

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Economic Development Committee will be held on:

Date: Wednesday 28 June 2023
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Economic Development Committee

Komiti Oohanga Whakatupu

OPEN AGENDA

Membership

Chairperson Cr Ewan Wilson
Heamana

Deputy Chairperson Cr Mark Donovan
Heamana Tuarua

Members
Mayor Paula Southgate
Deputy Mayor Angela O’Leary
Cr Ryan Hamilton
Cr Anna Casey-Cox
Cr Maxine van Oosten
Cr Moko Tauariki
Cr Melaina Huaki
Cr Louise Hutt
Cr Kesh Naidoo-Rauf
Cr Andrew Bydder
Cr Geoff Taylor
Cr Sarah Thomson
Cr Emma Pike

Quorum: A majority of members (including vacancies)

Meeting Frequency: As required – no less than four times a year.

Amy Viggers
Mana Whakahaere
Governance Lead

16 June 2023

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Purpose

The Economic Development Committee is responsible for:

1. Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.

In addition to the common delegations on page 10, the Economic Development Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

2. To drive and enhance Hamilton's economic position by actively promoting Hamilton.
3. To promote investment and business attraction opportunities for Hamilton and the greater Waikato region.
4. To provide advice on strategic initiatives, plans, projects and potential property developments that have a material impact upon the Hamilton economy.
5. To develop, review and monitor the implementation of the Economic Development Agenda.
6. To recommend funding levels for service contracts with Business Improvement District(s), Hamilton and Waikato Tourism and Te Waka, and any others subject to funding approval by Council through the Councils long-term plan process, and approve said contracts with relevant third parties.
7. To monitor the performance and provide guidance on Council's relationship with key stakeholders including, but not limited to Te Waka, Hamilton Waikato Tourism and the Hamilton Central Business Association.
8. To monitor the performance of Council's major event venues operation (H3).
9. To review and monitor the implementation of Council's Event Sponsorship Policy.
10. To approve annual Event Sponsorship funding applications and monitor any grants made to external organisations under the terms of the Event Sponsorship Policy.
11. To support and assist with efforts for external partnerships on Council projects that will provide economic development opportunities for Hamilton and the region.
12. To develop and monitor policy related to the appointment and remuneration of directors of CCOs, CCTOs, and COs.
13. To provide clear direction to Council's CCOs, CCTOs, and COs on Council's expectations, including feedback on draft statements of intent.
14. To receive six-monthly reports of Council's CCOs, CCTOs, and COs, including on board performance.
15. To undertake any reviews of CCOs and CCTOs and agree CCO/CCTO-proposed changes to their governance arrangements
16. To develop policy, approve and monitor implementation of plans and strategies in relation to the performance of Council's investments in the Municipal Endowment Fund and strategic property.

The Committee is delegated the following powers to act:

- Approval of event sponsorship applications annually in accordance with the Event Sponsorship Policy.
- Approval of letters of expectation for each CCO, CCTO, and CO.

- To provide feedback on draft statements of intent for each CCO, CCTO, and CO.
- Appointments to, and removals from, CCO, CCTO, and CO boards
- Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs, and COs.
- Approval of acquisition or sale or lease of properties owned by the Council or owned by the Municipal Endowment Fund consistent with the Municipal Endowment Fund Investment Policy, for any endowment properties. Note that if the Mayor and Chair consider that a final decision is more appropriately made by Council due to its significance, they may direct that and decision remains recommendatory, requiring ratification by Council.

The Committee is delegated the following recommendatory powers:

- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO, or CO.
- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

Recommendatory Oversight of Strategies:

- Economic Development Agenda
- Tourism, Events and Visitation Strategy

Recommendatory Oversight of Policies and Bylaws:

- *Appointment and Remuneration of Board Members of COs, CCOs, and CCTOs Policy*
- *Event Sponsorship Policy*
- *Freeholding of Council Endowment Land Policy*
- *Municipal Endowment Fund Policy*
- *Business Improvement District (BID) Policy*
- *International Relations Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipanga*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

Council Report

Committee: Economic Development Committee

Date: 28 June 2023

Author: Chantal Jansen

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Economic Development Committee Open Minutes of 11 May 2023

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Economic Development Committee confirm the Open Minutes of the Economic Development Meeting held on 11 May 2023 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Economic Development Committee Open Unconfirmed Minutes - 11 May 2023

Economic Development Committee

Komiti OOhanga Whakatupu

OPEN MINUTES

Minutes of a meeting of the Economic Development Committee held in the Council Chamber and via Audio Visual Link , Municipal Building, Garden Place, Hamilton on Thursday 11 May 2023 at 9.30am.

PRESENT

| | |
|------------------------------|---|
| Chairperson | Cr Ewan Wilson |
| <i>Heamana</i> | |
| Deputy Chairperson | Cr Mark Donovan |
| <i>Heamana Tuarua</i> | |
| Members | Mayor Paula Southgate Deputy Mayor Angela O’Leary (Audio-Visual Link) Cr Ryan Hamilton Cr Anna Casey-Cox Cr Maxine van Oosten Cr Moko Tauariki Cr Louise Hutt Cr Kesh Naidoo-Rauf Cr Andrew Bydder Cr Geoff Taylor (Audio-Visual Link) Cr Sarah Thomson (Audio-Visual Link) Cr Emma Pike |

| | |
|----------------------|--|
| In Attendance | Blair Bowcott – General Manager Growth Sean Murray – General Manager Venues, Tourism and Major Events Nicolas Wells – Strategic Property Manager Tracy Musty – Financial Director Mike Bennett – Economic Development Programme Manager Karen Saunders – Growth Programmes Manager Lehi Duncan – Programme Manager, Ruakura Arif Khan – Business Relationship Advisor Lucianna Nunes – Business Growth Advisor |
|----------------------|--|

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|-------------------------|--|
| Governance Staff | Amy Viggers – Governance Lead Arnold Andrews and Nicholas Hawkins – Governance Advisors |
|-------------------------|--|

- 1. Apologies – *Tono aroha***
Resolved: (Cr Wilson/Cr Donovan)
That the apologies for absence from Cr Huaki, and partial attendance from Deputy Mayor O’Leary, Cr Casey-Cox, Cr Hamilton, Cr Hutt, and Cr Taylor are accepted.

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Cr Wilson/Cr Donovan)

That the agenda is confirmed noting that

- a) a late attachment 4 HCC 2023 Post Event Summary and 2023 Marketing Publicity Report for Item 13 (Major Event Sponsorship Fund applications for approval 2023-2024) was circulated prior to the meeting as part of the open agenda; and
- b) that Item C4 (Strategic and General Update) will be taken at 1.00pm to accommodate presenters.

3. Declarations of Interest – *Tauaakii whaipanga*

Cr Pike declared an interest in Item 13 (Major Event Sponsorship Fund - recommendations for approval 2023/24). She noted she was not conflicted and would take part in the discussion and vote on the matter.

4. Public Forum – *Aatea korero*

Ian White and Charlotte Cheun (Hamilton Arts Trust) spoke to Item 13 (Major Event Sponsorship Fund - recommendations for approval 2023/24) and addressed the impact of inflation on the art sector and that the Street Arts Fund requires Council funding to proceed this year. They spoke to the criteria for major events funding and how Hamilton Arts Trust fit this criteria. Hamilton Arts Trust staff responded to questions from Members regarding changes to the criteria for funding and how this funding defers from another project previously approved.

Deputy Mayor O'Leary joined the meeting (9:35am) during the discussion of the above item.

4. Confirmation of the Economic Development Committee Open Minutes of 16 March 2023

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee confirm the Open Minutes of the Economic Development Committee Meeting held on 16 March 2023 as a true and correct record.

5. Chair's Report

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee receives the report.

6. General Manager's Report

The General Manager, Growth took the report as read. He responded to questions from Members concerning how the connection between economic development and growth for positive economic development and sustainability could be expressed more explicitly, if NZ food Innovation would be coming off Council's books, the Airport Monitoring and Performance Report Draft Statement Of Intent and dividend payments received, and potential considerations for Council's strategic interests in the Airport.

Staff Action: *GM Growth to report to the next meeting with a solution to effectively communicate to the public, the sustainable aspects of the economic development initiatives.*

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee receives the report.

7. External Agencies and CCO Reporting

Co-Lab - The Finance Director introduced the Co- Lab Annual Report. She noted that the report was delayed this year due to the lateness of the external audit. She responded to questions from Members regarding the Future Fit Programme and Council's intention to right size the organisation, and how Council can collaborate with Co-Lab on Council's commitment towards the Living Wage.

Civic Financial Services - The Finance Director spoke to the report, noting that this was a superannuation scheme and asked that the staff recommendations be accepted. She responded to questions from Members regarding administration and general fees for the superannuation scheme and the position of the scheme and staff investment in this service.

Hamilton Waikato Tourism - The General Manager Venues, Tourism and Major Events, spoke to the report about the 3 year contract that aligned with the Long Term Plan. He responded to questions from Members regarding tracking of economic benefit, return on investment measurements and prioritisation on exploring specific areas of tourism.

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee:

- a) receives the report; and
- b) endorses the draft Statement of Intent for Civic Financial Services for the year to 31 December 2023 (**Attachment 3** to the staff report).

8. Strategic and General Update

The Economic Development Programme Manager opened with a video regarding Hamilton City economic development highlights, and noted the excellent work staff have completed in shaping narratives and creating proactive employer engagement. He explained that 25 businesses have been engaged this year to learn about Council and how Council can be a partner to assist in growth. The Cultivate Trust Group has built networks in the Waikato region to shape narratives and work on some key collateral projects.

The Growth Programmes Manager introduced an update on the three key economic development growth programmes currently underway. The key highlights were the new ACC building which has brought 800 staff into the central city area; the Green Grower building in Ruakura which has started preliminary operations; and a media release which confirmed that the \$30M facility was being built in the Rotokauri North West area because of the existing logistics and transport connections.

The Economic & Policy Manager gave an update on data analytics noting that the industrial consenting increase in the last four months, has a value more than what would be usually received in an entire year. However, residential area consents have reduced by 18% since last year. Economic data showed high levels of inflation and it could take 12 to 18 months for the country to recover. Staff responded to questions from Members regarding feedback from developers concerning the financial delays due to the present economic situation, mortgage rate increases, Council rates affordability, deferred rates, suitability of Hamilton to attract migrants, current housing consent procedure and tracking compared to 2022, effect of the current emissions impact reporting procedure on affordable housing, building consents and the support Council could provide, ability for Council to track developers unable to complete building projects, reporting on

real estate agency market surveys and sales trend tracking, and how the ethics of investments were assessed.

Staff Action: *Financial Director and GM Growth to bring rates affordability data from recent years to a future Committee meeting.*

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee receives the report.

Cr Hutt left the meeting (10:42am) during the discussion of the above item. She was not present when the matter was voted on.

9. Strategic Property Update - May 2023

The Strategic Property Manager explained the two parts of the report, and took the report as read. Staff responded to questions from Members regarding why surplus revenue report figures are in brackets, quarterly update of how Council assess the ethics of investments, the principles of investment and Celebrating Age Centre and other projects, and the due diligence done to date to reduce risk of cost over runs due to delays that have impacted Council.

Resolved: (Cr Hamilton/Cr Donovan)

That the Economic Development Committee:

a) receives the report;

b) notes the Community and Natural Environment Committee resolution of 18 April 2023:

"b) requests the Municipal Endowment Fund (MEF) Advisory Group, with input from relevant Community Group staff investigates the development of commercial and community space at the Celebrating Age Centre (30 Victoria Street), noting that the development proposal must:

i. provide a minimum of 1,000m2 of community space in perpetuity;

ii. explore partnership opportunities;

iii. meet the Municipal Endowment Fund Criteria;

iv. provide the existing leaseholders and stakeholders the opportunity to provide input and regular progress updates;

v. provide a community space fit for a wide range of users to maximize its use;'

c) requests, if a solution does not fit with the Municipal Endowment Fund criteria (b iii. above), staff will report back to the Community and Natural Environment Committee; and

d) requests that the future development of buildings to meet community facility demand be considered as part of the 2024-34 Long Term Plan process."

c) approves the Celebrating Age Centre development project and requests staff to work with the Municipal Endowment Fund Advisory Group to develop a feasibility study to consider various mixed-use commercial and community options, including market demand, bulk and location, design, cost, funding, procurement, risk, construction, project plan and viability; and

d) notes that regular updates will be provided to the Municipal Endowment Fund Advisory Group and Economic Development Committee.

Cr Tauariki left from the meeting (10:59am) and rejoined the meeting (11:02am) during the discussion of the above item. He was not present when the matter was voted on.

The meeting was adjourned 11.05am to 11.20am.

10. Policy Review – Sale and Disposal of Council Land Policy 2023 *(Recommendation to the Council)*

The Strategic Property Manager explained that the report was a scheduled three yearly policy review . This review related to the sale and disposal of Council land and the policy remained fit for purpose, with minor wording changes suggested by Tompkins Wake as part of their standard review. An additional substantive proposed change to the valuation requirement in the policy was recommended. Staff responded to questions from Members regarding the timeframes required by legislation for policy reviews and the cost implications related to this, political risks and concerns from the public as to why a property did not receive a registered valuation, and the need for the word “appropriate” identification of cultural and heritage significance.

Staff Action: *Staff to bring back a purchasing policy for review in the near future.*

Amendment: (Cr Thomson/Cr Wilson)

That the Economic Development Committee:

- a) receives the report;
- b) recommends that the Council approves the Sale and Disposal of Council Land Policy (**Attachment 1**).

The Amendment was put.

Those for the Amendment:

Those against the Amendment:

Councillors Taylor and Thomson
Mayor Southgate, Deputy Mayor O’Leary,
Councillors Bydder, Hamilton, Hutt,
Wilson, Donovan, Casey-Cox, Naidoo-
Rauf, Pike, Tauariki, and van Oosten

The Amendment was declared lost.

Resolved: (Cr Hamilton/Mayor Southgate)

That the Economic Development Committee:

- a) receives the report;
- b) recommends that the Council approves the Sale and Disposal of Council Land Policy with the reinstatement of the requirement for the use of a registered valuer(Attachment 1).

Cr Taylor Dissenting.

Cr Hutt re-joined the meeting (11:20am) during the discussion of the above item. She was present when the matter was voted on.

Item 5

Attachment 1

11. Policy Review - Business Improvement District (BID) Policy (Recommendation to the Council)

Staff took the report as read, noting the amendment of voter requirement to 11 from 9 members.

Resolved: (Mayor Southgate/Cr Casey-Cox)

That the Economic Development Committee:

- a) receives the report;
- b) recommends that the Council approves the amended Business Improvement District Policy (Attachment 2 of this staff report) effective from 1 July 2023.

14. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

| General subject of each matter to be considered | Reasons for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|---|--|
| C1. Confirmation of the Economic Development Committee Public Excluded Minutes of 16 March 2023 |) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987) | Section 48(1)(a) |
| C2. Strategic Property Update | | |
| C3. 242-266 Victoria Street - VOTR Southern Edge Activation Project | | |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

| | | |
|----------|--|--|
| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) Section 7 (2) (i) |
| Item C3. | to enable Council to carry out negotiations | Section 7 (2) (h) Section 7 (2) (i) |
| | to enable Council to carry out commercial activities without disadvantage | |
| | to enable Council to carry out negotiations | |

The meeting moved into a public excluded session at 12:19pm.

The meeting moved back to the open session at 4.26pm.

Item 5

12. Major Event Sponsorship Fund - recommendations for approval 2023/24

In Item 3, Conflicts of Interests, Cr Pike declared an interest in item 13 (Major Event Sponsorship Fund - recommendations for approval 2023/24). She noted she was not conflicted and would take part in the discussion and vote on the matter.

General Manager Venues, Tourism and Major Events, spoke to the report and noted challenges faced by the sector, and that Hamilton City Council had a lower sponsorship budget compared to other councils. Staff responded to questions from Members concerning advice in handling repeat events like Boon and The Arts Festival, money allocation for multiple major events, funding allocation authority, other support provided to Ako Ararau Māori Expo if not funded, policy review due dates, and how this has been managed, Arts Trust meeting outcomes.

Resolved: (Cr Hutt/Cr Pike)

That the Economic Development Committee:

- a) receives the report;
- b) approves the following single year event sponsorship applications for financial sponsorship from Council's major event sponsorship fund in 2023-24 (one year):
 - i. Matariki ki Tainui 2023 by Tainui Teachers Association Society Incorporated for \$13,000;
 - ii. Ford NZ Hockey National Championships 2023 by Waikato Hockey Association for \$10,000;
 - iii. NZ Marching Championships 2024 by Marching Waikato Association Incorporated for \$13,000;
 - iv. Round The Bridges 2023 by Hamilton Harriers Club Inc & Classic Events Limited for \$17,000;
 - v. Hamilton Arts Festival Toi Ora ki Kirikiriroa 2024 by Hamilton Gardens Summer Festival Foundation for \$175,000;
 - iv. Balloons over Waikato 2024 by Balloons over Waikato Charitable Trust & Classic Events Limited for \$130,000;
- c) declines the following applications for financial sponsorship from Council's major event sponsorship fund:
 - i. Ako Ararau Māori Expo by TupuOra Education & Developments Limited (\$50,000);
 - ii. Whānau Mārama: NZ International Film Festival Trust by NZ Film Festival Trust (\$10,000);
 - iii. Orchids & More by Orchid Council of NZ (\$10,000);
 - v. World Manu Championships 2024, 2025 and 2026 by Quantum Events Limited (\$30,000);
 - vi. Waikato River Festival He Piko He Taniwha 2024 by Tainui Waka Tourism Inc (\$25,000).
- d) requests staff to bring a proposal for the 2023/24 Annual Plan at the 1 June 2023 Council Meeting to fund Boon up to \$50k with options for budget reprioritisation;
- e) notes that the He Pou Manawa Ora working group will provide recommendations for the

Attachment 1

Economic Development Committee 11 MAY 2023 - OPEN

Council to consider regarding options for funding large culturally significant events such as Matariki in the 2024/34 Long Term Plan; and

- f) requests staff investigate gaps in the current council event fund, potential improvements/ adjustments, and the review of the Community funding policy in time for consideration in the 2024/34 Long Term Plan process.

The meeting was declared closed at 5:21pm.

