good governance and an effective set of systems and processes. This provides the Shareholder and other stakeholders with the assurance that Enable is appropriately governed. Good governance involves continual changes to meet the shifting dynamics of the business. This is particularly the case with Enable as we grow and change throughout our growth lifecycle. We have experienced rapid growth and new systems, processes, and positions have been established over the last three years to meet the future needs of the business.

We ensure that the benefits of these changes are maximised and that we are operating as efficiently and effectively as possible.

Directors and management recognise the need to have high-calibre people, backed by excellent systems and processes, for Enable to be a world-class service-led organisation.

# Role of the Board

The Board is ultimately responsible for setting the strategic direction of Enable and overseeing the management of our business, with the aim being an increase in shareholder value and the development of communications infrastructure for the economic and social benefit of our community. The Board is accountable to its Shareholder for the performance of Enable.

# Responsibilities of the Board

In carrying out its principal function, the Board's specific responsibilities include:

- reviewing and approving Enable's business strategies and objectives;
- reviewing and approving Enable's budgets and business/operating plans and monitoring the management of capital, including the progress of any major capital expenditure, acquisitions, or divestments;



- providing leadership of Enable within a framework of prudent and effective controls, which enable risk to be assessed and managed;
- appointing the Chief Executive Officer (CEO), approving his or her contracted terms, monitoring their performance and, where necessary, terminating the CEO's employment;
- providing health, safety and wellness leadership by understanding, directing and monitoring Enable's health, safety and wellness framework, management system and performance, ensuring prudent and effective controls are in place;
- identifying the principal risks faced by Enable and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- monitoring the operational and financial position and performance of Enable;
- requiring that financial and other reporting mechanisms are put in place by the executive which result in adequate, accurate, and timely information being provided to the Board and the Shareholder to ensure they are fully informed of all material developments relating to Enable;
- reviewing and approving Enable's remuneration policies;
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations, and accounting standards;
- approving and regularly reviewing Enable's internal decision-making and compliance policies and procedures, including any codes of conduct, the Board Charter, and the charters of the Board's committees;
- ensuring that Enable's internal decision-making and compliance policies and procedures are adhered to, to ensure that the business of Enable is conducted in an open and ethical manner; and
- leading (with the support of Management) the relationship with Enable's Shareholder.

# Delegation of Responsibilities to Management

The Board has delegated management of the day-to-day affairs of Enable to the Chief Executive to deliver the strategic direction and goals determined by the Board. The Board has also reserved several powers and responsibilities to the Board.

# Delegation of Responsibilities to 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 Terms of Reference that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

Current operational committees include a Health, Safety, Wellness and People Sub-Committee, an Audit and Risk Sub-Committee, and a Future Technology and Products Sub-Committee.

The Board is responsible for the oversight of its committees. This oversight includes, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance.

# **Executive Remuneration**

We remunerate our people at a competitive market rate, noting that we are conscious of our public responsibilities in setting senior executives' salaries, and this is closely monitored by the Board and reported in the Annual Report. We ensure all our people are remunerated at or above the living wage and we are

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committed to narrowing the gap, where appropriate, between the highest and lowest remuneration levels within our organisation. We will report the average remuneration for the highest and lowest paid 10% of employees, and related average increases, in Enable's Annual Report.

# INFORMATION TO BE PROVIDED TO SHAREHOLDERS

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 the company's performance and financial position during the reporting period.

In addition to an Annual Report and Annual General Meeting, the Enable Board Chair and CEO will be part of the six-monthly meetings between CCOs and Council. We will take guidance from CCHL in the development and management of group-wide stakeholder engagement policies and partnership principles.

The Sol 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.

Enable will provide regular updates to our Shareholder on the ongoing performance of the entity which may include financial, strategic, risk, and operational updates for any given period. The format and information within these reports will be reviewed on an ongoing basis with the intention of meeting the needs of CCHL and its group reporting deadlines. We will work closely with CCHL in the transition to an integrated Reporting Framework and the preparation of Climate-related Disclosure.

The company 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.

The company will provide information requested by the Shareholder in accordance with the requirements of the Local Government Act 2002 and continuous disclosure requirements of the NZX.

# ACQUISITION / DIVESTMENT PROCEDURES

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 Enable.

When the subscription, acquisition, or divestment is considered by directors to be significant to the company's 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's approval by special resolution.



ESTIMATE OF COMMERCIAL VALUE

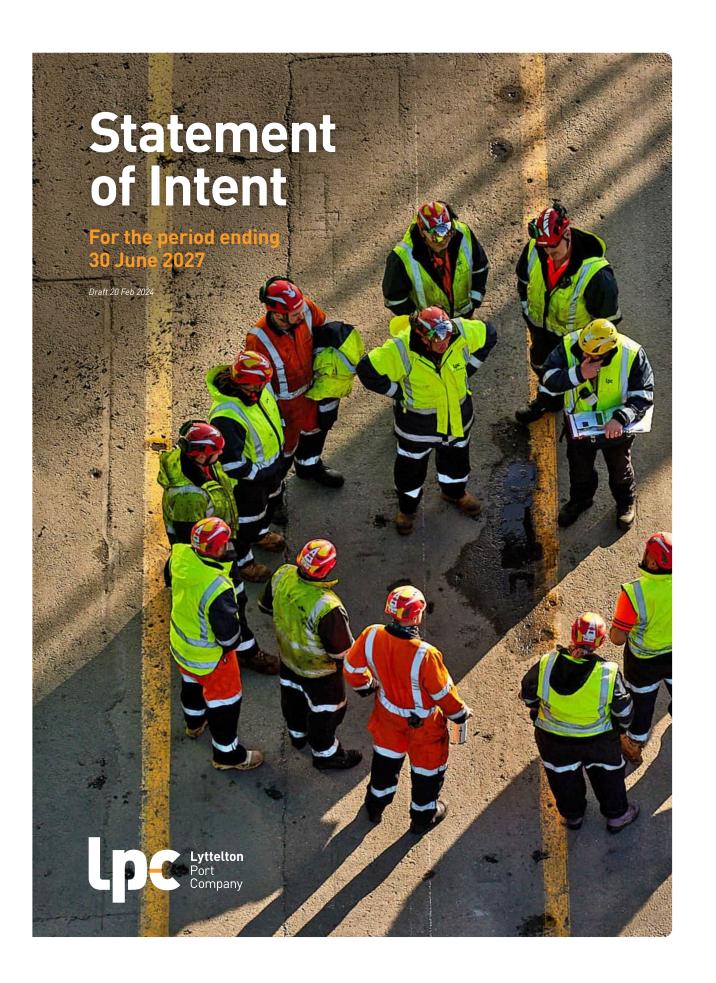
The estimated fair value of UFB network assets on 30 June 2023 was \$780m. Further information on this asset valuation is provided in the 2023 Annual Report.

The commercial value is considered by the directors to be at least the equity contributed by the Shareholder as recorded in the financial statements.

# ACCOUNTING POLICIES

Enable has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice, and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent Annual Report as published on our company website, refer <u>www.enable.net.nz</u>.





# Mihimihi

# Tihei Mauri ora

### Me mihi whakawhetai ki te Rūnga Rawa nāna nei ngā mea katoa

Give praise and thanks to that which is the source of everything.

Ngā mate, kua wehe atu ki te pō, haere ki te Pūtahi nui o Rehua, haere ki tua o Paerau, haere ki te okiokinga, haere, haere, haere.

To those passed on, departing to the constellation of the stars, travel to the place beyond, go to your resting place, farewell, farewell, farewell.

E ngā mana, e ngā reo, e ngā lwi, e rau rangatira mā, huri noa ngā tāngata katoa e noho ana i Te Waka O Aoraki, tēnā koutou katoa. Me mihi hoki ki te Mana Whenua

**o Whakaraupō me Ngai Tahu whanui.** To all people, all speakers, all the chiefly speakers, all groups who live in the South Island. Greetings to you all. We acknowledge Mana Whenua and their tribal authority in Lyttelton Harbour South Island.

Kā mihi nunui ki ngā kaimahi hei mahi nui i a rā, i a pō,

i te Kamupene Whakaraupō. Mā te whiritahi, ka whakatutuki ai ngā pūmanawa ā tāngata! We recognise the important work that our staff manage, day and night, at Lyttelton Port Company. Collectively weaving the realisation of potential!

He rere ke, he tangata auaha

He angitu, he mea pai mo Te Waipounamu. Driving opportunity, enterprise and prosperity for the South Island



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# Christchurch City Council

Ka nui o ngā wero i ngā tau, ā ko te tautoko i te rangai te tino aronga mō te Kamupene Whakaraupō. Ka nui te mihi i ō mātou hoa me ngā kaipakihi mō tō ratou manawaroa, manawanui hoki i runga i ngā piki me ngā heke o te wā.

It has been a challenging time over the years and supporting the sector has been a major focus for LPC. We acknowledge and thank our partners and businesses for their resilience and responsiveness as we navigate through these uncertain times.

Ka mahi tahi te Poari me ngā Kaimahi o Te Kamupene Whakaraupō ki te whakatinana i ngā moemoea me ngā wawata o ngā tangata e noho ana i konei.

The Board and staff of Lyttelton Port Company are working together to support the visions and aspirations of all those who live here.

**Ko to mātau kāinga tēnei.** This is our homeland

**Kia toitū te taiao mo ake tonu atu** Building a legacy of sustainability for the environment and the future

**Whakaraupo! He wāhi mo te katoa** Lyttelton Harbour! A place for everyone



Draft 20 Feb 2024 LPC Statement of Intent 2024

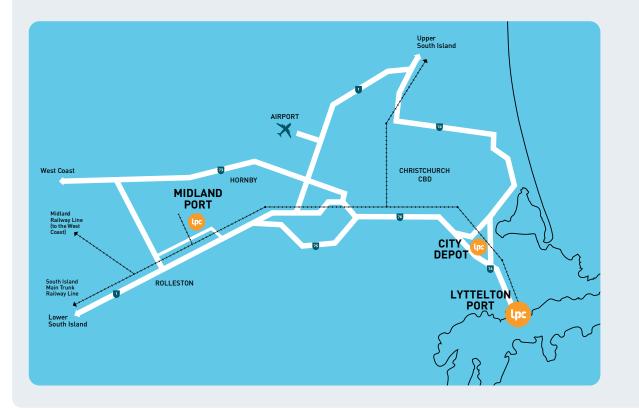
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# Introduction

The Statement of Intent (SOI) sets out for Lyttelton Port Company Ltd (LPC) and its subsidiaries the objectives, nature and scope of its activities. It also sets out performance targets and other measures by which the performance of LPC may be judged in relation to its objectives and other requirements.

LPC is the largest Port by container volume in the South Island and sits at the nexus of a key supply chain. We sit at the heart of a growing hub and spoke model, with cargo arriving via both coastal shipping and rail for transhipment to larger vessels for international export.



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LPC has a natural two-way flow of imports and exports, and is the hub for imports into the South Island, handling 70% of all imports.

This system is built on the following:

- Inland facilities such as MidlandPort and CityDepot, facilitating rail and conglomeration of cargo
- VBS, smoothing the flow of cargo and reducing congestion on arterial routes
- A channel, berths and terminal space for over 500,000 TEU per year
- Consents in place for expansion of facilities to 1.5m TEU per year and increased vessel sizes.

The process of negotiation and determination of the SOI is a public expression of the accountability relationship between the company and its shareholder.

This SOI covers the 3-year period from 1 July 2024 to 30 June 2027.

LPC is a port company governed by the Port Companies Act 1988. This SOI is prepared in accordance with LPC's obligations under the Act. LPC remains committed to meeting its principal obligation under s.5 of the Port Companies Act to be a successful business, while ensuring we are a good employer, environmentally responsible, and take into account our impact on the community.

This SOI also draws on key aspects of integrated reporting, presenting our business strategy, business model and value **chain.** Each section of this report is linked to the various forms of capital we depend on for our success: financial, manufactured, human, social and relationship and natural.

We believe this framework lines up with the priorities that Local Government Act 2002 lays out for Council-Controlled Organisations (although note LPC is a Port Company under the Port Companies Act 1988, not a CCO). We also believe it lines up with the Christchurch City Council's strategic priorities of:

- resilient communities
- a liveable city
- a healthy environment
- a prosperous economy

the planet.

A significant part of our 2019 Sustainability Strategy is moving towards an integrated reporting model. Integrated reporting is about promoting a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organisation over time.

We chose the integrated reporting framework in 2019 because it focuses on and communicates the ability of an organisation to create value in the short, medium and long term and includes the transparent reporting on the preservation and/or erosion of this value.

We believe the framework will drive integrated thinking within our organisation, with the consideration of the creation of value across all five of our capitals leading to better decision making and long-term sustainable development for both LPC and our local community and region.

# UN Global Sustainable Development Goals (SDGs)

The UN's 17 SDGs provide a valuable blueprint for a better and more sustainable future for all by addressing the global challenges we face.

While all 17 SDGs are important, some are more relevant than others for our business, especially when we get down to the level of setting specific targets. These are the main SDGs our work has a relationship to:

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In 2019, LPC set a firm future direction with the adoption of our sustainability strategy and clear targets to improve our performance in three key focus areas: **prosperity, people** and



# **Our Strategy**

Our business strategy for FY25 is built on measures to improve profitability and returns for our shareholder, deliver optimised operational efficiency and productivity, develop future infrastructure plans that meet regional economic needs while being affordable and prudent, and ensure we proactively manage the risks associated with climate change.

While those pillars remain, FY25 will see us following these strategies to ensure we deliver on our key role as the South Island's trade gateway:

- Developing, monitoring and reporting performance against agreed operational KPIs and goals.
- Optimise integrated business planning and reporting across the business and key focus areas, including operations, digital and maintenance.
- Ensuring infrastructure resilience through careful asset management planning.
- Establishing LPC's governance and leadership structures for managing climate change risk responses and priorities, identifying and managing infrastructure assets at risk and setting the adaptation plan and approach for mitigating climate risk.

We will build relationships at LPC through shared

experiences, working as one LPC team where

everyone feels they belong and can contribute to

building a stronger LPC whānau together. We will

achieve this through improved safety, a cooperative

approach to employee relations, staff development

# Sustainable **Profitability**

We will deliver sustainable profitability that enables LPC to deliver customer, cultural and commercial excellence while providing a fair return to our shareholder.



# **Material issues**

- Sustainable Financial Performance
- Business Continuity Planning
- Corporate Governance

SDGs
****

# Human and Intellectual Capital

and the management of talent.

Whanaungatanga

### Material issues

- Health, Safety and Wellbeing
- Culture and Values
- Future of Work
- Employee Attraction, Development and Retention

# SDGs

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We will also work with CCHL to ensure that future infrastructure developments are necessary, add to shareholder value and deliver sustainable long-term returns. Long-term capital planning will be appropriately managed, recognising the significant capital requirements associated with future port development.

In FY23, we updated the four pillars developed in 2020 as part of the Leading the Way strategy. Initially, it consisted of three key pillars: Sustainable profitability, Whanaungatanga and Infrastructure for the Future. It was updated in FY23

# Infrastructure for the Future

We will ensure LPC has the right infrastructure it needs, at the right time and at the right cost to deliver sustained profitability and growth.

# Manākitanga and Kaitiakitanga

avoidance

# Material issues

• Infrastructure Investment • Efficient Allocation of Port Space

Manufactured

Capital

SDGs 



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to include a fourth pillar, Manākitanga and Kaitiakitanga, which reflects our commitments to growing our social licence and value to our customers and our ambitions around our environmental performance. It also reflects the key material issues raised during the last round of materiality work we undertook in FY22.

We are committed to contributing positively to our communities and working in partnerships to value and protect the natural environment. We are focused on addressing climate change, delivering a net positive effect on biodiversity, and waste minimisation and

# Social and Relationship Capital





- Communication and Relationship Management
- Collaboration and Partnerships
- Industry Engagement
- Social Licence to Operate Biodiversity
- Environmental and Community Impacts





		Outputs	
	Inputs	NPAT \$18.96m	Imports <b>\$6.62b</b>
stainable ofitability	<ul> <li>Banks</li> <li>CCHL</li> <li>Retained earnings</li> <li>History of investment</li> </ul>	+ 0.2%	+ 10.8% Exports \$8.96b + 4%
anaungatanga	<ul> <li>Our team</li> <li>Unions</li> <li>Expertise</li> <li>Skills</li> <li>Development</li> </ul>	Contain 455 - 9.3%	ers <b>,457</b> TEU Exports
ure	• Assets • Infrastructure	Fuel 1,056,663t + 9.2%	Logs 449,143t + 2.3%
anga	<ul> <li>Partnership with mana whenua</li> <li>Community</li> <li>Whakawhanaungatanga</li> </ul>	45,673 - 23.2% Bulk 817,919t - 2%	<b>1,360,410t</b> + 15.2%
akitanga	<ul> <li>Whakaraupō/Lyttelton Harbour</li> <li>Port Saddle</li> <li>Marine environment</li> <li>All renewable and non-renewable environmental resources</li> </ul>	Other services Cruise 79 vessels Recreational vessels 172 berths at Te Ana Marina	<b>Other vessels</b> <ul> <li>Antarctic research vessels</li> <li>Military vessels</li> </ul> <b>Dry dock</b> Only civilian dry dock in New Zealand

# City Council

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# **Sustainable Profitability**

Our purpose is to facilitate the sustainable growth of trade for Christchurch. Canterbury and the wider South Island. To do this, we must increase the profitability of the port, guarantee long-term trade connections for the South Island and ensure that LPC remains economically sustainable.

We are committed to ensuring that the port is able to handle strong projected growth in volumes, delivers a fair return to its shareholder and is sustainably profitable in the long term. We need to provide the infrastructure, services and connectivity that our customers require while ensuring good shareholder returns.

This requires us to operate efficiently, safely and sustainably. It requires us to focus on our efficiency and reliability to ensure port operations provide customers with the service they need, delivered cost-effectively. Continued evolution and innovation in both the delivery of services and product pricing will form a core part of our work over the period.

Our services are critical to the success of a diverse range of exporters and importers, and consequently, the lifestyle and prosperity of all people living in the South Island. The Port supports thousands of jobs and the creation of billions of dollars of wealth.

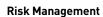
We are dedicated to delivering operational excellence, optimising the use of LPC's infrastructure assets and developing infrastructure at the right time and at the right cost to deliver sustained profitability and growth.

# Profitable and financially sustainable

- LPC continues to develop initiatives to increase our profitability. We will have a strong focus on sustainable financial performance, increased returns and delivering prosperity to our region.
- We have an emphasis on effective cost control and revenue optimisation. We continue to focus on cost reduction through decreasing fixed costs, reducing overhead costs and prudent price increases to reflect the cost of delivering services. We are also committed to delivering the outcomes of the Port transformation work begun in FY24.
- LPC monitors its current and forecasted debt levels on a regular basis. LPC ensures that it has enough debt headroom to meet all of its financial obligations and enable capital investment back into the company. This is balanced against shareholder requirements for dividend certainty over the short and medium term, and we recognise our shareholder's requirement to deliver real growth in dividends over a 10-year planning period. We also maintain an approved facility to provide a contingency in case of a one-off business continuity threat such as foot and mouth.
- We have expanded our non-financial reporting through the recognised standards of integrated reporting.
- Great connectivity to the South Island and global markets
- LPC will continue to invest in new equipment, technology and infrastructure to meet the evolving needs of our customers. We will focus on innovative methods of service delivery.
- LPC owns two inland ports, which gives importers and exporters a range of options for transporting cargo within the region. We are focusing on increasing volumes and profitability through our inland ports, as well as delivering increasingly sustainable services through the modal movement of freight from roads to rail.

# Maintain efficient and reliable port operations

- Our customers care about their cargo moving through our port and inland ports in an efficient way. We are focused on constantly improving the performance of our operations while ensuring:
- all operations are focused on meeting customer needs
- we use our labour as efficiently as possible
- we develop and utilise innovative and disruptive technology.



- Managing risk spans all levels of governance, leadership and operations, and is managed under the LPC Risk Management Framework, which provides overall guidance and methodology. The Board has also approved the appropriate risk appetite statement for LPC. This statement sets out the areas with little or no appetite for risk, and provides guidance as to the expected mitigation responses from management when responding to and managing identified risks.
- While risks are actively managed in the various business units, functions and departments across LPC, the Board and senior management have established, with independent facilitation to ensure appropriate rigour, the top strategic risks requiring ongoing monitoring by the Board and the Audit and Risk Committee, and mitigation by LPC management and staff.

# Forecast volatility

interim.

Objectives	Key Performance Measures
Financial	Revenue (\$m)
	EBIT
	EBITDA
	Net profit after tax (\$m)
	Shareholder funds to total assets
	Interest cover ratio
	Debt (\$m)
	Equity
	Debt/Debt + Equity
	Return on Equity
	Return on Total Assets
	Dividend proposed (\$m)
	Dividend Return on Equity

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Note the dividends proposed above relate to the respective financial years. Cash timing differs as LPC typically pays an interim dividend during each financial year, and a final dividend after the end of each financial year.

LPC operates in a dynamic commercial environment and is continually enhancing our long-term plan. While LPC makes every attempt to provide accurate forecasts, but volatility is unavoidable. Therefore, LPC commits to providing regular forecast updates to our shareholder to ensure there is a clear picture for them of the group financial position. This reporting is annual, quarterly and

The Board intends to use any surplus funds not in the forecast to manage debt levels.

Draft targets		
2025	2026	2027
202,603	210,352	218,052
39,267	41,136	42,654
61,252	64,613	68,309
22,977	25,570	26,779
55.8%	56.7%	57.8%
5.3	7.3	7.8
219,457	211,355	205,002
400,287	413,072	426,462
35.4%	33.8%	32.5%
5.7%	6.2%	6.3%
3.2%	3.5%	3.6%
11,489	12,785	13,390
2.9%	3.1%	3.1%

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making.

# Whanaungatanga

The importance of our people means we are committed to creating quality employment opportunities, attracting and developing talented people and maintaining the health and wellbeing of everyone in our workplace. It also means LPC is committed to building and growing a diverse and inclusive workforce where the unique strengths of individuals are valued and celebrated.

We have a workforce of over 600 dedicated and committed staff who are focused on delivering the highest levels of service and performance to the people and businesses of the South Island who depend on the port.

Over the period of this SOI, we will be focused on the implementation of a new people and capability strategy that delivers capable leadership, staff that feel valued and engaged, and a workforce that looks like the community we serve. This will ensure we have access to a wide pool of talent, and we are an employer of choice in the Canterbury region.

LPC has developed a range of initiatives to support the health, safety and wellbeing of our people, and we see health and safety as enablers of great business performance. We have identified twelve critical risks, established baseline systems and implemented a PCBU framework. Over the period of this SOI, we will continue to roll out our eight life-saving commitments, which we have developed over the last two financial years.

# Our people

LPC's new people and capability strategy is built on five key pillars: Aspirational culture, talent attraction, retention and development, collaborative employment relationships, diversity targets and prioritising health and wellness. In order to deliver these, we have developed six key strategic priorities:

- Build Internal Capability
- Build Culture
- Build a diverse and inclusive workforce
- Strengthen collaborative relationships
- Attract, acquire and retain the right talent
- Optimise people and capability service delivery for business success

# **Build Internal Capability**

We will focus on building leadership capability to leverage our employee potential. This means identifying what the business needs in the leadership space, as well as identifying and developing talent.

Over the period of the SOI we will:

- Deliver leadership development
- Deliver talent management framework and tools
- Deliver learning and development framework and tools
- Deliver a new performance management model

# Build culture

Our plan is to deliver an aspirational culture that is defined, articulated and led by our leaders, and not seen as the responsibility of the People & Capability team.

Over the period of the SOI we will:

- Design and support delivery of a "next-step" culture roadmap
- Embed values and behaviours in people processes, policies and decision-making

# Build a diverse and inclusive workforce

LPC has worked hard to develop a Diversity, Equity, Inclusion and Belonging (DEIB) framework over the last two years, including auditing where we were at, undertaking gender balance research (in collaboration with the CCHL group), developing an action plan and establishing an internal DEIB Committee Te Whakaroopu. We believe focusing on DEIB will improve culture, decision-making and ultimately performance.

Over the period of the SOI we will:

- Deliver the DEIB framework
- Continue our awareness and education programmes
- Align people practices, culture and decision-making
- Continue to measure, review and report
- Develop as a priority an action plan to close the gender pay gap.

### Strengthen collaborative relationships

We believe improved engagement and culture will lead to better outcomes both for people and for the business. We will build on the work already done with our Union partners and create an environment where collaboration delivers positive outcomes through joint interest problem-solving.

Over the period of the SOI we will:

- Review and refresh our approach to collaborative employment relations and interest-based problem-solving
- Develop a stakeholder/relationship management
   approach
- Employee/leadership communication strategy

# Attract, acquire and retain the right talent

We want a system that delivers LPC access to the best talent, and ensures that we have an agile and future-focused approach to our changing labour needs.

Over the period of the SOI we will:

- Create a workforce plan for the short and medium term
- Create and manage established budgeted headcount
- Develop employer brand and sourcing strategies
- Develop and deliver pipeline plan for critical roles

Key Performance Measures	Draft targets		
	2025	2026	2027
Leadership and Talent development	Develop and Deliver a Leadership and Talent Framework	Embed Leadership and Talent Framework	
Gender balance male/female	85/15	82/18	78/22
Engagement Score	>58	>60	>60
Gender Pay Gap	10.2%	9.8%	9.5%

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# Optimise people and capability service delivery for business success

The creation of a clear strategy and a work plan to deliver it is core to this. We will also focus on delivering quality data and metrics to the business to enable strong decision-

Over the period of the SOI we will:

- Develop a detailed work plan to deliver the strategy
- Investigate the digitisation of people processes and create a roadmap
- Operationalise the people service delivery function

# Health, Safety and Wellbeing

Our approach to health, safety and well-being focuses on the reduction of operational risk across all business activities. LPC has embarked on a three-year Critical Risk Verification Program incorporating the Safe People, Safe Plant and Safe Process to ensure a well-controlled work environment

LPC has empowered its workforce to be visible safety leaders, accepting the responsibility to call out unsafe practices and behaviours. All senior managers will have safety KPIs that they are measured against, and safety expectations are outlined in every leader's employment agreement.

At the core of our approach to Health, Safety and Wellbeing is our care for our people. We are committed to working safely, and promoting workforce participation. This same care extends to protecting the environment and our assets, and we act when we observe hazards or unsafe behaviours.

As our Critical Risk programme continues to mature it has expanded to cover 17 specific risks that we encounter in the Port environment.

We have worked with staff and our Union partners to develop a set of life-saving commitments that are non-negotiables. FY25 will build on these life-saving commitments seeing a stronger focus on:

- The identification of significant hazards
- Wellbeing programmes, including Fitness for Work
- The development of a programme to promote safety accountability

Broader Health, Safety and Wellbeing initiatives are supported by our strategic health and safety objectives of visible safety leadership, fundamental risk management, simplified systems, and wellbeing

# Visible safety leadership

- Ensure that safety is our first priority.
- Coordinate, collaborate and cooperate with LPC's employees, health and safety representatives and union partners to ensure we are preventing and controlling hazards and risks.
- Concluding Fitness for Work & Fatigue Management programs
- Enhancing our people's wellbeing at work and at home
- Critical Control Checks • Life-saving Commitments
- Refresh of Health and Safety general and site-specific inductions
- Promotion of Safety recognition awards

# Simplified systems

- Further developing our contractor management
- Further develop our PCBU management
- Critical Risk Assurance Program to provide Due Diligence reporting to Senior Leadership

# Fundamental risk management

- Lifting hazard identification and incidents/events.
- Significant Incident investigations are peer / independently reviewed.
- Improvements to Asset Management including Works planning, Safe equipment, and work environments.
- Review of our equipment and workplace to identify safer alternatives.
- Embrace Technology safety improvements.
- Permit to Work and Authority to Work enhanced to incorporate GIS.

# Wellbeing

- Fitness for Work
- Health monitoring workforce annual monitoring
- Personal Fatique Assessments
- Workplace Exposure Monitoring
- Manual handling programme

Key Performance Measures	Draft targets		
	2025	2026	2027
Reportable injuries/incidents	0	0	0
Total recordable injury frequency rate	<1.8	<1.6	<1.4
Lost-time injury frequency rate	<1.8	<1.6	<1.4
Health and safety interactions per year	>800	>1000	>1000
Senior Leaders Critical Control Checks	>500	>600	>600

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At the core of our approach to Health, Safety and Wellbeing is our care for our people. We are committed to working safely, and promoting workforce participation.

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# Christchurch City Council





# LPC's infrastructure is ultimately a shared asset for the entire region. Strategic maintenance, management and development is essential to meeting the needs of Christchurch and Canterbury, today and beyond.

Thanks to the range of consents that came out of the Port Recovery Plan process, LPC remains in an excellent position with regard to future infrastructure development. We have all the consents needed to meet projected volume growth over the next few decades, including reclamation consent.

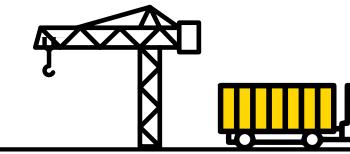
With the completion of the Eastern Development and the new Straddle workshop, our focus now moves to new projects to deliver safety and environmental upgrades to the Inner Harbour and our CityDepot facility in Woolston. We are also continuing the planning and other work associated with the Te Awaparahi Bay container wharf and terminal, the next step in our strategy to move East and deliver the berth and terminal capacity to support the South Island economy.

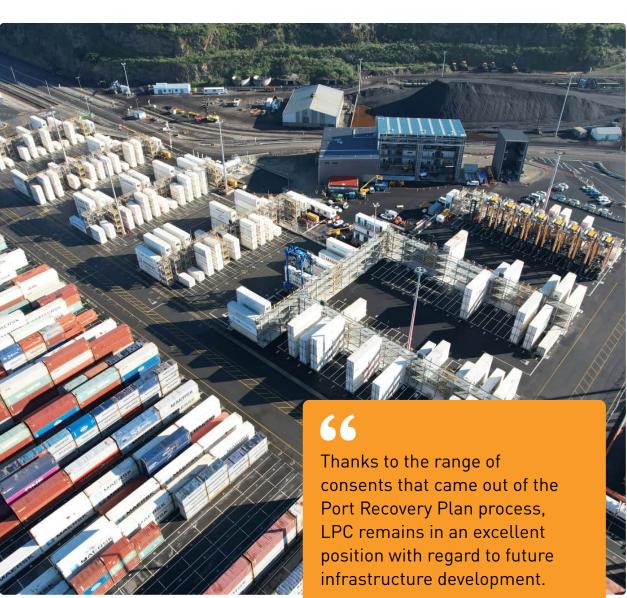
# Infrastructure to meet demand

Optimise the use of land and infrastructure assets

- LPC has significant land holdings at Lyttelton Port and at our two inland ports: CityDepot at Woolston and MidlandPort at Rolleston. These will be developed to meet increased demand in a timely and affordable manner
- We have resource consent to extensively reclaim additional land over the next 30 years. Our intention is to turn this area into our primary container terminal facility, as demand requires it
- We will embed asset management principles at the core of our approach to business, to ensure we are planning and maintaining our assets to maximise asset life
- We have an asset maintenance and replacement programme to maintain our assets
- Deliver infrastructure to meet capacity needs in a timely way
- This work will be driven by demand, and the programme will be developed in a way that is affordable and delivers an appropriate level of return. All capital expenditure will be carefully scrutinised for affordability, and we will engage with CCHL on long term capital planning to appropriately manage the significant capital requirements associated with future port development.
- The programme includes digital systems to ensure we are able to meet customer and planning needs and run our business efficiently
- Scope will be continually monitored to ensure projects remain on scope, on programme and on budget
- Sustainability and environmental management remain at the core of all development projects

Key Performance	Draft targets			
Measures	2025	2026	2027	
Asset Management Plans development and implementation	60% of all assets under asset management plans.	80% of all assets under asset management plans.	100% of all assets under asset management plans.	

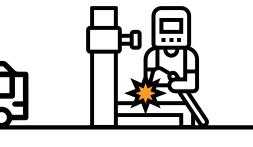






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# Manākitanga

Our ambition is to grow social capital by creating longterm meaningful value for our communities across a range of parameters. We are also focused on developing a strong customer culture, ensuring we deliver great experience and value.

Being a good citizen is a responsibility LPC takes very seriously. We act on this duty through a balance of activation, monitoring and transparent communication. Activation means contributing to our communities through sponsorships and programmes that create long-term, meaningful value. Monitoring means being conscious of how port operations can affect local communities and working to minimise those effects such as noise, light, and air emissions to the extent possible.

We are constantly looking to improve our customer engagement, and deliver innovative solutions for the region's supply chain. Collaboration is key to developing supply chain opportunities, and we are committed to a transparent and open relationship with our Port User community.

We are committed to becoming a more productive and efficient port, recognising our obligation to customers to be an enabler for their business success. Over the period of this SOI, we will focus on initiatives to deliver productivity on the Port, particularly in container operations, as well as working closely with customers and Port User to ensure we are delivering to their expectations.

LPC will continue to have a focus on communication. By having open, candid conversations with people around us we are building trust. By understanding what our communities and customers need we are creating lasting value. We will continue to place importance on our partnership with iwi in Whakaraupō. LPC takes seriously the obligation to reflect the partnership created by Te Tiriti o Waitangi/ The Treaty of Waitangi in our day-to-day work, and we have increasingly incorporated matauranga Māori, particularly in environmental management. We continue to better integrate Tikanga into our employment practices and more generally in our business, and the recognition and valuing of Te Ao Māori continues to be a part of the way LPC operates.

The Manawhenua Advisory Group (MAG) has been an important engagement forum for LPC and Te Hapū o Ngāti Wheke since 2014. The purpose of MAG is to provide a regular forum for conversations between LPC and Te Hapū o Ngāti Wheke to recognise and provide the shared vision for Lyttelton Harbour/Whakaraupō.

LPC will continue to be part of CCHL's He Huanui Ropu, and will work to help deliver CCHL's FY25 KPIs developed by the Ropu. We also remain committed to ensuring alignment with the Christchurch City Council's wider strategic partnership with mana whenua.

