



CITYCARE GROUP
Statement of Intent
2017/18

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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 City Care Limited (Citycare) the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives.

The SOI is a public and legally required document, reviewed and agreed annually with the Shareholder, Christchurch City Holdings Ltd (CCHL) and covers a three year period. This SOI covers the period from 1 July 2017 to 30 June 2020.

Contact details for both the Chairman and Chief Executive Officer are Citycare's registered office:

Address: 226 Antigua Street, Christchurch
PO Box 7669, Christchurch
Telephone: 03 941 7200
Web: www.citycare.co.nz
Email: citycare@citycare.co.nz

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

2 OBJECTIVES

Citycare is a leading provider of construction, maintenance and management services for infrastructure and property assets.

2.1. Vision





Citycare's vision is:



**TO BUILD GREAT
COMMUNITIES**
Our people. Making it work.

On July 1st, Citycare launched a new Sector-led business transformation strategy (see Strategy section 8) which will see separate 'visions' and 'ambitions' for each Sector.

2.2. Objectives

Citycare's key objectives are to:

-  Structure our business to continuously enable us to demonstrate business intelligence, customer value and innovation through the products, processes and services we deliver for Water, Property and Civil clients
 -  Be a good employer in providing a safe work environment that recruits, fosters and retains motivated, committed and productive employees
 -  Deliver profitable and sustainable growth across all areas of the Citycare business, operating the business in a way that generates strong financial returns and dividend streams for the Shareholder
 -  Deliver operational excellence that meets clients' expectations and maintains contract longevity
- Drive and capture innovation and efficiencies throughout the business





-  Articulate and demonstrate our corporate social responsibility, sustainability agenda and direct involvement in the communities we operate in
-  Provide emergency support services for natural disaster events nationwide

3 CHRISTCHURCH CITY COUNCIL 'CAPITAL RELEASE'

Following the decision not to sell City Care Ltd., Christchurch City Council and Christchurch City Holdings Ltd have been working together to firm up options for the remainder of its capital release programme over the next three years (2017-2020). This places a greater reliance on the receipt of forecasted dividends, which will see Citycare review its dividend policies to ensure the sustained maximisation of dividend returns.

4 NATURE AND SCOPE OF ACTIVITIES

Citycare is in the business of constructing, maintaining and managing infrastructure and property assets. The company's main service offerings are:

-  Constructing and maintaining property, buildings and facilities for central and local government and for private asset owners and developers
-  Maintaining parks infrastructure, predominately for local authorities
-  Constructing and maintaining roading networks and associated civil assets for central and local authorities and for private asset owners and developers
-  Constructing and maintaining water and wastewater infrastructure predominately for local authorities

Citycare's current area of operations is New Zealand. The company is open to investigating opportunities in Australia and the Pacific where there are synergies with the existing business.

Citycare has Joint Venture operations and subsidiary companies.

5 GOVERNANCE

Citycare's Board of Directors is responsible for the corporate governance of the company. The Board and management are committed to ensuring the company operates to the recognised principles of best practice governance and adheres to high ethical standards.

This statement presents an overview of the main corporate governance policies of the company.

5.1. Board Role and Responsibility

Citycare's Board of Directors is appointed by the Shareholder, and is responsible for the direction and control of the company's activities. The primary objective of the Board is to build long-term Shareholder value with due regard to other stakeholder interests. The Board does this by setting strategic direction and context and focusing on issues critical for its successful execution.

The role and responsibilities of the Board are formalised in the Board Charter, which is reviewed periodically. The purpose of the Board Charter is to provide high standards of corporate governance and clarify the Board's role and responsibilities. Some of the Board's responsibilities are delegated to Board Committees. The roles of the committees are described below.

The Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the company. The Chief Executive Officer has formally delegated certain authorities to direct reports and has established a formal delegated authority framework for those direct reports to sub-delegate as appropriate.

All current members of the Board are independent non-executive Directors.

The Board endorses and adheres to the principles of the Institute of Directors of New Zealand and the Four Pillars of Governance Best Practice for New Zealand Directors.

