Christchurch City Council

Finance and Performance Committee of the Whole AGENDA

Notice of Meeting:

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

Date:	**Thursday 4 April 2019**
Time:	**9.30am**
Venue:	**Council Chambers, Civic Offices, 53 Hereford Street, Christchurch**

Membership

Chairperson	Councillor Raf Manji
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Mayor Lianne Dalziel
	Councillor Vicki Buck
	Councillor Jimmy Chen
	Councillor Phil Clearwater
	Councillor Pauline Cotter
	Councillor Mike Davidson
	Councillor David East
	Councillor Anne Galloway
	Councillor Jamie Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Glenn Livingstone
	Councillor Tim Scandrett
	Councillor Deon Swiggs
	Councillor Sara Templeton

29 March 2019

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

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Strategic Framework

The Council's Vision – Christchurch is a city of opportunity for all.

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

Whiria ngā whenu o ngā papa Honoa ki te maurua tāukiuki

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

The partnership with Papatipu Rūnanga reflects mutual understanding and respect, and a goal of improving the economic, cultural, environmental and social wellbeing for all.

Overarching Principle

Partnership – Our people are our taonga – to be treasured and encouraged. By working together we can create a city that uses their skill and talent, where we can all participate, and be valued.

Supporting Principles

- Accountability
- Affordability
- Agility
- Equity
- Innovation
- Collaboration
- Prudent Financial Management
- Stewardship
- Wellbeing and resilience
- Trust

Community Outcomes

What we want to achieve together as our city evolves

Strong communities

- Strong sense of community
- Active participation in civic life
- Safe and healthy communities
- Celebration of our identity through arts, culture, heritage and sport
- Valuing the voices of children and young people

Liveable city

- Vibrant and thriving central city, suburban and rural centres
- A well connected and accessible city
- Sufficient supply of, and access to, a range of housing
- 21st century garden city we are proud to live in

Healthy environment

- Healthy waterways
- High quality drinking water
- Unique landscapes and indigenous biodiversity are valued
- Sustainable use of resources

Prosperous economy

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

Strategic Priorities

Our focus for improvement over the next three years and beyond

- Enabling active citizenship and connected communities
- Maximising opportunities to develop a vibrant, prosperous and sustainable 21st century city
- Climate change leadership
- Informed and proactive approaches to natural hazard risks
- Increasing active, public and shared transport opportunities and use
- Safe and sustainable water supply and improved waterways

FINANCE AND PERFORMANCE COMMITTEE OF THE WHOLE - TERMS OF REFERENCE

Chair	Councillor Manji
Deputy Chair	Deputy Major Turner
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

Area of focus

The focus of the Finance and Performance Committee is the financial and non-financial performance of the Council, including the delivery of the Council's Capital Programme, CCHL and its subsidiaries, and any other Council Controlled Organisations.

In making recommendations or exercising its delegations, the Committee must manage the matters referred to in section 101 of the Local Government Act 2002 which includes that the Council must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The Finance and Performance Committee considers and, if the matter is not within the Committee's delegated authority, reports to Council on matters relating to:

- The delivery of the Council's Capital Programme
- The Council's operational and capital expenditure, including any material discrepancies from planned expenditure
- Leading and overseeing the Council's strategic relationship with the Crown, including specific strategic projects of shared interest and interface with the Crown, including the Cost Share Agreement and matters under the Greater Christchurch Regeneration Act 2016
- The financial and non-financial performance of the Council and Council Controlled Organisations, and governance decisions related to Council Controlled Organisations
- The Council's financial and funding policies under section 102 of the Local Government Act 2002
- Debt write-offs and status of Council debtors
- Acquisition or disposal of property where required for the delivery of the Capital Programme
- Council insurance policies and related matters and litigation
- The development of the Annual Report for consideration by Council
- Advising and supporting the Mayor to lead the development of the Long Term Plan and Annual Plan, including setting the overall parameters, strategic direction and priorities, and the development of a consultation document.
- Reviewing the delivery of services under s17A
- Submissions to external bodies relating to the area of focus of the Finance and Performance Committee

Delegations

The Council delegates to the Finance and Performance Committee authority to:

- Monitor the delivery of the Council's Capital Programme, including inquiring into any material discrepancies from planned expenditure
- Monitor the financial and non-financial performance of the Council and Council Controlled Organisations, including carrying out all of the Council's obligations under sections 65 to 72 of the Local Government Act 2002
- Exercise 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
    - in relation to the approval of Statements of Intent and their modification (if any)
- Purchase or dispose 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.
- Adopt funding and financial policies other than those that must be adopted as part of the Council's Long-Term or Annual Plans
- As may be necessary from time to time, approve amendments to the Capital Programme outside the Long Term Plan or Annual Plan processes
- Approve preferred suppliers for capital projects where the value of the contract exceeds $15 Million
- Approve preferred suppliers and contracts from both capital and operational budgets relating to the Council's Information Technology systems where the value of the contract exceeds $15 Million of capital expenditure or $10 Million of operational expenditure.
- Amend levels of service targets, unless the decision is precluded under section 97 of the Local Government Act 2002
- Approve debt write-offs where those debt write-offs are not delegated to staff
- 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.
- Authorise submissions to external bodies relating to the area of focus of the Finance and Performance Committee

The Committee delegates to the following subcommittees or working groups the responsibility to consider and report back to the Committee:

- Insurance Subcommittee

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

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1. Apologies

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

2. Declarations of Interest

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

That the minutes of the Finance and Performance Committee of the Whole meeting held on Thursday, 7 March 2019 be confirmed (refer page 8).

4. Public Forum

A period of up to 30 minutes may be available for people to speak for up to five minutes on any issue that is not the subject of a separate hearings process.
It is intended that the public forum session will be held at 9.30am.

5. Deputations by Appointment

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

6. Petitions

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

Finance and Performance Committee of the Whole
OPEN MINUTES

Date:	**Thursday 7 March 2019**
Time:	**9.33am**
Venue:	**Council Chambers, Civic Offices, 53 Hereford Street, Christchurch**

Present

Chairperson	Councillor Raf Manji
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Mayor Lianne Dalziel
	Councillor Vicki Buck
	Councillor Jimmy Chen
	Councillor Phil Clearwater
	Councillor Pauline Cotter
	Councillor Mike Davidson
	Councillor David East
	Councillor Anne Galloway
	Councillor Jamie Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Glenn Livingstone
	Councillor Tim Scandrett
	Councillor Deon Swiggs
	Councillor Sara Templeton

7 March 2019

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General Manager Finance

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Part A **Matters Requiring a Council Decision**

Part B **Reports for Information**

Part C **Decisions Under Delegation**

The agenda was dealt with in the following order.

1. Apologies

Part C
Committee Resolved FPCO/2019/00006

That the apology from the Mayor for partial absence be accepted.

Councillor Manji/Deputy Mayor **Carried**

2. Declarations of Interest

Part B
There were no declarations of interest recorded.

3. Confirmation of Previous Minutes

Part C
Committee Resolved FPCO/2019/00007

That the minutes of the Finance and Performance Committee of the Whole meeting held on Thursday, 7 February 2019 be confirmed.

Councillor Manji/Deputy Mayor **Carried**

4. Public Forum

Part B
There were no public forum presentations.

5. Deputations by Appointment

Part B
There were no deputations by appointment.

6. Presentation of Petitions

Part B
There was no presentation of petitions.

Chair Introduction

The Mayor joined the meeting at 9.37am during consideration of item 7.

Councillor Cotter left the meeting at 9.46am and returned at 9.49am during consideration of item 7.

Councillor Gough left the meeting at 10.03am and returned at 10.07am during consideration of item 7.

7. Capital Programme Performance Report

Committee Resolved FPCO/2019/00008

Original Staff Recommendation Accepted without Change

Part B

That the Finance and Performance Committee of the Whole:

1. Receive the information in the Capital Programme Performance report.

Councillor Manji/Councillor Chen **Carried**

Councillor Livingstone left the meeting at 10.28am and returned at 10.30am during consideration of item 8.

Councillor East left the meeting at 10.44am and returned at 10.46am during consideration of item 8.

Councillor Gough left the meeting at 10.46am and returned at 10.50am during consideration of item 8.

Councillor Galloway left the meeting at 11.02am and returned at 11.06am during consideration of item 8.

Councillor Templeton left the meeting 11.11am and returned at 11.16am during consideration of item 8.

8. Performance Exceptions Reporting for January 2019

Committee Comment

The staff recommendation was accepted without change. The Committee also requested a further report from staff for the next meeting regarding the process for an independent review of 3 waters delivery.

Committee Resolved FPCO/2019/00009

Part C

That the Finance and Performance Committee of the Whole:

1. Receive the information in the monthly Corporate Performance Exceptions Report, Level of Service Exceptions and Commentary, and Performance by Activity reports for January 2019.
2. Request that staff report separately next month on the process for an independent review of 3 waters delivery (as per a s17A review) in light of the potential consequences of the government's Three Waters Review.

Mayor/Deputy Mayor **Carried**

The Mayor left the meeting at 11.18am.

The meeting adjourned at 11.18am and reconvened at 11.32am. Councillors Buck, Cotter, East and Galloway were not present at this time.

Councillor Cotter returned to the meeting at 11.33am during consideration of item 12.

Councillor Galloway returned to the meeting at 11.36am during consideration of item 12.

Councillor Buck returned to the meeting at 11.38am during consideration of item 12.

Councillor East returned to the meeting at 11.47am during consideration of item 12.

12. Regenerate Christchurch Ltd - Half year performance report for period 1 July - 31 December 2018

Committee Comment

Ivan Lafeta, Chrief Executive and Jen Crawford, Board Member of Regenerate Christchurch Limited joined the meeting for consideration on this item.

Committee Resolved FPCO/2019/00010

Original Staff Recommendation Accepted without Change

Part C

That the Finance and Performance Committee of the Whole:

1. Note the attached performance reports from Regenerate Christchurch and Council and the Department of the Prime Minister and Cabinet staff; and
2. Request Council staff to urgently review the Regenerate Christchurch Forward Work Programme and associated financial implications and report back to Council.

Councillor Manji/Deputy Mayor **Carried**

Councillor Buck left the meeting at 11.54am during consideration of item 9 and was not present when the motion was put.

Councillor Gough left the meeting at 12.01pm and returned at 12.05pm during consideration of item 9.

Deputy Mayor Turner left the meeting at 12.11pm during consideration of item 9 and was not present when the motion was put.

9. Community Facilities Earthquake Rebuild Programme Bi-Monthly Update February 2019

Committee Resolved FPCO/2019/00011

Original Staff Recommendation Accepted without Change

Part B

That the Finance and Performance Committee of the Whole:

1. Receives the information in the Community Facilities Rebuild Bi-Monthly Update report.

Councillor Chen/Councillor Gough **Carried**

Councillor Buck returned to the meeting at 12.19pm during consideration of item 10.

Deputy Mayor Turner returned at 12.14pm during consideration of item 10.

10. Christchurch Town Hall Project Monthly Update

Committee Resolved FPCO/2019/00012

Original Staff Recommendation Accepted without Change

Part B

That the Finance and Performance Committee of the Whole:

1. Receives the Christchurch Town Hall Project Monthly Update report.

Councillor Manji/Councillor Chen **Carried**

11. New Brighton Pier Project Closeout Summary

Committee Resolved FPCO/2019/00013

Original Staff Recommendation Accepted without Change

Part B

That the Finance and Performance Committee of the Whole:

1. Receive the information in the Project Closeout Summary for New Brighton Pier.

Councillor Manji/Councillor East **Carried**

Councillor Templeton left at 12.40pm during consideration of item 13 and was not present when the motion was put.

13. Christchurch City Holdings Ltd - Interim Report 2019

Committee Comment

Leah Scales, Chief Financial Officer of Christchurch Holdings Limited joined the table for consideration on this item.

Committee Resolved FPCO/2019/00014

Original Staff Recommendation Accepted without Change

Part B

That the Finance and Performance Committee of the Whole:

1. Notes the content of this report and the attached Christchurch City Holdings Ltd Interim Report for 2019.

Councillor Manji/Councillor Davidson **Carried**

Deputy Mayor Turner and Councillors Buck and Gough declared an interest and took no part in discussion on this item.

Councillor Templeton returned to the meeting at 12.40pm during consideration of item 14.

14. Council-controlled organisations - Half year reports for the period 1 July - 31 December 2018

Committee Resolved FPCO/2019/00015

Original Staff Recommendation Accepted without Change

Part B

That the Finance and Performance Committee of the Whole:

1. Note the contents of this report, and its attachments.

Councillor Clearwater/Councillor Scandrett **Carried**

Councillors appointed to the Boards of these organisations took no part in discussion on the reports from those organisations.

15 Resolution to Exclude the Public

Committee Resolved FPCO/2019/00016

Part C

That Leah Scales, of Christchurch Holdings Limited, remain after the public have been excluded for Item 17 of the public excluded agenda as she has knowledge that is relevant to that item and will assist the Council.

AND

That Anna Elphick, Acting Chief Executive and Jane Carr of ChristchurchNZ Holdings Limited, remain after the public have been excluded for Item 18 of the public excluded agenda as they have knowledge that is relevant to that item and will assist the Council.

AND

That Chris Mintern and Chris Wallace of Vbase Limited, remain after the public have been excluded for Item 19 of the public excluded agenda as they have knowledge that is relevant to that item and will assist the Council.

AND

That at 12.53pm the resolution to exclude the public set out on pages 269 to 271 of the agenda be adopted.

Councillor Manji/Deputy Mayor **Carried**

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

Meeting concluded at 3.33pm.

CONFIRMED THIS 4TH DAY OF APRIL 2019.

COUNCILLOR RAF MANJI
CHAIRPERSON

7. Capital Programme Performance Report

Reference: 19/323957

Presenter(s): Ged Clink – Head of Programme Management Office
David Adamson –General Manager City Services
Heads of – Various from Capital Delivery Teams

1. Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to be informed of the Capital Programme Delivery Performance for period ending 28 February 2019.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receive the information in the Capital Programme Performance report.
2. Note that the report has now been aligned to end of month financial and delivery information, bringing it into alignment with Performance Management and Corporate Finance reporting periods.

Attachments

No.	Title	Page
A ⇩	Capital Programme Performance Report	18

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
(i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

Author	Ged Clink - Head of Programme Management Office
Approved By	Carol Bellette - General Manager Finance and Commercial (CFO) David Adamson - General Manager City Services

Finance and Performance Committee of the Whole

Capital Performance Overview

ParagonIQ

PROJECT EXPLORER

ALL OF CCC

TRANSPORT

3 WATERS

VERTICAL

OTHER DEPTS

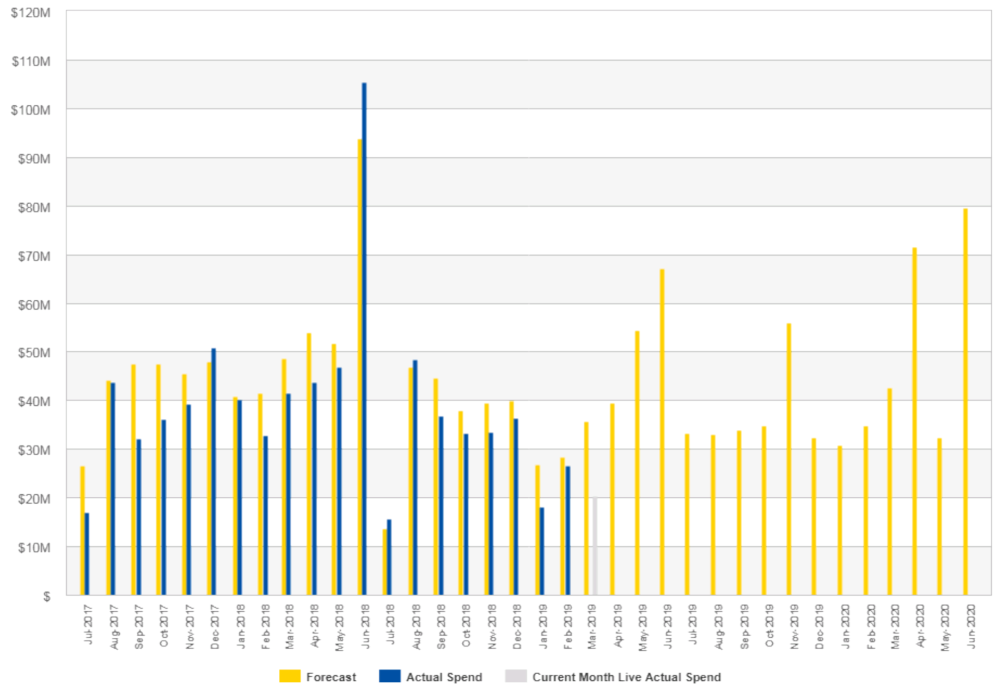
TOOL BOX

Click Here To Email Us

0

All of CCC

Financial Overview



Overall Situation & Analysis

Council's Capital Programme is delivered through a number of business groups, teams and units. The teams which deliver to that programme are covered in this report. These are Transport, 3 Waters, Facilities – made up from 15 different teams/programmes and Other which is made up from 22 teams/programmes with capital budgets.

At end of February 2019 Council were delivering 974 Projects with an approved FY19 budget of $571.8m. The organisational delivery forecast calculated via Project Manager forecasting is $452m, a drop of $33.3m since end of January reporting. A single payment of $23m for the Central City Transport Interchange was the key driver of the drop as it has been declared a carryforward. Current financial year spend, at February 2019 is $248m. The 'net' carryforward position has increased to $115.2m, primarily driven by the Transport Interchange. Project Managers are currently forecasting to deliver 79% of the planned budget for the current financial year which is down from 85% since last report cycle.

Spend over eight months (July – Feb) was $248m against a forecast of $276.75m which was 89.6%. Average monthly spend was $31m. The forecasted spend for the remaining months is $240m requiring an average monthly spend of $51m.

1

Of note, $76m of the approved FY19 budget was attributed to payments only. These are made to 3rd party / external organisations who have primary control over project delivery timelines and handover. This presents a unique set of challenges around cashflow timing and AP/LTP budget allocations.

As at time of reporting, the organisation has made $11m in payments out of a full year forecasted payment of $36m. Key Projects where there is a delay in payment for the current reporting year include

- Central City Transport Interchange $23m
- Performing Arts Precinct $12m
- New Brighton Hot Salt Water Pools $5m
- Metro Sports Facility $3m

Capital delivery budget for FY19 where Council manages delivery is $495m and at time of reporting the organisation is forecasting to spend $404m. Again, the majority of underspends are primarily timing issues and the bulk of monies will be required to complete the projects.

Key Projects managed by Council where there is a significant delay in spending include

- Strategic Land Acquisition Rolling Package $16m – Typically underspent due to project delivery timings being changed or land no longer being required to be purchased.

- Halswell Junction Road Extension $5m – Detail of level crossing being worked through with Kiwi Rail therefore won't be complete prior to June 19, end of financial year.

- AAC Victoria Street $4.5m – Delayed construction due to extended consultation resulting in underspend for this financial year.

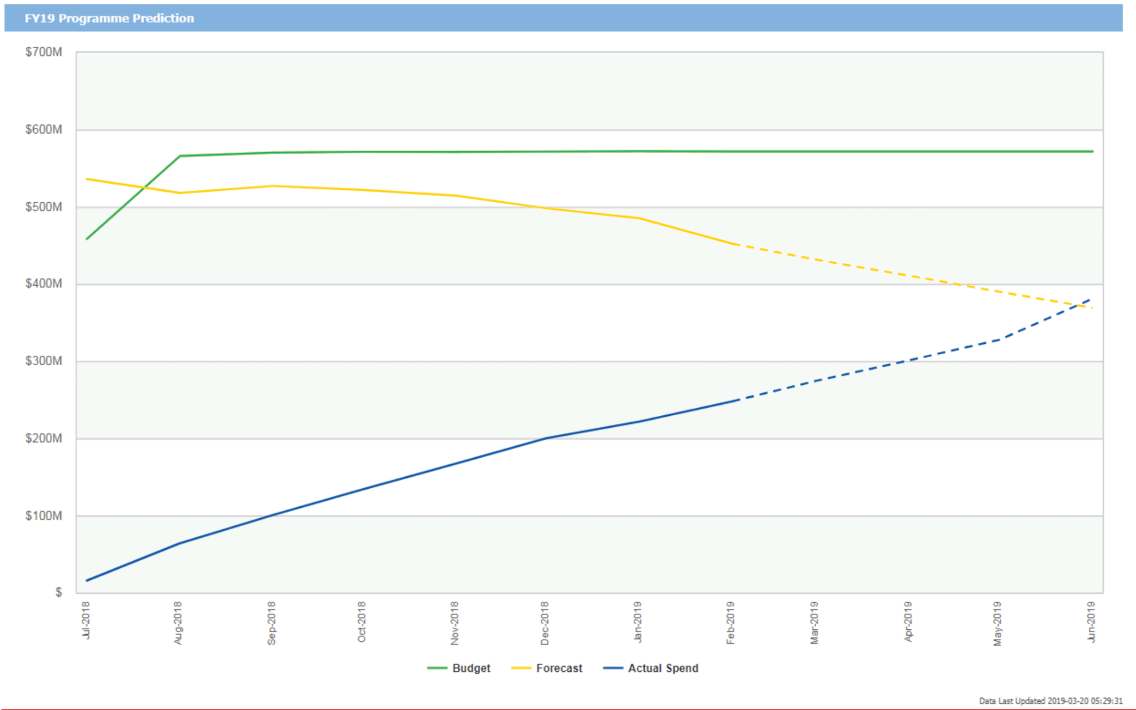
- Sumner Road Zone 3B Risk Mitigation $4.4m - Remaining budget and contingencies. Project costs are being finalised and will be released when complete.

- Linwood Pool $3.8m – Main component of spend at construction stage not forecast to commence until late FY19.

- Treatment Plant EQ Repair Occupied Buildings $2.8m – Stage 2 Laboratory construction started mid-January and balance of monies will be required into the new financial year.

All of CCC

Forward View



The above graph for all CCC capital delivery represents a 3 month rolling average of forecasts and compares it to actual delivery across the same period. The solid lines are actual results with the dotted lines extrapolating the trend out to year end.

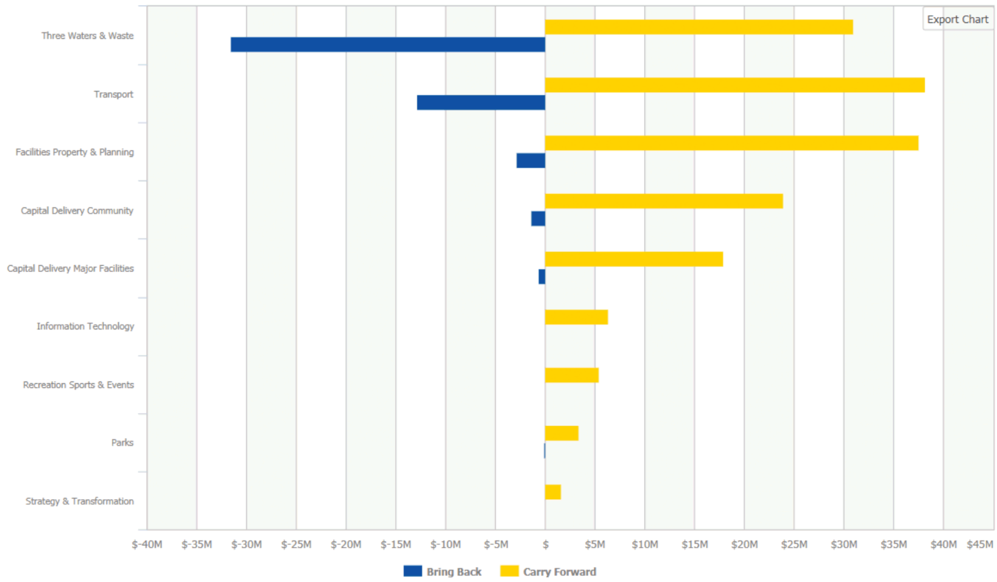
As of February data, this number is $380m which is lower than the current $452m forecasted by the project managers. The holiday months of December and January – being lower - will have an effect on the final projected end result. The final delivery position should be higher than the $400m and is estimated to recover to $425m+.

3

All of CCC

Carryforward / Bringback Analysis

Delivery Department	Bring Back Projects	Carry Forward Projects	Bring Back Value	Carry Forward Value
Three Waters & Waste	46	87	-$31,616,112	$30,915,065
Transport	17	58	-$12,859,033	$38,108,767
Facilities Property & Planning	1	4	-$2,912,525	$37,460,381
Capital Delivery Community	11	67	-$1,425,012	$23,879,054
Capital Delivery Major Facilities	1	4	-$639,164	$17,864,661
Information Technology	0	9	$0	$6,336,229
Recreation Sports & Events	0	1	$0	$5,379,273
Parks	4	13	-$124,528	$3,288,083
Strategy & Transformation	0	3	$0	$1,551,884
	80 Project(s)	246 Project(s)	-$49,576,374	$164,783,397



The ‘net’ carryforward position of $115m is the difference between monies declared as carryforward and monies declared as bringbacks.

The yellow bar represents project delivery dollars that have been pushed into future years and the blue bar represents new projects that have been brought forward from future years or projects already in delivery where work has been accelerated.

The following page provides some of the key projects driving the above variations

4

Top 10 Carryforwards

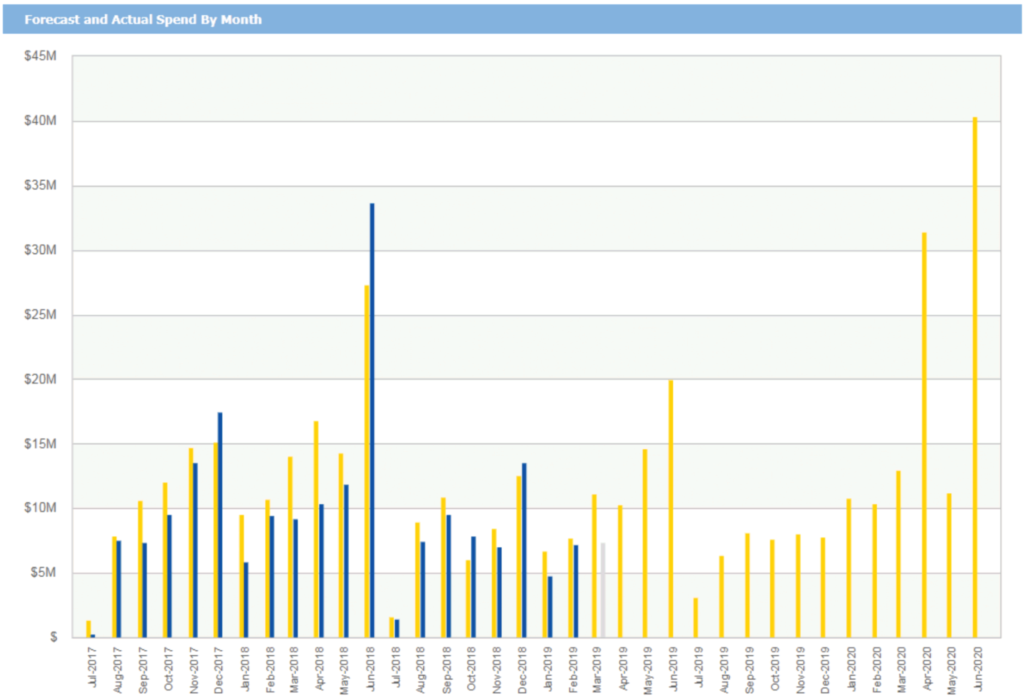
Project ID	Project Title	Project Phase	Current FY Budget	Carry Forward	Project Manager CPMS Comment
3170	Central City Transport Interchange	(Execute) Handover	$ 22,932,999	$ 22,932,999	Council has agreed to take over ownership of the building for $23m. Negotiations for the transfer are ongoing and in the interests of managing Council cash flow and costs, we are forecasting that this expenditure will now occur in the 2019/20 financial year
67	Strategic Land Acquisitions Rolling Package	(Execute) Construction	$ 26,394,879	$ 14,108,735	The carry forward is predominately made up of land purchases that are delayed due to changes in the planned delivery date of substantial projects across Transport, Land Drainage and Vertical. These projects account for 67% of the carry forward. Work is currently underway to improve the budgeting process so that these adjustments can be made earlier in the financial management process. The remaining 33% relates to projects where the planning phase has been extended, delaying identification of the land purchase (eg Akaroa Wastewater).
10370	Performing Arts Precinct	Concept	$ 12,109,280	$ 12,109,280	Capital is available from July 2019. If the project is approved by Council, a design team will be appointed to commence work immediately. FY 2019 budget of $12m will need to be carried forward to FY 20, 21 and 22. Forecasting to be planned with Michael Down, Finance Manager.
924	Halswell Junction Road Extension	(Execute) Design	$ 6,828,333	$ 5,451,241	A carry forward to FY20 is expected as it is not feasible to complete construction for the new level crossing before June 2019.
14700	Sumner Road Zone 3B Risk Mitigation - HI CSA funded	Close	$ 5,415,198	$ 4,586,825	The remaining budgets and contingencies for Sumner Road Programme. When final costs are established the remaning budget will be released towards final costs.
18324	AAC Victoria Street	(Execute) Design	$ 4,594,700	$ 4,452,266	Carry forward required as construction spend is delayed.
21129	Linwood Pool	Plan	$ 3,937,509	$ 3,860,509	Capital Spend (i.e. post Concept Design approval) not forecast to commence until late FY19. Carryforward of circa $3.6m forecast for FY19.
1347	Intersection Improvement: Lower Styx / Marshland	(Execute) Design	$ 3,371,338	$ 3,262,183	Project progress has been delayed to finalisation of property issues.
47579	MCR Heathcote Expressway - Section 1 A- Ferry Rd	(Execute) Construction	$ 4,412,855	$ 2,862,618	Construction programme extends into FY20.
2717	CWTP EQ Repair Occupied Buildings	(Execute) Construction	$ 3,877,877	$ 2,774,334	Stage 2 Laboratory Building to go out to tender early FY19, contract award before Christmas, and construction start mid January 2019. Carryforward balance of budget to FY19.

Top 10 Bringbacks

Project ID	Project Title	Project Phase	Current FY Budget	Carry Forward	Project Manager CPMS Comment
46474	LDRP 528 Eastman Wetlands	(Execute) Design	$ 909,550	-$ 1,346,146	A bring back will be required for early construction of Eastman Wetland Bund and Milns Drain Realignment. Delivering these items early in the programme provides more immediate flood relief for the downstream Heathcote River properties.
37234	WS Mains Renewal - Cannon Hill Cresc, Michael Ave and Centaurus Rd	(Execute) Construction	$ 38,434	-$ 1,402,208	These works were bought forward so that they could be combined with other FY19 WS works resulting in a number of delivery efficiency gains.
38943	WS Highfield Water Supply Mains	(Execute) Construction	$ 104,244	-$ 1,474,463	Water supply works bought forward to service a new sub-division development.
25805	WW Colombo St Trunk and Beckenham Cross Connection	(Execute) Construction	$ 2,746,213	-$ 1,480,000	Bringforward from FY20 to FY19 is due to construction being ahead of planned budget. Construction will be completed within FY19 coming in under the overall project budget.
37904	SW Summerset at Highsted IPA	Concept	$ 10,000	-$ 2,258,139	Bringback from FY20 and 21 to comply with signed Infrastructure Provision Agreement
45455	LDRP 526 Curletts Flood Storage	(Execute) Construction	$ 1,936,267	-$ 2,860,937	A bring back required, as construction will now be completed in FY19. This is a great outcome as it provides more immediate relief from flood risk for downstream Heathcote River properties, and water quality treatment for Curlett Stream.
164	Footpath Renewals delivery project	(Execute) Construction	$ 2,321,219	-$ 2,870,712	Delivery has been advanced to take advantage of increased NZTA subsidy.
69	SLP Land Value Offset Rolling Package	(Execute) Construction	-$ 11,240,725	-$ 2,912,525	This relates to projects where land has been required earlier than originally planned.
9146	Coastal Pathway Project	(Execute) Construction	$ 1,135,763	-$ 3,661,091	Construction progress is faster than originally anticipated. Bring back required to complete construction. Works will be completed within overall budget.
890	WW Lyttelton Harbour Wastewater Scheme	(Execute) Construction	$ 12,395,821	-$ 11,054,618	Bring back required to accelerate programme. This achieves meeting timeframes for Lyttelton Harbour discharge consent expiry. Value with larger work packages in the market and efficiencies in intergration of work fronts for supervision and construction. Minimises risks of raw WW overflows into Lyttelton Harbour as temporary WW management systems significantly shorter in duration.

5

Transport Portfolio

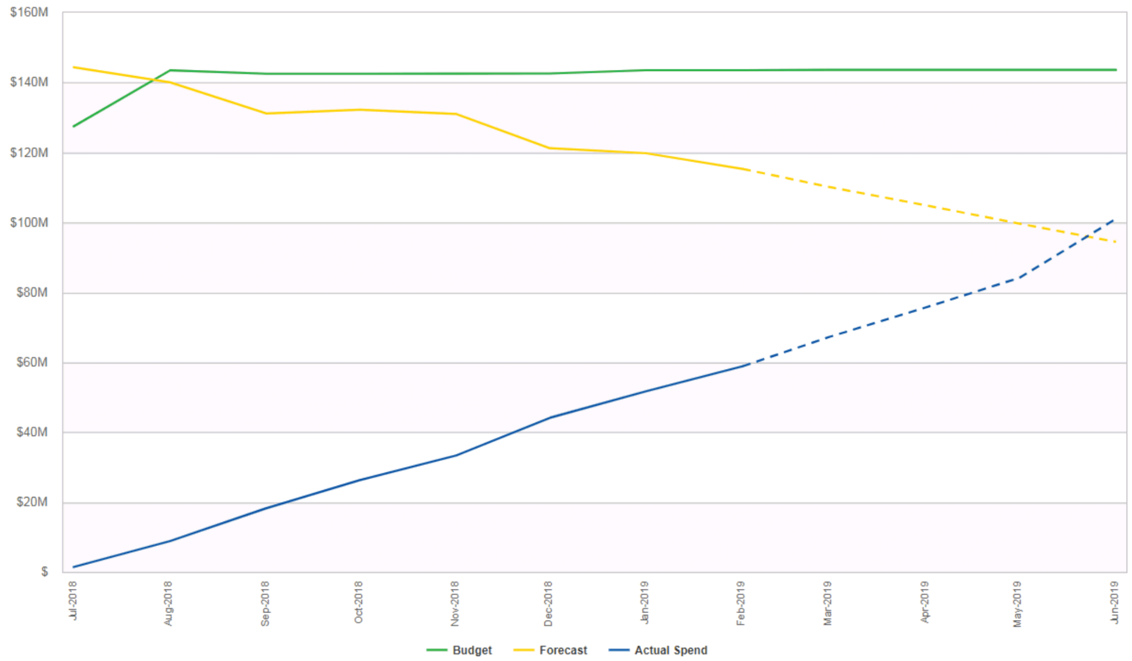


At end of February 2019 Transport were delivering 202 Projects with a total budget of $143.5m. The project manager forecast is $115.3m and the net carryforward position is $25.2m, principally arising from Halswell Junction road, central city projects and Sumner Road.

Spend over eight months (July to Feb) was $58.9m against a forecast of $62.7m which was 94%. Average monthly spend for the first eight months was $7.36m. The forecasted spend for the remaining four months of the year is $56.5m requiring an average monthly spend for that period of $14.12m. At end of February 2019, Transport were forecasting to deliver 80.33% of the planned budget for the current financial year.

6

Transport Forward View

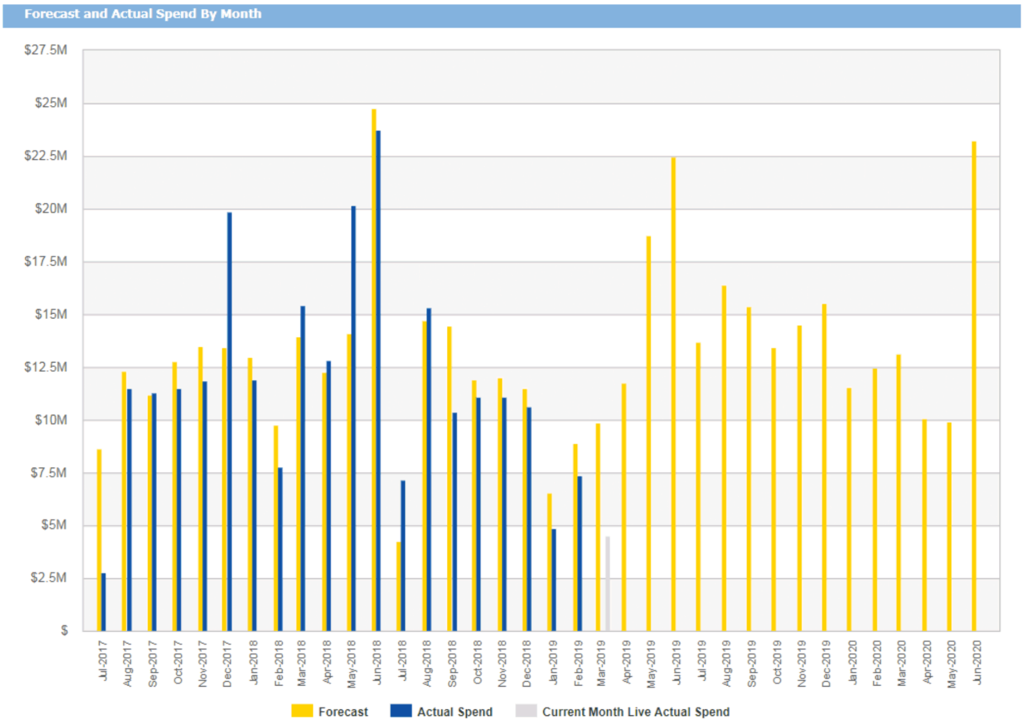


The forecasted view is based on 3 month rolling trends for both project manager forecast and actual delivery. The months of December and January – being holiday periods will account for a lower 3 month average. As it stands the trend projections indicate Transport will deliver $101m. The teams expect the final position to be higher than that.

7

3 Waters

Forecast v Actual Spend



At end of February 2019, 3Waters were delivering 367 Projects with a total budget of $153.7m. The project manager forecast is $147.4m and the net carryforward position is $701K bringback.