LPC recognises that low-frequency vessel noise continues to be our biggest impact on those who live near us. Considerable progress was made in FY24 through the New Zealand Port's Noise initiative in collaboration with other New Zealand ports. The register and monitoring developed by the group has been introduced and we are already seeing noisy vessels decreasing on New Zealand shipping rotations.

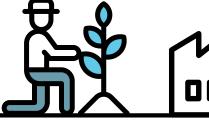
Our sponsorships range from one-off donations to ongoing partnerships with leading organisations, such as our principal sponsorship of the Banks Peninsula Conservation Trust and our ongoing support for the construction of Te  $\bar{U}$ aka The Lyttelton Museum. We currently support a number of local sporting clubs, community groups, projects and other local organisations, with a particular focus on youth development and support. We also retain a key focus on supporting environmental

LPC also continues to support Christchurch's Antarctic Gateway Strategy with particular focus on two of the four priorities of the strategy. We provide world-class logistics for Antarctic vessels and have a clear focus on sustainability as demonstrated in this SOI.

We will continue our regular community engagement, including:

- Free monthly Port boat tours
- Our community newspaper, LPC Update, delivered to nearly 10,000 homes and regular monthly email newsletters to the community and key stakeholders
- We have a monthly community email update, Harbourwatch, which has doubled in readership numbers in its first year
- The Port Liaison Committee will continue to meet to discuss community issues and includes representatives from the local community, port users, Environment Canterbury and Christchurch City Council

As outlined in the Port Lyttelton Plan, we are committed to moving the port's operations east over the long term to free up land and provide increased public access to the waterfront. This remains a key part of our strategy moving forward, and we are focused on building on the public space and access created by Te Ana Marina over time.



Key Per Measur

Port Lia Commit Meeting

MAG Me year

On-Time Perform

Ship Rat

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# Christchurch City Council

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formance es	Draft targets 2025	<b>5</b> 2026	2027
ison tee s per year	<3	<3	<3
eetings per	<6	<6	<6
e nance	>85%		
te	>50 moves per hour		
ring Hours	<1.00		

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# Kaitiakitanga

LPC is committed to the protection and enhancement of our natural environment. As a port, LPC has a special responsibility for the environments in which we operate, and we are proud to be a part of Whaka-Ora, the Whakaraupō/Lyttelton Harbour Catchment Management Programme for the ecological restoration of the harbour.

Our sustainability strategy recognises three key priorities for LPC: climate change, waste and biodiversity. Our climate change target is to positively contribute to addressing climate change and play our part in supporting Aotearoa's commitment to reaching net-zero carbon emissions by 2050. In FY24 the Board approved our updated GHG reduction plan, adopting short (2030) and long-term (2050) science aligned targets for Scope 1 and 2 emissions to keep global temperatures within 1.5 degrees. Also in FY24 we expanded our Scope 3 boundary to align with the GHG protocol categories 1-15, reflecting our increased focus on assessing emissions within our value chain.

Our procurement team continues to take a partnership approach with suppliers to identify ways we can accelerate our reduction of carbon emissions. We will continue to establish timelines for the availability of low and zeroemissions plant and inform them of our requirements as a customer.

We recognise the importance of collaboration and partnering with our peers, including CCHL companies. We are committed to working with the CCHL Group to determine appropriate carbon emissions reduction targets and will continue to play a leading role in the Group's sustainability working group. We will also continue our involvement in the Sustainable Business Council, the New Zealand Climate Leaders Coalition, World Ports Sustainability Programme and New Zealand ports network.

In FY24 LPC progressed our climate related risk assessments and Climate-related Disclosures (CRD) reporting, in line with the New Zealand External Report Board (XRB) Climate Standards 1, 2 and 3, and as required

for CCHL reporting purposes. This coming financial year, we intend to advance our climate risk adaptation and transition plans, building on the risk review and mitigation work undertaken as part of the FY24 reviews and updates.

LPC's long-term goal is to transition to zero waste to landfill by focusing on making better purchasing decisions, collaborating with suppliers, and considering how we deal with products at end of life. A comprehensive audit of our waste was undertaken in FY24 and in FY25 LPC will implement a Circular Economy Plan focused on projects to minimise both solid and liquid waste.

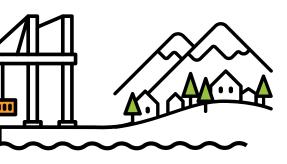
Our goal is for LPC's net biodiversity impact to be positive for the environment. We will have a net restorative and regenerative approach to our harbour environment. This is an extremely ambitious goal, and after two years as a beta-tester, we signalled our intent in January 2024 to start making disclosures aligned with the Task Force for Nature-related Financial Disclosures (TNFD) framework. The only company in Aotearoa to do so. We have piloted the Science-Based Targets for Nature (SBTN) guidance to define biodiversity recovery targets for Whakaraupō / Lyttelton Harbour and its land catchment, allocate LPC's contribution to these targets, and are developing metrics to report future progress against.

Within the next three years, we will focus on:

- Continuing to implement our adaptation plan in line with the Task Force on Climate-related Financial Disclosures criteria, working alongside CCHL.
- Continuing our Integrated Reporting, refining and developing on the model put in place in FY23
- Actively contributing to the CCHL Group emissions reduction strategy in line with the Christchurch City Council's carbon reduction strategy.
- Ongoing implementation of the Whaka-Ora/Healthy Harbour Plan aimed at restoration of the ecological and cultural health of Lyttelton Harbour/Whakaraupo, following the re-signing of the Collaboration Agreement between the five partners in February 2023.
- Investigating the use of incentive schemes to promote the use of more-sustainable vessels by customers.

- Continuing to develop and refine our GHG reduction strategy and targets ensuring they are in alignment with science-based targets.
- Implementing the action plan for the biodiversity-positive strategy to move LPC towards having a net positive effect on biodiversity, in partnership with mana whenua to reflect Mātauranga Māori in our analysis.
- Continuing ecological enhancement of LPC land including the 17 ha Port Saddle and 10 ha Gollans Bay Covenant site in Lyttelton in partnership with Banks Peninsula Conservation Trust.

Key Performance Measures	Draft Targets 2025	2026	2027
Carbon reduction	Achieve 2025 science aligned target for Scope 1 and 2 emissions reductions Continue to refine Scope 3 boundary in line with GHG protocol	Achieve 2026 science aligned target for Scope 1 and 2 emissions reductions Actively influence Scope 3 emissions reductions	Achieve 2027 science aligned target for Scope 1 and 2 emissions reductions Actively influence Scope 3 emissions reductions
Waste	Implement waste reduction targets based on Circular Economy Plan across all operational areas Develop 2-3 circular waste stream programmes	Continued implementation of Circular Economy Plan	Continued implementation of Circular Economy Plan
Biodiversity positive	Assess biodiversity impacts of value chain Implement SBTN (avoid, reduce, restore and transform) roadmap across the business Continue ecological enhancement work of Port owned land	Continued implementation of SBTN roadmap Continue ecological enhancement work of Port owned land	Continue ecological enhancement work of Port owned land
Environmental	100% compliance against resource consent monitoring	100% compliance against resource consent monitoring	100% compliance against resource consent monitoring
Responsible sourcing	10 audits completed against the ethical procurement declaration. All suppliers requested to provide emissions created in service of LPC, supplying materials and/or services.	10 audits completed against the ethical procurement declaration. All suppliers requested to provide emissions created in service of LPC, supplying materials and/or services.	10 audits completed against the ethical procurement declaration. All suppliers requested to provide emissions created in service of LPC, supplying materials and/or services.
Reporting	Integrated reporting ongoing	Integrated reporting ongoing	Integrated reporting ongoing



• Continuing the development of our strategic partnership with Banks Peninsula Conservation Trust to help further our biodiversity ambitions.

• Setting area-specific goals for waste reduction and applying circular economy principles that can be owned by the operational teams.

# **Other important information**

# **Corporate governance**

LPC is committed to having best-practice governance. The Board operates in a way that is open and constructive, and in accordance with their guiding principles, recognises that genuinely held differences of opinion can bring greater clarity and lead to better decisions.

This, combined with a commitment by Directors to participate fully, frankly and constructively means that all bring the benefit of their particular knowledge, skills and abilities to the Board.

The role of the Board is to effectively represent and promote the interests of the Company with a view to adding long-term value to the Company and providing a fair return to the Shareholder. Having regard to its role, the Board will direct, and supervise the management of, the business and affairs of the Company including, in particular:

- ensuring that the Company goals are clearly established, and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management);
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital:
- monitoring the performance of Management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company;
- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring the Company's financial statements are true and fair and otherwise conform with law;
- ensuring the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring the Company has appropriate risk management/ regulatory compliance policies in place.
- ensuring the Company has appropriate health, safety and wellbeing policies and procedures in place.
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Remuneration and shareholder relations and stakeholder interests are detailed below, as they are required to be included in this document. Our full Board Charter can be found on our website (www.lpc.co.nz).

# Remuneration

The LPC Board has a clear policy for setting executive remuneration. Remuneration is fair and reasonable and competitive in the market for the skills, knowledge and experience required. The company believes all employees should have the opportunity to reach their potential and thrive in an inclusive and diverse workplace. The Board monitors established reporting and trend analysis on age profile, gender profile and employment tenure. The Board is committed to a policy that the remuneration of management is transparent, fair and reasonable.

The company is conscious of its public responsibilities in the setting of remuneration for senior executives, which is closely managed by the Board and made publicly available via the Annual Report. No executives decide their own remuneration.

LPC will continue to report to CCHL on wage relativities for employees annually, and will provide reporting on the average remuneration for the highest paid 10% of employees compared to the average remuneration for the lowest paid 10% of employees. We will also report on the average percentage increase for FY23 and FY24 awarded to the highest paid 10% of employees and the lowest paid 10% of employees.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive Officer's (CEO's) salary. The CEO receives a total remuneration that reflects skills, experience and contribution to the company and is referenced to the market. It does not include any incentive-related payments. Full disclosure of the CEO's remuneration is made in the annual financial statements.

The executive leadership team receive total remuneration that reflects their skills, experience and contribution to the company and is referenced to the market. Their remuneration does not include any incentive-related payments.

The shareholder, by ordinary resolution from time to time, sets a total maximum aggregate annual amount payable to the directors in their capacity as directors. That aggregate sum is divided among the directors as they consider appropriate. The fees paid to each of the directors in the previous financial year are detailed in the directors' interests section of the company's Annual Report.

LPC discloses its remuneration policy to shareholders via the annual SOI.

LPC pays all staff at least the living wage, unless they are involved in a training scheme. Any adjustments in the living wage rate will be reflected in LPC pay rates.

# Shareholder relations and stakeholder interests

LPC maintains a positive and proactive relationship with CCHL. As part of our annual SOI, the Board includes clear policies for our communications and interactions with CCHL.

The Board will ensure CCHL is informed of all major developments affecting the Company's state of affairs, while at the same time recognising commercial sensitivity may preclude certain information from being made public. Information is communicated to CCHL through a "no surprises" policy on issues of importance as they may arise, as well as through formal communications.

# Annual Report

The Annual Report is provided direct to shareholders, and it includes audited financial statements and other details that are required to permit an informed assessment of LPC's performance and financial position during the reporting period.

# information.

The SOI is prepared based on the requirements within the Port Companies Act 1988 and the Company's Constitution. The directors include any other information they consider appropriate.

# Briefings

# CCHL bonds

LPC acknowledges its responsibilities under the continuous disclosure regime in relation to CCHL bonds and has implemented a policy to manage those disclosure requirements.

LPC publishes up-to-date information on the LPC website providing:

LPC has a clear focus on the needs of its key stakeholders (including customers, employees, the public, the Council and government) and recognises it is critical to meet their needs to ensure LPC has a successful business. The business will develop a Board approved stakeholder engagement plan.

The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders including Te Hapū o Ngāti Wheke and Te Rūnanga o Ngāi Tahu. The Board recognises that the Company's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which the Company is seen as a responsible corporate citizen. As part of our approach to Integrated Reporting and understanding what is important to our stakeholders, we undertake a materiality assessment every two years with key stakeholders. The material issues identified in this process are reflected in our business strategy and planning.

# ltem 11 Attachment C

# Half-year and guarterly reporting

Half-year and guarterly reporting contain unaudited

# Statement of Intent

The company provides briefings to CCHL and its Board and others as required.

• a comprehensive description of its business and structure • commentary on its goals, strategies and performance • key corporate governance documents.

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LPC will also be providing regular six monthly inperson briefings to Christchurch City Council, involving the Chair and the CEO, and widening and deepening our engagement with Council. We are also focused on updating our local Banks' Peninsula Community Board, and we will continue to appear in person at the CEO and Executive level

Over the period, we will be reviewing the content and format of our guarterly reporting to CCHL, and looking to enhance the information we provide. LPC will also continue to hold public annual stakeholder meetings.

# Shareholder returns

LPC will work closely with CCHL to provide assurance that LPC's capital programme, together with other business initiatives, will add shareholder value and consistent returns.

LPC continues to focus on creating long-term shareholder value by:

- keeping a continuing focus on improvement in underlying business performance
- our commitment to sustainable operations and policies
- prudently investing in infrastructure to meet future demand
- ensuring all business investment decisions are subject to rigorous commercial scrutiny.

In discussion with CCHL, LPC intends to:

- continue to strengthen our position as a leading and highly competitive New Zealand port servicing the South Island's importers and exporters
- seek feedback from CCHL on major capital development spend.

# **Dividend policy**

LPC is seeking to maximise shareholder value through investing available LPC cash resources at the highest and best use, while balancing the needs of its shareholder for cash dividends.

Subject to meeting the solvency requirements of the Companies Act 1993, the Board will continue to assess distributions based on-

- the interests of shareholders
- working capital
- capital expenditure
- the timing of reinstatement and development projects
- free cash flow available for distribution.

The company's current dividend policy is to pay 50% of normalised net profit after tax to the shareholder each year, or as otherwise decided by the directors.

# Estimate of commercial value of shareholder's investment

LPC uses a long-term discounted cash flow model to estimate the fair market value of its assets. This model is updated each financial year, including review of the key assumptions around trading performance and capital expenditure. As at 30 June 2023 this assessment placed the company's equity at \$393 million (this number will be updated for the final SOI).

Inherently, there is uncertainty about LPC's current value due to assumptions around the ongoing evolution of import and export volumes, and the timing of large capital expenditure which may be required over the next 10-15 years. The valuation is sensitive to assumed growth rates and forecast margins for key cargoes, commercial decisions by key customers, and the timing and quantum of capital expenditure. LPC uses an independent review process to provide a degree of assurance regarding the reasonableness of assumptions and the weighted average cost of capital used in the model.

# Acquisition and 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 LPC. When the subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, it will be subject to consultation with the shareholders

# Post-investment review process

All capital investments over \$250k are eligible for a postinvestment review. The Board is presented with a list from which significant capital investments are chosen for review. The objective is to identify learnings from projects, and the results are presented to the Board.

# **Risk Management**

The LPC Board ensures there are rigorous risk management processes and internal controls in place.

The Board receives and reviews reports about the risk management framework and internal control processes throughout the year via the Audit and Risk Committee. Material risks are formally communicated to the Board every six months or more regularly if required.

Board reports include a copy of LPC's risk register and highlight the main risks to LPC's performance and the steps being taken to manage them. We include a copy of the risk register in the monthly Board pack. It is updated every six months or as required.

As part of our approach to Integrated Reporting, we include comprehensive information on our risk management approach and key risks.

# Scope of activities

include:

- container terminal handling services receipt, delivery, transit storage and stevedoring of a wide range of import and export cargoes
- providing wharves, land, facilities, plant and labour for

vessels

cargo.

- ownership of land and facilities necessary to maintain LPC's commercial assets
- provision of dry dock facilities associated with the repair and servicing of vessels
- ownership and operation of walk-on marina facilities at Lyttelton
- operation of two inland ports, which involve the storage, receipt and delivery, repair and washing of containerised

# Accounting policies

LPC has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards and generally accepted accounting practice and in accordance with the Companies Act 1993 and the Financial Reporting Act 1993 and any amendments thereto.

A full statement of LPC's accounting policies is included in LPC's Annual Report for 30 June 2023 (available on LPC's website at www.lpc.co.nz).

# 11 Item C

Attachment

LPC is the fully integrated operator of Lyttelton Port, which includes the South Island's largest coal export facility and two inland ports, MidlandPort and CityDepot. Our activities

- the receipt, delivery and loading of coal
- marine services pilotage, towage and lines
- the receiving, delivery, stockpiling, stacking and shipment of a wide range of products and the berthing of cruise
- maintenance of wharves, plant and machinery

# Intra-group cooperation, procurement and Strategic Review

LPC recognises the importance CCHL places on intragroup cooperation, closer integration, and better group strategic alignment. LPC recognises the ability such co-operation has to expand group capability, accelerate knowledge transfer and innovation and improve the impact, profitability of the group.

In relation to inter-group co-operation, LPC has taken leadership roles in He Huanui and the CCHL Sustainability Working Group, and has been an active participant across all other Group C3 initiatives. This involvement and commitment remain the same for FY25. They will continue to be funded and supported by staff as part of their business-as-usual roles.

We are involved in the Te Whāriki digital platform, which is aimed at sharing cross-company expertise and experience across the Group. LPC intends to work with CCHL and the rest of the group to strengthen the use of the platform and drive greater inter-group collaboration.

LPC will continue to focus on operational performance that ensures we deliver sustainable dividend payments to our shareholder.

LPC has commercial relationships within the following CCC group entities:

- Orion and Connetics electricity suppliers to the port and maintenance contractors on high-voltage systems.
- Citycare facilities management and civil construction works.

LPC will also continue to build on the relationships established with ChristchurchNZ, in particular around cruise, the Antarctic and SailGP.

# Role in the growth of the regional economy

The substantial investment resulting from the Development Plan has delivered Christchurch worldclass port facilities. There are significant and substantial opportunities for Cantabrians to participate in these projects.

LPC has responsibilities under the Civil Defence Emergency Management Act to build and maintain resilient infrastructure. This has been demonstrated by the performance of the assets after seismic events.



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Lyttelton Port Company Ltd registered office: Waterfront House 27–29 Gladstone Quay Lyttelton

Contact details for the Chair and Chief Executive Officer: Private Bag 501, Lyttelton 8841 Telephone: (03) 328 8198 www.lpc.co.nz









Placeholder map to be updated

# Our purpose is to power a cleaner and brighter future with our community

Front cover: Tīrama Mai, the Christchurch City Council's festival of lights to celebrate Puaka Matariki, which is proudly powered by The Orion Group

### Introduction

This Statement of Intent (SOI) is submitted by the Board of Directors of Orion, in accordance with section 39 of the Energy Companies Act 1992 (the Act). It sets out the Board's overall intentions and objectives for Orion New Zealand Limited and its subsidiary companies (the Orion Group) for the year commencing 1 April 2024 and the following two financial years. The companies that comprise the Orion Group are listed in the Appendix.

At Orion, we're owned by the community we serve: the people of Waitaha Canterbury.

That means we have a responsibility. To those people, but also to our environment and to the future generations who will call this region their home. Because a clean, reliable and fair energy system is key to the wellbeing and prosperity of any community.

That sense of responsibility and our deep ties to Central Canterbury are at the heart of our organisation. It's the reason we've been at the forefront of energy safety, reliability and resilience in Aotearoa New Zealand for more than 125 years. It's why we're inspired to care more, work harder and think bigger for our customers.

And we love what we do. We love being of service and making a difference. We use our expertise to connect homes, businesses and people to a reliable, safe and innovative energy supply. From urban to rural, we're here to usher in the best possible future for all of us.

Yes, the future is always on our mind. Whether it's building human networks that foster learning and innovation or being the driving force behind a transition to a netzero energy future, we aspire to be a catalyst for change. We want to make sure that everyone has easy access to clean energy now and tomorrow.

You'll find us at the forefront of our region's decarbonising efforts. Our distribution system not only connects communities to Aotearoa New Zealand's greenest energy sources, but also safeguards our region against the impacts of climate change by integrating new sources of renewable energy.

We encourage everyone to join us in embracing innovation. Because fresh thinking and new technologies are helping us provide more choice and control over the type of energy we all use – and when we use it.

Creating a better tomorrow is all about working 'together'. Progress thrives when people and ideas converge. So together, we're giving Waitaha Canterbury the power for a brighter future.

The next page outlines our strategy and five-year match fit focus areas.



### **Our Group Strategy**

Purpose	Powering a cleaner and brighter future with our community
Impact	Driving prosperity for our region through balancing energy affordability, energy security and sustainability

Our Group strategy begins with our purpose – powering a cleaner and brighter future with our community – and talks to the impacts we want to make on regional prosperity through energy equity, sustainability, and energy security.

Our priority for the next five years is to get 'match fit.' This means our network will be ready for the increased demand as electricity plays a crucial role in decarbonising Aotearoa New Zealand. This SOI covers years two to four of our 'match fit' strategy and the following pages expand on this. Our five focus areas are:

- Fit for purpose capital structure
- Creating the preferred workplace
- Being a force for good in the communities we serve, enabling the equitable transition to a net zero, resilient future
- Facilitating decarbonisation and hosting capacity at lowest cost
- Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

# Fit for purpose capital structure

Capital structure refers to the combination of debt and equity used by Orion to finance its operations and growth. Debt comes in the form of loans while equity may come in the form of owners' contributions and retained earnings.

An appropriate capital structure is intended to enable Orion to manage financial sustainability over the long term and enable investment to fulfil our Purpose. It should provide appropriate flexibility to manage the business, regulatory environment and adjust in response to unexpected shocks whilst also delivering an appropriate level of certainty to our key shareholders.

Integrated reporting capital:

Financial

# Creating the preferred workplace

Creating the preferred workplace is all about putting our people at the heart of everything we do through attracting, developing, and retaining a skilled and motivated team that feels included and reflects the diverse communities that we serve.

Actively looking for opportunities to better use our people's skill and expertise and minimise their involvement in inefficient workflows.

Integrated reporting capital:

People

Being a force for good in the communities we serve, enabling the equitable transition to a net zero, resilient future

Being a force for good refers to enabling the equitable transition to a net zero, resilient future. We will achieve this by being vigilant about our changing external environment and effectively manage emerging strategic threats and opportunities. Collaborating with local authorities and stakeholders on regional climate and energy plans.

Develop authentic, respectful and collaborative relationships with Ngāi Tahu and rūnanga. Play a proactive role, working with other trusted organisations, to understand and support our community households and commercial and industrial customers to close the "knowledge gap" on how they can move to a more energy efficient and greener way of living and working and reduce the environmental impact of our operations.

Integrated reporting capitals:

Communities and environment Asset.

# Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

As an intergenerational asset manager our duty is to make long-term investments for our community. This focus area will be accomplished by prioritising cost-effectiveness and efficiency through integrated systems, designing and building a network fit for the future and continuously innovating.

Integrated reporting capitals:

Assets and know-how

### Facilitating decarbonisation and hosting capacity at lowest cost

Facilitating decarbonisation at lowest cost refers to maximising the use of the existing network with smart technologies and better data so that we can understand network demand and maximise ways to utilise our existing network. These insights help us to make decisions about how to build and when and how we work with customers to enable participation through flexibility. We want to be part of the solution not a blocker to the path to decarbonisation.

Integrated reporting capitals:

Assets and know-how

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Value Creation Model

The first draft of the value creation model will be included in the draft SOI in February

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Item 1



### Fit for purpose capital structure - financial

Key performance measures		Targets		
	FY25	FY26*	FY27*	
Profit after tax (\$m) (including capital contributions)	16.5	24.3	35.8	
Profit after tax (\$m) (excluding capital contributions)	12.0	19.5	30.7	
Earnings before interest, tax, depreciation and amortisation (\$m)	114	144	172	
Dividends (\$m)	25	30	35	
Total Shareholder Return (%)	5.3%	6.3%	6.9%	
Return on equity (PAT incl capital contributions/ Average Equity) (%)	1.9%	2.7%	3.9%	
Debt over EBITDA	5.9x	5.6x	5.7x	
Debt over Regulated Asset Base (%)	40%	43%	47%	
* FY26 and FY27 is subject to DPP4 reset				

### The key outcomes in this focus area:

### **Target Capital Structure**

While not formally rated, Orion seeks to maintain a capital structure consistent with achieving a minimum supported issuer indicative credit rating of A- (Standard and Poor's) and a standalone (unsupported) indicative credit rating of BBB.

The benefits associated with this level of rating / financial strength include:

- Availability of debt from both domestic and international debt markets
- Flexible longer term (10yr +) funding arrangements can be arranged
- Competitive debt pricing

### Dividends

We will distribute funds to our shareholders subject to meeting the solvency requirements of s53 the Companies Act 1993.

Our distribution strategy is based on these key principles:

- Long-term sustainability is a priority
- Distribution growth matches operating cash flow growth
- Decisions on distributions are influenced by current financial conditions
- Market and regulatory conditions are considered.

The Board has considered our forecast capital and operating expenditure, and financial forecasts over the medium term and the implications for dividends and our target capital structure. All dividends will be subject to Board comfort with determining factors noted above at the time of declaration.

The Board considers dividends will be payable as follows:

• FY25 Dividend of \$25m, paid in two equal instalments in June 2024 and December 2024

- FY26 Dividend of \$30m, paid in two equal instalments in June 2025 and December 2025
- FY27 Dividend of \$35m, paid in two equal instalments in June 2026 and December 2026.

Our dividend profile is based on our current regulatory default price path which finishes in FY25. Our SOI dividend forecasts are based on sustainable dividend growth but are subject to changes in our DPP from FY26 onwards.

We will advise shareholders on a "no surprises" basis in the event of any substantial investment (either because of the quantum or the nature of the investment), or material changes in regulatory settings which requires a significant increase in corporate debt, and/or has a subsequent material impact on dividends.

### **Regulatory financial impacts**

Orion is price/quality regulated via a revenue cap and as such Orion's revenue line is regulated/set by the Commerce Commission. This revenue setting process is done in 5-year blocks and FY25 is the last year of the current 5-year block (April 2020 to March 2025). The Commerce Commission is in the process of resetting our revenue along with quality targets (along with the other price/quality regulated Electricity Distribution Business (EDBs)) for the period from 1 April 2025. This process won't be concluded until late calendar year 2024/early calendar year 2025 and as such our financial forecasts from 1 April 2025 are highly uncertain.

In building up our forecast numbers for the upcoming regulatory period (5-year block) of April 2026 to March 2030, we have modelled assuming that Orion's revenue is reset in accordance with the default price path (DPP) mechanism that applies to all EDBs unless an EDB's revenue and quality standards are set via a customised price path (CPP). The option of applying for a CPP is under active consideration by Orion Board and Management to improve outcomes for stakeholders. If a CPP is applied for – this is a multi-year multi-million-dollar application process and will mean that at least 1 or 2 years of the default pricing applies until Orion's revenue and quality standards are reset via a CPP.

### **Return on Capital**

The economic regulatory framework limits the return Orion can generate from the electricity network to a prescribed regulated weighted average cost of capital (WACC), set by the Commerce Commission every five years. The Commerce Commission sets the allowed return on capital, and inflation-indexes our Regulated Asset Base (RAB) annually. Therefore, total return is split between a cash return (in the form of profit) and an annual increase in the value of RAB (in the form of inflation-based indexation).



### Creating the preferred workplace – people

Key performance measures		Targets			
		FY25	FY26	FY27	
Engagement Sco	ore	> 66% positive	> 67% positive	> 68% positive	
Voluntary Turno	over	< 14%	< 14%	< 14%	
Gender					
Improve gender balance at all levels (people leaders and staff)	Orion	34:40:26 (female: male: any gender)	36:40:24 (female: male: any gender)	38:40:22 (female: male: any gender)	
Reduce gender pay gap	Orion Connetics	< 14.9% Publish gender pay gap	< 13.9%	<12.9%	
Health and Safe	ety	1 1			
Events that did or could have resulted in serious injury to employees (notified events)		≤4	≤4	≤4	
Events that did or could have resulted in serious injury to service providers (notified events)		≤4	≤4	≤4	
Events that did or could have resulted in serious injury to the public, excluding car versus pole incidents		≤1	≤1	≤1	

### The key outcomes in this focus area:

**Our People** focuses on understanding our future capability needs for and developing our talent profile to meet the needs of tomorrow's workforce. We need to attract and source the right people to enable our future growth.

**Our Place** focuses on creating an environment that supports employee wellbeing and lifts performance by ensuring our workforce reflects the diverse communities we serve and embraces our differences. Activity is primarily aligned around our Diversity and Inclusiveness Programme.

**Our Performance** focuses on driving sustainable performance over time by ensuring our people have the confidence and capability to seek opportunities to improve performance. We are working on continuous improvement programmes that find opportunities to improve efficiency, create team readiness for change and ensure any improvements are sustainable.

### Te Whāriki

This platform has helped to enrich our perspective on diversity and broaden our approach to how we work. By facilitating connections, Te Whāriki provides opportunities for our people to develop beyond their role and for Orion Group to access knowledge and talent from a wider pool of people.

### Gender pay gap

Orion Group is committed to fair and equitable pay for all people and roles. In order to understand our pay equity, we have analysed the overall pay gap (average median pay for males versus average median pay for females). We have conducted an analysis on the drivers of our gender pay gap and have comprehensive action plans in place to close the gap at both Orion and Connetics. Orion has externally reported the gap on both their Careers website and on the New Zealand pay gap registry (mindthegap.co.nz).

### Engagement and partnerships with other ethnicities

Enhancing our ethnic diversity is one of our DEI targets. Orion has gathered demographic data to better understand how representative we are of our communities. To support this mahi, The Orion Group is continuing to support the employee-led Inclusion Council (Orion) and Wellbeing Rōpū (Connetics) as well as developing attraction strategies customised to the demographic make-up of future New Zealanders.

### Living wage

Orion Group is dedicated to CCHL's commitment to paying above living wage, including any adjustments to the living wage. Orion Group pays all employees on or above the living wage, except some apprentices while they are working towards their initial competencies and youth participating in work experience programmes.

### **Executive remuneration**

We continue to be conscious of our community context and shareholding structure in setting remuneration for senior executives, which is closely managed by the Board and made publicly available via our Annual Report. We regularly compare our employee remuneration against relevant market data. In general, we aim to meet the Energy and Private markets.

In FY22 external review of remuneration frameworks across the Orion Group both Connetics and Orion have since adopted a series of recommendations to ensure a fair and equitable remuneration system. The review confirmed that Orion's remuneration practices and job evaluation methodology are sound; the Group is working towards improving the current practices to better reward high performance.

### Health, Safety and Wellbeing

Our approach to the health, safety and wellbeing for our people focuses on senior leadership commitment and engagement, critical risk management and improving our systems and processes.

We continue review of our critical risks and have commenced a dedicated programme to ensure our risk controls are fit for purpose and monitoring to capture new and emerging risks. Our critical risks include eight inherent risks. Connetics also has an additional 10 that cover situational high impact, low probably risks.

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### Being a force for good in the communities we serve, enabling the net zero transition – *communities and environment*

Key performance measures	Targets		
(to be reported year-end)	FY25	FY26	FY27
Collaborative local energy planning	•		
Key stakeholder agreement that Orion is considered a trusted core partner in the development of collaborative climate/energy strategies and plans (on a scale of 1 to 10)	6/10		
Empowering our customers and communities			
Our customers agree that Orion is prepared for a very different future for electricity	42%	44%	46%
Reducing the environmental impact of our operations			
Group operational carbon emissions	2456	2292	2112
Planting of native forest in partnership with Wairewa Rūnanga	45,000 seedlings planted	45,000 seedlings planted	45,000 seedlings planted

### The key outcomes in this focus area:

### Collaborative local energy planning

We have created future energy scenarios for the Orion area and significantly improved our regional energy modelling capabilities. This enables us to examine potential energy futures, including energy generation and demand in our network area up to 2050. This work is essential for guiding our network investment plans in the face of uncertainties, understanding transition-related changes and opportunities, and prioritising innovation. In FY25 we plan to engage with stakeholders, especially local authorities and major customers, to review and validate our energy scenario framework and assumptions. The collaborative effort will be a critical next step in promoting more coordinated energy transition planning throughout Orion's area.

### Empowering our customers and communities

**Households and communities**: we will build on our recent work and relationships, including with Community Energy Action, Ōtautahi Community Housing Trust and Ecobulb, and our growing capability in data-driven consumer insights, to maximise the reach and impact of our support for households and communities, with a particular focus on supporting energy equity and community resilience. We will further develop and leverage our newly created Home Energy Living Lab as an environment to explore, develop and test solutions and services.

**Industrial and commercial customers**: we will continue to develop our advisory services for commercial and industrial customers, with a particular focus on industrial customers seeking to decarbonise their operations through conversion of coal and gas fired boilers to lower carbon alternatives, and those seeking to develop renewable generation within the region.

### Reducing the environmental impact of our operations

This captures our culture of being responsible stewards of the assets and energy resources we manage. We recognise that our operations have environmental and social impacts and to be an authentic decarbonisation partner we must decouple our operations from carbon emissions. On that basis we have set a carbon reduction target aligned with keeping warming within 1.5 degrees and will track our progress towards it.

In addition, we are working with local landowners and Rūnanga to establish up to 300ha of indigenous forest in our network area. This will support biodiversity and have the additional benefit of creating carbon units that Orion Group can use to inset its operational emissions. Orion will look for further partnership opportunities including with Selwyn District Council.



### Facilitating decarbonisation and hosting capacity at

**lowest cost** – asset and know-how

Key performance measures	Targets		
	FY25	FY26	FY27
Network Transformation			
RAB/Maximum System Coincident Demand. Note: better performance is that less RAB/MW of system coincident demand	In top 25% of EDBs	In top 25% of EDBs	In top 25% of EDBs
Number of installed monitors on transformers over 200kVa	200	200	Complete
Accuracy of operational/day ahead load forecast used for network peak demand management	>=85%	>=90%	>=92.5%
Maximising Flexibility			
Number of sites we take to tender for flexibility services	2 (including Lincoln)	Х	х

### The key outcomes in this focus area:

### Network transformation

Through our Network Transformation Programme, we are addressing the challenge and opportunity decarbonisation presents. Our programme's focus is ensuring we transition to a dynamic, energy-sharing, "smart" network that facilitates customer participation and integration of a range of renewable energy sources, electric vehicles, energy storage, and low carbon technologies (LCT), in a cost-effective way through optimising the network and leveraging spare capacity.

