

COUNCIL 27. 9. 2012

**CORPORATE AND FINANCIAL COMMITTEE
14. 9. 2012**

**A meeting of the Corporate and Financial Committee
was held in Committee Room 1
on Friday 14 September 2012 at 8am**

PRESENT: Councillor Helen Broughton (Chairperson)
Councillors Ngaire Button, Tim Carter, Jimmy Chen, Jamie Gough and Yani Johanson.

APOLOGIES: An apology for lateness was received from Councillor Gough, who arrived at 8.10am, and was absent for part of Clause 1.

Apologies for early departure were received from Councillors Carter, Button and Chen.

Councillors Button and Carter left at 11.20am and were absent for Clauses 11 to 13.

Councillor Chen left at 11.34am and was absent for Clause 13.

The Committee reports that:



PART A - MATTERS REQUIRING A COUNCIL DECISION

1. CHRISTCHURCH CITY HOLDINGS LIMITED - INCREASE IN UNCALLED CAPITAL

General Manager responsible:	General Manager, DDI 941-8528
Officer responsible:	Manager, Corporate Finance Unit
Author:	Ian Thomson – Solicitor

PURPOSE OF REPORT

1. To seek the Council's approval of an increase in the uncalled capital of Christchurch City Holdings Ltd (CCHL).

EXECUTIVE SUMMARY

2. CCHL owns all of the shares in Enable Services Ltd (Enable Services). This company is a shareholder in Enable Networks Ltd (Enable Networks), along with Crown Fibre Holdings Ltd (CFH). CFH is a company established for the purpose of representing the Government's interest in the roll out of ultra fast broadband services.
3. Enable Services has a contract with the Government for constructing a network of 3,400 kilometres in the greater Christchurch area over a period of eight years. Through CFH, the Government will be contributing \$168 million to the project.
4. The total investment to be made by CCHL is \$298.6 million. Of this, \$88 million is in the form of equity and the remaining \$210 million will be provided by way of debt.
5. Because of this, CCHL's debt will increase significantly over the next nine years. CCHL now seeks the Council's support for the borrowing arrangements required to meet the company's obligations. This has been signalled previously, when the Council approved CCHL entering into negotiations with CFH.

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FINANCIAL IMPLICATIONS

6. Under the financial arrangements currently in place CCHL can incur liabilities up to a maximum of \$350 million. It is proposed that the uncalled capital of CCHL be increased by \$300 million to \$650 million. This would give CCHL the flexibility to borrow from capital markets without breaching its banking covenants.
7. An increase in uncalled capital would not of itself necessarily cause the credit rating of CCHL and the Council to change. This is because group debt has already been factored into forecasts considered by Standard and Poor's at its most recent review. The more relevant consideration to the Council's credit rating is the fact that the overall debt of the Council group is increasing as a result of Council's previous resolution for CCHL/Enable to participate in the roll out of ultra-fast broadband services.
8. The increase of uncalled capital would involve the issue of preference shares in CCHL to the Council, unpaid but redeemable at some point in the future, if called upon by CCHL. Technically they are an investment, in which the Council acquires equity in CCHL. It is not planned by CCHL to make a call on these shares.

LEGAL CONSIDERATIONS

9. The Council's Investment Policy notes that the Council will from time to time invest in Council controlled organisations for the purpose of fulfilling various strategic, economic development and financial objectives. Under the Policy any purchase or disposal of equity investments requires the approval of the Council.
10. Enable Services is a Council controlled organisation, with CCHL being the sole shareholder. The level of ownership that Enable Services has in Enable Networks will vary over time in line with CFH's contribution to the construction of the ultra fast broadband network.
11. Although technically an investment, unpaid shares create a contingent liability for the Council and may become an actual liability should CCHL fail financially and is required to call upon those shares. For this reason the Council's Liability Management Policy notes that the Council holds redeemable preference shares in CCHL and that the Council manages the risk associated with the shares through its objective of maintaining its credit rating of AA or better. As indicated earlier in this report it is possible that the Council will not be able to retain this rating, given the effects of the earthquakes and the higher debt levels that will result. The proposed increase in the uncalled capital of CCHL should not, in itself, be a major factor in determining the rating.
12. However, there are no restrictions on the acquisition of unpaid redeemable preference shares in the Liability Management Policy.

DECISION PROCESS

13. In 2009, CCHL responded to an invitation from the Government to participate in a project to accelerate the roll out of ultra fast broadband services to 75 per cent of New Zealanders over 10 years. At that time Enable Services (then known as Christchurch City Networks Ltd) had already installed approximately 150 kilometres of fibre in Christchurch, with plans to increase that to more than 300 kilometres over three years. The company remains a wholly owned subsidiary of CCHL.

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14. It was expected that if negotiations were successful, the Government would take up shares in Enable Networks in return for its contribution to the cost of the project. Whilst that would have an initial-to-medium term effect of diluting CCHL's shareholding, over time that would be reversed as more connections were made to the network and the Government's funding was repaid. CCHL will retain sole ownership of Enable Services, but that company's shareholding in Enable Networks, the joint venture entity, would vary as described.
15. CCHL's investment in Enable Services is one of the Council's strategic assets. Because of this, the Council sought the views of its community through the use of a special consultative procedure before deciding whether or not to support the proposal that Enable Services enter into negotiations with the Government. Consultation was undertaken as part of the 2010/11 Annual Plan process.
16. The Statement of Proposal noted that the initial years of the project would be the most challenging from a financial perspective. Beyond that, Enable Services would be a profitable investment.
17. The proposal also advised the community that in addition to the Government's contribution, CCHL would be providing funding to Enable Networks by investing a mixture of debt and equity over a 15 year period. In the earlier years the funding would be predominantly debt so that CCHL could obtain an income stream from the investment and maintain dividend levels to the Council through the initial stages of the project. CCHL intended to take on additional borrowing to meet its funding commitments.
18. There were no submissions received in response to the proposal and in June 2010 the Council resolved to approve the proposed change in the ownership and control of Enable Networks should the company's negotiations with the Government be successful. The 2009/19 LTCCP was amended to reflect this decision.
19. In April 2011 CCHL brought another report to the Council. The company wanted to affirm the support it had received previously, on the basis that the Council's circumstances had changed considerably as a result of the earthquakes and aftershocks. The report followed a detailed information workshop for Councillors.
20. By that time the original proposal had been modified by negotiation to allow Enable Services to buy out the Government's investment in Enable Networks at the end of 10 years. Councillors were advised that this made the funding of the complete project more flexible and less demanding on CCHL.
21. The report confirmed that CCHL's contribution would be \$298.6 million, with \$88 million being equity and the balance of \$210 million by way of debt. Having the largest portion of funding as interest bearing would limit the impact on CCHL cashflows.
22. The Council resolved to confirm its support for CCHL in respect of the project. Negotiations with the Government were successfully concluded and the project is well underway.
23. CCHL is now in the position where it needs to put in place funding arrangements to meet its commitment to Enable Networks. To do this, it recommends that the uncalled capital held by the Council in CCHL be increased by \$300 million.
24. The Council's decision on whether or not to adopt the recommendation flows from the provision contained in the 2009/19 LTCCP and the public consultation process that preceded that. In April 2011 the Council noted that at the time it made its decision to support the project the Council undertook a special consultative procedure and that the original parameters of the project were being met. That is still the case.

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25. The funding arrangements now being proposed fall within the Council's Investment Policy.

CONSULTATION FULFILMENT

26. As indicated earlier, a decision to increase uncalled capital in CCHL as a means of raising capital to fund CCHL's commitment to the cost of providing ultra fast broadband in the City, flows from the earlier consultative process undertaken in 2010 and more recent decisions made by the Council. A decision by resolution, without further consultation, would not be in breach of the Council's Significance Policy.

BACKGROUND (THE ISSUES)

27. CCHL has considered a number of options for funding its share of the ultra fast broadband project. In addition to the option recommended in this report, these have included:
- Borrowing from the Council. The way this would work is that the Council could decide to borrow the necessary funds from the Local Government Funding Agency and on-lend them to CCHL. This would also require an increase in uncalled capital.
 - Issue hybrid instruments that could be classified as equity. Examples of these are very long term bonds or perpetual preference shares. This is a more expensive option, compared to the current cost of borrowing.
 - Private equity placement to a strategic partner. This may be a sound option, if the right partner could be found. However, there would be political implications involved with this approach, and, in addition, a lot of work would be required to determine such matters as shareholder rights and governance arrangements. Disposing of a minority stake in a company means that it is likely to be at a discount to its underlying value.
 - Share issue to the public. This could be done by either the Council or CCHL, depending on where the flow of capital is sought. For the purposes of CCHL's funding position, it would be preferable for CCHL to issue the shares and receive the equity injection. The equity raising process is relatively complex and would require a prospectus to be issued. There are also political implications to be taken into account.
 - Asset sales. This is another method of raising capital, but has not been favoured to date.
 - Gearing up Orion. This would involve a return of capital from Orion. However, the earthquakes have increased Orion's own borrowing requirements and this is not seen as a preferred option at this stage.
28. Whilst these options have been worthy of investigation by CCHL, at the end of the day issues arising from each of them, to a lesser or greater degree, have meant that the simpler, more certain and quicker option is the one recommended in this report. As part of the LTP deliberations, the Council will have the opportunity to further consider its overall investment holdings in the context of its Financial Strategy to meet the costs of the earthquake rebuild.

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STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Increases its shareholding in Christchurch City Holdings Ltd by taking up the issue of further redeemable preference shares in the company to a value of \$300 million, to be uncalled.
- (b) Acquires the shares to enable Christchurch City Holdings Ltd to borrow to meet its commitment to Enable Networks Ltd and the construction of ultra fast broadband services by that company, in partnership with the NZ Government.
- (c) Authorises the General Manager Corporate Services to execute the necessary documentation to give effect to recommendations (a) and (b) above.

COMMITTEE RECOMMENDATION

That the staff recommendation be adopted.

Councillor Carter did not participate in the discussion or voting on this clause.



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2. CAPITAL ENDOWMENT FUND – FUNDS FOR SPECIAL ONE-OFF OPPORTUNITIES

General Manager responsible:	General Manager Corporate Services, DDI 941 8528
Officer responsible:	Finance Unit Manager
Author:	Diane Brandish = Unit Manager Corporate Finance

PURPOSE OF REPORT

1. This report responds to the Council's request for a review of its past resolutions on the use of the Capital Endowment Fund (the Fund) and recommends that, should the Council wish to make funds available for special one-off opportunities (projects / events), it resolve to suspend inflation-proofing the Fund for two years.

EXECUTIVE SUMMARY

2. At its meeting on 25-27 June 2012 the Council resolved to request staff to report back with a review of the Council's past resolutions on the use of the Capital Endowment Fund, the aim being to make funds available for special one-off opportunities (projects / events).
3. At 1 July 2012, the balance of the Fund stood at \$100.102 million. Council's existing resolutions require that the Fund should be invested consistent with the Council's Investment Policy and that the investment proceeds should be allocated firstly to inflation protect the capital of the fund and secondly to economic development, and civic and community projects on a 70 per cent / 30 per cent pro-rata basis. The legal section of this paper provides a review of the Council's past resolutions on the Fund. **Appendix 5** contains the Council's original plan and programme for the Fund, as well as a copy of the page from the Annual Plan 2012-13, which outlines the Council's latest resolutions.
4. The earnings of the Fund for 2012/13 are forecast to be \$4.563 million (4.52 per cent average return), of which \$2.802 million is required to inflation protect the fund. **Appendix 2** contains a list of the Fund's current investments. This leaves a total of \$2.620 million available for commitments in 2012/13 (including \$0.859 million of unallocated funds from previous years). The Council has already made funding commitments of \$2.565 million, leaving \$55,000 of uncommitted funds in 2012/13. **Appendix 1** outlines Council's existing commitments.
5. If the Council wishes to make funds available for special one-off opportunities, it is recommended that the Council suspends inflation-proofing of the Fund for two years and calls for applications and/or nominations from Community Boards for appropriate projects. Suspending inflation-proofing on the fund would provide \$2.802 million in 2012/13 and \$2.470 million in 2013/14, for allocation to projects.

FINANCIAL IMPLICATIONS

6. The current financial position of the Fund is set out in Appendix 1. Council resolutions have committed \$2.565 million of the \$2.620 million available in the 2012/13 year. The Council has also previously resolved to allocate funds to one-off events (up to \$200,000 per annum), Civic and Community grants (\$50,000 per annum), and advancing Community Capital Projects (\$850,000). No funding commitments other than \$100,000 for one-off events have been made in the 2012/13 year in respect of these amounts. As shown in the table, only \$55,000 remains available for allocation in 2012/13 under current Council resolutions.
7. During the 2009-19 LTCCP process, based on historical returns, the Council forecast that returns on its Capital Endowment Fund investments would enable it to allocate \$3 million per annum to economic development, and civic and community projects. This was based on lower inflation and higher interest rate projections prior to the Global Financial Crisis (see **Appendix 3**). However, since 2011 interest rates have reached historical lows and inflation has tracked at around 3 per cent, meaning that average returns available for distribution after the fund is inflation-protected are around \$2.1 million per annum.

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8. The Capital Endowment Fund investments are projected to return 4.5 per cent in 2012/13 and the immediate future (see Appendix 2 for a list of current investments). The advice received from Asia Pacific Risk Management (the Council's external treasury advisors) is that interest rates will not improve significantly in the immediate future and we have assumed the same rate of return for the next three years.
9. In June 2007, Council resolved to set aside \$850,000 per annum from the Civic and Community portion of the Fund to bring forward capital projects from future years of its LTCCP. The \$850,000 was seen as a means by which desirable projects could commence earlier with funding for borrowing costs paid for by the Fund rather than by rates. No such projects have been identified by the Council to date and due to pressure on the Fund's earnings for other projects and the large number of growth, capital and rebuild projects underway, it is recommended that this Council resolution be rescinded.
10. Fund allocations will be reviewed as part of the 2013/22 LTP process in light of the latest earnings forecasts. Appendix 1 shows that earnings after inflation adjustment are likely to be between \$2.1 million and \$2.5 million per annum, which will mean that the Council will not have sufficient earnings from the Fund to continue with commitments as large as 2012/13. A schedule of allocations for the previous four years is attached as **Appendix 4**.
11. The Council has indicated that it would like to consider making further funds available for special one-off opportunities (projects / events). Because the Council has already made funding commitments that exhaust the available earnings from the fund in 2012/13, it could consider the following options:
 - **Option 1:** Resolve to spend some capital of the Fund (this would require an 80 per cent majority vote by Council). This approach is not recommended because it would reduce the capital of the fund and consequently reduce the amount available for Council to allocate on an annual basis. In the 11 years since the Fund was established this option has not been invoked.
 - **Option 2:** Resolve not to inflation-protect the fund for a set period of time, for example two years. If the Council wishes to commit additional funds to special one-off opportunities, this approach is preferred because it means that although the Fund would not be inflation-protected for two years, the nominal capital of the fund (i.e. before inflation-proofing) is fully retained. This option would make \$2.802 million available in 2012/13 and \$2.470 million available in 2013/14. The disadvantage of this option is that future earnings would be slightly lower due to the inflation-adjusted capital of the fund being lower by \$5.272 million. In the 11 years since the Fund was established this option has not been invoked.
 - **Option 3:** Resolve not to commit further funds for the 2012/13 year. The advantage of this option is that the capital of the fund and its future earnings remain inflation-proofed. The disadvantage is that it does not allow the Council to commit any further funds to special one-off opportunities. This would be the preferred option if the Council prefers to maintain the real value of the capital of the Fund.
12. If the Council wishes to pursue Option 2 above, staff would implement a process through its Community Support Strategic Initiatives Team to call for applications and/or nominations for funding from Community Boards for special one-off recovery / transitional projects or events. Staff would then bring recommendations to the Council's Metropolitan Funding Committee for approval.

LEGAL CONSIDERATION

13. A proposal to set up a fund for the future benefit of Christchurch residents was consulted on as part of the Annual Plan process in March 2001. The capital sum of \$75 million to be used for this purpose came from the sale by Orion of an investment in a North Island gas network.

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14. Following consultation, the Council adopted its "Financial Plan and Programme 2002 Edition" on 12 July 2001. This included the establishment of the Fund, the allocation of income for economic development, civic and community projects, and investment objectives and policies. A copy of the relevant extract from the plan and the investment objectives and policies is attached as Appendix 5.
15. The matter came before the Council again on 18 March 2004. It discussed a report from the Annual Plan Sub-committee, which had reviewed the operation of the Fund since it was established in 2001. The Sub-Committee recommended that the ratio of allocation of income be changed to 60 per cent (economic development) and 40 per cent (civic and community projects). In the event, at its meeting on 30 June 2004, the Council resolved that the 70/30 ratio continue for 2004/05, 2005/06 and 2006/07, and be reviewed at that time.
16. At its meeting on 27 July 2006 the Council considered a further report from staff with regard to economic development initiatives funded from interest earned from the Fund.
17. Council considered the Fund again at its meeting on 11 June 2007 and agreed:
 - that the 70/30 split between economic development, and civic and community should remain
 - that a provision of \$150,000 be made for economic development investigations
 - to the criteria for capital projects or grants (as outlined in the 2012/13 Annual Plan)
 - to allocate \$850,000 annually for the advancement of capital projects
 - to allocate \$2.45 million to events and festivals (this was spent over the next two years).
18. Further resolutions were made by the Council at its meeting on 16-18 February 2009 as follows:
 - earnings from the Fund be split 30 per cent civic and community and 70 per cent economic development
 - Economic Development portion be allocated as follows:
 - \$500,000 to CCT for special projects
 - \$500,000 to CDC for special projects
 - \$900,000 for iconic events (Buskers, PGA Golf, Cup & Show Week, Ellerslie Flower Show)
 - \$200,000 to one-off events.
 - set the minimum community and civic grant to \$50,000
 - review the funding allocations in three years, or if interest earnings change significantly.
19. On 27 May 2010 the Council resolved to contribute \$1.35 million from the unallocated balance of the Fund to support the NZ Golf Open for three years (\$450,000 per annum).
20. It should be noted that one of the investment objectives of the Fund is to maintain the real value of the capital with regard to inflation. The investment policy adopted by the Council to achieve the Fund's objectives states that the capital is to be preserved on a quarterly basis by adjusting for changes in the Statistics New Zealand All Groups CPI.
21. The Council can decide to use the capital so long as 80 per cent of Councillors vote in favour of the proposal to do so.
22. When the Council established the Fund in 2001, it resolved that the capital would not be used unless 80 per cent of Councillors vote in favour. If a decision is made to spend some of the capital (Option 1) the Council would be acting within the terms of the 2001 resolution.

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23. A decision not to inflation-protect the Fund for a period of time would not be in accordance with the investment policy adopted by the Council to achieve the objectives of the Fund. The policy states that the capital will be preserved on a quarterly basis by adjusting for changes in the Statistics NZ All Groups CPI.
24. If the Council was to make such a decision it must comply with Section 80 of the Local Government Act 2002. This requires the Council to identify:
- the inconsistency; and
 - the reasons for it; and
 - any intention to amend the policy or plan to accommodate the decision.
25. There is no mandatory requirement in the Local Government Act 2002 for the Council to consult before it makes its decision.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Agree to suspend inflation-proofing of the Capital Endowment Fund for 2012/13 and 2013/14 in order to make funds available for special one-off recovery / transitional projects or events.
- (b) Agree to allocate \$2.802 million in 2012/13 and \$2.470 million in 2013/14 of the earnings of the Capital Endowment Fund to special one-off recovery / transitional projects or events.
- (c) Rescind its June 2007 resolution to commit \$850,000 annually for the advancement of capital projects.
- (d) Agree that staff call for applications and/or nominations for funding from Community Boards for special one-off recovery / transitional projects or events and bring recommendations to the Council's Metropolitan Funding Committee for approval.

COMMITTEE CONSIDERATION

Councillor Button moved that the staff recommendation be adopted. The motion was seconded by Councillor Broughton and when put to the meeting was declared lost on division No 1 by 2 votes to 4, the voting being as follows:

For (2): Councillors Broughton and Button

Against (4): Councillors Carter, Chen, Gough and Johanson.

COMMITTEE RECOMMENDATION

Councillor Carter moved that the Council:

- (a) Resolve that the status quo remains.
- (b) Note that, if there is to be a change, legal advice is that based on previous Council resolutions, staff recommendation (b) should be passed with an 80 per cent majority.
- (c) Request that staff report back on options for a new annual contestable process (that involves community boards) for distribution of the unallocated capital endowment fund.

The motion was seconded by Councillor Gough, and on being put to the meeting was declared carried.

Appendix 1 – Capital Endowment Fund Current Position

	2012/13 Plan	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast
\$000				
Fund Movements:				
Inflation protected Capital opening balance 1 July	100,102	102,904	105,373	107,902
Inflation protection	2.8%	2.4%	2.4%	2.4%
Plus Net Interest Earnings at forecast inflation rate	2,802	2,470	2,529	2,590
Total inflation protected Capital closing balance	102,904	105,373	107,902	110,492
Current funds 1 July 2012	1,989			
Less held for FIFA Under 20s Mens World Cup 2015/16	(120)			
Less held for 2011/14 Mens Golf Open	(910)			
Less held for Antarctic Festival (11/12 carry forward)	(100)			
Unallocated funds carried forward	859	55	1,629	3,775
Forecast interest rate	4.52%	4.5%	4.5%	4.5%
Plus net interest earnings (after inflation protection)	1,761	2,163	2,286	2,436
Funds available for distribution	2,620	2,219	3,915	6,210
Total funding allocations	(2,565)	(590)	(140)	(200)
Unallocated funds carried forward (overspend)	55	1,629	3,775	6,010

Funding Commitments:

Economic Development

Funds available for distribution (70%)	1,834	1,553	2,740	4,347
Economic Development Initiatives				
CDC special projects	(150)			
Canterbury Economic Development Fund	(350)			
CCT special projects	(500)			
CCT Partnership programme	(350)			
Iconic Events				
Cup and Show Week	(350)			
Womens Golf	(450)	(450)		
Antarctic Festival	(315)			
One-off Events				
World Bowls	(25)	(25)	(25)	(200)
FIFA Under 20 Mens Football World Cup	(75)	(115)	(115)	-

(over)/under allocated for Economic Development Projects	(731)	963	2,600	4,147
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Civic and Community

Funds available for distribution (30%)	786	666	1,174	1,863
Civic and Community Initiatives				
Civic and Community Grants (Unallocated)*				
Advancing of Community Capital Projects(Unallocated)*				

(over)/underallocated for Civic and Community Projects	786	666	1,174	1,863
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Appendix 2 – Current CEF Investments

Invested with	Investment type	Amount	Maturity	Return
Kiwibank	LoanDeposit	1,500,000	15-Oct-12	4.00%
Manukau CC	FRN	5,000,000	28-Oct-12	2.84%
Auckland Intl Airport	Vanilla Bond	1,000,000	07-Nov-12	7.19%
Kiwibank	LoanDeposit	5,000,000	14-Nov-12	3.80%
Far North DC	Vanilla Bond	2,000,000	15-Nov-12	8.10%
Kiwibank	LoanDeposit	2,500,000	07-Dec-12	4.00%
Kiwibank	LoanDeposit	4,000,000	12-Dec-12	3.85%
Kiwibank	LoanDeposit	3,000,000	19-Dec-12	3.85%
Bank of New Zealand	LoanDeposit	6,000,000	04-Feb-13	5.19%
Kiwibank	LoanDeposit	4,000,000	04-Mar-13	4.15%
ANZ	LoanDeposit	1,000,000	20-Mar-13	4.50%
TCNZ Finance Ltd	Vanilla Bond	2,000,000	22-Mar-13	6.92%
Bank of New Zealand	LoanDeposit	3,159,200	22-Apr-13	4.00%
Whangarei District Council	FRN	10,000,000	12-Jul-13	3.81%
New Plymouth DC	Vanilla Bond	2,000,000	15-Aug-13	6.75%
Horowhenua DC	LoanDeposit	3,000,000	03-Dec-13	5.67%
Fonterra Co-op Group	Vanilla Bond	3,000,000	21-Apr-14	6.86%
Bank of New Zealand	LoanDeposit	6,000,000	04-Feb-15	5.94%
Tauranga City Council	LoanDeposit	5,000,000	01-Jun-15	6.44%
Auckland Intl Airport	Vanilla Bond	3,500,000	07-Nov-15	7.25%
Bank of New Zealand	LoanDeposit	5,000,000	26-Nov-15	6.41%
Canty Museum Tst Brd	Vanilla Bond	1,500,000	15-Dec-15	6.55%
Rotorua DC	Vanilla Bond	5,000,000	15-Feb-16	6.75%
Westpac Bank	FRN	3,300,000	12-Jul-17	4.36%
Westpac Bank	FRN	4,700,000	12-Jul-17	4.42%
Canty Museum Tst Brd	Vanilla Bond	1,050,000	01-May-18	6.49%
Interstar NZ Millennium	LoanDeposit	100,000	30-Nov-34	3.12%
Short term cash investments	Deposit	6,792,800		3.00%

Appendix 3 – Historical CEF Earnings and Inflation Protection

	Return	Earnings	Inflation Protection		Available
2005/06	7.7%	6,258,284	4.0%	3,206,721	3,051,563
2006/07	7.1%	6,004,563	2.0%	1,695,169	4,309,394
2007/08	7.7%	6,646,003	4.0%	3,439,427	3,206,576
2008/09	7.1%	6,367,876	1.9%	1,699,077	4,668,799
2009/10	5.9%	5,339,298	3.5%	3,231,098	2,108,200
2010/11	5.8%	5,499,040	3.0%	2,830,682	2,668,358
2011/12	5.2%	5,094,789	3.0%	2,915,578	2,179,211

Appendix 4 – Historical CEF Allocations

Economic

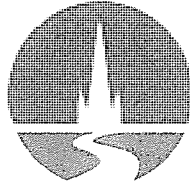
	2008/09	2009/10	2010/11	2011/12
Canterbury Economic Development Fund	1,000,000	350,000	350,000	350,000
CCM Projects (incl replacement CCHL funding)	350,000	-	-	-
CDC special projects	-	150,000	150,000	150,000
CCT Special Projects	-	300,000	500,000	500,000
CCT Partnership Agreement	-	-	-	350,000
Australia Campaign	-	-	350,000	-
Domestic Campaign	200,000	200,000	-	-
Advanced Network	50,000	-	-	-
Aerospace	150,000	-	-	-
Apprenticeships	50,000	-	-	-
Business Retention/Attraction	50,000	-	-	-
Film South	100,000	-	-	-
New Economic Development Initiatives	12,000	-	-	-
Urban Development Strategy	200,000	-	-	-
Workforce Development	60,000	-	-	-
Youth Enterprise	50,000	-	-	-
	2,272,000	1,000,000	1,350,000	1,350,000

Events

	2008/09	2009/10	2010/11	2011/12
PGA Golf / Shirley Open	400,000	400,000	400,000	-
NZ Women's Open Golf	50,000	50,000	50,000	450,000
NZ Open Golf	-	-	-	440,000
NZ Cup & Show Week	360,000	350,000	357,589	333,384
Festival Of Flowers	80,000	-	-	-
Southern Amp	100,000	-	-	-
Buskers Festival	450,006	-	-	-
Dome purchase	480,000	-	-	-
The Christchurch Writers' Festival	-	23,000	-	-
Australasian Police & Emergency Games	-	25,000	1,465	-
The Body	-	30,000	-	-
Antarctic Festival	-	43,821	91,580	-
French Festival	-	50,000	-	-
SCAPE	-	70,000	-	-
Arts Festival Trust funding	-	177,000	-	-
IPC Athletics	-	490,000	10,000	-
Women's Water Polo World Champs	-	-	60,000	-
FIFA under 20 Men's Football World Cup	-	-	-	75,000
Other	-	-	20,000	-
	1,920,006	1,708,821	990,634	1,298,384

Community

	2008/09	2009/10	2010/11	2011/12
Rapaki Marae	400,000	-	-	-
Greening the Rubble	-	-	-	90,000
	400,000	-	-	90,000



CHRISTCHURCH

CITY COUNCIL · YOUR PEOPLE · YOUR CITY

**Christchurch City Council
Financial Plan & Programme
2002 Edition**

**Adopted by the Council
on 12 July 2001**



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THE CAPITAL ENDOWMENT FUND

Background

In April 2000, Orion New Zealand Limited, the Council's energy company (87.6% owned by the Council), sold its North Island gas network and related assets. The gross proceeds of the sale were \$550 million and the net gain on sale was some \$187 million.

The Council's share of the amount being returned to shareholders is \$175 million. The Council has resolved to apply a \$100 million of this to debt reduction and the balance of \$75 million will be invested in a protected long term fund.

This Fund, to be known as the Capital Endowment Fund, will be used for the benefit of current and future generations. The Fund will be ring-fenced from the Council's other funds in order to protect the capital and provide an ongoing income stream to be used for economic development and civic and community projects.

Establishment of the Capital Endowment Fund

In establishing the Fund the Council resolved:

- That up to 100% of the available income from the fund be allocated in year 1 and up to 75% be allocated for subsequent years.
- That the income from the fund be allocated each year in the following way:
Economic development - 70%;
Civic and community projects 30%.
- That the above general categories be reviewed on a three yearly cycle.
- That if desired, funding for a particular category be carried forward to another year.
- That civic and community projects which have a cost of less than \$100,000 in any one year not be funded from the Capital Endowment Fund.
- That no single project be funded for more than three years, except in exceptional circumstances.
- That the capital of the fund will not be used unless 80% of the Councillors vote in favour.
- That a statement in the Council's funding policy and long term financial strategy will outline the structure and purpose of the fund.
- That the intention is to protect the capital and the process of applying the income to projects for the benefit of the community.
- That the Council will establish a practice of reporting on the fund in its Financial Plan and Annual Report as a separate activity each year including any significant variations to the policy.

Allocating the Economic Development Stream of Income from the Capital Endowment Fund

The Council will in consultation with the Canterbury Development Corporation, the Canterbury Manufacturers Association and the Canterbury Employers' Chamber of Commerce develop a set of criteria for assessing economic development projects, together with appropriate evaluation mechanisms.

The Council will also ensure that the inclusion of a direct increase in economic activity and job creation are prime criteria in the assessment evaluation.

The Council has specified several projects to be funded from the Economic Development portion of the fund over the next two years (see the schedule on page 30). In 2001/02 \$850,000 remains for allocation by the process being developed in conjunction with the above-mentioned organisations.

Allocating the Civic and Community Projects Stream of Income from the Capital Endowment Fund

The Museum Project was shown in the draft Plan as a potential project to be funded from the income of the Capital Endowment Fund. The amount provided for was \$5.5 million over five years commencing in 2002/03. In addition, a capital commitment of \$2.5 million from the Council's capital budget was also provided for making a total of \$8 million.

The total Museum Project cost is estimated at \$31.3 million and funding is being sought as follows:

Local Government	\$10.0 million
Central Government	\$12.5 million
Raised by Museum (sponsors etc.)	\$8.8 million

The Museum have sought a local commitment to this project so that they can approach Government with a realistic indication of local support. The Council has therefore made a significant commitment to this project over six years as it is considered to be exceptional and therefore requires a commitment to be made for more than three years.

It is proposed to provide funding for the Museum of \$3.5M from the Capital Endowment Fund over six years: 2001/02 - \$250,000; 2002/03 - \$532,500; 2003/04 - \$532,500; 2004/05 - \$732,500; 2005/05 - \$732,500; 2006/07 - \$732,500. In addition, the Financial Plan provides for \$2 million from ordinary revenue plus \$2.5 million capital for the overall project, making a total of \$8 million.

The Council has approved the allocation of \$200,000 in the next 3 years for upgrading special character precinct areas of the Central City and has set aside \$443,500 over 3 years for community projects which are yet to be specified. It has noted that the unallocated portion is also available for community projects in later years.

The Council has resolved that in the allocations to local community projects, the Council will follow the principle that all parts of the city will benefit, over a period, from local projects.

Investment Objectives

The Council will invest the assets of the fund in a broad range of investments designed to achieve the following objectives:

1. Maintain the real value of the capital of the fund with regard to inflation.
2. Maximise the value of the fund and therefore the amount that can be distributed from the fund over the long term, subject to a prudent level of portfolio risk.
3. Maintain a degree of consistency in the amounts that can be withdrawn on an annual basis.

Investment Policies

The Investment Policies adopted by the Council to achieve the above objectives are:

1. Responsibilities under common law and statute must be met.
2. The inflation-adjusted capital of the fund shall not be withdrawn.
3. An appropriate level of portfolio risk will be determined and accepted by the Council in consultation with professional advisers.

THE CAPITAL ENDOWMENT FUND

4. An appropriate level of diversification across securities, sectors, asset classes and countries must be maintained.
5. The portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
6. The capital of the portfolio will be preserved on a quarterly basis by adjusting for changes in the Statistics New Zealand All Groups CPI.
7. An investment fluctuation reserve must be maintained to finance budgeted distributions from the fund.
8. Liquidity must be considered and maintained at an appropriate level.
9. The investment structure must be able to accommodate changes in the fund's requirements and the investment environment.
10. All aspects of the investment process and functions will be reviewed regularly. In particular:
 - The performance of investment managers will be monitored against benchmarks at least monthly, and against the performance of other investment managers at least quarterly.
 - Investment managers will be monitored on an ongoing basis with respect to their organisational structure, investment processes and personnel.
 - Investment policies and objectives, asset allocation strategy and overall investment management structure will be reviewed at least once every three years.

The Council has resolved that a target of up to 10% of the Fund should be invested in South Island owned or based companies consistent with prudent investment practice. The Director of Finance has been requested to report on the form and procedure for this part of the investment fund.

Capital Endowment Fund - Funding Allocations

	2001/02	2002/03	2003/04
	\$	\$	\$
Estimated Total Available Income From Fund	2,312,500	3,706,250	3,782,375
Not to be allocated until later years (25%)		(926,563)	(945,594)
Available for allocation	2,312,500	2,779,688	2,836,781
Amounts Allocated			
<i>Economic Development (70%)</i>			
Central City Initiatives			
- Central City New Business Initiatives	100,000		
- Central City Project Team	100,000	100,000	
Christchurch Development Corporation (CDC)			
- Central Plains Water Enhancement - Feasibility Studies	295,000		
- Central City Attraction Strategy	100,000		
- Economic Development Projects (subject to an evaluation process being developed)	850,000		
Christchurch & Canterbury Marketing (CCM)			
- Domestic Marketing Campaign	175,000	175,000	
<i>Civic and Community (30%)</i>			
Community Relations			
- Community Projects (unspecified)	242,500	100,500	100,500
Central City Initiatives			
- Special Character Area Precinct Upgrade	200,000	200,000	200,000
Corporate Expenses/Other			
- Museum - Building & Development Project Grant	250,000	532,500	532,500
Remaining balance to be allocated	0	1,671,688	2,003,781

Christchurch City Council

Capital Endowment Fund

In April 2001, Council set up a Capital Endowment Fund of \$75 million. This fund was established using a share of the proceeds from the sale of Orion's investment in a gas company. The Fund provides an ongoing income stream which can be applied to economic development and civic and community projects.