Council Report

Item 6

Committee: Economic Development Committee

Date: 28 June 2023

Author: Chantal Jansen

Authoriser: Amy Viggers

Position: Governance Advisor

Position: Governance Lead

Report Name: Chair's Report

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Recommendation - *Tuutohu*

That the Economic Development Committee receives the report.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Chairs Report Economic Development Committee - 28 June 2023



Chair's Report

28 June 2023

As part of my first Chair's Report in March, I spoke about the draft scope of work for the Committee and my goal of measuring and monitoring outcomes.

Through discussion and feedback from my Council colleagues, that scope was reviewed, refined, and approved at our 11 May meeting, providing staff with clear expectations for what we hope to achieve.

The General Manager's Report for this meeting includes a simple and clear one-page report, designed to provide a regular update on the progress toward completion of the tasks associated with each outcome.

At the mid-point of the calendar year, work programmes that report into this Committee are on their way to 75% progress toward completion for our Year 1 outcomes. For outcomes expected to be achieved in Years 2 or 3, related tasks are nearing 50% progress towards completion.

I look forward to this progress report becoming a regular part of Committee meetings and my work alongside Deputy Chair Mark and the General Manager, Growth Group.

Another point made in my March report was that economic development is a broad concept that can include many activities, work programmes, and Council services.

As diverse as the work of this Committee may be, I believe that direct engagement with the businesses and people of Hamilton is one of the key elements that will enable our success.

Two reports summarising insights from proactive, in-person employer engagement led by economic development programme staff are included as part of this meeting.

They focus on manufacturing sector employers as well as those in the technology, agritech, and innovation sector. Discussions with employers in the logistics sector are ongoing and will be shared in the coming weeks.

This targeted work is designed to identify ways Council can partner with employers and the wider sector to support business growth and new investment.

Employer engagement with my Council colleagues included a May visit to the Union Square project, where we met with existing and future office tenants to discuss our shared vision for employment growth in Hamilton's central city. Similarly, staff and Elected Members recently visited the Made of Hamilton East mixed-use development as it nears completion in the former Waikato Regional Council building.

These two projects are just a few examples of the exciting and truly transformational work that's happening in our city, and as Chair I will continue to support staff and my Council colleagues as we strengthen partnerships and engagement with the business community.

Regards,
Cr Ewan Wilson
Chair Economic Development Committee

Recommendation:

That the Economic Development Committee receives the report.

Council Report

Committee: Economic Development Committee
Date: 28 June 2023
Author: Blair Bowcott
Authoriser: Blair Bowcott
Position: General Manager Growth
Position: General Manager Growth
Report Name: General Manager's Report

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Economic Development Committee on progress on the targeted outcomes detailed in the economic development agenda for the new Triennium.
2. To inform the Committee of our response to the staff action noted at the 11 May 2023 meeting regarding effectively communicating the sustainable aspects of the economic development initiatives to the public.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

4. At the 16 March 2023 Economic Development Committee, I outlined the outcomes and plan for our economic agenda for this Triennium (see [here](#), Item 6). The document outlined that the purpose of the Committee is:

'Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians'.
5. The Committee provided very useful feedback and also requested that we include growing our hospitality sector into the targeted outcomes. That feedback was incorporated, and an update was presented at the 11 May 2023 Committee meeting (see [here](#), Item 7).
6. I now want to focus on how we are progressing with those targeted outcomes. **Attachment 1** provides an initial progress update for the tasks associated with each outcome.
7. This report also addresses the staff action noted in the minutes of the 11 May 2023 Committee meeting on effectively communicating the sustainable aspects of the economic development initiatives to the public.
8. Staff consider the decisions in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion – *Matapaki*

Progress on targeted outcomes

9. Based on the Committee's updated targeted outcomes document, staff have created a summarised visual representation of the progress toward completion of the tasks associated with each outcome. I am open to feedback on the presentation of this information.
10. Some tasks have been targeted for completion within the first year of this Triennium, while others are projected to be completed in the remaining two years. The document measures progress toward goals from both perspectives.
11. It will be updated and provided quarterly to the Committee, with the next update scheduled for the 14 September 2023 meeting.

Response to staff action (20 April 2023)

12. At the 20 April 2023 meeting of the Economic Development Committee, the following staff action was noted:

GM Growth to come back with a solution to effectively communicate the sustainable aspects of the economic development initiatives to the public by the next meeting.

13. Sustainability efforts have become an area of increased focus across Hamilton employers for a range of reasons, including:
 - i. their corporate environmental, social, and governance (ESG) strategies;
 - ii. attracting and retaining talent; and
 - iii. maintaining their overall social licence as a business.
14. As such, I note that sustainability has long been woven into our overall economic development programme.
15. To illustrate this, our economic development programme has recently communicated the following, which are covered in detail in the Strategic and General Update report in this agenda:
 - i. An August 2022 Economic Development Insight focused on the completion of the Waikato Expressway and shared how Council and its partner agencies continue to work hard to reduce pressure on our transport network by promoting walking and biking.
 - ii. A December 2022 Economic Development Insight focused on our agritech sector and celebrated Greengrower, a Controlled Environment Farming (CEF) operation located at Waikato Innovation Park, and the environmental benefits of CEF as compared to traditional farming.
 - iii. An Economic Development Insight released in June 2023 focused on the sustainability efforts of select Hamilton area employers, as well as a recent study comparing the city's EV charger infrastructure with cities across Oceania.
 - iv. An Economic Development Insight released in June 2023 focused on the central city office developments and communicated the ways that the Amohia Ake and Union Square office projects support active transport with end-of-trip facilities and bike-related amenities.
 - v. Council's Employer Insights Reports for both the manufacturing sector and the agritech, technology and innovation sector highlighted feedback we collected about employers' efforts towards increased sustainability:

- I. 50% of the manufacturing employers we met with have active and ongoing environmental sustainability measures in place. This includes direct efforts to increase the reuse of scrap material, tracking and reducing transport emissions through the consolidation of operations, and eliminating the use of diesel generators.
 - II. 100% of the agritech, technology and innovation sector employers we met with highlighted the importance of environmental sustainability efforts as part of their corporate goals as well as for talent attraction and retention. At the top of their list was encouraging and supporting multi-modal transportation options.
16. Council's work to grow and attract employers to our central city will support and give effect to key elements of the [Central City Transformation Plan](#) and Council's wider environment and sustainability goals.
 17. Staff continue to look for opportunities to promote sustainability, and how it relates to Council's economic development programme, as part of our communication activities.

Financial Considerations - *Whaiwhakaaro Puutea*

18. There are no financial implications in relation to the information provided in this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

19. Staff confirm that recommendation complies with the Council's legal and policy requirements.
20. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

21. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
23. The recommendations set out in this report are consistent with that purpose.
24. There are no specific social, environmental, or cultural wellbeings associated with this report.

Economic

25. The work of Council's Economic Development team directly supports the Economic Development Committee, which is responsible for Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.
26. Promoting Hamilton's value proposition forms the basis of efforts to promote new investment and job creation in the city.

Risks - *Tuuraru*

27. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*
Significance

28. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.

Engagement

29. Given the low level of significance no engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - 28 June 2023 Committee Outcome - Progress Snapshot

Economic Development Committee - Targeted Outcomes



Progress Toward Completion
As at 12 June 2023



| Programme | Outcomes | Tasks | Progress | Delivery Year | Comments |
|-----------------------------------|--------------------------------|--|----------|---------------|---|
| Strategic Property | Commercial Accommodation | Confirm development plans for a new 4+ star hotel in Year 1 | 50% | 1 | In negotiations |
| | | New hotel under construction in Year 3 | 30% | 2-3 | In negotiations |
| | Strategic Property | Implement a process for proactively assessing land development opportunities | 75% | 1 | |
| | | Identify and propose investment options for the Municipal Endowment Fund | 75% | 1 | |
| Venues, Tourism, and Major Events | Hamilton Airport | Monitor performance and strategic goals with local government shareholders | 75% | 1 | EM site tour planned for August 2023. Year end results to be presented in September 2023 |
| | Tourism, Events and Visitation | Focus on a long-term role as part of the aviation industry and regional economy | 50% | 2-3 | Refer to statement of intent |
| | | Generation of visitor nights in order to: strengthen the business case for commercial accommodation development | 25% | 2-3 | Multiple workstreams ongoing across a wide range of related outcomes and committees, including event content and visitor infrastructure |
| | | Generation of visitor nights in order to: capture new business opportunities | 25% | 2-3 | |
| | | Increase utilisation and commercial opportunities at H3 venues, visitor attractions | 25% | 2-3 | BusDev strategy in place for exhibition, impact, sports, business. Results reported quarterly |
| Growth Programmes | Success of Growth Centres | Central City: increases in residential, employment, hospitality, commercial activity | 50% | 1 | Housing agreements through IAF, Union Square/Waikato Regional Theatre alignment, TGH projects |
| | | Central City: partnerships to attract and promote events | 75% | 1 | Partnership with HCBA, central city activation fund, Community & Social Dev't Group events |
| | | Ruakura: enable Waikato-Tainui aspirations at Ruakura Superhub | 50% | 1 | Connecting in relevant HCC programmes (economic development, planning) to TGH staff |
| | | Ruakura: operational alignment with Tainui Group Holdings | 75% | 1 | Plan Change 15 RMA process |
| | | Rotokauri-Northwest: increased investment and employment from industrial users | 75% | 2-3 | Enabling industrial growth at Te Rapa Gateway, commercial activity at Te Awa Lakes |
| | | Rotokauri-Northwest: realisation of transit-orientated development opportunities | 50% | 2-3 | Investigation of Plan Change 10 and industrial land supply |
| Analytics | Data-driven Decisions | Use economic data to support additional industrial/business land designations | 75% | 1 | Commercial feasibility model for development due diligence, monitoring industrial land capacity |
| | | Generate reporting that captures the economic impact of key projects | 75% | 1 | Modelling the impact of Infrastructure Acceleration Fund and other infrastructure investments |
| Economic Development Programme | Proactive Engagement | Visit at least 25 businesses from each of three key sectors: manufacturing; agritech, technology and innovation; logistics | 45% | 1 | Visited 36 businesses from February thru early June, on-track to meet or exceed target |
| | | Quarterly meetings with leaders from the education and healthcare sectors | 50% | 1 | Education engagement ongoing, healthcare sector engagement scheduled for Q3 2023 |
| | | Partnerships with commercial developers to understand market activity | 75% | 1 | Fosters, TGH, Stark, etc. and active commercial real estate advisors |
| | Investment Promotion | Guide and manage successful retention or expansion projects in our key sectors | 75% | 1 | Direct support for multiple ongoing projects (agritech, logistics, and general office) |
| | | Continue to lead tech sector growth efforts alongside The Cultivate Trust | 75% | 1 | Leading revamp of Tech in the Tron platform, UX update |
| | | Participate in events that showcase Hamilton to business leaders and talent | 75% | 1 | Chiefs game, Union Square tour, planning stage for August science event |
| | Shaping Narratives | Increase an economic growth mindset across all Committee-related activities | 50% | 2-3 | Outlining desired outcomes for internal roadshow to share programme goals across HCC units |
| | | Publish key sector overviews and monthly economic development insights | 50% | 1 | Employer insight reports for two sectors, insights on sustainability and central city |
| | NZ Food | Upgrade digital content and increase public engagement with our website | 25% | 1 | Scoped digital content upgrade, commencing workplan and project kickoff in August 2023 |
| | | Shareholder review and plan underway in Year 1 | 75% | 1 | Review completed, executing recommended actions |
| | | Shareholder review and plan completed in Year 2 or 3 | 50% | 2-3 | Anticipating completed actions in 9-12 months (March 2024 - July 2024) |

Council Report

Item 8

Committee: Economic Development Committee

Date: 28 June 2023

Author: Blair Bowcott

Authoriser: Blair Bowcott

Position: General Manager Growth

Position: General Manager Growth

Report Name: External Agencies and CCO Reporting

Report Status

Open

Purpose - *Take*

1. To inform the Economic Development Committee on matters relating to external agencies and Council-controlled organisations (CCOs).
2. This report includes the Civic Financial Services Annual Report to 30 June 2022 and the annual Te Waka update.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

4. Under its terms of reference, the Economic Development Committee is responsible for receiving performance reports and providing clear direction to Council's CCOs, including providing feedback on draft statements of intent. It is also responsible for monitoring the performance and providing guidance on Council's relationship with external agencies.
5. This report provides the following information to the Committee:

| External Partner/CCO | Topic |
|--------------------------|-------------------------------|
| Civic Financial Services | Annual Report to 30 June 2022 |
| Te Waka | Annual update |

6. Civic Financial Services' Annual Report will be presented by Chief Executive, Charlie Howe, presenting to the Committee for the first time. Appointed in September 2021, Charlie brings to Civic a wealth of experience in leadership roles at the Ministry of Social Development following extensive business and retail banking experience with ANZ Bank.
7. Civic Financial Services' Annual Report is **Attachment 1** to this report, and their presentation is **Attachment 2**.
8. Te Waka's Chief Executive, Fiona Carrick, will also attend the meeting to present an annual update (See **Attachment 3**).

9. Te Waka's report notes that to sustain and enable regional growth, long-term investment is required, and challenges still exist.
10. The report identifies renewable energy generation as an area of potential national leadership for the Waikato.
11. Te Waka conducts a business sentiment survey across the region and will speak to the results and highlight key takeaways including priorities identified by the respondents.
12. Staff consider the decisions in the report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

CIVIC FINANCIAL SERVICES

Background

13. Civic Financial Services (Civic) has 73 shareholders, comprising 72 local authorities and TrustPower. It provides superannuation services for the local government sector through a SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
14. Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly-owned subsidiaries of the company.
15. At its 11 May 2023 meeting, the Economic Development Committee endorsed Civic's Statement of Intent (SOI).
16. Civic's corporate goals remain closely aligned to those of the prior year's SOI:
 - i. To operate as a sound and successful business.
 - ii. To provide superannuation and savings products and services to at least 90% of local authorities.
 - iii. To be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

Annual Report

17. Civic's Annual Report to 30 June 2022 is attached to this staff report (see **Attachment 1**).
18. Civic achieved a before-tax profit of \$142,232 in 2022. This compares unfavourably to the forecasted before-tax surplus of \$243,512 as set out in the 2022 Statement of Intent.
19. The decreased profit is primarily due to receiving lower than anticipated administration fees from the superannuation schemes as a result of investment market losses over the year.
20. There were no material events subsequent to 31 December 2022 that require adjustment to the financial statements.
21. Civic had no capital commitments at balance date (2021: \$nil).

TE WAKA

Background

22. Te Waka, which was established in July 2018, is the Economic Development Agency for the Waikato Region.
23. It was established to lift economic performance across the Waikato region in partnership with the region's territorial authorities, regional tourism organisations, businesses and business leadership groups, Maaori/Iwi, central Government, and relevant community funders.

24. At the 3 June 2021 Economic Development Committee meeting, it was resolved that the Committee:
 - a) *receives the report; and*
 - b) *recommends the Council delegates the Chair of Economic Development Committee, Deputy Chair of Economic Development Committee, and the CE to work with staff to finalise and sign the 2021-2024 Partnership Agreement and 2021-2022 Service Level Agreement with Te Waka.'*
25. This delegation was exercised on 7 July 2021 as it relates to the 2021-2024 Partnership Agreement. The use of a separate Service Level Agreement was phased out and incorporated into the Partnership Agreement as a commitment that Council would be informed on a regular basis as to Te Waka's work programme, progress, and successes at committee meetings and through the CE's and Mayoral Forums.
26. Te Waka's 2021-2024 Partnership Agreement identifies the following Strategic Focus Areas:
 - i. Sector development and priority business / project support
 - ii. Regional engagement
 - iii. Maaori (and Pacifica) economic development
 - iv. Business and investment attraction and deal connection
 - v. Intelligence and insights
 - vi. Champion the Waikato Story
 - vii. Advocate for and represent business
 - viii. Drive connections and collaboration
 - ix. Be well managed and financially sustainable.
27. Te Waka publishes Quarterly Stakeholder updates and distributes them directly to all councillors across the region. See the most recent update [here](#).
28. Fiona Carrick, Chief Executive, will attend the meeting to give a brief presentation (see **Attachment 3**) and provide an annual update including:
 - i. Brief Background to Te Waka – the journey and context of economic development in the Waikato
 - ii. Measuring Success – the delivery of ED value to the Waikato Region by Te Waka including reference to specific HCC activity
 - iii. Looking Forward – Regional Growth Opportunities.

Financial Considerations - *Whaiwhakaaro Puutea*

29. Civic is due to hold an Annual General Meeting in June 2023 where the Annual Report and Financial Statements for the year ending 31 December 2022 will be presented to the members.
30. The 2021-2031 Long Term Plan has budgeted funding of \$140,000 per annum for Te Waka to support Council's economic development efforts.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

31. Staff confirm that the matters covered in this report comply with the Council's legal and policy requirements.

Climate Change Impact Statement

32. There are no known climate risks or adaption opportunities associated with this option.
33. There is no change in greenhouse gas emissions associated with this option.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

34. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
35. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
36. The recommendations set out in this report are consistent with that purpose.

Social

37. Social wellbeing can be linked to economic wellbeing; Te Waka's work to lift economic performance across the Waikato will improve the social and cultural outcomes in Hamilton and our wider region.

Economic

38. Civic provides high-quality, low-cost administration services to Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
39. Te Waka was established to lift economic performance across the Waikato region.

Environmental

40. Te Waka has a partnership with BlueFloat Energy and Elemental Group Limited to support the development of the renewable energy sector.

Cultural

41. One of Te Waka's stated actions is to deliver a focused Maaori economic development strategy in partnership with Iwi/Maaori and broaden this scope to include Pacific economic development if funding is achievable.
42. Te Waka works to facilitate commercial growth in Hamilton, which can be a catalyst for the arts and events scene, protecting and celebrating our rich history and heritage.

Risks - *Tuuraru*

43. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*
Significance

44. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

45. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Civic Financial Services - Annual Report 2022

Attachment 2 - Civic Financial Services - Presentation

Attachment 3 - Te Waka Annual Update - Presentation



ANNUAL REPORT 2022

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DIRECTORS' REPORT**ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Your Directors have pleasure in submitting the 62nd Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2022, which is to be presented at the Annual General Meeting of Members in June 2023.