### Maximising flexibility

The transition towards net-zero emissions is driving a need for more demand side flexibility to support the integration of intermittent renewables and improve utilisation of electricity networks. Existing approaches to flexibility, such as ripple relays and peak period pricing, are crucial to system security and help manage cost to customers. Orion is also exploring new approaches, such as flexibility services and innovating distribution pricing.

We are actively working with customers and stakeholders across the energy sector through a range of initiatives, both strategic and practical. Specific projects include our Lincoln flexibility trial to defer capital investment through flexibility services and Resi-flex, which aims to encourage residential flexibility by stimulating innovative customer offerings, such as smart tariffs.



# Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost – assets and know how

Key performance measures		Targets	
	FY25	FY26	FY27
Network performance			
SAIDI – planned	39.68	39.68*	39.68*
SAIDI – unplanned	84.71	84.71*	84.71*
SAIDI – total minutes per customer	124.39	124.39*	124.39*
SAIFI – planned	0.1496	0.1496*	0.1496*
SAIFI – unplanned	1.0336	1.0336*	1.0336*
SAIFI – total number of interruptions per customer	1.1832	1.1832*	1.1832*
Resilience of our rural and urban network			
Hoon Hay zone substation upgrade and replacement of oil filled 66kV cables from Milton to Hoon Hay	Started	Underway	Complete
Replacement of oil filled 66kV cables from Halswell to Hoon Hay	Started	Underway	Complete
Integrated view of our assets and processes			
Integrated Asset Management programme deliverable	Business case complete	x	Х
Customer experience of our network			
Overall performance – customers are satisfied with Orion as a lines Company	8.3/10	8.3/10	8.3/10

\*FY26 is subject to DPP4 reset and our quality targets are unknown at this stage

### The key outcomes in this focus area:

### Network performance

As a regulated business the Commerce Commission sets performance measures for our network reliability. SAIDI measures supply interruptions per customer by minutes and SAIFI measures supply interruption by number of outages. Our SAIDI and SAIFI measures are set for each default price period (DPP). The Commerce Commission sets the measures on the past performance of our network. Our Asset Management Plan (AMP) sets out our capital expenditure programme of work for the next ten years and is a pivotal for allowances under the Commerce Commission DPP settings.

### Resilience of our rural and urban network

Our region's greatest natural disaster risk is a major earthquake. This would test our network in different ways to 2011. To increase the network's resilience, we have planned to replace our oil filled 66kV cables over the next 10 years. We began this replacement in FY22, and it is a key risk mitigation for a potential Alpine Fault event (AF8). The architecture adopted also supports our future aspirations to power a cleaner and brighter future with our community.

### Building an integrated view of our assets and processes

We are significantly shifting our approach to asset management through better use of data and technology. A fully integrated view will deliver efficient management of our assets. Over the next period, the Integrated Asset Management programme will focus on implementing a modern asset management platform, reviewing the end-to-end asset management value chain and associated processes. Key to this is the capturing and use of asset data and improving field force support through mobility.

### Customer experience of our network

We value our customers and want to make their experience with us even better. Over the next period, our developing Customer Relationship Management system, use of the *Snap Send Solve* app, and refreshed Orion website will contribute to this. We'll also boost engagement through awareness campaigns, sharing stories via our Community Updates and digital channels, and implementing a Stakeholder and Community Engagement Plan. Our customers appreciate our focus on safety, reliability, and resilience, and most are satisfied with our current performance.



### Governance

### Board

Our shareholders appoint the directors to govern Orion New Zealand Limited. The Orion Board appoints the directors of Connetics Limited. The Orion Board is the overall and final body responsible for the direction and control of the companies activities and decision-making.

The boards' responsibilities include the overall strategy, objectives, stewardship, performance and reporting of the relevant entities and Group.

### **Board operation**

Our boards are committed to best practice governance. Our boards' operations are subject to the companies' constitutions and the Board Charter. The Charter sets out how the boards and directors shall undertake their responsibilities.

The Orion Chair leads the Board and its relationship with shareholders and other major stakeholders. The Chair maintains a close professional relationship with the Group Chief Executive and leadership teams. New directors undertake an induction process to familiarise them with matters related to the company.

### Policies

The boards review the companies' key policies at regular intervals. We develop new policies as needed to provide clarity and guidance to our people on changes in an evolving work and social environment.

### Board performance and review

The boards regularly review their performance and the performance of the Group Chief Executive. The reviews identify opportunities and set plans for performance development and improvement. Orion maintains a regularly reviewed Orion directors' skills matrix with the skills and areas of expertise Orion needs mapped against our strategy and current capabilities.

### **Board meetings and committees**

Each board meets approximately eight times per year. Additional meetings are convened as and when required. The boards' annual work programmes are set by each board before the start of each calendar year. The boards receive formal agenda papers and regular reports, generally a week in advance of meetings. The Integrated Leadership Team (ILT) and other business leaders in the Group are regularly involved in board discussions. Directors also have other opportunities to obtain information and may seek independent expert advice.

The boards delegate some responsibilities and tasks to board committees, but the boards retain the ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings.

The Orion Board has two standing committees:

Audit Risk Committee: liaises with the company's independent external auditor and reviews the
effectiveness of internal controls, financial and regulatory information, and climate reporting.

People and Culture Committee: reviews the company's remuneration policies and practices. It
reviews and sets the remuneration of the company's Chief Executives and ILT as well as providing
guidance and feedback on succession planning, talent development, inclusion and diversity and
other people and culture policies and practices.

Audit Risk and People and Culture activity is reported to the Connetics full Board.

### Liability insurance and indemnity

The Group arranges comprehensive liability insurance policies within the limits and requirements as set out in the Companies Act 1993 and the Group's constitution. The Group also indemnifies directors and employees within the limits and requirements set out in the Act.

### Loans to directors or employees

The Group does not make loans to directors or employees.

### Statement of Intent (SOI)

This SOI is prepared in accordance with section 39 of the Energy Companies Act 1992 and the Group's constitution.

### Risk management

Orion Group provides a flexible and purpose-built approach to the application of risk management and is consistent with ISO31000:2018 Risk Management Guideline. Our risk management processes and tools are embedded within our business operations, to drive consistent and accountable decision-making through an Enterprise Risk Management (ERM) approach. This ensures we have a complete, integrated, group-wide focus on managing our strategic and operational risks and enables the Group to make clear decisions around opportunities. Our risk management approach is reviewed by the full Orion Board and reported to the Orion Board at least twice yearly.

### Legislative compliance

To ensure we deliver on our Purpose we need to balance what is in the best interest of our community while managing our compliance under relevant legislation and regulation.

### Auditor

Audit New Zealand on behalf of the Auditor-General is the auditor of the Group.

### **Procurement practices**

Where practical we are working with suppliers to move to 'All of Government' (AOG) contracts to gain efficiencies and lower rates.

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### **Governance continued**

### Stakeholder engagement

We undertake annual stakeholder engagement surveys to engage with our community on their needs and how we are performing. This work is an integral part of our strategy and ensures we have the communities voice at the heart of everything we do. We are currently developing our Stakeholder Engagement Plan which will go to the Board in FY25.

### How we will report to our shareholders

We will deliver our Integrated Annual Report to our shareholders on or before 30 June each year. Our Integrated Annual Report will include:

- our audited financial statements
- our performance relative to the targets we set in our SOI
- how we are delivering on our Group Purpose and Strategy
- climate reporting
- other information to enable an informed assessment of the Group's governance.

We will deliver half-year reports to our shareholders that will contain unaudited information similar in content to our Annual Report and will comply with financial reporting standard NZ IAS 34 – Interim Financial Reporting. We will provide regular updates to our shareholders on our performance, which may include updates on financial, strategic, risk and operational issues.

Board and Management will meet regularly with shareholders to provide briefings and context on our fiveyear plan. We will also have a yearly investor day presentation to share progress with shareholders on our strategy and focus areas. Our public Annual Stakeholder Meeting is held in August every year.

We will continue to support and co-operate with shareholders sharing information to assist with forecasting and shareholder strategic reporting.

Our accounting policies comply with applicable NZ IFRS standards and interpretations and will be consistent with the accounting policies adopted by the Christchurch City Council consolidated Group. We have applied the same accounting policies when preparing our financial forecasts in this SOI that we applied for our audited financial statements for the year ended 31 March 2023, <u>FY23 Annual Report</u>. Our actual accounting policies may change because of changes to NZ IFRS standards and interpretations.

### Acquisitions and divestments

We will only consider acquiring securities in a company or organisation, or divesting part of an existing business, where consistent with the Orion Group Strategy and Purpose. When we consider a transaction to be significant, we will consult with our shareholders with as much lead-time as is commercially practicable in the prevailing circumstances.

Major transactions as defined by the Companies Act 1993, will be subject to shareholders' approval by special resolution. Where we decide to incorporate or subscribe for shares in subsidiaries to undertake our commercial activities, we will ensure effective management.

Board control of any subsidiary is exercised by our Directors and Management. No material intercompany

transactions are forecast to take place with our shareholders, or the wider CCC and SDC group, during the three years covered by this SOI, except the payment of dividends, services provided or received on an armslength commercial basis and services received that are covered by local authority rates. We will advise shareholders of any additional material intercompany transactions which take place with our shareholders or the wider CCC and SDC group.

We operate on a "no surprises" basis with shareholders in respect of significant matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

If a shareholder decides to sell shares in Orion, we will co-operate and work with that shareholder and its advisors, subject to our obligations at law.



### Appendix

### Notes and definitions

### Financial

- Our financial targets are for the consolidated Orion Group and are in nominal terms they
  include forecast inflation/escalation.
- Our key assumptions for our financial targets are:
  - our future electricity distribution revenues will be within the limits the Commerce Commission has set for Orion
  - our transmission charges from Transpower will be 'passed through' to customers
  - our future opex and capex will largely reflect the work programme in our 2024 Asset Management Plan, subject to any impacts of COVID-19 on our supply chain and resources
  - o no future major investments/divestments
  - no future natural disasters, material adverse events or materially adverse decisions by regulatory agencies.

### Reliability

- SAIDI and SAIFI are standard industry measures for network reliability:
  - SAIDI refers to our system average duration: the minutes of supply interruptions per customer
  - SAIFI refers to our system average frequency: the number of supply interruptions per customer
- Both measures exclude interruptions that are caused by electricity generators or Transpower, are caused by our low voltage (400V) network or last for less than one minute.
- The Commerce Commission sets performance limits for our network reliability as part of the Commerce Act (Part 4) price-quality control regime. Our annual targets are consistent with our performance limits for FY21 to FY25.
- The Commission assesses our actual unplanned network reliability against our limits each year after 'normalising' for the impacts of major events by 'capping' the measured impact of each major event. We will report our annual performance against our network reliability limits, after normalising for 'major events' using the Commerce Commission's methodology.

### Group corporate emissions

Our total Group carbon emissions for our current benchmark year of 2020 were 17,203 tCO2e. 81 per cent of these are associated with electrical losses, directly linked to how New Zealand generates its electricity. We take steps to limit losses, for example by reducing peak load, but there are no viable solutions to eliminate them yet.

What we consider to be our Group corporate emissions are relatively small by comparison, comprising 3,276 tonnes per annum in 2020, reducing to 2,112 tonnes in FY27, with a goal to reduce to 2,456 tonnes in FY24. They include direct emissions, such as petrol or diesel used by the Group, as well as some indirect emissions, such as landfill gas and air travel by employees.

We believe it is important to manage our footprint regardless of its size and use mitigation of our corporate emissions to trial reduction measures that could also assist our customers.

### Health and Safety

Events that did or could have resulted in serious injury are events defined in section 25 of the Health and Safety at Work Act 2015 as Notifiable Events.

### **Our Group Structure**





# DEVELOPMENT CHRISTCHURCH LIMITED STATEMENT OFINITESTICHURCH LIMITED

FOR THE YEAR ENDING 30 JUNE 2025

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Directory

Postal Address:	Development Christchurch Limited Level 1, 151 Cambridge Terrace Christchurch 8140 New Zealand
Registered office:	Development Christchurch Limited Level 1, 151 Cambridge Terrace Christchurch 8140 New Zealand
DCL Board:	Paul Silk Paul.Silk@cchl.co.nz



### Introduction

This Statement of Intent (SoI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The Sol specifies for Development Christchurch Limited (DCL or Company), the purpose statement, strategic objectives, nature and scope of the activities to be undertaken and the measures by which the performance of DCL may be judged against its objectives and the achievement of Community Outcomes outlined by the Christchurch City Council's Long Term Plan (LTP). This Sol also covers our jointly-owned subsidiary Leisure Investments NZ Limited Partnership (Christchurch Adventure Park or CAP).

The process of negotiation and determination of an acceptable Sol is a public and legally required expression of the accountability relationship between the Company and its shareholder, Christchurch City Holdings Ltd (CCHL).

The Sol is reviewed annually with Christchurch City Council (the Council) and covers the period through to 30 June 2025.

DCL is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

### Nature and Scope of Activities

DCL was established by Council in 2015, with its purpose being to accelerate development activities in Christchurch's built environment to achieve positive social outcomes that lead to a prosperous local economy.

On 1 May 2019, DCL increased its investment in the Christchurch Adventure Park (CAP), taking its shareholding to 54.73% and establishing it as a Council Controlled Organisation and subsidiary of DCL. CAP's vision is to be "New Zealand's leading active outdoor leisure park and Canterbury's number one attraction". CAP's focus is on active wellness, incorporating:

- Hard to replicate social outdoor exercise and leisure experiences;
- Support for national and local government objectives around tourism and having active healthy communities; and
- CAP's offerings are structured to align with global consumer trends of clean living, a preference for consumer experiences over products and mindful consumption.

CAP seeks to use the Park's amazing natural features and environment, buildings and infrastructure to provide an experience to users that delivers a high-quality customer experience end to end.

In addition to these core objectives CAP will also:

- Ensure that the organisation performs to a high standard, with key policies, processes, systems and people in place.
- Ensure that best practice governance, assurance, financial, and health and safety practices are applied to its operations, relevant to the size and scope of those operations.

In mid-2020 Council requested DCL to prepare a plan to transition all its ongoing projects and functions to local agencies given the changing economic drivers in the city both post COVID and as it nears a decade since the first Canterbury earthquake.

In 2020 the Council determined that the operations and functions of DCL were to be transitioned to ChristchurchNZ (CNZ), with DCL retaining ownership of its assets. In October 2020, CNZ was contracted to provide services in relation to the assets remaining in DCL ownership via a service level agreement. DCL continues to hold the land assets, and the equity investment in Christchurch Adventure Park on behalf of the Council.

In late 2021, the Council agreed to capitalise CNZ. The Sol period relates only to the financial year ended 30 June 2025, and this Sol may be updated during this period if the remaining functions or the assets owned by DCL change.



### **DCL Performance Targets and Measures**

The DCL Board will use the following measures to assess its performance over the 2024/25 financial year:

	Objective	Performance Targets for 2024/25
1.	DCL will work closely with CNZ to continue to dispose of land held for resale on commercial terms.	Confirmed sale and purchase agreements on all property held for resale which achieve appropriate outcomes for the city.
2.	Monitor the investment of Christchurch Adventure Park	Monitor investment and establish appropriate ownership model for Council's stake in the Christchurch Adventure Park.

### **CAP Performance Targets and Measures**

The CAP Board will use the following measures to assess its performance over the 2024/25 financial year:

### Governance

	Objective	Performance Targets for 2024/25
1.	CAP keeps its limited partners informed of all significant matters relating to CAP	CAP will meet and provide updates to DCL and CCHL on key work programmes quarterly. CAP will provide a quarterly report to DCL and CCHL noting progress against Sol targets. CAP will advise any major matters of urgency to its owners at the earliest opportunity.
2.	Corporate governance procedures are appropriate, documented and reflect best practice.	The Board will implement and maintain an appropriate and comprehensive suite of corporate governance policies and procedures.

### **Key Initiatives**

	Objective	Performance Targets for 2024/25
1.	Financial Prudence Continue to evolve operations to maintain a financially sustainable business.	CAP will continue to adapt and restructure its business model and operations in order to maintain a financially sustainable business.
2.	Strategic Development Strategically invest in further attractions that complement the existing attractions and natural features in keeping with the overall vision and mission of CAP.	CAP aspires to create a future development plan for the Park in the next 12 months that reduces its exposure to weather, and which increases the range of attractions that it has to offer.

### Financial and operational objectives

	Objective	Performance Targets for 2024/25
1.	CAP is financial sustainable.	CAP's principal near-term financial goal is to be a cash flow positive business.
2.	Operational excellence.	<ul> <li>CAP is committed to maintaining rigorous policies and processes in accordance with accepted industry standards CAP will:</li> <li>Maintain a culture that is proactive, and outcomes focused.</li> </ul>

<ul> <li>Operate Health and Safety systems and practices that are appropriate for its business activities for the benefit of employees and customers.</li> <li>Maintain a Diversity and Inclusion Policy designed to recognise the value of diverse and skilled director and employee groups.</li> <li>Maintain an inclusive and collaborative boardroom and workplace culture.</li> <li>Utilise an effective prioritisation framework and work programme to ensure optimal allocation and flexibility of resources.</li> <li>Maintain a strict 'no-surprises' policy in its relationship with DCL, CCHL and Council as</li> </ul>
appropriate.
<ul> <li>Promote sustainable environmental practices and reflect these through a Sustainability Policy.</li> </ul>

### **Group Financial Forecasts**

The following projections are group financials for the 2024/25 financial year:

	2025	2026	2027
EBITDA (\$000)	356	515	686
NPAT (\$000)	13	154	302
Debt/EBITDA	1.1	0.8	0.6
Return on Capital (%)	0.6%	3.3%	5.9%

### Distributions

DCL consider the payment of dividends to the shareholder after taking into account the company's financial position, profitability, working capital requirements and future investment requirements. The dividends payable to the shareholder will be determined by the board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

### **Accounting Policies**

DCL will adopt accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practices and the policies adopted by the CCHL/the Council group.

### **Corporate Governance**

DCL's constitution allows the DCL Board to make decisions that are in the best interests of the shareholder, notwithstanding that they may not necessarily be in the best interest of the company. Accordingly, the DCL Board has agreed with the CCHL Board that any significant decisions impacting on DCL will be referred to the CCHL Board for final approval. Accordingly, the DCL corporate governance practices and processes adopted or followed by the DCL Board will be aligned with those adopted by CCHL.

### **Board Composition**

The directors of DCL are appointed by the shareholder (CCHL). The DCL Board currently consists of the CCHL CEO only.



### **Role of the Board of Directors**

The Board is responsible for the proper direction and control of the Company's activities. The Board guides and monitors the business and affairs of DCL on behalf of the shareholder. All directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Principles of Best Practice.

The Board of DCL have been appointed by CCHL to undertake the management and monitoring of the service level agreement with CNZ. Any material decision making, including the disposal of land and assets, will be made by the CCHL Board following input by the DCL Director.

### **Responsibility to Shareholder**

### Information Flows:

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

### **Statutory Information Requirements**

### Statement of Intent:

Under the Local Government Act 2002, the Company submits a draft Statement of Intent (SoI) for the coming financial year for consideration by CCHL and the Council. This SoI sets out the Company's overall objectives, intentions and financial and performance targets. Having considered any comments on the SoI by CCHL and Council, the Company issues the SoI in final form.

### Annual Report:

DCL will submit an annual report to its shareholder which will be available for Council and the public. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the Company's performance and financial position during the reporting period and to comply with the requirements of the Companies Act and Financial Reporting Act.

### **Health and Safety**

DCL take a risk-based approach to health and safety. DCL maintains a fit-for-purpose health and safety management process encompassing the following:

- Board and management reporting;
- Incident investigation, applying any lessons learnt;
- Proactive identification and management of hazards and risks;
- A culture of continuous improvement; and
- Compliance with legislation.

### **Sustainability and Our Environment**

DCL will operate in a way that is supportive of the Council's target to be net carbon neutral by 2030 for its activities.

### Activities for which Compensation is sought from Any Local Authority

This Sol contains no specific requirements for compensation by CCHL or Council. It is noted that there may be a need to obtain funding from CCHL for the delivery of specific additional work or reinvestment that is identified. This will be formally agreed and contracted between CCHL and DCL.

### **Acquisition/Divestment Policy**

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business (other than land held as inventory), will only be considered where it is requested by CCHL or Council.

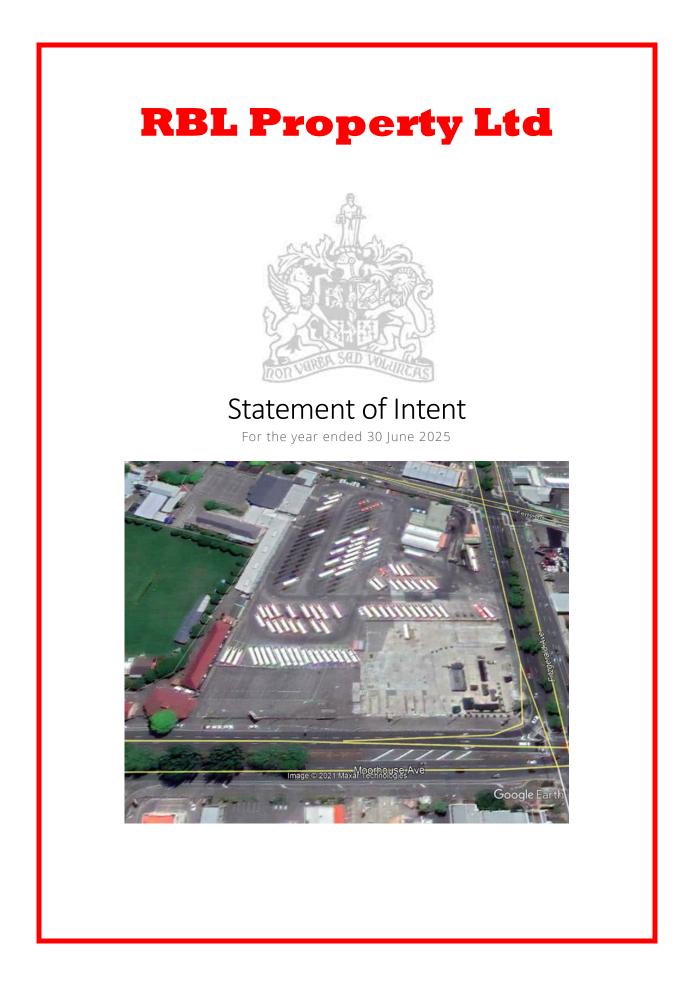
Major transactions as defined in the Companies Act 1993, s129 (2), will be subject to shareholder approval by special resolution.

### Estimate of commercial value of shareholder's investment

The Board estimate that the commercial value of our shareholder's investment is at least that which is stated as shareholders' equity, in the audited financial statements.

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# Attachment C

Introduction

This Statement of Intent is prepared by RBL Property Ltd (RBLPL) in accordance with Section 64 (1) of the Local Government Act 2002. The Statement of Intent specifies for RBLPL 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 company may be judged in relation to its objectives.

The Statement of Intent is a public and legally required document, reviewed and agreed annually with its shareholder Christchurch City Holdings Ltd (CCHL) and covers a three-year period.

This Statement of Intent is covers the period from 1 July 2024 to 30 June 2027.

Contact details for the registered office of RBL Property Limited are:

Address:	C/- CCHL, Level 1, 151 Cambridge Terrace, PO Box 1151,
	Christchurch
Telephone No:	+64 3 941 8475
Web site:	No website
Email:	info@rblproperty.co.nz

RBLPL Ltd is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002.

**RBLPL** Partners

- Christchurch City Council
- Christchurch City Holdings Ltd and subsidiaries
- Ngāi Tahu and local hapu



# History

This Statement of Intent relates to the company formerly named Red Bus Ltd. In December 2020, Red Bus sold its operating business to Ritchies Transport Holdings Ltd.

On the completion of the sale, the company was renamed from Red Bus Ltd to RBL Property Ltd reflecting that the primary asset remaining was the property on Ferry Rd that was the main depot and office. The other remaining assets were surplus buses not required for ongoing operations by the new owners. These were all sold by January 2022.

# Nature and scope of activities

The only commercial activities undertaken by RBLPL are the leasing and management of the property that comprises the company's main asset. This holding is a block of approximately 27,000 m<sup>2</sup> bounded by Ferry Road, Fitzgerald Avenue, Moorhouse Avenue and Cathedral Grammar school.

RBLPL itself has no strategy of being a long term property owning entity. RBLPL will be guided by its owner Christchurch City Holdings Limited (CCHL) and the Christchurch City Council (Council), as to the ultimate disposition of the site.

RBLPL's preference is to dispose of the site in whatever way the ultimate owners decide and to liquidate the company.

# Our objectives

RBLPL is committed to being a responsible landowner and landlord until the final ownership of the site is determined and implemented. RBLPL will maintain community, environment, people and financial objectives commensurate with the size and scale of the business.

# Kaitiakitanga

RBLPL is 100% owned by the people of Christchurch.

The Council's strategic priorities are "to meet our community's aspirations of a liveable city, with strong connected communities, a healthy environment and a prosperous economy".

RBLPL's key objective is to work with CCHL and the Council to establish the preferred long term ownership of the site.



## Mana

RBLPL will be a responsible land owner in the city, and professional and constructive landlord for our tenants.

# Sustainability

RBLPL will ensure that site environmental management is maintained to a high standard.

# People

RBLPL has no employees. Activities are undertaken by part time contractors and secondees from CCHL.

# Financial

RBLPL is a council-controlled trading organisation (CCTO), operating for the purpose of making a profit.

The key objectives for financial focus are to:

- maximise the return from leasing the land consistent with not encumbering the land to the extent that options for the owners are constrained; and
- return all surplus cash to CCHL.



# Performance targets

Key assumptions

- RBLPL is purely a holding company and landlord for the Ferry road site.
- The land continues be held as an investment property.
- No staff are employed, with the company being run by part time contractors and secondees from CCHL.

# Financial

Description	Performance targets	Performance Measures
Financial	Financial targets achieved and dividend paid to CCHL	Financial targets per Statement of Intent

The financial performance targets for the company are as follows and are based on the assumptions above:

	2025	2026	2027
EBITDA (\$000)	932	933	939
NPAT (\$000)	726	727	732
Debt/EBITDA	0	0	0
Return on Capital	4.7%	4.5%	4.4%

# Non-Financial Targets

Description	Performance targets	Performance Measures
Our Kaitiakitanga		
Kaitiakitanga – how we will manage the impact on our environment	Site environmental management maintained to acceptable standard	Site maintained in compliance with consents and lease arrangements

Description	Performance targets	Performance Measures
Our Mana		
Relationships and partnerships with the people who power us.	Constructive relationship with owners regarding future of land holding	RBLPL will work with CCHL and in turn with CCC to establish the future for the Ferry Road site, and to then implement whatever is required to give effect to the desired outcome.

Description	Performance targets	Performance Measures
Our Sustainability		
Our role as leader in social responsibility	Not relevant	Not relevant
Sustainability in the context of climate risk	No targets set in light of finite time RBLPL will hold assets.	Not relevant
	Carbon emissions are limited to those associated with leased premises	Not relevant

Description	Performance targets	Performance Measures
Our People		
Looking after our people	Buildings and services maintained to standard for tenants	Zero notifiable events
	Contract and seconded staff treated fairly and with respect	Fair terms and conditions for contractors
	Safety Target is set at zero incidents or injuries to contracted staff	AIFR target of zero incidents per million work hours



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# Governance

# Role of the Board of Directors

The board is responsible for approving RBLPL's strategic direction, for overseeing the management of the company and for delivering its business strategy. The board's ultimate aim is to increase shareholder value, while ensuring the obligations of the company are met.

RBLPL directors comply with a formal code of ethics, which is consistent with the New Zealand Institute of Directors' Four Pillars of Governance to ensure best practice governance.

# Responsibility to the Shareholder

In accordance with section 64 of the Local Government Act 2002, the company submits a Statement of Intent for the coming financial year to the shareholder. The Statement of Intent sets out the company's overall objectives, intentions and financial and performance targets.

# **Board Composition**

The directors of RBLPL Ltd are appointed by the shareholder Christchurch City Holdings Limited (CCHL). Board membership currently consists of one contracted executive director and the CCHL CEO.

# **Board Committees**

There are currently no Board committees.

The board can establish committees on an as-needed basis, to deal with issues as they arise.

# Accounting policies

RBLPL Ltd has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the CCHL group. The detailed accounting policies are available in RBLPL's most recent annual report, as published on the CCHL website.

# Investment policy

RBLPL has no investment plans.

# Remuneration policy

RBLPL contractor remuneration is:

- Based on market rates for the role performed;
- Determined by the characteristics of the position without gender or other discrimination; and
- Subject to a periodic review.

# Distributions

RBLPL will pay dividends to the shareholder after taking into account the company's financial position, profitability, potential liabilities, working capital requirements and future investment requirements. The dividends payable to the shareholder will be determined by the board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

# Information to be provided to shareholder

### Information Flows

The board aims to ensure that CCHL is informed of all major developments affecting the company's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public.

### Statement of Intent

Under the Local Government Act 2002, the Company submits a draft Statement of Intent (Statement of Intent) for the coming financial year for consideration by CCHL and the Council. This Statement of Intent sets out the Company's overall objectives, intentions and financial and performance targets. Having considered any comments on the Statement of Intent by CCHL and Council, the Company issues the Statement of Intent in final form.



# Attachment C

### Annual Report

RBLPL will submit an annual report to its shareholder which will be available for Council and the public. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the Company's performance and financial position during the reporting period and to comply with the requirements of the Companies Act and Financial Reporting Act.

# Acquisition / divestment procedures

The subscription or acquisition of securities in any company or organisation, or a divestment of remaining parts of the existing business, will only be considered where it is requested by CCHL or Council.

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

# Compensation sought from local authority

At the request of the shareholder, the company 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.

# Estimate of commercial value of shareholder's investment

The board estimate that the commercial value of our shareholder's investment is at least that which is stated as shareholders' equity, in the audited financial statements.

The major assets of RBLPL are the property at 120 Ferry Road.

# Role in the CCHL group and regional economy

### Commercial relationships within the CCHL group

Recognising that there are potential synergies with the CCHL group, RBLPL will liaise with other CCHL companies across the group, as appropriate seeking material and worthwhile joint initiatives, including knowledge sharing.

### Role in the growth of the regional economy

RBLPL no longer has a role in growing the regional economy



# 12. ChristchurchNZ Holdings Ltd - Draft Statement of Intent 2024/25

Reference Te Tohutoro:	,
Responsible Officer(s) Te Pou Matua:	Linda Gibb, Performance Advisor, Resources
Accountable ELT Member Pouwhakarae:	Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

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

- 1.1. The purpose of this report is to present ChristchurchNZ Holdings Ltd's (CNZHL's) draft Statement of Intent (SOI) for 2024/25 and to seek shareholder comments on the draft document.
- 1.2. The report has been written following receiving CNZHL's draft SOI on 1 March 2024 as required by clause 1(2), part 1 of schedule 8 of the Local Government Act 2002 (LGA).
- 1.3. CNZHL's draft SOI is at **Attachment A** and the Council's Letter of Expectations (LOE) for 2024/25 is at **Attachment B**.

### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

- 1. Receives ChristchurchNZ Holdings Ltd Draft Statement of Intent 2024/25;
- 2. Comments on ChristchurchNZ Holdings Ltd's draft Statement of Intent 2024/25 as follows:
  - For Goal 1 (Accelerate and amplify productivity, growth and regenerative transition of businesses) include reference being made to the evidence-based approach already taken by CNZHL in respect of its Support Objective under Goal 1;
  - For Goal 3 (Elevate Ōtautahi Christchurch's profile and reputation in national and global markets) When promoting Ōtautahi Christchurch to its tourism partners ChristchurchNZ Holdings Ltd could note the leadership role it is taking in promoting regenerative and sustainable tourism;
- 3. Advises any further comments on ChristchurchNZ Holdings Ltd's draft Statement of Intent 2024/25 to be referred to the ChristchurchNZ Holdings Ltd board; and
- 4. Notes that the decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy.

### 3. Executive Summary Te Whakarāpopoto Matua

- 3.1 The key purpose of the SOI provisions in the LGA are to enable the Council, as shareholder of a Council-controlled organisation (CCO) to influence its strategic direction.
- 3.2 CNZHL's draft SOI was received on 29 February 2024 ahead of the LGA's due date of 1 March 2024, and meets the Act's content requirements and the Council's Letter of Expectations (LOE) for 2024/25 and the Council's Enduring Statement of Expectations (SOE).



- 3.3 The Council's operating grants for CNZHL as recorded in the draft LTP are consistent with the draft SOI, other than one rounding discrepancy which will be corrected in the final SOI.
- 3.4 Clause 2, schedule 8 of part 1 of the LGA provides for a CCO board to consider comments on its draft SOI made by shareholders by 1 May, after which it must finalise the draft SOI by 30 June 2024. It must be published by 31 July 2024.

### 4. Background/Context Te Horopaki

### Local Government Act 2002 requirements for SOIs

- 4.1 Schedule 8, parts 2 and 4 of the LGA set out the content requirements for SOIs the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the major accounting policies.
- 4.2 Clauses 1 and 2 of schedule 8, part 1 of the LGA provide that the board of a Councilcontrolled organisation (CCO) must deliver a draft SOI to its shareholders by 1 March each year and that shareholders may provide comments on the draft to the CCO board by 1 May. Clause 3 of schedule 8, part 1 provides that the CCO board must consider the comments and finalise the SOI by 30 June.
- 4.3 The SOI is a tool to facilitate a strong relationship between a council and its CCOs by ensuring there is alignment of expectations on matters of strategic importance, including the objectives and how they will be achieved. The governing body of a CCO is required to consider a council's comments. When considering a council's comments the board of a company CCO is required to consider the duties of directors pursuant to section 131(1) of the Companies Act 1993 including to act in the best interests of the company.
- 4.4 The shareholder's LOE for 2024/25 and Enduring SOE informed CNZHL's development of its draft SOI.