5.2. Responsibility to Shareholder

In accordance with Section 64 of the Local Government Act 2002, the company will submit to the Shareholder a draft SOI by 1 March 2017, for the coming financial year. The SOI sets out the objectives, activities, intentions, financial and performance targets.

After due consideration and discussion with the Shareholder and completion of the annual business planning and budgeting, the final SOI is approved by the Board of Directors and delivered to the Shareholder in June 2017.

5.3. Board Composition

The company's Constitution provides that the Board will consist of a maximum of seven Directors. Currently the Board comprises six independent non-executive Directors, and the company fully supports the Shareholder's Internship Programme. With the prior approval of the Shareholder, the Board may appoint one full-time executive as a Director of the company.

Directors retire and are eligible for re-election by rotation in accordance with CCHL Policy on Appointment and Remuneration of Directors September 2007. Retiring Directors are eligible for re-election.

The Shareholder has the right to appoint a Chairman and if it considers appropriate, a Deputy Chairman for such periods as it sees fit. If the Shareholder does not exercise that right, then the Board may elect their own Chairman or Deputy Chairman. The Board currently does not have a Deputy Chairman.

The Board supports the separation of the role of Chairman and Chief Executive Officer. The Chairman's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer.

5.4. Conflicts of Interest

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

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

5.5. Nominations and Appointment of New Directors

The procedures for appointing and removing Directors are governed by the company's Constitution. When considering candidates to act as Director, the Shareholder considers such factors as it deems appropriate, including the experience, qualifications, availability and judgment of a candidate, and the candidate's ability to work alongside other Directors.

5.6. Board Meetings

Each year there are 12 scheduled meetings of the Board. The Board also meets as required between the scheduled meetings.

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

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

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

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

5.7. Director Induction and Education

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

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

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

5.8. Board Performance Review

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

5.9. Chief Executive Officer Performance Review

The Board reviews the performance of the Chief Executive Officer against key performance objectives at least once a year.

5.10. Director & Officer Insurance

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

The company indemnifies the Directors and holds them harmless, to the extent possible by law and as allowed under the company's Constitution, against any proceedings incurred, suffered or expended by or threatened against the Directors with respect to any act or omission in their capacity as a Director. The indemnity excludes: gross negligence or wilful default, deliberate action outside the scope of the delegated

authority, criminal liability, breaches of duty under section 131 of the Companies Act 1993 and any other liability for which giving an indemnity is prohibited by law.

5.11. Board Committees






The Board has three formally constituted committees, the Risk, Audit and Finance (RAF) Committee, the Health & Safety (HS) Committee, and the Remuneration Committee. The committees have Board-approved Charters outlining the committees' authority, duties, responsibilities and relationship with the Board. Other committees may be established as and when required.

Risk, Audit and Finance (RAF) Committee

The objective of the RAF Committee is to provide independent assurance and assistance to the Board on the company's risk, control and compliance framework, and its external accountability and reporting responsibilities.

The RAF Committee is chaired by a Director who is not the Board Chairman. It comprises non-executive members of the Board as appointed by the Board from time to time. The Chief Executive Officer and Chief Financial Officer also attend meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend meetings of the committee.

The RAF Committee shall assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

-  Risk management and systems of internal control;
-  Business policies and practices;
-  Compliance with applicable laws and regulations (health and safety matters specifically excluded);
-  Reporting of financial information and regulatory disclosure requirements (including all related audit matters); and
-  Financial management and protection of the company's assets.

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

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

The committee makes recommendations to the Board for its consideration.

Health and Safety (HS) Committee

The objective of the HS Committee is to provide independent assurance and assistance to the Board and Chief Executive Officer on the company's health and safety performance, systems and processes, compliance and reporting responsibilities.

The HS Committee comprises two non-executive Directors of the Board as appointed by the Board – currently the committee Chair is the Board Chairman – as well as the Citycare Chief Executive Officer and GM Safety. There is also representation from the operational EGMs as required and any non-executive Directors who are not committee members may also attend HS Committee meetings.