Directors operate under a Charter which outlines the specific role and responsibilities of the Board. Each Director must be assessed as being fit and proper in accordance with Civic's Fit and Proper Policy and at least two Directors must be independent, being neither a member or an employee of a local authority. The Directors are all subject to Civic's Code of Ethics. The Board has a Risk and Audit Committee which is governed by its own Charter and is responsible for maintaining the Board's risk management processes and policies, including ensuring compliance with regulatory and legal standards.

1. PERFORMANCE

Civic's before-tax profit in 2022 was \$142,232.

This compares unfavourably to the forecasted before-tax surplus of \$243,512 as set out in the 2022 Statement of Intent.

This decreased profit is primarily due to receiving lower than anticipated administration fees from the superannuation schemes as a result of investment market losses over the year.

2. OPERATIONS**Administration Services**

Fees in 2022 from providing services to LAPP, Riskpool, the SuperEasy Superannuation Scheme and the SuperEasy KiwiSaver Superannuation Scheme were \$2,904,682 (2021: \$3,100,598).

Investment Revenue

Income from investments was \$266,148 (2021: \$116,935).

Sponsorship and Support for the Sector

Civic continues as a sponsor of Taituarā – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at a regional and national level.

3. ASSOCIATED ENTITIES**Local Government Superannuation Trustee Limited**

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes.

Both Schemes are administered by Civic and are registered with the Financial Markets Authority. Director appointments to LGST are made by Local Government New Zealand (two), Civic (one), Council of Trade Unions (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The Schemes feature low member charges and simple administration for councils. The Schemes offer an 'Automatic Fund', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older. The SuperEasy website is www.supereasy.co.nz.

The Schemes have a combined membership of over 11,000, with funds under management as at December 2022 of \$496 million (December 2021 \$530 million). Of the councils that have a preferred provider for KiwiSaver, 69 out of 73 (94%) have appointed Civic. The investments of the funds are managed by Harbour Asset Management Limited and ANZ New Zealand Investments Limited.

LAPP Disaster Fund

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. LAPP's website is: www.lappfund.co.nz. Civic is the administration and fund manager for LAPP.

LAPP is currently managing Marlborough District Council's claim that resulted from the severe flood damage that hit the Marlborough region in July 2021. At the time of writing it is unknown how much this claim will be, but it will be well within LAPP's ability to pay, providing the benefit of full cover for all of the flood damaged assets registered with LAPP.

DIRECTORS' REPORT

Riskpool / Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. Riskpool is a mutual liability fund governed by a trust deed and can call on its member councils for financial support. CLP is similar to Riskpool but has no facility for calls. With reducing council support for Riskpool, it became increasingly difficult to offer competitively priced cover and risk management services. Consequently Riskpool/CLP decided to cease providing cover from 1 July 2017 and is now in run-off mode. Riskpool members have been advised that a final call will be made when Riskpool is wound up.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into arm's length, secured loan facility agreements on commercial terms with LGMFT to enable Riskpool to manage its cashflows.

4. DIRECTORS

As at 31 December 2022 there were five directors: John Melville, Jo Miller, Nicola Mills, Basil Morrison, and Craig Stevenson.

Director attendances at Board meetings held in 2022:

| | |
|-----------------|-------|
| John Melville | 6 / 6 |
| Jo Miller | 5 / 6 |
| Nicola Mills | 5 / 6 |
| Basil Morrison | 5 / 6 |
| Craig Stevenson | 6 / 6 |

Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Civic Board.

For the year ended 31 December 2022, Directors' remuneration was:

| | |
|-----------------|------------------|
| John Melville | \$32,319 |
| Jo Miller | \$16,159 |
| Nicola Mills | \$19,968 |
| Basil Morrison | \$16,159 |
| Craig Stevenson | \$16,159 |
| | \$100,764 |

In addition, the following Directors received fees in relation to their directorships of Riskpool or LGST:

| | | |
|-----------------|-------------------|-----------------|
| John Melville | (Riskpool) | \$16,620 |
| Jo Miller | (Riskpool & LGST) | \$11,260 |
| Nicola Mills | (Riskpool) | \$8,010 |
| Basil Morrison | (LGST) | \$13,713 |
| Craig Stevenson | (Riskpool) | \$8,310 |
| | | \$57,913 |

DIRECTORS' REPORT**Interests Register**

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2022 were:

| | |
|-----------------|---|
| John Melville | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT. |
| Jo Miller | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance the LGMFT; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Hutt City Council; Vice President of Taituarā Executive Council; Board Member Hutt Valley Chamber of Commerce. |
| Nicola Mills | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd, a party to agreement for finance with LGMFT, Board Member of Sport Waitakere; General Manager Financial & Business Performance at Auckland Council. |
| Basil Morrison | Chair of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Honorary Consul for Uganda; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA. |
| Craig Stevenson | Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT; Member of Local Government Superannuation Scheme and SuperEasy KiwiSaver Superannuation Scheme; Trustee of Ratanui Trust. |

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

Use of Information

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chair the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

Loans to Directors

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

5. EMPLOYEE REMUNERATION

Detailed below is the number of employees who received remuneration of \$100,000 or more in their capacity as employees during the year ended 31 December 2022.

| Remuneration | Number of Employees |
|-----------------------|---------------------|
| \$100,000 – \$110,000 | 1 |
| \$110,000 – \$120,000 | 1 |
| \$150,000 – \$160,000 | 1 |
| \$230,000 – \$240,000 | 1 |

The above remuneration includes Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

DIRECTORS' REPORT

6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Hamish Anton using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

The Risk and Audit Committee comprises the full Board. Nicola Mills was appointed Chair of this committee on 17 June 2022. The Committee met five times in 2022: the Auditor attended two of those meetings and at one of those meetings proceedings took place without management present.

7. DONATIONS

No donations have been made during the year by any Company in the Group (2021: \$0).

8. STAFF

The Directors sincerely thank the staff - Charlie Howe, Glenn Watkin, Ian Brown, Sylvia Jackson, Ivy Liang, Lisa Lummis, Jen McGahan, Chathuri Mendis, Tim Sole and Sue Tong - for their work and support during the year.



John Melville Chair
March 2023

DIRECTORY***DIRECTORS***

John Melville (Chair)
Johanna Miller
Nicola Mills
Basil Morrison CNZM JP
Craig Stevenson

EXECUTIVE OFFICERS

Chief Executive : Charlie Howe
Chief Financial Officer : Glenn Watkin

COMPANY REGISTRATION NO: 13271

AUDITORS

The Auditor General, who has appointed Hamish Anton, Deloitte Limited to carry out the audit on his behalf

BANKERS

ANZ Banking Group (New Zealand) Limited

LEGAL ADVISERS

Dentons Kensington Swan

REGISTERED OFFICE

Level 7, Civic Chambers, 116 Lambton Quay, Wellington 6011

POSTAL ADDRESS

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

OTHER CONTACT DETAILS

Telephone: (04) 978 1250
Email: admin@civicfs.co.nz
Website: www.civicfs.co.nz

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)
Participant Number 2000427

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

OPINION

We have audited the consolidated financial statements of the Group on pages 10 to 32, that comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 31 December 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Our audit was completed on 17 March 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements, we comment on other information and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITOR'S REPORT

In preparing the consolidated financial statements, the Board of Directors is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as the auditor, we have no relationship with, or interests in, the Group.



Hamish Anton
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--|------|--------------------|------------------|
| REVENUE | | | |
| Administration Fees | 17 | 2,904,682 | 3,100,598 |
| Interest Income | 4 | 266,148 | 116,935 |
| Other Income | | 487 | 775 |
| Total Revenue | | 3,171,317 | 3,218,308 |
| EXPENDITURE | | | |
| Audit Fee | 14 | | |
| Statutory Audit of the Financial Statements | | 52,367 | 41,580 |
| Other Fees Paid to Auditors for Assurance Services | | 28,750 | 30,368 |
| Other Fees Paid to Auditors for Entities Administered by Civic | | 72,049 | 62,116 |
| Depreciation | 7 | 20,101 | 18,169 |
| Amortisation | 7 | 68,859 | 12,047 |
| Directors' Remuneration | 3 | 100,764 | 100,901 |
| Interest Expense | | - | 12,264 |
| Other Expenses | 6 | 1,702,942 | 1,617,381 |
| Employee Remuneration | 3 | 954,251 | 797,637 |
| Superannuation Subsidies | | 29,001 | 23,677 |
| Total Expenditure | | 3,029,085 | 2,716,141 |
| Surplus Before Taxation | | 142,232 | 502,167 |
| Taxation Expense | 10 | 1,165,613 | 141,639 |
| TOTAL COMPREHENSIVE SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY | 15 | (1,023,381) | 360,528 |

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|---|------|-------------------|-------------------|
| SHAREHOLDERS' EQUITY | | | |
| Issued and Paid-Up Ordinary Shares | | | |
| Ordinary Shares fully paid up | 15 | 10,763,506 | 10,763,506 |
| Retained Earnings | 15 | (604,487) | 418,894 |
| TOTAL EQUITY | | 10,159,019 | 11,182,400 |
| Represented By: | | | |
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | | 522,056 | 335,363 |
| Term Deposits | | 4,556,993 | 5,914,564 |
| Accrued Interest Receivable | | 61,354 | 21,349 |
| Sundry Debtors and Prepayments | 12 | 494,001 | 649,448 |
| Loan Receivable | 13 | 3,799,963 | 2,408,002 |
| Total Current Assets | | 9,434,367 | 9,328,726 |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 7 | 42,730 | 46,297 |
| Intangible Assets (Software) | 7 | 91,826 | 158,838 |
| Deferred Tax Asset | 10 | 1,043,193 | 2,208,806 |
| Total Non Current Assets | | 1,177,749 | 2,413,941 |
| TOTAL ASSETS | | 10,612,116 | 11,742,667 |
| CURRENT LIABILITIES | | | |
| Sundry Creditors and Accrued Charges | 12 | 325,568 | 412,593 |
| Accrued Holiday Pay | | 87,863 | 88,752 |
| CLP / Riskpool Admin Fee Reserve | | 39,666 | 52,530 |
| Total Current Liabilities | | 453,097 | 553,875 |
| NON-CURRENT LIABILITIES | | | |
| CLP / Riskpool Admin Fee Reserve | | - | 6,392 |
| Total Non Current Liabilities | | - | 6,392 |
| TOTAL LIABILITIES | | 453,097 | 560,267 |
| EXCESS OF ASSETS OVER LIABILITIES | | 10,159,019 | 11,182,400 |

For and on behalf of the Directors



JOHN MELVILLE Chair 17 March 2023



BASIL MORRISON Director 17 March 2023

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--|------|-------------------|-------------------|
| OPENING EQUITY | | 11,182,400 | 10,821,872 |
| Total Comprehensive Surplus Net of Tax | | (1,023,381) | 360,528 |
| Dividend Payment | | - | - |
| Ordinary Shares issued during the year | 15 | - | - |
| CLOSING EQUITY | | 10,159,019 | 11,182,400 |

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--|-----------|----------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Administration Fees Received | | 3,006,916 | 3,028,083 |
| Other Income | | 487 | 775 |
| | | 3,007,403 | 3,028,858 |
| Cash was applied to: | | | |
| Payments to Suppliers and Employees | | 2,919,194 | 2,639,025 |
| | | 2,919,194 | 2,639,025 |
| Net Cash Flow from Operating Activities | 11 | 88,209 | 389,833 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Investment Income | | 74,063 | 45,648 |
| Term Deposits | | 1,864,564 | 85,000 |
| Loans Repaid from Related Parties | | 501,500 | 2,271,655 |
| | | 2,440,127 | 2,402,303 |
| Cash was applied to: | | | |
| Term Deposits | | 506,993 | 1,264,564 |
| Purchase of Property, Plant and Equipment | | 18,637 | 35,738 |
| Loans Issued to Related Parties | | 1,816,013 | 2,026,299 |
| | | 2,341,643 | 3,326,601 |
| Net Cash Flow from / (used in) Investing Activities | | 98,484 | (924, 298) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Loan Interest Received | | - | 330 |
| | | - | 330 |
| Cash was applied to: | | | |
| Interest Paid | | - | 12,264 |
| | | - | 12,264 |
| Net Cash Flow (used in) / from Financing Activities | | - | (11,934) |
| Net Increase / (Decrease) in Cash Held | | 186,693 | (546,398) |
| Opening Cash Balance as at 1 January | | 335,363 | 881,761 |
| Closing Cash Balance as at 31 December | | 522,056 | 335,363 |
| Being: | | | |
| Cash & Cash Equivalents | | 522,056 | 335,363 |

This statement is to be read in conjunction with the notes on pages 14 to 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 REPORTING ENTITY

The reporting entity is Civic Financial Services Ltd (the "Company"). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government.

Statement of Compliance

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

NOTE 2 STATEMENT OF ACCOUNTING POLICIES**General Accounting Policies**

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars.

Critical Judgements and Estimates in Applying the Accounting Policies

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10).

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

(a) Consolidation of Subsidiaries

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

(b) Investment in Subsidiaries

At 31 December 2022 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand.

Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2021 and 31 December 2022.

LGMFTL is the trustee of New Zealand Mutual Liability Riskpool ("Riskpool") and Civic Liability Pool ("CLP"). The Company provides administrative services to Riskpool and CLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 2 STATEMENT OF ACCOUNTING POLICIES CONTINUED**(c) Administration Fees**

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

(d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(e) Basis of Measuring Other Income and Expenses

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

(f) Changes in Accounting Policies

There have been no material changes in the accounting policies during the year. All policies have been applied on a basis consistent with those used in the prior year.

NOTE 3 KEY MANAGEMENT PERSONNEL

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

| | 2022 | 2021 | 2022 | 2021 |
|-------------------------------------|--------|------|----------------|----------------|
| | Number | | \$ | \$ |
| Short term employee benefits | | | | |
| Executive Management Personnel | 4 | 4 | 569,107 | 506,726 |
| Directors | 5 | 5 | 100,764 | 100,901 |
| | | | 669,871 | 607,627 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS*Accounting Policies:***i) Classification and Measurement**

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

Loans and Receivables

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

Bank and Cash Equivalents

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

Financial Liabilities

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

ii) Offsetting Financial Instruments

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

iii) Asset Quality**Impairment of Financial Assets**

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

iv) Fair Value of Financial Instruments

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- *Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;*
- *Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and*
- *Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

v) Derivatives

The Group do not use any derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(1) Income Relating to Financial Assets**

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Loans | | |
| Interest Received – Loans | 152,081 | 65,334 |
| Cash & Cash Equivalents | | |
| Interest Received – Short Term Deposits | 114,067 | 51,601 |
| Total Interest Income | 266,148 | 116,935 |

(2) Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(2) Financial Assets and Liabilities continued***Carrying value of Financial Assets and Financial Liabilities*

| | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| Financial Asset: Loans and Receivables | | |
| Sundry Debtors | 416,660 | 537,894 |
| Loans | 3,799,963 | 2,408,002 |
| Total Loans and Receivables | 4,216,623 | 2,945,896 |
| Financial Asset: Amortised Cost | | |
| Cash & Cash Equivalents | 522,056 | 335,363 |
| Term Deposits | 4,556,993 | 5,914,564 |
| Total Financial Assets: Amortised Cost | 5,079,049 | 6,249,927 |
| Financial Liability: Amortised Cost | | |
| Sundry Creditors & Accrued Charges | 325,568 | 412,593 |
| Total Financial Liabilities: Amortised Cost | 325,568 | 412,593 |

(3) Financial Risk – Structure and Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash, debtors and interest bearing deposits. The Group has no debt liability instruments.

Apart from security against Riskpool's future contributions, the Group does not require collateral or other security to support financial instruments with credit risk. As such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

(a) Market Risk

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

(b) Carrying Amount and Fair Value

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

(3) Financial Risk – Structure and Management continued

(c) Liquidity Risk

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

| Maturity Analysis as at 31 December 2022 | | | | | | |
|--|---------------------------|-----------------------|----------------------|--------------------|--------------------|------------------|
| | Interest Rate Spread % | Within 6 months \$ | 6 to 12 months \$ | 1 to 2 years \$ | 2 to 5 years \$ | Total \$ |
| Assets | | | | | | |
| Cash & Cash Equivalents | 0% to 2.85% | 522,056 | - | - | - | 522,056 |
| Term Deposits & Accrued Interest | 2.5% to 5.05% | 4,618,347 | - | - | - | 4,618,347 |
| Other Receivables | n/a | 416,660 | - | - | - | 416,660 |
| Loans | 3.47% to 6.53% | 3,799,963 | - | - | - | 3,799,963 |
| Total Financial Assets | | 9,357,026 | - | - | - | 9,357,026 |
| Liabilities | | | | | | |
| Sundry Creditors & Accrued Expenses | n/a | 325,568 | - | - | - | 325,568 |
| Total Financial Liabilities | | 325,568 | - | - | - | 325,568 |
| Maturity Analysis as at 31 December 2021 | | | | | | |
| | Interest Rate Spread % | Within 6 months \$ | 6 to 12 months \$ | 1 to 2 years \$ | 2 to 5 years \$ | Total \$ |
| Assets | | | | | | |
| Cash & Cash Equivalents | 0% to 0.15% | 335,363 | - | - | - | 335,363 |
| Term Deposits & Accrued Interest | 0.8% to 1.7% | 3,732,341 | 2,203,572 | - | - | 5,935,913 |
| Other Receivables | n/a | 537,894 | - | - | - | 537,894 |
| Loans | 2.93% to 3.28% | 2,408,002 | - | - | - | 2,408,002 |
| Total Financial Assets | | 7,013,600 | 2,203,572 | - | - | 9,217,172 |
| Liabilities | | | | | | |
| Sundry Creditors & Accrued Expenses | n/a | 412,593 | - | - | - | 412,593 |
| Total Financial Liabilities | | 412,593 | - | - | - | 412,593 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(3) Financial Risk – Structure and Management** continued**(d) Credit Risk**

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

(i) Exposure to Credit Risk

| | 2022 \$ | 2021 \$ |
|----------------------------------|------------------|------------------|
| Cash & Cash Equivalents | 522,056 | 335,363 |
| Term Deposits & Accrued Interest | 4,618,347 | 5,935,913 |
| Other Receivables | 416,660 | 537,894 |
| Loans | 3,799,963 | 2,408,002 |
| Total | 9,357,026 | 9,217,172 |

(ii) Concentration of Credit Exposure

94% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool.