### **CNZHL's activities**

- 4.5 CNZHL's primary focus is on delivering sustainable economic growth to Christchurch primarily through attracting visitors, businesses, investment and events to the city, undertaking urban development, supporting businesses to achieve goals of becoming and maintaining sustainability, adopting new technologies and innovations.
- 4.6 The majority of CNZHL's funding is from the Council of approximately \$15.9 million proposed in 2024/25, inflation-adjusted for the following two years, as shown in the table below. The funding is underpinned by levels of service (represented as contractual attributes for delivery) as well as the draft SOI providing performance targets that reflect the Council's ownership of the CCO.
- 4.7 Third party income makes an important contribution to CNZHL's outcomes, by leveraging the Council's funding to magnify net benefits to the city. Following substantial injections of COVID-19 support from central government over the past couple of years, and with the economy contracting, CNZHL's ability to attract this revenue is likely to be constrained over the SOI period. Nevertheless CNZHL has forecast increases that in part represent stretch/ambition.

### Draft Long Term Plan 2024-34

4.8 All Council operating and capital grants to CNZHL are provided for in the draft SOI consistent with the draft LTP with a rounding discrepancy in 2025/26 that will be addressed for the final SOI, as follows:



	2024/25 \$m	2025/26 \$m	2026/27 \$m
Council funding (inflation adjusted in 2025/26 and 2026/27)	15.9	16.3	16.7
Draft LTP 2024-34	15.9	16.4	16.7
3 <sup>rd</sup> party revenue	1.6	1.9	2.1
Total revenue / expense	17.5	18.3	18.8
Total Assets	3.6	3.6	3.6

- 4.9 In the event there are changes to these allocations in the final LTP, the SOI will be amended accordingly.
- 4.10 Note that impact on the balance sheet from amalgamating DCL into CNZHL has not been recorded based on lack of certainty as to when and whether it will proceed.

### Options Considered Ngā Kōwhiringa Whaiwhakaaro

4.11 The only practicable option available to Council is to review and provide comment on CCHL's draft SOI so they can be considered as part of finalising the SOI. In the absence of shareholder comments, the CCHL board will finalise the SOI and it will form part of the suite of accountability tools for shareholders as it stands in draft form.

### Analysis Criteria Ngā Paearu Wetekina

4.12 The table below sets out the key criteria the recommendations in this report are based on:

meets the LGA requirements for SOI content - the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the nonfinancial performance measures the performance of the group will be judged upon, the major accounting policies of the organisation and forecast financial statements.

strategic objectives align with the Council's strategic framework and community outcomes, the LGA's four well-beings, Christchurch Economic Ambition, City Narrative and Destination Management Plans

the Council's LOE and Enduring SOE are appropriately reflected

changes in the financial forecasts compared with the prior year's are reasonableImage: Compared with the prior year's are reasonablefunding provisions in the draft LTP 2024-34 are accurately reflectedImage: Compared with the prior year's are reasonablecommitment to taking meaningful actions to be net carbon neutral for operations by 2030Image: Compared with the prior year's are reasonablemaintain high levels of engagement with mana whenua in areas of mutual interestImage: Compared with the prior year's are reasonable

health and safety

### Letter of Expectations and Enduring Statement of Expectations

- 4.13 The following are the key expectations from the LOE and SOE over and above those shown in the above table, all of which are included as expectations in those documents:
  - reduce performance targets/levels of service to fewer meaningful targets which are outcomes-focussed, in particular the Council is looking for measures that identify CNZHL's achievement of, and contribution to economic benefits for the city;
  - consider how to attract investment and businesses that are innovators and frontrunners in emissions reduction technologies and practice;
  - sustainable and regenerative tourism aligned with the Destination Management Plan;

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- work with all Christchurch city stakeholders to ensure events attracted complement each other, to maximise the economic, social, cultural and environmental net benefits for the city. CNZ and VO to make a high level of collaboration and co-operation to achieve strategic and legacy economic and social outcomes for Otautahi a priority in the lead up to Te Kaha's opening;
- focus on delivery of Council or CNZHL-initiated urban development projects that exemplify the Council's broader strategic direction and achieve outcomes from its surplus properties or from CNZHL's property portfolio;
- engage with the Council's city growth and property team to coordinate programmes, provide project updates, share information and learnings and ensure the effective use of resources; and
- partner with central government and other third parties.

### Comparison of financial forecasts with last year's SOI

	2024/25 SOI target \$m	2025/26 SOI target \$m	2026/27 SOI target \$m
CCC funding - draft SOI for 2024/25	15.9	16.3	16.7
3 <sup>rd</sup> party funding - draft SOI for 2024/25	1.6	1.9	2.1
Total revenue - draft SOI for 2024/25	17.5	18.2	18.8
Total revenue - final SOI for 2023/24	19.3	19.9	-
Difference	-1.8	-1.7	-

4.14 The following table shows draft SOI forecasts compared with last year's final SOI forecasts:

- 4.15 Against last year's final SOI targets, total revenue has reduced mostly due to reduced targets for third party revenue target was at least 17.5% in 2024/25 and 20% in 2025/26. These have been reduced in this year's draft SOI to 10% and 11% in each of those years respectively. The target for 2026/27 is at least 12%.
- 4.16 The reduction in the targets reflects both current economic conditions which have made third party grants harder to come by.
- 4.17 Staff acknowledge that, as it is for many entities, the operating environment for CNZHL is likely to be challenging, and that CNZHL also acknowledges the need to operate and deliver on agreed performance measures within the fiscal envelope provided by Council.

### What CNZHL delivers

- 4.18 CNZHL has three goals, and under each there are a series of Objectives to be achieved and Interventions to support achievement the Objectives and Goals.
- 4.19 Staff note that the Committee, in providing comments can invite CNZHL to consider the items noted below.
- 4.20 Under Goal 1 include reference being made to an evidence-based approach to the Support Objective, the reasons being is that this is already being undertaken by CNZHL and it aligns with the Christchurch Economic Ambition which also references the importance of an evidence-based approach to and building 'on the unique expertise, culture, and values of our community, including Te Ao Māori.'
- 4.21 CNZH delivers major and mega events on behalf of the city under the Council agreed Major Events Strategy and Framework. It is requested that CNZH works with Council to strengthen appropriate recognition of Council as the majority funder of major events.



- 4.22 In respect of principally the Goal 2 Objectives, there is, at Council's request, a review to be undertaken to "*Identify internal and external duplication in relation to the Council's urban regeneration functions in time for the LTP 24-34 considerations*". Final decisions made by the Council will be reflected in CNZHL's final SOI (including the revision of key performance metrics if necessary).
- 4.23 When promoting Ōtautahi Christchurch to its tourism partners CNZHL could note its leadership role in promoting regenerative and sustainable tourism, as it does in Goal 3. Promoting and supporting regenerative and sustainable tourism is also aligning the SOI closely with the Destination Management Plan where it is also prominent.

### Non-financial performance targets

- 4.24 These comprise:
  - Five measures of success of delivering against key strategic objectives economic growth, job creation, visitor spend and value of investment into Christchurch;
  - Seven key performance indicators for the organisation's performance including reducing the carbon footprint, health and safety and a commitment to benchmarking; and
  - Nine levels of service (reduced from 26-30 that have been reported against in past years).
- 4.25 CNZHL has sought to move to fewer measures that focus on its contribution to outcomes as much as possible. This focus is more meaningful than measuring the number of inputs delivered to achieve outcomes.

### 5. Financial Implications Ngā Hīraunga Rauemi

### Capex/Opex Ngā Utu Whakahaere

5.1 The draft SOI does not give rise to costs and revenues beyond what is provided for in the draft LTP.

### 6. Considerations Ngā Whai Whakaaro

### Risks and Mitigations Ngā Mōrearea me ngā Whakamātautau

6.1 SOIs are one of the key accountability tools between the Council as shareholder and its CCOs. They provide transparency to all stakeholders, including the community.

### Legal Considerations Ngā Hīraunga ā-Ture

- 6.2 The statutory authority to undertake the decisions in the report stems from the LGA.
- 6.3 Other legal implications are the LGA's SOI requirements in section 64 (purpose of SOI) and schedule 8, part 1 (timing, process and required content of SOI). The consistency of the CCOs' draft SOIs with these requirements has been discussed in the body of this report.
- 6.4 Section 131(1) of the Companies Act 1993 requires that a director of a company, when exercising powers or performing duties, must act in good faith and in what the director believes to be the best interests of the company.

### Strategy and Policy Considerations Te Whai Kaupapa here

6.5 The required decisions relate to the <u>Christchurch City Council's Strategic Framework</u> in so far that the draft SOIs identify the alignment of the CCO's strategic objectives and deliverables with the Council's strategic framework (and community outcomes).



- 6.6 They are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering the extent to which the decisions might impact the community.
- 6.7 The decisions are consistent with the Council's Plans and Policies, as they relate to good governance.
- 6.8 This report supports the <u>Council's Long Term Plan (2021 2031)</u> as the CCOs are part of the way in which the Council delivers its community outcomes.

### Community Impacts and Views Ngā Mariu ā-Hāpori

6.9 There is no impact on the community from the draft SOI. The activities underpinning the SOI have been addressed by earlier decisions or are being addressed in the draft LTP 2024-34.

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

- 6.10 The decisions do not involve a significant decision concerning ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture, and traditions.
- 6.11 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.
- 6.12 The SOI is a governance document only, and includes commitments to engage with mana whenua in areas of mutual interest.

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

6.13 The decisions in this report are unlikely to contribute to adaptation to the impacts of climate change or emissions reductions. SOIs are governance documents and do not of themselves create any incremental operational activity.

### 7. Next Steps Ngā Mahinga ā-muri

- 7.1 CNZHL will finalise its SOI taking into account the consideration of any shareholder comments on the draft document. It will report against the SOI in its quarterly reporting to the Council.
- 7.2 At the Finance and Performance Committee's request recently, a workshop is being scheduled for CNZHL to present on significant economic development opportunities for Christchurch (including its investment and urban development pipeline).



### Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 🕂 🔛	ChristchurchNZ Holdings Ltd - draft Statement of Intent 2024/25	24/535063	252
В 🕂 🔛	ChristchurchNZ Holdings Ltd - Letter of Expectations 2024/25	24/337507	276

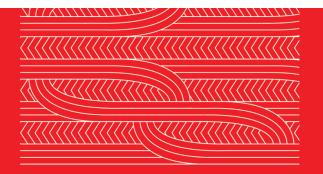
In addition to the attached documents, the following background information is available:

Document Name – Location / File Link	
Not applicable	

## Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer





# **ChristchurchNZ Holdings Limited**

# Draft Statement of Intent 1 July 2024 – 30 June 2027



Directory		
Address:	ChristchurchNZ Holdings Limited (CNZHL) PO Box 2962	
	Christchurch 8140	
Registered Office:	Level 3	
	101 Cashel St	
	BNZ Centre (west)	
	Christchurch	
ChristchurchNZ Holdings Ltd Boa	rd: Dr Therese Arseneau (Chair)	
	Paul Bingham	
	Stephen Barclay	
	Jen Crawford	
	Lauren Quaintance	
	Toby Selman	
	Jake McLellan	
	Victoria Henstock	
	(Common ChristchurchNZ Ltd Board)	
Auditors:	Grant Thornton Audit Partnership (NZ) Limited	
Contact:	Telephone 03 379 5575	

# ChristchurchNZ

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# ChristchurchNZ

Document purpose and definitions

ChristchurchNZ Holdings Ltd (CNZHL) 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).

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

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

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

Within this SOI any references to Christchurch refer to the Christchurch City Council's administrative area.

## ChristchurchNZ

#### Introduction by the Chair and Chief Executive

ChristchurchNZ Holdings Ltd (CNZHL) governs the operation of ChristchurchNZ as the city's economic development agency. The agency is responsible for delivering sustainable economic growth for Ōtautahi Christchurch on behalf of Christchurch City Council (the Council).

ChristchurchNZ's activities play a role in helping the Council deliver on its community outcomes of a thriving prosperous city and a green, liveable city. These are clearly reflected in our strategic outcomes, to drive an increase in Productivity, Liveability and Attractiveness.

We achieve this by identifying and leveraging opportunities of scale for the city. We operate as an intervention agency in areas of market failure or opportunity where our interaction can catalyse significant and sustainable economic growth for Ōtautahi Christchurch.

Our upcoming work priorities will be driven by three strategic documents we completed on behalf of the city in 2023:

- The Christchurch Economic Ambition is a multi-generational approach to developing our economy, by shifting our city from an extractive to a regenerative economy in ways that bring prosperity and benefits for people and the planet.
- The new Ōtautahi Christchurch Place Brand updates our city's story and underpins effective marketing of our city as a place to live, work, do business, visit and play.
- Destination Management Plans for Ōtautahi Christchurch Waitaha Canterbury and Te Pātaka o Rākaihautū Banks Peninsula reflect community and stakeholder aspirations for visitation and tourism, acknowledging that this activity must be sustainable with a regenerative focus.

Our Board and management will, through the organisation's business plan, take into consideration Council expectations of us, to:

- Lead engagement with other Council-controlled organisations to support their embedding of key city strategies appropriately in their own planning and delivery.
- Continue our commitment to build meaningful and productive relationships with mana whenua and work to identify future partnership opportunities that support Māori business and economic growth.
- Work collaboratively across the Events ecosystem to meet the objectives of the Major Events Strategy and deliver the best possible outcomes for the city.
- Engage businesses and investors to progress a 'fair transition towards environmental, climate and socially responsible models and practices'.
- Ensure tourism and destination management activities 'champion environmental stewardship and resilience'.

2024/25 will continue to be a challenging year for CNZHL in terms of our income and delivery. Over the last seven years, as requested by our shareholder, we have depleted our financial reserves - this enabled us to deliver services above baseline Council funding in a way that will no longer be possible. Furthermore, central government's Covid recovery funding which included significant support for visitor and event attraction has ended. The private sector is still challenged by the current economic climate, and ongoing high inflation erodes the purchasing power of our base shareholder funding, making it harder to deliver the same level of service.

We recognise that our shareholder is reflecting the wider economic pressures by exercising restraint in ten-year budgets for our and other Council activities in the LTP 2024-34. CNZHL will continue to evolve, respond to these changing economic and revenue conditions and

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Attachment A



opportunities. We will continue to explore opportunities to partner with central government, external agencies and a range of private sector organisations to amplify base Council funding and outcomes.

However, given proposed shareholder investment, no remaining reserves and less access to external funding (together amounting to a 26% budget reduction compared with 2023/24), we must reprioritise the quantum and breadth of work delivered. Consequently, KPI targets will also likely be lower than in previous years.

Despite this, we are confident that, given our strong organisational strategic plan, committed Board and staff, and constructive working relationships with our shareholder, partners and stakeholders we will continue to deliver 'best for city' programmes and interventions in the year ahead.

SIGNATURE BLOCK

Dr Therese Arseneau

Chair, ChristchurchNZ Holdings Ltd

Alison Adams

Chief Executive, ChristchurchNZ

# ChristchurchNZ

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# Part 1: Purpose and goals

ChristchurchNZ delivers sustainable economic development services on behalf of its shareholder, Christchurch City Council. Services range across:

- Targeted support for businesses and industries.
- Activating infrastructure and major city assets, and coordinated development and activation of the Central City and other strategic locations.
- City positioning, to consistently promote Ōtautahi Christchurch to national and international markets.

#### **Our purpose**

Together we're shaping an economy where people and places thrive.

Mā te mahi tahi, ka hanga he taiōhanga kia ora ai ngā tāngata me ngā wāhi hoki.

#### Our economic outcomes for the city

Improved Productivity, Liveability, and Attractiveness for Ōtautahi Christchurch.

#### **Our goals**

- 1: Accelerate and amplify productivity, growth and regenerative transition of businesses
- 2: Unlock the full potential of new and renewed city infrastructure and assets
- 3: Elevate Ōtautahi Christchurch's profile and reputation in national and global markets

#### **Strategic alignment**

ChristchurchNZ's purpose, outcomes and goals, three key city strategies (Economic Ambition, Destination Management Plans and Place Brand) and work programmes align with and contribute to achieving the strategic directions of our shareholder.

#### Council's strategic framework

Our purpose and goals reflect the Vision in the Council's Strategic Framework, to be:

"A place of opportunity for all. Open to new ideas, new people, new investment and new ways of doing things – a place where anything is possible".

ChristchurchNZ's work delivers to the following Council Community Outcomes:

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- A thriving prosperous city Everything we deliver is designed to contribute to this outcome
- A cultural powerhouse city We attract events to Ōtautahi Christchurch
- A green, liveable city Liveability is one of our three strategic outcomes

#### A national focus on well-beings

Our work programmes support several indicators in The Treasury's Living Standards<sup>1.</sup>. Framework.

Our interventions in the city economy reflect the four well-beings that local government is required to promote<sup>2</sup> – they consider the social, environmental and cultural well-being of communities as well as our primary outcome of increasing economic well-being.

#### International sustainability goals

Work programmes also align with the UN Sustainable Development Goals 8, 9, 11 and 17<sup>3</sup>.

<sup>&</sup>lt;sup>3</sup> UN Sustainable Development Goals: 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); and Goal 17 (Revitalise the global partnership for sustainable development)



<sup>&</sup>lt;sup>1</sup> The Treasury Living Standards Framework: Indicators relating to Knowledge and skills; Income, consumption and wealth; Housing, Firms and markets; International connections – and the lens of their contribution to resilience, productivity, sustainability and distribution.

<sup>&</sup>lt;sup>2</sup> Local Government Act (2002): Section 10(1) The purpose of local government is -... (b)to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Attachment A

#### Part 2: What we deliver

ChristchurchNZ delivers on 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.

Our focus in the coming year will be delivery of interventions and work programmes that contribute to priorities and objectives of the:

- Christchurch Economic Ambition
- Ōtautahi Christchurch Place Brand, and
- Destination Plans for Ōtautahi Christchurch Waitaha Canterbury and Te Pātaka o Rākaihautū Banks Peninsula.

ChristchurchNZ's organisational strategic plan identifies interventions the team will work on in the years ahead to progress our goals.

Timing and resourcing of the interventions identified in the strategic plan will depend on available revenue from the shareholder and other sources, changing business conditions, and emerging opportunities so that we can maximise impact by doing what is best for Christchurch at any given time.

Objective	Interventions
Goal 1: Accelerate and a	amplify productivity, growth and regenerative transition of businesses
<b>Facilitate:</b> Strengthen industry cluster ecosystems through connections, knowledge, and partnerships.	<ul> <li>Develop and support industries and value chains through clustering (i.e. connecting organisations within the same industry or value chain to each other and to knowledge, technology, and resources), focussing on sectors where Christchurch has: <ul> <li>A unique offering.</li> <li>Opportunities of scale.</li> <li>Potential to become circular or regenerative.</li> <li>A clear unmet need for government investment/intervention.</li> </ul> </li> <li>Facilitate cross-sector collaboration among education, government, and industry to develop talent pathways into our industries, ensuring alignment with industry needs and fostering a skilled and diverse future workforce.</li> </ul>
Attract: Attract businesses and talented people, to enhance the city's brand, grow target sectors, and transform the local economy.	<ul> <li>Attract organisations that align with the city's unique offerings, target sectors and clusters and have potential for transformational economic impact. This will be achieved by: <ul> <li>Identifying strategic opportunities for industry attraction, funding and partnerships.</li> <li>Developing communications and attraction toolkits.</li> <li>Building a network of local attraction champions within target sectors.</li> <li>Providing a concierge service.</li> <li>Connecting business and investment enquiries and opportunities to appropriate partners and third parties.</li> </ul> </li> </ul>

The interventions that will be delivered in 2024/25 are:

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	Attract and support development of creative industries, with a focus on the screen industry through production concierge activity.
	Co-ordinate attraction of international students by working with Christchurch Educated to develop a self-sustaining, collaborative, city-wide approach to the attraction of international students.
<b>Support</b> : Coordinate and deliver programmes as part of an integrated and	Develop, map, and promote an easy to navigate business support ecosystem that connects businesses to capability builders, funding providers and support programs from start-up to scale up.
seamless business support, innovation and investment ecosystem to help entrepreneurs and	Help local target industries decarbonise by connecting industry clusters and businesses to knowledge, capability building, funding, and support programmes.
enterprises start-up, scale up, decarbonize, adopt technology, and attract investment.	Support businesses to thrive (prioritising target industry sectors) by assessing business needs and building capability, providing access to support and funding, supporting digitisation and adoption of technology to improve productivity and performance.
	Establish an investment network that provides access to the right type of investment at the right time in the business lifecycle.
Goal 2: Unlock the full pe	otential of new and renewed city infrastructure and assets
<b>Deliver</b> : Deliver and co- ordinate urban development projects to create vibrant, prosperous destinations and build the city's identity.	Create and implement long term growth and urban development plans (with multi sector partners) and intervene to enable development and create attractive, thriving places.
<b>Enable</b> : Maximize value of land and capital by removing investment barriers and enabling 'best for city' development.	Identify urban development projects that have potential to contribute to net positive outcomes and intervene where there are gaps in the market to enable 'best for city' development. This will be achieved by removing barriers and creating pathways for investment and partnerships (including urban planning, land amalgamation, and neighbourhood regeneration).
<b>Leverage</b> : Fulfil the potential of the city's events and	Work in partnership with other city agencies to deliver previously contracted major events.
tourism infrastructure and assets by attracting events that align with the city's strategic direction.	Attract business events that align with Our Economic Ambition, support target industry sectors, reduce seasonal visitor fluctuations, and increase year-round city centre vibrancy.
<b>Promote</b> : Promote Christchurch to selected tourism trade partners, highlighting our city's unique identity and local destination management plans.	Work with tourism trade partners to promote Ōtautahi Christchurch as a visitor destination in a way that is consistent with our Place Brand and local Destination Management Plans. This includes promoting Ōtautahi Christchurch as a destination for target visitor groups including Sophisticated Explorers and Family Oriented Travellers.
Goal 3: Elevate Ōtautahi 0	Christchurch's profile and reputation in national and global markets
<b>Champion:</b> Promote Ōtautahi Christchurch ensuring all promotional activity is collaborative and consistent in messaging to maximise impact.	Promote Ōtautahi Christchurch to target markets nationally and internationally as a city to live, work, visit and invest. This includes developing, maintaining, and promoting an authentic city identity and toolkit of resources for use by organisations and stakeholders in Christchurch.
<b>Partner:</b> Maximize ChristchurchNZ's effectiveness and impact by	Build strong relationships, and raise capacity to deliver effective partnerships to:

# ChristchurchNZ



honouring Te Tiriti O Waitangi and developing successful partnerships.	<ul> <li>Raise knowledge and increase capability of ChristchurchNZ to honour Te Tiriti O Waitangi.</li> <li>Work with Whitiora, local hapū, and Ngāi Tahu, as leaders, advocates, and delivery partners.</li> <li>Develop and invest in strategic, organisation-wide approaches to customer, stakeholder, and partner relationships.</li> <li>Coordinated implementation and oversight of City Brand</li> </ul>
Lead: Show leadership in the transition to a regenerative economy by increasing our knowledge, reducing our GHG emissions and developing progressive procurement practices.	Increase the capability of ChristchurchNZ to support the city's regenerative transition by building internal knowledge about circular and regenerative economic systems; updating ChristchurchNZ procurement processes; and initiating actions to reduce ChristchurchNZ GHG emissions and deliver positive environmental and social outcomes.

# Item 12

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#### How we work: Our organisational structure

ChristchurchNZ delivers its activities through five organisational teams:

	CITY NARRATIVE & PROMOTION	
Clusters & Sector Growth         Investment & Business Attraction         Business Sustainability & Growth         Screen Office         Antarctic Office         International Education Attraction	URBAN         DEVELOPMENT         Property & Partnerships         Place Led Investment         & Development         City Growth Partnerships	<b>DESTINATION</b> <b>ACTIVATION</b> <b>Business Events</b> Major Events Visitor Attraction
	SHARED SERVICES & ECONOMIC INSIGHT	

- The City Narrative and Promotion team leads the local, national and international promotion of Ōtautahi Christchurch as an attractive city.
- The Innovation and Business Growth team supports businesses and industries to improve their performance and grow sustainably.
- The Urban Development team works with the public and private sector to ensure places are connected, thriving, and attractive to businesses, residents, visitors and investors.
- The Destination and Attraction team works to ensure Ōtautahi Christchurch is an attractive and exciting city for visitors and residents.
- The Shared Services and Economic Insight team monitors the performance of the economy; provides strategy and policy advice; and internal finance, information technology, people and culture, facilities, and contract management support services.

#### How we behave: Our values

We are committed to delivering 'best for city' economic development, and do this by striving to deliver interventions in a way that is consistent with our values:

# ChristchurchNZ

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- **Open**: We embody Tūturu. We are open to diversity of thought, to innovation and experimentation, and we are not afraid to be vulnerable and to be ourselves. Being open means others are heard and valued.
- **Purposeful**: We are driven by clear purpose. We channel our energy in a meaningful way. We are a catalyst we harness great ideas.
- **Together**: Together we unite as one, Kotahitanga. We believe that the whole is greater than the sum of its parts, and that everyone has a place where they can shine and add value to a team.

#### How we make decisions: Our operating principles

These define the way that our organisation puts our values into practice and maximises resource efficiency and impact. They are applied to make decisions about the interventions that will be resourced by ChristchurchNZ.

- **Balanced**: Deliver a balanced portfolio of interventions with an aim to achieve a balance of short and long-term outcomes.
- **Intervention agency**: Deliver targeted and timebound interventions to capture clearly defined economic opportunities or address problems that will not be tackled by the market, or by other government agencies.
- **Facilitator and partner**: Deliver by 'leading', 'connecting' and 'attracting' and through partnerships that honour Te Tiriti o Waitangi.
- **Strategic and Impactful**: Target resources towards interventions that directly align with and contribute to our strategic outcomes and goals and are focused on key industries or geographic locations.

#### Relationship with major events ecosystem

Major and community events bring valued economic and/or social benefit to our community. To optimise and coordinate resources to attract and deliver major events, the Council's Recreation, Sports and Events Unit, ChristchurchNZ and Venues Ōtautahi work together as the City Partners Group (CPG) to implement the Council-endorsed Major Events Strategy. Chaired independently, they 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 return on investment and outcomes from events
- Consideration of the importance of utilising council-owned infrastructure and venues.

# ChristchurchNZ



#### How our success will be measured

Our performance in delivering on our Outcomes will be measured through Key Performance Indicators (KPIs). *KPI targets will be included in the final SOI in June 2024, once the level of shareholder investment in the LTP 2024-34 is confirmed and organisational business planning subsequently finalised. We will also set stretch targets that will drive us to deliver a higher return on investment wherever possible, whilst acknowledging the variability of outcomes that can be achieved from year to year. Measured impact often depends on completion of multi-year work programmes and is affected by resource availability, and external economic and market conditions which are outside our control.* 

Key Performance Indicator	2023/24 Target	2024/25 Target	2025/26 Target	2026/27 Target
Long-lasting job creation supported by ChristchurchNZ (CNZ)	160 FTE jobs (200 stretch)	TBD FTE jobs (TBD stretch)	TBD FTE jobs (TBD stretch)	TBD FTE jobs (TBD stretch)
Short-term job creation supported by CNZ through events, urban development and screen activity	430 FTE jobs (465 stretch)	TBD FTE jobs (TBD stretch)	TBD FTE jobs (TBD stretch)	TBD FTE jobs (TBD stretch)
Estimated value of GDP contribution attributable to CNZ activity.	\$50m (\$60m stretch)	\$TBDm (\$TBDm stretch)	\$TBDm (\$TBDm stretch)	\$TBDm (\$TBDm stretch)
Contribution to visitor spend supported by CNZ <sup>4</sup>	\$30m (\$34m stretch)	\$TBDm (\$TBDm stretch)	\$TBDm (\$TBDm stretch)	\$TBDm (\$TBDm stretch)
Value of investment into Christchurch supported by CNZ (excluding local government)	\$55m (\$60m stretch)	\$TBDm (\$TBDm stretch)	<b>\$TBDm</b> (\$TBDm stretch)	\$TBDm (\$TBDm stretch)

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

<sup>&</sup>lt;sup>4</sup> Estimated using industry standard model





#### Financial and operational objectives

ChristchurchNZ will:

- 1. Deploy funding to deliver 'best for city' outcomes and effectively increase the impact of ChristchurchNZ in achieving our strategic outcomes.
- 2. Operate within budget and 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 and align with relevant shareholder policies.
  - 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 maximise returns to the shareholder and ratepayers.

#### Measuring our financial and operational performance

Our performance will be measured through Key Performance Indicators (KPIs) with the following targets:

KPIs	2024/25 Target	2025/26 Target	2026/27 Target
Revenue % for non- shareholder funding/commercial activity	>=10%	>=11%	>=12%
The capital structure and funding model of CNZHL is appropriate for the nature of its business	CNZHL utilises core Council funding for the objectives as set out in the Council's LTP. CNZHL may secure additional funding from appropriate sources to complete specific projects that are consistent with the overall objectives of the organisation. CNZHL 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.		
CNZHL ensures best practice governance	CNZHL will: Develop and maintain a robust director skills matrix (including specific industry skills). Work with Council/CCHL to ensure high quality board appointments. Ensure a strong risk management and risk appetite framework. Have in place clear and appropriate delegations. Maintain and adhere to a governance manual that includes a focus on		board appointments. tite framework.

# ChristchurchNZ

Internal Key Performance	Determining put     Effective gover     Holding to acco     Effective comp 2024/25 Target	nance culture punt	2026/27 Target
Indicators			
Maintain high employee engagement	3.75 or above	3.75 or above	3.75 or above
(Rating out of five in staff engagement survey)			
Our people feel safe	4.5 or above	4.5 or above	4.5 or above
(Rating out of five in staff engagement survey)			
Zero serious harm to employees while working	Zero	Zero	Zero
Reduce our carbon footprint	Reduce and offset to net zero *	Reduce and offset to net zero *	Reduce and offset to net zero *
Benchmark for ChristchurchNZ 2022/23 was 116 tonnes			
DCL amalgamation will require an assessment and separate benchmark TBA			

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

# ChristchurchNZ

**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 LTP.

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 ended in 2023/24.

The ChristchurchNZ Strategic Plan outlines the approach to exploring opportunities for supplementing shareholder funding through the following types of third-party revenue:

- Other Government Revenue
- Leveraging Capital
- Private Sector Partnerships
- Monetising Assets

Assumptions relating to non-shareholder commercial revenue and funding opportunities that are tightly aligned with this have been built into our targets.

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 the Consumer Price Index (CPI) based on an average annual CPI rate of 2.5%.

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FINANCIAL SUM MARY \$000's	Reduced levels of activity				
	Actual	Budget	Outlook	Outlook	Outlook
CNZH Financial Summary \$000's	2022/23	2023/24	2024/25	2025/26	2026/27
STATEMENT OF FINANCIAL PERFORMANCE				CPI	CPI
REVENUE					
Core Funding from Council	15,901	15,901	15,901	16,298	16,706
CCC Subvention Funding		1,941			
Other Revenue	8,263	3,598	1,189	1,107	510
***Target Revenue***			400	800	1,600
TOTAL REVENUE	24,164	21,439	17,490	18,205	18,816
EXPENDITURE					
Expenditure	25,624	22,729	17,222	17,937	18,548
Depreciation & Impairment	336	268	268	268	268
TOTAL EXPENDITURE	25,960	22,997	17,490	18,205	18,816
NET OPERATING GAIN/LOSS	(1,796)	(1,557)	0	0	0
Net Gain/(Loss) on UBD Development Activity					
Other gains/losses	21				
Income tax expense/(benefit)	(24)				
NET SURPLUS/(DEFICIT)	(1,799)	(1,557)	0	0	0
STATEMENT OF FINANCIAL POSITION					
SHAREHOLDERS FUNDS					
Retained Earnings	3,274	2,518	2,518	2,517	2,517
Reserves	820	0	0	0	0
TOTAL SHAREHOLDERS FUNDS	4,094	2,518	2,518	2,517	2,517
ASSETS					
Current Assets	7,629	4,747	3,007	3,007	3,005
Property Inventory	0				
Other Non-Current Assets	1,038	1,095	600	600	600
TOTALASSETS	8,667	5,842	3,607	3,607	3,605
CURRENT LIABILITIES	4,573	3,324	1,089	1,090	1,088
NET ASSETS	4,094	2,518	2,518	2,517	2,517
STATEMENT OF CASHFLOWS					
Shareholder Funds to Total Assets %	55%	43%	70%	70%	70%
CCC% of Total Revenue	64%	83%	91%	90%	89%

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# ChristchurchNZ

#### **CNZHL** group corporate governance

The CNZHL Board of Directors is an independent board appointed by the shareholder on advice from Christchurch City Holdings Limited (CCHL) in accordance with the Council's *Director appointments and remuneration* policy. CNZHL maintains a director skills matrix to support effective and diverse board appointments.

CNZHL and subsidiary ChristchurchNZ are monitored by the Council's Finance & Performance Committee of the Whole. Measures monitored are those outlined in this Statement of Intent and agreed Levels of Service in the Council's Long Term Plan (LTP).

#### **Group structure**

**CNZHL** 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 CNZHL Board monitors the operational delivery of its subsidiary through the annual business plan.

*ChristchurchNZ* is a wholly owned subsidiary of CNZHL. ChristchurchNZ has a common Board with CNZHL. ChristchurchNZ is contracted by the Council to deliver sustainable economic development services as set out in the Levels of Service in the Council's LTP (see Appendix One).

*Canterbury Regional Business Partners Limited* is a joint venture between ChristchurchNZ and Business Canterbury (formerly known as 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 CNZHL Board 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 always take into consideration any letter of shareholder expectation received.

Established practice is for a donation to be paid to a charity as instructed by Council (currently this is the Mayor's Welfare Fund), 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 terms of reference that sets

# ChristchurchNZ

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 ChristchurchNZ to ChristchurchNZ's Chief Executive to deliver the strategic direction and goals determined by the Board.

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

#### **Reporting and monitoring**

CNZHL reports quarterly to the Council against its Statement of Intent as well as ChristchurchNZ's Levels of Service contract with Council, the details of which are included in this document. CNZHL expects to meet with the Council's 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.

#### **CNZHL** group accounting policies

CNZHL 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 CNZHL Reserves policy is approved annually by the CNZHL's Board.

The policy provides a framework for the creation and utilisation of reserved funds in ChristchurchNZ. It requires CNZHL 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.