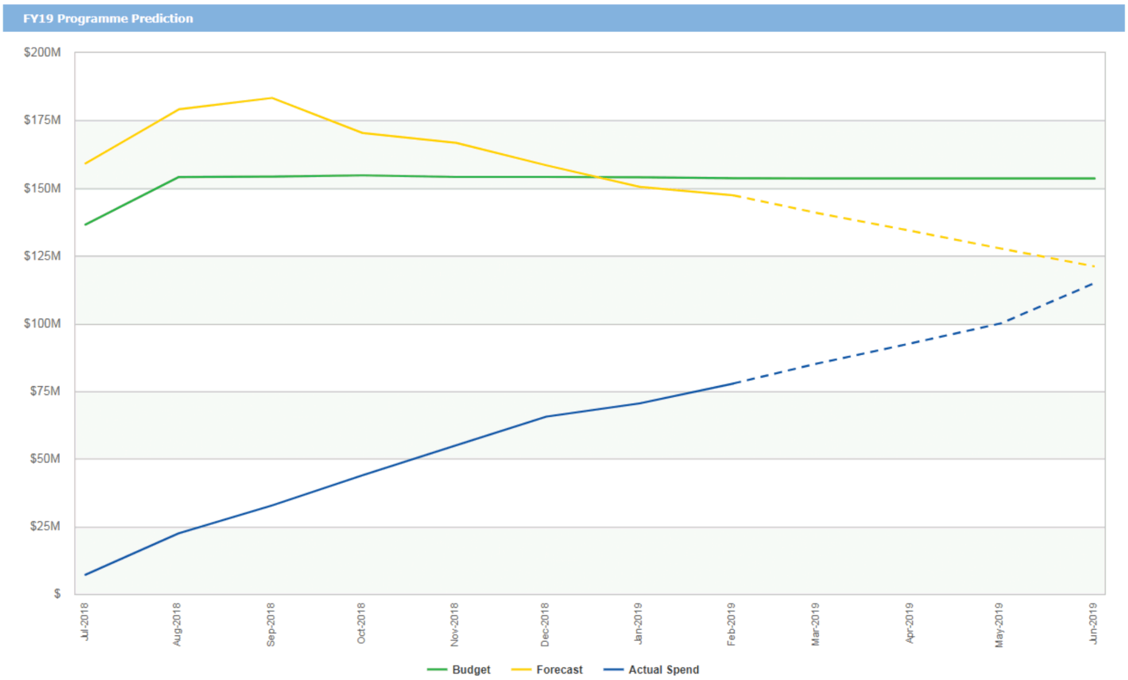
Spend over eight months (July to Feb) was $77.8m against a forecast of $84.1m which was 92%. Average monthly spend for the first eight months was $9.72m. The forecasted spend for the remaining four months of the year is $69.6m requiring an average monthly spend for that period of $17.39m. At end of February 2019, 3Waters were forecasting to deliver 95.8% of the planned budget for the current financial year.

8

Christchurch City Council

Item 7 Attachment A

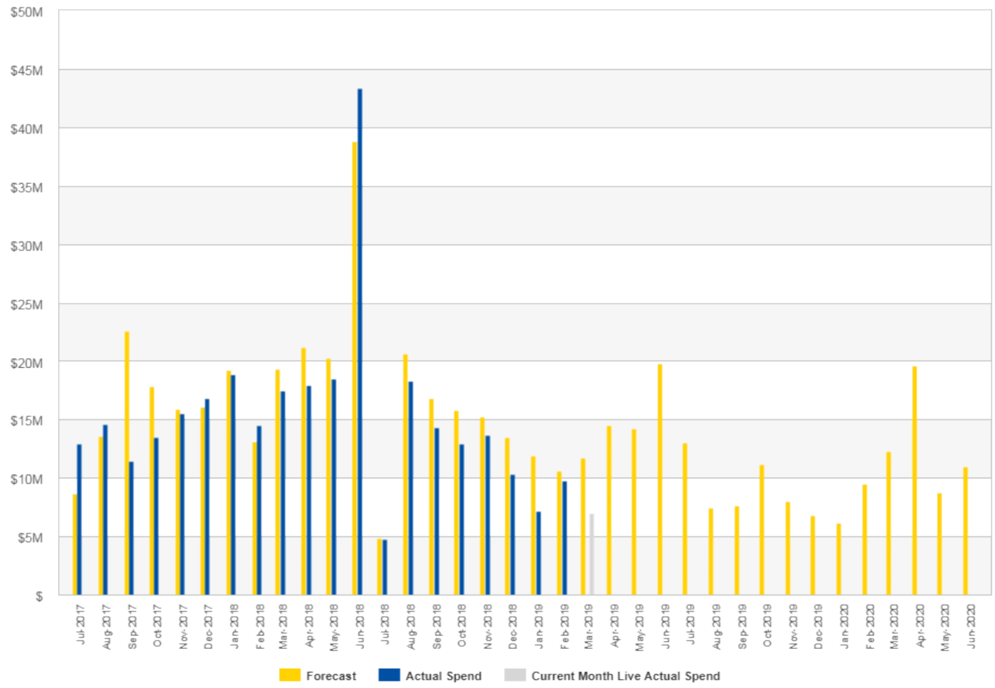
3 Waters Forward View



The forecasted view is based on 3 month rolling trends for both project manager forecast and actual delivery. The months of December and January – being holiday periods will account for a lower 3 month average. As it stands the trend projections indicate 3 Waters will deliver $114.9m. The teams expect the final position to be higher than that.

9

Facilities Portfolio



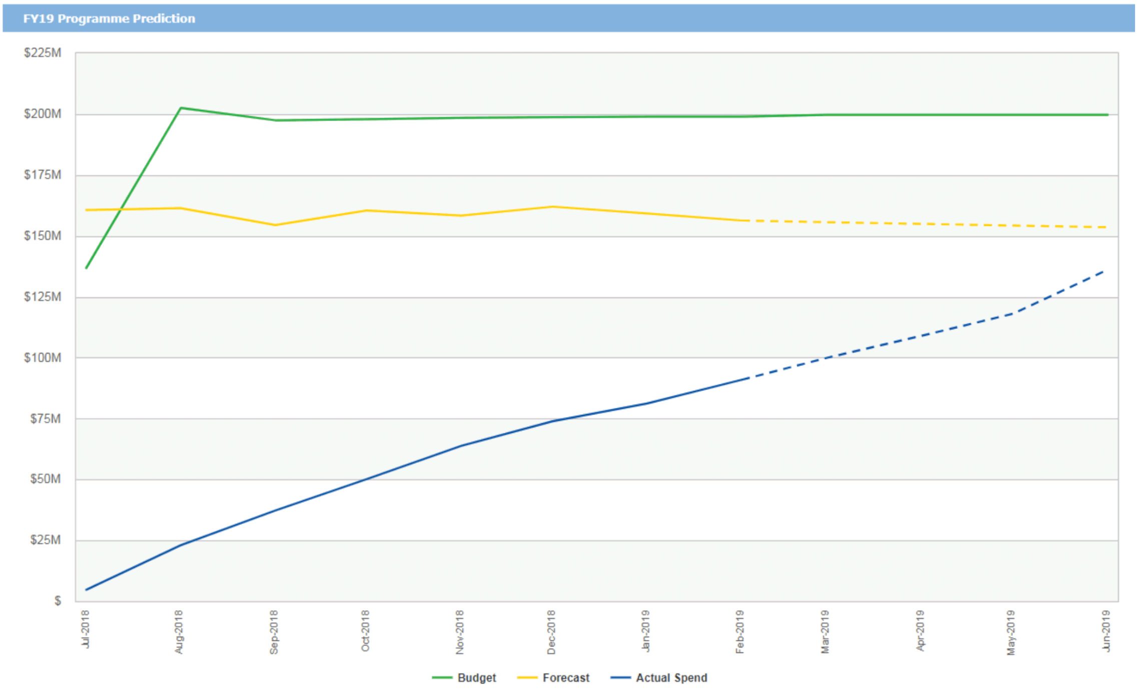
The Facilities Portfolio comprises 15 different delivery areas, the key ones being Capital Delivery Community, Capital Delivery Heritage, Capital Delivery Social Housing, Anchor and Major Projects and various Parks delivery teams.

At end of February 2019, Facilities were delivering 328 Projects with a total budget of $199m. The project manager forecast is $156.3m and the net carryforward position is $48.2m

Spend over eight months (July to Feb) was $90.92m against a forecast of $109m which was 84%. Average monthly spend for the first eight months was $11.36m. The forecasted spend for the remaining four months of the year is $65.4m requiring an average monthly spend for that period of $16.35m. At end of February 2019, Facilities are forecasting to deliver 78.6% of the planned budget for the current financial year.

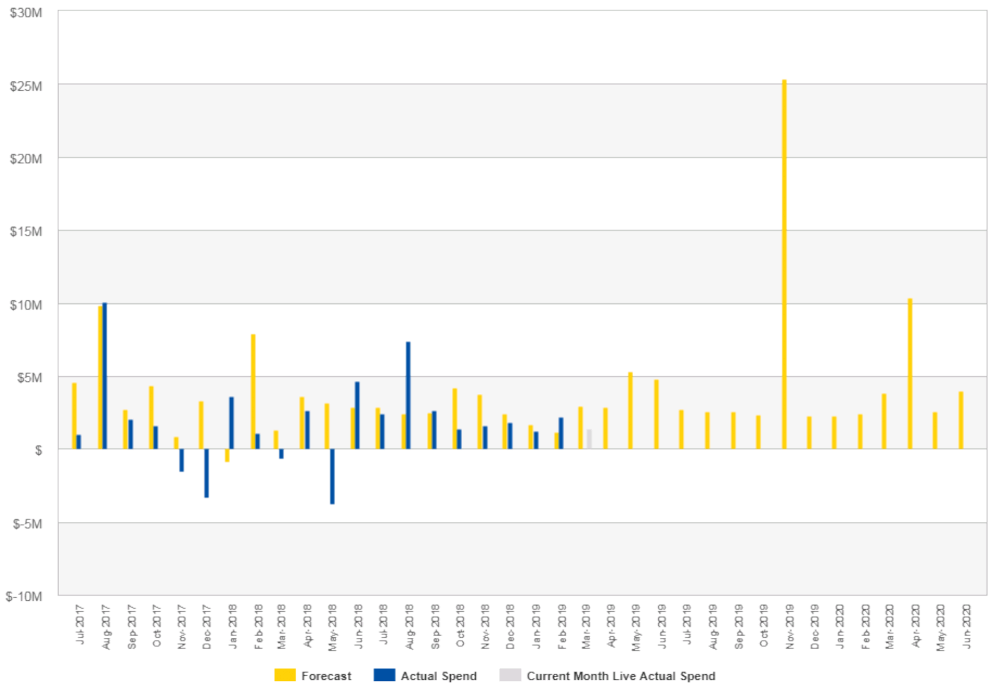
10

Facilities Forward View



Facilities is made up of 15 different delivery groups and portfolios. In Aug 2018 these were combined and all now report through to GM Citizens & Community. Some of the key delivery groups in this report include Community, Heritage & Social Housing, Parks, Major & Anchor and Technical Support. The spikes in September were due to the financial systems aligning to the new structure. Facilities forecasting is the most consistent of all delivery groups. The delivery trend – based on a 3 month rolling average - indicates they may fall short of achieving the forecast but this trend will likely have dropped due to the festive holiday period. If they can ramp delivery by a small percentage then they should achieve the current forecast. As it stands the trend prediction indicates Facilities will deliver $136m.

Other Departments Portfolio



Other Departments is made up of 22 different delivery groups and portfolios. Some key delivery teams include IT, CDEM, Digital Channel, Regulatory Compliance and Strategy and Transformation.

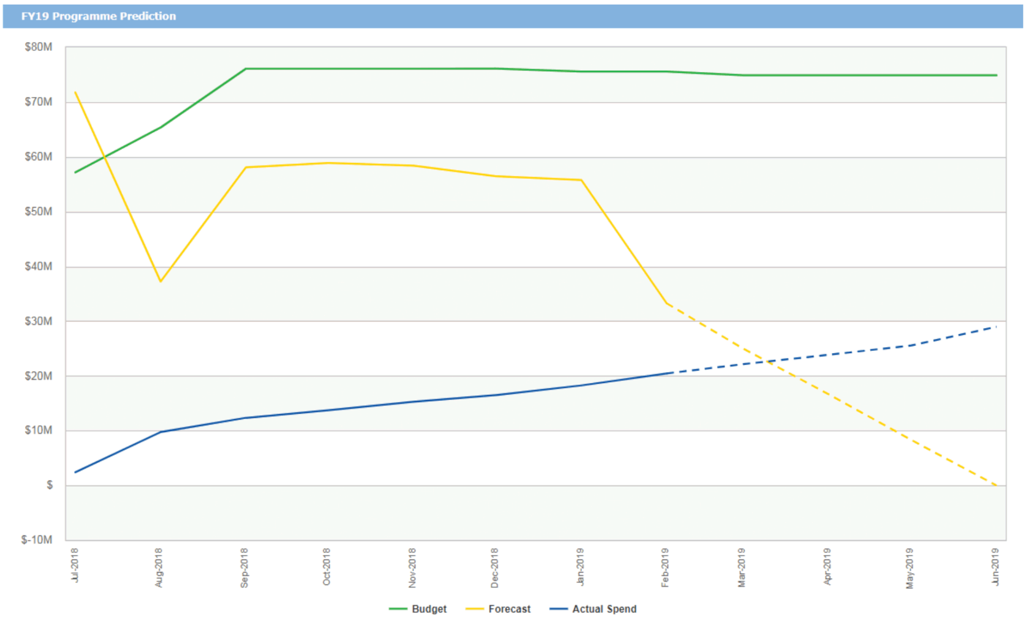
At end of February 2019, Other were delivering 77 Projects with a total budget of $75.6m. The project manager forecast is $33.3m and the net carryforward position is $42.4m. The two key drivers of underspend are the payment for the Central City Transport Interchange and Strategic Land fund spend.

Spend over eight months (July to Feb) was $20.44m against a forecast of $20.9m which was 97%. Average monthly spend for the first eight months was $2.55m. The forecasted spend for the remaining four months of the year is $12.81m requiring an average monthly spend for that period of $3.2m. At end of February 2019, Facilities are forecasting to deliver 44% of the planned budget for the current financial year.

12

Other

Forward View



The forecasted view is based on 3 month rolling trends for both project manager forecast and actual delivery. The months of December and January – being holiday periods will account for a lower 3 month average. The Transport Interchange payment at $23m has been declared as a carryforward and has skewed the yellow forecast significantly given the large value. The forecast line will recover over the next month as delivery returns to normal. As it stands the trend prediction indicates Other will deliver $29.9m.

13

8. Performance Exceptions Reports for February 2019

Reference: 19/284040

Presenter(s): Peter Ryan - Head of Performance Management

1. Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to note performance exception reporting for February 2019.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives the information in the monthly Corporate Performance Exceptions Report, Level of Service Exceptions, Commentary and Performance by Activity reports for February 2019.

3. Key Points

3.1 Corporate performance reports focus on exceptions as follows:

3.1.1 Performance Exceptions Report February 2019 in **Attachment A**.

3.1.2 **Attachment B** comprises February 2019 updates for:

- Graph of forecast levels of service (LOS) performance by Activity.
- Graph of forecast LOS delivery summary.
- Exceptions commentaries.

3.1.3 Performance by Activity Feb 2019 in **Attachment C.**

- Graph of relationship between forecast LOS delivery and forecast operational expenditure by Activities.
- Table of Activities forecast LOS delivery performance and forecast operational expenditure.

4. Context/Background

Issue or Opportunity

4.1 The reports assist with both transparency and accountability. Their focus is on managing risks to delivery and any remedial actions required.

Strategic Alignment

4.2 This reporting framework is based on the levels of service, budgets and projects approved in the 2018 Long Term Plan.

Attachments

No.	Title	Page
A ⇩	Performance Exceptions Summary Feb 2019	35
B ⇩	LOS Graphs and Exceptions Commentaries Feb 2019	37
C ⇩	Performance by Activity Feb 2019	49

Confirmation of Statutory Compliance

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

(a) This report contains:

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

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

Signatories

Authors	Lerks Stedman - Senior Business Analyst Boyd Kedzlie - Senior Business Analyst
Approved By	Peter Ryan - Head of Performance Management Carol Bellette - General Manager Finance and Commercial (CFO)

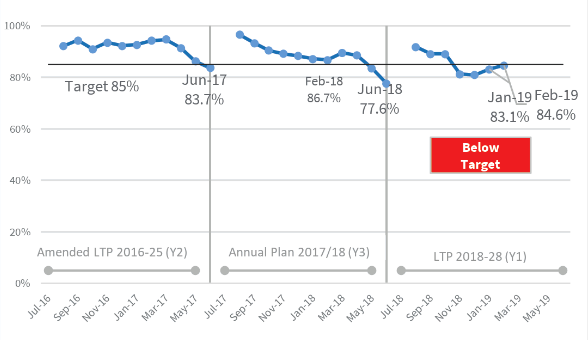
Performance Exceptions Report for Levels of Service and Major Capital Projects

Finance & Performance Committee – February 2019

As at the end February 2019, levels of service are forecast to achieve 84.6% for LTP, an improvement of 1.5% on January. The forecast as at the same period last year was 86.7% - see Figure 1. 2017/18 had a year-end result of 77.6%. Trends from previous years indicate the forecast may be optimistic.

Level of service (LOS) delivery by exception

Figure 1 - LTP LOS Delivery Year-end Forecast



Changes this month involve four LOS which were previously forecast amber and are now forecast green (on track). These all relate to the disposal of wastewater in a responsible manner. The LOS were previously flagged as being at risk if operational expenditure levels were significantly reduced. The current LOS manager confirms that these levels of service can now be forecast as on target.

Key exceptions where LTP levels of service are forecast not to meet target (red) include:

- Compliance with DWSNZ protozoal criteria for both urban and rural supplies;
- Water loss from Council's water supply network;
- Average drinking water consumption;
- Maintaining the number of private vehicle trips at current levels;
- Answering call centre telephone enquiries in a timely manner.

Other key exceptions flagged at risk (amber) include:

- Water Supply, Wastewater and Stormwater networks;
- Reducing casualties and reported crashes on the road, cycling and pedestrian networks;
- Responding to CSRs relating to roads and footpaths;
- Council on- and off-street parking facilities;
- Response to complaints in relation to excessive noise;
- 6 exceptions in depend on results from the annual Residents Survey and Point of Contact Surveys (results due May-June 2019).

A full list of level of service exceptions, with managers supporting comments and remedial actions, is provided as attachment B.

Last month's report highlighted uneven apportionment of levels of service across groups of activity. Refer to Attachment C – Performance by Activity. The scheduling and completion of Service Delivery Reviews can reasonably be expected to correct this situation. ELT is providing a draft schedule of reviews for Finance and Performance Committee to consider.

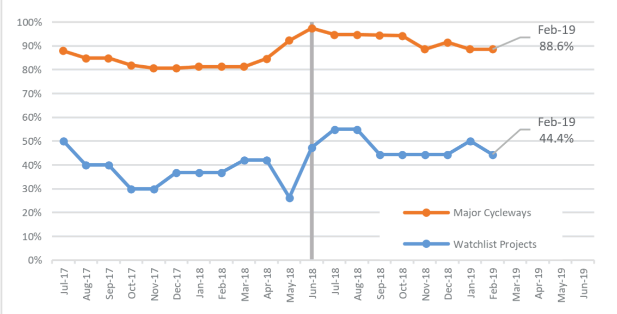
Watchlist capital project delivery exceptions

(All years - Whole of Life project milestone status, including Plan, Initiate and Execute phases)

Excludes projects that are payments-only to Third Parties.

For all Watchlist projects, forecast delivery is tracking at 44.4%, while Major Cycleways projects are forecasting 88.6% - see Figure 2.

Figure 2 - Watchlist Capital Projects Delivery - % forecast completion against baseline completion (whole of life)



Watchlist Projects - total projects 18, total budget all years $762.9m, forecast estimate at completion all years $765.3m

Major Cycleways total projects 46 (35 in this graph excluding completed projects), total budget all years $281.3m, forecast estimate at completion all years $261.6m

Performance Exceptions Report for Levels of Service and Major Capital Projects

Finance & Performance Committee – February 2019

The table below shows delivery exceptions of Watchlist Capital projects with one new exception this month, which is shaded.

Watchlist Capital Project Delivery exceptions February 2019	Phase	Delivery Completion Date	
		Baseline	Forecast
2018/19 (Current year)			
Town Hall Rebuild	Execute	31/3/19	4/8/19
Nga Puna Wai Sports Hub	Execute	30/6/19	30/6/19
2020/21			
AAC Hereford St (Manchester-Cambridge)	Execute	3/7/20	3/7/20*
AAC Victoria St	Execute	3/7/20	3/7/20
Woolston/Linwood Pool	Plan	30/9/21	30/9/21
WW Lyttelton Harbour Wastewater Scheme	Execute	22/12/21	22/12/21
2022 and beyond			
LDRP 500 Cashmere Worsleys Flood Storage	Execute	31/8/22	30/6/22
LDRP 528 Eastman Wetlands	Execute	28/6/24	28/6/24
WW Akaroa Wastewater Scheme	Execute	30/6/25	30/6/25
Major Cycleways Programme			
MCR Heathcote Expressway - Section 1A - Ferry Rd	Execute	Apr-19	Oct-19*
MCR Heathcote Expressway - Section 1B - Charles St to Tannery	Execute	Oct-18	Mar-19
MCR Northern Line Cycleway - Section 1 - Blenheim to Kilmarnock, plus Harewood Crossing and Restell	Execute	Jun-22	Jun-22*

** denotes change request, per project commentary.*

It is worth setting out how these project forecasts work. The project manager can forecast:

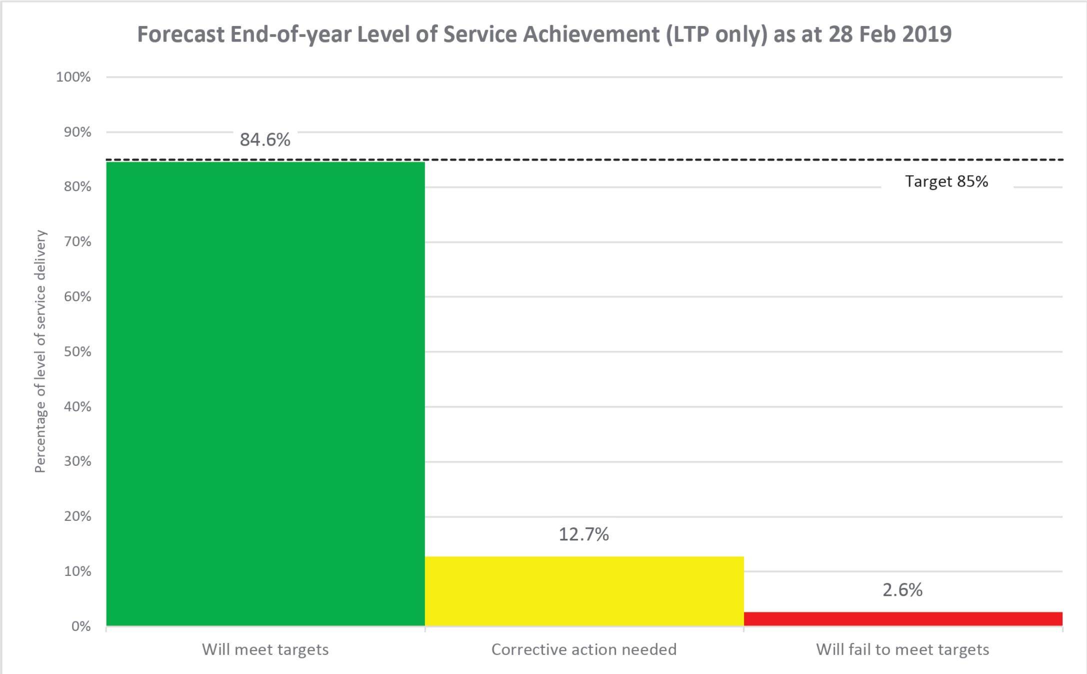
- Green: on track
- Amber: Unlikely to meet due date – corrective action is required; or
- Red: will not meet delivery date.

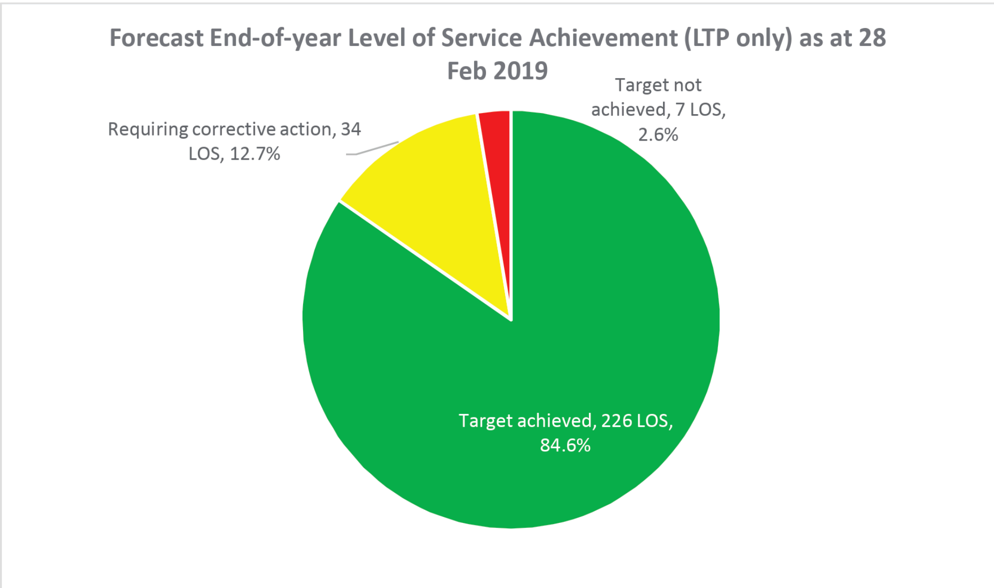
Note that a review of red/amber/green light reporting is being undertaken with project managers, to achieve consistency of approach in the reporting of capital projects.

Refer to reports from the Programme Management Office (PMO) for full information for Watchlist and other projects.

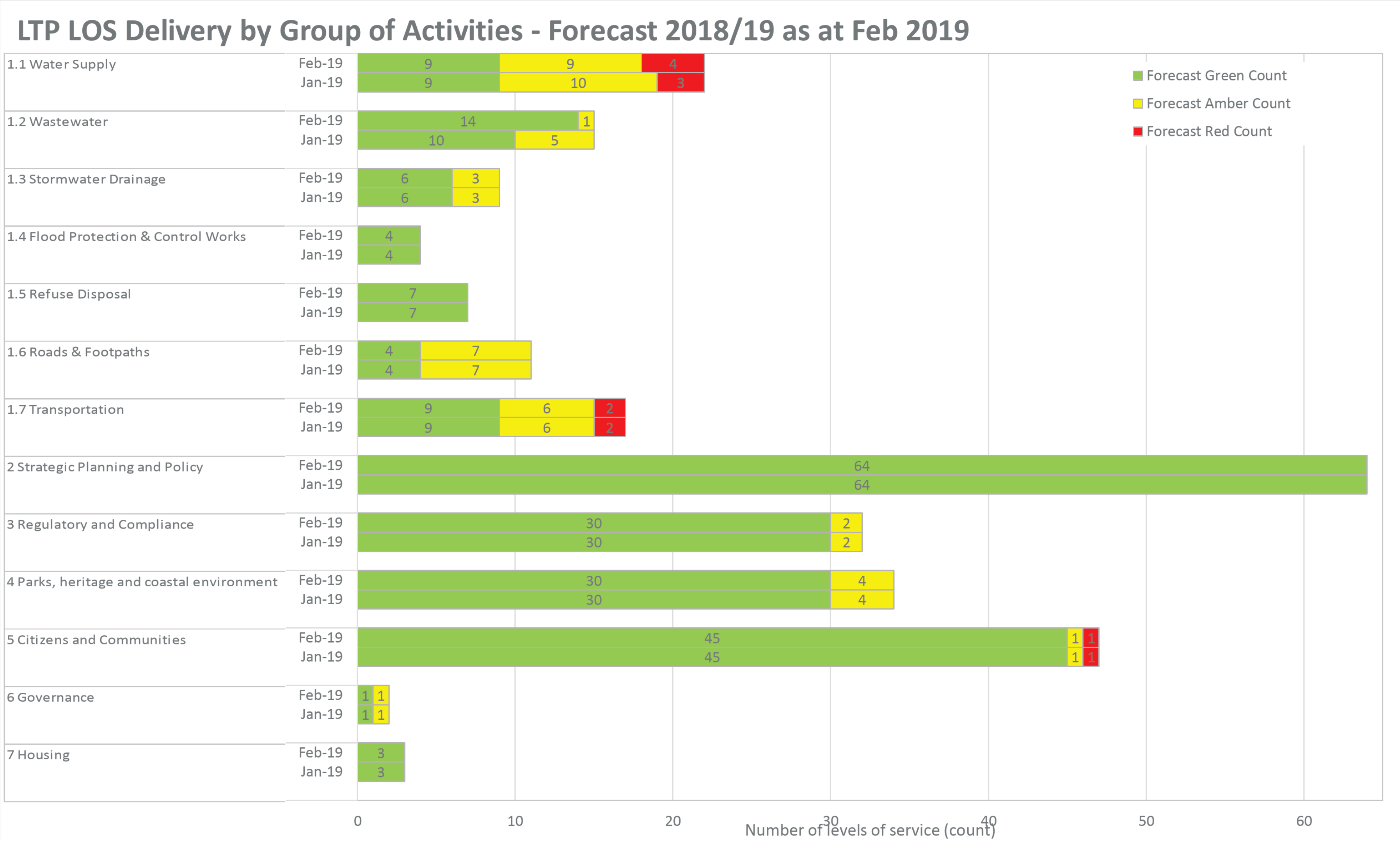
Level of Service Exceptions
Forecast Period Ending: 28 Feb 2019

LTP: Deliver at least 85% of LTP levels of service to target





Christchurch City Council



Level of Service Exceptions
Forecast Period Ending: 28 Feb 2019

LTP: Deliver at least 85% of LTP levels of service to target

Levels of service which are forecast to fail to meet target

City Services

Three Waters And Waste

Measure:	**LTP18: 12.0.2.8 Council water supplies are safe to drink.**
Target:	Proportion of rural residents supplied water compliant with the DWSNZ protozoal compliance criteria: >= 8.5%.
Actual:	0
Comments:	The current percentage is 0%. While most of the rural water treatment plants have been upgraded there are currently no operational and compliance reports available (via SCADA) that confirm that the treatment plants operate and treat the water in accordance with the parameters set out in the DWSNZ. Wainui which was compliant has now lost the 'secure groundwater' status due to an unsecure wellhead. Refer to Trim spreadsheet 12/810590.
Remedial Action:	A working group was set up in mid-2017 to address this issue and necessary changes are being made to monitoring equipment and SCADA programming that will enable these reports. Water Outlook has prepared draft reports which are currently being reviewed by Council staff. Once the WO reports are finalised 12 months data is required before grading can be undertaken. Trials in Duvauchelle underway, organised and managed by the 3WW Planning Team.
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Measure:	**LTP18: 12.0.2.10 Council water supplies are safe to drink.**
Target:	Proportion of urban residents supplied water compliant with the DWSNZ protozoal compliance criteria: >= 79%.
Actual:	0
Comments:	The current percentage is 0%. This is due to all urban water supplies losing the 'secure groundwater' status on 22 December 2017. Refer to Trim spreadsheet 12/810590.
Remedial Action:	Complete Northwest well drilling programme. Remediate below ground wellheads (bore water security criterion 2). Commence investigative work to re-confirm groundwater security (bore water security criterion 1). Install UV treatment at sites where deep wells are not feasible (Main Pumps, no deep aquifer present).
--------------------	--
Measure:	**LTP18: 12.0.6 Council water supply networks and operations demonstrate environmental stewardship.**
Target:	Percentage of real water loss from Council's water supply network: <= 15.0%
Actual:	18.4
Comments:	The actual is approximately 18.4% (17.9% in the city, 36.2% on Banks Peninsula). Leak detection contract 4600002119 in place with Detection Services South Island Ltd who measure the nightflow in 40 of the approx. 200 water loss zones and carry out leak detection in 20 zones each year. The % loss is expected to rise significantly as more areas of the city are tested. Please note that using % leakage as a performance indicator – a mandatory DIA performance indicator – is not recommended in the Water NZ water loss guidelines
Remedial Action:	Continue with the water loss reduction programme as planned and budgeted. Continue with water main and submain replacement programme (i.e. the programme that asset management staff recommended, not the cut down version) to ensure pipes that have reached the end of their life or that are prone to leaking / failing are replaced. Long-term, implement more water loss monitoring systems as part of the water supply rezoning.
--------------------	--

Measure: **LTP18: 12.0.7 Council water supply networks and operations demonstrate environmental stewardship.**

Target: Average consumption of drinking water per day in litres per resident per day: <= 298

Comments: Presently averaging 364 against the target of 298.
This is due to the dry weather this year pushing up water demand.

Remedial Action: Water conservation being encouraged within the community for summer period.

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Transport

Measure: **LTP18: 10.0.38 Maintain the number of private vehicle trips at current levels.**

Target: 54 million to 58 million (less than) +/-3%

Comments: One of the important goals of the LTP is to "maintain the number of private vehicle trips at current levels". The total number of trips (by all modes) has a direct correlation to population. Considering the population growth in the region a growth in the total number of trips on the network is inevitable. Currently commuter trips cannot be distinguished from the available data, however given the assumption that trip numbers have grown by the same amount as population growth. This target is not likely to have been met.
At this point in the year this is an assumption as previous methods of measurement were based on the MOT Annual Household Travel Survey. MOT has changed the survey methodology for the 2015-2017 survey and again in 2018. These have had a small and unreliable sample size since 2015 and do not differentiate between general and commuter travel.
It is suggested a more appropriate outcome for this LOS is that there is a similar or slower growth in the average number of daily vehicle trips compared to the population growth for a similar period

Remedial Action: Given the difficulty in measuring this LOS a new method of measurement is proposed. This will be based on the following:
◦Variations of vehicle traffic growth to population growth as an indication of modal share at similar or lower growth levels.
◦Population figures would be sourced from Stats NZ.
◦The number of daily trips would be extracted from the loop counters for a sample of 10 representative intersections. This would compare growth in vehicle numbers with population changes.
◦Use the new MOT data following the release of the new census data.

-------------------- --

Measure: **LTP18: 10.0.39 Maintain the number of private vehicle trips at current levels.**

Target: 280 million to 298 million (less than +/-3%

Actual: 0

Comments: One of the important goals of the LTP is to "maintain the number of private vehicle trips at current levels". The total number of trips (by all modes) has a direct correlation to population. Considering the population growth in the region a growth in the total number of trips on the network is inevitable. By assuming that the total number of trips has grown at the same rate as population growth (7.6%), then the number of all purpose vehicle trips would be 311 million.
At this point in the year this is an assumption as previous methods of measurement were based on the MOT Annual Household Travel Survey. MOT has changed the survey methodology for the 2015-2017 survey and again in 2018. These have had a small and unreliable sample size since 2015 and do not differentiale between general and commuter travel.
It is suggested a more appropriate outcome for this LOS is that there is a similar or slower growth in the average number of daily vehicle trips compared to the population growth for a similar period.

Remedial Action: Given the difficulty in measuring this LOS a new method of measurement is proposed. This will be based on the following:
◦Variations of vehicle traffic growth to population growth as an indication of modal share at similar or lower growth levels.
◦Population figures would be sourced from Stats NZ.
◦The number of daily trips would be extracted from the loop counters for a sample of 10 representative intersections. This would compare growth in vehicle numbers with population changes.
◦Use the new MOT data following the release of the new census data.

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Citizens And Community

Citizen And Customer Services

Measure: **LTP18: 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 90 seconds.
Actual: 334
Comments: Average speed to answer for February = 334 seconds
Average speed to answer YTD = 155 seconds

Remedial Action: We have implemented the following steps to address our average speed to answer:
- Recruitment of staff for a fixed term of 12 months to enable self service and system efficiencies to be realised.
- Process review of Service request interactions to ensure desired citizen experience achieved and ease of system use for our staff
- Independent review of our resource planning to ensure we have the right number of people available across all of our citizen channels i.e. phone, email, face to face.

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Levels of service for which intervention is required to meet target

City Services

Three Waters And Waste

Measure: **LTP18: 11.0.1.9 Council wastewater services are reliable.**
Target: Number of wastewater system fault complaints per 1,000 properties connected to the wastewater network per year: <= 0.6.
Actual: 0.56
Comments: Improve reporting so we have better visibility of actual numbers
Remedial Action: Improve reporting so we have better visibility of actual numbers

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Measure: **LTP18: 12.0.1.8 Council operates water supplies in a reliable and responsive manner.**
Target: Number of pressure or flow complaints per 1,000 connections per year: <= 2.
Actual: 2
Comments: Actual and YTD information can't be provided yet. Work is in progress to be able to extract data from the Hybris system. Hopefully this will be able to be available for March monthly reporting.

Remedial Action: Discuss with Technical Services team, who manage private property service issues.

Data will be available in reports from end March 2019 onwards

-------------------- --

Measure: **LTP18: 12.0.1.13 Council operates water supplies in a reliable and responsive manner.**
Target: Proportion of residents satisfied with reliability of water supplies: >= 85%.
Comments: Temporary chlorination may impact on the residents satisfaction survey. Survey data not yet available.

Remedial Action: Continue to closely monitor Free Available Chlorine (FAC) levels in the water reticulation and minimise the use of chlorinated wells where ever possible. Continue on with well head improvements.

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Measure: **LTP18: 12.0.1.14 Council operates water supplies in a reliable and responsive manner.**
Target: Proportion of residents satisfied with Council response to water supply faults: >= 85%.
Comments: Temporary chlorination may impact on the residents satisfaction survey. Survey data not yet available.
Remedial Action: Continue to closely monitor Free Available Chlorine (FAC) levels in the water reticulation and minimise the use of chlorinated wells where ever possible. Continue on with well head improvements.