Current Council resolutions in respect of the fund are;

1. that the income from the fund be allocated each year in the following way:

Economic Development	70%
Civic and Community	30%

the above general categories be reviewed on a three yearly cycle, the next review aligning with the 2013/22 LTP, or if the interest earned from the fund changes significantly (increase or decrease) within the intervening years,
2. that if desired, funding for a particular category be carried forward to another year,
3. that no single project be funded for more than three years, except in exceptional circumstances,
4. that the capital of the fund will not be used unless 80% of councillors vote in favour,
5. funds are managed in accordance with Council's Investment Policy.
6. With regards the Civic and Community portion;
 - projects implement a strong community strategic plan,
 - projects are of city-wide benefit,
 - priority is given to new community facilities,
 - only projects greater than \$50k will be considered.

\$850k is committed annually for advancement of capital projects which meet the criteria and the balance of the fund is available for individual projects or grants.

2011–12 Plan \$000		2012–13 LTCCP \$000	2012–13 Plan \$000	Variance to LTCCP
Fund Movements:				
96,736	Inflation protected Capital opening balance	101,687	100,102	(1,585)
2,902	Plus Net Interest Earnings at 2.8% inflation rate	2,847	2,802	(45)
99,638	Total inflation protected Capital closing balance	104,534	102,904	(1,630)
2,136	Unallocated funds carried forward	(1,085)	853	1,938
2,635	Plus net interest earnings (after inflation protection)	3,033	1,760	(1,273)
4,770	Funds available for distribution	1,948	2,613	665
(3,850)	Total funding allocations	(3,000)	(2,565)	435
920	Unallocated funds carried forward (overspend)	(1,052)	48	1,100

**3. PERFORMANCE REPORT FOR THE 12 MONTHS TO 30 JUNE 2012**

General Manager responsible:	General Manager, Corporate Services, Ph: 941-8528
Officer responsible:	Corporate Finance Manager Corporate Performance Manager
Author:	Paul Anderson – General Manager, Corporate Services

PURPOSE OF REPORT

1. The purpose of this report is to update the Council on service delivery, financial, and capital works programme performance results for the 12 months to 30 June 2012. The budgets and targets in this paper are based on those approved by the Council in the 2009-19 LTCCP and/or 2011-12 Annual Plan.
2. The report includes an updated overview on the overall financial impact of the earthquake on the Council for the year ended 30 June 2012.

EXECUTIVE SUMMARY

3. Attached are appendices showing summaries of:
 - Levels of Service graph as at 30 June 2012 (**Appendix 1**)
 - Levels of Service which failed to meet targets as at 30 June 2012 (**Appendix 1a**)
 - Financial performance as at 30 June 2012 (**Appendix 2**)
 - Significant capital projects (greater than \$250,000) as at 30 June 2012 (**Appendix 3**)
 - Housing development fund and Christchurch Earthquake Mayoral Relief fund as at 30 June 2012 (**Appendix 4**).
 - Operational carry forward requests from 2011/12 to 2012/13 (**Appendix 5**)
 - Capital programme carry forward requests from 2011/12 (**Appendix 6**).

LEVELS OF SERVICE

4. The Council was able to meet the majority of its Level of Service targets in 2011/12. Those that were not met were generally the direct or indirect result of earthquake-related issues. For example, a significant number of targets not met related to facilities which were expected to be open when 2011/12 measures were set (February to June 2011), but which have since been forced into closure. The Art Gallery, which traditionally has a large number of performance targets, is an example.
5. Another contributor to this result was a misalignment between Canterbury Development Corporation (CDC) / Christchurch and Canterbury Tourism (CCT) level of service targets and those in the Annual Plan. These targets were discontinued post-earthquake with the intention that they be reset during 2011/12, however the Council decided not to consider further changes to 2011/12 levels of service when these were prepared for consideration in February 2012. This misalignment has since been corrected via the 2012/13 Annual Plan.
6. As a result, the Council delivered 80.5 percent of its levels of service to target at year end. (This result is subject to confirmation by the Office of the Auditor General.)
7. Appendix 1a lists those Levels of Service where the target was not achieved, along with staff commentary and remedial actions.

FINANCIAL PERFORMANCE

8. The key financials for the 2011/12 year are summarised in the table below. This includes an additional section for earthquake response costs, which the Council has resolved to borrow for in the short term and repay by deferring renewals. An expanded view of the Council's financial results is provided in Appendix 2.

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Year to Date Results				Forecast Carry Forward	
\$000's	Actual	Plan	Variance	Carry Fwd	Result
Council Activities					
Operational Expenditure	381,375	382,611	1,236	5,311	-4,075
Operational Funding	372,642	356,537	16,106	372	16,478
Ratepayer cash operating deficit	8,733	26,075	17,342	4,939	12,402
Earthquake Response					
Operational Expenditure	231,851	58,361	-173,489	-	-173,489
Operational Funding/recoveries	170,161	55,161	115,000	-	115,000
Earthquake response borrowing required	61,689	3,200	-58,489	-	-58,489
Capital Works Programme					
Less planned carry forwards	100,980	179,564	78,584	66,893	11,691
Works Programme Funding		55,000	-55,000	55,000	-
Works Programme Borrowing Requirement	65,745	62,409	3,336	1,198	4,534
	35,235	62,155	26,920	10,695	16,225
Earthquake Rebuild	298,018	362,869	64,851	22,237	42,614

9. The ratepayer cash operating deficit is \$12.4 million less than budget after proposed carry forwards of \$4.9 million. This includes additional interest costs for borrowing for the Council's share of the earthquake response and is a \$4.6 million improvement from the March forecast. This results in \$17.3 million less borrowing than estimated in the financial strategy for 2011/12, although \$4.9 million will be required in 2012/13 to fund the recommended carry forwards. The balance of \$12.4 million may be required in the next few years if revenues do not recover as quickly as originally forecast. The Council had forecast operating deficits totalling \$75.4 million for the three years to 2013/14 and has resolved to fund these deficits by charging a Special Earthquake Charge on rates of 1.82 percent per annum for five years.
10. Net earthquake emergency and response costs for 2011/12 are \$58.5 million higher than budget; \$9.6 million higher than forecast in March. Expenditure is \$0.7 million less than the March forecast, however accrued revenue is \$10.3 million less due to ongoing reassessment of qualifying expenditure for reimbursement.
11. The Capital Works Programme was \$78.6 million below budget before carry forwards. Net carry-forwards of \$66.9 million have been requested, resulting in an overall under-spend of \$11.7 million (see Appendix 3 for details). Works programme funding from NZTA was \$4.3 million higher than budget.
12. The Rebuild spend was less than budgeted largely due to the facilities rebuild not proceeding as quickly as originally planned in June 2011.

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OPERATIONAL EXPENDITURE

13. Operating expenditure for Council activities was \$1.2 million below budget. The year-end variance was largely due to lower than budgeted maintenance and operating costs across the organisation due to facility closures as a result of earthquakes, and BAU work put on hold throughout the year as resources were diverted to earthquake repairs. There was also a significant under-spend on heritage grants (Arts Centre and Heritage Incentive grants not paid out but requested to be carried forward) and consultants' fees, mainly in the City Planning and Development area. These were largely offset by higher than budgeted debt servicing costs (partly due to additional borrowing for earthquake costs), earthquake rates remissions, and 'non-emergency/response' earthquake costs (e.g. building consents and inspections, demolition processing, and the Royal Commission). After proposed carry forwards, the over-spend is \$4.1 million.

OPERATIONAL FUNDING

14. Operational funding for Council activities was \$16.1 million higher than budget. The year-end variance was largely due to additional revenue from rates (although this was partially offset by the cost of rates remissions mentioned above). Dividends revenue (CCHL) and subvention receipts were also higher than budget. Partially offsetting this were revenue shortfalls in the parking, building consents and inspections, and commercial property rental areas.
15. Other variances not affecting the ratepayer cash operating deficit were shortfalls in housing rentals and development contributions, and unbudgeted donations to the Earthquake Mayoral Relief Fund.

CAPITAL WORKS PROGRAMME

16. The Capital Works Programme was \$78.6 million below budget. The largest variance was in the Wastewater Collection and Treatment area, which was \$24.9 million below budget. This was due to continuing delays on various projects including the Western Interceptor Future Stages (\$8.1 million), BioSolids Drying Facility (\$2.9 million), Grit Tank projects (\$2.9 million), Wastewater Extension to Charteris Bay (\$2.1 million), and Wastewater Belfast Area Growth (\$1.2 million). Streets and Transport was \$15.4 million behind budget due to an under-spend on various projects mainly as a result of earthquake damage. These include Ferrymead Bridge (\$4.9 million), Main Road three laning (\$2.1 million), Carrs Road Pedestrian Bridge (\$1.2 million), Causeway Culvert and Walls (\$0.9 million) and Subdivision (\$0.8 million). Parks and Open Spaces were \$10.6 million behind budget, the largest component being Botanic Garden Entry Pavilion (\$1.6 million). Other project under-spends include the Waterways and Wetlands Purchases (\$1.1 million), Neighbourhood Reserve Purchases (\$1.0 million) and Awatea South Basin (\$0.9 million). The majority of the Corporate variance of \$8.3 million below budget relates to Strategic Land Acquisitions.
17. Net carry-forwards of \$66.9 million were identified against a budgeted \$55 million. Significant individual carry-forwards include: Strategic Land Purchases (\$9.9 million); Western Interceptor Future Stages (\$8.1 million); Ferrymead Bridge (\$4.9 million); Aranui Library (\$2.2 million); Main Rd Three-Laning (\$2.1 million); Wastewater Extension to Charteris Bay (\$2.1 million); Neighbourhood Reserves and Waterways and Wetlands purchases (total \$2.1 million); Botanic Gardens Entry Pavilion (\$1.6 million); Primary Sedimentation Tank upgrades (\$1.4 million); Fendalton Duplication (\$1.2 million); Combined Wastewater Treatment Plant (CWTP) Biosolids Drying Facility (\$1.2 million); Wilmers Road Pump Station (\$1.1 million); and Art in Public Places (\$1.0 million). The remaining \$22.8 million is made up of a number of smaller carry-forward requests, spread across the following areas: Streets and Transport \$6.5 million; Parks and Open Spaces \$6.3 million; Water Supply \$5.5 million; Wastewater Collection and Treatment \$2.0 million; City Planning and Development \$1.5 million; and Recreation and Leisure \$1.0 million.

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18. Financial details of significant capital projects, including proposed carry-forwards and bring-backs, are shown in Appendix 3. A full schedule of capital carry-forwards is contained in Appendix 6. Staff have recommended that funding for capital projects is carried forward where Council has committed to deliver these projects in the LTCCP and/or Annual Plan.

CAPITAL FUNDING

19. Development Contributions revenue was \$2.0 million below budget, however the amount able to be allocated to fund completed work was on budget at year-end, as shown in Appendix 2.
20. Capital grants and subsidies were \$5.5 million higher than budget (New Zealand Transport Agency [NZTA] subsidies \$4.3). Also contributing to the favourable variance were unbudgeted contributions from Ngai Tahu (cost reimbursement for Awatea Basin \$0.7 million); NZTA (Southern Motorway \$0.3 million), and contributions from Kiwi Income Management (Northlands Mall) and Papanui High School towards the Graham Condon Leisure Centre (total of \$0.4 million). Partially offsetting this was revenue from water connection fees, which was \$0.2 million lower than budget.

OPERATIONAL ACTIVITIES

21. The following commentary is supported by the second table in Appendix 2. These figures are combined results from Council activities and earthquake response costs. Depreciation is higher than budget in a number of activities due to asset impairment information not being available to enable the write down of asset values and consequent depreciation reduction.
22. City and Community Long Term Policy and Planning - The overall variance for the year of \$1.9 million below budget was due to an underspend on consultants' fees, promotional and staff costs which were mainly in the Central City Plan, UDS and Urban Regeneration areas.
23. Heritage Protection – The year-end variance of \$3.4 million was due to Heritage Incentive (\$1.7 million) and Arts Centre grants (\$1.6 million) not being uplifted. The budgets have been requested to be carried forward to the next financial year.
24. City Planning and Development Capital Revenues – The year-end result reflects LAPP (Facilities) indemnity recognition relating to heritage assets, most notably the Canterbury Provincial Chambers (\$6.1 million), Lyttelton Museum (\$1.1 million) and Our City (\$1.0 million) buildings.
25. Community Grants - The year-end variance of \$0.5 million below budget was due to the QEII Sports House (\$285,000) and Christchurch Cathedral grants (\$240,000) not being paid out.
26. Social Housing – The activity year-end results were \$0.5 million over budget. The variance was a result of overall revenue being \$0.6 million below budget, \$0.4 million unspent on insurance, offset by depreciation costs \$0.3 million higher than budget.
27. Civil Defence Emergency Management – The year-end result reflects an increase in accrued earthquake recoveries following a detailed review. The positive variance of \$1.9 million relates to a timing issue as revenue has been recognised on expenditure which was incurred in the prior year.
28. Community Support Capital Revenues – The year-end variance of \$18 million was associated with the interim proceeds from the Earthquake Commission (EQC) on the rebuild/repair of the Council's housing stock (\$13.5 million), in addition to LAPP (Facilities) indemnity payments relating to various community centres (\$4.5 million).
29. Art Gallery and Museums – This activity was under budget due to the closure of the Gallery and fewer exhibition projects provided.

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30. Libraries – The year-end variance was due to lower staff costs as a result of staff working in other business units and on earthquake-related projects, in addition to insurance premium savings due to the limited cover in place. A \$0.4 million reduction in the depreciation costs relating to asset write-down also contributed to the overall variance.
31. Cultural and Learning Services Capital Revenues – The year-end variance was mainly due to LAPP (Facilities) indemnity payments relating to various libraries.
32. Neighbourhood Parks – The activity was \$1.4 million higher than the budget due to a \$1.4 million overspent on earthquake-related parks costs, partially offset by an under-spend on normal Council activities of \$0.2 million and a \$0.2 million earthquake write-down of park facilities.
33. Garden and Heritage Parks – The year-end result was below budget mainly due to a maintenance underspend. Also the Riccarton Bush Trust capital grant (\$262,000) was not paid out and has been requested to be carried forward.
34. Waterways and Land Drainage – The year-end result of \$7.9 million higher than budget is due to higher earthquake response costs of \$4.3 million, lower recoveries than budgeted of \$3.1 million (relating to costs where no recoveries were available, such as river dredging), and higher depreciation costs of \$0.9 million. The higher costs were partially offset by an under-spend on normal Council activities of \$0.4 million, due to maintenance works put on hold throughout the year.
35. Harbours and Marine Structures – The activity was better than budget as a result of additional revenue from cruise ship fees.
36. Parks and Open Spaces Capital Revenues – The year-end result reflects higher earthquake capital recoveries (total of \$16.1 million) and an unbudgeted receipt from Ngai Tahu of \$0.7 million (cost reimbursement for Awatea Basin), however this was partially offset by lower revenue from development contributions, which was \$2.2 million below budget (Parks DCs \$1.8 million below and Waterways and Wetlands DCs \$0.4 million below).
37. Recreation and Sports Services – The year-end result was \$9.3 million over budget due to higher depreciation costs of \$11 million; offset by \$1.6 million savings in operating and maintenance costs, as well as higher admittance and pool programmes revenue.
38. Recreation and Leisure Capital Revenues – The year-end variance of \$29.5 million was made up of insurance indemnity payments relating to QEII Park Stadium and Pools (\$28.9 million) and an unbudgeted capital contribution towards the Graham Condon Leisure Centre (\$0.4 million) and cash development contributions (\$0.2 million).
39. Residual Waste Collection and Disposal – The year-end variance of \$0.9 million was due to a reduction in expected earthquake insurance recoveries, mainly around additional red bin collection and landfill costs.
40. Refuse Minimisation and Disposal Capital Revenues – The year-end variance was the result of an error in prior year accruals.
41. Regulatory Approvals – The activity was \$11.5 million higher than budget. Earthquake response costs (geotech work) accounted for \$5.9 million. Other earthquake-related costs comprised earthquake building consents and inspections (\$1.7 million), resource consents (\$0.4 million) and a further \$1.3 million of costs associated with the Royal Commission. Normal Council activities were \$2.5 million higher than budget, mainly in the building consents (\$1.1 million), code compliance certificates (\$1.1 million), and building inspections (\$0.9 million) areas. This was partially offset by lower costs relating to weather tight homes (\$0.6 million) and higher revenue from LIMS (\$0.2 million).

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42. Road Network – The year-end result was \$13.9 million higher than budget. Net earthquake costs were \$14.1 million of budget, which were partially offset by a normal Council activities under-spend of \$2.5 million. This was mainly due to higher commercial rent revenue from cell sites and higher NZTA operational subsidies, in addition to lower than budgeted operating/maintenance costs. The higher depreciation costs of \$2.2 million also contributed to the result.
43. Public Transport Infrastructure – The result was due to lower depreciation costs of \$2.5 million and higher NZTA operational subsidies relating to the Transport Interchange and bus stop infrastructure.
44. Streets and Transport Capital Revenues – The year-end result was \$67.4 million unfavourable to budget. While non-earthquake NZTA subsidies and revenue from development contributions were higher than budget (\$4.3 million and \$0.3 million respectively), recoveries from the infrastructure rebuild were \$72.0 million lower. This is partly because the early focus is on below ground infrastructure and partly because a lot of work is in progress. The \$68.8 million is partly offset by \$48.2 million of NZTA recoveries appearing under Corporate Revenues being the NZTA portion of the SCIRT setup/overhead costs, which are yet to be allocated to projects.
45. Wastewater Collection – The year-end variance was largely a result of net earthquake costs being \$33.0 million higher than budget. This was partially offset by an under-spend on normal Council activities of \$2.2 million.
46. Wastewater Treatment and Disposal – The activity was \$4.7 million below budget. It was largely due to higher revenue from tankered waste (\$5.6 million) and the operating/maintenance cost savings (\$2.0 million) due to the BioSolids plant not operating at full capacity for most of the year, in addition to energy cost savings at the CWTP. The favourable result was offset partly by higher depreciation costs of \$2.7 million.
47. Wastewater Collection and Treatment Capital Revenues – The year-end variance of \$68.6 million below budget was mainly due to earthquake capital recoveries relating to the infrastructure rebuild, while cash DCs were close to budget.
48. Water Supply – The year-end variance of this activity related to net earthquake costs of \$4.6 million and depreciation costs of \$1.2 million, which were partially offset by an underspend on normal maintenance costs of \$2.6 million.
49. Water Supply Capital Revenues – The year-end result was \$33.6 million higher than budget due to earthquake capital recoveries.
50. Corporate Revenues/Expenses – The total year-end variance of \$17.6 million was largely due to earthquake capital recoveries (\$13.9 million). Rates revenue, net of remissions, was \$1.8 million higher than budget. Other favourable variances were dividends' revenue \$3.6 million (CCHL), Subvention receipts \$1.6 million, and donations to the Earthquake Mayoral Relief Fund \$1.9 million. Offsetting this were net interest costs (\$6.5 million higher than budget).

EARTHQUAKE COSTS

\$ million	2011/12 YTD			Life to Date		
	Actual Results	Cost	Recovery	Net Cost	Cost	Recovery
Emergency and Response costs	231.9	169.3	62.6	464.3	354.9	109.4
Rebuild Costs	298.0	403.3	(105.3)	347.3	494.1	(146.9)
Net Cost	529.9	572.6	(42.7)	811.6	849.0	(37.4)

51. Emergency and earthquake response costs of \$231.9 million were incurred in 2011/12 of which the Council's share is \$62.6 million. This was significantly higher than planned largely due to costs added as a result of the 13 June and 23 December aftershocks. The difference between the \$62.6 million and the emergency and response borrowing required of \$61.7 million under paragraph 8 is \$0.9 million allocated by the Council from the Auckland City Council contribution.

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3 Cont'd

52. Rebuild recoveries cannot be directly compared to rebuild costs due to timing differences. This is largely due to the settlement of the LAPP infrastructure claim for \$201.5 million. \$164.7 million was recognised in 2011/12 as the balance was recognised in 2010/11. There was also receipt of some interim indemnity settlements (\$34.9 million) for above ground assets. In both instances some of the cash received was earlier than the expenditure actually being incurred.
53. Details of costs and recoveries for 2011/12 are:

	Actual 2011/12 (\$m)						
	Cost	Accrued Recoveries					Balance
		LAPP (F)	LAPP (I)	DIA/CERA	NZTA	Other	Council
Infrastructure Rebuild							
Roading	10.3	-	-	-	7.7	.0	2.6
Sewer	88.8	-	139.4	50.1	-	-	(100.8)
Water	17.1	(.0)	27.5	11.3	-	-	(21.7)
Stormwater	15.2	-	13.4	9.1	-	-	(7.4)
SCIRT setup and overhead costs unallocated	135.4	-	(9.3)	33.2	48.2	-	63.4
Total	266.8	(.0)	171.1	103.7	55.9	.0	(63.9)
Other Assets and Insured Costs:							
Buildings and Facilities	5.6	37.3	(.8)	(1.2)	-	13.5	(43.1)
Sewer above-ground assets	14.2	18.2	(4.4)	-	-	-	.4
Water above-ground assets	9.5	9.2	-	-	-	(.0)	.2
Stormwater above-ground assets	.1	.1	-	-	-	-	.0
Park Facilities	-	.6	-	-	-	-	(.6)
Uninsured Assets (Parks, Stormwater)	1.8	-	-	-	.2	-	1.7
Total	31.2	65.4	(5.2)	(1.2)	.2	13.5	(41.4)
Emergency & Response Costs:							
Roading Emergency Work	36.7	-	(2.2)	(7.8)	36.1	.0	10.6
Welfare and other Emergency Work	5.8	-	(5.0)	8.5	-	.0	2.3
Other Response Costs	49.2	17.6	.4	19.0	.1	2.4	9.6
Roading Temp Maintenance Works	10.3	(.0)	(.6)	(.9)	6.8	(.0)	5.0
Non-Roading Temp Maintenance Works	112.9	1.9	6.3	73.0	-	1.0	30.6
Demolition Costs	.1	-	-	(.0)	-	(.0)	.1
Rockfall	13.2	-	-	2.7	3.9	(.0)	6.6
Increased Costs of Working	.0	.2	-	-	-	5.8	(6.0)
Staff/Other internal costs charged to Emerg/Resp	9.9	-	-	-	-	-	9.9
Less costs budgeted in Council activities	(6.3)	-	-	-	-	-	(6.3)
Total	231.9	19.7	(1.1)	94.5	46.9	9.3	62.6
Grand Total	529.9	85.1	164.7	197.0	103.0	22.7	(42.7)

Recoveries received in 2011/12	34.9	160.8	118.9	105.5	28.9
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Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

54. Yes.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

55. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

56. Both service delivery and financial results are in direct alignment with the LTCCP and Activity Management Plans.

3 Cont'd

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

57. As above.

ALIGNMENT WITH STRATEGIES

58. Not applicable.

CONSULTATION FULFILMENT

59. Not applicable.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Receive the report.
- (b) Approve operational carry forward requests from 2011/12 of \$5.3 million (as detailed in Appendix 5), to enable completion of projects in 2012/13, \$4.9 million of which will be funded from borrowing in 2012/13.
- (c) Approve capital works programme carry forward requests of \$66.9 million together with associated NZTA subsidy of \$1.2 million, and earthquake rebuild carry forward requests of \$22.2 million together with associated recoveries of \$10.3 million (as detailed in Appendix 6), to enable completion of capital projects in 2012/13 or later as indicated.
- (d) Note the better than budget operating result which results in \$17.3 million less borrowing in 2011/12 than estimated in the financial strategy. This is partly offset by \$4.9 million of additional borrowing in 2012/13 to fund operational carry forwards. The balance of \$12.4 million may be required in later years if revenues do not recover as originally forecast.
- (e) Note the additional borrowing for earthquake emergency and response costs of \$61.7 million which was \$58.5 million higher than budgeted in 2011/12.

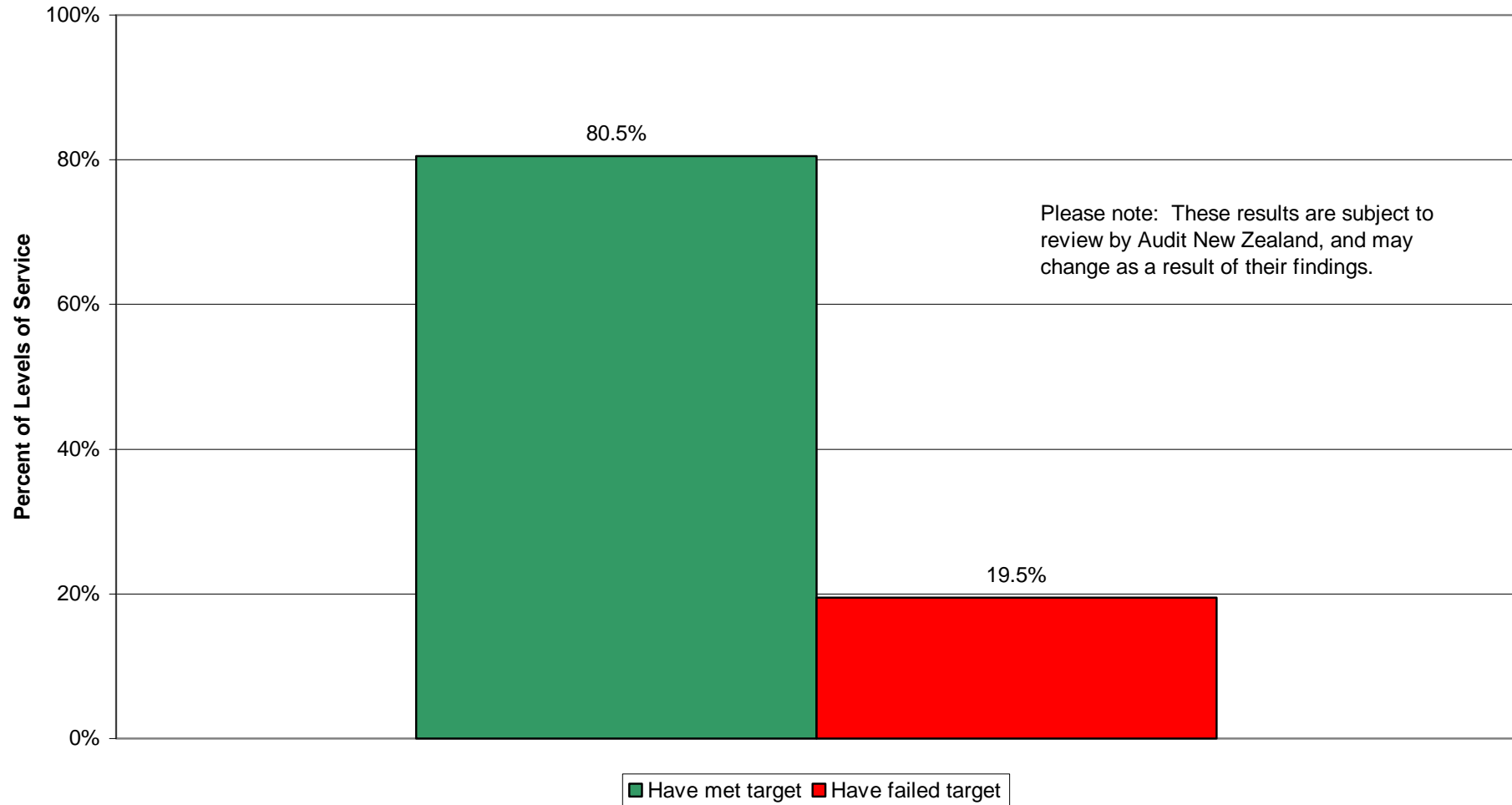
COMMITTEE RECOMMENDATION

That the staff recommendation be adopted.

In addition, the Committee requested that staff provide a memo to members of the Council on the current status of the main corridor, reasons for the delay and new timeframes before the next Council meeting.

Appendix 1 - Levels of Service Achievement (as at 30 June 2012)

2011/12 Level of Service Achievement
As at 30 June 2012



Appendix 1a: Levels of service which have failed to meet targets

As at 30 June 2012

(Measures and targets in **bold** are in the current Long-Term Council Community Plan)

City and Community Long-Term Policy and Planning

Measure: Community Outcomes are monitored.
Target: Regularly updated Community Outcomes reports are available to Council and the public (ongoing).
Results: This year community outcomes data monitoring sheets were not able to be maintained on an ongoing basis.
Comments: Work related to earthquake recovery took priority.
Remedial Action: Work is required to determine how this LOS can be achieved in 2012/13 with the limited resources and competing priorities.

Measure: The recovery of suburban centres is supported by urban design and planning initiatives.
Target: Plan completed for Lyttelton and Sydenham by 30 September 2011.
Results: Plan completed in June 2012.
Comments: Due to changing circumstances it was recommended that the date be amended but Council opted to stay with the original date.
Remedial Action: The work has now been completed but not by the date required.

District Plan

Measure: Christchurch City District Plan is reviewed.
Target: (1) Timeframe for completion to be updated by 30 December 2011.
Results: The District Plan Review was put on hold after the earthquakes to allow recovery work to be undertaken, as well as the demands of day to day (plan change) work. The start date was then to be reviewed.
Comments: The Regulatory and Planning Committee resolved that the start date would be decided through the 2013/22 LTP process.
Remedial Action: Work on the District Plan Review will be undertaken once the start date is confirmed through the LTP.

Measure: Christchurch City District Plan is reviewed.
Target: (2) Review is commenced by June 2012.
Results: Not commenced.
Comments:
Remedial Action: As above.

Measure: The Christchurch City District Plan is fully operative.
Target: Both territorial sections of the Plan are fully operative by 31 March 2012.
Results: There are two issues that prevented the District Plan being made fully operative. For the Banks Peninsula District Plan it was the financial

contributions rules. For the City Plan it was the Opawa Road designation.

Comments: The Banks Peninsula District Plan is due to go to Council to be made fully operative in September 2012 (subject to no appeals being received on Variation 8, financial contributions). The City Plan cannot be made fully operative until a study by NZTA is completed on the Brougham St corridor to determine whether the Opawa and Port Hills Road designation is still required.

Remedial Action: If appeals are received on Variation 8 then the Banks Peninsula District Plan cannot be made operative until any appeals are settled. The City Plan (District Plan) will be made operative either with or without the Opawa/Port Hills Roads designation once the NZTA study is completed.

Build Stronger Communities

Measure: Capacity building of community groups
Target: At least 85% of organisations sampled are satisfied with quality of support.
Results: 84% Satisfied.
Comments: Comments were wide-ranging. Funding topped the list for satisfaction. Comments for dissatisfaction were primarily around respondents wanting larger funding budget envelopes.
Remedial Action: Review survey comments and implement any remedial action, where appropriate.

Measure: Provide five day a week half, full-day and flexible-hours care at early learning centres.
Target: Provide 113,520 hours of childcare per annum Pioneer ELC.
Results: 84,480 hours.
Comments: Closed for 4 snow days, plus a request to change target hours was declined. Pioneer ELC target hours should have been 86240.

Civil Defence Emergency Management

Measure: Approved Civil Defence and Emergency Management Plans covering local response and recovery arrangements and specific contingencies are in place.
Target: At all times.
Results: Recovery Plan needs review. All other plans are up to date.
Comments: Following discussions with our Alternate Recovery managers, the current Recovery Plan developed prior to September 2010 does not reflect the recovery arrangements that have been put in place following September 2010 and February 2011 earthquakes.
Remedial Action: Lessons learnt in recovery following recent earthquakes will be factored into future Recovery Plans.

Measure: Build upon national/regional initiatives to promote the need for individuals to be prepared for when a disaster occurs.
Target: Two major civil defence and emergency management promotions occurs annually via CCC publications.
Results: A major promotion informing our communities of the tsunami siren and

tsunami risk was conducted in May 2012.

Comments: Council was to participate in the National Get Ready week scheduled for October 2011. The Ministry of Civil Defence Emergency Management cancelled this due to the on-going earthquakes in Canterbury. It was decided given the earthquakes that an alternate programme would not be run to replace this promotion.

Remedial Action: Two public education promotions will be delivered during 2012/13.

Measure: Relevant hazards and risks are identified and managed in the City's District and Civil Defence Emergency plans.

Target: Hazards and risks framework maintained at all times.

Results: Target has not been achieved.

Comments: Work on developing a 'Hazards and Risk Framework' has been delayed.

Remedial Action: Framework to be completed in 2012/13.

Measure: The portfolio of community centres/halls/cottages is maintained.

Target: Maintain the number of community centres, halls and cottages at a minimum of 45.

Results: 36 centres are currently open (closures have arisen from Detailed Engineering Evaluation Assessments.)

Comments: Number will increase as repairs are completed.

Social Housing

Measure: Maintain portfolio of rental units and owner/occupier units.

Target: Minimum of 2,420 rental units and 28 owner / occupier units.

Results: Due to earthquake events the number of current habitable units has been reduced to 2247.

Comments: Repair / rebuild will commence when EQC and insurance claims are settled. EQC scopes of work currently being assessed against actual damage incurred.

Measure: Tenants are satisfied with quality of tenancy service provided.

Target: More than 80% of tenants surveyed are satisfied with the quality of the tenancy service provided.

Results: 78% satisfied.

Comments: Earthquake events caused distress to many tenants generating some dissatisfaction with the service available at that time.

Remedial Action: It is expected this will improve as staff work with tenants and their expectations are carefully monitored and managed.

Walk-in Customer Services

Measure: Customer service centres are provided.

Target: Walk-in services at 11 locations (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Sockburn, Riccarton)

Results: There are nine at the moment - Linwood and Sockburn not operational.

Comments: A temporary service point at Linwood is almost operational. Sockburn is

out of commission.

Remedial Action: The 2012/13 Annual Plan allows for replacement of the Sockburn service centre.

Measure: Number of walk-in customer service hours provided.

Target: Total of 408.5 hours per week.

Results: 328 hours per week.

Comments: Linwood and Sockburn are not operational.

Remedial Action: A temporary solution is underway for Linwood; Sockburn is addressed in the 2012/13 Annual Plan.

Art Gallery and Museums

Measure: Akaroa Museum- hours of opening

Target: Minimum of 2,093 opening hours per annum.

Results: 2035 hours open, 58 under target.

Comments: Lost 5.5 hours to snow (15 Aug), 6 hours post-earthquake (24 Dec) and 55 hours from 21-30 June, due to closure following DEE inspection.

Measure: Cost of providing Akaroa Museum service.

Target: Average operating cost per visitor of <\$15.00 ongoing.

Results: \$21.30 per visitor.

Comments: This represents a substantial improvement on last year's \$26.01.