CNZHL 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 under the Levels of Service agreement with CCC which is set out in the Long-Term Plan and Statement of Intent.

# ChristchurchNZ

#### 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 the 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 (Christchurch City Council). Major transactions as defined in the Companies Act 1993, s129(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

CNZHL and its subsidiary will provide information requested by the shareholder in accordance with the requirements of the Local Government Act 2002. CNZHL 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 the Council and third-party contractual obligations.

CNZHL 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
- Contribution to the Council's 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

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5. Half year financial position by the 28 February each year

#### **Compensation from Local Authority**

CNZHL expects to receive funding from the Council of \$15.902m for the financial year beginning 1 July 2024/2025.

The activity undertaken in exchange for the compensation is set out in this SOI and the Council's LTP 2024-34, as per the Levels of Service in Appendix One.

#### Other matters requiring the approval of the shareholder

CNZHL 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)

#### Item No.: 12

**ChristchurchNZ** 

#### **Appendix One: Levels of Service**

The draft LTP 2024-34 contains the following measures and performance targets. These may be amended following community consultation and deliberations prior to the LTP's adoption.

Measures of	Performance Targets/Outputs			
success	2024/25	2025/26	2026/27	
Partner with mana whenua to support growth in Māori prosperity and self- determination	2 initiatives delivered in partnership with mana whenua and Te Runanga o Ngāi Tahu entities to grow the value of the Māori economy and deliver intergenerational prosperity	2 initiatives delivered in partnership with mana whenua and Te Runanga o Ngāi Tahu entities to grow the value of the Māori economy and deliver intergenerational prosperity	2 initiatives delivered in partnership with mana whenua and Te Runanga o Ngāi Tahu entities to grow the value of the Māori economy and deliver intergenerational prosperity	
Ensure Christchurch businesses have access to comprehensive advice and support to grow competitiveness, resilience, and sustainability	800 businesses access business support or advice	800 businesses access business support or advice	800 businesses access business support or advice	
Attraction of external investment for sustainable economic development services	\$1,500,000 external investment secured	\$1,500,000 external investment secured	\$1,500,000 external investment secured	
Prepare City bids to attract business events to Christchurch	30 City bids prepared to attract business events to Christchurch	30 City bids prepared to attract business events to Christchurch	30 City bids prepared to attract business events to Christchurch	
The city is successful in its bids to attract business events to Christchurch	At least 35% success rate of bids for business events	At least 35% success rate of bids for business events	At least 35% success rate of bids for business events	
Area of improvement to public and private space	4,000 square metres	6,000 square metres	6,000 square metres	
High level of engagement on ChristchurchNZ owned digital channels and platforms	4 million engagements on ChristchurchNZ owned digital channels and platforms	4 million engagements on ChristchurchNZ owned digital channels and platforms	4 million engagements on ChristchurchNZ owned digital channels and platforms	
Meeting benchmark brand tracking targets with key audiences	Christchurch ranks higher than comparator cities (Auckland, Wellington & Dunedin) for resident pride and domestic traveller consideration	Christchurch ranks higher than comparator cities (Auckland, Wellington & Dunedin) for resident pride and domestic traveller consideration	Christchurch ranks higher than comparator cities (Auckland, Wellington & Dunedin) for resident pride and domestic traveller consideration	

Item 12

**Attachment A** 

# ChristchurchNZ



Measures of	Performance Targets/Outputs			
SUCCESS	2024/25	2025/26	2026/27	
Number of familiarisation, trade or policy engagements with trade agents, investors, government or media Supporting: Business, investment, visitor, talent, convention, major events, screen, Antarctic programmes or international education attraction and retention	60 engagements with trade agents, investors government or media	60 engagements with trade agents, investors government or media	60 engagements with trade agents, investors government or media	

# Attachment A

ltem 12

# ChristchurchNZ



Christchurch City Council

28 February 2024

Dr Therese Arseneau Chair ChristchurchNZ Holdings Ltd By email: <u>therese.arseneau@canterbury.ac.nz</u>

#### Dear Therese

#### Christchurch City Council's expectations for 2024/25

This letter sets out the Christchurch City Council's expectations of the ChristchurchNZ Holdings Ltd (CNZHL) board for the 2024/25 financial year. Please consider this letter and reflect the expectations as appropriate in CNZHL's Statement of Intent (SOI) for 2024/25.

The 2024 calendar year is set to be a challenging time for the Council and its organisations in terms of budgeting amid ongoing economic and geo-political uncertainty. The possibility that inflation and interest rates remain at higher levels than expected is a key risk for the Council and its organisations.

The Council is very pleased to have endorsed the Christchurch Economic Ambition, City Narrative and Destination Management Plans in 2023. Acknowledging that at the heart of achieving the strategies is collaboration between the private and public sector, the Council has asked all of its organisations to align their activities to these documents.

The Council would like CNZHL to take the lead in engaging with the organisations within the Council family to ensure they are aware of, and understand the applicability of the Christchurch Economic Ambition's, City Narrative's and Destination Management Plans' objectives and ways in which they might respond to them.

#### **Strategic Framework**

The Council's priorities in the new draft Strategic Framework which underpins the LTP are:

	Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.
G	Champion Ōtautahi–Christchurch and collaborate to build our role as a leading New Zealand city.
550	Build trust and confidence in the Council through meaningful communication, listening to and working with residents.
<b>@</b>	Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, waterbodies and tree canopy.

Christchurch City Council // 53 Hereford Street, Christchurch // 03 941 8999 // ccc.govt.nz

Christchurch City Council



 Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.

 Matrix
 Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

The Council expects CNZHL's SOI to clearly depict the organisation's alignment with the new strategic framework. The new framework (draft until approved following community consultation in the LTP) is attached to the SOE.

The Mayor and councillors have asked that the Council (and its organisations) intensify work on the priorities, align skills and resources according to the priorities and collaborate across the group on the priorities.

#### Statement of Intent

We are pleased with the response CNZHL has made to the Council's request for information about returns on Council investment. We are aware, and acknowledge that there is more to the returns' story than those which can be monetised. It is important to us that returns that cannot be quantified are included in the narrative of returns to Christchurch from CNZHL's activities and services.

The Council would like to see the number of performance targets/levels of service CNZHL reports against reduced to fewer meaningful ones which are outcomes-focussed. The Council is most interested in how you are progressing to achieve, or contribute to, economic benefits for the city.

Greater emphasis is sought on the narrative associated with reporting performance where there is complexity in attributing responsibility and accountability for outcomes.

The use of benchmarking to demonstrate value for money is strongly encouraged. The Council acknowledges it can sometimes be difficult to find like-for-like examples but allowances can be made for this.

The Council requests that CNZ (and the Council's wider group) actively considers and pursues options that might be available to share services with other members of the group.

#### **Climate Change and Emissions Reduction**

While the Council's expectations are set out in the SOE, we take this opportunity to reiterate our expectations made last year and which continue to be highly relevant – that is, considering how to attract investment and businesses that are innovators and frontrunners in emissions reduction technologies and practice.

In the coming months, the Council would like to build on the founding work of the Destination Management Plans, by beginning a conversation with you about the principles of sustainable tourism and in particular the trade-offs between economic benefits and environmental risks and risk management strategies. The Council would like to be in a position to shape and inform the conversation at the national level.

The Council requests that CNZHL (as well as all other CCOs) provides a more detailed discussion about progress towards achieving the 2030 net carbon neutral (excluding methane) target at least once during the financial year.

A broader expression of the Council's climate change and emissions reduction expectations is in the Statement of Expectations.



#### 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. In particular, the Council would like CNZHL to consider 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.

A broader expression of the Council's mana whenua expectations is in the Statement of Expectations.

#### Collaboration

The Council expects CNZHL to work with all Christchurch city stakeholders to ensure events attracted complement each other with a view to maximising the economic, social, cultural and environmental net benefits for the city.

The Council is keen to ensure that a high level of collaboration and co-operation exists between  $V\bar{O}$  and CNZ to achieve strategic and legacy economic and social outcomes for  $\bar{O}$ tautahi. We would like CNZ (and  $V\bar{O}$ ) to make this a priority especially in the lead up to Te Kaha's opening.

The Council expects CNZHL to continue to:

- focus on the delivery of Council or CNZHL-initiated urban development projects that exemplify the Council's broader strategic direction and achieve outcomes from its surplus properties or from CNZHL's property portfolio; and
- engage with the Council's City Growth and Property Team to coordinate programmes, provide project updates, share information and learnings, and ensure the effective use of resources.

Building on its success over the pre-COVID-19 years, CNZHL should look for opportunities to partner with central government and other third parties.

At an officer level, continued engagement on matters of importance is critical given CNZHL's many and varied roles across various council groups.

#### Governance

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;
- best practice human resource and organisational culture management;
- exercise restraint in the level of senior executive total remuneration and ensure that it is appropriately linked to performance; and
- show leadership in innovative practices.



Timetable for 2024/25

Deliverable	Due to Council staff	Council/F&P meeting
Annual report 2023/24 / Quarter 4 performance report	30 September	November
Letter of Expectations 2025/26	N/A	December
Quarter 1 (July-September) performance report	30 November	December
Half year (interim) report / Quarter 2 performance report	28 February	March/April
Draft Statement of Intent	1 March	April/May
Final Statement of Intent	30 June	July/August
Quarter 3 (January-March) performance report	31 May	June/July

#### Long Term Plan 2024-34

Although technically outside the term of this LOE, we nevertheless take the opportunity to note your engagement with the Council on CNZHL's funding levels for the future. As you are aware, the Council has some very difficult decisions to make taking into account the pressure that the high inflation environment has had on our funding flexibility.

For clarity, this LOE does not address or otherwise reflect any changes to future funding levels or deliverables as a result of any decisions that may be made through the LTP process.

#### No surprises

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

If you would like to discuss the content of this letter, please contact Russell Holden, Acting General Manager/CFO, Resources Group on 941 6495 or Linda Gibb, Performance Advisor on 941 6762.

Ngā mihi nui

May

Phil Mauger Mayor of Christchurch City

c.c. Alison Adams, Chief Executive, CNZHL (alison.adams@ChristchurchNZ.com).





### **13. Venues Otautahi - Draft Statement of Intent 2024/25**

Reference Te Tohutoro:	·
Responsible Officer(s) Te Pou Matua:	Linda Gibb, Performance Advisor, Resources
Accountable ELT Member Pouwhakarae:	Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

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

- 1.1 The purpose of this report is to present Venues Ōtautahi's (VŌ's) draft Statement of Intent (SOI) for 2024/25 and to seek shareholder comments on the draft document.
- 1.2 The report has been written following receiving VŌ's draft SOI on 1 March 2024 as required by clause 1(2), part 1 of schedule 8 of the Local Government Act 2002 (LGA).
- 1.3 VŌ's draft SOI is at **Attachment A**, and the Council's Letter of Expectations (LOE) for 2024/25 is at **Attachment B**.

#### 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

- 1. Receives Venues Otautahi Draft Statement of Intent 2024/25;
- 2. Comments on Venues Ōtautahi's draft Statement of Intent 2024/25 as follows:
  - a. the final Statement of Intent to include updated performance targets following a full review by Venues Ōtautahi in consultation with Council staff;
  - b. provide clarity in the final Statement of Intent 2024/25 on what it means to pursue the possibility of the global application of the Company's local procurement model;
- 3. Requests that Venues Ōtautahi provides a workshop to the Council during calendar year 2024 as an update on its commercial strategy for Te Kaha, and including detail on its strategy and plans to increase its revenue and reduce reliance on Council funding generally;
- 4. Advises any additional comments on Venues Ōtautahi's draft Statement of Intent 2024/25 to be referred to the Venues Ōtautahi board for consideration; and
- 5. Notes that the decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy.

#### 3. Executive Summary Te Whakarāpopoto Matua

- 3.1 The key purpose of the SOI process is to provide the Council, as shareholder with an opportunity to influence the direction of the council-controlled organisation (CCO).
- 3.2 VŌ's draft SOI was received on the statutory due date of 1 March 2024 and sufficiently meets the LGA requirements for content, the Council's Letter of Expectations (LOE) for 2024/25 and the Council's Enduring Statement of Expectations (SOE), issued in December 2023.
- 3.3 The Council's operating and capital grants, and funding flows for Te Kaha are consistent with the draft Long Term Plan 2024-34 with one small exception the capital allocations differ slightly between the two planning documents. VŌ has advised it will update the funding allocations in its final SOI.



3.4 Clause 2, schedule 8 of part 1 of the LGA provides for a CCO board to consider comments on its draft SOI made by shareholders by 1 May 2024, after which it must finalise the draft SOI by 30 June 2024. It must be published by 31 July 2024.

#### 4. Background/Context Te Horopaki

#### Local Government Act 2002 requirements for SOIs

- 4.1 Schedule 8, parts 2 and 4 of the LGA set out the content requirements for SOIs the objectives of the group, the board's approach to governance, nature and scope of activities to be undertaken and the major accounting policies.
- 4.2 Clauses 1 and 2 of schedule 8, part 1 of the LGA provide that the board of a Council-controlled organisation (CCO) must deliver a draft SOI to its shareholders by 1 March each year and that shareholders may provide comments on the draft to the CCO board by 1 May. Clause 3 of schedule 8, part 1 provides that the CCO board must consider the comments and finalise the SOI by 30 June.
- 4.3 The SOI is a tool to facilitate a strong relationship between a council and its CCOs by ensuring there is alignment of expectations on matters of strategic importance, including the objectives and how they will be achieved. The governing body of a CCO is required to consider a council's comments. When considering a council's comments the board of a company CCO is required to consider the duties of directors pursuant to section 131(1) of the Companies Act 1993 including to act in the best interests of the company.
- 4.4 The shareholder's expectations created from its Letter of Expectations (LOE) for 2024/25 and Enduring Statement of Expectations (SOE) informed VŌ's development of its draft SOI.

#### Venues Ōtautahi's activities

- 4.5 VŌ's primary activities are the attraction, planning and delivery of events and management of assets at the following Council-owned venues Christchurch Town Hall and Wolfbrook Arena and at venues under VŌ management Air Force Museum of New Zealand, Hagley Oval and Apollo Projects Stadium.
- 4.6 VŌ operates commercially but relies on Council funding support (circa \$3 million in each of the SOI years) to assist it to meet the significant fixed costs associated with asset ownership, including repairs and maintenance of venues, servicing of legacy debt (which will be fully repaid in 2027) and significant fixed overhead costs such as utilities and insurance).
- 4.7 Te Kaha is due to open in April 2026 with VŌ the operator. The Council will provide funding support to VŌ to operate and manage the facility as was anticipated by the project's business case. Contemporaneously with Te Kaha opening, the Apollo Stadium in Addington will be withdrawn from VŌ's portfolio of venues under management and its associated costs and revenues are removed from VŌ's financial forecasts from April 2026.

#### Draft Long Term Plan 2024-34

4.8 All Council operating and capital grants to VŌ are provided for in the draft SOI in line with the draft LTP other than the capital grant which will need to be corrected in the final SOI.

	2024/25 \$m	2025/26 \$m	2026/27 \$m
Operating grant	3.25	3.25	3.20
Operating grant (Te Kaha)	0	2.3	1.5
Capital grant (draft SOI)	4.7	3.9	4.3
Capital grant (draft LTP)	4.7	4.0	4.5

4.9 In the event there are changes to these allocations in the final LTP, the SOI will be amended accordingly.

#### Options Considered Ngā Kōwhiringa Whaiwhakaaro

4.10 The only practicable option available to Council is to review and provide comment on VŌ's draft SOI so the comments can be considered as part of finalising the SOI. In the absence of shareholder comments, the VŌ board will finalise the SOI and it will form part of the suite of accountability tools for shareholders as it stands in draft form.

#### Analysis Criteria Ngā Paearu Wetekina

4.11 The table below sets out the key criteria the recommendations in this report are based on:

meets the LGA requirements for SOI content	V
strategic objectives align with the Council's strategic framework and community outcomes	V
the Council's LOE and Enduring SOE are appropriately reflected	V
reasonableness of any material changes in the financial forecasts	V
funding provisions in the draft LTP 2024-34 are accurately reflected	V
commitment to taking meaningful actions to be net carbon neutral for operations by 2030	V
maintain high levels of engagement with mana whenua in areas of mutual interest	V
health and safety	V

#### Letter of Expectations and Enduring Statement of Expectations

- 4.12 The following are the key expectations from the LOE and SOE over and above those shown in the above table, all of which have been reflected in the draft SOI to the extent reasonable:
  - focus on attracting major ticketed events to the city and prioritising those that contribute the most significant direct and indirect economic impact to the region, and to look for other revenue streams taking into account risk and return;
  - review performance targets to provide a meaningful assessment of VO's progress in achieving its strategic objectives (e.g. stretch targets, economic benefits, utilisation rates of venues, value for money measures and efficiency measures) – this work will take place for inclusion in the final SOI;
  - work with stakeholders to ensure events attracted complement each other and a high level of collaboration and co-operation with ChristchurchNZ (CNZ), as a priority in the lead up to Te Kaha's opening;
  - continue implementation of the Te Kaha commercial strategy including seeking opportunities to grow and diversify revenue streams;



- have long term asset management plans in place; and
- commit to a no surprises policy.

#### Comparison of financial forecasts with last year's SOI

4.13 The following table presents the changes in financial forecasts between last year's final SOI and this year's draft SOI, and discusses material variances below.

	2024/25 SOI target \$m	Prior year SOI target \$m	2025/26 SOI target \$m	Prior year SOI target \$m	2026/27 SOI target \$m
EBITDA	(3.0)	(0.1)	(2.0)	(1.1)	0.6
Change		-2.9		-0.9	-

- 4.14 EBITDA has reduced by \$2.9 million for 2024/25 compared with last year's SOI forecast. This largely reflects the removal of a grant of \$2.4 million that was in the previous year's SOI forecast) for Te Kaha pre-opening costs as VO is temporarily funding these costs itself from its Balance Sheet. In addition, there is an increase in insurance premiums of around \$0.7 million which has increased VO's fixed costs.
- 4.15 For 2025/26 compared with the prior year's SOI forecast, EBITDA has reduced by \$0.9 million reflecting Te Kaha coming on stream for two months (from April 2026), Apollo Stadium dropping out and some switching of events from VŌ facilities to Te Kaha. This creates additional operating revenue of \$2.5 million offset by higher costs of \$3.5 million. The increased costs and revenues reflect VŌ's gearing up for Te Kaha.
- 4.16 The newly added year, 2026/27 is the first full operating year for Te Kaha. Compared with 2025/26 draft SOI forecasts, the net deficit from operations has reduced by \$3.5 million and the Council's operating grant for Te Kaha by \$0.9 million (from \$2.3 million to \$1.5 million). This reflects the forward bookings for Te Kaha in its first full year of operations.

#### Non-financial performance targets

- 4.17 The Council's LOE to VŌ sought a review of performance targets to provide a meaningful assessment of VŌ's progress in achieving its strategic objectives. Examples were included such as including stretch targets and focussing targets on economic benefits, utilisation rates of venues, value for money and efficiency measures.
- 4.18 Staff recommend that the Council provides a formal comment to the VŌ board that it would like the final SOI to include updated performance targets following a full review by VŌ in consultation with Council staff.
- 4.19 Staff think it would be helpful if VŌ could provide clarity on what it means to pursue the possibility of the global application of the Company's local procurement model, as they do not believe this will be readily understood.
- 4.20 The capital budget is based on asset management plans for the venues excluding Te Kaha with this undertaken with an independent verifier.
- 4.21 The Council's climate resilience team has commented favourably on the environmental sustainability content in the draft SOI, calling out the roadmap as being a great addition to the content. They consider that in time VŌ should look to set performance measures for annual reductions.

#### 5. Financial Implications Ngā Hīraunga Rauemi

#### Capex/Opex Ngā Utu Whakahaere

5.1 The draft SOI of itself does not create either capital or operating costs over and above those included in the draft LTP 2024-34.



5.2 In January 2024 VO delivered a workshop to the Council in which a deep dive into the commercial imperatives for Te Kaha were discussed. Staff recommend that VO be asked to provide an update later this year including detail on its strategy and plans to increase its revenue and reduce reliance on Council funding generally.

#### 6. Considerations Ngā Whai Whakaaro

#### Risks and Mitigations Ngā Mōrearea me ngā Whakamātautau

6.1 SOIs are one of the key accountability tools between the Council as shareholder and the CCOs. They provide transparency to all stakeholders, including the community.

#### Legal Considerations Ngā Hīraunga ā-Ture

- 6.2 The statutory authority to undertake the decisions in the report stems from the LGA.
- 6.3 Other legal implications are the LGA's SOI requirements in section 64 (purpose of SOI) and schedule 8, part 1 (timing, process and required content of SOI). The consistency of the CCOs' draft SOIs with these requirements has been discussed in the body of this report.
- 6.4 Section 131(1) of the Companies Act 1993 requires that a director of a company, when exercising powers or performing duties, must act in good faith and in what the director believes to be the best interests of the company. Strategy and Policy Considerations Te Whai Kaupapa here
- 6.5 The required decisions are not directly related to the <u>Christchurch City Council's Strategic</u> <u>Framework</u>.
  - 6.5.1 They are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering the extent to which the decisions might impact the community.
  - 6.5.2 The decisions are consistent with the Council's Plans and Policies, as they relate to good governance.
- 6.6 This report supports the <u>Council's Long Term Plan (2021 2031) as the CCOs are part of the</u> way in which the Council delivers its community outcomes.

#### Community Impacts and Views Ngā Mariu ā-Hāpori

6.7 There is no impact on the community from the draft SOI. The activities underpinning it have been addressed by earlier decisions.

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

- 6.8 The decisions do not involve a significant decision concerning ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture, and traditions.
- 6.9 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.
- 6.10 SOIs are governance documents, and VŌ's draft SOI makes commitments to engage with mana whenua in areas of mutual interest.

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

6.11 The decisions in this report are unlikely to contribute to adaptation to the impacts of climate change or emissions reductions. The SOIs are governance documents and do not of themselves create any incremental operational activity.



#### 7. Next Steps Ngā Mahinga ā-muri

7.1 The VO board will consider comments (if any) made by the Council as shareholder following which they will finalise the SOI by 30 June and publish it on their website by 31 July.

#### Attachments Ngā Tāpirihanga

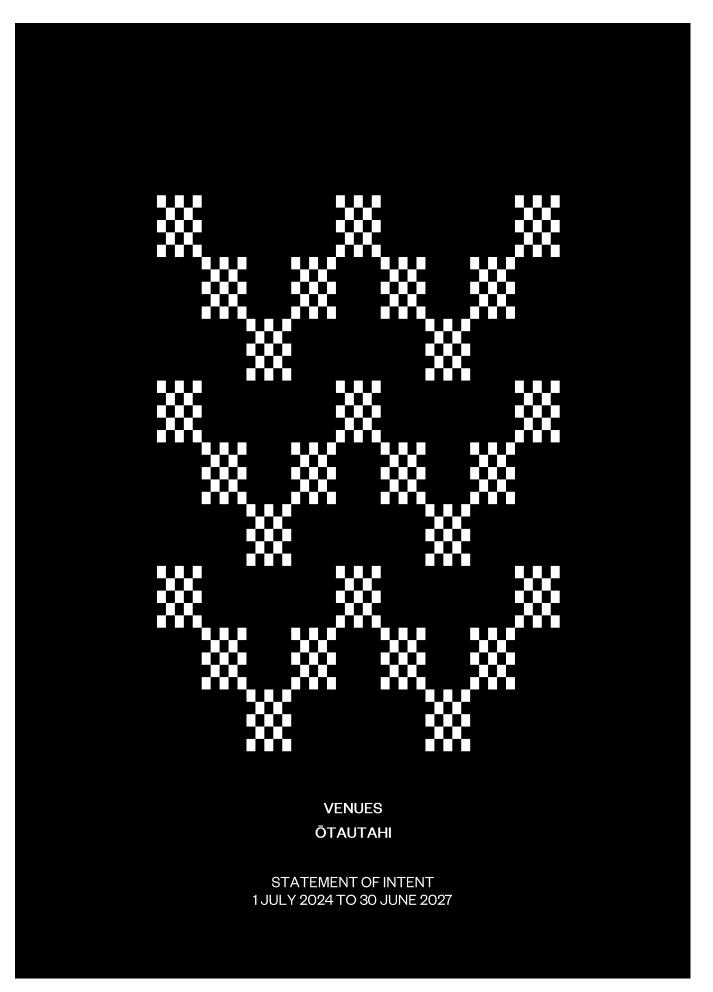
I	No.	Title	Reference	Page
/	A 🕂 🖫	Venues Ōtautahi - Draft Statement of Intent 2024/25	24/469385	287
I	B 🕂 🌇	Venues Ōtautahi - Letter of Expectations for 2024/25	24/337497	321

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

Document Name - Location / File Link	
Not applicable	

#### Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO	
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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 2024 to 30 June 2027.

# ABOUT VENUES ÕTAUTAHI

Venues Ōtautahi's mission is to strategically manage and leverage the venues to deliver positive social, cultural, environmental, and economic benefit to the region. The venues are owned by the community and are for the community. Venues Ōtautahi are proud and privileged to manage them, and the community is proud to own them.

Venues Ōtautahi, where Ōtautahi comes together, is the largest venue, event and culinary services management company in New Zealand and attracts, plans, and delivers a broad range of ticketed, business, civic, lifestyle, wedding, education, culinary and community events, including all major entertainment and sporting events in the city of Christchurch and manage a diverse and iconic portfolio of community venues.

Venues Ōtautahi also delivers innovative, sustainable, accessible, inclusive, culturally connected and locally centric culinary, event and venue management services, through the mobile event, culinary services and venue management arm of the business, VŌ Events.

Venues and events are places for locals and visitors to connect for celebration, education, trade, and entertainment. They and the experiences they create exist for community connection and to deliver social, cultural, environmental and economic benefits for our community and these philosophies underpin the Venues Ōtautahi ethos and culture.



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

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The Company, established over 25 years ago, currently operates the Christchurch Town Hall, Wolfbrook Arena, the Airforce Museum of New Zealand, Apollo Projects Stadium and Hagley Oval.

Venues Ōtautahi is also responsible for the operation and management of Te Kaha, Canterbury's new 37,000 capacity stadium due to open in April 2026, and delivers a number of large-scale events through the culinary, event and venue management services arm of the business, VŌ Events, including events such as SailGP.

The diversity of the event portfolio is extensive, and the capability of the Venues Ōtautahi team reflects this. Across the portfolio of venues currently under the Venues Ōtautahi umbrella over 400 events are delivered and around 600,000 guests are welcomed to the venues each year and from 2026 when Te Kaha becomes operational, annual guest numbers will increase to over 1 million and event numbers to over 600.

The events delivered across the portfolio of Venues Ōtautahi venues deliver around \$46m of estimated economic benefit annually to the Canterbury region including around \$2m of direct contribution to local suppliers and producers of food and beverage and \$10m of direct contribution to local service providers and contractors through our celebrate and source local procurement strategy.

With the addition of Te Kaha to the portfolio of Venues Ōtautahi venues the economic benefit to the region across the full event ecosystem including visitor attraction, local sourcing and the engagement of our local team will be over \$100m annually.



Through the Venues Ōtautahi local and ethical culinary ethos, the community centric principles underpinning who we are and how we operate, our ability to innovate, grow, diversify and shift the traditions of the events and venues industry, through our drive to be as socially and environmentally sustainable as we possibly can be for the generations ahead and through our desire to reflect the cultural heritage of the region we operate in everything we do, we have changed the nature of our business both inside and out and feel these philosophies have a global application in benefiting all regions wherever applied.

Our focus as we move forward into the period of this Statement of Intent is to remain committed to maximising the utilisation of the current suite of venues we operate, to growing and diversifying the business to build resilience for the future, to maximising the opportunity of Te Kaha, continuing to drive efficiencies across the business and to enhancing client and guest experiences.

In doing so remaining committed to valuing and supporting our people to perform at their best, to delivering positive social and environmental outcomes, to protecting the assets we are so privileged to operate, to embedding and embracing the principles of Te ao Māori, to leveraging data and insights to grow revenue and to nurturing and building the strategic partnerships underpinning the Venues Ōtautahi business.

# NATURE AND SCOPE OF ACTIVITIES

Venues Ōtautahi undertakes the following activities.

- Venue marketing, communications, and event attraction
- Commercial event and venue partnerships
- Event planning, management, delivery, and venue operations
- Retail, corporate, and mobile culinary services
- Asset management and facilities maintenance
- Community and strategic local partnership and engagement

# Fig 1. Venues Ōtautahi Event and Venue Lifestyle Diagram.

The below is a graphical representation of the mechanics of the Venues Ōtautahi business and what makes up the full event lifecycle.





# STRATEGIC ALIGNMENT

Venues Ōtautahi's mission, ethos, and way of doing business is aligned with Council's vision for Ōtautahi, Christchurch to be a place of opportunity for all; open to new ideas, new people, new investment, and new ways of doing things – a place where anything is possible.

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

### A collaborative and confident city

- Community is at the heart of everything we do.
- Community access to and connection with the venues is a strategic priority.
- Strategic partnerships and collaboration are core to the VO way of doing business.

### A green, liveable city

- Environmental, business, and social sustainability are a strategic priority.
- Local sourcing procurement model across all services and supply.
- Focus on growth and diversity building business resilience.

# A cultural powerhouse city

- Events celebrate our identity through arts, culture, heritage, sport, and recreation.
- Social and cultural impact of diversity of event portfolio held at VO venues.
- Community venues are critical in making Christchurch an events powerhouse.

### A thriving prosperous city

- Direct contribution to regional economy through local sourcing model.
- Economic impact of major entertainment and sporting events held at VO venues.
- Events at the city's venues support a vibrant and thriving city centre.

Venues Ōtautahi is committed to a close and collaborative partnership with our shareholder, the Council, to navigate our way through the inevitable challenges in the future, to celebrating successes delivered through the city venues for Ōtautahi, Christohurch 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 Christohurch who own them.





# THE VENUES

# **Christchurch Town Hall**

Christchurch Town Hall is the city's premiere performance venue with a range of multi-purpose spaces, including the muchcelebrated Douglas Lilburn Auditorium and James Hay Theatre as well as event spaces such as the Limes Room, Avon Room, and Victoria Room, all varying in capacity from 100 to 2,800.

The iconic Town Hall hosts around 280 events per year ranging from concerts, civic events, community events, trade shows, corporate and business events, gala dinners, school, and university events, performing arts and weddings.

### Air Force Museum of New Zealand

The Airforce Museum of New Zealand offers a wonderful and unique experience with a large open space and options to be surrounded by planes steeped in the history of war.

The Airforce Museum hosts around 30 events annually of capacities up to 1000 and hosts events ranging from expos, trade shows, art exhibitions, corporate and business events, gala dinners, and school events.

### Hagley Oval

Hagley Oval is Christchurch's iconic cricket ground and is home to the much-celebrated Hadlee Pavilion. The ground hosts around 30 events annually, has a capacity of 9,000 and hosts events ranging from international and domestic cricket, corporate events, and weddings.



### Apollo Projects Stadium

Apollo Projects Stadium is Christchurch's largest sporting Stadium and is home to one of the World's most successful rugby teams, the Crusaders. The Stadium has a permanent seating capacity of 17,100 and holds large concerts up to 27,000. Around 15 major events are hosted at Apollo Projects Stadium per year across rugby union, rugby league, football, motorsport events and large concerts.

### Te Kaha

Te Kaha is the new Canterbury Stadium due for completion in 2026. Te Kaha will be New Zealand's most premiere venue with a seating capacity of 30,000 and the ability to hold large concerts up to 37,000. With a permanent roof Te Kaha is a genuinely multi use facility and is expected to host around 200 events per year across a diverse range of event types such as rugby union, rugby league, football, motorsport, boxing, e-sports, corporate events, expos and tradeshows, education and conferencing events, and large, medium, and intimate style concerts.



# Wolfbrook Arena

Wolfbrook Arena is the largest indoor multipurpose arena in the South Island with a capacity of 9,000, hosting around 40 events per year. Wolfbrook Arena delivers a diverse range of events including major international concerts, major indoor sporting, expos, large corporate events/dinners, school, and university events.



# VŌ Events

VŌ Events is the mobile services arm of the business delivering culinary, event and venue management services to venues aligned with the principles and ethos of VO as well as large scale mobile events such as SailGP for example.



**Attachment A** 



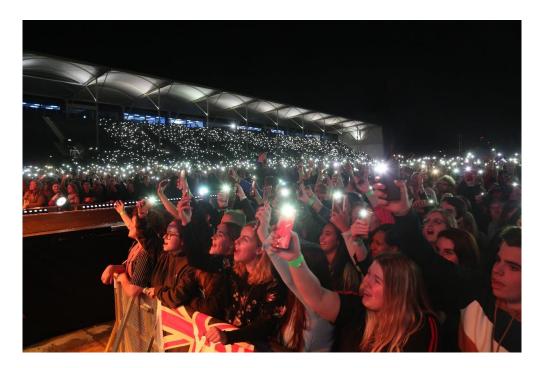
### PURPOSE AND DIRECTION

Venues Ōtautahi, where Ōtautahi comes together.

Our mission is to strategically manage and leverage the venues to deliver positive social, cultural, environmental, and economic benefit to the region and to be aspirational, agile, and kind in how we achieve our mission.

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 city promotion and the impacts of local sourcing and employment and environmental benefits through guardianship, protection, and ethical sourcing.

Doing good for our community is at our very core and the ultimate measurement of success.



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

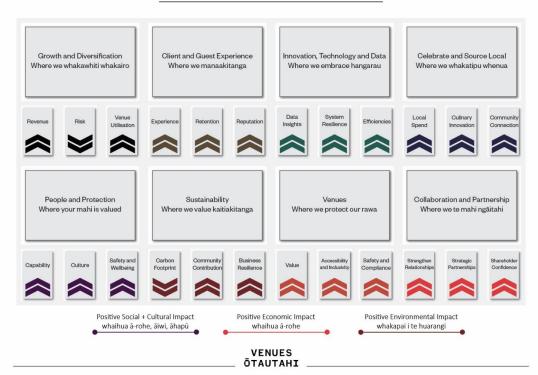
At a minimum the quantifiable economic and social benefits derived from the venues are expected to exceed the whole of life cost of developing, maintaining, and operating the venues.