NOTE 5 OPERATING LEASE COMMITMENTS

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Operating Lease Expense Commitments: | | |
| not later than one year | 71,733 | 70,763 |
| later than one year but not later than five years | 115,482 | 184,629 |
| later than five years | - | - |
| | 187,215 | 255,392 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 6 OTHER EXPENSES

| | 2022 \$ | 2021 \$ |
|------------------|------------------|------------------|
| Compliance Costs | 176,876 | 77,324 |
| Consultants | 134,789 | 115,200 |
| Legal Fees | 58,142 | 109,289 |
| Other Expenses | 1,333,136 | 1,315,568 |
| Total | 1,702,942 | 1,617,381 |

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Accounting Policy:

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

| Depreciation Rates | |
|--------------------------------|----------------|
| Office Furniture and Equipment | up to 17 years |
| Intangibles – Software | 2.5 years |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| (a) Property, Plant and Equipment | | |
| Office Furniture and Equipment – cost | 175,510 | 139,772 |
| Plus Additions | 16,789 | 35,738 |
| Less Disposals | (7,779) | - |
| Closing Value – cost | 184,520 | 175,510 |
| Office Furniture and Equipment – Accumulated Depreciation | (129,213) | (111,044) |
| Less Depreciation Charge | (20,101) | (18,169) |
| Less Disposals | 7,524 | - |
| Closing Accumulated Depreciation | (141,790) | (129,213) |
| Net Book Value | 42,730 | 46,297 |

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes losses on disposal of fixed assets of \$255 (2021: \$nil).

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| (b) Intangible Assets | | |
| Software – cost | 435,064 | 601,403 |
| Plus Additions | 1,847 | - |
| Less Disposals | - | (166,339) |
| Closing Value – cost | 436,911 | 435,064 |
| Software – Accumulated Amortisation | (276,226) | (430,518) |
| Less Amortisation Charge | (68,859) | (12,047) |
| Less Disposals | - | 166,339 |
| Closing Accumulated Amortisation | (345,085) | (276,226) |
| Net Book Value | 91,826 | 158,838 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED

There are no financial assets that are impaired or past due at balance date (2021: \$nil).

NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities (2021: \$nil).

NOTE 10 TAXATION**Accounting Policies:****i) Current Tax**

The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

ii) Deferred Tax

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

Significant judgements, estimates and assumptions are made in respect of the recognition of the deferred tax asset. It is recognised that the deferred tax asset will be utilised over a relatively long time period. The Entity expects to remain profitable and have a steady income stream over the medium to long term, matching its low margin long dated products.

iii) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(a) Income tax recognised in the Statement of Comprehensive Income**

| | 2022 \$ | 2021 \$ |
|--|------------------|----------------|
| Tax expense comprises: | | |
| Current tax expense | 40,265 | - |
| Adjustments recognised in the current year in relation to the current tax of prior years | 86 | - |
| Deferred tax relating to temporary differences | 1,125,262 | 141,639 |
| Total tax expense | 1,165,613 | 141,639 |
| Attributable to: | | |
| Continuing operations | 1,165,613 | 141,639 |
| | 1,165,613 | 141,639 |

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

| | 2022 \$ | 2021 \$ |
|-------------------------------------|------------------|----------------|
| Surplus before tax | 142,232 | 502,167 |
| Income tax calculated at 28% | 39,825 | 140,607 |
| Tax effect of permanent differences | 440 | 1,032 |
| Derecognition of tax losses | 1,125,262 | - |
| Prior Period Adjustment | 86 | - |
| Income Tax Expense | 1,165,613 | 141,639 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED

(b) Current tax assets and liabilities

| | 2022 \$ | 2021 \$ |
|-----------------------|------------|------------|
| Tax refund receivable | - | - |
| | - | - |

(c) Deferred tax balances

| | 2022 \$ | 2021 \$ |
|--------------------------------------|------------|------------|
| Deferred tax assets comprise: | | |
| Temporary differences and tax losses | 1,042,939 | 2,208,172 |
| | 1,042,939 | 2,208,172 |
| Deferred tax liabilities comprise: | | |
| Temporary differences | 255 | 634 |
| | 255 | 634 |
| Net Deferred Tax balance | 1,043,193 | 2,208,806 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(c) Deferred tax balances continued**

Gross taxable and deductible temporary differences for the Group arise from the following:

| | Opening Balance \$ | Charged to Income \$ | Charged to Equity \$ | Prior Period Adjustment \$ | Closing Balance \$ |
|------------------------|--------------------------|----------------------------|----------------------------|----------------------------------|--------------------------|
| Property and equipment | 2,269 | (1,051) | - | (304) | 914 |
| | 2,269 | (1,051) | - | (304) | 914 |
| Employee entitlements | 84,452 | (4,216) | - | - | 80,236 |
| Losses carried forward | 7,801,875 | (4,157,331) | - | - | 3,644,544 |
| 2022 | 7,886,328 | (4,161,547) | - | - | 3,724,781 |
| Attributable to: | | | | | |
| Continuing operations | 7,888,597 | (4,162,598) | - | (304) | 3,725,695 |
| Total | 7,888,597 | (4,162,598) | - | (304) | 3,725,695 |
| Tax effect at 28% | 2,208,806 | (1,165,527) | - | (85) | 1,043,193 |
| Property and equipment | 2,987 | (718) | - | - | 2,269 |
| | 2,987 | (718) | - | - | 2,269 |
| Employee entitlements | 62,036 | 22,416 | - | - | 84,452 |
| Losses carried forward | 8,329,428 | (527,552) | - | - | 7,801,875 |
| 2021 | 8,391,464 | (505,136) | - | - | 7,886,328 |
| Attributable to: | | | | | |
| Continuing operations | 8,394,451 | (505,854) | - | - | 7,888,597 |
| Total | 8,394,451 | (505,854) | - | - | 7,888,597 |
| Tax effect at 28% | 2,350,445 | (141,639) | - | - | 2,208,806 |

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years to utilise these losses (refer Note 20). The deferred tax asset does not include unrecognised tax losses of \$4,091,540 (unrecognised deferred tax asset effect at 28% of \$1,145,631).

(d) Imputation Credit Account

| | 2022 \$ | 2021 \$ |
|-----------------|------------|------------|
| Closing Balance | 1,593,490 | 1,593,490 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES**Accounting Policy:**

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.

The following are definitions of the terms used in the Statement of Cash Flows:

- Bank comprises cash on hand and demand deposits.
- Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.
- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES CONTINUED

| | 2022 \$ | 2021 \$ |
|--|---------------|----------------|
| Total Comprehensive Surplus | (1,023,381) | 360,528 |
| Add/(less) non cash items | | |
| Loan Interest | (152,079) | (65,003) |
| Depreciation | 20,101 | 18,169 |
| Amortisation | 68,859 | 12,047 |
| Movement in CLP/ Riskpool Admin Fee Reserve | (19,256) | (19,257) |
| Movement in Deferred Tax Asset | 1,165,613 | 141,639 |
| Net change in fair value of investment property | - | - |
| | 1,083,238 | 87,596 |
| Add/(less) movements in other working capital items | | |
| Sundry Debtors, Prepayments and Accrued Interest | 115,442 | (129,232) |
| Sundry Creditors and Accrued Charges | (87,913) | 104,657 |
| Tax Refund Due | - | - |
| | 27,529 | (24,576) |
| Add/(Less) Items Classified as Investing Activity | (73,809) | (45,979) |
| Add/(Less) Items Classified as Financing Activity | 74,632 | 12,264 |
| Net Cash Flow from Operating Activities | 88,209 | 389,833 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12 SUNDRY DEBTORS AND CREDITORS

(a) Sundry Debtors and Prepayments

| | 2022 \$ | 2021 \$ |
|---------------------------------------|----------------|----------------|
| Sundry Debtors | 416,658 | 537,894 |
| Prepayments | 77,343 | 109,000 |
| GST Receivable | - | 2,554 |
| Sundry Debtors and Prepayments | 494,001 | 649,448 |

(b) Sundry Creditors and Accrued Charges

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Sundry Creditors and Accrued Charges | 322,630 | 337,961 |
| Related Party Loan Payable to CLP | - | 74,632 |
| GST Payable | 2,938 | - |
| Sundry Creditors and Accrued Charges | 325,568 | 412,593 |

NOTE 13 LOANS

Loan Receivable

Local Government Mutual Funds Trustee Limited is the trustee of Riskpool and Civic Liability Pool (CLP). The Company provides administrative services to Riskpool and CLP.

Related Party Loans Receivable

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Riskpool | 3,799,963 | 2,408,002 |
| Civic Liability Pool | - | - |
| Total Related Party Loans Receivable | 3,799,963 | 2,408,002 |

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of Riskpool were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in 2018 to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provided a loan facility of \$4,000,000, which was repaid in full in August 2019 (and is no longer available). Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The loan outstanding at 31 December 2022 is \$3,779,963 (2021: \$2,408,002). Interest received by the Company relating to the loans for the year to 31 December 2022 was \$152,081 (2021: \$65,334).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2022 is \$nil (2021: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14 AUDIT FEES

A breakdown of the fees paid to the auditors is below:

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Statutory Audit of the Financial Statements | | |
| Civic Financial Services | 52,367 | 41,580 |
| Civic Liability Pool | 18,085 | 17,640 |
| Local Government Superannuation Trustee | 53,964 | 44,476 |
| Total Statutory Audit of the Financial Statements | 124,416 | 103,697 |
| Other Fees Paid to Auditors for Assurance Services | 28,750 | 30,368 |
| Other Fees Paid to Auditors for Tax Compliance | - | - |
| Total Fees Paid to the Auditors | 153,166 | 134,065 |

NOTE 15 SHAREHOLDERS' EQUITY

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2021 there were no shares issued. There were no shares issued during 2022.

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Retained Earnings | | |
| Opening Balance | 418,894 | 58,366 |
| Net Surplus After Taxation | (1,023,381) | 360,528 |
| Dividend Payment | - | - |
| Closing balance | (604,487) | 418,894 |
| Shareholders Capital | | |
| Opening Balance | 10,763,506 | 10,763,506 |
| Ordinary Shares issued during the year | - | - |
| Closing balance | 10,763,506 | 10,763,506 |
| Number of Ordinary Shares Fully Paid | 11,249,364 | 11,249,364 |
| Par Value per Share | \$0.90 | \$0.99 |
| Dividend Payment per Share | \$0.00 | \$0.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS

All shareholder equity is retained to ensure the financial soundness of the Group with cash being retained for cash flow purposes.

NOTE 17 RELATED PARTIES

The Company provided administration services to related parties during the year to NZ Local Authority Protection Programme (LAPP), NZ Mutual Liability Riskpool (Riskpool), Local Government Superannuation Trustee (Trustee of the Local Government Superannuation Scheme (LGSS) and SuperEasy KiwiSaver Superannuation Scheme (SKSS) and Civic Property Pool (CPP). There were no related party transactions with CPP in either of the last two years.

The income derived from the administration services as well as year end accounts receivable are detailed in the table below. Refer to Note 12 and Note 13 for the terms and information relating to loans with related parties.

Administration Fees

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| LGSS & SKSS | 2,425,046 | 2,606,612 |
| LAPP | 305,000 | 304,000 |
| Riskpool | 155,380 | 170,730 |
| Civic Liability Pool | 19,256 | 19,256 |
| Administration Fees from Related Parties | 2,904,682 | 3,100,598 |

Accounts Receivable

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| LGSS & SKSS | 416,355 | 537,516 |
| LAPP | - | 378 |
| Accounts Receivable from Related Parties | 416,355 | 537,894 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 18 SUBSEQUENT EVENTS

On 17 March 2023 the Company entered into a further loan agreement to Riskpool, on the same terms as the previous agreements, providing a facility up to a maximum of \$2,500,000. This is considered a non-adjusting event.

There have been no other material events subsequent to 31 December 2022 that require adjustment to or disclosure in the financial statements.

NOTE 19 CAPITAL COMMITMENTS

The Company has no capital commitments at balance date (2021: \$nil).

NOTE 20 GOING CONCERN

The financial statements have been prepared on a going concern basis.

The profitability of financial services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.

Item 8

Attachment 1



Civic Financial Services Limited Group

Presentation by Charlie Howe CEO





CHARLIE HOWE

CEO CIVIC FINANCIAL LIMITED

Charlie grew up in Palmerston North and attended Palmerston North Boys' High School.

Charlie joined the National Bank in 1977 and spent 40 years with the company. He held senior executive roles which covered different communities in NZ. He was General Manager Business / Retail Banking and was part of the Executive Team responsible for the biggest bank merger in New Zealand history, combining the National Bank into ANZ.

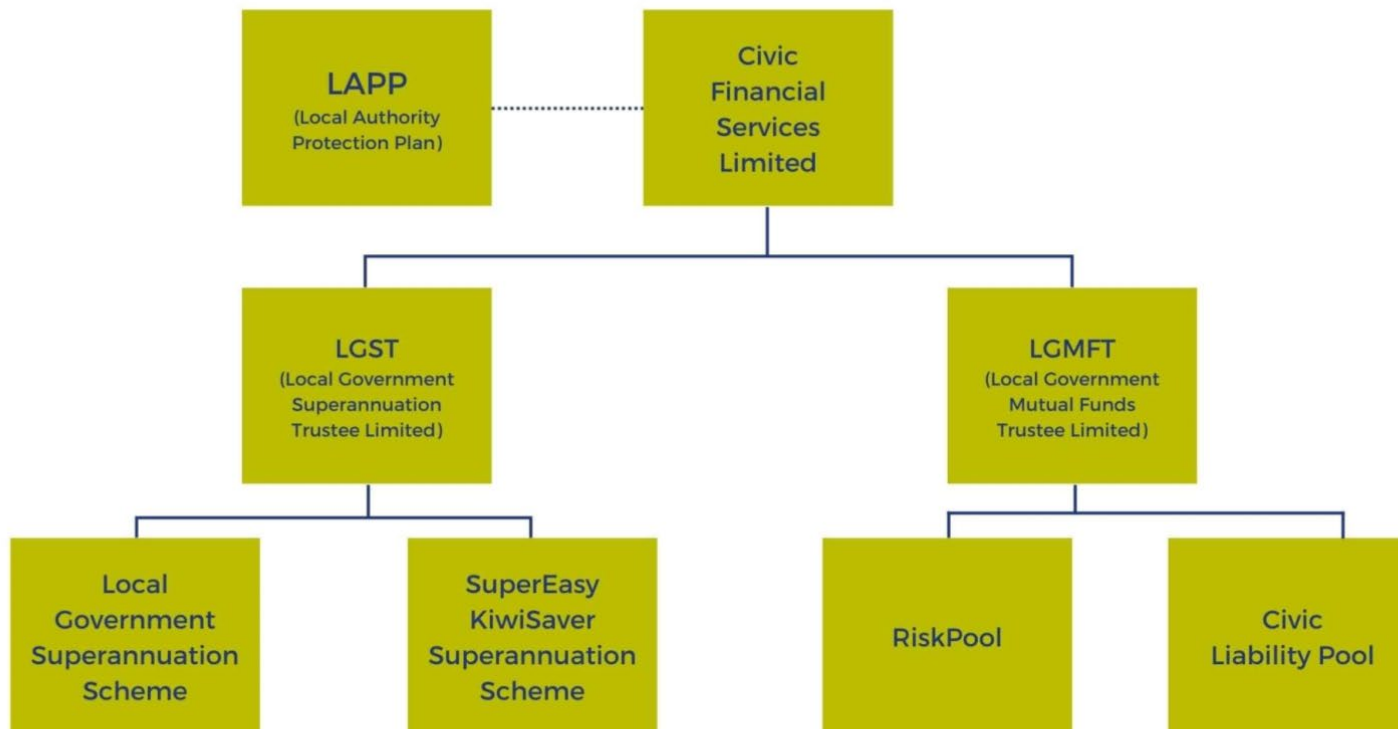
*"The bank was my second **whānau**, and I loved every day of my job," he said.*

Charlie then worked in central Government as Director for Māori and Pacific at MSD, supporting the development of Te Pae Tawhiti, the Māori strategy.

His role as CEO of Civic Financial Services Ltd feels like the next step in his journey of helping other people save for retirement.

Charlie has been married for 42 years, has raised four beautiful children and is now a doting grandfather to five grandkids. He is a sports fanatic (specifically a Liverpool supporter) and has represented New Zealand in both football and softball at age group level.

Civic's Organisational Chart



Mission statement

Civic will be a trusted and preferred financial services provider to the local government sector:

- 1) Dedicated to our shareholders
- 2) Committed to our members
- 3) A sound and successful business

What we do

- 1) We provide superannuation services for the local government sector through our SuperEasy Kiwisaver Superannuation Scheme and Local Government Superannuation Scheme.
- 2) We also provide high-quality, low –cost administration services to our client boards (Local Authority Protection Plan, RiskPool, Civic Liability Pool and Civic Property Pool).

Who is Civic Financial Services Ltd?



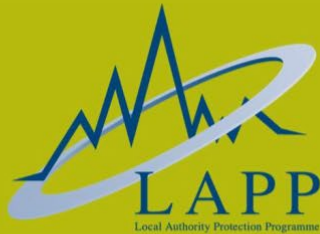
- NZ Owned Company over 50 years old
- Owned by 72 out of the 78 Local Authorities
- Moved from insurance provider to providing administration services
- Provides administration services to LAPP, RiskPool and Civic Liability Pool
- Administers superannuation services for local government staff and whānau via the SuperEasy KiwiSaver and Local Government Superannuation Schemes
- First restricted KiwiSaver scheme to register under FMCA on 1 April 2016
- SuperEasy KiwiSaver Scheme is a preferred provider for many councils
- In March 2023, over 11,000 members for both schemes
- In March 2023, over \$500 million in funds under management

RiskPool/ Civic Liability Pool



- Public liability insurance
- RiskPool/Civic Liability Pool has not been offered after 30 June 2017
- No longer feasible because of the lack of support as a collective, industry competition and pricing
- RiskPool expected to run off over the next three to five years
- No call is expected before 30 June 2023
- Final call on RiskPool members will be made prior to winding up
- Civic appointed Administration Managers

LAPP – Local Authority Protection Plan



- LAPP is a charitable trust that was set up by LGNZ and Civic Financial Services in 1993
- To assist with the reinstatement of lost or damaged local government underground infrastructure
- Provides cover for three major events of up to \$150 million, \$105 million and \$65 million (at 100%) that can happen in any order
- Currently, 22 local councils are members
- Civic is the Administration Manager for LAPP



1) SuperEasy KiwiSaver Superannuation Scheme

2) Local Government Superannuation Scheme (Employer Scheme)

Our Overarching Superannuation Goal

We're committed to putting people first and providing members with long-term financial wellbeing(putting more money in the pockets of our members).