Measure: Cost of providing Art Gallery services.

Target: Average operating cost per visitor of <\$21.00 ongoing.

Results: N/A.

Comments: Given the Art Gallery's closure for the reporting period, this is impossible to calculate.

Remedial Action: Target will be re-activated once an opening date is secured.

Measure: Exhibitions and publications presented.

Target: 15-18 exhibitions presented per annum.

Results: 11 Outer Spaces projects presented.

Comments: The continuing closure of the Gallery building meant that the normal number of exhibitions could not be presented. However, a number of projects have been undertaken as part of the Outer Spaces programme.

Remedial Action: Target suspended and will be reviewed when reopening date known.

Measure: Art Gallery hours of opening.

Target: Minimum hours open to the public: approx 2,793 hrs per annum.

Results: 767 hours open to the public in 2011-12.

Comments: Continuing closure of the Gallery made this target impossible for 2011-12. All hours recorded were at an off-site exhibition space.

Remedial Action: Target suspended. Hours of opening at off-site exhibition venue will continue to be recorded, with targets revised once an opening date is known.

Measure: International Museum standards maintained - climate control.
Target: Humidity and temperature is maintained at 50% +/- 5% and at 21oC +/- 2oC, 24 hours a day/7 days a week/365 days a year (24/7/365) respectively.
Results: Temperature control maintained 81% of 2011-12. Humidity control maintained 71.7% of 2011-12.
Comments: The Gallery was not able to maintain 100% of the International Museum Standard temperature and humidity targets, in part because of the alternative use of the exhibition spaces, and in part because of the need to have sensors and other equipment repaired following the earthquakes.
Remedial Action: After agreed repairs, 100% system check will ensure targets can be met in future. A chiller was installed in July 2012.

Measure: Number of visitors per annum.
Target: Visitors pa within a range of 370,000 - 410,000.
Results: 4,093 visitors to off-site exhibition space.
Comments: Continuing closure of the Gallery made this target impossible for 2011/12. (Note: Gallery-supported programmes and education events are reported elsewhere.)

Measure: Public programmes and school specific programmes are delivered.
Target: At least 2,500 volunteer hours per annum.
Results: A total of 808.5 volunteer hours during 2011-12.
Comments: The target was not achieved because the Gallery has been closed and the education programme taken out to schools, thus restricting volunteer guide involvement.

Measure: Public programmes and school-specific programmes delivered.
Target: Average of 25,000 attending advertised public programmes per annum.
Results: 8738 attended public programmes to year end.
Comments: Without exhibitions or a collection on which to base the public programme, it was difficult to achieve the target. Numbers were achieved by stand-alone programmes and partnerships with other cultural bodies.

Target: Maintain at 10,000 attend school programmes per annum.
Results: 8580 attended school programmes to year end.
Comments: From the beginning of the year, our educator has been successfully presenting an Outreach Programme to schools and, although the target was not met, a valuable service was provided and a stronger relationship built between schools and the Gallery.
Remedial Action: The target has been adjusted to allow for the ongoing closure of the Gallery, decline in school rolls, and extra travel time involved with delivering the Outreach programme.

Measure: Visitor satisfaction with their Art Gallery experience
Target: At least 90% of visitors rate their experience as good, very good, or excellent.
Results: Survey not conducted.
Remedial Action: Target suspended for 2012-13, but will be revised once Gallery's opening

date is known.

Libraries

Measure: Collections are available to and meet the needs of the community.
Target: Maintain cost per transaction of \$2.73 or less.
Results: \$3.13
Comments: Cost per transaction could not be met due to the impact of reduced services with an average of only 49% of normal space available for the year.
Remedial Action: The opening of Tuam St in July 2012 and other large libraries being open in 2012-13, as well as the addition of electronic resources (previously not able to be counted) in the transaction figures, should enable this target to be met next year.

Measure: Residents have access to a physical library relevant to local community need or profile.
Target: Provide for 10 voluntary libraries - rent free facilities including building and maintenance.
Results: Voluntary libraries provided for 5 facilities.
Comments: The remaining 5 services are not accessible due to full or partial demolition of damaged facilities or awaiting engineering assessment.
Remedial Action: Explore alternative accommodation options through the Transitional Facilities Rebuild plans.

Target: Provide for 10 voluntary libraries - support for collections.
Results: Support for collections provided for 5 remaining voluntary libraries.
Comments: The other 5 services are not accessible due to full or partial demolition of damaged facilities or awaiting engineering assessment.
Remedial Action: Explore alternative accommodation options for this service through the Transitional Facilities Rebuild plans.

City Governance and Decision-making

Measure: Elected members are satisfied with level and quality of logistic support from Democracy Services Unit.
Target: 90%.
Results: 87%.
Remedial Action: Comments from elected members will be reviewed to identify any follow up actions.

Measure: Percentage of residents satisfied that the Council makes decisions in the best interests of Christchurch.
Target: 48%.
Results: 37%.
Remedial Action: The Council will be considering and implementing a range of communications initiatives in 2012/13 to ensure that residents are informed about Council's vision, its programme and decision making, and the rationale behind its decisions.

Measure: Percentage of residents who understand how Council makes decisions.
Target: 40%.
Results: 34%.
Remedial Action: The Council will be considering and implementing a range of communications initiatives in 2012/13 to ensure that residents are informed about Council's vision, its programme and decision making, and the rationale behind its decisions.

Public Participation in Democratic Processes

Measure: Elected member satisfaction with the Councils public consultation processes.
Target: Elected members are satisfied or very satisfied with consultation processes involving their community - establish baseline by 30 June 2012.
Results: The baseline survey was not completed by 30 June 2012.
Comments: Establishing this baseline in the current financial year was not possible due to delays caused by the earthquakes.
Remedial Action: This baseline will be established during 2012-13.

Measure: Mahaanui Kurataiao Ltd (MKT) satisfaction with opportunities provided for consultation and input.
Target: Very satisfied.
Results: Satisfied.
Comments: This result was determined via survey.
Remedial Action: To be discussed with MKT and other staff groups within Council.

Measure: Percentage of residents that feel the public has some or a large influence on decisions the Council makes
Target: 61%.
Results: 39%.
Remedial Action: The Council will be considering and implementing a range of communications initiatives in 2012/13 to ensure that residents are informed about Council's vision, its programme and decision making, and the rationale behind its decisions.

Measure: Proportion of residents that are satisfied with the opportunities to access information about Council decisions.
Target: 80%
Results: 38%
Remedial Action: Target to be discussed with the LTP Committee.

City Promotions

Measure: Maintain (external) Christchurch website.
Target: Continue to provide www.christchurch.org.nz as the highest visited site for Christchurch City.
Results: Christchurch.org.nz is second most visited Christchurch website.
Comments: The launch of the new interactive mapping tool on this website was delayed due to earthquakes.

Remedial Action: The new website will be launched July 2012.

Regional Economic Development, Business Support and Workforce Development

Measure: CCT promotes Christchurch and Canterbury as a desirable destination for business events and trade exhibitions

Target: 18% market share of conference delegate days by 2015, unless agreed otherwise by Christchurch and Canterbury Tourism Board. (2011 -17%). *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: Target not achieved, however 11 incentive buyers hosted from Thailand in August 2011, two Australian incentive buyer familiarisation visits occurred in April and May 2012 consisting of a total of fourteen buyers.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Target: 3% increase in conference delegate days per annum (ongoing), unless agreed otherwise by Christchurch and Canterbury Tourism Board. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: Target not achieved, however 11 incentive buyers hosted from Thailand in August 2011, two Australian incentive buyer familiarisation visits occurred in April and May 2012 consisting of a total of fourteen buyers.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Measure: CCT provides leadership to the tourism sector in Christchurch

Target: 3 year strategic plan completed annually by 15 June. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: CCT developed a new medium term visitor strategy for Christchurch and Canterbury, taking account of the post-earthquake environment.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Target: Visitors Strategy implementation progress is monitored and reviewed with key stakeholders as part of the strategic planning process. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: Not achieved. In the post-earthquake environment CCT has focused on developing the Tourism Recovery Programme.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the

Council as part of the Annual Plan.

Measure: CCT provides support to and works collaboratively with tourism business partners and suppliers

Target: Private sector funding contribution for Domestic and Australian consumer campaigns is at least \$1.2m per annum, unless agreed otherwise by CCT Board. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: CCT, CTP and Tourism New Zealand have jointly initiated a South Island campaign valued at over \$1.875m. Other South Island local body funding contributed \$285,000 to this campaign.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Measure: CCT supports tourism operators to improve the environmental and cultural sustainability of their businesses

Target: 10% increase PA in businesses adopting environmental programmes (Green Globe, carbon Zero and Qualmark). Dependent on funding (check on 19 Jul 2008), unless agreed otherwise by CCT Board. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: Qualmark presentation delivered to the Business Partner forum on 20 March 2012.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Target: 5% PA increase in Qualmark licensed operators with a starting base in 2007 of 285, unless agreed otherwise by CCT Board. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: Qualmark presentation delivered to the Business Partner forum on 20 March 2012. As at the end of June 2012 there were 239 Qualmark certified operators in the region. CCT will encourage the growth of licensed operators to pre-earthquake levels.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Measure: CDC develops Centres of Expertise in Economic Research, Workforce, and Investment.

Target: 10 high-growth-potential businesses and projects that meet investment objectives of CEDF are identified each year, unless agreed otherwise by CDC Board. *(Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.)*

Results: 8 Firms provided with customised high performance workplace service at 31 May 2012. 150 engagements completed at 31 May 2012. \$50,000 of

voucher funding for businesses allocated at 31 May 2012.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Measure: CDC leads the Canterbury Regional Innovation System (CRIS).

Target: Identify and support 5 high-growth-potential industry sectors and/or cluster groups (ongoing). (*Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.*)

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Measure: Council develops a framework for its involvement in economic development.

Target: A strategic framework for Councils involvement in economic planning and development is completed by 30 June 2011. (*Target discontinued – “all levels of service and targets to be revised in the light of the earthquake during 2011-12”.*)

Results: Considerable work has been done on developing an economic framework but it has not been completed.

Comments: The Council discontinued this target post earthquake and did not accept the alternatives proposed by CCT.

Remedial Action: New targets for 2012/13 proposed by CCT have been accepted by the Council as part of the Annual Plan.

Customer Services

Measure: Customers are satisfied or very satisfied with service at first point of contact.

Target: E-mail: 90%.

Results: 67%.

Comments: This was a surprising result given the lack of complaints and the fact that 83% was achieved two years ago.

Remedial Action: Anecdotal evidence is that customers would like to receive a closure e-mail.

Measure: Telephone enquiries answered within 20 seconds.

Target: 70% due to the larger volume of calls following the earthquakes.

Results: Full year result 59% (62% for June).

Comments: Full year result 59%.

Remedial Action: Recruiting to cover recent resignations.

Manage Capital Programme

Measure: Deliver a percentage of agreed Capital Programme Project milestones at year end.

Target: >=85%.

Results: 80%.
Remedial Action: Continue to develop programme and project management / delivery capabilities. Focus on stronger, up front planning against which to manage.

Public Affairs Internal Services

Measure: Develop and implement internal communications that are effective for staff and elected members.
Target: 65% of staff satisfied with internal communications.
Results: 64% satisfaction in the annual staff engagement survey.
Comments: A difficult environment given that staff were working from a variety of temporary locations across the city.
Remedial Action: Develop internal communications strategy as part of the communications strategy.

Cemeteries

Measure: Customer satisfaction with Council cemetery services.
Target: Suspended by Council – “re-evaluate by 1/1/2012 when more information will be available”.
Result: Staff recommendation was to continue with suspension of target, Council did not endorse this.
Remedial Action: Resume this level of service in 2012/13.

Measure: Customer satisfaction with maintenance and appearance of Council cemeteries
Target: Suspended by Council – “re-evaluate by 1/1/2012 when more information will be available”.
Result: Staff recommendation was to continue with suspension of target, Council did not endorse this.
Remedial Action: Resume this level of service in 2012/13.

Garden and Heritage Parks

Measure: Christchurch Botanic Gardens and heritage parks (including fountain, clocks, statues and outdoor art) are well maintained.
Target: Bridges.
Results: The Bridge of Remembrance was damaged by the February earthquake and regular maintenance has been put on hold.
Comments: Remedial actions being currently managed through SCIRT.
Remedial Actions: Geotechnical site work completed and permanent repair options being developed. Secure funding and initiate repairs in accordance with the findings of the assessment.

Target: Buildings.
Results: Godley House and the Sign of the Kiwi received damage from the February earthquake and were closed.
Comments: Godley House has had a full assessment carried out. Irreparable damage

was found. Sign of the Kiwi has full assessment yet to be completed.

Remedial Action: Godley House has been demolished. Sign of the Kiwi is awaiting assessment results.

Target: Clocks.

Results: Victoria, Edmonds, Sumner, Floral and Upton clocks have sustained damage from the February earthquake.

Remedial Action: Repair designs have been completed for 3 damaged clocks. One clock is still awaiting assessment.

Target: Fountains.

Results: Bowker, and Edmonds Factory Garden sustained earthquake damage and are currently not being regularly maintained. Scott and Rose Chapel fountains not fully assessed due to lack of power.

Comments: Initial assessment indicates that the Bowker Fountain has sustained significant structural damage.

Remedial Action: Waiting full assessment on Bowker, Scott and Rose Chapel Fountain.

Target: Statues

Results: Rolleston, Godley and Scott statues require repair following the February earthquake and two statues are not receiving regular maintenance.

Comments: These three statues are currently in storage and Captain Cook and Queen Victoria statues are in the inner city red zone and are not being regularly maintained.

Remedial Action: Commence maintenance on Captain Cook and Queen Victoria statues once cordon is removed. Rolleston, Godley and Scott statues are being evaluated and remounting methodologies decided upon. Once these have been agreed staff will seek to secure funding and initiate repairs.

Target: War memorials.

Results: The Bridge of Remembrance, Waltham, Lyttleton and Burwood war memorials sustained earthquake damage.

Comments: The war memorials are currently being assessed. Pigeon Bay and Heathcote have been repaired and are now being maintained.

Remedial Action: Secure funding and initiate repairs in accordance with the findings of the assessments.

Measure: Provision of Botanic Garden Services.

Target: Cafe open 7 days, 9am-5pm.

Results: Cafe closed due to earthquake assessments of building.

Remedial Action: A temporary cafe service is being arranged to start in spring 2012.

Harbours and Marine Structures

Measure: Marine structures are maintained for public recreation and commercial use.

Target: 12 slipways.

Results: The Cass Bay Dingy Slipway has been closed.

Comments: Following a full structural assessment this facility has been closed.

Remedial Action: Further assessments and evaluations are being carried out to determine the long term viability and alternative options.

Target: 20 wharves/jetties.

Results: Seven wharves/jetties have been closed.

Comments: Following a full structural assessment the following facilities have been closed: Governors Bay, Charteris Bay, Church Bay, Takamatua, Robinsons Bay, Pigeon Bay and Duvauchelle Old Wharf.

Remedial Action: Further assessments and evaluations are being carried out to determine their long term viability and alternative options.

Neighbourhood Parks

Measure: Customer satisfaction with the range of recreation facilities available, including playgrounds.

Target: Suspended by Council – “re-evaluate by 1/1/2012 when more information will be available”.

Comments: Staff recommendation was to continue with suspension of target, Council did not endorse this.

Remedial Action: Resume this level of service in 2012/13.

Regional Parks

Measure: Number of students attending environmental education programmes each year.

Target: 7,000 - 8,000 each year (on Parks and other Council sites like Waste facilities - target lowered because of EQ impact).

Results: 6,809.

Comments: In June ten classes were cancelled due to the snow and subsequent adverse weather conditions. This meant finishing 191 students short of meeting the target. Increased participation of programmes in 2012 demonstrates a positive trend after low figures in the 2010/11 year.

Remedial Action: Programmes continue to be promoted and developed to reflect customer need. Schools cancelling classes due to weather are encouraged to rebook programmes.

Sports Parks

Measure: Customer satisfaction with the range of recreation facilities available, including: playgrounds, skateboard ramps, tennis and petanque courts, BMX tracks and fitness equipment.

Target: Suspended by Council – “re-evaluate by 1/1/2012 when more information will be available”.

Comments: Staff recommendation was to continue with suspension of target, Council did not endorse this.

Remedial Action: Resume this level of service in 2012/13.

Measure: Overall customer satisfaction with sports parks administration.

Target: 73% customer satisfaction with sports parks administration and management

services.
Results: 67% satisfaction.
Comments: Follow up on customer survey data.
Remedial Action: Develop an action plan.

Measure: Overall customer satisfaction with sports parks.
Target: Suspended by Council – “re-evaluate by 1/1/2012 when more information will be available”.
Comments: Staff recommendation was to continue with suspension of target, Council did not endorse this.
Remedial Action: Resume this level of service in 2012/13.

Waterways and Land Drainage

Measure: Houses are safe from flooding during normal rain events
Target: Suspended by Council – “re-evaluate by 1/1/2012 when more information will be available”.
Comments: Earthquake damage has created significant flooding risks in the eastern suburbs. It is likely that many houses in the Red Zones are at risk from flooding and in a significant rain event it is probable that some properties could be flooded. The extent of this risk is still to be established and is continually changing as properties are vacated. Staff recommendation was to continue with suspension of target, Council did not endorse this.
Remedial Action: Resume this level of service in 2012/13.

Events and Festivals

Measure: Produce top quality events such as Summertimes, Kidsfest, Guy Fawkes Fireworks.
Target: 90% attendee satisfaction across five Council-funded events.
Results: 88% via Point of Contact survey.

Recreation and Sports Services

Measure: Residents have access to fit-for-purpose recreation and sporting facilities.
Target: Four public outdoor pools open seasonally: Jellie Park, Lyttelton, Halswell, open Nov-March. Templeton open Jan to Feb [subject to maintenance schedules]
Results: Jellie, Templeton, Halswell open, Lyttelton closed.
Comments: Lyttelton closed due to earthquake damage.
Remedial Action: Follow facilities rebuild process.

Target: Four stadia available for hire 364 days per year [subject to maintenance schedules].
Results: Pioneer and Graham Condon open; Cowles and Lyttelton closed.
Comments: Earthquake damage.

Remedial Action: Cowles to open in September 2012. Lyttelton will follow facilities rebuild process.

Venue Management (Vbase)

Measure: Client satisfaction.
Target: 80%.
Results: N/A.
Comments: Satisfaction survey not completed.
Remedial Action: Will address during 2012/13.

Measure: Customers are satisfied with the quality of foods, beverage and coffee products provided at venues like The Tuck Shop and Christchurch Stadium (including Corporate Catering).
Target: 80%
Results: N/A.
Comments: Satisfaction survey not completed.
Remedial Action: Will address during 2012/13.

Measure: Guest satisfaction.
Target: 80%.
Results: N/A.
Comments: Satisfaction survey not completed.
Remedial Action: Will address during 2012/13.

Organic Material Collection and Composting

Measure: Consent compliance for operation of Council's composting plant.
Target: No major or persistent breaches of consents set for the Council Compost Plant each year, as reported by ECAN or CCC.
Results: The plant had significant non-compliance or repeated minor non-compliance.
Comments: ECAN has written to Council stating that the plant had significant non-compliance or repeated minor non-compliance. (ECAN conducted a series of odour surveys in the area during February-March 2012.)
Remedial Action: Reconstruction work is underway.

Building Consenting and Inspections

Measure: Customers are satisfied with service provided by the planning, building and building inspection services.
Target: 75% of customers satisfied with the resource management and building consent and building inspection service.
Results: Point of Contact survey result - 57%.
Comments: Combined building consents and building inspection result.

Measure: Regulatory applications are processed within statutory timeframes.
Target: Simple consents: 100% of PIMs and simple consent applications are

processed within 15 days.

Results: 97%.

Remedial Action: Continuing to work on numerous process improvements.

Measure: Processing of Project Management Office (PMO) earthquake related building consents.

Target: For PMO residential consents 99 per cent processed within 5 working days.

Results: 67%.

Comments: Result is based on random sample, not whole population.

Remedial Action: Improve process, change technology - this is well underway.

Target: For all other residential consents: 99 per cent processed within 20 working days.

Results: 97%.

Remedial Action: Improve process in consent acceptance and concurrent works.

Target: For commercial category 1 and 2 consents: 97.5 per cent processed within 20 working days.

Results: 68%.

Comments: This result is for the whole year. Note that the April, May, June result is 89% so an improving trend.

Remedial Action: Improve processes.

Target: For commercial Category 3 consents: 97.5 per cent processed within 20 working days.

Results: 73%.

Comments: Result is whole year but note that the April, May, June result is 91%.

Remedial Action: Improve processes.

Active Travel

Measure: Perception that Christchurch is a cycle friendly city.

Target: 50% agree and strongly agree in 2012 (target lowered because of EQ impact).

Results: 42%.

Comments: This is due to disruptions to the network arising from the earthquake and repair work also having an impact.

Remedial Action: As the city opens up access to cycle facilities will improve. This, and the proposals in the Central City Plan, should help lift the perception next year that Christchurch is a cycle friendly city.

Measure: Perception that Christchurch is a walking friendly city.

Target: 93% agree and strongly agree by 2012.

Results: 81%.

Comments: This is due to disruptions to the network arising from the earthquake and repair work also having an impact.

Remedial Action: As the city opens up, access to pedestrian facilities will improve. This, and the proposals in the Central City Plan, should help lift the perception next year that Christchurch is a walking friendly city.

Measure: Residents satisfaction with the appearance and quality of Pedestrian Malls eg. City Mall.
Target: At least 70% of residents indicate they are satisfied or very satisfied.
Results: Residents Survey result 65%

Parking

Measure: Metered on-street parking spaces usage.
Target: >= 1,300,000 parking events.
Results: Approx. 600,000 events due to affects of earthquakes.
Remedial Action: The Short Term Operational Parking Plan will improve event volumes.

Measure: Off-street, short term parking provided.
Target: Art Gallery = 118 spaces , Hospital Car Park Building - 350 spaces as of 16 May 2011, Hospital Grounds Car Parking = 100 spaces, Lichfield Street = at least 250 spaces as of 1 November 2011.
Results: 347.
Comments: Total spaces have fallen to 347 due to fall zones affecting capacities in car parks.
Remedial Action: As fall zones recede in car parks capacity will rebound.

Public Transport Infrastructure

Measure: Peak travel times for buses.
Target: Re-evaluate by 1/1/2012 when more information will be available.
Results: 2011/12 results for key routes 25 minutes 4 seconds at peak.
Remedial Action: The target has been set to 25 minutes 50 seconds for the next financial year due to infrastructure rebuild.

Road Network

Measure: Congestion: Peak travel times for private motor vehicles (7.30am-9.30am, and 4pm-6pm)
Target: Re-evaluate by 1/1/2012 when more information will be available.
Results: 2011/12 results for key routes 16 mins 40 secs at peak.
Remedial Action: Target for next year has been set to 19 mins 40 secs at peak.

Measure: Congestion: interpeak travel times for private motor vehicles (inter-peak 10.00am-12 midday)
Target: Re-evaluate by 1/1/2012 when more information will be available.
Results: 2011/12 results for key routes 14 minutes 30 seconds.
Remedial Action: The target for next year has been set to 15 minutes 20 seconds.

Water Supply

Measure: Continuous potable water is supplied to all customers

- Target:** >=95% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council.
- Results:** 54.7%.
- Comments:** The June 2012 percentage met was 75.5%. April was the first month this year to see the monthly results go over 70%.
- Remedial Action:** More effort required by contractor to lift percentages. Discussion point at monthly contract meeting.
-
- Target:** >=95% minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council.
- Results:** 56%.
- Comments:** After hovering around 51% met for 6 months, the percentages met have been increasing well in the last 5 months and the result for the month of June was 83%.
- Remedial Action:** More effort required by contractor to lift percentages. Discussion point at monthly contract meeting.
-
- Target:** >=95% serious leaks (in rural areas) have a Council representative on site to assess and confirm repair options within two hours of being reported to Council.
- Results:** 75.5%.
- Comments:** Partially affected by resources required to address volume and complexity of leaks.
- Remedial Action:** City Care to lift their effort in the Zone 2 area.
-
- Target:** >=95% serious leaks (in urban areas) have a Council representative on site to assess and confirm repair options within one hour of being reported to Council.
- Results:** 44% met.
- Comments:** The response times improved month to month almost every month since recording resumed in August 2011. The June result was 74.26%.
- Remedial Action:** More effort required by contractor to lift percentages. Discussion point at monthly contract meeting.
-
- Measure:** Risk to potable water supply is managed (grading).
- Target:** Move Da to Ba grading for the Northwest supply zone by December 2013.
- Results:** Da.
- Comments:** There is a mismatch between this LOS and funding/phasing in the capital programme (funding is for 2015).
- Remedial Action:** Adjust this target via 2013 LTP.

Appendix 2 – Financial Performance as at 30 June 2012

Operational and Capital Funding

\$000's	Year to Date Results			After Carry Forwards	
	Actual	Plan	Variance	Carry Fwd	Result
Operating expenditure	580,709	414,366	(166,343)	5,311	(171,654)
Capital programme	410,744	498,933	88,189	34,130	54,059
Transfers to reserves	61,270	60,337	(933)		(933)
Interest expense	32,517	26,606	(5,910)		(5,910)
Debt repayment	3,226	3,226	-		-
Total expenditure	1,088,466	1,003,468	(84,997)	39,441	(124,439)
funded by :					
Fees, charges and operational subsidies	274,287	155,364	118,924	-	118,924
Dividends and interest received	64,767	60,259	4,508	-	4,508
Rates	297,615	287,613	10,001	-	10,001
Transfers from reserves	312,742	379,951	(67,209)	22,347	(44,861)
Asset sales	350	1,140	(790)	-	(790)
Development contributions allocated	9,014	9,000	14	-	14
Capital grants and subsidies	11,786	6,274	5,512	1,198	6,710
Total funding available	970,562	899,601	70,961	23,545	94,506
Balance required	117,903	103,867	(14,036)	15,896	(29,933)
funded by borrowing for :					
Operating Deficit	8,733	26,075	17,342	4,939	12,402
Earthquake Response	61,689	3,200	(58,489)	-	(58,489)
Capital Works Programme, Equity & Grants	47,481	74,592	27,111	10,957	16,154

Group of Activities Operating Result

\$000's	Annual Results		
	Actual	Plan	Variance
City & Community Long-Term Policy & Planning	16,364	18,261	1,896
District Plan	2,514	2,791	276
Heritage Protection	3,517	6,879	3,363
Energy Conservation	(1)	(80)	(79)
Capital Revenues	(8,370)	-	8,370
City Development	14,024	27,851	13,827
Community Facilities	1,670	1,842	172
Early Learning Centres	147	95	(52)
Strengthening Communities	4,719	5,070	351
Community Grants	12,005	12,553	547
Social Housing	3,658	3,148	(510)
Civil Defence Emergency Management	(1,023)	905	1,929
Walk In Customer Services	2,002	2,368	365
Capital Revenues	(17,987)	-	17,987
Community Support	5,192	25,982	20,790
Art Gallery and Museums	13,337	14,236	899
Libraries	26,915	28,405	1,490
Capital Revenues	(1,586)	(195)	1,391
Cultural and Learning Services	38,666	42,446	3,779
City Governance and Decision Making	8,873	8,922	49
Public Participation in Democratic Processes	2,013	1,846	(167)
Democracy & Governance	10,886	10,768	(118)
Civic and International Relations	1,028	1,013	(15)
Regional Economic Development	7,552	7,689	136
City Promotion	707	771	64
Economic Development	9,287	9,472	185
Neighbourhood Parks	12,173	10,808	(1,364)
Sports Parks	9,189	8,734	(455)
Garden & Heritage Parks	6,064	6,671	607
Regional Parks	7,853	7,428	(425)
Cemeteries	976	788	(188)
Waterways & Land Drainage	23,901	16,007	(7,894)
Harbours & Marine Structures	(185)	454	640
Rural Fire Fighting	748	821	73
Capital Revenues	(27,867)	(13,322)	14,545
Parks & Open Spaces	32,851	38,390	5,539

ATTACHMENT 2 TO CLAUSE 3 CORPORATE AND FINANCIAL COMMITTEE 14. 9. 2012

\$000's	Annual Results		
	Actual	Plan	Variance
Recreation and Sports Services	21,937	12,643	(9,294)
Events & Festivals	6,527	6,675	148
Capital Revenues	(29,915)	(383)	29,532
Recreation and Leisure	(1,450)	18,936	20,386
Recyclable Materials Collection & Processing	6,390	6,203	(187)
Residual Waste Collection & Disposal	13,304	12,392	(912)
Organic Material Collection & Composting	12,063	11,632	(431)
Commercial/Industrial Waste Minimisation	285	729	444
Capital Revenues	2,076	-	(2,076)
Refuse Minimisation & Disposal	34,118	30,956	(3,162)
Enforcement and Inspections	5,553	5,352	(201)
Regulatory Approvals	15,716	4,178	(11,538)
Regulatory Services	21,269	9,530	(11,739)
Road Network	77,240	63,367	(13,873)
Active Travel	13,034	13,324	290
Parking	1,518	1,609	91
Public Transport Infrastructure	2,526	5,623	3,097
Capital Revenues	(18,554)	(85,923)	(67,369)
Streets & Transport	75,764	(2,000)	(77,764)
Wastewater Collection	56,447	21,545	(34,902)
Wastewater Treatment & Disposal	8,493	13,201	4,708
Capital Revenues	(204,054)	(137,370)	66,684
WW Collection & Treatment	(139,114)	(102,625)	36,489
Water Supply	26,528	23,330	(3,198)
Water Conservation	80	130	50
Capital Revenues	(49,479)	(15,856)	33,623
Water Supply	(22,872)	7,604	30,475
Groups of Activities	78,622	117,309	38,687
Corporate Revenues & Expenses	(400,364)	(382,748)	17,616
ISP's & Eliminated Internals	(1,006)	(1,829)	(823)
Net Cost of Service (excl Vested)	(322,747)	(267,268)	55,480
Misc P&L Unallocated	-	-	-
Vested Asset Income	(19,131)	(3,500)	15,631
CCC Net Cost of Service	(341,878)	(270,768)	71,110

Group of Activities Capital Programme

\$000's	Annual Results				
	Actual	Plan	Variance	Carry Fwd	Result
City Development	53	1,500	1,447	(1,450)	(3)
Community Support	2,675	5,775	3,101	(47)	3,054
Cultural and Learning Services	7,907	12,055	4,148	(3,592)	556
Democracy & Governance	-	-	-	-	-
Economic Development	87	160	72	-	72
Parks & Open Spaces	12,923	23,544	10,621	(9,905)	715
Recreation and Leisure	5,453	8,459	3,006	(1,196)	1,810
Refuse Minimisation & Disposal	1,304	1,487	183	(152)	31
Regulatory Services	122	54	(68)	(9)	(77)
Streets & Transport	23,759	39,158	15,400	(13,521)	1,879
Wastewater Collection & Treatment	25,061	50,000	24,940	(21,120)	3,819
Water Supply	6,702	14,178	7,476	(6,548)	928
Corporate	14,934	23,192	8,258	(9,352)	(1,093)
Capital Works Programme	100,980	179,564	78,584	(66,893)	11,691
Equity Investments	11,746	11,500	(246)	-	(246)
Earthquake Capital Expenditure	298,018	362,869	64,851	(22,237)	42,614
Planned Carry Forwards	-	(55,000)	(55,000)	55,000	-
Capital Programme	410,744	498,933	88,189	(34,130)	54,059
Capital Sales	(350)	(1,140)	(790)	-	(790)
Vested Assets	19,131	3,500	(15,631)	-	(15,631)
Net Total Capital	429,525	501,293	71,769	(34,130)	37,639

Appendix 3 - Capital Projects as at 30 June 2012

Group Of Activities	Project Title	(\$000)	2011/12 Actual	2011/12 Budget	Variance	% Spend of Budget	Net Carry Forwards)	Result after C/Fwd
City Development								
Projects > \$250k								
	Restricted Assets - Renew & Replacements		37	1,413	(1,375)	3%	1,375	0
	Balance of programme		16	88	(72)	18%	75	3
City Development Total			53	1,500	(1,447)	4%	1,450	3
Community Support								
Projects > \$250k								
	Owner Occupier Housing - Purchases Back		325	0	325		0	325
	Housing Improvements / Remodelling		1,059	1,157	(99)	91%	0	(99)
	Housing - Heater & Extractor Replacements		309	0	309		0	309
	Housing - Stove Replacements		27	630	(603)	4%	0	(603)
	Stoves		3	494	(492)	1%	0	(492)
	Path Safety Upgrade plan		0	358	(358)	0%	0	(358)
	Housing - Landscaping / Site Improvements		0	329	(329)	0%	0	(329)
	Housing - Carpet		74	1,135	(1,061)	7%	0	(1,061)
	Vinyl Replacements		0	469	(469)	0%	0	(469)
	Tsunami Warning System		549	536	12	102%	0	12
	Balance of programme		330	666	(336)	50%	47	(289)
Community Support Total			2,675	5,775	(3,101)	46%	47	(3,054)
Corporate Capital								
Projects > \$250k								
	Strategic Land Acquisitions		1,857	25,895	(24,037)	7%	24,037	0
	Fleet and Plant Asset Purchases		1,162	1,176	(14)	99%	0	(14)
	Corporate Property R&R		954	360	594	265%	0	594
	New Civic Building		295	0	295		0	295
	IM&CT Renewals and Replacements		4,191	4,193	(2)	100%	2	0
	Capital Programme Management Solution		1,348	1,350	(2)	100%	0	(2)
	Asset Programme Rollout City Water&Waste		2,524	2,502	22	101%	0	22
	SLP Land Value Offset		(4,240)	(18,415)	14,175	23%	(14,175)	0
	Consents & Customer		3,525	3,013	512	117%	(512)	0
	Mid level enhancement requests		2,017	2,000	17	101%	0	17
	Graffiti Office Tracking Solution		373	373	1	100%	0	1
	Kathmandu		520	0	520		0	520
	Balance of programme		407	746	(339)	55%	0	(339)
Corporate Capital Total			14,934	23,192	(8,258)	64%	9,352	1,093
Cultural and Learning Services								
Projects > \$250k								
	Content Capital Project		3,972	4,414	(442)	90%	0	(442)
	Library Built Asset Renewal & Replacemnt		382	664	(282)	58%	282	0
	Library Book Acquisitions		521	523	(2)	100%	2	(0)
	Cooling Tower & Humidifier		306	375	(69)	82%	0	(69)
	Aranui - New Library		1,633	3,811	(2,177)	43%	2,177	0
	Art in Public Places		11	1,024	(1,013)	1%	1,013	(0)
	Library RFID Project		584	557	27	105%	(27)	0
	Balance of programme		497	687	(189)	72%	145	(44)
Cultural and Learning Services Total			7,907	12,055	(4,148)	66%	3,592	(556)
Economic Development								
Balance of programme			87	160	(72)	55%	0	(72)
Economic Development Total			87	160	(72)	55%	0	(72)
Parks & Open Spaces								
Projects > \$250k								
	Neighbourhood Reserve Purchases		999	2,000	(1,001)	50%	1,001	0
	District Sports Park Purchases		0	724	(724)	0%	724	0
	Waterways & Wetlands Purchases		308	1,360	(1,051)	23%	1,051	0
	Botanic Gardens Entry Pavilion		476	2,058	(1,582)	23%	1,582	(0)
	Owaka & Awatea Green Corridor		17	358	(341)	5%	341	(0)
	Lower Milns		959	1,529	(570)	63%	570	0
	Akaroa Stormwater Improvements		267	300	(33)	89%	0	(33)
	Washington Reserve		31	447	(416)	7%	416	0
	Awatea Basin		226	402	(176)	56%	176	0
	Awatea South Basin		3,328	4,200	(872)	79%	872	(0)
	Redwood Springs Detention Basins		65	250	(185)	26%	185	(0)
	Carrs Road S/W Facility		2,004	2,349	(345)	85%	345	0
	Balance of programme		4,243	7,567	(3,324)	56%	2,642	(683)
Parks & Open Spaces Total			12,923	23,544	(10,621)	55%	9,905	(715)
Recreation and Leisure								
Projects > \$250k								
	Graham Condon Leisure Centre		2,692	2,817	(125)	96%	18	(107)
	Pioneer Learn to Swim Pool		1,338	1,269	69	105%	0	69
	Test Cricket		113	811	(698)	14%	698	0
	English Park Artificial Surface		740	693	47	107%	0	47
	Cowles Stadium upgrade		179	935	(755)	19%	0	(755)
	Multi-Sport Stadium Investigation		0	505	(505)	0%	0	(505)
	Balance of programme		391	1,429	(1,039)	27%	480	(559)
Recreation and Leisure Total			5,453	8,459	(3,006)	64%	1,196	(1,810)