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



# VENUES OTAUTAHI STRATEGIC FRAMEWORK

# WHERE OTAUTAHI COMES TOGETHER



### 1. Growth and diversification, where we whakawhiti whakaaro

- Attract more business events and grow event yields.
- Attract major entertainment and sporting events to Ōtautahi, Christchurch.
- Maximise the commercial return for the city and shareholder of Te Kaha.
- Diversify revenue streams to increase commercial returns and de-risk the business.
- Maximise venue utilisation.

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### 2. Technology and data, where we embrace hangarau

- Leverage data and data insights to drive revenue
- Integrate technology into front of house operations to enhance the guest experience
- Develop an integrated and systematic operating model to drive efficiency and mitigate risk.

### 3. Client and guest experience, where we manaakitanga

- Enhance the client experience journey throughout the event life cycle.
- Enhance the guest experience through authentic local hospitality and quality, value for money



# 4. Celebrate and source local, where we whakatipu whenua

- Procure ethically and locally sourced products and services where commercially viable
- Prioritise community connection with and access to their venues
- Build local procurement through strategic partnerships

### 5. Sustainability, where we kaitiakitanga

- Take a holistic approach to environmental, social, and business sustainability.
- Support the Council's environmental policy goal by achieving net zero greenhouse emissions by 2030.
- Build a resilient business underpinned by a focus on growth and diversification
- Have high standards of social and environmental performance and accountability
- 6. People and Protection, where your mahi is valued and we whakaruruhau i ō tātou iwi
  - Create a diverse culture strongly underpinned by Te ao Māori principles
  - Develop our capability to prepare for future success and provide opportunities for our people
  - Enable an aspirational, agile, hands-on culture underpinned by a genuine care for each other
  - Create an environment enhancing the wellbeing of our team
  - Prioritise the identification and mitigation of critical risk.

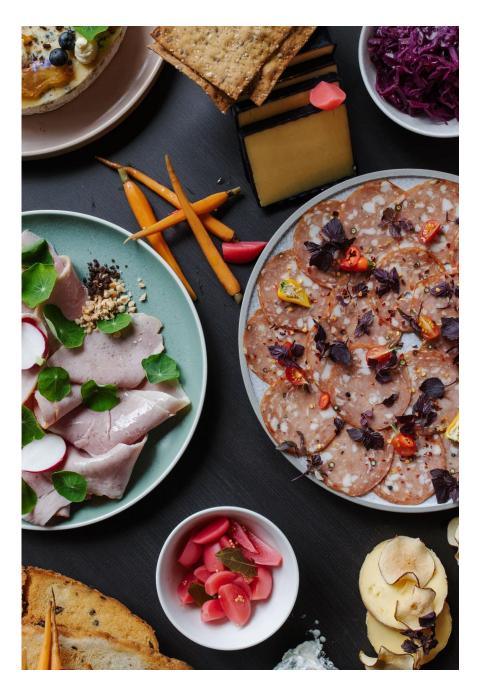


- 7. Collaboration and partnership, where we te mahi ngātahi
  - Continue to nurture a close and collaborative partnership with our Shareholder.
  - Strengthen and leverage strategic partnerships to collectively grow revenue and regional contribution



# 8. Venues, where we protect our rawa

- Maintain the quality, safety, compliance, and operational functionality of the venues.
- Assure and enable the same experience for all members of the community through accessible and inclusive venues.
- Maintain the value of assets by developing and executing long-term asset management plans





### STRATEGIC OPPORTUNITIES AND CHALLENGES

There are key strategic opportunities and challenges material to the future of the business and remain the focus of the Venues Ōtautahi Board and Management in developing and evolving strategy. These include;

- 1. 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 SOI continues to factor 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.
- 2. 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 SOI 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
    - This SOI allows for pre-opening costs for the following functions associated with Te Kaha and assumes these within Venues Ōtautahi operating cashflows for FY23, FY24, FY25 and FY26
    - 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
  - b. Increased operational resource required for the commissioning, commercialisation, and operationalisation of the venue. This SOI does not allow for the bid incentive fund and structure of administration required for Te Kaha.
  - c. This SOI integrates Te Kaha into the Venues Ōtautahi financial model from FY25/26 across all revenue, expense, and funding lines.
- 3. Extended operation of Apollo Projects Stadium to mid-2026 and the increased costs of repairs and maintenance of the asset for this extended period
  - a. This SOI reflects the Council resolution to underwrite future operations of the Stadium to mid-2026.
- 4. Volatility of Global and National Economic Forecast
  - a. This SOI reflects the Company's preparedness for the continued volatile global and national economic and industry environment.
- 5. Growth and Diversity Opportunities
  - a. This SOI reflects Venue Ōtautahi 's aspirations to grow the event business outside of the current venue portfolio and to pursue the possibility of the global application of the Company's local procurement model. All initiatives to ensure the long-term financial viability of the business and desire to reduce the financial support required from the shareholder needed to repair and maintain the city owned assets. Growth diversity initiatives will also ensure we have a resilient business prepared for inevitable disruption in the future.

<sup>1</sup> Council to reimburse Venues Ötautahi on all actual Te Kaha pre-opening costs incurred across FY23, FY24, FY25 and FY26. Venues Ötautahi receive the balance of pre-opening costs (as allowed for in the draft 2024-2034 Long Term Plan, in FY27.

# **CURRENT POSITION**

# 1. Economic and Industry Conditions

With a volatile and challenging economic environment and the impacts of this not only on the Venues Ōtautahi business but the events and venues industry as a whole, we remain focused on building a resilient and long term financially viable business able to respond to and ultimately advance in times of adversity.

Increased costs including those associated with food and beverage, repairs and maintenance, asset management, utilities, and insurance, along with the continued impacts of a recessionary environment has created pressure on the business. With these costs uncontrollable and unable to be deprioritised Venues Ōtautahi continue to focus on growth, diversity of revenue, cost control and high yield event creation and attraction.

From a revenue perspective, the impact of increased competition for and pressure on the discretionary dollar in an industry reliant on it and the increased costs of labour in and getting to and around New Zealand for touring artists particularly, Venues Ōtautahi continue to focus on delivering value to our clients and guests, developing strategic partnerships with promoters and event organisers and on creating the right platform for leveraging data and insights to drive revenue.



In light of the current and forecast economic and industry conditions, the Venues Ōtautahi FY24-27 Statement of Intent reflects, for the next two financial years, a realistic and achievable revenue forecast underpinned by those core areas of focus that drive revenue and reduce cost and from FY26/27 onwards, including the aspirations and forecast commercial value of Te Kaha.

At the same time while the medium term reflects, an environment requiring a strategic approach to growth balanced with a critical focus on cost, Venues Ōtautahi will not compromise on our commitment to enhancing the client and guest experience, prioritising social and environmental sustainability, 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, environmental and commercial outcomes of Te Kaha for the city, prioritising community connection with and access to their venues, integrating Te ao Māori principles in all we do and assuring the safety, compliance and operational functionality of the venues.

These are the commitments underpinning who Venues Ōtautahi are as a business and as a team.



### 2. Regional Impact

## a. 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 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, 50% were from the North Island and only 5% were from the Canterbury region.

With this approach extended to all contractors, service suppliers and event delivery partners as well as our commitment to employing local, the positive economic impact to the region from Venues Ōtautahi venues is significant.

Venues Ōtautahi contributes over \$2m directly to local food and beverage producers and suppliers and around \$10m to local contractors, service suppliers and event delivery partners annually.

Looking forward Venues Ōtautahi are forecasting year on year growth across the next two financial years and exponential growth with the addition of Te Kaha to the venue portfolio with from FY26/27.

Based on the forecast event schedule for the new venue, from FY26/27 Venus Ōtautahi is anticipating a close to 100% uplift in total annual revenue. On this basis, with the addition of Te Kaha to the portfolio of venues, annually there is \$20m of expected direct contribution to local contractors, service suppliers and event delivery partners and \$4m to local food and beverage producers in addition to the impacts of employing around 1000 staff from the Canterbury region from the Venues Ōtautahi suite of venues.



### b. Visitation

Through the attraction of major entertainment, sporting and business events to the region, venues and events deliver significant economic benefit to the community with visitors who attend events from out-of-town spending on accommodation, hospitality, retail, and other activities.

Venues Ōtautahi for this reason is focused on attracting these major events to the Venues Ōtautahi portfolio of venues, as these events bring the most direct and indirect economic impact to the region.



In FY22/23, for example, events held across the portfolio of Venues Ōtautahi venues delivered an estimated positive economic benefit through visitation of around \$34m to the region. In FY23/24, this is forecast to be around \$30m.

When you add in other economic impacts such as local employment, local procurement of food and beverage and engagement of local contractors, suppliers, and event delivery partners the broader estimated annual contribution from the Venues Ōtautahi ecosystem is around \$46m and could be up to \$100m from FY26/27 when Te Kaha

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, environmental, and economic wellbeing of the region and this will be a focus of the business across the period of this Statement of Intent.



### 3. Social, Environmental and Business Sustainability

### a. Environmental Sustainability

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

Venues Ōtautahi commits to building a culture whereby responsibility for positive sustainability outcomes is embraced by every member of our team, whatever their role or position. We believe in a holistic approach with an innovative, inclusive, and future focused approach to environmental, social, and business sustainability critical.

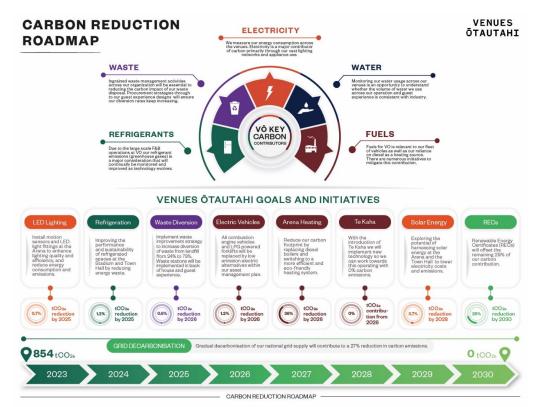
Environmental sustainability is essential for the long-term viability of major events. In an industry of mass gatherings generating large volumes of waste and in venues with peaks and troughs in activity, taking a strategic approach to sustainability is both a challenge and an opportunity.

Venues Ōtautahi strives 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, fuel, and refrigeration.



In 2023, a baseline carbon footprint was established and the Venues Ōtautahi strategy and roadmap to achieve carbon neutrality by 2030 developed.

Fig 2. Venues Ōtautahi Carbon Reduction Roadmap



To oversee our strategic direction a new sustainability subcommittee of the Venues Ōtautahi Board has been established, as well as an Executive leadership steering group to assure the delivery of the strategy and a sustainability committee responsible for execution, activation, and championing of sustainability across the business.

To track and monitor the outcomes of environmental sustainability initiatives implemented and to assure the company remains on track to deliver our 2030 targets, an environmental sustainability reporting platform, GreenHalo, has also been established.

To assure and validate our programme of activity Venues Ōtautahi has 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.

# b. Social Sustainability

In taking a holistic approach to sustainability, Venues Ōtautahi also strives to deliver positive social sustainability outcomes. The company's approach to sourcing local, employing local, contributing local and partnering local all underpin a positive contribution to the social fabric of the region.

Venues Ōtautahi is also committed to creating a diverse and inclusive culture, and one 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.

Venues Ōtautahi have a strong partnership with Ngāi Tūāhuriri with this cultural connection reflected in our culinary services offering, our front of house service and guest experience strategy and with the intention as we continue to deepen this partnership into future years, extending to training, development, and employment opportunities.



All aspects of this partnership contributing to the economic growth and support to our local Māori community.

Social responsibility and supporting those members of our community who need it the most is also core to the philosophies by which Venues Ōtautahilive by, and we are committed to meeting the highest standards of social and environmental performance, accountability, and transparency. This includes for example our partnership with the Christchurch City Mission with Venues Ōtautahi donating food able to be repurposed at the end of every event to the Mission.

Venues Ōtautahi believe in a system where businesses can benefit people, communities, and the planet, we intend to make long term strategic decisions over quick wins and will continue to measure our success in part based on the positive impact delivered by all aspects of the business.

### c. Business Sustainability

Venues Ōtautahi is focused on building a resilient business underpinned by focus on growth and diversification to not only grow commercial returns but to de-risk the business in times of adversity and to ensure its long-term financial viability.



### 4. 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 the business, have a focus on 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 2023 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.

Mental health and wellbeing is also a core focus of the business and on this basis 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.



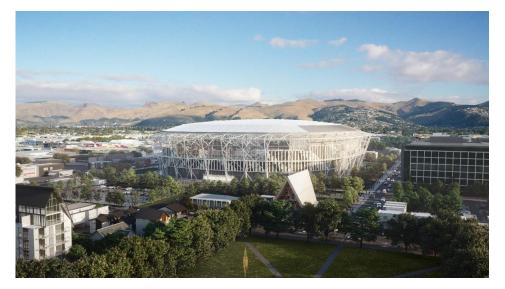
# 5. Te Kaha

# a. The Venue

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 Ngāi Tūāhuriri, Te Kaha which means "enduring strength". A name that will carry the legacy of this important symbol forever.



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 the Eastern part of the city and Venues Ōtautahi are committed to ensuring the surrounding precinct and the external facing aspect of the venue is full of heart, life, and warmth. Te Kaha will be a precinct for entertainment, not just a Stadium.

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 stadium 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.

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.

### b. Te Kaha Pre-Opening

Venues Ōtautahi as the operator of Te Kaha has 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.



Venues Ōtautahi has been and will continue to be intensively engaged across all aspects of the project with this 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.

Venues Ōtautahi will continue this engagement through the remaining design, construction, and commissioning phases of the venue prior to its opening in April 2026 with both this early engagement as well as leadership from a stakeholder engagement perspective invaluable in the long-term success of the venue.

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.

### c. Te Kaha Commercial Strategy

In 2023, Venues Ōtautahi commenced the two phased process to develop and execute the commercial strategy for the new venue. Phase one independently identified and valued all commercial assets including naming rights, corporate hospitality, sponsorship, and membership at Te Kaha.

Phase two, the development and execution of the sales strategy for all commercial assets commenced in June 2023 and continues in earnest throughout the period of this Statement of Intent.

Venues Ōtautahi will also continue to execute the marketing, communications, and engagement strategy to not only build community connection and pride in what will be a stunning venue for the region but also to activate and underpin the commercial strategy for the venue.

The attraction of events to Te Kaha underpins the long-term commercial strategy for the venue with major and business events delivering the most significant economic benefit to the region. Venues Ōtautahi commenced the development of an integrated and long-term strategy for attracting major and business events to Te Kaha in FY22/23 with the execution of the strategy commencing in FY23/24.



Outside of the venue itself, Venues Ōtautahi will also develop an activation strategy for the Te Kaha entertainment precinct and will develop an approach for the events making up the opening phase of the venue that will be underpinned by the following principles: Community, Versatility, Global Reach and Regional Impact

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.



# 6. Te ao Māori

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 integrating Te Ao Māori principles across our strategic framework and how we do business.

Recognising the profound value of indigenous wisdom, Venues Ōtautahi has woven traditional Māori values such as kaitiakitanga (guardianship), whanaungatanga (relationships), and manaakitanga (hospitality) into our operations.

This holistic approach not only honours the cultural heritage of Aotearoa but also fosters sustainable practices, fosters deeper connections with clients and communities, and enhances overall business resilience.

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



### 7. Strategic 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 Wolfbrook Arena. The Arena is 26 years old and continues to be in a period requiring significant asset renewal and improvement to maintain the quality, safety, compliance, and operational 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 Statement of Intent.

### 8. 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 and on his basis accessibility and inclusivity are strategic fundamentals in everything we do.

Not only does the company have a focus on assuring all aspects of the business are reflective of the diverse make up of our community, but the venues evolve 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 continue work with the right community groups and individuals to understand the opportunities and the challenges not only for the current suite of venues but also Te Kaha throughout the period of this Statement of Intent.





# COMMUNITY

Venues Ōtautahi primarily supports the local community by managing and operating the Christchurch Town Hall, Wolfbrook Arena, Hagley Oval (Hadlee Pavilion), Apollo Projects Stadium, and from 2026, Te Kaha those assets owned by the people of Christchurch for their economic, social, environmental, 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, environmental, and cultural benefit delivered from events across the portfolio of assets.

Venues Ōtautahi endeavours, and makes a strategic priority, to ensure 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 and the Wolfbrook Arena increasingly costly given the age of the asset, but generally 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 and the growth of the mobile arm of the business VÕ Events, will always be underpinned by the alignment with Venues Ōtautahi community principles and in the best interests of Ōtautahi, Christchurch.



# GOVERNANCE

The Venues Ōtautahi 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:

	Performance Measure						
Objective and Strategy	2024/2025 2025/2026		2026/2027				
Economic Impact	Economic Impact						
Attract and manage events that generate positive social, cultural, environmental and economic impact.	Maximise visitor spending by holding at least 16 major ticketed events at Venues Ōtautahi venues <sup>1</sup> .	Maximise visitor spending by holding at least 17 major ticketed events at Venues Ōtautahi venues <sup>1</sup> .	Maximise visitor spending by holding at least 22 major ticketed events at Venues Ōtautahi venues <sup>t</sup> including Te Kaha.				
Contribute direct economic benefit to the region <sup>2</sup> through implementation of local procurement strategy where commercially viable	80% of food product lines and 75% of all third party suppliers procured from Canterbury	80% of food product lines and 75% of all third party suppliers procured from Canterbury	80% of food product lines and 75% of all third party suppliers procured from Canterbury				
Social and Cultural Impact							
Maximise attendance at Venues Ōtautahi venues including Te Kaha	Guests to venues exceed 500,000 <sup>3</sup>	Guests to venues exceed 600,000 <sup>3</sup>	Guests to venues exceed 800,000 <sup>3</sup>				
Make venues available to support local community groups/individuals	At least 45 events receive the community rate, or the value of community discounts applied equate to at least \$100,000	At least 50 events receive the community rate, or the value of community discounts applied equate to at least \$115,000	At least 55 events receive the community rate, or the value of community discounts applied equate to at least \$115,000				
Client and Guest Experience	-	-					
Guest NPS <sup>4</sup>	Achieve greater than 50 NPS <sup>4</sup> during the year	Achieve greater than 55 NPS <sup>4</sup> during the year	Achieve greater than 55 NPS <sup>4</sup> during the year				
Client Net Promoter Score (NPS⁴)	Achieve greater than 50 NPS <sup>4</sup> during the year	Achieve greater than 55 NPS <sup>4</sup> during the year	Achieve greater than 55 NPS <sup>4</sup> during the year				
Health, Safety and Wellbeing							
Ensure the health and safety of our Venues Ōtautahi team, key delivery partners, clients, guests in the venues and all stakeholders involved with the business.	No serious harm incidents involving critical risks for guests, staff, or third-party stakeholders at Venues Ōtautahi.	No serious harm incidents involving critical risks for guests, staff, or third-party stakeholders at Venues Ōtautahi.	No serious harm incidents involving critical risks for guests, staff, or third-party stakeholders at Venues Ōtautahi.				



Sustainability and Environment			
Contribute to reducing the City's carbon footprint by achieving target of net carbon neutrality by 2030.	Achieve reduction carbon footprint.	Achieve reduction carbon footprint.	Achieve reduction carbon footprint.
Governance			1
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.
Asset Care			
Ensure assets are maintained at a suitable level for general use at all venues.	Assets are safe, compliant, and operationally functional.	Assets are safe, compliant, and operationally functional.	Assets are safe, compliant, and operationally functional.

1. Major Events defined as:

Arena: Event attendance > 5000,

Apollo Projects and Te Kaha Stadium: Ticketed events other than Super Rugby, Pacific and Bunnings Cup games Hagley Oval: International cricket or large ticketed matches such as the Black Clash

- 2. Regional is Christchurch and Canterbury. Can include National or International suppliers if point of origin is Canterbury.
- 3. The visitor numbers include events such as concerts and sports (ticketed events), dinners, conferences, expos and trade shows (unticketed events). Visitor numbers for expos and trade shows are captured using a clicker system at the entry point to the venue.
- 4. 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.



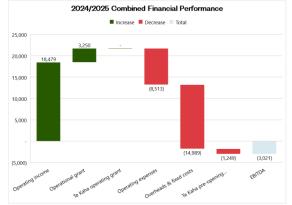


# 2. Financial Performance Targets

# a. EBITDA

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 2025 financial year:





This includes Te Kaha pre-opening costs being funded by Venues Ōtautahi for the 2025 financial year with the timing of grant revenue to be received in FY27.

# b. Consolidated Financial Performance Targets

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

	2024/25	2025/26	2026/27
	\$000	\$000	\$000
Direct operating income	18,479	16,696	14,926
Te Kaha operating income	-	4,869	19,476
Operating grant revenue received from Council	3,250	3,250	3,200
Te Kaha operating grant	-	2,301	1,479
Less: Direct operating expenses	8,513	9,794	15,390
Less: Net operating overheads and fixed costs	14,989	14,924	23,099
Less: Te Kaha pre-opening expenses	1,249	2,345	-
EBITDA	(3,021)	(2,003)	593
Forecasted Subvention	2,000	2,000	2,000
Operating cash surplus/(deficit) excluding interest and			
depreciation	(1,021)	(3)	2,593



# Attachment A

c. Forecast Capital Structure

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

Forecast capital Structure			
	2024/25	2025/26	2026/27
	\$000	\$000	\$000
Issued shares and other equity instruments	244,636	244,636	244,636
Debt	3,185	3,185	0
Total Assets	235,781	230,460	224,120
Shareholder funds to total assets ratio	85%	85%	85%



# d. Forecast Capital Expenditure

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

Forecast Capital Expenditure	2024/25	2025/26	2026/27
	\$000	\$000	\$000
Asset management plan - Christchurch Town Hall	603	549	1,033
Asset management plan - Wolfbrook Arena	2,483	1,386	2,056
Operational capital expenditure	1,377	1,777	1,013
	4,463	3,711	4,101
Inflationary Provision (as per draft 2024/34 Long Term Plan)	187	156	172
	4,650	3,867	4,273

The request for capital funding in the 2025 and 2026 years is for costs associated with the continued delivery of the Asset Management Plan for required safety and compliance upgrades at Wolfbrook Arena and the Christchurch Town Hall as well as ongoing replacement of operational capital equipment.



### COMPENSATION SOUGHT FROM COUNCIL

Public assembly venues such as town halls, entertainment and sporting arenas, and stadia exist to deliver economic, environmental, 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 required in the draft 2024-2034 Council Long Term Plan for the period of this Statement of Intent ending 30 June 2027, which includes Te Kaha in the portfolio of assets from the third quarter of the 2026 financial year.

Operational support and capital grant funding provided to Venues Ōtautahi is prioritised to ensuring the venues are safe, compliant, and operationally functional with the same philosophy (with the exception of preopening expenses) applying to Te Kaha when operational.

### a. Operational Funding

Operational funding support contributes around 50% of the fixed largely uncontrollable costs associated with managing the city assets, Christchurch Town Hall, Wolfbrook Arena, Apollo Projects Stadium and Te Kaha. 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.

### b. Capital Funding

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

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

With fixed asset costs forecast having increased significantly in the 2023 and 2024 years, the addition of increased local and national competition in the market, the impacts of high inflation and a volatile economic environment, the support of Council as we together navigate the challenges of the current economic environment and desire to reduce rates impact, and with the addition of Te Kaha to the venue portfolio, there are some amendments to operational funding support sought for the period of this Statement of Intent.





The majority of an historical Lancaster Park Ioan (relating to the construction of the Deans Stand, which opened in 2010 in preparation for the 2011 Rugby World Cup) was repaid in FY24 with the remainder of all Venues Ōtautahi debt being repaid during the course of this Statement of Intent. On this basis, debt funding support from Council reduced by \$800k in FY24, reducing Venues Ōtautahi annual operational support from Council from \$4.05m to \$3.25m. Debt financing will reduce to nil from 2027/28.

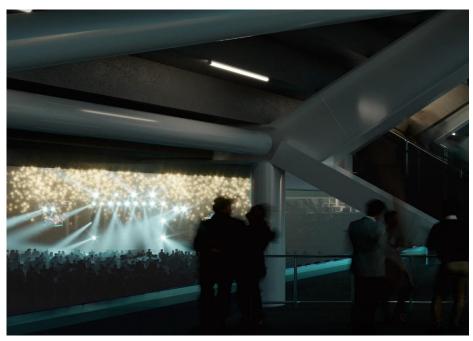
### 2. Te Kaha Operational, Capital, and Bid Incentive Funding

### a. Operational Funding Support, Pre-Opening

Te Kaha operational funding support commences in FY25/26 with these funds being attributed to the reimbursement of pre-opening expenses being met by Venues Ōtautahi since FY22/23 without any revenue associated with the venue prior to opening to offset.

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.

Over the period of this Statement of Intent, these 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.



Between FY22/23 and FY25/26 pre-opening expenses will total \$4.23m.

In addition to 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) costs in the latter stages of the period will include starting to acquire sufficient business development and information technology and data resources and as we move into testing, commissioning and operationalising the venue, additional assets and facilities, operations and culinary services resources.

To support Council in minimising rates impact for the 2023, 2024 and 2025 years and what is reflected in the FY25-27 Statement of Intent, Venues Ōtautahi will manage all Te Kaha pre-opening costs within current cashflows.



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The impact of this for Venues Ōtautahi is a \$1.23m and \$44k negative variance with respect to EBITDA performance in FY24/25 and FY25/26 respectively.

Te Kaha Pre-opening costs and funding	2023/24	2024/25	2025/26	2026/27	Total
	\$000	\$000	\$000	\$000	\$000
Te Kaha operating grant	-	-	2,301	1,479	3,781
Less: Te Kaha pre-opening Costs	800	1,249	2,345	-	4,394
	(800)	(1,249)	(44)	1,479	(613)

### b. Operational and Capital Funding Support, Te Kaha

Operational and capital funding for Te Kaha reflects the Venues Ōtautahi financial and operating model, aligns with the analysis\* undertaken of the Te Kaha investment case as at detailed design and is accounted for in real terms.

With limited repairs and maintenance required in the first five years of operation there is minimal operational (asset management and maintenance) and capital support required.

On this basis, across the 7-year comparator period between the 2021-2031 LTP and 2024-2034 LTP there is a \$16.05m dollar saving based on this analysis.

The analysis underpinning operational and capital support required is based on asset replacement (life cycle renewals) rather than a percentage of capital cost. This is due to more detailed information being available at the latter stages of design versus the percentage of capital cost assumption in the Te Kaha Investment Case.

At the conclusion of detailed design and through the phases of testing and commissioning these assumptions will become more refined.

\* Of note, Venues Ōtautahi analysis has been independently reviewed and validated by Ernst and Young who were responsible for the original Investment Case. Council Finance have also reviewed Venues Ōtautahi analysis and revised life cycle and operating model assumptions and have confirmed these are aligned with their expectations.



### c. Bid Incentive Fund

It is Venues Ōtautahi's intention to work with the Council through the 2024 Long-Term Planning process to confirm the bid incentive fund allocation and administration structure associated with bid incentive funding for Te Kaha and all major events attraction hosted in Venues Ōtautahi venues.

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### 3. Funding for ongoing and extended operation of Apollo Projects 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, debt and capital grants for the period of this SOI are included in the chart below.

Operating, debt financing and capital grant funding			
	2024/25	2025/26	2026/27
	\$000	\$000	\$000
Venues Otautahi operating grant	3,050	3,050	3,000
Venues Otautahi debt financing grant	200	200	200
Te Kaha operating grant	-	2,301	1,479
Total operating and debt financing funding	3,250	5,551	4,679
Capital grant as per draft 2024/34 LTP			
	2024/25	2025/26	2026/27
	\$000	\$000	\$000
Capital Grant (as per Draft 2024/34 Long Term Plan)	4,650	3,867	4,273
Total Capital Grant	4,650	3,867	4,273



# 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 2023, 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 Ötautahi.

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 2023 by Deloitte at \$212.2 million 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.

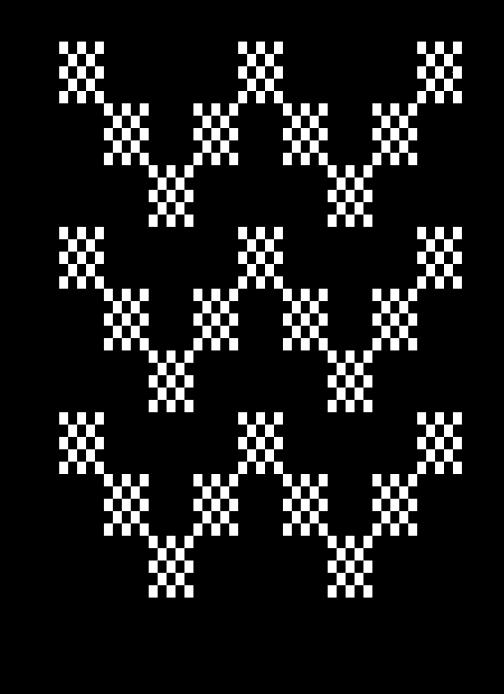


CONTACT DETAILS

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

Address:

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





Christchurch **City Council** 

28 February 2024

Mr Gill Cox Chair Venues Ōtautahi By email: gill.cox@snap.net.nz

# Dear Gill

# Christchurch City Council's expectations for 2024/25

This letter sets out the Christchurch City Council's expectations of the Venues Ōtautahi (VŌ) board for the 2024/25 financial year. Please consider this letter and reflect the expectations as appropriate in VŌ's Statement of Intent (SOI) for 2024/25.

The 2024 calendar year is set to be a challenging time for the Council and its organisations in terms of budgeting amid ongoing economic and geo-political uncertainty. The possibility that inflation and interest rates remain at higher levels than expected is a key risk for the Council and its organisations. The Council expects VO to exercise financial restraint with a view to minimising its call on ratepayer funding at all times.

The Council was very pleased to note VO's strong performance in 2022/23. The Council acknowledges the importance of events to the city's economic outcomes and to the wellbeing of local residents, as well as to VO's and the Council's financial positions.

The Council expects VO to focus on attracting major ticketed entertainment and sporting events to the city, prioritising those that contribute the most significant direct and indirect economic impact to the region. We encourage VO to continue to look for other revenue streams, taking into account risk and return imperatives.

In 2023, the Council endorsed the Christchurch Economic Ambition, City Narrative and Destination Management Plans. Collaboration between the private and public sector is at the heart of achieving the strategy. The Council expects all of its CCOs to align their activities to these documents.

The Council has asked CNZ to take the lead in engaging with the organisations within the Council family to ensure they are aware of, and understand the applicability of the Christchurch Economic Ambition's and City Narrative's objectives and ways in which they might respond to them.

### **Strategic Framework**

The Council's priorities in the new draft Strategic framework which underpins the LTP are:

Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.	
Champion Ōtautahi–Christchurch and collaborate to build our role as a leading New Zealand city.	

Christchurch City Council // 53 Hereford Street, Christchurch // 03 941 8999 // ccc.govt.nz

Christchurch

**City Council** 



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-	Build trust and confidence in the Council through meaningful communication, listening to and working with residents.
<b>@</b>	Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, waterbodies and tree canopy.
\$	Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.
	Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

The Council expects  $V\bar{O}$ 's SOI to clearly depict the organisation's alignment with the new strategic framework. The new framework (draft until approved following community consultation) is attached to the SOE.

The Mayor and councillors have asked that the Council (and its organisations) intensify work on the priorities, align skills and resources according to the priorities and collaborate across the group on the priorities.

# Statement of Intent

The Council would like V $\overline{O}$  to review its performance targets to ensure they provide a meaningful assessment of V $\overline{O}$ 's progress in achieving its strategic objectives. For example, you should consider targets (both expected and stretch) relating to economic benefits to Christchurch from V $\overline{O}$ -hosted events, utilisation rates of owned venues, value for money measures such as variable overhead expenses relative to revenue and efficiency measures such as operating margin and revenue growth.

The use of benchmarking to demonstrate value for money is strongly encouraged. The Council acknowledges it can sometimes be difficult to find like-for-like examples but this can be addressed in qualitative analysis and narrative accompanying the benchmarking.

The Council requests that  $V\bar{O}$  (and the Council's wider group) actively considers and pursues options that might be available to share services with other members of the group.

# **Climate Change and Emissions Reduction**

The Council's expectations for carbon emission reductions are in the SOE. The Council requests that  $V\bar{O}$  (as well as all other CCOs) provides a more detailed discussion about progress towards achieving the 2030 net carbon neutral (excluding methane) target at least once during the financial year.

A broader expression of the Council's climate change and emissions reduction expectations is in the Statement of Expectations.

# 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.

A broader expression of the Council's mana whenua expectations is in the Statement of Expectations.



# Attachment B

# Collaboration

The Council expects  $V\bar{O}$  to work with all Christchurch city stakeholders to ensure events attracted complement each other with a view to maximising the economic, social, cultural and environmental net benefits for the city.

The Council is keen to ensure that a high level of collaboration and co-operation exists between  $V\bar{O}$  and CNZ to achieve strategic and legacy economic and social outcomes for  $\bar{O}$ tautahi. We would like  $V\bar{O}$  (and CNZ) to make this a priority especially in the lead up to Te Kaha's opening.

At an officer level, continue to engage on matters of importance and keep the dialogue open, informative and productive.

# Te Kaha

The Council expects  $V\bar{O}$  to continue implementation of the commercial strategy for Te Kaha. In particular  $V\bar{O}$  should actively seek opportunities to grow and diversify revenue streams to offset the funding of the venue's operating costs. The Council expects  $V\bar{O}$  to do all that it can to minimise the call on the Council's operating and capital budgets and the project's funding, ultimately minimising the call on ratepayers.

The Council understands that the process for awarding naming rights for Te Kaha is underway. Before the contract is awarded, we expect that  $V\bar{O}$  will engage with the Council's Chief Executive on  $V\bar{O}$ 's preferred applicant and how that party met the decision criteria.