- Low fees
- Good returns
- Automatic fund
- Personal Service

supereasy

Why SuperEasy KiwiSaver Superannuation Scheme



- Low fees and reducing
- Good returns
- Owned by councils – New Zealand owned
- Profits and dividends used to reduce members' fees
- Whānau can join
- Restricted scheme for local government staff and whānau
- Funds are managed by two very strong companies
- A Unique Automatic Fund takes all the stress away
- You don't have to take your money out when you turn 65
- Enjoy low fees and good returns in your retirement
- Personal touch with our service
- You can speak to the CEO directly
- We care about looking after you and your whānau
- Member for life
- We help members into their first home



What is the Local Government Superannuation Scheme? (Employer Scheme)



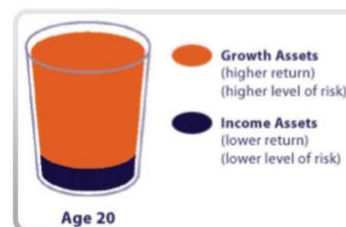
- Low Fees and Good returns
- Restricted scheme for Local Government staff
- Employer Scheme
- Some councils pay more than the 3% KiwiSaver contributions, e.g. they may add another 2% on top. This means you can also match the 2% through our Employer Scheme
- If you want to save more than 3% towards your retirement you can utilise this scheme and contribute whatever amount you wish. However, the council you work for must be SuperEasy participating employer
- Automatic Fund is an option
- If you leave the council, you can withdraw these funds
- If you transfer to another council, you can ringfence your funds and start a new employer's scheme at the new council
- You can withdraw your ringfenced funds at any time

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Our Automatic Fund

| Age | Growth Asset (Higher return) (Higher level of risk) | Income Asset (Lower return) (Lower level of risk) |
|-----|---|---|
| 20 | 95 | 5 |
| 30 | 85 | 15 |
| 40 | 75 | 25 |
| 50 | 65 | 35 |
| 60 | 55 | 45 |
| 70 | 40 | 60 |
| 80+ | 25 | 75 |

- Exclusive and unique for SuperEasy members
- Our default fund for KiwiSaver
- Automatically reduces investment risk each month as you get older (20 years to 80 years old plus)
- Removes the need to continually reassess your investment strategy
- Designed for saving for retirement
- Designed for managing savings in retirement
- Over 80% of our members have chosen the Automatic Fund
- Competitive returns





An exclusive retirement savings club

For our local government staff and families which they can belong to for the rest of their lives

**Super flexible, Super
beneficial and SuperEasy!**



116 Lambton Quay
Wellington

PO Box 5521
Wellington 6140

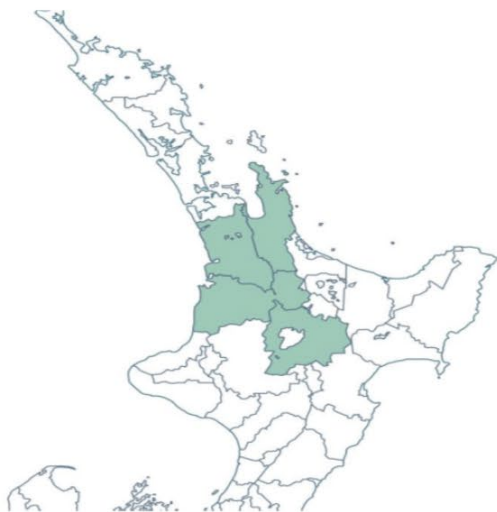


Te Waka Waikato Regional Economic Development Agency



Introduction and objectives

- Objectives for this session
 - Update and engage on the economic development journey and current context
 - Understand the measures of success and delivery of value to the region
 - Align expectations as we look forward to future opportunities



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Background- Regional Economic Development in the Waikato

- Background

- The Te Waka WDC economic development partnership was formalised in 2021
- 2021 saw Te Waka further strengthen foundation and direction with a focus on a co-ordinated regional approach to economic development which resulted in:
 - A refocused work programme, reframing of relationships with key partners and stakeholders to enable collaboration and support
- In 2022/23 as a result of the refined focus and concise work programme the following changes occurred
 - Transition of the Regional Business Partnership Programme funded by Kānoa to SODA
 - The establishment of Waikato Regional Economic Priorities alongside WRC and Kānoa (See slide 7)

Current Context- Regional Economic Development

- To sustain and enable regional growth long term investment is required and challenges still exist
 - The Waikato region has a diverse economy, geographical competitive advantage and the potential to lead the recovery nationally in partnership with iwi, business, local government and the community.
 - As at March 2022 Waikato had a 9% share of the national economy with GDP of \$32.4bil, which is GDP of \$63k per capita*
 - The region has been impacted by recent weather events, specifically the Coromandel.
 - As the North Islands third food basket our established primary sector, growing logistics and distribution industry; in combination with the regions forecast population growth, provides some confidence in our ability to weather the economic headwinds
 - Investment secured for regional economic development in the Waikato for FY22-24 is \$1.1m
 - This equates to ~\$2 per capita vs \$19 per capita national average
 - In comparison the Bay of Plenty Region invests, \$4 per capita with the region generating GDP of \$62k per capita*

* ASB Regional Economic Scoreboard released March 2023

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Current Context- Te Waka Activity to strengthen the regional economy

- Some examples of Te Waka's Intelligence, Insights, Advocacy and Collaboration Activity
 - Bi-annual Business Sentiment Survey
 - Quarterly Stakeholder Update on Regional and Sub Regional Activity
 - Leading Techweek for the region
 - Promoting Regional businesses, opportunity and investment on Waikato.com, refreshed Waikato Story Toolkit
 - Collaboration Activity with Hamilton City Council
 - Ongoing engagement in regional economic performance measures and analysis
 - Working in Partnership with HCC to host HOM's (June 2022), and Growth Tour (March 2023)
 - Regional Economic Development Forum-exchange of information and identification of opportunity
 - Regional Strategic Partnership Fund- identifying growth opportunities
 - Continuing to facilitate ~\$100mil + in Renewable Energy feasibility investment from 2023-2028
 - Workforce Development –RSLG specifying individual community needs
 - Connecting and advocating for regional response and recovery activity for Cyclone Gabrielle

Current Context- Te Waka Activity to strengthen the regional economy

- We have worked to deliver value for the region throughout FY22/23
 - In partnership with Kānoa, Waikato Regional Council and other regional stakeholders developed the Waikato Regional Economic Priorities
 - Adopted an impact focused agenda including a concise work program
 - Supported \$11.5mil in FY22/23 from the Kānoa regional Strategic Partnership Fund
 - Strengthened engagement across sub regions to support for strategic priorities
 - Continuing to facilitate ~\$100mil in Renewable Energy feasibility investment from 2023-2028
 - Submissions in collaboration/consultation with partners and industry
 - Productivity Commission – Improving Economic Resilience
 - MBIE- Discussion Document for Enabling Investment in Offshore Renewable Energy
 - Ministry of Transport- Charging Our Future- a draft long term electric vehicle charging strategy for Aotearoa New Zealand

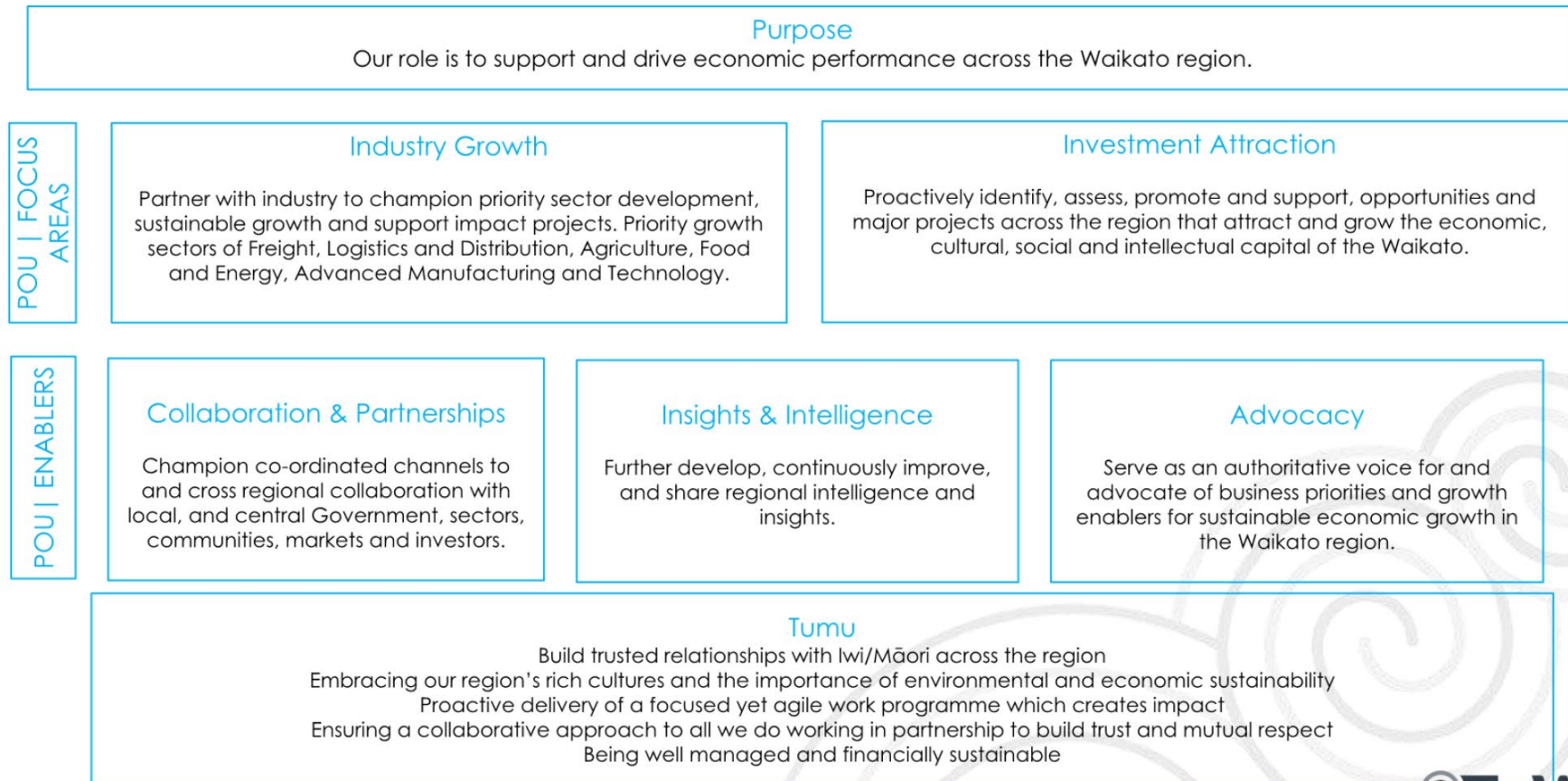
Measuring Success- Waikato Regional Economic Priorities



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Measuring Success-Te Waka Strategy 2023-2026



Measuring Success- Investment Attraction

- Investment in the Waikato Region

- Regional Strategic Partnership Fund (RSPF)
- \$11.5 mil approved across four priority sectors in FY22/23
- Pipeline of \$2.8m awaiting approval in Advanced Manufacturing sector
- As at March 2023 the Waikato has also received
- \$64.1mil of the \$84.6mil approved in the COVID-19 Infrastructure Investment Fund
- \$846,000 from the Strategic Tourism Assets Protection Fund
- Te Waka advocated and continues to advocate for targeted financial assistance to mitigate the impacts of Cyclone Gabrielle across the region
- ~\$8mil in Business Assistance Funding has been distributed to impacted businesses across the region by TCDC

Regional Strategic Partnership Approved Funding
2022/23



■ Aquaculture
■ Advanced Manufacturing
■ Energy
■ Logistics and Distribution

Measuring Success- Investment attraction and Industry growth

- Renewable Energy Investment in the Waikato Region
 - Waikato is uniquely placed to become a national leader in renewable energy generation
 - One example is Bluefloat Energy and Elemental Group who are focused on establishing pathways to social procurement outcomes that benefit local communities
 - Attracted and facilitating ~\$100mil in Renewable Energy feasibility investment for these types of projects from 2023-2028
 - Waikato Solar Farms-Tauhei, Rangiriri, Waeranga
 - Significant long term Industry growth opportunities for Operations and Maintenance of renewable energy sites
 - Renewable Energy Supply Chain Forum



Measuring Success – Investment Attraction #TechWeek23

- Tech Student Speed Networking
- Lego Serious Play – Engineering Collaboration
- Games to Trades



Item 8

Attachment 3

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Measuring Success– Industry Growth-Foodstuffs Emerging Suppliers Forum

- Collaboration with Foodstuffs North Island and the Food Innovation Network
- Pathways for local businesses to become a Foodstuffs Supplier Partner



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Measuring Success – Industry Growth-Workforce Development

Education

- Closing out Thailand project
- Leaders Forum
- Wintec workshop for tech event

Workforce development

- CRT focus group
- Skills highway
- Rural youth literacy and numeracy
- MSD work broker engagements

RSLG

- Regional Workforce Plan (RWP) refresh



Item 8

Attachment 3

Measuring Success – Investment Attraction

- Bo Studio
- EC8
- Ōtorohanga Transport
- Duck Island
- Rüdi's Bakery
- First Watch

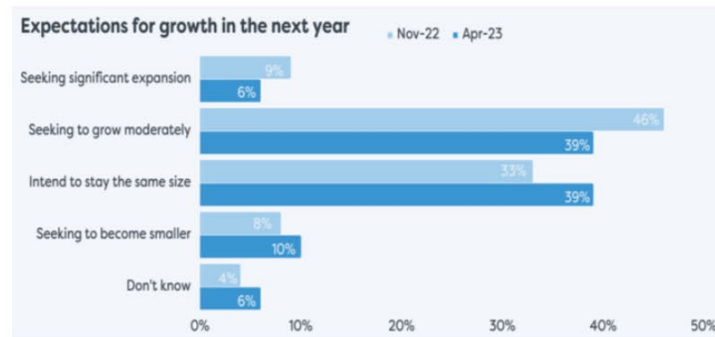


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Collaboration, Partnerships and Advocacy

- Growth Tour
- Waikato Business Sentiment Survey
- Data and analysis sharing
- HWT Event attraction
- Digital Technology and Innovation
- Futureproof



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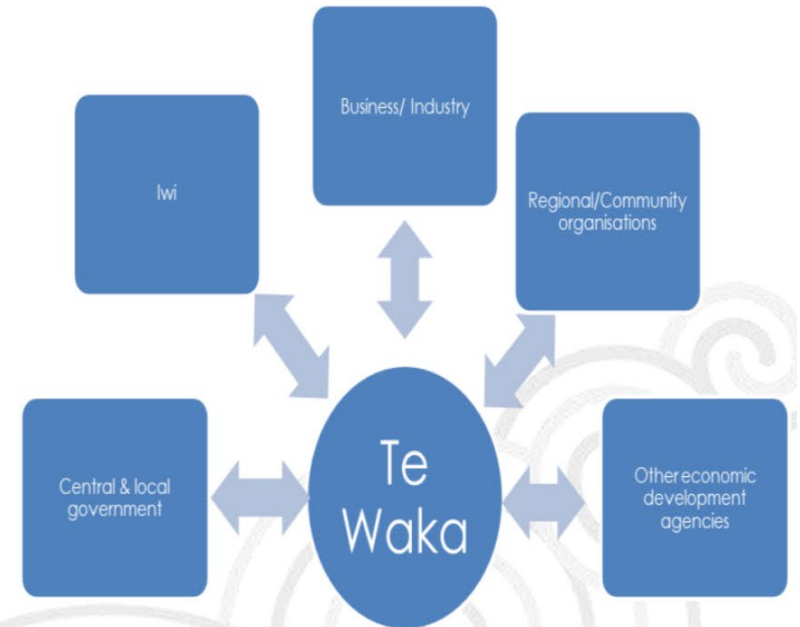


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Measuring Success – Collaboration and Partnerships

- Regional Collaboration

- Te Waka has taken the initiative to establish and lead the Waikato Regional Economic Development Forum. This forum connects local government ED stakeholders across TLA's, RTO's, Iwi and Kānoa to actively share activity, insights and identify opportunity for activity-based collaboration.
- This collaborative approach resulted in the Waikato securing the EDNZ conference in October 2023. Hamilton Waikato Tourism and Te Waka submitted a joint bid and we will see ~200 economic development stakeholders from across NZ attend.