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Measure: **LTP18: 12.0.1.15 Council operates water supplies in a reliable and responsive manner.**
Target: Number of complaints regarding Council's response to complaints about drinking water taste, odour, pressure or flow, or continuity of supply per 1,000 properties connected to the Council's water supply system per year: <= 0.6.
Actual: 0.6
Comments: This requirement is very hard to measure as when we are dealing with a customer complaints we will attempt to facilitate an outcome that is agreeable between Council and the customer and will continue to work with the customer until they are satisfied with our response or actions in the matter.
Remedial Action: Discuss with Technical Services team, who manage private property service issues.

-------------------- --

Measure: **LTP18: 12.0.2.1 Council water supplies are safe to drink.**
Target: Proportion of water supply zones with a MoH approved Water Safety Plan: 100%.
Actual: 100
Comments: Ministry of Health (MoH) released a new Water Safety Plan Framework(WSP) on 20 December 2018 which requires all water suppliers to update their water safety plans to meet the new framework. Refer to https://www.health.govt.nz/publication/new-zealand-drinking-water-safety-plan-framework.
CCC has committed to updating all WSPs and align them with the new framework by the end of July. 8 risk assessment workshops will be held in March and April where CCC staff, the DWA and MoH staff will discuss risks and risk mitigation measures.

Remedial Action:
- Facilitate risk assessment workshops in March and April.
- Update WSPs in line with the new framework.
- Carry out internal review before submitting the plans to the DWA

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Measure: **LTP18: 12.0.2.2 Council water supplies are safe to drink.**
Target: Number of highest risk properties assessed and required to install backflow prevention devices each year: >= 100.
Actual: 66
Comments: Due to staff changes the target may not be met
Remedial Action: Staff resourcing to be investigated to achieve target.
Data will be available in reports from end March 2019 onwards

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Measure: **LTP18: 12.0.2.14 Council provides high quality drinking water. Odour**
Target: Number of water odour complaints per 1,000 connections per year: <= 0.5.
Actual: 0
Comments: Actual and YTD information can’t be provided yet. Work is in progress to be able to extract data from the Hybris system. Hopefully this will be able to be available for March monthly reporting.

Remedial Action: Well head improvement programme will assist in achieving the target over the coming years.
Data will be available in reports from end March 2019 onwards

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Measure: **LTP18: 12.0.2.15 Council provides high quality drinking water. Taste**
Target: Number of water taste complaints per 1,000 connections per year: <= 0.5
Actual: 0
Comments: Actual and YTD information can't be provided yet. Work is in progress to be able to extract data from the Hybris system. Hopefully this will be able to be available for March monthly reporting.

Remedial Action: Well head improvement programme will assist in achieving the target over the coming years.
Data will be available in reports from end March 2019 onwards

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Measure: **LTP18: 12.0.2.19 Council provides high quality drinking water.**
Target: Proportion of residents satisfied with the quality of Council water supplies: >= 65%
Comments: Temporary chlorination may impact on the residents satisfaction survey. Survey data not yet available.

Remedial Action: Continue to closely monitor Free Available Chlorine (FAC) levels in the water reticulation and minimise the use of chlorinated wells where ever possible. Continue on with well head improvements.

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Measure: **LTP18: 14.0.3 Council manages the stormwater network in a responsible and sustainable manner.**
Target: Proportion of residents satisfied with the management of Council stormwater systems to ensure flood risk is minimised: >=37%
Comments: 2018 Residents Satisfaction Survey result was 35%, but with generic wording of 'customer satisfaction with Stormwater Drainage Management'. This was difficult to measure. This new LTP LOS 14.0.3 has been introduced, adding the specific words 'to ensure flood risk is minimised'. An increase to above 37% is believed to be achievable, particularly with bank 'no-mow' trial being adapted to 'minimal cut zone' approach, and other work to improve waterway appearance and reduce flood risk - particularly for the Heathcote. New results are to be expected from the 2018-19 Residents Satisfaction Survey by May/June 2019.

Remedial Action: Continue with 'minimal cut zone' approach to bank maintenance to improve appearance without compromising ecological benefits. Fast-tracking dredging work in the Heathcote river with associated bank landscaping, and the bank stabilisation project. Accelerated programme for lined drain maintenance being implemented. Continue building new stormwater retention basins for the Upper Heathcote to reduce flooding.

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Measure: **LTP18: 14.0.11.1 Stormwater network is managed to minimise risk of flooding, damage and disruption.**
Target: For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.): <0.1
Actual: 0
Comments: No above floor flooding events since July 2017. Land Drainage Recovery Programme continuing to reduce number of properties at flood risk.

Remedial Action: Continue with LDRP programme delivery and improving operational maintenance to reduce risk of further flood events.

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Measure: **LTP18: 14.0.11.2 Stormwater network is managed to minimise risk of flooding, damage and disruption.**
Target: The number of flooding events that occur: <2
Actual: 0
Comments: No 'above floor' flooding event since July 2017, although wet weather response plan was activated several times in 2017/18 in anticipation of possible flooding events. No wet weather events yet in 2018/19.
Remedial Action: Continue with delivery of Land Drainage Recovery Programme and improving operational maintenance to reduce risk of further flooding events.

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Transport

Measure: **LTP18: 10.0.6.1 Reduce the number of casualties on the road network.**
Target: <=129 (reduce by 5 or more per year)
Comments: Q1 (April - June 2018) - 0 deaths and 13 serious injuries
Q2 (July - September 2018) - 2 deaths and 25 serious injuries
Interim Q3 (October - December) - 3 deaths and 15 serious injuries
Last Financial Year results were 9 deaths and 89 serious injuries.
All measures are on CCC controlled roads.
The Crash Analysis System (CAS) relies on input of data from the NZ Police and as such there is a delay in confirmed data. Therefore results are reported for 01 April to 31 March. Interim results will be reported quarterly.
Remedial Action: Continue safety programme and planned network interventions.
Continue with the education and marketing programme to raise awareness of users on the network.

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Measure: **LTP18: 10.3.3 Improve customer perception of the ease of use of Council on- street parking facilities.**
Target: >=50%
Comments: The result of this Goal is determined by the Council's annual survey result. The current status has been set to orange as last year's target was not achieved (39% vs target of 62%). Last year's LOS included all Council parking facilities (ie both on and off street). For 2018/19, this level of service focuses on on-street parking and the target is set at 50%. The outcome will be known when the residents survey results are released which is expected to be in May/June 2019.

Remedial Action: The Council has requested staff to work in conjunction with ChchNZ to investigate options to attract more people to the central city including a winter package.

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Measure: **LTP18: 10.3.7 Improve customer perception of vehicle and personal security at Council off-street parking facilities.**
Target: >=50%
Actual: 0
Comments: The result of this Goal is determined by the Council's annual residents survey. Last year, this target was not achieved. Results measured in the 2018 survey was 48% and the target was 65%. It should be noted that last year's LOS included all Council parking facilities. Results in previous years were 51% (2017) and 47% (2016). The average baseline is 48.7% based on three years results. For 2018/19, this LOS focuses on off-street parking facilities and the target is 50%. While the numbers of people visiting the CBD has increased since previous years, it is believed there is a general perception that the numbers are relatively small and that this contributes to the communities view of their security. It is worth noting that that at the Lichfield St car park, there are approximately 50 CCTV cameras along with an additional 200 cameras that monitor and identify occupied/unoccupied parking spaces within the building. Likewise, the Art Gallery car park is also monitored through cameras and there is a security team on site. The residents survey results are expected in May/June 2019.

Remedial Action: Staff will undertake a targeted survey of users of the Council's off-street facilities to better understand concerns regarding vehicle and personal security.

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Measure: **LTP18: 10.4.3 Improve the reliability of passenger transport journey time.**
Target: 85%
Comments: Monthly average 75%.
Remedial Action: Christchurch Transport Operations Centre (CTOC) continue network optimisation activities.
Environment Canterbury continue PT schedule and operational optimisation activities. Both monitor effect of recent Capex projects.

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Measure: **LTP18: 10.5.1 Reduce the number of reported cycling and pedestrian crashes on the network.**

Target: Less than 45

Comments: Q1 (April - June 2018) - 0 deaths and 6 serious injuries
Q2 (July - September 2018) - 1 death and 8 serious injuries
Interim Q3 (October - December) - 0 deaths and 4 serious injuries
Last Financial Year results were 2 deaths and 33 serious injuries.
All measures are on CCC controlled roads.
The Crash Analysis System (CAS) relies on input of data from the NZ Police and as such there is a delay in confirmed data. Therefore results are reported for 01 April to 31 March. Interim results will be reported quarterly.

Remedial Action: Maintain the delivery of the major cycleways and safety improvement programmes. This aims to provide facilities for the interested but concerned cyclists that want to cycle more often but feel that it is not safe enough.
Both programmes aim to delivers interventions that address conflict points, such as at intersections and in high traffic volume areas.
Continue with the education and marketing programme to raise awareness of cyclists and vulnerable road users on the network.

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Measure: **LTP18: 16.0.3 Maintain resident satisfaction with road condition**

Target: >=38%

Comments: Awaiting Survey results expected May 2019, but appears unlikely that we will meet this target given that FY1718 was only 20%; note this reflects others working in the road, not just Transport.

Remedial Action: Continued targeting of maintenance funds, renewals and use of future Capital Regeneration Acceleration Funding (CRAF) will assist in certain localised area.

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Measure: **LTP18: 16.0.7 Reduce the number of customer service requests relating to sweeping of the kerb and channel.**

Target: 4500

Comments: Object Category and Cause Category to be constructed in Hybris Ticket function so that reporting can be re-gained at level needed - underway for collection post 01 March 2019.

Remedial Action: We are working with the Hybris Team to obtain these results by providing the necessary Object Category's and making this mandatory. Work also underway to rebuild the Surveys to lead to this point also. This is the starting point so that reports can be built from this point.

Data will be available in reports from end March 2019 onwards

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Measure: **LTP18: 16.0.9 Maintain resident satisfaction with footpath condition**

Target: >=52%

Comments: Awaiting May 19 Survey results before can confirm.

Remedial Action: Review when receive results.

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Measure: **LTP18: 16.0.10 Improve the perception that Christchurch is a walking friendly city.**

Target: >=84%

Comments: The score for the FY1718 survey was 76%, so expectation at this stage is that we may under achieve our target. Survey results expected by May 2019.

Remedial Action: Review when receive results.

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Measure: **LTP18: 16.0.13 Respond to customer service requests within appropriate timeframes.**
Target: >=95%
Comments: Measure is understood to be that 80% of CSRs 90 days or older are being closed. At end of February 2019, 2059 CSRs were over 90 days within Transport. Transport receives approx. 25,000 CSR's per annum, or about 2,100 per month; 90 days, approx. 3 months, we would receive circa 6250 CSR. At current level the current rate is approx. 32.9% failing (thus 67.1% passing), and hence a fail.

Remedial Action: Historic CSR's are being inspected and closed where no action is being undertaken, or where design or consultation required, being put on hold.

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Measure: **LTP18: 16.0.20 Maintain the condition of road carriageways.**
Target: 5150
Comments: Hybris reporting to date indicates an average of 285 tickets per month about Roading issues from Sept 18 to Feb 19; at this rate, if the detail does cover all that is expected, the years target would be met.
However, it is noted that the reporting is not mandatory down to Cause Category level (ie where it more explicitly confirm if it is road/footpath/sign etc) and hence the figures are not definitive. 285/month for a year would equal 3,420, so there is scope for a further 50% above this before failure was triggered.

Remedial Action: Hybris development of mandatory Cause Category use being worked through as an essential business requirement.

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Measure: **LTP18: 16.0.21 Reduce the number of complaints received.**
Target: 295
Comments: Across all of Transport, this number is unlikely to be met, as Complaints appear to have risen sharply since the Hybris introduction as the definition has changed, ie it is not when CSR's have repeatedly not been actioned, a Complaint can be instigated from the starting interaction.

Remedial Action: Review number at end of year and analyse if possible if requirement for service, against a person, or a repeat request. This will be dependent on details for Complaint being easy to breakdown further.

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Measure: **LTP18: 16.0.23 Reduce the number of customer service requests relating to litter bin clearing.**

Target: 240
Comments: Object Category and Cause Category to be constructed in Hybris Ticket function so that reporting can be re-gained at level needed - underway for collection post 01 March 2019.
Remedial Action: We are working with the Hybris Team to obtain these results by providing the necessary Object Category's and making this mandatory. Work also underway to rebuild the Surveys to lead to this point also. This is the starting point so that reports can be built from this point.

Data will be available in reports from end March 2019 onwards

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Citizens And Community

Community Support Governance And Partnerships

Measure: **LTP18: 4.1.18 Participation in and contribution to Council decision-making**

Target: Percentage of respondents who understand how Council makes decisions: At least 41%

Comments: The 2018 residents survey tracked this at 29% and declining. A satisfaction rate of 41% for 2019 is challenging. This is a priority issue for the whole CCC organisation. A continuing challenge to achieve LOS targets in this area is situations where a decision ultimately made by Council is against a resident's position. This can lead them to feel that they have not had any influence on the decision (therefore impacting their survey responses) despite their views being strongly considered.

Remedial Action: Expand our social media presence and the ability for residents to provide their views and influence decision making in the 'Have your say' space online. Continue taking our consultations and engagements out into the community rather than continuing to offer opportunities where residents are required to attend events at fixed Council locations. In 2017 Council conducted 67 consultations and received 10,106 submissions. In 2018 Council conducted 81 consultations and received 12,147 submissions. While the current Have Your Say system hasn't been running long enough to conduct a full year on year comparison, more people are now participating in, and contributing to Council decision making than this time last year. In preparation for the 2019/2020 Annual Plan engagement with Community Boards began in September 2018 ensuring that Board feedback steered councillor direction on the production of a draft Annual Plan document.

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Parks

Measure: **LTP18: 6.0.3 Overall customer satisfaction with the presentation of the City's Parks.**

Target: Community Parks presentation: resident satisfaction >=70 %

Comments: measure is annual survey (Point of Contact)

Remedial Action: utilising summer staff to lift key areas

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Measure: **LTP18: 6.4.4 Overall customer satisfaction with the presentation of the City's Parks.**

Target: Cemeteries presentation: resident satisfaction >=85 %.

Comments: measure is annual survey (Point of Contact)

Remedial Action: utilisation of additional summer staff to lift maintenance in key areas

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Measure: **LTP18: 6.8.4.1 Overall customer satisfaction with the presentation of the City's Parks.**

Target: Hagley Park presentation: resident satisfaction >=90 %

Comments: Status pending survey results (Point of Contact)

Remedial Action: Aim to lift presentation of City's Parks through deployment of summer casual staff for key projects e.g. riverbank areas of high visibility (additional maintenance) and high use playground (painting and cleaning to address appearance)

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Measure: **LTP18: 6.9.1.6 To manage and maintain Public Monuments, Sculptures, Artworks and Parks Heritage Buildings of significance.**

Target: Resident satisfaction with presentation of Parks Heritage Buildings: >= 70%

Comments: Currently going through an EOI and RFP process for main works on heritage asset.

Remedial Action: Once this is closed and reports are sent through elected member process we can move back to green.

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Recreation, Sports And Events

Measure: **LTP18: 2.8.3.2 Produce and deliver engaging programme of community events.**
Target: At least 90% satisfaction with the content and delivery across three delivered events
Actual: 74
Comments: The Events team reviewed and debriefed on all feedback from the 2018 event. The team has engaged a specialist crowd management company who have worked on the Olympics, Rugby World Cup, CHCH Marathon, and Lantern Festival in 2019 to assist with the planning and delivery in 2020.

Remedial Action: Implement findings and areas for improvement in planning and delivery for the next Botanic D'lights.

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Consenting And Compliance

Regulatory Compliance

Measure: **LTP18: 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: 86
Comments:
1. For the February period reporting period 80%

The result for the year to date is 87%

Remedial Action: Armourguard are challenged to meet the contractual requirements of the Council Contract. Staff are reviewing Levels of Service with them weekly. The geographical layout of the city contributes to the current challenges.

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Resource Consents

Measure: **LTP18: 9.2.7 % satisfaction of applicant with resource consenting process.**
Target: 70% satisfaction achieved.
Comments: Council survey yet to be completed. Forecast set orange based on last years result
Remedial Action: Various work being undertaken to improve customer satisfaction, such as tone of voice and stakeholder engagement project.

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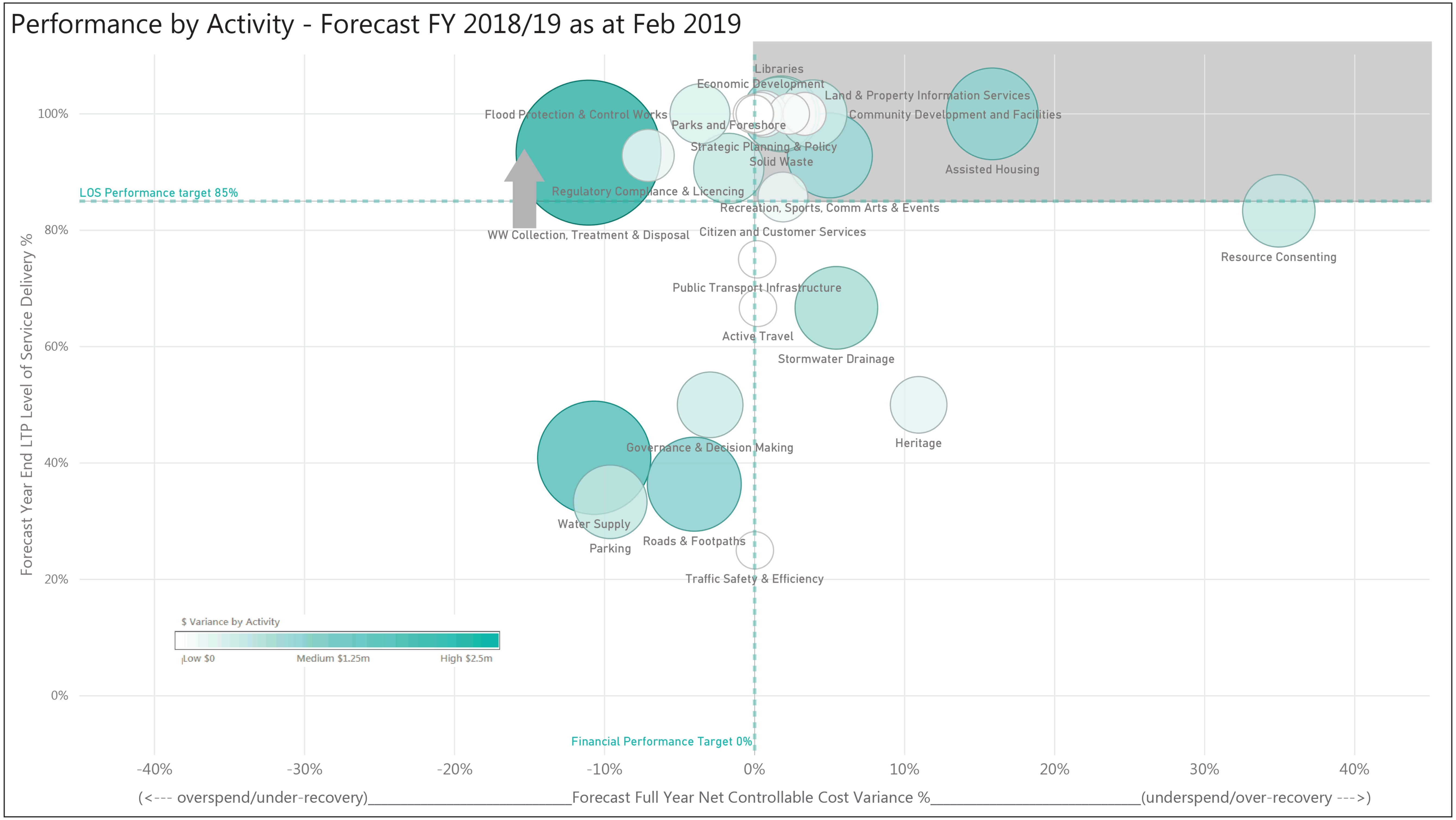


WW Collection, Treatment & Disposal level of service - Council disposes of wastewater in a responsible manner. Forecast changed from amber in Jan to green in Feb 2019.

LTP18: 11.1.2.1 Number of abatement notices regarding Council resource consents related to discharges from wastewater systems per year: 0.

LTP18: 11.1.2.2 Number of convictions regarding Council resource consents related to discharges from the wastewater systems per year: 0.

LTP18: 11.1.2.3 Number of enforcement orders regarding Council resource consents related to discharges from wastewater systems per year: 0

LTP18: 11.1.2.4 Number of infringement notices regarding Council resource consents related to discharges from wastewater systems per year: 0.

Table - Performance by Activity - Forecast FY 2018/19 as at Feb 2019

#	Activities	Full Year Forecast after C/F $	Full Year Plan $	Variance after C/Fs $	% Variance after C/Fs	LTP LOS %	LTP LOS total
1	Water Supply	16,697,898	15,085,112	-1,612,786	-10.7 %	40.9 %	22
2	WW Collection, Treatment & Disposal	27,279,873	24,561,621	-2,718,252	-11.1 %	93.3 %	15
3	Strategic Planning & Policy	16,044,579	16,144,943	100,364	0.6 %	100.0 %	29
4	Public Information & Participation	5,538,892	5,539,213	320	0.0 %	100.0 %	7
5	Economic Development	16,139,845	16,206,554	66,709	0.4 %	100.0 %	28
6	Stormwater Drainage	13,361,958	14,132,392	770,434	5.5 %	66.7 %	9
7	Flood Protection & Control Works	8,553,708	8,253,332	-300,376	-3.6 %	100.0 %	4
8	Traffic Safety & Efficiency	3,252,649	3,253,279	630	0.0 %	25.0 %	4
9	Parking	-5,193,666	-5,746,549	-552,884	-9.6 %	33.3 %	3
10	Public Transport Infrastructure	557,338	558,299	961	0.2 %	75.0 %	4
11	Active Travel	249,302	249,859	556	0.2 %	66.7 %	6
12	Roads & Footpaths	27,223,159	26,171,001	-1,052,158	-4.0 %	36.4 %	11
13	Solid Waste	34,091,363	34,709,267	617,904	1.8 %	100.0 %	7
14	Building Services	1,450,832	735,031	-715,801	-97.4 %	100.0 %	8
15	Resource Consenting	993,325	1,526,839	533,514	34.9 %	83.3 %	6
16	Land & Property Information Services	-1,958,220	-1,895,067	63,153	3.3 %	100.0 %	4
17	Regulatory Compliance & Licencing	2,727,054	2,546,425	-180,629	-7.1 %	92.9 %	14
18	Parks and Foreshore	28,675,752	28,190,903	-484,849	-1.7 %	90.6 %	32
19	Heritage	2,027,022	2,275,904	248,883	10.9 %	50.0 %	2
20	Assisted Housing	5,146,541	6,115,612	969,071	15.8 %	100.0 %	3
21	Governance & Decision Making	13,907,315	13,507,080	-400,235	-3.0 %	50.0 %	2
22	Citizen and Customer Services	8,181,597	8,338,850	157,254	1.9 %	85.7 %	7
23	Civil Defence Emergency Management	1,566,510	1,603,444	36,934	2.3 %	100.0 %	2
24	Community Development and Facilities	11,167,753	11,620,047	452,294	3.9 %	100.0 %	2
25	Christchurch Art Gallery	6,557,117	6,547,959	-9,158	-0.1 %	100.0 %	7
26	Canterbury & Akaroa Museums	8,064,401	8,066,664	2,263	0.0 %	100.0 %	5
27	Libraries	33,555,034	34,116,191	561,158	1.6 %	100.0 %	10
28	Recreation, Sports, Comm Arts & Events	15,372,691	16,184,897	812,206	5.0 %	92.9 %	14
Total		**301,231,621**	**298,599,102**	**-2,632,519**	**-59.8 %**	**84.6 %**	**267**

9. Process for an independent review of 3 Waters delivery (as per a s17A review)

Reference: 19/325036

Presenter(s): David Adamson - General Manager City Services
Teresa Wooding - Project Manager, Strategy and Transformation

1. Purpose of Report

1.1 The report sets out the options and provides a recommendation regarding who will prepare, review and provide governance of a Local Government Act 2002 (LGA) section 17A review for the 3 Waters.

1.2 It responds to a request from the Finance and Performance Committee of the Whole's meeting on 19 March 2019 to 'report separately on the process for an independent review of 3 Waters delivery (as per a s17A review) in light of the potential consequences of the government's Three Waters Review'.

2. Executive Summary

2.1 A section 17A review was completed for the 3 Waters in 2017 as part of the delivery of the Long Term Plan 2018 - 2028.

2.2 Prepared internally with external support, it recommended retaining the status quo of internal governance, asset ownership and service delivery.

2.3 The potable and waste water maintenance contracts are due to expire in June 2020. This potentially triggers the LGA section 17A requirement for a further review.

2.4 The LGA section 17A(3) sets out the grounds for exemptions. This includes (b) 'if the local authority is satisfied that the potential benefits of undertaking a review … do not justify the costs of undertaking the review'. The Council could potentially seek to use these grounds for exemption but at this stage there is no evidence to confirm that the Council would meet them.

2.5 The timeframe for the contracts renewal process does not allow for the completion of a section 17A review. The contracts renewal programme team are aware and looking into the potential impacts.

2.6 Assuming a section 17A review is to proceed, the lead author and approach for peer-review and review process governance needs to be agreed. Appendix A provides a summary of options. Staff recommend option 1 which is for an independent preparation lead and process governance with internal staff support peer review. The options analysis specifically excluded funding constraints to avoid automatically recommending an internal approach. However, Council will need to consider the costs of the different options, and it should be noted that no provision for external funding for a 3 Waters section 17A review is provided in the annual plan.

2.7 Central Government is currently undertaking a 3 Waters review that may impact the way these services are delivered in the future. With recommendations from Central Government due by the end of 2019, the section 17A review could further explore the options that are expected to be considered by central government so that Council can be prepared to respond to any significant and/or structural changes that may be recommended.

2.8 The main time constraint for the development of a Section 17A review will be in regards to the development of an agreed regional perspective.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole recommend to Council:

1. That a section 17A review for the 3 Waters should commence in 2019.
2. To approve option 1 as the preferred way of delivering the review, which is an independent preparation lead and process governance with internal staff support and peer-review.
3. To identify how the 3 Waters section 17A review should be funded.
4. Note that the scope of the section 17A review has to include cost-effectiveness for the Canterbury region as per the legislation and this will enable the Council to be prepared to respond to potential outcomes of the central government 3 Waters work programme.

4. Key Points

4.1 A section 17A review focuses on the cost-effectiveness of current service delivery arrangements for the Christchurch district.

4.2 The LGA section 17A requirement provides flexibility on the level of independence in how a review is prepared, reviewed and governed.

4.3 An independent review can provide greater transparency and the ability for a review to include an objective regional focus. A challenge with including a regional focus is that it would increase timeframes as well as agreement from the other councils to participate. At this stage there is no indication that other councils would agree to be involved.

4.4 The Canterbury Mayoral Forum included a 3 Waters review in its regional work programme for the current triennium. The scope of this work was amended in 2018 and no longer includes a formal regional strategic assessment for the delivery of 3 Waters services. As such it does not guarantee to provide a sufficient basis for any preparation required by the Council regarding the Central Government 3 Waters review.

4.5 The potable and waste water maintenance contracts renewal programme does not currently allow for the completion of a section 17A review prior to executing significant decisions that would impact the ability for any recommendations of a section 17A to be viable. The programme team is aware that a section 17A may be performed and is already looking into the timeframe impacts.

5. Context/Background

Issue or Opportunity

5.1 With the Council's potable and waste water maintenance contracts expiring in June 2020, a section 17A review can deliver a sound foundation to ensure that the way that services are delivered will provide the best value for money prior to the preparation of a contract renewal or open market tender. With a focus on service delivery, funding and governance it is a vital pre-requisite to ensure that the Council is not tied into one or more contracts that may not provide the best overall delivery mechanism going forwards.

5.2 As the timeframes do not currently align, a short term direct negotiation for the potable and waste water maintenance contracts may be required to enable the outputs of the section 17A review to effectively feed into the contract renewal process.

Strategic Alignment

5.3 This report aligns to the 'Safe and sustainable water supply and improved waterways' strategic priority. A section 17A review will analyse how the services are delivered, not the activities and programmes that are required to deliver on this strategy priority. However, how the services are delivered and what work is underway are not mutually exclusive and achieving the best overall outcome for water services is paramount.

A section 17A review and how it is triggered

5.4 Section 17A of the Local Government Act 2002 states that all Councils 'must review the cost effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions'. A section 17A must cover governance, funding and service delivery arrangements and a summary of the act is provided in **Attachment C** for reference.

5.5 Christchurch City Council completed a section 17A review for the 3 Waters in May 2017. It recommended retaining the status quo of internal governance, asset ownership and service delivery.

5.6 Section 17A includes three triggers for doing a review. As the maintenance contracts for the service delivery of potable and waste water services is due for renewal in June 2020, it fits into trigger (b) which states that 'within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function'.

5.7 A section 17A review can also be triggered 'at such other times as the local authority considers desirable, but not later than 6 years following the last review'.

5.8 Section 17A(3) contains the conditions for exemptions. This report has not considered grounds for exemption as the request was in regards to the process for an independent review. It should be noted that without further investigation, whether or not an exemption could be sought is not known.

Approach taken for the 2017 section 17A review

5.9 The programme to deliver the 2018-2028 Long Term Plan included the completion of a section 17A review, or exemption as applicable for each service area. The 3 Waters services review was completed internally to the Christchurch City Council but outside of the 3 Waters business unit. The review of options was completed by a panel of Christchurch City Council senior staff members and three City Councillors. The financial analysis of options was prepared by PwC who also provided peer review advice during the development of the review.

Advice provided in the 2017 section 17A review

5.10 The overall recommendation was to retain the status quo due to insufficient justification to further investigate a change. A financial review of amalgamation options was not included as at the time a separate piece of work had been approved through the Canterbury Mayoral Forum to review regional opportunities for the delivery of 3 Waters services. PwC reported that an economic case for any alternative option could not be made when considering Christchurch City Council in isolation.

5.11 A number of recommendations were included in the final section 17A review. These supported improved value for money in the status quo as well as better preparedness for future section 17A reviews. A summary of the actions with an update on the progress is provided in **Attachment B** for reference.

Central Government's Three Waters review programme

5.12 A review of service delivery options is a key component of the Central Government's three waters programme. A report is currently due back to Cabinet in late 2019 and is expected to focus on the following three high-level options:

5.12.1 Regulatory reforms with voluntary, sector-led reforms to service delivery arrangements;

5.12.2 A three waters fund to support voluntary service delivery improvements; and

5.12.3 An aggregated system of dedicated, publically-owned, drinking water and wastewater providers.

5.13 LGNZ position statement[1] on the three waters, released in late 2018 outlined the following four principles:

5.13.1 Fix the drinking water first – regulatory reform and hard line, outcome based, standards.

5.13.2 Let existing regulations run their course – noting the 2017 amendments to the National Policy Statement for Freshwater Management which lift the requirements for stormwater and wastewater discharges.

5.13.3 Take mandatory aggregation off the table – 3 Waters assets are owned by communities and communities are best placed to make the decisions; oppose a one-size-fits-all policy approach and notes other options such as shared services, franchising, and contracted service provision.

5.13.4 Incentives matter – quality standards plus enforcement will lift performance, encourage innovation and minimise the cost burden; small rural councils may require subsidies.

The Mayoral Forum work programme

5.14 In the 2017 section 17A review a regional focus was removed from scope because the Mayoral Forum work programme included a strategic assessment on the delivery of the 3 Waters. In early 2018 the Canterbury Chief Executives Forum endorsed a proposal from the Operations Forum to re-focus the strategic assessment and request the new operations forum to:

5.14.1 Stocktake the current state of 3 Waters management across the region.

5.14.2 Build consensus on a strategic intent for 3 Waters management in Canterbury in relation to national direction and developments.

5.14.3 Identify key risks, challenges and barriers, and recommend priority actions.

This programme of work is under action by the Engineering Managers Forum. The latest status update, as provided to the Canterbury Operations Forum in February 2019 is included in **Attachment B** for reference.

What a section 17A review could contribute

5.15 With the potable and waste water maintenance contracts up for renewal in July 2020, a section 17A review can provide a robust foundation to ensure the best approach for governance, asset ownership and service delivery is achieved before being locked into a significant contract. The outcomes of the review could have fundamental implications on the setup, scope and requirements for on-going maintenance contracts and as such this needs to be completed as a pre-requisite to the core contract renewal process.

5.16 A section 17A review also enables regional amalgamation or shared services options to be explored as a basis for responding to the outcomes of Central Government's 3 Waters review. For this to be effectively and objectively achieved, the section 17A review will need to consider cost effectiveness from the perspective of the Christchurch District and also the Canterbury Region and will require support and engagement from the other Councils within the Canterbury region.

[1] http://www.lgnz.co.nz/assets/Uploads/aacd0f4253/LG-position-statement-on-three-waters.pdf

Attachments

No.	Title	Page
A ⇩	Section 17A review - options on how it could be delivered	56
B ⇩	Update on the recommendations of the 2017 section 17A review	57
C ⇩	Section 17A legislation	62

Confirmation of Statutory Compliance

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

(a) This report contains:

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

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

Signatories

Author	Teresa Wooding - Project Manager
Approved By	David Adamson - General Manager City Services

Section 17A preparation, peer-review and process governance options

This supporting attachment reviews the options for the preparation, peer-review and governance of a section 17A review. There are a number of different permutations, illustrated in the table below.

	Independent	Independent + Councillor(s)	ELT + Councillor(s)	Staff ext. to 3W	Staff int. to 3W
Governance	✓	✓	✓	✓	✓
Preparation	✓	×	×	✓	✓
Peer Review	✓	×	×	✓	✓

Within this broader set, three options have been short-listed to demonstrate the main pros and cons that exist for the various options but also provide key options for review. It should be noted that the preparation column refers specifically to the lead author. An independent review requires significant input from external technical experts and an internal review requires some external support both from other CCC groups and from consultancies. Option 3 was used to deliver the 2017 review.

Short-list

	Preparation	Peer Review	Governance	Indicative Costs	Pros	Cons
Option 1: Independent delivery	Independent	Internal, including ELT	Independent	$80K + internal FTE	- Removes risks regarding internal bias and perception of preferred outcomes - Removes risk regarding a perceived lack of transparency in the process and governance - Increases opportunity for greater regional engagement (if funded)	- This option still requires significant internal technical input - Positive outcomes for the 3 Waters may not take into account the impacts (during change or on-going) for Council as a whole - Potential challenge finding appropriate people for an independent board
Option 2: Independent governance	CCC, ext. to 3 Waters team	Independent	Independent, potentially including 1+ councillor(s)	$35K + internal FTE	- Level of independence at reduced overall cost - Good use of in-house knowledge and resources	- Potential challenge finding appropriate people for an independent board
Option 3: Independent peer review	CCC, ext. to 3 Waters team	Independent	CCC ELT, potentially including 1+ councillor(s)	$15K + internal FTE	- Lowest overall cost - Good use of in-house knowledge and resources	- Risks regarding internal bias and perception of preferred outcomes - Risk regarding a perceived lack of transparency in the process and governance

*** Indicative estimates of $60K for independent preparation, $15K for independent peer review and $20K for independent governance. FTE costs need to be included**

Attachment A Item 9

Update on the Outcomes of the section 17A review

A section 17A review was completed in May 2017 with the following overall conclusion:

The review has concluded that the most effective option at this stage for CCC is the status quo. Although the quantitative and governance analysis outlined in Appendix A reveals that a CCO could potentially be more cost-effective, that option is not recommended at this time because:

- The high level analysis outlined in Appendices A and C does not reveal an efficiency increase or other justification significant enough to offset the cost and impact of change. A more detailed study would be required to provide a more detailed baseline. Such a study is likely to reveal substantially bigger potential savings as it would incorporate the significant tax effectiveness that could be achieved within CCHL in regards to depreciation and tax credits[1]
- There are numerous significant improvements already recommended or under action that are expected to positively impact the cost effectiveness of the status quo as well as provide the baseline data that is required to complete a more effective options analysis. (See Section 2.7.5 Existing Improvement Initiatives for further information).

Greater opportunities may exist at a regional or sub-regional level but that has been removed from the scope of this analysis as it is being investigated separately as part of the Canterbury Mayoral Forum. A working group of engineering managers is currently supporting the delivery of a Strategic Assessment for the 3 Waters to understand if at a regional level there is a case for change in the way the 3 Waters is delivered.[2] This could include a joint venture, shared services, a combined CCO or softer collaboration opportunities. In other areas of the country, councils have worked together to deliver section 17A reviews and found potential economic and resilience benefits of increased collaboration, which have led to recommendations for more detailed reviews / formal changes[3].

The conclusion that the status quo remained the best value of money was premised on the on-going focus of the internal improvement works and the expectation that a broader regional strategic assessment would be completed.

Update on Internal Recommendations

The following table provides an update of the current status for the actions outlined in the review's recommendation.