**ATTACHMENT 3 TO CLAUSE 3
CORPORATE AND FINANCIAL COMMITTEE 14. 9. 2012**

Group Of Activities	Project Title	(\$000)	2011/12 Actual	2011/12 Budget	Variance	% Spend of Budget	Net Carry Forwards)	Result after C/Fwd
Refuse Minimisation & Disposal								
Projects > \$250k								
	Closed Landfill Aftercare - Burwood		676	731	(56)	92%	0	(56)
	Waste Transfer Stations and Bins (R&R)		149	301	(152)	49%	152	0
	Balance of programme		479	454	25	106%	0	25
Refuse Minimisation & Disposal Total			1,304	1,487	(183)	88%	152	(31)
Regulatory Services								
Balance of programme								
			122	54	68	225%	9	77
Regulatory Services Total			122	54	68	225%	9	77
Streets & Transport								
Projects > \$250k								
	Carriageway Smoothing		364	646	(282)	56%	0	(282)
	Footpath Resurfacing		1,111	1,126	(15)	99%	0	(15)
	Subdivisions		577	1,336	(759)	43%	0	(759)
	Streetlight Conversion - Capital		8	395	(386)	2%	386	0
	Carriageway Sealing and Surfacing		4,768	4,394	374	109%	0	374
	Road Pavement Replacement		645	1,303	(658)	50%	658	(0)
	Ferrymead Bridge		1,931	6,864	(4,933)	28%	4,933	(0)
	Mays Rd (Papanui-Bretts)		440	440	0	100%	0	0
	Road Safety At Schools		0	252	(252)	0%	252	0
	Traffic Signals Renewals		429	424	5	101%	0	5
	New Grassed Berms		0	298	(298)	0%	0	(298)
	Causeway Culvert & Walls		48	961	(913)	5%	913	(0)
	Main Rd 3 Laning		75	2,180	(2,106)	3%	2,106	0
	BPDC road metalling		645	533	113	121%	0	113
	Sthn Mway Cycleway & Auxiliaries		1,665	562	1,103	296%	(1,103)	0
	Hagley Crossings		22	292	(270)	8%	270	0
	Waimakariri Bridge		130	572	(443)	23%	443	0
	Wigram Magdala Grade Separation		3,529	3,460	69	102%	(69)	(0)
	Pole Relocation		379	424	(46)	89%	46	0
	Gardiners/Sawyers Arms Intersect		150	461	(311)	33%	311	(0)
	Glandovy/Idris Intersect		35	518	(482)	7%	482	0
	Canterbury Park Access		118	500	(382)	24%	382	(0)
	Aidenfield Drive Overbridge		1,334	1,334	0	100%	0	0
	Carrs Rd Overbridge		(102)	1,112	(1,213)	-9%	1,213	0
	Bridge Renewals		98	303	(205)	32%	205	(0)
	Balance of programme		5,359	8,467	(3,108)	63%	2,092	(1,016)
Streets & Transport Total			23,759	39,158	(15,400)	61%	13,521	(1,879)
Wastewater Collection and Treatment								
Projects > \$250k								
	WW Infra R&R Wastewater Reticulation		5	311	(307)	2%	307	(0)
	CWTP Ocean Outfall		13	309	(296)	4%	0	(296)
	WW Northern Relief & PS (PS 6,7,39,40,41)		0	505	(505)	0%	505	0
	WW Wigram PM & PS 105		810	544	265	149%	(265)	(0)
	WW CWTP Allen Engines Replacement		1,579	1,987	(408)	79%	408	(0)
	WW CWTP Biosolids Drying Facility		2,254	5,119	(2,866)	44%	1,150	(1,716)
	WW WI Future Stages		12,457	20,556	(8,099)	61%	8,099	0
	WW CWTP Odour Containment		38	440	(403)	9%	403	0
	WW Wainui Sewer Retic & WWTP		192	946	(755)	20%	755	0
	WW Extension to Charteris Bay		136	2,233	(2,097)	6%	2,097	0
	WW Fendalton Duplication		3,481	4,646	(1,165)	75%	1,165	0
	WW Pump Station 22 Capacity Upgrade		70	422	(352)	17%	0	(352)
	WW Pump Scada System		41	268	(227)	15%	227	0
	WW Belfast Area Growth		41	1,287	(1,245)	3%	0	(1,245)
	Lift Electrical Equipment to Avoid Flood		523	1,076	(553)	49%	553	0
	CWTP Ongoing Renewals Programme		149	786	(637)	19%	637	0
	Biosolids Holding Tank		91	257	(166)	35%	166	0
	Enlarge Grit Tank & Sedimentation Tank 1		1	840	(839)	0%	839	(0)
	Primary Sedimentation Tank Upgrades		304	1,675	(1,371)	18%	1,371	(0)
	Watson Rd sewer mains renewal		208	290	(82)	72%	82	0
	WW Pumping New Stns for Growth		0	566	(566)	0%	566	0
	Grit Tank Efficiency Improvements		1	736	(735)	0%	735	(0)
	Backup Power Generator		776	231	545	335%	(545)	0
	Awatea Block New Sewer Main		489	498	(9)	98%	9	0
	Balance of programme		1,402	3,471	(2,069)	40%	1,860	(210)
Wastewater Collection and Treatment Total			25,061	50,000	(24,940)	50%	21,120	(3,819)
Water Supply								
Projects > \$250k								
	WS New Connections		580	828	(248)	70%	0	(248)
	WS Headworks Well Renewals		0	364	(363)	0%	0	(363)
	WS Wilmers Pump Station		903	1,982	(1,079)	46%	1,079	0
	WS - Palmers Rd P/Stn Renewal		224	561	(336)	40%	208	(128)
	WS Akaroa Water Upgrade		449	1,022	(573)	44%	573	0
	WS Ferrymead Booster Station		237	778	(541)	30%	541	0
	WS Charteris Bay Extention		93	1,004	(911)	9%	911	0
	WS DWSNZ Upgrade Duruachelle		497	544	(47)	91%	47	(0)
	Lake Terrace WSPS New Well		88	316	(229)	28%	229	(0)
	WS Little River Increased Supply		247	942	(695)	26%	695	0
	WS Crosbie Well Renewal		30	310	(280)	10%	280	(0)
	WS St Johns New Well		20	302	(282)	7%	282	0
	WS Pump Station Asset Renewals (A)		519	496	23	105%	0	23
	WS Pump Station Asset Renewals (B)		523	408	115	128%	0	115
	Victoria Reservoirs 2 & 3 Replacement		119	393	(274)	30%	274	0
	St John Diesel Generator Renewal		368	390	(22)	94%	22	(0)
	Linwood Ave Reticulation New Mains		456	445	11	102%	0	11
	WS Hills Road Pump Station		5	339	(334)	1%	334	0
	Balance of programme		1,344	2,755	(1,410)	49%	1,073	(337)
Water Supply Total			6,702	14,178	(7,476)	47%	6,548	(928)
Grand Total			100,980	179,564	(78,584)	56%	66,893	(11,691)

Appendix 4 - Special Funds as at 30 June 2012

Housing Separately Funded Activity results to 30 June 2012

\$000's	Annual Results		
	Actual	Plan	Variance
1 July Opening Balance	8,836	8,836	-
Income	14,286	14,853	(567)
Expenditure	(11,862)	(12,270)	409
Net Income	2,425	2,583	(158)
Less Loan principal repayments	(7)	(7)	-
Less Capital expenditure (net)	(2,015)	(4,823)	2,808
Plus Earthquake recoveries from EQC	19,761	-	19,761
Plus Interest on fund balance	311	292	19
Housing Account Cash Balance	29,311	6,881	22,431
Loan balances	20	20	-

Social Housing is a separately funded activity; the cash balance of the Housing Development Fund is retained for future operating, renewal and replacement, and capital expenditure.

Christchurch Earthquake Mayoral Relief Fund as at 30 June 2012

\$000's	Annual Results		
	Actual	Plan	Variance
1 July Opening Balance	5,184	5,184	-
Contributions	1,896	-	1,896
Interest	109	-	109
Draw downs:			
Transfer to Mayor's Welfare Fund	(520)	(520)	-
Hagley Golf	(40)	(40)	-
Tramway Historical Society	(50)	(50)	-
Halswell Hall Inc	(50)	(50)	-
Sumner Community Group	(13)	(13)	-
Council of Social Services	(1)	(1)	-
Heathcote Cricket Club	(95)	(95)	-
The Court Theatre	(100)	(100)	-
The Loons	(250)	(250)	-
Gordon Scout Club	(4)	(4)	-
Music Centre of ChCh	(70)	(70)	-
CPIT	(80)	(80)	-
CHART	(80)	(80)	-
Governors Bay Volunteer Fire	(6)	(6)	-
Athletics Canterbury	(45)	(45)	-
St Michael and All Angels Parish Trust	(50)	(50)	-
North Avon BMX Club	(4)	(4)	-
Riccarton Leagues Club	(5)	(5)	-
Papanui Handiscope	(1)	(1)	-
Waimairi Tennis Club	(5)	(5)	-
Canterbury Charity Hospital Trust	(200)	(200)	-
Interment Site	(170)	(170)	-
Auckland CC Parks contribution	(1,500)	(1,500)	-
Earthquake Memorial	(1,000)	(1,000)	-
Earthquake Mayoral Relief Fund Balance	2,850	846	2,004

Appendix 5 - Operational Carry Forward Requests from 2011/12 to 2012/13

Group	Name of Project	Reason for Carry Forward	Request
City Planning and Development			
	YHA Hostel Worcester Street	Carry forward of building maintenance - project delayed so will run from May through to August, carry forward portion relates to work expected to be performed in July / August.	170,000
	Art Centre Grants	The grants for the Arts Centre have been suspended while an assessment of the buildings is made as a result of the earthquakes. A decision is still to be made regarding payment of this grant.	1,598,000
	Heritage Incentive Grants	Heritage Incentive Grants were delayed while an assessment of the buildings was made after the earthquakes. A number of grants were withdrawn however assessments were not completed by year end.	1,731,866
Community Support			
	B/P Discretionary Response Fund	Council voted to carry any unallocated Community Board DRF funds into 2012/13	630
	F/W Discretionary Response Fund	Council voted to carry any unallocated Community Board DRF funds into 2012/13	788
	S/H Discretionary Response Fund	Council voted to carry any unallocated Community Board DRF funds into 2012/13	60,643
	S/P Discretionary Response Fund	Council voted to carry any unallocated Community Board DRF funds into 2012/13	18,520
	L/M Discretionary Response Fund	Council voted to carry any unallocated Community Board DRF funds into 2012/13	11,255
Democracy and Governance			
	Councillors	Councillors Chen & Broughton to carry forward \$4,000 each for conferences.	8,000
Parks and Open Spaces			
	Kerrs Reach Dredging - South	EQ initially delayed this project. While it was planned to complete work by the end of the year the completion has been delayed by inclement weather (snow) and additional silt being removed.	203,000
	Riccarton Bush Trust Capital Grant	Carry forward of grant as RBT capital project has been delayed until the next financial year.	262,000
Recreation and Leisure			
	Active Canterbury	This is externally funded by SPARC. The project is currently on hold.	162,563
	Indoor Multisport Investigation	Project delayed as a result of the earthquakes and moved to 2012/13.	250,000
	Antarctic Festival	Icifest will be held in 2012/13	100,000
	NZ Open Golf	Finalisation of the event cost still to occur	10,000
Streets and Transport			
	Road Bridges Planned	Colombo St overbridge; Bridge A84; R119 Durham St (60,000+ 22,100+ 3,425)	85,525
	Pedestrian Bridges Planned	Ford Rd pile replacement	44,000
	Retaining Walls Reactive	Cnr Grahams & Waimairi Rds	36,000
	Culverts Reactive	Pigeon Bay culvert	40,000
	Guard Rails Reactive	G39 Dyers Pass Rd	10,200
Corporate / Internal Services			
	Transport Planning LTP Consultation	This budget is built into the LTP every 3 years to cover the additional assistance sought in the preparation of the LTP. With LTP preparation delayed for 1 year due to the EQ effects the LTP will now be compiled during the 2012/13 year.	50,000
	Asset Management Planning LTP Consultation	This budget is built into the LTP every 3 years to cover the additional assistance sought in the preparation of the LTP. With LTP preparation delayed for 1 year due to the EQ effects the LTP will now be compiled during the 2012/13 year.	50,000
	Botanic Gdn Parks Mgmt Plan	Plan development delayed due to earthquake. Budget required to undertake work in 2012/13.	50,000
	Carrs Road Resource Consent (Sports PA)	Resource Consent is required to establish the suitable future use for the land currently owned by the Kart Club. The Council wishes to move the Club to a new site. The hearings with ECan are not yet scheduled and therefore these funds need to be carried forward	127,000
	Sports Parks Planning	This budget was placed in 2012 to cover the costs of establishing the Sports Parks Management Plan. The titles etc were to be searched by Property Unit however due to EQ pressures they have been unable to undertake the work this financial year.	51,500
	Greenspace Planning LTP Consultation	This budget is built into the LTP every 3 years to cover the additional assistance sought in the preparation of the LTP. With LTP preparation delayed for 1 year due to the EQ effects the LTP will now be compiled during the 2012/13 year.	50,000
	CWW Planning LTP Consultation	This budget is built into the LTP every 3 years to cover the additional assistance sought in the preparation of the LTP. With LTP preparation delayed for 1 year due to the EQ effects the LTP will now be compiled during the 2012/13 year.	50,000
	Earthquake Learnings Project	The "Earthquake Learnings" project, was established as a result of a December 2011 Council resolution, which resolved to implement the recommendations of Dr Sarah Wright's earthquake learning review. Recommendations included the development and documentation of EOC related processes and procedures. There is a supplier agreement in place with Proxima Limited to provide consultant business analyst resource until project completion.	80,000
Total - Operational project carry forward requests from 2011/12 to 2012/13:			5,311,490

Appendix 6 - Capital Carry Forwards

Capital Works Programme:

Net CWP Carry Forward Requests from 2011/12 to 2012/13

Group Of Activities	Project Title	Reason for Carry Forward	Carry Forward Request
Corporate Capital	Strategic Land Acquisitions	A number of purchases were not completed by year end.	24,037,196
Corporate Capital	SLP Land Value Offset	Land transfers to projects have been delayed due to the earthquakes.	-509,000
Corporate Capital	IM&CT Renewals and Replacements	To complete project.	1,724
Corporate Capital	Consents & Customer	Required to meet the work programme.	-512,388
Community Support	Civil Defence Capital	Required to complete Tsunami Information Boards project.	26,501
City Development	Restricted Assets - Renew & Replacements	Required to support repair / strengthening projects once approved.	1,375,339
Regulatory Services	FA RR Enforcement	Required for payment of equipment.	8,834
Cultural and Learning Services	Library Built Asset Renewal & Replacemnt	Required to complete HVAC replacement at New Brighton and Papanui libraries.	281,832
Cultural and Learning Services	Aranui - New Library	Delayed due to the earthquakes.	2,177,257
Cultural and Learning Services	Library RFID Project	Required due to changing opening dates for closed libraries.	-26,631
Cultural and Learning Services	FA NA Facilities and Equipment	To complete project.	1,200
Cultural and Learning Services	FA NA Collections Acquisitions	To enable more ambitious acquisitions to be made.	1,837
Cultural and Learning Services	Art in Public Places	To enable more ambitious projects to be undertaken.	1,013,077
Recreation and Leisure	Buildings - R & R	Required to meet the work programme.	51,800
Recreation and Leisure	Window and Door Joinery - R & R	Required to meet the work programme.	8,646
Recreation and Leisure	RSU Sanitary Serv & Site Drainage -R & R	To complete project.	7,958
Recreation and Leisure	Bathroom, Changing Room, Kitchen Remod	Required for Pioneer Shower Project	15,051
Recreation and Leisure	Pool Tiling Replacement -R & R	Delayed due to post EQ requirement not to have scheduled site shut downs.	39,547
Recreation and Leisure	Specialist Lighting -R & R	Required to meet the work programme.	5,348
Recreation and Leisure	Specialist Sports Floors -R & R	Delayed due to the earthquakes.	57,726
Recreation and Leisure	Disability Access -R & R	Required to meet the work programme.	20,199
Recreation and Leisure	Pool Mech & Elec Pumps & Motors -R & R	Required to meet the work programme.	8,388
Recreation and Leisure	Pool Equipment R & R	Required to complete project.	84,053
Recreation and Leisure	Gym Equipment R & R	Required to complete project. Delayed due to Supplier.	65,975
Recreation and Leisure	Graham Condon Leisure Centre	Required to complete project in July 2012.	18,000
Recreation and Leisure	Test Cricket	Project being re-programmed post-earthquake. Ground works will occur in this year.	698,298
Recreation and Leisure	CBS Arena Storage Facility	Required to complete project.	115,016
Wastewater Collection and Treatment	WW Infra R&R Pumping	Required to meet the work programme.	77,435
Wastewater Collection and Treatment	WW Infra R&R Wastewater Reticulation	Required to meet the work programme.	306,546
Wastewater Collection and Treatment	WW Odour Control	Required to meet the work programme.	89,661
Wastewater Collection and Treatment	LW Laboratory Renewals and Replacements	Required for resolution of current electrical supply causing problems with laboratory equipment.	33,970
Wastewater Collection and Treatment	CWTP 5th & 6th Digester	Delayed due to earthquakes.	164,919
Water Supply	WS Reticulation New Submains	Required to meet work programme.	21,845
Water Supply	WS Mains Renewals	Required to meet work programme.	21,950
Water Supply	WS New Reservoirs (Growth)	Required to complete project.	41,154
Wastewater Collection and Treatment	WW Northern Relief & PS (PS 6,7,39,40,41	Required in order to allow more time for Planning and investigation works.	505,322
Wastewater Collection and Treatment	WW Wigram PM & PS 105	Required to balance this years budget	-265,430
Water Supply	WS Wilmers Pump Station	Required to complete project.	1,079,069
Wastewater Collection and Treatment	WW Pumping New Stns for Growth	Required to complete work programme.	565,861
Wastewater Collection and Treatment	WW Trade Waste Sampling Equipment	Required as part of funding UPS unit for laboratory.	6,569
Wastewater Collection and Treatment	WW Pump Scada System	Required to complete project.	227,004
Wastewater Collection and Treatment	WW CWTP Allen Engines Replacement	Decommissioning of Allen engine on hold until No.1 gas engine back in service in 19 July 2012.	407,693
Wastewater Collection and Treatment	WW CWTP Secondary Treatment Upgrade	To enable provision for future dosing points.	187,163
Wastewater Collection and Treatment	WW CWTP Biosolids Drying Facility	Required to meet the final contract payment. Delayed by Klein in achieving requirements for TOC and specific contract issues.	1,150,000
Water Supply	WS - Palmers Rd P/Stn Renewal	Required to complete project.	208,420
Wastewater Collection and Treatment	WW WI Future Stages	Required to complete project.	8,099,162
Wastewater Collection and Treatment	WW CWTP Odour Containment	Delayed due to difficulties in clearing out liquefaction sand.	402,729
Wastewater Collection and Treatment	WW Wainui Sewer Retic & WWTP	Required to meet the work programme.	754,610
Water Supply	WS Akaroa Water Upgrade	Required to meet next year's work programme.	573,402
Water Supply	WS Ferrymead Booster Station	Project was on hold and will be completed this year.	540,923

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Water Supply	WS Charteris Bay Extension		Delayed due to February earthquake.	910,632
Water Supply	WS Rapaki Fire Flow Upgrade		Required for completion of as built drawings.	4,865
Wastewater Collection and Treatment	WW Akaroa WWTP Improvements		To allow concept design to be undertaken, approved by CPGG on 17 May.	-59,478
Wastewater Collection and Treatment	WW Extension to Charteris Bay		Required to complete project.	1,096,944
Water Supply	WS Little River Increased Supply		Project delayed due to gaining land ownership agreements and implementing the main works.	694,835
Wastewater Collection and Treatment	WW Lifelines - Ferry & Pages Rd Bridge		Required due the project being put on hold while repairs/rebuild of Ferrymead Bridge are determined.	234,600
Wastewater Collection and Treatment	WW Fendalton Duplication		Required to complete project.	1,164,962
Water Supply	WS NZDWS Upgrade Wainui		Required for construction project.	138,396
Water Supply	WS DWSNZ Upgrade Duvuachelle		Required due to delays in Commissioning the new plant caused by SCADA automation issues.	46,533
Water Supply	WS DWSNZ Upgrade Bird Flat		Required to complete project.	14,399
Water Supply	WS DWSNZ Upgrade Pigeon Bay		Required to complete project.	9,187
Water Supply	NW NZDWS Compliance		Required due to reassessment of selection options.	60,992
Wastewater Collection and Treatment	Digester 2-4 Refurb		Required to complete Digester 3 recladding.	73,665
Wastewater Collection and Treatment	WW South West Area Growth		Required to pay CCCs portion of costs towards wastewater reticulation within the Longhurst subdivision being constructed by Fulton Hogan.	204,202
Refuse Minimisation & Disposal	Waste Transfer Stations and Bins (R&R)		Delayed due to wet weather, work to be completed in July 2013.	152,040
Wastewater Collection and Treatment	Grit Tank Efficiency Improvements		Required to complete work programme.	299,909
Wastewater Collection and Treatment	Lift Electrical Equipment to Avoid Flood		Required due to programme delays caused by operational failure.	552,582
Wastewater Collection and Treatment	CWTP Ongoing Renewals Programme		Woks & cashflow delayed by priority CWTP EQ repairs.	636,633
Wastewater Collection and Treatment	Biosolids Holding Tank		To cover any elements considered by insurers to be betterment.	165,765
Wastewater Collection and Treatment	Additional Sludge Dewatering Capacity		Required to complete the project.	45,000
Wastewater Collection and Treatment	Flare Upgrade		Required to complete project.	54,992
Wastewater Collection and Treatment	Backup Power Generator		Installation of No.2 gas engine delayed due to catastrophic breakdown of No. 1 engine.	-544,524
Wastewater Collection and Treatment	WW Tikao Bay Beach P5620		Required to meet the work programme.	45,748
Water Supply	Lake Terrace WSPS New Well		Permanent pipe work is delayed until aftershocks reduce to an acceptable level.	228,799
Water Supply	WS Crosbie Well Renewal		Permanent work has been delayed while higher priority earthquake repairs are completed on other wells.	279,609
Water Supply	WS St Johns New Well		Permanent Pipe work is delayed until aftershocks reduce to an acceptable level.	281,837
Water Supply	WS Cashmere Rd water mains renewal		Required as the works tender was not issued until late June 2012.	191,608
Water Supply	WS Warnerville Rd water mains renewal		Required to provide for construction project	181,141
Wastewater Collection and Treatment	WW Tikao Bay Rd sewer renewal		Required to meet the work programme.	88,229
Water Supply	Victoria Reservoirs 2 & 3 Replacement		Required to complete project.	274,171
Water Supply	St John Diesel Generator Renewal		Required as final account was not received from Contractor.	22,021
Wastewater Collection and Treatment	Worsleys Rd sewer mains renewal		Required to meet the final invoices.	36,872
Wastewater Collection and Treatment	Watson Rd sewer mains renewal		Required for final invoicing.	81,970
Wastewater Collection and Treatment	Muter St sewer mains renewal		Required to meet final invoicing.	15,335
Water Supply	Springs Road New Water Main		Required to meet the remaining commitment.	10,000
Wastewater Collection and Treatment	Awatea Block New Sewer Main		Required to complete close out process.	8,813
Water Supply	Chch-Akaroa rd infra R&R submain		Required to complete work programme.	83,967
Water Supply	Wairewa Pa rd infra R&R submain		Required to meet the work programme.	56,947
Water Supply	Haslwell Junction frm Wilmers Road		Required due to the lateness of commencing the BAU reticulation projects this financial year.	236,630
Wastewater Collection and Treatment	WW PS02 Hereford Electrical Upgrade		Due to delays during investigation phase, the project was not completed by year end.	128,093
Wastewater Collection and Treatment	WW PS10 Linwood Electrical Upgrade		Due to delays during investigation phase, the project was not completed by year end.	126,744
Wastewater Collection and Treatment	WW PS12 Smith Electrical Upgrade		Required to meet the work programme.	31,823
Wastewater Collection and Treatment	WW PS42 Sparks Electrical Upgrade		Due to delays during investigation phase, the project was not completed by year end.	31,470
Wastewater Collection and Treatment	WW PS70 Taylors Mistake Elec Upgrade		Due to delays during investigation phase, the project was not completed by year end.	120,742
Water Supply	WS Hills Road Pump Station		Required to meet next year's work programme (purchase the land).	334,492
Streets & Transport	Retaining Walls Renewals		To allow completion of projects next financial year. Delayed due to consultant/contractor availability.	161,971
Streets & Transport	Bridges		To allow completion of work programme. Delayed due to obtaining the required consents and getting consultants/contractors to complete the work.	51,860
Streets & Transport	Streetlight Conversion - Capital		Required to deliver SL renewals.	386,278
Streets & Transport	Signs parking		Required due to the anticipated demand for parking projects.	29,506
Streets & Transport	Advanced Direction Signage		Required to complete work programme.	58,868
Streets & Transport	School Crossing Equipment		To allow the distribution of the equipment purchased this financial year to the schools, as there is no funding available.	6,252
Streets & Transport	Road Pavement Replacement		Delayed due to resources not available to carry out the required works.	658,025
Streets & Transport	Pedestrian Safety Initiatives		Required to complete project as no funding is available this year.	165,251
Streets & Transport	Road Safety At Schools 2002/03		Required to complete remaining project and due to no funding available this year.	252,496
Streets & Transport	Safe Routes To School		Required to continue the project. Significant work had already been undertaken with regard to design and consultation with the Community Board and community, including Cashmere High.	80,799
Streets & Transport	Breens Road Intermediate bubble		Project was on hold due to unconfirmed funds in future years.	82,702
Streets & Transport	Off Road Cycleway Surfacing		Required to complete work programme.	69,034
Streets & Transport	Causeway Culvert & Walls		Delayed due to earthquakes.	913,116

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Streets & Transport	Fairview St footbridge	Required as the final design had to undergo changes as a result of the consultation process.	130,832
Streets & Transport	Marshlands/Prestons	Delayed due to uncertainty of the future residential developments in the area.	64,894
Streets & Transport	Belfast/Marshland	Required due the project being put on hold.	160,467
Streets & Transport	Main Rd 3 Laning	Delayed due to earthquakes.	2,105,812
Streets & Transport	Greers/Northcote/Sawyers Arms	Required to complete the project. Delayed due to earthquakes.	97,936
Streets & Transport	BPDC Tourist Interpretation Signage	Required to complete work programme.	148,351
Streets & Transport	Sthn Mway Cycleway & Auxiliaries	Required to complete the project.	-1,103,171
Streets & Transport	Frankeigh/Lyttelton Intersect	Required to complete current work programme.	20,894
Streets & Transport	Pole Relocation	Required to complete the project.	45,683
Streets & Transport	Centaurus/Colombo Intersection	Required to complete the project. Delayed due to earthquakes.	88,269
Streets & Transport	Gardiners/Sawyers Arms Intersect	Required due the project being put on hold.	311,006
Streets & Transport	Hagley Crossings	Required due to delayed in the site handover.	269,828
Streets & Transport	Glandovy/Ildris Intersect	Required to complete construction work.	482,417
Streets & Transport	Waimakariri Bridge	Required to cover proposed construction work this year.	442,526
Streets & Transport	Rutland-Grassmere Pathway	Project was on hold due to unconfirmed funds in future years.	45,722
Streets & Transport	Tram Base	Required to complete work programme.	-101,856
Streets & Transport	Wigram Magdala Grade Separation	Required due to construction of the pier foundations was being brought forward.	-68,860
Streets & Transport	Bridge Renewals	Required to allow completion of projects this year.	205,031
Streets & Transport	Canterbury Park Access	Delayed due to earthquakes.	382,195
Streets & Transport	Carrs Rd Overbridge	Delayed due to earthquakes.	800,000
Streets & Transport	University Crossings	Required to commence Consultation as the project was taken off hold for the 2012/13 Annual Plan.	40,734
Streets & Transport	Cycleways Improvement Programme	Required to complete work programme.	47,000
Streets & Transport	SL Improvements - Reactive	Required to complete work programme.	22,151
Streets & Transport	Strickland Street Intersection	Project may still be required.	114,099
Streets & Transport	Clyde Road Pedestrian Signals	Required to complete the project.	168,009
Streets & Transport	St Johns St safety improvements	Required as it is not known when the physical works will be scheduled.	38,901
Streets & Transport	Street Lighting Renewal Package 12C	Required to complete the project.	11,700
Streets & Transport	Street Lighting Renewal Package 12D	Required to complete the project.	26,286
Streets & Transport	Street Lighting Renewal Package 12E	Required to complete the project.	102,199
Streets & Transport	Barrington St - Cashmere HS Signals	Required to complete the project.	181,579
Parks & Open Spaces	Restrict Imp Drainage Work	Project on hold due to negotiations between CCC and the Education Dept have not been finalised.	50,000
Parks & Open Spaces	Mutual Boundary Fence Renewals	Required for an expected increase in fence renewals.	25,022
Parks & Open Spaces	Neighbourhood Reserve Purchases	Delayed due to awaiting the Central City Plan to be approved by Government	1,001,017
Parks & Open Spaces	District Sports Park Purchases	Delayed due to still deciding on the locations as a result of the sports parks review and the loss of damaged parks.	724,038
Parks & Open Spaces	Halswell Domain Extension Development	To complete the turf works around the new netball courts in the spring.	50,341
Parks & Open Spaces	Cashmere Stream Green Corridor	Required to complete the structural assessment and carry out the work on the historic piggery	56,479
Parks & Open Spaces	Waterways & Wetlands Purchases	Required to complete project. Delayed as awaiting negotiation for the land beside Smacks Creek by Harewood Crematoria.	1,051,153
Parks & Open Spaces	Botanic Gardens Entry Pavilion	To align with the planned construction based upon pre-tender financial forecast.	1,582,315
Parks & Open Spaces	Minor Piping Projects	Required for contractual payments.	177,658
Parks & Open Spaces	Heathcote Heritage Park - NewRes Dev	To complete the board walk.	44,203
Parks & Open Spaces	Kruses Drain	Consultation on the pocket park, and ongoing issues with residents had delayed the construction.	150,478
Parks & Open Spaces	Bowenvale	Required for rockfall protection planting.	43,970
Parks & Open Spaces	Fire Fighting Equipment Replacement- P&G	Required for construction of high altitude ponds.	47,028
Parks & Open Spaces	Modifications to Meet Standard	Required to meet installation cost in July.	4,503
Parks & Open Spaces	Heathcote Valley Reveg	For rockfall protection planting in accessible areas in 2013.	35,550
Parks & Open Spaces	Owaka & Awatea Green Corridor	Required as the property unit was in negotiation with the landowner and was not completed by year end.	340,684
Parks & Open Spaces	Halswell Domain Car Park	Required to complete Resource Consent process.	53,442
Parks & Open Spaces	Harbour Structures	Delayed due to weather and tidal times.	26,194
Parks & Open Spaces	Marina - Other Capex	Project may still be required.	108,828
Parks & Open Spaces	Westmoreland Reveg	Required to complete the project.	7,831
Parks & Open Spaces	Northwood Park Rec Facilities	Required for contract payments	2,943
Parks & Open Spaces	Garden/Heritage Parks-Buildings RR	Required to complete project. Delayed due to detailed Engineering Evaluation (DEE) was required on the building before construction could commence.	143,516
Parks & Open Spaces	Wigram Retention Basin	Required to complete the project.	8,982
Parks & Open Spaces	Lower Milns	Required for completion of current works. Delayed due to snow.	570,164
Parks & Open Spaces	Garden & Heritage Parks Signage	Required to complete project.	14,587
Parks & Open Spaces	Greenspace Business Entity R&R	Required to complete project.	78,832
Parks & Open Spaces	Akaroa Stormwater	Required to complete work programme.	131,556
Parks & Open Spaces	Sports Parks Playing Field Construction	Delayed due to the earthquakes.	9,253
Parks & Open Spaces	Neighbourhood Parks Playground Renewal	Required for committed PO for equipment	14,000