The HS Committee's main responsibilities are to ensure that the company has effective systems and processes to continue to provide the best practicable health and safety performance, and to assist the

Board in fulfilling its strategy, policy, systems oversight, monitoring and corporate governance responsibilities in relation to health and safety matters arising out of Citycare's activities as they affect employees, contractors, visitors, customers and the communities in which Citycare operates.

Meetings will be held on a two monthly basis to coincide with the timing of the various responsibilities of the committee.

In fulfilling its responsibilities the HS Committee receives regular reports from management through the Board reporting process. It also receives incident information whenever significant events occur. The need for access to auditors, legal or independent professional advice is to be determined by the committee as and when required to fulfil its obligations.







The committee makes recommendations to the Board for its consideration.

Remuneration Committee

The objective of the Remuneration Committee is to provide independent assurance and assistance to the Board on the company remuneration strategy and Chief Executive Officer's employment conditions. The Remuneration Committee comprises up to three non-executive members of the Board as appointed by the Board – currently the committee Chair is the Board Chairman.

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

The Remuneration Committee shall assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

-  The remuneration strategy;
-  The remuneration arrangements, including any incentive plans for the Chief Executive Officer, other senior executives and any executive Directors;
-  The remuneration, recruitment retention and termination policies and practices with regard to the Chief Executive Officer;
-  Reviewing succession plans for the senior executives;
-  Reviewing the training and development plans for the senior executives; and
-  The company's best practice disclosure obligations for executive remuneration reporting (on a six monthly basis) and other matters within the responsibilities of the committee.

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

The committee makes recommendations to the Board for its consideration.

5.12. Controlling and Managing Risk

Risk Management – The company has a formal risk management framework which identifies the key risks and outlines the appropriate risk management and mitigation plans. The risk management framework is reported to and reviewed by the Board and delegated to the RAF and HS Committees where appropriate. Mitigation plans are controlled and administered by Management.

Performance – The Board sets the strategic direction of the company and participates in developing strategic plans, approves budgets and monitors company performance monthly.

Insurance – The Board satisfies itself that adequate insurance is in place for the company’s size and risk profile. External advice is received by the Board as appropriate.

Health and Safety – The Board reviews health and safety performance at every Board meeting. This is further supported by the Board HS Committee which reviews company health and safety policies, hazard assessments, and regularly monitors the company’s health and safety performance.

6 FINANCIAL

The financial performance targets as detailed in Table 1 show the revenue, profit and financial ratio expectations for the next three years.

Table 1 – Medium-term Financial Targets

\$000’s	2017/18	2018/19	2019/20
Revenue	322,395	347,329	375,767
Net Profit After Tax	4,594	7,291	9,761
Return on Average Equity	7.7%	11.3%	14.0%
Equity/Total Assets	56.2%	56.7%	58.5%
Equity	60,049	64,369	69,867
Debt to Debt plus Equity	14.6%	11.7%	6.7%

Revenue

Revenue growth is forecasted to be 8% in each of the 2019 and 2020 years. The growth is driven by winning new long-term contracts and new construction opportunities as a result of the Sector-led business strategy. No acquisitions have been forecast during the period although any potential acquisitions would be considered on their own merits.

Net Profit after Tax

Net Profit after Tax (NPAT) is forecast to have steady growth, with margins remaining tight in competitive tender markets. While the business is transitioning to a Sector-led delivery model the company will continue to reinvest. EBIT margin is forecasted to increase to 2.5% in the 2019/20 year. The company will continue to focus on cost control and margin improvement while investing in people, systems and innovation.

Return on Average Equity

Return on Average Equity (RoE) is forecast to grow from the current level to 14.0% in the 2019/20 year.

7 DIVIDENDS

Citycare’s strategy outlined in section 8 is built to deliver sustainable value over the long-term whilst supporting the Shareholder with a strong dividend stream. The Directors have considered the current dividend policy, and having regard for the current strong financial position and the capital requirements of the business over the forecast period consider that a dividend policy of 50% of NPAT is sustainable.