Action	Update
Complete a detailed review of options for demand management	The Draft water supply strategic plan has been developed to meet the Schedule 25 requirements of the Land and Water Plan as well as implement the relevant drinking water objectives contained in the Draft Integrated Water Strategy.
Ensure continued funding for water education programmes	This is subject to Annual Plan bids following the conclusion of the Global Storm water consent hearing

[1] See http://www.oag.govt.nz/2015/cco-governance/part3.htm for an overview of CCO including comments on tax effectiveness

[2] See Appendix J for further information

[3] http://www.waterstudywaikato.org.nz/home and Otago 3 Waters preliminary BBC documents

Ensure continued funding for Advanced Asset Management opportunities including delivery on the agreed recommendations from the following reviews: - Water Services Association of Australia's Asset Management Customer Value Project - Asset Management Maturity Assessment (AMMA)4 – Areas outlined for improvement: Quality Management, Asset Condition Assessment and Improvement Planning	Advanced Asset Management programme is in place with each wor kstream having a prioritisation framework applied. A new team structure is in place to specifically address quality management and quality assurance processes as well as workflow practices across activity areas.
Continue focus on improved delivery against the Capital Programme (Hybrid Delivery Model and Project Phoenix)	Hybrid delivery model: Panels have been established for consulting and contracting firms. There are defined metrics and reporting standards in place to support the delivery of the capital programme. Project Phoenix: Process and governance improvement initiative which has been delivered and migrated into BAU Paragon IQ: Capital reporting tool enabling real-time visualisation of all project management metrics across the capital programme including risks and issues.
Continue focus on business improvement opportunities across all areas of 3 Waters delivery	Business improvement opportunities from an asset perspective have been handled across activity areas but are also specifically targeting 3W these include: - Asset management governance board and associated working parties and groups across council, this provides formal visibility, governance and sign off for work allocation etc. - Programme definition processes to identify new opportunities (Project lifecycle management), Continuous improvement and continuous activity definitions to better quantify/qualify workload and resource allocation. The project backlog is primarily focused on work that is >5 days anything less than 5 days effort is defined as CI, followed by activities that form areas of BAU activity (CA). This is all fed via AMGB and then into ELT for endorsement etc. - AMU Change proposal to better align with programme, Asset maturity assessment outputs, WSSA and Asset/unit

4 Christchurch City Council Asset Management Maturity Assessment. January 2017. Dever-Tod Advisory Services.

	requirements. Added resource and capability. - Resource planning and allocation of frameworks to address visibility of opportunities - Competencies framework and projects with HR to align key areas of focus within the discipline of AM ie PD re-writes and alignment across activity areas is underway. - Communities of interest to align and drive activity and engagement. o Information and systems Governance o Asset planning - Functional Risk management: Risk management that is not vertically aligned but driven more specifically to identify and manage risk within activities such as Asset planning activities , operational issues, reactive maintenance etc. this approach loos to de silo risk management to functions and communities of interest coming together to review and align on threats to the business capability to deliver its outcomes
Investigate implementing an integrated water leakage and infiltration inflow programme to ensure maximum performance of the existing assets and networks	A leak detection programme is underway within the reticulation and maintenance team
Understand the real costs of 3 Waters delivery. This assessment performed a high level review and was not able to look into the real costs in depth. Instead allocations have been made that provide a best estimate.	Detailed analysis is being undertaken into maintenance costs and these will get integrated into Asset Management Plans.
Complete a full risk management review	Risk management is continually reviewed at a number of levels in the organisation, including within asset management. Updates on progress for risk management are provided separately to the Audit and Risk Management committee.
Investigate what is required to ensure an inter-generational approach is taken to the delivery of water services	The draft Integrated Water Strategy has been developed to integrate the Council's activities and management of water supply, surface water (including storm water) and wastewater. Its purpose is to establish a strategic direction for the Council's sustainable long-term management of resources and related infrastructure.

Understand if there are any opportunities for other areas of council from work completed in the 3 Waters – for example maintenance regimes at plants that could be leveraged at other facilities, contracts that have generic needs that could be better leveraged by other teams	A core principle within the asset management programme focuses on enterprise solutions. As such the asset data initiative will provide value across council, and in particular for facilities and parks in areas including financial management, reporting and an audit framework.

Subsequent to the section 17A review, a Water Supply Improvement Programme has been implemented following the loss of secure status for our groundwater due to the condition of a number of belowground well heads. The programme has focused on the immediate requirements to return to secure status.

Looking to the future it is clear that reforms to the regulatory framework for community water supplies will require suppliers to demonstrate the safety and security of the water delivered to the consumer. While the focus of the work to date has been on the well heads a network wide approach is also needed. The water supply improvement programme is looking at five areas for improvement:

- Reservoirs and suction tanks – the source of most microbiological transgressions in our network and a high priority for improvement works
- Zoning pressure reduction – moving to a larger number of smaller supply zones and reducing pressures across the city
- Back flow prevention – ensuring appropriate back flow in every connection; testable and audited where greater risk; links to smart meters and better understanding of flow
- Smart network – flow, pressure and acoustic monitoring for better operation of network and leak detection; water quality and microbiological contamination in real time for rapid response to potential incursions and demonstrating safety of the water
- Reticulation network – percentage of poor condition pipework, location of pipes most at risk from pressure spikes, and co-location of poor potable pipes and poor wastewater pipes.

Update on the regional initiative

In 2018 a recommendation was approved by the Chief Executives Forum to alter the approach to the regional 3 waters review. Instead of the Engineering Managers forum delivering a strategic assessment on how the 3 water services are delivered, the Operations Forum were tasked to:

- Stocktake the current state of 3 waters management across the region
- Build consensus on a strategic intent for 3 waters management in Canterbury in relation to national direct and development
- Identify key risks, challenges and barriers, and recommend priority actions.

On 25 February an update on the regional work was provided to the Canterbury Operations Forum as follows:

3 Waters review

Simon Fraser spoke to the paper provided, summarising the Cabinet paper for the Three Waters review released in November 2018. Key for councils was to note the four reports to Cabinet planned for 2019 on regulation, service delivery, economic regulation, and oversight and stewardship. The subgroup of Canterbury Mayors and CEs is due to meet in late February to discuss a Mayoral Forum response to proposals emerging from the 3 Waters review.

Nadeine Dommisse noted that ECan had been providing input to DIA's work on wastewater consents. RFPs had been issued for further Three Waters work to be contracted by DIA, which Nadeine offered to share to forum members. Further engagement with Territorial Authorities is planned by DIA, but this has yet to occur.

Gerard Cleary reported on Minister Mahuta's Waimakariri visit in late 2018 to view and discuss issues regarding managing rural water supplies.

17A Delivery of services[1]

(1) A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

(2) Subject to subsection (3), a review under subsection (1) must be undertaken—

(a) in conjunction with consideration of any significant change to relevant service levels; and

(b) within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and

(c) at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).

(3) Despite subsection (2)(c), a local authority is not required to undertake a review under subsection (1) in relation to the governance, funding, and delivery of any infrastructure, service, or regulatory function—

(a) to the extent that the delivery of that infrastructure, service, or regulatory function is governed by legislation, contract, or other binding agreement such that it cannot reasonably be altered within the following 2 years; or

(b) if the local authority is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service, or regulatory function do not justify the costs of undertaking the review.

(4) A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:

(a) responsibility for governance, funding, and delivery is exercised by the local authority:

(b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—

(i) a council-controlled organisation of the local authority; or

(ii) a council-controlled organisation in which the local authority is one of several shareholders; or

(iii) another local authority; or

(iv) another person or agency:

(c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).

[1] This is extracted from http://www.legislation.govt.nz/act/public/2002/0084/latest/DLM6236168.html

(5) If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—

(a) the required service levels; and

(b) the performance measures and targets to be used to assess compliance with the required service levels; and

(c) how performance is to be assessed and reported; and

(d) how the costs of delivery are to be met; and

(e) how any risks are to be managed; and

(f) what penalties for non-performance may be applied; and

(g) how accountability is to be enforced.

(6) Subsection (5) does not apply to an arrangement to the extent that any of the matters specified in paragraphs (a) to (g) are—

(a) governed by any provision in an enactment; or

(b) specified in the constitution or statement of intent of a council-controlled organisation.

(7) Subsection (5) does not apply to an arrangement if the entity that is responsible for governance is satisfied that—

(a) the entity responsible for delivery is a community group or a not-for-profit organisation; and

(b) the arrangement does not involve significant cost or risk to any local authority.

(8) The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publicly available.

(9) Nothing in this section requires the entity that is responsible for governance to make publicly accessible any information that may be properly withheld if a request for that information were made under the Local Government Official Information and Meetings Act 1987.

Section 17A: inserted, on 8 August 2014, by section 12 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

10. Christchurch Town Hall Project Monthly Update

Reference: 19/257795

Presenter(s): John Rossetter – Project Director
Alistair Pearson – Manager Capital Delivery Major Facilities

1. Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to be updated as to the current status of the Town Hall Rebuild Project.

1.2 This report was requested by the Council under resolution CNCL/2018/00312.

That the Council requests that the project provides a monthly status report to Finance and Performance Committee.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives the Christchurch Town Hall Project Monthly Update.

3. Context/Background

3.1 Under Council resolution dated 19 December 2018 the budget for the Town Hall Rebuild Project was increased by up to $15M to a total budget allowance of up to $167.2M. The staged completion of the project as described below was also noted by the Council:

- Auditorium, Foyer, Function and Limes rooms - 20 February 2019.
- James Hay Theatre - 5 April 2019.
- Christchurch Symphony Orchestra rehearsal building (CSO) – Certificate of Public Use (CPU) 7 May 2019 and project completion 15 August 2019.

3.2 Under this resolution the Council also agreed that the additional funding would be allocated from within the existing capital programme and would not affect rates. The Council requested that a report be presented to the Finance and Performance Committee detailing the savings identified across the multi-year capital programme that will enable the additional funding to be allocated to the project. The Council noted that no approval was given to delay or re-scope projects beyond the existing delegations.

4. Project Status

Programme

4.1 The auditorium, foyer, function and Limes rooms were handed over to Vbase as planned ahead of the public reopening of the facility 23 February 2019.

4.2 Current accepted construction programme sectional completion dates remain within those presented to the Council 19 December 2018.

Progress

Construction

4.3 Certificate of Public use covering the areas forming section one of the works was issued 21 February 2019.

4.4 Defect rectification and commissioning activities continue across all sections of the works including section one.

4.5 Construction works continue across the remaining sections of the works.

Establishment

4.6 The installation of theatrical enhancements to the James Hay Theatre including the flying system and the constellation system has commenced.

5. Financial

5.1 The total estimated final project cost remains within the total budget allowance of $167.2M.

5.2 Staff have provided an initial briefing to Councillors regarding the borrowing cost savings already identified to offset the additional Town Hall budget, with a further update planned for Q1 FY20 as further savings are realised as part of financial year end processes. It is intended for a report to be presented to the Finance and Performance Committee after this time.

Attachments

There are no attachments to this report.

Confirmation of Statutory Compliance

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

(a) This report contains:

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

(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

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

Signatories

Authors	Harriet Scott - Project Coordinator John Rossetter - Project Director Michael Down - Finance Business Partner
Approved By	Alistair Pearson - Manager Capital Delivery Major Facilities Mary Richardson - General Manager Citizen and Community

11. Capital Delivery Major Facilities Elected Member Updates

Reference: 19/280754

Presenter(s): Alistair Pearson - Manager Capital Delivery Major Facilities

1. Purpose of Report

1.1 To inform the Finance and Performance Committee of the Whole of current updates involving Capital Delivery Major Facilities projects.

2. Executive Summary

2.1 The Capital Delivery Major Facilities Team (CDMF) is responsible for the delivery of Christchurch City Council's Major Facilities "high risk" and "high value" vertical projects. Established under the 2016 Fit for Future Organisational restructure, it currently holds a portfolio of ten (10) major projects with an estimated total budget of $824.5 million and a Heritage Maintenance Programme with a total budget of about $0.8 million.

2.2 Since its establishment, CDMF has completely delivered Lichfield Street Carpark (November 2017), Taiora QEII Recreation and Sport Centre (May 2018), Tūranga Central Library (October 2018) and this year Christchurch Town Hall (February-March 2019) and the Christchurch Symphony Orchestra Rehearsal Building (August 2019).

2.3 CDMF is headed by its Manager, Alistair Pearson with a full time staff of 11.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receives the information within the Elected Member Updates of Capital Delivery Major Facilities projects:

    a. Christchurch Town Hall

    b. CSO Rehearsal Space (included in Town Hall update)

    c. Metro Sports Facility (Joint Venture with Ōtākaro Ltd)

    d. Lancaster Park Demolition

    e. Linwood Pool

    f. Hornby Library, Service Centre and South West Leisure Pool

    g. Cathedral Square Public Realm Improvements

    h. Old Municipal Chambers Roof Repairs

    i. Performing Arts Precinct

    j. Canterbury Multi-Use Arena

4. Key Points

4.1 All projects are delivered by Major Facilities using our Key Operational Standards.

5. Context/Background

Issue or Opportunity

5.1 Opportunity to view the Major Facilities Portfolio and confirm its alignment with Council Strategic Framework outcomes.

Strategic Alignment

5.2 Portfolio delivery aligns with the Council Strategic Framework objectives and in accordance with the Long Term Plan forecast.

Attachments

No.	Title	Page
A ⇩	Major Facilities Elected Member Updates March 2019	69

Confirmation of Statutory Compliance

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

(a) This report contains:

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

(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

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

Signatories

Authors	Rita Estrella - Senior Project Coordinator Harriet Scott - Project Coordinator
Approved By	Alistair Pearson - Manager Capital Delivery Major Facilities Mary Richardson - General Manager Citizen and Community

Christchurch Town Hall Elected Member Update 15 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

Elected Member Update

Town Hall and CSO Building
Project Budget $167.2M
Project Delivery
Q2 2019 – Town Hall
Q3 2019 - CSO
Current Phase: Construction

CURRENT PHOTO OF TOWN HALL AUDITORIUM

15 MARCH 2018

Christchurch Town Hall

Including Christchurch Symphony Orchestra Rehearsal Building

SCOPE

The Council resolved 11 June 2015 to proceed with the repair and strengthening of the Christchurch Town Hall. As part of the conservation project the auditorium, entrance foyer, James Hay Theatre and Limes Room are being restored. The former Boaters restaurant is also being rebuilt.

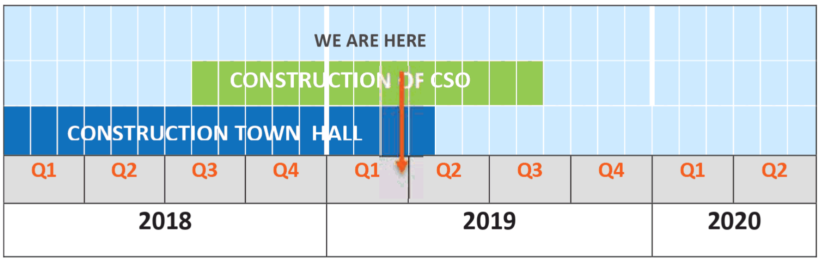
Under Council resolution dated 6 July 2017 the construction of a rehearsal facility for the Christchurch Symphony Orchestra (CSO) was incorporated into the scope of the project.

CURRENT UPDATE

The auditorium, foyer, function and Limes rooms and substantial quantity of the external works were completed and handed over ahead of the public re-opening of the facility 23 February 2019. Fit-out and setup works were completed as scheduled ahead of the first ticketed events which commenced 1 March 2019.

Opening events and scheduled ticketed events have so far proceeded as planned. Construction works continue throughout the remainder of the facility.

PROGRESS PHOTOS



*Queries for this report please send to majorfacilities@ccc.govt.nz
Delivery timetable as at March 2019 - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

Item 11 Attachment A

Christchurch City Council

Metro Sports Facilities Elected Member Update 15 March 2019
More Info at https://www.otakaroltd.co.nz/anchor-projects/metro-sports-facility
Otakaroltd.co.nz 03 941 8999 ccc.govt.nz

ARTIST'S IMPRESSION OF METRO SPORTS FACILITY

Elected Member Update

Metro Sports Facility
Project Budget $300+M
Project Delivery: Q3 2021
Current Phase: Early Works

15 MARCH 2019

Metro Sports Facility

SCOPE

The Metro Sports Facility will provide an aquatic and indoor recreation and sport facility catering for the day-to-day needs of the leisure, sporting, recreational and high performance sport communities in Canterbury.

Metro Sports Facility sits within the block encompassing Moorhouse Avenue, Stewart Street, St. Asaph Street and Antigua Street. It is a joint project between Christchurch City Council and Ōtākaro Ltd.

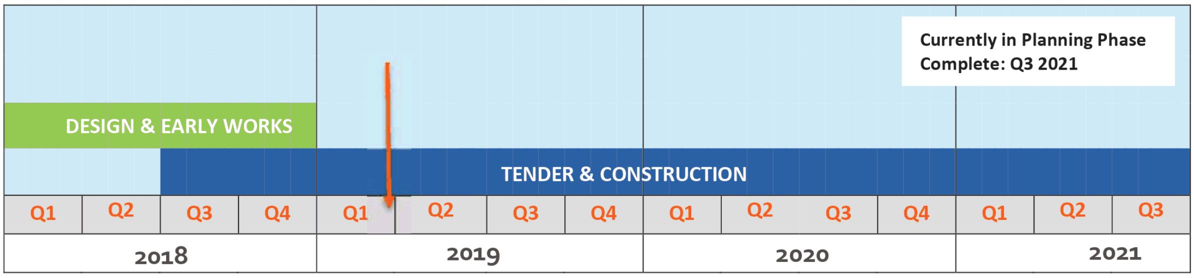
CURRENT UPDATES

Ground remediation using stone columns is continuing on site, with over half the 7,200 required columns having been installed.

Ōtākaro are currently finalising negotiations with the preferred Main Works contractor.

It is anticipated that the Main Works contract will be awarded in March 2019.

PHOTOS



*Queries for this report please send to majorfacilities@ccc.govt.nz
Delivery timetable as at March 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on the Contractor's programme

Item 11

Attachment A

Christchurch City Council

Old Municipal Chambers Elected Member Update 15 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

PHOTO OF OLD MUNICIPAL CHAMBERS PRE-EARTHQUAKE

Elected Member Update

Old Municipal Chambers
Project Cost $300K
Project Delivery TBC
Current Phase: Construction
(Cyclical maintenance)

15 MARCH 2019

Old Municipal Chambers (OMC)

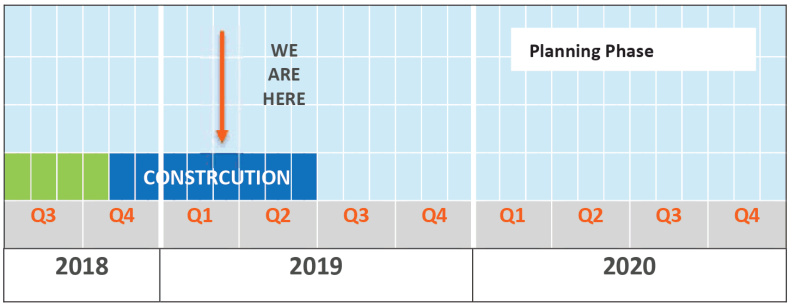
SCOPE

The main objective is to preserve, restore and reconstruct the Old Municipal Chambers so it can remain a living part of the City and enhance the historic memory within the community.

CURRENT UPDATES

- Cyclical Maintenance of the building is ongoing to prevent further deterioration of the Old Municipal Chambers.
- Currently addressing critical interim repairs to inhibit the degradation of the structure including water-tightness and humidity control works.
- Packaging of Roof Works to address weather tightness issues has commenced with instructions issued to the contractor to proceed this March

PROGRESS PHOTOS



*Queries for this report please send to majorfacilities@ccc.govt.nz
Delivery timetable as at March 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

The Square & Surrounds Elected Member Update 15 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

ARTIST IMPRESSION OF CATHEDRAL SQUARE

Elected Member Update

The Square and Surrounds
Project Cost $9.2m ($3.6m initial phases)
Project Delivery Q2 (2019)
Current Phase: Construction

15 MARCH 2019

The Square & Surrounds

SCOPE

Within the LTP 2018 to 2028 the Council allocated a budget of $9.2m for Cathedral Square.

The associated project will focus on delivering public-realm improvements, particularly in the south and south-east areas of Cathedral Square, where a number of private-sector developments are due to be completed late this year (October 2019).

The work will be phased to meet the immediate priorities, beginning with the south-east corner.

In working within the financial envelope available it will be necessary to prioritise the deliverable scope and seek validation from the Council as to what can be achieved.

The Project Steering Group (PSG) has outlined the following scope at present:

Phase One (South-East Corner): Repair and renew existing pavings (re-using materials where permissible) including re-contouring to meet new building levels, assessment and upgrade of the infrastructure for lighting power and water (where applicable).

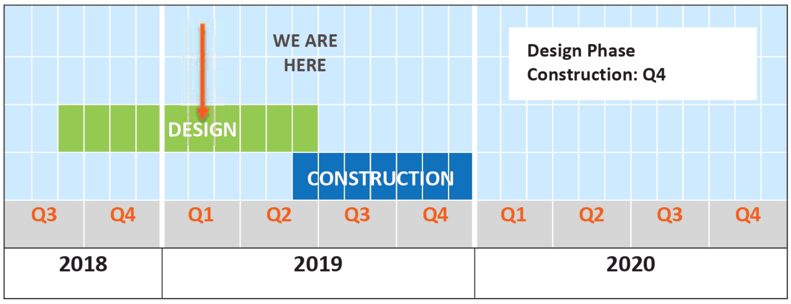
Exploring 'greening' concepts for this space including re-invigorating the raised tree planters.

Phase Two-A (South-West Corner)
Repair and renew existing pavings (re-using materials where permissible), assess upgrade of the infrastructure for lighting power and water (where applicable).

Reform raised tree planters on southern edge to strengthen this area as an event ready space.

CURRENT UPDATES

- The Council (in Sept 2018) gave the go-ahead for design work to start on the Cathedral Square Public Realm Improvement Project.
- Ongoing Stakeholder Engagements with Heritage Groups, private developers and property owners.
- The Concept Design (S, SE Quadrants) was passed for initial approval by the PSG in its monthly meeting last 26 February 2019.
- The Concept Design Proposal (for S, SE Quadrants) was submitted to ITE Committee on the 13th of March 2019 and was approved to proceed.



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

Delivery timetable as at January 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

Attachment A Item 11

Christchurch City Council

Lancaster Park: Elected Member Update 13 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

PHOTO OF LANCASTER PARK PRE-EARTHQUAKE

Elected Member Update

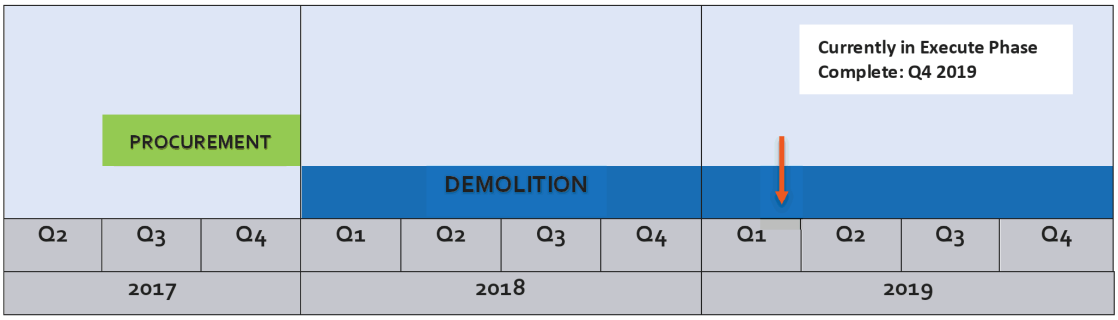
Lancaster Park
Project Budget $12M
Project Delivery Q4 2019
Current Phase: Main Demolition

13 MARCH 2019

Lancaster Park Deconstruction & Demolition

CURRENT UPDATES

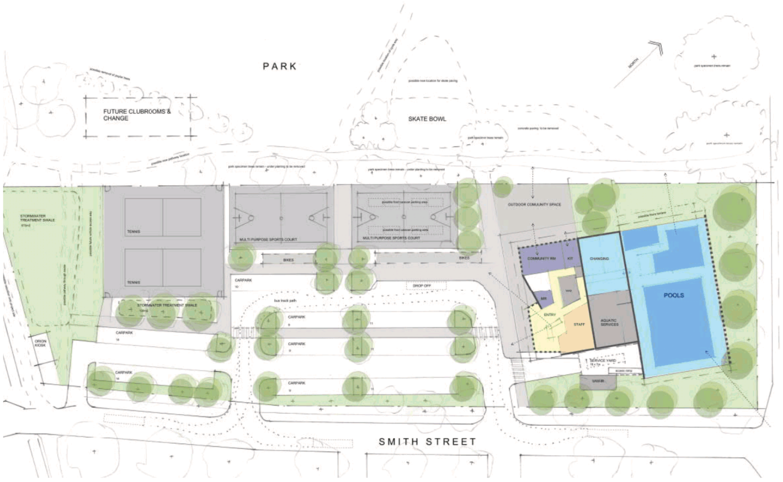
- The main demolition contract has been awarded and works have now commenced on site
- Current works include cutting hundreds of new lifting points into the upper stands and breaking out the lower bleachers in preparation for the large crane and high reach machines to commence deconstruction.
- The Council continues to return monies from scrap being recovered and recycled from the site.
- Current programme estimates completion of the main demolition works during Q4 2019.
- Future use planning is currently underway to address the re-development of the site.
- A start of works notice has been circulated to local residents and businesses to advise the commencement of the main demolition works.
- The demolition will also feature on Prime TV programme "Demolition NZ"
- Keep up to date with our live time-lapse camera https://broadcastmedia.tv/timelapse/



*Queries for this report please send to harriet.scott@ccc.govt.nz
Delivery timetable as at 13 March 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

Christchurch City Council

Linwood Pool Elected Member Update 13 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz



LINWOOD POOL - IMAGE IS INDICATIVE ONLY – SUBJECT TO CONCEPT DEVELOPMENT, ONGOING ALIGNMENT WITH BUDGET AND COMMUNITY BOARD APPROVAL.

Elected Member Update

Linwood Pool
Project Budget $22.7 M
Project Delivery Q4 2021
Current Phase: Concept

13 MARCH 2019

Linwood Pool

SCOPE

The Linwood Central Heathcote Community Board has promoted the Linwood Pool as a means of strengthening community cohesion and increasing participation in aquatics.

It will provide leisure and community spaces that are tailored to the identity of this community with a distinctive point of difference to other community facilities.

CURRENT UPDATES

Signage promoting the project has been erected on site and advises website details for further information.

The Project Team are nearing completion of the first draft Concept Design. By conclusion of the first draft, the Design will have been reviewed from Accessibility, CPTED (Crime Prevention Through Environmental Design), Ngai Tahu and Urban Design perspectives. The Draft Design will be reviewed by the Quantity Surveyor to ensure alignment from a budget perspective, Value Engineered as/if necessary and then presented to the Community Board for feedback prior to finalisation and formal submission to the Community Board for approval.

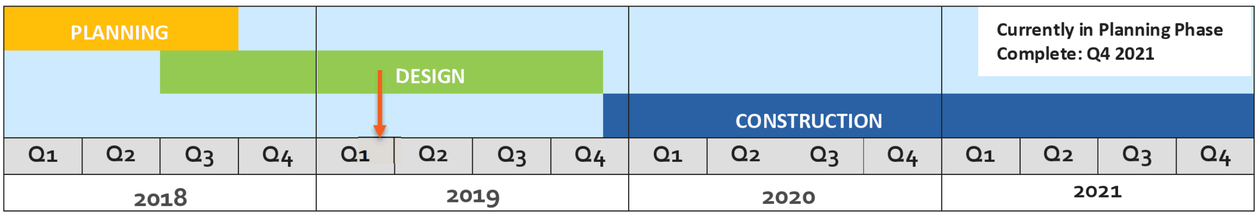
Further Geotechnical Investigations have essentially confirmed initial data with regards to ground conditions. The Project Team are considering the relative cost and performance of the various design solution options.

An Expression of Interest document for potential Design & Build contractors has been released to the open market and will close on the 18th of March. Based on responses, a shortlist will be established to participate in the Request for Proposal process.

The gifting of a Te Reo name for the facility has been requested via Council's Ngai Tahu Partnership team. The name will feed into the cultural design input which Matapopore have been engaged to provide.

Staff have been engaging directly with key stakeholders and will continue to do so as the project progresses.

Project budget now includes additional funding for wastewater heat recovery.



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

Delivery timetable as of 13 March 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

Christchurch City Council

Hornby Library, Customer Service and South Leisure Elected Member Update 13 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

PROPOSED LOCATION

Elected Member Update

Hornby Library, Customer Services & SW Leisure
Project Budget $35.7M
Project Delivery Q4 2022
Current Phase: Planning

13 MARCH 2019

Hornby Library, Customer Services and South West Leisure Centre

SCOPE

Christchurch City Council is moving towards grouping a range of services together in convenient locations for citizens to access – a Citizen Hub with no wrong doors. Combining libraries, recreation and sport, customer services and community facilities.

The Hornby Library, Customer Services & SW Leisure Facility is proposed to include customer services facilities, a library, pools, gym facilities, community meeting spaces and the like. Once the site is confirmed Council will liaise with community representatives to determine the final scope of what will be in the facilities.

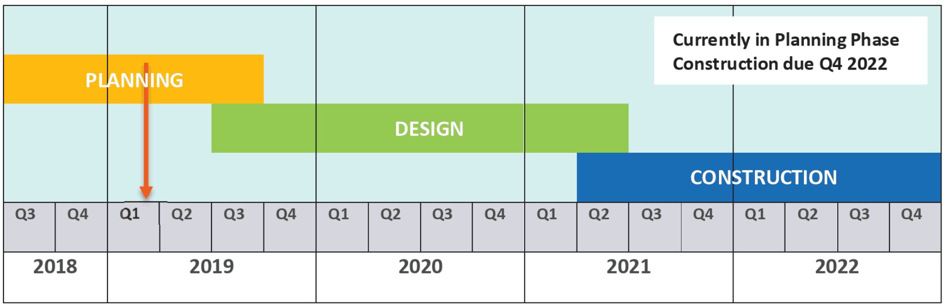
CURRENT UPDATES

In December 2018, on recommendation from the Hallswell-Hornby-Riccarton Community Board, the Council approved Kyle Park as the preferred location for the facility.

For the facility to proceed on Kyle Park changes are needed to the reserve classification for part of the Park, and to the Kyle Park Management Plan. The Community Board approved the commencement of the processes to change these in February 2019.

Consultation regarding the change in reserve classification and amendments to the Management Plan commenced on Friday 8 March and will close on Monday 15 April.

A Hearings Panel will consider the submissions and make recommendations on the proposed changes to the Community Board.



*Queries for this report please send to harriet.scott@ccc.govt.nz
Delivery timetable as at 13 March 2019 Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

Christchurch City Council

Performing Arts Precinct Elected Member Update 13 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

IMAGE

Elected Member Update

Performing Arts Precinct
Project Budget: $30.0M
Project Delivery: TBC
Current Phase: Planning

13 MARCH 2019

Performing Arts Precinct

SCOPE

The Performing Arts Precinct (PAP) is planned to be the central city's entertainment core for all things performing arts, offering a first-rate facilities in a vibrant and creative hub.

The PAP sits alongside the Convention Centre Precinct, the Central Library, Victoria Square, the Isaac Theatre Royal and The Piano. It is also closely linked with the Town Hall.

It will offer a range of entertainment options to residents and visitors to Christchurch, within walking distance of many central city hospitality providers and hotels.

CURRENT UPDATES

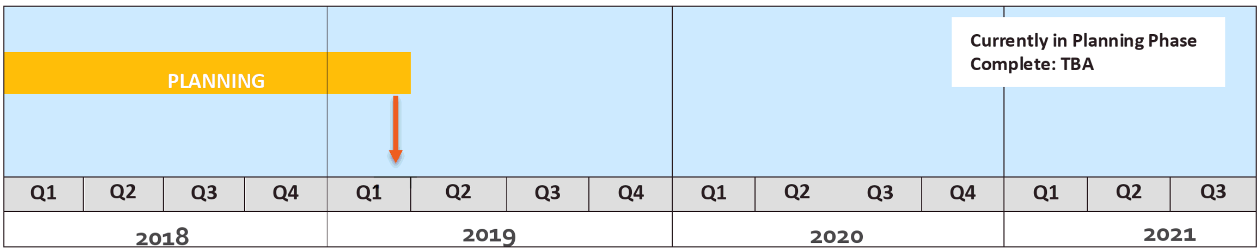
On the 28th of June 2018, Council resolved to prioritize the development of a permanent home for the Court Theatre in the PAP, and off-street car parking solutions in or near the PAP.

A business case and feasibility study has been written and will be presented to Council at a meeting on 28th March 2019.

An RFP for car parking will follow, pending the outcome of the Council meeting and staff recommendations.

PHOTOS/IMAGES

Below Top: The Piano: Centre for Music and the Arts
Below Bottom: The Crowne Plaza.



*Queries for this report please send to majorfacilities@ccc.govt.nz
Delivery timetable as of 13 March 2019. Disclaimer - All timeframes are accurate at the time of publication and are dependent on private or public sector delivery mechanisms

Attachment A Item 11

Christchurch City Council

CMUA Elected Member Update 13 March 2019
majorfacilities@ccc.govt.nz 03 941 8999 ccc.govt.nz

Elected Member Update

CMUA
Project Budget $253M (CCC Share)
$220M (Crown)
Project Delivery : TBA
Current Phase: Planning

IMAGE

13 MARCH 2019

Canterbury Multi-Use Arena

SCOPE

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

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

The CMUA is a replacement for the previous stadium at Lancaster Park, destroyed in the 2010-2011 earthquake.

CURRENT UPDATES

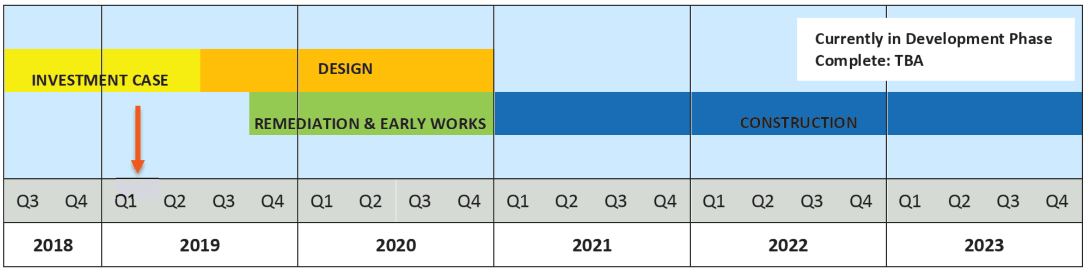
Project is in planning with collaboration across DPMC, CCC, LINZ, Treasury and Ōtākaro.

Core decisions to date include confirmation of the site and the multi-use capability.

The Technical Team has modelled various concepts to inform the development of the Investment Case.

Stakeholder engagement is continuing with key stakeholders throughout March and April 2019.

The Investment Case Team have held several workshops and consulted with various stakeholders/venue operators. Preparation of the first draft Cases are underway and a draft event schedule is current being prepared.



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

Delivery timetable as of 13 March 2019. Disclaimer – All timeframes are accurate at the time of publication and are dependent on public sector delivery mechanisms.

12. Tūranga, Central Library Financial Close-out Report

Reference: 19/154951

Presenter(s): John Rossetter - Project Director

1. Purpose and Origin of Report

Purpose of Report

1.1 To inform the Finance and Performance Committee of the Whole as to the financial status of the New Central Library Project.

1.2 To satisfy the Committee's request for information relating to the project budget and the expenditure of the project budget.

Origin of Report

1.3 This report was requested by the Chair of the Committee.

2. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Receive the specific information contained in the Tūranga, Central Library Financial Close-out Report.

3. Key Points

3.1 The Council initiated the project in 2012 in response to the Christchurch Central Recovery Plan (CCRP). The project developed through a period marked by significant change following the earthquake of February 2011.

3.2 As a result the project budget changed a number of times in response to this uncertain environment.

3.3 The project budget is $92.7M. The final account with the main contractor has now been agreed. The final forecast cost is currently $91.8M. A sum of in the order of $0.9M is expected to be returned from the project budget following the formal closure of the project accounts.

4. Context/Background

4.1 The existing central library building on Gloucester Street was damaged in the 2010 and 2011 earthquakes and aftershocks.

4.2 The Council initially planned to repair the building at an estimated cost of $8.8M supported by an estimated insurance pay-out of $8.2M.

4.3 However, this plan was superseded by the release of the CCRP in July 2012. The CCRP identified a new central library as an Anchor Project in its Blueprint for the reconstruction of central Christchurch. The location designated for the proposed New Central Library was a 2,725 square metre site on the northern edge of the Square facing Colombo Street to the west and Gloucester Street to the north.

4.4 The Council engaged a consultant design team led by Architectus-schmidt hammer lassen to produce a preliminary design and employer's requirements; *Architectural: Architectus-schmidt hammer lassen, Structural: Opus, Building Services: Beca, Fire: Aurecon, Quantity Surveyor: AECOM (formerly Davis Langdon)*

4.5 The Council sought design and construct submissions from the open market on the basis of this preliminary design solution. Tenderers were specifically asked to provide innovative construction solutions.

4.6 Southbase Construction provided the successful submission and was subsequently engaged under an NEC3 Engineering and Construction Contract.

4.7 Construction works commenced September 2016 and were completed 19 September 2018. The facility opened to the public 12 October 2018.

5. Funding

5.1 The Cost Sharing Agreement signed in 2013 set out high level parameters for the project; a Total Project cost of $89.363M, split $19.363M Crown, $60M Council and $10M Non-Commercial (Philanthropic), that Project Delivery Responsibility, Ownership (upon completion) and Operating Cost Liability would all lie with the Council and an Estimated Project Completion Date of Q3 2015.

5.2 The Council initiated the New Central Library Project in 2012 and budgeted the required $~56M in its 2013-2016 three year plan ($60M when inflation adjusted).

5.3 The project team undertook an extensive public consultation exercise and proceeded to benchmark public expectations against similar facilities around the world. Benchmarking confirmed that for the project to be capable of achieving its objectives a budget of in the order of $90M would indeed be required.

5.4 The Crown spent $12.7M to acquire and clear the land for the New Central Library. This land was transferred by the Crown to the Council in May 2016. In turn the Council reimbursed the Crown a sum of $5.5M, which is understood to be equal to the sum that the Crown paid to the Council to acquire the site of the existing central library. The contribution made to the project by the Crown was therefore $7.2M.

5.5 The Council increased its budget to $75M under its 2015-2025 Long Term Plan to account for the now projected funding shortfall. The project team proceeded to develop a design for the facility and presented its design to the Council on 26 March 2015. The Council confirmed the allocation of funding and instructed the project team to seek submissions from the market for the completion of the design and construction of the facility.

5.6 In 2016 the Crown ceased efforts to secure the required philanthropic funding. In order to expedite the delivery of the project the Council committed to underwrite the philanthropic investment of $10M described by the Cost Share Agreement seeking instead to develop commercial partnerships with interested parties through a community foundation.

5.7 The Council found that the land was contaminated and in need of remediation. Under resolution 22 April 2016 the Council increased the project budget by $7.7M to $92.7M, recognising the previously unbudgeted cost of $5.5M associated with the acquisition of the land and allowing $2.2M with respect to the cost of the decontamination of the land.