**ATTACHMENT 6 TO CLAUSE 3
CORPORATE AND FINANCIAL COMMITTEE 14. 9 . 2012**

Parks & Open Spaces	Landscape Design Plans		Required for landscape design work.	44,115
Parks & Open Spaces	Coronation Reserve		Required to meet contractual commitments.	72,659
Parks & Open Spaces	Survey & Set Out Plans		Required to cover committed expenditure.	6,411
Parks & Open Spaces	Awatea Basin		To complete the last minor works not included in the current contract.	176,246
Parks & Open Spaces	Neighbourhood Parks Playground Upgrades		Required for contract payments.	47,153
Parks & Open Spaces	Wigram Playground		Required to meet contract payments.	22,049
Parks & Open Spaces	Neighbourhood Parks Signage Renewal		Required to complete remaining work programme.	131,985
Parks & Open Spaces	Corsair Bay Development Plan		Required to complete project. The Landscape works had begun but was delayed by the snow.	71,900
Parks & Open Spaces	Stanley Park Dev		To allow work to take place once the Management Plan is approved.	19,056
Parks & Open Spaces	Okains Bay		Required to complete project.	40,641
Parks & Open Spaces	Port Hills Reserves Revegetation		Required for additional community planting.	23,915
Parks & Open Spaces	Port Hills Fencing (inc rockfall protect		For repair of rockfall damaged fences.	41,263
Parks & Open Spaces	Redwood Springs		Required to cover contact payments for landscape works around the detention basin.	35,300
Parks & Open Spaces	Shepards Stream		Required for contract payments and establishment.	18,701
Parks & Open Spaces	Greenwood Park reveg		Required for rockfall protection planting next year.	30,862
Parks & Open Spaces	Awatea South Basin		Required to match completion date of the contract .	872,403
Parks & Open Spaces	Steamwharf Stream @ St Johns St		Required to cover construction costs as the construction phase is split over two financial years.	20,263
Parks & Open Spaces	Sports Park Path reseals 2011		Required for contractual payments.	48,096
Parks & Open Spaces	Brownlee Reserve Playground		Required for payment of equipment.	18,000
Parks & Open Spaces	Shearer Reserve Playground		Required to cover construction work this year.	45,992
Parks & Open Spaces	Ataahua Domain Reserve Development		Required to complete project.	14,000
Parks & Open Spaces	2011/12 Backflows		Delayed due to the earthquakes.	46,622
Parks & Open Spaces	Neighbourhood Parks New Playgrounds		Required to meet contact payment for equipment in August.	29,394
Parks & Open Spaces	Brownlee Reserve		Required for the design/ cost report being prepared by Opus and the purchase of equipment.	33,000
Parks & Open Spaces	Neighbourhood Pks New Res Dev		Required to meet contract payments.	32,497
Parks & Open Spaces	Sockburn Park Extension		Works are underway but have been delayed due to earthquakes.	31,000
Parks & Open Spaces	W/W Detention & Treatment Facility Renew		Required to cover the contract payments.	56,181
Parks & Open Spaces	Redwood Springs Detention Basins		Required to cover contractual payments.	184,534
Parks & Open Spaces	Mundys Drain Radcliffe Rd		Required for contract payment and internal plant costs.	3,498
Parks & Open Spaces	Carrs Road S/W Facility		Required due to construction not being able to be started as the site was still being used by the Southern Motorway project.	345,419
Parks & Open Spaces	Mt Pleasant Barnett Gully		Required for rockfall protection planting fence of Mt Pleasant/Barnett Park gully.	23,280
Parks & Open Spaces	St Albans Creek Relining		Required for lining works once the water way has been cleared out.	9,795
Parks & Open Spaces	Dudley Creek Relining		The project is on hold until outcomes are received from the modelling work SCIRT is currently undertaking.	9,747
Parks & Open Spaces	Soleares Ave Debris Trap		Required to complete the installation work. Delayed due to awaiting in receiving the structures from Auckland.	47,440
Parks & Open Spaces	Evans Pass Debris Trap		Required to cover the cost of structure. Project was on hold due to the scope was being re-assessed and issue with contractor availability.	79,898
Parks & Open Spaces	Dyers Pass Road Sumps		To alleviate the regular flooding of the Colombo St/Centaurus Rd roundabout and footpath outside the shops from stormwater spilling off Dyers Pass Rd.	29,092
Parks & Open Spaces	Sumnervale Debris Trap		Delayed due to the earthquakes.	20,000
Parks & Open Spaces	Mt Pleasant Waterway Luxton Place		To complete project.	9,776
Parks & Open Spaces	Wainoni Park Extension		Project start has been delayed due to the earthquakes.	40,000
Parks & Open Spaces	CCP Greenways Design		Required for completion of project. Project was on hold due to awaiting for the CCDU Blueprint to be released on 27th July.	12,599
Parks & Open Spaces	Stormwater PS205 electrical upgrade		Due to delays during investigation phase, the project was not able to be finished by year end.	27,574
Parks & Open Spaces	Stormwater PS207 Evans Ave		Due to delays during investigation phase, the project was not able to be finished by year end.	26,926
Parks & Open Spaces	Stormwater PS209 Celia		Due to delays during investigation phase, the project was not able to be finished by year end.	36,054

**ATTACHMENT 6 TO CLAUSE 3
CORPORATE AND FINANCIAL COMMITTEE 14. 9 . 2012**

Net Capital Works Programme Carry Forward Requests from 2011/12 to future years (beyond 2012/13)

Streets & Transport	High St (Cashel-Lichfield)	From 2013/14	Required to cover the costs of projected contract commitments.	-44,936
Streets & Transport	Culvert Renewal	From 2015/16	To allow completion of work next financial year. Contractor availability has delayed completion of projects.	-46,464
Corporate Capital	SLP Land Value Offset	To 2013/14	Land transfers to projects have been delayed due to the earthquakes.	-13,666,000
Wastewater Collection and Treatment	Digester 2-4 Refurb	To 2013/14	Required to complete Digester 3 recladding	121,752
Wastewater Collection and Treatment	Grit Tank Efficiency Improvements	To 2013/14	Required to complete work programme.	434,911
Streets & Transport	Carrs Rd Overbridge	To 2013/14	Project delayed due to earthquakes.	413,285
Wastewater Collection and Treatment	WW Extension to Charteris Bay	To 2013/14	Required to complete work programme.	1,000,000
Streets & Transport	Railway Cycleway Nth-Harewood intersect	To 2013/14	Project is on hold due to unconfirmed funds in future years. Remaining budget to be carried forward two financial years to 2013/14.	68,763
City Development	Aidanfield Memorial Structure	To 2013/14	Project start has been delayed due to the earthquakes.	75,000
Parks & Open Spaces	Washington Reserve	To 2013/14	To complete the Consent process. Build year is 2013	415,524
Wastewater Collection and Treatment	Enlarge Grit Tank & Sedimentation Tank 1	To 2013/14	Budget to rephased to suit 1 year delay in planning phase due to EQ.	838,851
Wastewater Collection and Treatment	Primary Sedimentation Tank Upgrades	To 2013/14	Due to CWTP EQ priority works plus coordination with other projects in same area.	1,370,677
Streets & Transport	Ferrymead Bridge	To 2013/14	Project needs a complete review as a consequence of damage caused by the earthquakes.	4,933,405
Community Support	Halswell - new Suburban Community Cen	To 2014/15	Project has been delayed while additional budget has been requested through the 2012/13 Annual Plan process.	20,213
Cultural and Learning Services	Halswell - New Library	To 2014/15	Project has been delayed while additional budget has been requested through the 2012/13 Annual Plan process.	143,921

Total Net Capital Carry Forwards (Capital Works Programme) from 2011/12:

66,892,548

Capital Works Carry Forwards comprise:	73,495,984	Incomplete work that requires the budget to be carried forward to 2012/13 to enable completion of the projects
	-3,993,832	Incomplete work that requires the budget to be carried forward to 2013/14 to enable completion of the projects
	164,134	Incomplete work that requires the budget to be carried forward to 2014/15 to enable completion of the projects
	<u>69,666,286</u>	Total Gross Carry Forwards
Less:	2,682,338	Work started earlier than expected that requires budget to be brought forward from 2012/13
Less:	44,936	Work started earlier than expected that requires budget to be brought forward from 2013/14
Less:	46,464	Work started earlier than expected that requires budget to be brought forward from 2015/16
	<u><u>66,892,548</u></u>	Total Net Carry Forwards (Capital Works Programme)

NZTA Capital Subsidy:

NZTA Capital Subsidy Carry Forward Requests from 2011/12 to 2012/13

Streets & Transport	NZTA Subsidy	To 2012/13	NZTA Subsidy on Capital Works carried forward	-1,197,797
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-1,197,797

Earthquake Rebuild:

Net Earthquake Rebuild Carry Forward Requests from 2011/12 to 2012/13

Group Of Activities	Project Title	Reason for Carry Forward	Carry Forward Request
Water Supply	WS Bores Repair - Central East	Remaining work not expected to be completed until September 2013, subject to future aftershocks.	30,815
Water Supply	WS Bores Repair - Central West	Remaining work not expected to be completed until September 2013, subject to future aftershocks.	179,603
Water Supply	WS Bores Repair - North East	Remaining work not expected to be completed until September 2013, subject to future aftershocks.	158,909
Water Supply	WS Bores Repair - West / Riccarton	Remaining work not expected to be completed until September 2013, subject to future aftershocks.	172,113
Water Supply	WS Bores Repair - Other areas	Remaining work not expected to be completed until September 2013, subject to future aftershocks.	228,740
Solid Waste	Budget Only - EQ Solid Waste Capex	To allow completion of work next financial year.	2,671,232
Solid Waste	Organics Processing Plant repairs	Delayed start to project	1,134,031
WW Treatment Plant	Budget Only - EQ WW Treatment Plant Capex	To allow completion of work next financial year.	6,041,000
WW Treatment Plant	WP0000037 CWTP Clarifier/Distribtn Chanel	CL3 ready to be put back into service, with CL1 to be completed in 2012/13	387,040
WW Treatment Plant	CWTP EQ Feb11 South Gallery Drainage	To allow completion of work next financial year.	423,829
WW Treatment Plant	CWTP EQ Feb11 Ponds replacement	To allow completion of work next financial year.	6,197,706
WW Treatment Plant	CWTP EQ Feb11 General reinstatement	Funds brought back from 2012/13 to complete work already started in 2011/12	-250,362
WW Treatment Plant	CWTP EQ Feb 11 Civils & C2 Water Repairs	Carry forward is for work completed by City Care, but not yet claimed.	520,934
Stormwater	Budget Only - EQ Stormwater Retic Capex	Funds brought back from 2012/13 to complete work already started in 2011/12	-309,703
Roading	Pier 29 EQ Repair	Additional earthquake funding will be required as the tender has come in over the estimated budget.	425,366
Roading	Sabys Road bridge & street renewal	To allow completion of work next financial year.	166,177
Rec & Sport Structures/Property	Rugby League Park Temp Stadium	To allow completion of work next financial year.	27,298
Rec & Sport Structures/Property	Cowles Stadium	To allow completion of work next financial year.	451,804
Other Facil/Struct.	Linwood Community Arts Centre	To allow completion of work next financial year.	35,884
Greenspace	WP0000376 Parks Minor Structures	Project scoped out and priced with construction programmed for early 2013	40,000
Greenspace	WP0000313 Parks Hard Surfaces Nthn & Sth	Project scoped out and priced with construction programmed for early 2013	26,687
Greenspace	WP0000318 Parks Hard Surfaces Eastern	Scoping and pricing now complete and planned construction period early in 2013	109,115
Greenspace	WP0000357 Parks Retaining Walls	Construction delayed due to the availability of structural engineering resource	90,000
Greenspace	WP0000537 Parks Marine Structure Repair	Renewal work programmed for early 2013	43,000
Greenspace	WP0000767 Sumner/Scarborough Restoration	To allow completion of work next financial year.	69,522
Greenspace	WP0000768 Parks Mature Tree Replacement	Projects underway at various stages of planning and implementation.	75,777
Greenspace	WP0000769 Parks Port Hills Restoration	Project delayed due to rockfall issues	200,000
Water Supply Pump Stations	Hills WS Pump Station Well replacement	Start has been delayed due to site issues for location of replacement wells and disposal of water.	480,345
Water Supply Pump Stations	SCIRT10768 Keyes Stn Wells 01, 02 & 03	Underspend carried forward to ensure sufficient budget for the remaining work.	703,225
Water Supply Pump Stations	MaysStn Replacement Well 06	Underspend carried forward to ensure sufficient budget for the remaining work.	176,785
Water Supply Pump Stations	Thompsons Stn Wells 06 & 07	Underspend carried forward to ensure sufficient budget for the remaining work.	238,393
Water Supply Pump Stations	Estuary Stn Replacement Well 04	Underspend carried forward to ensure sufficient budget for the remaining work.	200,516
Water Supply Pump Stations	Sydenham Stn Replacement Wells	Underspend carried forward to ensure sufficient budget for the remaining work.	540,612
Water Supply Pump Stations	Tanner Stn Replacement Well	Underspend carried forward to ensure sufficient budget for the remaining work.	415,117
Libraries Struc/Prop	New Central Library	Funds brought back from 2012/13 to complete work already started in 2011/12	-15,708
Libraries Struc/Prop	Fendalton Library and Service Centre	To allow completion of work next financial year.	190,000
EQ Parking	Manchester Street Carpark Repairs	Funds brought back from 2012/13 to complete work already started in 2011/12	-4,227
EQ Art Gallery	Art Gallery Repairs	Funds brought back from 2012/13 to complete work already started in 2011/12	-34,160

Total Net Earthquake Rebuild Carry Forwards from 2011/12:

22,237,416

Earthquake Rebuild Capital Recoveries:

Earthquake Rebuild Carry Forward Requests from 2011/12 to 2012/13

	Reason for Carry Forward	Carry Forward Request
Insurance Recoveries (LAPP Facilities)		-9,763,007
CERA / DIA		-462,107
NZTA		-124,633

Total Earthquake Rebuild Capital Recovery Carry Forwards from 2011/12:

-10,349,747

**4. EARTHQUAKE FINANCIAL REPORT FOR JUNE 2012**

General Manager responsible:	General Manager, Corporate Services, Ph: 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Paul Anderson – General Manager, Corporate Services

PURPOSE OF REPORT

1. The purpose of this report is to provide an update the Council on financial matters relating to the earthquakes, as at 30 June 2012.
2. The report includes an overview on the expected overall financial impact of the earthquakes on the Council.

EXECUTIVE SUMMARY

3. Attached are Appendices showing summaries of:
 - Earthquake net cost to Council for June and 2011/12 (**Appendix 1**)
 - Earthquake life-to-date cost details (**Appendix 2**)
 - Earthquake life forecast (**Appendix 3**)
 - Recoveries summary (**Appendix 4**).

Rebuild Costs

4. Rebuild costs of \$31.2 million were recorded in June, \$32.6 million delivered by the Stronger Christchurch Infrastructure Rebuild Team (SCIRT). The small credit difference is a reallocation of costs between the rebuild and response categories. SCIRT rebuild work allocated to activities included \$23.8 million to Wastewater (including Pump Stations), with a further \$6.5 million for Water Supply, and \$3.9 million for Roading.

Emergency and Response Costs

5. Costs of \$20.1 million were incurred in June. \$10.3 million of these costs were 'Other Response Costs', which included a \$3.1 million correction relating to stormwater costs that were previously transferred to capital; \$2.7 million of Wastewater response costs relating to the December event; and a further \$2.2 million relating to various Council properties and facilities. Of the balance of \$9.8 million, nearly half related to Stormwater repairs (both above and below ground). The correction was part of a year-end reconciliation of the various accounts.
6. Of the total net cost to the Council for 2011/12 of \$62.6 million, \$0.9 million is funded from the Earthquake Mayoral Relief Fund (part of Auckland City Council's contribution), with the balance funded from borrowing.

Recoveries

7. Recoveries of \$186.6 million for the month reflect three significant events; the recognition of the Local Authority Protection Programme Disaster Fund (LAPP) (Infrastructure) settlement, recognition of a number of LAPP (Facilities) interim building indemnity settlements, and a \$21 million interim payment from the Earthquake Commission (EQC), \$6 million of which was recognised in the prior year. Total recoveries from these events was \$307.7 million, the difference having already been recognised in the previous year.

4 Cont'd

Building / Infrastructure Improvement Allowance

8. The Building / Infrastructure improvement allowance within the current financial strategy is currently \$175 million. To date the following allocations have been approved, leaving a balance of \$157 million:
- Oxidation Ponds \$16,128,000
Cost to date \$6,961,058 - Carry forward of the remaining \$9,166,942 has been requested.
 - Temporary Stadium cost contribution Rugby League Park \$1,000,000
Cost to date \$972,702 - Carry forward of the remaining \$27,298 has been requested.
 - Fendalton Library and Service Centre \$190,000
Nil cost to date - Carry forward of the full budget amount has been requested.
 - Linwood Community Arts Centre \$35,884
Nil cost to date - Carry forward of the full budget amount has been requested.
 - Cowles Stadium \$480,000
Cost to date \$28,196 - Carry forward of the remaining \$451,804 has been requested.
 - Pump Station 37 \$126,000
Full budget allocation spent.
9. The adopted Major Community Facilities Rebuild Programme contained in the 2012/13 Annual Plan includes a further \$79.3 million allocated in future years. This leaves a balance of \$77.7 million.

Transitional Projects

10. It is proposed that year-to-date and year-end forecast costs relating to the Central City Transitional Projects be reported quarterly to the Corporate and Financial Committee for the 2012/13 year. Shown below are the Transitional Projects contained in the 2012/13 budget.

Operational:

Gap Filler	\$65,000
Life in Vacant Spaces	\$250,000
Greening the Rubble	\$250,000
Central City Heritage	\$2,700,000
Commercial Incentives	\$1,000,000
Residential Incentives	\$500,000
Creative Industry and Support Grants	\$520,000

Capital:

Temp Landscape/Amenity Improvements	\$2,335,000
City lanes/Blocks Land Purchases	\$1,500,000

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

11. Yes – there are none.

4 Cont'd

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

12. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

13. Both service delivery and financial results are in direct alignment with the LTCCP and Activity Management Plans.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

14. As above.

ALIGNMENT WITH STRATEGIES

15. Not applicable.

CONSULTATION FULFILMENT

16. Not applicable.

STAFF RECOMMENDATION

That the Council receives the report.

COMMITTEE RECOMMENDATION

That the staff recommendation be adopted.

In addition, the Committee requested that quarterly updates are on the eight projects in item 8 (above) are provided to the Committee.

Appendix 1: Net cost to Council for June and 2011/12 year

		Actual month (\$m)			2011/12 Actual Result vs F'cast		
		Cost	Recovery	Net	Actual	May F'cast	Change
Infrastructure Rebuild							
Roading	1	3.8	2.9	.9	2.6	26.0	(23.4)
Sewer		25.2	126.2	(101.0)	(100.8)	-	(100.8)
Water		2.2	22.3	(20.1)	(21.7)	(.0)	(21.7)
Stormwater		(3.8)	8.0	(11.8)	(7.4)	1.6	(8.9)
SCIRT setup and overhead costs unallocated		(2.4)	(33.9)	31.5	63.4	-	63.4
Total	2	25.1	125.5	(100.4)	(63.9)	27.5	(91.4)
Other Assets and Insured Costs:							
Buildings and Facilities	3	1.0	50.3	(49.3)	(43.1)	9.1	(52.1)
Sewer above-ground assets	4	1.6	(4.6)	6.2	.4	13.5	(13.1)
Water above-ground assets	4	3.1	9.2	(6.1)	.2	.1	.1
Stormwater above-ground assets		.1	.1	(.0)	.0	-	.0
Park Facilities		-	.6	(.6)	(.6)	-	(.6)
Council Buildings / Infrastructure improvement allowance		-	-	-	-	-	-
Uninsured Assets (Parks, Stormwater)	5	.2	.1	.2	1.7	6.4	(4.7)
Insurance Excesses		-	-	-	-	-	-
Total		6.1	55.7	(49.6)	(41.4)	29.0	(70.4)
Emergency & Response Costs:							
Roading Emergency Work	6	1.8	(3.0)	4.7	10.6	6.3	4.3
Welfare and other Emergency Work		1.7	(.1)	1.8	2.3	2.6	(.3)
Other Response Costs		10.3	7.2	3.1	9.6	9.4	.2
Roading Temp Maintenance Works		.0	(.9)	.9	5.0	4.1	1.0
Non-Roading Temp Maintenance Works		4.2	1.2	3.1	30.6	27.2	3.5
Demolition Costs		.1	.1	.0	.1	.1	.0
Rockfall		1.4	1.6	(.3)	6.6	8.2	(1.6)
Increased Costs of Working		.5	(.7)	1.1	(6.0)	(7.9)	1.9
Staff/Other internal costs charged to Emerg/Resp		.8	-	.8	9.9	8.7	1.2
Less costs budgeted in Council activities		(.6)	-	(.6)	(6.3)	(5.5)	(.8)
Total		20.1	5.5	14.6	62.6	53.2	9.4
Grand Total		51.2	186.6	(135.4)	(42.7)	109.7	(152.4)

Notes:

- 1) The May forecast reflected original budget.
- 2) Significant month and year result is due to recognition of the LAPP Infrastructure settlement.
- 3) Included within the \$50.3 million recovery for the month is \$36.8 million of LAPP (Facilities) interim indemnity settlements for various Council facilities that are to be demolished. QEII makes up \$29 million of this, with the balance relating to various community facilities eg. libraries and community centres. The balance reflects a payment from EQC relating to Council housing assets. These receipts were not forecast in May.
- 4) Month net results reflect a reporting correction to where recoveries relating to Water Supply Pump Stations are shown (previously reported under Sewer Above-Ground). The May forecast reflected original budget.
- 5) The May forecast reflected original budget.
- 6) Month recovery result includes a \$3.4 million reduction in accrued recovery resulting from final 2011/12 NZTA claim / reconciliation.

Life to Date (\$m)							
	Cost	Accrued Recoveries					Balance
		LAPP (F)	LAPP (I)	DIA/CERA	NZTA	Other	Council
Infrastructure Rebuild							
Roading	11.2	-	-	-	8.4	.0	2.8
Sewer	90.4	-	140.1	51.1	-	-	(100.8)
Water	21.4	-	28.3	12.5	-	-	(19.4)
Stormwater	15.2	-	13.4	9.1	-	-	(7.4)
1							
SCIRT setup and overhead costs unallocated	160.4	-	-	48.2	48.2	-	64.1
2							
Total	298.6	-	181.8	120.9	56.5	.0	(60.7)
Other Assets and Insured Costs:							
Buildings and Facilities	10.0	86.3	-	.0	-	19.8	(96.1)
3							
Sewer above-ground assets	18.7	18.2	-	-	-	-	.5
Water above-ground assets	9.5	9.2	-	-	-	(.0)	.2
Stormwater above-ground assets	.1	.1	-	-	-	-	.0
Park Facilities	-	.8	-	-	-	-	(.8)
Council Buildings / Infrastructure improvement allowance	-	-	-	-	-	-	-
Uninsured Assets (Parks, Stormwater)	2.4	-	-	-	.4	-	2.0
Insurance Excesses	8.0	-	-	-	-	-	8.0
Total	48.7	114.7	-	.0	.4	19.8	(86.2)
Emergency & Response Costs:							
Roading Emergency Work	94.6	-	-	5.1	63.3	.0	26.1
Welfare and other Emergency Work	67.5	-	1.3	63.8	-	.0	2.4
Other Response Costs	76.6	23.2	.4	22.2	1.8	5.1	23.8
Roading Temp Maintenance Works	31.8	-	.0	.0	21.8	(.0)	10.0
Non-Roading Temp Maintenance Works	154.0	2.4	18.0	101.2	-	1.0	31.5
Demolition Costs	10.6	-	-	6.3	-	.1	4.2
Rockfall	19.7	-	-	6.6	3.9	(.0)	9.2
4							
Increased Costs of Working	(1.4)	1.6	-	-	-	5.8	(8.8)
Staff/Other internal costs charged to Emerg/Resp	48.4	-	-	-	-	-	48.4
Less costs budgeted in Council activities	(37.5)	-	-	-	-	-	(37.5)
Total	464.3	27.1	19.7	205.3	90.7	12.1	109.4
Grand Total	811.6	141.8	201.5	326.2	147.7	31.8	(37.4)

Notes:

- 1) Reflects recognition of the LAPP (Infrastructure) full settlement.
- 2) SCIRT setup and overhead costs will be allocated over infrastructure assets upon job completion.

A breakdown of these costs is as follows:

	(\$m)
IRMO setup and overhead:	\$13.8
IRMO design:	\$17.1
SCIRT overhead – Initial Alliance Agreement: **	\$14.4
SCIRT overhead:	\$47.0
Asset Assessment:	\$33.7
Delivery Teams:	\$17.5
Design:	\$16.9
	\$160.4

** Initial Alliance Agreement covers the period Jul-Sept 2011 and covers the SCIRT setup costs.

- 3) Recoveries reflect LAPP (Facilities) interim building indemnity settlements and EQC payments.
- 4) Reflects initial rockfall assessment and ongoing mitigation work (operational).

Appendix 3: Life forecast

	Life forecast (\$m)						
	Cost	Recoveries					Balance
		LAPP (F)	LAPP (I)	DIA/CERA	NZTA	Other	Council
Infrastructure Rebuild							
NZTA-subsidised roading (excl State Highways)	842.4	-	-	-	699.2	-	143.2
Non-subsidised roading (excl State Highways)	164.3	-	-	-	-	-	164.3
Sewer	694.0	-	140.1	416.4	-	-	137.5
Water	140.1	-	28.3	84.1	-	-	27.8
Stormwater	66.5	-	13.4	39.9	-	-	13.2
LAPP liability limitation	-	-	-	-	-	-	-
WIP / Alliance setup costs unallocated	-	-	-	-	-	-	-
Total	1,907.3	-	181.8	540.4	699.2	-	485.9
Other Assets and Insured Costs:							
Buildings and Facilities	463.4	452.8	-	-	-	-	10.6
Sewer above-ground assets	103.1	103.1	-	-	-	-	-
Water above-ground assets	26.6	26.6	-	-	-	-	-
Stormwater above-ground assets	.9	.9	-	-	-	-	-
Park Facilities	4.0	4.0	-	-	-	-	-
Council Buildings / Infrastructure - shortfall allowance	175.0	-	-	-	-	-	175.0
Uninsured Assets (Parks, Stormwater)	87.2	-	-	-	-	8.0	79.2
Insurance Excesses	23.9	-	-	-	-	-	23.9
Total	884.1	587.4	-	-	-	8.0	288.8
Emergency & Response Costs:							
Roading Emergency Work	87.8	-	-	3.3	63.9	.0	20.5
Welfare and other Emergency Work	73.9	-	1.3	55.0	-	.0	17.7
Other Response Costs	51.4	22.4	.4	11.8	-	3.2	13.6
Roading Temp Maintenance Works	65.0	-	.0	-	41.0	.0	24.0
Non-Roading Temp Maintenance Works	220.4	-	18.0	125.4	-	11.4	65.6
Demolition Costs	10.5	-	-	5.9	-	.1	4.5
Rockfall	79.9	-	-	6.6	3.9	-	69.4
Increased Costs of Working	6.0	3.0	-	-	-	-	3.0
Staff/Other internal costs charged to Emerg/Resp	11.7	-	-	-	-	-	11.7
Less costs budgeted in Council activities	-	-	-	-	-	-	-
Total	606.5	25.4	19.7	207.9	108.8	14.7	230.0
Grand Total	3,398.0	612.8	201.5	748.3	808.0	22.7	1,004.7

This table has three changes to that presented in the 2012/13 Annual Plan (p18), along with an expanded view of the forecast recoveries:

- The Rockfall cost estimate of \$55 million has been increased to \$79.9 million. The new figure reflects the original rockfall assessment and mitigation cost estimate of \$22.0 million and \$57.9 million relating to Council's share of land acquisitions.
- The associated Rockfall recovery estimate of \$1.2 million have been updated to \$10.5 million to reflect current estimates.
- Estimated LAPP infrastructure recoveries of \$208.2 million have been reduced to \$201.5 million to reflect the claim settlement.

The overall impact is to increase the forecast net cost of the earthquakes to Council from \$982.4 million to \$1,004.7 million, an increase of \$22.3 million.

Appendix 4: Recoveries Summary

Monthly recoveries summary report as at 30/06/2012							
\$(m) All Figures are GST Exclusive							
	Total	Crown	NZTA	LAPP (I)	LAPP (F)	Other	Notes
Rebuild							
Cost incurred to date	347.3						
Recoveries accrued	389.6	120.9	57.0	181.8	29.9	0.0	
Recoveries received	208.6	24.3	38.2	141.1	5.0	0.0	
Recoveries claimed but unpaid	44.0	0.0	3.3	40.7	0.0	0.0	
Balance unclaimed to date	136.9	96.6	15.5	0.0	24.9	-0.0	
Significantly Damaged Buildings (Indemnity recovery claimed)							
Recoveries accrued	104.6	0.0	0.0	0.0	84.8	19.8	
Recoveries received	54.7	0.0	0.0	0.0	34.9	19.8	
Recoveries claimed but unpaid	49.9	0.0	0.0	0.0	49.9	0.0	
Balance unclaimed to date	-0.0	0.0	0.0	0.0	0.0	-0.0	
Emergency and Response							
Cost incurred to date	503.2						
Recoveries accrued	347.5	205.3	90.7	19.7	25.5	6.2	
Recoveries received	231.6	115.0	90.7	19.7	0.1	6.1	
Recoveries claimed but unpaid	73.2	72.8	0.0	0.0	0.4	0.0	
Balance unclaimed to date	42.6	17.5	-0.0	-0.0	25.0	0.1	
Increased Costs of Working							
Cost incurred to date	3.5						
Claims to be lodged (estimate)	1.6				1.6		Excluding Office Accom due to Civic Building net rebate

**5. PROPOSED DEED OF ASSIGNMENT OF LEASE – 62 WORCESTER BOULEVARD**

General Manager responsible:	General Manager, Corporate Services, DDI 941-8528
Officer responsible:	Corporate Support Manager
Author:	Tony Liu, Leasing Consultant

PURPOSE OF REPORT

1. The purpose of this report is to seek the approval of the Council to enter into a Deed of Assignment of Lease with the Canterbury Earthquake Recovery Authority (CERA) for the leased space in HSBC Tower at 62 Worcester Boulevard.

EXECUTIVE SUMMARY

2. The Council entered into a Deed of Lease for Level 4 and 5 of HSBC Tower at 62 Worcester Boulevard in July 2011. This lease provides for a three (3) year term with a final expiry on 31 March 2014.
3. The Council subleased Level 4 last year to CERA in anticipation of supporting and assisting with their operation with the post-earthquake recovery of the Canterbury region. This sublease provides for a term of two years and a final termination date of 17 July 2013.
4. The Council officers received a request from CERA to investigate the possibility of assigning the lease for Level 4 and 5 of HSBC Tower and aligning the final expiry to 31 March 2014.
5. It is considered and concluded by Council officers that both levels are no longer required as part of Council's corporate accommodation needs and can be assigned to CERA. It is also noted that the assignment will assist CERA in securing a longer tenure of Level 4 and provide them with an additional level of office space.
6. The terms and conditions of the proposed assignment to CERA are consistent with the terms and conditions of the current lease held by the Council. In accordance with the terms and conditions of the current lease, the proposed assignment to CERA is conditional to obtaining Landlord's consent. Council officers have approached Lichfield Holdings Limited, the current building owners, who indicated their conditional approval of the assignment.

FINANCIAL IMPLICATIONS

7. The Council's obligations to pay the rent and outgoings for Level 5 will cease with the assignment. CERA will cover any costs associated with the proposed Deed of Assignment of Lease.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

8. No.

LEGAL CONSIDERATIONS

9. Council's Legal Services Unit will be asked to prepare a Deed of Assignment of Lease if the staff recommendation is adopted.

Have you considered the legal implications of the issue under consideration?

10. Yes, same as above.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

11. Not applicable.

5 Cont'd

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

12. No.

ALIGNMENT WITH STRATEGIES

13. Not applicable.

Do the recommendations align with the Council's strategies?

14. No.

CONSULTATION FULFILMENT

15. Not applicable.

BACKGROUND

16. The Council holds a lease for Level 4 and 5 of HSBC Tower for a period of three years expiring on 31 March 2014.
17. CERA sublease Level 4 from the Council for a period of two years and the sublease expires on 17 July 2013. CERA also occupies Level 2 and 11 in the same building.
18. Part of the Council's Resource Consents & Building Policy Unit is currently occupying Level 5 and the total leased area of Level 5 consists of 584.14 square metres of office space and 32.72 square metres of balcony.
19. Council officers have identified and secured an alternative accommodation through its own property portfolio to accommodate staff who are currently occupying Level 5. The alternative accommodation is located at 84 Peterborough Street which is part of the Vbase property portfolio. The existing lease is running on a month to month basis and Argent Financial (existing tenant) has indicated to Council officers that they will be looking at moving out in late September / early October 2012.

STAFF RECOMMENDATION

That the Council:

- (a) Grant delegated authority to the Corporate Support Unit Manager to negotiate and conclude a Deed of Assignment of Lease for Levels 4 and 5 of HSBC Tower with the Canterbury Earthquake Recovery Authority on terms and conditions that are consistent with those in the current lease Council holds; and
- (b) Grant delegated authority to the Corporate Support Unit Manager to terminate the existing Deed of Sublease for Level 4 of HSBC Tower with the Canterbury Earthquake Recovery Authority as soon as a Deed of Assignment of Lease for Level 4 and 5 is entered into.

COMMITTEE RECOMMENDATION

That the staff recommendation be adopted.



6. TEMPORARY WALK-IN CUSTOMER SERVICE FACILITIES

General Manager responsible:	General Manager Public Affairs, DDI 941-8982
Officer responsible:	Unit Manager Customer Services
Author:	David Dally - Unit Manager Customer Services

PURPOSE OF REPORT

1. A Council resolution on 26 June 2012 requested staff to report back on options and costs associated with the establishment of temporary walk-in customer service operations at sites where service centres are currently not operating due to earthquake damage, that is the Linwood and Sockburn service centres.

EXECUTIVE SUMMARY

2. The Sockburn and Linwood service centres are currently closed as a result of earthquake damage. A portable building for walk-in customer services is on-site at Linwood and has been operational since 26 July. Suitable temporary solutions are in place for Lyttelton and Akaroa. A temporary walk-in customer service solution for Beckenham is under urgent action. There is currently no temporary solution for Sockburn.
3. This represents a reduction in the 2006-16 LTCCP level of service until the new library and service centre as approved in the 2012/13 Annual Plan has been constructed.
4. The Sockburn service centre has been closed since 9 May 2011. Evidence suggests that customers have relocated their Council business from Sockburn primarily to the Riccarton Service Centre where monthly transaction volumes have increased from 800 to 3500. An extra work station has been installed and staffing increased to accommodate this. The Sockburn transaction volume was about 1,700 per month, so Riccarton has more than absorbed this level of activity.
5. There is a manual receipting service for rates payments at Hornby Video, and this has also helped spread the load. Monthly transactions there have increased from 85 to nearly 1,000.
6. These transaction volume increases may also be at least partly attributable to Civic Offices being closed for a long period, with customers moving their Council business elsewhere across the network.
7. Setting up a suitable portable building facility at Sockburn or Hornby would cost about \$25,000 to fit out, plus weekly hireage of \$200. These options are discussed below.
8. Consideration has also been given to establishing a walk-in service point in the Upper Riccarton Library, either within the library or a portable building sited outside, as well as at other sites where there may be the possibility of co-locating with other displaced Council staff.
9. Analysis of the transactions at nearby Service Centres and the manual receipting facility at Hornby taken in conjunction with the approximate costs of a portable building, suggest that an additional temporary solution for Sockburn cannot be justified.