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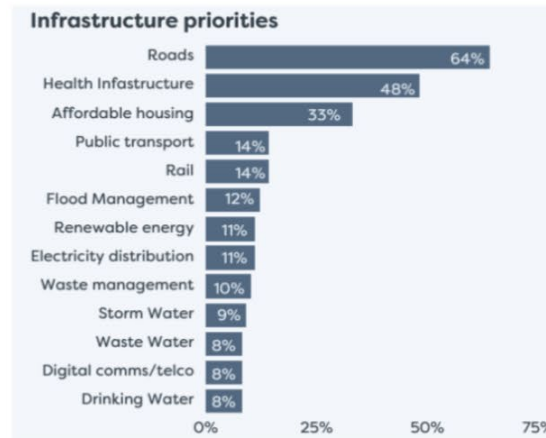
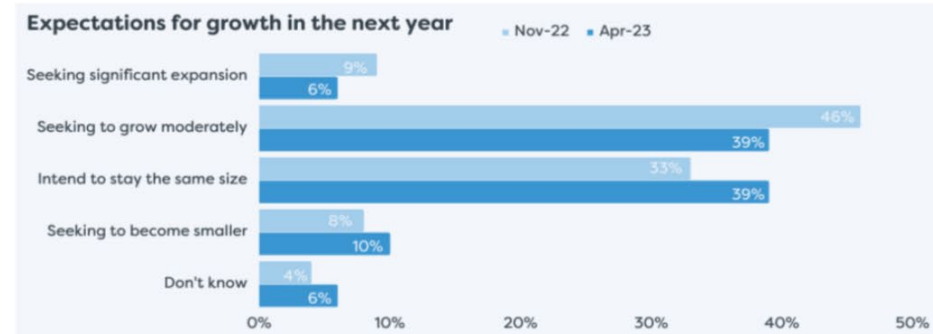
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Intelligence and Insights – Waikato Business Sentiment Survey

- 360 respondents
- Material drop in confidence
- Thames-Coromandel particularly challenged
- Clear priorities for Govt – core + inflation
- Infrastructure: roads, health, housing



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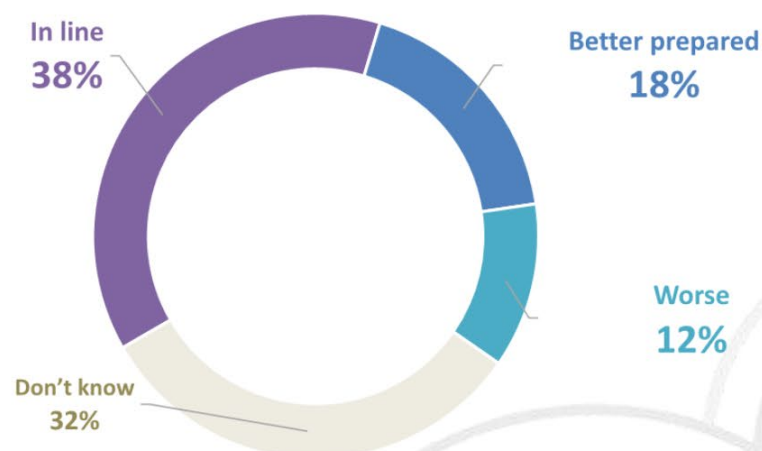


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Intelligence and Insights-Preparation for flood risks

Q43. Do you believe the Waikato is better, in line with, or not as well prepared as other regions throughout New Zealand in regards to being prepared for flood risks?

How well Waikato is prepared for flood risk?



Almost one in three could not answer this question. Just over one in ten (12%) believe the Waikato region is less well prepared for flood risk than other NZ regions but they are outnumbered by 18% who feel it is "better prepared" (deriving a net balance of +6). More than a third said it is as well prepared. Reasons given by those who believe Waikato is not well prepared for flood risk are presented in the next slide with infrastructure-related responses especially pertaining to roads being prominent.

Note: New question asked in April 2023 survey so no comparison available.

Waikato

Looking Forward-Key Indicators



The Waikato is expected to have the largest population growth of all NZ regions between 2018-2030*



The Waikato saw the second-highest net internal migration in the year to June 2022*



Our region has supply chain resilience, ideally located to provide access to big cities and ports



The Waikato economy grew by 5% in 2022 **

- *Stats NZ
- **Infometrics Regional Economic Profile March 2022

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Looking Forward-Sectors of Growth and Opportunity



Logistics and Distribution



Agriculture, Food and Energy



Advancing Manufacturing and Technology

Looking Forward – Upcoming Areas of Focus

Industry Growth

- Freight Action Plan: network capacity, resilience and safety
- International Education: potential ENZ funding opportunity
- Workforce Development: Commercial Road Transport, RSLG
- Waikato Agribusiness Seminar

Investment Attraction and Advocacy

- FIFA Women's World Cup 2023
- Offshore wind supplier's forum
- Kānoa regional partners forum
- Submissions – aligned to priorities (energy, transport, productivity)

Discussion



He Tangata, He Tangata, He Tangata



Our Governance Team

- **Les Roa | Independent Director**

- Les is a co-founder and director of Longveld, specialising in stainless steel fabrication for the F&B sector. Born and bred in the Waikato, Les is committed to using his experience in growing a successful business to help the Waikato region grow its already powerful engine. His passion is to help the Waikato community prosper financially as well as spiritually - and through this assist young people to succeed.



- **Craig Barrett | Independent Director**

- Craig is the Tainui Waka nominee to the Te Waka Board, and is a Partner at Bakertilly Staples Rodway Chartered Accountants in Hamilton. He works with commercial entities and Māori organisations and provides strategic and commercial advice on all aspects of their business. He is passionate about innovation and value add to improve economic performance.



- **Hamish Bell | Independent Chair**

- Hamish is an experienced independent director who, in his 30-year career as a venture capitalist, has advised both listed and private companies in New Zealand and Asia on growth, governance, and strategy issues. As well as acting as Chair of Te Waka, Hamish is an Independent Director of the Selwyn Foundation, Eastland Group Ltd, Livingstone Building Ltd, Boffa Miskell Ltd, and is an Advisory Board Member for Marsh NZ.



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 **Te Waka**
Anga Whakamua Waikato

Our Governance Team

- **Leesah Murray | Independent Director**

- Leesah is the Chief Executive of the Independent Māori Statutory Board in Auckland. She brings a wealth of knowledge and experience, having held various senior leadership and governance roles. Her comprehensive understanding of Te Ao Māori principles underpins her decision-making. She also spent many years working in the public tertiary sector and time at an iwi commercial entity.



- **Cameron Bagrie | Independent Director**

- Cam is the former Chief Economist of ANZ, and now runs his own boutique economic consultancy alongside other business activities. He wants to see all of New Zealand and his own children prosper both socially and economically. He sees the golden triangle and the Waikato as a critical part of New Zealand's future, and notes that well-being needs a strong economic base – the focus of Te Waka – and wishes to see awareness of this raised.



- **Dr Andrew West | Independent Director**

- Andrew lives in Cambridge and is a scientist specialised in the commercialisation of New Zealand technology. Previously CEO of both GNS Science and AgResearch, and Vice-Chancellor of Lincoln University, he co-founded high-tech venture capital fund Matū and is co-founder of Synthase Biotech as well as Chairman of Ligar. He is Chair of WINTEC's founder incubator, SODA, and was previously a director of Waikato Innovation Park. Andy is Chair of Māori high-tech investment fund, Te Whāi Ao Group Ltd and Chief Technology Officer of the largest Māori orcharding collective, Te Awanui Huka Pak.



Our Advisory Team

- **Tame Pokaia | Advisory Board Member**
 - Tame Pokaia offers his wisdom and advice to Te Waka and the Board as our Kaumatua. He is from Waikato's Ngati Mahuta and Ngati Hikairo hapu from Kawhia. He grew up on Turangawaewae marae. He credits the marae as one of his special places of learning and has developed a deep understanding of culture, te reo Māori, and King movement. The experiences and memories gained have been invaluable in his life.
- **Blair Bowcott | Local Government Advisor**
 - Blair is a senior executive with over 22 years' experience at Hamilton City Council, including the last 15 years in General Manager, Acting Chief Executive and Executive Director roles. He's been an advisor to the Te Waka Board on behalf of the Waikato Mayoral Forum since 2018. Accustomed to rapidly changing environments, the demands of a high-growth region and a Council focused on delivering tangible outcomes, Blair has experience across all parts of Council. He is a strong proponent of "boundaryless planning and thinking" and in influencing and delivering outcomes.



Our Leadership Team

- **Fiona Carrick | Chief Executive**

- A senior strategic leader, Fiona brings broad and deep commercial and governance skills and experience to her role at Te Waka. Fiona's broad commercial experience spans local and global businesses. Her emphasis on continual and genuine stakeholder engagement shapes the effective partnerships she forges and leads within organisations and across industry.
- Collaborative and energetic, Fiona, with her team, is focused on the transformation and growth that will advance economic development in the Waikato region. Based in Cambridge with her family, Fiona is connected with her community and well-placed to identify and take hold of the opportunities that will see the region thrive.
- Fiona holds a Master of Science (MSc) from the University of Otago and a Master of Business Administration (MBA) from Victoria University of Wellington. She is a Chartered Member of the Institute of Directors in New Zealand and a Member of Te Nehenehenui Trust Group Investment Committee. She also serves on the boards of Kiwifruit Vine Health Inc, Stihl Shop Advisory Board, the Waipā Community Facilities Trust and the Home of Cycling Charitable Trust (Grassroots Velodrome).



Our Leadership Team

- Rosie Spragg | General Manager Economic Development

Nō Hōrana, nō Ingarangi, nō Aotearoa hoki ahau

He uri nō Ngāpuhi, heoi anō ko Ngāruawāhia tōku papa kāinga

E mihi ana ki ngā tohu o nehe, o Waikato-Tainui e noho nei ahau

Ko Rosie Spragg tōku ingoa

Mauri ora

- In her role as General Manager Economic Development at Te Waka, Rosie is responsible for the strategy, planning and implementation of initiatives to develop the Waikato economy with a focus on the region's wealth and employment creating sectors.
- Rosie has diverse experience spanning the private and public sector, working in analytical, strategic, commercial and operational leadership roles. Having founded her career in the telecommunications industry, Rosie joined Te Waka from Callaghan Innovation where she was responsible for leading key strategic change initiatives.
- Rosie holds a Bachelor of Social Sciences with First Class Honours from the University of Waikato, majoring in Economics (Te Reo Māori supporting).



Waikato Regional Economic Development Agency | www.tewaka.nz

 **Te Waka**
Anga Whakamua Waikato

Thank you



Council Report

Committee: Economic Development Committee

Date: 28 June 2023

Author: Mike Bennett

Authoriser: Blair Bowcott

Position: Economic Development Programme Manager

Position: General Manager Growth

Report Name: Strategic and General Update

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Economic Development Committee of both strategic matters and general updates that staff want to bring to Members' attention, but that do not warrant a separate report or require decisions to be made.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report provides information to Economic Development Committee members on activities, actions, or projects for which the Committee and the relevant General Managers have responsibility.
4. Topics are grouped under the following themes:

| Theme | Topic |
|---|--|
| Economic Development Programme | i. Employer relationship update ii. Economic development insights iii. Hamilton Annual Economic Report iv. Central City Employer Discussion |
| Growth Programmes | i. Central City ii. Ruakura iii. Rotokauri-Northwest |
| Data Analytics, Economics and Policy | i. Industrial and residential consenting levels ii. Hamilton's economy – year to March 2023 iii. Inflation iv. Immigration |
| Tourism, Events and Visitation | No matters to report |

5. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Economic Development Programme

Employer relationship update

6. Economic development staff continue their proactive employer engagement and relationship work, meeting with 36 employers from a range of sectors since mid-February 2023.
7. These in-depth discussions position Council as a trusted partner, help economic development staff understand an employer's operations and identify action items where Council and employers can collaborate to enable growth and new investment.
8. Coordinating and executing these engagements as well as working to capture the feedback, insights and actions represent a significant effort on behalf of our economic development team.
9. Staff have developed a framework to summarise this engagement work. Employer Insight Reports will be produced for each of our three key growth sectors:
 - i. manufacturing;
 - ii. logistics;
 - iii. agritech, technology and innovation.
10. At the time of writing this report, sufficient insights have been gathered for both the manufacturing sector, and the agritech, technology and innovation sector. Staff will provide a verbal update regarding progress with logistics employer discussions.
11. The Employer Insight Reports are available for manufacturing (Attachment 1) and for agritech, technology, and innovation (Attachment 2).
12. Moving forward, the Employer Insight Reports will be issued twice per year to capture the ongoing work of our Business Relationship Advisor.
13. Highlights from one-on-one meetings with manufacturing employers include:
 - i. Mostly favourable views about their prospects for the next 12-18 months. It appears this is due to leaner operating models put in place during the COVID-19 pandemic.
 - ii. Headcounts for the manufacturers we met with are likely to increase or remain stable, with several businesses planning to grow their workforce by 15-30% in the coming year.
 - iii. Heightened competition for skilled labour and reduced levels of immigration emerged as the primary obstacles to securing adequate staffing.
 - iv. Manufacturing businesses were apprehensive about local infrastructure, specifically related to transport. Road quality, traffic congestion, and a diminishing supply of dedicated industrial areas were cited as operational concerns.
14. Highlights from one-on-one meetings with agritech, technology, and innovation employers include:
 - i. Those selling services or products report full pipelines of work for the next 12-18 months, fuelling projected annual revenue growth of between 20-30%. Employers delivering project-based work expressed a more cautious outlook based on uncertainty from large global clients.

- ii. The expected increase of “tech talent” taking up overseas opportunities was realised during the first three months of 2023, affecting 5-10% of headcount at businesses interviewed.
- iii. Although hiring for entry-level roles is still occurring, employers are struggling to fill roles that require five-plus years of experience.
- iv. Two items emerged as needs from those interviewed:
 - I. continued investment in regional transport, infrastructure and public transport to support talent attraction; and
 - II. additional central city amenities, most notably a new business hotel and improved hospitality offerings.

Economic Development Insights

- 15. Staff have resumed the Economic Development Insights series, creating two for June 2023. These are one-page, targeted, and topical overviews designed to showcase Hamilton’s competitive advantages for businesses.
- 16. The first focuses on sustainability (Attachment 3) and highlights the city’s comparative advantage across Oceania in electric vehicle charger availability, as well as sustainability efforts across metro Hamilton employers.
- 17. The second showcases a wave of new office development projects rising in our central city (Attachment 4).

Hamilton Annual Economic Report

- 18. Created by Economic and Policy staff in early 2023, the Hamilton Annual Economic Report provides a comprehensive review of our economy in 2022 and our outlook for the coming year.
- 19. The [2022 Hamilton Annual Economic Report](#) was released on 31 May 2023 as a digital download. A hard copy was delivered to Elected Members in June.
- 20. Economic development staff rely on the report to help shape narratives about our city and region using an approach grounded in data and statistics.
- 21. Our investment promotion work will continue to feature elements of the Hamilton Annual Economic Report, highlighting our value proposition for business growth and investment, as well as for talent attraction at a domestic and international level.

Central City Employer Discussion

- 22. A targeted outcome for the economic development programme involves work to proactively engage with commercial developers to shape narratives and attract new employers to Hamilton.
- 23. On 15 May 2023, economic development and growth programmes staff coordinated an economic development visit to the Union Square mixed-use development for Elected Members.
- 24. Led by the Chair and Deputy Chair, and hosted by Fosters and Rabobank, the discussion also included leaders from select central city employers.
- 25. Additional details are included as part of the Growth Programmes – Central City update.

Growth Programmes

26. This update provides a summary of growth programmes work related to economic development activity in three of the Future Proof Priority Development Areas including Central City, Ruakura and Rotokauri-Northwest.

Central City

27. Council is committed to driving economic growth and building our central city to be a real hub for employment, tourism, and commercial opportunities.
28. Staff are progressing key projects that will enable economic development outcomes and other wellbeing outcomes in the central city including Plan Change 12 and the infrastructure funded by the \$150.6M Infrastructure Acceleration Fund Grant.
29. Staff continue to advance work with prospective large employers to inform them of Central City Transformation Plan (CCTP) benefits for their workforce and with residential developers to increase investment in mixed-use central city developments.
30. A learning session for Economic Development Committee members was held 15 May 2023 at the Union Square development to understand the project and discuss the central city from the perspective of some employers. The session also showcased how Union Square and similar office developments are directly and indirectly actioning elements of Council's Central City Transformation Plan (CCTP).
31. A key area of alignment was on providing spaces, support, and facilities to attract and meet the needs of employers to enable the central city to be an ideal location to establish, grow, or relocate a business. Feedback from the employers was centred around enhancing the overall experience of those who come to the central city for work.
32. This means:
- i. addressing concerns about safety and security;
 - ii. support for increased active transport;
 - iii. growing hospitality offerings;
 - iv. attracting tech and innovation talent and new employers;
 - v. the need for a new business-quality hotel; and
 - vi. the potential for targeted policies like remissions for development contributions to encourage growth.
33. The [2022 Hamilton Annual Economic Report](#) contains a comprehensive update on economic activity in the central city.

Ruakura

34. The Ruakura Programme Manager and Economic Development team continue to work together to support the long-term aspirations and short-term opportunities of Tainui Group Holdings (TGH) and the Superhub project.
35. Economic Development staff are developing a strong relationship with TGH's Ruakura team, and meaningful discussions with existing Superhub tenants are under way.
36. These discussions inform the work of the Economic Development team to align with the Ruakura Programme Manager and identify ways that Council can partner with TGH to enable growth, investment, and employment opportunities at Ruakura.
37. This proactive engagement is a core part of Council's overall economic development programme, and is done to build trust, gather insights, and better understand the operations of employers across our key growth sectors.

38. A key enabling project for Ruakura is the construction of the Eastern Transport Corridor (ETC) which, if funded, would unlock full development capacity of the inland port, logistics and industrial precinct, which is currently limited due to roading capacity.
39. In addition to unlocking up to 1300 homes in Tuumata, the ETC would:
 - i. enable transport mode shift in Hamilton's east;
 - ii. unlock the full development of Ruakura Superhub; and
 - iii. enable significant emissions reduction in the regional freight network by removing up to 65,000 truck movements per year through more efficient railway transport.
40. It is anticipated the ETC would cater for freight, future rapid transit services, active mode users and local traffic.
41. Funding for the ETC is required from Waka Kotahi NZTA. Staff are preparing the Business Case, which is currently planned to be ready in November 2023 and reported to the 10 October 2023 Strategic Growth and District Plan Committee.
42. Staff also report on progress of the ETC business case as a key Priority Development Area action to the Future Proof Implementation Committee

Rotokauri-Northwest

43. In Rotokauri-Northwest, staff continue to focus on facilitating conditions that will lead to increased investment and employment opportunities for industrial users. This work includes an industrial land supply scoping study and engaging with developers and industry.
44. Te Wetini Development are progressing development of their industrial subdivision with a proposed mixed-use development comprising five buildings, each with several individual double-storeyed units predominantly containing light industrial activity, ancillary offices and retail, yard-based retail activities, and food and beverage outlets. The development is intended to accommodate light industrial activity, with a range of unit types/sizes to give flexibility for future tenants.