5.8 The project budget remains $92.7M.

6. Financial Performance

6.1 At the point of main contractor engagement the final forecast cost was $92.7M of which approximately $6M was contingency. At this time operational establishment related costs had been estimated at a high level.

6.2 The scope of the establishment related elements of the project was developed in detail through 2017 and an Establishment Project Management Plan and a revised budget structure was accepted by the Project Steering Group in January 2018. The final forecast cost at this time was $91.9M. The remaining unallocated budget of $0.8M was held as contingency.

6.3 The contingency was managed in accordance with the processes and delegations of authority described in the approved project management plans.

6.4 The final account with the main contractor has now been agreed. However a handful of other items have yet to be concluded. The project accounts will be formally closed following the defect liability period which will conclude in September 2019.

6.5 The final forecast cost is currently $91.8M. A sum of in the order of $0.9M is expected to be returned from the project budget following the formal closure of the project accounts.

Attachments

There are no attachments to this report.

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

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

Signatories

Authors	Harriet Scott - Project Coordinator John Rossetter - Project Director
Approved By	Alistair Pearson - Manager Capital Delivery Major Facilities Carolyn Robertson - Head of Libraries and Information Mary Richardson - General Manager Citizen and Community

13. Council-controlled organisations: Draft Statements of Intent 2019/20

Reference: 19/223234
Presenter(s): Linda Gibb - Performance Advisor

1. Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to note the draft Statements of Intent (SOI) for 2019/20, 2020/21 and 2021/22 for the following Council-controlled organisations (CCOs) – Central Plains Water Trust, Christchurch Agency for Energy Trust, Civic Building Ltd, Riccarton Bush Trust, and Rod Donald Banks Peninsula Trust.

2. Executive Summary

2.1 The draft SOIs that are the subject of this report were all received on or before 1 March 2019, in accordance with clause 2 of schedule 8 of the Local Government Act 2002 (LGA).

2.2 All of the draft SOIs meet the minimum content requirements of clauses 9 and 10 of schedule 8 of the LGA.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Notes that the draft Statements of Intent for 2019/20, 2020/21 and 2021/22 for Central Plains Water Trust, Christchurch Agency for Energy Trust, Civic Building Ltd, Riccarton Bush Trust and Rod Donald Banks Peninsula Trust were all received by 1 March 2019 in accordance with clause 2 of schedule 8 of the Local Government Act 2002, and all comply with the minimum content requirements of clauses 9 and 10 of schedule 8 of the Local Government Act 2002.
2. Requests that Riccarton Bush Trust includes performance targets for the annual number of visitors to Riccarton House and Bush, and for third party revenue in its final Statement of Intent.
3. Agrees that the draft Statements of Intent for Central Plains Water Trust, Christchurch Agency for Energy Trust, Civic Building Ltd, and Rod Donald Banks Peninsula Trust are acceptable to the Council in their current forms and can accordingly be finalised.

4. Key Points

4.1 The draft SOIs from the following organisations are attached:

- Central Plains Water Trust **(Attachment A)**
- Christchurch Agency for Energy Trust **(Attachment B)**
- Civic Building Ltd **(Attachment C)**
- Riccarton Bush Trust **(Attachment D)**
- Rod Donald Banks Peninsula Trust **(Attachment E)**

4.2 In accordance with clause 2 of schedule 8 of the LGA, the draft SOIs were submitted to the Council within the statutory timeframe provided (by 1 March 2019). The draft SOIs all meet the minimum content requirements of clauses 9 and 10 of schedule 8 of the LGA.

Central Plains Water Trust

4.3 Central Plains Water Trust (CPWT) is a charitable trust for which the joint settlors are the Christchurch City Council and the Selwyn District Council. The Trust Deed provides that the purpose of the CPWT is to "promote the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all of the inhabitants of the Canterbury region".

4.4 Construction of Stages 1 and 2 of the Central Plains Water Scheme are complete. Activities that CPWT undertakes include monitoring compliance with resource consent conditions and CPWT's terms and conditions under the licensing agreement, and the users of the Scheme in respect of Water Use Agreements.

4.5 The reasonable costs of administering the CPWT are paid annually by Central Plains Water Ltd. The costs are estimated at $80,000 in 2019/20.

4.6 In 2016 the Council considered whether it should withdraw from the Trust, leaving it to Selwyn District Council to continue as sole settlor. The Council resolved to continue in its role as settlor (CNCL/2016/00074 refers).

4.7 CPWT's draft SOI is largely identical to its 2018/19 SOI. The key performance targets have not changed between this draft SOI and last year's SOI.

Christchurch Agency for Energy Trust

4.8 Christchurch Agency for Energy Trust (CAfE) administers the Christchurch Energy Grants Scheme which is close to being fully allocated and paid. The Trust expects to be wound up as soon as it pays out its remaining funds of $225,000. It is forecasting to pay out $220,000 during the 2019/20 year, with any residual balance likely to be donated to the Mayor's Welfare Fund.

4.9 The draft SOI contains only one performance target – *allocation of the remaining balance of incentive grants for initiatives within the central city through the Christchurch Energy Grants Scheme or other initiatives in line with the Trust Deed.*

4.10 As soon as possible following completion of all of its obligations, Council staff will report on the requirements for winding up CAfE.

Civic Building Ltd

4.11 A comparison of the financial targets between the current draft SOI and last year's SOI is as follows:

(Loss)/profit before income tax target	SOI target 2018/19 $000	SOI target 2019/20 $000	SOI target 2020/21 $000	SOI target 2021/22 $000
Current draft SOI	-	65	41	(4)
Last year's final SOI	(345)	(15)	(191)	-

4.12 The repayment of debt of $2.5 million in December 2018, with a further $2.5 million repayment to be made in June 2019, will reduce interest costs going forward.

Riccarton Bush Trust

4.13 The Trust forecasts to break-even from its operations. The table below shows the comparison of the financial targets for revenue/expense between the current draft SOI and last year's SOI:

Revenue/Expense target	SOI target 2018/19 $000	SOI target 2019/20 $000	SOI target 2020/21 $000	SOI target 2021/22 $000
Current draft SOI	-	560	771	582
Last year's final SOI	556	567	578	-

4.14 The increase in expenditure in 2020/21 against last year's SOI and compared with 2019/20 and 2021/22 is the repainting of Riccarton House. Previously the Trust had it painted in stages each year. However, it was able to negotiate a lower price for the full job to be done in one year so that going forward the cost of circa $200,000 will be incurred once every eight years.

4.15 The forecast capital structure shows increased equity from $11 million to $15 million as a result of a revaluation gain on property, plant and equipment at the end of the 2017/18 financial year.

4.16 The Trust's levy to the Council is $360,600 and its capital funding requirements are signalled at $93,100 (for works including ground floor carpet replacement, external toilet upgrade, bush enhancements and interpretation) in 2019/20 and these amounts have been provided for in the 2018-28 LTP.

4.17 Performance targets relate to key projects the Trust is undertaking, environmental and social outcomes, and a financial target for expenditure to match revenue. The Riccarton House and Bush's benefit to the community rests with the number of visitors to it. The quality of the historic offering is enhanced by the Trust's ability to earn third party revenue, which it recorded a sizeable increase in for the half year to December 2018.

4.18 Staff propose that Council requests the Trust to include performance targets for visitor numbers and for third party funding in its final SOI.

Rod Donald Banks Peninsula Trust

4.19 At its inception in 2010 the Trust was vested with capital of $3.5 million from the sale of farms endowed to earlier Banks Peninsula councils. Expenditure projections indicate that the Trust will no longer be able to contribute capital to major projects after 2020.

4.20 The Trustees consider there is still work to be done to deliver outcomes relating to its four key pillars - access, biodiversity, knowledge and partnership. It has produced a strategic plan for the period 2020-2030 and is scheduled to present the plan to Council on 11 April. We understand the Trustees will be seeking an indication of support (or otherwise) from Councillors to it doing further work to identify specific projects that could potentially be funded.

4.21 A comparison of the financial targets between the current draft SOI and last year's SOI is as follows:

Operating surplus/(deficit) target	SOI target 2018/19 $	SOI target 2019/20 $	SOI target 2020/21 $	SOI target 2021/22 $
Current draft SOI	-	(60,964)	(101,355)	(126,161)
Last year's final SOI	143,584	(112,088)	(128,010)	-

Forecast Trust funds	2,131,765	1,348,801	706,196	90,035

4.22 There is a change in performance targets between years as follows:

- **Removed:** due to the project being completed, the target of securing a conservation covenant on the regenerating forest on the Woodills South track property prior to its sale, and divesting property that contains Woodills South track after a public walking easement has been secured; and
- **Inserted:** new undertaking for the Trust to build expertise in carbon sequestration and how it can facilitate native forest regeneration.

5. Context/Background

5.1 Clause 2 of schedule 8 of the LGA provides that a CCO must deliver to its shareholders a draft SOI on or before 1 March each year. Clause 3 provides that the CCO board (a) must consider any comments on the draft SOI that are made to it within two months of 1 March by the shareholders or by any of them, and (b) deliver the completed SOI to the shareholders on or before 30 June each year. Clause 7 requires the board to make the final SOI publicly available one month after it has been finalised.

5.2 Clauses 9 and 10 of schedule 8 of the LGA lists the required content of SOIs in respect of the next financial year and each of the immediately following two financial years. This includes, but is not limited to a CCO's (or its group's) objectives, nature and scope of activities, performance targets and other measures by which the performance of the group may be judged in relation to its objectives, estimate of distributions to shareholders, the board's estimate of the commercial value of the shareholders' investment in the CCO or group.

Attachments

No.	Title	Page
A ⇩	CPWT Draft SOI	88
B ⇩	Christchurch Agency for Energy - Draft SOI 2019/20	101
C ⇩	Civic Building Ltd - Draft SOI 2019/20	109
D ⇩	Riccarton Bush Trust - Draft SOI 2019/20	122
E ⇩	Rod Donald Banks Peninsula Trust - Draft SOI 2019/20	128

Confirmation of Statutory Compliance

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

(a) This report contains:

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

(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

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

Signatories

Author	Linda Gibb - Performance Monitoring Advisor
Approved By	Len Van Hout - Manager External Reporting & Governance Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO)

Central Plains Water Trust

Statement of Intent

For the year ending
30 June 2020

CENTRAL PLAINS WATER TRUST STATEMENT OF INTENT 2019-20

1. INTRODUCTION

Statutory requirement

- This Statement of Intent ("SoI") is prepared in accordance with Section 64(1) of the Local Government Act 2002. CPWT is a council-controlled organisation ("CCO") for the purposes of the Local Government Act 2002.
- The SoI specifies for Central Plains Water Trust ("CPWT") the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of CPWT may be judged in relation to its objectives, amongst other requirements.
- The process of negotiation and determination of an acceptable SoI is a public and legally-required expression of the accountability relationship between CPWT and its settlors, the Christchurch City Council and Selwyn District Council.
- The SoI is reviewed annually with the Councils.

Contact addresses

- CPWT's registered office is at the offices of Selwyn District Council, Norman Kirk Drive, PO Box 90, Rolleston 7643
- Contact details for CPWT and its officers are:

  C/- Selwyn District Council, Norman Kirk Drive, PO Box 90, Rolleston 7643
  Telephone 03-347 2800

Structure

- CPWT is charitable trust established by a deed of declaration of trust dated 9 October 2012.

2. TRUST OBJECTIVES

The Trust Deed declares that the Trust is for charitable purposes for the benefit of the present and future inhabitants of the Regions (being the respective areas within the geographical boundaries of Christchurch City Council and Selwyn District Council) and further declares and directs that the Trust Fund may be applied and used exclusively by the Trustees for the following charitable purposes within New Zealand ("the Objects"), namely:

To promote the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all of the inhabitants of the Canterbury Region by:

1) Encouraging supporting and facilitating:

   a) sustainable development of the water resources of the Region

b) agricultural and horticultural diversity in the Central Canterbury Plains area

c) an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the Central Plains area.

2) Providing and facilitating education to the inhabitants of the Region in relation to water issues and sustainable agricultural development.

In pursuance of the Objects, the Trustees will have regard to:

(a) appropriate strategic development plans for the water resources of the Regions;

(b) 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;

(c) the objectives, roles and activities of any other organisations engaged in economic development activities in the Regions;

(d) inter-generational issues to order to promote long term sustainability of the water resources of the Regions; and

(e) the vision and principles agreed by the Trust to apply to the Scheme, as set out in the agreement in relation to the Scheme between Te Runanga o Ngai Tahu, Te Taumutu Runanga Inc, Te Ngai Tuahuriri Inc, Wairewa Runanga Inc, Te Runanga o Arowhenua Trust, Central Plains Water Trust and Central Plains Water Limited dated 29 May 2012, and any other matters that they believe are relevant.

The Objects of the Trust are and shall be charitable and shall not include or extend to any matter or thing which is or shall be held or determined to be non-charitable. Any private benefit which is conferred on any individual or individuals must be incidental to the pursuit by the Trust of the Objects. The powers and purposes of the Trustees shall be restricted accordingly and limited to New Zealand.

3. NATURE AND SCOPE OF ACTIVITIES

CPWT will facilitate the implementation of the Central Plains Water Scheme and will hold the resource consents therefor.

In a Memorandum of Agreement dated 5 November 2004 CPWT contracted Central Plains Water Limited (CPWL) to prepare and make the application for resource consents (now finalised and issued) for the Scheme. In return CPWT agreed with CPWL to make the consents available to CPWL under licence on agreed terms and conditions. The 2004 Agreement was revised and updated in 2016 in a new Memorandum of Agreement (MOU), as envisaged in the 2004 Agreement, in the light of the consents which have been issued, and the completion of construction of Stages 1 and 2 of the Scheme.

CPWT will:

- monitor the activities of CPWL to ensure compliance with resource consent conditions and with CPWT's requirements under its licencing agreement with CPWL;
- monitor the users of the Scheme in respect of Water Use Agreements and resource consent conditions and advise CPWL of, and require it to deal with any non-compliance;
- operate a public complaints procedure using a website being developed subject to funding;
- develop and propose projects to further CPWT's charitable objects and to seek funding therefor from CPWL, and will also seek funding from other sources; and
- administer the Environmental Management Fund (EMF) in the manner set out in the resource consents and for that purpose receive annual contributions from CPWL, and will transfer those funds to the EMF Committee charged with making decisions on the distribution of the Fund.

The reasonable costs of administering CPWT will be agreed annually with CPWL, and these will be paid annually by CPWL.

4. GOVERNANCE

Role and responsibilities of the Board

The Trustees shall manage the affairs of CPWT in accordance with the objectives of CPWT and otherwise in accordance with the terms of the CPWT trust deed.

The Trustees will ensure that CPWT effectively carries out its responsibilities under the MOU.

The trustees see their prime responsibility as assisting CPWT to establish the Scheme, and monitoring and reporting on its performance in relation to the trust's objects and community expectations over time.

The trustees discharge this responsibility through effective leadership, through excellent public communication, and by being responsive to the need for public support for the environmental sustainability goals of the Scheme.

The board of trustees seeks to maintain best practise systems, procedures, policies and guidelines being in place that ensure that:

- plans and budgets reflect short and long term horizons
- the performance of the Trust is monitored against key performance indicators set by the board of trustees
- significant risks are identified, and are carried out effectively and promptly
- the multitudes of laws that affect the activities of CPWT are complied with
- all matters of importance are brought to its attention through a system of prompt and comprehensive reporting in accordance with the MOU

- the preparation of financial statements in accordance with generally accepted accounting practice that give a true and fair view of the financial position of CPWT as at each balance date and results of its activities and cash flows for the year ended on that date are prepared

- the assets of CPWT (the resource consents) are safeguarded by ensuring that internal control procedures are in place in order to provide a reasonable assurance that CPWT will function in a professional and lawful manner

- develop policies that provide guidance action in a broad range of circumstances, including risk management, and public relations

- all trustees subscribe to the principles of good governance and usually the accepted codes of best practice on corporate governance.

The Board's responsibility to the 'shareholder'

CPWT is a charitable trust and as such has no shareholders, however the trustees aim to ensure that the Councils as settlors are informed of all major developments affecting CPWT's affairs, while at the same time recognising that commercial sensitivity may preclude certain information provided to it by CPWL from being made public. Within this constraint, information will be communicated to the Councils through both the annual report and the half-yearly report. CPWT will operate on a "no surprises" basis with regard to all issues of relevance to settlors. Early notice will be given to the settlors of issues that arise requiring their consent.

The Board composition

Currently the board of trustees comprises:

- Denis John O'Rourke (chairman)
- Douglas James Catherwood
- Richard Wayne Davison
- Vivian Leslie Smart
- Olive Webb.

Process for appointment of Trustees

Trustees may be appointed in these ways:

First provision (Trust Deed)

"The Settlors will jointly:

Have the right to appoint the Trustees for such term of office (not exceeding three years, as provided for in clause 3) as they see fit"

Second provision (Trust Deed)

"Notwithstanding the foregoing powers of the Settlors, the Trustees may themselves co-opt from time to time persons to serve as additional Trustees but (for the avoidance of doubt) such persons so co-opted will be subject to the removal power of the Settlors."

Third provision

The agreement between CPWT, CPWL and Ngai Tahu, pursuant to the resource consent conditions of the Scheme, provide for up to three trustees to be nominated by Ngai Tahu.

Board meetings

The board meets quarterly and at such other times as business shall require.

Board performance review

The board will conduct an internal annual performance review at its first meeting following the end of CPWT's financial year.

5. HEALTH AND SAFETY

CPWT has no employees and no physical operations, nor does it have any direct or indirect responsibilities for the operations of CPWL, nor any public liability for the Scheme operations.

6. FINANCIAL (THREE YEAR PROJECTION)

CPWT has no shareholders, and it has no commercial operations. CPWT operates exclusively through an annual funding regime in accordance with the MOU with CPWL. The total level of such annual funding is currently approximately $80,000, and the same amount is projected for the next year.

7. DIVIDEND (THREE YEAR PROJECTION)

CPWT has no shareholders and therefore there are no dividends.

8. STRATEGIC DIRECTION

Environmental leadership

CPWT does not itself have any physical or commercial operations. Its environmental leadership arises generally in the pursuance of its objectives, and through its role as the holder of the Scheme's resource consents, and by ensuring CPWL's compliance with the resource consent conditions, and also through its environmental monitoring and public reporting functions under the MOU.

Community engagement

CPWT maintains a website for the purposes of public information and engagement concerning the operation of the Scheme.

CPWT publishes an annual Environmental Performance Report for the Scheme, the last of which was to published on the CPWT website in 2018 in respect of the operation of the Scheme for the irrigation season 2017 to 2018.

The Community Liaison Group required by the resource consent conditions was established in December 2013 and is being supported as required.

Key performance Indicators

Indicator 1	*Achievement*
Monitor the performance of CPWL in operating the Scheme, and communicate the results to the public.	A new MOU between CPWT and CPWL was negotiated and signed during 2016 to enable an effective regime by which CPWT can monitor the operations of CPWL. In 2017 and 2018 CPWT commissioned, reviewed and published an Environmental Sustainability Report for the irrigation years 2016 to 2017 and 2017 to 2018 to give effect to its function of reporting the outcomes of its monitoring of CPWL's operation of the Scheme, with special emphasis on the achievement of the environmental sustainability goal for water use and of sustainable farming practices in the Canterbury Region. Further Reports will be commissioned, reviewed and published in respect of future irrigation seasons.

Indicator 2	*Achievement*
To consult, and develop scheme recreational opportunities for the headrace canal and its margins and establish and support the Environmental Management Fund.	Following investigations in 2016 of the potential for the use of the headrace canal for public recreation, it has been established that the headrace canal will not be available for recreational purposes. The main obstacles to this are CPWL's health and safety requirements, and the need by CPWL to maintain operational efficiency and the protection of essential infrastructure, and also the maintenance of private property rights (especially privacy) for the owners of the properties through which the headrace canal passes. Stage 2 of the Scheme is fully piped, and therefore there is no potential for recreation in relation to Stage 2. Two Environmental Management Funds are included in the resource consent conditions, as a result of the settlement agreement with Ngai Tahu. One specifically deals with Te Waihora, and the other with all of the other purposes of the EMF within the scheme area. Ngai Tahu will manage and apply the funds required for Te Waihora. The Trust has established the Committee required for the wider area, which will decide how the Fund is spent there, and the Committee commenced its work in 2016 by seeking proposals.
Indicator 3	***Achievement***
To establish and support the Community Liaison Group in its ongoing functions.	The Community Liaison Group was established in December 2013 and continues to be supported as required.
Indicator 4	***Achievement***
The Trustees will prepare an annual budget by 30 June and will report the financial results.	The board negotiated an annual budget for full funding by CPWL during 2018, and an audited statement for the year end has been submitted to the settlors.

9. INFORMATION TO SHAREHOLDERS

Frequency of reporting:

A half yearly report and an audited annual report as at end of June.

Accounting policies:

Refer to Schedule 1 attached.

Responses to special shareholder requests

CPWT will provide regular reports to the Councils on its activities through its annual, half yearly and quarterly reports.

CPWT will meet as required with Selwyn District Council and Christchurch City Council to discuss CPWT activities.

10. ESTIMATE OF COMMERCIAL VALUE OF TRUST'S INVESTMENT

CPWT has no non-current assets (for example, property, plant and equipment, etc.). Any current assets (for example, cash and accounts receivable) at any one time are held to fund commitments of the Trust. Accordingly the estimated commercial value of the Trust is effectively nil.

11. PROCEDURE FOR THE ACQUISITION OF A BUSINESS

Not applicable.

SCHEDULE 1.

STATEMENT OF ACCOUNTING POLICIES

Statement of reporting entity

Central Plains Water Trust was initially formed through a Declaration of Trust on 15 April 2003. This has been replaced by a deed of trust dated 9 October 2012. The Trust is a Council Controlled Organisation, as defined by Section 6 of the Local Government Act 2002. The Trust is jointly controlled by Christchurch City Council and Selwyn District Council.

Basis of preparation

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on an historical cost basis.

The financial statements are presented in New Zealand dollars and the functional currency of the Trust is New Zealand dollars.

The Trust has designated itself as a public benefit entity for the purposes of PBE IPSAS.

Changes in accounting policies

There have been no changes in accounting policies during the year.

Standards and Interpretation issued and not yet adopted

There are no standards and interpretations issued and not yet adopted that are applicable to the Trust's operations.

Going concern

The financial statements of the Trust have been prepared under the going concern assumption.

The Trust is reliant on Central Plains Water Limited to fund both its operating expenses and its liabilities under the agency arrangements described in the notes.

Central Plains Water Limited was formed to investigate, construct and operate a water management scheme for the Central Canterbury Plains. The Company has completed the construction of, and has commissioned both Stages 1 and 2 of the Scheme, which is therefore now complete. The Company is now operating the Scheme in the manner required by the resource consents granted by the consent authorities. The resource consents have been transferred to the Trust, which in turn has granted the Company an exclusive license to use the resource consents.

If the Company was unable to continue in operational existence, the Trust would lose that source of funding. In such circumstances, other sources of funding would need to be obtained, so that the Trust could continue to carry out its functions effectively.

If the Trust was unable to obtain such additional funding, it may be unable to continue in operational existence. In this event, adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the amount at which they are currently recorded in the statement of financial position. In addition, the Trust may have to provide for further liabilities that might arise.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year-end balance date.

Interest income is recognised using the effective interest method.

Revenue in Advance

Revenue in Advance is recognised as revenue when expenditure is incurred. This practice is based on the Reimbursement Agreement with Central Plains Water Limited dated 6 May 2004.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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.

A provision for impairment of receivables is established when there is objective evidence that they will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Financial assets

The Trust classifies its financial assets into the following categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. The Trustees' or management determine the classification of investments at initial recognition and re-evaluate this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

The fair value of any financial instruments that are not traded in an active market is determined using valuation techniques. The Trust does not have any financial assets of this nature at this time.

The four categories of financial assets are:

Financial assets at fair value through surplus or deficit

This category has two sub-categories: Financial assets held for trading and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Trustees'. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as 'trade and other receivables' in the statement of financial position.

Currently, the Trust has trade and other receivables in this category.

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Trust has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through comprehensive income or are not classified in any of the other categories above.

This category encompasses:

- Investments that the Trust intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Trust holds for strategic purposes.

After initial recognition, these investments are measured at their fair value with valuations performed by an independent valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are recognised and held in a revaluation reserve.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Impairment of Financial Assets

At each balance date, the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Income Tax

Up to 30 June 2008 the Trust was a Charitable Trust exempt from income tax under sections CW34 and CW35 of the Income Tax Act 2004. The Trust is not registered as a charitable entity under the Charities Act 2005 and its charitable tax exemption lapsed on 1 July 2008. The Trust is not currently seeking registration as it does not intend to make a financial profit from its activities.

As the Trust does not trade, and its costs are reimbursed under a Reimbursement Agreement with Central Plains Water Limited, the Trust does not have any tax expense, liabilities or assets.

CHRISTCHURCH AGENCY FOR ENERGY TRUST

STATEMENT OF INTENT

FOR YEAR ENDING 30 JUNE 2020

1. INTRODUCTION

This Statement of Intent (SOI) is prepared in accordance with section 64(1) of the Local Government Act 2002.

The SOI specifies for the Christchurch Agency for Energy Trust (CAfE) the objectives, nature and scope of the activities to be undertaken and the performance targets and other measures by which the performance of CAfE may be judged in relation to its objectives, amongst other requirements.

Legal Name:	Christchurch Agency for Energy Trust
Postal Address:	PO Box 73012, Christchurch 8154
Street Address:	53 Hereford St, Christchurch 8011
Chair:	Pauline Cotter, Christchurch City Council, 53 Hereford Street, Christchurch
Trustees:	Pauline Frances Cotter (Chairperson) Glenn Livingstone Stephen Godfrey Richard Briggs

Legal Status of Organisation

CAfE has been established by the Christchurch City Council (the Council) as a not-for-profit council controlled organisation under the Local Government Act 2002. CAfE is registered under the Charitable Trusts Act 1957 and is also registered under the Charities Act 2005 (12 August 2010 - Registration Number CC44869) with Donee status.

Period Covered by this Statement of Intent

This Statement of Intent for CAfE covers the year ended 30 June 2020. Financial budget projections are provided for the 2019/20 financial year. The SOI is reviewed annually by the Council.

2. OBJECTIVES AS STATED IN THE TRUST DEED

The purpose of CAfE is to achieve the following objectives to the extent that those objectives are charitable under the law of New Zealand:

(a) To raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy by providing information and advice to:
- the general public;
- homeowners;
- students;
- Energy Expo attendees;
- high energy users;
- commercial and industrial energy users; and
- motorists.

(b) To raise awareness of and promote the use of renewable energy in Christchurch through:
  (i) evaluation of sites for production of renewable energy;
  (ii) encouraging the use of biofuels; and
  (iii) encouraging the use of solar heating.

(c) To reduce the local and wider environmental problems caused by the use of fossil fuels in Christchurch.

(d) To introduce initiatives to address the negative health and social impacts caused by fuel poverty and energy affordability issues in Christchurch.

(e) As an ancillary purpose to the above purposes, to gather meaningful and current energy data on energy usage in Christchurch.

(f) For any other related purposes which are charitable according to the law of New Zealand.

In carrying out the purposes set out in Clause 2, the Trustees will have regard to the principles and initiatives established in the Sustainable Energy Strategy for Christchurch 2008-2018 published by the Council.

3. NATURE AND SCOPE OF ACTIVITIES AND RELATED PERFORMANCE TARGETS

CAfE is focused on supporting the uptake of renewable energy and enhanced energy-efficiency in rebuild projects.

Christchurch Energy Grant Scheme
The Christchurch Energy Grant Scheme contributes to community outcomes for a healthy environment in Christchurch and aligns with the Climate Smart and Sustainable Energy Strategies. In particular the following outcomes are sought:

- A greater proportion of energy used in the city is from renewable sources
- Energy is used more efficiently
- To raise awareness of the general public through visible demonstrations, promotions and/or education initiatives
- Reductions in greenhouse gas emissions and energy intensity across the city

The fund covers plant purchases and installation costs for:
- Renewable energy initiatives – such as geothermal/ground source heat extraction, photovoltaic generation and biomass energy generation
- A district energy scheme; and
- Energy efficiency measures that go well beyond the building code minimum – in new and/or renovated buildings.

The building project (or buildings to be serviced) must have a combined floor area greater than 1,000m^2 and be located in the Central City.

It is noted that CAfE cannot provide grants to local authorities or government organisations.

Performance Targets
Allocation of the remaining balance of incentive grants for initiatives within the Central City through the Christchurch Energy Grants Scheme or other initiatives in line with the Trust Deed.

4. FINANCIAL DISCLOSURE

Accounting Policies

CAfE has adopted accounting policies that are consistent with generally accepted accounting practices in New Zealand (NZGAAP). They comply with the Tier 2 Not-for-profit Public Benefit Entity (PBE) standards for periods beginning on or after 1 July 2014.

A summary of the current accounting policies is attached in Appendix 1.

Financial Performance Targets

	2019/2020
Revenue	
Interest received	2,000
Expenditure	
Christchurch Energy Grant Scheme Payments	204,000
Grant Administration & General Expenses	18,000
Total Expenses	222,000
Deficit for the year	(220,000)
Retained Surplus	
Opening Balance	225,000
Current Year Deficit	(220,000)
Closing Balance	**5,000**

Notes:

- Operations are funded from current reserves, it is not envisaged that any borrowings will be necessary.
- Any surplus accruing or remaining from the operations of CAfE during 2020 FY will be paid out to the Mayors Welfare Fund Charitable Trust.
- No provision has been made for project funding from any appointers from the 2019/20 year.
- The nature of the Christchurch Energy Grant Scheme is such that while a grant is awarded it may be drawn down by the recipient over a number of years as their project progresses. It is expected that grants of $2,253,200 will have been awarded by 30 June 2020.

5. GOVERNANCE STATEMENT

CAfE is governed by a Board of Trustees appointed by the Council and appointer organisations. The Trust Deed enables the Council to appoint up to 50% of the Trustees by number, but does not require them to do so. The Council also appoints the Chair who is also a Trustee of CAfE.

Appointer organisations may appoint a single Trustee.

Initial appointor organisations were

Environment Canterbury Regional Council (Ecan)
Energy Efficiency and Conservation Authority (EECA),
Meridian Energy Ltd,
Orion New Zealand Ltd
Solid Energy Ltd (Renewables Division)

Meridian Energy Ltd, Orion New Zealand Limited and Solid Energy Ltd withdrew their funding effective 30 June 2013, while Environment Canterbury Regional Council withdrew their funding effective 30 June 2014. However, all have remained as appointer organisations.

The current size of the Board is four, including the Chair and the Council appointed Trustees.

The Trustees have elected not to receive remuneration for their role as Trustees.

CAfE does not have any committees.

6. COMPENSATION SOUGHT FROM LOCAL AUTHORITY

CAfE seeks compensation from the Council in the form of appointer contributions and project funding.

	2018/19	2019/2020
Appointer contributions	$0	$0
Project Funding	$0	$0

7. 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 CAfE'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 PBE IAS 34.

Annual reports will outline CAfE's objectives and performance in terms of financial and operational inputs, outputs and outcomes.

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 it is appropriate, revised forecasts will be submitted to the Council.

CAfE 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.

CAfE will provide information requested by the Council in accordance with the requirement of the Local Government Act 2002.

APPENDIX 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary is set out in a form consistent with the form in which the accounting policies will be set out when presented with the financial statements of CAfE. No financial statements are included with this SOI.

Statement of Significant Accounting Policies

a. Basis of financial statement preparation

In accordance with the Accounting Standards Framework the Trust is a Not-for-profit Public Benefit Entity. CAfE has elected to apply Tier 2 PBE standards with effect from 1 July 2014.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain non-current assets.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

b. Revenue

Grants/Contributions/Donations

Grants/Contributions/Donations received from the Christchurch City Council and other appointer organisations 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 Trust Deed. These receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the payment are not met. If there is such an obligation, the receipts are initially recorded as revenue received in advance, and recognised as revenue when conditions are satisfied. This is classified as revenue from non-exchange transaction.

Other Revenue

Revenue is measured at the fair value of consideration received. This is primarily composed of interest revenue which is recognised using the effective interest method and is classified as revenue from exchange transaction.

c. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred

unless they meet the conditions for capitalised interest.

d. Income tax

The Inland Revenue Department (IRD) has confirmed that CAfE has charitable status for tax purposes and is therefore not liable for income tax.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with original maturities of three months or less.

f. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

g. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently

measured at amortised cost.

h. 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 with any difference between cost and redemption value being recognised in the statement of comprehensive revenue and expense over the period of the borrowings on an effective interest basis.

i. 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, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

j. Provisions

A provision is recognised in the balance sheet when CAfE 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.

k. Critical accounting estimates and assumptions

In preparing these financial statements of CAfE has made estimates and assumptions concerning the future and its continued income sources. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Christchurch City Council

Attachment C Item 13

CIVIC BUILDING LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDED 30 JUNE 2020

1

CIVIC BUILDING LIMITED STATEMENT OF INTENT FOR YEAR ENDED 30 JUNE 2020

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CIVIC BUILDING LIMITED STATEMENT OF INTENT FOR YEAR ENDED 30 JUNE 2020

1.0 INTRODUCTION

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

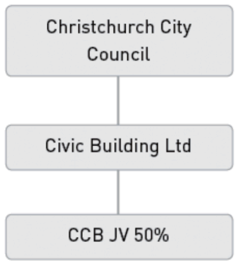
The SOI specifies for Civic Building Ltd (CBL) and the Civic Building Unincorporated Joint Venture (CCB JV), the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives, amongst other requirements. It covers the three financial years ending 30 June 2020, 2021 and 2022.

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, the Christchurch City Council (Council).

CBL is 100% owned by the Council. Council provides management services to CBL through a management arrangement.

The Civic Offices building is owned by an unincorporated joint venture jointly owned by CBL and Ngai Tahu Property Ltd and each party owns 50% of the unincorporated joint venture.

The group structure is:



The SOI is reviewed annually with Council and covers a three-year period. CBL is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

2.0 DIRECTORY

Address:	Civic Building Limited PO Box 73015 Christchurch 8154
Registered Office:	53 Hereford Street Christchurch 8011
Board:	Jamie Gough (Chairperson) David East (Deputy Chairperson) Mike Davidson

CIVIC BUILDING LIMITED STATEMENT OF INTENT FOR YEAR ENDED 30 JUNE 2020

3.0 VISION

The CBL objectives are:

- To continue to own 50% of the Civic Building in partnership with Ngai Tahu Property Ltd and lease the building to the Council.

4.0 NATURE AND SCOPE OF ACTIVITIES

CBL and the unincorporated joint venture with Ngai Tahu Property Ltd are CCTO's for the purposes of the Local Government Act 2002. CBL is registered under the Companies Act 1993.

The Civic Office is jointly owned by CBL and Ngai Tahu Property Ltd, through an unincorporated joint venture with each party owning 50%. CBL borrowed sufficient finance from the Council to enable it to carry out its obligations as joint venture partner with Ngai Tahu Property Ltd and to implement the proposal adopted by the Council for the design, construction and ownership of the Civic Building.

5.0 GOVERNANCE

The Board is responsible for the strategic direction and control of CBL's activities. The Board guides and monitors the business and affairs of CBL on behalf of the Shareholder, to whom it is accountable.

The joint venture is governed by a management committee comprised of representatives of CBL and Ngai Tahu. The management committee meets regularly and is responsible for the achievement of the goals of the joint venture.

The primary function of the Board is to ensure that CBL meets its objectives and requirements as listed in the SOI. Additionally, the Board has obligations under the Local Government Act 2002 to deliver an annual Statement of Intent and relevant half-yearly and annual reports to the Shareholder.

Appointments to the Board are confirmed by Council resolution.

6.0 PERFORMANCE TARGETS

Financial Performance Targets

The financial performance targets for CBL are as follows:

	2019/20 $000	2020/21 $000	2021/22 $000
Revenue			
Interest - Finance Lease	3,393	3,296	3,192
Interest - Other	10	11	16
Other income	986	1,036	1,048
	4,389	4,343	4,256
Expenses			
Finance costs	3,762	3,728	3,674
Other expenses	562	574	586
	4,324	4,302	4,260
(Loss)/profit before income tax	65	41	(4)
Income tax (income)	155	166	221
(Loss)/profit for period	(90)	(125)	(225)

CBL is forecasting operating deficits 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.

Ratio of Shareholder Funds to Total Assets

The forecast ratio of Shareholder funds to total assets for the next three years is:

2019/20	2020/21	2021/22
-15.3%	-15.5%	-15.9%

Capital Structure

The forecast capital structure for the next three years is:

	2019/20 $000	2020/21 $000	2021/22 $000
Uncalled Capital	10,000	10,000	10,000
RPS Shares	6,188	6,188	6,188
Borrowings from Council	51,788	50,488	48,788
Finance Lease asset	42,900	41,481	39,959
Total Assets	55,323	54,113	52,600

The loan from Council is forecast to commence repayments in 2018/19, the first principal repayment of $2,500,000 was made on 20 December 2018 and will result in a reduction in interest expense and the second principal repayment of $2,500,000 is scheduled for 30 June 2019.

CIVIC BUILDING LIMITED STATEMENT OF INTENT FOR YEAR ENDED 30 JUNE 2020

Operational Performance Targets

In addition to the above financial performance measures, CBL will use the following measures to assess its operational performance in the 2020 financial year:

Objective and Strategy	Performance Measure
Meet the financial targets contained within this SOI.	Budgeted key performance indicators are met or exceeded.
Manage the investment in a commercially astute and prudent manner.	Ensure the Civic building is managed in accordance with the management agreement.

Environmental and Social Performance Targets

In addition to the above financial performance measures, CBL will use the following measures to assess its environmental and social performance in the 2020 financial year:

Performance Target	Performance Measure
The Civic Building was designed to achieve a high standard in terms of environmental and energy sustainability.	Ensure the Civic Building operates in a manner that preserves accreditation features equivalent to Green Star rating.

7.0 ACCOUNTING POLICIES

As a CCTO, CBL is a profit oriented entity for financial reporting purposes and prepares its financial statements in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Tier 2 for-profit entities. As a Tier 2 for-profit entity, CBL reports under a reduced disclosure regime.