FINANCIAL IMPLICATIONS

10. The portable building option would cost approximately \$25,000 plus a weekly hire cost of \$200 per week. In addition, there would be costs associated with additional EFTPOS terminals and cash collection.

6 Cont'd

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

11. No. Additional funding for refurbishing and wiring a portable building, plus rental, would be required, as outlined above.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

12. Yes, and there are none.

ALIGNMENT WITH LTP AND ACTIVITY MANAGEMENT PLANS

13. Yes; the LTCCP and the unit's Activity Management Plan specifies a service centre at Sockburn.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

14. Yes. The 2012/13 Annual Plan includes the provision of a new library, service centre and community centre in the south-west area, which in effect replaces the Sockburn facility. The reduction in the level of service at Sockburn is mitigated to some extent by the manual receiving service for rates payments at the Civic Video Store on the Hornby Mall.

ALIGNMENT WITH STRATEGIES

15. Not applicable.

CONSULTATION FULFILMENT

16. Not applicable.

CONSIDERATION OF THE OPTIONS

OPTION ONE: PORTABLE BUILDING AT SOCKBURN

17. The costs of this option are approximately \$25 000 in capital expenditure, plus a monthly hiring fee of \$200 per week.
18. There are practical and customer safety issues with this option. It could not easily be sited at Sockburn as it would need to be far enough away from the current earthquake damaged facilities, but be not too far away for power and EFTPOS cabling to be easily run from within the damaged building. Furthermore, customers may be reluctant to go there, because of post-earthquake safety issues with the building. Cash handling security and staff access to toilet and tea facilities would also present difficulties.

OPTION TWO: PORTABLE BUILDING AT HORNBY

19. Another location option would be on the hard standing at the Heartland Centre on Shands Road. The main problems here are the length of cabling that would be required and the taking up of scarce parking. Cash security would also be a challenge, as unlike Linwood, there is no readily accessible safe in a separate secure building.

6 Cont'd

OPTION THREE: PORTABLE BUILDING OUTSIDE UPPER RICCARTON LIBRARY

20. The Upper Riccarton library is already a customer destination. However, locating a portable building there would present significant practical difficulties. Cabling would have to be routed a significant distance to reach the car park hard standing, the only possible location. This presents other objections: the taking up of parking spaces that are at a premium and permission would also be required from the Ministry of Education due to the shared nature of the site.

OTHER CONSIDERATIONS

21. Libraries have been approached to assess the possibility of creating a service centre space within the Upper Riccarton Library. However, libraries staff have indicated that there would be insufficient space for a walk-in service point.
22. The possibility of moving into the WINZ facility at the Heartland Centre has also been considered and canvassed with the senior management of the site. Although supportive in principle, there is just not enough room in an area where staff and various functionaries are already operating in very close proximity.
23. The option of co-locating all displaced staff with a walk-in service point has been investigated by staff with possibilities at 23 or 25 Shands Road, the old Cory Electrical adjacent to Hornby Mall and 12 Braeburn Place being considered.
24. The Shands Road options and Cory Electrical are now all leased and thus unavailable. Braeburn Place is significantly distant from other retail businesses and thus considered unsuitable for a walk-in service point. However, Braeburn Place may be suitable for housing the other displaced council staff and provide meeting room facilities for the Community Board. This possibility is being actively addressed separately.
25. Based on the analysis of the options as outlined above and the associated costs, the preferred option is to do nothing further, and accept the reduction in level of service until the new south-west area library and service centre has been built. It is clear from the transactional data that customers have moved their council business elsewhere since May 2011, and the service centre network has effectively and efficiently accommodated these changes.

STAFF RECOMMENDATION

That the Committee recommend that the Council do nothing further, and accept the reduction in level of service until the new south-west area library and service centre has been built.

COMMITTEE RECOMMENDATION

On the motion of Councillor Chen, seconded by Councillor Carter, the Committee recommends that:

The Council agrees to set up a suitable building facility for walk-in customer service in the Hornby area.

When put to the meeting the motion was declared **carried** by 4 votes to 2, the voting being as follows:

For (4): Councillors Broughton, Carter, Chen and Johanson

Against (2): Councillors Button and Gough.

Councillors Button and Gough requested that their preference be recorded for a report from staff outlining options for temporary facilities in the Hornby area, and the associated costs of these.



COUNCIL 27. 9. 2012

Corporate and Finance Committee 14. 9. 2012

7. DRAFT STATEMENTS OF INTENT FOR CIVIC BUILDING LIMITED, WORLD BUSKERS FESTIVAL TRUST, TUAM LIMITED, CHRISTCHURCH AGENCY FOR ENERGY TRUST, ROD DONALD BANKS PENINSULA TRUST, RICCARTON BUSH TRUST AND NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED, FOR THE YEAR ENDED 30 JUNE 2013

General Manager responsible:	General Manager Corporate Services, DDI 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Diane Brandish - Corporate Finance Manager

PURPOSE OF REPORT

1. The purpose of this report is to present to Council the draft Statements of Intent (SOI) for the Council Controlled Organisations (CCOs) for review and comment.
2. The Statements of Intent from the following organisations are attached for information.
 - Civic Building Limited (**Attachment 1**)
 - World Buskers Festival Trust (**Attachment 2**)
 - Tuam Limited (**Attachment 3**)
 - Christchurch Agency For Energy Trust (**Attachment 4**)
 - Rod Donald Banks Peninsula Trust (**Attachment 5**)
 - Riccarton Bush Trust (**Attachment 6**)
 - New Zealand Local Government Funding Agency Ltd (**Attachment 7**)

A copy of the advice received on the Rod Donald Banks Peninsula Trust's investment policy is also attached (**Attachment 5.1**).
3. Also attached are comparisons between 2011/12 and 2012/13 Statements of Intent for:
 - Christchurch Agency for Energy Trust Board (**Attachment 8**)
 - Civic Building Ltd (**Attachment 9**)
 - Riccarton Bush Trust (**Attachment 10**)
 - Tuam Ltd (**Attachment 11**)
 - World Buskers Festival Trust (**Attachment 12**).
4. The CCOs are required by statute to submit an annual Statement of Intent to the Council. A Statement of Intent must set out the entity's objectives and performance measures, as well as certain other information.
5. Organisations are required by the Local Government Act 2002 to deliver to their shareholders a draft statement of intent on or before 1 March. They must then consider comments on their SOI from their shareholders received by 1 May, and then to issue a final SOI by 30 June.
6. Due to the priority given to matters relating to claims resulting from the Canterbury earthquakes the Statements of Intent are only now being reported to the Council.
7. This is the first Statement of Intent for the New Zealand Local Government Funding Agency Limited as the company was only incorporated during the 2011/12 financial year. Other than as identified below for the Rod Donald Banks Peninsula Trust there are no major surprises or changes in direction signalled in the attached documents.
8. The Trustees of the Rod Donald Banks Peninsula Trust have proposed a change in their investment policy. Previously their policy aligned with that of the Council in that investment funds were deposited only with registered banks with a minimum long-term/short-term rating of A-/A2. Their new policy is attached as **Appendix 6** and provides that no more than 30 per cent of fixed income investments may be invested with counterparties meeting local and ethical criteria with the further restriction that a maximum of 7 per cent may be invested with each non rated Non Bank Deposit Taker and no more than 15 per cent in total.

7 Cont'd

9. Specific comments on each organisation are provided in the respective Attachments above.

FINANCIAL IMPLICATIONS

10. Not applicable.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

11. Yes.

LEGAL CONSIDERATIONS

12. Not applicable.

Have you considered the legal implications of the issue under consideration?

13. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

14. Not applicable.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

15. Not applicable.

ALIGNMENT WITH STRATEGIES

16. Not applicable.

Do the recommendations align with the Council's strategies?

17. Yes.

CONSULTATION FULFILMENT

18. Not applicable.

STAFF RECOMMENDATION

That the Council:

- (a) Review the draft Statements of Intent, and advise the Trustees of the Rod Donald Banks Peninsula Trust that it does not agree with their investment policy.
- (b) Advise officers of any other comment it wishes to make on the draft Statements of Intent.

7 Cont'd

COMMITTEE RECOMMENDATION

That the Council:

- (a) Accept the draft Statements of Intent for the following organisations:
- Civic Building Limited
 - World Buskers Festival Trust
 - Tuam Limited
 - Christchurch Agency For Energy Trust
 - Riccarton Bush Trust
 - New Zealand Local Government Funding Agency Ltd.
- (b) Accept the Statement of Intent for the Rod Donald Banks Peninsular Trust, noting that its investment policy is outside the Council policy.
- (b) Request the World Buskers Festival Trust to consider including further detail on the financial and operational performance targets to demonstrate how these meet the objectives as stated in the Trust deed.

Note: Councillors Broughton and Chen did not vote on the draft Statement of Intent for the Riccarton Bush Trust, and Councillors Button and Gough did not vote on the draft Statement of Intent for Civic Building Limited.

FOR THE YEAR ENDED 30 JUNE 2013

**CIVIC BUILDING LIMITED
STATEMENT OF INTENT**

FOR THE YEAR ENDED 30 JUNE 2013

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1.0 INTRODUCTION

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

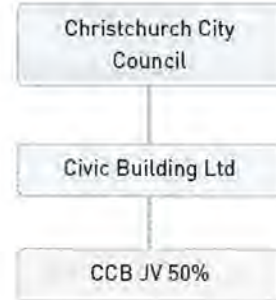
The SOI specifies for Civic Building Ltd (CBL) and the Civic Building Unincorporated Joint Venture (CCB JV), the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives, amongst other requirements. It covers the three financial years ending 30 June 2013, 2014 and 2015.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the group and its Shareholder, the Christchurch City Council.

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

The new Civic Offices project is carried out 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 Christchurch City Council and covers a three-year period. CBL is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

CIVIC BUILDING LIMITED STATEMENT OF INTENT

2.0 DIRECTORY

Address: Civic Building Limited
PO Box 13-144
Christchurch

Registered Office: 53 Hereford Street
Christchurch 8011

Chairperson: Bob Parker
Christchurch City Council
PO Box 237
Christchurch

Board: Bob Parker
Ngaire Button
Jamie Gough

Company Secretary: Diane Brandish
Christchurch City Council
PO Box 237
Christchurch
Telephone + 64 3 941 8454

3.0 VISION

The CBL objectives are:

- To own 50% of the new Civic Building with Ngai Tahu Property Ltd and lease the building to the Christchurch City Council.

4.0 NATURE AND SCOPE OF ACTIVITIES

CBL and the unincorporated joint venture with Ngai Tahu Property Ltd are Council Controlled Trading Organisations (CCTO's) for the purposes of the Local Government Act 2002 and 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 new 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 the company 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 the company 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.

CIVIC BUILDING LIMITED STATEMENT OF INTENT

6.0 PERFORMANCE TARGETS

Financial Performance Targets

The financial performance targets for the company are as follows:

Civic Building Ltd	2013	2014	2015
	000's	000's	000's
Lease Income	4,061	4,078	4,046
Other income	849	873	896
Less Expenses			
Interest	5,459	5,459	5,459
Other Expenses	1,059	1,089	1,119
Depreciation	0	0	0
Total Expenses	6,518	6,548	6,578
Net Surplus (deficit) before tax	-1,608	-1,597	-1,636
Taxation	-1,152	-1,065	-1,008
Net Surplus (deficit) after tax	-456	-532	-628

The company is forecasting cash deficits for the period covered by this Statement of Intent, which covers the initial period of occupation by the tenant. Long term projections (incorporating rent reviews) are for the company to generate positive cash flows and there is adequate funding in place to support the company 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:

2012/13	2013/14	2014/15
-12.0%	-13.0%	-14.2%

The forecast capital structure for the next three years is:

	2012/13 \$m	2013/14 \$m	2014/15 \$m
Uncalled Capital	\$10.0	\$10.0	\$10.0
RPS Shares	\$6.2	\$6.2	\$6.2
Revaluation Reserve	\$0	\$0	\$0
Debt	\$59.2	\$59.2	\$59.2
Total Assets	\$61.0	\$60.5	\$59.9

Operational Performance Targets

In addition to the above financial performance measures, the Group will use the following measures to assess its performance in the 2013 financial year:

Objective and Strategy	Performance Measure 2012/13
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, the Group will use the following measures to assess its performance in the 2013 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 Green Star 6 accreditation features.

Christchurch City Council Sustainable Energy Strategy

The Christchurch City Council Sustainable Energy Strategy is an important initiative that CBL supports. Everyone needs to play their part as the worldwide escalation of energy usage is leading to unprecedented problems including global warming, unsustainable use of fuels, future fuel shortages, health and social issues and fuel poverty.

Under the Strategy the new Civic Offices were designed to be an "exemplary standard in terms of sustainable design and energy performance."

The building was designed for ultra low energy consumption, maximum use of renewable energy sources and with an extremely low carbon footprint.

Benefits from this are:

- Council and city are shown as leaders
- Provides benchmark for Council to encourage others to follow suit
- Low energy bills
- Involves a further layer of skills from the community and the building industry
- Will be a further step on the eco-tourism trail through the City

CBL will incorporate these goals in its operations.

7.0 ACCOUNTING POLICIES

CBL has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. Current accounting policies are attached to this Statement of Intent

8.0 DISTRIBUTIONS

During the year to 30 June 2013 the company will make no distribution to the Shareholder.

9.0 INFORMATION TO BE REPORTED TO THE SHAREHOLDER

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

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

The statement of intent will be submitted to the Shareholders for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate. Where it is appropriate, revised forecasts will be submitted to the Shareholders.

The company will operate on a 'no surprises' basis in respect of significant Shareholder related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The company will provide information requested by the Shareholders 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 the Company.

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 Shareholders.

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

Where the company decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, the company will ensure effective management of that subsidiary. Control of any subsidiary is exercised by CBL's Directors and staff.

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 and this is considered an appropriate estimation of the commercial value of the company.

13.0 ROLE IN THE CCC GROUP AND REGIONAL ECONOMY

Commercial Relationships within the CCC Group

The company has a mandate from the Shareholder, Christchurch City Council, to own the new Civic Building and lease it to the Council. CBL will utilise the services of CCC to manage its affairs.

APPENDIX 1.0

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

These are the financial statements of Civic Building Limited.

Civic Building Limited 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.

Until 25th June 2008 Tuam 2 Ltd was 50% owned by Civic Building Ltd and 50% owned by Ngai Tahu Property Ltd. Tuam 2 Ltd was the company tasked with the design, construct and ownership of the new Civic Offices on Worcester St, pursuant to the proposal approved by the Christchurch City Council on Thursday 11 October 2007. On 25th June 2008, Council approved a change in the structure for the new Civic Offices project and this resulted in Tuam 2 Ltd being 100% owned by Civic Building Ltd. The new Civic Offices project was carried out by an unincorporated joint venture, which is 50% owned by Tuam 2 Ltd and 50% by Ngai Tahu Property Ltd. Accordingly, Civic Building Ltd has designated itself as a profit orientated entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

On the 30th of June 2009, Civic Building Ltd and Tuam 2 Ltd amalgamated, with the assets and liabilities of Tuam 2 Ltd brought into Civic Building Ltd. Tuam 2 Ltd no longer exists and Civic Building Ltd directly owns 50% of the unincorporated joint venture with Ngai Tahu Property Ltd.

b. Statement of Compliance

The financial statements of Civic Building Limited (the 'Company') have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

c. Basis of financial statement preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties.

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

In preparing these financial statements Civic Building Ltd 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. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The company has adopted the following revisions to accounting standards during the financial year which have only had a presentational or disclosure effect:

Improvements to NZ IFRS 7 Financial Instruments Disclosures - effective 1 January 2011 - The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. Existing disclosure requirements were amended or removed and the requirement to disclose the carrying amounts of renegotiated financial assets that would otherwise be past due or impaired was deleted.

Amendments to NZ IFRS 7 Financial Instruments effective 1 July 2011 - The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:

Financial assets that are not derecognised in their entirety; and

Financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

Improvements to NZ IAS 1 Presentation of Financial Statements effective 1 January 2011 – Clarification was provided in that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

Amendments to NZ IAS 1 Presentation of Financial Statements effective 1 July 2012 –

An entity must present separately the items of other comprehensive income that would be reclassified to profit or loss in the future (if certain conditions are met) from those that would never be reclassified to profit or loss. Change of title from 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income' to emphasise the two components. However, an entity is still allowed to use other titles.

FRS 44 – NZ Additional Disclosures effective 1 July 2011 – The objective of this Standard is to prescribe New Zealand-specific disclosures such as:

- Where an entity's financial statements comply with NZ IFRSs they shall make an explicit statement of such compliance in the notes;
- An entity shall disclose in its notes its reporting framework and for the purposes of complying with General Accepted Accounting Practice in New Zealand ("NZ GAAP"), it is a profit-oriented or public benefit entity;
- An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for an Audit/Review of the Financial Statements and all Other services during that period;
- Imputation credits available for use in subsequent reporting periods;
- Where prospective financial statements are issued, a comparison & explanation of material movements;
- Where a Statement of Service Performance is presented the entity must disclose the outputs of an entity and information on the effects on the community of the entity's existence and operations.

Standards, amendments and interpretations issued but not yet effective that have not yet been early adopted, and which are relevant to Civic Building Ltd include:

NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective 1 January 2013. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. Entities are required to classify financial assets based on the objectives of the entity's business model for managing the financial assets. Where the financial assets are eligible to be measured at amortised cost due to the business model, the entity shall use the characteristics of the contractual cash flows to measure cost.

NZ IFRS 11 Joint Arrangement – replacing IAS 31 and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers - effective 1 January 2013 – IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It:

- distinguishes joint arrangements between joint operations and joint ventures;
- states that Joint Ventures must use the equity approach (previously given the choice to use a proportionate consolidation).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no changes in accounting policies during the year.

d. Revenue

Interest income

Interest income is recognised using the effective interest method.

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 the net investment in the finance lease.

e. Borrowing costs

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

f. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is

CIVIC BUILDING LIMITED STATEMENT OF INTENT

recognised in the income statement 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 income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet 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.

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 sheet 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.

g. 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 the Company'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 balance sheet.

h. Trade and other receivables

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

i. Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are

classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. 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 periodic rate of return on the net investment outstanding in respect of the lease.

j. Investment property

The land and buildings to be leased to third parties under operating leases are classed as investment property.

Investment property is measured initially at its 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 the fair value of investment property are recognised in the profit or loss.

k. Impairment

The carrying amounts of the Company's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

l. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

m. 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 profit or loss over the period of the borrowings on an effective interest basis.

n. Equity

(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 the company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

o. 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 Inland Revenue Department (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 an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**STATEMENT OF INTENT
FOR THE WORLD BUSKERS FESTIVAL TRUST**

1. INTRODUCTION

Legal Name	The World Buskers Festival Trust
Postal Address	PO Box 73015 Christchurch 8154
Street Address	53 Hereford Street Christchurch 8011
Chair	Linda Penno
Trustees	Linda Penno Geoffrey Cranko Stephen Astor Helen Eskett Karen Wootton

Legal Status of organisation

The World Buskers Festival Trust has been established by Christchurch City Council as a not-for-profit council controlled organisation under the Local Government Act 2002.

The World Buskers Festival Trust is registered under the Charities Act 2005, with effect from 8 December 2010. The World Buskers Festival Trust also has donee status with the Inland Revenue Department.

Period Covered by this Statement of Intent

This Statement of Intent for the World Buskers Festival Trust covers the three financial years ending 30 June 2013, 2014 and 2015.

2. OBJECTIVES AS STATED IN THE TRUST DEED

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

- (a) To devise, manage and hold an annual buskers festival in Christchurch with a view to:
 - (i) providing a national and international profile and identity for New Zealand street theatre;
 - (ii) providing opportunities for local buskers to reach a wider audiences;
 - (iii) providing a street theatre festival that is accessible to the public including the provision of free events and where charges are made, the commitment to maintain low ticket prices to those performances;
 - (iv) generating profit for the Trust to be applied according to the provisions and purposes of this Trust;
 - (v) providing a yearly focus for those working in street theatre so that they may showcase, celebrate and discuss New Zealand street theatre.

- (b) To further foster the growth of street theatre as a performing art in New Zealand, and in particular:
 - (i) to establish an annual street theatre festival in Christchurch;
 - (ii) to establish, promote and foster the demonstration and teaching of all forms of street theatre at educational, community or cultural institutions and organisations or on a personal or individual basis;
 - (iii) to establish, promote and foster community programmes, workshops, public classes and other activities relating to any aspect of all forms of street theatre;
 - (iv) to encourage and promote the training (professional or otherwise) of buskers and all others interested or involved in any aspects of street theatre;
 - (v) to promote, foster and encourage visits to New Zealand by overseas buskers (individually or in groups), teachers and tutors of street theatre with a view to their passing on and teaching their skills in and knowledge of all forms of street theatre to those interested in that performing art and presenting performances by such visitors;
 - (vi) to promote and seek public and private financial and other support for groups and persons active or interested in all forms of street theatre;
 - (vii) to promote, foster, encourage, maintain, assist and fund buskers (either individually or in groups) in their presentation for the benefit of the public at performances and other functions;
 - (viii) to encourage and provide financial reward and remuneration,

- (ix) scholarships, grants and assistance for those making particular and significant contributions, efforts and achievements in and to all forms of street theatre or showing promise or potential in any of these fields;
 - (x) to arrange, promote and undertake tours, performances and other activities including cultural and professional exchanges by buskers (either individually or in groups) or other persons involved in street theatre.
- (c) To encourage the participation of the wider community as audiences and performers in the performing art of street theatre as a recreational activity.
- (d) To increase the importance of street theatre as part of our cultural community and to show New Zealanders that street theatre should be a valued part of our culture.
- (e) To make known and further the objects and activities of the Trust and to advise the manner in which its funds have been, are being or will be applied including working with representatives of the media and by advertising in any medium.
- (f) To act as an instrument to generate capital and income and manage the same and to enhance Trust property for the aims and objects herein stated and for the purposes herein referred to.
- (g) Such other activities and objectives relating to all forms of street theatre which are of a charitable nature and which, as the Trustees may decide, are consistent with and able to be pursued together with the other charitable purposes of the Trust.
- (h) To work in conjunction with other groups, bodies and organisations having common aims and objects.

3. PERFORMANCE TARGETS

Operational Performance Targets

Performance Target	Performance Measure
Visitor attendance	<ul style="list-style-type: none">• Attract at least 300,000 visits
Customer satisfaction	<ul style="list-style-type: none">• 90% of visitors are satisfied with the festival
Festival development	<ul style="list-style-type: none">• Deliver programme at least the same size as the 2011 programme• Generate surplus for future festival development (refer financial targets below)

Financial Performance Targets

Year Ended 30 June	2013	2014	2015
Revenue	\$1,815,000	\$1,887,000	\$1,963,000
Expenses	\$1,789,000	\$1,860,000	\$1,934,000
Surplus	\$26,000	\$27,000	\$29,000

4. FINANCIAL DISCLOSURE

Accounting Policies

The World Buskers Festival Trust has adopted accounting policies that are consistent with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand International Financial Reporting Standards (NZIFRS) and other applicable Financial reporting Standards, as appropriate for public benefit entities.

Differential Reporting

The World Buskers Festival Trust is a qualifying entity within the Framework of Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of the term as set out in the Framework. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non current assets.

5. GOVERNANCE STATEMENT

The World Buskers Festival Trust is governed by a Board of Trustees appointed by the Christchurch City Council (CCC). The Trust Deed enables the CCC to appoint 5 Trustees and also to appoint a Chairperson from among those Trustees.

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

The Trust does not have any committees.

TUAM LIMITED

Statement of Intent
For the year ended 30 June 2013

Contents

1. Introduction
2. Directory
3. Objectives
4. Nature and Scope of Activities
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11. Compensation Sought from Local Authority
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Appendix 1 Statement of Significant Accounting Policies

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 Tuam Ltd (Tuam), the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives, amongst other requirements. It covers the three financial years ending 30 June 2013, 2014 and 2015.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the company and its Shareholder, the Christchurch City Council.

The Tuam Ltd directors are CCC Chief Executive Tony Marrayatt and CCC General Manager Corporate Services Paul Anderson.

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

2. Directory

Address:	Tuam Limited PO Box 73015 Christchurch
Registered Office:	53 Hereford St Christchurch
Chairperson:	Tony Marrayatt C/- Tuam Ltd PO Box 73015 Christchurch
Board:	Tony Marrayatt Paul Anderson

3. Objectives

The primary objective of Tuam Limited is to own the former Council Civic Buildings and adjacent Tuam St car park and manage them on a commercial and co-ordinated basis consistent with the Council's strategies and plans.

4. Nature and Scope of Activities

Tuam Limited (Tuam) is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002 and the Companies Act 1993.

Tuam is the company to which the Christchurch City Council (CCC) has entrusted ownership and management of the former Christchurch City Council Civic Offices and adjacent car park. It is regarded as a 'for profit' CCTO.

5. Governance

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

All Directors are required to comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors.

The primary function of the Board is to ensure that the company 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 made in accordance with the Council's Appointments and Remuneration of Directors policy.

The Chief Executive of CCC has responsibility for the leadership and management of the company. The Chief Executive is assisted by the CCC General Manager Corporate Services and the company may make use of external advisors from time to time.

6. Performance Targets

Financial Performance Targets

The financial performance targets for the company are as follows:

Tuam Ltd	2013 \$000's	2014 \$000's	2015 \$000's
Income			
Rental Income	\$49	\$51	\$54
Other income	\$26	\$26	\$26
	<u>\$75</u>	<u>\$77</u>	<u>\$80</u>
Less Expenses			
Interest	\$341	\$341	\$341
Other Expenses	\$187	\$196	\$206
Depreciation	\$0	\$0	\$0
Total Expenses	<u>\$528</u>	<u>\$537</u>	<u>\$547</u>
Net Surplus (deficit) before tax	<u>(\$453)</u>	<u>(\$460)</u>	<u>(\$468)</u>
Subvention Receipt (Payment)	<u>(\$127)</u>	<u>(\$129)</u>	<u>(\$131)</u>
Net Surplus (deficit) after tax	<u>(\$326)</u>	<u>(\$331)</u>	<u>(\$337)</u>

Ratio of Shareholders' Funds to Total Assets

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

	2013	2014	2015
	50%	48%	46%

The forecast capital structure for the next three years is:

	2013 \$000's	2014 \$000's	2015 \$000's
Equity	\$18,135	\$18,135	\$18,135
Retained Earnings	(\$13,371)	(\$13,703)	(\$14,039)
Debt	\$4,750	\$4,750	\$4,750
Total Assets	\$9,528	\$9,199	\$8,862

Operational Performance Targets

In addition to the above financial performance measures, Tuam will use the following measures to assess its performance of the financial year:

Performance Target	Performance Measure
Ensure Tuam meets the financial targets contained within this SOI	Budgeted key performance indicators met or exceeded
The company meets all relevant legislative and contractual requirements.	No breaches of legislative or contractual requirements are recorded

The main activity of the company in the coming year will be to complete the earthquake damage assessments of its assets, determine the insurer's commercial position and make recommendations to the shareholder on the options for the company's property holdings.

Christchurch City Council Sustainable Energy Strategy

The Christchurch City Council Sustainable Energy Strategy is an important initiative that Tuam supports. Everyone needs to play their part as the worldwide escalation of energy usage is leading to unprecedented problems including global warming, unsustainable use of fuels, future fuel shortages, health and social issues and fuel poverty.

Tuam is motivated to manage its business in a sustainable manner. At present, the activities of Tuam Ltd are restricted to owning a car park and building. Tuam will work with Council to ensure any future modifications to the building are consistent with the CCC Sustainable Energy Strategy.

Urban Development Strategy (UDS) and Central City Plan

Tuam recognises the broad objectives of the UDS and these are very relevant to the activities of the company, especially relating to the ongoing development and expansion of the property the company owns. Tuam will work closely with Council to ensure that development of all property holdings under our control recognises the UDS and the Central City Plan.

7. Accounting Policies

Tuam Ltd has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The company's current accounting policies are attached to this Statement of Intent

8. Distributions

During the year to 30 June 2013 the company will make no distribution to the Shareholder.

9. Information to be provided to the Shareholder

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

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

Annual reports will be produced consistent with the "triple bottom line" (or sustainability) reporting philosophy. The reports will outline the company's objectives and performance in terms of:

- Financial
- Environmental and
- Social inputs, outputs and outcomes

The statement of intent will be submitted to the Shareholders for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate. Where it is appropriate, revised forecasts will be submitted to the Shareholders.

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

The company will provide information requested by the Shareholders in accordance with the requirements of the Local Government Act 2002.

10. 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 Tuam Ltd.

When the subscription, acquisition or divestment is considered by Directors to be significant to the company's business operations, it will be subject to consultation with the Shareholders. Major transactions as defined in the Companies Act 1993, s129(2), will be subject to Shareholders' approval by special resolution.

Where the company decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, the company will ensure effective management of that subsidiary. Control of any subsidiary is exercised by Tuam's Directors and staff.

11. Compensation Sought from Local Authority

At the request of the Shareholder, the company may undertake activities that are not consistent with normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of providing such activities.

Currently, no such activities are undertaken.

12. Estimate of Commercial Value

The Shareholder has recorded the value of its investment in Tuam Ltd in its accounts as \$5.417m and this is considered an appropriate estimation of the commercial value of the company.

13. Role in the CCC Group and Regional Economy

Commercial Relationships within the CCC Group

Tuam Ltd owns the current Tuam St Civic land and buildings. Tuam Ltd will utilise the services of CCC to manage its affairs.

Role in the Growth of the Regional Economy

Tuam Ltd will contribute to regional economic prosperity in by managing the Tuam St Civic Building in a commercially astute manner.

14. Business, Strategic and Operational Risks

Due to the scope of its activities, the business, strategic or operational risks of Tuam are limited to cost of funds.

Risk	Response
Interest rates on borrowings increase negatively impacting on the financial viability of the company	Tuam has entered into fixed interest rate swap agreements to negate this risk

Paul Anderson
Director

Anthony Marryatt
Director

Date _____

Date _____

Appendix 1

Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of Tuam Limited.

Tuam Limited 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.

The primary objective of the company is to manage the former Christchurch City Council Civic Offices and adjacent car park. Accordingly, the company has designated itself as a profit orientated entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

b. Statement of Compliance

The financial statements of Tuam Limited (the 'Company') have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

c. Basis of financial statement preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties.

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

In preparing these financial statements Tuam Ltd 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. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Standards, amendments and interpretations issued but not yet effective that have not yet been early adopted, and which are relevant to Tuam Ltd include:

- NZ IAS 24 Related Party Disclosures (Revised 2009) effective 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.
- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and

Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing many different rules in NZ IAS39.

The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ending 2013. In the absence of sufficient information about the ongoing development of this new standard the Company is not able to fully assess its impact and therefore the Company is not in a position to make a decision to early adopt the standard or not.

- NZ IFRS 13 Fair Value Measurement replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. NZ IFRS 13 is to be applied for reporting periods beginning on or after January 1 2013.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012.

d. Revenue

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Interest income is recognised using the effective interest method.

e. Borrowing costs

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

f. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement 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 income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet 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.

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 sheet 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.

g. 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 the Company'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 balance sheet.

h. Trade and other receivables

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

i. Investment Property

The Tuam Street car park and associated buildings are classified as investment property. Investment property is measured initially at its 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 the fair value of investment property are recognised in the statement of financial performance

j. Impairment

The carrying amounts of the Company's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

k. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

l. 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.

m. Equity

Share capital

Ordinary shares and redeemable preference shares are classified as equity.

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, or payable to, the Inland Revenue Department (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 an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**STATEMENT OF INTENT
FOR CHRISTCHURCH AGENCY FOR ENERGY TRUST BOARD
FOR YEAR ENDING 30 JUNE, 2013**

1. INTRODUCTION

Legal Name	Christchurch Agency for Energy (CAfE)
Postal Address	P. O. Box 4, Christchurch 8140
Street Address	78B East Belt, Rangiora 7440
Chair	Robert John Parker, Christchurch City Council, 53 Hereford Street, Christchurch
Acting Chief Executive	Miervaldis Altmants, 79 Bowenvale Avenue, Cashmere, Christchurch 8022
Trustees	Jill Lesley Atkinson Sally-Anne Buck William Ronald Highet Alastair Arthur Hines Leonid Itskovich Robert Datema Jamieson Andrew Ross Matheson Robert John Parker

Legal Status of organisation

The Christchurch Agency for Energy has been established by Christchurch City Council as a not-for-profit council controlled organisation under the Local Government Act 2002. CAfE is registered under the Charitable Trusts Act 1957. CAfE 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, 2013. Financial budget projections are provided for 2013/14 and 2014/15 Financial Years.

2. OBJECTIVES AS STATED IN THE TRUST DEED

The purpose of the Trust 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;
 - 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;
 - (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 3.1, the Trustees will have regard to the principles and initiatives established in the Sustainable Energy Strategy for Christchurch 2008-2018 (SESfC) published by the Christchurch City Council.

3. NATURE AND SCOPE OF ACTIVITIES AND RELATED PERFORMANCE TARGETS

- a) **Educational role** – Primary role is to raise awareness about energy efficiency and renewable energy options as a value proposition.

Target

- Carry out an annual survey of public awareness on energy efficiency and renewable energy issues.

- b) **Brokerage role** – The facilitation of projects delivering benefits to businesses and larger organisations (including schools, hospitals and the transport sector).

Target

- Review matters raised by the community in Energy Dialogues component of EA12
- Ongoing implementation of an Energy Design Advisory Scheme for major buildings.

- c) **Influencing role** – Lobbying government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.

Target

- CAfE considers and as it feels appropriate, makes submissions on, or suggests changes to, legislation and/or regulatory changes impacting on energy efficiency and the use of renewable energy, particularly as it relates to Christchurch.

- d) **Exploring and developing initiatives** relating to improvement in energy efficiency and increased use of renewable forms of energy.

Target

- Report on new initiatives identified during the year, for current or future action by CAfE.

4. FINANCIAL DISCLOSURE

Accounting Policies

The Christchurch Agency for Energy Trust has adopted accounting policies that are consistent with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand International Financial Reporting Standards (NZIFRS) and other applicable Financial reporting Standards, as appropriate for public benefit entities.

Differential Reporting

The Christchurch Agency for Energy Trust is a qualifying entity within the Framework of Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of the term as set out in the Framework. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non current assets.