Data Analytics, Economics and Policy

Industrial and residential consenting levels

45. An economic update presentation is included as (Attachment 5).
46. Industrial consenting is still sitting at record highs. In the first four months of 2023, 53,000m² of new industrial development was consented, worth around \$129M – nearly twice the floor area of the same time last year.
47. Commercial consenting for the first four months is also up on the same time last year at nearly 15,000m². On an annual basis though, it remains down on 12 months ago.
48. Residential consents granted was down 12% for the year to May 2023, an improvement on the year to March 2023. Activity in March (126 dwellings) and May (110 dwellings) was strong compared to earlier in 2023.
49. However, the number of dwelling consents lodged in May was one of the lowest monthly totals in recent times – consents were lodged for just 47 dwellings. This compares to 124 dwellings in April 2023, 88 dwellings in March 2023 and 167 dwellings in May 2022. The low number of dwellings lodged will inevitably see a fall in the number of dwellings granted in June 2023.
50. Staff are currently updating the short-term dwelling projection model and expect to have an updated projection for the next Economic Development Committee meeting.

Hamilton's economy – year to March 2023

51. GDP growth in Hamilton continued to outperform New Zealand and the Waikato region. It was also higher than Auckland and Wellington.
52. Employment growth also remained strong despite increasing uncertainty about the economic outlook. Hamilton outperformed all major metro cities in employment growth.
53. Indicators like commercial vehicle registrations and car registrations – often a sign of business and household confidence to invest – continued to fall, but these indicators also showed that Hamilton was holding up better than most other cities.
54. Our data showed that the median house price had fallen to \$740,000 by the end of April 2023, although the delay between sale and settlement date can mean this figure is likely to change as settlements are completed.
55. REINZ data suggests that we are nearing the bottom of house price falls and prices are expected to stabilise going forward. REINZ and Infometrics datasets show that Hamilton prices are holding up better than many other cities.

Inflation

56. As discussed at the 11 May 2023 meeting, inflation has started to ease but remains well above target levels set by RBNZ. For consumers and households, the main driver of inflation continues to be food prices.
57. Capital goods price inflation has also started to ease in many areas, including civil construction, which saw the lowest quarterly increase for some time in March 2023 (0.1%). Annual inflation still remains high – increasing 12% on a year ago but down from 15% at the end of 2022.
58. Inflation appears to be easing globally but like New Zealand, it remains well above comfortable levels. Many central banks are starting to pause interest rate hikes as inflation calms and economic conditions soften.
59. New Zealand's dollar has weakened in recent months which will be good for exporters but will see inflationary pressure on import goods and service. New Zealand has a trade deficit, meaning we are importing more than we are exporting.

Immigration

60. Net migration figures for the year to March 2023 hit 65,400 – up from 25,000 at the end of 2022, and above pre-pandemic levels. This is most likely a symptom of pent-up demand with most commentators expecting net migration to taper off in the coming months.
61. High levels of migration (and population increase) tend to push demand for housing as migrants need somewhere to live. We can also expect to see migration push GDP up as production is increased to meet demand. On the other side of the equation, migration increases the available labour supply so helps to curb wage inflation.

Financial Considerations - *Whaiwhakaaro Puutea*

62. The topics covered in this report are funded by existing budgets. There are no financial implications in relation to the information provided in this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

63. Staff confirm that the matters covered in this report comply with the Council's legal and policy requirements.

Climate Change Impact Statement

- 64. There are no known climate risks or adaption opportunities associated with this option.
- 65. There is no change in greenhouse gas emissions associated with this option.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

- 66. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
- 67. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
- 68. The recommendations set out in this report are consistent with that purpose.

Social

- 69. Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to set goals and achieve them.
- 70. Thriving businesses in the hospitality, retail and community sectors promote better outcomes for the community at large and help to sustain a more vibrant Hamilton with greater social interaction.

Economic

- 71. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security. The Economic Development Committee is responsible for Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians. Council is committed to driving economic growth and building our central city to be a real hub for employment, tourism, and commercial opportunities.
- 72. Our sector-based approach to economic development focuses resources on both established industries and those that can diversify an economy. In 2023, the economic development programme will focus on five key sectors – manufacturing; logistics; agritech, technology and innovation; education; and healthcare. This approach will represent our balanced economy, employment base, and growth potential. As part of its work programme, the Growth Programmes team reports on three of the 21 'Priority Development Areas' identified as part of the Future Proof Strategy and Metro Spatial Plan – Central City, Ruakura and Rotokauri-Northwest – in terms of economic development activity.
- 73. Elements of Ruakura feature prominently in the sector-based approach that has been identified by the economic development programme. The Ruakura Programme Manager will help in showcasing Hamilton as a location for investment and business attraction within the logistics sector.
- 74. In Rotokauri-Northwest, staff are focused on facilitating conditions that will lead to increased investment and employment opportunities for industrial users.

Environmental

75. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.
76. The Council's Central City Transformation Plan considers connections between the central city and the river to restore and protect the balance of the environment.

Cultural

77. Cultural wellbeing is defined as the capacity of communities to retain, interpret, and express their shared beliefs, values, customs, behaviours, and identities.
78. Our city values, respects, protects, and promotes the treasured status of tangata whenua, acknowledges our shared history and celebrates our cultural identity and heritage.
79. Businesses in the hospitality, retail and community sectors endorse and enhance the cultural identity of the city and event activity helps promote cultural events and awareness of our heritage and history for Hamiltonians and visitors to the city to enjoy and participate in.

Risks - *Tuuraru*

80. There are no known risks associated with the matters covered in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

81. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

82. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - 28 June Employer Insight - Manufacturing

Attachment 2 - 28 June Employer Insight - Tech and Innovation

Attachment 3 - 28 June Economic Development Insight - Sustainability

Attachment 4 - 28 June Economic Development Insight - Office

Attachment 5 - 28 June Economic update

EMPLOYER INSIGHTS REPORT

MANUFACTURING SECTOR
JANUARY TO JUNE 2023

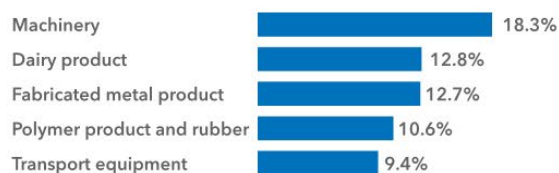
Sector overview

Economic impact

Manufacturing is one of the economic cornerstones of our city and region, covering a wide range of activities including food, machinery, transport equipment and plastics. The sector contributed 9.7% to the total GDP of the Hamilton metro area in 2022, employing 13,673 people or 9.9% of the area's total workforce.

Contribution to Manufacturing GDP

(Hamilton metro area 2022)



Source: Infometrics

Engagement overview

Direct engagement with employers is a critical part of our economic development programme. Our goal is to identify ways Council can partner with each employer and the wider sector to support business growth and investment.

Staff conducted in-depth discussions with a range of manufacturing employers to gather insights and better understand their operations.

Ten employers were captured in this report and include large operations with international reach. The majority have between 50-250 employees and represent the food, machinery, and polymer/plastics manufacturing subdivisions, as well as transport equipment and metal fabrication.

Five employers have active and ongoing environmental sustainability measures in place. This includes direct efforts to increase the reuse of scrap material, tracking and reducing transport emissions through the consolidation of operations, and eliminating the use of diesel generators.



**Hamilton
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Te kaunihera o Kirikiriroa

Sector insights

● Confident ● Cautious ● Concerned

Key insights from our employer engagement meetings have been collected and grouped into four themes. The ten coloured icons accompanying each theme represent the nature of the feedback from each manufacturing employer.

Business outlook

General assessment about prospects for planned growth and business operations.



The businesses reported mostly favourable views about their prospects for the next 12-18 months. It appears this is due to leaner operating models that emerged during the COVID-19 pandemic. Innovation and market diversification were key themes.

Increasing operating costs were highlighted as an ongoing concern, coupled with a sense that overseas manufacturers are becoming more aggressive in targeting the New Zealand market.

Employment outlook

Refers to the short-term hiring plans for the business.



Headcounts for the manufacturers we met with are likely to increase or remain stable, with several businesses planning to grow their workforce by 15-30% in the coming year.

It is noteworthy that none of the businesses we spoke to had reduced their employee count or planned to do so in the short-term.

Access to talent

Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.



Heightened competition for skilled labour and reduced levels of immigration emerged as the primary obstacles to securing adequate staffing.

In order to remain competitive, businesses are increasing wages and benefits to attract and retain talent.

Several businesses were unsure about workforce development initiatives and have asked for our assistance to understand or develop potential solutions.

Growth enablers

Refers to the ability to utilise the services and resources necessary for growing business operations.



Businesses were apprehensive about infrastructure, specifically related to transport. Road quality, traffic congestion, and a diminishing supply of dedicated industrial areas were cited as operational concerns.

They also acknowledged that a growing city is likely to face such challenges. There is a strong interest in further dialogue with Council on this matter.

More information available at: hamilton.govt.nz/economicdevelopment

EMPLOYER INSIGHTS REPORT

AGRITECH, TECHNOLOGY AND
INNOVATION SECTOR
JANUARY TO JUNE 2023

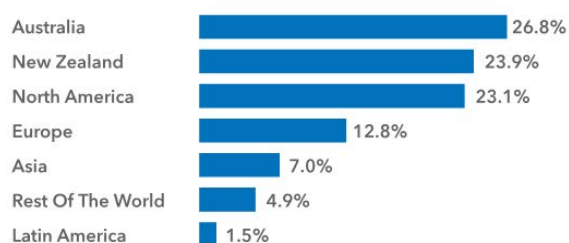
Sector overview

Economic impact

In early 2022, the Technology Investment Network (TIN) reported total revenue from the country's tech sector was \$15 billion. This was a 9% increase from the previous year. Similarly, employment in the sector increased by 11%.

Hamilton employers feature heavily in those results, including the Gallagher Group, Livestock Improvement Co. (LIC), the NDA Group, TOMRA Fresh Food, and Datacom.

New Zealand tech sector revenue, by geography



Source: Technology Investment Network (TIN)

Engagement overview

Direct engagement with employers is a critical part of our economic development programme. Our goal is to identify ways Council can partner with each employer and the wider sector to support business growth and investment.

Staff conducted in-depth discussions with a range of our agritech, technology, and innovation sector employers to gather insights and better understand their operations.

Ten employers from across the sector provided feedback during a series of in-depth meetings. These employers have 10-100 staff and generally focus on software development, AI and machine learning, enterprise architecture, network engineering and security, software as a service (SaaS), data warehousing, and managed services. Agritech was minimally represented during this group of meetings.

All employers spoke about the importance of environmental sustainability efforts as part of their corporate goals as well as for talent attraction and retention. At the top of their list was encouraging and supporting different modes of transport.



**Hamilton
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Te kaunihera o Kirikiriroa

Sector insights

● Confident ● Cautious ● Concerned

Key insights from our employer engagement meetings have been collected and grouped into four themes. The ten coloured icons accompanying each theme represent the nature of the feedback from each agritech, technology, and innovation sector employer.

Business outlook

General assessment about prospects for planned growth and business operations.



Those selling services or products report full pipelines of work for the next 12-18 months, fueling projected revenue growth of between 20-30%.

Employers delivering project-based work expressed a more cautious outlook based on uncertainty from large global clients.

Employment outlook

Refers to the short-term hiring plans for the business.



The expected increase of "tech talent" taking up overseas opportunities was realised during the first three months of the year, affecting 5-10% of headcounts at businesses interviewed.

Employers were evenly split between maintaining current staffing levels, including backfilling for recent vacancies, and growing their current headcount.

Growing businesses varied widely from a steady 15% increase of employees to an aggressive doubling of staff levels.

Access to talent

Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.



Strong demand for tech and innovation talent across New Zealand has significantly impacted the employers we spoke with.

Although hiring for entry-level roles is still occurring, employers are struggling to fill roles that require five-plus years of experience.

Growth enablers

Refers to the ability to utilise the services and resources necessary for growing business operations.



Hamilton's value proposition for the sector was viewed as positive or improving, with the work of The Cultivate Trust highlighted. However, two items emerged as needs:

- Continued investment in regional transport infrastructure and public transport to support talent attraction.
- Additional central city amenities, most notably a new business hotel and improved hospitality offerings.

More information available at: hamilton.govt.nz/economicdevelopment

ECONOMIC DEVELOPMENT INSIGHTS

JUNE 2023

Sustainability efforts help Hamilton businesses stand out

Charging ahead

According to a recent study examining electronic vehicle (EV) infrastructure in cities with populations greater than 100,000, Hamilton is leading the way in Oceania with 22.2 chargers per 1000km of road. The study noted that although New Zealand is a relatively small market for electric vehicles, rebate schemes and increasing vehicle options is changing that. It noted that last December, one-in-five of all new vehicles sold in New Zealand were EVs.

And Hamilton City Council is doing its part, partnering with Hamilton-based company, Hikotron, on a two-year trial project that has seen 10 EV chargers installed at eight sites across the city. During the first three months of this year, the project helped reduce the city's emissions by 172kgs of CO₂.

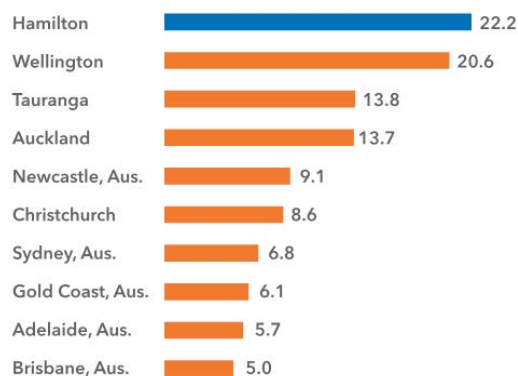
Also in the transport space, Council has recently been using car sharing service Mevo to help transport staff around the city during peak hours, avoiding the need to expand its car fleet.

Hub of sustainability

Hamilton's Ruakura Superhub has the potential to reduce carbon emissions by enabling a shift away from transporting containers via road and onto rail. When the inland port is operating at full capacity, Tainui Group Holdings estimates the project will lead to a reduction of 65,000 truck journeys a year.

Kmart chose to relocate its Auckland distribution centre to Ruakura in part to minimise road transport costs and reduce carbon emissions. Its 40,000m² facility is being developed in line with the Greenstar 4 rating, featuring sustainability measures such as solar panels generating 300kW of power, EV charging stations, rainwater harvesting, and onsite stormwater treatment.

EV Chargers per 1000km of road, Oceania



Rethinking and reusing packaging

APL Window Solutions is improving its environmental footprint by rethinking packaging. The Hautapu-based company started using recycled paper to protect aluminium products, replacing plastic cling film. The company is also trialling wool to replace bubble wrap and polystyrene packaging. APL recycles scrap aluminium directly with a smelter, delivering a significant reduction in energy input.

Located in Te Rapa, saveBOARD produces a low-carbon alternative to plasterboard by reusing packaging. Every board they produce is comprised of about 500 beverage cartons that would otherwise go to landfill. The business also accepts offcuts or end-of-life plasterboard for no fee, remanufacturing them into new products.

Growing Greener

Based at Waikato Innovation Park, Greengrower is the country's first large-scale vertical indoor farm. Output of leafy greens and other produce from their new 6200m² facility is projected to match the output of a 150ha farm using only 1% of the water otherwise required.

More information available at: hamilton.govt.nz/economicdevelopment

Data Sources: Hamilton City Council research, The Clunker Junker 2023 EV Accessibility Report, Tainui Group Holdings



**Hamilton
City Council**
Te kaunihera o Kirikiriroa

ECONOMIC DEVELOPMENT INSIGHTS

JUNE 2023

Central city embracing new wave of office development

Hamilton's central city is thriving, with a 35% rise in commercial development during the past 12 months.

Currently there is 40,994m² of commercial development happening across the central city, up from 30,272m² only 12 months ago.

An economic engine room

Hamilton's central city supports 21,400 jobs, has 2650 businesses and generates \$3.2 billion of our city's GDP (about 25%). The central city saw growth across all three of these areas in 2022, with jobs increasing 3%, the number of businesses up 4% and GDP rising 7%.

It is also home to 76% of the city's financial and insurance service jobs, 52% of information media and telecommunications jobs, and 54% of public administration and safety jobs.

The second half of 2022 saw a strong increase in foot traffic in the central city, a measure that is indicative of commercial activity. Commercial development includes office space, retail stores, restaurants, business services and accommodation.

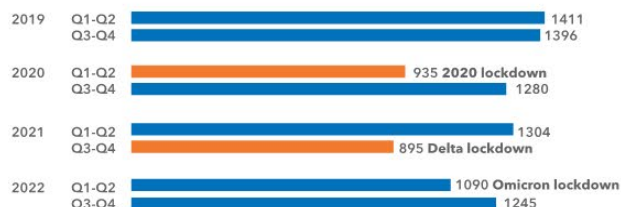
Building excitement

Tainui Group Holdings recently completed Amohia Ake, the new regional offices for ACC located on the corner of Collingwood and Tristram streets. The three-pavilion, 8500m² project is designed for 800 staff and includes 82 bike parks, end-of-trip facilities and 12 charging stations for electric vehicles.

Construction of the 23,000m² Union Square mixed-use development is currently focused on a second office building with about 5000m² of office space. It is 90% pre-leased and set to open in late 2023.

Completed buildings at Union Square include a garage for tenants with 327 carparks, end-of-trip facilities, and e-bike storage. A four-storey office building opened in 2021 and is home to Rabobank, Craigs Investment Partners, and AA Insurance.

Central city pedestrian count



Pedestrian activity in Hamilton's central city matches the resiliency of our overall economy, bouncing back quickly from several pandemic-related events.

Full speed ahead for infrastructure

In November 2022, the Government confirmed \$151 million of Infrastructure Acceleration Fund (IAF) support for the central city.

This funding will support the delivery of a new water reservoir and pump station, a new pedestrian and cycling bridge across the Waikato River, as well as investigations into other strategic water and transport infrastructure to service the central city.

Over the next 10 years, Council predicts about 4000 new homes and more than 300,000m² of additional commercial development in the central city.

Getting down to business

Council's meetings with employers to discuss key enablers for their growth has repeatedly highlighted a strong desire for additional business hotel options. Council's Economic Development Committee has targeted the end of 2023 for confirming development plans to bring a new 4+ star hotel to the central city.