8.0 DISTRIBUTIONS

During the year to 30 June 2019 CBL will make no distribution to the Shareholder.

9.0 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.

10.0 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.

11.0 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.

12.0 ESTIMATE OF COMMERCIAL VALUE

The Shareholder has recorded the value of its investment in Civic Building Ltd in its accounts at 30 June 2018 as $68 million and this is considered an appropriate estimation of the commercial value of CBL.

13.0 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 utilise the services of the Council to manage its affairs.

APPENDIX 1.0

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These are the significant accounting policies of Civic Building Limited (CBL).

CBL is registered under the Companies Act 1993 and is domiciled in New Zealand. The Company is a Council Controlled Trading Organisation as defined by section 6 of the Local Government Act 2002.

CBL was established on 12 October 2007 in order to carry out the development of the Civic Building for the Council. On 26 October 2007 CBL entered into an agreement to develop the Civic Building on the former NZ Post site with Ngai Tahu. The Council's 2009 Annual Plan approved the creation of an unincorporated joint venture structure to carry out the development. CBL has a 50% interest in the resulting joint operations.

Accordingly, CBL has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS). CBL is not considered 'large' for the purposes determining the appropriate reporting tier and has consequently opted to report as a Tier 2 entity applying NZ IFRS with Reduced Disclosure Requirements.

The financial statements of CBL are prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993 and the Local Government Act 2002.

Basis of financial statement preparation

The financial statements are prepared in accordance with the New Zealand generally accepted accounting practice as appropriate for Tier 2 for-profit entities.

The financial statements are prepared on an historical cost basis except for the revaluation of investment properties.

The functional and presentation currency is New Zealand dollars. All values are rounded to the nearest thousand dollars ($000).

Judgement, estimates and assumptions

In preparing its financial statements, CBL is required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the year if the change affects only that year, or into future years if it also affects future years. In the process of applying CBL's accounting policies, management has to make the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in the financial statements. The determination of the fair value of investment property is regarded as a critical estimate and is valued at least on an annual basis. This requires the estimation of current market values by an independent registered valuer.

The accounting policies set out below are applied consistently to all periods in preparing financial statements.

a. Joint Operations

A joint operation is a joint arrangement whereby the parties have joint control of the arrangements and have rights to the assets, and obligations for the liabilities relating to the arrangement.

Where such an arrangement exists CBL will recognise its share of the assets, liabilities, revenue and expenses including its share of any held or incurred jointly.

b. Financial Assets

Term deposits with maturities greater than three months are measured at amortised cost and have been designated as loans and receivables.

c. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of CBL's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the statement of financial position.

e. Investment Property

The land leased to third parties under operating leases is classed as investment property.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in fair value of the investment property are recognised in the statement of comprehensive income.

f. Share capital

(i) Ordinary share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at CBL's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it provides for mandatory redemption by the issuer for a specific amount at a specific date (or gives the holder the right to require such redemption from the issuer), or if it gives the holder the right to put it back to the issuer for cash or another financial asset. Dividends thereon are recognised in the statement of comprehensive income as interest expense.

g. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

h. Provisions

A provision is recognised in the statement of financial position when CBL has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of expenditures, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i. Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership of an asset transfer to the lessee are classified as finance leases whether or not title is eventually transferred. At inception, finance leases are recognised in the statement of financial position at the present value of the minimum lease payments plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant rate of return on the net investment outstanding in respect of the lease.

(ii) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

j. Revenue

Revenue is measured at the fair value of consideration received.

(i) Interest income

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(ii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis.

This income allocation is based on a pattern reflecting a constant periodic return on CBL's net investment in the finance lease.

(iii) Operating lease income

Operating lease income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(iv) Insurance proceeds

Insurance proceeds are recognised in the statement of comprehensive income when the compensation becomes receivable.

k. Financing costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. All interest payable on borrowings is recognised as an expense in the statement of comprehensive incomes as it occurs.

l. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

m. Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services received by CBL during and up to the end of the financial year and which remain unpaid as at balance date.

n. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. The net amount of GST recoverable from, payable to, the Inland Revenue Department is included as part of receivables or payable in the statement of financial position.

RICCARTON HOUSE & BUSH
PŪTARINGAMOTU

RICCARTON BUSH TRUST

**Statement of Intent
for the year ending
30 June 2020**

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,	
Phone no.	021 320967	03 341-1018	027 5440462
Email	bob@bobshearing.co.nz	manager@riccartonhouse.co.nz	

2. Our Vision

The Riccarton Bush/Pūtaringamotu, Riccarton House, Deans Cottage and the Grounds are collectively recognised as the premier natural and cultural heritage site in Christchurch/Ōtautahi and Canterbury/Waitaha

3. Value Statement

Heritage conservation of The Riccarton Bush property/Pūtaringamotu is the primary consideration.

4. Management Goals

Goal 1 Protect and enhance the indigenous flora and fauna of The Riccarton Bush indigenous forest, including mahinga kai and taonga species.

Goal 2	Protect and conserve Riccarton House and Deans Cottage and their Grounds.
Goal 3	Promote the natural and cultural heritage values of the Riccarton Bush property/Pūtaringamotu.
Goal 4	Increase visitation to The Riccarton Bush, Riccarton House, Deans Cottage and their Grounds.

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, including Deans Cottage the oldest house on the Canterbury Plains, built in 1843, 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 at a modest cost on a daily basis or by request. Discounts are available to Christchurch residents.

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 eight 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 can be appointed by the Board.

The functions of the Board are to:

a) Appoint a chief executive officer
b) Reappoint or replace a chief executive officer
c) Specify the functions of the chief executive officer
d) Establish broad lines of policy consistent with the Riccarton Bush Act (and amendments) for the guidance of the Chief Executive Officer

e) Ensure that the Board's assets are maintained in good order and condition:
f) Ensure that the Riccarton House and Bush are run effectively and efficiently.

The board has established three working parties to overview more closely the work of the Trust and report back to the Board with recommendations. These working parties are:

- Bush and Grounds
- House and Promotions
- Finance

7. Accounting Policies

The Trust has adopted accounting policies that are consistent with generally accepted accounting practices in New Zealand (NZGAAP). They comply with the Tier 2 Public Benefit Entity (PBE) standards for periods beginning on or after 1 July 2014.

8. Ratio of Shareholders' funds to total assets:

This ratio is not applicable as the total assets of the Riccarton Bush Trust are vested in the Trust and cannot be transferred. There is currently no debt.

The forecast capital structure for the next three years is:

	2019/2020 $m	2020/2021 $m	2021/2022 $m
Equity Check	15.967	15.816	15.666
Debt	Nil	Nil	Nil

9. Performance Targets

(a) Financial performance Targets
The financial performance targets for the Trust are as follows:

	2019/20 $ (000)	**2020/21 $ (000)**	**2021/22 $ (000)**
Revenue	560	771	582
Operating Expenses	560	771	582
Operating surplus/deficit before depreciation	0	0	0

Note that the repaint of Riccarton House is scheduled for 2020/21 which shows as an additional $200,000 operational expense.

(b) Project Performance Targets

Target		Performance Measure 2019/20
1.	Monitor Health and Safety practices in accordance with adopted policy to meet the requirements of the Health and Safety at Work Act 2015	• Report to each Board meeting • Target results for all Trust activities, of: ○ Serious Harm incidents = 0 ○ Accident = 1 ○ Near Misses = 3
2.	Refit and upgrade the external public toilets	Completed by 30 June 2020
3.	Carpet in hallway/drawing room and fine dining room replaced	Completed by 30 December 2019
4.	Installation of sun-filters throughout house	The wall paper and linings in the morning room are protected from sun damage by 30 June 2020

Environmental and Social Performance Targets

Target		Performance Measure 2019/20
1.	Minimise the number of feral pigeons in Riccarton Bush and Grounds through culling and physical barriers	Feral pigeon numbers not causing significant nuisance
2.	Monitoring and management of rodent activity in Riccarton Bush	Effective management of bait stations resulting in observable decrease in activity
3.	Bush and Ground Interpretation	The full upgrade has been completed by 30 June 2020
4.	Bush Enhancements - Boardwalk	Develop a fund-raising strategy by 30 December 2019

10. Information to be provided to the Council

An Annual Report will be submitted to the Council. The Annual Report will include audited financial statements, including the report of the auditor, and such other details as are necessary to permit an informed assessment of the Trusts 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; Operational; Environmental and Social targets

The Statement of Intent will be submitted to the Council for consultation annually, as required by the Local Government Act 2002. The Trustees will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the Council.

The Trust will operate on a "no surprises" basis in respect of significant "Council interest" related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The Trust will provide information requested by the Council in accordance with the requirement of the Local Government Act 2002 and the Riccarton Bush Amendment Act 2012.

11. Compensation sought from local authority

For 2019/20 the Trust is seeking funding from the Council in the sum of $360,600 in accordance with the Riccarton Bush Amendment Act 2012 to assist with the operation and management of the Riccarton Bush.

Capital grants totalling $93,100 are also sought from the Council to assist with the funding of the following projects:

- Ground floor Carpet Replacement
- Technology Upgrade
- Bush and Grounds Interpretation
- External Toilet Upgrade
- Bush Enhancements (Boardwalk)
- New Drapes/Sun-filters

12. General Information

Distributions:
The Riccarton Bush Trust was registered as a charitable entity under the Charities Act 2005 on 26 May 2008 and as such, there will be no distributions.

Acquisition or Disposal of Shares or Assets:
The Riccarton Bush Trust has no intention to acquire shares or dispose of any of the core assets.

Commercial Value:
Given the charitable status of the Riccarton Bush Trust, the concept of the Trust having a commercial value is not applicable.

Rod Donald banks peninsula trust
te pātaka o rākaihautū

Rod Donald Banks Peninsula Trust

Te Pātaka o Rākaihautū

Draft Statement of intent

For the year

1 July 2019 - 30 June 2020

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	03-3047733
Physical Address:	c/o DJCA, Level 3, 50 Victoria Street, Christchurch 8013

Current Trustees[1]

[1] Simon Mortlock retires as Trustee on June 30, 2019. Maureen McCloy has been appointed to replace him as the chair. The Trust will recommend to Council that Paul McNoe, currently a co-opted Trustee, is appointed by Council, and it intends to co-opt 1 or 2 additional Trustees in the coming months.

Rod Donald banks peninsula trust te pātaka o rākaihautū

Executive summary

The Rod Donald Banks Peninsula Trust exists for the benefit of the present and future inhabitants of Banks Peninsula and for its visitors. It has broad objectives of sustainable management, and the protection, preservation and enhancement of the environment, recreation, culture and heritage. The Trust is a Christchurch City Council controlled organisation and presents its goals and performance measures for 2019-20 to the Council in this Statement of Intent.

The nature and scope of activities planned for the next three years support four pillars:

- Taking a leadership role to secure and extend public walking and biking **access** on a network of well-marked and managed tracks;
- Taking a support role to 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.

Activities planned build on existing projects and relationships and include:

- securing access on Te Ara Pātaka upland tramping track connecting Lyttelton and Akaroa craters, developing maps, shelters and an ongoing maintenance plan, and eventually extending it to connect Christchurch to Akaroa and loop back to SH75 via the Southern Bays;
- managing, maintaining and developing the Trust's existing assets including Rod Donald Hut, a suite of walking information products and the annual Banks Peninsula Walking Festival;
- supporting development of the Head to Head walkway around Lyttelton Harbour/Whakaraupō;
- supporting Banks Peninsula Conservation Trust and its Ecological vision - including Pest Free Banks Peninsula 2050 and the Peninsula having four indigenous forest areas of more than 1000ha each;
- building knowledge of how income from carbon sequestration projects can assist with native biodiversity enhancement;
- building a stronger partnership with Christchurch City Council through joint projects to improve signage, waymarking and maintenance of peri-urban tracks on the Peninsula, and walking linkage plans in support of the Public Open Space Strategy or its replacement; and,
- building stronger partnerships with others including Whaka Ora/Healthy Harbour, ECan,

The Trust regards securing public access as the most significant long-term legacy it can achieve with its funds, noting that this has often coincided with securing land for biodiversity protection. This is a unique point of difference from other organisations working on Banks Peninsula. The Trust's independence and capital base give it the ability to secure opportunities as they become available and to work more flexibly and rapidly than most government bodies. The CCC Public Open Space Strategy, currently under revision, provides a framework for the Trust's walking and biking strategy.

To date the Trust has operated on the premise that it will distribute its initial capital of $3.5 million on projects in support of its four strategic pillars. The Trust signals that it expects to fully deplete the bulk of its capital completing the projects listed above. During the period of this Statement of Intent, the Trust intends to continue working with Christchurch City Council and others to secure ongoing funding in support of Striding Forward, the Trust's 2020-2030 Strategic Plan.

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Rod Donald banks peninsula trust te pātaka o rākaihautū

1 Introduction

Rod Donald Banks Peninsula Trust (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.

The RDBPT has crystallised its wide objectives into four key pillars; ***Access, Biodiversity, Knowledge and Partnership***. These pillars are used as criteria to select and assess projects and underpin day-to-day work.

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 the Banks Peninsula communities
- Building high-trust relationships
- Transparency between partners
- No surprises, full disclosure
- Behaving in an ethical manner
- Being formal in its processes – with agreements documented and approved
- Assessing and measuring all its projects against its four pillars of access, biodiversity, knowledge and partnership
- Keeping the public and the Council informed through its website and annual newsletter.

The Trust has developed a Walking and Cycling Strategy to more specifically guide its decision making on access projects. The CCC Public Open Space Strategy provided a guiding framework for the Trust's Strategy. 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.

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. At the end of the seven year period (July 2010 -June 2017), RDBPT has distributed 25% of its opening funds.

RDBPT signals that in completing its current projects the Trust is likely to deplete its capital below the level where it can operate. It therefore proposes to work with the Council to replenish the funds.

Rod Donald banks peninsula trust te pātaka o rākaihautū

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.

RDBPT has identified securing public walking 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 the following nature and scope:

- Taking a leadership role to secure and extend public walking and biking **access** on a network of well-marked and managed tracks;
- Taking a support role to assist others to secure and enhance areas of native **biodiversity**;
- Taking a leadership role in the dissemination of **knowledge** with regard to public walking access and a support role with regard to biodiversity, culture and heritage
- Working in **partnership** with statutory and community bodies as appropriate on all of its projects.

The activities planned over the next three years aim to complete and further the projects RDBPT has in progress or has adopted. The majority of the costs associated with these projects are likely to be incurred through securing public access over private land. As this relies on negotiations with willing land-owners, there may be considerable variance in costs and timeframes from the targets in this SOI.

In anticipation that the Trust will at some point in the near future fully deplete its capital, it will look to find long-term solutions to the ownership and management of its assets, and work to replenish its capital through a closer relationship with the Council, and with other parties.

RDBPT's current projects, and those to which funds have already been pledged, include:

- Te Ara Pātaka (Summit Walkway),
- Rod Donald Hut
- Walking information products
- Supporting the Head to Head walkway in Lyttelton Harbour
- Funding partner organisations through grants
- Supporting biodiversity enhancement principally through the Banks Peninsula Conservation Trust led initiatives and better understanding of potential carbon income;
- Supporting the Banks Peninsula Pest Free initiatives
- Banks Peninsula Walking Festival
- Developing new walking and biking opportunities around Little River

Further information on these projects is in Appendix E.

Rod Donald banks peninsula trust
te pātaka o rākaihautū

5 Performance targets and measures

5.1 Non-financial performance targets

This section lists the Trust's non-financial key performance indicators, and the anticipated achievements in the 2019/20 year.

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***
	Progress Te Ara Pātaka through securing public access and adding user facilities, including continued management of Rod Donald Hut and development of a long-term plan for assets.
	Support the improvement and development of other walking and biking opportunities on well maintained and managed tracks.
Indicator 3.	***Provide tangible support for biodiversity***
	Continue support for the Banks Peninsula Conservation Trust and other groups involved with biodiversity protection and enhancement.
	Participate in the Banks Peninsula Pest free initiatives
	Look to achieve biodiversity corridors and gains when securing land for Access.
	Build expertise in carbon sequestration and how it can facilitate native forest regeneration
Indicator 4.	***Provide tangible support for projects building the Knowledge pillar, and leadership around walking access knowledge.***
	Keep the Trust's map, brochure and web products updated, develop another brochure for Lyttelton Harbour /Whakaraupō and work on a long-term strategy for their ownership.
	Work with others including the Department of Conservation and Christchurch City Council to share and disseminate information about Banks Peninsula.
	Lead the Banks Peninsula walking festival
Indicator 5. ***Provide tangible support for and work with a range of partners***	
	Inform the public and relevant interest groups about on-going activities and progress of the Trust
	Identify other bodies which have funds available for projects aligned with the objectives of the RDBPT, develop strategic relationships with these bodies with the aim of a 4:1 leverage on Trust capital where possible.

Rod Donald banks peninsula trust te pātaka o rākaihautū

5.2 Financial performance targets

The financial performance targets for the Trust are as follows:[2]

	Notes	2019/20	2020/21	2021/22
Operating Surplus				
Revenue	1	$99,850	$62,675	$41,150
Trust Management	2	-$92,700	-$94,554	-$96,445
Operating costs	3	-$68,114	-$69,477	-$70,866
Operating Surplus/(Deficit)		-$60,964	-$101,355	-$126,161
Trusts Funds				
Opening funds	4	$2,131,765	$1,348,801	$706,196
Operating Surplus/(Deficit)		-$60,964	-$101,355	-$126,161
Strategic grants and project expenditure	5	-$722,000	-$541,250	-$490,000
Closing balance		$1,348,801	$706,196	$90,035

Notes

1	Revenue consists of interest income plus sales
2	Trust Management reflects the cost of the current management contract with Peninsula Projects, providing the Trust's operational management service.
3	Operating costs include accountancy, insurance, audit fees, meeting costs, web hosting, strategic planning, minor projects (such as advocacy or web development), professional fees not separately budgeted, and the costs of goods and services sold.
4	Opening funds reflect the amount of the Trust's liquid capital (held as cash and term deposits), but does not include its capital assets. This liquid capital figure enables the Trust to determine its ability to take on projects. The Financial Performance targets therefore reflect the Trust's cash rather than equity position. The 2019/20 Opening Balance is an estimate based on the balance at December 31, 2018 plus revenue and less expense forecast to June 30 2019.
5	Strategic grants and project expenditure include grants to other organisations achieving Trust goals and its own major projects. The Trust prefers not to own the end capital asset created where possible, so these funds may be used to purchase land or assets on behalf of other organisations. The pattern of spending shown is based on achieving public access on Te Ara Pātaka and other projects progressing toward an optimal timetable, but is likely to vary from the forecast depending on the progress of access negotiations and projects and appropriate opportunities presenting. The Trust has no commitments beyond the period shown.

The Trustees will report financial results as set out below in the 'Information to be provided to Council' section.

[2] Forecast is a draft yet to be finalised by Trust board in the draft SOI

6 General matters

6.1 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 will provide an Information and Records Management Strategy meeting its obligations under the Public Records Act 2005 including archiving its records with the support of the Council staff.

A separate annual newsletter will provide more information about the Trust's projects and will include any other information the Trustees consider appropriate.

The RDBPT will provide its annual report and newsletter to the Banks Peninsula Community Board for their information and, if invited by the Community Board, will attend an annual workshop 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.

6.2 Accounting policies

The current accounting policies are attached to this SOI in Appendix C.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non-current assets.

6.3 Acquisition of shares in any company

RDBPT will notify the Council before acquiring securities or debt shares in any company.

6.4 Ratio of consolidated Trust funds to total assets

RDBPT's funds are equal its total assets.

6.5 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.

6.6 Commercial value of the investment

The commercial value of the investment is equal to the net assets of the RDBPT. The current asset of the RDBPT is approximately $2,997,604 including cash, property and other assets. The commercial value will be reviewed on a 6-monthly basis when the financial reports for the RDBPT are prepared. The figure given here is based on the Half Year Report, December 2017.

6.7 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.

Rod Donald banks peninsula trust te pātaka o rākaihautū

Appendix A. Trust objectives

The RDBPT is a trust for charitable purposes.

The RDBPT exists for the benefit of the present and future inhabitants of Banks Peninsula and for visitors to Banks Peninsula.

The RDBPT's activities will focus on the area within the district which was administered by the Banks Peninsula District Council immediately prior to its amalgamation with the Christchurch City Council (the Banks Peninsula area). A map of the Banks Peninsula area is included as Appendix B to this Statement of Intent.

The objectives of the RDBPT are:

(a) to promote sustainable management and conservation (consistent with the purposes and principles of the Resource Management Act 1991 and the Conservation Act 1987 and any replacement legislation) of the natural environment in the Bank Peninsula area;

(b) to establish, support or facilitate environmental based projects that are focussed on:

  (i) the maintenance and development of recreation facilities including parks, reserves, walkways and affordable camping grounds in the Bank Peninsula area ;

  (ii) providing public access to recreation facilities including parks, reserves, walkways and affordable camping grounds in the Bank Peninsula area;

  (iii) the reinstatement and preservation of native vegetation in the Bank Peninsula area;

  (iv) the enhancement of the natural biodiversity of the Bank Peninsula area;

  (v) the restoration of the Bank Peninsula area waterways to their natural state; and

  (vi) the protection of native endangered species present in the Bank Peninsula area;

(c) to establish, support or facilitate projects that are focussed on the protection, preservation and enhancement of areas of historical or cultural significance, or the built heritage of the Bank Peninsula area;

(d) to undertake or facilitate in any other way research projects or scientific enquiries to carry out the Objects;

(e) to provide educational opportunities to further the public's understanding or enjoyment of the natural, historical and cultural qualities of the Bank Peninsula area;

(f) to commission or otherwise support research and monitor projects relating to the status and quality of the natural and physical environment throughout the Bank Peninsula area;

(g) to purchase or lease land to:

  (i) carry out any improvements on land for the sustainable management of the environment or more general environmental or conservational purposes of the Trust,

  (ii) provide facilities or opportunities for the educational purposes of the Trust;

(h) to source and allocate funds for projects which support, promote or otherwise contribute to the Objects;

(i) to seek the support and involvement of appropriate persons, organisations and agencies, (including the Christchurch City Council) and work alongside or collaboratively with such persons, organisations and agencies to carry out the Objects;

(j) to hold seminars, tutorials and lectures within the Bank Peninsula area and throughout Canterbury to demonstrate research relating to the objects, and to encourage the public to become involved with or to generally promote the aims and purposes of the Trust to the community;

(k) to carry out any other charitable purpose which is capable of being carried out in connection with the Objects or may directly, or indirectly, advance the Objects;

(l) to raise money and to seek, accept and receive gifts, donations, grants, endowments, legacies and bequests of money or in kind for the Objects; and

(m) to do all such other acts and things that are incidental or conducive to the attainment of the Objects.

In pursuance of the objectives of the RDBPT, the Trustees are required to have regard to:

(a) the views of Te Hapū o Ngāti Wheke (Rāpaki), Te Rūnanga o Koukourārata, Wairewa Rūnanga, Te Taumutu Rūnanga and Ōnuku Rūnanga in respect to the value of Banks Peninsula's Mana Whenua (Land), Mana Moana (Waterways) and Mana Tangata (People);

(b) the potential for alignment between the activities of the Trust and any existing or future projects or initiatives of the Christchurch City Council;

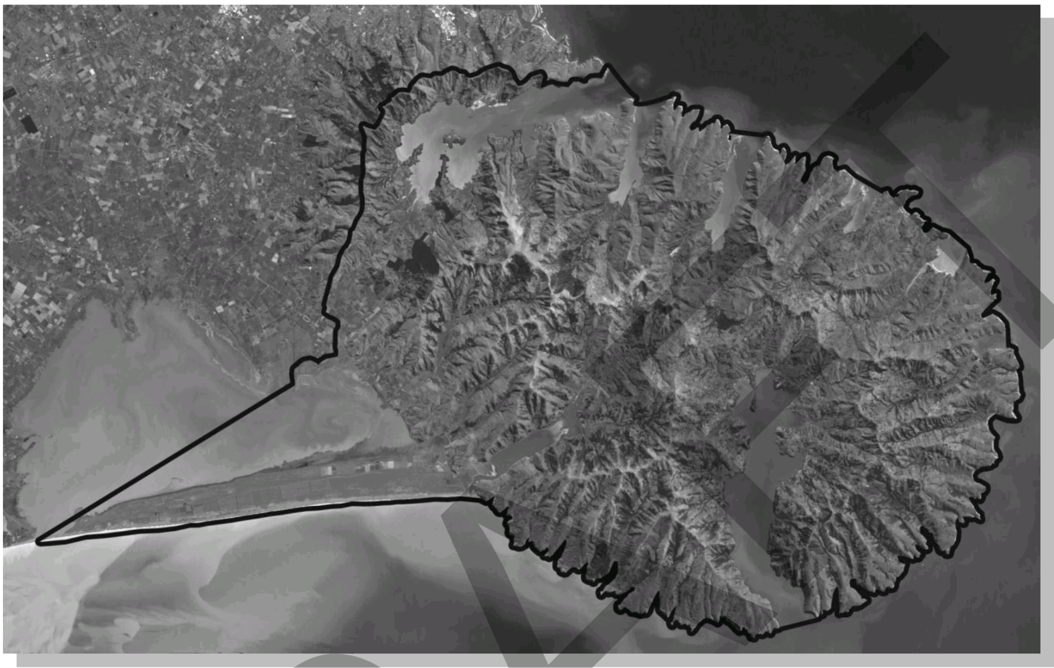
(c) whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government;

(d) the objectives, roles and activities of any other organisation engaged in similar activities on Banks Peninsula.

Rod Donald banks peninsula trust te pātaka o rākaihautū

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.



Appendix C. Summary of Significant Accounting policies

This summary is set out in a form consistent with the form in which the accounting policies will be set out when presented with the financial statements of RDBPT. No financial statements are included with this SOI.

Statement of Significant Accounting Policies

a) Basis of financial statement preparation

In accordance with the Accounting Standards Framework the RDBPT is a Public Sector PBE. The RDBPT while meeting the requirements to apply Tier 3 PBE Accounting standards (is not publically accountable and has expenses less than $2 million) has elected to apply Tier 2 PBE standards with effect from 1 July 2014.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain non-current assets.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

b) Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

c) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

d) Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

e) 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.

f) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

g) Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

h) 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 with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

i) Goods and Services Tax

The Rod Donald Banks Peninsula Trust is registered for GST. All amounts stated are exclusive of GST where applicable.

j) 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.

k) Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Appendix D. Investment Strategy

This appendix describe the:

- Rod Donald Banks Peninsula Trust Investment Principles
- Available funds
- Method to achieve principles

This strategy is aimed at the 5 year period from the start of the financial year on 1 July 2018 to the end of the financial year on 30 June 2023.

D.1 Investment Principles

Summary

- The trust funds are managed for the medium term with the intention that all funds will be exhausted by around 2023.
- This intention may change over time and the investment principles will be adjusted to match any changed timeframes.
- The Trust aims to achieve capital injection through partnerships with other organisations, i.e. for every $1 the Trust invests in projects that further its objectives, it seeks $4 from partners or other sources.

Investment Objectives

1. To retain sufficient funds in the Trust's current account to provide sufficient cashflow for day to day operations and to invest the remainder of the funds in order to generate the best return possible for the Trust.
2. To invest for income rather than capital growth as the Trust's aim is to maximise income to support the achievement of the Trust's objectives.
3. To achieve, on average, better than the Official Cash Rate for each investment class.

Risk tolerance

1. To maintain a prudent spread of investments so that any risk on the capital fund is managed and minimised.
2. To make investment decisions that are informed and do not risk the on-going viability of the Trust.
3. To only invest in investment classes that Trustees are informed about and understand.
4. To invest the Trust's funds in compliance with the Christchurch City Council's Investment Policy.

Compliance with the Council's Investment Policy

The Trust will ensure compliance by:

1. Only acquiring securities or debt shares in any company after having notified Council.
2. Investing with banks that hold an investment grade rating of at least BBB.
3. Ensuring that no more than 30% of fixed income investments fall outside the Council's Investment Policy.

Selection Criteria

The Trust will invest in organisations that are well established, strong performers and which it expects will deliver a regular healthy dividend in future years, e.g. power, telco, banks, property, energy, retirement or airport companies.

Delegations

1. The Trust's Employment, Audit and Risk Committee will oversee the management of investments and compliance with these principles on behalf of the Board and will report all investment decisions and outcomes to the Board on a regular basis.
2. Re-investment of funds for periods greater than one year or for amounts greater than $500,000 will require a decision by:
   a) The Board; or
   b) If the Board is not available, then the Manager in conjunction with the Chair; or
   c) If the Chair is not available, then the Manager in conjunction with another Board Member.
   d) In both instances of the Board not being available, the decision will need to be ratified at the next Board Meeting.

D.2 Available Funds

The following table calculates the Trust's anticipated opening balance on July 1, 2019 based on the current position in its Half Year report at 30 December 2018, where the opening balance represents the Trust's cash position.

Total cash and investments at 30 December 2018	$2,006,826
Current liabilities and expenses forecast to Jun 30 2018	($217,813)
Anticipated revenue to Jun 30 2018	$358,876[3]
Anticipated opening balance Jul 1 2018.	$2,147,889

D.3 Methods to achieve principles

The total capital sum forecast as available for use from the start of the financial year on 1 July 2019 is $2,147,889.

As funds mature they will be reinvested using the principles to produce income for the Trust. A mix of longer and shorter term investments will be used to ensure that the Trust has access to sufficient capital funds each year to meet the demands of any projects that have been accepted and are in its forecast, or are pending. However, the Trust may break a longer term deposit if a sufficiently compelling opportunity arises and this cannot be avoided. The capital will be used on projects that leave an enduring legacy.

The annual operational expenditure of the Trust will be funded from a mix of income and capital.

[3] Includes income anticipated from the sale of the Trust's land at 168 Grehan Valley Road during the first 6 months of 2019.

Rod Donald banks peninsula trust te pātaka o rākaihautū

Appendix E. Project detail

The following projects are in progress and some expected to continue into 2019-20 and beyond.

E.1 Te Ara Pātaka (Summit Walkway)

A 2½ 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.

Work for the coming year includes securing access on the remaining private land crossings where access has not yet been secured. This includes potentially bringing a large property into some form of public ownership. The Trust also intends to develop track entrance map signage and day shelters, and ensure that all the tracks in the network are maintained to a reasonable standard.

The Trust has ongoing grant commitment to Orton Bradley Park, which includes an expectation that the Park will maintain two of the tracks that form part of the Te Ara Pātaka network.

Work over the three year timeframe includes extending the route to Wainui with a water taxi to Akaroa and/or around the Southern Bays, improving links with the Lyttelton Crater Rim walkway and developing an appropriate mechanism to co-ordinate the long-term maintenance and management of these tracks that cross a variety of land ownerships and are managed by different agencies.

E.2 Managing and maintaining existing assets

The Trust has built up a suite of assets that it intend to continue managing and maintaining. These include the Rod Donald Tramping Hut on Te Ara Pataka, Walking information products, and the Banks Peninsula Walking Festival.

E.2.1 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 self-funding cost centre over the coming year, to use it to build goodwill with youth groups and other organisations and act as a front face for the Trust.

Work over the three year timeframe may include finding a long-term owner for this asset.

E.2.2 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 self-funding costs centre, and the Trust intends to continue this as it also builds goodwill and enhances the Trust's profile.

Work over the coming year includes development of an additional brochure for Governors Bay in conjunction with Lyttelton Information Centre

Work over the three year timeframe may include a new brochure for Wairewa and finding a long term owner for these assets.

E.2.3 Banks Peninsula Walking Festival

The Banks Peninsula Walking Festival is a community collaboration led by RDBPT and involving Project Lyttelton, Akaroa District Promotions, Little River/Wairewa Community Trust and the Diamond Harbour Community Association. It has been run annually in November since 2013 and built up a strong reputation and following. The Festival aims to cover its costs through grants and ticket sales. The principal cost is the Festival Co-ordinator, a position contracted through RDBPT.

E.3 Supporting Head to Head walkway in Lyttelton Harbour

The Trust participates in the Head to Head Working Party, a sub-committee of the Banks Peninsula Community Board. The Trust's principal role is finding access routes to connect existing Head to Head walkway sections where there is currently no public access available, subject to the agreement of the Working Party in which it participates. It does not anticipate purchasing land to facilitate the Head to Head walkway, but may negotiate easements or make use of formed and unformed legal roads and water transport.

E.4 Supporting Banks Peninsula Conservation Trust Ecological Vision

RDBPT has an ongoing grant commitments to Banks Peninsula Conservation Trust running through the 2020/21 financial year to support its Volunteer Coordinator, but does not envisage issuing further ongoing grants until it has secured further funding for its own future.

E.4.1 Banks Peninsula Pest Free 2050

RDBPT 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 a grant enabling trialling of a new goat eradication methodology and a new Pest Free co-ordinator position managed by Banks Peninsula Conservation Trust, but further funding has not been allocated or forecast. The Trust will keep a watching brief on progress and may help fund future initiatives.

E.5 Building knowledge of carbon sequestration income to support native biodiversity

RDBPT is developing knowledge about carbon sequestration using native biodiversity. In particular and how income derived from this through the ETS system may be used to assist with leveraging more native regeneration across Banks Peninsula, and supporting Banks Peninsula Conservation Trust and landowners involved with conservation activities.

E.6 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 will seek to create an off-road connection to Rod Donald Hut and links to Te Ara Pātaka. This project may commence in 2019/20.

E.7 Building stronger relationships with Council and others

The Trust is working to build a stronger relationship with the Council through shared projects, including:

- working with the Regional Parks team 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.

E.8 Building stronger relationships with other agencies

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.

The Trust envisages further developing and formalising its relationships with Whaka Ora/Healthy Harbour, Environment Canterbury, Ngāi Tahu and rūnanga.

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 has determined to seek ongoing funding so that it can fulfil this role.

14. Local Government Funding Agency - Half year report to 31 December 2018 and Draft Statement of Intent 2019/20

Reference: 19/229570

Presenter(s): Linda Gibb - Performance Advisor

1. Purpose of Report

1.1 This report accompanies the Local Government Funding Agency's (LGFA's) half year report for the period 1 July – 31 December 2018 and its draft Statement of Intent (SOI) 2019/20.

2. Executive Summary

2.1 LGFA's half year report to 31 December 2018 is at **Attachment A** and its draft SOI is at **Attachment B**.

2.2 The LGFA is reporting net operating profit of $6.08 million at December 2018, largely from the early refinancing of loans due to expire on 15 March 2019 by councils and new council borrowing.

2.3 The draft SOI is projecting net operating profit of $10.9 million for 2019/20, $11.2 million for 2020/21 and $10.9 million for 2021/22.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Notes the content of this report.

2. Agrees to advise the Local Government Funding Authority to finalise its Statement of Intent for the three years 2019/20, 2020/21 and 2021/22.

4. Key Points

Interim Report to December 2018

4.1 Performance for the half is largely due to the early refinancing of debt expiring on 15 March 2019, and new lending. New borrowing has tended towards the longer term of 6.5 years (average term of borrowing in the 12 months to 30 June 2018 was 4.5 years).

4.2 Of its loaned funds during the half year, $1.05 billion was long-dated and $800 million was customised lending on a flexible basis. At December 2018, LGFA had long term loans of $8.8 billion and short-term lending (less than 12 months) of $524 million.

4.3 Financial outcomes reported for the half year ending 31 December 2018 include:

- Net operating profit $6.08 million (same period last year: $6.04 million; SOI target $5.77 million). The increase in profit of $0.31 million **against target** is a result of :
    - increased interest revenue of $0.17 million attributable to the early refinancing of loans maturing in March 2019 by councils and a higher level of new council borrowing; and
    - lower Approved Issuer Levy (AIL) of $0.15 million due to lower utilisation of the standby facility;

- Total assets of $9.9 billion (December 2017: $8.8 billion) have increased by $1.1 billion largely from increased loans on issue to local government of $1.35 billion;
- Dividends paid during the period were $1.28 million of which the Christchurch City Council's share was $106,240.

4.4 The Chair of the LGFA board notes that the "The financial strength of LGFA was reaffirmed by credit rating agencies Standard & Poors (in July 2018) and Fitch (in November 2018) who both maintained our credit rating at 'AA+' which, very importantly, is the same as the New Zealand Government" (page 5 of the LGFA Half Year Report, 31 December 2018).

4.5 LGFA is on target to meet three of its four SOI performance targets as noted on page 19 of its half year report. The target not met is for *savings on borrowing costs for council borrowers relative to other sources of financing and compared to previous years*. However, this largely reflects the reduced supply of council-issued debt in the market (and the natural reduction in LGFA/council interest rate differences as remaining council debt gets closer to its maturity), rather than LGFA performance. This measure is likely to become less meaningful if most councils continue to meet their debt requirements from LGFA.

Draft Statement of Intent for 2019/20

4.6 The LGFA's draft SOI was received before 1 March in accordance with clause 2 of schedule 8 of the Local Government Act 2002. Clause 3(a) requires the board to consider any comments on the draft SOI that are made to it within two months of 1 March by the shareholders, or by any of them. Clause 7 requires the board to make the final SOI publicly available one month after its finalisation.

4.7 The LGFA meets the minimum content requirements for a SOI as recorded in clause 9(1) of schedule 8 of the LGA. Therefore, we propose that the Council advises LGFA that it should proceed to finalise the document. The LGFA will be required to consider all comments made by other shareholders, if any, before finalising its SOI.

4.8 A comparison of the financial targets between the current draft SOI and last year's SOI is as follows:

(Loss)/profit before income tax target	SOI target 2018/19 $000	SOI target 2019/20 $000	SOI target 2020/21 $000	SOI target 2021/22 $000
Current draft SOI	-	10.9	11.2	10.9
Last year's final SOI	10.9	9.6	13.7	-

4.9 LGNZ has revised upwards its expectations of short and long term loans by around $1.1 billion in 2020 and $1.6 billion in 2021, reflecting among other things higher long-term borrowing requirements from councils as outlined in the Long Term Plans 2018-28, increased utilisation of short-term borrowing from LGFA by councils, and a surge in new council members who typically refinance their debt with LGFA upon joining.