Financial Performance Targets

Year Ended 30 June	2012/2013	2013/2014	2014/2015
Prior year unspent funds	\$481,300	\$0	\$0
Revenue	\$1,096,500	\$821,500	\$915,000
Committed Expenses	\$1,001,900	\$1,029,500	\$1,130,000
Discretionary Expenses	\$575,900	(\$208,000)	(\$215,000)

Notes:

- Access to Discretionary Expenses requires a Trustee resolution.
- As operations are funded from funding organisations it is not envisaged that any borrowings will be necessary.
- Any surplus accruing from the operations of the Trust will be carried forward to the subsequent year.

5. GOVERNANCE STATEMENT

The Christchurch Agency for Energy is governed by a Board of Trustees appointed by the Christchurch City Council (CCC) and appointor organisations. The Trust Deed enables the CCC to appoint up to 50% of the Trustees by number, but does not require them to do so. The CCC also appoints the Chair who is also a Trustee of CAfE.

Appointor organisations may appoint a single Trustee. Initial appointor organisations are Canterbury Regional Council, EECA, Meridian Energy Limited, Orion New Zealand Limited and Solid Energy Ltd (Renewables Division).

The current size of the Board is eight including the Chair and the CCC appointed Trustees.

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

The Trust does not have any committees.

ROD DONALD BANKS PENINSULA TRUST
Te Pataka o Rakaihautu

Statement of Intent

For the year ending
30 June 2013

**ROD DONALD BANKS PENINSULA TRUST STATEMENT OF INTENT (SoI)
For the year ending 30 June 2013**

- 1. Introduction**
- 2. Objectives of the Trust**
- 3. Nature and Scope of Activities of the Trust**
- 4. Corporate Governance Statement**
- 5. Accounting Policies**
- 6. Performance Targets and Measures**
- 7. Information to be Provided**
- 8. Acquisition of Shares in any Company**
- 9. Ratio of Consolidated Trust Funds to Total Assets**
- 10. Estimate of Distributions of Accumulated Profits and Capital Reserves**
- 11. Commercial Value of Investment**
- 12. Activities for Which Compensation is Sought From any Local Authority**

INTRODUCTION

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

The Sol specifies for the Rod Donald Banks Peninsula Trust ("RDBPT") 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 Trust may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable Sol is a public and legally required expression of the accountability relationship between the RDBPT and its Settlor the Christchurch City Council, and its Trustees.

The Sol is reviewed annually by the Council and covers a three year period.

The RDBPT's registered office is at the offices of Christchurch City Council, 53 Hereford Street, Christchurch.

The contact details for the RDBPT and its officers are:

Postal Address: P.O. Box 5, Little River, Banks Peninsula 7591 or
info@roddonaldtrust.co.nz

Physical Address: c/o Simon Mortlock, Mortlock McCormack, 99 Clarence Street,
Riccarton, Christchurch

The RDBPT is a council-controlled organisation ("CCO") for the purposes of the Local Government Act 2002.

OBJECTIVES OF THE TRUST

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 administered by the Banks Peninsula District Council immediately prior to its amalgamation with the Christchurch City Council (the "Region"). A map of this Region is included as Appendix One 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 Region;
- (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 Region;
 - (ii) providing public access to recreation facilities including parks, reserves, walkways and affordable camping grounds in the Region;
 - (iii) the reinstatement and preservation of native vegetation in the Region;
 - (iv) the enhancement of the natural biodiversity of the Region;
 - (v) the restoration of the Region's waterways to their natural state; and
 - (vi) the protection of native endangered species present in the Region;
- (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 Region;
 - (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 Region;
 - (f) to commission or otherwise support research and monitor projects relating to the status and quality of the natural and physical environment throughout the Region;
 - (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 Region 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 Hapu o Ngati Wheke (Rapaki), Te Runanga o Koukourarata, Wairewa Runanga, Te Taumutu Runanga and Onuku Runanga 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.

NATURE AND SCOPE OF ACTIVITIES OF THE TRUST

The long term vision of the RDBPT is that Banks Peninsula is restored to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. This vision encompasses the following goals for Banks Peninsula:

- a rich biodiversity;
- all streams are planted;
- the lakes and rivers flow with clean water;
- people are active in their care of the environment;

- it is regarded as a special recreation place and is actively but respectfully used by people;
- people of Banks Peninsula are prospering and passionately participate in engaged conservation;
- there is a walkway right around Banks Peninsula connecting all communities;
- a centre for environmental education and creative environmental thinking is established;
- people describe Banks Peninsula as an Ecological Island.

The RDBPT cannot achieve these goals on its own or in the short term. Instead, the RDBPT will focus on acting as a facilitator, conduit and connector - to assist groups and projects which have aims that align with the objects of the RDBPT.

The RDBPT has been established to honour the memory of Rod Donald and his commitment to the Banks Peninsula area. Therefore, the RDBPT's hallmark will be entrepreneurship and practical achievement, these were important values to Rod Donald. The RDBPT's funds will be well husbanded and will be used to achieve things that individual groups and projects cannot achieve on their own.

The "Performance Indicators" section of this Sol sets out the initial goals of the RDBPT. These Performance Indicators reflect the initial actions that the RDBPT will take towards achieving the RDBPT's long term vision.

CORPORATE GOVERNANCE STATEMENT

This statement gives readers an overview of RDBPT's main corporate governance policies, practices and processes to be adopted or followed by the RDBPT Trustees.

Role of the Trustees

The Trustees will manage the affairs of RDBPT in accordance with their legal obligations, the objectives of RDBPT and the terms of the RDBPT Trust Deed.

In addition the Trustees' decisions will reflect the following values and principles:

- *Leading* – the RDBPT should be a trusted and credible body making unique and courageous decisions
- *Linking* – the RDBPT will focus on the big picture issues of Banks Peninsula and link people and projects.
- *Influencing* – the RDBPT will engage with existing people and groups, supporting their passion for Banks Peninsula.
- *Enhancing* – the RDBPT will work 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 the Peninsula

The Trust will adhere to the following principles in its own work and partnerships:

- Respect and engage with the Peninsula community
- High trust relationships
- Transparency between partners
- No surprises, full disclosure

- Behave in an ethical manner
- Be well documented
- Have a process for dispute resolution and exiting
- Be formal in its processes – things properly approved and documented.
- Have clear benefits for the Peninsula community

Responsibility to Settlor

i. Statement of Intent

In accordance with the Local Government Act 2002, the RDBPT will submit an annual draft Statement of Intent (SoI) to the Council for consultation and approval. The SoI will set out the RDBPT's overall objectives, intentions and performance targets.

ii. Information flows

The Trustees will aim to ensure that the Council is informed of all major developments affecting the RDBPT's state of affairs. Information will be communicated to the Council through the RDBPT by periodic reports and through both the annual report and the half-yearly report.

The RDBPT will endeavour to operate on a "no surprises" basis with regard to all issues of relevance to the Settlor. Early notice will be given to the Settlor of issues that arise requiring its consent.

Trustees

Claudia Reid
PO Box 36
Diamond Harbour 8941

Stewart Miller
7 Heaphy Court
Rolleston 7614

Garry Moore
103 Warrington Street
Mairehau
Christchurch 8013

Stuart Wright-Stow
255 Okuti Valley Road
Little River 7591

Tutehounuku (Nuk) Korako
PO Box 210
Lyttelton

Nicola Shirlaw
236 Wilsons Road
Waltham
Christchurch 8023

Simon Mortlock
PO Box 13174
Christchurch 8141

Subsidiary and Monitored Companies

The RDBPT has no investments in other companies.

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.

ACCOUNTING POLICIES

The RDBPT will adopt accounting policies that are consistent with New Zealand International Financial Reporting Standards (NZ IFRS) and generally accepted accounting practice.

PERFORMANCE TARGETS AND MEASURES

Financial Performance Targets

The financial performance targets for the Trust are as follows:

Annual Operational Expenditure Budget	2012/13	2013/14	2014/15
Revenue	149,066	125,167	109,144
Operating Expenses	(43,329)	(44,521)	(45,412)
Operating Surplus/(Deficit)	105,737	80,646	63,732
Forecast Cashflow	2012/13	2013/14	2014/15
Opening Balance	3,702,193	3,597,930	3,290,601
Interest Income	149,066	125,167	109,144
Operating Expenditure	(43,329)	(44,521)	(45,412)
Annual Minor Projects	(60,000)	(60,000)	(60,000)
Project Expenditure	(150,000)	(327,975)	(327,975)
Total Expenditure	(253,329)	(432,496)	(433,387)
Closing Balance	3,597,930	3,290,601	2,966,358

Forecast Capital Structure	2012/13	2013/14	2014/15
Equity	3,597,930	3,290,601	2,966,358
Debt	-	-	-

Note that in line with the Trust's Investment policy the project expenditure forecast is based on the goal of investing a total sum of approximately 40% of the Trust's capital (\$1,461,900) over the next 5 years (until June 2017) on projects which leave an enduring legacy. This will not necessarily be spread evenly over the 5 years as shown in the forecast, as it will depend on the development of the Trust's strategies and availability of matching opportunities. The annual minor projects are expected to be primarily funded from income.

The Trustees will report financial results as set out below in the "Information to be Provided" section.

Other Performance Measures

In addition to the above financial performance measures, the RDBPT Trustees may use other measures to assess the RDBPT's performance over the 2012/13 to com2014/15 financial years.

Performance Indicators

Indicator 1

Inform the public and relevant interest groups about on-going activities and progress of the Trust

Achievement

Finalise a communications and advertising policy for the RDBPT.

Develop a branding for the Trust and a website that enables easy upload of Trust documents for sharing.

Share the report of the Stocktake project and on-going progress with groups involved.

Indicator 2

Develop relationships with, and gain the trust of, existing interest groups on Banks Peninsula with aims aligned to those of the RDBPT, along with relevant government agencies and territorial authorities.

Achievement

Develop a list of key interest groups that the RDBPT would like to work with.

Continue to meet with key contacts within the groups to discuss their projects and the manner in which the RDBPT can work with them.

Indicator 3

Invest the Trust fund prudently to minimise risk to the capital while achieving the aims of local

Achievement

Adopt the draft investment policy and strategy for the RDBPT.

and ethical investment. In the longer term ensure that the capital fund is invested or spent in ways that leave a long term legacy for the people of the Peninsula and visitors. Keep annual operating costs within the income generated from the invested funds.

Indicator 4

The Trust has determined three key pillars on which its projects will be based; Access, Knowledge and Partnerships. Identify the key projects supporting these pillars that the Trust wishes to be involved in on Banks Peninsula over the next 3 years.

Indicator 5

Provide tangible support for the key projects and leadership building the Access pillar

Indicator 6

Provide tangible support and leadership for projects building the Knowledge pillar.

Indicator 7

Provide tangible support for partners

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 5:1 leverage on Trust capital where possible.

Achievement

In conjunction with Indicator 2, and the pillars, establish a list of the projects which will be the key focus of the RDBPT in the short to medium term, and the assistance that the RDBPT will provide in respect to these projects.

Develop a distributions policy in respect to the distributions to be made to any projects identified.

Achievement

Development of a walkway strategy.

Enabling access to support this strategy.

Achievement

Explore and define how to do this.

Identify other funders who can support projects.

Achievement

Identify some key projects that others have initiated that align with the RDBPT objectives and explore how the RDBPT can support these with either funding or knowledge and broker and leverage its SOI objectives.

Ensure that the partnership arrangements entered into with other groups are formalised with a Memorandum of Understanding

INFORMATION TO BE PROVIDED

Statutory Information Requirements

i. Annual Statement of Intent

The RDBPT will provide this in accordance with Section 64(1) of the Local Government Act 2002. The Trustees will include any other information they consider appropriate.

ii. Half yearly report

The RDBPT will provide a half yearly report in accordance with Section 66(1) of the Local Government Act 2002. This will comply with NZ IFRS and generally accepted accounting practice and include any other information the Trustees consider appropriate.

iii. Annual report

The RDBPT will provide an annual report including audited financial and performance statements in accordance with Section 67 of the Local Government Act 2002. Again this will comply with NZ IFRS and generally accepted accounting practice and will include any other information the trustees consider appropriate.

The RDBPT will provide its annual reports to the Lyttelton/Mt Herbert and Akaroa/Wairewa Community Boards, for the information of the Community Boards.

Other Information to Meet the Needs of the Council

The RDBPT will meet at least six monthly with the Councillor representing the Banks Peninsula ward and the Chairpersons of the Akaroa/Wairewa and Lyttelton/Mt Herbert Community Boards, to discuss the RDBPT's activities. If called upon by the Council the RDBPT will meet with these representatives on a further two occasions in any one financial year.

ACQUISITION OF SHARES IN ANY COMPANY

The Trust will only acquire securities or debt shares in any company after having notified Council.

RATIO OF CONSOLIDATED TRUST FUNDS TO TOTAL ASSETS

The RDBPT's funds equal its total assets, therefore the ratio of total trust funds to total assets is 1:1.

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.

The RDBPT will identify projects that it wishes to support. This support may be in the form of the distribution of accumulated profits or the through use of the capital. Any

projects identified and the related estimated distributions of accumulated profits will be signalled in the RDBPT's six monthly reports to the Council. The RDBPT will develop a distributions policy in regard to these distributions.

COMMERCIAL VALUE OF INVESTMENT

The commercial value of the investment is equal to the net assets of the RDBPT. The current asset of the RDBPT is approximately \$3,654,000 cash (May 2012). The commercial value will be reviewed on a 6 monthly basis when the financial reports for the RDBPT are prepared.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT FROM ANY LOCAL AUTHORITY

Currently there are no activities for which compensation will be sought from any local authority.

APPENDIX ONE

**MAP OF DISTRICT ADMINISTERED BY THE FORMER BANKS PENINSULA
DISTRICT COUNCIL**

Rod Donald Banks Peninsula Trust Investment Policy

March 2012

The following document lays out the

- Rod Donald Banks Peninsula Trust Investment Principles
- Available funds
- Proposed annual expenditure budget
- Method to achieve principles
- Proposed Investments for next 5 years

Trust's Investment Principles

The strategy is aimed at the next 5 years until 2017 and incorporates the following principles:

- In support of its Trust Deed and Statement of Intent, the Trust will invest funds locally and ethically
- Ensure a prudent spread of investments so that risk on the capital fund is minimised.
- To limit its risk, no more than 30% of fixed income investments will be in instruments or with counterparties meeting the local and ethical criteria but falling outside of the Christchurch City Council Investment Policy. Any such investments must be further restricted to a maximum of 7% of total fixed income funds being invested with each non rated Non Bank Deposit Takers (NBDT) and no more than 15% in total. Any such investments should be assessed by the Investment Sub-Committee for credit risk acceptability.
- The Trust will only acquire securities or debt shares in any company after having notified Council.
- Ensure funds are available to cover the annual basic running costs of the Trust.
- Have some funding available annually for Trust projects and grants to partners.
- Expend up to 40% of the capital in investments over the next 5 years in ways that will leave a long term legacy.
- Aim to achieve a multiplier effect of 5:1 through partnerships with other organisations – ie for every \$1 the Trust invests, it would look for \$4 to come from partners or other sources.
- Retain approximately 60% of the capital for the next period.
- Any decisions on re-investment are to be approved by the Board with the proviso that if the Board is not available a decision can be made by the Secretary in conjunction with the Chair or another Board member if the Chair is not available and will need to be affirmed at the next Board meeting.

Available Funds

The following tables list the funds anticipated as available to the Trust at its next re-investment opportunity in May 2012.

Table 1 Investments maturing in May 2012

Bank	Amount	Due	Rate	Interest*	Interest payout
CBS	250,000.00	14/05/2012	4.50%	2,773.97	On maturity
Kiwibank	500,000.00	14/05/2012	3.64%	4,487.67	On maturity
Kiwibank	1,000,000.00	14/05/2012	3.64%	8,975.34	On maturity
Kiwibank	120,000.00	on call	2.50%	739.73	On maturity
Kiwibank	309,000.00	15/05/2012	3.64%	2,773.38	On maturity
Total	2,179,000.00			19,750.09	
Total with interest	2,198,750.09				

*interest amounts assume Trust has obtained RWT exemption certificate by maturity date

Table 2 Longer term investments

Bank	Amount	Due	Rate	Interest*	Interest payout
Kiwibank	1,000,000.00	4/02/2013	5.39%	13,438.08	interest paid quarterly to BNZ
Kiwibank	400,000.00	4/02/2014	5.87%	5,853.92	interest paid quarterly to BNZ
Total	1,400,000.00			77,168.00	

*interest amounts assume Trust has obtained RWT exemption certificate by maturity date

Table 3 Other funds (approximate amounts)

Source	Amount
BNZ current account	\$ 6,000.00
Tax refund owing*	\$ 50,000.00
Total	\$ 56,000.00

(* to date Resident Withholding tax has been paid on interest. The Trust is now in the process of obtaining a RWT exemption certificate so that in future interest will be tax free. Once the RWT exemption certificate has been obtained, then a refund of the tax paid to date will be claimed from IRD, but the time IRD takes to process such a claim has not yet been ascertained.)

Grand total Trust assets at the next re-investment point (15 May, 2012) are therefore approximately \$3,654,750.09

Annual Expenditure

The proposed Annual expenditure includes both the Trust's annual operational expenditure and a nominal amount of \$60,000 for project work, to be carried out either directly by the Trust or through grants to key partners to support their work and progress areas of common interest.

Table 4 Annual operational expenditure budget

Item	Budgeted amount p.a.
Secretary/Administrator 2 days per week*	22,080.00
Auditing	3,000.00
Insurance	6,000.00
Admin costs (facilitating, printing, postage etc)	5,000.00
Total running costs	36,080.00
Safety/Risk margin (approx. 10%)	3,920.00
Total annual operating expenditure budget	40,000.00

(*based on current contractual arrangement)

Table 5 Total annual budget

Item	Budgeted amount p.a.
Annual operating expenditure	40,000.00
Project work	60,000.00
Total annual budget	100,000.00*

(*Applying an assumption of a 2% p.a. CPI inflation, this will rise to \$108,243 by 2017.)

Method to achieve principles

Splitting the Grand total assets of the Trust into 40% of capital for potential expenditure over the next 5 years and 60% to be retained for the future period gives amounts of:

40%	1,461,900.04
60%	2,192,850.06
Total	3,654,750.09

Funding annual expenditure

The method proposed is that the Annual expenditure of the Trust for the next 5 years is derived from interest on its capital investments.

The interest rates within the local and ethical market which the Trust seeks to invest are currently set at between 3.5% (for short term investments) to 5.95% for longer term (3 to 5 year) investments and also vary dependent on the institution chosen. An annual expenditure budget of \$100,000 is therefore achievable by investing \$2,000,000 of the capital fund at an average interest rate of 5%. The following method is proposed to achieve that interest return.

1. \$2,000,000 of the total fund is invested in a laddered manner to mature over a 3, 4 and 5 year period at an average interest rate of at least 5% to spread the risk of funds maturing at a point when interest rates are low.
2. this \$2,000,000 is allocated from the funds maturing in May 2012
3. the funds are invested to produce a quarterly cash flow to the Trust of \$25,000 per quarter or part thereof over the next two years while the other existing investments in Kiwibank (\$1,000,000 and \$400,000) are still making a return.
4. on maturity the \$2,000,000 will be re-invested to extend the period to 5 years.

Retaining 60% of funds for the future

\$2,000,000 equates to 55% of the current capital fund, therefore investing \$2,000,000 over a 5 year period while using the interest from it to fund the annual expenditure budget almost achieves the aim of retaining 60% of the capital for future use. The remaining 5% (\$182,000) cannot be taken from the investments maturing in May 2012 (totalling \$2,198,750.09 assuming RWT exemption is obtained in time) as the Trust has committed \$150,000 to capital projects this year (\$50,000 to the Wilson book publication and \$100,000 to the Saddle Hill). The remaining 5% will therefore need to come from the tax refund and the funds maturing in 2013 or 2014.

Expending up to 40% of capital over the next 5 years

40% of the available funds equates to \$1,461,900.04. The funds maturing in February 2013 and 2014 (\$1,400,000) and the \$198,750.00 retained from the funds maturing in May 2012 equate to \$1,598,750, therefore more than covering the 40% capital available for spending on long term investment projects over the next 5 years. To date only \$150,000 of this has been allocated.

The details on the investment decisions on the balance of these funds are to be deferred until they are nearing maturity enabling the Trust to use the remainder of 2012 to work further on its strategic plans so that by the end of the year it is in a better position to determine when these funds are likely to be needed and how to best invest them. If the Trust determines to adhere rigorously to the 60:40 split, then it will need to allocate \$198,750 from the maturing funds toward the longer term 60% capital fund for the future.

Proposed investments to achieve Strategy

The investment structure given in Table 6 (overleaf) is proposed to achieve the strategy as envisaged for the next 5 years until May 2017.

As the funds to be re-invested will not mature until mid-May, some minor adjustments may be made at the actual time of investment if necessary to achieve the Trust's income stream goal of \$100,000 per annum. The current rates have been obtained either from the websites of the institutions or from indicative quotes provided by them. Over and above the \$100,000 per annum cash flow required, investments will be set up to pay interest on maturity if and when this attracts a higher rate.

For the first two years some of the \$100,000 cash flow will be obtained from the funds invested with Kiwibank and maturing February 2013 and 2014 as well as from the \$2,000,000 investment to be retained for 5 years. This will lead to a surplus in the first year of interest over the annual budget requirement of \$100,000, but that surplus will then be used in the subsequent two years to top-up the operating budget. This enables one of the investments to gain the highest rate possible for a 3 year investment. After that the entire cash flow will come from the \$2,000,000 reinvestment fund. \$198,000 will be retained in an interest bearing on call account for the current project commitments and a \$40,000 safety margin. Interest used for cashflow will be paid into the Kiwibank's best interest bearing on call account and transferred to the BNZ cheque account on an as required basis.

Table 6 Proposed investments

Bank	Amount	Due	Indicative Interest rate	Indicative Interest* amount annually	Interest Paid to	Notes
BNZ on call	198,000.00	On call	3%	Not included		Interest earned will vary depending on project spend, so not included in cash flow calculations.
Kiwibank Existing investment	1,000,000.00	4/02/2013	5.39%	\$53,900	quarterly to on call account	Interest used for Trust running costs until maturity. Decision on re-investment made later this year. Interest will not be needed after maturity for running costs.
Kiwibank Existing investment	400,000.00	4/02/2014	5.87%	\$23,480	quarterly to on call account	Interest used for Trust running costs until maturity. Decision on re-investment made later this year. Interest will not be needed after maturity for running costs.
Prometheus	250,000.00	14/5/2014	4.25%	\$10,625	Annually to on call account	Interest will be used for Trust's annual running costs and fund will need to be re-invested for cash flow on maturity
CBS	250,000.00	14/5/2015	5.95%	\$14,875	quarterly to on call account	Interest will be used for Trust's annual running costs and fund will need to be re-invested for cash flow on maturity
Kiwibank	500,000.00	14/5/2015	5.10%	\$25,500	Pay on maturity	Re-invest on maturity
Kiwibank	500,000.00	14/05/2016	5.15%	\$25,750	Monthly to on call account	Interest will be used for Trust's annual running costs and fund will need to be re-invested for cash flow on maturity
TSB	500,000.00	14/5/2017	5.9%	\$29,500	Quarterly to on call account	Matures at end of 5 year period
Total	\$ 2,198,750.09					

(* assumes RWT exemption obtained)

Rod Donald Banks Peninsula Trust Investment Policy

Advice was sought from Stuart Henderson of Asia-Pacific Risk Management Ltd, who advises the Council Treasury, regarding areas of concern that the Finance Manager had around the direction of investments being considered by the Rod Donald Trust. On 8 March 2012, Mr Henderson provided the following advice to Suky Thompson at the Rod Donald Trust:

The Rod Donald Trust is an independent trust and accordingly it is entirely up to the Trustees to set the investment policy as they see fit in keeping with the overall objectives of the Trust's statement of intent. It is their fiduciary responsibility to ensure that such investments are commensurate with the capital protection and income objectives of the Trust. This being the case there are likely to be investments in property, equities and all manner of activities that meet the Trust's objectives. I focused our advice purely in relation to "fixed interest investments" which effectively embrace cash, short-term deposits, bonds and other debt instruments (i.e. essentially where the Trust parks the money whilst it decides what to do with it).

Our recommended amendments to the investment policy simply aimed to put a bit of safety and process around the Trustees' intention to invest money with non-credit rated and therefore non-transparent credit counterparties. The intention was not to question the Trust's statement of objectives but to keep in perspective that investments in unrated Non-Bank Deposit Takers require more careful credit scrutiny from the Trustees when considering risk/reward judgments. In doing so, we always have a very conservative eye towards capital preservation which may ultimately conflict with the Trust's broader objectives.

Our recommended amendments are encapsulated in the following highlighted section of the Trust's investment principles and policy:

Trust's Investment Principles and Policy

The strategy is aimed at the next 5 years until 2017 and incorporates the following principles:

- In support of its Trust Deed and Statement of Intent, the Trust will invest funds ethically and locally.
- Ensure a prudent spread of investments so that risk on the capital fund is minimised.
- To limit its risk, no more than 30% of fixed income investments will be in instruments or with counterparties meeting the local and ethical criteria but falling outside of the Christchurch City Council Investment Policy (normally an independent trust would actually state this policy rather than cross reference to CCC's policy). Any such investments must be further restricted to a maximum of 5% of total fixed income funds being invested with non-rated Non Bank Deposit Takers (NBDT). Any such investments should be assessed by the Investment Sub-Committee for credit risk acceptability.
- Ensure funds are available to cover the annual basic running costs of the Trust.
- Have some funding available annually for Trust projects and grants to partners.
- Expend up to 40% of the capital in investments over the next 5 years in ways that will leave a long-term legacy.
- Aim to achieve a multiplier effect of 5:1 through partnerships with other organisations – i.e. for every \$1 the Trust invests, it would look for \$4 to come from partners or other sources.
- Retain approximately 60% of the capital for the next period.
- There is no aim to grow the capital fund.

RICCARTON BUSH TRUST

STATEMENT OF INTENT FOR YEAR ENDING 30 JUNE 2013

1.0 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	Manager
Address	9 Rhyll Place, CHCH	16 Kahu Road,
Telephone no.	03 351-6928	03 341-1018
Email	charles.deans@deansandsmart.co.nz	mail@riccartonhouse.co.nz

2.0 Objectives

- a) The Riccarton Bush Trust Vision is "That Riccarton Bush, House and Grounds is the premier natural and cultural heritage site in Christchurch and Canterbury."
- b) The Riccarton Bush Trust's key objectives are:
 - To protect and enhance the indigenous flora, fauna and ecology of Riccarton Bush.
 - To conserve Deans Cottage, Riccarton House and their grounds with Riccarton Bush and the Deans family history.
 - To encourage public use and participation of the reserve and to inform visitors about the natural, Maori, and colonial heritage of Christchurch.

3.0 Nature and Scope of Activities

The Riccarton Bush Trust administers a 6.373 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 powers to levy the Christchurch City Council for funding 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.

Riccarton House is currently closed for earthquake repairs which are scheduled to be completed during the term of this SOI. Once repairs have been completed, much of Riccarton House will be refurnished in 1900's Victorian style and paid guided Heritage Hours Tours will be available on a daily basis except Saturdays and Public Holidays.

Deans Cottage is open daily to the public at no charge, displaying life at Riccarton in the 1840's.

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; a Kiwi Crèche is currently being run in the Bush in conjunction with the Department of Conservation. The Trust reserves the right to charge for organised eco-tours involving Riccarton Bush.

4.0 Governance

The Christchurch City Council appoints six of the nine member Trust Board. The other three members are appointed by the Deans family (x2) and the Canterbury Branch of the Royal Society NZ (x1). (The Board is promoting an Amendment to the Act which will provide for the Council to appoint five of a future nine member Board.)

The functions of the Board are:

- a) To appoint, and whenever necessary reappoint or replace, a Chief Executive Officer, who shall be responsible to the Board for employing on behalf of the Board, all staff, and for negotiating the terms of their employment.
- b) To establish for the guidance of the Chief Executive Officer broad lines of policy consistent with the Riccarton Bush Act.
- c) To ensure that the assets of the Board are maintained in good order and condition.
- d) To ensure that The Riccarton Bush is run effectively and efficiently and safely.

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.

The forecast capital structure for the next three years is:

	2012/13\$m	2013/14\$m	2014/15\$m
Equity	6.380	6.373	6.38
Debt	----	-----	-----

5.0 Accounting Policies

The Riccarton Bush Trust has adopted accounting policies that are consistent with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand International Financial reporting standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Differential Reporting

The Riccarton Bush Trust is a qualifying entity within the Framework of Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework.

The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared on the basis of historical cost, except for the revaluation of certain non-current assets.

6.0 Performance Targets

a) Financial performance Targets

The financial performance targets for the Trust are as follows:

	2012/13 \$(000)	2013/14 \$(000)	2014/15 \$(000)
Revenue	*360	423	421
Operating Expenses	375	430	414
Operating surplus/deficit before depreciation	(15)	(7)	7

Note:

1. The figures shown are a slight departure from the LTCCP in order to recognise the current economic situation.
2. Building asset insurance excess payments of approximately \$47,000 will be capitalised.

β) Project Performance Targets

Target	Performance Measure 2012/2013
1. Management Plan for Riccarton House and Bush as required by the new amendment to the Riccarton Bush Act.	<ul style="list-style-type: none"> • Draft Management Plan available for public consultation by December 2012.

2. Upgrade of heating for Riccarton House.	<ul style="list-style-type: none"> New heating plant installed and operating in Riccarton House by June 2013.
3. Upgrade of commercial kitchen.	<ul style="list-style-type: none"> Upgraded commercial kitchen operational by June 2013.
4. Replace on site waste bins with eco-friendly system allowing for separation of rubbish /recycling/ doggie do's.	<ul style="list-style-type: none"> Eco-friendly waste collection system in place by June 2013.

x) Environmental and Social Performance Targets

Target	Performance Measure 2012/2013
1. Continue the successful partnership with DOC and Operation Nest Egg and the Kiwi Crèche in Riccarton Bush.	<ul style="list-style-type: none"> 5 Juvenile Great Spotted Kiwi crèched in Riccarton Bush during the 2012 Winter/Spring.
2. Resolve non-performing Council administered Asset Waterways in and adjacent to Riccarton Bush.	<ul style="list-style-type: none"> Council administered asset waterways in and adjacent to Riccarton Bush providing adequate drainage to the bush by June 2013.
3. Qualified survey of Bush conditions and trends.	<ul style="list-style-type: none"> Qualified survey of Bush and trends completed by June 2013.
4. To provide a record of the response by the Trust to the seismic events of 2010/2011.	<ul style="list-style-type: none"> A record of the Riccarton Bush Trust response to the 2010/2011 seismic events being available for future generations as part of the social history of the site by June 2014.

7.0 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.

Annual reports will outline the Trust's objectives and performance in terms of:

- Financial)
- Operational) inputs, outputs and outcomes

- Environmental, and)
- Social)

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.

Compensation sought from local authority:

For 2012/2013 the Trust will receive a statutory levy from the Council in the sum of \$108,310 p.a. in accordance with the Riccarton Bush Act, and an unconditional grant in the sum of \$167,520 p.a. to assist with the operation and management of the Riccarton Bush.

Capital grants are also negotiated with the Council.

For 2009/10-	\$110,000 for IDP
For 2010/11-	82,000 comprising \$10,000 grounds landscaping; \$5000 sewer upgrade; \$25,000 downstairs carpet; \$2000 bush interpretation; \$40,000 I.D.P.
For 2011/12	\$70,000 comprising \$10,000 morning room finish; \$50,000 morning room; \$10,000 truck.
For 2012/13	\$60,000 driveway and parking improvements
For 2013/14	Not yet approved.

Note: The Capital Grants in the published LTCCP have been re-prioritised so as to complete elements of the Integrated Development Project (I.D.P.) which have a higher community benefit.

8.0 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 Shares:

The Riccarton Bush Trust has no intention to acquire shares.

Commercial Value:

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

New Zealand Local Government Funding Agency Limited

Statement of Intent 2012/13

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.

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 of the shareholders (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 objective

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 debt to Participating Local Authorities at the lowest possible interest rates commensurate with the relevant maturity
- Making longer-term borrowings available to Participating Local Authorities
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice

Additional objectives

LGFA has a number of additional objectives which complement the primary objective. 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 set out in section 6
- Become the primary source of debt funding for Participating Local Authorities
- Operate in a manner to ensure LGFA is successful and sustainable in the long-term
- Educate and inform all Local Authorities (both participating and non-participating) on matters within the scope of LGFA's operations
- Become a leading participant in the New Zealand capital markets
- Provide excellent service to Participating Local Authorities
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders
- Ensure its products and services are delivered in a cost-effective manner
- Consult with Shareholders regarding the potential requirement for LGFA Borrowers to obtain comprehensive insurance cover
- Review the appropriateness of LGFA's "broker" business model
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency
- Achieve the Financial Forecasts set out in section 4
- Meet or exceed the Performance Targets outlined in section 5
- Achieve the Dividend Policy set out in section 6

4. Financial forecasts

A business case for LGFA has been developed. The Board has reviewed and ratified the assumptions that this business case is based on.

Based on the business case LGFA's financial forecasts for the three years to 30 June 2015 are:

Period to 30 June (\$m)	2013	2014	2015
Local Government Interest Income	31.2	50.9	60.9
LGFA Interest Expense	(27.2)	(46.4)	(56.2)
Net Liquidity Income	(0.1)	(0.1)	(0.2)
Total Net Income	3.9	4.4	4.5
Overheads	(2.7)	(2.8)	(3.1)
Net Profit	1.2	1.6	1.4
Borrower Notes Interest	(0.5)	(0.8)	(0.9)
Principal Shares Dividend	(0.7)	(0.7)	(1.5)
Retained Surplus / (Deficit)	(0.0)	0.0	(1.0)
Total Assets	1,099.5	1,605.8	2,312.2
Total Local Government Assets	999.5	1,459.8	2,102.2
Total Liabilities	1,063.1	1,562.0	2,259.2
Total Equity	36.4	43.8	53.0
Shareholder Funds / Total Assets	3.3%	2.7%	2.3%

Shareholder Funds means the aggregate of:

- Paid up Principal Share capital and Borrower Notes
- Retained earnings
- Asset revaluation reserves
- Other capital and revenue reserves

Total Assets shall mean the aggregate of:

- Current assets
- Investments
- Fixed assets
- Intangible assets

Note that overheads are forecast to rise by \$300,000 (10.7%) to \$3.1 million in the 2014/15 financial year. Almost all of this increase is explained by a forecast \$260,000 rise in the liquidity facility fee payable to NZDMO.