The company is focused on revenue and profitable growth to create opportunities for dividend growth. Citycare also carefully manages its balance sheet to ensure that operating cash flow is maximised and sufficient cash and borrowing capability is retained to meet the company’s needs.

Ordinary dividends are forecast to be paid in two instalments in March and October of each financial year. Special dividends will be paid when appropriate.

Any dividends will be paid to the Shareholder after taking into account the company’s profitability and future investment requirements. The Board will determine the dividends payable after considering the company’s funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

To assist the Shareholder with budgeting, the forecast ordinary dividends payable to the Shareholder are detailed in Table 2.

Table 2 – Shareholder Dividend Distribution




	2017/18 \$M	2018/19 \$M	2019/20 \$M
Ordinary Dividend	1.4	3.0	4.3

8 STRATEGY

8.1. Strategic Direction

The competitive environment for both construction and maintenance contracts is increasingly challenging, with new entrants from overseas looking to garner market share, a growing trend for greater customer emphasis on cost over value and a landscape littered with project delays. In spite of this, demand for Citycare’s services in both the property and infrastructure sectors remains high and Citycare continues to enjoy scale, diversity and a solid customer base and pipeline.

A strategic overview of the business recently identified that Citycare’s key challenge is to be Sector experts. To address this, the business has been re-engineered to better enable it to showcase its operational capability in the primary Sectors it operates in:








-  WATER SECTOR (to include 3 Waters Construction and Maintenance)
-  PROPERTY SERVICES SECTOR (to include FM, OSM and Building Construction)
-  CIVIL SECTOR (to include Civil Construction, Subdivisions, Earthworks and Roding)

Under the Citycare Group umbrella, the Citycare Water, Citycare Property and Citycare Civil Sector-led businesses remain committed to ensuring they continue to play a key role in meeting customer needs, through a focus on industry best practice, innovation, passion for the communities in which they operate and the creation of sustainable value..

The intent is to continue to focus on winning long-term maintenance contracts nationally, whilst also looking to win and replace earthquake work with significant construction projects in the Greater Auckland, Waikato and Bay of Plenty region, as well as in Wellington and Canterbury.

To achieve this, Citycare needs to deliver against the objectives laid out in Section 2.2, in particular when it comes to better showcasing and demonstrating the business intelligence, customer value and innovation inherent in the products, processes and services we offer.

To meet changing customer expectations and drive greater contract longevity, Citycare intends to:

-  Build on our existing strengths in field service technology and the use of smart asset condition data to expand customer choices and improve asset management practices;
-  Continue our commitment to strong employee retention and attraction programmes to help the business attract and retain experienced, innovative and high quality employees;
-  Identify appropriate acquisitions, partnerships and/or alliances in key market sectors;
-  Focus on sustainable initiatives that improve productivity or reduce operating costs;
-  Establish a 'best practice and innovation hub' to realise and demonstrate our position as an industry-leader
-  Constantly reinforce and re-evaluate the robustness of our safety culture and the quality of our customer service
-  Drive a more connected relationship with the communities we serve

8.2. Emergency Response

Citycare continues to invest in processes, systems, people and plant to meet the company's contractual obligations to respond to emergency situations and call-outs. The company has some 1250 trained field staff, administrative support, project support and management staff, along with associated plant and equipment available nationwide to respond or work on emergency related tasks.

This is underpinned by a comprehensive Business Continuity Plan able to be activated in the event of any significant incident, which draws on first-hand experience of a number of challenging emergency incidents and disaster response situations.

8.3. Commercial Relationship with the Christchurch City Council Group

Citycare acknowledges that there may be commercial opportunities within, or in partnership with, other group companies that can be developed to benefit Citycare, CCHL and the Canterbury region. Citycare will work with other CCHL group companies to explore any opportunities that could be mutually beneficial.

Citycare, as a larger purchaser of materials and equipment around New Zealand, actively participates in the "All of Government" procurement initiative to maximise the value from this spend.

8.4. Environmental Leadership

Citycare's stated commitment to the protection of the environment, prevention of pollution and sustainability of natural resources is effected through its ISO14001 certified environmental management system.