4.10 Staff agree with LGFA's change in its performance target that was designed to demonstrate the degree of savings that councils have made as a result of acquiring debt from the LGFA rather than private debt providers. This is the target that was not met in the LGFA's interim report as discussed in the section above. LGFA has had difficulty with measuring this performance measure because of the lack of single name bond issuance by councils who are not members of the LGFA. Instead LGFA will use a survey-based approach to identify the benefits its lending provides to councils over private debt providers.

5. Background

5.1 The LGFA is owned by the New Zealand Government (11.1%) and 30 councils (88.9%). Christchurch City Council, and eight other councils own 74.7% (all with equal shareholdings of 8.3% each) and the remaining 21 local authorities own between them 14.2%.

5.2 Loans issued to local government total $9.33 billion (2017: $7.98 billion). The two major debt holders are Auckland Council ($2.10 billion) and Christchurch City Council ($1.96 billion), together holding 43.5% of loans issued. Christchurch City Council’s loans increased by $298.6 million during the half year to 31 December 2018.

Attachments

No.	Title	Page
A ⇩	Local Government Funding Agency - Half year report to 31 December 2018	154
B ⇩	Local Government Funding Agency - Draft Statement of Intent for 2019/20	194
C ⇩	Local Government Funding Agency - Letter accompanying draft SOI 2019/20	207

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
  (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
  (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

Author	Linda Gibb - Performance Monitoring Advisor
Approved By	Len Van Hout - Manager External Reporting & Governance Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO)

Christchurch City Council

Partnering with Councils to finance infrastructure investment

Mā te huruhuru ka rere te manu

Half year report
31 December 2018

LGFA
NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

Mā te huruhuru ka rere te manu
is a traditional saying literally meaning
'birds need feathers to fly'.

Its wider meaning is that
'investment is needed for success'.

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Message from the Chair

He karere mai i te Toihau

For the six months ended 31 December 2018

"LGFA has facilitated a record amount of council borrowing over the six-month period as councils continue to invest in new infrastructure and refinance existing debt. Having undertaken a record amount of issuance in the six-month period, LGFA continues to offer investors a highly rated, higher yielding alternative to New Zealand Government Bonds"

Craig Stobo, Chair LGFA Board

Directors would like to highlight the following developments at LGFA for the six-month period to 31 December 2018.

Strong Financial and Operational Performance

LGFA total interest income for the six-month period of $180.9 million was a 1.5% increase over the 2017-18 comparable period result of $178.145 million while net operating profit of $6.08 million was a 0.7% increase on the 2017-18 comparable period result of $6.04 million.

Net interest income and operating profit exceeded both the previous comparable period result and are ahead of the Statement of Intent (SOI) forecast due to the early refinancing of loans by councils maturing in March 2019 and a higher level of new council borrowing.

Expenses have been managed under budget over the past six months as lower fees from a reduced utilisation of the standby facility, and lower Approved Issuer Levy payments relative to budget, were partially offset by higher legal and NZX costs from lending and bond issuance activities being above budget.

LGFA bonds continue to be an attractive investment for investors while LGFA has also delivered savings in borrowing costs and extended the tenor of lending available to our council borrowers.

The financial strength of LGFA was reaffirmed by credit rating agencies Standard & Poor's (in July 2018) and Fitch (in November 2018) who both maintained our credit rating at 'AA+' which, very importantly, is the same as the New Zealand Government.

Borrowing activity

LGFA issued a record $985 million of bonds over the past six months and nominal outstandings now total $9.104 billion (including $400 million of treasury stock) across eight maturities from 2019 to 2033.

LGFA is the largest issuer of New Zealand dollar (NZD) securities after the New Zealand Government and our bonds are amongst the largest and most liquid New Zealand dollar debt instruments available for investors. We have seen a shift in investor composition over the past six months as offshore investors have become less attracted to the lower yielding NZD fixed income asset class while domestic bank balance sheets have increased their holdings on the outlook for stable domestic monetary policy and a reduced supply of NZ Government Bonds in the coming year. Our offshore investor holdings have reduced from 39% in June 2018 to 33% in December 2018 while bank holdings have increased from 33% to 38%.

The performance of LGFA bonds over the past six months has been mixed with LGFA bond spreads to both swap and NZGB tighter on the mid curve maturities but wider on the short-dated and long-dated maturities. Outright yields on LGFA bonds have declined over the past six months by between 11 bps (0.11%) on the 2020 maturity and 46 bps (0.46%) on the 2025 maturity and are at historic lows.

LGFA continues to issue short-dated LGFA Bills ranging in maturities from three months to 12 months through a combination of monthly tenders and private placements. Outstandings under the programme have reached a record $485 million. These instruments provide a source of funding for short-dated lending to our council borrowers and assist LGFA with liquidity management.

Lending to the sector

LGFA was established in December 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. The original 31 shareholders including the Crown remain as shareholders. Over the past six months, we added five new members with Ruapehu District and Waikato Regional Councils joining as guarantors and Wairoa, Clutha and Mackenzie District Councils joining as non-guarantors. Gore District Council also moved to become part of the guarantor group of councils. Total membership of 61 councils is very pleasing and this is expected to rise slightly in the coming year as several councils are partly through the joining process.

Long-dated lending over the six-month period to December 2018 was a strong $1.05 billion with the lending activity a mix of new borrowing and the refinancing of council loans maturing on 15 March 2019. The tenor of borrowing by councils at 6.5 years was longer than the average term of borrowing of 4.5 years over the 12-month period to June 2018.

Customised lending continues to be popular for councils in that it provides opportunity to borrow to maturity dates which are different from LGFA bond maturities. LGFA lent $800 million on a flexible basis to councils during the six-month period, which was approximately 76% of our total long-term lending over that period.

Short-dated lending for terms less than 12 months has been well received by councils and as at 31 December 2018, LGFA had $527 million of short-term loans outstanding to 31 councils.

The underlying credit quality of the sector continues to remain very strong with all member councils remaining compliant with the LGFA lending covenants.

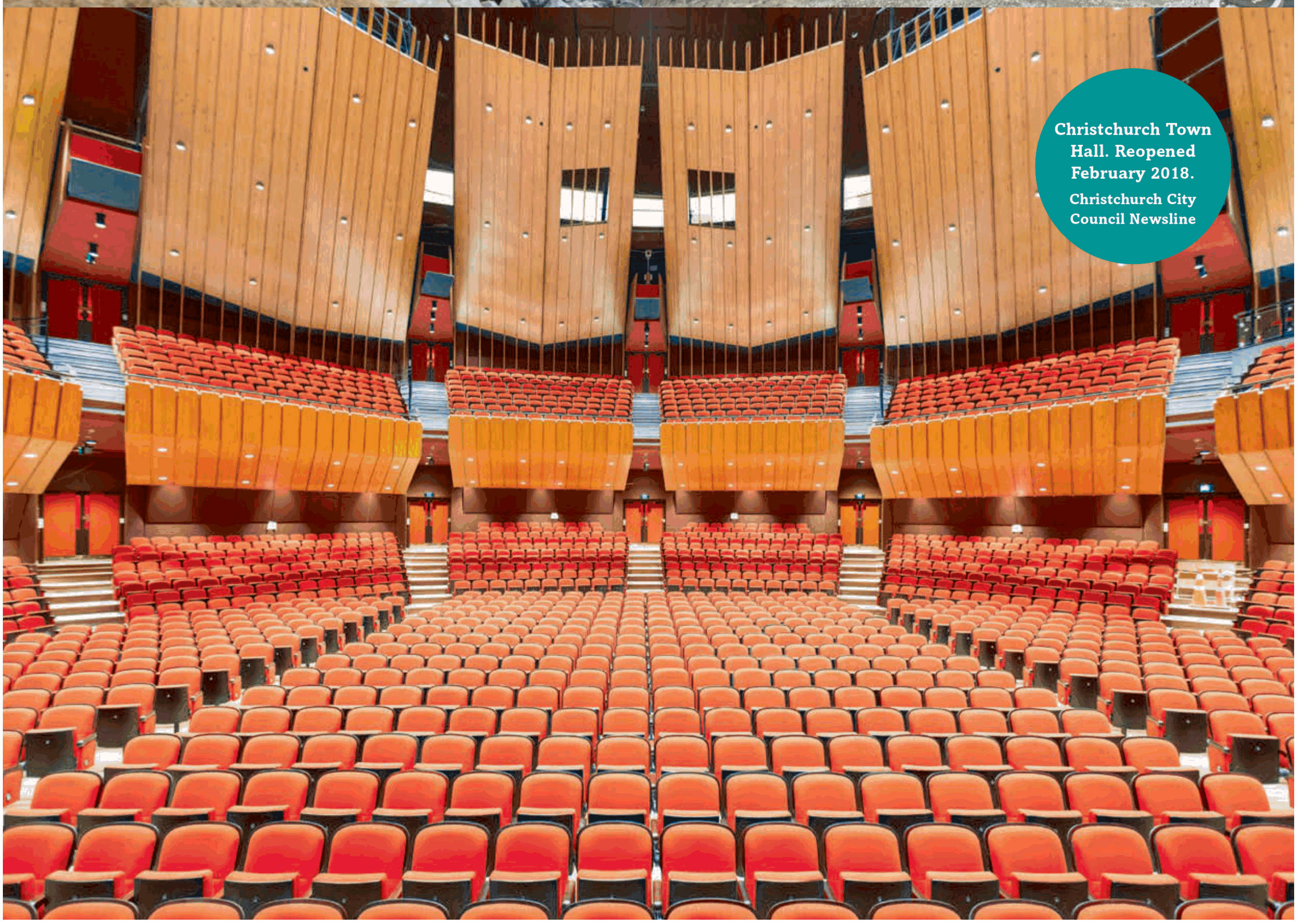
Acknowledgments

On behalf of my fellow directors I am pleased to be part of the continued success of this organisation and wish to thank our shareholders, guarantors and borrowers as well as our financial intermediaries, investors and staff for their continued support.

Craig Stobo
Chair, LGFA Board

River rock wall repairs. New rock being positioned to reinstate flood protection.
Bay of Plenty Regional Council

Taiora QEII Recreation and Sports Centre. Opened May 2018.
Christchurch City Council Newsline



Christchurch Town Hall. Reopened February 2018.
Christchurch City Council Newsline

Performance against objectives

Tutukinga mahi ki ōna whāinga

The statement of service performance details LGFA's performance against the objectives and targets set out in the LGFA Statement of Intent 2018-19 (SOI).

Performance against primary objectives

This section sets out LGFA's performance for the six-month period ended 31 December 2018 against the two primary objectives set out in the 2018-19 SOI.

1 **LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:**

i. **Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;**

LGFA aims to minimise its issuance margin over swap rates to provide cost effective funding to councils. The LGFA margin to swap will depend upon several factors including the relative demand and supply of high-grade bonds, general credit market conditions, performance of New Zealand Government bonds (NZGB) and swap rates, investor perceptions of LGFA and the issuance volume and tenor of LGFA bonds.

2018-19 performance objectives

The SOI set out two primary performance objectives and eight additional objectives for LGFA for the year ended 30 June 2019:

Primary objectives

1. LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:
   i. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
   ii. Making longer-term borrowings available to Participating Local Authorities;
   iii. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
   iv. Offering more flexible lending terms to Participating Local Authorities.
2. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:
   i. LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
   ii. LGFA will analyse finances at the Council group level where appropriate;
   iii. LGFA will review its debt covenant methodology and assessment of council financial position at group vs parent. LGFA will present its findings to councils at the LGFA Shareholder-Borrower Day, including a comparison of LGFA methodology to that of the credit rating agencies;
   iv. LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues; and
   v. LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market.

Additional objectives

1. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6;
2. Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
3. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
4. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
5. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
6. Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4;
7. Meet or exceed the Performance Targets outlined in section 5; and
8. Comply with its Treasury Policy, as approved by the Board.

There will be periods within the interest rate and credit market cycles when LGFA bonds will outperform its benchmarks (spread narrowing) and there will be periods of time when LGFA bonds underperform (spreads widening).

LGFA spreads to swap have consistently narrowed since it first began issuing bonds in February 2012, and over the past six months, spreads to swap as measured by secondary market levels have narrowed on the mid-curve maturities (2023s and 2025s) but widened on the LGFA bond maturities at the two end points of the curve.

LGFA bond margin to swap	As at 31 December 2018 basis points (bps)	As at 30 June 2018 (bps)	Spread movement (bps)
15 March 2019	6	4	2
15 April 2020	10	5	5
15 May 2021	17	11	6
14 April 2022	26	20	6
15 April 2023	31	34	(3)
15 April 2025	47	53	(6)
15 April 2027	59	54	5
14 April 2033	86	79	7

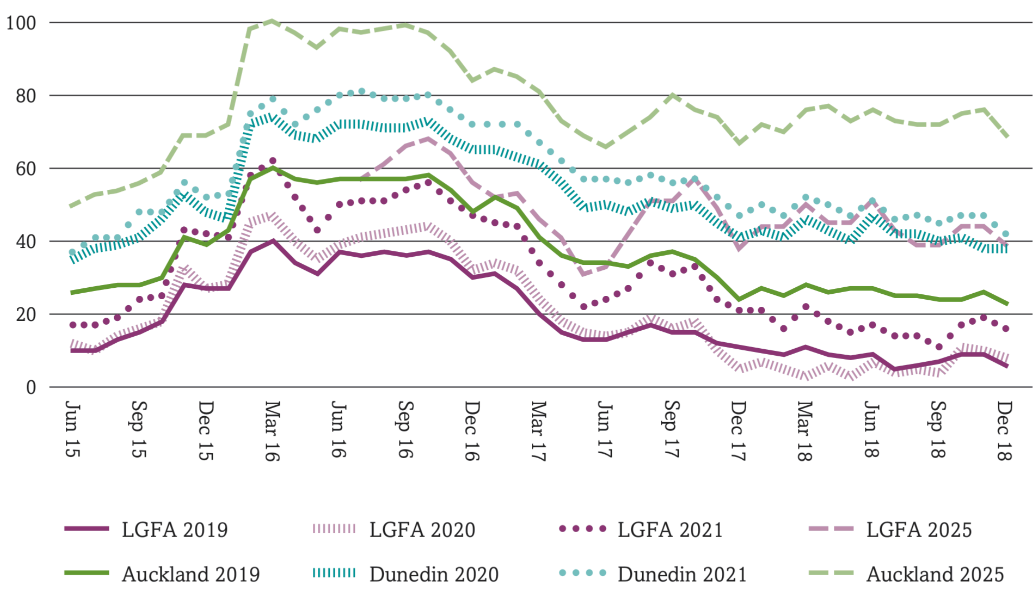
A similar pattern is evident over the same period with the LGFA spreads to NZGB narrowing in the mid curve maturities only.

LGFA bond margin to NZGB	As at 31 December 2018 (bps)	As at 30 June 2018 (bps)	Spread movement (bps)
15 March 2019	30	30	-
15 April 2020	38	37	1
15 May 2021	46	44	2
14 April 2022	54	53	1
15 April 2023	60	69	(9)
15 April 2025	78	83	(5)
15 April 2027	91	83	8
14 April 2033	123	104	19

The spread widening in the back end of the yield curve is due to the increased issuance of LGFA 2033 bonds, the larger than normal amount of LGFA bond issuance over the six-month period and the improvement in Central Government's fiscal position leading to expectations of a reduction in the supply of NZGBs.

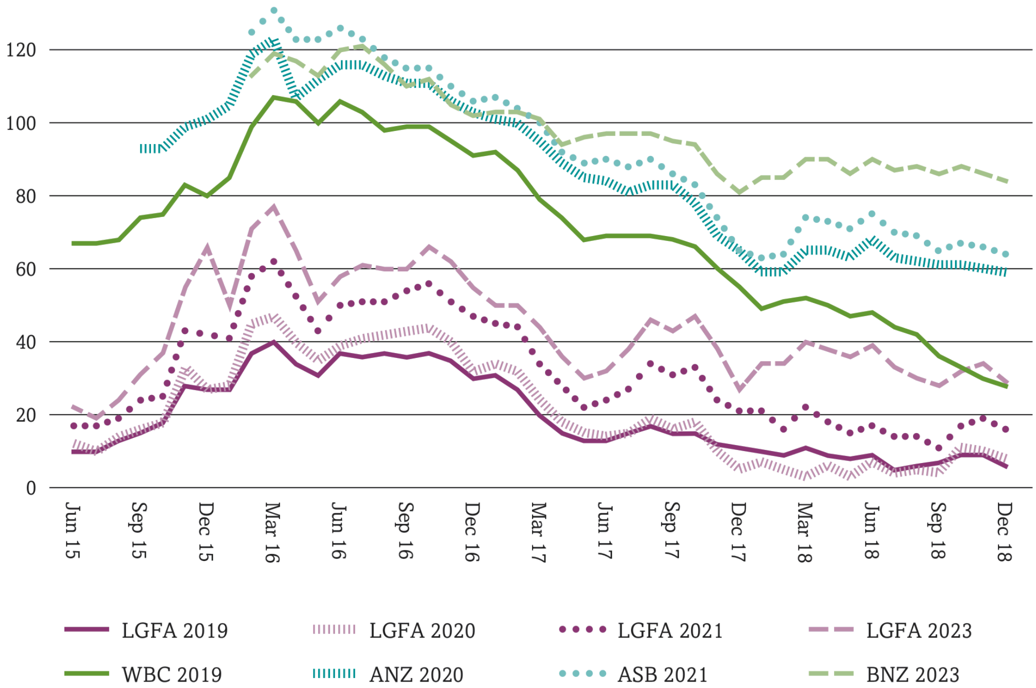
LGFA continues to provide savings in borrowing costs for councils relative to other sources of borrowing. We compare our secondary market spreads on LGFA bonds to those of Auckland Council and Dunedin City Treasury (as a proxy for councils borrowing in their own name) and a mix of banks (as a proxy for general market conditions).

Secondary market credit spread to swap for LGFA and council bonds
(basis points)



Source: Bloomberg, LGFA

Secondary market credit spread to swap for LGFA and bank bonds
(basis points)



Source: Bloomberg, LGFA

From the table below, we estimate that based upon secondary market spread data as at 31 December 2018, LGFA was saving AA-rated councils between 2 bps and 17 bps depending upon the term of maturity. This compares to savings of between 10 bps and 22 bps a year ago, but one would expect savings to diminish naturally over time as the bonds approach their maturity date and shorten their duration.

	Savings to AA-rated councils (bps)				
31 December 2018	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap (bps)	18	37	44	46	72
Less LGFA margin to swap (bps)	(6)	(10)	(17)	(26)	(47)
LGFA gross funding advantage (bps)	12	27	27	20	25
Less LGFA base margin (bps)	(10)	(10)	(10)	(10)	(10)
Total saving (bps) *	2	17	17	10	15

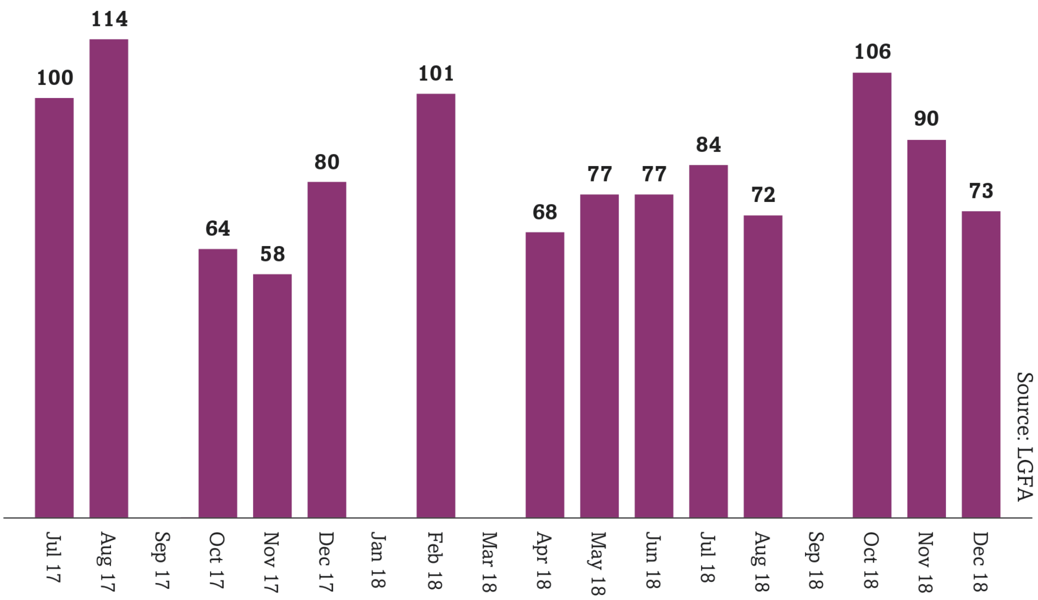
* Note that from June 2017 we have excluded from the estimated savings any positive impact from the 'LGFA effect' that was equivalent to 10 bps of savings evident when LGFA first commenced lending in February 2012.

ii. Making longer-term borrowings available to Participating Local Authorities;

Councils borrowed a record $1.05 billion of long-term loans from LGFA over the six-month period. The average borrowing term (excluding short-dated borrowing) for the six-month period to December 2018 by council members was 6.5 years and this was longer than the average borrowing term of 4.5 years for the 12 months to June 2018. However, the average term of borrowing in 2017-18 was very short compared to the 2016-17 average term of 7.8 years, so the prior year comparison does not provide a useful benchmark.

Average total months to maturity – Long-term lending to councils

Last 18 months



Attachment A Item 14

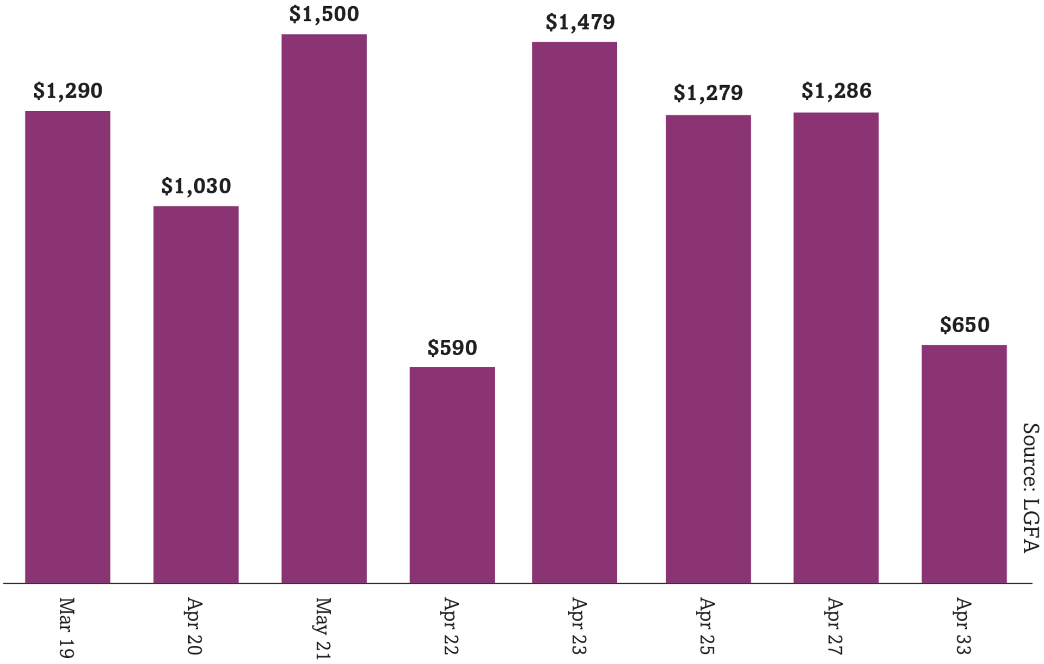
While LGFA can provide councils with the ability to borrow from LGFA for terms from one month to 14 years, it is up to the councils to determine their preferred term of borrowing.

We introduced a new four-year bond (April 2022) in April 2018 and we expect to issue another new maturity in the first half of the 2019 calendar year. However, with the issuance of the April 2033 LGFA bond in 2017, councils can borrow on a bespoke basis (for any preferred maturity date, at any time) out to 14 years.

LGFA funds its lending to councils by issuing bonds to banks, institutional and retail investors – both in New Zealand and offshore. The following chart shows the total LGFA bond outstandings, including treasury stock, by maturity as at 31 December 2018.

LGFA bonds on issue (NZ$ million, face value)

As at 31 December 2018 : NZ$9,104 million
Includes NZ$400 million treasury stock



iii. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practices;

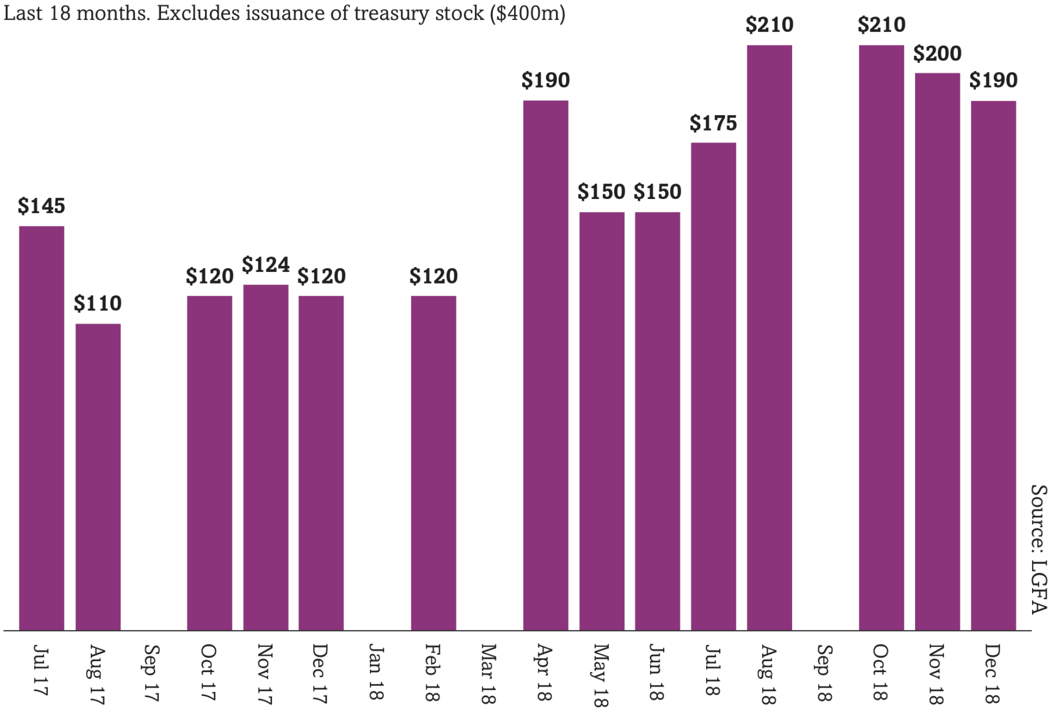
LGFA listed its bonds on the NZX Debt Market in November 2015 and this has led to greater awareness and participation in LGFA bonds by domestic retail and offshore investors. Average turnover of LGFA bonds on the NZX Debt Market since listing has been $12 million per month or 8.1% of the total turnover of the NZX Debt Market. Turnover has reduced over the past six months as retail investors are more attracted to higher term deposit rates.

LGFA commenced the issuance of LGFA Bills for terms of three months and six months in late 2015. Because of this issuance, LGFA has offered short-term loans of less than one year to councils since 2015. As at 31 December 2018, LGFA has short-term loans outstanding to 31 councils of $527 million. This is a record amount of loans and an increase of $283 million over the past six months.

LGFA also issued a record amount of bonds in the six-month period with $985 million issued across five bond tenders with an average tender volume of $197 million and a range of $175 million to $210 million in size.

LGFA bond issuance by tender (NZ$ million)

Last 18 months. Excludes issuance of treasury stock ($400m)



All tenders were successful and fully subscribed. The average bid-coverage ratio across the five bond tenders was 2.3 times and this compared to the average of 3.1 times for the 61 bond tenders held since LGFA first commenced issuance in February 2012.

LGFA bond tender results by maturity	2018-19 ytd issuance amount	LGFA tender average bid coverage ratio	LGFA tender average successful bid range
15 March 2019	Nil	n/a	n/a
15 April 2020	Nil	n/a	n/a
15 May 2021	$30 m	3.2 x	0 bps
14 April 2022	$270 m	2.4 x	2 bps
15 April 2023	Nil	n/a	n/a
15 April 2025	$260 m	2.7 x	3 bps
15 April 2027	$180 m	2.1 x	4 bps
14 April 2033	$245 m	1.8 x	4 bps
Across all LGFA maturities	$985 m	2.3 x	n/a

The successful bid range (difference between the highest and lowest successful bid yield) for each maturity at each tender averaged between 0 bps and 4 bps with the largest range being on the longer-dated maturities.

LGFA established an Australian Medium-Term Notes Programme in November 2017 to provide the ability to issue in currencies other than the New Zealand dollar (NZD). It is not our intention to use this programme but instead to provide some flexibility in case of the unlikely scenario of a significant market disrupting event in the future.

iv. Offering more flexible lending terms to Participating Local Authorities.

Councils can access flexible lending conditions by using the short-term lending and bespoke lending products. Short-term lending is for loans between 30 days and 364 days while bespoke lending is where councils can borrow for any term between one year and the longest dated LGFA bond maturity (currently 14 April 2033) on any drawdown date. Therefore, council members can borrow for terms ranging from 30 days to 14 years at any time they wish to drawdown.

Bespoke lending (either into non-LGFA bond maturity dates or into LGFA bond maturity dates but outside of tenders) for council members continues to grow in popularity. During the six-month period to 31 December 2018 we lent $800 million on a bespoke basis to 37 councils. This was 76% of total term lending to our council members over that period.

Short-term borrowing by councils as at 31 December 2018 was a record $526.7 million comprising borrowing from 31 councils.

2 LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:

i LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;

LGFA undertakes a detailed financial assessment on each of its borrowers and endeavours to meet with all member councils on an annual basis while monitoring council performance throughout the year. LGFA reviews the annual and long-term plans for each council and the annual financial statements. All councils were compliant with LGFA financial covenants as at 30 June 2018 and a copy of each council's borrowing position and compliance with LGFA covenants was provided to LGFA shareholders and non-shareholder guarantors in January 2019. LGFA assigns an internal credit rating to each of its council members as part of the review exercise.

LGFA management met with 31 councils over the six-month period to 31 December 2018.

ii LGFA will analyse finances at the Council group level where appropriate;

LGFA reviews the financial position of each council on a parent basis except for Auckland Council where LGFA analyses the financial statements at both parent and group level. This is because Auckland Council is the only council to deliver a wide range of its essential services on a group basis.

iii LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues.

LGFA staff and directors have met with Treasury, New Zealand Debt Management, DIA, Trustees Executors, Productivity Commission, Standard & Poor's, Fitch and Infrastructure New Zealand during the past six months to discuss LGFA and sector issues. LGFA attended the Infrastructure New Zealand annual conference and the NZX issuer forum.

iv LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market.

LGFA management meet regularly with the management team of each council. We also presented to elected officials at councils prior to them joining LGFA to remind them of their obligations.

We presented at various capital market conferences and meet with banks and investors on a regular basis. We present each quarter on sector finances at the LGNZ media briefing.

Performance against additional objectives

In addition to the two primary performance objectives, LGFA has eight additional performance objectives which complement the primary objectives. This section sets out LGFA's performance for the six-months ended 31 December 2018 against the additional objectives set out in the 2018-19 Statement of Intent.

2.1 Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6 of the SOI.

The LGFA Board has the sole discretion to set the dividend, and the policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA cost of funds plus 2%.

On 28 August 2018, the directors of LGFA declared a dividend for the year to 30 June 2018 of $1,285,000 ($0.0514 per share). This was calculated on LGFA's cost of funds for the 2017-18 year of 3.14% plus a 2% margin. This was a similar dividend to the previous year dividend of $0.0556 per share.

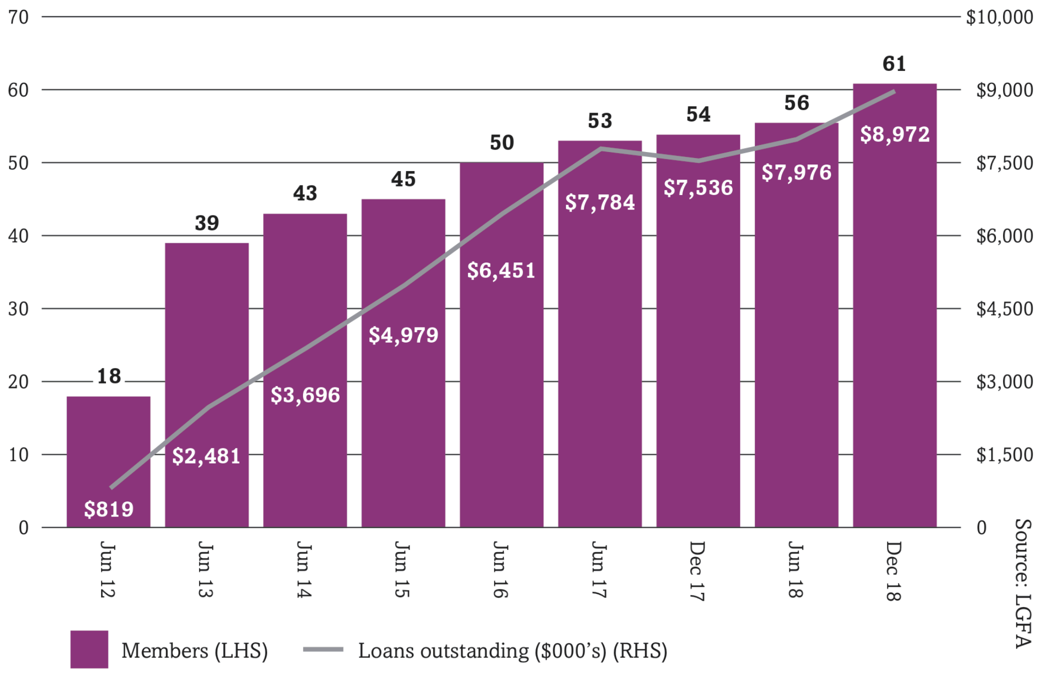
The impact from the current low interest rate environment is that LGFA has a lower cost of funds. While council borrowers benefit from lower borrowing costs, the dividend payment calculated on the above guidance is lower than it would otherwise be in an environment of higher interest rates.

2.2 Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities.

Five councils joined LGFA in the six-month period to December 2018, bringing the total number of council members to 61. Ruapehu District and Waikato Regional Council joined as guarantors and Wairoa, Clutha and Mackenzie District Councils joined as non-guarantor borrowers. Gore District Council moved from being a non-guarantor to a guarantor in September 2018.

Councils have strongly supported LGFA by joining as members and borrowing from LGFA. As at 31 December 2018, 58 of the 61 participating councils have borrowed from LGFA.

LGFA council members and nominal loans outstanding



Attachment A Item 14

The following chart shows LGFA's share of new local government long-term debt issuance and is derived from survey data provided by PwC. While the latest PwC report is yet to be finalised, our provisional share of long-term borrowing by the sector including non-members of LGFA was 80.2% for the 12-month period to 31 December 2018. The market share is influenced by the amount of debt issued by the sector's largest borrower, Auckland Council, in its own name in the domestic market. Auckland Council is required to issue debt under its own name as LGFA is restricted by its foundation policies to a maximum of 40% of total loans outstanding to Auckland. If Auckland Council's external borrowing is excluded from the data, then LGFA estimated market share for the 12-month period to 31 December 2018 was 89.0%.

LGFA council members and LGFA loans outstanding

Source: PwC, LGFA

2.3 Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4 of the SOI.

Issuance and operating expenses for the six-month period to 31 December 2018 were $3.698 million which is $130k below SOI forecast.

This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at $1.161 million were $15k below budget. There were lower fees than budgeted relating to the NZDMO facility offset by higher NZX costs and legal costs than forecast. The larger amount of bond issuance and short-term lending has increased legal costs compared to budget.
- Operating costs at $1.644 million were $26k above budget due to timing of personnel and travel costs. There were also additional legal costs relating to considering whether LGFA should lend to Council Controlled Organisations and to also test financial covenant compliance of councils at the group or parent level.
- Approved Issuer Levy payments of $893k were less than our forecast of $1.035 million by $141k due to lower levels of LGFA bonds holdings by offshore investors relative to budget.

2.4 Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015.

LGFA has a Health and Safety Staff Committee and reporting on health and safety issues are made to the LGFA Board on a regular basis by the Risk and Compliance Manager. There were no health and safety incidents during the six-month period to 31 December 2018.

2.5 **Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.**

LGFA has credit ratings from Standard and Poor's (S&P) and Fitch Ratings (Fitch) and meets with both agencies each year. Meetings were held in 2018 with both agencies and S&P affirmed the long-term rating of LGFA at AA+ (stable outlook) on 12 July 2018 and Fitch affirmed the rating at AA+ (stable outlook) on 19 November 2018.[1]

Both the S&P and Fitch ratings reports are available on our website (www.lgfa.co.nz/for-investors/ratings).

Both the S&P and Fitch ratings are the same as, and are capped by, New Zealand's sovereign credit rating. Fitch has defined LGFA as a credit linked Public Sector Entity and our credit rating is explicitly linked to the New Zealand Sovereign credit rating.

2.6 Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4 of the SOI.

LGFA's financial results for key items set out in Section 4 of the SOI for the six-month period to 31 December 2018 are:

In $ million	31 December 2018 Actual	31 December 2018 SOI Forecast
Net interest revenue	9.77	9.60
Issuance and operating expenses excluding Approved Issuer Levy (AIL)	2.81	2.79
Approved Issuer Levy (AIL)	0.89	1.04
Net Operating Gain	6.08	5.77

LGFA net operating gain exceeded forecast as net interest revenue was greater than forecast and expenses below forecast.

1. Subsequent to 31 December 2018. On 31 January 2019, S&P placed the issuer credit ratings of LGFA on positive outlook. The LGFA Foreign Currency credit rating of AA/A-1+ and Local Currency rating of AA+/A-1+ were affirmed by S&P and are now both on positive outlook.