5. Performance targets

LGFA has the following performance targets:

- LGFA's average cost of funds relative to the average cost of funds for New Zealand Government Securities for the period to:
 - 30 June 2013 will be less than 0.50% higher
 - 30 June 2014 will be less than 0.40% higher
 - 30 June 2015 will be less than 0.40% higher
- The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities will be no more than 0.40%
- LGFA's annualised operating overheads will be less than \$3.2 million
- Total lending to Participating Local Authorities at:
 - 30 June 2013 will be at least \$900 million
 - 30 June 2014 will be at least \$1,400 million
 - 30 June 2015 will be at least \$2,000 million
- The total number of Participating Local Authorities Shareholders in the LGFA at 30 November 2012 will be at least 30
- The total number of Participating Local Authorities (ie Shareholders and eligible Borrowers) in the LGFA at 30 November 2012 will be at least 40

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 cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the part period to 30 June 2012 and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2014 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend return is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

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 will comprise between four and seven directors with a majority of independent directors.

The Board's approach to governance is to adopt "best practice" with respect to:

- The operation of the Board
- The performance of the Board
- Managing the relationship with the Company's Chief Executive
- Being accountable to all Shareholders

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no less than 11 times each year.

Shareholders' Council

The Shareholders' Council is made up of 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 (no less frequently than quarterly)
- 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 the Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. The LGFA will adhere to a 'no surprises' approach in its dealings with its Shareholders.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will provide to the Shareholders 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 provide to the Shareholders 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 30 April, 31 July, 31 October and 31 January each year, the Company will provide to the Shareholders' Council a Quarterly Report. The Quarterly Report will include the following information:

- Directors' commentary on operations for the relevant quarter
- 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
- 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 shareholder 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 benefit 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 cost of funds plus 2.00% over the medium term, including taking consideration of the time value of money at the target annual rate of return. Consequently LGFA will seek to operate so that it only generates sufficient free cash to enable this (ie no more and no less).

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 is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

12. Accounting policies

LGFA has adopted accounting policies that are consistent with the New Zealand International Financial Reporting Standards, generally accepted accounting practice. A summary of the current accounting policies is attached to this SOI.

Summary of 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 financial statements of the Company. No financial statements are included with this SOI.

Reporting Entity

These financial statements are for New Zealand Local Government Funding Agency ("the Agency") and are prepared in accordance with the Public Finance Act 1989 and with New Zealand generally accepted accounting practice (NZ GAAP).

Basis of Preparation

The financial statements have been prepared on the basis of historic cost modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

The financial statements are presented in New Zealand dollars rounded to the nearest million, unless separately identified.

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, 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

Significant Accounting Policies

Reporting and Forecast Period

The reporting and forecast period for the financial statements of the Agency is the financial year from 1 July to 30 June.

Revenue

Revenue earned through operations

Revenue from the supply of goods and services to third parties is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the supply of services is recognised on a straight-line basis over the specified period of the services unless an alternative method better represents the stage of completion of the transaction.

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

General

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.

Foreign Currency

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance, except when recognised in the statement of comprehensive income when hedge accounting is applied.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into New Zealand dollars at the exchange rate applicable at the fair value date. The associated foreign exchange gains or losses follow the fair value gains or losses to either the statement of financial performance or the statement of comprehensive income.

Foreign exchange gains and losses arising from translating monetary items that form part of the net investment in a foreign operation are reported in a translation reserve in net worth and recognised in the statement of comprehensive income.

Financial instruments

Financial assets

Financial assets are designated into the following categories: loans and receivables, financial assets available-for sale, financial assets held-for-trading, and financial assets designated as fair value through profit and loss. This designation is made by reference to the purpose of the financial instruments, policies

and practices for their management, their relationship with other instruments and the reporting costs and benefits associated with each designation.

The maximum loss due to default on any financial asset is the carrying value reported in the statement of financial position.

Major financial asset type Designation

Trade and other receivables	All designated as loans and receivables
Other advances	Generally designated as loans and receivables
Share investments	Generally designated as fair value through profit and loss
Marketable securities	Generally designated as fair value through profit and loss

Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method (refer interest income policy). Loans and receivables issued with a duration of less than 12 months are recognised at their nominal value, unless the effect of discounting is material. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired. Interest, impairment losses and foreign exchange gains and losses are recognised in the statement of financial performance.

Financial assets held-for-trading and financial assets designated as fair value through profit or loss are recorded at fair value with any realised and unrealised gains or losses recognised in the statement of financial performance.

A financial asset is designated as fair value through profit and loss if acquired principally for the purpose of trading in the short term. It may also be designated into this category if the accounting treatment results in more relevant information because it either significantly reduces an accounting mismatch with related liabilities or is part of a group of financial assets that is managed and evaluated on a fair value basis. Gains or losses from interest, foreign exchange and other fair value movements are separately reported in the statement of financial performance. Transaction costs are expensed as they are incurred.

Available-for-sale financial assets are initially recorded at fair value plus transaction costs. They are subsequently recorded at fair value with any resultant fair value gains or losses recognised in the statement of comprehensive income with some exceptions. Those exceptions are for impairment losses, any interest calculated using the effective interest method and, in the case of monetary items (such as debt securities), foreign exchange gains and losses resulting from translation differences due to changes in amortised cost of the asset. These latter items are recognised in the statement of financial performance. For non-monetary available-for-sale financial assets (e.g., some unlisted equity instruments) the fair value movements recognised in the statement of comprehensive income include any related foreign exchange component. At derecognition, the cumulative fair value gain or loss previously recognised in the statement of comprehensive income, is recognised in the statement of financial performance.

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.

Fair values of quoted investments are based on current bid prices. Regular way purchases and sales of all financial assets are accounted for at trade date. If the market for a financial asset is not active, fair values for initial recognition and, where appropriate, subsequent measurement are established by using valuation techniques, as set out in the notes to the financial statements. At each balance date an assessment is made whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities

Major financial liability type	Designation
Accounts payable	All designated at amortised cost

Financial liabilities held for trading and financial liabilities designated as fair value through profit and loss are recorded at fair value with any realised and unrealised gains or losses recognised in the statement of financial performance. A financial liability is designated as fair value through profit and loss if acquired principally for the purpose of trading in the short term. It may also be designated into this category if the accounting treatment results in more relevant information because it either eliminates or significantly reduces an accounting mismatch with related assets or is part of a group of financial liabilities that is managed and evaluated on a fair value basis.

Gains or losses from interest, foreign exchange and other fair value movements are separately reported in the statement of financial performance. Transaction costs are expensed as they are incurred.

Other financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities entered into with durations of less than 12 months are recognised at their nominal value. Amortisation and, in the case of monetary items, foreign exchange gains and losses, are recognised in the statement of financial performance as is any gain or loss when the liability is derecognised.

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.

Recognition of the movements in the value of derivatives depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged (see Hedging section below).

Derivatives that are not designated for hedge accounting are classified as held-for-trading financial instruments with fair value gains or losses recognised in the statement of financial performance. Such derivatives may be entered into for risk management purposes, although not formally designated for hedge accounting, or for tactical trading.

Hedging

Individual entities consolidated within the Agency reporting entity apply hedge accounting after considering the costs and benefits of adopting hedge accounting, including:

- whether an economic hedge exists and the effectiveness of that hedge
- whether the hedge accounting qualifications could be met, and
- the extent to which it would improve the relevance of reported results.

Where a derivative is used to hedge the foreign exchange exposure of a monetary asset or liability, the effects of the hedge relationship are automatically reflected in the statement of financial performance so hedge accounting is not necessary.

(a) Cash flow hedge

Where a derivative qualifies as a hedge of variability in asset or liability cash flows (cash flow hedge), the effective portion of any gain or loss on the derivative is recognised in the statement of comprehensive income and the ineffective portion is recognised in the statement of financial performance. Where the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability (e.g., where the hedge relates to the purchase of an asset in a foreign currency), the amount recognised in the statement of comprehensive income is included in the initial cost of the asset or liability. Otherwise, gains or losses recognised in the statement of comprehensive income transfer to the statement of financial performance in the same period as when the hedged item affects the statement of financial performance (e.g., when the forecast sale occurs). Effective portions of the hedge are recognised in the same area of the statement of financial performance as the hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in net worth at that time remains in net worth and is recognised when the forecast transaction is ultimately recognised in the statement of financial performance. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the statement of comprehensive income is transferred to the statement of financial performance.

(b) 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 the statement of financial performance 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 the statement of financial performance as the hedged item.

Property, Plant and Equipment (PPE)

Items of property, plant and equipment are initially recorded at cost. Cost may include transfers from net worth of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Where an asset is acquired for nil or nominal consideration the asset is recognised initially at fair value, where fair value can be reliably determined, and as income in the statement of financial performance.

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 are initially recorded at cost. Where an intangible asset is created for nil or nominal consideration it is also initially carried at cost, which by definition is nil/nominal.

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it is reported at its recoverable amount and an impairment loss is recognised. Losses resulting from impairment are reported in the statement of financial performance.

Employee Benefits

Pension liabilities

Obligations for contributions to defined contribution retirement plans are recognised in the statement of financial performance as they fall due. Obligations for defined benefit retirement plans are recorded at the latest actuarial value of the Crown liability. All movements in these liabilities, including actuarial gains and losses, are recognised in full in the statement of financial performance in the period in which they occur.

Other employee entitlements

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the statement of financial performance when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows.

Termination benefits

Termination benefits are recognised in the statement of financial performance only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Leases

Finance leases transfer, to the Agency as lessee, substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are amortised over the period in which the Agency expects to receive benefits from their use.

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease. Leasehold improvements are capitalised and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at the present value of their estimated future cash outflows.

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements (unquantifiable liability). Contingent liabilities, including unquantifiable liabilities, are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at balance date. Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising the option to cancel are reported at the value of that penalty or exit cost (i.e., the minimum future payments).

Commitments are classified as:

- capital commitments: aggregate amount of capital expenditure contracted for but not recognised as paid or provided for at balance date
- non-cancellable operating leases with a lease term of more than one year, and
- other non-cancellable commitments (these may include consulting contracts, cleaning contracts and ship charters).

Interest commitments on debts and commitments relating to employment contracts are not included in the Statement of Commitments.

Christchurch Agency For Energy Trust Board

Comparison between 2011/12 and 2012/13 SOI

2011/12 SOI

Target

- Completion of a District Energy feasibility study.
- Development and implementation of an Energy Design Advisory Scheme for major buildings.

Financial Performance Targets

Year Ended 30 June	2011/2012	2012/2013	2013/2014
Prior year unspent funds	\$879,400	\$0	\$0
Revenue	\$862,500	\$1,096,500	\$821,500
Committed Expenses	\$1,118,300	\$1,001,900	\$1,029,500
Discretionary Expenses	\$623,600	\$94,600	(\$208,000)

2012/13 SOI

Target

- Review matters raised by the community in Energy Dialogues component of EA12
- Ongoing implementation of an Energy Design Advisory Scheme for major buildings.

Financial Performance Targets

Year Ended 30 June	2012/2013	2013/2014	2014/2015
Prior year unspent funds	\$481,300	\$0	\$0
Revenue	\$1,096,500	\$821,500	\$915,000
Committed Expenses	\$1,001,900	\$1,029,500	\$1,130,000
Discretionary Expenses	\$575,900	(\$208,000)	(\$215,000)

Civic Building Ltd

Comparison between 2011/12 and 2012/13 SOI

2011/12 SOI

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 the company on behalf of the Shareholder, to whom it is accountable.

The new Civic Offices project is carried out 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 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.

All Directors are required to comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors.

The primary function of the Board is to ensure that the company 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 made in accordance with the Council's Appointments and Remuneration of Directors policy.

2012/13 SOI

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 the company 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 the company 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.

Financial Performance Targets

The financial performance targets for the company are as follows:

Civic Building Ltd	2012	2013	2014
	000's	000's	000's
Lease Income	4,067	4,061	4,078
Other income	3,885	849	873
Less Expenses			
Interest	5,459	5,459	5,459
Other Expenses	4,166	1,059	1,089
Depreciation	0	0	0
Total Expenses	9,625	6,518	6,548
Net Surplus (deficit) before tax	-1,673	-1,608	-1,597
Taxation	-1,266	-1,152	-1,065
Net Surplus (deficit) after tax	-407	-456	-532

The company is forecasting cash deficits for the period covered by this Statement of Intent, which covers the initial period of occupation by the tenant. Long term projections (incorporating rent reviews) are for the company to generate positive cash flows and there is adequate funding in place to support the company until this time.

Operational Performance Targets

In addition to the above financial performance measures, the Group will use the following measures to assess its performance in the 2012 financial year:

Objective and Strategy	Performance Measure 2011/12
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 a comprehensive management agreement is in place for management of the new Civic Building

Ratio of Shareholder Funds to Total Assets

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

2011/12	2012/13	2013/14
3.4%	2.7%	1.9%

The forecast capital structure for the next three years is:

	2011/12 \$m	2012/13 \$m	2013/14 \$m
Uncalled Capital	\$10.0	\$10.0	\$10.0
RPS Shares	\$6.2	\$6.2	\$6.2
Revaluation Reserve	\$0	\$0	\$0
Debt	\$59.2	\$59.2	\$59.2
Total Assets	\$61.4	\$60.9	\$60.4

Financial Performance Targets

The financial performance targets for the company are as follows:

Civic Building Ltd	2013	2014	2015
	000's	000's	000's
Lease Income	4,061	4,078	4,046
Other income	849	873	896
Less Expenses			
Interest	5,459	5,459	5,459
Other Expenses	1,059	1,089	1,119
Depreciation	0	0	0
Total Expenses	6,518	6,548	6,578
Net Surplus (deficit) before tax	-1,608	-1,597	-1,636
Taxation	-1,152	-1,065	-1,008
Net Surplus (deficit) after tax	-456	-532	-628

The company is forecasting cash deficits for the period covered by this Statement of Intent, which covers the initial period of occupation by the tenant. Long term projections (incorporating rent reviews) are for the company to generate positive cash flows and there is adequate funding in place to support the company until this time.

Operational Performance Targets

In addition to the above financial performance measures, the Group will use the following measures to assess its performance in the 2013 financial year:

Objective and Strategy	Performance Measure 2012/13
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.

Ratio of Shareholder Funds to Total Assets

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

2012/13	2013/14	2014/15
-12.0%	-13.0%	-14.2%

The forecast capital structure for the next three years is:

	2012/13 \$m	2013/14 \$m	2014/15 \$m
Uncalled Capital	\$10.0	\$10.0	\$10.0
RPS Shares	\$6.2	\$6.2	\$6.2
Revaluation Reserve	\$0	\$0	\$0
Debt	\$59.2	\$59.2	\$59.2
Total Assets	\$61.0	\$60.5	\$59.9

13.0 ROLE IN THE CCC GROUP AND REGIONAL ECONOMY

Commercial Relationships within the CCC Group

The company has a mandate from the Shareholder, Christchurch City Council, to design, construct and own the new Civic Building and lease it to the Council. CBL will utilise the services of CCC to manage its affairs.

Role in the Growth of the Regional Economy

The company will contribute to regional economic prosperity by engaging a number of companies within the region to assist with the construction of the new Civic Building, creating economic impact and employment opportunities.

13.0 ROLE IN THE CCC GROUP AND REGIONAL ECONOMY

Commercial Relationships within the CCC Group

The company has a mandate from the Shareholder, Christchurch City Council, to own the new Civic Building and lease it to the Council. CBL will utilise the services of CCC to manage its affairs.

Riccarton Bush Trust

Comparison between 2011/12 and 2012/13 SOI

2011/12 SOI

3.0 Nature and Scope of Activities

The Riccarton Bush Trust administers a 6.373 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 powers to levy the Christchurch City Council for funding 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.

Much of Riccarton House is furnished in 1900's Victorian style and paid guided heritage tours are available on a daily basis except Saturday and Public Holidays.

Deans Cottage is open daily to the public at no charge, displaying life at Riccarton in the 1840's.

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. A Kiwi Crèche is currently being run in the Bush in conjunction with the Department of Conservation. The Trust reserves the right to charge for organised eco-tours involving Riccarton Bush.

2012/13 SOI

3.0 Nature and Scope of Activities

The Riccarton Bush Trust administers a 6.373 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 powers to levy the Christchurch City Council for funding 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.

Riccarton House is currently closed for earthquake repairs which are scheduled to be completed during the term of this SOI. Once repairs have been completed, much of Riccarton House will be refurbished in 1900's Victorian style and paid guided Heritage Hours Tours will be available on a daily basis except Saturdays and Public Holidays.

Deans Cottage is open daily to the public at no charge, displaying life at Riccarton in the 1840's.

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; a Kiwi Crèche is currently being run in the Bush in conjunction with the Department of Conservation. The Trust reserves the right to charge for organised eco-tours involving Riccarton Bush.

Ratio of Shareholders' funds to total assets:

This ratio is not applicable as the \$6.53m total assets of the Riccarton Bush Trust are vested in the Trust.

The forecast capital structure for the next three years is:

	2011/12 \$m	2012/13\$m	2013/14\$m
Equity	6.402	6.380	6.373
Debt	----	----	

a) Financial performance Targets

The financial performance targets for the Trust are as follows:

	2011/12 \$(000)	2012/13 \$(000)	2013/14 \$(000)
Revenue	340	392	423
Operating Expenses	384	414	430
Operating surplus/deficit before depreciation	(44)	(22)	(7)

Note: The figures shown are a slight departure from the LTCCP in order to recognise the current economic situation.

b) Project Performance Targets

Target	Performance Measure 2011/2012
1. Improve landscape in front of Riccarton House.	• Landscape enhancement plan in front of Riccarton House completed by June 2012.
2. Management Plan for Riccarton House and Bush as required by the new amendment to the Riccarton Bush Act.	• Draft Management Plan available for public consultation by June 2012.
3. Upgrade of heating for Riccarton House.	• New heating plant installed and operating in Riccarton House by June 2012.
4. Upgrade of commercial kitchen.	• Upgraded commercial kitchen operational by June 2012.

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.

The forecast capital structure for the next three years is:

	2012/13\$m	2013/14\$m	2014/15\$m
Equity	6.380	6.373	6.38
Debt	----	----	----

α) Financial performance Targets

The financial performance targets for the Trust are as follows:

	2012/13 \$(000)	2013/14 \$(000)	2014/15 \$(000)
Revenue	*360	423	421
Operating Expenses	375	430	414
Operating surplus/deficit before depreciation	(15)	(7)	7

Note:

- The figures shown are a slight departure from the LTCCP in order to recognise the current economic situation.
- Building asset insurance excess payments of approximately \$47,000 will be capitalised.

β) Project Performance Targets

Target	Performance Measure 2012/2013
1. Management Plan for Riccarton House and Bush as required by the new amendment to the Riccarton Bush Act.	• Draft Management Plan available for public consultation by December 2012.
2. Upgrade of heating for Riccarton House.	• New heating plant installed and operating in Riccarton House by June 2013.
3. Upgrade of commercial kitchen.	• Upgraded commercial kitchen operational by June 2013.
4. Replace on site waste bins with eco-friendly system allowing for separation of rubbish /recycling/ doggie do's	• Eco-friendly waste collection system in place by June 2013.

c) Environmental and Social Performance Targets

Target	Performance Measure 2011/12
1. Continue the successful partnership with DOC and Operation Nest Egg and the Kiwi Creche in Riccarton Bush.	<ul style="list-style-type: none"> 6 Juvenile Great Spotted Kiwi crèched in Riccarton Bush during the 2011 Winter/Spring.
2. Resolve non performing Council administered Asset Waterways in and adjacent to Riccarton Bush.	<ul style="list-style-type: none"> Council administered asset waterways in and adjacent to Riccarton Bush providing adequate drainage to the bush by June 2012.
3. Qualified survey of Bush conditions and trends.	<ul style="list-style-type: none"> Qualified survey of Bush and trends completed by June 2013.

Compensation sought from local authority:

For 2011 the Trust will receive a statutory levy from the Council in the sum of \$108,310 p.a. in accordance with the Riccarton Bush Act, and an unconditional grant in the sum of \$151,690 p.a. to assist with the operation and management of the Riccarton Bush.

Capital grants are also negotiated with the Council.

For 2011/12	\$110,000 (not drawn down 2009/10) for use in upgrade of commercial kitchen. \$82,000 for 2010/11 for use in upgrade of the Morning Room. \$70,000 for 2011/12 for the Riccarton House heating project.
For 2012/13	Not yet approved.
For 2013/14	

Note: The Capital Grants in the published LTCCP have been re-prioritised so as to complete elements of the Integrated Development Project (I.D.P.) which have a higher community benefit and to fit capital projects into the Riccarton House closure whilst earthquake repairs are undertaken.

x) Environmental and Social Performance Targets

Target	Performance Measure 2012/2013
1. Continue the successful partnership with DOC and Operation Nest Egg and the Kiwi Crèche in Riccarton Bush.	<ul style="list-style-type: none"> 5 Juvenile Great Spotted Kiwi crèched in Riccarton Bush during the 2012 Winter/Spring.
2. Resolve non-performing Council administered Asset Waterways in and adjacent to Riccarton Bush.	<ul style="list-style-type: none"> Council administered asset waterways in and adjacent to Riccarton Bush providing adequate drainage to the bush by June 2013
3. Qualified survey of Bush conditions and trends.	<ul style="list-style-type: none"> Qualified survey of Bush and trends completed by June 2013.
4. To provide a record of the response by the Trust to the seismic events of 2010/2011	<ul style="list-style-type: none"> A record of the Riccarton Bush Trust response to the 2010/2011 seismic events being available for future generations as part of the social history of the site by June 2014.

Compensation sought from local authority:

For 2012/2013 the Trust will receive a statutory levy from the Council in the sum of \$108,310 p.a. in accordance with the Riccarton Bush Act, and an unconditional grant in the sum of \$167,520 p.a. to assist with the operation and management of the Riccarton Bush.

Capital grants are also negotiated with the Council.

For 2009/10-	\$110,000 for IDP
For 2010/11-	82,000 comprising \$10,000 grounds landscaping, \$5000 sewer upgrade; \$25,000 downstairs carpet, \$2000 bush interpretation; \$40,000 I.D.P.
For 2011/12	\$70,000 comprising \$10,000 morning room finish, \$50,000 morning room; \$10,000 truck.
For 2012/13	\$60,000 driveway and parking improvements
For 2013/14	Not yet approved.

Note: The Capital Grants in the published LTCCP have been re-prioritised so as to complete elements of the Integrated Development Project (I.D.P.) which have a higher community benefit.

Financial Performance Targets

The financial performance targets for the company are as follows:

Tuam Ltd	2012	2013	2014
	\$000's	\$000's	\$000's
Income			
Rental Income	\$125	\$131	\$138
Other income	\$964	\$39	\$39
	\$1,089	\$170	\$177
Less Expenses			
Interest	\$341	\$341	\$341
Other Expenses	\$301	\$316	\$322
Depreciation	\$0	\$0	\$0
Total Expenses	\$642	\$657	\$673
Net Surplus (deficit) before tax	\$447	(\$487)	(\$496)
Subvention Receipt (Payment)	\$125	(\$136)	(\$139)
Net Surplus (deficit) after tax	\$322	(\$350)	(\$357)

Ratio of Shareholders' Funds to Total Assets

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

2012	2013	2014
51%	49%	47%

The forecast capital structure for the next three years is:

	2012	2013	2014
	\$000's	\$000's	\$000's
Equity	\$18,135	\$18,135	\$18,135
Retained Earnings	(\$12,954)	(\$13,305)	(\$13,662)
Debt	\$4,750	\$4,750	\$4,750
Total Assets	\$10,183	\$9,834	\$9,477

Financial Performance Targets

The financial performance targets for the company are as follows:

Tuam Ltd	2013	2014	2015
	\$000's	\$000's	\$000's
Income			
Rental Income	\$49	\$51	\$54
Other income	\$26	\$26	\$26
	\$75	\$77	\$80
Less Expenses			
Interest	\$341	\$341	\$341
Other Expenses	\$187	\$196	\$206
Depreciation	\$0	\$0	\$0
Total Expenses	\$528	\$537	\$547
Net Surplus (deficit) before tax	(\$453)	(\$460)	(\$468)
Subvention Receipt (Payment)	(\$127)	(\$129)	(\$131)
Net Surplus (deficit) after tax	(\$326)	(\$331)	(\$337)

Ratio of Shareholders' Funds to Total Assets

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

2013	2014	2015
50%	48%	46%

The forecast capital structure for the next three years is:

	2013	2014	2015
	\$000's	\$000's	\$000's
Equity	\$18,135	\$18,135	\$18,135
Retained Earnings	(\$13,371)	(\$13,703)	(\$14,039)
Debt	\$4,750	\$4,750	\$4,750
Total Assets	\$9,528	\$9,199	\$8,862

3. Objectives

The primary objective of Tuam Limited is to own the former Council Civic Buildings and adjacent Tuam St car park and manage them on a commercial and co-ordinated basis.

5. Governance

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

All Directors are required to comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors.

The company undertakes periodic reviews of Directors' performance and assistance with ongoing Director training and development.

The primary function of the Board is to ensure that the company 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 made in accordance with the Council's Appointments and Remuneration of Directors policy.

The Chief Executive of CCC has responsibility for the leadership and management of the company. The Chief Executive is assisted by the CCC General Manager Corporate Services and the company may make use of external advisors from time to time.

3. Objectives

The primary objective of Tuam Limited is to own the former Council Civic Buildings and adjacent Tuam St car park and manage them on a commercial and co-ordinated basis consistent with the Council's strategies and plans.

5. Governance

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

All Directors are required to comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors.

The primary function of the Board is to ensure that the company 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 made in accordance with the Council's Appointments and Remuneration of Directors policy.

The Chief Executive of CCC has responsibility for the leadership and management of the company. The Chief Executive is assisted by the CCC General Manager Corporate Services and the company may make use of external advisors from time to time.

Operational Performance Targets

In addition to the above financial performance measures, Tuam will use the following measures to assess its performance of the financial year:

Performance Target	Performance Measure
Ensure Tuam meets the financial targets contained within this SOI	Budgeted key performance indicators met or exceeded
The company meets all relevant legislative and contractual requirements.	No breaches of legislative or contractual requirements are recorded

Urban Development Strategy (UDS)

Tuam recognises the broad objectives of the UDS and these are very relevant to the activities of the company, especially relating to the ongoing development and expansion of the property the company owns. Tuam will work closely with Council to ensure that development of all property holdings under our control recognises the UDS.

Operational Performance Targets

In addition to the above financial performance measures, Tuam will use the following measures to assess its performance of the financial year:

Performance Target	Performance Measure
Ensure Tuam meets the financial targets contained within this SOI	Budgeted key performance indicators met or exceeded
The company meets all relevant legislative and contractual requirements.	No breaches of legislative or contractual requirements are recorded

The main activity of the company in the coming year will be to complete the earthquake damage assessments of its assets, determine the insurer's commercial position and make recommendations to the shareholder on the options for the company's property holdings.

Urban Development Strategy (UDS) and Central City Plan

Tuam recognises the broad objectives of the UDS and these are very relevant to the activities of the company, especially relating to the ongoing development and expansion of the property the company owns. Tuam will work closely with Council to ensure that development of all property holdings under our control recognises the UDS and the Central City Plan.

2011/12 SOI Tuam Ltd

12. Estimate of Commercial Value

The Shareholder has recorded the value of its investment in Tuam Ltd in its accounts as \$Nil and this is considered an appropriate estimation of the commercial value of the company.

2012/13 SOI Tuam Ltd

12. Estimate of Commercial Value

The Shareholder has recorded the value of its investment in Tuam Ltd in its accounts as \$5.417m and this is considered an appropriate estimation of the commercial value of the company.

World Buskers Festival Trust SOI 2011/12

Operational Performance Targets

Performance Target	Performance Measure
Visitor attendance	<ul style="list-style-type: none"> Attract at least 300,000 visits 75% of Dome shows sold out
Customer satisfaction	<ul style="list-style-type: none"> 90% of visitors are satisfied
Festival development	<ul style="list-style-type: none"> Deliver programme at least the same size as the 2011 programme Introduce children's educational component to festival Generate surplus for future festival development (refer financial targets below)
A City-wide festival	<ul style="list-style-type: none"> Deliver Buskers @ Brighton programme Introduce free transport from disadvantaged suburbs to the festival

Financial Performance Targets

Year Ended 30 June	2011/2012
Revenue	\$1,813,892
Expenses	\$1,788,760
Surplus	\$25,132

World Buskers Festival Trust SOI 2013/15

Operational Performance Targets

Performance Target	Performance Measure
Visitor attendance	<ul style="list-style-type: none"> Attract at least 300,000 visits
Customer satisfaction	<ul style="list-style-type: none"> 90% of visitors are satisfied with the festival
Festival development	<ul style="list-style-type: none"> Deliver programme at least the same size as the 2011 programme Generate surplus for future festival development (refer financial targets below)

Financial Performance Targets

Year Ended 30 June	2013	2014	2015
Revenue	\$1,815,000	\$1,887,000	\$1,963,000
Expenses	\$1,789,000	\$1,860,000	\$1,934,000
Surplus	\$26,000	\$27,000	\$29,000



COUNCIL 27. 9. 2012

Corporate and Finance Committee 14. 9. 2012

8. REVIEW OF CONSENTS AFFECTED BY THE CENTRAL CITY RECOVERY PLAN

General Manager responsible:	General Manager Regulation & Democracy Services, DDI 941-8462
Officer responsible:	Unit Manager Resource Management and Building Policy
Authors:	Ethan Stetson, Unit Manager Building Operations and Steve McCarthy, Unit Manager Resource Consents and Policy Manager

PURPOSE OF REPORT

1. The purpose of this report is to provide the Corporate and Financial Committee with an update on the current status of building and resource consents in the area of the Four Avenues affected by the Central City Recovery Plan.

EXECUTIVE SUMMARY

2. Following the announcement on 30 July 2012 by the Christchurch Central Development Unit, a review was carried out to identify those building and resource consents that have been affected by the new Central City Recovery Plan.
3. This review followed the Corporate and Financial Committee consideration of a detailed report of overdue debtors with balances in excess of \$20,000 at its August meeting. At that meeting the Committee asked that staff undertake research on the amount of outstanding consent costs on the properties affected by the Christchurch Central Development Unit (CCDU) Blueprint announcement and report back on this matter to the 7 September 2012 Committee meeting.
4. The review has been conducted and has not revealed any financial risk to the Council from the few consents affected by the Central City Recovery Plan. Prior to the continued processing of any consents affected by the blueprint, applicants are contacted and asked whether work should proceed.
5. There are 13 commercial building consents currently being actively processed and 54 consents that are currently suspended, in the area affected by the new Central City Recovery Plan. The active consents are for earthquake repairs to existing buildings, a temporary building for the Courts Department, a change of use, continuing staged construction of offices or multi-level buildings. Deposit fees have been paid previously and none of the consents currently being worked on appear to be directly affected by the announcement. The applicants have not requested that they be suspended and we are progressively checking with them as processing proceeds.
6. There are 181 commercial building consents and 31 residential building consents that have previously been paid for, issued but not yet completed to final inspection and code compliance stage. In total there are 212 such consents but very few of these are in the directly affected core area. Inside the core, the consents are primarily for earthquake reinstatement and repair of existing buildings or a staged consent for a new building. We expect these consents will continue to proceed. Outside of the core area, the rules have been effectively relaxed and we expect these consents will also proceed.
7. There are 43 resource consents in process that are in the area affected by the new Central City Recovery Plan. Of these consent applications, 39 are currently suspended and four are active. At this stage the accrued costs of processing these consents is \$38,777 and we have taken \$49,692 in deposit fees. We therefore have a positive balance of \$10,915.
8. There are a further 282 resource consents from 2009 to 2012 that have been processed, granted and paid for that are in the area affected by the new Central City Recovery Plan. There are outstanding debts of \$18,965 in respect of these consents but none are directly affected properties or the debts are overdue. Of these 66 are for temporary accommodation, 15 are existing use rights or compliance certificates and the balance are resource or subdivision consents.

8 Cont'd

9. Our review has not revealed any consents that will no longer be of value to the applicant. Consents of a major nature are consistent with the new Central City Recovery Plan. For the remainder the applicants will undertake the works that have been consented and they have already paid the deposit fee and it is possible for the building or land owner to claim these legitimate costs from their insurer or in some cases, the Government, if they were to purchase the property.

FINANCIAL IMPLICATIONS

10. There are no financial implications. At this stage our review has indicated that there will be no adverse affect on the respective building and planning budgets from the blueprint. In the case of building consents, those portions of the consent not yet activated, are potentially refundable upon application i.e. inspections or code compliance pre-paid fees. This will not impact budgets as the fees are not transferred into operational accounts until the work has been completed.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

11. Yes.

LEGAL CONSIDERATIONS

12. The Council has the right to require a fee for any building or resource consent service it provides under the Local Government Act 2002, Resource Management Act 1991 and Building Act 2004. In all cases the service of processing these consents has been undertaken and a fee is payable.

Have you considered the legal implications of the issue under consideration?

13. There are no financial or legal implications at this stage.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

14. Not applicable.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

15. The Building Operations and Resource Management and Building Policy Units will continue to process consents affected by the Central City Recovery Plan, within the timeframes agreed in the 2012/13 Annual Plan, subject to applicant approval to proceed.

ALIGNMENT WITH STRATEGIES

16. As above.

Do the recommendations align with the Council's strategies?

17. Yes.

CONSULTATION FULFILMENT

18. Not applicable.

8 Cont'd

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Receive the report.
- (b) Note that Council Officers are checking the Central City Recovery Plan and where relevant, contacting the applicants before proceeding with the processing of resource or building consents.
- (c) Note that Council Officers will continue to monitor the implementation of the Central City Recovery Plan and report further, should the situation change.

COMMITTEE RECOMMENDATION

That the staff recommendation be adopted.

PART B - REPORTS FOR INFORMATION

9. DEPUTATIONS BY APPOINTMENT

Rod Donald Banks Peninsula Trust

Suky Thompson presented to the Committee on behalf of the Rod Donald Banks Peninsula Trust. The purpose of the deputation was to clarify the Trust's investment policy and the limits the Trust has set for itself with respect to investment outside the Christchurch City Council investment policy, and in particular, with non-rated organisations, such as Prometheus Finance.

The relevant clause from the Trust's investment policy is set out below:

"To limit its risk, no more than 30% of its fixed income investments will be instruments or with counterparties meeting the local and ethical criteria but falling outside of the Christchurch City Council Investment Policy. Any such investments must be further restricted to a maximum of 7% of total fixed income funds being invested with each non rated Non Bank Deposit Takers (NBDT) and no more than 15% in total. Any such investments should be assessed by the Investment Sub-Committee for credit risk acceptability."

See Part A, Clause 9, Committee Recommendation (a) above, for the Committee's decision in relation to this deputation.

PART C – DELEGATED DECISIONS

10. RESOLUTION TO EXCLUDE THE PUBLIC

At 11.20 am on the motion of Councillor Chen, seconded by Councillor Carter, it was **resolved** that the public be excluded from the meeting.

Councillors Button and Carter left the meeting at this point.

The meeting closed at 12.05 pm.

CONSIDERED THIS 27TH DAY OF SEPTEMBER 2012

MAYOR