



DCL

DEVELOPMENT CHRISTCHURCH LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDING 30 JUNE 2024

Directory

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DCL Board:	Paul Silk Paul.Silk@cchl.co.nz

Introduction

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

The Sol specifies for Development Christchurch Limited (DCL or Company), the purpose statement, strategic objectives, nature and scope of the activities to be undertaken and the measures by which the performance of DCL may be judged against its objectives and the achievement of Community Outcomes outlined by the Christchurch City Council's Long Term Plan (LTP).

The process of negotiation and determination of an acceptable Sol is a public and legally required expression of the accountability relationship between the Company and its shareholder, Christchurch City Holdings Ltd (CCHL).

The Sol is reviewed annually with Christchurch City Council (the Council) and covers the period through to 30 June 2024.

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

Nature and Scope of Activities

DCL was established by Council in 2015, with its purpose being to accelerate development activities in Christchurch's built environment to achieve positive social outcomes that lead to a prosperous local economy.

In 2020 the Council determined that the operations and functions of DCL were to be transitioned to ChristchurchNZ (CNZ), with DCL retaining ownership of its assets. In October 2020, CNZ was contracted to provide services in relation to the assets remaining in DCL ownership via a service level agreement. DCL currently holds the land assets, and the equity investment in Christchurch Adventure Park on behalf of the Council.

In late 2021, Council resolved to capitalise ChristchurchNZ (CNZ). CCHL is working with Council and CNZ to amalgamate DCL into CNZ, effective 1 July 2024.

When CNZ is capitalised on 1 July 2024, DCL's investment in CAP will be transferred to CCHL.

DCL Performance Targets and Measures

The DCL Board will use the following measures to assess its performance over the 2023/24 financial year:

	Objective	Performance Targets for 2023/24
1.	DCL will work closely with CNZ to continue to dispose of land held for resale on commercial terms.	Confirmed sale and purchase agreements on all property held for resale which achieve appropriate outcomes for the city.

DCL Financial Forecasts

The following projections are group financials for the 2023/24 financial year:

	2024	2025	2026
NPAT (\$000)	-97	18	83
Total Assets (\$000)	11,220	11,238	11,321
Equity (\$000)	6,982	7,000	7,083
Shareholders' funds/Total assets (%)	62.2%	62.3%	62.6%
Dividends (\$000)	-	-	-

Distributions

DCL consider the payment of dividends to the shareholder after taking into account the company's financial position, profitability, working capital requirements and future investment requirements. The dividends payable to the shareholder will be determined by the board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

DCL intends to return capital of \$4.4m to CCHL in FY24.

Accounting Policies

DCL will adopt accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practices and the policies adopted by the CCHL/the Council group.

Corporate Governance

DCL's constitution allows the DCL Board to make decisions that are in the best interests of the shareholder, notwithstanding that they may not necessarily be in the best interest of the company. Accordingly, the DCL Board has agreed with the CCHL Board that any significant decisions impacting on DCL will be referred to the CCHL Board for final approval. Accordingly, the DCL corporate governance practices and processes adopted or followed by the DCL Board will be aligned with those adopted by CCHL.

Board Composition

The directors of DCL are appointed by the shareholder (CCHL). The DCL Board currently consists of the CCHL CEO only.

Role of the Board of Directors

The Board is responsible for the proper direction and control of the Company's activities. The Board guides and monitors the business and affairs of DCL on behalf of the shareholder. All directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Principles of Best Practice.

The Board of DCL have been appointed by CCHL to undertake the management and monitoring of the service level agreement with CNZ. Any material decision making, including the disposal of land and assets, will be made by the CCHL Board following input by the DCL Director.

Responsibility to Shareholder

Information Flows:

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

Statutory Information Requirements

Statement of Intent:

Under the Local Government Act 2002, the Company submits a draft Statement of Intent (Sol) for the coming financial year for consideration by CCHL and the Council. This Sol sets out the Company's overall objectives, intentions and financial and performance targets. Having considered any comments on the Sol by CCHL and Council, the Company issues the Sol in final form.

Annual Report:

DCL will submit an annual report to its shareholder which will be available for Council and the public. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the Company's performance and financial position during the reporting period and to comply with the requirements of the Companies Act and Financial Reporting Act.

Health and Safety

DCL take a risk-based approach to health and safety. DCL maintains a fit-for-purpose health and safety management process encompassing the following:

- Board and management reporting;
- Incident investigation, applying any lessons learnt;
- Proactive identification and management of hazards and risks;
- A culture of continuous improvement; and
- Compliance with legislation.

Sustainability and Our Environment

DCL will operate in a way that is supportive of the Council's target to be net carbon neutral by 2030 for its activities.

Activities for which Compensation is sought from Any Local Authority

This Sol contains no specific requirements for compensation by CCHL or Council. It is noted that there may be a need to obtain funding from CCHL for the delivery of specific additional work or reinvestment that is identified. This will be formally agreed and contracted between CCHL and DCL.

Acquisition/Divestment Policy

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business (other than land held as inventory), will only be considered where it is requested by CCHL or Council.

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

Estimate of commercial value of shareholder's investment

The Board estimate that the commercial value of our shareholder's investment is at least that which is stated as shareholders' equity, in the audited financial statements.