# Governance

The Council expects VO to continue its commitment to:

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

# Timetable for 2024/25

Deliverable	Due to Council staff	Council/F&P meeting
Annual report 2023/24 / Quarter 4 performance report	30 September	November
Letter of Expectations 2025/26	N/A	December
Quarter 1 (July-September) performance report	30 November	December
Half year (interim) report	28 February	March/April
Draft Statement of Intent	1 March	April/May
Final Statement of Intent	30 June	July/August
Quarter 3 (January-March) performance report	31 May	June/July



# Long Term Plan 2024-34

Although technically outside the term of this LOE, we nevertheless take the opportunity to note your engagement with the Council on  $V\bar{O}$ 's funding levels for the future. As you are aware, the Council has some very difficult decisions to make taking into account the pressure that the high inflation environment has had on our funding flexibility.

It is important that the Council receives robust value for money advice to support its decisionmaking. One aspect of that is presenting low, medium and high cost scenarios for your operations in which the counter-factual at the various levels of funding is clear.

# No surprises

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

If you would like to discuss the content of this letter, please contact Russell Holden, Acting General Manager/CFO, Resources Group on 941 6495 or Linda Gibb, Performance Advisor on 941 6762.

Ngā mihi nui

Cap

Phil Mauger Mayor of Christchurch City

c.c. Caroline Harvie-Teare, Chief Executive, VO (caroline.harvie-teare@venuesotautahi.co.nz).



# 14. Council-controlled organisations - Draft Statements of Intent 2024/25

Reference Te Tohutoro:	
Responsible Officer(s) Te Pou Matua:	Linda Gibb, Performance Advisor, Resources
Accountable ELT Member Pouwhakarae:	Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

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

- 1.1 This report presents draft Statements of Intent (SOIs) for 2024/25 for Council-controlled organisations (CCOs) Civic Building Ltd (CBL), Local Government Funding Agency (LGFA), Riccarton Bush Trust, Rod Donald Banks Peninsula Trust, and Te Kaha Project Delivery Ltd.
- 1.2 The draft SOIs were received on or before 1 March 2024 as required by clause 1, schedule 8 of part 1 of the Local Government Act 2002 (LGA).

# 2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

- 1. Receives the following Council-controlled organisations' draft Statements of Intent (SOIs) for 2024/25:
  - a. Civic Building Ltd;
  - b. Local Government Funding Agency;
  - c. Riccarton Bush Trust;
  - d. Rod Donald Banks Peninsula Trust; and
  - e. Te Kaha Project Delivery Ltd.
- 2. Advises any comments on the draft Statements of Intent to be referred to the Councilcontrolled organisations' boards; and
- 3. Notes that the decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy based on the expectation that they will have little if any impact on the community.

# 3. Executive Summary Te Whakarāpopoto Matua

- 3.1 The key purpose of the SOI process is to provide the Council, as shareholder with an opportunity to influence the direction of the CCO.
- 3.2 The draft SOIs for the Council's small CCOs were received on time (before 1 March 2024) and sufficiently meet the LGA requirements for content and the Council's Enduring Statement of Expectations (SOE), issued in December 2023. (Note that not all the expectations are relevant or material to the small CCOs (or in the case of the LGFA, the governance responsibilities have been delegated to a shareholder council) with relatively narrow scopes of business.
- 3.3 Most of the draft SOIs reflect inflationary pressure on costs. However, there are no impacts on Council funding over and above what has been recognised in the draft LTP 2024-34 (note the



only CCOs that the Council provides grant funding to are the Riccarton Bush and Rod Donald Banks Peninsula Trusts).

- 3.4 Council Finance staff have engaged with the CCOs (other than LGFA) to seek improvements to the draft SOIs, and some of those conversations are continuing as signalled in this report.
- 3.5 Clause 2, schedule 8 of part 1 of the LGA provides for a CCO board to consider comments on its draft SOI made by shareholders by 1 May 2024, after which they must finalise the draft SOI by 30 June 2024. It must be published by 31 July 2024.

# 4. Background/Context Te Horopaki

# Local Government Act 2002 requirements

- 4.1 The purpose of a SOI is recorded in section 64(2) as being to:
  - a) State publicly the activities and intentions of the CCO for the year, and the objectives to which those activities will contribute; and
  - b) Provide an opportunity for shareholders to influence the direction of the organisation; and
  - c) Provide a basis for the accountability of the directors for performance.
- 4.2 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.
- 4.3 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.

# **Enduring Statement of Expectations**

- 4.4 In December 2023 the Council issued an Enduring SOE to its fully-owned CCOs. The expectations were largely of a general nature, but the following are particularly relevant to SOIs and are reasonably provided for in the draft SOIs with one or two exceptions discussed further in this report:
  - demonstrating linkages between the CCO's and the Council's Community Outcomes and Strategic Framework that underpins the draft Long Term Plan 2024-34;
  - targeting carbon neutrality by 2030;
  - making health and safety a top priority;
  - setting meaningful, reliable and concise performance targets; and
  - engagement with mana whenua in areas of mutual interest.

# Summary of draft SOIs

# Civic Building Ltd (Attachment A)

- 4.5 CBL is a 50/50 partner in a joint venture 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 for the JV's purchase of the building.
- 4.6 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:



Net profit before tax	2024/25 \$000	2025/26 \$000	2026/27 \$000
Current draft SOI	410	581	609
Last year's final SOI	509	840	-
Change	-99	-259	-

- 4.7 The reduction in net profit before tax reflects reforecasting based on higher interest costs than was expected when last year's SOI was prepared. Last year's assumptions of reducing rates did not occur.
- 4.8 The projected reduction in total assets, shown in the table over the page reflects the repayment of debt of \$3 million in each of 2024/25 and 2026/27.

Total assets	2024/25 \$000	2025/26 \$000	2026/27 \$000
Current draft SOI	48,496	48,344	45,128
Last year's final SOI	49,923	50,690	-
Change	-1,427	-2,346	-

# *Non-financial performance targets*

- 4.9 The performance targets are largely the same as in the prior year, amended slightly to reflect implementation of recommendations from the accessibility audit in 2022, and to now focus on maintaining them.
- 4.10 The environmental performance target now focuses on plant or systems that assist in reducing consumption against the baseline established last year.

# Local Government Funding Agency (Attachment B)

- 4.11 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.
- 4.12 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. The Shareholders' Council is responsible for commenting on the LGFA's draft SOI.
- 4.13 The Shareholders' Council has not provided a copy of its LOE to the LGFA. Neither has it provided advice on the content of the draft SOI.
- 4.14 The LGFA's financial forecasts compared with those projected in last year's SOI are shown in the tables below. The LGFA advises that there is lack of certainty about the outyear projections due to the uncertainty of timing and market rates of the circa \$7 billion of bonds and loans expiring over the SOI forecast period.

Net profit	2024/25 \$m	2025/26 \$m	2026/27 \$m
Current draft SOI	15.1	13.1	10.1
Last year's final SOI	9.3	10.5	-
Change	+5.8	+2.6	-



Lending	2024/25 \$m	2025/26 \$m	2026/27 \$m
Current draft SOI	22,086	24,456	26,053
Last year's final SOI	20,030	21,505	-
Change	+2,056	+2,951	-

- 4.15 Against last year's SOI forecasts, net profit has increased in 2024/25 by \$5.8 million and in 2025/26 by \$2.6 million offset in part by higher operating and issuance costs of \$4 million in 2024/25 and \$6.6 million in 2025/26. These changes reflect higher interest income from increased lending of \$2 million in 2024/25 and almost \$3 million in 2025/26 offset by higher costs of issuing bonds into offshore markets.
- 4.16 Dividends to shareholders are unchanged at \$2 million per annum (of which the Council's share is 166,000). The LGFA's dividend policy reflects its priority to local government lenders "to provide an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2% over the medium term". Therefore, the benefits of the higher profit will be reflected in future lending rates.
- 4.17 Lending to local government has increased over last year's SOI expectations largely due to the higher level of loans made in the current financial year which flows through future years. Note that at the half year ended 31 December 2023, the LGFA had loans on issue to the value of \$18.8 million compared with its full year 2023/24 SOI forecast of \$17.9 million.
- 4.18 Notwithstanding the increase in lending, the impact of lower interest rates and a higher level of liquid assets (proportionate to the value of total lending) results in a year on year forecast decrease in net profit.

# Non-financial performance targets

4.19 The majority of targets are the same as in prior years. Several are updated to reflect the passage of time – such as the change in Government policy for water services, recognition that its green bonds and climate loans are now embedded into its suite of investment tools available to assist the local government sector in achieving their sustainability and climate change objectives and therefore no longer needs to be explicit and to develop its sustainability strategy to include the estimated financial impacts of climate change.

# **Riccarton Bush Trust (Attachment C)**

- 4.20 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.
- 4.21 The key drivers of the Trust's financial performance are income from the on-site café, the Saturday morning market, tours and the Council's annual operating grant. Third party grants and donations can also make a significant contribution. The upkeep costs for the house and bush and staff salaries are the Trust's highest costs.
- 4.22 The following table sets out the Trust's forecast revenue and expenses over the SOI period compared with last year's final SOI:

Operating surplus / (deficit)	2024/25 \$000	2025/26 \$000	2026/27 \$000
Current draft SOI	(296)	(298)	(300)
Last year's final SOI	(270)	(270)	-
Change	(26)	(28)	-

4.23 The increase in the operating deficit reflects increased costs of depreciation, remuneration (e.g. living wage) and inflationary pressure. The majority of these costs are offset by an increase in the Council's operating grant. The uncompensated balance of \$26,000 in 2024/25 and \$28,000 in 2025/26 is increased depreciation.

Council funding	2024/25 \$000	2025/26 \$000	2026/27 \$000
Opex grant (draft SOI)	495	510	529
Opex grant (last year)	417	425	-
Change	+78	+85	-

- 4.24 The Trust's SOI capital forecasts, of \$52,000 in 2024/25 and \$27,000 in 2025/26 are the same as projected in last year's SOI.
- 4.25 The Council's operating and funding grants for the Trust as recorded in the draft SOI are consistent with the draft LTP 2024-34.

# Non-financial performance targets

- 4.26 The Trust's original timetable for the bush enhancement project has not been met, in part as the engagement with mana whenua is taking longer than expected to be concluded. The project has now been recast into two distinct stages with Stage 1 being the activities required to meet health and safety requirements which includes upgrading the tracks and supporting infrastructure, as well as developing areas for larger groups and providing interpretation to educate, engage and encourage participation.
- 4.27 Council staff are assisting the Trust to engage with Ngāi Tūāhuriri on Stage 2 of the project (to integrate Ngāi Tūāhuriri narratives, values and association with the Bush through design, art, entrance experience and interpretation).
- 4.28 The performance target for the Bush Enhancement project has been amended from last year's "works completed by June 2024" to "Stage 1 - commence infrastructure renewal and replacement". Performance targets are expected to focus on outcomes, in this case project completion rather than commencement, and potentially quality standards.
- 4.29 Staff are currently engaging with the Trust towards the final SOI being refined to:
  - reflect how the Trust's objectives align to the Council's strategic framework and community outcomes set out in the draft LTP; and
  - reframe the performance target for Stage 1 of the Bush Enhancement Project from "commencing stage 1…" to an outcome-related target.

# Rod Donald Banks Peninsula Trust (Attachment D)

4.30 The Trust supports sustainable management, conservation and recreation on Banks Peninsula. The following table sets out the Trust's SOI financial projections:

Surplus/(deficit)	2024/25 \$000	2025/26 \$000	2026/27 \$000
Current draft SOI	(331)	(777)	561
Last year's final SOI	(157)	(168)	-
Change	-174	-609	

4.31 The changes in financial forecasts for the most part reflect higher expenditure on strategic grants and projects of \$151,000 in 2024/25 and \$586,000 in 2025/26. This is a result of lower levels of expenditure made in 2023/24 due to uncertainty about the projects that the Council's



capital grant could be applied to. This uncertainty was recently resolved and the Trust is reverting to forecasts based on its 2020 strategic plan.

- 4.32 The major driver of the improved surplus of \$1.3 million in 2026/27 compared with 2025/26 is the Council's capital grant of \$1.35 million.
- 4.33 The Council's operating grant of \$100,000 per annum and capital grant of \$1.35 million in 2026/27 are provided for in the 2024-34 draft LTP (no change from 2021-31 LTP) and are appropriately included in the draft SOI.

# Non-financial performance targets

4.34 Non-financial 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)

4.35 Te Kaha Project Delivery Ltd is the <u>governance body</u> 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.

Revenue/Expenses	2024/25 \$000	2025/26 \$000	2026/27 \$000
Current draft SOI	330	321	232
Last year's final SOI	330	321	232

- 4.36 The funding allocations are the governance costs only.
- 4.37 There are no changes between the draft SOI and last year's SOI.
- 4.38 Note that the reduction in revenue/expenses of \$100,000 in 2026/27 reflects the completion of the stadium in 2026 but there is retention of the Chair and four directors over the defects period ending in April 2027.

# Non-financial performance targets

- 4.39 These 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.
- 4.40 New targets have been added for the Council's health and safety team to undertake regular audits and report to the Te Kaha board. This is an extra measure added to the suite of targets for the effective management of critical safety hazards.

# Options Considered Ngā Kōwhiringa Whaiwhakaaro

4.41 The only practicable option available to Council is to review and provide comment on CCHL's draft SOI so they can be considered as part of finalising the SOI. In the absence of shareholder comments, the respective governing bodies will finalise their SOIs and they will form part of the suite of accountability tools for stakeholders as they stand in draft form.

# 5. Financial Implications Ngā Hīraunga Rauemi

# Capex/Opex Ngā Utu Whakahaere

5.1 There is no impact on Council funding as a result of the draft SOI forecasts.



# 6. Considerations Ngā Whai Whakaaro

# Risks and Mitigations Ngā Mōrearea me ngā Whakamātautau

6.1 SOIs are one of the key accountability tools between the Council as shareholder and the CCOs. They provide transparency to all stakeholders, including the community.

# Legal Considerations Ngā Hīraunga ā-Ture

- 6.2 The statutory authority to undertake the decisions in the report stems from the LGA.
- 6.3 Other legal implications are the LGA's SOI requirements in section 64 (purpose of SOI) and schedule 8, part 1 (timing, process and required content of SOI). The consistency of the CCOs' draft SOIs with these requirements has been discussed in the body of this report.

# Strategy and Policy Considerations Te Whai Kaupapa here

- 6.4 The required decisions are not directly related to the <u>Christchurch City Council's Strategic</u> <u>Framework</u>.
  - 6.4.1 They are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering the extent to which the decisions might impact the community.
  - 6.4.2 The decisions are consistent with the Council's Plans and Policies, as they relate to good governance.
- 6.5 This report supports the <u>Council's Long Term Plan (2021 2031)</u> as the CCOs are part of the way in which the Council delivers its community outcomes.

# Community Impacts and Views Ngā Mariu ā-Hāpori

6.6 There is no impact on the community from the draft SOIs. The activities underpinning the SOIs have been addressed by earlier decisions.

# Impact on Mana Whenua Ngā Whai Take Mana Whenua

- 6.7 The decisions do not involve a significant decision concerning ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture, and traditions.
- 6.8 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.
- 6.9 The SOIs are governance documents, and all make commitments to engage with mana whenua in areas of mutual interest.

# Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi

6.10 The decisions in this report are unlikely to contribute to adaptation to the impacts of climate change or emissions reductions. The SOIs are governance documents and do not of themselves create any incremental operational activity.

# 7. Next Steps Ngā Mahinga ā-muri

7.1 The CCO boards will consider any comments made by the Council as shareholder following which they will finalise the SOIs by 30 June and publish them on their websites by 31 July.



# Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 🕂 🛣	Civic Building Ltd - Draft Statement of Intent 2024/25	24/463547	333
В 🕂 🔛	Local Government Funding Agency - Draft Statement of Intent 2024/25	24/463644	347
С 🕂 🔛	Riccarton Bush Trust - Draft Statement of Intent 2024/25	24/463694	360
D 🕂 📆	Rod Donald Banks Peninsula Trust - Draft Statement of Intent 2024/25	24/463733	376
E 🕂 🔛	Te Kaha Project Delivery Ltd - Draft Statement of Intent 2024/25	24/463538	400

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

Document Name - Location / File Link	
Not applicable	

# Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO	
Approved By	Russell Holden - Head of Finance	
	Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer	



Memorandum

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To: The Board of Directors, Civic Building Limited (CBL)

From: Mansha Dass, Financial Accountant

Civic Building Limited

31 January 2024 Date:

Subject: Draft 2025-2027 statement of Intent for Civic Building Limited

The Draft Statement of Intent (SOI) for 2025 has been prepared and is attached to this memo. The SOI covers the three financial years ending June 2025, 2026 and 2027 for consideration and approval by the Board.

The SOI has been prepared in accordance with section 64(1) of the Local Government Act 2002 and is required to be submitted to the Council by 1 March for comment. The Council is required to provide the Company with its comments by 1 May. The Company is then required to consider comments and then issue a final SOI to its shareholder by 30 June.

Critical assumptions and estimates have been made in the preparation of the SOI. These are detailed in the SOI and are reviewed on a regular basis as new information are noted.

The key financial and non-financial performance measures have been developed by Council staff with the support of the leadership team and have been reviewed and challenged.

The draft SOI for 2025 is consistent with the previous years' SOIs.

### Staff Recommendation

It is recommended that the Board of directors approve the 2025-27 Statement of Intent for Civic Building Limited.

**Directors Approval** 

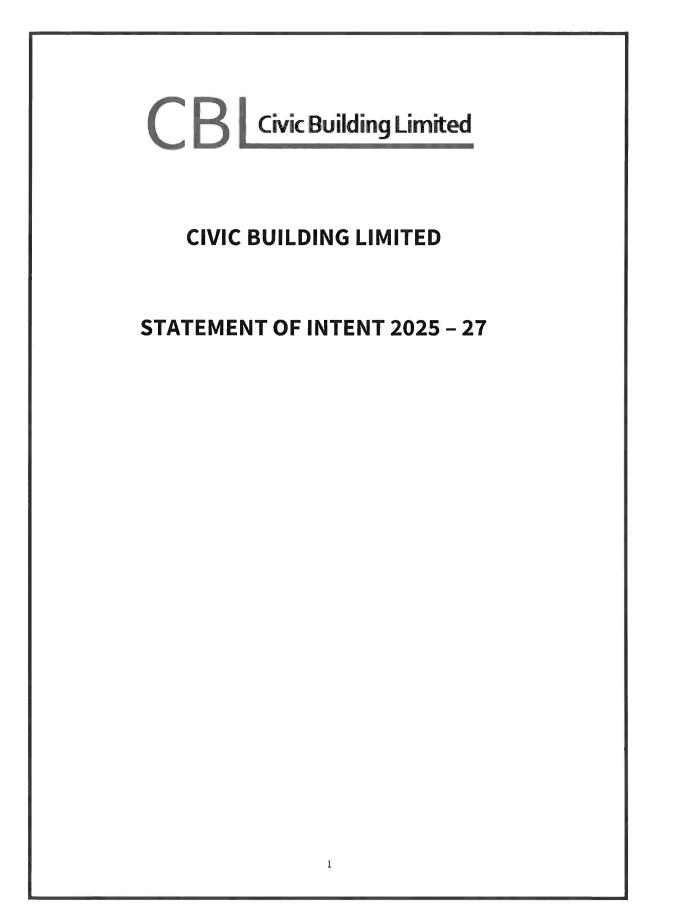
James Gough

Sam MacDonald

Jake McLellan







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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 2023 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 2025, 2026 and 2027.

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:

	hurch City uncil
Civic Bu	ilding Ltd
CCB	JV 50%

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:	Councillor James Gough (Chairperson)
	Councillor Sam MacDonald
	Councillor Jake McLellan
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# 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.

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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:

	2024/25	2025/26	2025/27
	\$000	\$000	\$000
Revenue			
Interest - Finance Lease	2,831	2,693	2,545
Interest - Other	219	129	171
Otherincome	1,320	1,388	1,408
	4,370	4,210	4,124
Expenses			
Finance costs	3,158	2,803	2,669
Other expenses	802	826	846
	3,960	3,629	3,515
(Loss)/profit before income tax	410	581	609
income tax (income)	(39)	85	210
(Loss)/profit for period	449	496	399

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:

2024/25	2025/26	2025/27
-6.9%	-4.5%	-2.2%

**Capital Structure** 

The forecast capital structure for the next three years is:

	2024/25	2025/26	2025/27
	\$000	\$000	\$000
Uncalled Capital	10,000	10,000	10,001
RPS Shares	4,968	4,968	4,685
Borrowings from Council	47,608	47,608	44,891
Finance Lease asset	38,079	35,324	32,328
Total Assets	48,496	48,344	45,128



In addition to the above financial performance measures, CBL will use the following measures to assess its operational performance in the 2025 financial year:

Objective and Strategy	Performance Measure
Meet the financial targets contained within this SOI.	Review of corporate financials in comparison to budget.
Manage the investment in a commercially astute and prudent manner.	Review of asset performance following the investing of capex and opex.

## 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 2025 financial year:

Performance Target	Performance Measure
Consistently maintaining and enhancing a high standard in terms of environmental and energy sustainability.	Any plant or system that helps reduce energy consumption is maintained and kept to a high standard of operation - All plant related to this target remains operational 90 % of the time unless there is a specific issue requiring further attention (lighting controls / rain water tanks / solar panels)

# 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 2025 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	Provide twice the building code ventilation as per building design
facilities and Christchurch City Council's Equity and Access for People with Disabilities Policy.	To maintain the implementation of all pertinent recommendations from the accessibility audit conducted in the fiscal year 2022.
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# 7.0 DISTRIBUTIONS

During the year to 30 June 2025 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

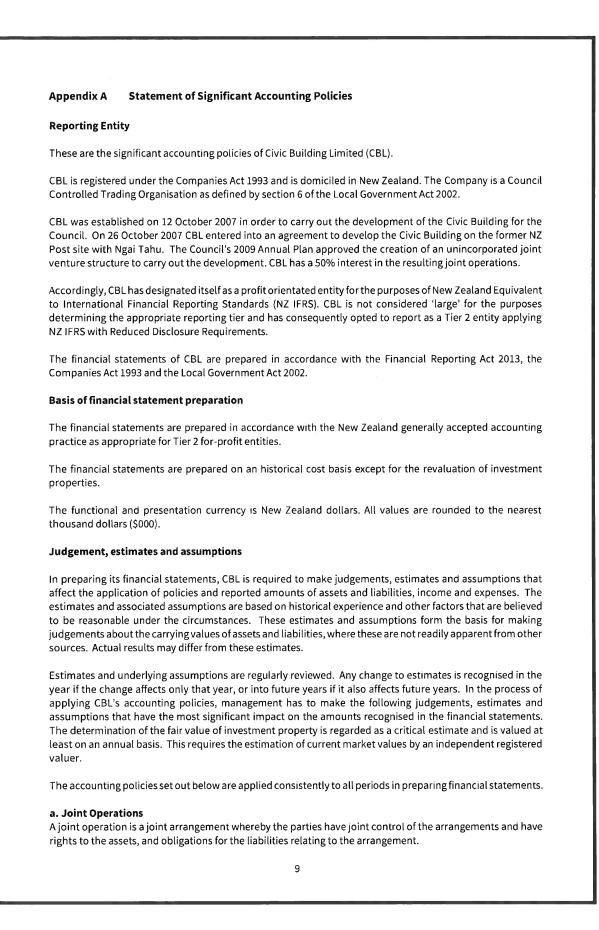
The Shareholder has recorded the value of its investment in Civic Building Ltd in its accounts at 30 June 2023 as \$91.5 million and this is considered an appropriate estimation of the commercial value of CBL.

# 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.

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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.



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# 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.

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Attachment A





28 February 2024

Dear Shareholder

# Draft Statement of Intent 2024-2027

Please find attached a copy of our draft Statement of Intent (SOI) for 2024-2027.

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
- Providing longer dated funding and
- Providing 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 2024-27 are worth noting:

- This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Local Waters Done Well Programme. We are awaiting further information as the enabling legislation is introduced in June and December 2024 but will assume in the meantime a business-as-usual approach to council and CCO borrowing. The final SOI in June 2024 will be updated from this draft to incorporate any future announcements and will include a statement if there have been any material changes to our forecast assumptions.
- Profitability is forecast to remain strong with projections for Net Operating Gain of \$15.1 million, \$13.1 million, and \$10.1 million for the next three years. However, we remain cautious in placing too much emphasis on the year two (2025-26) and three (2026-27) forecasts given we have \$7.1 billion of LGFA bonds and \$7.5 billion of council and CCO loans maturing over the three-year SOI forecast period. This is because assumptions regarding the amount and timing of refinancing and interest rates have a material impact on financial projections.

New Zealand Local Government Funding Agency Limited Auckland Level 5, Walker Wayland Centre, 53 Fort Street Wellington Level 8, City Chambers, 142 Featherston Street PO Box 5704, Lambton Quay, Wellington 6145 | Phone +64 4 974 6530 Igfa.co.nz



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- We have increased our forecast for council loans (short and long term) outstanding as at June 2025 to \$22.08 billion and to \$24.45 billion as at June 2026 (from \$20.03 billion and \$21.50 billion in the previous SOI). This increase reflects a higher starting position as at 30 June 2024 and councils undertaking further capex and continued high utilisation of shortterm borrowing from LGFA.
- We are assuming gross bond issuance of \$5.25 billion (2024-25), \$5.04 billion (2025-26) and \$4.72 billion (2026-27) based on council gross lending of \$4.60 billion (2024-25), \$4.86 billion (2025-26) and \$5.08 billion (2026-27).
- Net interest income is expected to gradually reduce over the forecast period as the balance sheet grows from increased council lending but is offset by a larger holding of liquid assets and slightly lower forecast interest rates.
- We have assumed a modest narrowing in lending margins as more councils and CCOs take up our Climate Action Loan (CAL) product and we undertake more Green, Social and Sustainability (GSS) lending to councils and CCOs. Given the recent announcement from S&P Global Ratings regarding the lowering of the trend within the local government sector institutional framework, we have assumed no further improvement in the credit quality of the sector.
- Compared to the previous SOI, issuance and operating expenses, excluding Approved Issuer Levy are forecast to be approximately \$700k higher in the 2024-25 and \$600k in 2025-26 financial years. This is due to forecast higher IT, HR and legal costs associated with increased foreign currency issuance, water reforms and increased staffing.
- The proposed SOI performance targets are similar to the previous SOI. The focus remains on sustainability, assisting councils with greenhouse gas (GHG) emission reporting, monitoring the credit quality of the sector, and assisting with the implementation of Local Water Done Well Programme.
- 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 2025, April 2026 and April 2027. 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 2024 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 2024.

Yours sincerely

MALE

Mark Butcher Chief Executive







2024 - 2027

S e

vai o Pūhanga, <del>the re</del> nity Dam, at full capc



# **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 2024 to 30 June 2027. 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 SOI, including financial forecasts, assumes that LGFA continues to lend to the water sector, either through councils as it does at present, or through any new structures under the Local Water Done Well reforms. We are awaiting further information relating to the establishment of the Water CCOs; how Water CCOs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and Water CCOs, and the impact on future council borrowing intentions.

# 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 domestically or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required 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, incidental 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 customer focused E arotahi ana mātau ki te kiritaki	We strive for excellence E whakapau kaha mātau kia hiranga te mahi	We provide leadership He kaiārahi mātau	We are innovative He auaha mātau
We are honest, transparent and are committed to doing what is best for our customers and our company.	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 to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.	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.	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 2024-2027.

The financial performance targets are focused on the 2024-2025 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
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The Shareholders' Council has requested a focus on succession planning for the Board.
Set and model high standards of ethical behaviour.	LGFA has adopted a 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	2024-2025 target
Comply with the Shareholder Foundation Polices 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.
Succession plans be put in place for the Board and staff and be reviewed annually.	Plan established and shared.
LGFA's total operating income for the year to 30 June 2025.	>\$29.8 million.
LGFA's total operating expenses for the year to 30 June 2025.	<\$15.6 million.

# Optimising financing services for local government

Objectives	How we measure our performance
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	2024-2025 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$22,000 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
Develop our sustainability strategy to include the estimated financial impacts of climate change.	LGFA sustainability strategy incorporates an assessment of the estimated financial impacts of climate change.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and maintaining formalised processes to measure our greenhouse gas (GHG) emissions.

Performance targets	2024-2025 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 GSS loans undertaken.	
	Three new borrowers enter into CALs.	
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
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.
Analyse finances at the Council group level where appropriate and report to shareholders.	Participating borrowers are required to complete annual compliance certificates by the end of November each year.
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.
Work with central government and local government to facilitate a sector-wide successful transition of debt under the Local Water Done Well Programme.	LGFA is an active participant in the Local Water Done Well Programme.







Performance targets	2024-2025 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

# Industry leadership and engagement

Objectives	How we measure our performance	
Take a proactive role to enhance the financial strength and depth of the local government debt market and	Report on actions undertaken and progress made on sector issues.	
work with key central government and local government stakeholders on sector and individual council issues.	Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal o	
Assist the local government sector with significant	informal submissions.	
matters such as the Local Water Done Well Reforms and Future for Local Government	Assist the local government sector to understand any legislative or Central Government policy changes that	
Maintain productive relationships with central	may impact LGFA.	
government representatives.	Report on the alignment of LGFA and councils climate	
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	<ul> <li>and emissions reporting requirements</li> <li>Report back in how we are helping smaller councils'</li> <li>understand future reporting requirements.</li> </ul>	

# 8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2027:

Comprehensive income \$m	Jun 25	Jun 26	Jun 27
Net Interest income	28.3	28.3	27.0
Other operating income	1.5	1.5	1.5
Total operating income	29.8	29.8	28.5
Approved Issuer Levy	4.2	5.8	7.2
Issuance & onlending costs	4.1	4.2	4.3
Operating overhead	6.3	6.6	6.9
Issuance and operating expenses	14.6	16.6	18.4
P&L	15.1	13.1	10.1
Financial position (nominals) \$m	Jun 25	Jun 26	Jun 27
Liquid assets portfolio	2,379	2,788	2,769
Loans to local government	22,086	24,456	26,053
Total Assets	24,465	27,244	28,823
Bonds on issue (ex Treasury stock)	22,332	25,017	26,486
Bills on issue	1,350	1,350	1,350
Borrower notes	508	573	623
Total Liabilities	24,190	26,940	28,459
Capital	25	25	25
Total Liabilities	19,308	20,509	21,577

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25	25	25
106	118	126
(2)	(2)	(2)
130	141	149
Jun 25	Jun 26	Jun 27
10.4%	10.9%	10.2%
9.7%	10.2%	9.6%
0.13%	0.12%	0.10%
49.2%	55.9%	64.5%
0.06%	0.05%	0.04%
0.5%	0.5%	0.5%
2.6%	2.6%	2.7%
12.8%	11.4%	5.8%
11.3%	10.7%	6.5%
13.0%	10.1%	7.2%
13.0%	13.1%	13.4%
	106 (2) <b>130</b> <b>Jun 25</b> 10.4% 9.7% 0.13% 49.2% 0.06% 0.5% 2.6% 12.8% 11.3% 11.3%	106         118           (2)         (2)           130         141           Jun 25         Jun 26           10.4%         10.9%           9.7%         10.2%           0.13%         0.12%           49.2%         55.9%           0.06%         0.05%           0.5%         0.5%           12.8%         11.4%           11.3%         10.7%           13.0%         10.1%

The above forecasts assume a gross bond issuance programme of \$5.25 billion (FY25), \$5.04 billion (FY26) and \$4.72 billion (FY27) based upon term lending to councils of \$4.60 billion (FY25), \$4.86 billion (FY26) and \$5.08 billion (FY27).

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 impact on councils from the Local Water Done Well Reforms.

# 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% 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.

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- 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.

07



## 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.

### **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.

### **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. 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.

Draft Statement of Intent // 2024 - 2027

Attachment



# 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 approved lending and investment policies.

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. A Statement of accounting policies is attached to this SOI.

# **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.









# **RICCARTON BUSH TRUST**

Statement of Intent for the year ending 30 June 2025

Item No.: 14



## 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:

	Chairman - Bob Shearing	Manager - Shona Willis	
Address	16 Kahu Road	16 Kahu Road	
Phone no.	021 320967	03 341-1018 027 5440462	
Email	bob@bobshearing.co.nz	manager@riccartonhouse.co.nz	

## 2. Our Vision

The Pūtaringamotu Riccarton Bush, 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 Pūtaringamotu Riccarton Bush property is the primary consideration.

## 4. Management Goals

Goal 1	Protect and enhance the indigenous flora, fauna and ecology of Pūtaringamotu Riccarton Bush; including mahinga kai and taonga species.
Goal 2	Protect and conserve Riccarton House and Deans Cottage and their Grounds.
Goal 3	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 refurnished 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



# Attachment C

## 7. 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:

	2024/25 \$M	2025/26 \$M	2026/27 \$M
Equity	16.865	16.593	16.319
Debt	Nil	Nil	Nil

## 8. Performance Targets

(a) Financial performance Targets

	2024/25 \$ (000)	2025/26 \$ (000)	2026/27 \$ (000)
Revenue	732	754	777
Capital Grant - Christchurch	53	28	28
City Council			
Total Revenue	785	781	804
<b>Operating Expenses</b>	724	748	773
Net Surplus/(deficit) before depreciation	61	33	31
Depreciation	304	304	304
Net Surplus/(deficit) after depreciation	(244)	(271)	(274)

## (b) Non- Financial Performance Targets

	r Health and Safety practices in accordance with adopted policy to meet the ments of the Health and Safety at Work Act 2015
Community Outcomes	Community facilities and public places are safe, healthy, and welcoming
Performance Measure	<ul> <li>Report to each Board meeting</li> <li>Target results for all Trust activities, of: <ul> <li>Serious Harm incidents = 0</li> <li>Accident = 1</li> <li>Near Misses = 3</li> </ul> </li> </ul>
2. Monito	ring and management of rodent activity in Riccarton Bush
Community Outcomes	Unique landscapes and indigenous biodiversity are valued and stewardship exercised.



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Performance Measure	6 monthly monitoring and effective management through baiting and trapping results in little or no increase in activity.
3. Bush E	nhancements – Replace Board Walk and Improved Interpretation
Community Outcomes	<ul> <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	• Stage 1, which includes infrastructure renewal and replacement, has commenced.
	age public interest, use and participation and promote the natural and heritage values of the site.
Community Outcomes	<ul> <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	Inform the public and relevant interest groups about on-going activities of the Trust. 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. 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.