The company works hard to identify opportunities to promote sustainable solutions through innovative methodology, thus realising positive environmental impacts throughout contract lifecycles. This includes a firm commitment to the intent of the 'Paris Agreement' related to mitigation and adaptation of greenhouse gas emissions.

To this end, Citycare is continuing its consolidated programme of changing out petrol-driven hand tools, in preference for electric hand tools and promoting the retrofit of inverters on work trucks/vans instead of petrol-charged generators. During the 2017/2018 financial year, to further reduce emissions, the company will be trialling and evaluating the use of electric mowers and work vehicles.

This activity translates into a continued commitment to drive a further 5% reduction in greenhouse gas emissions for the 2017/2018 financial year.

8.5. Community Outcomes

Citycare's sponsorship policy is strategically focused on supporting organisations and projects that deliver significant benefits to the communities we work in.

During 2017/2018, Citycare intends to take a fresh look at its sponsorship opportunities, maintaining a strong focus on its sense of community, whilst also exploring ways of bringing innovation and its commitment to climate change to the fore.

8.6. Health & Safety

Citycare continues to invest in its safety systems, processes and culture to remain an industry leader for Health and Safety across New Zealand. This includes the continued drive of a number of initiatives aimed at improving risk management and demonstrating visible health and safety leadership. To this end, all members of the Citycare senior management and executive teams undertake regular site safety walks and high risk checks to confirm that the highest level of health and safety practice is being applied.

Building on a framework that includes tertiary accreditation in the ACC Accredited Employer programme and ISO certification against NZS4801, Citycare intends to continue its progressive development of injury prevention health systems and adoption of lead indicators to develop and reinforce safe behaviours and attitudes.

One notable addition to Citycare's Health and Safety operations for 2017/2018 is the implementation of a Health and Safety 'prequalification requirement' for all our active contractors to provide additional assurance that Citycare will only engage contractors that have their own, similarly robust health and safety systems and culture in place.

8.7. Innovation

Citycare can already lay strong claims to leading the way in its use of advanced and innovative, 24/7 field service technologies. The development of a best practice and innovation hub for the business during 2017/2018 will enhance this position, as well as helping to create a central repository through which the company can better *mine* existing and future innovations and translate them into tangible customer benefits and efficiencies.

This focus on industry best practice and innovation will drive greater consistency in how technologies are used nationally and the hub will facilitate enhanced two-way customer communication to drive a more innovative and proactive asset management agenda.




Our capacity for real-time data collection, coupled with an industry-leading 'think-tank' to explore how that data can expand consumer choice and further improve asset management practices, will give Citycare a competitive edge and position us as Innovation and Thought Leaders nationwide.

This Innovation hub will better enable Citycare to capture – and appropriately re-purpose – industry best-practice, SMART contracting tools and opportunities, innovative field service technologies, etc., also providing a collaborative space through which the business can workshop industry trends and help tailor practical solutions to customer requirements.

This presents a virtuous circle opportunity that potentially weaves value into Citycare's service proposition, customer and industry perception of the company as innovators.

The focus of the Innovation hub will be to initially drive innovation through existing contracts.

There are multiple advantages to City Care through modest resource and financial investment in this arena:

-  strong perception shift related to our thought leadership with regards to innovations and forward-thinking;
-  opportunity to work more collaboratively with our customers on new and practical (and in many cases) exciting operational delivery innovations, that necessarily ensure we are not always talking about price and contract performance;
-  ownership (or co-ownership) of the IP that comes through this process that can be re-purposed or finessed for us in other similar contract environments

To activate the Innovation hub concept and ensure practical momentum and performance metrics beyond the initial roadshows and workshops, an Innovation hub group will be established, charged with responsibility for ensuring the innovation agenda for the business stays front of mind and the arbiters of practical measurements for innovation success, ROI and client interaction.

8.8. Investment





Citycare will continue to drive innovation, its safety culture and business growth through the appropriate investment in people, systems and acquisitions. This investment is well-managed at all levels, through a robust delegated authority matrix and a comprehensive due diligence process that includes advice and guidance from both the leadership team and the Board.