More information available at: hamilton.govt.nz/economicdevelopment

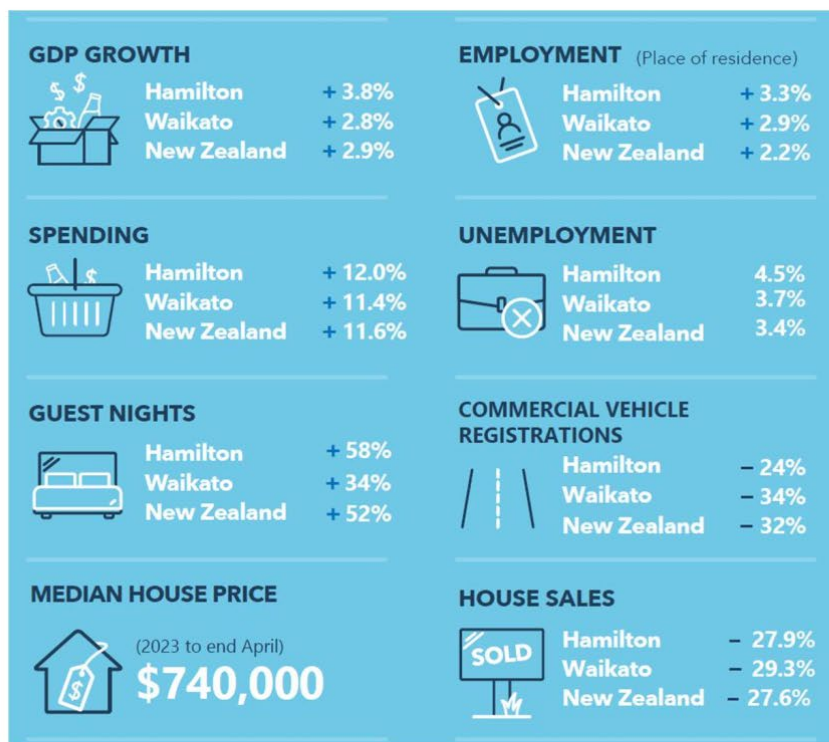
Data Sources: Hamilton City Council, Infometrics, Marketview



**Hamilton
City Council**
Te kaunihera o Kirikiriroa

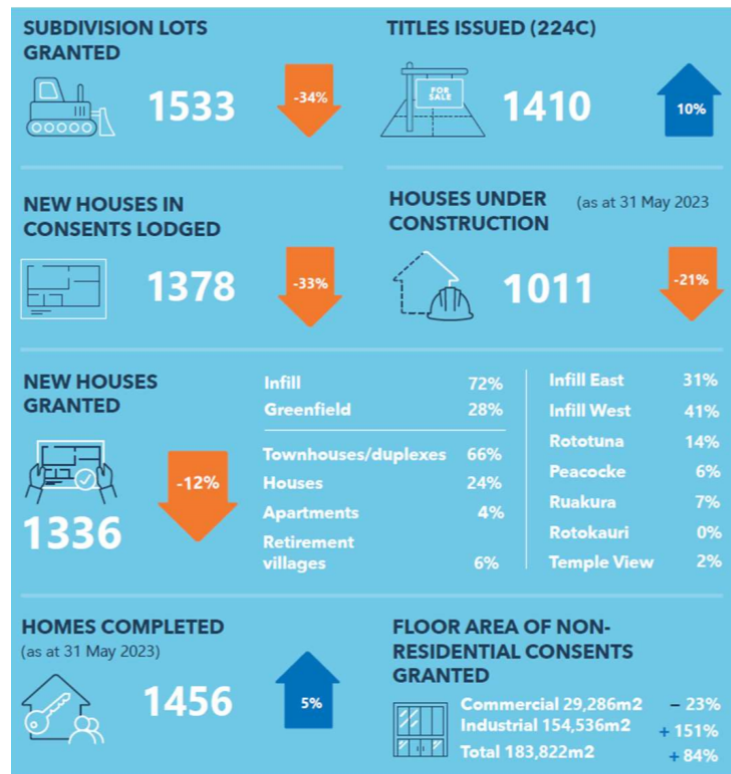


Hamilton economic indicators – year to March 2023



- GDP growth continued to outperform New Zealand and the Waikato region
- Employment growth outpaced all major metros
- Spending continues to outpace inflation, increasing 12% year on year.
- Commercial vehicle registrations, an indicator of economic confidence, have fallen 24%, less than other metros.
- The median house price fell to \$740,000 in the first 4 months of 2023. But Hamilton house prices are holding up better than most other metros

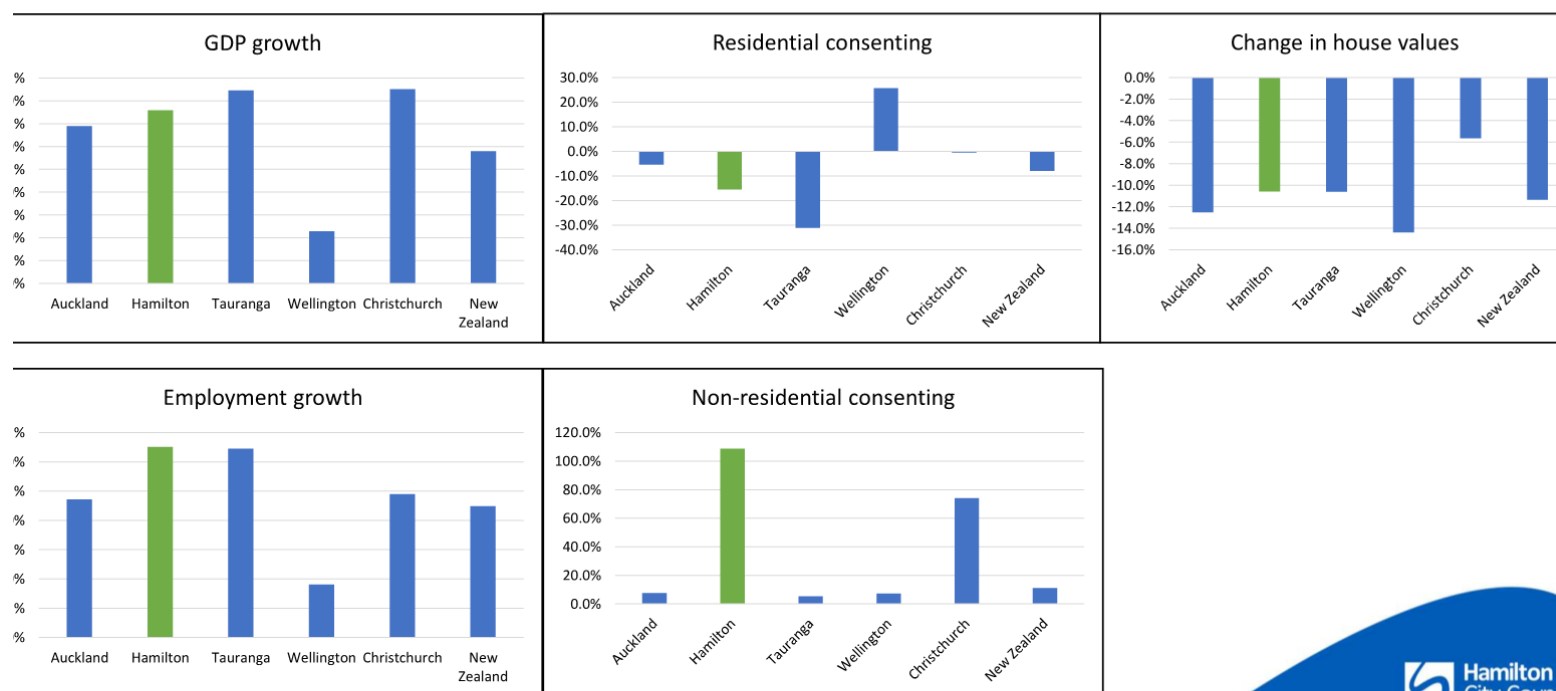
Hamilton consenting trends – 12 mths to May 2023



- Industrial consenting continued at pace – \$129m industrial consents granted so far in 2023.
 - Industrial and commercial consenting is up on the same time last year (Jan to May 2022).
- Residential consenting continued to decline
 - April was slow but May was in line with 2022
 - Consenting is down 13% compared to Jan to May 2022
- But consents *lodged* for new residential dwellings in May 2023 was very low at 47 new dwellings.
 - We can expect consents lodged in June to be low as a result.
- Consents for major alterations have increased.

How does Hamilton compare to other metros?

Percentage change 12 months to March 2023 compared to previous 12 months

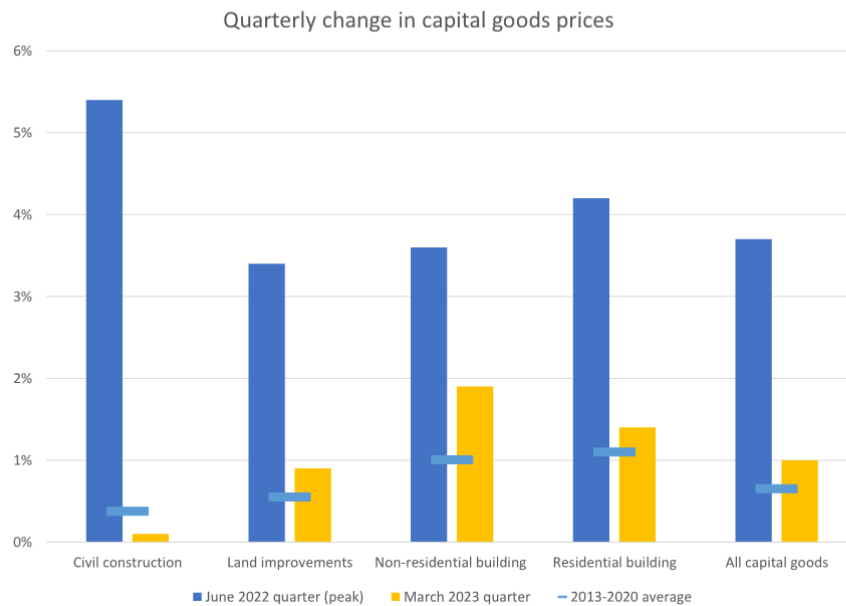




Broader economic trends

- Migration data showed a net gain of 65,400 people in the 12 months to March 2023 – the higher than pre-covid gains
 - Likely to be pent up demand following border closures rather than a long-term trend.
- The official cash rate increased to 5.5% in May 2023. Expectations are mixed on whether it will pause here or increase again on 12 July 2023.
- House prices are still weakening but the pace of has eased, suggesting we are near the bottom
 - High levels of migration results in increased demand for housing to rent and buy
- Inflation is easing but remains well above target
 - Food continues to be the biggest driver of inflation for households

Capital goods price indexes



- Quarterly data shows price increases are slowing in some areas
- But in most cases prices are continuing to go up.
- Annually price increases are still at incredibly high ranging from 8% for land improvements to 12% for civil construction



Outlook

- Industrial consenting is heading for another massive year
- Residential consenting could fall below 1000 by the end of 2023
 - We are updating our short-term dwelling projection model in June
 - We continue to monitor this and talk to developers
- Spending is expected to fall as mortgage costs combined with inflation hit household budgets
- Inflation will ease but remain too high until 2025
- Economic conditions will remain tight for businesses and households
- Many businesses will continue to “watch and wait”

Council Report

Item 10

Committee: Economic Development Committee

Date: 28 June 2023

Author: Nicolas Wells

Authoriser: Blair Bowcott

Position: Strategic Property Manager

Position: General Manager Growth

Report Name: Strategic Property Update - June 2023

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Economic Development Committee of the Celebrating Age Centre development project. The report is intended for information only.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. The strategic property matter covered in this report is the Celebrating Age Centre building at 30 Victoria Street, Hamilton.
4. The Celebrating Age Centre building requires significant capital investment; consequently, the Council has taken the opportunity to consider the broader needs of community groups operating in the central city. Independent consultants have conducted comprehensive engagement and consultation with user-groups, philanthropic groups, funders, developers, long-standing clubs and groups with premises in the central city.
5. On 18 April 2023, the Community and Natural Environment Committee considered a staff report with high-level options for the Celebrating Age Centre building and requested that the Economic Development Committee and Municipal Endowment Fund Advisory Group investigate the redevelopment of the Celebrating Age Centre building as a mixed-use facility that includes both community and commercial space.
6. On 11 May 2023, the Economic Development Committee approved the Celebrating Age Centre redevelopment as a Municipal Endowment Fund project and authorised staff to prepare a feasibility study. That work is currently in progress.
7. Staff consider the matters in this report have a low significance and that the recommendation complies with the Council's legal requirements.

Discussion – *Matapaki*

Item 10

8. The Celebrating Age Centre building is on Municipal Endowment land at 30 Victoria Street, Hamilton. The Economic Development Committee has oversight of the Municipal Endowment Fund.
9. The Celebrating Age Centre building requires a significant capital investment. Accordingly, the Council has paused any expenditure on the building and is taking the opportunity to consider the broader needs of community groups operating in the central city as a whole – specifically considering the Celebrating Age Centre building, the Norris Ward Community Complex and the TOTI proposal for the Founders’ Theatre.
10. Staff have commissioned independent consultants to conduct comprehensive engagement and consultation with user-groups, philanthropic groups, funders, developers, long-standing clubs and groups with premises in the central city. The consultants have finalised their report and Elected Members were briefed on the contents on 28 March 2023.
11. On 18 April 2023 the Community and Natural Environment Committee considered a [staff report](#) (Item 8) with high-level options for the Celebrating Age Centre building.
12. On 11 May 2023, the Economic Development Committee considered a [staff report](#) (Item 10) and resolved to:
 - a) *receives the report;*
 - b) *notes the Community and Natural Environment Committee resolution of 18 April 2023: “b) requests the Municipal Endowment Fund (MEF) Advisory Group, with input from relevant Community Group staff investigates the development of commercial and community space at the Celebrating Age Centre (30 Victoria Street), noting that the development proposal must:*
 - i. *provide a minimum of 1,000m² of community space in perpetuity;*
 - ii. *explore partnership opportunities;*
 - iii. *meet the Municipal Endowment Fund Criteria;*
 - iv. *provide the existing leaseholders and stakeholders the opportunity to provide input and regular progress updates;*
 - v. *provide a community space fit for a wide range of users to maximize its use;’*
 - c) *requests, if a solution does not fit with the Municipal Endowment Fund criteria (b iii. above), staff will report back to the Community and Natural Environment Committee; and*
 - d) *requests that the future development of buildings to meet community facility demand be considered as part of the 2024-34 Long Term Plan process.”*
 - e) *approves the Celebrating Age Centre development project and requests staff to work with the Municipal Endowment Fund Advisory Group to develop a feasibility study to consider various mixed-use commercial and community options, including market demand, bulk and location, design, cost, funding, procurement, risk, construction, project plan and viability; and*
 - f) *notes that regular updates will be provided to the Municipal Endowment Fund Advisory Group and Economic Development Committee.*
13. Staff are preparing a feasibility study, which will consider various mixed-use commercial and community options, including market demand, bulk and location, design, cost, funding, risk, procurement, geotechnical, construction, project plan and viability.

14. Updates will be provided to the MEF Advisory Group and Economic Development Committee as the project progresses.

Options

15. There are no options to consider. This report is for information only.

Financial Considerations - *Whaiwhakaaro Puutea*

16. Financial considerations will be identified and quantified as part of the Celebrating Age Centre feasibility study.
17. The independent consultant's report suggested that:
 - i. redevelopment of the Celebrating Age Centre building could be staged with re-use of the existing structure and shell completed as stage 1 (estimated cost of \$16.15M), with
 - ii. the remainder of the build extending onto the old Municipal Pools site as stage 2 (estimated cost of \$36.4M).
18. The feasibility study may confirm that a mixed-use community and commercial development as contemplated is not viable – in which case, a proposal can be included in the 2024-34 Long Term Plan deliberations.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

19. Staff confirm that recommendation complies with the Council's legal and policy requirements.

Climate Change Impact Statement

20. There are no known climate risks or adaption opportunities associated with this option.
21. There is no change in greenhouse gas emissions associated with this option.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

22. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
23. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
24. The recommendations set out in this report are consistent with that purpose.

Social

25. The strategic property activity allows the Council to promote better outcomes for the community at large, helping to create a more vibrant Hamilton with greater social interaction.
26. Community facilities, such as the Celebrating Age Centre, contribute to Hamilton's social wellbeing by providing a focal point for social connection, and opportunities for community cohesion. A well-functioning facility for older citizens increases their sense of belonging and helps ensure that the rest of the community better understands and appreciates their value.

Economic

27. The MEF will fund key development opportunities to help attract business growth, grow the city's economy, aid potential public and private investment and help with prioritising future funding decisions and business cases.
28. Economic wellbeing is enhanced by providing community facilities which strengthen communities and improve cohesion at a local level. This contributes to making Hamilton a welcoming place to live, and increases people's desire to move to, and stay in Hamilton.

Environmental

29. Strategic property developments align with the Council's Central City Transformation Plan, considering connections between the central city and the river to restore and protect the balance of the environment.
30. Community facilities can contribute to environmental wellbeing by enhancing public spaces and ensuring that local communities feel a greater sense of belonging and care for their area. Council can improve the long-term sustainability of community facilities, such as the Celebrating Age Centre, and reduce their environmental impact through appropriate design.

Cultural

31. The strategic property activity endorses and embraces the cultural identity of the city.
32. Community facilities already contribute a great deal to the cultural wellbeing of Hamiltonians. The Celebrating Age Centre is used for cultural activities and provides a space where residents from a variety of backgrounds can freely express and share their cultural identity.

Risks - *Tuuraru*

33. There are no known risks associated with these matters – noting that risks associated with the redevelopment of the Celebrating Age Centre building will be identified and quantified as part of the feasibility study.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

34. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.

Engagement

35. The independent consultants engaged with the lessee and sub-lease holders of the Celebrating Age Centre when preparing their report.
36. The existing leaseholders and stakeholders of the Celebrating Age Centre building will be kept up to date with progress and have an opportunity to provide input.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

| General subject of each matter to be considered | Reasons for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|--|--|
| C1. Confirmation of the Economic Development Committee Public Excluded Minutes of 11 May 2023 |) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987 | Section 48(1)(a) |
| C2. Strategic Property Update |) | |
| C3. Strategic and General Update | | |

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

| | | |
|----------|--|--|
| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) Section 7 (2) (i) |
| Item C3. | to enable Council to carry out negotiations | Section 7 (2) (h) Section 7 (2) (i) |