5. Commit to meeting the goal of becoming net carbon neutral by 2030

Community	Each person and organisation acts to reduce their impacts on the
Outcome	environment and minimise greenhouse gas emissions and waste.
Performance	Work with Council staff to identify what is required to enable this
Measure	outcome.

## 9. 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.

## **10. 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.

	2024/25	2025/26	2026/27
CCC Operational Levy	\$495,127	\$509,981	\$528,585

Capital grants are also sought from the Council in the sums shown below:

	2024/25	2025/26	2026/27
CCC Capital grants	\$52,500	\$27,500	\$27,500

For financial year 2024/25 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)
- Bush and Grounds Interpretation
- New Furniture and Fittings
- New antiques and furnishings
- Kitchen & Restaurant (Plant & Equipment)
- New Computers and Technology
- Floor Surfaces and coverings

## **11. 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.

## **12. Prospective Financial Statements**

## **Riccarton Bush Trust Prospective statement of comprehensive revenue and expense**

	2025 Plan \$	2026 Plan \$	2027 Plan \$
Devenue from or articles	160 650	174 740	179 024
Revenue from operations Capital grant - Christchurch City Council	169,650 52,500	174,740 27,500	178,234 27,500
Other revenue	562,777	578,959	598,475
	784,927	781,198	804,209
Employee benefits expense Depreciation and impairment Other expenses	362,940 304,497 361,268 1,028,705	374,858 304,497 <u>373,279</u> 1,052,635	384,487 304,497 388,950 1,077,934
Net surplus/(deficit) for the year	(243,778)	(271,436)	(273,725)
Property, plant and equipment revaluation gain/(loss)	-	-	-
Total comprehensive revenue and expense	(243,778)	(271,436)	(273,725)



## Riccarton Bush Trust Prospective statement of changes in net assets/equity

	2025 Plan \$	2026 Plan \$	2027 Plan \$
Balance at 1 July	17,108,328	16,864,550	16,593,114
Reserves Revaluation reserves			
Accumulated comprehensive revenue and expense Surplus (Deficit)	(243,778)	(271,436)	(273,725)
Balance at 30 June	16,864,550	16,593,114	16,319,389

## **Riccarton Bush Trust Prospective statement of financial position**

	2025 Plan \$	2026 Plan \$	2027 Plan \$
	Ψ	Ψ	Ψ
Current assets			
Cash and cash equivalents	366,908	370,716	371,607
Receivables from non-exchange transactions	8,627	8,886	9,063
Receivables from exchange transactions	25,073	25,825	26,342
Inventories	1,725	1,777	1,813
Total current assets	402,333	407,203	408,824
Non-current assets			
Property, plant and equipment	16,515,157	16,252,090	15,975,093
Total non-current assets	16,515,157	16,252,090	15,975,093
Total assets	16,917,490	16,659,293	16,383,917
Current liabilities			
Payables under exchange transactions	24,318	25,048	25,549
Finance lease liability	2,201	2,689	2,786
Provisions	26,053	26,835	27,371
Total current liabilities	52,572	54,571	55,706
Non-current liabilities			
Finance lease liability	367	11,608	8,822
Total non-current liabilities	367	11,608	8,822
Total liabilities	52,939	66,179	64,528
Net assets	16,864,550	16,593,114	16,319,389
Faulty			
Equity Reserves	16,074,167	16,074,167	16,074,167
Accumulated comprehensive revenue and expense	790,382	518,946	245,221
recommanded comprehensive revenue and expense	190,302	510,740	243,221
Total equity	16,864,550	16,593,114	16,319,389

## **Riccarton Bush Trust Prospective statement of cash flows**

	2025 Plan \$	2026 Plan \$	2027 Plan \$
Cash flows from operating activities			
Receipts from customers	170,802	176,047	179,819
Donations and sundry revenue	58,358	59,449	60,256
Contributions from Christchurch City Council	547,627	537,481	556,086
Interest revenue	9,000	9,270	9,455
Payments to employees and suppliers	(723,363)	(747,502)	(773,276)
Net cash inflow from operating activities	62,425	34,745	32,340
Cash flows from investing activities			
Purchase of fixed assets	(52,500)	(27,500)	(27,500)
Net cash outflow from investing activities	(52,500)	(27,500)	(27,500)
Cash flows from financing activities			
Repayment of loans	(3,401)	(3,437)	(3,949)
Net cash outflow from financing activities	(3,401)	(3,437)	(3,949)
Net inflow (outflow) of cash	6,524	3,808	891
Opening bank and short term investments	360,384	366,908	370,716
Represented by:			
Bank and short-term deposits	366,908	370,716	371,607



## **Riccarton Bush Trust** Notes to the prospective financial statements

## Statement of significant accounting policies

## a. Reporting entity

The Trust operates under the Riccarton Bush Act 1914 and is a Council Controlled Organisation under the Local Government Act 2002. The Trust manages property in Riccarton. The property consists of Riccarton House and grounds, Deans Cottage, a residential house and Riccarton Bush.

The major source of revenue is from an operating levy and grant received annually from the Council, and from other grants, donations and rents & commission from use of the properties.

The primary purpose of the Trust is to:

- protect and enhance the indigenous flora, fauna and ecology of Riccarton Bush;
- conserve Deans Cottage, Riccarton House and their grounds with Riccarton Bush and the Deans family history;
- and encourage public use and participation of the reserve and to inform visitors about the natural, Maori and colonial heritage of Christchurch.

On this basis, the Trust is considered a public benefit entity for purposes of financial reporting.

The prospective financial statements of the Trust are for years ending 30 June 2025 to 30 June 2027. The prospective financial statements were approved for issue by the Board of Trustees on 28 February 2024.

## b. Basis of preparation

It is a requirement of the Local Government Act 2002 for council-controlled organisations that are not trading to present prospective financial statements for the financial year to which the statement of intent relates.

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice. These statements comply with the Tier 2 Public Benefit Entity Standards (PBE Standards).

The prospective financial statements have been prepared on the basis of best estimate assumptions of future events which the Trust expects to take place. The Trust has considered factors that may lead to a material difference between information in the prospective financial statements and actual results.

The financial information is prospective. Actual results are likely to vary from the information presented and variations may be material.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

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## c. Revenue

#### Grants/Levies

Grants received from the Council are the primary source of funding to the Trust and are restricted for the purpose of the Trust meeting its objectives as specified in the Riccarton Bush Act. The Trust also receives Government assistance for specific purposes, and these grants usually contain restrictions on their use.

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grant received in advance, and recognised as revenue when conditions of the grant are satisfied.

#### Other Revenue

Revenue is measured at the fair value of consideration received.

Interest revenue is recognised using the effective interest method.

Revenue may be derived from either exchange or non-exchange transactions.

#### d. Property, plant and equipment

Land, site improvements and buildings are shown at fair value, based on periodic valuations by an external independent valuer less subsequent depreciation and impairment.

All other property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

#### Work in progress

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

#### Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

#### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with

the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

## Depreciation

Land and antique furniture are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The useful lives of major classes of assets are as follows:

Buildings	5-100 yrs
Furniture and fittings	10 yrs
Plant and equipment	3-30 yrs
Land improvements	5-100 yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### Revaluations

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. All other asset classes are carried at depreciated historical cost less accumulated impairment.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue, but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue.

## e. Trade and other receivables

Trade and other receivables are stated at their expected realised value after writing off any known bad debts and making an expected credit loss allowance which may prove irrecoverable in subsequent accounting periods.

## f. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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Attachment C

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Attachment C

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

## g. Leases

## Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Trust will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

## h. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with original maturities of 3 months or less.

## i. Impairment

Assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Land and buildings are also reviewed for impairment at least every three years as part of the revaluation process.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### Non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined on a depreciated replacement cost basis.

## Cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return. These assets are adjusted based on age profile calculations of expected credit losses.

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# j. Creditors and other payables

Short-term creditors and other payables are recorded at their face value which represents amortised cost.

# k. Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, 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 obligation.

# I. Employee entitlements

Provision is made in respect of the Trust's liability for the short-term employee entitlements.

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date.

Provisions made in respect of employee benefits which are not expected to be settled within 12 month are measured as the present value of the estimated future cash outflows to be made by the Trust in respect of services provided up to balance date.

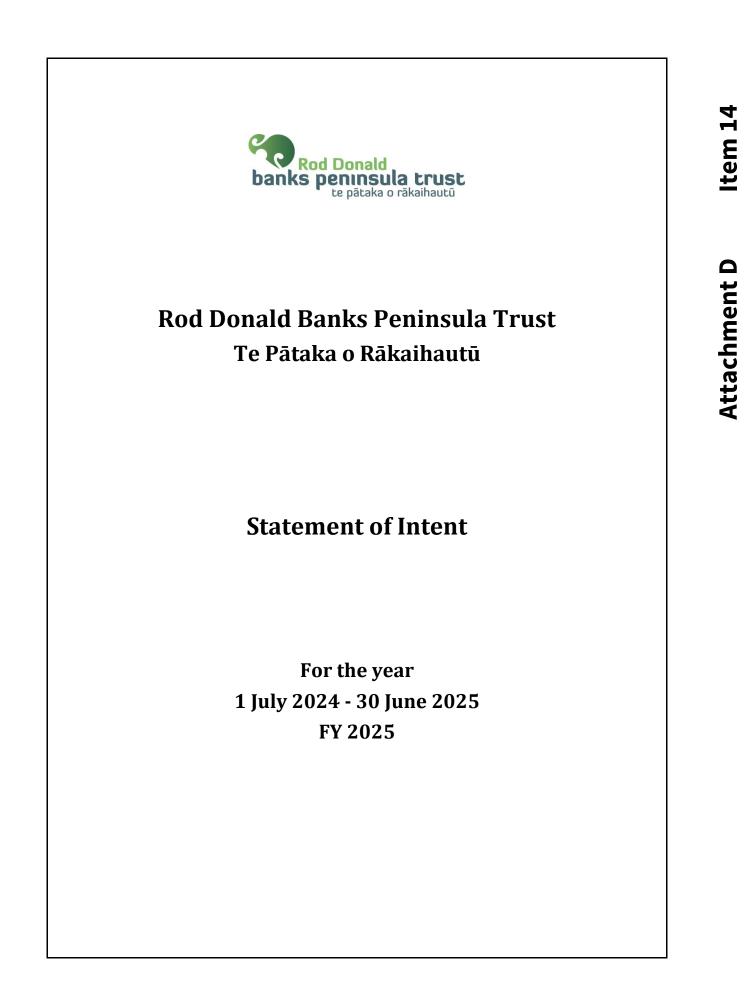
# m. Income tax

Charities Services (formerly Charities Commission) Department has confirmed that the Riccarton Bush Trust has charitable status for tax purposes therefore the Trust is not liable for income tax.

# 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.





## **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
Phone	027 294 5219
Physical Address:	c/o Sidekick, 34 Allen Street, Christchurch Central City, Christchurch 8013

#### **Current Trustees**

Richard Suggate – Co-chair 16 Whero Avenue **Diamond Harbour** RD1 Lyttelton 8971

Maureen McCloy 7 Victoria Park Road Cashmere Christchurch

Tyrone Fields 119 Somerfield Street Somerfield Christchurch 8024

Jennifer Chowaniec – Co-chair 45 Rose Street Somerfield Christchurch 8024

The list of Trustees is current as of 28 February 2024.

Paul McNoe 2 Petworth Place Westmorland Christchurch 8025

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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
- Acting 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. This was updated in 2013, and 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 January 2024. 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 be reviewed and finalised. The CCC Public Open Space Strategy 2010-2040 provides a guiding framework for this. The Trust also contributed to the preparation of the Te Pātaka o Rākaihautū Banks Peninsula Destination Management Plan and the Walking and Cycling strategy will contribute towards its implementation. 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 wellmarked 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. Brochure sales have also increased to pre-Covid levels and the Banks Peninsula Walking Festival has resumed its normal protocols and procedures.

The Trust considers that its work is even more important in the period since Covid-19 restrictions ended as the lockdown demonstrated the importance and popularity of walking for mental and physical health for the people of Christchurch. Our work to provide more and enhanced opportunities for outdoor recreation on Banks Peninsula aligns with the recently completed Te Pātaka o Rākaihautū Banks Peninsula Destination Management Plan. This plan identifies the natural environment, outdoor recreation, and the Peninsula's close proximity to the large urban population of Christchurch and its airport as a major drawcard to bring more domestic visitors and international visitors to the area, with a focus on a regenerative tourism approach to facilitate this.

# 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 Council's Draft Strategic Framework as follows below:



Council Framework	en Council's Strategic Framework and RDBPT projects supporting its four pillars Rod Donald Trust projects
Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.	<ul> <li>Providing a range of safe, well documented family friendly and more challenging outdoor recreation experiences that benefit the physical and mental wellbeing of today's residents and future generations</li> <li>These are low cost activities and many tracks can be accessed without need to use private vehicles</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. We are starting to create an educational nature trail for children near Rod Donald Hut</li> <li>Valuing the voices of children and young people by encouraging them to experience the outdoors and better understand the environment</li> <li>Running the Banks Peninsula Walking Festival</li> <li>Providing mapping, and promoting all the walks on Banks Peninsula</li> <li>Working with all agencies and landowner that provide walking and cycling to</li> </ul>
Champion Ōtautahi– Christchurch and collaborate to build our role as a leading New Zealand city.	<ul> <li>co-ordinate access links</li> <li>Providing recreation opportunities that enable Ōtautahi Christchurch residents and organisations to showcase arguably the city's greatest asset - the landscapes, biodiversity and communities of Banks Peninsula</li> <li>Strengthening the identity of Ōtautahi-Christchurch by creating iconic long distance walks including Te Ara Pātaka</li> <li>Taking over the role of coordination and promotion of the Little River Rail Trail from the Little River Rail Trail Trust</li> <li>Confirming where cycling is allowed on Te Ara Pātaka and liaising with landowners about cycling being allowed in the future about parts where currently not allowed</li> </ul>
Build trust and confidence in the Council through meaningful communication, listening to and working with residents	• Through the Trust's collaborative relationship with Christchurch City Council, we help build confidence in the Council through the meaningful communication we have with our audience about the positive walking, biking, biodiversity and knowledge initiatives that result from Christchurch City Council being involved
Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city- wide response to climate change while protecting our indigenous biodiversity, waterbodies and tree canopy	<ul> <li>Creating outdoor recreation opportunities that connect with public transport, where possible</li> <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>Encouraging widespread participation and support of indigenous biodiversity conservation, including pest control, through grant funding to partner organisations</li> </ul>

## Table 1 Linkages between Council's Strategic Framework and RDBPT projects supporting its four pillars



Manage ratepayers' money wisely, delivering	<ul> <li>Supporting Conservation Volunteers NZ Whaka Ora Pest project</li> <li>Encouraging widespread participation in support of indigenous biodiversity by private landowners</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> <li>Trust has provided good value for money to Council and people of Christchurch while achieving large gains for public access and biodiversity,</li> </ul>
quality core services to the whole community and addressing the issues that are important to our residents.	promoting knowledge about Banks Peninsula and leveraging supportive partnerships
Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind	<ul> <li>Promoting outdoor recreation opportunities close to the city</li> <li>Managing the Little River Rail Trail linking the city to Banks Peninsula</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 way marking and signage on tracks and trails making it easier for people to use them</li> <li>Securing long term improved public walking and biking access</li> </ul>
Economic Ambition	<ul> <li>Walking and biking experiences we provide time and space for play. This enhances residents and visitor wellbeing and harmony, helping lead to a balanced life</li> </ul>
City Narrative	<ul> <li>Recreation opportunities we create enable a regenerative economy. Carefully located and built trails are good for people, the planet and the economy. They spark creativity and play in our community and help ensure our city is liveable. We collaborate with partners to value and share knowledge</li> </ul>
Destination Management Plan (Te Pātaka o Rākaihautū Banks Peninsula)	<ul> <li>Developing walkways and cycleways such as extensions to Te Ara Pātaka, assisting with Head to Head Walkway, Little River Rail Trail and working towards the long-term aspiration for a Christchurch to Akaroa walkway</li> <li>Walkways and cycleways enable biodiversity as a tourism drawcard</li> <li>Offering low carbon impact ways for visitors to enjoy and learn about the unique landscapes, biodiversity and community of Banks Peninsula through recreation during all four seasons</li> <li>Exploring ideas to connect existing reserves into multi-day guided or self-guided itineraries that tell the natural and cultural stories of the place</li> <li>Providing a marketing tool, its website www.bpwalks.co.nz, used by organisations such as Christchurch NZ, Akaroa District Promotions and the Lyttelton Harbour Information Centre to attract visitors to the area</li> <li>Assisting rural centres by developing, improving and promoting walking opportunities from these centres resulting in economic and other benefits</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 the use of electric vehicles where possible
- 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 do a basic assessment of its current carbon footprint with the intention to reduce this footprint.

#### 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 and employees engaged by the Trust are paid at rates above the minimum wage.

## 5.3 Governance

The Trust complies with all relevant acts in running its business.

The Trust will comply with recent changes introduced through the Charities Amendment Act 2023.

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, with Trustee recruitment being a high priority in 2024.

New Trustees undergo an effective induction process.



## 5.5 Engagement and consultation

The Trust 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 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.

The Trust has now included 'bicultural understanding' as a regular agenda item at Board meetings, and a bicultural workshop with an external trainer is being scheduled to assist in gauging where the Trust is at in its journey, identify gaps and build understanding.

# 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 FY25 year.

See table below:

Indicator 1	The Trust has determined four key pillars on which its projects will be based; Access,
	Biodiversity, Knowledge, and Partnerships.
	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.
Indicator 2	Provide leadership and tangible support for the projects achieving Access through
	implementing the CCC Public Open Space Strategy.
	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 Whakaraupo/Lyttelton Harbour.
	Unformed legal roads are valued and effective as a delivery tool for walking and biking.
Indicator 3	Provide tangible support for biodiversity
	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.
Indicator 4	Provide tangible support for projects building the Knowledge pillar, and leadership around walking access knowledge.
	Trails are used to educate people and connect them to the natural environment and mātauranga Māori 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.
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.
	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

Financial forecasts are provided for the next three years.

- Capital and operational funding injections from the Christchurch City Council were allocated in the Council's Long Term Plan beginning in FY24. Ongoing operational funding of \$100,000 per annum will continue in FY25, FY26 and FY27. A capital grant from the Council of 1.35M is itemised in the LTP for FY27.
- Operating costs include employment and contractor costs where not otherwise included, 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 cost of goods and services sold, including the Trust's social enterprises.
- Strategic grants and project expenditure in 2024-25 includes projected funding for Banks Peninsula Conservation Trust and progressing the projects listed in Appendix C.
- Project expenditure cost estimations are based on the midpoint cost between the high and low capital expenditure costs listed in the Trust's 'Striding Forward/Hikoi Whakamua 2020-2030 Implementation Plan' dated 3 March 2020, which was developed as a result of the CCC/RDT Joint Working Party.
- The Trustees will report financial results as set out below in the "information to be provided to Council" section.

6.2.1 Financial Forecasts

# **Financial Forecasts**

Rod Donald Banks Peninsula Trust

Account	Budget 2025	Forecast 2026	Forecast 2027
Account	2025	2020	2021
Income			
Revenue	155,280	157,349	1,509,501
Total Income	155,280	157,349	1,509,501
Other Income			
Interest Income	93,851	88,892	61,808
Total Other Income	93,851	88,892	61,808
Tatal Davance	040 404	040 044	4 574 000
Total Revenue	249,131	246,241	1,571,309
Expenses			
Trust Management	155,829	162,028	168,474
Operating Costs	92,600	94,927	97,566
Strategic Grants and Project Expenditure	331,250	766,417	744,044
Total Expenses	579,679	1,023,372	1,010,084
Net Profit	(330,548)	(777,131)	561,225

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6.2.2 Profit and Loss FY 2025

# **Profit and Loss**

Rod Donald Banks Peninsula Trust - For the year ended 30 June 2025

Account	FY 2025
Income	
Operational Income	100,000
Capital Funding	0
Banks Peninsula Walking Festival	12,500
Hut Fee Revenue	22,700
Donations	10,000
Te Ara Pātaka Lease Income	8,050
Walking Products	2,030
Total Income	155,280
Other Income	
Interest Income	93,851
Total Other Income	93,851
Total Revenue	249,131
Expenses	
Trust Management	
Trust Management Salary	120,000
Manager Travel Allowance	3,429
Trust Administrator Contract	32,400
Total Trust Management Operating Costs	155,829
Administration Costs	40,020
Banks Peninsula Walking Festival	12,000
Hut Operating & Maintenance Costs	24,115
Te Ara Pataka Maintenance costs	10,000
Minor Administrative Projects	2,419
Walking Product Minor Update & Production Costs	1,426
Website Hosting and Minor Updates	2,620
Total Operating Costs Strategic Grants & Project Expenditure	92,600
Grants (Commitment to Partners)	89,550
Project Expenditure	241,700
Total Strategic Grants & Project Expenditure	331,250
Total Expenses	579,679
Net Profit	(330,548)

# **Profit and Loss**

Rod Donald Banks Peninsula Trust - For the year ended 30 June 2026

Account	FY2026
Income	
Operational Income	100,000
Banks Peninsula Walking Festival	13,125
Hut Fee Revenue	23,381
Donations	10,500
Te Ara Pātaka Lease Income	8,211
Walking Products	2,132
Total Income	157,349
Other Income	
Interest Income	88,892
Total Other Income	88,892
Total Revenue	246,241
Expenses Trust Management	
Trust Management Salary	124,800
Manager Travel Allowance	3,532
Trust Administrator Contract	33,696
Total Trust Management Operating Costs	162,028
Administration Costs	41,012
Banks Peninsula Walking Festival	12,360
Hut Operating & Maintenance Costs	24,597
Te Ara Pataka Maintenance costs	10,300
Minor Administrative Projects	2,491
Walking Product Minor Update & Production Costs	1,468
Website Hosting and Minor Updates	2,699
Total Operating Costs Strategic Grants & Project Expenditure	94,927
Grants (Commitment to Partners)	89,550
Project Expenditure	676,867
Total Strategic Grants & Project Expenditure	766,417
Total Expenses	1,023,372
Net Profit	(777,131)

# **Profit and Loss**

Rod Donald Banks Peninsula Trust - For the year ended 30 June 2027

Total Other Income61,808Total Revenue1,571,309Expenses1Trust Management Salary129,792Manager Travel Allowance3,638Trust Administrator Contract35,044Total Trust Management168,474Operating Costs42,275Banks Peninsula Walking Festival12,731Hut Operating & Maintenance Costs25,085Te Ara Pataka Maintenance costs10,605Minor Administrative Projects2,566Walking Product Minor Update & Production Costs1,512Website Hosting and Minor Updates2,780Total Operating Costs90,177Project Expenditure90,177Project Expenditure653,867Total Strategic Grants & Project Expenditure744,044Total Expenses1,010,084	Account	FY2027
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Christchurch City Council



# 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.

Newsletters are provided to the Council when produced. Trust information and projects are recorded on our website, with social media being another medium for providing information.

The RDBPT will provide its annual report 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 2023) is approximately \$2,297,418 including cash and investments. The value of its equity including property and intangible assets is \$2,622,727 (at December 2023). 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 currently 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), although the Trust has now requested the Council consider extending this area to include the entire Banks Peninsula landform within the Christchurch City Council territory. A map of the existing Banks Peninsula boundary area is included as Appendix B to this Statement of Intent, along with map showing the requested boundary adjustments.

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;
  - 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;

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(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;

(I) 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 to better align with the territories of our partner organisations are currently being explored with Christchurch City Council in the first instance, including discussions regarding the benefits of this and what further steps would be required for this to be achieved.

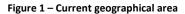




Figure 2 – Requested area of expansion marked in orange



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# Appendix C Project detail

The following are projects which are either in progress and will continue into FY2025 and beyond, or new projects to be implemented in FY2025.

# C.1 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 negotiating an easement from the new Te Ahu Pātiki park to the Sign of the Packhorse Hut across neighbouring land as well as the maintenance or upgrade of tracks not covered by DOC the Council, or Te Ahu Pātiki Trust. 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 total 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. The Trust aims to begin exploration of this in 2024, with the hope to finalise a preferred route in FY2025. 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 five way agreement to also include the Christchurch City Council, Te Ahu Pātiki Trust and Orton Bradley Park is being developed to document the complexities of a network or tracks which crosses multiple land ownerships which is jointly marketed by DOC and the Trust.

## C.2 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, who became the owner of the 500ha block on 1<sup>st</sup> July 2021. This allowed for the creation of a public conservation park protecting biodiversity and with full public access. 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 of 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 five parties involved in Te Ara Pātaka surrounding track maintenance and responsibilities – the Christchurch City Council, the Department of Conservation, the new Te Ahu Pātiki Trust, Orton Bradley Park and the Rod Donald Trust. The Rod Donald Trust appoints two members to the Te Ahu Pātiki Trust Board.

## 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 FY25 this will include replacing and extending the main deck, repair to rotten weatherboards, replacing the solar water pump batteries and updating some of the older mattresses. Consideration will also be given in FY25 to whether accommodation provision could be extended to provide a small number of tent camping sites for walkers.

A plan to construct a short 1km nature walk suitable for families has been agreed, with work due to being on this in April 2024. Stage one of the project is due to be completed late in 2024 to enable the track to be opened that summer, with further work on developing concepts around interpretation then planned to enable greater educational opportunities relating to 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 assisted by the Little River/Wairewa Community Trust. It has been run annually in November since 2013 and built up a strong reputation and following. Due to uncertain weather conditions that has often threatened the financial viability of a November Festival the decision has now been made to hold the event annually from the last weekend in February to the second weekend in March starting in 2024.

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 to assist the Council in 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. Landowners and community organisations are key parties to getting new sections of the route completed. The Trust will engage with them and the Council where its experience as an enabler of access can best be utilised.

#### 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 had 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. Continuing support has now been agreed for a further five year period until March 2029, with a



more broad based funding agreement currently being drafted to enable the Banks Peninsula Conservation Trust to use the grant for its priorities.

#### 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, grants to the Feral Pig Control Committee for eradication work and an interim Pest Free co-ordinator position managed by Banks Peninsula Conservation Trust. Further funding has not been allocated or forecast but the Trust will keep a watching brief on progress and will consider allocation of funding and funding mechanisms to support future innovative 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 has provided ongoing support to 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 additional walking and biking opportunities including an off-road connection to Te Ara Pātaka from Little River.

#### C.7.1 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.

Rod Donald Trust (RDT) was approached in 2022 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 RDT. RDT agreed in principle to do so, subject to certain conditions, all of which have now been met and the 'Deed of Winding Up' document signed by both parties. Responsibility of all assets and intellectual property has now been handed over to RDT, who are now overseeing general administration of the Rail Trail, including coordination and promotion. Current agreements with the landowning agencies will be updated. Communication and marketing options for the trail will be considered going forward.

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 long-term role the Trust takes with respect to the Rail Trail. The Trust's primary initial focus for improvement and upgrade will be on the section from Motukarara to Little River. A strategic plan will be prepared in association with papatipu rūnanga and the governing agencies to guide the Trust's work.

#### C.7.2 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 (HBPL) - 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 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. 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, and access opportunities to link with Te Ara Pātaka along the ridgeline from the High Bare summit using unformed legal road.

RDT have agreed to make a financial commitment to scope out and mark a basic poled route through HBP land to the ridge, on the condition that this ultimately be developed to become a public access walking route. This route can then be used as an access point to connect High Bare via paper roads and easements to the Te Ara Pātaka track network. 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 Trust's intention to explore this access and biodiversity project as a high priority in FY2024.

#### C.8 Partnering with the Summit Road Society

The Summit Road Society has completed the John Jameson lookout, providing 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, and has already acted as agent in procuring funding to do so. The Trust has also agreed to provide further funding to the Summit Road Society for this work.

#### 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 implements 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.



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## **TE KAHA PROJECT DELIVERY LIMITED**



## FY25-27

### 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 kawe 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. ltem 14



#### 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





#### 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:

- 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).

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#### 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 Limited, 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 Limited 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.

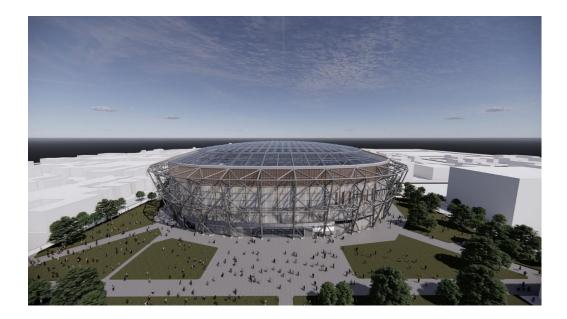
To achieve this, it is critical that Te Kaha Project Delivery Limited work closely with Christchurch City Council and Venues Ōtautahi to ensure Te Kaha delivers on the investment case in terms of short and long term operational effectiveness and efficiency. This means the Te Kaha Project Delivery Limited 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.





#### 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 modern sustainable building
- 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.



#### 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.
- 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. Future deviations are considered likely, and these are communicated to Council at the earliest opportunity.

#### 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. tem 1



- 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.

#### 8. Stakeholder Engagement

- Consult with the Crown to ensure all of the requirements of the Funding Agreement have been or 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 commercialisation of Te Kaha.
- Consult with Ngāi Tūāhuiri 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	Performance Measure		
Strategy	2024/2025	2025/2026	2026/2027
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 ar	nd Assurance Targets		
Project Execution Plan (PEP) developed, and alignment maintained	The PEP 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.



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 and Christchurch City Council to ensure the Capital and Whole-of -Life costs are optimised. Year on year operational Costs are considered.	Consult with Venues Ōtautahi and Christchurch City Council to ensure the Capital and Whole-of -Life costs are optimised. Year on year operational Costs are considered.	Consult with Venues Ōtautahi and Christchurch City Council to ensure the Capital and Whole-of -Life costs are optimised. Year on year operational Costs are 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, Sustain			
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.

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Health, Safety and We			
Health, Safety and	Monitor BESIX	Monitor BESIX	Monitor BESIX
Wellbeing Charter and	Watpac	Watpac	Watpac
Assurance Programme	performance.	performance.	performance.
is implemented to	Te Kaha Project	Te Kaha Project	Te Kaha Project
ensure all involved	Delivery Limited	Delivery Limited	Delivery Limited
directly or indirectly	Assurance	Assurance	Assurance
with the project are	Programme is	Programme is	Programme is
kept safe and well	executed.	executed.	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. CCC Health and Safety Team undertake regular audits and report to the Board.	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. CCC Health and Safety Team undertake regular audits and report to the Board.	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. CCC Health and Safety Team undertake regular audits and report to the Board.
Baseline lag indicators	No serious harm	No serious harm	No serious harm
are monitored to	incidents during the	incidents during the	incidents during the
ensure safety for all	D&C phase.	D&C phases.	D&C phases.
	TRIFR less than 10.0	TRIFR less than 10.0	TRIFR less than 10.0
	per 1,000,000 hours	per 1,000,000 hours	per 1,000,000 hours
	worked on the	worked on the	worked on the
	project.	project.	project.

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Wellbeing hazards are managed effectively	BESIX Watpac has a series of Wellbeing initiatives which they report on monthly.	BESIX Watpac has a series of Wellbeing initiatives which they report on monthly.	BESIX Watpac has a series of Wellbeing initiatives which they report on monthly.	BESIX Watpac has a series of Wellbeing initiatives which they report on monthly.
Shareholder Relations	ships		1	
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 Engagem	ent	1	1	
Te Kaha Neighbours		Meet quarterly with the neighbour community group to consult on and minimise project effects.	Meet quarterly with the neighbour community group to consult on minimise project effects.	Meet quarterly with the neighbour community group to consult on minimise project effects.
Community		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.	Regular factual updates provided, within agreed timeframes, to all significant stakeholders in the project.
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.

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Project Delivery Targe			
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.
Christchurch City Council and Venues Ōtautahi signs off the design elements as being fit for purpose, for operational areas each entity is responsible for	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.	Deliver agreed cultural narrative actions.	Deliver agreed cultural narrative actions.
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.
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



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The Te Kaha Project Delivery Limited Board of Directors is responsible for the oversight and performance of Te Kaha Project Delivery Limited 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	<u>\$683,165,830</u>
<u>Total Governance Budget</u>	
Project Budget to 1 July 2024	\$1,203,234
FY2024/25	\$330,000
FY2025/26	\$321,000
FY2026/27	<u>\$231,645</u>
Total Governance Budget	<u>\$2,085,879</u>

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 (SOI).

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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## 15. 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:

### Finance and Performance Committee 17 April 2024



ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE REVIEWED FOR POTENTIAL RELEASE
16.	PUBLIC EXCLUDED FINANCE AND PERFORMANCE COMMITTEE MINUTES - 27 MARCH 2024			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
17.	VISIBILITY OF CAPITAL PROJECT BUDGET CHANGES: MARCH 2024	S7(2)(H)	COMMERCIAL ACTIVITIES	THE REPORT CONTAINS INFORMATION ON SPECIFIC PROJECTS BEING TENDERED IN THE OPEN MARKET AND ACCORDINGLY IT MAY PUT COUNCIL IN A DISADVANTAGED POSITION.	THIS REPORT CAN BE RELEASED TO THE PUBLIC ONCE ALL COMMERCIAL NEGOTIATIONS AND CONTRACTS HAVE BEEN CONCLUDED, AND SUBJECT TO THE APPROVAL OF THE HEAD OF PROCUREMENT AND CONTRACTS
18.	2024/2025 INSURANCE RENEWAL	S7(2)(B)(II), S7(2)(H), S7(2)(I)	PREJUDICE COMMERCIAL POSITION, COMMERCIAL ACTIVITIES, CONDUCT NEGOTIATIONS	INSURANCE RENEWALS ARE UNDERTAKEN ON A CONFIDENTIAL BASIS TO PROTECT THE COUNCIL'S NEGOTIATING POSITION WITH INSURERS.	30 SEPTEMBER 2025 THIS REPORT MAY BE RELEASED AFTER THE END OF THE 2024/25 COVER YEAR, HOWEVER, SPECIFIC DETAILS AROUND FINANCIALS AND TERMS MUST REMAIN CONFIDENTIAL.





## 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