All new capital investment demands presentation of a sound business case, including the associated risk profile and projected ROI and NPV. This is further supported by a full investment review one year on for all investments, business acquisitions or new purchases that require Board approval.

8.9. Remuneration

As a CCTO owned by Christchurch City Council, the key principles related to Citycare employee remuneration are to ensure that the remuneration level continues to provide the ability to attract, retain and motivate suitably competent employees whilst also being fair and equitable, flexible and transparent.

The company is conscious of its public responsibilities in the setting of remuneration for senior executives, which is closely managed by the Board and made publicly available via the annual report. This position is further supported by putting in place:

-  delegated financial authorities for hiring of new employees and remuneration setting;
-  an annual staff appraisal and remuneration review process;
-  subscription to and participation in the Strategic Pay market remuneration surveys;
-  participation in an At Risk scheme for selected senior and middle management offering payment (subject to Board approval) of a portion of their total remuneration based on the achievement of financial and non-financial targets.

8.10. Performance Targets

The performance targets outlined in Table 3 reflect the key milestones the company must meet to be able to grow our business and reputation around New Zealand.




Table 3 – Performance Targets (excluding subsidiaries)

Target	Performance measure 2017/18
Client satisfaction	<ul style="list-style-type: none"> Net promotor score of > +5% rating
Environment Management	<ul style="list-style-type: none"> Trial 3 x electric mowers, 3 x electric van/trucks. Consolidate programme of changing out petrol-driven hand tools in preference for electric hand tools and promotion of the retrofit of inverters on work trucks/vans instead of petrol-charged generators. Measure greenhouse gas emissions to deliver a company-wide emission reduction of 5% of revenue.
Health and Safety	<ul style="list-style-type: none"> 5% reduction in TRIF (Total Recordable Incident Frequency) accident rates from prior year Maintain NZS4801 Health and Safety Management accreditation Develop company-wide Wellness program Ensure all (sub)contractors have a prequalified level of Health and Safety management systems in their own operations (PREQUAL)
Staff engagement	<ul style="list-style-type: none"> Increase level of staff satisfaction by 2.5% (as recorded through annual survey) Reduce voluntary staff turnover by 2.5%
System Management	<ul style="list-style-type: none"> Maintain ISO-accredited systems
Growth	<ul style="list-style-type: none"> Win one new 'significant' (>\$5m) contract or client for the company.
Innovation	<ul style="list-style-type: none"> Establishment of an innovation hub. Develop performance measurement for specific innovation being delivered through customer contracts.

9 INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

9.1. No surprises

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

-  have a material financial impact on Shareholders;
-  have adverse implications on the company or Shareholders' reputation;
-  give rise to unsolicited or adverse media enquiries/content.

9.2. Statement of Intent

The SOI will be submitted to the Shareholder annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate. Where appropriate revised forecasts and/or senior executive remuneration changes will be submitted to the Shareholder as required.

9.3. Annual Report

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

Annual reports will be produced consistent with 'triple bottom line' reporting philosophy. The reports will outline the company's objectives and performance in terms of financial, environmental and social inputs, outputs and outcomes, as well as performance against the stated SOI targets.

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

9.4. Quarterly Reporting

Quarterly reports will be provided to the Shareholder. These reports will include financial results for the year to date, performance compared to SOI and an operational overview. It will also report on health and safety practices and performance within the company.

10 ACQUISITION/DIVESTMENT PROCEDURES

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long-term commercial objectives of Citycare. When the subscription, acquisition or divestment is considered by the Board to be significant to the company's business operations, it will be subject to consultation with the Shareholder. Major transactions as defined by the Companies Act 1993, Section 129(2), will be subject to the Shareholder's 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. Board control of any subsidiary is exercised by Citycare's Directors and staff.

11 SPECIAL SHAREHOLDER REQUESTS

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 or contemplated.

12 ESTIMATE OF COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

Effective 24 Feb 2017, Citycare's value was assessed by the Board at \$83m.

13 ACCOUNTING POLICIES

Citycare has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent annual report as published on our company website.