2.7 Meet or exceed the Performance Targets outlined in section 5 of the SOI.

As at 31 December 2018, LGFA is on track to meet three out of its four performance targets for the 12-month period to 30 June 2019

2018-19 performance targets	Target	Result for six-month period to 31 December 2018	Outcome
Average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period	<= 0.10%	0.095%	✓ On track to be met
Annualised annual issuance and operating expenses (excluding AIL)	<= $5.67 million	$2.81 million	✓ On track to be met
Lending to Participating Local Authorities	>= $8.105 billion (full year target)	$9.268 billion as at December 2018	✓ On track to be met noting that $1.195 billion of loans due to be repaid in March 2019
Savings on borrowing costs for council borrowers relative to other sources of financing and compared to previous years	Improvement since prior year end relative to borrowing by councils directly. As at June 2018: 2019s 11 bps, 2021s 19 bps and 2025s 10 bps	As at December 2018: 2019s 2 bps, 2021s 17 bps and 2025s 15 bps	✗ Not met due to lack of single name issuance by councils and shortening of comparable maturity dates. This reduced supply has tightened comparable spreads for Auckland Council and Dunedin City Council bonds

2.8 Comply with its Treasury Policy, as approved by the Board.

LGFA was compliant with the Treasury Policy during the six-month period ending 31 December 2018.

Financial statements
Taukī pūtea

In the opinion of the directors of the New Zealand Local Government Funding Agency Limited, the financial statements and notes on pages 21 to 37:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 December 2018, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.
- The directors believe that proper accounting records have been kept which enables, with reasonable accuracy, the determination of the financial position of the Company and facilitates the compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board of Directors

Craig Stobo, Director
Chair, LGFA Board
27 February 2019

Linda Robertson, Director
Chair, LGFA Audit and Risk Committee
27 February 2019

Statement of comprehensive income

For the six months ended 31 December 2018 in $000s

	Note	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017
Interest income			
Cash and cash equivalents		226	291
Loans to local government		124,053	118,416
Marketable securities		1,229	1,434
Deposits		2,251	2,424
Derivatives		53,131	55,580
Fair value hedge ineffectiveness	2	-	-
Total interest income		**180,890**	**178,145**
Interest expense			
Bills		4,610	3,671
Bonds		164,513	163,057
Borrower notes		1,769	1,699
Bond repurchase transactions		225	100
Total interest expense		**171,117**	**168,527**
Net interest income		**9,773**	**9,618**
Operating expenses			
Issuance and on-lending expenses	3	2,054	2,107
Operating expenses	4	1,644	1,475
Total expenses		**3,698**	**3,582**
Net operating profit		**6,075**	**6,036**
Total comprehensive income		**6,075**	**6,036**

These statements are to be read in conjunction with the notes to the financial statements

Statement of changes in equity

For the six months ended 31 December 2018 (unaudited) in $000s

	Note	Share capital	Retained earnings	Total equity
Equity as at 30 June 2018		**25,000**	**39,290**	**64,290**
Adjustment on adoption of NZ IFRS 9	1c		(35)	
Equity as at 1 July 2018		25,000	39,255	64,255
Net operating profit			6,075	6,075
Total comprehensive income for the year			6,075	6,075
Transactions with owners			-	-
Dividend paid on 7 September 2018			(1,285)	(1,285)
Equity as at 31 December 2018	**12**	**25,000**	**44,045**	**69,045**

For the six months ended 31 December 2017 (unaudited) in $000s

	Note	Share capital	Retained earnings	Total equity
Equity as at 30 June 2017		**25,000**	**28,878**	**53,878**
Net operating profit			6,036	6,036
Total comprehensive income for the year			6,036	6,036
Transactions with owners			-	-
Dividend paid on 20 September 2017			(1,390)	(1,390)
Equity as at 31 December 2017		**25,000**	**33,524**	**58,524**

These statements are to be read in conjunction with the notes to the financial statements

Christchurch City Council

Statement of financial position

As at 31 December 2018 in $000s

	Note	Unaudited as at 31 December 2018	Audited as at 30 June 2018
Assets			
Financial assets			
Cash and bank balances		22,393	50,280
Marketable securities		69,284	231,420
Deposits		70,482	201,114
Borrower note receivable	13	144	-
Loans to local government	5	9,325,431	7,975,728
Derivatives in gain		412,759	375,371
Non-financial assets			
Prepayments		869	561
Other assets	10	533	609
Total assets		**9,901,895**	**8,835,084**
Equity			
Share capital		25,000	25,000
Retained earnings		37,970	39,290
Total comprehensive income for the period		6,075	
Total equity		**69,045**	**64,290**
Liabilities			
Financial liabilities			
Payables and provisions		260	444
Bills	6	482,875	473,421
Bond repurchases	9	5,660	6,183
Loans to local government not yet advanced	13	9,000	-
Bonds	7	9,158,425	8,101,004
Borrower notes	8	153,821	135,108
Derivatives in loss		22,633	54,286
Non-financial liabilities			
Accrued expenses		176	348
Total liabilities		**9,832,850**	**8,770,794**
Total equity and liabilities		**9,901,895**	**8,835,084**

These statements are to be read in conjunction with the notes to the financial statements

Statement of cash flows

For the six months ended 31 December 2018 in $000s

	Note	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017
Cash flow from operating activities			
Cash applied to loans to local government	14	(1,338,445)	247,203
Interest paid on bonds issued		(180,956)	(188,895)
Interest paid on bills issued		(4,610)	(3,671)
Interest paid on bond repurchases		(226)	(102)
Interest paid on borrower notes		-	(2,621)
Interest received from loans to local government		121,772	119,534
Interest received from cash and cash equivalents		226	291
Interest received from marketable securities		1,627	1,567
Interest received from deposits		2,884	3,413
Net interest on derivatives		73,024	80,406
Payments to suppliers and employees		(4,299)	(4,274)
Net cash flow from operating activities	11	**(1,329,003)**	**252,851**
Cashflow from investing activities			
Change in marketable securities		161,738	91,195
Change in deposits		130,000	30,000
Change in plant and equipment		-	76
Net cashflow from investing activities		**291,738**	**121,271**
Cashflow from financing activities			
Cash proceeds from bonds issued	14	994,187	(382,465)
Cash proceeds from bills issued		9,455	20,422
Cash proceeds from bond repurchases		(523)	(11,957)
Cash proceeds from borrower notes		16,800	(5,770)
Dividends paid		(1,285)	(1,390)
Cash applied to derivatives		(9,256)	(13,403)
Net cashflow from financing activities		**1,009,378**	**(394,563)**
Net (decrease) / increase in cash		**(27,887)**	**(20,441)**
Cash, cash equivalents and bank overdraft at beginning of year		50,280	49,919
Cash, cash equivalents and bank overdraft at end of year		**22,393**	**29,478**

These statements are to be read in conjunction with the notes to the financial statements

1 Statement of accounting policies

a. 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 local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

These interim financial statements were authorised for issue by the Directors on 27 February 2019.

b. Statement of compliance

These interim financial statements are for the six-months ended 31 December 2018 and are to be read in conjunction with the annual report for the year ended 30 June 2018. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IAS 34 Interim Financial Reporting. The financial results for the six-month period ended 31 December 2018 are unaudited.

c. Basis of preparation

Accounting judgments, estimates and assumptions

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2018.

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

New Zealand Equivalent to International Financial Reporting Standard 9 Financial Instruments (NZ IFRS 9)

NZ IFRS 9 (2014) is effective for the fiscal year commencing 1 July 2018.

NZ IFRS 9 replaces NZ IAS 39 Financial Instruments: Recognition and Measurement and sets out the requirements for hedge accounting and impairment for financial assets and liabilities. LGFA early adopted NZ IFRS 9 (2010) for the classification and measurement of financial instruments at commencement of business in 2012.

Hedge accounting

There has been no change to accounting policy for hedge accounting as LGFA's current fair value hedge accounting meets the requirements of NZ IFRS 9.

Impairment

NZ IFRS 9 prescribes an expected credit loss impairment model which replaces the incurred loss impairment model in NZ IAS 39. The expected credit loss model requires LGFA to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

LGFA has not previously incurred any credit losses under the incurred loss impairment model (NZ IAS 39) and the introduction of the expected credit loss model (NZ IFRS 9) has not had a material impact on the measurement of LGFA's financial assets. Accordingly, the cumulative impact of the change has been adjusted through opening retained earnings in the statement of changes in equity. There has been no restatement of comparative financial information or the opening balance sheet as at 1 July 2018.

The changes in to LGFA's accounting policies for expected credit losses on financial assets are set out below.

Methodology to determine expected credit losses

As at 31 December 2018, LGFA deemed that there had been no significant increase in credit risk since initial recognition for any financial asset and calculated the loss allowance for these instruments at an amount equal to 12-month expected credit losses, using the estimated probability of default multiplied by the estimated recovery rate.

The estimated probability of default is based on the Standard & Poor's' (S&P) Annual Global Default Study. Individual securities were assigned a probability of default over the 12-month period year based on their S&P, Fitch or Moody's credit rating. Unrated local authorities were assigned a shadow credit rating of A+, based on all being in compliance with LGFA's financial covenants at 31 December 2018, and S&P rating methodology where all New Zealand local authorities who have a credit rating from S&P are rated between AA and A+.

The estimated recovery rate is assigned using the S&P recovery rating scale. All local authorities were assigned a category of 1+, based on LGFA holding security over a council's rates which, in the event of a default, would give a statutory manager the legal right to impose a targeted rate to recover the principal and interest owing. All other financial assets were assigned a recovery rate based on the industry category and average S&P recovery rates for the security type.

The Treasury (New Zealand Debt Management) was assigned a category of 1+ for derivatives.

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.

Change in presentation. Statement of financial position

LGFA has changed the order of presentation of assets and liabilities in the Statement of financial position to reflect the order of liquidity for financial assets and liabilities. The change in presentation has been applied to both the current reporting period as well as associated comparatives.

d. 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; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

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.

e. Other assets

Property, plant and equipment (PPE)

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.

f. 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.

g. Revenue and expenses

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.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

2 Hedge accounting

LGFA is exposed to interest rate risk from fixed rate borrowing and variable rate lending to councils. LGFA uses interest rate swaps to manage this interest rate risk. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowing and council loans.

The gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships is shown in the table below.

in $000s	Gain/(loss) unaudited six months ended 31 December 2018	Gain/(loss) unaudited six months ended 31 December 2017
Hedging instruments – interest rate swaps	301,917	202,007
Hedged items attributable to the hedged risk – fixed rate bonds / loans	(301,917)	(202,007)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds) are mapped to the same fair value account. For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

3 Issuance and on-lending expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

in $000s	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017
NZDMO facility fee	303	375
NZX	200	164
Rating agency fees	297	282
Legal fees for issuance	164	93
Regulatory, registry, other fees	68	45
Trustee fees	50	50
Approved issuer levy[1]	893	1,019
Information Services	79	79
	2,054	**2,107**

1. The amount of Approved Issuer Levy is a function of the number of the offshore holders of LGFA bonds.

4 Operating expenses

Operating expenses are all other expenses that are not classified as 'Issuance and on-lending expenses'.

in $000s	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017
Consultants[1]	105	68
Directors' fees	189	189
Insurance	31	30
Legal fees	35	53
Other expenses	390	364
Auditors' remuneration		
Statutory audit	48	44
Advisory services	-	-
Personnel	846	727
	1,644	**1,475**

1. Consultants includes $66 for Treasury Systems Consultant ($63, December 2017). Previously, this cost was reported within Other expenses (with associated treasury systems costs).

5 Loans to local government

in $000s	Unaudited as at 31 December 2018		Audited as at 30 June 2018	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	25,041	27,541	5,015	25,603
Auckland Council	-	2,099,757	-	2,101,357
Bay of Plenty Regional Council	140,719		-	-
Buller District Council	-	20,013	-	20,014
Canterbury Regional Council	3,004	30,103	-	30,103
Central Hawkes Bay District Council	-	2,027	-	2,027
Christchurch City Council	85,264	1,872,128	85,273	1,573,566
Far North District Council	20,015	40,157	-	40,130
Gisborne District Council	-	47,827	-	37,275
Gore District Council	6,014	11,063	6,014	11,064
Greater Wellington Regional Council	-	376,454	-	306,302
Grey District Council	-	20,393	-	20,446
Hamilton City Council	-	401,787	-	366,483
Hastings District Council	1,980	121,992	1,957	75,280
Hauraki District Council	-	49,215	-	38,156
Horizons Regional Council	-	28,095	-	20,035
Horowhenua District Council	15,022	94,879	6,008	72,868
Hurunui District Council	-	32,133	-	23,098
Hutt City Council	10,987	176,930	4,996	152,802
Kaipara District Council	5,970	44,185	4,925	40,174
Kapiti Coast District Council	2,491	220,816	-	205,754
Manawatu District Council	-	68,212	-	61,180
Marlborough District Council	27,138	73,301	17,297	63,237
Masterton District Council	-	60,257	-	52,234
Matamata-Piako District Council	2,518	27,603	-	27,599
Nelson City Council	-	70,268	-	60,239
New Plymouth District Council	-	106,534	-	74,324
Northland Regional Council	-	8,698	-	8,634
Opotiki District Council	-	5,148	-	5,163
Otorohanga District Council	-	6,104	-	6,120
Palmerston North City Council	10,028	112,403	10,028	82,317
Porirua City Council	-	61,782	-	61,754
Queenstown Lakes District Council	10,081	85,890	10,096	75,954

in $000s	Unaudited as at 31 December 2018		Audited as at 30 June 2018	
	Short-term loans	Loans	Short-term loans	Loans
Rotorua District Council	2,812	180,355	-	150,266
Ruapehu District Council	3,027	9,041	-	-
Selwyn District Council	5,040	25,075	-	15,021
South Taranaki District Council	-	82,382	-	62,278
South Wairarapa District Council	2,001	17,631	-	17,629
Stratford District Council	-	14,572	-	4,513
Tararua District Council	2,014	17,084	2,011	15,064
Tasman District Council	25,105	151,104	10,007	109,006
Taupo District Council	-	145,520	-	125,430
Tauranga City Council	9,965	442,532	-	362,308
Thames-Coromandel District Council	15,086	45,170	-	45,175
Timaru District Council	17,573	67,343	12,524	67,331
Upper Hutt City Council	4,989	38,172	4,976	31,638
Waikato District Council	-	90,430	-	80,382
Waikato Regional Council	-	22,100	-	-
Waimakariri District Council	10,012	135,898	20,024	105,818
Waipa District Council	34,207	13,015	-	13,016
Wairoa District Council	1,506	3,519	-	-
Waitomo District Council	10,057	30,111	10,066	25,086
Wellington City Council	-	465,913	-	395,384
Western Bay Of Plenty District Council	-	115,522	-	105,426
Westland District Council	-	17,383	2,998	14,361
Whakatane District Council	4,008	53,237	6,011	48,220
Whanganui District Council	-	82,434	5,005	73,367
Whangarei District Council	9,972	132,543	9,971	132,516
	523,647	8,801,784	235,202	7,740,526
		9,325,431		**7,975,728**

6 Bills on issue

Unaudited as at 31 December 2018 in $000's	Face value	Unamortised premium	Accrued interest	Total
9 January 2019	50,000	-	(22)	49,978
29 January 2019	25,000	-	(37)	24,963
1 February 2019	40,000	-	(67)	39,933
5 February 2019	25,000	-	(47)	24,953
13 February 2019	50,000	-	(116)	49,884
22 February 2019	25,000	-	(72)	24,928
13 March 2019	50,000	-	(191)	49,809
20 March 2019	75,000	-	(321)	74,679
10 April 2019	25,000	-	(132)	24,868
13 May 2019	20,000	-	(149)	19,851
15 May 2019	25,000	-	(190)	24,810
12 June 2019	25,000	-	(231)	24,769
10 July 2019	25,000	-	(270)	24,730
17 July 2019	25,000	-	(280)	24,720
	485,000	**-**	**(2,124)**	**482,875**

Audited as at 30 June 2018 in $000's	Face value	Unamortised premium	Accrued interest	Total
11 July 2018	50,000	-	(27)	49,973
27 July 2018	25,000	-	(36)	24,964
2 August 2018	125,000	-	(210)	124,790
6 August 2018	25,000	-	(47)	24,953
15 August 2018	50,000	-	(121)	49,879
23 August 2018	25,000	-	(72)	24,928
12 September 2018	50,000	-	(199)	49,801
26 September 2018	25,000	-	(121)	24,879
10 October 2018	25,000	-	(146)	24,854
31 October 2018	25,000	-	(177)	24,823
14 November 2018	25,000	-	(192)	24,808
12 December 2018	25,000	-	(232)	24,768
	475,000	**-**	**-1,579**	**473,421**

Christchurch City Council

7 Bonds on issue

Bonds on issue do not include $400 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 9: Treasury stock and bond repurchase transactions.

Unaudited as at 31 December 2018 in $000's	Face value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
15 March 2019	1,240,000	2,579	18,497		
15 April 2020	980,000	(4,299)	6,300		
15 May 2021	1,450,000	50,874	11,296		
14 April 2022	540,000	2,219	3,223		
15 April 2023	1,429,000	60,662	16,842		
15 April 2025	1,229,000	(45,638)	7,242		
15 April 2027	1,236,000	49,043	11,919		
14 April 2033	600,000	(42,810)	4,558		
Total	**8,704,000**	**72,632**	**79,876**	**301,917**	**9,158,425**

Audited as at 30 June 2018 in $000's	Face value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
15 March 2019	1,240,000	8,990	18,196		
15 April 2020	980,000	(5,904)	6,185		
15 May 2021	1,420,000	57,960	10,882		
14 April 2022	270,000	(223)	1,582		
15 April 2023	1,429,000	67,183	16,535		
15 April 2025	969,000	(44,090)	5,606		
15 April 2027	1,056,000	35,890	9,997		
14 April 2033	355,000	(31,672)	2,648		
Total	**7,719,000**	**88,134**	**71,631**	**222,239**	**8,101,004**

8 Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to 1.6% of the aggregate borrowings by that local authority.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

9 Treasury stock and bond repurchase transactions

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

Each month, LGFA notifies the market the amount of outstanding repurchase transactions and LGFA bonds held as treasury stock.

Bond repurchase transactions:

Maturity date		Unaudited as at 31 December 2018	Audited as at 30 June 2018
15 March 2019	5% coupon	-	1,035
15 April 2020	3% coupon	-	4,076
15 May 2021	6% coupon	-	-
14 April 2022	2.75% coupon	-	-
15 April 2023	5.5% coupon	5,660	-
15 April 2025	2.75% coupon	-	-
15 April 2027	4.5% coupon	-	1,072
14 April 2033	3.5% coupon	-	-
		5,660	**6,183**

10 Other assets

	Unaudited as at 31 December 2018	Audited as at 30 June 2018
Intangible assets[1]	533	609
Total	**533**	**609**

1. Intangible assets comprise acquired and internally developed software costs incurred on the implementation of LGFA's treasury management system.

Item 14

Attachment A

11 Reconciliation of net profit/(loss) to net cash flow from operating activities

in $000s	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017
Net profit/(loss) for the period	6,075	6,036
Cash applied to loans to local government	(1,338,445)	247,203
Non-cash adjustments		
Amortisation and depreciation	4,043	304
Working capital movements		
Net change in trade debtors and receivables	(196)	(207)
Net change in prepayments	(308)	(343)
Net change in accruals	(172)	(142)
Net Cash From operating activities	**(1,329,003)**	**252,851**

Christchurch City Council

Item 14

Attachment A

12 Share Capital

As at 31 December 2018, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of $1 per share.

Shareholder Information

	31 December 2018		30 June 2018	
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	**100%**	**45,000,000**	**100%**

13 Loans to local government not yet advanced

As at 31 December 2018, loans to local government totaling $9 million, and associated borrower notes for $0.144 million, had been contractually agreed for forward settlement in March 2019

14 LGFA December 2017 bond maturity

The nominal value of the 15 December 2017 6% coupon bond maturity was $1,015 million. Loans to councils with nominal values totalling $879 million, and associated nominal borrower notes totalling $14 million, also matured on 15 December 2017.

15 Related parties

Identity of related parties

The Company is related to the local authorities set out in the Shareholder Information in note 12.

The Company operates under an annual Statement of Intent with the respective local authorities that sets out the intentions and expectations for LGFA's operations and lending to participating local authorities.

Shareholding local authorities, and non-shareholder local authorities who borrow more than $20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils. The lending to individual councils is disclosed in note 5, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating councils. Refer note 8.

NZDMO provides LGFA with a committed credit facility and is LGFA's derivatives counterparty.

16 Subsequent events

Subsequent to balance date:

LGFA has issued $190 million in bonds through a tender on 12 February 2019.

On 31 January 2019, Standard and Poor's (S&P) placed the New Zealand Government issuer credit rating on Positive Outlook. The ratings outlook change applied to the Foreign Currency credit rating of "AA/A-1+" and Local Currency credit rating of "AA+/A-1+".

Following the change to the New Zealand Government outlook, S&P placed the issuer credit ratings of LGFA on positive outlook. The LGFA Foreign Currency credit rating of "AA/A-1+" and Local Currency rating of "AA+/A-1+" have been affirmed by S&P and are now both on positive outlook.

Other disclosures
Whākitanga

Waivers from NZX Limited (NZX)

LGFA's fixed rate bonds are quoted on the NZX Debt Market (LGFA Bonds). NZX has granted LGFA a number of waivers from the NZX Listing Rules.

Waiver from Rule 3.2.1

NZX has granted LGFA a waiver from NZX Listing Rule 3.2.1(a) to the extent that this requires the trust deed under which the LGFA Bonds are issued (Trust Deed) to provide that the appointment of a new trustee is to be approved by an extraordinary resolution of the holders of the Securities to which the Trust Deed relates. Effective from 10 May 2016, LGFA ceased to rely on this waiver as the Trust Deed was amended to comply with NZX Listing Rule 3.2.1(a).

Waiver from Rule 5.2.3

NZX has granted LGFA a waiver from NZX Listing Rule 5.2.3 to the extent that this requires the LGFA Bonds to be held by at least 100 members of the public holding at least 25% of the number of securities of that class issued.

The waiver from NZX Listing Rule 5.2.3 was provided on the conditions that:

a. LGFA clearly and prominently disclose the waiver, its conditions and its implications in its annual reports and in each profile or Offering Document for the LGFA Bonds;

b. LGFA will disclose market liquidity as a risk in each offering document (excluding any offering document referred to in paragraph (f) of the definition of "Offering Document" under NZX Listing Rule 1.6.1) for the LGFA Bonds; and

c. the nature of LGFA's business and operations do not materially change from its business and operations as at the date of the waiver decision.

The effect of the waiver is that the LGFA Bonds may not be widely held and there may be reduced market liquidity in the LGFA Bonds.

Waiver from Rule 6.3.2

NZX has granted LGFA a waiver from NZX Listing Rule 6.3.2 so that the deemed date of receipt of notices for a holder of LGFA Bonds who has supplied LGFA with an address outside of New Zealand, will be five working days after that notice is posted to that physical address.

Net Tangible Assets

Net tangible assets per $1,000 of listed bonds as at 31 December 2018 is $7.58 (30 June 2018: $7.92).

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LGFA

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

TE PŪTEA KĀWANATANGA Ā-ROHE

www.lgfa.co.nz

LGFA NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

Statement of Intent 2019/20

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The 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.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- 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
- Conduct its affairs in accordance with sound business practice.

Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Offering short and long-term borrowings with flexible lending terms;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Being the debt funder of choice for New Zealand local government.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
- Implement the changes to the Foundation Policies that were approved at the November 2018 AGM to allow for lending to CCOs. Changes to operational policies and practices need to ensure that no additional risk is borne by lenders, guarantors or the Crown and
- LGFA will analyse finances at the Council group level where appropriate and report to the Shareholder Council and shareholders as to which Participating Local Authorities are measured on a group basis.

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

Additional objectives

LGFA has a number of additional objectives which complement the primary objectives. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy;
- Provide at least 75% of aggregate long-term debt funding to the Local Government sector;
- Achieve the financial forecasts (excluding the impact of AIL) set out in section 4;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Introduce CCO lending by December 2019 and report quarterly, the volume of lending to CCOs to both the Shareholder Council and shareholders and
- Comply with its Treasury Policy, as approved by the Board.

The measurement of the company performance regarding these additional objectives are set out as Performance Targets in Section 5 of this SOI.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2022 are:

FINANCIAL YEAR ($M)		SOI	
Comprehensive income	**Jun-20**	**Jun-21**	**Jun-22**
Interest income	272.1	293.2	294.0
Interest expense	253.6	274.2	275.1
Net Interest income	**18.4**	**19.0**	**18.9**
Issuance and on-lending costs	2.3	2.4	2.4
Approved Issuer Levy	1.5	1.6	1.6
Operating expenses	3.7	3.9	4.0
Issuance and operating expenses	**7.6**	**7.8**	**8.0**
P&L	**10.9**	**11.2**	**10.9**
Financial position ($m)	**Jun-20**	**Jun-21**	**Jun-22**
Capital	25.0	25.0	25.0
Retained earnings	60.5	70.2	79.6
Total equity	85.5	95.2	104.6
Shareholder funds + borrower notes / Total assets	2.4%	2.5%	2.5%
Dividend provision	1.5	1.5	1.5
Total assets (nominal)	9,743.9	9,953.8	10,164.3
Total LG loans - short term (nominal)	460.0	460.0	460.0
Total LG loans (nominal)	9,100.2	9,346.0	9,418.7
Total bills (nominal)	425.0	425.0	425.0
Total bonds (nominal) ex treasury stock	9,064.0	9,264.0	9,454.0
Total borrower notes (nominal)	145.6	149.5	150.7

Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their April 2020, May 2021 and April 2022 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- LGFA's net interest income for the period to:
  - 30 June 2020 will be greater than $18.40 million.

    - 30 June 2021 will be greater than $19.00 million.
    - 30 June 2022 will be greater than $18.90 million.
- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
    - 30 June 2020 will be less than $6.10 million.
    - 30 June 2021 will be less than $6.20 million.
    - 30 June 2022 will be less than $6.40 million.
- Total lending to Participating Local Authorities[1] at:
    - 30 June 2020 will be at least $9,560 million.
    - 30 June 2021 will be at least $9,806 million.
    - 30 June 2022 will be at least $9,879 million.
- Conduct an annual survey of councils who borrow from LGFA and achieve at least an 80% satisfaction score as to the value added by LGFA to the council borrowing activities.
- Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements.
- Achieve 75% market share of all council borrowing in New Zealand.
- Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.
- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

[1] Subject to the forecasting uncertainty noted previously

7. 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[2] with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no fewer than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. 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.

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[2] Best practice as per NZX and Institute of Directors guidelines

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 and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to 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 Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. 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 as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. 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 considers 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 was at least equal to the face value of the Shareholders' paid up Principal Shares of $25 million. This equated to a value per share of $1.00.

12. 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.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2018 (updated where necessary).

ATTACHMENT: Statement of accounting policies

a. 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 local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

b. 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).

c. 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 been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

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. Those which may be relevant to LGFA are as follows:

> NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. 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; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

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.

e. Other assets

Property, plant and equipment (PPE)

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.

f) 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.

g) Revenue and expenses

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.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future

Christchurch City Council

periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

LGFA
NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

27 February 2019

Dear Shareholder

Draft Statement of Intent 2019/20

Please find attached a copy of the Draft Statement of Intent (SOI) for the 2019/20 year.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality
- Enhancing our approach to treasury and risk management and
- Ensuring we have the correct governance framework and capital structure in place

The following points regarding the Draft 2019/20 SOI are worth noting:

- Profitability is forecast to remain strong with projections for Net Operating Gain of $10.9 million, $11.2 million and $10.9 million for the next three years, which is similar to results from previous years. However, we remain cautious in placing too much emphasis on the Year Three (2021/22) forecast given that over the next three years, we estimate that $3.6 billion of our LGFA bonds and $3.0 billion of council loans mature. Assumptions regarding timing of refinancing and interest rates have a meaningful impact on financial projections.

- Net interest income is expected to remain constant over the next three years as the balance sheet grows from council lending and we hold additional liquid assets to manage the LGFA bond maturities. However, this is offset by a modest reduction in on-lending margins as loans to councils made in previous years at higher margins are refinanced by councils at maturity with lower margin loans.

- We have increased our forecast for Local Government loans (short and long term) outstanding as at June 2020 to $9.524 billion and to $9.806 billion as at June 2021 (from $8.421 billion and $8.185 billion in the previous SOI). This reflects the higher long-term borrowing requirement outlined by councils in their 2018-28 Long-Term Plans, increased utilisation of short term borrowing from LGFA by councils and a surge in new council

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members who typically refinance their debt with LGFA upon joining. In last year's SOI, we had also been conservative in expecting a reduction in borrowing appetite from councils because of the Housing Infrastructure Fund facility and other Central Government initiatives.

- We have assumed a small narrowing in credit margins as the credit quality of the sector improves and councils get ratings upgrades. There are no forecast changes to the on-lending margins given the base lending margin now averages 10 bps (0.10%). Any further reductions in the base margin is unlikely as we need to ensure we have enough capital to match the growth in the balance sheet. LGFA on-lending margins are the narrowest when compared with our international peers.

- Compared to the previous SOI, issuance and on-lending costs, excluding Approved Issuer Levy ("AIL") are forecast to be around $200k to $300k higher in each of the 2019/20 and 2020/21 financial years reflecting higher lending and issuance volumes.

- The SOI performance targets are similar to targets in the previous SOI except we have replaced the objective relating to savings to council borrowers with a survey-based measure as to the perceived "value add" by LGFA to councils. It has become increasingly difficult to accurately measure savings in borrowing costs due to the lack of single name bond issuance by councils who are not members of LGFA.

- As noted above, there is some timing uncertainty within the SOI forecast relating to Local Government loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the Local Government loans that are due to mature in April 2020, May 2021 and April 2022. 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 30 April 2019 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 2019.

Yours sincerely

Mark Butcher
Chief Executive

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15. Development Christchurch Ltd - Performance report for period December 2018 - February 2019

Reference: 19/7386

Presenter(s): Rob Hall - Chief Executive, Development Christchurch Ltd

1. Purpose and Origin of Report

Purpose of Report

1.1 The purpose of this report is for the Finance and Performance Committee of the Whole to note Development Christchurch Ltd's (DCL's) performance report for the period December 2018 to February 2019.

Origin of Report

1.2 This report is staff generated as a result of receiving DCL's performance report on 20 March 2019.

2. Significance

2.1 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by the extent to which the decisions in this report are likely to impact the community.

3. Staff Recommendations

That the Finance and Performance Committee of the Whole:

1. Note the content of Development Christchurch Ltd's performance report for December 2018 to February 2019.

4. Key Points

4.1 DCL's performance report from December 2018 – February 2019 is at **Attachment A**.

Attachments

No.	Title	Page
A ⇩	DCL - Performance Report for period December 2018 - February 2019	211

Confirmation of Statutory Compliance

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

(a) This report contains:

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

(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

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

Signatories

Author	Linda Gibb - Performance Monitoring Advisor
Approved By	Len Van Hout - Manager External Reporting & Governance Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO)

Development Christchurch Ltd.

To: Finance and Performance Committee

From: Rob Hall, Chief Executive

Date: 4th April 2019

Subject: Development Christchurch Limited Report for period December 2018 to February 2019

1. Overview

This report is to provide the Finance and Performance Committee (FPC) of Council with an update on the activities of Development Christchurch Limited (DCL). It is presented in two parts; this report, which is presented in the public section and a second report, which is tabled in the public excluded part of the FPC meeting.

2. Development Programme Update

2.1 New Brighton Regeneration project

Funding for the Foreshore development projects was approved by Council on 24 June 2017. The project is divided into two main parts. Phase 1a being the construction of the children's beachside playground, which is fully completed.

Phase 1b of the project is the Christchurch Hot Pools development, which includes coastal protection works and a financial contribution to the New Brighton Surf Club's redevelopment.

Environment Canterbury granted Resource Consent, subject to conditions, in September 2018 and Council granted Resource Consent in November. Building Consent applications were made in early December. On granting of building consent, it will be possible to commence construction. Site preparation work commenced in late 2018.

Council staff are leading the planning and delivery of surrounding public realm work with design input from DCL and an external expert. Staff are progressing the new concept design for the public realm works for Marine Parade. The urban design led solution will link the Hot Pools, Playground and the foreshore to the commercial core in an integrated way. Council has allocated $12m to the Public Realm in the 2018 – 2028 LTP. DCL recommend that aspects of this work be bought forward to align with private sector intentions and to more quickly give effect to the recommendations of the suburban masterplan.

DCL have explored the use of compulsory acquisition powers under the Greater Christchurch Regeneration Act.

DCL continues to work with the existing property and business owners to encourage renewed investment in New Brighton, cognisant of the limitations in legislative actions that can be taken.

2.2 Peterborough Central Project

DCL

Development Christchurch Ltd.

DCL has reached out to local and international developers and investors to ensure best outcomes for Peterborough Central that are consistent with the Central City Action Plan. The Request for Proposal submission process closed on 15th March and submissions are currently being assessed.

See the Development Christchurch Limited Report – April 2019, PUBLIC EXCLUDED, dated 4 April 2019 for further detail.

2.3 Christchurch Adventure Park (CAP)
DCL continues to work closely with the Port Hills Leisure Limited (PHLL) Board and management team in our role as an investor. See the Development Christchurch Limited Report – April 2019, PUBLIC EXCLUDED, dated 4 April 2019 for further detail.

2.4 Suburban Regeneration
DCL has provided recommendations to Council staff on the interventions and incentives that the Council could use to attract private sector investment to improve and maintain the vibrancy of our suburban centres as places for business and social interaction.

DCL are providing investors and developers with case-management support and advice for development in Lyttleton. Staff have identified land in Lyttleton with potential for development. DCL are also in discussion with stakeholders in regards to future use of the former Lyttleton School Site.

2.5 Central City Action Plan
DCL is supporting the Central City Action Plan, which is being led by Council staff, and is responsible for relevant components relating to commercial development, property intentions and supporting alternative development models that may be applicable.

3. Commercial Advisory Services to Council
DCL is working with Council staff to provide professional services and commercial advice on a number of issues. See the Development Christchurch Limited Report – April 2019, PUBLIC EXCLUDED, dated 4 April 2019 for further detail.

4. Investor Attraction
See the Development Christchurch Limited Report – April 2019, PUBLIC EXCLUDED, dated 4 April 2019 for further detail.

RW Hall

Rob Hall, FRICS, FCIWEM
Chief Executive Officer
Development Christchurch Limited

16. Resolution to Exclude the Public

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

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

Reason for passing this resolution: good reason to withhold exists under section 7.
Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

Note

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

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

(a) Shall be available to any member of the public who is present; and
(b) Shall form part of the minutes of the local authority."

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

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
17	PUBLIC EXCLUDED FINANCE AND PERFORMANCE COMMITTEE OF THE WHOLE MINUTES - 7 MARCH 2019			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
18	DEVELOPMENT CHRISTCHURCH LTD - PERFORMANCE REPORT DECEMBER 2018 - FEBRUARY 2019	S7(2)(H)	COMMERCIAL ACTIVITIES	INFORMATION ABOUT COMMERCIAL ACTIVITIES BEING UNDERTAKEN OR ENGAGED IN BY DCL IS CONTAINED IN THIS REPORT.	AT SUCH TIME THAT THERE ARE NO LONGER GROUNDS TO WITHHOLD THE INFORMATION UNDER THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987 AND WITH THE APPROVAL OF THE CHIEF EXECUTIVES OF THE COUNCIL AND DCL.
19	VBASE LTD - DRAFT STATEMENT OF INTENT 2020-2022	S7(2)(F)(II), S7(2)(H), S7(2)(I)	PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT, COMMERCIAL ACTIVITIES, CONDUCT NEGOTIATIONS	THE REPORT CONTAINS INFORMATION THAT COULD CAUSE DETRIMENT TO VBASE WHILE IT IS CURRENTLY ENGAGING WITH STAFF AND PROGRESSING A RESTRUCTURING OF THE BUSINESS.	AFTER FINAL SOIS HAVE BEEN MADE PUBLIC, BOTH FOR VBASE AND FOR THE NEW CCOS AND WITH THE APPROVAL OF THE CHIEF EXECUTIVES OF THE COUNCIL AND VBASE.

20	CHRISTCHURCHNZ HOLDINGS LTD - DRAFT STATEMENTS OF INTENT 2020-2022 FOR CHRISTCHURCHNZ LTD AND CRIS LTD	S7(2)(F)(II)	PROTECTION FROM IMPROPER PRESSURE OR HARASSMENT	THE DRAFT SOIS MAY CONTAIN INFORMATION THAT IS NOT YET AGREED WITH SHAREHOLDERS, AND AS A CONSEQUENCE MAY CHANGE IN THE FINAL SOI.	AFTER RELEASE OF THE FINAL SOI BY 31 JULY 2019, AND WITH THE APPROVAL OF THE CHIEF EXECUTIVES OF THE COUNCIL AND CHRISTCHURCHNZ HOLDINGS LTD
21	CAPITAL PROGRAMME WATCHLIST AND MAJOR CYCLEWAYS WATCHLIST	S7(2)(B)(II)	PREJUDICE COMMERCIAL POSITION	RELEASE OF THE INFORMATION MAY PREJUDICE ONGOING COMMERCIAL NEGOTIATIONS.	INFORMATION ON INDIVIDUAL PROJECTS MAY BE RELEASED FROM PUBLIC EXCLUDED WHEN THE PROJECT IS COMPLETE AND THE CHIEF EXECUTIVE HAS DETERMINED THERE IS NO LONGER ANY REASON TO WITHHOLD THE INFORMATION UNDER THE ACT.
22	FACILITIES MAINTENANCE CONTRACT OPTIONS	S7(2)(G), S7(2)(I)	MAINTAIN LEGAL PROFESSIONAL PRIVILEGE, CONDUCT NEGOTIATIONS	THE WITHOLDING OF THE INFORMATION IS NECESSARY TO CONDUCT CONTRACT NEGOCIATIONS AND MAINTAIN LEGAL PROFESSIONAL PRIVILEGE.	WHEN THE CHIEF EXECUTIVE DETERMINES THERE ARE NO LONGER ANY REASONS TO WITHHOLD THE INFORMATION UNDER THE ACT.

23	GLOBAL SETTLEMENT PROGRESS REPORT	S7(2)(I)	CONDUCT NEGOTIATIONS	TO ENABLE CONFIDENTIAL NEGOTIATIONS.	28 JUNE 2019 OR WHEN COUNCIL CONSIDERS THE FINAL GLOBAL SETTLEMENT REPORT.